NS TOOL For Crafting Tomorrow

NS TOOL CO.,LTD.

Fiscal Year Ended March 31, 2026
(April 1, 2025 to March 31, 2026)

Business Report



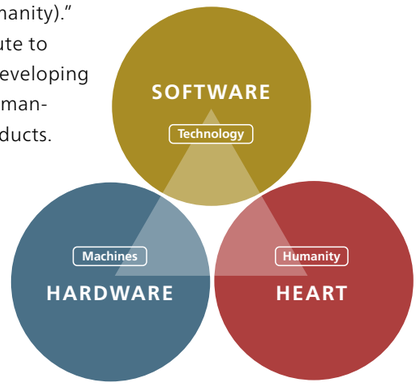
Brand Statement

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.



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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

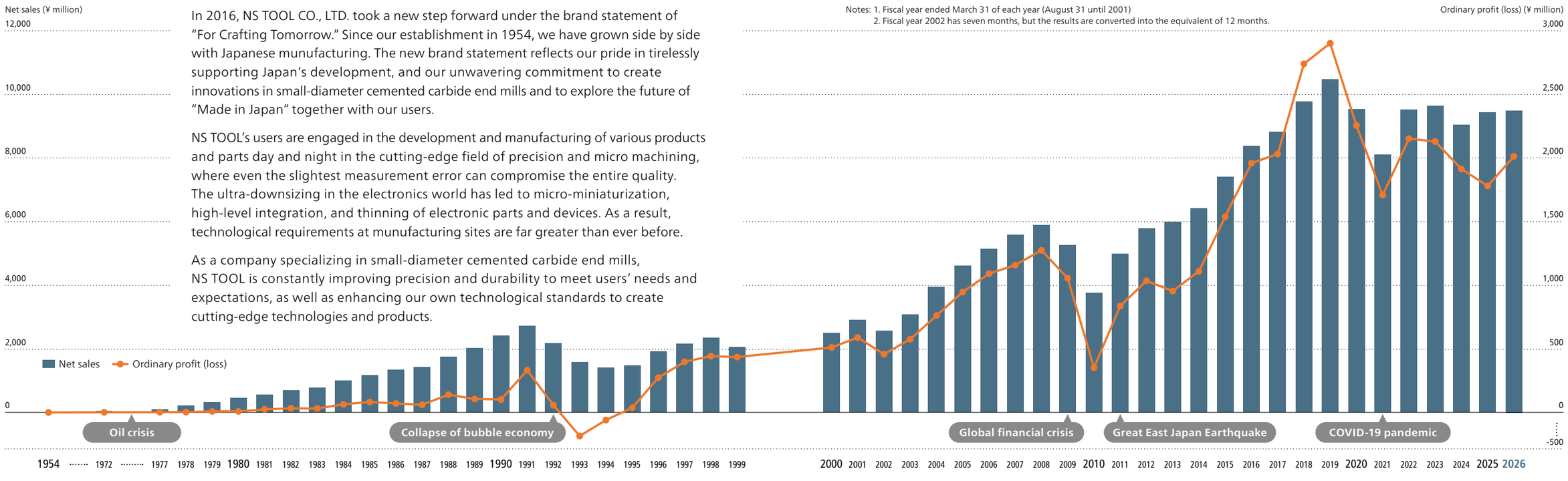
HISTORY

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 munufacturing. 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 munufacturing 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 transferring 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.

2025
Transfers to the Standard 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)

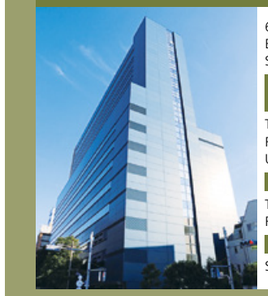
Opens Sendai inventory center.

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."

NS TOOL Group 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

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

Development and manufacture of cutting tools, inventory centers

B Sendai Factory and R&D Center

C Sendai Office
2-7-2 Matsusakadaira, Taiwa-cho, Kurokawa-gun, Miyagi 981-3408, Japan
Tel: +81-22-341-7028
Fax: +81-22-341-7038

I NS Engineering Co., Ltd. Niigata Factory

D Nagano Office
7F, Matsumoto Chuo Bldg., 1-17-16 Chuo, Matsumoto-shi, Nagano 390-0811, Japan
Tel: +81-263-88-2451
Fax: +81-263-88-2452

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

J Makino Industry Co., Ltd.

A Headquarters and Tokyo Office G-Tech Co., Ltd.

G Fukuoka Office
8F, Sankyo Fukuoka Bldg., 2-9-11 Hakataekiminami, Hakata-ku, Fukuoka-shi, Fukuoka 812-0016, Japan
Tel: +81-92-260-8550
Fax: +81-92-481-3378

F Osaka Office
9F, Tosabori Daibiru Bldg., 2-2-4 Tosabori, Nishi-ku, Osaka-shi, Osaka 550-0001, Japan
Tel: +81-6-6534-4621
Fax: +81-6-6534-4530

E Nagoya Office
12F, Nagoya KS Bldg., 3-1-18 Taiko, Nakamura-ku, Nagoya-shi, Aichi 453-0801, Japan
Tel: +81-52-414-6110
Fax: +81-52-414-6120

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

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

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

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

NS TOOL Hong Kong Ltd.
Shenzhen Representative Office
Room 1221, Kerry Center, 2008 Renminnan Road, Luohu District, Shenzhen, Guangdong, China
Tel: +86-755 2265 2275
Fax: +86-755 2265 2275

L

NS TOOL Hong Kong Ltd.
Suzhou Office
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Tel: +86-512 6866 2275

M

N NS TOOL USA, INC.

K NS TOOL Hong Kong Ltd.

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

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

Sale of cutting tools, inventory center

— Unlock the dreams and possibilities of munufacturing —

In order to support the precision and micro-machining technologies essential for manufacturing electronic and precision parts, which Japanese manufacturing 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, 2026)

Specialized in small-diameter tools

Net sales	¥9.4 billion (Ratio of small-diameter tools: 80.4%)
Ordinary profit	¥2.0 billion
Profit attributable to owners of parent	¥1.4 billion

Solid financial base

Total assets	¥19.5 billion
Total equity	¥17.6 billion
Equity ratio	90.1 %
Cash and deposits	¥9.5 billion

Elite specialists in small-diameter tools

Employees **364**
(Of which, 33 development personnel)

Abundant and excellent products

Material × Type × Coating =
11,119 types

Intellectual property owned

Acquired patents, etc. **46**

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)

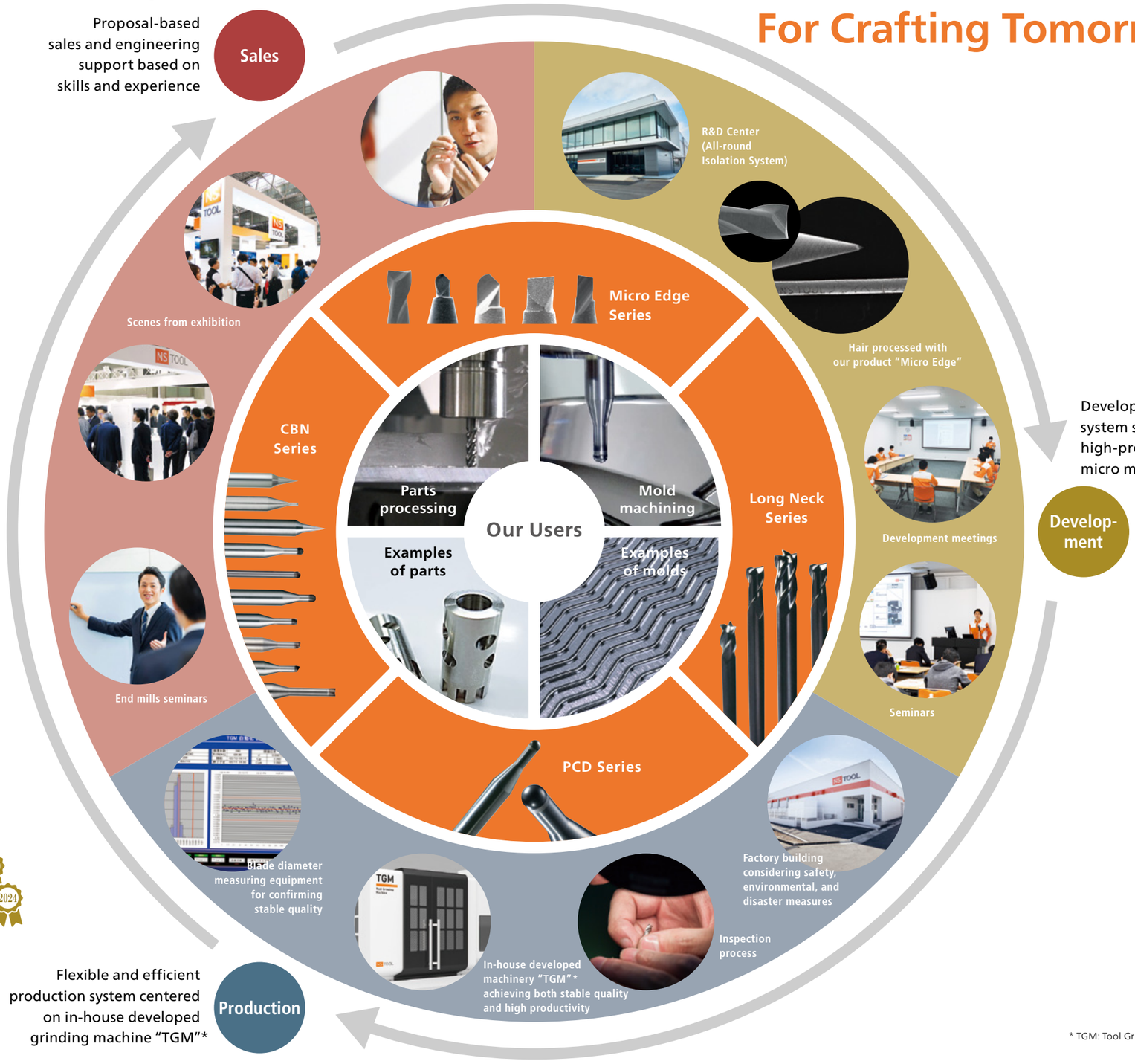
News Digest Publishing Co., Ltd.
ND Marketing Awards (2014)

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



* TGM: Tool Grinding Machine

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.

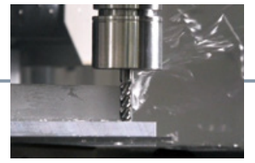
End mills are attached to a machining center and milling materials.



End mills



Machining center



Milling process

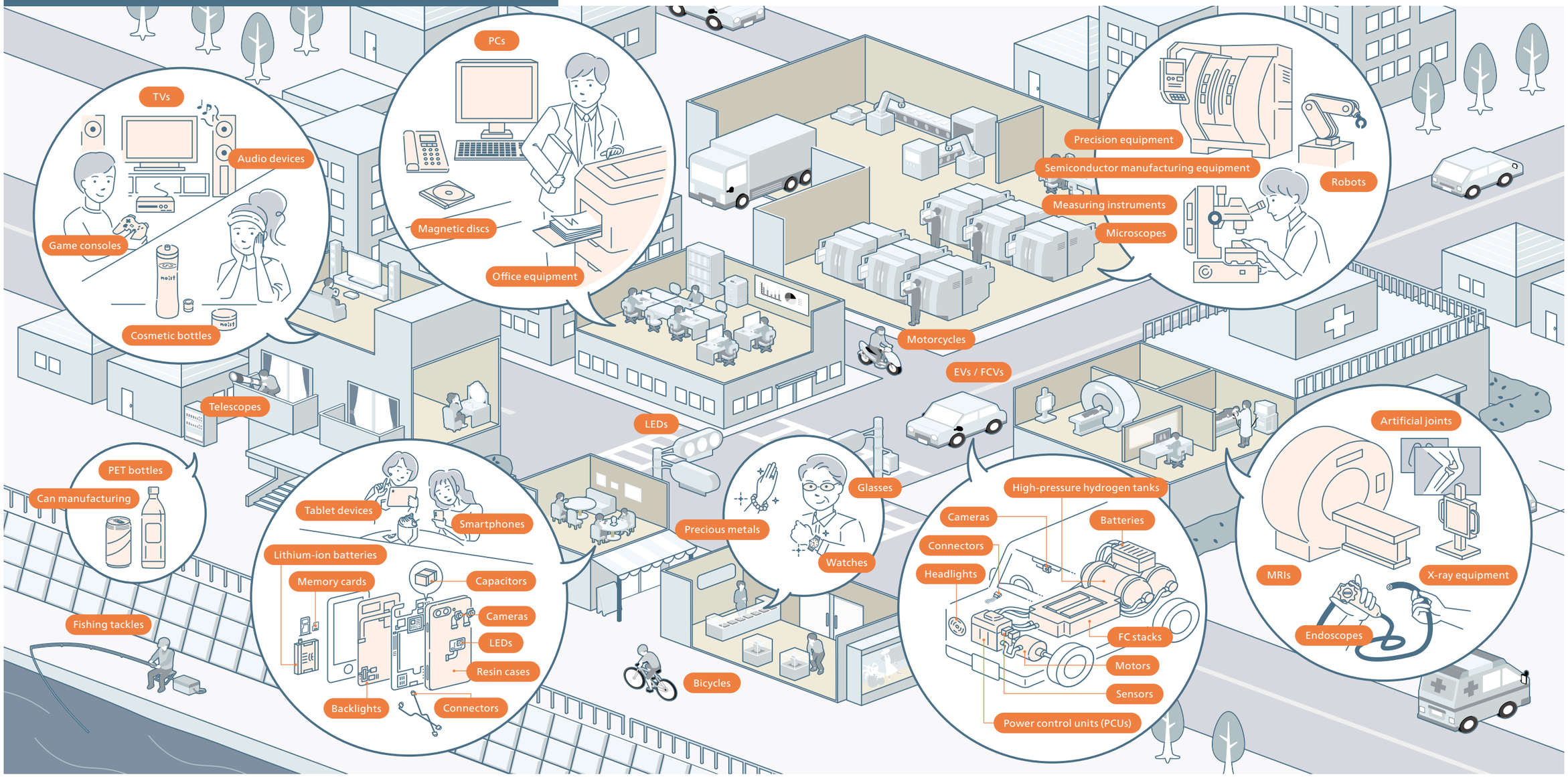


Mold machining



Parts processing

Machining with small-diameter end mills helps produce many products



Uniting the Company to turn change into opportunity, we will strengthen the value creation cycle through collaboration among development, production, and sales.



