Financial Results for the Fiscal Year Ended March 31, 2025

NS TOOL CO., LTD.

May 15, 2025

(Securities Code: 6157)

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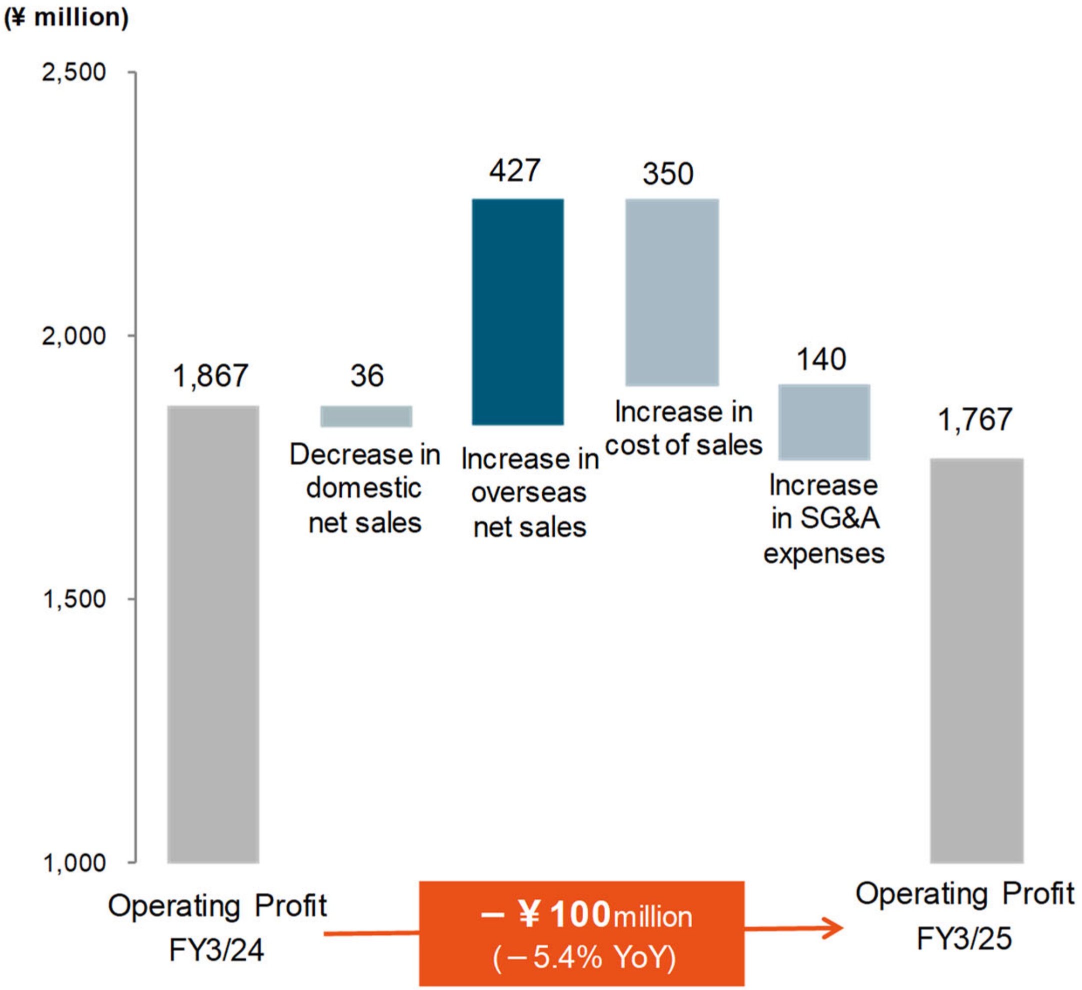
Financial Results Summary

Net sales up, profits down year on year
Full-year financial forecasts for net sales and profits were both achieved

(Unit: ¥ million)	FY3/25 Forecasts	FY3/25 Actual	Changes vs. Forecasts
Net Sales	9,430	9,431	1
YoY changes	+4.3%	+4.3%	+0.0%
Operating profit	1,730	1,767	37
YoY changes	-7.4%	-5.4%	+2.2%
Ordinary profit	1,740	1,779	39
YoY changes	-8.8%	-6.8%	+2.3%
Profit attributable to owners of parent	1,190	1,264	74
YoY changes	-9.9%	-4.2%	+6.3%

- The market of semiconductor and electronic components and devices performed solidly, driven by AI-related demand, while demand for tools remained sluggish in the automotive industry due to little development of new vehicle models, despite a recovery in production volume toward the second half of the period.
- On the other hand, performance overseas was strong due to securing orders in electric vehicles (EV) and the electronic components markets for smartphones in Greater China.
- Consolidated net sales were ¥9,431 million, up 4.3% YoY.
- Consolidated operating profit was ¥1,767 million, down 5.4% YoY, and consolidated ordinary profit was ¥1,779 million, down 6.8% YoY.
- Operating profit margin was 18.7% and ordinary profit margin was 18.9%.

