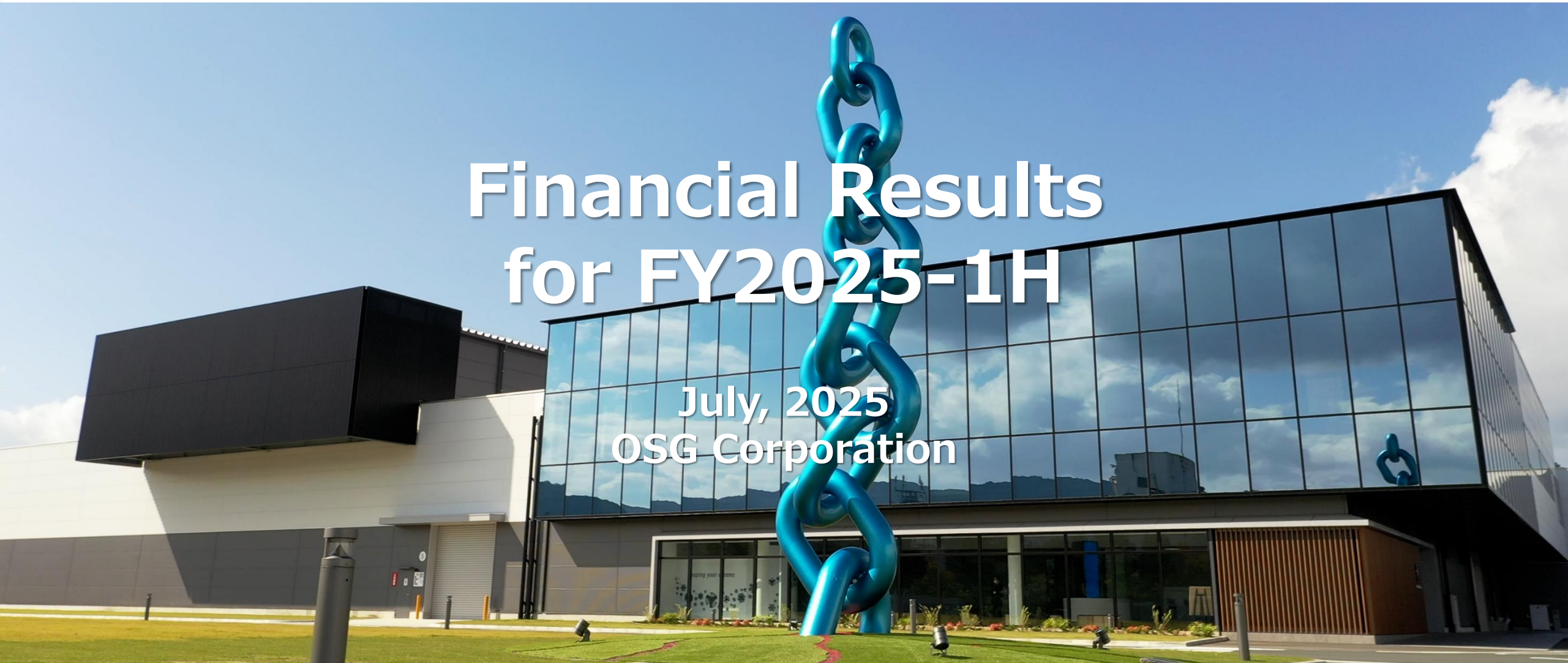




shaping your dreams

Financial Results for FY2025-1H

July, 2025
OSG Corporation

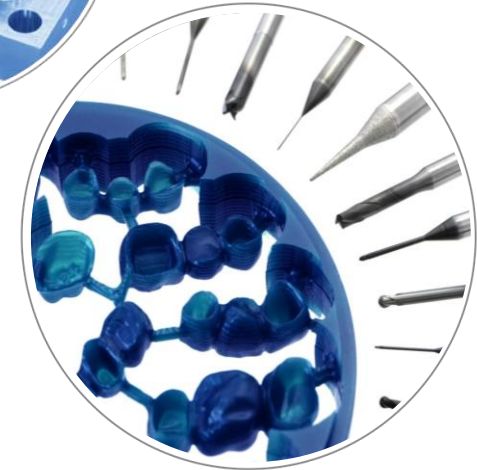
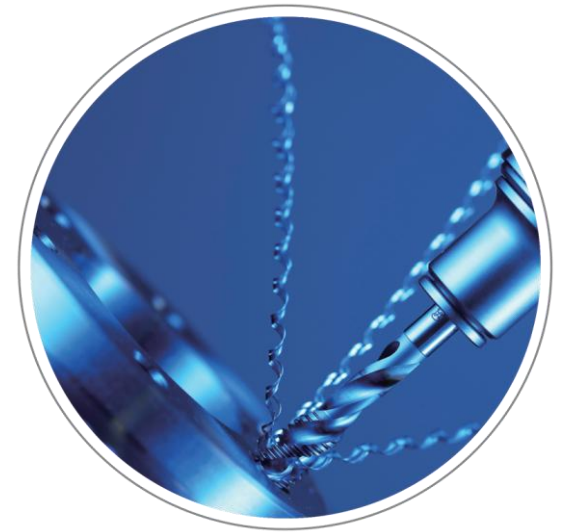
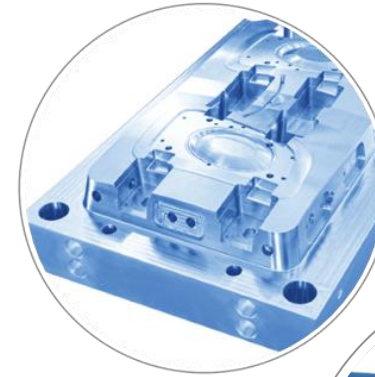


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Company Overview

Company Name	OSG Corporation
Headquarters	3-22 Honnogahara Toyokawa-city, Aichi, Japan
Foundation	March 26, 1938
Capital	13,044 million yen
Employees	7,656 (consolidated) 1,878 (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



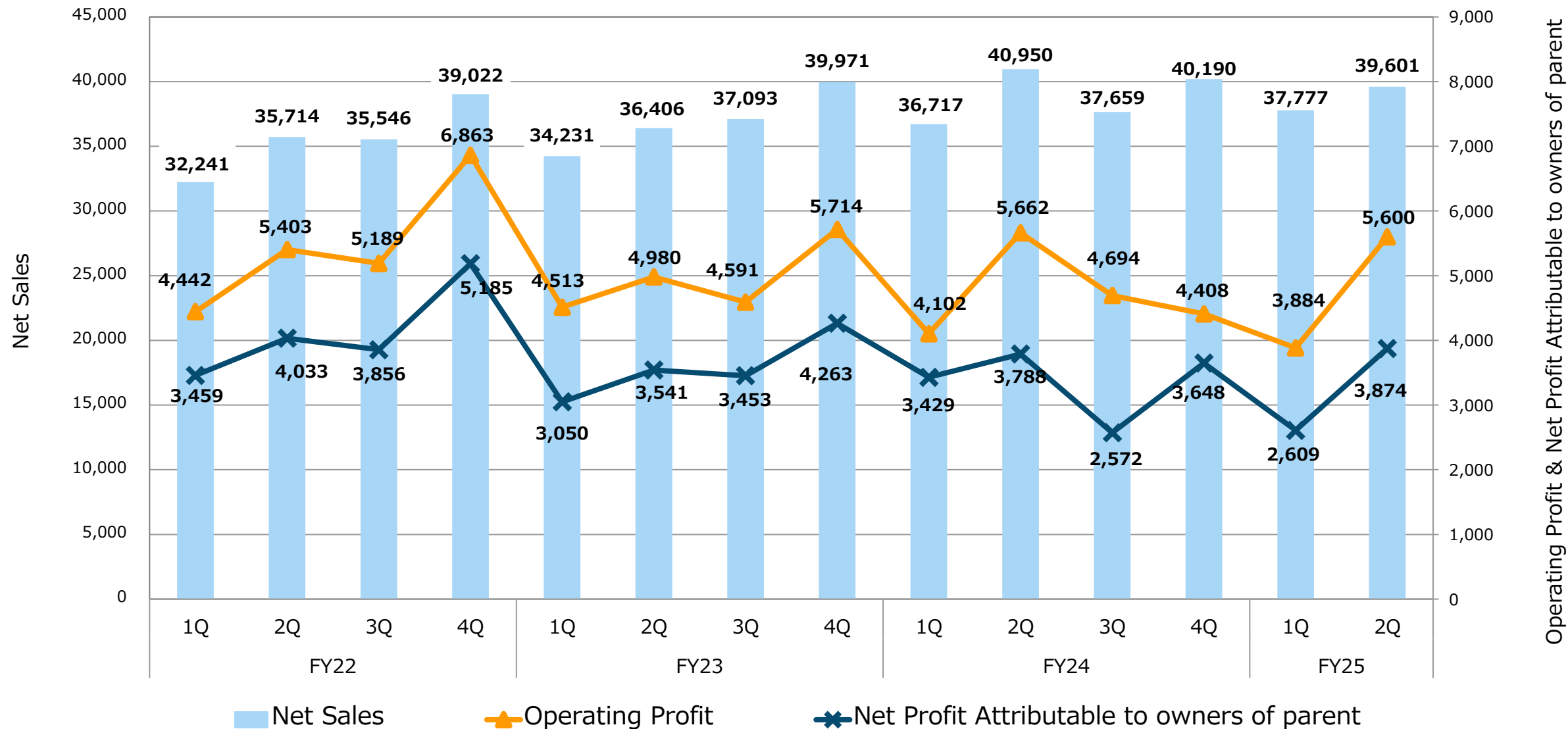
Financial Summary

(Million yen)

	FY24			FY25			Change		
	1Q	2Q	1H	1Q	2Q	1H		FY25 Forecast	Progress Rate
Net Sales	36,717	40,950	77,667	37,777	39,601	77,379	-288 -0.4%	79,000	97.9%
Operating Profit	4,102	5,662	9,765	3,884	5,600	9,484	-280 -2.9%	10,100	93.9%
OPM	11.2%	13.8%	12.6%	10.3%	14.1%	12.3%	-	12.8%	-
Ordinary Income	4,949	5,919	10,868	4,155	5,760	9,915	-953 -8.8%	10,700	92.7%
Net Profit Attributable to	3,429	3,788	7,217	2,609	3,874	6,483	-734 -10.2%	7,100	91.3%
EPS(yen)	36.30	41.10	77.40	30.73	46.21	76.94	-0.46 -0.6%	83.61	-

Financial Summary

(Million yen)

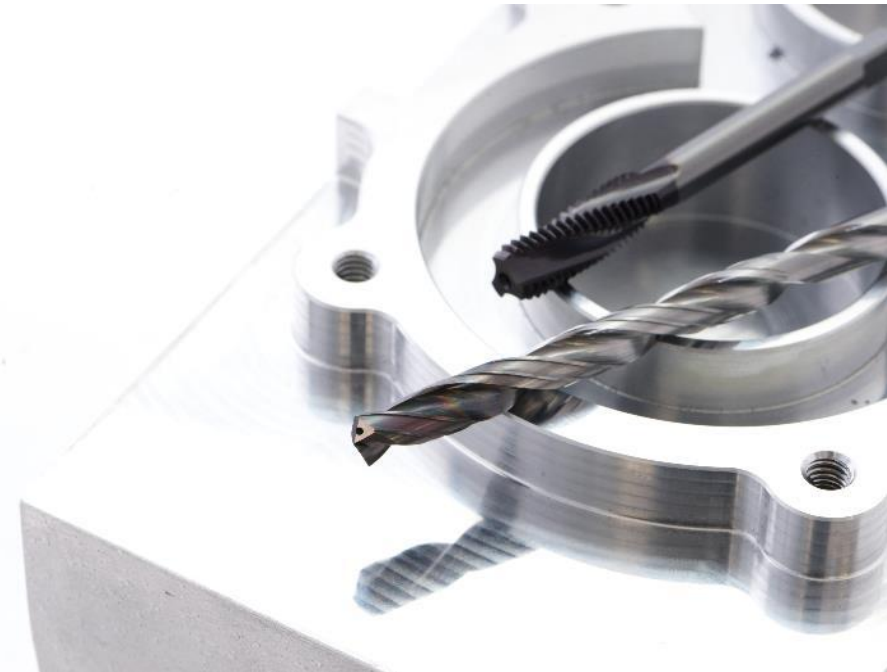


Review of FY25-1H

Operating Profit Margin Recovered to 14.1% in Q2.

Index & Capital Investment Results

- EBITDA	16.1 billion yen	(+1.0% YoY)
- EBITDA Margin	20.8%	(+0.3pts YoY)
- ROA	7.5%	(± 0.0pts YoY)
(Operating Profit Basis)		
- ROE	7.8%	(-0.1pts YoY)
- Equity Ratio	65.8%	(+1.0pts from the end of FY24)
- CAPEX	8.0 billion yen	(FY25 plan is 19 billion yen.)
- Depreciation	6.1 billion yen	(FY25 plan is 12.2 billion yen.)



Review of FY25-1H

The Americas

Signs of economic slowdown and foreign exchange headwinds led to a decline in revenue. However, operating profit showed only a slight decrease relative to the drop in sales.

Europe/Africa

Although overall business sentiment in Europe remained subdued, the aerospace and medical sectors continued to perform well, supporting a recovery in Q2 operating profit.

Asia

Strong demand in China for electrical appliances and components, supported by recovery measures. South Asia recovering; India remains solid.

Japan

Sales and profits increased, driven by strong performance in catalog products for A-brand and micro precision machining applications.

