



# **Business Results**

**for the fiscal year ended December 31, 2022**

**February 1, 2023**

**OTSUKA CORPORATION**

**Yuji Otsuka, President**

# 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 36.5 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 33.6 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 – December, 2022

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	861,022	104.0%	+1.1%	767,649	103.6%	+0.1%

(Reference rate of change\*1)

( +5.2% )

( +4.7% )

Operating profit	54,768	102.2%	-1.9%	48,299	103.2%	-0.7%
Ordinary profit	56,639	103.9%	-1.6%	50,692	103.9%	-0.6%
Profit*2	40,022	109.2%	+0.2%	36,631	108.5%	+1.5%

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

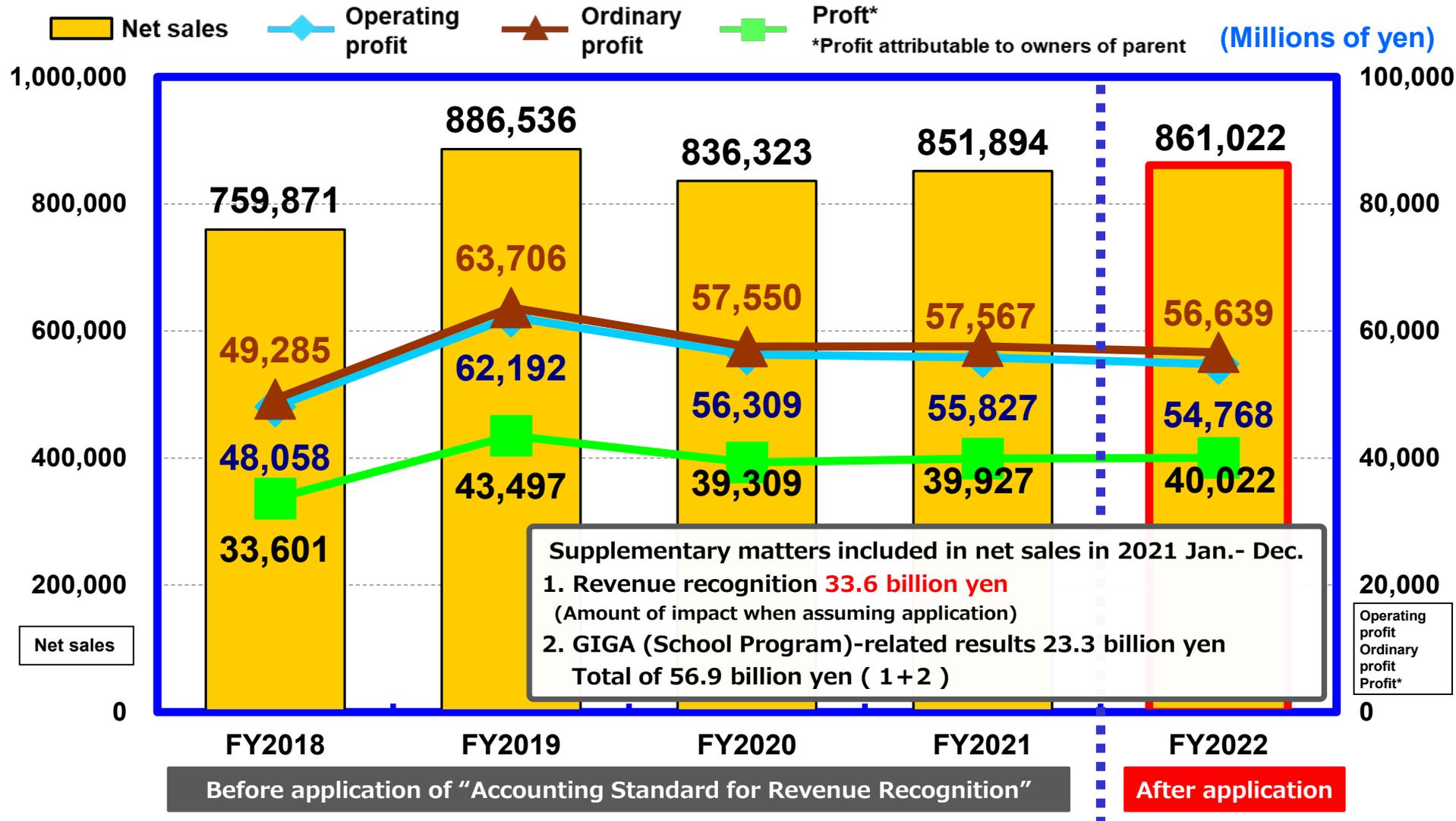
\*2: Profit attributable to owners of parent

# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2022 Net sales (Millions of yen)
I S	OSK Co., LTD.	Development and sale of packaged software, IT consulting, and Consigned software development	438	9,532
	Net World Corporation	Sales and technology support for network-related equipment	479	114,881
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	289	5,243
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	478	8,647

Consolidated

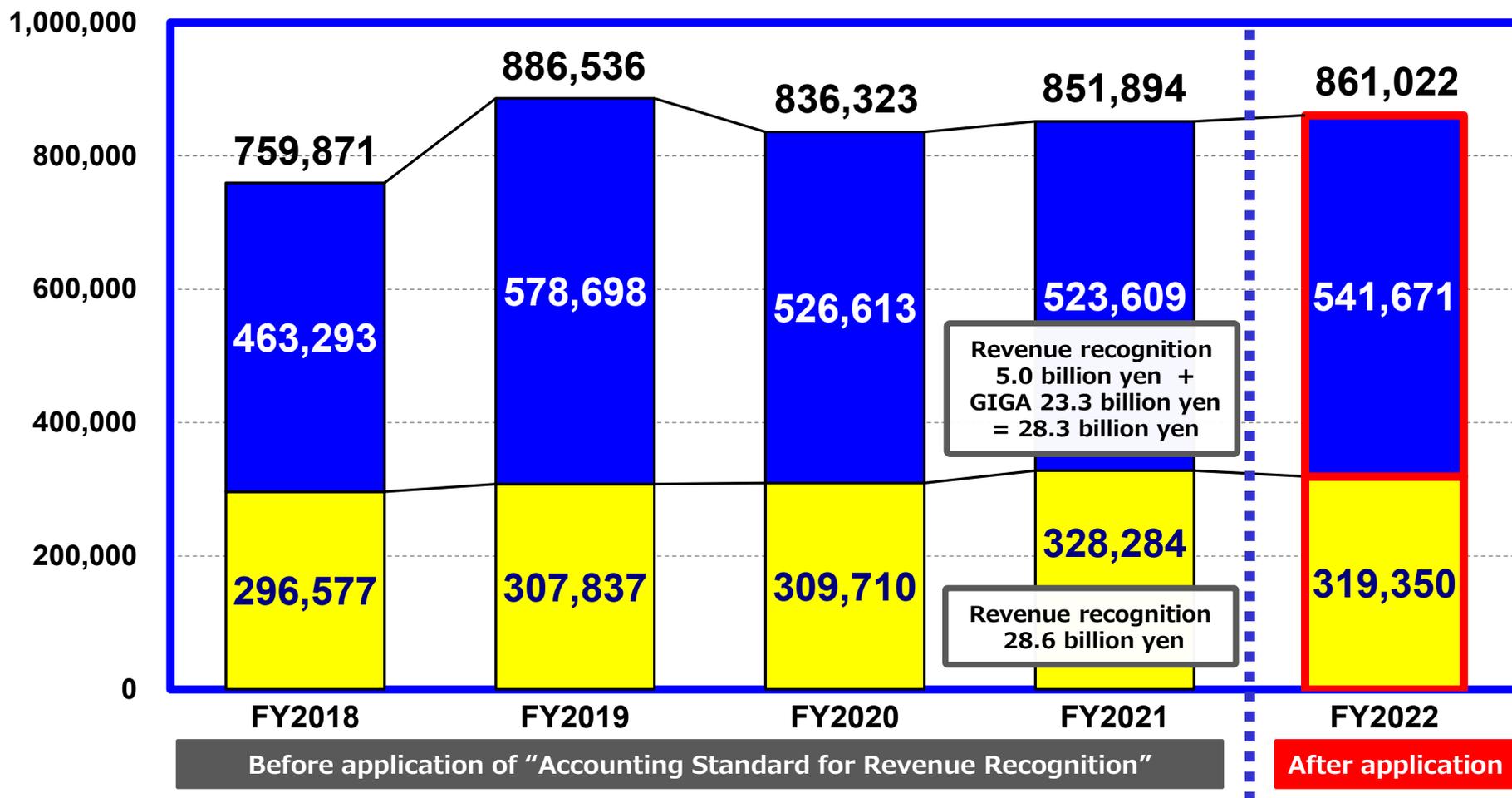
# Net sales and Profits



# Net sales by segments

■ SI business ■ S&S business

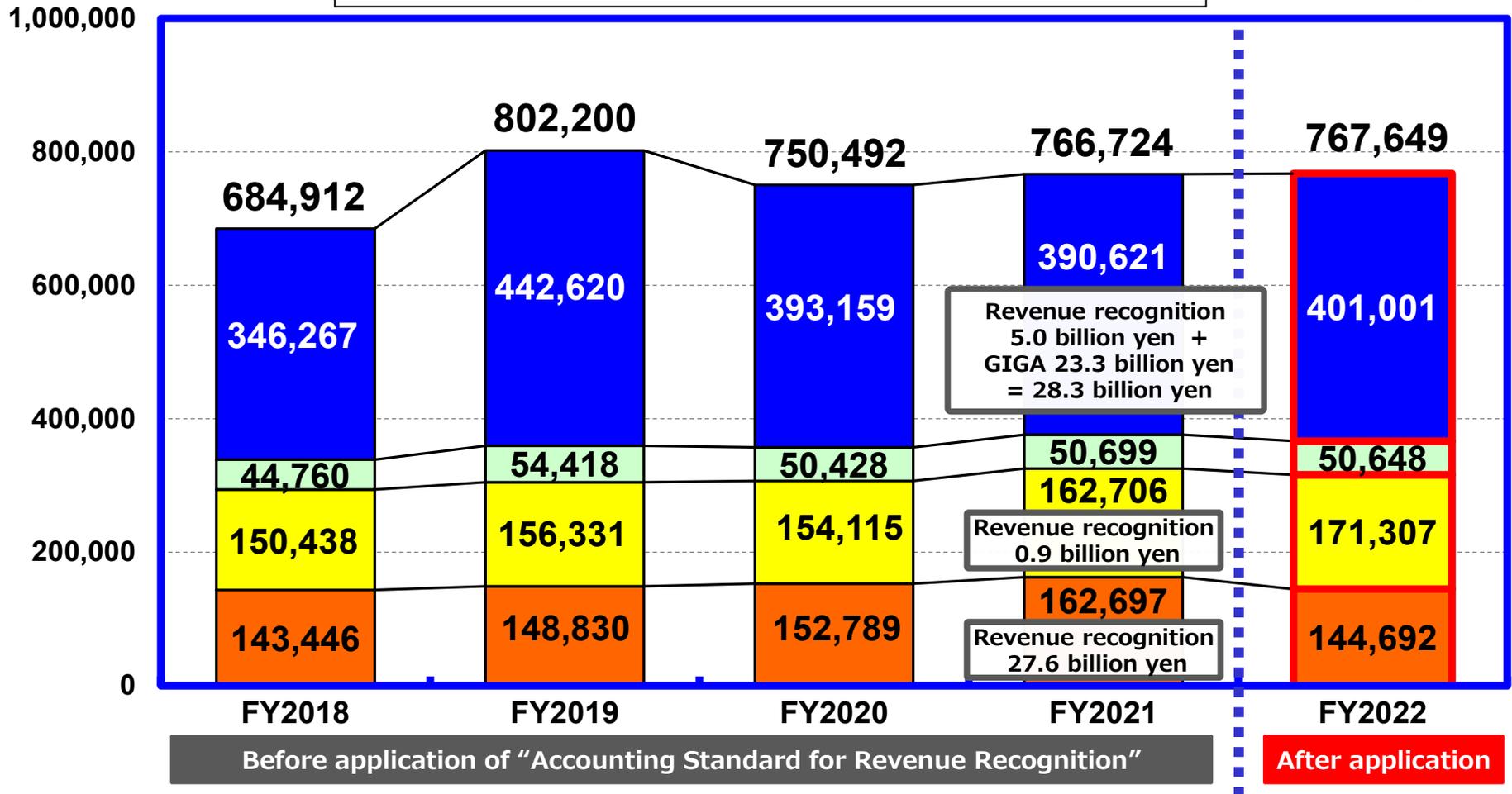
(Millions of yen)



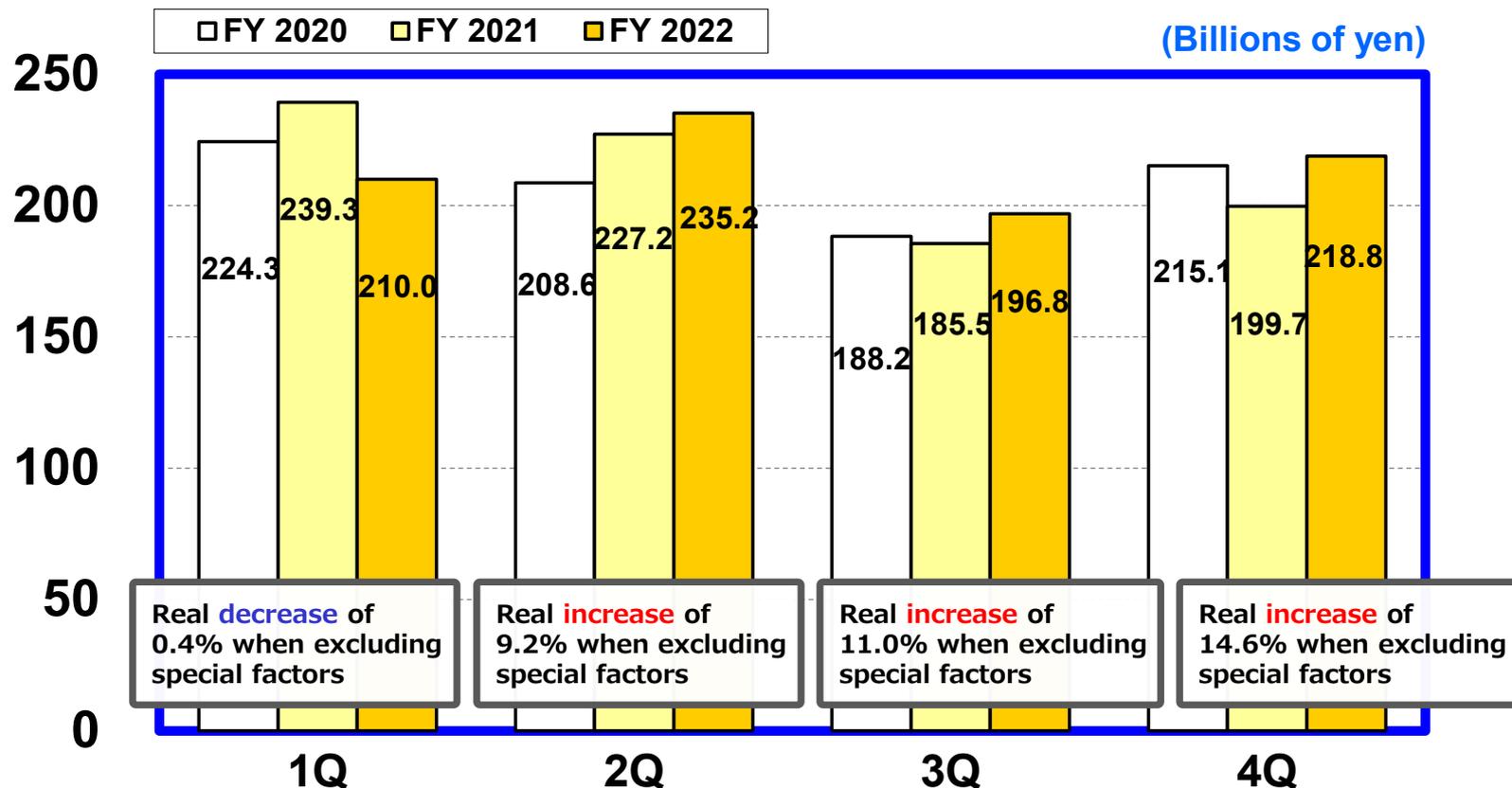
# Net sales by 4 segments



(Millions of yen)