Hiroji Goto
President

As changes in the market environment accelerate, the NS TOOL Group (the "Group") has steadily expanded the scope of its value creation, with precision and micro-machining technologies at its core. How does the Group position the fiscal year ended March 31, 2026 (hereinafter "the fiscal year"), and what is it focusing on for its next stage of growth? We spoke with President Hiroji Goto about recent achievements and future initiatives.

Review of business activities under unpredictable conditions

The fiscal year began in a business environment where uncertainty in the global economy increased from the start of the year, triggered by the impact of changes to U.S. tariff policy, making the outlook for demand difficult to predict. As automakers were forced to reconsider the optimal allocation of their production sites and new vehicle development slowed significantly for approximately six months, orders received by domestic mold manufacturers fell sharply. As a result, the production value of cemented carbide end mills in Japan declined significantly from April 2025 onward, falling 4.6% year on year in the 2025 calendar year, which also had a major impact on the Company's earnings.

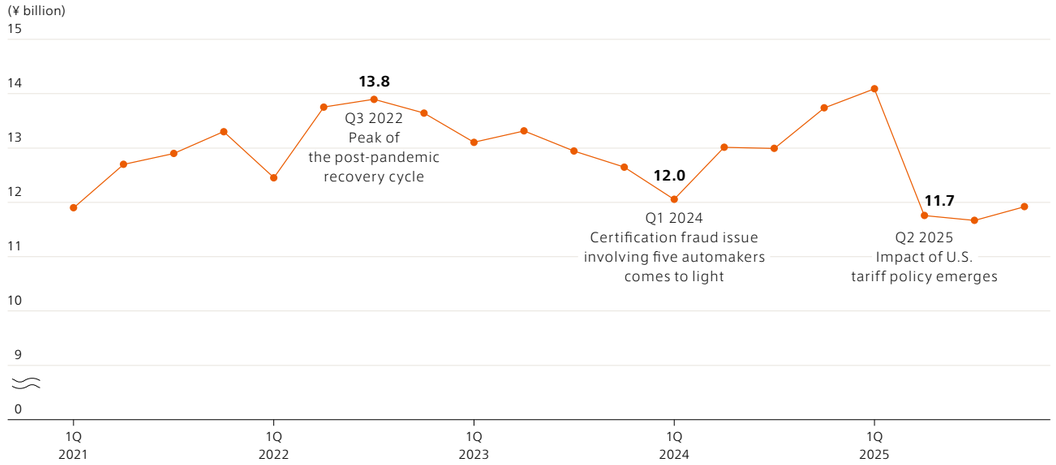
On the other hand, investment remained strong in areas expected to experience sustained growth over the medium to long term, including AI and data centers, driven by ongoing digitalization and the increasing adoption of AI technologies. Consequently, demand for the Company's products remained firm. In addition, from early autumn, capital investment began in earnest in the 17 strategic fields targeted for priority investment under the Japanese government's industrial policy, particularly in defense-related fields. The aerospace industry also continued to perform steadily, supported by the recovery in demand following the COVID-19 pandemic.

In this market environment, the Group implemented measures in which development, production, and sales worked as one to quickly share information from business sites, clarify priority fields, and offset the sluggish mold market through a strategic shift to growth fields. Due to the decline in first-half performance, we revised our financial forecast during the fiscal year. Ultimately, however, despite the challenging external environment, we were able to secure increases in both net sales and profit year on year. In our view, the ability to respond swiftly to changing market conditions proved to be a key competitive advantage in such an unpredictable environment.

Accelerating new product development by shifting to an agile development structure

One of the major achievements in the fiscal year was a fundamental review of our approach to new product development. Previously, our emphasis on releasing perfect products led us to proceed through repeated careful reviews, which limited us to launching only three or four new products per year. However, as the pace of market change accelerated, we determined that this approach was causing significant opportunity losses, and moved toward an agile development approach of first launching products in the market and obtaining feedback. What was important in this shift was building

Trends of production of cemented carbide end mills



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

a structure in which the Sales Division and Development Division share responsibility. Previously, we had a divided structure in which the Sales Division marketed products developed by the Development Division. Now, however, the Sales Division is involved from the development stage, enabling product development that directly reflects market needs. This structure enabled us to launch 12 products (14 model numbers), exceeding our target of 10 products per year.

Supporting this increase in development speed was the TOOL Watcher, a measuring machine developed in-house. Previously, tool performance testing required someone to remain with the equipment throughout the process, making it time- and labor-intensive. The TOOL Watcher automates this process 24 hours a day and enables unmanned cutting evaluations, which has dramatically increased our development speed. In addition, the increase in new products has also expanded points of contact with customers and strengthened relationships with distributors and dealers, enhancing the accuracy with which we identify market needs. A structure that enables feedback from the market to be immediately reflected in product improvements is steadily enhancing the Company's competitiveness. We will continue this cycle of releasing quickly and improving quickly.

Advancing sales strategies and reviewing overseas expansion strategies

In sales, around one year ago we began holding regular sales strategy meetings, establishing a structure in which managers of domestic and overseas departments collaborate to promote market development. A key feature of these meetings is that we do not simply release new products and move on. We thoroughly implement a PDCA cycle in which we always review sales results, customer evaluations, and how products are being used at manufacturing sites, and if a product does not sell, we analyze the cause and decide whether to improve it or withdraw it.

We are also improving the accuracy of our market analysis. For example, once the downturn in the mold market became clear, we quickly allocated resources to growth fields such as semiconductor manufacturing equipment, aerospace, and medical equipment, while also rapidly capturing information on capital investment related to defense and developing sales activities accordingly. I believe this agile strategic shift supported the increases in net sales and profit in a challenging environment.

In overseas expansion, while we have continued exporting to around 20 countries, we are shifting our approach from broad and shallow to clearly defined priorities. To maximize results with limited personnel and resources, we need to focus on regions and applications where we have a clear path to success, and refine our proposal capabilities in line with the characteristics of each local market. In Asia, some regions are showing signs of recovery, while the trend toward supply chain restructuring is also continuing. India, in particular, is a market where industries are becoming increasingly sophisticated and there is significant scope for growth over the medium to long term. We intend to strengthen collaboration with partners and steadily enhance our presence there.

Strengthening procurement and production systems to fulfill our supply responsibilities

In recent years, instability in raw material supply and price fluctuations have become major issues for the entire industry. In particular, since spring 2025, China has gradually restricted exports to Japan of strategic materials such as tungsten, and the price of tungsten, a raw material for cemented carbide end mills, has surged sevenfold in one year. Further sharp increases are expected in the fiscal year ending March 31, 2027, and the cemented carbide tool industry is facing serious supply concerns. Tungsten is the main raw material for cemented carbide tools, and I feel a strong sense of crisis regarding this issue given an industry structure in which around 80% of supply depends on China.

For tool manufacturers, stable supply is itself a source of value. If we are unable to supply products at the appropriate time, this will affect our users' production activities. For this reason, we have continued to check each process in procurement, production, and shipping during normal times, and have been building a structure that enables us to fulfill our supply responsibilities while maintaining multiple options.

In particular, we have long placed emphasis on inventory in our management. We have secured several months' worth of product inventory, as well as sufficient raw material inventory, and maintain a structure that will enable stable supply for the next six months. This is a management decision based on the lessons learned from the global financial crisis. At the time, having inventory allowed us to respond immediately when the market recovered, which enabled us to expand our market share. Based on that experience, we position a certain level of inventory not as a risk, but as a source of competitive advantage.

Some competitors are already experiencing shortages that have left them unable to ship products. Accordingly, while giving the highest priority to stable supply to existing users, we will firmly capture demand for switching to our products and actively work to acquire new users.

Furthermore, in phases where demand can change rapidly, it is also essential to closely monitor order and shipment trends and check every day for any supply imbalances or sharp fluctuations. If any abnormalities arise, we detect them at an early stage and make operational adjustments through coordination among the relevant divisions. We believe that the steady accumulation of these detailed management efforts provides the foundation that supports stable supply to customers.

Financial results for FY3/26

Unit: ¥ million	Actual		
	FY3/25	FY3/26	YoY Changes
Net sales	9,431	9,494	0.7%
Operating profit	1,767	1,959	10.9%
Ordinary profit	1,779	2,011	13.0%
Profit attributable to owners of parent	1,264	1,442	14.0%
R&D expenses	427	455	6.5%
Capital investment	111	486	337.6%
Depreciation	644	605	-6.1%
Earnings per share (EPS): ¥	50.80	58.38	14.9%
Dividend per share (DPS): ¥	30.00	30.00	—
Dividend payout ratio: %	59.1	51.4	—

Note: Financial forecasts for the fiscal year ending March 31, 2027 have not been disclosed at this time.

Management policies for FY3/27

Our slogan for the fiscal year ending March 31, 2027 is "Think, Act, Unite to Outperform!" In the fiscal year, we focused on taking action first, establishing new structures such as accelerating new product development and holding regular sales strategy meetings. In the fiscal year ending March 31, 2027, the second year of these efforts, we will move to the stage of thinking, taking action, and reliably delivering results.

In new product development, we will continue to target the launch of at least 10 products per year. Another point we are emphasizing is to continuously create highly innovative products that embody what makes us unique. Some products are immediately understood by the market, while others take time for their value to be recognized. We believe that continuing to take on themes that lead not only to short-term figures, but also to the establishment of our technology brand and the development of new markets, will become a source of long-term corporate value.

In sales, we will re-strengthen collaboration with machine manufacturers. By obtaining information on new capital investment at an early stage, we will accelerate our approach to the companies introducing that equipment. By proposing equipment and tools as a set, we will help streamline our customers' startup processes and increase the adoption rate of the Company's tools.

Overseas, in addition to making a full-scale entry into India, we will hire local personnel in regions where our presence has previously been limited. In doing so, our policy is to have them first learn the Company's corporate culture in Japan before assigning them locally. By having personnel who have acquired our commitment to quality and customer-first approach work in local markets, we will foster a sense of global unity.

Message to our stakeholders

In the fiscal year, even as the automotive mold market declined sharply, we were able to achieve increases in both net sales and profit by strategically shifting to growth fields and revamping our new product development structure. This was the result of the Development, Production, and Sales Divisions beginning to work together as one to implement the PDCA cycle.

In the fiscal year ending March 31, 2027, we expect the business environment to remain difficult to predict, with factors including soaring raw material prices, geopolitical risks, and exchange rate fluctuations. However, the Group sees this environment as an opportunity for growth, leveraging its abundant inventory, competitive advantage in specializing in small-diameter tools, and new manufacturing structure as strengths.

Through the organizational strength of the entire Company working as one, we will move forward steadily without fearing change, advancing new product development and sales activities as the twin drivers of our growth, while building up improvements starting from manufacturing sites through high-quality and high-efficiency manufacturing. I sincerely ask for your continued understanding and support of the Group.

Evolution of Product Development and Manufacturing Sites

The history of NS TOOL's manufacturing is one of continually taking on the challenge of creating products that no other company can offer. Since its establishment in 1954, the Company has consistently valued the spirit of making steady progress one step at a time, striving to be better today than yesterday, and better tomorrow than today. We spoke with Takashi Goto, Senior Executive Vice President, about the evolution of our end mill products and the manufacturing sites that have supported that journey.



Without fear of failure, we will continue to take on challenges that are uniquely NS TOOL, and build the foundation that will support manufacturing 10 and 20 years into the future.

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

Thoughts behind our management philosophy and the history of product development

Since joining the Company, the approach I have consistently valued is creating products that no other company can offer. We call this "product development that is uniquely NS TOOL." Whether a product will sell or not can be considered later. First, we put into practice what will lead to improvements in our technological capabilities. I believe this spirit must never be allowed to fade.

Looking back on the history of our product development, it began with the Power End Mill in our early years, and in 1986, we developed the Rib (long neck) End Mill, a product that was rare at the time.* Around that time, we collaborated with a high-speed spindle manufacturer and proposed the spindle and tool as a set. This made narrow slot machining possible in the mold industry, and can be said to have built the foundation of the Company.

Since then, we have continued to launch original products with memorable names, such as the *Bikkuri* (surprising) End Mill and *Katabutsu* (for hard-material machining) End Mill. In 2005, we released Micro Edge, an ultra-micro machining tool with a cutting diameter of 10 µm (1/100 mm). It may have been ahead of its time for the market, but it became a product that made people say, "That's exactly what we expect from NS TOOL." The nicknames for our CBN End Mill, *Soroban-dama* (abacus bead), and our PCD End Mill, *Tsuru-tsuru* (smooth surface), also came from their shapes and features, and these products are well known among users. These products were born from our determination to challenge established thinking in tool manufacturing.

On the other hand, as a company grows in size, there is a tendency to focus only on cost-effectiveness. Responding to market needs is important, but we must also continue pursuing product development that is uniquely NS TOOL. The question is how to strike that balance while being occupied with day-to-day business.

History of Product Development



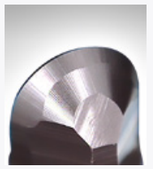
Rib (long neck) End Mill
Launched in 1986



Bikkuri (surprising) End Mill
Launched in 1990



Katabutsu (for hard-material machining) End Mill
Launched in 1990



CBN End Mill (*Soroban-dama*)
Launched in 2003



Micro Edge
Launched in 2005



PCD End Mill (*Tsuru-tsuru*)
Launched in 2013

It is important to stay alert to new possibilities, continue searching for interesting ideas, and hone our sensitivity. At present, under the theme of bringing products to market as quickly as possible, we are working to develop more than 10 new products per year. We are starting by increasing the number of development projects, and building a fast-paced development culture.

* A specialized cutting tool with a long neck and fine cutting edge, used to machine deep slots, narrow gaps, and protruding structures (ribs) in molds and parts.

Manufacturing sites that support "product development that is uniquely NS TOOL"

Existing equipment may be sufficient if the only aim is to make end mills. However, to achieve the kind of manufacturing we are aiming for, there are times when we need equipment that does not exist elsewhere. In such cases, we have no choice but to build that equipment ourselves. If we cannot do so on our own, we develop it together with our partner companies. This approach has driven the evolution of the Company's manufacturing.

The biggest turning point was the in-house development of measuring equipment. This initiative, which began more than 20 years ago, involved repeated failures. The first three attempts failed because we tried to incorporate too many features. Through these failures, we succeeded in developing measuring equipment specialized for cutting diameter measurement. Developed in collaboration with another company, this measuring equipment became the prototype for the measuring equipment currently installed on our in-house-developed tool grinding machine, TGM.

Around 2008, we completed development of this measuring equipment. Its precision was extremely high, and demand was concentrated on it, so we built a production line in which five TGM machines were managed by this measuring equipment. However, waiting times for measurement arose, making timely measurement impossible, so we shifted to a policy of installing measuring equipment on each individual machine.

