

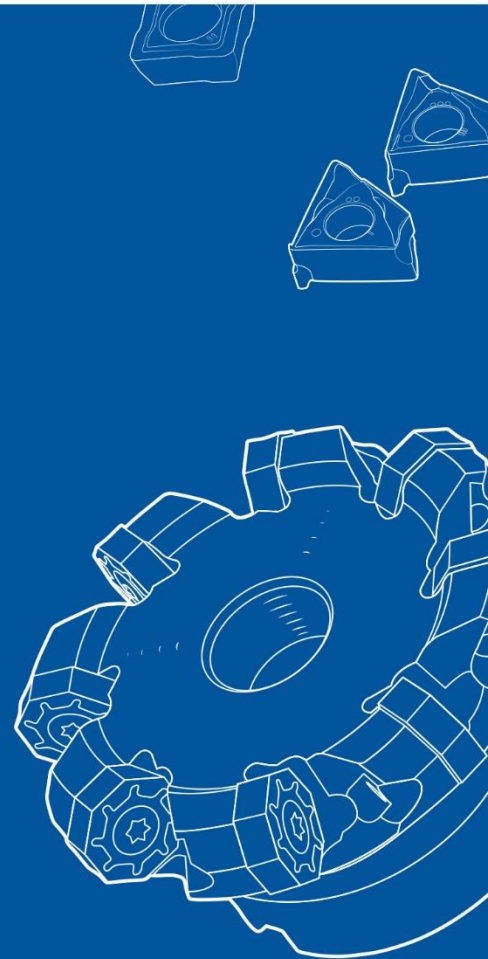
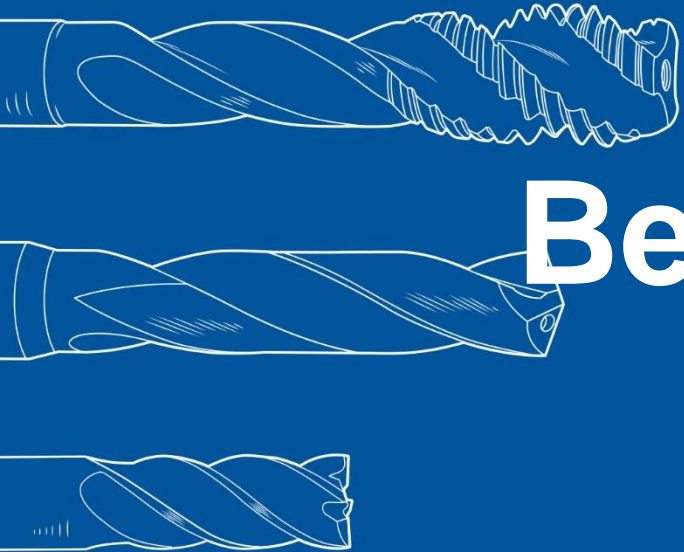


