

FY2023 Semi-Annual Consolidated Financial Results (December 1, 2022 - May 31, 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 Semi-Annual (December 1, 2022 - May 31, 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 semi-annual	70,638	3.9	9,494	-3.6	10,166	-4.4	6,591	-12.0
FY2022 semi-annual	67,956	11.0	9,845	38.8	10,629	46.4	7,492	57.7

(Note) Comprehensive income FY2023 semi-annual: 9,423 million yen (-45.3%)
 FY2022 semi-annual: 17,241 million yen (63.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2023 semi-annual	68.82	-
FY2022 semi-annual	77.26	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2023 semi-annual	230,752	182,522	73.8
FY2022	228,852	176,838	72.0

(Reference) Equity FY2023 semi-annual: 170,374 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	28.00		
FY2023 forecast		32.00	60.00

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

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

(% indicates 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
Annual	145,000	1.7	24,000	9.6	24,000	1.5	16,200	-2.0	169.16

(Note) Revision to the forecast of 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 semi-annual: | 99,182,517 shares |
| FY2022: | 99,182,517 shares |
| (ii) Number of treasury stock at the end of each period: | |
| FY2023 semi-annual: | 3,341,432 shares |
| FY2022: | 3,513,523 shares |
| (iii) Average number of shares outstanding in each period: | |
| FY2023 semi-annual: | 95,767,296 shares |
| FY2022 semi-annual: | 96,979,233 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 semi-annual
	As of Nov. 30, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	46,697	44,370
Notes and accounts receivable - trade	26,885	27,265
Securities	0	1
Merchandise and finished goods	33,238	36,976
Work in process	8,641	7,543
Raw materials and supplies	10,146	10,550
Other	3,731	4,735
Allowance for doubtful accounts	(374)	(192)
Total current assets	128,967	131,251
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,712	24,229
Machinery, equipment and vehicles, net	34,739	35,170
Land	16,006	15,873
Other, net	5,604	6,098
Total property, plant and equipment	81,062	81,371
Intangible assets		
Goodwill	4,402	3,900
Other	1,396	1,472
Total intangible assets	5,799	5,373
Investments and other assets		
Investment securities	4,800	5,535
Other	8,666	7,554
Allowance for doubtful accounts	(443)	(334)
Total investments and other assets	13,023	12,756
Total non-current assets	99,885	99,500
Total assets	228,852	230,752

Consolidated Summary Balance Sheet
OSG Corporation

		(Millions of yen)
	FY2022	FY2023 semi-annual
	As of Nov. 30, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,887	5,445
Short-term loans payable	677	693
Current portion of long-term loans payable	1,019	1,272
Income taxes payable	3,105	2,414
Provision for bonuses	612	481
Provision for directors' bonuses	371	217
Other	12,091	11,550
Total current liabilities	23,765	22,074
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	18,873	16,883
Net defined benefit liability	879	956
Provision for loss on guarantees	185	90
Other	3,310	3,223
Total non-current liabilities	28,248	26,154
Total liabilities	52,014	48,229
Net assets		
Shareholders' equity		
Capital stock	13,044	13,044
Capital surplus	13,792	13,629
Retained earnings	132,320	135,348
Treasury stock	(6,388)	(6,052)
Total shareholders' equity	152,768	155,969
Accumulated other comprehensive income		
Valuation difference		
on available-for-sale securities	852	1,314
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	11,038	13,090
Total accumulated other comprehensive income	11,890	14,404
Non-controlling interests	12,178	12,148
Total net assets	176,838	182,522
Total liabilities and net assets	228,852	230,752

Consolidated Summary Statement of Income
OSG Corporation

		(Millions of yen)
	FY2022 semi-annual (12/1/2021 - 5/31/2022)	FY2023 semi-annual (12/1/2022 - 5/31/2023)
Net sales	67,956	70,638
Cost of sales	40,507	41,701
Gross profit	27,448	28,936
Selling, general and administrative expenses	17,603	19,442
Operating income	9,845	9,494
Non-operating income		
Interest income	146	330
Dividend income	27	67
Foreign exchange gains	360	-
Other	598	585
Total non-operating income	1,132	982
Non-operating expenses		
Interest expenses	126	138
Foreign exchange losses	-	47
Other	221	123
Total non-operating expenses	348	310
Ordinary income	10,629	10,166
Extraordinary gains		
Gain on sales of investments in capital of subsidiaries and affiliates	-	155
Total extraordinary gains	-	155
Extraordinary losses		
Provision of allowance for doubtful accounts	-	540
Loss on valuation of shares of subsidiaries and affiliates	-	74
Total extraordinary losses	-	614
Income before income taxes	10,629	9,707
Income taxes - current	3,959	3,451
Income taxes - deferred	(1,134)	(517)
Total income taxes	2,825	2,934
Net income	7,804	6,773
Net income attributable to non-controlling interests	312	181
Net income attributable to OSG Corporation	7,492	6,591