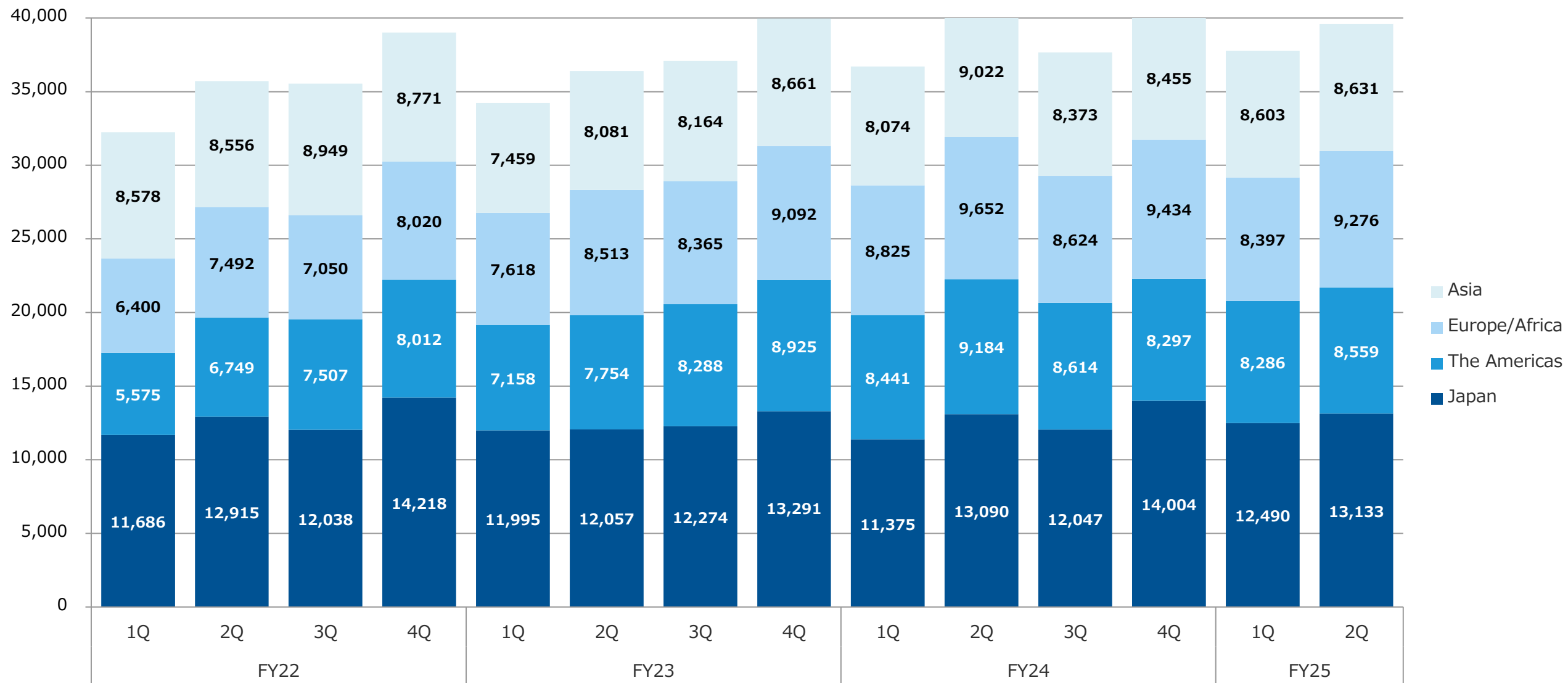
Sales to Customers by Geographical Segment

(Million yen)

	1Q	<u>FY24</u> 2Q	1H	1Q	<u>FY25</u> 2Q	1H	Change		Change in Local Currency
Japan	11,375	13,090	24,465	12,490	13,133	25,623	1,158	+4.7%	-
The Americas	8,441	9,184	17,626	8,286	8,559	16,846	-780	-4.4%	-2.1%
Europe/Africa	8,825	9,652	18,478	8,397	9,276	17,673	-804	-4.4%	-3.6%
Asia	8,074	9,022	17,097	8,603	8,631	17,235	137	+0.8%	+3.6%
Consolidated	36,717	40,950	77,667	37,777	39,601	77,379	-288	-0.4%	-

Sales to Customers by Geographical Segment

(Million yen)



Operating Profit by Geographical Segment

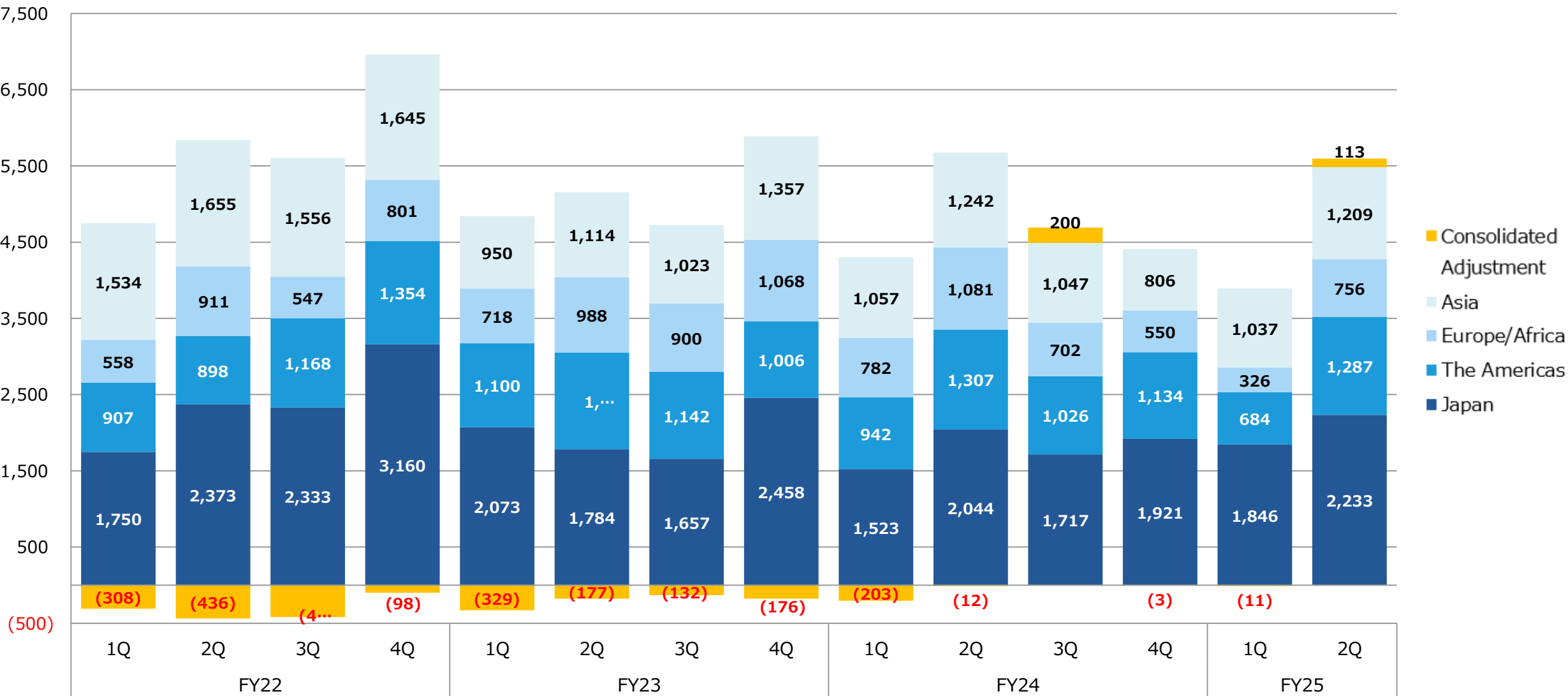
(Million yen)

	FY24			FY25			Change	
	1Q	2Q	1H	1Q	2Q	1H		
Japan	1,523	2,044	3,567	1,846	2,233	4,079	512	+14.4%
margin	8.9%	10.8%	9.9%	10.2%	11.7%	11.0%		
The Americas	942	1,307	2,250	684	1,287	1,972	-277	-12.4%
margin	11.0%	13.8%	12.5%	8.1%	14.8%	11.5%		
Europe • Africa	782	1,081	1,863	326	756	1,083	-780	-41.9%
margin	8.7%	11.1%	9.9%	3.8%	8.0%	6.0%		
Asia	1,057	1,242	2,299	1,037	1,209	2,246	-53	-2.3%
margin	12.0%	12.4%	12.2%	10.9%	12.5%	11.7%		
Total	4,306	5,675	9,981	3,895	5,486	9,382	-598	-6.0%
Eliminations	-203	-12	-215	-11	113	102	318	-
Consolidated	4,102	5,662	9,765	3,884	5,600	9,484	-280	-2.9%

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

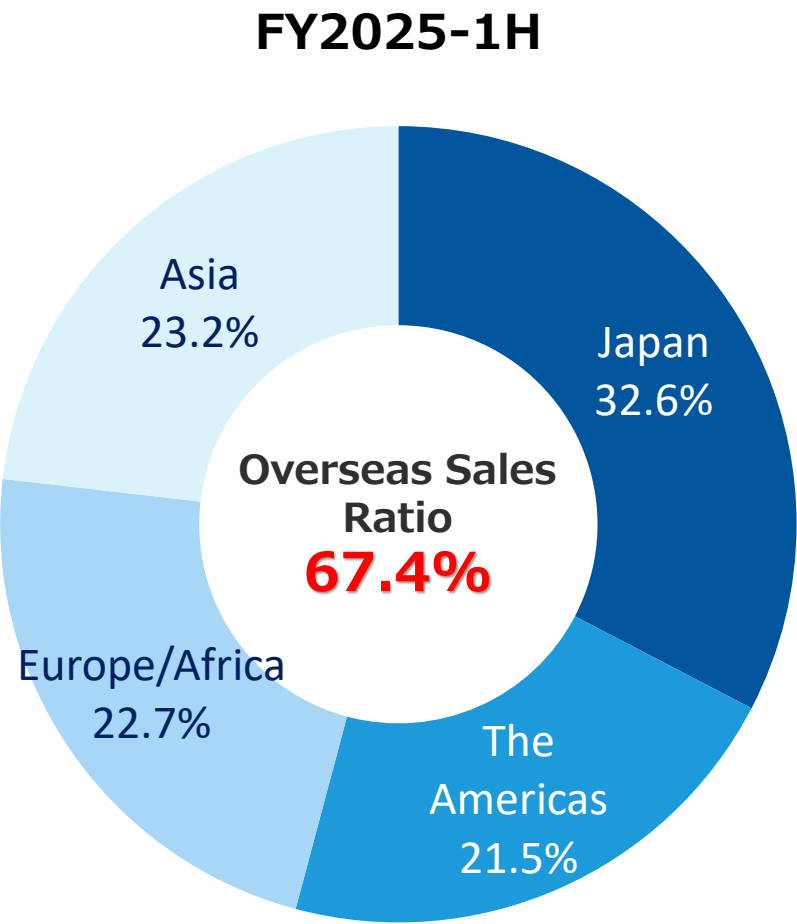
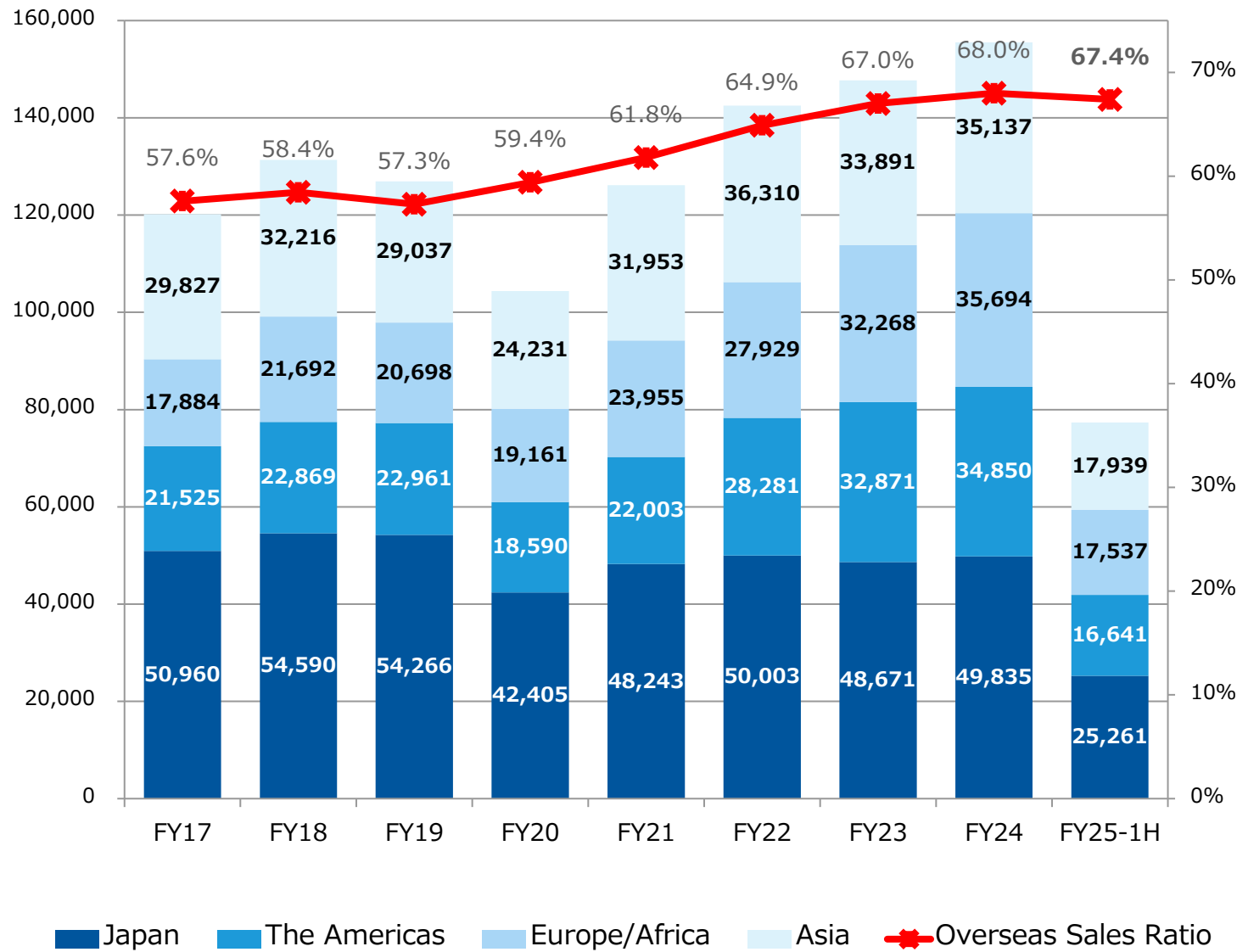
Operating Profit by Geographical Segment