*shaping your dreams*

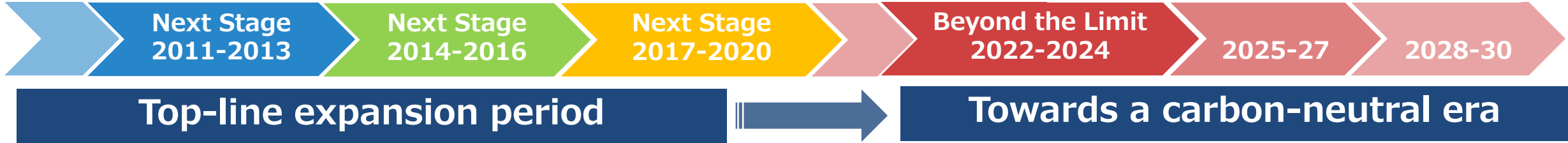
New Medium-term Management Plan

# Beyond the Limit 2024

OSG Corporation

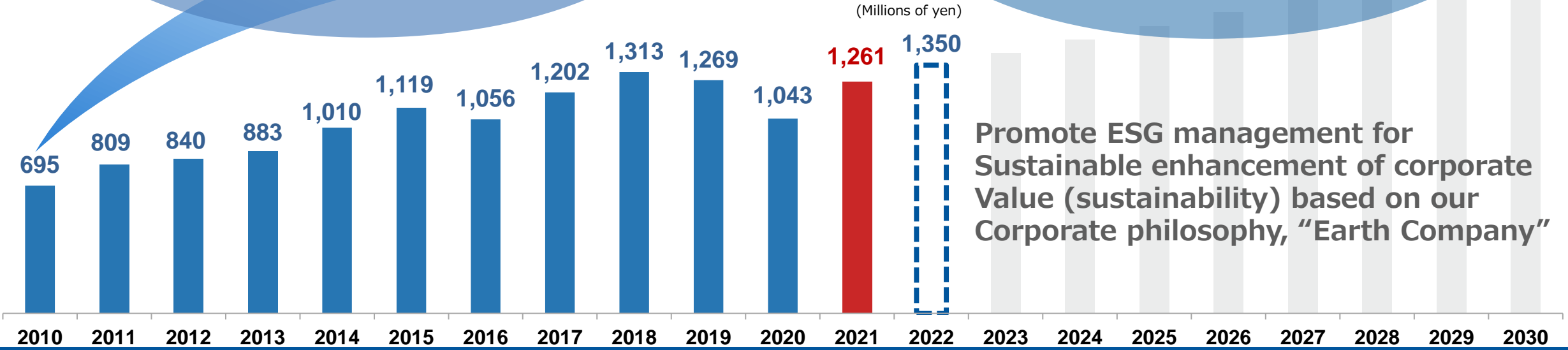


# Long-term Vision



Become the world's top manufacturer of holmaking cutting tools

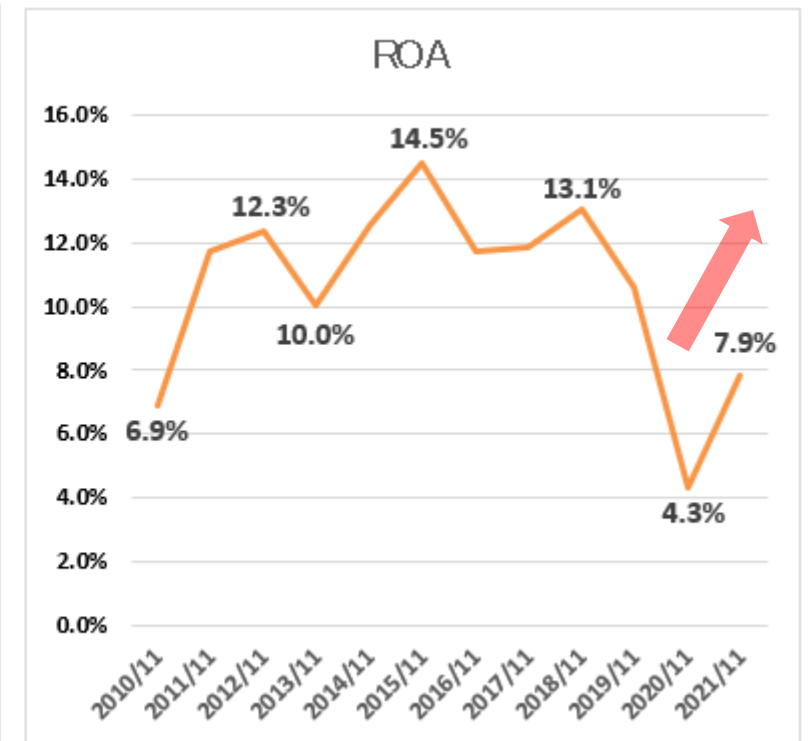
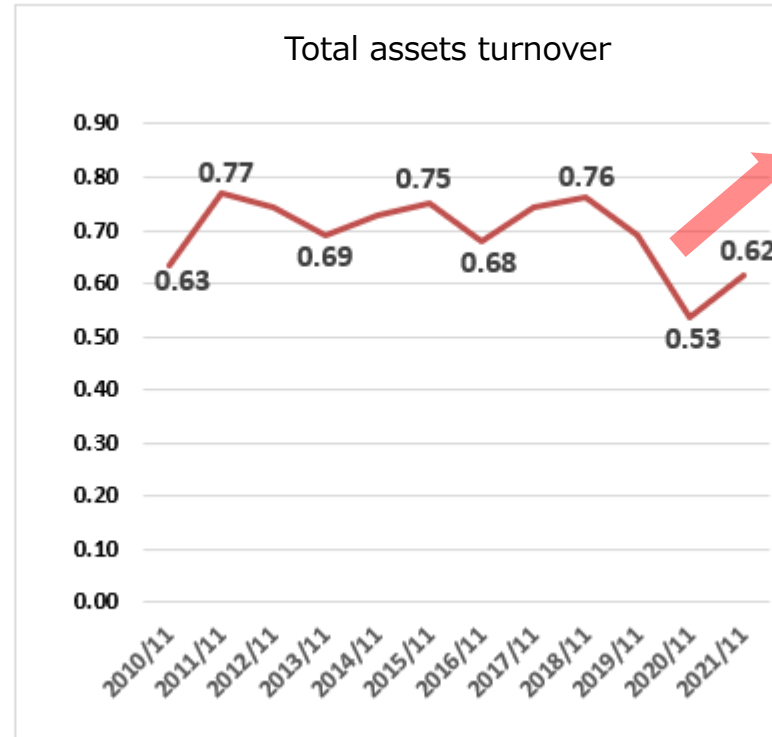
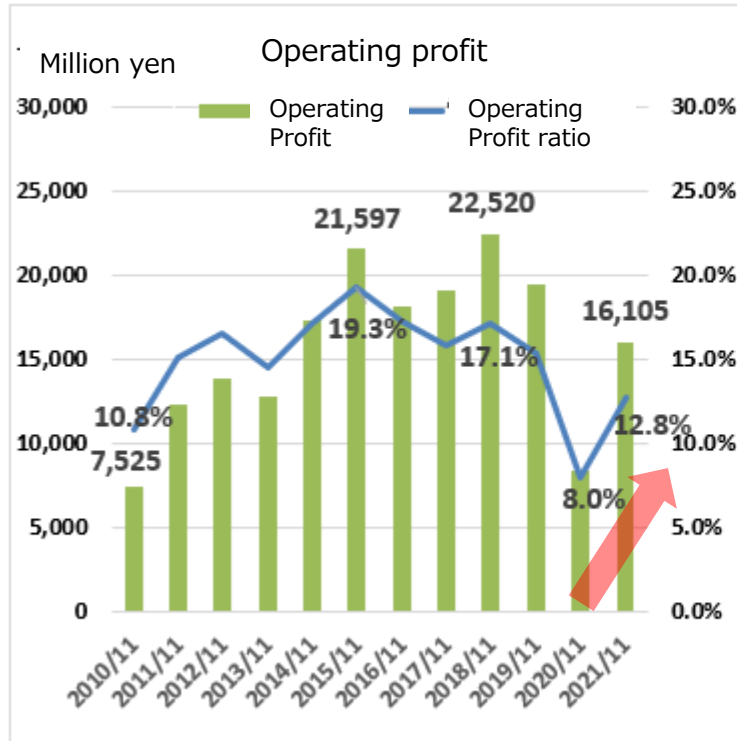
To become an essential player that contributes to the global manufacturing industry



# Medium-term Management targets

(Fiscal Year Ending November 30, 2024)

- ROA (based on operating profit) 15%
- Operating profit : 30 billion yen



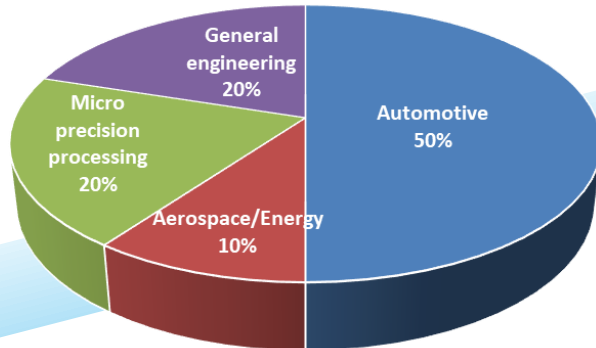
The sales division (including group sales companies) aims to improve the operating margin while the manufacturing division (including group manufacturing companies) aims to improve the total asset turnover rate. We will strive to improve ROA based on consolidated operating profit by multiplying the two.

