



Fiscal year ending December 2015
Six months (January – June)
Business Results

August 3, 2015

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2015

(Millions of yen)

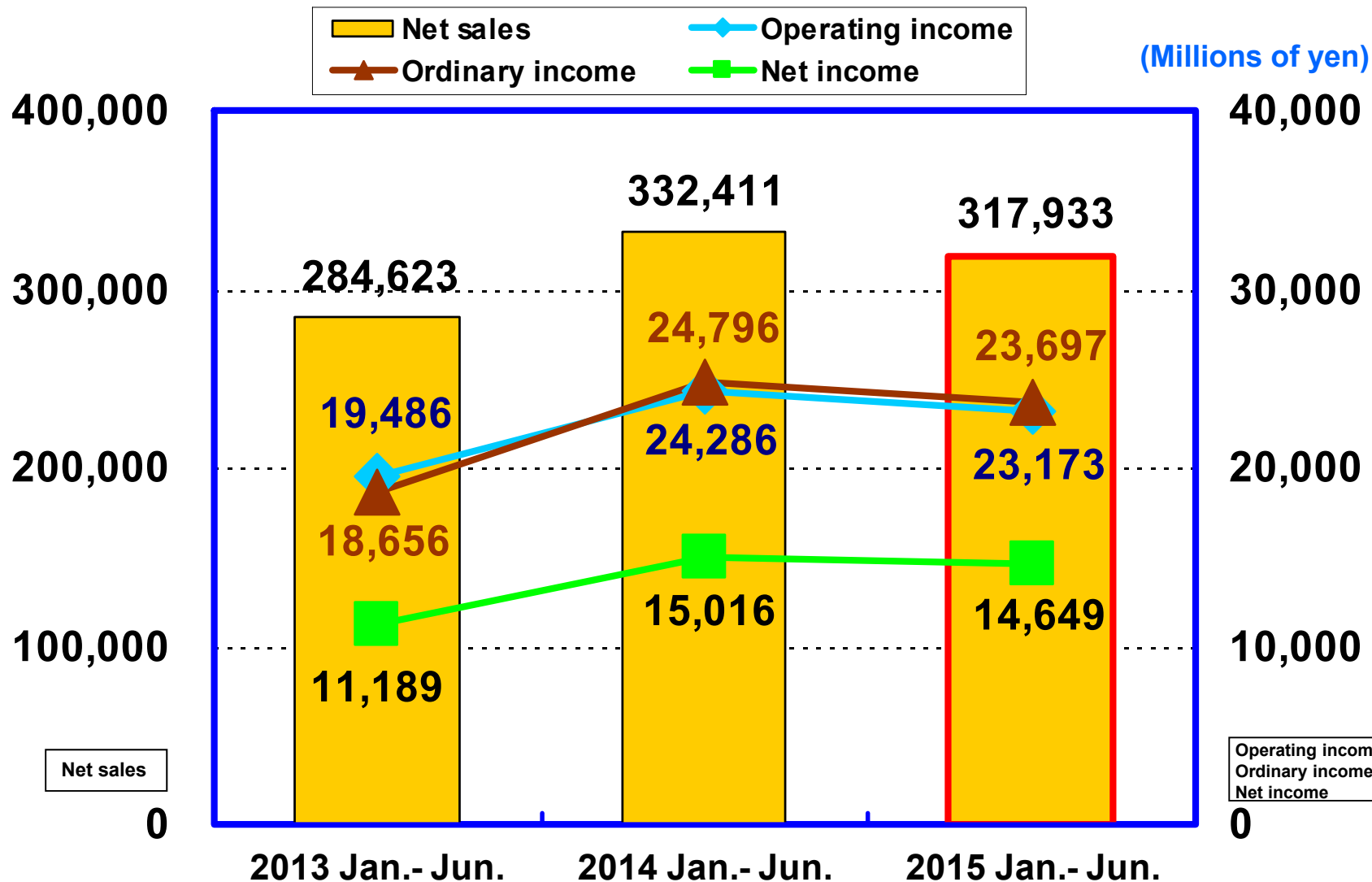
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	317,933	97.9%	-4.4%	292,326	97.1%	-5.3%
Operating income	23,173	100.7%	-4.6%	20,812	100.2%	-5.4%
Ordinary income	23,697	101.3%	-4.4%	21,502	100.9%	-5.0%
Net income	14,649	101.3%	-2.4%	13,307	100.2%	-3.9%

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2015 Jan.- Jun. Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	254	3,581
	Alpha System Co., LTD.	Consigned software development and ERP consulting business	165	1,019
	Net World Corporation	Sales and technology support for network-related equipment	386	34,783
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	323	2,089
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	394	3,900
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	22	268

