

Fiscal Year Ended March 31, 2019

(April 1, 2018 to March 31, 2019)

Business Report

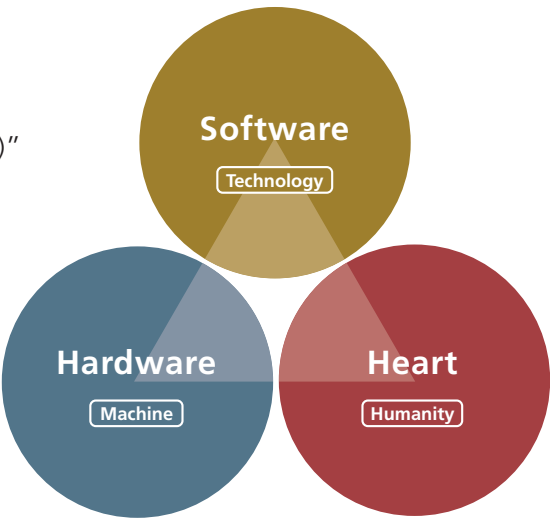
As a specialist of micro machining technology, NS TOOL aims to break the 50 cc & 125 cc world fastest records in Bonneville Motorcycle Speed Trials.



Profile

Management Philosophy

NS TOOL creates
“Software (Technology),” “Hardware (Machine)”
and “Heart (Humanity).”
We contribute to society by developing
eco-friendly and human-friendly products.



Brand Statement

For Crafting Tomorrow

It is our pride in supporting Japan’s *monozukuri*
(manufacturing) that has been our basis since our founding.
As a leading company specialized in cemented carbide small-diameter end mills,
NS TOOL manufactures high value-added products by responding to the needs and
expectations of customers and society.
NS TOOL strives to constantly enhance its own technological standards and
create cutting-edge solutions.
Let’s deliver unseen innovation in technology, quality and service for the future and the world.
We, NS TOOL, will open up the infinite dreams and possibilities of *monozukuri*.

History of Our Challenges
— With Japan’s *monozukuri* —

Since our founding in 1954, NS TOOL has strived to innovate cemented carbide small-diameter end mills and to open up a future of Made in Japan together with our customers.
NS TOOL’s customers are engaged in the development and manufacture of various products and parts night and day in the cutting-edge field of precision and micro machining.
Even the slightest measurement error is impermissible in this field.
Moreover, with the micro-miniaturization of electronic equipment, high-level integration and super-downsizing/thinning of electronic components and devices have advanced. As a result, technological requirements in the manufacturing industry are greater than ever before.
The NS TOOL Group is working for further improvement of precision and durability to answer our customers’ needs and expectations, by constantly enhancing our own technological standards and by creating cutting-edge technologies and products.

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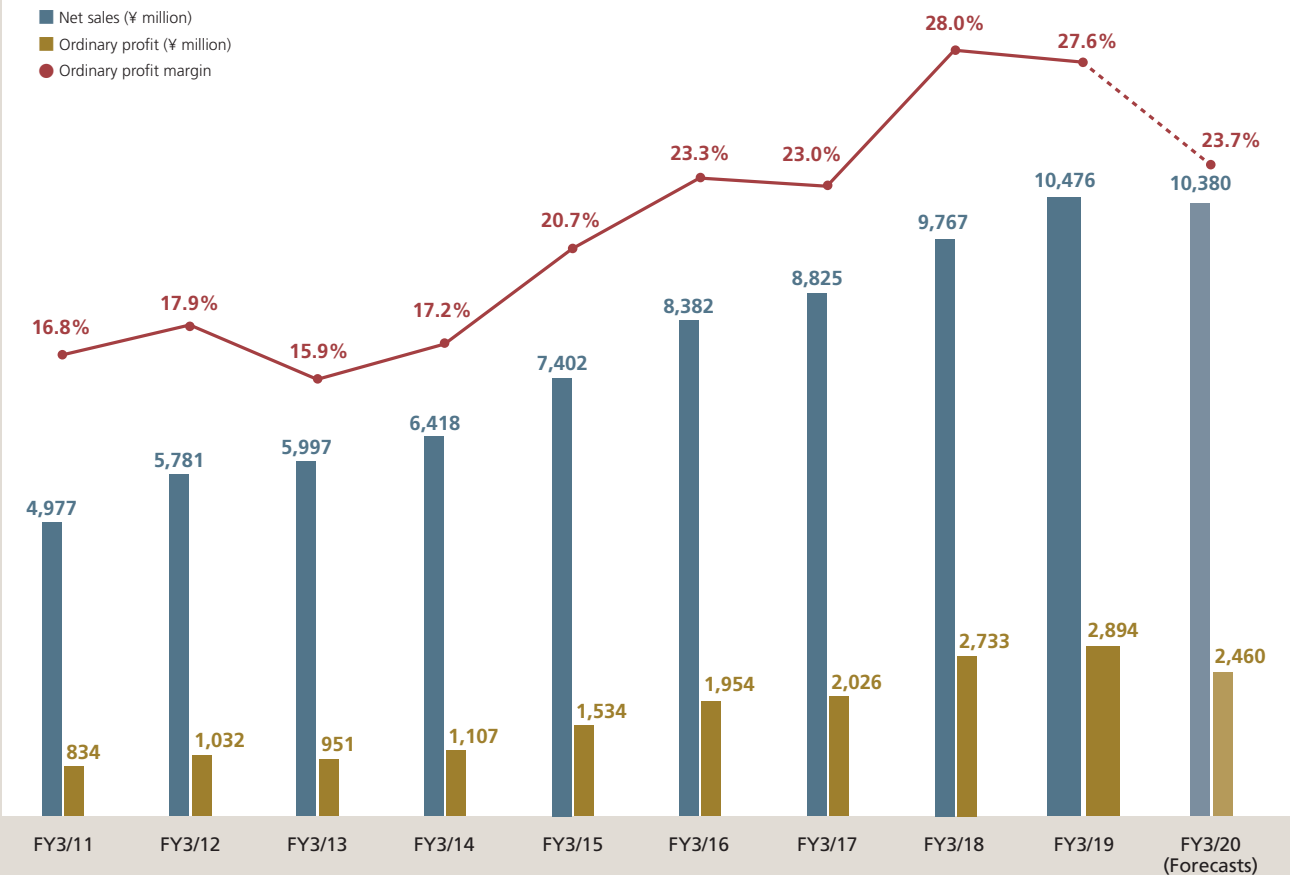
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Disclaimer

Notes regarding the Company’s estimates

This report contains forward looking estimates including plans, strategies, financial results and other statements. These estimates are based on the determination derived from the information that can be obtained currently. Please note that the actual results are supposed to be affected by various types of risks and uncertainty and, as a result, can be largely differ from these estimates.

Trends of consolidated net sales/ordinary profit and ordinary profit margin



Value Creation Process of the NS TOOL Group

For Crafting Tomorrow

— Unlock the dreams and possibilities of *monozukuri* —

To support precision and micro machining that is indispensable for manufacturing electronic and precision components in which Japan's *monozukuri* excels, the NS TOOL Group has strived to realize unrivaled technologies, quality and services and worked for constantly creating added values. As a specialist organization of small-diameter tools, we capture the largest share of the Japanese market for cemented carbide small-diameter end mills, securing high profit margin and maintaining thorough non-debt management.

Capitals for creating added values

Specialist organization of small-diameter tools

Manufactured Capital

In-house developed machine
Automation equipment
Production technology

Human Capital

Technology
Quality
Service

Intellectual Capital

Precision and micro machining technologies and know-hows
Access to cutting-edge information

Financial Capital

Non-debt management
High equity ratio
Strong cash flows
High capital productivity
Proper inventory enabling stable supply of products

Natural Capital

Unique know-hows and measures against natural disasters
Plants with low environmental impact

Social and Relationship Capital

Customer base comprising cutting professionals
Open innovation in which research institutes and machinery manufacturers are involved

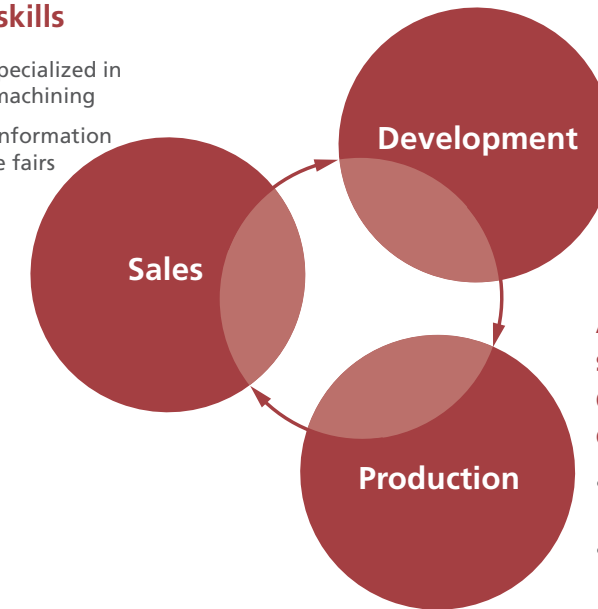
Business model specialized in small-diameter tools

Proposal-based sales activities conducted by experienced personnel with sufficient skills

- Technical proposals specialized in precision and micro machining
- Proactively offering information at seminars and trade fairs

Specialized in precision and micro machining

- Technological development including adoption (or researches) of new tool materials



Automation of production system by using in-house developed machine, called "TGM*", as a core

- Production with high quality, high stability and high efficiency
- Production system enabling stable supply of products

* TGM: Tool Grinding Machine

Markets and products to which precision and micro machining contribute

Information/communication

Smartphone
IoT^{*1}
5G^{*2}

Automobile

EV and FCV^{*3}
ADAS^{*4}
Autonomous driving

AV equipment/home appliance

LED
High-performance camera

Precision/machining

Precision equipment
Semiconductor manufacturing equipment

Medical treatment

Medical equipment
Inspection tool

Others

Can manufacturing
Cosmetic container, etc.