# Quarterly change of Net sales

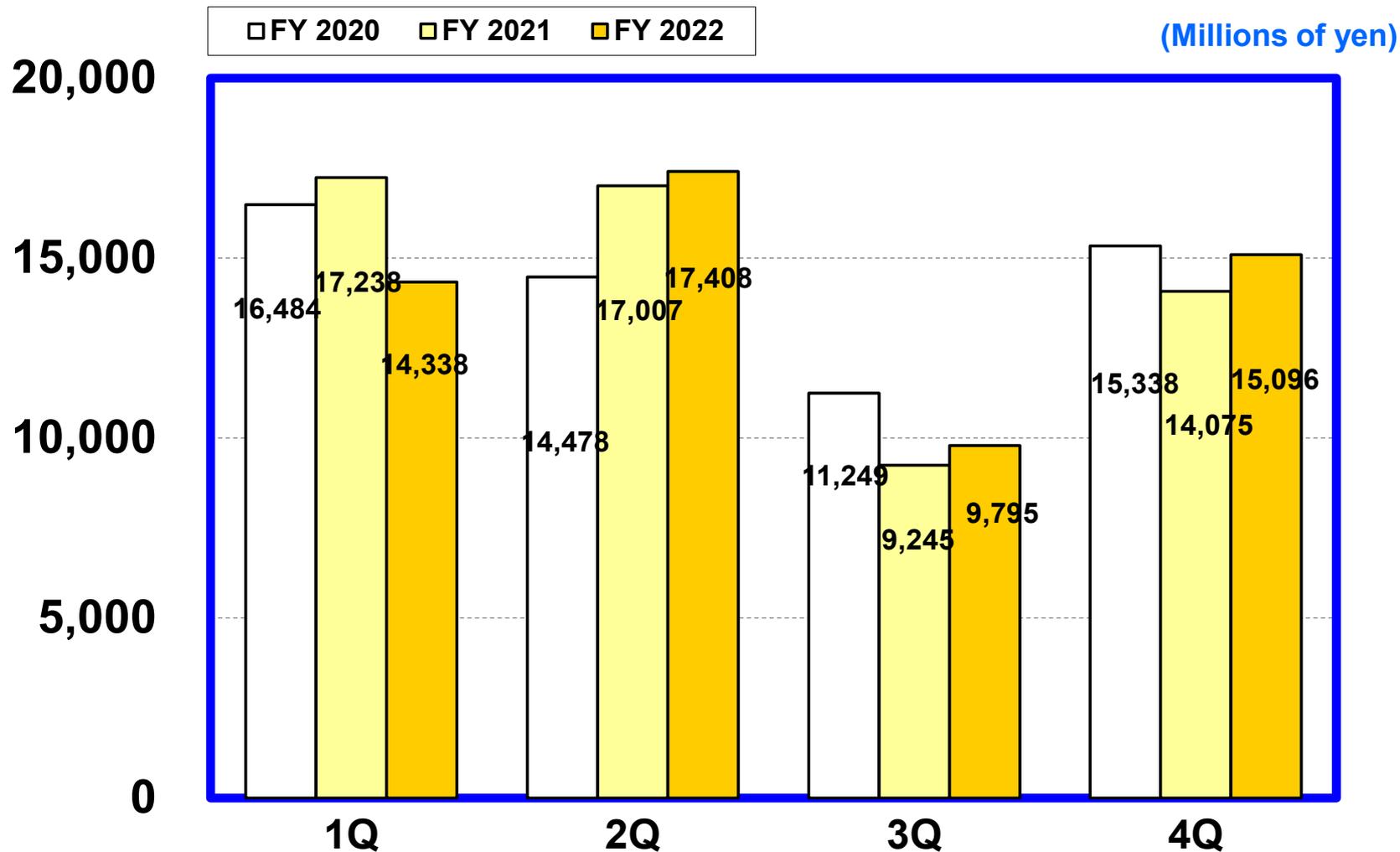


## Special factors included in 2021 sales

Revenue recognition	8.1billion yen	8.6billion yen	8.0billion yen	8.7billion 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>	<b>8.7billion yen</b>

# Quarterly change of Ordinary profit

Consolidated



# Summary of Business Results, October – December, 2022

(Millions of yen)

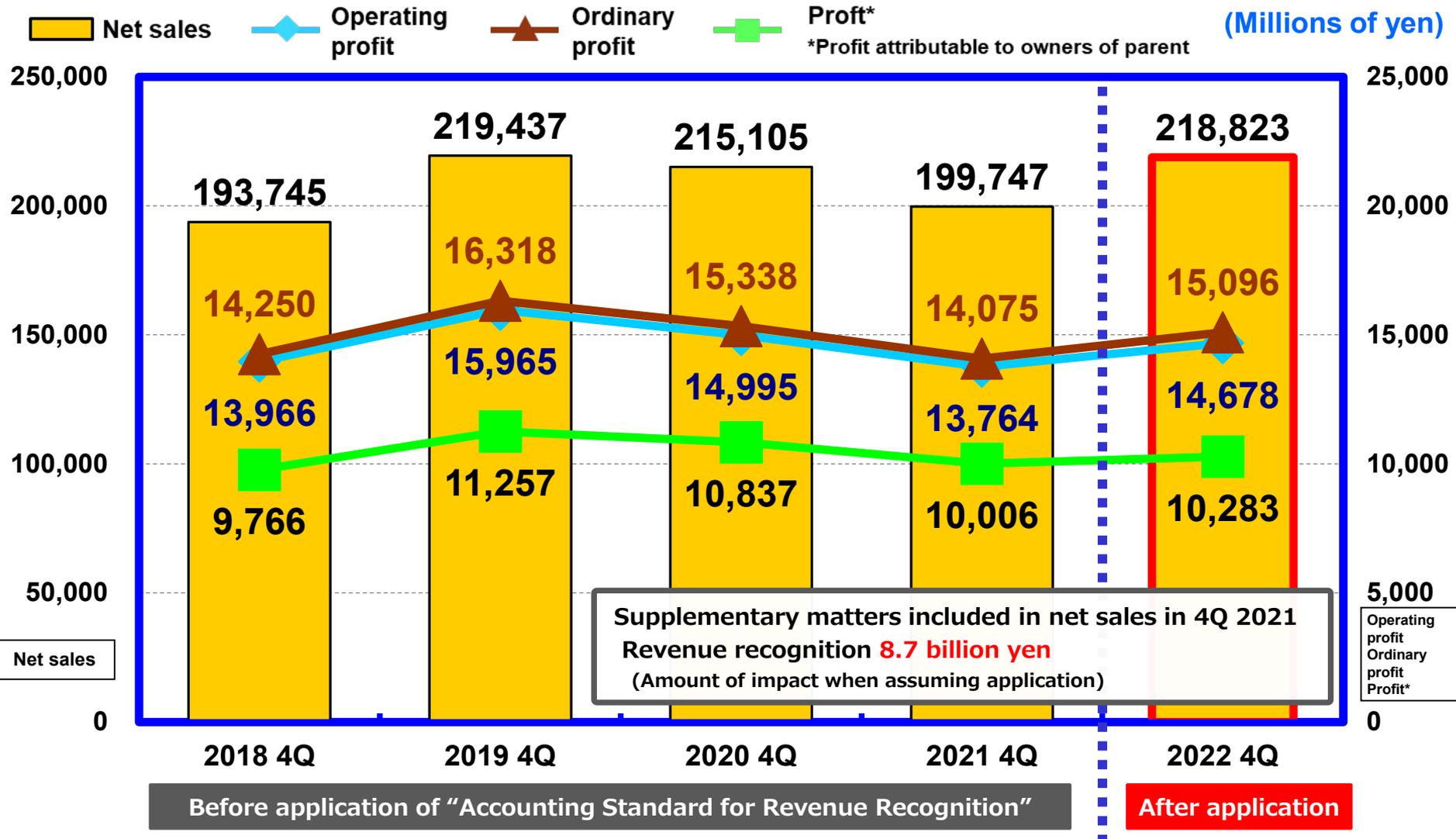
	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
<b>Net sales</b>	<b>218,823</b>	<b>+9.6%</b>	<b>191,118</b>	<b>+6.9%</b>
	<b>(Reference rate of change*1)</b>	<b>( +14.6% )</b>		<b>( +12.4% )</b>
<b>Operating profit</b>	<b>14,678</b>	<b>+6.6%</b>	<b>12,823</b>	<b>+5.7%</b>
<b>Ordinary profit</b>	<b>15,096</b>	<b>+7.3%</b>	<b>13,071</b>	<b>+5.3%</b>
<b>Profit*2</b>	<b>10,283</b>	<b>+2.8%</b>	<b>8,997</b>	<b>+0.9%</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

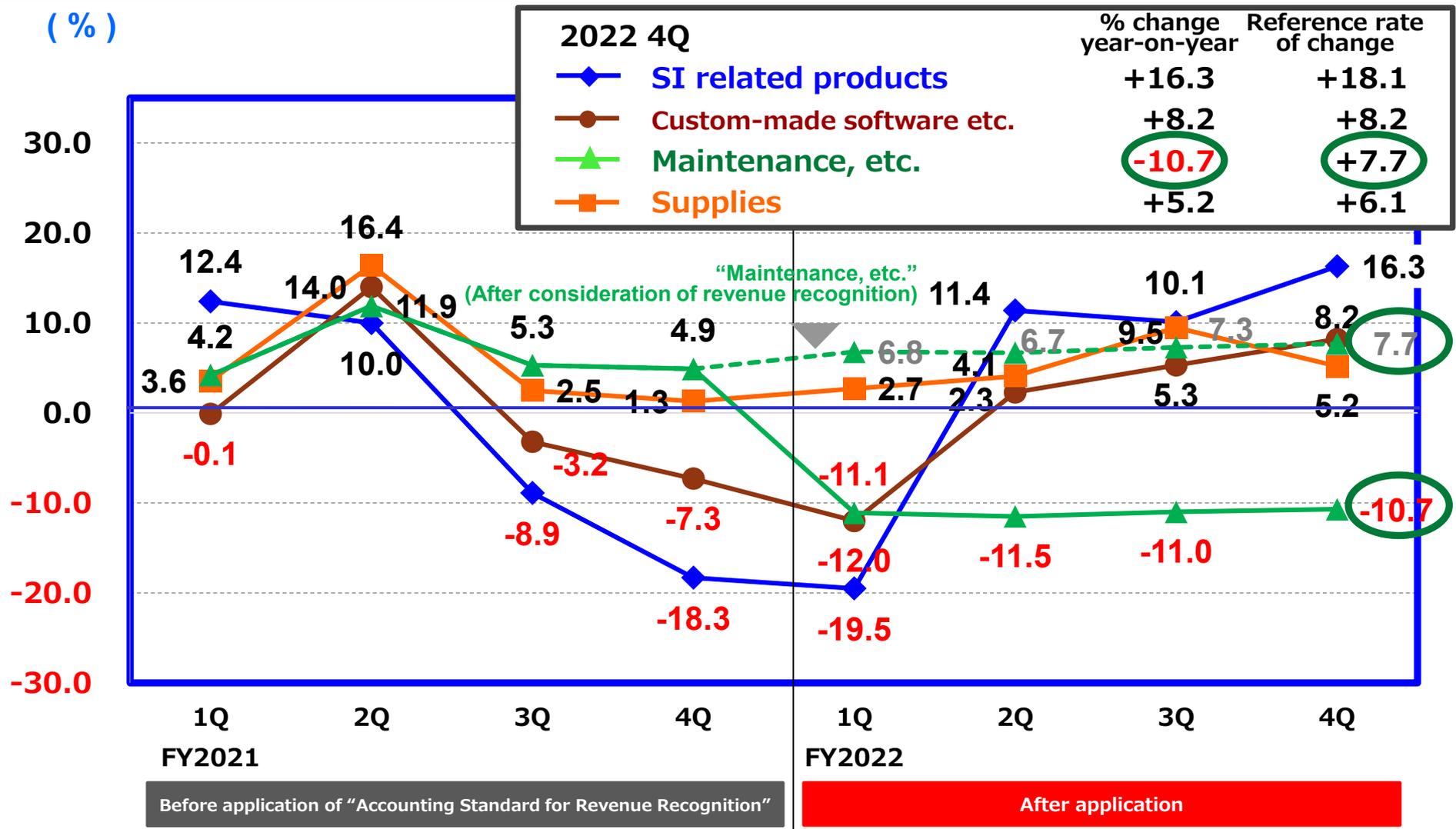
# Net sales and Profits, October – December