Factors for Decrease in Operating Profit



- Domestic net sales decreased by ¥36 million, down 0.6% YoY. On the other hand, overseas net sales increased by ¥427 million, up 15.7% YoY. Overall net sales increased by ¥390 million, up 4.3% YoY.
- Cost of sales increased by ¥350 million, up 8.6%, due to an overall increase in cost of products manufactured, including material costs, labor costs and manufacturing expenses.
- In SG&A expenses, due to the cost of revising product catalogues, selling expenses increased by 6.8% YoY, and overall SG&A expenses increased by ¥140 million, up 4.6% YoY.
- As a result, operating profit decreased by ¥100 million, down 5.4% YoY, to ¥1,767 million, while operating profit margin decreased by 2.0 pp YoY to 18.7%.

Summary of Statement of Income

(Unit: ¥ million)	FY3/24	FY3/25	YoY Changes
Net Sales	9,040	9,431	+4.3%
Gross profit	4,942	4,983	+0.8%
Ratio to net sales	54.7%	52.8%	
SG&A expenses	3,075	3,215	+4.6%
Ratio to net sales	34.0%	34.1%	
Operating profit	1,867	1,767	-5.4%
Ratio to net sales	20.7%	18.7%	
Ordinary profit	1,908	1,779	-6.8%
Ratio to net sales	21.1%	18.9%	
Profit attributable to owners of parent	1,320	1,264	-4.2%
Ratio to net sales	14.6%	13.4%	
Capital investment	563	111	-80.3%
Depreciation	627	644	+2.7%
No. of employees (persons)	350	358	+2.3%

- Net sales were ¥9,431 million, up 4.3% YoY. Domestic sales were sluggish mainly in the automotive industry, but sales to Greater China were brisk.
- Gross profit was ¥4,983 million, up 0.8% YoY. Gross profit margin decreased by 1.9 pp YoY to 52.8% as increase rate of cost of sales was higher than that of net sales.
- SG&A expenses increased by 4.6% YoY in line with the rise in personnel expenses and selling expenses, and SG&A expenses ratio was 34.1%, up 0.1 pp YoY.
- As a result, operating profit decreased by 5.4% YoY to ¥1,767 million and operating profit margin decreased by 2.0 pp YoY to 18.7%.
- Capital expenditures were ¥111 million, down 80.3% YoY due to fewer new equipment installations. Depreciation increased by 2.7% YoY due to the startup of facilities carried over from the previous fiscal year.

Summary of Balance Sheet

(Unit: ¥ million)	FY3/24-End	Composition Ratio	FY3/25-End	Composition Ratio	VS FY3/24-End
(Assets)					
Ⅰ Current assets	12,719	66.1%	13,791	69.2%	+8.4%
Cash and deposits	8,893	46.2%	9,868	49.5%	+11.0%
Notes and accounts receivable - trade	1,305	6.8%	1,393	7.0%	+6.7%
Inventories	2,381	12.4%	2,308	11.6%	-3.1%
Ⅱ Non-current assets	6,521	33.9%	6,150	30.8%	-5.7%
Property, plant and equipment	5,361	27.9%	4,842	24.3%	-9.7%
Intangible assets	24	0.1%	15	0.1%	-36.0%
Investments and other assets	1,135	5.9%	1,292	6.5%	+13.8%
Total assets	19,241	100.0%	19,941	100.0%	+3.6%
(Liabilities)					
Ⅰ Current liabilities	1,287	6.7%	1,301	6.5%	+1.1%
Accounts payable - trade	173	0.9%	213	1.1%	+23.7%
Ⅱ Non-current liabilities	224	1.2%	224	1.1%	—
Total liabilities	1,512	7.9%	1,526	7.7%	+0.9%
(Net assets)					
Total equity	17,525	91.1%	18,221	91.4%	+4.0%
Total net assets	17,729	92.1%	18,415	92.3%	+3.9%
Total liabilities and net assets	19,241	100.0%	19,941	100.0%	+3.6%

Current assets

Increased by 8.4% from the end of previous fiscal year due to an increase in cash and deposits resulting from a decrease in new capital expenditures.

Non-current assets

Decreased by 5.7% from the end of previous fiscal year, due to depreciation exceeding new capital expenditures.

