

Briefing on Financial Statements for the Year Ended March 2020



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1. Business Performance for Fiscal Year Ended March 31, 2020 and Outlook for Fiscal Year Ending March 31, 2021

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1. Business Performance for Fiscal Year Ended March 31, 2020 and Outlook for Fiscal Year Ending March 31, 2021

(1) Business Results

[Overview of FY2020/3]

Revenue: 49.3 billion yen (down 28.0% YoY)

Revenue declined as shown above due to the impact of the COVID-19 coronavirus during the continued phase of adjustment to market conditions in Japan and overseas.

Profits: Operating profit: 4.5 billion yen (down 55.5% YoY), Profit attributable to owners of parent: 2.0 billion (down 67.7% YoY)

Profits declined as shown above due to a defect liability of about 0.3 billion (for the sale of Niigata Factory in March 2019) and foreign exchange losses of about 0.4 billion (for a subsidiary in India), in addition to the decrease in revenue.

[Outlook for FY2021/3]

While the phase of adjustment to market conditions is expected to continue in Japan and overseas, the outlook for FY2021/3 is as follows, considering the most recent trends in orders.

Billion yen

	Results for FY2017/3 (J-GAAP)	Results for FY2018/3 (J-GAAP)	Results for FY2019/3 (IFRS)	Results for FY2020/3 (IFRS)			Forecasts for FY2021/3 (IFRS)			
				1H	2H	Full-year	1H	2H	Full-year	YoY (%)
Net sales/ Revenue	41.1	57.6	68.5	27.4	21.9	49.3	24.0	21.0	45.0	-8.7
Operating profit (to revenue ratio)	3.1 (7.5%)	6.9 (12.1%)	10.2 (14.9%)	2.9 (10.5%)	1.7 (7.6%)	4.5 (9.2%)	2.1 (8.8%)	1.2 (5.7%)	3.3 (7.3%)	-27.5 -
Net income attributable to owners of parent/ Profit attributable to owners of parent (to revenue ratio)	2.6 (6.4%)	4.2 (7.2%)	6.2 (9.0%)	1.3 (4.7%)	0.7 (3.2%)	2.0 (4.1%)	1.2 (5.0%)	0.7 (3.3%)	1.9 (4.2%)	-5.1 -
Net income per share/ Basic earnings per share	41.91 yen	74.71 yen	117.98 yen	24.97 yen	13.63 yen	38.60 yen	23.20 yen	13.54 yen	36.74 yen	-

(2) Financial position

RMB/JPY March-end/19 16.49 → March-end/20 15.31
INR /JPY March-end/19 1.61 → March-end/20 1.46

Billion yen

	2019/3E	2020/3E	Difference from 2019/3E
Total assets	697	619	-78
Current assets	525	430	-95
Cash and cash equivalents	111	109	-2
Trade and other receivables	172	123	-49
Inventories	225	183	-41
Other	18	14	-3
Non-current assets	172	189	17
Property, plant and equipment	89	96	※1 8
Right-of-use assets	-	12	12
Intangible assets	6	13	※2 7
Other	78	67	-10
Total liabilities	296	228	-68
Current liabilities	279	209	-71
Trade and other payables	135	95	-40
Borrowings	111	89	-23
Other	33	25	-8
Non-current liabilities	17	19	2
Deferred tax liabilities	5	6	1
Other	12	13	1
Total equity	401	391	-10
Share capital	123	123	-
Capital surplus	32	33	1
Treasury shares	-29	-30	-1
Other components of equity	26	10	※3 -15
Retained earnings	181	188	7
Equity attributable to owners of parent	332	325	-8
Non-controlling interests	68	66	-2

1. Current assets and current liabilities equally contracted due to adjustment to market conditions.
2. Non-current assets increased due to capital investment.
3. Financial position continued to be favorable.

