

Fiscal Year 2023 First Half Financial Results



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(TSE: 6101)

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1. Business Performance for the First Half of FY2023 and Outlook for FY2023

(1) Business Results

[1H results]

Revenue: 40.2 billion yen (down 11.4% from Previous outlook)

This reflects the fact that market conditions generally are experiencing a prolonged adjustment phase.

Profits:

Operating profit: 5.9 billion yen (down 20.8% from Previous outlook)

Profit attributable to owners of parent: 2.1 billion yen (down 33.6% from Previous outlook)

The decrease in profit from the initial forecast was mainly due to lower revenue. There was also an impact from foreign exchange rates.

[Full-year outlook]

Revenue: 82.0 billion yen (down 9.9% from Previous outlook)

Market conditions appear to have bottomed out somewhat, but the adjustment phase is expected to continue for the time being.

Profits:

Operating profit: 13.4 billion yen (down 10.7% from Previous outlook)

Profit attributable to owners of parent: 4.8 billion yen (down 27.3% from Previous outlook)

Although affected by declining revenue, the profit structure is stable.

Billion yen

	Results for 1H				
	Previous outlook	FY23	Changes from previous outlook (%)	FY22	Year-on-year(%)
Revenue	45.5	40.2	-11.4	47.9	-16.0
Operating profit (to revenue ratio)	7.5 (16.5%)	5.9 (14.7%)	-20.8 --	8.6 (17.9%)	-31.0 --
Profit attributable to owners of parent (to revenue ratio)	3.3 (7.3%)	2.1 (5.4%)	-33.6 --	4.2 (8.9%)	-48.7 --
Basic earnings per share	68.5 yen	45.7yen	--	88.3yen	--

Full-year Outlook				
Previous outlook for FY23	Revised outlook for FY23	Changes from previous outlook (%)	FY22	Year-on-year(%)
91.0	82.0	-9.9	94.9	-13.7
15.0 (16.5%)	13.4 (16.3%)	-10.7 --	16.7 (17.6%)	-20.0 --
6.6 (7.3%)	4.8 (5.9%)	-27.3 --	7.6 (8.1%)	-37.6 --
137.0 yen	100.2 yen	--	159.3 yen	--

(2) Financial position

RMB/JPY March-end/23 19.42 → Sep.-end/23 20.50
 INR / JPY March-end/23 1.64 → Sep.-end/23 1.81

Billion yen

	Sep-2022	Mar-2023	Sep-2023	Variance from Sep-2022	Variance from Mar-2023
Total assets	111.5	112.3	111.4	-0.1	-0.9
Current assets	88.9	90.3	87.7	-1.2	-2.6
Cash and cash equivalents	18.6	25.7	29.2	10.6	3.5
Trade and other receivables	27.5	23.1	22.1	-5.3	-0.9
Inventories	39.5	38.5	34.8	-4.7	*2 -3.6
Other	3.1	2.9	1.4	-1.7	-1.5
Non-current assets	22.6	21.9	23.7	1.0	1.7
Property, plant and equipment	14.7	14.1	15.6	0.9	1.5
Right-of-use assets	2.0	1.9	2.0	-0.0	0.1
Intangible assets	0.7	0.6	0.4	-0.2	-0.1
Other	5.0	5.2	5.4	0.4	0.2
Total liabilities	47.5	47.4	42.0	-5.4	-5.3
Current liabilities	44.0	43.6	37.1	-6.8	-6.5
Trade and other payables	22.4	20.3	14.3	-8.0	-6.0
Borrowings	15.0	17.6	17.1	2.1	-0.5
Other	6.5	5.6	5.6	-0.8	0.0
Non-current liabilities	3.4	3.7	4.8	1.3	1.1
Deferred tax liabilities	1.8	2.1	3.1	1.3	1.0
Other	1.6	1.6	1.6	0.0	0.0
Total equity	64.0	64.9	69.3	5.2	4.4
Share capital	12.3	12.3	12.3	--	--
Capital surplus	3.0	3.0	2.9	-0.0	-0.0
Treasury shares	-1.9	-2.2	-2.3	-0.4	-0.1
Other components of equity	8.2	6.8	9.1	0.9	2.3
Retained earnings	28.5	30.9	31.9	3.3	0.9
Equity attributable to owners of parent	50.2	50.9	*1 54.0	3.8	3.0
Non-controlling interests	13.8	13.9	15.3	1.4	1.3

*1. The financial position is stable.
 Percentage of equity attributable to owners of parent: 48.5%
 (Equity ratio for the entire group: 62.3%)

*2. Decrease in Inventories
 With the stabilization of the supply chain, inventory returned to appropriate levels.

