



shaping your dreams

Financial Results For FY2026-1Q

April, 2026
OSG Corporation



- ◆ P2-3 [Earnings Highlights](#)
- ◆ P4-5 [Company Overview](#)
- ◆ P6-7 [Financial Summary](#)
- ◆ P8-9 [Sales to Customers](#)
- ◆ P10-11 [Operating Profit](#)
- ◆ P12-13 [Net Sales by Product Segment](#)
- ◆ P14 [Overseas Sales Ratio](#)
- ◆ P15 [Operating Profit Variation](#)
- ◆ P16 [BS Key Metrics and BS Overview](#)
- ◆ P17 [Capital Investment](#)
- ◆ P18 [Forecast for FY2026](#)
- ◆ P19 [Shareholder Return Policy](#)
- ◆ P20 [Exchange Rate](#)
- ◆ P21 [Selected Financial Data](#)
- ◆ P22 [Expansion of Overseas Business](#)
- ◆ P23- [Medium-term Management Plan](#)

Earnings Highlights (1/2)

P/L

Recorded the highest first-quarter sales and operating profit in our history.

Demand conditions are improving in many regions and countries.

BS

Inventories increased by ¥2,562 million compared with the end of the previous fiscal year.

- Foreign exchange impact: +¥400 million.
- Work in process increased due to higher throughput as demand improved.
- Raw materials increased due to higher prices.

Risks

And

Countermeasures

Risk

Due to China's export controls, tungsten prices have risen sharply. Tungsten is a key raw material for cemented carbide products.

Countermeasures

Special products: Reflect changes in raw material costs through individual price quotations.

Standard products: Sales prices have been revised in some regions.

KEY indicators

Sales

42.6 billion yen

+12.8% YoY

Operating Profit

6.1 billion yen

+57.9% YoY

OPM

14.4%

+4.1pt YoY

EPS

61.35 yen

+99.6% YoY

EBITDA

9.6 billion yen

+33.7% YoY

EBITDA Margin

22.6%

+3.5pt YoY

Equity Ratio

68.8%

+1.2 pts
Vs. Previous FY End

ROE

11.1%

+4.8pt YoY



Earnings Highlights (2/2)

The Americas

New contracts in the defense sector were secured, and new business in the aerospace sector also increased. As a result, profit margins improved significantly.

Asia

China's manufacturing remained solid, with higher utilization improving profit margins, while India, Thailand, and Singapore performed well.

Europe/Africa

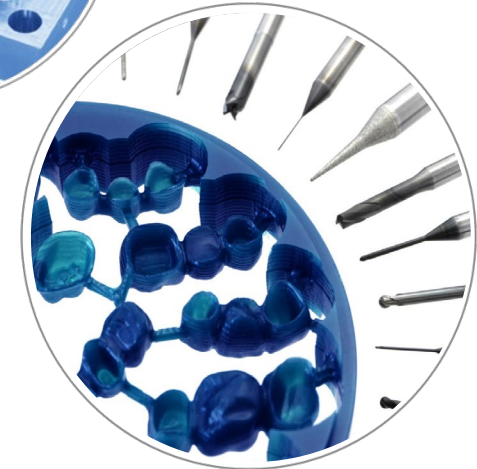
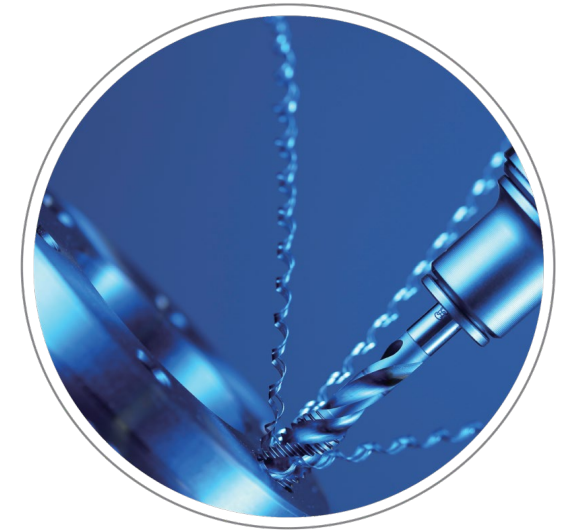
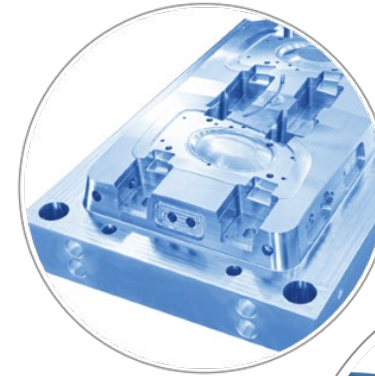
The European economy continued to recover, with our Germany operations also improving, supported by strong demand from the aircraft, power generation, and medical sectors.

Japan

While overall business sentiment was unchanged, orders increased in heavy electrical and energy businesses, with strong demand in aircraft, defense, and medical sectors. External sales at materials group companies increased.

Company Overview

Company Name	OSG Corporation
Headquarters	3-22 Honnogahara Toyokawa-city, Aichi, Japan
Foundation	March 26, 1938
Capital	13,044 million yen
Employees	7,512 (consolidated) 1,835 (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

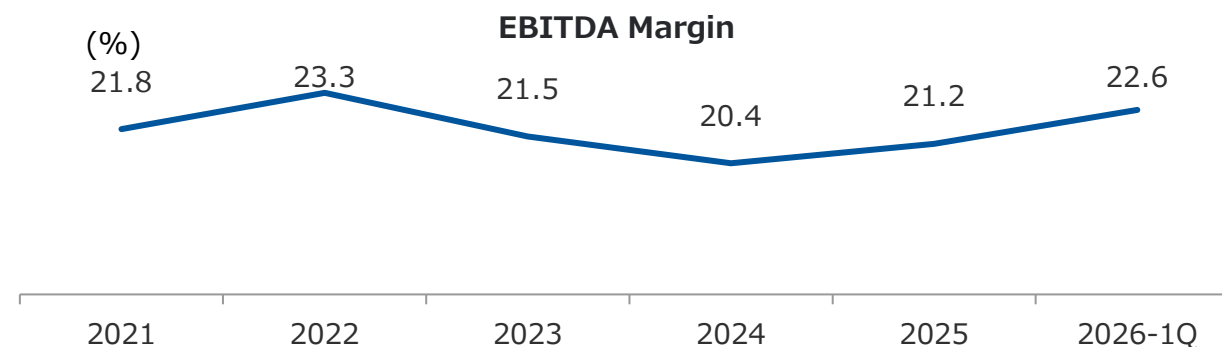
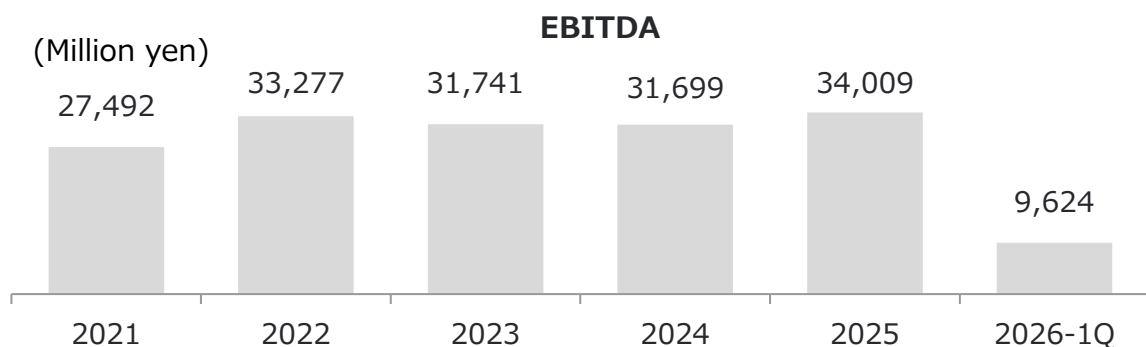
- High-value cutting tools
- Excellent after-sales service
- A global sales & service network across 35 countries



Financial Summary

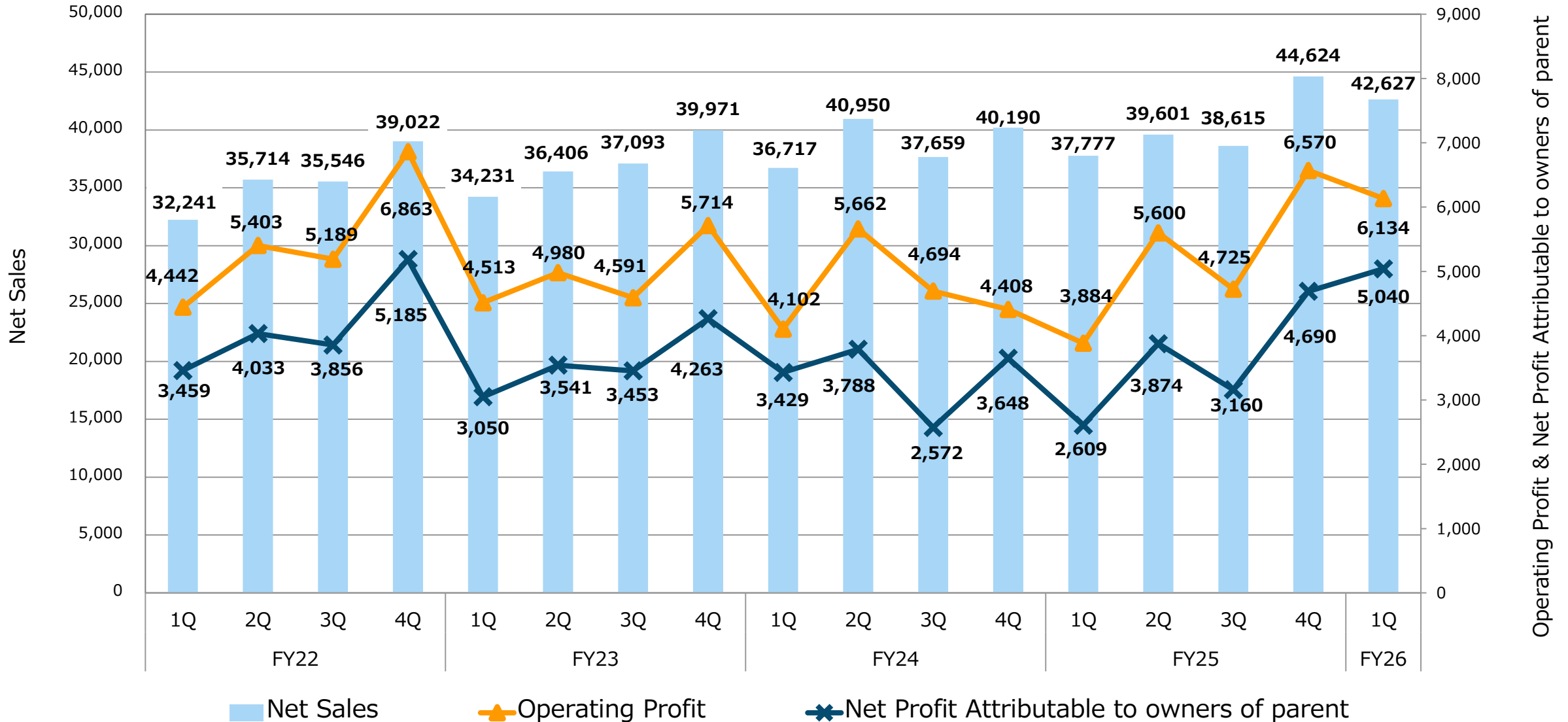
(Million yen)

	FY25-1Q	FY26-1Q	Change		FY26-1H Forecast	Progress Rate
Net Sales	37,777	42,627	4,849	+12.8%	81,300	52.4%
Operating Profit	3,884	6,134	2,249	+57.9%	10,350	59.3%
OPM	10.3%	14.4%	-	-	12.7%	-
Ordinary Income	4,155	6,694	2,538	+61.1%	10,850	61.7%
Net Profit Attributable to OSG	2,609	5,040	2,430	+93.2%	7,200	70.0%
EPS(yen)	30.73	61.35	30.62	+99.6%	87.64	-
EBITDA	7,200	9,624	2,423	+33.7%	-	-
EBITDA Margin	19.1%	22.6%	3.5pt	-	-	-



