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Summary of Financial Results for the First Half of the Fiscal Year Ending March 31, 2025

November 13, 2024

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled date of submission of semi-annual securities report: November 13, 2024

Scheduled date of commencement of dividend payments: November 29, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for securities analysts)

Listings: Tokyo Stock Exchange

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

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

1. Consolidated business performance for the First Half of the Fiscal Year Ending March 31, 2025

(From April 1, 2024 to September 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	%
H1 of the fiscal year ending March 31, 2025	49,795	23.6	9,916	66.9	9,856	52.6	6,769	94.8
H1 of the fiscal year ending March 31, 2024	40,294	-16.0	5,941	-31.0	6,458	-26.5	3,474	-40.6
	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Million yen	%	Yen		Yen	
H1 of the fiscal year ending March 31, 2025	4,813	119.6	5,289	-20.8	101.96		100.64	
H1 of the fiscal year ending March 31, 2024	2,191	-48.7	6,679	-22.5	45.73		45.13	

(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 September 30, 2024	118,399	78,766	58,893	49.7(66.5)
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	--	27.00			
Fiscal year ending March 31, 2025 (forecast)			--	27.00	54.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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
Full-year	97,000	15.6	18,500	41.3	8,000	48.8	169.76

(Note) Revision to the financial results forecasts announced most recently: Yes

* Notes

(1) Significant changes in the scope of consolidation during the period: 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 September 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 September 30, 2024 323,796 shares As of March 31, 2024 2,453,628 shares

(iii) Average numbers of shares outstanding during the periods (cumulative from the beginning of the fiscal year):

H1 of FY2024 47,208,510 shares H1 of FY2023 47,925,446 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 3 of the accompanying documents of this summary of financial results for the first half.

Accompanying Documents

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1. Overview of Operating Results, Etc.

(1) Overview of results of operations

During the first half of the fiscal year under review, although some movement has been observed in China and other markets, the overall sense of uncertainty could not be denied. In this situation, the Group steadily promoted its business in each of its locations, and as a result, revenue stood at ¥49,795 million (up 23.6% year on year), a historical high level in the first half, operating profit was ¥9,916 million (up 66.9% year on year), and profit attributable to owners of parent was ¥4,813 million (up 119.6% year on year).

Segment performance is as follows.

- a. In Japan, revenue decreased 5.6%, to ¥15,275 million, and segment profit amounted to ¥113 million compared to segment loss of ¥693 million in the first half of the previous fiscal year.
- b. In China, revenue increased 41.8%, to ¥42,241 million, and segment profit grew 73.1% year on year, to ¥9,642 million.
- c. In India, revenue declined 5.3%, to ¥2,184 million, and segment loss came to ¥127 million, compared to segment loss of ¥22 million in the first half of the previous fiscal year.
- d. In South Korea, revenue increased 13.5% year on year, to ¥875 million, and segment profit grew 11.5% year on year to ¥49 million.
- e. In other markets, revenue decreased 45.0% year on year, to ¥179 million, and the segment loss amounted to ¥74 million, compared to a segment loss of ¥32 million in the first half 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 ¥118,399 million at the end of the first half of the fiscal year under review, increasing ¥684 million from the end of the previous fiscal year.

The increase resulted mainly from decreases of ¥2,906 million in cash and cash equivalents and ¥206 million in other financial assets, despite increases of ¥3,090 million in inventories and ¥779 million in trade and other receivables.

Liabilities totaled ¥39,632 million at the end of the first half of the fiscal year under review, decreasing ¥5,719 million from the end of the previous fiscal year.

The result was mainly due to decreases of ¥3,661 million in borrowings, ¥1,631 million in trade and other payables, ¥622 million in deferred tax liabilities, and ¥612 million in contract liabilities, despite an increase of ¥572 million in income taxes payable, etc.

Equity totaled ¥78,766 million at the end of the first half of the fiscal year under review, increasing ¥6,404 million from the end of the previous fiscal year.

The result was mainly due to recording of profit of ¥6,769 million and an increase of ¥3,850 million in non-controlling interests owing to capital transactions arising from partial sale of shares of subsidiaries and associates held by the Company, despite decreases of ¥1,479 million owing to other comprehensive income and ¥2,127 million owing to dividends.

