



Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2024



NS TOOL CO., LTD.

July 31, 2023
(Securities Code: 6157)

Contents

1. Consolidated Financial Results for 1Q FY3/24	P. 3	• • •	Financial Results Summary for 1Q FY3/24
	P. 4	• • •	Factors for Decrease in Operating Profit
	P. 5	• • •	Summary of Statement of Income
	P. 6	• • •	Summary of Balance Sheet
	P. 7	• • •	Business Performance

2. Consolidated Financial Forecasts for FY3/24	P. 14	• • •	Financial Forecasts
	P. 15	• • •	Progress in 1Q FY3/24
	P. 16	• • •	Dividend Forecasts

Consolidated Financial Results for 1Q FY3/24



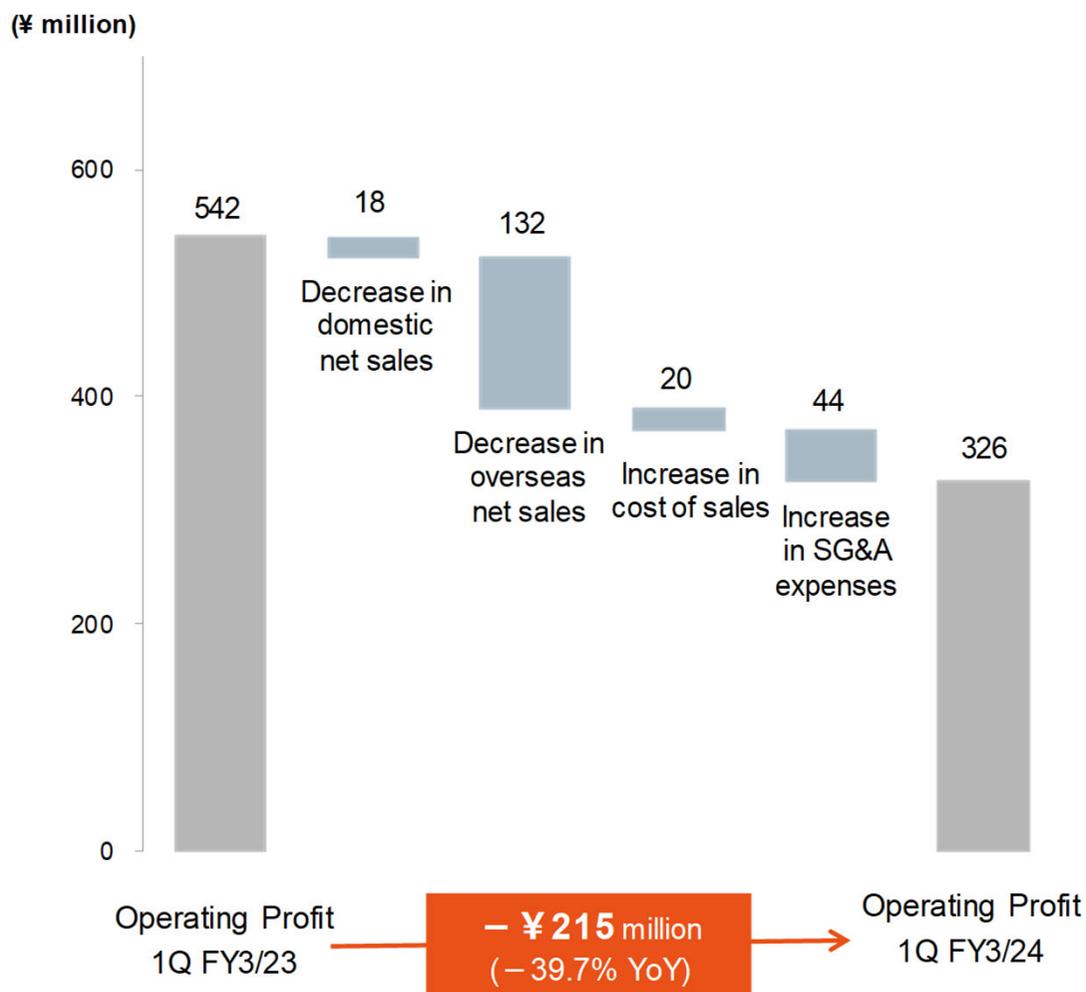
Financial Results Summary for 1Q FY3/24

Decreased in net sales and profits year on year

(Unit: ¥ million)	1Q FY3/23 Actual	1Q FY3/24 Actual	1H FY3/24 Forecasts	Progress Rate
Net Sales	2,355	2,204	4,970	44.4%
YoY changes	-3.7%	-6.4%	+4.2%	
Operating profit	542	326	930	35.1%
YoY changes	-6.8%	-39.7%	-3.1%	
Ordinary profit	540	332	930	35.7%
YoY changes	-8.3%	-38.6%	-2.7%	
Profit attributable to owners of parent	322	199	600	33.2%
YoY changes	-17.8%	-38.1%	-3.2%	

- Although production in the automotive industry showed signs of recovery due to the alleviation of semiconductor and parts shortage, demand for tools, primarily for molds, was unable to recover. Amid the continuation of reduced demand for smartphones and PCs, some products in the market of semiconductor and electronic components and devices continued to perform well, and showed signs of polarization. Overseas sales to Greater China were sluggish.
- Consolidated net sales in 1Q were ¥2,204 million, down 6.4% YoY.
- Consolidated ordinary profit was ¥332 million, down 38.6% YoY. Ordinary profit margin was 15.1%, down 7.9 pp YoY.

Factors for Decrease in Operating Profit



- Domestic net sales decreased by ¥18 million, down 1.2% YoY and overseas net sales decreased by ¥132 million, down 17.5% YoY. Overall net sales decreased by ¥151 million, down 6.4% YoY.
