Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Summary of Business Results for the Year Ended March 31, 2026 [Japan GAAP] (Consolidated)

May 14, 2026

Company	**NS TOOL CO., LTD.**	Listed on the TSE
Stock Code	6157 URL: https://www.ns-tool.com/en/	
Representative	Hiroji Goto, President	
Contact	Satoru Toda, Director, General Manager of Corporate Planning Office	TEL: +81-3-6423-1135

Expected date of annual shareholders' meeting: June 24, 2026
Expected date of filing of annual securities report: June 23, 2026
Expected starting date of dividend payment: June 25, 2026
Preparation of supplementary financial document: Yes
Results briefing: Yes

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended March 2026 (April 1, 2025 through March 31, 2026)

(1) Consolidated results of operations

(% indicates year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2026	9,494	0.7	1,959	10.9	2,011	13.0	1,442	14.0
Year ended Mar. 2025	9,431	4.3	1,767	-5.4	1,779	-6.8	1,264	-4.2

(Note) Comprehensive income:
Year ended March 2026: 1,443 million yen (9.7%)
Year ended March 2025: 1,316 million yen (-2.4%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2026	58.38	57.92	8.0	10.2	20.6
Year ended Mar. 2025	50.80	50.40	7.1	9.1	18.7

(Reference) Share of profit (loss) of entities accounted for using equity method
Year ended March 2026: – million yen
Year ended March 2025: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2026	19,595	17,851	90.1	751.94
As of Mar. 2025	19,941	18,415	91.4	731.24

(Reference) Equity:
As of March 2026: 17,657 million yen
As of March 2025: 18,221 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2026	2,138	-380	-2,055	9,467
Year ended Mar. 2025	2,011	-392	-684	9,768

2. Dividends

	Annual dividend					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2025	–	15.00	–	15.00	30.00	747	59.1	4.1
Year ended Mar. 2026	–	15.00	–	15.00	30.00	726	51.4	4.0

(Note) The Company has stipulated in its Articles of Incorporation that the record dates for dividends are the end of the second quarter and the fiscal year-end. However, as of now, the forecasted dividend amount for these record dates is yet to be determined.

3. Forecast of consolidated business results for the fiscal year ending March 2027 (April 1, 2026 through March 31, 2027)

As for the forecast of consolidated business results for the fiscal year ending March 2027, it is currently difficult to reasonably calculate, and therefore remains undetermined. We plan to promptly disclose the forecast of consolidated business results once a reasonable calculation becomes possible.

Please refer to the attached document on page 4, "1. Overview of Operating Results and Others (4) Outlook for the Next Fiscal Year," where we have included information that is deemed useful for forecasting future business results at this time.

***Notes**

(1) Significant changes in the scope of consolidation during the period: None

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

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

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)
As of March 2026 25,035,034 shares
As of March 2025 25,035,034 shares

② Treasury stock at the end of period:
As of March 2026 1,552,963 shares
As of March 2025 116,163 shares

③ Average number of stock during period
Year ended March 2026 24,704,835 shares
Year ended March 2025 24,896,763 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2026 (April 1, 2025 through March 31, 2026)

(1) Non-consolidated results of operations (% indicates year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2026	8,277	2.6	1,504	4.5	1,623	3.9	1,207	5.5
Year ended Mar. 2025	8,070	2.0	1,439	-9.6	1,563	-9.9	1,144	-8.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended Mar. 2026	48.88	48.49
Year ended Mar. 2025	45.96	45.60

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2026	16,366	14,926	90.0	627.40
As of Mar. 2025	17,044	15,721	91.1	623.12

(Reference) Equity:

As of March 2026: 14,732 million yen

As of March 2025: 15,527 million yen

2. Forecast of non-consolidated business results for the fiscal year ending March 2027 (April 1, 2026 through March 31, 2027)

As for the forecast of non-consolidated business results for the fiscal year ending March 2027, it is currently difficult to reasonably calculate, and therefore remains undetermined. We plan to promptly disclose the forecast of non-consolidated business results once a reasonable calculation becomes possible.

Please refer to the attached document on page 4, “1. Overview of Operating Results and Others (4) Outlook for the Next Fiscal Year,” where we have included information that is deemed useful for forecasting future business results at this time.

*** Financial summary is not subject to auditing 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.

Attached Materials

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

During the fiscal year ended March 31, 2026, the Japanese economy continued to show a gradual recovery trend, driven by robust AI-related demand, despite the temporary impact of U.S. tariff issues on exporting companies.

As for the situation of the major consumers for the products of the Company group (the “Group”), the domestic AI and data center sectors experienced robust growth, leading to strong demand across a wide range of products in the semiconductor-related market, from manufacturing equipment to inspection processes, while the electronic components and devices-related market also remained generally steady. In the automotive-related sector, signs of recovery were evident in mass production and parts processing, particularly for hybrid vehicles. Furthermore, overseas, orders related to automobiles, optics, and data centers were strong mainly in Asia including Greater China.

Amid such an environment, the Group promoted agile development, and during the fiscal year ended March 31, 2026, we launched 14 new product models, including those with added specifications, by March 2026. We launched the new products CHR430R, CERMET Long Neck Corner Radius End Mill, MSBSH230, 2-Flute Ball End Mill for Hardened Steel and High Accuracy Machining, MHDSH445R・MHDSH645R, 4-Flute/6-Flute Corner Radius End Mill for Hardened Steel, and MMTM, M-Thread Mill (for Internal Thread) in March.