# Basic Strategy

Medium-term management plan to transform the company into an essential player that contributed to the global manufacturing industry

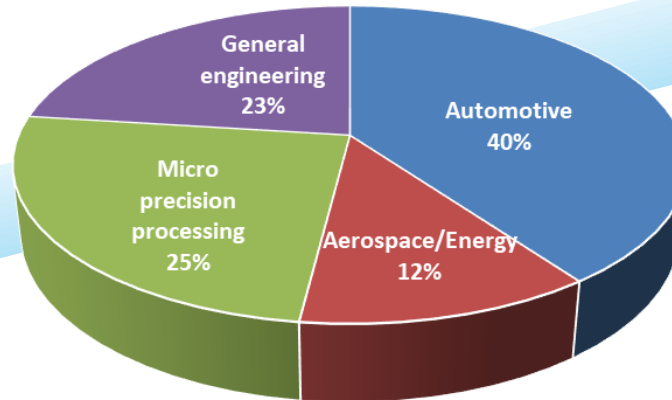
## Beyond the Limit 2022-2024 (Stage1)

- Improve profitability and business efficiency to create a strong corporate structure
- A Brand sales rate 30%
- Coating and tool reconditioning rate 10%
- Expand sales in micro precision machining and energy industry
- Establish a sales and production system that makes full use of digital technology



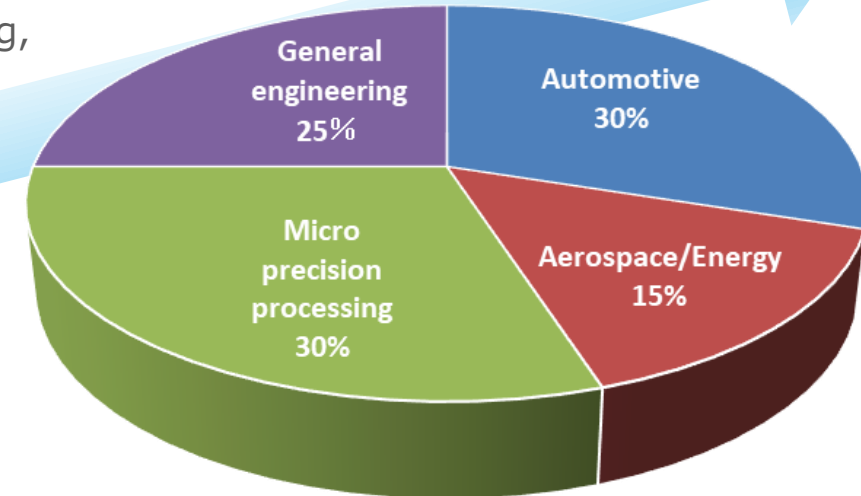
## Beyond the Limit 2025-2027 (Stage2)

- Achieve 40% share in the global tap market
- A Brand sales rate 40%
- Coating and tool reconditioning ratio 15%
- Global expansion of digital manufacturing/optimize local production
- Expand sales in micro precision machining, energy and aerospace industries



## Beyond the Limit 2028-2030 (Stage3)

- Increase portfolio composition by customer to 30% or more in micro precision machining
- Become a company that contributes to the carbon neutrality of customers



# Basic strategy (Key Indicators)

## 【A Brand Ratio】

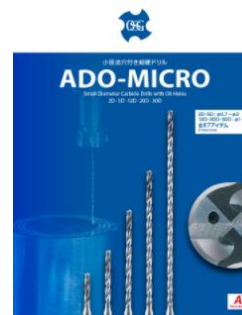
Set the following targets as the ratio of A Brand sales to total sales of taps, drills and end mills

