



**Fiscal year ending December 2021**

**Six months** (January – June)

**Business Results**

**August 2, 2021**

**OTSUKA CORPORATION**

**Yuji Otsuka, President**

# Summary of Business Results, January - June, 2021

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
<b>Net sales</b>	<b>466,625</b>	<b>103.7%</b>	<b>+7.8%</b>	<b>423,770</b>	<b>105.1%</b>	<b>+9.9%</b>
<b>Operating profit</b>	<b>33,246</b>	<b>103.9%</b>	<b>+9.7%</b>	<b>29,544</b>	<b>104.4%</b>	<b>+10.3%</b>
<b>Ordinary profit</b>	<b>34,245</b>	<b>105.4%</b>	<b>+10.6%</b>	<b>31,236</b>	<b>104.4%</b>	<b>+9.5%</b>
<b>Profit*</b>	<b>23,657</b>	<b>109.1%</b>	<b>+13.8%</b>	<b>22,090</b>	<b>106.8%</b>	<b>+11.7%</b>

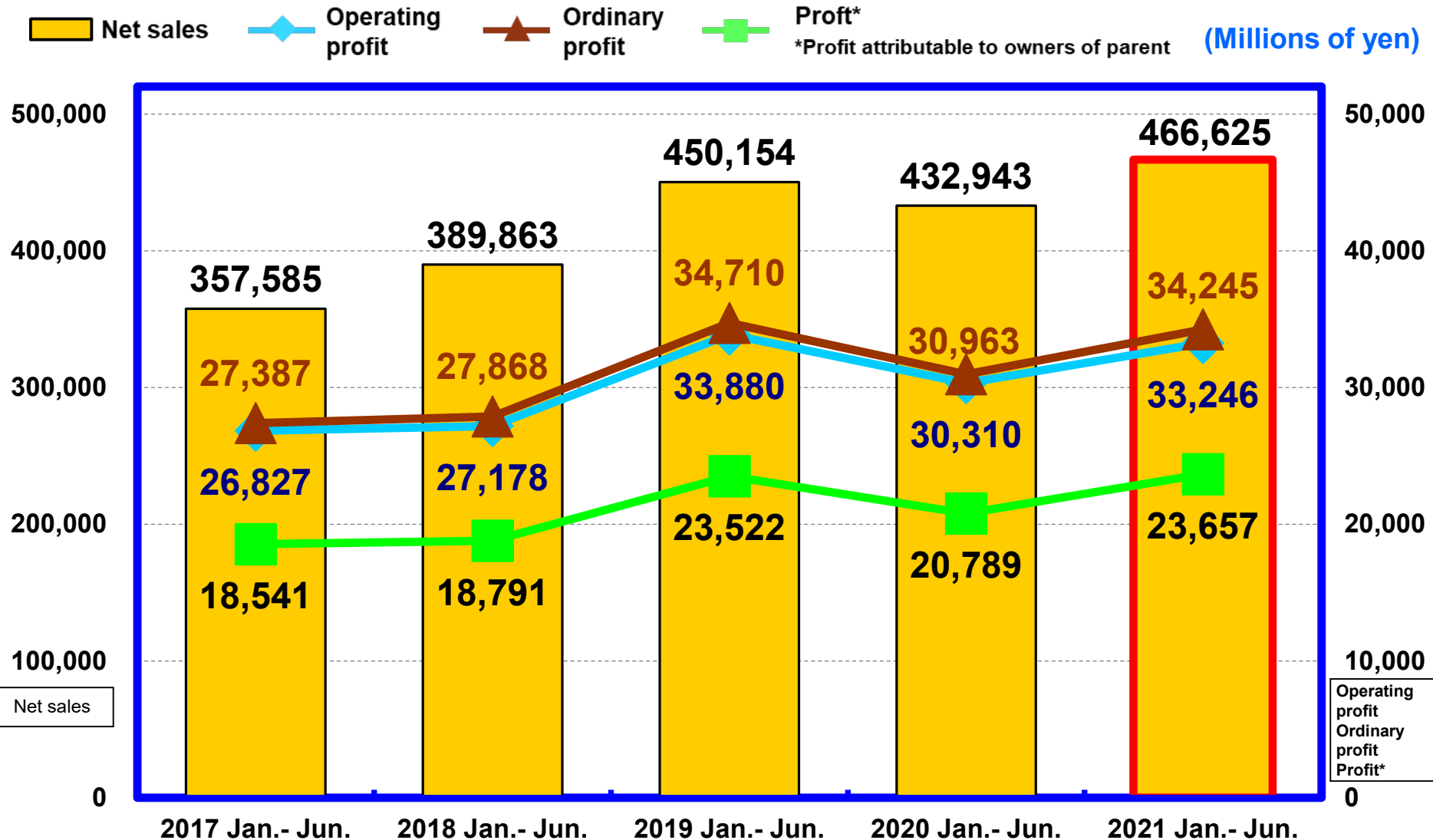
\*Profit attributable to owners of parent

# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2021 Jan.- Jun. Net sales (Millions of yen)
I S	OSK Co., LTD.	Development and sale of packaged software, IT consulting, and Consigned software development	457	4,449
	Net World Corporation	Sales and technology support for network-related equipment	461	62,251
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	310	3,291
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	474	4,976

