

# Fiscal Year 2021 Financial Results



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(TSE: 6101)

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# 1. Business Performance for FY2021 and Outlook for FY2022

## (1) Business Results

[FY21 results]

Revenue: 931 billion yen (up 51.1% YoY)

The Chinese and other markets remained steady, despite rising uncertainty in overseas markets.

Profits:

Operating profit and profit attributable to owners of parent increased thanks primarily to growth in sales revenue.

[FY22 outlook]

The current market is stable despite uncertainty persisting in overseas markets. The following is forecast in view of orders received and other conditions.

Billion yen

	Results for FY19	Results for FY20	Results for FY21			Outlook for FY22			
			1H	2H	Full-year	1H	2H	Full-year	YoY
Revenue	49.3	61.6	49.1	43.9	93.1	49.0	49.0	98.0	5.2%
Operating profit (to revenue ratio)	4.5 (9.2%)	9.5 (15.4%)	10.8 (21.9%)	8.0 (18.3%)	18.8 (20.2%)	9.5 (19.4%)	9.5 (19.4%)	19.0 (19.4%)	0.7% —
Profit attributable to owners of parent (to revenue ratio)	2.0 (4.0%)	4.9 (7.9%)	5.4 (11.0%)	4.0 (9.1%)	9.4 (10.1%)	4.8 (9.8%)	4.7 (9.5%)	9.5 (9.6%)	0.1% —
Basic earnings per share	38.6 yen	95.2 yen	108.8 yen	83.1 yen	191.9 yen	99.4 yen	97.4 yen	196.8 yen	—

## (2) Financial position

RMB/JPY March-end/21 16.86 → March-end/22 19.26  
 INR / JPY March-end/21 1.52 → March-end/22 1.63

	Billion yen		
	Mar-2021	Mar-2022	Variance from Mar-2021
<b>Total assets</b>	79.2	103.7	24.4
<b>Current assets</b>	60.0	82.0	22.0
Cash and cash equivalents	17.2	18.8	1.6
Trade and other receivables	20.4	27.6	7.1
Inventories	20.7	32.6	11.8
Other	1.6	2.9	1.3
<b>Non-current assets</b>	19.2	21.7	2.4
Property, plant and equipment	11.8	14.1	*1 2.3
Right-of-use assets	1.3	1.9	0.6
Intangible assets	1.1	0.9	-0.2
Other	5.0	4.7	-0.3
<b>Total liabilities</b>	32.4	45.9	13.4
<b>Current liabilities</b>	30.2	42.8	12.6
Trade and other payables	14.7	22.2	7.4
Borrowings	9.5	13.3	3.7
Other	5.8	7.3	1.4
<b>Non-current liabilities</b>	2.2	3.0	0.8
Deferred tax liabilities	0.8	1.4	0.5
Other	1.3	1.5	0.2
<b>Total equity</b>	46.8	57.8	11.0
Share capital	12.3	12.3	0.0
Capital surplus	3.3	3.2	-0.1
Treasury shares	-4.3	-2.0	2.3
Other components of equity	2.5	6.2	3.6
Retained earnings	24.3	25.7	*2 1.4
Equity attributable to owners of parent	38.2	45.5	7.3
Non-controlling interests	8.6	12.2	3.6

1. Both current assets and current liabilities increased based on a recovery in orders received and net sales.

2. The financial position remained stable.

(Percentage of equity attributable to owners of parent: 43.9%)  
 (Equity attributable to owners of parent + non-controlling interests: 55.7%)

