Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2025

NS TOOL CO., LTD.

July 31, 2024

(Securities Code: 6157)

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Financial Results Summary for 1Q FY3/25

Slightly increased in net sales and profits year on year
Progress rate is slightly lower than expected

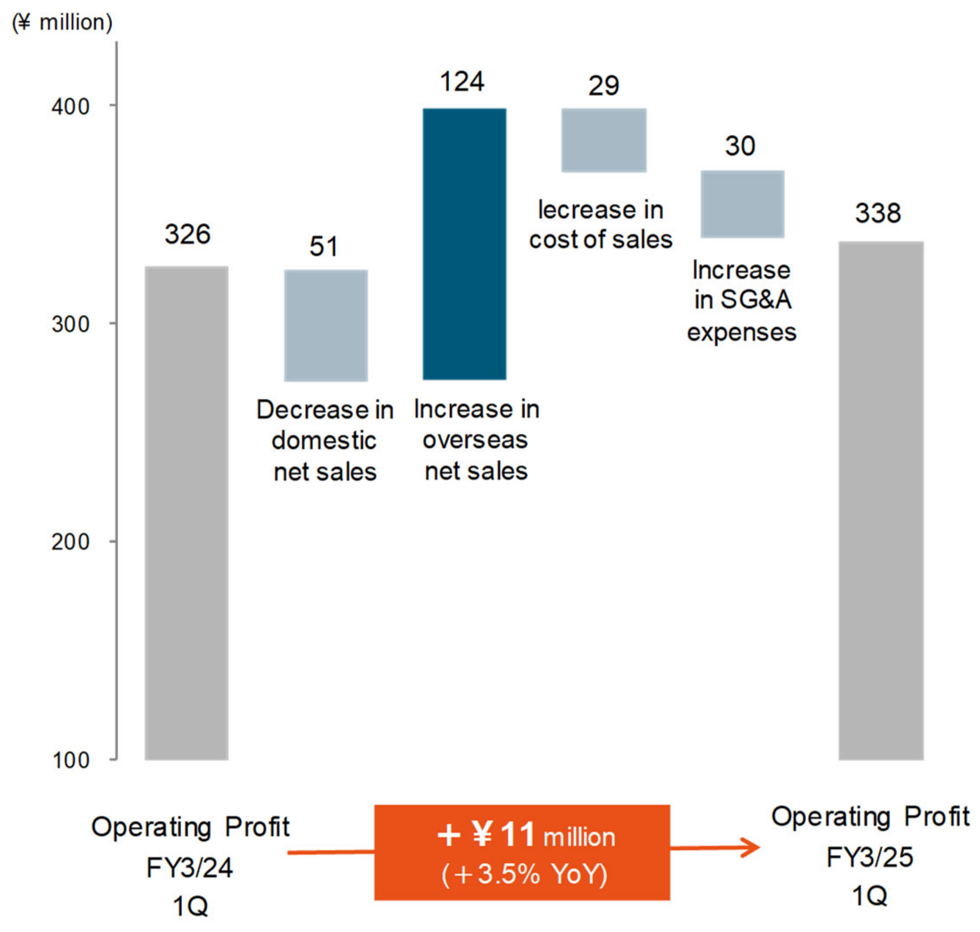
(Unit: ¥ million)	1Q FY3/24 Actual	1Q FY3/25 Actual	1H FY3/25 Forecasts	Progress Rate
Net Sales	2,204	2,276	4,670	48.8%
YoY changes	-6.4%	+3.3%	+5.7%	
Operating profit	326	338	840	40.3%
YoY changes	-39.7%	+3.5%	+11.7%	
Ordinary profit	332	339	840	40.4%
YoY changes	-38.6%	+2.2%	+9.2%	
Profit attributable to owners of parent	199	220	560	39.4%
YoY changes	-38.1%	+10.7%	+10.3%	

- In the domestic sales, the automotive industry did not improve significantly, despite expectations of a recovery in demand for tools due to a pickup in production. In the market of semiconductor and electronic components and devices, inventory adjustments continued and a full-fledged recovery in demand did not materialize. Meanwhile, in the overseas sales, sales to Greater China and some Asian countries, which had been sluggish in the same period of previous fiscal year, increased.

- Consolidated net sales in 1Q were ¥2,276 million, up 3.3% YoY.

- Consolidated ordinary profit was ¥339 million, up 2.2% YoY. Ordinary profit margin was 14.9%, down 0.2 pp YoY.

