



**Fiscal year ending December 2022**  
**Nine months** (January – September)  
**Business Results**

**October 31, 2022**

**OTSUKA CORPORATION**

# Points to Note In This Document

- OTSUKA Corporation has applied “**Accounting Standard for Revenue Recognition**” (ASBJ Statement No. 29) from the beginning of the fiscal year ending December 2022.
- Amount of impact of change in accounting standard  
**An approximately 26.7 billion yen decrease in net sales in the current fiscal year**  
(Amount of impact assuming that the standard was applied in the previous fiscal year: decrease of approximately 24.8 billion yen)
- Net sales prior to the previous fiscal year are stated based on the previously applied accounting standard.  
(For items affected by the change in accounting standard, the “**reference rate of change**” that assumes the same standard was applied in the previous fiscal year is also listed.)

# Summary of Business Results, January – September, 2022

(Millions of yen)

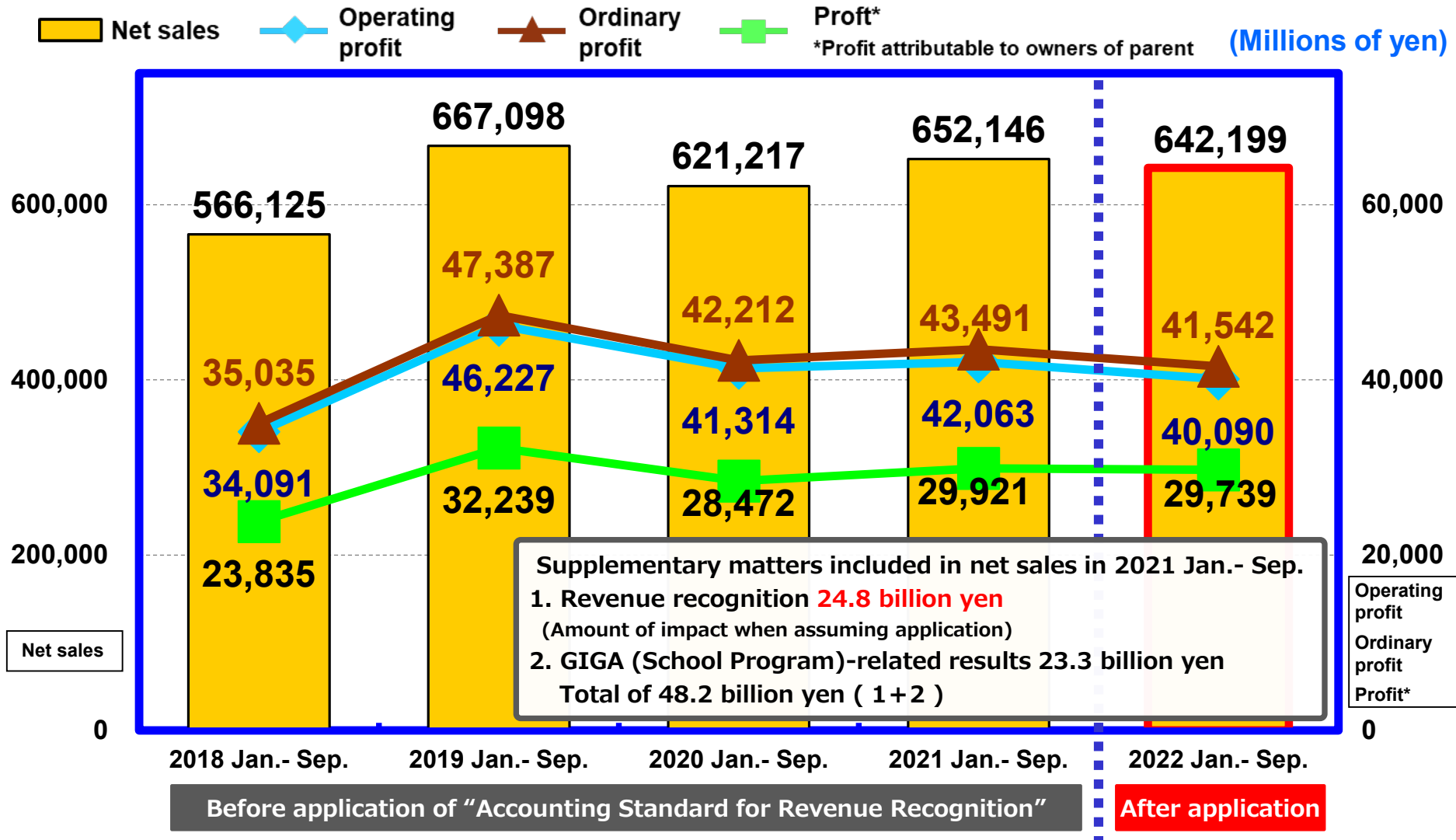
	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	642,199	-1.5%	576,531	-1.9%
	(Reference rate of change*1)	( +2.4% )		( +2.4% )
Operating profit	40,090	-4.7%	35,475	-2.9%
Ordinary profit	41,542	-4.5%	37,620	-2.5%
Profit*2	29,739	-0.6%	27,633	+1.7%

\*1: Year-on-year rate of change in net sales assuming that the “Accounting Standard for Revenue Recognition” was applied in 2021

\*2: Profit attributable to owners of parent

Consolidated

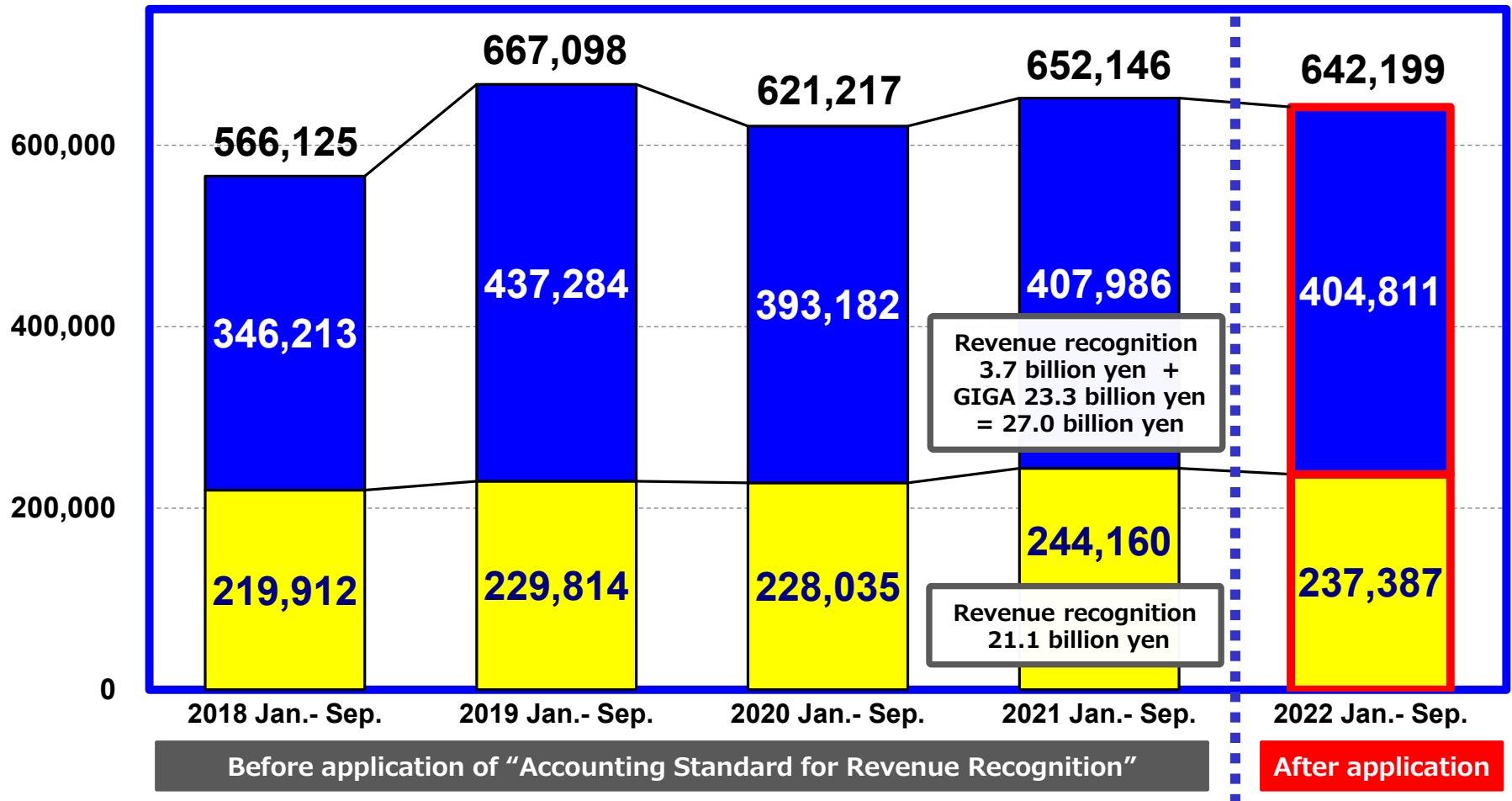
# Net sales and Profits



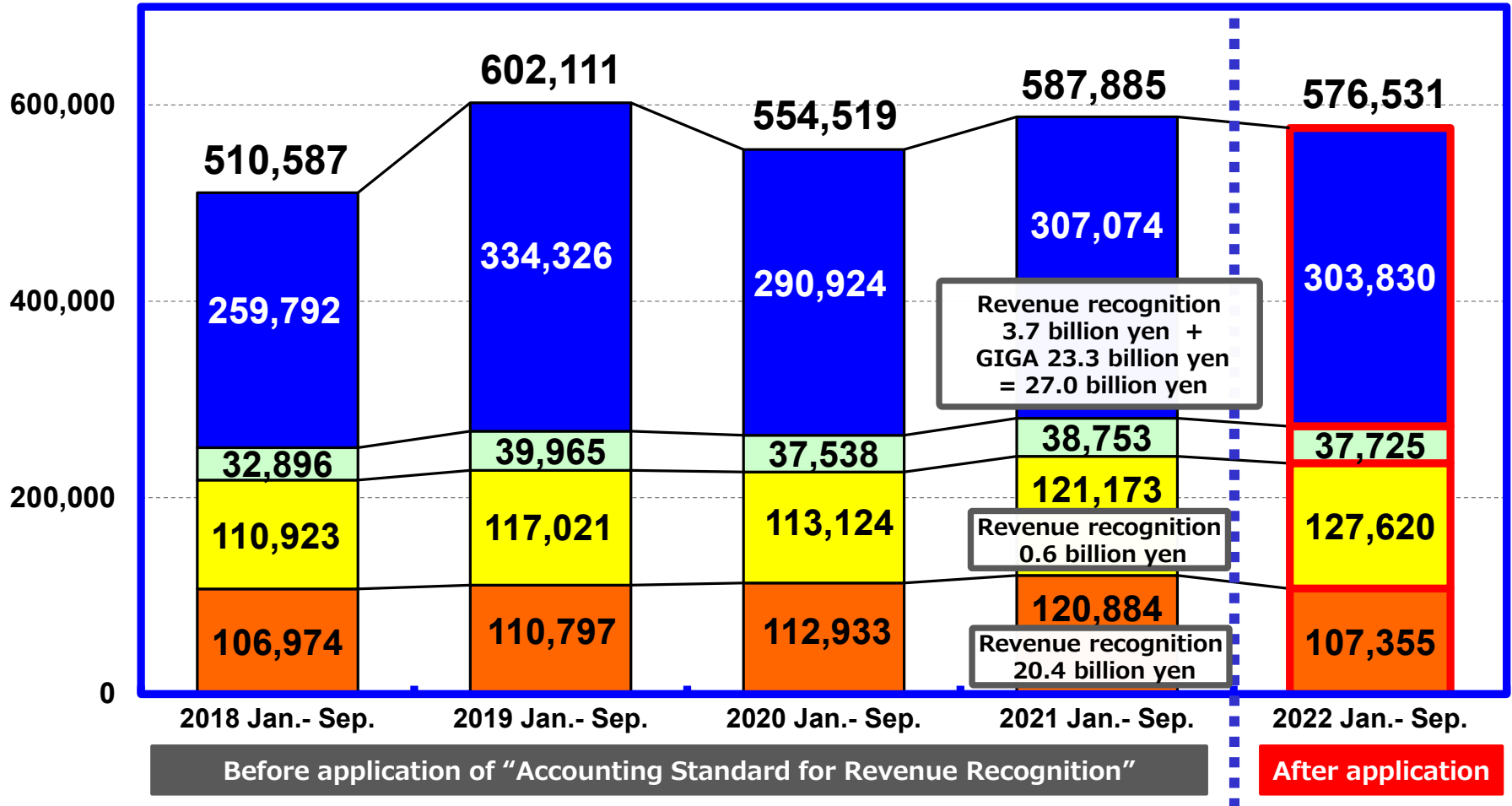
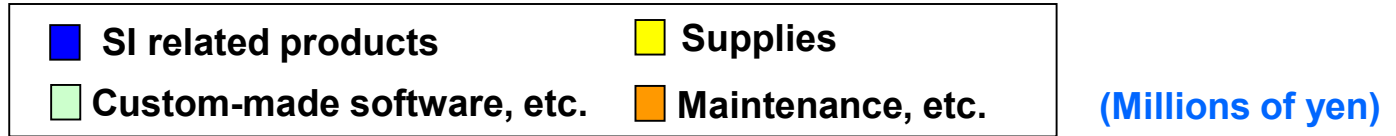
# Net sales by segments

