

## Stock Information (as of March 31, 2019)

Authorized shares ..... 320,000,000 shares  
 Issued shares ..... 55,000,000 shares  
 Number of shareholders ..... 10,575

### Major shareholders (Top 10)

Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	2,592	5.00
Japan Trustee Services Bank, Ltd. (Trust account)	2,230	4.30
The Master Trust Bank of Japan, Ltd. (Trust account)	2,179	4.20
The Dai-ichi Life Insurance Company, Limited	2,100	4.05
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT (Standing proxy: Tokyo branch of Citibank, N.A.)	1,741	3.36
Sumitomo Mitsui Banking Corporation	1,516	2.92
The Hokuetsu Bank, Ltd.	1,484	2.86
Tsugami Customers' Shareholding Association	1,151	2.22
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT (Standing proxy: Tokyo branch of Citibank, N.A.)	998	1.92
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	922	1.78

Notes: 1. The figures for ownership ratio are rounded to the second decimal place.  
 2. The 2,592 thousand shares held by Mizuho Trust & Banking Co., Ltd. (employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.) are held in a pension trust account for Tokyo Seimitsu, which reserves the right to give instructions on how to exercise voting rights for these shares.  
 3. There are 3,192 thousand shares of treasury stock listed in the shareholders' register other than the shares listed in the table above.

## Corporate Data (as of March 31, 2019)

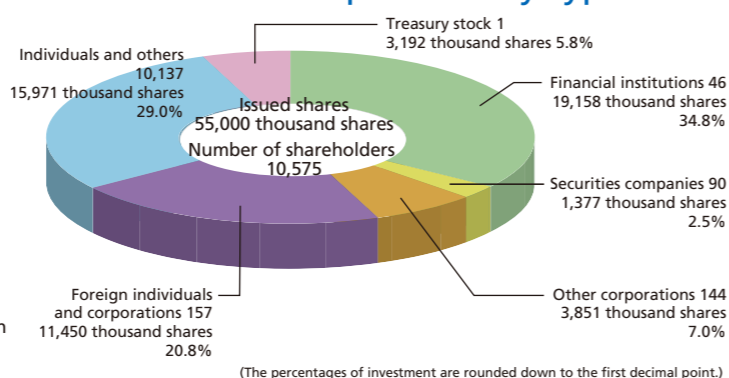
Corporate Name TSUGAMI CORPORATION  
 Established March 15, 1937  
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo  
 Paid-in Capital 12,345 million yen  
 Number of Employees 2,298  
 Directors and Auditors (as of June 19, 2019)

Representative Director, Chairman and CEO Takao Nishijima  
 Representative Director, President and Co-CEO Hiroaki Kazama  
 Director Byun Jae-Hyun  
 Director Kameswaran Balasubramanian  
 Director Donglei Tang  
 Outside Director Shigeru Nishiyama  
 Outside Director Hitoshi Yoshida  
 Director (Full-time audit and supervisory committee member) Kenji Yoneyama  
 Outside Director (Audit & Supervisory Board Member) Takeo Nakagawa  
 Outside Director (Audit & Supervisory Board Member) Koichi Maruno  
 Outside Director (Audit & Supervisory Board Member) Kunio Shimada

Head Office and Factories Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo  
 Nagaoka Factory 1-1, Higashizao 1-chome, Nagaoka-shi, Niigata  
 Sales Network East Japan Marketing Division and Overseas Division (Tokyo)  
 Central Japan Marketing Division (Nagoya)  
 West Japan Marketing Division (Osaka)

Group Companies TSUGAMI MACHINERY CO., LTD.  
 TSUGAMI GENERAL SERVICE CO., LTD.  
 Precision Tsugami (China) Corporation Limited (British Cayman Islands)  
 Precision Tsugami (Hong Kong) Limited  
 PRECISION TSUGAMI (CHINA) CORPORATION  
 Shinagawa Precision Machinery (Zhejiang) Co., Ltd.  
 Precision Tsugami (Anhui) Corporation (CHINA)  
 TSUGAMI (THAI) CO., LTD.  
 TSUGAMI EUROPE GmbH (GERMANY)  
 TSUGAMI KOREA CO., LTD.  
 TSUGAMI PRECISION ENGINEERING INDIA PVT., LTD.  
 TSUGAMII TECH SOLUTIONS INDIA PVT., LTD.  
 TSUGAMI Universal Pte. Ltd. (SINGAPORE)

