

## Summary of Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021

January 29, 2021

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled date of commencement of dividend payments: --

Quarterly results supplementary briefing materials to be created: Yes

Quarterly results investors meeting to be held: None

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## 1. Consolidated business performance for the first nine months of the fiscal year ending March 31, 2021

(From April 1, 2019 to December 31, 2019)

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

## (1) Consolidated operating results (cumulative totals)

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

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months of the fiscal year ending March 31, 2021	42,503	8.4	5,839	47.0	5,708	51.9	4,005	69.5
First nine months of the fiscal year ended March 31, 2020	39,218	-22.9	3,971	-48.7	3,758	-52.5	2,363	-60.0

  

	Profit attributable to owners of parent		Total comprehensive income for the quarter		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
First nine months of the fiscal year ending March 31, 2021	2,904	64.0	6,293	154.2	56.07	54.83
First nine months of the fiscal year ended March 31, 2020	1,770	-61.4	2,476	-23.2	34.14	33.40

## (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Percentage of equity attributable to owners of parent
	Million yen	Million yen	Million yen	%
First nine months of the fiscal year ending March 31, 2021	72,211	43,591	36,110	50.0 (60.4)
Fiscal year ended March 31, 2020	61,860	39,073	32,480	52.5 (63.2)

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

## 2. State of dividends

	Dividends per share				
(Base date)	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	--	12.00	--	12.00	24.00
Fiscal year ending March 31, 2021	--	12.00	--		
Fiscal year ending March 31, 2021 (forecast)				12.00	24.00

(Note) Revision of dividend forecasts for the quarter under review: None

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

(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 parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	55,000	11.5	6,500	42.9	2,800	39.9	54.04

(Note) Revision of consolidated business performance forecasts for the quarter under review: None

There has been no revision to the forecasts above. If there is any need to revise them, we will disclose the revision promptly.

\* 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: None

(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 December 2020	55,000,000 shares	As of March 2020	55,000,000 shares
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(ii) Numbers of treasury shares at the end of the terms:

As of December 2020	3,237,253 shares	As of March 2020	3,291,482 shares
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(iii) Average numbers of shares outstanding during the periods (quarterly consolidated accumulation periods):

First nine months of FY2020	51,794,753 shares	First nine months of FY2019	51,870,304 shares
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\* This quarterly financial summary falls outside the scope of quarterly reviews.

\* 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. Qualitative Information Relating to Consolidated Quarterly Results, Etc., (3) Information Relating to Consolidated Business Performance Forecasts] on page 2 of the accompanying documents of this summary of financial results for the first nine months.

## Accompanying Documents

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## 1. Qualitative Information Relating to Consolidated Quarterly Results, Etc.

### (1) Information Relating to Consolidated Operating Results

During the first nine months of the consolidated fiscal year under review, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") continued to experience a phase of adjustment both in the domestic market and in the European and US markets, partly due to the effects of the COVID-19 pandemic. Meanwhile, the Chinese market remained on a recovery trend. As a result, the Group posted revenue of ¥42,503 million (up 8.4% year on year), operating profit of ¥5,839 million (up 47.0% year on year) and profit attributable to owners of parent of ¥2,904 million (up 64.0% year on year).

Segment performance is as follows.

- a. In Japan, revenue decreased 29.6%, to ¥14,334 million, and segment loss amounted to ¥79 million compared to segment profit of ¥625 million in the first nine months of the previous fiscal year.
- b. In China, revenue increased 34.7%, to ¥33,538 million, and segment profit grew 97.7%, to ¥5,469 million.
- c. In India, revenue declined 47.8%, to ¥996 million, and segment loss amounted to ¥14 million, compared to segment profit of ¥89 million in the first nine months of the previous fiscal year.
- d. In South Korea, revenue decreased 27.8%, to ¥1,350 million, and segment profit decreased 41.6%, ¥156 million.
- e. Revenue in "Other" decreased 52.7%, to ¥287 million, and the segment loss came to ¥34 million (compared to a segment profit of ¥33 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.

### (2) Information Relating to the Consolidated Financial Position

#### (i) State of assets, liabilities and net assets

Assets totaled ¥72,211 million at the end of the third quarter under review, increasing ¥10,350 million from the end of the previous fiscal year.

The increase resulted mainly from rises of ¥5,219 million in cash and cash equivalents, ¥4,998 million in trade and other receivables, ¥1,436 million in property, plant and equipment and ¥927 million in inventories, despite falls of ¥2,007 million in other financial assets and ¥217 million in other current assets.

