

# Overview of Consolidated Operations

## ■ Major Constraints on Economic Activities due to COVID-19

During the fiscal year under review (January 1, 2021 to December 31, 2021), the Japanese economy was affected by large constraints on economic activities as the spread of COVID-19 (novel coronavirus) led to the repeated implementation of priority measures such as the declaration of a state of emergency and measures to prevent the further spread of the novel coronavirus. Subsequently, economic activities gradually began to normalize along with the lifting of the state of emergency for the fifth wave of the novel coronavirus and a decrease in the number of infected persons. Nonetheless, the outlook for the Japanese economy remained uncertain due to the emergence of new mutant strains and the disruption of supply chains owing to restrictions on the supplies of some products.

Under these economic conditions in the IT investment field, IT investment demand, such as for responding to corporate digitization, trended firmly. Nevertheless, a cautious stance could be seen amid ongoing uncertainty about the future of the domestic economy.

## ■ Working to Secure Online Customer Contact Points

Within this environment, in keeping with the fiscal 2021 slogan “Get close to and grow together with customers in DX and document solutions,” the OTSUKA Group worked to secure customer contact points by utilizing online meetings, demonstrations and seminars in addition to combining customer visit activities while given due consideration to the prevention of infections. However, due to the prolonged impact of COVID-19, besides having to postpone and extend business discussions centered on solution proposals, our endeavors for securing new customers were also affected.

Under such circumstances, in undertaking sales activities we provided venues for spurring awareness of issues and needs related to promoting DX while making concrete and easy-to-understand proposals for transitioning to digitization in offices and working to uncover demand for digitization of documents and contracts, as we continued to support customers’ digitization with the aim of improving productivity, strengthening competitiveness and reducing costs.

**Supply Chain Disruptions  
Continued Uncertainty about  
the Future of the Economy**

**Postponing and  
Extending Business Discussions  
Support for Customers’ Digitization**

## ■ Increase in Net Sales, Ordinary Profit and Profit Attributable to Owners of Parent

As a result of the above measures, net sales increased 1.9% from the previous fiscal year to ¥851,894 million. At the earnings level, operating profit decreased 0.9% to ¥55,827 million, ordinary profit increased 0.0% to ¥57,567 million and profit attributable to owners of parent increased 1.6% to ¥39,927 million.

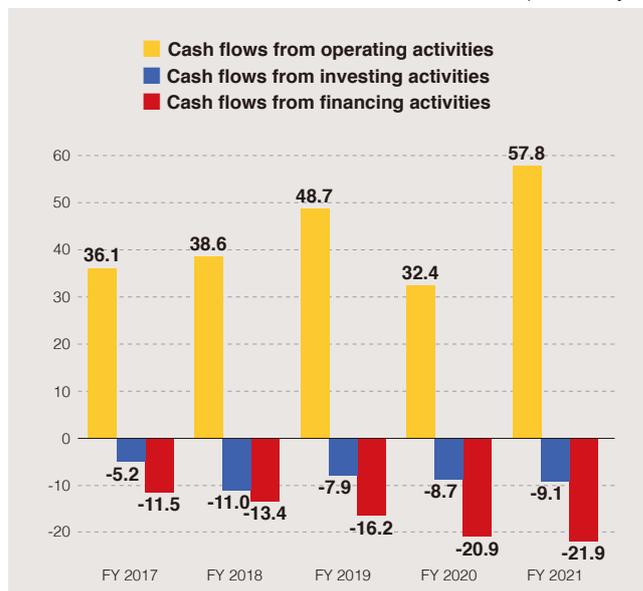
(Millions of yen)

	FY 2020	FY 2021	
	Amount	Amount	Change to Last Year
Net sales	836,323	<b>851,894</b>	+1.9%
Operating profit	56,309	<b>55,827</b>	-0.9%
Ordinary profit	57,550	<b>57,567</b>	+0.0%
Profit*	39,309	<b>39,927</b>	+1.6%

\*Profit attributable to owners of parent

## ■ Cash Flows

(Billions of yen)



Net cash provided by operating activities amounted to ¥57,873 million, an increase of ¥25,377 million from the previous fiscal year due to a decrease in inventories.

Net cash used in investing activities amounted to ¥9,160 million, an increase of ¥443 million from the previous fiscal year due to an increase in the purchase of property, plant and equipment.

Net cash used in financing activities increased ¥968 million to ¥21,957 million due to an increase in cash dividends paid.

## Overview of Results by Quarter

### ■ Net Sales

Net sales increased in the first quarter (January-March) and the second quarter (April-June), but decreased from the third quarter (July-September) onward.

Net sales in the first quarter (January-March) of 2021 amounted to ¥239,350 million, a 6.7% increase from the previous first quarter. Net sales in the second quarter (April-June) of 2021 amounted to ¥227,274 million, an 8.9% increase from the previous second quarter. Net sales in the third quarter (July-September) of 2021 amounted to ¥185,521 million, a 1.5% decrease from the previous third quarter. Net sales in the fourth quarter (October-December) of 2021 amounted to ¥199,747 million, a 7.1% decrease from the previous fourth quarter.

