

FY2021 Consolidated Financial Results (December 1, 2020 - November 30, 2021)

Company name : **OSG Corporation**
 Shares listed : 1st section of 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
 TEL: 81-533-82-1113 URL https://www.osg.co.jp/en/about_us/ir/

1. Consolidated Results for FY2021 (December 1, 2020 - November 30, 2021)

(1) Consolidated financial results (Amounts less than one million yen are omitted)

	Net Sales		Operating income		Ordinary income		Net income attributable to OSG Corporation	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	126,156	20.9	16,105	91.8	16,141	80.3	10,989	94.9
FY2020	104,388	-17.8	8,396	-57.1	8,950	-54.6	5,639	-58.8

(Note) Comprehensive income FY2021: 16,830 million yen (300.7%) FY2020: 4,199 million yen (-55.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2021	112.63	111.46	8.0	7.9	12.8
FY2020	57.94	57.34	4.4	4.6	8.0

(Reference) Equity in net income of affiliates FY2021: -4 million yen FY2020: 8 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	209,757	154,800	68.6	1,472.45
FY2020	200,112	140,179	64.6	1,327.22

(Reference) Equity FY2021: 143,811 million yen FY2020: 129,338 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	26,982	-6,961	-14,264	40,354
FY2020	17,038	-17,133	9,658	33,299

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	%	%
FY2020	11.00	11.00	22.00	2,159	38.0	1.7
FY2021	14.00	22.00	36.00	3,534	32.0	2.6
FY2022 forecast	23.00	26.00	49.00		35.2	

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

	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	66,700	9.0	9,600	35.4	9,600	32.2	6,400	34.7	65.53
Annual	135,000	7.0	20,200	25.4	20,200	25.1	13,600	23.8	139.25

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
- | | |
|--|------|
| (i) Changes in accounting principles due to amendment to accounting standards: | None |
| (ii) Changes other than (2)-(i) above: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Retrospective restatement: | None |
- (3) Number of shares issued and outstanding (common stock)
- | | |
|---|-------------------|
| (i) Number of shares issued and outstanding at the end of each period (including treasury stock): | |
| FY2021: | 98,196,724 shares |
| FY2020: | 98,179,742 shares |
| (ii) Number of treasury stock at the end of each period: | |
| FY2021: | 528,458 shares |
| FY2020: | 729,381 shares |
| (iii) Average number of shares outstanding in each period: | |
| FY2021: | 97,573,704 shares |
| FY2020: | 97,335,064 shares |

[Note regarding forecast]

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

Liabilities and Net Assets

(Million yen : amounts less than one million yen are omitted)

	FY2020 As of Nov. 30, 2020	FY2021 As of Nov. 30, 2021	Change
Liabilities			
Current liabilities			
Notes and accounts payable - trade	4,308	5,244	
Short-term loans payable	4,473	2,329	
Current portion of convertible bond-type bonds with share acquisition rights	-	1,670	
Current portion of long-term loans payable	8,522	1,615	
Accrued expenses	6,062	7,593	
Income taxes payable	630	3,156	
Reserve for directors' bonuses	146	282	
Other	3,177	3,938	
Total current liabilities	27,323	25,830	(1,492)
Non-current liabilities			
Bonds payable	5,000	5,000	
Convertible bond-type bonds with share acquisition rights	1,670	-	
Long-term loans payable	22,103	20,136	
Deferred tax liabilities	1,703	1,630	
Net defined benefit liability	682	788	
Provision for loss on guarantees	38	38	
Other	1,412	1,533	
Total non-current liabilities	32,609	29,126	(3,482)
Total liabilities	59,932	54,957	(4,975)
Net assets			
Shareholders' equity			
Capital stock	12,223	12,239	
Capital surplus	12,934	12,968	
Retained earnings	111,594	120,192	
Treasury stock	(1,442)	(1,041)	
Total shareholders' equity	135,309	144,359	9,049
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,105	778	
Deferred gains or losses on hedges	0	3	
Foreign currency translation adjustment	(7,076)	(1,329)	
Total accumulated other comprehensive income	(5,970)	(547)	5,423
Share acquisition rights	13	-	(13)
Non-controlling interests	10,828	10,988	159
Total net assets	140,179	154,800	14,620
Total liabilities and net assets	200,112	209,757	9,644

