

Summary of Financial Results for the Fiscal Year Ended March 31, 2020

May 27, 2020

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled date of annual shareholders meeting: June 17, 2020

Scheduled date of commencement of dividend payments: June 2, 2020

Scheduled date of submission of securities report: June 18, 2020

Supplementary briefing materials to be created: Yes

Investors meeting to be held: None

Listings: Tokyo Stock Exchange

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1. Consolidated business performance for the fiscal year ended March 31, 2020

(From April 1, 2019 to March 31, 2020)

(Figures are rounded down to the nearest one million yen.)

(1) Consolidated operating results

(Figures in percentages denote the year-on-year change.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income for the quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	49,310	-28.0	4,549	-55.5	4,259	-59.0	2,747	-65.3	2,001	-67.7	697	-88.1
Fiscal year ended March 31, 2019	68,486	20.6	10,215	59.3	10,384	68.8	7,907	77.3	6,192	57.1	5,881	5.2

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Profit before tax to total assets	Operating profit on revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2020	38.60	37.75	6.1	6.5	9.2
Fiscal year ended March 31, 2019	117.98	115.22	19.1	15.2	14.9

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent	Operating profit on revenue
	Million yen	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2020	61,860	39,073	32,480	52.5(63.2)	628.14
Fiscal year ended March 31, 2019	69,692	40,072	33,244	47.7(57.5)	641.69

(Reference) The figures in parentheses are the ratios of total equity (sum of equity attributable to owners of the parent and non-controlling interests).

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2020	7,994	-3,246	-4,261	10,921
Fiscal year ended March 31, 2019	1,643	-1,362	355	11,112

2. State of dividends

(Base date)	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity attributable to owners of the parent (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2019	--	9.00	--	12.00	21.00	1,095	17.8	3.4
Fiscal year ended March 31, 2020	--	12.00	--	12.00	24.00	1,243	62.2	3.8
Fiscal year ending March 31, 2021 (forecast)		12.00		12.00	24.00		65.3	

3. Consolidated business performance forecasts for the fiscal year ending March 31, 2020

(From April 1, 2020 to March 31, 2021)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	24,000	-12.4	2,100	-27.3	1,200	-7.3	23.20
Full-year	45,000	-8.7	3,300	-27.5	1,900	-5.1	36.74

* Notes

(1) Important changes in subsidiaries during the quarter under review (changes in specified subsidiaries that caused the scope of consolidation to change): None

(2) Changes in accounting policy and in accounting estimates, and restatements

- (i) Changes in accounting policies required by IFRS: Applied
- (ii) Changes in accounting policy other than those stated in item (i) above: None
- (iii) Changes in accounting estimates: None

(3) Numbers of outstanding shares (common shares)

(i) Numbers of outstanding shares at the end of the terms (including treasury stock):

As of March 2020 55,000,000 shares As of March 2019 55,000,000 shares

(ii) Numbers of treasury shares at the end of the terms:

As of March 2020 3,291,482 shares As of March 2019 3,192,312 shares

(iii) Average numbers of shares outstanding during the periods:

As of March 2020 51,860,235 shares As of March 2019 52,490,611 shares

(Reference) Summary of non-consolidated business performance

Non-consolidated business performance for the fiscal year ended March 31, 2019 (From April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	25,937	-32.7	401	-79.0	1,367	-60.8	803	-74.3
Fiscal year ended March 31, 2019	38,557	14.0	1,908	31.6	3,491	97.5	3,125	1.7

	Net income per share	Net income per share after residual equity adjustment
	Yen	Yen
Fiscal year ended March 31, 2020	15.50	15.16
Fiscal year ended March 31, 2019	59.54	58.15

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2020	31,755	19,424	59.3	364.21
Fiscal year ended March 31, 2019	35,787	20,066	54.7	377.75

(Reference): Shareholders' equity: Fiscal year ended March 31, 2020: ¥18,832 million
Fiscal year ended March 31, 2019: ¥19,570 million

* The summary of financial results falls outside the scope of audits by certified public accountants or an auditing corporation.