In terms of production, in addition to achieving economies of scale through increased production driven by higher sales, we achieved cost reductions by building an efficient production system, mainly through the “Orange FC Activities,” the Group’s improvement activities conducted in small groups, while maintaining high precision and high quality.

As a result, net sales for the fiscal year ended March 31, 2026 were ¥9,494 million (up 0.7% year on year), operating profit was ¥1,959 million (up 10.9% year on year), ordinary profit was ¥2,011 million (up 13.0% year on year), and profit attributable to owners of parent was ¥1,442 million (up 14.0% year on year).

The Group exceeded the KPI target of 20% ordinary profit margin on net sales with an actual result of 21.2% for the fiscal year ended March 31, 2026 (this was up 2.3 percentage points year on year). Sales increased due to strong sales in the Asian region, including Greater China. Furthermore, although raw material and labor costs rose, manufacturing costs were kept in check through cost-reduction measures, resulting in an increase in the ordinary profit margin on net sales. With regard to the other target of 10% ROE, ROE improved by 0.9 percentage points year on year to 8.0% for the fiscal year ended March 31, 2026, supported by increased profits and the implementation of a large-scale share buyback totaling more than ¥1.3 billion.

By product category, sales of “End mills (diameter 6 mm or less)” were ¥7,635 million (up 1.3% year on year), sales of “End mills (diameter over 6 mm)” were ¥799 million (up 0.1% year on year), sales of “End mills (other)” were ¥365 million (down 15.2% year on year), and sales of “Other” were ¥694 million (up 4.8% 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) Overview of Financial Position for the Fiscal Year

As for the consolidated financial position at the end of the fiscal year ended March 31, 2026, total assets came to ¥19,595 million (a decrease of ¥346 million over the end of the previous fiscal year), total liabilities came to ¥1,743 million (an increase of ¥217 million over the end of the previous fiscal year) and total net assets came to ¥17,851 million (a decrease of ¥564 million over the end of the previous fiscal year). The factors behind increases and decreases in each asset and liability account are as follows.

<Current assets>

The balance of current assets at the end of the fiscal year ended March 31, 2026 was ¥13,459 million, a decrease of ¥332 million, or 2.4%, over the previous fiscal year. This was mainly due to a decrease in cash and deposits for purchase of treasury shares.

<Non-current assets>

The balance of non-current assets at the end of the fiscal year ended March 31, 2026 was ¥6,135 million, a decrease of ¥14 million, or 0.2%, over the previous fiscal year. This was mainly due to depreciation that exceeded capital investment.

<Total assets>

Due to the above, total assets came to ¥19,595 million, a decrease of ¥346 million, or 1.7%, over the previous fiscal year.

<Total liabilities>

The balance of liabilities at the end of the fiscal year ended March 31, 2026 was ¥1,743 million, an increase of ¥217 million, or 14.3%, over the previous fiscal year. This was mainly due to increases in accounts payable - other and income taxes payable.

<Total net assets>

The balance of net assets at the end of the fiscal year ended March 31, 2026 was ¥17,851 million, a decrease of ¥564 million, or 3.1%, over the previous fiscal year. This was mainly due to purchase of treasury shares.

(3) Overview of Cash Flows for the Fiscal Year

The status of each type of cash flows in the fiscal year ended March 31, 2026 and accompanying factors are as follows. Cash and cash equivalents (“cash”) on a consolidated basis came to ¥9,467 million, a decrease of ¥300 million, or 3.1%, over the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities came to ¥2,138 million, up 6.3% year on year. This mainly reflects an increase in cash resulting from ¥2,014 million in profit before income taxes, an increase in cash from depreciation, and outflow of cash resulting from the payment of income taxes.

(Cash flows from investing activities)

Net cash used in investing activities came to ¥380 million, down 3.2% year on year. This mainly reflects purchase of non-current assets.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥2,055 million, up 200.4% year on year. This is mainly due to purchase of treasury shares and the payment of dividends.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity-to-asset ratio (%)	91.1	91.4	90.1
Equity-to-asset ratio based on market value (%)	127.2	93.2	98.5
Interest-bearing debt to cash flow ratio	–	–	–
Interest coverage ratio (x)	–	–	–

Equity-to-asset ratio: Equity/Total assets
Equity-to-asset ratio based on market value: Total market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest paid

* Each indicator is calculated based on consolidated financial data.
* Total market capitalization is calculated based on the share closing price at the end of the fiscal year multiplied by the total number of outstanding shares at the end of the fiscal year.
* Cash flows from operating activities on the consolidated statement of cash flows is used for operating cash flows. Interest-bearing debts include all of those debts reported on the consolidated balance sheet on which interest is paid.

(4) Outlook for the Next Fiscal Year

We are unable to provide a consolidated earnings forecast for the fiscal year ending March 2027 at this time, as it is difficult to make a reasonable estimate at this stage.

With regard to tungsten, a key raw material for our Group's products, international prices for the raw material have risen significantly over the past year due to supply constraints in China, the primary producer, and continue to trend upward. Our current procurement costs have also risen significantly compared to the average price for this fiscal year, and they are likely to remain high going forward. The uncertain trends in the tungsten market are having a significant impact on our Group's manufacturing costs, and at this point, it is difficult to make a reasonable forecast of full-year costs for the next fiscal year.

In terms of demand for the next fiscal year, growth is expected to be limited in the automotive parts sector—a key user—due to the impact of the ongoing decline in domestic production. On the other hand, the semiconductor and electronic components industry is expected to remain robust. In addition, with regard to exports, sales volume is expected to increase overall, driven by demand for automotive-related and electronic products in China, as well as demand from other Asian countries.

