

Tsugami Corporation Financial data. Briefing on Financial Statements for the Year Ended March 2017

May 12, 2017

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

| | Full-year | | | |
|-------------------------|-----------|----------|---------|---|
| | FY2016/3 | FY2017/3 | YoY (%) | FY2018/3 Initial forecasts (May 12, 2017) |
| Net sales | 40,132 | 41,050 | +2.3% | 45,000 |
| Gross profit | 8,968 | 9,631 | +7.4% | - |
| Gross profit margin | 22.3% | 23.5% | - | - |
| Operating income | 2,125 | 3,083 | +45.1% | 4,500 |
| Operating income margin | 5.3% | 7.5% | - | 10.0% |
| Ordinary income | 1,095 | 2,848 | +160.0% | 4,300 |
| Ordinary income margin | 2.7% | 6.9% | - | 9.6% |
| Net income | 877 | 2,630 | +199.8% | 2,900 |
| Net income margin | 2.2% | 6.4% | - | 6.4% |
| Net income per share | 13.04 | 41.91 | +221.4% | 48.27 |

| | Six-month | | | | | | |
|-------------------------|-----------|--------|----------|--------|---------|----------------------------------|--------|
| | FY2016/3 | | FY2017/3 | | | FY2018/3 | |
| | 1H | 2H | 1H | 2H | YoY (%) | Initial forecasts (May 12, 2017) | |
| | | | | | | 1H | 2H |
| Net sales | 21,141 | 18,991 | 18,401 | 22,649 | +19.3% | 24,000 | 21,000 |
| Gross profit | 5,213 | 3,755 | 4,565 | 5,066 | +34.9% | - | - |
| Gross profit margin | 24.7% | 19.8% | 24.8% | 22.4% | - | - | - |
| Operating income | 1,321 | 804 | 1,452 | 1,631 | +102.9% | 2,700 | 1,800 |
| Operating income margin | 6.2% | 4.2% | 7.9% | 7.2% | - | 11.3% | 8.6% |
| Ordinary income | 848 | 247 | 1,057 | 1,791 | +625.1% | 2,500 | 1,800 |
| Ordinary income margin | 4.0% | 1.3% | 5.7% | 7.9% | - | 10.4% | 8.6% |
| Net income | 679 | 198 | 730 | 1,900 | +859.6% | 1,700 | 1,200 |
| Net income margin | 3.2% | 1.0% | 4.0% | 8.4% | - | 7.1% | 5.7% |
| Net income per share | 10.05 | 2.99 | 11.39 | 30.96 | +935.4% | 28.3 | 19.97 |

| | Quarter | | | | FY2017/3 | | | | |
|-------------------------|----------|-------|-------|-------|----------|-------|--------|--------|----------|
| | FY2016/3 | | | | 1Q | 2Q | 3Q | 4Q | YoY (%) |
| Net sales | 11,892 | 9,249 | 9,708 | 9,283 | 8,665 | 9,736 | 12,087 | 10,562 | +13.8% |
| Gross profit | 3,020 | 2,193 | 2,009 | 1,746 | 2,134 | 2,431 | 2,502 | 2,564 | +46.8% |
| Gross profit margin | 25.4% | 23.7% | 20.7% | 18.8% | 24.6% | 25.0% | 20.7% | 24.3% | - |
| Operating income | 908 | 413 | 438 | 366 | 598 | 854 | 625 | 1,006 | +174.9% |
| Operating income margin | 7.6% | 4.5% | 4.5% | 3.9% | 6.9% | 8.8% | 5.2% | 9.5% | - |
| Ordinary income | 974 | -126 | 210 | 37 | 267 | 790 | 1,047 | 744 | +1910.8% |
| Ordinary income margin | 8.2% | -1.4% | 2.2% | 0.4% | 3.1% | 8.1% | 8.7% | 7.0% | - |
| Net income | 721 | -42 | 135 | 63 | 149 | 581 | 1,381 | 519 | +723.8% |
| Net income margin | 6.1% | -0.5% | 1.4% | 0.7% | 1.7% | 6.0% | 11.4% | 4.9% | - |
| Net income per share | 10.58 | -0.63 | 2.02 | 0.94 | 2.30 | 9.99 | 22.30 | 8.52 | +806.0% |

| | | |
|---------|-----------|-----------|
| CNY/JPY | 17.39 yen | 16.28 yen |
|---------|-----------|-----------|

| | | | |
|-----------|-----------|-----------|-----------|
| 18.96 yen | 17.39 yen | 15.14 yen | 16.28 yen |
|-----------|-----------|-----------|-----------|

| | | | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 19.73 yen | 18.96 yen | 18.36 yen | 17.39 yen | 15.46 yen | 15.14 yen | 16.76 yen | 16.28 yen |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