\*1

Foreign exchange 1.3

New factory in China (Construction in progress) 0.8

New factory in India (Construction in progress) 0.4

\*2

Profit 9.4

Cancellation of treasury shares -6.3

Dividends -1.5

### (3) Cash flows

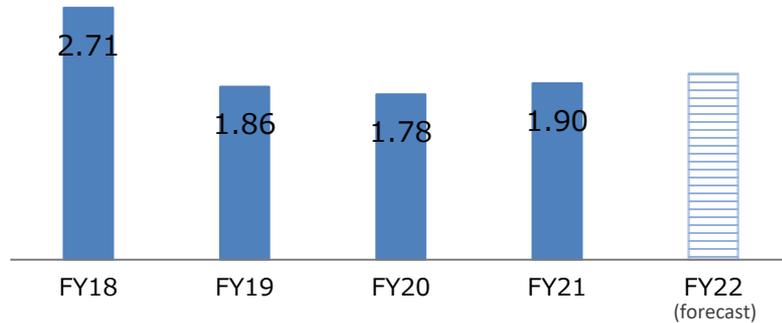
Billion yen

	FY2020	FY2021	
Cash flows from operating activities	6.7	6.2	
Profit before tax	9.4	18.7	
Depreciation	1.5	1.8	
Increase/decrease in working capital	-2.1	* -8.3	
Other	-2.1	-6.0	
Cash flows from investing activities	1.4	-3.0	
Capital investment in factories	-2.3	-2.3	
Proceeds from sale of investment securities	3.8	--	
Other	-0.1	-0.6	
Cash flows from financing activities	-2.7	-3.5	
Short-term borrowings	0.7	3.6	
Treasury shares	-1.4	-4.3	
Dividends paid	-1.2	-1.5	
Dividends paid to non-controlling interests	-0.4	-1.0	*
Other	-0.2	-0.2	
Effect of exchange rate change on cash and cash equivalents	0.8	1.8	
Net increase (decrease) in cash and cash equivalents	6.2	1.6	
Cash and cash equivalents at the end of the term	17.2	18.8	
			Decrease (increase) in inventories: -11.5
			Decrease (increase) in trade and other receivables: -4.2
			Increase (decrease) in trade and other payables: 4.4
			Increase (decrease) in contract liabilities: 0.8

## 2. R&D Expenditures, Capital Investment and Depreciation

### R&D Expenditures

Billion yen



The focus continues to be placed on developing new products and upgrading existing products.

Investments for increasing production continued.  
(in China and India)

**China: New factories in Zhejiang**  
(Precision Nakatsu (China) Corporation)

System to increase production as needed according to market conditions.

Total amount of investment: 3.8 billion yen

(Including 1.45 billion yen for land and building acquisition)

Land area: about 50,000m<sup>2</sup>

**India: New Vallam Vadagal Factory**

The casting plant is expected to begin operating in July 2023.

Total amount of investment: 2.5 billion yen

Land area: 58,400m<sup>2</sup>

Production capacity:

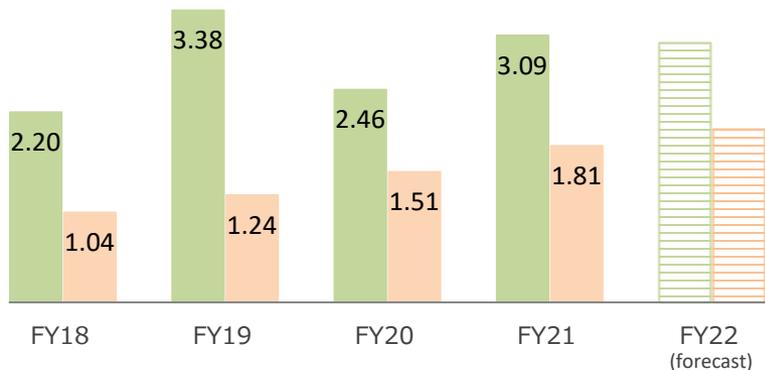
Casting production: 500 tons/month

Assembly building and others: System to increase production as needed according to market conditions

