NS TOOL For Crafting Tomorrow

NS TOOL CO.,LTD.

Fiscal Year Ended March 31, 2025
(April 1, 2024 to March 31, 2025)

Business Report







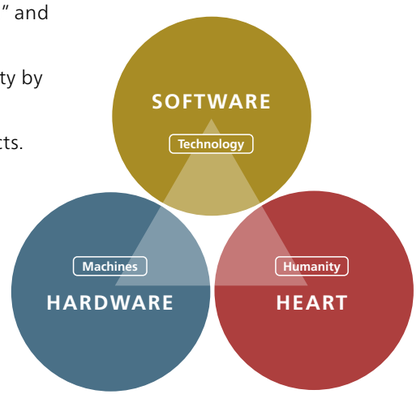
Brand Statement

For Crafting Tomorrow

The honor of supporting Japanese *monozukuri* (manufacturing) —the art of manufacturing and craftsmanship—has always been at the root of our Company.
As a leading manufacturer of small-diameter carbide end mills, we strive to create valuable products that cater to the needs of our customers and society.
We will introduce innovative solutions by continuously pushing the limits of our own technical standards, and present pioneering skills, quality and services to the future, and to the world.
NS TOOL will continue to explore the infinite possibilities and dreams in *monozukuri*.

Management Philosophy

NS TOOL creates
"**Software** (technology),"
"**Hardware** (machines)" and
"**Heart** (humanity)."
We contribute to society by developing eco- and human-friendly products.



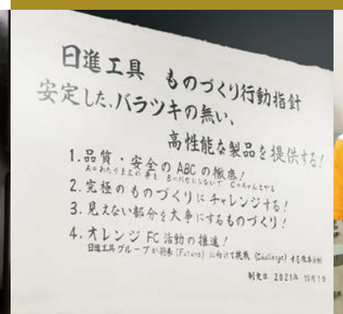
Contents

Disclaimer

Note regarding the Company's estimates
This report contains forward-looking estimates including plans, strategies and financial performance. These estimates are based on the determination derived from information that is currently available. Please note that actual results can be affected by various risks and uncertainties and, as a result, can differ from these estimates.








Major Milestones of NS TOOL Group

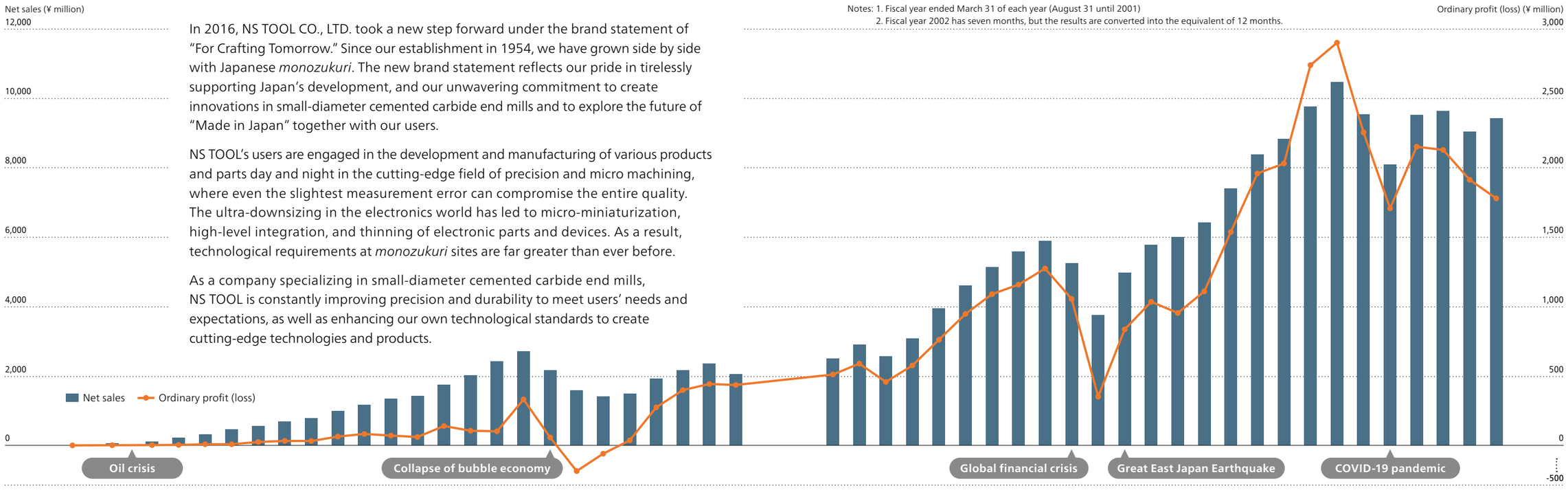
HISTORY

In 2016, NS TOOL CO., LTD. took a new step forward under the brand statement of "For Crafting Tomorrow." Since our establishment in 1954, we have grown side by side with Japanese *monozukuri*. The new brand statement reflects our pride in tirelessly supporting Japan's development, and our unwavering commitment to create innovations in small-diameter cemented carbide end mills and to explore the future of "Made in Japan" together with our users.

NS TOOL's users are engaged in the development and manufacturing of various products and parts day and night in the cutting-edge field of precision and micro machining, where even the slightest measurement error can compromise the entire quality. The ultra-downsizing in the electronics world has led to micro-miniaturization, high-level integration, and thinning of electronic parts and devices. As a result, technological requirements at *monozukuri* sites are far greater than ever before.

As a company specializing in small-diameter cemented carbide end mills, NS TOOL is constantly improving precision and durability to meet users' needs and expectations, as well as enhancing our own technological standards to create cutting-edge technologies and products.

Notes: 1. Fiscal year ended March 31 of each year (August 31 until 2001)
2. Fiscal year 2002 has seven months, but the results are converted into the equivalent of 12 months.



History of NS TOOL

1954
Establishes Nisshin Kogu Seisakusho.

1961
Establishes Nisshin Kogu Seisakusho L.C. in Shinagawa-ku, Tokyo.

1977
Starts exporting products (to Taiwan).

1979
Changes the organization to Nisshin Kogu Seisakusho Co., Ltd.

1990
Establishes a consolidated subsidiary, G-Tech Co., Ltd.

1991
Changes the trade name to NS TOOL CO., LTD.

1994
Declares specialization in small-diameter end mills.

1999
Invests in Sato Tool, Ltd. (Niigata Nisshin Co., Ltd.).

2001
Acquires ISO 9001 certification.

2002
Makes G-Tech Co., Ltd. and Sato Tool, Ltd. (Niigata Nisshin Co., Ltd.) wholly owned subsidiaries.

2004
Acquires ISO 14001 certification.

Lists on the JASDAQ Stock Exchange.

2009
Establishes NS Engineering Co., Ltd.

2011
Makes Makino Industry Co., Ltd. a wholly owned subsidiary.

2013
Establishes NS TOOL Hong Kong Ltd.

2016
Reforms the corporate identity.

NS Engineering Co., Ltd. takes over Niigata Nisshin Co., Ltd.

2017
After switching to the Second Section of the Tokyo Stock Exchange, NS TOOL was designated as a First Section stock.

2018
Relocates Headquarters and Tokyo Office.

2021
Establishes NS TOOL USA, INC.

2022
Transitions to the Prime Market of the Tokyo Stock Exchange.

History of development, production, and sales activities

1972
Launches the original "Power End Mill" with helix angle of 50 degrees.

1980
Makes a full-scale entry into the mold market with a cemented carbide solid end mill.

1989
Constructs new Fujisawa Factory and establishes operation of three production sites.

1993
Completes the first stage of construction of Sendai Factory.

1994
Completes the second stage of construction of Sendai Factory.

Introduces a CNC grinding machine made by Rollomatic SA (Switzerland) for the first time in Japan.

1998
Completes the third stage of construction of Sendai Factory.

Consolidates the Production Division and Development Division into Sendai Factory.

2001
Establishes R&D Center on the premises next to Sendai Factory.

2003
Launches a project to develop an original Tool Grinding Machine (TGM).

Launches CBN end mills.

2006
Holds the first NS Private Show.

Completes the first Tool Grinding Machine "TGM" developed by NS TOOL.

Completes the fourth stage of construction of Sendai Factory.

2008
Holds the second NS Private Show.

2009
Establishes new Manufacturing Center.

2011
Sendai Factory recovers from Great East Japan Earthquake in one month.

2016
Completes the fifth stage of construction of Sendai Factory.

2020
Holds the third NS TOOL Private Show 2020.

Establishes R&D Center with All-round Isolation System structure.

2020 (continued)

Opens Sendai inventory center.

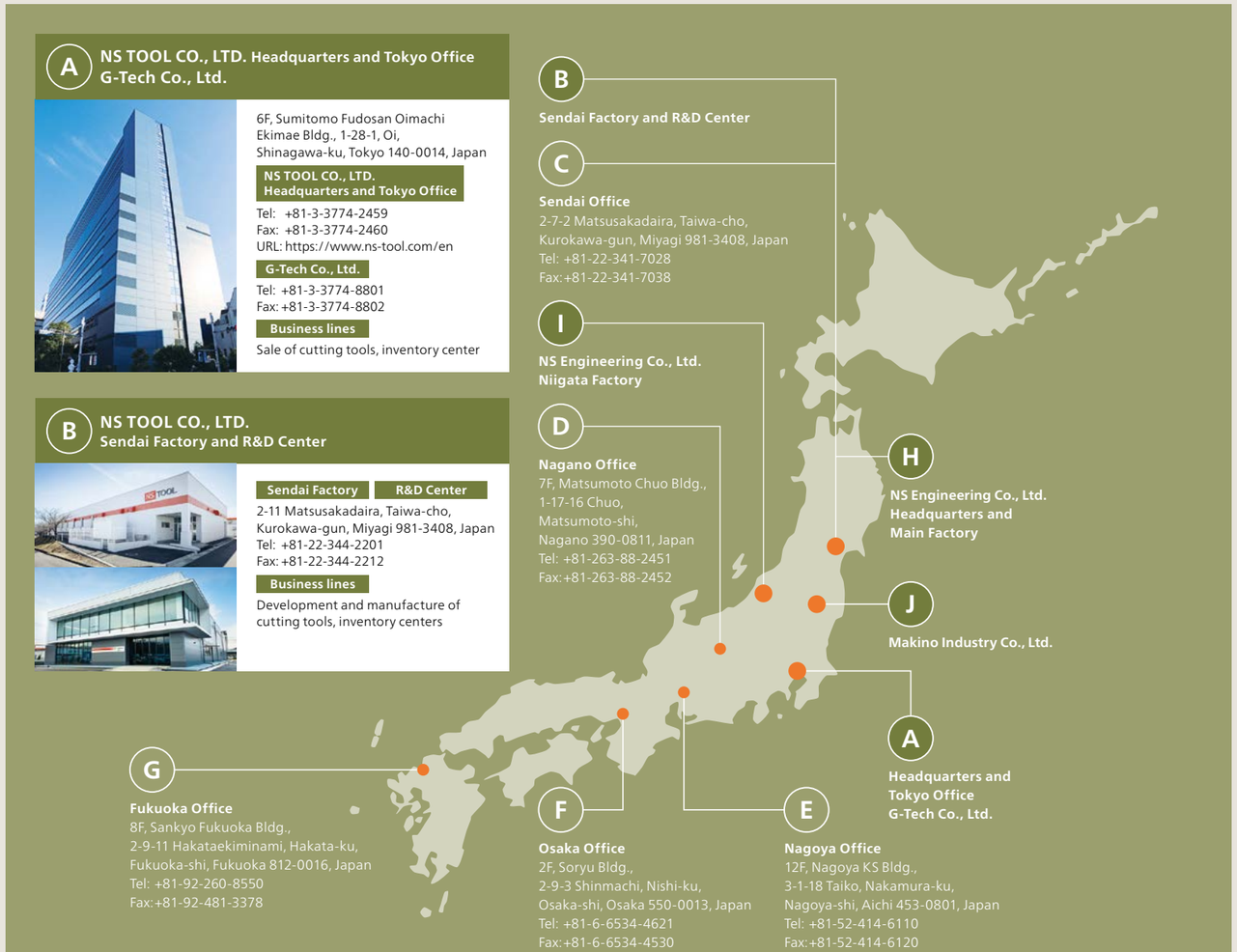
NS Engineering Co., Ltd. starts manufacturing small-diameter end mills at its Niigata Factory.

2023
Holds the first "Seminar for 5-axis precision and micro machining."

"Monozukuri" means manufacturing in Japanese.

NS TOOL Group Network

NETWORK



A NS TOOL CO., LTD. Headquarters and Tokyo Office G-Tech Co., Ltd.

6F, Sumitomo Fudosan Oimachi
Ekimae Bldg., 1-28-1, Oi,
Shinagawa-ku, Tokyo 140-0014, Japan

**NS TOOL CO., LTD.
Headquarters and Tokyo Office**

Tel: +81-3-3774-2459
Fax: +81-3-3774-2460
URL: https://www.ns-tool.com/en

G-Tech Co., Ltd.

Tel: +81-3-3774-8801
Fax: +81-3-3774-8802

Business lines

Sale of cutting tools, inventory center

B NS TOOL CO., LTD. Sendai Factory and R&D Center

Sendai Factory **R&D Center**

2-11 Matsusakadaira, Taiwa-cho,
Kurokawa-gun, Miyagi 981-3408, Japan
Tel: +81-22-344-2201
Fax: +81-22-344-2212

Business lines

Development and manufacture of
cutting tools, inventory centers

H NS Engineering Co., Ltd. Headquarters and Main Factory

Headquarters and Main Factory

2-7-2 Matsusakadaira, Taiwa-cho,
Kurokawa-gun, Miyagi 981-3408, Japan
Tel: +81-22-344-3805
Fax: +81-22-344-3105
URL:https://www.ns-eg.com

Business lines

Coating processing and regrinding of
cutting tools

I NS Engineering Co., Ltd. Niigata Factory

Niigata Factory

252 Yoshida, Uonuma-shi,
Niigata 946-0075, Japan
Tel: +81-25-792-1927
Fax: +81-25-792-2414

Business lines

Manufacture of cutting tools

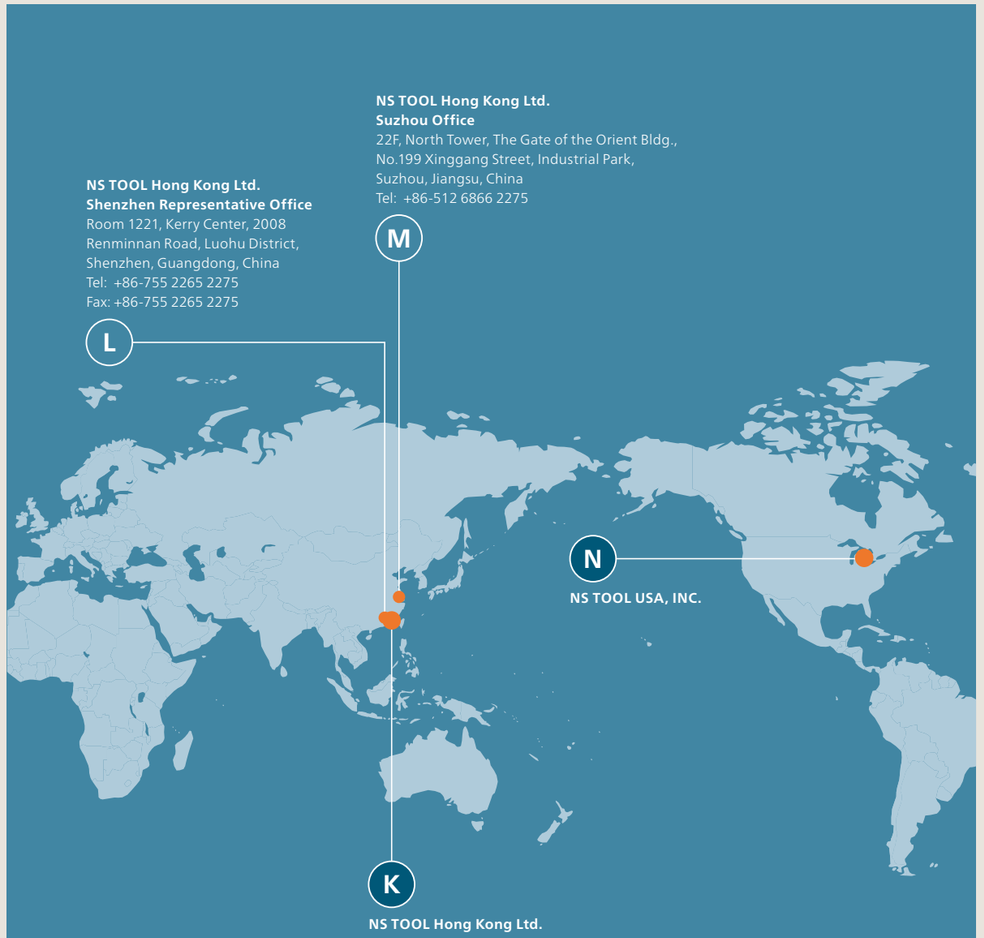
J Makino Industry Co., Ltd.

Headquarters and Main Factory

103-1 Tsurukoyama, Shirasaka,
Shirakawa-shi, Fukushima 961-0835, Japan
Tel: +81-248-21-8971
Fax: +81-248-21-8972
URL:https://makino-kg.co.jp

Business lines

Development, manufacture and sale of
plastic molded products, mainly tool cases



K NS TOOL Hong Kong Ltd.

Headquarters

Suite 1001-02, 10F, Kowloon Centre,
33 Ashley Road, Tsim Sha Tsui, Kowloon, Hong Kong
Tel: +852 2736 8686
Fax: +852 2736 0070
URL:https://www.ns-tool.com.cn

Business lines

Sale of cutting tools, inventory center

N NS TOOL USA, INC.

Headquarters

2265 Star Ct., Bldg. #3, Rochester Hills,
Michigan 48309, USA
Tel: +1-248-829-1960
URL:https://us.ns-tool.com/en

Business lines

Sale of cutting tools, inventory center

VALUE

— Unlock the dreams and possibilities of *monozukuri* —

In order to support the precision and micro-machining technologies essential for manufacturing electronic and precision parts, which Japanese *monozukuri* is best at, our Group challenges technologies, quality and services beyond other companies' reach and has been restlessly working to create new added value.
As a group specializing in small-diameter tools, we boast the top share in Japan in the field of small-diameter cemented carbide end mills, and maintain a high profit margin and a thorough debt-free management.

