Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2025

NS TOOL CO., LTD.

October 31, 2024

(Securities Code: 6157)

Contents

Consolidated Financial Results for 2Q FY3/25

Financial Results Summary for 1H FY3/25

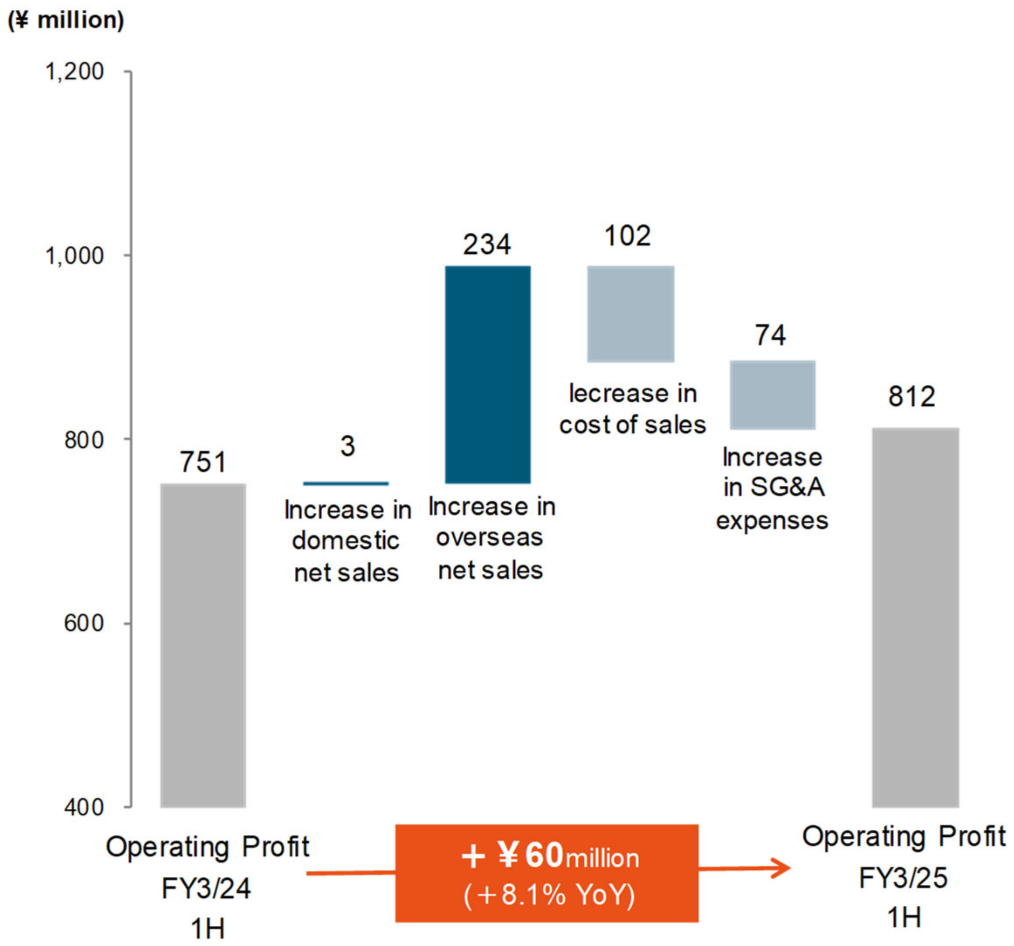
Increased in net sales and profits year on year

Roughly in line with 1H forecasts

(Unit: ¥ million)	1H FY3/24 Actual	1H FY3/25 Actual	Full-year Forecasts	Progress Rate
Net Sales	4,416	4,654	9,430	49.4%
YoY changes	-7.4%	+5.4%	+4.3%	
Operating profit	751	812	1,730	47.0%
YoY changes	-21.7%	+8.1%	-7.4%	
Ordinary profit	769	814	1,740	46.8%
YoY changes	-19.5%	+5.9%	-8.8%	
Profit attributable to owners of parent	507	568	1,190	47.8%
YoY changes	-18.2%	+12.0%	-9.9%	

- In the domestic sales, the automotive industry did not achieve a full-fledged recovery due to the impact of the certification fraud issue at major automotive manufacturers. In the market of semiconductor and electronic components and devices, AI-related demand increased, but on the other hand, inventory adjustments continued as a whole. In Greater China, some parts of the automobile and electronic components markets were brisk.
- Consolidated net sales were ¥4,654 million, up 5.4% YoY.
- Consolidated ordinary profit was ¥814 million, up 5.9% YoY. Ordinary profit margin was 17.5%, up 0.1 pp YoY.
- Progress ratios for both net sales and profits were slightly lower than the forecasts, but the financial forecasts remain unchanged due to the expected recovery of market conditions in 2H.