Financial Summary

(Million yen)



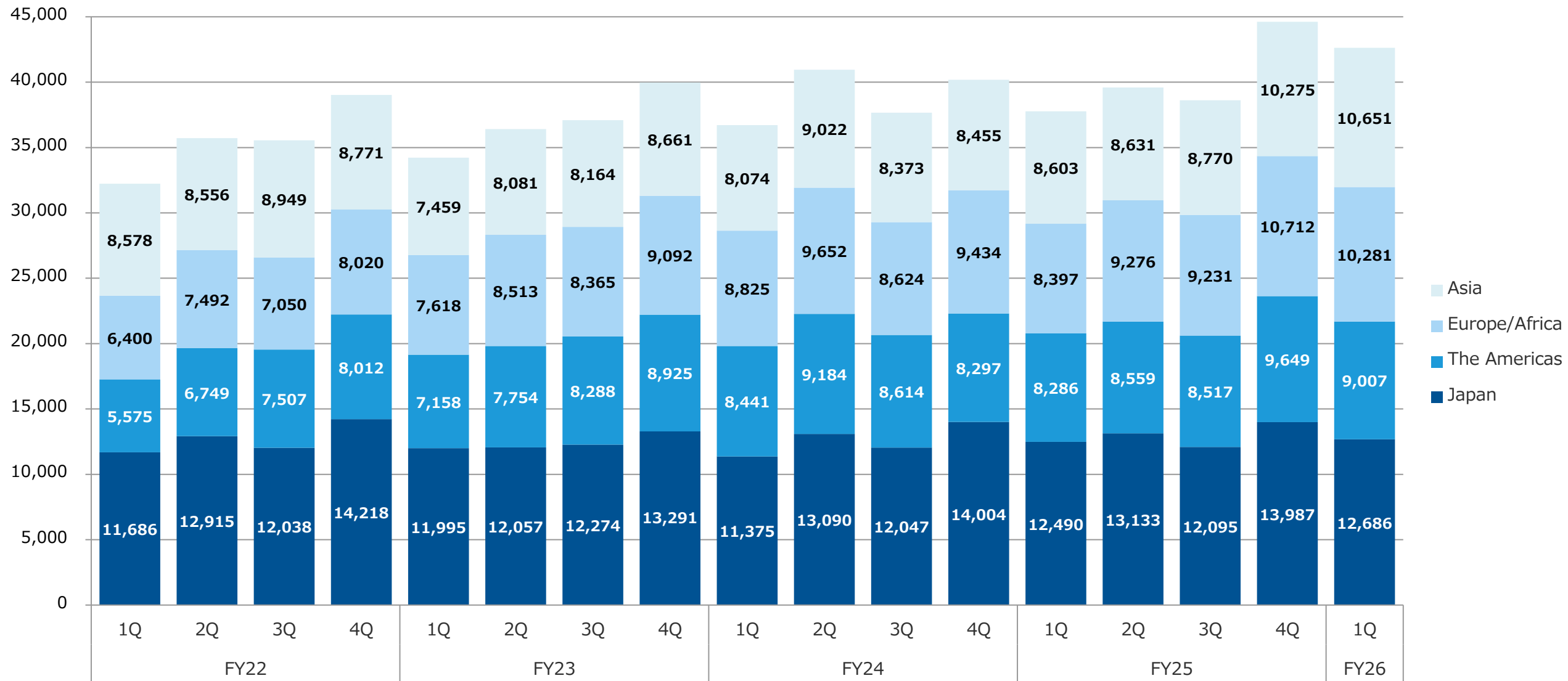
Sales to Customers by Geographical Segment

(Million yen)

	<u>FY25</u>	<u>FY26</u>	Change		Change in
	1Q	1Q			Local currency
Japan	12,490	12,686	196	+1.6%	-
The Americas	8,286	9,007	720	+8.7%	+6.5%
Europe/Africa	8,397	10,281	1,884	+22.4%	+7.9%
Asia	8,603	10,651	2,048	+23.8%	+18.9%
Consolidated	37,777	42,627	4,849	+12.8%	-

Sales to Customers by Geographical Segment

(Million yen)



Operating Profit by Geographical Segment

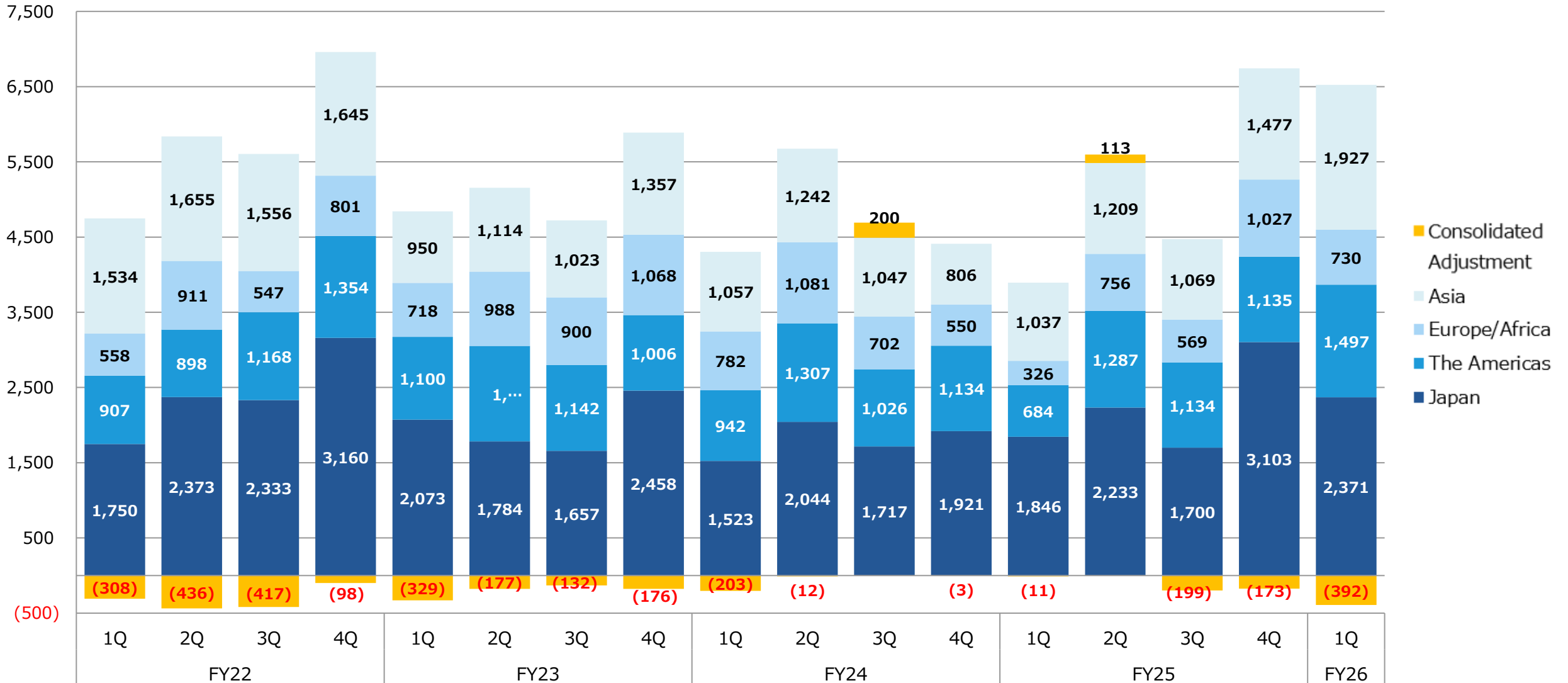
(Million yen)

		FY25	FY26	Change	
		1Q	1Q		
Japan		1,846	2,371	524	+28.4%
	margin	10.2%	12.3%	2.1pt	
The Americas		684	1,497	812	+118.7%
	margin	8.1%	16.3%	8.2pt	
Europe • Africa		326	730	403	+123.3%
	margin	3.8%	7.0%	3.2pt	
Asia		1,037	1,927	890	+85.8%
	margin	10.9%	16.2%	5.3pt	
Total		3,895	6,526	2,631	+67.5%
Eliminations		-11	-392	-381	-
Consolidated		3,884	6,134	2,249	+57.9%

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

Operating Profit by Geographical Segment

(Million yen)



Net Sales by Product Segment

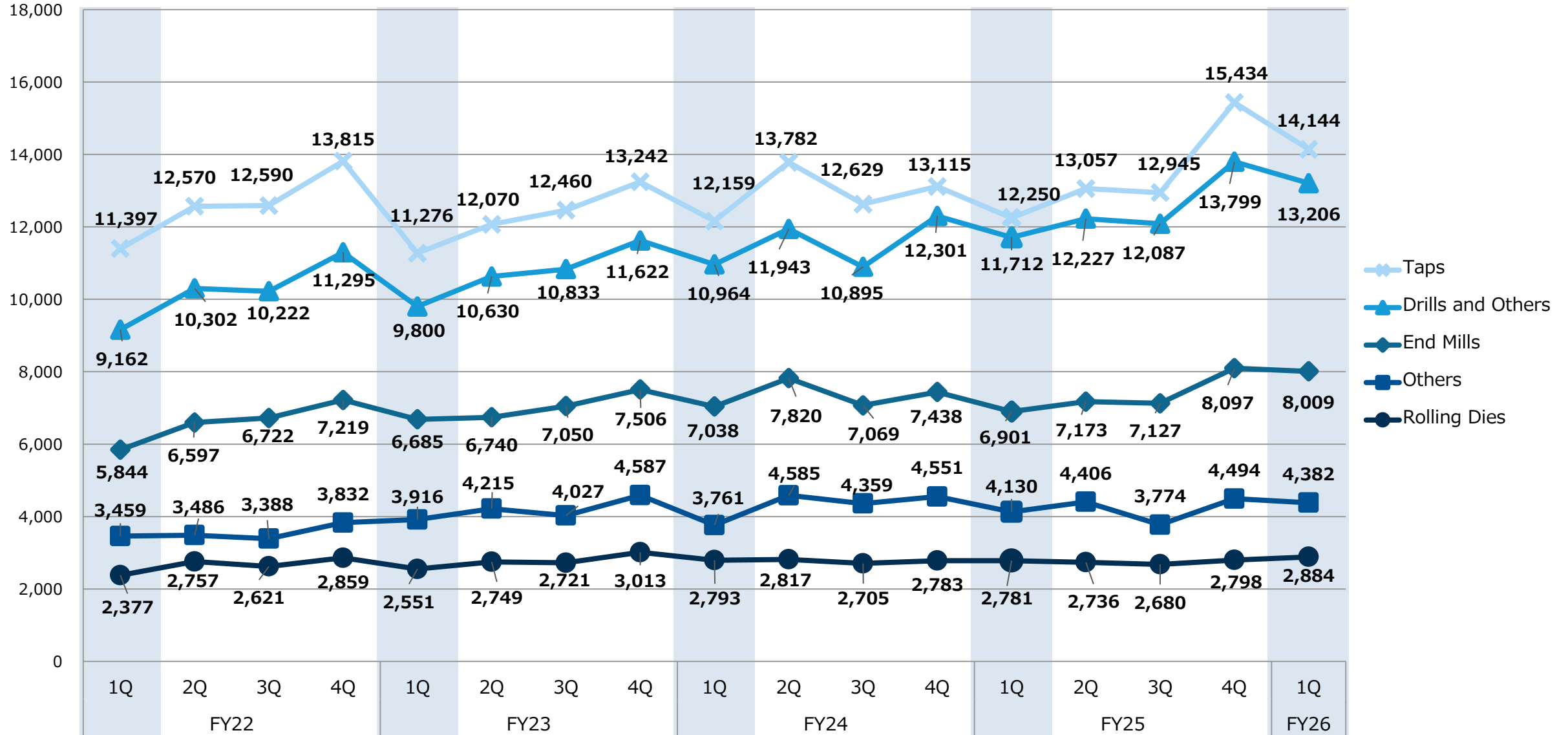
(Million yen)