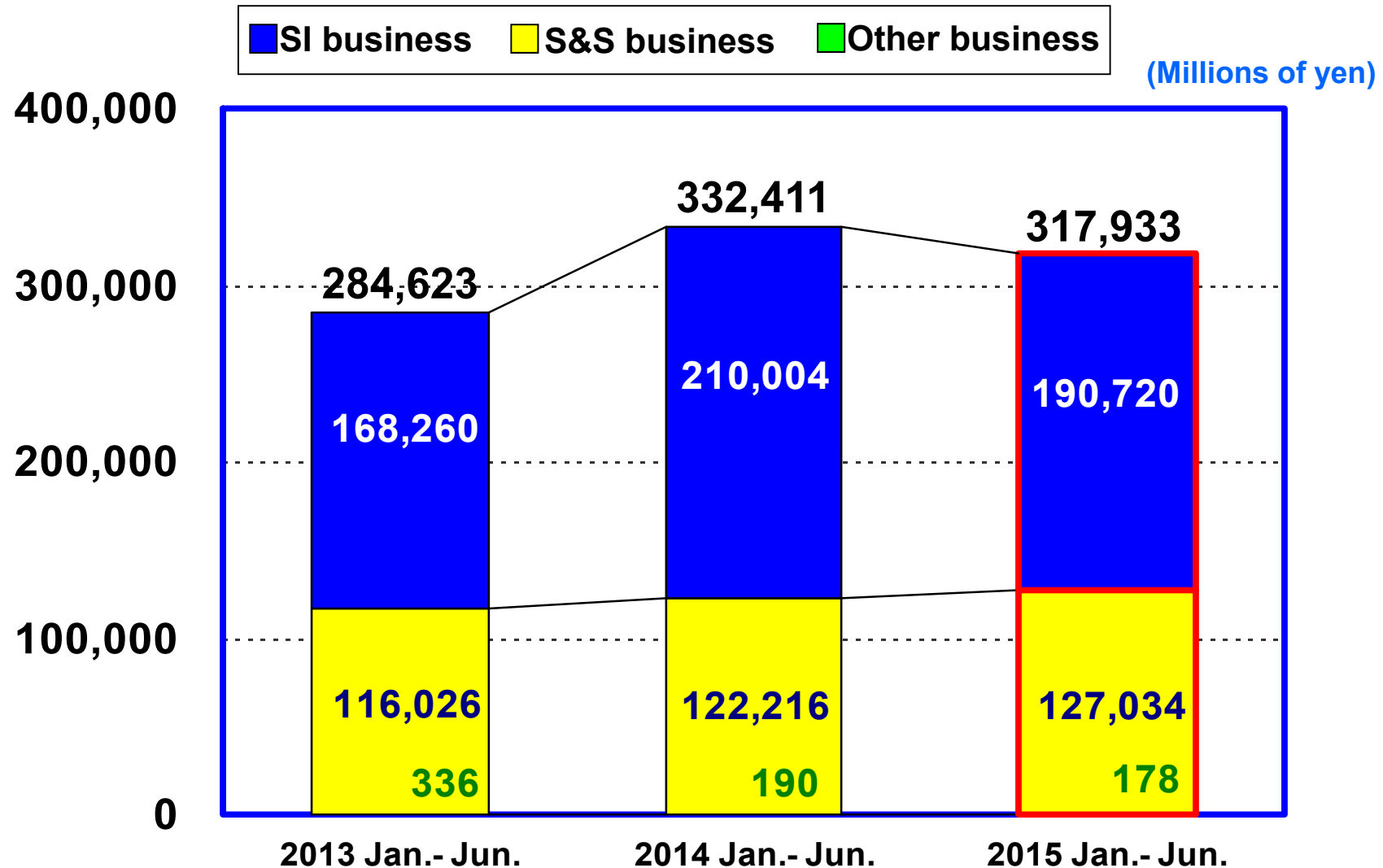
Consolidated

Net sales and Profits

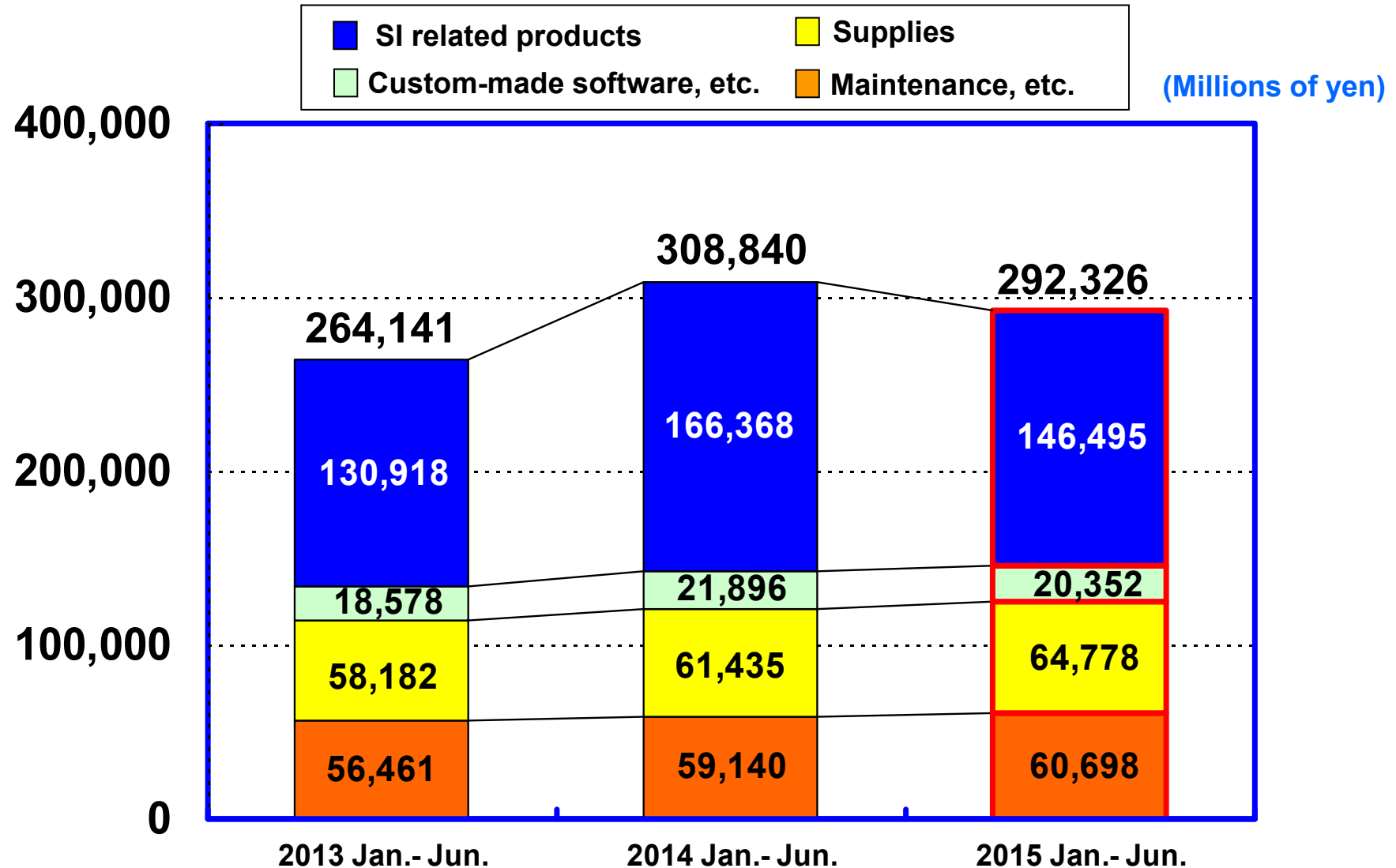


Consolidated

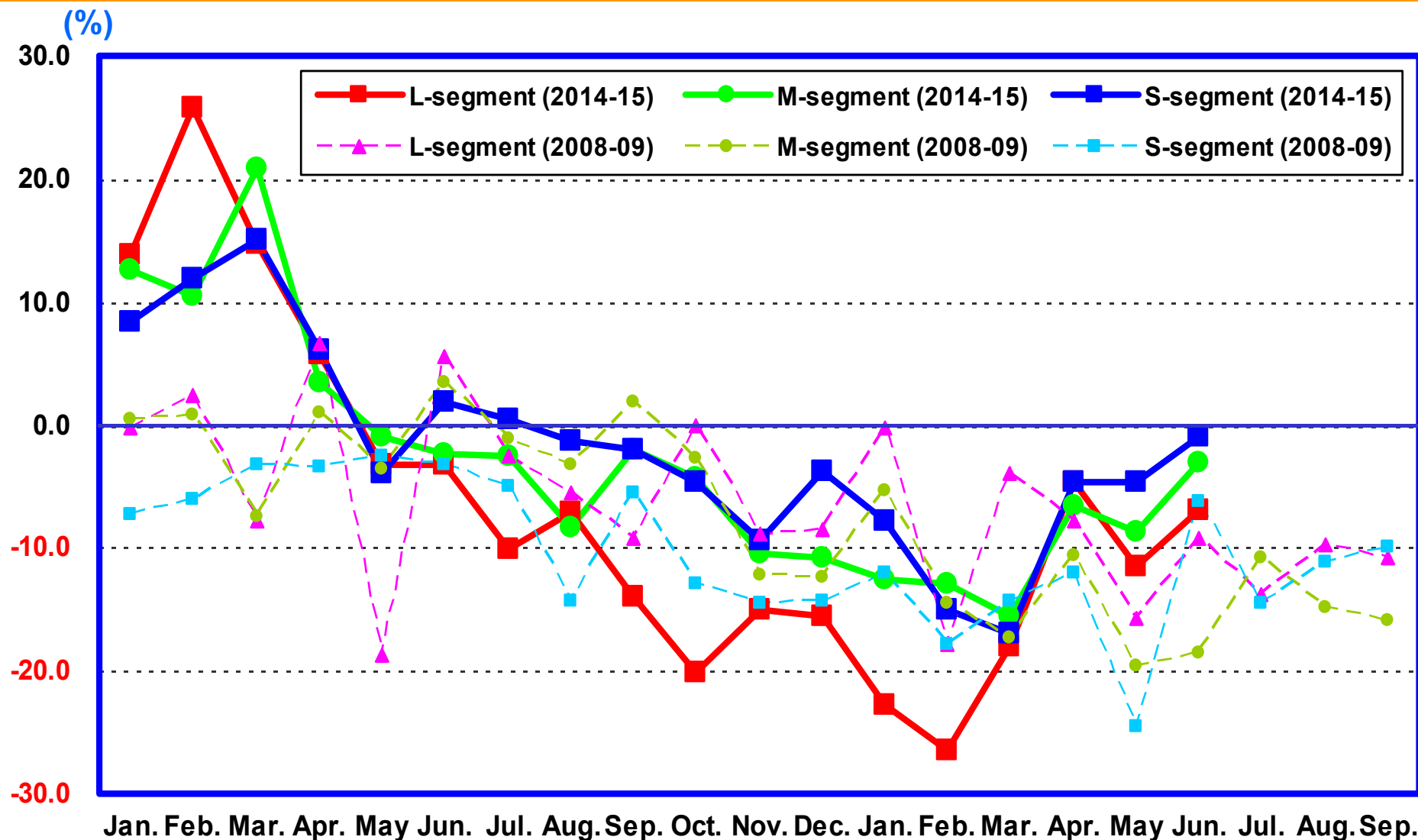
Net sales by segments



Net sales by 4 segments

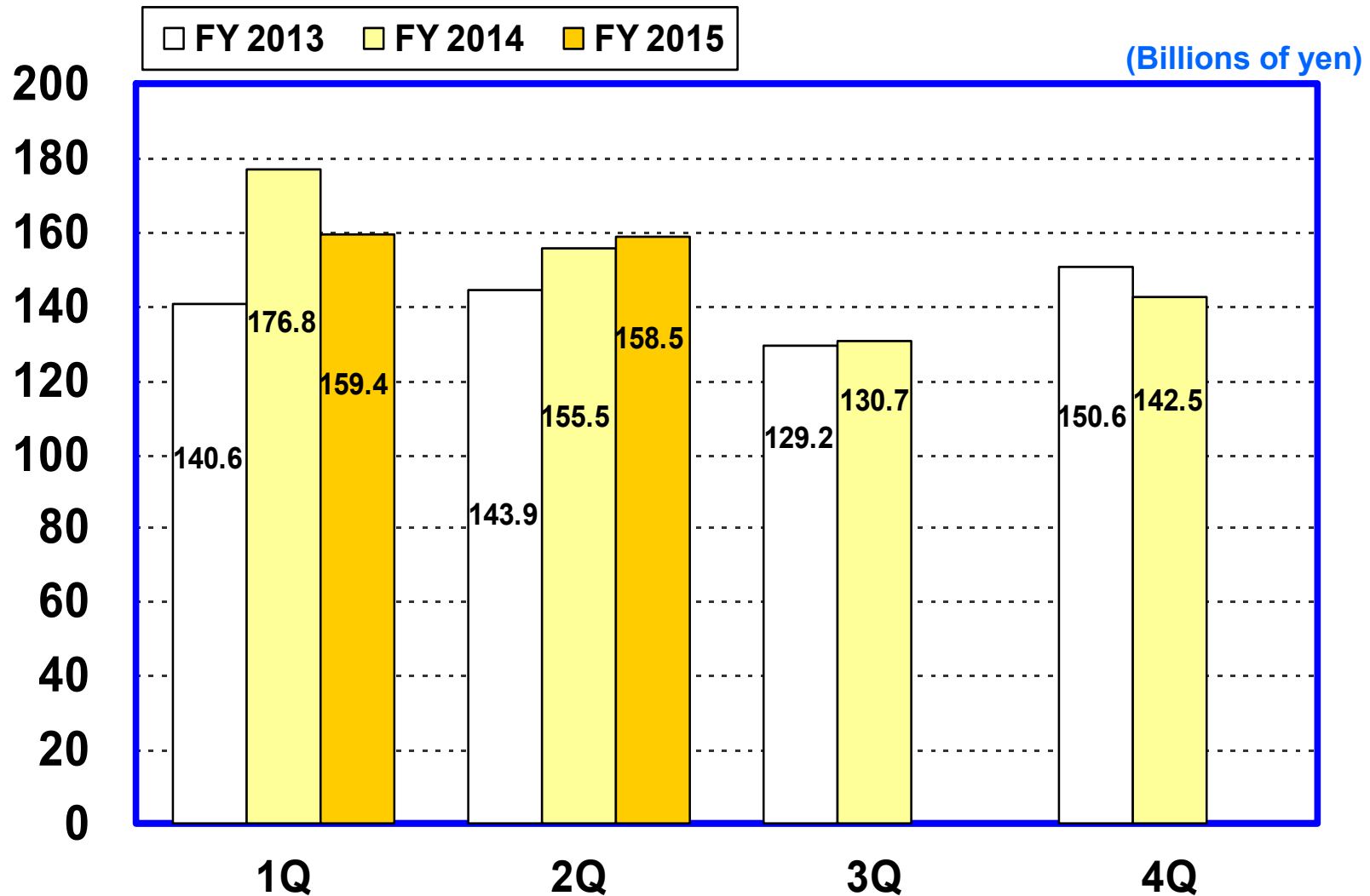


Monthly percentage of net sales per account by customer's total annual business scale