FY11/2021 Actual	18%
FY11/2024 Target	30%
FY11/2027 Target	40%



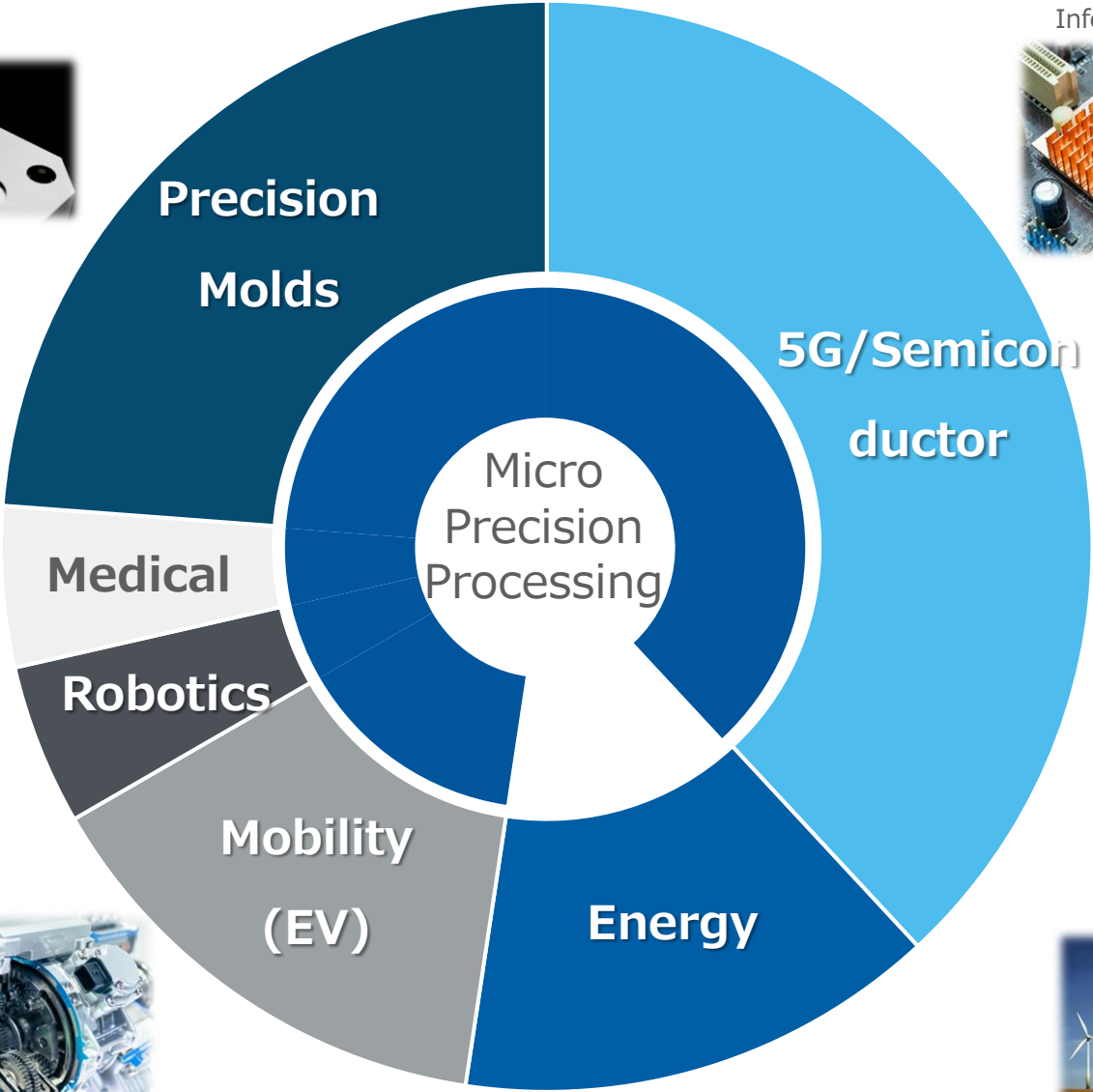
## 【Sales for Micro Precision Processing】

FY11/2021 Actual	16%
FY11/2024 Target	20%
FY11/2027 Target	25%
FY11/2030 Target	30%





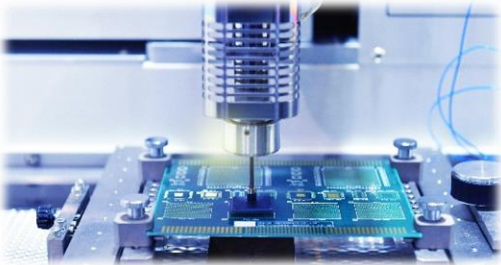
# Business opportunities and growth area



Robot and automation-related parts



Motor



※Graphs are images of our company



# Coating and Tool Reconditioning

The OSG Group engages in recycling initiatives through reconditioning and recoating of tools, and we strive to maintain a business model that contributes to a sound material-cycle society.

