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## Summary of Business Results for the Third Quarter Ended December 31, 2022 [Japan GAAP] (Consolidated)

January 31, 2023

Company **NS TOOL CO., LTD.** Listed on the TSE  
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 Expected date of filing of quarterly report: February 10, 2023  
 Expected starting date of dividend payment: -  
 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: None

(Rounded down to million yen)

### 1. Consolidated business results for the nine months ended December 2022 (April 1, 2022 through December 31, 2022)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 2022	7,360	1.1	1,663	-0.6	1,653	-3.1	1,120	-5.2
Nine months ended Dec. 2021	7,279	24.8	1,673	79.4	1,707	52.0	1,181	55.4

(Note) Comprehensive income:

Nine months ended December 2022: 1,197 million yen (-0.2%)

Nine months ended December 2021: 1,200 million yen (59.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 2022	44.93	44.54
Nine months ended Dec. 2021	47.23	46.83

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 2022	18,163	16,873	91.7	667.41
As of Mar. 2022	17,874	16,165	89.2	640.58

(Reference) Equity:

As of December 2022: 16,657 million yen

As of March 2022: 15,950 million yen

### 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 2022	-	10.00	-	12.50	22.50
Year ending Mar. 2023	-	10.00	-		
Year ending Mar. 2023 (forecast)				12.50	22.50

(Note) Revisions to dividend forecast for the current quarter: None

**3. Forecast of consolidated business results for the fiscal year ending March 2023****(April 1, 2022 through March 31, 2023)**

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Year ending Mar. 2023	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	9,370	-1.6	1,790	-15.2	1,790	-17.0	1,210	-20.5	48.56

(Note) Revisions to business forecast for the current quarter: None

**\*Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the quarterly consolidated financial statements: Yes

(Note) Application of accounting procedures specific to preparation of the quarterly consolidated financial statements. For more details, please refer to "Application of accounting procedures specific to preparation of the quarterly consolidated financial statements" on page 7 of the attached material.

(3) Changes in accounting policies, accounting estimates and restatement

- ① Changes in accounting policies associated with revision of accounting standards: : Yes
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(Note) For more details, please refer to "(3) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting policies)" of "2. Quarterly Consolidated Financial Statements and Significant Notes Thereto" on page 7 of the attached material.

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of December 2022 25,035,034 shares

As of March 2022 25,035,034 shares

② Treasury stock at the end of period:

As of December 2022 75,866 shares

As of March 2022 135,138 shares

③ Average number of stock during period (quarterly cumulative period)

Nine months ended December 2022 24,930,626 shares

Nine months ended December 2021 25,020,587 shares

**\* Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms**

**\* Explanation regarding appropriate use of business forecasts and other special instructions**

Above forecasts are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors.

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## 1. Qualitative Information Regarding Results for the First Nine Months

### (1) Explanation of Operating Results

During the nine months ended December 31, 2022, the Japanese economy saw economic activities gradually head toward normalization with the progressive easing of COVID-19-related movement restrictions. However, the future remains uncertain due to Russia's invasion of Ukraine, yen depreciation driven mainly by the difference between Japanese and U.S. interest rates, and surging resource prices and energy prices.

As for the situation of the major consumers for the products of the Company group (the "Group"), recovery in the automotive industry has been delayed amid continued production cutbacks as semiconductor and parts shortages remain unresolved. On the other hand, the market of semiconductor and electronic components and devices generally remained strong, despite lower stay-at-home demand for smartphones and PCs that had been brisk.

Amid such an environment, the Group strived to cut costs further on the manufacturing frontlines starting with more manufacturing internalization to combat increased costs caused by inflation. However, as we had difficulty maintaining prices solely through our own efforts, we decided to pass on some of the increased costs to our prices, and in line with trends at other companies, we issued price increases for major products starting from November orders. We saw some rush demand prior to the price increases.

On the sales front, we strived to cultivate new users with tools proposals which met various needs, through displays at exhibitions. In November, we exhibited at Japan's largest machine tool fair, "JIMTOF2022," held in person for the first time in four years.

On the products front, we expanded our lineup, including the "MHRSH430RSF" 4-Flute Long Neck Corner Radius End Mill for Hardened Steel and High accuracy cutting and the "PCDRB" PCD Ball End Mill for mirror finishing.

In terms of production, in addition to "Orange FC," which are "NS TOOL Group improvement activities that take on challenges for the future," implemented for streamlining and cost cutting mainly at the Sendai Factory, we launched other activities aimed at further cost-cutting.

As a result, net sales for the nine months ended December 31, 2022 were ¥7,360 million (up 1.1% year on year), operating profit was ¥1,663 million (down 0.6% year on year), ordinary profit was ¥1,653 million (down 3.1% year on year), and profit attributable to owners of parent was ¥1,120 million (down 5.2% year on year).

By product category, sales of "End mills (diameter 6 mm or less)" were ¥5,738 million (up 0.7% year on year), sales of "End mills (diameter over 6 mm)" were ¥666 million (down 2.3% year on year), sales of "End mills (other)" were ¥410 million (up 6.8% year on year), and sales of "Other" were ¥544 million (up 5.5% year on year).

