

Fiscal Year 2021 First Half Financial Results



November 12, 2021

<https://www.tsugami.co.jp>

(TSE: 6101)

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1. Business Performance for the First Half of FY2020 and Outlook for FY2021

(1) Business Results

[1H results]

Revenue: 49.2 billion yen (up 85.9% YoY)

Sales were steady in China and other markets.

Profits:

Operating profit: 10.8 billion yen (up 260.8% YoY)

Profit attributable to owners of parent: 5.4 billion yen (up 325.5% YoY)

Profit increased mainly due to the effect of the increased revenue described above, supported by the public subsidy of approximately 400 million yen in China.

[Full-year outlook]

Revenue: 90.0 billion yen (up 46.0% YoY)

Operating profit: 17.5 billion yen (up 83.6% YoY)

Forecast for the second half (Record highs for the second half)

Revenue: 40.8 billion yen (up 16.0% YoY)

Operating profit: 6.7 billion yen (up 2.4% YoY)

The Chinese market is likely to slow slightly in the second half. Even so, each market is expected to remain stable.

	Results for 1H				
	FY20	FY21	Year-on-Year (%)	Previous outlook	Changes from previous outlook (%)
Revenue	26.5	49.2	85.9	43.0	14.4
Operating profit (to revenue ratio)	3.0 (11.3%)	10.8 (22.0%)	260.8 --	7.0 (16.3%)	54.4 --
Profit attributable to owners of parent (to revenue ratio)	1.3 (4.8%)	5.4 (11.1%)	325.5 --	3.5 (8.1%)	55.6 --
Basic earnings per share	24.71 yen	108.80 yen	--	68.79 yen	--

Full-year Outlook				
Results for FY20	Revised outlook for FY21	Year-on-year (%)	Previous outlook for FY21	Changes from previous outlook (%)
61.7	90.0	46.0	76.0	18.4
9.5 (15.5%)	17.5 (19.4%)	83.6 --	11.0 (14.5%)	59.1 --
4.9 (8.0%)	8.5 (9.4%)	72.8 --	5.5 (7.2%)	54.5 --
95.21 yen	171.81 yen	--	108.10 yen	--

Billion yen

(2) Financial position

RMB/JPY March-end/21 16.86 → Sep.-end/21 17.31
 INR /JPY March-end/21 1.52 → Sep.-end/21 1.51

Billion yen

	Sep-2020	Mar-2021	Sep-2021	Variance from Mar-2021
Total assets	66.8	79.3	90.5	11.3
Current assets	46.8	60.0	71.4	11.3
Cash and cash equivalents	12.1	17.2	20.9	3.7
Trade and other receivables	15.2	20.4	24.0	3.6
Inventories	18.4	20.8	24.3	3.5
Other	1.1	1.6	2.1	0.5
Non-current assets	20.0	19.3	19.2	-0.1
Property, plant and equipment	10.3	11.8	12.0	0.2
Right-of-use assets	1.3	1.3	1.2	-0.1
Intangible assets	1.2	1.1	1.0	-0.1
Other	7.2	5.0	4.9	-0.1
Total liabilities	25.5	32.4	39.7	7.3
Current liabilities	23.3	30.2	37.1	6.9
Trade and other payables	10.0	14.8	20.9	6.1
Borrowings	10.2	9.6	10.1	0.5
Other	3.1	5.8	6.0	0.2
Non-current liabilities	2.2	2.2	2.6	0.4
Deferred tax liabilities	1.0	0.9	1.2	0.3
Other	1.3	1.3	1.5	0.1
Total equity	41.2	46.8	50.8	4.0
Share capital	12.3	12.3	12.3	0.0
Capital surplus	3.3	3.3	3.2	-0.1
Treasury shares	-2.9	-4.4	-7.1	-2.8
Other components of equity	1.7	2.6	3.2	0.6
Retained earnings	19.7	24.4	29.0	4.6
Equity attributable to owners of parent	34.1	38.2	40.6	2.3
Non-controlling interests	7.1	8.6	10.3	1.7