*1 IoT: Internet of Things *2 5G: 5th Generation mobile communication system *3 EV and FCV: Electric Vehicle and Fuel-Cell Vehicle *4 ADAS: Advanced Driver Assistance System

Business Summary

End mills are used like this:

Outline	End mills are tools attached to machine tools for cutting and processing metals such as steel, stainless steel, aluminum, etc.
Purpose of use	End mills are used for processing molds and parts (producing holes, grooves, planes and three dimensional curved surfaces).
Customers	Main customers are automobile-related, digital home appliance-related and electronic component-related companies.



Attached to the tip of machine tools, end mills cut out materials.



Machine tool appearance

End mills are used for the following applications:

NS TOOL products

Small-diameter end mills



Sold to more than 5,000 corporate users ranging from large-sized to small-to-medium sized manufacturers

Mold machining



Parts processing



Transport machinery

•Automobile •Motorcycle

Electrical equipment

•Home appliance •PC •AV equipment
•LED lighting •Communications equipment (smartphone/tablet device)

Others

•Precision equipment •Optical lens
•Medical equipment •Fuel cell, others

Top Message



Hiroji Goto, President

We will provide a stable supply of high-quality small-diameter end mills.

Fiscal year ended March 31, 2019: Review of business activities

In the first half of the fiscal year ended March 31, 2019 (FY3/19), our business remained steady, reflecting strong economic sentiment for the past few years. According to the Machinery Statistics published by Ministry of Economy, Trade and Industry, even though the production was cut in half by the Lehman collapse in 2009, the production of cemented carbide end mills continued to increase, and it increased by 10.0% in 2018 compared to the previous year.

On the other hand, when we drew up the initial forecasts, we could not incorporate the influence of US-China trade disputes into it, which made us unable to accurately estimate until when the market would remain strong. After the 3rd quarter, macroeconomic uncertainty went up and its influence began to appear also in Japanese economy. I understand that, as a result, economic environment has become difficult. Nevertheless, I think we produced good results because we were able to achieve performances as we expected at the beginning of fiscal year.

When we look at the trend of the main demanders, the improved design resulting from the spread of LED lights and the expansion of ADAS (Advanced Driver Assistance System)-related components have increased the demands for tools in the automobile-related industry. Demands have also been increasing for 5G (5th generation mobile communication system)-related products since 2018. However, there is a

decline in demand for electronic parts and devices, due to a pause of demand for smartphones worldwide in addition to a rising tide to exclude communications equipment made in China.

In such an environment, the NS TOOL Group exhibited at JIMTOF 2018 (Japan International Machine Tool Fair), the biggest trade show of machine tools in Japan, and IMTS 2018 (International Manufacturing Technology Show) held in Chicago, U.S.A., and proactively developed marketing activities by proposing precision and micro machining technologies enabled by using our end mills. In addition, by releasing new products, such as Long Neck Ball End Mill for Copper Electrode (DRB230) specialized for milling copper electrode and capable for a long time of high-quality and stable machining, and then Long Neck Square End Mill (DHR237) of the same series, we improved product line-up to enable our customers to enhance their productivity.

Regarding production, we continued to lead to greater production increase and greater efficiency in production. To enhance development environment and further improve production technology, we began construction of a new development center which is scheduled to be completed in November 2019 (with capital investment of some ¥1.3 billion). In November 2018, we moved the head office to a building with a seismically isolated structure and uninterruptible power supply, aiming to enhance operating efficiency, maintain product inventory and enhance business continuity.

Top Message

The effect of these efforts led to consolidated net sales of ¥10,476 million (+7.3% year-on-year), operating profit of ¥2,879 million (+6.8% yoy), ordinary profit of ¥2,894 million (+5.9% yoy) and profit attributable to owners of parent of ¥1,970 million (+3.5% yoy). Net sales of small-diameter end mills (with blade tips of 6mm or smaller), in which the NS TOOL Group is strategically specialized, were ¥7,832 million (+6.0% yoy) occupying 74.8% of the total net sales.

Major market changes in the past 10 years

Looking back on the 10 years following the collapse of Lehman Brothers, I think the market has changed dramatically. These changes have made it possible to do what could not be done before. End mills are cutting tools that are attached to a machining center (milling machine) for cutting the top and side of work piece by rotating. End mills are applicable to a wider range of processing; they enable cutting a variety of shapes, such as holes, groves, planes, and three dimensional curved surfaces.

After the Lehman collapse, the development efforts made by the individual tool machine manufacturers have paved a way to realize machining centers which enable efficient use of small-diameter end mills. This led to an increase in customers who challenge new things by using them.

Spread of smartphones also contributed greatly to the expansion of small-diameter end mill market. Smartphone can be regarded as a personal computer with communication function. As it has become widely used in various ways, securing its battery capacity has become more important. On the other hand, efforts to provide thinner and lighter

smartphone has made it indispensable to make electronic parts other than battery more compact. To meet such needs in parts processing, small-diameter end mills have become widely used.

As a result of the continued efforts to answer the conflicting needs for size reduction and capacity increase, many of Japanese electronic parts manufacturers have won the top share in the world market of wide variety of products and fields and are playing a role of world's parts supply base. While maintaining domestic manufacturing activities, they are supplying high value-added products.

We have answered the needs of parts manufacturers which are the lead runners in world market with high value-added products by continuously reducing tool diameters and developing material processing technologies. We, as such, believe that the NS TOOL Group has created new markets of small-diameter end mills in cooperation with our customers that are users.

Change of production system based on in-house developed machines

At around the same time, our production system has experienced a dramatic change. While updating the in-house developed end mill production machine which was completed about 10 years ago, we have increased the number of the machines in field. As a result, the in-house developed machines have won a large share of our total production.

NS TOOL has pursued "Made in Japan" in a thorough manner and consolidated production in Sendai Plant. Our efforts to achieve a very difficult target, namely automation

of production by using in-house developed machines, have expanded the environment in which products of higher quality can be manufactured in a stable manner. The effect of these efforts has also appeared in our financial results.

We still have many things to do for further improvement of production. Especially regarding our efforts to eliminate a variation in quality, I feel we are entering a new era in which we have to improve precision at a level that is different from what we've been using. To achieve next-generation precision improvement, we must enhance measures not only for tools but also for machining centers as well as their surrounding environment in which they operate. In short, I think the key to our Group's unrivaled competitiveness is to realize far-sighted measures and solutions. To achieve this goal, I think we must also enhance development of human resources for promoting these initiatives with new perspectives.

To overcome uncertain business environment

When considering the business environment after FY3/20, I am most concerned over the trend of US-China relations. As this phenomenon can be interpreted as the two nations' struggle for hegemony in international politics, I understand that it is not easy to bring an end to it. Being fully aware of the macro environment degradation arisen from China, we will focus on how to harness new demands that can compensate for the degradation.

As part of this attitude, we invited an expert in China's economy and held a management seminar for our customers in April 2019. Our Group's performances marked a sizable drop following the Lehman collapse. Looking back on those

days, I think we might have been able to diminish the effect if we had considered macro environment from a global point of view. Through the reflection on our response to that collapse, we have come to think that we should learn the current situation together with our customers and make full use of the results in the future management. This is what has motivated us to hold this seminar.

Fortunately, I am certain that precision and micro machining which uses small-diameter end mills that our Group is specialized in is the technology capable of serving effectively for producing and processing electronic components required to realize electrification in vehicles (electric vehicles) and autonomous driving which stands at a major crossroads. The age of 5G is coming, and various things will be connected via high-speed communications, which will dramatically change the world.