Factors for Increase in Operating Profit



- Domestic net sales increased by ¥3 million, up 0.1% YoY, while overseas net sales increased by ¥234 million, up 18.3% YoY. Overall net sales increased by ¥237 million, up 5.4% YoY.
- Cost of sales increased by ¥102 million, up 4.9% YoY.
- In SG&A expenses, due to the cost of revising product catalogues, selling expenses increased by 7.8% YoY, and overall SG&A expenses increased by ¥74 million, up 4.8% YoY.
- As a result, operating profit increased by ¥60 million, up 8.1% YoY, to ¥812 million, while operating profit margin increased by 0.5 pp to 17.5%.

Summary of Statement of Income

(Unit: ¥ million)	1H FY3/24 Actual	1H FY3/25 Actual	YoY Changes
Net Sales	4,416	4,654	+5.4%
Gross profit	2,311	2,447	+5.9%
Ratio to net sales	52.3%	52.6%	
SG&A expenses	1,559	1,634	+4.8%
Ratio to net sales	35.3%	35.1%	
Operating profit	751	812	+8.1%
Ratio to net sales	17.0%	17.5%	
Ordinary profit	769	814	+5.9%
Ratio to net sales	17.4%	17.5%	
Profit attributable to owners of parent	507	568	+12.0%
Ratio to net sales	11.5%	12.2%	
Capital investment	337	67	-80.0%
Depreciation	303	306	+1.0%
No. of employees (persons)	350	361	+3.1%

- Net sales were ¥4,654 million, up 5.4% YoY. Recovery of domestic sales has been delayed, but sales to Greater China were brisk.
- Gross profit was ¥2,447 million, up 5.9% YoY. Gross profit margin was 52.6%, up 0.3 pp YoY.
- SG&A expenses increased by 4.8% YoY due to an increase in selling expenses, but SG&A expenses ratio was 35.1%, down 0.2 pp YoY.
- As a result, operating profit increased by 8.1% YoY to ¥812 million and operating profit margin was 17.5%, up 0.5 pp YoY.
- Capital expenditures decreased by 80.0% YoY to ¥67 million due to fewer new equipment installation in 1H. Depreciation increased by 1.0% YoY due to the startup of facilities carried over from the previous fiscal year.

Summary of Balance Sheet

(Unit: ¥ million)	FY3/24-End	Composition Ratio	1H FY3/25-End	Composition Ratio	VS FY3/24-End
(Assets)					
Ⅰ Current assets	12,719	66.1%	13,218	67.9%	+3.9%
Cash and deposits	8,893	46.2%	9,598	49.3%	+7.9%
Notes and accounts receivable - trade	1,305	6.8%	1,316	6.8%	+0.8%
Inventories	2,381	12.4%	2,152	11.1%	-9.6%
Ⅱ Non-current assets	6,521	33.9%	6,251	32.1%	-4.1%
Property, plant and equipment	5,361	27.9%	5,111	26.3%	-4.7%
Intangible assets	24	0.1%	22	0.1%	-11.4%
Investments and other assets	1,135	5.9%	1,118	5.7%	-1.5%
Total assets	19,241	100.0%	19,470	100.0%	+1.2%
(Liabilities)					
Ⅰ Current liabilities	1,287	6.7%	1,157	5.9%	-10.1%
Accounts payable - trade	173	0.9%	214	1.1%	+24.1%
Ⅱ Non-current liabilities	224	1.2%	224	1.2%	—
Total liabilities	1,512	7.9%	1,382	7.1%	-8.6%
(Net assets)					
Total equity	17,525	91.1%	17,893	91.9%	+2.1%
Total net assets	17,729	92.1%	18,087	92.9%	+2.0%
Total liabilities and net assets	19,241	100.0%	19,470	100.0%	+1.2%

Current assets

Increased by 3.9% from the end of previous fiscal year due to an increase in cash and deposits resulting from a decrease in new capital expenditures.

Non-current assets

Decreased by 4.1% from the end of previous fiscal year, due to depreciation exceeding new capital expenditures.

