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## Summary of Business Results for the Six Months Ended September 30, 2024 [Japan GAAP] (Consolidated)

October 31, 2024

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 Expected date of filing of semi-annual report: November 12, 2024  
 Expected starting date of dividend payment: December 2, 2024  
 Preparation of supplementary financial document: Yes  
 Results briefing: Yes

(Rounded down to million yen)

### 1. Consolidated business results for the six months ended September 2024 (April 1, 2024 through September 30, 2024)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sept. 2024	4,654	5.4	812	8.1	814	5.9	568	12.0
Six months ended Sept. 2023	4,416	-7.4	751	-21.7	769	-19.5	507	-18.2

(Note) Comprehensive income:

Six months ended September 2024: 623 million yen (14.4%)

Six months ended September 2023: 545 million yen (-19.6%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sept. 2024	22.85	22.67
Six months ended Sept. 2023	20.34	20.17

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sept. 2024	19,470	18,087	91.9	718.43
As of Mar. 2024	19,241	17,729	91.1	705.25

(Reference) Equity:

As of September 2024: 17,893 million yen

As of March 2024: 17,525 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 2024	-	15.00	-	12.50	27.50
Year ending Mar. 2025	-	15.00	-	-	-
Year ending Mar. 2025 (forecast)	-	-	-	15.00	30.00

(Note) Revisions to dividend forecast for the period: None

**3. Forecast of consolidated business results for the fiscal year ending March 2025****(April 1, 2024 through March 31, 2025)**

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Mar. 2025	9,430	4.3	1,730	-7.4	1,740	-8.8	1,190	-9.9	47.89

(Note) Revisions to business forecast for the period: None

**\*Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of accounting procedures specific to preparation of the semi-annual consolidated financial statements: Yes

(Note) Application of accounting procedures specific to preparation of the semi-annual consolidated financial statements. For more details, please refer to “Application of accounting procedures specific to preparation of the semi-annual consolidated financial statements” on page 7 of the attached material.

- (3) Changes in accounting policies, accounting estimates and restatement
- ① Changes in accounting policies associated with revision of accounting standards : Yes
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

**(4) Shares outstanding (common stock)**

- ① Number of shares outstanding at the end of period (treasury stock included)
- As of September 2024 25,035,034 shares
- As of March 2024 25,035,034 shares
- ② Treasury stock at the end of period:
- As of September 2024 128,363 shares
- As of March 2024 185,138 shares
- ③ Average number of stock during period (six months ended September 30, 2024)
- Six months ended September 2024 24,878,909 shares
- Six months ended September 2023 24,952,151 shares

**\* Semi-annual business results reports are exempt from review conducted by certified public accountants or an audit firm.**

**\* Explanation regarding appropriate use of business forecasts and other special instructions**

Above forecasts are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors.

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## 1. Qualitative Information Regarding Results for the First Six Months

### (1) Explanation of Operating Results

During the six months ended September 30, 2024, the Japanese economy maintained a gradual recovery. But due to fluctuations in exchange rates caused by changes in monetary policy, persistently high energy prices, rising prices of goods, and ongoing geopolitical problems in Ukraine and the Middle East, the outlook remains uncertain.

As for the situation of the major consumers for the products of the Company group (the “Group”), 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 is rising, but on the other hand, inventory adjustments continued and recovery is expected in the second half of the fiscal year. In Greater China, some parts of the automobile and electronic components markets were brisk.

Amid such an environment, the Group exhibited at “IMTS 2024” in Chicago in the United States held in September. The event is one of the three biggest machine tools exhibitions in the world. This year’s exhibition was a joint exhibition with MIKRON CORP. MONROE, with which NS TOOL USA, INC., a U.S. sales subsidiary, has formed a sales partnership in the U.S. This was an opportunity to gain a foothold for future sales expansion through effective PR to the target customers in the North American market.

In terms of production, we have continued our efforts to improve production efficiency while aiming for higher precision, mainly through the “Orange FC Activities,” the Group’s improvement activities conducted in small groups, and we have reduced costs by shortening processing time and other measures. Furthermore, in order to reduce packaging materials, we are working to realize environmentally-friendly production by promoting the production of returnable material boxes for materials that utilize resin and other waste materials as reusable materials.

As a result, net sales for the six months ended September 30, 2024 were ¥4,654 million (up 5.4% year on year), operating profit was ¥812 million (up 8.1% year on year), ordinary profit was ¥814 million (up 5.9% year on year), and profit attributable to owners of parent was ¥568 million (up 12.0% year on year).

By product category, sales of “End mills (diameter 6 mm or less)” were ¥3,706 million (up 6.9% year on year), sales of “End mills (diameter over 6 mm)” were ¥395 million (up 4.4% year on year), sales of “End mills (other)” were ¥220 million (down 3.4% year on year), and sales of “Other” were ¥331 million (down 2.7% year on year).

(Note) Since there is only one reportable segment, the information is presented by product category. The “Other” business segment is included in “Other” by product category.

### (2) Explanation of Financial Position

As for the consolidated financial position as of September 30, 2024, total assets increased by ¥228 million compared to the end of the previous fiscal year to ¥19,470 million. This was mainly due to an increase in cash and deposits resulting from an increase in net sales and a decrease in capital investment.

Furthermore, liabilities decreased by ¥129 million compared to the end of the previous fiscal year to ¥1,382 million. This was mainly due to decreases in provision for bonuses and provision for bonuses for directors (and other officers).

Net assets increased by ¥358 million compared to the end of the previous fiscal year to ¥18,087 million due to an increase in retained earnings, etc. Equity-to-asset ratio as of September 30, 2024 amounted to 91.9%.

