shaping your dreams

Financial Results For FY2026-1H

July, 2026
OSG Corporation

GREEN TAP
W受賞!

モノづくり
部品大賞

2025年度
省エネ大賞

Contents

Earnings Highlights（1/2)

KEY indicators

P/L

Net sales, operating income, ordinary income, and net income all reached record highs for a first half period.
Demand conditions remained solid across many regions and countries.

BS

Inventories increased by ¥5,498 million compared with the end of the previous fiscal year.

Foreign exchange impact: +¥1.0 billion.

Primarily due to higher raw materials, work-in-process, and finished goods inventories resulting from the sharp rise in carbide material prices.

Tungsten Update

Procurement

Tungsten, a key raw material for carbide products, remains available in sintered rod form despite China's export restrictions on tungsten powder.

Pricing Impact (Earnings Impact)

Procurement and selling prices are linked to APT prices.

In the first half, earnings temporarily benefited from a timing lag between selling price revisions and the pass-through of higher raw material costs. Going forward, the impact of both factors is expected to normalize, leading to a more stable earnings

Sales	92.0 billion yen	+19.0% YoY
Operating Profit	15.6 billion yen	+65.1% YoY
OPM	17.0%	+4.7pt YoY
EPS	152.16 yen	+97.8% YoY
EBITDA	22.5 billion yen	+40.0% YoY
EBITDA Margin	24.5%	+3.7pt YoY
Equity Ratio	68.5%	+1.0pts Vs. Previous FY End
ROE	13.4%	+5.6pt YoY

Earnings Highlights（2/2)

The Americas

Manufacturing activity in the U.S. remained solid, with margins improving due to sales of lower-cost inventories procured in prior periods. Business performance in Mexico and Brazil also recovered.

Asia

China’s manufacturing sector remained solid, with favorable order conditions, while operations in China and Taiwan maintained high utilization rates and improved margins. Strong performance also continued in India and Thailand.

Europe/Africa

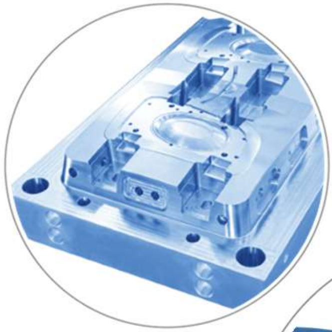
The European economy remained relatively resilient. The aerospace, medical, and energy sectors continued to perform well. Our German operations also showed steady recovery.

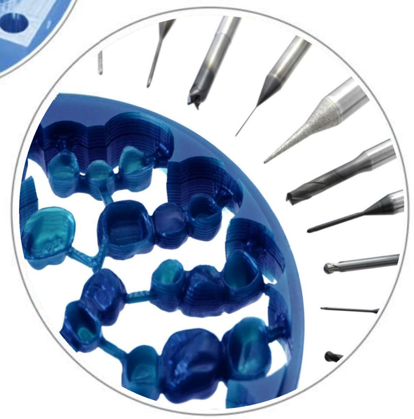
Japan

While overall market conditions remained stable, higher aerospace and defense orders and increased exports supported improved profitability

Company Overview

Company Name	OSG Corporation
Headquarters	3-22 Honnogahara Toyokawa-city, Aichi, Japan
Foundation	March 26, 1938
Capital	13,044 million yen
Employees	7,573 (consolidated) 1,866 (non-consolidated)
Stock listed	Prime Market in Tokyo Stock Exchange Premier Market in Nagoya Stock Exchange (stock code 6136)





Note regarding forecast

- This material includes forward-looking statements based on information available at the time of release.
- The forecasts and other forward-looking statements are not guarantees of future performance. Actual financial results may differ from the above forecasts due to known and unknown risks, uncertainties and other factors.

Company Overview

Products

- Consumable cutting tools used in machine tools
- **Taps** account for over 30% market share as **world leader**

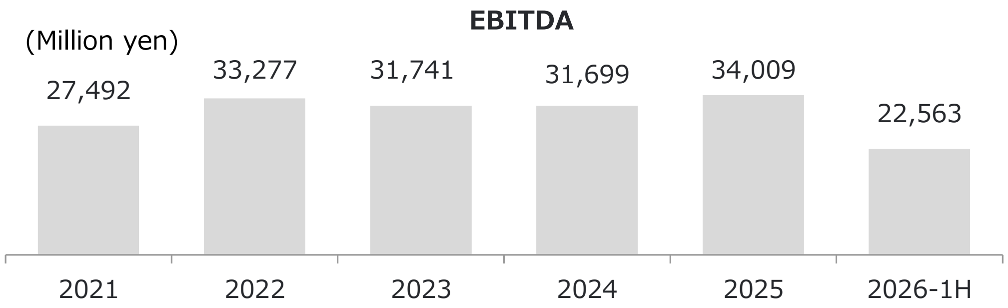
Strength

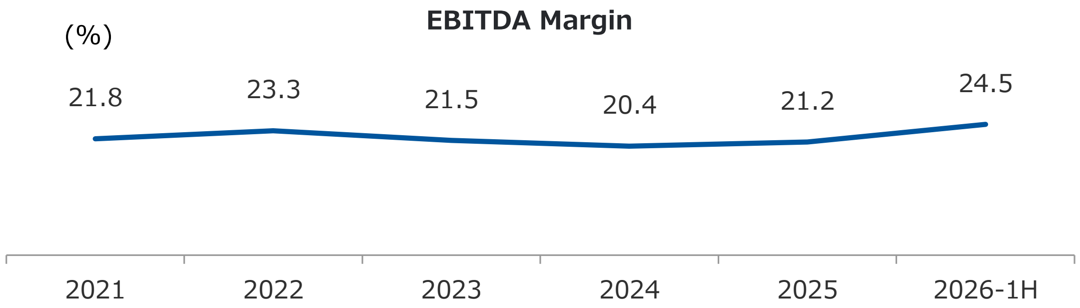
- High-value cutting tools
- Excellent after-sales service
- A global sales & service network across 35 countries

Financial Summary

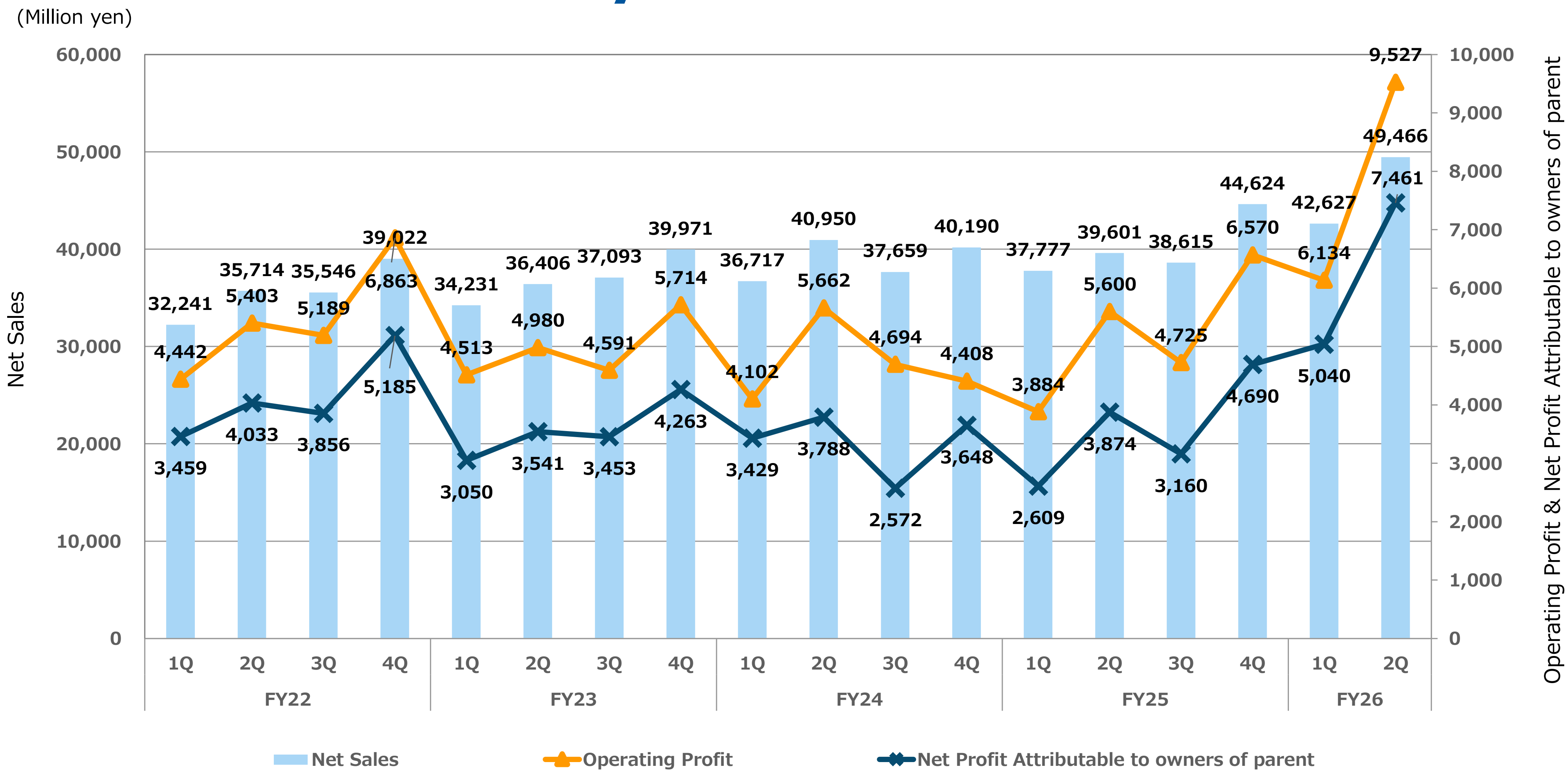
(Million yen)

	FY25			FY26			Change		FY26-1H Initial Forecast	Progress Rate
	1Q	2Q	1H	1Q	2Q	1H				
Net Sales	37,777	39,601	77,379	42,627	49,466	92,093	14,714	+19.0%	81,300	113.3%
Operating Profit	3,884	5,600	9,484	6,134	9,527	15,661	6,176	+65.1%	10,350	151.3%
OPM	10.3%	14.1%	12.3%	14.4%	19.3%	17.0%	4.7pt	-	12.7%	-
Ordinary Income	4,155	5,760	9,915	6,694	10,445	17,140	7,224	+72.9%	10,850	158.0%
Net Profit Attributable to OSG	2,609	3,874	6,483	5,040	7,461	12,501	6,018	+92.8%	7,200	173.6%
EPS(yen)	30.73	46.21	76.94	61.35	90.81	152.16	75.22	+97.8%	87.64	-
EBITDA	7,200	8,920	16,121	9,624	12,938	22,563	6,441	+40.0%	-	-
EBITDA Margin	19.1%	22.5%	20.8%	22.6%	26.2%	24.5%	3.7pt	-	-	-





