

## Stock Information (as of March 31, 2020)

Authorized shares	320,000,000 shares
Issued shares	55,000,000 shares
Number of shareholders	8,807

### Major shareholders (Top 10)

Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
The Master Trust Bank of Japan, Ltd. (Trust account)	4,327	8.36
Japan Trustee Services Bank, Ltd. (Trust account)	3,101	5.99
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	2,592	5.01
The Dai-ichi Life Insurance Company, Limited	2,100	4.06
THE BANK OF NEW YORK MELLON 140051	1,534	2.96
Sumitomo Mitsui Banking Corporation	1,516	2.93
The Hokuetsu Bank, Ltd.	1,484	2.86
THE BANK OF NEW YORK 133652	1,102	2.13
Tsugami Customers' Shareholding Association	1,094	2.11
JP MORGAN CHASE BANK 385151	942	1.82

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 3,291 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, 2020)

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	2,223
Directors and Auditors	(as of June 17, 2020)

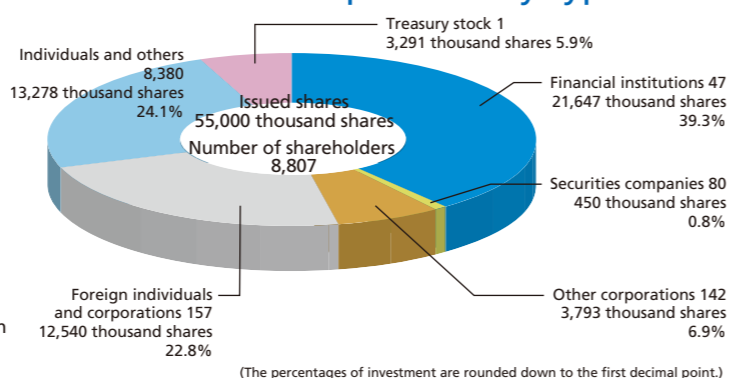
Representative Director and CEO	Takao Nishijima
Representative Director Responsible for Administration Division	Seiji Tsuishi
Director	Byun Jae-Hyun
Director	Kameswaran Balasubramanian
Director	Donglei Tang
Outside Director	Ken Kubo
Outside Director	Koichi Maruno
Director (Full-time audit and supervisory committee member)	Kenji Yoneyama
Outside Director (Audit & Supervisory Board Member)	Yoshimi Takeuchi
Outside Director (Audit & Supervisory Board Member)	Kenyu Adachi
Outside Director (Audit & Supervisory Board Member)	Kunio Shimada
Outside Director (Audit & Supervisory Board Member)	Michiyo Yamamiya

Head Office and Factories	Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo Nagaoka Factory 1-1, Higashizao 1-chome, Nagaoka-shi, Niigata
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Sales Network	East Japan Marketing Division and Overseas Division (Tokyo) Central Japan Marketing Division (Nagoya) West Japan Marketing Division (Osaka)
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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)
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## 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 ( <a href="http://www.tsugami.co.jp/">http://www.tsugami.co.jp/</a> ). 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 2019  
(April 1, 2019 to March 31, 2020)

TSUGAMI CORPORATION

I am pleased to report our results for fiscal 2019, ended March 31, 2020.

During the consolidated fiscal year under review, the domestic and overseas markets were becoming increasingly severe due to the impact of infections from the COVID-19 coronavirus, in addition to the continued phase of adjustment to market conditions.

As a result, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") recorded a decrease of 28.0% year on year in revenue, to 49,310 million yen.

Consolidated revenue in Japan decreased 28.3% year on year, to 9,792 million yen. Consolidated exports declined 27.9% year on year, to 39,518 million yen. The export ratio came to 80.1%. A breakdown of consolidated net sales by machinery category shows that sales of mainstay automatic lathes decreased 30.4%, to 38,885 million yen, sales of grinding machines fell 31.3%, to 3,495 million yen, and sales of machining centers, rolling machines and other specialized machines declined 15.2%, to 3,371 million yen.

Consolidated operating profit decreased 55.5% year on year, to 4,549 million yen, and profit attributable to owners of parent declined 67.7% year on year, to 2,001 million yen.

For the consolidated fiscal year ended March 31, 2020, the Company has decided 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.

