

## Summary of Financial Results for the First Quarter of the Fiscal year ending March 31, 2024

July 31, 2023

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: None

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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, 2024

(From April 1, 2023 to June 30, 2023)

## (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	%
Q1 of the fiscal year ending March 31, 2024	21,101	-17.4	3,552	-32.8	4,000	-26.4	2,043	-43.6
Q1 of the fiscal year ended March 31, 2023	25,536	6.2	5,285	4.0	5,436	7.7	3,623	4.1

  

	Profit attributable to owners of parent		Total comprehensive income for the quarter		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Q1 of the fiscal year ending March 31, 2024	1,304	-51.8	4,057	-36.9	27.20	26.83
Q1 of the fiscal year ended March 31, 2023	2,707	0.9	6,426	64.8	56.07	54.94

## (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	%
Q1 of the fiscal year ending March 31, 2024	111,185	67,518	52,386	47.1 (60.7)
Fiscal year ended March 31, 2023	112,364	64,922	50,953	45.3 (57.8)

(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, 2023	--	22.00	--	24.00	46.00
Fiscal year ending March 31, 2024	--				
Fiscal year ending March 31, 2024 (forecast)		24.00	--	24.00	48.00

(Note) Revision of dividend forecasts for the quarter under review: None

## 3. Consolidated business performance forecasts for the fiscal year ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

(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
First half	45,500	-5.1	7,500	-12.8	3,300	-22.7	68.50
Full-year	91,000	-4.2	15,000	-10.5	6,600	-14.2	137.00

(Note) Revision of consolidated business performance forecasts for the quarter under review: None

\* Notes

(1) Important changes in subsidiaries during the quarter under review (changes in specified subsidiaries that caused the scope of consolidation to change): None

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

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policy other than those stated in item (i) above: None

(iii) Changes in accounting estimates: None

(3) Numbers of outstanding shares (common shares)

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

As of June 2023	50,000,000 shares	As of March 2023	50,000,000 shares
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(ii) Numbers of treasury shares at the end of the terms:

As of June 2023	2,000,098 shares	As of March 2023	1,824,788 shares
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(iii) Average numbers of shares outstanding during the periods (quarterly consolidated accumulation periods):

Q1 of FY2023	47,965,266 shares	Q1 of FY2022	48,295,394 shares
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\* This quarterly financial summary falls outside the scope of quarterly reviews.

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

The forward-looking statements, including business forecasts, included in this document are based on information available on the date of announcement and certain assumptions we consider reasonable. 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. Qualitative Information Relating to Consolidated Quarterly 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. Qualitative Information Relating to Consolidated Quarterly Results, Etc.

### (1) Information Relating to Consolidated Operating Results

In the first quarter of the fiscal year under review, the Group posted revenue of ¥21,101 million (down 17.4% year on year), operating profit of ¥3,552 million (down 32.8% year on year) and profit attributable to owners of parent of ¥1,304 million (down 51.8% year on year), reflecting the continuous adjustment in the Chinese market, but maintained a strong profit structure.

Segment performance is as follows.

- a. In Japan, revenue increased 1.3%, to ¥8,385 million, and segment loss amounted to ¥213 million compared to segment profit of ¥515 million in the first quarter of the previous fiscal year.
- b. In China, revenue decreased 32.6%, to ¥15,843 million, and segment profit decreased 29.5%, to ¥3,224 million.
- c. In India, revenue climbed 16.4% year on year, to ¥1,022 million, and segment loss was ¥0 million compared to a segment profit of ¥0 million in the same period of the previous fiscal year.
- d. In South Korea, revenue decreased 45.5%, to ¥257 million, and segment profit decreased 49.8%, to ¥12 million.
- e. Revenue in "Other" decreased 2.3%, to ¥160 million, and the segment loss came to ¥15 million (compared to a segment profit of ¥9 million in the same period of the previous fiscal year).

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

### (2) Information Relating to the Consolidated Financial Position

#### (i) State of assets, liabilities and net assets

Assets totaled ¥111,185 million at the end of the first quarter under review, decreasing ¥1,179 million from the end of the previous fiscal year.

The decrease resulted mainly from falls of ¥1,354 million in inventories and ¥1,748 million in other current assets, despite rises of ¥830 million in cash and cash equivalents and ¥707 million in property, plant and equipment.

Liabilities totaled ¥43,666 million at the end of the first quarter under review, decreasing ¥3,775 million from the end of the previous fiscal year.

The result was chiefly attributable to a fall of ¥3,753 million in trade and other payables, and ¥1,118 million in borrowings, which more than offset an increase of ¥1,262 million in deferred tax assets.

Equity totaled ¥67,518 million at the end of the first quarter under review, rising ¥2,596 million from the end of the previous fiscal year.