Financial Summary



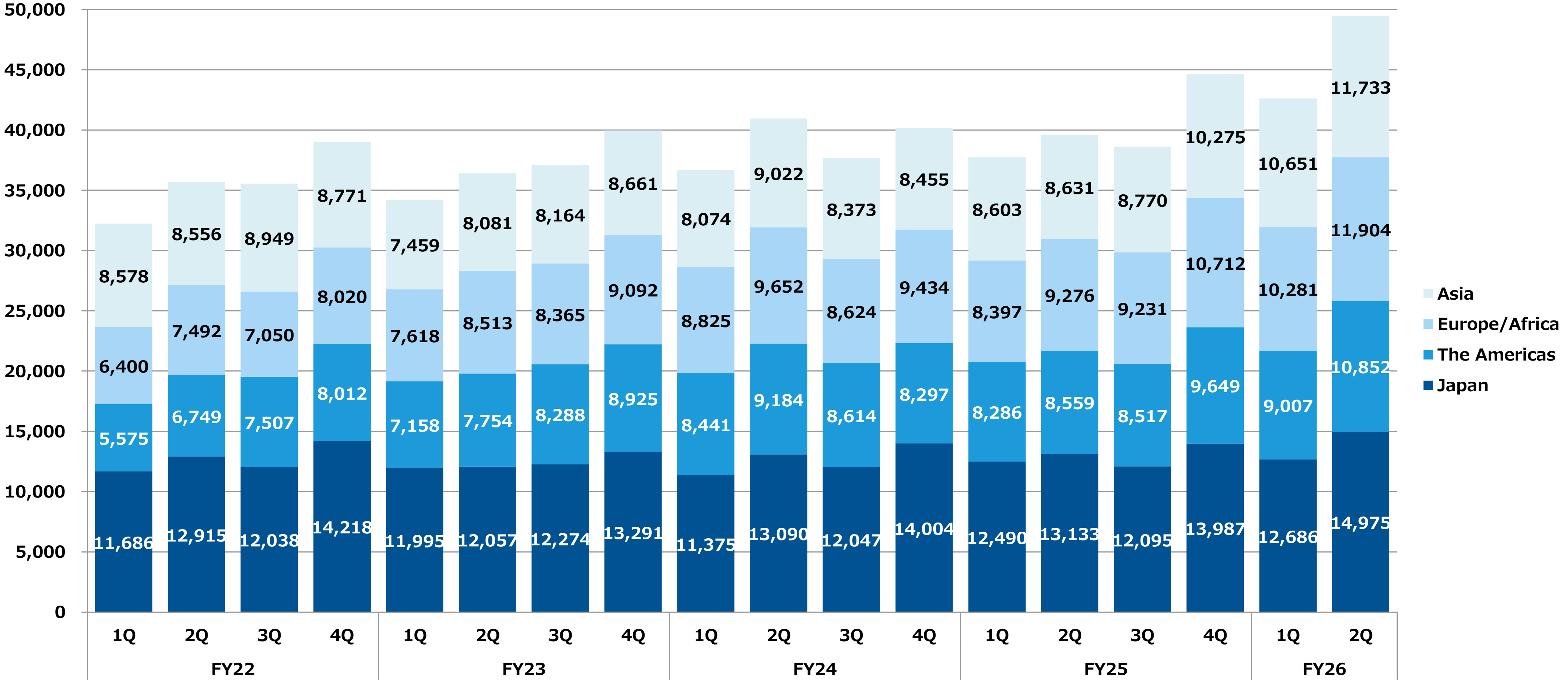
Sales to Customers by Geographical Segment

(Million yen)

	FY25			FY26			Change		Change in Local currency
	1Q	2Q	1H	1Q	2Q	1H			
Japan	12,490	13,133	25,623	12,686	14,975	27,662	2,038	+8.0%	-
The Americas	8,286	8,559	16,846	9,007	10,852	19,860	3,013	+17.9%	+10.7%
Europe/Africa	8,397	9,276	17,673	10,281	11,904	22,185	4,512	+25.5%	+10.6%
Asia	8,603	8,631	17,235	10,651	11,733	22,385	5,150	+29.9%	+21.1%
Consolidated	37,777	39,601	77,379	42,627	49,466	92,093	14,714	+19.0%	-

Sales to Customers by Geographical Segment

(Million yen)



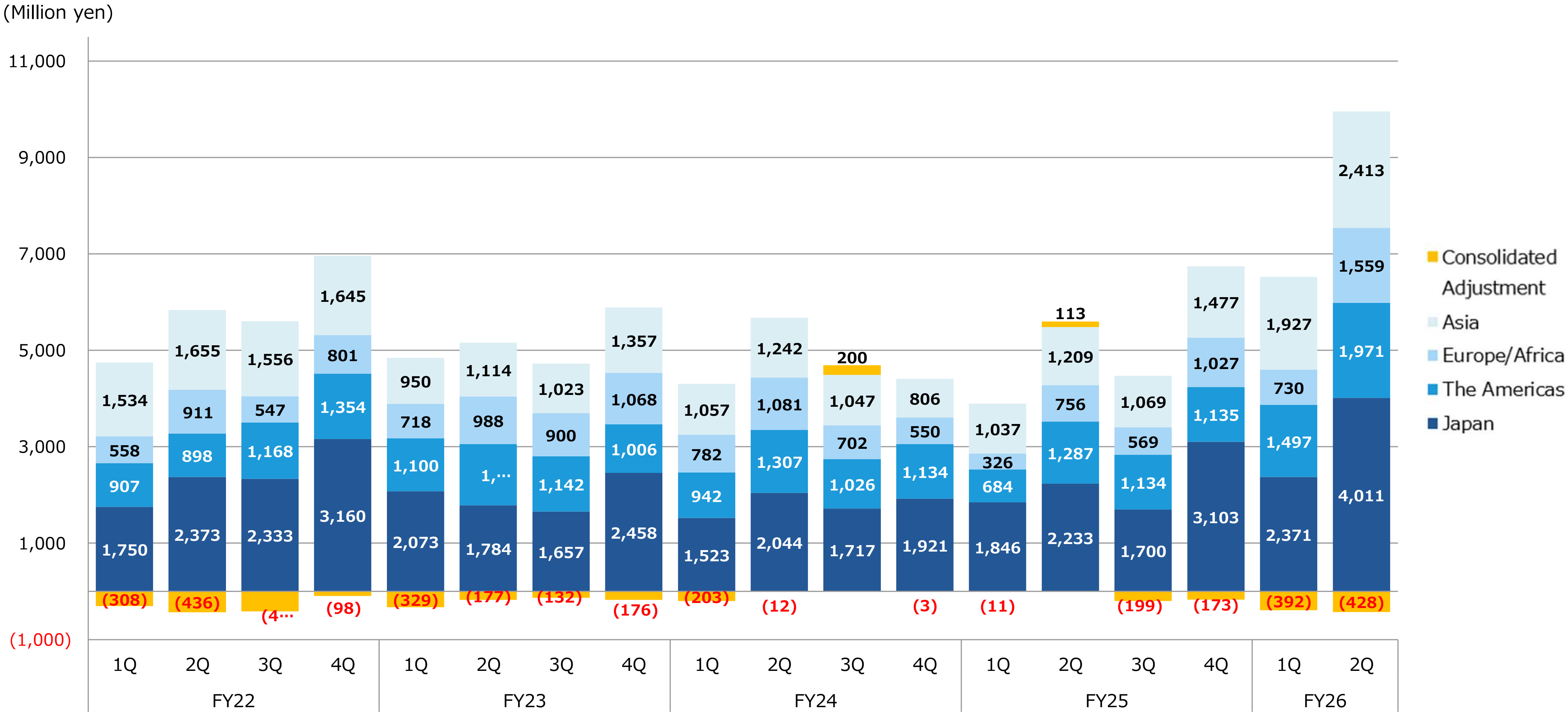
Operating Profit by Geographical Segment

(Million yen)

	FY25 1Q	FY25 2Q	FY25 1H	FY26 1Q	FY26 2Q	FY26 1H	Change	
Japan	1,846	2,233	4,079	2,371	4,011	6,382	2,302	+56.4%
margin	10.2%	11.7%	11.0%	12.3%	18.0%	15.3%	4.4pt	
The Americas	684	1,287	1,972	1,497	1,971	3,469	1,497	+75.9%
margin	8.1%	14.8%	11.5%	16.3%	17.0%	16.7%	5.2pt	
Europe・Africa	326	756	1,083	730	1,559	2,289	1,205	+111.2%
margin	3.8%	8.0%	6.0%	7.0%	12.9%	10.2%	4.1pt	
Asia	1,037	1,209	2,246	1,927	2,413	4,341	2,094	+93.2%
margin	10.9%	12.5%	11.7%	16.2%	18.2%	17.3%	5.6pt	
Total	3,895	5,486	9,382	6,526	9,956	16,483	7,100	+75.7%
Eliminations	-11	113	102	-392	-428	-821	-923	-
Consolidated	3,884	5,600	9,484	6,134	9,527	15,661	6,176	+65.1%

* Operating profits margin as % of sales (external sales + internal area transfers)