Consolidated Summary Balance Sheet
OSG Corporation

Assets	(Million yen : amounts less than one million yen are omitted)		
	FY2020 As of Nov. 30, 2020	FY2021 As of Nov. 30, 2021	Change
Current assets			
Cash and deposits	37,807	46,795	
Notes and accounts receivable - trade	19,733	23,531	
Securities	0	101	
Merchandise and finished goods	29,239	28,553	
Work in process	5,464	6,566	
Raw materials and supplies	7,321	7,718	
Other	3,279	2,669	
Allowance for doubtful accounts	(155)	(179)	
Total current assets	102,691	115,757	13,065
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	24,685	24,191	
Machinery, equipment and vehicles, net	34,500	32,600	
Tools, furniture and fixtures, net	2,155	2,077	
Land	14,995	15,950	
Construction in progress	2,649	2,687	
Other, net	612	748	
Total property, plant and equipment	79,599	78,255	(1,344)
Intangible assets			
Goodwill	4,273	4,638	
Other	1,260	1,276	
Total intangible assets	5,533	5,915	381
Investments and other assets			
Investment securities	6,182	4,292	
Investments in capital	760	970	
Long-term loans receivable	1,021	484	
Deferred tax assets	2,298	2,551	
Retirement benefit asset	92	108	
Other	2,297	1,867	
Allowance for doubtful accounts	(366)	(445)	
Total investments and other assets	12,287	9,829	(2,457)
Total non-current assets	97,420	94,000	(3,420)
Total	200,112	209,757	9,644

Consolidated Summary Statement of Income
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2020 (2019/12/1 - 2020/11/30)	FY2021 (2020/12/1 - 2021/11/30)	Change
Net sales	104,388	126,156	21,767
Cost of sales	65,715	76,969	11,254
Gross profit	38,673	49,186	10,513
Selling, general and administrative expenses	30,276	33,081	2,804
Operating income	8,396	16,105	7,708
Non-operating income			
Interest income	263	178	
Dividend income	79	63	
Purchase discounts	36	38	
Share of profit of entities accounted for using equity method	8	-	
Foreign exchange gains	-	32	
Subsidy income	1,127	394	
Other	757	631	
Total non-operating income	2,272	1,338	(933)
Non-operating expenses			
Interest expense	243	255	
Sales discounts	610	706	
Share of loss of entities accounted for using equity method	-	4	
Foreign exchange losses	416	-	
Other	448	335	
Total non-operating expenses	1,718	1,302	(416)
Ordinary income	8,950	16,141	7,191
Extraordinary income			
Gain on sales of non-current assets	208	213	
Total extraordinary income	208	213	4
Extraordinary losses			
Loss on valuation of investment securities	90	-	
Special retirement expenses	171	-	
Total extraordinary losses	261	-	(261)
Income before income taxes	8,896	16,354	7,458
Income taxes - current	2,281	5,567	3,285
Income taxes - deferred	871	(514)	(1,386)
Total income taxes	3,153	5,052	1,898
Net income	5,743	11,302	5,559
Net income attributable to non-controlling interests	103	312	209
Net income attributable to OSG Corporation	5,639	10,989	5,349

Consolidated Statement of Comprehensive Income
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2020	FY2021	Change
	(2019/12/1 - 2020/11/30)	(2020/12/1 - 2021/11/30)	
Net income	5,743	11,302	5,559
Other comprehensive income			
Valuation difference on available-for-sale securities	(185)	(317)	
Deferred gains or losses on hedges	0	3	
Foreign currency translation adjustment	(1,360)	5,850	
Share of other comprehensive income of associates accounted for using equity method	2	(7)	
Total other comprehensive income	(1,543)	5,528	7,071
Comprehensive income	4,199	16,830	12,631