## Shareholders composition by type



## Shareholders Information

Business Year From April 1 each year to March 31 of the following year  
 Annual Shareholders Meeting June each year  
 Surplus Dividends The record date for the year end dividend shall be March 31 each year. When paying interim dividends, the record date shall be September 30 each year.  
 Administrator of Shareholders' Register Mitsubishi UFJ Trust Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo  
 Business Handling Office Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department  
 Contact Office 1-1, Nikko-cho, Fuchu-shi, Tokyo Telephone: 0120-232-711 (toll free number) (Postal address) New Tokyo P. O. Box No.29, Tokyo, 137-8081 Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department  
 Method of Public Notice Public notices of the Company shall be published on its website (<http://www.tsugami.co.jp/>). However, if the Company is unable to publish notices electronically, public notices shall be published in the Kanpo ("official gazette").  
 Listed Stock Exchange Tokyo

## Notice

- In principle, the contact that receives customer requests for changes of addresses and name, purchasing shares constituting less than one unit, and transferring dividends to designated accounts shall be securities companies, etc. in which the customers have opened an account. Mitsubishi UFJ Trust Banking Corporation shall receive inquiries about the shipment and return of mail articles, etc. and dividends overdue and general questions as to administrative work involving shares.
- Mitsubishi UFJ Trust Banking Corporation shall undertake procedures for shares recorded in a special account, not an account at a securities company, etc.
- As shares recorded in a special account may not be sold directly from the special account when selling them on the market, it is necessary to transfer them to an account at a securities company, etc.

# To Our Shareholders

Business Report for Fiscal Year 2018  
 (April 1, 2018 to March 31, 2019)

TSUGAMI CORPORATION

I am pleased to report our results for fiscal 2018, ended March 31, 2019.

During the consolidated fiscal year under review, the domestic and overseas markets remained solid overall, although there were some adjustments in market conditions in the second half, partly reflecting the effects of U.S. and China trade frictions.

In this situation, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") focused their efforts on increasing sales in a wide range of business areas, including the automotive component and IT sectors. As a result, consolidated net sales increased 17.1% year on year, to 67,447 million yen. Consolidated net sales in Japan increased 0.1% year on year, to 12,686 million yen. Consolidated exports increased 21.9% year on year, to 54,760 million yen. The export ratio increased 3.2% from 78.0% for the previous fiscal year, to 81.2%.

A breakdown of consolidated net sales by machinery category shows that sales of mainstay automatic lathes increased 20.4%, to 57,715 million yen, sales of grinding machines rose 19.4%, to 5,038 million yen, sales of machining centers soared 90.8%, to 514 million yen, and sales of rolling machines and other specialized machines decreased 19.6%, to 3,855 million yen on a year-on-year basis.

Consolidated operating income jumped 44.8% year on year, to 10,053 million yen. Consolidated ordinary income soared 56.0% year on year, to 10,154 million yen, and net income attributable to owners of the parent rose 44.6% year on year, to 6,033 million yen.

For the consolidated fiscal year ended March 31, 2019, the Company has decided to pay annual dividends of 21 yen per share, including interim dividends of 9 yen per share and year-end dividends of 12 yen per share.

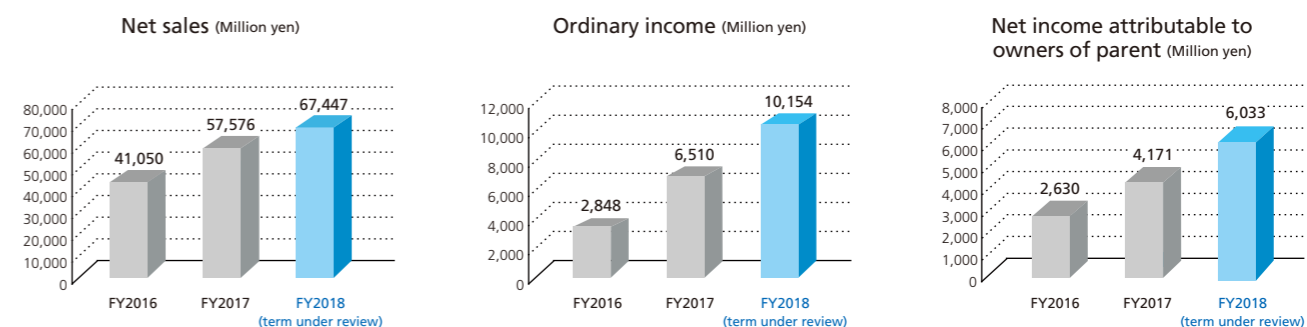
For the consolidated fiscal year ending March 31, 2020, the Company plans to pay annual dividends of 24 yen per share, including interim dividends of 12 yen per share and year-end dividends of 12 yen per share.