Liabilities

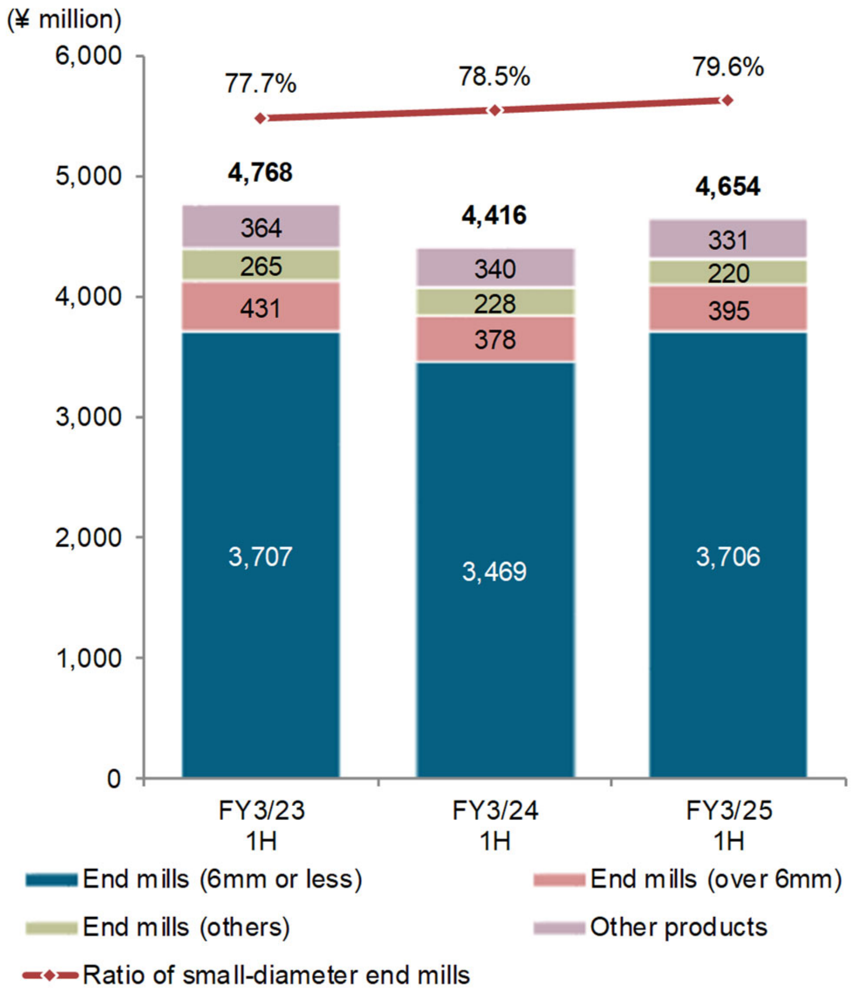
Decreased by 8.6% from the end of previous fiscal year due to decreases in provision for bonuses and provision for bonuses for directors (and other officers).

Net assets

Increased by 2.0% from the end of previous fiscal year mainly due to an increase in retained earnings. Partly due to a decrease in liabilities, equity-to-asset ratio was 91.9%, up 0.8 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