Consolidated

# Net sales and Profits

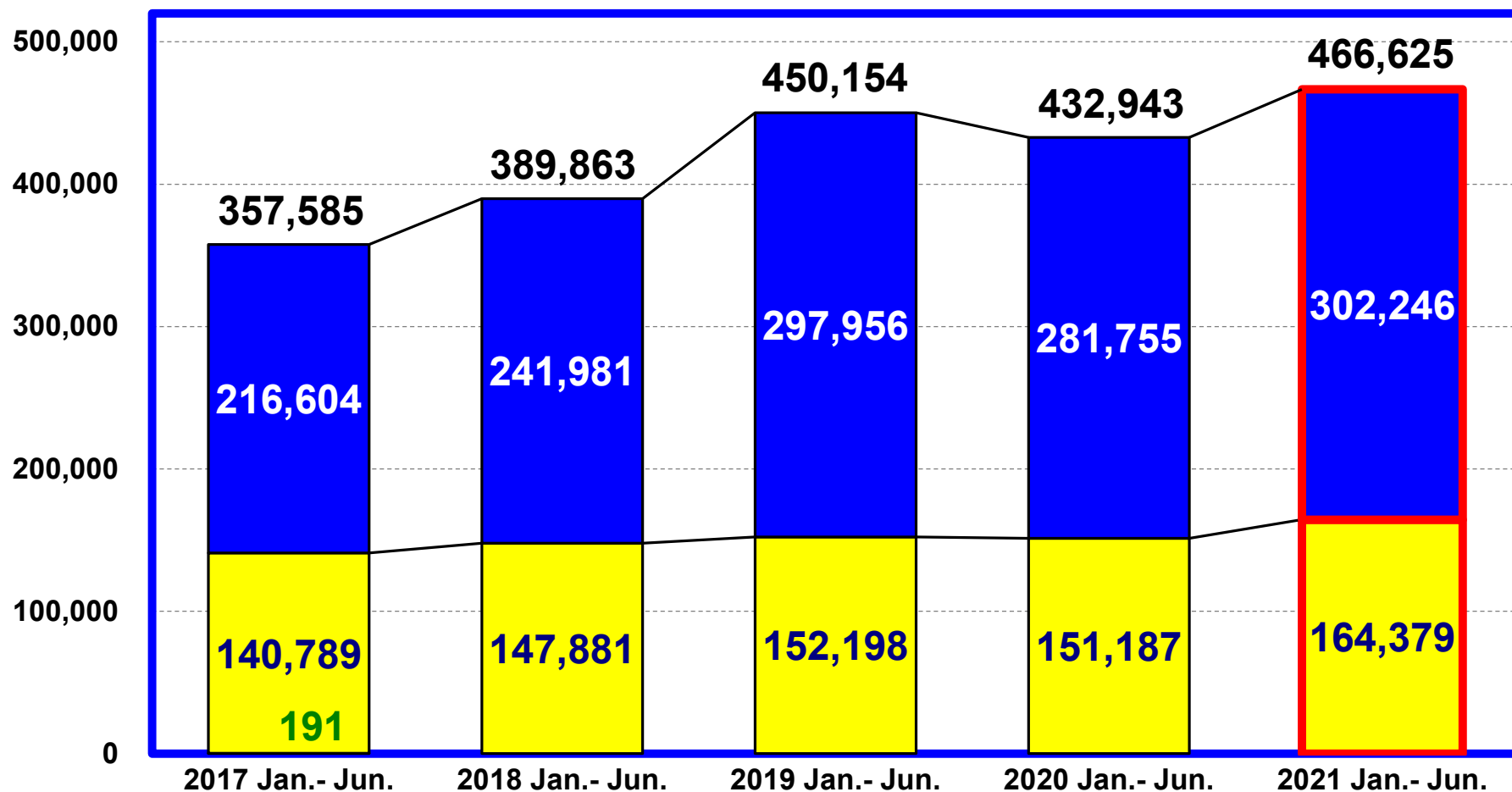


Consolidated

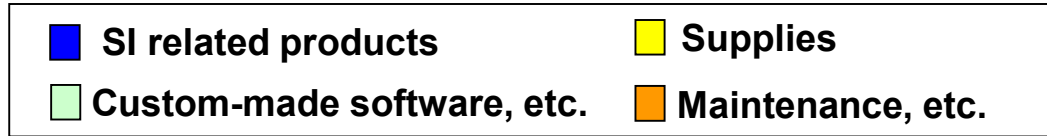