### Capital Investment and Depreciation

Billion yen

■ Capital Investment  
■ Depreciation

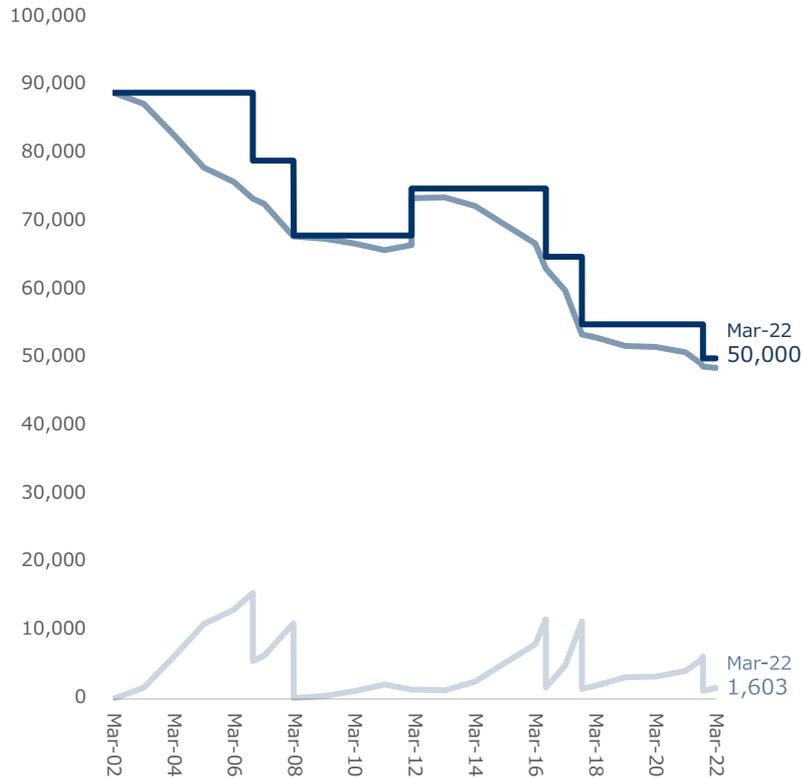


### 3. Key indicators and shareholder returns

#### (1) Key indicators

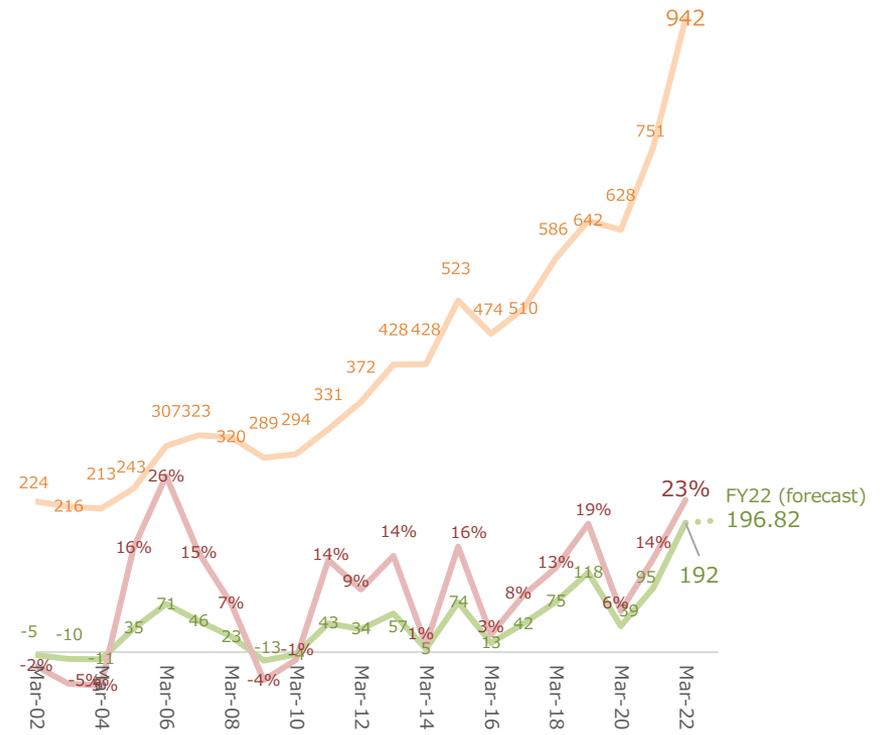
- Outstanding shares
- Treasury shares
- Outstanding shares (excluding treasury shares)

Thousand shares



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

Yen



## (2) Shareholder Returns

1. While the basic policy is stable dividend payment, the weight of direct returns (dividends) will be gradually raised.
2. Treasury shares are flexibly purchased.

