

**Financial Report for the Nine Months of  
the Fiscal Year Ending December 31, 2021 (Consolidated)  
<Under Japanese GAAP>**

**OTSUKA CORPORATION (URL: <https://www.otsuka-shokai.co.jp/>)**

Listing: The First Section of Tokyo Stock Exchange, Code 4768

Representative: Yuji Otsuka, President & Chief Executive Officer

Contact: Hironobu Saito, Managing Director & Executive Operating Officer (Tel: +81-3-3264-7111)

Scheduled date to file Quarterly Securities Report: November 11, 2021

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: No

(All amounts less than one million yen are rounded down)

**1. Financial Results for the Nine months of the Fiscal Year 2021 (From January 1, 2021 to  
September 30, 2021)**

**(1) Results of operations** (Percentages indicate changes from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	652,146	5.0	42,063	1.8	43,491	3.0	29,921	5.1
September 30, 2020	621,217	(6.9)	41,314	(10.6)	42,212	(10.9)	28,472	(11.7)

Note) Comprehensive Income: Nine months ended September 30, 2021: 32,400 million yen [14.7%]  
Nine months ended September 30, 2020: 28,246 million yen [(16.2)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
September 30, 2021	157.81	—
September 30, 2020	150.17	—

**(2) Financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2021	465,313	290,472	61.8
December 31, 2020	471,292	280,035	58.8

Reference) Equity: As of September 30, 2021: 287,540 million yen  
As of December 31, 2020: 277,348 million yen

## 2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal Year 2020	yen —	yen 0.00	yen —	yen 115.00	yen 115.00
Fiscal Year 2021	—	0.00	—		
Fiscal Year 2021 (forecast)				120.00	120.00

- Notes) 1. Revision of the recently announced forecasts: No  
 2. The year-end dividend per share for the fiscal year 2021(forecast) includes commemorative dividend of 5 yen per share to mark the 60th anniversary of the Company's establishment.

## 3. Financial Forecasts for the Fiscal Year 2021 (From January 1, 2021 to December 31, 2021)

(Percentages indicate changes from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full-Year	881,000	5.3	59,300	5.3	60,700	5.5	41,500	5.6	218.88

- Notes) 1. Revision of the recently announced forecasts: No  
 2. The above forecasts are based on the information available as of the date of publication of this document.  
 Actual results are subject to change due to various future events and may differ from these figures.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to revisions to accounting standards, etc.: No

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares):

As of September 30, 2021:	190,002,120 shares
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As of December 31, 2020:	190,002,120 shares
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2) Number of treasury shares at the end of the period:

As of September 30, 2021:	400,908 shares
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As of December 31, 2020:	400,908 shares
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3) Average number of shares during the period:

Nine months ended September 30, 2021:	189,601,212 shares
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Nine months ended September 30, 2020:	189,601,212 shares
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**\* Quarterly financial reports are not subject to quarterly review procedures to be conducted by certified public accountants or an audit firm.**

**\* This financial report is an abridged translation of the Japanese "Kessan Tanshin," which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purpose only.**

## Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2020	As of September 30, 2021
<hr/>		
Assets		
Current assets		
Cash and deposits	178,072	193,747
Notes and accounts receivable - trade	145,033	125,510
Merchandise	42,011	36,349
Work in process	1,409	1,308
Raw materials and supplies	776	702
Other	24,320	23,798
Allowance for doubtful accounts	(100)	(87)
Total current assets	<hr/> 391,523	<hr/> 381,329
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,439	15,639
Other, net	19,790	21,659
Total property, plant and equipment	<hr/> 36,229	<hr/> 37,299
Intangible assets	15,131	15,305
Investments and other assets		
Investment securities	16,895	21,141
Other	11,722	10,361
Allowance for doubtful accounts	(209)	(122)
Total investments and other assets	<hr/> 28,407	<hr/> 31,379
Total non-current assets	<hr/> 79,768	<hr/> 83,984
Total assets	<hr/> 471,292	<hr/> 465,313

(Millions of yen)

As of December 31, 2020 As of September 30, 2021

	As of December 31, 2020	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	96,437	83,998
Electronically recorded obligations - operating	18,822	18,770
Short-term borrowings	4,800	4,800
Income taxes payable	9,367	5,022
Provision for bonuses	3,844	10,000
Other	43,568	38,116
<b>Total current liabilities</b>	<b>176,839</b>	<b>160,709</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,700	1,700
Provision for retirement benefits for directors	762	684
Retirement benefit liability	9,336	9,063
Other	2,618	2,684
<b>Total non-current liabilities</b>	<b>14,416</b>	<b>14,132</b>
<b>Total liabilities</b>	<b>191,256</b>	<b>174,841</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	254,997	263,115
Treasury shares	(139)	(139)
<b>Total shareholders' equity</b>	<b>281,487</b>	<b>289,605</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,527	7,937
Deferred gains or losses on hedges	(5)	0
Revaluation reserve for land	(11,402)	(11,402)
Foreign currency translation adjustment	15	107
Remeasurements of defined benefit plans	1,725	1,291
<b>Total accumulated other comprehensive income</b>	<b>(4,139)</b>	<b>(2,065)</b>
<b>Non-controlling interests</b>	<b>2,687</b>	<b>2,932</b>
<b>Total net assets</b>	<b>280,035</b>	<b>290,472</b>
<b>Total liabilities and net assets</b>	<b>471,292</b>	<b>465,313</b>