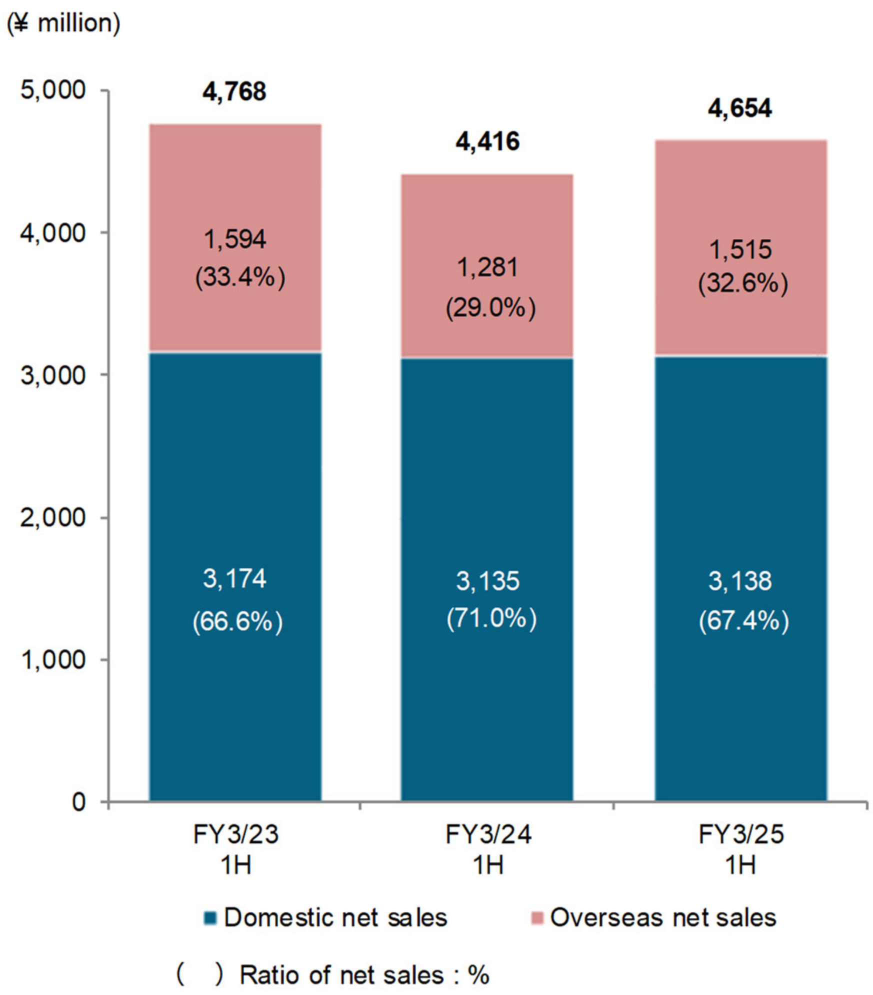


- In Japan, the automotive industry did not achieve a full-fledged recovery, although the impact of the certification fraud issue at major automotive manufacturers has dissipated. In the market of semiconductor and electronic components and devices, AI-related demand increased, but on the other hand, inventory adjustments continued. As for overseas, net sales to Greater China were brisk due to the acquisition of orders from some parts of the automobile and electronic components markets. Net sales were ¥4,654 million, up 5.4% YoY.

- By product, net sales for mainstay end mills (diameter 6 mm or less) increased by 6.9% YoY, end mills (diameter over 6 mm) increased by 4.4% YoY, end mills (other), mainly special tools custom-made to users, decreased by 3.4% YoY, and other products such as tool cases also decreased by 2.7% YoY. The ratio of small-diameter end mills was 79.6%, up 1.1 pp YoY.

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

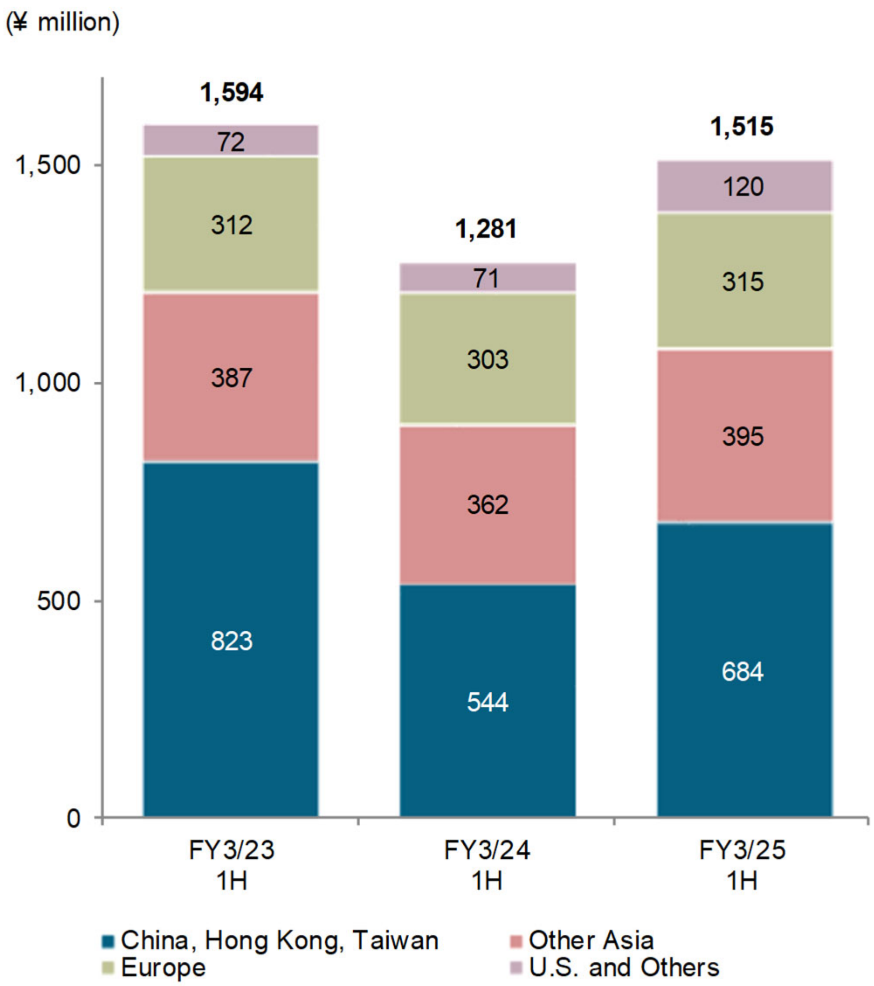
Trend of domestic and overseas net sales