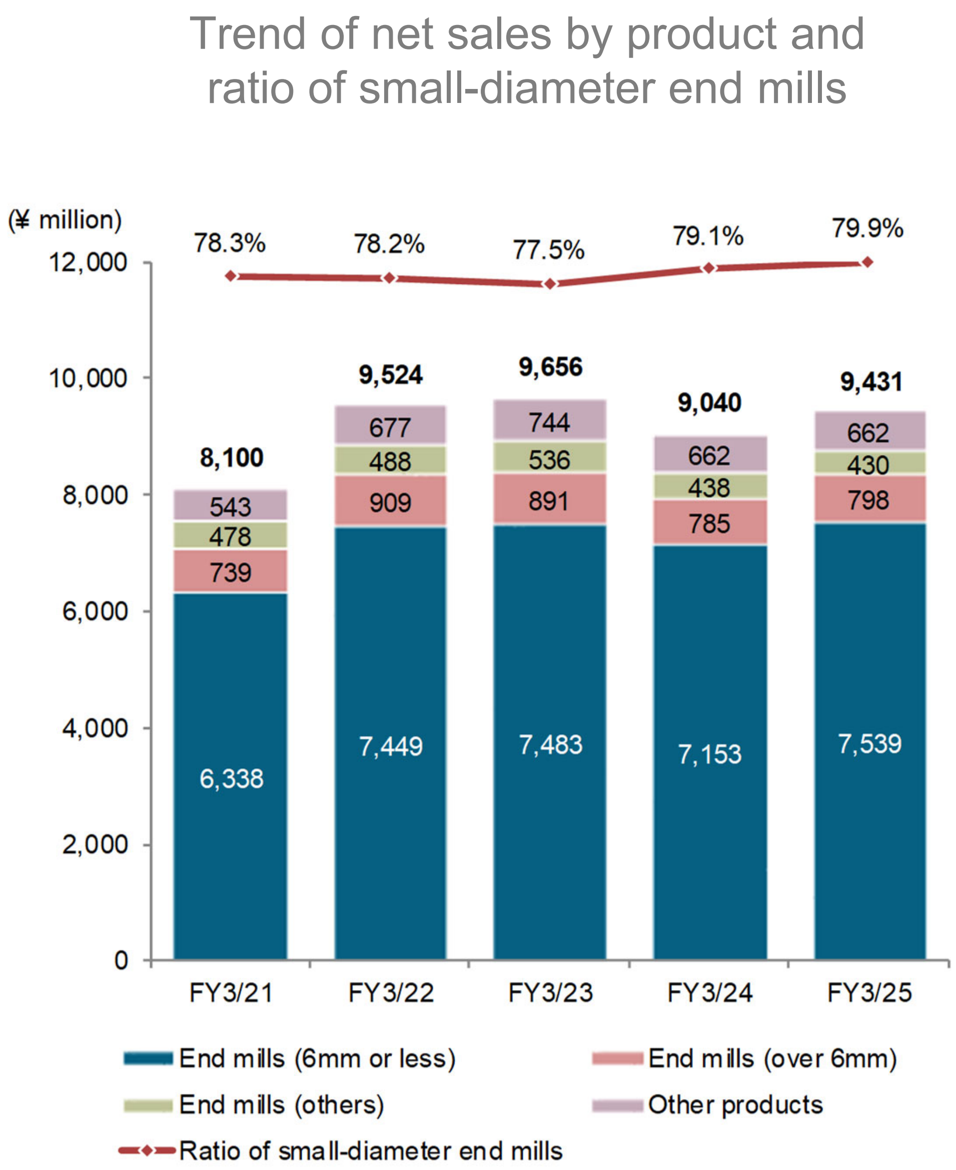
Liabilities

Increased by 0.9% from the end of previous fiscal year due to increases in accounts payable - trade and income taxes payable.

Net assets

Increased by 3.9% from the end of previous fiscal year due to increases in retained earnings, etc. Equity-to-asset ratio was 91.4%, up 0.3 pp from the end of previous fiscal year.

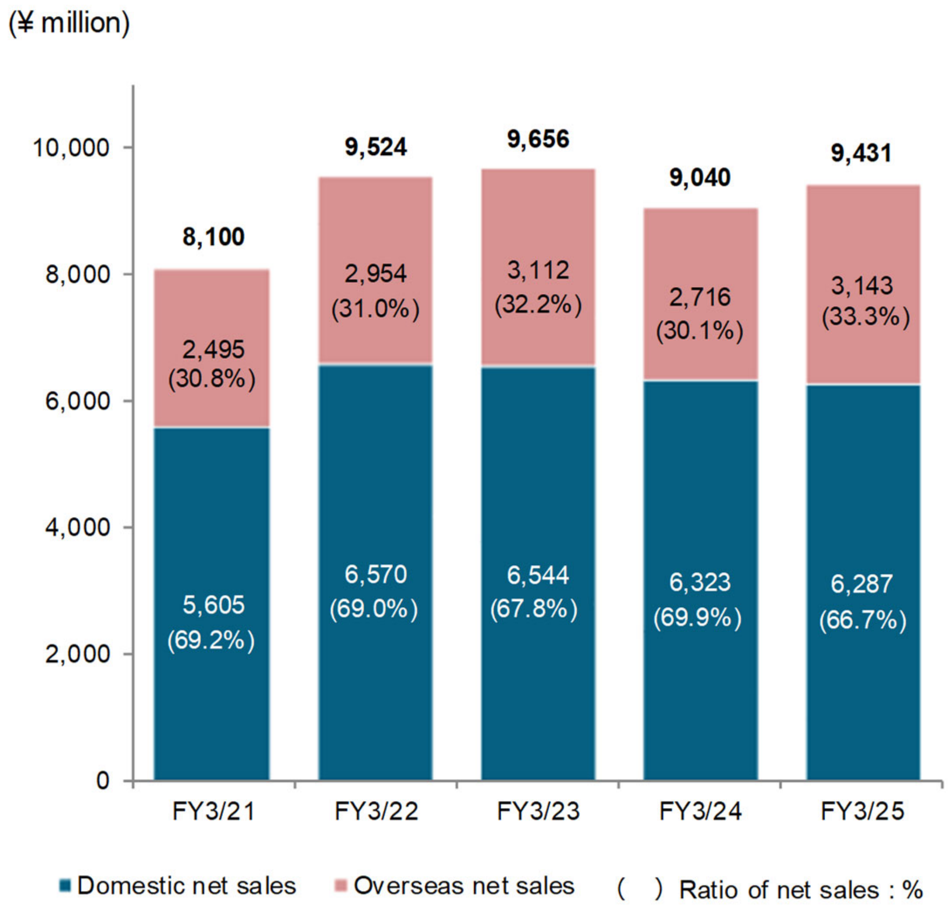
Business Performance (Trend of net sales (1) By product)