NS TOOL Group (Fiscal year ended March 31, 2025)

Specialized in small-diameter tools

Net sales	**¥9.4** billion (Ratio of small-diameter tools: 79.9%)
Ordinary profit	**¥1.7** billion
Profit attributable to owners of parent	**¥1.2** billion

Solid financial base

Total assets	**¥19.9** billion
Total equity	**¥18.2** billion
Equity ratio	**91.4** %
Cash and deposits	**¥9.8** billion

Elite specialists in small-diameter tools

Employees **358**
(Of which, 32 development personnel)

Abundant and excellent products

Material × Type × Coating =
Approx. 10,000 types

Intellectual property owned

Acquired patents, etc. **44**

Awards received

Ministry of Economy, Trade and Industry
Global Niche Top Companies Selection 100 (2020)

Monozukuri Nihon Conference, The Nikkan Kogyo Shimbun, Ltd.
Grand Award of Super MONOZUKURI Innovative Parts and Components Awards: Received 12 times (2008, 2011, 2012, 2014, 2015, 2016, 2019, 2020, 2021, 2022, 2023, 2024)

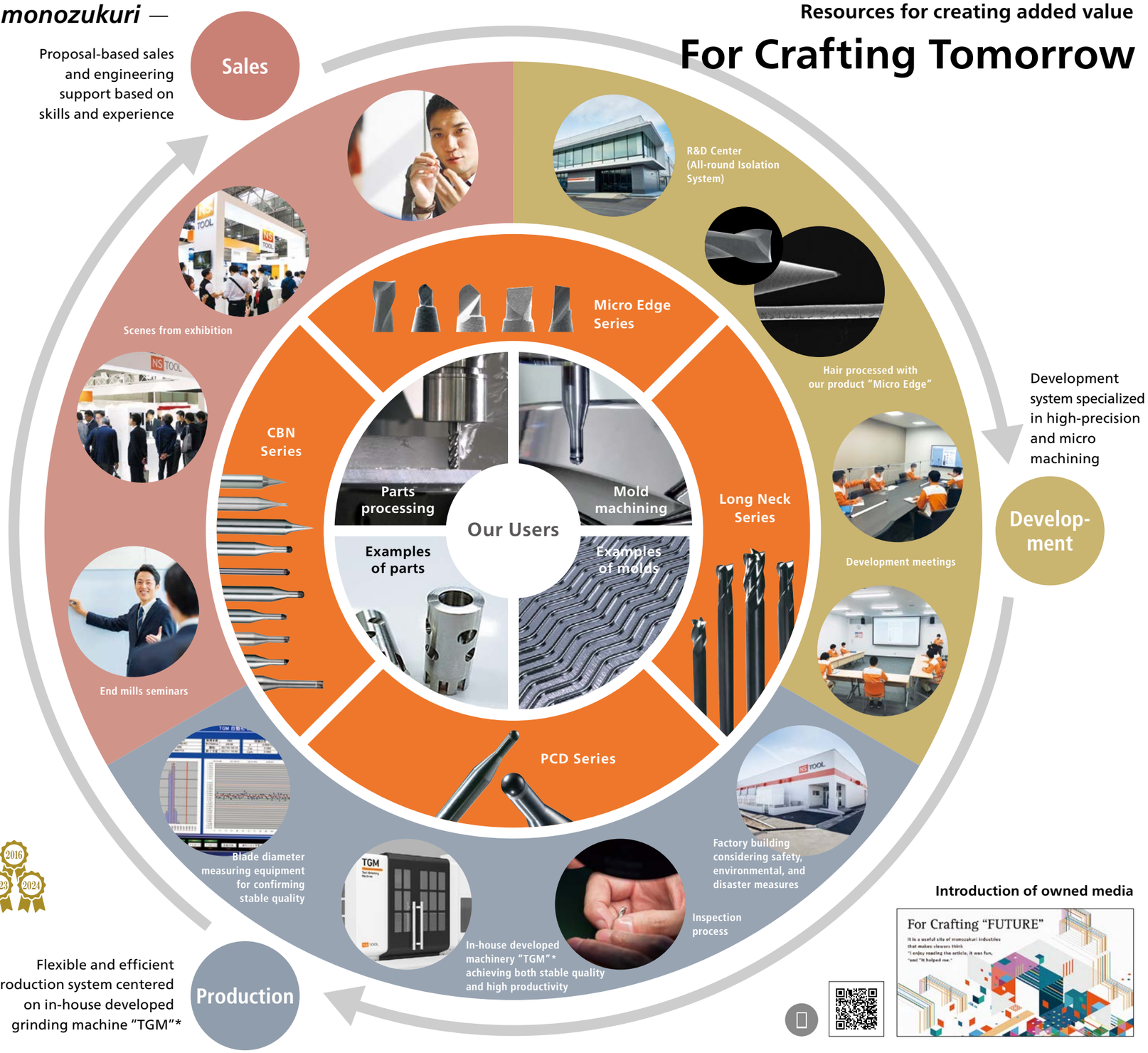
News Digest Publishing Co., Ltd.
ND Marketing Awards (2014)

Ministry of Economy, Trade and Industry, etc.
Monodzukuri Nippon Grand Award: Received twice (2005, 2013)

Japan Cutting & Wear-resistant Tool Association
Environmental Special Award (2022)

Resources for creating added value

For Crafting Tomorrow



Introduction of owned media

"Monozukuri" means manufacturing in Japanese.
* TGM: Tool Grinding Machine

ENDMILL

What are end mills?

End mills are cutting tools attached to a machining center for cutting and processing metals such as steel, stainless steel and aluminum.
End mills are capable of a wide variety of millings, including holes, grooves, planes and three-dimensional curved surfaces. End mills are used for processing molds and parts.
Small-diameter end mills with a diameter of 6 mm or less, the flagship products of NS TOOL, are most suitable for precision and micro machining. Small-diameter end mills are used by over 5,000 companies, ranging from major manufacturers to small and medium-sized ones.

End mills are attached to a machining center and milling materials.


End mills

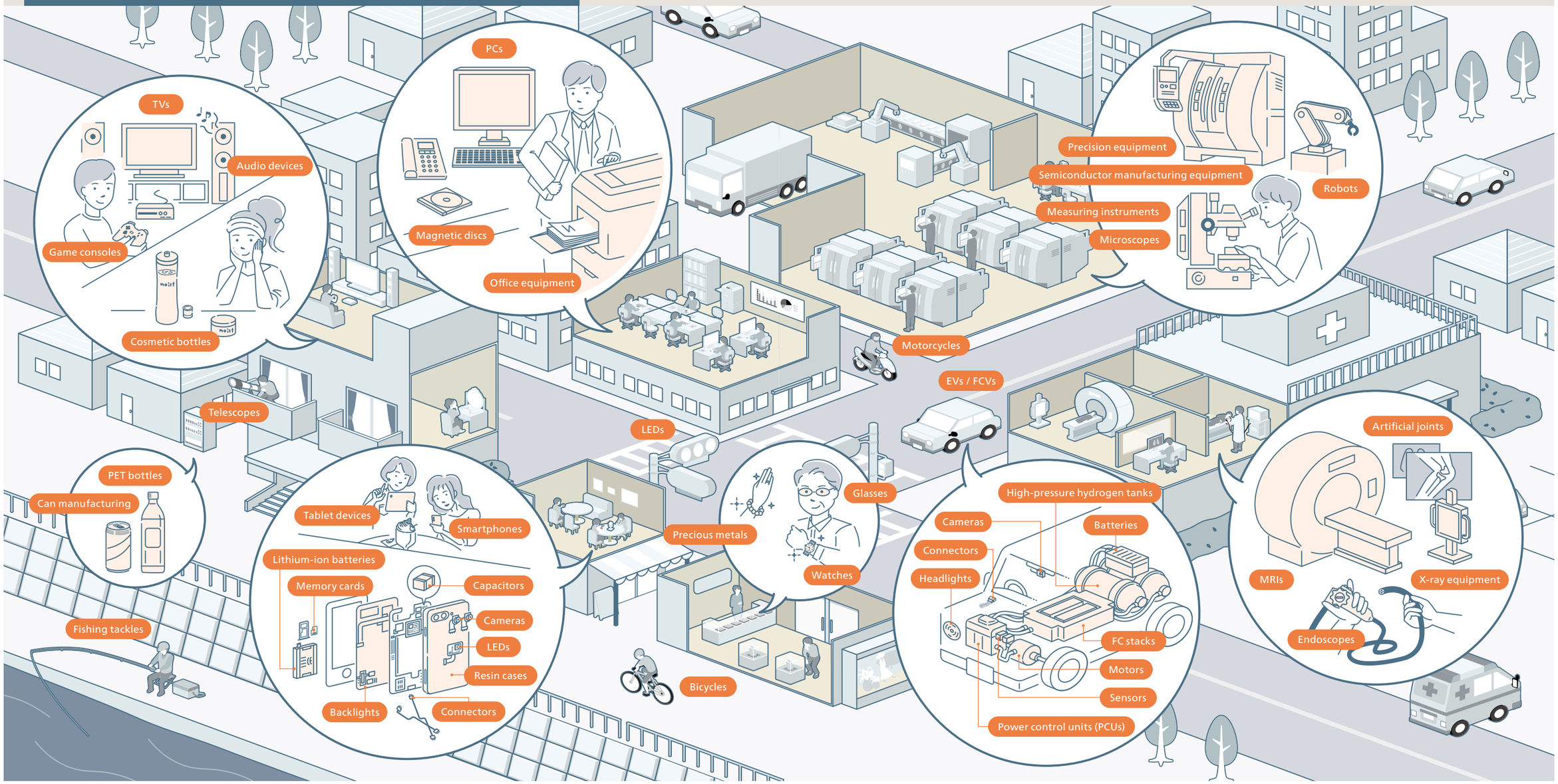

Machining center


Milling process


Mold machining


Parts processing

Machining with small-diameter end mills helps produce many products



Uniting as one Group to pursue the ideal of “For Crafting Tomorrow”

With its technical expertise, manufacturing infrastructure, and extensive product lineup developed as a specialist in small-diameter tools, the NS TOOL Group (the “Group”) has consistently pursued “distinction.” The Group has opened up new possibilities in the precision and micro-machining markets through innovative proposals never seen before in domestic and global tool markets. We spoke with President Hiroji Goto about the Group’s next steps—initiatives that go beyond a mere extension of the past—as it sets its sights on further growth.

Review of business activities in FY3/25

According to Machinery Statistics from the Ministry of Economy, Trade and Industry, the value of domestically produced cemented carbide end mills in 2024 declined by 0.6% year on year, remaining essentially flat. Demand was sluggish in mold machining and parts processing, with the automotive sector having a significant impact. It is said that more than half of Japan’s mold production is for the automotive industry. While a recovery in production had been anticipated for the latter half of 2024, as the impact of certification fraud issues became apparent, the activity in the mold and parts markets for automotive applications came to a virtual standstill, resulting in a delayed recovery in demand for cutting tools throughout the year.

In overseas markets, demand in the Greater China region, which had been sluggish, showed a modest rebound. Because our sales in this region rely heavily on a few major Chinese manufacturers, performance tends to fluctuate depending on the status of individual companies. In the fiscal year ended March 31, 2025, strong performance by leading Chinese EV manufacturers provided underlying support for demand. In contrast, overall performance in Europe and the United States remained lackluster. In Europe—mainly in Germany—the overall manufacturing industry failed to gain momentum due to structural factors such as energy issues, in addition to the continued slump in the automotive sector, keeping demand for precision machining at a low level.

Despite this harsh business environment—mainly in the automotive field—in the domestic market, demand for semiconductors and electronic components and devices was driven by growth in AI-related areas, and the introduction of new products also contributed. As a result, our consolidated net sales rose by 4.3% year on year, outperforming overall market trends. During the fiscal year ended March 31, 2024, we launched three new products, including the lens form end mill MLFH330, and expanded the product range for six existing items. In the fiscal year ended March 31, 2025, we introduced a new product, XRBH230, which uses our new MPX coating to dramatically improve the processing efficiency of precision molds and parts. This product has been well received by users both in Japan and overseas. We believe that our lineup

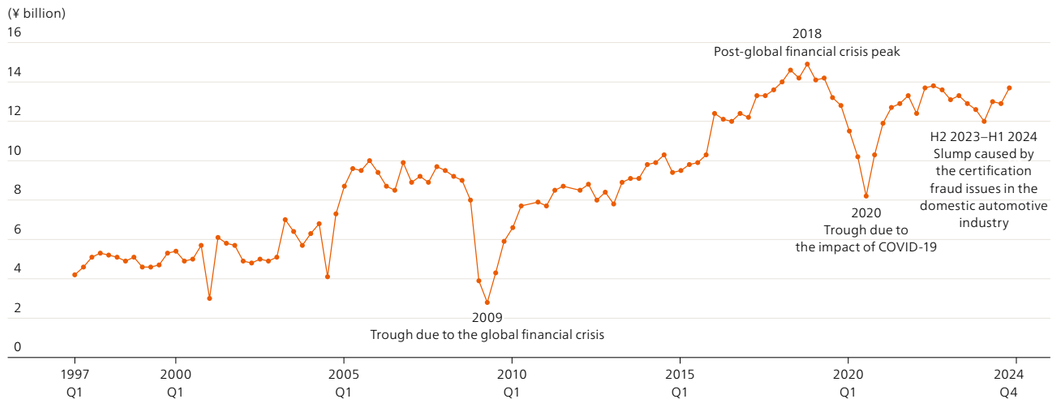
Promoting the development of unique new products in FY3/25

Launching a new product in April 2025 to enable high-efficiency machining

Released in November 2024

Scheduled for release in April 2025

Trends of production of cemented carbide end mills (Q1 1997–Q4 2024)



Source: Machinery Statistics, Ministry of Economy, Trade and Industry (covering business establishments with 30 or more regular employees)

of new products—designed from unique perspectives to support diverse precision and micro-machining needs—is contributing to the enhancement of our brand as we aim for "distinction" from existing products and competitors.

On the profit front, rising costs of raw materials, manufacturing electricity, and labor continued to place pressure on margins, resulting in a decline in profitability. At manufacturing sites, we have continued to engage in our small-group "Orange FC Activities" (QC activities conducted in small groups) to rigorously reduce manufacturing costs, but these efforts have been outpaced by a broader upward cost trend. I take this decline in profit margins very seriously. Starting in the fiscal year ended March 31, 2025, we began implementing Company-wide cross-functional reforms between sales and manufacturing to improve profitability.

In terms of sales, we are addressing the decline in domestic sales by moving forward with full-scale initiatives centered on collaboration with our distributors and dealers. For overseas markets, we are working to reduce our dependence on China while developing and executing new strategies including targeting emerging markets such as India. In parallel, we have begun restructuring our product lineup to enhance the overall portfolio and are reviewing our inventory management practices to ensure they are both sufficient and optimized.

In terms of production, in addition to the continued rise in labor costs and personnel expenses in recent years, we anticipate growing difficulty in securing talent over the medium to long term. With this in mind, we will work to further evolve the automation lines we have been developing, to improve overall throughput—from upstream to downstream processes—through the introduction of new production management methods and the corresponding systems to support them.

All of these efforts must move beyond local optimization at the departmental level and aim for total optimization through united action across the Company. Furthermore, from a Group-wide perspective, we will clarify the roles and strategic direction of each Group company, enabling them to sharpen their individual strengths. Through this, we aim to redefine the ideal structure of the Group business foundation "For Crafting Tomorrow" and maximize the power of the Group as a whole.

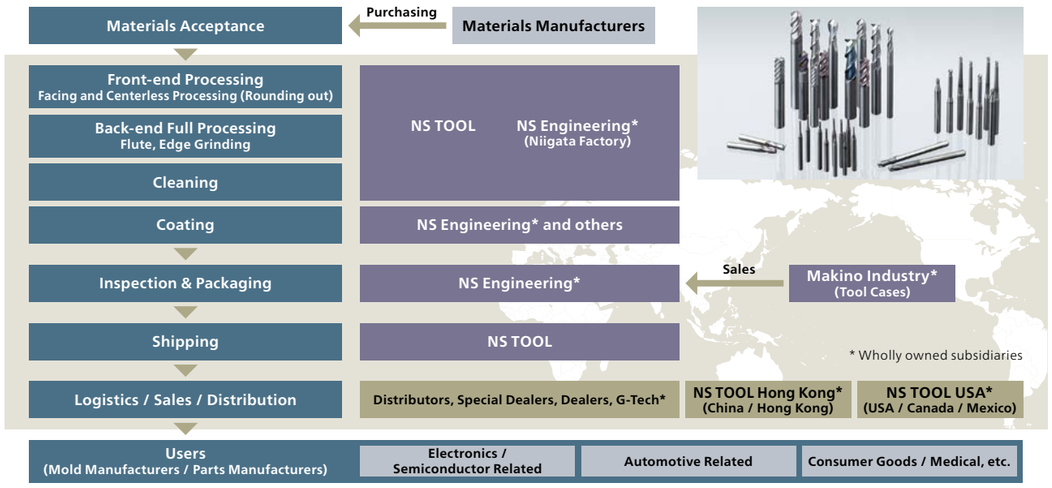
Entering a new stage to truly cultivate the precision and micro-machining market

Under the value concept of "For Crafting Tomorrow," the Group aims to contribute to the manufacturing industry by advancing precision and micro machining through the provision of cutting solutions using small-diameter tools. In the mold machining field, for example, 5-axis machining centers have become widespread. However, in machining environments that require high precision, 3-axis machines are still widely used. What is essential in such cases are sharp, high-rigidity tools. Specially shaped tools designed for high-speed rough machining are particularly difficult to produce, but the production technologies that the Group has built up over the years allow us to make them possible.

Thanks to these production technologies, we are able to develop unique products—such as offering numerous variations with finely tuned tip designs based on different angles—enabling us to provide hundreds of variations under a single model number. We take pride in being a manufacturer with such an extensive lineup—something few others can offer. By leveraging these technologies to the fullest and delivering tools tailored to each user's machining needs and environment, we believe we can create new manufacturing markets based not on price, but on the unique value the Group provides.

We see this as "distinction"—and a strength—unique to the Group, which has internalized the development of

Roles of Group companies in our supply chain



Summary of financial results for FY3/25 and financial forecast for FY3/26

Unit: ¥ million	FY3/24 Actual	FY3/25 Actual	YoY Changes	FY3/26 Forecast/Plan	YoY Changes
Net sales	9,040	9,431	4.3%	9,680	2.6%
Operating profit	1,867	1,767	-5.4%	1,740	-1.5%
Ordinary profit	1,908	1,779	-6.8%	1,750	-1.7%
Profit attributable to owners of parent	1,320	1,264	-4.2%	1,200	-5.1%
R&D expenses	409	427	4.2%	—	—
Capital investment	563	111	-80.3%	882	693.5%
Depreciation	627	644	2.7%	655	+1.7%
Earnings per share (EPS)	¥53.03	¥50.80	-4.2%	¥48.20	-5.1%
Dividend per share (DPS)	¥27.50	¥30.00	9.1%	¥30.00	—
Dividend payout ratio	51.9%	59.1%	—	62.2%	—

automatic grinding machines specialized for small-diameter tools, established peripheral systems such as automated inspection, and consistently delivered products with an eye toward the future of machining as a specialist in small-diameter tools. Since our declaration of specialization in small-diameter tools in 1994, we have consistently promoted our product concept as part of our mission to be "For Crafting Tomorrow." Having completed the stage of establishing the precision and micro-machining market, we now see ourselves entering a new one—developing a user base ready to fully utilize our tools and take on the challenges of next-generation precision and micro machining.

In this new stage, it is essential that we provide long-life tools or ultra-high-precision tools that meet the demands of advanced users. We are enhancing our materials and coating technologies to deliver tools with maximum durability and high-precision performance, thereby meeting the evolving needs of the precision and micro-machining market. Moreover, we are not just supplying tools—we are also sharing recommended cutting conditions, usage methods, and machining know-how to support and expand our user base of customers skilled in using small-diameter tools.

