

FY2021 Semi-Annual Consolidated Financial Results (December 1, 2020 - May 31, 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, Executive Officer
 TEL: 81-533-82-1113 URL https://www.osg.co.jp/en/about_us/ir/

1. Consolidated Results for FY2021 Semi-Annual (December 1, 2020 - May 31, 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 semi-annual	61,217	10.8	7,091	17.6	7,261	21.7	4,751	35.0
FY2020 semi-annual	55,256	-15.8	6,027	-48.2	5,964	-50.7	3,519	-55.9

(Note) Comprehensive income FY2021 semi-annual : 10,532 million yen (- %)
 FY2020 semi-annual : -530 million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2021 semi-annual	48.73	48.22
FY2020 semi-annual	36.19	35.81

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2021 semi-annual	207,990	149,828	66.6
FY2020	200,112	140,179	64.6

(Reference) Equity FY2021 semi-annual: 138,499 million yen FY2020: 129,338 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2020	11.00	11.00	22.00
FY2021	14.00		
FY2021 forecast		17.00	31.00

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

	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
Annual	122,000	16.9	15,000	78.6	15,200	69.8	10,000	77.3	102.54

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: | None |
| (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): | |
| FY2021 semi-annual: | 98,196,724 shares |
| FY2020: | 98,179,742 shares |
| (ii) Number of treasury stock at the end of each period: | |
| FY2021 semi-annual: | 629,147 shares |
| FY2020: | 729,381 shares |
| (iii) Average number of shares outstanding in each period: | |
| FY2021 semi-annual: | 97,519,926 shares |
| FY2020 semi-annual: | 97,267,305 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	(Million yen : amounts less than one million yen are omitted)		
	FY2020 As of Nov. 30, 2020	FY2021 semi-annual As of May 31, 2021	Change
Current assets			
Cash and deposits	37,807	44,095	
Notes and accounts receivable - trade	19,733	22,423	
Securities	0	1	
Merchandise and finished goods	29,239	28,166	
Work in process	5,464	6,241	
Raw materials and supplies	7,321	7,474	
Other	3,279	2,847	
Allowance for doubtful accounts	(155)	(162)	
Total current assets	102,691	111,086	8,394
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	24,685	24,914	
Machinery, equipment and vehicles, net	34,500	33,701	
Land	14,995	15,934	
Other, net	5,417	5,758	
Total property, plant and equipment	79,599	80,308	709
Intangible assets			
Goodwill	4,273	5,122	
Other	1,260	1,273	
Total intangible assets	5,533	6,395	862
Investments and other assets			
Investment securities	6,182	4,385	
Other	6,471	6,190	
Allowance for doubtful accounts	(366)	(377)	
Total investments and other assets	12,287	10,199	(2,087)
Total non-current assets	97,420	96,904	(516)
Total	200,112	207,990	7,878

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 semi-annual As of May 31, 2021	Change
Liabilities			
Current liabilities			
Notes and accounts payable - trade	4,308	4,844	
Short-term loans payable	4,473	4,718	
Current portion of convertible bond-type bonds with share acquisition rights	-	1,670	
Current portion of long-term loans payable	8,522	4,162	
Income taxes payable	630	1,981	
Provision for bonuses	381	297	
Provision for directors' bonuses	146	116	
Other	8,858	9,996	
Total current liabilities	27,323	27,787	464
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	21,071	
Net defined benefit liability	682	950	
Provision for loss on guarantees	38	40	
Other	3,115	3,312	
Total non-current liabilities	32,609	30,374	(2,235)
Total liabilities	59,932	58,161	(1,770)
Net assets			
Shareholders' equity			
Capital stock	12,223	12,239	
Capital surplus	12,934	12,961	
Retained earnings	111,594	115,337	
Treasury stock	(1,442)	(1,242)	
Total shareholders' equity	135,309	139,295	3,986
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,105	1,088	
Deferred gains or losses on hedges	0	(15)	
Foreign currency translation adjustment	(7,076)	(1,870)	
Total accumulated other comprehensive income	(5,970)	(796)	5,174
Share acquisition rights	13	-	(13)
Non-controlling interests	10,828	11,329	501
Total net assets	140,179	149,828	9,648
Total liabilities and net assets	200,112	207,990	7,878

