

Summary of Financial Results for the First Quarter of the Fiscal year ending March 31, 2022

July 30, 2021

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled quarterly report submission date: August 10, 2021

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

1. Consolidated business performance for the first quarter of the fiscal year ending March 31, 2022

(From April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative totals)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 of the fiscal year ending March 31, 2022	24,038	72.2	5,081	194.0	5,050	184.3	3,480	223.0
Q1 of the fiscal year ended March 31, 2021	13,963	-5.7	1,728	-12.3	1,776	-9.0	1,077	-21.0

	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
Q1 of the fiscal year ending March 31, 2022	2,684	301.7	3,899	149.4	53.16	51.97
Q1 of the fiscal year ended March 31, 2021	668	-37.7	1,563	870.9	12.92	12.63

(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	%
Q1 of the fiscal year ending March 31, 2022	88,117	48,580	39,027	44.3 (55.1)
Fiscal year ended March 31, 2021	79,278	46,836	38,229	48.2 (59.1)

(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

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	--	12.00	--	14.00	26.00
Fiscal year ending March 31, 2022	--				
Fiscal year ending March 31, 2022 (forecast)		14.00	--	14.00	28.00

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

3. Consolidated business performance forecasts for the fiscal year ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	43,000	62.5	7,000	133.7	3,500	173.5	68.79
Full-year	76,000	23.3	11,000	15.4	5,500	11.8	108.10

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

* 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 June 2021	55,000,000 shares	As of March 2021	55,000,000 shares
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(ii) Numbers of treasury shares at the end of the terms:

As of June 2021	4,817,736 shares	As of March 2021	4,105,615 shares
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(iii) Average numbers of shares outstanding during the periods (quarterly consolidated accumulation periods):

Q1 of FY2022	50,497,809 shares	Q1 of FY2021	51,746,748 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 quarter.

Accompanying Documents

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

(1) Information Relating to Consolidated Operating Results

In the first quarter of the fiscal year under review, the Group posted revenue of ¥24,038 million (up 72.2% year on year), operating profit of ¥5,081 million (up 194.0% year on year) and profit attributable to owners of parent of ¥2,684 million (up 301.7% year on year), reflecting the steady recovery of markets including the Chinese market.

Segment performance is as follows.

- a. In Japan, revenue increased 87.2%, to ¥8,833 million, and segment profit amounted to ¥766 million compared to segment loss of ¥142 million in the first quarter of the previous fiscal year.
- b. In China, revenue increased 63.0%, to ¥19,707 million, and segment profit grew 107.2%, to ¥4,209 million.
- c. In India, revenue climbed 152.1%, to ¥505 million, and segment loss came to ¥8 million, compared to segment loss of ¥15 million in the first quarter of the previous fiscal year.
- d. In South Korea, revenue decreased 5.9%, to ¥609 million, and segment profit decreased 40.2%, ¥72 million.
- e. Revenue in "Other" increased 237.5%, to ¥161 million, and segment profit came to ¥0 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.

(2) Information Relating to the Consolidated Financial Position

(i) State of assets, liabilities and net assets

Assets totaled ¥88,117 million at the end of the first quarter under review, increasing ¥8,839 million from the end of the previous fiscal year.

The increase resulted mainly from increases of ¥4,260 million in cash and cash equivalents, ¥2,935 million yen in trade and other receivables, and ¥1,746 million yen in inventories.

Liabilities totaled ¥39,536 million at the end of the first quarter under review, growing ¥7,094 million from the end of the previous fiscal year.

The result was chiefly attributable to increases of ¥5,153 million in trade and other payables, ¥269 million in borrowings, ¥966 million in contract liabilities and ¥333 million yen in deferred tax liabilities.

Equity totaled ¥48,580 million at the end of the first quarter under review, rising ¥1,744 million from the end of the previous fiscal year.

This was largely due to increases of ¥1,871 million in retained earnings and ¥945 million in non-controlling interests, partly offset by a decrease in cash of ¥1,233 million due to the purchase of treasury shares.

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

Cash and cash equivalents at the end of the first quarter of the fiscal year under review increased ¥4,260 million from the end of the previous fiscal year, to ¥21,467 million.

(Cash flows from operating activities)

Cash generated through operating activities was ¥6,493 million.

The result principally reflected an increase in cash due to profit before tax of ¥5,050 million and an increase in trade and other payables of ¥5,011 million, despite a decrease in cash due to the increase of ¥2,442 million in trade and other receivables and ¥1,579 million in inventories.

(Cash flows from investing activities)

Cash used for investing activities was ¥419 million.

The cash outflow was primarily attributable to decrease in cash for the purchase of property, plant and equipment of ¥400 million.

(Cash flows from financing activities)

Cash used in financing activities was ¥1,955 million.

The result largely reflected an increase in cash due to an increase of ¥269 million in short-term loans payable, more than offset by the decrease of ¥1,447 million and ¥712 million in cash due to the purchase of treasury shares and payment of dividends, respectively.

