



shaping your dreams

Financial Results For FY2025

January, 2026
OSG Corporation



GREEN TAP

GRT

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Earnings Highlights (1/2)

		KEY indicators	
P/L	Recovered in Q4, achieving full-year revenue and profit growth. EBITDA and earnings per share (EPS) reached record highs.	Sales 160.6 billion yen +3.3% YoY	Operating Profit 20.3 billion yen +7.7% YoY
	BS	Goods and products increased by ¥2.46 billion compared to the end of the previous fiscal year. On a local currency basis, most regions declined. FX impact: +¥1.8 billion; U.S. tariff-related inventory buildup: approx. ¥0.9 billion (excluding FX).	OPM 12.7 % +0.5pt YoY
		Buildings and structures (net) increased by ¥6.96 billion compared to the end of the previous fiscal year. Completion of Phase I at Oike Plant and new facilities at OSG Grind Tech and Germany.	EBITDA 34.0 billion yen +7.3% YoY
Dividend Policy	From FY ending November 2026, dividends will be determined based on the higher of a 45% payout ratio or a DOE of 3.5%.	Equity Ratio 67.5 % +2.8pts Vs. Previous FY End	ROE 8.3 % +0.5pt YoY

Earnings Highlights (2 / 2)

The Americas

Tariff impact remains limited, and orders continue to be solid. Mexico is steady, driven by customers certified under USMCA. Brazil shows strong performance in the aerospace sector.

Asia

China's manufacturing sector remains solid, and orders are strong. Higher plant utilization significantly improved profit margins. Thailand and India continue to perform well.

Europe/Africa

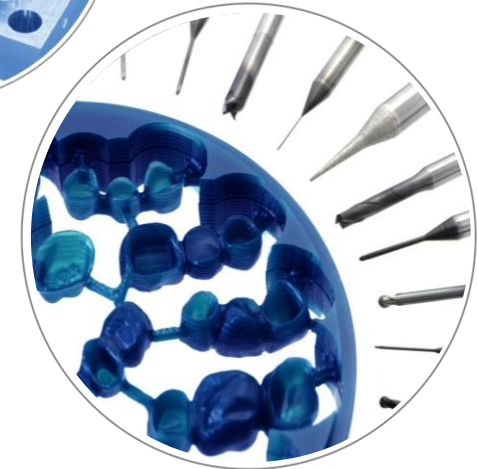
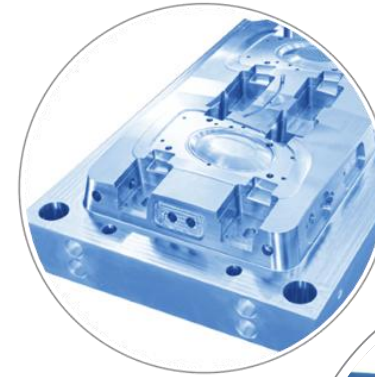
Although conditions in Germany and nearby countries remain challenging, signs of recovery are emerging. Other regions remain steady. Aerospace and medical industries continue to perform well.

Japan

A-brand and micro tools remain strong. Dental and heavy electrical sectors are solid, and aerospace is recovering.

Company Overview

Company Name	OSG Corporation
Headquarters	3-22 Honnogahara Toyokawa-city, Aichi, Japan
Foundation	March 26, 1938
Capital	13,044 million yen
Employees	7,563 (consolidated) 1,854 (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

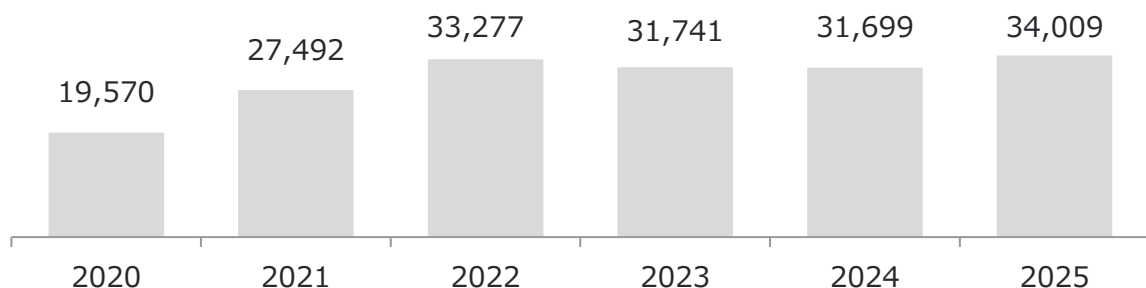


Financial Summary

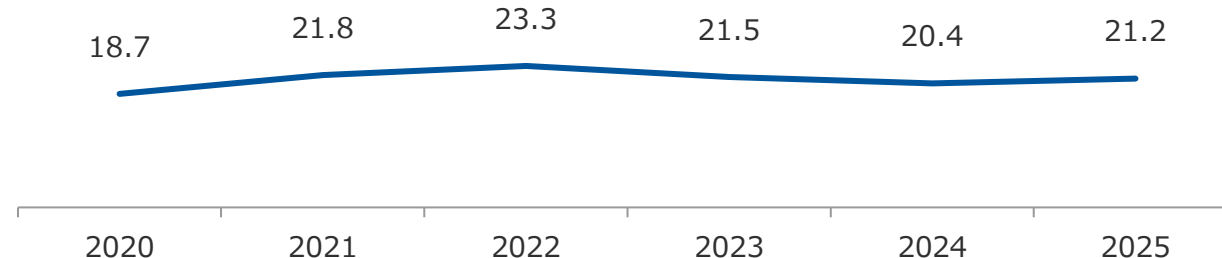
(Million yen)

	FY24					FY25					Change		FY25 Forecast	Progress Rate
	1Q	2Q	3Q	4Q	FY24	1Q	2Q	3Q	4Q	FY25				
Net Sales	36,717	40,950	37,659	40,190	155,517	37,777	39,601	38,615	44,624	160,619	5,101	+3.3%	160,000	100.4%
Operating Profit	4,102	5,662	4,694	4,408	18,868	3,884	5,600	4,275	6,570	20,330	1,461	+7.7%	21,000	96.8%
OPM	11.2%	13.8%	12.5%	11.0%	12.1%	10.3%	14.1%	11.1%	14.7%	12.7%	-	-	13.1%	-
Ordinary Income	4,949	5,919	4,043	4,913	19,825	4,155	5,760	5,072	7,365	22,354	2,528	+12.8%	22,000	101.6%
Net Profit Attributable to OSG	3,429	3,788	2,572	3,648	13,439	2,609	3,874	3,160	4,690	14,334	895	+6.7%	14,500	98.9%
EPS(yen)	36.30	41.10	29.31	42.23	148.94	30.73	46.21	38.38	56.79	172.11	23.17	+15.6%	173.38	-
EBITDA	7,161	8,795	7,888	7,853	31,699	7,200	8,920	7,712	10,175	34,009	2,310	+7.3%	-	-
EBITDA Margin	19.5%	21.5%	20.9%	19.5%	20.4%	19.1%	22.5%	20.0%	22.8%	21.2%	-	-	-	-

EBITDA

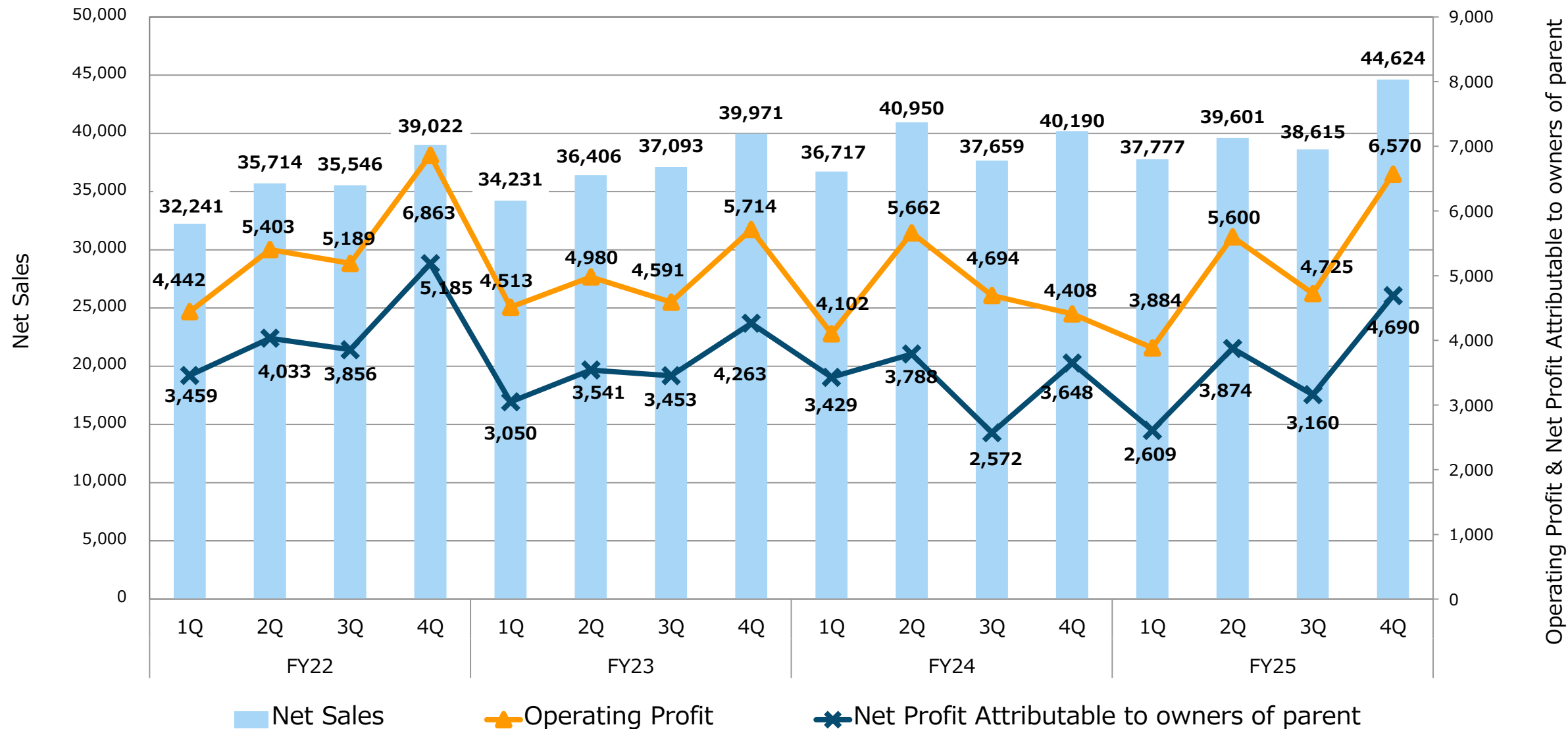


EBITDA Margin



Financial Summary

(Million yen)



