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## Summary of Business Results for the First Quarter Ended June 30, 2024 [Japan GAAP] (Consolidated)

July 31, 2024

Company **NS TOOL CO., LTD.** Listed on the TSE  
 Stock Code 6157 URL: <https://www.ns-tool.com/en/>  
 Representative Hiroji Goto, President  
 Contact Satoru Toda, Director, General Manager of Corporate Planning Office and General Manager of Administration Division TEL: +81-3-6423-1135  
 Expected starting date of dividend payment: -  
 Preparation of supplementary financial document: Yes  
 Results briefing: None

(Rounded down to million yen)

### 1. Consolidated business results for the three months ended June 2024 (April 1, 2024 through June 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	%
Three months ended Jun. 2024	2,276	3.3	338	3.5	339	2.2	220	10.7
Three months ended Jun. 2023	2,204	-6.4	326	-39.7	332	-38.6	199	-38.1

(Note) Comprehensive income:

Three months ended June 2024: 248 million yen (23.8%)

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

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 2024	8.88	8.81	8.88	8.81
Three months ended Jun. 2023	7.98	7.92	7.98	7.92

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 2024	18,886	17,667	92.5	702.85
As of Mar. 2024	19,241	17,729	91.1	705.25

(Reference) Equity:

As of June 2024: 17,472 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	-	-	-	-	-
Year ending Mar. 2025 (forecast)	-	15.00	-	15.00	30.00

(Note) Revisions to dividend forecast for the current quarter: 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
For the six months ending Sept. 2024	4,670	5.7	840	11.7	840	9.2	560	10.3	22.54
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 current quarter: None

**\*Notes**

- (1) Significant changes in the scope of consolidation during the period: 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 : 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 June 2024 25,035,034 shares
  - As of March 2024 25,035,034 shares
- ② Treasury stock at the end of period:
  - As of June 2024 174,838 shares
  - As of March 2024 185,138 shares
- ③ Average number of stock during period (quarterly cumulative period)
  - Three months ended June 2024 24,860,196 shares
  - Three months ended June 2023 24,970,785 shares

**\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or auditing firms: None**

**\* 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. Overview of Operating Results and Others

### (1) Overview of Operating Results for the First Three Months

During the three months ended June 30, 2024, the Japanese economy showed a gradual recovery, but it was affected by the continued depreciation of the yen, high energy prices, and rising prices of goods. Although the global inflation trend is slowing, the improvement in business confidence varies among countries, and the geopolitical problems in Ukraine and the Middle East are continuing, so the outlook remains uncertain.

As for the situation of the major consumers for the products of the Company group (the “Group”), the automotive industry did not improve significantly, despite expectations of a recovery in demand for tools due to a pickup in production. In addition, a new certification fraud issue has been uncovered at major automotive manufacturers, and there are concerns about its impact in the future. In the market of semiconductor and electronic components and devices, inventory adjustments continued and a full-fledged recovery in demand did not materialize.

Amid such an environment, the Group exhibited at “INTERMOLD 2024” and “INTERMOLD NAGOYA” in April and June, promoting mainly new products launched this year and products with expanded standards, and introducing products and sample works that meet various needs of users.

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 boxes that utilize resin and other waste materials as reusable materials.

As a result, net sales for the three months ended June 30, 2024 were ¥2,276 million (up 3.3% year on year), operating profit was ¥338 million (up 3.5% year on year), ordinary profit was ¥339 million (up 2.2% year on year), and profit attributable to owners of parent was ¥220 million (up 10.7% year on year).

By product category, sales of “End mills (diameter 6 mm or less)” were ¥1,819 million (up 5.5% year on year), sales of “End mills (diameter over 6 mm)” were ¥188 million (down 3.3% year on year), sales of “End mills (other)” were ¥100 million (down 18.4% year on year), and sales of “Other” were ¥168 million (up 3.7% 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) Overview of Financial Position for the First Three Months

As for the consolidated financial position as of June 30, 2024, total assets decreased by ¥354 million compared to the end of the previous fiscal year to ¥18,886 million. This was mainly due to a decrease in cash and deposits for the payment of income taxes and bonuses.

Furthermore, liabilities decreased by ¥292 million compared to the end of the previous fiscal year to ¥1,219 million. This was mainly due to decreases in income taxes payable and provision for bonuses.