- Cost of products manufactured, including material costs and outsourcing expenses decreased by 5.6% YoY, as a result of the Company narrowed down its production volume and produced various types of products, in order to enhance its wide-ranging product inventory. However, as valuation loss on finished goods increased, cost of sales increased by ¥20 million, up 1.9% YoY.
- In SG&A expenses, selling expenses increased by 14.9% YoY due to an increase in travel expenses associated with the resumption of sales activities and exhibition costs. Overall SG&A expenses increased by ¥44 million, up 5.9% YoY.
- As a result, operating profit decreased by ¥215 million, down 39.7% YoY, to ¥326 million, and operating profit margin decreased by 8.2 pp to 14.8%.

Summary of Statement of Income

(Unit: ¥ million)	1Q FY3/23 Actual	1Q FY3/24 Actual	YoY Changes
Net Sales	2,355	2,204	-6.4%
Gross profit	1,295	1,123	-13.2%
Ratio to net sales	55.0%	51.0%	
SG&A expenses	753	797	+5.9%
Ratio to net sales	32.0%	36.2%	
Operating profit	542	326	-39.7%
Ratio to net sales	23.0%	14.8%	
Ordinary profit	540	332	-38.6%
Ratio to net sales	23.0%	15.1%	
Profit attributable to owners of parent	322	199	-38.1%
Ratio to net sales	13.7%	9.0%	
Capital investment	214	109	-48.7%
Depreciation	163	149	-8.9%
No. of employees (persons)	359	354	-1.4%

- Net sales were ¥2,204 million, down 6.4% YoY. Business conditions did not recover significantly, and net sales declined due in part to sluggish performance by overseas sales amid slower movement in tool demand.
- Gross profit was ¥1,123 million, down 13.2% YoY. Cost of sales increased by 1.9%, while gross profit margin was 51.0%, down 4.0 pp YoY.
- SG&A expenses increased 5.9% YoY, associated with the increase in selling expenses, while SG&A expenses ratio rose by 4.2 pp YoY to 36.2%.
- As a result, operating profit decreased by 39.7% YoY to ¥326 million and operating profit margin decreased by 8.2 pp YoY to 14.8%.
- Capital expenditures decreased by 48.7% YoY to ¥109 million due to lower equipment installation in 1Q. Depreciation also decreased by 8.9% YoY.