Factors for Increase in Operating Profit



- Domestic net sales decreased by ¥51 million, down 3.3% YoY and overseas net sales increased by ¥124 million, up 19.9% YoY. Overall net sales increased by ¥72 million, up 3.3% YoY.
- While material costs, labor costs, and expenses increased, outsourcing expenses decreased, resulting in an increase in cost of sales of only ¥29 million, up 2.8% YoY.
- In SG&A expenses, due to the cost of revising product catalogues, selling expenses increased by 25.1% YoY, and overall SG&A expenses increased by ¥30 million, up 3.9% YoY.
- As a result, operating profit increased by ¥11 million, up 3.5% YoY, to ¥338 million, while operating profit margin increased by 0.1 pp to 14.9%.

Summary of Statement of Income

(Unit: ¥ million)	1Q FY3/24 Actual	1Q FY3/25 Actual	YoY Changes
Net Sales	2,204	2,276	+3.3%
Gross profit	1,123	1,166	+3.8%
Ratio to net sales	51.0%	51.2%	
SG&A expenses	797	828	+3.9%
Ratio to net sales	36.2%	36.4%	
Operating profit	326	338	+3.5%
Ratio to net sales	14.8%	14.9%	
Ordinary profit	332	339	+2.2%
Ratio to net sales	15.1%	14.9%	
Profit attributable to owners of parent	199	220	+10.7%
Ratio to net sales	9.0%	9.7%	
Capital investment	109	33	-69.2%
Depreciation	149	147	-1.3%
No. of employees (persons)	354	365	+3.1%

- Net sales were ¥2,276 million, up 3.3% YoY. Domestic demand for tools did not improve significantly. On the other hand, sales to Greater China and some Asian countries increased YoY.
- Gross profit was ¥1,166 million, up 3.8% YoY. Gross profit margin was 51.2%, up 0.2 pp YoY.
- SG&A expenses increased by 3.9% YoY, mainly due to an increase in selling expenses, while SG&A expenses ratio was 36.4%, up 0.2 pp YoY.
- As a result, operating profit increased by 3.5% YoY to ¥338 million and operating profit margin was 14.9%, up 0.1 pp YoY.
- Capital expenditures decreased were ¥33 million, down 69.2% YoY due to fewer new equipment installation in 1Q. Depreciation decreased by 1.3% YoY.

Summary of Balance Sheet

(Unit: ¥ million)	FY3/24-End	Composition Ratio	1Q FY3/25-End	Composition Ratio	VS FY3/24-End
(Assets)					
Ⅰ Current assets	12,719	66.1%	12,506	66.2%	-1.7%
Cash and deposits	8,893	46.2%	8,836	46.8%	-0.6%
Notes and accounts receivable - trade	1,305	6.8%	1,258	6.7%	-3.6%
Inventories	2,381	12.4%	2,252	11.9%	-5.5%
Ⅱ Non-current assets	6,521	33.9%	6,380	33.8%	-2.2%
Property, plant and equipment	5,361	27.9%	5,233	27.7%	-2.4%
Intangible assets	24	0.1%	23	0.1%	-3.8%
Investments and other assets	1,135	5.9%	1,122	5.9%	-1.2%
Total assets	19,241	100.0%	18,886	100.0%	-1.8%
(Liabilities)					
Ⅰ Current liabilities	1,287	6.7%	994	5.3%	-22.7%
Accounts payable - trade	173	0.9%	196	1.0%	+13.8%
Ⅱ Non-current liabilities	224	1.2%	224	1.2%	-
Total liabilities	1,512	7.9%	1,219	6.5%	-19.4%
(Net assets)					
Total equity	17,525	91.1%	17,472	92.5%	-0.3%
Total net assets	17,729	92.1%	17,667	93.5%	-0.4%
Total liabilities and net assets	19,241	100.0%	18,886	100.0%	-1.8%

Current assets

Decreased by 1.7% from the end of previous fiscal year, because cash and deposits decreased due to payment of income taxes and bonuses.

Non-current assets

Decreased by 2.2% from the end of previous fiscal year, due to depreciation exceeding new capital expenditures.