Sustainability initiatives that support "For Crafting Tomorrow"

To reduce environmental impact, the Group has been continuously working to lower CO_2 emissions by reducing electricity consumption and is investing in energy-efficient equipment and improving production efficiency at each of our factories. Meanwhile, the recycling rate for cemented carbide materials such as tungsten—the main material used in our tools—has been rising year by year. Currently, the proportion of recycled raw materials sourced from used tools has exceeded 50% in global markets, and the Group is also promoting the use of recycled materials. In light of these trends, we are also assessing the potential cost impact internally in the event that carbon pricing (such as a carbon tax) is introduced in the future, and considering how best to align our environmental efforts with our overall business strategy.

In terms of human capital, with the mindset of being "the Group that develops human resources," we strengthened our training program for managers during the fiscal year ended March 31, 2025. As our workforce and organization grow, we see it as essential that managers are able to fairly assess and support the development of their team members. To that end, we introduced a training program to cultivate managers who can conduct fair and accurate performance reviews as evaluators. In addition to honing evaluation skills through specialized training, we also incorporated coaching into the manager training program. The aim is not only to evaluate, but also to build the ability to engage in daily conversations that draw out employees' motivation and potential. Through these efforts, we are working to raise the overall capabilities of our next generation of leaders.

In the past, our investments tended to focus more heavily on physical infrastructure, such as earthquake-resistant facilities. But we now share the belief across the Company that people development is the true source of sustainable growth. Under the slogan "developing human resources For Crafting Tomorrow," we are committed to showcasing the Group's "distinction" in human capital development as well.

By cultivating a corporate culture where each employee can work with a spirit of challenge and creativity, we aim to build a resilient organization that will support the future of the Group.

Message to our stakeholders

In recent years, the Group has faced a prolonged period of sluggish performance. In response, we have begun implementing transformative changes to our internal structure and business strategies—approaches that break away from past trajectories—as we work to shift toward a new stage "For Crafting Tomorrow." I am confident that from the fiscal year ending March 31, 2026 onward, the results of these reforms will begin to materialize.

As President, I will lead from the front in building a forward-looking business foundation together with all Group employees, and I am fully committed to achieving a recovery in performance and enhancing corporate value. I sincerely ask for your continued support of the Group as we strive to pioneer new frontiers in the precision and micro-machining market by delivering products that offer high precision, high efficiency, and long tool life.

Pushing the limits of “For Crafting Tomorrow”

Senior Executive Vice President Takashi Goto speaks about the driving forces of NS TOOL’s sustainable growth—such as the development of new technologies for higher performance, a passion for quality and human resource initiatives that support “For Crafting Tomorrow”—as he reflects on the fiscal year ended March 31, 2025 (hereinafter “the fiscal year”) and also shares insights into the evolving manufacturing infrastructure that supports the production of cutting tools.

Building on 70 years of history, we continue to take on new challenges from a solid foundation to achieve sustainable growth and enhanced corporate value

Takashi Goto
Senior Executive Vice President,
in charge of production/development

Review of business activities in FY3/25

The most significant achievement in the area of production and development during the fiscal year was the development and launch of MPX, our first-ever coating based on a new conceptual approach. Until now, we have offered coatings designed for general use across a variety of materials, but MPX specifically targets equivalent to SUS420J2 (52HRC), a hardened stainless steel that is frequently used as a mold material. The new XRBH230 Long Neck Ball End Mill for SUS420, features the MPX coating along with an optimized cutting edge design. By narrowing the work materials and developing tools tailored to that specific application, we’ve been able to achieve higher performance, and positive evaluations from users at manufacturing sites are steadily increasing. Of course, for users, replacing familiar tools is not easy and adoption takes time. We hope users will take the time to thoroughly test and assess the benefits of this new technology.

In addition, during the fiscal year, our MLFH330 MUGEN COATING PREMIUM High Efficiency Lens Form 3-Flute End Mill received the Environment, Resources and Energy Related Component Award in the 21st Super MONOZUKURI Innovative Parts and Components Awards (2024), organized by the Monozukuri Nihon Conference and The Nikkan Kogyo Shimbun, Ltd. Our Group has established a sustainability policy stating, “As a leading company in small-diameter end mills, by providing unprecedented high value-added products, we will coexist with society and strive for sustainable growth.” As such, we are deeply grateful that our approach to technological development has been recognized through this award.

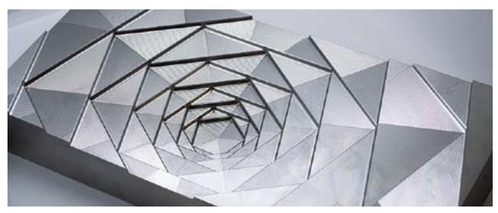
On the other hand, a challenge remained on the production side because we were unable to achieve the cost reduction as initially planned. One key factor was production volume. Due to changes in the business environment surrounding our Group, including a delayed recovery in automobile-related demand, production volume fell short of expectations, and we were unable to fully realize the cost reductions intended from automation. Moreover, rising raw material costs, electricity rates, and personnel expenses resulted in further cost increases.

In response to these circumstances, we are focusing on further automated and leaner production systems. Specifically, we are working to develop systems that can precisely measure and adjust tool dimensions after processing, as well as introduce visual inspection systems by using image processing to enable unmanned operations. Through these initiatives, we aim to minimize slight errors and defects at manufacturing sites, taking a major step toward the realization of a completely unmanned factory.

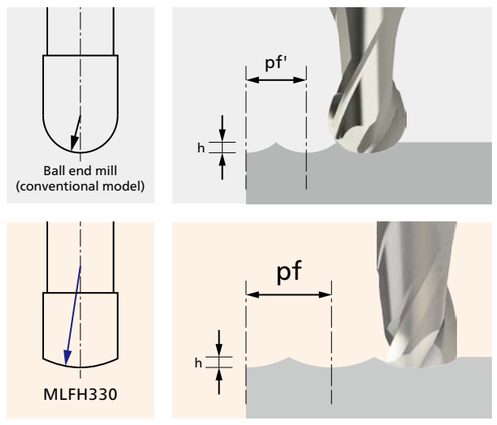
XRBH230 Long Neck Ball End Mill for SUS420 with the new MPX coating

Sizes: R0.05–R1 (83 sizes in total)

Machining case: XRBH230—The Pentagon



MLFH330 with a lens-shaped bottom edge, which enables greater depth of cut and significantly improves efficiency



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Developing human resources to strengthen on-site capabilities

No matter how advanced the equipment or technology, it is ultimately people who achieve manufacturing goals. Without the capabilities of people and manufacturing sites, technological strength cannot be materialized. Since our founding, we have placed great importance on human creativity and ingenuity—things only people can produce—which is why we place special focus on human resources development.

At Sendai Factory, we run an approximately six-month-long training program for new employees called the Ishikawa training school. The program is conducted in a dedicated training environment using actual grinding machines, where skilled instructors provide one-on-one intensive instruction. It enables new employees to gain practical skills—from the basics to application—before being assigned to manufacturing sites. Because we train them until they are ready, new employees perform as good as competent team members immediately after they are assigned to manufacturing sites.

Since the program’s launch in 2018, 41 employees have joined Sendai Factory and have remained with the Company. The turnover rate is extremely low, with only a handful of resignations. Our training and retention program, which supports this strong track record, has drawn attention from external educators and many others. At manufacturing sites, efficiency improvements and automation have created rooms to allocate some production facilities specifically for new employee training. Furthermore, it appears that no other company has gone so far as to introduce 3D animated operation manuals for training and people send us feedback mentioning how impressive the effort is.

Fostering a culture that encourages challenge

Another key focus in our approach to human resources development is fostering a culture that encourages people to take on challenges. I firmly believe that creating an environment where employees feel empowered to boldly try new things is the foundation for next-generation innovation. I always say that “failure is more than welcome,” and I even think it wouldn’t be a bad idea to have a “Failure Award” to recognize those who make big mistakes. That is why I personally make a point of encouraging people with the words, “Just give it a try!”

For example, when introducing challenging new technologies, there are times when not only internal staff but even external partners hesitate. In such cases, I encourage them, “If it doesn’t go well, our Company will take responsibility so let’s take on the challenge together!” One such example was the construction of our R&D Center following the Great East Japan Earthquake. We pursued a seismic-isolation structure using a new construction method, and I made it clear I would take full responsibility for the outcome. That commitment ultimately led to the realization of one of the world’s most advanced seismic-isolated buildings. Experiences like this reinforce my desire to instill a culture of taking on challenges among all employees and executives, both inside and outside the Company.

Looking ahead, I have high hopes for the younger generation, particularly in their ability to leverage digital and software technologies. In the field of production technologies, AI and IoT will become increasingly vital. While our Company excels at hardware development, we recognize that software is an area of relative weakness. To address this, we have brought in external specialists as software development advisors to train our young engineers in programming and simulation technologies.

As for the Ishikawa training school, we believe the continued growth of the instructors is critical to its further evolution. Specifically, we have invited external professionals to conduct counseling workshops for instructors and have built a system that allows graduates of the program to also seek guidance from them. We strive to continuously update both our technologies and our people, aiming to be a team that is always learning and taking on new challenges—and I believe that this, in turn, will cultivate the next generation of leaders and form the foundation for sustainable growth.

Evolution of our manufacturing infrastructure “For Crafting Tomorrow”

Trying what no one else has tried

Since its founding in 1954, NS TOOL has valued the spirit of “trying what no one else has tried.” Starting with general-purpose grinding machines, we went on to introduce the mass-production grinding machine known as SEF, as well as MASAMUNE, an original in-house developed CNC (computer numerical control) grinding machine for

cemented carbide. Today, our mainstay equipment is the TGM (Tool Grinding Machine)—a proprietary CNC tool grinder we developed ourselves. In the field of small-diameter cemented carbide end mills, we have established a leading position in the domestic market. Behind this achievement lies our steady accumulation of results through insourcing of manufacturing infrastructure, continuous process improvements, and above all, the tireless efforts of our frontline employees.

After entering the automotive mold industry, we became the first company in Japan to install a CNC-based universal tool grinding machine manufactured by U.S. Hoffman Group in 1985. This machine, certified by a major American airline, supported 6-axis and 7-axis control at a time when 4-axis machines were the norm in Japan. The following year, in 1986, we installed a CNC-based universal tool grinding machine manufactured by Germany's Walter and steadily built up our CNC-based tool manufacturing expertise.

Later, we adopted a mass-production machine from a Japanese manufacturer, but it had a very complex mechanism and was difficult to master. We submitted various improvement proposals to the manufacturer and developed custom jigs for machining, which enabled us to significantly reduce the production cost per tool. This machine, which we call SEF, enabled true mass production.

Development of a proprietary CNC tool grinding machine

In 1994, following our declaration of specialization in small-diameter tools, we became the first company in Japan to install a Swiss-made CNC grinding machine specifically for manufacturing small-diameter cemented carbide end mills. In our pursuit of even higher performance, we submitted a number of improvement proposals to the manufacturer. These efforts ultimately led to the development of our own proprietary CNC tool grinder for mass production of small-diameter tools, the TGM.

Development began in 2002, and the first unit was completed in 2006. I had expected that the first machine wouldn't launch successfully, so I was genuinely surprised by its trouble-free debut. I believe this accomplishment was possible because our manufacturing team had already pioneered the introduction of CNC grinding machines in Japan, mastered the structurally complex SEF mass-production machine, and continuously refined world-class Swiss CNC grinding machines in our pursuit of excellence in small-diameter tool manufacturing. Naturally, improvements to the TGM have continued to this day.

Through this evolution of our manufacturing capabilities, our on-site strengths have also become one of our core assets. At Sendai Factory, we regularly revise equipment layouts and modify machinery. If necessary, the team will even shut down production for several days to implement process improvements. We see this commitment to always pursuing the optimal solution—what we call a "living factory"—as the key to delivering high quality and stable supply to our customers. This expertise is now beginning to be transferred not only within NS TOOL but also to our Group company, NS Engineering.

SEF mass-production grinding machine

MASAMUNE, our original CNC grinding machine for cemented carbide

TGM, NS TOOL's proprietary CNC tool grinding machine

Initiatives to build a new manufacturing infrastructure

When it comes to building a new manufacturing infrastructure, I believe that direct feedback from users and close collaboration with them are absolutely essential. I don't view Sendai Factory simply as a production site, but as a place that can truly impress our users. At our R&D Center, we have installed the same machining centers as our users employ, and we sometimes perform test machining under user-specified conditions. This is part of our effort to build in-house experience so we can solve challenges together with users and propose new machining methods.

Many of our users—who are themselves manufacturing professionals—visit our factory to see our initiatives firsthand. We welcomed numerous visitors again this fiscal year, and many of them expressed strong interest in our approach. These real voices from users are a great source of motivation for our people on-site. By sharing our philosophy of working alongside customers to shape the future of manufacturing, we hope to further strengthen our manufacturing infrastructure and build lasting, trust-based relationships with our users.

Message to our stakeholders

In December 2024, NS TOOL celebrated its 70th anniversary. While staying true to the spirit of "For Crafting Tomorrow," I want us to remain a corporate group that continues moving forward—always returning to our roots while flexibly adapting to changing times. At the start of 2025, I positioned this year as "The first year of a new era after the 70th anniversary," and chose the kanji character 進 ("advance") to mark the new year, symbolizing steady, step-by-step progress. I wanted to instill a Company-wide mindset of learning from failure and moving forward with steadiness and certainty.

As we enter our 71st year in the fiscal year ending March 31, 2026, our policy is to return to the basics and steadily advance, even in small ways. With the technological capabilities, development expertise, and on-site strengths we have cultivated over the years, we will continue to boldly take on each challenge brought by changing times and future demands. By honing our abilities "For Crafting Tomorrow" and engaging in new value creation alongside our users and partners, we aim to further enhance corporate value and achieve sustainable growth.

TOPICS

Sendai Factory managers give a lecture to university students

On November 25, 2024, at the request of Mr. Minoru Kawamura—a part-time lecturer at the Faculty of Economics at Komazawa University and a human resources development advisor for our Company—NS TOOL gave a lecture to students at the university, following on from the previous year's session in 2023. The 2024 lecture was themed "Work and Working from the Perspective of Japanese Manufacturing." Three managers from Sendai Factory took the stage: Yuka Sasaki (Manufacturing Section-2), Hiroshi Nozawa (Production Management Section), and Mika Komaba (Factory Control Section).

As most of the students were unfamiliar with our products and what goes on inside a manufacturing site, the lecture began with an introduction to cemented carbide end mills. The presenters then shared their experiences and insights on factory work, the appeal of manufacturing, the difference between tasks and work, workplace relationships, and even the personal challenges that can come with a job. Feedback from the students included comments such as "I've become interested in manufacturing" and "The phrase 'It's not just tasks, it's work' really stuck with me."

“For Crafting Tomorrow” with “distinction” from other companies through trust-based communication and logical thinking

**The R&D Group is composed of three sections: the Design Development Section, the R&D Section, and the New Business Section. The Design Development Section is responsible for the design and prototyping of new products, while the R&D Section mainly handles cutting performance evaluations of development prototypes.
The New Business Section is advancing new business initiatives through joint research with universities and research institutions. We spoke with members on the front lines of R&D about the current development structure, the values they prioritize in their work, the features and development background of the new product XRBH230 that incorporates the new MPX coating, and the key themes they will be focusing on in future development.**

Naoto Hirano
**Chief,
Design Development Section, R&D Group,
R&D Department**

Joined NS TOOL in 2011, the year of the Great East Japan Earthquake, and witnessed the rapid recovery of the factory from disaster-related damage. After completing his training, he worked in the Production Department’s Manufacturing Group and the R&D Department’s Production Technology Section before assuming his current position in 2019.

Takamasa Endo
**Group Manager,
R&D Department**

Majored in mechanical engineering at university and had experience using end mills, which sparked his interest in NS TOOL’s specialization in small-diameter end mill manufacturing. He joined the Company in 1999 and has since been consistently involved in development, working in both research and design. Assumed his current position in April 2023.

“For Crafting Tomorrow”

Endo: In the R&D Group, we place great importance on building trust among members. The work of developing something new involves a continuous process of trial and error. In challenging situations, we push and encourage each other, exchanging honest opinions while maintaining mutual respect. Trust is an essential foundation for overcoming problems together.
Hirano: I try to engage in communication not just during meetings, but as part of our day-to-day work as well. In fact, I feel that communication within the group has become much more active in recent years. In development work, I also place a strong emphasis on using my five senses to grasp the truth and then think through it logically. There’s always a reason behind what went well and what didn’t, so thinking logically helps reduce the time of rework—and that, in turn, speeds up development.

On the development of the new product XRBH230

Hirano: XRBH230 was developed for SUS420J2 (52HRC), a work material commonly used in the precision plastic mold field, which is a major segment of our user base. By adopting the new MPX coating, we enhanced wear resistance, heat resistance, and machining accuracy. Compared to previous models, we achieved a tool life that is two to five times longer.
Endo: About 18 years ago, we launched MRBH230 with our MUGEN COATING PREMIUM for hardened steel (up to 65HRC), including SUS420J2 (52HRC). Since then, competitors have released products with similar performance, which led to price competition. To avoid falling into that price race, we focused on developing a new product that delivers long life, and that vision came to fruition with XRBH230. By narrowing the focus to SUS420J2 (52HRC), a material in high demand, we’ve created a product that we believe offers high added value.

Looking ahead to future product development

Endo: Our two main focuses are improving development speed and creating products that embody the kind of “distinction” that only NS TOOL can deliver. We’ve already seen progress in accelerating development, and while there’s still room for improvement, we now have a stronger foundation in place for handling multiple development themes simultaneously. I believe that clearly defining the purpose of a product in advance and sharing that understanding within the team is key to achieving fast and effective development.
Hirano: Through opportunities such as technical consultations at technical exchange meetings, we’re able to engage directly with users. By digging deeper into their needs and clarifying the issues they face, we can define development themes more effectively, which I believe is essential for developing products with “distinction.”

TOPICS

“For Crafting Tomorrow” in Manufacturing: Winner of the Environment, Resources, and Energy Component Award in the 21st Super MONOZUKURI Innovative Parts and Components Awards

MLFH330 MUGEN COATING PREMIUM High Efficiency Lens Form 3-Flute End Mill received the Environment, Resources, and Energy Component Award in the 21st Super MONOZUKURI Innovative Parts and Components Awards* (2024). This marks the first time our Company has received the Environment, Resources, and Energy Component Award.

MLFH330 features a lens-shaped bottom cutting edge that enables larger pick feed compared to conventional ball end mills of the same diameter, resulting in higher machining efficiency (for product details, please refer to page 15, Initiatives at Manufacturing and Development Sites). As a result, cutting time is reduced to approximately half that of previous models, contributing to lower power consumption and reduced CO_2 emissions. Additionally, it uses significantly less cemented carbide per tool than ball end mills with the same radius, supporting resource conservation. Our Group will continue to respond to environmental issues by providing high value-added products.

* The Super MONOZUKURI Parts and Components Awards are hosted by the Monozukuri Nihon Conference and The Nikkan Kogyo Shimbun, Ltd. (originally by The Nikkan Kogyo Shimbun, Ltd. alone until 2006), and recognize outstanding parts and components that contribute to enhancing the competitiveness of Japanese manufacturing and advancing industry and society.

