

Stock Information (as of September 30, 2019)

Authorized shares 320,000,000 shares
 Issued shares 55,000,000 shares
 Number of shareholders 9,739

Major shareholders (Top 10)

Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
The Master Trust Bank of Japan, Ltd. (Trust account)	2,851	5.49
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	2,592	4.99
Japan Trustee Services Bank, Ltd. (Trust account)	2,582	4.97
The Dai-ichi Life Insurance Company, Limited	2,100	4.04
Sumitomo Mitsui Banking Corporation	1,516	2.92
The Hokuetsu Bank, Ltd.	1,484	2.86
TSUGAMI Customers' Shareholding Association	1,126	2.17
THE BANK OF NEW YORK MELLON 140051	996	1.92
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	939	1.81
PICTET AND CIE (EUROPE) SA, LUXEMBOURG REF: UCITS	909	1.75

Notes: 1. The figures for ownership ratio are rounded to the second decimal place.
 2. The 2,592 thousand shares held by Mizuho Trust & Banking Co., Ltd. (employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.) are held in a pension trust account for Tokyo Seimitsu, which reserves the right to give instructions on how to exercise voting rights for these shares.
 3. There are 3,114 thousand shares of treasury stock listed in the shareholders' register other than the shares listed in the table above.

Corporate Data

(as of September 30, 2019)

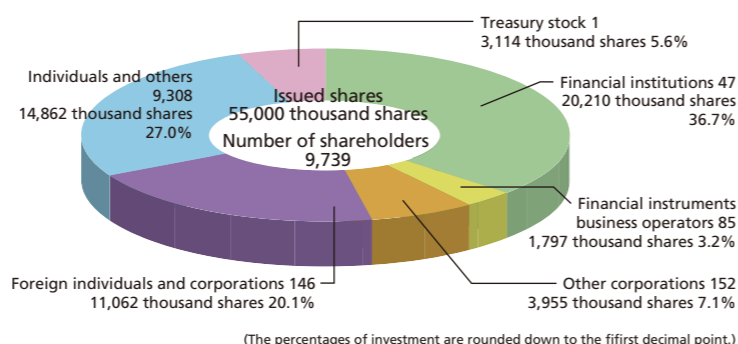
Corporate Name TSUGAMI CORPORATION
 Established March 15, 1937
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Paid-in Capital 12,345 million yen
 Number of Employees 2,203 (Consolidated)
 Directors and Auditors (as of October 1, 2019)
 Representative Director, Chairman and CEO Takao Nishijima
 Representative Director, President and Co-CEO Hiroaki Kazama
 Director Byun Jae-Hyun
 Director Kameswaran Balasubramanian
 Director Donglei Tang
 Outside Director Shigeru Nishiyama
 Outside Director Hitoshi Yoshida
 Director (Audit & Supervisory Board Member) Kenji Yoneyama
 Outside Director (Audit & Supervisory Board Member) Takeo Nakagawa
 Outside Director (Audit & Supervisory Board Member) Koichi Maruno
 Outside Director (Audit & Supervisory Board Member) Kunio Shimada

Head Office and Factories Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Nagaoka Factory 1-1, Higashizao 1-chome, Nagaoka-shi, Niigata

Sales Network East Japan Marketing Division and Overseas Division (Tokyo)
 Central Japan Marketing Division (Nagoya)
 West Japan Marketing Division (Osaka)

Group Companies TSUGAMI MACHINERY CO., LTD.
 TSUGAMI GENERAL SERVICE CO., LTD.
 Precision Tsugami (China) Corporation Limited (British Cayman Islands)
 Precision Tsugami (Hong Kong) Limited
 PRECISION TSUGAMI (CHINA) CORPORATION
 Shinagawa Precision Machinery (Zhejiang) Co., Ltd.
 Precision Tsugami (Anhui) Corporation (CHINA)
 TSUGAMI (THAI) CO., LTD.
 TSUGAMI EUROPE GmbH (GERMANY)
 TSUGAMI KOREA CO., LTD.
 TSUGAMI PRECISION ENGINEERING INDIA PVT., LTD.
 TSUGAMII TECH SOLUTIONS INDIA PVT., LTD.
 TSUGAMI Universal Pte. Ltd. (SINGAPORE)