There were budget constraints, but with external support, we gradually proceeded with installing measuring equipment on the TGM. As a result, the time required for the inspection process has now been significantly reduced. In addition, correction technologies that use data accumulated in the TGM have made almost real-time quality control possible.

The development of this measuring equipment was supported by engineers from a venture company. Although it was a small company, its technological capabilities were solid. This experience taught us the importance of working with reliable partners, even if they are small in scale.

In addition to the in-house development of measuring equipment, another important initiative has been specialization in small-diameter tools. Before declaring our specialization in small-diameter tools in 1994, the Company also handled large-diameter end mills (over 6 mm), but we made the decision to concentrate on small-diameter tools. Because we need to respond to existing users, we still continue to produce large-diameter end mills today. However, large-diameter tools require substantial capital investment and have high raw material unit costs, making it difficult to generate profit. Should we pursue sales scale, or should we prioritize profit margins? We have not yet reached a complete answer to this question, but with raw material prices continuing to surge, we may need to face this issue head-on.

The direction of evolution in manufacturing that is uniquely NS TOOL

When considering manufacturing that is uniquely NS TOOL, it is important to clearly distinguish between automation and unmanned operation. Automation means mechanizing tasks that do not need to be performed by people. However, this does not mean that no people are required at all. Unmanned operation, on the other hand, refers to a state in which, once equipment has been set up, no human intervention is required whatsoever.

Given the characteristics of our business, it is impossible to make every process unmanned, nor do I believe that we should. With a large number of product items and many low-volume orders, complete automation is simply not realistic. What is more important is determining which tasks should be automated or made unmanned, and which tasks should continue to involve people. Products with stable production volumes can be handled on unmanned production lines, while people can respond flexibly to high-mix, low-volume products. This distinction forms the foundation of our manufacturing.

If you try to automate everything, you will inevitably fail. One lesson we have learned from experience is the importance of maintaining focus. NS TOOL is what it is today because we specialized in small-diameter tools. If you try to do everything, nothing is done particularly well. We apply the same thinking to digital transformation and the use of AI.

Rather than introducing everything at once, we start small with operations where benefits are expected, and then expand horizontally by building on successful examples. Unlike large corporations, we do not have an abundance of specialized personnel. As a result, it takes time, but I believe that making steady progress is the approach best suited to our Company. There is also a risk that excessive automation can reduce flexibility. By maintaining the right balance between providing opportunities for people to gain experience and introducing automation and unmanned operation, we aim to build the next generation of our manufacturing system.

Current challenges and key priorities going forward

The highest priority is further cost reduction. Raw material prices are rising at an unprecedented pace.

Resource depletion is also becoming serious, increasing the importance of recycling. For example, the recycling recovery price of cemented carbide (tungsten carbide), a key material, has risen from several thousand yen per kilogram a few years ago to more than ¥10,000 today, and is expected to rise further.

Under these circumstances, we will further strengthen our Orange FC Activities, the small-group activities promoted by the Group. In doing so, the initiatives I want to place the greatest emphasis on are creating an environment where people can take on challenges and developing people who challenge themselves without fear of failure. For manufacturing sites, doing nothing out of fear of failure is extremely dangerous. To create the environment and develop the people who will support the next generation, I believe we need an evaluation system that rewards failure, rather than penalizing it. However, building such an evaluation system is a difficult task, so we will begin by creating an environment at the manufacturing site level where people are allowed to fail. For the fiscal year ending March 31, 2027, we have made the creation of such a system a priority for managers at manufacturing sites.

Improving development speed also remains an ongoing challenge. We are also considering strengthening the department that proposes measuring technologies to users. At present, we are prioritizing their use in-house, but in the future, we would like to offer these technologies externally and contribute to the further evolution of our users' manufacturing. For members of the manufacturing sites, I have chosen "challenge" as the word of the year. In 2025, it was "advance," but 2026 will be a year of challenge. Answers only emerge by trying things. All that remains is to execute.

Message to our stakeholders

To be honest, we are fully focused on addressing the challenges before us, and I believe that this is the most sincere approach we can take. This is because I believe that actually taking action and delivering results, rather than simply saying "this is what we will do," is what enables us to meet the expectations of our stakeholders.

Before the COVID-19 pandemic, the Group achieved strong growth. Over the past several years, we have faced major changes in the business environment in Japan and overseas, and the momentum of that growth has temporarily stalled. However, I believe the time will come when that momentum returns. Taking on challenges without fear of failure, learning from those experiences, and growing through them. I am confident that repeating this cycle will become the strength that supports the Company over the next 10 and 20 years.

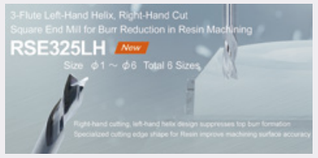
Precisely because we are in an era of change, I believe it is important to maintain our unchanging passion for manufacturing while also identifying the systems and culture that need to change. Aiming to achieve both, the Group will work as one to advance key measures. I hope our stakeholders will continue to support the Group as we take on new challenges. With a strong determination to show the results of our initiatives, we will continue taking on the challenge of manufacturing that is uniquely NS TOOL.

In the fiscal year ended March 31, 2026, we promoted fast-paced product development and launched 14 new product model numbers (including four additions to existing product lineups).

Images shown are excerpts only.





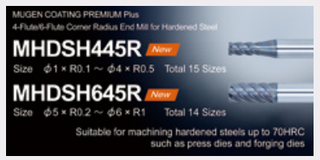












The history of manufacturing supporting today's NS TOOL

● 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 deep slot 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 Φ0.01 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 Φ0.01 with the drill for the first time in the world.)
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	● 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."
	2022	● 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.)
	2025	● Launches "CBN 3-Flute Long Neck Ball End Mill." (Enabling even longer tool life and higher-efficiency machining through the adoption of a multi-flute design.) ● Launches "3-Flute Square End Mill with Nick for Copper Electrode." (Finely fragments chips, dramatically reducing cutting resistance and improving machining efficiency.) ● Launches "3-Flute Left-Hand Helix, Right-Hand Cut Square End Mill for Burr Reduction in Resin Machining." (The left-hand helix design significantly suppresses burr formation during side milling.)

Exploring the essence of NS TOOL's manufacturing through internal and external perspectives

Senior Executive Vice President Takashi Goto, who has devoted his career to end mills, joins Takayoshi Saito, an independent external director with extensive experience at a comprehensive cutting tool manufacturer, to share insights on a range of topics, from fast-paced decision-making and the in-house development of measuring technologies to the commitment to product development that is uniquely NS TOOL.



Takayoshi Saito
Independent External Director

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

Background to appointment as an independent external director and impressions of NS TOOL

Saito: I took selected early retirement from my previous position at Mitsubishi Materials Corporation at the end of November 2024. Although I was in an environment where I could have continued working until the age of 65, I wanted to hand over my position to my successor while I was still active and look for a place where I could make use of my experience. In my previous role, I was involved in a wide range of operations, including product development, production engineering, overseas sales, and marketing. I had previously worked with NS TOOL in business dealings, and was also acquainted with members of the management team, including Senior Executive Vice President Takashi Goto. Among several options, NS TOOL was the company whose values I felt were the closest fit with my own.

When I first visited Sendai Factory, I was honestly surprised. Even compared with manufacturing sites I was familiar with, its production lines and systems were far more advanced. With a safe environment where work caps are not required and the introduction of collaborative robots, half of the smart factory concept we had envisioned for the future had already been realized. What left a particularly strong impression on me was that NS TOOL develops its measuring machines in-house. The Company has internalized measuring technology, which lies at the core of manufacturing, and its R&D Center is lined with machining centers from renowned manufacturers. I felt that this capital investment was made possible precisely because NS TOOL specializes in small-diameter end mills, something that would not be seen at a comprehensive cutting tool manufacturer.



Goto: When people who are familiar with tools visit our factory, they often get the sense that the Company is one step ahead. However, the factory we have today is the result of never being satisfied with that and continuing to pursue something further ahead. We did not acquire all of our equipment at once. Rather, we introduced one machine each year, selecting the best machine available at that time.

Welcoming an independent external director with expertise in manufacturing

Goto: At the monthly Board of Directors meetings, Mr. Saito often identifies weak points in proposals from the Development Division. Unlike major manufacturers, we have not always followed rigid routines and, to some extent, have advanced development based on the experience and judgment of individual employees. As a result, there have been areas where our review process was not sufficiently rigorous, and he has helped point these out.

In addition, among tool manufacturers, Mr. Saito has experience in handling a wide range of products at a comprehensive manufacturer. Because we specialize in the very narrow market of small-diameter tools, I feel that his perspective provides valuable stimulation from a different angle. Of course, there are many good practices we would like to learn from major manufacturers, but I do not believe we need to imitate everything they do. Rather, we should focus on things that major manufacturers could never do, and I believe that is precisely our strength.

Saito: What surprised me when I joined NS TOOL's Board of Directors meetings was the speed of decision-making. In my previous company, obtaining approvals took time, but at NS TOOL, a wide variety of matters are decided at the monthly Board of Directors meetings. I believe the speed from development to market launch is a major strength. As long as products are managed properly, there is no need to continue pursuing products that do not sell. Instead, the Company quickly moves on to the next product development project. This kind of agile product development is an approach that I personally like very much. At major manufacturers, it inevitably takes longer to bring products to market, making it difficult to adopt this kind of development approach.

Changes in the market environment and what NS TOOL should do now

Saito: More than anything, I believe we need to raise awareness of NS TOOL and its products. Too few people know just how widely NS TOOL's products are used in final products that underpin society. Without molds, final products cannot be made. NS TOOL's small-diameter end mills are essential to manufacturing in every field, including semiconductors and medical equipment. I believe we should communicate this fact more actively to the outside world. In addition, I believe it is important to deepen collaboration with universities, technical high schools, and vocational schools, and provide students with opportunities to tour our factories.

Goto: The technology for engraving letters on a human hair was developed in 2005, and more than 20 years have already passed, but many people are still unaware of this technology and these products. Even tool specialists at major manufacturers sometimes look at our samples and are surprised, saying, "I didn't know this was possible." As you said, we need to be more creative in how we communicate our strengths.

We would also like to strengthen our initiatives in overseas markets, which account for around 35% of sales. I hope Mr. Saito will use his network to support our overseas expansion.

Saito: As for development themes going forward, I think it may be worthwhile to focus on products that are uniquely NS TOOL—in other words, tools that other companies do not offer and that make users think, "What could I do with this?" These would be products that propose new machining methods.

Goto: That is precisely what we have long emphasized as "tools that are uniquely NS TOOL." Not every product we develop needs to fall into that category, but we must continue product development that is uniquely NS TOOL. I am convinced that these kinds of products bring a loyal following for NS TOOL. It is precisely these products, not whether they sell immediately or not, that matter. As a small-diameter tool manufacturer, we aim to build the technological capabilities needed to manufacture any tool with a diameter of 6 mm or less.

Message to our stakeholders

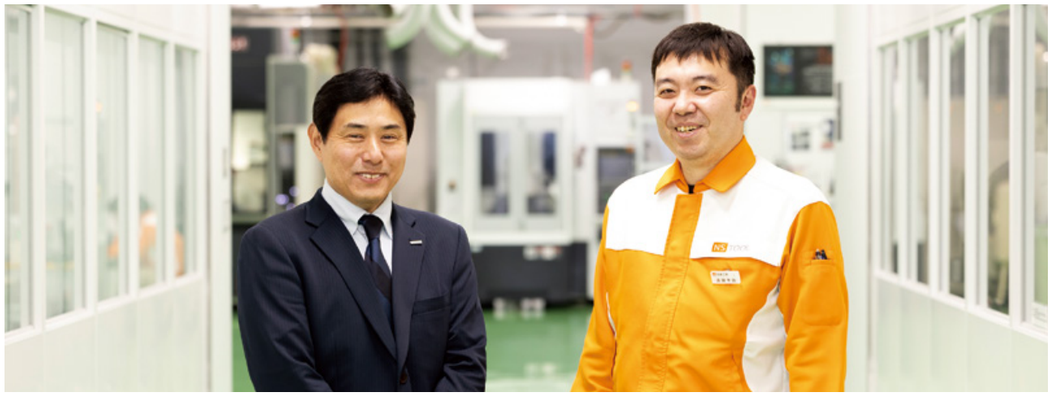
Saito: When people use NS TOOL products, it makes them happy. This is the message I place the greatest importance on. In other words, using tools from NS TOOL can help create an environment where people can work in a positive frame of mind. When people can do fulfilling work, they themselves can feel good about their work, and this also has a positive impact on those around them. I would be extremely pleased if NS TOOL products could help make that possible.

Goto: For me, the most important thing is to continue providing products that make users say, "It has to be a tool from NS TOOL." Sales growth is important, but I want to increase the number of users like that—the number of fans of NS TOOL. Another thing I want to value is making NS TOOL a company where employees would want their own children to work. If employees' children say they are glad they joined the Company their parents recommended, then that will be passed on to the next generation as part of our DNA. We aim to become a company where all of our employees' children would want to work.



New value created through collaboration between development and sales

As changes in the market environment become increasingly intense, the Company is accelerating the speed from new product development to launch and actively introducing new products. Behind this is deeper collaboration between the R&D Department and the Sales Department. Takamasa Endo, general manager who leads product development, and Junichi Kurosawa, group manager of the Sales Support Group, which connects sales and technology, discussed changes at the worksite and the form of organization they aim to create.



Junichi Kurosawa

Group Manager, Sales Support Group, Sales Department

After joining the Company, he was engaged in development work at Sendai Factory and gained frontline experience in product development as group manager of the R&D Group. He transferred to the Sales Department in 2023. As group manager of the Sales Support Group, he draws on his extensive experience at development sites to serve as a bridge between technology and sales. He oversees the Sales Engineering Section, Sales Planning Section, and Sales Administration Section, handling a wide range of activities from preparing technical data and producing catalogs and other materials to managing product inventories.

Takamasa Endo

General Manager, R&D Department

Since joining the Company, he has been consistently involved in product development and has led the development of numerous new products. He is well versed in cutting tool evaluation technologies and promotes the automation and efficiency improvement of evaluation processes. As general manager of the R&D Department, he currently leads efforts to achieve the ambitious target of developing more than 10 new products per year. He also focuses on engineer development and works to cultivate the next generation of development personnel.

Development reforms to keep launching new products

Endo: In recent years, the R&D Department has been expected to bring more new products to market more quickly. Rather than following the conventional approach of raising products to a high level of completion before launch in order to address diverse needs, we are advancing development in line with a policy of narrowing down the concept, first bringing products specialized for user needs to market, and then improving them while monitoring users' responses.