- By product, net sales for end mills (diameter 6 mm or less) increased by 5.4% YoY, end mills (diameter over 6 mm) increased by 1.6% YoY, end mills (other), mainly special tools custom-made to users, decreased by 1.9% YoY, and other products such as tool cases leveled out.
- Of the net sales of ¥9,431 million, net sales for mainstay end mills (diameter 6 mm or less) were ¥7,539 million, and the ratio of small-diameter end mills was 79.9%, up 0.8 pp YoY.

Business Performance (Trend of net sales (2) Domestic and overseas)

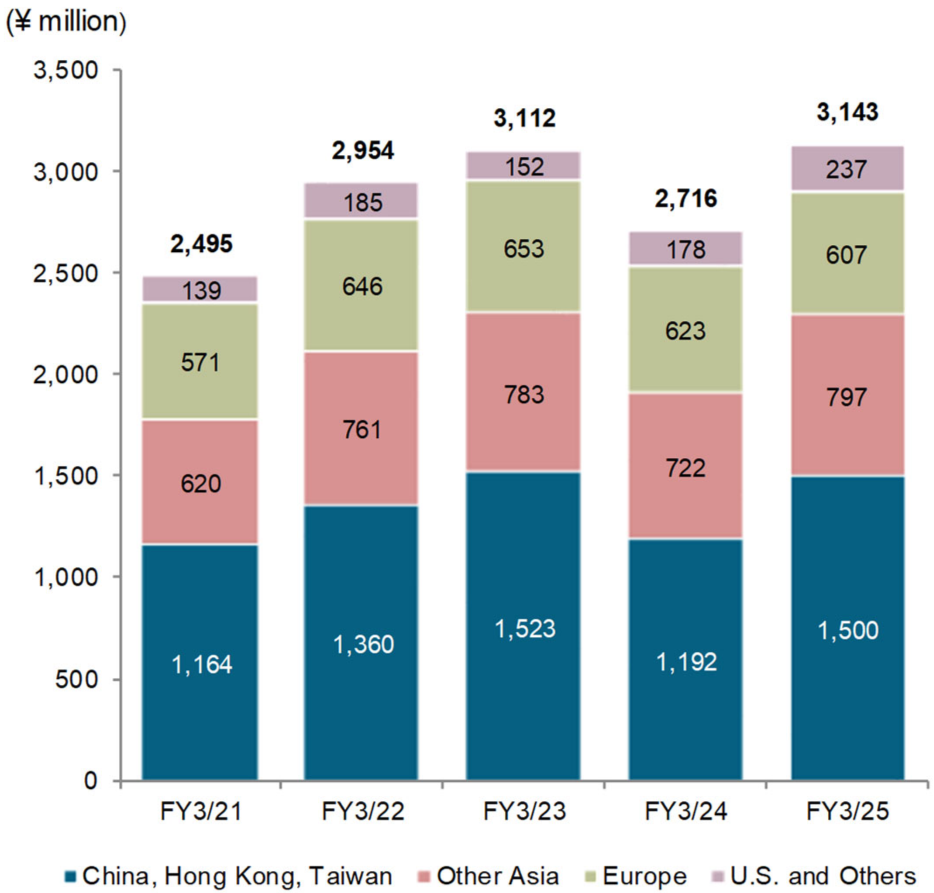
Trend of domestic and overseas net sales



- Domestic net sales decreased by ¥36 million, down 0.6% YoY, to ¥6,287 million. Overseas net sales increased by ¥427 million, up 15.7% YoY, to ¥3,143 million.
- Overseas net sales increased in Greater China, where net sales were down sharply in the previous fiscal year. In account consolidation of NS TOOL Hong Kong Ltd. into the current fiscal year, figures for China are for January-December.
- Overseas net sales ratio increased by 3.2 pp YoY to 33.3%, thanks to an increase in overseas net sales, while domestic net sales were sluggish.

Business Performance (Trend of net sales (3) By overseas region)

Trend of net sales by overseas region



- Combined net sales of China, Hong Kong and Taiwan increased by 25.9% YoY to ¥1,500 million. In account consolidation of NS TOOL Hong Kong Ltd., figures for China are for January-December. Orders for the smartphone industry increased. In addition, net sales increased due to continued optical and EV-related demand. Although the market condition has not improved, net sales improved from the previous fiscal year due to the acquisition of orders.