* Explanations for the appropriate use of business forecasts and other items warranting special mention

The forward-looking statements, including business forecasts, included in this document are based on information available on the date of announcement and certain assumptions we consider reasonable. Actual performance may differ materially from the statements due to a range of factors. For assumptions for business forecasts and notes on the use of business forecasts, please refer to [1. Overview of Operating Results (1) Overview of Operating Results in Fiscal Year Under Review (ii) Forecasts for the next fiscal year] on page 2 of the accompanying documents of this summary of financial results for the fiscal year ended March 31, 2020.

Accompanying Documents

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1. Overview of Operating Results

(1) Overview of Operating Results in Fiscal Year Under Review

(i) Operating results in fiscal year under review

In the fiscal year under review, the markets in Japan and overseas continued to be in an adjustment phase. In addition, they were affected by the spread of COVID-19 coronavirus. The environment surrounding the Group was becoming more and more challenging and both revenue and profit fell year on year. Revenue stood at ¥49,310 million (down 28.0% year on year). Operating profit came to ¥4,549 million (down 55.5% year on year). Profit attributable to owners of parent was ¥2,001 million (down 67.7% year on year).

Domestic revenue stood at ¥9,792 million (down 28.3% year on year), and overseas revenue was ¥39,518 million (down 27.9% year on year). The ratio of overseas revenue was 80.1%, the same level as in the previous fiscal year.

Looking at revenue by machinery category, revenue from automatic lathes, the main product line, came to ¥38,885 million (down 30.4% year on year). Revenue from grinding machines totaled ¥3,495 million (down 31.3% year on year). Revenue from machining centers, rolling machines and specialized machines was ¥3,371 million (down 15.2% year on year).

Segment performance is as follows.

- In Japan, revenue decreased 33.8%, to ¥26,315 million, and segment profit decreased 76.0%, to ¥552 million.
- In China, revenue decreased 35.5%, to ¥30,577 million, and segment profit decreased 58.2%, to ¥3,253 million.
- In India, revenue decreased 15.5%, to ¥2,526 million, and segment profit decreased 10.4%, to ¥155 million.
- In South Korea, revenue increased 107.7%, to ¥2,502 million, and segment profit increased 455.2%, to ¥327 million
- Revenue in "Other" increased 3.1%, to ¥724 million, and segment profit came to ¥28 million (compared to a segment loss of ¥13 million in the same period of the previous fiscal year).

Operating profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

(ii) Forecasts for the next fiscal year

Considering trends in domestic and overseas markets and orders received, the Company forecasts performance in the fiscal year ending March 31, 2021 as shown below.

The Group's forecasts are as follows:

Consolidated business performance forecasts for the fiscal year ending March 31, 2021

(Million yen, except per share data)

	First half	Full year
Revenue	24,000	45,000
Operating profit	2,100	3,300
Profit attributable to owners of the parent	1,200	1,900
Basic earnings per share	23.20 yen	36.74 yen

(2) Overview of Financial Position in Fiscal Year Under Review

(i) State of assets, liabilities and net assets

Assets totaled ¥61,860 million at the end of the fiscal year under review, decreasing ¥7,831 million from the end of the previous fiscal year.

The decrease resulted mainly from a fall of ¥4,891 million in trade and other receivables and ¥4,118 million in inventories, despite an increase of ¥777 million in property, plant and equipment and ¥732 million in intangible assets.

Liabilities totaled ¥22,787 million at the end of the fiscal year under review, decreasing ¥6,833 million from the end of the previous fiscal year.

The result was chiefly attributable to a fall of ¥3,996 million in trade and other payables, ¥2,254 million in borrowings and ¥609 million in contract liabilities.

Equity totaled ¥39,073 million at the end of fiscal year under review, decreasing ¥998 million from the end of the previous fiscal year.

This was largely due to an increase of ¥732 million in retained earnings, which was more than offset by a decrease of ¥1,537 million in other components of equity. The decrease in other components of equity includes a decrease of ¥171 million in financial assets measured at fair value through other comprehensive income and ¥1,366 million in exchange differences on translation of foreign operations – equity.

Reflecting the results above, the ratio of equity attributable to owners of parent came to 52.5%, rising 4.8 percentage points from the end of the previous fiscal year.