※1
China 2, India 0.2, Other 0.1 2.3
Depreciation, sale and retirement -1.0
Effect of exchange rate -0.5

※2
Introduction of new ERP system (SAP) 0.8
Depreciation, etc. -0.1

※3
Exchange differences on translation -1.5
into the yen of assets and liabilities of
overseas subsidiaries

(3) Cash flows

Billion yen

	FY2019/3 (2018/4-2019/3)	FY2020/3 (2019/4-2020/3)
Cash flows from operating activities	1.6	8.0
Profit before tax	10.4	4.3
Depreciation	1.0	1.2
Increase/decrease in working capital	-6.7	※1 3.8
Income taxes paid	-3.3	-1.3
Cash flows from investing activities	-1.4	-3.2
Capital investment in factories	-1.5	※2 -2.4
Introduction of new ERP system	-0.5	※3 -0.8
Other	0.7	-0
Cash flows from financing activities	0.4	-4.3
Short-term borrowings	3.7	-2.3
Dividends paid	-1.0	-1.2
Treasury shares	-1.8	-0.1
Dividends paid to non-controlling interests	-0.6	-0.5
Other	-0	-0.2
Effect of exchange rate change on cash and cash equivalents	-0	-0.7
Net increase (decrease) in cash and cash equivalents	0.6	-0.2
Cash and cash equivalents at the end of the term	11.1	10.9

1. Responding accurately to market trends, cash flows from operating activities increased.
2. Increase in facilities to expand business in the future is progressing as planned.

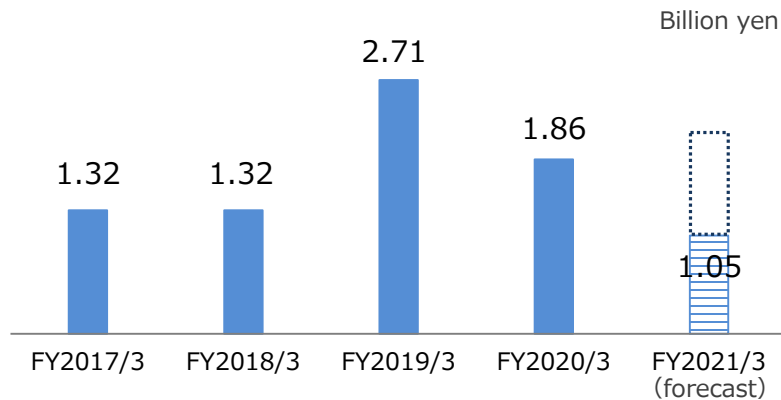
※1
 Decrease (increase) in inventories: 3.1
 Decrease (increase) in trade and other receivables: 4.5
 Increase (decrease) in trade and other payables: -3.2
 Increase (decrease) in contract liabilities: -0.5

※2
 China -2.0
 (Anhui -1.7)
 India -0.4

※3
 Japan -0.8

2. R&D Expenditures, Capital Investment and Depreciation

R&D Expenditures



1. The development of new products anticipating market needs continued.
2. Productivity improvement and work efficiency improvement were promoted by making capital investment to meet demand.

[Major capital investments]

Japan: Introduction of new systems

Introduced business system SAP and 3D-CAD design management.
Operated in February 2020.
Total amount of initial investment: 1.5 billion yen