However, there are currently many uncertainties regarding trends in raw material prices and the way of price pass-through, among others. Given the significant impact these uncertainties will have on sales and revenue, it is difficult to make a reasonable forecast at this time. For this reason, we are refraining from disclosing our next earnings forecast at this time, but plan to disclose it promptly once a reasonable estimate can be made.

(5) Basic Policy on the Distribution of Profits and Dividends for the Current and Next Fiscal Years

The Company places one of the highest priorities on returning profits to shareholders, based on the premise of securing necessary retained earnings to ensure a stable management base and business development, while maintaining sufficient liquidity on hand for medium-term business execution. In addition, its basic policy is to implement flexible shareholder returns in accordance with business performance, comprehensively considering performance trends, capital efficiency, and total return ratio, among other factors. Dividends are determined with an emphasis on stability and continuity.

For the fiscal year ended March 31, 2026, the Company plans to set a year-end dividend of ¥15.0 per share for a combined annual dividend of ¥30.0 to be paid when the interim dividend of ¥15.0 per share is included.

Additionally, for the fiscal year ending March 31, 2027, the Company plans to announce the dividend forecast once its earnings forecast can be reasonably estimated, based on the above policy and after comprehensively considering its anticipated business performance and financial plan.

2. Status of the Corporate Group

The Group is comprised of six companies that includes the Company and five consolidated subsidiaries. It engages in its businesses with a particular focus on the manufacture and sales of end mills, cutting tools installed on machining centers (machine tools) to work metal and other materials. The Group distinguishes itself by focusing on end mills that are made of particularly carbide materials and have especially small diameters (blade edge diameter of 6 mm or less). These products account for approx. 80% of its business volume in terms of monetary amount.

The Group conducts its business activities having established a strategy for each product department with a systematic division of modes of manufacture, markets and customers for its products. Accordingly, the Group is comprised of two business segments that are divided according to product department: “End mills” and “Other.” “End mills” constitutes the mainstay business operated by the Group, and is engaged in the manufacture and sale of cutting tools centered on small-diameter cemented carbide end mills. “Other” includes businesses engaged in the manufacture and sale of plastic-molded products centered on tool cases. “End mills” is further divided in the following manner according to the size and other aspects of the products: “End mills (diameter 6 mm or less),” “End mills (diameter over 6 mm)” and “End mills (Other).”

Note that as both the amount of net sales and profit (loss) and amount of assets of the business segments under “Other” make up less than 10% of the total amount for all business segments, the Group has rendered them into a single reporting segment.

(1) The Company

The Company produces cutting tools centered on small-diameter cemented carbide end mills that it sells to agencies and three of its consolidated subsidiaries: G-Tech Co., Ltd., NS TOOL Hong Kong Ltd., and NS TOOL USA, INC.

(2) Subsidiaries

G-Tech Co., Ltd. engages in the sales and partial re-machining of products.

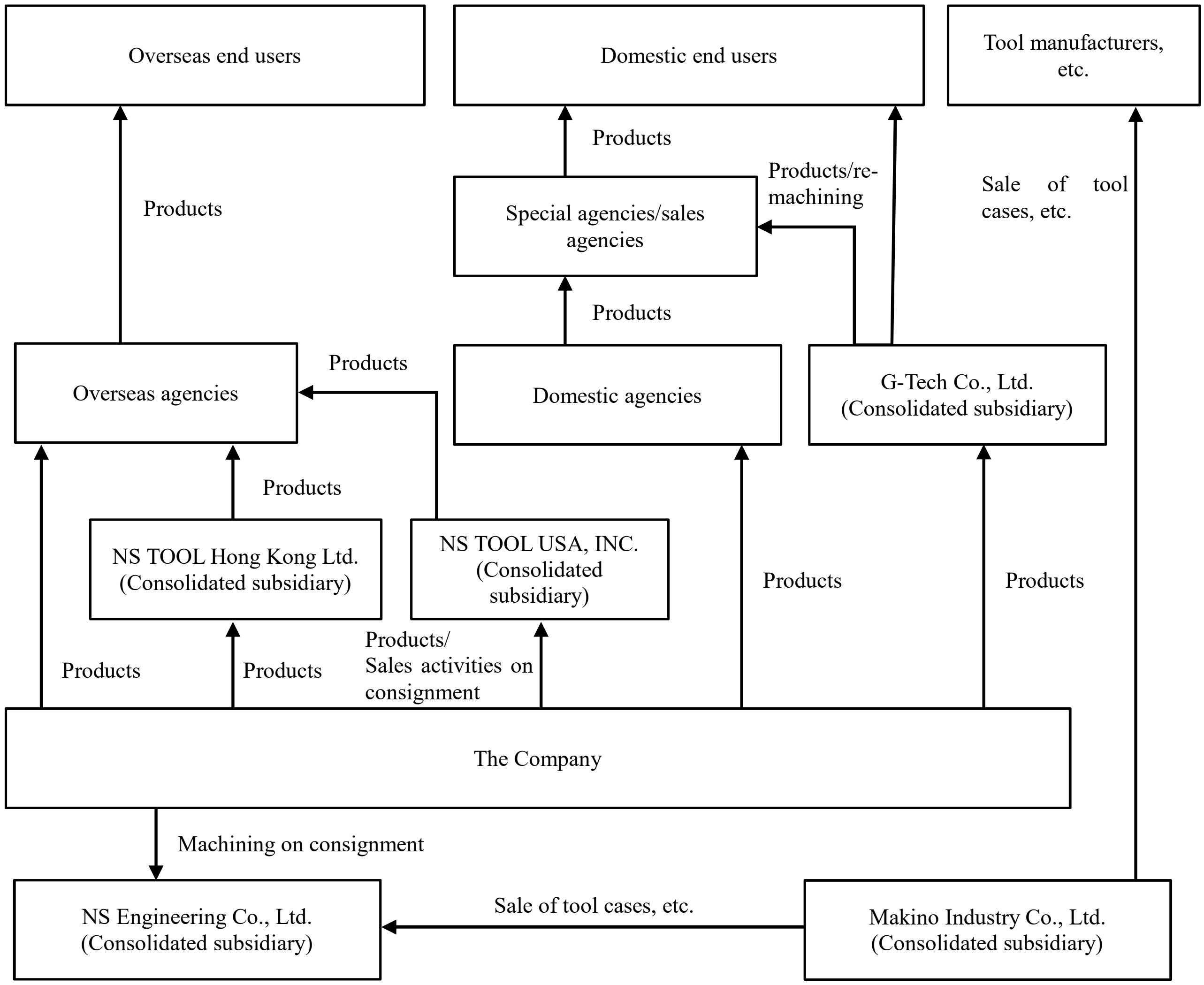
NS TOOL Hong Kong Ltd. engages in the sale of products in the China area.