Net assets decreased by ¥62 million compared to the end of the previous fiscal year to ¥17,667 million, mainly due to a decrease in retained earnings for payment of dividends. Equity-to-asset ratio as of June 30, 2024 amounted to 92.5%.

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

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	8,893,791	8,836,552
Notes and accounts receivable - trade	1,305,381	1,258,182
Merchandise and finished goods	1,299,036	1,286,386
Work in process	325,111	313,767
Raw materials and supplies	757,835	651,855
Other	138,620	159,780
<b>Total current assets</b>	<b>12,719,776</b>	<b>12,506,523</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,462,129	2,426,433
Machinery, equipment and vehicles, net	1,155,922	1,408,672
Land	800,483	800,483
Construction in progress	775,904	425,962
Other, net	166,699	172,138
<b>Total property, plant and equipment</b>	<b>5,361,139</b>	<b>5,233,690</b>
Intangible assets	24,891	23,944
Investments and other assets		
Investment securities	29,835	31,440
Insurance funds	475,896	476,295
Deferred tax assets	478,667	467,785
Other	151,301	146,986
Allowance for doubtful accounts	(9)	(9)
<b>Total investments and other assets</b>	<b>1,135,690</b>	<b>1,122,498</b>
<b>Total non-current assets</b>	<b>6,521,721</b>	<b>6,380,133</b>
<b>Total assets</b>	<b>19,241,498</b>	<b>18,886,657</b>

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	173,043	196,957
Income taxes payable	240,215	122,131
Provision for bonuses	278,147	126,685
Provision for bonuses for directors (and other officers)	89,425	20,478
Other	506,500	528,327
Total current liabilities	1,287,331	994,579
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	1,219,531
<b>Net assets</b>		
Shareholders' equity		
Share capital	455,330	455,330
Capital surplus	418,223	418,223
Retained earnings	16,782,461	16,690,349
Treasury shares	(214,531)	(202,594)
Total shareholders' equity	17,441,483	17,361,308
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,883	7,006
Foreign currency translation adjustment	77,924	104,625
Total accumulated other comprehensive income	83,807	111,632
Share acquisition rights	203,923	194,184
Total net assets	17,729,214	17,667,125
Total liabilities and net assets	19,241,498	18,886,657

**(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, 2023	Three months ended June 30, 2024
Net sales	2,204,375	2,276,661
Cost of sales	1,080,392	1,110,325
Gross profit	1,123,983	1,166,335
Selling, general and administrative expenses	797,122	828,057
Operating profit	326,861	338,278
Non-operating income		
Interest income	21	27
Dividend income	343	373
Commission income	261	237
Gain on sale of scraps	1,939	3,476
Foreign exchange gains	3,168	-
Other	2,874	379
Total non-operating income	8,609	4,495
Non-operating expenses		
Rental expenses	3,229	-
Foreign exchange losses	-	3,250
Other	0	0
Total non-operating expenses	3,229	3,251
Ordinary profit	332,241	339,522
Extraordinary income		
Gain on sale of non-current assets	39	714
Total extraordinary income	39	714
Extraordinary losses		
Loss on retirement of non-current assets	-	0
Total extraordinary losses	-	0
Profit before income taxes	332,280	340,237
Income taxes	132,971	119,536
Profit	199,308	220,700
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	199,308	220,700

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

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	199,308	220,700
Other comprehensive income		
Valuation difference on available-for-sale securities	1,154	1,122
Foreign currency translation adjustment	244	26,701
Total other comprehensive income	1,399	27,824
Comprehensive income	200,708	248,524
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	200,708	248,524
Comprehensive income attributable to non-controlling interests	-	-



**(3) Notes to Quarterly 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 first quarter of the current fiscal year.

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 quarterly 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 first quarter of the current fiscal year. This change in accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year. This change in accounting policy will have no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

**Notes on 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.

**Notes on segment information, etc.**

[Segment information]

Three months ended June 30, 2023 and three months ended June 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.

**Notes on quarterly consolidated statement of cash flows**

Quarterly consolidated statement of cash flows is not prepared for the three months ended June 30, 2024.

Depreciation (including amortization of intangible assets) for the three months ended June 30, 2023 and 2024 is as follows.

	(Thousands of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	149,321	147,339