- Domestic net sales increased by ¥3 million, up 0.1% YoY, to ¥3,138 million. Overseas net sales increased by ¥234 million, up 18.3% YoY, to ¥1,515 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 1H results, figures for China are for January-June.
- Overseas net sales ratio increased by 3.6 pp YoY to 32.6%, 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



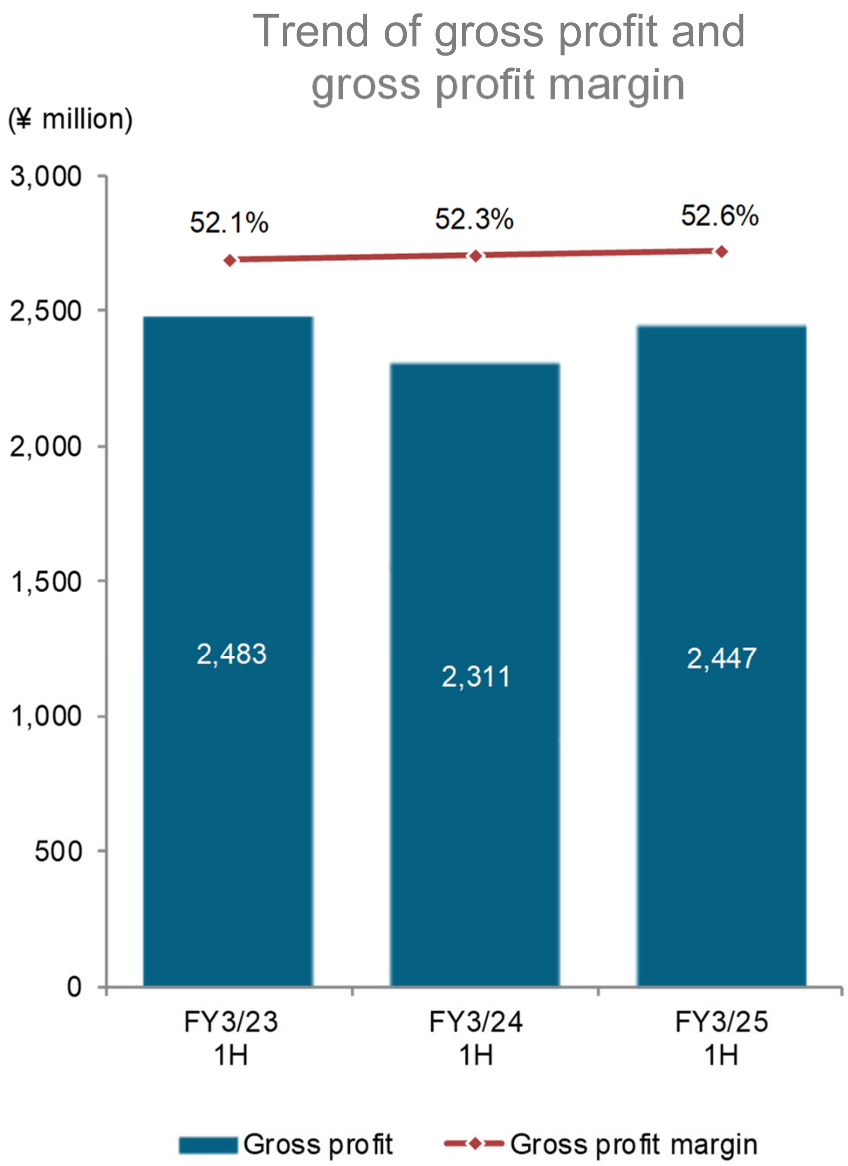
- Combined net sales for China, Hong Kong and Taiwan increased by 25.7% YoY, to ¥684 million. In account consolidation of NS TOOL Hong Kong Ltd. into 1H results, figures for China are for January-June. Recovery in orders for the smartphone industry continued. In addition, net sales increased due to increased demand for the automotive industry. Although the market condition has not improved significantly, net sales improved from the same period of previous fiscal year due to the acquisition of orders.

