

## Summary of Financial Results for the First Half of the Fiscal Year Ending March 31, 2024

November 10, 2023

TSUGAMI CORPORATION

Stock code: 6101

Representative: Kenji Yoneyama, Representative Director

Contact: Tomohiro Yamaguchi, Executive Officer, Accounting

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Quarterly results supplementary briefing materials to be created: Yes

Quarterly results investors meeting to be held: Yes (for institutional investors and analysts)

Listings: Tokyo Stock Exchange

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

Tel: +81-3-3808-1711

(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, 2024

(From April 1, 2023 to September 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	%
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
H1 of the fiscal year ending March 31, 2023	47,965	-2.5	8,604	-20.4	8,786	-18.0	5,850	-18.9

  

	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
H1 of the fiscal year ending March 31, 2024	2,191	-48.7	6,679	-22.5	45.73	45.13
H1 of the fiscal year ending March 31, 2023	4,270	-21.6	8,618	6.6	88.31	86.95

## (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, 2023	111,443	69,378	54,047	48.5(62.3)
As of 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	--	24.00			
Fiscal year ending March 31, 2024 (forecast)			--	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, 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
Full-year	82,000	-13.7	13,400	-20.0	4,800	-37.6	100.21

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

\* 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: 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 terms (including treasury stock):			
As of September 2023	50,000,000 shares	As of March 2023	50,000,000 shares
(ii) Numbers of treasury shares at the end of the terms:			
As of September 2023	1,920,748 shares	As of March 2023	1,824,788 shares
(iii) Average numbers of shares outstanding during the periods (quarterly consolidated accumulation periods):			
H1 of FY2023	47,925,446 shares	H1 of FY2022	48,359,914 shares

\* 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 half.

## 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 half of the fiscal year under review, the Group posted revenue of ¥40,294 million (down 16.0% year on year), operating profit of ¥5,941 million (down 31.0%) and profit attributable to owners of parent of ¥2,191 million (down 48.7%), mainly reflecting an overall adjustment phase that included the Chinese market, despite the unchanged profit structure.

Segment performance is as follows.

- a. In Japan, revenue decreased 6.1%, to ¥16,190 million, and segment loss amounted to ¥693 million compared to segment profit of ¥519 million in the first nine months of the previous fiscal year.
- b. In China, revenue decreased 32.0%, to ¥29,798 million, and segment profit decreased 29.1%, to ¥5,569 million.
- c. In India, revenue climbed 6.7% year on year, to ¥2,305 million, and segment loss was ¥22 million compared to a segment profit of ¥1 million in the same period of the previous fiscal year.
- d. In South Korea, revenue increased 5.8% year on year, to ¥771 million, and segment profit grew 87.0% year on year, to ¥44 million.
- e. Revenue in "Other" decreased 36.3%, to ¥325 million, and the segment loss came to ¥32 million (compared to a segment profit of ¥62 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 ¥111,443 million at the end of the first half under review, decreasing ¥920 million from the end of the previous fiscal year.

The decrease resulted mainly from falls of ¥980 million in trade and other receivables, ¥3,651 million in inventories and ¥1,500 million in other current assets, despite rises of ¥3,505 million in cash and cash equivalents and ¥1,508 million in property, plant and equipment.

Liabilities totaled ¥42,065 million at the end of the first half under review, decreasing ¥5,376 million from the end of the previous fiscal year.

The result was chiefly attributable to a fall of ¥6,029 million in trade and other payables, which more than offset an increase of ¥1,072 million in deferred tax assets.

Equity totaled ¥69,378 million at the end of the first half under review, increasing ¥4,455 million from the end of the previous fiscal year.

This was largely due to growth of ¥2,299 million in other components of equity, ¥966 million in retained earnings and ¥1,362 million in non-controlling interests. The increase in other components of equity included rises of ¥2,209 million in exchange differences on translation of foreign operations and ¥89 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 half under review increased ¥3,505 million from the end of the previous fiscal year, to ¥29,284 million.

(Cash flows from operating activities)

Cash generated through operating activities was ¥6,290 million.

The result principally reflected an increase in cash, including profit before tax of ¥6,458 million, a fall of ¥4,915 million in inventories and a decrease of ¥3,110 million in trade and other receivables, and a decrease in cash due to a drop of ¥6,641 million in trade and other payables and a decline of ¥2,445 million in income tax paid.

(Cash flows from investing activities)

Cash used for investing activities was ¥1,351 million.