Summary of Balance Sheet

(Unit: ¥ million)	FY3/23-End	Composition Ratio	1Q FY3/24-End	Composition Ratio	VS FY3/23-End
(Assets)					
I Current assets	12,298	65.2%	11,850	64.4%	-3.6%
Cash and deposits	8,497	45.1%	8,004	43.5%	-5.8%
Notes and accounts receivable - trade	1,355	7.2%	1,318	7.2%	-2.8%
Inventories	2,320	12.3%	2,378	12.9%	+2.5%
II Non-current assets	6,559	34.8%	6,562	35.6%	+0.0%
Property, plant and equipment	5,412	28.7%	5,417	29.4%	+0.1%
Intangible assets	28	0.2%	27	0.2%	-1.5%
Investments and other assets	1,118	5.9%	1,116	6.1%	-0.2%
Total assets	18,857	100.0%	18,412	100.0%	-2.4%
(Liabilities)					
I Current liabilities	1,432	7.6%	1,098	6.0%	-23.3%
Accounts payable - trade	303	1.6%	268	1.5%	-11.5%
II Non-current liabilities	224	1.2%	224	1.2%	—
Total liabilities	1,657	8.8%	1,323	7.2%	-20.1%
(Net assets)					
Total equity	16,984	90.1%	16,885	91.7%	-0.6%
Total net assets	17,200	91.2%	17,089	92.8%	-0.6%
Total liabilities and net assets	18,857	100.0%	18,412	100.0%	-2.4%

Current assets

Decreased by 3.6% from the end of previous fiscal year due to a decrease in cash and deposits for the payment of income taxes and bonuses.

Non-current assets

Non-current assets remained almost flat due to a slight increase of property, plant and equipment and slight decrease of investments and other assets.

Liabilities

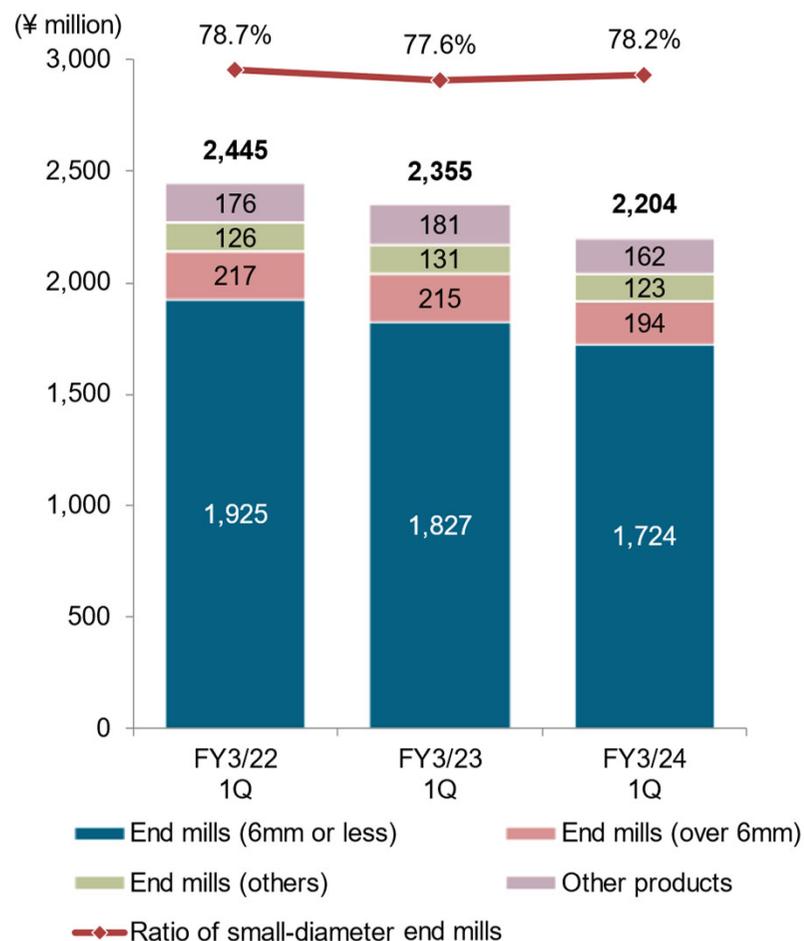
Decreased by 20.1% from the end of previous fiscal year due to a decrease in income taxes payable and provision for bonuses.