- Other Asia increased by 9.0% YoY to ¥395 million. In Southeast Asia, demand for molds for automobiles remained sluggish. India is performing well due to brisk capital expenditures by the expansion of domestic demand.

- In Europe, the automotive industry remained sluggish, but net sales increased by 4.0% YoY, to ¥315 million, as sales to the medical-related industry increased slightly.

- Figures for the U.S. and Mexico are for January-June due to the consolidation of NS TOOL USA, INC. The reasons for the increase in net sales are the deviation in consolidation periods resulted from the change of commercial distribution as well as the impact of exchange rates, so there is only a slight increase when comparing actual net sales.

Business Performance (Trend of gross profit)

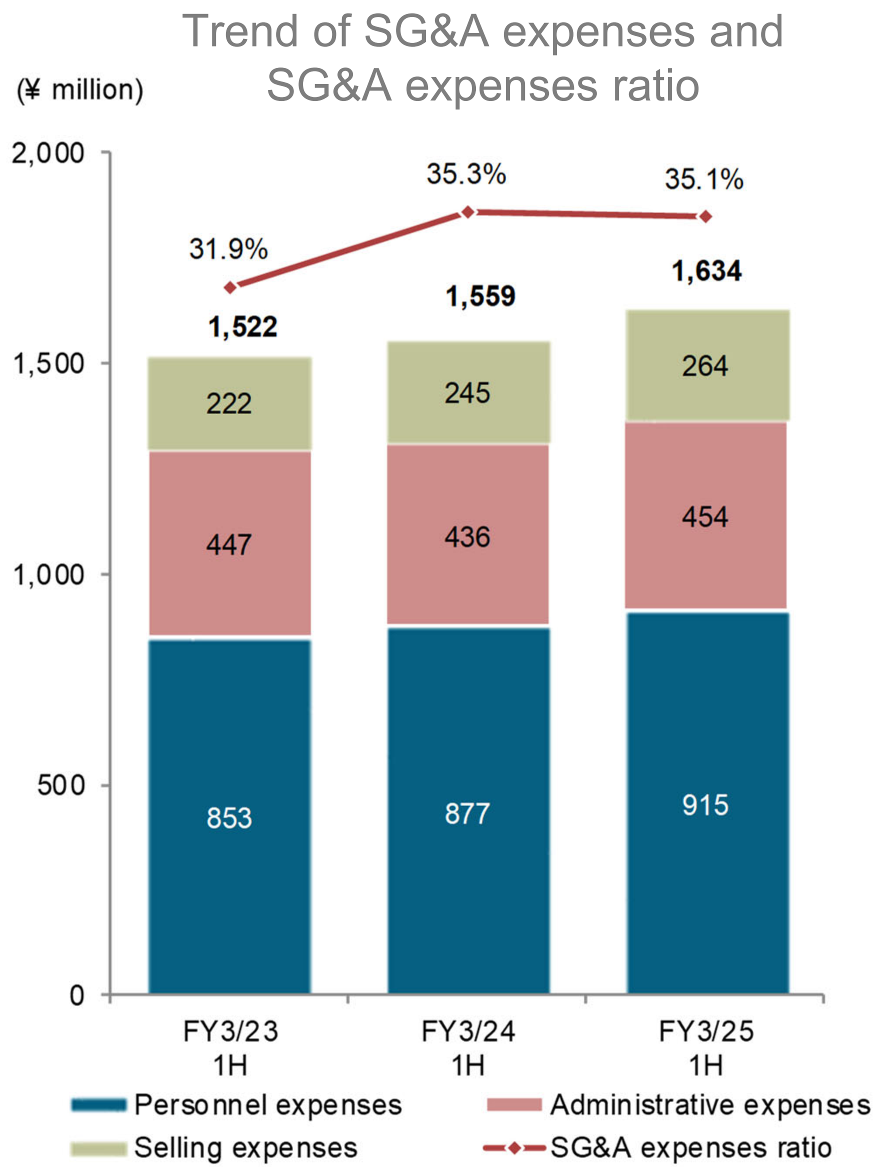


- Material costs increased by 5.9% YoY; outsourcing expenses decreased by 11.8% YoY due to the promotion of manufacturing internalization by subsidiaries; labor costs increased by 5.1% YoY due to an increase in personnel and wage increases; and manufacturing expenses increased by 7.6% YoY due to increases in electricity power costs and manufacturing repair costs.

