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Summary of Financial Results for the First Quarter of the Fiscal year ending March 31, 2025

July 30, 2024

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled date of commencement of dividend payments: --

Quarterly results supplementary briefing materials to be created: Yes

Quarterly results investors meeting to be held: No

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

1. Consolidated business performance for the first quarter of the fiscal year ending March 31, 2025

(From April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative totals)

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 of the fiscal year ending March 31, 2025	25,731	21.9	5,789	63.0	6,063	51.5	3,728	82.5
Q1 of the fiscal year ended March 31, 2024	21,101	-17.4	3,552	-32.8	4,000	-26.4	2,043	-43.6

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Q1 of the fiscal year ending March 31, 2025	2,705	107.4	7,511	85.1	57.22	56.44
Q1 of the fiscal year ended March 31, 2024	1,304	-51.8	4,057	-36.9	27.20	26.83

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Percentage of equity attributable to owners of parent
	Million yen	Million yen	Million yen	%
As of June 30, 2024	126,409	78,497	60,711	48.0(62.1)
As of March 31, 2024	117,714	72,361	56,605	48.1(61.5)

(Reference) The figures in parentheses are the ratios of total equity (sum of equity attributable to owners of parent and non-controlling interests).

2. State of dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	--	24.00	--	24.00	48.00
Fiscal year ending March 31, 2025	--				
Fiscal year ending March 31, 2025 (forecast)		24.00	--	24.00	48.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated business performance forecasts for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	46,500	15.4	8,000	34.6	3,500	59.7	74.00
Full-year	90,000	7.2	15,000	14.5	6,500	20.9	137.43

(Note) Revision to the financial results forecasts announced most recently: No

* Notes

(1) Important change in scope of consolidation in quarter under review: No

(2) Changes in accounting policy and in accounting estimates, and restatements

(i) Changes in accounting policies required by IFRS: No

(ii) Changes in accounting policy other than those stated in item (i) above: No

(iii) Changes in accounting estimates: No

(3) Numbers of outstanding shares (common shares)

(i) Numbers of outstanding shares at the end of the periods (including treasury shares):

As of June 30, 2024 48,000,000 shares As of March 31, 2024 50,000,000 shares

(ii) Numbers of treasury shares at the end of the periods:

As of June 30, 2024 554,963 shares As of March 31, 2024 2,453,628 shares

(iii) Average numbers of shares outstanding during the periods (quarterly consolidated accumulation periods):

Q1 of FY2024 47,283,214 shares Q1 of FY2023 47,965,266 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

* Explanations for the appropriate use of business forecasts and other items warranting special mention

(The forward-looking statements)

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual performance may differ materially from the statements due to a range of factors. For assumptions for business forecasts and notes on the use of business forecasts, please refer to [1. Overview of Operating Results, Etc. (3) Information Relating to Consolidated Business Performance Forecasts] on page 2 of the accompanying documents of this summary of financial results for the first quarter.

Accompanying Documents

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1. Overview of Operating Results, Etc.

(1) Overview of results of operations

During the first quarter of the fiscal year under review, the Group maintained a good profit structure, despite minor fluctuations in both the domestic and overseas markets as the adjustment phase continued. As a result, revenue stood at ¥25,731 million (up 21.9% year on year), operating profit was ¥5,789 million (up 63.0%) and profit attributable to owners of parent at ¥2,705 million (up 107.4%).

Segment performance is as follows.

- a. In Japan, revenue decreased 21.0%, to ¥6,621 million, and segment profit amounted to ¥186 million compared to segment loss of ¥213 million in the first quarter of the previous fiscal year.
- b. In China, revenue increased 48.7% year on year, to ¥23,557 million, and segment profit grew 72.8% year on year, to ¥5,572 million.
- c. In India, revenue declined 1.3%, to ¥1,009 million, and segment loss came to ¥88 million, compared to segment loss of ¥0 million in the first quarter of the previous fiscal year.
- d. In South Korea, revenue increased 63.1% year on year, to ¥419 million, and segment profit grew 51.5% year on year, to ¥18 million.
- e. In other markets, revenue decreased 47.2% year on year, to ¥84 million, and the segment loss amounted to ¥44 million, compared to a segment loss of ¥15 million in the same period of the previous fiscal year.

Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(2) Overview of financial condition

(i) State of assets, liabilities and net assets

Assets totaled ¥126,409 million at the end of the first quarter under review, increasing ¥8,694 million from the end of the previous fiscal year.

The increase resulted mainly from rises of ¥5,043 million in trade and other receivables, ¥3,749 million in inventories and ¥992 million in property, plant and equipment, despite a fall of ¥1,077 million in cash and cash equivalents.

