



# **Business Results**

**for the fiscal year ended December 31, 2021**

**February 1, 2022**

**OTSUKA CORPORATION**

**Yuji Otsuka, President**

# Summary of Business Results, January – December, 2021

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan (Note)	Change to Last Year	Amount	Ratio to Plan (Note)	Change to Last Year
<b>Net sales</b>	<b>851,894</b>	<b>96.7%</b>	<b>+1.9%</b>	<b>766,724</b>	<b>96.2%</b>	<b>+2.2%</b>
<b>Operating profit</b>	<b>55,827</b>	<b>94.1%</b>	<b>-0.9%</b>	<b>48,654</b>	<b>92.5%</b>	<b>-2.3%</b>
<b>Ordinary profit</b>	<b>57,567</b>	<b>94.8%</b>	<b>+0.0%</b>	<b>50,986</b>	<b>93.3%</b>	<b>-2.0%</b>
<b>Profit*</b>	<b>39,927</b>	<b>96.2%</b>	<b>+1.6%</b>	<b>36,087</b>	<b>94.6%</b>	<b>-0.7%</b>

\*Profit attributable to owners of parent

(Note) According to plan revised on August 2, 2021

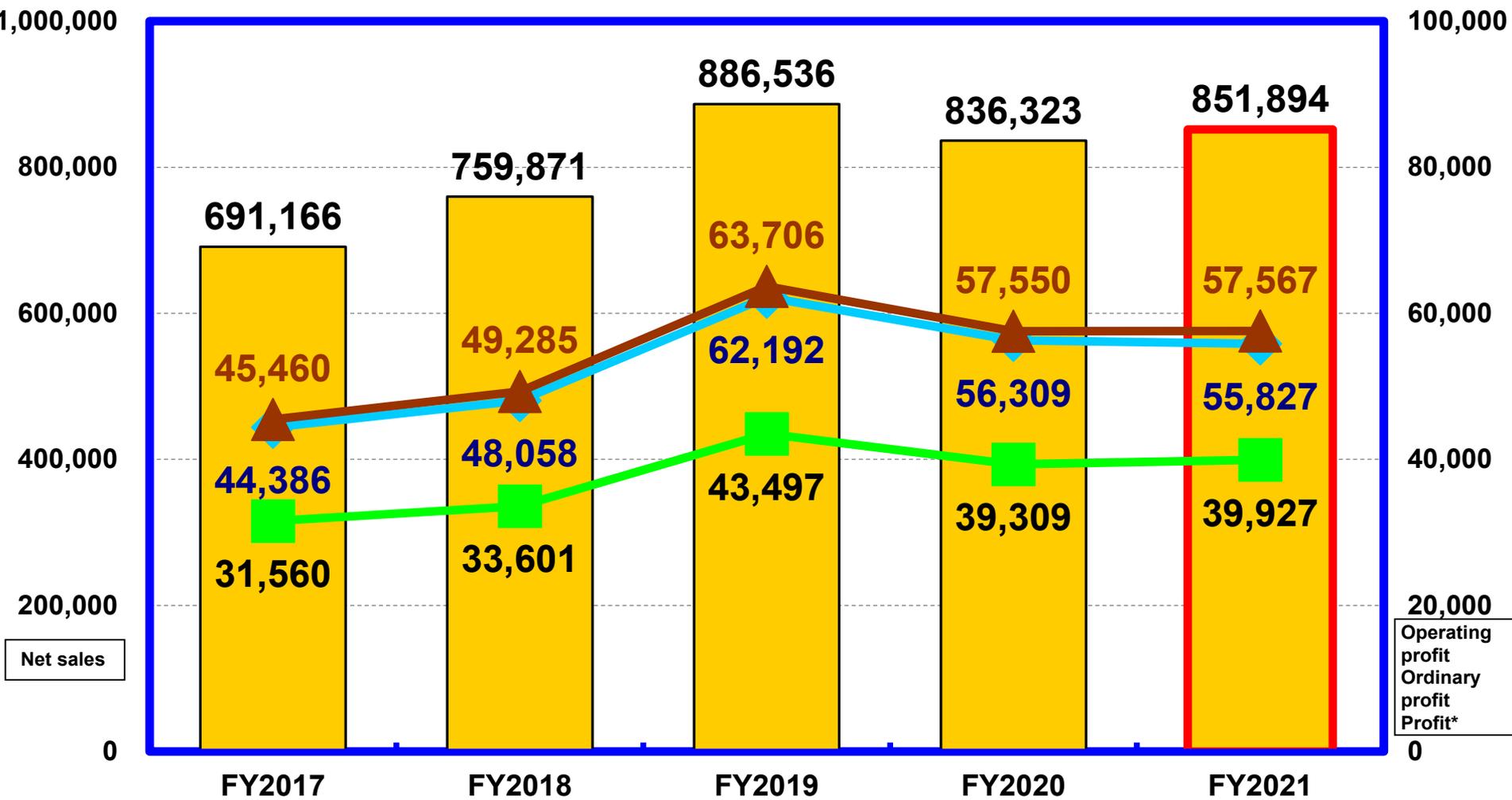
# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2021 Net sales (Millions of yen)
I S	OSK Co., LTD.	Development and sale of packaged software, IT consulting, and Consigned software development	452	8,885
	Net World Corporation	Sales and technology support for network-related equipment	467	118,023
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	297	5,946
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	475	9,341

Consolidated

# Net sales and Profits

Net sales    Operating profit    Ordinary profit    Profit\*  
\*Profit attributable to owners of parent    (Millions of yen)

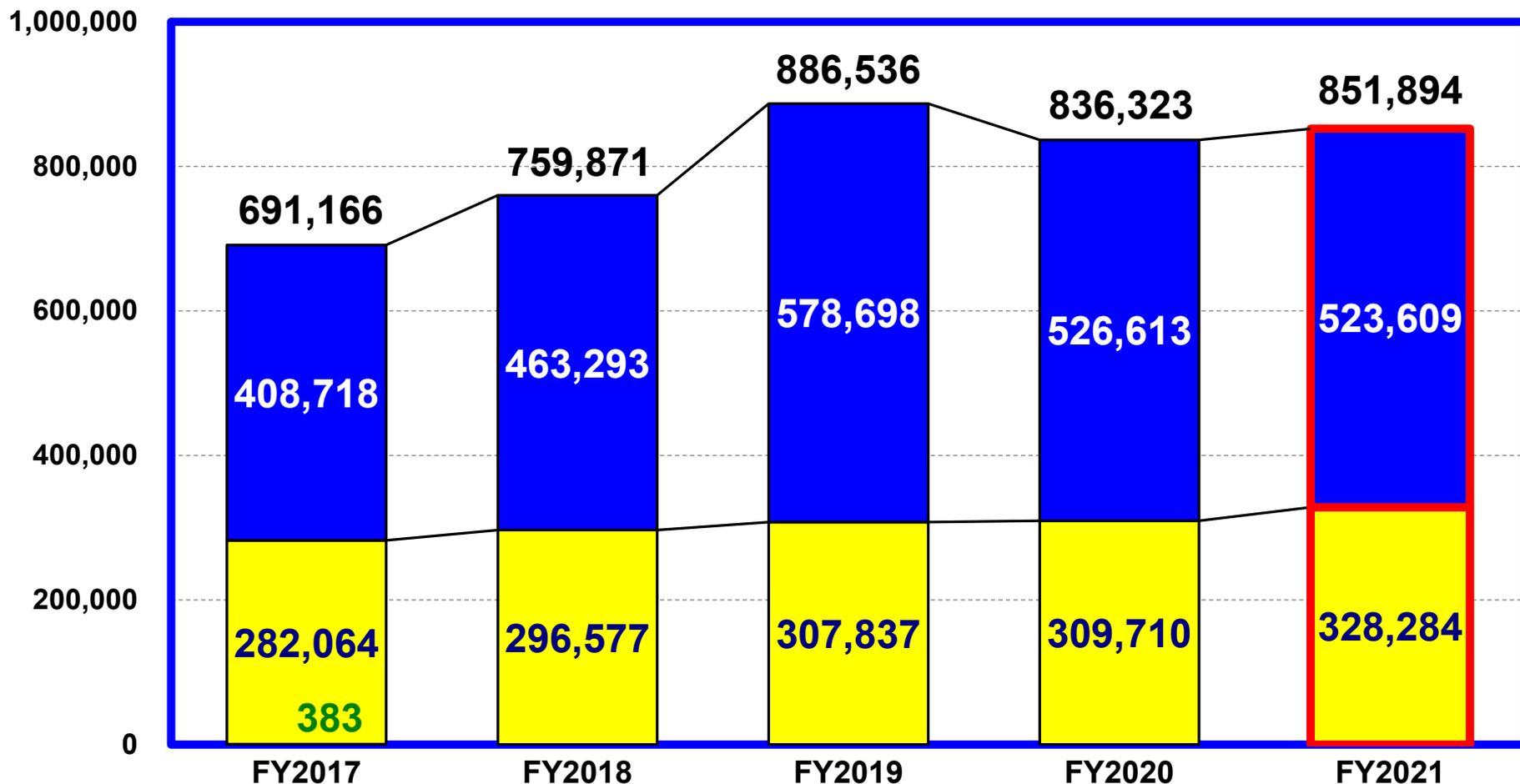


Consolidated

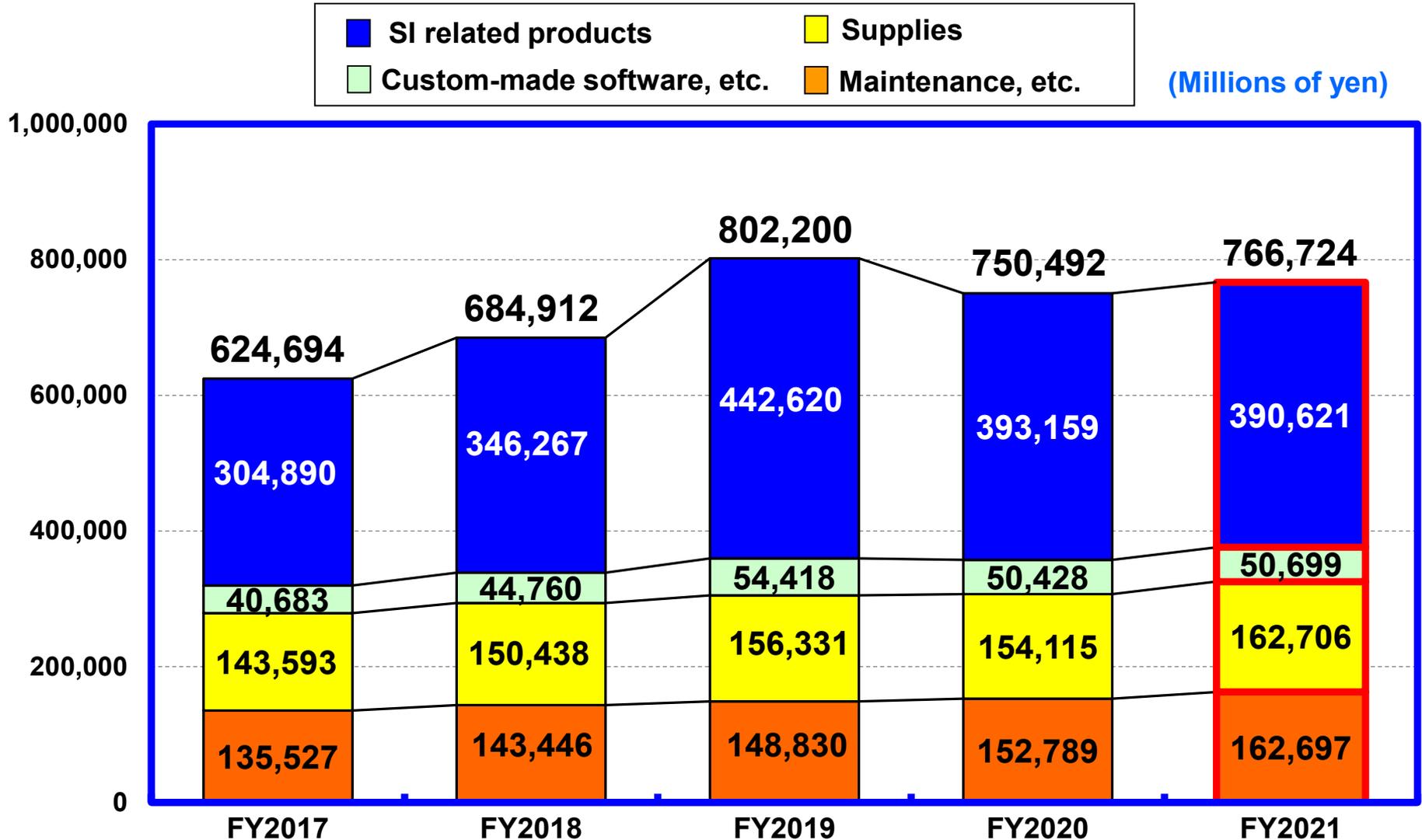
# Net sales by segments

■ SI business   ■ S&S business   ■ Other business

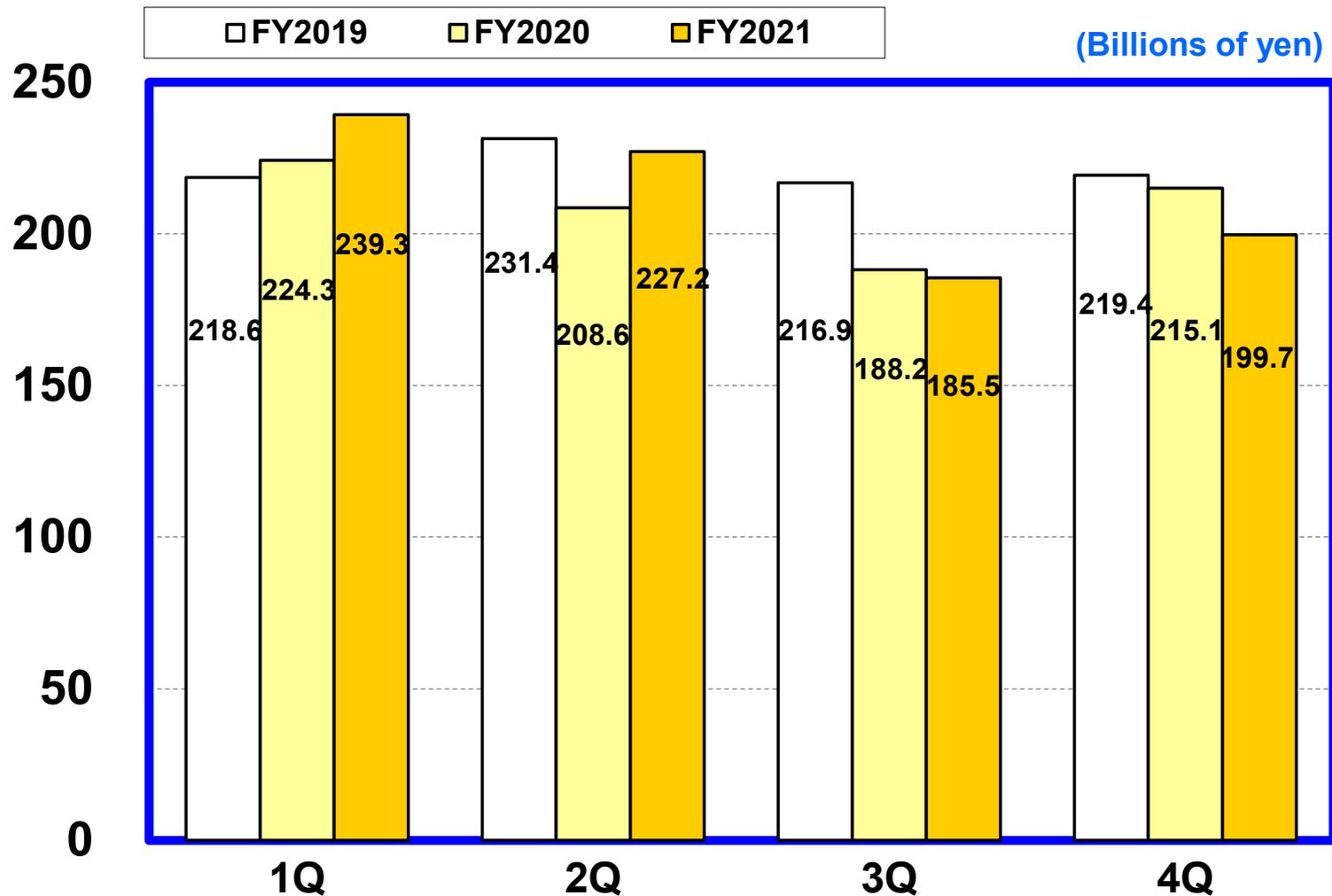
(Millions of yen)