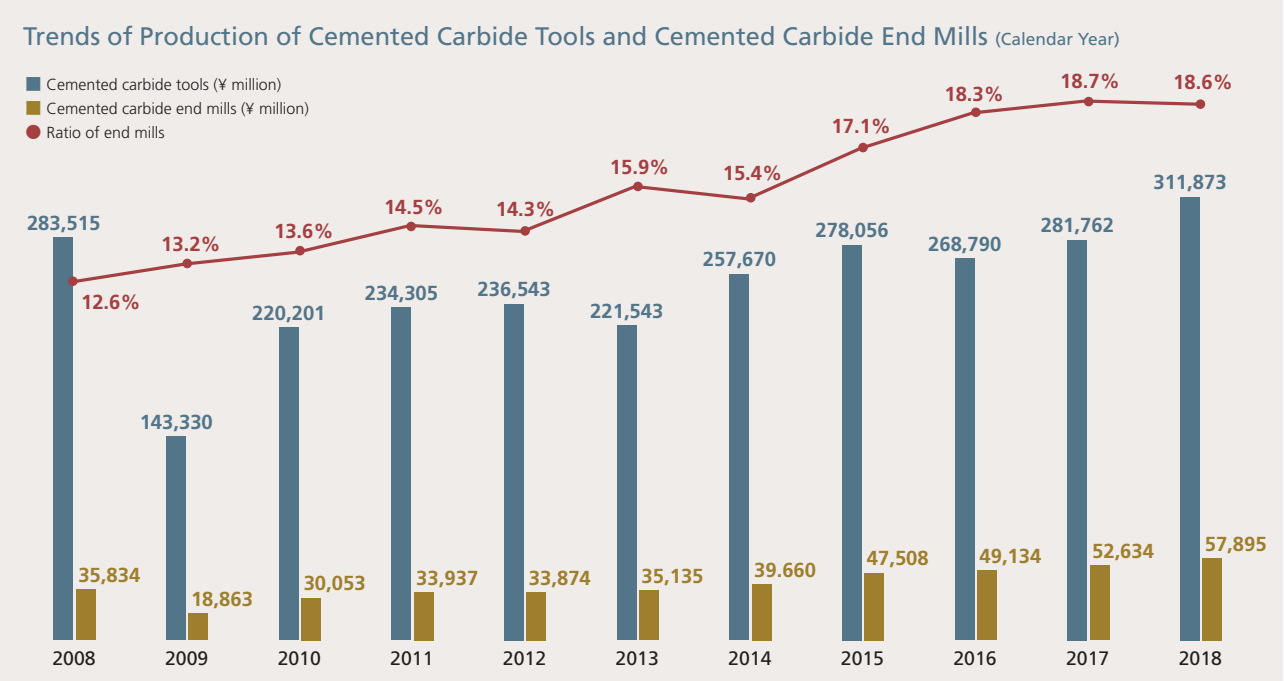
In this way, we will keep an ear to the ground to catch new market needs arisen through environmental changes and create precision and micro machining market, so that we will realize self-sustaining economic growth in uncertain business environment. To achieve this purpose, I think we should not only realize a stable supply of high-quality small-diameter end mills but also enhance technical support which leads to improved precision in final processing and products, by sharing our know-hows and findings with our customers.

Message to our stakeholders

Although the NS TOOL Group is small in corporate scale, it has made good use of its own strengths and achieved steady growth in sales and profits. We have always focused on creating and expanding applications in the market in which we excel, rather than pursuing size. While striving to minimize manufacturing cost by automation, we have delivered a stable supply of high-quality products which enable us to raise selling prices. This has resulted in higher added values of products.

On the other hand, concerning a risk of concentrating management resources on small-diameter end mills, discussions have been continuously carried out inside the Company. Increasing the number of business axes is one direction, but we must not forget that application range of end mills is very wide and will become further widened. For instance, a risk will be high if we concentrate our business on automobile-related fields, but our Group has widened the application range of small-diameter end mills not only to electronic part/device-related fields but also to the processing of cosmetic containers, etc. I understand that we should expand application range on our own initiatives to realize risk diversification that our Group aims at.

Based on this idea, we will pursue the cutting by small-diameter end mills and aim for further growth. We appreciate our stakeholders' continued support.



Source: Machinery Statistics, Ministry of Economy, Trade and Industry

Outline of Financial Forecasts for FY3/20

Unit: ¥ million	FY3/19 (Actual)	FY3/20 (Forecasts)	YoY changes
Net sales	10,476	10,380	-0.9%
Operating profit	2,879	2,440	-15.3%
Ordinary profit	2,894	2,460	-15.0%
Profit	1,970	1,690	-14.2%
Capital investment	1,268	1,697	+33.8%
Depreciation	629	740	+17.7%
EPS	¥157.59	¥135.16	-14.2%
DPS	¥45	¥45	—

<Major Points>

Net sales: Considering many causes of concern, such as outlook of US-China trade disputes, possibilities of no-deal Brexit, etc., and also considering that smartphones are entering the age of 5G, it is supposed that demand for small-diameter tools will get slightly stagnant.

Operating profit: We project the effect of increase in material expenses that will remain throughout the year, as well as an increase in depreciation expenses for the private show (to be held in January 2020) and for construction of new development center (to be completed in November 2019).

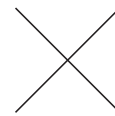
Capital investment: We project an increase in capital investment for construction of new development center and installation of development-related systems, for construction of new building in subsidiary's plant, and for continuous renewal of production system.

Talk between the Presidents: Considering Japan's *monozukuri*

It is said that there are some 400,000 establishments and enterprises for manufacturing within Japan, half of which are small-to-medium sized contract manufacturers that are supporting Japan's *monozukuri* by providing various processing technologies. One of these contract manufacturers, IRISO SEIMITSU Co., Ltd., a provider of cutting-edge expertise in cutting and micro assembling technologies for the world, was quick to build a manufacturing system "MC molding" that recognizes machining center (numerically controlled machine tool) as a terminal in the 1990s in Japan. By using this system, IRISO SEIMITSU has overcome various difficulties in machining technology. Mr. Kiyokazu Saito, President of IRISO, says "It was NS TOOL's micro machining tools that helped us overcome these challenges." Centering on micro cutting technologies, President Saito and Hiroji Goto, President of NS TOOL, considered Japan's *monozukuri*.



Hiroji Goto, President
NS TOOL CO., LTD.



Kiyokazu Saito, President
IRISO SEIMITSU Co., Ltd.

Characteristics and issues of Japan's *monozukuri*

Saito: Process of *monozukuri* can be divided into development/design, manufacture and production. Manufacture is to process materials and fabricate products. Namely, it refers to processing technology itself. Japanese engineers who support manufacture unconsciously think that "careful *monozukuri* is very important." Among us, it is said that "the more skilled engineers are, the more carefully they read drawings (design specifications)." They read the designer's intention and realize that intention through processing.

Goto: If the designer and the processor can mutually understand the important points in design, *monozukuri* will hardly fail and, even if failed, can be corrected promptly.

Saito: Instead of answering with a simple "yes" or "no," or "0" or "1" as people outside Japan do in general, Japanese have different sensibilities that induce them to pursue various possibilities during *monozukuri*. I think these sensibilities are

Japanese features and underlying strength. This underlying strength is, however, hanging precariously in the balance, because most Japanese managers have thrown away the atmosphere and culture that cherishes careful *monozukuri*, which is intangible asset of Japan. Another reason is we forgot the fact that once a technology gets standardized, it starts deteriorating. We have given higher priority to standardization to increase efficiency, and have neglected efforts to gather the best technologies in the world.

Efforts for micro cutting technology

Saito: In nano processing which is applied to semiconductor manufacturing process, etc., major manufacturers use formless tools, such as lights, electrons and atoms, to process two dimensional shapes. In micro processing, on the other hand, manufacturers, which are mainly small-to-medium sized manufacturers, process any three dimensional shapes by using physical tools such as cutting tools and grinding stones. Among these technologies, I think cutting technology ranks the top in

application potentiality and importance.

Goto: It is a big challenge for micro cutting tool manufacturers like us to create novel tools before the demand becomes obvious, which requires us to keep one step ahead of the market. I believe this is the key to our Group's unrivaled competitiveness. At present, the smallest tool diameter is 0.01 mm. When we launched this product, we heard voices from the market saying "Who would use such a small tool?" However, it is only because we took on this challenge that we were able to refine our ability to realize stable fabrication of small-diameter tools.

Saito: I think that, in any market environment, only those with the best skill will survive to the end. In 2002, we produced aluminum rose by using tools manufactured by NS TOOL, aiming at convincing a certain automobile manufacturer of our complicate fabrication technology that uses micro cutting.

Goto: Increase in processing speed increases the speed at which a tool hits against a work piece. It results in larger impact proportionate

to that increase, which means soft materials such as aluminum will break immediately.

Saito: Of course the processing conditions were good, but the tools were also good, which made the fabricated rose amazingly beautiful. The next challenge we took was an unexploited parts-forming technology, namely a technology for forming 1.0-mm or smaller parts. Aiming to create a market of low-volume production with micro machining, we produced a 0.3-mm angle dice by using tools made by your company, followed by 0.1-mm angle dice.

Develop environment surrounding infrastructures for highly-precise micro machining, and develop market

Saito: Micro cutting is a processing technology that must be controlled to the utmost limit in a harsh environment where a tool and work piece hit against each other. This technology requires not only superior tools but also various kinds of superb infrastructure equipment such as unit for

fixing tools, spindle for accurately rotating tools, sliding unit for accurately moving tools, mechanical structure that is capable of absorbing vibration generated when tool and work piece hit against each other, etc. Since 2010, we have developed and improved them independently. In 2017, hoping to put highly-precise micro machining, which can only be handled by a limited number of engineers, within the reach of a greater number of engineers, we developed a workpiece hold changing system *ORIGAMI* by quantifying my personal know-hows. In the future, by combining your micro machining tools and our *ORIGAMI*, I will make efforts to create a technology for producing small parts with less cost, so that the market which has only been a dot can drastically grow to a line and then to a surface.