Liabilities totaled ¥47,911 million at the end of the first quarter under review, increasing ¥2,558 million from the end of the previous fiscal year.

The result was mainly due to increases of ¥1,159 million in trade and other payables, ¥787 million in deferred tax liabilities and income taxes payable of ¥766 million, and a fall of ¥836 million in borrowings.

Equity totaled ¥78,497 million at the end of the first quarter under review, increasing ¥6,135 million from the end of the previous fiscal year.

This was largely due to growth of ¥2,779 million in other components of equity and ¥2,029 million in non-controlling interests. The increase in other components of equity included rises of ¥2,568 million in exchange differences on translation of foreign operations and ¥211 million in financial assets measured at fair value through other comprehensive income.

(ii) State of cash flows during the quarter under review

Cash and cash equivalents at the end of the first quarter of the fiscal year under review decreased ¥1,077 million from the end of the previous fiscal year, to ¥29,417 million.

(Cash flows from operating activities)

Cash generated through operating activities was ¥313 million.

The result principally reflected an increase in cash attributable to profit before tax of ¥6,063 million, which was partly offset by a decrease in cash due to rises of ¥3,113 million in trade and other receivables and ¥2,562 million in inventories, and income taxes paid of ¥1,176 million.

(Cash flows from investing activities)

Cash used for investing activities was ¥454 million.

The cash outflow was primarily attributable to decrease in cash for the purchase of property, plant and equipment of ¥440 million.

(Cash flows from financing activities)

Cash used in financing activities was ¥2,382 million.

The results largely reflected a decrease in cash due to dividends paid of ¥1,141 million, a decrease in short-term borrowings of ¥900 million and purchase of treasury shares of ¥270 million.

(3) Information Relating to Consolidated Business Performance Forecasts

Our consolidated business performance forecasts for the first half and full year of the fiscal year ending March 31, 2025, and our dividend forecast remain unchanged from the initial forecasts (announced on May 14, 2024).

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2024)	Figures at the end of the consolidated first quarter under review (As of June 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	30,495	29,417
Trade and other receivables	27,980	33,024
Other financial assets	142	146
Inventories	32,730	36,480
Other current assets	1,586	1,128
Total current assets	92,935	100,196
Non-current assets		
Property, plant and equipment	16,308	17,300
Right-of-use assets	2,094	2,171
Intangible assets	359	299
Retirement benefit asset	110	108
Other financial assets	5,104	5,417
Deferred tax assets	461	553
Other non-current assets	340	362
Total non-current assets	24,779	26,212
Total assets	117,714	126,409

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2024)	Figures at the end of the consolidated first quarter under review (As of June 30, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	17,546	18,706
Borrowings	16,816	15,980
Other financial liabilities	205	197
Income taxes payable, etc.	1,670	2,436
Provisions	428	432
Contract liabilities	2,481	2,738
Other current liabilities	898	1,307
Total current liabilities	40,047	41,800
Non-current liabilities		
Other financial liabilities	183	177
Retirement benefit liability	903	906
Provisions	5	5
Deferred tax liabilities	3,555	4,343
Other non-current liabilities	655	678
Total non-current liabilities	5,304	6,110
Total liabilities	45,352	47,911
Equity		
Share capital	12,345	12,345
Capital surplus	2,885	2,860
Treasury shares	-3,008	-700
Other components of equity	10,316	13,096
Retained earnings	34,065	33,109
Total equity attributable to owners of parent	56,605	60,711
Non-controlling interests	15,756	17,786
Total equity	72,361	78,497
Total liabilities and net equity	117,714	126,409

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income
(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Million yen)

	Consolidated first quarter previous year (From April 1, 2023 to June 30, 2023)	Consolidated first quarter under review (From April 1, 2024 to June 30, 2024)
Revenue	21,101	25,731
Cost of sales	-15,008	-16,817
Gross profit	6,092	8,914
Selling, general and administrative expenses	-2,856	-3,518
Other income	336	405
Other expenses	-19	-12
Operating profit	3,552	5,789
Finance income	531	372
Finance costs	-82	-98
Profit before tax	4,000	6,063
Income tax expense	-1,957	-2,334
Profit	2,043	3,728
Profit attributable to:		
Owners of parent	1,304	2,705
Non-controlling interests	738	1,022
Profit	2,043	3,728
Earnings per share		
Basic earnings per share (yen)	27.20	57.22
Diluted earnings per share (yen)	26.83	56.44