- Both total assets and liabilities increased.
(due to an increase in revenue)
- The financial position remained sound.
Percentage of equity attributable to owners of parent: 44.8%
(Equity attributable to owners of parent + non- controlling interests: 56.1%)

(3) Cash flows

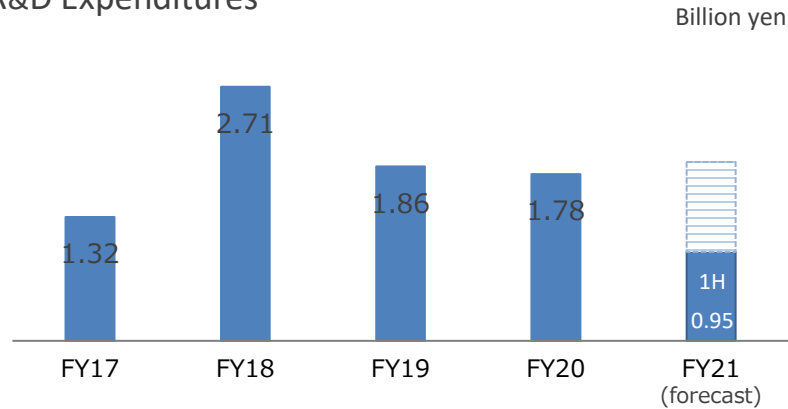
	Billion yen		
	FY2020 1H	FY2020 2H	FY2021 1H
Cash flows from operating activities	1.5	5.3	7.9
Profit before tax	3.0	6.4	10.7
Depreciation	0.7	0.8	0.8
Increase/decrease in working capital	-1.5	-0.6	*1 -2.3
Other	-0.7	-1.3	-1.4
Cash flows from investing activities	-0.7	2.1	-0.7
Capital investment in factories	-1.0	-1.3	*2 -0.7
Introduction of new ERP system	0.5	3.4	—
Other	-0.2	0.0	-0.0
Cash flows from financing activities	0.3	-3.0	-3.7
Short-term borrowings	1.3	-0.6	0.5
Treasury shares	-0.0	-1.5	-3.0
Dividends paid	-0.6	-0.6	-0.7
Dividends paid to non-controlling interests	-0.2	-0.2	-0.4
Other	-0.2	-0.1	-0.1
Effect of exchange rate change on cash and cash equivalents	0.1	0.7	0.3
Net increase (decrease) in cash and cash equivalents	1.1	5.1	3.7
Cash and cash equivalents at the end of the term	12.1	17.2	20.9

*1	Increase in trade receivables	-2.1
	Increase in inventories	-5.1
	Increase in trade payables	5.7
	Decrease in contract liabilities	-0.8

*2	Factory in China	-0.4
	New Factory in India	-0.3

2. R&D Expenditures, Capital Investment and Depreciation

R&D Expenditures



1. Efforts for new product development continued.
2. Investments for increasing production continued. (in China and India)

[Major capital investments]

China: New factories in Zhejiang

Operation is expected to start in April 2022.
Tsugami China as a whole will achieve production capacity of 1,400 units per month.

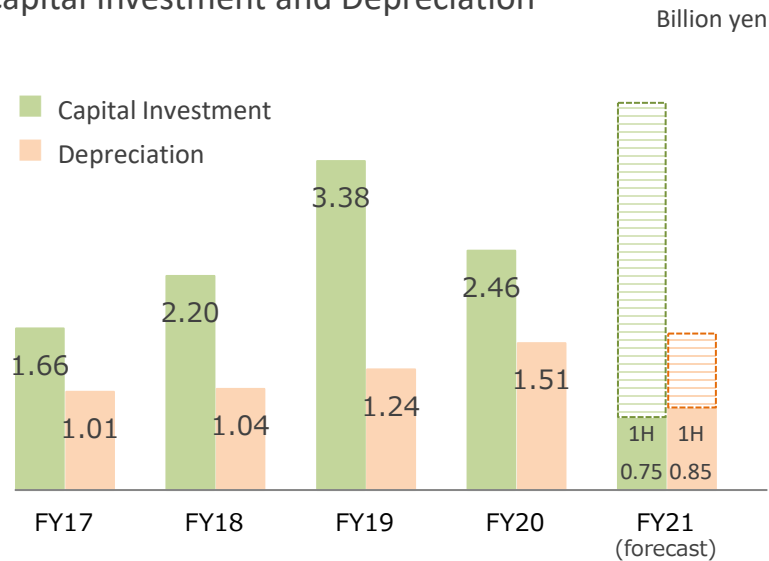
Total amount of investment: 3.8 billion yen (Including 1.45 billion yen for land and building acquisition)
Land area: about 50,000m²