What IRISO SEIMITSU expects from NS TOOL

Saito: Tools with novel functions and high performances are indispensable for us, processing manufacturers, to produce high value-added products. No matter how

drastically the manufacturing environment may change, cutting technologies and materials will not be lost. Please continue to provide application examples and solutions to novel materials.

Goto: Thank you for your kind words. Our customers including your company have survived thanks to advanced technologies for cutting. Further, manufacturers of finished products incorporating those technologies, such as electronic parts and automobile-related components, have world class technologies, and maintain *monozukuri* in Japan. This is the very market that NS TOOL is based on. We will continuously work for enhancement of win-win relationship with our customers and support Japan's *monozukuri* by utilizing our creativity, while protecting and cherishing the tradition and essence.

Saito: Let us continue to work mutually for refining the cutting technology, and contribute to novel *monozukuri* and new market development.

IRISO SEIMITSU: Examples of search for new technological areas by using "MC molding"

Challenge to break the limit of complex fabrication

2002 Aluminum rose



NS TOOL-made MRB230 (R0.3) was used.

Challenge to break the limit of miniaturization

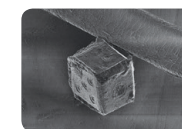
2004 0.3-mm angle dice



NS TOOL-made NSMB100 (R0.03) was used.

Comparison with mechanical pencil lead

2012 0.1-mm angle dice, the smallest of the world



NS TOOL-made NSMB100 (R0.01) was used.

Comparison with hair

Financial and Non-Financial Highlights

NS TOOL CO., LTD. and Consolidated Subsidiaries

(Unit: ¥ million)

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	2018/2019 Changes
Profit and loss (For the year)											
Net sales	3,857	4,977	5,781	5,997	6,418	7,402	8,382	8,825	9,767	10,476	7.3%
By product											
End mills (6 mm or smaller)	2,854	3,498	4,011	4,193	4,570	5,301	5,931	6,377	7,390	7,832	6.0%
End mills (over 6 mm)	489	711	750	738	825	925	971	1,033	1,095	1,152	5.3%
End mills (other)	513	767	579	646	586	661	805	788	577	697	20.8%
Other products	—	—	440	419	435	514	673	626	704	793	12.7%
Ratio of small-diameter end mills	74.0%	70.3%	69.4%	69.9%	71.2%	71.6%	70.8%	72.3%	75.7%	74.8%	—
Overseas net sales ^{*1}	810	1,031	1,101	1,247	1,268	1,703	1,944	2,167	2,553	2,898	13.5%
Ratio of overseas net sales	21.0%	20.7%	19.0%	20.8%	19.8%	23.0%	23.2%	24.6%	26.1%	27.7%	—
Gross profit (loss)	1,663	2,352	2,740	2,843	3,076	3,707	4,389	4,823	5,528	5,929	7.2%
Selling, general and administrative expenses	1,401	1,557	1,777	1,922	2,006	2,226	2,475	2,810	2,833	3,049	7.7%
Operating profit (loss)	261	794	962	921	1,069	1,481	1,914	2,013	2,695	2,879	6.8%
Ordinary profit (loss)	361	834	1,032	951	1,107	1,534	1,954	2,026	2,733	2,894	5.9%
Profit (loss) attributable to owners of parent	242	426	535	527	694	973	1,342	1,420	1,903	1,970	3.5%
Cash flows (For the year)											
Cash flows from operating activities	839	1,225	505	731	1,147	1,619	1,756	1,894	2,910	1,868	-35.8%
Cash flows from investing activities	(414)	(181)	(1,207)	(886)	(82)	(594)	(1,322)	(787)	(657)	(1,383)	—
Free cash flows	424	1,044	(702)	(155)	1,065	1,025	434	1,107	2,252	485	-78.4%
Cash flows from financing activities	(107)	(46)	(22)	(109)	(121)	(186)	(250)	(499)	(562)	(563)	—
Financial status (At year-end)											
Total assets	6,363	7,143	7,906	8,297	9,075	10,339	11,371	12,517	14,467	15,381	6.3%
Cash and deposits	1,951	2,958	2,231	1,913	2,856	3,716	3,898	4,659	6,325	6,209	-1.8%
Inventories	725	686	1,272	1,382	1,466	1,509	1,467	1,592	1,745	2,056	17.8%
Shareholders' equity	5,784	6,164	6,678	7,106	7,678	8,464	9,557	10,652	11,993	13,400	11.7%
Per share data											
Profit per share (¥)	19.70	34.69	42.96	42.19	55.56	77.85	107.38	113.63	152.23	157.59	3.5%
Net assets per share (¥)	469.88	500.82	534.08	568.32	614.21	678.23	765.33	853.10	959.88	1,071.48	11.6%
Dividend per share (¥)	3.75	6.25	8.75	9.75	15.00	20.00	25.00	40.00	45.00	45.00	—
Dividend payout ratio	19.0%	18.0%	20.4%	23.1%	27.0%	25.7%	23.3%	35.2%	29.6%	28.6%	—
Financial data											
Gross profit margin	43.1%	47.3%	47.4%	47.4%	47.9%	50.1%	52.4%	54.7%	56.6%	56.6%	—
Ordinary profit margin	9.4%	16.8%	17.9%	15.9%	17.2%	20.7%	23.3%	23.0%	28.0%	27.6%	—
Value added per employee ^{*2} (¥ thousand)	9,861	12,556	12,866	11,481	12,318	14,286	16,535	15,705	17,299	18,004	4.1%
Return on Assets (ROA)	3.8%	6.3%	7.1%	6.5%	8.0%	10.0%	12.4%	11.9%	14.1%	13.2%	—
Return on Equity (ROE)	4.2%	7.1%	8.3%	7.7%	9.4%	12.0%	14.9%	14.0%	16.8%	15.5%	—
Equity ratio	90.9%	86.3%	84.5%	85.6%	84.6%	82.0%	84.2%	85.2%	83.0%	87.1%	—
Research and development expenses	189	189	196	207	231	232	304	366	330	296	-10.4%
Capital investment	386	274	1,051	1,001	469	612	1,295	774	663	1,268	91.3%
Depreciation	491	440	471	563	534	474	505	632	625	629	0.6%
Non-financial data											
No. of employees	205	206	232	281	284	281	280	322	338	343	1.5%
No. of directors	12	12	12	10	9	9	9	9	8	7	-12.5%
Ratio of independent directors	11.0%	16.7%	16.7%	20.0%	22.2%	22.2%	22.2%	33.3%	37.5%	28.6%	—
Ratio of external directors	16.7%	16.7%	16.7%	20.0%	22.2%	22.2%	22.2%	33.3%	37.5%	28.6%	—
Ratio of female directors	8.3%	8.3%	8.3%	10.0%	11.1%	11.1%	11.1%	22.2%	25.0%	28.6%	—

^{*1} Overseas net sales include those via domestic export trading companies.
^{*2} Value added per employee=(Operating profit+Personnel expenses(including labor costs)+depreciation)/number of employees

Management Discussion and Analysis

FY3/19 Review of consolidated financial results and financial status summary

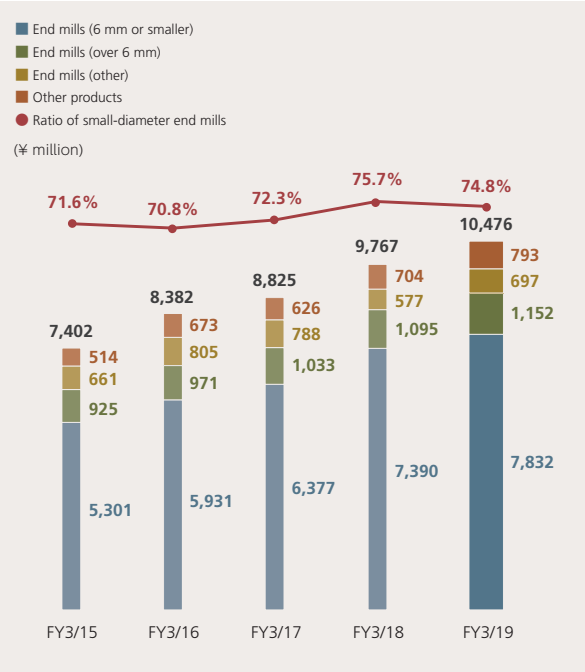
(For the summary of FY3/19 consolidated financial results and FY3/20 consolidated financial forecasts, see “Top Message” on pages 6 to 8.)

In the 2nd half of FY3/19, in spite of the influence of China’s economic slowdown and heated-up US-China trade disputes, consolidate net sales achieved consecutive 7 years positive growth and went over ¥10 billion for the first time, renewing the historical high.

In view of net sales by product, all of the product groups showed increase. Especially, end mills (other) and other products made a two-digit increase year-on-year. As a result, the ratio of small-diameter mills (blade tips of 6mm or smaller) was 74.8%, which is 0.9 pp lower yoy.

