

April 25, 2019

Outline of business results**Consolidated Net sales and Profits**

(Millions of yen)

	1Q 2017	1Q 2018				1Q 2019				Consolidated to non-consolidated ratio
	Amount	Amount	Composition Ratio	Difference to Last year	Change to Last year	Amount	Composition Ratio	Difference to Last year	Change to Last year	
Net sales	180,278	191,225	100.0%	+10,947	+6.1%	218,681	100.0%	+27,455	+14.4%	1.11
Gross profit	37,940	38,998	20.4%	+1,058	+2.8%	42,917	19.6%	+3,918	+10.0%	1.09
Operating income	11,744	11,851	6.2%	+106	+0.9%	14,648	6.7%	+2,797	+23.6%	1.15
Ordinary income	12,131	12,222	6.4%	+91	+0.8%	15,087	6.9%	+2,864	+23.4%	1.07
Net income*	8,045	8,064	4.2%	+18	+0.2%	10,042	4.6%	+1,978	+24.5%	1.03

*Profit attributable to owners of parent

Non-consolidated Net sales and Profits

(Millions of yen)

	1Q 2017	1Q 2018				1Q 2019			
	Amount	Amount	Composition Ratio	Difference to Last year	Change to Last year	Amount	Composition Ratio	Difference to Last year	Change to Last year
Net sales	161,528	171,847	100.0%	+10,319	+6.4%	197,520	100.0%	+25,672	+14.9%
Gross profit	34,431	35,327	20.6%	+895	+2.6%	39,219	19.9%	+3,891	+11.0%
Operating income	10,205	10,095	5.9%	-110	-1.1%	12,793	6.5%	+2,698	+26.7%
Ordinary income	11,010	11,205	6.5%	+194	+1.8%	14,074	7.1%	+2,868	+25.6%
Net income	7,562	7,744	4.5%	+181	+2.4%	9,764	4.9%	+2,020	+26.1%

Quarterly change of consolidated Net sales

(Millions of yen)

	FY 2017	FY 2018				FY 2019		
	Amount	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year	
1Q (Jan. - Mar.)	180,278	191,225	+10,947	+6.1%	218,681	+27,455	+14.4%	
2Q (Apr. - Jun.)	177,307	198,637	+21,330	+12.0%	-	-	-	
3Q (Jul. - Sep.)	158,943	176,262	+17,318	+10.9%	-	-	-	
4Q (Oct. - Dec.)	174,637	193,745	+19,107	+10.9%	-	-	-	

Quarterly change of consolidated Ordinary income

(Millions of yen)

	FY 2017	FY 2018				FY 2019		
	Amount	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year	
1Q (Jan. - Mar.)	12,131	12,222	+91	+0.8%	15,087	+2,864	+23.4%	
2Q (Apr. - Jun.)	15,255	15,645	+389	+2.6%	-	-	-	
3Q (Jul. - Sep.)	6,667	7,167	+499	+7.5%	-	-	-	
4Q (Oct. - Dec.)	11,404	14,250	+2,845	+24.9%	-	-	-	

Consolidated Net sales by segments

(Millions of yen)

	1Q 2017	1Q 2018				1Q 2019			
	Amount	Amount	Composition Ratio	Difference to Last year	Change to Last year	Amount	Composition Ratio	Difference to Last year	Change to Last year
System Integration business	109,387	117,273	61.3%	+7,886	+7.2%	142,502	65.2%	+25,228	+21.5%
Service and Support business	70,795	73,952	38.7%	+3,156	+4.5%	76,179	34.8%	+2,226	+3.0%
Other business	95	-	-	-	-	-	-	-	-

Non-consolidated Net sales and Gross profit by segments

(Millions of yen)