NS TOOL USA, INC. engages in the sale of products in the United States.

Makino Industry Co., Ltd. engages in the manufacture and sale of plastic-molded products centered on tool cases.

NS Engineering Co., Ltd. is a machining consignee of the Company.

[Business System Diagram] (As of Mar. 31, 2026)



3. Management Policy

(1) Basic Policy on Company Management

The Group creates "Software (technology)," "Hardware (machines)" and "Heart (humanity)." It contributes to society by developing eco- and human-friendly products. Based on this management philosophy, over time, the Group has been engaged in the development, manufacture and sale of cutting tools and other products that serve to improve productivity.

Additionally, having espoused "For Crafting Tomorrow" as its brand statement, the Group has set forth the creation of high value-added products that meet the needs of its customers and society and the cultivation of the dreams and possibilities of *monozukuri* (manufacturing) as its basic management policy.

In addition, the Group has formulated its "Basic Policy on Sustainability" that balances social coexistence with the sustainable growth of the Group. In order to coexist with society, and achieve its sustained growth, while placing its focus on small-diameter cemented carbide end mills, the Group will "produce eco- and human-friendly products using minimum resources and endeavor to lower its environmental footprint." In doing so, it will aim to establish an overwhelming presence in the precision and micro-machining tool sector by an overwhelming margin.

(2) Targeted Management Indicators

Practicing management that prioritizes profit over sales, the Group has adopted the securing of a ratio of ordinary profit margin on net sales of 20% as a management indicator.

The ordinary profit margin on net sales for this fiscal year was 21.2%, an increase of 2.3 percentage points year on year, exceeding our target. While the domestic small-diameter tool market has stagnated and rising labor and other costs have increased cost and expense ratios, thereby squeezing profits, we have achieved a recovery in sales and profits by expanding into the Greater China and Asian markets and strengthening our new product lineup, as well as by reducing costs through economies of scale and small-group activities. As mentioned earlier, given the difficulty in forecasting tungsten prices and supply trends, we will disclose our earnings forecast once it becomes possible to make a reasonable projection.

Additionally, the Group sets the management indicator of securing a return on equity (ROE) ratio of 10% from the viewpoint of the efficient utilization of shareholders' equity. During the fiscal year ended March 31, 2026, despite falling short of the target, ROE stood at 8.0%, representing an improvement of 0.9 percentage points from the previous fiscal year, as profits increased and the Group implemented the buyback of treasury stock totaling over 1.3 billion yen to improve capital efficiency.

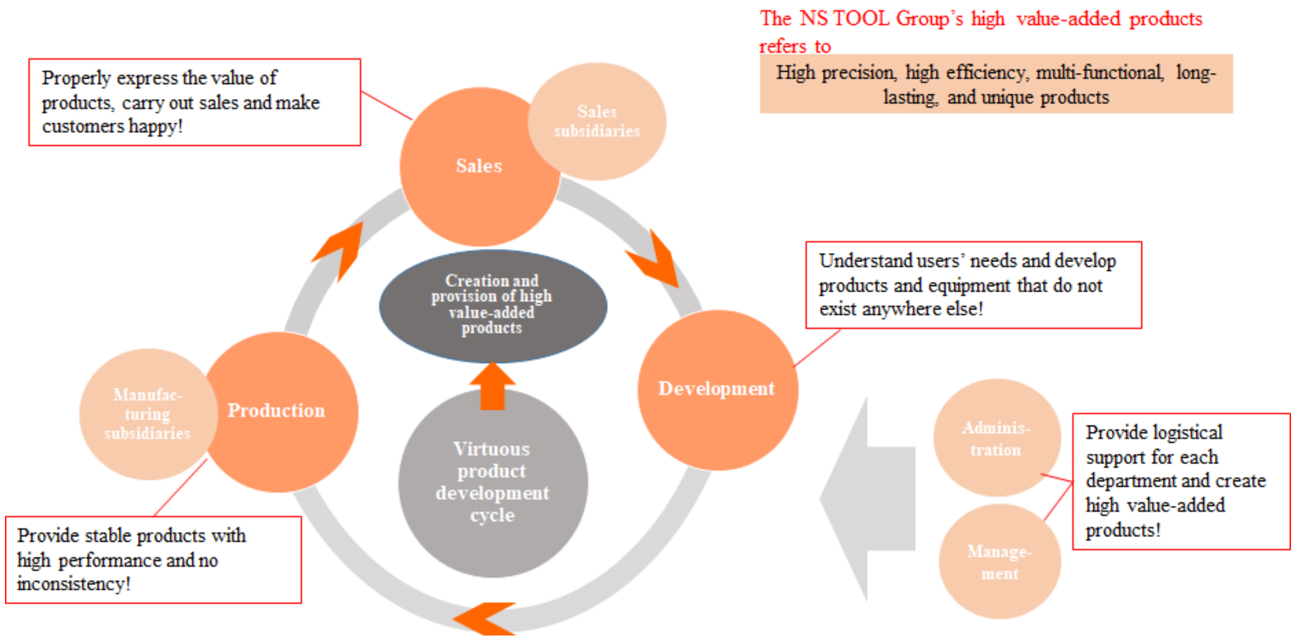
While the business environment continues to be harsh, we are currently focused on achieving the planned level of ordinary profit margin and recovering ROE above the cost of capital by steadily implementing measures for the next fiscal year. Concurrently, we are working to re-secure profit growth opportunities by advancing our medium-term management strategy and these measures, with the aim of achieving both indicators in the medium term.

