

FY2023 First Quarter Consolidated Financial Results (December 1, 2022 - February 28, 2023)

Company name : **OSG Corporation**
 Shares listed : Tokyo and Nagoya Stock Exchanges
 Code number : 6136
 Location of the head office : Aichi Prefecture
 Representative : Nobuaki Osawa, President
 Contact person : Junichi Kawamura, Accounting Manager
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(Amounts less than one million yen are omitted)

1. Consolidated Results for FY2023 First Quarter (December 1, 2022 - February 28, 2023)

(1) Consolidated financial results (% indicates changes from the previous corresponding term)

| | Net Sales | | Operating income | | Ordinary income | | Net income attributable to OSG Corporation | |
|----------------------|-------------|------|------------------|------|-----------------|------|--|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY2023 first-quarter | 34,231 | 6.2 | 4,513 | 1.6 | 4,880 | 1.9 | 3,050 | -11.8 |
| FY2022 first-quarter | 32,241 | 14.2 | 4,442 | 93.3 | 4,788 | 97.8 | 3,459 | 131.8 |

(Note) Comprehensive income FY2023 first-quarter: 2,491 million yen (-50.5%)
 FY2022 first-quarter: 5,036 million yen (34.9%)

| | Net income per share | Diluted net income per share |
|----------------------|----------------------|------------------------------|
| | Yen | Yen |
| FY2023 first-quarter | 31.86 | - |
| FY2022 first-quarter | 35.53 | 35.17 |

(Note) The diluted net income per share for FY2023 first-quarter is not stated as there were no dilutive shares.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| FY2023 first-quarter | 221,848 | 175,470 | 73.8 |
| FY2022 | 228,852 | 176,838 | 72.0 |

(Reference) Equity FY2023 first-quarter: 163,634 million yen FY2022: 164,659 million yen

2. Dividends

| | Dividends per share | | |
|-----------------|---------------------|----------|--------|
| | End of Q2 | Year-end | Annual |
| | Yen | Yen | Yen |
| FY2022 | 23.00 | 37.00 | 60.00 |
| FY2023 forecast | 28.00 | 32.00 | 60.00 |

(Note) Revision to the forecast for dividends announced most recently: None

3. Forecast of Consolidated Results for FY2023 (December 1, 2022 - November 30, 2023)

(for semi-annual, % indicates changes from the previous corresponding term, for annual, changes from the previous term)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to OSG Corporation | | Net income per share |
|-------------|-------------|-----|------------------|------|-----------------|-----|--|------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Semi-Annual | 68,000 | 0.1 | 11,000 | 11.7 | 11,000 | 3.5 | 7,600 | 1.4 | 79.40 |
| Annual | 145,000 | 1.7 | 24,000 | 9.6 | 24,000 | 1.5 | 16,200 | -2.0 | 169.24 |

(Note) Revision to the forecast for financial results announced most recently: None

4. Others

- (1) Changes in significant subsidiaries during the current period
(Changes in specified subsidiaries that caused a change in the scope of consolidation) : None
- (2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Yes
- (3) Changes in accounting principles and accounting estimates and retrospective restatement
- | | |
|--|------|
| (i) Changes in accounting principles due to amendment to accounting standards: | Yes |
| (ii) Changes other than (3)-(i) above: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Retrospective restatement: | None |
- (4) Number of shares issued and outstanding (common stock)
- | | |
|---|-------------------|
| (i) Number of shares issued and outstanding at the end of each period (including treasury stock): | |
| FY2023 first-quarter: | 99,182,517 shares |
| FY2022: | 99,182,517 shares |
| (ii) Number of treasury stock at the end of each period: | |
| FY2023 first-quarter: | 3,416,271 shares |
| FY2022: | 3,513,523 shares |
| (iii) Average number of shares outstanding in each period: | |
| FY2023 first-quarter: | 95,720,420 shares |
| FY2022 first-quarter: | 97,364,811 shares |

※These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants and audit corporations.