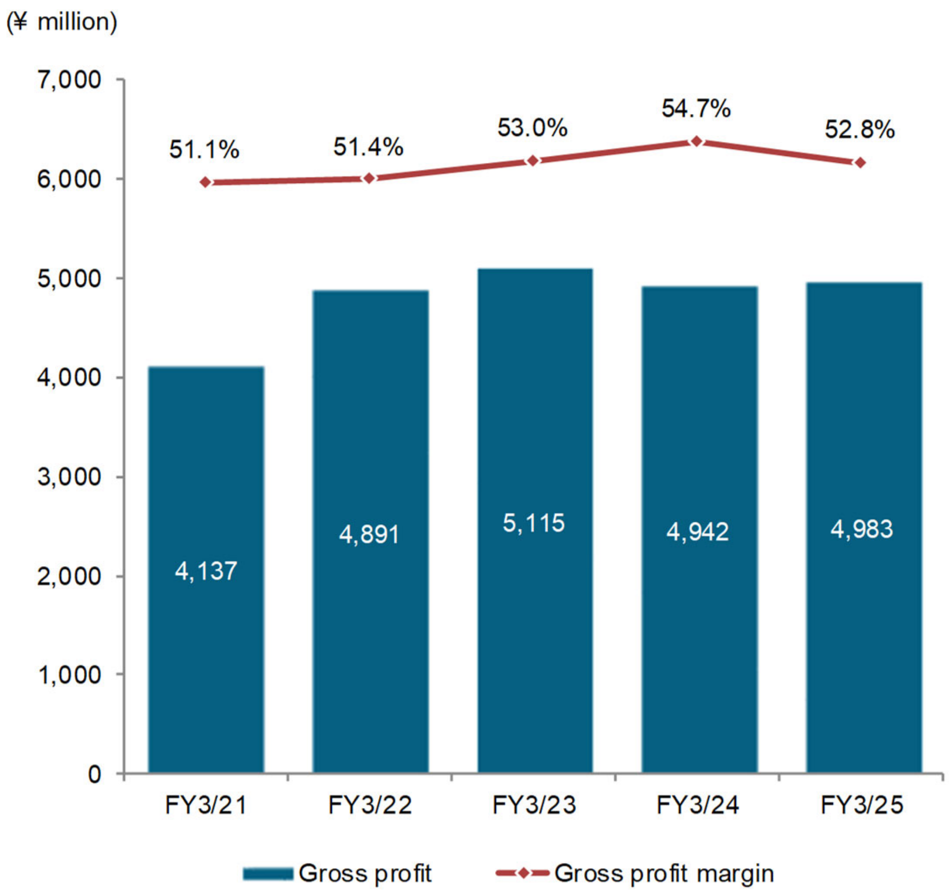
- Other Asia increased by 10.4% YoY to ¥797 million. In Thailand, net sales were sluggish in the automotive industry, but recovered slightly toward the second half of the period due to new model projects. In India, the manufacturing sector for local brands of automobiles and motorcycles has been performing well.

- In Europe, the automotive industry was sluggish, particularly in Germany, and the overall market was depressed, as a result, net sales decreased by 2.5% YoY to ¥607 million.

- Figures for the U.S. and Mexico are for January-December in account consolidation of NS TOOL USA, INC. In addition to the deviation in consolidation periods resulted from the change of commercial distribution as well as the impact of exchange rates, net sales increased from the previous fiscal year due to increased demand for precision machining.

Business Performance (Trend of gross profit)

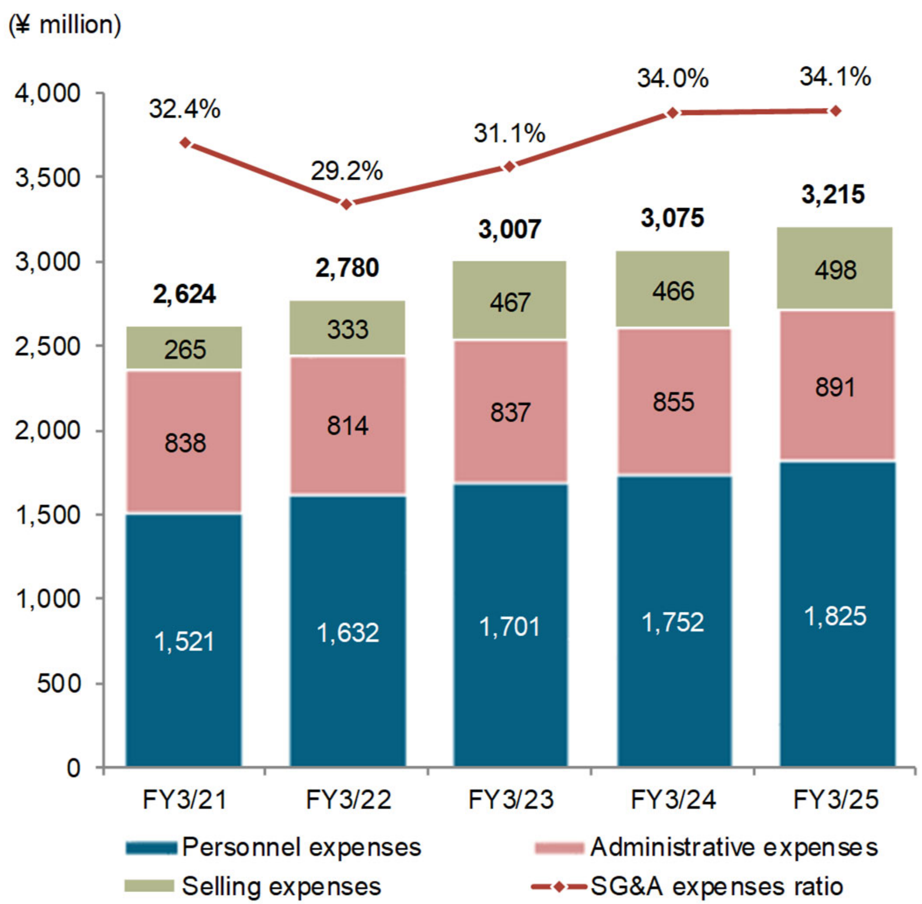
Trend of gross profit and gross profit margin