## OSG Design Center Aoyama Seisakusho Co., Ltd.

Development of tools that lead to a reduction in environmental impact through the reduction of cycle time in customers' production activities. Worn tools are reused through regrinding. The company operates in 20 countries around the world.

## OSG Coating Service Co., Ltd.

Coating improves wear resistance and processing efficiency to maximize tool life. In addition, worn tools can be re-coated to reduce environmental impact. OSG Coating Service is expanding its market presence under the Primus Coat brand worldwide.

## Nihon Hard Metal Co., Ltd.

As a manufacturer of cemented carbide materials, Nihon Hard Metal supplies high quality and high value-added cemented carbide materials. Nihon Hard Metal also promotes the reduction of waste through recycling of cemented carbide tools.

## Coat-X Japan Co., Ltd.

Coat-X Japan Co., Ltd., a joint venture launched in August 2021 with Coat-X, a Swiss venture company, will begin its water-resistant coating business in early FY2022 for medical and electronic components other than cutting tools.

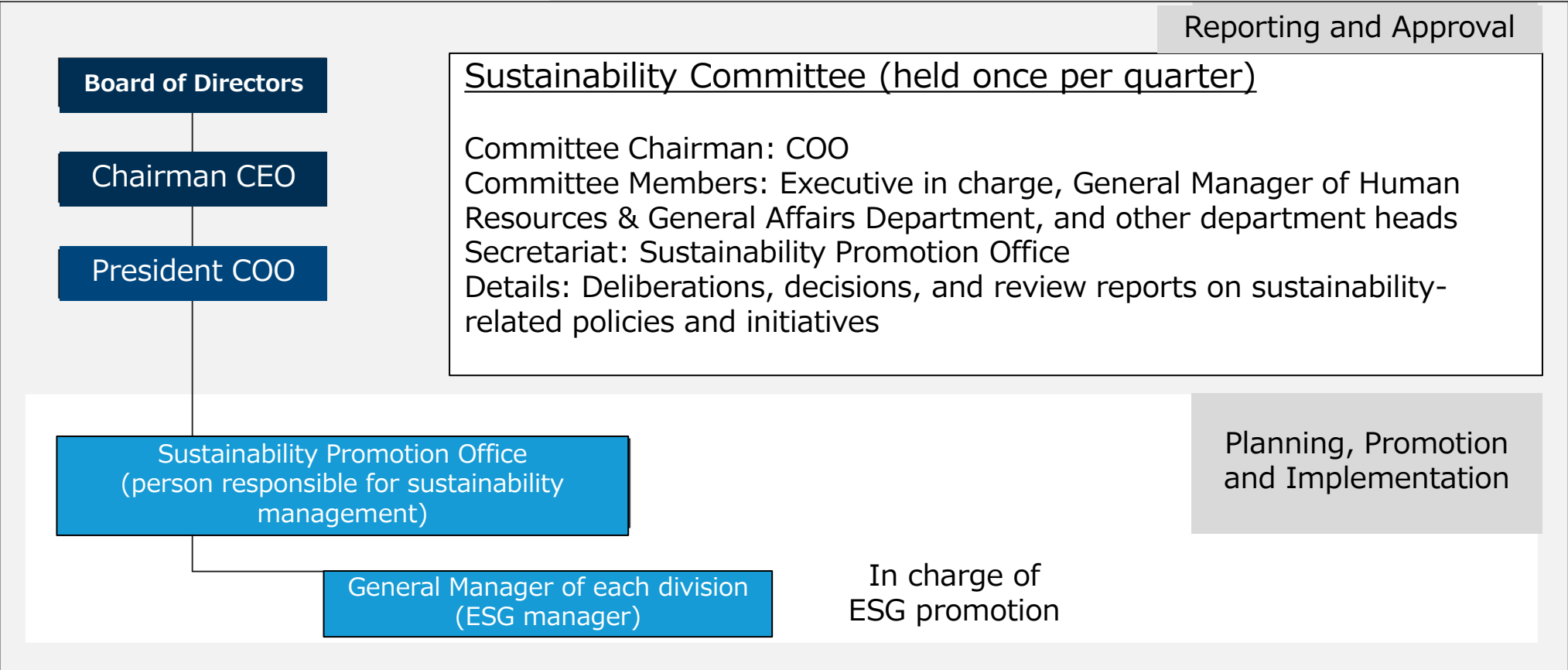


# Promotion of ESG Management

## Basic Sustainability Policy

The OSG Group aims to contribute to the sustainable development of society as an essential player that contributes to sustainable manufacturing industries around the world through its unique, high value-added products and services.