(ii) State of cash flows

Cash and cash equivalents amounted to ¥10,921 million at the end of fiscal year under review, decreasing ¥190 million from the end of the previous fiscal year. A description of each cash flow during the fiscal year under review was as follows:

(Cash flows from operating activities)

Cash generated through operating activities was ¥7,994 million (cash generated of ¥1,643 million in the previous fiscal year).

The result principally reflected an increase in cash, including profit before tax of ¥4,259 million, depreciation of ¥1,242 million, a fall of ¥3,058 million in inventories, and a decrease of ¥4,470 million in trade and other receivables, and a decrease in cash due to a drop of ¥3,211 million in trade and other payables, a decline of ¥521 million in contract liabilities and income taxes paid of ¥1,343 million.

(Cash flows from investing activities)

Cash used for investing activities was ¥3,246 million (cash used of ¥1,362 million in the previous fiscal year).

The cash outflow was primarily attributable to a decrease in cash, including the purchase of property, plant and equipment of ¥2,209 million and the purchase of intangible assets of ¥798 million.

(Cash flows from financing activities)

Cash used for financing activities was ¥4,261 million (cash generated of ¥355 million in the previous fiscal year).

The cash outflow resulted mainly from a decrease of ¥2,254 million in short-term loans payable and cash dividends paid of ¥1,244 million.

(3) Basic policy relating to profit distribution, and dividends for the fiscal year under review and the following fiscal year

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 stock 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 the need, financial conditions and share price trends.

For the consolidated fiscal year ended March 31, 2020, the Company has decided to pay annual dividends of ¥24 per share, including interim dividends of ¥12 per share and year-end dividends of ¥12 per share.

For the consolidated fiscal year ending March 31, 2021, the Company plans to pay annual dividends of ¥24 per share, including interim dividends of ¥12 per share and year-end dividends of ¥12 per share.

2. Basic Policy on Selection of Accounting Standards

The Group has been applying the International Accounting Standards since the fiscal year ended March 31, 2019, to enhance convenience and the international comparability of financial information in the capital market.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Statement of Financial Position

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2019)	Figures at the end of the consolidated fiscal year under review (As of March 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	11,112	10,921
Trade and other receivables	17,150	12,258
Other financial assets	30	30
Inventories	22,462	18,343
Other current assets	1,737	1,397
Total current assets	52,493	42,952
Non-current assets		
Property, plant and equipment	8,871	9,648
Right-of-use assets	--	1,222
Intangible assets	557	1,289
Retirement benefit asset	104	82
Other financial assets	6,444	6,236
Deferred tax assets	233	209
Other non-current assets	988	218
Total non-current assets	17,199	18,908
Total assets	69,692	61,860

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2019)	Figures at the end of the consolidated fiscal year under review (As of March 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	13,476	9,480
Borrowings	11,121	8,867
Other financial liabilities	6	175
Income taxes payable	477	310
Provisions	576	402
Contract liabilities	1,630	1,021
Other current liabilities	645	609
Total current liabilities	27,933	20,866
Non-current liabilities		
Other financial liabilities	15	140
Retirement benefit liability	914	915
Deferred tax liabilities	511	635
Other non-current liabilities	244	229
Total non-current liabilities	1,686	1,920
Total liabilities	29,620	22,787
Equity		
Share capital	12,345	12,345
Capital surplus	3,214	3,306
Treasury shares	-2,943	-2,994
Other components of equity	2,576	1,038
Retained earnings	18,052	18,784
Equity attributable to owners of the parent	33,244	32,480
Non-controlling interests	6,827	6,593
Total equity	40,072	39,073
Total liabilities and net equity	69,692	61,860

(2) Consolidated Statements of Profit or Loss and Comprehensive Income
(Consolidated Statement of Profit or Loss)

(Million yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Revenue	68,486	49,310
Cost of sales	-48,507	-36,354
Gross profit	19,978	12,956
Selling, general and administrative expenses	-9,803	-8,369
Other income	193	308
Other expenses	-154	-345
Operating profit	10,215	4,549
Finance income	340	310
Finance costs	-171	-601
Profit before tax	10,384	4,259
Income tax expense	-2,476	-1,511
Profit	7,907	2,747
Profit for the year attributable to:		
Owners of the parent	6,192	2,001
Non-controlling interests	1,714	745
Profit	7,907	2,747
Earnings per share		
Basic earnings per share (yen)	117.98	38.60
Diluted earnings per share (yen)	115.22	37.75

