



shaping your dreams

Financial Results For FY2026-3Q

October, 2026
OSG Corporation



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Earnings Highlights (1/2)

		KEY indicators	
P/L	Record-high Net Sales, Operating Income, Ordinary Income, and Net Income in both 3Q and 9M results. All segments achieved record-high 9M Net Sales and Operating Income.	Sales 143.2 billion yen +23.5% YoY	Operating Profit 27.5 billion yen +100.2% YoY
	Raised Consolidated Earnings Forecast Net Sales: 193billion yen, OP:36billion yen, OPM: 18.7%, EPS 288.48yen, Annual Dividend Increased to ¥130 per Share	OPM 19.2 % +7.4pt YoY	EPS 259.72 yen +125.2% YoY
BS	Inventories increased by ¥10.9 billion vs fiscal year-end. Foreign exchange impact: +¥1.6 billion. Primarily driven by increases in raw materials and work-in-progress inventories due to soaring carbide material prices.	EBITDA 37.8 billion yen +58.9% YoY	EBITDA Margin 26.4 % +5.9pt YoY
Tungsten Update	Share Repurchase Program (Up to ¥5.0 Billion). Maximum Repurchase Amount: ¥5.0 billion Repurchase Period: October 13, 2026 – November 30, 2026 Method: Market purchases on the Tokyo Stock Exchange (including off-auction trading) Purpose: To enhance shareholder returns and improve capital efficiency	Equity Ratio 70.2 % +2.7pts Vs. Previous FY End	ROE 14.9 % +7.3pt YoY

Earnings Highlights (2 / 2)

The Americas

In the U.S., demand expanded in the aerospace & defense, medical, and energy sectors. Supported by a tariff refund exceeding ¥0.9 billion, the segment profit margin reached 29.8% for the quarter.

Asia

China: Strong demand from semiconductor equipment, data centers, and automation-related applications.
South Asia: Solid demand for semiconductor peripherals and energy-related applications.

Europe/Africa

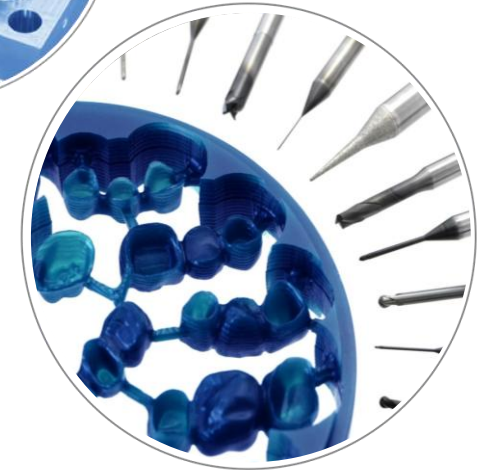
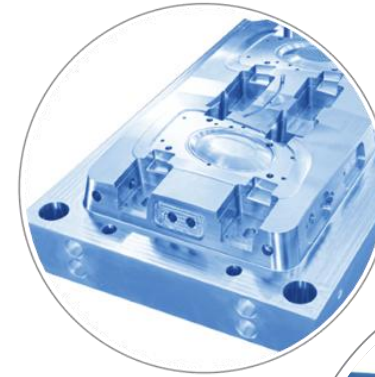
Strong performance in Europe, led by aerospace & defense, medical, and energy-related operations. German operations also recovered.

Japan

Market conditions remained stable. Profitability improved on higher exports to overseas group companies and pricing actions in the materials business.

Company Overview

Company Name	OSG Corporation
Headquarters	3-22 Honnogahara Toyokawa-city, Aichi, Japan
Foundation	March 26, 1938
Capital	13,044 million yen
Employees	7,564 (consolidated) 1,852 (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

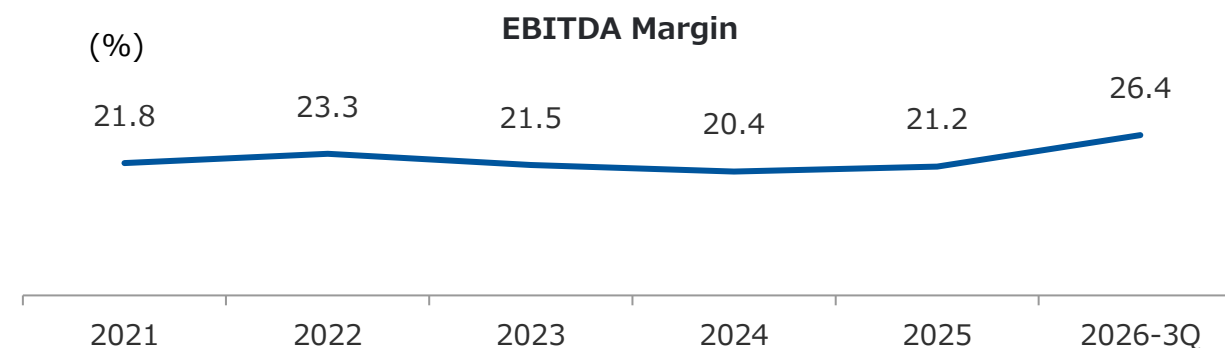
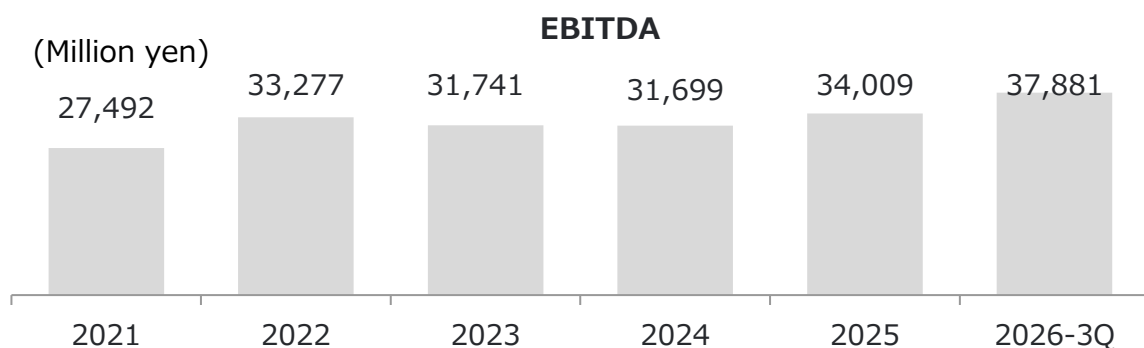


Financial Summary

(Million yen)

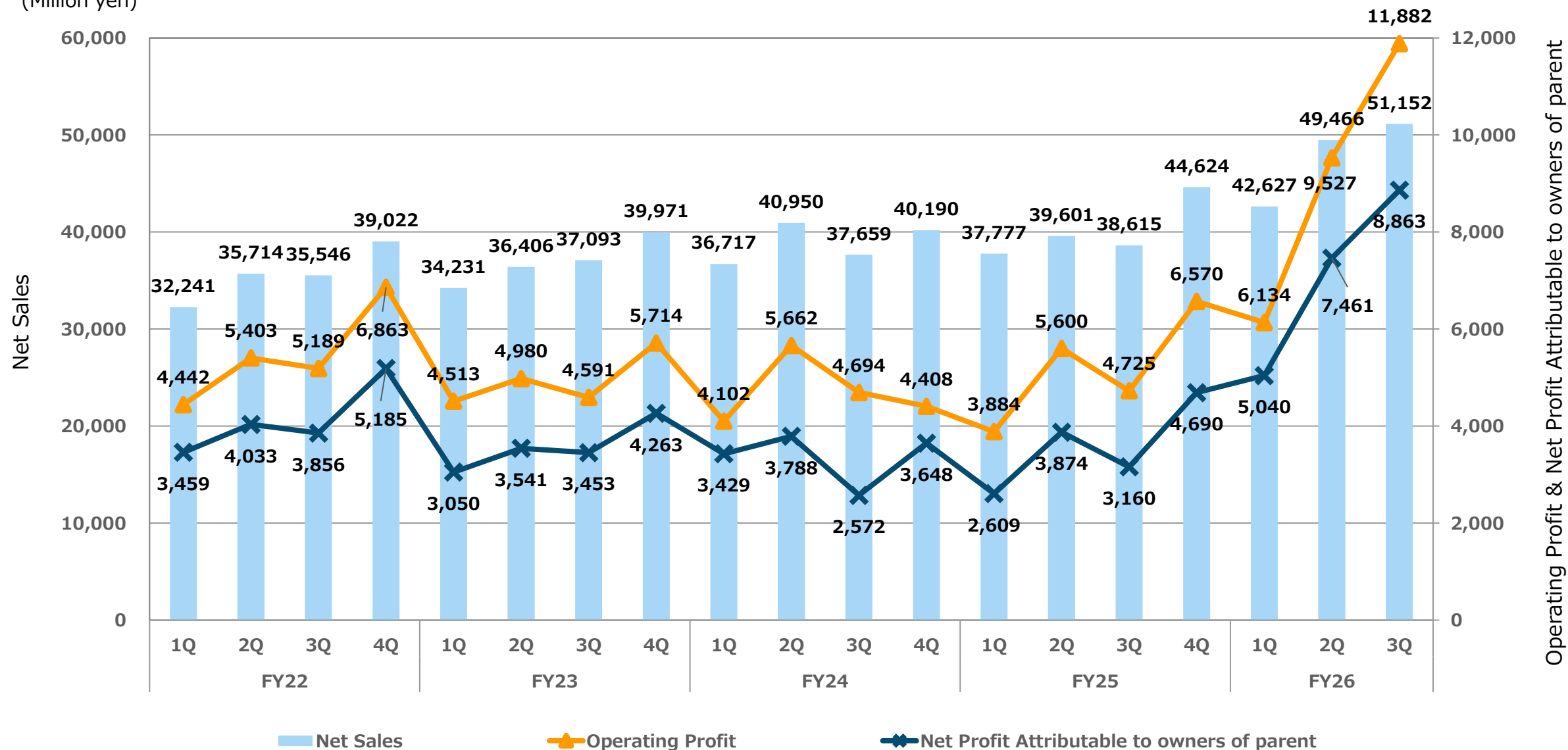
	FY25				FY26				Change		FY26 ※ Forecast	Progress Rate
	1Q	2Q	3Q	3Q YTD	1Q	2Q	3Q	3Q YTD				
Net Sales	37,777	39,601	38,615	115,994	42,627	49,466	51,152	143,245	27,250	+23.5%	185,000	77.4%
Operating Profit	3,884	5,600	4,275	13,759	6,134	9,527	11,882	27,543	13,783	+100.2%	30,000	91.8%
OPM	10.3%	14.1%	11.1%	11.9%	14.4%	19.3%	23.2%	19.2%	7.4pt	-	16.2%	-
Ordinary Income	4,155	5,760	5,072	14,988	6,694	10,445	12,355	29,495	14,506	+96.8%	32,000	92.2%
Net Profit Attributable to OSG	2,609	3,874	3,160	9,643	5,040	7,461	8,863	21,364	11,720	+121.5%	21,000	101.7%
EPS(yen)	30.73	46.21	38.38	115.32	61.35	90.81	107.56	259.72	144.40	+125.2%	225.60	-
EBITDA	7,200	8,920	7,712	23,834	9,624	12,938	15,317	37,881	14,046	+158.9%	-	-
EBITDA Margin	19.1%	22.5%	20.0%	20.5%	22.6%	26.2%	29.9%	26.4%	5.9pt	-	-	-

※Based on the FY2026 earnings forecast announced on July 10, 2026.