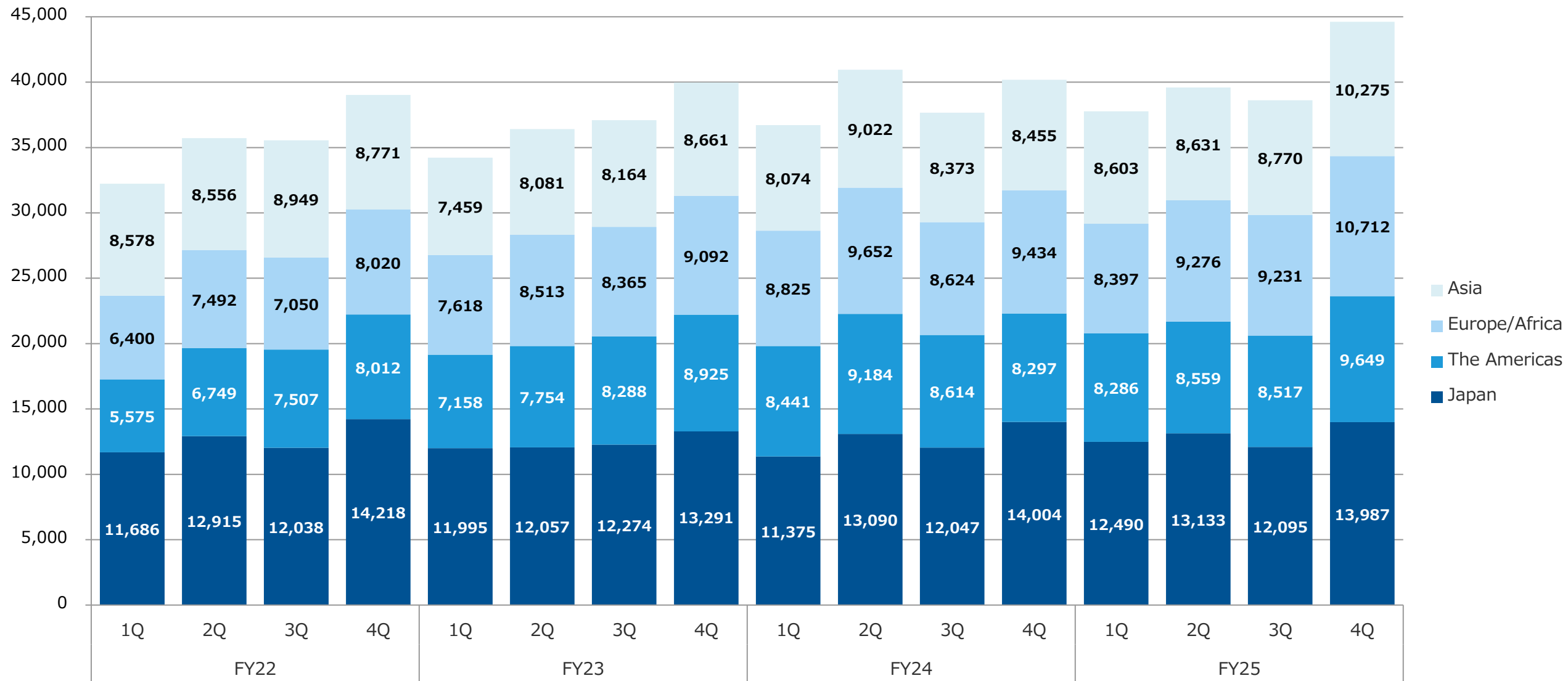
Sales to Customers by Geographical Segment

(Million yen)

	1Q	2Q	<u>FY24</u> 3Q	4Q	FY24	1Q	2Q	<u>FY25</u> 3Q	4Q	FY25	Change		Change in Local currency
Japan	11,375	13,090	12,047	14,004	50,516	12,490	13,133	12,095	13,987	51,706	1,190	+2.4%	-
The Americas	8,441	9,184	8,614	8,297	34,537	8,286	8,559	8,517	9,649	35,013	475	+1.4%	+2.7%
Europe/Africa	8,825	9,652	8,624	9,434	36,536	8,397	9,276	9,231	10,712	37,617	1,080	+3.0%	+0.5%
Asia	8,074	9,022	8,373	8,455	33,926	8,603	8,631	8,770	10,275	36,281	2,355	+6.9%	+8.6%
Consolidated	36,717	40,950	37,659	40,190	155,517	37,777	39,601	38,615	44,624	160,619	5,101	+3.3%	-

Sales to Customers by Geographical Segment

(Million yen)



Operating Profit by Geographical Segment

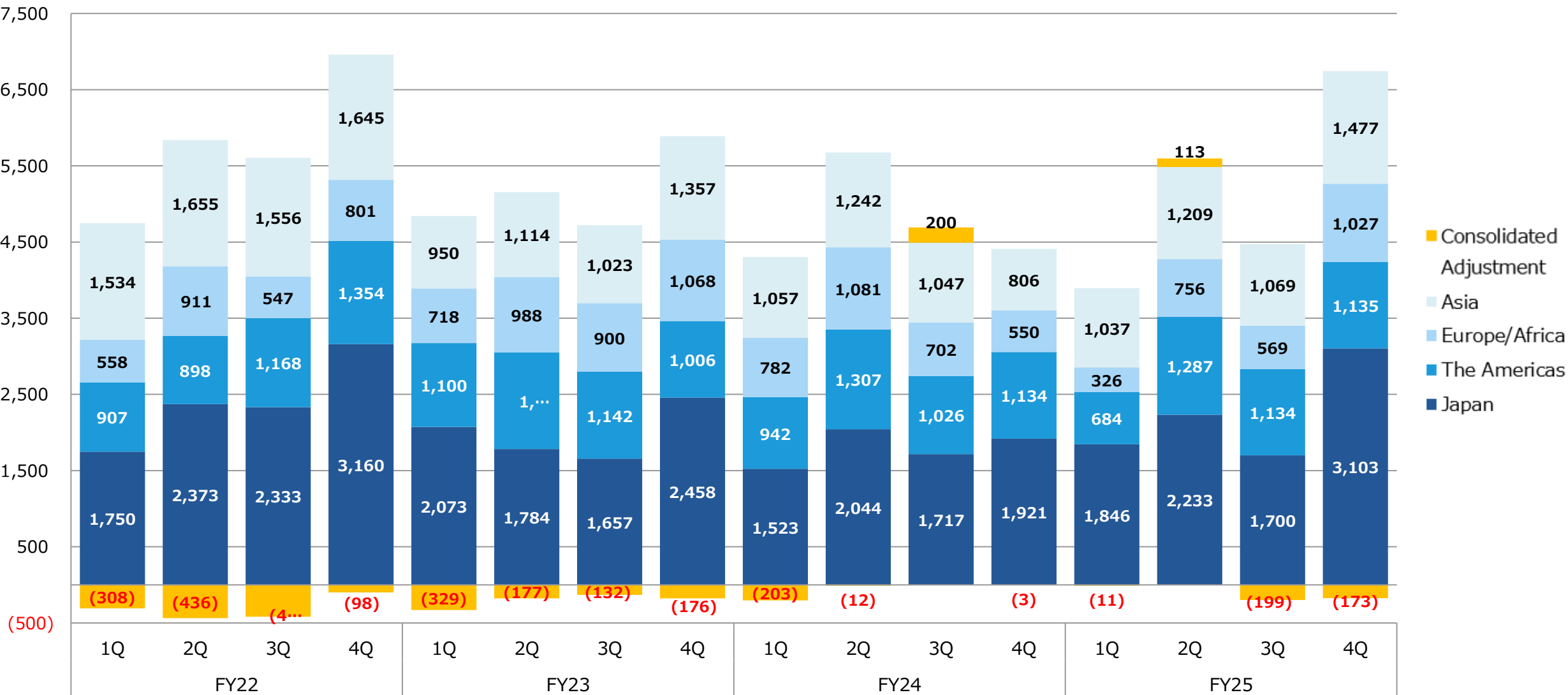
(Million yen)

	FY24					FY25					Change	
	1Q	2Q	3Q	4Q	FY24	1Q	2Q	3Q	4Q	FY25		
Japan	1,523	2,044	1,717	1,921	7,205	1,846	2,233	1,700	3,103	8,884	1,679	+23.3%
margin	8.9%	10.8%	9.4%	9.6%	9.7%	10.2%	11.7%	9.3%	14.7%	11.6%		
The Americas	942	1,307	1,026	1,134	4,411	684	1,287	1,134	1,135	4,241	-169	-3.8%
margin	11.0%	13.8%	11.5%	12.7%	12.3%	8.1%	14.8%	13.1%	11.5%	11.9%		
Europe • Africa	782	1,081	702	550	3,117	326	756	569	1,027	2,680	-436	-14.0%
margin	8.7%	11.1%	8.1%	5.8%	8.4%	3.8%	8.0%	6.1%	9.5%	7.0%		
Asia	1,057	1,242	1,047	806	4,153	1,037	1,209	1,069	1,477	4,793	640	+15.4%
margin	12.0%	12.4%	11.1%	8.5%	11.0%	10.9%	12.5%	11.0%	13.1%	11.9%		
Total	4,306	5,675	4,493	4,412	18,887	3,895	5,486	4,474	6,743	20,600	1,713	+9.1%
Eliminations	-203	-12	200	-3	-18	-11	113	-199	-173	-270	-251	-
Consolidated	4,102	5,662	4,694	4,408	18,868	3,884	5,600	4,275	6,570	20,330	1,461	+7.7%

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

Operating Profit by Geographical Segment

(Million yen)



Net Sales by Product Segment

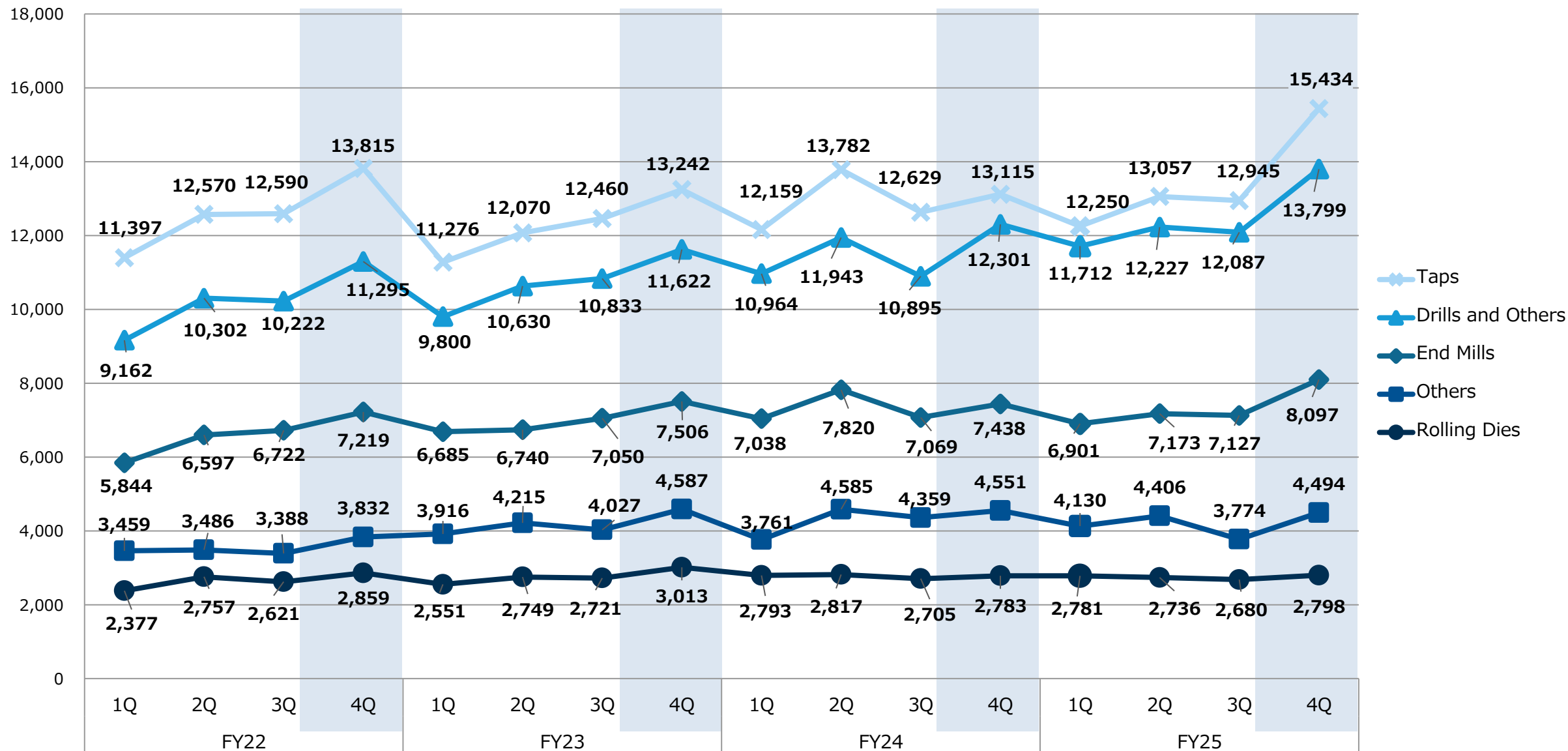
(Million yen)