In view of net sales by region, overseas net sales were ¥2,898 million (+13.5% yoy), and domestic net sales were ¥7,578 million (+5.0% yoy). The ratio of overseas net sales was 27.7%, showing 1.6 pp increase yoy. The details are as follows: ¥1,282 million (+13.3% yoy) for China, Hong Kong and Taiwan; ¥747 million (+10.3% yoy) for other Asian countries (mainly Thailand); ¥702 million (+19.8% yoy) for European countries (mainly Germany, Italy and Switzerland) which showed steady growth.

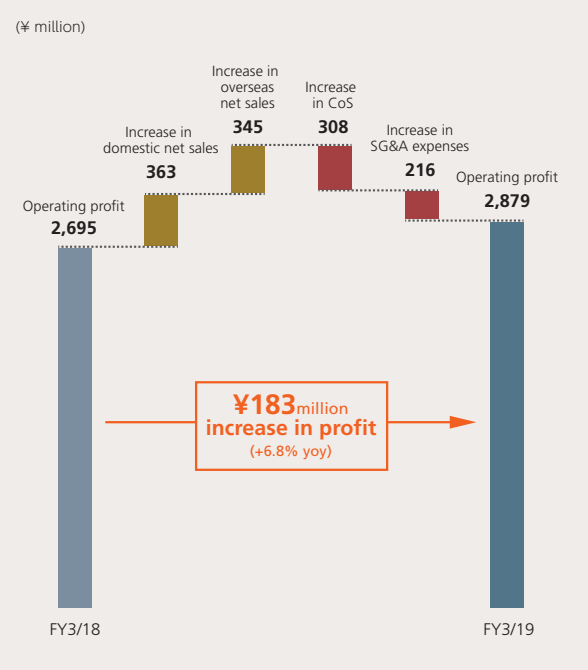
Trends of net sales by product and ratio of small-diameter end mills



In view of profits, gross profit decreased in the second half compared to the first half due to enhanced sales in small-lot products. Gross profit margin in full year, however, was 56.6%, which was the same level of FY3/18. Operating profit margin declined by 0.1 pp yoy to 27.5% with increase in SG&A expenses due mainly to head office relocation, JIMTOF exhibition and revision of general catalog. Ordinary profit declined more than operating profit in yoy change terms due to increase in foreign exchange losses at a foreign subsidiary.

Capital investment went up to ¥1,268 million from ¥663 million in the previous fiscal year, among which capital investment related to new development center was ¥408 million.

Analysis on increases/decreases in consolidated operating profit



Regarding financial aspects, current assets were ¥9,932 million, +2.4% compared to the end of FY3/18, due mainly to increase in inventory assets, while non-current assets were ¥5,449 million, +14.4% due to increase in construction in progress associated with commencement of construction of new development center. Total assets were ¥15,381 million, +6.3%. On the other hand, liabilities decreased to ¥1,919 million, -22.1%, due to decrease in income taxes payable, etc., net assets increased to ¥13,461 million, +12.2%, due to increase in retained earnings, and equity ratio went up to 87.1%, +4.1 pp.

Shareholder returns policy

NS TOOL places one of the highest priorities on returning its profits to shareholders. The Company’s basic policy is to deliver strong shareholder returns based on business results, while taking into account the retained earnings required for solidified management infrastructures and future expansion of the Group’s businesses. Its fundamental earnings distribution policy is to strive to continuously provide stable dividends while comprehensively considering the trend of business results and dividend payout ratio.

In spite of the estimate that profit level will go down in FY3/20, the Company plans to pay a dividend of ¥45 per share (consisting of an interim dividend of ¥20 per share and a year-end dividend of ¥25 per share), taking into account stable payment of dividend. It plans to use the retained earnings for investment and lending to facilitate mid-and-long term R&D and business expansion.

Source of corporate “earning power” and future direction of investment

NS TOOL thinks the source of corporate earning power is manufacturing power, namely, a strength in deriving efficiency gains and increasing automation based on in-house developed end mill production machines. KPI (Key Performance Indicator) is a measure of corporate earning power. One of the KPI items is return on invested capital (ROIC) which can be addressed from viewpoints of profit margin and turnover on invested capital.

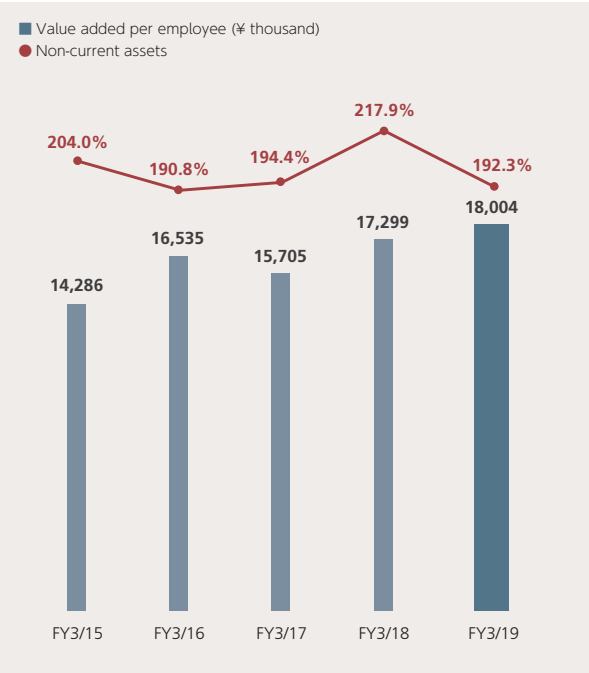
In view of profit margin, how to control CoS ratio and SG&A expenses ratio is important. Material costs of the Company that is specialized in small-diameter end mills account for roughly 30% of CoS; the Company understands that how to control personnel expenses and manufacturing expenses constituting the remaining 70% is more important.

Since NS TOOL has consolidated production in Sendai Plant, it does not feel a pressure of vast shortage of labor as seen in the areas around Tokyo, enabling it to curb the personnel expenses increase. In addition, as the in-house developed end mill production machine, which was completed about 10 years ago, has won a large share of our total production, efficiency and automation has increased at manufacturing sites, contributing to the curbing of manufacturing expenses. Along with the increase in production share of the in-house developed machines, non-current assets turnover ratio has remained as high as around 200%. This has started spinning of the cycle in which “Value added per employee = (Operating profit + Labor costs + Depreciation expense) / Number of employees” increases, contributing to the improvement of profitability.

On the other hand, as a result of specialization in small-diameter end mills, the NS TOOL Group has ever-increasing responsibility for supply. To fulfill the responsibility, it has enhanced the system that enables stable supply, through which it can currently keep an inventory sufficient to supply goods for about 3.5 months. In addition, aiming to keep stable production and firm inventory management within Japan, where there are various risks of disaster including earthquake, the Company has invested in infrastructure, such as seismically isolated structure, in Sendai Plant as well as in the head office.

Based on its strong financial base and high earning power, the Company plans to invest in the development of strong infrastructure that enables more stable supply, and promote investment in updating in-house developed machines to further reduce CoS, investment in developing human resources to increase automation and efficiency, and in investment in marketing to expand applications of small-diameter end mills.

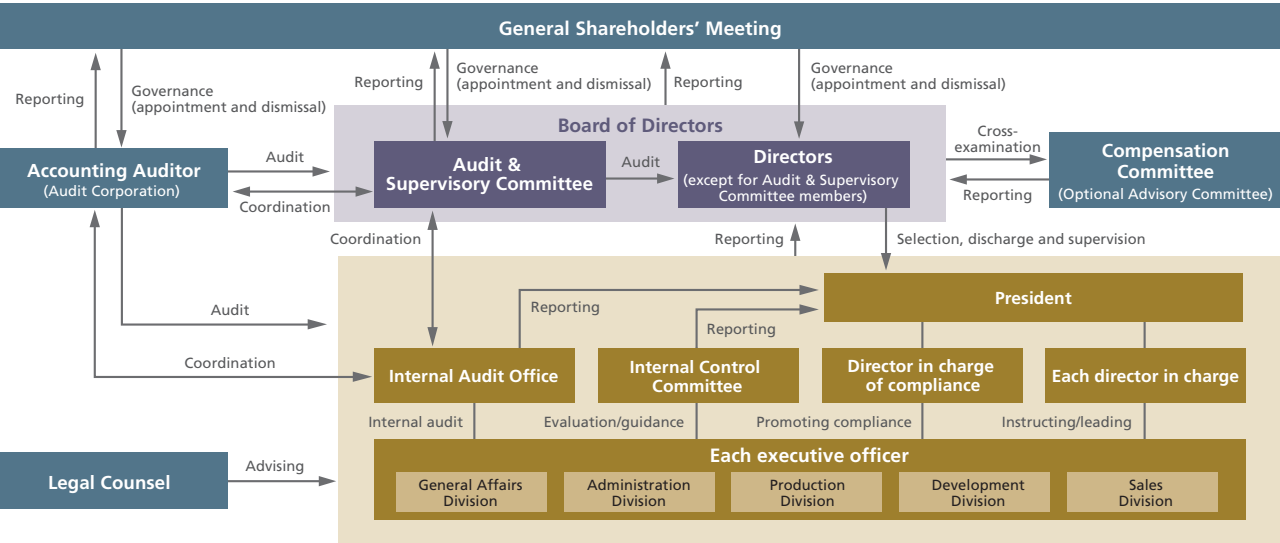
Trends of non-current assets turnover ratio and value added per employee



Corporate Governance

The Company has adopted basic guidelines for corporate governance to enhance the transparency and efficiency of its management and to enhance its corporate value in a stable and continual manner in order to meet stakeholders’ expectations.