Financial Summary

(Million yen)



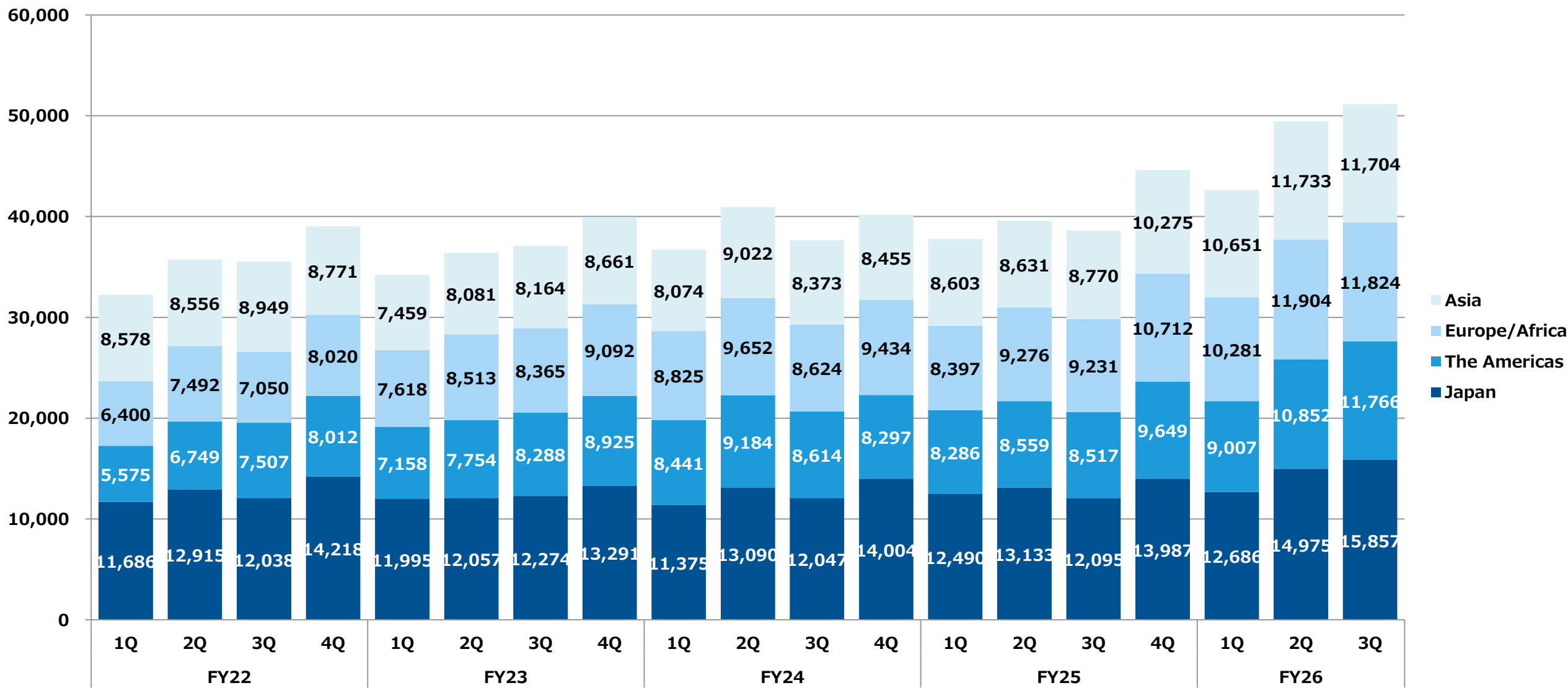
Sales to Customers by Geographical Segment

(Million yen)

	FY25				FY26				Change		Change in
	1Q	2Q	3Q	3Q YTD	1Q	2Q	3Q	3Q YTD			Local currency
Japan	12,490	13,133	12,095	37,719	12,686	14,975	15,857	43,520	5,800	+15.4%	-
The Americas	8,286	8,559	8,517	25,363	9,007	10,852	11,766	31,626	6,262	+24.7%	+15.8%
Europe/Africa	8,397	9,276	9,231	26,905	10,281	11,904	11,824	34,009	7,104	+26.4%	+13.0%
Asia	8,603	8,631	8,770	26,005	10,651	11,733	11,704	34,089	8,083	+31.1%	+21.6%
Consolidated	37,777	39,601	38,615	115,994	42,627	49,466	51,152	143,245	27,250	+23.5%	-

Sales to Customers by Geographical Segment

(Million yen)



Operating Profit by Geographical Segment

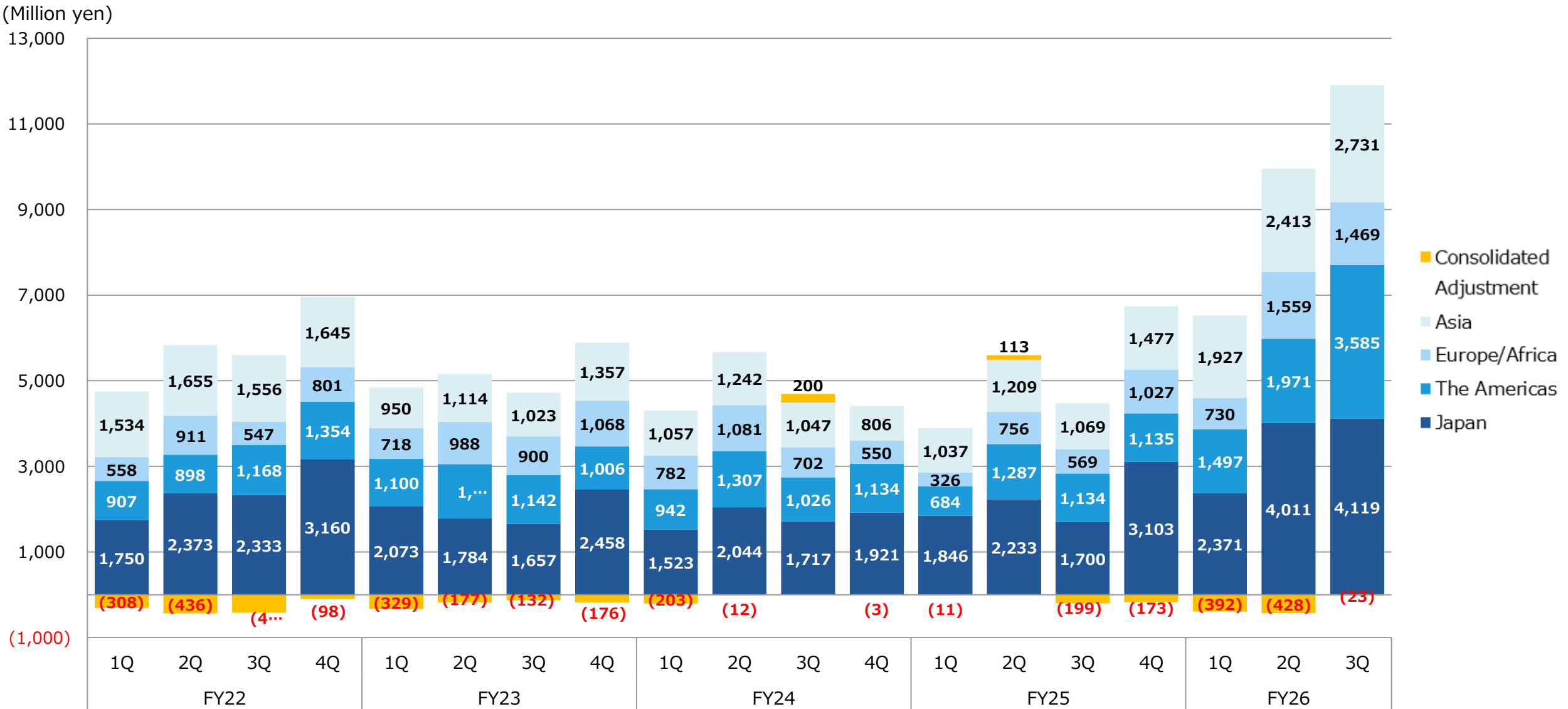
(Million yen)

	FY25				FY26				Change	
	1Q	2Q	3Q	3Q YTD	1Q	2Q	3Q	3Q YTD		
Japan	1,846	2,233	1,700	5,780	2,371	4,011	4,119	10,502	4,721	+81.7%
margin	10.2%	11.7%	9.3%	10.4%	12.3%	18.0%	17.7%	16.2%	5.8pt	
The Americas	684	1,287	1,134	3,106	1,497	1,971	3,585	7,055	3,948	+127.1%
margin	8.1%	14.8%	13.1%	12.0%	16.3%	17.0%	29.8%	21.5%	9.5pt	
Europe • Africa	326	756	569	1,653	730	1,559	1,469	3,758	2,105	+127.3%
margin	3.8%	8.0%	6.1%	6.0%	7.0%	12.9%	12.2%	10.9%	4.8pt	
Asia	1,037	1,209	1,069	3,316	1,927	2,413	2,731	7,072	3,756	+113.3%
margin	10.9%	12.5%	11.0%	11.5%	16.2%	18.2%	20.1%	18.3%	6.8pt	
Total	3,895	5,486	4,474	13,857	6,526	9,956	11,905	28,388	14,531	+104.9%
Eliminations	-11	113	-199	-97	-392	-428	-23	-845	-748	-
Consolidated	3,884	5,600	4,275	13,759	6,134	9,527	11,882	27,543	13,783	+100.2%