While continuing to work on expanding sales, improving production efficiency and reducing costs, the Group seeks to offer new products that fully meet customer requirements and enhance the services it provides. Through these efforts, it will consistently aim to raise customer satisfaction and work hard to maintain management structures trusted by customers.

We respectfully ask for the continued support and encouragement of our shareholders.

June 2019  
 Takao Nishijima  
 Representative Director, Chairman and CEO

## Business Performance (Consolidated)



## Financial highlights

Item	FY2016		FY2017		FY2018	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales (Million yen)	41,050	28,601	57,576	33,821	67,447	38,577
Ordinary income (Million yen)	2,848	706	6,510	1,767	10,154	3,491
Net income attributable to owners of parent (Million yen)	2,630	1,253	4,171	3,072	6,033	3,125
Net income per share (Yen)	41.91	19.96	74.71	55.03	114.94	59.54
Total assets (Million yen)	50,127	33,331	62,362	36,302	64,217	35,787
Net assets (Million yen)	31,462	24,708	37,516	21,129	40,065	20,066
Net assets per share (Yen)	510.43	400.56	585.58	385.68	632.63	377.75

(Note) All fractions of monetary units have been rounded down.

## Consolidated Financial Statements

### Consolidated balance sheets

(Million yen)

Item	FY2018 (March 31, 2019)	FY2017 (March 31, 2018)
<b>Assets</b>		
Current assets	47,132	43,639
Cash and deposits	10,808	10,286
Trade notes and accounts receivable	12,614	14,482
Inventories	21,686	17,364
Other current assets	2,022	1,506
Fixed assets	17,084	18,722
Tangible fixed assets	8,868	9,145
Buildings, machinery, equipment and vehicles	8,334	8,025
Land	241	409
Other tangible fixed assets	291	711
Intangible fixed assets	1,380	696
Investments and other assets	6,835	8,879
Total assets	64,217	62,362
<b>Liabilities</b>		
Current liabilities	22,424	22,821
Trade notes and accounts payable	11,905	14,035
Short-term borrowings	6,000	3,200
Accrued income tax	477	1,068
Other current liabilities	4,042	4,516
Long-term liabilities	1,727	2,024
Net defined benefit liability	889	716
Other long-term liabilities	837	1,308
Total liabilities	24,152	24,845
<b>Net assets</b>		
Shareholders' equity	30,143	26,594
Common stock	12,345	12,345
Capital surplus	2,806	2,806
Retained earnings	17,935	13,257
Treasury stock	-2,943	-1,814
Accumulated other comprehensive income	2,631	4,489
Unrealized gains on marketable securities	2,600	4,149
Translation adjustments	145	409
Remeasurements of defined benefit plans	-114	-69
Subscription rights to shares	495	656
Non-controlling interests	6,794	5,776
Total net assets	40,065	37,516
Total liabilities and net assets	64,217	62,362

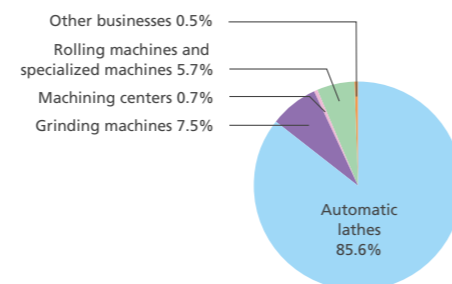
### Consolidated statements of income

(Million yen)