India: New Vallam Vadagal Factory

The casting plant is expected to begin operating in April 2022.

Total amount of investment: 2.5 billion yen
Land area: 58,400m²
Production capacity:
Casting production: 500 tons/month
Assembly building and others: System to increase production as needed according to market conditions

Capital Investment and Depreciation

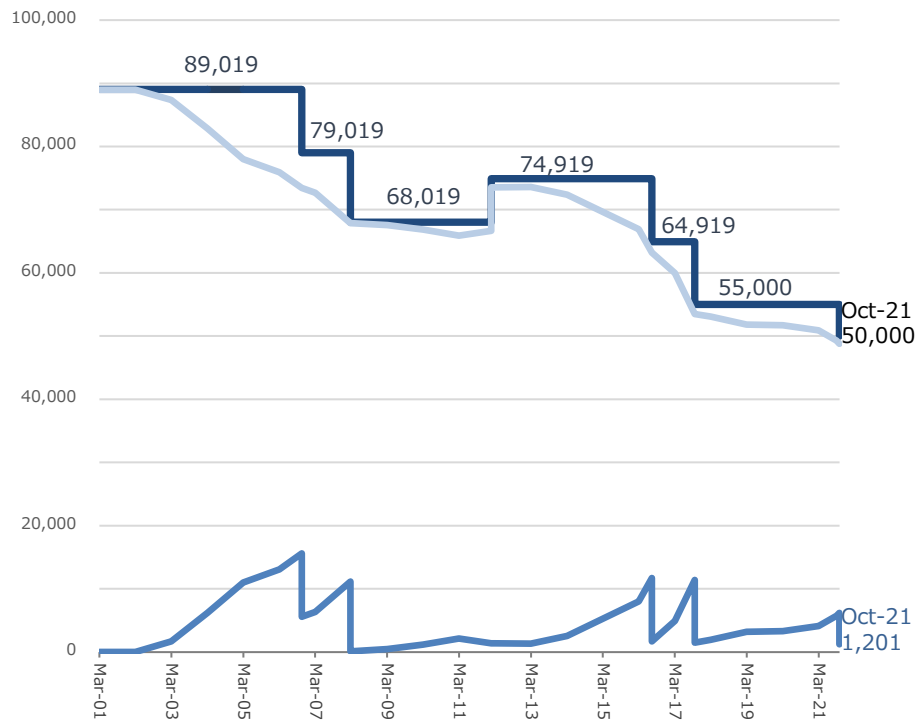


3. Transition of main indicators

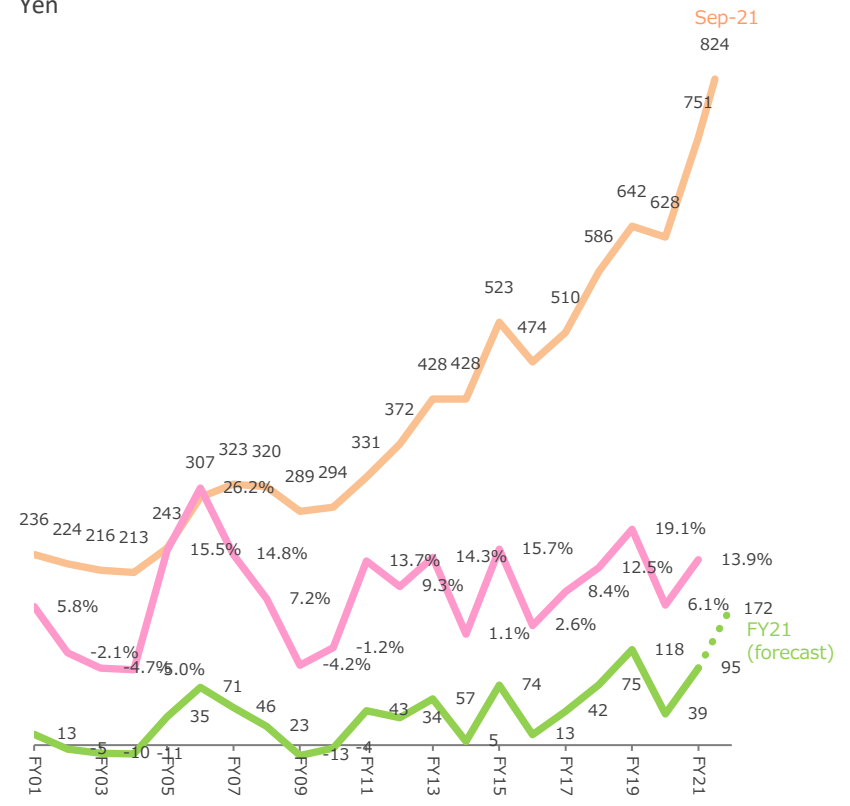
- Outstanding shares
- Treasury shares
- Outstanding shares (excluding treasury shares)