■ SI business ■ S&S business

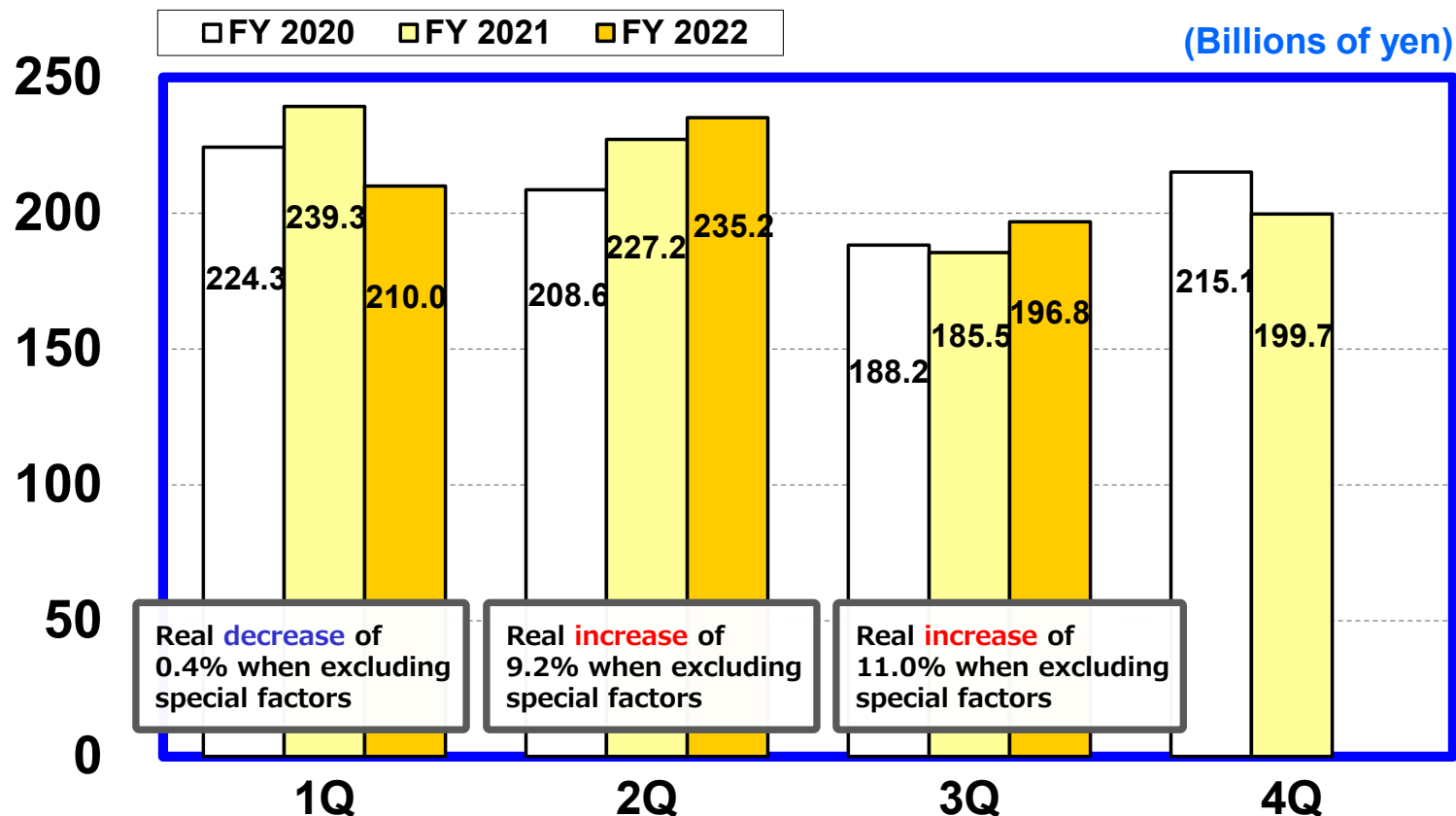
(Millions of yen)



# Net sales by 4 segments



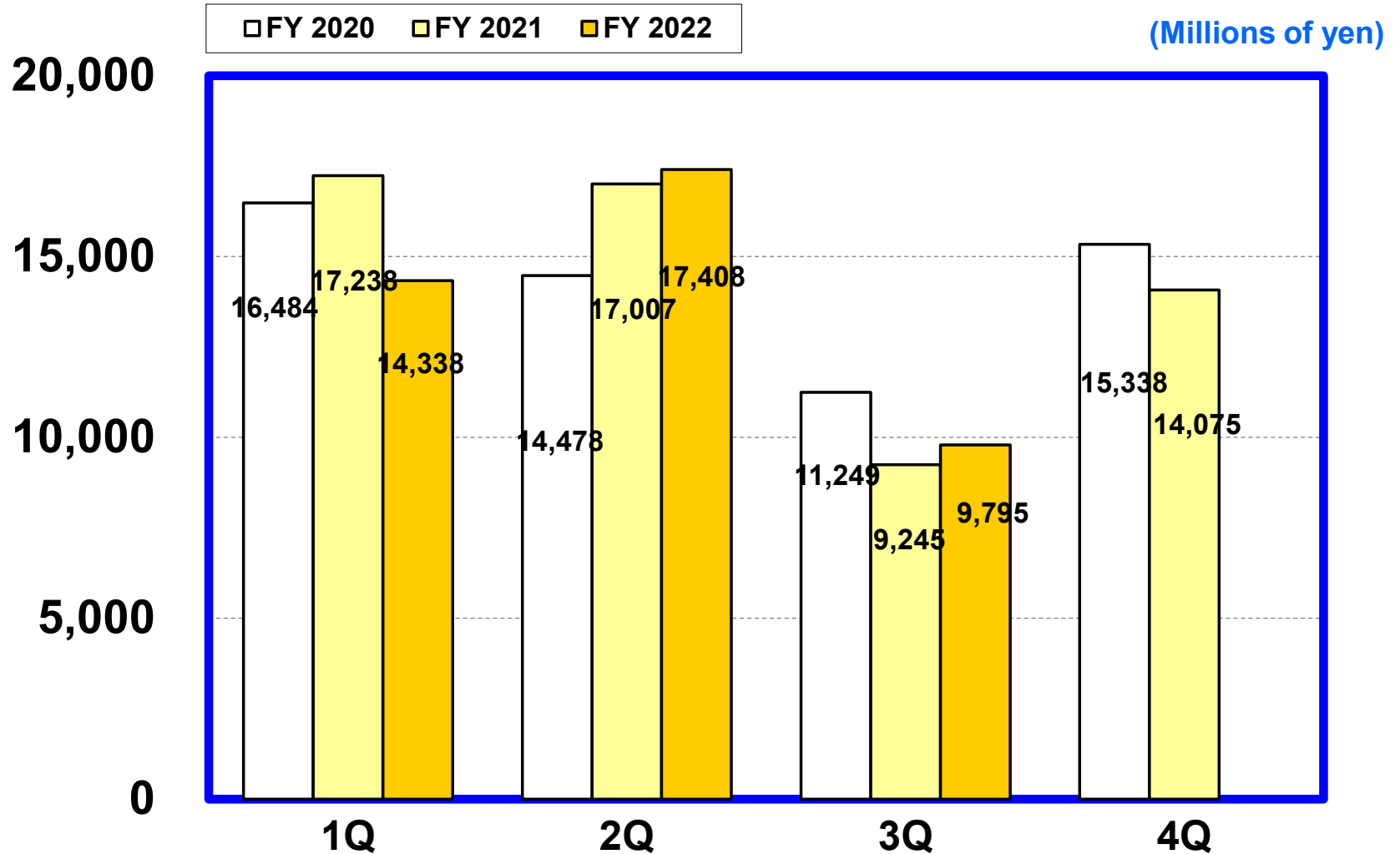
# Quarterly change of Net sales



## Special factors included in 2021 sales

	1Q	2Q	3Q
Revenue recognition	8.1billion yen	8.6billion yen	8.0billion yen
GIGA (School Program)-related results	20.1billion yen	3.1billion yen	—
<b>Total</b>	<b>28.3billion yen</b>	<b>11.7billion yen</b>	<b>8.0billion yen</b>

# Quarterly change of Ordinary profit





# Summary of Business Results, July – September, 2022

(Millions of yen)

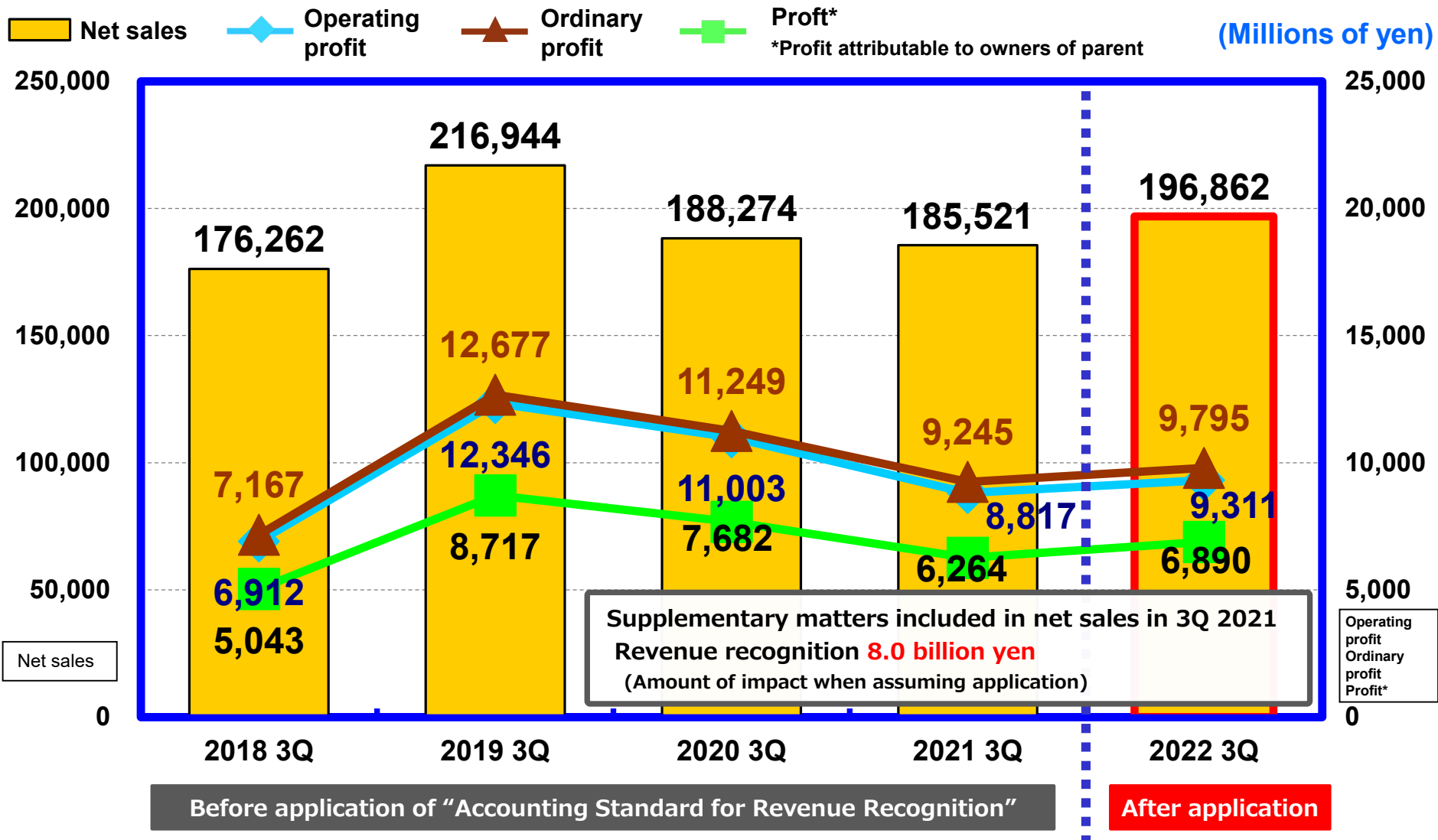
	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
<b>Net sales</b>	<b>196,862</b>	<b>+6.1%</b>	<b>171,409</b>	<b>+4.4%</b>
	<b>(Reference rate of change*1)</b>	<b>( +11.0% )</b>		<b>( +9.9% )</b>
<b>Operating profit</b>	<b>9,311</b>	<b>+5.6%</b>	<b>7,545</b>	<b>+8.1%</b>
<b>Ordinary profit</b>	<b>9,795</b>	<b>+5.9%</b>	<b>7,921</b>	<b>+7.9%</b>
<b>Profit*2</b>	<b>6,890</b>	<b>+10.0%</b>	<b>5,709</b>	<b>+12.4%</b>