(3) Cash flows

Billion yen

	FY2022 1H	FY2023 1H
Cash flows from operating activities	0.1	6.2
Profit before tax	8.8	6.4
Depreciation	1.0	1.0
Increase/decrease in working capital	-6.9	*1 1.0
Other	-2.9	-2.2
Cash flows from investing activities	-0.5	-1.3
Capital investment in factories	-0.4	*2 -1.3
Other	-0.1	-0.0
Cash flows from financing activities	-0.8	-3.0
Short-term borrowings	1.8	-0.5
Treasury shares	-0.6	-0.3
Dividends paid	-1.0	-1.1
Dividends paid to non-controlling interests	-0.8	-0.8
Other	-0.2	-0.1
Effect of exchange rate change on cash and cash equivalents	1.0	1.5
Net increase (decrease) in cash and cash equivalents	-0.2	3.5
Cash and cash equivalents at the end of the term	18.6	29.2

*1 Decrease in trade and other receivables:	3.1
Decrease in inventories:	4.9
Decrease in trade and other payables:	-6.6
Decrease in contract liabilities:	-0.3

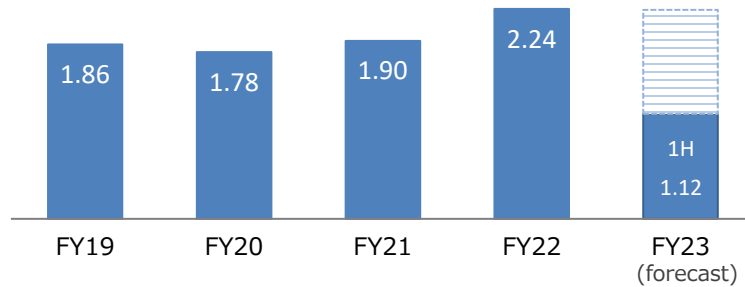
The difference from variances in BS was caused by the adjustment of foreign exchange differences, etc.

*2 Factory in China:	-1.1
New Factory in India:	-0.2

2. R&D Expenditures, Capital Investment and Depreciation

R&D Expenditures

Billion yen



Focused on developing new products and upgrading existing products, including initiatives for automation, labor saving, energy saving, etc.

Capital Investment continued.
(in China and India)

**China: New factories in Zhejiang
(Precision Nakatsu (China) Corporation)**

From the second half of the fiscal year ended March 31, 2023, started to expand and repair the factory acquired

Planned expenditures: 2.5 billion yen (including 0.9 billion yen in the first half of the fiscal year ending March 31, 2024)

Land area: about 50,000m²

New factory in India

The casting plant and processing and assembly plant are expected to begin operation in January 2024 and June 2024, respectively.

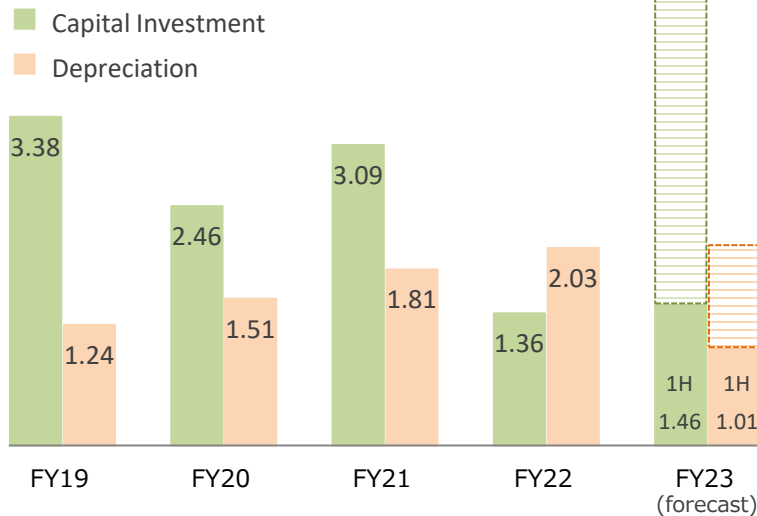
Planned expenditures: 3.6 billion yen (including 0.2 billion yen in the first half of the fiscal year ending March 31, 2024)