This was largely due to growth of ¥1,588 million in other components of equity and ¥1,163 million in non-controlling interests. The increase in other components of equity included rises of ¥1,206 million in exchange differences on translation of foreign operations and ¥382 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 increased ¥830 million from the end of the previous fiscal year, to ¥26,609 million.

(Cash flows from operating activities)

Cash generated through operating activities was ¥3,305 million.

The result principally reflected an increase in cash due to profit before tax of ¥4,000 million, a decrease in trade and other receivables of ¥2,448 million and a decrease in inventories of ¥2,086 million, offsetting a decrease in cash attributable to a decrease in trade and other payables of ¥3,817 million and income taxes paid of ¥974 million.

(Cash flows from investing activities)

Cash used for investing activities was ¥606 million.

The cash outflow was primarily attributable to decrease in cash for the purchase of property, plant and equipment of ¥591 million.

(Cash flows from financing activities)

Cash used in financing activities was ¥2,652 million.

The results largely reflected a decrease in cash due to dividends paid of ¥1,156 million, a decrease in short-term borrowings of ¥1,118 million and purchase of treasury shares of ¥309 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, 2024, and our dividend forecast remain unchanged from the initial forecasts (announced on May 11, 2023).

## 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, 2023)	Figures at the end of the consolidated first quarter under review (As of June 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	25,779	26,609
Trade and other receivables	23,117	22,949
Other financial assets	30	30
Inventories	38,500	37,146
Other current assets	2,943	1,195
Total current assets	90,370	87,930
Non-current assets		
Property, plant and equipment	14,154	14,861
Right-of-use assets	1,957	2,031
Intangible assets	615	555
Retirement benefit asset	17	14
Other financial assets	4,569	5,114
Deferred tax assets	455	434
Other non-current assets	225	242
Total non-current assets	21,994	23,254
Total assets	112,364	111,185

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2023)	Figures at the end of the consolidated first quarter under review (As of June 30, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	20,384	16,631
Borrowings	17,698	16,579
Other financial liabilities	196	202
Income taxes payable	1,447	1,518
Provisions	503	480
Contract liabilities	2,721	2,104
Other current liabilities	737	1,107
Total current liabilities	43,689	38,624
Non-current liabilities		
Other financial liabilities	145	160
Retirement benefit liability	918	911
Provisions	5	5
Deferred tax liabilities	2,123	3,385
Other non-current liabilities	559	579
Total non-current liabilities	3,752	5,042
Total liabilities	47,442	43,666
Equity		
Share capital	12,345	12,345
Capital surplus	3,022	2,986
Treasury shares	-2,247	-2,481
Other components of equity	6,887	8,476
Retained earnings	30,945	31,060
Equity attributable to owners of parent	50,953	52,386
Non-controlling interests	13,968	15,132
Total equity	64,922	67,518
Total liabilities and net equity	112,364	111,185

(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, 2022 to June 30, 2022)	Consolidated first quarter under review (From April 1, 2023 to June 30, 2023)
Revenue	25,536	21,101
Cost of sales	-17,977	-15,008
Gross profit	7,559	6,092
Selling, general and administrative expenses	-2,773	-2,856
Other income	514	336
Other expenses	-14	-19
Operating profit	5,285	3,552
Finance income	215	531
Finance costs	-65	-82
Profit before tax	5,436	4,000
Income tax expense	-1,813	-1,957
Profit	3,623	2,043
Profit for the year attributable to:		
Owners of parent	2,707	1,304
Non-controlling interests	915	738
Profit	3,623	2,043
Earnings per share		
Basic earnings per share (yen)	56.07	27.20
Diluted earnings per share (yen)	54.94	26.83

## (Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	Consolidated first quarter previous year (From April 1, 2022 to June 30, 2022)	Consolidated first quarter under review (From April 1, 2023 to June 30, 2023)
Profit	3,623	2,043
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	18	382
Remeasurement of defined benefit pension plans	—	—
Total items that will not be reclassified to profit or loss	18	382
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,784	1,632
Total items that may be reclassified to profit or loss	2,784	1,632
Total other comprehensive income	2,802	2,014
Comprehensive income	6,426	4,057
Total comprehensive income for the year attributable to:		
Owners of parent	4,720	2,893
Non-controlling interests	1,705	1,163
Comprehensive income	6,426	4,057



## (3) Condensed Quarterly Consolidated Statement of Changes in Equity

(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, 2022	12,345	3,222	-2,040	4,383	1,872
Profit					
Other comprehensive income				1,994	18
Total comprehensive income for the quarter	--	--	--	1,994	18
Purchase of treasury shares			-620		
Disposal of treasury shares		-200	595		
Dividends					
Share-based payment transactions	--	-200	-24	--	--
Balance As of June 30, 2022	12,345	3,022	-2,065	6,378	1,890