		FY25						FY26		Change	
		1Q	2Q	3Q	4Q	Total		1Q			
Precision Tools	Taps	12,250	13,057	12,945	15,434	53,688	33.4%	14,144	33.2%	1,893	15.5%
	End mills	6,901	7,173	7,127	8,097	29,300	18.2%	8,009	18.8%	1,107	16.1%
	Drills and Others	11,712	12,227	12,087	13,799	49,826	31.0%	13,206	31.0%	1,493	12.8%
	Rolling dies	2,781	2,736	2,680	2,798	10,996	6.8%	2,884	6.8%	102	3.7%
	Gauges	517	538	549	538	2,144	1.3%	495	1.2%	-22	-4.3%
		34,164	35,733	35,390	40,668	145,957	90.9%	38,739	90.9%	4,575	13.4%
Other	Machine	1,344	1,600	822	1,516	5,283	3.3%	1,008	2.4%	-335	-24.9%
	Other	2,269	2,267	2,401	2,439	9,377	5.8%	2,878	6.8%	609	26.8%
			3,613	3,868	3,224	3,955	14,661	9.1%	3,887	9.1%	273
Total		37,777	39,601	38,615	44,624	160,619	100%	42,627	100%	4,849	12.8%



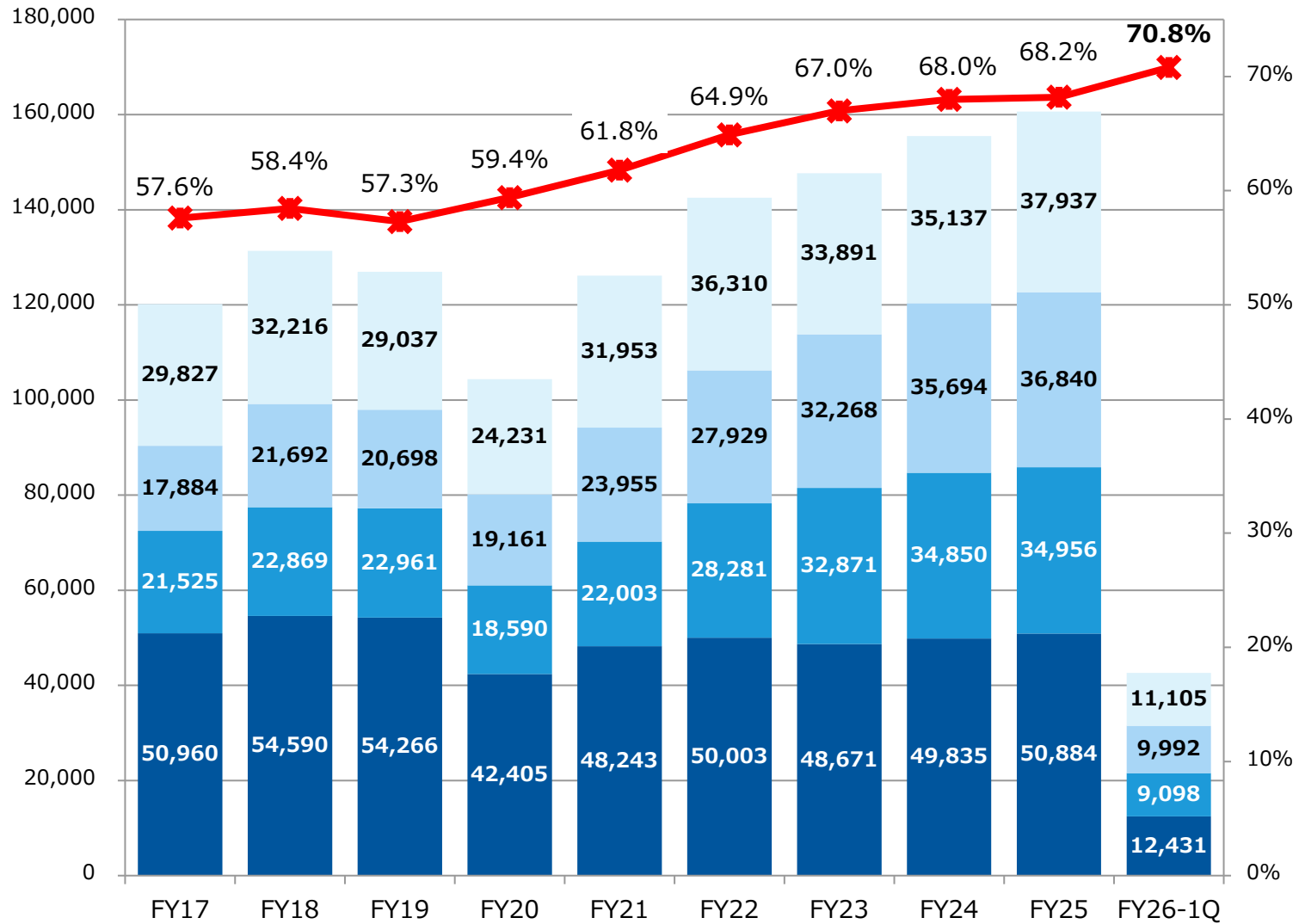
Net Sales by Product Segment

(Million yen)



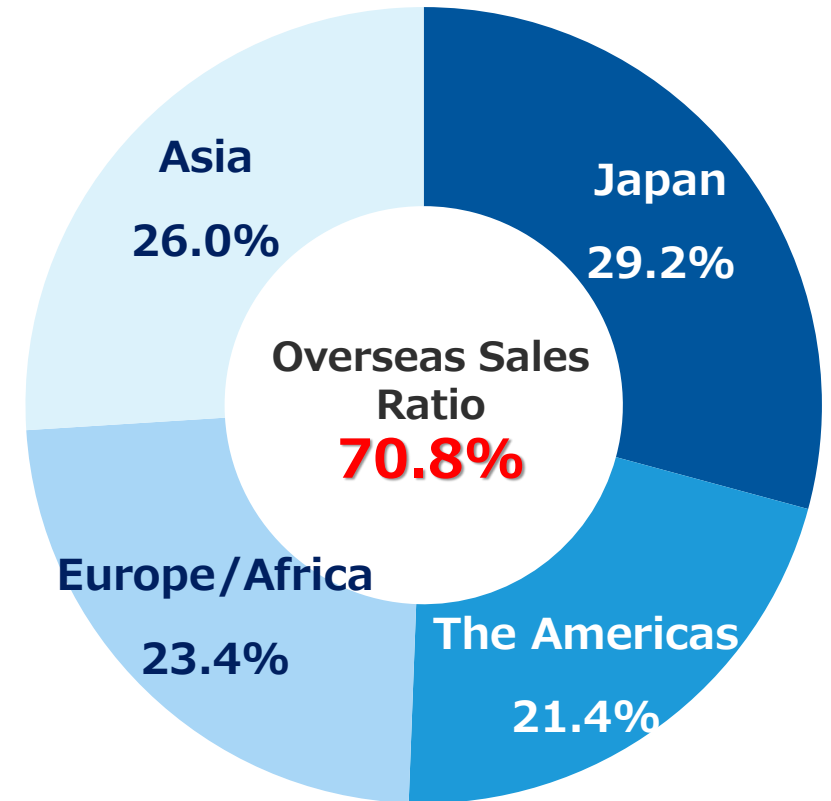
Overseas Sales Ratio

(Million yen)



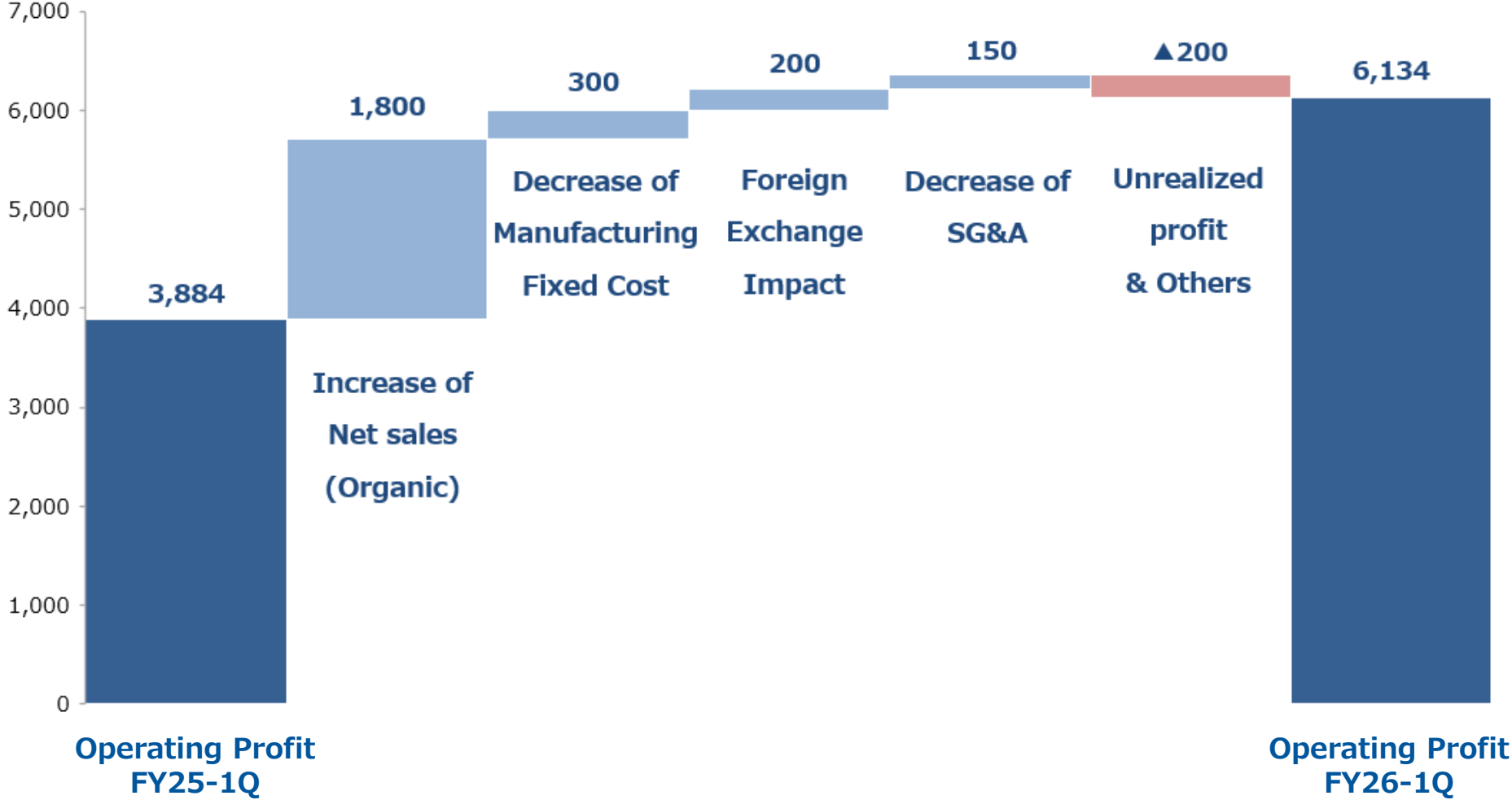
Japan The Americas Europe/Africa Asia Overseas Sales Ratio