# Net sales by segments

■ SI business   ■ S&S business   ■ Other business

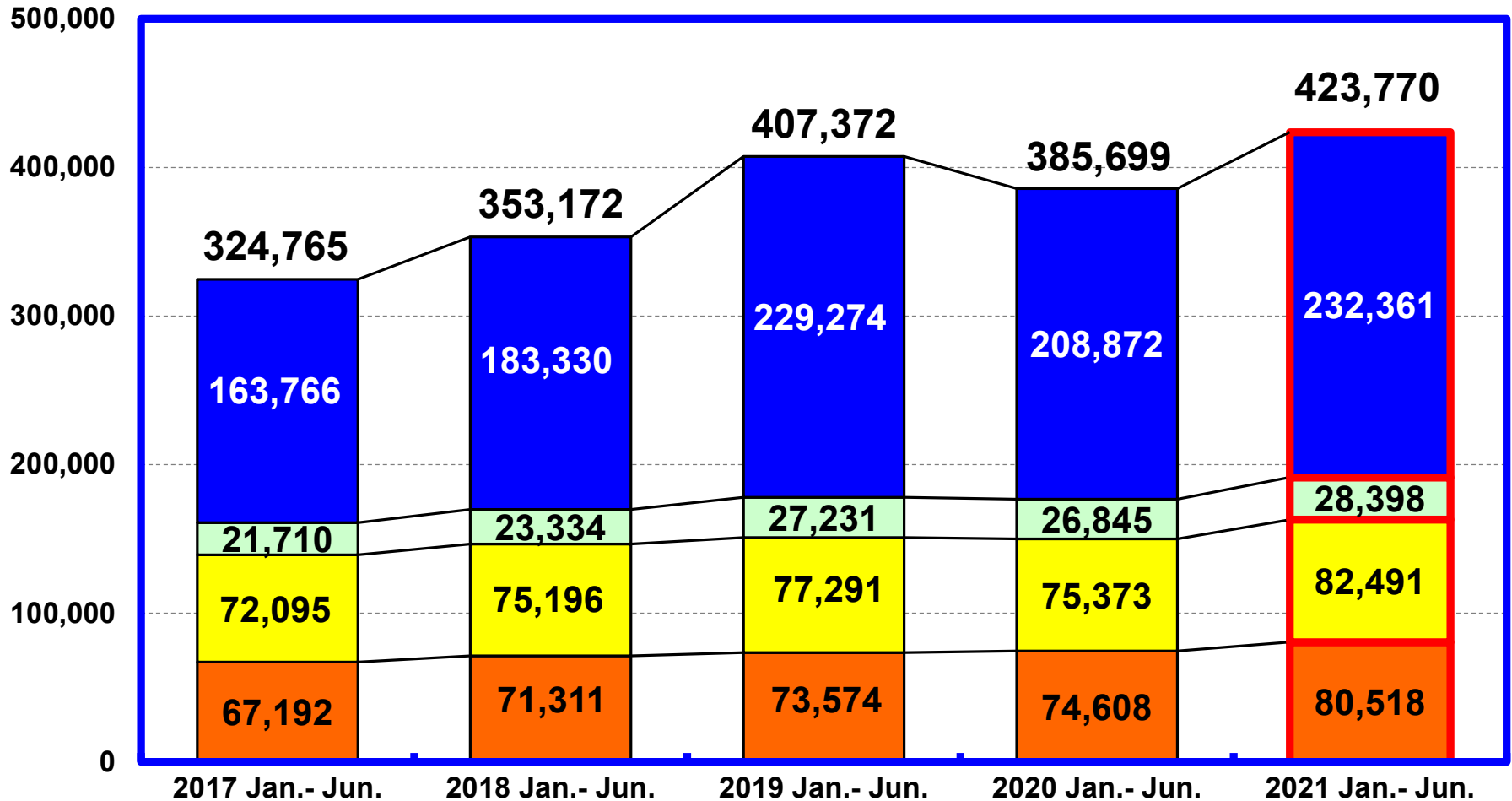
(Millions of yen)