Naturally, this increases the number of development projects, so we need to implement the PDCA cycle while improving operational efficiency. One particularly important theme in this regard is improving the efficiency of cutting evaluation. By making time-consuming evaluations unmanned, we can now repeat evaluations without human intervention, including during nights and holidays, and the throughput of cutting evaluations has improved significantly. Without this system, I do not think we could possibly have handled the current number of development projects.

Turning development data into a format that communicates clearly

Kurosawa: I believe the role of the Sales Support Group is to take the technologies and product information created by the R&D Department, organize them clearly from the users' perspective, and put them into a format that enables sales personnel to explain them with confidence. The technical data prepared by the R&D Department is highly specialized. Even if it is presented as it is, it does not necessarily communicate effectively to users. For that reason, we explain product features and machining points clearly, and develop them into materials, videos, and web content.

It is important to communicate not only the result that a work sample has been successfully produced, but also why it can be produced and how it can be reproduced. We believe that only by going that far can we truly create value in our machining proposals and build trust with users.

Endo: The R&D Department also uses our in-house web studio to produce and distribute videos on products. By structuring them so that they are easy to understand not only for users, but also for members of the general public who are unfamiliar with end mills, we are widely communicating how the Company's small-diameter tools support manufacturing in society.

A mechanism for accumulating information and linking it to the next step

Endo: When we are launching many new products, we need a mechanism that enables us to accurately determine what worked well and what issues remain. A question is how evaluations obtained at sales sites should be used in the next development project. Unless that flow is visible, the speed of improvement will not increase.

Kurosawa: For the Sales Support Group as well, consolidating information is an important theme. Which materials did sales personnel use, and what kind of response did they receive? We need to ensure that this information does not simply remain as individual experience, but is accumulated as organizational knowledge and managed and used as information that supports decision-making. We want to build a mechanism for sharing not only successful examples, but also cases that did not go well, and linking them to the next decision.

Worksite exchanges to promote mutual understanding

Endo: To share technologies between R&D and sales, we have been accepting members of the Sales Engineering Section at development sites for a certain period. Rather than simply having them observe or receive training, we place importance on having them work at the same speed as members of the R&D Department.

R&D work does not end with simply determining whether machining succeeds or fails. We consider why that result occurred and dig deeper into how it can be used next. By having members of the Sales Engineering Section experience this speed and way of thinking, we have created mutual understanding with them. As a result, requests for verification and reporting have become smoother, improving overall efficiency.



Kurosawa: Even for a short period, when members of the Sales Engineering Section experience development sites, they improve their ability to analyze and consider cutting verification methods and results. They can also understand what the R&D Department emphasizes when developing products, and the issues and background behind tool design and cutting verification. As a result, I believe they can make more persuasive proposals to users, supported by sound reasoning, which will lead to greater trust.

Endo: It is important to train many engineers who understand the reasoning and can design products accordingly. We also want to develop people who understand the background and can think ahead, thereby strengthening our future competitiveness.

In organizational terms, when the R&D Department and Sales Department move in the same direction and circulate information between them, the speed of value creation will increase further. We will continue to work as one organization to take on the challenge of developing new markets.

Strengthening our global market perspective and outlook

Kurosawa: In overseas markets, there are increasing cases where proposals are expected to cover not only tools themselves, but also machining methods and underlying approaches. Even for the same machining process, the machines used, attitudes toward tool life, and priorities between productivity and cost differ greatly depending on the country or region. Rather than simply applying the technologies we have developed in Japan as they are, we need to provide them in forms that meet local needs. To do so, I believe we need to further strengthen collaboration among the R&D Department, Sales Department, and International Sales Department.



Endo: If we look only at the domestic market, we may misread the overall competitive landscape. In overseas markets, machining environments and cultures differ, and the value expected also changes. I feel it will become increasingly important to capture reliable market information, both in Japan and overseas, and reflect it in development.

Kurosawa: There was once a time when simply introducing products naturally led to sales. Today, however, users who are machining professionals have themes precisely because they are professionals. Of course, we need to explain product features and the benefits for users, but unless we go further and show what machining proposals we can offer in response to their themes, users will not choose us. To ensure users choose the Company, I feel we need to acquire knowledge and expertise not only in end mills, but also in machine tools, CAD/CAM, peripheral equipment, and other areas.

We have an extremely well-developed infrastructure for a tool manufacturer, including equipment, measuring equipment, and software. By making maximum use of these strengths and proposing cutting-edge machining technologies, we will strive to become a company that users say they must choose because it has to be NS TOOL.

Two complementary sales capabilities support the competitiveness of the NS TOOL Group

As competition intensifies in the precision cutting tool market, the Group strategically maintains two sales organizations. While the Company's Sales Department works to deepen existing markets by strengthening relationships with distributors and dealers, Group company G-Tech is responsible for agile approaches to customers requiring direct support. We spoke with the managers responsible at each company about collaboration between the two companies in domestic sales.



Eisuke Miyazaki

Executive Officer, General Manager of Sales Department
NS TOOL CO., LTD.

Joined the Company in 2003. As a sales representative, he was responsible for the eastern area and built a career in technical sales through business with major manufacturers, mainly in the precision mold market for mobile phones and digital cameras. He subsequently gained experience as a sales leader in building relationships with distributors and dealers and in strategic account development, before assuming his current position in June 2025.

Takeshi Hattori

Executive Officer, NS TOOL CO., LTD.
President, G-Tech Co., Ltd.

Joined NS TOOL in 2005. He was responsible for sales in the Shizuoka area, beginning his career with sales centered on automotive parts manufacturers. He then spent 10 years at the Nagoya Office, gaining experience in special tool support not only for precision molds, but also for parts processing. After being transferred to G-Tech Co., Ltd., the Group's direct sales subsidiary, he assumed his current position in June 2025.

Looking back on changes in the market environment and competitive landscape

Miyazaki: When I joined the Company, the eastern area was centered on the precision mold market for feature phones and digital cameras. There was a large amount of business with major manufacturers, and NS TOOL's product superiority and stable supply system made it an environment where sales activities could be conducted smoothly. The market as a whole was also on an expansion trend, and demand for small-diameter tools has grown to around twice the level seen when I joined the Company. One particularly striking change has been the move toward smaller corner radius (fillets), known as R chamfering. At that time, R0.5 was the mainstream, but today, radii below R0.1 have become standard, and the level of technical requirements has risen dramatically.

Hattori: I was responsible for Shizuoka Prefecture and began my career in an area closely related to automotive parts. I then spent 10 years at the Nagoya Office, where I gained experience in special tool support not only for molds, but also for parts processing. In Nagoya, I witnessed the major technological trend toward direct milling of high-hardness steel. Processes that had previously been performed before quenching shifted to direct milling of work materials after quenching, completely changing the requirements placed on tools. Our ability to respond to this change gave me a renewed awareness of NS TOOL's strengths.

Miyazaki: In terms of the market environment, while our domestic competitors have remained the same, some manufacturers have become noticeably more aggressive since around the COVID-19 pandemic. They are launching new products one after another to compete with NS TOOL's best-selling products, and their stance of seeking to gain market share through pricing strategies has become clear. We are also moving quickly to respond.

Hattori: The level of commitment among competitors has changed. Previously, my understanding was that even where they had equivalent products, they were not fully committed. Now, however, they are clearly pursuing product and pricing strategies aimed at gaining market share. In the ultra-small-diameter tool field in particular, competing products are entering areas that were once NS TOOL's exclusive domain, and standardization is in progress.

Roles of NS TOOL's Sales Department and G-Tech

Hattori: To achieve stable supply to the market, NS TOOL chose a sales channel based on distributors and dealers, and this became the foundation for its growth. G-Tech, on the other hand, plays a role in complementing sales channels that cannot be fully covered by NS TOOL's existing channels. Specifically, its main focus is on fields that require direct transactions due to their high level of confidentiality, such as semiconductor-related and medical equipment applications. It also serves the function of reliably capturing projects that might otherwise be missed through existing sales channels.

Miyazaki: G-Tech is a team that excels at gathering in-depth market intelligence. By identifying detailed needs that are difficult to capture through manufacturer sales alone and leveraging close relationships with users who are quick to launch new projects, it can obtain market trends and prototype-related information at an early stage. This agility is also effective in responding to priority fields, including semiconductor-related areas. For example, G-Tech becomes involved from the early stages of new projects, identifies issues at the prototype stage, and feeds this information back into product development. As this cycle operates, it enhances the competitiveness of the Group as a whole.



The two organizations are not competitors, but are entirely complementary. NS TOOL strengthens relationships with distributors and dealers and deepens engagement with existing customers, while G-Tech handles areas requiring direct support and obtains new information. The clearer this division of roles becomes, the stronger the Group's overall sales capabilities become. I am convinced that this also benefits customers by enabling them to choose the most appropriate contact point depending on the situation.

Hattori: I believe G-Tech should serve as an information hub, quickly sharing customer insights gained through its close proximity to users with NS TOOL and leveraging those insights in product development and sales strategies. We gather feedback from users in the field through our sales activities, such as "It would be great if there were a tool like this," and use it to drive product development. To achieve this, I believe the key is to rebuild the structure NS TOOL once had for quickly turning feedback from the front lines into products. By working closely not only with NS TOOL's Sales Division, but also with the Development Division, and increasing the speed of information sharing, we aim to minimize the time lag between market needs and product development.

Growth strategies and key challenges going forward

Miyazaki: For future growth, it is essential to rebuild the kind of trust that makes customers feel, "if we ask NS TOOL, we won't be let down." To achieve this, we need a structure that enables us to act as an organization. In the past, we were able to win through strengths that depended on individual personnel, but today we must compete with competitors that are leveraging organizational capabilities. We aim to raise the technical capabilities of each sales representative and build a structure in which any representative can provide proposals of the same quality.

In addition, sales representatives are expected not only to deepen relationships with existing customers, but also to develop new application markets. We will develop personnel who acquire technical capabilities and can respond sincerely to customers. It is also important to further strengthen relationships with distributors and dealers, and create an environment in which they actively recommend NS TOOL products. To do so, we need not only product capabilities, but also more robust information provision and support systems.

Hattori: At G-Tech, we will thoroughly instill a culture in which all employees focus on customers and act quickly. We aim to become an organization where not only sales representatives, but also operations staff, can be useful to customers, and to become a trusted company that is not drawn into price competition. Our goal is to remain the first company customers turn to when they face a problem.

Reflections on their first year as executive officers and aspirations for the future

Miyazaki: Since becoming an executive officer, the matters I need to consider have increased significantly. People outside the Company have viewed this as a bold promotion, and I keenly feel the weight of that responsibility. In the fiscal year ending March 31, 2027, my second year in the role, I want to focus on strengthening relationships with our main sales channels and creating a foundation that enables group managers, sales office managers, and sales representatives to work more effectively. I see building an environment where those in the field can fully demonstrate their capabilities as my highest priority.

Hattori: As President of G-Tech, this past year has made me realize just how difficult management is. Managers are tested on how they allocate people, goods, and money, as well as on their priorities and resolve. Going forward, we will focus on sharing with NS TOOL the information we obtain through customer contact points and building relationships that benefit all parties. I want to create a system that enables customers, NS TOOL, G-Tech, and everyone involved in our sales channels to grow.



Introduction to East Group, Sales Department

The East Group of the Sales Department oversees eastern Japan through three sales offices. Here, we spoke with the managers of the Sendai and Nagano Offices, excluding the Tokyo Office, about market trends in their respective areas, the status of initiatives to improve distribution networks, and their outlook going forward.



Masayuki Ukai

East Group, Sales Department
Manager, Nagano Office

Joined the Company mid-career in 2011. After sales engineering training at the Tokyo Office, he worked at the Sendai Office and G-Tech before transferring to the Nagano Office in 2021. He has held his current position since 2022.

Yoshinori Ichikawa

East Group, Sales Department
Manager, Sendai Office

Joined the Company as a new graduate in 2006. After factory training, he worked in sales engineering, sales, and development. He has extensive knowledge of manufacturing sites and technologies, and has held his current position since 2025.

Jurisdiction for each sales office and market trends

Ichikawa: The East Group covers a wide area from the Kanto-Koshinetsu region, including part of Shizuoka, through to the Tohoku region, while the Sendai Office is responsible for the six prefectures of Tohoku. The Tohoku area is home to a concentration of semiconductor-related factories. Recently, while the semiconductor field has been showing some signs of slowing, electronic components, connectors, switches, automotive parts, and other fields have gradually begun to move, with clear differences emerging by field. One major change in the market environment is the increasing involvement of quality assurance departments at manufacturers, and the approval process for tool changes in mass-produced parts has become more stringent. To respond to this, we have shifted our sales activities toward becoming involved at the launch of new products or the initial stages of new projects, rather than promoting tool changes midway through mass production.
Ukai: The Nagano Office is responsible for Nagano and Niigata prefectures. Both are among Japan's leading areas for mold production, and we recognize them as important markets with strong tool demand. In Nagano Prefecture, the Hokushin and Toshin areas are mainly focused on molds and parts processing, while in the Chushin and Nanshin areas, parts processing is mainstream, reflecting the flow of precision machining from Suwa. One characteristic of Nagano is strong demand for precision tools with diameters of 6 mm or less. Niigata Prefecture, on the other hand, handles a large volume of aircraft parts and machine tool parts processing, and is characterized by strong demand for tools with diameters greater than 6 mm.

Initiatives to improve the distribution network

Ichikawa: At the Sendai Office, we are promoting a shift from a model driven by direct sales to one led by our distributor network. Given the vast area covered by the Tohoku region, there are limits to what our own sales force can cover. Accordingly, we are working to create mechanisms that encourage dealers to proactively propose our tools to users, including regular visits, sharing short-term targets, and various sales campaigns.
Ukai: We have reviewed the way we share sales targets with distributors and dealers, and are promoting initiatives that help them reaffirm their numerical targets through regular visits and reporting. We have also increased the number of joint customer visits and product study sessions, focusing on creating an environment in which dealer sales representatives understand our products and can sell them more effectively. Because the geographical area we cover requires extensive travel and it is not possible to visit every user, we also make use of email communications.

Establishing a new sales style

Ichikawa: We will work to establish a sales style that delivers maximum results with optimal effort. By systematizing operations, utilizing knowledge, and dividing roles with dealers, we aim to efficiently increase sales, earn fair evaluations, and demonstrate a sales approach that delivers results within appropriate working hours. Through this, I want to draw out the motivation of my team members to grow. In terms of development, we will increase the number of sales personnel who can think and make proposals for themselves through guidance on using materials for each project and training that requires them to calculate cutting conditions themselves.
Ukai: In the fiscal year ended March 31, 2026, we launched many new products, and as a result, there were more occasions when users asked, "What will come next?" I recognize that, at this moment when interest is rising, the role of sales is to identify users' requests and link them to the development of products that will sell. Through seminars and user training sessions in each region, we will solve issues and understand market needs, thereby contributing to the Company's growth.