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

Thousand shares



Yen

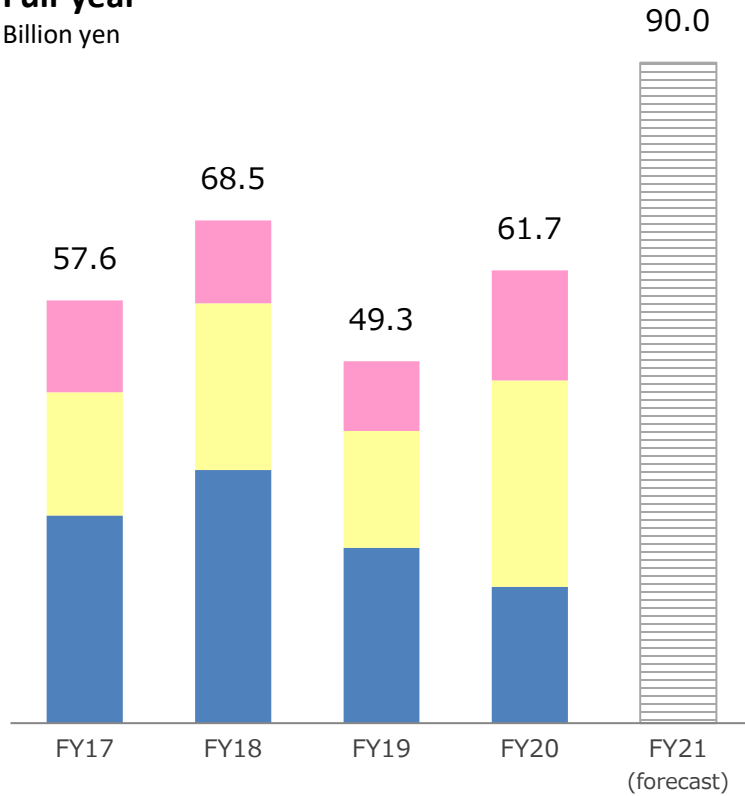


4. Reference

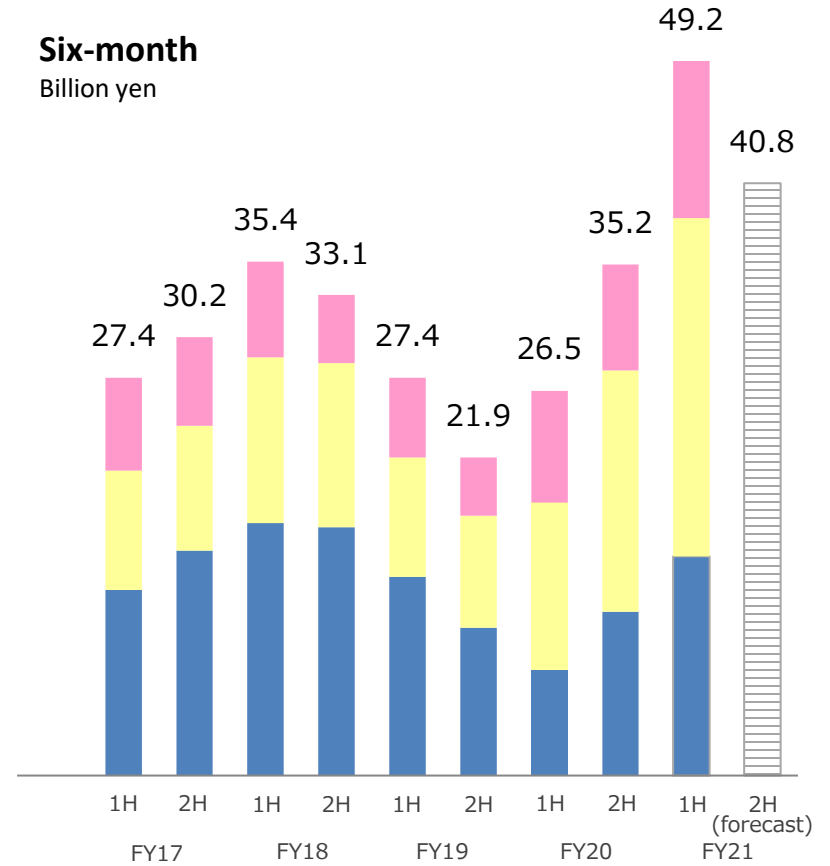
(1) Revenue by Business Segment