Shareholders composition by type



Shareholders Information

Business Year From April 1 each year to March 31 of the following year
 Annual Shareholders Meeting June each year
 Surplus Dividends The record date for the year end dividend shall be March 31 each year. When paying interim dividends, the record date shall be September 30 each year.
 Administrator of Shareholders' Register Mitsubishi UFJ Trust Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
 Business Handling Office Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department
 Contact Office 1-1, Nikko-cho, Fuchu-shi, Tokyo
 Telephone: 0120-232-711 (toll free number)
 (Postal address) New Tokyo P. O. Box No.29, Tokyo, 137-8081
 Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department
 Method of Public Notice Public notices of the Company shall be published on its website (<http://www.tsugami.co.jp/>). However, if the Company is unable to publish notices electronically, public notices shall be published in the Kanpo ("official gazette").
 Listed Stock Exchange Tokyo

Notice

- In principle, the contact that receives customer requests for changes of addresses and name, purchasing shares constituting less than one unit, and transferring dividends to designated accounts shall be securities companies, etc. in which the customers have opened an account. Mitsubishi UFJ Trust Banking Corporation shall receive inquiries about the shipment and return of mail articles, etc. and dividends overdue and general questions as to administrative work involving shares.
- Mitsubishi UFJ Trust Banking Corporation shall undertake procedures for shares recorded in a special account, not an account at a securities company, etc.
- As shares recorded in a special account may not be sold directly from the special account when selling them on the market, it is necessary to transfer them to an account at a securities company, etc.

To Our Shareholders

Business Report for the First Half of Fiscal Year 2019
 (April 1, 2019 to September 30, 2019)

TSUGAMI CORPORATION

I am pleased to report our results for the first half of the fiscal year ending March 31, 2020.

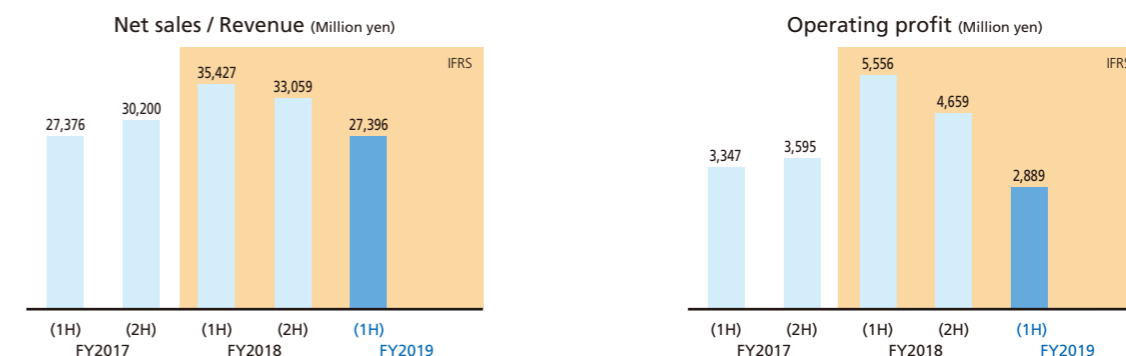
During the first half of the consolidated fiscal year under review, the market conditions were adjusted in both the domestic and overseas markets. In this situation, for the first half of the consolidated fiscal year under review, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") recorded a decrease of 22.7% year on year in revenue, to 27,396 million yen. With this as the main cause, operating profit came to 2,889 million yen (down 48.0% year on year), and profit attributable to owners of the parent declined to 1,295 million yen (down 58.8% year on year). The Group also recorded a 307 million yen loss due to a warranty against defects at a factory site sold in the previous fiscal year and foreign exchange losses (on assets in local currencies) of 296 million yen.