Net assets

Decreased by 0.6% from the end of previous fiscal year due to a decrease in retained earnings resulting from the payment of dividends. Partly due to a decrease in liabilities, equity ratio was 91.7%, up 1.6 pp from the end of previous fiscal year.

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

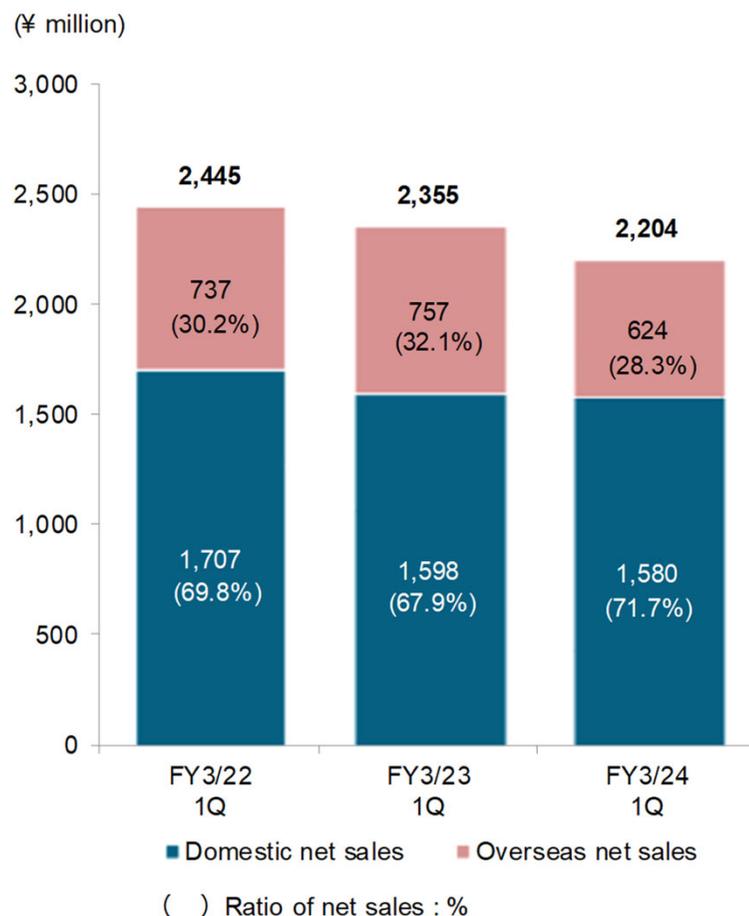
Trend of net sales by product and ratio of small-diameter end mills



- Automotive industry showed signs of recovery of production due to the elimination of semiconductor and parts shortage. However, demand for tools, primarily for molds, was unable to recover and trends remained sluggish. On the other hand, amid the continuation of reduced demand for smartphones and PCs, some products in the market of semiconductor and electronic components and devices continued to perform well. Consolidated net sales in 1Q were ¥2,204 million, down 6.4% YoY.
- By product, net sales for mainstay end mills (diameter 6mm or less) decreased by 5.7% YoY, and end mill (diameter over 6mm) decreased by 9.5% YoY, end mills (other), mainly special products custom-made to users, decreased by 6.1% YoY, and other products such as tool cases also decreased by 10.6% YoY. The ratio of small-diameter end mills was 78.2%, up 0.6 pp YoY.

