

FY2022 First Quarter Consolidated Financial Results (December 1, 2021 - February 28, 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
 Contact person : Junichi Kawamura, 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 FY2022 First Quarter (December 1, 2021 - February 28, 2022)

(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	%
FY2022 first-quarter	32,241	14.2	4,442	93.3	4,788	97.8	3,459	131.8
FY2021 first-quarter	28,230	-2.2	2,298	-35.1	2,420	-32.2	1,492	-36.3

(Note) Comprehensive income FY2022 first-quarter: 5,036 million yen (34.9%)
 FY2021 first-quarter: 3,732 million yen (271.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2022 first-quarter	35.53	35.17
FY2021 first-quarter	15.31	15.15

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2022 first-quarter	206,380	155,823	70.2
FY2021	209,757	154,800	68.6

(Reference) Equity FY2022 first-quarter: 144,817 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 first-quarter.

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2021	14.00	22.00	36.00
FY2022 forecast	23.00	26.00	49.00

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

(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	66,700	9.0	9,600	35.4	9,600	32.2	6,400	34.7	65.73
Annual	135,000	7.0	20,200	25.4	20,200	25.1	13,600	23.8	139.68

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

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): | |
| FY2022 first-quarter: | 98,264,075 shares |
| FY2021: | 98,196,724 shares |
| (ii) Number of treasury stock at the end of each period: | |
| FY2022 first-quarter: | 1,434,911 shares |
| FY2021: | 528,458 shares |
| (iii) Average number of shares outstanding in each period: | |
| FY2022 first-quarter: | 97,364,811 shares |
| FY2021 first-quarter: | 97,492,091 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

Assets	(Millions of yen)	
	FY2021 As of Nov. 30, 2021	FY2022 first-quarter As of Feb. 28, 2022
Current assets		
Cash and deposits	46,795	39,382
Notes and accounts receivable - trade	23,531	23,650
Securities	101	101
Merchandise and finished goods	28,553	28,728
Work in process	6,566	7,249
Raw materials and supplies	7,718	7,928
Other	2,669	4,951
Allowance for doubtful accounts	(179)	(226)
Total current assets	115,757	111,766
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,191	23,923
Machinery, equipment and vehicles, net	32,600	31,970
Land	15,950	16,008
Other, net	5,513	6,345
Total property, plant and equipment	78,255	78,247
Intangible assets		
Goodwill	4,638	4,485
Other	1,276	1,253
Total intangible assets	5,915	5,738
Investments and other assets		
Investment securities	4,292	4,144
Other	5,983	6,925
Allowance for doubtful accounts	(445)	(441)
Total investments and other assets	9,829	10,628
Total non-current assets	94,000	94,614
Total	209,757	206,380

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

(Millions of yen)

	FY2021 As of Nov. 30, 2021	FY2022 first-quarter As of Feb. 28, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,244	4,897
Short-term loans payable	2,329	2,370
Current portion of convertible bond-type bonds with share acquisition rights	1,670	1,560
Current portion of long-term loans payable	1,615	1,470
Income taxes payable	3,156	1,936
Provision for bonuses	472	1,575
Provision for directors' bonuses	282	103
Other	11,059	7,570
Total current liabilities	25,830	21,483
Non-current Liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	20,136	20,040
Net defined benefit liability	788	842
Provision for loss on guarantees	38	43
Other	3,163	3,147
Total non-current liabilities	29,126	29,073
Total liabilities	54,957	50,557
Net assets		
Shareholders' equity		
Capital stock	12,239	12,294
Capital surplus	12,968	13,027
Retained earnings	120,192	121,488
Treasury stock	(1,041)	(2,851)
Total shareholders' equity	144,359	143,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	778	691
Deferred gains or losses on hedges	3	(1)
Foreign currency translation adjustment	(1,329)	167
Total accumulated other comprehensive income	(547)	858
Non-controlling interests	10,988	11,005
Total net assets	154,800	155,823
Total liabilities and net assets	209,757	206,380

Consolidated Summary Statement of Income
OSG Corporation

	(Millions of yen)	
	FY2021 first-quarter (2020/12/1 - 2021/2/28)	FY2022 first-quarter (2021/12/1 - 2022/2/28)
Net sales	28,230	32,241
Cost of sales	18,011	19,228
Gross profit	10,219	13,012
Selling, general and administrative expenses	7,920	8,570
Operating income	2,298	4,442
Non-operating income		
Interest income	36	67
Dividend income	12	14
Foreign exchange gains	42	88
Other	338	358
Total non-operating income	430	528
Non-operating expenses		
Interest expenses	64	59
Sales discounts	156	-
Other	87	122
Total non-operating expenses	308	181
Ordinary income	2,420	4,788
Income before income taxes	2,420	4,788
Income taxes - current	1,156	1,598
Income taxes - deferred	(296)	(408)
Total income taxes	859	1,190
Net income	1,561	3,598
Net income attributable to non-controlling interests	68	138
Net income attributable to OSG Corporation	1,492	3,459

Consolidated Statement of Comprehensive Income
OSG Corporation

	(Millions of yen)	
	FY2021 first-quarter (2020/12/1 - 2021/2/28)	FY2022 first-quarter (2021/12/1 - 2022/2/28)
Net income	1,561	3,598
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	(88)
Deferred gains or losses on hedges	(7)	(4)
Foreign currency translation adjustment	2,192	1,532
Share of other comprehensive income of associates accounted for using equity method	(1)	(1)
Total other comprehensive income	2,171	1,438
Comprehensive income	3,732	5,036
(Breakdown)		
Comprehensive income attributable to OSG Corporation	3,553	4,864
Comprehensive income attributable to non-controlling interests	179	171

Operations by Geographical Segment

Results for FY2021 first-quarter (Dec. 1, 2020 through Feb. 28, 2021)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	10,630	4,991	5,528	7,079	28,230	-	28,230
Interarea transfers	3,983	266	33	523	4,807	(4,807)	-
Total sales	14,613	5,258	5,562	7,603	33,038	(4,807)	28,230
Operating income	636	717	272	949	2,575	(277)	2,298

Results for FY2022 first-quarter (Dec. 1, 2021 through Feb. 28, 2022)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	11,686	5,575	6,400	8,578	32,241	-	32,241
Interarea transfers	5,334	289	53	854	6,532	(6,532)	-
Total sales	17,021	5,864	6,454	9,433	38,773	(6,532)	32,241
Operating income	1,750	907	558	1,534	4,750	(308)	4,442

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

have been applied from FY2022 first-quarter, 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 first-quarter (2020/12/1 - 2021/2/28)	FY2022 first-quarter (2021/12/1 - 2022/2/28)
Cutting tools:		
Taps	9,524	11,397
End mills	5,281	5,844
Drills and other cutting tools	8,077	9,162
Total	22,883	26,404
Rolling dies	2,354	2,377
Gauges	373	449
Other	2,619	3,010
Total	28,230	32,241

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

have been applied from FY2022 first-quarter, the amounts of the current first quarter reflect the application of it.