The Company decided to pay an interim dividend of 12 yen per share as initially planned. It also plans to pay a year-end dividend of 12 yen per share (for an annual dividend of 24 yen per share).

We respectfully ask for the continued support and encouragement of our shareholders.

November 2019
 Takao Nishijima
 Representative Director, Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2017 (Japanese GAAP)		FY2018 (IFRS)		FY2019 (IFRS)
	First half	Full year	First half	Full year	First half
Net sales / Revenue (Million yen)	27,376	57,576	35,427	68,486	27,396
Operating profit (Million yen)	3,347	6,942	5,556	10,215	2,889
Net income attributable to owners of parent / Profit attributable to owners of parent (Million yen)	2,296	4,171	3,145	6,192	1,295
Net income per share / Basic earnings per share (Yen)	39.62	74.71	59.59	117.98	24.97
Total assets (Million yen)	58,041	62,362	70,269	69,692	63,511
Net assets / Total equity (Million yen)	36,681	37,516	38,317	40,072	39,362
Net assets per share / Equity attributable to owners of parent per share (Yen)	572.40	585.58	606.04	641.69	633.12

(Note) All fractions of monetary units have been rounded down.

(Note) Starting from the 116th fiscal year, the Group applies the International Financial Reporting Standards (IFRS).

Consolidated Financial Statements

Consolidated statement of financial position

(Million yen)

Item	FY2019 First half (September 30, 2019)	FY2018 (March 31, 2019)
Assets		
Total current assets	44,379	52,493
Cash and cash equivalents	9,895	11,112
Trade and other receivables	14,372	17,150
Other financial assets	30	30
Inventories	19,011	22,462
Other current assets	1,070	1,737
Total non-current assets	19,131	17,199
Property, plant and equipment	9,648	8,871
Right-of-use assets	1,242	-
Intangible assets	952	557
Retirement benefit assets	94	104
Other financial assets	6,812	6,444
Deferred tax assets	223	233
Other non-current assets	157	988
Total assets	63,511	69,692
Liabilities and equity		
Liabilities		
Total current liabilities	22,139	27,933
Trade and other payables	9,908	13,476
Borrowings	9,373	11,121
Other financial liabilities	191	6
Income taxes payable	535	477
Provisions	464	576
Contract liabilities	965	1,630
Other current liabilities	701	645
Total non-current liabilities	2,008	1,686
Other financial liabilities	133	15
Retirement benefit liability	923	914
Deferred tax liabilities	725	511
Other non-current liabilities	226	244
Total liabilities	24,148	29,620
Equity		
Share capital	12,345	12,345
Capital surplus	3,267	3,214
Treasury shares	- 2,871	- 2,943
Other components of equity	1,404	2,576
Retained earnings	18,704	18,052
Total equity attributable to owners of parent	32,850	33,244
Non-controlling interests	6,512	6,827
Total equity	39,362	40,072
Total liabilities and equity	63,511	69,692

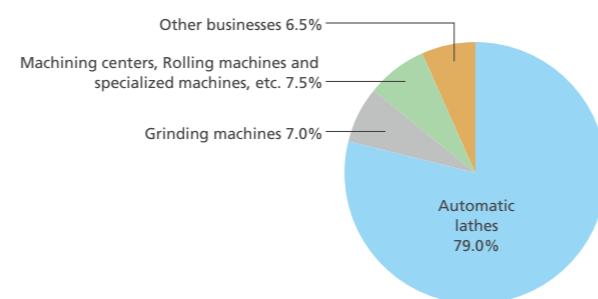
Consolidated statement of profit or loss

(Million yen)