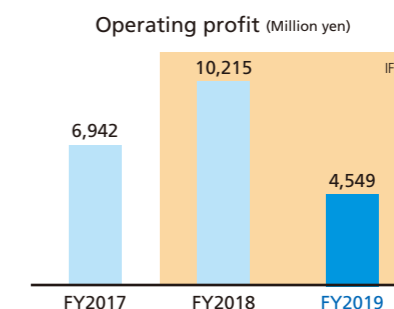
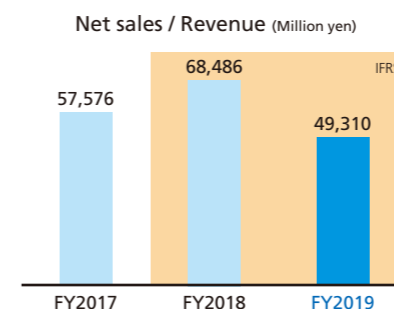
For the consolidated fiscal year ending March 31, 2021, the Company plans to pay annual dividends of 24 yen per share, including interim dividends of 12 yen per share and year-end dividends of 12 yen per share.

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 2020  
Takao Nishijima  
Representative Director and CEO

## Business Performance (Consolidated)



## Financial highlights

Item	FY2017 (Japanese GAAP)		FY2018 (IFRS)		FY2019 (IFRS)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales / Revenue (Million yen)	57,576	33,821	68,486	38,557	49,310	25,937
Operating profit (Million yen)	6,942	1,450	10,215	1,908	4,549	401
Net income attributable to owners of parent / Profit attributable to owners of parent (Million yen)	4,171	3,072	6,192	3,125	2,001	803
Net income per share / Basic earnings per share (Yen)	74.71	55.03	117.98	59.54	38.60	15.50
Total assets (Million yen)	62,362	36,302	69,692	35,787	61,860	31,755
Net assets / Total equity (Million yen)	37,516	21,129	40,072	20,066	39,073	19,424
Net assets per share / Equity attributable to owners of parent per share (Yen)	585.58	385.68	641.69	377.75	628.14	364.21

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

(Note) Starting from the 116th fiscal year, the Group applies the International Financial Reporting Standards (IFRS).

## Consolidated Financial Statements

### Consolidated balance sheets

(Million yen)

Item	FY2019 (March 31, 2020)	FY2018 (March 31, 2019)
<b>Assets</b>		
Total current assets	42,952	52,493
Cash and cash equivalents	10,921	11,112
Trade and other receivables	12,258	17,150
Other financial assets	30	30
Inventories	18,343	22,462
Other current assets	1,397	1,737
Total non-current assets	18,908	17,199
Property, plant and equipment	9,648	8,871
Right-of-use assets	1,222	—
Intangible assets	1,289	557
Retirement benefit assets	82	104
Other financial assets	6,236	6,444
Deferred tax assets	209	233
Other non-current assets	218	988
Total assets	61,860	69,692
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Total current liabilities	20,866	27,933
Trade and other payables	9,480	13,476
Borrowings	8,867	11,121
Other financial liabilities	175	6
Income taxes payable	310	477
Provisions	402	576
Contract liabilities	1,021	1,630
Other current liabilities	609	645
Total non-current liabilities	1,920	1,686
Other financial liabilities	140	15
Retirement benefit liability	915	914
Deferred tax liabilities	635	511
Other non-current liabilities	229	244
Total liabilities	22,787	29,620
<b>Equity</b>		
Share capital	12,345	12,345
Capital surplus	3,306	3,214
Treasury shares	-2,994	-2,943
Other components of equity	1,038	2,576
Retained earnings	18,784	18,052
Total equity attributable to owners of parent	32,480	33,244
Non-controlling interests	6,593	6,827
Total equity	39,073	40,072
Total liabilities and equity	61,860	69,692

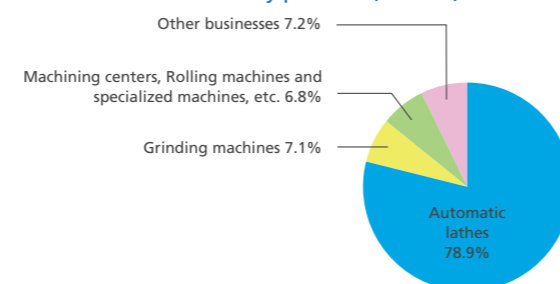
### Consolidated statements of income

(Million yen)

