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Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under IFRS)

July 30, 2025

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled date of commencement of dividend payments: --

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

Listings: Tokyo Stock Exchange

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

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative totals)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2025	31,787	23.5	8,678	49.9	8,547	41.0	6,265	68.0
June 30, 2024	25,731	21.9	5,789	63.0	6,063	51.5	3,728	82.5

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Three months ended						
June 30, 2025	4,212	55.7	4,949	-34.1	90.12	88.98
June 30, 2024	2,705	107.4	7,511	85.1	57.22	56.44

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of				
June 30, 2025	127,291	86,347	64,146	50.4(67.8)
March 31, 2025	127,306	84,114	62,897	49.4(66.1)

(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

	Annual Dividends per share				
	End of First quarter	End of Second quarter	End of Third quarter	End of Fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	--	27.00	--	32.00	59.00
Fiscal year ending March 31, 2026	--				
Fiscal year ending March 31, 2026 (forecast)		32.00	--	32.00	64.00

(Note) Revisions to the forecast for dividends announced most recently: None

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2026
(from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2025	54,000	8.4	10,500	5.9	4,500	-6.5	96.16
Fiscal year ending March 31, 2026	104,000	-3.2	19,500	-16.3	8,600	-21.1	183.78

(Note) Revisions to the financial results forecasts announced most recently: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS : None
- (ii) Changes in accounting policies due to other reasons : None
- (iii) Changes in accounting estimates : None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares):
As of June 30, 2025 48,000,000 shares As of March 31, 2025 48,000,000 share
- (ii) Number of treasury shares at the end of the period:
As of June 30, 2025 809,478 shares As of March 31, 2025 602,760 shares
- (iii) Average number of shares outstanding during the periods (quarterly consolidated accumulation periods) :
Three months ended June 30, 2025 46,745,099 shares Three months ended June 30, 2024 47,283,214 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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

(Forward-looking statements)

Forward-looking statements such as financial results forecasts shown in this document are based on information currently available to the Company and certain assumptions that the Company deems to be rational. These statements are not guarantees of future performance. Actual performance may differ materially from these statements due to a range of factors. For assumptions regarding financial results forecasts and notes on the use of financial results forecasts, please refer to [1. Overview of Operating Results, Etc. (3) Explanation of consolidated financial results forecasts and other forward-looking statements] on page 2 of the accompanying documents of this Consolidated Financial Results for the Three Months Ended June 30, 2025.

Accompanying Documents

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1. Overview of Operating Results, Etc.

(1) Overview of results of operations

During the three months under review, although some movement was 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 ¥31,787 million (up 23.5% year on year), operating profit was ¥8,678 million (up 49.9% year on year), and profit attributable to owners of parent was ¥4,212 million (up 55.7% year on year), with both revenue and profit reaching historically high levels.

Segment performance is as follows.

- a. In Japan, revenue decreased 0.4% year on year, to ¥6,597 million, and segment profit grew 197.5% year on year, to ¥554 million.
- b. In China, revenue increased 14.1% year on year, to ¥26,882 million, and segment profit grew 38.1% year on year, to ¥7,697 million.
- c. In India, revenue increased 14.7% year on year, to ¥1,157 million, and segment loss came to ¥45 million, compared to segment loss of ¥88 million in the same period of the previous fiscal year.
- d. In South Korea, revenue decreased 4.3% year on year, to ¥401 million, and segment profit grew 16.6% year on year, to ¥21 million.
- e. In other markets, revenue increased 42.9% year on year, to ¥121 million, and the segment loss amounted to ¥14 million, compared to a segment loss of ¥44 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 ¥127,291 million at the end of the three months under review, a decrease of ¥15 million from the end of the previous fiscal year.

The result was mainly due to decreases of ¥898 million in other financial assets and ¥607 million in inventories, despite increases of ¥1,393 million in cash and cash equivalents and ¥253 million in right-of-use assets.

Liabilities totaled ¥40,943 million at the end of the three months under review, a decrease of ¥2,248 million from the end of the previous fiscal year.

The result was mainly due to decreases of ¥2,054 million in contract liabilities, ¥232 million in income taxes payable, etc. and ¥222 million in borrowings, despite an increase of ¥249 million in other current liabilities.

Equity totaled ¥86,347 million at the end of the three months under review, an increase of ¥2,232 million from the end of the previous fiscal year.