The cash outflow was primarily attributable to decrease in cash for the purchase of property, plant and equipment of ¥1,314 million.

(Cash flows from financing activities)

Cash used in financing activities was ¥3,009 million.

The results largely reflected a decrease in cash due to dividends paid of ¥1,156 million, dividends paid to non-controlling shareholders of ¥825 million, a decrease in short-term borrowings of ¥576 million and purchase of treasury shares of ¥309 million.

### (3) Information Relating to Consolidated Business Performance Forecasts

There has been no change to business performance forecasts for the fiscal year ending March 31, 2024 stated in the Notice of Revisions to Business Performance Forecasts as of October 17, 2023 and the dividend forecast announced on May 11, 2023.

## 2. Quarterly Consolidated Financial Statements and Significant Notes

## (1) 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 half under review (As of September 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	25,779	29,284
Trade and other receivables	23,117	22,136
Other financial assets	30	30
Inventories	38,500	34,849
Other current assets	2,943	1,442
Total current assets	90,370	87,743
Non-current assets		
Property, plant and equipment	14,154	15,662
Right-of-use assets	1,957	2,070
Intangible assets	615	484
Retirement benefit asset	17	13
Other financial assets	4,569	4,696
Deferred tax assets	455	470
Other non-current assets	225	304
Total non-current assets	21,994	23,700
Total assets	112,364	111,443

(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 half under review (As of September 30, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	20,384	14,354
Borrowings	17,698	17,144
Other financial liabilities	196	199
Income taxes payable	1,447	1,518
Provisions	503	459
Contract liabilities	2,721	2,489
Other current liabilities	737	1,017
Total current liabilities	43,689	37,183
Non-current liabilities		
Other financial liabilities	145	159
Retirement benefit liability	918	921
Provisions	5	5
Deferred tax liabilities	2,123	3,196
Other non-current liabilities	559	599
Total non-current liabilities	3,752	4,882
Total liabilities	47,442	42,065
Equity		
Share capital	12,345	12,345
Capital surplus	3,022	2,986
Treasury shares	-2,247	-2,383
Other components of equity	6,887	9,187
Retained earnings	30,945	31,911
Equity attributable to owners of parent	50,953	54,047
Non-controlling interests	13,968	15,330
Total equity	64,922	69,378
Total liabilities and net equity	112,364	111,443

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

(Quarterly Consolidated Statement of Profit or Loss)

(Million yen)

	Consolidated first half previous year (From April 1, 2022 to September 30, 2022)	Consolidated first half under review (From April 1, 2023 to September 30, 2023)
Revenue	47,965	40,294
Cost of sales	-34,479	-29,267
Gross profit	13,485	11,026
Selling, general and administrative expenses	-5,615	-5,805
Other income	783	789
Other expenses	-49	-70
Operating profit	8,604	5,941
Finance income	301	664
Finance costs	-120	-148
Profit before tax	8,786	6,458
Income tax expense	-2,936	-2,983
Profit	5,850	3,474
Profit for the year attributable to:		
Owners of parent	4,270	2,191
Non-controlling interests	1,579	1,283
Profit	5,850	3,474
Earnings per share		
Basic earnings per share (yen)	88.31	45.73
Diluted earnings per share (yen)	86.95	45.13

## (Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	Consolidated first half previous year (From April 1, 2022 to September 30, 2022)	Consolidated first half under review (From April 1, 2023 to September 30, 2023)
Profit	5,850	3,474
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	-31	89
Remeasurements of defined benefit plans	--	--
Total of items that will not be reclassified to profit or loss	-31	89
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,800	3,114
Total of items that may be reclassified to profit or loss	2,800	3,114
Total other comprehensive income	2,768	3,204
Comprehensive income	8,618	6,679
Total comprehensive income for the year attributable to:		
Owners of parent	6,244	4,491
Non-controlling interests	2,374	2,187
Comprehensive income	8,618	6,679



## (3) 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				2,005	-31	
Total comprehensive income for the quarter	--	--	--	2,005	-31	
Purchase of treasury shares			-620			
Disposal of treasury shares		-200	711			
Dividends						
Total transactions with owners	--	-200	91	--	--	
Balance As of September 30, 2022	12,345	3,022	-1,948	6,389	1,840	

  