Reportable segment (which are the areas where Group companies are located.)

| | FY2016/3 | FY2017/3 | YoY (%) |
|---------------------------------|----------|----------|---------|
| Net sales to external customers | 40,132 | 41,050 | +2.3% |
| Japan | 24,965 | 21,876 | -12.4% |
| China | 13,612 | 17,905 | +31.5% |
| South Korea | 1,554 | 1,268 | -18.4% |
| Segment income | 2,125 | 3,083 | +45.1% |
| Japan | -28 | 233 | - |
| China | 1,907 | 2,938 | +54.1% |
| South Korea | 128 | 78 | -39.1% |
| Adjustment of unrealized income | 118 | -166 | - |

| | FY2016/3 | FY2017/3 | YoY (%) | | |
|---------------------------------|----------|----------|---------|--------|---------|
| Net sales | 21,141 | 18,991 | 18,401 | 22,649 | +19.3% |
| Japan | 12,330 | 12,635 | 11,018 | 10,858 | -14.1% |
| China | 8,023 | 5,589 | 6,686 | 11,219 | +100.7% |
| South Korea | 787 | 767 | 696 | 572 | -25.4% |
| Operating income | 1,321 | 804 | 1,452 | 1,631 | +102.9% |
| Japan | 328 | -356 | 315 | -82 | - |
| China | 994 | 913 | 1,163 | 1,775 | +94.4% |
| South Korea | 61 | 67 | 17 | 61 | -9.0% |
| Adjustment of unrealized income | -63 | 181 | -43 | -123 | - |

| | FY2016/3 | FY2017/3 | YoY (%) | | | | | | |
|---------------------------------|----------|----------|---------|-------|-------|-------|--------|--------|---------|
| Net sales | 11,892 | 9,249 | 9,708 | 9,283 | 8,665 | 9,736 | 12,087 | 10,562 | +13.8% |
| Japan | 6,410 | 5,920 | 6,296 | 6,339 | 5,112 | 5,906 | 5,407 | 5,451 | -14.0% |
| China | 4,971 | 3,052 | 2,813 | 2,776 | 3,148 | 3,538 | 6,413 | 4,806 | +73.1% |
| South Korea | 511 | 276 | 599 | 168 | 404 | 292 | 267 | 305 | +81.5% |
| Operating income | 908 | 413 | 438 | 366 | 598 | 854 | 625 | 1,006 | +174.9% |
| Japan | 335 | -7 | -143 | -213 | -38 | 353 | -130 | 48 | - |
| China | 491 | 503 | 370 | 543 | 628 | 535 | 849 | 926 | +70.5% |
| South Korea | 60 | 1 | 100 | -33 | 13 | 4 | 19 | 42 | - |
| Adjustment of unrealized income | 20 | -83 | 111 | 70 | -3 | -40 | -113 | -10 | - |

Net sales by Geographic category

| | FY2016/3 | FY2017/3 | YoY (%) |
|--------------------|----------|----------|---------|
| Asia | 21,659 | 24,267 | +12.0% |
| America | 3,649 | 3,173 | -13.0% |
| Europe | 3,526 | 3,303 | -6.3% |
| Overseas net sales | 28,834 | 30,744 | +6.6% |
| Japan | 11,298 | 10,305 | -8.8% |

| | FY2016/3 | FY2017/3 | YoY (%) | | |
|---------------------------------|----------|----------|---------|--------|--------|
| Net sales | 12,132 | 9,527 | 9,801 | 14,466 | +51.8% |
| Japan | 2,089 | 1,560 | 1,770 | 1,403 | -10.1% |
| China | 1,533 | 1,993 | 1,855 | 1,448 | -27.3% |
| South Korea | 15,755 | 13,079 | 13,426 | 17,318 | +32.4% |
| Adjustment of unrealized income | 5,386 | 5,912 | 4,974 | 5,331 | -9.8% |

| | FY2016/3 | FY2017/3 | YoY (%) | | | | | | |
|---------------------------------|----------|----------|---------|-------|-------|-------|-------|-------|--------|
| Net sales | 7,440 | 4,692 | 4,987 | 4,540 | 4,714 | 5,087 | 8,102 | 6,364 | +40.2% |
| Japan | 1,075 | 1,014 | 746 | 814 | 976 | 794 | 668 | 735 | -9.7% |
| China | 810 | 723 | 1,058 | 935 | 811 | 1,044 | 630 | 818 | -12.5% |
| South Korea | 9,326 | 6,429 | 6,791 | 6,288 | 6,501 | 6,925 | 9,401 | 7,917 | +25.9% |
| Adjustment of unrealized income | 2,566 | 2,820 | 2,917 | 2,995 | 2,164 | 2,810 | 2,687 | 2,644 | -11.7% |