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

Full-year
Billion yen



Six-month
Billion yen



Japanese
GAAP

IFRS

Japanese
GAAP

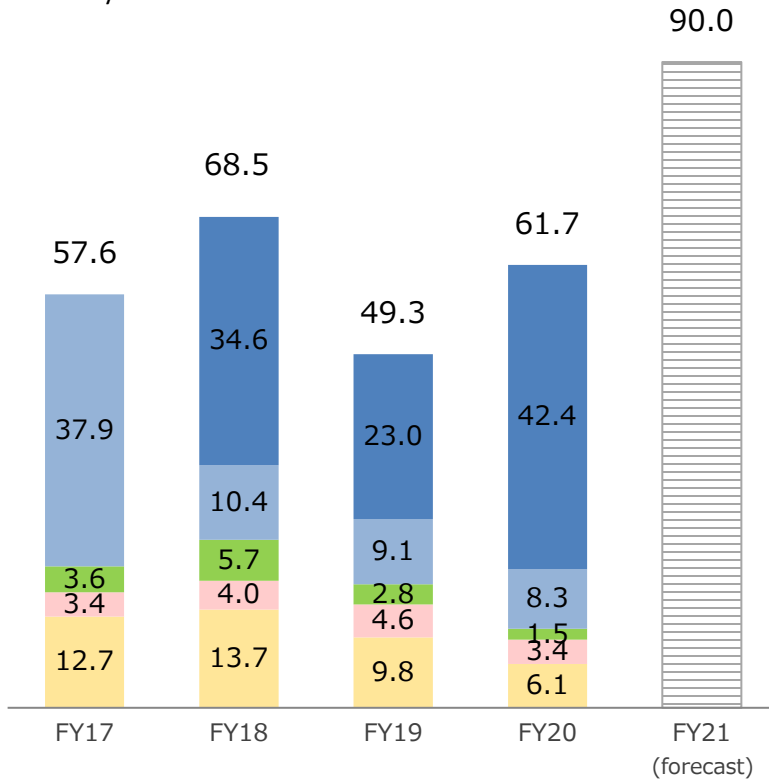
IFRS

(2) Revenue by Geographic Segment

