shaping your dreams

Medium-term Management Plan

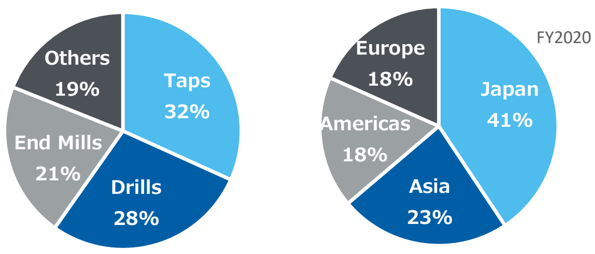
Beyond the Limit 2027

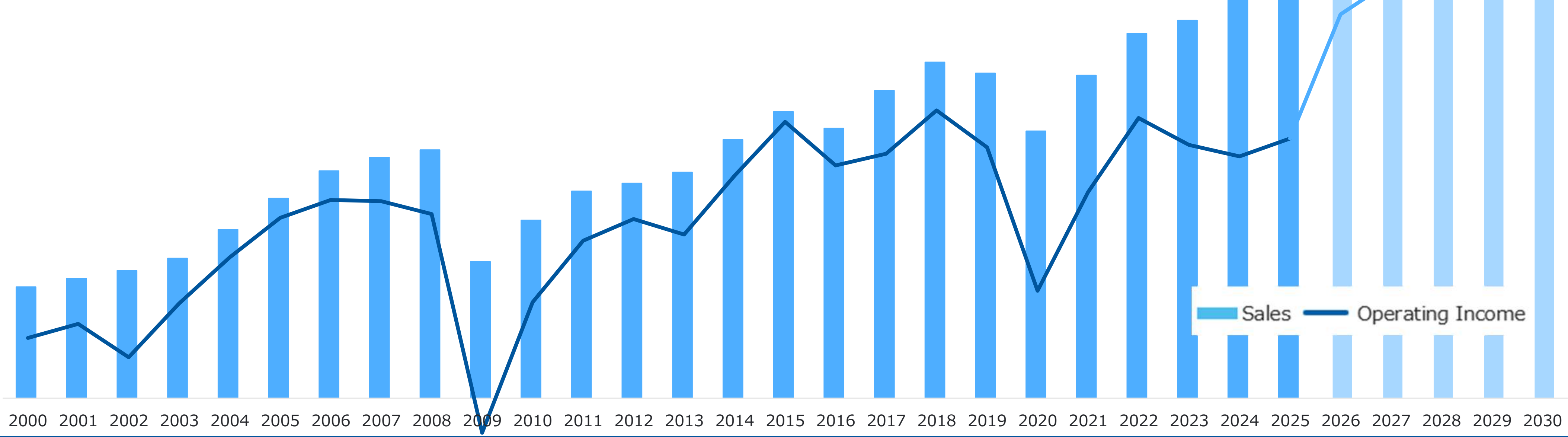
Stage2

FY2025～FY2027

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

Global Company	World's top manufacturer of hole-making cutting tools	Essential Player
Established a global network	Achieve a stable and balanced business portfolio in terms of both geography and products through M&A strategy	Supporting our customers in their challenges, we aim to achieve a profitable and sustainable future together.