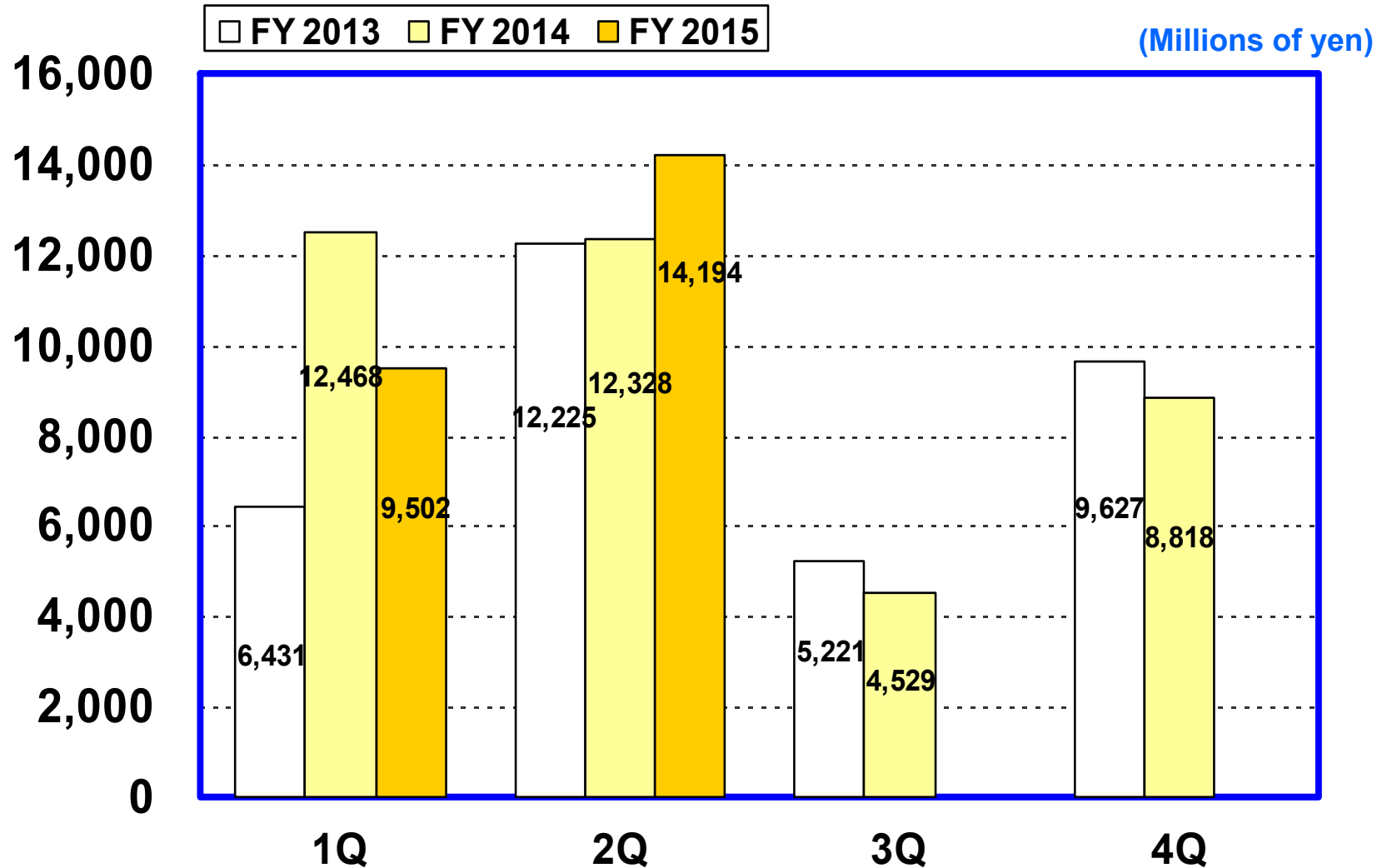
Consolidated

Quarterly change of Net sales



Consolidated

Quarterly change of Ordinary income



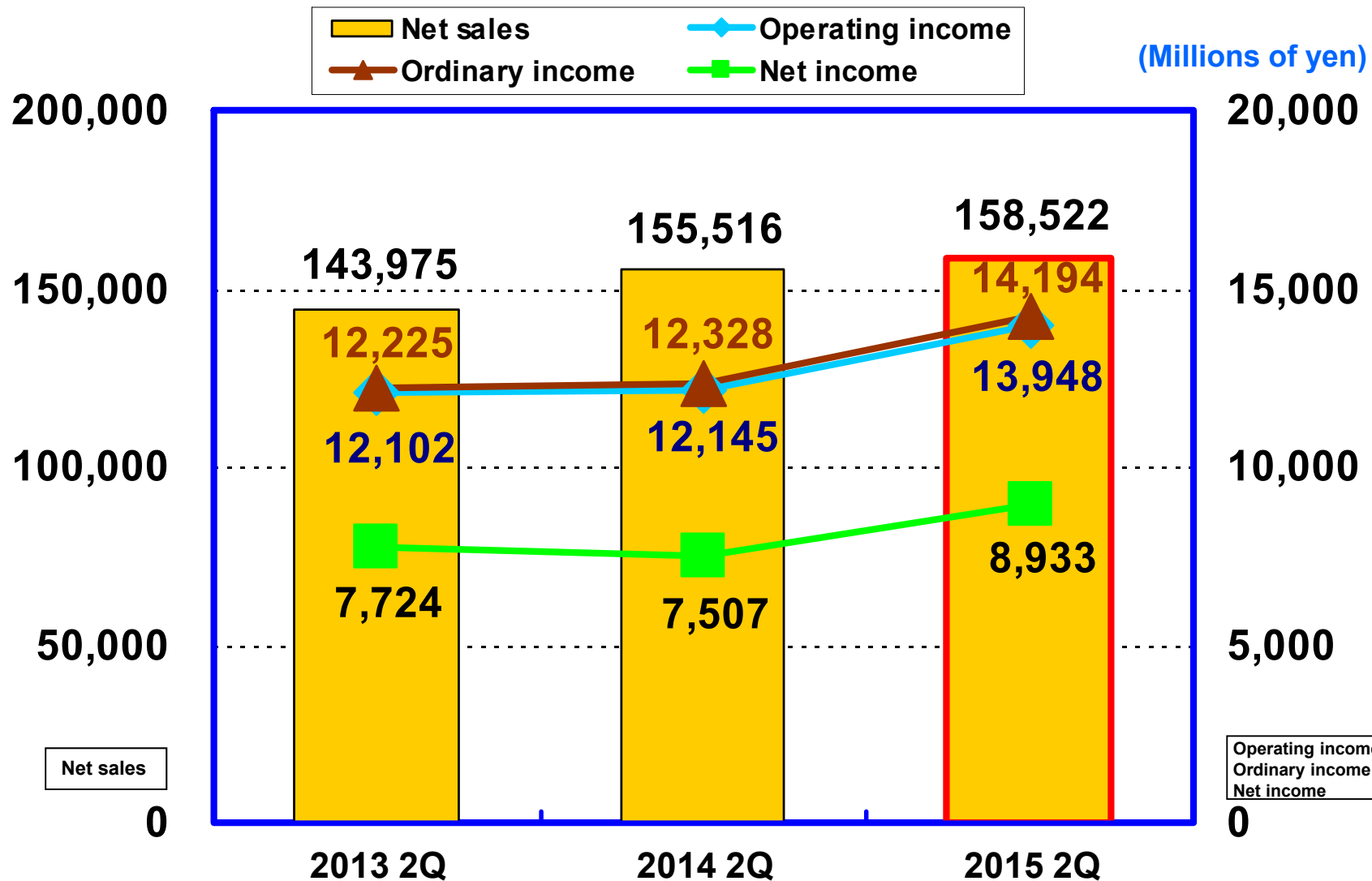
Summary of Business Results, April – June, 2015

(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	158,522	+1.9%	147,789	+2.1%
Operating income	13,948	+14.8%	12,967	+15.1%
Ordinary income	14,194	+15.1%	13,225	+15.1%
Net income	8,933	+19.0%	8,183	+16.1%

