January 11, 2024

FY2023 Consolidated Financial Results (December 1, 2022 - November 30, 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 : Yosuke Sakashita, Accounting Manager
TEL: 81-533-82-1113 URL https://www.osg.co.jp/en/about_us/ir/

(Amounts less than one million yen are omitted)

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

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

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	147,703	3.6	19,800	-9.6	21,350	-9.7	14,307	-13.5
FY2022	142,525	13.0	21,898	36.0	23,648	46.5	16,534	50.5

(Note) Comprehensive income FY2023: 24,543 million yen (-19.6%) FY2022: 30,523 million yen (81.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2023	149.29	—	8.3	8.9	13.4
FY2022	171.54	—	10.7	10.8	15.4

(Reference) Equity in net income of affiliates FY2023: -8 million yen FY2022: 2 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	250,124	194,640	72.6	1,892.35
FY2022	228,852	176,838	72.0	1,721.14

(Reference) Equity FY2023: 181,561 million yen FY2022: 164,659 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2023	23,331	-8,543	-3,831	49,722
FY2022	20,175	-12,170	-14,740	36,717

2. Dividends

	Dividends per share			Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 2Q	Year-end	Annual			
	Yen	Yen	Yen	Million yen	%	%
FY2022	23.00	37.00	60.00	5,771	35.0	3.8
FY2023	28.00	32.00	60.00	5,758	40.2	3.3
FY2024 forecast	28.00	32.00	60.00		35.3	

3. Forecast of Consolidated Results for FY2024 (December 1, 2023 - November 30, 2024)

(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 owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Semi-Annual	76,000	7.6	10,500	10.6	10,600	4.3	7,200	9.2	76.83
Annual	153,000	3.6	23,000	16.2	23,000	7.7	15,500	8.3	170.08

(Note) At the board of directors meeting held on December 5, 2023, the company resolved to acquire treasury stock.
The impact of the acquisition has been taken into account in the net income per share of the above forecast.

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) Changes in accounting principles and accounting estimates and retrospective restatement
1) Changes in accounting principles due to amendment to accounting standards: Yes
2) Changes other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(3) Number of shares issued and outstanding (common stock)
1) Total number of shares issued and outstanding at the end of each period (including treasury stock):
FY2023: 99,182,517 shares
FY2022: 99,182,517 shares
2) Total number of treasury stock at the end of each period:
FY2023: 3,237,817 shares
FY2022: 3,513,523 shares
3) Average number of shares outstanding in each period:
FY2023: 95,838,730 shares
FY2022: 96,388,964 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Results for FY2023 (December 1, 2022 - November 30, 2023)

(1) Non-consolidated financial results (% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	55,362	-2.8	5,379	-20.1	10,026	-23.7	7,504	-28.1
FY2022	56,956	9.3	6,729	37.6	13,144	98.6	10,440	104.4

	Net income per share	Diluted net income per share
	Yen	Yen
FY2023	78.28	—
FY2022	108.28	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	122,106	82,998	68.0	864.74
FY2022	116,755	80,709	69.1	843.34

(Reference) Equity FY2023: 82,998 million yen FY2022: 80,709 million yen

2. Forecast of Non-Consolidated Results for FY2024 (December 1, 2023 - November 30, 2024)

(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		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Semi-Annual	27,500	3.3	2,500	-2.4	5,900	-12.1	4,800	-7.6	51.20
Annual	58,000	4.8	5,800	7.8	9,900	-1.3	8,200	9.3	89.94

(Note) At the board of directors meeting held on December 5, 2023, the company resolved to acquire treasury stock.
The impact of the acquisition has been taken into account in the net income per share of the above forecast.

※The financial results reports are not subjected to audit procedures.

※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 As of Nov. 30, 2023
Assets		
Current assets		
Cash and deposits	46,697	57,970
Notes and accounts receivable - trade	26,885	28,645
Securities	0	1
Merchandise and finished goods	33,238	38,529
Work in process	8,641	7,544
Raw materials and supplies	10,146	10,420
Other	3,731	4,602
Allowance for doubtful accounts	(374)	(197)
Total current assets	128,967	147,517
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,635	61,979
Accumulated depreciation	(35,923)	(37,814)
Buildings and structures, net	24,712	24,165
Machinery, equipment and vehicles	150,853	162,685
Accumulated depreciation	(116,113)	(124,904)
Machinery, equipment and vehicles, net	34,739	37,780
Tools, furniture and fixtures	10,497	11,439
Accumulated depreciation	(8,386)	(9,257)
Tools, furniture and fixtures, net	2,110	2,181
Land	16,006	16,343
Construction in progress	2,840	3,468
Other	1,666	1,672
Accumulated depreciation	(1,013)	(908)
Other, net	653	764
Total property, plant and equipment	81,062	84,705
Intangible assets		
Goodwill	4,402	3,692
Other	1,396	1,760
Total intangible assets	5,799	5,453
Investments and other assets		
Investment securities	4,800	5,812
Investments in capital	1,946	346
Long-term loans receivable	562	400
Deferred tax assets	3,833	4,041
Retirement benefit asset	189	219
Other	2,133	1,976
Allowance for doubtful accounts	(443)	(347)
Total investments and other assets	13,023	12,449
Total non-current assets	99,885	102,607
Total assets	228,852	250,124