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	Consolidated first quarter previous year (From April 1, 2023 to June 30, 2023)	Consolidated first quarter under review (From April 1, 2024 to June 30, 2024)
Profit	2,043	3,728
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	382	211
Remeasurement of defined benefit plans	--	--
Total items that will not be reclassified to profit or loss	382	211
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,632	3,571
Total items that may be reclassified to profit or loss	1,632	3,571
Total other comprehensive income	2,014	3,783
Comprehensive income	4,057	7,511
Total comprehensive income attributable to:		
Owners of parent	2,893	5,485
Non-controlling interests	1,163	2,026
Comprehensive income	4,057	7,511

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
 Consolidated first quarter previous year (From April 1, 2023 to June 30, 2023)

(Million yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2023	12,345	3,022	-2,247	4,726	2,161
Profit					
Other comprehensive income				1,206	382
Total comprehensive income	--	--	--	1,206	382
Purchase of treasury shares			-309		
Disposal of treasury shares		-35	74		
Dividends					
Total transactions with owners	--	-35	-234	--	--
Balance As of June 30, 2023	12,345	2,986	-2,481	5,933	2,543

	Equity attributable to owners of parent					Non-controlling interests	Total
	Other components of equity		Retained earnings	Total	Total		
	Remeasurements of defined benefit plans	Total					
Balance as of April 1, 2023	--	6,887	30,945	50,953	13,968	64,922	
Profit		--	1,304	1,304	738	2,043	
Other comprehensive income		1,588		1,588	425	2,014	
Total comprehensive income	--	1,588	1,304	2,893	1,163	4,057	
Purchase of treasury shares		--		-309		-309	
Disposal of treasury shares		--	-33	4		4	
Dividends		--	-1,156	-1,156		-1,156	
Total transactions with owners	--	--	-1,190	-1,460	--	-1,460	
Balance As of June 30, 2023	--	8,476	31,060	52,386	15,132	67,518	

Consolidated first quarter under review (From April 1, 2024 to June 30, 2024)

(Million yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2024	12,345	2,885	-3,008	7,771	2,545
Profit					
Other comprehensive income				2,568	211
Total comprehensive income	--	--	--	2,568	211
Purchase of treasury shares			-270		
Disposal of treasury shares		-52	119		
Cancellation of treasury shares			2,459		
Dividends					
Capital transactions with non-controlling interests		27		0	
Total transactions with owners	--	-25	2,308	0	--
Balance As of June 30, 2024	12,345	2,860	-700	10,339	2,756

	Equity attributable to owners of parent					Non-controlling interests	Total
	Other components of equity		Retained earnings	Total	Total		
	Remeasurements of defined benefit plans	Total					
Balance as of April 1, 2024	--	10,316	34,065	56,605	15,756	72,361	
Profit		--	2,705	2,705	1,022	3,728	
Other comprehensive income		2,779		2,779	1,003	3,783	
Total comprehensive income	--	2,779	2,705	5,485	2,026	7,511	
Purchase of treasury shares		--		-270		-270	
Disposal of treasury shares		--	-62	5		5	
Cancellation of treasury shares		--	-2,459	--		--	
Dividends		--	-1,141	-1,141		-1,141	
Capital transactions with non-controlling interests		0		27	3	30	
Total transactions with owners	--	0	-3,662	-1,379	3	-1,375	
Balance As of June 30, 2024	--	13,096	33,109	60,711	17,786	78,497	

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Consolidated first quarter previous year (From April 1, 2023 to June 30, 2023)	Consolidated first quarter under review (From April 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Profit before tax	4,000	6,063
Depreciation and amortization	508	515
Finance income	-162	-168
Finance costs	44	66
Loss on retirement of fixed assets	1	4
Loss (gain) on sale of fixed assets	-1	0
Government grants income	-312	-379
Insurance claim income	-1	-4
Decrease (increase) in inventories	2,086	-2,562
Decrease (increase) in trade and other receivables	2,448	-3,113
Increase (decrease) in trade and other payables	-3,817	521
Increase (decrease) in contract liabilities	-679	113
Increase or decrease in retirement benefit asset or liability	-4	5
Increase (decrease) in provisions	-29	5
Other	-251	-55
Subtotal	3,830	1,011
Interest and dividends received	152	151
Interest paid	-44	-66
Government grants received	312	379
Insurance received	1	4
Income taxes paid	-974	-1,176
Income taxes refund	26	9
Net cash provided by (used in) operating activities	3,305	313
Cash flows from investing activities		
Purchase of property, plant and equipment	-591	-440
Proceeds from sale of property, plant and equipment	1	0
Purchase of intangible assets	-16	-10
Other	0	-3
Net cash provided by (used in) investing activities	-606	-454
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-1,118	-900
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	-309	-270
Dividends paid	-1,156	-1,141
Repayments of lease obligations	-67	-70
Net cash provided by (used in) financing activities	-2,652	-2,382
Effect of exchange rate changes on cash and cash equivalents	784	1,446
Net increase (decrease) in cash and cash equivalents	830	-1,077
Cash and cash equivalents at beginning of period	25,779	30,495
Cash and cash equivalents at end of period	26,609	29,417

(5) Notes relating to Condensed Quarterly Consolidated Financial Statements

(Notes relating to the going concern assumption)

Not applicable.