	Mar-2019	Mar-2020	Mar-2021	Mar-2022	Mar-2023 (forecast)
Dividends paid (Full-year, yen/share)	21	24	26	40	44
(Interim, yen/share)	9	12	12	18	22
EPS (yen)	117.9	38.6	95.2	191.9	196.8
Dividend payout ratio	17.8%	62.2%	27.3%	20.8%	22.4%

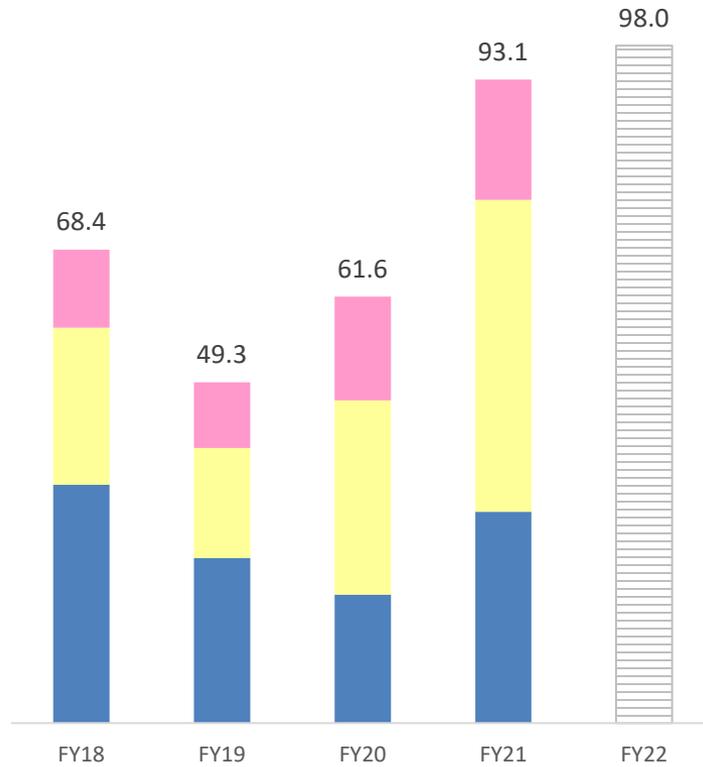
Total dividends (Billion yen)	1.09	1.24	1.33	1.95	2.12
Purchase of treasury shares (Billion yen)	1.83	0.12	1.49	4.31	–
Total return (Billion yen)	2.92	1.36	2.82	6.26	–
Profit attributable to owners of parent (Billion yen)	6.19	2.00	4.91	9.48	9.50
Total return ratio	47.2%	68.2%	57.5%	66.0%	–