FY26-1Q



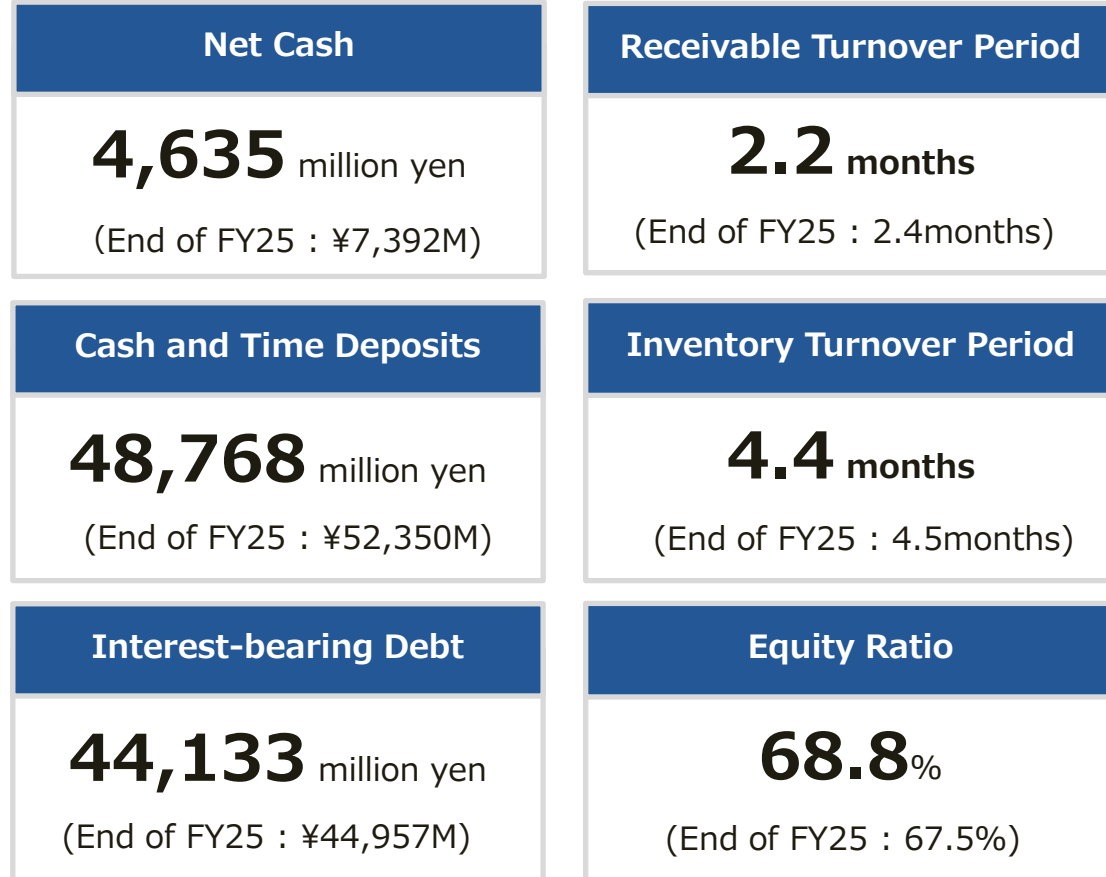
Operating Profit Variation

(Million yen)

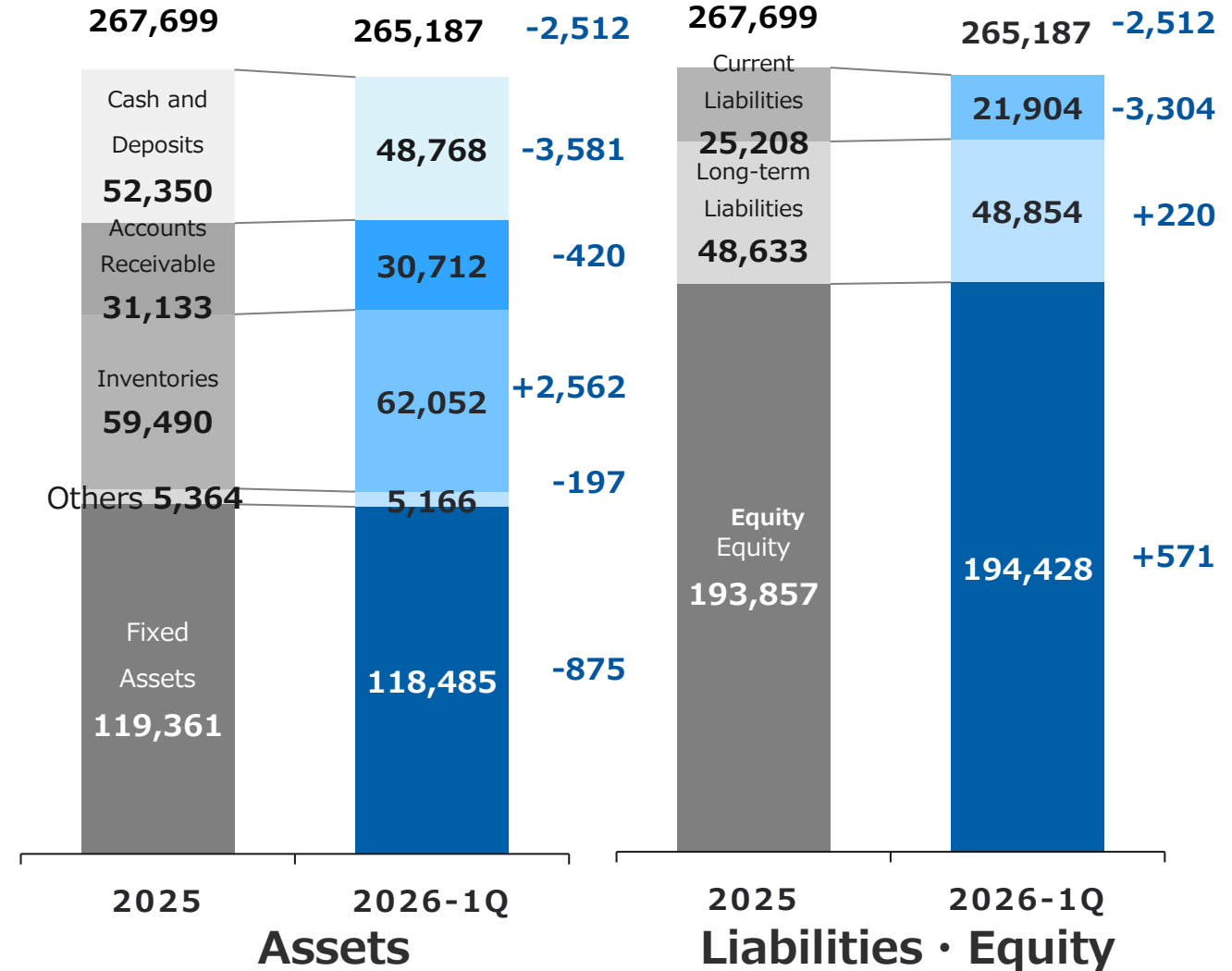


BS Key Metrics and BS Overview

BS Key Metrics



Consolidated Balance Sheet



Capital Investment

FY26 Capital Investment Forecast

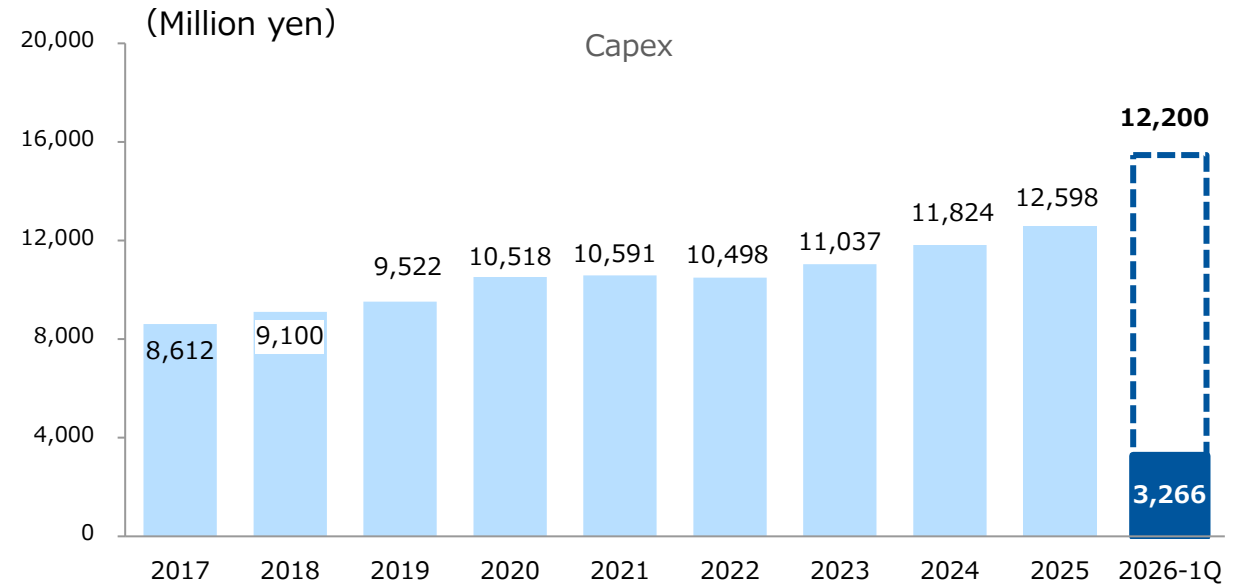
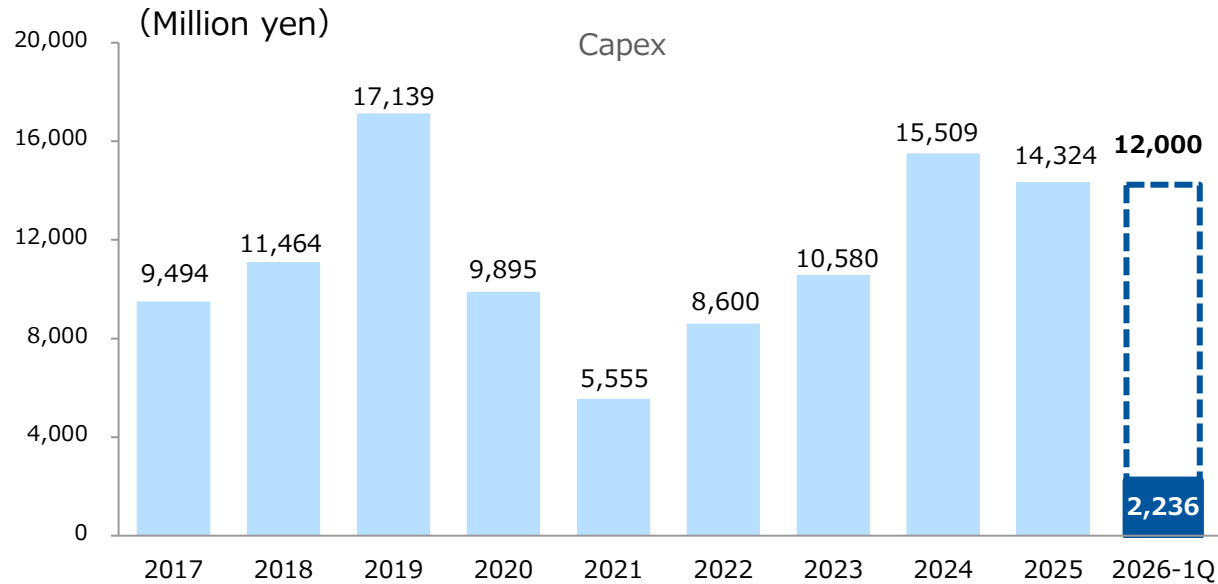
12.0 billion yen