Net sales, of total

| | FY2016/3 | FY2017/3 |
|--------------------|----------|----------|
| Asia | 54.0% | 59.1% |
| America | 9.1% | 7.7% |
| Europe | 8.8% | 8.1% |
| Overseas net sales | 71.8% | 74.9% |
| Japan | 28.2% | 25.1% |

| | FY2016/3 | FY2017/3 |
|---------------------------------|----------|----------|
| Net sales | 57.4% | 50.2% |
| Japan | 9.9% | 8.2% |
| China | 7.2% | 10.5% |
| South Korea | 74.5% | 68.9% |
| Adjustment of unrealized income | 25.5% | 31.1% |

| | FY2016/3 | FY2017/3 |
|---------------------------------|----------|----------|
| Net sales | 62.6% | 50.7% |
| Japan | 9.0% | 11.0% |
| China | 6.8% | 7.8% |
| South Korea | 78.4% | 69.5% |
| Adjustment of unrealized income | 21.6% | 30.5% |

Net sales by machinery category

| | FY2016/3 | FY2017/3 | YoY (%) |
|---|----------|----------|---------|
| Automatic lathes | 31,579 | 34,217 | +8.4% |
| Grinding machines | 4,399 | 3,332 | -24.3% |
| Machining centers | 570 | 500 | -12.3% |
| Rolling machines and specialized machines | 3,326 | 2,723 | -18.1% |
| Other | 257 | 277 | +7.8% |

| | FY2016/3 | FY2017/3 | YoY (%) | | |
|---|----------|----------|---------|--------|--------|
| Net sales | 16,610 | 14,969 | 15,097 | 19,120 | +27.7% |
| Automatic lathes | 1,910 | 2,489 | 1,605 | 1,727 | -30.6% |
| Grinding machines | 344 | 226 | 328 | 172 | -23.9% |
| Machining centers | 2,143 | 1,183 | 1,235 | 1,488 | +25.8% |
| Rolling machines and specialized machines | 132 | 125 | 135 | 142 | +13.6% |

| | FY2016/3 | FY2017/3 | YoY (%) | | | | | | |
|---|----------|----------|---------|-------|-------|-------|--------|-------|--------|
| Net sales | 9,036 | 7,574 | 7,554 | 7,415 | 7,211 | 7,886 | 10,052 | 9,068 | +22.3% |
| Automatic lathes | 889 | 1,021 | 1,437 | 1,052 | 659 | 946 | 1,033 | 694 | -34.0% |
| Grinding machines | 232 | 112 | 71 | 155 | 265 | 63 | 111 | 61 | -60.6% |
| Machining centers | 1,665 | 478 | 585 | 598 | 462 | 773 | 829 | 659 | +10.2% |
| Rolling machines and specialized machines | 69 | 63 | 61 | 64 | 66 | 69 | 62 | 80 | +25.0% |

Net sales, of total

| | FY2016/3 | FY2017/3 |
|---|----------|----------|
| Automatic lathes | 78.7% | 83.4% |
| Grinding machines | 11.0% | 8.1% |
| Machining centers | 1.4% | 1.2% |
| Rolling machines and specialized machines | 8.3% | 6.6% |
| Other | 0.6% | 0.7% |

| | FY2016/3 | FY2017/3 |
|---|----------|----------|
| Net sales | 78.6% | 78.8% |
| Automatic lathes | 9.0% | 13.1% |
| Grinding machines | 1.6% | 1.2% |
| Machining centers | 10.2% | 6.2% |
| Rolling machines and specialized machines | 0.6% | 0.7% |

| | FY2016/3 | FY2017/3 |
|---|----------|----------|
| Net sales | 76.0% | 81.9% |
| Automatic lathes | 7.5% | 11.0% |
| Grinding machines | 1.9% | 1.2% |
| Machining centers | 14.0% | 5.2% |
| Rolling machines and specialized machines | 0.6% | 0.7% |