Introduction to Hong Kong Subsidiary

We spoke with two members of NS TOOL Hong Kong Ltd. (hereinafter NSHK), which oversees the Chinese market, the largest overseas sales region within the NS TOOL Group.



Tommy Li

Director,
Vice General Manager
NS TOOL Hong Kong Ltd.

After working for companies including an import trading company specializing in cutting tools, he joined NSHK in 2013 when it was established and participated in the launch of the business. He has held his current position since 2018.



Gerrad Huge

Vice General Manager
NS TOOL Hong Kong Ltd.

After working for a Japanese connector manufacturer, he joined NS TOOL in 2013. Following responsibility for the Greater China region in the International Sales Department, he was appointed Head of the NSHK Shenzhen Representative Office in 2020 and continues in that role today.

From the launch of NSHK to today

NSHK was established as the NS TOOL Group's first overseas subsidiary to expand sales in the Greater China region, and handles product supply to mainland China and local inventory management. Although I had experience working in the mold industry and at an import trading company specializing in cutting tools, this was my first time being involved in establishing a company. NSHK Headquarters was launched by two people, including myself, and with ongoing support from NS TOOL's management team and International Sales Department, we were able to stabilize operations successfully. In 2025, NSHK entered its 13th year since establishment. During this time, as the business has expanded, we have increased personnel and expanded inventory space. We have built a structure in which employees support one another in their day-to-day work. Although we have faced various difficulties, including the social unrest in Hong Kong in 2019, the COVID-19 pandemic in 2020, and the economic slowdown in China in 2023, we were able to overcome them together.

In the Chinese market as well, NS TOOL's extensive product variations are a strength. However, in semiconductor- and electronic component-related markets, there are diverse product needs that we have not yet fully addressed, and I believe there are opportunities to link these needs to new product development. We will strengthen collaboration with NS TOOL in order to further expand product variations and offer even higher-performance tools.



Employees of NSHK Headquarters

Role of the Shenzhen Representative Office and history in the Chinese market

The Shenzhen Representative Office was opened in 2015 as a branch office of NSHK, and focuses mainly on providing technical support to customers in mainland China. After increasing personnel and opening the Suzhou Office in 2021, it now operates with a team of three. Responsibilities are divided by area, and the office supports local distributors and dealers that cultivate new customers in China, while also providing technical support for NS TOOL tools.

Since joining NS TOOL in 2013, I have been engaged in sales activities in the Greater China region in the International Sales Department, and since 2020, I have overseen overall operations as head of the Shenzhen Representative Office. During the period from the establishment of NSHK to the pandemic, as the tool market developed alongside the Chinese economy, helping to significantly expand NS TOOL's business in China was an extremely valuable experience.

China's tool market is an open and dynamic environment where brands from around the world continue to compete fiercely, supported by strong demand from numerous manufacturers. Recently, the rise of Chinese tool manufacturers has made the competitive environment more challenging, but NS TOOL's strong product capabilities remain a major strength, and its ball end mills, in particular, are highly regarded by users. In this vast market, we will continue to compete by leveraging the strength of our products.



Employees of the Shenzhen Representative Office



The future of Japanese manufacturing from the perspective of a global niche leader

NAKANISHI INC. (TSE Standard Market: 7716), whose core technology is ultra-high-speed rotation technology, boasts the world's No. 1 market share in dental handpieces. NS TOOL President Hiroji Goto spoke with NAKANISHI President Eiichi Nakanishi, which has built a partnership with NS TOOL spanning more than 20 years, about NAKANISHI's strategic initiatives toward becoming a global leader in niche markets and the conditions Japanese manufacturing companies must meet to continue winning in global markets.



Eiichi Nakanishi
Representative Director, President & Group CEO NAKANISHI INC.

Joined NAKANISHI INC. in 1990 and was appointed Representative Director, President & CEO in 2000. Immediately after becoming President, he formulated the Nakanishi Reborn Plan, targeting global markets and developing growth and branding strategies. In 2013, he led the company to the world's No. 1 market share in dental handpieces. In 2017, the company completed its new headquarters R&D center, RD1. With outstanding rotational technology at its core, he has established NAKANISHI's position as a global precision equipment manufacturer through management that promotes expansion not only in dental medical equipment, but also in surgical medical equipment and industrial spindle fields, as well as thorough in-house production.

Long-standing partnership with NS TOOL

Goto: I am truly grateful for the relationship we have enjoyed with your company for more than 20 years. Our relationship began in the era of our previous presidents, when we collaborated to sell your spindle products together with our tools.
Nakanishi: Our personal connections go back roughly 25 years. It was around 20 years ago that we began using NS TOOL's small-diameter end mills in earnest. We rotate the tools, and you make the cutting tools themselves. Only when both sides come together can the highest level of machining be achieved. I feel this is a highly unique and compatible partnership, both technologically and in terms of the relationship between top management.

In particular, over the past few years, the cutting tools used in our production processes have been almost entirely standardized as NS TOOL products. The reasons are clear. First is your extensive product lineup. The 1–5 mm diameter end mills we mainly use are available in 0.05 mm increments. Second is your coating technology. The tools are coated optimally for cutting the stainless steel and titanium that we frequently use. Third is appropriate pricing and responsiveness. You have also flexibly produced custom thread mills for our thread machining. And finally, there is delivery. We recognize that your system, which ensures there are no stockouts and that tools are always available when needed, is a major strength.
Goto: At NS TOOL, we are thorough in ensuring that we do not run out of inventory. We have built a system in which approximately 200 model numbers and 10,000 sizes are always in stock, enabling next-day delivery anywhere in Japan. This is because we believe there is no point if our users' manufacturing comes to a halt. NAKANISHI currently uses many of our standard products. Looking ahead, could you tell us about any requests you may have, such as support for new materials?
Nakanishi: A recent example would be stainless steel machining tools for the medical market. You have already provided support in this area, which has been extremely helpful. Demand for medical applications is expected to continue growing, so we would like to ask for your continued support. Above all, what matters most is QCD: quality, cost, and delivery. Price competition from Chinese manufacturers is becoming increasingly severe. Providing better tools at lower prices is essential for us to maintain our competitiveness.
Goto: In terms of cost, we are continuously working to extend tool life. For example, simply changing from a 2-flute to a 4-flute design doubles machining speed and also doubles tool life. We offer 4-flute specifications even for 0.1 mm diameter tools, so I hope you will make full use of them. We announced a 0.01 mm diameter tool more than 10 years ago, and only recently have users finally begun using 0.05 mm and 0.03 mm diameter tools.



Hiroji Goto
President
NS TOOL CO., LTD.



Challenge toward global No. 1

Goto: Today, I had another opportunity to tour your manufacturing facilities. In short, I was truly impressed by your company.
Nakanishi: Likewise, every time I visit NS TOOL's Sendai Factory, I come away inspired. I also thought NS TOOL's Ishikawa training school was an excellent initiative when I heard about it during a factory visit, so we immediately introduced a similar program at our company. When I became President & CEO in 2000, NAKANISHI ranked fifth globally in dental handpieces, with the top four positions held by long-established manufacturers in Germany, Switzerland, and Austria. We therefore formulated the Nakanishi Reborn Plan, setting a goal of becoming the global No. 1, and implemented five major transformations: strengthening product capabilities, strengthening sales capabilities, building an after-sales service system, improving production and quality capabilities, and enhancing brand strength. During the collapse of the consumer electronics industry, we recruited a large number of talented engineers, while simultaneously establishing our own sales network across 19 locations worldwide. Then, in 2013, we succeeded in becoming the global No. 1.
Goto: During the factory tour, I was surprised to learn that you manufacture your own bearings. Bearings are the heart of your products, aren't they?
Nakanishi: About 10 years ago, we developed dedicated equipment and began producing them in-house. Since the shape of the spindle is largely determined by the bearings, having the ability to design them ourselves gives us a major advantage. This is particularly important for dental applications, where minimizing size is critical, and it has greatly increased our design flexibility. It was a decision made by my predecessor to bring in an engineer with expertise in bearing grinding machines from outside the company. Bearings are the culmination of specialized know-how, so in-house production would have been impossible without that expertise.

For Japanese manufacturing to win globally

Nakanishi: I believe there are three important points. The first is to sharpen your company's strengths. The strength of Japanese manufacturing lies in its commitment to detail. It is important to refine technologies to a level competitors cannot reach. We also specialized in dental handpieces and built our position as the global No. 1.

The second is staying close to customers. The Japanese spirit of *omotenashi*, or being "closer to the customer," is a major differentiating factor from overseas manufacturers. Our overseas sales staff also thoroughly maintain an approach of staying much closer to customers than our competitors, and this has led to a high repeat rate.

The third is actively utilizing the latest technologies. We are also actively using AI, and our development speed has improved dramatically. In product development, there are now cases where work that previously took three months can be completed in one hour. Quickly spreading this kind of efficiency improvement is the key to competitiveness.

Finally, NS TOOL, which is very similar to us in both technology and culture, is an ideal partner with whom we can inspire each other to improve. I hope both companies will continue bringing even better products to the world.
Goto: NS TOOL is currently accelerating new product development. We have shifted to a policy of first bringing products to market without fear of failure, and are aiming to launch more than 10 products per year. As top management, I will take all risks myself, while encouraging our frontline staff to take on major challenges. In this way, we will further advance our challenges as a niche top manufacturer.

Finally, NAKANISHI is more than a business partner. You are an important partner with whom we can complement each other both technologically and strategically. NS TOOL's ultra-micro tool technologies can meet your needs for miniaturization, while your high-speed rotation technologies can maximize the performance of NS TOOL tools. Let us continue taking on challenges together, while making use of each other's strengths. Thank you for your valuable insights today.

Financial and Non-Financial Highlights (NS TOOL CO., LTD. and Consolidated Subsidiaries)

(¥ million)

		FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	25/26 Changes
Profit and loss (For the year)												
Net sales		8,825	9,767	10,476	9,531	8,100	9,524	9,656	9,040	9,431	9,494	0.7%
By product	End mills (Diameter 6 mm or less)	6,377	7,390	7,832	7,310	6,338	7,449	7,483	7,153	7,539	7,635	1.3%
	End mills (Diameter over 6 mm)	1,033	1,095	1,152	945	739	909	891	785	798	799	0.1%
	End mills (others)	788	577	697	614	478	488	536	438	430	365	-15.2%
	Other products	626	704	793	660	543	677	744	662	662	694	4.8%
	Ratio of small-diameter end mills	72.3%	75.7%	74.8%	76.7%	78.3%	78.2%	77.5%	79.1%	79.9%	80.4%	—
Overseas net sales*1		2,167	2,553	2,898	2,916	2,495	2,954	3,112	2,716	3,143	3,283	4.4%
Ratio of overseas net sales		24.6%	26.1%	27.7%	30.6%	30.8%	31.0%	32.2%	30.1%	33.3%	34.6%	—
Gross profit		4,823	5,528	5,929	5,224	4,137	4,891	5,115	4,942	4,983	5,261	5.6%
Selling, general and administrative expenses		2,810	2,833	3,049	3,005	2,624	2,780	3,007	3,075	3,215	3,301	2.7%
Operating profit		2,013	2,695	2,879	2,219	1,512	2,111	2,108	1,867	1,767	1,959	10.9%
Ordinary profit		2,026	2,733	2,894	2,231	1,712	2,156	2,131	1,908	1,779	2,011	13.0%
Profit attributable to owners of parent		1,420	1,903	1,970	1,545	1,214	1,522	1,475	1,320	1,264	1,442	14.0%
Cash flows (For the year)												
Cash flows from operating activities		1,894	2,910	1,868	1,908	2,526	2,261	1,614	1,834	2,011	2,138	6.3%
Cash flows from investing activities		(787)	(657)	(1,383)	(1,769)	(187)	(348)	(1,137)	(575)	(392)	(380)	-3.2%
Free cash flows		1,107	2,252	485	138	2,338	1,912	477	1,259	1,618	1,758	8.6%
Cash flows from financing activities		(499)	(562)	(563)	(562)	(438)	(763)	(560)	(883)	(684)	(2,055)	200.4%
Financial position (At year-end)												
Total assets		12,517	14,467	15,381	16,017	16,936	17,874	18,857	19,241	19,941	19,595	-1.7%
Cash and deposits		4,659	6,325	6,209	5,784	7,674	8,543	8,497	8,893	9,868	9,567	-3.0%
Inventories		1,592	1,745	2,056	2,201	1,758	1,840	2,320	2,381	2,308	2,350	1.8%
Shareholders' equity		10,652	11,993	13,400	14,383	15,162	15,944	16,929	17,441	18,086	17,520	-3.1%
Per share data*2												
Earnings per share (EPS) (¥)		56.81	76.12	78.80	61.81	48.55	60.89	59.16	53.03	50.80	58.38	14.9%
Net assets per share (¥)		426.55	479.94	535.74	574.81	605.44	640.58	680.51	705.25	731.24	751.94	2.8%
Dividend per share (DPS) (¥)		20.00	22.50	22.50	22.50	17.50	22.50	22.50	27.50	30.00	30.00	—
Dividend payout ratio		35.2%	29.6%	28.6%	36.4%	36.0%	37.0%	38.0%	51.9%	59.1%	51.4%	—
Financial data												
Gross profit margin		54.7%	56.6%	56.6%	54.8%	51.1%	51.4%	53.0%	54.7%	52.8%	55.4%	—
Ordinary profit margin		23.0%	28.0%	27.6%	23.4%	21.1%	22.6%	22.1%	21.1%	18.9%	21.2%	—
Value added per employee*3 (¥ thousand)		15,705	17,299	18,004	16,329	14,033	15,878	16,065	15,433	15,139	15,709	3.8%
Return on assets (ROA)		11.9%	14.1%	13.2%	9.8%	7.4%	8.7%	8.0%	6.9%	6.5%	7.3%	—
Return on equity (ROE)		14.0%	16.8%	15.5%	11.1%	8.2%	9.8%	9.0%	7.7%	7.1%	8.0%	—
Equity ratio		85.2%	83.0%	87.1%	89.7%	89.4%	89.2%	90.1%	91.1%	91.4%	90.1%	—
R&D expenses		366	330	296	364	388	428	422	409	427	455	6.5%
Capital investment		774	663	1,268	1,755	462	659	686	563	111	486	337.6%
Depreciation		632	625	629	698	707	692	669	627	644	605	-6.1%
Non-financial data												
Number of employees		322	338	343	338	339	348	352	350	358	364	1.7%
Number of directors		9	8	7	8	9	9	9	10	10	10	—
Ratio of independent directors		33.3%	37.5%	28.6%	37.5%	33.3%	33.3%	33.3%	40.0%	40.0%	50.0%	—
Ratio of independent external directors		33.3%	37.5%	28.6%	37.5%	33.3%	33.3%	33.3%	40.0%	40.0%	50.0%	—
Ratio of female directors		22.2%	25.0%	28.6%	25.0%	22.2%	22.2%	22.2%	30.0%	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



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

Review of consolidated financial results for FY3/26

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

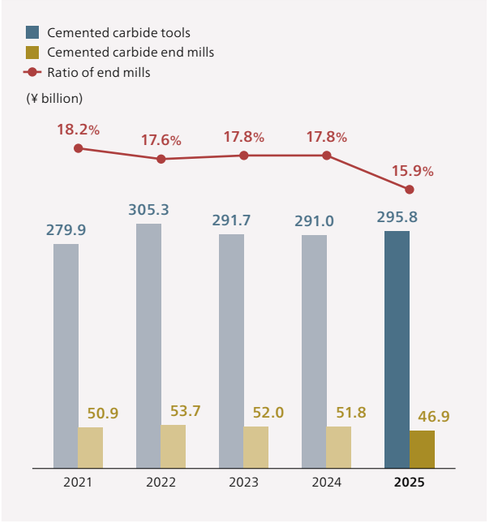
In the fiscal year ended March 31, 2026, the overall economy remained on a moderate recovery trend. Production in the domestic cemented carbide tool market in the 2025 calendar year also slightly exceeded the previous year's result. However, the market for cemented carbide end mills, the NS TOOL Group's main products, has continued to contract over the past several years. In particular, domestic production in 2025 fell significantly year on year, reflecting sluggish domestic mold demand.