Corporate governance structure (as of March 31, 2019)



Organization chart (as of March 31, 2019)

Corporate governance system	Company with Audit & Supervisory Committee
Number of directors who are not Audit & Supervisory Committee member (External directors out of them)	4 (0)
Number of directors who are Audit & Supervisory Committee member (Independent external directors out of them)	3 (2)
Term of office of directors	1 year (2 years for Audit & Supervisory Committee members)
Incentive provided for directors	Stock option scheme as share-based compensation (except for Audit & Supervisory Committee members), performance-linked bonuses (except for Audit & Supervisory Committee members), executive stock ownership plan
Business execution system	Executive officers' system (currently consisting of 5 members)
Optional committees	Compensation Committee (consisting of 3 members: 2 external directors, and 1 internal director)
Accounting auditor	Audit corporation, A&A Partners

Company with Audit & Supervisory Committee

The membership of Audit & Supervisory Committee consists of 3 members (1 full-time Audit & Supervisory Committee member and 2 part-time Audit & Supervisory Committee members, with 2 external directors out of the three). The Committee performs audits on managerial decision-making and the status of business execution. The members of Audit & Supervisory Committee attend important meetings including meetings of the Board of Directors and express necessary opinions. One of the Audit & Supervisory Committee members, who should be internal director, obtains a full-time position and works to ensure the effectiveness of audits by inspecting draft plans, which have been circulated for permission and approved, forms, contracts, etc., by meeting with the manager of each division, and by enhancing coordination with internal audit division and accounting auditor.

Current status of governance system

The Company's managerial decision-making and business execution processes are as follows.

Important managerial issues are proposed to the Board of Directors for deliberation. For the purpose of securing enough time for the Board of Directors to discuss agenda items proposed, efforts is made to enhance the appropriateness and efficiency of the execution by the directors of their duties by, for example, providing the Board of Directors with as much information as possible in advance.

The agenda items submitted to the Board of Directors shall be fully discussed and negotiated, and, by hearing opinions from Audit & Supervisory Committee members, corrected if necessary. Finally they shall be approved or rejected.

As for the agenda items that have been approved, executive officers in charge of individual business operation shall bear responsibility to perform the operations. They shall act as a leader in each business operation division, and report the status of the business operations they are in charge.

Director receives reports from each executive officer, and supervises the status of the execution of their duties. As a rule

the Board of Directors meeting is held monthly. Special meetings of the Board of Directors are convened from time to time when necessary.

Development status of internal control and risk management systems

In order to establish the internal control and risk management systems, the Company has established the organization in which control and management is effectively done. Further, the Company provides the approval workflow function in decision making, and conducts business operations based on the rules such as internal regulations. The Internal Audit Office directly under the control of the President, which is independent from operating departments, conducts internal audits of all the departments including the affiliates inside and outside Japan. In response to the internal control reporting system, the Company has built the Internal Control Committee, chaired by the Managing Director, to evaluate the development and application status of each control process, and has exchanged views with audit corporation in a timely manner for coordination, so that matters that should be improved can be improved adequately.

External directors

The Company has appointed 2 external directors, both of whom are Audit & Supervisory Committee members.

The role expected as external directors is to check the performance of duties of other Board members (without executing duties themselves) from an objective perspective, so that their duties are fulfilled appropriately via the Board of Directors. With regard to the election of external directors, candidates are required to (i) have a high level of insight with respect to corporate management or abundant experience in the specialty field necessary to fulfill their auditing duties, (ii) have no issues with independence by taking into consideration such factors as relations with the Company, the President and other directors, executive officers and important staff members, and (iii) be able to attend the Board of Directors and the Audit & Supervisory Committee. The Company has designated all the external directors that meet the requirement for independent director as independent director.

Reasons for the election

Ms. Naoko Fujisaki has an extensive insight and abundant experience as a director of a listed company, as well as extensive knowledge in finance and accounting (she was in

charge of accounting, etc. for a period from December 1999 to December 2012 at a listed company).

Mr. Toshiaki Hiraga has not only high-level professional knowledge and experience as attorney but also an extensive insight and abundant experience as external director at other companies.

Both were appointed as external directors (Audit & Supervisory Committee members) based on our judgment that, considering their wide range of knowledge and experience, etc., they will offer objective advices and proposals to ensure adequacy and appropriateness of the decision-making related to the Company's business execution, which will further enhance the management system. Also, the Company deems that the two will cause no conflict of interest among general shareholders as they are neither major shareholder of the Company nor former employees of major business partners thereof.

Board members' compensation, etc.

The amount of directors' remuneration shall be determined by appropriately assessing the individual duties and the contribution made by individual directors to the Company's performances, within the total amount of remuneration resolved at the General Meeting of Shareholders. When deciding the directors' compensation, the Board of Directors consults the Compensation Committee (chaired by an external director), majority of which are external directors, and takes into account the Compensation Committee's report on such matters before passing any resolutions. Regarding the design of the compensation as mid-and-long term incentives, the Compensation Committee holds discussions in a timely manner.

Based on the approval given at the Company's 57th ordinary General Meeting of Shareholders held on June 22, 2018, and according to the resolution adopted on the same day at the Board of Directors, it was determined that stock acquisition rights as share remuneration-type stock options shall be allotted to the directors (except for the directors appointed as Audit & Supervisory Committee members) and executive officers of the Company as well as the directors at the Company's subsidiaries. The purpose of this allotment is to enhance the motivation and morale of the directors (except for the directors appointed as Audit & Supervisory Committee members) and executive officers of the Company as well as the directors at the Company's subsidiaries, which will lead to business development with more heightened priority placed on the return of profits to shareholders.

Board members' compensation (FY3/19)

Position	Total amount of remuneration, etc. (¥ million)	Total amount of remuneration, etc. by type (¥ million)				Number of directors eligible for remuneration
		Fixed remuneration	Performance-linked remuneration	Retirement benefit	Stock options	
Directors (except for Audit & Supervisory Committee members) (except for external directors)	320	145	127	5	42	4
Directors (Audit & Supervisory Committee members) (except for external directors)	18	18	—	0	—	1
External directors	14	14	—	—	—	3

(Notes)
1. Above table includes directors who retired during the fiscal year under review.
2. The amount for directors does not include the remuneration paid as employees to directors who serve concurrently as employees.

NS TOOL from the viewpoint of external directors

Goto: Ms. Fujisaki and Mr. Hiraga have served as independent external directors of NS TOOL since June 2016. Could you give your opinions about the current status of management and governance?

Fujisaki: I have been in administrative positions centering on financial and personal affairs at a listed company in the manufacturing industry. The knowledge and experience I obtained through my careers made NS TOOL pay attention to me. As I was interested in that NS TOOL has thoroughly pursued “Made in Japan” *monozukuri* despite having only a small staff, I accepted the offer to assume the duty of independent external director. Since then, I have continuously felt that proper management has been conducted seriously

and consistently. Though being a so-called owner-company, I think our Board of Directors meetings take place in an exceptionally open atmosphere and that decisions on management directions are determined after thorough discussion.

Hiraga: As an attorney, in consideration of relevant laws and regulations including the Companies Act and the Financial Instruments and Exchange Act, I have made remarks as required on matters that other members have missed. Though I have expertise and experience in my own field, my knowledge about the end mill market and businesses is far from profound. Paying full attention to this matter, I will play my role.

Goto: I plan that both of you will play different roles from



**** Hiraga:** I completely agree with you. However, I think the fact that this system depends on personal factors is a task that lies ahead. Even when a system is established, it is people that perform the operation under the system. It is very important as mid- to long-term core growth drivers to develop human resources that can establish proactive communications with people inside and outside the Company based on deep insight into the Company.

Goto: Since our Company is highly specialized and based in the niche markets, I think it is difficult for our independent directors to play their roles adequately if without full explanation in advance. In other words, it is necessary to create a system that connects past and present with next generation. One more thing to be considered is that NS TOOL is a so-called owner-company. What do you think about this feature?

Hiraga: To say more correctly, NS TOOL is not a company managed by an owner but a company managed by a owner family. Only a few listed companies in this scale have such a large number of family members in the management, which serves as the Company’s strength. This is a rare example of constant commitment to the company that can be highly evaluated.

Goto: I am deeply concerned about how to avoid or minimize the negative effect of the management with strong owner overtones. By eliminating charismatic or autocratic management, we will realize management system that is highly reliable for the stakeholders from a mid-to-long term perspective. I think it is essential to actively convey this policy to the people both inside and outside the Company.