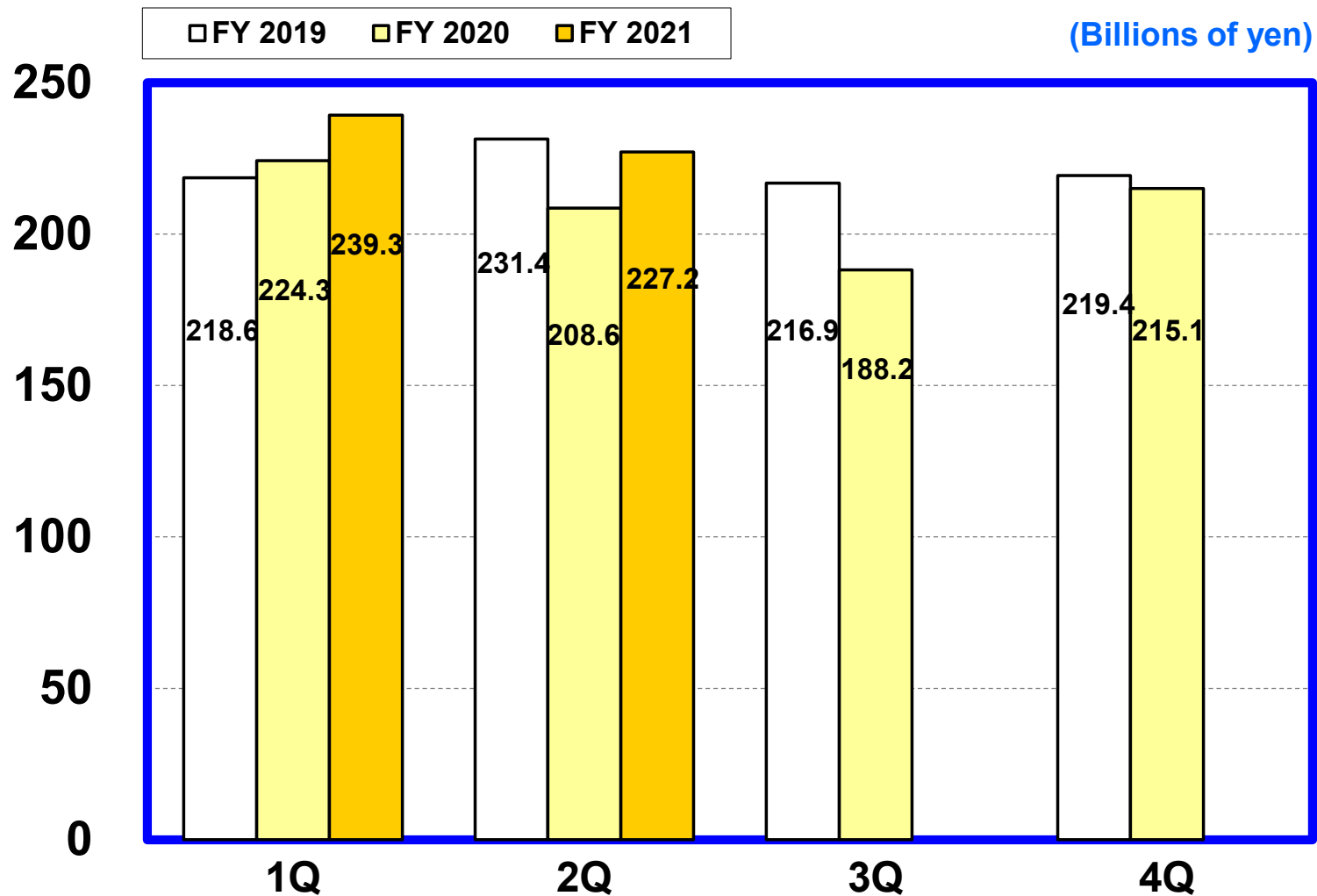
# Net sales by 4 segments



(Millions of yen)