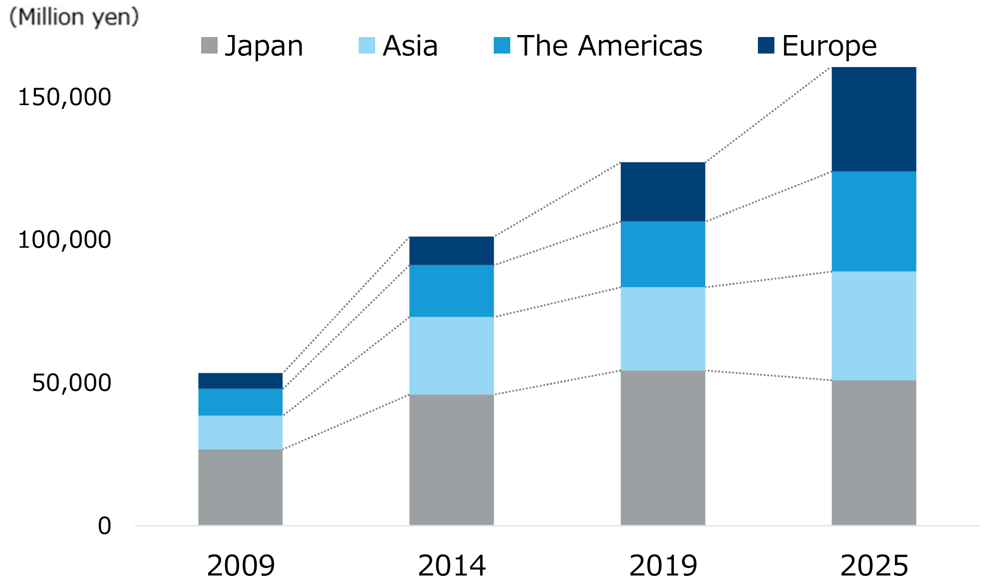


Establishing a balanced business foundation across regions and products

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

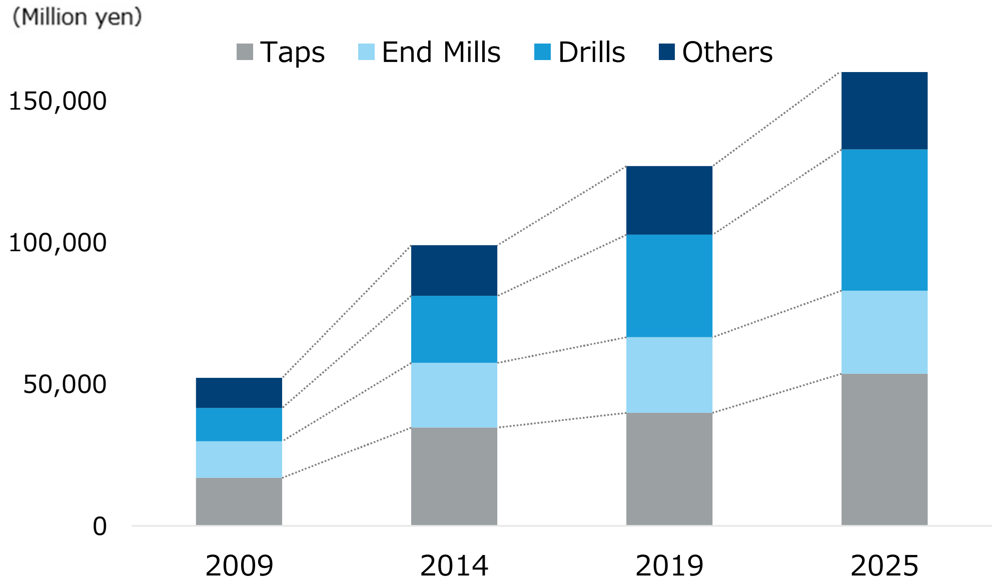
Regional Sales trend (Actual Results)

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



Product Sales trend (Actual Results)