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2020 semi-annual (2019/12/1 - 2020/5/31)	FY2021 semi-annual (2020/12/1 - 2021/5/31)	Change
Net sales	55,256	61,217	5,961
Cost of sales	33,333	38,013	4,679
Gross profit	21,922	23,204	1,281
Selling, general and administrative expenses	15,894	16,112	218
Operating income	6,027	7,091	1,063
Non-operating income			
Interest income	103	70	
Dividend income	27	17	
Foreign exchange gains	-	108	
Subsidy income	126	225	
Other	599	370	
Total non-operating income	856	793	(63)
Non-operating expenses			
Interest expenses	87	129	
Sales discounts	342	347	
Foreign exchange losses	314	-	
Other	175	146	
Total non-operating expenses	920	623	(297)
Ordinary income	5,964	7,261	1,296
Income before income taxes	5,964	7,261	1,296
Income taxes - current	1,604	2,587	983
Income taxes - deferred	659	(266)	(926)
Total income taxes	2,264	2,321	56
Net income	3,700	4,940	1,240
Net income attributable to non-controlling interests	180	188	7
Net income attributable to OSG Corporation	3,519	4,751	1,232

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2020 semi-annual (2019/12/1 - 2020/5/31)	FY2021 semi-annual (2020/12/1 - 2021/5/31)	Change
Net income	3,700	4,940	1,240
Other comprehensive income			
Valuation difference on available-for-sale securities	(714)	(8)	
Deferred gains or losses on hedges	(0)	(15)	
Foreign currency translation adjustment	(3,516)	5,619	
Share of other comprehensive income of associates accounted for using equity method	0	(3)	
Total other comprehensive income	(4,230)	5,592	9,822
Comprehensive income	(530)	10,532	11,062

(Breakdown)

Comprehensive income attributable to OSG Corporation	(29)	9,871	
Comprehensive income attributable to non-controlling interests	(500)	660	

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2020 semi-annual (2019/12/1 - 2020/5/31)	FY2021 semi-annual (2020/12/1 - 2021/5/31)
Operating Activities:		
Income before income taxes	5,964	7,261
Depreciation and amortization	5,120	5,295
Amortization of goodwill	363	395
Interest and dividend income	(130)	(88)
Interest expense	87	129
Equity in loss (earnings) of an associated company	10	6
Change in notes and accounts receivable	3,669	(1,177)
Change in inventories	(760)	2,664
Change in notes and accounts payable	(1,476)	(153)
Change in accrued expenses	(1,371)	695
Other, net	(321)	216
Sub-total	11,156	15,245
Interest and dividend income received	138	88
Interest expense paid	(78)	(107)
Income taxes - paid	(3,087)	(946)
Net cash provided by operating activities	8,129	14,280
Investing Activities:		
Payments for time deposits	(1,466)	(2,130)
Proceeds from refund of time deposits	1,311	1,775
Acquisitions of property, plant and equipment	(6,809)	(2,463)
Proceeds from sales of property, plant and equipment	334	125
Purchases of investment securities	(816)	(5)
Payment for purchase of subsidiaries' stock	(64)	-
Payment for purchase of subsidiaries' stock resulting in change in scope of consolidation	(3,244)	-
Other, net	(778)	(136)
Net cash used in investing activities	(11,532)	(2,834)
Financing Activities:		
Change in short-term borrowings, net	496	39
Proceeds from long-term borrowings	13,644	2
Repayments of long-term borrowings	(489)	(6,068)
Payment for purchase of subsidiaries' stock resulting in no change in scope of consolidation	(1,228)	-
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	199	195
Dividends paid	(2,353)	(1,082)
Dividends paid to non-controlling interests	(154)	(169)
Other, net	(117)	(159)
Net cash (used in) provided by financing activities	9,997	(7,244)
Effect of exchange rate change on cash and cash equivalents	(388)	1,173
Net increase (decrease) in cash and cash equivalents	6,206	5,374
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	30,030	38,747

Operations by Geographical Segment

Results for FY2021 semi-annual (Dec. 1, 2020 through May 31, 2021)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	23,296	10,549	12,081	15,289	61,217	-	61,217
Interarea transfers	9,122	357	77	1,157	10,715	(10,715)	-
Total sales	32,419	10,907	12,158	16,447	71,932	(10,715)	61,217
Operating income	2,779	1,515	1,051	2,318	7,664	(573)	7,091

(Reference)

Results for FY2020 semi-annual (Dec. 1, 2019 through May 31, 2020)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	23,588	9,846	9,935	11,885	55,256	-	55,256
Interarea transfers	8,431	170	46	918	9,566	(9,566)	-
Total sales	32,019	10,017	9,982	12,803	64,823	(9,566)	55,256
Operating income	2,718	750	351	1,256	5,075	952	6,027

Net sales by Product Segment

Million yen

	FY2020 semi-annual (2019/12/1 - 2020/5/31)	FY2021 semi-annual (2020/12/1 - 2021/5/31)
Cutting tools:		
Taps	17,144	20,909
End mills	11,479	11,522
Drills and other cutting tools	15,556	17,436
Total	44,179	49,867
Rolling dies	4,185	5,078
Gauges	916	819
Other	5,974	5,452
Total	55,256	61,217