Consolidated



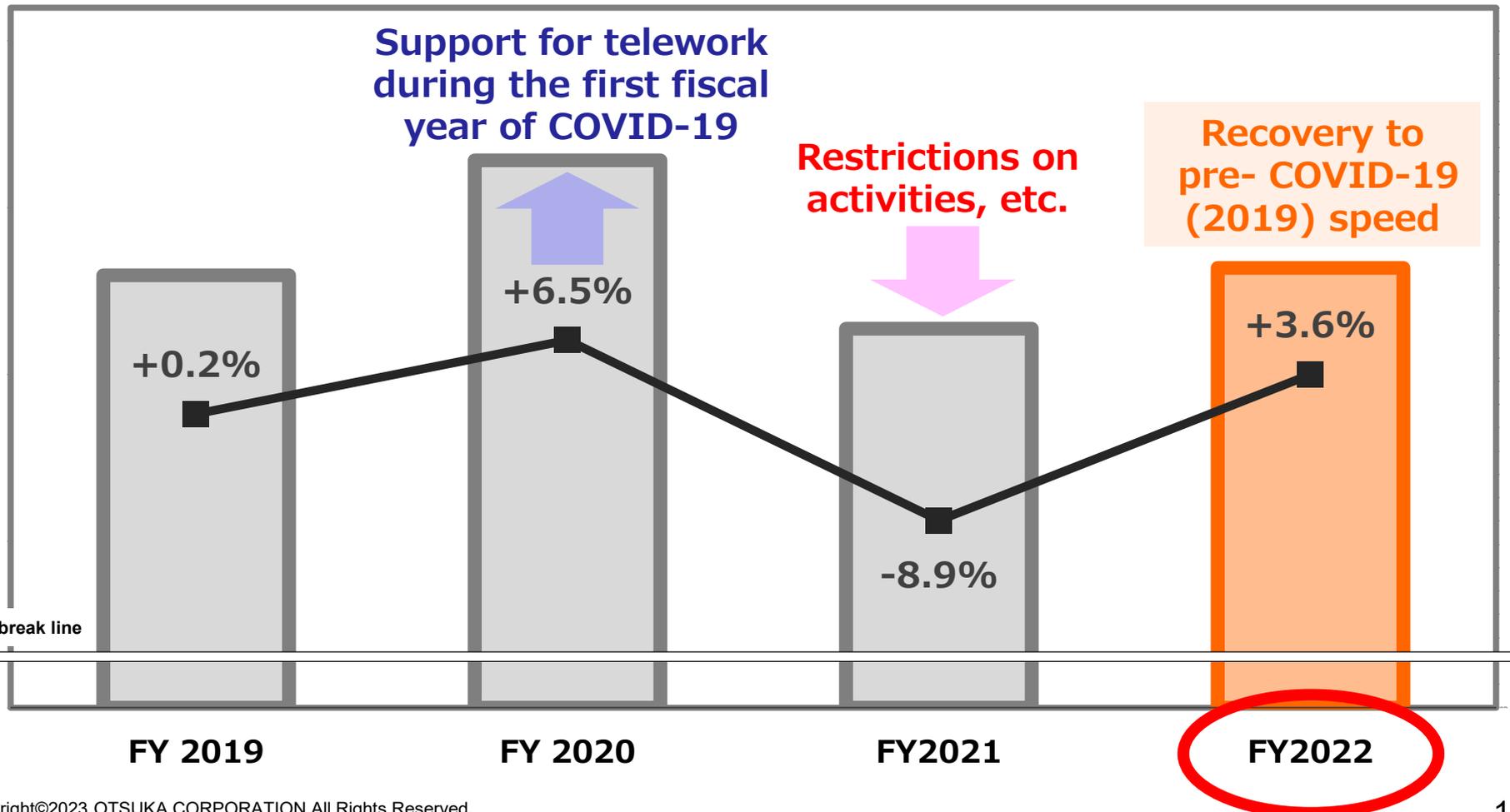
Non-Consolidated

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



# Number of New Corporate Customers

## 【Number of New Corporate Customers】

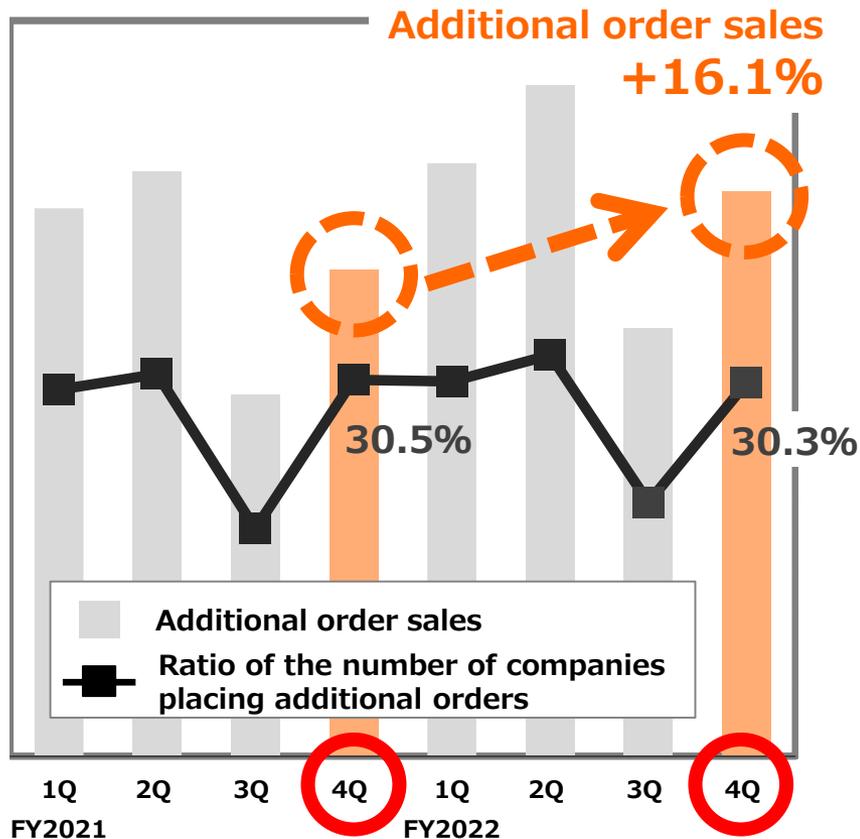


# Status of Orders

## 【State of Additional Orders】

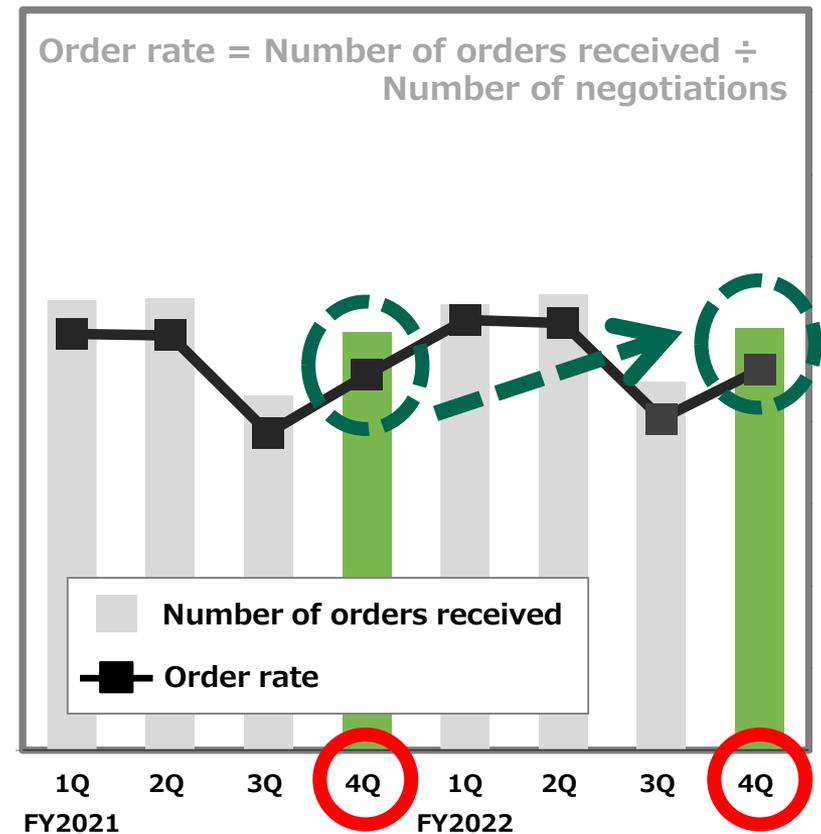
Value of orders received and number of corporate customers in the current quarter as a percentage of customers who conducted transactions with Otsuka in the previous quarter

\* Calculated excluding ongoing transactions such as supply and maintenance



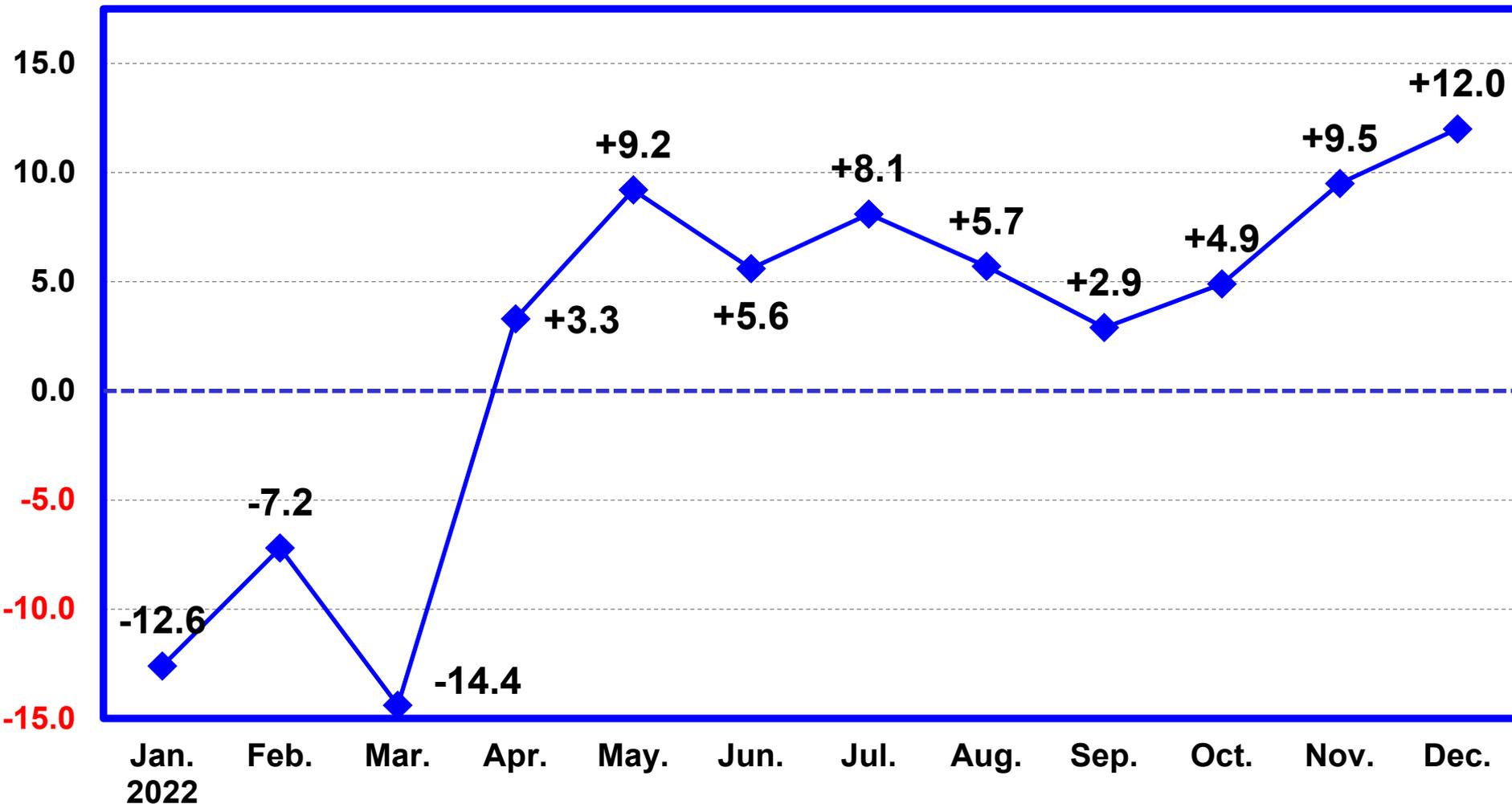
## 【Overall number of orders and order rate】

Number of orders received and the order rate both increased from the previous year



# Rate of change in sales per account

(%)



# OTSUKA CORPORATION for the Entire Office

Office equipment

FAX



COPIER



LINE



GATEWAY

internet  
(ASP / Web Services)

Supplies



MRO

Electric power



LED

BEMS

VC



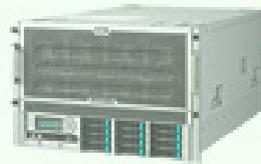
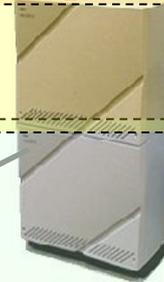
Communication lines and  
Internet related products