Liabilities totaled ¥28,619 million at the end of the third quarter under review, growing ¥5,832 million from the end of the previous fiscal year.

The result was mainly attributable to increases of ¥3,041 million in trade and other payables, ¥313 million in borrowings, ¥1,154 million in income taxes payable and ¥1,028 million in contract liabilities.

Equity totaled ¥43,591 million at the end of the third quarter under review, rising ¥4,518 million from the end of the previous fiscal year.

This was largely due to growth of ¥63 million in other components of equity, ¥3,551 million in retained earnings and ¥888 million in non-controlling interests. The increase in other components of equity included a rise of ¥698 million in exchange differences on translation of foreign operations and a fall of ¥635 million in financial assets measured at fair value through other comprehensive income.

#### (ii) State of cash flows during the quarter under review

Cash and cash equivalents at the end of the first nine months under review, increasing ¥5,219 million from the end of the previous fiscal year, to ¥16,141 million.

##### (Cash flows from operating activities)

Cash provided by operating activities was ¥4,656 million.

The result principally reflected an increase in cash due to profit before tax of ¥5,708 million, an increase in trade and other payables of ¥2,619 million, a depreciation and amortization of ¥1,091 million, despite a decrease in cash due to increase of ¥4,495 million in trade and other receivables and income taxes paid of ¥1,097 million.

##### (Cash flows from investing activities)

Cash provided by investing activities was ¥1,829 million.

The result principally reflected an increase in cash resulting from proceeds from sale of investment securities of ¥3,887 million despite a decrease in cash due to the purchase of property, plant and equipment of ¥1,843 million.

##### (Cash flows from financing activities)

Cash used in financing activities was ¥1,517 million.

The decrease in cash was primarily attributable to dividends paid of ¥1,242 million and dividends paid to non-controlling interests of ¥228 million.

### (3) Information Relating to Consolidated Business Performance Forecasts

The consolidated business performance forecasts for the fiscal year ending March 31, 2021 are as stated in the Revisions to Business Performance Forecasts published on November 12, 2020. If there is any need to revise them, we will disclose the revision promptly.

With respect to a year-end dividend for the fiscal year ending March 31, 2021, 12 yen per share will be paid according to the initial plan, making an annual dividend 24 yen per share which includes the interim dividend of 12 yen per share.

## 2. Condensed Quarterly Consolidated Financial Statements and Significant Notes

## (1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2020)	Figures at the end of the consolidated first nine months under review (As of December 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	10,921	16,141
Trade and other receivables	12,258	17,257
Other financial assets	30	30
Inventories	18,343	19,271
Other current assets	1,397	1,180
Total current assets	42,952	53,881
Non-current assets		
Property, plant and equipment	9,648	11,085
Right-of-use assets	1,222	1,273
Intangible assets	1,289	1,173
Retirement benefit asset	82	69
Other financial assets	6,236	4,229
Deferred tax assets	209	270
Other non-current assets	218	228
Total non-current assets	18,908	18,329
Total assets	61,860	72,211

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2020)	Figures at the end of the consolidated first nine months under review (As of December 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	9,480	12,521
Borrowings	8,867	9,180
Other financial liabilities	175	214
Income taxes payable	310	1,464
Provisions	402	401
Contract liabilities	1,021	2,049
Other current liabilities	609	798
Total current liabilities	20,866	26,630
Non-current liabilities		
Other financial liabilities	140	141
Retirement benefit liability	915	892
Deferred tax liabilities	635	715
Other non-current liabilities	229	238
Total non-current liabilities	1,920	1,988
Total liabilities	22,787	28,619
Equity		
Share capital	12,345	12,345
Capital surplus	3,306	3,321
Treasury shares	-2,994	-2,994
Other components of equity	1,038	1,102
Retained earnings	18,784	22,336
Equity attributable to owners of parent	32,480	36,110
Non-controlling interests	6,593	7,481
Total equity	39,073	43,591
Total liabilities and net equity	61,860	72,211

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

(Million yen)