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

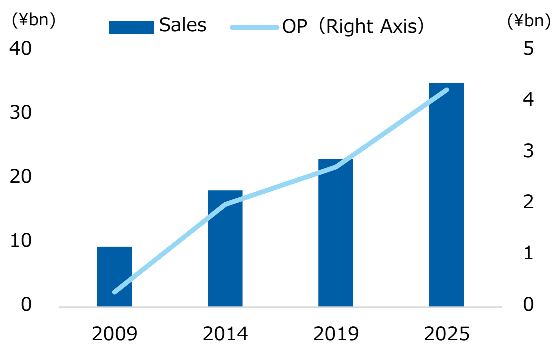


Performance Trends by Region and Product

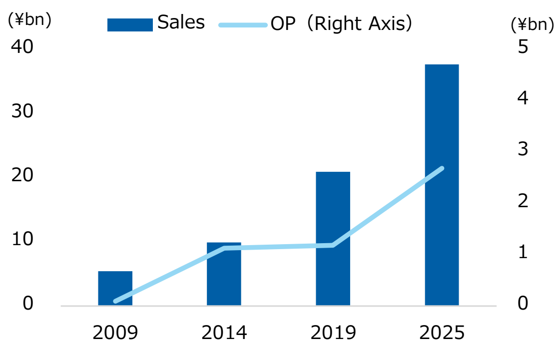
Our business has grown significantly outside Japan, with particularly strong expansion in taps and carbide drills—key tools for hole-making applications.

Net Sales by Region OP Ratio

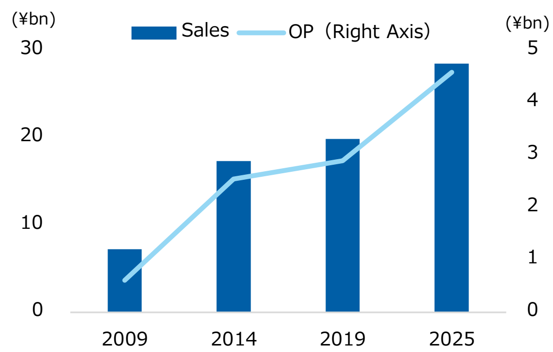
The Americas



Europe・Africa



Asia（excluding Japan and Korea)

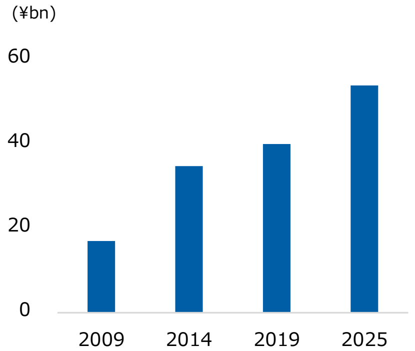


Net Sales by Product

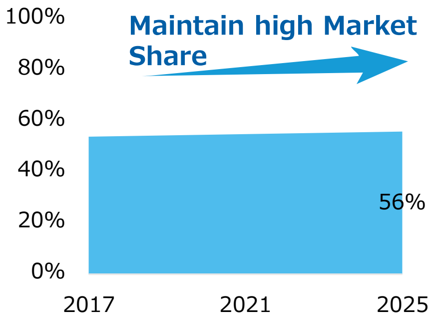
Market Share

Taps

Net Sales

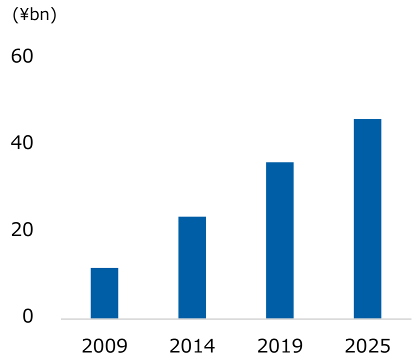


Market Share in Japan

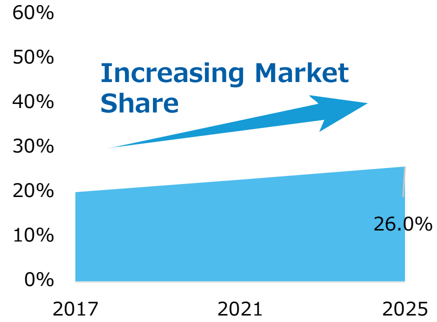


Carbide Drills

Net Sales



Market Share in Japan



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

Beyond the Limit

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

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

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

2027/11 Plan

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

Efforts to improve profitability

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

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

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

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

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

Business Opportunities and Growth Area

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

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

The A Brand

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

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

Point 1

New A-brand products are released in short cycles.

Point 2

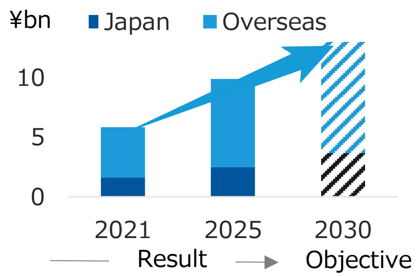
The A-brand is highly profitable.