\*1: Year-on-year rate of change in net sales assuming that the “Accounting Standard for Revenue Recognition” was applied in 2021

\*2: Profit attributable to owners of parent

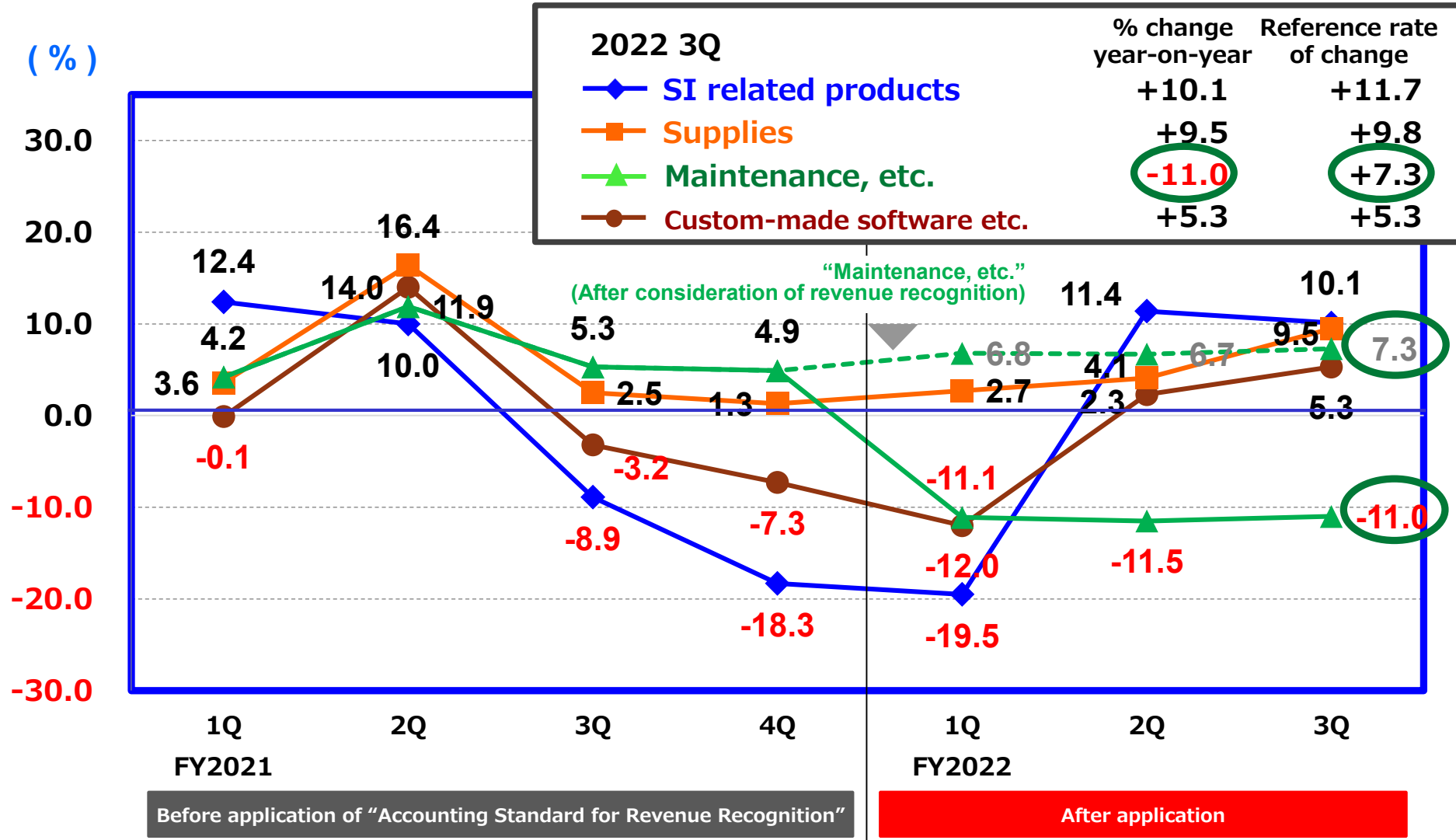
# Net sales and Profits, July – September

Consolidated



Non-Consolidated

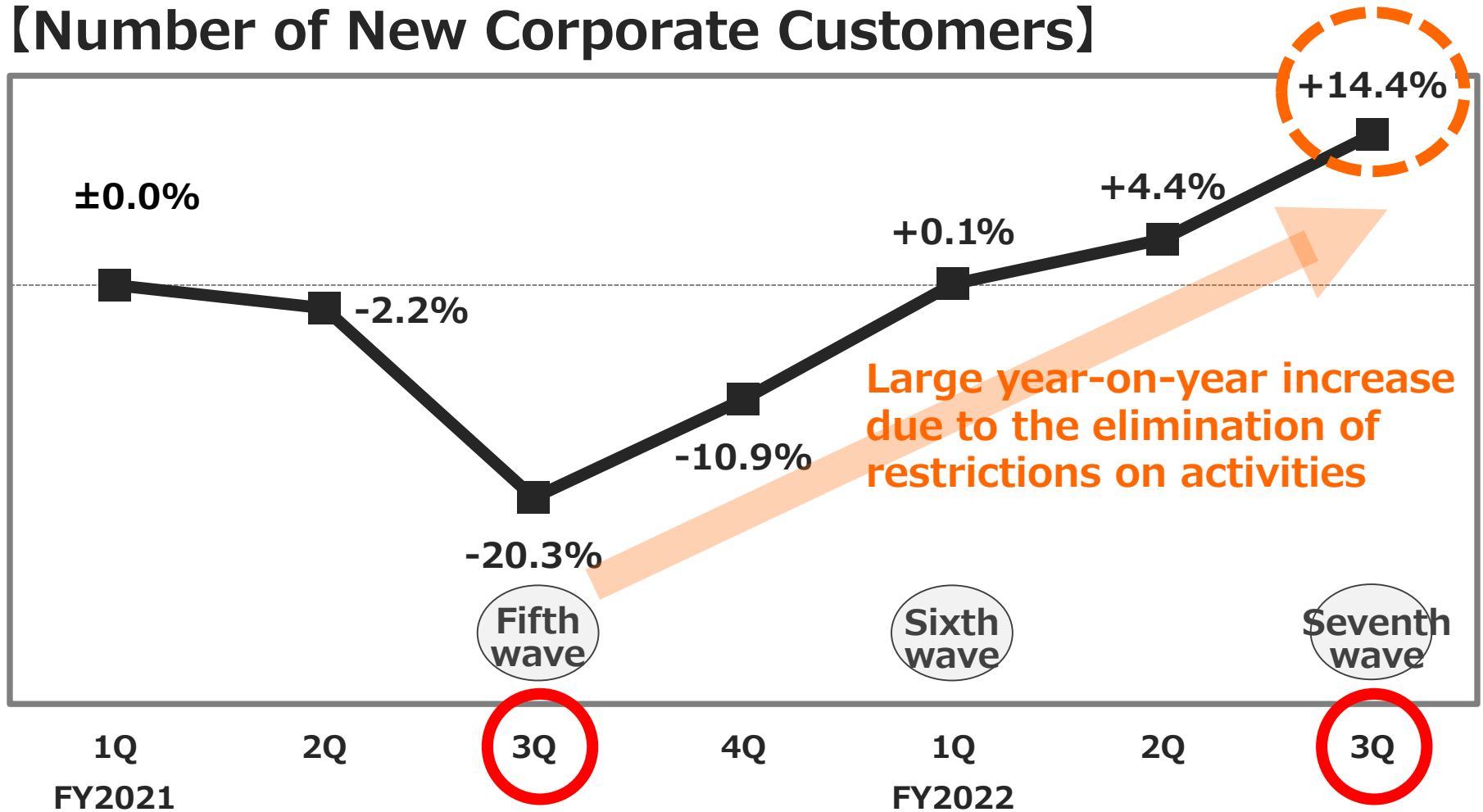
# Quarterly Net Sales by 4 segments ( % change year-on-year )



# Number of New Corporate Customers

Year-on-Year Rate of Change for

**【Number of New Corporate Customers】**

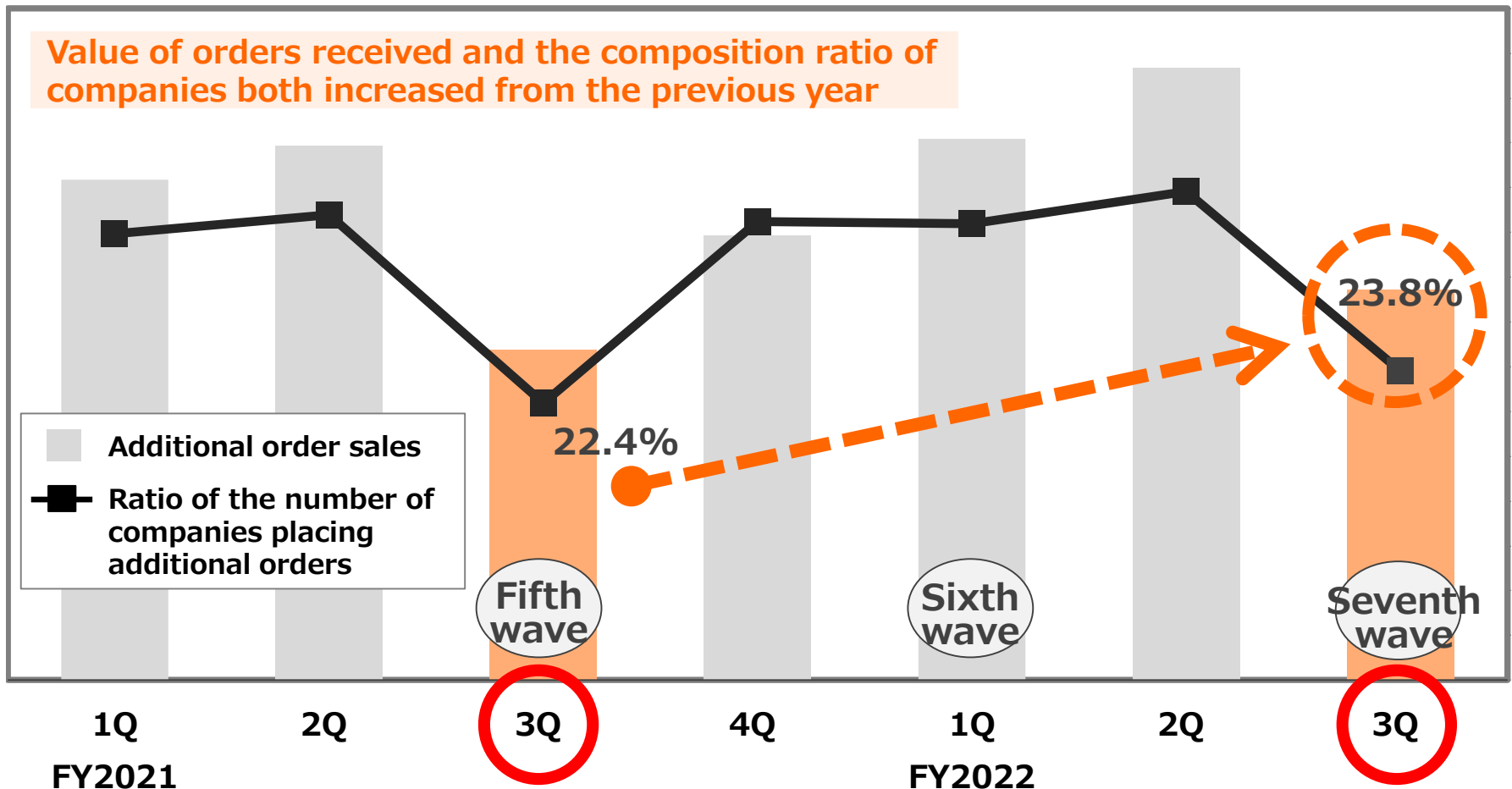


# State of Additional Orders

## 【State of Additional Orders】

Transaction value and number of corporate customers in the current quarter as a percentage of customers who conducted transactions with Otsuka in the previous quarter.