In the Group's business, among major sources of demand in Japan, demand in semiconductor-related fields remained strong across a wide range of areas, from manufacturing equipment to inspection processes, supported by strong activity in AI and data centers. Demand related to electronic components and devices also remained generally firm. Automotive-related demand was sluggish in the first half due to the impact of U.S. tariff issues, but recovered toward the second half, mainly for hybrid vehicles. Overseas, demand was strong mainly in Asia, including Greater China (China, Hong Kong and Taiwan), for automotive, optical, and data center-related applications. As a result, despite a business environment marked by a contraction in the end mill market, consolidated net sales for the fiscal year ended March 31, 2026 increased 0.7% year on year to ¥9,494 million.

By product category, net sales of end mills (diameter 6 mm or less) increased by 1.3% year on year to ¥7,635 million, and the ratio of small-diameter end mills (diameter 6 mm or less) increased by 0.5 percentage points to a record high of 80.4%.

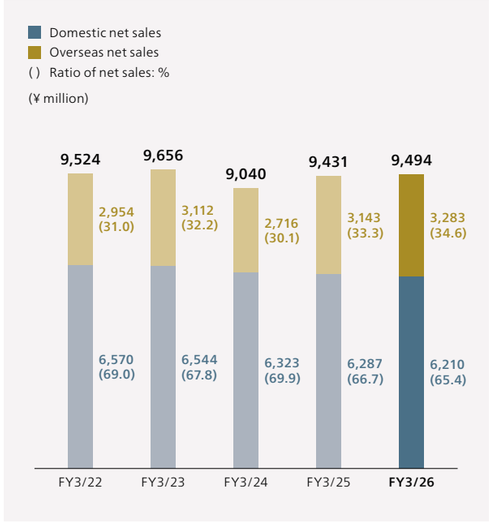
By region, domestic net sales declined by 1.2% year on year to ¥6,210 million, affected by sluggish automotive-related demand. Overseas net sales, driven by strong performance in Asia, including Greater China as well as Thailand, India, and Vietnam, increased 4.4% to ¥3,283 million. As a result, the ratio of overseas net sales rose 1.3 percentage points year on year to 34.6%. In terms of sales activities, we proactively introduced models of new products. On the production side, in addition to the mass production effect from increased production accompanying higher sales, we achieved cost reductions through initiatives centered on small-group improvement activities (Orange FC Activities). As a result, gross profit in the fiscal year ended March 31, 2026 rose 5.6% year on year to ¥5,261 million, and the gross profit margin increased by 2.6 percentage points to 55.4%. In terms of expenses, although advertising expenses and exhibition expenses mainly decreased, selling, general and administrative (SG&A) expenses increased 2.7% year on year to ¥3,301 million, mainly due to higher personnel expenses driven by wage increases.

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



Source: Current Survey of Production, Ministry of Economy, Trade and Industry

Trend of net sales (Domestic and overseas)



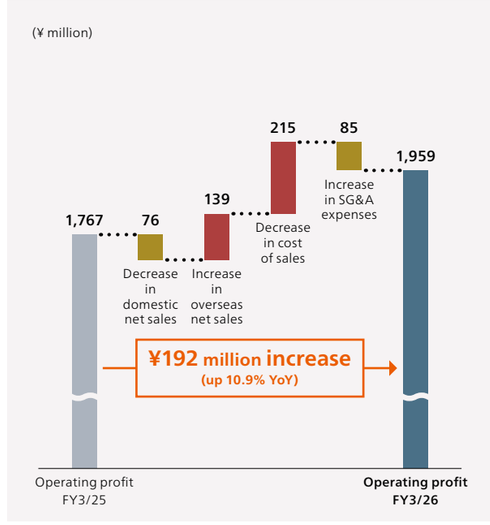
As a result, financial results for the fiscal year ended March 31, 2026 were as follows: due to higher net sales and a decrease in cost of sales, operating profit increased 10.9% year on year to ¥1,959 million, ordinary profit increased 13.0% to ¥2,011 million, and profit attributable to owners of parent increased 14.0% to ¥1,442 million. The Company targets an ordinary profit margin of 20% as a key performance indicator (KPI), and the ordinary profit margin for the fiscal year ended March 31, 2026 rose 2.3 percentage points year on year to 21.2%. The ordinary profit margin increased because sales rose on strong performance in Asia, including Greater China, and because manufacturing costs were restrained through cost reductions, despite increases in raw material costs and labor costs. Regarding the other target of an ROE of 10%, ROE for the fiscal year ended March 31, 2026 was 8.0%. Although this fell short of the target, it improved 0.9 percentage points year on year as a result of increased profit and the acquisition of more than ¥1.3 billion of treasury shares to improve capital efficiency. The Company will continue to implement various measures to achieve sustainable growth and stronger profitability.

Financial position for FY3/26

As for the financial position for the fiscal year ended March 31, 2026, total assets decreased by ¥346 million compared to the end of the fiscal year ended March 31, 2025, to ¥19,595 million, mainly due to a decrease in cash and deposits resulting from the acquisition of treasury shares. Compared to the fiscal year ended March 31, 2025, total liabilities increased by ¥217 million to ¥1,743 million due to an increase in elements including income taxes payable, while total net assets decreased by ¥564 million to ¥17,851 million, primarily as a result of the acquisition of treasury shares.

Regarding cash flows, net cash provided by operating activities amounted to ¥2,138 million (up 6.3% year on year), reflecting profit before income taxes of ¥2,014 million together with cash inflows and outflows from depreciation, income taxes paid, and other items. Net cash used in investing activities amounted to ¥380 million (down 3.2% year on year), reflecting expenditures for the acquisition of fixed assets. Net cash used in financing activities amounted to ¥2,055 million (up 200.4% year on year), reflecting the acquisition of treasury shares and dividend payments. As a result of the above and the effect of exchange rate fluctuations, cash and cash equivalents on a consolidated basis decreased by ¥300 million from the end of the fiscal year ended March 31, 2025 to ¥9,467 million.

Analysis on increases/decreases in consolidated operating profit

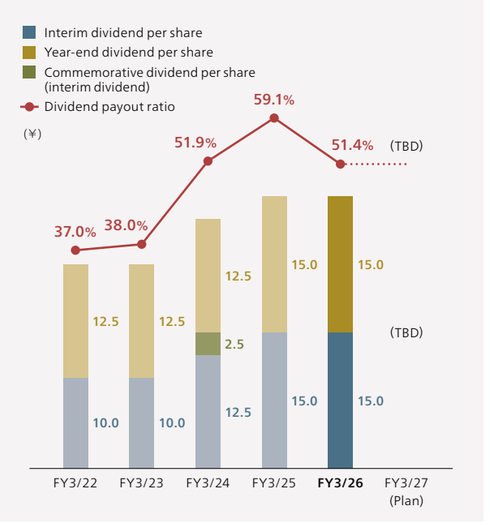


Shareholder returns policy

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, 2026, the annual dividend was ¥30.0 per share, consisting of an interim dividend of ¥15.0 and a year-end dividend of ¥15.0. The dividend forecast for the fiscal year ending March 31, 2027 has not yet been determined and is scheduled to be announced at the same time as the full-year earnings forecast.

Trend in dividends per share and dividend payout ratio



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 Finance & Accounting Department (present post)



Takayoshi Saito
Independent External Director

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
Jun. 2025: Independent External Director of NS TOOL (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)



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)
Mar. 2026: Outside Director of JUKI CORPORATION (present post)

Executive Officers

Koichi Okada
Head of Sendai Factory

Masahito Kobayashi
General Manager of General Affairs Department

Yuji Goto
Officer In charge of Production

Eisuke Miyazaki
General Manager of Sales Department

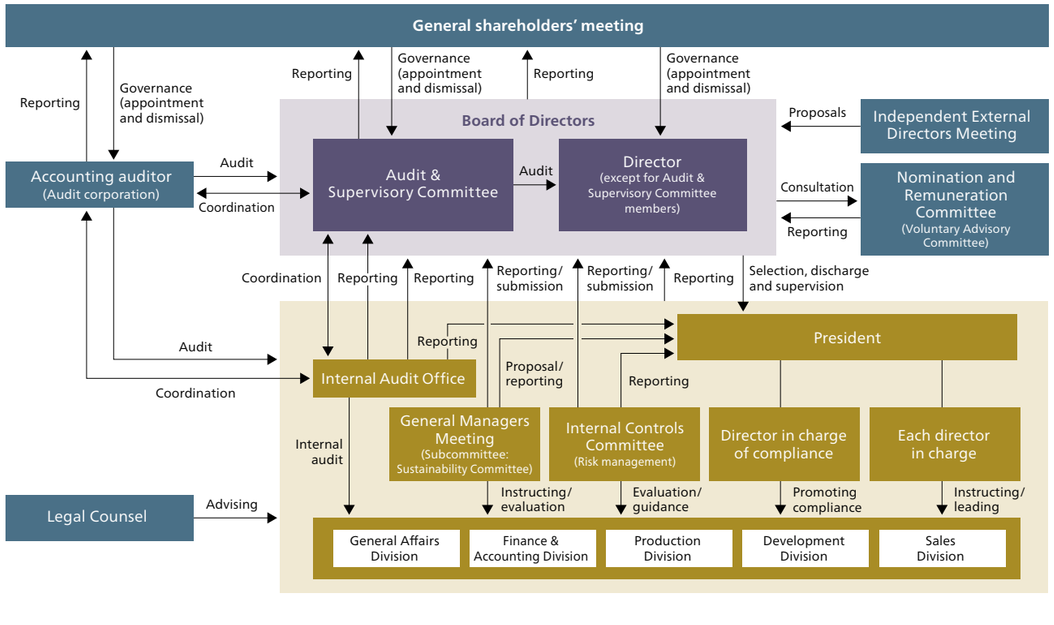
Takeshi Hattori
Officer In charge of Sales

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, 2026)



Structural chart (As of March 31, 2026)

Corporate governance system	Company with Audit & Supervisory Committee
Number of directors who are not Audit & Supervisory Committee members (of whom, independent external directors)	5 (1)
Number of directors who are Audit & Supervisory Committee members (of whom, independent external directors)	5 (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 5 members)
Optional committees	Nomination and Remuneration Committee (consisting of 4 members: 3 independent external directors and 1 internal director)
Accounting auditor	Sousei Audit Corporation

Company with Audit & Supervisory Committee

The membership of the Audit & Supervisory Committee consists of five members (one full-time Audit & Supervisory Committee member and four 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 five independent external directors.

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.

The Company has established an Independent External Directors Meeting composed of all independent external directors.

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.
Mr. 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.

The five were appointed as independent external directors 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 five 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.

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						●	●	●	●
Takayoshi Saito				●	●	●			
Hiroshi Tajima	●						●	●	●
Naoko Fujisaki	●	●	●				●	●	
Toshiaki Hiraga	●	●	●					●	●
Kenichi Sasamoto	●	●	●				●	●	●
Hideyo Nakano	●		●			●	●		●

Board members' remuneration, etc.

(FY3/26)

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 Nomination and Remuneration Committee formulates a payment proposal that considers the level of contribution made by the individual, based on the total amount calculated by multiplying the expected consolidated operating profit at the end of the fiscal year by a coefficient. The proposal is submitted to the Board of Directors for approval. 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 (FY3/26)

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.	Retirement benefits for directors	Non-monetary remuneration, etc.	
Directors (except for Audit & Supervisory Committee members) (of which, independent external directors)	287 (10)	171 (6)	87 (1)	— (—)	28 (3)	5 (1)
Directors (Audit & Supervisory Committee members) (of which, independent external directors)	63 (36)	60 (36)	— (—)	2 (—)	— (—)	6 (4)

Notes: 1. The above table includes one director who was an Audit & Supervisory Committee member and retired at the conclusion of the 64th Annual General Meeting of Shareholders held on June 24, 2025.
2. The amount of directors' remuneration does not include the salaries paid as employees to directors who serve concurrently as employees.

Status of realization of Materiality KPI progress

The NS TOOL Group's sustainability strategy is linked to activities under ISO standards (quality and environmental management systems). The ISO activity targets of each division are associated with each of the six materiality items selected as essential elements for the Company's sustainable growth and coexistence with society, and are then translated into specific targets as Materiality KPIs.*

The main Materiality KPIs and their achievement status in the fiscal year ended March 31, 2026 are as follows.

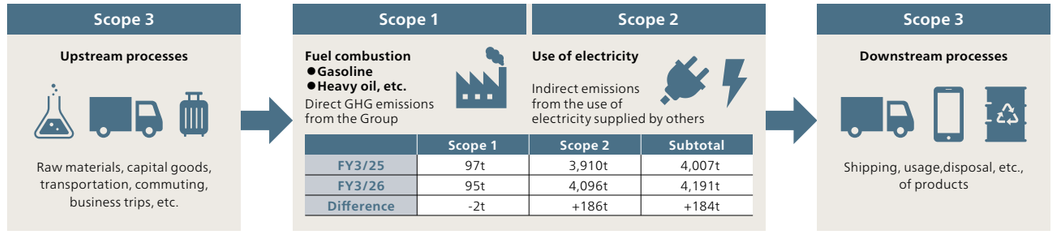
* KPI: Key Performance Indicator. Important business targets that are scheduled and quantified.

