

FY2024 Semi-Annual Consolidated Financial Results (December 1, 2023 - May 31, 2024)

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 FY2024 Semi-Annual (December 1, 2023 - May 31, 2024)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2024 semi-annual	77,667	10.0	9,765	2.9	10,868	6.9	7,217	9.5
FY2023 semi-annual	70,638	3.9	9,494	-3.6	10,166	-4.4	6,591	-12.0

(Note) Comprehensive income FY2024 semi-annual: 13,194 million yen (40.0%)

FY2023 semi-annual: 9,423 million yen (-45.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2024 semi-annual	77.40	70.24
FY2023 semi-annual	68.82	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2024 semi-annual	270,494	194,235	66.9
FY2023	250,124	194,640	72.6

(Reference) Equity FY2024 semi-annual: 180,964 million yen FY2023: 181,561 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2023	28.00	32.00	60.00
FY2024	28.00		
FY2024 forecast		32.00	60.00

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

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

(% indicates 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
Annual	153,000	3.6	23,000	16.2	23,000	7.7	15,500	8.3	171.25

(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
- | | |
|---|------|
| 1) Changes in accounting principles due to amendment to accounting standards: | None |
| 2) Changes other than 1) above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Retrospective restatement: | None |
- (4) 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): | |
| FY2024 semi-annual: | 99,182,517 shares |
| FY2023: | 99,182,517 shares |
| 2) Total number of treasury stock at the end of each period: | |
| FY2024 semi-annual: | 8,377,512 shares |
| FY2023: | 3,237,817 shares |
| 3) Average number of shares outstanding in each period: | |
| FY2024 semi-annual: | 93,258,022 shares |
| FY2023 semi-annual: | 95,767,296 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)

	FY2023 As of Nov. 30, 2023	FY2024 semi-annual As of May 31, 2024
Assets		
Current assets		
Cash and deposits	57,970	71,857
Notes, accounts receivable-trade and contract assets	28,645	27,849
Securities	1	0
Merchandise and finished goods	38,529	39,275
Work in process	7,544	7,740
Raw materials and supplies	10,420	10,057
Other	4,602	6,981
Allowance for doubtful accounts	(197)	(181)
Total current assets	147,517	163,581
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,165	24,306
Machinery, equipment and vehicles, net	37,780	37,331
Land	16,343	17,036
Other, net	6,415	9,500
Total property, plant and equipment	84,705	88,174
Intangible assets		
Goodwill	3,692	3,391
Other	1,760	1,947
Total intangible assets	5,453	5,338
Investments and other assets		
Investment securities	5,812	5,968
Other	6,984	7,657
Allowance for doubtful accounts	(347)	(348)
Total investments and other assets	12,449	13,277
Total non-current assets	102,607	106,791
Deferred assets		
Bond issuance cost	—	122
Total deferred assets	—	122
Total assets	250,124	270,494

Consolidated Summary Balance Sheet
OSG Corporation

(Millions of yen)

	FY2023 As of Nov. 30, 2023	FY2024 semi-annual As of May 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,019	5,901
Short-term loans payable	672	233
Current portion of long-term loans payable	1,638	4,770
Income taxes payable	1,733	2,849
Provision for bonuses	599	475
Provision for directors' bonuses	332	201
Other	13,557	12,490
Total current liabilities	24,552	26,922
Non-current liabilities		
Bonds payable	10,000	10,000
Convertible bond-type bonds with share acquisition rights	—	22,204
Long-term loans payable	16,365	12,213
Net defined benefit liability	990	1,125
Other	3,575	3,793
Total non-current liabilities	30,931	49,337
Total liabilities	55,484	76,259
Net assets		
Shareholders' equity		
Capital stock	13,044	13,044
Capital surplus	13,330	13,327
Retained earnings	140,361	144,451
Treasury stock	(5,845)	(16,163)
Total shareholders' equity	160,891	154,659
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,326	1,555
Deferred gains or losses on hedges	—	(1)
Foreign currency translation adjustment	19,342	24,750
Total accumulated other comprehensive income	20,669	26,305
Non-controlling interests	13,079	13,270
Total net assets	194,640	194,235
Total liabilities and net assets	250,124	270,494

Consolidated Summary Statement of Income
OSG Corporation

(Millions of yen)

	FY2023 semi-annual (12/1/2022 - 5/31/2023)	FY2024 semi-annual (12/1/2023 - 5/31/2024)
Net sales	70,638	77,667
Cost of sales	41,701	45,797
Gross profit	28,936	31,870
Selling, general and administrative expenses	19,442	22,104
Operating income	9,494	9,765
Non-operating income		
Interest income	330	451
Dividend income	67	66
Foreign exchange gains	—	208
Other	585	700
Total non-operating income	982	1,427
Non-operating expenses		
Interest expenses	138	140
Foreign exchange losses	47	—
Other	123	182
Total non-operating expenses	310	323
Ordinary income	10,166	10,868
Extraordinary gains		
Gain on sales of investment securities	—	162
Gain on sales of investments in capital of subsidiaries and associates	155	—
Total extraordinary gains	155	162
Extraordinary losses		
Loss on sales of investment securities	—	162
Provision of allowance for doubtful accounts	540	—
Loss on valuation of shares of subsidiaries and associates	74	—
Total extraordinary losses	614	162
Income before income taxes	9,707	10,869
Income taxes - current	3,451	4,022
Income taxes - deferred	(517)	(728)
Total income taxes	2,934	3,293
Net income	6,773	7,575
Net income attributable to non-controlling interests	181	357
Net income attributable to owners of parent	6,591	7,217