# Net sales by 4 segments

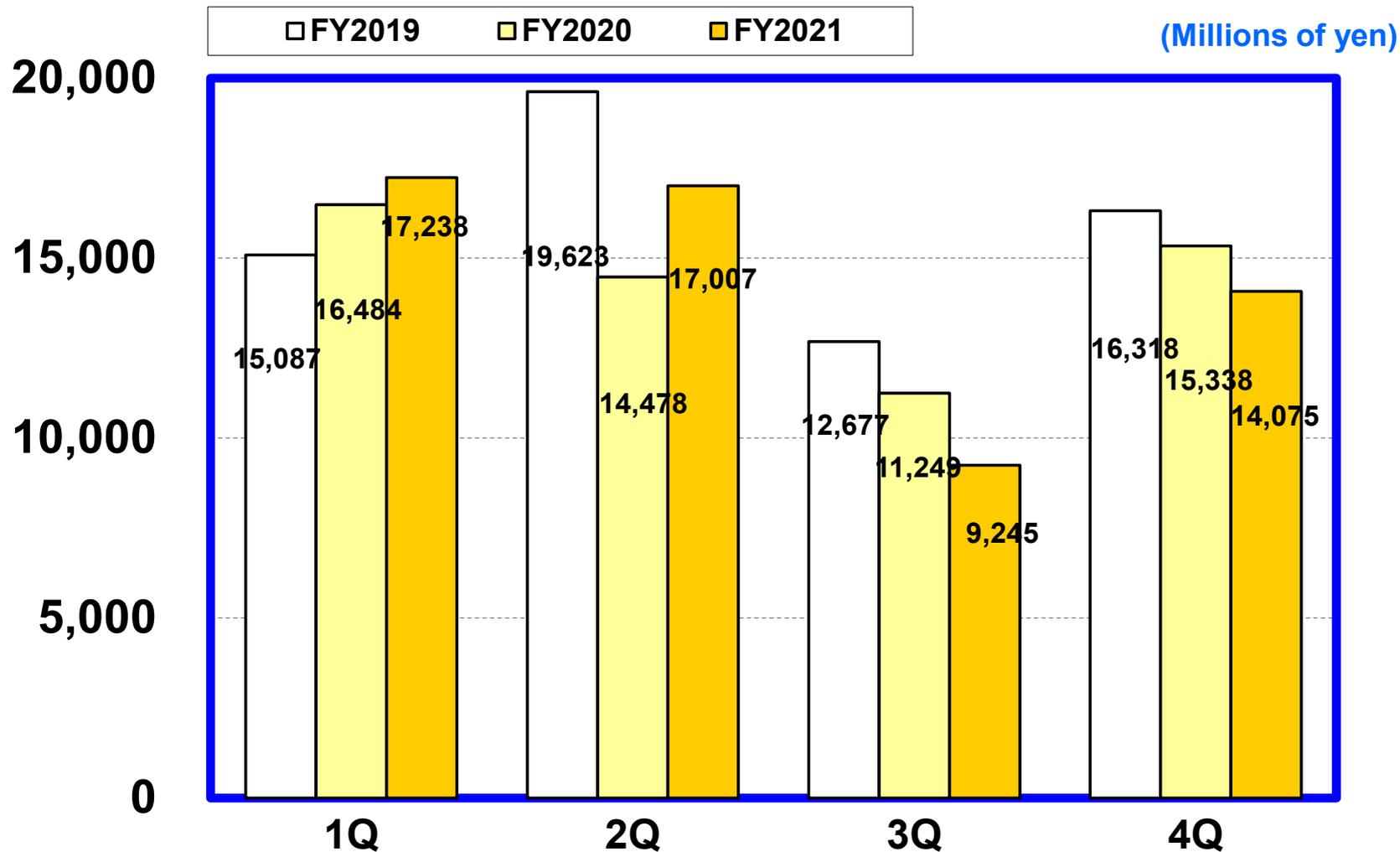


# Quarterly change of Net sales



# Quarterly change of Ordinary profit

Consolidated



# Summary of Business Results, October – December, 2021

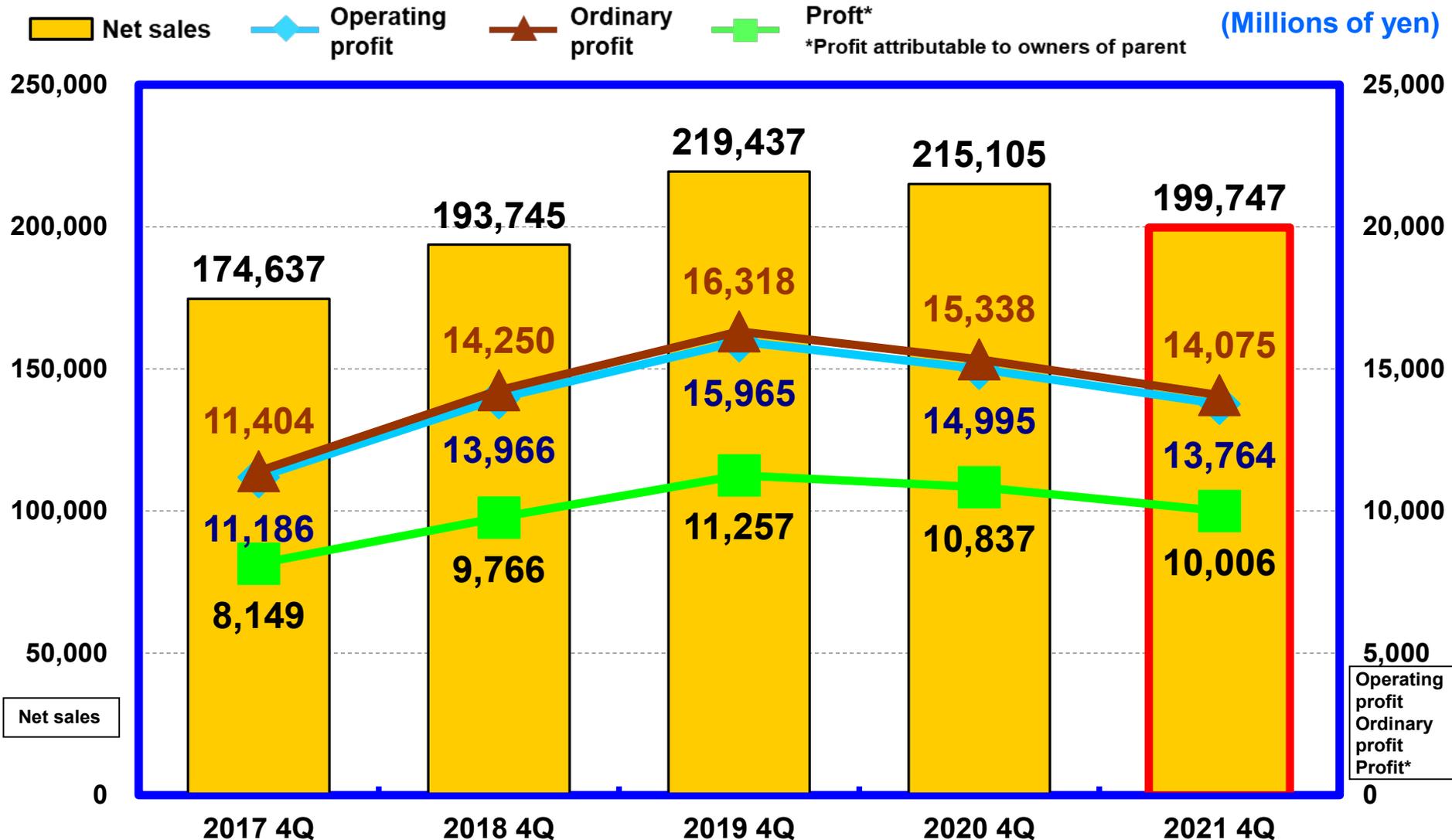
(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	199,747	-7.1%	178,838	-8.7%
Operating profit	13,764	-8.2%	12,130	-9.7%
Ordinary profit	14,075	-8.2%	12,409	-9.0%
Profit*	10,006	-7.7%	8,917	-8.2%

\*Profit attributable to owners of parent

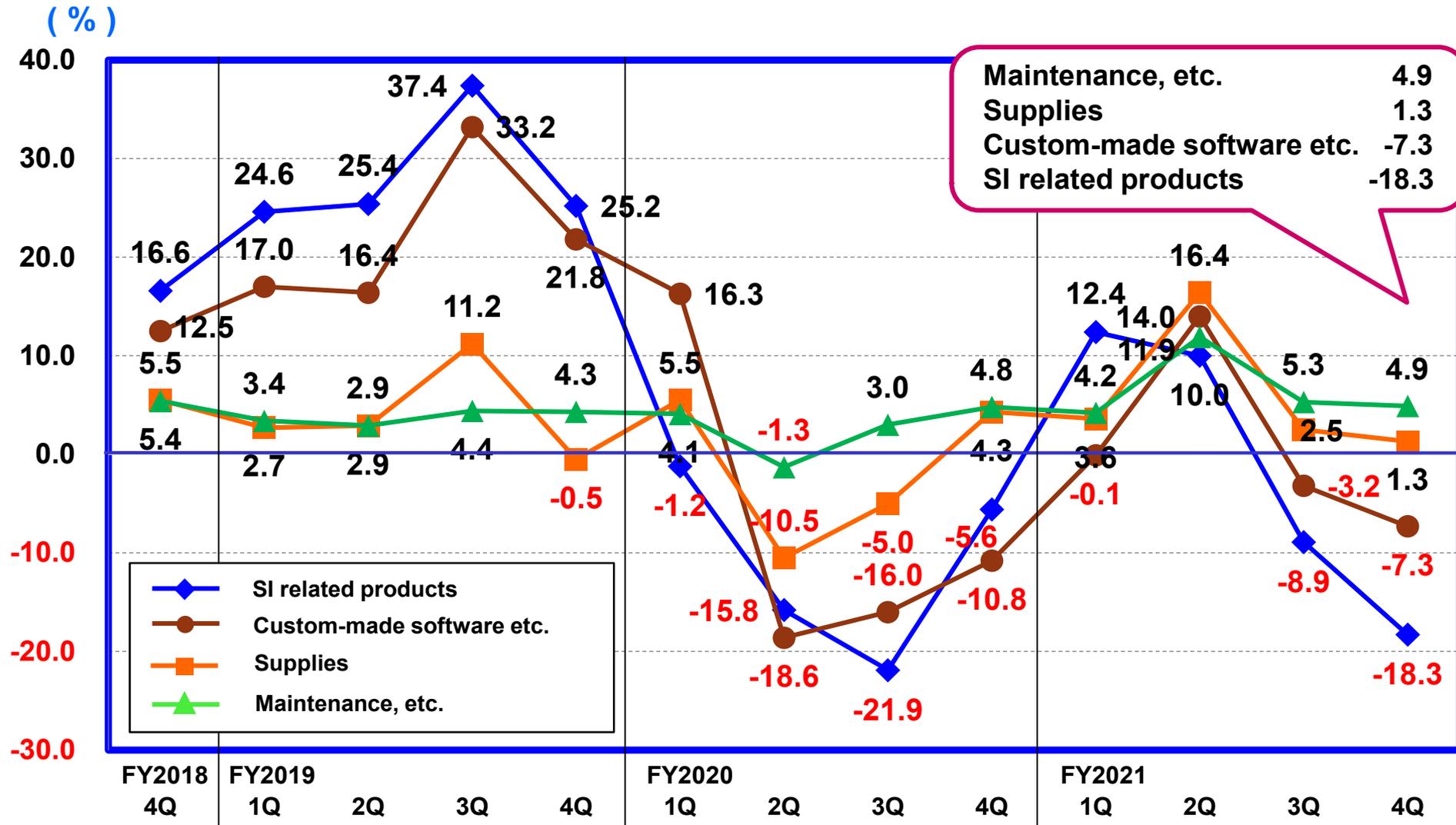
# Net sales and Profits, October – December