Operating Profit by Geographical Segment

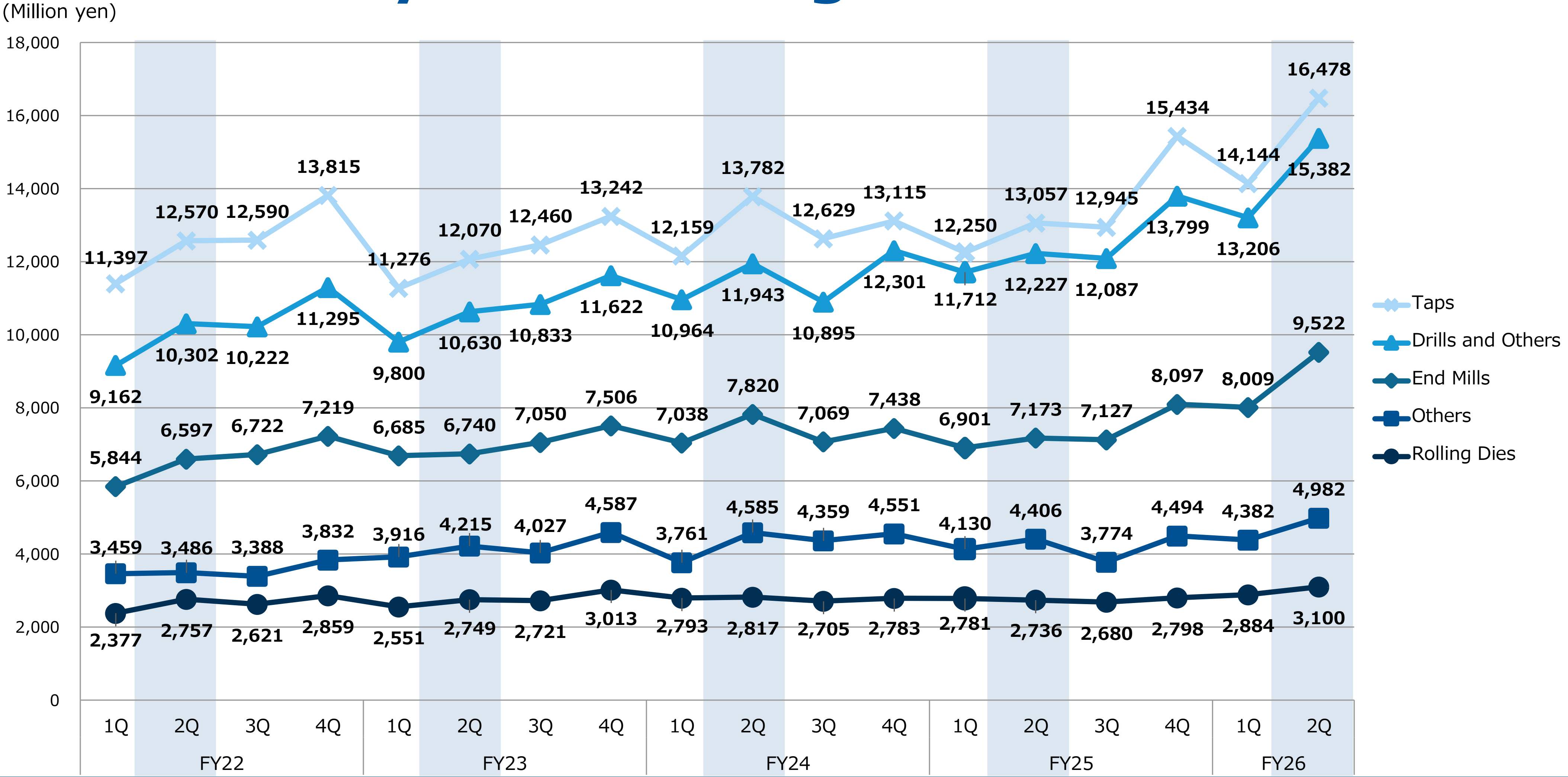


Net Sales by Product Segment

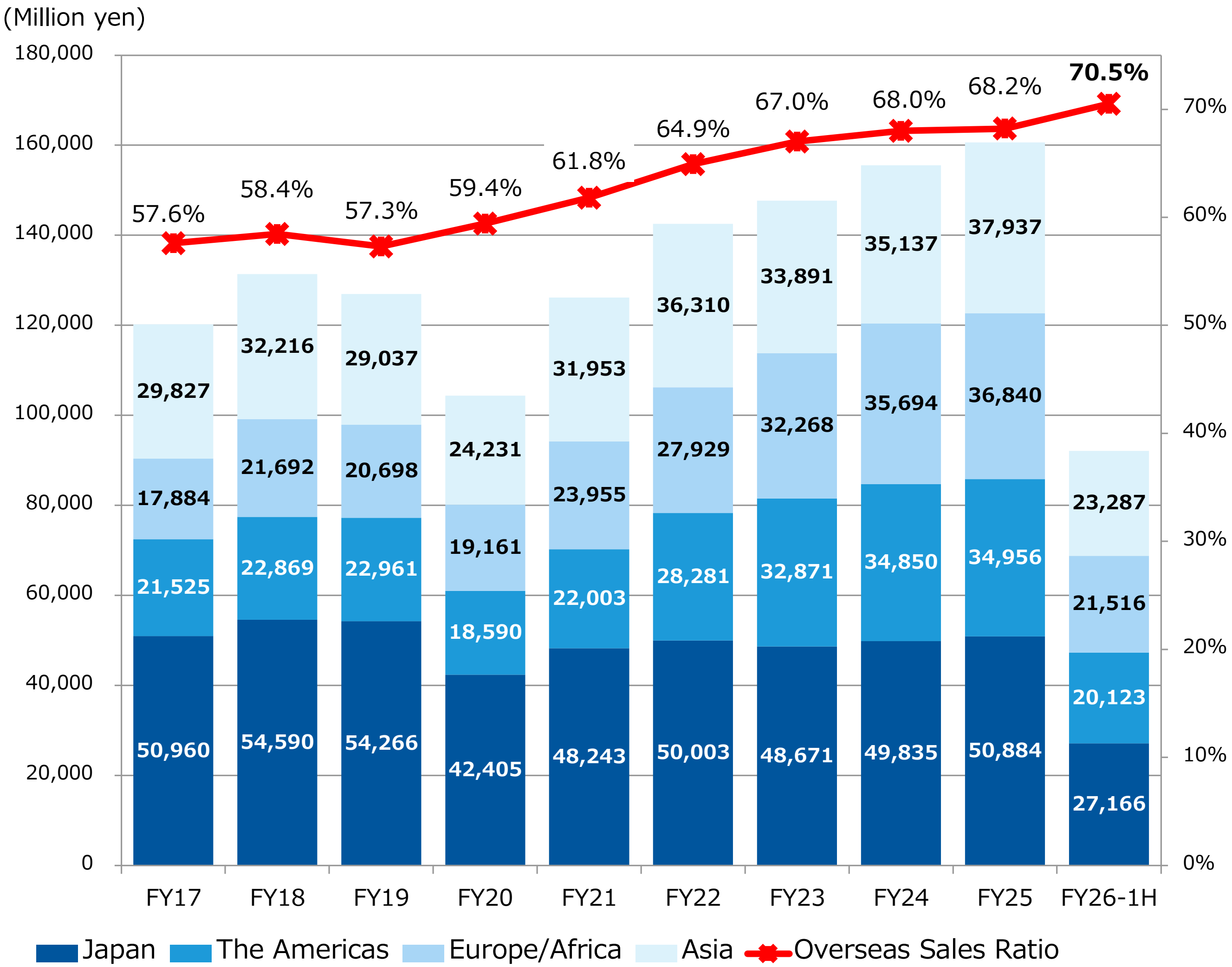
(Million yen)

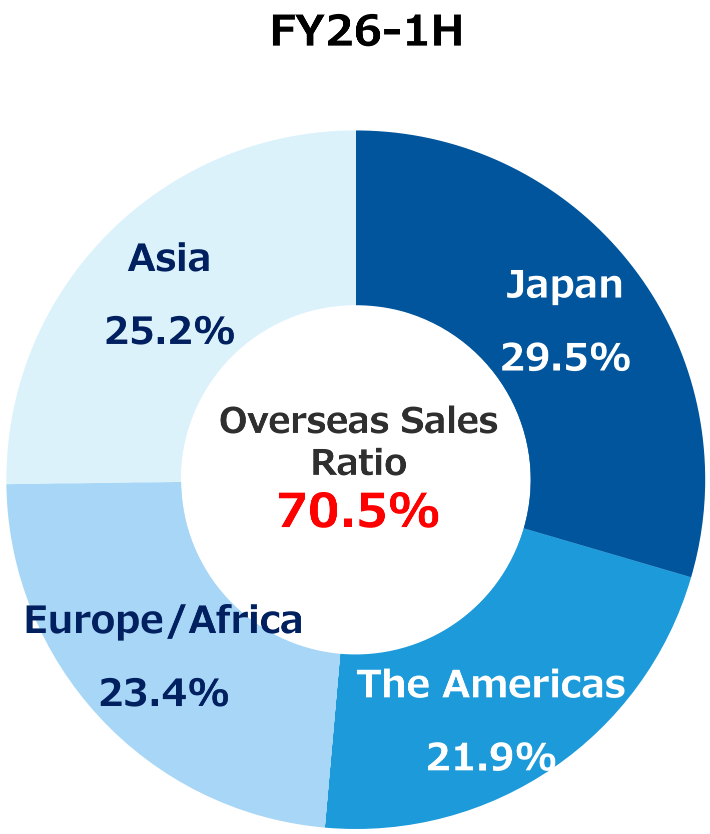
		FY25						FY26				Change	
		1Q	2Q	3Q	4Q	1H		1Q	2Q	1H			
Precision Tools	Taps	12,250	13,057	12,945	15,434	25,308	32.7%	14,144	16,478	30,622	33.3%	5,314	+21.0%
	End mills	6,901	7,173	7,127	8,097	14,075	18.2%	8,009	9,522	17,532	19.0%	3,456	+24.6%
	Drills and Others	11,712	12,227	12,087	13,799	23,939	30.9%	13,206	15,382	28,589	31.0%	4,649	+19.4%
	Rolling dies	2,781	2,736	2,680	2,798	5,518	7.1%	2,884	3,100	5,984	6.5%	466	+8.5%
	Gauges	517	538	549	538	1,055	1.4%	495	606	1,101	1.2%	46	+4.4%
		34,164	35,733	35,390	40,668	69,897	90.3%	38,739	45,090	83,830	91.0%	13,933	+19.9%
Other	Machine	1,344	1,600	822	1,516	2,944	3.8%	1,008	1,271	2,280	2.5%	-664	-22.6%
	Other	2,269	2,267	2,401	2,439	4,536	5.9%	2,878	3,104	5,982	6.5%	1,445	+31.9%
		3,613	3,868	3,224	3,955	7,481	9.7%	3,887	4,375	8,262	9.0%	781	+10.4%
Total		37,777	39,601	38,615	44,624	77,379	100%	42,627	49,466	92,093	100%	14,714	+19.0%

Net Sales by Product Segment

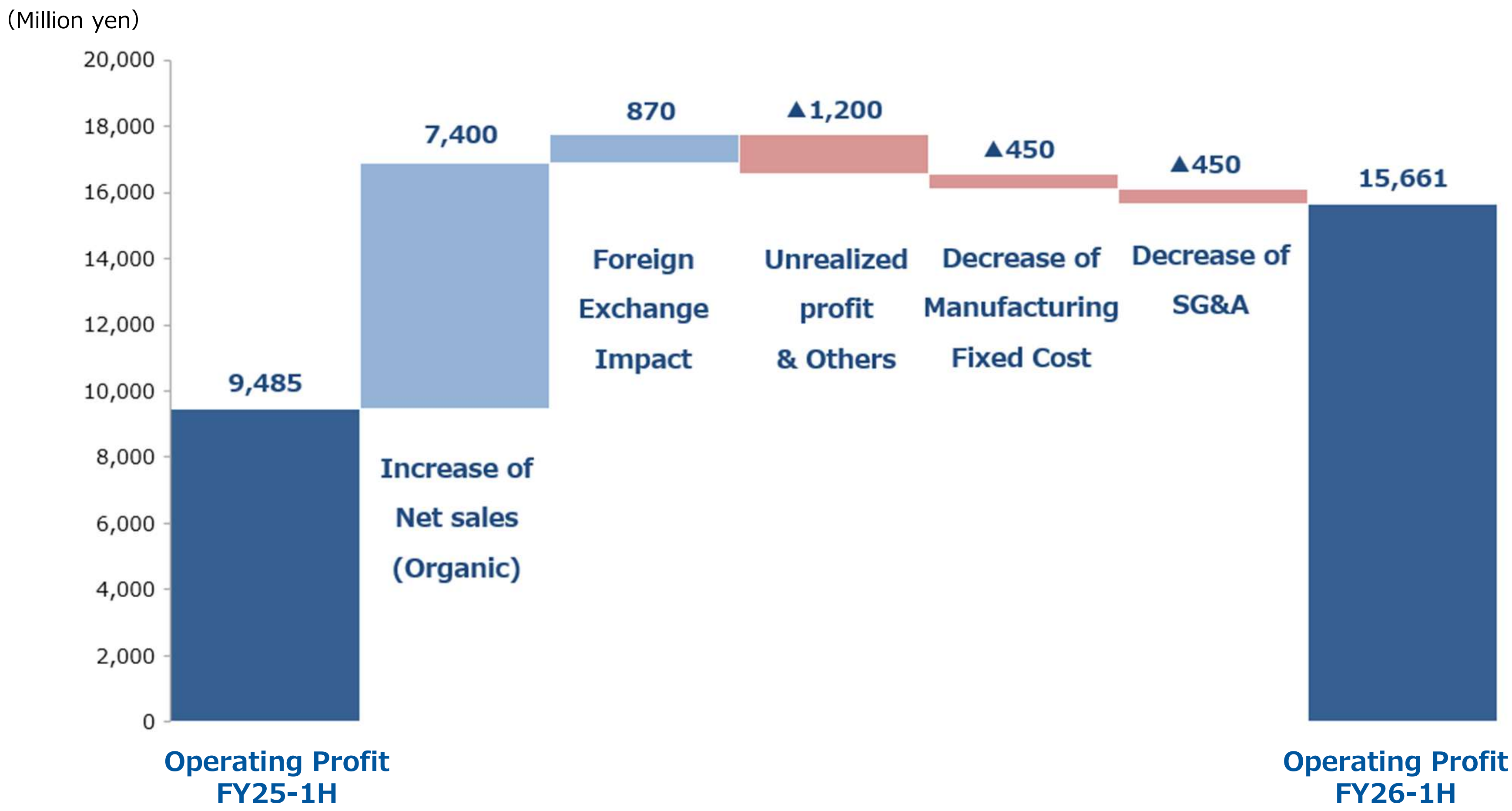


Overseas Sales Ratio





Operating Profit Variation



Cash Flow Overview

(Millions of yen)	FY23	FY24	FY25	FY25-1H	FY26-1H	Change
Income before income taxes	20,747	19,803	21,334	9,977	17,296	7,318
Depreciation and amortization	11,037	11,824	12,598	6,111	6,485	374
Change in notes and accounts receivable	-480	450	-1,392	315	-480	-796
Change in inventories	-2,776	519	-1,032	-192	-4,267	-4,074
Change in notes and accounts payable	-56	-453	124	-344	1,679	2,024
Change in accrued expenses	77	-167	-190	-51	607	659
Income taxes - paid	-7,909	-5,521	-6,370	-3,065	-4,206	-1,140
Other, net	1,990	2,101	1,318	287	-572	-860
Net cash provided by operating activities	23,331	28,557	26,389	13,036	16,541	3,504
Acquisitions of property, plant and equipment	-10,580	-15,509	-14,324	-8,087	-5,727	2,360
Purchase of shares of subsidiaries	-1,037	-694	-1,323	-1,308	-	1,308
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-5,418	-	-	-	-
consolidation	552	-	-	-	-	-
Payments for time deposits and proceeds from refund of time deposits	2,511	643	3,027	1,194	-342	-1,537
Other, net	10	-761	-1,355	-102	231	334
Net cash used in investing activities	-8,543	-21,741	-13,976	-8,304	-5,838	2,466
Free cash flow	14,787	6,816	12,413	4,731	10,703	5,971
Change in interest-bearing debt	3,044	20,363	-4,337	-4,165	-939	3,225
Dividends paid	-6,220	-5,612	-5,011	-2,716	-4,927	-2,211
Dividends paid to non-controlling interests	-305	-295	-234	-174	-882	-708
Payments for purchase of shares of subsidiaries not resulting in change in scope of consolidation	-381	-23	-	-	-1,155	-1,155
Purchase of treasury stock	-3	-22,001	-5,001	-5,000	-2	4,998
Other, net	35	-416	-450	-225	-252	-26
Net cash used in financing activities	-3,831	-7,985	-15,035	-12,281	-8,159	4,122
Effect of exchange rate change on cash and cash equivalents	1,975	-412	2,403	-736	891	1,628
Net increase (decrease) in cash and cash equivalents	12,931	-1,581	-218	-8,286	3,435	11,721
Cash and cash equivalents from newly consolidated subsidiaries	73	42	-	-	676	676
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	21	-	-	12	12
Increase (decrease) in cash and cash equivalents resulting from the change in the fiscal year-end of a consolidated subsidiary	-	-	17	17	-	-17
Cash and cash equivalents at end of period	49,722	48,206	48,005	39,937	52,129	12,191