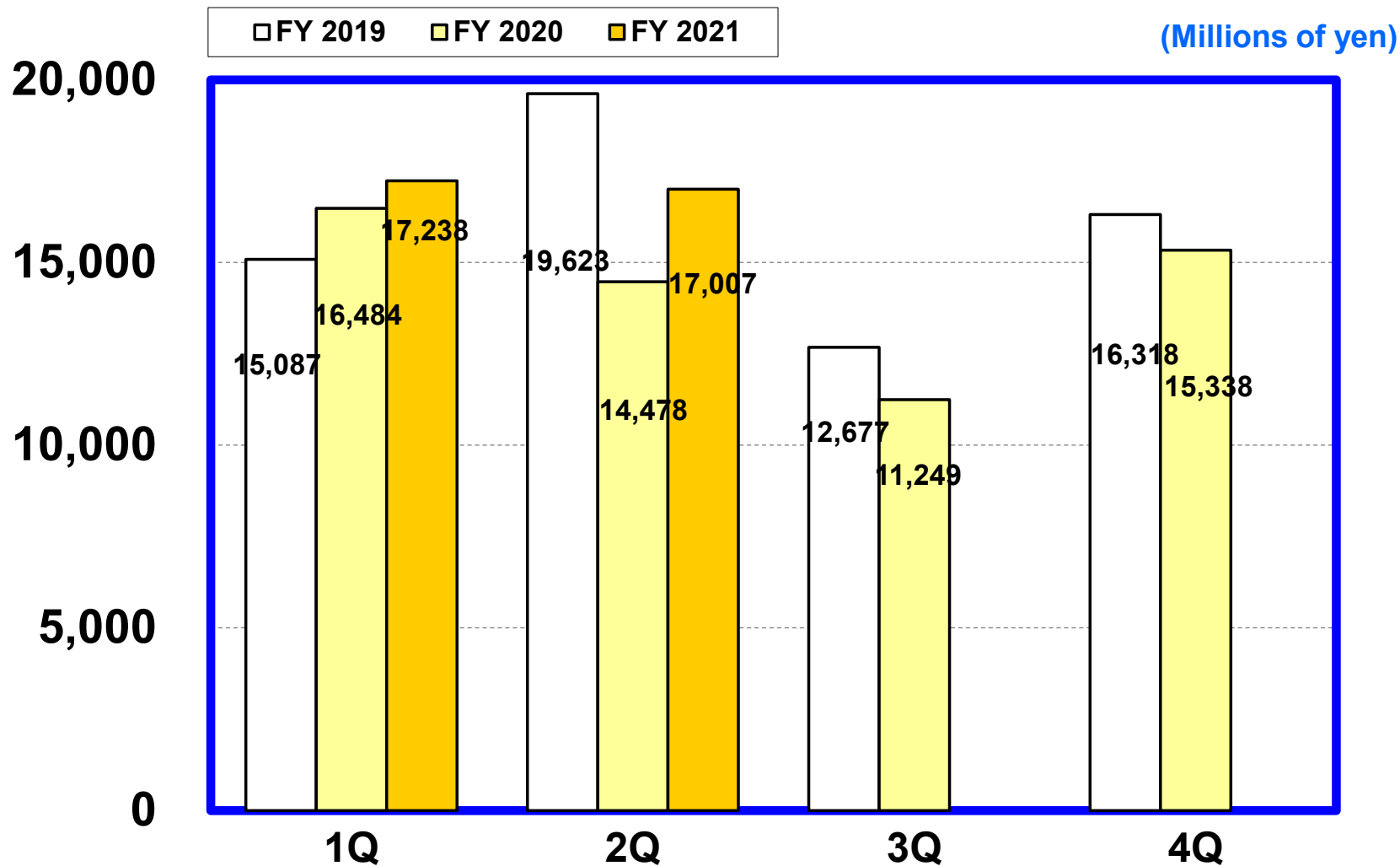


# Quarterly change of Net sales



# Quarterly change of Ordinary profit

Consolidated





# Summary of Business Results, April – June, 2021

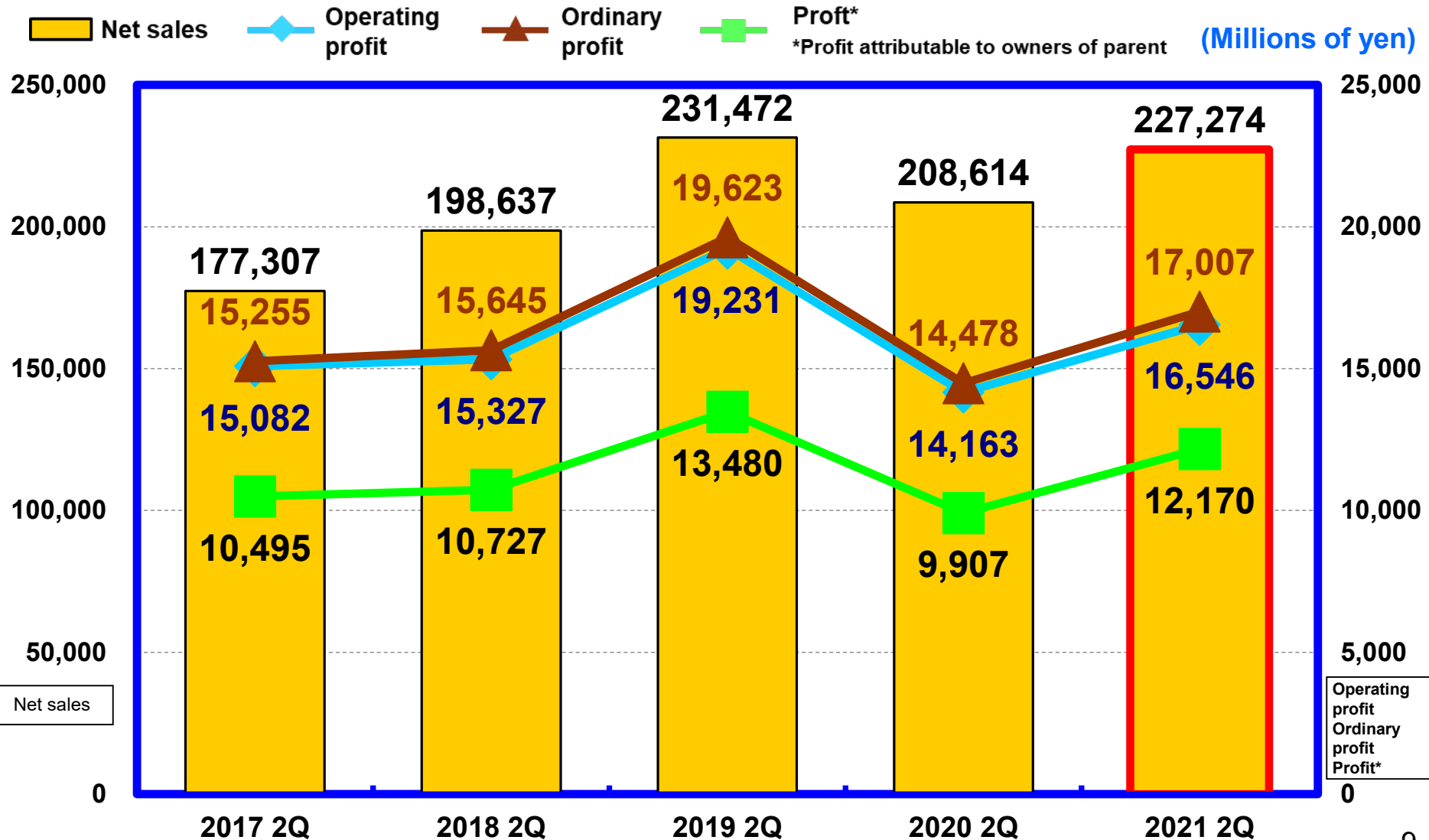
(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	227,274	+8.9%	205,381	+11.8%
Operating profit	16,546	+16.8%	14,985	+18.3%
Ordinary profit	17,007	+17.5%	15,259	+18.1%
Profit*	12,170	+22.8%	11,035	+23.2%