		FY24						FY25						Change	
		1Q	2Q	3Q	4Q	Total		1Q	2Q	3Q	4Q	Total			
Precision Tools	Taps	12,159	13,782	12,629	13,115	51,686	33.2%	12,250	13,057	12,945	15,434	53,688	33.4%	2,002	3.9%
	End mills	7,038	7,820	7,069	7,438	29,366	18.9%	6,901	7,173	7,127	8,097	29,300	18.2%	-66	-0.2%
	Drills and Others	10,964	11,943	10,895	12,301	46,105	29.6%	11,712	12,227	12,087	13,799	49,826	31.0%	3,721	8.1%
	Rolling dies	2,793	2,817	2,705	2,783	11,100	7.1%	2,781	2,736	2,680	2,798	10,996	6.8%	-103	-0.9%
	Gauges	459	658	528	759	2,405	1.5%	517	538	549	538	2,144	1.3%	-261	-10.9%
		33,415	37,022	33,828	36,398	140,664	90.4%	34,164	35,733	35,390	40,668	145,957	90.9%	5,292	3.8%
Other	Machine	1,161	1,493	1,554	1,709	5,919	3.8%	1,344	1,600	822	1,516	5,283	3.3%	-635	-10.7%
	Other	2,139	2,434	2,276	2,082	8,933	5.7%	2,269	2,267	2,401	2,439	9,377	5.8%	444	5.0%
		3,301	3,927	3,831	3,792	14,852	9.6%	3,613	3,868	3,224	3,955	14,661	9.1%	-190	-1.3%
Total		36,717	40,950	37,659	40,190	155,517	100%	37,777	39,601	38,615	44,624	160,619	100%	5,101	3.3%



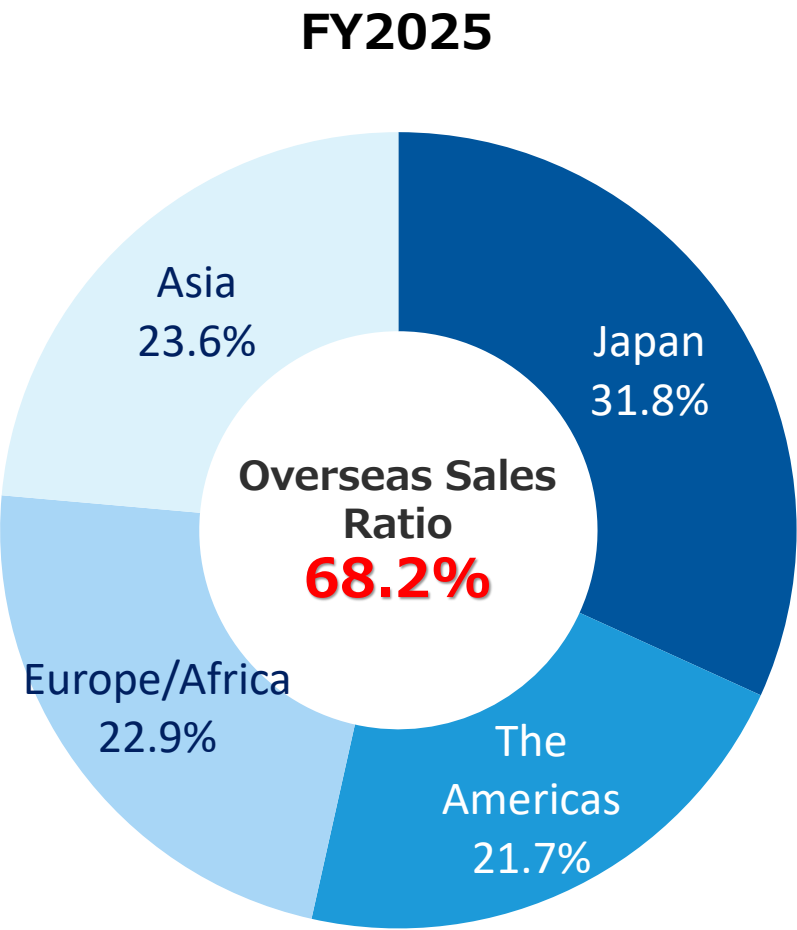
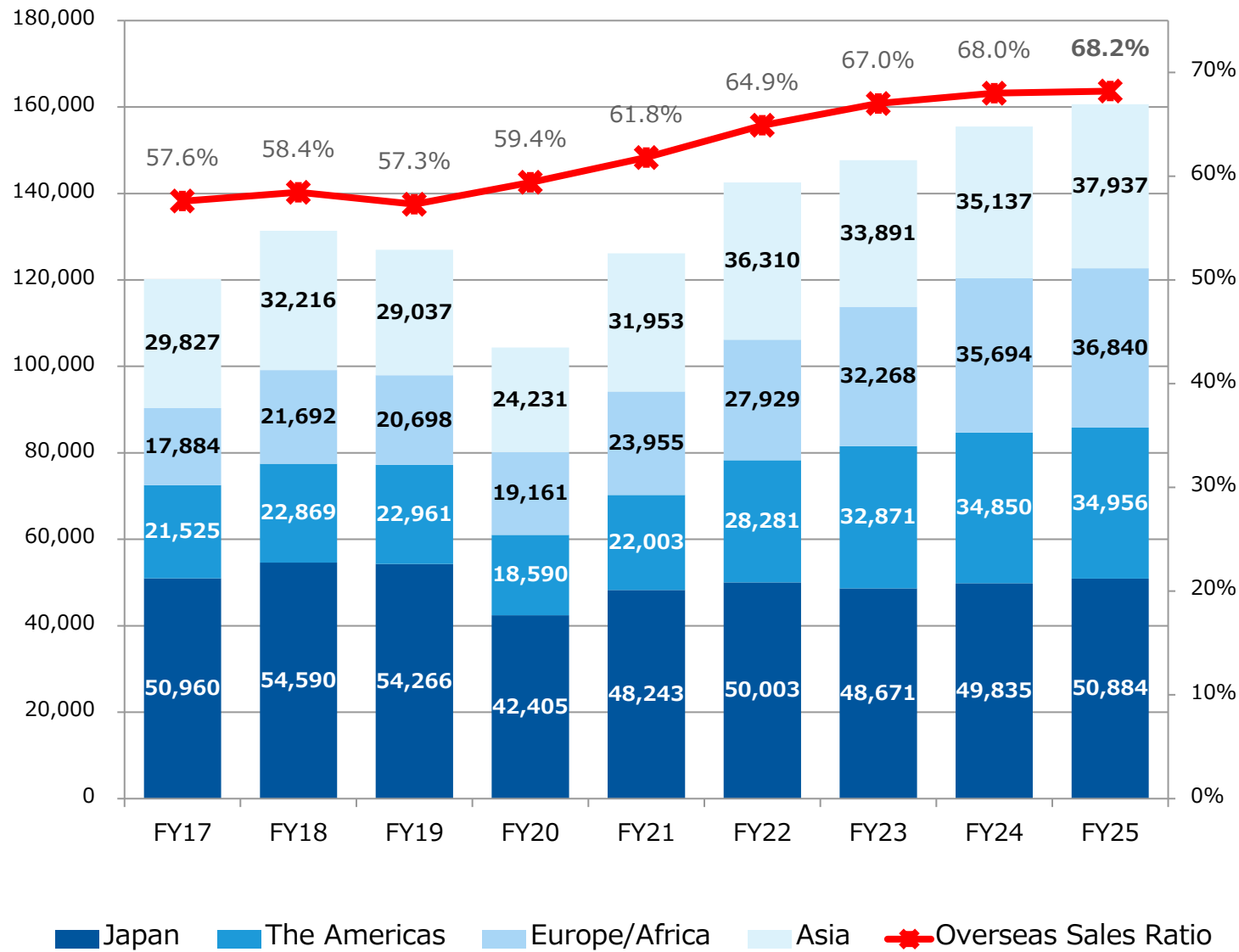
Net Sales by Product Segment

(Million yen)



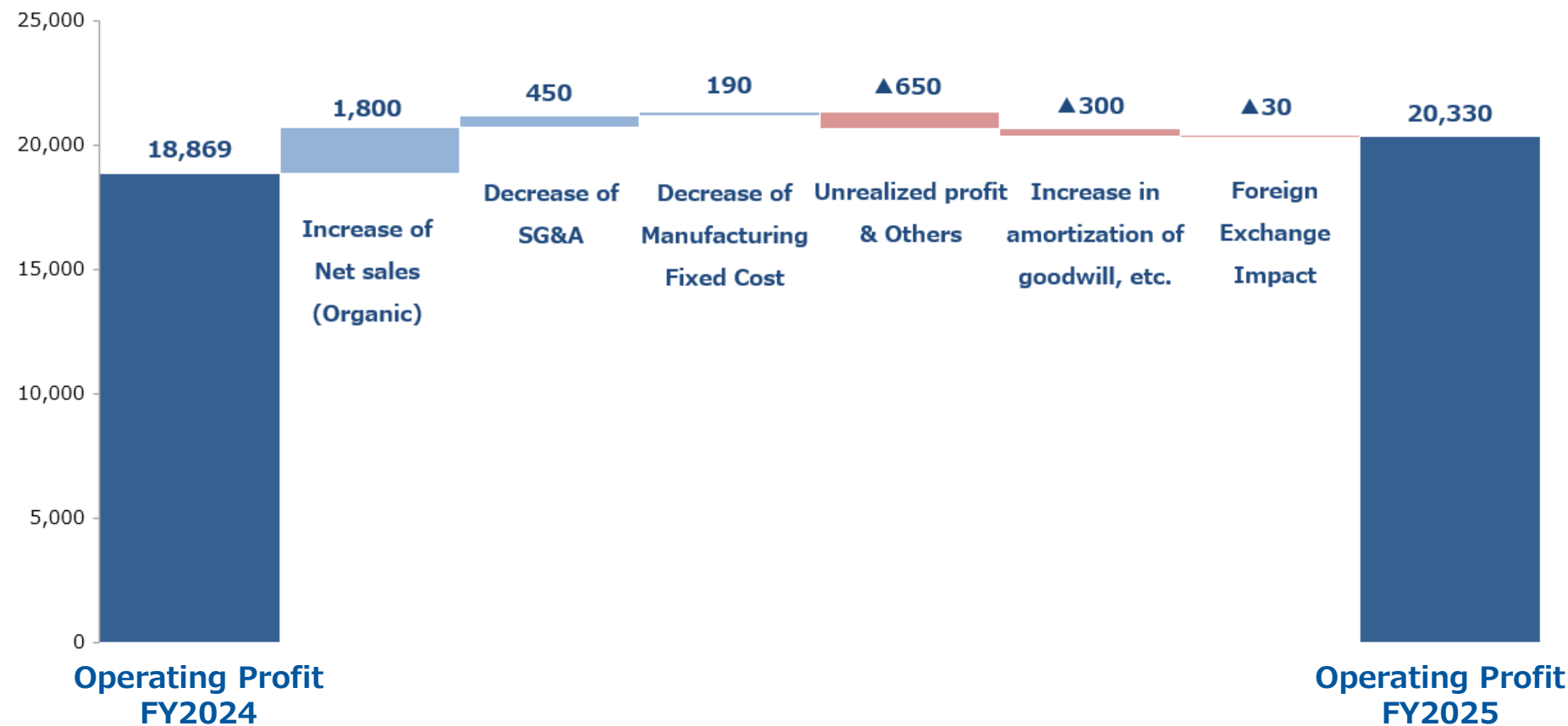
Overseas Sales Ratio

(Million yen)



Operating Profit Variation

(Million yen)