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

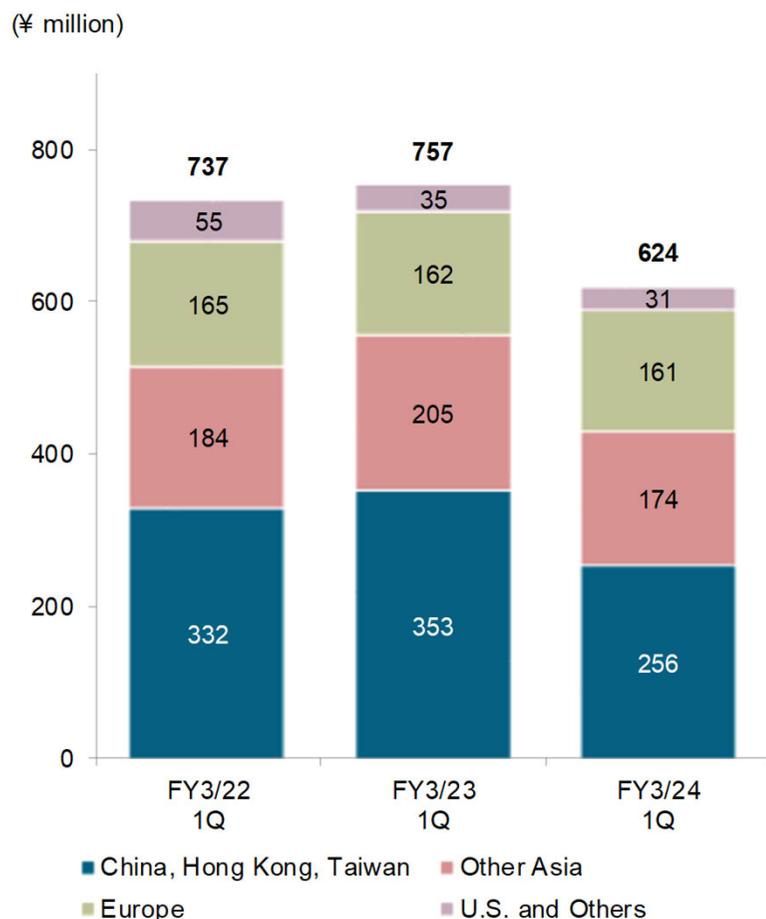
Trend of domestic and overseas net sales



- Domestic net sales decreased by ¥18 million, down 1.2% YoY, to ¥1,580 million. Overseas net sales decreased by ¥132 million, down 17.5% YoY, to ¥624 million.
- Overseas net sales were significantly affected by the decline in demand in Greater China, which performed well in the same period of the previous fiscal year. In account consolidation of NS TOOL Hong Kong Ltd. into 1Q results, figures for China are for January -March.
- Overseas net sales ratio decreased by 3.8 pp YoY to 28.3%. It fell below 30% for the first time in 4 years.

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

Trend of net sales by overseas region



- Combined net sales for China, Hong Kong and Taiwan decreased by 27.4% YoY to ¥256 million. In account consolidation of NS TOOL Hong Kong Ltd. into 1Q results, figures for China are for January -March. Demand for smartphone industry declined and production was transferred to Other Asia region. Furthermore, the Chinese market was deteriorating, and the entire manufacturing industry was significantly affected. In Taiwan, the market of semiconductor was sluggish.
- Other Asia decreased by 15.0% to ¥174 million. In Southeast Asia, mold-related sales for automobile parts have been sluggish. India has been performing well due to brisk domestic demand and the transfer of production from China.
- Europe decreased by 0.4% YoY to ¥161 million due to soaring resource prices and inflation.
- U.S. and Others decreased by 13.0% YoY to ¥31 million. In account consolidation of NS TOOL USA, figures for U.S. are partially for January -March. Orders are being transferred to NS TOOL USA, which has local inventories, and the Company aims to expand sales in the future by establishing sales channels.

