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## Summary of Business Results for the First Quarter Ended June 30, 2023 [Japan GAAP] (Consolidated)

July 31, 2023

Company **NS TOOL CO., LTD.** Listed on the TSE  
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 Expected date of filing of quarterly report: August 9, 2023  
 Expected starting date of dividend payment: -  
 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: None

(Rounded down to million yen)

### 1. Consolidated business results for the three months ended June 2023

(April 1, 2023 through June 30, 2023)

#### (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	%
Three months ended Jun. 2023	2,204	-6.4	326	-39.7	332	-38.6	199	-38.1
Three months ended Jun. 2022	2,355	-3.7	542	-6.8	540	-8.3	322	-17.8

(Note) Comprehensive income:

Three months ended June 2023: 200 million yen (-41.1%)

Three months ended June 2022: 340 million yen (-16.5%)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 2023	7.98	7.92	7.98	7.92
Three months ended Jun. 2022	12.94	12.83	12.94	12.83

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 2023	18,412	17,089	91.7	676.20
As of Mar. 2023	18,857	17,200	90.1	680.51

(Reference) Equity:

As of June 2023: 16,885 million yen

As of March 2023: 16,984 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. 2023	-	10.00	-	12.50	22.50
Year ending Mar. 2024	-	-	-	-	-
Year ending Mar. 2024 (forecast)	-	12.50	-	12.50	25.00

(Note) Revisions to dividend forecast for the current quarter: None

**3. Forecast of consolidated business results for the fiscal year ending March 2024****(April 1, 2023 through March 31, 2024)**

(% 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
For the six months ending Sept. 2023	4,970	4.2	930	-3.1	930	-2.7	600	-3.2	24.04
Year ending Mar. 2024	9,870	2.2	1,820	-13.7	1,830	-14.2	1,220	-17.3	48.88

(Note) Revisions to business forecast for the current quarter: None

**\*Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the quarterly consolidated financial statements: Yes

(Note) Application of accounting procedures specific to preparation of the quarterly consolidated financial statements. For more details, please refer to "Application of accounting procedures specific to preparation of the quarterly 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 : None
- 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 June 2023 25,035,034 shares
  - As of March 2023 25,035,034 shares
- ② Treasury stock at the end of period:
  - As of June 2023 63,988 shares
  - As of March 2023 75,866 shares
- ③ Average number of stock during period (quarterly cumulative period)
  - Three months ended June 2023 24,970,785 shares
  - Three months ended June 2022 24,899,872 shares

**\* Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms**

**\* 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 Three Months

### (1) Explanation of Operating Results

During the three months ended June 30, 2023, while the Japanese economy saw normalization of economic activities primarily in non-manufacturing industries due to the lifting of movement restrictions, recovery of business conditions in the manufacturing industry were delayed due to factors such as high raw material and energy prices and the continuation of geopolitical issues.

As for the situation of the major consumers for the products of the Company group (the “Group”), although production in the automotive industry showed signs of recovery due to the alleviation of semiconductor and parts shortage, demand for tools, primarily for molds, was unable to recover. On the other hand, amid the continuation of reduced demand for smartphones and PCs, some products in the market of semiconductor and electronic components and devices continued to perform well, and showed signs of polarization. Furthermore, for overseas sales, the Group experienced weak sales to Asia, including the Greater China, due to the slowdown of the global economy.

Amid such an environment, the Group proactively participated in various large and small exhibitions and carried out PR activities for the Company’s products. In April and June, the Group participated in “INTERMOLD 2023” and “INTERMOLD NAGOYA,” and introduced new products and sample works that respond to the various needs of users.

In terms of products, the Group announced CBN Micro 2-Flute Ball End Mill “SMB200,” for which the tool lifespan was further prolonged compared to previous products due to the new product having two blades, and added a broad range of specifications for MUGEN COATING PREMIUM 2-Flute Long Neck Ball End Mill for Hardened Steel “MRBH230.”

In terms of production, the Group continues to work on improving production efficiency and reducing costs, primarily through “Orange FC Activities,” which are “NS TOOL Group improvement activities that take on challenges for the future,” in order to cover the increased costs of raw materials and electricity. Furthermore, the Group enhanced its wide-ranging product inventory through proper-quantity production of various types of products in line with the promotion of production efficiency improvement.

As a result, net sales for the three months ended June 30, 2023 were ¥2,204 million (down 6.4% year on year), operating profit was ¥326 million (down 39.7% year on year), ordinary profit was ¥332 million (down 38.6% year on year), and profit attributable to owners of parent was ¥199 million (down 38.1% year on year).

By product category, sales of “End mills (diameter 6 mm or less)” were ¥1,724 million (down 5.7% year on year), sales of “End mills (diameter over 6 mm)” were ¥194 million (down 9.5% year on year), sales of “End mills (other)” were ¥123 million (down 6.1% year on year), and sales of “Other” were ¥162 million (down 10.6% 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 June 30, 2023, total assets decreased by ¥444 million compared to the end of the previous fiscal year to ¥18,412 million. This was mainly due to a decrease in cash and deposits for the payment of income taxes and bonuses.