- Material costs increased by 10.6% YoY due to an increase in production volume compared to the previous fiscal year. Labor costs increased by 2.5% YoY due to an increase in personnel and wage increases, while manufacturing expenses increased by 15.8% YoY due to increases in electricity power costs, factory supplies expenses, and manufacturing repair costs, etc.
- Cost of sales increased by 8.6% YoY in line with the rises in net sales and cost of products manufactured.
- Gross profit margin decreased by 1.9 pp YoY to 52.8%, but gross profit increased by 0.8% YoY to ¥4,983 million due to higher net sales.

Business Performance (Trend of SG&A expenses)

Trend of SG&A expenses and
SG&A expenses ratio

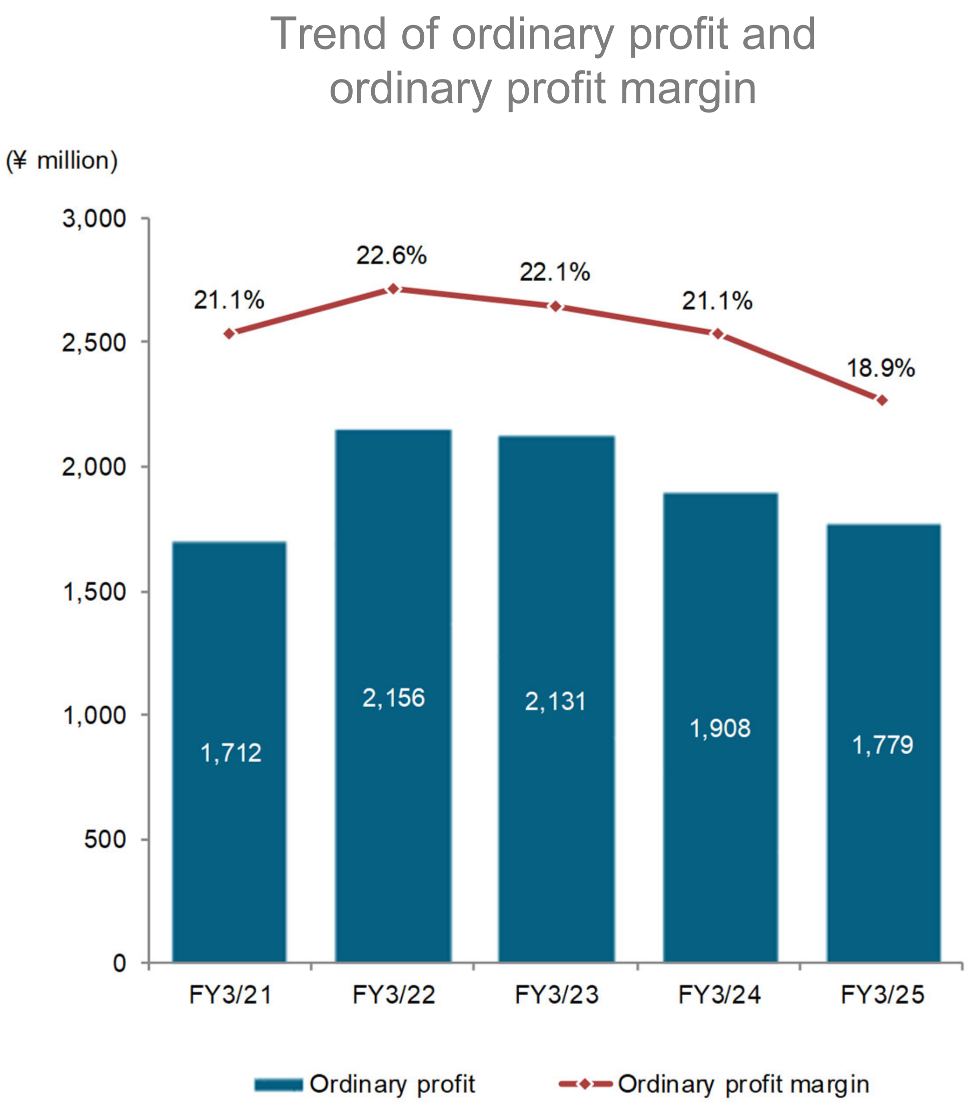


- Selling expenses increased by 6.8% YoY to ¥498 million. Advertising expenses increased due to the revision of product catalogues, and exhibition costs also increased due to exhibiting at large-scale exhibitions.

- Personnel expenses increased by 4.2% YoY to ¥1,825 million due to increases in salaries associated with wage increases and increased personnel, and board members' remuneration.

- Overall SG&A expenses increased by 4.6% to ¥3,215 million, while SG&A expenses ratio rose by 0.1 pp YoY to 34.1%.