Cash Flow Overview

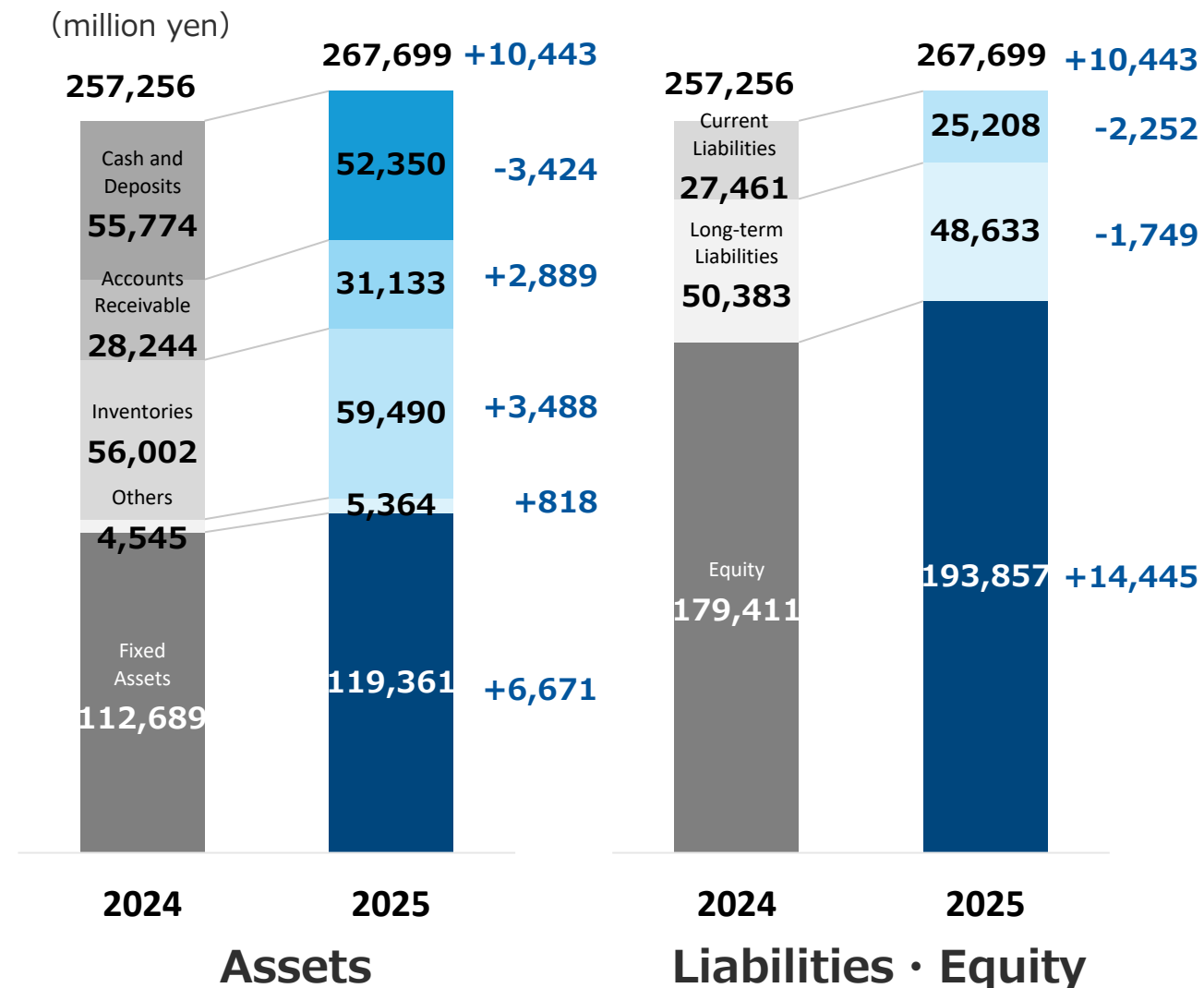
(Millions of yen)	FY20	FY21	FY22	FY23	FY24	FY25	Change
Income before income taxes	8,896	16,354	23,378	20,747	19,803	21,334	1,530
Depreciation and amortization	10,518	10,591	10,498	11,037	11,824	12,598	773
Change in notes and accounts receivable	2,832	-2,448	-1,466	-480	450	-1,392	-1,843
Change in inventories	1,822	1,864	-5,269	-2,776	519	-1,032	-1,551
Change in notes and accounts payable	-1,555	243	247	-56	-453	124	578
Change in accrued expenses	-1,704	1,227	853	77	-167	-190	-23
Income taxes - paid	-4,743	-2,703	-7,645	-7,909	-5,521	-6,370	-848
Other, net	972	1,853	-420	1,990	2,101	1,318	-782
Net cash provided by operating activities	17,038	26,982	20,175	23,331	28,557	26,389	-2,167
Acquisitions of property, plant and equipment	-9,895	-5,555	-8,600	-10,580	-15,509	-14,324	1,185
Purchase of shares of subsidiaries	-2,054	-346	-981	-1,037	-694	-1,323	-629
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-3,266	-	-	-	-5,418	-	5,418
consolidation	-	-	-	552	-	-	-
Payments for time deposits and proceeds from refund of time deposits	-583	-1,455	-2,595	2,511	643	3,027	2,384
Other, net	-1,332	395	5	10	-761	-1,355	-593
Net cash used in investing activities	-17,133	-6,961	-12,170	-8,543	-21,741	-13,976	7,765
Free cash flow	-94	20,021	8,004	14,787	6,816	12,413	5,597
Change in interest-bearing debt	14,692	-11,586	-4,197	3,044	20,363	-4,337	-24,701
Dividends paid	-3,439	-2,440	-4,357	-6,220	-5,612	-5,011	601
Dividends paid to non-controlling interests	-298	-323	-359	-305	-295	-234	60
Purchase of treasury stock	-1	-2	-5,953	-3	-22,001	-5,001	17,000
Other, net	-1,293	89	127	-345	-439	-450	-11
Net cash used in financing activities	9,658	-14,264	-14,740	-3,831	-7,985	-15,035	-7,050
Effect of exchange rate change on cash and cash equivalents	-88	1,224	3,098	1,975	-412	2,403	2,815
Net increase (decrease) in cash and cash equivalents	9,475	6,981	-3,637	12,931	-1,581	-218	1,362
Cash and cash equivalents from newly consolidated subsidiaries	120	73	-	73	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
Cash and cash equivalents at end of period	33,299	40,354	36,717	49,722	48,206	48,005	-200

BS Key Metrics and BS Overview

BS Key Metrics

Net Cash 7,392 million yen (End of FY24 : ¥6,675M)	Receivable Turnover Period 2.4 months (End of FY24 : 2.2months)
Cash and Time Deposits 52,350 million yen (End of FY24 : ¥55,774M)	Inventory Turnover Period 4.5 months (End of FY24 : 4.4months)
Interest-bearing Debt 44,957 million yen (End of FY24 : ¥49,099M)	Equity Ratio 67.5% (End of FY24 : 64.8%)

Consolidated Balance Sheet



Capital Investment

FY26 Capital
Investment Forecast

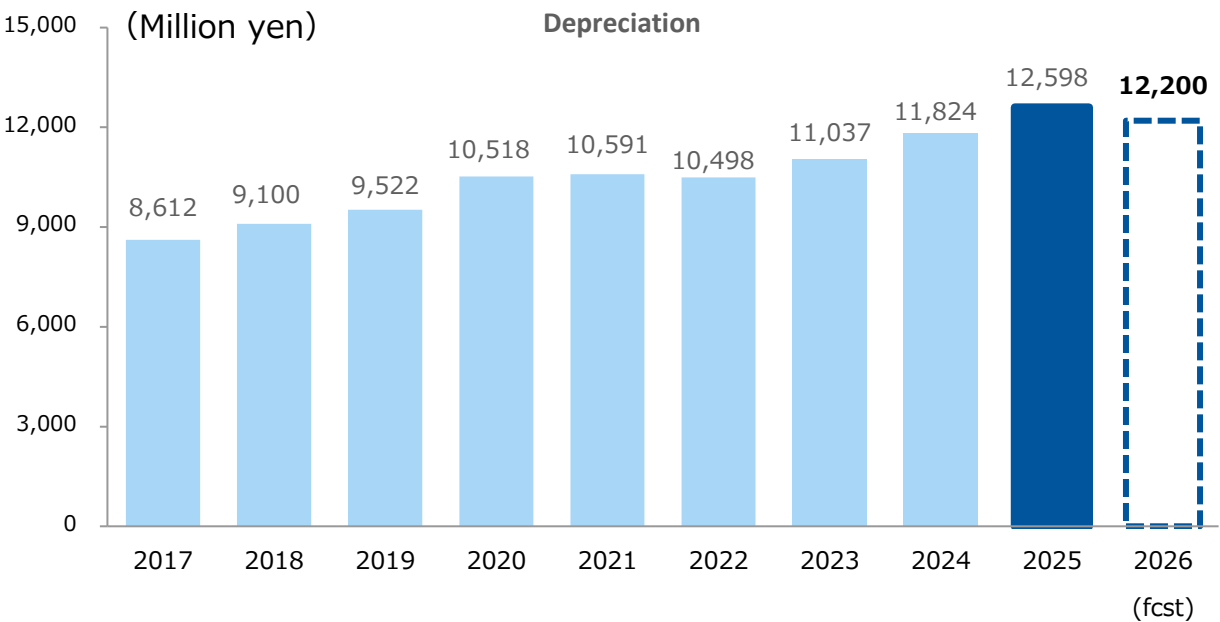
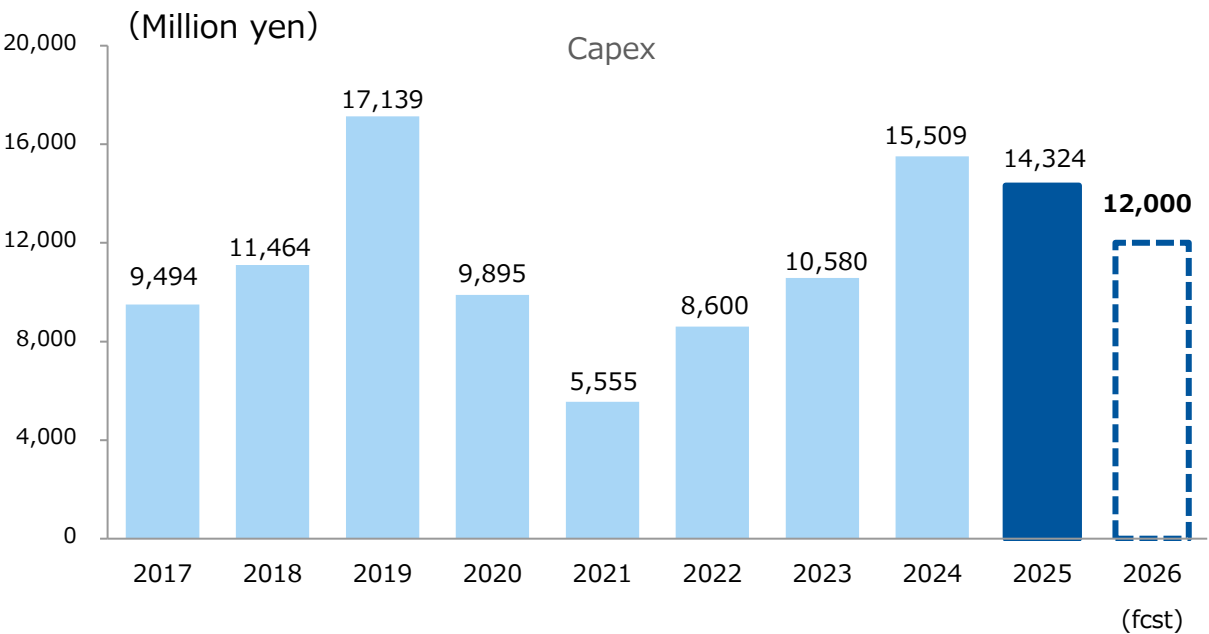
12.0 billion yen

CAPEX result
14,324 million yen

Breakdown

Including 0.7 billion yen carried over from FY24 budget.
New factory phase II for carbide end mills, machinery and equipment, etc.

