

FY2022 Consolidated Financial Results (December 1, 2021 - November 30, 2022)

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
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(Amounts less than one million yen are omitted)

1. Consolidated Results for FY2022 (December 1, 2021 - November 30, 2022)

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

	Net Sales		Operating income		Ordinary income		Net income attributable to OSG Corporation	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	142,525	13.0	21,898	36.0	23,648	46.5	16,534	50.5
FY2021	126,156	20.9	16,105	91.8	16,141	80.3	10,989	94.9

(Note) Comprehensive income FY2022: 30,523 million yen (81.4%) FY2021: 16,830 million yen (300.7%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2022	171.54	-	10.7	10.8	15.4
FY2021	112.63	111.46	8.0	7.9	12.8

(Reference) Equity in net income of affiliates FY2022: 2 million yen FY2021: -4 million yen

(Note) 1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022.

2. The diluted net income per share for FY2022 is not stated as there were no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022	228,852	176,838	72.0	1,721.14
FY2021	209,757	154,800	68.6	1,472.45

(Reference) Equity FY2022: 164,659 million yen FY2021: 143,811 million yen

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022.

(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
FY2022	20,175	-12,170	-14,740	36,717
FY2021	26,982	-6,961	-14,264	40,354

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	%	%
FY2021	14.00	22.00	36.00	3,534	32.0	2.6
FY2022	23.00	37.00	60.00	5,771	35.0	3.8
FY2023 forecast	28.00	32.00	60.00		35.4	

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	79.44
Annual	145,000	1.7	24,000	9.6	24,000	1.5	16,200	-2.0	169.33

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): | |
| FY2022: | 99,182,517 shares |
| FY2021: | 98,196,724 shares |
| 2) Total number of treasury stock at the end of each period: | |
| FY2022: | 3,513,523 shares |
| FY2021: | 528,458 shares |
| 3) Average number of shares outstanding in each period: | |
| FY2022: | 96,388,964 shares |
| FY2021: | 97,573,704 shares |

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Results for FY2022 (December 1, 2021 - November 30, 2022)

(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	%
FY2022	56,956	9.3	6,729	37.6	13,144	98.6	10,440	104.4
FY2021	52,097	19.0	4,891	175.3	6,618	22.2	5,108	9.8

	Net income per share	Diluted net income per share
	Yen	Yen
FY2022	108.28	-
FY2021	52.34	51.80

(Note) 1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022.

2. The diluted net income per share for FY2022 is not stated as there were no dilutive shares.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY2022	116,755		80,709		69.1		843.34	
FY2021	115,609		78,265		67.7		801.10	

(Reference) Equity FY2022: 80,709 million yen FY2021: 78,265 million yen

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022.

2. Forecast of Non-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		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Semi-Annual	28,000	3.3	3,200	17.1	4,900	-33.6	4,100	-34.3	42.84
Annual	58,000	1.8	6,900	2.5	11,000	-16.3	9,500	-9.0	99.27

※Financial results reports are not subjected to audit procedure.

※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)	
	FY2021	FY2022
	As of Nov. 30, 2021	As of Nov. 30, 2022
Assets		
Current assets		
Cash and deposits	46,795	46,697
Notes and accounts receivable - trade	23,531	26,885
Securities	101	0
Merchandise and finished goods	28,553	33,238
Work in process	6,566	8,641
Raw materials and supplies	7,718	10,146
Other	2,669	3,731
Allowance for doubtful accounts	(179)	(374)
Total current assets	115,757	128,967
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,095	60,635
Accumulated depreciation	(33,903)	(35,923)
Buildings and structures, net	24,191	24,712
Machinery, equipment and vehicles	138,413	150,853
Accumulated depreciation	(105,813)	(116,113)
Machinery, equipment and vehicles, net	32,600	34,739
Tools, furniture and fixtures	9,653	10,497
Accumulated depreciation	(7,575)	(8,386)
Tools, furniture and fixtures, net	2,077	2,110
Land	15,950	16,006
Construction in progress	2,687	2,840
Other	1,627	1,666
Accumulated depreciation	(879)	(1,013)
Other, net	748	653
Total property, plant and equipment	78,255	81,062
Intangible assets		
Goodwill	4,638	4,402
Other	1,276	1,396
Total intangible assets	5,915	5,799
Investments and other assets		
Investment securities	4,292	4,800
Investments in capital	970	1,946
Long-term loans receivable	484	562
Deferred tax assets	2,551	3,833
Retirement benefit asset	108	189
Other	1,867	2,133
Allowance for doubtful accounts	(445)	(443)
Total investments and other assets	9,829	13,023
Total non-current assets	94,000	99,885
Total	209,757	228,852