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



Operating Profit by Geographical Segment



Net Sales by Product Segment

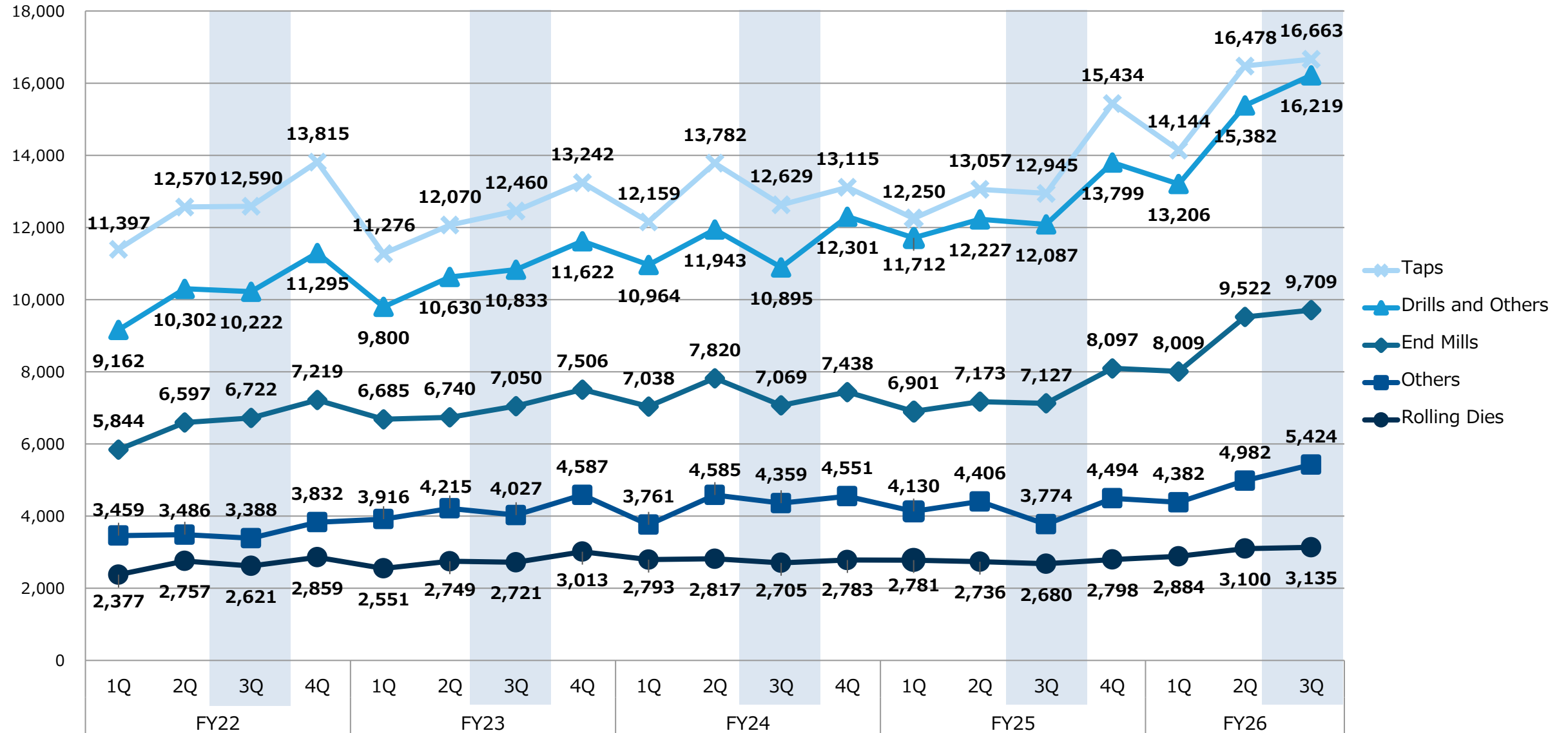
(Million yen)

	FY25						FY26						Change	
	1Q	2Q	3Q	4Q	3Q YTD		1Q	2Q	3Q	3Q YTD				
Taps	12,250	13,057	12,945	15,434	38,254	33.0%	14,144	16,478	16,663	47,286	33.0%	9,031	+23.6%	
End mills	6,901	7,173	7,127	8,097	21,202	18.3%	8,009	9,522	9,709	27,241	19.0%	6,038	+28.5%	
Drills and Others	11,712	12,227	12,087	13,799	36,027	31.1%	13,206	15,382	16,219	44,808	31.3%	8,780	+24.4%	
Rolling dies	2,781	2,736	2,680	2,798	8,198	7.1%	2,884	3,100	3,135	9,120	6.4%	922	+11.2%	
Gauges	517	538	549	538	1,605	1.4%	495	606	625	1,727	1.2%	121	+7.6%	
Sub total	34,164	35,733	35,390	40,668	105,288	90.8%	38,739	45,090	46,353	130,184	90.9%	24,895	+23.6%	
Machine	1,344	1,600	822	1,516	3,767	3.2%	1,008	1,271	756	3,036	2.1%	-731	-19.4%	
Other	2,269	2,267	2,401	2,439	6,938	6.0%	2,878	3,104	4,042	10,024	7.0%	3,086	+44.5%	
Sub total	3,613	3,868	3,224	3,955	10,705	9.2%	3,887	4,375	4,798	13,061	9.1%	2,355	+22.0%	
Total	37,777	39,601	38,615	44,624	115,994	100%	42,627	49,466	51,152	143,245	100%	27,250	+23.5%	



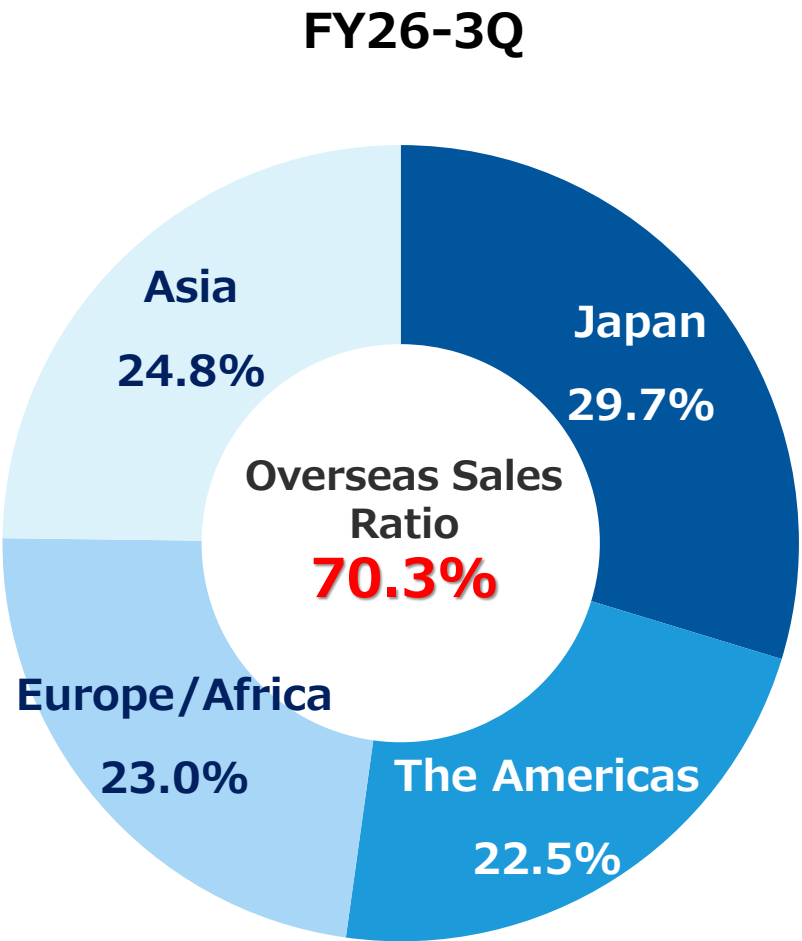
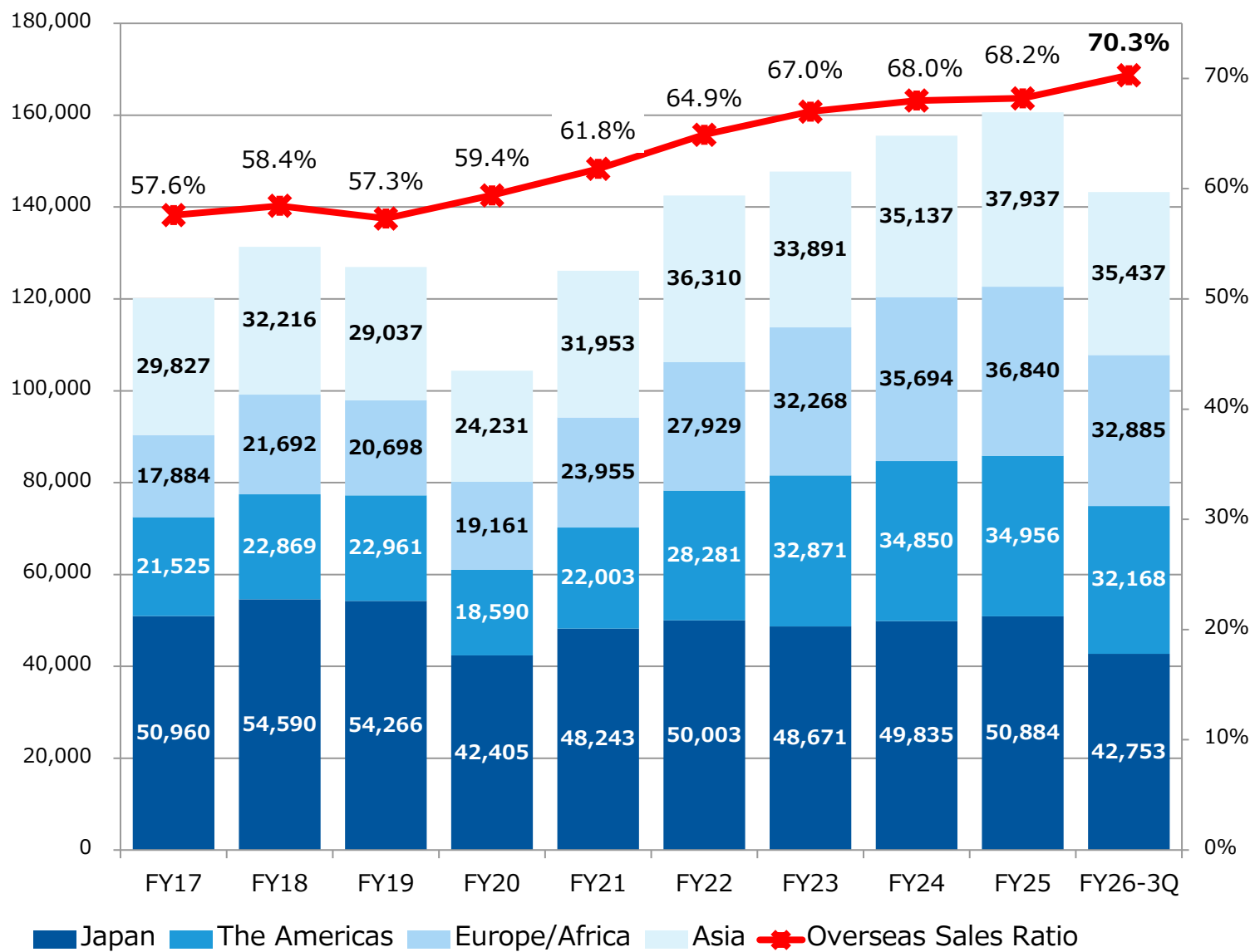
Net Sales by Product Segment

(Million yen)