Liabilities

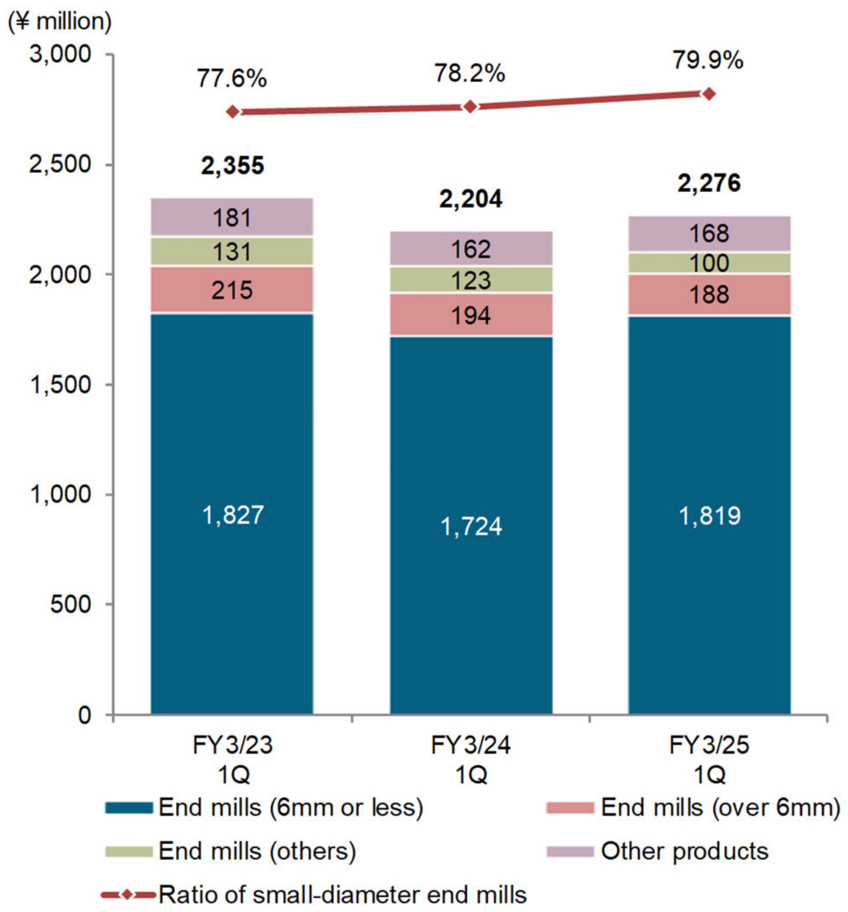
Decreased by 19.4% from the end of previous fiscal year due to a decrease in income taxes payable and provision for bonuses.

Net assets

Decreased by 0.4% from the end of previous fiscal year mainly due to a decrease in retained earnings resulting from the payment of dividends. Partly due to a decrease in liabilities, equity-to-asset ratio was 92.5%, up 1.4 pp from the end of previous fiscal year.

Business Performance (Trend of net sales (1) By product)