KT

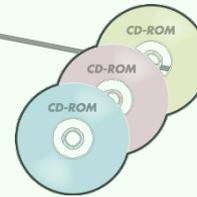
Voice communication  
system

PBX



SERVER

Computer system



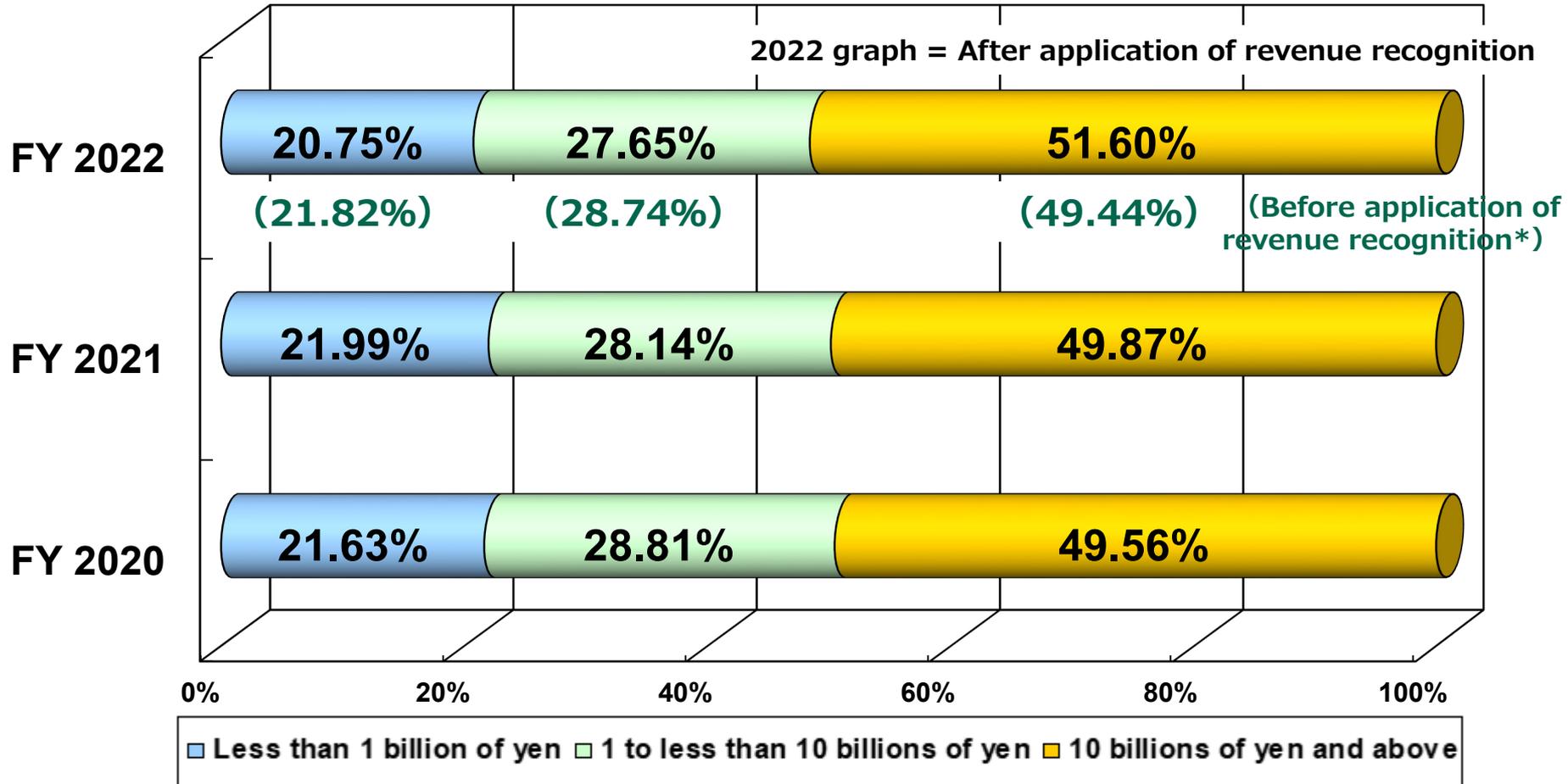
SOFTWARE



PC

TABLET

# Net sales structure on customers' total annual business scale



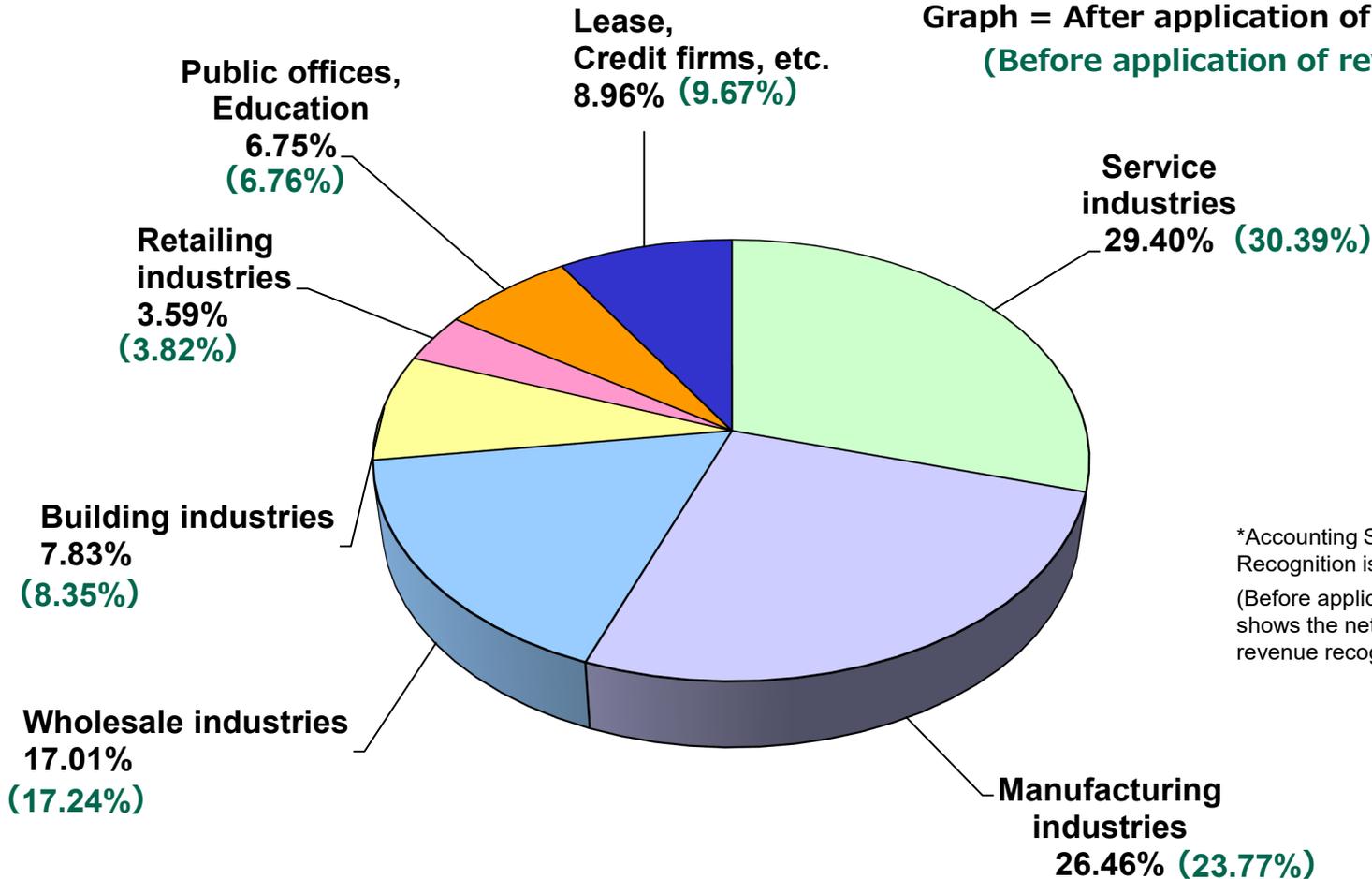
\*Accounting Standard for Revenue Recognition being applied from 2022.

(Before application of revenue recognition) listed for FY2022 shows the net sales structure assuming that revenue recognition was not applied in 2022.

# Sales breakdown by customers' type of industry

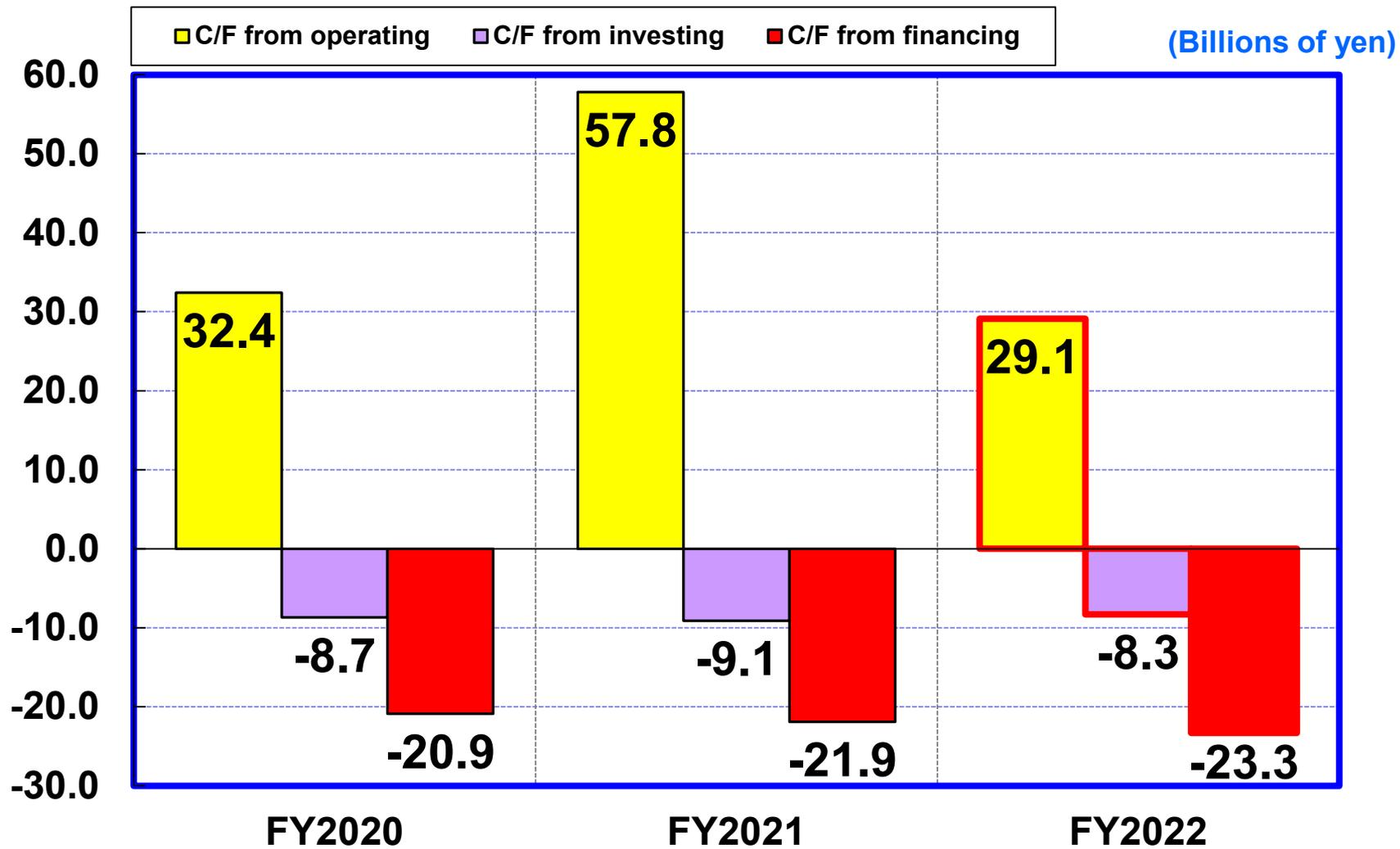
**FY 2022**

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.