※Explanation for appropriate use of financial forecasts and other special notes

The above forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

Consolidated Summary Balance Sheet

OSG Corporation

| | | (Millions of yen) |
|--|---------------------|----------------------|
| | FY2022 | FY2023 first-quarter |
| | As of Nov. 30, 2022 | As of Feb. 28, 2023 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 46,697 | 41,223 |
| Notes and accounts receivable - trade | 26,885 | 25,839 |
| Securities | 0 | 1 |
| Merchandise and finished goods | 33,238 | 35,360 |
| Work in process | 8,641 | 7,523 |
| Raw materials and supplies | 10,146 | 10,242 |
| Other | 3,731 | 4,223 |
| Allowance for doubtful accounts | (374) | (648) |
| Total current assets | 128,967 | 123,766 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 24,712 | 24,264 |
| Machinery, equipment and vehicles, net | 34,739 | 35,294 |
| Land | 16,006 | 15,917 |
| Other, net | 5,604 | 5,447 |
| Total property, plant and equipment | 81,062 | 80,924 |
| Intangible assets | | |
| Goodwill | 4,402 | 3,992 |
| Other | 1,396 | 1,446 |
| Total intangible assets | 5,799 | 5,439 |
| Investments and other assets | | |
| Investment securities | 4,800 | 4,910 |
| Other | 8,666 | 7,134 |
| Allowance for doubtful accounts | (443) | (326) |
| Total investments and other assets | 13,023 | 11,718 |
| Total non-current assets | 99,885 | 98,082 |
| Total assets | 228,852 | 221,848 |

Consolidated Summary Balance Sheet

OSG Corporation

| | | (Millions of yen) |
|--|---------------------|----------------------|
| | FY2022 | FY2023 first-quarter |
| | As of Nov. 30, 2022 | As of Feb. 28, 2023 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 5,887 | 5,208 |
| Short-term loans payable | 677 | 603 |
| Current portion of long-term loans payable | 1,019 | 1,977 |
| Income taxes payable | 3,105 | 2,071 |
| Provision for bonuses | 612 | 1,672 |
| Provision for directors' bonuses | 371 | 123 |
| Other | 12,091 | 8,158 |
| Total current liabilities | 23,765 | 19,815 |
| Non-current Liabilities | | |
| Bonds payable | 5,000 | 5,000 |
| Long-term loans payable | 18,873 | 17,325 |
| Net defined benefit liability | 879 | 884 |
| Provision for loss on guarantees | 185 | 186 |
| Other | 3,310 | 3,164 |
| Total non-current liabilities | 28,248 | 26,562 |
| Total liabilities | 52,014 | 46,377 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 13,044 | 13,044 |
| Capital surplus | 13,792 | 13,618 |
| Retained earnings | 132,320 | 131,812 |
| Treasury stock | (6,388) | (6,194) |
| Total shareholders' equity | 152,768 | 152,281 |
| Accumulated other comprehensive income | | |
| Valuation difference | | |
| on available-for-sale securities | 852 | 975 |
| Deferred gains or losses on hedges | 0 | - |
| Foreign currency translation adjustment | 11,038 | 10,378 |
| Total accumulated other comprehensive income | 11,890 | 11,353 |
| Non-controlling interests | 12,178 | 11,836 |
| Total net assets | 176,838 | 175,470 |
| Total liabilities and net assets | 228,852 | 221,848 |

Consolidated Summary Statement of Income
OSG Corporation

| | (Millions of yen) | |
|---|---|---|
| | FY2022 first-quarter (2021/12/1 - 2022/2/28) | FY2023 first-quarter (2022/12/1 - 2023/2/28) |
| Net sales | 32,241 | 34,231 |
| Cost of sales | 19,228 | 20,093 |
| Gross profit | 13,012 | 14,137 |
| Selling, general and administrative expenses | 8,570 | 9,623 |
| Operating income | 4,442 | 4,513 |
| Non-operating income | | |
| Interest income | 67 | 145 |
| Dividend income | 14 | 21 |
| Foreign exchange gains | 88 | 28 |
| Subsidy income | 90 | 141 |
| Other | 267 | 176 |
| Total non-operating income | 528 | 514 |
| Non-operating expenses | | |
| Interest expenses | 59 | 71 |
| Other | 122 | 76 |
| Total non-operating expenses | 181 | 147 |
| Ordinary income | 4,788 | 4,880 |
| Extraordinary gains | | |
| Gain on sales of investments in capital of subsidiaries and associates | - | 159 |
| Total extraordinary gains | - | 159 |
| Extraordinary losses | | |
| Provision of allowance for doubtful accounts | - | 290 |
| Total extraordinary losses | - | 290 |
| Income before income taxes | 4,788 | 4,750 |
| Income taxes - current | 1,598 | 1,612 |
| Income taxes - deferred | (408) | (9) |
| Total income taxes | 1,190 | 1,603 |
| Net income | 3,598 | 3,147 |
| Net income attributable to non-controlling interests | 138 | 96 |
| Net income attributable to OSG Corporation | 3,459 | 3,050 |