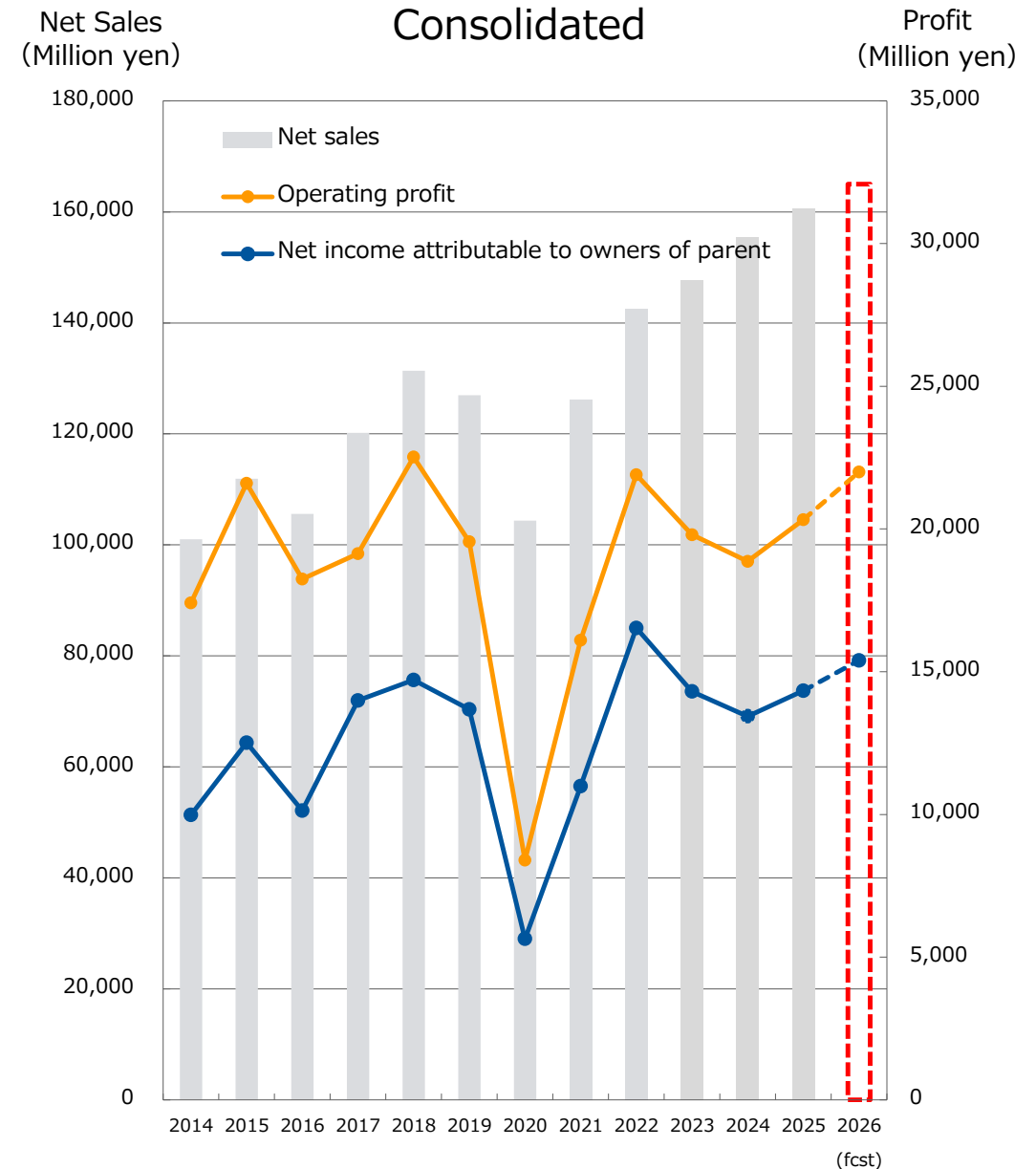
Depreciation result
12,598 million yen



Forecast for FY2026

	Consolidated		Parent Company	
	Amount (Millions of yen)	Growth	Amount (Millions of yen)	Growth
Net sales	165,000	+2.7%	60,000	+3.1%
Operating Profit	22,000	+8.2%	6,500	+2.0%
as % of sales	13.3%	-	10.8%	-
Ordinary Profit	23,000	+2.9%	15,000	9,8%
as % of sales	13.9%	-	25.0%	-
Net Profit Attributable to owners of parent	15,400	+7.4%	12,900	+12.4%
as % of sales	9.3%	-	21.5%	-
EPS (yen)	187.46	+8.9%	156.95	+13.9%

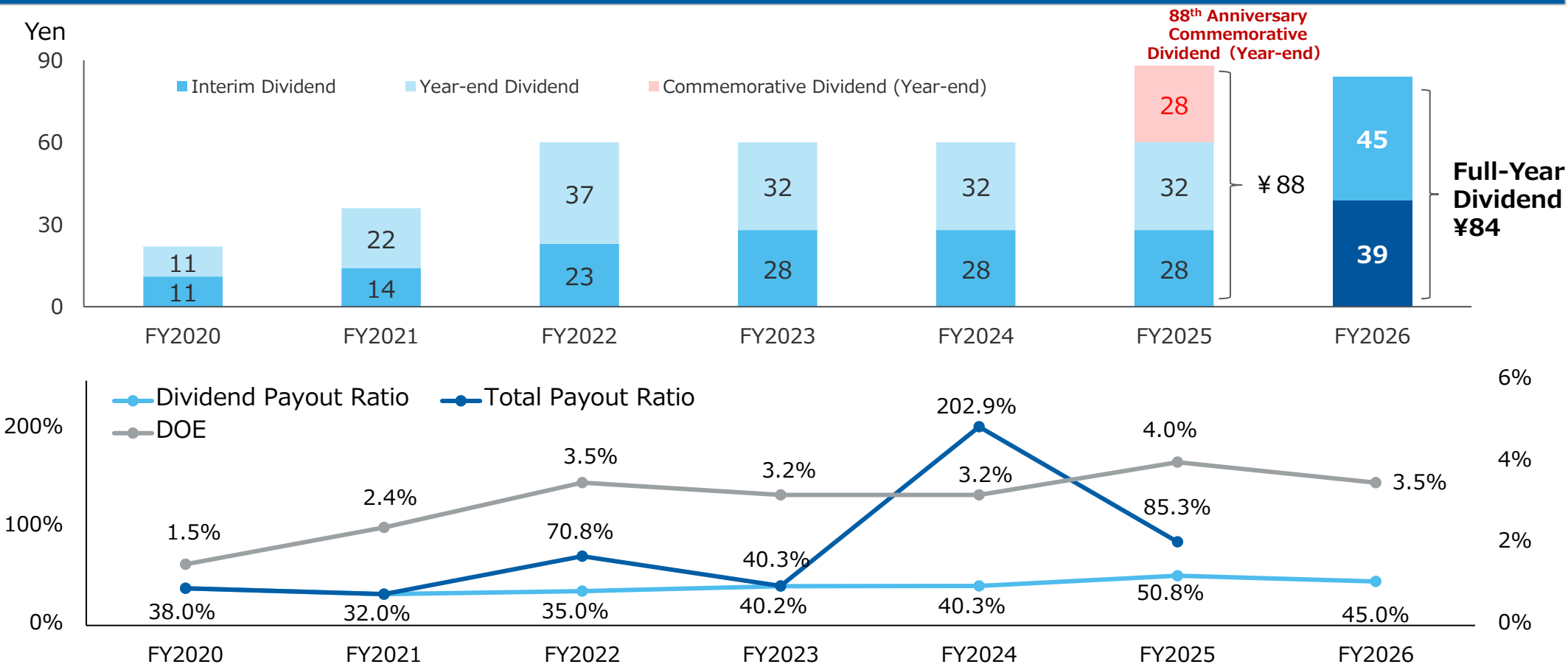
Exchange rate FY2026(Fcst.) : 1US\$=150.00yen 1Euro=170.00yen



Shareholder Return Policy

Higher of 45% payout ratio or DOE 3.5%

- Dividend
- Dividend Payout Ratio
- Total Payout Ratio
- Dividend policy review



Having exceeded the medium-term target of a 40% payout ratio for three consecutive years ahead of schedule, we have adopted a policy focused on maintaining stable dividends and ensuring appropriate profit distribution with an emphasis on capital efficiency



GREEN TAP's Remarkable Achievement

GREEN TAP Wins Two Major Awards!

'Super' Manufacturing Parts Grand Award

Hosted by:
Monodzukuri Nippon Conference &
Nikkan Kogyo Shimbun

First win for us.
First cutting tool awards in 17 years.



Energy Conservation –Chairman's Award

Hosted by: Energy Conservation Center, Japan
Category: Products & Business Models

**First-ever award in the
cutting tool industry.**



Environmental and Technological Innovation

CO₂ emissions cut by 35%

new process greatly reduces power use

Zero chip machining

eliminates machine-stop risk, saves energy

High durability & rigidity

lowers breakage risk, ensures stable quality

Improved cooling

enables high-speed machining and more
energy savings

Future Potential of GREEN TAP

A game-changer with the ability to create breakthroughs from zero to one

Makes it possible to design tool shapes once deemed impossible

Dramatically increases design freedom for customer components

This technology holds the potential to establish a new manufacturing paradigm and represents a key pillar of our growth strategy.



Exchange Rate

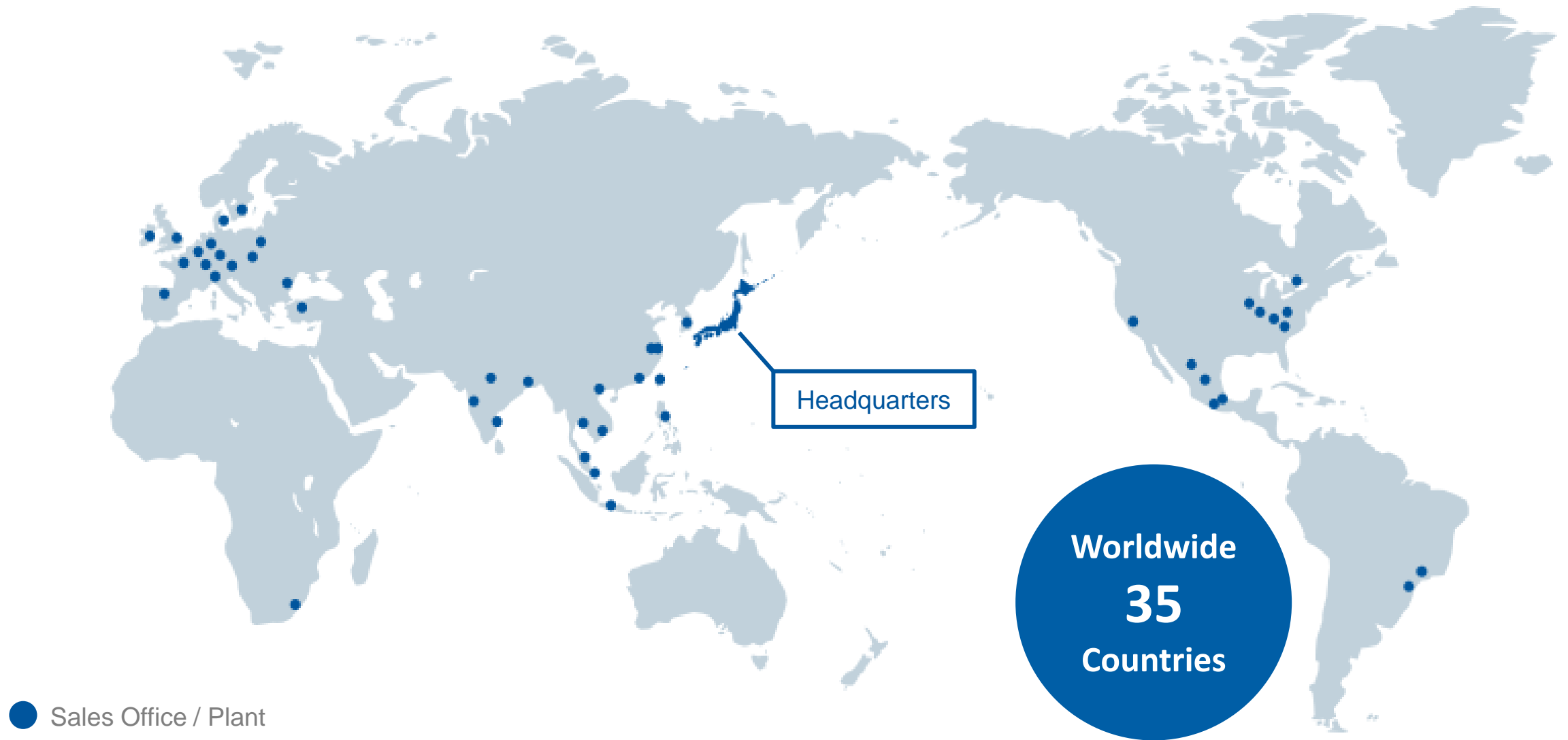
(Yen)

	Period average rate			Closing rate as of the period end		
	1US\$	1Euro	1RMB	1US\$	1Euro	1RMB
FY22	130.61	137.60	19.42	138.87	143.58	19.43
FY23	140.44	151.87	19.79	147.07	161.51	20.60
FY24	150.88	163.71	20.98	150.74	159.20	20.80
FY25	149.91	167.91	20.81	156.63	181.60	22.13
FY26 fcst.	150.00	170.00	22.00	150.00	170.00	22.00

Selected Financial Data (Consolidated)