Consolidated Statement of Comprehensive Income
OSG Corporation

	(Millions of yen)	
	FY2023 semi-annual (12/1/2022 - 5/31/2023)	FY2024 semi-annual (12/1/2023 - 5/31/2024)
Net income	6,773	7,575
Other comprehensive income		
Valuation difference on available-for-sale securities	432	217
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	2,219	5,414
Share of other comprehensive income of associates accounted for using equity method	(1)	(10)
Total other comprehensive income	2,650	5,618
Comprehensive income	9,423	13,194
(Breakdown)		
Comprehensive income attributable to owners of parent	9,134	12,846
Comprehensive income attributable to non-controlling interests	288	348

Consolidated Summary Statement of Cash Flows
OSG Corporation

(Millions of yen)

	FY2023 semi-annual (12/1/2022 - 5/31/2023)	FY2024 semi-annual (12/1/2023 - 5/31/2024)
Operating activities:		
Income before income taxes	9,707	10,869
Depreciation and amortization	5,332	5,706
Amortization of goodwill	432	484
Increase (decrease) in allowance for doubtful accounts	533	(22)
Interest and dividend income	(397)	(518)
Interest expense	138	140
Equity in loss (earnings) of an associated company	7	9
Loss (gain) on sales of investments securities	—	(0)
Gain on sales of investments in capital of subsidiaries and associates	(155)	—
Loss on valuation of shares of subsidiaries and associates	74	—
Change in notes, accounts receivable-trade and contract assets	(150)	1,638
Change in inventories	(2,776)	1,022
Change in notes and accounts payable	(407)	(451)
Change in accrued expenses	(623)	(766)
Other, net	(21)	(103)
Subtotal	11,695	18,008
Interest and dividend income received	395	483
Interest expense paid	(156)	(161)
Income taxes - paid	(4,363)	(2,813)
Net cash provided by operating activities	7,570	15,517

Consolidated Summary Statement of Cash Flows
OSG Corporation

(Millions of yen)

	FY2023 semi-annual (12/1/2022 - 5/31/2023)	FY2024 semi-annual (12/1/2023 - 5/31/2024)
Investing activities:		
Payments for time deposits	(1,569)	(2,291)
Proceeds from refund of time deposits	3,083	1,775
Acquisitions of property, plant and equipment	(4,774)	(7,582)
Proceeds from sales of property, plant and equipment	480	167
Purchases of investment securities	(8)	(2)
Proceeds from sales and redemption of investment securities	0	216
Purchase of shares of subsidiaries	(1,007)	(128)
Proceeds from sales of investments in capital of subsidiaries resulting in change in scope of consolidation	524	—
Other, net	(814)	(462)
Net cash used in investing activities	(4,085)	(8,308)
Financing activities:		
Change in short-term borrowings, net	11	(5)
Proceeds from long-term borrowings	—	6
Repayments of long-term borrowings	(1,508)	(1,638)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	—	22,087
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(23)
Purchase of investments in capital of subsidiaries not resulting in change in scope of consolidation	(42)	—
Purchase of treasury stock	(1)	(10,389)
Proceeds from sales of treasury stock	255	—
Change in money held in trust for purchase of treasury stock	—	(2,272)
Dividends paid	(3,541)	(3,067)
Dividends paid to non-controlling interests	(168)	(157)
Other, net	(144)	(191)
Net cash provided by (used in) financing activities	(5,139)	4,349
Effect of exchange rate change on cash and cash equivalents	498	1,481
Net increase (decrease) in cash and cash equivalents	(1,156)	13,039
Cash and cash equivalents at beginning of year	36,717	49,722
Cash and cash equivalents from newly consolidated subsidiaries	73	42
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	21
Cash and cash equivalents at end of period	35,634	62,826

Operations by Geographical Segment

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

Results for FY2024 semi-annual (Dec. 1, 2023 through May 31, 2024)

(Millions of yen)

	Japan	The Americas	Europe / Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	24,465	17,626	18,478	17,097	77,667	—	77,667
Interarea transfers	11,693	365	268	1,789	14,116	(14,116)	—
Total sales	36,158	17,992	18,746	18,887	91,784	(14,116)	77,667
Operating income	3,567	2,250	1,863	2,299	9,981	(215)	9,765

Net Sales by Product Segment

(Millions of yen)

Product Segment		FY2023 semi-annual (12/1/2022 - 5/31/2023)	FY2024 semi-annual (12/1/2023 - 5/31/2024)
Cutting tools	Taps	23,346	25,942
	End mills	13,426	14,859
	Drills and other cutting tools	20,431	22,908
	Subtotal	57,205	63,709
Rolling dies		5,300	5,611
Gauges		937	1,118
Other	Machine	2,679	2,655
	Other	4,515	4,573
	Subtotal	7,194	7,229
Total		70,638	77,667