Consolidated Summary Balance Sheet
OSG Corporation

(Millions of yen)

	FY2022 As of Nov. 30, 2022	FY2023 As of Nov. 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,887	6,019
Short-term loans payable	677	672
Current portion of long-term loans payable	1,019	1,638
Accrued expenses	8,894	9,224
Income taxes payable	3,105	1,733
Provision for directors' bonuses	371	332
Other	3,809	4,932
Total current liabilities	23,765	24,552
Non-current liabilities		
Bonds payable	5,000	10,000
Long-term loans payable	18,873	16,365
Deferred tax liabilities	1,799	2,011
Net defined benefit liability	879	990
Provision for loss on guarantees	185	―
Other	1,511	1,564
Total non-current liabilities	28,248	30,931
Total liabilities	52,014	55,484
Net assets		
Shareholders' equity		
Capital stock	13,044	13,044
Capital surplus	13,792	13,330
Retained earnings	132,320	140,361
Treasury stock	(6,388)	(5,845)
Total shareholders' equity	152,768	160,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	852	1,326
Deferred gains or losses on hedges	0	―
Foreign currency translation adjustment	11,038	19,342
Total accumulated other comprehensive income	11,890	20,669
Non-controlling interests	12,178	13,079
Total net assets	176,838	194,640
Total liabilities and net assets	228,852	250,124

Consolidated Summary Statement of Income
OSG Corporation

(Millions of yen)

	FY2022 (12/1/2021 - 11/30/2022)	FY2023 (12/1/2022 - 11/30/2023)
Net sales	142,525	147,703
Cost of sales	83,459	87,254
Gross profit	59,065	60,448
Selling, general and administrative expenses	37,166	40,648
Operating income	21,898	19,800
Non-operating income		
Interest income	397	829
Dividend income	110	178
Purchase discounts	49	45
Share of profit of entities accounted for using equity method	2	—
Foreign exchange gains	718	84
Subsidy income	232	263
Other	936	843
Total non-operating income	2,446	2,244
Non-operating expenses		
Interest expenses	285	302
Share of loss of entities accounted for using equity method	—	8
Other	410	384
Total non-operating expenses	696	694
Ordinary income	23,648	21,350
Extraordinary gains		
Gain on sales of investments in capital of subsidiaries and affiliates	—	144
Total extraordinary gains	—	144
Extraordinary losses		
Provision of allowance for doubtful accounts	170	540
Loss from money transfer scam at foreign subsidiary	—	132
Loss on valuation of shares of subsidiaries and affiliates	—	74
Provision for loss on guarantees	100	—
Total extraordinary losses	270	747
Income before income taxes	23,378	20,747
Income taxes - current	7,292	6,102
Income taxes - deferred	(1,091)	(166)
Total income taxes	6,200	5,936
Net income	17,177	14,811
Net income attributable to non-controlling interests	642	503
Net income attributable to owners of parent	16,534	14,307

Consolidated Statement of Comprehensive Income

OSG Corporation

(Millions of yen)

	FY2022 (12/1/2021 - 11/30/2022)	FY2023 (12/1/2022 - 11/30/2023)
Net income	17,177	14,811
Other comprehensive income		
Valuation difference on available-for-sale securities	6	450
Deferred gains or losses on hedges	(3)	(0)
Foreign currency translation adjustment	13,364	9,291
Share of other comprehensive income of associates accounted for using equity method	(21)	(9)
Total other comprehensive income	13,345	9,732
Comprehensive income	30,523	24,543
(Breakdown)		
Comprehensive income attributable to owners of parent	28,972	23,116
Comprehensive income attributable to non-controlling interests	1,550	1,427