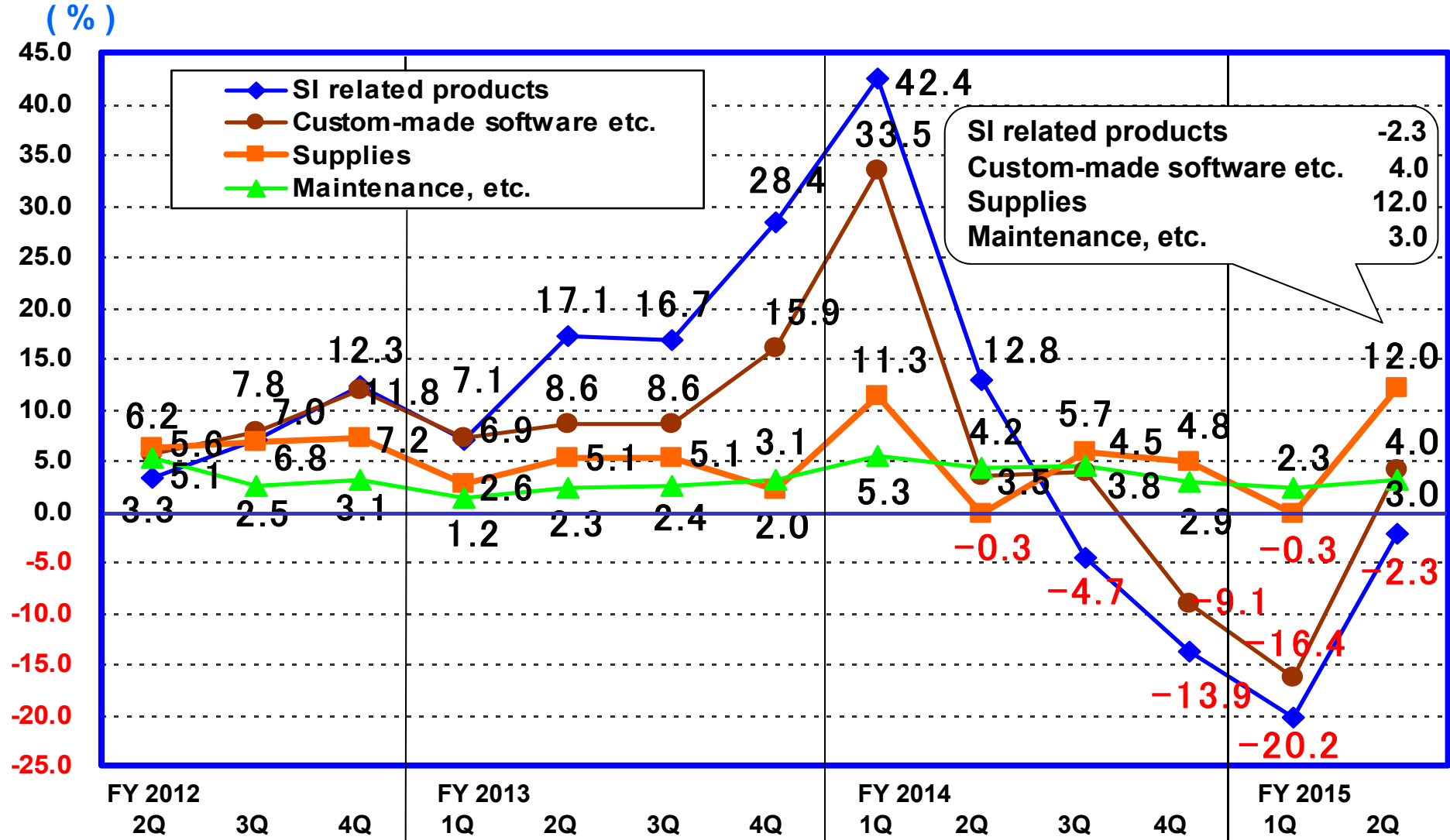
Consolidated

Net sales and Profits, April – June



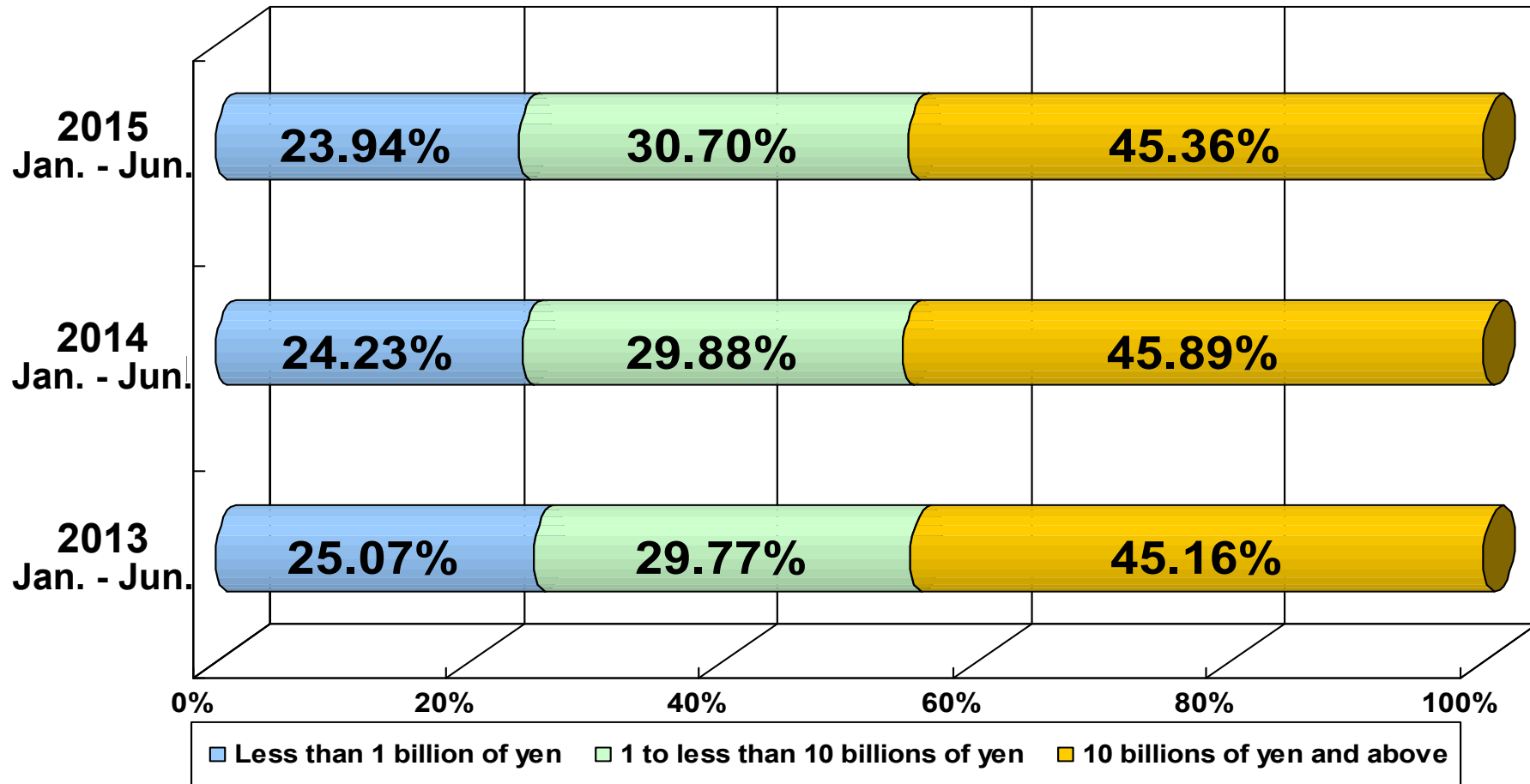
Non-Consolidated

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



Non-Consolidated

Net sales structure on customers' total annual business scale

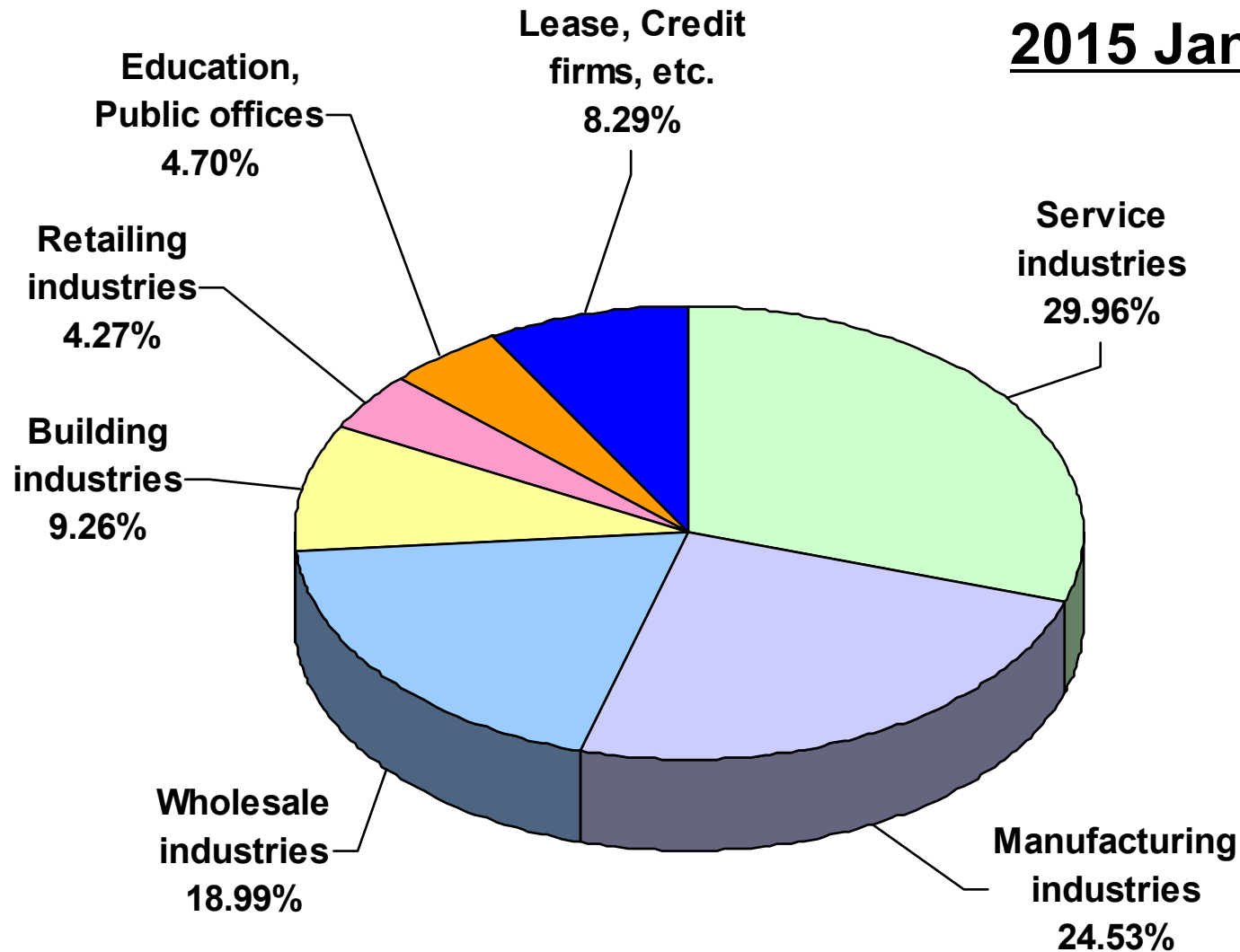


* "Less than 1 billion yen" includes public offices.

Non-Consolidated

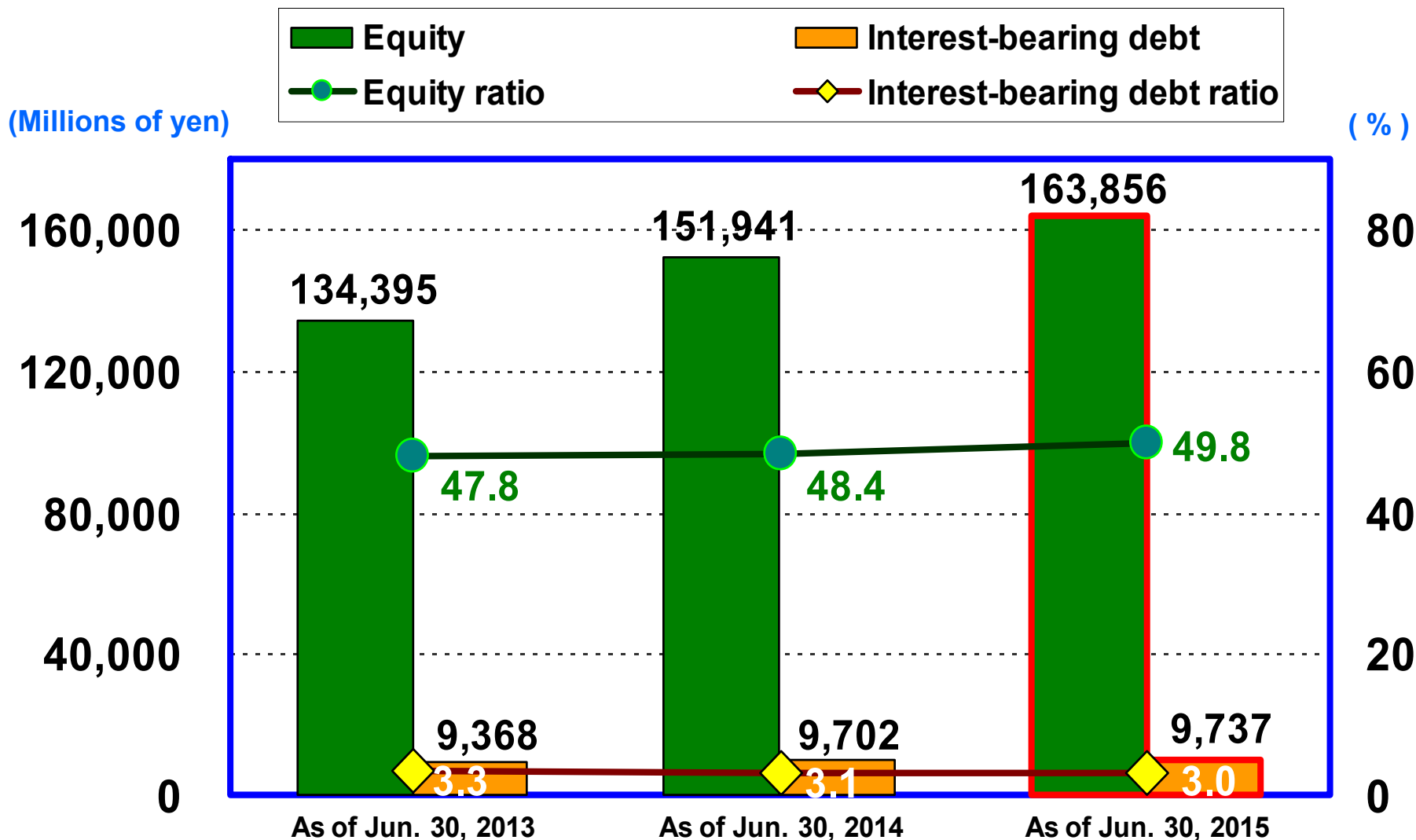
Sales breakdown by customers' type of industry