Consolidated Summary Balance Sheet
OSG Corporation

	(Millions of yen)	
	FY2021	FY2022
	As of Nov. 30, 2021	As of Nov. 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,244	5,887
Short-term loans payable	2,329	677
Current portion of convertible bond-type bonds with share acquisition rights	1,670	-
Current portion of long-term loans payable	1,615	1,019
Accrued expenses	7,593	8,894
Income taxes payable	3,156	3,105
Reserve for directors' bonuses	282	371
Other	3,938	3,809
Total current liabilities	25,830	23,765
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	20,136	18,873
Deferred tax liabilities	1,630	1,799
Net defined benefit liability	788	879
Provision for loss on guarantees	38	185
Other	1,533	1,511
Total non-current liabilities	29,126	28,248
Total liabilities	54,957	52,014
Net assets		
Shareholders' equity		
Capital stock	12,239	13,044
Capital surplus	12,968	13,792
Retained earnings	120,192	132,320
Treasury stock	(1,041)	(6,388)
Total shareholders' equity	144,359	152,768
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	778	852
Deferred gains or losses on hedges	3	0
Foreign currency translation adjustment	(1,329)	11,038
Total accumulated other comprehensive income	(547)	11,890
Non-controlling interests	10,988	12,178
Total net assets	154,800	176,838
Total liabilities and net assets	209,757	228,852

Consolidated Summary Statement of Income
OSG Corporation

	(Millions of yen)	
	FY2021	FY2022
	(2020/12/1 - 2021/11/30)	(2021/12/1 - 2022/11/30)
Net sales	126,156	142,525
Cost of sales	76,969	83,459
Gross profit	49,186	59,065
Selling, general and administrative expenses	33,081	37,166
Operating income	16,105	21,898
Non-operating income		
Interest income	178	397
Dividend income	63	110
Purchase discounts	38	49
Share of profit of entities accounted for using equity method	-	2
Foreign exchange gains	32	718
Other	1,025	1,168
Total non-operating income	1,338	2,446
Non-operating expenses		
Interest expense	255	285
Sales discounts	706	-
Share of loss of entities accounted for using equity method	4	-
Other	335	410
Total non-operating expenses	1,302	696
Ordinary income	16,141	23,648
Extraordinary income		
Gain on sales of non-current assets	213	-
Total extraordinary income	213	-
Extraordinary losses		
Provision of allowance for doubtful accounts	-	170
Provision for loss on guarantees	-	100
Total extraordinary losses	-	270
Income before income taxes	16,354	23,378
Income taxes - current	5,567	7,292
Income taxes - deferred	(514)	(1,091)
Total income taxes	5,052	6,200
Net income	11,302	17,177
Net income attributable to non-controlling interests	312	642
Net income attributable to OSG Corporation	10,989	16,534

Consolidated Statement of Comprehensive Income
OSG Corporation

	(Millions of yen)	
	FY2021	FY2022
	(2020/12/1 - 2021/11/30)	(2021/12/1 - 2022/11/30)
Net income	11,302	17,177
Other comprehensive income		
Valuation difference on available-for-sale securities	(317)	6
Deferred gains or losses on hedges	3	(3)
Foreign currency translation adjustment	5,850	13,364
Share of other comprehensive income of associates accounted for using equity method	(7)	(21)
Total other comprehensive income	5,528	13,345
Comprehensive income	16,830	30,523
(Breakdown)		
Comprehensive income attributable to OSG Corporation	16,357	28,972
Comprehensive income attributable to non-controlling interests	473	1,550