\*Profit attributable to owners of parent

# Net sales and Profits, April – June

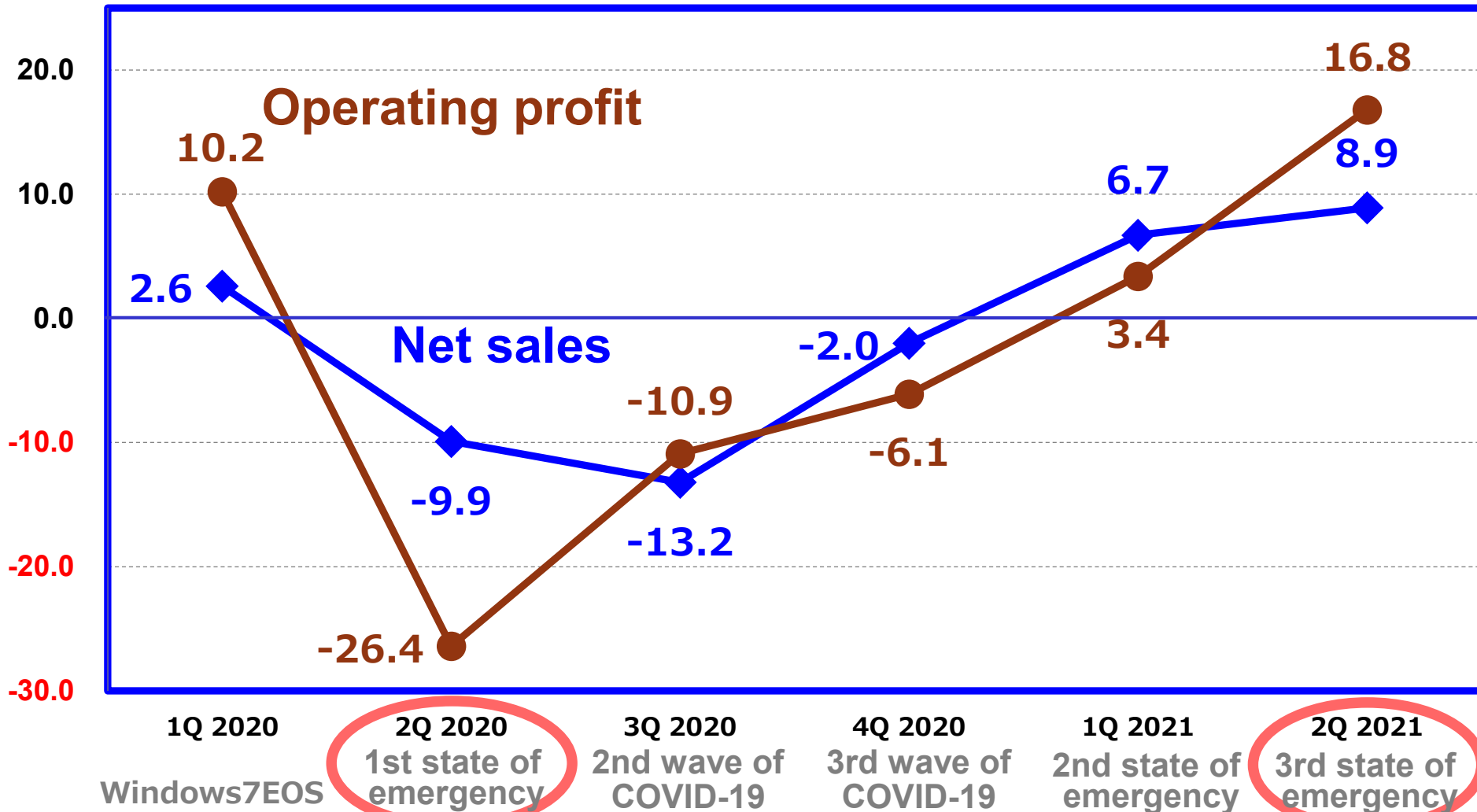
Consolidated



# Trends in % change in sales and operating profit

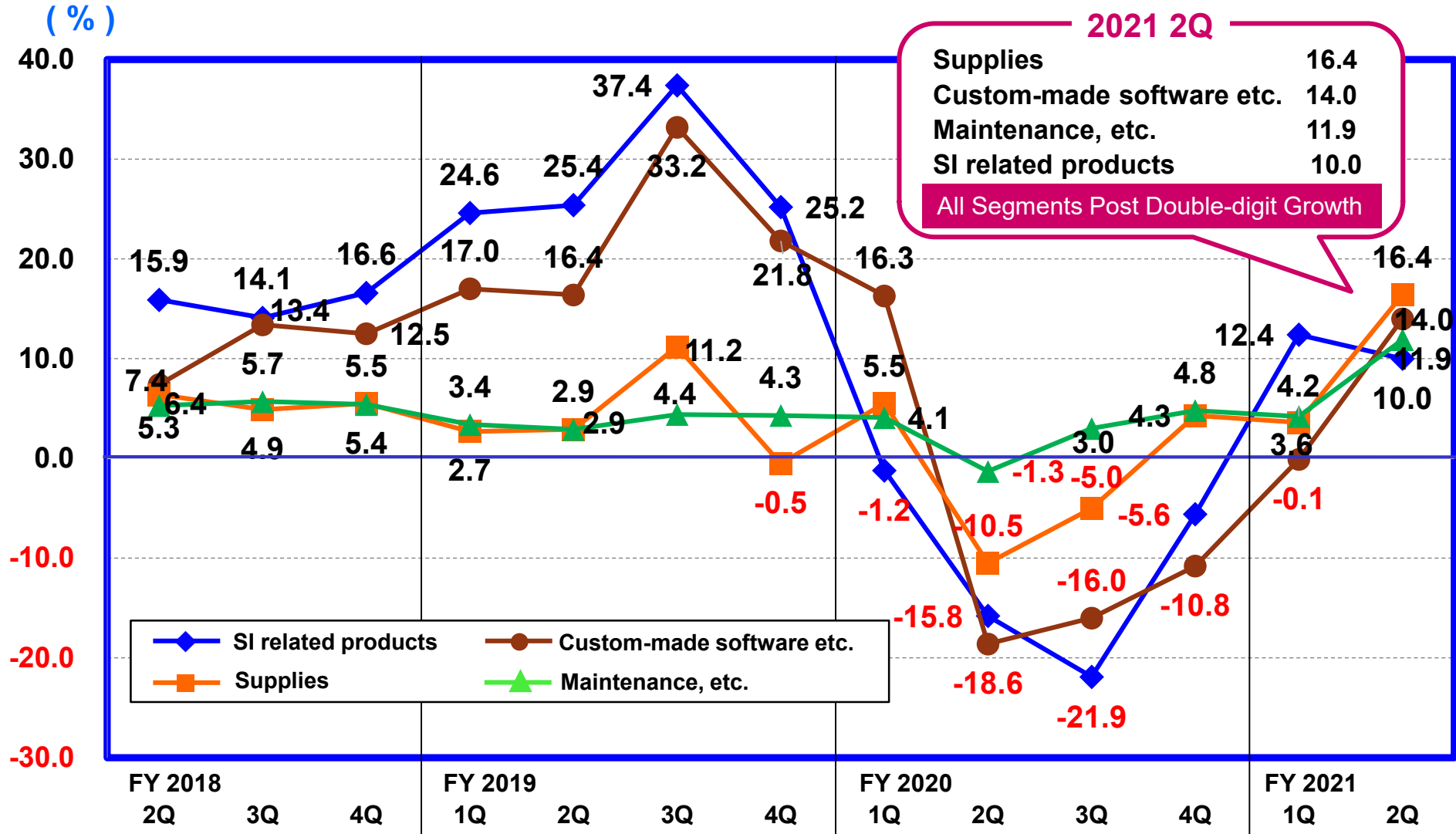
Consolidated

(%)