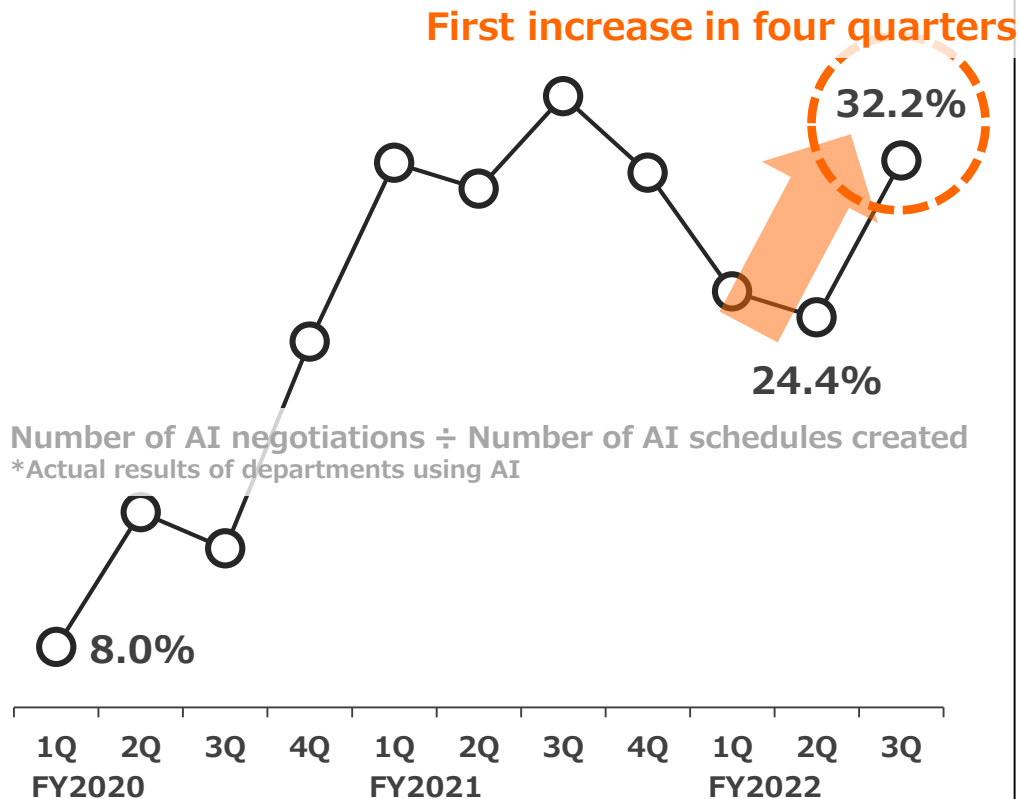
\* Calculated excluding continuing transactions such as supply and maintenance transactions



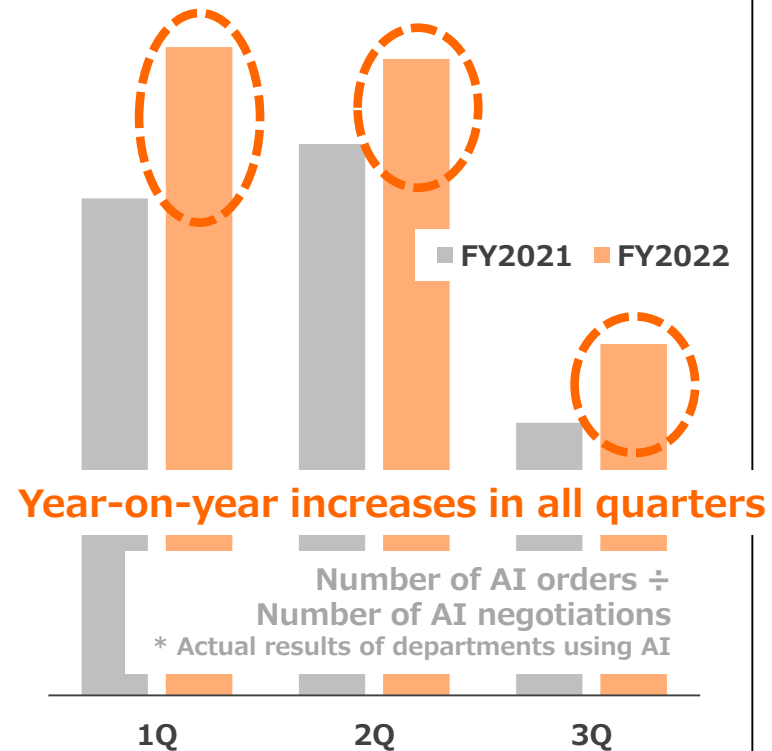
# Sales Activities Using AI

## AI sales response rate and AI order rate both increased. Contribution to sales activities

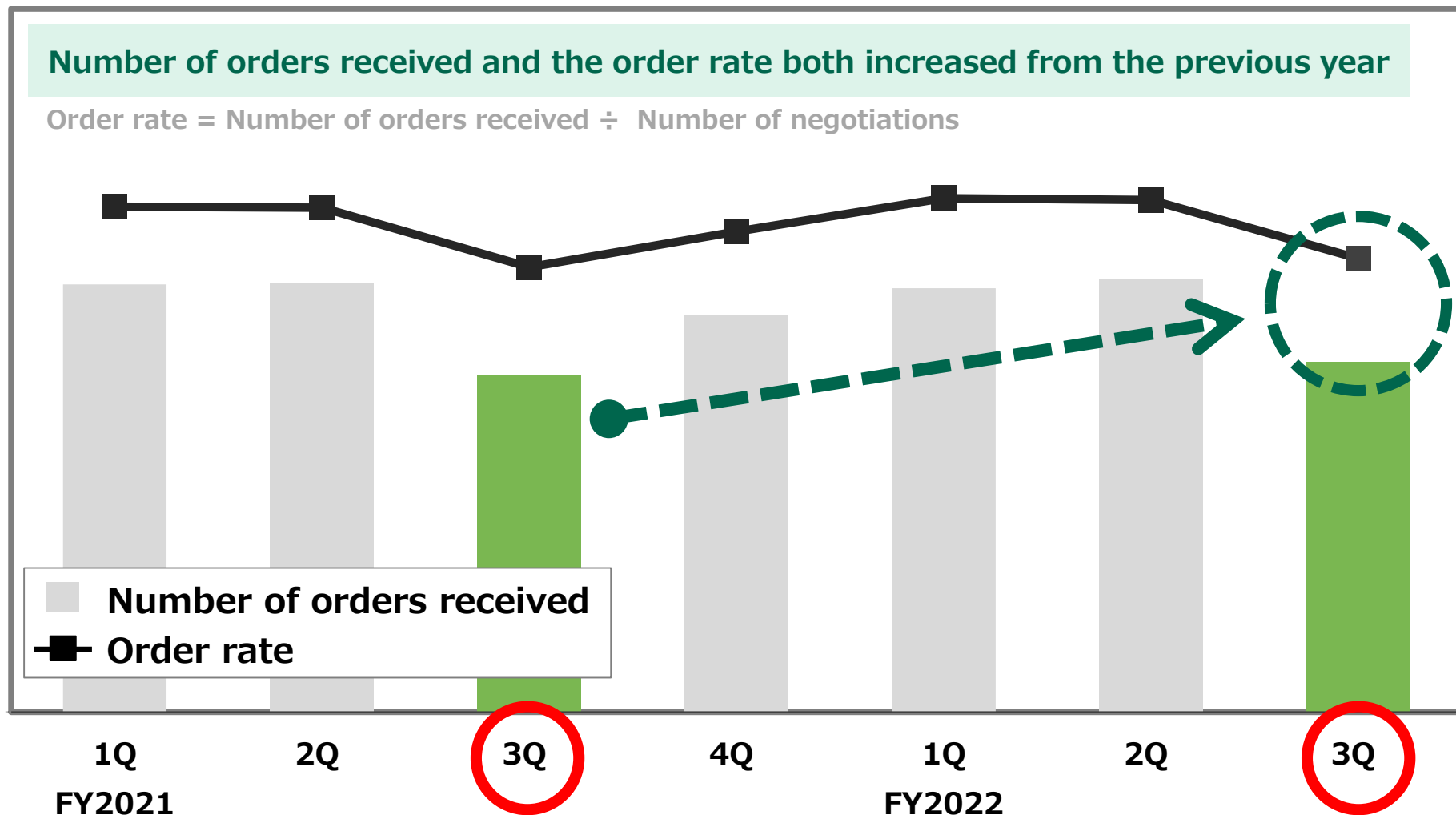
[Trends in AI sales response rate]



[AI order rate compared with the previous year]



# Trends In the Number of Orders Received and the Order Rate for the Entire Company



# Entire Office (number of products in operation)

July 2022~ New initiatives aimed at strengthening the entire office

Entire Office  
(number of products in operation)\*  
\* Major classification base  
**710,000**

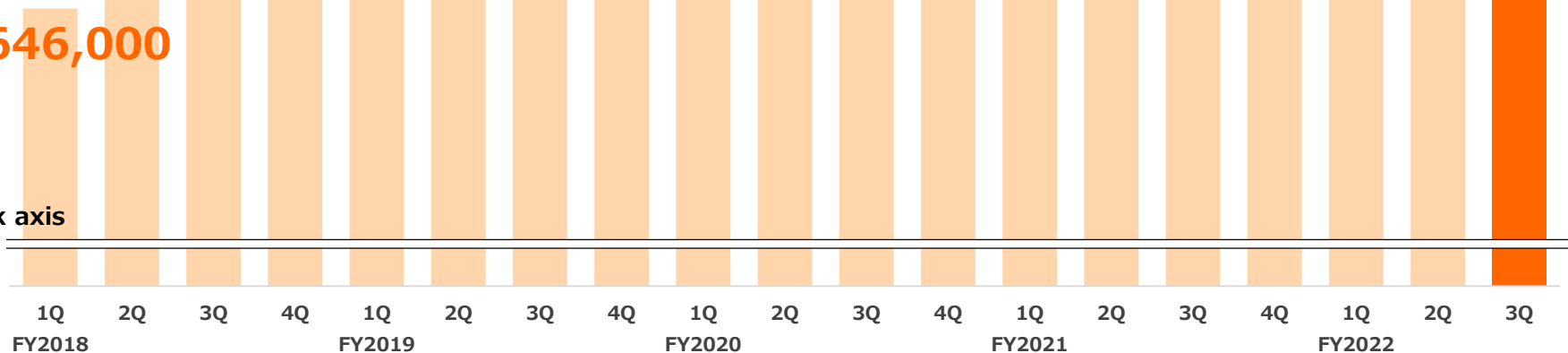
- Rearranged main products into 11 major categories with the aim of resolving customer issues (over 400 small categories)\*

\*The master will be reviewed in a timely manner

- Also promote the use of AI to realize optimal solution proposals tailored to each customer issue