(Note) Since there is only one reportable segment, the information is presented by product category. The "Other" business segment is included in "Other" by product category.

### (2) Explanation of Financial Position

As for the consolidated financial position as of December 31, 2022, total assets increased by ¥289 million compared to the end of the previous fiscal year to ¥18,163 million. This was mainly due to an increase in raw materials.

Furthermore, liabilities decreased by ¥418 million compared to the end of the previous fiscal year to ¥1,289 million. This was mainly due to payment of income taxes payable and a decrease in provision for bonuses.

Net assets increased by ¥707 million compared to the end of the previous fiscal year to ¥16,873 million due to an increase in retained earnings, etc. Equity-to-asset ratio as of December 31, 2022 amounted to 91.7%.

### (3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Statements

With respect to the forecast of business results for the fiscal year ending March 31, 2023, there is no change from the business results forecast announced on October 31, 2022.

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

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,543,254	8,578,405
Notes and accounts receivable - trade	1,322,918	1,377,286
Merchandise and finished goods	1,191,205	1,241,122
Work in process	304,224	272,203
Raw materials and supplies	345,547	553,011
Other	100,391	81,448
Total current assets	11,807,542	12,103,477
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,674,457	2,576,360
Machinery, equipment and vehicles, net	1,716,992	1,501,814
Land	800,483	800,483
Construction in progress	66,367	438,181
Other, net	176,813	140,698
Total property, plant and equipment	5,435,114	5,457,538
Intangible assets	32,663	27,381
Investments and other assets		
Investment securities	50,765	28,290
Deferred tax assets	412,829	407,522
Other	135,271	139,317
Total investments and other assets	598,865	575,130
Total non-current assets	6,066,644	6,060,050
<b>Total assets</b>	<b>17,874,187</b>	<b>18,163,527</b>

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	249,230	274,092
Income taxes payable	445,948	146,823
Provision for bonuses	241,481	126,632
Provision for bonuses for directors (and other officers)	102,034	65,724
Other	444,576	451,744
Total current liabilities	1,483,270	1,065,016
Non-current liabilities		
Long-term accounts payable - other	224,952	224,952
Total non-current liabilities	224,952	224,952
Total liabilities	1,708,222	1,289,968
<b>Net assets</b>		
Shareholders' equity		
Share capital	455,330	455,330
Capital surplus	418,223	418,223
Retained earnings	15,271,863	15,813,695
Treasury shares	(200,791)	(112,713)
Total shareholders' equity	15,944,625	16,574,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,532	4,802
Foreign currency translation adjustment	2,171	78,585
Total accumulated other comprehensive income	5,704	83,388
Share acquisition rights	215,634	215,634
Total net assets	16,165,964	16,873,558
Total liabilities and net assets	17,874,187	18,163,527

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

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	7,279,962	7,360,585
Cost of sales	3,498,973	3,418,957
Gross profit	3,780,989	3,941,627
Selling, general and administrative expenses	2,107,418	2,278,451
Operating profit	1,673,571	1,663,176
Non-operating income		
Interest income	35	37
Dividend income	743	863
Subsidy income	19,020	1,412
Gain on sale of scraps	11,816	13,037
Surrender value of insurance policies	13,430	-
Other	2,605	8,215
Total non-operating income	47,650	23,566
Non-operating expenses		
Foreign exchange losses	12,429	26,534
Other	1,275	6,373
Total non-operating expenses	13,705	32,908
Ordinary profit	1,707,516	1,653,834
Extraordinary income		
Gain on sale of non-current assets	1,326	1,848
Total extraordinary income	1,326	1,848
Extraordinary losses		
Loss on sale of non-current assets	2,083	-
Loss on retirement of non-current assets	650	381
Loss on valuation of investment securities	-	24,289
Total extraordinary losses	2,733	24,671
Profit before income taxes	1,706,109	1,631,010
Income taxes	524,462	510,952
Profit	1,181,646	1,120,058
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,181,646	1,120,058

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

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	1,181,646	1,120,058
Other comprehensive income		
Valuation difference on available-for-sale securities	178	1,269
Foreign currency translation adjustment	18,609	76,414
Total other comprehensive income	18,787	77,684
Comprehensive income	1,200,434	1,197,742
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,200,434	1,197,742
Comprehensive income attributable to non-controlling interests	-	-



**(3) Notes to Quarterly Consolidated Financial Statements**

**Notes on uncertainties of entity's ability to continue as going concern**

Not applicable.

**Notes when there are significant changes in amounts of shareholders' equity**

Not applicable.

**Application of accounting procedures specific to preparation of the quarterly consolidated financial statements**

With regard to the Company and certain subsidiaries, tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the third quarter of the current fiscal year.

**Changes in accounting policies**

Application of Guidance on Accounting Standard for Measurement of Fair Value

“Guidance on Accounting Standard for Measurement of Fair Value” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Guidance on Accounting Standard for Measurement of Fair Value”) is applied from the beginning of the first quarter of the current fiscal year, and the new accounting policy prescribed by the Guidance will be applied prospectively in accordance with the transitional treatment prescribed in Section 27-2 of Guidance on Accounting Standard for Measurement of Fair Value. There is no impact on the quarterly consolidated financial statements.