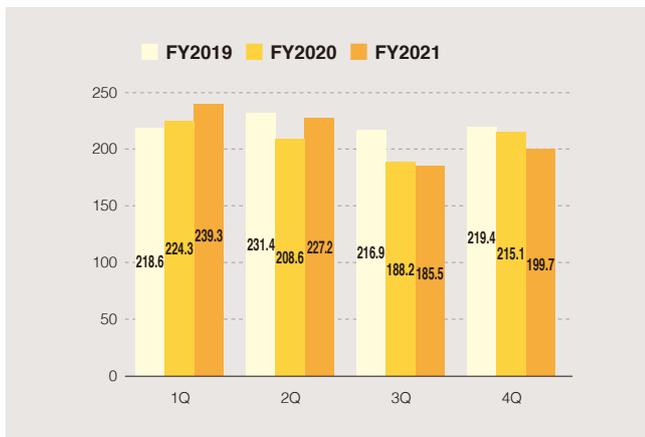
### ■ Ordinary Profit

Ordinary profit also increased in the first quarter (January-March) and the second quarter (April-June), but decreased from the third quarter (July-September) onward.

Ordinary profit in the first quarter (January-March) of 2021 amounted to ¥17,238 million, an increase of 4.6% from the previous first quarter. Ordinary profit in the second quarter (April-June) of 2021 amounted to ¥17,007 million, an increase of 17.5% from the previous second quarter. Ordinary profit in the third quarter (July-September) of 2021 amounted to ¥9,245 million, a decrease of 17.8% from the previous third quarter. Ordinary profit in the fourth quarter (October-December) of 2021 amounted to ¥14,075 million, down 8.2% from the previous fourth quarter.

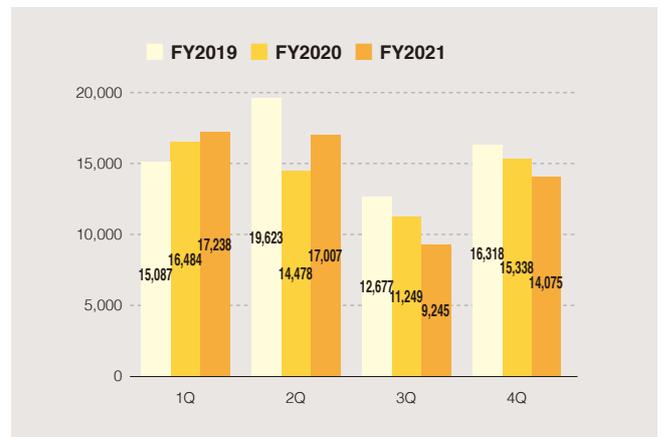
#### Quarterly Net Sales

(Billions of yen)



#### Quarterly Ordinary Profit

(Millions of yen)



## Overview of Business Segments

### ■ System Integration Business

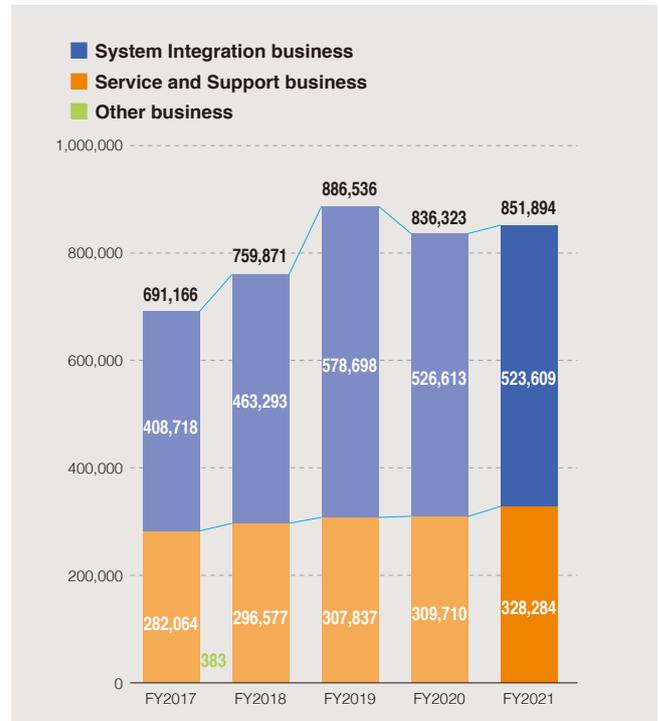
The System Integration business provides optimized system services ranging from consulting to system design and development, transport and installation work and network construction. Net sales declined 0.6% to ¥523,609 million due to the impact of a decrease in PC unit sales and shortages of supplies of some products.

### ■ Service and Support Business

The Service and Support business provides customers with total service and support for their business operations and installed systems encompassing supplies, hardware and software maintenance, telephone support and outsourcing. In our “tanomail” office supply mail-order service business, sales increased steadily compared with the same period in fiscal 2019, when there was no impact from the novel coronavirus. Additionally, in the “tayoreru” support service business, overall sales from maintenance services grew from the previous year as maintenance services such as MNS\* trended firmly. As a result, overall net sales of this business increased 6.0% to ¥328,284 million.

Net Sales by Segments

(Millions of yen)



Note: Otsuka Auto Service Co., LTD., which was a consolidated subsidiary, was excluded from consolidation from fiscal 2018 due to its reduced impact on consolidated business results. Along with this, the Other business segment is not listed from fiscal 2018 due to the absence of business results.

\*MNS (Managed Network Service): This is a service that operates and manages office IT environments such as servers, communication equipment, security and backup across a network on behalf of customers.