Business Performance (Trend of ordinary profit)



- Net sales increased by 4.3% YoY, but operating profit decreased by 5.4% YoY to ¥1,767 million as increase rates of cost of sales and SG&A expenses were higher than that of net sales.
- In non-operating income and expenses, non-operating income of ¥30 million was caused by gain on sales of scraps and non-operating expenses of ¥17 million were caused by foreign exchange losses. Ordinary profit was ¥1,779 million, down 6.8% YoY.
- Ordinary profit margin was 18.9%, down 2.2 pp YoY.

Consolidated Financial Forecasts for FY3/26

Financial Forecasts

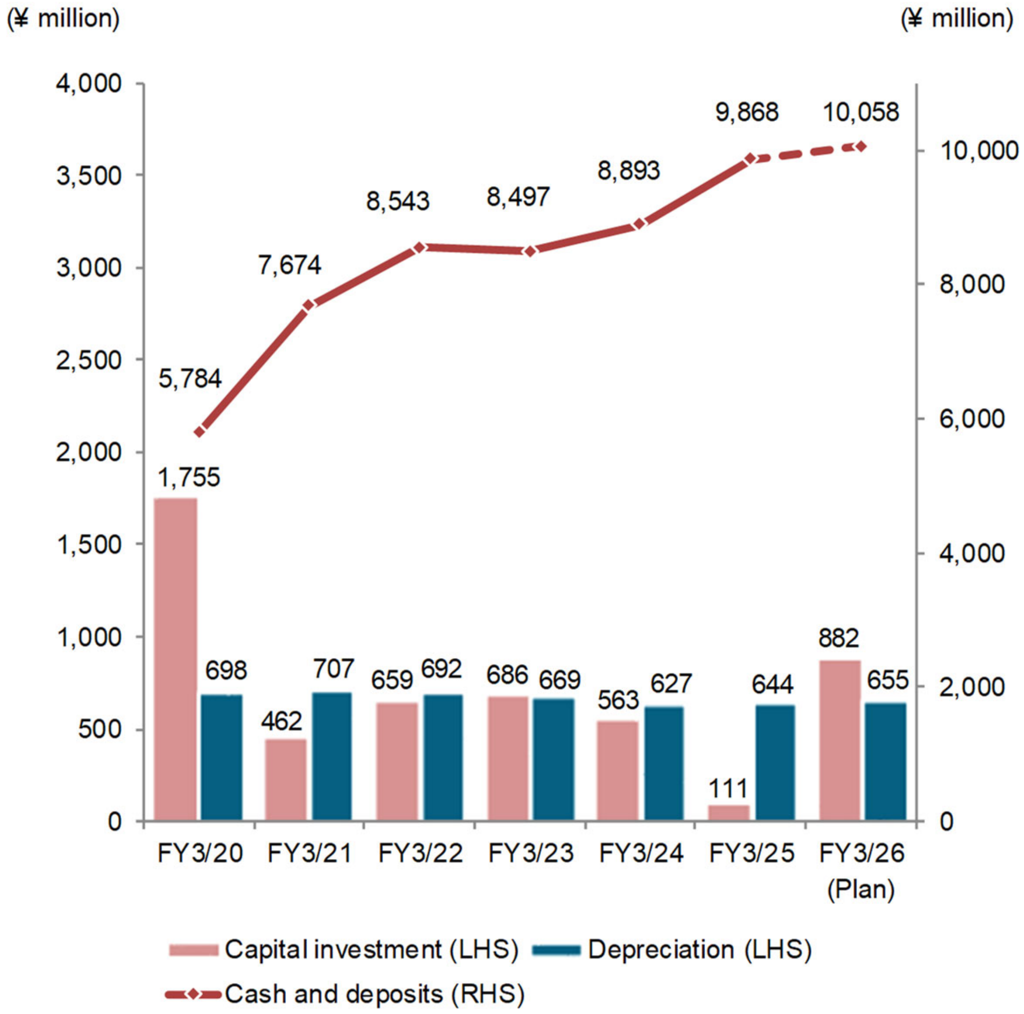
(Unit: ¥ million)	FY3/25 Actual	FY3/26 Forecasts	YoY Changes
Net Sales	9,431	9,680	+2.6%
Operating profit	1,767	1,740	-1.5%
Ordinary profit	1,779	1,750	-1.7%
Profit attributable to owners of parent	1,264	1,200	-5.1%

Capital investment	111	882	+693.5%
Depreciation	644	655	+1.7%
EPS (¥)	50.80	48.20	-5.1%
Dividend per share (¥)	30.00	30.00	—

- Although the current issue of U.S. tariff dispute is supposed to affect our major customers significantly, our financial forecasts are remained on market forecasts before the tariff issue since it is impossible to make a reasonable estimate of the future outlook.
- In the automotive industry, production is expected to increase due to the resolution of the impact of issues such as certification fraud. In the semiconductor and electronic components industry, demand for AI-related products is expected to be strong and inventory adjustments have run their course, leading to gradual growth. However, the future remains uncertain due to the tariff issue.
- Operating profit and ordinary profit are expected to decrease due to an increase in cost of products manufactured and SG&A expenses resulting from rising costs, mainly for material costs and personnel expenses.
- As for capital investment, new equipment installations for increased production and continuous renewal of production facilities are planned.
- The annual dividend per share is planned to ¥30.0, consisting of an interim dividend of ¥15.0 and a year-end dividend of ¥15.0.