(Million yen)



Overseas Sales Ratio

(Million yen)



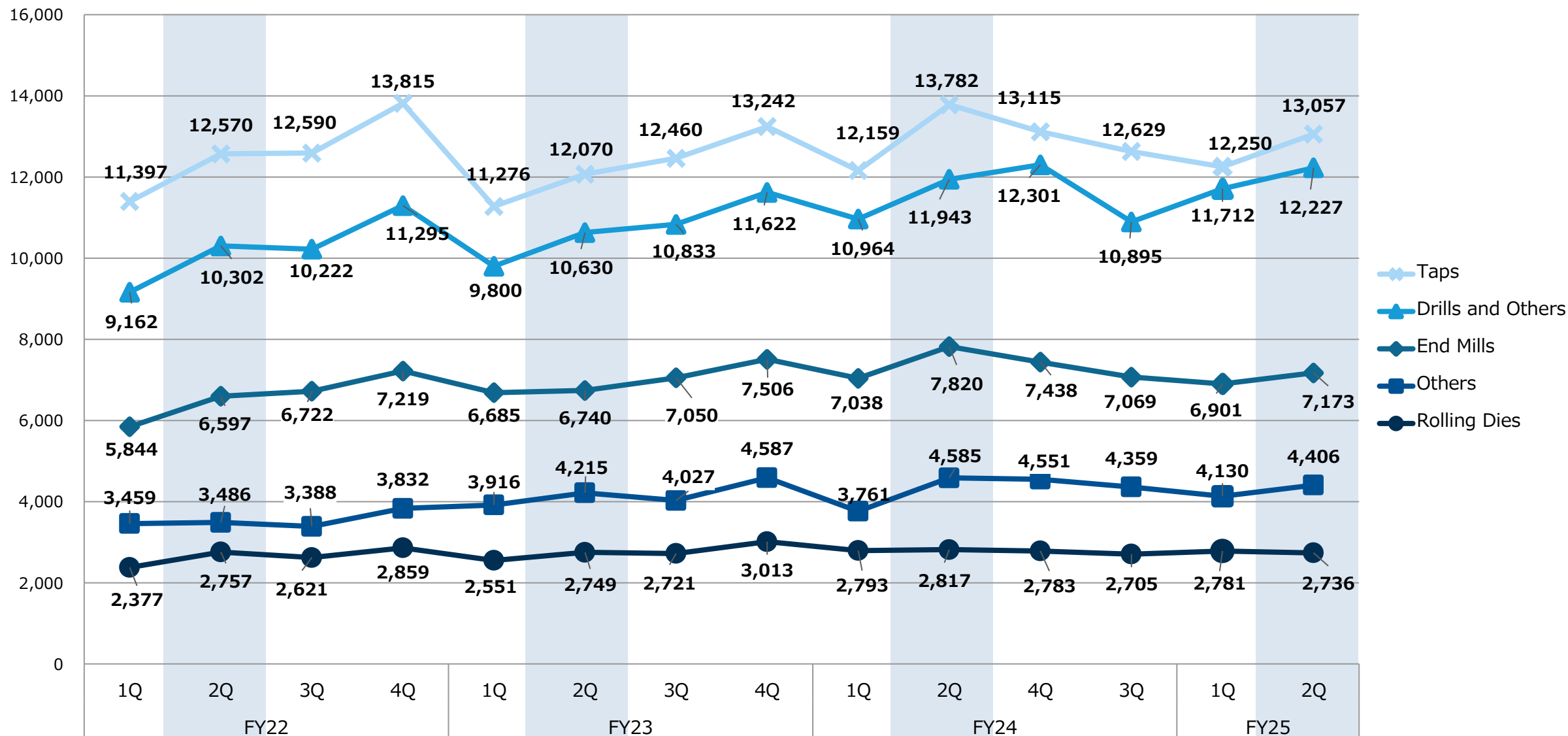
Net Sales by Product Segment

(Million yen)

		FY24						FY25				Change	
		1Q	2Q	3Q	4Q	1H		1Q	2Q	1H			
Precision Tools	Taps	12,159	13,782	12,629	13,115	25,942	33.4%	12,250	13,057	25,308	32.7%	-633	-2.4%
	End mills	7,038	7,820	7,069	7,438	14,859	19.1%	6,901	7,173	14,075	18.2%	-783	-5.3%
	Drills and Others	10,964	11,943	10,895	12,301	22,908	29.5%	11,712	12,227	23,939	30.9%	1,031	4.5%
	Rolling dies	2,793	2,817	2,705	2,783	5,611	7.2%	2,781	2,736	5,518	7.1%	-92	-1.7%
	Gauges	459	658	528	759	1,118	1.4%	517	538	1,055	1.4%	-62	-5.6%
		33,415	37,022	33,828	36,398	70,438	90.7%	34,164	35,733	69,897	90.3%	-540	-0.8%
Other	Machine	1,161	1,493	1,554	1,709	2,655	3.4%	1,344	1,600	2,944	3.8%	289	10.9%
	Other	2,139	2,434	2,276	2,082	4,573	5.9%	2,269	2,267	4,536	5.9%	-36	-0.8%
		3,301	3,927	3,831	3,792	7,229	9.3%	3,613	3,868	7,481	9.7%	252	3.5%
Total		36,717	40,950	37,659	40,190	77,667	100%	37,777	39,601	77,379	100%	-288	-0.4%

Net Sales by Product Segment

(Million yen)

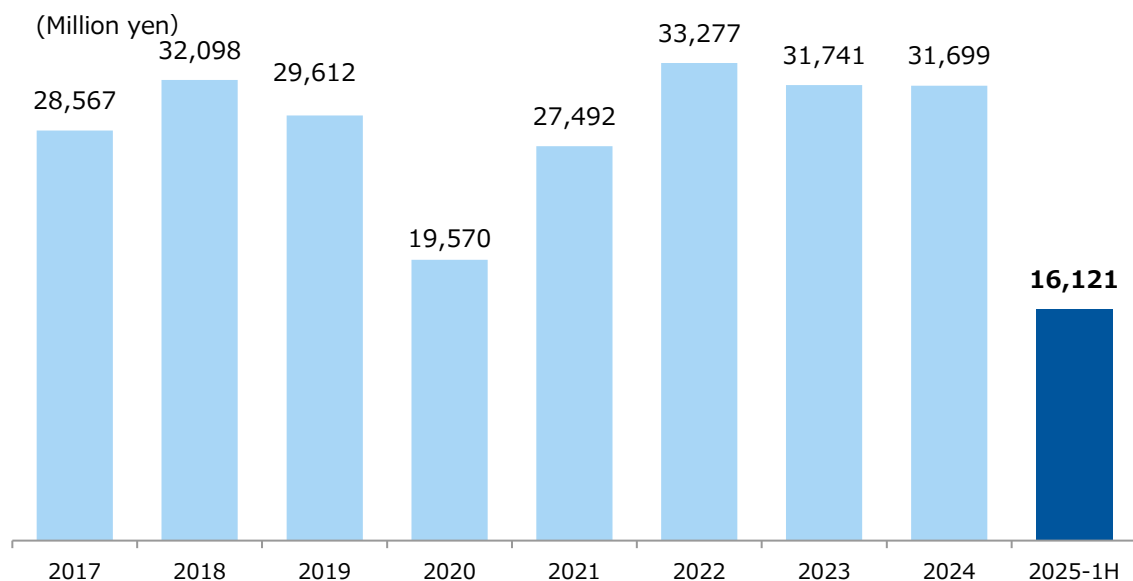


B/S Overview • EBITDA

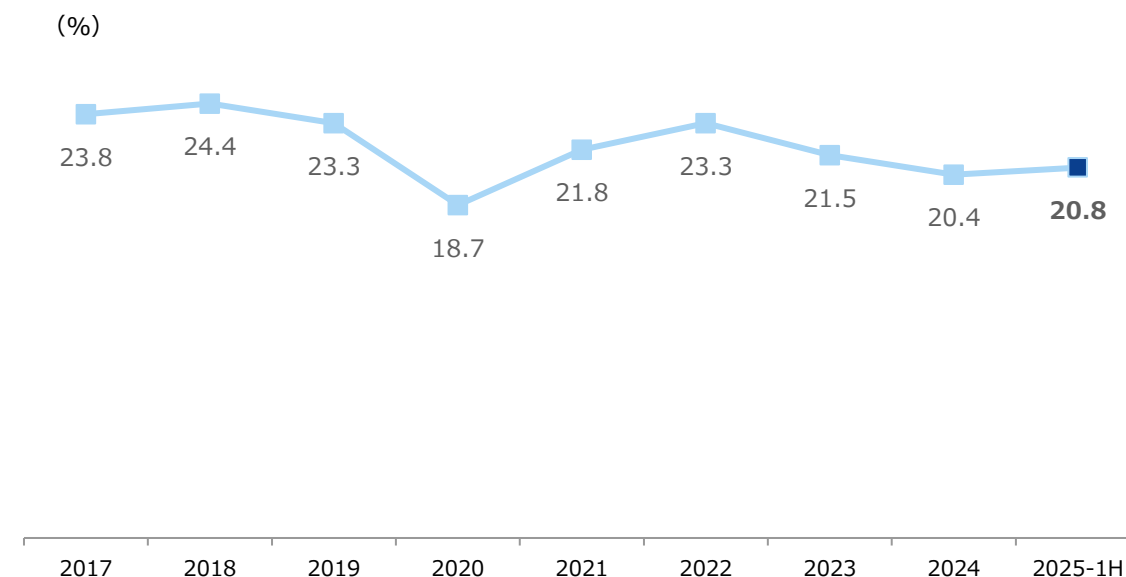
(Million yen)

	FY24	FY25-1H		FY24	FY25-1H
Equity Ratio (%)	64.8	65.8	Cash and Time Deposits	55,774	45,869
Receivable Turnover Period (months)	2.2	2.2	Interest-bearing Debt	49,099	44,948
Inventory Turnover Period (months)	4.4	4.3	Net Cash	6,675	920

EBITDA

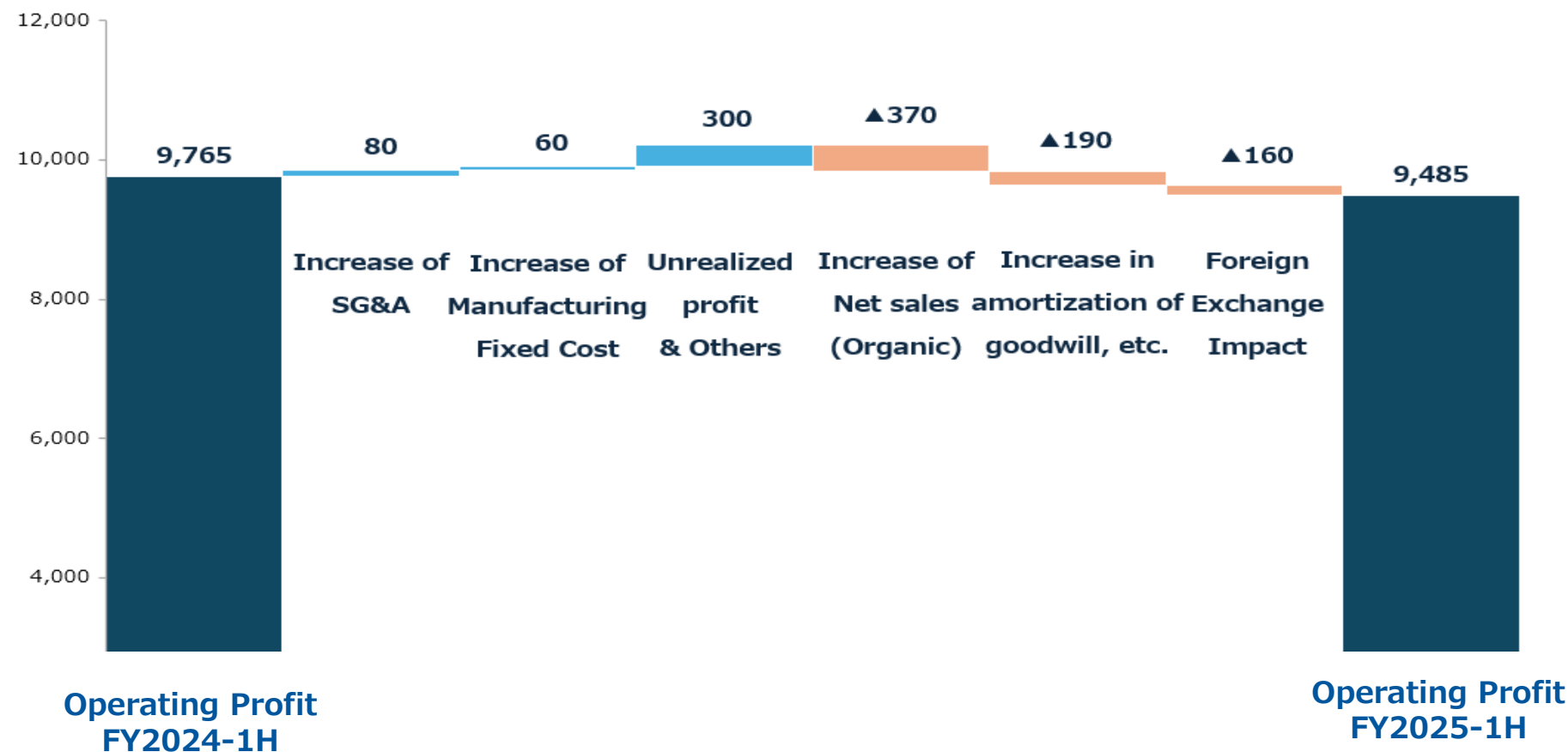


EBITDA Margin



Operating Profit Variation

(Million yen)



SG&A and fixed manufacturing costs declined along with sales.