Business Performance (Trend of gross profit)

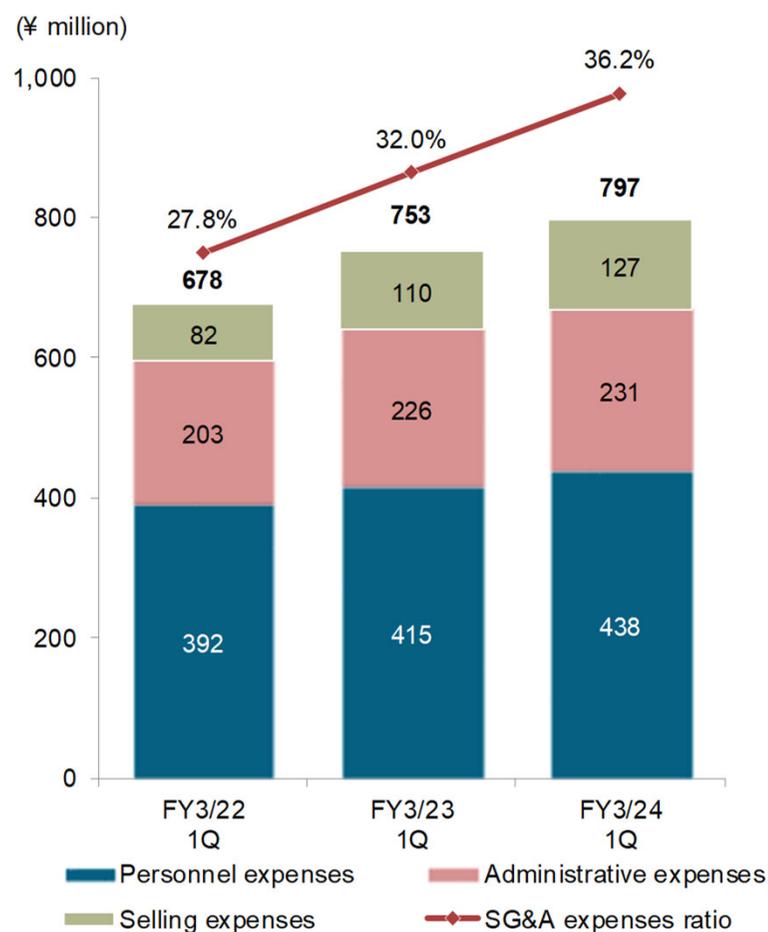
Trend of gross profit and gross profit margin



- Materials cost decreased by 11.4% YoY, outsourcing expenses decreased by 13.2% YoY, and labor costs decreased by 3.4% YoY, due to production plans corresponding to the proper-quantity production of various types of products with the aim of expanding wide-ranging product inventory, and ongoing efforts of cost reduction. Manufacturing expenses decreased by 0.6% YoY, thanks to a decrease in manufacturing depreciation, despite a slight increase in electricity power costs, and cost of products manufactured decreased by 5.6% YoY.
- Valuation loss on finished goods increased due to production of low-selling products to expand wide-ranging product inventory. Cost of sales increased by 1.9% YoY.
- As a result, gross profit decreased by 13.2% YoY to ¥1,123 million and gross profit margin decreased by 4.0 pp YoY to 51.0%.

Business Performance (Trend of SG&A expenses)

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



- Selling expenses increased by 14.9% YoY to ¥127 million due to an increase in travel expenses from sales activities as well as an increase in exhibition costs from active participation in exhibitions such as "INTERMOLD" held in April and June.
- Administrative expenses also increased due to higher expenses related to shareholders' benefits and mailing of documents to shareholders in line with increase in the number of shareholders.
- Personnel expenses increased by 5.6% YoY to ¥438 million due to an increase in employee salaries.
- Overall SG&A expenses increased by 5.9% to ¥797 million, while SG&A expenses ratio rose by 4.2 pp to 36.2%.