Land area: 58,900m²

Production capacity: Casting production: 500 tons/month
Assembly building and others: System to increase production as needed according to market conditions

Capital Investment and Depreciation

Billion yen



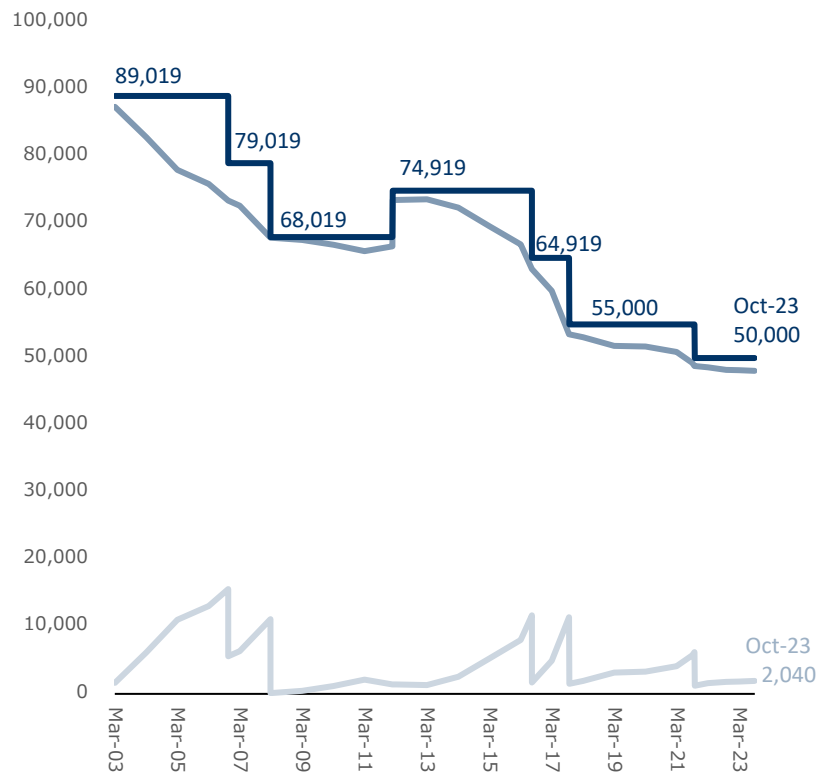
3. Key indicators and shareholder returns