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Profit	7,907	2,747
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	-1,523	-170
Remeasurement of defined benefit pension plans	-43	-3
Total items that will not be reclassified to profit or loss	-1,567	-174
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-458	-1,874
Total items that may be reclassified to profit or loss	-458	-1,874
Total other comprehensive income	-2,026	-2,049
Comprehensive income	5,881	697
Total comprehensive income for the year attributable to:		
Owners of parent	4,297	460
Non-controlling interests	1,583	236
Comprehensive income	5,881	697

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Million yen)

	Equity attributable to owners of the 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, 2018	12,345	3,378	-1,814	158	4,269
Profit					
Other comprehensive income				-327	-1,523
Total comprehensive income	--	--	--	-327	-1,523
Purchase of treasury shares			-1,831		
Disposal of treasury shares		-277	703		
Dividends					
Changes in share-based payment transactions		116			
Transfer to retained earnings					
Equity transactions with non-controlling interests		-4		-0	
Share-based payment transactions	--	-164	-1,128	-0	--
Balance as of March 31, 2019	12,345	3,214	-2,943	-169	2,745

	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, 2018	--	4,427	13,254	31,591	5,815	37,407	
Profit			6,192	6,192	1,714	7,907	
Other comprehensive income	-43	-1,895		-1,895	-130	-2,026	
Total comprehensive income	-43	-1,895	6,192	4,297	1,583	5,881	
Purchase of treasury shares				-1,831		-1,831	
Disposal of treasury shares			-399	26		26	
Dividends			-951	-951	-574	-1,525	
Changes in share-based payment transactions				116		116	
Transfer to retained earnings	43	43	-43	--		--	
Equity transactions with non-controlling interests		-0		-4	1	-2	
Share-based payment transactions	43	43	-1,394	-2,643	-572	-3,216	
Balance as of March 31, 2019	--	2,576	18,052	33,244	6,827	40,072	

Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)

(Million yen)

	Equity attributable to owners of the 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, 2019	12,345	3,214	-2,943	-169	2,745
Profit					
Other comprehensive income				-1,366	-170
Total comprehensive income	--	--	--	-1,366	-170
Purchase of treasury shares			-123		
Disposal of treasury shares		-34	72		
Dividends					
Changes in share-based payment transactions		129			
Transfer to retained earnings					-0
Equity transactions with non-controlling interests		-3		-0	
Share-based payment transactions	--	92	-51	-0	-0
Balance as of March 31, 2020	12,345	3,306	-2,994	-1,535	2,574

	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, 2019	--	2,576	18,052	33,244	6,827	40,072
Profit			2,001	2,001	745	2,747
Other comprehensive income	-3	-1,540		-1,540	-508	-2,049
Total comprehensive income	-3	-1,540	2,001	460	236	697
Purchase of treasury shares				-123		-123
Disposal of treasury shares			-21	16		16
Dividends			-1,244	-1,244	-463	-1,707
Changes in share-based payment transactions				129		129
Transfer to retained earnings	3	3	-3	--		--
Equity transactions with non-controlling interests		-0		-3	-7	-11
Share-based payment transactions	3	2	-1,269	-1,225	-471	-1,696
Balance as of March 31, 2020	--	1,038	18,784	32,480	6,593	39,073