CAPEX result
2,236 million yen

Breakdown

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

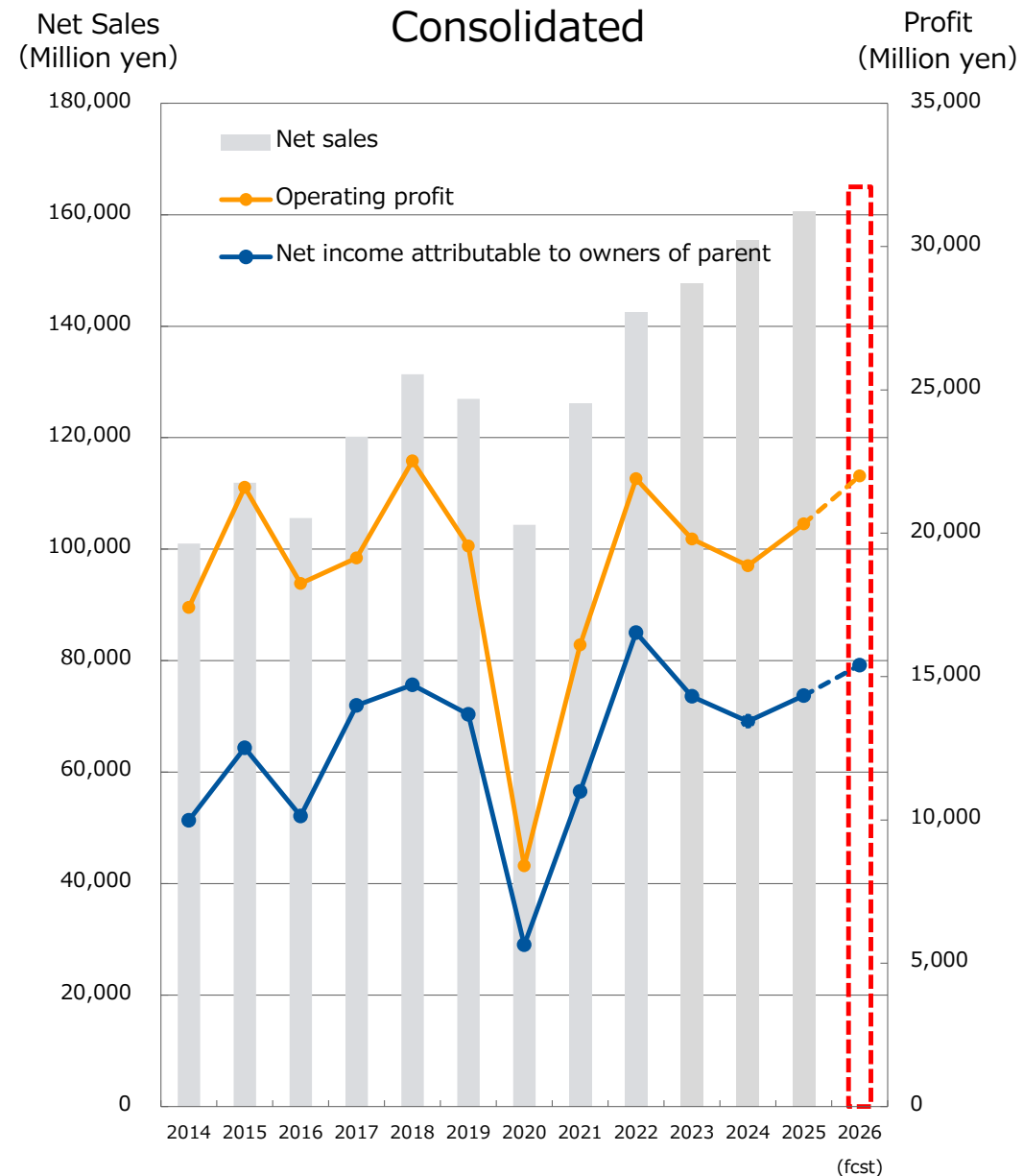
Depreciation result
3,266 million yen



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%

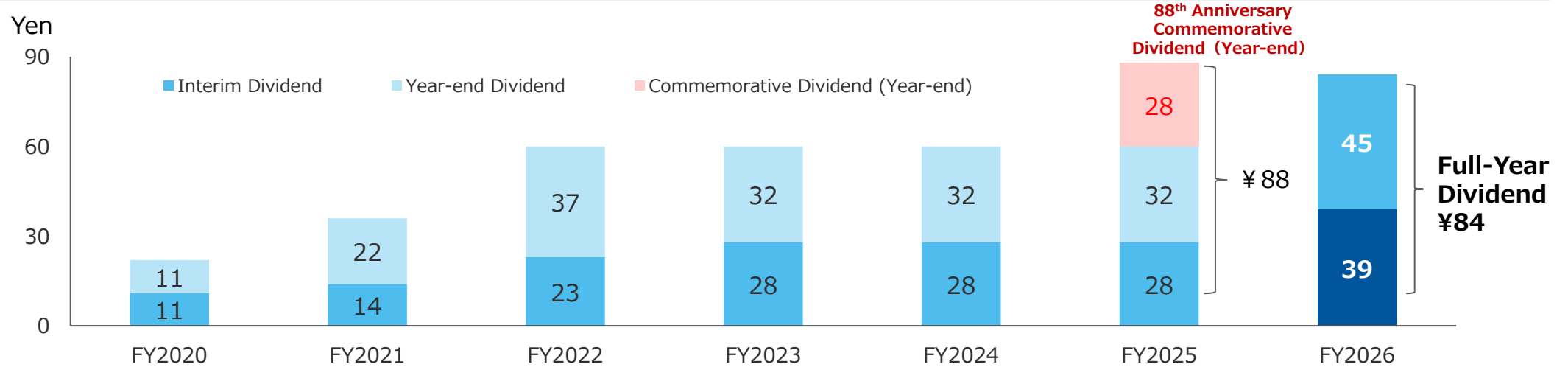
Exchange rate FY2026(Fcst.) : 1US\$=150.00yen 1Euro=170.00yen



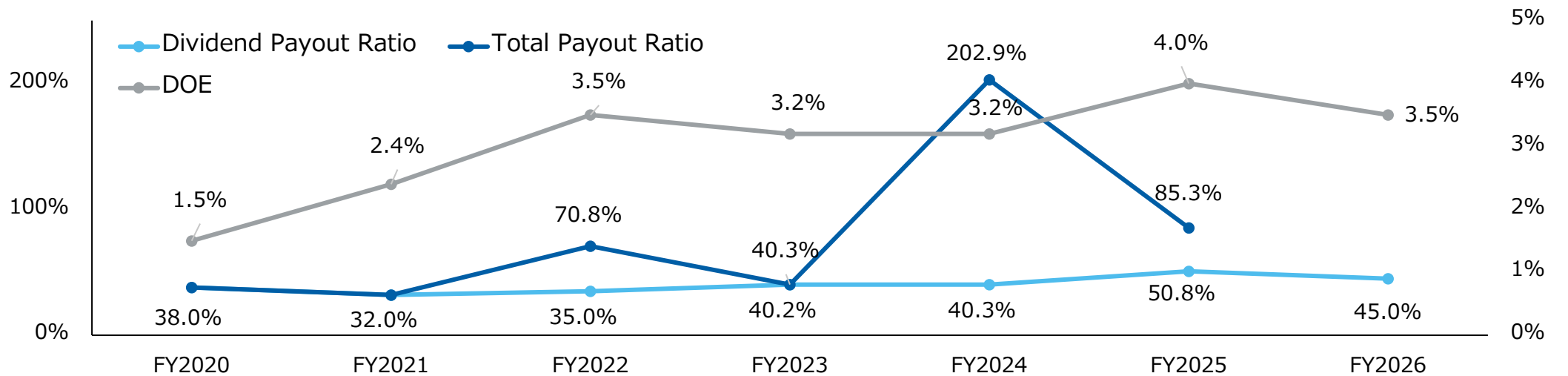
Shareholder Return Policy

Higher of 45% payout ratio or DOE 3.5%

Dividend



Dividend Payout Ratio
Total Payout Ratio



Exchange Rate

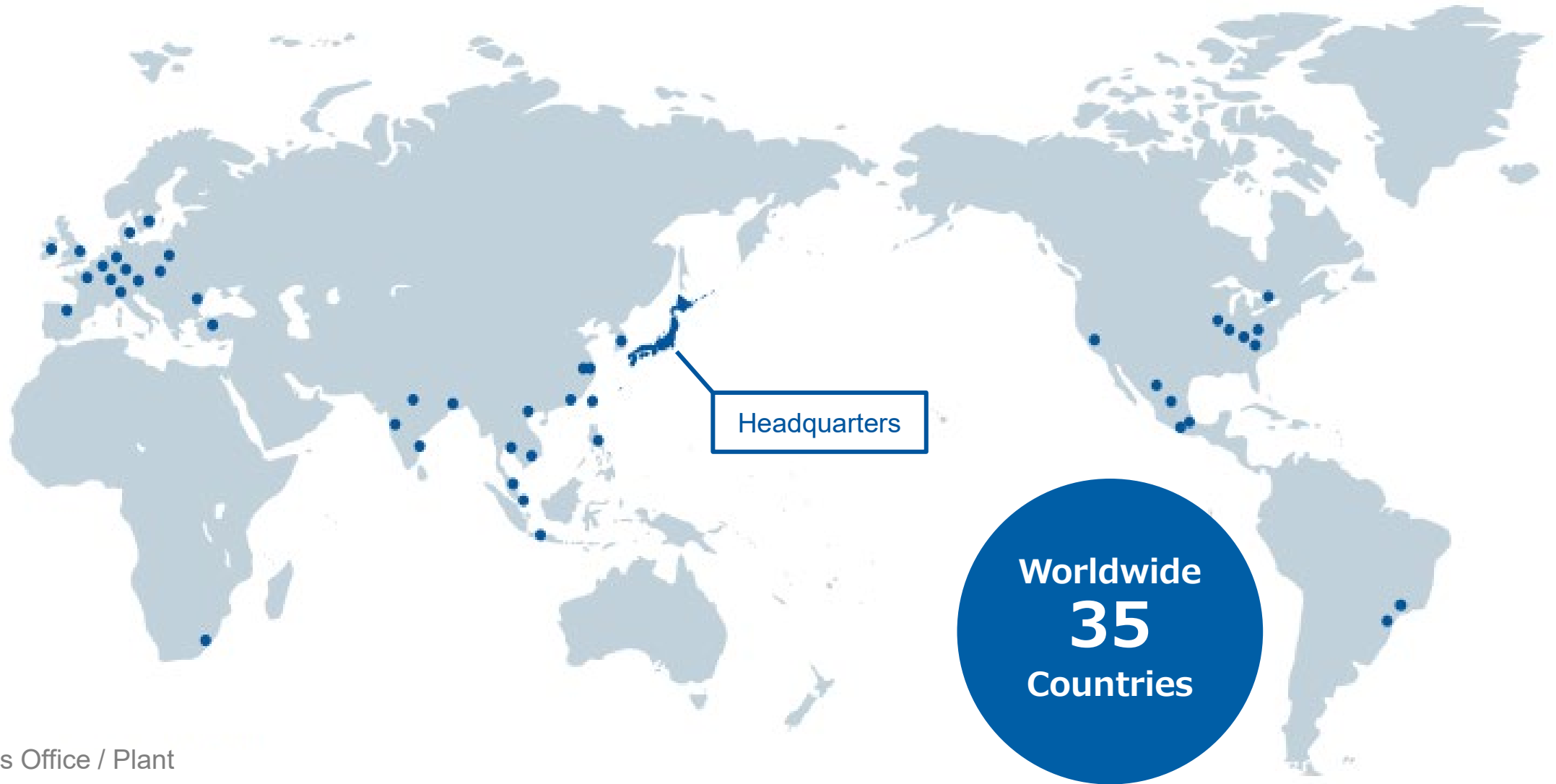
(Yen)

	Period average rate			Closing rate as of the period end		
	1US\$	1Euro	1RMB	1US\$	1Euro	1RMB
FY22 1Q	115.34	129.50	18.16	115.55	129.34	18.27
FY22	130.61	137.60	19.42	138.87	143.58	19.43
FY23 1Q	133.17	142.55	19.30	136.33	144.61	19.58
FY23	140.44	151.87	19.79	147.07	161.51	20.60
FY24 1Q	146.68	160.11	20.44	150.67	163.25	20.88
FY24	150.88	163.71	20.98	150.74	159.20	20.80
FY25 1Q	154.09	160.29	21.11	149.67	155.60	20.50
FY25	149.91	167.91	20.81	156.63	181.60	22.13
FY26 1Q	155.34	183.84	22.39	155.81	184.32	22.71