646,000

break axis



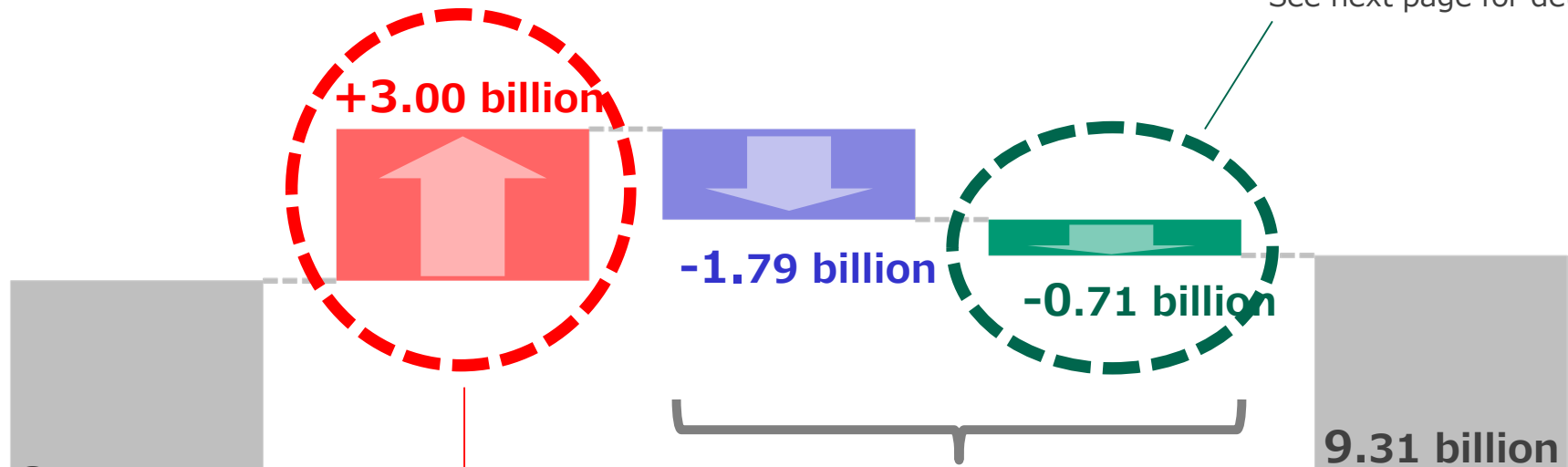


Consolidated

# Reasons for Changes in Operating Profit in July~September

Strengthening human capital

\* See next page for details.



Increase in SG&A expenses -2.50 billion

**High growth rate of +7.8%**

First year-on-year increase in three years.

Gaining momentum toward the all-time high recorded in 2019 (\*)

\*Last-minute surge in demand before Windows 7 EOS and a consumption tax increase

July~September  
Operating profit  
(FY2021)

Increase in  
gross profit

July~September  
Operating profit  
(FY2022)

# Strengthening Human Capital

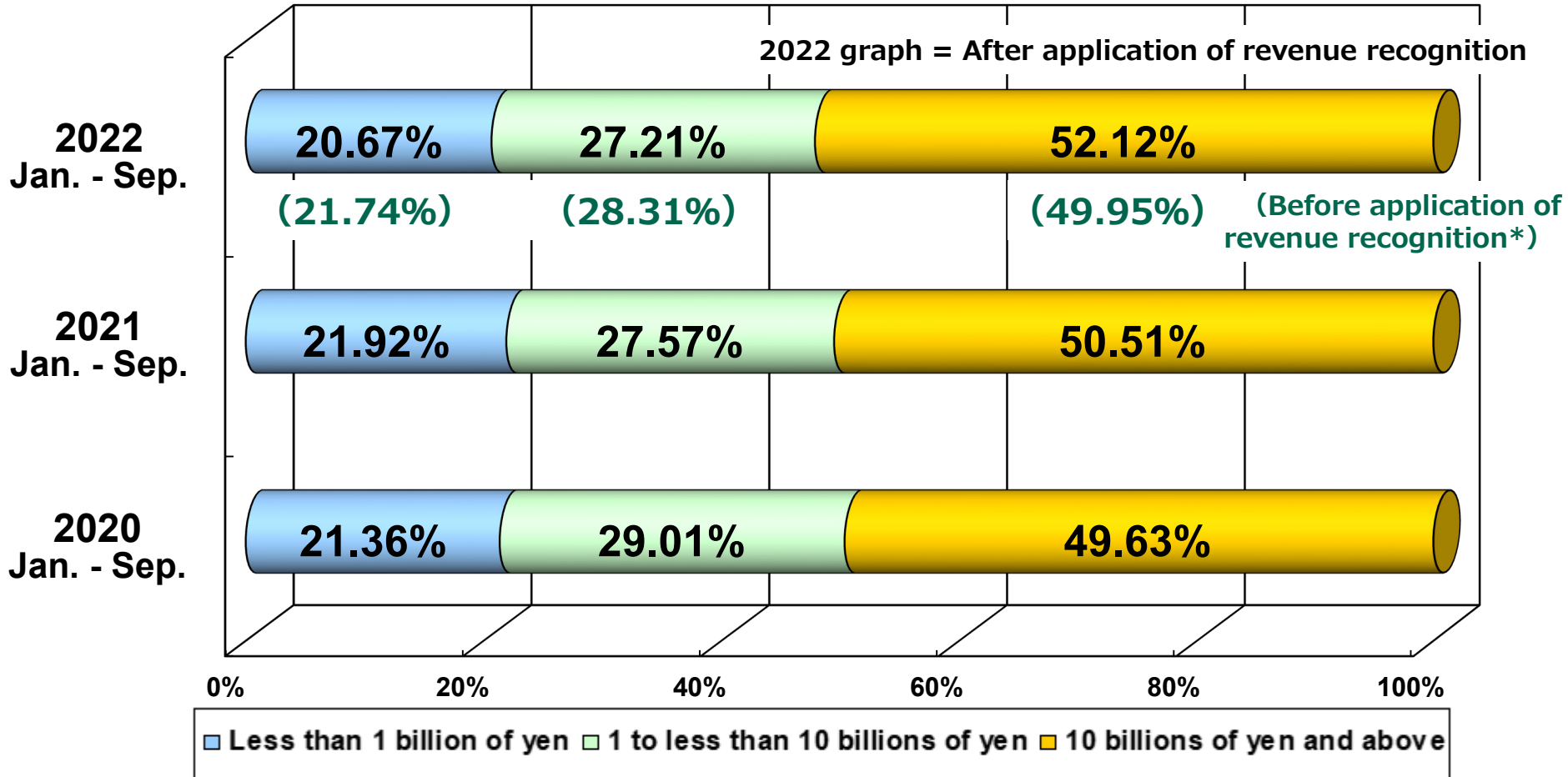
Partial review of salary system with the aim of further raising job satisfaction. Continuously make improvements as needed in the future as well.

		FY2022				FY2023	
		1Q	2Q	3Q	4Q	1Q	
<b>1</b>	<b>Sales incentives</b>	January~ Increase (link to business results)					
<b>2</b>	<b>Review base salary</b> *Includes an increase in starting salaries for newly hired employees		April~ Salaries for non-management staff revised upward				
				July~ Salaries for management staff revised upward			
				July ~ Base salary for all employees uniformly increased by 10,000 yen			
<b>3</b>	<b>Increase in the number of eligible employees</b>				October ~ review		

# Summary of Q3 2022 (July~September)

- **Restrictions on mobility eliminated and new activities and additional orders from existing customers trended firmly. Sales activities using AI also contributed and the number of orders and the order rate for the entire company both exceeded those of the same period of the previous year.**
- **Start new initiatives aimed at strengthening the entire office. Will realize further optimal solution proposals.**
- **Implement initiatives to strengthen human capital. The increase in gross profit surpassed the rise in SG&A expenses caused by the increase in base salary and operating profit increased from the previous year.**

# Net sales structure on customers' total annual business scale



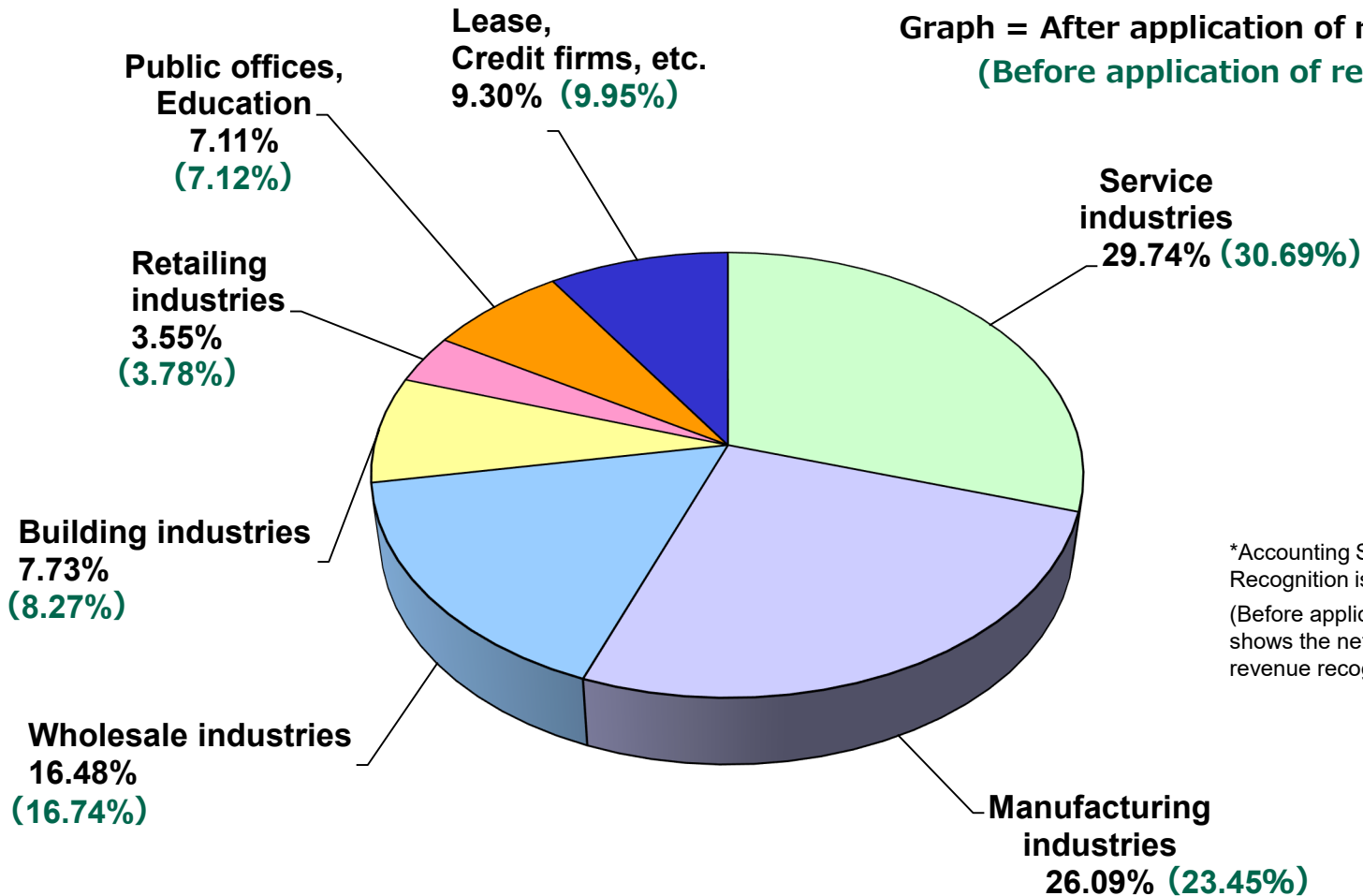
\*Accounting Standard for Revenue Recognition being applied from 2022.