Trend of net sales by product and ratio of small-diameter end mills

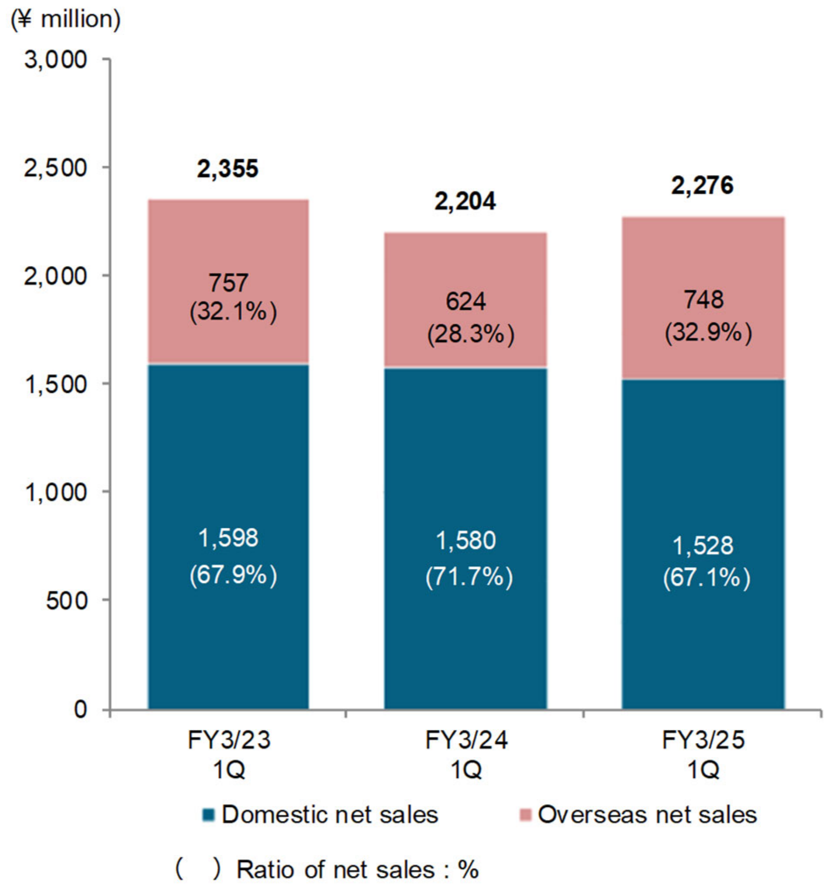


- In Japan, the automotive industry did not improve significantly, despite expectations of a recovery in demand for tools due to a pickup in production with the resolution of the impact of last year's certification fraud issue. In addition, a new certification fraud issue has been uncovered at major automotive manufacturers in June, and there are concerns about its impact in the future. In the market of semiconductor and electronic components and devices, inventory adjustments continued and a full-fledged recovery in demand did not materialize. On the other hand, overseas sales recovered, particularly for Greater China, and consolidated net sales were ¥2,276 million, up 3.3% YoY.

- By product, net sales for mainstay end mills (diameter 6 mm or less) increased by 5.5% YoY, end mills (diameter over 6 mm) decreased by 3.3% YoY, end mills (other), mainly special tools custom-made to users, decreased by 18.4% YoY, and other products such as tool cases increased by 3.7% YoY. The ratio of small-diameter end mills was 79.9%, up 1.7 pp YoY.

Business Performance (Trend of net sales (2) Domestic and overseas)

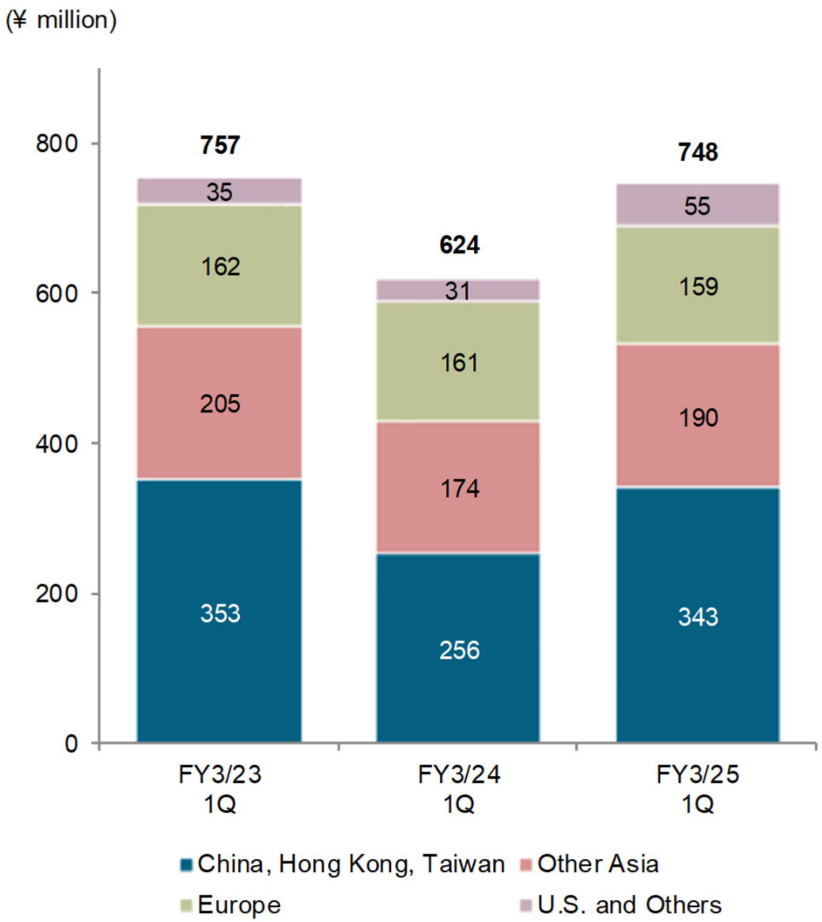
Trend of domestic and overseas net sales



- Domestic net sales decreased by ¥51 million, down 3.3% YoY, to ¥1,528 million. Overseas net sales increased by ¥124 million, up 19.9% YoY, to ¥748 million.
- Overseas net sales increased in Greater China, where net sales were down sharply in the same period of previous fiscal year. In account consolidation of NS TOOL Hong Kong Ltd. into 1Q results, figures for China are for January-March.
- Overseas net sales ratio increased by 4.6 pp YoY to 32.9%, thanks to an increase in overseas net sales.