### (3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Statements

With respect to the forecast of business results for the fiscal year ending March 31, 2025, there is no change from the business results forecast announced on May 13, 2024.

## 2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

### (1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	8,893,791	9,598,558
Notes and accounts receivable - trade	1,305,381	1,316,133
Merchandise and finished goods	1,299,036	1,250,171
Work in process	325,111	253,492
Raw materials and supplies	757,835	649,167
Other	138,620	150,959
<b>Total current assets</b>	<b>12,719,776</b>	<b>13,218,482</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,462,129	2,391,869
Machinery, equipment and vehicles, net	1,155,922	1,336,176
Land	800,483	800,483
Construction in progress	775,904	421,941
Other, net	166,699	160,768
<b>Total property, plant and equipment</b>	<b>5,361,139</b>	<b>5,111,238</b>
Intangible assets	24,891	22,052
Investments and other assets		
Investment securities	29,835	28,185
Insurance funds	475,896	476,694
Deferred tax assets	478,667	470,305
Other	151,301	143,421
Allowance for doubtful accounts	(9)	(9)
<b>Total investments and other assets</b>	<b>1,135,690</b>	<b>1,118,596</b>
<b>Total non-current assets</b>	<b>6,521,721</b>	<b>6,251,887</b>
<b>Total assets</b>	<b>19,241,498</b>	<b>19,470,369</b>

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	173,043	214,751
Income taxes payable	240,215	261,965
Provision for bonuses	278,147	242,426
Provision for bonuses for directors (and other officers)	89,425	43,378
Other	506,500	395,067
Total current liabilities	1,287,331	1,157,588
Non-current liabilities		
Long-term accounts payable - other	224,952	224,952
Total non-current liabilities	224,952	224,952
Total liabilities	1,512,283	1,382,540
<b>Net assets</b>		
Shareholders' equity		
Share capital	455,330	455,330
Capital surplus	418,223	418,223
Retained earnings	16,782,461	17,029,792
Treasury shares	(214,531)	(148,676)
Total shareholders' equity	17,441,483	17,754,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,883	4,729
Foreign currency translation adjustment	77,924	134,245
Total accumulated other comprehensive income	83,807	138,974
Share acquisition rights	203,923	194,184
Total net assets	17,729,214	18,087,829
Total liabilities and net assets	19,241,498	19,470,369

**(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income**  
**Semi-annual Consolidated Statement of Income**

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	4,416,701	4,654,344
Cost of sales	2,104,949	2,207,096
Gross profit	2,311,751	2,447,247
Selling, general and administrative expenses	1,559,755	1,634,429
Operating profit	751,995	812,817
Non-operating income		
Interest income	36	48
Dividend income	343	373
Gain on sale of scraps	12,248	8,997
Foreign exchange gains	5,560	–
Other	5,407	1,474
Total non-operating income	23,597	10,893
Non-operating expenses		
Rental expenses	5,354	–
Foreign exchange losses	–	9,136
Other	934	9
Total non-operating expenses	6,288	9,145
Ordinary profit	769,304	814,564
Extraordinary income		
Gain on sale of non-current assets	1,637	850
Total extraordinary income	1,637	850
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	770,942	815,415
Income taxes	263,444	246,851
Profit	507,497	568,564
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	507,497	568,564

**Semi-annual Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	507,497	568,564
Other comprehensive income		
Valuation difference on available-for-sale securities	2,791	(1,154)
Foreign currency translation adjustment	34,762	56,321
Total other comprehensive income	37,553	55,166
Comprehensive income	545,051	623,731
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	545,051	623,731
Comprehensive income attributable to non-controlling interests	–	–



**(3) Notes to Semi-annual Consolidated Financial Statements****Notes on changes in accounting policies***Application of Accounting Standard for Current Income Taxes and other relevant ASBJ regulations*

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the six months ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2 (2) “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the “Revised Guidance of 2022”). This change in accounting policy will have no impact on the semi-annual consolidated financial statements.

Concerning amendments relating to reviews of the treatment in consolidated financial statements in the case of deferring gain and loss arising from the sale of subsidiary stock, etc. between consolidated companies for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the six months ended September 30, 2024. This change in accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the previous fiscal year. This change in accounting policy will have no impact on the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the previous fiscal year.

**Application of accounting procedures specific to preparation of the semi-annual consolidated financial statements**

With regard to the Company and certain subsidiaries, tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the six months ended September 30, 2024.

**Notes on segment information, etc.**

[Segment information]

Six months ended September 30, 2023 and six months ended September 30, 2024

The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Group conducts its business activities having established a strategy for each product department with a systematic division of modes of manufacture, markets and customers for its products.

Accordingly, the Group is comprised of two business segments that are divided according to product department: “End mills” and “Other.” “End mills” constitutes the mainstay business operated by the Group, and is engaged in the manufacture and sale of cutting tools centered on small-diameter cemented carbide end mills. “Other” includes businesses engaged in the manufacture and sale of plastic-molded products centered on tool cases. “End mills” is further divided in the following manner according to the size and other aspects of the products: “End mills (diameter 6 mm or less),” “End mills (diameter over 6 mm)” and “End mills (Other).”

Note that as both the amount of net sales and profit (loss) and amount of assets of the business segments under “Other” make up less than 10% of the total amount for all business segments, the Group has rendered them into a single reporting segment.

**Notes when there are significant changes in amounts of shareholders’ equity**

Not applicable.

**Notes on uncertainties of entity's ability to continue as going concern**

Not applicable.