Consolidated

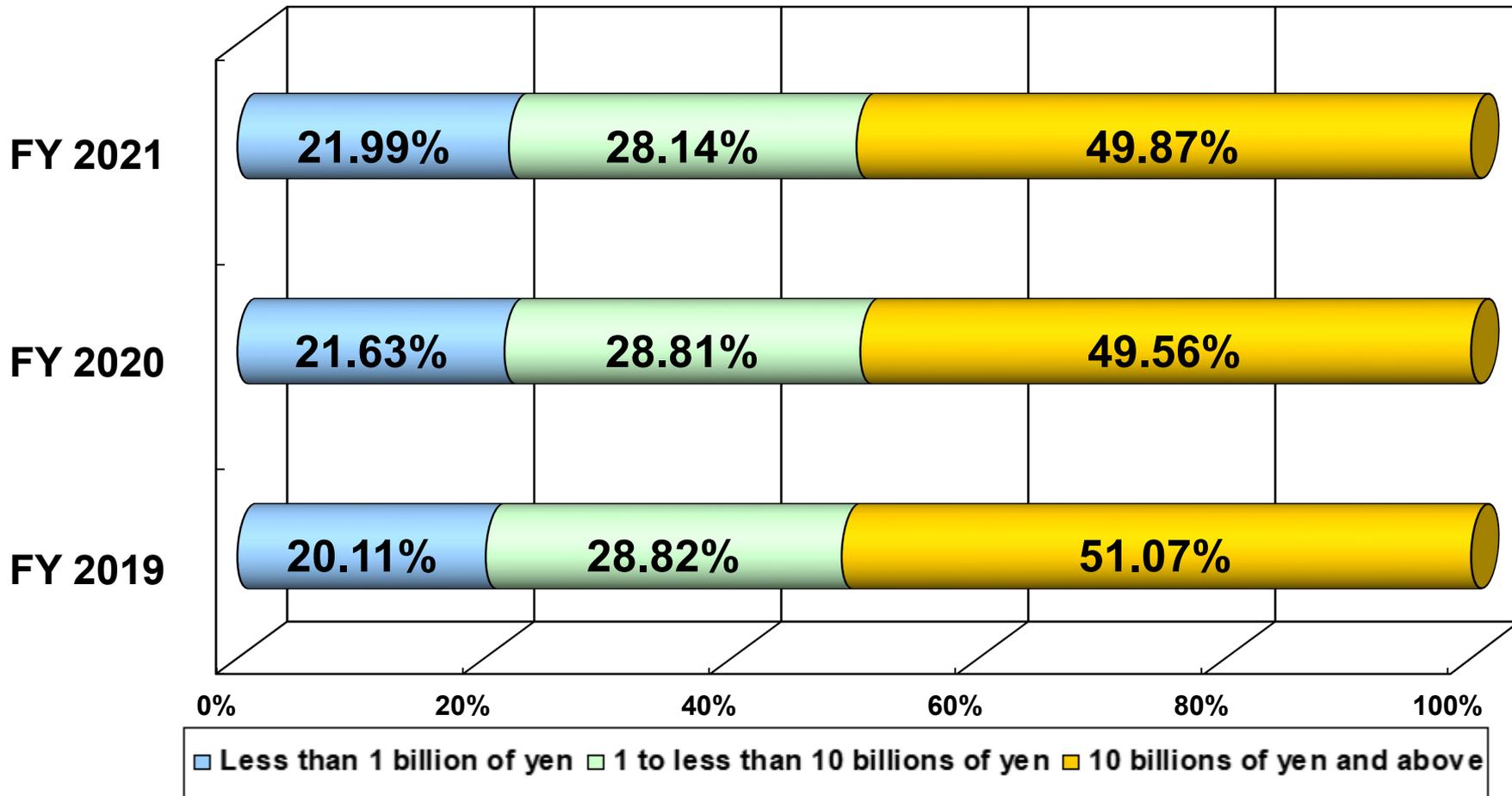


Non-Consolidated

# Quarterly Net Sales by 4 segments ( % change year-on-year )

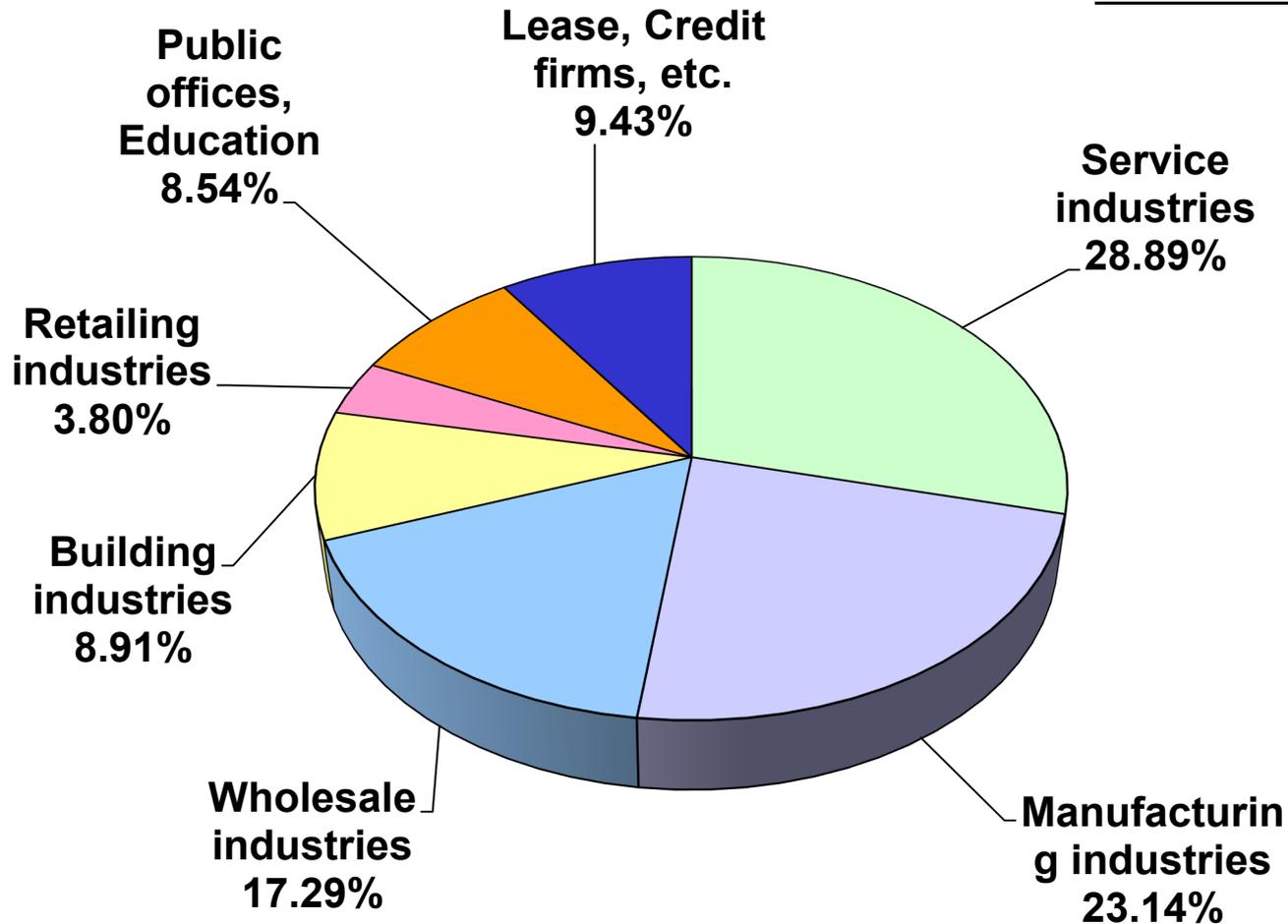


# Net sales structure on customers' total annual business scale

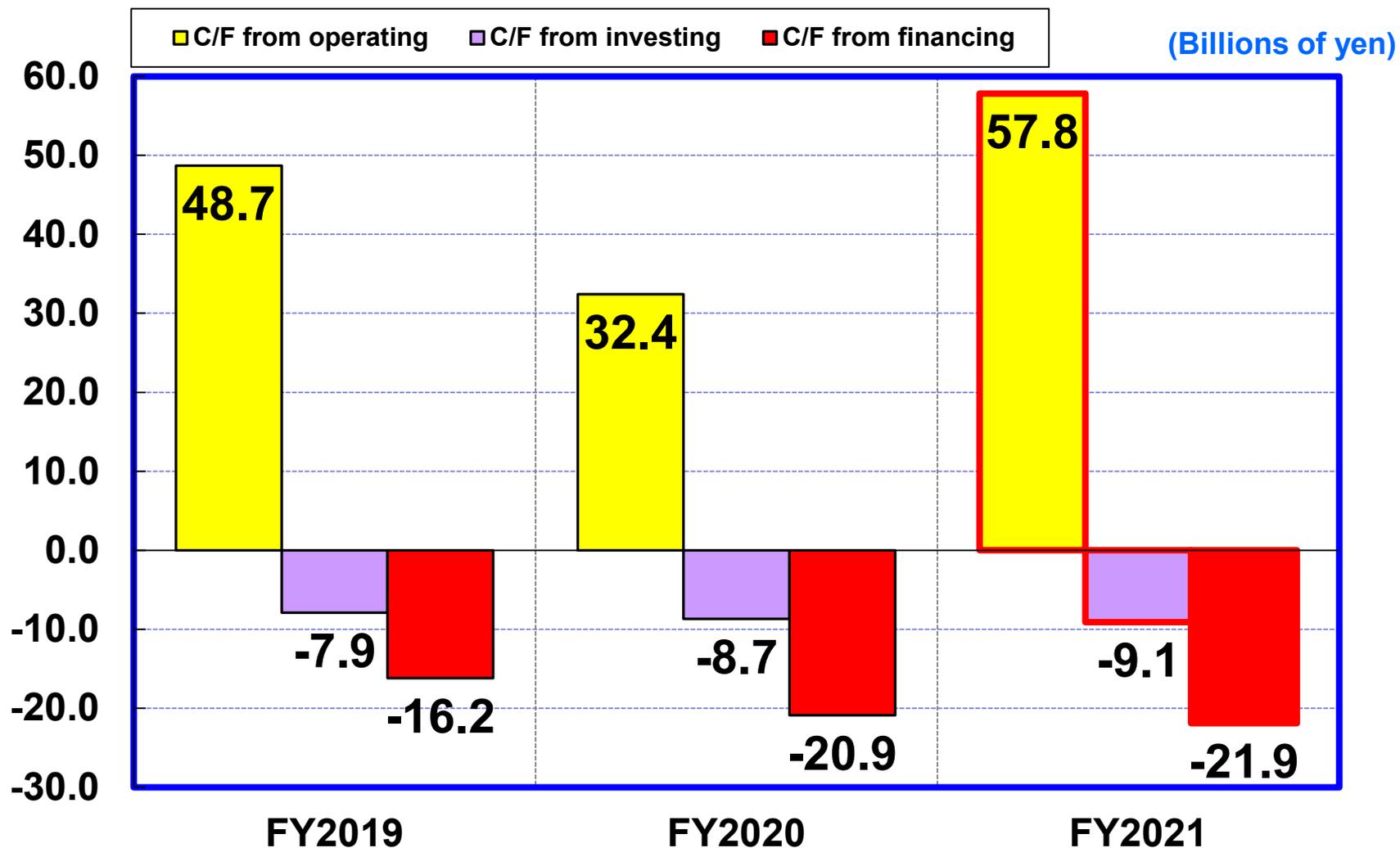


# Sales breakdown by customers' type of industry

FY 2021

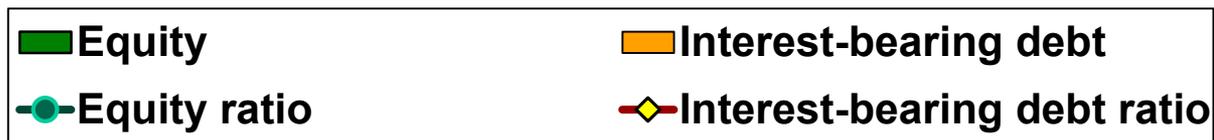


# Cash flows

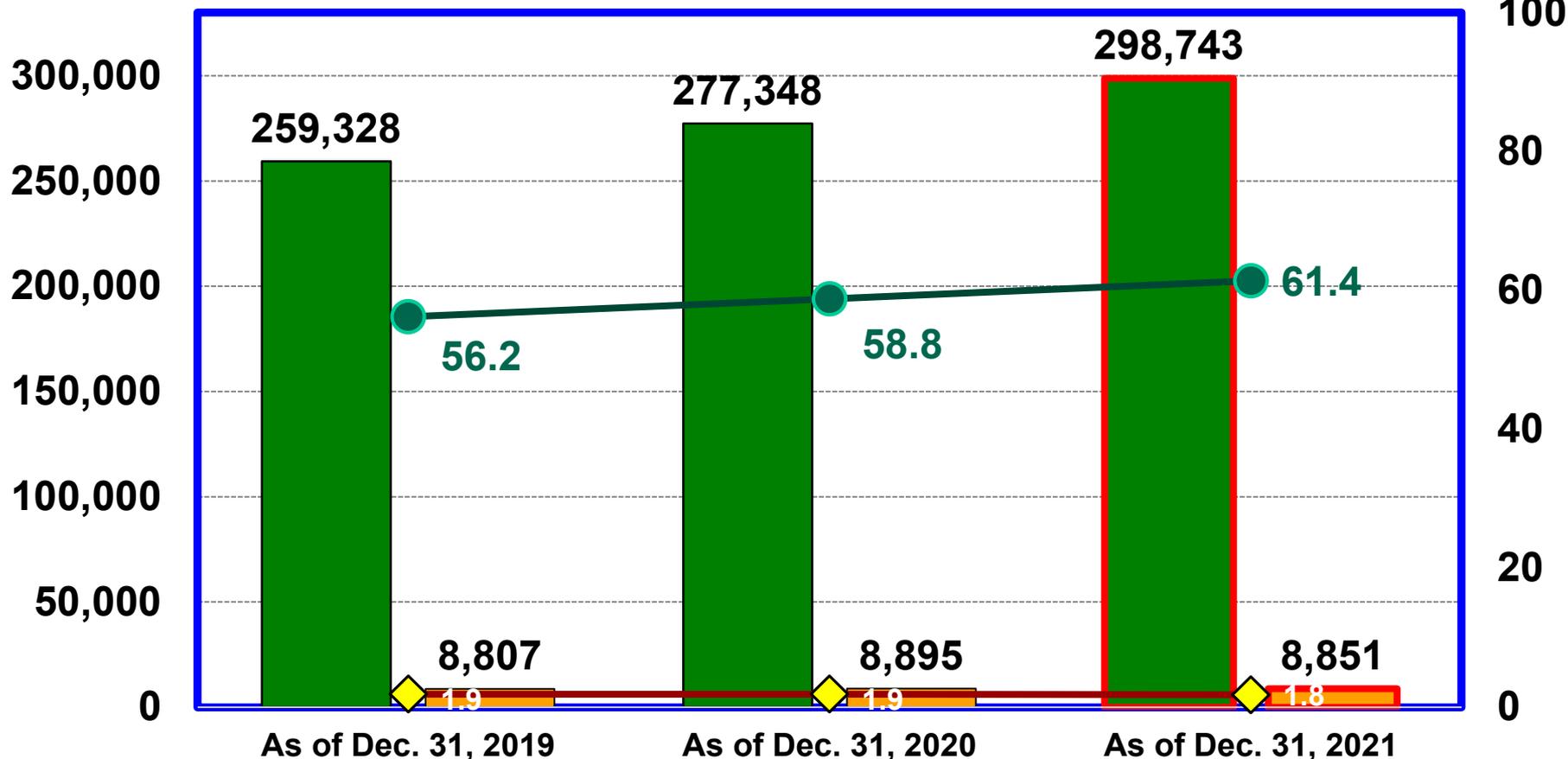


# Equity and Interest-bearing debt

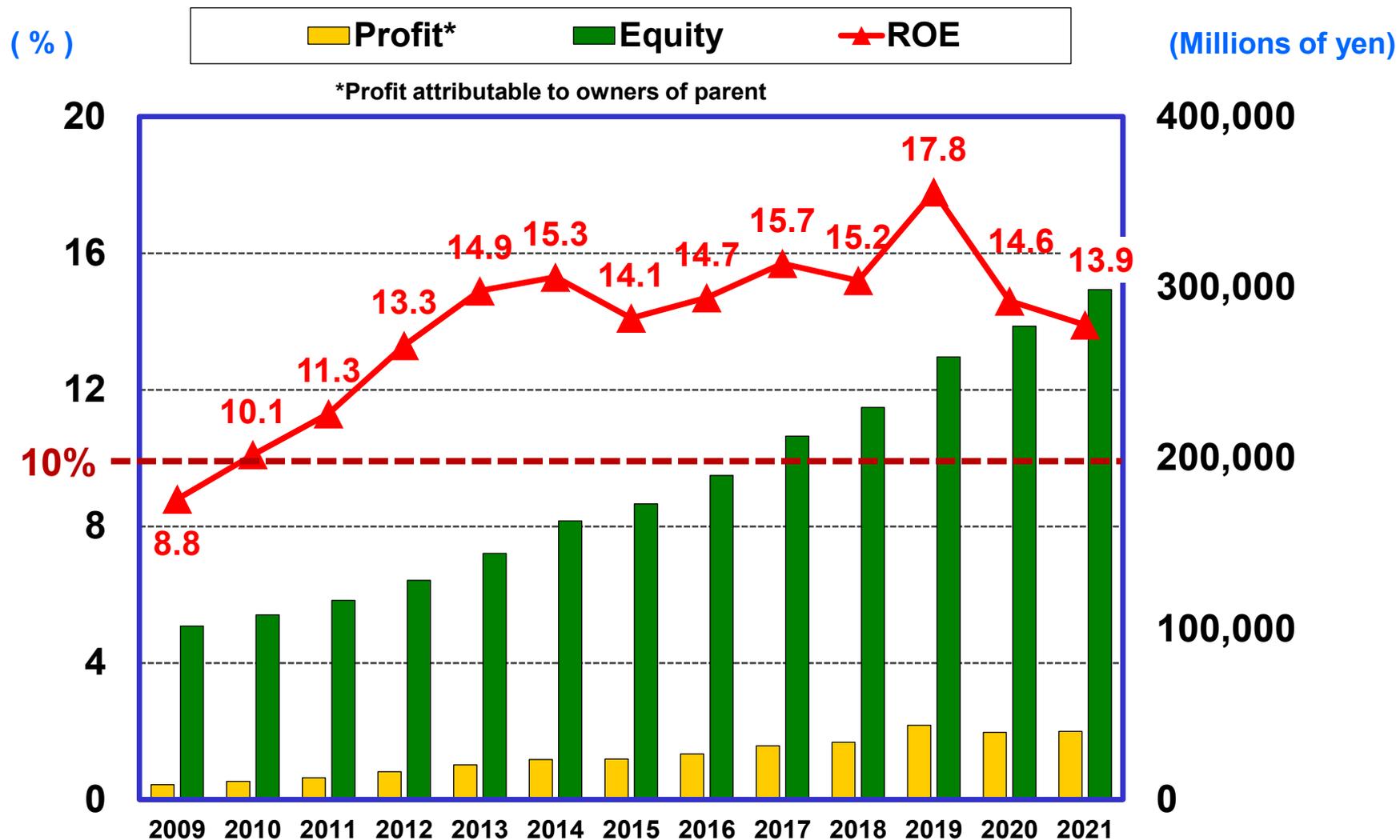
(Millions of yen)