Cash Flow Overview

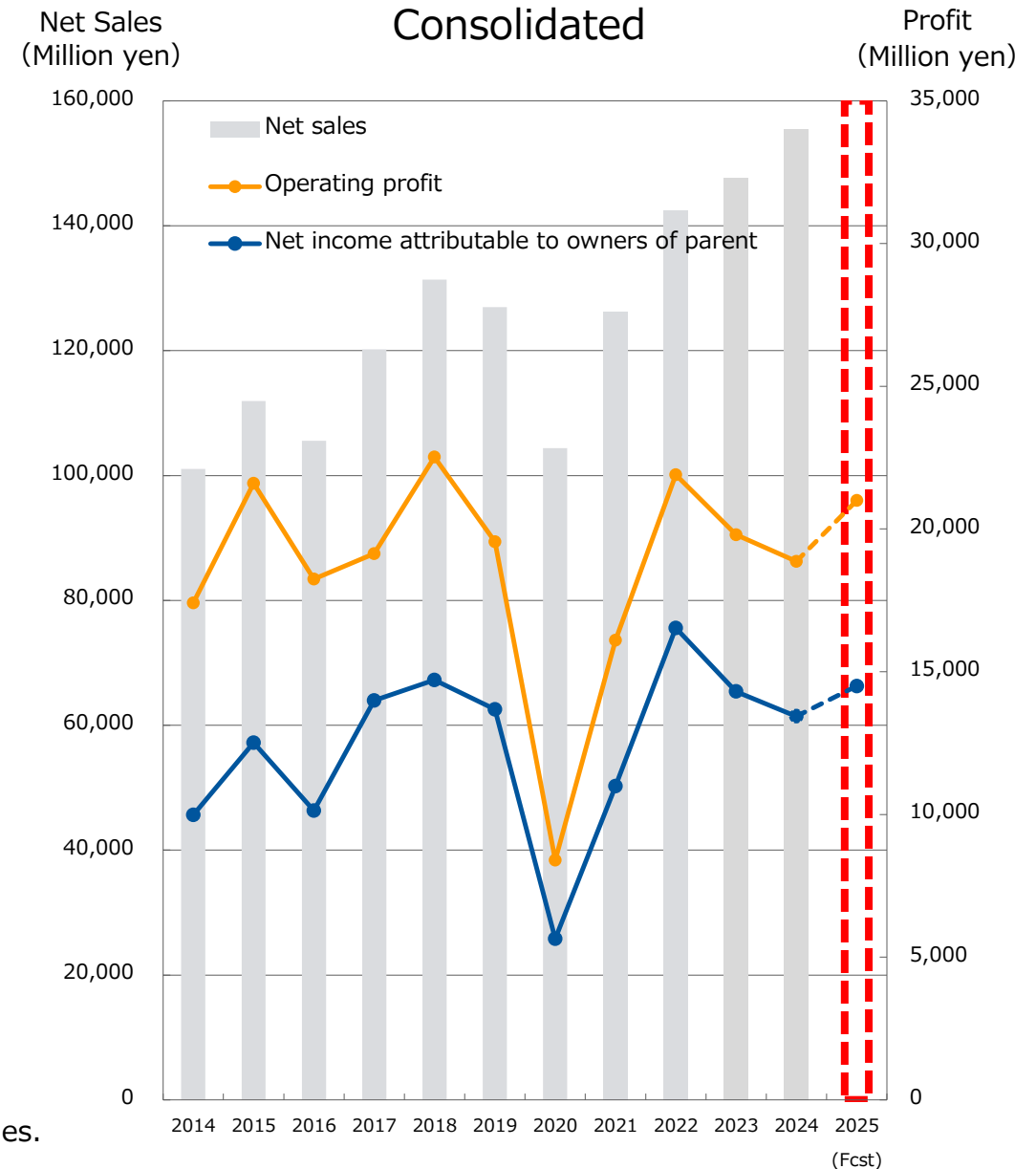
(Millions of yen)	FY21	FY22	FY23	FY24	FY24-1H	FY25-1H	Change
Income before income taxes	16,354	23,378	20,747	19,803	10,869	9,977	-892
Depreciation and amortization	10,591	10,498	11,037	11,824	5,706	6,111	404
Change in notes and accounts receivable	-2,448	-1,466	-480	450	1,638	315	-1,322
Change in inventories	1,864	-5,269	-2,776	519	1,022	-192	-1,215
Change in notes and accounts payable	243	247	-56	-453	-451	-344	106
Change in accrued expenses	1,227	853	77	-167	-766	-51	714
Income taxes - paid	-2,703	-7,645	-7,909	-5,521	-2,813	-3,065	-252
Other, net	1,853	-420	1,990	2,101	311	287	-24
Net cash provided by operating activities	26,982	20,175	23,331	28,557	15,517	13,036	-2,480
Acquisitions of property, plant and equipment	-5,555	-8,600	-10,580	-15,509	-7,582	-8,087	-504
Purchase of shares of subsidiaries	-346	-981	-1,037	-694	-128	-1,308	-1,180
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	-5,418	-	-	-
Proceeds from sale of investments in capital of subsidiaries resulting in change in scope of consolidation	-	-	552	-	-	-	-
Payments for time deposits and proceeds from refund of time deposits	-1,455	-2,595	2,511	643	-516	1,194	1,710
Other, net	395	5	10	-761	-81	-102	-21
Net cash used in investing activities	-6,961	-12,170	-8,543	-21,741	-8,308	-8,304	3
Free cash flow	20,021	8,004	14,787	6,816	7,208	4,731	-2,476
Change in interest-bearing debt	-11,586	-4,197	3,044	20,363	-1,637	-4,165	-24,615
Dividends paid	-2,440	-4,357	-6,220	-5,612	-3,067	-2,716	351
Dividends paid to non-controlling interests	-323	-359	-305	-295	-157	-174	-16
Purchase of treasury stock	-2	-5,953	-3	-22,001	-10,389	-5,000	5,388
Other, net	89	127	-345	-439	19,601	-225	2,261
Net cash used in financing activities	-14,264	-14,740	-3,831	-7,985	4,349	-12,281	-16,631
Effect of exchange rate change on cash and cash equivalents	1,224	3,098	1,975	-412	1,481	-736	-2,218
Net increase (decrease) in cash and cash equivalents	6,981	-3,637	12,931	-1,581	13,039	-8,286	-21,325
Cash and cash equivalents from newly consolidated subsidiaries	73	-	73	42	42	-	-42
Increase (decrease) in cash and cash equivalents resulting from the change in the fiscal year-end of a consolidated subsidiary	-	-	-	-	-	17	17
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	-	-	21	21	-	-21
Cash and cash equivalents at end of period	40,354	36,717	49,722	48,206	62,826	39,937	-22,889

Forecast for FY25

	Consolidated		Parent Company	
	Amount (Millions of yen)	Growth	Amount (Millions of yen)	Growth
Net sales	160,000	+2.9%	59,500	+5.5%
Operating Profit	21,000	+11.3%	6,000	+15.9%
as % of sales	13.1%	-	10.1%	-
Ordinary Profit	22,000	+11.0%	10,600	*-4.2%
as % of sales	13.8%	-	17.8%	-
Net Profit Attributable to owners of parent	14,500	+7.9%	8,900	-2.5%
as % of sales	9.1%	-	15.0%	-
EPS (yen)	172.08	+15.5%	105.57	+4.4%

Exchange rate FY2025(Fcst.) : 1US\$=150.00yen 1Euro=159.00yen

*Decrease in Parent Company's Ordinary Profit is due to a decrease in dividends from subsidiaries.



Capital Investment

FY25 Capital
Investment Forecast

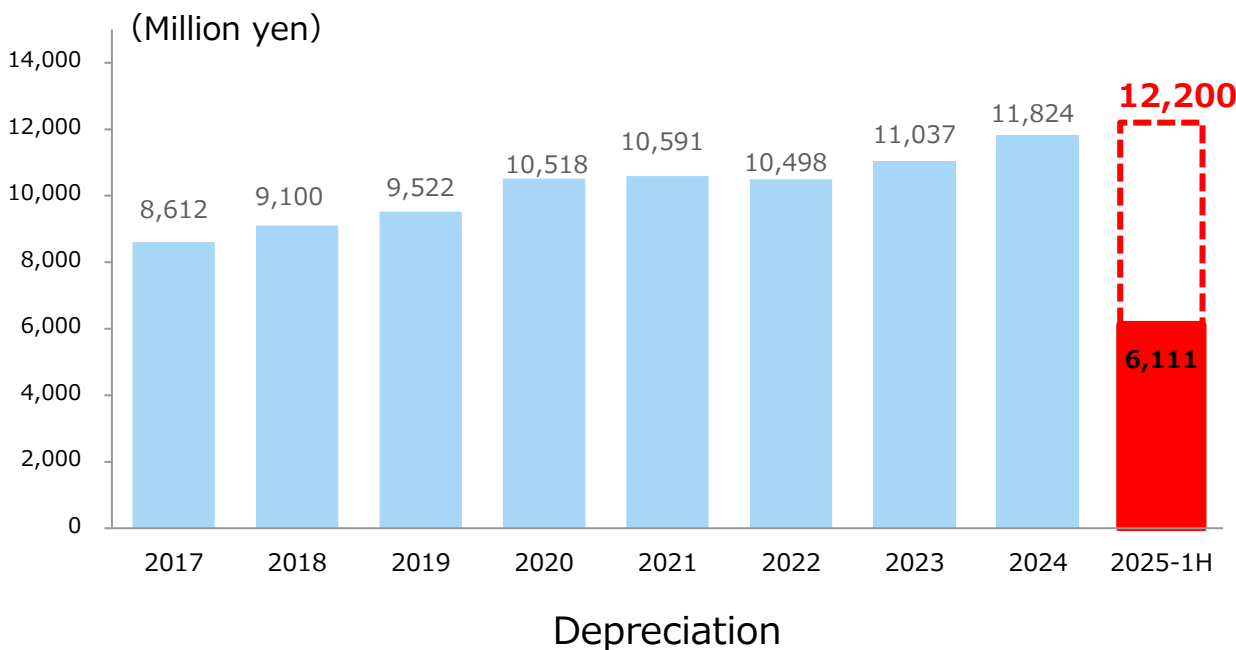
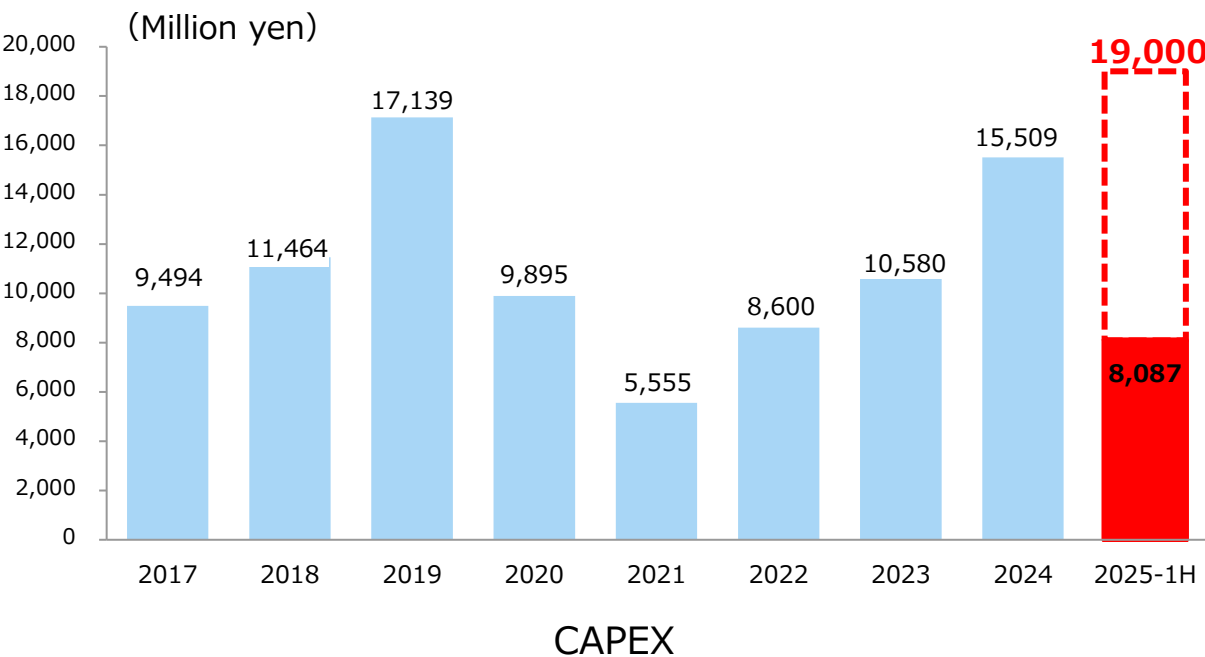
19.0 billion yen

Breakdown

Including 1.1 billion yen carried over from FY24 budget.
New factory for carbide end mills, machinery and equipment, etc.