(1) Key indicators

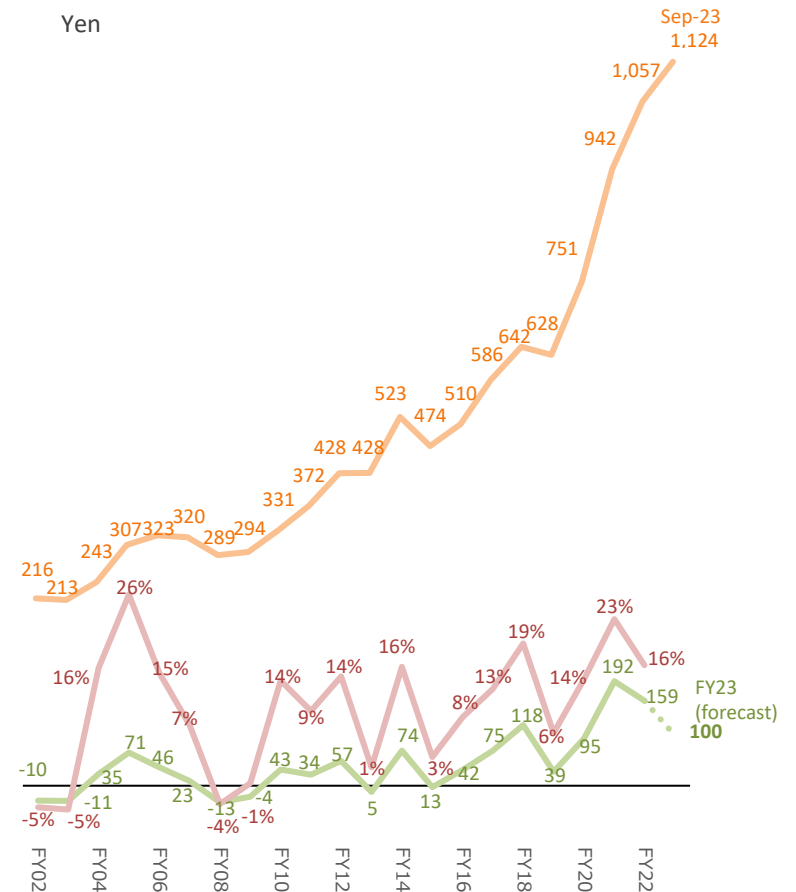
- Outstanding shares
- Treasury shares
- Outstanding shares (excluding treasury shares)

- BPS (Book-value per share, excluding treasury shares)
- EPS (Earnings per share, excluding treasury shares)
- ROE (Return on equity)