(3) Information Relating to Consolidated Business Performance Forecasts

Our consolidated business performance forecasts for the first half and full year of the fiscal year ending March 31, 2022, and our dividend forecast remain unchanged from the initial forecasts (announced on May 13, 2021).

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, 2021)	Figures at the end of the consolidated first quarter under review (As of June 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	17,207	21,467
Trade and other receivables	20,428	23,363
Other financial assets	30	30
Inventories	20,774	22,521
Other current assets	1,582	1,519
Total current assets	60,023	68,901
Non-current assets		
Property, plant and equipment	11,808	12,012
Right-of-use assets	1,302	1,274
Intangible assets	1,116	1,050
Retirement benefit asset	91	86
Other financial assets	4,420	4,314
Deferred tax assets	253	287
Other non-current assets	261	189
Total non-current assets	19,254	19,215
Total assets	79,278	88,117

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2021)	Figures at the end of the consolidated first quarter under review (As of June 30, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	14,797	19,950
Borrowings	9,579	9,849
Other financial liabilities	210	206
Income taxes payable	1,332	1,428
Provisions	384	425
Contract liabilities	3,161	4,128
Other current liabilities	737	990
Total current liabilities	30,204	36,978
Non-current liabilities		
Other financial liabilities	123	94
Retirement benefit liability	893	906
Deferred tax liabilities	887	1,220
Other non-current liabilities	333	336
Total non-current liabilities	2,237	2,558
Total liabilities	32,441	39,536
Equity		
Share capital	12,345	12,345
Capital surplus	3,332	3,222
Treasury shares	-4,371	-5,604
Other components of equity	2,560	2,830
Retained earnings	24,362	26,234
Equity attributable to owners of parent	38,229	39,027
Non-controlling interests	8,607	9,552
Total equity	46,836	48,580
Total liabilities and net equity	79,278	88,117

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

(Million yen)

	Consolidated first quarter previous year (From April 1, 2020 to June 30, 2020)	Consolidated first quarter under review (From April 1, 2021 to June 30, 2021)
Revenue	13,963	24,038
Cost of sales	-10,350	-16,736
Gross profit	3,612	7,301
Selling, general and administrative expenses	-1,917	-2,301
Other income	38	101
Other expenses	-4	-19
Operating profit	1,728	5,081
Finance income	116	108
Finance costs	-68	-139
Profit before tax	1,776	5,050
Income tax expense	-698	-1,569
Profit	1,077	3,480
Profit for the year attributable to:		
Owners of parent	668	2,684
Non-controlling interests	409	796
Profit	1,077	3,480
Earnings per share		
Basic earnings per share (yen)	12.92	53.16
Diluted earnings per share (yen)	12.63	51.97

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	Consolidated first quarter previous year (From April 1, 2020 to June 30, 2020)	Consolidated first quarter under review (From April 1, 2021 to June 30, 2021)
Profit	1,077	3,480
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	604	-79
Remeasurement of defined benefit pension plans	--	--
Total items that will not be reclassified to profit or loss	604	-79
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-118	498
Total items that may be reclassified to profit or loss	-118	498
Total other comprehensive income	486	419
Comprehensive income	1,563	3,899
Total comprehensive income for the year attributable to:		
Owners of parent	1,191	2,954
Non-controlling interests	372	945
Comprehensive income	1,563	3,899

(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, 2020	12,345	3,306	-2,994	-1,535	2,574
Profit					
Other comprehensive income				-80	604
Total comprehensive income for the quarter	--	--	--	-80	604
Purchase of treasury shares			-0		
Disposal of treasury shares		-57	119		
Dividends					
Changes in share-based payment transactions		4			
Equity transactions with non-controlling interests		-2		-0	
Share-based payment transactions	--	-54	119	-0	--
Balance as of June 30, 2020	12,345	3,251	-2,875	-1,617	3,178

	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			668	668	409	1,077	
Other comprehensive income		523		523	-37	486	
Total comprehensive income for the quarter	--	523	668	1,191	372	1,563	
Purchase of treasury shares				-0		-0	
Disposal of treasury shares			-61	0		0	
Dividends			-620	-620		-620	
Changes in share-based payment transactions				4		4	
Equity transactions with non-controlling interests		-0		-3	-17	-20	
Share-based payment transactions	--	-0	-682	-618	-17	-635	
Balance as of June 30, 2020	--	1,560	18,770	33,053	6,948	40,001	

(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, 2021	12,345	3,332	-4,371	478	2,081
Profit					
Other comprehensive income				349	-79
Total comprehensive income for the quarter	--	--	--	349	-79
Purchase of treasury shares			-1,446		
Disposal of treasury shares		-113	213		
Dividends					
Changes in share-based payment transactions		3			
Share-based payment transactions	--	-109	-1,233	--	--
Balance As of June 30, 2021	12,345	3,222	-5,604	828	2,001