(ii) State of cash flows during the six months under review

Cash and cash equivalents at the end of the first half of the fiscal year under review decreased ¥2,906 million from the end of the previous fiscal year, to ¥27,588 million

(Cash flows from operating activities)

Cash generated through operating activities was ¥1,808 million.

The result principally reflected an increase in cash attributable to profit before tax of ¥9,856 million and in depreciation and amortization of ¥1,022 million, which was partly offset by an increase in inventories of ¥3,818 million, income taxes paid of ¥3,200 million, and trade and other receivables of ¥1,750 million, as well as a decrease in trade and other payables of ¥1,090 million.

(Cash flows from investing activities)

Cash used in investing activities was ¥1,237 million.

The cash outflow was primarily attributable to a decrease in cash for the purchase of property, plant and equipment of ¥1,203 million.

(Cash flows from financing activities)

Cash used in financing activities was ¥2,929 million.

The results largely reflected an increase in cash due to ¥3,610 million in proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation, which was partly offset by a decrease in short-term borrowings of ¥3,592 million, dividends paid of ¥1,141 million, and payment of dividends to non-controlling interests of ¥986 million.

(3) Information Relating to Consolidated Business Performance Forecasts

Our consolidated business performance forecasts for the full fiscal year ending March 31, 2025 have been revised based on our financial results in the second quarter (first half). For details, please reference our "Notice of Revisions to Business Performance Forecasts and Dividend Forecasts."

Furthermore, regarding our dividend forecast for the fiscal year ending March 31, 2025, based on our full-year business performance forecasts, we have increased our year-end dividend forecast by ¥3 per share to ¥27 per share and revised our annual dividend forecast to ¥54 per share.

(This represents a ¥6 increase from annual dividend forecast of ¥48 per share announced on May 14, 2024.)

2. Condensed Semi-annual Consolidated Financial Statements and Significant Notes

(1) Condensed Semi-annual 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 half under review (As of September 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	30,495	27,588
Trade and other receivables	27,980	28,759
Other financial assets	142	139
Inventories	32,730	35,821
Other current assets	1,586	1,433
Total current assets	92,935	93,741
Non-current assets		
Property, plant and equipment	16,308	16,479
Right-of-use assets	2,094	2,045
Intangible assets	359	245
Retirement benefit asset	110	107
Other financial assets	5,104	4,900
Deferred tax assets	461	549
Other non-current assets	340	327
Total non-current assets	24,779	24,657
Total assets	117,714	118,399

(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 half under review (As of September 30, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	17,546	15,915
Borrowings	16,816	13,155
Other financial liabilities	205	216
Income taxes payable, etc.	1,670	2,243
Provisions	428	437
Contract liabilities	2,481	1,869
Other current liabilities	898	1,126
Total current liabilities	40,047	34,964
Non-current liabilities		
Other financial liabilities	183	184
Retirement benefit liability	903	921
Provisions	5	5
Deferred tax liabilities	3,555	2,933
Other non-current liabilities	655	622
Total non-current liabilities	5,304	4,667
Total liabilities	45,352	39,632
Equity		
Share capital	12,345	12,345
Capital surplus	2,885	3,199
Treasury shares	-3,008	△441
Other components of equity	10,316	8,711
Retained earnings	34,065	35,079
Total equity attributable to owners of parent	56,605	58,893
Non-controlling interests	15,756	19,872
Total equity	72,361	78,766
Total liabilities and net equity	117,714	118,399

(2) Condensed Semi-annual Consolidated Statement of Profit or Loss and Comprehensive Income
(Condensed Semi-annual Consolidated Statement of Profit or Loss)

(Million yen)

	Consolidated first half previous year (From April 1, 2023 to September 30, 2023)	Consolidated first half under review (From April 1, 2024 to September 30, 2024)
Revenue	40,294	49,795
Cost of sales	-29,267	-33,051
Gross profit	11,026	16,744
Selling, general and administrative expenses	-5,805	-7,451
Other income	789	645
Other expenses	-70	-21
Operating profit	5,941	9,916
Finance income	664	254
Finance costs	-148	-314
Profit before tax	6,458	9,856
Income tax expense	-2,983	-3,086
Profit	3,474	6,769
Profit attributable to:		
Owners of parent	2,191	4,813
Non-controlling interests	1,283	1,955
Profit	3,474	6,769
Earnings per share		
Basic earnings per share (yen)	45.73	101.96
Diluted earnings per share (yen)	45.13	100.64