		1Q 2017	1Q 2018				1Q 2019			
		Amount	Amount	Composition Ratio	Difference to Last year	Change to Last year	Amount	Composition Ratio	Difference to Last year	Change to Last year
Net sales	System Integration	91,495	98,646	57.4%	+7,150	+7.8%	122,075	61.8%	+23,428	+23.8%
	Service and Support	70,032	73,201	42.6%	+3,168	+4.5%	75,445	38.2%	+2,244	+3.1%
Gross profit	System Integration	17,691	17,831	50.5%	+140	+0.8%	21,084	53.8%	+3,253	+18.2%
	Service and Support	16,740	17,496	49.5%	+755	+4.5%	18,134	46.2%	+638	+3.7%

Non-consolidated Net sales by 4 segments

(Millions of yen)

		1Q 2017	1Q 2018				1Q 2019			
		Amount	Amount	Composition Ratio	Difference to Last year	Change to Last year	Amount	Composition Ratio	Difference to Last year	Change to Last year
System Integration business	SI related products	80,843	87,186	50.7%	+6,343	+7.8%	108,663	55.0%	+21,476	+24.6%
	Custom-made software etc.	10,652	11,459	6.7%	+806	+7.6%	13,411	6.8%	+1,952	+17.0%
Service and Support business	Supplies	36,820	37,677	21.9%	+857	+2.3%	38,696	19.6%	+1,018	+2.7%
	Maintenance, etc.	33,212	35,523	20.7%	+2,311	+7.0%	36,748	18.6%	+1,225	+3.4%

Consolidated Cash flows (Millions of yen)

	1Q 2017	1Q 2018	1Q 2019
C/F from operating	14,396	10,729	11,794
C/F from investing	-1,343	-2,800	-1,569
C/F from financing	-11,436	-13,376	-16,228
Cash and cash equivalents at end of period	119,777	132,064	145,588

Consolidated Equity and Interest-bearing debt

	2017 Mar. 31	2018 Mar. 31	2019 Mar. 31
Equity	187,019	207,707	224,119
Interest-bearing debt	9,416	8,865	9,014
Total assets*	361,730	396,395	430,084
Equity ratio*	51.7%	52.4%	52.1%
Interest-bearing debt ratio*	2.6%	2.2%	2.1%

(Millions of yen)

*OTSUKA CORPORATION has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from 2019 and is applying this retroactively to 2018. Therefore, the figures for Total assets, Equity ratio and Interest-bearing debt ratio at the end of March 2018 are expressed after retroactive adjustment.

Non-consolidated Key strategic business

(Millions of yen)

	1Q 2017	1Q 2018		1Q 2019			
	Amount	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year
"tanomail"	39,485	40,350	+864	+2.2%	41,509	+1,159	+2.9%
SMILE	2,543	2,664	+120	+4.8%	2,706	+42	+1.6%
ODS	14,519	14,446	-72	-0.5%	14,231	-215	-1.5%
OSM	17,924	17,860	-64	-0.4%	18,530	+670	+3.8%
<As reference: Number of Sales>							(Units)
Copier	11,975	11,020	-955	-8.0%	10,507	-513	-4.7%
(of which color copier)	11,343	10,659	-684	-6.0%	10,203	-456	-4.3%
Server	7,896	8,681	+785	+9.9%	8,254	-427	-4.9%
PC	246,735	298,409	+51,674	+20.9%	458,136	+159,727	+53.5%
Client Total	254,853	311,450	+56,597	+22.2%	469,499	+158,049	+50.7%

Future Plans**Plans of consolidated Net sales and profits**

(Millions of yen)

	1Q 2019 (Result)	1H 2019 (Plan)	FY 2019 (Plan)
Net sales	218,681	413,500	803,000
Operating income	14,648	28,500	50,400
Ordinary income	15,087	28,940	51,200
Net income*	10,042	19,280	34,210

*Profit attributable to owners of parent

Plans of consolidated Net sales by segments

(Millions of yen)

	FY 2017 (Result)	FY 2018 (Result)		FY 2019 (Plan)	
	Amount	Amount	Change to Last year	Amount	Change to Last year
System Integration	408,718	463,293	+13.4%	491,150	+6.0%
Service and Support	282,064	296,577	+5.1%	311,850	+5.1%
Others	383	-	-	-	-