■ China ■ Asia ■ Europe ■ U.S.A ■ Domestic demand

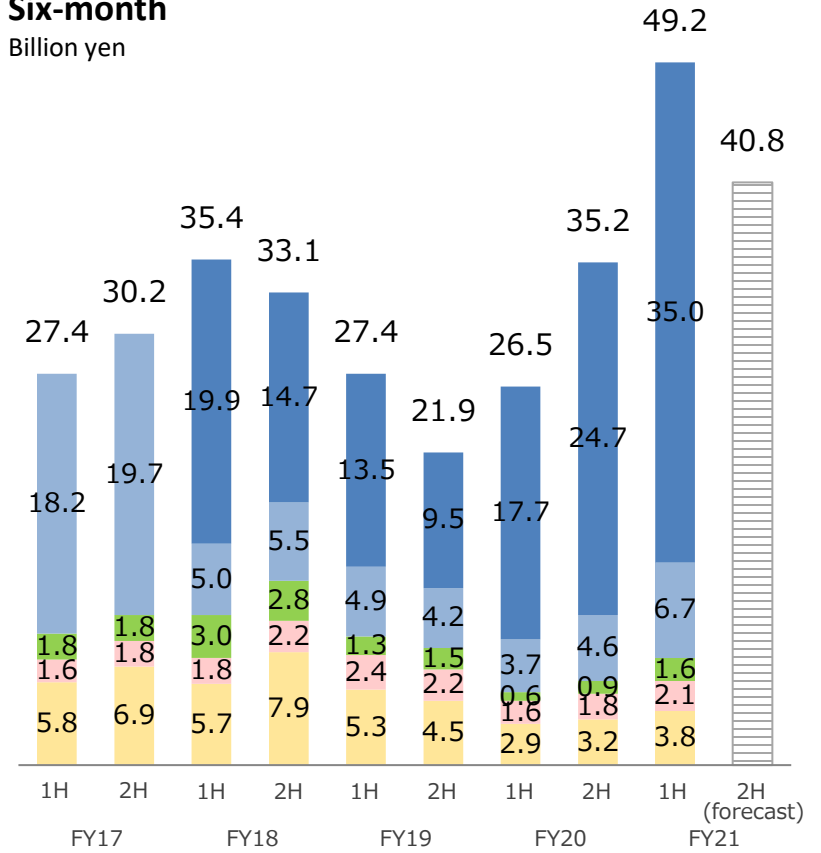
Full-year

Billion yen



Six-month

Billion yen



Japanese GAAP

IFRS

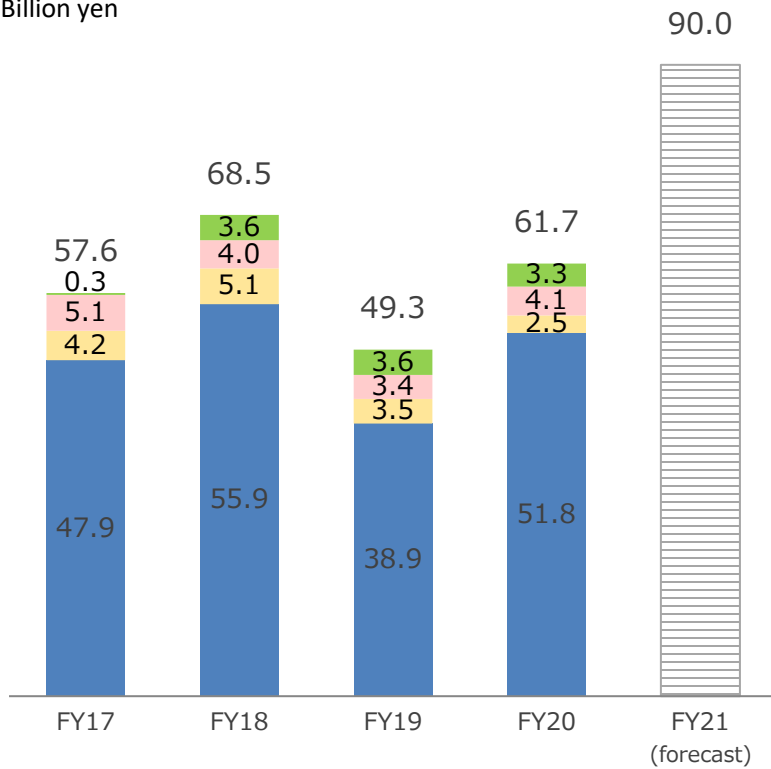