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.

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

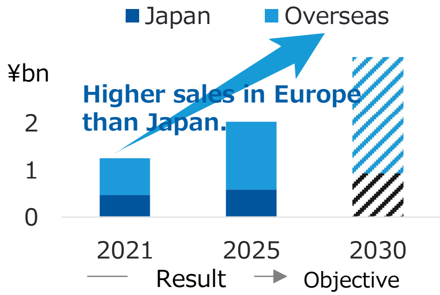
Expand market share in the small-diameter field with new products.

【Strength of ADO-MICRO】

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

【 Example Applications 】

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



Micro and Precision machining (Diamond tools, Medical)

Diamond tools

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

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

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

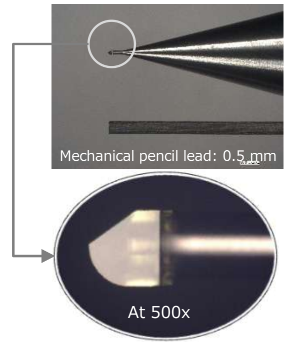
- Makino Milling Machine Co., Ltd.
- Taga Denki Co., Ltd.
- Shibaura Machinery Co., Ltd.

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.

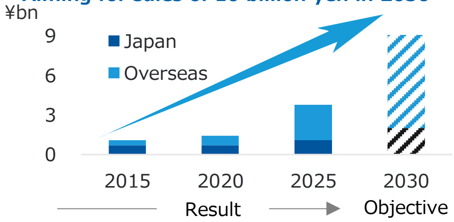
Products

Ultra-small monocrystalline ball end mill



Sales Outlook of Diamond tool

Aiming for sales of 10 billion yen in 2030



Medical-related 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..

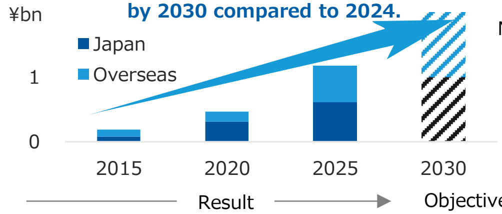
Examples of Workpiece

Crowns, Bridges

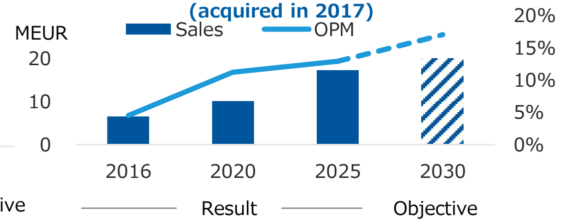
Artificial joints

Sales Outlook for Medical Industry

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



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



Coating (Job Coating Business)

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

Coating business Global Network

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

Source of Competitive Advantage（How to Win）

In-house coating equipment enhances cost competitiveness

High-quality coatings comparable to specialized providers

Efficient production using idle capacity from mold coating lines

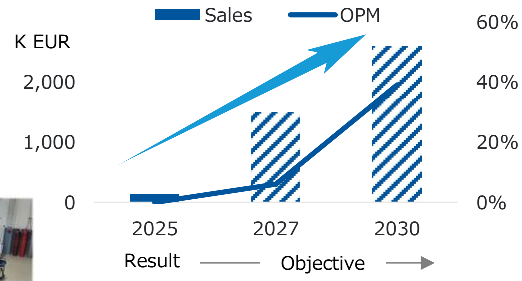
34 coating sites in 16 countries support customers' global expansion

Coating Business Shifts to Molds

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

Expansion of coating business in Germany

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



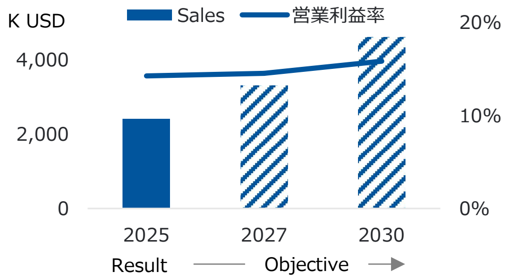
✓ **Germany's Job coating market exceeds 200 million USD.**

Fourth coating plant 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.