(3) Medium- to Long-Term Management Strategy of the Company

To achieve sustainable growth of the Group and coexistence with society, the Company's various departments and the Group conglomerate will cooperate with each other to fashion a virtuous product development cycle and, in doing so, endeavor to realize the sustained creation and provision of high value-added products.

➤ To Create and Provide High Value-Added Products

The Group will realize the **creation and provision of high value-added products** by fashioning a company-wide **virtuous product development cycle** from "sales to development to production."



To achieve the above objectives, the Group will proceed to implement the following strategies in each of its development, production and sales departments.

(i) Development department

In new product development, we will strive to further strengthen and expand our extensive product lineup, which is the strengths of the Group, and aim to develop highly distinctive products that are conscious of the "distinction" between our products and those of other companies.

Specifically, in addition to promoting the development of tools made with new materials and the improvement of machining methods and coating techniques, the Group will strengthen the gathering and sharing of information pertaining to product development in cooperation with the sales department, and will strive to develop products supported by sales agencies and users.

Additionally, in production technique development, with the advancement of existing techniques through adaptation to next-generation machining techniques as its basic policy, the Group will endeavor to further improve the functions of its in-house development tool grinders and expand the scope of automated measurement utilizing image processing technology.

(ii) Production department

While taking the "Manufacturing Action Guidelines" formulated at the Sendai Factory as the basis for its production activities, the Group will continually promote labor-saving and power-saving through the augmentation of automated lines and the expansion of the scope of automation by using equipment developed in-house.

Through this initiative, we will work to further enhance our capabilities to ensure a stable supply of high value-added products with high performance, uniformed and price-competitiveness.

In addition, the Group will work to further strengthen the improvement activities conducted in small groups "Orange FC Activities" (Future Challenge), which are aimed at quality improvement and cost reduction.

The Group will also diversify risks of the small-diameter end mill production system by increasing production capacity at subsidiary plants, and promote the reduction of electricity consumption from the perspectives of production efficiency and minimizing environmental impact.

(iii) Sales department

In domestic sales, the Group will again focus on building a framework for expanding product sales, develop a sales network, and enhance stock inventory to strengthen its system for delivering all products to users in a timely and efficient manner.

In addition, the Group will implement measures based on collaboration with dealers, while providing users with enhanced tool search function on its website through the use of digital technology, providing product information through the use of in-house “owned media” information sites, as well as promoting marketing based on data analysis.

Overseas, based on our regional strategies, we will work to develop and expand the precision and micro-machining market through approaches tailored to regional characteristics.

(4) Challenges that the Company Must Cope With

The Group recognizes that our mission is to support the precision and micro-machining fields, one of the strengths of Japan, through our small-diameter tool cutting technologies, while also ensuring a stable supply of high-value-added products with high performance and stable quality at reasonable prices so that users can confidently explore new areas of machining.

With this in mind, as immediate issues, the Group will further enhance its domestic and overseas sales network, and will launch new, while introducing differentiated new products that embody a clear “distinction” from competitors in the field of small-diameter tools and expanding its existing product lineup. In addition, through the stable supply of inventory to distribution channels, the Group will work to reestablish its presence in the market.

(5) Regarding Operating Environment

The small diameter cutting tools that constitute the mainstay offerings of the Group are primarily used in the manufacture of molds and various parts that require precision and micro-machining, and are also used in many industries such as automobiles, semiconductors, electronic parts, optical devices, daily commodities, and medical equipment. For this reason, the Group’s performance is considerably affected by the production trends of these products. In recent years, while demand in the smartphone and automotive sectors—which have been driving growth—has plateaued, new demand for small-diameter tools has emerged in domestic and certain overseas markets, particularly in areas such as AI and data centers. In the medium term, it is expected that demand for semiconductors and electronic parts will expand driven by the advancement of DX, and demand for precision and micro-machining technology will increase in fields where new growth is expected, such as medical and aerospace. Given these factors, we believe that the market for small-diameter cutting tools will continue to grow.

Regarding the rise in prices of particularly carbide materials due to the increase in tungsten market prices—a current source of concern—we are working closely with material manufacturers to secure sufficient inventory and address the situation.

(6) Current State of Management Strategy and Outlook

In line with our medium-term management strategy, we are steadily implementing initiatives across all departments as market growth enters a plateau. In terms of product development, we developed 14 new product models and expanded our product specifications during this fiscal year to enhance our product lineup. On the production side, we are working to reduce costs by improving our own grinders, advancing our measurement technologies, and promoting automation. On the sales front, we are further leveraging our domestic and international sales networks and working to establish systems that ensure the smooth supply of our diverse product lineup.