Business Performance (Trend of net sales (3) By overseas region)

Trend of net sales by overseas region



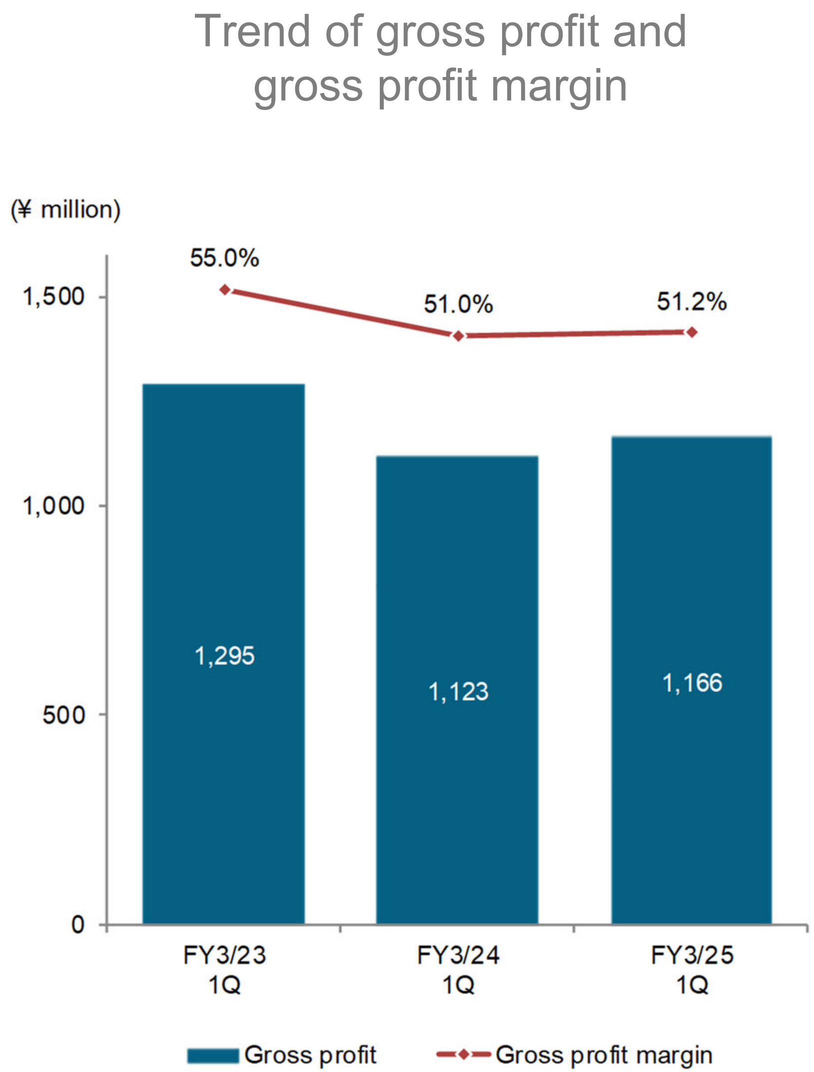
- Combined net sales for China, Hong Kong and Taiwan increased by 33.9% YoY, to ¥343 million. In account consolidation of NS TOOL Hong Kong Ltd. into 1Q results, figures for China are for January-March. Demand for the smartphone industry, which was sluggish in the same period of previous fiscal year, recovered slightly. In addition, net sales increased due to increased demand for automotive headlights. The market condition has not improved significantly, but it has improved from the same period of previous fiscal year.

- Other Asia increased by 9.1% YoY to ¥190 million. In Southeast Asia, net sales were sluggish due to a decline in ICE vehicles (engine vehicles) after being pushed by Chinese EVs. India is performing well due to the expansion of domestic demand.

- In Europe, the automotive industry remained sluggish, net sales decreased by 1.5% YoY, to ¥159 million.

- U.S. and Others increased by 76.0% YoY to ¥55 million. In account consolidation of NS TOOL USA, figures for U.S. and Mexico are for January-March. In U.S., the medical-related industry remained strong.