▶ Looking back on the Company’s history of awards at the Super MONOZUKURI Innovative Parts and Components Awards

The Super MONOZUKURI Innovative Parts and Components Awards began in 2003, and this year marks the Company’s 12th award since first receiving the honor in 2008. Here, we take a look back at the Company’s journey of past awards. Over the years, the Company’s approach to “For Crafting Tomorrow” in manufacturing has been recognized from a variety of perspectives, reflecting the evolving values and priorities of each era.

Selected past award-winning products

MMTS—Micro Threading Tool

2011 NIPPON Brand Award

Enables threading with a nominal diameter of just 0.1 mm, the same thickness as a human hair, making it the smallest in the world. Can be mounted on high-speed machining centers to perform precise and stable micro threading.

PCDRB—PCD Ball End Mill

2015 Encouragement Award

Uses polycrystalline diamond (PCD) as the tool material, enabling ultra-precise mirror surface machining of pre-hardened and hardened steels (40 HRC and above).

End Mill Series for Copper Electrode Machining

2019 Encouragement Award

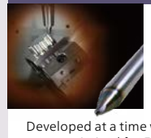
Features a cutting edge design optimized for cutting performance, effectively suppressing burrs. Also offers long tool life through the use of a carefully selected DLC coating.

Ultra-Small-Diameter Multi-Flute Corner Radius End Mill Series

2020 Machinery & Robot Component Award

A 4-flute radius end mill with an extremely small standard size of 0.1 mm in diameter × R0.01 mm. Proprietary flute geometry reduces cutting load and enables high-efficiency, long-tool life machining.

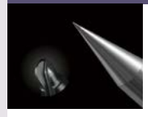
MSBSH330-5X—3-Flute Ball End Mill for 5-Axis Machining



2021 Machinery & Robot Component Award

Developed at a time when few end mills were optimized for 5-axis machining centers. A service was also introduced that allows users to access product information by scanning a two-dimensional code on the tool case.

SMB200—CBN Micro 2-Flute Ball End Mill



2023 Encouragement Award

First to feature a 2-flute design in a micro ball end mill (R0.01 mm to 0.05 mm) using cBN material, improving machining efficiency.

Pursuing user needs identified through technology exchange meetings and inspiring new product development

Masayuki Takano
Manager,
Design Development Section,
R&D Group, R&D Department

Joined NS TOOL in 2003. After working in the Production Department, he transferred to the R&D Department in 2008, where he became involved in cutting processes. Since 2012, he has focused on product design in the Design Development Section and assumed his current position in 2024.

The Design Development Section is responsible for developing new products. Specifically, we handle the design and prototyping of new products, create grinding programs required for production, and transfer manufacturing methods to the Production Department. Since our department consists mostly of younger members, we review progress frequently during morning meetings by checking the schedule and making adjustments as needed. In development, rather than simply giving instructions unilaterally, I also value proposals from team members, and I strive to build a more collaborative working relationship.

We are currently working on multiple development themes in parallel, but we've structured the development process into clear phases. Since new product development isn't possible without a wide range of ideas, we place strong emphasis on accumulating ideas while also maintaining a balanced focus on basic experiments and design verification. We also use the issues and needs voiced by users during technical exchange meetings as the basis for prototyping and evaluating tools—activities that help generate ideas for new products.

As someone involved in development, I believe that above all, creating new products is the most important task. In the fiscal year ended March 31, 2025, we challenged ourselves with an unprecedented number of prototypes and launched the new product XRBH230 on the market. However, we fell slightly short of our target number of product releases. For the fiscal year ending March 31, 2026, we plan to systematically implement improvements such as refining our in-house design standards to further accelerate new product development.

Taking on the challenge of evolving manufacturing through relentless pursuit of high-precision shanks and reduced production cycle times

Yuki Kato
Manager,
Manufacturing Section-1,
Manufacturing Group,
Production Department

Joined NS TOOL in 1996 and has worked in the Manufacturing Division throughout his career. He was later seconded to NS Engineering, where he engaged in molding and regrinding. He returned to Sendai Factory in 2016 and assumed his current position in 2024.

Manufacturing Section-1 is responsible for determining the total length of the end mill, finishing the shank, the part that serves as the tool's base, and performing stepped machining to match the specific geometry of each end mill. These are part of front-end processing, which is the very first step in the overall manufacturing process. Because any issues here can significantly impact downstream processes, it's a role that comes with considerable pressure.

While my background is in machine operation and end mill production, since becoming section manager, a large part of my responsibilities now involves working with information and engaging with people. I place importance on communication, but because any mistake on my part could lead to inaccurate information being passed down to the team, I make a conscious effort to always convey the correct details.

As a section, we're advancing our efforts to produce high-precision shanks. Currently, using high-precision equipment, we've achieved a yield rate of over 99.5% for machining with a tolerance of 0.001 mm. We are now striving for a 100% yield rate and are continuing to pursue initiatives that not only create a competitive "difference" but a fundamental "distinction" from other companies, by products with uniformed.

In the past, we focused on production volume and equipment utilization as our main targets, but now we are also taking on the challenge of reducing production cycle times. Unlike the conventional method of processing similar products in batches, small-lot, high-mix production increases the number of setups, so efficient production management becomes a key challenge. It's a demanding task, but through trial and error, we're steadily turning our efforts into results as we work toward evolving our manufacturing practices.

Focusing on multi-skilled workforce development, enhancing knowledge across departments, and pursuing high performance as one unified team

Yoshinori Shirato
Manager,
Manufacturing Section-5,
Manufacturing Group,
Production Department

Joined NS TOOL in 2005. After gaining experience in the Manufacturing Division operating grinding machines such as the SEF and MASAMUNE, he began working with the TGM in 2012. Transferred to the Development Division in 2021, then assumed his current position in 2024.

Manufacturing Section-5 is responsible for producing special tools, handling all processes from quotation and design to manufacturing. Unlike standard products, which are mass produced through a segmented, assembly-line process, special tools require involvement in every step. This demands high-level skills in operating a wide range of machinery. Additionally, while standard tools are manufactured in large volumes, special tools are often produced in quantities of just a few units. This means more setup changes, more trial runs, and a need for faster execution.

As a section manager, I value encouraging the team to approach their work with a positive, enjoyable mindset. I also make a conscious effort to make decisions responsibly and explain them clearly. Believing that this helps my team members grow, I try to delegate as much of the on-site work to them as possible.

Right now, we're focused on the theme of speeding up operations, and we're dedicating efforts to training multi-skilled workers. We're using those expanded skill sets to shorten lead times. To support this, we're documenting and visualizing the knowledge of highly skilled veteran employees through written materials and videos to help train younger staff. Of course, speed isn't the only goal—ultimately, our aim is to deliver high-quality products that meet user needs.

Achieving that goal requires a deep understanding of genuine user needs, so we maintain close communication with the Sales Division. At times, we work with the Sales Division to improve so-called "failed" tools that weren't initially adopted, or to propose new tools aimed at improving efficiency—learning from these failures together as we strive to deepen our expertise. I believe we can maximize results when the entire Company works together as one.

Visualizing hidden waste in production lead times to promote cost-conscious manufacturing practices

Koki Imazeki
Group Manager,
Production Control Group,
Production Department

Joined NS TOOL in 2002. In the Headquarters Accounting & Finance Division, he was involved in development the Company's management systems in preparation for listing on the JASDAQ, and subsequently the Second and First Sections of the Tokyo Stock Exchange. Transferred to Sendai Factory in 2023 and currently serves in his present role.

Since joining the Company, I had consistently worked in the Accounting & Finance Division at headquarters. In July 2023, I was transferred to Sendai Factory. I started by learning the process of manufacturing end mills, and I came to realize just how little I had seen of the manufacturing site when I had been working solely with numbers at headquarters.

At the actual manufacturing site, employees are engaged in manufacturing with strong pride and responsibility for what they produce by themselves, built on daily, diligent effort. That's why I now feel strongly that it's essential to communicate not just from a numbers-based perspective, but with a mindset rooted in the realities of the manufacturing site. I also want to actively provide feedback to headquarters about the mindset of those involved in manufacturing, to help align our thinking Company-wide.

Today, through various projects, we're advancing equipment installation and automation across production processes. While lead time from the start of production to shipment is being tracked, there are still unaccounted-for periods not related to setups—such as idle time between processes—that remain invisible. We're now working to identify and reduce those inefficiencies. Through a combination of cost and process management, I aim to build a system for controlling production as a whole—not just optimizing each step within a department, but pursuing overall optimization across the entire Sendai Factory. Cost reduction is also a major focus. To promote cost-conscious manufacturing, we're not only raising awareness but also working to build the supporting systems.

Strengthening our supply capabilities to reliably deliver high-performance products in support of “For Crafting Tomorrow”

NS Engineering Co., Ltd. is engaged in a range of operations, including the production of large- and small-diameter end mills using the latest manufacturing technologies, the development and production of coating films, and the regrinding and recoating of tools in response to environmental concerns. We spoke with members of the company’s management team and key personnel involved in manufacturing about the current state of the business, their core initiatives, and future outlook.

Yuji Goto
President and
Head of Headquarters
and Main Factory
NS Engineering Co., Ltd.

At our Headquarters and Main Factory, located on the premises of the NS TOOL Sendai Factory, we handle coating, regrinding, inspection, and packaging operations. Meanwhile, Niigata Factory is responsible for manufacturing end mills. Together, these two facilities support NS TOOL’s supply chain. One of our defining characteristics is that, unlike most regrinding services, which are typically provided by regionally based regrinding companies, we offer regrinding and recoating as a manufacturer.

Specifically, we perform regrinding for NS TOOL’s CBN and cemented carbide end mills, as well as recoating services for products with MUGEN COATING and MUGEN COATING PREMIUM. Our regrinding process restores tools to a shape close to that of a new product and recovers their cutting performance. As long as the flute length is long enough for cutting, it can be re-ground multiple times, resulting in significant cost savings and improved efficiency benefits that have been well received by users.

In the fiscal year ended March 31, 2025, we focused on mass production and automation of coating processes at the Headquarters and Main Factory. With the cooperation of NS TOOL’s Production Technology Division, we achieved partial automation, which led to higher operating rates—a major success. Looking ahead, we recognize that enhancing production efficiency will require further strengthening of our technical capabilities, and maintenance systems including facilities, and developing the engineers to support them.

The NS TOOL Group’s greatest strength lies in its unwavering commitment to quality control. Through open communication on a daily basis, we are working as one team to reinforce a manufacturing framework that ensures the stable supply of high-performance products.

Hiroki Yoshida
Group Manager,
Manufacturing Group,
Headquarters and
Main Factory

Having previously worked in semiconductor coating at my former job, I’ve continued to be involved mainly in coating-related operations from joining the company to my current role. The Manufacturing Group at the Headquarters and Main Factory, which I oversee, consists of the following four sections: the Coating Section, which handles mass production of coatings; the Inspection and Packaging Section, which is responsible for inspecting, packaging, and shipping NS TOOL products; the Regrinding Section, which regrinds tools entrusted to us by users; and the Development Section, which focuses on developing new coatings.

XRBH230 Long Neck Ball End Mill for 420 Hardened Stainless Steels, launched by NS TOOL in November 2024, features the newly developed MPX coating. In developing MPX, our Development Section carried out repeated prototyping to improve cutting performance for the challenging material SUS420J2 (52HRC), ultimately creating a base for MPX that delivers remarkable tool life. The NS TOOL R&D Department played a key role in cutting performance evaluations, fine-tuning final processing conditions, and preparing the production technologies essential for mass production. The successful collaboration within the NS TOOL Group between NS Engineering and NS TOOL made it possible to bring this high value-added product to market.

Going forward, as the Manufacturing Group, we aim to further raise our capabilities by strengthening human resources development while sharing and passing on the individual knowledge and experience of our members. In addition, through automation and other efforts, we will work to improve production efficiency while maintaining quality, and build a high-quality, stable mass production system that meets NS TOOL’s standards.

Junya Horigome
Director and
Head of Niigata Factory

After joining NS TOOL in 1998, I spent nearly 20 years in the Production Department working on end mill machining. In 2019, I was seconded to the Headquarters and Main Factory of NS Engineering, where I became involved in operations management, and in December 2023, I was assigned to Niigata Factory, where I currently serve. Until a few years ago, Niigata Factory primarily produced large-diameter end mills (with cutting diameters over 6 mm). Today, however, we are enhancing our capacity for small-diameter end mill production and serving as a backup facility for the NS TOOL Sendai Factory.

The Production Section at Niigata Factory is divided into Manufacturing Unit-1 and Manufacturing Unit-2. Manufacturing Unit-1 mainly handles edging for both large- and small-diameter end mills using CNC tool grinding machines. Manufacturing Unit-2 is responsible for cylindrical grinding of large-diameter tools, grinding of small-diameter tools, as well as inspection and packaging.

To simultaneously maintain large-diameter production while ramping up small-diameter output, the key challenge is how efficiently we can produce large-diameter tools with a small team. We’re working to improve efficiency by modifying processing methods and tackling lead time reduction and cost savings. At the same time, we’re expanding training for small-diameter tool production and promoting multi-skilling among our staff. As a result, we’ve become more adaptable to changing conditions and have enhanced our overall production capacity.

For small-diameter end mill production, we are advancing automation to expand output with a limited workforce while maintaining quality. We also plan to introduce the TGM developed by NS TOOL in the near future. We will continue working to strengthen our on-site capabilities, including equipment maintenance.

Yoshihiro Myoga
Manager,
Manufacturing Section,
Niigata Factory

I joined NS TOOL in 1995, working in inspection and production control before handling general-purpose machining for special tools using conventional machines. I later became involved in back-end full processing with CNC tool grinding machines. When the decision was made to expand the number of CNC tool grinding machines at Niigata Factory as part of the effort to strengthen small-diameter end mill production, I volunteered to transfer there.

At Niigata Factory, I drew on my experience at Sendai Factory to help launch the CNC tool grinding machines. NS TOOL offers more than 10,000 product types, and since the machines must handle a wide range of them, I began by helping team members become familiar with the product lineup. We also developed a launch plan for how to bring each item into production based on the unique features of the facilities. In addition, we created process manuals for each product and implemented hands-on, OJT-style training to build skills through practicing. As a result, we now have multiple machines in operation and have achieved a stable production system that exceeds our initial volume targets.

We also promoted automation to improve working conditions—particularly to reduce the need for weekend shifts, which had been common. By collecting and analyzing production data, we were able to extend automated production hours, which significantly cut down on weekend work.

Traditionally, Niigata Factory excelled in producing large-diameter end mills. Building on that foundation, we are currently advancing a project to manufacture special large-diameter tools. Our team members are actively researching products and processing methods themselves and are taking on this challenge with great enthusiasm. I believe this kind of initiative is strengthening Niigata Factory’s overall manufacturing capabilities.

The history of manufacturing supporting today's NS TOOL

● Manufacturing infrastructure-related ● Product development-related

1970s	1972	● Installs NC machinery made by U.S. Unison Corporation for the first time in Japan. ● Enters into mold industry with "Power End Mill," the first in-house brand end mill with unequal spacing 3-flute using high-speed steel. → "Nisshin of Power End Mills" takes root.
1980s	1982	● Launches "Cemented Carbide Solid End Mill Power End Mill."
	1985	Enters into the automotive mold industry. ● Installs CNC-based universal tool grinding machine manufactured by U.S. Hoffman Group, which was used in the U.S. aircraft industry, for the first time in Japan.
	1986	● Installs CNC-based universal tool grinding machine manufactured by Germany's Walter. ● Launches "NHR-2 Carbide Solid Deep Rib End Mill" for the industry-first rib grooves milling for plastic injection molds.
1990s	1994	DECLARATION OF SPECIALIZATION IN SMALL-DIAMETER TOOLS. (NS TOOL defines "small-diameter" as end mills with a diameter of 6 mm or less.) ● Installs CNC-grinding machine manufactured by Rollomatic SA, a major Swiss manufacturer of small-diameter cemented carbide end mills, for the first time in Japan.
	1996	● Installs "MASAMUNE," an original CNC grinding machine for manufacturing small-diameter cemented carbide end mills.
	1997	● Launches cemented carbide end mills "MUGEN COATING Series." (Original coating with excellent wear resistance and lubricity using TiAlN coating.)
2000s	2003	Terminates production of high-speed steel end mill "Power End Mill." ● Launches "CBN Super Finish Ball End Mill." (Standardizing the small-diameter end mills using cBN for high-precision mold for the first time in the world.) ● Launches "MUGEN COATING Power 'Z' End Mill." (Enabling the process from plunging to grooving without stepping.)
	2005	● Launches a tool for super micro milling "Micro Edge." (Standardizing up to ϕ 0.01 with the square end mill for the first time in the world.)
	2006	● Develops in-house Tool Grinding Machine "TGM." (CNC tool grinding machine for mass production of micro tools automates tool measurement and transfer, enabling unmanned operation.)
	2007	● Starts in-house coating production, industry's first in-house production of product storage cases, and regrinding business for CBN small-diameter end mills. ● Launches "MUGEN COATING PREMIUM 2-Flute Ball End Mill for Hardened Steel." (Upgrade MUGEN COATING, dramatically increasing tool life even in direct milling of high hardness materials.)
	2008	● Launches "Micro Drill Series." (Standardizing up to ϕ 0.01 with the drill for the first time in the world.)
	2009	● Establishes new Manufacturing Center. (Current NS Engineering Co., Ltd. Headquarters and Main Factory)
2010s	2012	● Launches "NS-MicroCAM." (CAD/CAM system specialized for precision and micro machining developed by a tool manufacturer.)
	2013	● Launches "PCD Ball End Mill." (For mirror-like finished surface of hardened steel materials.)
	2018	● Launches "DLC Coating Ball/Corner Radius/Square Long Neck End Mill for Copper Electrode."
	2019	● Launches "High Efficient 'Z' End Mill Series." (By adopting unique design, enabling high-efficiency machining exclusively for stainless steel and carbon steel materials.)
2020s	2020	● Completes Sendai Factory R&D Center. ● Launches "MUGEN COATING PREMIUM Plus." (Develops multilayer coating enabling cutting up to 70HRC.) ● Launches "CBN 4-Flute Corner Radius End Mill." (Adopting a new edge profile that reduces milling resistance, improving machining accuracy and speed.)
	2021	● Launches "Ball End Mill for 5-Axis Machining." ● Launches "MUGEN COATING PREMIUM Plus 3-Flute Long Neck End Mill." (Enabling high cutting and delivering.)
	2022	● Launches "MUGEN COATING PREMIUM Plus Long Neck Corner Radius End Mill." (Realizing mirror-like finish on the bottom surface.) ● Launches "MUGEN COATING PREMIUM Plus Square End Mill." (Increasing the product tool life with high hardened steel up to 70HRC.) ● Expands the specifications of "PCD Ball End Mill." (Adding R1.5–3 to the lineup.)
	2023	● Launches "High Efficient Corner Radius End Mill for Aluminum" (3-Flute L/D=3). ● Launches "MUGEN COATING PREMIUM High Efficiency Lens Form 3-Flute End Mill."
	2024	● Launches "MPX COATING Long Neck Ball End Mill for 420 Hardened Stainless Steels." (Developing a new coating with superior heat resistance and hardness to achieve extended tool life specifically for SUS420J2.)