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net sales	(mil.yen)	111,917	105,561	120,198	131,368	126,964	104,388	126,156	142,525	147,703	155,517	160,619
Sales growth rate	(%)	10.8%	-5.7%	13.9%	9.3%	-3.4%	-18.0%	20.9%	13.0%	3.6%	5.3%	3.3%
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	94,800
Gross profit	(mil.yen)	50,051	46,382	50,486	56,535	53,682	38,673	49,186	59,065	60,448	63,475	65,819
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	45,488
Operating Profit	(mil.yen)	21,597	18,246	19,137	22,520	19,554	8,396	16,105	21,898	19,800	18,868	20,330
Ordinary Profit	(mil.yen)	21,510	17,813	19,144	22,567	19,710	8,950	16,141	23,648	21,350	19,825	22,354
Net Profit	(mil.yen)	12,518	10,134	13,993	14,710	13,686	5,639	10,989	16,534	14,307	13,439	14,334
Gross profit margin	(%)	44.7%	43.9%	42.0%	43.0%	42.3%	37.0%	39.0%	41.4%	40.9%	40.8%	41.0%
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%	28.3%
Operating Profit margin	(%)	19.3%	17.3%	15.9%	17.1%	15.4%	8.0%	12.8%	15.4%	13.4%	12.1%	12.7%
Ordinary Profit margin	(%)	19.2%	16.9%	15.9%	17.2%	15.5%	8.6%	12.8%	16.6%	14.5%	12.7%	13.9%
Net Profit margin	(%)	11.2%	9.6%	11.6%	11.2%	10.8%	5.4%	8.7%	11.6%	9.7%	8.6%	8.9%
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	149.91
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	167.91
Total assets	(mil.yen)	155,129	156,081	166,712	178,020	190,414	200,112	209,757	228,852	250,124	257,256	267,699
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	180,811
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	172.11
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	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	2,200.98
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	83,289
ROA (operating profit basis)	(%)	14.5%	11.7%	11.9%	13.1%	10.6%	4.3%	7.9%	10.0%	8.3%	7.4%	7.7%
ROE	(%)	12.9%	10.4%	13.5%	12.2%	10.8%	4.4%	8.0%	10.7%	8.3%	7.7%	8.3%
Equity ratio	(%)	66.1%	59.1%	69.5%	70.4%	67.8%	64.6%	68.6%	72.0%	72.6%	64.8%	67.5%
Total asset turnover		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	26,389
Investing CF	(mil.yen)	-16,976	-16,843	-7,566	-13,351	-20,314	-17,133	-6,961	-12,170	-8,543	-21,741	-13,976
Financing CF	(mil.yen)	-6,216	-778	-11,137	-4,723	3,465	9,658	-14,264	-14,740	-3,831	-7,985	-15,035
Cash flow margin	(%)	17.5%	15.5%	17.3%	15.3%	15.1%	16.3%	21.4%	14.2%	15.8%	18.4%	16.4%

Expansion of Overseas Business





shaping your dreams

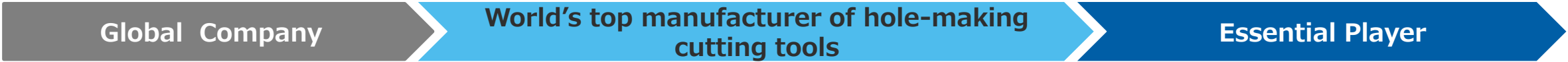


Medium-term Management Plan

Beyond the Limit 2027
Stage2

FY2025~FY2027

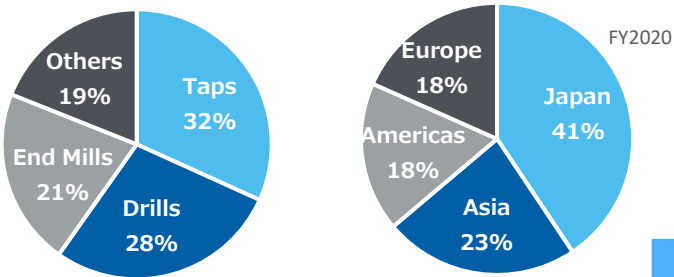
Transition (Establishing a Solid Foundation for the Next Stage of Growth)



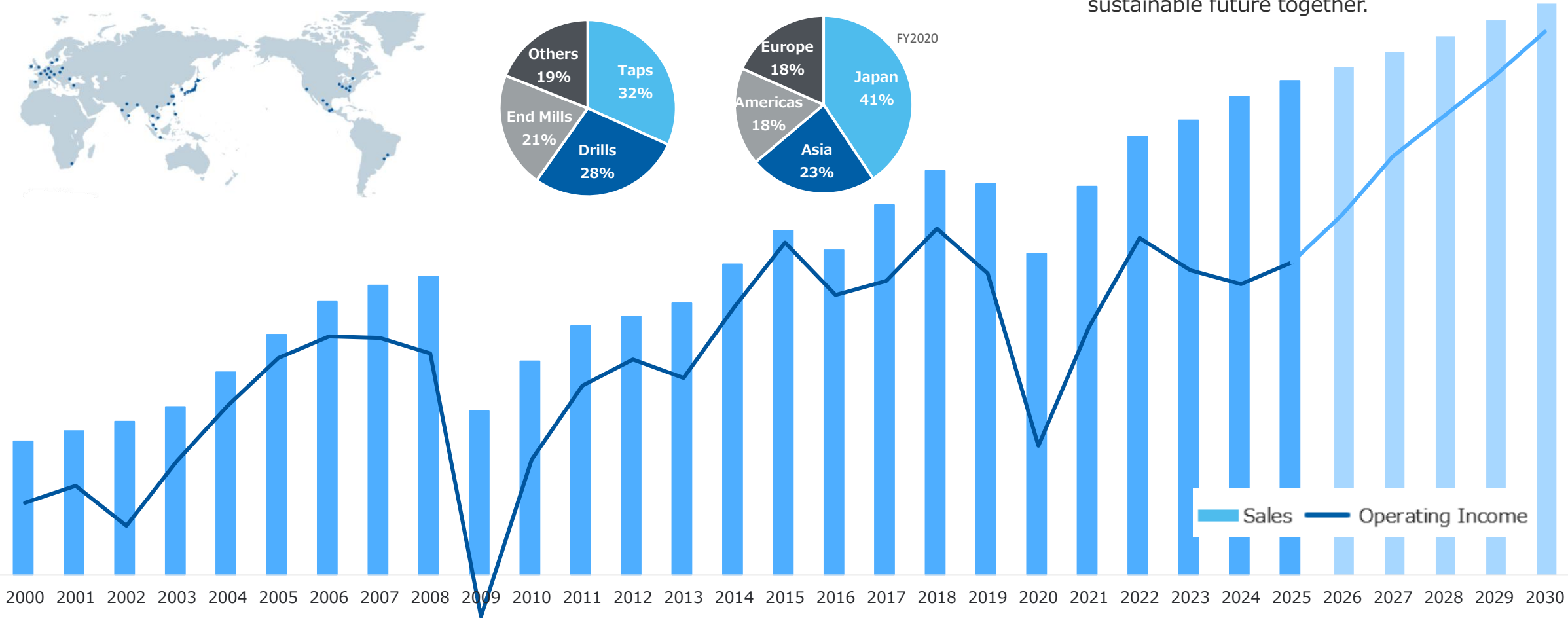
Established a global network



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



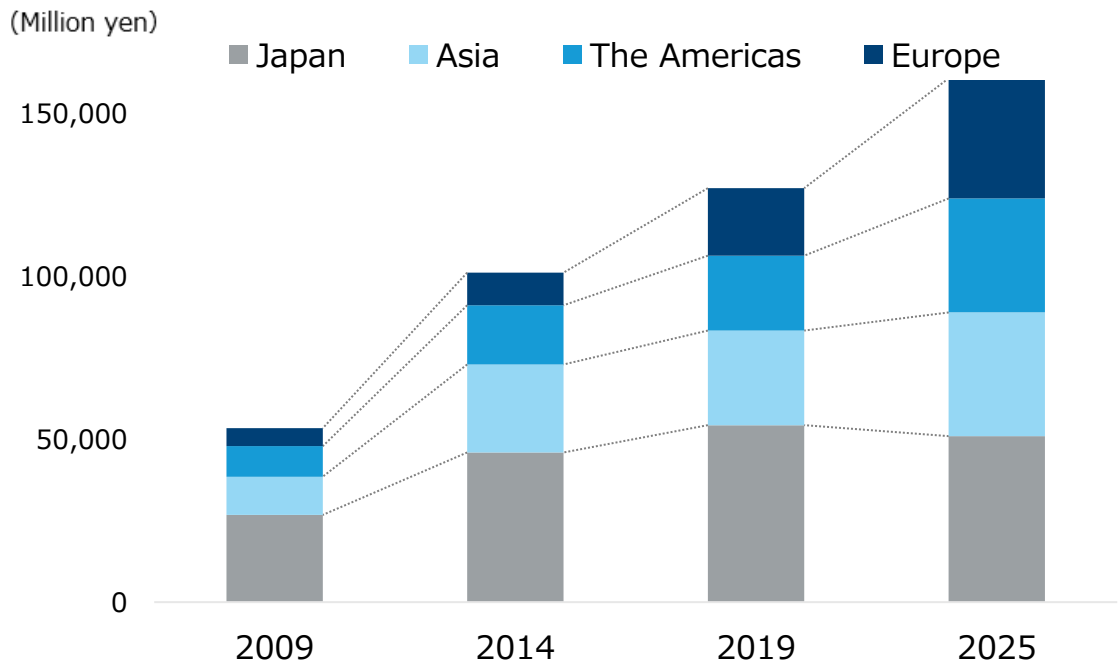
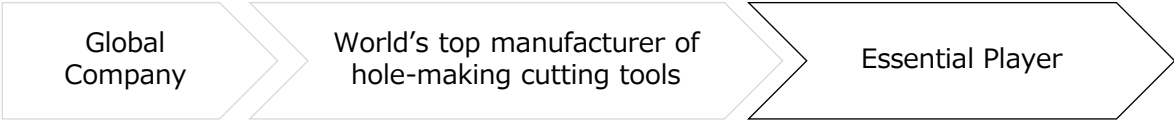
Supporting our customers in their challenges, we aim to achieve a profitable and sustainable future together.



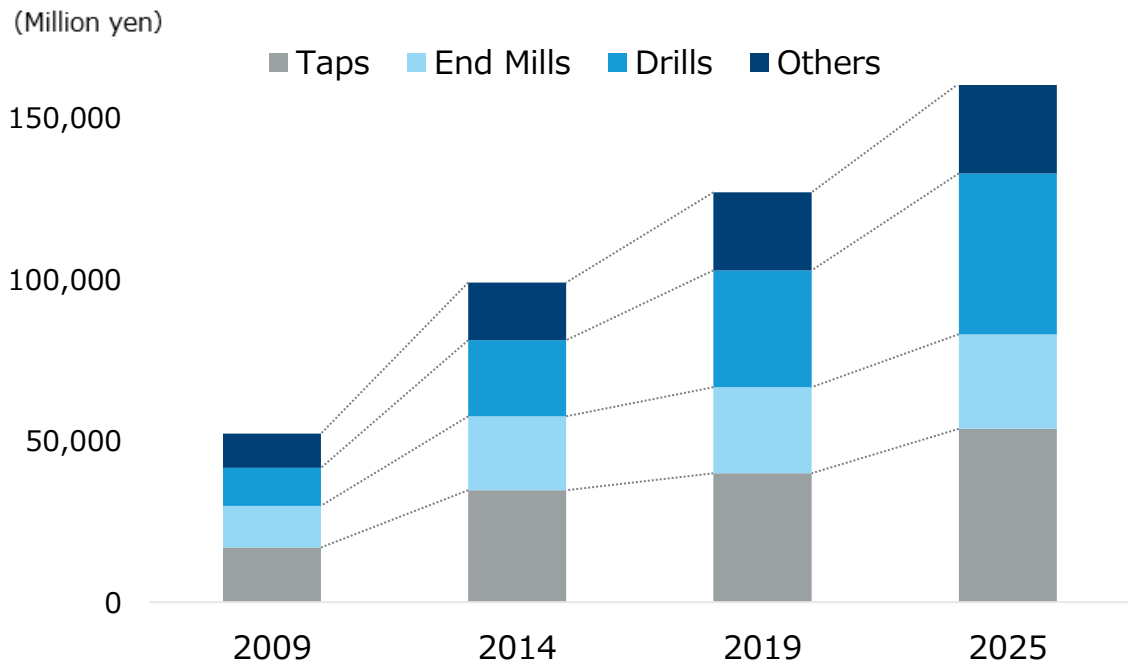
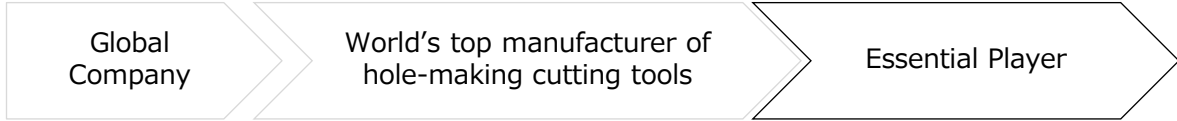
Establishing a balanced business foundation across regions and products