CAPEX : **8,087**

Depreciation : **6,111**



Exchange Rate

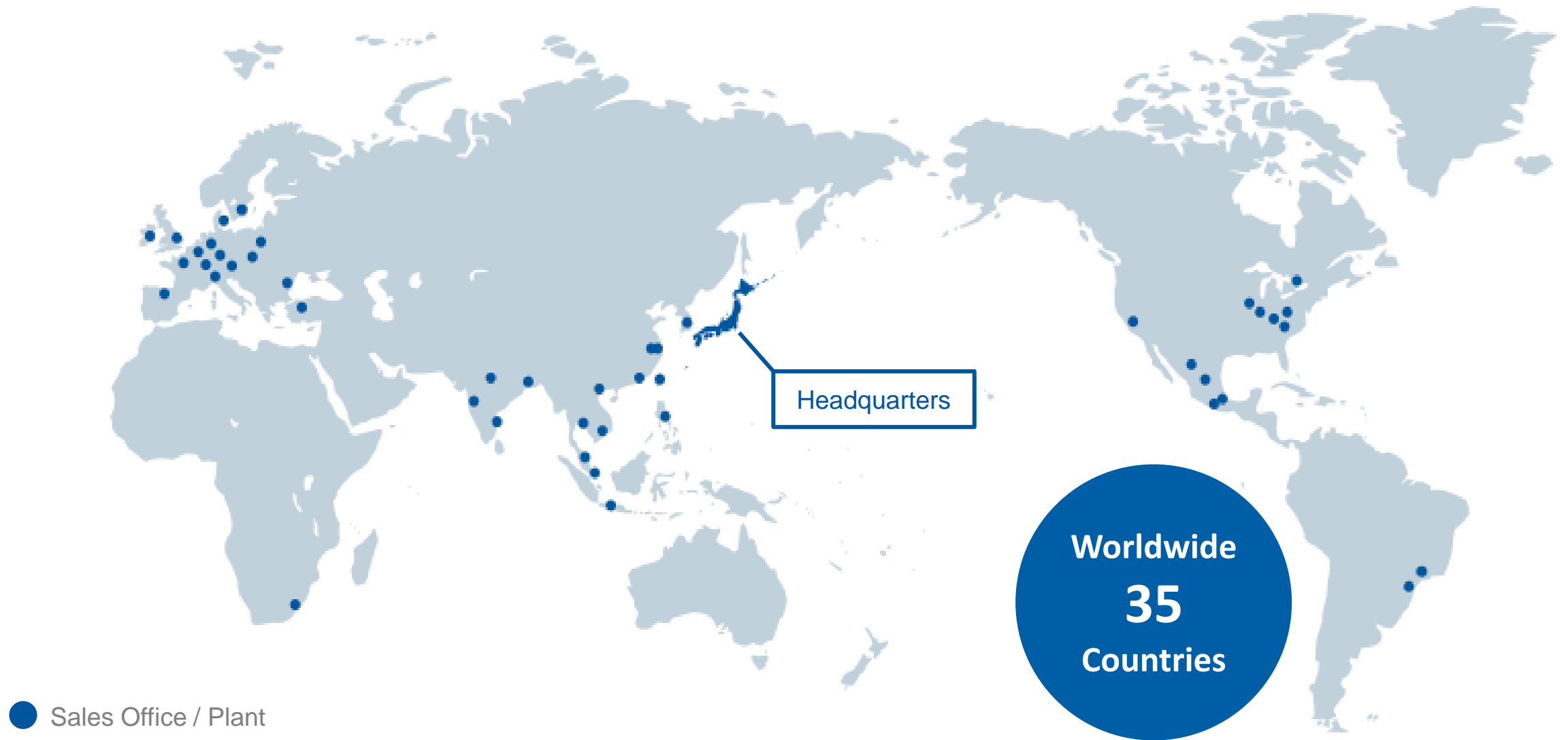
(Yen)

	1US\$	1Euro	1RMB
FY22 - 1 H	120.91	130.04	18.75
FY22	130.61	137.60	19.42
FY23 - 1 H	134.49	145.24	19.40
FY23	140.44	151.87	19.79
FY24 - 1 H	150.85	163.58	20.90
FY24	150.88	163.71	20.98
FY25 - 1 H	149.71	161.45	20.59

Selected Financial Data (Consolidated)

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-1H
Net sales	(mil.yen)	111,917	105,561	120,198	131,368	126,964	104,388	126,156	142,525	147,703	155,517	77,379
Sales growth rate	(%)	10.8%	-5.7%	13.9%	9.3%	-3.4%	-18.0%	20.9%	13.0%	3.6%	5.3%	-0.4%
Cost of sales	(mil.yen)	61,865	59,179	69,711	74,833	73,281	65,715	76,969	83,459	87,254	92,042	45,533
Gross profit	(mil.yen)	50,051	46,382	50,486	56,535	53,682	38,673	49,186	59,065	60,448	63,475	31,845
SG&A expenses	(mil.yen)	28,454	28,135	31,349	34,015	34,128	30,276	33,081	37,166	40,648	44,606	22,361
Operating Profit	(mil.yen)	21,597	18,246	19,137	22,520	19,554	8,396	16,105	21,898	19,800	18,868	9,484
Ordinary Profit	(mil.yen)	21,510	17,813	19,144	22,567	19,710	8,950	16,141	23,648	21,350	19,825	9,915
Net Profit	(mil.yen)	12,518	10,134	13,993	14,710	13,686	5,639	10,989	16,534	14,307	13,439	6,483
Gross profit margin	(%)	44.7%	43.9%	42.0%	43.0%	42.3%	37.0%	39.0%	41.4%	40.9%	40.8%	41.2%
SG&A to Sales ratio	(%)	25.4%	26.7%	26.1%	25.9%	26.9%	29.0%	26.2%	26.1%	27.5%	28.7%	28.9%
Operating Profit margin	(%)	19.3%	17.3%	15.9%	17.1%	15.4%	8.0%	12.8%	15.4%	13.4%	12.1%	12.3%
Ordinary Profit margin	(%)	19.2%	16.9%	15.9%	17.2%	15.5%	8.6%	12.8%	16.6%	14.5%	12.7%	12.8%
Net Profit margin	(%)	11.2%	9.6%	11.6%	11.2%	10.8%	5.4%	8.7%	11.6%	9.7%	8.6%	8.4%
Average FX rate: 1USD	(yen)	121.03	109.78	112.33	110.53	109.36	106.94	109.41	130.61	140.44	150.88	149.71
Average FX rate: 1Euro	(yen)	134.92	121.39	126.20	130.68	122.53	121.60	130.04	137.60	151.87	163.71	161.45
Total assets	(mil.yen)	155,129	156,081	166,712	178,020	190,414	200,112	209,757	228,852	250,124	257,256	248,874
Total shareholders' equity	(mil.yen)	102,566	92,216	115,810	125,332	129,078	129,338	143,811	164,659	181,561	166,633	163,752
Net Profit per share	(yen)	131.78	110.59	153.70	150.47	140.06	57.94	112.63	171.54	149.29	148.94	76.94
Cash dividends per share (end of Q2)	(yen)	26.00	22.00	21.00	22.00	23.00	11.00	14.00	23.00	28.00	28.00	28.00
(year-end)	(yen)	20.00	28.00	25.00	25.00	24.00	11.00	22.00	37.00	32.00	32.00	(Fct)60.00
Total shareholders' equity per share	(yen)	1,079.12	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	1,998.79
Average number of shares	(ths)	94,991	91,640	91,044	97,761	97,716	97,335	97,573	96,388	95,838	90,233	84,264
ROA (operating profit basis)	(%)	14.5%	11.7%	11.9%	13.1%	10.6%	4.3%	7.9%	10.0%	8.3%	7.4%	7.5%
ROE	(%)	12.9%	10.4%	13.5%	12.2%	10.8%	4.4%	8.0%	10.7%	8.3%	7.7%	7.8%
Equity ratio	(%)	66.1%	59.1%	69.5%	70.4%	67.8%	64.6%	68.6%	72.0%	72.6%	64.8%	65.8%
Total asset turnover ratio		0.75	0.68	0.74	0.76	0.69	0.53	0.62	0.65	0.62	0.61	0.61
Operating CF	(mil.yen)	19,588	16,333	20,820	20,310	19,261	17,038	26,982	20,175	23,331	28,557	13,036
Investing CF	(mil.yen)	-16,976	-16,843	-7,566	-13,351	-20,314	-17,133	-6,961	-12,170	-8,543	-21,741	-8,304
Financing CF	(mil.yen)	-6,216	-778	-11,137	-4,723	3,465	9,658	-14,264	-14,740	-3,831	-7,985	-12,281
Cash flow margin	(%)	17.5%	15.5%	17.3%	15.3%	15.1%	16.3%	21.4%	14.2%	15.8%	18.4%	16.8%