The result was mainly due to the recording of ¥6,265 million in profit, despite decreases of ¥1,316 million in other comprehensive income, ¥1,516 million in dividends, ¥823 million in non-controlling interest resulting from capital transactions, and ¥380 million in purchase of treasury shares.

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

Cash and cash equivalents at the end of the period increased ¥1,393 million from the end of the previous fiscal year, to ¥29,122 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥5,674 million.

The result principally reflected profit before tax of ¥8,547 million, depreciation and amortization of ¥528 million and an increase in trade and other payables of ¥347 million, which was partly offset by income taxes paid of ¥2,315 million and decrease in contract liabilities of ¥1,962 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥704 million.

The cash outflow was primarily attributable to a decrease in cash for the purchase of property, plant and equipment of ¥416 million and acquisition of right-of-use assets of ¥294 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,072 million.

The results largely reflected a decrease in cash due to dividends paid of ¥1,516 million, payments for acquisition of interests in subsidiaries from non-controlling interests of ¥922 million, and purchase of treasury shares of ¥381 million.

(3) Explanation of consolidated financial results forecasts and other forward-looking statements

While current business performance remains stable, there is evident uncertainty in the overall market. As a result, the consolidated financial results forecasts for the six months ending September 30, 2025 and the fiscal year ending March 31, 2026, and the dividend forecast remain unchanged from the initial forecasts (announced on May 13, 2025). If modifications are necessary, the Company will announce them promptly.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and cash equivalents	27,729	29,122
Trade and other receivables	40,695	40,885
Other financial assets	80	59
Inventories	32,629	32,022
Other current assets	1,663	764
Total current assets	102,799	102,855
Non-current assets		
Property, plant and equipment	16,540	16,201
Right-of-use assets	1,999	2,252
Intangible assets	166	153
Retirement benefit asset	0	--
Other financial assets	4,859	4,859
Deferred tax assets	619	648
Other non-current assets	322	320
Total non-current assets	24,507	24,435
Total assets	127,306	127,291

(Million yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	17,649	17,512
Borrowings	11,524	11,302
Other financial liabilities	199	203
Income taxes payable, etc.	3,414	3,182
Provisions	469	496
Contract liabilities	4,069	2,015
Other current liabilities	988	1,238
Total current liabilities	38,317	35,951
Non-current liabilities		
Other financial liabilities	163	163
Retirement benefit liability	967	964
Provisions	5	5
Deferred tax liabilities	3,123	3,263
Other non-current liabilities	614	595
Total non-current liabilities	4,874	4,992
Total liabilities	43,192	40,943
Equity		
Share capital	12,345	12,345
Capital surplus	2,878	2,648
Treasury shares	-861	-1,242
Other components of equity	8,712	7,872
Retained earnings	39,822	42,523
Total equity attributable to owners of parent	62,897	64,146
Non-controlling interests	21,217	22,200
Total equity	84,114	86,347
Total liabilities and equity	127,306	127,291

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

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Revenue	25,731	31,787
Cost of sales	-16,817	-20,046
Gross profit	8,914	11,741
Selling, general and administrative expenses	-3,518	-3,442
Other income	405	410
Other expenses	-12	-30
Operating profit	5,789	8,678
Finance income	372	173
Finance costs	-98	-303
Profit before tax	6,063	8,547
Income tax expense	-2,334	-2,281
Profit	3,728	6,265
Profit attributable to:		
Owners of parent	2,705	4,212
Non-controlling interests	1,022	2,053
Profit	3,728	6,265
Earnings per share		
Basic earnings per share (yen)	57.22	90.12
Diluted earnings per share (yen)	56.44	88.98

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	3,728	6,265
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	211	0
Remeasurements of defined benefit plans	--	--
Total of items that will not be reclassified to profit or loss	211	0
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	3,571	-1,317
Total of items that may be reclassified to profit or loss	3,571	-1,317
Total other comprehensive income	3,783	-1,316
Comprehensive income	7,511	4,949
Comprehensive income attributable to:		
Owners of parent	5,485	3,334
Non-controlling interests	2,026	1,615
Comprehensive income	7,511	4,949

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
Three months ended June 30, 2024 (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					
	Other components of equity				Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings	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

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(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, 2025	12,345	2,878	-861	6,372	2,339
Profit					
Other comprehensive income				-879	0
Total comprehensive income	--	--	--	-879	0
Purchase of treasury shares			-380		
Disposal of treasury shares					
Dividends					
Capital transactions with non-controlling interests		-230		38	
Total transactions with owners	--	-230	-380	38	--
Balance As of June 30, 2025	12,345	2,648	-1,242	5,531	2,340