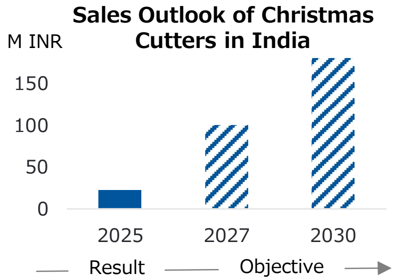
Heavy electric machinery

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

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



Semiconductors

Trend

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

6C x OSG Brand

Issue

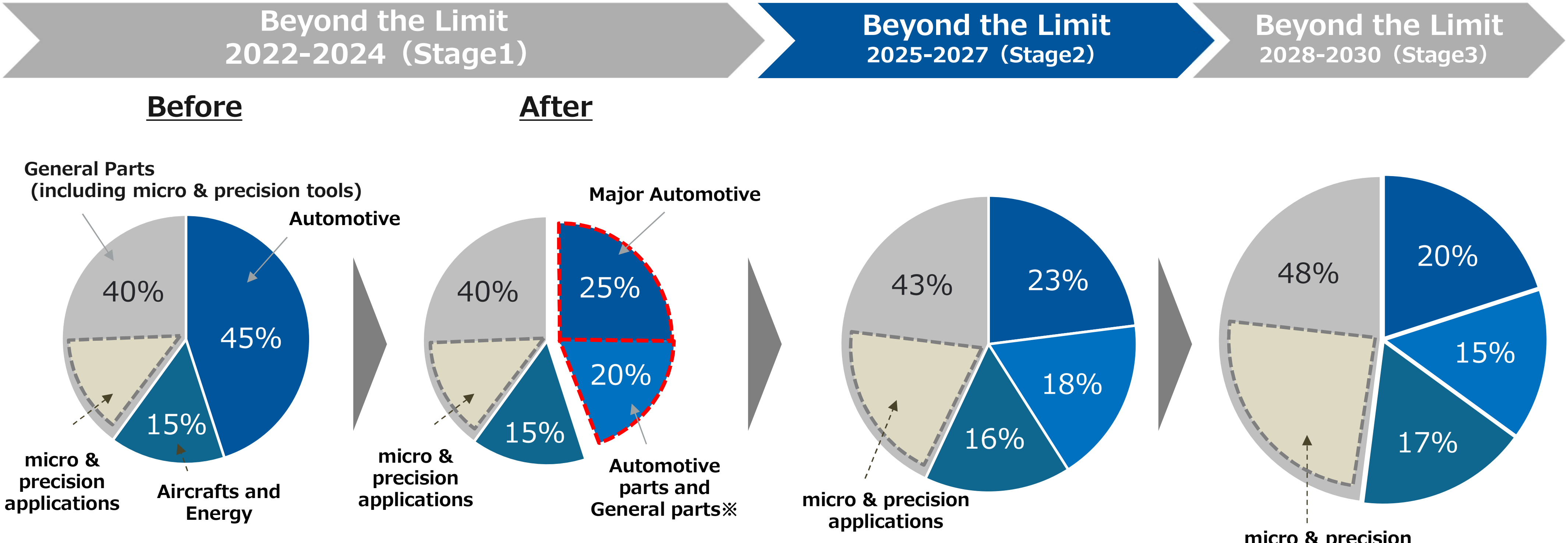
・Cutting and EDM are slow for hard-brittle materials, reducing productivity.