Consolidated Statement of Changes in Equity
OSG Corporation

FY2022 (12/1/2021 - 11/30/2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	12,239	12,968	120,192	(1,041)	144,359
Changes during period					
Issuance of new shares	805	805			1,610
Dividends of surplus			(4,382)		(4,382)
Net income attributable to owners of parent			16,534		16,534
Purchase of treasury stock				(5,959)	(5,959)
Disposal of treasury stock		(6)		613	606
Transfer of loss on disposal of treasury stock		2	(2)		–
Transfer from retained earnings to capital surplus		23	(23)		–
Net changes in items other than shareholders' equity					
Total changes during period	805	823	12,127	(5,346)	8,409
Balance at end of period	13,044	13,792	132,320	(6,388)	152,768

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	778	3	(1,329)	(547)	10,988	154,800
Changes during period						
Issuance of new shares						1,610
Dividends of surplus						(4,382)
Net income attributable to owners of parent						16,534
Purchase of treasury stock						(5,959)
Disposal of treasury stock						606
Transfer of loss on disposal of treasury stock						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	73	(3)	12,367	12,437	1,190	13,628
Total changes during period	73	(3)	12,367	12,437	1,190	22,038
Balance at end of period	852	0	11,038	11,890	12,178	176,838

Consolidated Statement of Changes in Equity
OSG Corporation

FY2023 (12/1/2022 - 11/30/2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	13,044	13,792	132,320	(6,388)	152,768
Changes during period					
Dividends of surplus			(6,237)		(6,237)
Net income attributable to owners of parent			14,307		14,307
Purchase of treasury stock				(9)	(9)
Disposal of treasury stock		6		552	558
Change of scope of consolidation		(173)	(1)		(175)
Purchase of shares of consolidated subsidiaries		(282)			(282)
Purchase of investments in capital of consolidated subsidiaries		(38)			(38)
Transfer from retained earnings to capital surplus		27	(27)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(461)	8,041	542	8,122
Balance at end of period	13,044	13,330	140,361	(5,845)	160,891

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	852	0	11,038	11,890	12,178	176,838
Changes during period						
Dividends of surplus						(6,237)
Net income attributable to owners of parent						14,307
Purchase of treasury stock						(9)
Disposal of treasury stock						558
Change of scope of consolidation						(175)
Purchase of shares of consolidated subsidiaries						(282)
Purchase of investments in capital of consolidated subsidiaries						(38)
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	474	(0)	8,304	8,778	900	9,679
Total changes during period	474	(0)	8,304	8,778	900	17,802
Balance at end of period	1,326	–	19,342	20,669	13,079	194,640

Consolidated Summary Statement of Cash Flows
OSG Corporation

(Millions of yen)

	FY2022 (12/1/2021 - 11/30/2022)	FY2023 (12/1/2022 - 11/30/2023)
Operating activities:		
Income before income taxes	23,378	20,747
Depreciation and amortization	10,498	11,037
Amortization of goodwill	881	903
Increase (decrease) in allowance for doubtful accounts	151	522
Increase (decrease) in provision for directors' bonuses	80	(44)
Increase (decrease) in net defined benefit liability	(40)	84
Increase (decrease) in provision for loss on guarantees	147	(85)
Interest and dividend income	(508)	(1,007)
Interest expense	285	302
Equity in loss (earnings) of an associated company	(2)	8
Gain on sales of investments in capital of subsidiaries and affiliates	—	(144)
Loss from money transfer scam at foreign subsidiary	—	132
Loss on valuation of shares of subsidiaries and affiliates	—	74
Change in notes and accounts receivable	(1,466)	(480)
Change in inventories	(5,269)	(2,076)
Change in notes and accounts payable	247	(56)
Change in accrued expenses	853	77
Other, net	(1,620)	692
Subtotal	27,617	30,688
Interest and dividend income received	500	977
Interest expense paid	(296)	(292)
Payment for loss from money transfer scam at foreign subsidiary	—	(132)
Income taxes - paid	(7,645)	(7,909)
Net cash provided by operating activities	20,175	23,331

Consolidated Summary Statement of Cash Flows
OSG Corporation

(Millions of yen)