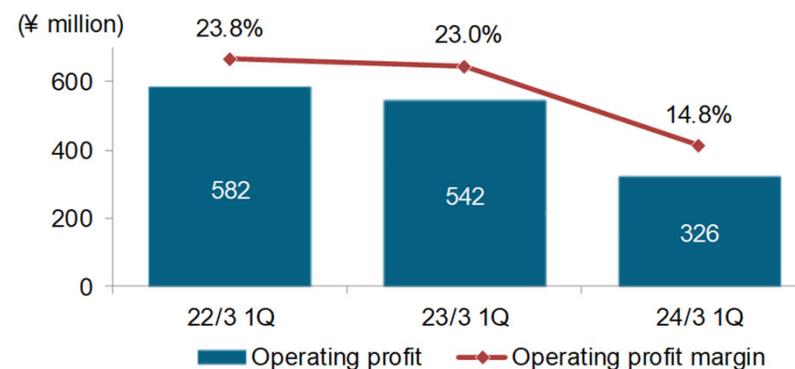
Business Performance (Trend of ordinary profit)

Trend of ordinary profit and ordinary profit margin



- Operating profit decreased by 39.7% YoY to ¥326 million due to a decrease in net sales and an increase in SG&A expenses.
- For non-operating income and expenses, non-operating income exceeded non-operating expenses by ¥5 million due to foreign exchange gains. Ordinary profit was ¥ 332 million, down 38.6% YoY.
- Ordinary profit margin was 15.1%, down 7.9 pp YoY.

(Ref.) Trend of operating profit and operating profit margin



Consolidated Financial Forecasts for FY3/24



Financial Forecasts

(Unit: ¥ million)	FY3/23 Actual	FY3/24 Forecasts	YoY Changes
Net Sales	9,656	9,870	+2.2%
Operating profit	2,108	1,820	-13.7%
Ordinary profit	2,131	1,830	-14.2%
Profit attributable to owners of parent	1,475	1,220	-17.3%

Capital investment	686	1,037	+51.1%
Depreciation	669	714	+6.6%
EPS (¥)	59.16	48.88	-17.4%
Dividend per share (¥)	22.50	25.00	+11.1%