BS Key Metrics and BS Overview

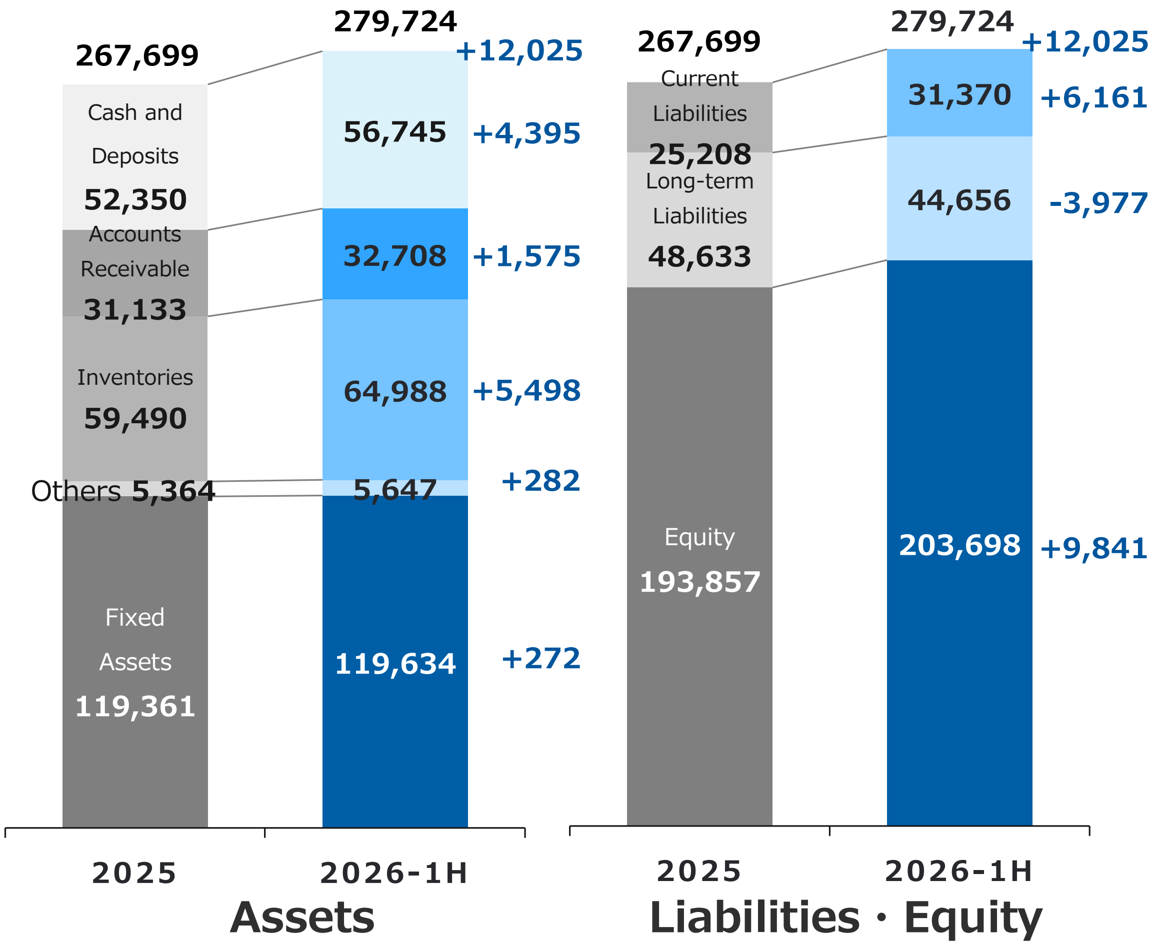
BS Key Metrics

Net Cash	Receivable Turnover Period
12,656 million yen	2.2 months
(End of FY25 : ¥7,392M)	(End of FY25 : 2.4months)

Cash and Time Deposits	Inventory Turnover Period
56,745 million yen	4.3 months
(End of FY25 : ¥52,350M)	(End of FY25 : 4.5months)

Interest-bearing Debt	Equity Ratio
44,089 million yen	68.5%
(End of FY25 : ¥44,957M)	(End of FY25 : 67.5%)

Consolidated Balance Sheet



Capital Investment

FY26 Capital Investment Forecast

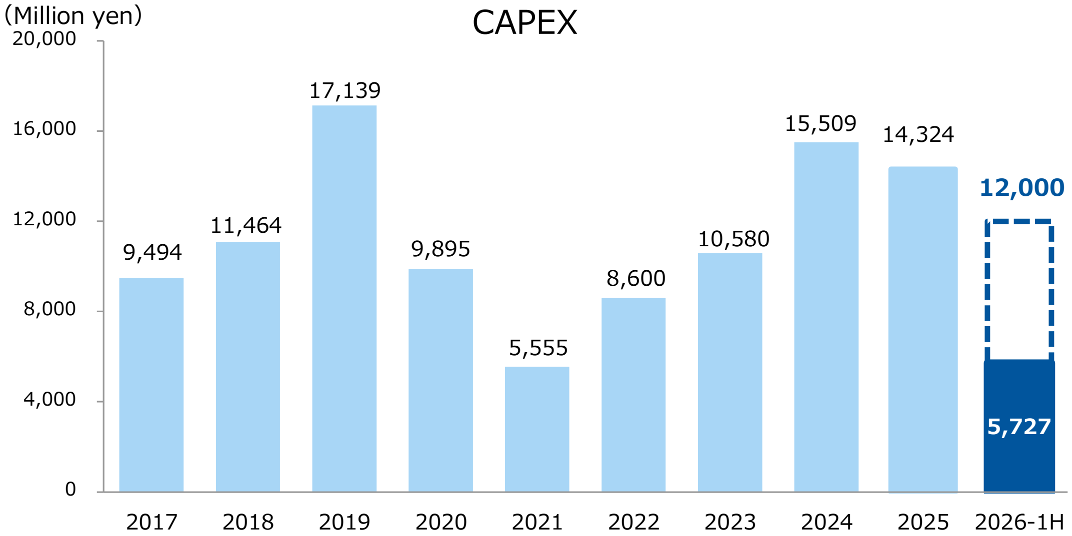
12.0 billion yen

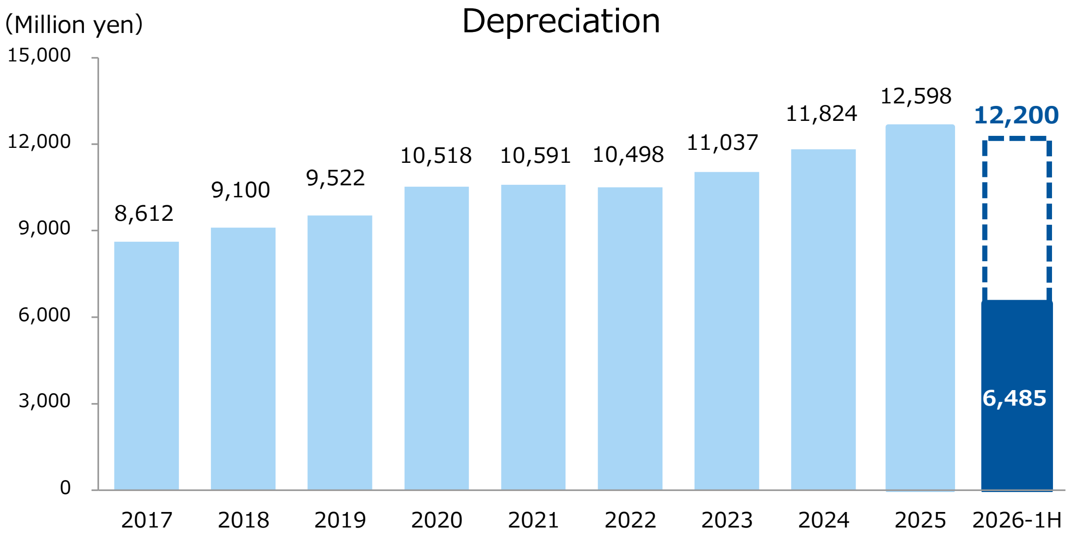
Breakdown

Including 0.7 billion yen carried over from FY25.
New factory phase II for carbide end mills, machinery and equipment, etc.

CAPEX result
5,727 million yen

Depreciation result
6,485 million yen





Revision of FY2026 Financial Forecast

(Million Yen)

Consolidated	FY26 Previous Forcast	FY26 Revised Forecast	Change	
Net Sales	165,000	185,000	-	-
Operating Profit	22,000	30,000	8,000	+36.4%
as % of sales	13.3%	16.2%	+2.9%	-
Ordinary Profit	23,000	32,000	9,000	+39.1%
Net Income Attributed to OSG	15,400	21,000	5,600	+36.4%
EPS (yen)	187.46	255.60	68.14	+36.3%

Parent Company	Forecast for FY26
Net Sales	60,000
Operating Profit	6,500
as % of sales	10.8%
Ordinary Profit	15,000
Net Income	12,900
EPS (yen)	156.95

※Non-consolidated earnings forecast remains unchanged.

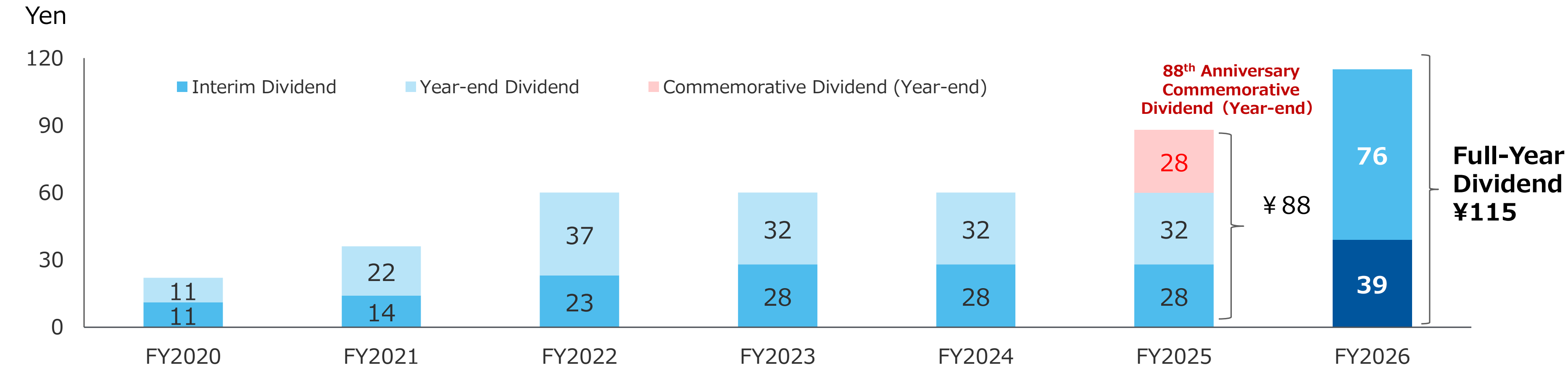
Exchange Rate Assumptions (Before Revision)： 1US$=150円 1Euro=170円