NS TOOL's domestic sales activities have earned high praise from the user market for their meticulous approach and attentive support. However, the business environment surrounding domestic sales is undergoing significant change, including increasing competition in the field of precision and micro machining. We spoke with core members of the domestic sales division, who are taking on the challenge of transformation in pursuit of further growth, about their goals and current initiatives.

Eisuke Miyazaki
General Manager of Sales Department

Reaffirming our strengths and enhancing both sales activities via distribution channels and the ability to uncover latent user needs

After joining NS TOOL in 2003, he was assigned to the Tokyo Office and later spent one year in the Sales Engineering Section. He subsequently served as manager of the Tokyo Office, then concurrently of the Sendai Office, and later of the Nagoya Office. In 2021, he became group manager of the West Group while continuing as manager of the Nagoya Office, and assumed his current position in 2024.

Changes in the business environment surrounding domestic sales

In 1994, the Company made its declaration of specialization in small-diameter tools and has since pioneered the market for end mills with a cutting diameter of 6 mm or less. During that time, the domestic market for cemented carbide end mills—our main product—experienced a temporary downturn in 2009 due to the global financial crisis, but continued on a steady growth trajectory until peaking in 2018. Under these market conditions, we achieved growth surpassing that of the market by offering users products that enabled new levels of precision and micro machining.

Between 2019 and 2020, the market declined sharply due to the impact of the COVID-19 pandemic. Even during the recovery phase that followed, continued macroeconomic uncertainty and issues such as certification fraud have prolonged the business downturn. One of the most significant changes since the pandemic has been the entry of major domestic tool manufacturers into the field of precision and micro machining. Competitors have accelerated their efforts by expanding product lines, revising prices, and acquiring tool manufacturers with sales channels to untapped customer segments.

In light of these major shifts in the competitive landscape, we have been revisiting our strategic approach through in-depth discussions to reaffirm our strengths and redefine the role of domestic sales.

New initiatives by the Sales Department in response to a changing environment

As a manufacturer, we should ideally engage with every level of the distribution chain—distributors, special dealers, dealers, and users. However, because we have historically maintained particularly strong ties with users, our follow-up efforts toward special dealers and dealers have been relatively limited. Given our limited number of sales personnel, it is not feasible to directly engage with every user. To conduct sales more efficiently, we believe it is essential to build strong cooperation across all layers of the distribution network, including distributors, special dealers, and dealers. With this in mind, we began strengthening our initiatives in the fiscal year ended March 31, 2025. By aligning on shared goals and philosophies with our distributor and special dealer partners, we are working closely together, challenging one another in a spirit of teamwork to expand sales.

In parallel, we are also enhancing internal efficiency by clarifying the roles and responsibilities at each organizational level. Sales office managers share agreed-upon targets with special dealers and support the activities of their sales representatives. Meanwhile, group managers support the distributors who supply those special dealers, working with them to monitor inventory and drive sales activities. By clearly defining responsibilities by level and identifying the specific issues each person should address, we are establishing a more effective and structured sales environment.

At the same time, we are also reinforcing efforts to anticipate latent user needs and launch new products accordingly—an initiative aligned with our commitment to "For Crafting Tomorrow." Rather than having each sales representative individually relay user requests and insights to the R&D Department, we are now having sales office managers aggregate and refine that information to share only the most valuable input. This structured approach is intended to facilitate faster and more accurate product development.

The West Group of the Sales Department covers a wide range of markets for small-diameter end mills, including the automotive industry. We spoke with the group manager and sales managers of each sales office about the characteristics of their respective regions, the current state of their operations, and their ongoing initiatives and future outlooks.

Toshikazu Maekawa
Group Manager, West Group, Sales Department
After joining NS TOOL in 1992, he was assigned to the Osaka Office. Appointed sales manager of the Sendai Office in 2008. Returned to the Osaka Office in 2010, became sales manager of the Osaka Office in 2018, assumed a concurrent role as group manager of the West Group in 2024, and became dedicated to the position in October of the same year.

Yuta Sakurai
Manager, Nagoya Office, West Group, Sales Department
After joining NS TOOL in 2015, he was assigned to the Tokyo Office. Transferred to the Nagoya Office in 2022 and assumed his current position in October 2024.

Akihiro Kusaba
Manager, Osaka Office, West Group, Sales Department
After joining NS TOOL in 2011, he was assigned to the Tokyo Office. Transferred to the Fukuoka Office in 2012, became manager of the Fukuoka Office in 2016, and transferred to the Osaka Office in October 2024, assuming his current role.

Ryuto Kozono
Manager, Fukuoka Office, West Group, Sales Department
After joining NS TOOL in 2007, he was assigned to the Tokyo Office. Transferred to the Fukuoka Office in 2009 and assumed his current position in October 2024.

Jurisdiction and market trends for each sales office

Maekawa: The West Group is made up of three sales offices. The Nagoya Office oversees Aichi, Gifu, and Mie prefectures, as well as the western part of Shizuoka prefecture (west of Hamamatsu). The Osaka Office covers the eight prefectures of the Kinki region, the three Hokuriku prefectures (Fukui, Ishikawa, and Toyama), as well as Okayama and Tottori in the Chugoku region and the four prefectures of Shikoku. The Fukuoka Office is responsible for all of Kyushu along with Yamaguchi, Hiroshima, and Shimane in the Chugoku region. Until September 2024, I also served concurrently as manager of the Osaka Office, but I am now fully focused on overseeing all three offices.
Sakurai: The defining characteristic of the Nagoya Office is the overwhelmingly high number of users involved in the automotive industry. Around 60% are involved in die and mold applications, although there are also users in parts processing. Demand trends in the automotive sector have changed significantly in recent years and continue to evolve. With growing emphasis on the SDGs and zero-emission goals, demand for environmentally conscious products is increasing. However, it's not yet clear whether EVs and fuel cell vehicles (FCVs) will prevail. We are diligently gathering detailed information, but it's still difficult to identify which specific field to prioritize.
Kusaba: The Osaka Office covers a broad area, so the industries of our users vary widely. In Hyogo Prefecture, many users are engaged in heavy industry machining, while the Hokuriku region has a concentration of users involved in automotive-related applications and the molds for precision parts used in electronic components and smartphones. The characteristics and distribution channels differ from region to region, making it a diverse area.
Kozono: In the Kyushu region, which falls under the Fukuoka Office's jurisdiction, the semiconductor industry represents a major market. While there are many automotive industry plants, most of them are assembly facilities, so there are relatively few users in the region involved in machining processes related to cutting tools.

Strengthening sales through distribution channels

Maekawa: Our Company offers a wide range of unique products and has long prioritized direct sales activities to users in order to promote their use. However, there is a limit to how many users a single sales representative can visit. Especially now, with social conditions driving major changes in user needs, we are reinforcing our sales activities targeting distributors and dealers to enable more effective business development. We are also considering strengthening collaboration with general trading companies to expand into the parts processing sector.
Sakurai: In the case of the Nagoya Office, dealers that also serve as distributors play a significant role. In that sense, we've had relatively close cooperation from the start, but support for other distributors and dealers has not been sufficient, so we are planning to enhance our efforts. In addition, we regularly host seminars for users, led mainly by members of the Sales Engineering Section, to explain our approach to machining and the unique features of our tools. We want to offer opportunities that make users feel they want to continue using NS TOOL products.
Kusaba: At the Osaka Office, we hold study sessions for distributor sales representatives to deepen their knowledge of our products and focus on having distributors promote our tools to dealers in order to cultivate new dealer relationships. For our core high value-added products, we are working to improve the precision of our sales activities by clearly distinguishing between customers we approach directly and those for whom we entrust sales expansion to our distributors and dealers. We are also working with other sales offices to narrow down target dealers for new business development and share updates about their situation internally to increase overall sales efficiency.
Kozono: Among our dealers, we continue to focus on providing meaningful support to special dealers that actively promote our products. At the same time, we're teaming up proactively with dealers to explore untapped markets, conducting intensive joint visits and engaging in PR activities together.

Exploring new user needs

Maekawa: Looking ahead, we anticipate growth in new sectors such as semiconductors, telecommunications, medical, and aerospace and defense. More recently, we've also seen increasing demand for tools used in resin machining. Even within the broad category of resin, different materials exhibit a wide range of properties, such as varying degrees of hardness and heat resistance. In the aerospace and defense fields, there is also demand for titanium-based materials. Identifying these kinds of new user needs is a key responsibility of the Sales Division. Up to now, individual sales representatives have relayed any information they believed might be useful for development directly to the Development Division. Going forward, however, we plan to strengthen our support system for development aligned with "For Crafting Tomorrow," by having each sales office analyze the information thoroughly and sharing only carefully vetted, high-quality insights from the Sales Department with the Development Division to help anticipate and respond to emerging user needs.

TOPICS

Exhibited at the 32nd JAPAN INTERNATIONAL MACHINE TOOL FAIR

Dates: November 5 (Tue) – 10 (Sun), 2024
Venue: Tokyo Big Sight
Number of visitors: 129,018
(no duplicates across days)
Number of exhibitors: 1,268 companies
(including direct, joint, and internal exhibitors)

JIMTOF2024, Japan's largest machine tool trade fair held once every two years, took place at Tokyo Big Sight in Ariake, Tokyo. At our booth, a wide array of products were showcased, with a focus on the new product XRBH230, as well as CBN end mills and PCD end mills used in precision and micro machining. Using actual work samples, our technical staff offered tailored technical proposals to help solve challenges faced by booth visitors.

During the exhibitor workshop, one of our development staff hosted a seminar titled "Effective Use of High-Precision Small-Diameter End Mills to Improve Machining Errors from 0.01 mm to 0.002 mm," introducing our approach to precision and micro machining through machining examples. In addition, popular YouTuber Monozukuri Taro, known for his manufacturing-focused content, joined us at our booth to present on our manufacturing philosophy and passion.

Through the exhibition, we were able to promote our products, business activities, and future initiatives to a wide audience seeking the latest in precision and micro-machining technologies.

Practicing high-profit manufacturing through a hybrid production line of craftsmanship and ultra-high-end machine tools

TAKAYAMA Instrument, Inc. is putting high-profit manufacturing into practice by evolving the automation of its manufacturing processes—an approach inspired by Germany—and establishing a system for the stable supply of high-quality products. NS TOOL President, Hiroji Goto, spoke with Ryushi Takayama, President of TAKAYAMA Instrument, to learn the secrets behind their manufacturing excellence.

Mr. Ryushi Takayama

President, TAKAYAMA Instrument, Inc.

He joined TAKAYAMA Instrument at the age of 18. At 22, he visited Germany and encountered the concept of automation in manufacturing using machine tools. Upon returning to Japan, he led a reform of the company's production processes, which had previously relied heavily on manual labor. At age 34, he became the company's fourth-generation president. He expanded domestic market share with the Kamiyama Muramasa Micro Scissors, thin-bladed surgical scissors developed in collaboration with neurosurgeon Dr. Hiroyasu Kamiyama. Today, TAKAYAMA Instrument provides a one-stop service—from concept and design development to manufacturing and sales—focused primarily on surgical tools for neurosurgeons.

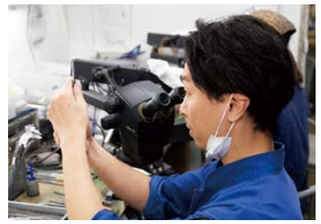
From joining the company to visiting Germany

Goto: Could you tell us how you came to join TAKAYAMA Instrument, a company founded by your great-grandfather in 1905 and later headed by your father?
Takayama: I actually wasn't interested in the family business at all—I wanted to work for an airline. I had even been accepted to the College of Aeronautical Engineering. But I wanted to start working as soon as possible, so I enrolled at the Technical High School attached to the Faculty of Engineering, Tokyo Institute of Technology (now the Institute of Science Tokyo High School). However, airline job qualifications changed to require a university degree. Since I had no intention of going to university, I ended up joining the family business at TAKAYAMA Instrument.
Goto: I understand that once you joined the company, you started working on building out the manufacturing process using machinery. What was the background to that?
Takayama: When I joined, I started with basic tasks like sanding (with a file). At the time, there were no technical drawings, and everything was handmade based on the craftsman's intuition. But that approach doesn't allow for mass production. To find a way to produce high-quality products at scale, I went on a visit to Germany, which is a global hub for medical device manufacturing. Even small factories there had implemented automation using machine tools, and seeing that contrast with Japanese manufacturing left a deep impression. What stood out the most was their use of jigs for automation.
Goto: So rather than relying on craftsmanship, their strength was in mechanization, including jig design?

Takayama: Exactly. Of course, ultimately, the products are assembled and polished, but we became convinced that we could improve productivity by automating this front-end processing. German manufacturing involves a systematic approach to production processes based on standards and clearly defined specifications, whereas Japanese manufacturing relies more heavily on artisanal skill. That was a key difference I came to recognize.

Reforming the manufacturing process

Goto: After you returned to Japan, what did you work on first?
Takayama: I started by focusing on digitization. I believed that eventually everything would be quantified in terms of coordinates, so I began by creating drawings with CAD. We had an old broken-down machine tool, and as I was trying to fix it through trial and error, it struck me that automation might be possible if I made a certain jig—so I went ahead and built it. The jig worked and it gave me confidence that automation was possible. So I applied for a government subsidy and used it to purchase a general-purpose machine tool. I had no technical manuals or engineering textbooks to guide me, so I relied on my memories from Germany to determine cutting conditions, and finally managed to build one complete production line. I ended our outsourcing contract with the partner factory that had handled the now-automated process, introduced them to another customer, and turned my focus to training people capable of running the automated machines. I was appointed as the company's fourth president at the age of 34 and proceeded to introduce numerical control (NC) machine tools.



Goto: So your first step was to bring in general-purpose machines?
Takayama: Yes, the goal was to learn machining. Learning how to machine properly is difficult, but once you master it, handling the machines themselves isn't that hard. I started by converting intuitive, hands-on craftsmanship into numerical data and used that data to control the NC machine tools, fine-tuning the numbers as I went to push automation forward. That brought us one step closer to the factory environment I had seen in Germany. I believe that manufacturing that doesn't generate profit is meaningless. While automation is essential, it's only through the skilled work of craftsmen that the full capabilities of machine tools can be realized—and that, in turn, leads to further advancement in automation.

The story behind the birth of the Kamiyama Muramasa Micro Scissors

Goto: How did you first meet Dr. Hiroyasu Kamiyama?
Takayama: Dr. Kamiyama had been using our surgical scissors that we produced during my father's time, but he complained saying the scissors would no longer cut properly after just two surgeries. That was the starting point.
Goto: So it began with a complaint. Was it because the hardening temperature was too low and the hardness was insufficient?
Takayama: That was certainly part of it, but the real issue was the material. When I brought him a prototype made with different materials and heat treatment methods, he was satisfied with it. That marked the beginning of our joint development of thin-bladed surgical scissors. In the brain, there are both hard and soft tissues. It's risky to keep switching scissors depending on the tissue type, so you need one pair of scissors that can handle all of it. At first, I didn't even understand medical terminology, so I studied medical textbooks for two years and even observed surgeries to learn how the scissors were actually used.
Goto: Now your Kamiyama Muramasa Micro Scissors account for 90% of the domestic market. Was this what led you to develop the roughly 100 different types of surgical instruments you now produce?
Takayama: I think the biggest factor is that mechanization and automation have enabled us to mass produce with consistent quality, which in turn has allowed us to offer a wide range of surgical instruments.

Relationship with NS TOOL and hopes for the future

Takayama: After introducing Swiss machine tools, we initially used end mills from a German manufacturer. Partway through, we began using your company's end mills for rough machining as well. Over time, we came to appreciate your broad product lineup and high quality, and now your end mills are our mainstay. I believe that in machining, tools are more important than the machines themselves. When attempting new types of machining, a variety of tools is essential. For example, even with difficult-to-machine materials like titanium, I'd like to have end mills that strike a balance between sharp cutting edges and resistance to chipping—tools that combine these seemingly contradictory qualities. I hope NS TOOL will continue developing tools that enable new forms of machining, including optimal combinations with work materials.
Goto: The requests we receive from TAKAYAMA Instrument—where you truly master our products through trial and error—are an invaluable source of inspiration for our product development. We will continue doing our utmost to contribute to your success by providing high-performance tools. Thank you very much for your time today.

Financial and Non-Financial Highlights

NS TOOL CO., LTD. and Consolidated Subsidiaries

(¥ million)

		FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	24/25 Changes
Profit and loss (For the year)												
Net sales		8,382	8,825	9,767	10,476	9,531	8,100	9,524	9,656	9,040	9,431	4.3%
By product	End mills (Diameter 6 mm or less)	5,931	6,377	7,390	7,832	7,310	6,338	7,449	7,483	7,153	7,539	5.4%
	End mills (Diameter over 6 mm)	971	1,033	1,095	1,152	945	739	909	891	785	798	1.6%
	End mills (others)	805	788	577	697	614	478	488	536	438	430	-1.9%
	Other products	673	626	704	793	660	543	677	744	662	662	0.0%
	Ratio of small-diameter end mills	70.8%	72.3%	75.7%	74.8%	76.7%	78.3%	78.2%	77.5%	79.1%	79.9%	—
Overseas net sales*1		1,944	2,167	2,553	2,898	2,916	2,495	2,954	3,112	2,716	3,143	15.7%
Ratio of overseas net sales		23.2%	24.6%	26.1%	27.7%	30.6%	30.8%	31.0%	32.2%	30.1%	33.3%	—
Gross profit		4,389	4,823	5,528	5,929	5,224	4,137	4,891	5,115	4,942	4,983	0.8%
Selling, general and administrative expenses		2,475	2,810	2,833	3,049	3,005	2,624	2,780	3,007	3,075	3,215	4.6%
Operating profit		1,914	2,013	2,695	2,879	2,219	1,512	2,111	2,108	1,867	1,767	-5.4%
Ordinary profit		1,954	2,026	2,733	2,894	2,231	1,712	2,156	2,131	1,908	1,779	-6.8%
Profit attributable to owners of parent		1,342	1,420	1,903	1,970	1,545	1,214	1,522	1,475	1,320	1,264	-4.2%
Cash flows (For the year)												
Cash flows from operating activities		1,756	1,894	2,910	1,868	1,908	2,526	2,261	1,614	1,834	2,011	9.6%
Cash flows from investing activities		(1,322)	(787)	(657)	(1,383)	(1,769)	(187)	(348)	(1,137)	(575)	(392)	-31.7%
Free cash flows		434	1,107	2,252	485	138	2,338	1,912	477	1,259	1,618	28.5%
Cash flows from financing activities		(250)	(499)	(562)	(563)	(562)	(438)	(763)	(560)	(883)	(684)	-22.6%
Financial position (At year-end)												
Total assets		11,371	12,517	14,467	15,381	16,017	16,936	17,874	18,857	19,241	19,941	3.6%
Cash and deposits		3,898	4,659	6,325	6,209	5,784	7,674	8,543	8,497	8,893	9,868	11.0%
Inventories		1,467	1,592	1,745	2,056	2,201	1,758	1,840	2,320	2,381	2,308	-3.1%
Shareholders' equity		9,557	10,652	11,993	13,400	14,383	15,162	15,944	16,929	17,441	18,086	3.7%
Per share data*2												
Earnings per share (EPS) (¥)		53.69	56.81	76.12	78.80	61.81	48.55	60.89	59.16	53.03	50.80	-4.2%
Net assets per share (¥)		382.66	426.55	479.94	535.74	574.81	605.44	640.58	680.51	705.25	731.24	3.7%
Dividend per share (DPS) (¥)		12.50	20.00	22.50	22.50	22.50	17.50	22.50	22.50	27.50	30.00	9.1%
Dividend payout ratio		23.3%	35.2%	29.6%	28.6%	36.4%	36.0%	37.0%	38.0%	51.9%	59.1%	—
Financial data												
Gross profit margin		52.4%	54.7%	56.6%	56.6%	54.8%	51.1%	51.4%	53.0%	54.7%	52.8%	—
Ordinary profit margin		23.3%	23.0%	28.0%	27.6%	23.4%	21.1%	22.6%	22.1%	21.1%	18.9%	—
Value added per employee*3 (¥ thousand)		16,535	15,705	17,299	18,004	16,329	14,033	15,878	16,065	15,433	15,139	-1.9%
Return on assets (ROA)		12.4%	11.9%	14.1%	13.2%	9.8%	7.4%	8.7%	8.0%	6.9%	6.5%	—
Return on equity (ROE)		14.9%	14.0%	16.8%	15.5%	11.1%	8.2%	9.8%	9.0%	7.7%	7.1%	—
Equity ratio		84.2%	85.2%	83.0%	87.1%	89.7%	89.4%	89.2%	90.1%	91.1%	91.4%	—
R&D expenses		304	366	330	296	364	388	428	422	409	427	4.2%
Capital investment		1,295	774	663	1,268	1,755	462	659	686	563	111	-80.3%
Depreciation		505	632	625	629	698	707	692	669	627	644	2.7%
Non-financial data												
Number of employees		280	322	338	343	338	339	348	352	350	358	2.3%
Number of directors		9	9	8	7	8	9	9	9	10	10	—
Ratio of independent directors		22.2%	33.3%	37.5%	28.6%	37.5%	33.3%	33.3%	33.3%	40.0%	40.0%	—
Ratio of independent external directors		22.2%	33.3%	37.5%	28.6%	37.5%	33.3%	33.3%	33.3%	40.0%	40.0%	—
Ratio of female directors		11.1%	22.2%	25.0%	28.6%	25.0%	22.2%	22.2%	22.2%	30.0%	30.0%	—

*1 Overseas net sales include those via domestic export trading companies.
*2 The impact of the share split (1:2) implemented on April 1, 2021 was considered.
*3 Value added per employee = (operating profit + personnel expenses (including labor costs) + depreciation) / number of employees

Analysis on Financial Position and Management Results

Satoru Toda
Director, General Manager of Corporate Planning Office and Administration Department
NS TOOL CO., LTD.