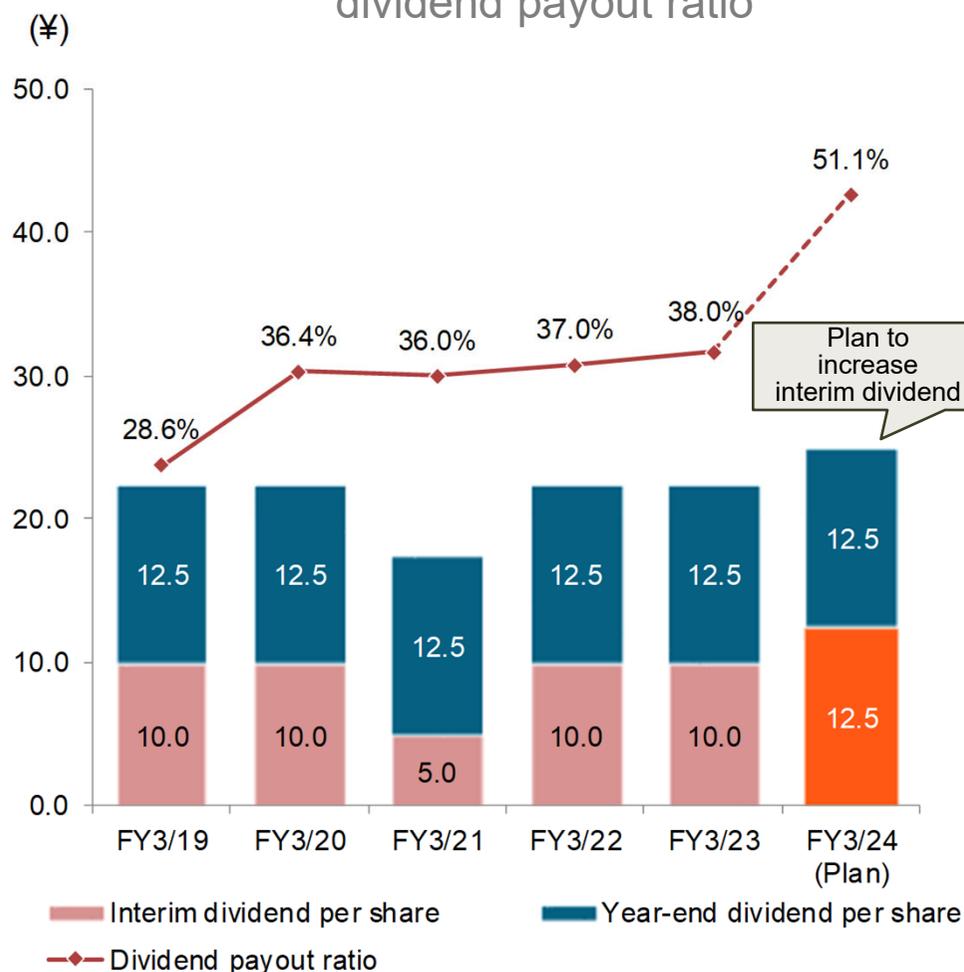
- In automotive industry, we expect the shortage of parts dissipate, and production volume to gradually recover. For semiconductor and electronic components, although there are concerns about a decline in some demand, demand in a wide range of sectors is expected to continue due to progress in DX.
- Net sales are expected to increase slightly due to aggressive sales activities in line with the normalization of economic activities and the launch of new product. It is inevitable that costs for materials and electricity will increase continuously, and we also expect the increase in costs due to the increase in wages.
- FY3/24 forecasts are for net sales ¥9,870 million, up 2.2% YoY, operating profit ¥1,820 million, down 13.7% YoY, and ordinary profit ¥1,830 million, down 14.2% YoY.
- As for capital expenditures, continuous expansion of production facilities is planned. It is expected to increase by 51.1% due in part to a delay in facility planning from the previous fiscal year.
- The annual dividend per share is planned to be ¥25 including an interim dividend of ¥12.5 and a year-end dividend of ¥12.5.

Progress in 1Q FY3/24

(Unit: ¥ million)	FY3/24				
	1Q Actual	1H Forecasts	Progress Rate	Full-year Forecasts	Full-year Progress Rate
Net Sales	2,204	4,970	44.4%	9,870	22.3%
YoY Changes	-6.4%	+4.2%		+2.2%	
Operating profit	326	930	35.1%	1,820	18.0%
YoY Changes	-39.7%	-3.1%		-13.7%	
Ordinary profit	332	930	35.7%	1,830	18.2%
YoY Changes	-38.6%	-2.7%		-14.2%	
Profit attributable to owners of parent	199	600	33.2%	1,220	16.3%
YoY Changes	-38.1%	-3.2%		-17.3%	

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 shareholders return

- Annual dividend per share for FY3/23 was ¥22.5.
Interim dividend: ¥10.0; Year-end dividend: ¥12.5
Dividend payout ratio to the business performance: 38.0%
- Annual dividend per share for FY3/24 is planned to be increased to ¥25.0 in accordance with the basic policy and with capital efficiency in mind, considering financial forecasts.
Interim dividend: ¥12.5; Year-end dividend: ¥12.5
Dividend payout ratio for the financial forecasts: 51.1%
- 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:

NS TOOL CO., LTD.

Corporate Planning Office

E-mail : ir@ns-tool.com

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.