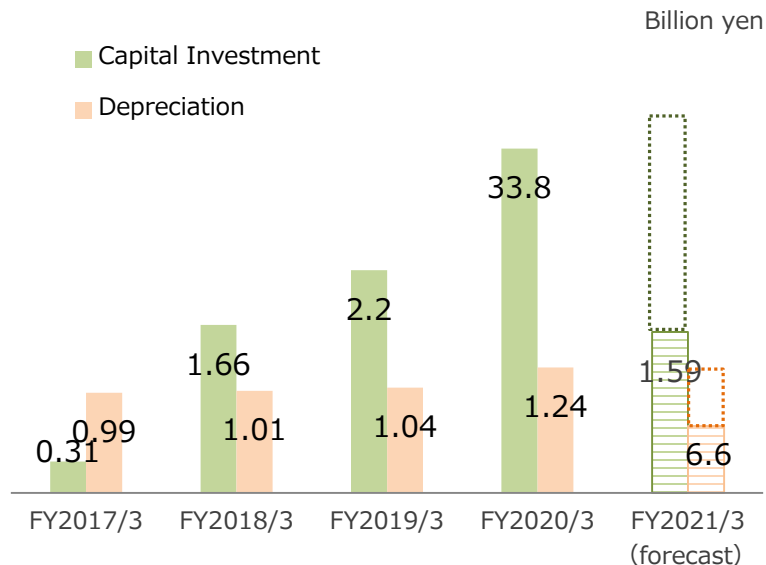
China: New factories in Anhui Province

Casting factory + Assembly factory ⇒ Securing of cast iron for products and an increase in production capacity
Expected start of production: End of 2021
Total amount of investment: 4.1 billion yen
Land area: 68,195 m²
Production capacity: Casting production: 1,500 tons/month
Assembly building and others: System to increase production as needed according to market conditions

India: New Vallam Vadagal Factory

Assembly/parts in-house production factory + casting factory ⇒ Increase in production capacity
Expected start of production: March 2021
Total amount of investment: 2.0 billion yen
Land area: 14,363 m²
Production capacity: Casting production: 1,000 tons/month

Capital Investment and Depreciation



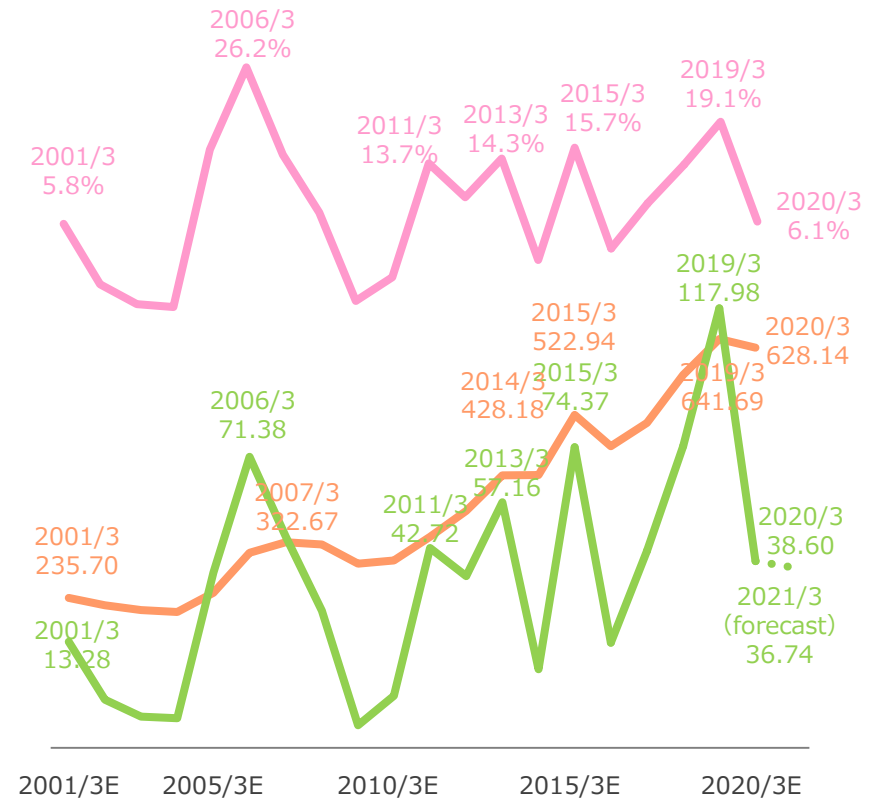
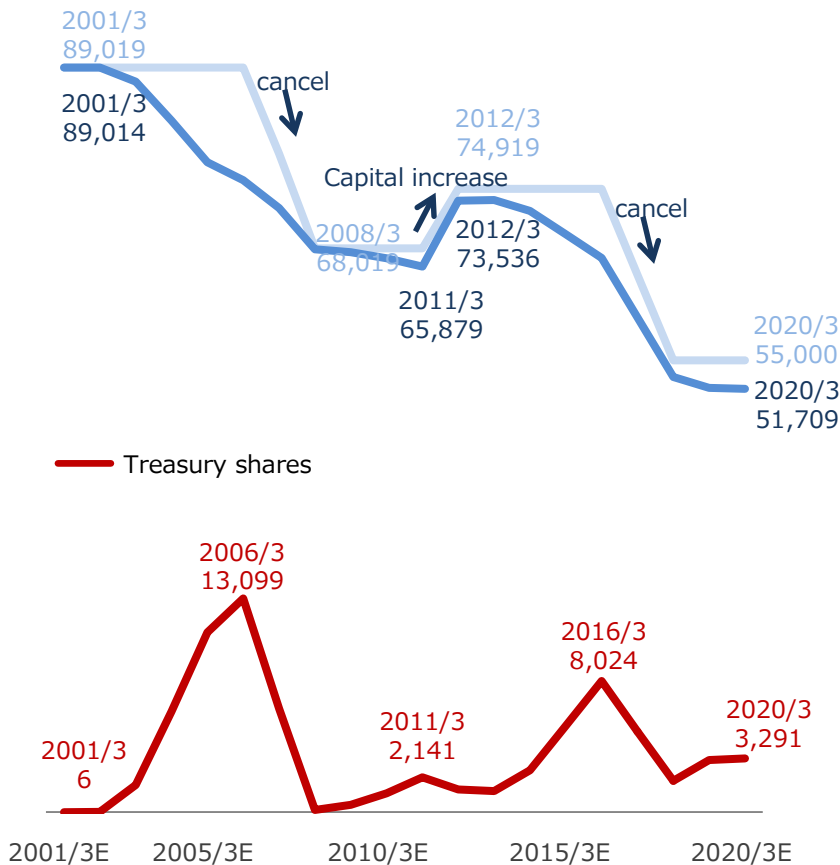
3. Transition of main indicators