Business Performance (Trend of gross profit)



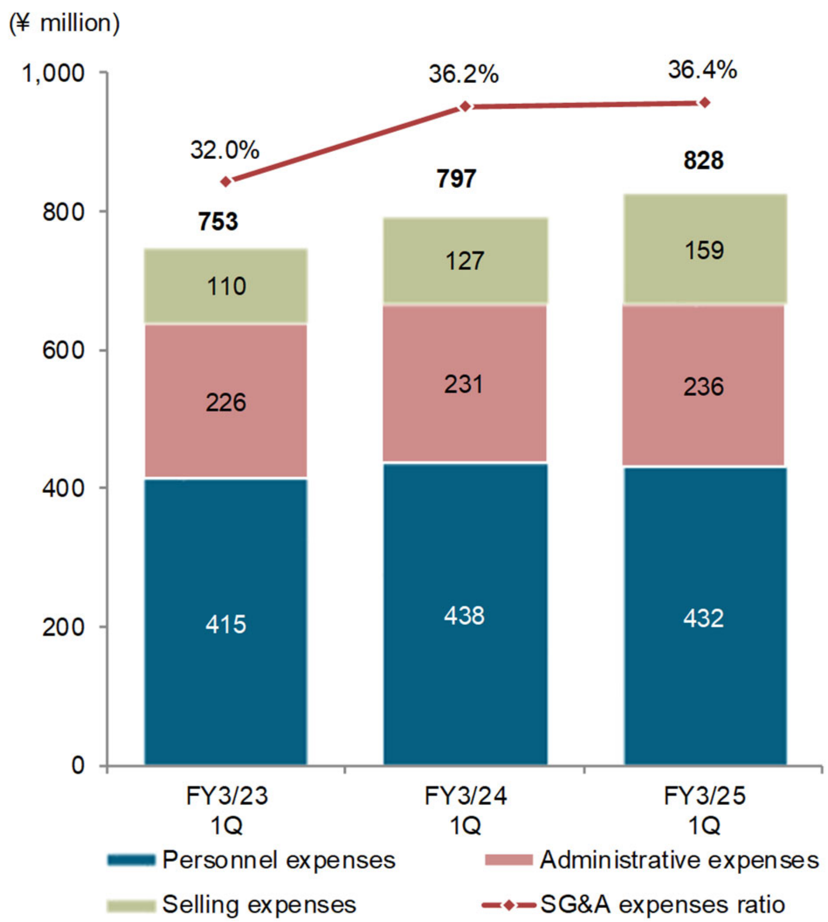
- Material costs increased by 8.4% YoY; labor costs increased by 4.2% YoY due to an increase in personnel and wage increases; and manufacturing expenses increased by 3.7% YoY due to a slight increase in electricity power costs and manufacturing repair costs. Meanwhile, outsourcing expenses decreased by 15.6% YoY due to factors such as the promotion of manufacturing internalization by subsidiaries, and the cost of products manufactured for 1Q decreased.

- Cost of products manufactured decreased, but cost of sales increased by 2.8% YoY due to a drawdown of inventory on some items as a result of increased net sales.

- Gross profit increased by 3.8% YoY to ¥1,166 million, while the gross profit margin was 51.2%, up 0.2 pp YoY.

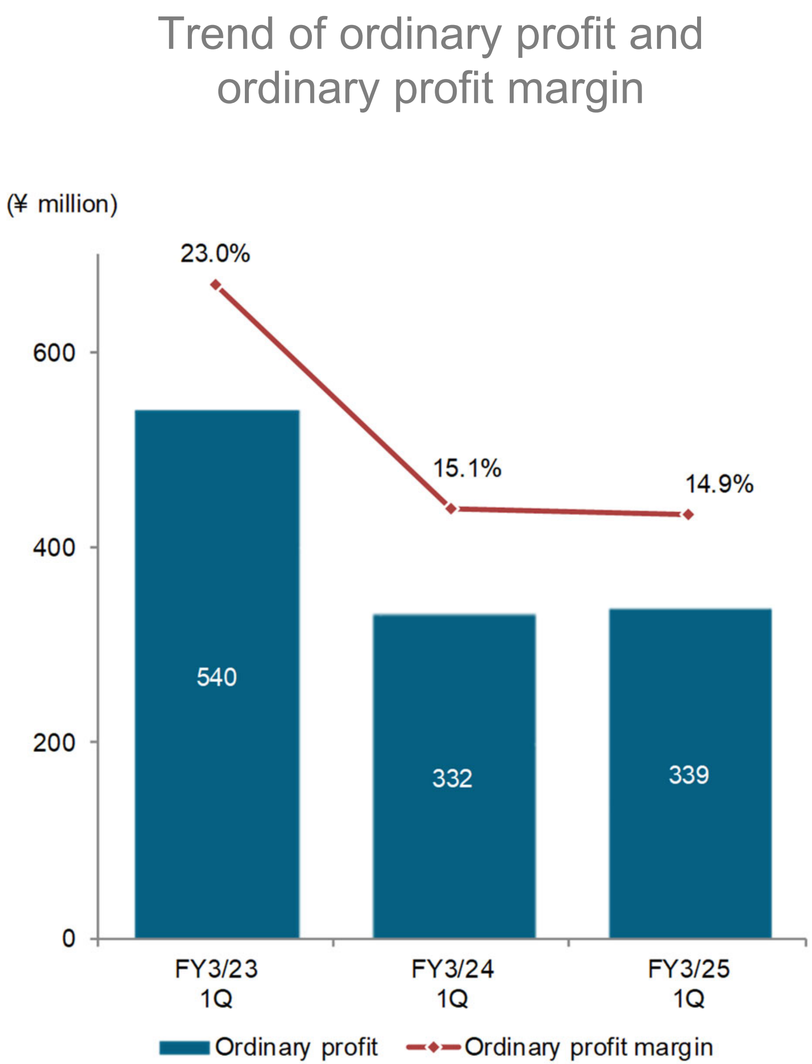
Business Performance (Trend of SG&A expenses)