Looking ahead, based on the assumption of medium- to long-term growth in the precision and micro-machining market, we will continue to focus our business on small-diameter tools and steadily implement measures in line with our medium-term strategy, with the aim of achieving sustainable profit growth.

(7) Sustainability Concept and Initiatives

(i) Basic Policy on Sustainability and Materiality

From the standpoint of striving for its sustained growth while coexisting with society, in November 2021, the Group formulated its “Basic Policy on Sustainability,” which it has disclosed alongside its priority challenges (materiality).

[Basic Policy on Sustainability]

NS TOOL creates “Software (technology),” “Hardware (machines)” and “Heart (humanity).” We contribute to society by developing eco- and human-friendly products. Through implementing this management policy and providing precise small-diameter end mills to the entire world, we support innovation by corporations and engineers. We also acquired ISO14000 certification in 2004, and have implemented various initiatives over time with awareness of the importance of consideration for the environment. Going forward, the NS TOOL Group will continue to do its part for the development of a sustainable society with harmony among people, society and the environment.

Materiality

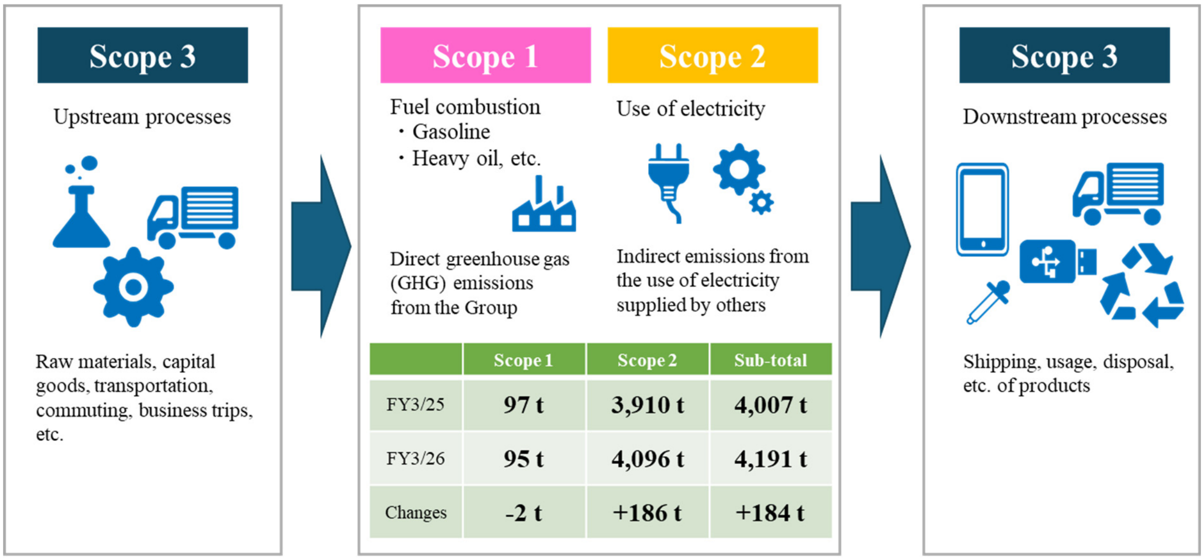
1. Responding to the environmental issues	We will produce eco- and human-friendly products using minimum resources and endeavor to lower our environmental footprint.
2. Respect for human rights	We will conduct ourselves with respect for human rights in our corporate activities.
3. Contributions to community and society	We will practice activities with public benefit for communities and society through our small-diameter end mill business.
4. Employee job satisfaction	We will provide a workplace environment where all employees are satisfied with their jobs.
5. Partnerships with suppliers and distributors	We will deepen mutual understanding with suppliers and strive for a sustained society through fair business activities.
6. Crisis management for accidents, etc.	We will build a framework that enables the stable supply of products regardless of the situation.

(ii) Sustainability Promotion Structure

Governance	Strategy	Risk Management	Indicators and Objectives
・ A Sustainability Committee was established as a subcommittee of the General Managers Meeting ・ The Sustainability Committee discusses strategies for the sustainable growth of the company, including climate change and human capital at least twice a year, and provides reports and recommendations to the Board of Directors (held four times for the fiscal year ended March 31, 2026).	・ Set six materialities including the environment and human capital as key elements for the Group’s sustainable growth ・ Consider initiatives and policies related to materiality from the perspective of sustainable growth at the Sustainability Committee, and discuss them at the Board of Directors meeting	・ PDCA for ISO activities is linked with the promotion of sustainability ・ Each department sets specific KPI targets related to materiality every year, which are monitored by the ISO Secretariat and report to the Board of Directors ・ The Sustainability Committee also conducts a summary at the end of the fiscal year	・ During ISO activities, each department sets KPIs, which are specific numerical targets, each year, including issues related to materiality ・ Disclose of KPI achievement status in the annual securities report

(iii) Indicators on climate change

Based on the GHG Protocol Standard, the Group calculates Scope 1, 2, and 3 greenhouse gas emissions throughout the supply chain. The total Scope 1 and 2 emissions of the entire Group for the fiscal year ended March 31, 2026 increased by 184 tons from the previous fiscal year to 4,191 tons. This is because an increase in energy consumption, mainly electric power, due to increased production volume. Total greenhouse gas emissions for the previous fiscal year (ended March 31, 2025), including Scope 3, were 12,820 tons, an increase of 805 tons from the previous two fiscal years, due to higher capital investment compared to the previous two fiscal years. 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	Sub-total
FY3/25	97 t	3,910 t	4,007 t
FY3/26	95 t	4,096 t	4,191 t
Changes	-2 t	+186 t	+184 t