(Before application of revenue recognition) listed for January~September 2022 shows the net sales structure assuming that revenue recognition was not applied in

# Sales breakdown by customers' type of industry

**2022 Jan. – Sep.**

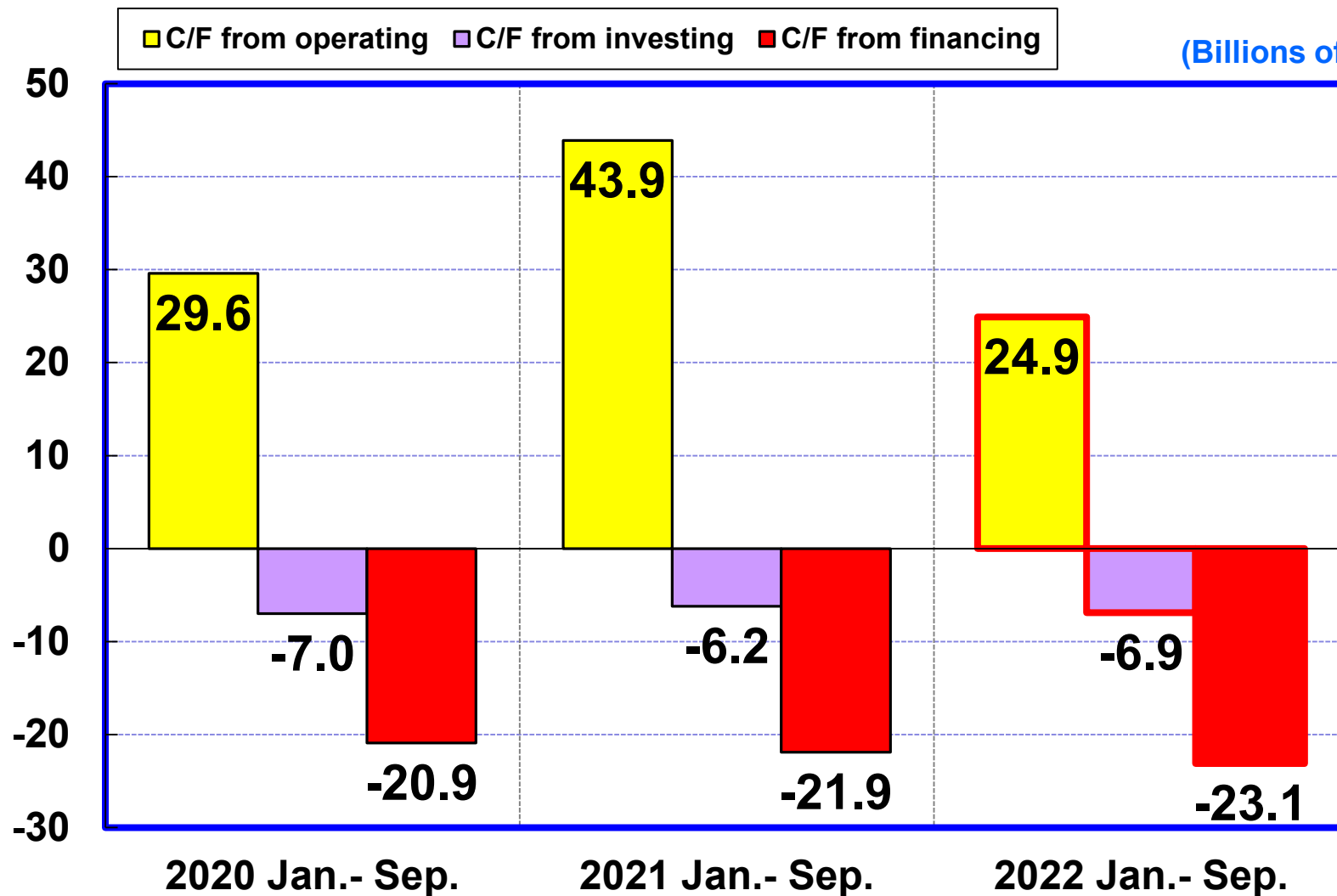
Graph = After application of revenue recognition  
(Before application of revenue recognition\*)



\*Accounting Standard for Revenue Recognition is applied from 2022.  
(Before application of revenue recognition) shows the net sales structure assuming that revenue recognition was not applied in 2022.

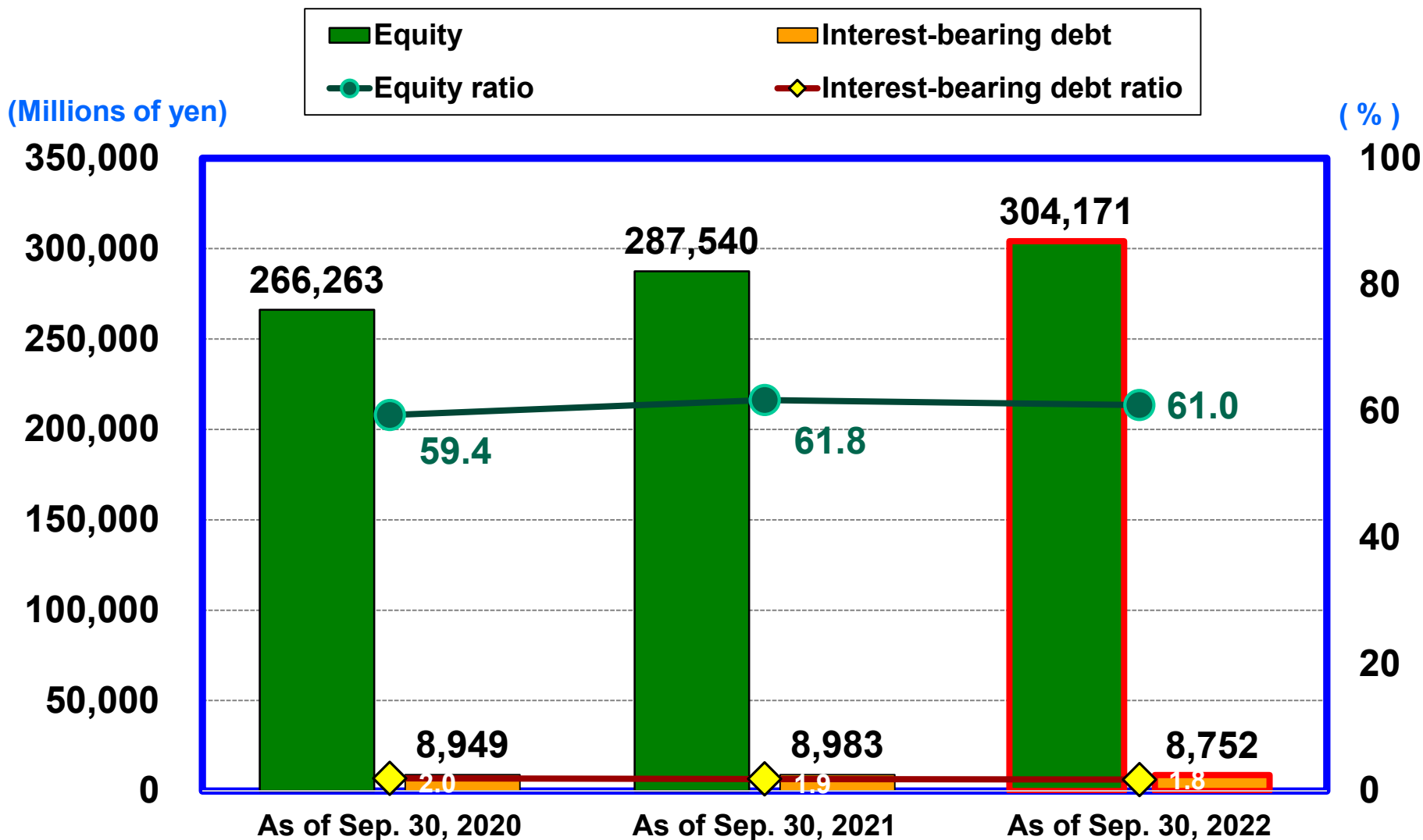
# Cash flows

(Billions of yen)



Consolidated

# Equity and Interest-bearing debt



# Key strategic business

<Amount of Sales>

(Millions of yen)

	2020 Jan. – Sep.	2021 Jan. – Sep.		2022 Jan. – Sep.				2022 Jul. – Sep.			
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year	Reference rate of change	Amount	Difference to Last year	Change to Last year	Reference rate of change
“tanomail”	119,649	129,336	+8.1%	136,147	+6,810	+5.3%	+5.8%	44,901	+3,757	+9.1%	+9.4%
SMILE	8,395	8,399	+0.0%	9,285	+886	+10.6%	+10.6%	2,758	+520	+23.3%	+23.3%
ODS	38,870	40,588	+4.4%	41,232	+643	+1.6%	+6.2%	10,876	-364	-3.2%	+1.0%
OSM	60,761	67,157	+10.5%	66,428	-728	-1.1%	-0.3%	19,592	+1,546	+8.6%	+9.4%

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

Reference rate of change : Year-on-year rate of change in net sales assuming that the “Accounting Standard for Revenue Recognition” was applied in 2021

<As reference: Number of Sales>

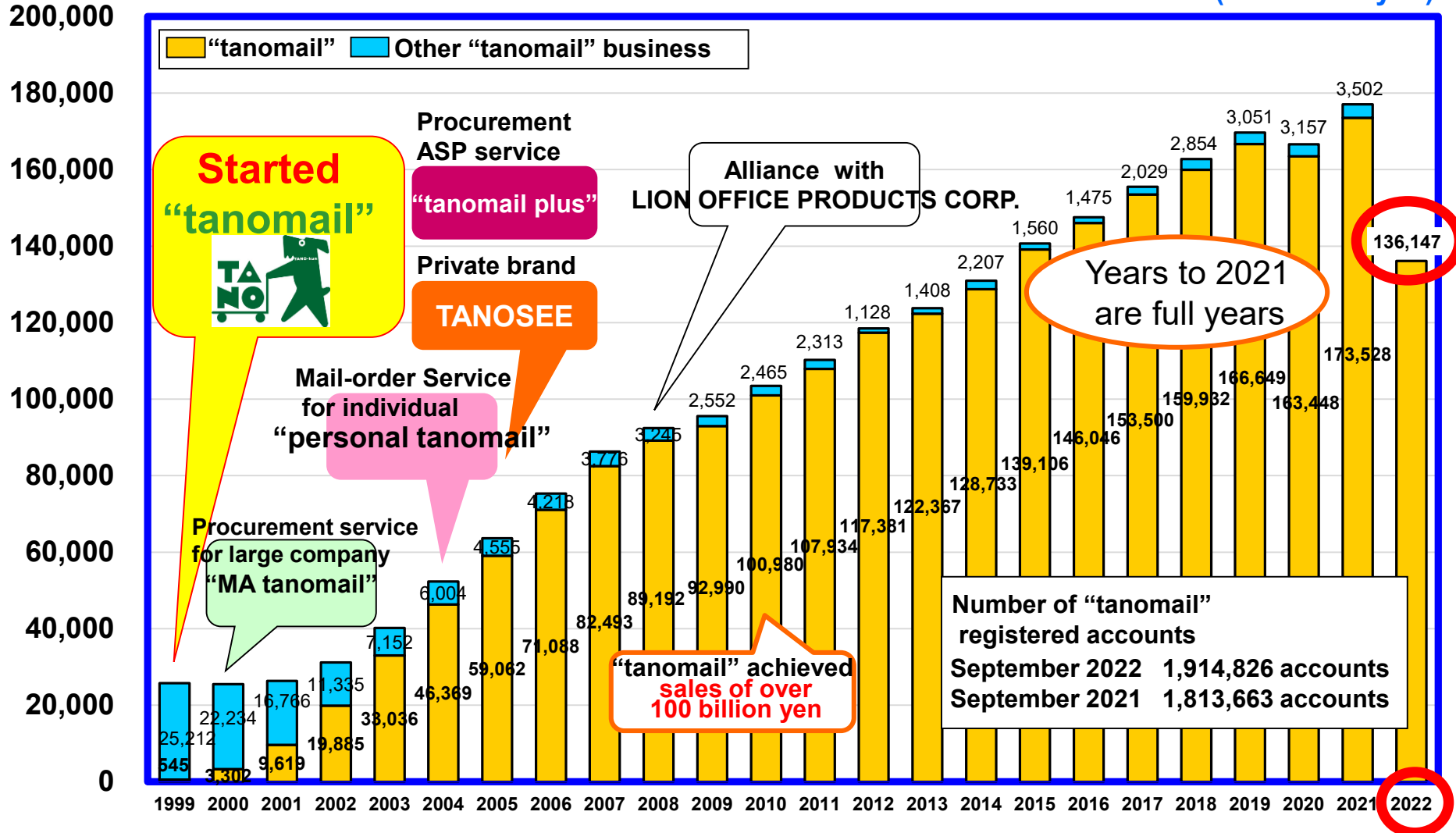
(Units)

Copier	26,610	27,551	+3.5%	27,074	-477	-1.7%	—	6,221	+203	+3.4%	—
(of which Color copier)	25,913	26,941	+4.0%	26,570	-371	-1.4%	—	6,104	+241	+4.1%	—
Server	19,475	18,650	-4.2%	15,280	-3,370	-18.1%	—	4,244	-1,323	-23.8%	—
PC	910,972	1,209,499	+32.8%	820,910	-388,589	-32.1%	—	240,926	-60,598	-20.1%	—
Client Total	943,381	1,362,910	+44.5%	891,845	-471,065	-34.6%	—	250,341	-66,541	-21.0%	—