Discussion between President and External Directors

Consider the creation of organization for the next generation, aiming to realize the sustainable growth

NS TOOL has strived to augment and strengthen the management-oversight functions of the Board of Directors, such as monitoring of conflict of interest, reflecting stakeholders’ opinions, and coping with diversity such as expertise and gender. Out of the 7 members of the Board of Directors as of March 2019, 2 are independent external directors (Audit & Supervisory Committee members) (28.6%) and 2 are female directors (28.6%). Hiroji Goto, President of NS TOOL, held discussions with the independent external directors, asking about the current status and issues of the Company’s management and governance.



Hiroji Goto, President



Naoko Fujisaki, Independent External Director



Toshiaki Hiraga, Independent External Director

* those of internal directors. We think seriously about the future of Japan’s manufacturing industry. On this stance, we have committed to maintain close proximity to markets and customers, hoping that they continue to use our cutting tools. However, this attitude may not have worked as we expected; our common sense may be different from those of general society, or we may lack our effort in reflecting upon internal issues. I hope that you, independent external directors, will compensate for such potential weakness by using more extensive insight and more abundant experiences.

Hiraga: In that sense, I think the reduction in the number of directors under the Companies Act, introduction of executive officers’ system, and system change for allowing executive officers to participate in the Board of Directors were effective. In view of development of next-generation executive positions,

it is important that all the participants conduct thorough discussions at the Board of Directors meetings in an open atmosphere.

Feature of NS TOOL’s corporate governance system

Fujisaki: The Audit & Supervisory Committee does not necessarily require full-time committee member. At NS TOOL, a full-time committee member works with the Internal Audit Office to conducts audits. This system is working very effectively. I think the reason is that Mr. Fukuda, full-time director assuming this role, is fully committed to establishing good communication with the staff through auditing, etc.



NS TOOL’s mid-and-long-term management issues and measures against them

Fujisaki: In the last 10 years, NS TOOL has experienced a big growth. The downside is that people have become unable to care about other staff when working at business sites. Failure to take proper care over something is a big issue in the aspect of fostering the next generation. For instance, when the staff is busy in operations, their positions are apt to be fixed. For effective development of next generation, it is essential to promote employees more actively and in more diversified manner, while keeping in mind the fact that experience is the best teacher. With regard to business, I think it is time to proceed with consideration in more straightforward manner regarding construction of new axes.

Hiraga: With regard to human resources, I wish more youngsters will gather at NS TOOL. I hope that more people will recognize NS TOOL as a dreamy enterprise which is pioneering new markets on its own initiatives by conducting *monozukuri* seriously.

Goto: Considering future growth, I think it is very important to strengthen a foundation for developing human resources. As the Company’s business is highly specialized, it is necessary to build a strong technological foundation inside it. In addition, in order to create new axes for business, it is essential to improve the quality of human resources. In that sense, I believe that NS TOOL has entered a phase at which it must proactively spread its appealing points. Thank you for giving us your honest opinions today, Ms. Fujisaki and Mr. Hiraga.

Business Foundation for Supporting Safe and Stable *Monozukuri*

Inspired by the disaster experience, we will enhance a foundation for *monozukuri*.

Takashi Goto
Executive Vice President, in charge of R&D/Production



The experience of the Great East Japan Earthquake changed our way of thinking about *monozukuri*. No one can tell when and where a great earthquake will occur in Japan. Here is an interview with Takashi Goto, Executive Vice President, about NS TOOL's way of thinking about earthquake countermeasures.

Full-scale earthquake countermeasures employed from 2007

In 1998, we consolidated the production and development divisions in Sendai Plant. At that time, I was appointed as the manager of Sendai Plant. I am sorry to say that, back in those days, I was not really conscious about preparing measures for dealing with disasters.

It was May 2003 Miyagi Offshore Earthquake and July 2007 Niigata Chuetsu Offshore Earthquake that changed our consciousness significantly. Feeling necessity for devising countermeasures against earthquakes in 2003, I have worked on more practical measures since 2007. On March 11, 2011, Sendai Plant faced the Great East Japan Earthquake.

It was about a week later that we could start full-scale restoration works; the plant power was recovered and about 30 employees showed up for work then. As neither hospital service nor gas station was available, we reaffirmed a basic policy to conduct restoration work without getting hasty so that we would not get injured.

One month later, we started production including night duties in a part of production line. At that night, the Plant was attacked by an aftershock immediately before the finish of night duties. When I rushed to the Plant, power outage occurred, disabling open/close function of automatic shutters. The staff stuck inside managed to get out from emergency exits that were left open. This aftershock made us learn that earthquake countermeasures, which were devised in a normal condition, are far from being satisfactory.

To protect not only buildings but also inside thereof

There is another thing that surprised me. Although the plant building which was newly built in 2006 was earthquake-safe in its structure, it was most severely damaged in view of damage to building inside. Earthquake-safe structure served well in protecting the building, but it was not so effective in protecting the equipment and facilities installed inside the building. Fortunately, before the earthquake, we installed the system that automatically stops machines when large vibrations caused by an earthquake are detected, and took measures to prevent measurement instruments from falling. Therefore, we managed to protect the machines and instruments.

Our Company is now constructing a new development center. Seismically isolated structure is required to protect the inside of building; precision of our precision machines is affected if attacked by small vibrations. This time, thanks to the results of technological development produced by Okumura Corporation, we can employ seismically isolated structure in the precision machining plant. We will take a new step forward for construction of business foundation for supporting safe and stable *monozukuri*.

To Support “For Crafting Tomorrow”

The transfer of the head office has triggered a new challenge.

In November 2018, the Company transferred its head office, Tokyo Sales Office. What that the Company wished to realize most through this transfer is “to protect people and things.” On the other hand, the change of office environment has led to the efforts for improving efficiency in duties under the leadership of employees.

To protect employees and control product inventory in a safe environment

Yuko Adachi
Managing Director, in charge of General Affairs and Administration



Former head office building had a multiple number of floors. In such an environment, it was difficult to establish communications among officers and employees. In addition, as the Company experienced the Great East Japan Earthquake, it had a strong wish to protect its employees (people) and product inventory (things) at all costs.

The new office building was required to be fully equipped with disaster prevention facilities and also be capable of resisting the weight of product inventory. In the new office that we have looked for over two years, effective layout

design is applied to an open space on the first floor to promote communications within the Company and enhance the visualization of office environment. In addition, the environment designed “to protect people and things” has gained higher level of reliability and robustness.

In the future, we will continue to look for property located nearby where our Sales Engineering Section that has machinery or the service division of our subsidiary can move, and will prepare a firm business continuity planning (BCP) that assumes actual disasters.

Streamlined operations triggered by change of office environment

Masumi Kosuge
General Affairs Section, General Affairs Department, in charge of IT

Sumie Iwasa
Chief of International Sales Section, International Sales Department



In the environment after the office transfer, where paper storage space is drastically reduced, eliminating a large quantity of paper is an urgent issue. To resolve this issue, a project team consisting of several employees was formed. The members elected from the related departments proceeded identification of problems or items to be reviewed for computerization of information, and establishment of a system that is required for submissions to the authorities.

- The employees with professional knowledge realized computerization of information by restudying the entire business process and reconsidering the operation itself, united as a consolidated group. I think it is their personal relationships that enabled them to produce such results. (Iwasa)
- As the system that I have worked out myself served to resolve the issues, “efficiency increase in storage work, and decrease in storage space,” I was attracted anew by IT. With regard to the operation of computerized information storage, I would like to apply it to other books and forms. (Kosuge)

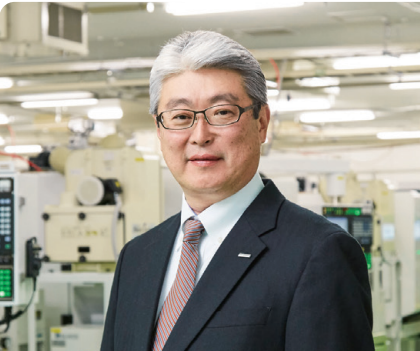
Corporate Data/Stock Information (as of March 31, 2019)

Directors and Executive Officers



Hiroji Goto
President

Apr. 1986: Joined NS TOOL.
Oct. 1988: Director and Deputy General Manager of General Affairs Group
Apr. 1992: Managing Director
Jan. 1995: Executive Director
Apr. 2011: Executive Vice President
Jan. 2013: CEO of NS Tool Hong Kong Ltd. (present post)
Apr. 2013: President
Oct. 2016: President, in charge of sales (present post)



Takashi Goto
Executive Vice President

Apr. 1984: Joined NS TOOL.
Oct. 1988: Director and Deputy General Manager of Production Department
Jan. 2002: Managing Director
Apr. 2009: President of NS Engineering Co., Ltd.
Apr. 2011: Executive Managing Director
Apr. 2013: Executive Vice President
Apr. 2016: Representative Director of NS Engineering Co., Ltd. (present post)
Oct. 2016: Executive Vice President, in charge of R&D/production (present post)

Yuko Adachi
Managing Director

Apr. 1985: Joined NS TOOL.
Sep. 2001: Director and General Manager of General Affairs Department
Feb. 2002: President of G-Tech Co., Ltd.
Apr. 2005: Managing Director (present post)
Nov. 2015: President of Makino Industry Co., Ltd.
Oct. 2016: Managing Director, in charge of general affairs and administration (present post)
Apr. 2017: Chairman of Makino Industry Co., Ltd (present post)