(%)



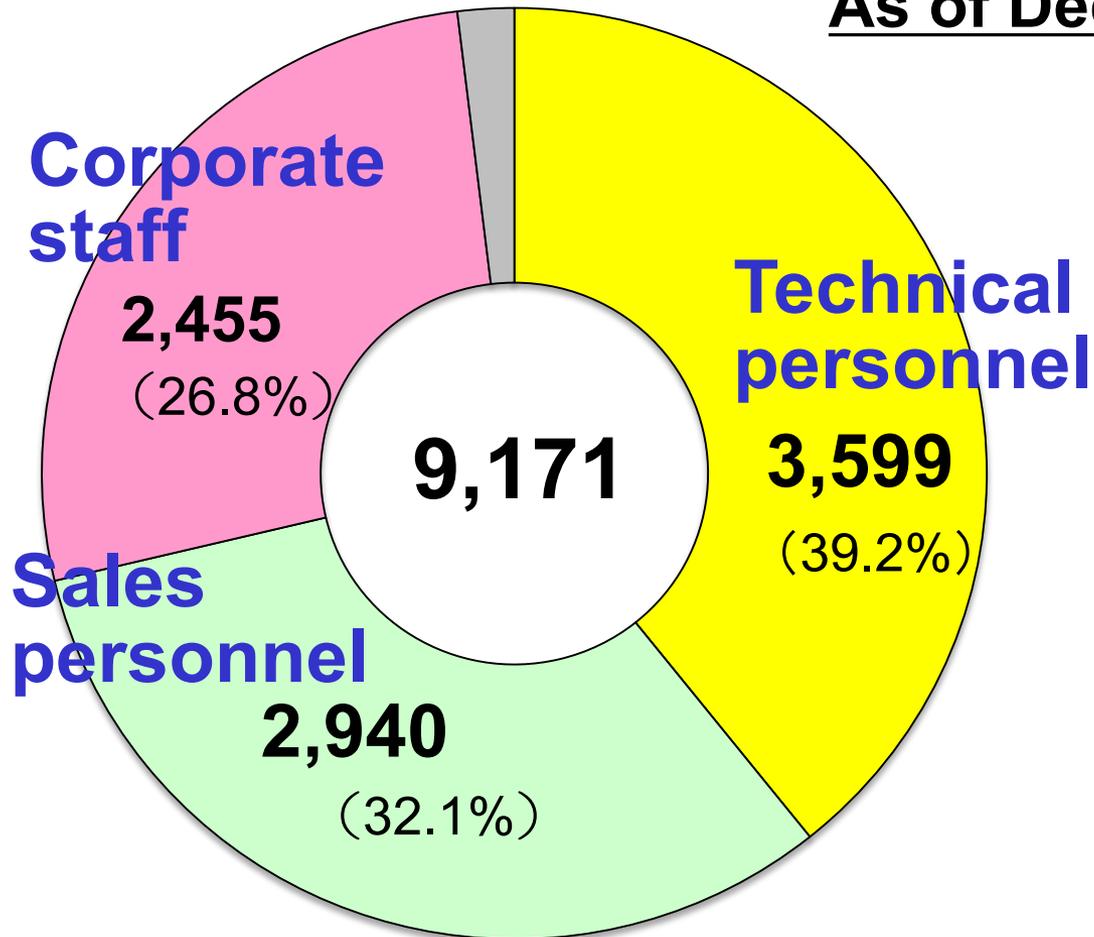
# ROE



# Personnel organization (regular employees)

**Others 177 (1.9%)**

**As of Dec. 31, 2021**



# Key strategic business

<Amount of Sales>

(Millions of yen)

	2019 Jan. – Dec.	2020 Jan. – Dec.		2021 Jan. – Dec.			2021 Oct. – Dec.		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	166,649	163,448	-1.9%	173,528	+10,080	+6.2%	44,192	+393	+0.9%
SMILE	13,241	11,568	-12.6%	11,345	-223	-1.9%	2,945	-227	-7.2%
ODS	55,798	52,117	-6.6%	55,084	+2,967	+5.7%	14,495	+1,248	+9.4%
OSM	77,535	81,847	+5.6%	85,769	+3,921	+4.8%	18,611	-2,474	-11.7%

(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

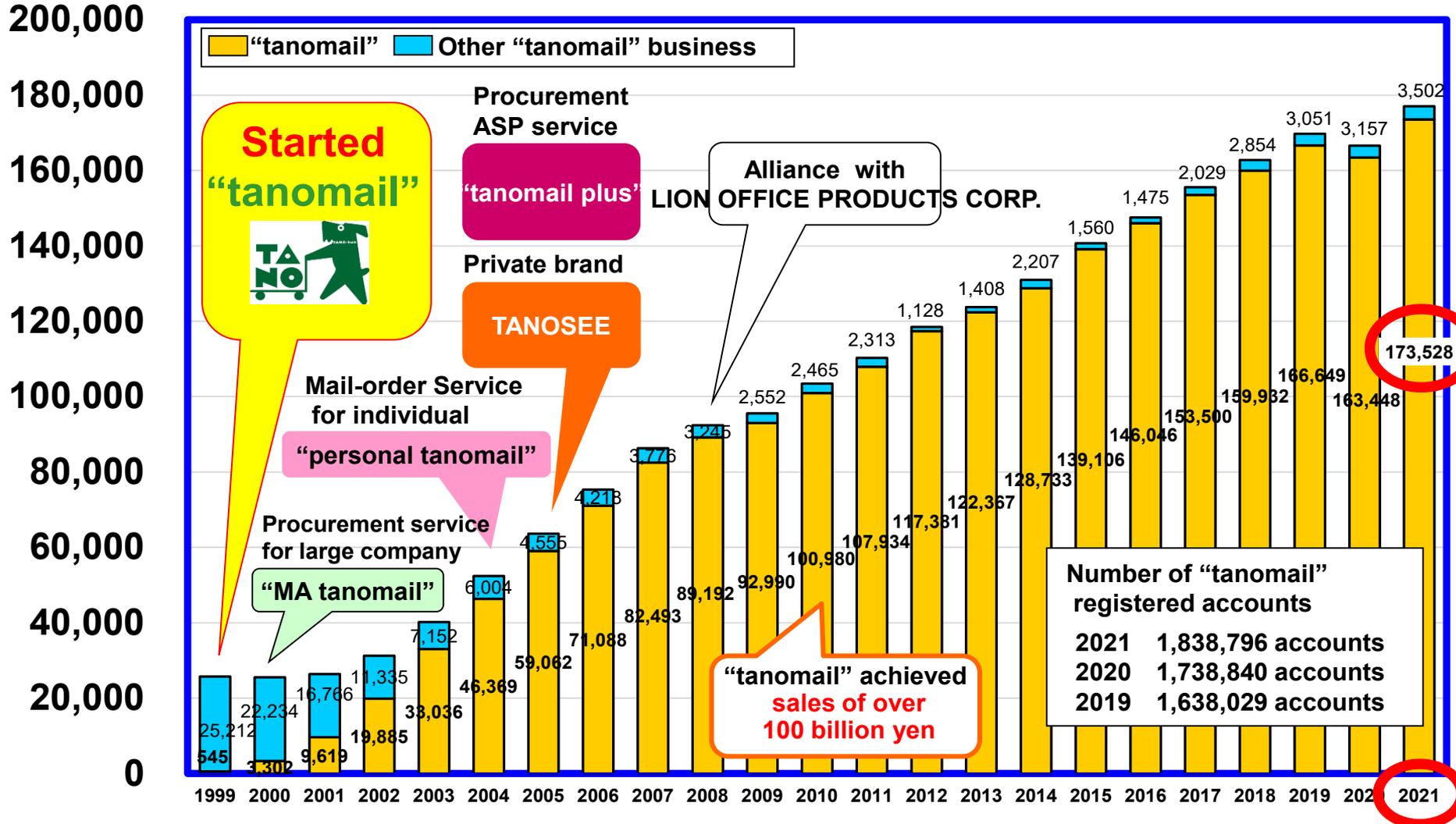
<As reference: Number of Sales>

(Units)

Copier	37,930	36,619	-3.5%	37,039	+420	+1.1%	9,488	-521	-5.2%
(of which Color copier)	36,648	35,690	-2.6%	36,249	+559	+1.6%	9,308	-469	-4.8%
Server	32,063	25,507	-20.4%	24,606	-901	-3.5%	5,956	-76	-1.3%
PC	1,789,884	1,537,963	-14.1%	1,449,698	-88,265	-5.7%	240,199	-386,792	-61.7%
Client Total	1,830,498	1,638,051	-10.5%	1,624,893	-13,158	-0.8%	261,983	-432,687	-62.3%

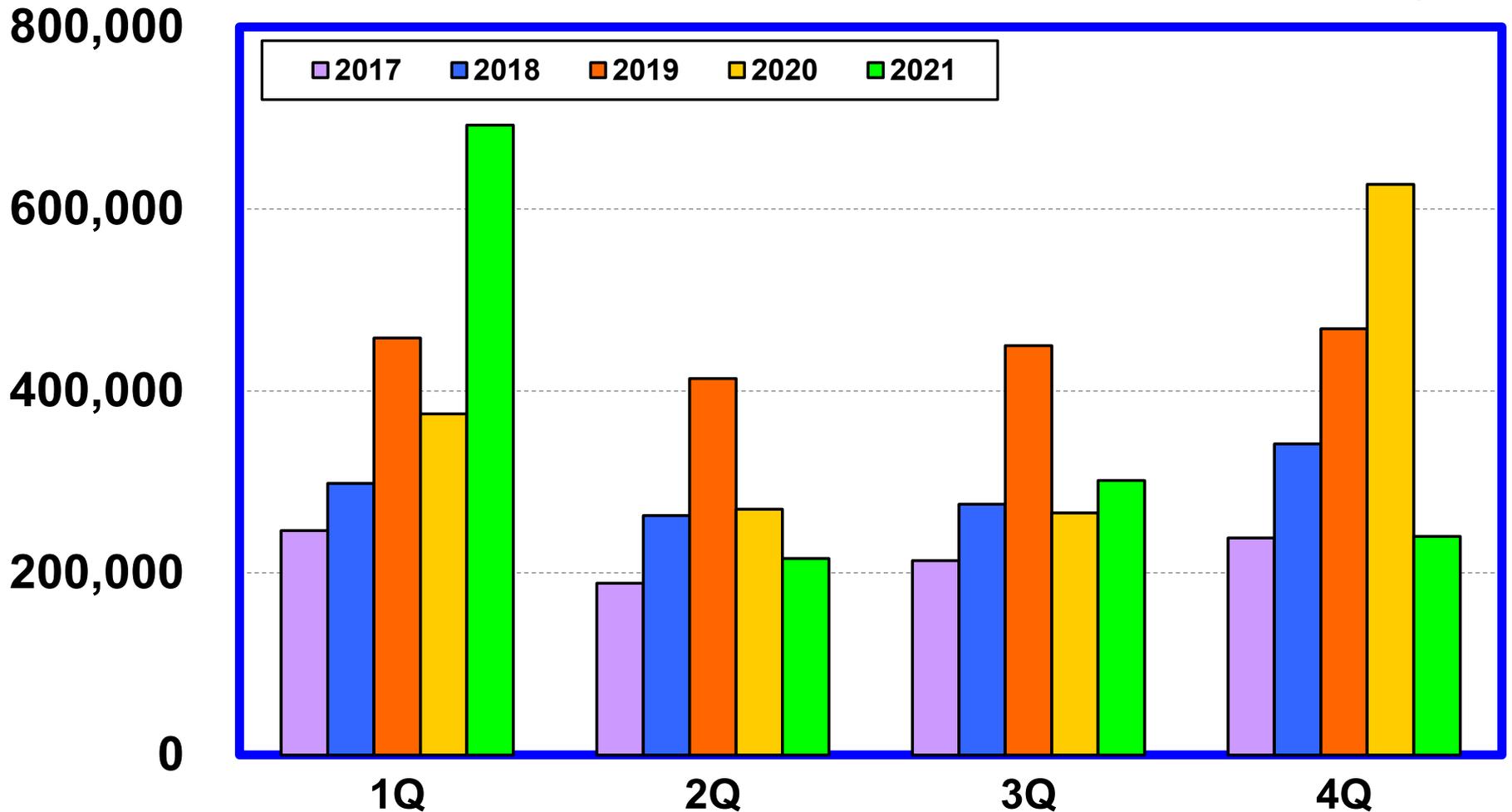
# Annual sales transition of "tanomail"

(Millions of yen)

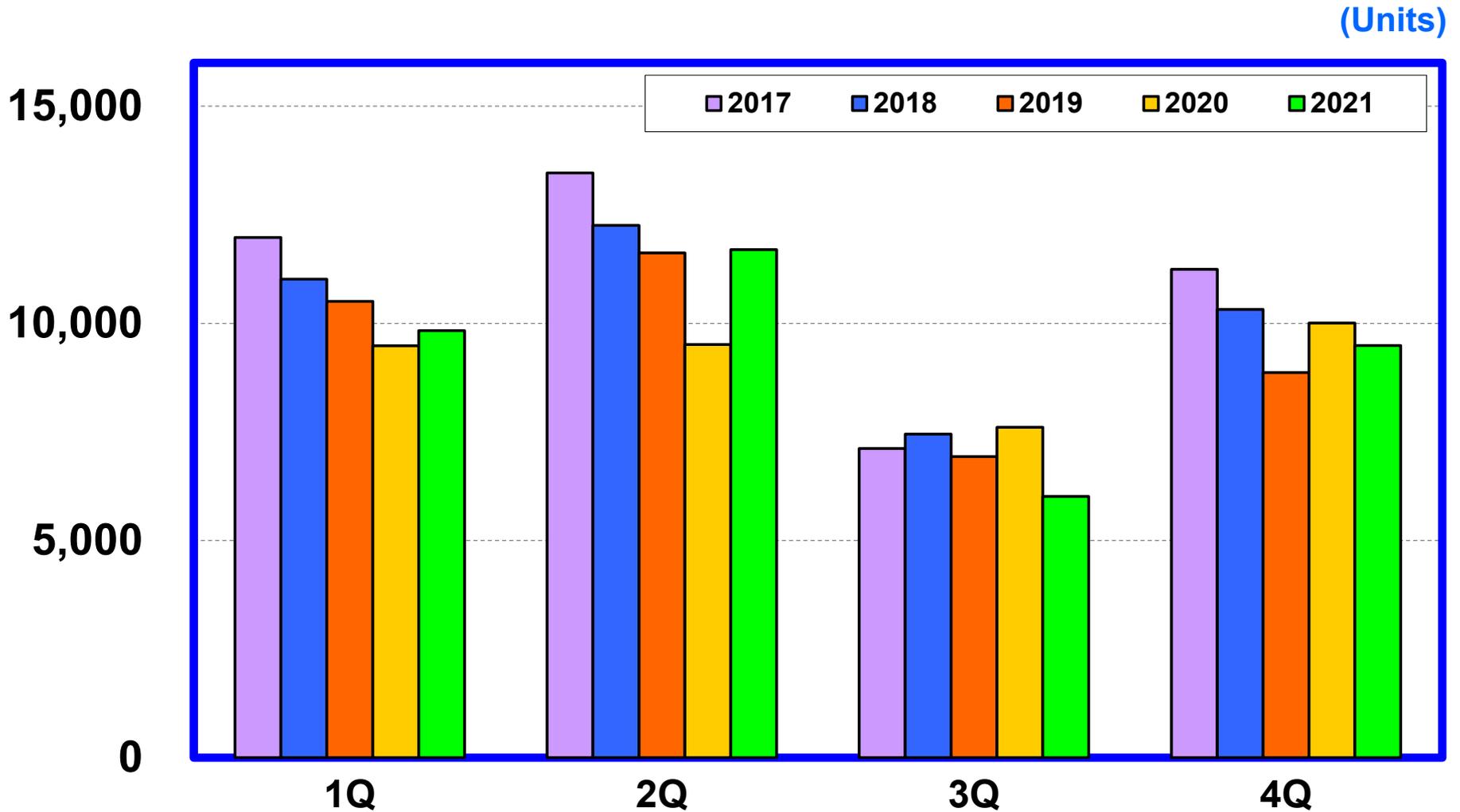


# Quarterly Number of PCs Sold

(Units)

