

**Financial Report for the First Three 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: May 13, 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 First Three Months of the Fiscal Year 2021 (From January 1, 2021 to March 31, 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2021	239,350	6.7	16,699	3.4	17,238	4.6	11,486	5.6
March 31, 2020	224,329	2.6	16,147	10.2	16,484	9.3	10,882	8.4

Note) Comprehensive Income: Three months ended March 31, 2021: 12,978 million yen [62.2%]

Three months ended March 31, 2020: 8,002 million yen [(24.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	yen	yen
March 31, 2021	60.58	—
March 31, 2020	57.40	—

**(2) Financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2021	487,209	271,049	55.1
December 31, 2020	471,292	280,035	58.8

Reference) Equity: As of March 31, 2021: 268,362 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	—				
Fiscal Year 2021 (forecast)		0.00	—	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
Six months ending June 30, 2021	449,950	3.9	32,000	5.6	32,500	5.0	21,680	4.3	114.35
Full-Year	865,000	3.4	58,100	3.2	59,000	2.5	39,550	0.6	208.60

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

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

Three months ended March 31, 2021:	189,601,212 shares
Three months ended March 31, 2020:	189,601,212 shares

**\* 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 March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	178,072	178,356
Notes and accounts receivable - trade	145,033	169,418
Merchandise	42,011	29,318
Work in process	1,409	1,212
Raw materials and supplies	776	744
Other	24,320	25,874
Allowance for doubtful accounts	(100)	(121)
Total current assets	391,523	404,804
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,439	16,469
Other, net	19,790	19,873
Total property, plant and equipment	36,229	36,342
Intangible assets	15,131	15,137
Investments and other assets		
Investment securities	16,895	19,519
Other	11,722	11,601
Allowance for doubtful accounts	(209)	(195)
Total investments and other assets	28,407	30,925
Total non-current assets	79,768	82,404
Total assets	471,292	487,209

(Millions of yen)

	As of December 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	96,437	113,983
Electronically recorded obligations - operating	18,822	22,021
Short-term borrowings	4,800	4,800
Income taxes payable	9,367	5,657
Provision for bonuses	3,844	10,030
Other	43,568	44,513
<b>Total current liabilities</b>	<b>176,839</b>	<b>201,006</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,700	1,700
Provision for retirement benefits for directors	762	656
Retirement benefit liability	9,336	9,950
Other	2,618	2,846
<b>Total non-current liabilities</b>	<b>14,416</b>	<b>15,152</b>
<b>Total liabilities</b>	<b>191,256</b>	<b>216,159</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	244,680
Treasury shares	(139)	(139)
<b>Total shareholders' equity</b>	<b>281,487</b>	<b>271,170</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,527	6,916
Deferred gains or losses on hedges	(5)	26
Revaluation reserve for land	(11,402)	(11,402)
Foreign currency translation adjustment	15	70
Remeasurements of defined benefit plans	1,725	1,579
<b>Total accumulated other comprehensive income</b>	<b>(4,139)</b>	<b>(2,808)</b>
<b>Non-controlling interests</b>	<b>2,687</b>	<b>2,687</b>
<b>Total net assets</b>	<b>280,035</b>	<b>271,049</b>
<b>Total liabilities and net assets</b>	<b>471,292</b>	<b>487,209</b>

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

### Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	224,329	239,350
Cost of sales	178,185	192,193
Gross profit	46,143	47,157
Selling, general and administrative expenses	29,996	30,457
Operating profit	16,147	16,699
Non-operating income		
Interest income	2	2
Dividend income	22	31
Rental income from buildings	65	65
Share of profit of entities accounted for using equity method	141	403
Other	117	61
Total non-operating income	349	565
Non-operating expenses		
Interest expenses	10	10
Foreign exchange losses	—	12
Other	1	3
Total non-operating expenses	12	27
Ordinary profit	16,484	17,238
Extraordinary income		
Gain on sales of investment securities	12	0
Total extraordinary income	12	0
Extraordinary losses		
Loss on retirement of non-current assets	9	0
Other	—	0
Total extraordinary losses	9	0
Profit before income taxes	16,486	17,238
Income taxes	5,441	5,590
Profit	11,044	11,647
Profit attributable to non-controlling interests	162	160
Profit attributable to owners of parent	10,882	11,486

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	11,044	11,647
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,070)	1,377
Deferred gains or losses on hedges	(0)	39
Remeasurements of defined benefit plans, net of tax	45	(146)
Share of other comprehensive income of entities accounted for using equity method	(16)	59
Total other comprehensive income	(3,042)	1,330
Comprehensive income	8,002	12,978
(Breakdown)		
Comprehensive income attributable to owners of parent	7,835	12,818
Comprehensive income attributable to non-controlling interests	167	159

## Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,486	17,238
Depreciation	1,764	1,930
Increase (decrease) in allowance for doubtful accounts	4	6
Interest and dividend income	(24)	(34)
Interest expenses	10	10
Share of loss (profit) of entities accounted for using equity method	(141)	(403)
Decrease (increase) in trade receivables	(5,833)	(24,370)
Decrease (increase) in inventories	4,927	12,922
Increase (decrease) in trade payables	6,489	20,745
Loss (gain) on sales of investment securities	(12)	(0)
Other, net	4,635	5,335
Subtotal	28,309	33,381
Interest and dividends received	24	34
Interest paid	(2)	(2)
Income taxes paid	(12,617)	(8,914)
Net cash provided by (used in) operating activities	15,714	24,498
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(795)	(708)
Purchase of software	(1,452)	(1,316)
Purchase of investment securities	(3)	(179)
Proceeds from sales of investment securities	27	0
Other, net	(11)	(42)
Net cash provided by (used in) investing activities	(2,234)	(2,246)
<b>Cash flows from financing activities</b>		
Dividends paid	(20,855)	(21,808)
Other, net	(140)	(159)
Net cash provided by (used in) financing activities	(20,996)	(21,968)
Effect of exchange rate change on cash and cash equivalents	(0)	3
Net increase (decrease) in cash and cash equivalents	(7,516)	286
Cash and cash equivalents at beginning of period	176,198	178,988
Cash and cash equivalents at end of period	168,681	179,274



## **Segment Information**

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

Three months ended March 31, 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	144,594	79,734	224,329	—	224,329
Inter-segment sales/transfers	35	212	248	(248)	—
Total	144,629	79,947	224,577	(248)	224,329
Segment profit	14,426	4,170	18,596	(2,448)	16,147

Three months ended March 31, 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	156,454	82,896	239,350	—	239,350
Inter-segment sales/transfers	17	224	242	(242)	—
Total	156,472	83,120	239,592	(242)	239,350
Segment profit	14,890	4,205	19,095	(2,396)	16,699