October 5, 2023

FY2023 Third Quarter Consolidated Financial Results (December 1, 2022 - August 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 Third Quarter (December 1, 2022 - August 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 third quarter	107,731	4.1	14,085	-6.3	15,270	-6.1	10,044	-11.5
FY2022 third quarter	103,502	11.8	15,034	32.9	16,264	42.6	11,349	45.3

(Note) Comprehensive income FY2023 third quarter: 18,315 million yen (-27.1%)
FY2022 third quarter: 25,110 million yen (107.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2023 third quarter	104.84	-
FY2022 third quarter	117.48	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2023 third quarter	239,371	188,453	73.5
FY2022	228,852	176,838	72.0

(Reference) Equity FY2023 third quarter: 175,866 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	19,000	-13.2	21,000	-11.2	14,000	-15.3	146.13

(Note) Revision to the forecast of financial results announced most recently: Yes

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 third quarter:	99,182,517 shares
FY2022:	99,182,517 shares

(ii) Number of treasury stock at the end of each period:

FY2023 third quarter:	3,252,899 shares
FY2022:	3,513,523 shares

(iii) Average number of shares outstanding in each period:

FY2023 third quarter:	95,807,184 shares
FY2022 third quarter:	96,608,345 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 As of Nov. 30, 2022	FY2023 third quarter As of Aug. 31, 2023
Assets		
Current assets		
Cash and deposits	46,697	50,051
Notes and accounts receivable - trade	26,885	26,424
Securities	0	1
Merchandise and finished goods	33,238	39,130
Work in process	8,641	7,430
Raw materials and supplies	10,146	10,359
Other	3,731	4,335
Allowance for doubtful accounts	(374)	(192)
Total current assets	128,967	137,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,712	24,359
Machinery, equipment and vehicles, net	34,739	36,105
Land	16,006	16,145
Other, net	5,604	7,038
Total property, plant and equipment	81,062	83,648
Intangible assets		
Goodwill	4,402	3,896
Other	1,396	1,515
Total intangible assets	5,799	5,411
Investments and other assets		
Investment securities	4,800	5,787
Other	8,666	7,323
Allowance for doubtful accounts	(443)	(339)
Total investments and other assets	13,023	12,771
Total non-current assets	99,885	101,830
Total assets	228,852	239,371

Consolidated Summary Balance Sheet
OSG Corporation

(Millions of yen)

	FY2022 As of Nov. 30, 2022	FY2023 third quarter As of Aug. 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,887	5,219
Short-term loans payable	677	774
Current portion of long-term loans payable	1,019	1,329
Income taxes payable	3,105	1,089
Provision for bonuses	612	1,930
Provision for directors' bonuses	371	283
Other	12,091	9,100
Total current liabilities	23,765	19,728
Non-current liabilities		
Bonds payable	5,000	10,000
Long-term loans payable	18,873	16,795
Net defined benefit liability	879	1,035
Provision for loss on guarantees	185	-
Other	3,310	3,358
Total non-current liabilities	28,248	31,189
Total liabilities	52,014	50,918
Net assets		
Shareholders' equity		
Capital stock	13,044	13,044
Capital surplus	13,792	13,347
Retained earnings	132,320	136,114
Treasury stock	(6,388)	(5,876)
Total shareholders' equity	152,768	156,629
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	852	1,463
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	11,038	17,773
Total accumulated other comprehensive income	11,890	19,236
Non-controlling interests	12,178	12,586
Total net assets	176,838	188,453
Total liabilities and net assets	228,852	239,371

Consolidated Summary Statement of Income
OSG Corporation

(Millions of yen)

	FY2022 third quarter (12/1/2021 - 8/31/2022)	FY2023 third quarter (12/1/2022 - 8/31/2023)
Net sales	103,502	107,731
Cost of sales	61,415	63,959
Gross profit	42,086	43,772
Selling, general and administrative expenses	27,051	29,686
Operating income	15,034	14,085
Non-operating income		
Interest income	243	513
Dividend income	74	126
Foreign exchange gains	523	161
Other	911	865
Total non-operating income	1,753	1,667
Non-operating expenses		
Interest expenses	195	209
Other	328	273
Total non-operating expenses	524	482
Ordinary income	16,264	15,270
Extraordinary gains		
Gain on sales of investments in capital of subsidiaries and affiliates	-	148
Total extraordinary gains	-	148
Extraordinary losses		
Provision of allowance for doubtful accounts	-	540
Loss from money transfer scam at foreign subsidiary	-	148
Loss on valuation of shares of subsidiaries and affiliates	-	74
Total extraordinary losses	-	763
Income before income taxes	16,264	14,656
Income taxes - current	5,462	4,694
Income taxes - deferred	(1,020)	(383)
Total income taxes	4,442	4,311
Net income	11,821	10,345
Net income attributable to non-controlling interests	472	300
Net income attributable to OSG Corporation	11,349	10,044

Consolidated Statement of Comprehensive Income
OSG Corporation

(Millions of yen)

	FY2022 third quarter (12/1/2021 - 8/31/2022)	FY2023 third quarter (12/1/2022 - 8/31/2023)
Net income	11,821	10,345
Other comprehensive income		
Valuation difference on available-for-sale securities	134	587
Deferred gains or losses on hedges	(3)	(0)
Foreign currency translation adjustment	13,178	7,391
Share of other comprehensive income of associates accounted for using equity method	(21)	(8)
Total other comprehensive income	13,289	7,970
Comprehensive income	25,110	18,315
(Breakdown)		
Comprehensive income attributable to OSG Corporation	23,859	17,420
Comprehensive income attributable to non-controlling interests	1,251	895

Operations by Geographical Segment

Results for FY2022 third quarter (Dec. 1, 2021 through Aug. 31, 2022)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	36,640	19,832	20,944	26,084	103,502	-	103,502
Interarea transfers	16,486	757	178	2,522	19,944	(19,944)	-
Total sales	53,127	20,589	21,122	28,607	123,446	(19,944)	103,502
Operating income	6,457	2,973	2,018	4,746	16,196	(1,161)	15,034

Results for FY2023 third quarter (Dec. 1, 2022 through Aug. 31, 2023)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	36,327	23,200	24,497	23,705	107,731	-	107,731
Interarea transfers	16,819	738	171	2,816	20,546	(20,546)	-
Total sales	53,147	23,939	24,669	26,522	128,278	(20,546)	107,731
Operating income	5,516	3,513	2,606	3,088	14,725	(639)	14,085

Net Sales by Product Segment

(Millions of yen)

Product Segment	FY2022 third quarter (12/1/2021 - 8/31/2022)	FY2023 third quarter (12/1/2022 - 8/31/2023)
Cutting tools:		
Taps	36,558	35,807
End mills	19,164	20,477
Drills and other cutting tools	29,687	31,264
Subtotal	85,410	87,549
Rolling dies	7,756	8,022
Gauges	1,462	1,450
Other:		
Machine	2,685	4,108
Other	6,188	6,600
Subtotal	8,873	10,709
Total	103,502	107,731