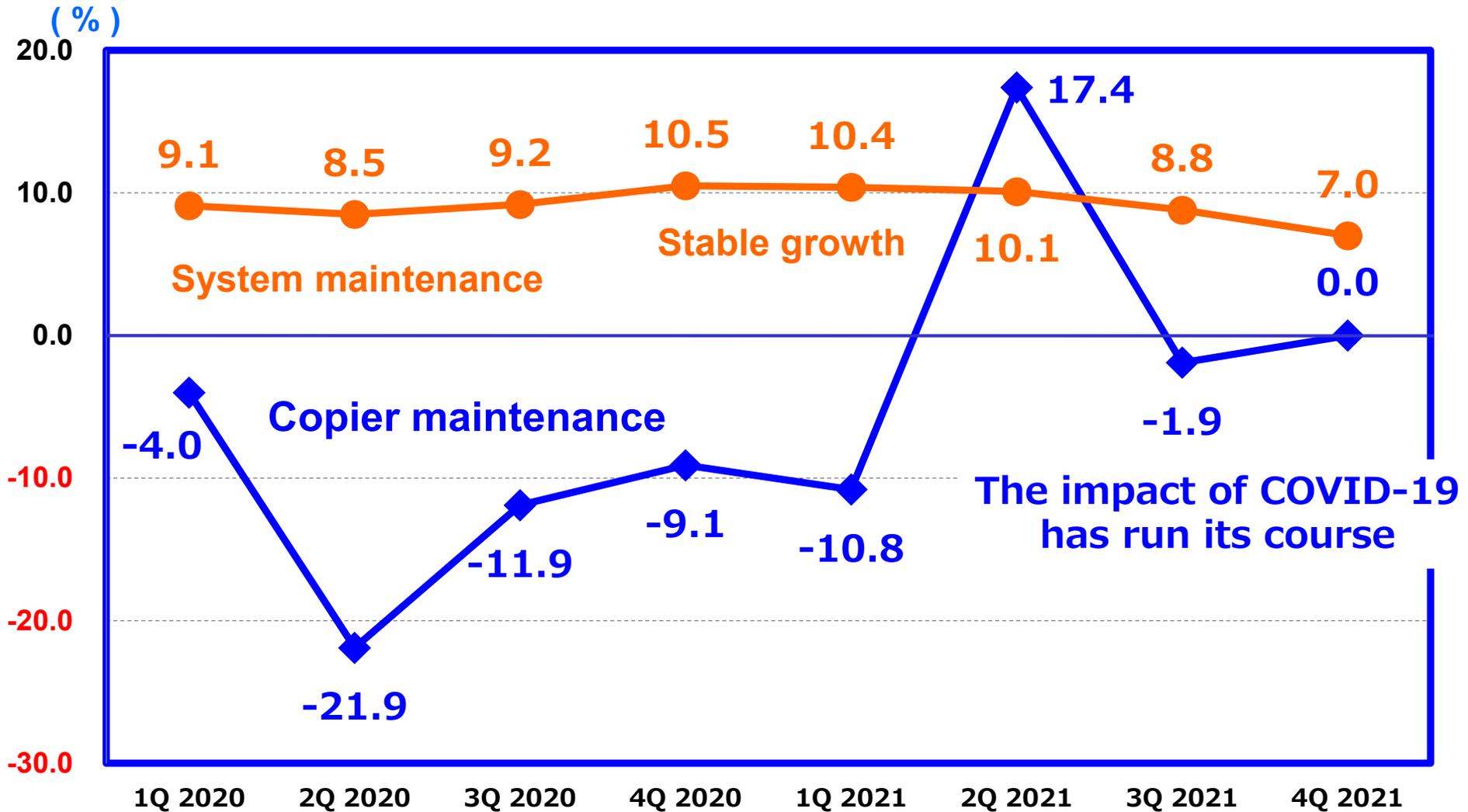


# Quarterly Number of Copiers Sold



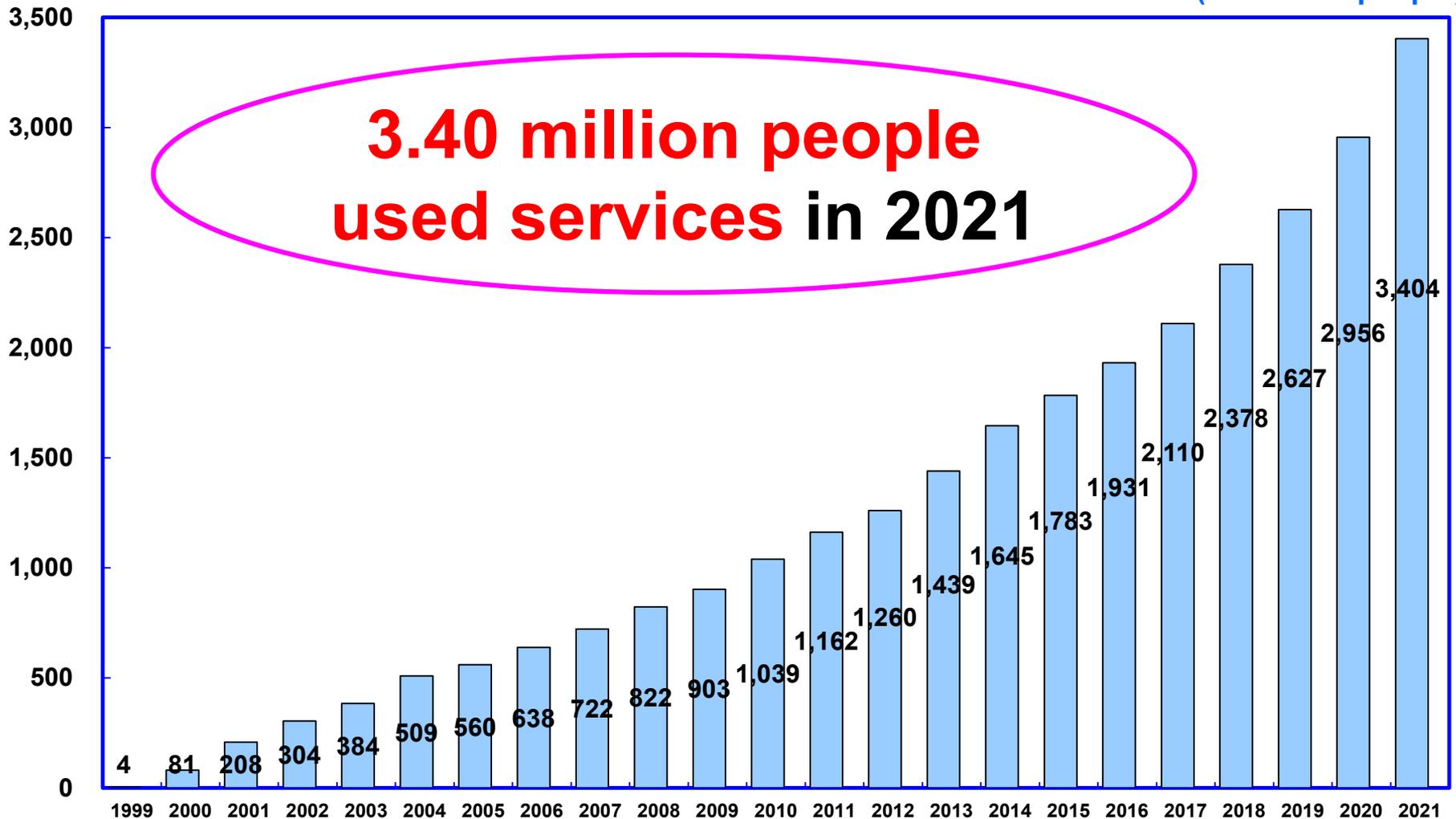
Non-Consolidated

# Trends in % changes in sales of copier maintenance and system maintenance



# Number of Users of Main Web Services (ASP)

(Thousand people)

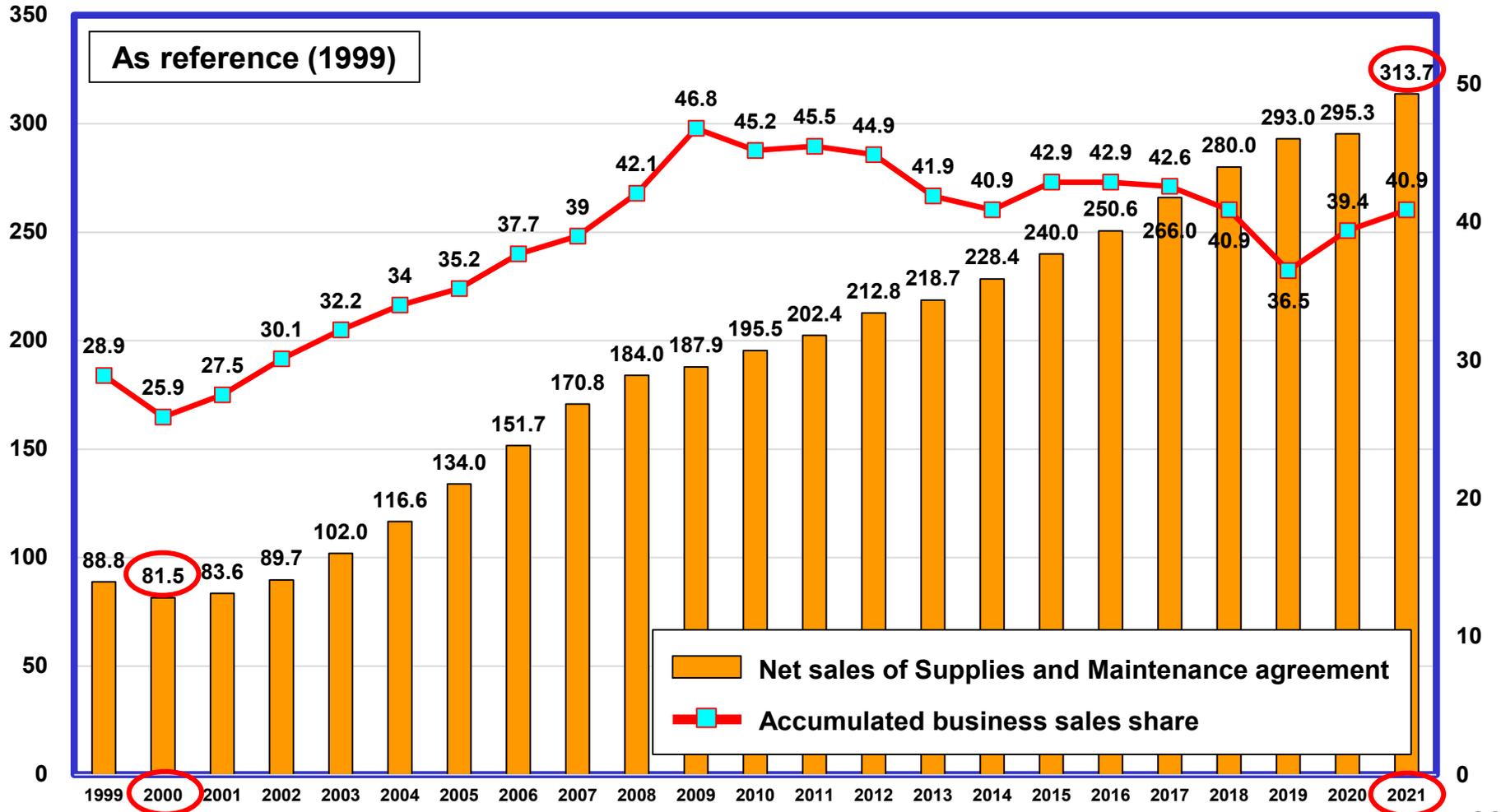


# Growth of accumulated business

## Net sales of Supplies and Maintenance agreement Accumulated business sales share

Net sales of Supplies and Maintenance agreement  
(Billions of yen)

Accumulated business sales share (%)



# Future Plans

# The Basic Principle and Mid-Term Plans

## < Basic principle >

- **Grow with customers by realizing the Mission Statement**

## < Mid-term plans >

- **Maintain stable growth while responding to changes in the environment**

**Operating profit to net sales ratio and ordinary profit to net sales ratio both firmly established at 7%.**

- **Workforce plan calls for slight increases while focusing on productivity improvements**
- **Cultivate new demand by utilizing customer information**
- **Effective use of people/materials/money to improve per head productivity**

# 2022 market environment and OTSUKA's policy

## Market environment

- The future is uncertain due to the resurgence of COVID-19.
- Trend toward digital transformation (DX) in the government and private sectors is accelerating.