Thousand shares



Yen



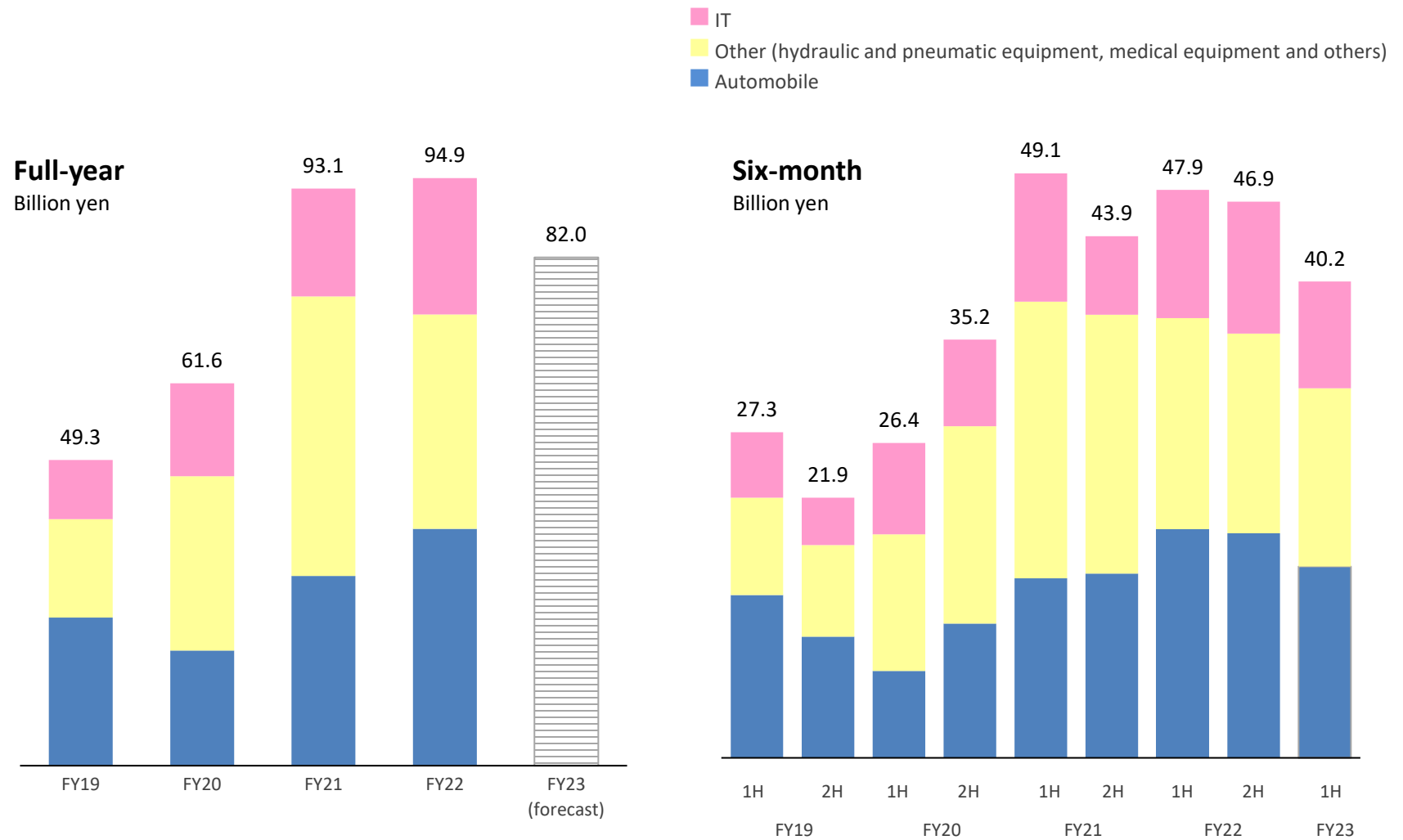
(2) Shareholder Returns

1. The company plans to raise its dividend to 48 yen for the fiscal year ending March 31, 2024, based on a stable dividend policy.
2. Treasury shares are flexibly purchased.

	Mar-2020	Mar-2021	Mar-2022	Mar-2023	Mar-2024 (forecast)
Dividends paid (Full-year, yen/share)	24	26	40	46	48
(Interim, yen/share)	12	12	18	22	24
EPS (yen)	38.6	95.2	191.9	159.3	100.2
Dividend payout ratio	62.2%	27.3%	20.8%	28.9%	47.8%
Total dividends (Billion yen)	1.24	1.33	1.95	2.22	2.30
Purchase of treasury shares (Billion yen)	0.12	1.49	4.31	0.91	--
Total return (Billion yen)	1.36	2.82	6.26	3.14	--
Profit attributable to owners of parent (Billion yen)	2.00	4.91	9.48	7.69	4.80
Total return ratio	68.2%	57.5%	66.0%	40.8%	--