Solution

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

Target-Industry Portfolio

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



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

Financial and Capital Policy（Current Situation）

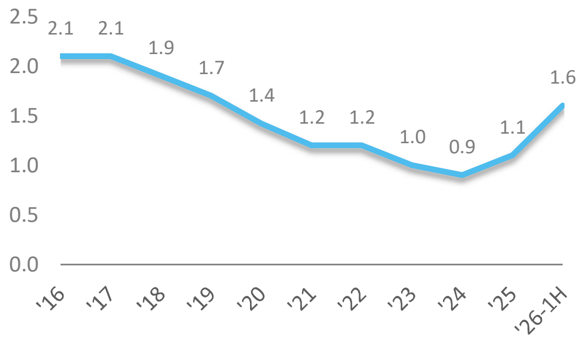
Driving Sustainable Growth and Capital Efficiency to Achieve ROE Over 10% in Stage 2

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

*1: Equity Spread ＝ ROE ― Cost of Equity

		FY2025		FY2026-1H
PBR*2 1.6	**ROE*3**	8.3%	▷	13.0%
≒	**Cost of Equity** including expected growth rate (=Inverse of PER*4)	7.6%	▷	8.3%

PBR



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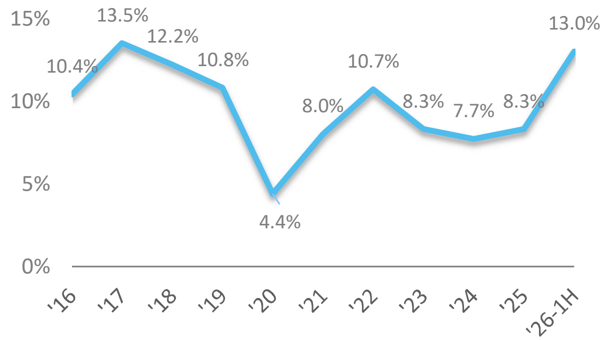
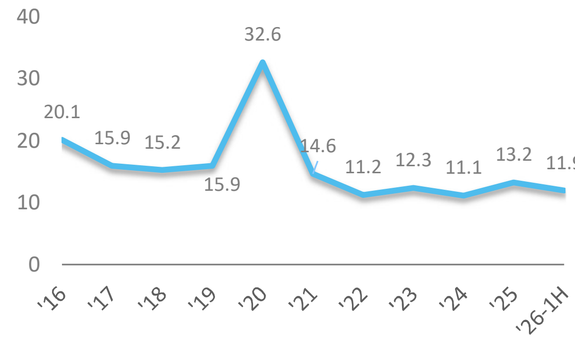
ROE