Selected Financial Data (Consolidated)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026-1Q
Net sales	(mil.yen)	105,561	120,198	131,368	126,964	104,388	126,156	142,525	147,703	155,517	160,619	42,627
Sales growth rate	(%)	-5.7%	13.9%	9.3%	-3.4%	-18.0%	20.9%	13.0%	3.6%	5.3%	3.3%	12.8%
Cost of sales	(mil.yen)	59,179	69,711	74,833	73,281	65,715	76,969	83,459	87,254	92,042	94,800	24,634
Gross profit	(mil.yen)	46,382	50,486	56,535	53,682	38,673	49,186	59,065	60,448	63,475	65,819	17,992
SG&A expenses	(mil.yen)	28,135	31,349	34,015	34,128	30,276	33,081	37,166	40,648	44,606	45,488	11,858
Operating Profit	(mil.yen)	18,246	19,137	22,520	19,554	8,396	16,105	21,898	19,800	18,868	20,330	6,134
Ordinary Profit	(mil.yen)	17,813	19,144	22,567	19,710	8,950	16,141	23,648	21,350	19,825	22,354	6,694
Net Profit	(mil.yen)	10,134	13,993	14,710	13,686	5,639	10,989	16,534	14,307	13,439	14,334	5,040
Gross profit margin	(%)	43.9%	42.0%	43.0%	42.3%	37.0%	39.0%	41.4%	40.9%	40.8%	41.0%	42.2%
SG&A to Sales ratio	(%)	26.7%	26.1%	25.9%	26.9%	29.0%	26.2%	26.1%	27.5%	28.7%	28.3%	27.8%
Operating Profit margin	(%)	17.3%	15.9%	17.1%	15.4%	8.0%	12.8%	15.4%	13.4%	12.1%	12.7%	14.4%
Ordinary Profit margin	(%)	16.9%	15.9%	17.2%	15.5%	8.6%	12.8%	16.6%	14.5%	12.7%	13.9%	15.7%
Net Profit margin	(%)	9.6%	11.6%	11.2%	10.8%	5.4%	8.7%	11.6%	9.7%	8.6%	8.9%	11.8%
Average FX rate: 1USD	(yen)	109.78	112.33	110.53	109.36	106.94	109.41	130.61	140.44	150.88	149.91	155.34
Average FX rate: 1Euro	(yen)	121.39	126.20	130.68	122.53	121.60	130.04	137.60	151.87	163.71	167.91	183.84
Total assets	(mil.yen)	156,081	166,712	178,020	190,414	200,112	209,757	228,852	250,124	257,256	267,699	265,187
Total shareholders' equity	(mil.yen)	92,216	115,810	125,332	129,078	129,338	143,811	164,659	181,561	166,633	180,811	182,358
Net Profit per share	(yen)	110.59	153.70	150.47	140.06	57.94	112.63	171.54	149.29	148.94	172.11	61.35
Cash dividends per share (end of Q2)	(yen)	22.00	21.00	22.00	23.00	11.00	14.00	23.00	28.00	28.00	28.00	(fcst)39.00
(year-end)	(yen)	28.00	25.00	25.00	24.00	11.00	22.00	37.00	32.00	32.00	60.00	(fcst)45.00
Total shareholders' equity per share	(yen)	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	2,219.86
Average number of shares	(ths)	91,640	91,044	97,761	97,716	97,335	97,573	96,388	95,838	90,233	83,289	82,149
ROA (operating profit basis)	(%)	11.7%	11.9%	13.1%	10.6%	4.3%	7.9%	10.0%	8.3%	7.4%	7.7%	9.2%
ROE	(%)	10.4%	13.5%	12.2%	10.8%	4.4%	8.0%	10.7%	8.3%	7.7%	8.3%	11.1%
Equity ratio	(%)	59.1%	69.5%	70.4%	67.8%	64.6%	68.6%	72.0%	72.6%	64.8%	67.5%	68.8%
Total asset turnover		0.68	0.74	0.76	0.69	0.53	0.62	0.65	0.62	0.61	0.61	0.64
Operating CF	(mil.yen)	16,333	20,820	20,310	19,261	17,038	26,982	20,175	23,331	28,557	26,389	-
Investing CF	(mil.yen)	-16,843	-7,566	-13,351	-20,314	-17,133	-6,961	-12,170	-8,543	-21,741	-13,976	-
Financing CF	(mil.yen)	-778	-11,137	-4,723	3,465	9,658	-14,264	-14,740	-3,831	-7,985	-15,035	-
Cash flow margin	(%)	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



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

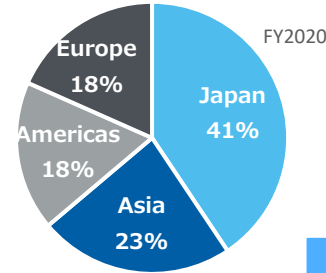
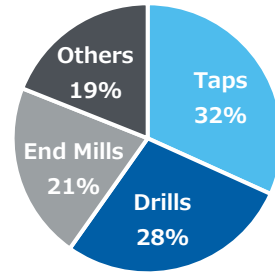
World's top manufacturer of hole-making cutting tools

Essential Player

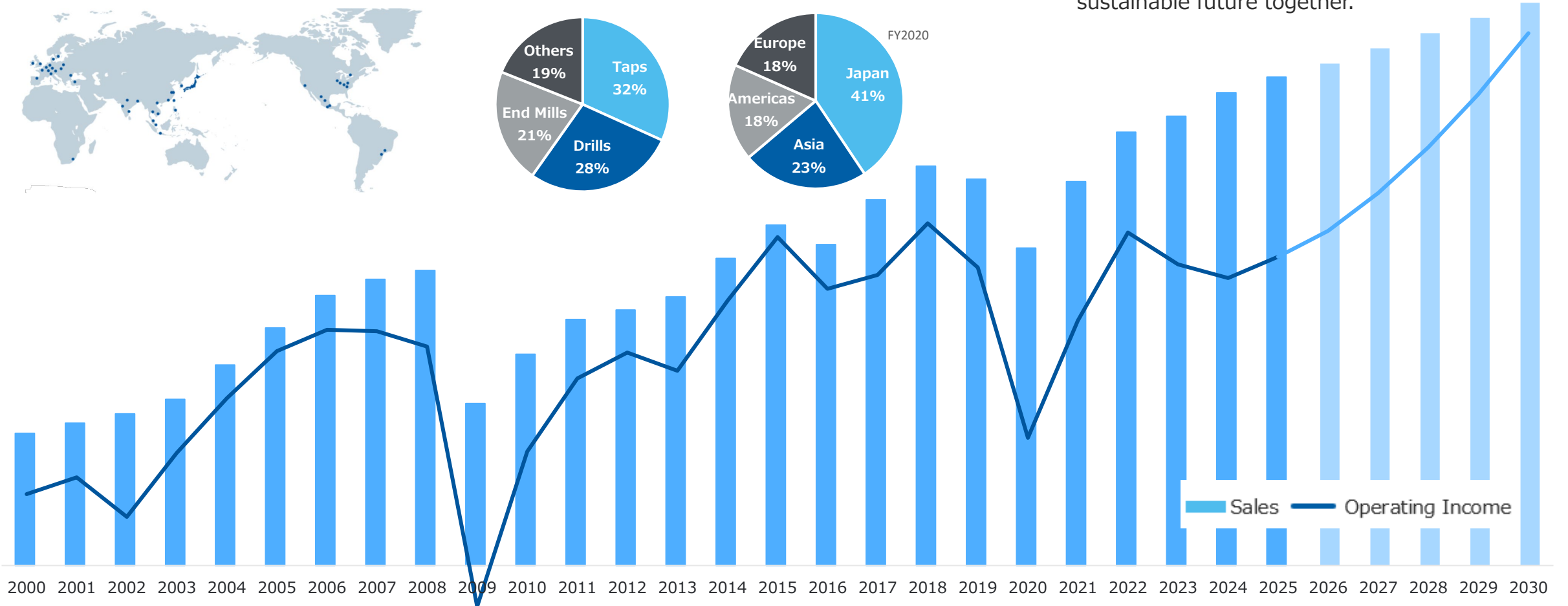
Established a global network



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



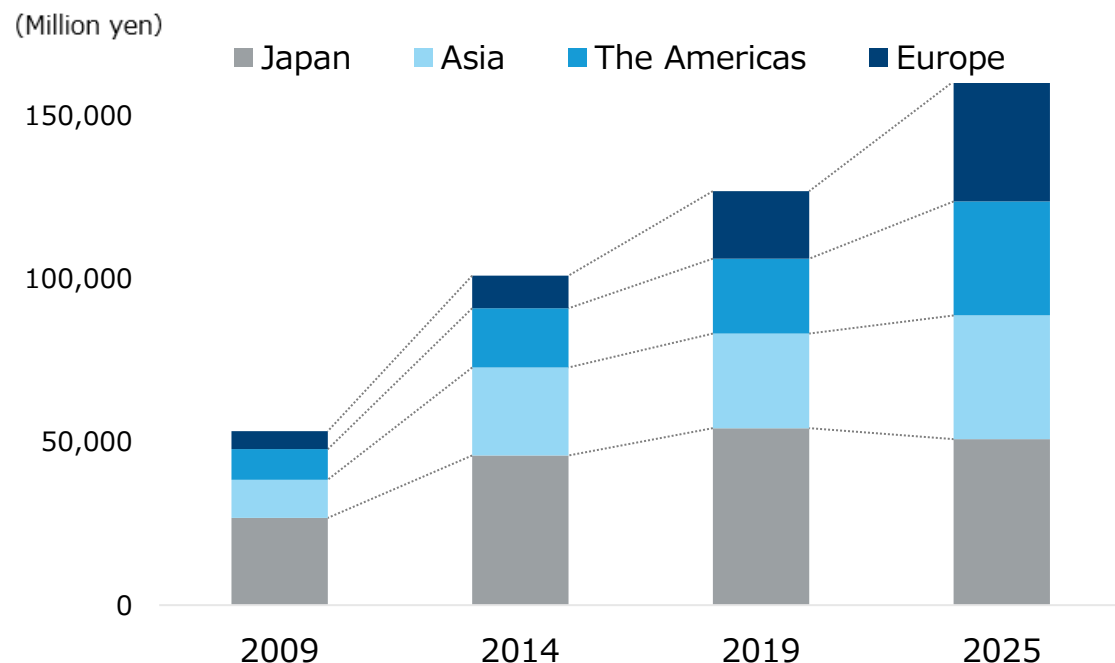
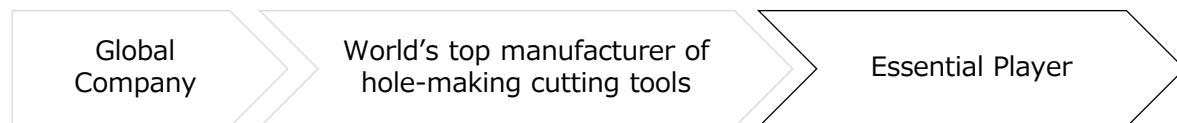
Supporting our customers in their challenges, we aim to achieve a profitable and sustainable future together.



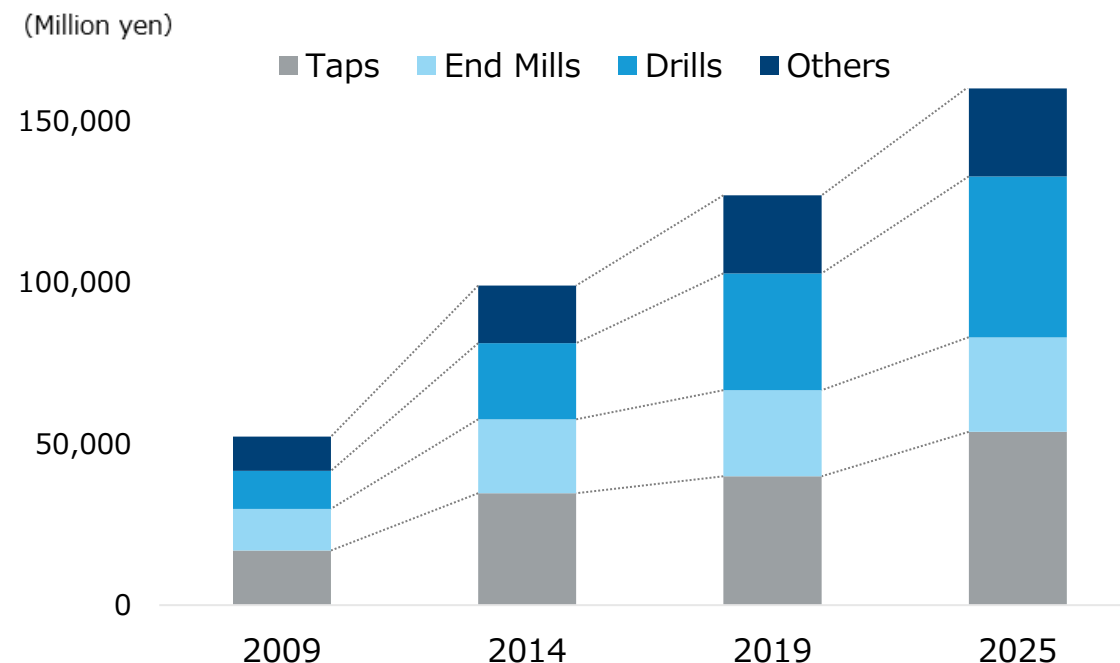
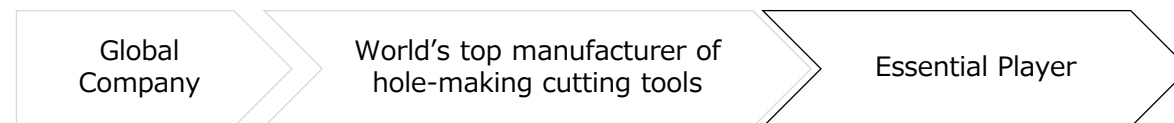
Establishing a balanced business foundation across regions and products