2015 Jan. – Jun.



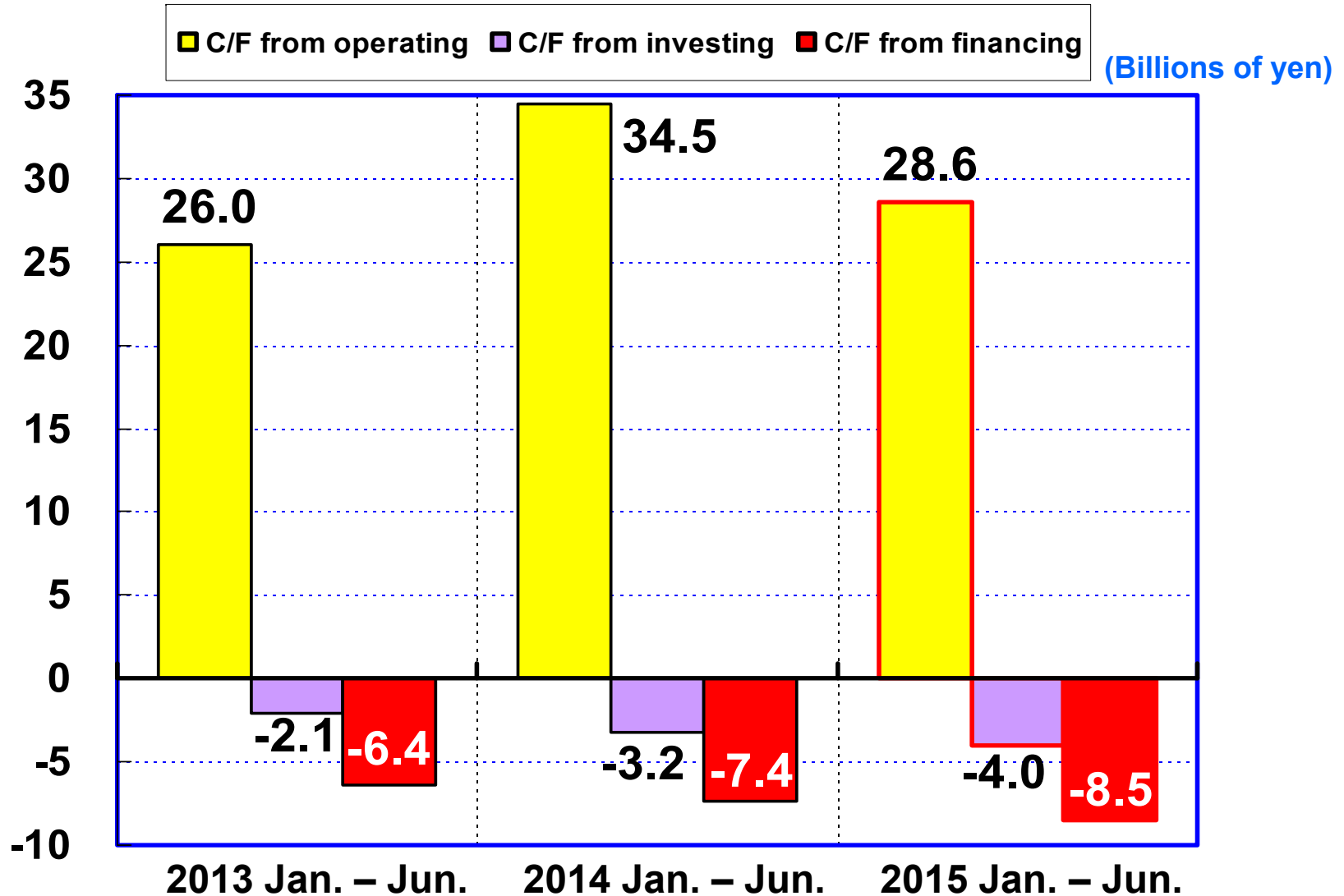
Consolidated

Equity and Interest-bearing debt



Consolidated

Cash flows

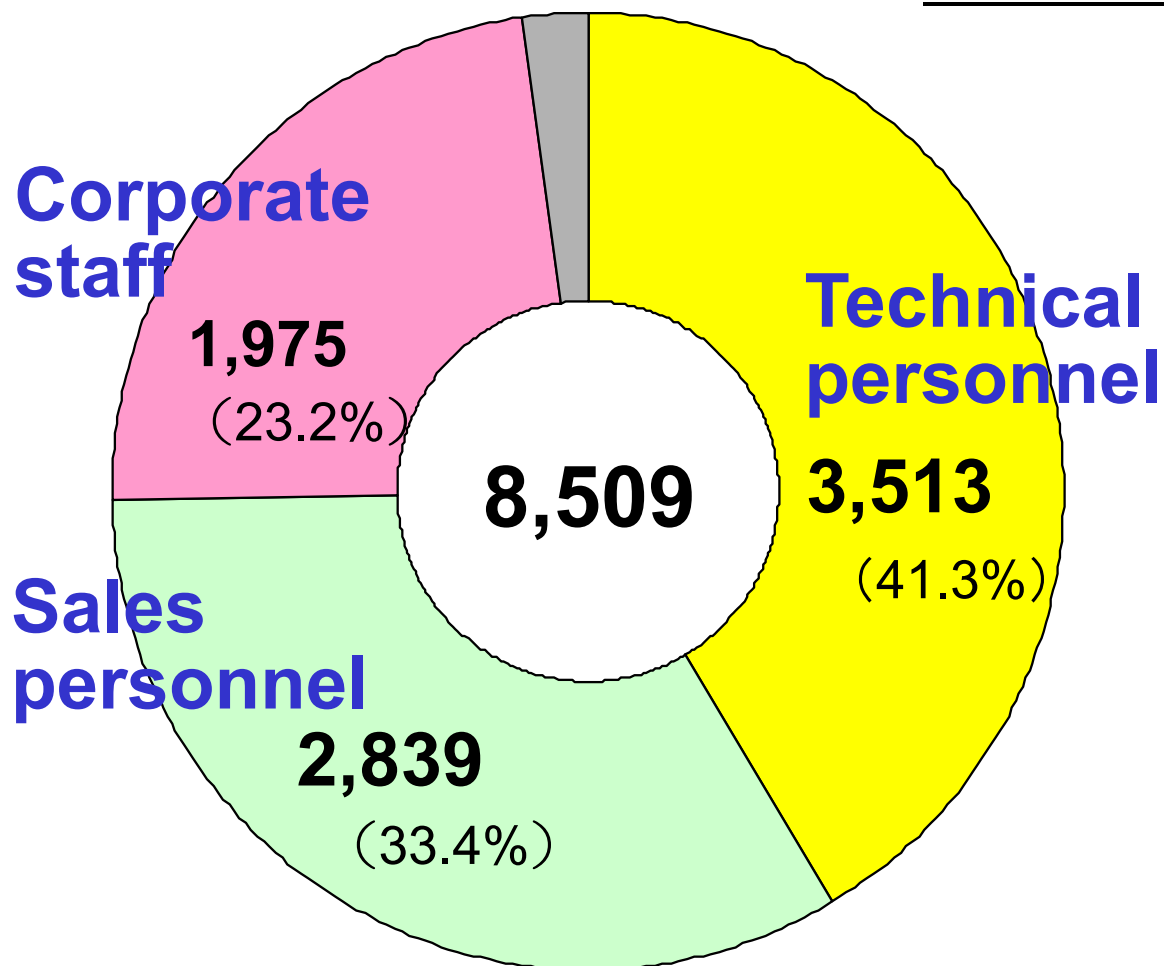


Consolidated

Personnel organization (regular employees)

Others 182 (2.1%)

As of Jun. 30, 2015





Key strategic business

<Amount of Sales>

(Millions of yen)

	2013 Jan. – Jun.	2014 Jan. – Jun.		2015 Jan. – Jun.			2015 Apr. – Jun.		
	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”	61,373	65,193	+6.2%	69,383	+4,189	+6.4%	34,291	+4,044	+13.4%
SMILE	5,941	6,898	+16.1%	5,988	-910	-13.2%	3,356	-293	-8.0%
ODS21	24,538	25,361	+3.4%	26,167	+805	+3.2%	14,264	+1,451	+11.3%
OSM	25,777	27,057	+5.0%	30,149	+3,091	+11.4%	15,709	+3,081	+24.4%

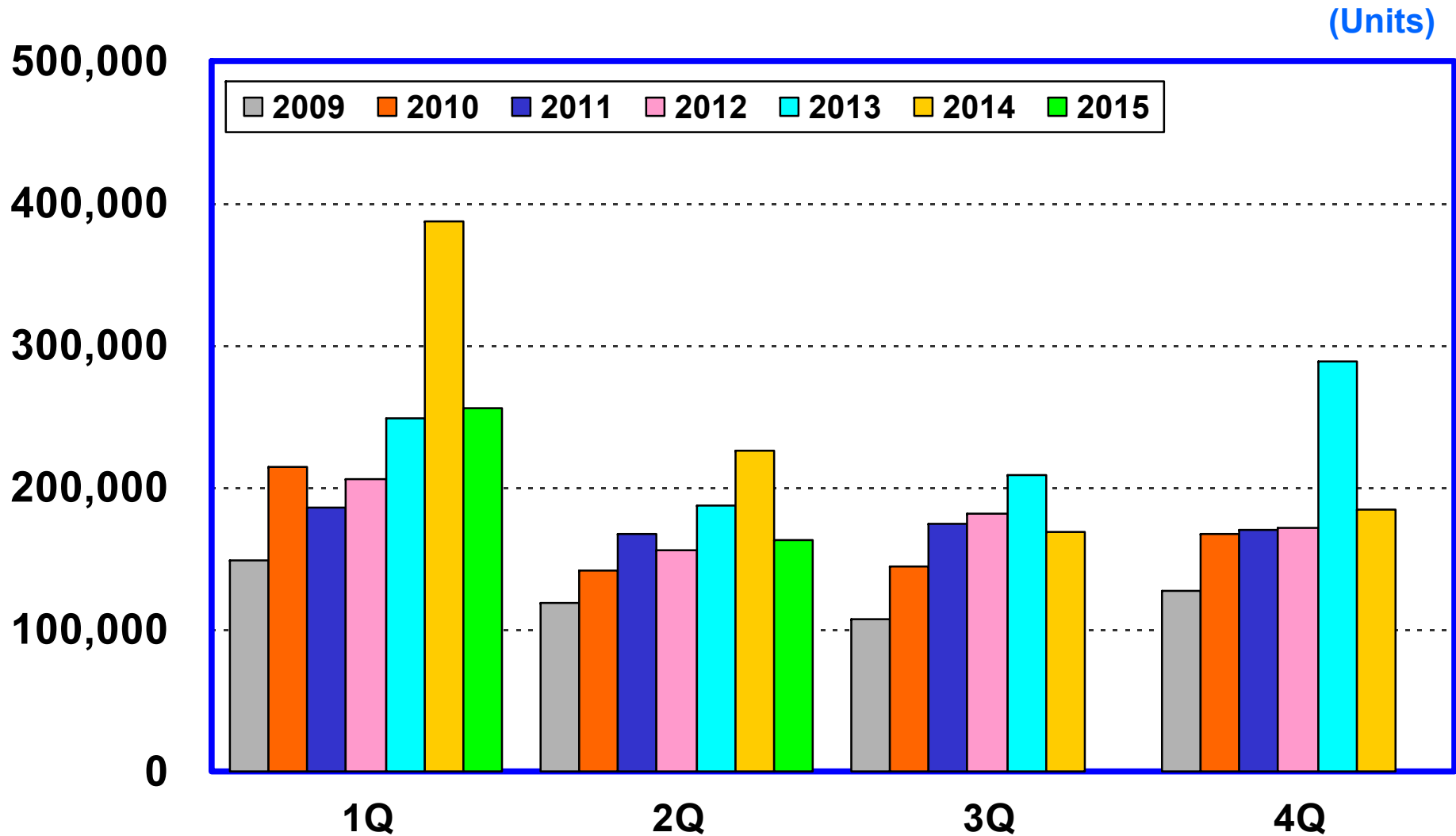
(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

<As reference: Number of Sales>

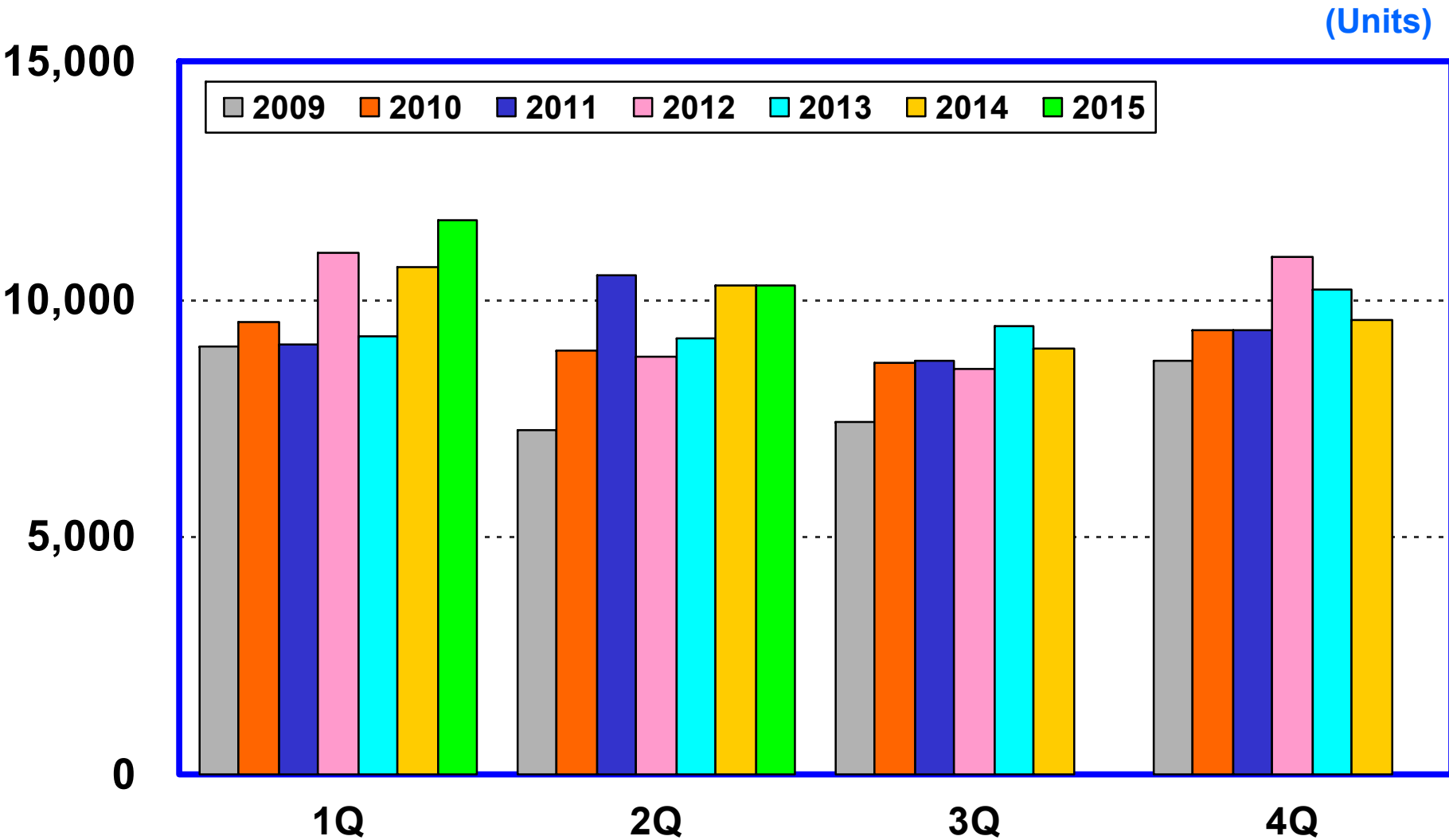
(Units)