	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, 2021	--	2,560	24,362	38,229	8,607	46,836
Profit			2,684	2,684	796	3,480
Other comprehensive income		269		269	149	419
Total comprehensive income for the quarter	--	269	2,684	2,954	945	3,899
Purchase of treasury shares				-1,446		-1,446
Disposal of treasury shares			-99	0		0
Dividends			-712	-712		-712
Changes in share-based payment transactions				3		3
Share-based payment transactions	--	--	-812	-2,155	--	-2,155
Balance As of June 30, 2021	--	2,830	26,234	39,027	9,552	48,580

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Consolidated first quarter previous year (From April 1, 2020 to June 30, 2020)	Consolidated first quarter under review (From April 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Profit before tax	1,776	5,050
Depreciation and amortization	361	420
Finance income	-116	-108
Finance costs	22	27
Loss on retirement of fixed assets	--	12
Decrease (increase) in inventories	-228	-1,579
Decrease (increase) in trade and other receivables	-1,685	-2,442
Increase (decrease) in trade and other payables	2,781	5,011
Increase (decrease) in contract liabilities	-238	914
Increase or decrease in retirement benefit asset or liability	10	18
Increase (decrease) in provisions	-18	56
Other	160	82
Subtotal	2,828	7,465
Interest and dividends received	107	118
Interest paid	-22	-27
Proceeds from subsidy income	4	84
Income taxes paid	-207	-1,154
Income taxes refund	25	6
Net cash provided by (used in) operating activities	2,737	6,493
Cash flows from investing activities		
Purchase of property, plant and equipment	-683	-400
Purchase of intangible assets	-161	-13
Other	-0	-5
Net cash provided by (used in) investing activities	-845	-419
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	858	269
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	-0	-1,447
Dividends paid	-620	-712
Payments for acquisition of interests in subsidiaries from non-controlling interests	-20	--
Repayments of lease obligations	-63	-64
Net cash provided by (used in) financing activities	154	-1,955
Effect of exchange rate changes on cash and cash equivalents	-26	141
Net increase (decrease) in cash and cash equivalents	2,019	4,260
Cash and cash equivalents at the beginning of the term	10,921	17,207
Cash and cash equivalents at the end of the term	12,941	21,467

(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 quarter previous year (From April 1, 2020 to June 30, 2020)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	3,193	9,911	200	629	28	13,963	--	13,963
Intersegment revenue	1,525	2,180	--	17	19	3,743	-3,743	--
Total	4,719	12,092	200	647	47	17,707	-3,743	13,963
Segment profit (loss)	-142	2,031	-15	121	-13	1,981	-286	1,695
Other income and expenses, net	--	--	--	--	--	--	--	33
Operating profit	--	--	--	--	--	--	--	1,728
Finance income and expenses, net	--	--	--	--	--	--	--	47
Profit before tax	--	--	--	--	--	--	--	1,776

(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 ¥-286 million is the adjustment of unrealized income.

Consolidated first quarter under review (From April 1, 2021 to June 30, 2021)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	5,609	17,189	503	589	147	24,038	--	24,038
Intersegment revenue	3,224	2,517	2	19	14	5,779	-5,779	--
Total	8,833	19,707	505	609	161	29,817	-5,779	24,038
Segment profit	766	4,209	-8	72	0	5,041	-41	4,999
Other income and expenses, net	--	--	--	--	--	--	--	81
Operating profit	--	--	--	--	--	--	--	5,081
Finance income and expenses, net	--	--	--	--	--	--	--	-30
Profit before tax	--	--	--	--	--	--	--	5,050

(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 ¥-41 million is the adjustment of unrealized income.

3. Supplementary Information

(1) Overseas revenue

(Million yen)

	Consolidated first quarter previous year (From April 1, 2020 to June 30, 2020)	Consolidated first quarter under review (From April 1, 2021 to June 30, 2021)
China	9,838	16,647
Asia	1,566	3,685
America	702	1,119
Europe	324	833
Overseas revenue	12,432	22,285
Consolidated revenue	13,963	24,038
Ratio of overseas revenue to consolidated net sales (%)	89.0	92.7

(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 quarter previous year (From April 1, 2020 to June 30, 2020)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	2,369	8,323	197	614	12	11,516
Grinding machines	130	436	--	--	--	567
Machining centers, rolling machines and specialized machines	191	923	--	5	--	1,120
Other	502	227	3	9	15	758
Total	3,193	9,911	200	629	28	13,963

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

Consolidated first quarter under review (From April 1, 2021 to June 30, 2021)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	4,180	15,065	467	573	124	20,410
Grinding machines	238	759	15	--	--	1,013
Machining centers, rolling machines and specialized machines	542	1,025	11	--	--	1,579
Other	647	339	9	16	22	1,034
Total	5,609	17,189	503	589	147	24,038

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