Consolidated Summary Statement of Cash Flows
OSG Corporation

	(Millions of yen)	
	FY2021	FY2022
	(2020/12/1 - 2021/11/30)	(2021/12/1 - 2022/11/30)
Operating activities:		
Income before income taxes	16,354	23,378
Depreciation and amortization	10,591	10,498
Amortization of goodwill	795	881
Increase (decrease) in allowance for doubtful accounts	92	151
Increase (decrease) in provision for directors' bonuses	127	80
Increase (decrease) in net defined benefit liability	(16)	(40)
Increase (decrease) in provision for loss on guarantees	(0)	147
Interest and dividend income	(242)	(508)
Interest expense	255	285
Equity in loss (earnings) of an associated company	4	(2)
Loss (gain) on sales of non-current assets	(213)	-
Change in notes and accounts receivable	(2,448)	(1,466)
Change in inventories	1,864	(5,269)
Change in notes and accounts payable	243	247
Change in accrued expenses	1,227	853
Other, net	1,081	(1,620)
Sub-total	29,718	27,617
Interest and dividend income received	225	500
Interest expense paid	(257)	(296)
Income taxes - paid	(2,703)	(7,645)
Net cash provided by operating activities	26,982	20,175
Investing activities:		
Payments for time deposits	(5,014)	(7,783)
Proceeds from refund of time deposits	3,559	5,188
Purchases of investment securities	(190)	(560)
Proceeds from sales and redemption of investment securities	0	227
Purchase of property, plant and equipment	(5,555)	(8,600)
Proceeds from sales of property, plant and equipment	1,000	1,161
Purchase of intangible assets	(235)	(264)
Payment for purchase of subsidiaries' stock	(346)	(981)
Other, net	(180)	(558)
Net cash used in investing activities	(6,961)	(12,170)
Financing activities:		
Redemption of convertible bond-type bonds with subscription rights to shares	-	(30)
Change in short-term borrowings, net	(2,515)	(2,205)
Proceeds from long-term borrowings	8	146
Repayments of long-term borrowings	(9,079)	(2,137)
Purchase of treasury stock	(2)	(5,953)
Proceeds from sales of treasury stock	397	516
Dividends paid	(2,440)	(4,357)
Dividends paid to non-controlling interests	(323)	(359)
Other, net	(308)	(359)
Net cash used in financing activities	(14,264)	(14,740)
Effect of exchange rate change on cash and cash equivalents	1,224	3,098
Net increase (decrease) in cash and cash equivalents	6,981	(3,637)
Cash and cash equivalents at beginning of year	33,299	40,354
Cash and cash equivalents from newly consolidated subsidiaries	73	-
Cash and cash equivalents at end of period	40,354	36,717

Operations by Geographical Segment

Results for FY2021 (Dec. 1, 2020 through Nov. 30, 2021)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	48,935	21,915	24,573	30,732	126,156	-	126,156
Interarea transfers	19,557	572	141	2,608	22,878	(22,878)	-
Total sales	68,492	22,487	24,714	33,340	149,035	(22,878)	126,156
Operating income	7,119	3,173	1,943	4,592	16,829	(723)	16,105

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

(Note) Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022, 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.

Net sales by Product Segment

(Millions of yen)

	FY2021 (2020/12/1 - 2021/11/30)	FY2022 (2021/12/1 - 2022/11/30)
Cutting tools:		
Taps	43,239	50,374
End mills	24,006	26,383
Drills and other cutting tools	35,721	40,982
Total	102,968	117,740
Rolling dies	10,052	10,616
Gauges	1,747	1,991
Other:		
Machine	4,173	3,907
Other	7,213	8,269
Subtotal	11,387	12,176
Total	126,156	142,525

(Note) Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022, the amounts of FY2022 reflect the application of it.