Trend of Capital Investment and Depreciation

Trend of capital investment, depreciation, and cash and deposits balance



Factors for increase/decrease in capital investment

FY3/21

Due in part to the decline in utilization rates, the introduction of some equipment was carried over into the next fiscal year, resulting in a decrease compared to the initial plan.

FY3/23

Mainly implemented expansion of production facilities. The introduction of equipment was partially delayed to the next fiscal year, and decreased from the initial plan.

FY3/24

Decreased due to carryover of facility planning, although expansion of production facilities had been planned.

FY3/25

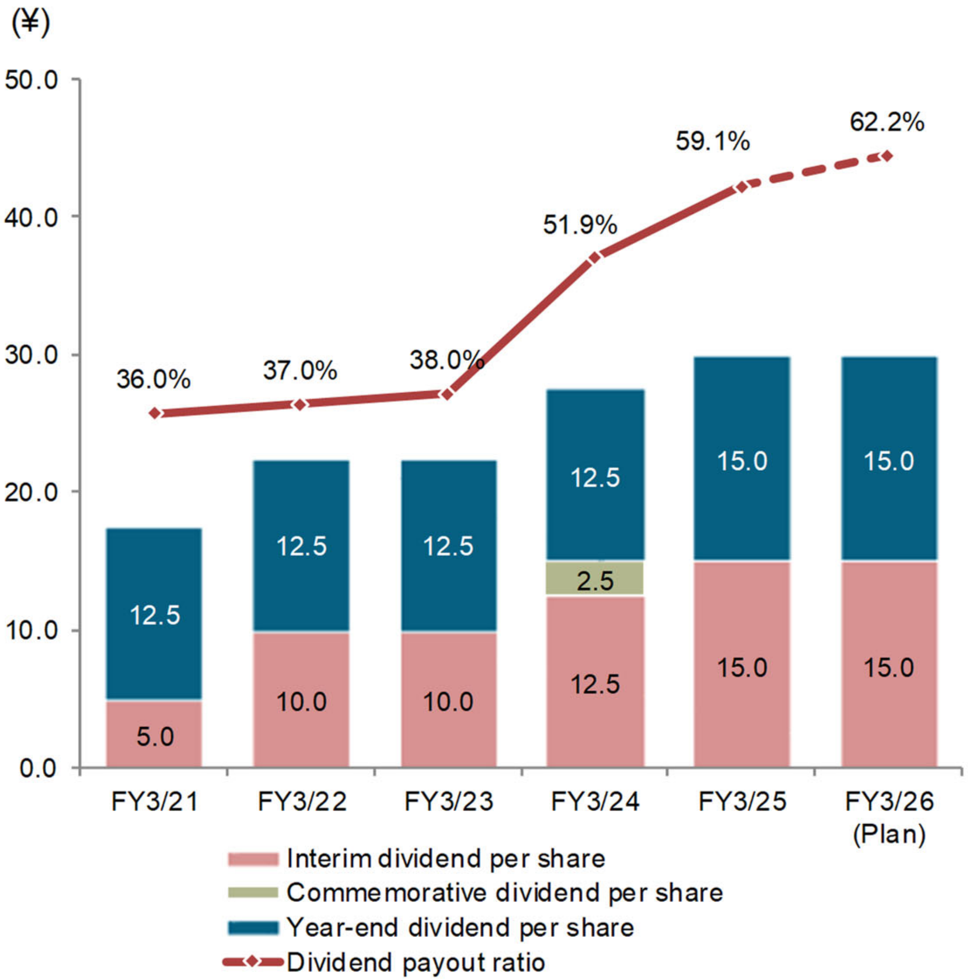
Due to fewer new equipment installations, capital expenditures decreased significantly from the previous fiscal year. On the other hand, depreciation increased due to the startup of facilities that had not in operation.

FY3/26 (Plan)

Capital investment was curtailed in FY3/25, but new equipment installations and renewal of production facilities are planned in FY3/26.

Dividend Forecasts (Shareholder Returns)

Trend of dividends per share and dividend payout ratio



*The impact of the stock split on April 1, 2021 was considered.

We take holistic approach by evaluating business performance and dividend payout ratio, while paying attention to stability and sustainability of shareholder returns

- Annual dividend per share for FY3/25 is planned to be ¥30.0.
  Liquidity on hand is increasing, and dividends are planned to be increased to strengthen shareholder returns.
  Interim dividend: ¥15.0
  Year-end dividend: ¥15.0
  Dividend payout ratio to the business performance: 59.1%

- Annual dividend per share for FY3/26 is planned to be ¥30.0.
  Interim dividend: ¥15.0
  Year-end dividend: ¥15.0
  Dividend payout ratio to the financial forecasts: 62.2%

- Shareholders' benefits
  An original QUO card, worth ¥2,000, is presented to every shareholder who holds one share unit (100 shares) or more for three years or more* and whose name is registered in the shareholder list as of March 31 of each year.

  *Holding for 3 years or more means that the holding record of 100 shares or more under the same shareholder number is listed or recorded in the shareholder list 7 times or more consecutively on record date of shareholder list (March 31 and September 30).

Contact us:

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Note: The descriptions concerning the future and projections are based on targets and forecasts, and do not constitute an assurance or guarantee. Please note that the results may differ from the projections.