4. Reference

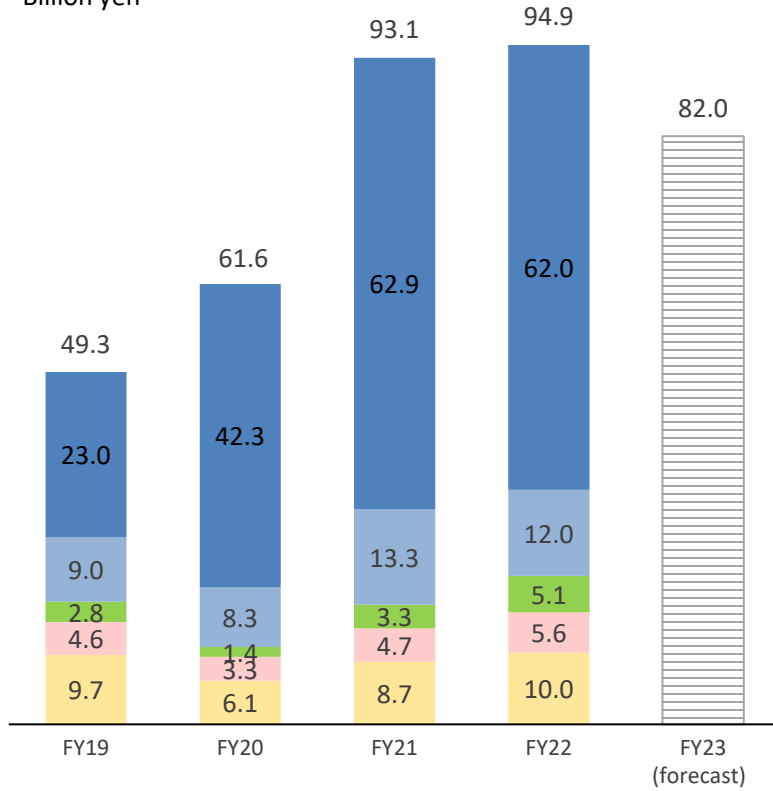
(1) Revenue by Business Segment



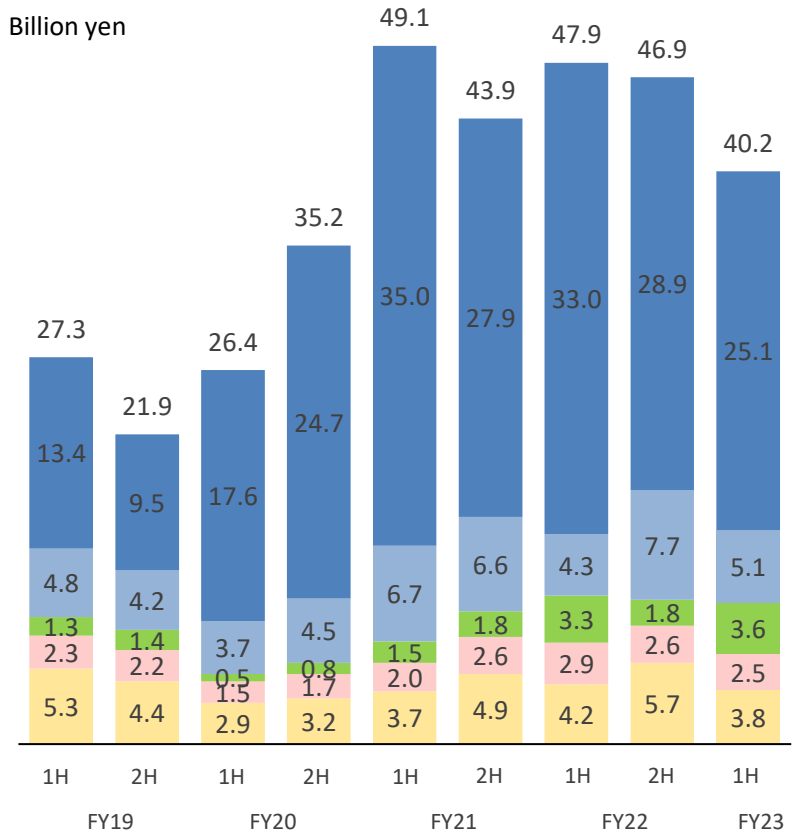
(2) Revenue by Geographic Segment

■ China ■ Asia ■ Europe ■ U.S.A ■ Domestic demand

Full-year
Billion yen