Review of consolidated financial results for FY3/25

▶ For a summary of the consolidated financial results for the fiscal year ended March 31, 2025 and the consolidated financial forecasts for the fiscal year ending March 31, 2026, please see "Message from the President" on pages 11–14.

In the fiscal year ended March 31, 2025, the overall economy was on a moderate recovery trend. However, both the domestic cemented carbide tool market and the cemented carbide end mill market (the main domestic markets in which the Group operates) recorded slightly lower production figures in calendar year 2024 compared to the previous year, and the business environment remained challenging.

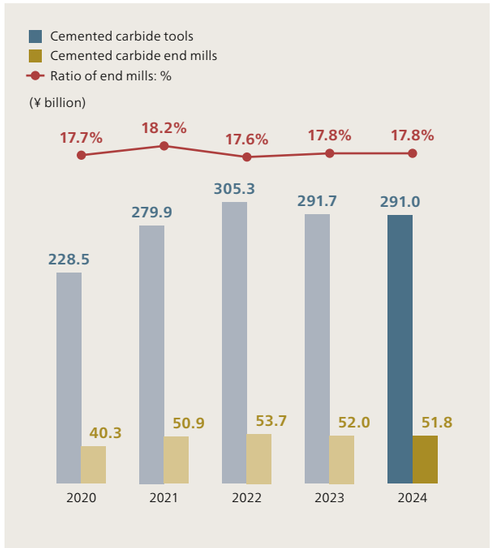
Among the Group's main domestic demand sectors, semiconductors and electronic devices showed solid performance, having completed inventory adjustments and benefiting from increasing demand related to AI. On the other hand, the automotive sector continued to be impacted by certification fraud issues, and with few new model development projects, tool demand—particularly for mold applications—did not recover, resulting in a slight year-on-year decline in domestic net sales. Overseas, the Company achieved strong results, particularly in the Greater China region, through orders related to EVs and smartphone electronic components. As a result, consolidated net sales for the fiscal year ended March 31, 2025 rose 4.3% year on year to ¥9,431 million.

By product category, net sales of end mills (diameter 6 mm or less) increased by 5.4% year on year to ¥7,539 million, and the ratio of small diameter (diameter 6 mm or less) increased by 0.8 percentage points to 79.9%.

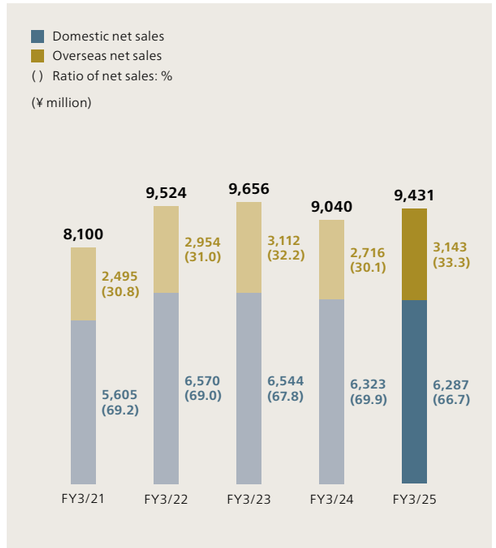
By region, domestic net sales declined by 0.6% year on year to ¥6,287 million due to the delayed recovery in automotive-related demand. Overseas net sales, driven by strong performance in the Greater China region (China, Hong Kong and Taiwan) and other regions in Asia, increased 15.7% to ¥3,143 million. As a result, the ratio of overseas net sales rose 3.2 percentage points year on year to 33.3%. Despite the difficult market conditions, the Company pursued sales initiatives such as exhibiting at trade shows in Japan and overseas and launching new products to tap into new demand. On the production side, although rising raw material and electricity costs drove up the cost of manufacturing, continued implementation of the Company's small group improvement initiative, "Orange FC Activities," helped reduce production costs. However, these efforts were not enough to offset the increased costs. As a result, gross profit in the fiscal year ended March 31, 2025 rose 0.8% year on year to ¥4,983 million, while the gross profit margin fell 1.9 percentage points to 52.8%. In terms of expenses, selling, general and administrative (SG&A) expenses increased 4.6% to ¥3,215 million due to the revision of product catalogs, costs related to major domestic and overseas exhibitions, and higher personnel expenses driven by wage increases.

As a result, financial results for the fiscal year ended March 31, 2025 were as follows. Despite the increase in net sales, the rise in manufacturing costs and SG&A expenses outpaced that growth, leading to operating profit of ¥1,767 million (down 5.4%), ordinary profit of ¥1,779 million (down 6.8%), and profit attributable to owners of parent of ¥1,264 million (down 4.2%). Although the Company had set a KPI of achieving an ordinary profit margin of 20%, the actual result was 18.9%. The Company held selling prices steady in light of customer market conditions, but rising personnel costs and inflation-driven expenses pushed up overall costs, leading to a decline in the ordinary profit margin. With regard to the other target of 10% ROE, profit attributable to owners of parent decreased by 4.2% year on year causing ROE to hold at 7.1%, which was below the target. The Company will continue to implement various measures to achieve sustainable growth and restore and strengthen profitability.

Trends of production of cemented carbide tools and cemented carbide end mills (Calendar year)



Trend of net sales (Domestic and overseas)

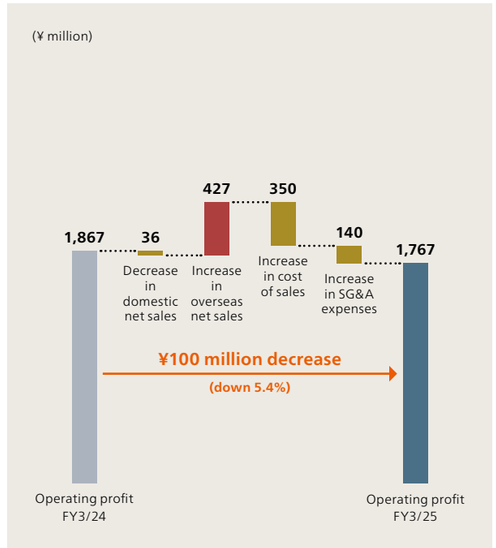


Financial position for FY3/25

As for the financial position for the fiscal year ended March 31, 2025, total assets increased by ¥700 million compared to the end of the fiscal year ended March 31, 2024, to ¥19,941 million, due to an increase in cash and deposits funded by profits. Compared to the fiscal year ended March 31, 2024, total liabilities increased by ¥13 million to ¥1,526 million, reflecting an increase in income taxes payable, while total net assets rose by ¥686 million to ¥18,415 million due to the increase in retained earnings.

Regarding cash flows, net cash provided by operating activities increased 9.6% year on year to ¥2,011 million. This reflects profit before income taxes of ¥1,778 million, inflows from depreciation, and outflows from income taxes paid. Net cash used in investing activities amounted to ¥392 million, down 31.7% year on year, reflecting the purchase of property, plant and equipment and purchase of new insurance funds. Net cash used in financing activities totaled ¥684 million, down 22.6%, due mainly to dividend paid. Taking these results and the effect of exchange rate fluctuations into account, cash and cash equivalents on a consolidated basis increased by ¥974 million from the end of the previous fiscal year to ¥9,768 million.

Analysis on increases/decreases in consolidated operating profit

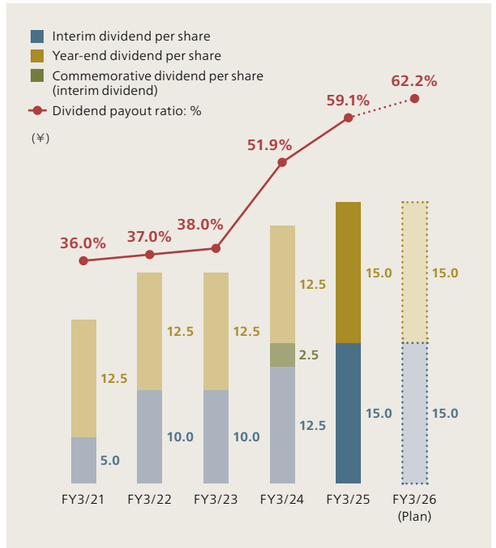


Shareholder returns policy

Returning profits to shareholders is an important management issue. Therefore, regarding dividends, we will continue to consider capital efficiency in addition to the stability and continuity of dividends, comprehensively consider performance trends and dividend payout ratios, and consciously determine distribution in accordance with growth, based on the assumption of maintaining the on-hand liquidity necessary for medium-term business execution.

For the fiscal year ended March 31, 2025, the annual dividend was ¥30.0 per share, consisting of an interim dividend of ¥15.0 and a year-end dividend of ¥15.0. For the fiscal year ending March 31, 2026, we also plan to pay an annual dividend of ¥30.0 per share, comprising an interim dividend of ¥15.0 and a year-end dividend of ¥15.0, based on the above policy and our earnings forecast.

Dividend forecasts (Shareholder returns)



Note: The impact of the share split (1:2) on April 1, 2021 was considered.

Corporate Governance (As of March 31, 2025)

Profile of Management Team

Directors

Hiroji Goto
President

Apr. 1986: Joined NS TOOL
Oct. 1988: Director and Deputy General Manager of General Affairs Group
Apr. 1992: Managing Director of NS TOOL
Jan. 1995: Executive Director, in charge of sales
Apr. 2011: Executive Vice President, in charge of sales
Jan. 2013: CEO of NS TOOL Hong Kong Ltd. (present post)
Apr. 2013: President of NS TOOL
Oct. 2016: President of NS TOOL, in charge of sales (present post)
Apr. 2021: Representative Director of G-Tech Co., Ltd. (present post)
Nov. 2021: President/CEO of NS TOOL USA, INC. (present post)

Takashi Goto
Senior Executive Vice President

Apr. 1984: Joined NS TOOL
Oct. 1988: Director and Deputy General Manager of Production Department
Jan. 2002: Managing Director, in charge of production/development
Apr. 2009: President of NS Engineering Co., Ltd.
Apr. 2010: President of G-Tech Co., Ltd.
Apr. 2011: Executive Managing Director of NS TOOL, in charge of production/development
Apr. 2013: Senior Executive Vice President of NS TOOL
Apr. 2016: Representative Director of NS Engineering Co., Ltd. (present post)
Oct. 2016: Senior Executive Vice President, in charge of production/development (present post)
Jan. 2021: President of Makino Industry Co., Ltd.
Apr. 2024: Representative Director of Makino Industry Co., Ltd. (present post)

Yuko Adachi
Managing Director

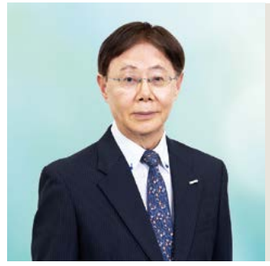
Apr. 1978: Joined AIU General Insurance Co., Ltd.
Apr. 1985: Joined NS TOOL
Sep. 2001: Director and General Manager of General Affairs Department
Feb. 2002: Director and General Manager of General Affairs Department, and President of G-Tech Co., Ltd.
Jun. 2003: Director of NS TOOL, and President of G-Tech Co., Ltd.
Apr. 2005: Managing Director of NS TOOL (Information Supervisor)
Nov. 2015: President of Makino Industry Co., Ltd.
Oct. 2016: Managing Director of NS TOOL, in charge of general affairs/administration (Information Supervisor) (present post)
Apr. 2017: Chairman of Makino Industry Co., Ltd.
Sep. 2020: Chairman and President of Makino Industry Co., Ltd.
Jan. 2021: Chairman of Makino Industry Co., Ltd. (present post)

Satoru Toda
Director

Apr. 1984: Joined Tokai Bank, Ltd. (current MUFG Bank, Ltd.)
Oct. 2006: General Manager of Corporate Division 1, Yokohama Branch, Bank of Tokyo Mitsubishi UFJ, Ltd.
Oct. 2009: Transferred to Mitsubishi UFJ Securities Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
Apr. 2010: Registered as a Certified Public Tax Accountant (Chiba Prefectural Tax Accountant's Association)
Jun. 2014: General Manager of Corporate Business Division 5, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Apr. 2020: Joined NS TOOL
Jun. 2020: Director and General Manager of CEO Office
Feb. 2021: Director and General Manager of Administration Department
Jul. 2021: Director, General Manager of Corporate Planning Office and Administration Department (present post)

Hiroshi Tajima
Director
(Audit & Supervisory Committee Member)

Apr. 1985: Joined Universal Securities Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
Mar. 2005: Joined NS TOOL as General Manager of Corporate Planning Office
Apr. 2010: General Manager of Administration Department
Jun. 2010: Director and General Manager of Administration Department
Jun. 2012: Executive Officer, General Manager of Administration Department
Apr. 2018: Executive Officer, General Manager of Corporate Planning Office
Jun. 2021: Director (Full-time Audit & Supervisory Committee Member) (present post)



Kazuo Fukuda
Director
(Audit & Supervisory Committee Member)

Apr. 1974: Joined The Sanwa Bank, Limited (current MUFG Bank, Ltd.)
Apr. 1995: Tokyo External Affairs Officer
Jun. 1998: Joined The Wakashio Bank, Ltd. as Director and General Manager of Business Development
Apr. 2003: Joined NS TOOL as General Manager of Administration Department
Jun. 2003: Director and General Manager of Administration Department
Jun. 2009: Auditor
Jun. 2010: Full-time Auditor
Jun. 2015: Director (Full-time Audit & Supervisory Committee Member)
Jun. 2021: 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 Department Manager of Accounting Department of MICRONICS JAPAN CO., LTD.
Dec. 2004: Managing Director and Department Manager of Accounting Department, Administration Division of MICRONICS JAPAN CO., LTD.
Oct. 2007: Managing Director and General Manager of Administration Division of MICRONICS JAPAN CO., LTD.
Dec. 2009: Senior Managing Director and General Manager of Administration Division of MICRONICS JAPAN CO., LTD.
Oct. 2010: Senior Managing Director and General Manager of Planning & Administration Division of MICRONICS JAPAN CO., LTD.
Jun. 2016: Independent External Director (Audit & Supervisory Committee Member) of NS TOOL (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.
Jun. 2016: Independent External Director (Audit & Supervisory Committee Member) of NS TOOL (present post)
Jun. 2016: External Auditor of HUMAN ASSOCIATES HOLDINGS, Inc. (current MBK Wellness Holdings & CO., LTD.)
Jun. 2019: External Director (Audit & Supervisory Committee Member) of HUMAN ASSOCIATES HOLDINGS, Inc.
Apr. 2022: Auditor of Regrowth Capital Management Co., Ltd. (present post)
Jun. 2022: Auditor of Polaris Capital Group Co., Ltd. (present post)

Kenichi Sasamoto
Independent External Director
(Audit & Supervisory Committee Member)

Jun. 1980: Joined Chuo Audit Corporation
Sep. 1998: Senior Partner of Chuo Audit Corporation
Jul. 2007: Senior Partner of A&A Partners
Jun. 2010: External Audit & Supervisory Board Member of TOKATSU HOLDINGS CO., LTD.
Sep. 2014: External Audit & Supervisory Board Member of Japan Corporate Housing Service Inc. (current SUNNEXTA GROUP Inc.)
Sep. 2016: Left A&A Partners
Oct. 2016: Opened Certified Public Accountant Sasamoto Kenichi Office, Representative (present post)
Jun. 2018: External Audit & Supervisory Board Member of TOKATSU HOLDINGS CO., LTD.
Jun. 2019: Independent External Director (Audit & Supervisory Committee Member) of NS TOOL (present post)
Jun. 2019: External Director (Audit & Supervisory Committee Member) of TOKATSU HOLDINGS CO., LTD.
Sep. 2020: External Director (Audit & Supervisory Committee Member) of SUNNEXTA GROUP Inc. (present post)

Hideyo Nakano
Independent External Director
(Audit & Supervisory Committee Member)

Nov. 1991: Vice President of Cititrust & Banking Corporation
Oct. 1993: Senior Portfolio Manager and Head of Private Investment of Cititrust & Banking Corporation
Jan. 2000: Director and Head of Investment Division of FuNNeX Asset Management Inc.
Mar. 2004: Founded Trias Corporation, CEO (present post)
Mar. 2020: External Director, OUTSOURCING Inc.
Jun. 2021: External Director of HOCHIKI CORPORATION (present post)
Jun. 2022: Outside Director of DKS Co. Ltd. (present post)
Jun. 2023: Independent External Director (Audit & Supervisory Committee Member) of NS TOOL (present post)

Executive Officers

Yuji Goto
In charge of Production

Koichi Okada
Head of Sendai Factory and General Manager of R&D Department

Masahito Kobayashi
General Manager of General Affairs Department

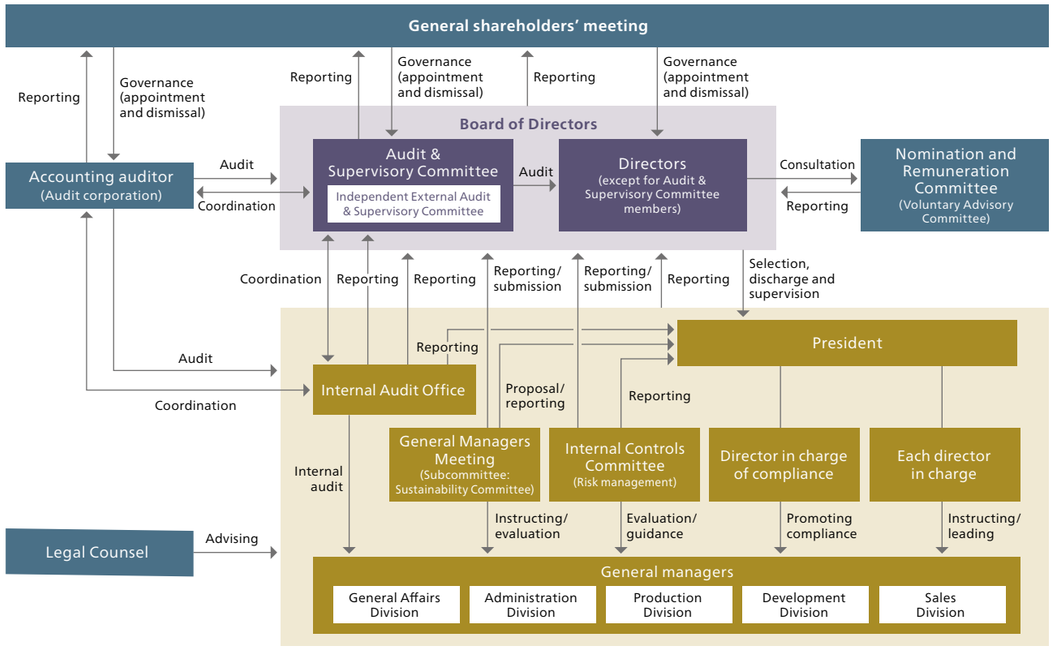
Corporate Governance

Corporate Governance Structure

The Group 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.