(4) Consolidated Statements of Cash Flows

	(Million yen)	
	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before tax	10,384	4,259
Depreciation and amortization	1,039	1,242
Impairment losses (reversal of impairment losses)	40	—
Finance income	-330	-310
Finance costs	68	81
Loss on retirement of fixed assets	42	5
Loss (gain) on sale of fixed assets	-2	-5
Loss from performance of defect liability, etc.	—	307
Decrease (increase) in inventories	-3,915	3,058
Decrease (increase) in trade and other receivables	-697	4,470
Increase (decrease) in trade and other payables	-1,568	-3,211
Increase (decrease) in contract liabilities	-562	-521
Increase or decrease in retirement benefit asset or liability	72	19
Increase (decrease) in provisions	193	-171
Other	-180	47
Subtotal	4,587	9,269
Interest and dividends received	330	291
Interest paid	-68	-81
Proceeds from subsidy income	66	166
Payments for performance of warranty against defects	—	-307
Income taxes paid	-3,271	-1,598
Income taxes refund	—	254
Net cash provided by (used in) operating activities	1,643	7,994
Cash flows from investing activities		
Payments into time deposits	-51	-50
Proceeds from withdrawal of time deposits	124	50
Purchase of property, plant and equipment	-1,405	-2,209
Proceeds from sale of property, plant and equipment	404	6
Payments for retirement of property, plant and equipment	-1	-0
Purchase of intangible assets	-414	-798
Purchase of right-of-use assets	--	-183
Purchase of investment securities	-2	-2
Proceeds from sale of investment securities	--	1
Purchase of long-term prepaid expenses	-253	—
Proceeds from subsidy income	214	—
Other	22	-60
Net cash provided by (used in) investing activities	-1,362	-3,246

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,695	-2,254
Proceeds from sale of treasury shares	26	16
Purchase of treasury shares	-1,833	-123
Dividends paid	-951	-1,244
Payment of dividends to non-controlling shareholders	-574	-463
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	-11
Repayments of lease obligations	-7	-180
Net cash provided by (used in) financing activities	355	-4,261
Effect of exchange rate changes on cash and cash equivalents	9	-677
Net increase (decrease) in cash and cash equivalents	645	-190
Cash and cash equivalents at the beginning of the term	10,466	11,112
Cash and cash equivalents at the end of the term	11,112	10,921

(5) Notes Related to Consolidated Financial Statements

(Notes relating to the going concern assumption)

No corresponding item exists.

(Changes in accounting policy)

The Group adopted IFRS 16 Leases (announced in January 2016) ("IFRS 16") in the fiscal year under review.

The Group applies IFRS 16 according to transitional measures and employs the method of recognizing the cumulative effect of the start of the application on the first day of the application.

In the shift to IFRS 16, the Company has selected the practical expedient in Paragraph C3 of IFRS 16 and determines whether a contract is or includes a lease agreement based on IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group has opted not to recognize right-of-use assets and lease liabilities for short-term leases whose term is 12 months or less and leases of low-value assets.

The Company uses the cost model for measuring right-of-use assets and the value of acquisition cost is stated net of cumulative depreciated expenses and cumulative impairment losses. Acquisition cost is initially measured the initial value of leasing obligations and adjusted with lease expenses paid prior to the commencement of lease transactions, initial direct costs, etc. Right-of-use assets are depreciated based on the straight-line method over the lesser of their estimated useful lives and the lease term. Short-term lease and lease of small-value assets are recognized as expenses on a straight-line basis over the lease term.

Lease obligations are measured at the present value of unpaid lease expenses. Lease expenses are distributed to financial costs and repayment of lease obligations through the interest method and financial costs are recognized in the consolidated income statement.

Having adopted IFRS 16, the Company recognized ¥1,100 million for right-of-use assets and ¥256 million for lease obligations (stated as the components of other financial liabilities) as of the day of the commencement of the application of IFRS 16, compared to the case using the accounting standards previously applied. Right-of-use assets include ¥20 million as the amount of transfer from property, plant and equipment in finance leases in IAS 17 and ¥823 million as the amount of transfer from the amount of advance payment of property rent (other non-current assets). In addition, right-of-use assets stated in the summary consolidated statements of financial position for the third quarter of the consolidated fiscal year under review mainly comprise ¥904 million for land and ¥190 million for buildings and structures. As of the date of the application of IFRS 16, the lessee's incremental borrowing rate on a weighted average basis, which is applied to lease obligations recognized in the said summary consolidated statements of financial position, is 2.0%.

When adopting IFRS 16, the Group applied the following practical expedient to leases categorized as operating leases under the conventional IAS 17:

- Rely on the assessment of whether the application of IAS 37 Provisions, Contingent Liabilities and Contingent Assets to leases as an alternative to performing impairment reviews immediately before the start date of application is disadvantageous
- Exclude initial direct costs from the measurement of right-of-use assets on the first day of application

The following is the adjustment table of operating lease agreements disclosed by applying IAS 17 as of the end of the previous fiscal year and lease liabilities as of the first day of application recognized in the consolidated statement of financial position.