Thousand shares

Yen

- Outstanding shares
- Outstanding shares (excluding treasury shares)

- ROE (Return on equity)
- EPS (Earnings per share, excluding treasury shares)
- BPS (Book-value per share, excluding treasury shares)



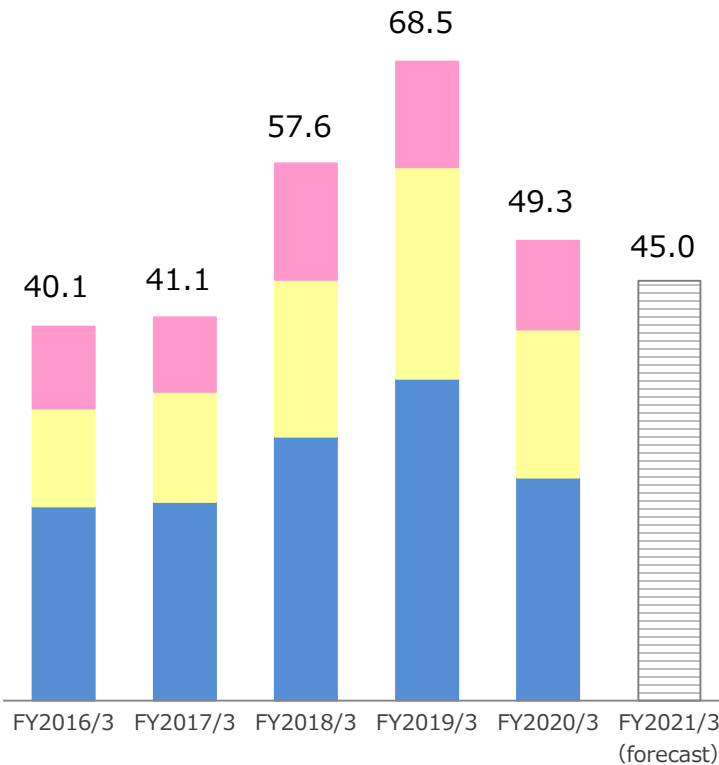
4. Reference

(1) Revenue by Business Segment

- IT
- Other
(hydraulic and pneumatic equipment, medical equipment and others)
- Automobile