	Consolidated first nine months previous year (From April 1, 2019 to December 31, 2019)	Consolidated first nine months under review (From April 1, 2020 to December 31, 2020)
Revenue	39,218	42,503
Cost of sales	-28,614	-31,016
Gross profit	10,603	11,486
Selling, general and administrative expenses	-6,579	-6,124
Other income	284	507
Other expenses	-336	-30
Operating profit	3,971	5,839
Finance income	281	293
Finance costs	-494	-424
Profit before tax	3,758	5,708
Income tax expense	-1,395	-1,702
Profit	2,363	4,005
Profit for the year attributable to:		
Owners of parent	1,770	2,904
Non-controlling interests	592	1,101
Profit	2,363	4,005
Earnings per share		
Basic earnings per share (yen)	34.14	56.07
Diluted earnings per share (yen)	33.40	54.83

## (Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	Consolidated first nine months previous year (From April 1, 2019 to December 31, 2019)	Consolidated first nine months under review (From April 1, 2020 to December 31, 2020)
Profit	2,363	4,005
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,251	1,316
Remeasurement of defined benefit pension plans	--	--
Total items that will not be reclassified to profit or loss	1,251	1,316
Items that may be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	23	--
Exchange differences on translation of foreign operations	-1,162	971
Total items that may be reclassified to profit or loss	-1,138	971
Total other comprehensive income	112	2,287
Comprehensive income	2,476	6,293
Total comprehensive income for the year attributable to:		
Owners of parent	2,197	4,921
Non-controlling interests	279	1,372
Comprehensive income	2,476	6,293

## (3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Million yen)

	Equity attributable to owners of 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				-841	1,267
Total comprehensive income for the quarter	--	--	--	-841	1,267
Purchase of treasury shares			-0		
Disposal of treasury shares		-34	72		
Dividends					
Changes in share-based payment transactions		115			
Transfer to retained earnings					-0
Total transactions with owners	--	81	71	--	-0
Balance as of December 31, 2019	12,345	3,295	-2,871	-1,010	4,012

	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			1,770	1,770	592	2,363
Other comprehensive income		426		426	-313	112
Total comprehensive income for the quarter	--	426	1,770	2,197	279	2,476
Purchase of treasury shares				-0		-0
Disposal of treasury shares			-21	16		16
Dividends			-1,244	-1,244	-463	-1,707
Changes in share-based payment transactions				115		115
Transfer to retained earnings		-0	0	--		--
Total transactions with owners	--	-0	-1,265	-1,112	-463	-1,575
Balance as of December 31, 2019	--	3,002	18,557	34,329	6,643	40,972

(Million yen)

	Equity attributable to owners of 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, 2020	12,345	3,306	-2,994	-1,535	2,574
Profit					
Other comprehensive income				700	1,316
Total comprehensive income for the quarter	--	--	--	700	1,316
Purchase of treasury shares			-119		
Disposal of treasury shares		-57	119		
Dividends					
Changes in share-based payment transactions		77			
Transfer to retained earnings					-1,952
Equity transactions with non-controlling interests		-5		-1	
Total transactions with owners	--	14	-0	-1	-1,952
Balance as of December 31, 2020	12,345	3,321	-2,994	-836	1,938

	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, 2020	--	1,038	18,784	32,480	6,593	39,073
Profit			2,904	2,904	1,101	4,005
Other comprehensive income		2,017		2,017	270	2,287
Total comprehensive income for the quarter	--	2,017	2,904	4,921	1,372	6,293
Purchase of treasury shares				-119		-119
Disposal of treasury shares			-61	0		0
Dividends			-1,242	-1,242	-454	-1,697
Changes in share-based payment transactions				77		77
Transfer to retained earnings		-1,952	1,952	--		--
Equity transactions with non-controlling interests		-1		-7	-28	-35
Total transactions with owners	--	-1,953	647	-1,291	-483	-1,775
Balance as of December 31, 2020	--	1,102	22,336	36,110	7,481	43,591