	Equity attributable to owners of parent					Non-controlling interests	Total
	Other components of equity						
	Remeasurements of defined benefit plans	Total	Retained earnings	Total			
Balance as of April 1, 2025	--	8,712	39,822	62,897	21,217	84,114	
Profit		--	4,212	4,212	2,053	6,265	
Other comprehensive income		-878		-878	-438	-1,316	
Total comprehensive income	--	-878	4,212	3,334	1,615	4,949	
Purchase of treasury shares		--		-380		-380	
Disposal of treasury shares		--	4	4		4	
Dividends		--	-1,516	-1,516		-1,516	
Capital transactions with non-controlling interests		38		-191	-631	-823	
Total transactions with owners	--	38	-1,512	-2,084	-631	-2,716	
Balance As of June 30, 2025	--	7,872	42,523	64,146	22,200	86,347	

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Profit before tax	6,063	8,547
Depreciation and amortization	515	528
Finance income	-168	-173
Finance costs	66	52
Loss on retirement of fixed assets	4	20
Loss (gain) on sale of fixed assets	0	-7
Government grant income	-379	-308
Insurance claim income	-4	-3
Decrease (increase) in inventories	-2,562	157
Decrease (increase) in trade and other receivables	-3,113	43
Increase (decrease) in trade and other payables	521	347
Increase (decrease) in contract liabilities	113	-1,962
Increase or decrease in retirement benefit asset or liability	5	-2
Increase (decrease) in provisions	5	27
Other	-55	302
Subtotal	1,011	7,567
Interest and dividends received	151	162
Interest paid	-66	-52
Government grant received	379	308
Insurance received	4	3
Income taxes paid	-1,176	-2,315
Income taxes refund	9	0
Net cash provided by (used in) operating activities	313	5,674
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	--	20
Purchase of property, plant and equipment	-440	-416
Proceeds from sale of property, plant and equipment	0	10
Payments for retirement of property, plant and equipment	--	-14
Purchase of intangible assets	-10	-6
Purchase of right-of-use assets	--	-294
Other	-3	-2
Net cash provided by (used in) investing activities	-454	-704
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-900	-187
Payments for acquisition of interests in subsidiaries from non-controlling interests	--	-922
Proceeds from sale of treasury shares	0	--
Purchase of treasury shares	-270	-381
Dividends paid	-1,141	-1,516
Repayments of lease obligations	-70	-64
Net cash provided by (used in) financing activities	-2,382	-3,072
Effect of exchange rate changes on cash and cash equivalents	1,446	-503
Net increase (decrease) in cash and cash equivalents	-1,077	1,393
Cash and cash equivalents at the beginning of period	30,495	27,729
Cash and cash equivalents at the end of period	29,417	29,122

(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.

Three months ended June 30, 2024 (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.

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	4,471	25,665	1,157	400	92	31,787	--	31,787
Intersegment revenue	2,126	1,216	--	1	29	3,373	-3,373	--
Total	6,597	26,882	1,157	401	121	35,160	-3,373	31,787
Segment profit (loss)	554	7,697	-45	21	-14	8,213	85	8,298
Other income and expenses, net	--	--	--	--	--	--	--	379
Operating profit	--	--	--	--	--	--	--	8,678
Finance income and costs, net	--	--	--	--	--	--	--	-130
Profit before tax	--	--	--	--	--	--	--	8,547

(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 ¥85 million is the adjustment of unrealized profit., etc.

3. Supplementary Information

(1) Overseas revenue

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
China	20,168	25,644
Asia	2,245	2,415
America	1,013	1,245
Europe	578	1,004
Overseas revenue	24,004	30,310
Consolidated revenue	25,731	31,787
Ratio of overseas revenue to consolidated revenue (%)	93.3	95.4

(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.

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	2,966	17,698	973	388	39	22,066
Grinding machines	174	1,027	--	--	--	1,202
Machining centers, thread and form 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.

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	3,535	21,763	1,077	342	54	26,773
Grinding machines	53	1,290	--	33	--	1,377
Machining centers, thread and form rolling machines, and specialized machines	211	1,883	32	--	--	2,127
Other	671	728	47	24	37	1,509
Total	4,471	25,665	1,157	400	92	31,787

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