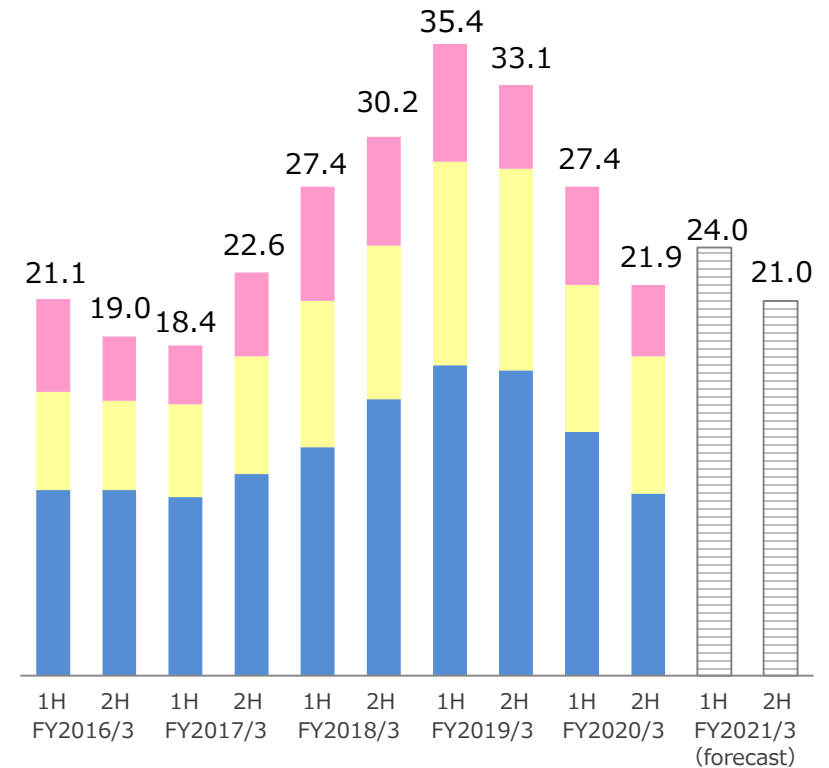
Full-year

Billion yen



Six-month

Billion yen



Japanese GAAP

IFRS

Japanese GAAP

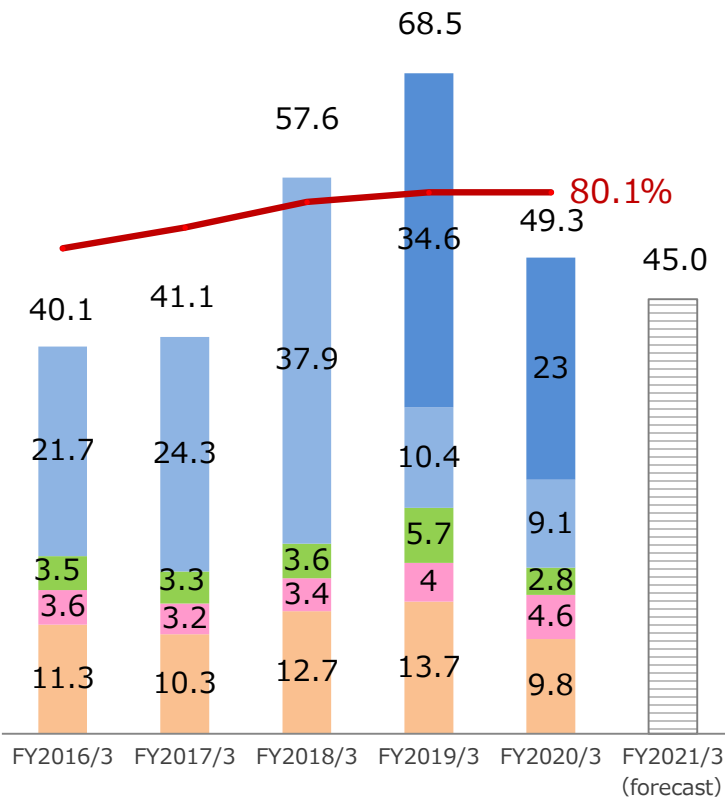
IFRS

(2) Revenue by Geographic Segment

- Export Ratio
- China
- Asia
- Europe
- U.S.A
- Domestic demand

Full-year

Billion yen