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)



Product Sales trend (Actual Results)

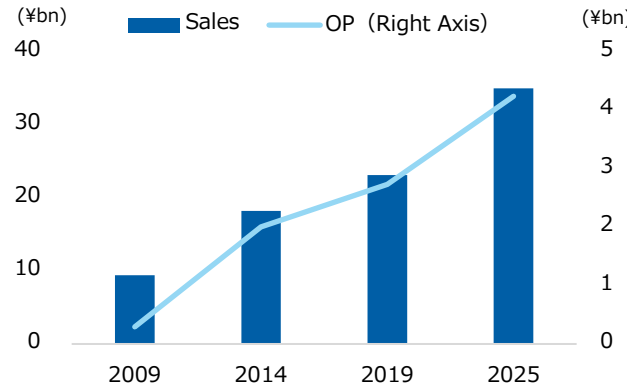


Performance Trends by Region and Product

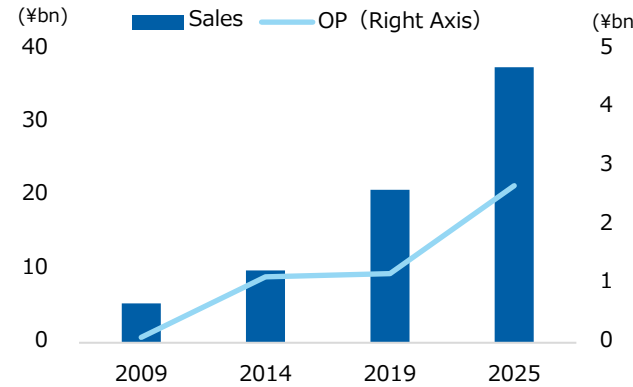
Our business has grown significantly outside Japan, with particularly strong expansion in taps and carbide drills—key tools for hole-making applications.

Net Sales
by Region
OP Ratio

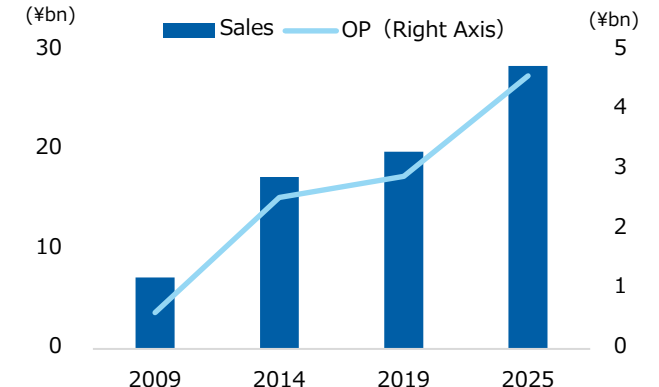
The Americas



Europe · Africa



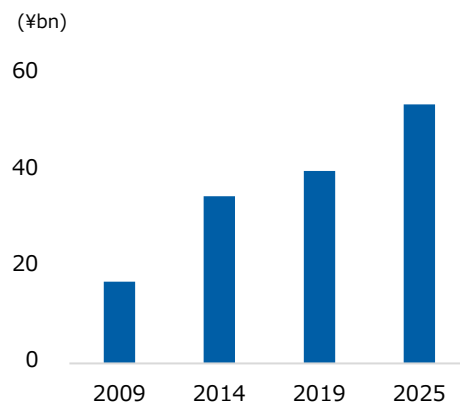
Asia (excluding Japan and Korea)



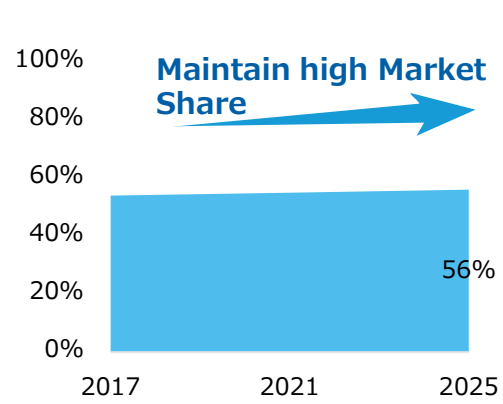
Net Sales
by Product
Market
Share

Taps

Net Sales

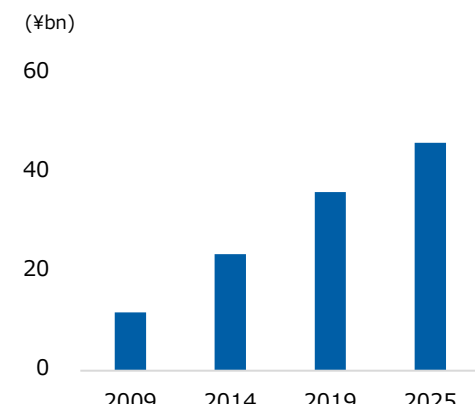


Market Share in Japan

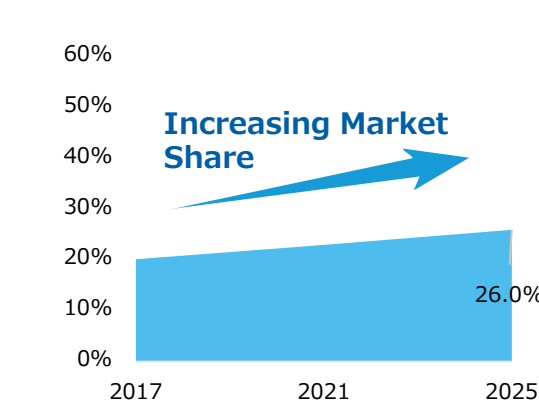


Carbide Drills

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
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	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	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.	<ul style="list-style-type: none"> • 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 .	<ul style="list-style-type: none"> • 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.	<div data-bbox="1684 829 1974 886" data-label="Text"> <p>KPI (FY2027)</p> </div> <div data-bbox="1684 893 1974 1015" data-label="Text"> <p>20%</p> </div>
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 data-bbox="1684 1036 1974 1229" data-label="Text"> <p>ROE over 10%</p> </div>



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.

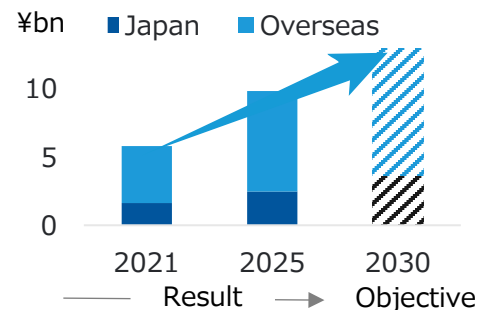


A-TAP

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.

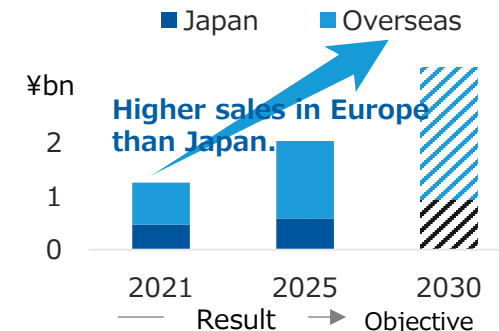
【Strength of ADO-MICRO】

- 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

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

Diamond Tool Business Products

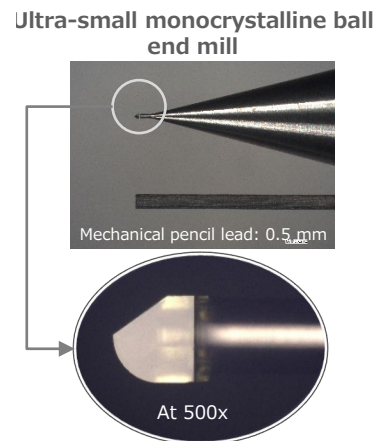
Business
Diamond tools are mainly used for nonferrous and composite materials, but their applications are not limited to precision machining. Recent advances in vibratory cutting technology now allow machining of ferrous materials, significantly expanding the market beyond previous expectations.

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

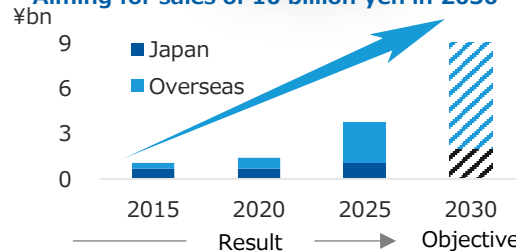
- Makino Milling Machine Co., Ltd.
- Taga Denki Co., Ltd.
- Shibaura Machinery Co., Ltd.

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.



Sales Outlook of Diamond tool

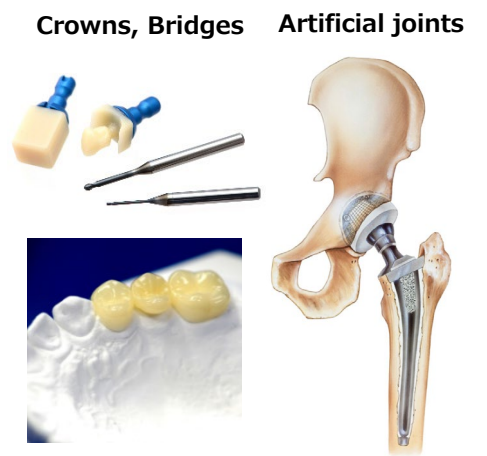
Aiming for sales of 10 billion yen in 2030



Medical-related Business Examples of Workpiece

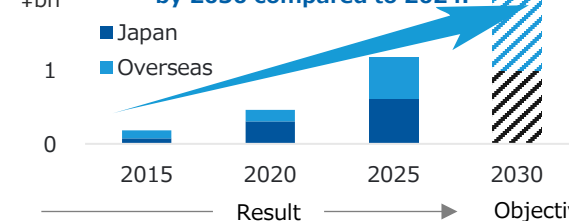
Business
Unique geometries and coatings for all dental prosthetic materials. Compatible with CAD/CAM systems, offered globally.
[Japan] 60% market share in dental tools.

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..

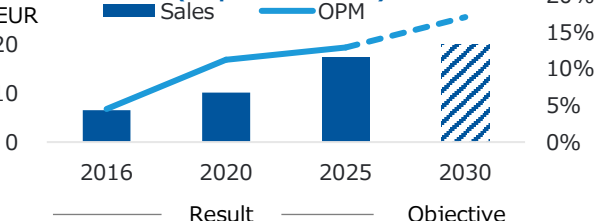


Sales Outlook for Medical Industry

Targeting a 1.5x 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, 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

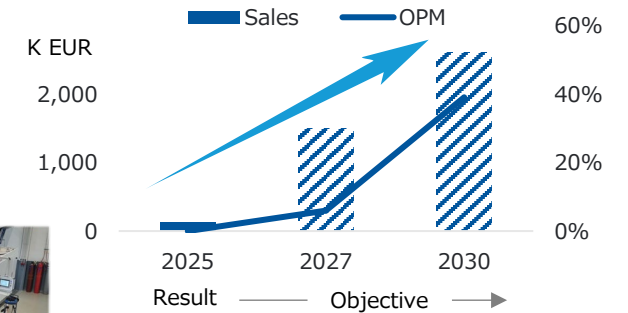
34 coating sites in 16 countries support customers' global expansion

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.