Japanese GAAP

IFRS

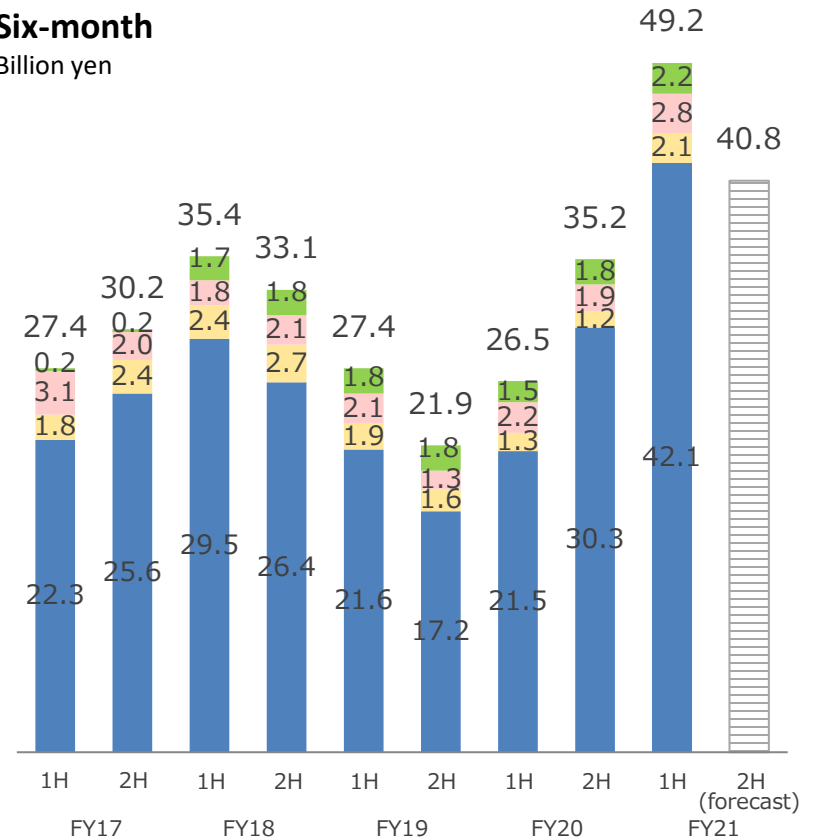
(3) Revenue by Machinery Category

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

Full-year
Billion yen



Six-month
Billion yen



Japanese