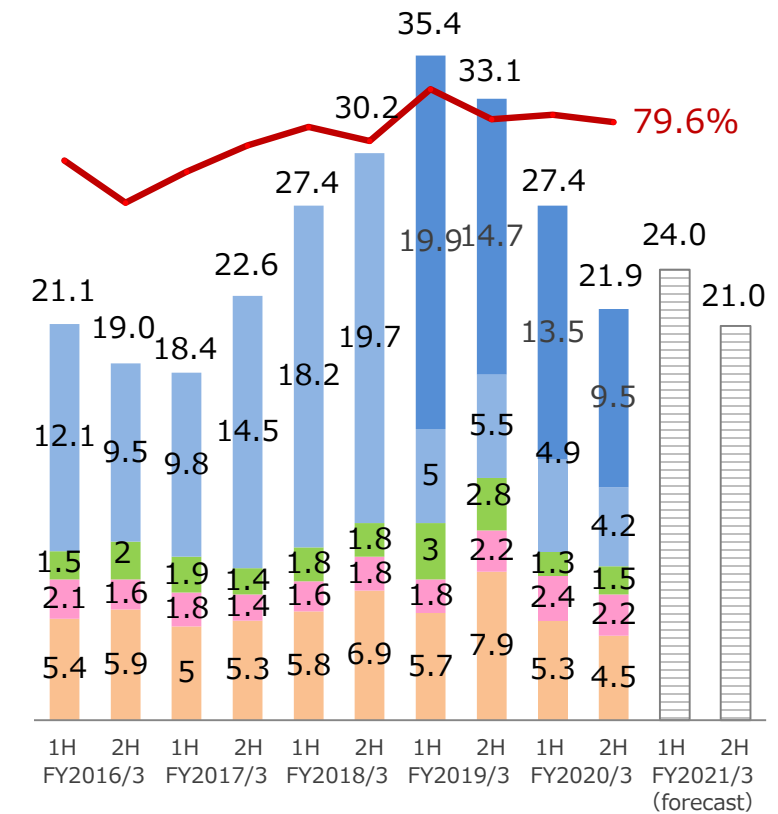


Japanese GAAP

IFRS

Six-month

Billion yen



Japanese GAAP

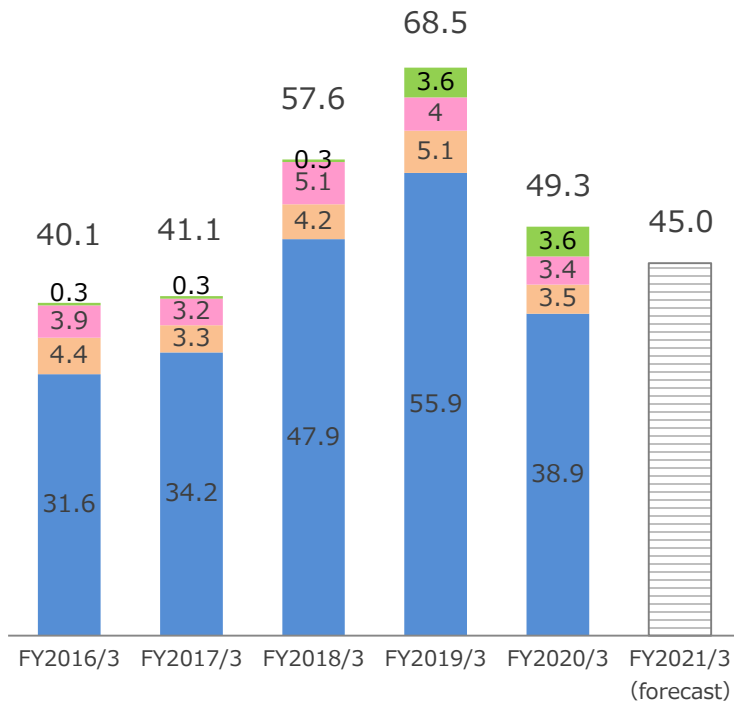
IFRS

(3) Revenue by Machinery Category

- Other
- Machining centers, rolling machines and specialized machines
- Grinding machines
- Automatic lathes