Materiality		Materiality KPI	Main division that promotes the KPI				
			Development	Production	Sales	Administration	Subsidiaries
1 Responding to environmental issues	1	Reduce users' environmental impact through the development, manufacture, and sale of high-performance products	○	△	○		
	2	Reduce the Company's CO_2 emissions through improvements in production efficiency and operational efficiency	○	○			◎
	3	Reduce electricity used for production of a piece		○			
	4	Promptly and accurately monitor the Company's CO_2 emissions	○	○	○	○	○
2 Respect for human rights	1	Secure traceability of the raw materials such as tungsten and cobalt		○			
3 Contributions to community and society	1	Participate in volunteer activities such as blood donation, cleaning, and traffic safety events in the Sendai area and support local sports teams		○			
	2	Continue to donate food materials of Tohoku region to children's community kitchen, Shinagawa children's cafeteria		○		○	
4 Employee job satisfaction	1	Enhance employee development systems	△	○	○	○	○
	2	Enhance employee training programs				○	
	3	Conduct activities aimed at obtaining the *Kurumin* certification as a child-friendly company	○	○	○	○	○
	4	Enhance in-house study sessions				○	
5 Partnerships with suppliers and distributors	1	Strengthen collaboration with domestic sales partner companies			○		
	2	Strengthen collaboration with overseas sales partner companies			◎		
6 Crisis management for disasters, etc.	1	Strengthen the Company's production system through greater in-house processing					△
	2	Promote regional decentralization 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

The Group calculates Scope 1, 2, and 3 greenhouse gas (GHG) emissions based on the GHG Protocol standards. In the fiscal year ended March 31, 2026, total Scope 1 and 2 emissions for the entire Group increased by 184 tons year on year to 4,191 tons, as energy consumption, mainly electricity, increased in line with higher production volume. Including Scope 3, the Group's total GHG emissions in the fiscal year ended March 31, 2025 amounted to 12,820 tons, a year-on-year increase of 805 tons compared to the fiscal year ended March 31, 2024 primarily due to an increase 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 1	Scope 2	Subtotal
FY3/25	97t	3,910t	4,007t
FY3/26	95t	4,096t	4,191t
Difference	-2t	+186t	+184t

Comparison with previous fiscal year	FY3/24	FY3/25	Difference
Scope 3 emissions	7,496t	8,813t	+1,317t
Total Scope 1, 2 and 3 emissions	12,015t	12,820t	+805t



Yuki Saito
Member of Accounting Section, Administration Department
(Joined NS TOOL in April 2022)

Yuna Uchiyama
Member of General Affairs Section, General Affairs Department
(Joined NS TOOL in April 2022)

Yuko Adachi
Managing Director, in charge of general affairs/ administration
(Information Supervisor)

Building the foundation for realizing *MEI-RAKU-SO* (Cheerful, Comfortable and Creative)

NS TOOL has continued to grow as a cutting tool manufacturer boasting the top share in Japan in the field of small-diameter cemented carbide end mills. The Administration Division is responsible for building the foundation that supports the realization of *MEI-RAKU-SO* (Cheerful, Comfortable and Creative). Yuko Adachi, managing director overseeing the division, and two young employees gathered to discuss their respective roles and their thoughts on them, as well as current and future initiatives.

Thoughts behind the company motto *MEI-RAKU-SO* and management philosophy

Adachi: The company motto *MEI-RAKU-SO* (Cheerful, Comfortable and Creative) was created by former President Isamu Goto after careful thought about how to make employees feel motivated in their work, based on his view that "as things stand, a small local factory cannot attract talented people." It reflects the belief that working in a cheerful, comfortable, and creative way leads to creating and selling products, and sharing profits with customers.



The management philosophy of "Software (technology)," "Hardware (machines)" and "Heart (humanity)" also expresses the essence of a manufacturing company. Even if we develop software and create our own machines and equipment, that alone does not necessarily produce good products. Ultimately, the human heart is essential, and that is why Heart was included. All officers and employees share the thoughts embedded in the company motto and management philosophy.

Uchiyama: The General Affairs Section is not directly involved in manufacturing, but I feel that as a manufacturer, creating good products is possible only when there is an environment where employees can work cheerfully and comfortably, as expressed in the company motto. As the General Affairs Section, we also strive to clearly communicate the company motto and management philosophy during onboarding training, so that all Group employees can work toward the same direction.

I believe that bringing together the thoughts and knowledge of each employee working cheerfully and comfortably leads to the creation of innovative ideas. I see creating the necessary environment for that as the responsibility of the General Affairs Section.

Saito: At meetings held within the Accounting Section, we place importance on sharing information about each person's work duties and maintaining day-to-day communication. This creates an environment where people can speak up easily and cooperate smoothly, which leads to a sense of reassurance and motivation in carrying out our work.

There is also an internal initiative called the Snack Social, which provides opportunities to interact with employees from other departments whom we do not usually work with. The Company has an environment where employees' voices can be heard easily, and its corporate culture values connections between people. In this, I strongly sense the company motto and management philosophy, which are rooted in a people-centered way of thinking.

Role of the Administration Division as an unsung hero supporting business activities

Adachi: At General Affairs meetings, I always ask everyone to remember that "we are a service department, and I want you to create an environment where our customers—the employees—can work without inconvenience." When visiting customers in regional areas, I also try to stop by our sales offices whenever possible and communicate with employees on the front lines, while exploring how the General Affairs Department can share information so that the Company's initiatives are communicated equally to all employees.



Uchiyama: I recognize that the role of the Administration Division is to create an environment where employees involved in the Company's core manufacturing and sales activities can focus on their work with peace of mind, and to support the foundation that enables the Company to demonstrate its capabilities to the fullest. For this reason, I always pay attention to employees' small comments and concerns. When communicating something, I try to organize the content so that the recipient can act easily, and to make the information easier to understand by replacing difficult wording with more familiar language wherever possible. I approach these efforts with the awareness that they help create an environment where employees can work for the long term, and form the foundation for realizing the company motto and management philosophy.

Saito: The Administration Division does not directly generate profit, but I feel that we can support and contribute to the Company through the numbers we work with every day. Because I often receive questions about numbers from employees in other departments, I place particular importance on communication in my work. I approach my work with an awareness of learning, challenging myself, and absorbing knowledge every day, so that I can properly answer the questions I am asked. Through my work in accounting, I have come to strongly feel that taking on challenges enables me to acquire new skills and knowledge, and sharing them with others also leads to my own growth.

On future challenges

Uchiyama: In the new employee training I currently oversee, I am expected not only to understand and communicate the Company's history and the ideas it has valued, but also to review our training methods in line with changes in the times. I believe that making training not simply a place where employees passively receive information, but a place where they think for themselves and connect that learning to future actions, will lead to the growth of employees and the Company as a whole. I want to enhance the quality of training as a place where each employee can grow.

Saito: I want to improve my knowledge and skills and expand the scope of the work I am responsible for. I am currently calculating GHG emissions for TCFD disclosure, and because this differs from the day-to-day work of managing money, I have realized that accounting is a highly specialized field and a type of work where I can continue expanding my scope. Going forward, I want to actively take on a variety of challenges, further enhance my expertise, and be involved in a broad range of work.



Adachi: At Headquarters, work is highly specialized, which makes it difficult to transfer employees between roles. However, in the fiscal year ended March 31, 2026, we conducted a personnel transfer preference survey for all employees to ask about the work skills they wanted to improve and the work they wanted to try, and we also conducted interviews with employees who requested an interview. We are actively considering support systems for self-development, hoping to support employees in becoming the person they want to be. As the working-age population continues to fall due to the declining birthrate and aging population, we intend to promote automation by investing in tasks that can be entrusted to machines, allowing employees to use the time created to take on new challenges.



Yosuke Ito
Manager, Manufacturing Section-4 Manufacturing Group, Production Department Sendai Factory
Joined NS TOOL in 2001. Manager of the Production Technology Section, after engaging in production in the Production Department and being transferred to the Production Technology Section. Assumed his current position in April 2022.

Yuichi Nomura
Group Manager and Manager, Manufacturing Section-1 Manufacturing Group, Production Department Sendai Factory
Joined NS TOOL in 2000. Experienced a total of nine departmental transfers within the Production Department, including product design, manufacturing, factory control, and quality control. Assumed his current position in April 2022.

Akiyoshi Takahashi
General Manager Production Department Sendai Factory
Joined NS TOOL in 2005 and engaged in manufacturing within the Production Division before transferring to the Quality Control Section. After serving as a section manager and group manager within the Production Division, he assumed his current position in April 2022.

Yuka Sasaki
Manager, Manufacturing Section-2 Manufacturing Group, Production Department Sendai Factory
After joining NS TOOL in 2002, gained experience at a number of manufacturing sites. After serving as a Sub Leader, she assumed her current position in April 2023.

Efforts at production sites in the continuous pursuit of higher precision

At the Production Department of Sendai Factory, higher precision has long been regarded not merely as a technical challenge, but as a guiding philosophy of manufacturing, one that has been continuously refined over the years. Four leaders who oversee production sites committed to improving the unseen aspects of manufacturing—through initiatives such as improvement cycles driven by the Company's proprietary automated measuring equipment and small-group improvement activities—share their commitment to manufacturing.

The inherited philosophy of higher precision

Takahashi: Higher precision is an important theme that the Production Department has been addressing for many years. It is not a measure I newly launched after becoming general manager. Rather, our current initiatives are an extension of challenges passed down from our predecessors. This is why I see higher precision not simply as a technical theme, but as a philosophy rooted in the Production Department. The turning point that led to clear results was the introduction of automated measuring equipment developed in-house. This automated measurement system is the foundation for producing stable and consistent products. We identify areas for improvement from measurement data, find clues to improvement, and connect them to solutions. This series of activities is what we call "Orange FC Activities," the NS TOOL Group's small-group improvement activities.

Why we continue to pursue zero tolerance

Takahashi: As the direction of our challenge, the Production Department has adopted a policy of aiming for zero tolerance. We continue striving for a 100% yield rate, targeting tolerances in the 0.001 mm range for shank* accuracy and the 0.002 mm range for cutting diameters. At the heart of this approach is a principle advocated by Executive Vice President Goto: "double and half." In other words, we aim to double quality and precision while halving costs and tolerances. By setting targets each year that seek to double quality and precision relative to actual performance, we have steadily raised our standards. Goals that were relatively easy to achieve when we first started have become extremely challenging in recent years. Nevertheless, we believe that by continuing to pursue zero tolerance, we will always be able to see a path toward achieving our goals. Stagnation in improvement is decline. We share the mindset that rather than fearing failure from taking on challenges, fear doing nothing, and we want to make our small-group improvement activities, Orange FC Activities, an integral part of everyday work.

* A shank is the stem (shaft) portion of a cutting tool that is inserted into and secured by the spindle (chuck holder) of a machining center.



Commitment to shank precision and cutting diameter precision

Nomura: Manufacturing Section-1 is responsible for step machining (roughing) and shank machining, which are performed before product machining. If there is variation at this stage, high precision cannot be achieved no matter how much effort is made in later processes. That is why we have considered improving shank precision to be our highest priority. As a result of improving the precision of equipment and reviewing machining conditions and management methods one by one, the yield rate has improved significantly. However, we do not see achieving our targets as an endpoint, but always as a milestone. We approach higher precision every day with the resolve that it is an endless effort.
Sasaki: In Manufacturing Section-2, we are working to improve cutting diameter precision using the tool grinding machine, TGM. Compared with when I first became section manager, the yield rate has improved by several percentage points. Rather than simply relying on the automatic correction function of the measuring equipment, we review correction programs on site and make adjustments so that the right correction is applied at the appropriate time. Changing the machining sequence and adjusting the timing of correction—these seemingly modest improvements accumulate and lead to results. Because our workplace has many young employees, I try to carefully explain why high precision is necessary and why it matters. I believe that working with full understanding helps employees shift from feeling that they are being made to do a task to seeing it as their own responsibility.

Challenge in the most difficult field of cBN/PCD

Ito: Manufacturing Section-4 handles extremely hard materials such as cBN and PCD. CBN/PCD products are one of the Company's core lines and representative examples of high value-added products. Stable machining of these materials is far harder than that of cemented carbide and requires extremely advanced technologies, including the repeatability of processing machines and the grinding precision of grinding wheels. It is no exaggeration to say that searching for the right machining conditions is itself the work. Multiple factors affect the results, including grinding wheel forming methods, coolant management, and responses to age-related changes in machinery. Results do not appear immediately, but recently we have begun to see gradual progress, such as improved yield rates through a review of grinding wheel specifications. Balancing high precision with mass production is a major challenge, but if we can overcome it, I believe the Company's strengths will stand out even more clearly.

Each person's initiatives for human resources development

Takahashi: As a manager, I am conscious of embedding a culture of trying things first. Rather than looking for reasons why something cannot be done, we first try it. Even if the result is failure, that experience leads to the next improvement. Our small-group improvement activities, Orange FC Activities, are not only improvement activities, but also opportunities for human resources development. By working on improvement themes, employees develop the ability to think, try, and see things through, and this accumulation strengthens the overall capabilities of the worksite.
Nomura: Focusing on the parts that cannot be seen ultimately leads to customer trust. We pursue precision that exceeds the specifications stated in catalogs as our internal standard. Through daily conversations and improvement activities, we communicate the significance of this to the worksite.
Sasaki: In a workplace with many young employees, I feel it is important to turn situations where people feel they "have no choice but to do it" into positive challenges. By repeatedly explaining why something is necessary and what will change if we achieve it, a positive mindset has gradually taken root.
Ito: Because CBN and PCD processes are highly difficult, small experiences of success become the driving force for the next challenge. When improvements become visible in the numbers, we make sure to share and recognize them. This accumulation leads to persistence.

Passing what makes NS TOOL unique on to the future

Takahashi: I believe what makes NS TOOL unique is the ultimate manufacturing set out in our Manufacturing Action Guidelines. We will take on challenges in all areas, not only higher precision, but also cost improvement and automation. The foundation for this is our small-group improvement activities, Orange FC Activities, and it is our responsibility as managers to develop people who can take on challenges and build the structures to support them. We have a role to play in passing on the baton we received from our predecessors to the next generation. By continuing to pursue the ideal of zero tolerance, both our technologies and our people have grown. Precisely because automation is advancing, I feel that the significance of people thinking for themselves and creating added value is becoming even greater. Rather than relying solely on machine performance, how do we create value that goes beyond that output? The attitude of continuing to ask this question is what makes NS TOOL unique. We will continue to embody this mindset on the production sites—never giving up on challenges, learning from failure, and connecting that learning to the next step—and pass it on to the next generation through both words and actions. I believe these efforts will lead to the future of NS TOOL.