## **Quarterly Consolidated Statements of Income and Comprehensive Income**

### Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	621,217	652,146
Cost of sales	492,397	519,214
Gross profit	128,820	132,931
Selling, general and administrative expenses	87,505	90,868
Operating profit	41,314	42,063
Non-operating income		
Interest income	8	12
Dividend income	117	133
Rental income from buildings	197	197
Share of profit of entities accounted for using equity method	273	696
Other	343	475
Total non-operating income	940	1,515
Non-operating expenses		
Interest expenses	33	33
Donations	—	50
Other	9	4
Total non-operating expenses	42	87
Ordinary profit	42,212	43,491
Extraordinary income		
Gain on sales of non-current assets	—	885
Gain on sales of investment securities	12	5
Total extraordinary income	12	890
Extraordinary losses		
Loss on retirement of non-current assets	20	36
Impairment loss	—	169
Other	—	0
Total extraordinary losses	20	205
Profit before income taxes	42,204	44,176
Income taxes	13,335	13,820
Profit	28,869	30,355
Profit attributable to non-controlling interests	396	434
Profit attributable to owners of parent	28,472	29,921

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	28,869	30,355
Other comprehensive income		
Valuation difference on available-for-sale securities	(746)	2,375
Deferred gains or losses on hedges	(7)	7
Remeasurements of defined benefit plans, net of tax	135	(439)
Share of other comprehensive income of entities accounted for using equity method	(4)	100
Total other comprehensive income	(622)	2,044
Comprehensive income	28,246	32,400
(Breakdown)		
Comprehensive income attributable to owners of parent	27,790	31,996
Comprehensive income attributable to non-controlling interests	455	404

## Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	42,204	44,176
Depreciation	5,571	5,903
Impairment loss	—	169
Increase (decrease) in allowance for doubtful accounts	(11)	(100)
Interest and dividend income	(125)	(145)
Interest expenses	33	33
Share of loss (profit) of entities accounted for using equity method	(273)	(696)
Loss on retirement of non-current assets	20	36
Loss (gain) on sales of non-current assets	—	(885)
Loss (gain) on sales of investment securities	(12)	(5)
Decrease (increase) in trade receivables	26,376	19,611
Decrease (increase) in inventories	(9,932)	5,837
Increase (decrease) in trade payables	(11,128)	(12,490)
Other, net	(1,840)	(20)
Subtotal	50,880	61,424
Interest and dividends received	278	299
Interest paid	(24)	(24)
Income taxes paid	(21,468)	(17,770)
Net cash provided by (used in) operating activities	29,665	43,928
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,448)	(3,771)
Proceeds from sales of property, plant and equipment	—	1,492
Purchase of software	(4,467)	(4,048)
Purchase of investment securities	(169)	(191)
Proceeds from sales of investment securities	27	5
Other, net	27	271
Net cash provided by (used in) investing activities	(7,028)	(6,242)
<b>Cash flows from financing activities</b>		
Dividends paid	(20,846)	(21,794)
Other, net	(140)	(159)
Net cash provided by (used in) financing activities	(20,986)	(21,953)
Effect of exchange rate change on cash and cash equivalents	(0)	1
Net increase (decrease) in cash and cash equivalents	1,649	15,734
Cash and cash equivalents at beginning of period	176,198	178,988
Cash and cash equivalents at end of period	177,848	194,722

## Segment Information

### Information concerning net sales and segment profit/loss by reportable segment

Nine months ended September 30, 2020

(Millions of yen)

	Reportable segment		Total	Adjustment	Amount recorded in quarterly consolidated statements of income
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	393,182	228,035	621,217	—	621,217
Inter-segment sales/transfers	193	589	782	(782)	—
Total	393,376	228,624	622,000	(782)	621,217
Segment profit	37,804	10,403	48,208	(6,893)	41,314

Nine months ended September 30, 2021

(Millions of yen)

	Reportable segment		Total	Adjustment	Amount recorded in quarterly consolidated statements of income
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	407,986	244,160	652,146	—	652,146
Inter-segment sales/transfers	42	584	627	(627)	—
Total	408,029	244,745	652,774	(627)	652,146
Segment profit	38,262	10,574	48,837	(6,773)	42,063