Full-year

Billion yen

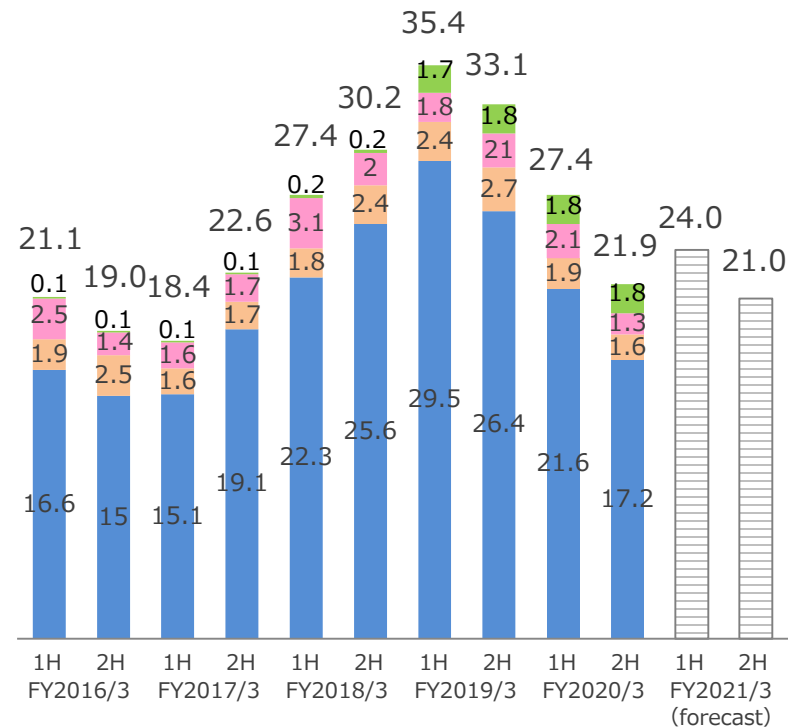


Japanese GAAP

IFRS

Six-month

Billion yen



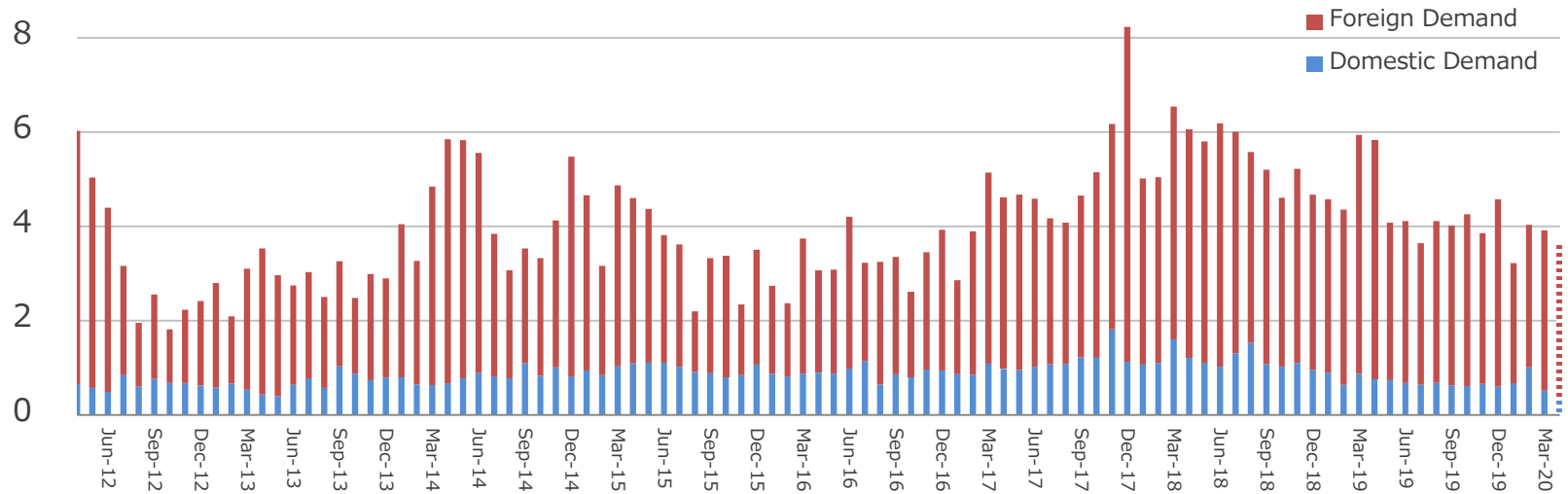
Japanese GAAP

IFRS