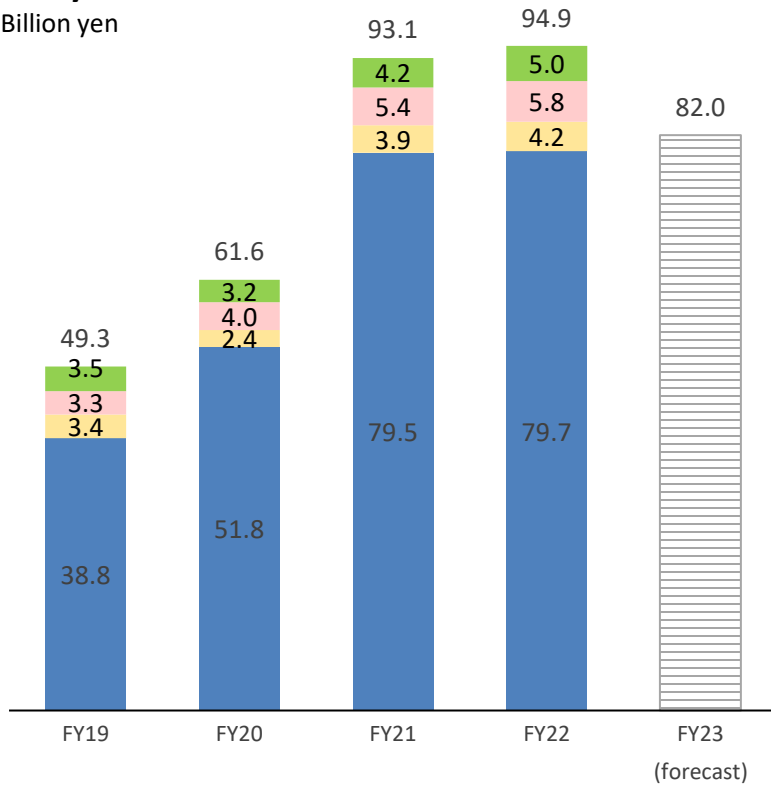
Six-month
Billion yen



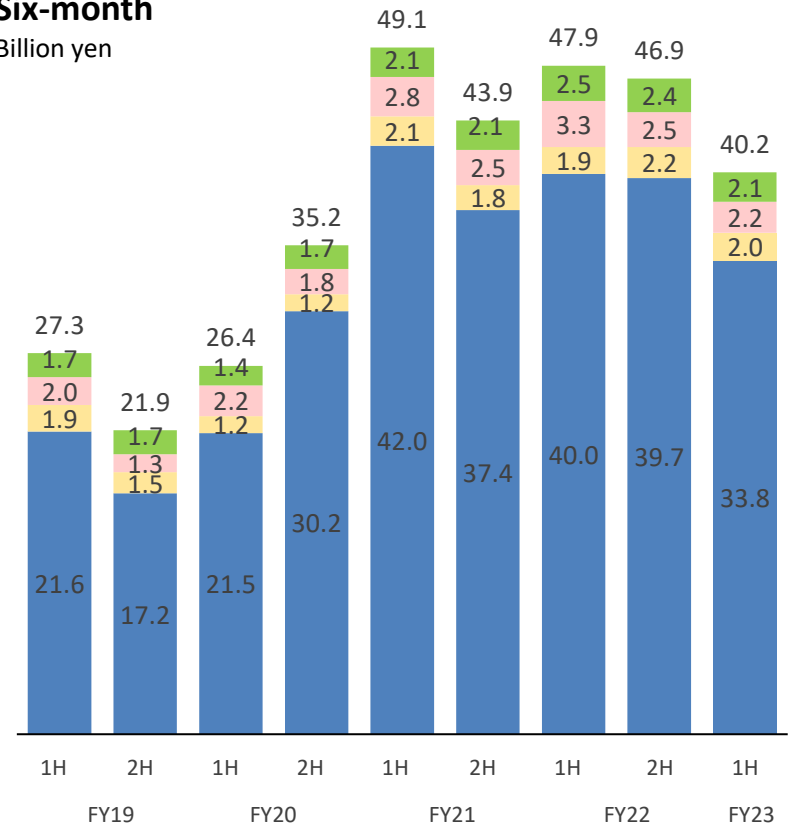
(3) Revenue by Machinery Category

- Automatic lathes
- Grinding machines
- Machining centers, Rolling machines and specialized machines
- Other