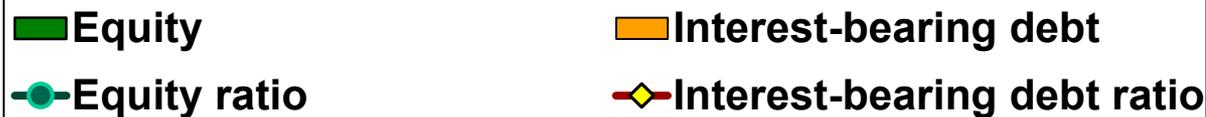
# Cash flows



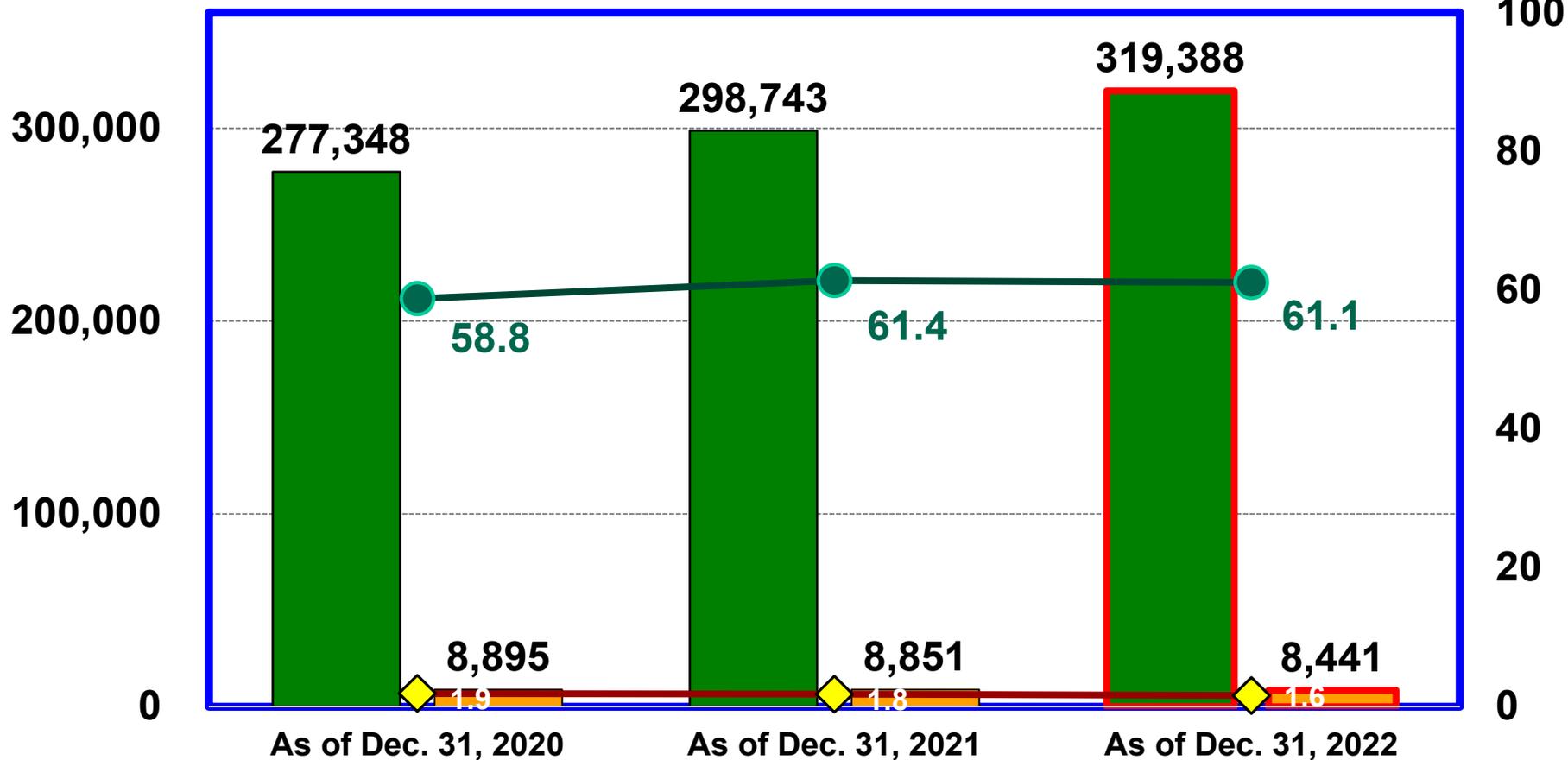
Consolidated

# Equity and Interest-bearing debt

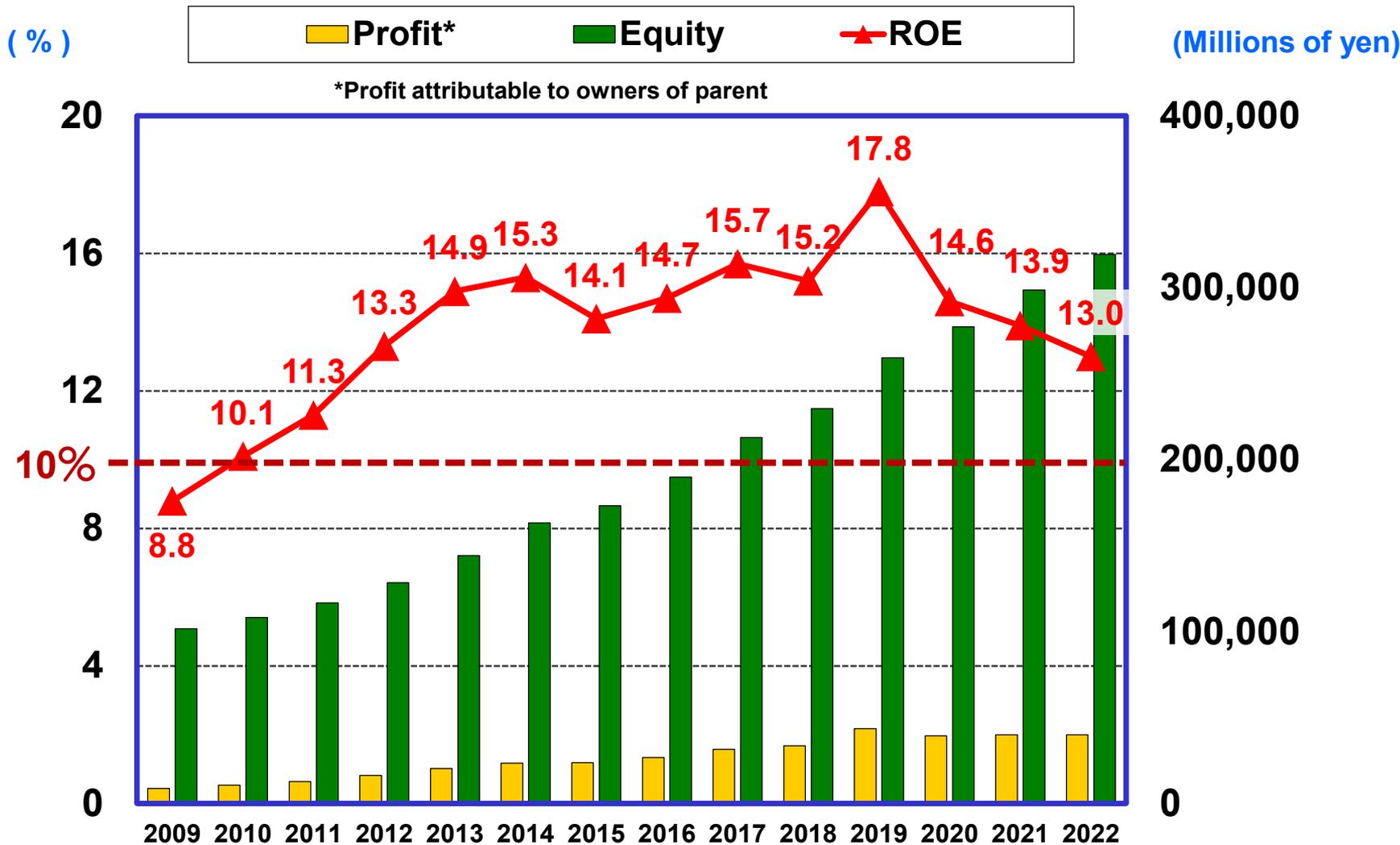
(Millions of yen)



(%)



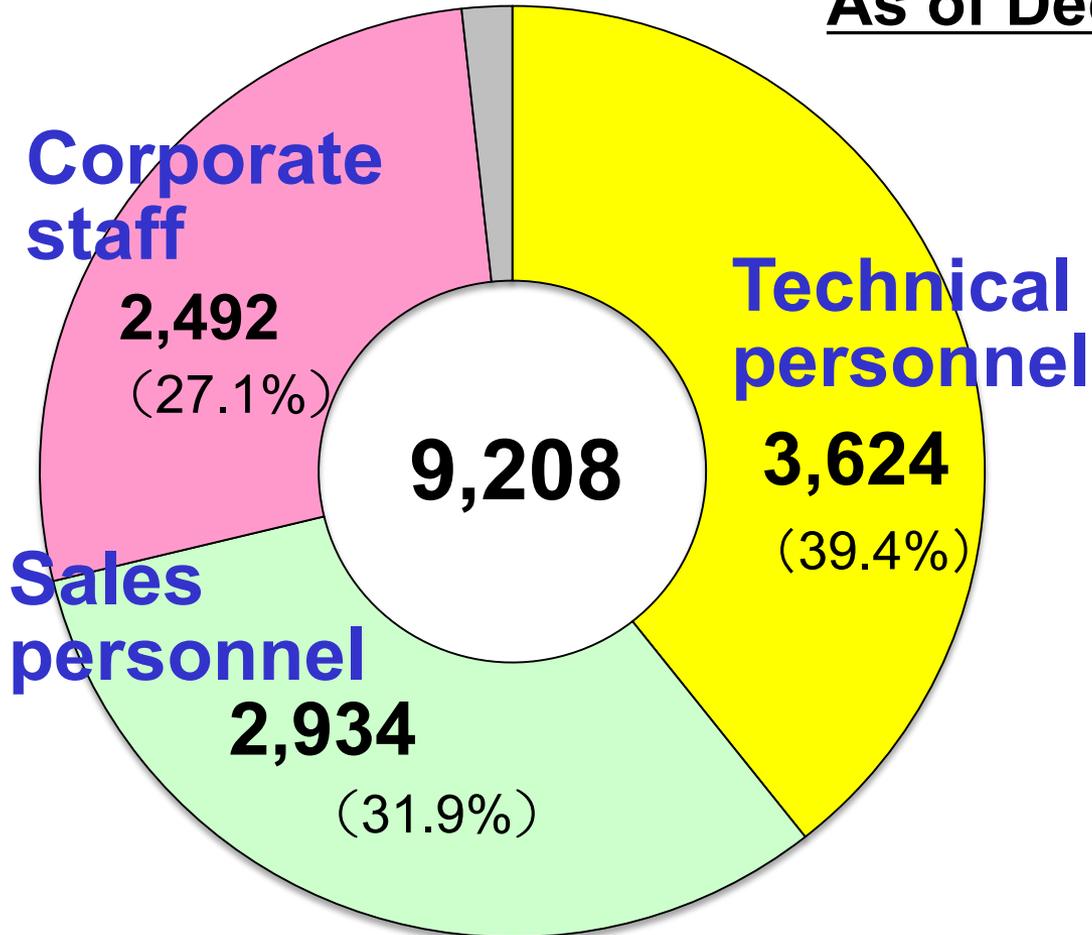
# ROE



# Personnel organization (regular employees)

**Others 158 (1.7%)**

**As of Dec. 31, 2022**



# Key strategic business

<Amount of Sales>

(Millions of yen)

	2020 Jan. – Dec.	2021 Jan. – Dec.		2022 Jan. – Dec.				2022 Oct. – Dec.			
	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
<b>“tanomail”</b>	163,448	173,528	+6.2%	183,172	+9,643	+5.6%	+6.2%	47,024	+2,832	+6.4%	+7.3%
<b>SMILE</b>	11,568	11,345	-1.9%	13,078	+1,733	+15.3%	+15.3%	3,792	+847	+28.8%	+28.8%
<b>ODS</b>	52,117	55,084	+5.7%	56,260	+1,175	+2.1%	+6.9%	15,028	+532	+3.7%	+8.9%
<b>OSM</b>	81,847	85,769	+4.8%	87,070	+1,300	+1.5%	+2.6%	20,641	+2,029	+10.9%	+13.1%

(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

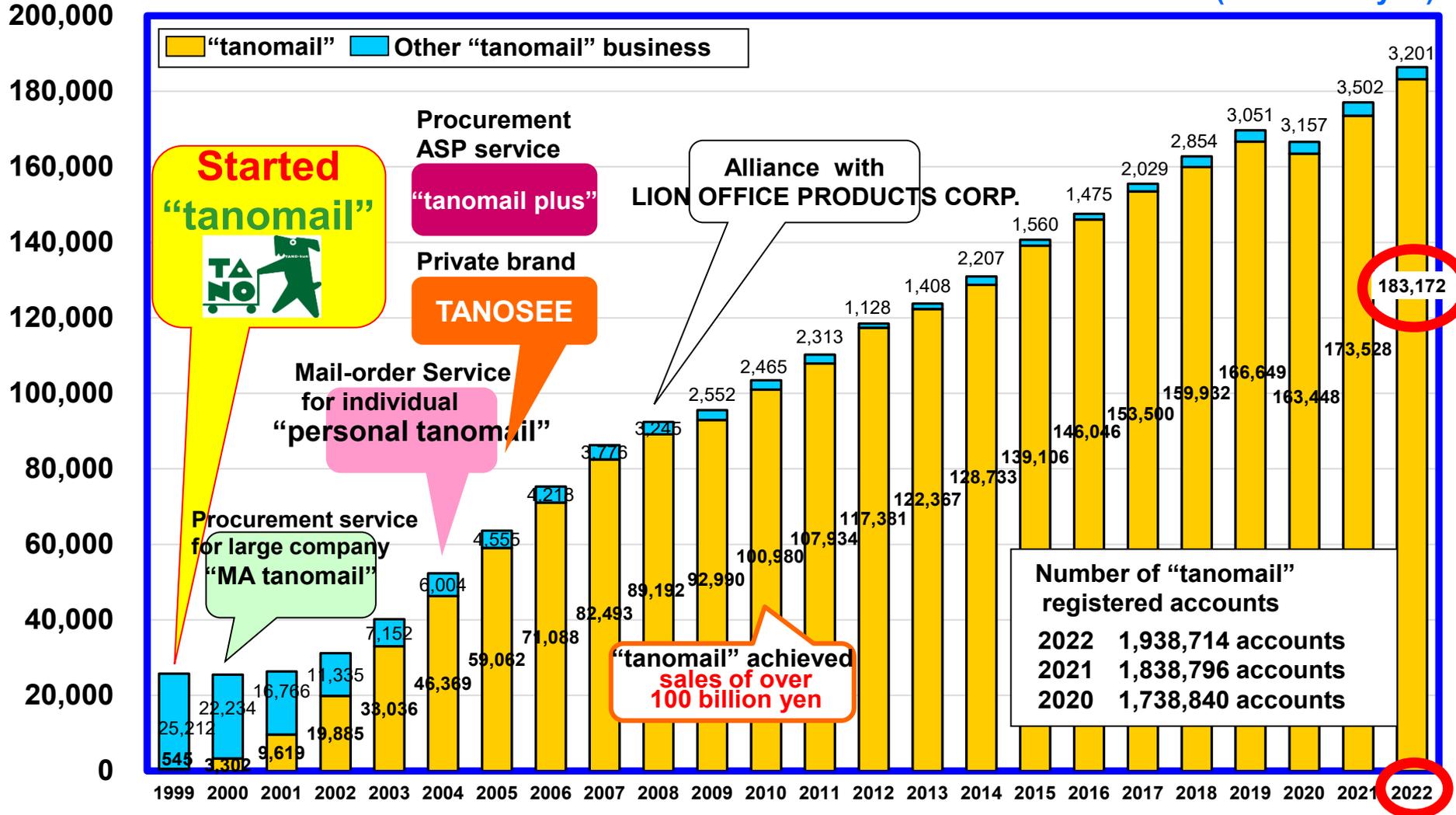
<As reference: Number of Sales>

(Units)

<b>Copier</b>	36,619	37,039	+1.1%	36,697	-342	-0.9%	—	9,623	+135	+1.4%	—
(of which Color copier)	35,690	36,249	+1.6%	36,035	-214	-0.6%	—	9,465	+157	+1.7%	—
<b>Server</b>	25,507	24,606	-3.5%	21,726	-2,880	-11.7%	—	6,446	+490	+8.2%	—
<b>PC</b>	1,537,963	1,449,698	-5.7%	1,068,321	-381,377	-26.3%	—	247,411	+7,212	+3.0%	—
<b>Client Total</b>	1,638,051	1,624,893	-0.8%	1,150,133	-474,760	-29.2%	—	258,288	-3,695	-1.4%	—

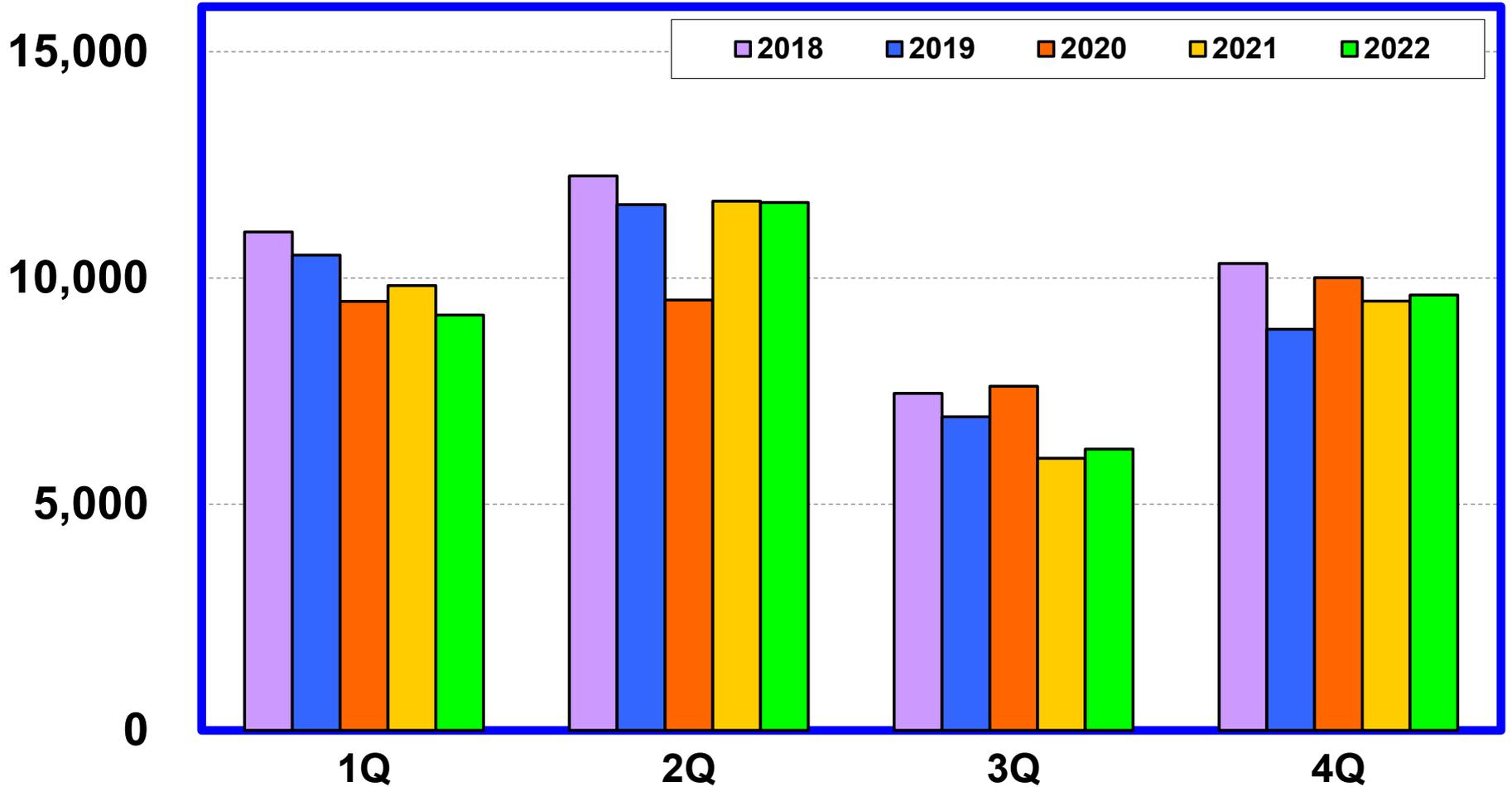
# Annual sales transition of "tanomail"