	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		--	4,270	4,270	1,579	5,850	
Other comprehensive income		1,973		1,973	794	2,768	
Total comprehensive income for the quarter	--	1,973	4,270	6,244	2,374	8,618	
Purchase of treasury shares		--		-620		-620	
Disposal of treasury shares		--	-448	62		62	
Dividends		--	-1,064	-1,064	-753	-1,817	
Total transactions with owners	--	--	-1,513	-1,622	-753	-2,375	
Balance As of September 30, 2022	--	8,230	28,552	50,202	13,881	64,083	

(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				2,209	89
Total comprehensive income for the quarter	--	--	--	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					
	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			2,191	2,191	1,283	3,474
Other comprehensive income		2,299		2,299	904	3,204
Total comprehensive income for the quarter	--	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

## (4) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Consolidated first half previous year (From April 1, 2022 to September 30, 2022)	Consolidated first half under review (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before tax	8,786	6,458
Depreciation and amortization	1,048	1,017
Impairment losses and reversal of impairment losses (profits)	--	-93
Finance income	-201	-398
Finance costs	66	90
Loss on retirement of fixed assets	8	2
Government grant income	-720	-630
Insurance income	-3	-1
Decrease (increase) in inventories	-5,688	4,915
Decrease (increase) in trade and other receivables	1,088	3,110
Increase (decrease) in trade and other payables	-782	-6,641
Increase (decrease) in contract liabilities	-1,514	-355
Increase or decrease in retirement benefit asset or liability	26	6
Increase (decrease) in provisions	-1	-57
Other	-210	-228
Subtotal	1,902	7,194
Interest and dividends received	190	387
Interest paid	-66	-90
Government grant income	720	630
Insurance received	3	1
Income taxes paid	-3,069	-2,445
Income taxes refund	437	612
Net cash provided by (used in) operating activities	117	6,290
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	-436	-1,314
Proceeds from sale of property, plant and equipment	3	7
Purchase of intangible assets	-9	-22
Purchase of investment securities	-1	-1
Payments for investments in capital	-56	-19
Other	-5	-1
Net cash provided by (used in) investing activities	-504	-1,351

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,820	-576
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	-621	-309
Dividends paid	-1,064	-1,156
Dividends paid to non-controlling interests	-753	-825
Repayments of lease liabilities	-140	-141
Net cash provided by (used in) financing activities	-758	-3,009
Effect of exchange rate changes on cash and cash equivalents	978	1,574
Net increase (decrease) in cash and cash equivalents	-167	3,505
Cash and cash equivalents at the beginning of the term	18,844	25,779
Cash and cash equivalents at the end of the term	18,677	29,284

## (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 half previous year (From April 1, 2022 to September 30, 2022)

(Million yen)

	Reportable segment						Adjustment	Consolidated
	Japan	China	India	South Korea	Other	Total		
Revenue								
Revenue from external customers	11,277	33,374	2,162	705	445	47,965	--	47,965
Intersegment revenue	5,957	10,460	--	23	65	16,506	-16,506	--
Total	17,235	43,834	2,162	729	511	64,472	-16,506	47,965
Segment profit	519	7,856	1	23	62	8,463	-592	7,870
Other income and expenses, net	--	--	--	--	--	--	--	734
Operating profit	--	--	--	--	--	--	--	8,604
Finance income and expenses, net	--	--	--	--	--	--	--	181
Profit before tax	--	--	--	--	--	--	--	8,786

(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 ¥592 million is the adjustment of unrealized income.

Consolidated first half under review (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 expenses, 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 sales revenue.  
2. "Adjustment" of segment income of ¥356 million is the adjustment of unrealized income.

## 3. Supplementary Information

## (1) Overseas revenue

(Million yen)

	Consolidated first half previous year (From April 1, 2022 to September 30, 2022)	Consolidated first half under review (From April 1, 2023 to September 30, 2023)
China	33,086	25,152
Asia	4,347	5,114
America	2,974	2,548
Europe	3,339	3,667
Overseas revenue	43,747	36,482
Consolidated revenue	47,965	40,294
Ratio of overseas revenue to consolidated net sales (%)	91.2	90.5

(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, 2022 to September 30, 2022)

(Million yen)

	Reportable segment					
	Japan	China	India	South Korea	Other	Total
Main product lines						
Automatic lathes	9,106	27,902	2,029	660	358	40,057
Grinding machines	422	1,511	65	--	--	1,999
Machining centers, rolling machines and specialized machines	316	2,986	5	--	--	3,308
Other	1,432	972	61	45	87	2,599
Total	11,277	33,374	2,162	705	445	47,965

(Note) "Other" include components and services.

Consolidated first half under review (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" include components and services.