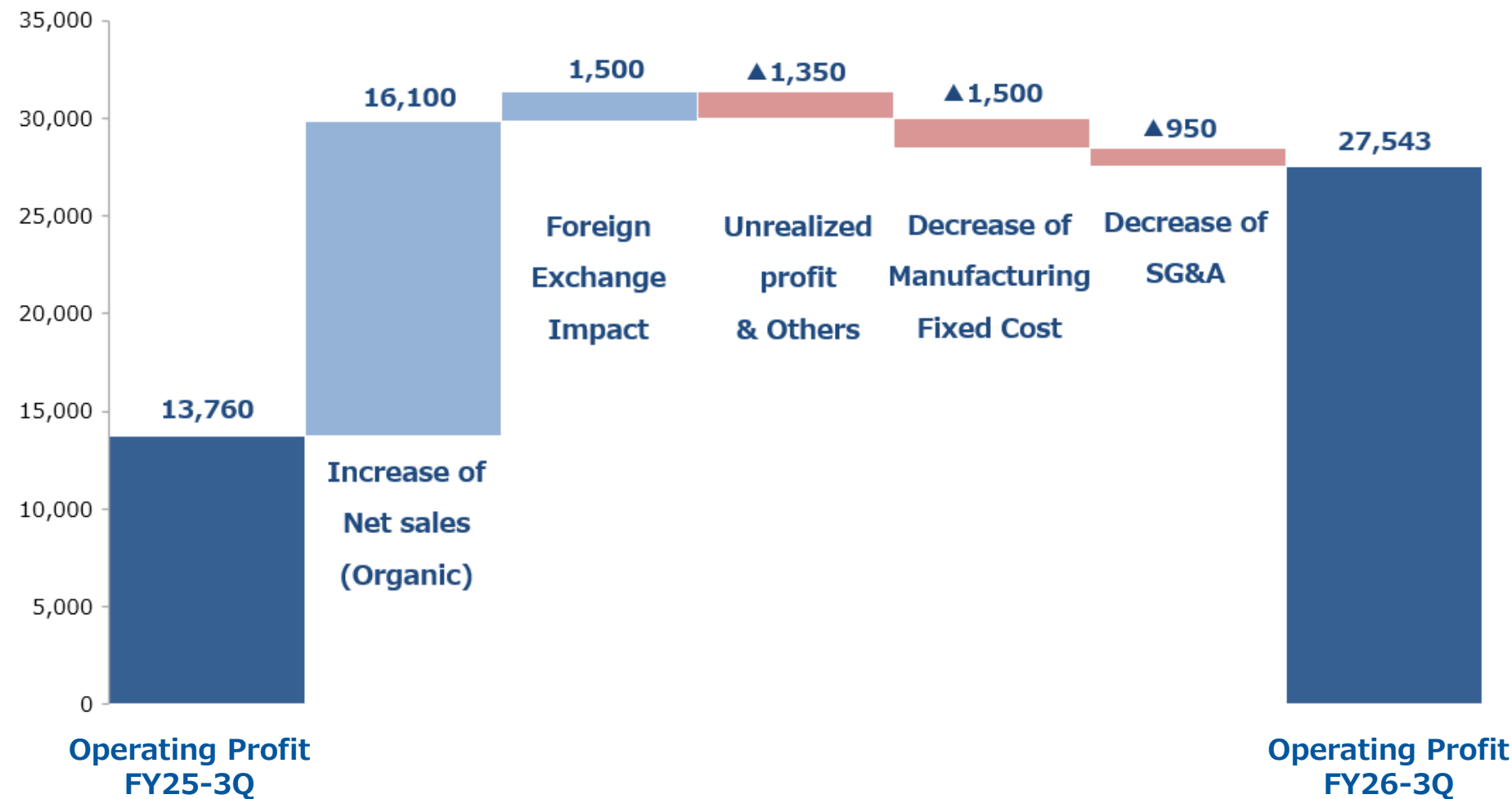
Overseas Sales Ratio

(Million yen)



Operating Profit Variation

(Million yen)

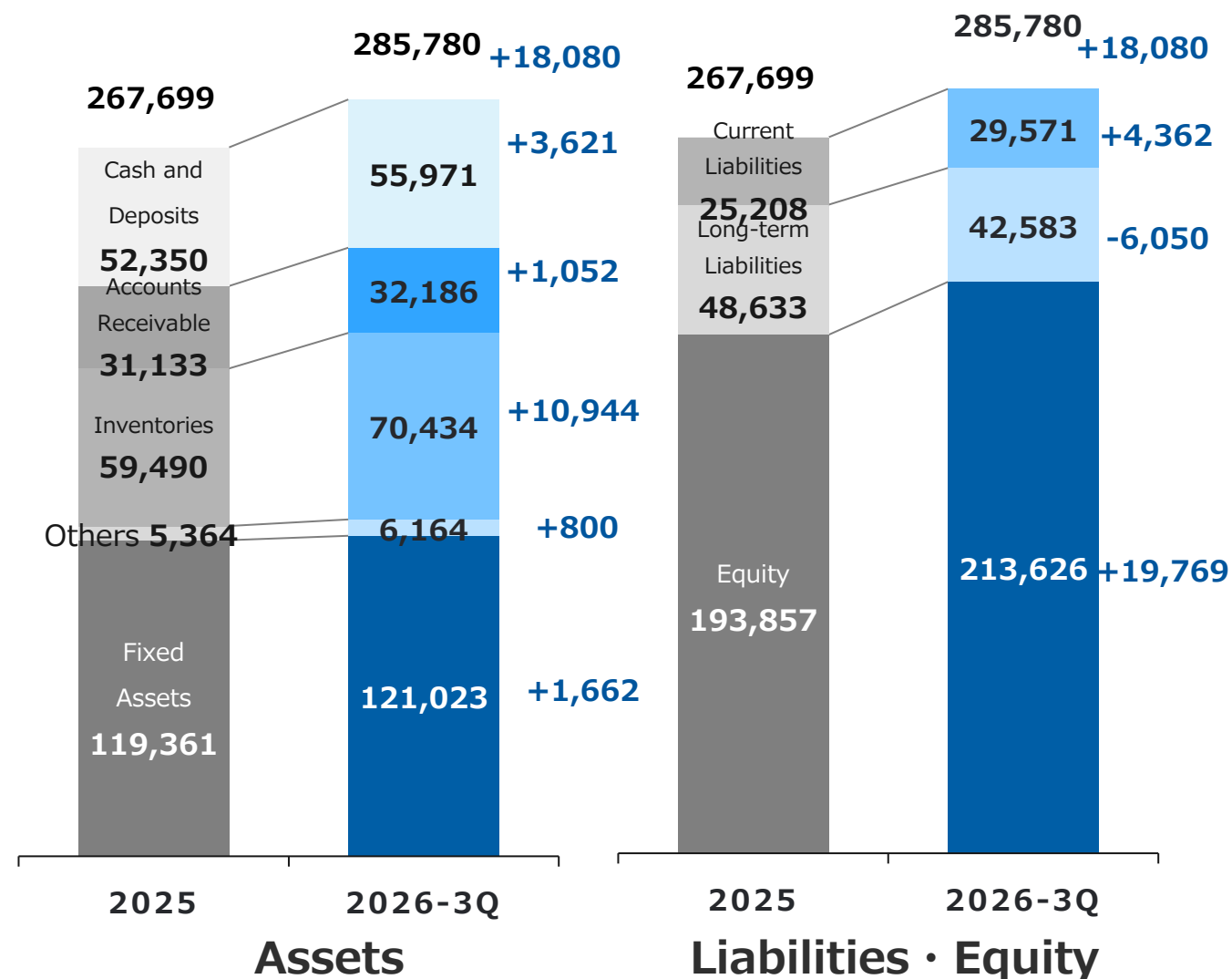


BS Key Metrics and BS Overview

Consolidated Balance Sheet

BS Key Metrics

Net Cash 14,014 million yen (End of FY25 : ¥7,392M)	Receivable Turnover Period 2.1 months (End of FY25 : 2.4months)
Cash and Time Deposits 55,971 million yen (End of FY25 : ¥52,350M)	Inventory Turnover Period 4.5 months (End of FY25 : 4.5months)
Interest-bearing Debt 41,956 million yen (End of FY25 : ¥44,957M)	Equity Ratio 70.2% (End of FY25 : 67.5%)



Capital Investment

FY26 Capital Investment Forecast

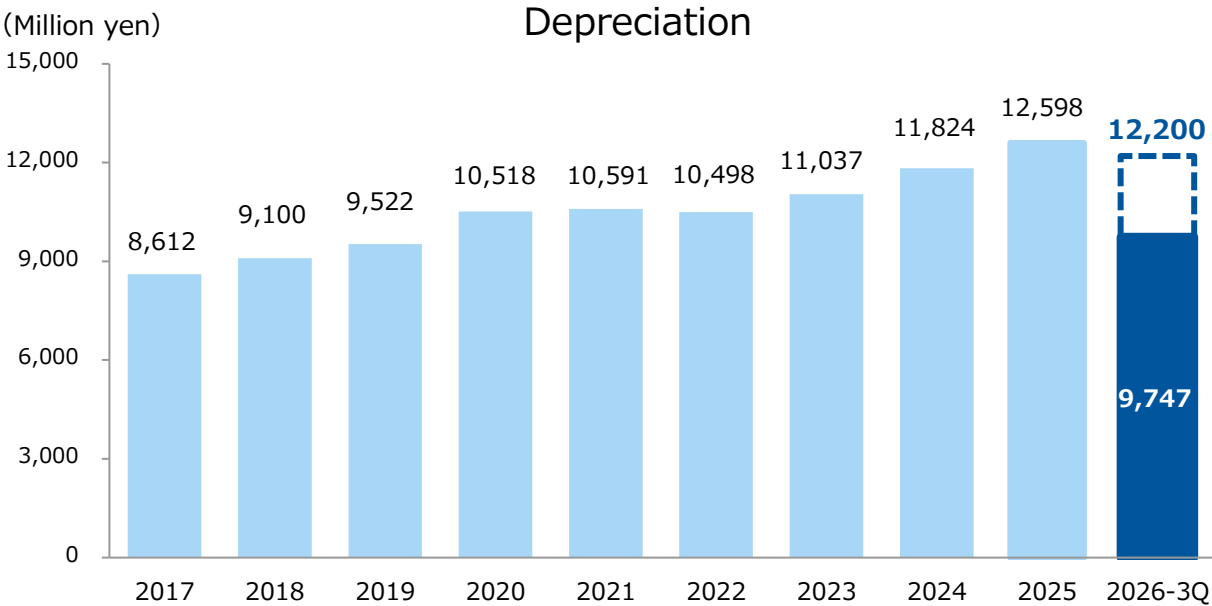
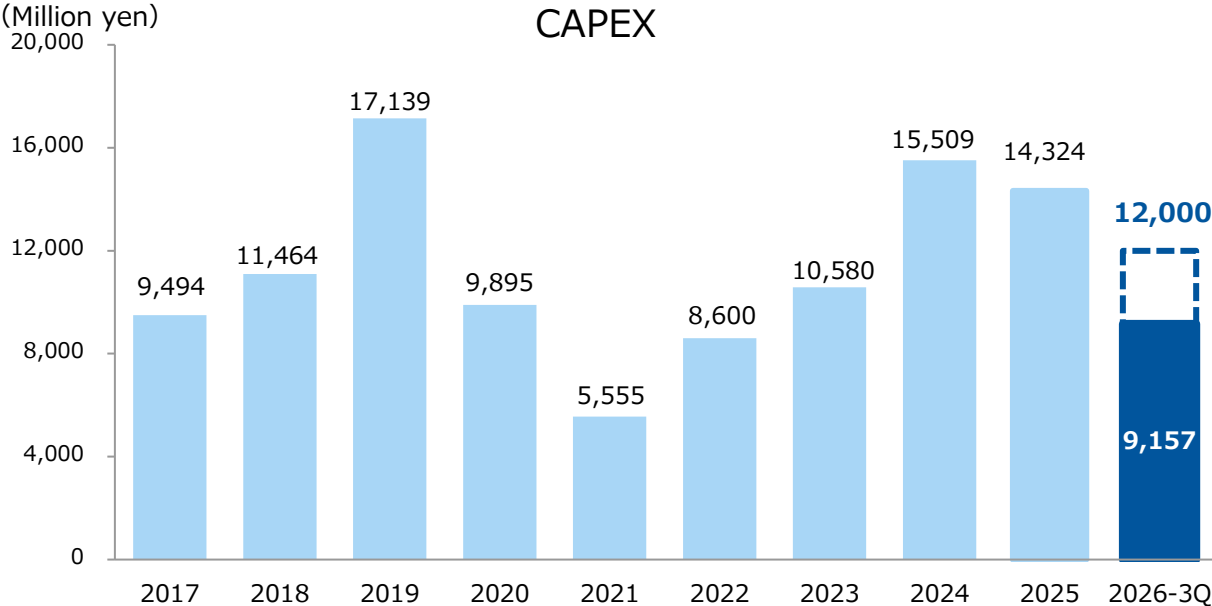
12.0 billion yen