(Millions of yen)



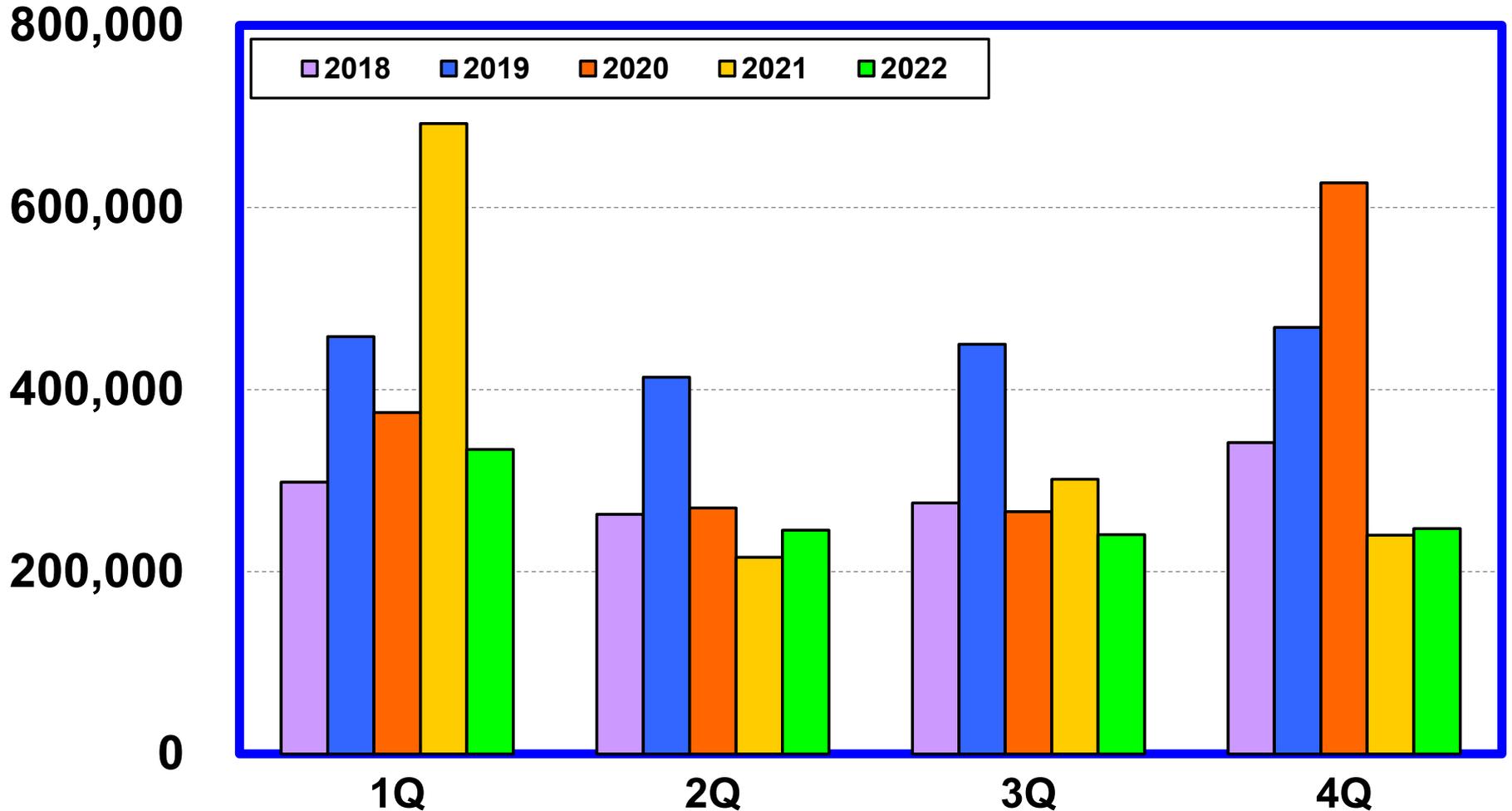
# Quarterly Number of Copiers Sold

(Units)

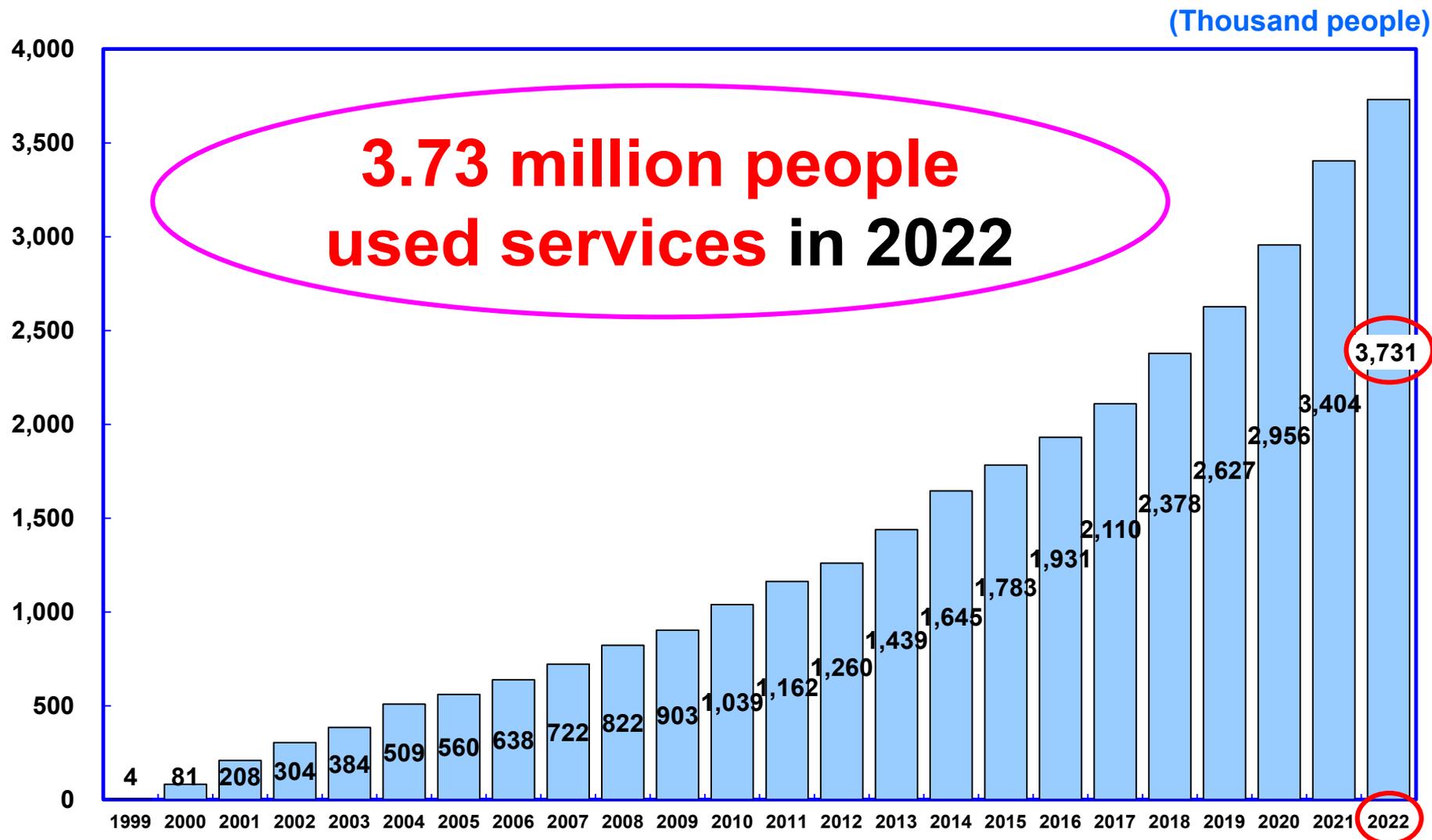


# Quarterly Number of PCs Sold

(Units)



# Number of Users of Main Web Services (ASP)

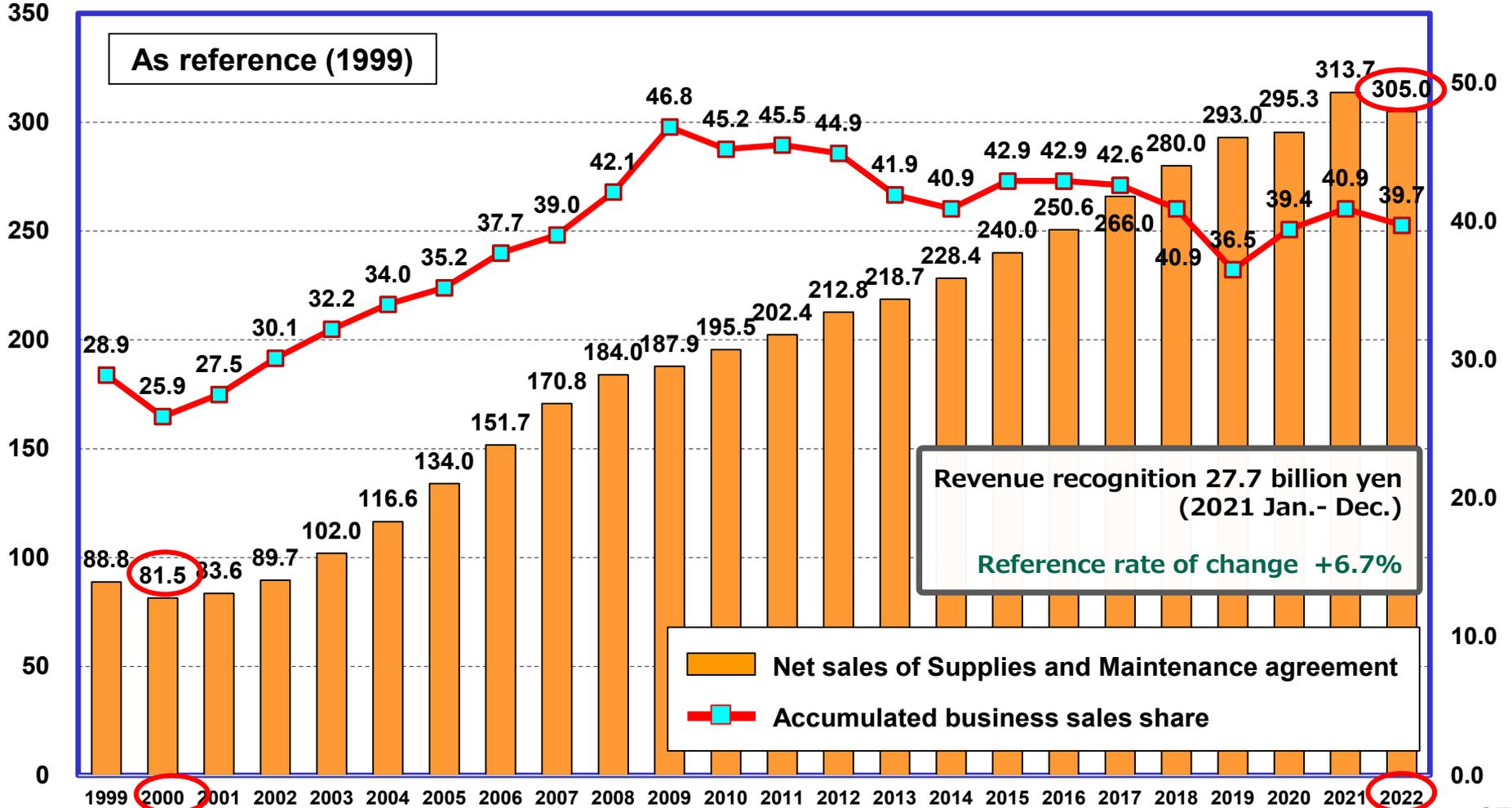


# Growth of accumulated business

## 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 Management Plan

## < Basic principle >

- Grow with customers by realizing the Mission Statement

## < Mid-term Management Plan >

- Maintain stable and sustainable 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 demand by utilizing information
- Raise per head productivity through efficient utilization of people, goods, money, and information

# Basic Policy for 2023

Slogan for the previous year (2022)

**Slogan**

“Get close to customers and grow together through DX and all products”