FY3/24 vs. FY3/25	FY3/24	FY3/25	Changes
Scope 3 emissions	7,496 t	8,813 t	+1,317 t
Total Scope 1, 2, and 3 emissions	12,015 t	12,820 t	+805 t

(8) Other Important Matters from the Perspective of Company Management

(i) State of establishment and operation of internal control framework

The Group has established internal regulations and a system for approval via internal memos, and operates its business based on established rules. Additionally, regarding the accommodation of a system for internal controls reporting, the Group has established a “Internal Controls Committee” with the Company’s Managing Director as its Chairman. This Committee promotes and evaluates the establishment and operation of internal controls as well as accommodates internal control audits performed by audit corporations.

(ii) Establishment of Nomination and Remuneration Committee

The Group has established a voluntary Nomination and Remuneration Committee with the aim of strengthening corporate governance. The Committee is an advisory body on which Independent Outside Directors account for the majority of Committee members and whose chairman is elected from among the Independent Outside Directors. The Committee deliberates on the nomination of candidates for Director, etc. (excluding Directors who are Audit & Supervisory Committee members) and their remuneration in response to requests for advice from the Board of Directors, and submits its findings and recommendations, thereby elevating the independence and transparency of the Board of Directors.

(iii) Measures to promote management with an awareness of cost of capital and share price

The Group has long assumed that its consolidated cost of capital would be 8.6%, and with the aim of achieving a capital efficiency that exceeds this cost of capital, we have set a management target of achieving a return on equity (ROE) of 10%. In order to achieve this ROE target, we have set the maintenance of an ordinary profit margin on net sales of 20% as another key management target. For the fiscal year ended March 31, 2026, as a result of the success of our efforts to strengthen overseas sales and expand our product lineup through new product development, two medium-term management issues, and our focus on cost reduction, we achieved our target ordinary profit margin on net sales of 21.2%. In addition, regarding ROE, which had been on a downward trend, it improved by 0.9 percentage points from the previous fiscal year to 8.0% for this fiscal year, driven by increased profits and improved capital efficiency resulting from purchase of treasury shares.

We have completed a review of the Company’s medium-term management issues and begun implementing countermeasures. For now, we will steadily implement our next-term plan to achieve a sustained turnaround in both ordinary profit and the ordinary profit margin. At the same time, we will work as a Group to resolve medium-term issues in order to achieve sustainable growth and restore ROE to a level that exceeds our cost of capital.

(iv) Other

Other initiatives conducted by the Group include hearings with the heads of each department by the Audit & Supervisory Committee members and audits of each department by the internal audit department. For internal audits, we have adopted a dual reporting system that reports to both the President and the Board of Directors.

The officer in charge of compliance spearheads efforts to promote compliance. Through employee workshops and internal operation communications, the Group is endeavoring to enhance employee education. The Group has also established a “Compliance Consultation Desk” with an external lawyer as the liaison office to enhance the effectiveness of our whistleblowing system.

4. Basic Rationale for Selection of Accounting Standards

The Group applies Japanese accounting standards.

Note that the Group will examine the application of international accounting standards as appropriate after taking various domestic and international circumstances into consideration.

5. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	9,868,215	9,567,559
Notes and accounts receivable - trade	1,393,362	1,418,409
Merchandise and finished goods	1,408,719	1,470,492
Work in process	239,620	278,377
Raw materials and supplies	659,722	601,371
Other	221,890	123,175
Total current assets	13,791,530	13,459,384
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,364,969	4,410,175
Accumulated depreciation	(2,042,122)	(2,187,174)
Buildings and structures, net	2,322,846	2,223,000
Machinery, equipment and vehicles	8,821,164	8,805,471
Accumulated depreciation	(7,486,648)	(7,657,580)
Machinery, equipment and vehicles, net	1,334,516	1,147,890
Land	800,483	885,086
Construction in progress	244,181	368,094
Other	1,670,792	1,738,733
Accumulated depreciation	(1,530,760)	(1,597,360)
Other, net	140,031	141,373
Total property, plant and equipment	4,842,059	4,765,444
Intangible assets	15,923	28,150
Investments and other assets		
Investment securities	31,515	40,230
Insurance funds	628,718	637,635
Deferred tax assets	490,151	505,081
Other	142,011	159,144
Total investments and other assets	1,292,396	1,342,092
Total non-current assets	6,150,379	6,135,688
Total assets	19,941,910	19,595,072

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	213,984	237,616
Income taxes payable	270,394	347,295
Provision for bonuses	282,541	328,596
Provision for bonuses for directors (and other officers)	95,162	98,344
Other	438,985	511,326
Total current liabilities	1,301,067	1,523,177
Non-current liabilities		
Long-term accounts payable - other	224,952	219,552
Retirement benefit liability	–	792
Other	–	350
Total non-current liabilities	224,952	220,694
Total liabilities	1,526,019	1,743,872
Net assets		
Shareholders’ equity		
Share capital	455,330	455,330
Capital surplus	418,223	418,223
Retained earnings	17,347,302	18,013,315
Treasury shares	(134,548)	(1,366,614)
Total shareholders’ equity	18,086,307	17,520,254
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,058	12,986
Foreign currency translation adjustment	128,339	123,773
Total accumulated other comprehensive income	135,398	136,760
Share acquisition rights	194,184	194,184
Total net assets	18,415,890	17,851,200
Total liabilities and net assets	19,941,910	19,595,072