✖

PER



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

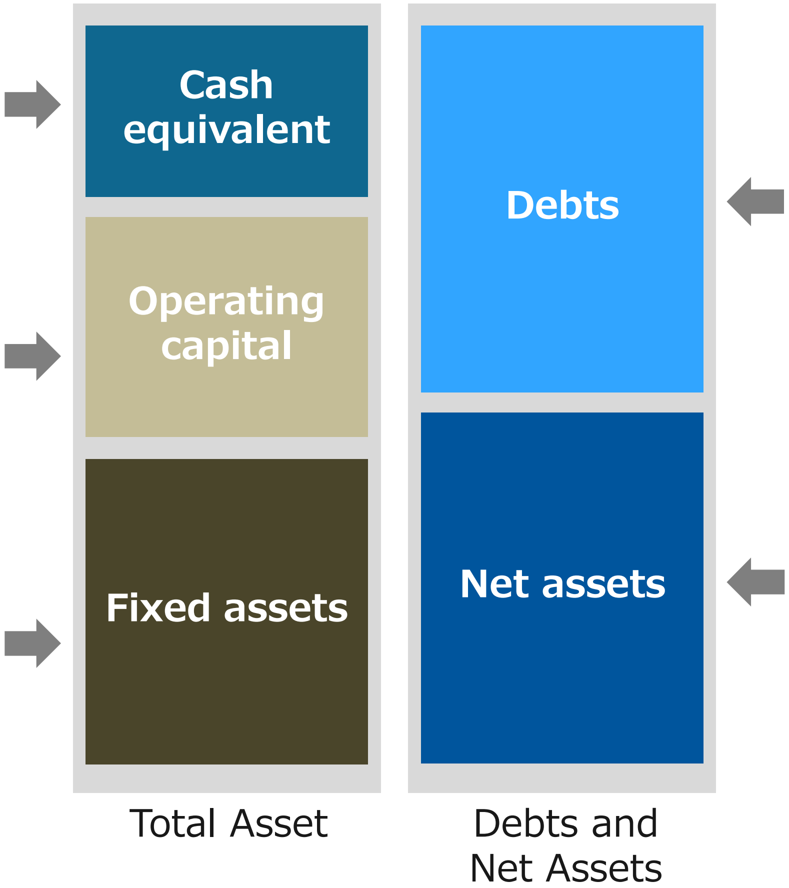
Financial and Capital Policy

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

- Growth investments（M&A、R&D, Capital investment）and shareholder returns.
- Review of cash allocation within the group.

- Shorten CCC and generate cash.
（Inventory reduction, review of collection and payment sites）
【 Inventory turn over target 】
FY2024 4.4 months ⇒
FY2030 3.5 months

- Capital investment benchmarked against depreciation.
- Reduction of policy shareholdings.



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

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

Cash Allocation Plan

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

Stage1 Results (FY2022～FY2024)

Unit: billion yen

Cash In 103

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

Cash Out 103

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

Stage2_Plan (FY2025～FY2027)

Unit: billion yen

Cash In 130

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

Cash Out 130

- Strategic Investments 60～70
  - (Maintenance and renewal of facilities ～30)
- Shareholder Returns
  - (Dividends, Buy-back ～50)
- Repayment of loans ～10

Strategic Investments:

- New Carbide End Mill Plant
- Expansion of production facilities for growth area
- Strategic M&A

Maintenance and renewal of facilities:

- Investment in factory automation
- Introducing digital transformation

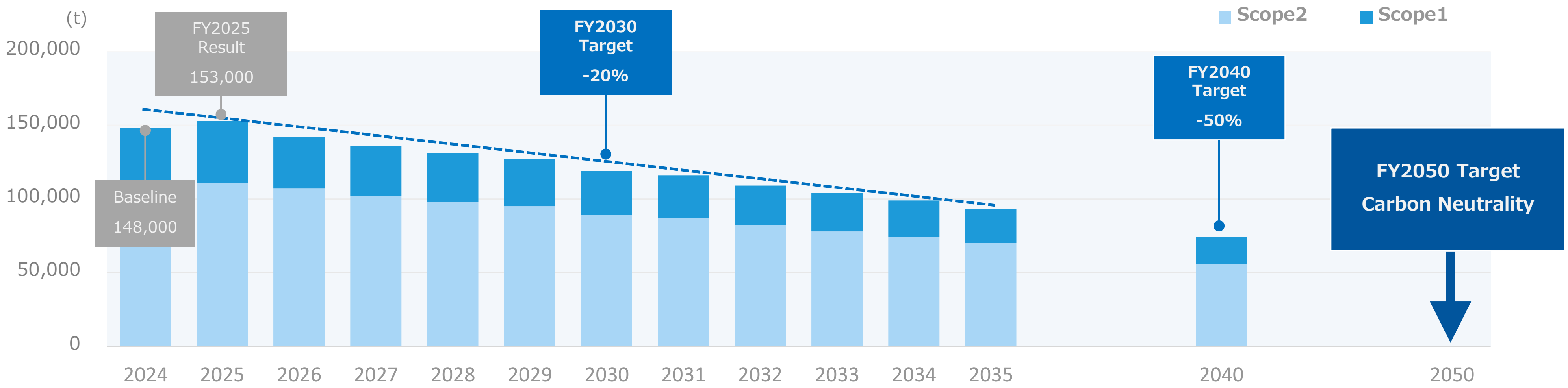
Dividends, Buy-back:

- 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 CO_2 emissions reduction target: 20% below FY2024 levels by 2030, supported by steady implementation of its action plan.

CO_2 Reduction Roadmap（Consolidated Scope1.2）



FY2026 Initiatives Underway

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

Next Step

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

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