**“Get close to customers and grow together through total DX”**

## Priority initiatives

**Information**

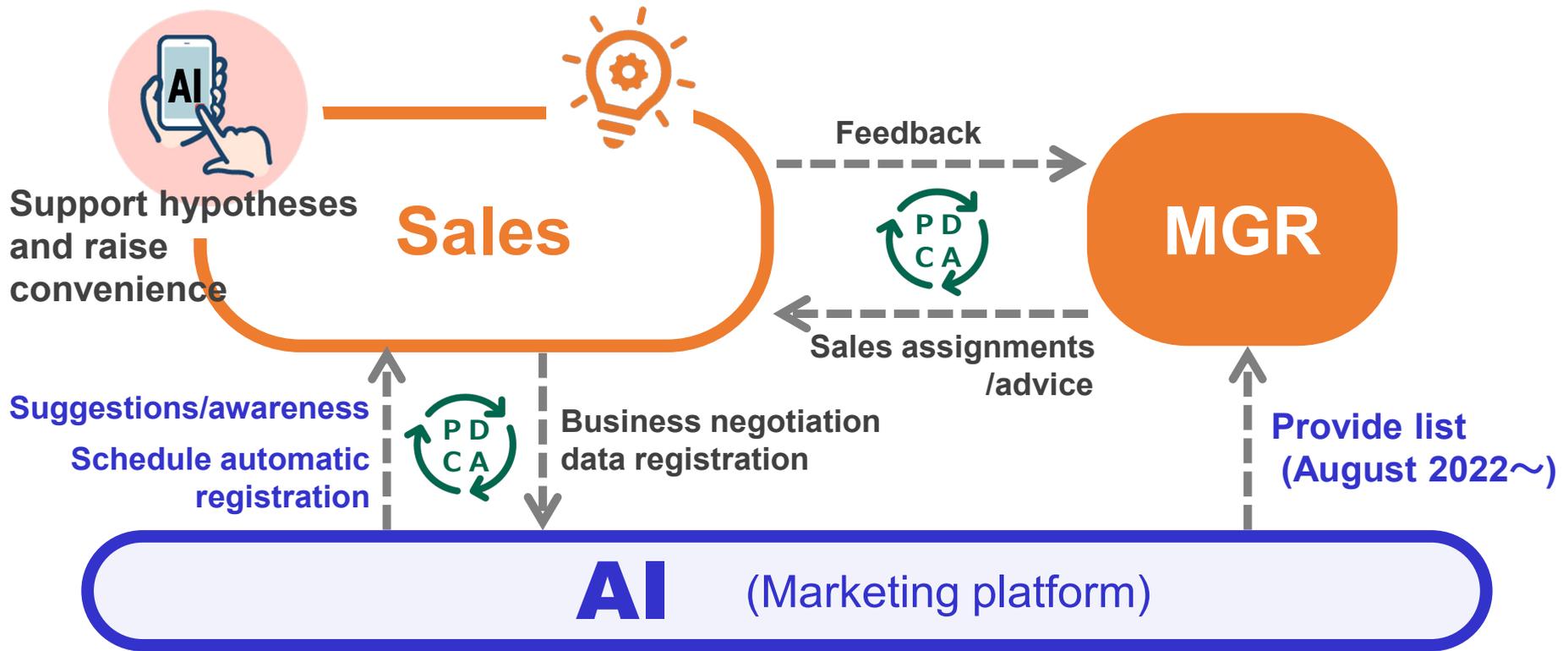
- Raise knowhow of AI utilization

**Human**

- Management reforms
- Improve labor share
- Human resources development

# Support Sales Activities through AI

## Provide “awareness” to sales and support “hypotheses”



# Employee growth

 **Employee growth** = **Company growth** = **Customer growth**

 **Improve knowledge, experience and motivation**

## Management reforms

- **Visualization of each and every employee's happiness level**
  - └ Significantly expand scope of use of "AI Happiness" (planned for 2023)
- **From "things" to "services". Conversion to problem-solving type**
  - Revise the evaluation system
  - Individuals: January 2022 ~ Team: July 2022 ~
- **Sales manager promotion system**
  - (planned for July 2023)

## Improve labor share

...Details on next page

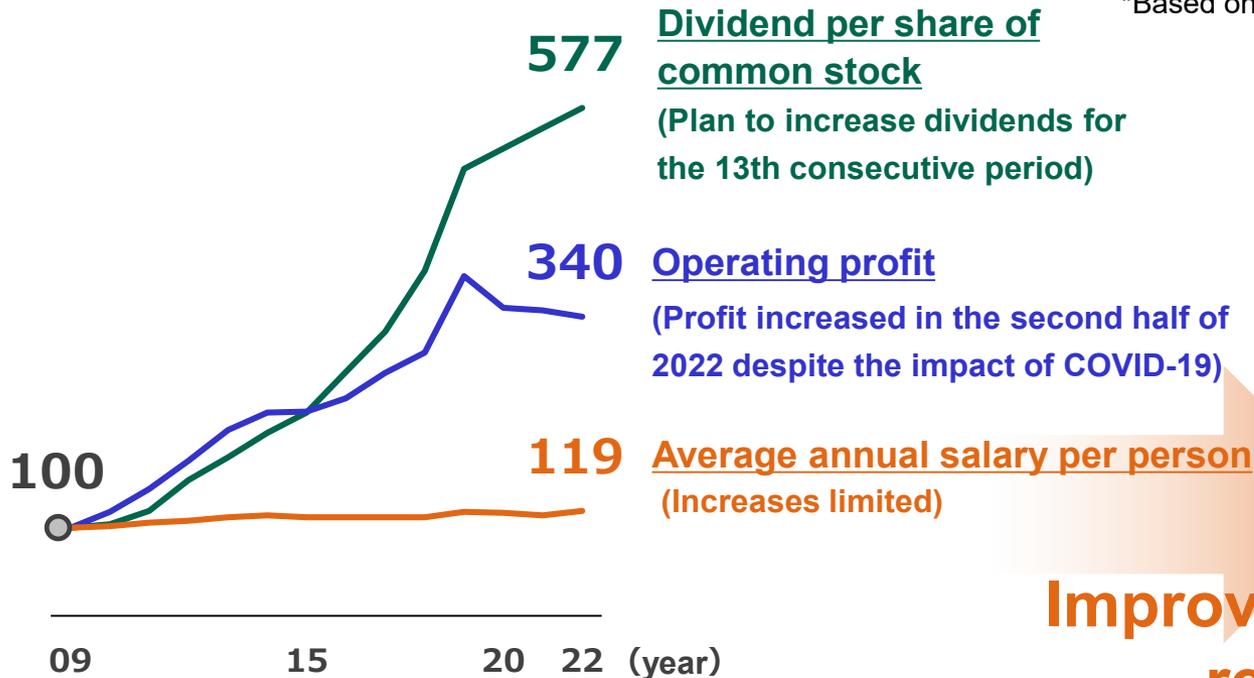
## Human resource development

- **Development and recruitment of digital human resources**
  - └ Over 600 persons with AI qualification (as of January 2023)
  - └ Recruit graduates of Indian Institute of Technology (October 2022 ~4 persons. Recruitment activities ongoing in 2023)
- **Provision of learning opportunities**
  - └ Establish an environment for acquiring/relearning the latest knowledge
- **Management-level training**
  - └ Otsuka Leader's College (management training school) (Reclassification of levels in 2022. Strengthen initiatives)

# Improve labor share

Protect the livelihoods of employees to ensure company growth.  
 (Secure human resources/strive for employee growth⇒ toward increased productivity)

Trends in each indicator with 2009 set at 100



Trends in average annual salary

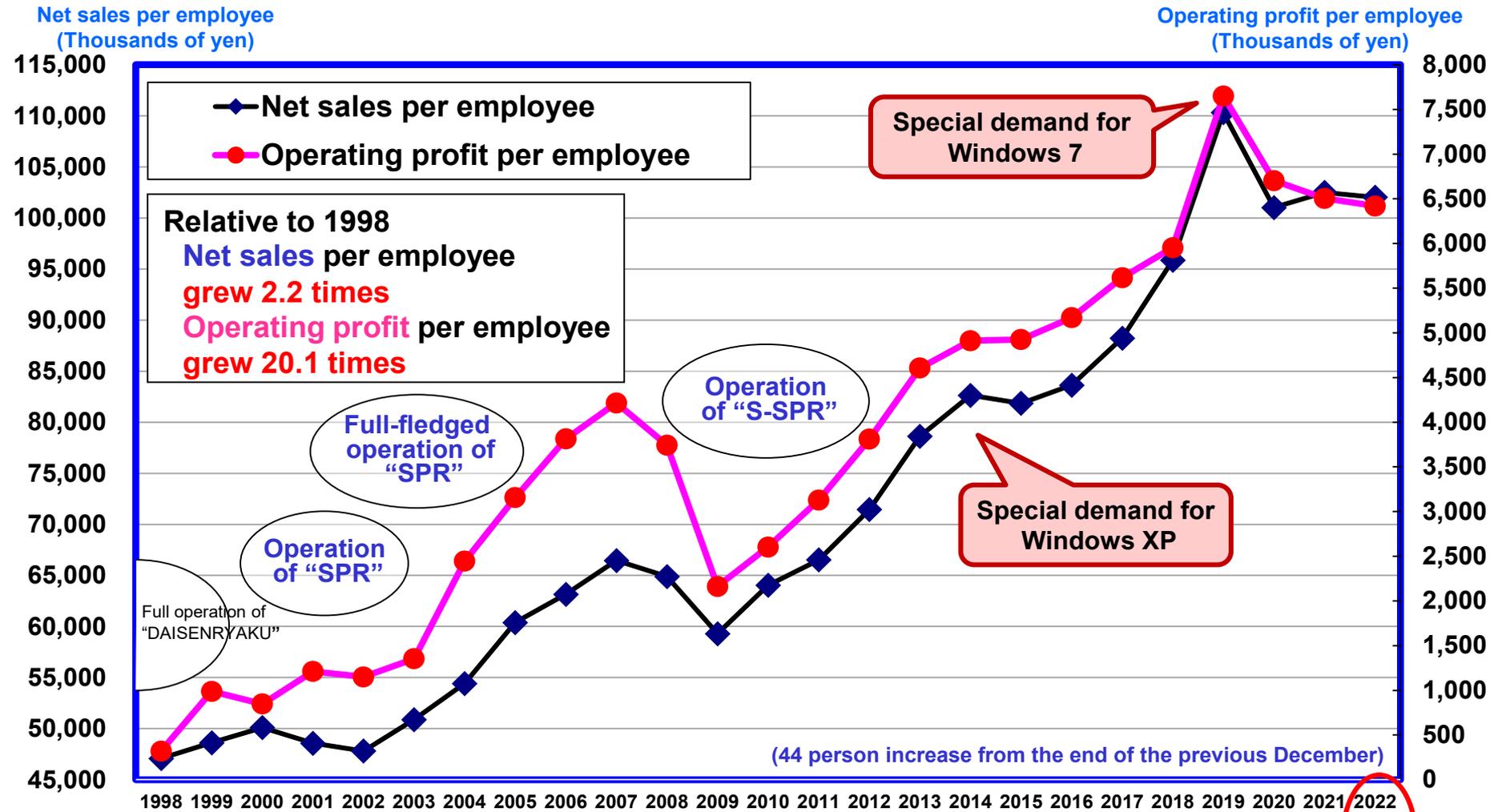
\*Based on information contained in securities reports  
 Unit: thousands of yen

2019	8,511
2020	8,430
2021	8,228
<b>2022</b>	<b>8,567</b>
<b>2023</b>	<b>Planned increase</b>

**Improve labor share and revise salary levels**

Non-Consolidated

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



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 7,524

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

# 2023 plans

Consolidated

# Plans of Net sales and profit

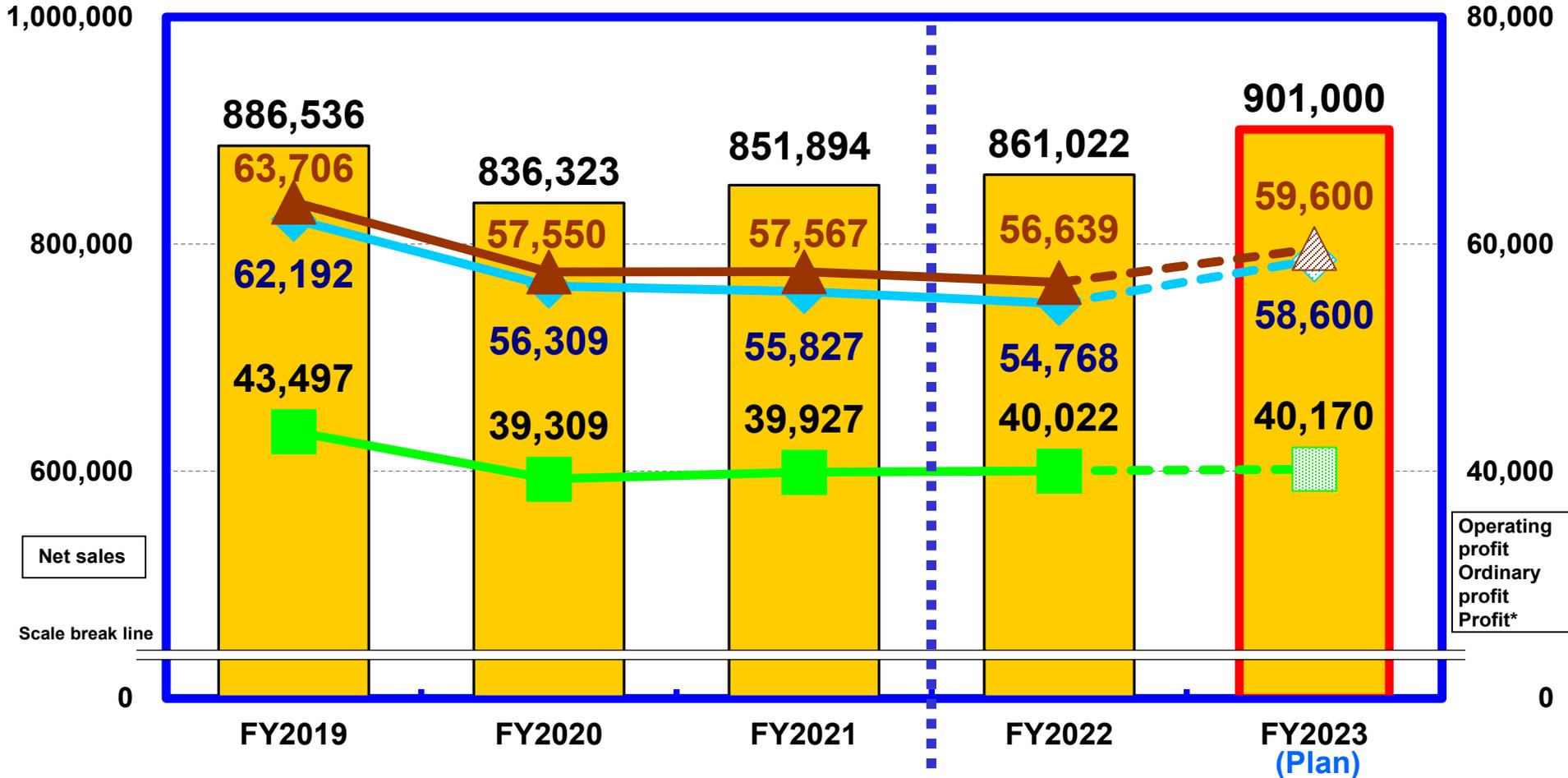
(Millions of yen)