- Cost of sales increased by 4.9% YoY in line with the rise in net sales.

- Gross profit increased by 5.9% YoY to ¥2,447 million, while the gross profit margin was 52.6%, up 0.3 pp YoY.

Business Performance (Trend of SG&A expenses)

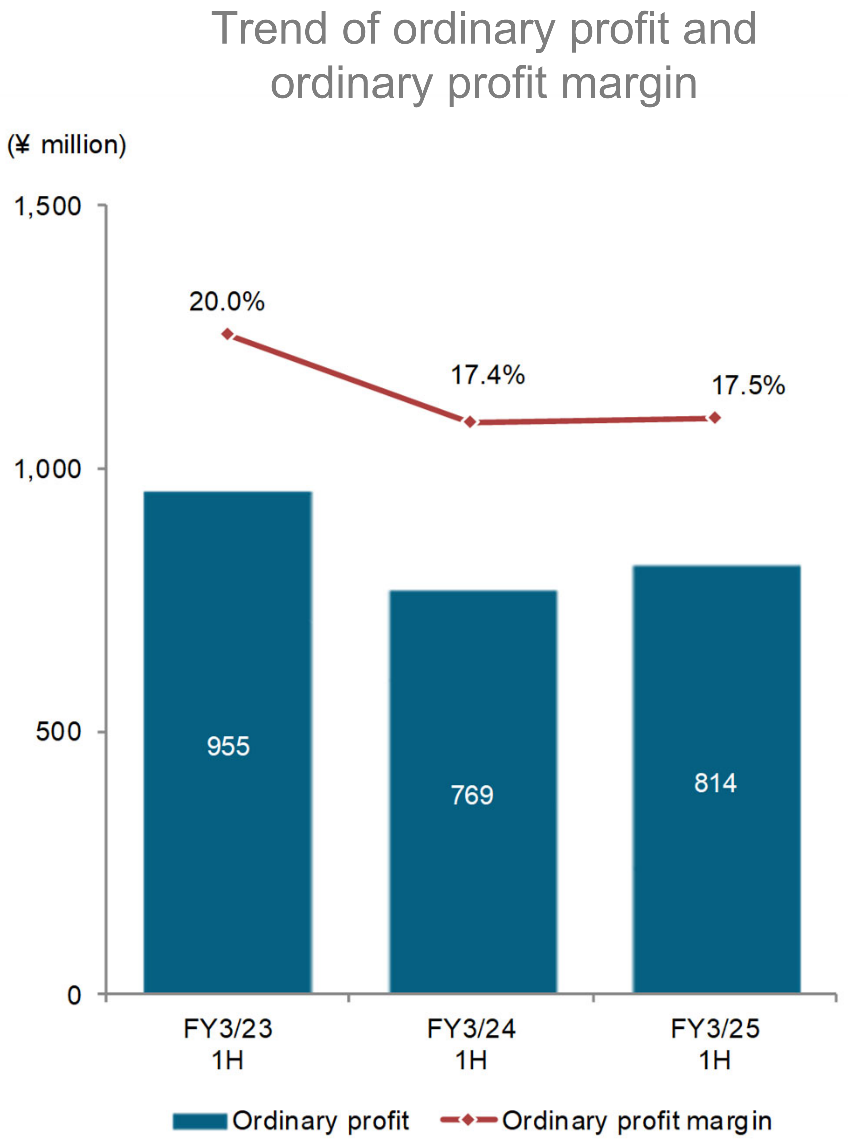


- Selling expenses increased by 7.8% YoY to ¥264 million. Advertising expenses increased due to the revision of product catalogues. Although the frequency of participation in exhibitions was at the same level as the previous fiscal year, exhibition costs decreased because a portion of cost for the exhibition “IMTS” held in the U.S. in September was not included in 2Q due to the consolidation of NS TOOL USA, INC.

- Personnel expenses increased by 4.3% YoY to ¥915 million due to wage increases and an increase in salaries and provision for bonuses associated with increased personnel.

- Overall SG&A expenses increased by 4.8% to ¥1,634 million, but SG&A expenses ratio declined by 0.2 pp YoY to 35.1% due to an increase in net sales.

Business Performance (Trend of ordinary profit)



- Net sales increased by 5.4% YoY, but operating profit increased by 8.1% YoY to ¥812 million as the rises of cost of sales and SG&A expenses were controlled against the increase in net sales.
- In non-operating income and expenses, non-operating income of ¥10 million was caused by gain on sales of scraps and non-operating expenses of ¥9 million were caused by foreign exchange losses, and ordinary profit increased by 5.9% YoY to ¥814 million.
- Ordinary profit margin was 17.5%, up 0.1 pp YoY.