For details, please refer to Corporate Governance (in Japanese only) on our website.

System diagram (As of March 31, 2025)



Structural chart (As of March 31, 2025)

Corporate governance system	Company with Audit & Supervisory Committee
Number of directors who are not Audit & Supervisory Committee members (of whom, independent external directors)	4 (0)
Number of directors who are Audit & Supervisory Committee members (of whom, independent external directors)	6 (4)
Term of office of directors	1 year (2 years for Audit & Supervisory Committee members)
Incentive provided for directors	Restricted Stock Compensation Plan (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 3 members)
Optional committees	Nomination and Remuneration Committee (consisting of 4 members: 3 independent external directors and 1 internal director)
Accounting auditor	Audit corporation, A&A Partners

Company with Audit & Supervisory Committee

The membership of the Audit & Supervisory Committee consists of six members (one full-time Audit & Supervisory Committee member and five part-time Audit & Supervisory Committee members, of which four are independent external directors). The Committee performs audits on managerial decision-making and the status of business execution. The members of the Audit & Supervisory Committee attend important meetings including meetings of the Board of Directors and express necessary opinions. One of the Audit & Supervisory Committee members is appointed as a full-time member 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 the internal audit division and accounting auditor.

Current status of governance system

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

Important managerial issues are proposed to the Board of Directors for deliberation. With regard to the agenda items of the Board of Directors, efforts are 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 effectiveness of the Board of Directors meetings is also evaluated on a regular basis and efforts are made to improve the content of its operation. The agenda items submitted to the Board of Directors shall be approved or rejected through thorough deliberations and, if necessary, amendments such as adding conditions. Candidate proposals and remuneration proposals for directors (excluding directors who are Audit & Supervisory Committee members) will be consulted to the Nomination and Remuneration Committee and resolved after receiving a report from the Committee.

As for the agenda items that have been approved, general managers in charge of individual business operations shall bear responsibility to perform the operations and report the status of the business operations they are in charge of at the Board of Directors meetings. In addition, the Group has established the Sustainability Committee in-house, which regularly submits reporting and proposals to the Board of Directors regarding its own sustainability (aiming for sustainable growth while coexisting with society), including climate change and human capital issues.

Directors receive reports from each general manager, and supervise 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 internal control and risk management systems, the Group has established the organization in which control and management are effectively done. Furthermore, the Group provides a system for approval via internal memos, and conducts business operations based on the rules such as internal regulations. The Internal Audit Office, which is independent from executing businesses, conducts internal audits of all the departments including affiliates inside and outside Japan, and makes reports to the President, Board of Directors and Audit & Supervisory Committee. In response to the internal control reporting system, the Group has established the Internal Controls Committee, chaired by the managing director, to evaluate the development and application status of each control process, and has exchanged views with the audit corporation in a timely manner for coordination, so that matters that should be improved can be improved adequately.

Independent external directors

The Company has appointed four independent external directors, all of whom are Audit & Supervisory Committee members.

The role expected of independent 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 meetings. With regard to the election of independent 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 Group, the President and other directors, executive officers and important staff members, and (iii) be able to attend the Board of Directors meetings and the Audit & Supervisory Committee. The Company has designated all the independent external directors that meet the requirement for independent director as independent directors.

In addition, the Independent External Audit & Supervisory Committee, composed of independent directors, has been established within the Audit & Supervisory Committee.

Reasons for election

Ms. Naoko Fujisaki has extensive insight and abundant experience as a director of a listed company, as well as extensive knowledge in finance and accounting.
Mr. Toshiaki Hiraga has not only high-level professional knowledge and experience as an attorney but also extensive insight and abundant experience as an independent external director at other companies.
Mr. Kenichi Sasamoto has advanced expertise and experience as a certified public accountant, as well as experience and insight as an independent external director of other companies.
Ms. Hideyo Nakano has extensive experience in investment decision-making at asset management companies and providing advice at IR/PR support companies, as well as experience as an independent external director at other companies.

The four were appointed as independent external directors (Audit & Supervisory Committee members) based on the Group's judgment that, considering their wide range of knowledge and experience, they will offer objective advice and proposals to ensure adequacy and appropriateness of the decision-making related to the Group's business execution, which will further enhance the management system. Also, the Company deems that the four are adequate in the roles of independent directors, as they are not former executive officers of major shareholders or major business partners of the Company, and meet the independence criteria established by the Company.

Corporate Governance

Directors' expertise and experience

Name of director	Audit & Supervisory Committee member	Nomination and Remuneration Committee	Required fields of expertise and experience						
			General management	Sales and marketing	Development and production technologies	International business	Finance and accounting	Legal affairs and organizational compliance	ESG and sustainability
Hiroji Goto		●	●	●	●	●			●
Takashi Goto			●	●	●				●
Yuko Adachi			●	●			●	●	●
Satoru Toda						●	●	●	●
Hiroshi Tajima	●						●	●	●
Kazuo Fukuda	●					●	●	●	●
Naoko Fujisaki	●	●	●				●	●	
Toshiaki Hiraga	●	●	●					●	●
Kenichi Sasamoto	●	●	●				●	●	●
Hideyo Nakano	●		●	●		●	●		●

Board members' remuneration, etc.

(FY3/25)

The remuneration of the Company's directors (except for directors who are Audit & Supervisory Committee members) shall be a remuneration system linked to shareholder interests so that it functions sufficiently as an incentive to continuously improve corporate value, and when determining the remuneration of individual directors, the basic policy is to set an appropriate level based on each responsibility.

Remuneration for directors (excluding directors who are Audit & Supervisory Committee members) and executive officers consists of basic remuneration (monetary remuneration) as fixed remuneration, performance-linked remuneration, etc. (monetary remuneration), and share remuneration (non-monetary remuneration).

Considering the role of audits in the execution of duties by directors (except for Audit & Supervisory Committee members) from an objective and independent standpoint, directors who are Audit & Supervisory Committee members are paid only the basic remuneration (monetary remuneration) as a fixed remuneration. There is no variable remuneration for directors who serve as Audit & Supervisory Committee members.

For performance-linked remuneration, as a short-term incentive, the plan for payment considering the level of contributions made by the individual is formulated based on the total amount and calculated using the following formula: expected consolidated operating profit at the end of the fiscal year multiplied by a coefficient. The proposal is subject to consultation with the Board of Directors before being resolved. With regard to the Restricted Stock Compensation Plan, as a medium- to long-term incentive, we allocate the Company's shares with transfer restrictions until retirement.

Board members' remuneration (FY3/25)

Positions	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, etc.	Non-monetary remuneration, etc.	
Directors (except for Audit & Supervisory Committee members) (except for independent external directors)	283	164	83	35	4
Directors (Audit & Supervisory Committee members) (except for independent external directors)	32	32	—	—	2
Independent external directors (Audit & Supervisory Committee members)	36	36	—	—	4

Note: The amount of directors' remuneration does not include the salaries paid as employees to directors who serve concurrently as employees.

Business and Other Risks

The following are the major risk factors and the status of engagement in those risks in the Group's business. For details, please visit the website below.

https://www.ns-tool.com/ja/ir/business_strategy/risk/ (in Japanese only)

Response to disasters, infectious diseases, etc.

In the event of the occurrence of large-scale disasters or new infectious diseases, supplies of products to the market may experience delays or an impact on production networks may occur. The Group introduced a split shift framework and teleworking framework to continue business with flexible work structures that can adapt to the situation. In addition, the Group takes comprehensive measures by splitting the holding of its inventory among Tokyo, Sendai and its two overseas subsidiaries and by promoting a split production network that spans Sendai Factory (Miyagi) and Niigata Factory (Niigata).

Concentration of production and development bases

While streamlining the production and development framework by concentrating its production and development bases in the northern part of Sendai (Miyagi), the Group has focused on strengthening and thoroughly taking measures against earthquakes, and taken overall measures such as possessing inventory and dispersing production bases. However, in cases where a large earthquake or other disaster occurs, the entire production and development framework of the Group will be impacted. The Group has placed the focus of related endeavors on seismic countermeasures at its Sendai Factory in particular. In addition to a further level of ideas and enforcement for regular countermeasures, the Group has incorporated new techniques, such as "All-round Isolation System." As a result, when the earthquakes of intensity 6 upper occurred in the Tohoku region in February 2021 and March 2022, the Group managed to fully recover production in a day or two.

Concentration of small-diameter end mills

The Group's business is centered on the manufacturing and sale of small-diameter end mills. While the standard method of precision and micro machining is cutting using small-diameter cemented carbide end mills, in the future this may be replaced with products containing other materials or new machining methods. The Group has also been developing, manufacturing and otherwise addressing products made with materials other than cemented carbide materials such as cBN (cubic boron nitride) and PCD (polycrystalline diamond), and is pursuing diligent research on other materials as well. As for machining methods, in recent years, many new machining technologies, such as selective laser sintering (SLS) additive manufacturing using 3D printers and laser machining, are being developed. The Group will continue to highlight the superiority by providing environmentally friendly small-diameter end mills, ones ensuring high performance in uniform sizes and shapes for reasonable prices.

Competition

In the small-diameter end mill market, major domestic tool manufacturers and companies of other business categories have turned their attention to that growth and have been reinforcing their production and sales framework. Competition will likely further intensify going forward. The Group believes that by focusing its management resources on small-diameter end mills and by the in-house developed specialized machining tools as well as its development, production and sales framework that specializes in small-diameter end mills, it has successfully constructed a business model to create and provide high value-added products at a low cost, and will proceed to work toward a further level of framework reinforcement.

Procurement of raw materials and rise in resource prices

There are concerns about the rising price and tight supply and demand for the major components of cemented carbide end mills, such as tungsten and cobalt (a binding agent), both of which have become major problems, being referred to as "conflict minerals" as a result of the issue of human rights violations in the mining process. The Group enforces traceability, and while eliminating the intermingling of conflict materials using methods such as receiving certificates from suppliers, it selects suppliers who are capable of long-term, stable supply as it engages in the procurement of materials. Additionally, regarding increase in the cost associated with the rise in the price of raw materials, while we were able to absorb some of this through cost reduction activities, some of the increases had to be passed on. We revised the prices of cemented carbide products in November 2022.

Environmental issues

The Group conducts its business activities in an environmentally friendly manner in accordance with ISO standard and the Basic Policy on Sustainability. At the same time, social demands for environmental consideration are growing by the day, and the Group is being called upon by various stakeholders to respond from an even higher line of sight. The Group has established the Sustainability Committee, which regularly discusses and reports environmental issues in the Group to the Board of Directors, formulates KPIs for various departments based on the Basic Policy on Sustainability and incorporates a policy of addressing the environment in its management targets. Concerning the response to climate change, the Group has commenced the disclosure of information based on the Task Force on Climate-related Financial Disclosures (TCFD).

Sustainability

The Group's sustainability concept and initiatives

Basic Policy on Sustainability and materiality

From the standpoint of striving for its sustainable growth while coexisting with society, in November 2021 the Group formulated its Basic Policy on Sustainability, which it has disclosed alongside its priority challenges (materiality). Each division of production, development, sales and administration sets Materiality KPIs* based on the Basic Policy on Sustainability and materiality, and through implementing the PDCA cycle with ISO quality and environmental management system, creates and provides high value-added products while coexisting with society.

* KPI: Key Performance Indicator. Important business targets that are scheduled and quantified.

Basic Policy on Sustainability

NS TOOL creates "Software (technology)," "Hardware (machines)" and "Heart (humanity)." We contribute to society by developing eco- and human-friendly products. Through implementing this management policy and providing precise small-diameter end mills to the entire world, we support innovation by corporations and engineers. We also acquired ISO 14000 certification in 2004, and have implemented various initiatives over time with awareness of the importance of consideration for the environment. Going forward, the NS TOOL Group will continue to do its part for the development of a sustainable society with harmony among people, society and the environment.

Sustainability Policy

As a leading company in small-diameter end mills, by providing unprecedented high value-added products, we will coexist with society and strive for sustainable growth.

Materiality

1 Responding to environmental issues
2 Respect for human rights
3 Contributions to community and society
4 Employee job satisfaction
5 Partnerships with suppliers and distributors
6 Crisis management for disasters, etc.

For the Group's sustainability promotion system, please refer to our summary of business results and securities report.

Summary of Business Results
https://www.ns-tool.com/en/ir/index.html#Financial_Report

Securities Report (in Japanese only)
https://www.ns-tool.com/ja/ir/ir_library/securities_report/

Response to human capital

In relation to materiality "4. Employee job satisfaction," the Group determined the policies related to human resources development including securing diversity of human resources and internal environmental improvement policies as indicated below. Furthermore, in conjunction with the formulation of these two policies, we have revised our General Employer Action Plan as indicated below. In this way, we are striving to create an environment where women can thrive and where all employees can balance both work and personal life.

Policy for human resources development

NS TOOL will develop human resources that put the company motto *MEI-RAKU-SO* (Cheerful, Comfortable and Creative) into practice for the growth of the Company and individuals.

Internal environmental improvement policy

NS TOOL will improve the organization and internal environment that realizes the company motto *MEI-RAKU-SO* (Cheerful, Comfortable and Creative).

General Employer Action Plan

Target 1 Increase annual paid leave acquisition rate for each employee to at least 30%.

Target 2 Expand the leave system for childcare and caring for sick children.

Target 3 Increase the ratio of female employees among all employees by 1%.

Note: Targets 1 and 2 are part of our action plan based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children. Target 3 is part of our action plan based on Japan's Act on the Promotion of Women's Active Engagement in Professional Life.

Status of realization of Materiality KPI progress

For "1. Responding to environmental issues," each division has set specific KPIs to promote the principles of reduce, reuse, and recycle. For "4. Employee job satisfaction," KPIs have been established based on the Company's policy for human resources development, with the aim of enhancing human capital.

Materiality		Materiality KPI	Main division that promoted the KPI				
			Development	Production	Sales	Administration	Subsidiaries
1 Responding to environmental issues	1	Reduce environmental impact by developing high value-added, high-efficiency products	○				
	2	Improve efficiency in business processes and reduce defect rates	○	△	○	○	◎
	3	Reduce electricity used for production of a piece		△			
	4	Promote reduction of scrap and waste liquid, and go paperless		△	○	○	
2 Respect for human rights	5	Secure traceability of the raw materials such as tungsten and cobalt		○			
3 Contributions to community and society	6	Participate in volunteer activities such as blood donation, cleaning, and traffic safety events in the Sendai area and support local sports teams		○			
	7	Continue to donate food materials of Tohoku region to children's community kitchen, Shinagawa children's cafeteria				○	
4 Employee job satisfaction	8	Conduct training sessions led by external instructors		△		○	
	9	Enhance internal training programs and support skill development		△	○		◎
	10	Try to obtain *Kurumin* certification as a child-friendly company in around one year and increase the ratio of female employees by at least 1%				○	
5 Partnerships with suppliers and distributors	11	Strengthen collaboration with domestic sales partner companies			○		
	12	Strengthen collaboration with overseas sales partner companies			△		
6 Crisis management for disasters, etc.	13	Promote regional decentralization of the production system by strengthening production at Niigata Factory		○			○

◎ Showing progress exceeding the plan ○ Showing progress roughly as planned △ Showing progress below the plan

Indicators on climate change

Based on GHG Protocol standards, the Group calculates Scope 1, 2 and 3 greenhouse gas (GHG) emissions throughout the supply chain. In the fiscal year ended March 31, 2025, the Group's total Scope 1 and 2 emissions decreased by 512 tons year on year to 4,007 tons. This reduction occurred despite an increase in energy consumption (mainly electricity) due to higher production volume, because the average electricity emission factor declined by 19.8% compared to the previous fiscal year. Including Scope 3, the Group's total GHG emissions in the fiscal year ended March 31, 2024 amounted to 12,015 tons, a year-on-year decrease of 1,703 tons compared to the fiscal year ended March 31, 2023 primarily due to a reduction in capital investment. The Group has been working on energy conservation by setting targets for reducing power usage, and will continue to work on reducing Scope 1 and 2 emissions.

Scope 3
Upstream processes
Raw materials, capital goods, transportation, commuting, business trips, etc.

Scope 1
Fuel combustion
- **Gasoline**
- **Heavy oil, etc.**

Direct GHG emissions from the Group

Scope 2
Use of electricity
Indirect emissions from the use of electricity supplied by others

	Scope 1	Scope 2	Subtotal
FY3/24	92t	4,427t	4,519t
FY3/25	97t	3,910t	4,007t
Difference	+5t	-517t	-512t

Scope 3
Downstream processes
Shipping, usage,disposal, etc., of products

FY3/24 Scope 3 related emissions: **7,496t**

FY3/24 Scope 1, 2, and 3 total emissions: **12,015t**

ESG Topic 1

Employee benefits and internal programs

We are enhancing our programs and initiatives to support working styles that allow every employee to embody the company motto of *MEI-RAKU-SO* (Cheerful, Comfortable and Creative).