Looking Back on Changes in the Management Structure



Hiroji Goto
President



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



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

Considering management for the next decade

From its early years as a family-run business, through its stock market listing and evolution into a public company, and now toward its next stage of growth. President Goto and two independent external directors who have observed the Company's management for many years discuss how the development of the management structure, the advancement of governance, human resources development, and the evolution of business strategy have been interconnected throughout the Company's transformation and share their vision for the next decade.

Evolution of the management structure and establishment of governance

Goto: For many years, the Company grew by leveraging the speed of decision-making that came with owner management. At the same time, there were many aspects of the governance mechanisms and accountability required of a listed company that we developed later. The participation of our independent external directors has made us clearly aware of the need to shift management decision-making from individual judgment to organizational judgment. I feel we have come to truly understand the importance of making management more transparent.
Fujisaki: When I first became an independent external director, my impression was that governance remained at the stage of "existing as a system." However, what matters is not whether systems exist, but whether they actually function. Seeing that matters pointed out at Board of Directors meetings were reliably improved the following year, I felt that the Company had the flexibility and ability to execute change. Today, I feel the Board of Directors has evolved into a forum where essential discussions on management issues can take place.
Hiraga: One of NS TOOL's major characteristics is that it has an environment where independent external directors can express their opinions frankly. Governance is not something that restricts management, but a foundation for enhancing the quality of management. As the Company has clarified its approach to nomination and remuneration, as well as its decision-making processes, I feel its ability to explain matters internally and externally has improved, and trust in management is steadily increasing.

Passing on management to the next generation and developing management personnel

Goto: The greatest theme in my management is how to pass the baton to the next generation. I myself have experienced the Company's founding period, growth phase, and listing process, but I feel there were areas where I did not necessarily share those experiences sufficiently with younger generations. Management decisions on major investments, such as factory construction, are not something people have the opportunity to experience frequently. That is why I believe we need to consciously involve mid-career and younger employees and create opportunities for them to gain experience.
Hiraga: Human resources development is also a key focus of the Nomination and Remuneration Committee. For the Company to continue growing sustainably as a listed company, it is essential to demonstrate that internally developed talent with a deep understanding of the worksite can take on core management roles. The executive officers' system is the first step, but how employees perceive it changes significantly depending on whether they can envision becoming a director. I believe that the feeling that they too can participate in management in the future will help raise motivation across the entire organization.
Fujisaki: People cannot be developed through classroom learning alone. What matters is the accumulation of experiences in which people think for themselves, make judgments, and accept the results. Whether younger generations can form a concrete image of how far they can grow at this Company will determine the future of the organization. I believe that the next generation of management talent is developed when management verbalizes its own experiences and ideas and delegates work with clear intent.

Developing personnel across organizational boundaries

Fujisaki: Even within the same company, the view can differ greatly between Japan and overseas, and between sales and manufacturing. Understanding those differences leads to stronger organizational capabilities. By actually experiencing different worksites, people deepen their understanding of other divisions and become able to engage in more constructive discussions. I believe it is extremely important to give employees cross-organizational experience as part of planned human resources development.
Hiraga: As the number of people with diverse experience increases, the quality of discussions reaching management will also change. If we develop people who combine frontline experience with a management perspective, the speed and accuracy of decision-making will improve further. I believe developing personnel across organizational boundaries is directly linked to strengthening governance in the future.
Goto: I agree with both of you. Traditionally, the Company has assigned personnel with an emphasis on expertise. As a result, we have developed highly specialized people in each division. At the same time, however, we can also say that we lack people with a perspective that extends beyond individual divisions and looks across the Company as a whole. Going forward, we need to develop people who can take a holistic view of the Company through intentional rotation and changes in roles. I believe this is a management decision that prioritizes long-term growth over short-term efficiency.

How management vision should be shared

Goto: I see the Medium-Term Management Plan not merely as a set of numerical targets, but as a management compass that shows where the Company is headed. I believe that fully discussing matters internally, sharing the direction, and then strengthening our ability to execute will lead to results. However, I take a cautious approach to external disclosure of information.
Hiraga: If the management vision is clear, consistency can be maintained in individual decisions. At Board of Directors meetings as well, I believe it is important to share not only conclusions, but also the background and thinking behind them. I feel that articulating the vision and continuing to share it will become increasingly important going forward.
Fujisaki: Particularly when considering younger generations, I believe the future vision of the Company beyond immediate figures and numerical targets is important. What value will we provide to society, and what kind of presence do we aim to become. By having management repeatedly communicate the vision, the entire organization can align its direction. I believe sharing the vision is an important foundation that supports the growth strategy.

Toward sustainable growth centered on people

Hiraga: Over the past 10 years, NS TOOL has steadily evolved. Now that governance is in place and the perspective on human resources development has become clear, the foundation is ready for the next stage of growth. I hope the next 10 years will be a period in which NS TOOL evolves into an even more sustainable and attractive company.
Fujisaki: A company where each employee can talk about the meaning of their work and their future vision ultimately becomes a strong company. To achieve this, it is essential to continue carefully communicating the management philosophy and values. I believe that a commitment to valuing people leads to enhanced corporate value.
Goto: I also believe that people are what ultimately make a company grow. Equipment and technologies are important, but it is people who make use of them and pass them on. Our brand statement, "For Crafting Tomorrow," also includes human resources development. Looking ahead to the next 10 years, we want to deepen this approach further and link it to organizational growth. At the same time, we also aim to achieve sustainable growth by developing new markets "For Crafting Tomorrow" and providing those markets with new tools that do not yet exist in the world. Thank you both for your valuable opinions.



Exhibiting at EMO Hannover 2025











NS TOOL exhibited at EMO Hannover 2025, one of the world's largest machine tool trade fairs, held in Hannover, Germany, from September 22 to 26, 2025. Marking the 50th anniversary since EMO was first held in 1975, the event featured around 1,600 exhibitors and attracted approximately 80,000 visitors.

EMO HANNOVER 22–26/09/2025

Following EMO Hannover 2023, NS TOOL was again able to set up its booth in a prime location with heavy foot traffic, facing a main aisle near the center of the venue. With relatively few tool manufacturers exhibiting, the booth was positioned next to large booths operated by major manufacturers that drew large numbers of visitors. This enabled us to effectively promote our products to people who stopped by, and we achieved positive results in both visitor numbers and business discussions.

At the exhibition booth, we established a new product corner and displayed products by solution according to machining content, making it easier to propose products that meet the individual needs of our users. In addition to product displays, we also created a special corner introducing NS TOOL's commitment to manufacturing, through which we provide high-precision, stable, and high-quality products, and installed panels explaining our production system using the proprietary tool grinding machine, TGM. We also exhibited a shank precision experience kit, which enabled visitors to experience our commitment to shank precision, the standard for tools. This enhanced confidence in the quality of our products and enabled us to effectively highlight the unique value that NS TOOL products provide in supporting users' stable production.

In responding to visitors, sales representatives from regions around the world participated, and with the cooperation of local distributor sales representatives, we established a multilingual structure capable of assisting visitors not only from Europe, but also from countries around the world. We were able to provide specific answers and follow-up regarding the challenges in each market, which also helped enhance trust in NS TOOL and its products.

This exhibition was an opportunity not only to promote our products, but also to enhance NS TOOL's brand strength across Europe, including Germany, the largest market in Europe.

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



Owned media — For Crafting "FUTURE"

It is a useful site for manufacturing 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



October 27, 2025
The Craftsman Who Didn't Work for Money: What Moved His Heart?



December 8, 2025
Personal Attachment vs. Commercial Success: The Eternal Conflict in Creative Work



January 6, 2026
Professionals Increase Customer Satisfaction by Saying "No" to Customer Requests

Video — / @ns_tool

NS_Web_Studio (in Japanese only)



Employees from the R&D Department provide easy-to-understand explanations of the effects that can be achieved through machining using NS TOOL products.

Nantoka Heavy Industries (in Japanese only)



Actual high-hardness machining was performed using NS TOOL products, including the lens form end mill "MLFH330."

Precision and micro-machining video

Compact videos introducing the features of NS TOOL products, comparisons with conventional products, and machining footage.



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 improved the usability of our corporate website.

"Machining Tips" updated regularly (in Japanese only)



Based on actual examples, we provide easy-to-understand explanations with commentary on the characteristics of cutting tools, machining conditions, and other key considerations to help users achieve their ideal machining results.

New product search system launched



Users can now narrow down the most suitable tool more intuitively by specifying multiple criteria, including work material, application, machining process, and tool shape.

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	364 (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	Standard Market of the Tokyo Stock Exchange

Major Shareholders

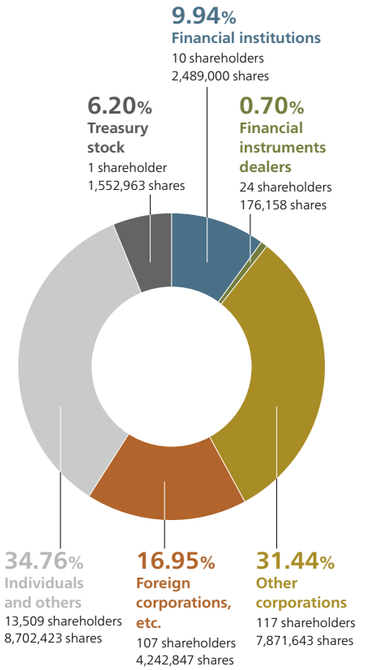
Shareholder name	Number of shares held (Thousand shares)*1	Shareholding ratio (%)*2
M.Y. CORPORATION, Inc.*3	2,497	10.63
Solpty Co., Ltd.*3	2,435	10.37
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	2,092	8.91
The Master Trust Bank of Japan, Ltd. (Trust account)	1,864	7.94
TI Road Co., Ltd.*3	1,847	7.87
Hiroji Goto	788	3.36
BANK LOMBARD ODIER AND CO LTD GENEVA (Standing Proxy: MUFG Bank, Ltd.)	783	3.34
Takashi Goto	778	3.31
Yuji Goto	661	2.82
NS TOOL Employee Shareholding Association	449	1.92

*1 The number of shares held less than a thousand is truncated.
*2 The shareholding ratio is calculated after deducting treasury shares (1,552,963 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.

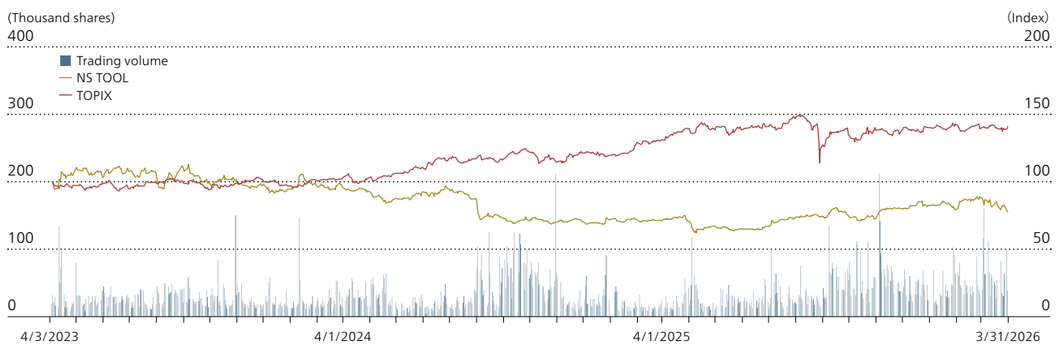
Stock Information

Number of authorized shares	38,400,000
Number of issued shares	25,035,034
Number of shareholders	13,768

Composition of Shareholders



Trends of Stock Price/Trading Volume/TOPIX



NS TOOL's stock prices and TOPIX values are calculated assuming that the closing price data of April 3, 2023 is 100.

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.



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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 65th Annual General Meeting of Shareholders held on June 24, 2026.

Reasons for electing a new director

Noriko Ogura has served for many years in manufacturing as an officer responsible for general affairs, managing director responsible for management strategy, and vice president and director, and has been involved in promoting industry-academia-government collaboration. She possesses broad management knowledge and insight. The Company expects that she will provide appropriate advice and recommendations in decision-making and oversight related to business execution, from the perspectives of propriety and legality. For these reasons, we have decided to appoint Ms. Ogura as an independent external director.



Noriko Ogura

Independent External Director
(Audit & Supervisory Committee Member)

Profile of new director

Name (Date of Birth)	Career Summary
Noriko Ogura (June 18, 1955)	Mar. 1978: Joined Ogura Kogyo Co., Ltd. (currently, OGURA KINZOKU Co.,ltd) Apr. 1994: General Manager, in charge of Education and Human Resources, General Affairs Department of OGURA KINZOKU Co.,ltd Apr. 1997: Member of the Steering Committee of the Kanto Polytechnic College, Ministry of Health, Labour and Welfare (present post) Jun. 2006: Managing Director of OGURA KINZOKU Co.,ltd and OMC Co., Ltd. Jun. 2009: Vice President & Director of OGURA KINZOKU Co.,ltd and OMC Co., Ltd. Apr. 2023: Chairperson of the Ashikaga Industry–Academia–Government Collaboration Center (present post) Jun. 2024: Vice President & Director of OMC Co., Ltd. (present post) Jun. 2024: Senior Advisor of OGURA KINZOKU Co.,ltd (present post) Apr. 2025: Member of the Examination Committee for the Tochigi Management Quality Award, Tochigi Productivity Center

Report on Election of New Director

We are pleased to report that the following new director was elected based on a resolution by the 65th Annual General Meeting of Shareholders held on June 24, 2026.

Reasons for electing a new director

Maki Hiraga possesses advanced professional knowledge and experience as an attorney-at-law, particularly in the field of corporate legal affairs. While she has not been directly involved in company management, the Company expects that she will provide appropriate advice and recommendations in terms of decision-making and oversight related to business execution, from the perspectives of propriety and legality. For these reasons, we have decided to appoint Ms. Hiraga as an independent external director.



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

Profile of new director

Name (Date of Birth)	Career Summary
Maki Hiraga (April 27, 1973)	Nov. 2002: Passed the National Bar Examination Oct. 2004: Registered as Attorney-at-Law; Joined Hasegawa Toshiaki Law Office Apr. 2010: Established Hiraga Law Office (present post)

Reference: Directors on and after June 24, 2026

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