Full-year
Billion yen



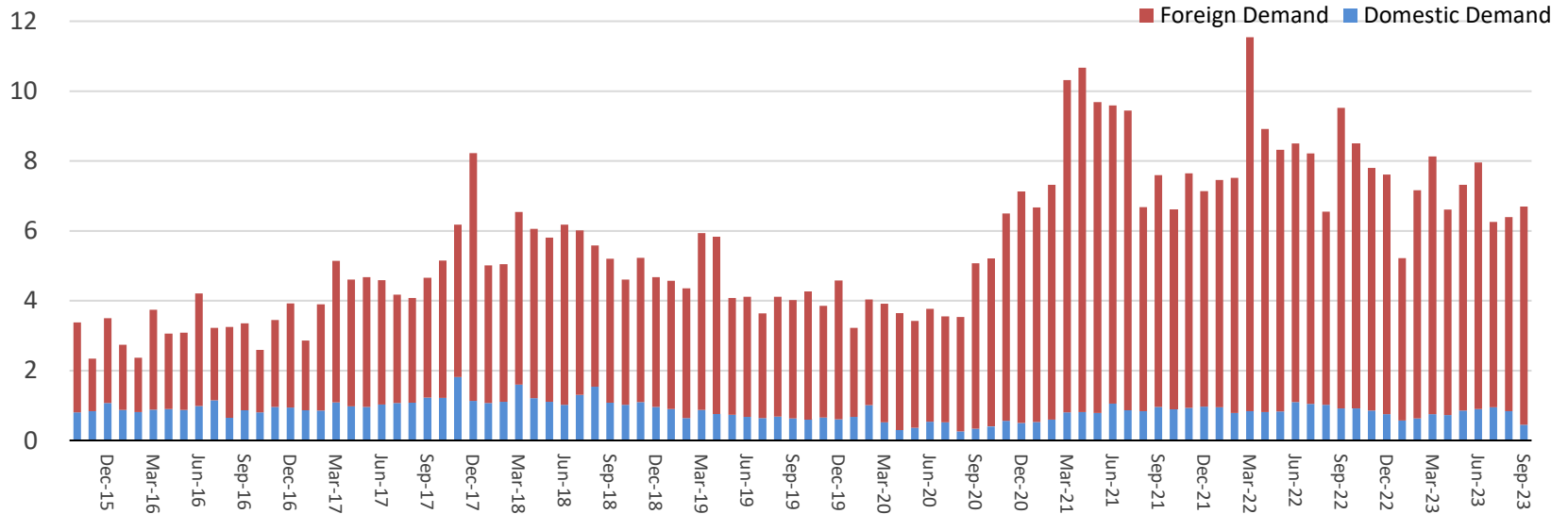
Six-month
Billion yen



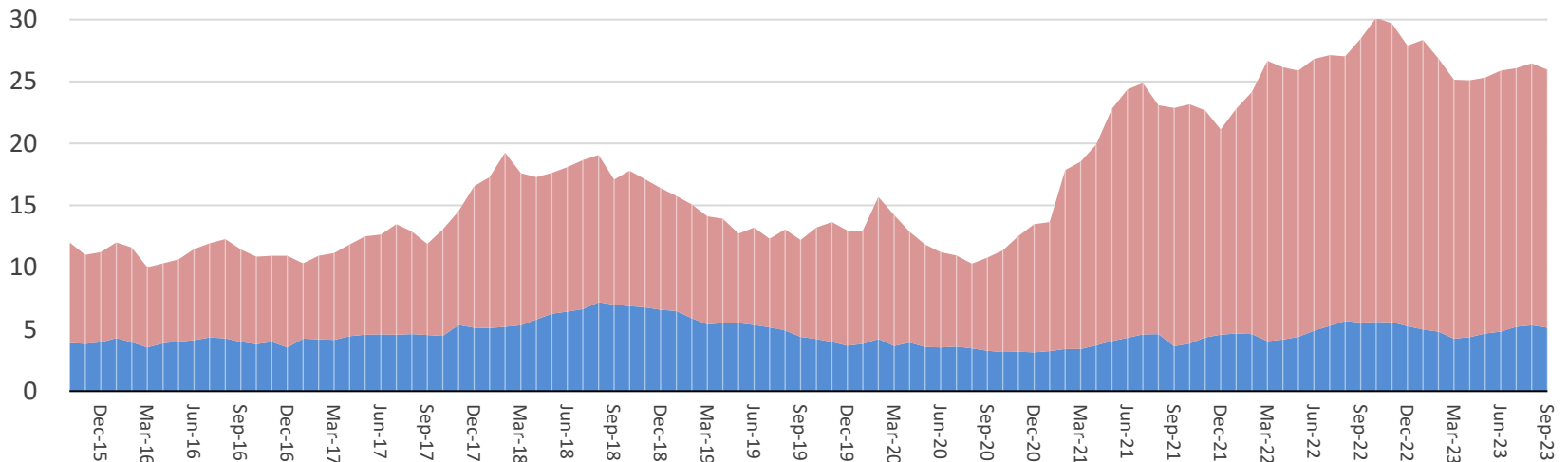
(4) Orders Received and Order Backlogs

Orders

Billion yen



Order backlogs



The content in this material is premised on various assumptions and does not ensure or guarantee the realization of the planned figures and/or future policies stated herein.