Exchange Rate Assumptions (After Revision)： 1US$=155円 1Euro=180円

Shareholder Return Policy

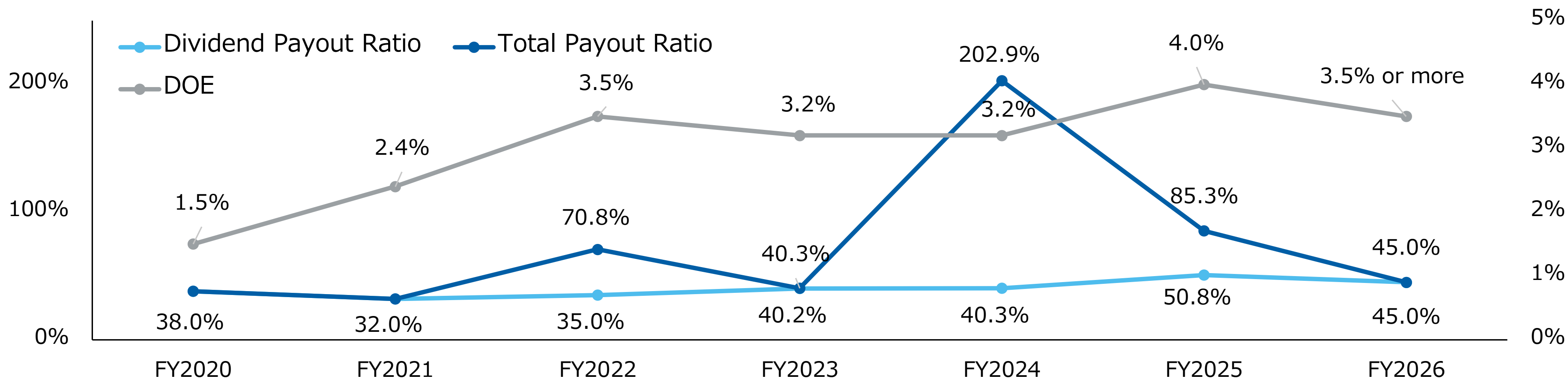
Higher of 45% payout ratio or DOE 3.5%

Dividend



Dividend Payout Ratio

Total Payout Ratio



Exchange Rate

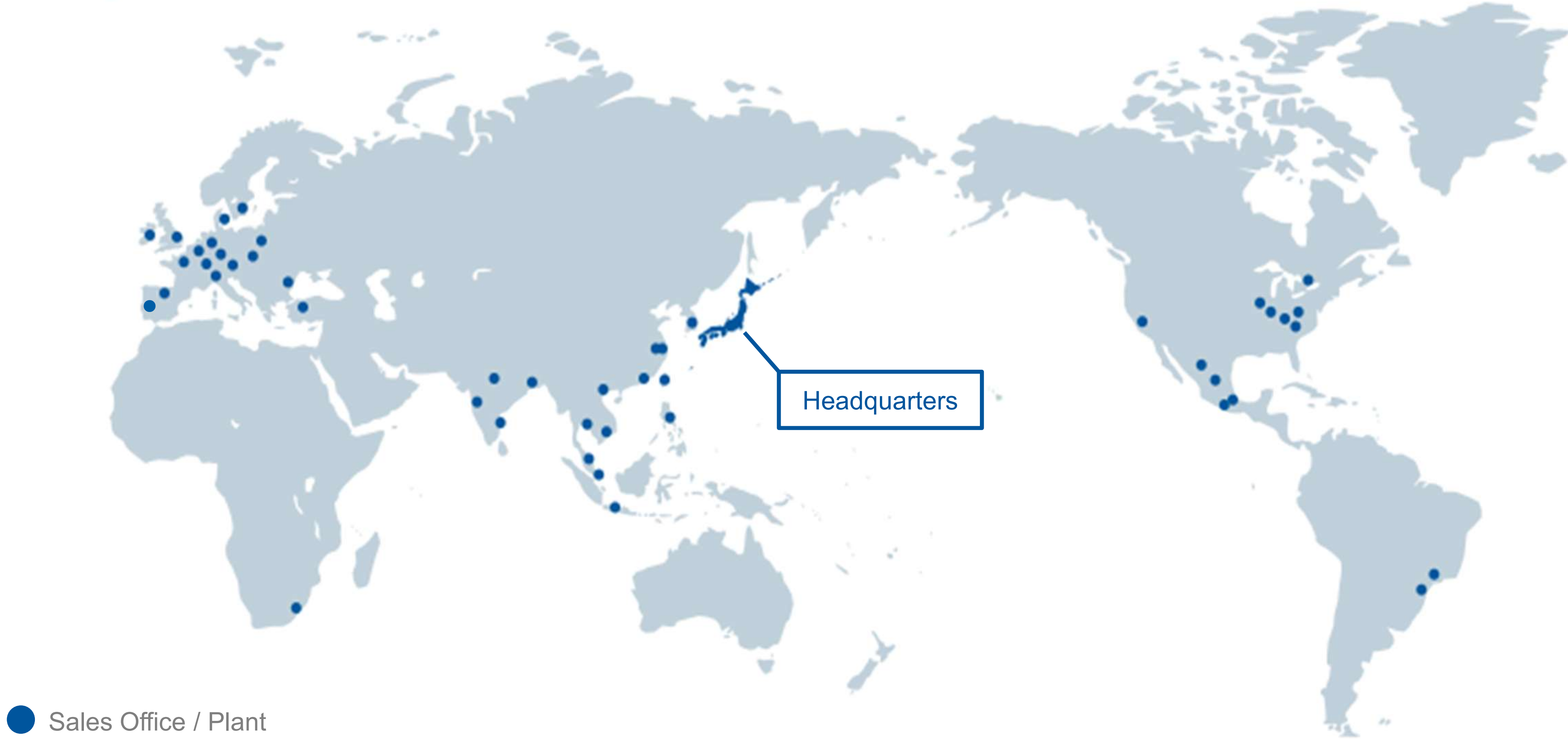
(Yen)

	Period average rate			Closing rate as of the period end		
	1US$	1Euro	1RMB	1US$	1Euro	1RMB
FY22 2Q	120.91	133.13	18.75	128.21	137.76	19.18
FY22	130.61	137.60	19.42	138.87	143.58	19.43
FY23 2Q	134.49	145.24	19.40	139.77	150.04	19.71
FY23	140.44	151.87	19.79	147.07	161.51	20.60
FY24 2Q	150.85	163.58	20.90	156.74	169.78	21.61
FY24	150.88	163.71	20.98	150.74	159.20	20.80
FY25 2Q	149.71	161.45	20.59	143.87	163.57	20.01
FY25	149.91	167.91	20.81	156.63	181.60	22.13
FY26 2Q	157.62	184.66	22.87	159.39	185.66	23.52

Selected Financial Data (Consolidated)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026-1H
Net sales	(mil.yen)	105,561	120,198	131,368	126,964	104,388	126,156	142,525	147,703	155,517	160,619	92,093
Sales growth rate	(%)	-5.7%	13.9%	9.3%	-3.4%	-18.0%	20.9%	13.0%	3.6%	5.3%	3.3%	19.0%
Cost of sales	(mil.yen)	59,179	69,711	74,833	73,281	65,715	76,969	83,459	87,254	92,042	94,800	52,063
Gross profit	(mil.yen)	46,382	50,486	56,535	53,682	38,673	49,186	59,065	60,448	63,475	65,819	40,029
SG&A expenses	(mil.yen)	28,135	31,349	34,015	34,128	30,276	33,081	37,166	40,648	44,606	45,488	24,368
Operating Profit	(mil.yen)	18,246	19,137	22,520	19,554	8,396	16,105	21,898	19,800	18,868	20,330	15,661
Ordinary Profit	(mil.yen)	17,813	19,144	22,567	19,710	8,950	16,141	23,648	21,350	19,825	22,354	17,140
Net Profit	(mil.yen)	10,134	13,993	14,710	13,686	5,639	10,989	16,534	14,307	13,439	14,334	12,501
Gross profit margin	(%)	43.9%	42.0%	43.0%	42.3%	37.0%	39.0%	41.4%	40.9%	40.8%	41.0%	43.5%
SG&A to Sales ratio	(%)	26.7%	26.1%	25.9%	26.9%	29.0%	26.2%	26.1%	27.5%	28.7%	28.3%	26.5%
Operating Profit margin	(%)	17.3%	15.9%	17.1%	15.4%	8.0%	12.8%	15.4%	13.4%	12.1%	12.7%	17.0%
Ordinary Profit margin	(%)	16.9%	15.9%	17.2%	15.5%	8.6%	12.8%	16.6%	14.5%	12.7%	13.9%	18.6%
Net Profit margin	(%)	9.6%	11.6%	11.2%	10.8%	5.4%	8.7%	11.6%	9.7%	8.6%	8.9%	13.6%
Average FX rate: 1USD	(yen)	109.78	112.33	110.53	109.36	106.94	109.41	130.61	140.44	150.88	149.91	157.62
Average FX rate: 1Euro	(yen)	121.39	126.20	130.68	122.53	121.60	130.04	137.60	151.87	163.71	167.91	184.66
Total assets	(mil.yen)	156,081	166,712	178,020	190,414	200,112	209,757	228,852	250,124	257,256	267,699	279,724
Total shareholders' equity	(mil.yen)	92,216	115,810	125,332	129,078	129,338	143,811	164,659	181,561	166,633	180,811	191,680
Net Profit per share	(yen)	110.59	153.70	150.47	140.06	57.94	112.63	171.54	149.29	148.94	172.11	152.16
Cash dividends per share (end of Q2)	(yen)	22.00	21.00	22.00	23.00	11.00	14.00	23.00	28.00	28.00	28.00	39.00
(year-end)	(yen)	28.00	25.00	25.00	24.00	11.00	22.00	37.00	32.00	32.00	60.00	(fcst)76.00
Total shareholders' equity per share	(yen)	1,024.34	1,191.65	1,279.29	1,328.08	1,327.22	1,472.45	1,721.14	1,892.35	1,962.21	2,200.98	2,332.68
Average number of shares	(ths)	91,640	91,044	97,761	97,716	97,335	97,573	96,388	95,838	90,233	83,289	82,159
ROA (operating profit basis)	(%)	11.7%	11.9%	13.1%	10.6%	4.3%	7.9%	10.0%	8.3%	7.4%	7.7%	11.4%
ROE	(%)	10.4%	13.5%	12.2%	10.8%	4.4%	8.0%	10.7%	8.3%	7.7%	8.3%	13.4%
Equity ratio	(%)	59.1%	69.5%	70.4%	67.8%	64.6%	68.6%	72.0%	72.6%	64.8%	67.5%	68.5%
Total asset turnover		0.68	0.74	0.76	0.69	0.53	0.62	0.65	0.62	0.61	0.61	0.67
Operating CF	(mil.yen)	16,333	20,820	20,310	19,261	17,038	26,982	20,175	23,331	28,557	26,389	16,541
Investing CF	(mil.yen)	-16,843	-7,566	-13,351	-20,314	-17,133	-6,961	-12,170	-8,543	-21,741	-13,976	-5,838
Financing CF	(mil.yen)	-778	-11,137	-4,723	3,465	9,658	-14,264	-14,740	-3,831	-7,985	-15,035	-8,159
Cash flow margin	(%)	15.5%	17.3%	15.3%	15.1%	16.3%	21.4%	14.2%	15.8%	18.4%	16.4%	18.0%

Expansion of Overseas Business



Medium-term Management Plan

Beyond the Limit 2027
Stage2

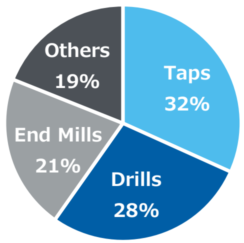
FY2025～FY2027

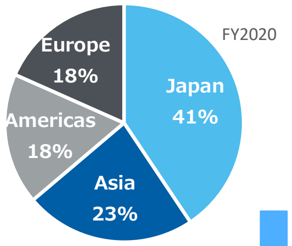
Transition (Establishing a Solid Foundation for the Next Stage of Growth)

Global Company → **World's top manufacturer of hole-making cutting tools** → **Essential Player**

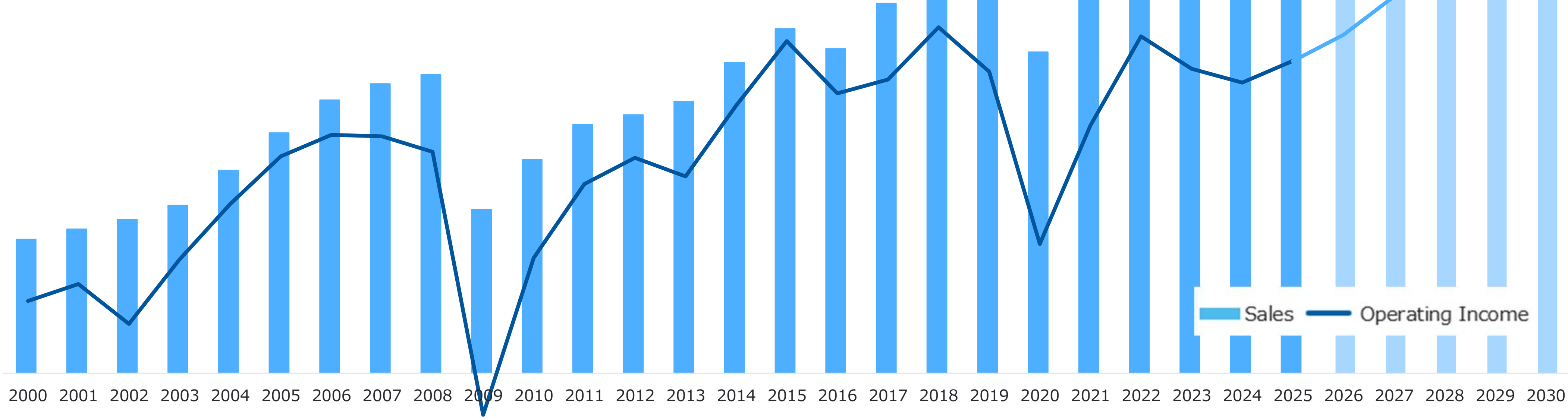
Established a global network

Achieve a stable and balanced business portfolio in terms of both geography and products through M&A strategy





Supporting our customers in their challenges, we aim to achieve a profitable and sustainable future together.