Sustainability Promotion Structure





# Selected Important Issues(materiality)

## Initiatives to Address Climate Change

We have expressed our support for the TCFD and are working to adapt to the business impacts of climate change, promote business activities that contribute to a decarbonized society, and reduce greenhouse gas emissions.



## Creating a Rewarding Work Environment

We will create an environment in which each and every employee can take pride and fulfillment in his or her work, and in which diversity can be utilized to maximize their abilities.



## Efforts to Employ People with Disabilities

In June 2021, we established the "Special Subsidiary Preparation Team" with the vision of establishing a special subsidiary in the future. As employees working together, we are developing an environment in which people with disabilities can work, taking consideration of their aptitude and symptoms.



## Health and Safety Management

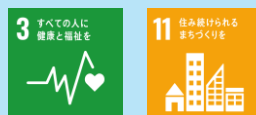
As a "health company," we consider the safety and health of our employees to be an important management issue, and promote the "promotion of employee health" and the "creation of a comfortable and safe work environment."



## Sustainable Development of Local Communities (1) Initiatives for Sports Promotion

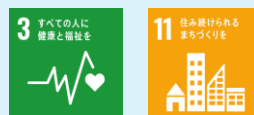
We support local professional sports as the top sponsor of the Higashi Mikawa professional basketball team, the San-En Neo-Phoenix.

We also play a role in revitalizing the local community by holding events inviting people to watch the games for free.



## Sustainable Development of the Local Community (2) Support for Medical Institutions and Facilities

In support of the response to the new coronavirus, we donated protective clothing and masks to medical personnel, and cooperated in the operation of vaccinations at workplaces in neighboring areas. We are contributing to the creation of warm communities by regularly donating furniture and other equipment to support facilities for the disabled.



## Enhancement of Corporate Governance

The Board of Directors is composed of a majority of highly independent outside directors, which enables the Board to fully exercise its management oversight function. In addition, from the perspective of diversity, one woman was nominated as a candidate for outside director at the General Meeting of Shareholders held in February. As a mechanism to enhance corporate governance, we share the action guidelines for compliance with corporate ethics throughout the Group and are working to raise awareness.



## Sustainable Finance

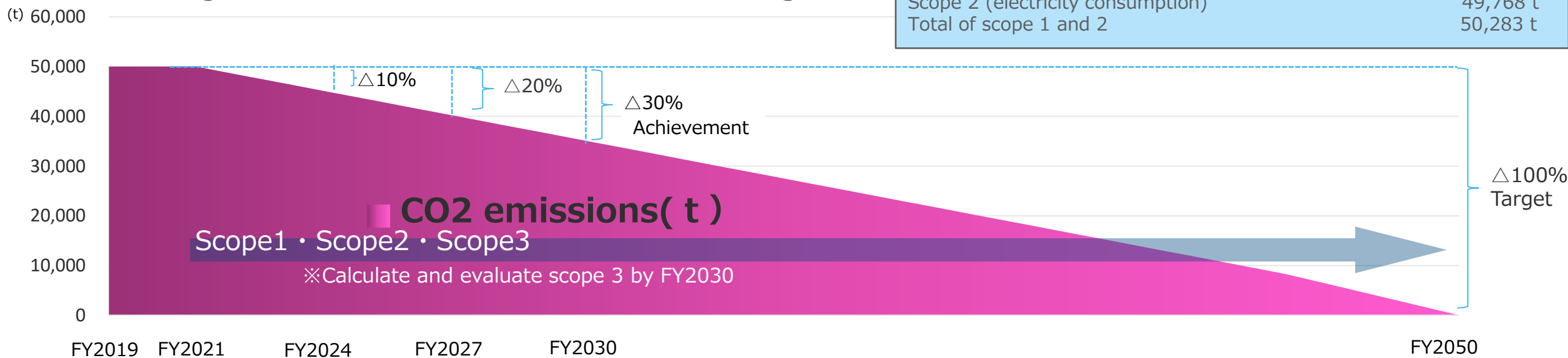
In order to monitor and disclose information on the status of KPI achievement, we have contracted "ESG evaluation-based financing." In addition, we will consider introducing sustainable finance such as "sustainability-linked loans" and "green bonds" when raising funds for investment, and make efforts to advance ESG/SDGs management.