	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, 2022	--	6,256	25,795	45,580	12,260	57,840	
Profit		--	2,707	2,707	915	3,623	
Other comprehensive income		2,013		2,013	789	2,802	
Total comprehensive income for the quarter	--	2,013	2,707	4,720	1,705	6,426	
Purchase of treasury shares		--		-620		-620	
Disposal of treasury shares		--	-391	3		3	
Dividends		--	-1,064	-1,064		-1,064	
Share-based payment transactions	--	--	-1,455	-1,681	--	-1,681	
Balance As of June 30, 2022	--	8,269	27,047	48,619	13,965	62,585	

(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 for the quarter	--	--	--	1,206	382
Purchase of treasury shares			-309		
Disposal of treasury shares		-35	74		
Dividends					
Share-based payment transactions	--	-35	-234	--	--
Balance As of June 30, 2023	12,345	2,986	-2,481	5,933	2,543

	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, 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 for the quarter	--	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
Share-based payment transactions	--	--	-1,190	-1,460	--	-1,460
Balance As of June 30, 2023	--	8,476	31,060	52,386	15,132	67,518

## (4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Consolidated first quarter previous year (From April 1, 2022 to June 30, 2022)	Consolidated first quarter under review (From April 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Profit before tax	5,436	4,000
Depreciation and amortization	526	508
Finance income	-113	-162
Finance costs	33	44
Loss on retirement of fixed assets	5	1
Loss (gain) on sale of fixed assets	-0	-1
Government grant income	-464	-312
Insurance claim income	-2	-1
Decrease (increase) in inventories	-3,342	2,086
Decrease (increase) in trade and other receivables	2,734	2,448
Increase (decrease) in trade and other payables	2,378	-3,817
Increase (decrease) in contract liabilities	-1,538	-679
Increase or decrease in retirement benefit asset or liability	16	-4
Increase (decrease) in provisions	-3	-29
Other	-153	-251
Subtotal	5,511	3,830
Interest and dividends received	103	152
Interest paid	-33	-44
Proceeds from subsidy income	464	312
Insurance received	2	1
Income taxes paid	-1,017	-974
Income taxes refund	44	26
Net cash provided by (used in) operating activities	5,076	3,305
Cash flows from investing activities		
Purchase of property, plant and equipment	-177	-591
Proceeds from sale of property, plant and equipment	0	1
Purchase of intangible assets	-2	-16
Other	-3	0
Net cash provided by (used in) investing activities	-184	-606
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-761	-1,118
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	-621	-309
Dividends paid	-1,064	-1,156
Repayments of lease obligations	-80	-67
Net cash provided by (used in) financing activities	-2,527	-2,652
Effect of exchange rate changes on cash and cash equivalents	959	784
Net increase (decrease) in cash and cash equivalents	3,323	830
Cash and cash equivalents at the beginning of the term	18,844	25,779
Cash and cash equivalents at the end of the term	22,168	26,609

## (5) Notes relating to Condensed Quarterly Consolidated Financial Statements

(Notes relating to the going concern assumption)

No corresponding item exists.

## (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 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 inter-segment revenues. Inter-segment 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, 2022 to June 30, 2022)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	5,308	18,744	878	470	134	25,536	--	25,536
Intersegment revenue	2,970	4,769	--	1	30	7,772	-7,772	--
Total	8,278	23,514	878	471	164	33,308	-7,772	25,536
Segment profit	515	4,572	0	24	9	5,122	-336	4,786
Other income and expenses, net	--	--	--	--	--	--	--	499
Operating profit	--	--	--	--	--	--	--	5,285
Finance income and expenses, net	--	--	--	--	--	--	--	150
Profit before tax	--	--	--	--	--	--	--	5,436

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

2. "Adjustment" of segment income of ¥-336 million is the adjustment of unrealized income.

Consolidated first quarter under review (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	-213	3,224	-0	12	-15	3,006	229	3,236
Other income and expenses, net	--	--	--	--	--	--	--	316
Operating profit	--	--	--	--	--	--	--	3,552
Finance income and expenses, 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 sales revenue.

2. "Adjustment" of segment income of ¥229 million is the adjustment of unrealized income.

## 3. Supplementary Information

## (1) Overseas revenue

(Million yen)

	Consolidated first quarter previous year (From April 1, 2022 to June 30, 2022)	Consolidated first quarter under review (From April 1, 2023 to June 30, 2023)
China	18,564	13,363
Asia	2,537	2,302
America	1,134	1,258
Europe	1,389	2,268
Overseas revenue	23,626	19,192
Consolidated revenue	25,536	21,101
Ratio of overseas revenue to consolidated net sales (%)	92.5	91.0

(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, 2022 to June 30, 2022)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	4,372	16,251	842	449	104	22,019
Grinding machines	71	751	10	--	--	833
Machining centers, rolling machines and specialized machines	210	1,223	--	--	--	1,434
Other	653	518	26	20	29	1,248
Total	5,308	18,744	878	470	134	25,536

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

Consolidated first quarter under review (From April 1, 2023 to June 30, 2023)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
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.