Copier	19,430	20,583	+5.9%	22,294	+1,711	+8.3%	12,308	+1,404	+12.9%
(of which Color copier)	17,044	18,372	+7.8%	20,604	+2,232	+12.1%	11,446	+1,620	+16.5%
Server	18,385	20,959	+14.0%	21,943	+984	+4.7%	10,297	+19	+0.2%
PC	435,312	612,596	+40.7%	418,547	-194,049	-31.7%	163,537	-61,784	-27.4%

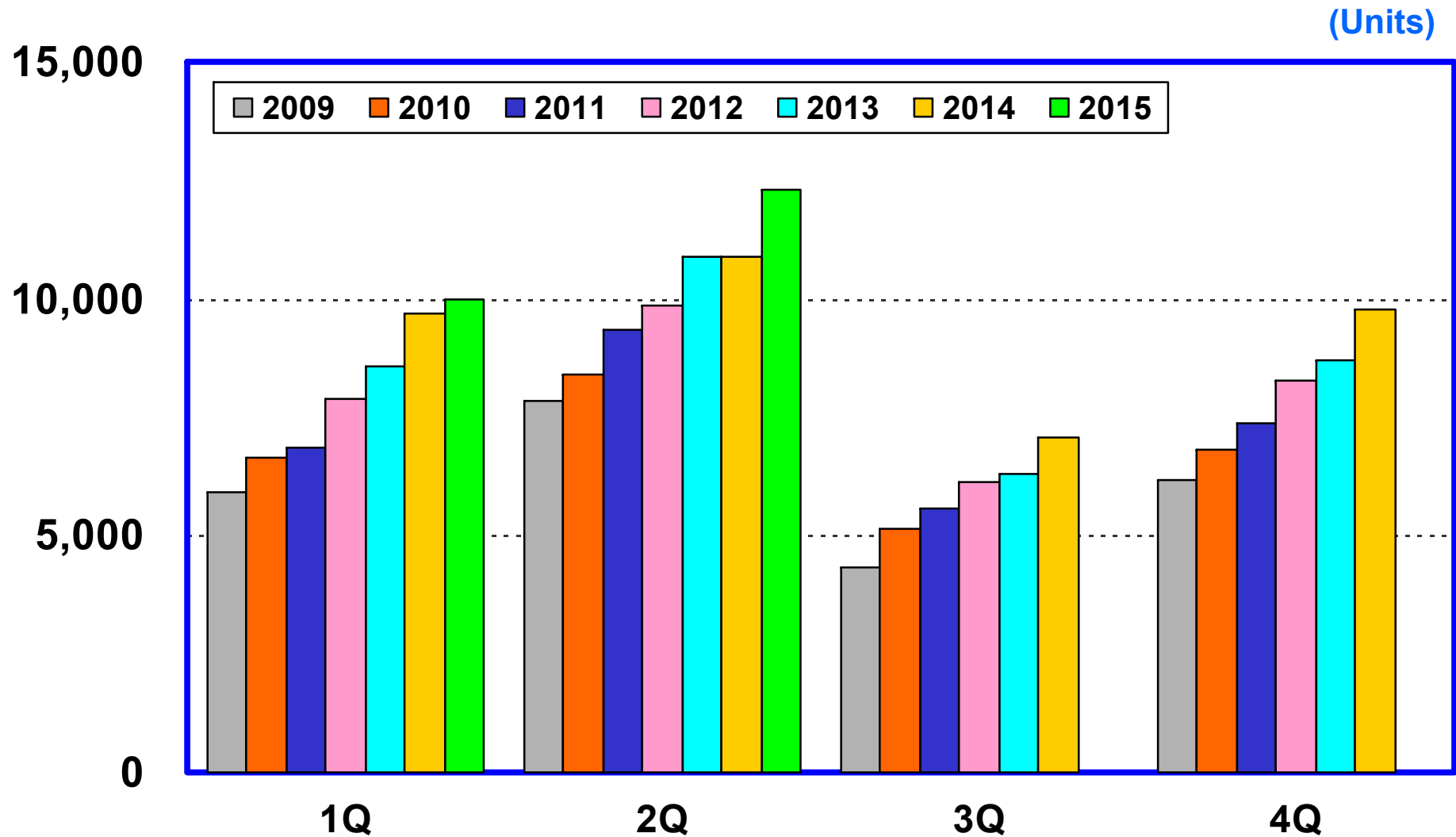
Quarterly Number of PCs Sold



Quarterly Number of Servers Sold

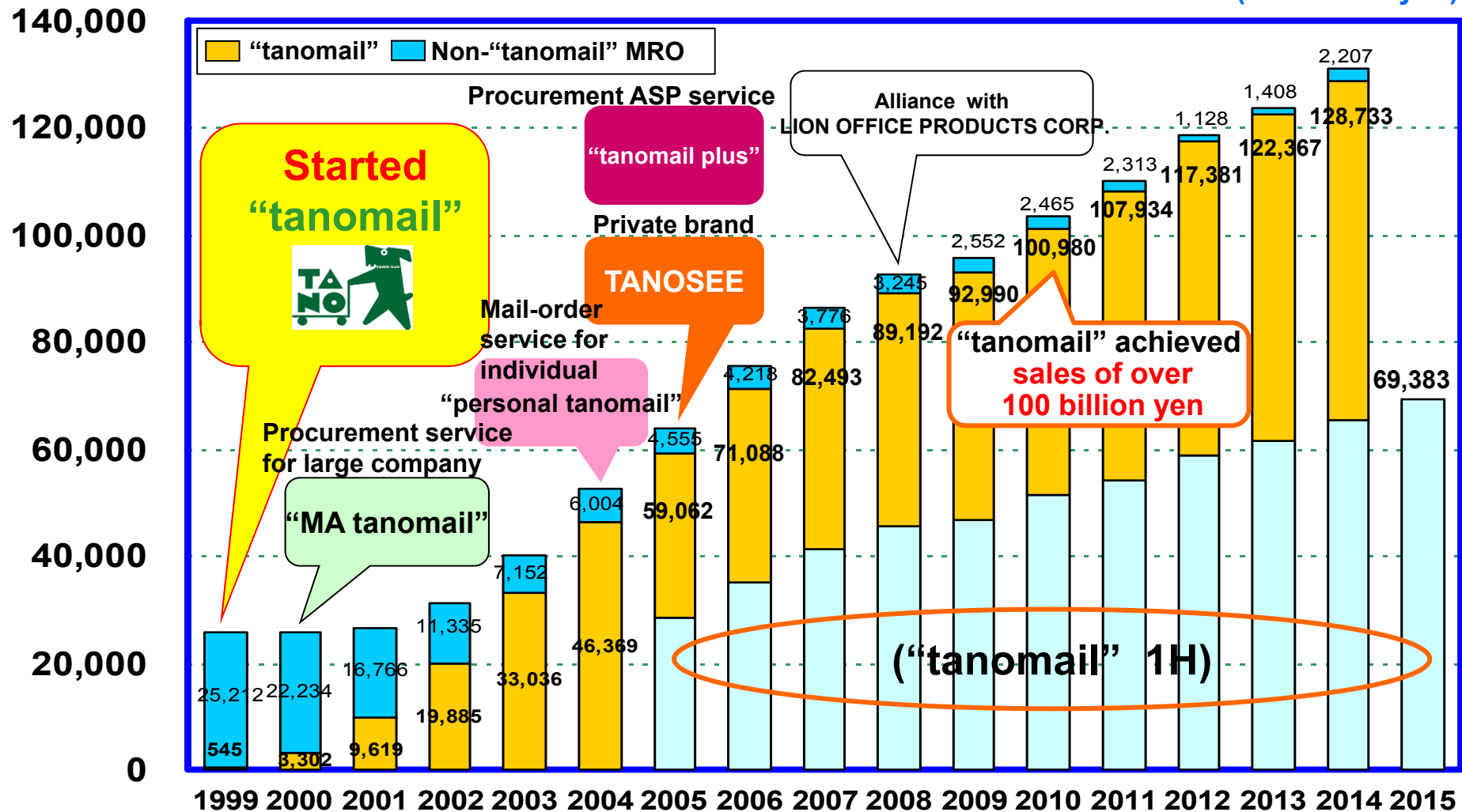


Quarterly Number of Copiers Sold



Annual sales transition of "tanomail"

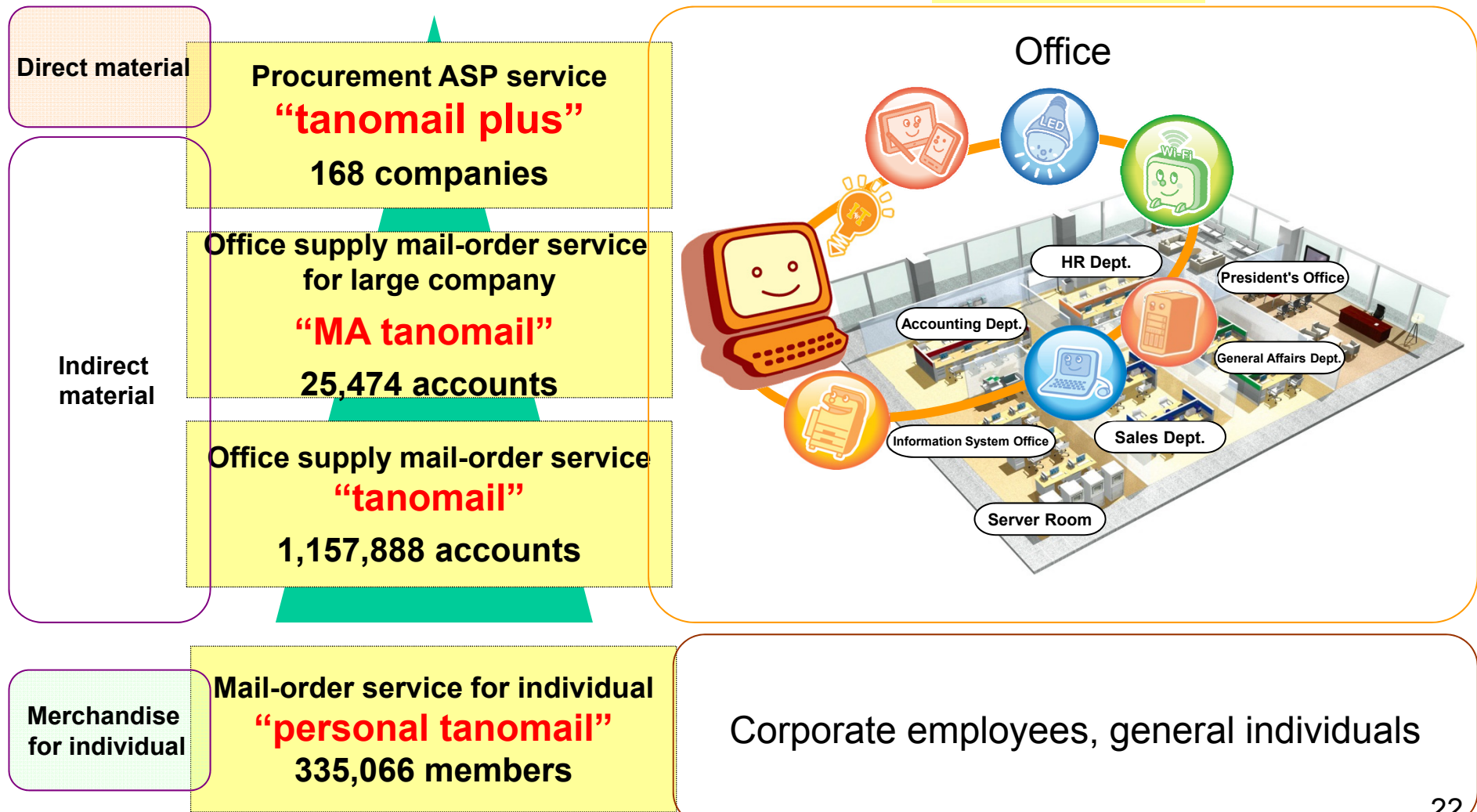
(Millions of yen)



Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2015)



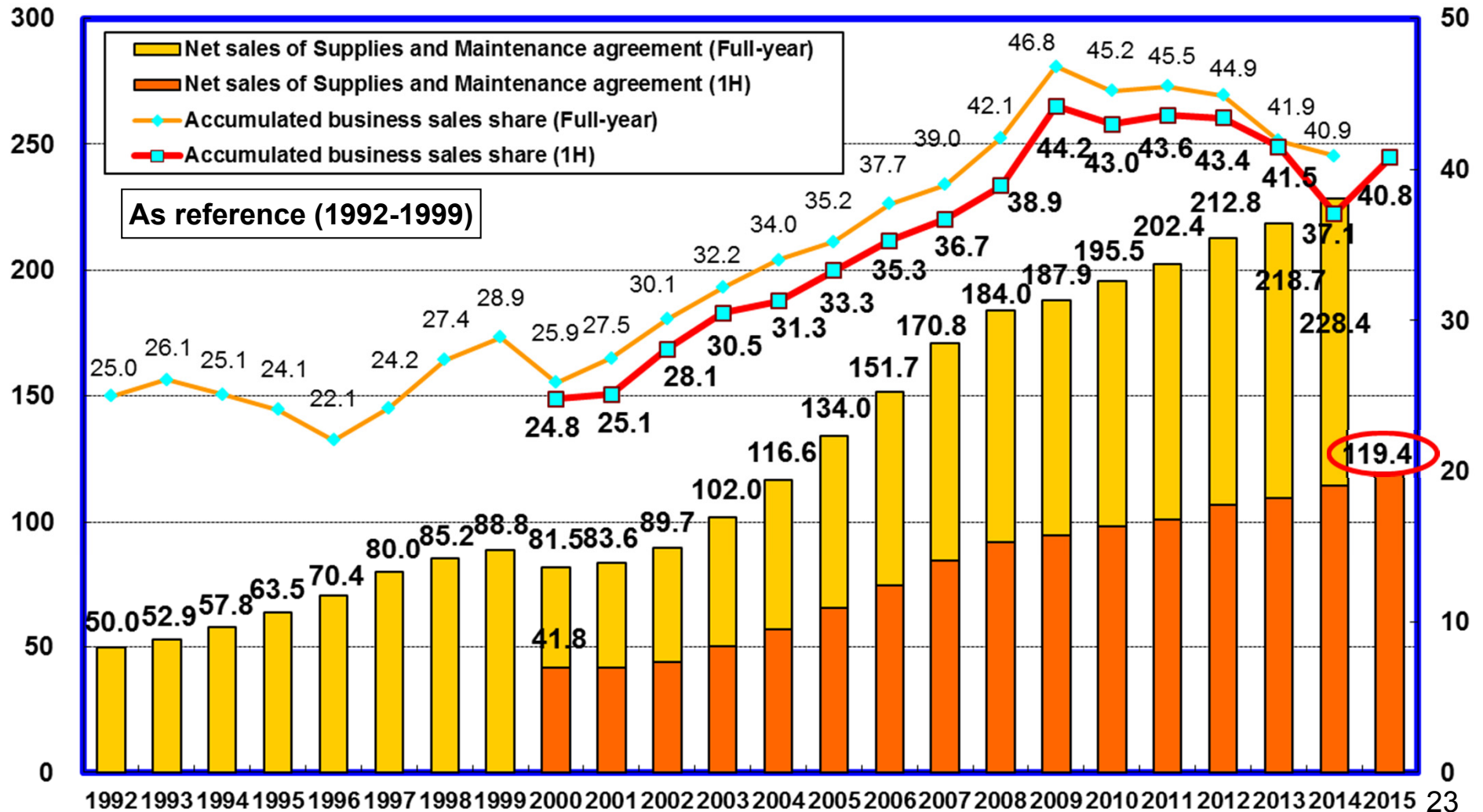
Growth of accumulated business

Net sales of Supplies and Maintenance agreement

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

Accumulated business sales share

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 >

- **Workforce basically remains flat or will increase slightly**
- **Strive to expand business by increasing revenues and profits**

Aim to achieve 7% in operating income to net sales ratio and ordinary income to net sales ratio

- **Cultivate new demand by utilizing customer information**
- **Effective use of people/materials/money to improve per head productivity**

Market Forecast in the Second Half of 2015

- **Prospect of moderate growth in the Japanese economy**
- **Emergence of labor shortages**
- **Introduction of the Social Security and Tax Number (“My Number”) System**
- **Demand for raising productivity through aggressive IT investment**
- **Market expansion of mobile and tablet devices**
- **Strong demand by companies for IT utilization and energy-saving**

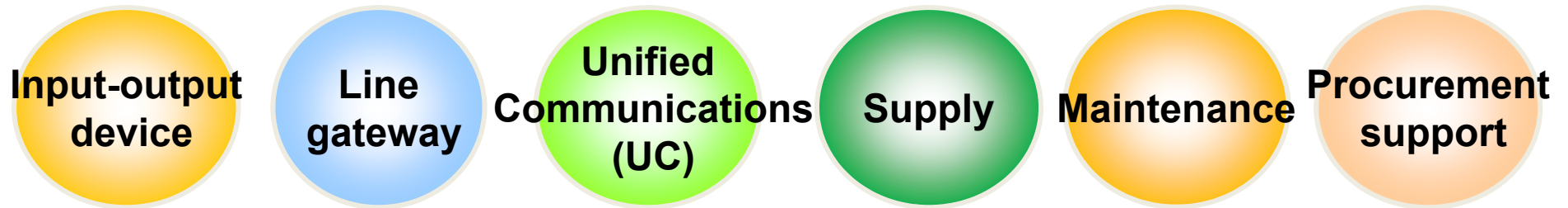
Policies and Measures in the Second Half of 2015

“Live up to customer trust from a customer viewpoint and vitalize office with solutions”

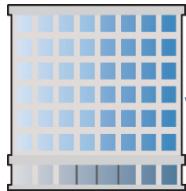
- **Expansion of business items with customers and cross-selling**
- **Proposal of solutions to enhance productivity and labor saving**
- **Utilization of “Virtual Manager”**
- **Continuation of performance-based pay scale increase (up to September)**
- **Response to My Number system**
- **Strengthening of optical communication lines and network solutions**

Initiatives for Companies with Multiple Stores or Multiple Locations

Provide broad support for IT that supports store and location management



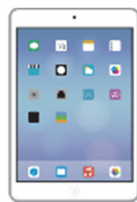
Multi-store/multi-location companies



- Insufficient IT usage relative to company size
 - Network solutions and support for business locations required
- Significant potential to expand IT solutions due to many locations



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OSM Otsuka Security Management