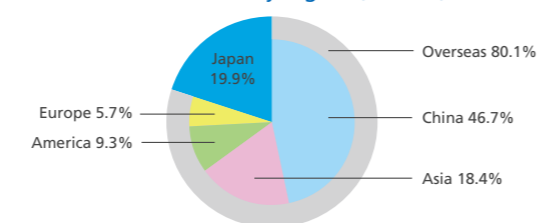
Item	FY2019 Year ended March 31, 2020	FY2018 Year ended March 31, 2019
Revenue	49,310	68,486
Cost of sales	-36,354	-48,507
Gross profit	12,956	19,978
Selling, general and administrative expenses	-8,369	-9,803
Other income	308	193
Other expenses	-345	-154
Operating profit	4,549	10,215
Finance income	310	340
Finance costs	-601	-171
Profit before tax	4,259	10,384
Income tax expense	-1,511	-2,476
Profit	2,747	7,907
<b>Profit attributable to:</b>		
Owners of the parent	2,001	6,192
Non-controlling interests	745	1,714
Profit	2,747	7,907
<b>Earnings per share</b>		
Basic earnings per share (yen)	38.60	117.98
Diluted earnings per share (yen)	37.75	115.22

### Revenue breakdown (Consolidated)

#### Revenue breakdown by product (FY2019)



#### Revenue breakdown by region (FY2019)



### Consolidated statements of changes in net assets

(Million yen)

	Equity attributable to owners of parent							Retained earnings	Total	Non-controlling interests	Total
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
Balance as of April 1, 2019	12,345	3,214	-2,943	-169	2,745	—	2,576	18,052	33,244	6,827	40,072
Profit								2,001	2,001	745	2,747
Other comprehensive income				-1,366	-170	-3	-1,540		-1,540	-508	-2,049
Total comprehensive income				-1,366	-170	-3	-1,540	2,001	460	236	697
Purchase of treasury shares			-123						-123		-123
Disposal of treasury shares			72						16		16
Dividends								-1,244	-1,244	-463	-1,707
Changes resulting from share-based payment transactions		129							129		129
Transfer to retained earnings					-0	3	3	-3	—		—
Capital transactions with non-controlling interests		-3		-0			-0		-3	-7	-11
Total transactions with owners		92	-51	-0	-0	3	2	-1,269	-1,225	-471	-1,696
Balance as of March 31, 2020	12,345	3,306	-2,994	-1,535	2,574	—	1,038	18,784	32,480	6,593	39,073

## Releasing New Products to the Market

### CNC Precision Automatic Lathe SS327-III-5AX

We have developed the CNC precision automatic lathe SS327-III-5AX equipped with B-axis tool post that supports compound processing with simultaneous 5-axis machining.

- CAD/CAM allow simultaneous 5-axis machining.
- The back-side tool post with a Y-axis realizes compound processing on the back side and simultaneous machining on the main spindle side.
- Cartridge-type back-side tool post drills (eight) can be placed flexibly according to workpieces.
- Four B-axis swiveling tool spindles allow for diverse B-axis machining.
- Cartridge-type B-axis tool post (option) allows the equipment of a whirling head and a speed increasing spindle.
- Single-axis vibration cutting (option) improves chip treatability.
- The thermal distorting compensation function allows stable processing for a long time.



### CNC Precision Automatic Lathe P034-XY

We have developed the CNC precision automatic lathe P034-XY that supports the high speed and high precision processing of fine precision parts with diameter of 0.05 mm or less.

- The placement of linear scales on the X-axis and the Y-axis reduces thermal distortion from a cold start and improves the processing accuracy.
- Gripping power adjustment chucks on the main spindle side and the back side softly clamp fine precision parts.
- Easy-to-use software function for the processing of fine precision parts (cutting edge core height compensation software) is included as a feature.
- High precision structure with high rigidity legs and symmetric structure
- Space-saving model with floor space of 0.8 m<sup>2</sup>



## Information on Exhibitions

The TSUGAMI TECHNICAL FAIR, which is held in June every year, was cancelled in the current fiscal year. We apologize for any inconvenience that this may cause for customers who planned to visit and those who are cooperating but request your understanding.