Expansion of Overseas Business





shaping your dreams

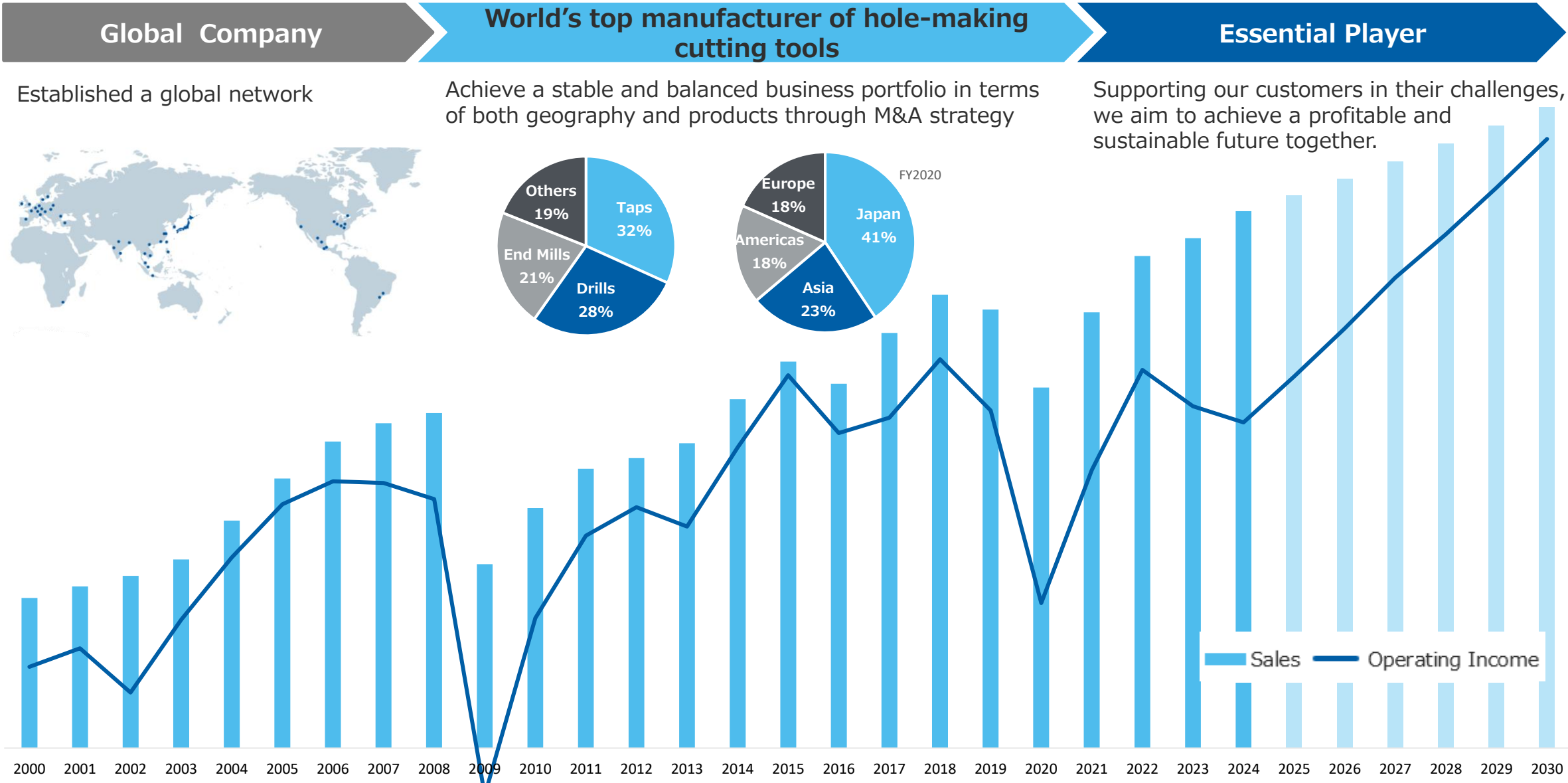


Medium-term Management Plan

Beyond the Limit 2027
Stage2

FY2025~FY2027

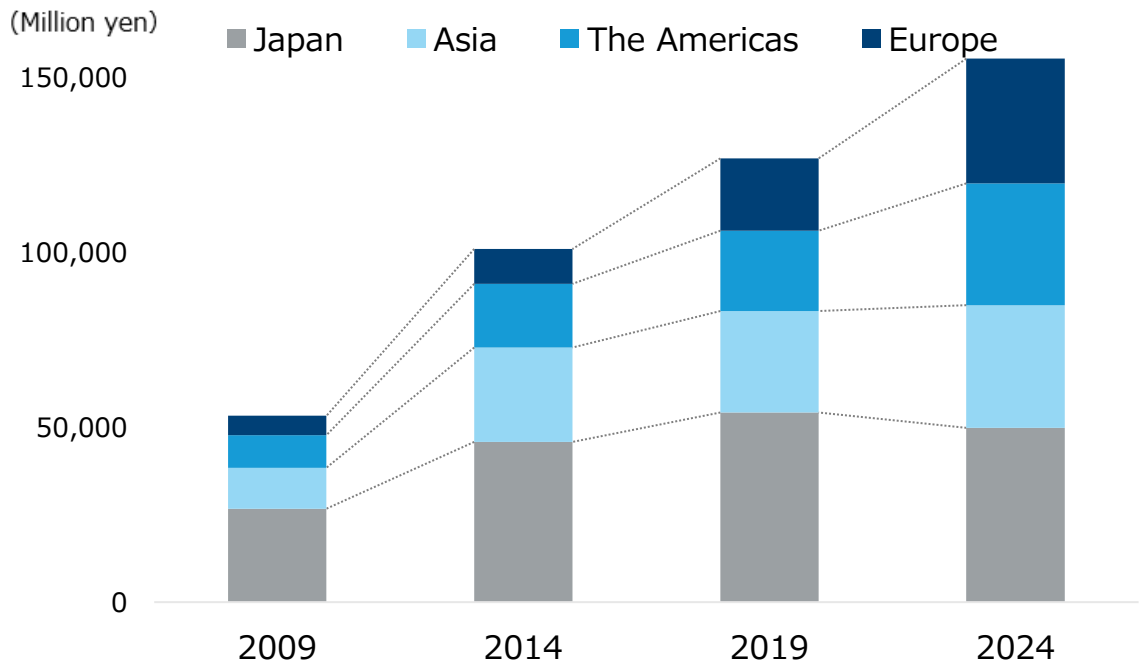
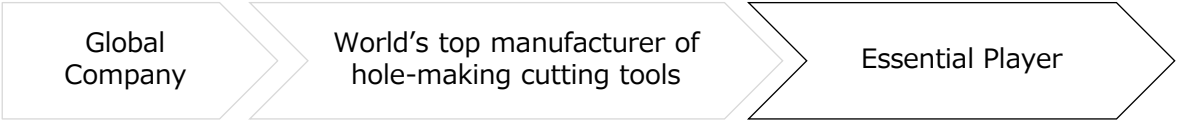
Transition (Establishing a Solid Foundation for the Next Stage of Growth)



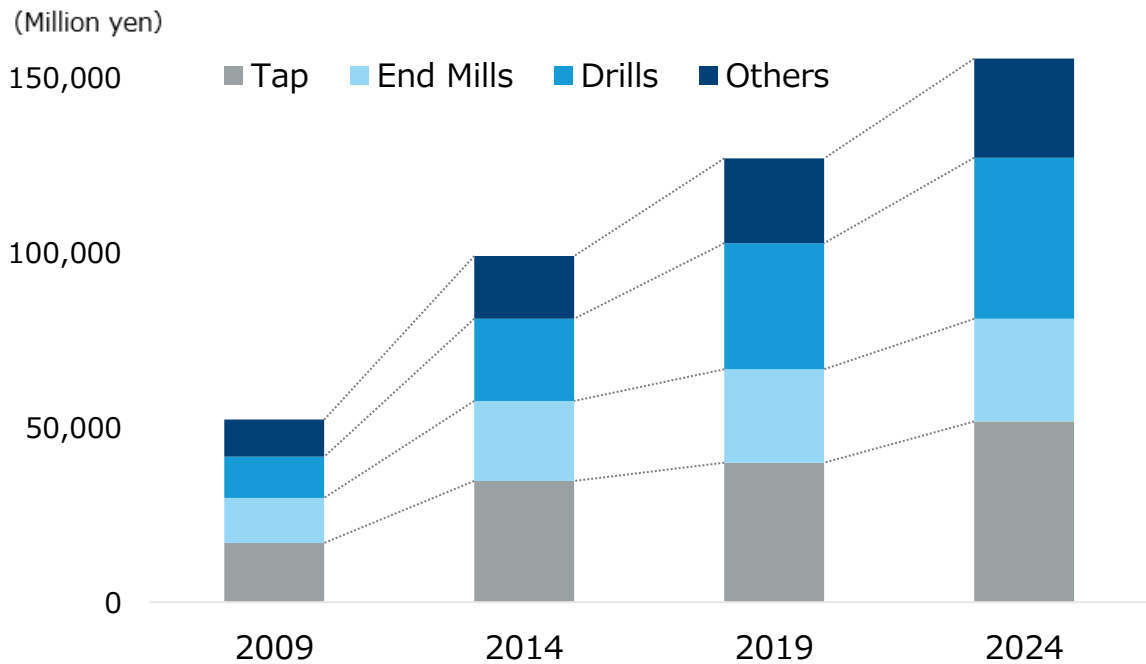
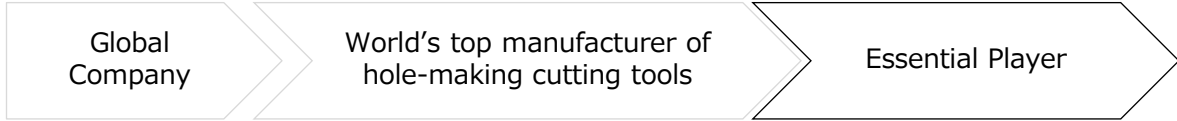
Establishing a balanced business foundation across regions and products

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)



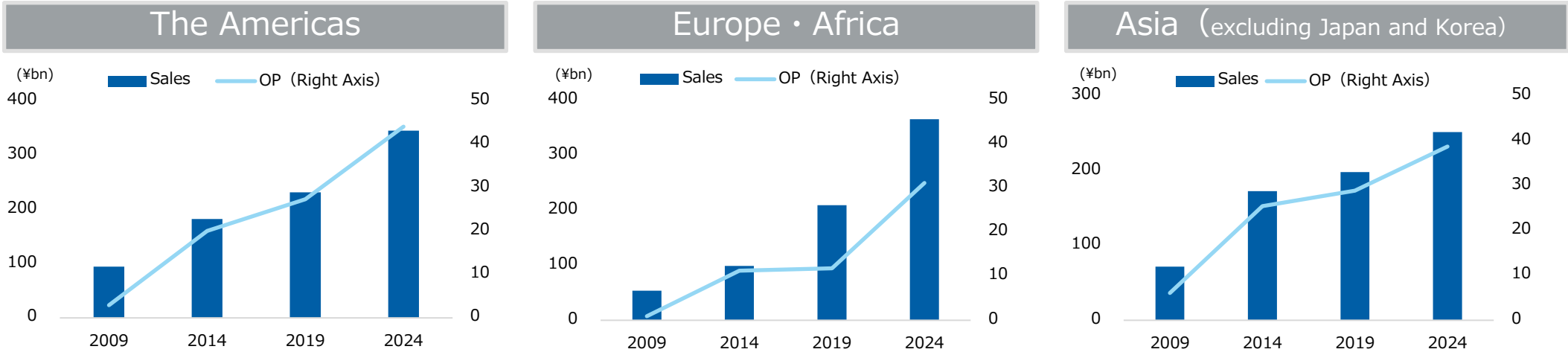
Product Sales trend (Actual Results)



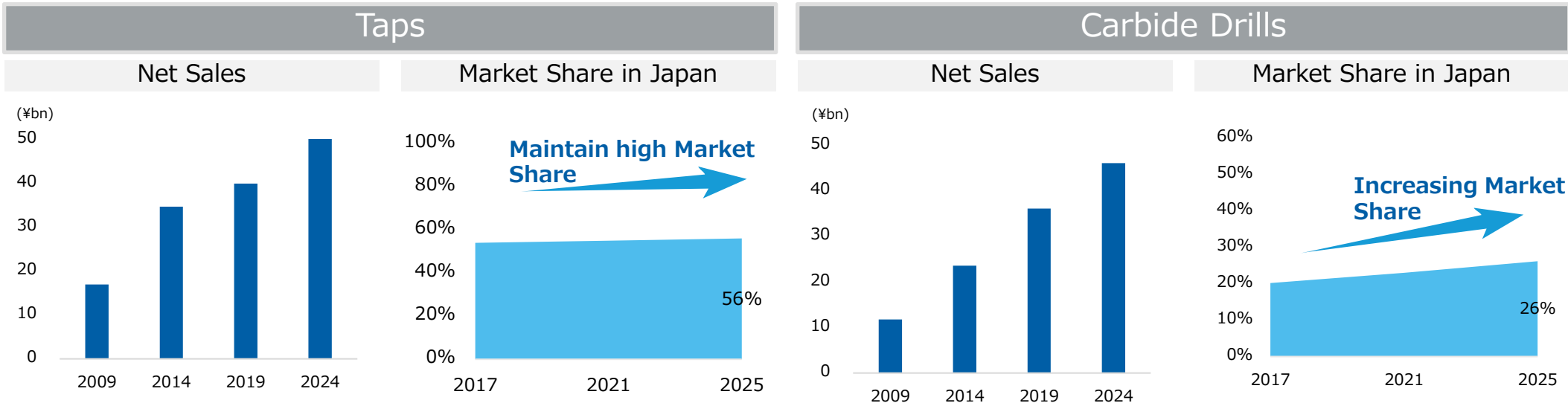
Performance Trends by Region and Product

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



Net Sales
by Product
Market
Share



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
Over 10%

OP Ratio
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	Aim to increase market share through integrated development, technology, production, and sales efforts, including quality improvement and introduction of competitive new products. Continue to promote sales expansion of the high value-added A-brand series , aiming for a 40% share of the global market for taps.	Electronic Components Energy Mobility General Parts
	Fastener product	Although the sales ratio of this product is smaller than other products, it has the longest history next to taps. The company aims to increase price competitiveness by reviewing manufacturing processes and supply chains, and to expand sales by accelerating global expansion.	Aircraft Energy Mobility General Parts
Focused business For future growth be connected to Expansion of Business Domain	Micro and precision tools DIA/CBN	Strengthen activities of the GIGS Sales Group, a cross-divisional sales organization, to introduce new products of micro and precision tools and expand sales. Promote development outside of existing industries, such as for lenses, mainly through group companies in the diamond tool business .	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		Initiative
Operation	Proactively utilize digital technology to reform sales and production systems. In preparation for future worker shortages, the company will build a flexible and robust structure to improve productivity and profitability by simplifying and streamlining production and sales processes through the use of digital technology, and will also promote complex and labor-saving production systems by introducing its own machinery and equipment .		<ul style="list-style-type: none"> Improvement of business efficiency Responding to DX innovation Information Security
Organizational and human capital	We will establish human resource policies that maximize the value of each and every employee and an environment that encourages engagement and allows employees to take on challenges with peace of mind, through the assignment of the right personnel to the right positions and the development of human resources that enhance autonomy and organizational strength. In the rapidly changing social environment surrounding our company, we will achieve growth for both employees and the company and increase corporate value by continuing to take on challenges with a willingness to change.		<ul style="list-style-type: none"> Enhancement of human resources' capabilities Development of a rewarding workplace environment Improvement of engagement
Sustainability	Aiming to utilize renewable energy from solar power, reduce environmental impact, and build a resource-recycling society; promoting reduction of Scope 1.2, calculation of Scope 3, and visualization of carbon footprint for the main products . Aim to achieve carbon neutrality in the long term, with a mid-term goal of a 20% reduction from FY 2019 levels by FY 2027.	KPI(FY2027) 20%	<ul style="list-style-type: none"> Reduction of CO₂ 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%	<ul style="list-style-type: none"> 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.



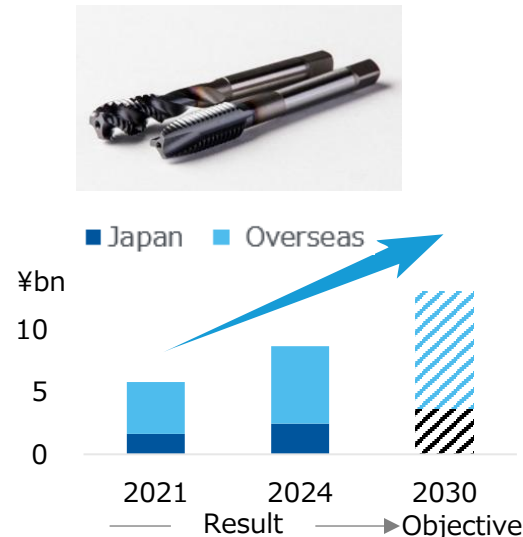
A-TAP

40% market share by creating products the world demands.

【Strengths of A-TAP】

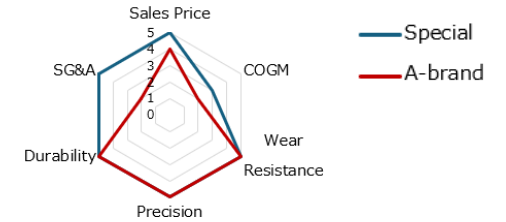
- Delivers top performance on advanced machining centers, compatible with various equipment.
- Suitable for a wide range of materials.
- Eco-friendly design with excellent chip evacuation and wear-resistant coating for long tool life.