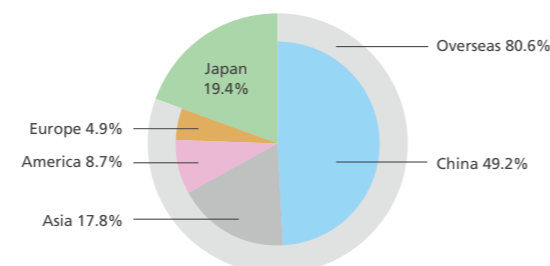
Item	FY2019 First half April 1, 2019 to September 30, 2019	FY2018 First half April 1, 2018 to September 30, 2018
Revenue	27,396	35,427
Cost of sales	- 19,936	- 24,816
Gross profit	7,459	10,610
Selling, general and administrative expenses	- 4,430	- 5,052
Other income	186	40
Other expenses	- 326	- 42
Operating profit	2,889	5,556
Finance income	187	164
Finance costs	- 384	- 145
Profit before tax	2,692	5,575
Income tax expense	- 933	- 1,447
Profit	1,759	4,127
Profit attributable to:		
Owners of the parent	1,295	3,145
Non-controlling interests	464	981
Profit	1,759	4,127
Earnings per share		
Basic earnings per share (yen)	24.97	59.59
Diluted earnings per share (yen)	24.45	58.06

Revenue breakdown (Consolidated)

Revenue breakdown by product (FY2019 First half)



Revenue breakdown by region (FY2019 First half)



Releasing New Products to the Market

CNC Precision Automatic Lathe S206-II

We have developed the CNC precision automatic lathe S206-II corresponding to the multiproduct variable quantity processing of complex workpieces with a diverse array of tool variations.

- Improved combined processing capacity increased the capacity of tool post drills.
- Cartridge-type rear-side and back-side tool post drills can be placed flexibly according to the workpieces.
 - Rear-side tool post drills: Expanded from 2Pos to 3Pos
 - Back-side tool post drills: Cartridge-type Expanded from 4Pos to 8Pos
- The higher rigidity of each part of the machine and the increased gripping capacity of the main axis significantly increased the cutting capacity.
- The thermal distortion compensating function is included as a standard feature.
- Automatic programming software is included as a standard feature.



CNC Precision Automatic Lathe BW329ZJ

We have developed the CNC precision automatic lathe BW329ZJ, independent opposed tool post series for φ26 and φ32 types.

- Independent opposed tool post series for φ26 and φ32 types
- Three-path control system and three independent tool posts on the front, rear and back allow diverse simultaneous processing and the shortest cycle time.
- Various kinds of independent opposed live tools enable the processing of complex workpieces in short cycle times.
- The thermal distortion compensating function is included as a standard feature.
- Automatic programming software is included as a standard feature.



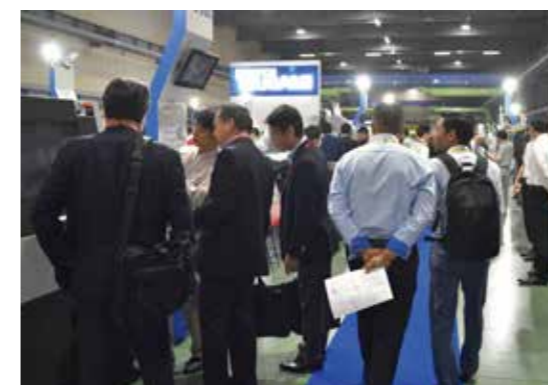
Participated Exhibitions

We actively developed new business partners.

We held the TSUGAMI TECHNICAL FAIR 2019 at Nagaoka Factory for 2 days from June 20, 2019.

We held the TSUGAMI CHINA TECHNICAL FAIR 2019 at PRECISION TSUGAMI (CHINA) CORPORATION for 2 days from June 24, 2019.

We invited many users and dealers from Japan and abroad and engaged in active business talks to further expand the market.



TSUGAMI CHINA TECHNICAL FAIR 2019



TSUGAMI TECHNICAL FAIR 2019