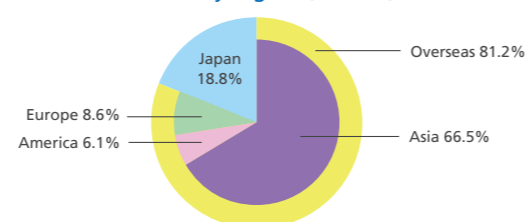
Item	FY2018 Year ended March 31, 2019	FY2017 Year ended March 31, 2018
Net sales	67,447	57,576
Cost of sales	47,590	43,021
Gross profit	19,856	14,554
Selling, general and administrative expenses	9,802	7,612
Operating income	10,053	6,942
Non-operating income	449	332
Non-operating expenses	348	764
Ordinary income	10,154	6,510
Extraordinary income	72	308
Extraordinary expenses	87	378
Income before taxes and other adjustments	10,139	6,440
Corporate, inhabitant and enterprise taxes	2,473	1,715
Deferred taxes	-67	41
Net income	7,732	4,684
Net income attributable to non-controlling interests	1,699	513
Net income attributable to owners of parent	6,033	4,171

### Sales breakdown (Consolidated)

Sales breakdown by product (FY2018)



Sales breakdown by region (FY2018)



### Consolidated statements of changes in net assets

(Million yen)

	Shareholders' equity				Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on marketable securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance as of April 1, 2018	12,345	2,806	13,257	-1,814	26,594	4,149	409	-69	4,489	656	5,776	37,516
Cumulative effects of changes in accounting policies			-4		-4						-2	-6
Balance at beginning of current period reflecting changes in accounting policies	12,345	2,806	13,253	-1,814	26,589	4,149	409	-69	4,489	656	5,774	37,509
<b>Changes during the period</b>												
Cash dividends paid			-951		-951							-951
Net income attributable to owners of parent			6,033		6,033							6,033
Purchase of treasury stock				-1,831	-1,831							-1,831
Disposal of treasury stock				703	303							303
Changes in items other than shareholders' equity						-1,548	-264	-45	-1,858	-160	1,019	-999
Total changes during the period	-	-	4,682	-1,128	3,554	-1,548	-264	-45	-1,858	-160	1,019	2,555
Balance as of March 31, 2019	12,345	2,806	17,935	-2,943	30,143	2,600	145	-114	2,631	495	6,794	40,065

## Releasing New Products to the Market

### CNC Precision Automatic Lathe B0326-III

We have developed the CNC precision automatic lathe B0326-III featuring a compact main body equipped with a range of functions.

- Opposed tool post-based specification.
- Features enhanced rigidity of the main body and improved processing capability.
- The back-side tool post with Y axis realizes compound processing on the back side and simultaneous machining on the main spindle side.
- Cartridge-type rear-drive / back-side tool post drills can be placed flexibly according to the workpieces.
- Available with or without guide bushing depend on workpieces.
- The thermal distortion compensating function is included as a standard feature.
- Automatic programming software is included as a standard feature.



### CNC Precision Automatic Lathe B0326V-III

We have developed the CNC precision automatic lathe B0326V-III that supports optimal tooling according to the application.

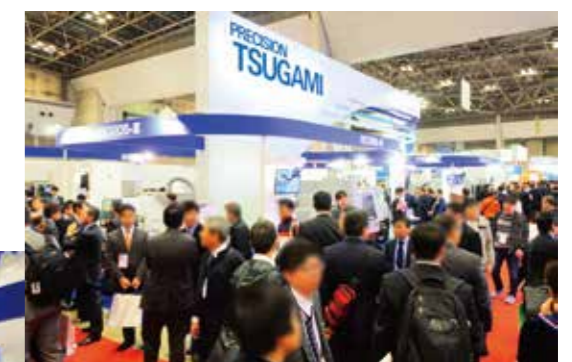
- Vertical tool post-based specifications.
- The back-side tool post with Y axis realizes compound processing on the back side and simultaneous machining on the main spindle side.
- Cartridge-type 5-axis cross and back-side tool post drills can be placed flexibly according to workpieces.
- Available with or without guide bushing depend on workpieces.
- The thermal distortion compensating function is included as a standard feature.
- Automatic programming software is included as a standard feature.



## Participated Exhibitions

We actively developed new business partners.

We exhibited our products at the 29th Japan International Machine Tool Fair (JIMTOF2018), which was held at the Tokyo Big Sight (Tokyo International Exhibition Center) for six days from November 1, 2018. We invited a large number of users and dealers from Japan and overseas and engaged in business discussions centered on new products to further expand the market.



The 29th Japan International Machine Tool Fair (JIMTOF2018)