Kazuo Fukuda
Director
(Audit & Supervisory Committee Member)

Apr. 2003: Joined NS TOOL. General Manager of Administration Department
Jun. 2003: Director and General Manager of Administration Department
Jun. 2009: Auditor
Jun. 2015: Director (Audit & Supervisory Committee Member) (present post)



Naoko Fujisaki
Independent External Director
(Audit & Supervisory Committee Member)

Apr. 1968: Joined Sumitomo Bank, Ltd. (current Sumitomo Mitsui Banking Corporation).
Oct. 1977: Joined MICRONICS JAPAN Co., Ltd.
Dec. 2000: Director and General Manager of Accounting Department of the same company
Oct. 2010: Executive Director and General Manager of Planning & Administration Division of the same company
Jun. 2016: Independent External Director (Audit & Supervisory Committee Member) (present post)



Masahiko Fukumoto
Director

Oct. 1981: Joined NS TOOL.
Sep. 2001: General Manager of Sales Department
Apr. 2002: Director and General Manager of Sales Department
Apr. 2010: Director (present post) and Executive Vice President of G-Tech Co., Ltd.
Apr. 2011: President of G-Tech Co., Ltd. (present post)



Toshiaki Hiraga
Independent External Director
(Audit & Supervisory Committee Member)

Apr. 1999: Registered as attorney (belonging to Tokyo Bar Association).
Oct. 2007: Established law firm, Kitamura & Hiraga, Partner (present post)
Mar. 2009: External Auditor of MS&Consulting Co., Ltd.
Apr. 2014: External Director of Polaris Capital Group Co., Ltd. (present post)
Jun. 2016: Independent External Director (Audit & Supervisory Committee Member) (present post)
Jun. 2016: External Auditor of Human Associates Holdings (present post)



Yuji Goto
General Manager of International Sales Department

Hiroshi Tajima
General Manager of Corporate Planning Office

Takashi Koizumi
General Manager of Sales Department

Koichi Okada
Plant Manager and General Manager of Production Department

Masahito Kobayashi
General Manager of General Affairs Department

Corporate Data

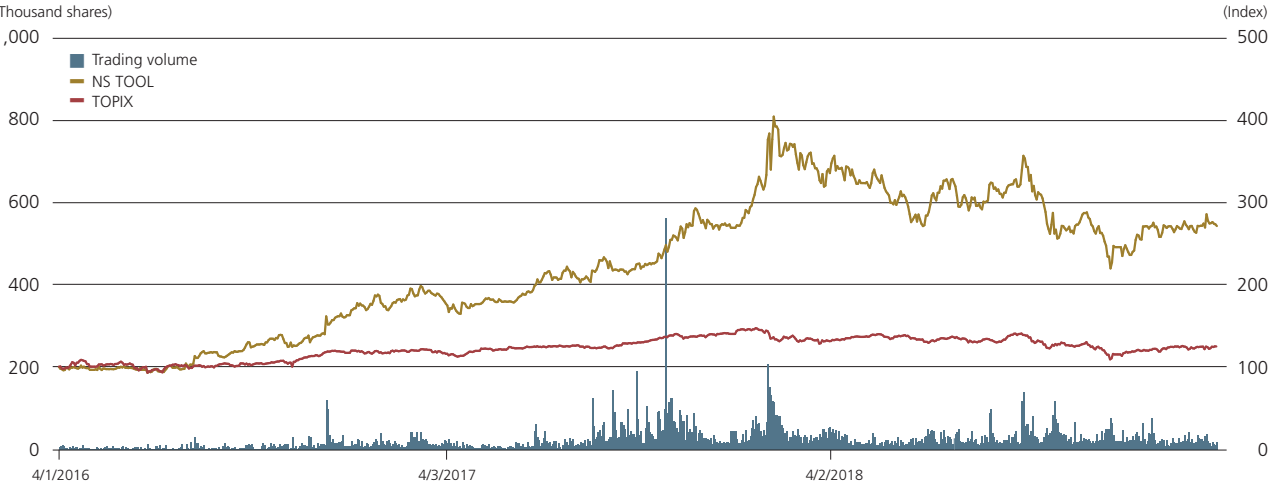
Company name	NS TOOL CO., LTD.
URL	https://www.ns-tool.com/en/
Representative	Hiroji Goto
Head office	6F. Sumitomo Fudosan Oimachi Ekimae Bldg., 1-28-1 Oi, Shinagawa-ku, Tokyo 140-0014
Established	December 1954
Capital stock	¥442,900,000
Number of employees	343 (Consolidated)
Business	Manufacture and sale of cutting tools
Products	Cemented carbide end mills for molds and parts processing
Banks	MUFG Bank, Ltd. and Mizuho Bank, Ltd.
Subsidiaries	G-Tech Co., Ltd. NS Engineering Co., Ltd. Makino Industry Co., Ltd. NS TOOL Hong Kong Ltd.
Fiscal year	From April 1 to March 31 of the following year
General shareholders' meeting	1. Ordinary general meeting of shareholders: held in June every year 2. Extraordinary general meeting of shareholders: held as needed
Securities exchange	First Section of the Tokyo Stock Exchange

Major Shareholders

Shareholder Name	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
M.Y. CORPORATION, Inc.	1,248	9.99
Solpty Co., Ltd.	1,217	9.74
TI Road Co., Ltd.	923	7.39
The Master Trust Bank of Japan, Ltd. (trust account)	904	7.23
BANK JULIUS BAER AND CO., LTD.	543	4.35
Japan Trustee Services Bank, Ltd. (trust account)	509	4.07
SSBTC CLIENT OMNIBUS ACCOUNT	407	3.26
Hiroji Goto	324	2.60
Takashi Goto	324	2.60
Yuji Goto	324	2.60

Note 1: The number of shares less than a thousand is truncated.
Note 2: M.Y.CORPORATION, Inc., Solpty Co., Ltd. and TI Road Co., Ltd. are asset management companies of Hiroji Goto, Takashi Goto and Yuji Goto, respectively.

Trends of Stock Price/Trading Volume/TOPIX



Note: This chart contains split-adjusted stock price and trading volume; stock price and trading volume before stock split have been adjusted retroactively. NS TOOL's stock price and TOPIX value are calculated, assuming that the closing price data of April 1, 2016 is 100.

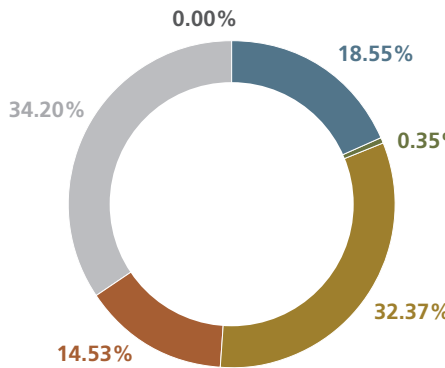
Stock Information

Number of authorized shares	19,200,000
Number of issued shares	12,504,000
Number of shareholders	4,088

Composition of Shareholders

(Number of shareholders, Number of shares)

- Financial institutions (22, 2,319,300)
- Financial instruments dealers ... (18, 44,262)
- Other corporations (68, 4,047,002)
- Foreign corporations, etc. (60, 1,816,722)
- Individuals and others (3,919, 4,276,237)
- Treasury stock (1, 477)





Contact Us

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Report on Election of New Director

We are pleased to report that the following new director was elected based on a resolution by the 58th annual general meeting of shareholders held on June 25, 2019.

Reasons for Electing a New Director

Although Mr. Sasamoto has never engaged with corporate management except being an external board member, we asked for election as an external director, as we hope to receive proper advice and recommendations from the standpoint of validity and legality in the decision-making concerning the company's execution of business, based on his advanced expertise and experience as a certified public accountant as well as his experience and insights as an external board member of other companies.



Kenichi Sasamoto

Independent External Director/Audit & Supervisory Committee Member

Profile of New Director

Name (Date of Birth)	Biography
Kenichi Sasamoto (May 25, 1951)	June 1980: Joined Chuo Audit Corporation September 1998: Senior Partner of the above July 2007: Senior Partner, A&A Partners June 2010: External Audit & Supervisory Board Member, TOKATSU HOLDINGS CO., LTD. September 2014: External Audit & Supervisory Board Member, Japan Corporate Housing Service Inc. (present post) September 2016: Left A&A Partners October 2016: Opened Certified Public Accountant Sasamoto Kenichi Office. Representative of the same (present post) May 2018: External Director, SAPPORO KANIHONKE Co., Ltd (present post) June 2018: External Auditor & Supervisory Board Member, TOKATSU HOLDINGS CO., LTD. (present post)

Reference: Directors on and after June 25, 2019

Hiroji Goto, Director

Takashi Goto, Director

Yuko Adachi, Director

Masahiko Fukumoto, Director

Kazuo Fukuda, Director/Audit & Supervisory Committee Member

Naoko Fujisaki, Independent External Director/Audit & Supervisory Committee Member

Toshiaki Hiraga, Independent External Director/Audit & Supervisory Committee Member

Kenichi Sasamoto, Independent External Director/Audit & Supervisory Committee Member