## 4. Reference

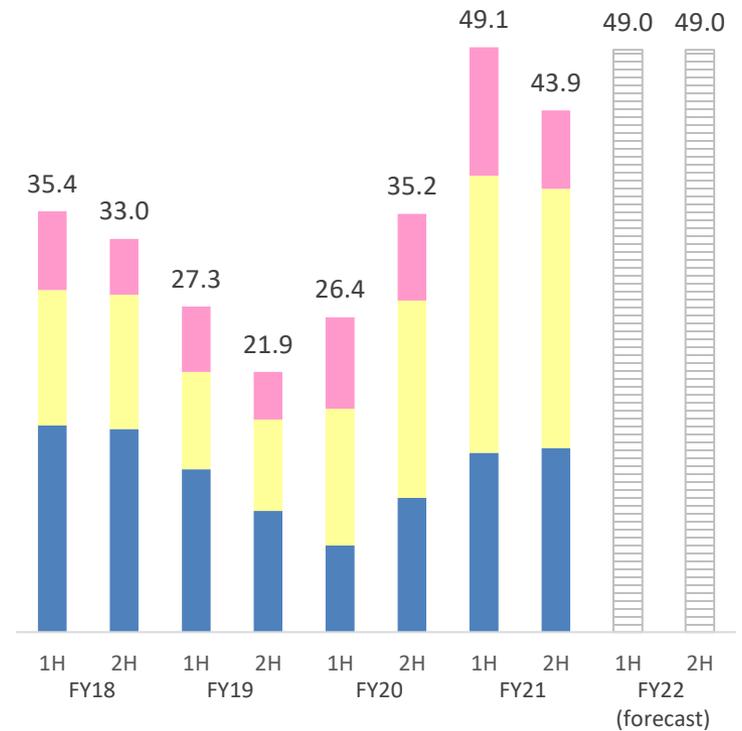
### (1) Revenue by Business Segment

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

Full-year  
Billion yen



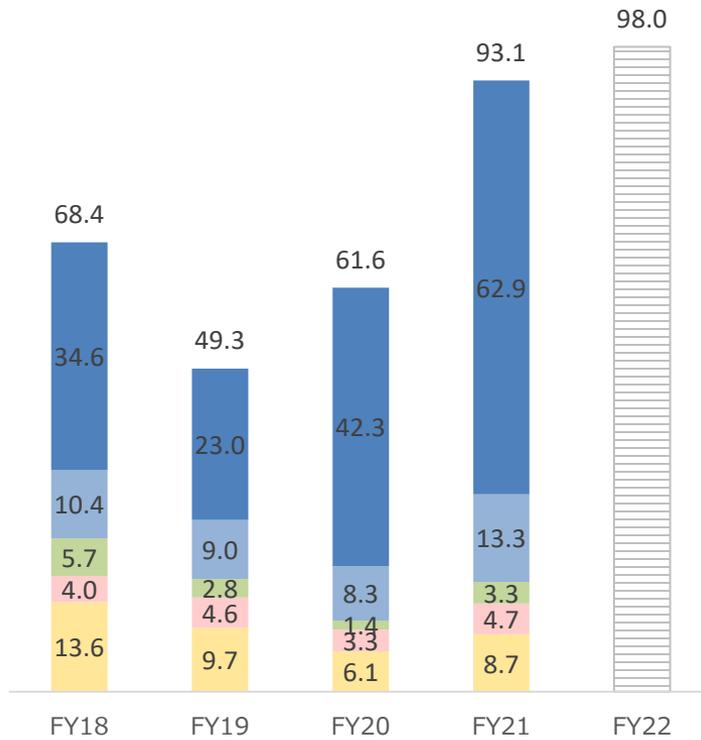
Six-month  
Billion yen



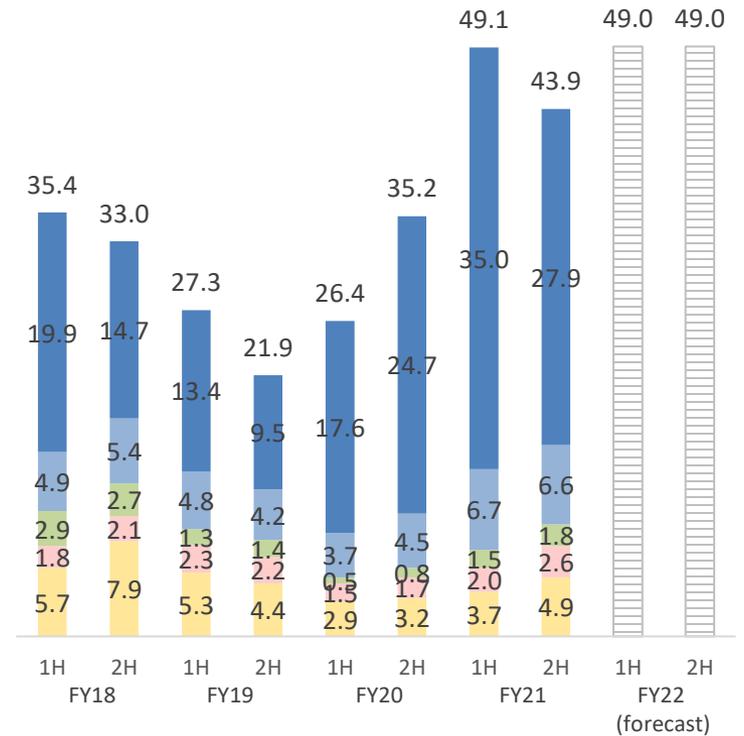
## (2) Revenue by Geographic Segment

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

Full-year  
Billion yen



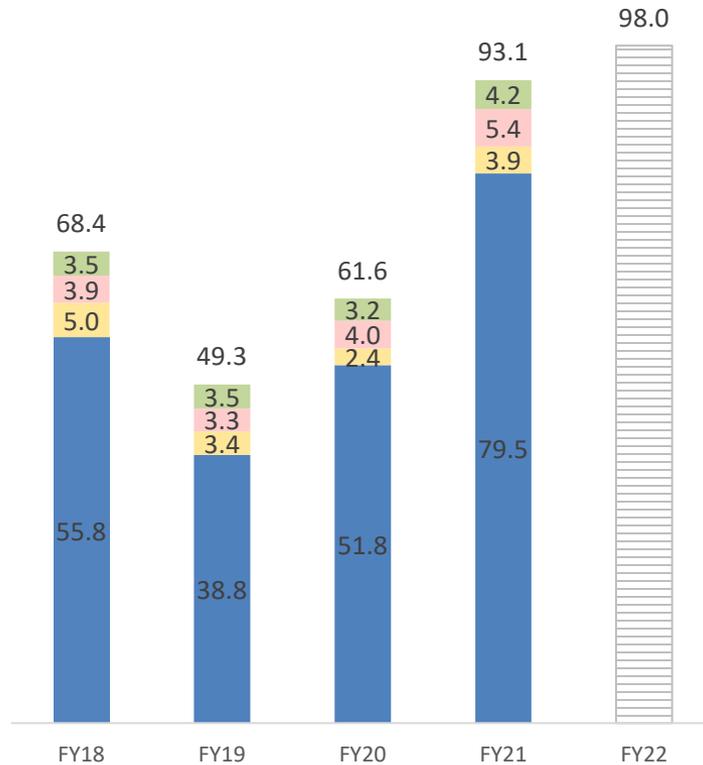
Six-month  
Billion yen



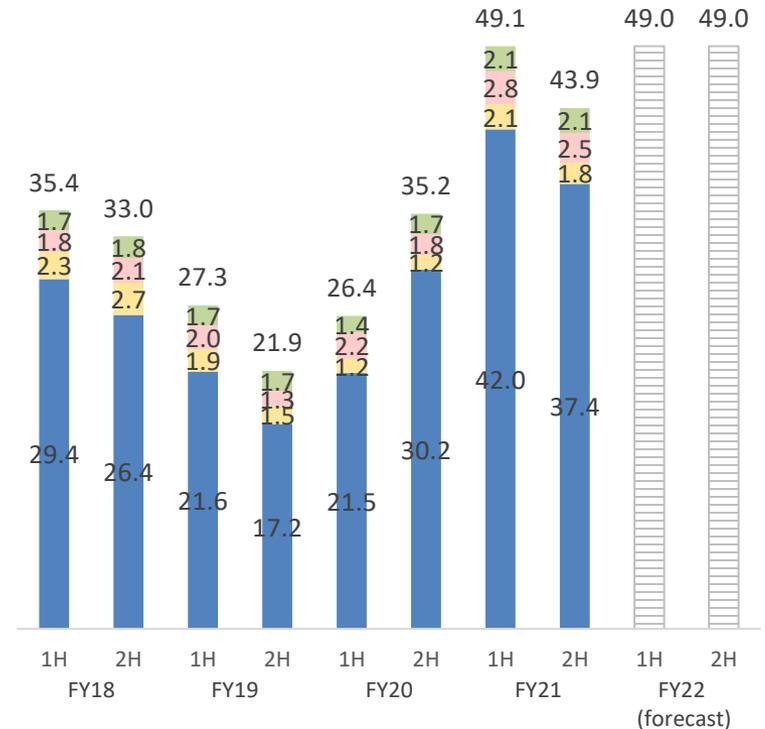
### (3) Revenue by Machinery Category

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

Full-year  
Billion yen

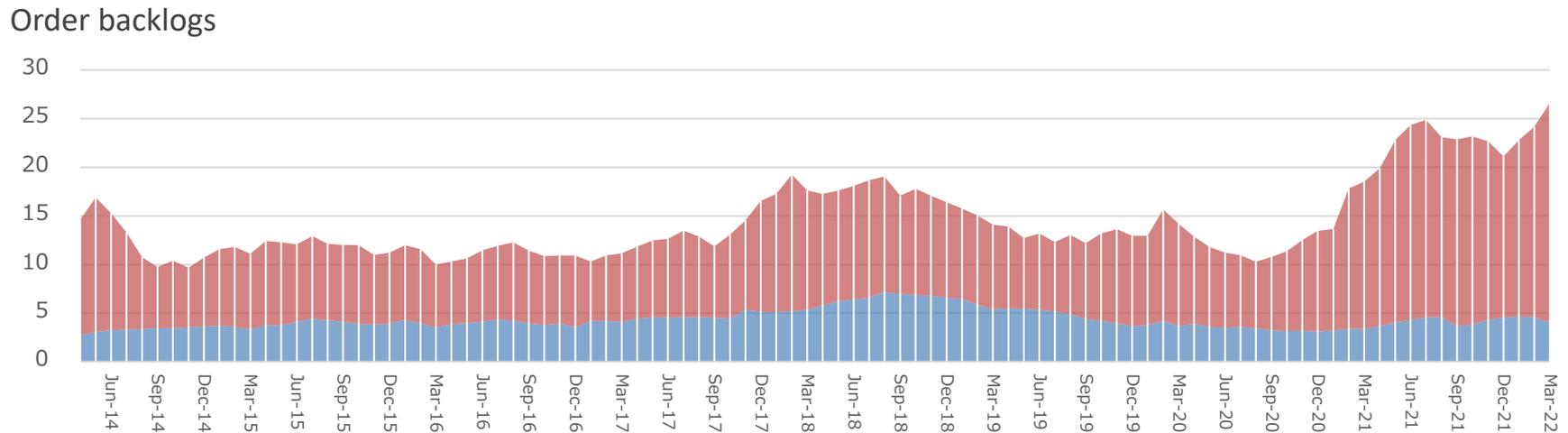
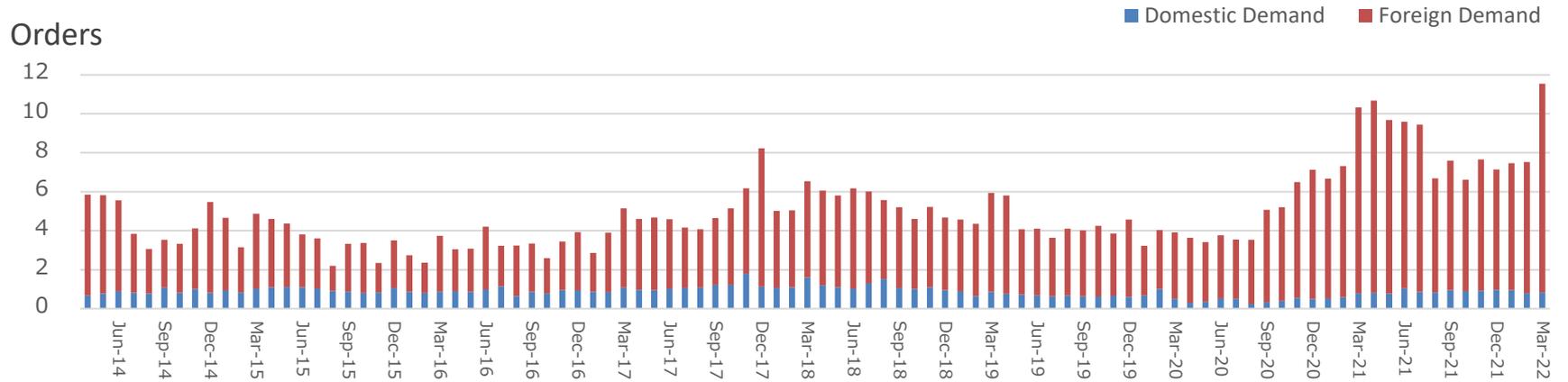


Six-month  
Billion yen



## (4) Orders Received and Order Backlogs

Billion yen



## (5) Efforts to achieve sustainability

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- April 2021      Placed Sustainability Committee
- Positioned sustainability as an important management issue, for which a basic policy, targets, etc. were established and monitored
- May 2021      Signed the United Nations Global Compact (UNGC)
- Supporting and implementing 10 principles in four areas, including human rights, labor, environment, and anti-corruption, with the aim of achieving both growth for the Group and a sustainable society
- June 2021      Established medium- to long-term targets to achieve carbon neutrality by 2050
- Set targets to reduce emissions of greenhouse gases causing global warming and improve activities
    - Medium-term target: reduce CO<sub>2</sub> emissions by 55% from FY2013 emissions
    - Long-term target: achieve carbon neutrality by 2050
- February 2022      Changed all of electricity used at Nagaoka Factory to power derived from renewable energy
- CO<sub>2</sub> emissions of electricity used at Nagaoka Factory were made effectively zero by changing to power supplied by Orix Corporation, which operates a retail electricity business.
    - Approximately 2,000 tons per year of CO<sub>2</sub> emissions are expected to be reduced.

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.