Consolidated Statement of Comprehensive Income
OSG Corporation

| | | (Millions of yen) |
|--|---|---|
| | FY2022 first-quarter (2021/12/1 - 2022/2/28) | FY2023 first-quarter (2022/12/1 - 2023/2/28) |
| Net income | 3,598 | 3,147 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (88) | 99 |
| Deferred gains or losses on hedges | (4) | (0) |
| Foreign currency translation adjustment | 1,532 | (756) |
| Share of other comprehensive income of associates accounted for using equity method | (1) | 2 |
| Total other comprehensive income | 1,438 | (655) |
| Comprehensive income | 5,036 | 2,491 |
| (Breakdown) | | |
| Comprehensive income attributable to OSG Corporation | 4,864 | 2,542 |
| Comprehensive income attributable to non-controlling interests | 171 | (50) |

Operations by Geographical Segment

Results for FY2022 first-quarter (Dec. 1, 2021 through Feb. 28, 2022)

(Millions of yen)

| | Japan | The Americas | Europe/ Africa | Asia | Total | Eliminations | Consolidated |
|---------------------|--------|--------------|-------------------|-------|--------|--------------|--------------|
| Sales to customers | 11,686 | 5,575 | 6,400 | 8,578 | 32,241 | - | 32,241 |
| Interarea transfers | 5,334 | 289 | 53 | 854 | 6,532 | (6,532) | - |
| Total sales | 17,021 | 5,864 | 6,454 | 9,433 | 38,773 | (6,532) | 32,241 |
| Operating income | 1,750 | 907 | 558 | 1,534 | 4,750 | (308) | 4,442 |

(Note) Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc.

have been applied from FY2022 first-quarter, accounting principles regarding revenue have been changed.

Therefore, calculation method of regional operating income has been changed.

This change rarely affects sales and operating income.

Results for FY2023 first-quarter (Dec. 1, 2022 through Feb. 28, 2023)

(Millions of yen)

| | Japan | The Americas | Europe/ Africa | Asia | Total | Eliminations | Consolidated |
|---------------------|--------|--------------|-------------------|-------|--------|--------------|--------------|
| Sales to customers | 11,995 | 7,158 | 7,618 | 7,459 | 34,231 | - | 34,231 |
| Interarea transfers | 5,903 | 131 | 49 | 995 | 7,079 | (7,079) | - |
| Total sales | 17,899 | 7,289 | 7,667 | 8,454 | 41,310 | (7,079) | 34,231 |
| Operating income | 2,073 | 1,100 | 718 | 950 | 4,843 | (329) | 4,513 |

Net sales by Product Segment

(Millions of yen)

| Product Segment | FY2022 first-quarter (2021/12/1 - 2022/2/28) | FY2023 first-quarter (2022/12/1 - 2023/2/28) |
|--------------------------------|---|---|
| Cutting tools: | | |
| Taps | 11,397 | 11,276 |
| End mills | 5,844 | 6,685 |
| Drills and other cutting tools | 9,162 | 9,800 |
| Subtotal | 26,404 | 27,763 |
| Rolling dies | 2,377 | 2,551 |
| Gauges | 449 | 457 |
| Other: | | |
| Machine | 783 | 1,320 |
| Other | 2,227 | 2,139 |
| Subtotal | 3,010 | 3,459 |
| Total | 32,241 | 34,231 |