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)

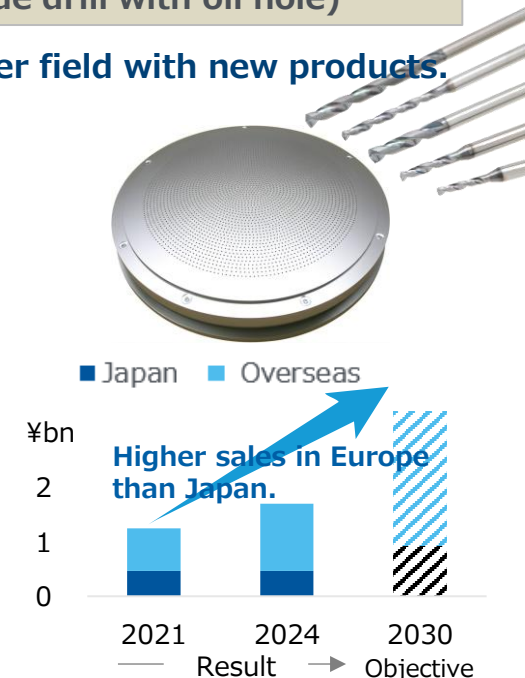
Expand market share in the small-diameter field with new products.

【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.



Higher sales in Europe than Japan.

Micro and Precision machining (Diamond tools, Medical)

Diamond tools

Related Group Companies	Application Market	Focus Area
<ul style="list-style-type: none"> 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

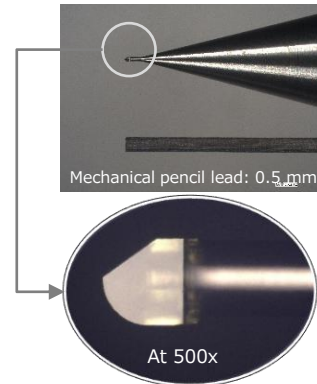
- Makino Milling Machine Co., Ltd.
- Taga Denki Co., Ltd.
- Shibaura Machinery Co., Ltd.

Regrind

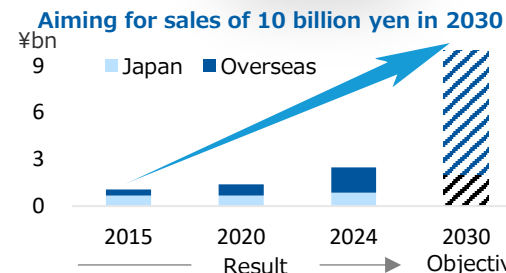
The diamonds on the cutting edge can be reused through regrinding, while tip-type tools mounted on the shank or base material allow for replacement of the diamond segments.

Products

Ultra-small monocrystalline ball end mill



Sales Outlook of Diamond tool



Medical

Related Group Companies	Application Market	Focus Area
<ul style="list-style-type: none"> 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

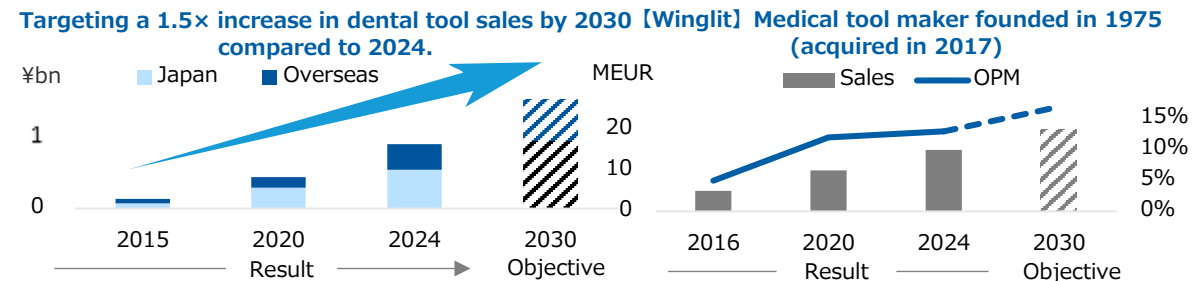
Growing awareness of dental health's impact on overall well-being is driving stable, long-term market growth. [\[Japan\] 2026 fee revision expected to expand insurance coverage for prosthodontics.](#)

Examples of Workpiece

Crowns, Bridges Artificial joints



Sales Outlook for Medical Industry



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, Switzerland) PRIMUS COATING (Germany), etc	Molds Electronic Components Medical General Parts Cutting Tools	Germany India Turkey Vietnam

Coating business Global Network

Coating companies in 34 locations across 16 countries
(30 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

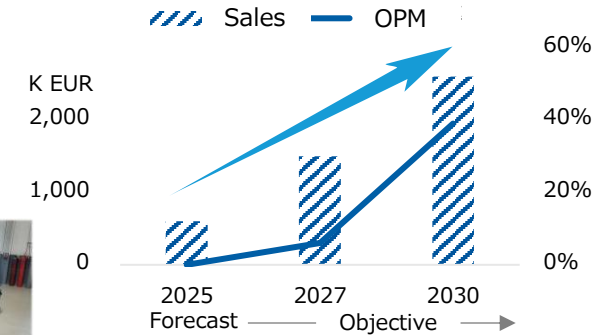
34 coating sites in 16 countries support customers' global expansion

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

- Established Primus Freiburg in Freiburg, Germany in December 2024.
- Developed large furnace for die-cast mold coating (max 2 ton)
- Entering and expanding in an oligopolistic market.



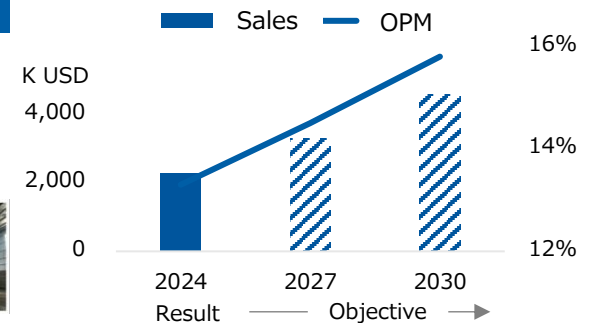
✓ Germany's Job coating market exceeds 200 million USD.

Fourth coating plant under construction in India



New Plant

Ahmedabad, Gujarat
Target start: March 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.

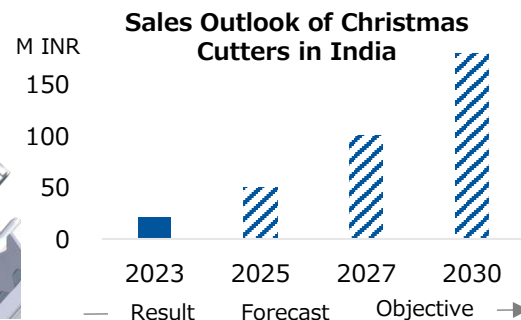
Heavy electric machinery

Trend

- Electric furnace construction is expanding worldwide due to rising demand and high-efficiency, eco-friendly models will follow.
- Our Christmas cutters are used in power generation turbines. **Orders are exceptionally strong, prompting ongoing production investment.**

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.

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.



Trump Tariff Countermeasures

Further price increase and partial product transfer to the U.S. under consideration

Category		As-is	To-be
Taps	Commodity	Imported from Mexico and Brazil	▶ Maintain current operations ※No tariffs on Mexico under USMCA.
	Premium • A-Brand	Imported from Japan	▶ Partially shift production to Mexico
Carbide Drills	Commodity	Imported from India	▶ Production in the USA (OSG USA • AMAMCO)
	Premium • A-Brand	Imported from Japan	▶ Partially shift production to OSG USA
Carbide End Mills	Commodity	Manufactured in the USA	▶ Maintain current operations
	Premium • A-Brand	Imported from Japan	▶ Partially shift production to OSG USA
Fastener Products	Commodity	Manufactured in the USA	▶ Maintain current operations
	Premium	Mostly manufactured in the USA	▶ Partially shift production to Mexico
Materials		Mostly manufactured in the USA	▶ Consider imports from Japan depending on pricing

Inventory level

Inventory coverage (As of May 2025)	6.5~7 months of sales
----------------------------------------	-----------------------

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.

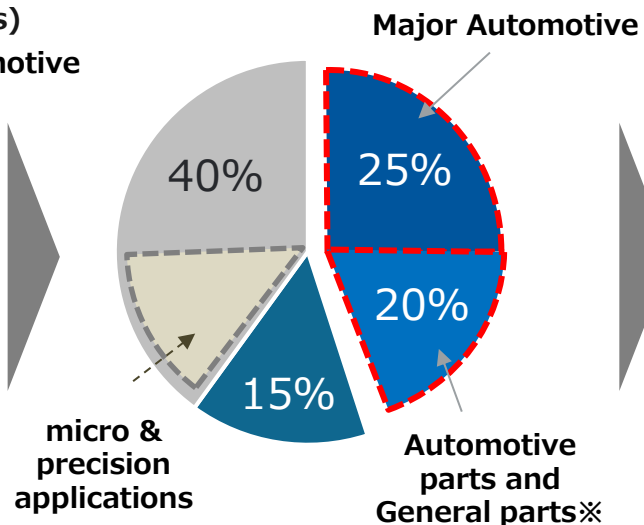
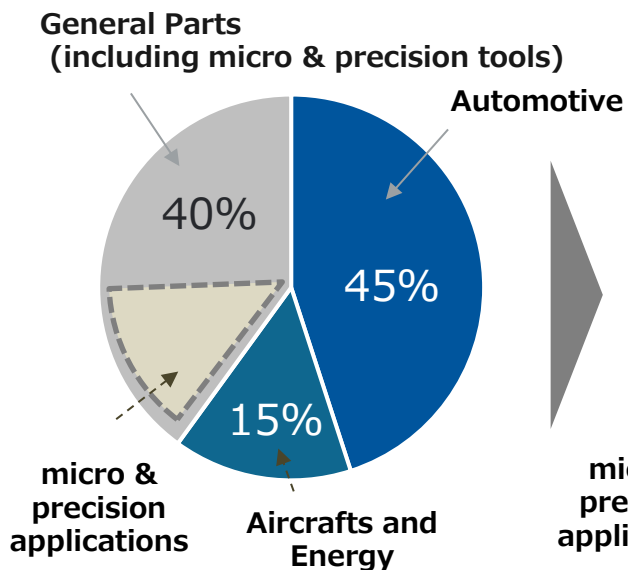
Beyond the Limit
2022-2024 (Stage1)

Beyond the Limit
2025-2027 (Stage2)

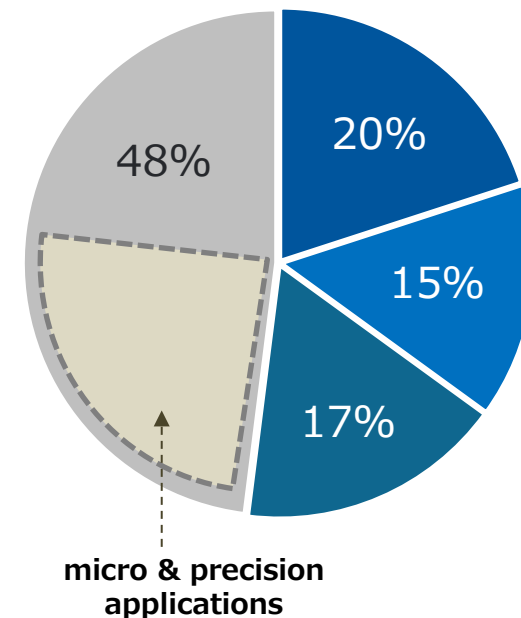
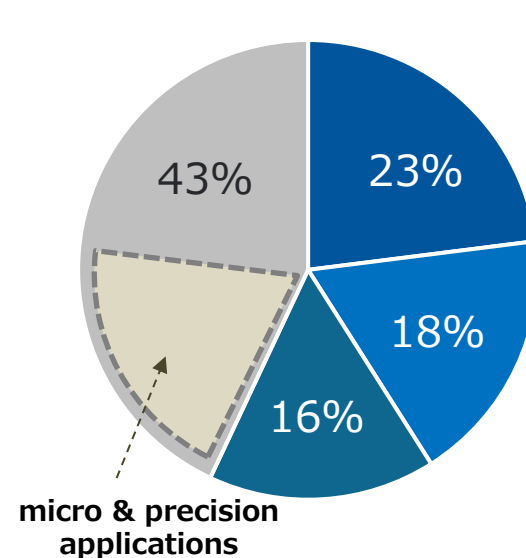
Beyond the Limit
2028-2030 (Stage3)