Trend of SG&A expenses and
SG&A expenses ratio



- As in the previous year, we exhibited at “INTERMOLD” in April and June, and exhibition costs were at the same level as previous fiscal year. On the other hand, selling expenses increased by 25.1% YoY to ¥159 million due to an increase in advertising expenses following the revision of product catalogues.
- Personnel expenses decreased by 1.4% YoY to ¥432 million mainly due to a decrease in provision for bonuses.
- Overall SG&A expenses increased by 3.9% YoY to ¥828 million, while SG&A expenses ratio rose by 0.2pp YoY to 36.4%.

Business Performance (Trend of ordinary profit)



- Operating profit increased by 3.5% YoY to ¥338 million due to an increase in net sales.
- In non-operating income and expenses, non-operating income exceeded non-operating expenses by ¥1 million due to gain on sale of scraps, etc., while ordinary profit increased by ¥339 million, up 2.2% YoY.
- Ordinary profit margin was 14.9%, down 0.2 pp YoY.

Consolidated Financial Forecasts for FY3/25

Financial Forecasts

(Unit: ¥ million)	FY3/24 Actual	FY3/25 Forecasts	YoY Changes
Net Sales	9,040	9,430	+4.3%
Operating profit	1,867	1,730	-7.4%
Ordinary profit	1,908	1,740	-8.8%
Profit attributable to owners of parent	1,320	1,190	-9.9%

Capital investment	563	454	-19.3%
Depreciation	627	691	+10.2%
EPS (¥)	53.03	47.89	-9.7%
Dividend per share (¥)	27.50	30.00	+9.1%