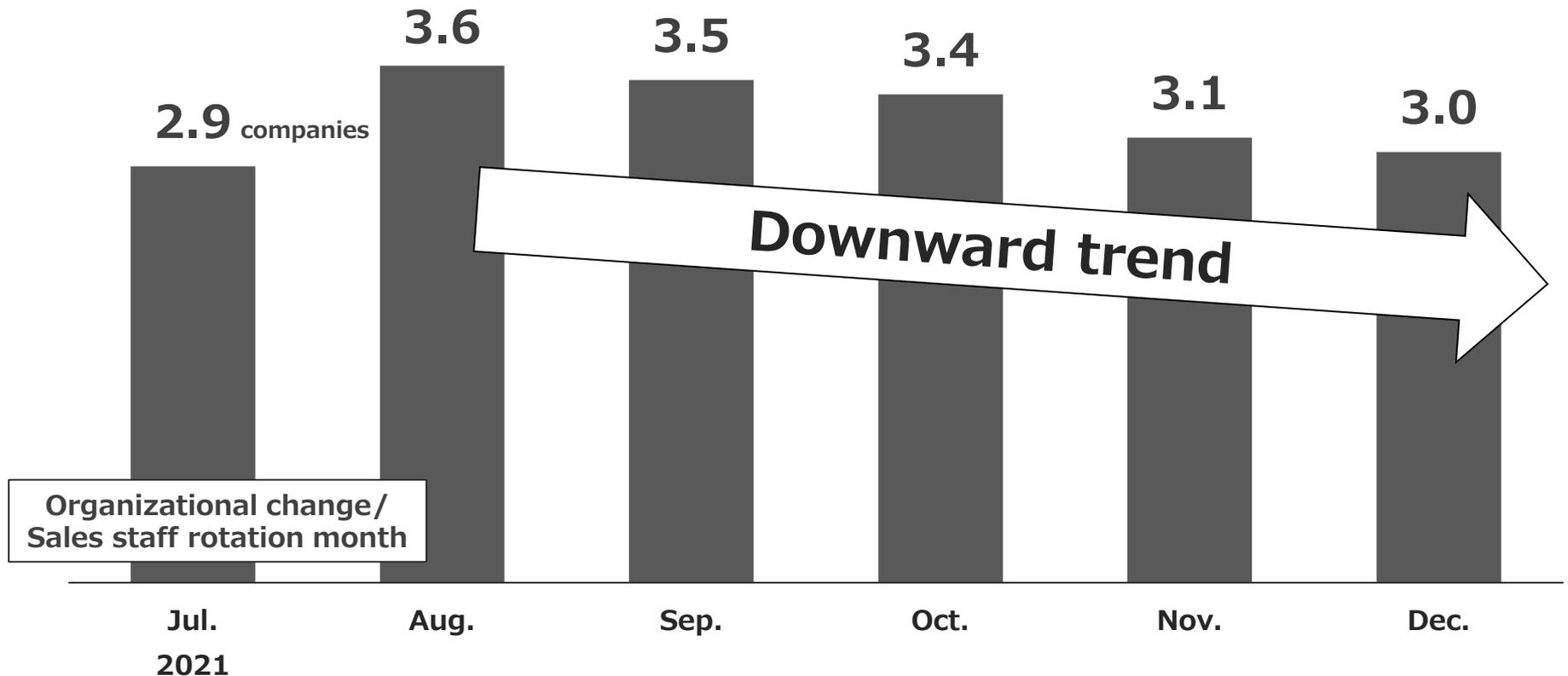
**Get close to our customers and grow together through DX and all our products.**

## OTSUKA's Policy

- We respond to customers' problems by proposing OTSUKA's unique solutions that utilize our extensive range of products.
- Continuation of Otsuka Strategy II initiatives.
- Further strengthen the "motivation" of employees.
- Contribute to responses to ESG issues and to achieving SDGs.

# Factors Causing Slump in the Second Half -1

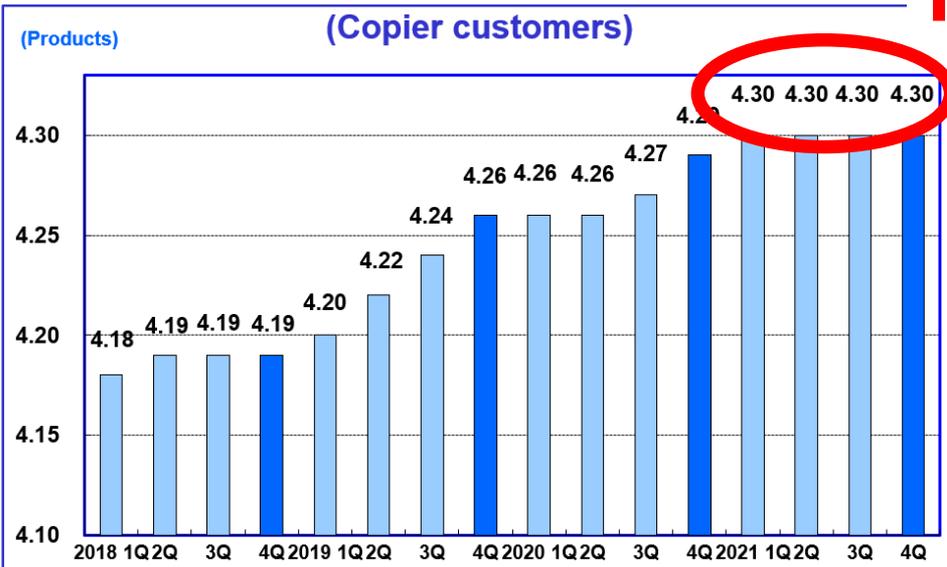
- Decrease in the per day number of companies with which we undertake business discussions (per salesperson)



# Factors Causing Slump in the Second Half -2

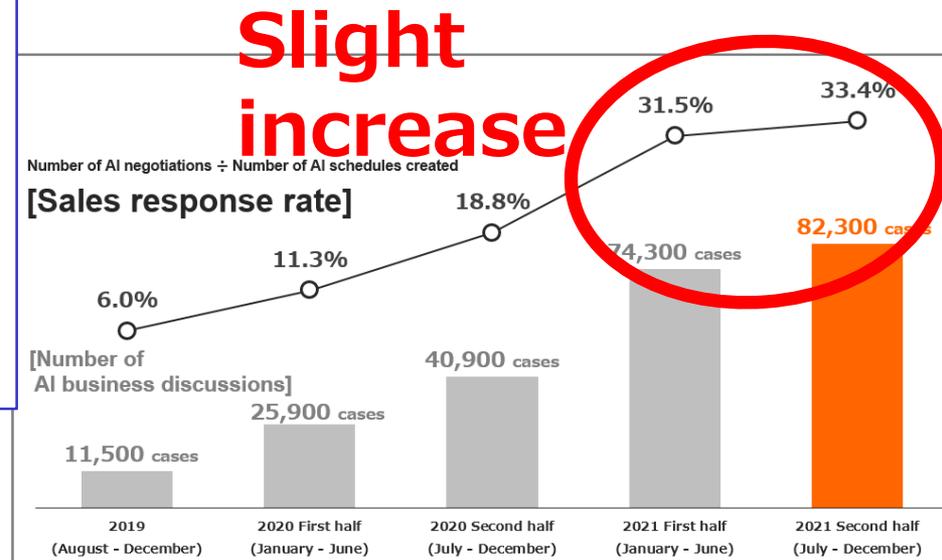
## ■ OTSUKA's current situation as seen by indicators

Trends in the number of products per company



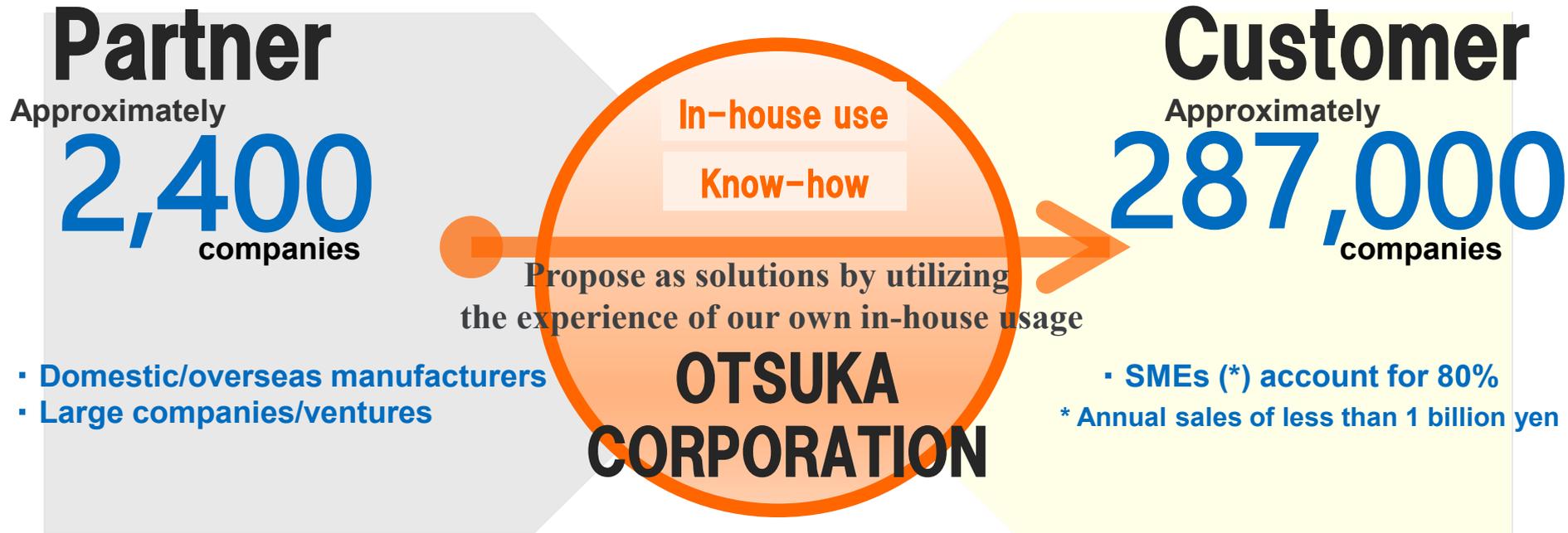
Flat

Number of AI business discussions



Slight increase

# Toward Being a Company That Can Utilize All Products



Rebuilding for our next leap forward

Marketing foundation

AI

Real

Web

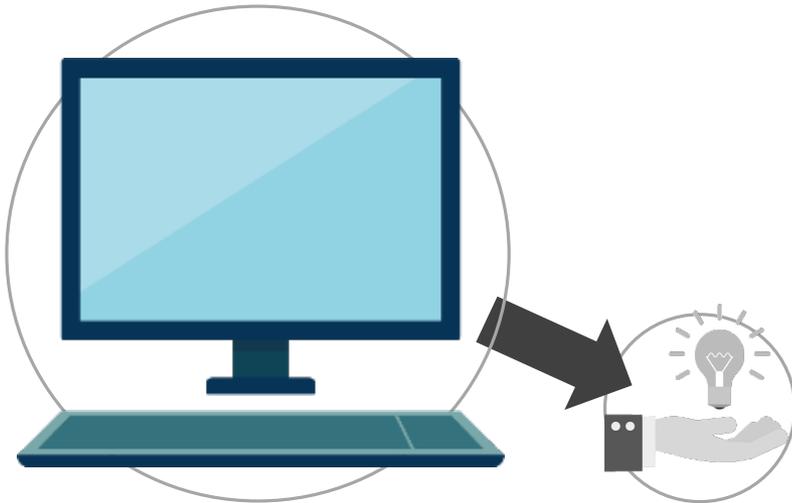
Center

Expand points of contact  
Relationship creation first

# Transformation of Sales Process

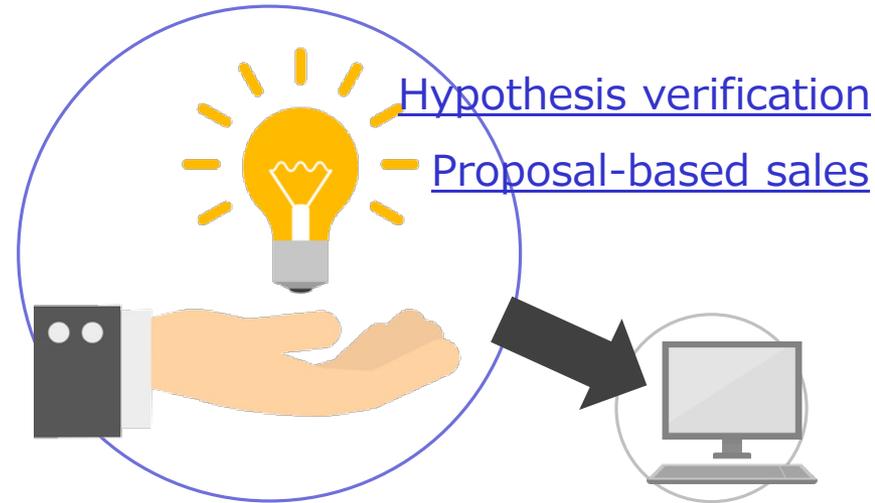
Current situation

**Things**  
(enter from)



From now

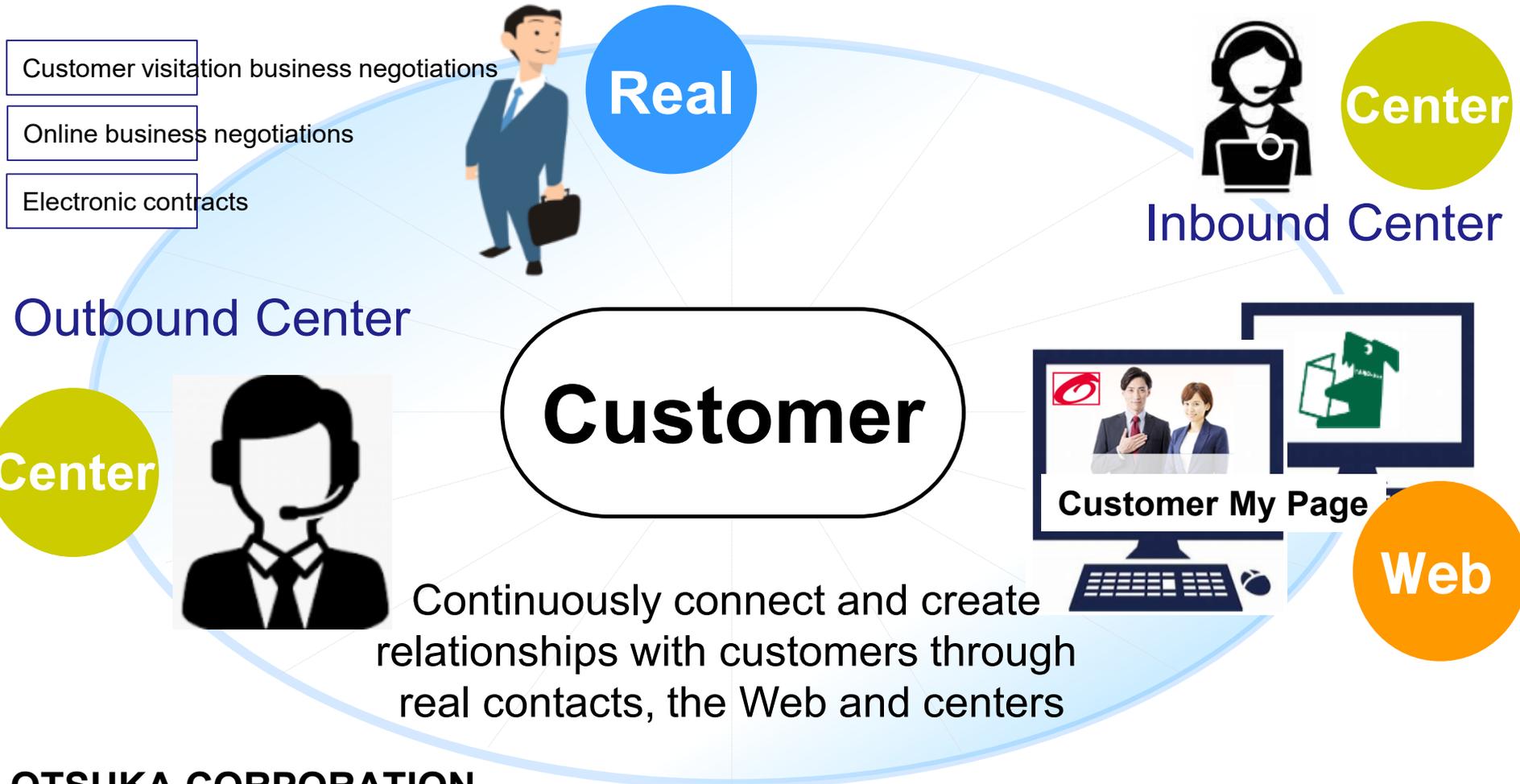
**Issue solving**  
(enter from)