	FY2022 (12/1/2021 - 11/30/2022)	FY2023 (12/1/2022 - 11/30/2023)
Investing activities:		
Payments for time deposits	(7,783)	(3,524)
Proceeds from refund of time deposits	5,188	6,036
Purchases of investment securities	(560)	(16)
Proceeds from sales and redemption of investment securities	227	12
Acquisitions of property, plant and equipment	(8,600)	(10,580)
Proceeds from sales of property, plant and equipment	1,161	537
Purchase of intangible assets	(264)	(578)
Purchase of shares of subsidiaries	(981)	(1,037)
Proceeds from sales of investments in capital of subsidiaries resulting in change in scope of consolidation	—	552
Other, net	(558)	56
Net cash used in investing activities	(12,170)	(8,543)
Financing activities:		
Change in short-term borrowings, net	(2,205)	(39)
Proceeds from long-term borrowings	146	39
Repayments of long-term borrowings	(2,137)	(1,955)
Proceeds from issuance of bonds	—	5,000
Redemption of convertible bond-type bonds with subscription rights to shares	(30)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(381)
Purchase of investments in capital of subsidiaries not resulting in change in scope of consolidation	—	(112)
Purchase of treasury stock	(5,953)	(3)
Proceeds from sales of treasury stock	516	460
Dividends paid	(4,357)	(6,220)
Dividends paid to non-controlling interests	(359)	(305)
Other, net	(359)	(312)
Net cash used in financing activities	(14,740)	(3,831)
Effect of exchange rate change on cash and cash equivalents	3,098	1,975
Net increase (decrease) in cash and cash equivalents	(3,637)	12,931
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	36,717	49,722

Operations by Geographical Segment

Results for FY2022 (Dec. 1, 2021 through Nov. 30, 2022)

(Millions of yen)

	Japan	The Americas	Europe / Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	50,858	27,845	28,964	34,856	142,525	—	142,525
Interarea transfers	22,615	918	263	3,546	27,343	(27,343)	—
Total sales	73,474	28,763	29,227	38,403	169,868	(27,343)	142,525
Operating income	9,617	4,327	2,820	6,392	23,158	(1,260)	21,898
Assets	124,682	40,665	34,000	65,423	264,772	(35,919)	228,852
Others							
Depreciation and amortization	5,176	1,272	1,217	3,155	10,822	(324)	10,498
Amortization of goodwill	—	285	595	—	881	—	881
Investments in entities accounted for using the equity method	237	33	—	—	271	—	271
Increase in property, plant and equipment and intangible assets	5,016	1,398	843	2,442	9,700	(459)	9,241

Results for FY2023 (Dec. 1, 2022 through Nov. 30, 2023)

(Millions of yen)

	Japan	The Americas	Europe / Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	49,619	32,126	33,590	32,367	147,703	—	147,703
Interarea transfers	23,663	865	240	3,612	28,382	(28,382)	—
Total sales	73,283	32,991	33,830	35,979	176,085	(28,382)	147,703
Operating income	7,975	4,520	3,675	4,445	20,616	(816)	19,800
Assets	130,533	46,785	38,839	72,070	288,228	(38,103)	250,124
Others							
Depreciation and amortization	5,365	1,560	1,257	3,190	11,374	(336)	11,037
Amortization of goodwill	—	307	595	—	903	—	903
Investments in entities accounted for using the equity method	264	34	—	—	299	—	299
Increase in property, plant and equipment and intangible assets	5,201	1,907	1,885	2,900	11,894	(336)	11,558

Per Share Information

	FY2022 (12/1/2021 - 11/30/2022)	FY2023 (12/1/2022 - 11/30/2023)
Net assets per share	¥1,721.14	¥1,892.35
Net income per share	¥171.54	¥149.29

(Note) 1. The basis for calculating net assets per share is as follows:

	FY2022 As of Nov. 30, 2022	FY2023 As of Nov. 30, 2023
Total net assets (millions of yen)	176,838	194,640
Amount deducted from the total net assets (millions of yen)	12,178	13,079
Non-controlling interests included in the above (millions of yen)	12,178	13,079
Net assets related to common stock (millions of yen)	164,659	181,561
Number of outstanding shares of common stock (shares)	99,182,517	99,182,517
Number of treasury shares of common stock (shares)	3,513,523	3,237,817
Number of shares of common stock used in the calculation of net assets per share (shares)	95,668,994	95,944,700

(Note) 2. The basis for calculating net income per share is as follows:

	FY2022 (12/1/2021 - 11/30/2022)	FY2023 (12/1/2022 - 11/30/2023)
Net income attributable to owners of parent (millions of yen)	16,534	14,307
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	16,534	14,307
Average number of shares of common stock during the period	96,388,964	95,838,730

(Note) 3. Diluted net income per share is not shown in the above table, as there are no residual shares.

Net Sales by Product Segment

(Millions of yen)

Product Segment		FY2022 (12/1/2021 - 11/30/2022)	FY2023 (12/1/2022 - 11/30/2023)
Cutting tools	Taps	50,374	49,050
	End mills	26,383	27,983
	Drills and other cutting tools	40,982	42,886
	Subtotal	117,740	119,921
Rolling dies		10,616	11,035
Gauges		1,991	1,968
Other	Machine	3,907	5,843
	Other	8,269	8,934
	Subtotal	12,176	14,778
Total		142,525	147,703