GAAP

IFRS

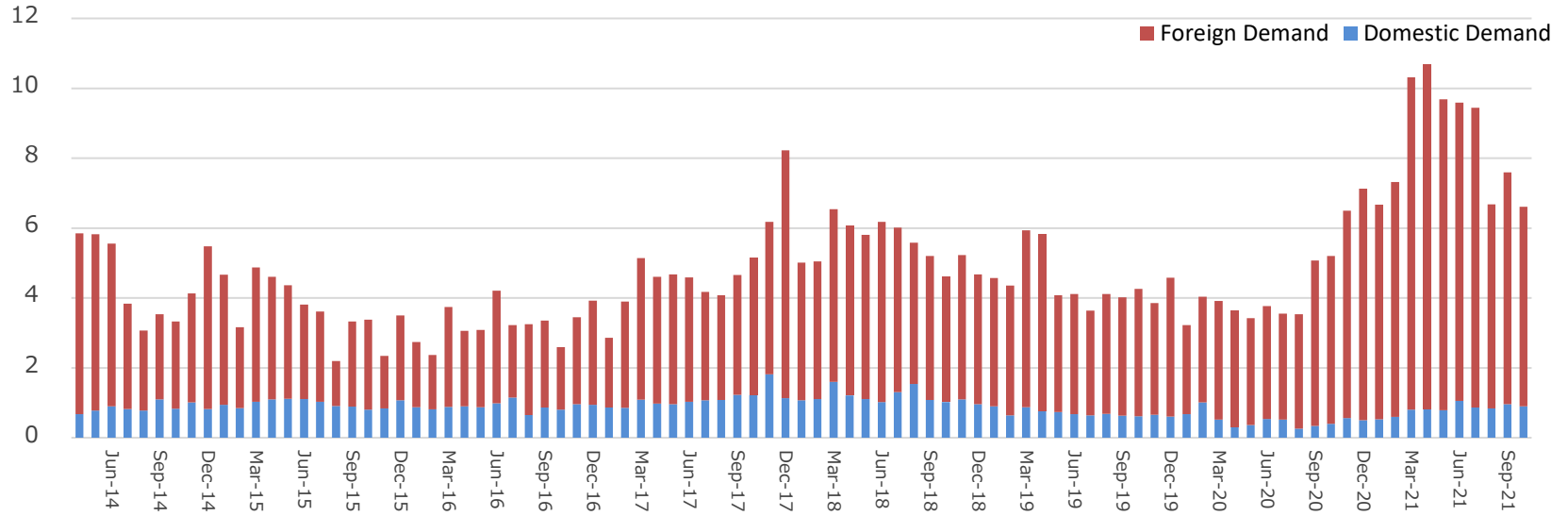
Japanese
GAAP

IFRS

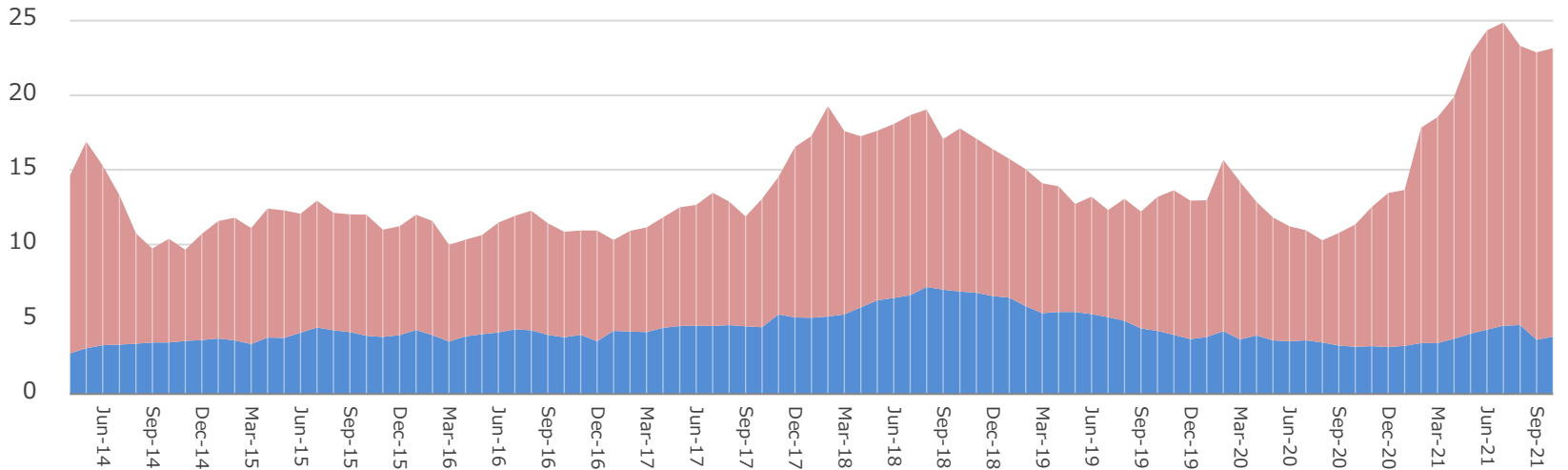
(4) Orders Received and Order Backlogs

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.