(Breakdown)

Comprehensive income attributable to OSG Corporation	4,037	16,357	12,320
Comprehensive income attributable to non-controlling interests	162	473	310

Consolidated Summary Statement of Cash Flows
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2020 (2019/12/1 - 2020/11/30)	FY2021 (2020/12/1 - 2021/11/30)
Operating activities:		
Income before income taxes	8,896	16,354
Depreciation and amortization	10,518	10,591
Amortization of goodwill	655	795
Increase (decrease) in allowance for doubtful accounts	(53)	92
Increase (decrease) in provision for directors' bonuses	(163)	127
Increase (decrease) in net defined benefit liability	39	(16)
Increase (decrease) in provision for loss on guarantees	38	(0)
Interest and dividend income	(342)	(242)
Interest expense	243	255
Equity in loss (earnings) of an associated company	(8)	4
Loss (gain) on sales of non-current assets	(208)	(213)
Loss (gain) on valuation of investment securities	90	-
Special retirement expenses	171	-
Change in notes and accounts receivable	2,832	(2,448)
Change in inventories	1,822	1,864
Change in notes and accounts payable	(1,555)	243
Change in accrued expenses	(1,704)	1,227
Other, net	558	1,081
Sub-total	21,829	29,718
Interest and dividend income received	350	225
Interest expense paid	(226)	(257)
Special retirement expenses - paid	(171)	-
Income taxes - paid	(4,743)	(2,703)
Net cash provided by operating activities	17,038	26,982
Investing activities:		
Payments for time deposits	(5,640)	(5,014)
Proceeds from refund of time deposits	5,056	3,559
Proceeds from redemption of investment securities	11	0
Purchases of investment securities	(826)	(190)
Purchase of property, plant and equipment	(9,895)	(5,555)
Proceeds from sales of property, plant and equipment	359	1,000
Purchase of intangible assets	(222)	(235)
Payment for purchase of subsidiaries' stock	(2,054)	(346)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,266)	-
Other, net	(654)	(180)
Net cash used in investing activities	(17,133)	(6,961)
Financing activities:		
Change in short-term borrowings, net	1,244	(2,515)
Proceeds from long-term borrowings	14,396	8
Repayments of long-term borrowings	(948)	(9,079)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,437)	-
Purchase of treasury stock	(1)	(2)
Proceeds from sales of treasury stock	395	397
Dividends paid	(3,439)	(2,440)
Dividends paid to non-controlling interests	(298)	(323)
Other, net	(252)	(308)
Net cash (used in) provided by financing activities	9,658	(14,264)
Effect of exchange rate change on cash and cash equivalents	(88)	1,224
Net increase (decrease) in cash and cash equivalents	9,475	6,981
Cash and cash equivalents at beginning of year	23,704	33,299
Cash and cash equivalents from newly consolidated subsidiaries	120	73
Cash and cash equivalents at end of period	33,299	40,354

Operations by Geographical Segment

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

Million 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

(Reference)

Results for FY2020 (Dec. 1, 2019 through Nov. 30, 2020)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	42,816	18,818	19,396	23,356	104,388	-	104,388
Interarea transfers	15,022	409	102	1,938	17,473	(17,473)	-
Total sales	57,838	19,228	19,499	25,295	121,861	(17,473)	104,388
Operating income	2,505	1,640	482	2,119	6,747	1,649	8,396

Net sales by Product Segment

Million yen

	FY2020 (2019/12/1 - 2020/11/30)	FY2021 (2020/12/1 - 2021/11/30)
Cutting tools:		
Taps	33,671	43,239
End mills	21,219	24,006
Drills and other cutting tools	29,484	35,721
Total	84,374	102,968
Rolling dies	7,947	10,052
Gauges	1,712	1,747
Other	10,354	11,387
Total	104,388	126,156