Net sales

Operating profit

Ordinary profit

Profit\*  
\*Profit attributable to owners of parent



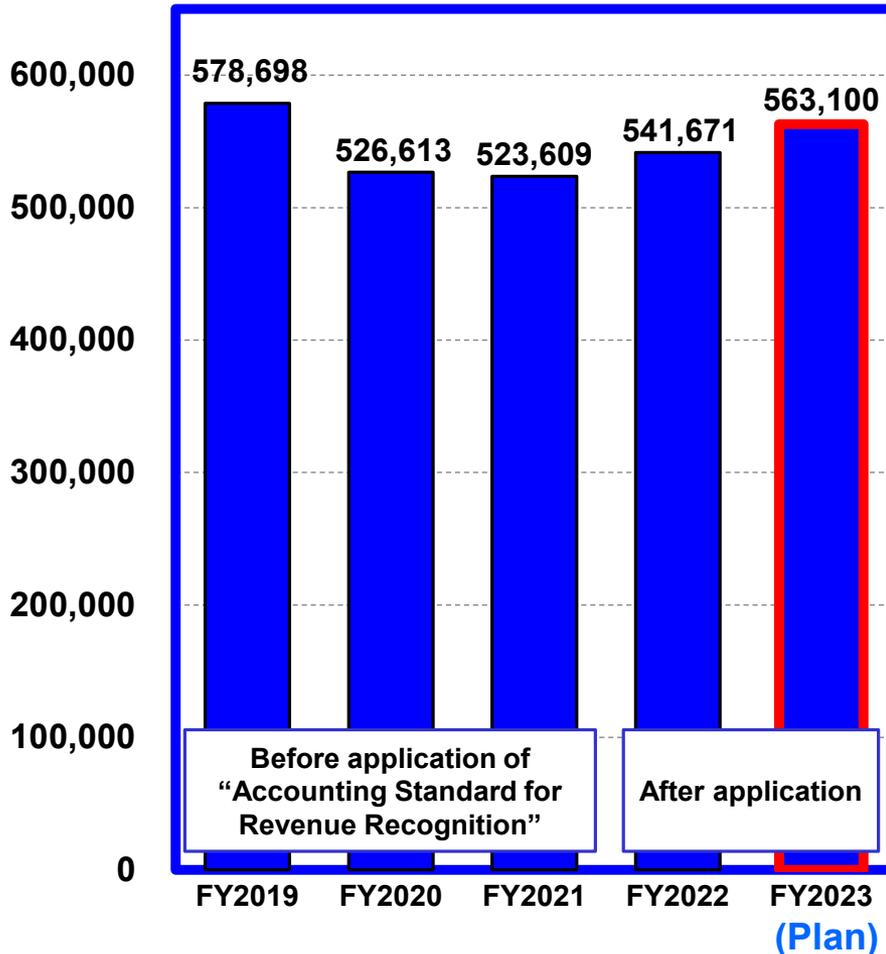
Before application of "Accounting Standard for Revenue Recognition"

After application

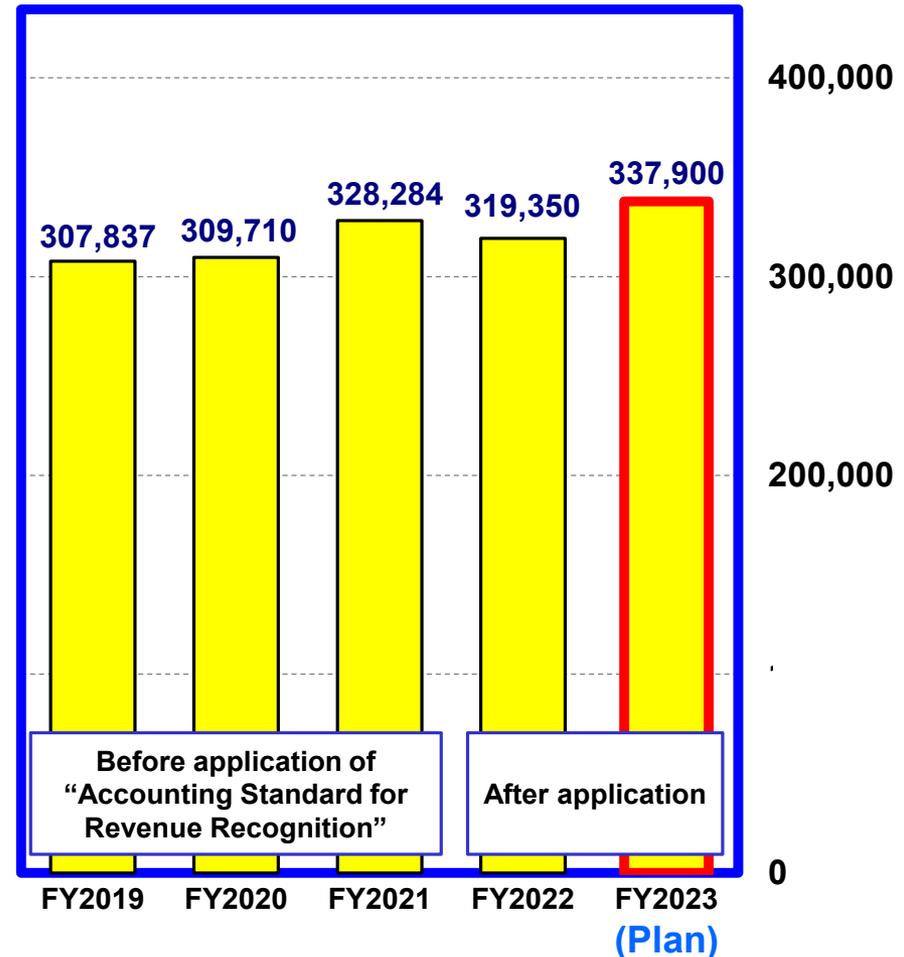
# Plans of Net sales by segments

(Millions of yen)

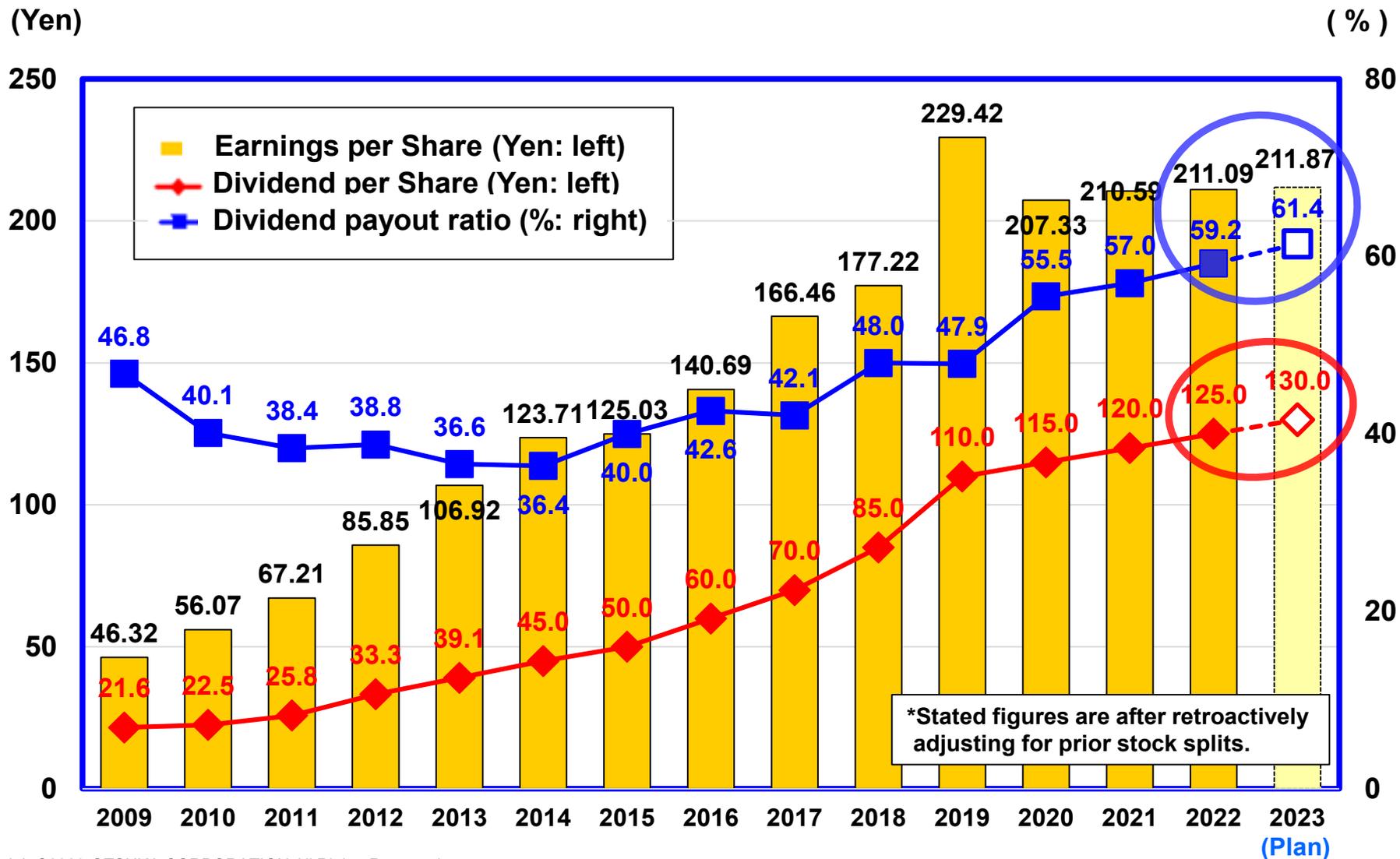
## SI Business



## S&S Business



# Dividends



# OTSUKA Corporation's Growth trajectory

**DX3**



Currently promoting utilization

**DX2**



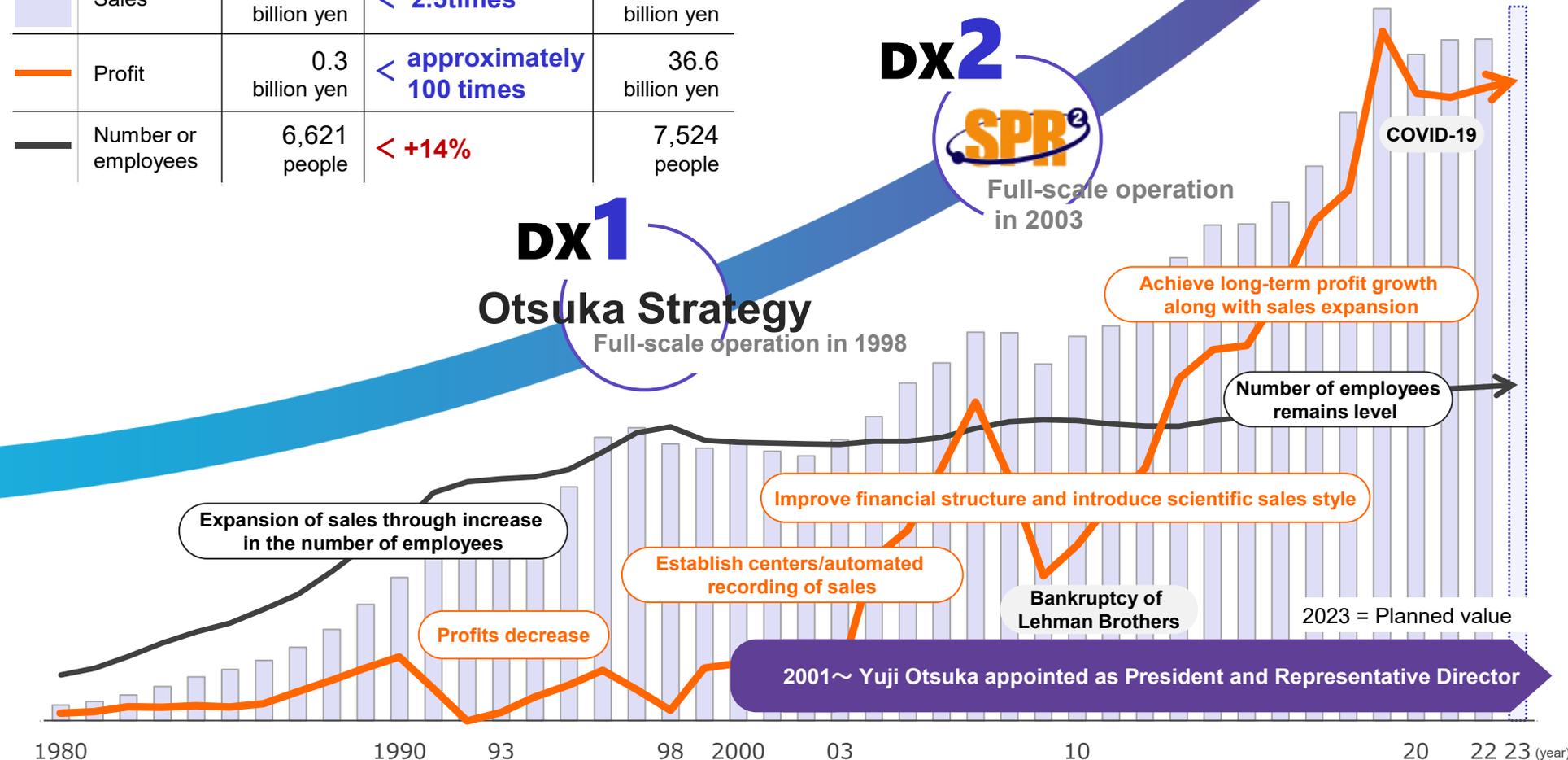
Full-scale operation in 2003

**DX1**

**Otsuka Strategy**

Full-scale operation in 1998

Non-Consolidated		1998		2022
	Sales	311.7 billion yen	< 2.5times	767.6 billion yen
	Profit	0.3 billion yen	< approximately 100 times	36.6 billion yen
	Number of employees	6,621 people	< +14%	7,524 people



Expansion of sales through increase in the number of employees

Profits decrease

Establish centers/automated recording of sales

Improve financial structure and introduce scientific sales style

Bankruptcy of Lehman Brothers

2001~ Yuji Otsuka appointed as President and Representative Director

Achieve long-term profit growth along with sales expansion

Number of employees remains level

2023 = Planned value

# Jissen (Practical) Solution Fair 2023



**OTSUKA CORPORATION**

**Jissen (Practical) Solution Fair 2023**

**Date: February 8, 2023 (Wednesday) 9:30 to February 16 (Thursday) 18:00**

**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 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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