Consolidated Financial Forecasts for FY3/25

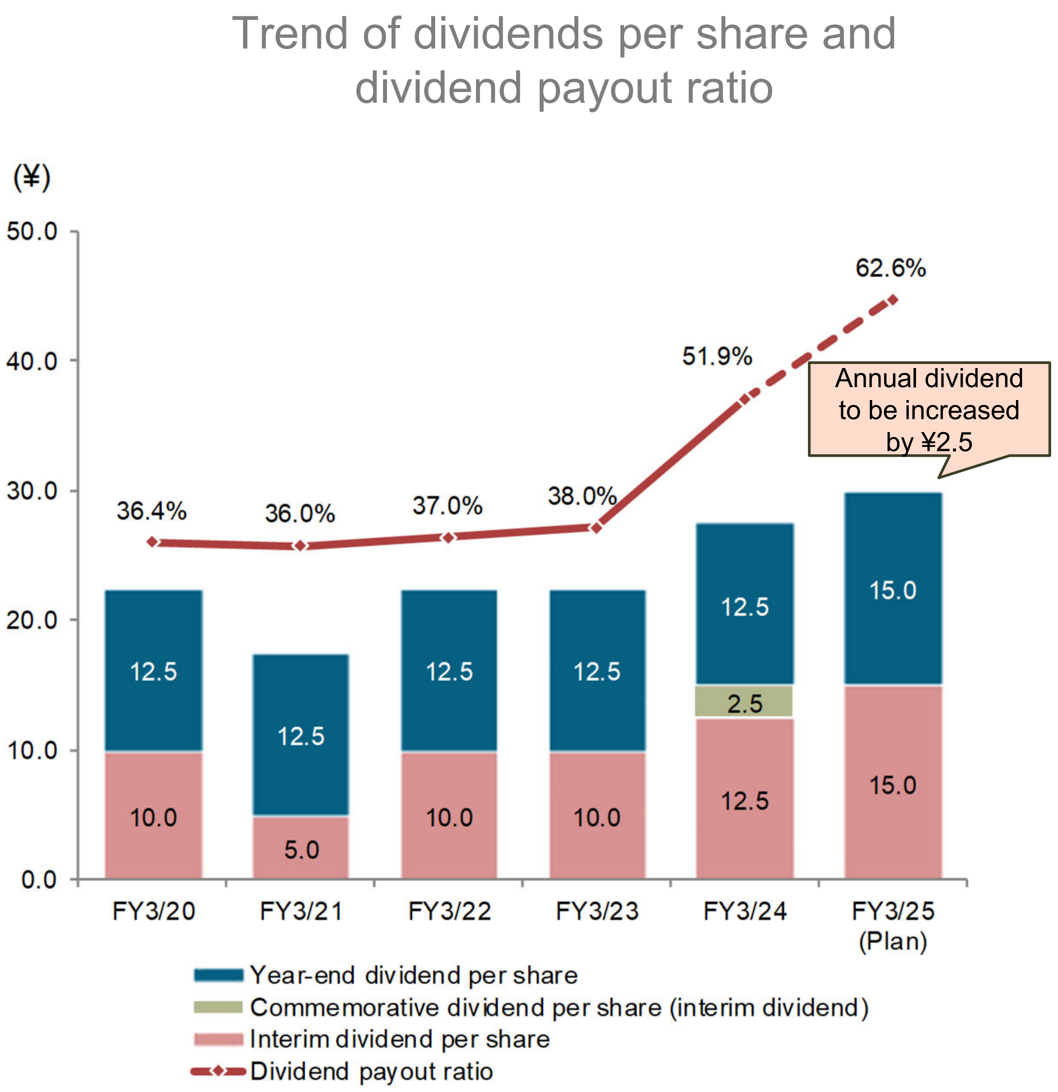
Financial Forecasts

(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, a full-fledged recovery is expected in 2H although the recovery of demand in Japan has been delayed. The market of semiconductor and electronic components and devices is expected to gradually recover through 2H, as inventory adjustments are expected to be resolved, in addition to AI-related demand.
- 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.

Dividend Forecasts (Shareholder Returns)



*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).

Contact us:

NS TOOL CO., LTD.

Corporate Planning Office

E-mail：ir@ns-tool.com

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.