Before

After



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

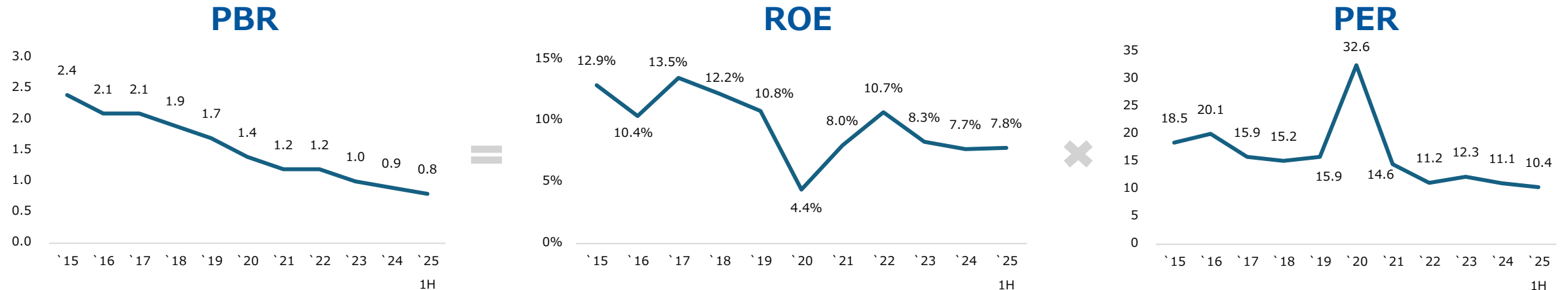
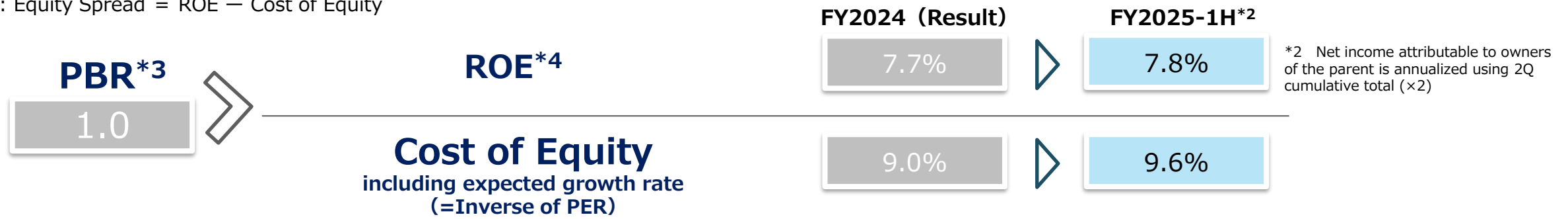


Financial and Capital Policy (Current Situation)

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 — Cost of Equity



*3: PBR = Market capitalization (excluding treasury shares) ÷ Shareholders' equity

*4: ROE = Net income attributable to owners of the parent ÷ Shareholders' equity

*5: 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)

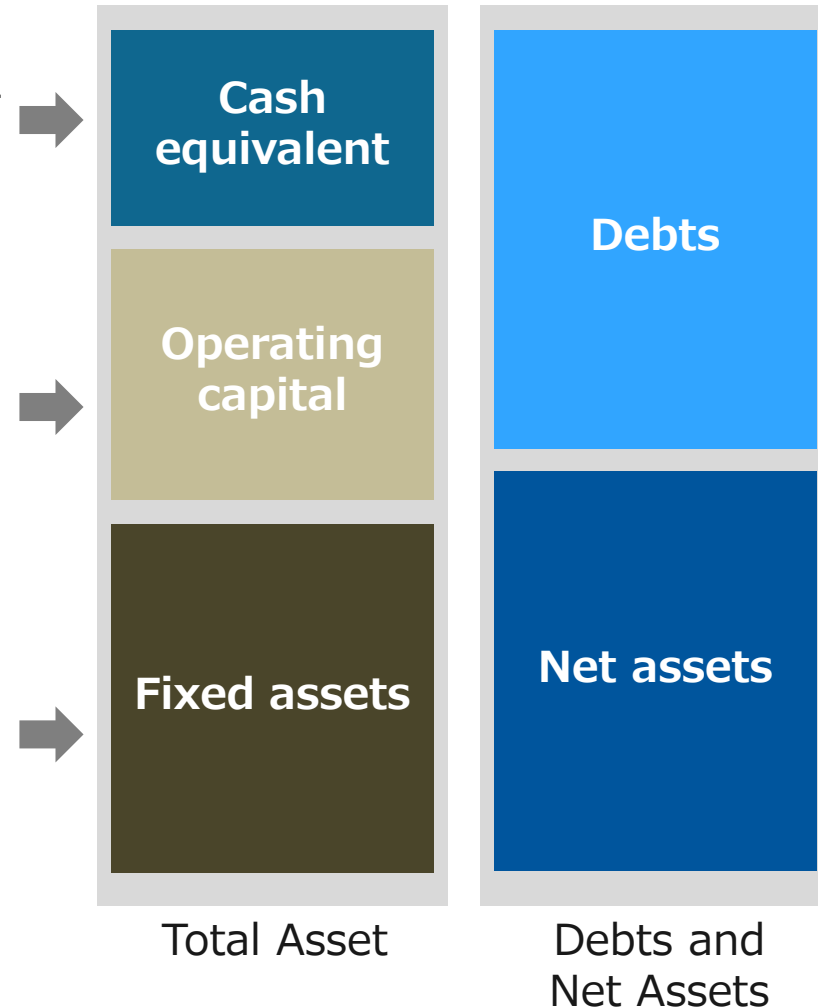
Note 2: Shareholders' Equity = Total net assets — Stock acquisition rights — Non-controlling interests. Average of beginning and end of the period.

Note 3: Calculation reference date: May 30, 2025

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 ⇒
 FY2027 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)

Treasury Share Repurchase and Cancellation

Based on the share repurchase plan approved at the Board of Directors meeting held on April 10, 2025, the Company repurchased approximately ¥5 billion worth of its own shares and subsequently resolved to cancel them on July 10, 2025.

Approx. ¥5 Billion Treasury Share Buyback and Cancellation

Reason for Treasury Share Repurchase

To Enhance Shareholder Returns and Improve Capital Efficiency

	Acquisition plan (2025/4/10)	Actual repurchase of treasury stock
Repurchase period	April 11, 2025 - August 29, 2025	April 11, 2025 - May 22, 2025
Repurchase amount	5,000,000,000 yen (maximum)	4,999,876,400 yen
Number of shares to be repurchased	3,500,000 shares (maximum)	3,037,100 shares

(For Reference)

The total number of shares outstanding after the cancellation will be 96,145,417 shares.

The number of treasury shares after the cancellation will be 13,951,605 shares.

Figures (1) and (2) are based on the number of shares outstanding and treasury shares as of the end of June 2025.

Treasury share repurchases will be flexibly considered and executed, based on a comprehensive assessment of growth investment balance, post-return cash flow, financial leverage, and ROE.

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

Cash Out
103

Operating Cash flow 72	Strategic Investments 45 [M&A 9]
Corporate Bonds issued 27	Shareholder Returns 44 [Dividends 17 Buy-back 27]
Corporate Bonds issued 4	Repayment of loans 14

Stage2_Plan (FY2025~FY2027)

Unit: billion yen

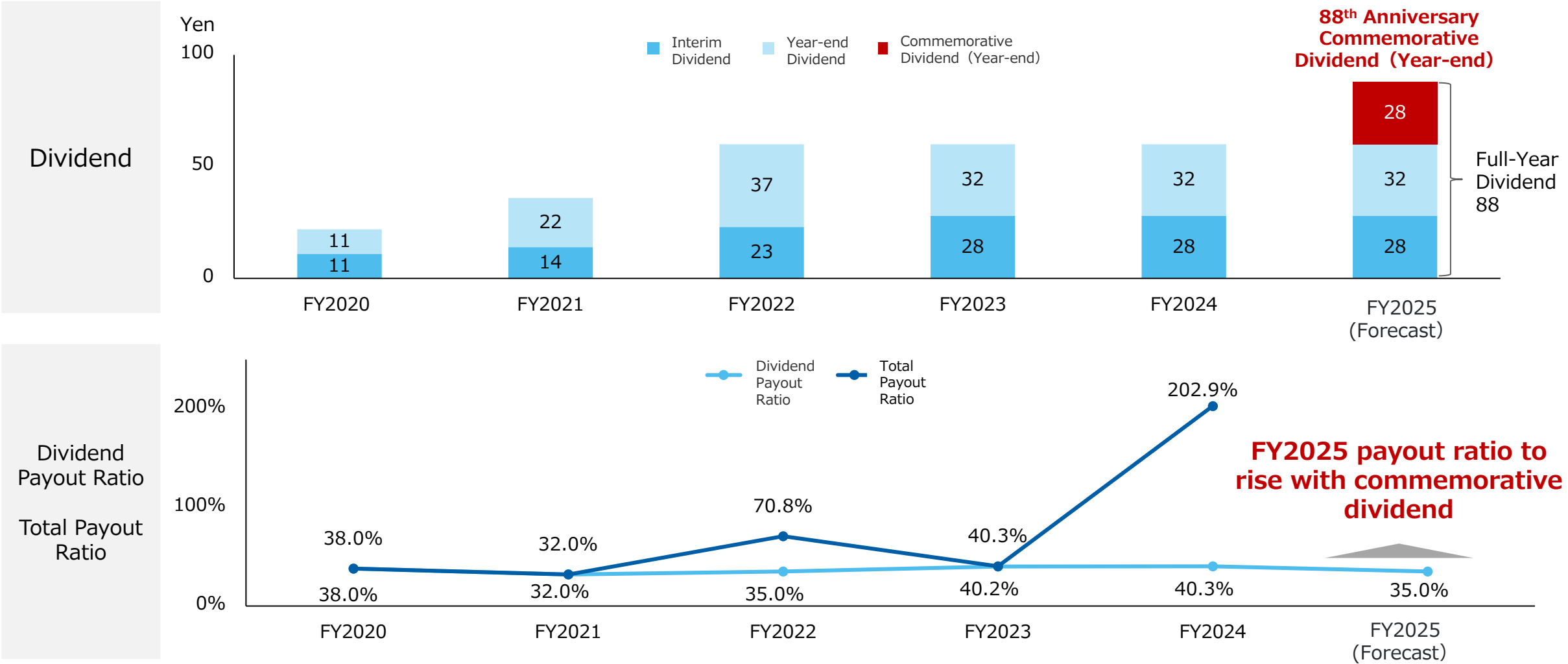
Cash In
130

Cash Out
130

Operating Cash flow 80~90	Strategic Investments 60~70 [Maintenance and renewal of facilities ~30]	<ul style="list-style-type: none"> New Carbide End Mill Plant Expansion of production facilities for growth area Strategic M&A
External financing	Shareholder Returns [Dividends, Buy-back ~50]	<ul style="list-style-type: none"> Investment in factory automation Introducing digital transformation
Sale of assets, etc.	Repayment of loans ~10	<ul style="list-style-type: none"> Stable and sustainable dividend Conduct an agile share buy-back

Shareholder Return Policy – Commemorative dividend for 88th Anniversary

88th Anniversary Commemorative Dividend: ¥28 per Share (Full-Year Dividend: ¥88 per Share)



Efforts to Achieve Carbon Neutrality

Environmental Slogan

Environmentally Friendly Company /
Environmentally Friendly Culture

Contributing to the
World's
Manufacturing
Industry with
Environmental
Friendliness

2000-2014

- 9 OSG offices
- Noda Precision
- Sanwa Seiki
- Japan Hard Metal
- Aoyama Seisakusho
- Ohtaka Seiko
- Taiho Sangyo

By acquiring ISO14001
Establishment of
Environmental Management
System

2019-2024

- Scope 1.2 calculations (global)
- Scope 3 calculations (some non-consolidated)
- off-site PPA
- On-site PPA
- Carbon footprint study

Efforts to Achieve
Carbon Neutral

2025-2030

- Scope 1.2 reduction (global)
- Scope 3 Calculation (Global)
- Carbon Footprint Calculation
- Obtained third-party verification and CDP rank A
- Off-site Virtual PPA

Visualization and evidence-based
approaches
Measures to improve corporate
value

Development of environment-friendly products

Green Tap (GRT) is a low-carbon product that reduces CO₂ emissions by reducing power consumption during manufacturing through the adoption of a new and original manufacturing method.

Selecting high-performance, low-carbon products leads to the reduction of carbon footprint and contributes to the realization of a sustainable society.

例) GRT M6×1
製造時CO₂排出量の削減比率
Example: Reduction ratio of CO₂ emissions
during manufacturing of GRT M6×1



従来品に対して
35% 削減

35% reduction versus conventional product



GREEN TAP

(Nov.20,2024 Release)

OSG's Human Capital - Present and Future

Personnel, evaluation and compensation systems

[Present]

Membership type
meritocratic evaluation system
seniority-based wage system



Enhance motivation Demonstration of human resources' abilities

- Simple, fair, future-oriented consideration of introducing a new personnel system
- Role- and outcome-based Evaluation and Compensation System
- Active promotion of capable young employees
- Diverse work styles of veteran employees

Recruitment and Staffing

[Present]

Recruitment focused on new graduates
Replenishment of necessary personnel
in each department



Strategic Staffing

- Pursuit of high productivity and optimal personnel management
- Diversification of new graduate recruitment channels
- Strategic career recruitment in a short period of time
- Optimal staffing and organizational enhancement in consideration of employee's career paths

Educational systems

[Present]

New employee education and follow-up training
Skill Development Training by Grade
Skill Development Training for Leaders



Strengthening the development of executives and leaders

- Review of management training system
- Identification and development of human resource candidates for next-generation management
- Developing Global Human Resources
- Activation of the spirit of challenge

OSG's Human Capital - Improve employee engagement

STEP
1

Career declaration system that enables achievement of goals and self-fulfillment

Emphasizes employees' career plan orientation and spirit of challenge
Structuring skill development and career paths

Communication-oriented organizational culture and human resource development

Fostering communication skills across organizations and generations and creating an open organization

Implementing Engagement Surveys to Improve Performance

Appropriate understanding of employee satisfaction, health status, and human relations and identification of issues

Visualization of employee abilities and aptitudes through talent management

Understanding the aptitude and skills of employees, and optimal staffing for both the company and the employee.

NEXT
STEP