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	9,431,090	9,494,091
Cost of sales	4,448,073	4,232,871
Gross profit	4,983,017	5,261,219
Selling, general and administrative expenses	3,215,750	3,301,578
Operating profit	1,767,266	1,959,640
Non-operating income		
Interest income	473	235
Dividend income	805	1,083
Commission income	951	–
Rental income	–	3,920
Gain on sale of scraps	23,379	42,230
Other	5,015	11,052
Total non-operating income	30,624	58,522
Non-operating expenses		
Rental expenses	–	2,832
Commission expenses	5	3,928
Foreign exchange losses	17,951	–
Other	20	–
Total non-operating expenses	17,977	6,760
Ordinary profit	1,779,913	2,011,402
Extraordinary income		
Gain on sale of non-current assets	1,410	3,440
Total extraordinary income	1,410	3,440
Extraordinary losses		
Loss on sale of non-current assets	444	95
Loss on retirement of non-current assets	2,483	243
Total extraordinary losses	2,928	338
Profit before income taxes	1,778,394	2,014,505
Income taxes - current	525,682	590,045
Income taxes - deferred	(11,988)	(17,717)
Total income taxes	513,694	572,327
Profit	1,264,700	1,442,177
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,264,700	1,442,177

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	1,264,700	1,442,177
Other comprehensive income		
Valuation difference on available-for-sale securities	1,175	5,927
Foreign currency translation adjustment	50,415	(4,565)
Total other comprehensive income	51,590	1,361
Comprehensive income	1,316,291	1,443,539
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,316,291	1,443,539
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	455,330	418,223	16,782,461	(214,531)	17,441,483
Changes during period					
Dividends of surplus			(684,223)		(684,223)
Profit attributable to owners of parent			1,264,700		1,264,700
Disposal of treasury shares		(15,635)		79,983	64,347
Transfer of loss on disposal of treasury shares		15,635	(15,635)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	564,840	79,983	644,824
Balance at end of period	455,330	418,223	17,347,302	(134,548)	18,086,307

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	5,883	77,924	83,807	203,923	17,729,214
Changes during period					
Dividends of surplus					(684,223)
Profit attributable to owners of parent					1,264,700
Disposal of treasury shares					64,347
Transfer of loss on disposal of treasury shares					–
Net changes in items other than shareholders' equity	1,175	50,415	51,590	(9,738)	41,851
Total changes during period	1,175	50,415	51,590	(9,738)	686,676
Balance at end of period	7,058	128,339	135,398	194,184	18,415,890

Fiscal year ended March 31, 2026

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	455,330	418,223	17,347,302	(134,548)	18,086,307
Changes during period					
Dividends of surplus			(748,415)		(748,415)
Profit attributable to owners of parent			1,442,177		1,442,177
Purchase of treasury shares				(1,307,751)	(1,307,751)
Disposal of treasury shares		(27,748)		75,685	47,936
Transfer of loss on disposal of treasury shares		27,748	(27,748)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	666,013	(1,232,065)	(566,052)
Balance at end of period	455,330	418,223	18,013,315	(1,366,614)	17,520,254

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	7,058	128,339	135,398	194,184	18,415,890
Changes during period					
Dividends of surplus					(748,415)
Profit attributable to owners of parent					1,442,177
Purchase of treasury shares					(1,307,751)
Disposal of treasury shares					47,936
Transfer of loss on disposal of treasury shares					–
Net changes in items other than shareholders' equity	5,927	(4,565)	1,361		1,361
Total changes during period	5,927	(4,565)	1,361	–	(564,690)
Balance at end of period	12,986	123,773	136,760	194,184	17,851,200

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	1,778,394	2,014,505
Depreciation	644,296	605,015
Increase (decrease) in provision for bonuses	4,394	46,055
Increase (decrease) in provision for bonuses for directors (and other officers)	5,737	3,182
Interest and dividend income	(1,278)	(1,319)
Loss (gain) on sale of non-current assets	(965)	(3,345)
Loss on retirement of non-current assets	2,483	243
Decrease (increase) in trade receivables	(65,996)	(25,268)
Decrease (increase) in inventories	73,921	(42,178)
Decrease (increase) in other current assets	41,423	(31,735)
Increase (decrease) in trade payables	27,227	22,820
Increase (decrease) in other current liabilities	(65,698)	18,213
Other, net	54,143	44,035
Subtotal	2,498,083	2,650,222
Interest and dividends received	1,278	1,319
Income taxes paid	(488,114)	(513,147)
Net cash provided by (used in) operating activities	2,011,247	2,138,394
Cash flows from investing activities		
Payments into time deposits	(100,000)	(100,000)
Proceeds from withdrawal of time deposits	100,000	100,000
Purchase of property, plant and equipment	(110,224)	(465,856)
Proceeds from sale of property, plant and equipment	1,448	4,022
Purchase of intangible assets	(943)	(20,666)
Purchase of insurance funds	(150,204)	(5,824)
Other, net	(132,684)	108,229
Net cash provided by (used in) investing activities	(392,609)	(380,095)
Cash flows from financing activities		
Purchase of treasury shares	–	(1,307,751)
Dividends paid	(684,308)	(747,914)
Other, net	10	–
Net cash provided by (used in) financing activities	(684,297)	(2,055,665)
Effect of exchange rate change on cash and cash equivalents	40,083	(3,289)
Net increase (decrease) in cash and cash equivalents	974,424	(300,656)
Cash and cash equivalents at beginning of period	8,793,791	9,768,215
Cash and cash equivalents at end of period	9,768,215	9,467,559