(Segment information)

(1) Summary of reportable segments

The Group's reportable segments are its constituent units that disclose financial information separately. They fall under the scope of periodic reviews the Company's Board of Directors performs to determine the distribution of its management resources and to assess its operating results. The Group does not aggregate any of its operating segments.

The Group manufactures and sells machine tools in Japan and abroad. The Group consists of geographic segments based on its manufacturing and sales organizations. The Company's reportable segments are Japan, China, India, South Korea and Other which are the areas where Group companies are located.

(2) Segment revenues and operating results

Amounts of transactions of parts and materials for value with subsidiaries are included in intersegment revenues. Intersegment revenues are based on market prices.

Revenues and operating results of the Group's reportable segments are as follows.

Consolidated first quarter previous year (From April 1, 2023 to June 30, 2023)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	6,305	13,419	1,014	222	138	21,101	--	21,101
Intersegment revenue	2,079	2,423	8	35	22	4,568	-4,568	--
Total	8,385	15,843	1,022	257	160	25,669	-4,568	21,101
Segment profit (loss)	-213	3,224	-0	12	-15	3,006	229	3,236
Other income and expenses, net	--	--	--	--	--	--	--	316
Operating profit	--	--	--	--	--	--	--	3,552
Finance income and costs, net	--	--	--	--	--	--	--	448
Profit before tax	--	--	--	--	--	--	--	4,000

(Notes) 1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. "Adjustment" of segment profit of ¥229 million is the adjustment of unrealized profit., etc.

Consolidated first quarter under review (From April 1, 2024 to June 30, 2024)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	4,007	20,238	1,009	414	62	25,731	--	25,731
Intersegment revenue	2,614	3,319	--	5	21	5,961	-5,961	--
Total	6,621	23,557	1,009	419	84	31,693	-5,961	25,731
Segment profit (loss)	186	5,572	-88	18	-44	5,645	-249	5,396
Other income and expenses, net	--	--	--	--	--	--	--	393
Operating profit	--	--	--	--	--	--	--	5,789
Finance income and costs, net	--	--	--	--	--	--	--	273
Profit before tax	--	--	--	--	--	--	--	6,063

(Notes) 1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. "Adjustment" of segment profit of - ¥249 million is the adjustment of unrealized profit., etc.

3. Supplementary Information

(1) Overseas revenue

(Million yen)

	Consolidated first quarter previous year (From April 1, 2023 to June 30, 2023)	Consolidated first quarter under review (From April 1, 2024 to June 30, 2024)
China	13,363	20,168
Asia	2,302	2,245
America	1,258	1,013
Europe	2,268	578
Overseas revenue	19,192	24,004
Consolidated revenue	21,101	25,731
Ratio of overseas revenue to consolidated net sales (%)	91.0	93.3

(Note) Revenue is categorized by country or region based on the locations of the customers.

(2) Revenue by machinery category

The relationship between the disaggregation of revenue based on major product lines and reportable segments is as follows.

Consolidated first quarter previous year (From April 1, 2023 to June 30, 2023)

(Million yen)

	Reportable segment					Total
	Japan	China	India	South Korea	Other	
Main product lines						
Automatic lathes	5,235	11,441	966	204	114	17,961
Grinding machines	248	866	--	--	--	1,115
Machining centers, rolling machines and specialized machines	152	731	16	--	--	900
Other	670	380	31	17	24	1,124
Total	6,305	13,419	1,014	222	138	21,101

(Note) "Other" in main product lines include components and services.

Consolidated first quarter under review (From April 1, 2024 to June 30, 2024)

(Million yen)

	Reportable segment					Total
	Japan	China	India	South Korea	Other	
Main product lines						
Automatic lathes	2,966	17,698	973	388	39	22,066
Grinding machines	174	1,027	--	--	--	1,202
Machining centers, rolling machines and specialized machines	181	1,005	5	--	--	1,192
Other	684	506	30	25	23	1,270
Total	4,007	20,238	1,009	414	62	25,731

(Note) "Other" in main product lines include components and services.