



September 17, 2021

For Immediate Release

Company Name: TSUGAMI CORPORATION
Representative: Takao Nishijima, Chairman and CEO
(Stock Code: 6101, Tokyo Stock Exchange, First Section)
Contact: Ichiro Muromoto, Representative Director, CFO
Tel: +81-3-3808-1711

Notice of Establishment of a New Company and Acquisition of Fixed Assets (New Factory)

TSUGAMI CORPORATION (the “Company”) hereby announces that Precision Tsugami (Hong Kong) Limited, a consolidated subsidiary of the Company, will establish a new company and acquire a new factory.

1. Overview

A new company will be established and a new factory will be acquired to increase production capacity to meet growing demand in China.

2. Overview of new company to be established

- (1) Name: Precision Nakatsu (China) Corporation (tentative)
- (2) Location: Pinghu Economic-Technological Development Zone, Zhejiang Province, China (approx. 3.4 km from the main factory in China)
- (3) Representatives: Tang Donglei, Chairman, and Guo Weimin, legal representative (tentative)
- (4) Business: manufacturing and sale of machine tools
- (5) Capital: 35 million US dollars (approx. 226 million yuan, approx. 3,838 million yen)
- (6) Establishment: October 2021 (tentative)
- (7) Shareholder and shareholding ratio: Precision Tsugami (Hong Kong) Limited (*): 100%

* A wholly owned subsidiary of Precision Tsugami (China) Corporation Limited, the shares of which are listed on the Stock Exchange of Hong Kong, and which is located in Hong Kong.

3. Investment (acquisition of new factory)

- (1) Invested property: approx. 50,000 sq. meters of land and a factory and attached facilities of approx. 25,800 sq. meters in the Pinghu Economic and Technological Development Zone
- (2) Investment value
 - a. Acquisition of land: approx. 33.75 million yuan (approx. 575 million yen)
 - b. Purchase of factory and attached facilities: approx. 51.33 million yuan (approx. 875 million yen)
 - c. Other capital will be allocated to the future extension and reconstruction of the factory, purchase of production factories, working capital, etc.

(Exchange rates: as of September 15, 2021, 1 US dollar is 6.449 Chinese yuan, 1 US dollar is 109.65 Japanese yen, and 1 Chinese yuan is 17.04 Japanese yen)

4. Schedule

- (1) Investment agreement dated September 17, 2021, is signed with Pinghu Economic and Technological Development Zone Committee.
- (2) New company is scheduled to be established in October 2021.
- (3) The factory is scheduled to start operation in April 2022 after completion of repair work and maintenance.

5. Outlook

The impact of this investment on the Company’s consolidated financial results for the fiscal year ending March 31, 2022, will be negligible. The Company will make prompt announcements if a revision becomes necessary.