CAPEX result
9,157 million yen

Breakdown

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

Depreciation result
9,747 million yen



Revision of FY2026 Financial Forecast

(Million Yen)

Consolidated	FY26 Previous Forecast	FY26 Revised Forecast	Change		Parent Company	Forecast for FY26
Net Sales	185,000	193,000	8,000	+4.3%	Net Sales	60,000
Operating Profit	30,000	36,000	6,000	+20.0%	Operating Profit	6,500
as % of sales	16.2%	18.7%	+2.4%	-	as % of sales	10.8%
Ordinary Profit	32,000	38,000	6,000	+18.8%	Ordinary Profit	15,000
Net Income Attributed to OSG	21,000	24,000	3,000	+14.3%	Net Income	12,900
EPS (yen)	255.60	288.48	32.88	+12.9%	EPS (yen)	156.95

※Non-consolidated earnings forecast remains unchanged.

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

* Previous forecast is based on the earnings forecast announced on July 10, 2026.

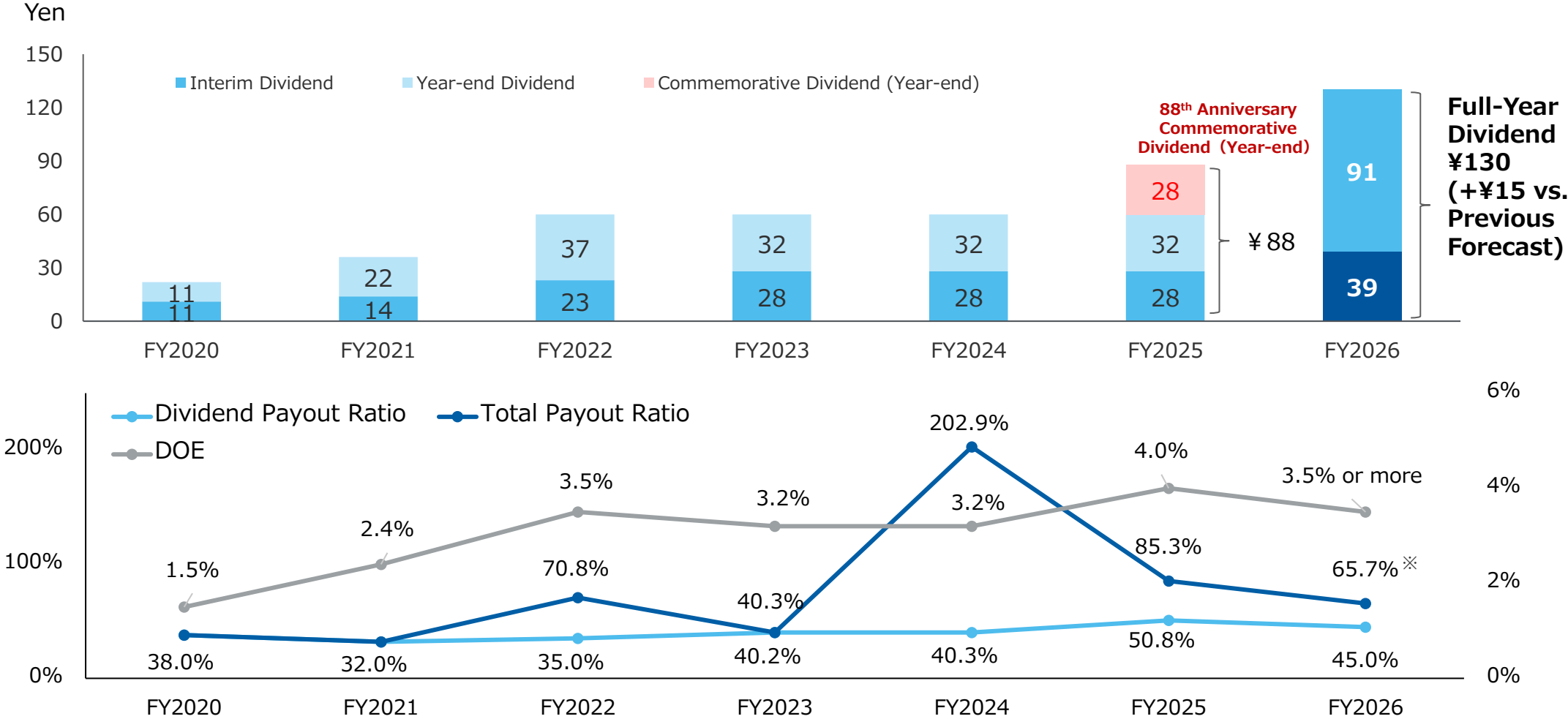
Shareholder Return Policy

Higher of 45% payout ratio or DOE 3.5%

Dividend

Dividend Payout Ratio

Total Payout Ratio



*FY2026 total payout ratio includes the impact of the share repurchase program (up to ¥5.0 billion) announced on October 9, 2026.



Exchange Rate

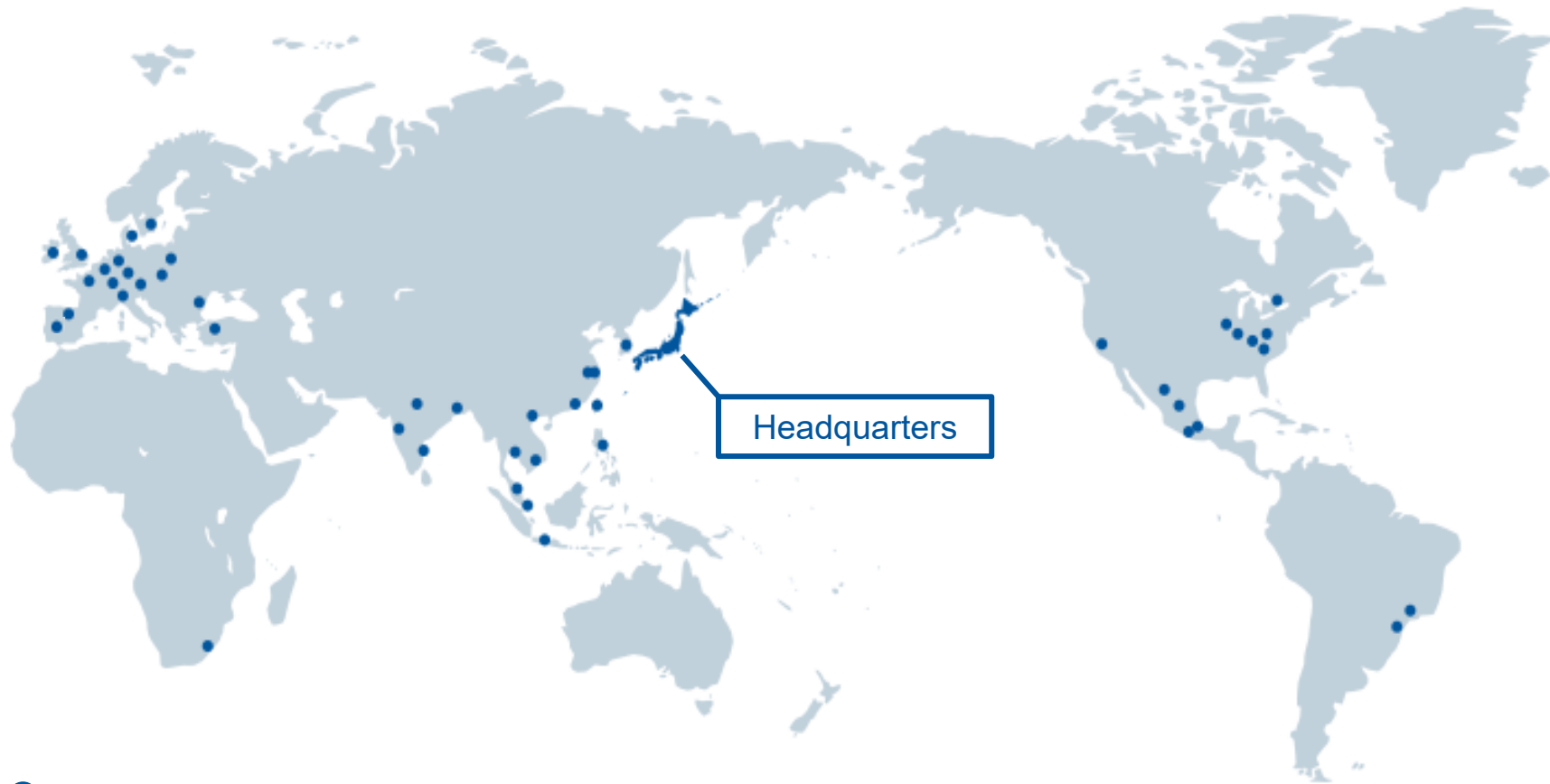
(Yen)

	Period average rate			Closing rate as of the period end		
	1US\$	1Euro	1RMB	1US\$	1Euro	1RMB
FY22 3Q	126.15	135.31	19.20	138.63	139.03	20.04
FY22	130.61	137.60	19.42	138.87	143.58	19.43
FY23 3Q	137.68	149.36	19.56	146.20	159.84	20.03
FY23	140.44	151.87	19.79	147.07	161.51	20.60
FY24 3Q	151.49	164.35	20.99	144.80	160.44	20.40
FY24	150.88	163.71	20.98	150.74	159.20	20.80
FY25 3Q	148.82	164.51	20.57	146.92	171.47	20.63
FY25	149.91	167.91	20.81	156.63	181.60	22.13
FY26 3Q	158.76	184.88	23.19	160.02	185.50	23.78