We are continuously working to expand employee benefits so that each employee can put the company motto of *MEI-RAKU-SO* (Cheerful, Comfortable and Creative) into practice. This section introduces three key programs: the Paid Leave Bank (introduced in 2008 and revised in 2025), hourly-based paid leave (introduced in 2010), and the student loan repayment support program (introduced in 2025). We also share the experiences of three male employees who took childcare leave during the fiscal year ended March 31, 2025 under the revised Child Care and Family Care Leave Act.

About the Paid Leave Bank and hourly-based paid leave (in 2-hour increments)

The Paid Leave Bank system was introduced to allow employees to accumulate a certain amount of unused annual paid leave that would otherwise expire, and use it during extended absences due to personal illness or injury. By using the accumulated leave, employees can maintain their wages (salary) during such periods. The system has since been expanded to accommodate changes in employees' life stages, allowing use for events such as childbirth, childcare, attending school entrance or graduation ceremonies, and more. In March 2025, the rules were revised to grant five days of Paid Leave Bank upon the birth of a child, and to allow the provision of leave from the Paid Leave Bank to returning employees depending on their years of service.

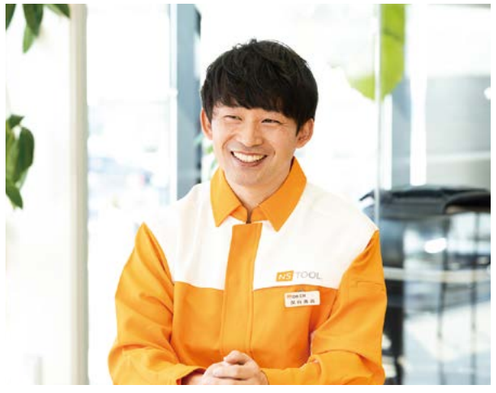
The hourly-based paid leave system was introduced to allow employees to take paid leave more flexibly in 2-hour increments, for situations that do not warrant a full day off—such as housework, childrearing, or submitting documents to government offices. One example of its use is a case where, during the birth of a second child, an employee used this leave system to drop off and pick up their first child from nursery or kindergarten.

About the student loan repayment support program

In Japan's rapidly aging and shrinking population, securing talent is essential to enhancing corporate value. To help alleviate the psychological and financial burdens of employees, support the standard of living and motivation of younger personnel, and foster a comfortable work environment where they can thrive over the long term, we introduced a student loan repayment support program in April 2025. Under this system, the Company partially or fully covers employees' student loan repayments for a fixed period. Eligible student loans must allow corporate proxy repayment via direct debit (e.g., from the Japan Student Services Organization and similar bodies).

Support Details

- **Eligible employees: Regular full-time employees under 35 years old**
- **Monthly support amount: Up to ¥7,500**
  The lower of the actual repayment amount or the maximum amount will apply.
- **Maximum total support: ¥900,000**
- **Support period: Up to 10 years, or until the month the employee turns 35, whichever comes first**



Voices of male employees who took childcare leave

Takahisa Hoshina

Assistant Chief, Design Development Section, R&D Group, R&D Department

I took three months of childcare leave immediately after the birth of my second child. Since we also had our first child to look after, being able to take childcare leave during this period gave me the opportunity to watch our children grow—it became a very valuable time for me.

As soon as my wife entered her stable pregnancy period, I consulted with my supervisor, who first congratulated me and then encouraged me to discuss the leave period with my wife. I also received a detailed explanation about the system from the General Affairs Department and got advice from senior colleagues. Thanks to the strong support around me, I truly felt that I was in an environment that made it easy to take childcare leave. Regarding my work responsibilities during the leave, I prepared a manual and shared it with my coworkers, which allowed for a smooth handover of my duties.

While taking care of my four-year-old and responding to nighttime crying and bottle feeding for the newborn, I hardly had any time to sleep during the leave. If I had left everything to my wife alone, it would have been extremely difficult for her. It was a valuable time during which my wife and I communicated openly about the challenges we were facing, what we were struggling to manage, and how we could support each other, gradually shaping our approach to parenting together. Also, by understanding the new rhythm of life with my family, I was able to reflect on my work style upon returning to the workplace. Rather than thinking of childcare leave as something that I did in the past, I want to continue parenting and pursue a more productive way of working.

Yusuke Goto

Assistant Chief, Tokyo Office, East Group, Sales Department

I had initially hoped to take childcare leave earlier, but due to work circumstances, I ended up taking two weeks of leave just before my child turned one. Since someone in the Sales Department had previously taken parental leave, a support system was already in place for covering responsibilities during such absences. When I informed our dealers and customers in advance that I would be taking leave, many responded positively, saying that NS TOOL sounds like a great company.

What struck me most during the leave was how little personal time I had. It gave me a firsthand appreciation of how difficult things are for my wife. She didn't have time to exercise, so I encouraged her to go to the Pilates classes she used to attend. My job was to bathe the baby, and that's something I've continued doing even after returning to work. My wife and I also take turns preparing meals. Since I spent every moment with my child during leave, I always miss being with my child. Taking childcare leave helped me become more positive and proactive about parenting.

It also changed the way I approach work. I try to leave any non-urgent tasks to the next day and aim to get home while my child is still awake. I've become more conscious of working efficiently by making use of my time between customer meetings to complete office work in the car. While sales jobs tend to be person-dependent, our system centralizes all customer-related information and documents, which I believe creates a work environment that supports taking childcare leave—even for sales staff.

Kazuki Wada

Member of Accounting & Finance Section, Administration Department

I took two weeks of childcare leave two months after the birth of our first child. When I informed my supervisor about my wife's pregnancy, I was encouraged to take leave, and the General Affairs Department also supported me. I found that the internal portal site provided detailed information about childcare leave, which made me feel that a supportive environment was in place.

In the period between the birth and my leave, my main role was bathing the baby. Since the goal of taking childcare leave was to give my wife a break, I took over most of the household responsibilities. But every night I would have to pick up the baby when it cried, which really made me realize that it takes two adults to raise even one child. Childcare leave allowed me to take the load off my wife, spend more time with our baby, and share the joy of our child's growth with her. We hadn't had time to talk much since the birth, so I'm grateful for the opportunity this experience gave us.

Since returning to work, I've been actively working to standardize and automate our operations. In the past, I tended to avoid relying on others, but now I believe that shortening work hours through efficiency and creating manuals to distribute tasks to junior staff helps enhance the team's overall skills and contributes to a more parental leave-friendly environment. I've come to see this shift in mindset as a major personal transformation.

ESG Topic 2

Strengthening the governance framework

Through close communication with frontline operations, the Internal Audit Office promotes initiatives that help prevent misconduct and drive improvements in both operations and workplace environments. Members of the Internal Audit Office share insights into the current state of these efforts. In addition, we hear from a full-time Audit & Supervisory Committee member about the committee's recent activities.

Hiroshi Tajima
Director, Full-time Audit & Supervisory Committee Member

Takumi Nagasawa
Internal Audit Office

Joined NS TOOL in 2005. Served as manager of the Factory Control Section and manager of the Quality Control Section at Sendai Factory, later becoming general manager of the Internal Audit Office at Headquarters and head of NS Engineering's Niigata Factory. Returned to the Internal Audit Office in 2023 where he continues to serve.

Makoto Sugahara
General Manager of the Internal Audit Office

Joined NS TOOL in 2004 in the Accounting & Finance Section, within the Administration Department, and later served as section manager. After holding the position of general manager of the Internal Audit Office, was appointed general manager of the Administration Department in 2018. Since 2021, has resumed the role of general manager of the Internal Audit Office and serves as Secretariat for Internal Control.

Role of the Internal Audit Office and the values we prioritize

Sugahara: Even after reaching retirement age, I continue to serve in the Internal Audit Office as a senior employee. In addition to internal audits, I also handle internal controls and serve as the point of contact for whistleblowing, which makes each day fulfilling and meaningful. In recent years, we have strengthened our three-party audit framework by increasing the frequency of audits conducted jointly with the Audit & Supervisory Committee and the accounting auditor, enhancing our audits of factories, sales offices, and subsidiaries. We have built a good cooperative relationship with the Audit & Supervisory Committee and the accounting auditor through regular information sharing.
With Mr. Nagasawa joining the team, our audits of manufacturing divisions have become even more robust, creating a more balanced auditing structure.

All information gathered by the Internal Audit Office is reported to the Board of Directors and the Audit & Supervisory Committee, and the policies derived from those discussions are fed back to the relevant sites. While internal controls involve developing internal rules and systems, internal audits ensure that those systems are functioning properly. We also believe that actively communicating with employees at sites fosters a transparent environment where wrongdoing is less likely to occur—and ultimately helps build a brighter, more enjoyable workplace.

Key considerations when auditing manufacturing sites

Nagasawa: I believe the experience I've gained across a variety of business operations has proven extremely useful in my current role. In particular, at factories, the manufacturing systems differ depending on the products being made, and even cultural norms can vary by region. Moreover, if there is a change in top management or supervisors, the environment at the site can shift as well. I make a conscious effort to incorporate these kinds of differences and changes into the audit criteria. It's also important to ensure that audits help people recognize opportunities for improvement. Rather than simply pointing out areas that need improvement, I sometimes offer support in finding potential solutions. Conversely, if there are any positive points, I make sure to include them in the audit report as well.

Looking ahead, I would like to place greater emphasis on risk management, including legal compliance. Risk management is directly linked to the safety of the employees working on-site. That's why I focus on whether sufficient management resources are being invested to ensure safety, whether personnel have the required skills, and whether training is provided for any skill gaps. We also focus on these perspectives in our audits.

Perspective of a full-time Audit & Supervisory Committee member on strengthening governance

Tajima: As a full-time Audit & Supervisory Committee member, I attend major internal meetings, conduct on-site audits of each department, and review important documents such as approval requests. In carrying out these duties, I actively collaborate not only with the Internal Audit Office but also with the accounting auditors, whose role is critical to financial audits. In audits, I place particular emphasis on whether matters requiring deliberation by the Board of Directors are being submitted appropriately and whether management decision-making processes align with the principles of sound business judgment.

During joint on-site audits with the Internal Audit Office, we ensure time is set aside to speak directly with as many frontline employees as possible. This helps us verify whether management policies are properly communicated and functioning within the Company. Reports from these audits are shared with all Audit & Supervisory Committee members, allowing the Committee to stay informed about issues identified from the internal audit perspective.

While the current Internal Audit Office members have a strong understanding of our internal operations and possess both accounting knowledge and audit skills, they are all from the senior generation. As such, I recognize that reinforcing the foundation for stronger governance, including developing young talent who will lead the next generation, is a key challenge going forward.

Introduction to Web Contents

NS TOOL publishes a wide range of contents to provide information about its products and manufacturing. We encourage you to explore these resources.

Owned media

For Crafting "FUTURE"

Updated every other Monday

It is a useful site for *monozukuri* industries that makes viewers think "I enjoyed reading the article, it was fun" and "It helped me." We publish articles from a variety of perspectives, connecting manufacturing with trending topics, everyday life, and more.

● Examples of articles

June 30, 2025
A 60-Year-Old Man Takes on the World's Fastest Speed Record on a 50cc Bike—The Super Minimum Challenge Powered by Made in Japan Technology

June 16, 2025
"If You Don't Love Your Tools, You're Not a Pro"—A Story About a Senior Who Broke His Front Teeth for His Beloved Gear

May 19, 2025
Finding Meaning in My Work: Playing for Just One Person

May 7, 2025
Is a Paper Cup the Same as a Ceramic Mug? What Is the Value of a Thing?

Video

/ @ns_tool

● Precision and micro-machining video

An easy-to-understand overview of 5-axis machining, including comparisons with 3-axis machining and footage of our products in action.

● Product introduction videos

Detailed videos are available on YouTube.
- How to use
- Comparison with conventional products, etc.

● The inside story behind the development of "Micro Edge," the end mill with Φ0.1 mm or less.

● Monozukuri Taro Channel (in Japanese only)

Social media

We distribute the latest information about exhibitions, new products, etc.

X
@nstool_intl

Facebook

News

We have partially updated our corporate website.

● Recruitment page (in Japanese only)

We have added more employee voices, especially from younger to mid-level staff, giving a more authentic look into our work and how our employees approach their jobs.

● Product information page

We have added a new feature to the Japanese search page that lets users search for products by "machining process" and "application." We will continue working to help users save time and optimize their tool selection.

Corporate Data/Stock Information (As of March 31, 2025)

Corporate Data

Company name	NS TOOL CO., LTD.
URL	https://www.ns-tool.com/en
Representative	Hiroji Goto
Headquarters	6F, Sumitomo Fudosan Oimachi Ekimae Bldg., 1-28-1 Oi, Shinagawa-ku, Tokyo 140-0014, Japan
Established	December 1954
Capital stock	¥455,330,523
Number of employees	358 (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. NS TOOL USA, INC.
Securities exchange	Prime Market of the Tokyo Stock Exchange

Major Shareholders

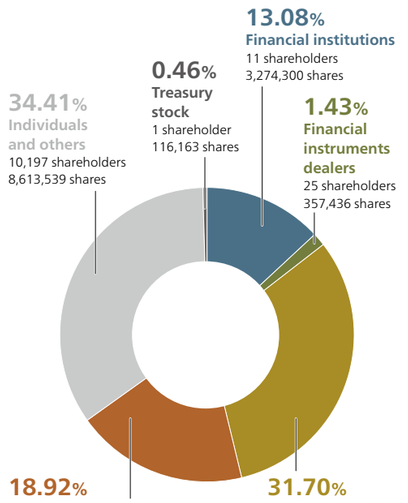
Shareholder name	Number of shares held (Thousand shares)*1	Shareholding ratio (%)*2
M.Y. CORPORATION, Inc.*3	2,497	10.02
Solpty Co., Ltd.*3	2,435	9.77
The Master Trust Bank of Japan, Ltd. (Trust account)	2,199	8.82
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	2,092	8.40
TI Road Co., Ltd.*3	1,847	7.42
BANK LOMBARD ODIER AND CO LTD GENEVA (Standing Proxy: MUFG Bank, Ltd.)	1,283	5.15
Hiroji Goto	774	3.11
Takashi Goto	767	3.08
Custody Bank of Japan, Ltd. (Trust account)	669	2.69
Yuji Goto	658	2.64

*1 The number of shares held less than a thousand is truncated.
*2 The shareholding ratio is calculated after deducting treasury shares (116,163 shares).
*3 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.

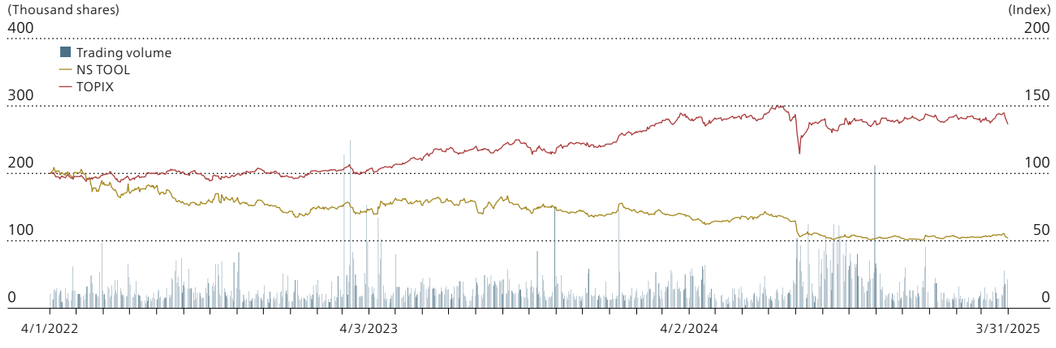
Stock Information

Number of authorized shares	38,400,000
Number of issued shares	25,035,034
Number of shareholders	10,430

Composition of Shareholders



Trends of Stock Price/Trading Volume/TOPIX



Note: This chart contains split-adjusted stock prices and trading volumes; stock prices and trading volumes before stock split have been adjusted retroactively.
NS TOOL's stock prices and TOPIX values are calculated assuming that the closing price data of April 1, 2022 is 100.

Shareholder Memo

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
Shareholder registry administrator Special account administrator	Marunouchi 1-4-5, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
Location of operations	Marunouchi 1-4-5, Chiyoda-ku, Tokyo, Japan Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Contact & mailing address	1-1 Nikko-cho, Fuchu-shi, Tokyo, Japan Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation Tel: 0120-232-711 (toll-free in Japan) [Mailing address] PO Box 29, New Tokyo Post Office, 137-8081, Japan Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Public announcements	Notices will be posted in electronic format. However, notices will be published in the *Nihon Keizai Shimbun* (a Japanese newspaper) when an electronic notification is not possible for unavoidable reasons.

Notes:
(1) In principle, the account administrator with whom you hold an account (e.g., securities firm) receives requests for change of shareholder's address, instruction to purchase and other operations. Please contact the securities firm, etc., with whom you hold the account. Please note that the shareholder registry administrator (Mitsubishi UFJ Trust and Banking Corporation) cannot handle such matters.
(2) With regard to operations concerning shares recorded on the special account, Mitsubishi UFJ Trust and Banking Corporation shall serve as the account administrator. Please contact them regarding such shares. Branches of Mitsubishi UFJ Trust and Banking Corporation throughout Japan will assist you as well.
(3) The main office and branch offices of Mitsubishi UFJ Trust and Banking Corporation will pay dividends not received.

Contact Us
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Email: ir@ns-tool.com


NS TOOL

Report on Election of New Director

We are pleased to report that the following new director was elected based on a resolution by the 64th annual general meeting of shareholders held on June 24, 2025.

Reasons for electing a new director

Takayoshi Saito has been engaged for many years in product development, technical support, and marketing in the field of cutting tools, and possesses a high level of expertise and international experience. While he has not been directly involved in company management, the Company expects that he will provide appropriate advice and recommendations in terms of decision-making and oversight related to business execution, from the perspective of propriety and legality. For these reasons, we have decided to appoint Mr. Saito as an independent external director.

Takayoshi Saito
Independent External Director

Profile of new director

Name (Date of Birth)	Career Summary
Takayoshi Saito (November 16, 1961)	Apr. 1982: Joined Mitsubishi Metal Corporation (current Mitsubishi Materials Corporation) Apr. 1988: Transferred to MMC Hartmetall GmbH Jun. 2004: Marketing Department, Cemented Carbide Product Division of Mitsubishi Materials Corporation Apr. 2013: Transferred to MMC Hardmetal (Thailand) Co., Ltd. General Manager of Technical Center of MMC Hardmetal (Thailand) Co., Ltd. Nov. 2015: Vice General Manager of Machining Technology Center, Research & Development Division of Mitsubishi Materials Corporation Apr. 2021: General Manager of Product Strategy Office, Marketing Department, Business Strategy Division of Mitsubishi Materials Corporation

Reference: Directors on and after June 24, 2025

Hiroji Goto	Director	Hiroshi Tajima	Director (Audit & Supervisory Committee Member)
Takashi Goto	Director	Naoko Fujisaki	Independent External Director (Audit & Supervisory Committee Member)
Yuko Adachi	Director	Toshiaki Hiraga	Independent External Director (Audit & Supervisory Committee Member)
Satoru Toda	Director	Kenichi Sasamoto	Independent External Director (Audit & Supervisory Committee Member)
Takayoshi Saito	Independent External Director	Hideyo Nakano	Independent External Director (Audit & Supervisory Committee Member)