(Condensed Semi-annual Consolidated Statement of Comprehensive Income)

(Million yen)

	Consolidated first half previous year (From April 1, 2023 to September 30, 2023)	Consolidated first half under review (From April 1, 2024 to September 30, 2024)
Profit	3,474	6,769
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	89	-150
Remeasurements of defined benefit plans	--	--
Total items that will not be reclassified to profit or loss	89	-150
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	3,114	-1,329
Total items that may be reclassified to profit or loss	3,114	-1,329
Total other comprehensive income	3,204	-1,479
Comprehensive income	6,679	5,289
Total comprehensive income attributable to:		
Owners of parent	4,491	4,037
Non-controlling interests	2,187	1,251
Comprehensive income	6,679	5,289

(3) Condensed Semi-annual Consolidated Statement of Changes in Equity
 Consolidated first half previous year (From April 1, 2023 to September 30, 2023)

(Million yen)

	Equity attributable to owners of parent			Other components of equity	
	Share capital	Capital surplus	Treasury shares	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				2,209	89
Total comprehensive income	--	--	--	2,209	89
Purchase of treasury shares			-309		
Disposal of treasury shares		-35	172		
Dividends					
Total transactions with owners	--	-35	-136	--	--
Balance As of September 30, 2023	12,345	2,986	-2,383	6,936	2,251

	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		--	2,191	2,191	1,283	3,474	
Other comprehensive income		2,299		2,299	904	3,204	
Total comprehensive income	--	2,299	2,191	4,491	2,187	6,679	
Purchase of treasury shares		--		-309		-309	
Disposal of treasury shares		--	-69	67		67	
Dividends		--	-1,156	-1,156	-825	-1,981	
Total transactions with owners	--	--	-1,225	-1,397	-825	-2,223	
Balance As of September 30, 2023	--	9,187	31,911	54,047	15,330	69,378	

Consolidated first half under review (From April 1, 2024 to September 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				-625	-150
Total comprehensive income	--	--	--	-625	-150
Purchase of treasury shares			-551		
Disposal of treasury shares		-52	659		
Cancellation of treasury shares			2,459		
Dividends					
Transfer to retained earnings					-0
Capital transactions with non-controlling interests		365		-828	
Total transactions with owners	--	313	2,567	-828	-0
Balance As of September 30, 2024	12,345	3,199	-441	6,316	2,394

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of April 1, 2024	--	10,316	34,065	56,605	15,756	72,361
Profit		--	4,813	4,813	1,955	6,769
Other comprehensive income		-775		-775	-704	-1,479
Total comprehensive income	--	-775	4,813	4,037	1,251	5,289
Purchase of treasury shares		--		-551		-551
Disposal of treasury shares		--	-200	406		406
Cancellation of treasury shares		--	-2,459	--		--
Dividends		--	-1,141	-1,141	-986	-2,127
Transfer to retained earnings		-0	0	--		--
Capital transactions with non-controlling interests		-828		-463	3,850	3,387
Total transactions with owners	--	-829	-3,800	-1,749	2,864	1,114
Balance As of September 30, 2024	--	8,711	35,079	58,893	19,872	78,766

(4) Condensed Semi-annual Consolidated Statement of Cash Flows

(Million yen)