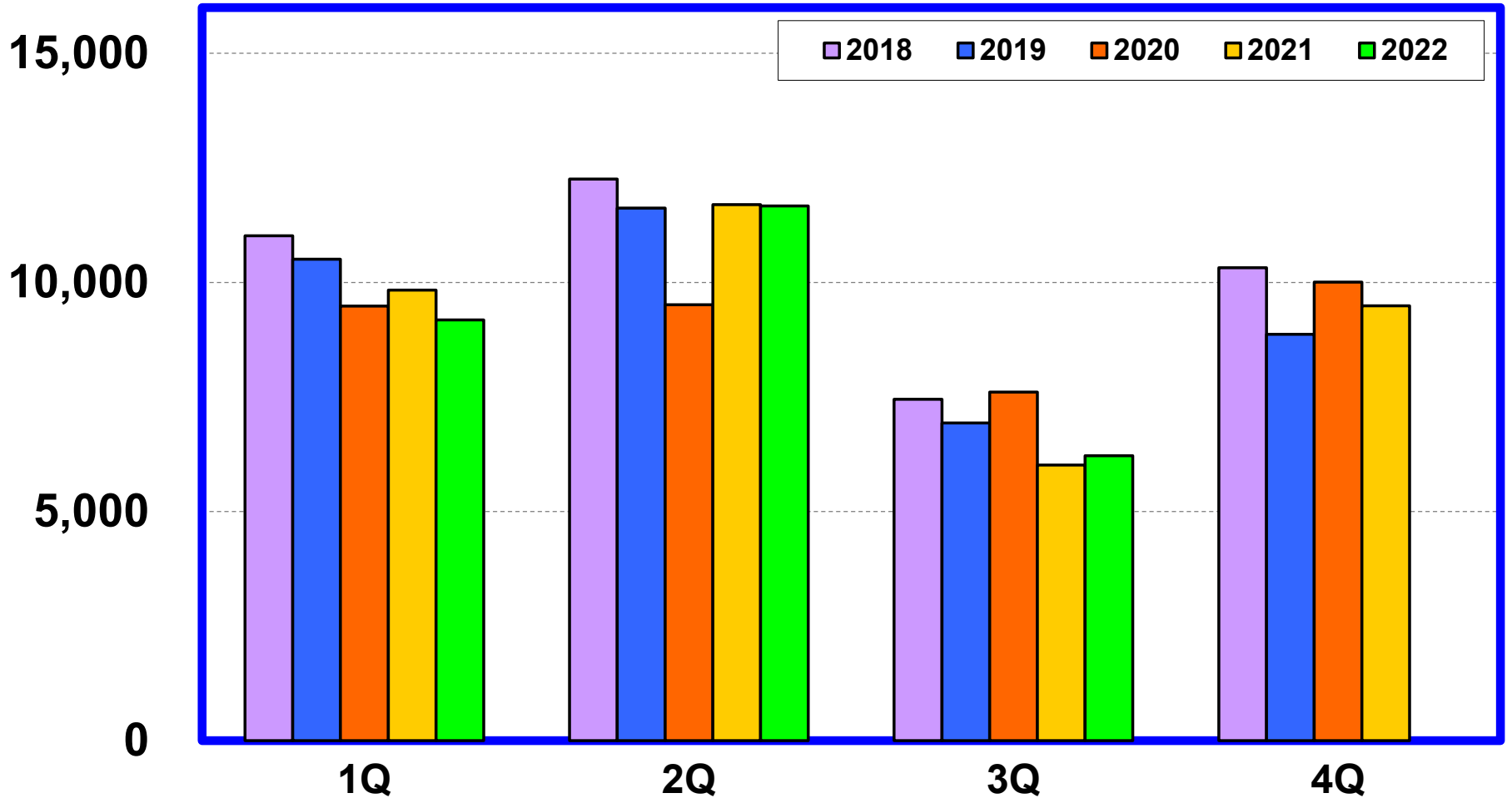
# Annual sales transition of "tanomail"

(Millions of yen)



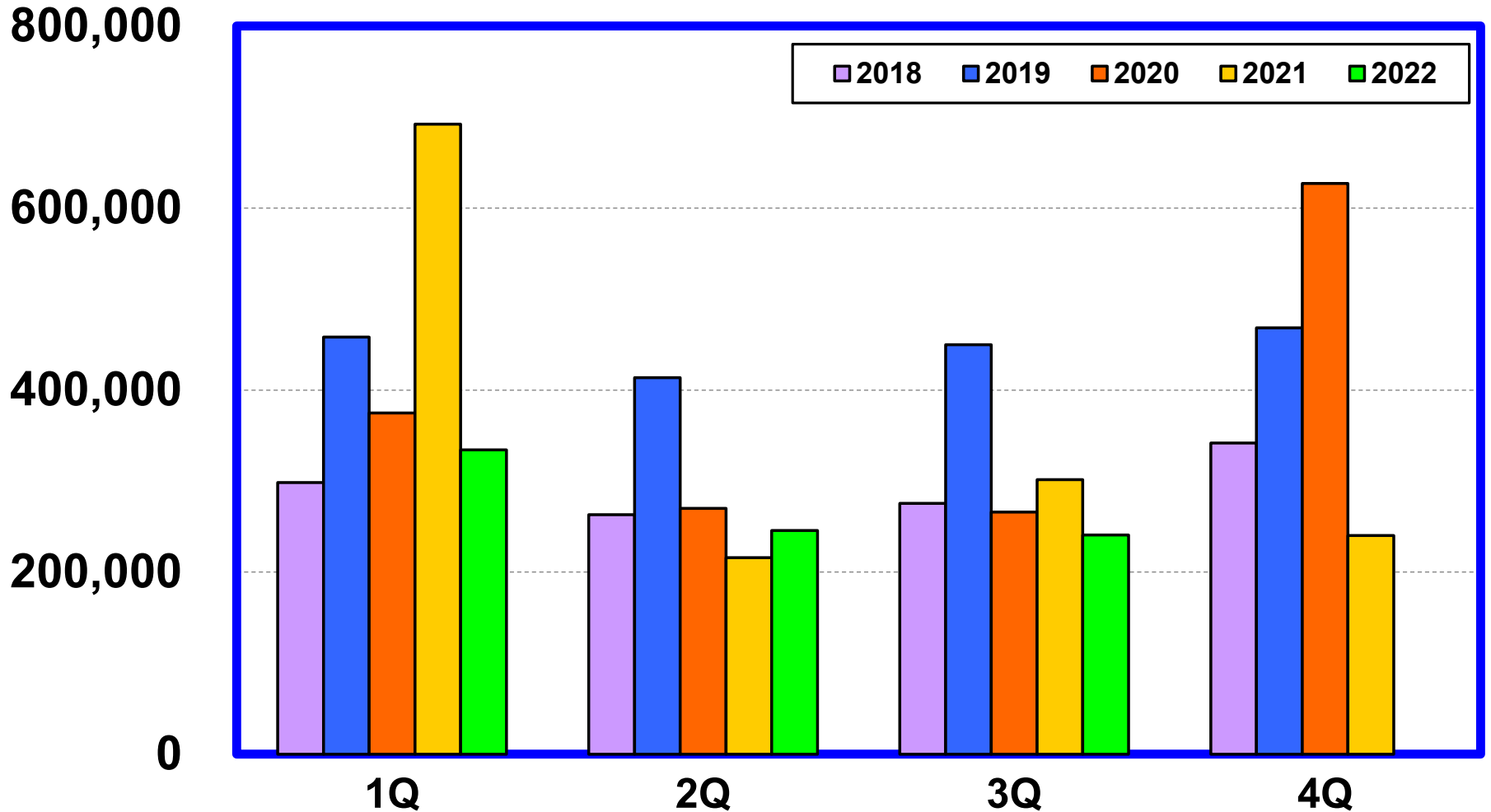
# Quarterly Number of Copiers Sold

(Units)



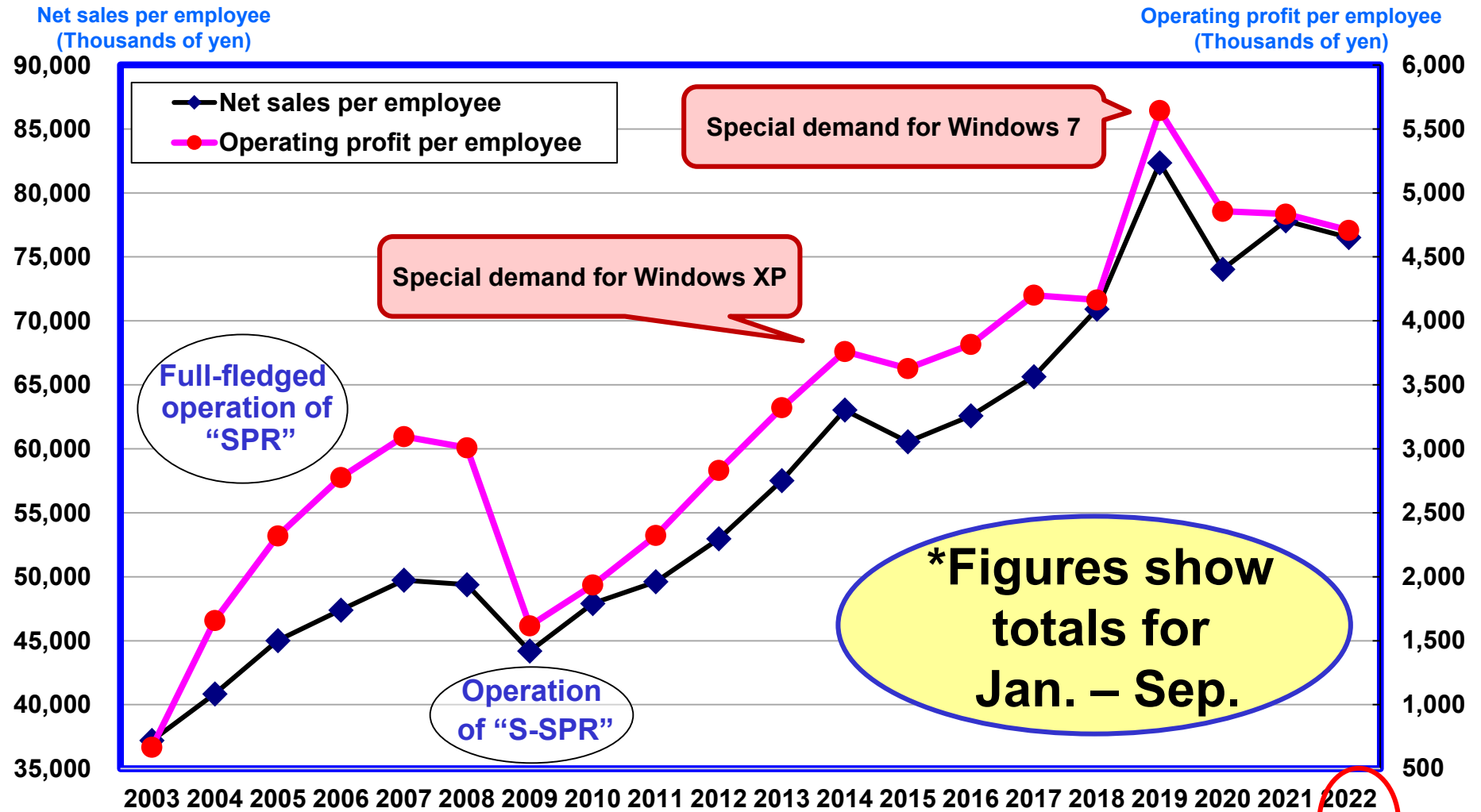
# Quarterly Number of PCs Sold

(Units)



Non-Consolidated

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



2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

Number of employees at the end of September

6,303 6,326 6,309 6,377 6,589 6,763 6,823 6,802 6,729 6,678 6,656 6,789 6,882 7,036 7,129 7,200 7,312 7,489 7,554 7,535

(19 person decrease from the end of the previous September)

