

FY2022 Semi-Annual Consolidated Financial Results (December 1, 2021 - May 31, 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 Semi-Annual (December 1, 2021 - May 31, 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 semi-annual | 67,956 | 11.0 | 9,845 | 38.8 | 10,629 | 46.4 | 7,492 | 57.7 |
| FY2021 semi-annual | 61,217 | 10.8 | 7,091 | 17.6 | 7,261 | 21.7 | 4,751 | 35.0 |

(Note) Comprehensive income FY2022 semi-annual: 17,241 million yen (63.7%)
 FY2021 semi-annual: 10,532 million yen (- %)

| | Net income per share | Diluted net income per share |
|--------------------|----------------------|------------------------------|
| | Yen | Yen |
| FY2022 semi-annual | 77.26 | - |
| FY2021 semi-annual | 48.73 | 48.22 |

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

2. The diluted net income per share for FY2022 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 | % |
| FY2022 semi-annual | 218,787 | 166,754 | 70.8 |
| FY2021 | 209,757 | 154,800 | 68.6 |

(Reference) Equity FY2022 semi-annual: 154,849 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 | 23.00 | | |
| FY2022 forecast | | 26.00 | 49.00 |

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

(% indicates 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 |
| Annual | 135,000 | 7.0 | 20,200 | 25.4 | 20,200 | 25.1 | 13,600 | 23.8 | 140.24 |

(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 semi-annual: | 99,182,517 shares |
| FY2021: | 98,196,724 shares |
- (ii) Number of treasury stock at the end of each period:
- | | |
|---------------------|------------------|
| FY2022 semi-annual: | 2,986,254 shares |
| FY2021: | 528,458 shares |
- (iii) Average number of shares outstanding in each period:
- | | |
|---------------------|-------------------|
| FY2022 semi-annual: | 96,979,233 shares |
| FY2021 semi-annual: | 97,519,926 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 semi-annual As of May 31, 2022 |
| Current assets | | |
| Cash and deposits | 46,795 | 44,492 |
| Notes and accounts receivable - trade | 23,531 | 25,017 |
| Securities | 101 | 100 |
| Merchandise and finished goods | 28,553 | 30,576 |
| Work in process | 6,566 | 7,756 |
| Raw materials and supplies | 7,718 | 9,069 |
| Other | 2,669 | 3,338 |
| Allowance for doubtful accounts | (179) | (189) |
| Total current assets | 115,757 | 120,162 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 24,191 | 24,288 |
| Machinery, equipment and vehicles, net | 32,600 | 33,468 |
| Land | 15,950 | 16,541 |
| Other, net | 5,513 | 6,634 |
| Total property, plant and equipment | 78,255 | 80,932 |
| Intangible assets | | |
| Goodwill | 4,638 | 4,610 |
| Other | 1,276 | 1,286 |
| Total intangible assets | 5,915 | 5,896 |
| Investments and other assets | | |
| Investment securities | 4,292 | 4,289 |
| Other | 5,983 | 7,965 |
| Allowance for doubtful accounts | (445) | (458) |
| Total investments and other assets | 9,829 | 11,796 |
| Total non-current assets | 94,000 | 98,625 |
| Total | 209,757 | 218,787 |

Consolidated Summary Balance Sheet
OSG Corporation

| Liabilities and Net Assets | (Millions of yen) | |
|---|-------------------------------|--|
| | FY2021 As of Nov. 30, 2021 | FY2022 semi-annual As of May 31, 2022 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 5,244 | 5,821 |
| Short-term loans payable | 2,329 | 1,035 |
| Current portion of convertible bond-type bonds with share acquisition rights | 1,670 | - |
| Current portion of long-term loans payable | 1,615 | 1,271 |
| Income taxes payable | 3,156 | 3,172 |
| Provision for bonuses | 472 | 432 |
| Provision for directors' bonuses | 282 | 186 |
| Other | 11,059 | 11,638 |
| Total current liabilities | 25,830 | 23,559 |
| Non-current Liabilities | | |
| Bonds payable | 5,000 | 5,000 |
| Long-term loans payable | 20,136 | 19,159 |
| Net defined benefit liability | 788 | 977 |
| Provision for loss on guarantees | 38 | 56 |
| Other | 3,163 | 3,280 |
| Total non-current liabilities | 29,126 | 28,473 |
| Total liabilities | 54,957 | 52,033 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 12,239 | 13,044 |
| Capital surplus | 12,968 | 13,778 |
| Retained earnings | 120,192 | 125,513 |
| Treasury stock | (1,041) | (5,581) |
| Total shareholders' equity | 144,359 | 146,755 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 778 | 844 |
| Deferred gains or losses on hedges | 3 | (19) |
| Foreign currency translation adjustment | (1,329) | 7,269 |
| Total accumulated other comprehensive income | (547) | 8,094 |
| Non-controlling interests | 10,988 | 11,905 |
| Total net assets | 154,800 | 166,754 |
| Total liabilities and net assets | 209,757 | 218,787 |