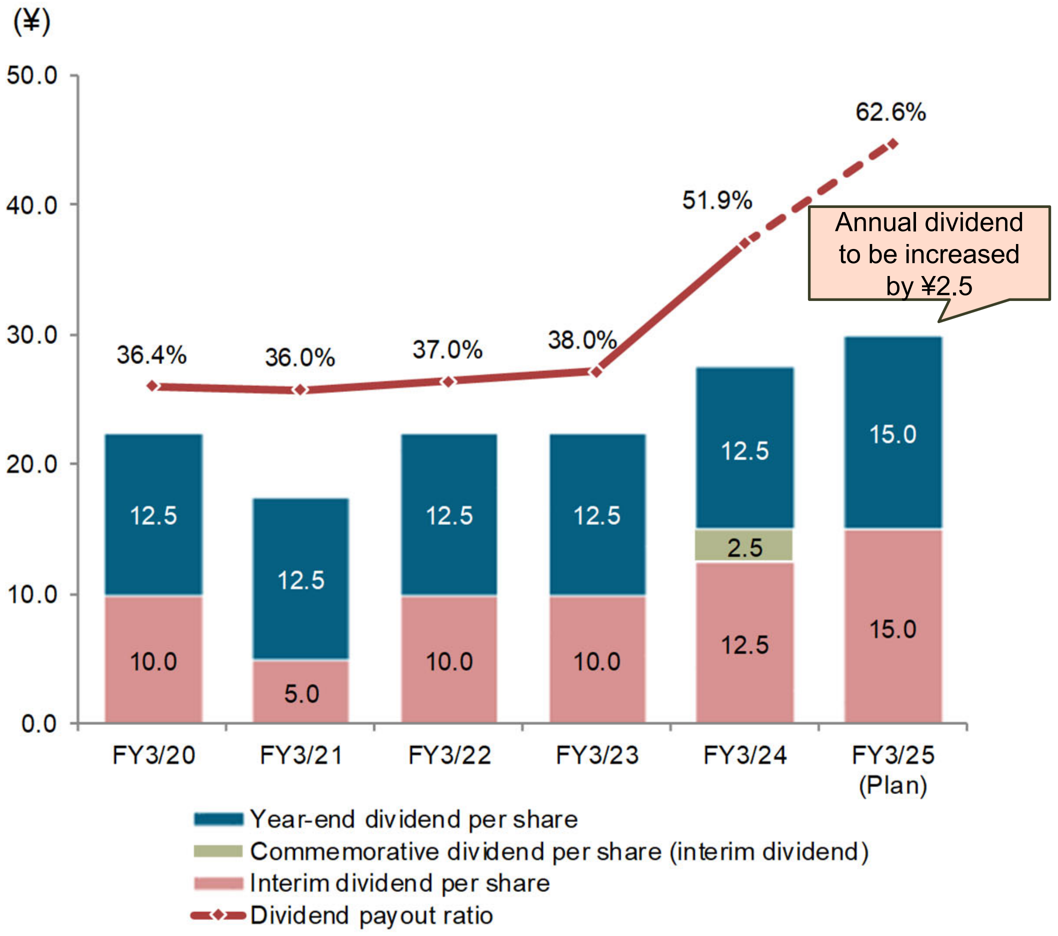
- In the automotive industry, the recovery of production volume is expected to get into full swing as supply restrictions are resolved, and demand for tools for molds and components due to the development of new models are expected to increase. The semiconductors and electronic components are expected to gradually recover as inventory adjustments due to declining demand for finished products run their course.
- Although net sales are expected to increase slightly due to the recovery of the market and the launch of new products, operating profit and ordinary profit are both expected to decrease due to increases in electricity costs, depreciation expense resulting from the start-up of new facilities, as well as higher personnel expenses due to wage increases.
- As for capital investment, continuous renewal of production facilities is mainly planned. Capital expenditures are planned to decrease by 19.3% YoY.
- The annual dividend per share is planned to increase to ¥30.0, consisting of an interim dividend of ¥15.0 and a year-end dividend of ¥15.0.

Progress in 1Q FY3/25

(Unit: ¥ million)	FY3/25				
	1Q Actual	1H Forecasts	Progress Rate	Full-year Forecasts	Full-year Progress Rate
Net Sales	2,276	4,670	48.8%	9,430	24.1%
YoY Changes	+3.3%	+5.7%		+4.3%	
Operating profit	338	840	40.3%	1,730	19.6%
YoY Changes	+3.5%	+11.7%		-7.4%	
Ordinary profit	339	840	40.4%	1,740	19.5%
YoY Changes	+2.2%	+9.2%		-8.8%	
Profit attributable to owners of parent	220	560	39.4%	1,190	18.5%
YoY Changes	+10.7%	+10.3%		-9.9%	

Dividend Forecasts (Shareholder Returns)

Trend of dividends per share and dividend payout ratio



*The impact of the stock split on April 1, 2021 was considered.

We take holistic approach by evaluating business performance and dividend payout ratio, while paying attention to stability and sustainability of shareholder returns

- Annual dividend per share for FY3/24 was ¥27.5.
  Celebrating the 70th year of founding, commemorative dividend of ¥2.5 was paid.
  Interim dividend: ¥15.0
  (ordinary dividend: ¥12.5, commemorative dividend: ¥2.5)
  Year-end dividend: ¥12.5
  Dividend payout ratio to the business performance: 51.9%

- Annual dividend per share for FY3/25 is planned to be increased to ¥30.0 per share to strengthen shareholder returns, as liquidity on hand is increasing.
  Interim dividend: ¥15.0; Year-end dividend: ¥15.0
  Dividend payout ratio to the financial forecasts: 62.6%

- Shareholders' benefits
  An original QUO card, worth ¥2,000, is presented to every shareholder who holds one share unit (100 shares) or more for three years or more* and whose name is registered in the shareholder list as of March 31 of each year.

*Holding for 3 years or more means that the holding record of 100 shares or more under the same shareholder number is listed or recorded in the shareholder list 7 times or more consecutively on record date of shareholder list (March 31 and September 30).

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Note: The descriptions concerning the future and projections are based on targets and forecasts, and do not constitute an assurance or guarantee. Please note that the results may differ from the projections.