Furthermore, liabilities decreased by ¥333 million compared to the end of the previous fiscal year to ¥1,323 million. This was mainly due to decreases in income taxes payable and provision for bonuses.

Net assets decreased by ¥111 million compared to the end of the previous fiscal year to ¥17,089 million, mainly due to a decrease in retained earnings for payment of dividends. Equity-to-asset ratio as of June 30, 2023 amounted to 91.7%.

### (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, 2024, there is no change from the business results forecast announced on May 12, 2023.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,497,445	8,004,395
Notes and accounts receivable - trade	1,355,962	1,318,409
Merchandise and finished goods	1,382,932	1,398,436
Work in process	287,258	221,391
Raw materials and supplies	650,308	758,793
Other	124,444	148,861
Total current assets	12,298,351	11,850,287
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,538,963	2,504,343
Machinery, equipment and vehicles, net	1,432,706	1,341,647
Land	800,483	800,483
Construction in progress	496,119	613,972
Other, net	144,092	157,119
Total property, plant and equipment	5,412,365	5,417,566
Intangible assets	28,370	27,949
Investments and other assets		
Investment securities	28,365	30,015
Insurance funds	473,748	474,147
Deferred tax assets	485,816	484,598
Other	130,620	128,089
Total investments and other assets	1,118,550	1,116,849
Total non-current assets	6,559,285	6,562,365
Total assets	18,857,636	18,412,653

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	303,739	268,843
Income taxes payable	364,470	121,053
Provision for bonuses	282,037	129,756
Provision for bonuses for directors (and other officers)	102,927	22,141
Other	378,892	556,558
Total current liabilities	1,432,066	1,098,352
Non-current liabilities		
Long-term accounts payable - other	224,952	224,952
Total non-current liabilities	224,952	224,952
Total liabilities	1,657,018	1,323,304
<b>Net assets</b>		
Shareholders' equity		
Share capital	455,330	455,330
Capital surplus	418,223	418,223
Retained earnings	16,168,839	16,050,230
Treasury shares	(112,713)	(95,062)
Total shareholders' equity	16,929,679	16,828,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,855	6,009
Foreign currency translation adjustment	50,449	50,694
Total accumulated other comprehensive income	55,304	56,703
Share acquisition rights	215,634	203,923
Total net assets	17,200,618	17,089,349
Total liabilities and net assets	18,857,636	18,412,653

**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income****Quarterly Consolidated Statement of Income (Cumulative)**

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	2,355,716	2,204,375
Cost of sales	1,060,286	1,080,392
Gross profit	1,295,430	1,123,983
Selling, general and administrative expenses	753,038	797,122
Operating profit	542,391	326,861
Non-operating income		
Interest income	14	21
Dividend income	493	343
Commission income	284	261
Gain on sale of scraps	5,861	1,939
Foreign exchange gains	-	3,168
Other	2,911	2,874
Total non-operating income	9,565	8,609
Non-operating expenses		
Rental expenses	2,113	3,229
Foreign exchange losses	9,149	-
Other	0	0
Total non-operating expenses	11,263	3,229
Ordinary profit	540,693	332,241
Extraordinary income		
Gain on sale of non-current assets	-	39
Total extraordinary income	-	39
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Loss on valuation of investment securities	24,289	-
Total extraordinary losses	24,290	-
Profit before income taxes	516,403	332,280
Income taxes	194,196	132,971
Profit	322,206	199,308
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	322,206	199,308

**Quarterly Consolidated Statement of Comprehensive Income (Cumulative)**

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	322,206	199,308
Other comprehensive income		
Valuation difference on available-for-sale securities	640	1,154
Foreign currency translation adjustment	18,001	244
Total other comprehensive income	18,641	1,399
Comprehensive income	340,848	200,708
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	340,848	200,708
Comprehensive income attributable to non-controlling interests	—	—



**(3) Notes to Quarterly Consolidated Financial Statements****Notes on uncertainties of entity's ability to continue as going concern**

Not applicable.

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

Not applicable.

**Application of accounting procedures specific to preparation of the quarterly 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 first quarter of the current fiscal year.

**Additional information***Changes in presentation*Consolidated statement of income

“Rental expenses,” which was included in “Other” under “Non-operating expenses” in the three months ended June 30, 2022, has been separately presented from the three months ended June 30, 2023, since the amount exceeded 20% of the total amount of non-operating expenses. To reflect this change in presentation, the quarterly consolidated financial statements for the three months ended June 30, 2022 has been reclassified.

As a result, ¥2,113 thousand presented in “Other” under “Non-operating expenses” in the quarterly consolidated statement of income for the three months ended June 30, 2022, has been reclassified as “Rental expenses” of ¥2,113 thousand and “Other” of ¥0 thousand.