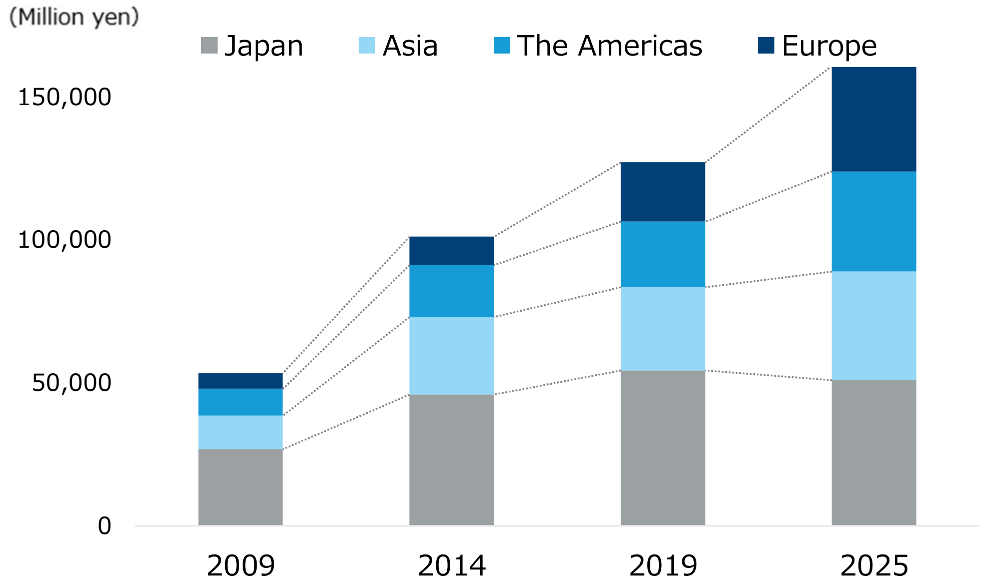


Establishing a balanced business foundation across regions and products

Through strategic regional expansion and diversification of key industries, we have strengthened our global presence and achieved top-tier growth in the cutting tool industry with a well-balanced product portfolio beyond taps. We are also steadily building a robust foundation for sustainable growth.

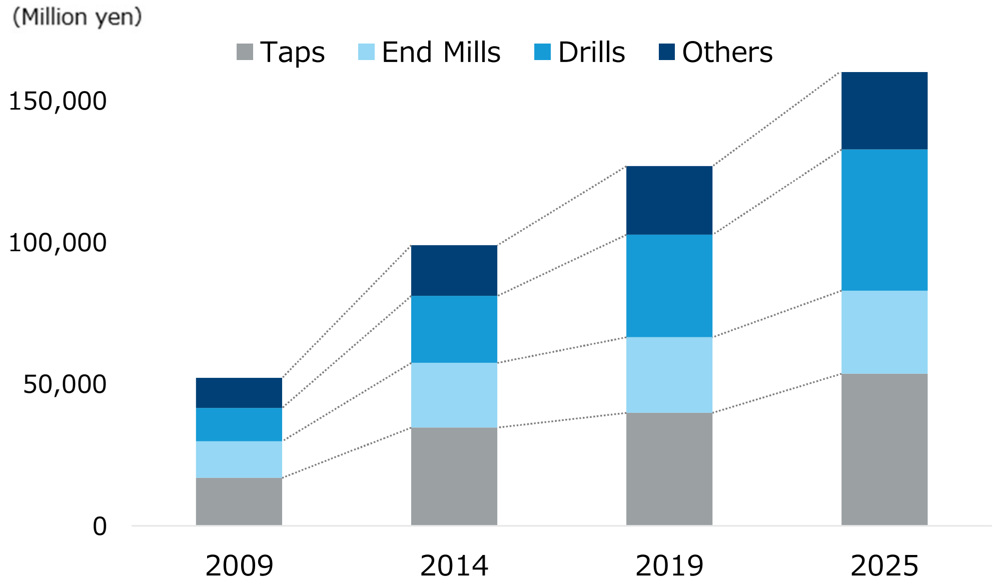
Regional Sales trend (Actual Results)

Global Company → World's top manufacturer of hole-making cutting tools → Essential Player



Product Sales trend (Actual Results)

Global Company → World's top manufacturer of hole-making cutting tools → Essential Player

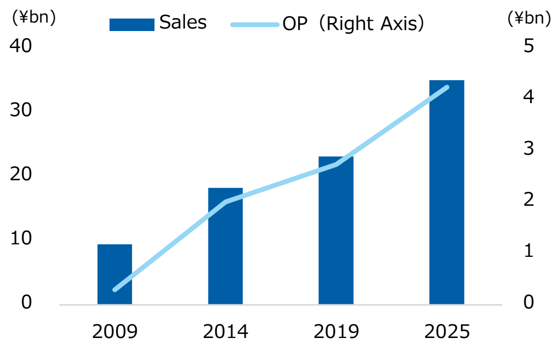


Performance Trends by Region and Product

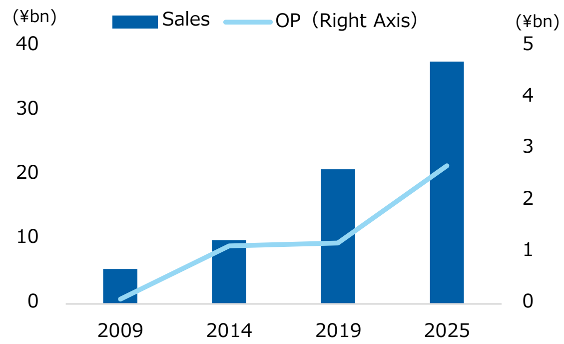
Our business has grown significantly outside Japan, with particularly strong expansion in taps and carbide drills—key tools for hole-making applications.

Net Sales by Region OP Ratio

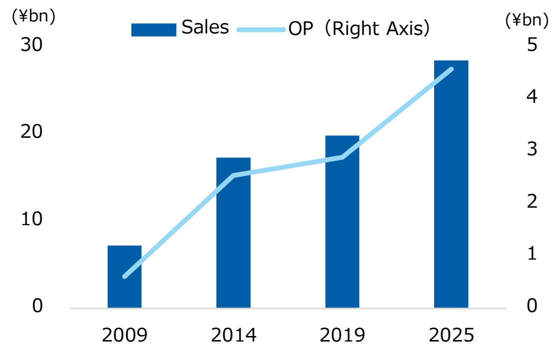
The Americas



Europe・Africa



Asia (excluding Japan and Korea)

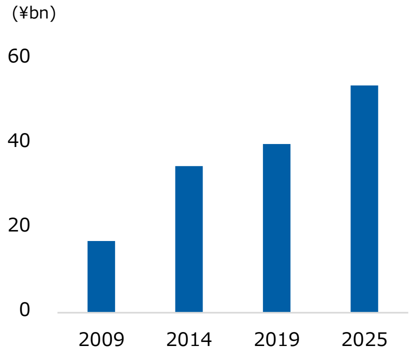


Net Sales by Product

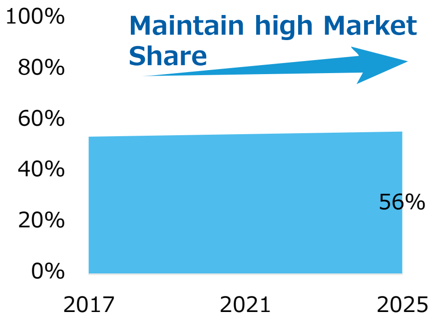
Market Share

Taps

Net Sales

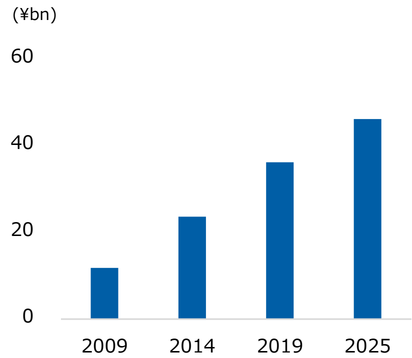


Market Share in Japan

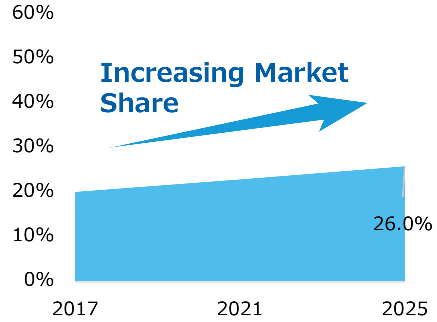


Carbide Drills

Net Sales



Market Share in Japan



Source: Market share data for Japan is based on statistical surveys by the Japan Machine Tool Builders' Association.

Beyond the Limit

【Long-term Vision】
To become an essential player
that contributes to the global manufacturing
industry towards a carbon-neutral era

We will continue to deliver solid value in a rapidly changing market environment,
while driving operational efficiency to build a resilient organization capable of generating sustainable profits.