(Million yen)

	Amount
Operating lease agreements disclosed as of March 31, 2019	60
Financial lease liabilities (as of March 31, 2019)	22
Rules for exemption of recognition (short-term leases and low-value asset leases)	-18
Revision of lease terms, etc.	214
Lease liabilities as of April 1, 2019	278

(Segment information)

(1) Summary of reportable segments

The Group's reportable segments are its constituent units that disclose financial information separately. They fall under the scope of periodic reviews the Company's Board of Directors performs to determine the distribution of its management resources and to assess its operating results.

The Group manufactures and sells machine tools in Japan and abroad. The Group consists of geographic segments based on its manufacturing and sales organizations. The Company's reportable segments are Japan, China, India, South Korea and Other which are the areas where Group companies are located.

(2) Segment revenues and operating results

Inter-segment revenues are based on market prices.

Revenues and operating results of the Group's reportable segments are as follows.

Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	29,983	33,804	2,974	1,143	579	68,486	—	68,486
Intersegment revenue	9,756	13,638	13	61	123	23,593	-23,593	—
Total	39,740	47,443	2,988	1,205	702	92,080	-23,593	68,486
Segment profit (loss)	2,304	7,787	173	59	-13	10,310	-135	10,175
Other income and expenses, net								39
Operating profit								10,215
Finance income and expenses, net								168
Profit before tax								10,384
Other items								
Depreciation and amortization	258	735	34	20	2	1,050	-11	1,039
Impairment losses	40	—	—	—	—	40	—	40
Segment assets	28,243	32,588	4,666	1,445	552	67,497	2,195	69,692
Capital expenditure	689	1,383	122	101	0	2,297	—	2,297

(Notes) 1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from sales revenue.

2. "Adjustment" of segment income of ¥-135 million is the adjustment of unrealized income.

3. "Adjustment" of segment assets of ¥2,195 million includes Company-wide assets of ¥8,570 million and an effect of intersegment adjustments of ¥6,375 million.

Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	20,899	22,888	2,491	2,446	584	49,310	—	49,310
Intersegment revenue	5,415	7,689	34	56	139	13,335	-13,335	—
Total	26,315	30,577	2,526	2,502	724	62,646	-13,335	49,310
Segment profit (loss)	552	3,253	155	327	28	4,317	269	4,586
Other income and expenses, net								-36
Operating profit								4,549
Finance income and expenses, net								-290
Profit before tax								4,259
Other items								
Depreciation and amortization	386	758	41	69	0	1,256	-14	1,242
Impairment losses	—	—	—	—	—	—	—	—
Segment assets	22,932	29,234	3,725	1,611	744	58,249	3,611	61,860
Capital expenditure	1,068	2,057	365	86	1	3,579	—	3,579

- (Notes) 1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from sales revenue.
2. "Adjustment" of segment income of ¥269 million is the adjustment of unrealized income.
3. "Adjustment" of segment assets of ¥3,611 million includes Company-wide assets of ¥9,331 million and an effect of intersegment adjustments of ¥-5,720 million.

(3) Information on geographical segments

The table below shows a breakdown of non-current assets by geographical segment.

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2019)	Figures at the end of the consolidated fiscal year under review (As of March 31, 2020)
Japan	3,189	4,030
China	6,465	7,288
India	642	944
South Korea	114	110
Other	5	5
Total	10,416	12,379

(Notes) The non-current assets are classified according to their locations. Assets related to financial instruments, deferred tax assets, and retirement benefits are not included.

(Per Share information)

(1) Basis for calculation of basic earnings per share

	Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)
Profit attributable to owners of the parent (million yen)	6,192	2,001
Profit not attributable to common shareholders of the parent (million yen)	—	—
Profit used to calculate basic earnings per share (million yen)	6,192	2,001
Weighted average number of common shares (thousand shares)	52,490	51,860
Basic earnings per share (yen)	117.98	38.60

(2) Basis for calculation of diluted earnings per share

	Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)
Profit used to calculate basic earnings per share (million yen)	6,192	2,001
Adjustment on profit (million yen)	—	—
Profit used to calculate diluted earnings per share (million yen)	6,192	2,001
Weighted average number of common shares (thousand shares)	52,490	51,860
Increase in common shares (thousand shares)		
Share acquisition rights (thousand shares)	1,255	1,159
Weighted average number of diluted common shares (thousand shares)	53,745	53,019
Diluted earnings per share (yen)	115.22	37.75