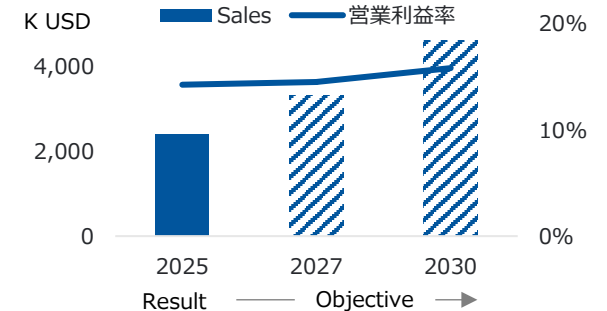


✓ Germany's Job coating market exceeds 200 million USD.

Fourth coating plant under construction in India



New Plant



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.

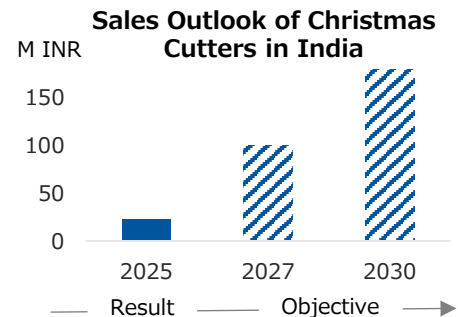
Heavy electric machinery

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.



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.

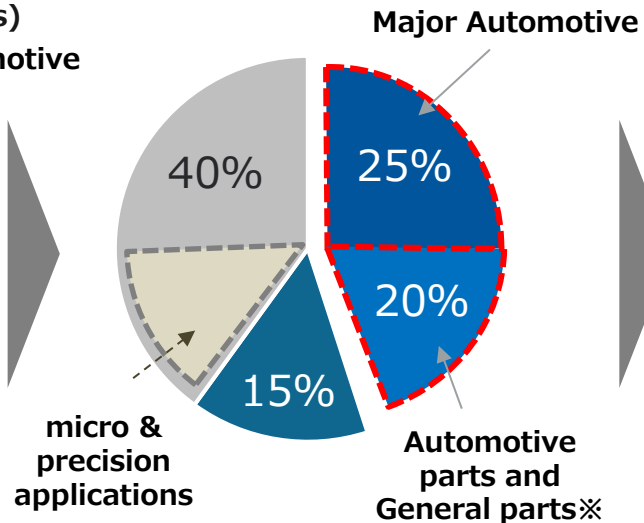
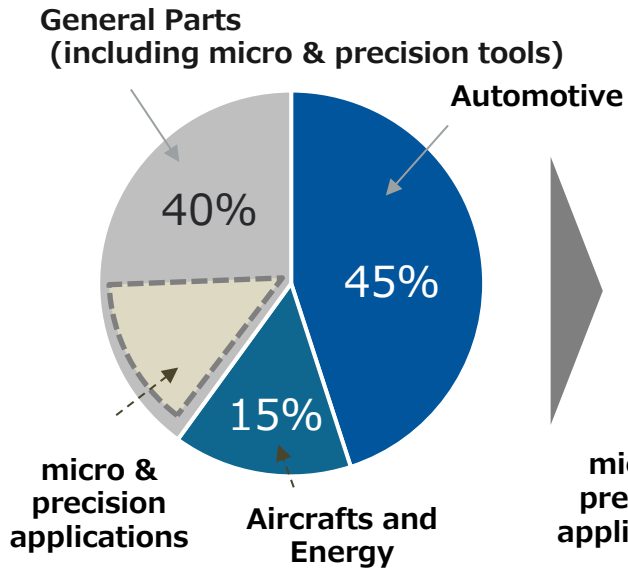
Beyond the Limit
2022-2024 (Stage1)

Beyond the Limit
2025-2027 (Stage2)

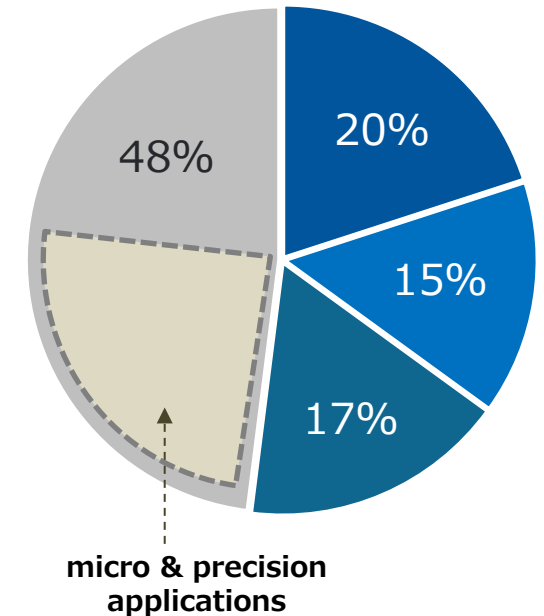
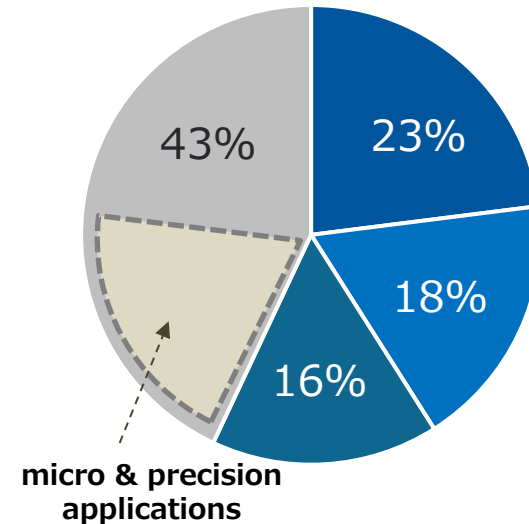
Beyond the Limit
2028-2030 (Stage3)

Before

After



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

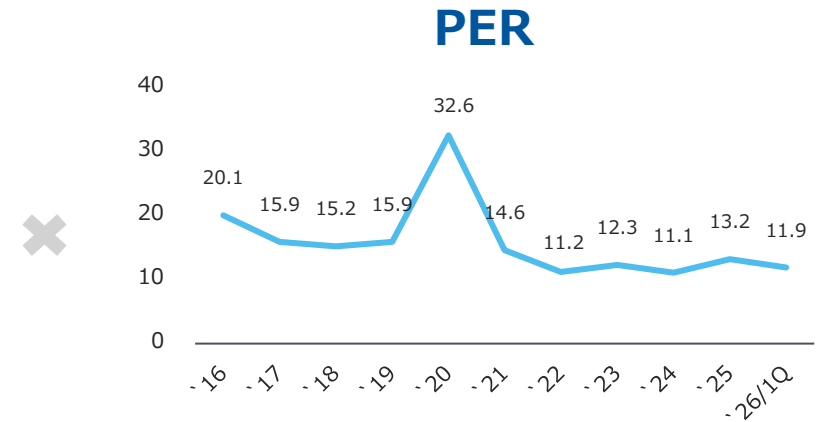
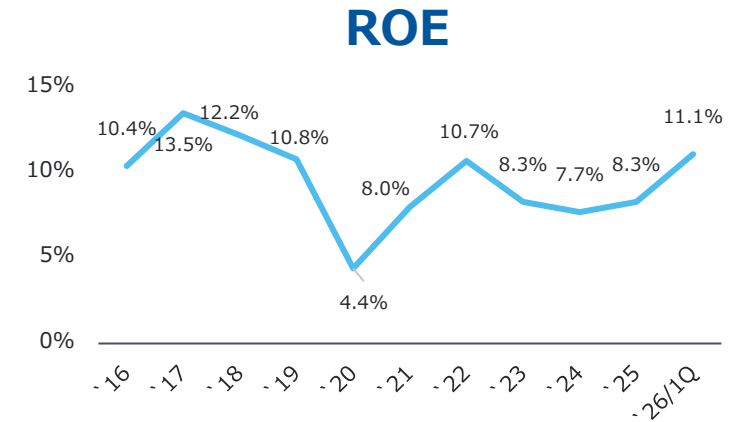
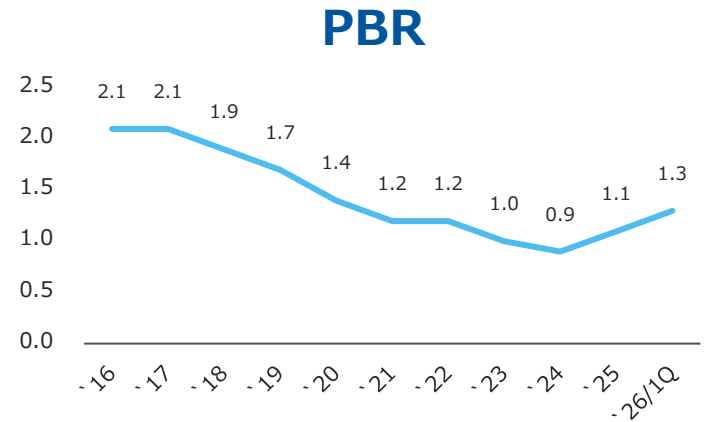


Financial and Capital Policy (Current Situation)

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



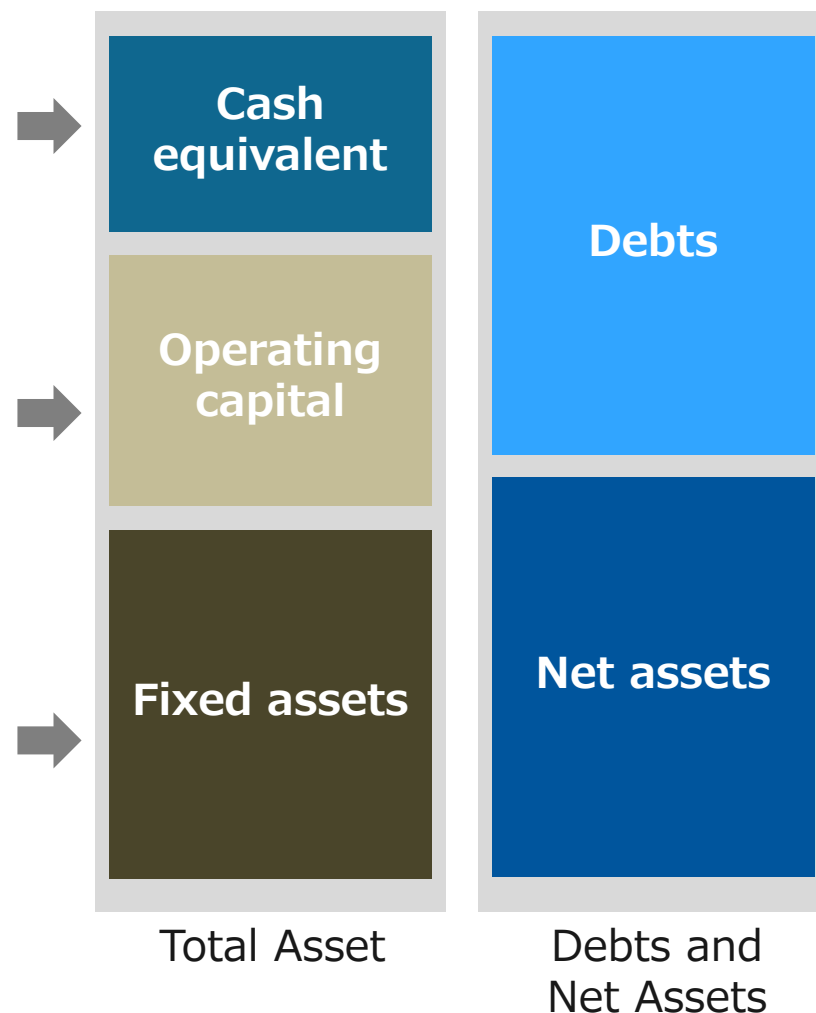
*2: PBR = Market capitalization (excluding treasury shares) ÷ Shareholders' equity
 *3: ROE = Net income attributable to owners of the parent ÷ Shareholders' equity
 *4: PER = Market capitalization (excluding treasury shares) ÷ Net income attributable to owners of the parent
 Note 1: Market Capitalization = 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 Feb. 28, 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 72	Strategic Investments 45 (M&A 9)
Corporate Bonds issued 27	Shareholder Returns 44 (Dividends 17 Buy-back 27)
Corporate Bonds issued 4	Repayment of loans 14

Stage2_Plan (FY2025~FY2027)

Unit: billion yen

Cash In
130

Cash Out
130

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

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

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)

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

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