Beyond the Limit 2022-2024（Stage1）

Beyond the Limit 2025-2027 (Stage2)

Beyond the Limit 2028-2030（Stage3）

2027/11 Plan

ROE	OP Ratio
Over 10%	**Over 16%**

Efforts to improve profitability

1. **Expansion of high value-added products centered on A-brands**
2. **Expansion of sales of micro and precision tools.**
3. **Cost Improvement through Productivity and Operational Efficiency**
4. **Review of product series and pricing**
5. **Reduction of SG&A Ratio**
6. **Implement BS management measures**

Medium-Term Management Plan Stage2 Outline (1/2) – Growth Strategy

	Product	Strategic policy	Major Industries
Core business Driving growth	Tap	Through quality improvements and the launch of competitive new products, development, engineering, manufacturing, and sales will work as one team to expand market share. In addition, we will promote the A-brand high value-added series, aiming to achieve a 40% global market share in taps.	Electronic Components Energy Mobility General Parts
	Fastener product	This product has the longest history after our founding product, taps. By reviewing manufacturing processes and the supply chain, we will strengthen price competitiveness and further accelerate global expansion. We aim to double sales while also improving profitability.	Aircraft Energy Mobility General Parts
Focused business For future growth be connected to Expansion of Business Domain	Micro and precision tools DIA/CBN	By strengthening the cross-functional GIGS Sales Group and launching new products, we will grow sales of micro and precision machining tools. In addition, we will pursue new business opportunities beyond existing industries, such as the lens industry, primarily through our group companies specializing in diamond tools.	Electronic Components Aircraft Energy Mobility Medical Molds General Parts
	Coating	The high value-added coating business is expected to expand over the medium to long term. In addition to contributing to sales of its own products through superior coating development, the company will also develop job coating services for a variety of products other than tools.	Electronic Components Medical Molds Tools General Parts

Medium-Term Management Plan Stage2 Outline (2/2) – Strengthen management foundation

Area	Strategic policy	KPI（FY2027）	Initiative
Operation	In response to labor shortages, we will leverage digital technologies to simplify and streamline production and sales processes, thereby improving productivity and profitability. At the same time, we will promote more efficient and labor-saving production systems through the introduction of in-house developed manufacturing equipment and the utilization of multi-tasking machines, building a flexible and resilient business foundation.		• Improvement of business efficiency • Responding to DX innovation • Information Security
Organizational and human capital	We will promote human resource initiatives that maximize the value of each employee by ensuring the right people are in the right roles and by developing talent that enhances autonomy and organizational capability. By creating a workplace where employees feel engaged and can take on challenges with confidence, and by continuing to embrace change in an ever-evolving social environment, we aim to achieve shared growth for both employees and the company and enhance corporate value.		• Enhancement of human resources' capabilities • Development of a rewarding workplace environment • Improvement of engagement
Sustainability	We aim to reduce CO_2 emissions by 20% by FY2030 compared with FY2024 and achieve carbon neutrality by 2050. To this end, we will reduce Scope 1 and 2 emissions, calculate Scope 3 emissions, and visualize environmental impacts by calculating the carbon footprint of our core products, while reducing electricity consumption through operational improvements and increasing the use of renewable energy to realize a circular economy.	20%	• Reduction of CO_2 emissions • Calculation of the carbon footprint
Financial and Capital Management	Improve profitability through growth strategies for existing businesses and aggressive growth investments including M&A. Aim to improve capital efficiency and achieve ROE of 10% by reducing the cost of shareholders' equity through shareholder returns and IR activities.	ROE over 10%	• Establishment of an optimal capital structure • Strategic investment in growth sectors • Enhancement of shareholder returns

Business Opportunities and Growth Area

Driving growth beyond customer industries by expanding existing markets and exploring high-potential fields like healthcare, mobility, AI, energy, and space.

*All images of each industrial field are for reference only.

The A Brand

The A-brand was launched in 2015 as OSG's flagship product, offering high quality and high performance at a low price.
Starting with A-TAP, the lineup has since expanded to include A-DRILL and A-ENDMILL and continues to grow.

Expanding sales of high value-added products centered on the A-brand

Point 1

New A-brand products are released in short cycles.

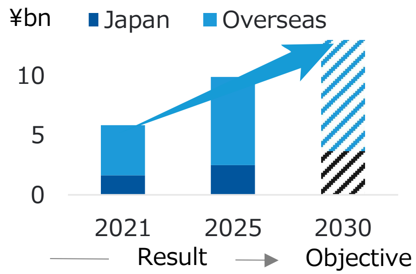
A-TAP

40% market share by creating products the world demands.

【Strengths of A-TAP】

- Delivers top performance on advanced machining centers, compatible with various equipment.
- Suitable for a wide range of materials.
- Eco-friendly design with excellent chip evacuation and wear-resistant coating for long tool life.

A-TAP is highly regarded not only in Japan but also in North America, Europe, and China, with each region achieving sales comparable to the Japanese market.



Point 2

The A-brand is highly profitable.

ADO-MICRO (Small diameter carbide drill with oil hole)

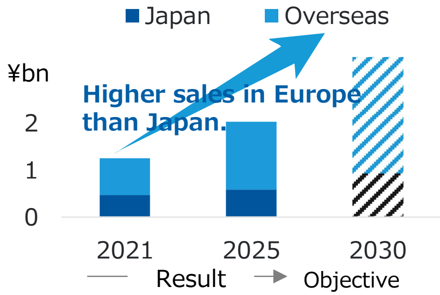
Expand market share in the small-diameter field with new products.

【Strength of ADO-MICRO】

- Few competitors offer small-diameter drills with oil holes.
- High value-added product enables premium pricing.
- In Europe, where machining efficiency is prioritized, machines with internal coolant are widely used, and our products are highly rated.

【 Example Applications 】

- Shower Plate: Component for semiconductor manufacturing equipment, mainly used in etching systems to evenly distribute gas.
- DPF Molds: Extrusion molds used to manufacture ceramic honeycomb structures for automotive exhaust gas purification filters and similar applications.



Micro and Precision machining (Diamond tools, Medical)

Diamond tools

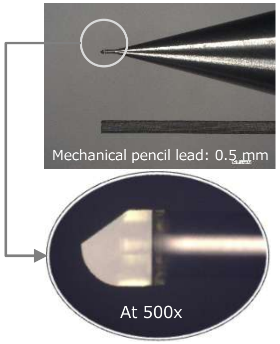
Related Group Companies	Application Market	Focus Area
• OSG Diamond Tool Co., Ltd. • Contour Group • Fiudi S.R.L. , etc	Semiconductor equipment components, Inspection equipment components, Lenses, Precision molds, Medical devices, Automotive & aerospace parts	Japan, Taiwan, South Asia, China

Diamond Tool Business

Business	Diamond tools are mainly used for nonferrous and composite materials, but their applications are not limited to precision machining. Recent advances in vibratory cutting technology now allow machining of ferrous materials, significantly expanding the market beyond previous expectations.
Catalog	We published a textbook and catalog to promote correct understanding of diamond tools. By addressing misconceptions about price, delivery, and handling, we aim to create new demand and support domestic manufacturing and our business growth.
Tie-up	· Makino Milling Machine Co., Ltd. · Taga Denki Co., Ltd. · Shibaura Machinery Co., Ltd.
Regrind	The diamonds on the cutting edge can be reused through regrinding, while tip-type tools mounted on the shank or base material allow for replacement of the diamond segments.

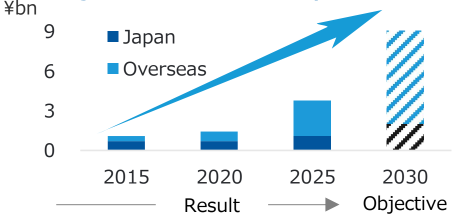
Products

Ultra-small monocrystalline ball end mill



Sales Outlook of Diamond tool

Aiming for sales of 10 billion yen in 2030



Medical

Related Group Companies	Application Market	Focus Area
• OSG • Wingilt Limited, etc	Dental prosthetics, artificial bones, artificial joints, etc.	Japan, Europe, North America, South Asia

Medical-related Business

Business	Unique geometries and coatings for all dental prosthetic materials. Compatible with CAD/CAM systems, offered globally. [Japan] 60% market share in dental tools.
Trend	Growing awareness of oral health's impact on overall health and QOL is driving demand for preventive and cosmetic dentistry. [Japan] Iinsurance coverage for crown treatments will expand to nearly all cases under the 2026 medical fee revision..

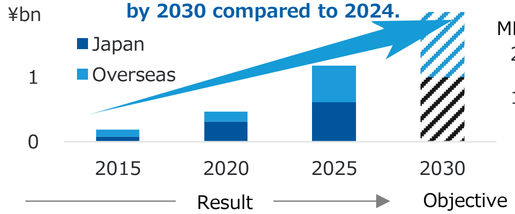
Examples of Workpiece

Crowns, Bridges

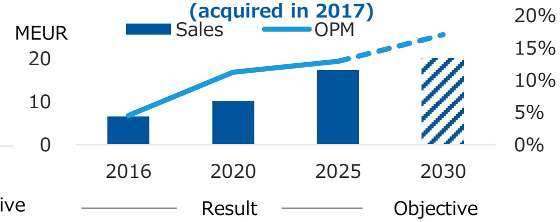
Artificial joints

Sales Outlook for Medical Industry

Targeting a 1.5× increase in dental tool sales by 2030 compared to 2024.



【Winglit】 Medical tool maker founded in 1975 (acquired in 2017)



Coating (Job Coating Business)

Related Group Companies	Application Market	Focus Area
OSG Coating Service（Japan） Taiho Coating Service（Taiwan） Primcoat PVD Technology（India） Perform Coat（USA, Swizerland） PRIMUS COATING（Germany), etc	Molds Electronic Components Medical General Parts Cutting Tools	Germany India Turkey Vietnam

Coating business Global Network

Coating companies in 29 locations across 16 countries
(25 consolidated, 4 non-consolidated)

Source of Competitive Advantage（How to Win）

In-house coating equipment enhances cost competitiveness

High-quality coatings comparable to specialized providers

Efficient production using idle capacity from mold coating lines

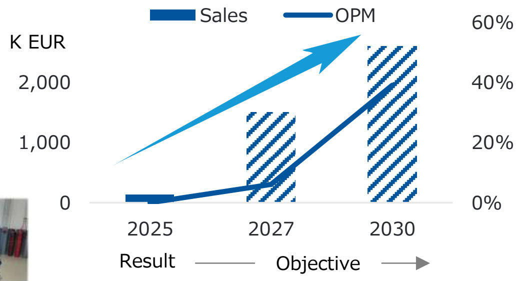
34 coating sites in 16 countries support customers' global expansion

Coating Business Shifts to Molds

While initial investment is required, the high unit price of mold coatings compared to tools enables ROI in about 5 years.

Expansion of coating business in Germany

- **Primus Freiburg commenced operations in Freiburg, Germany, in March 2025.**
- Developed large furnace for die-cast mold coating (max 2 ton)
  →Added a coating furnace to meet strong demand.
- Expansion into an Oligopolistic Market



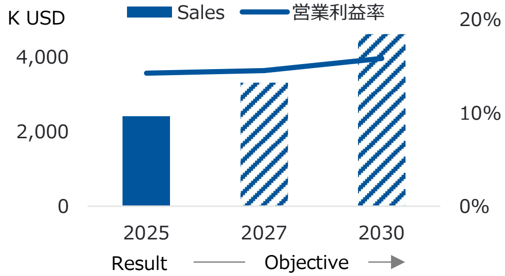
✓ **Germany's Job coating market exceeds 200 million USD.**

Fourth coating plant under construction in India

Ahmedabad, Gujarat

Started operations in May 2026

Surrounded by leading car manufacturers (35–100 km range)



✓ **India's job coating market exceeds 70 million USD.**

Heavy electric machinery and semiconductors

Power Consumption Increasing Due to AI Growth, Cloud Services, and Extreme Weather.

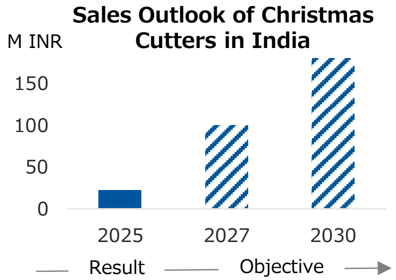
Heavy electric machinery

Trend

- Electric furnace construction is expanding worldwide due to rising demand and high-efficiency, eco-friendly models will follow.
- Demand for our Christmas cutters used in power generation turbines exceeds current production capacity.
- ⇒ Production capacity +75% vs. FY2025 start by the end of the medium-term plan

India Market

- Received orders from India's largest government-affiliated power plant manufacturer.
- India is expanding its power plant business not only domestically, but also to the Middle East and Africa. This market is expected to grow significantly in the coming years.



Semiconductors

Trend

Demand for semiconductors will keep rising with global digitalization. Semiconductor manufacturing equipment requires high precision, corrosion and heat resistance, plasma durability, and cleanliness. As a result, advanced materials like carbide, ceramics, quartz, and high-purity glass are used. Some are classified as "hard and brittle materials," which combine high hardness with low impact resistance.

6C x OSG Brand

Issue

・Cutting and EDM are slow for hard-brittle materials, reducing productivity.