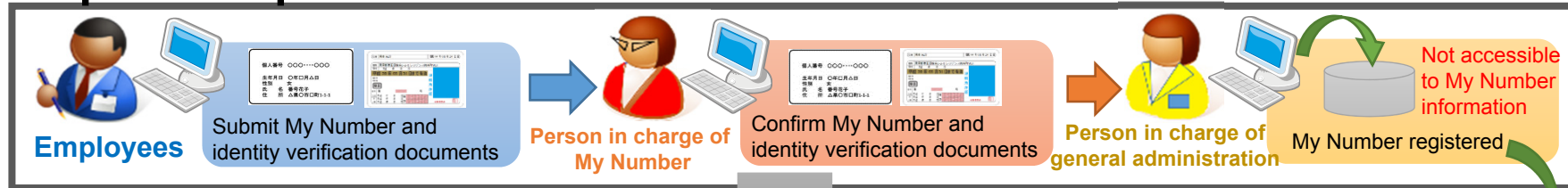


たのめーるプラス TANO-kun

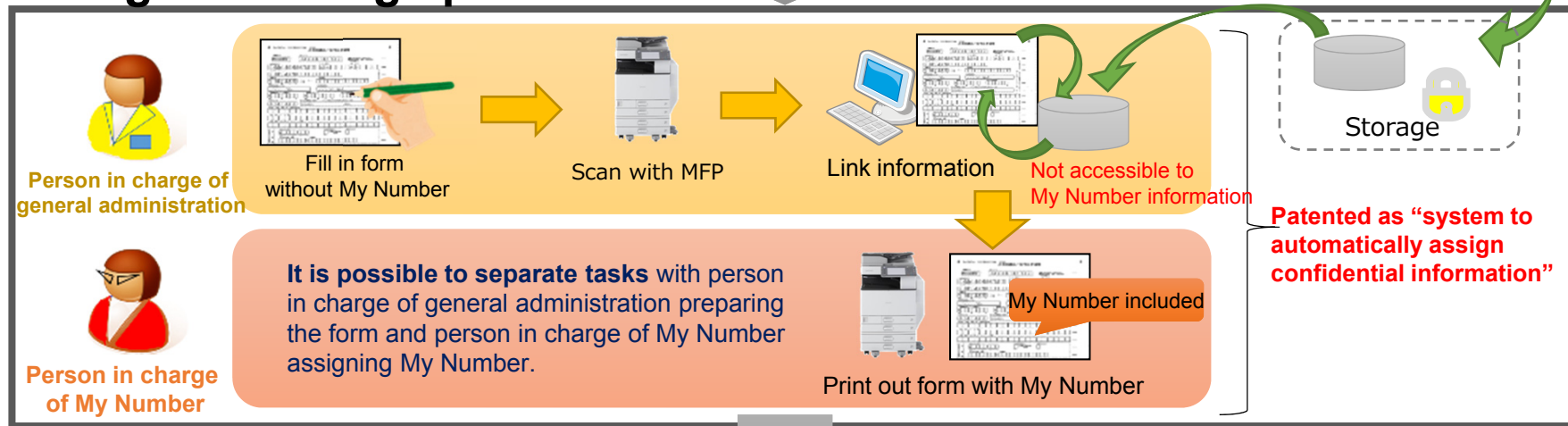


Raku Raku System in Response to My Number

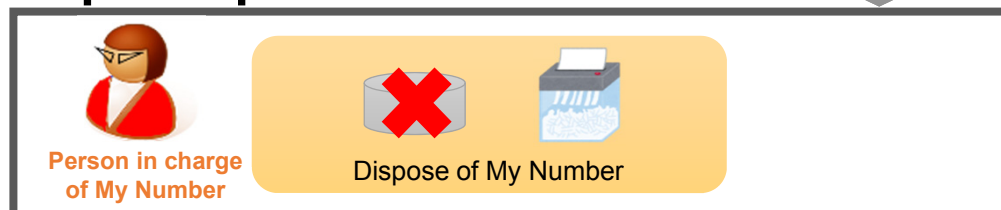
Acquisition process



Storage and usage process

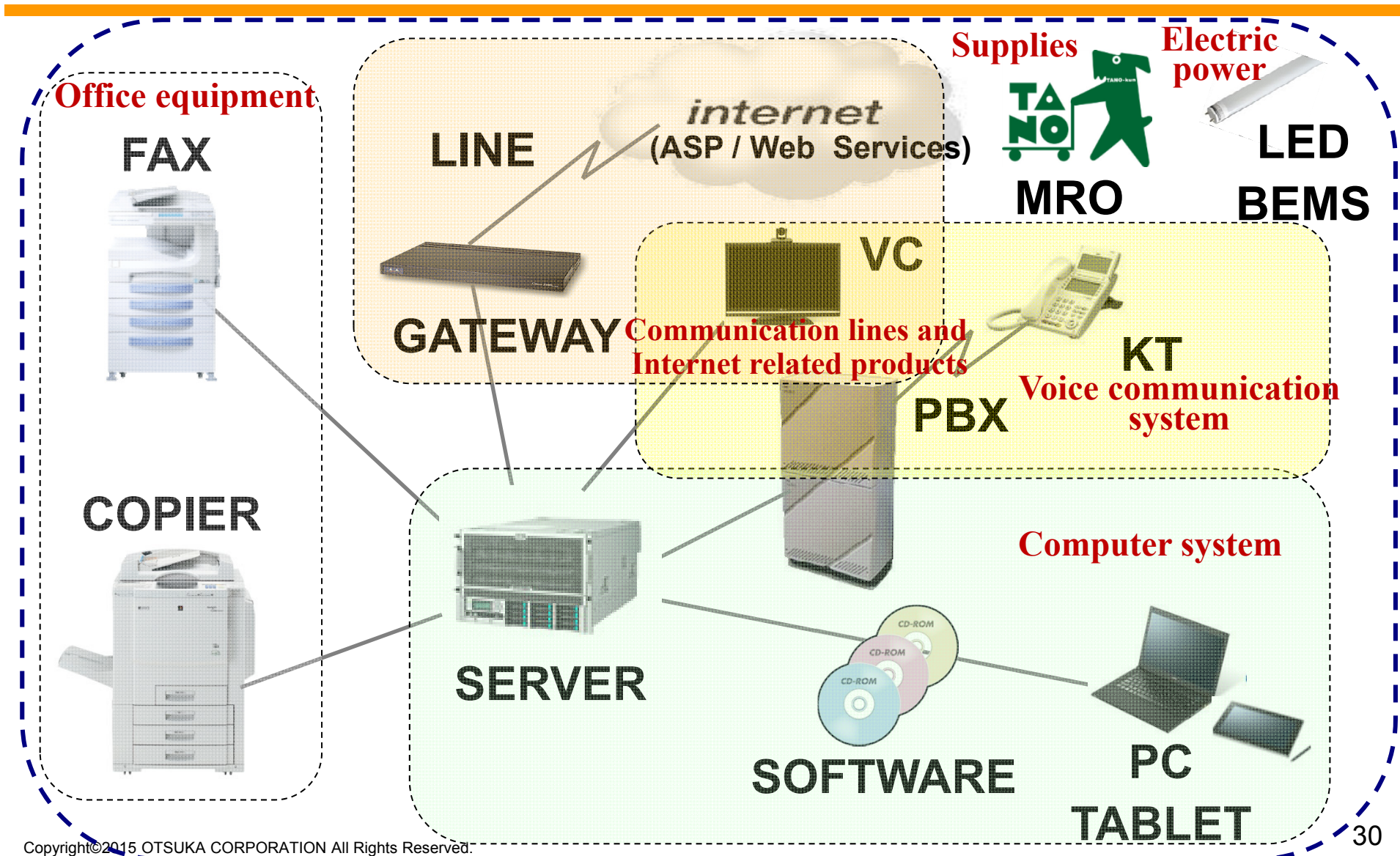


Disposal process



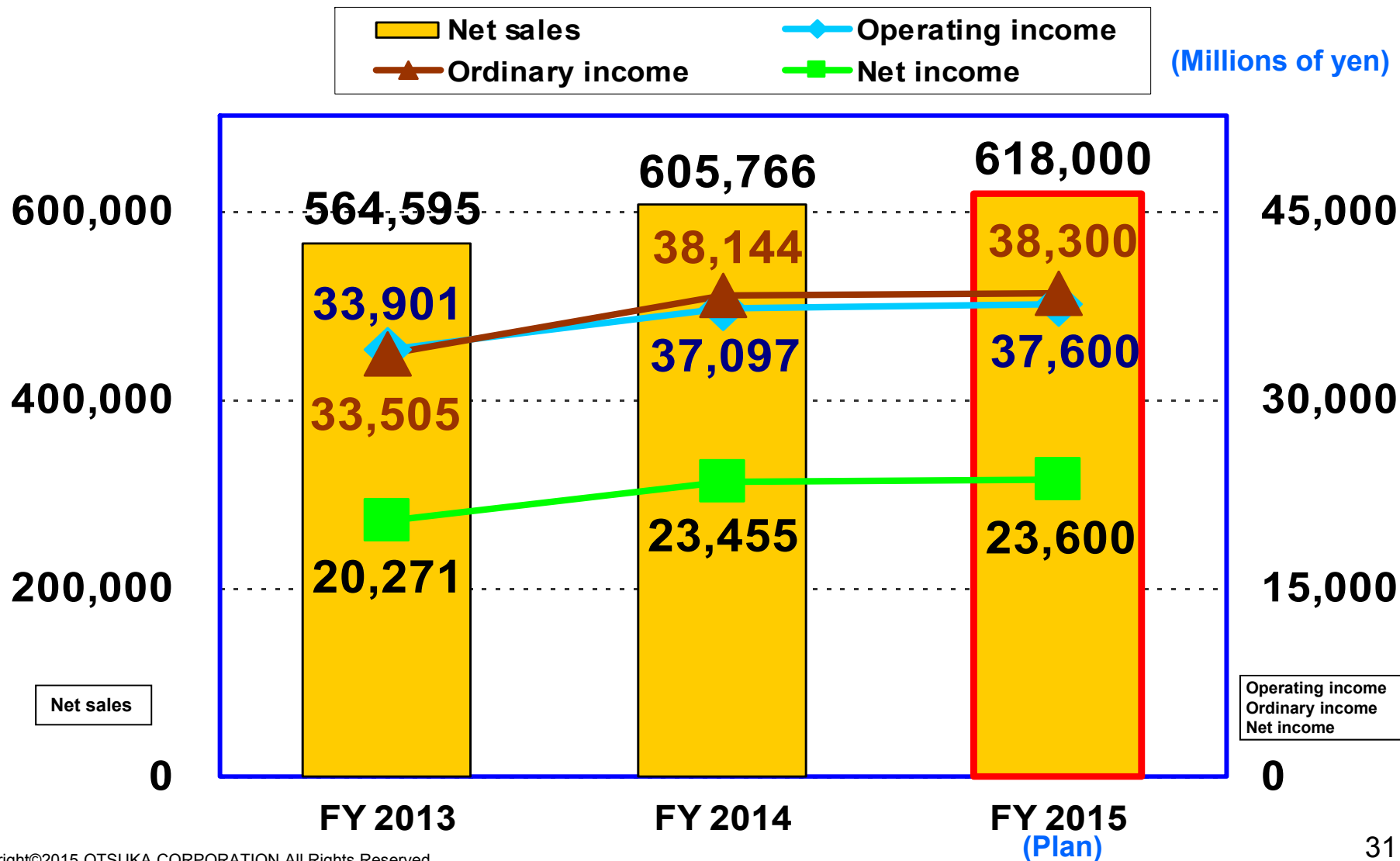
Secure management of handwritten forms including My Number that cannot be systemized

One-Stop Solution & Support



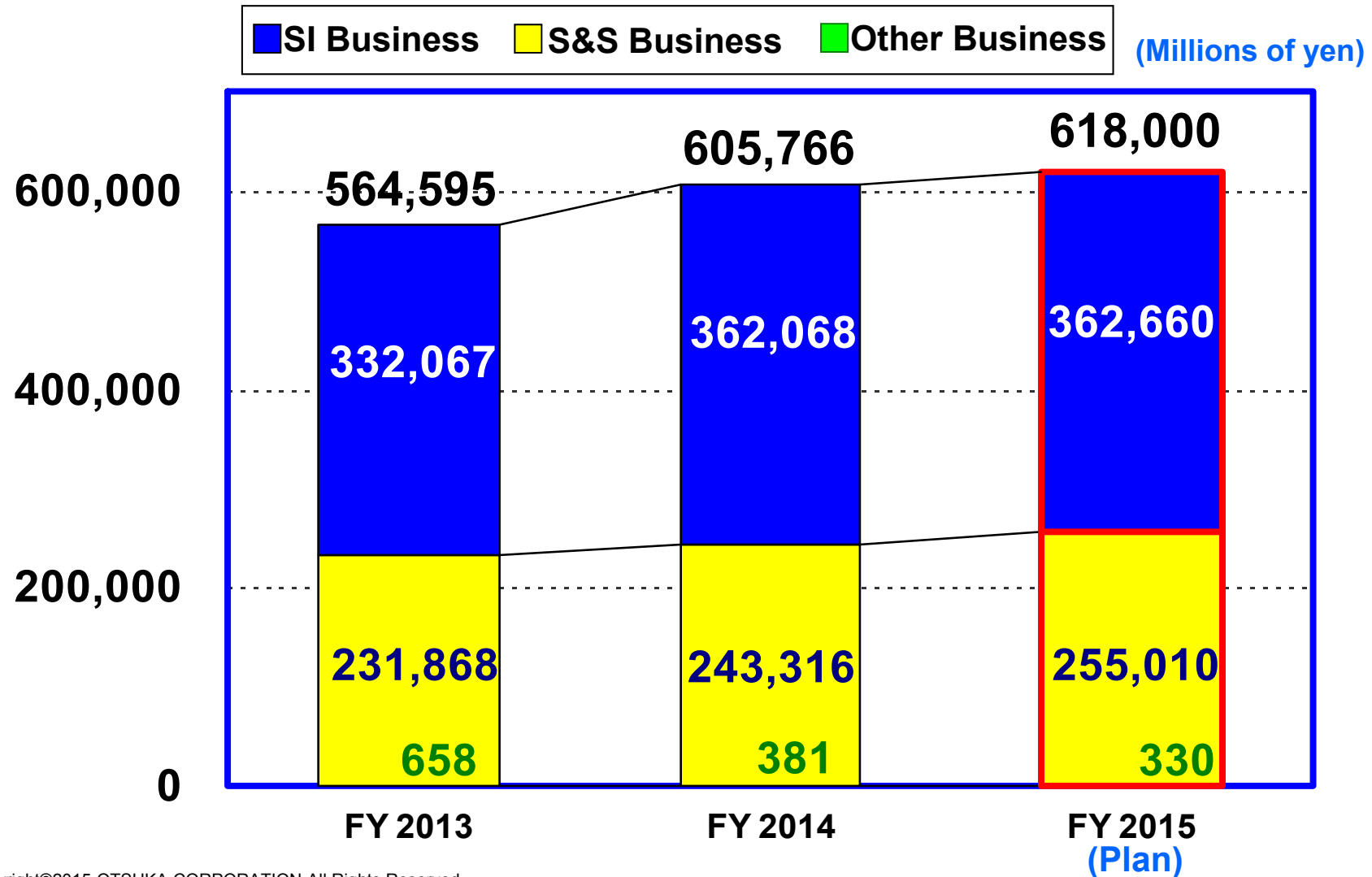
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segments





Cautionary statement

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