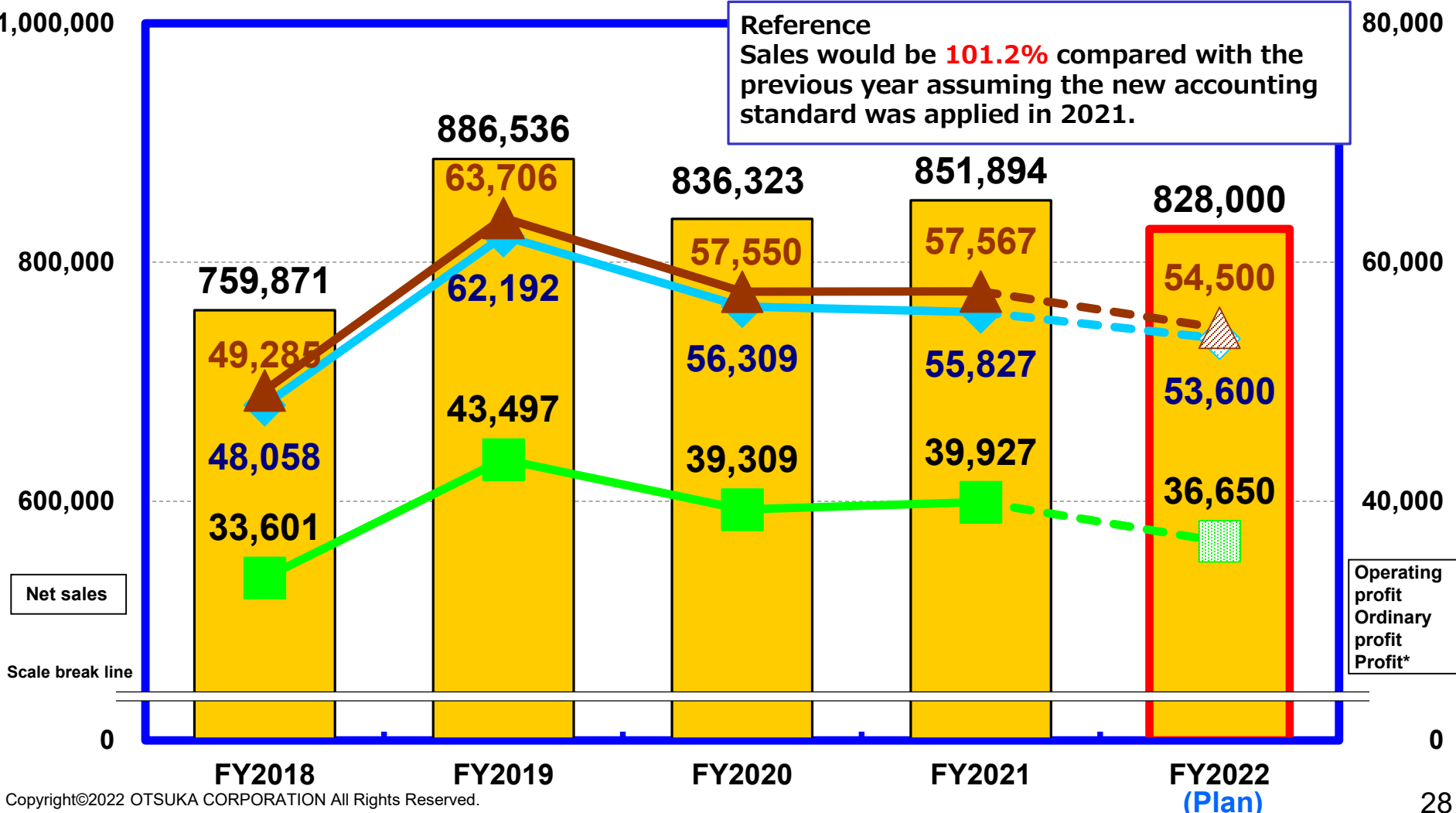
Consolidated

# Plans of Net sales and profit

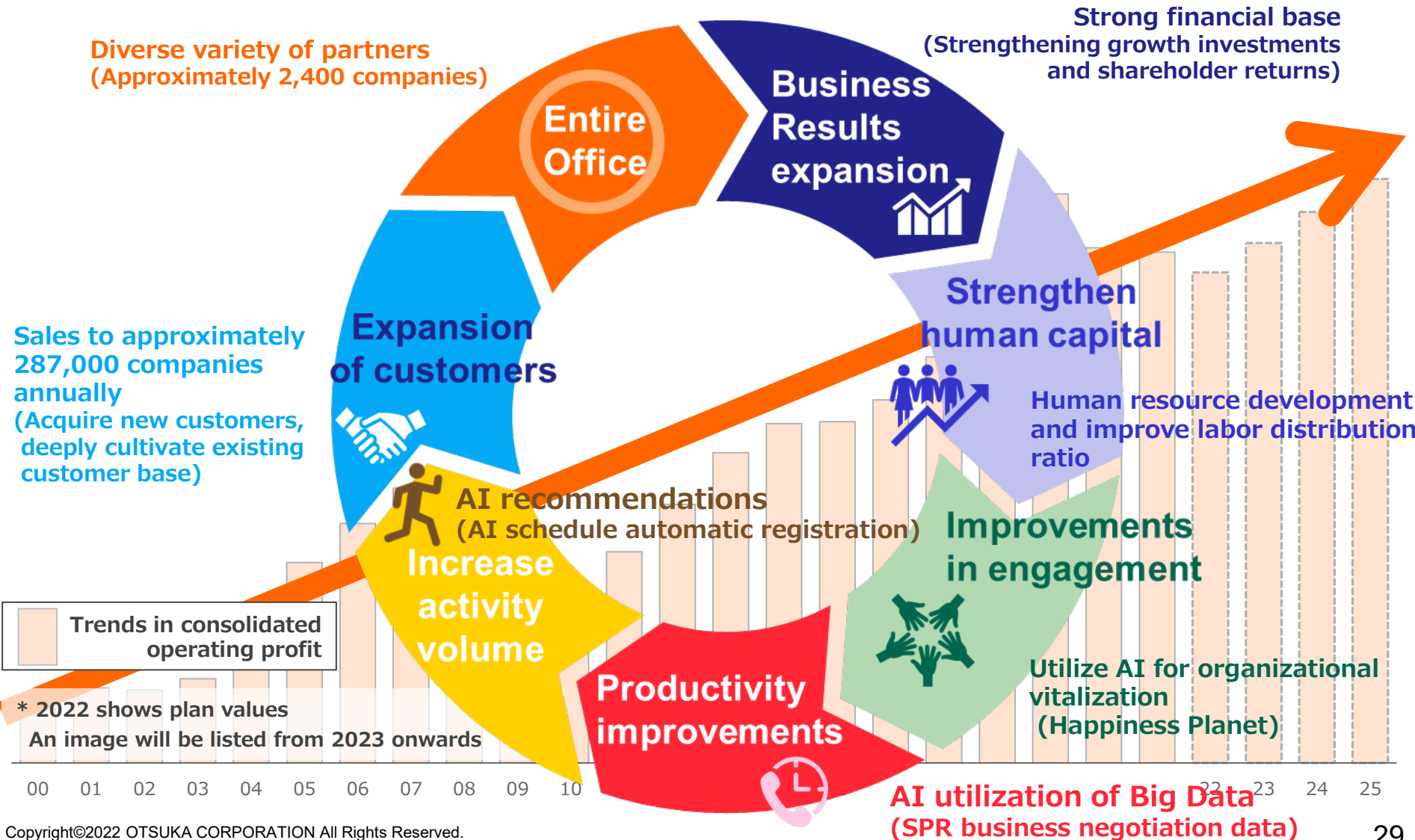
(Millions of yen)

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.



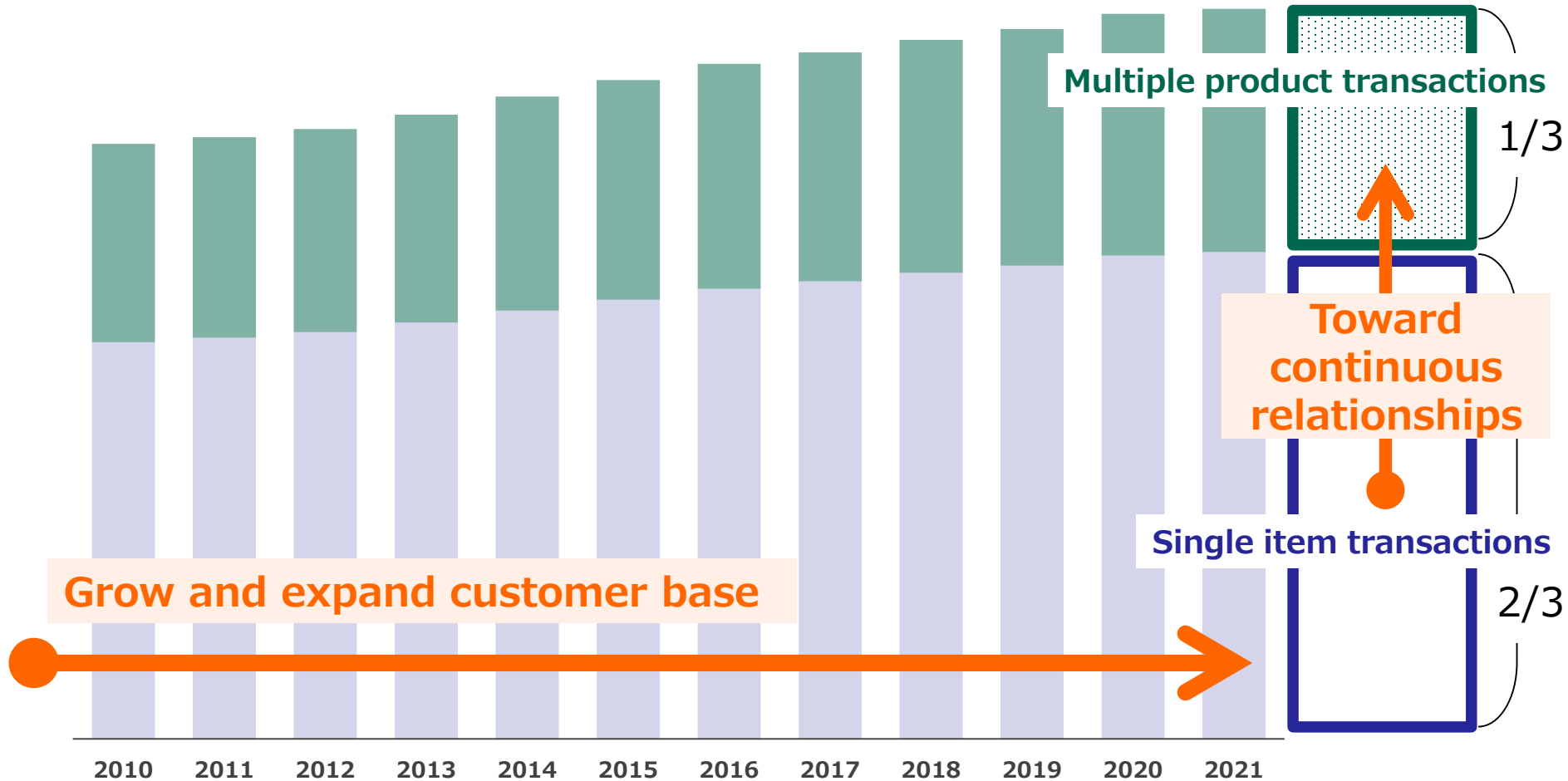
# OTSUKA Corporation Growth Strategy



# Number of Corporate Customers and Sales Structure

【Trends in the number of corporate customers and the sales structure】

287,000  
corporate customers in 2021



Grow and expand customer base

Multiple product transactions

1/3

Toward  
continuous  
relationships

Single item transactions

2/3

# Regarding Cease and Desist Order and Surcharge Payment Order from the Fair Trade Commission

- On October 13, 2020, OTSUKA Corporation underwent an on-site inspection by the Fair Trade Commission on suspicion of violating the Anti-Monopoly Act regarding bidding for school computer equipment ordered by Hiroshima Prefecture and Hiroshima City. On October 7, 2022 (dated October 6), OTSUKA Corporation received a cease and desist order and a surcharge payment order from the Fair Trade Commission.
- OTSUKA applied to the Fair Trade Commission for a reduction of or exemption from the surcharge. Regarding violations concerning Hiroshima City, OTSUKA Corporation was granted a 50% reduction in the surcharge, which amounted 3.4 million yen (paid on October 31st). There was no surcharge payment order concerning Hiroshima Prefecture.
- OTSUKA Corporation will thoroughly comply with the Anti-Monopoly Act and proactively carry out order-receiving activities.
- For details, please refer to the financial results for the third quarter of the fiscal year ending December 31, 2022 disclosed today.



**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 the 3rd quarter of fiscal year 2022 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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