Solution

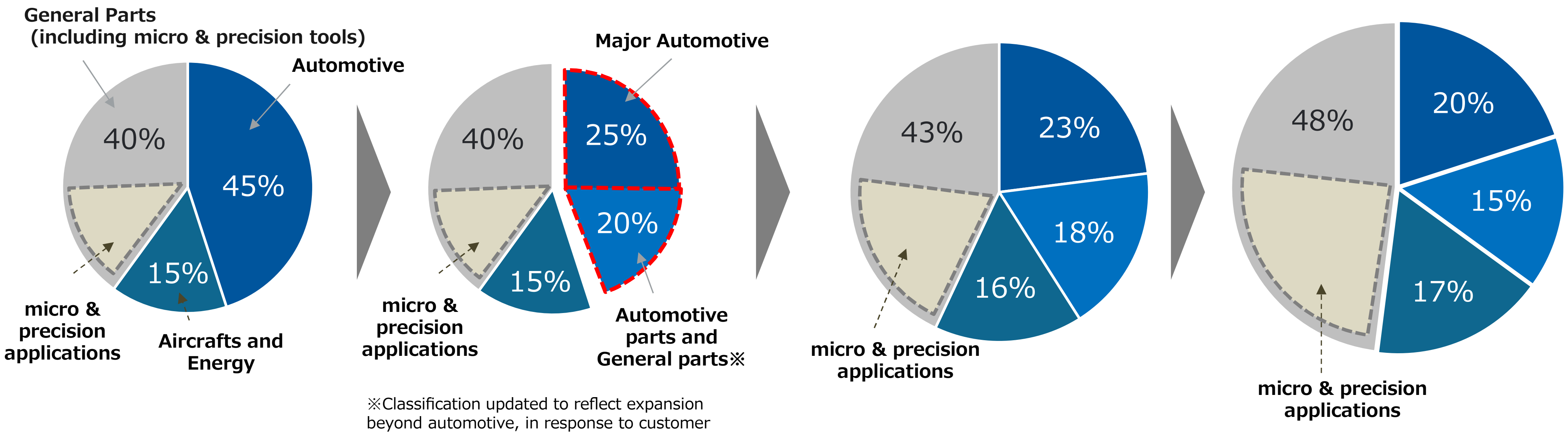
・Launched the new 6C x OSG brand to enable high-efficiency, high-precision direct machining of hard-brittle materials, reducing both processing time and cost.

Target-Industry Portfolio

- Promote the transformation to a balanced customer industry portfolio that is less susceptible to business environment fluctuations.
- Improve profitability by increasing the sales ratio of A-brand and micro and precision tools.

Beyond the Limit 2022-2024（Stage1） → **Beyond the Limit 2025-2027（Stage2）** → **Beyond the Limit 2028-2030（Stage3）**

Before **After**



※Classification updated to reflect expansion beyond automotive, in response to customer trends.

Financial and Capital Policy（ Current Situation ）

Driving Sustainable Growth and Capital Efficiency to Achieve ROE Over 10% in Stage 2

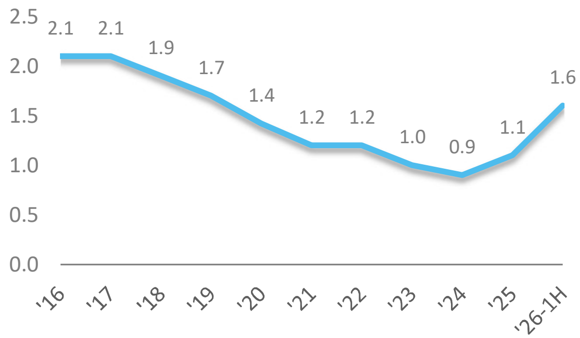
Aim for ROE that exceeds the cost of equity while reducing it. （=*Maximize equity spread)

*1: Equity Spread ＝ ROE ー Cost of Equity

PBR*2 1.6 ≒ **ROE*3** / **Cost of Equity** including expected growth rate (=Inverse of PER*4)

	FY2025		FY2026-1H
ROE*3	8.3%	▷	13.0%
Cost of Equity	7.6%	▷	8.3%

PBR



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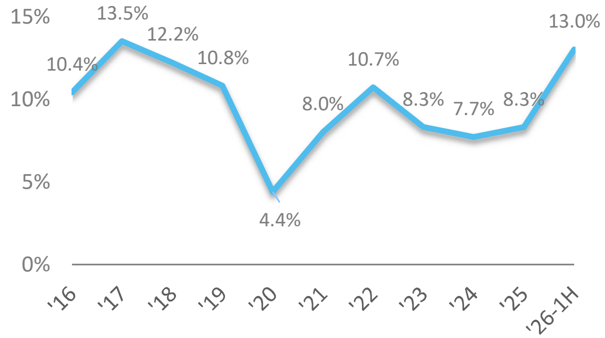
ROE



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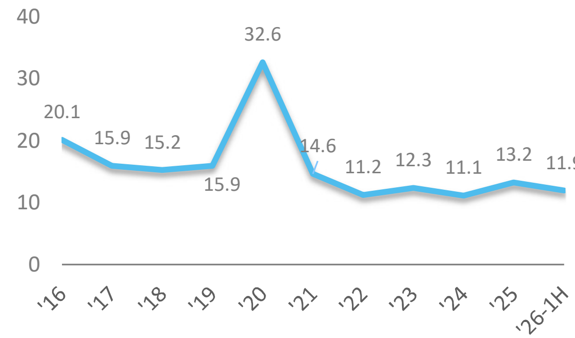
PER

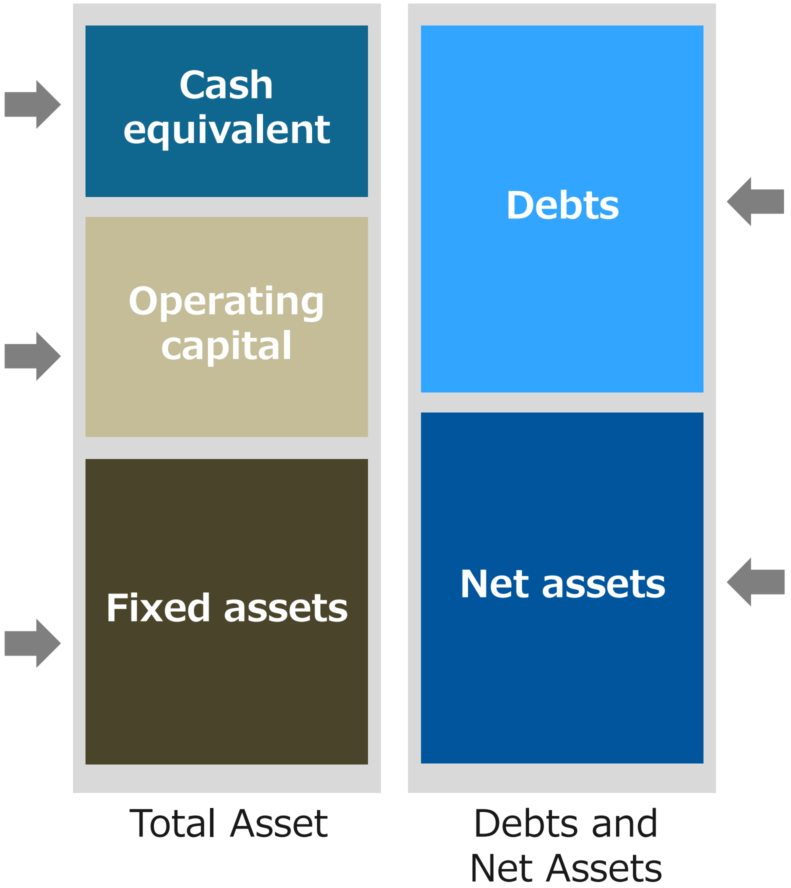


*2: PBR =Market capitalization (excluding treasury shares) ÷ Shareholders' equity
*3: ROE =Net income attributable to owners of the parent ÷ Shareholders' equity
*4: PER =Market capitalization (excluding treasury shares) ÷ Net income attributable to owners of the parent
Note 1: Market Capitalization = Share price (month-end closing price at fiscal year-end or quarter-end) × Number of shares outstanding (excluding treasury shares, at fiscal year-end or quarter-end)
Note 2: Shareholders' Equity = Total net assets − Stock acquisition rights − Non-controlling interests. Average of beginning and end of the period.
Note 3: Financial figures such as shareholders' equity are as of May. 29, 2026.

Financial and Capital Policy

Reform the balance sheet to optimize growth investment and enhance shareholder returns

- Growth investments（M&A、R&D, Capital investment）and shareholder returns.
- Review of cash allocation within the group.
- Shorten CCC and generate cash.
（Inventory reduction, review of collection and payment sites)
【 Inventory turn over target 】
FY2024 4.4 months ⇒
FY2030 3.5 months
- Capital investment benchmarked against depreciation.
- Reduction of policy shareholdings.



- WACC reduction through debt utilization.
- Optimize capital structure.

- Reducing the Cost of Shareholders' Equity through IR Activities.
- Strengthen shareholder returns.
(increase dividend payout ratio, share buybacks)

Cash Allocation Plan

Operating Cash flow will be used mainly for strategic investments, while strengthening shareholder returns and reviewing the financial structure.

Stage1 Results (FY2022～FY2024)

Unit: billion yen

Cash In 103

- Operating Cash flow 72
- Corporate Bonds issued 27
- Corporate Bonds issued 4

Cash Out 103

- Strategic Investments 45
  - M&A 9
- Shareholder Returns 44
  - Dividends 17
  - Buy-back27
- Repayment of loans 14

Stage2_Plan (FY2025～FY2027)

Unit: billion yen

Cash In 130

- Operating Cash flow 80～90
- External financing
- Sale of assets, etc.

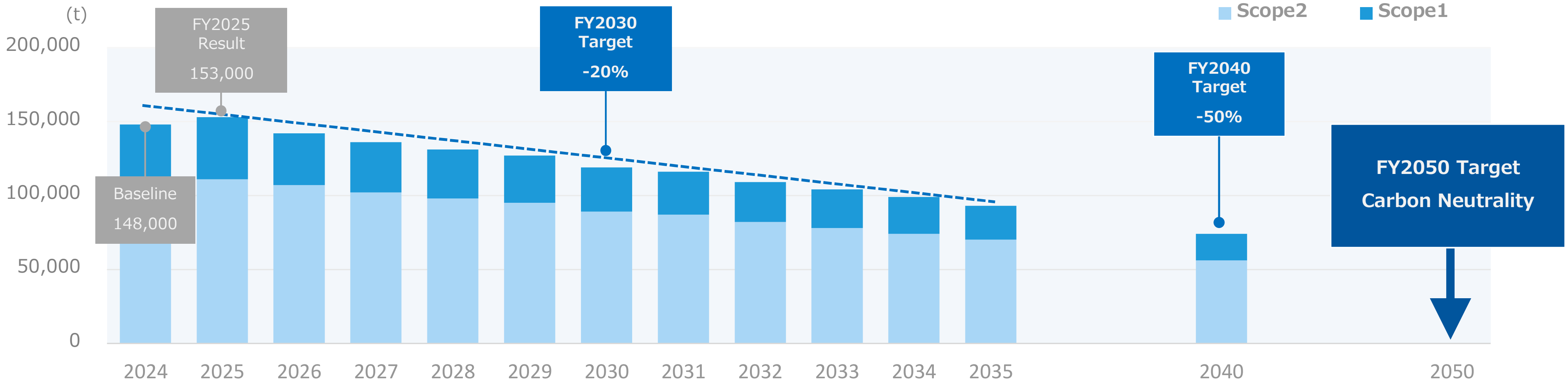
Cash Out 130

- Strategic Investments 60～70
  - New Carbide End Mill Plant
  - Expansion of production facilities for growth area
  - Strategic M&A
  - Maintenance and renewal of facilities ～30
    - Investment in factory automation
    - Introducing digital transformation
- Shareholder Returns
  - Dividends, Buy-back ～50
    - Stable and sustainable dividend
    - Conduct an agile share buy-back
- Repayment of loans ～10

Commitment to Sustainability – Initiatives Toward Carbon Neutrality -

OSG Group has set a new company-wide CO_2 emissions reduction target: 20% below FY2024 levels by 2030, supported by steady implementation of its action plan.

CO_2 Reduction Roadmap（Consolidated Scope1.2）



FY2026 Initiatives Underway

- **Promoting the adoption of renewable energy**
  Introduction of on-site PPA at the Oike New Plant planned for FY2028
- **Calculation of value chain CO_2 emissions (Scope 3)**
  Advancing emissions calculations, primarily for transportation (Categories 4 and 9)

Next Step

- **To achieve the 20% reduction target by 2030**
  - Energy-saving
  - On-site PPA
  - Off-site PPA
  - CO_2-free electricity and environmental value certificates

  Optimizing the emissions reduction portfolio through a combination of these measures.