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)



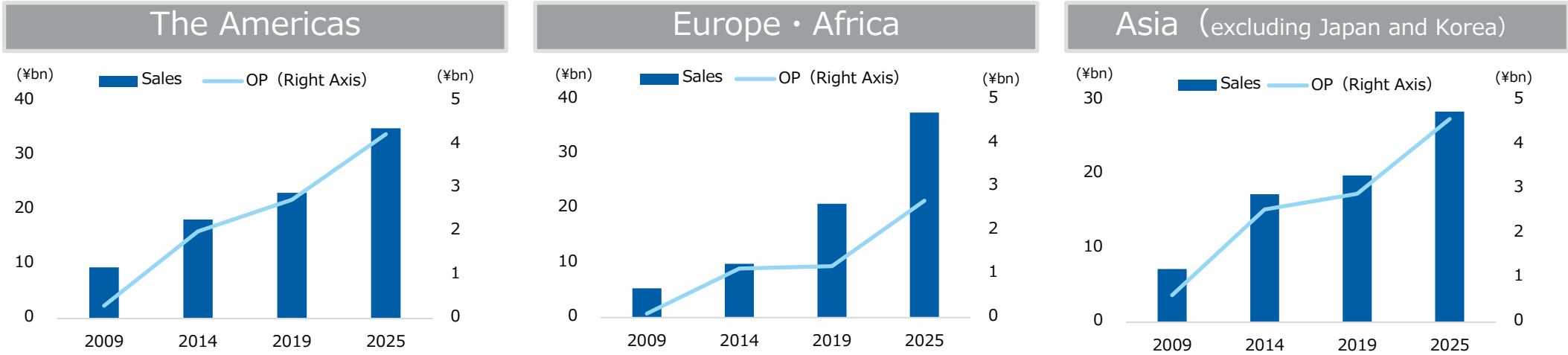
Product Sales trend (Actual Results)



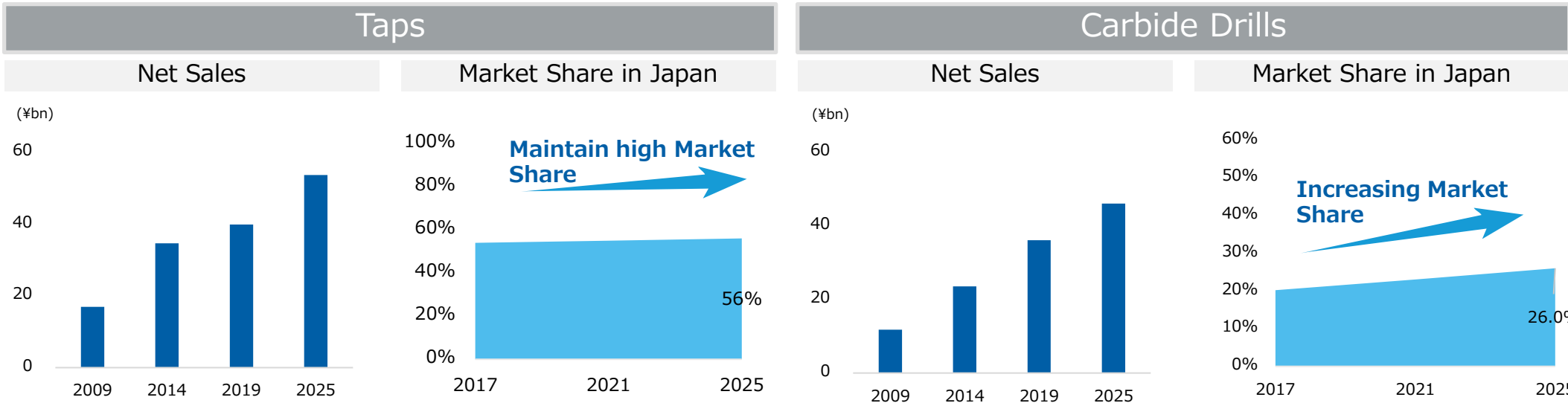
Performance Trends by Region and Product

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.	<div>KPI(FY2027)</div> <div>20%</div> <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.	<div>ROE over 10%</div> <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.



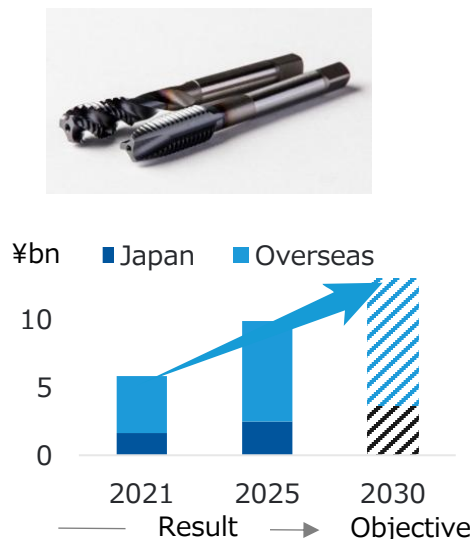
A-TAP

40% market share by creating products the world demands.

【Strengths of A-TAP】

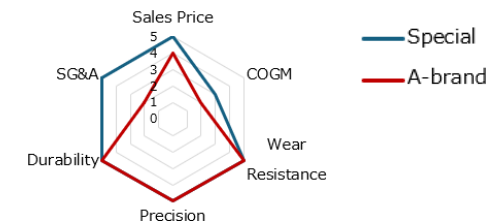
- Delivers top performance on advanced machining centers, compatible with various equipment.
- Suitable for a wide range of materials.
- Eco-friendly design with excellent chip evacuation and wear-resistant coating for long tool life.

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)

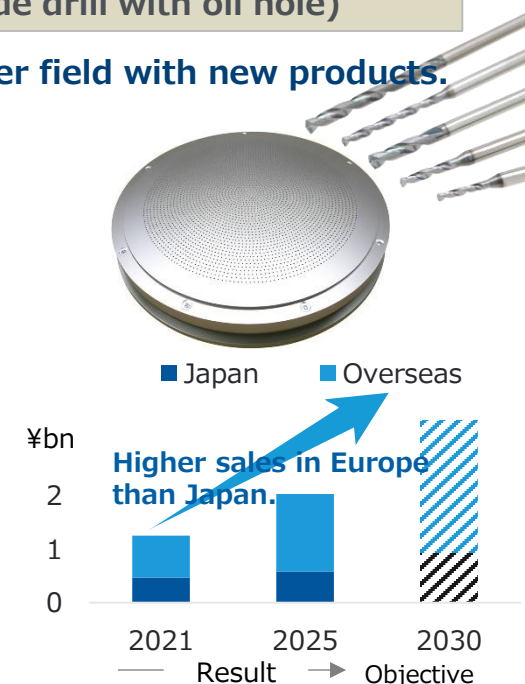
Expand market share in the small-diameter field with new products.

【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.



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

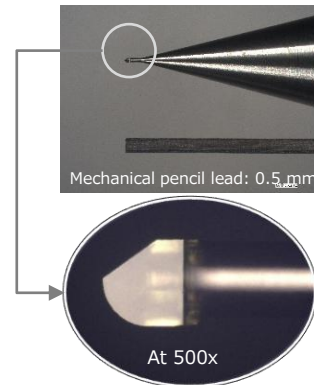
- Makino Milling Machine Co., Ltd.
- Taga Denki Co., Ltd.
- Shibaura Machinery Co., Ltd.

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.

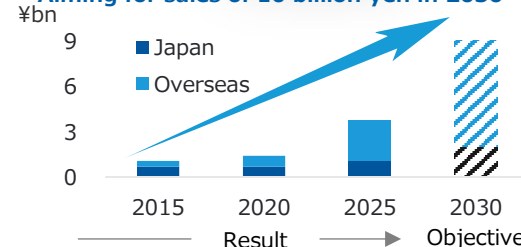
Products

Ultra-small monocrystalline ball end mill



Sales Outlook of Diamond tool

[Aiming for sales of 10 billion yen in 2030](#)



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.](#)

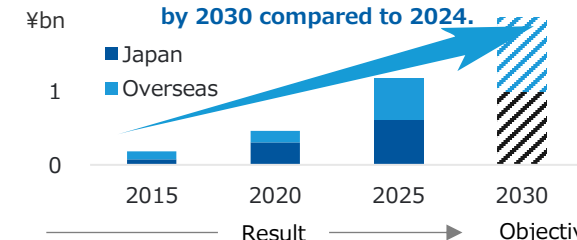
Examples of Workpiece

Crowns, Bridges Artificial joints

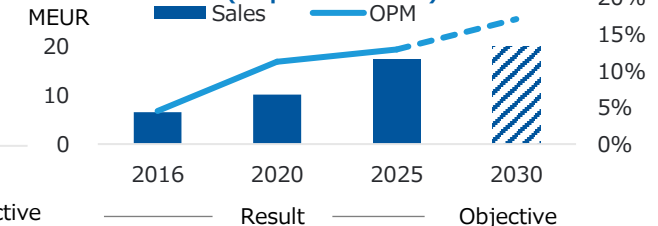


Sales Outlook for Medical Industry

[Targeting a 1.5× increase in dental tool sales by 2030 compared to 2024.](#)



[\[Wingilt\] 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, 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

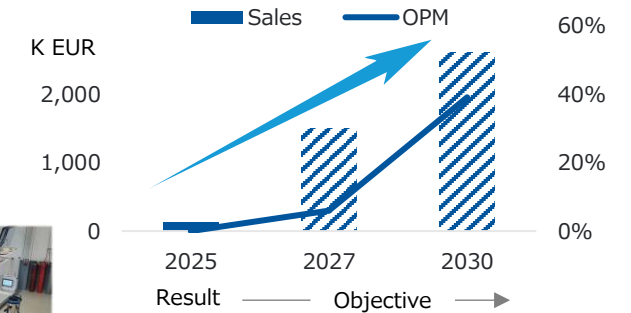
34 coating sites in 16 countries support customers' global expansion

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

- Primus Freiburg commenced operations in Freiburg, Germany, in March 2025.
- 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

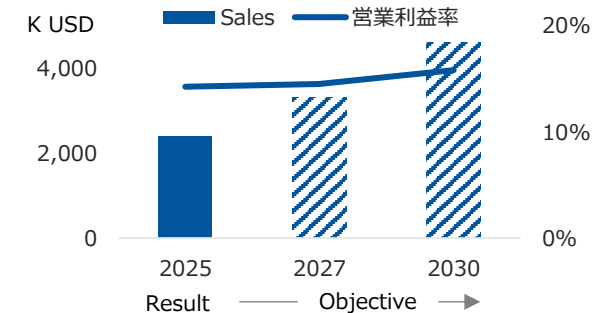
New Plant



Ahmedabad, Gujarat
Target start: 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.

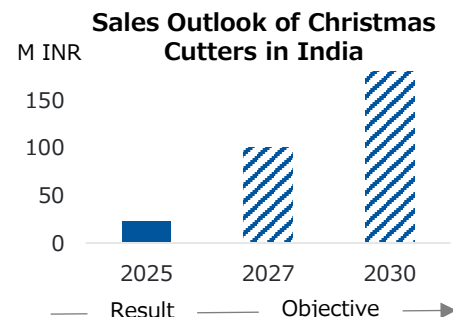
Heavy electric machinery

Trend

- Electric furnace construction is expanding worldwide due to rising demand and high-efficiency, eco-friendly models will follow.
- 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

OSG USA Price Adjustments in 2025 (July and November)

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	Considering production possibilities at OSG USA
	Premium・A-Brand	Imported from Japan	Partially manufactured at OSG USA
Carbide End Mills	Commodity	Manufactured in the USA	Maintain current operations
	Premium・A-Brand	Imported from Japan	Partially manufactured at OSG USA
Fastener Products	Commodity	Manufactured in the USA	Maintain current operations
	Premium	Imported from Japan	Partially manufactured at OSG USA
Materials		Mostly sourced within the USA	Consider imports from Japan depending on pricing

Inventory level

Inventory coverage (As of Nov. 2025)	6.5 months of sales
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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.