Selected Financial Data (Consolidated)

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026-3Q
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	143,245
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%	23.5%
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	78,871
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	64,373
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	36,830
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	27,543
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	29,495
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	21,364
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%	44.9%
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%	25.7%
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%	19.2%
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%	20.6%
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%	14.9%
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	158.76
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	184.88
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	285,780
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	200,694
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	259.72
Cash dividends per share (end of Q3)	(yen)	26.00	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)	20.00	28.00	25.00	25.00	24.00	11.00	22.00	37.00	32.00	32.00	60.00	(fcst)91.00
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	2,413.63
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	82,261
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%	13.3%
ROE	(%)	12.9%	10.4%	13.5%	12.2%	10.8%	4.4%	8.0%	10.7%	8.3%	7.7%	8.3%	14.9%
Equity ratio	(%)	66.1%	59.1%	69.5%	70.4%	67.8%	64.6%	68.6%	72.0%	72.6%	64.8%	67.5%	70.2%
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	0.69
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



● Sales Office / Plant

GLOBAL NETWORK

35Countries

239sites



shaping your dreams

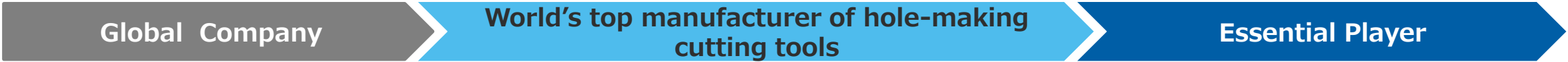


Medium-term Management Plan

Beyond the Limit 2027
Stage2

FY2025~FY2027

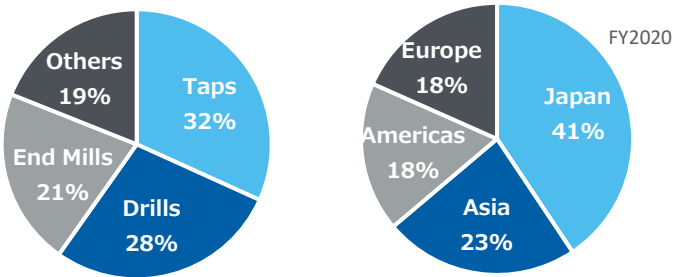
Transition (Establishing a Solid Foundation for the Next Stage of Growth)



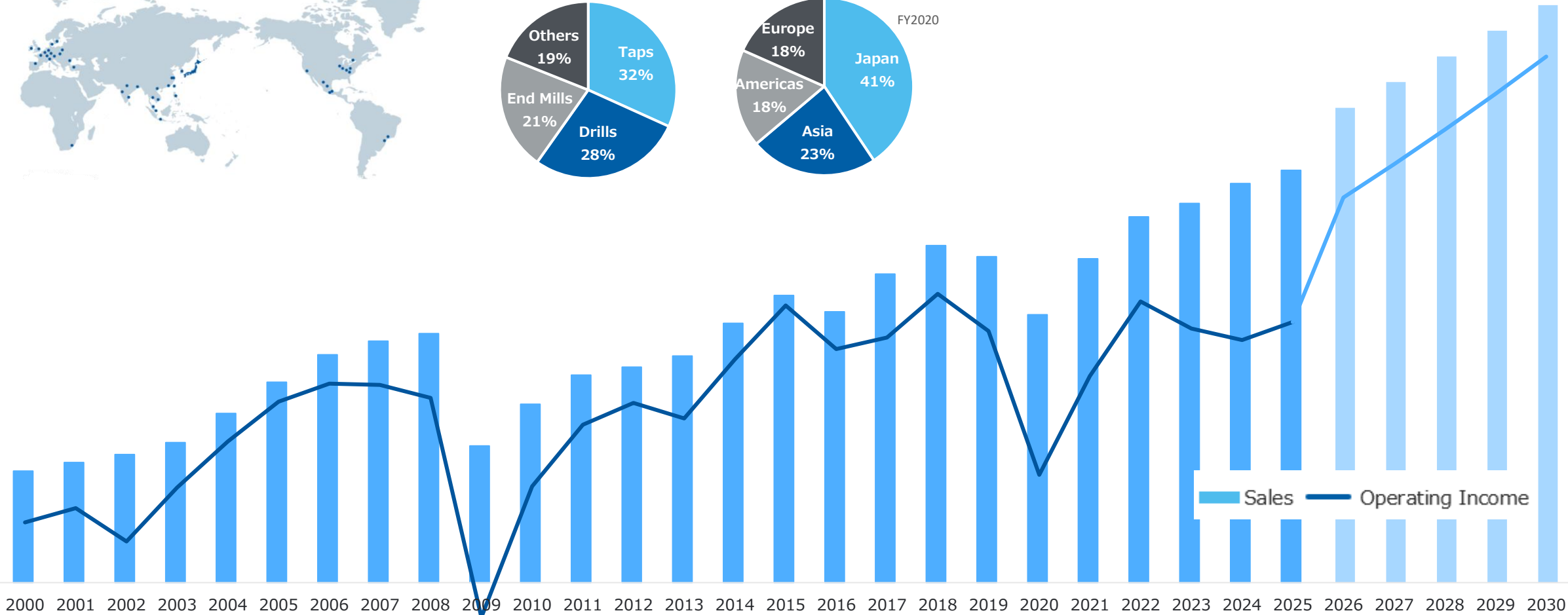
Established a global network



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



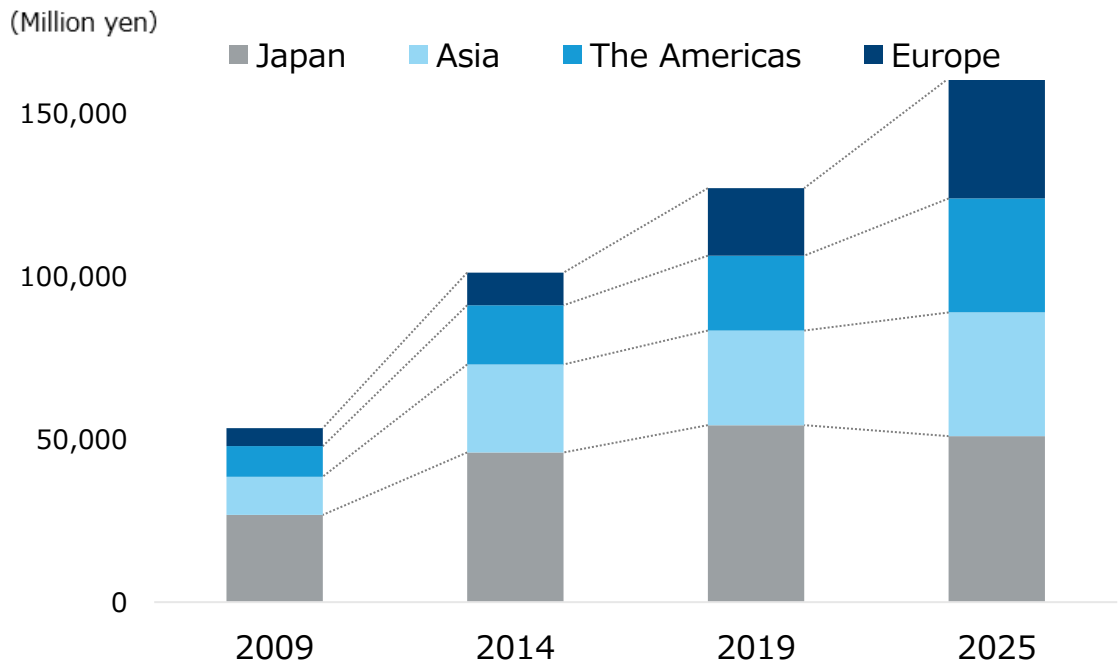
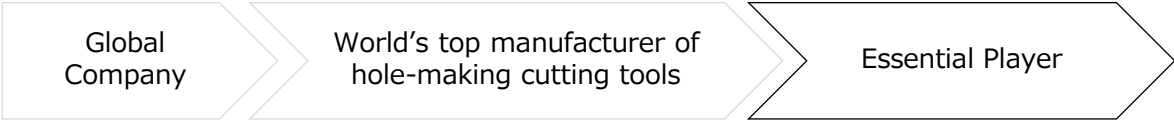
Supporting our customers in their challenges, we aim to achieve a profitable and sustainable future together.



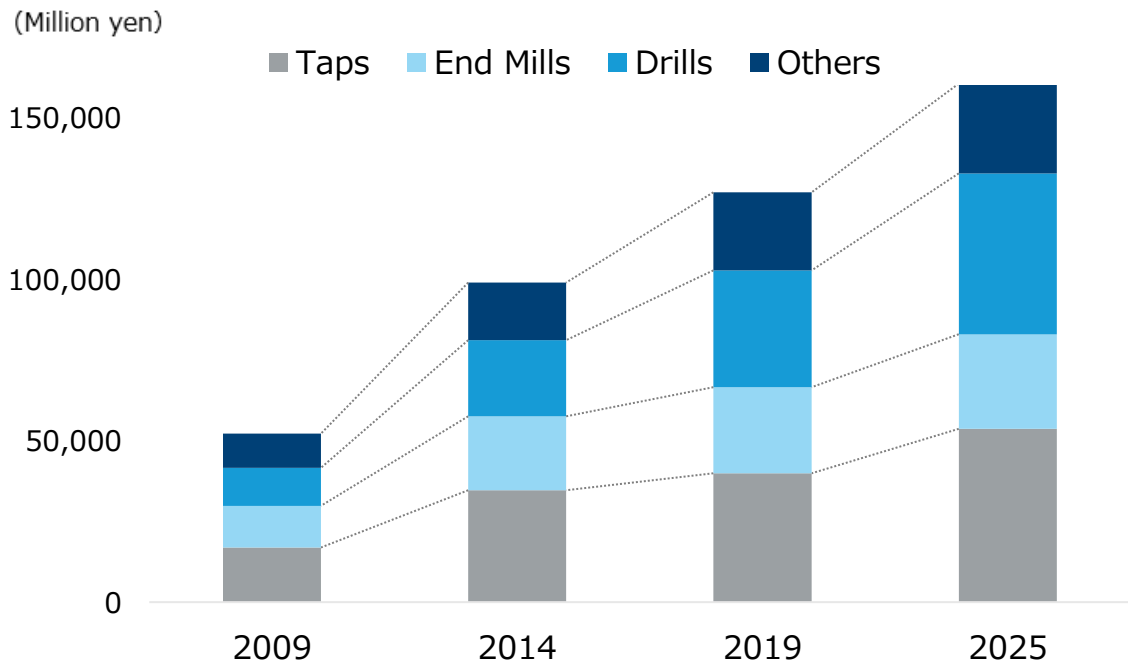
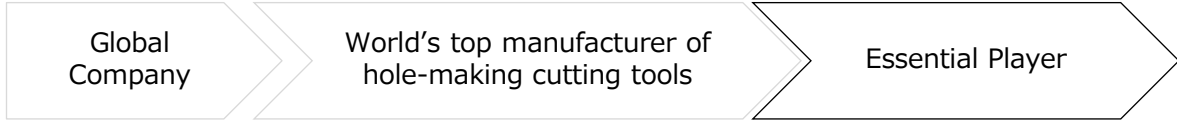
Establishing a balanced business foundation across regions and products