(Important subsequent events)

No corresponding event occurred

4. Supplementary Information

(1) Overseas revenue

(Million yen)

	Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)
China	34,629	23,005
Asia	10,434	9,084
America	4,016	4,607
Europe	5,744	2,821
Overseas revenue	54,824	39,518
Consolidated revenue	68,486	49,310
Ratio of overseas revenue to consolidated net sales (%)	80.1	80.1

(Note) Revenue is categorized by country or region based on the locations of the customers.

(2) Revenue by machinery category

The relationship between the disaggregation of revenue based on major product lines and reportable segments is as follows.

Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Automatic lathes	22,406	29,130	2,823	1,049	440	55,850
Grinding machines	2,844	2,101	104	28	4	5,084
Machining centers, rolling machines and specialized machines	2,119	1,837	—	17	—	3,974
Other	2,614	734	46	48	134	3,577
Total	29,983	33,804	2,974	1,143	579	68,486

(Note) "Other" in main product lines include components and services.

Consolidated first nine months under review (from April 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Automatic lathes	14,544	19,236	2,265	2,389	448	38,885
Grinding machines	2,292	1,110	88	3	—	3,495
Machining centers, rolling machines and specialized machines	1,500	1,871	—	—	—	3,371
Other	2,561	669	137	52	136	3,558
Total	20,899	22,888	2,491	2,446	584	49,310

(Note) "Other" in main product lines include components and services.

(3) Changes in Officers (scheduled to take effect on June 17, 2020)

(i) Changes in Representative Director

At a meeting of its Board of Directors held on May 27, 2020, the Company informally decided to change Representative Directors as follows.

- New Representative Director

Seiji Tsuishu

New official position: Representative Director, Administration

The appointment will be officially decided at the 117th Annual Shareholders Meeting to be held on June 17, 2020, and at a meeting of the Board of Directors following the shareholders meeting, after which he will take office.

- Representative Director scheduled to retire from post

Hiroaki Kazama

Old official position: President

He will continue to be responsible for technology in the Company.

For more details, please refer to the "Notice of Changes in Representative Directors" announced separately today (May 27, 2020).

(ii) Other changes in officers

- Candidates for new Directors (excluding members of the Audit and Supervisory Committee)

Director Ken Kubo (present Special Advisor at Sumitomo Mitsui Card Co., Ltd.)

Director Koichi Maruno (present Outside Director of the Company (member of the Audit and Supervisory Committee), President of Dai-ichi Life Research Institute Inc.)

(Note) Mr. Ken Kubo and Mr. Koichi Maruno are candidates for Outside Directors.

- Candidates for new Directors (members of the Audit and Supervisory Committee)

Director (member of the Audit and Supervisory Committee) Yoshimi Takeuchi (present Vice President and Professor at Chubu University)

Director (member of the Audit and Supervisory Committee) Kenyu Adachi (Ministry of Economy, Trade and Industry, Outside Director at Asahi Kasei Corporation and other companies)

Director (member of the Audit and Supervisory Committee) Michiyo Yamamiya (lawyer, a partner at Tanabe & Partners)

(Note) Mr. Yoshimi Takeuchi, Mr. Kenyu Adachi, and Ms. Michiyo Yamamiya are candidates for Outside Directors and members of the Audit and Supervisory Committee.

- Outgoing Directors (excluding members of the Audit and Supervisory Committee)

Director Shigeru Nishiyama

Director Hitoshi Yoshida

(Note) Mr. Shigeru Nishiyama and Mr. Hitoshi Yoshida are Outside Directors.

- Outgoing Directors (members of Audit and Supervisory Committee)

Director (member of the Audit and Supervisory Committee) Takeo Nakagawa

Director (member of the Audit and Supervisory Committee) Koichi Maruno (He is planned to become an Outside Director (not a Director and member of the Audit and Supervisory Committee) of the Company.)

(Note) Mr. Takeo Nakagawa and Koichi Maruno are Outside Directors.