Consolidated Statement of Comprehensive Income
OSG Corporation

	(Millions of yen)	
	FY2022 semi-annual (12/1/2021 - 5/31/2022)	FY2023 semi-annual (12/1/2022 - 5/31/2023)
Net income	7,804	6,773
Other comprehensive income		
Valuation difference on available-for-sale securities	62	432
Deferred gains or losses on hedges	(22)	(0)
Foreign currency translation adjustment	9,408	2,219
Share of other comprehensive income of associates accounted for using equity method	(12)	(1)
Total other comprehensive income	9,436	2,650
Comprehensive income	17,241	9,423
(Breakdown)		
Comprehensive income attributable to OSG Corporation	16,133	9,134
Comprehensive income attributable to non-controlling interests	1,107	288

Consolidated Summary Statement of Cash Flows
OSG Corporation

	(Millions of yen)	
	FY2022 semi-annual (12/1/2021 - 5/31/2022)	FY2023 semi-annual (12/1/2022 - 5/31/2023)
Operating activities:		
Income before income taxes	10,629	9,707
Depreciation and amortization	5,071	5,332
Amortization of goodwill	424	432
Increase (decrease) in allowance for doubtful accounts	(7)	533
Interest and dividend income	(173)	(397)
Interest expense	126	138
Equity in loss (earnings) of an associated company	(7)	7
Gain on sales of investments in capital of subsidiaries and affiliates	-	(155)
Loss on valuation of shares of subsidiaries and affiliates	-	74
Change in notes and accounts receivable	292	(150)
Change in inventories	(1,390)	(2,776)
Change in notes and accounts payable	(431)	(407)
Change in accrued expenses	209	(623)
Other, net	(1,185)	(21)
Subtotal	13,557	11,695
Interest and dividend income received	180	395
Interest expense paid	(154)	(156)
Income taxes - paid	(4,102)	(4,363)
Net cash provided by operating activities	9,482	7,570
Investing activities:		
Payments for time deposits	(1,799)	(1,569)
Proceeds from refund of time deposits	3,351	3,083
Acquisitions of property, plant and equipment	(3,795)	(4,774)
Proceeds from sales of property, plant and equipment	40	480
Purchases of investment securities	(4)	(8)
Proceeds from sales and redemption of investment securities	117	0
Purchase of shares of subsidiaries	(428)	(1,007)
Proceeds from sales of investments in capital of subsidiaries resulting in change in scope of consolidation	-	524
Other, net	(170)	(814)
Net cash used in investing activities	(2,689)	(4,085)
Financing activities:		
Change in short-term borrowings, net	(1,779)	11
Proceeds from long-term borrowings	56	-
Repayments of long-term borrowings	(1,348)	(1,508)
Redemption of convertible bond-type bonds with subscription rights to shares	(30)	-
Purchase of investments in capital of subsidiaries without change in scope of consolidation	-	(42)
Purchase of treasury stock	(4,885)	(1)
Proceeds from sales of treasury stock	286	255
Dividends paid	(2,148)	(3,541)
Dividends paid to non-controlling interests	(190)	(168)
Other, net	(289)	(144)
Net cash used in financing activities	(10,329)	(5,139)
Effect of exchange rate change on cash and cash equivalents	2,265	498
Net increase (decrease) in cash and cash equivalents	(1,271)	(1,156)
Cash and cash equivalents at beginning of year	40,354	36,717
Cash and cash equivalents from newly consolidated subsidiaries	-	73
Cash and cash equivalents at end of period	39,083	35,634

Operations by Geographical Segment

Results for FY2022 semi-annual (Dec. 1, 2021 through May 31, 2022)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	24,601	12,325	13,893	17,135	67,956	-	67,956
Interarea transfers	10,801	384	118	1,610	12,915	(12,915)	-
Total sales	35,403	12,709	14,012	18,746	80,871	(12,915)	67,956
Operating income	4,123	1,805	1,470	3,190	10,590	(744)	9,845

Results for FY2023 semi-annual (Dec. 1, 2022 through May 31, 2023)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	24,053	14,912	16,132	15,540	70,638	-	70,638
Interarea transfers	11,444	614	111	1,950	14,121	(14,121)	-
Total sales	35,497	15,527	16,243	17,491	84,759	(14,121)	70,638
Operating income	3,858	2,371	1,706	2,065	10,001	(507)	9,494

Net Sales by Product Segment

(Millions of yen)

Product Segment	FY2022 semi-annual (12/1/2021 - 5/31/2022)	FY2023 semi-annual (12/1/2022 - 5/31/2023)
Cutting tools:		
Taps	23,967	23,346
End mills	12,441	13,426
Drills and other cutting tools	19,465	20,431
Subtotal	55,874	57,205
Rolling dies	5,135	5,300
Gauges	973	937
Other:		
Machine	1,791	2,679
Other	4,181	4,515
Subtotal	5,973	7,194
Total	67,956	70,638