	Consolidated first half previous year (From April 1, 2023 to September 30, 2023)	Consolidated first half under review (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before tax	6,458	9,856
Depreciation and amortization	1,017	1,022
Impairment losses and reversal of impairment losses (profits)	-93	--
Finance income	-398	-254
Finance costs	90	125
Loss on retirement of fixed assets	2	4
Government grants income	-630	-598
Insurance claim income	-1	-4
Decrease (increase) in inventories	4,915	-3,818
Decrease (increase) in trade and other receivables	3,110	-1,750
Increase (decrease) in trade and other payables	-6,641	-1,090
Increase (decrease) in contract liabilities	-355	-570
Increase or decrease in retirement benefit asset or liability	6	20
Increase (decrease) in provisions	-57	30
Other	-228	841
Subtotal	7,194	3,814
Interest and dividends received	387	237
Interest paid	-90	-125
Government grants received	630	598
Insurance received	1	4
Income taxes paid	-2,445	-3,200
Income taxes refund	612	479
Net cash provided by (used in) operating activities	6,290	1,808
Cash flows from investing activities		
Payments into time deposits	-20	-20
Proceeds from withdrawal of time deposits	20	20
Purchase of property, plant and equipment	-1,314	-1,203
Proceeds from sale of property, plant and equipment	7	6
Purchase of intangible assets	-22	-41
Purchase of investment securities	-1	-1
Payments for investments in capital	-19	--
Other	-1	1
Net cash provided by (used in) investing activities	-1,351	-1,237
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-576	-3,592
Payments for acquisition of interests in subsidiaries from non-controlling interests	--	-131
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	-309	-551
Dividends paid	-1,156	-1,141
Payment of dividends to non-controlling interests	-825	-986
Repayments of lease obligations	-141	-137
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	--	3,610
Net cash provided by (used in) financing activities	-3,009	-2,929
Effect of exchange rate changes on cash and cash equivalents	1,574	-548
Net increase (decrease) in cash and cash equivalents	3,505	-2,906
Cash and cash equivalents at beginning of period	25,779	30,495
Cash and cash equivalents at end of period	29,284	27,588

(5) Notes relating to Condensed Semi-annual 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 half previous year (From April 1, 2023 to September 30, 2023)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	11,885	25,103	2,297	735	271	40,294	--	40,294
Intersegment revenue	4,304	4,694	8	35	53	9,097	-9,097	--
Total	16,190	29,798	2,305	771	325	49,391	-9,097	40,294
Segment profit (loss)	-693	5,569	-22	44	-32	4,865	356	5,221
Other income and expenses, net	--	--	--	--	--	--	--	719
Operating profit	--	--	--	--	--	--	--	5,941
Finance income and costs, net	--	--	--	--	--	--	--	516
Profit before tax	--	--	--	--	--	--	--	6,458

(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 ¥356 million is the adjustment of unrealized profit, etc.

Consolidated first half under review (From April 1, 2024 to September 30, 2024)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	10,353	36,253	2,184	869	134	49,795	--	49,795
Intersegment revenue	4,922	5,988	--	6	44	10,961	-10,961	--
Total	15,275	42,241	2,184	875	179	60,757	-10,961	49,795
Segment profit (loss)	113	9,642	-127	49	-74	9,603	-309	9,293
Other income and expenses, net	--	--	--	--	--	--	--	623
Operating profit	--	--	--	--	--	--	--	9,916
Finance income and costs, net	--	--	--	--	--	--	--	-60
Profit before tax	--	--	--	--	--	--	--	9,856

(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 - ¥309 million is the adjustment of unrealized profit, etc.

3. Supplementary Information

(1) Overseas revenue

(Million yen)

	Consolidated first half previous year (From April 1, 2023 to September 30, 2023)	Consolidated first half under review (From April 1, 2024 to September 30, 2024)
China	25,152	36,001
Asia	5,114	5,251
America	2,548	2,300
Europe	3,667	2,368
Overseas revenue	36,482	45,921
Consolidated revenue	40,294	49,795
Ratio of overseas revenue to consolidated net sales (%)	90.5	92.2

(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 main product lines and reportable segments is as follows.

Consolidated first half previous year (From April 1, 2023 to September 30, 2023)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	9,512	21,230	2,218	695	208	33,866
Grinding machines	467	1,546	--	--	--	2,014
Machining centers, rolling machines and specialized machines	601	1,608	16	--	--	2,226
Other	1,303	717	62	39	63	2,187
Total	11,885	25,103	2,297	735	271	40,294

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

Consolidated first half under review (From April 1, 2024 to September 30, 2024)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	7,975	31,575	2,104	753	74	42,484
Grinding machines	298	1,760	--	--	--	2,059
Machining centers, rolling machines and specialized machines	751	1,906	5	--	--	2,663
Other	1,327	1,010	74	116	60	2,588
Total	10,353	36,253	2,184	869	134	49,795

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