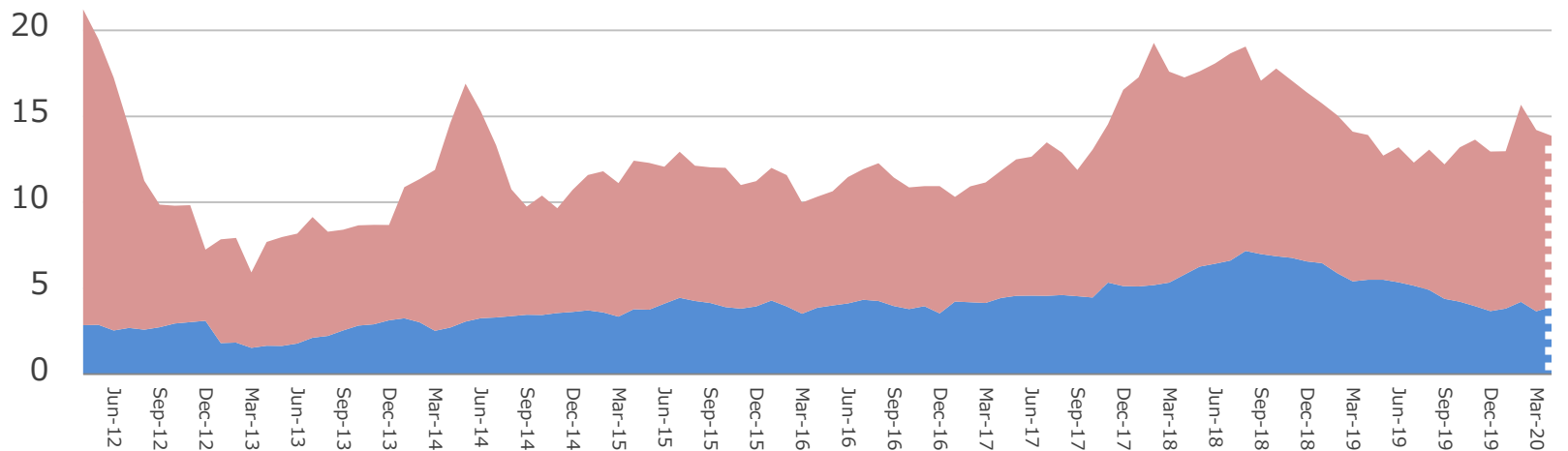
(4) Orders Received and Order Backlogs

Orders

Billion yen



Order backlogs



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.