Shift the axis of our activities

# ~ “Otsuka Strategy II” ~

## Get close to customers with “All Otsuka”



### OTSUKA CORPORATION

Management Reforms

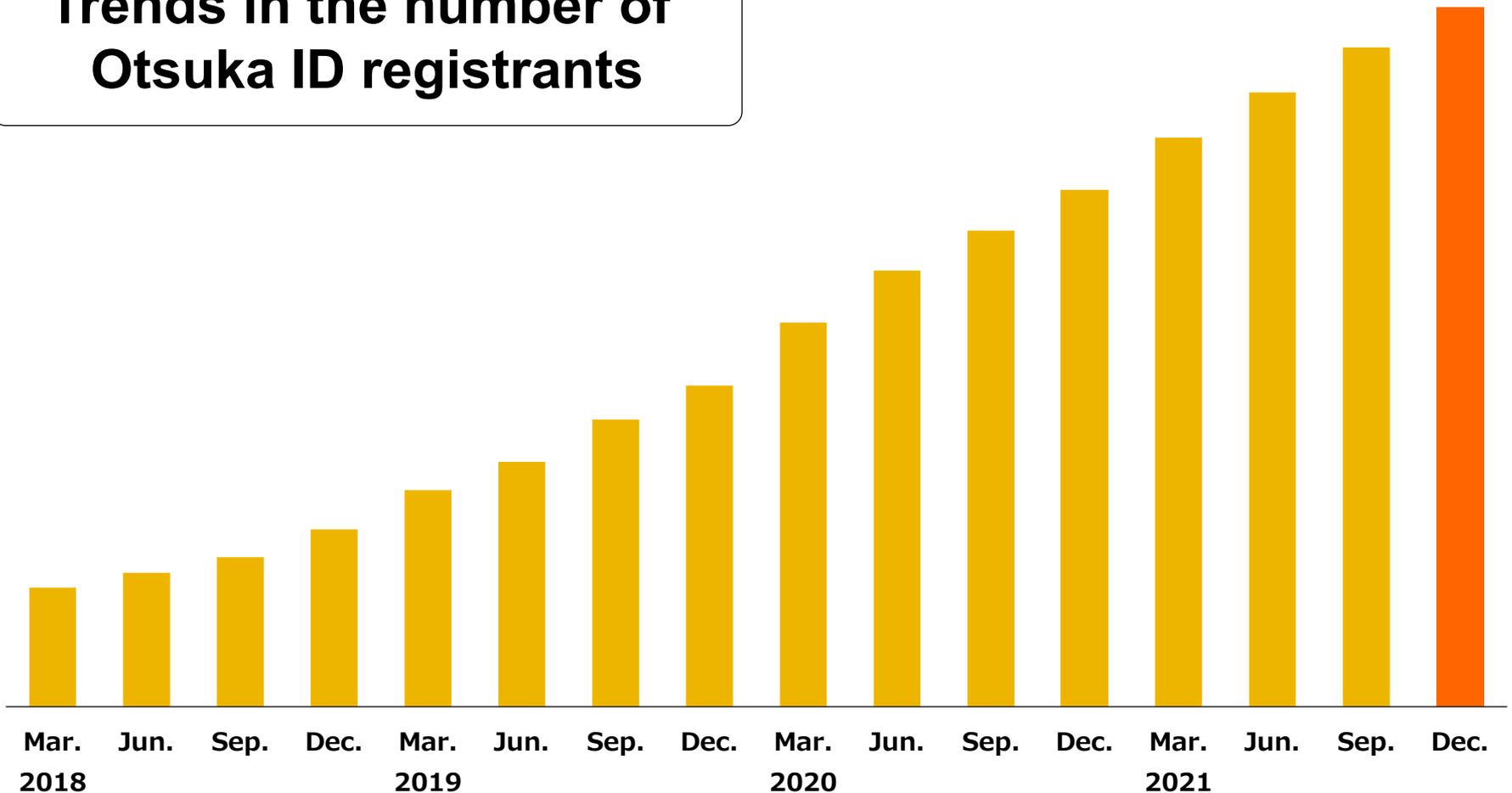
Review of evaluation system

Raise labor distribution share of income

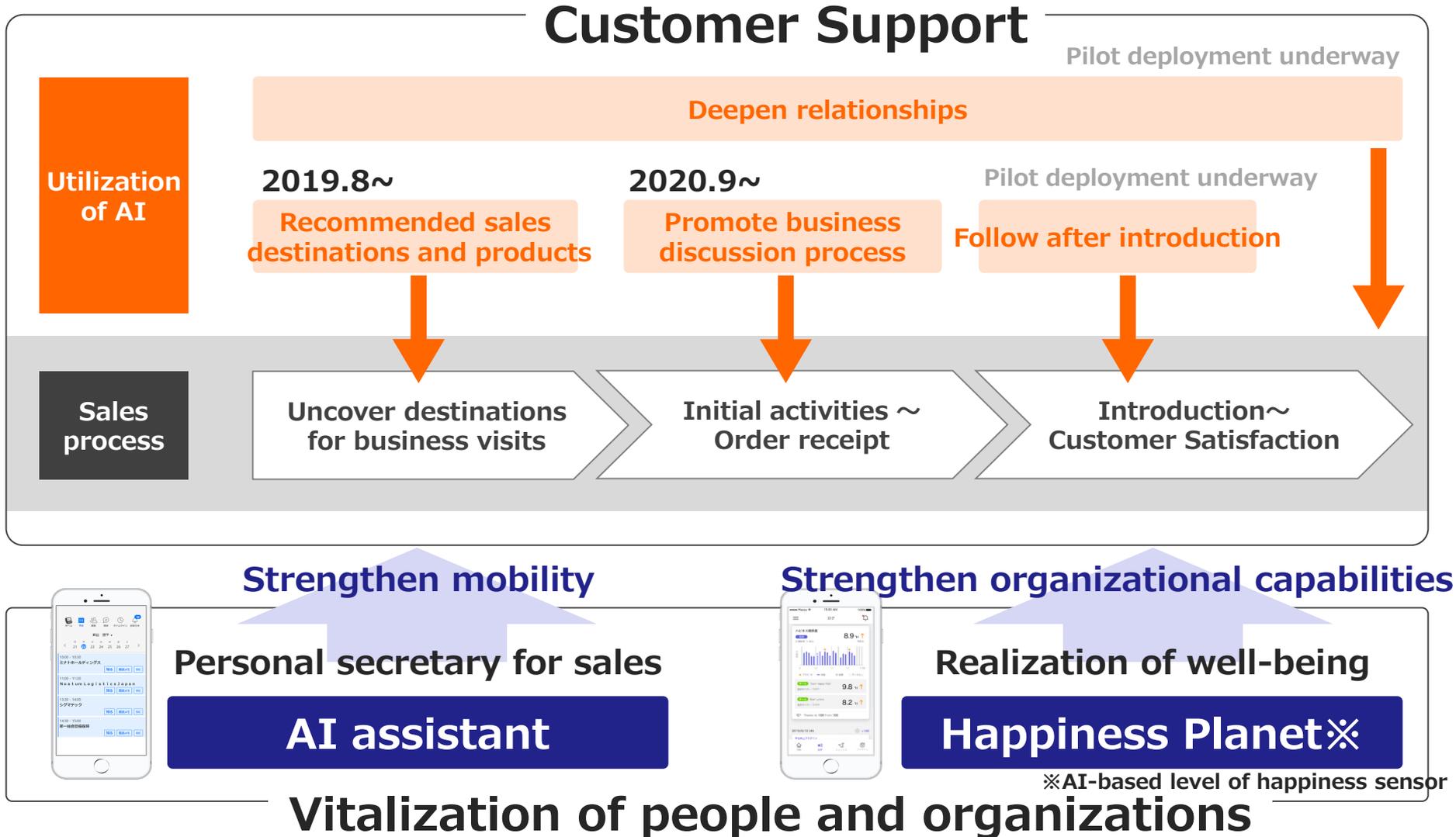
# Customer My Page

**Trends in the number of  
Otsuka ID registrants**

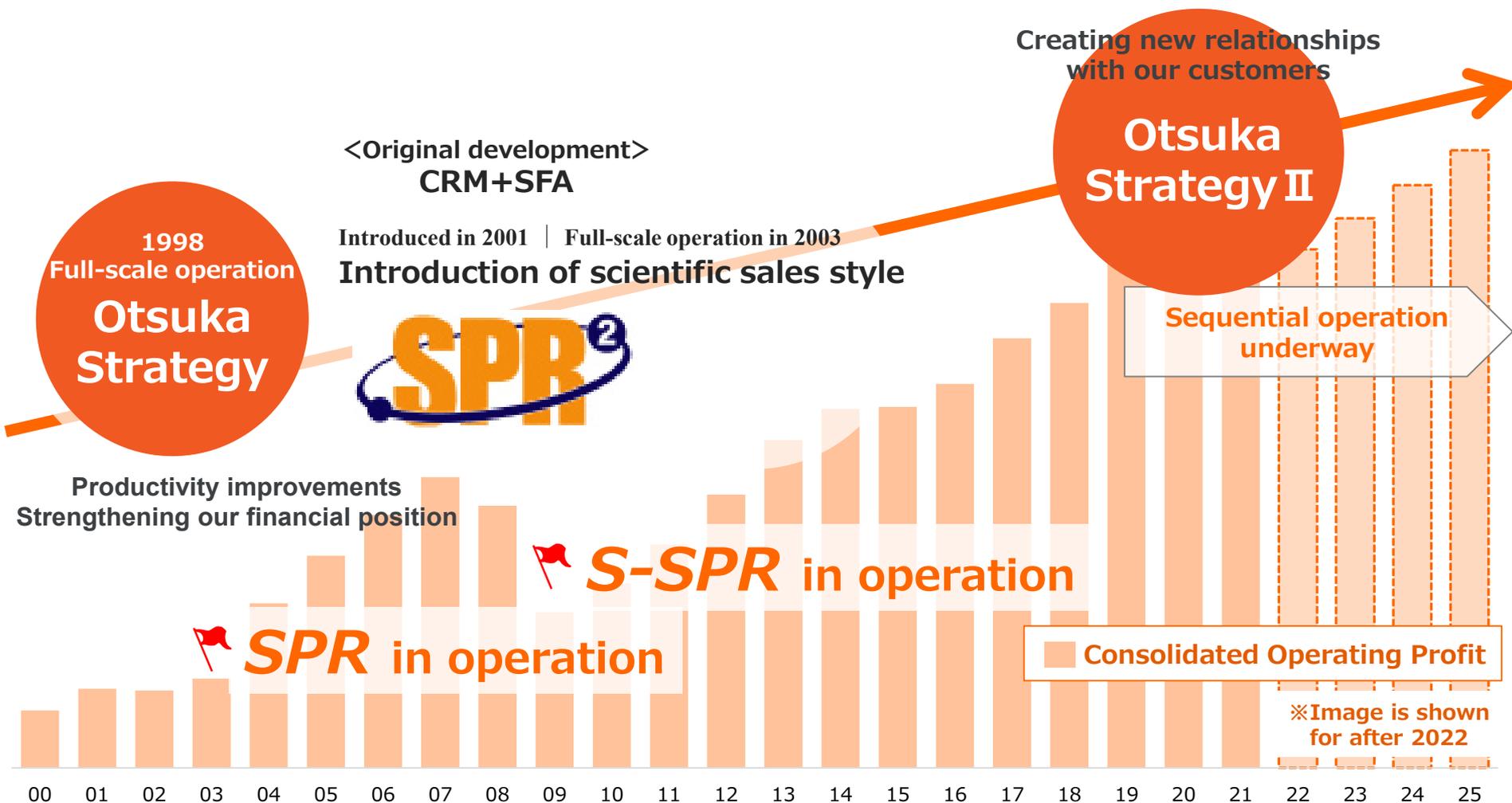
Approximately  
**228,000** IDs



# Support Sales Activities That Utilize AI



# Continue Growth with Otsuka Strategy II

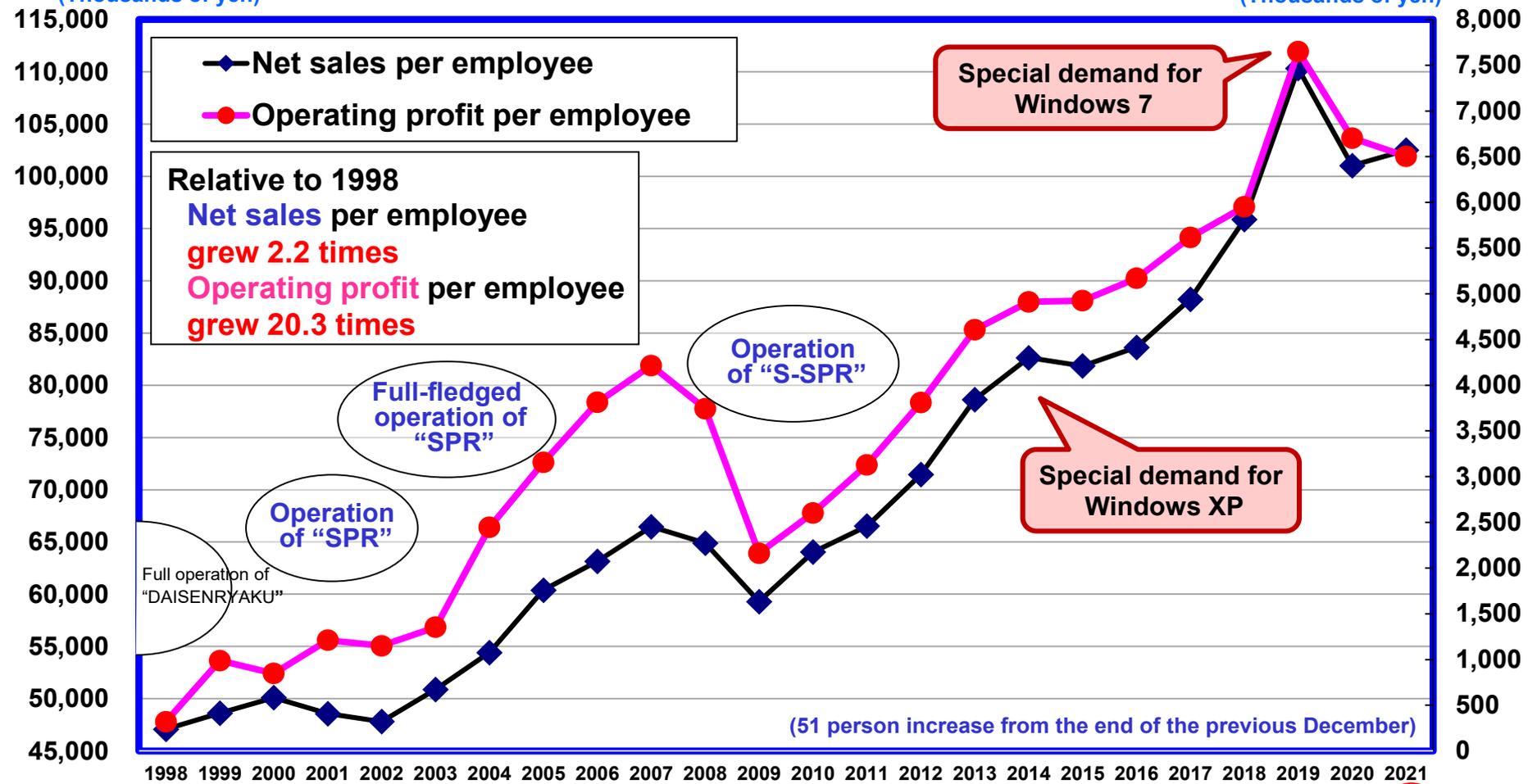


Non-Consolidated

# Change of Net sales per employee and Operating profit per employee

Net sales per employee  
(Thousands of yen)

Operating profit per employee  
(Thousands of yen)



1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

Number of employees 6,621 6,316 6,272 6,251 6,236 6,222 6,294 6,297 6,379 6,585 6,736 6,778 6,760 6,684 6,638 6,634 6,758 6,837 6,985 7,080 7,145 7,272 7,429 7,480