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)



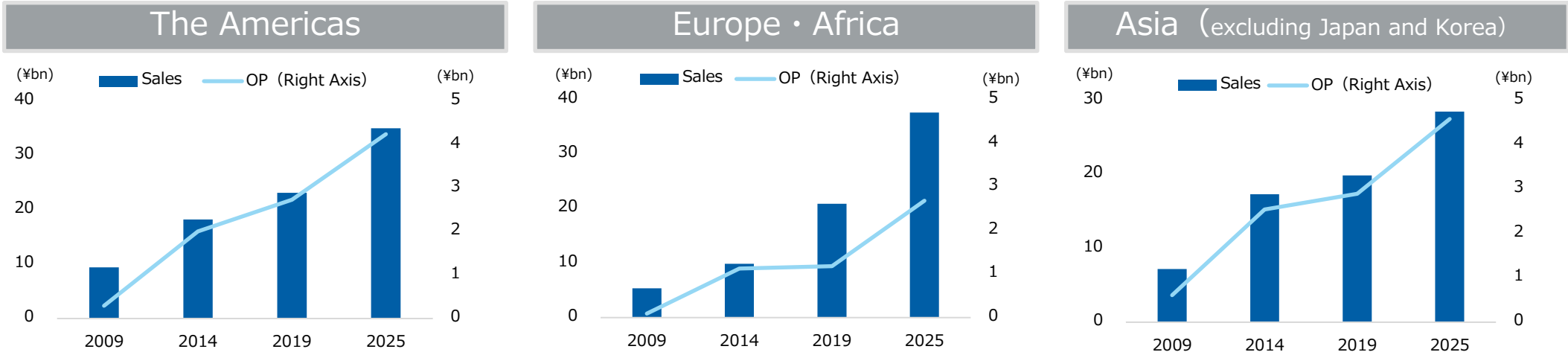
Product Sales trend (Actual Results)



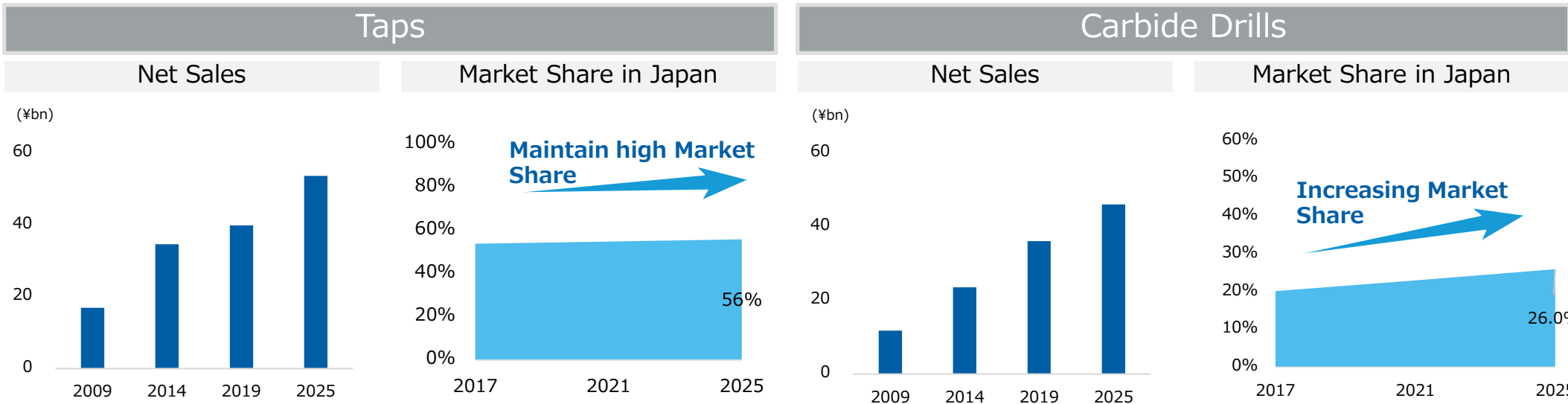
Performance Trends by Region and Product

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.



2027/11 Plan



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
	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
Focused business For future growth be connected to Expansion of Business Domain	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	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.	KPI(FY2027) 20%	• 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%	• 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.

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.



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.](#)

Regrind

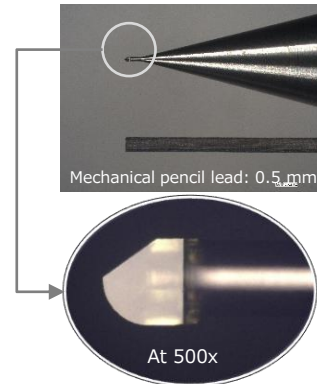
The diamonds on the cutting edge can be reused through regrinding, while tip-type tools mounted on the shank or base material allow for replacement of the diamond segments.

Capex

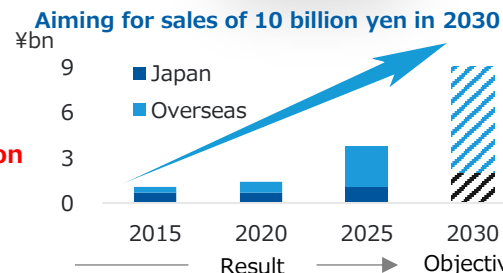
Strengthening processing and inspection capabilities to meet growing precision requirements in semiconductor and optical component markets.

Products

Ultra-small monocrystalline ball end mill



Sales Outlook of Diamond tool



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

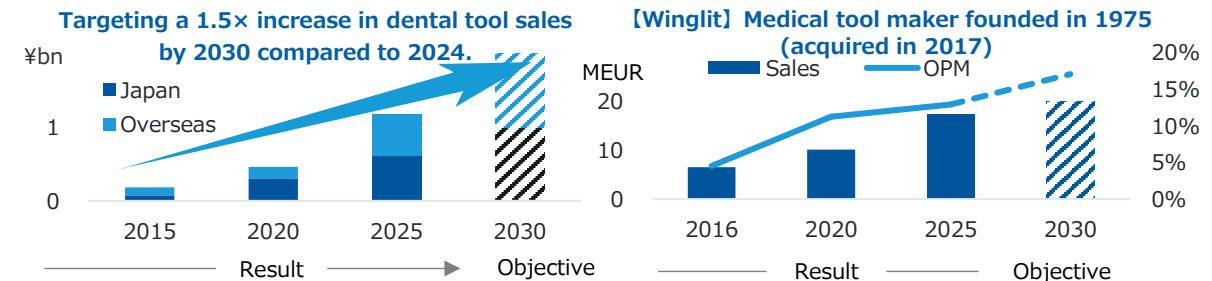
Growing awareness of oral health's impact on overall health and QOL is driving demand for preventive and cosmetic dentistry. [\[Japan\] Insurance coverage for crown treatments will expand to nearly all cases under the 2026 medical fee revision..](#)

Examples of Workpiece

Crowns, Bridges **Artificial joints**



Sales Outlook for Medical Industry



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 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

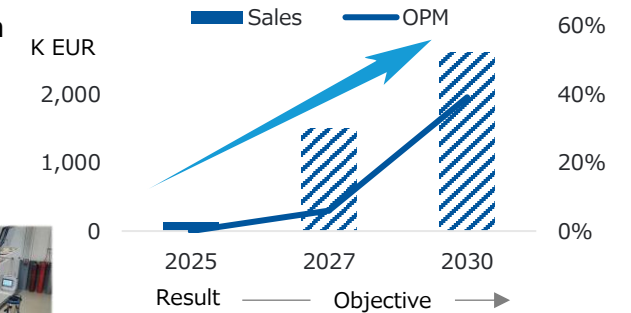
34 coating sites in 16 countries support customers' global expansion

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.

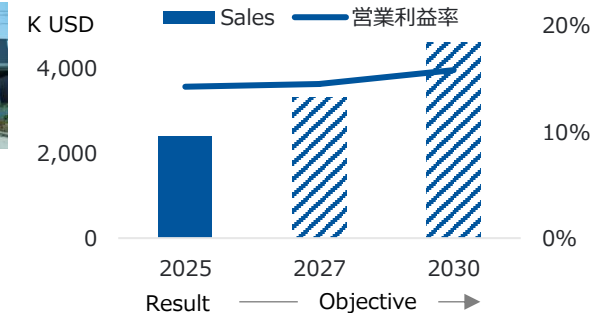
Fourth coating plant started operations in India

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.

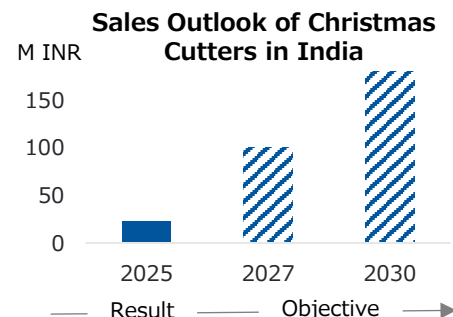
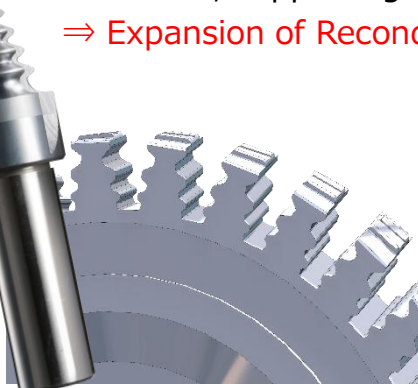
Heavy electric machinery

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

- Orders secured from India's largest government-backed power equipment manufacturer.
- Power business expanding across India, the Middle East, and Africa, supporting long-term growth.
⇒ **Expansion of Reconditioning Capacity in India**



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.