# Carbon Neutral Declaration

Image of CO2 reduction to achieve the target

CO2 emissions in fiscal 2019	
Scope 1 (gasoline consumption by company-owned vehicles)	515 t
Scope 2 (electricity consumption)	49,768 t
Total of scope 1 and 2	50,283 t



## STEP 1 Reduce (energy saving))

### Energy conservation in manufacturing processes

- Installation of high-efficiency equipment and initiatives to improve energy efficiency in production activities at our factories
- Investment in high-efficiency equipment that meets a sufficient level of energy conservation to achieve carbon neutrality
- Research and development of new processes for energy conservation

## STEP 2 Create

### Utilization of clean energy

- Introduction of solar power generation equipment, etc.
- Introduction of equipment and initiatives to convert electricity used in company business activities to clean energy.

## STEP 3 Utilize

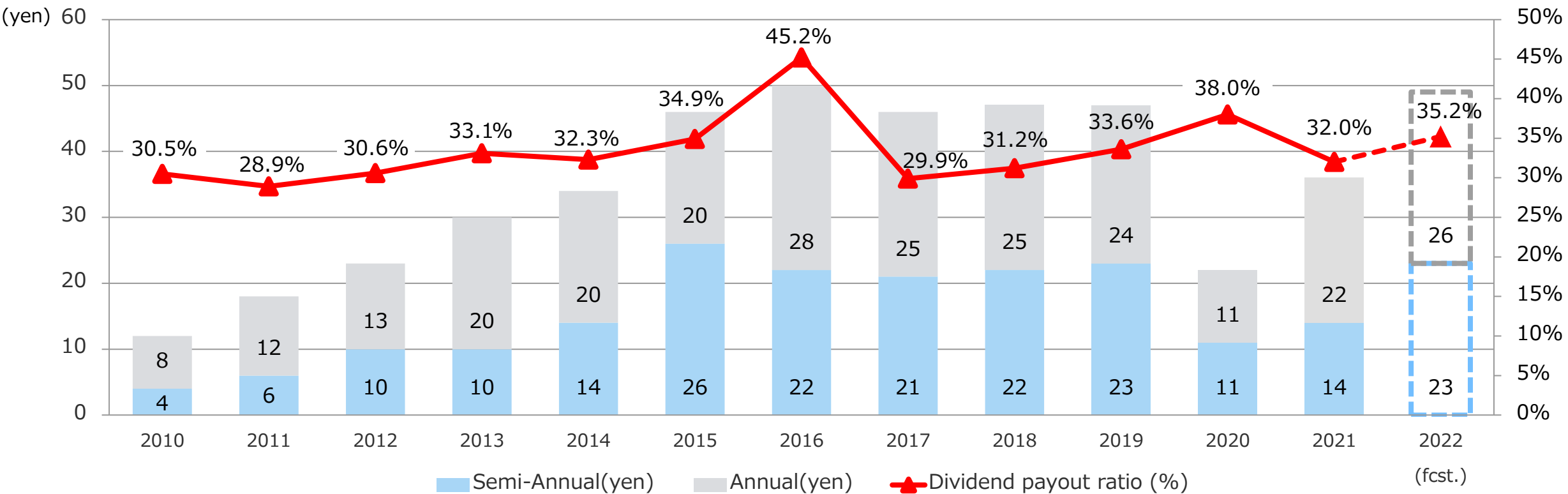
### CO2-free electricity

- Purchase of electricity derived from renewable energy sources
- Consider carbon offset platforms



# Shareholder Return Policy

The dividend payout ratio will be increased from the current commitment of 30% to 35% from FY2022. In the future, we will aim for a payout ratio of 40% while monitoring trends in our business performance. In addition, we will make decisions on share repurchases in consideration of capital conditions, business performance trends, our stock price level, growth investment opportunities, and improvement of capital efficiency.





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