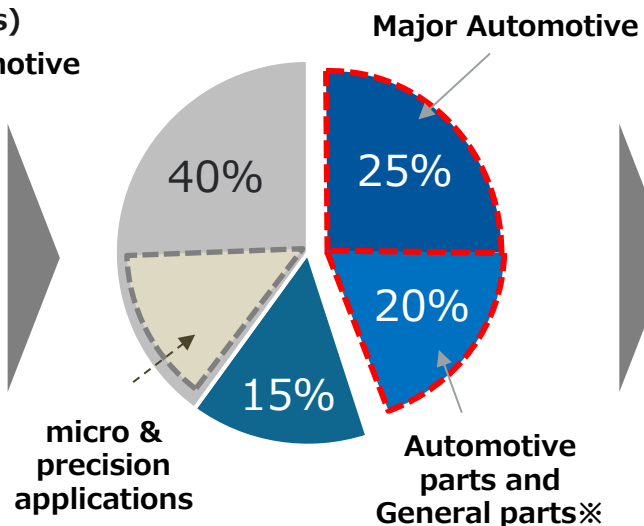
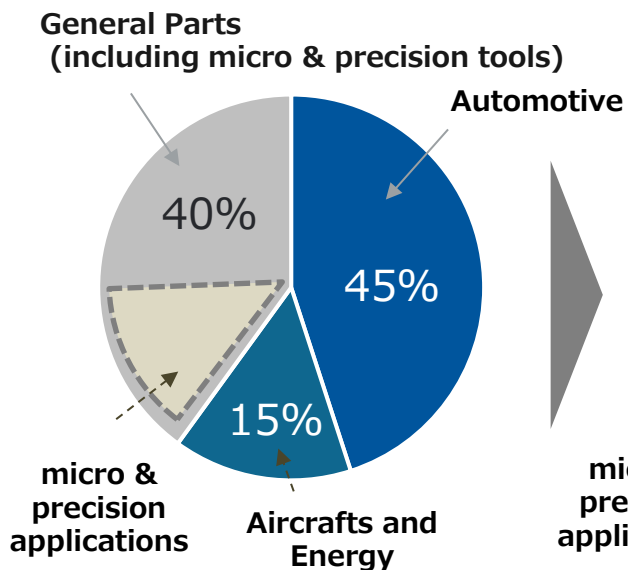
Beyond the Limit
2022-2024 (Stage1)

Beyond the Limit
2025-2027 (Stage2)

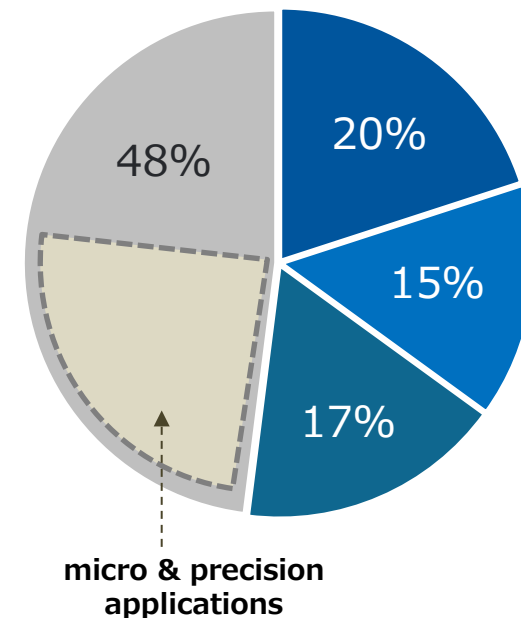
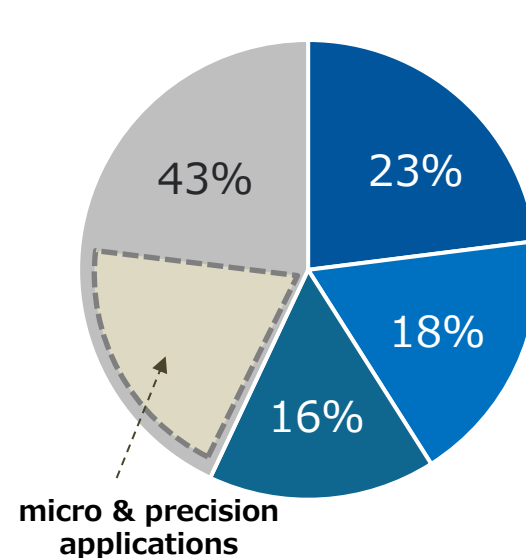
Beyond the Limit
2028-2030 (Stage3)

Before

After



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

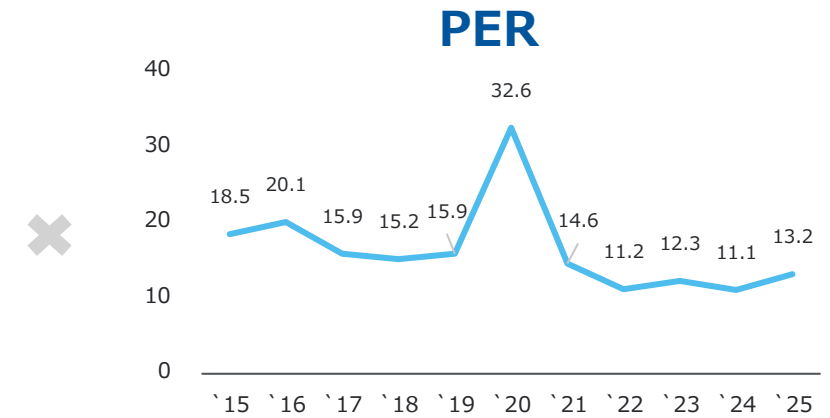
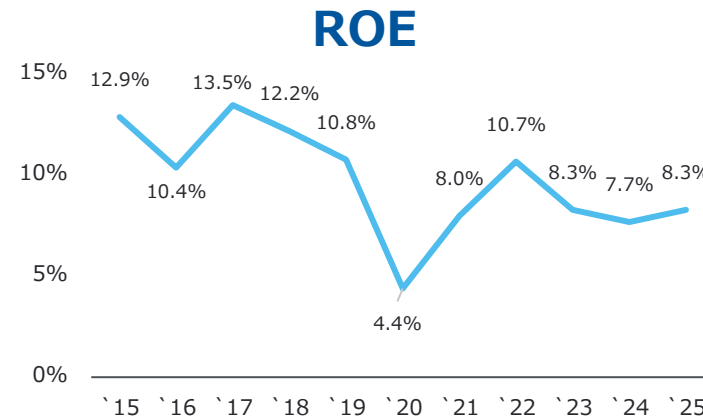
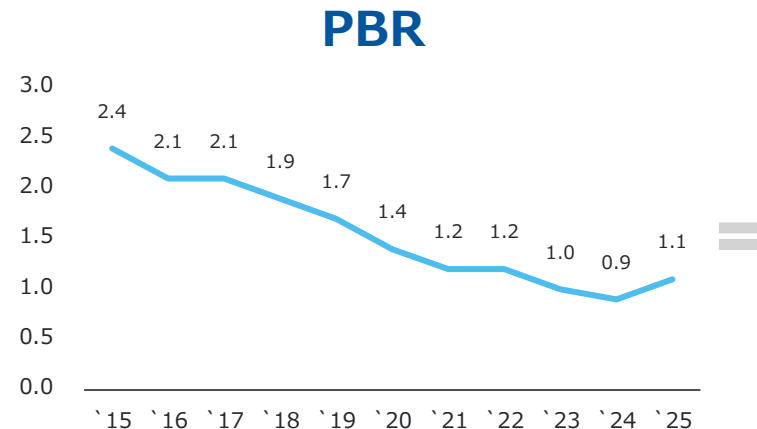


Financial and Capital Policy (Current Situation)

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)

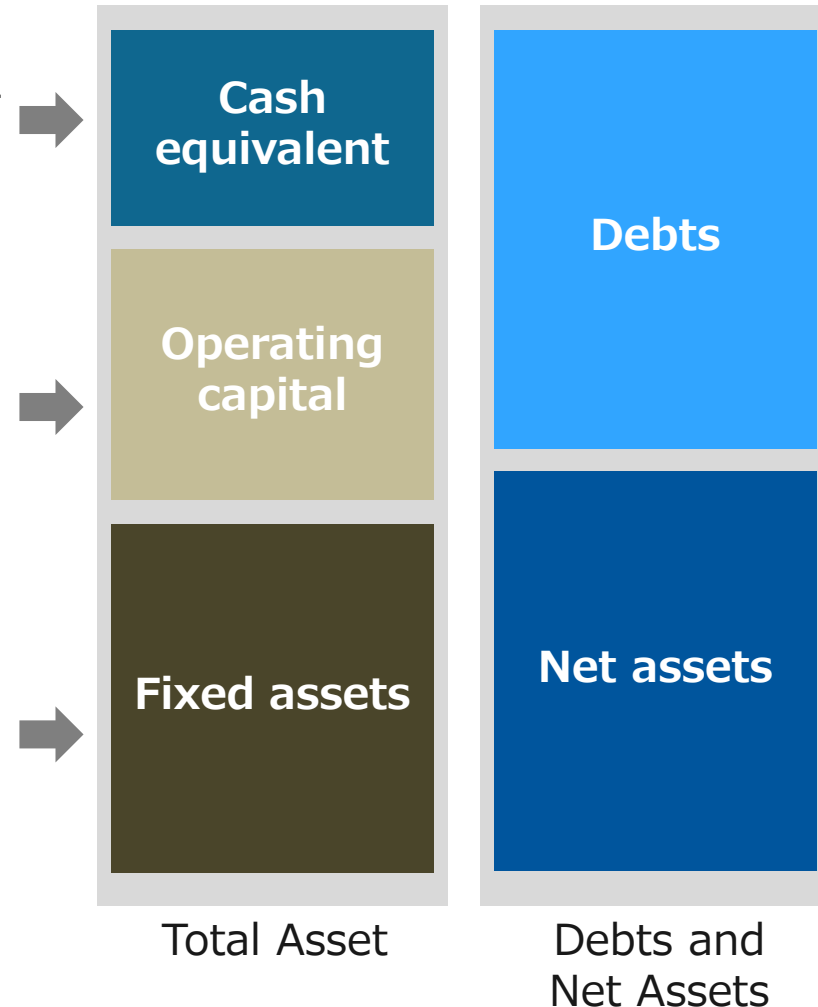
Note 2: Shareholders' Equity = Total net assets — Stock acquisition rights — Non-controlling interests. Average of beginning and end of the period.

Note 3: Financial figures such as shareholders' equity are as of Nov. 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 ⇒
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

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]
External financing	Shareholder Returns [Dividends, Buy-back ~50]
Sale of assets, etc.	Repayment of loans ~10

- New Carbide End Mill Plant
- Expansion of production facilities for growth area
- Strategic M&A
- Investment in factory automation
- Introducing digital transformation
- Stable and sustainable dividend
- Conduct an agile share buy-back



Commitment to Sustainability

Sustainability Initiatives – FY2025

1. Collect Scope 1 & 2 data for group companies using calculation tools
2. CO₂ reduction initiatives (Scope 1 & 2) by each manufacturing division
3. Scope 3 calculation in progress (consolidated)
4. Carbon footprint (CFP) calculation for major domestic products
5. Solar panels for renewable energy (Oike plant, FY2028)
6. Participation in Aichi Perovskite Promotion Council

Stage2

2025-2027

Expanding to Group-wide Initiatives

- CO₂ emissions cut by 20% (standalone vs FY2019)
- Scope 3 calculation
- Carbon footprint calculation
- Additional renewable energy introduction under review
 - Oike Plant
 - Other sites

Stage 1

2022-2024

Toward Carbon Neutrality

- CO₂ emissions cut by 10% vs FY2019 target
 - ✓ Achieved 19% reduction
- Scope 1 & 2 calculation (consolidated)
- Introduction of renewable energy
 - Off-site PPA
 - On-site PPA (Shinshiro)

Stage3

2028-2030

Promoting Group-wide Reduction

- CO₂ emissions cut by 20% (consolidated vs FY2024)
- SBT certification obtained
- Additional renewable energy introduction under review
 - Exploring latest solar panel solutions

Initiatives Toward Carbon Neutrality

OSG Group-wide CO₂ Reduction Roadmap