## (4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Consolidated first nine months previous year (From April 1, 2019 to December 31, 2019)	Consolidated first nine months under review (From April 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit before tax	3,758	5,708
Depreciation and amortization	886	1,091
Finance income	-281	-294
Finance costs	63	72
Loss on retirement of fixed assets	4	8
Loss (gain) on sale of fixed assets	-5	-0
Loss from performance of defect liability, etc.	307	--
Decrease (increase) in inventories	2,896	-602
Decrease (increase) in trade and other receivables	2,715	-4,495
Increase (decrease) in trade and other payables	-2,634	2,619
Increase (decrease) in contract liabilities	-834	993
Increase or decrease in retirement benefit asset or liability	14	-10
Increase (decrease) in provisions	-166	-51
Other	133	-9
Subtotal	6,856	5,027
Interest and dividends received	257	293
Interest paid	-63	-72
Government grant income	166	267
Proceeds from subsidy income	--	104
Payments for performance of warranty against defects	-307	--
Income taxes paid	-1,045	-1,097
Income taxes refund	--	134
Net cash provided by (used in) operating activities	5,863	4,656
Cash flows from investing activities		
Payments into time deposits	-20	-20
Proceeds from withdrawal of time deposits	20	20
Purchase of property, plant and equipment	-2,028	-1,843
Proceeds from sale of property, plant and equipment	6	1
Payments for retirement of property, plant and equipment	-4	-4
Purchase of intangible assets	-731	-212
Purchase of right-of-use assets	-183	--
Purchase of investment securities	-1	-1
Proceeds from sale of investment securities	0	3,887
Other	0	2
Net cash provided by (used in) investing activities	-2,940	1,829
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-1,470	313
Proceeds from sale of treasury shares	16	0
Purchase of treasury shares	-0	-119
Dividends paid	-1,244	-1,242
Payment of dividends to non-controlling shareholders	-230	-228
Payments for acquisition of interests in subsidiaries from non-controlling interests	--	-35
Repayments of lease obligations	-113	-204
Net cash provided by (used in) financing activities	-3,041	-1,517
Effect of exchange rate changes on cash and cash equivalents	-429	251
Net increase (decrease) in cash and cash equivalents	-548	5,219
Cash and cash equivalents at the beginning of the term	11,112	10,921
Cash and cash equivalents at the end of the term	10,564	16,141

## (5) Notes relating to Condensed Quarterly Consolidated Financial Statements

(Notes relating to the going concern assumption)

No corresponding item exists.

## (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.

Consolidated first nine months previous year (From April 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	16,133	18,892	1,874	1,819	497	39,218	--	39,218
Intersegment revenue	4,232	6,006	34	52	109	10,435	-10,435	--
Total	20,366	24,899	1,909	1,871	607	49,654	-10,435	39,218
Segment profit	625	2,766	89	268	33	3,783	240	4,024
Other income and expenses, net	--	--	--	--	--	--	--	-52
Operating profit	--	--	--	--	--	--	--	3,971
Finance income and expenses, net	--	--	--	--	--	--	--	-212
Profit before tax	--	--	--	--	--	--	--	3,758

(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 ¥240 million is the adjustment of unrealized income.

Consolidated first nine months under review (From April 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	10,737	29,241	996	1,319	208	42,503	--	42,503
Intersegment revenue	3,596	4,297	--	31	78	8,003	-8,003	--
Total	14,334	33,538	996	1,350	287	50,506	-8,003	42,503
Segment profit (loss)	-79	5,469	-14	156	-34	5,497	-134	5,362
Other income and expenses, net	--	--	--	--	--	--	--	476
Operating profit	--	--	--	--	--	--	--	5,839
Finance income and expenses, net	--	--	--	--	--	--	--	-130
Profit before tax	--	--	--	--	--	--	--	5,708

(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 ¥-134 million is the adjustment of unrealized income.

## 3. Supplementary Information

## (1) Overseas revenue

(Million yen)

	Consolidated first nine months previous year (From April 1, 2019 to December 31, 2019)	Consolidated first nine months under review (From April 1, 2020 to December 31, 2020)
China	19,027	28,812
Asia	6,787	6,022
America	3,397	2,254
Europe	2,279	935
Overseas revenue	31,490	38,025
Consolidated revenue	39,218	42,503
Ratio of overseas revenue to consolidated net sales (%)	80.3	89.5

(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 first nine months previous year (From April 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Automatic lathes	11,160	15,826	1,706	1,773	383	30,849
Grinding machines	1,918	880	78	3	--	2,881
Machining centers, rolling machines and specialized machines	1,260	1,625	--	--	--	2,886
Other	1,793	561	89	42	114	2,601
Total	16,133	18,892	1,874	1,819	497	39,218

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

Consolidated first nine months under review (from April 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Automatic lathes	7,701	25,078	963	1,275	121	35,139
Grinding machines	805	1,121	--	5	10	1,943
Machining centers, rolling machines and specialized machines	747	2,338	3	5	8	3,104
Other	1,483	702	29	32	67	2,315
Total	10,737	29,241	996	1,319	208	42,503

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