Consolidated Summary Statement of Income
OSG Corporation

| | (Millions of yen) | |
|--|---|---|
| | FY2021 semi-annual (2020/12/1 - 2021/5/31) | FY2022 semi-annual (2021/12/1 - 2022/5/31) |
| Net sales | 61,217 | 67,956 |
| Cost of sales | 38,013 | 40,507 |
| Gross profit | 23,204 | 27,448 |
| Selling, general and administrative expenses | 16,112 | 17,603 |
| Operating income | 7,091 | 9,845 |
| Non-operating income | | |
| Interest income | 70 | 146 |
| Dividend income | 17 | 27 |
| Foreign exchange gains | 108 | 360 |
| Other | 596 | 598 |
| Total non-operating income | 793 | 1,132 |
| Non-operating expenses | | |
| Interest expenses | 129 | 126 |
| Sales discounts | 347 | - |
| Other | 146 | 221 |
| Total non-operating expenses | 623 | 348 |
| Ordinary income | 7,261 | 10,629 |
| Income before income taxes | 7,261 | 10,629 |
| Income taxes - current | 2,587 | 3,959 |
| Income taxes - deferred | (266) | (1,134) |
| Total income taxes | 2,321 | 2,825 |
| Net income | 4,940 | 7,804 |
| Net income attributable to non-controlling interests | 188 | 312 |
| Net income attributable to OSG Corporation | 4,751 | 7,492 |

Consolidated Statement of Comprehensive Income
OSG Corporation

| | (Millions of yen) | |
|--|---|---|
| | FY2021 semi-annual (2020/12/1 - 2021/5/31) | FY2022 semi-annual (2021/12/1 - 2022/5/31) |
| Net income | 4,940 | 7,804 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (8) | 62 |
| Deferred gains or losses on hedges | (15) | (22) |
| Foreign currency translation adjustment | 5,619 | 9,408 |
| Share of other comprehensive income of associates accounted for using equity method | (3) | (12) |
| Total other comprehensive income | 5,592 | 9,436 |
| Comprehensive income | 10,532 | 17,241 |
| (Breakdown) | | |
| Comprehensive income attributable to OSG Corporation | 9,871 | 16,133 |
| Comprehensive income attributable to non-controlling interests | 660 | 1,107 |

Consolidated Summary Statement of Cash Flows
OSG Corporation

(Millions of yen)

| | FY2021 semi-annual (2020/12/1 - 2021/5/31) | FY2022 semi-annual (2021/12/1 - 2022/5/31) |
|---|---|---|
| Operating activities: | | |
| Income before income taxes | 7,261 | 10,629 |
| Depreciation and amortization | 5,295 | 5,071 |
| Amortization of goodwill | 395 | 424 |
| Interest and dividend income | (88) | (173) |
| Interest expense | 129 | 126 |
| Equity in loss (earnings) of an associated company | 6 | (7) |
| Change in notes and accounts receivable | (1,177) | 292 |
| Change in inventories | 2,664 | (1,390) |
| Change in notes and accounts payable | (153) | (431) |
| Change in accrued expenses | 695 | 209 |
| Other, net | 216 | (1,193) |
| Sub-total | 15,245 | 13,557 |
| Interest and dividend income received | 88 | 180 |
| Interest expense paid | (107) | (154) |
| Income taxes - paid | (946) | (4,102) |
| Net cash provided by operating activities | 14,280 | 9,482 |
| Investing activities: | | |
| Payments for time deposits | (2,130) | (1,799) |
| Proceeds from refund of time deposits | 1,775 | 3,351 |
| Acquisitions of property, plant and equipment | (2,463) | (3,795) |
| Proceeds from sales of property, plant and equipment | 125 | 40 |
| Purchases of investment securities | (5) | (4) |
| Proceeds from sales of investment securities | - | 117 |
| Purchase of shares of subsidiaries | - | (428) |
| Other, net | (136) | (170) |
| Net cash used in investing activities | (2,834) | (2,689) |
| Financing activities: | | |
| Change in short-term borrowings, net | 39 | (1,779) |
| Proceeds from long-term borrowings | 2 | 56 |
| Repayments of long-term borrowings | (6,068) | (1,348) |
| Redemption of convertible bond-type bonds with subscription rights to shares | - | (30) |
| Purchase of treasury stock | (0) | (4,885) |
| Proceeds from sales of treasury stock | 195 | 286 |
| Dividends paid | (1,082) | (2,148) |
| Dividends paid to non-controlling interests | (169) | (190) |
| Other, net | (159) | (289) |
| Net cash used in financing activities | (7,244) | (10,329) |
| Effect of exchange rate change on cash and cash equivalents | 1,173 | 2,265 |
| Net increase (decrease) in cash and cash equivalents | 5,374 | (1,271) |
| 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 | 38,747 | 39,083 |

Operations by Geographical Segment

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

| | (Millions of 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 |

Results for FY2022 semi-annual (Dec. 1, 2021 through May 31, 2022)

| | (Millions of yen) | | | | | | |
|---------------------|-------------------|--------------|-------------------|--------|--------|--------------|--------------|
| | Japan | The Americas | Europe/ Africa | Asia | Total | Eliminations | Consolidated |
| Sales to customers | 24,601 | 12,325 | 13,893 | 17,135 | 67,956 | - | 67,956 |
| Interarea transfers | 10,801 | 384 | 118 | 1,610 | 12,915 | (12,915) | - |
| Total sales | 35,403 | 12,709 | 14,012 | 18,746 | 80,871 | (12,915) | 67,956 |
| Operating income | 4,123 | 1,805 | 1,470 | 3,190 | 10,590 | (744) | 9,845 |

(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 semi-annual (2020/12/1 - 2021/5/31) | FY2022 semi-annual (2021/12/1 - 2022/5/31) |
| Cutting tools: | | |
| Taps | 20,909 | 23,967 |
| End mills | 11,522 | 12,441 |
| Drills and other cutting tools | 17,436 | 19,465 |
| Total | 49,867 | 55,874 |
| Rolling dies | 5,078 | 5,135 |
| Gauges | 819 | 973 |
| Other | 5,452 | 5,973 |
| Total | 61,217 | 67,956 |

(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 second quarter reflect the application of it.