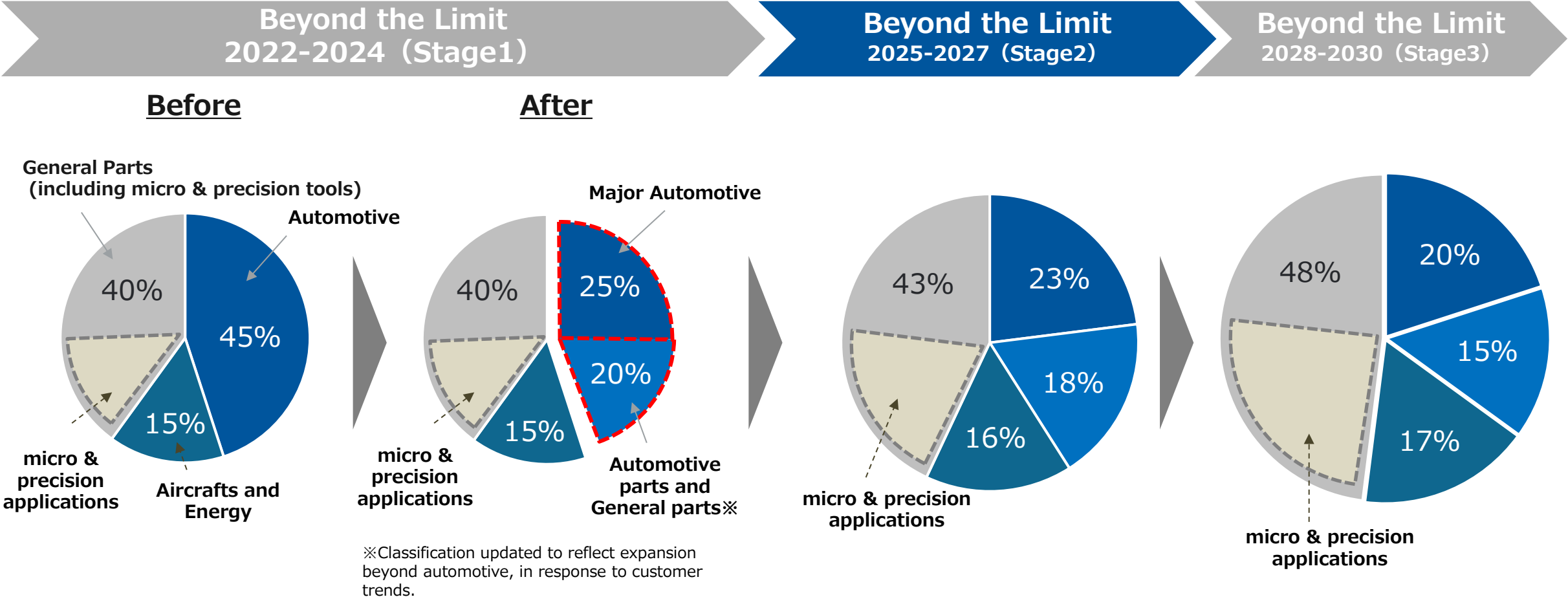
Solution

- 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.



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.

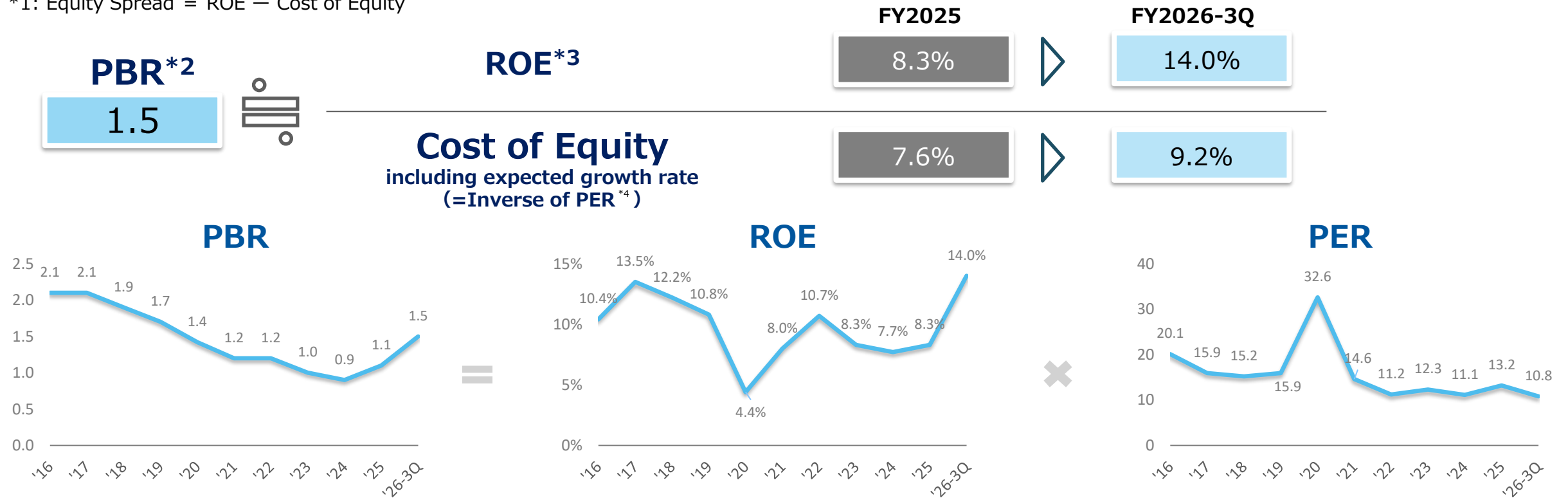


Financial and Capital Policy (Current Situation)

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



*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)

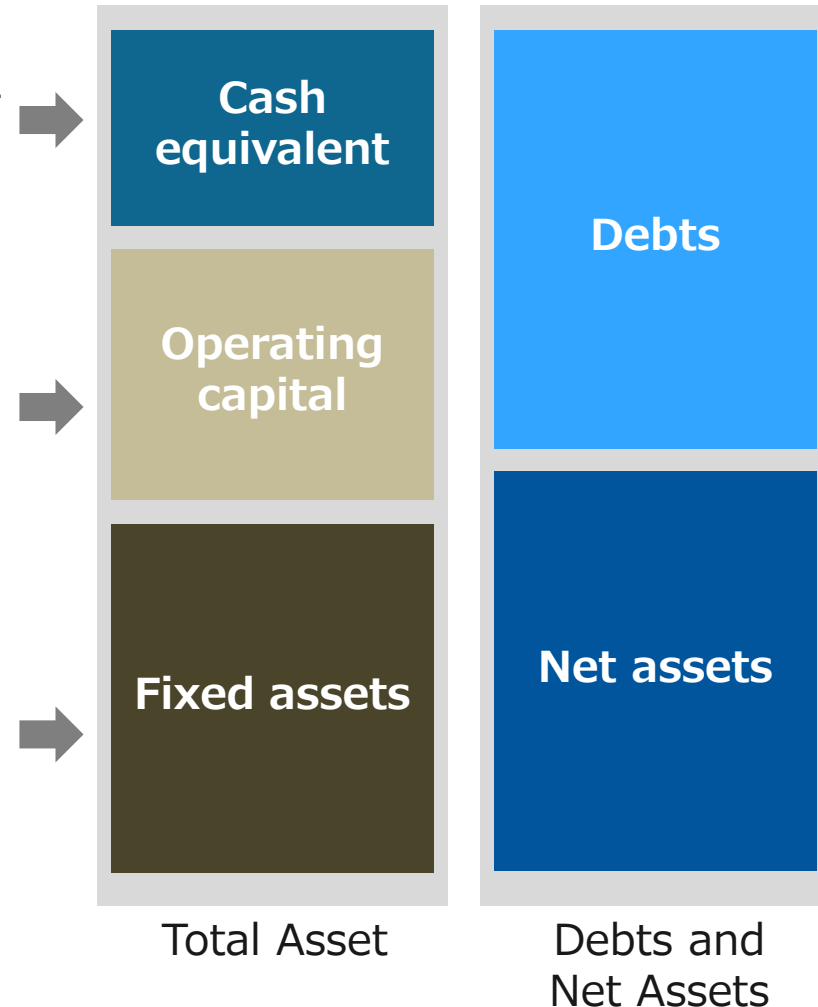
Note 2: Shareholders' Equity = Total net assets – Stock acquisition rights – Non-controlling interests. Average of beginning and end of the period.

Note 3: Financial figures such as shareholders' equity are as of Aug. 31, 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

Cash Out
103

Operating Cash flow <u>72</u>	Strategic Investments <u>45</u> (M&A <u>9</u>)
Corporate Bonds issued <u>27</u>	Shareholder Returns <u>44</u> (Dividends <u>17</u> Buy-back <u>27</u>)
Corporate Bonds issued <u>4</u>	Repayment of loans <u>14</u>

Stage2_Plan (FY2025~FY2027)

Unit: billion yen

Cash In
130

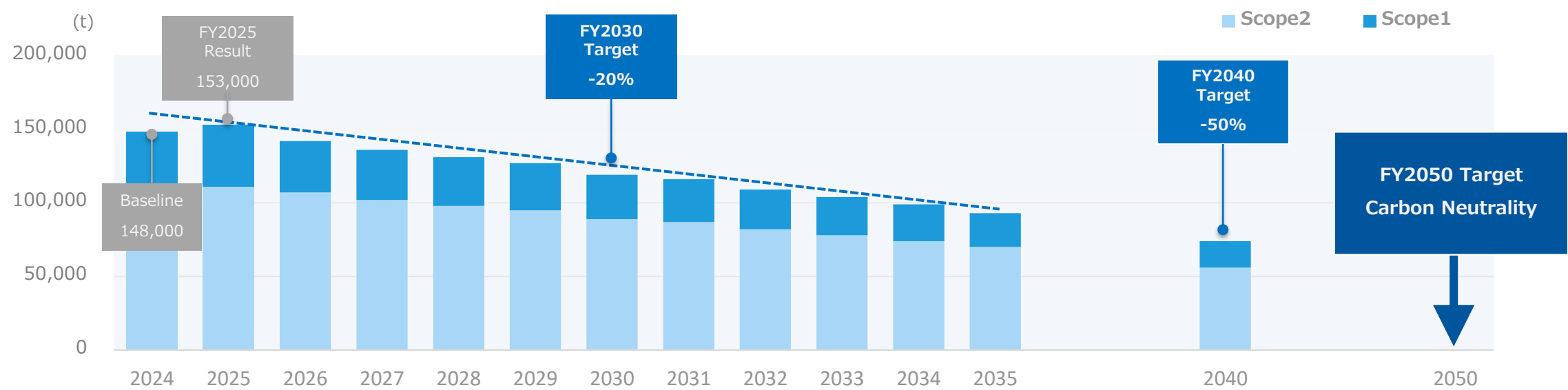
Cash Out
130

Operating Cash flow <u>80~90</u>	Strategic Investments <u>60~70</u> (Maintenance and renewal of facilities <u>~30</u>)	- New Carbide End Mill Plant - Expansion of production facilities for growth area - Strategic M&A
External financing	Shareholder Returns (Dividends, Buy-back <u>~50</u>)	- Investment in factory automation - Introducing digital transformation
Sale of assets, etc.	Repayment of loans <u>~10</u>	- Stable and sustainable dividend - Conduct an agile share buy-back

Commitment to Sustainability – Initiatives Toward Carbon Neutrality –

OSG Group has set a new company-wide CO₂ emissions reduction target: 20% below FY2024 levels by 2030, supported by steady implementation of its action plan.

CO₂ 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 CO₂ 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
 - CO₂-free electricity and environmental value certificates
- Optimizing the emissions reduction portfolio through a combination of these measures.