Number of days off 118 118 118 120 122 123 125 126 126 126 129 129 127 127 124 128 128 127 128 127 131 136 132 131

# 2022 plans

# Application of Accounting Standards for Revenue Recognition

- **Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) is applied from the beginning of the fiscal year ending December 31, 2022.**
- **Shifted to a method by which revenue is recognized at the net amount for some transactions mainly related to the service & support business.**
- **Sales and costs are offset by the same amounts. The impact on operating profit, ordinary profit, and profit is extremely small.**

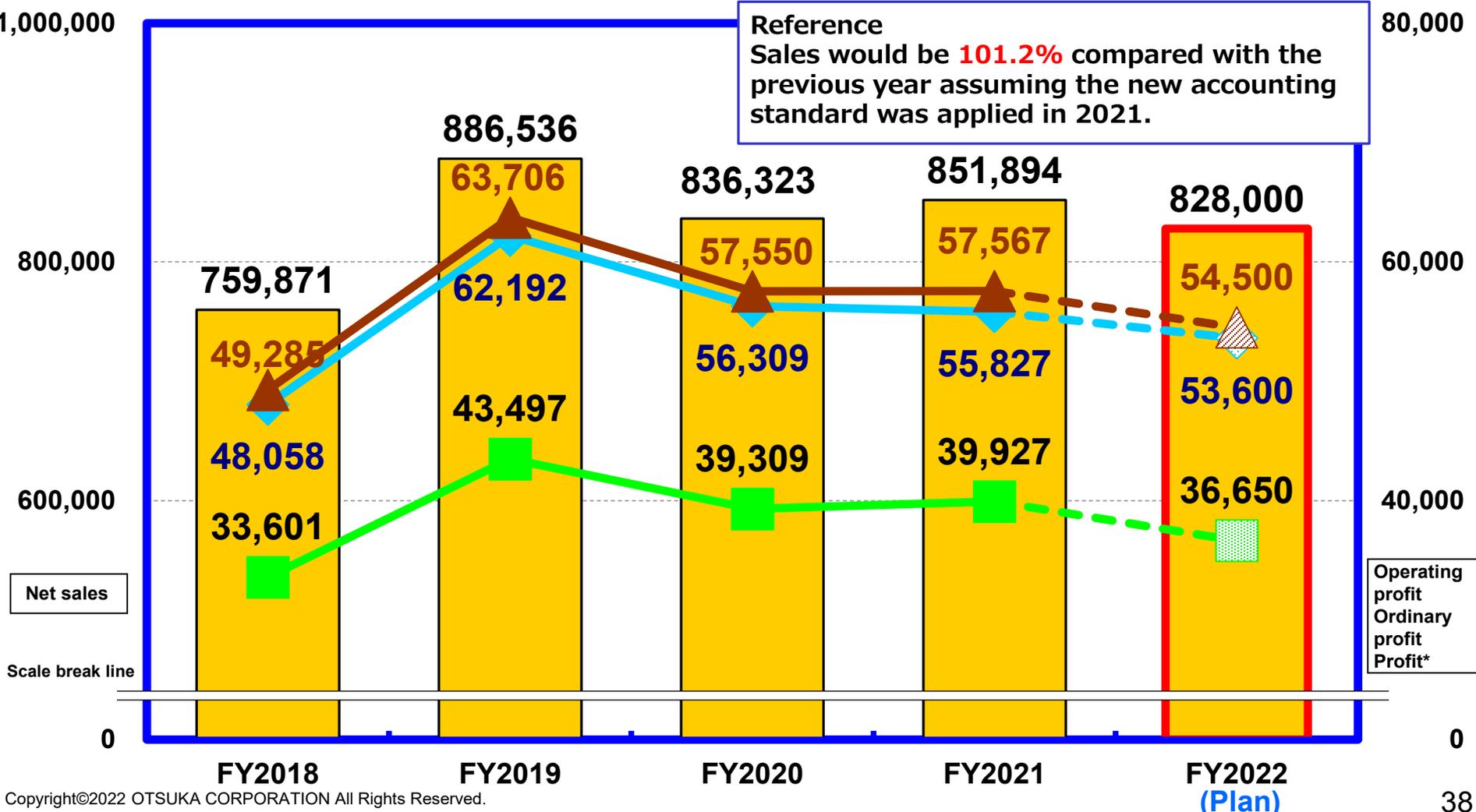
Consolidated

# Plans of Net sales and profit

(Millions of yen)

Net sales    Operating profit    Ordinary profit    Profit\*  
\*Profit attributable to owners of parent

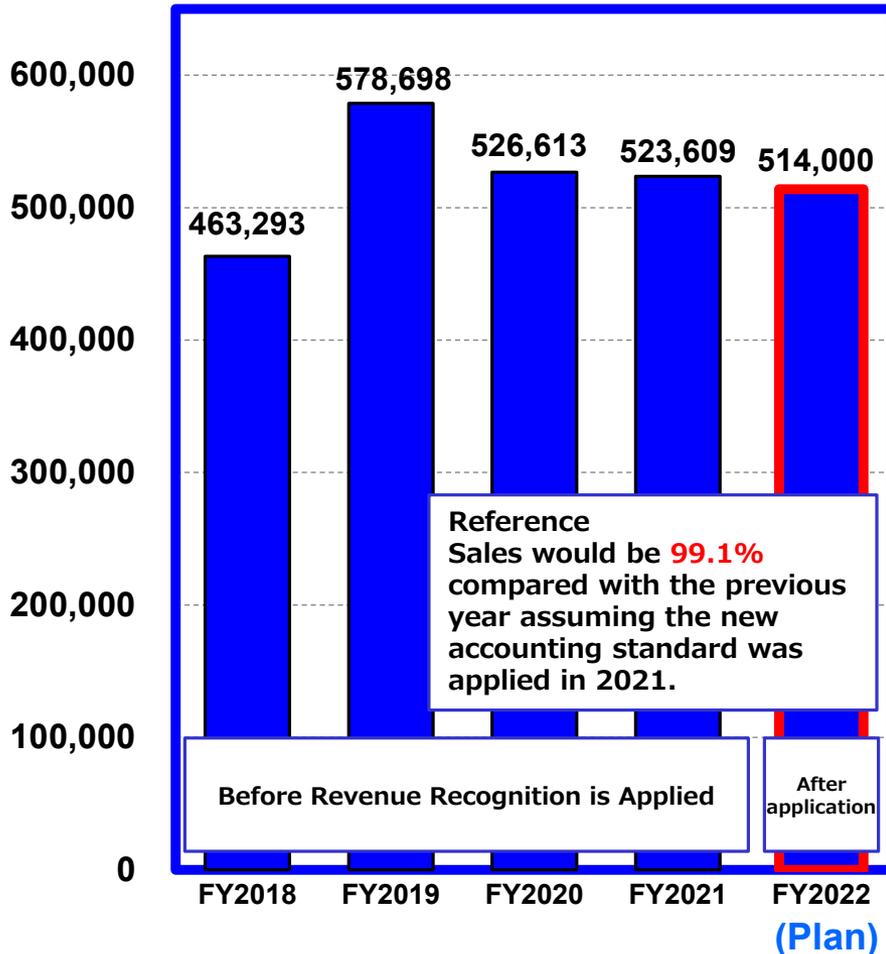
Reference  
Sales would be **101.2%** compared with the previous year assuming the new accounting standard was applied in 2021.



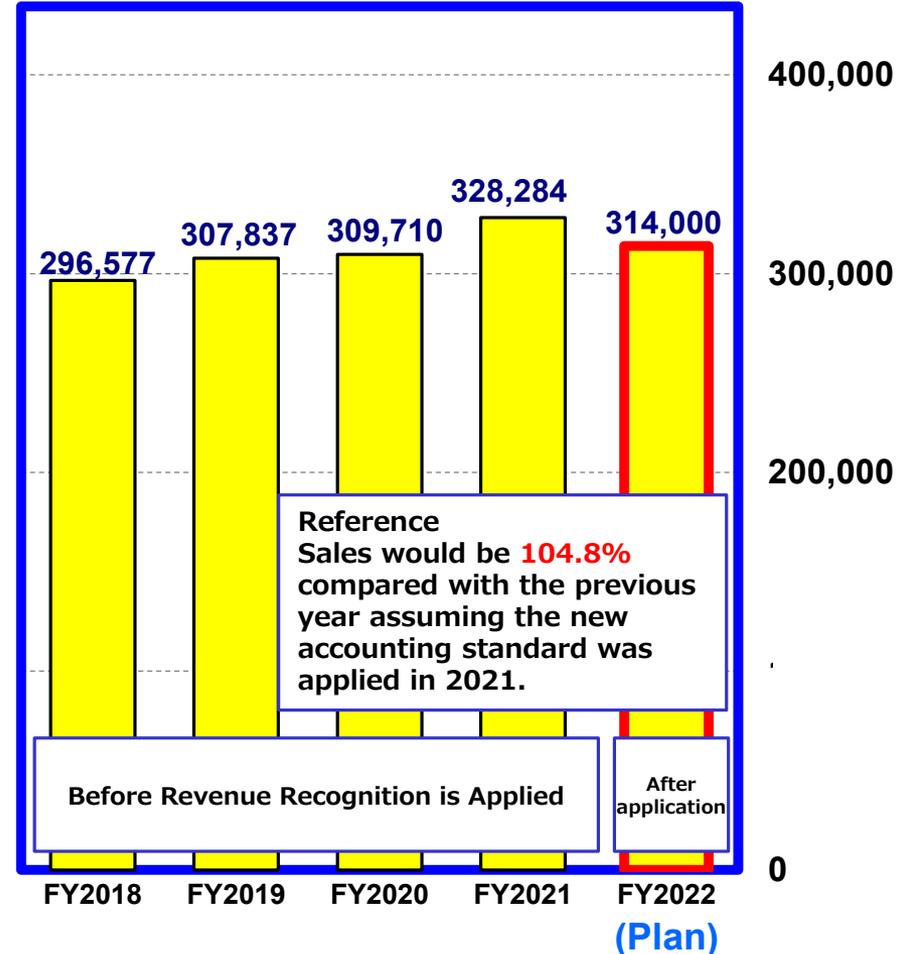
# Plans of Net sales by segments

(Millions of yen)

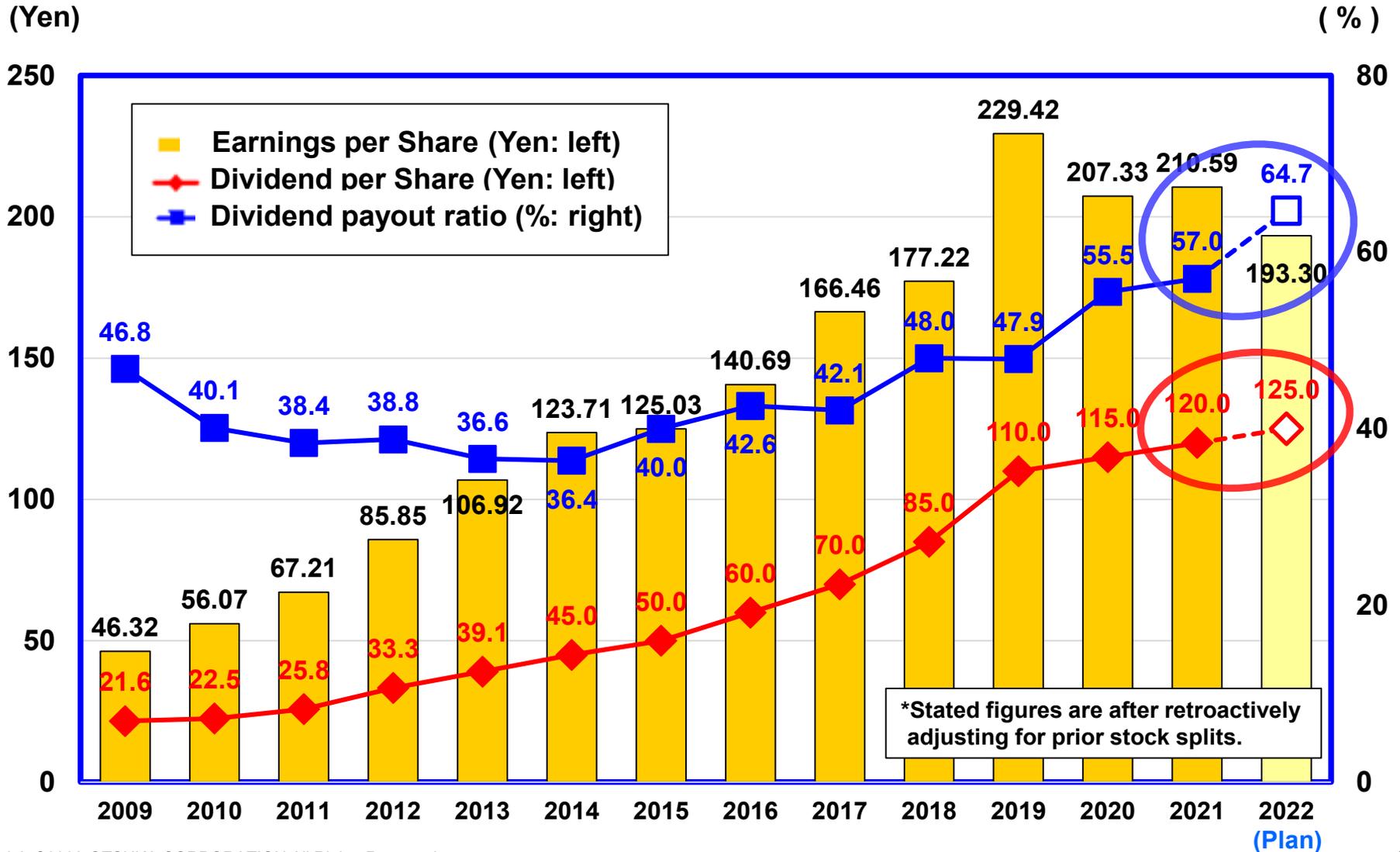
## SI Business



## S&S Business



# Dividends



# Jissen (Practical) Solution Fair 2022

**We Wish to Serve as Your DX Partner**



**Date: February 8th (Tuesday) 10:00 to February 17th (Thursday) 17:00, 2022**

# Initiatives for Sustainability



## ~ Main details of discussions ~

- **Identify important medium- to long-term sustainability issues**  
( Identify materiality )
- **Respond to environmental risk**  
( Climate change issues, resource protection, environmental destruction, etc. )
- **Respond to social risk**  
( Human rights, human capital, health and safety, supply chain management, etc. )
- **Support for building a governance system**  
( Sustainable improvement of corporate value, information disclosure, transparency, etc.)

**Community**

**Customers**

**We live up to our  
Stakeholders' confidence**

**Shareholders  
Business Partners**

**Employees**

# Cautionary statement

1. This material is intended to provide information about the business performance of fiscal year 2021 and strategy of the OTSUKA CORPORATION and Group companies.  
It is not intended and should not be construed as an inducement to purchase or sell stocks of OTSUKA CORPORATION.
2. Forward-looking statements in this material with respect to OTSUKA CORPORATION's strategies, plans, beliefs, and other statements related to future trends and performance are not historical facts, and as such involve risks and uncertainties. Such statements are not guarantees of future performance. Actual results may differ considerably from projections due to unpredictable changes to the economic situation, and a number of factors. Key factors that could affect actual results are general economic conditions, social trends, change of relative competitiveness in demand action for products and services provided by OTSUKA CORPORATION. Key factors that may affect business performance are not limited to these items described here.
3. Statements in this document are based on the current beliefs, estimates and expectations of management. OTSUKA CORPORATION undertakes no obligation to update any forward-looking statements.
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