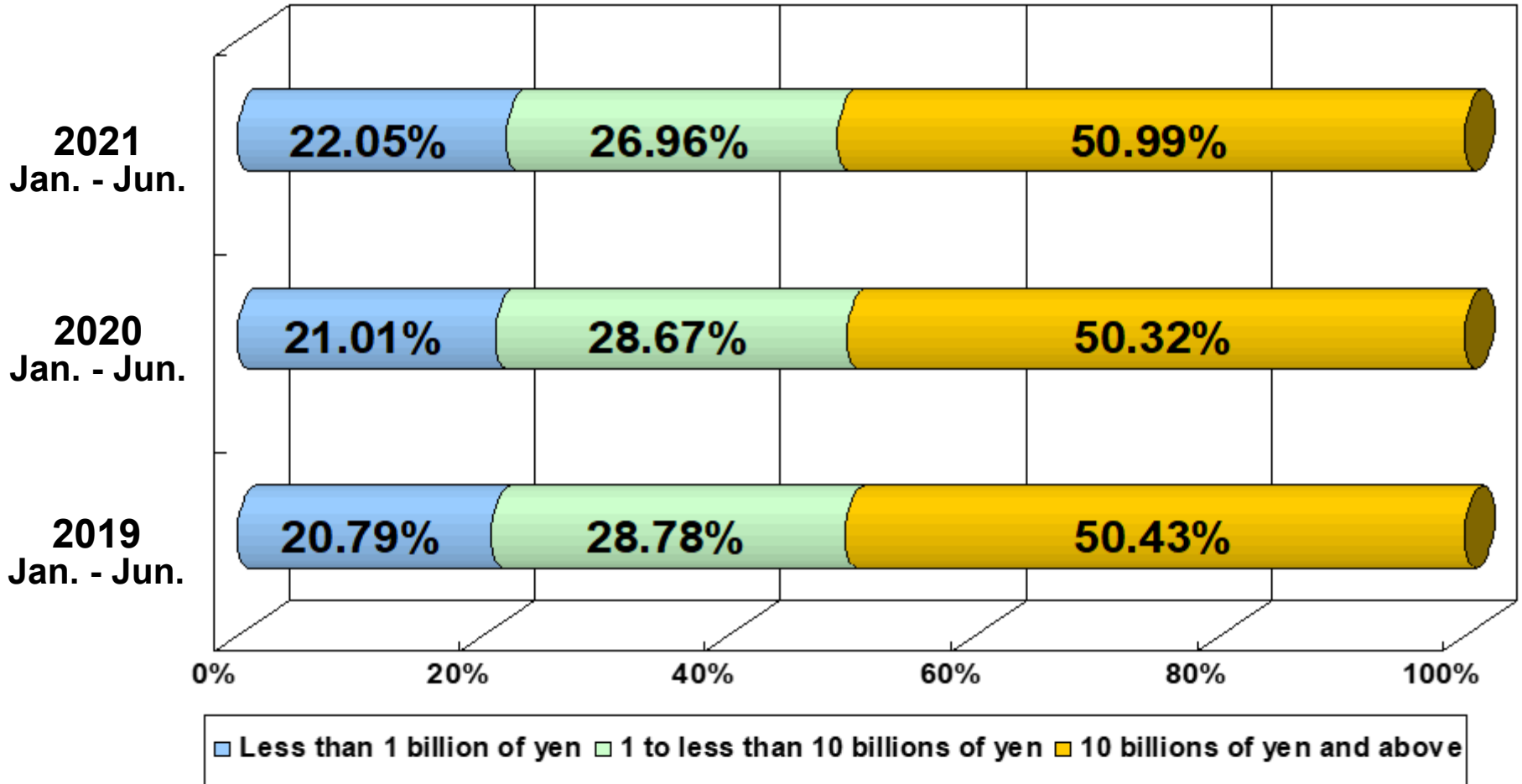
Non-Consolidated

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



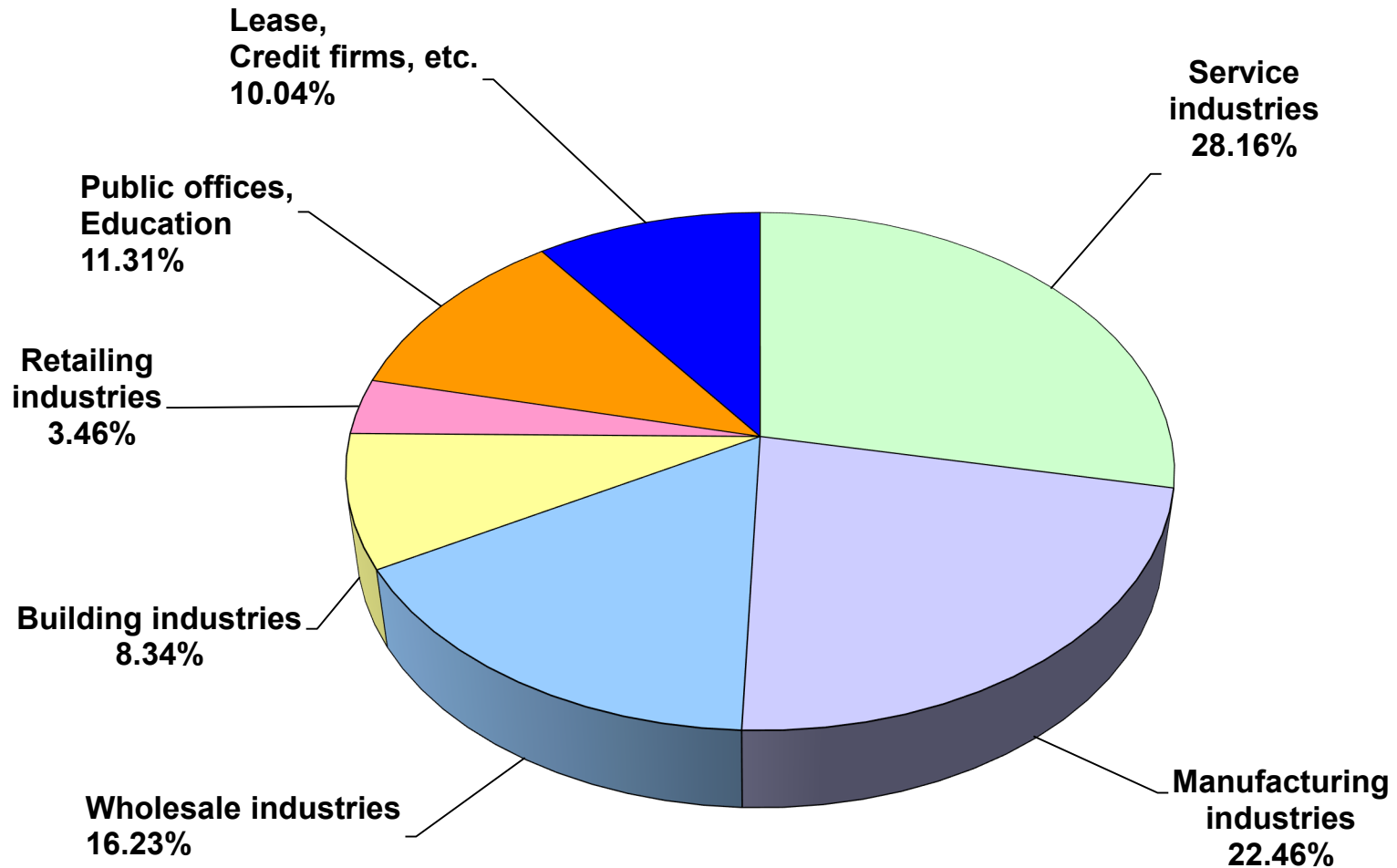
Non-Consolidated

# Net sales structure on customers' total annual business scale



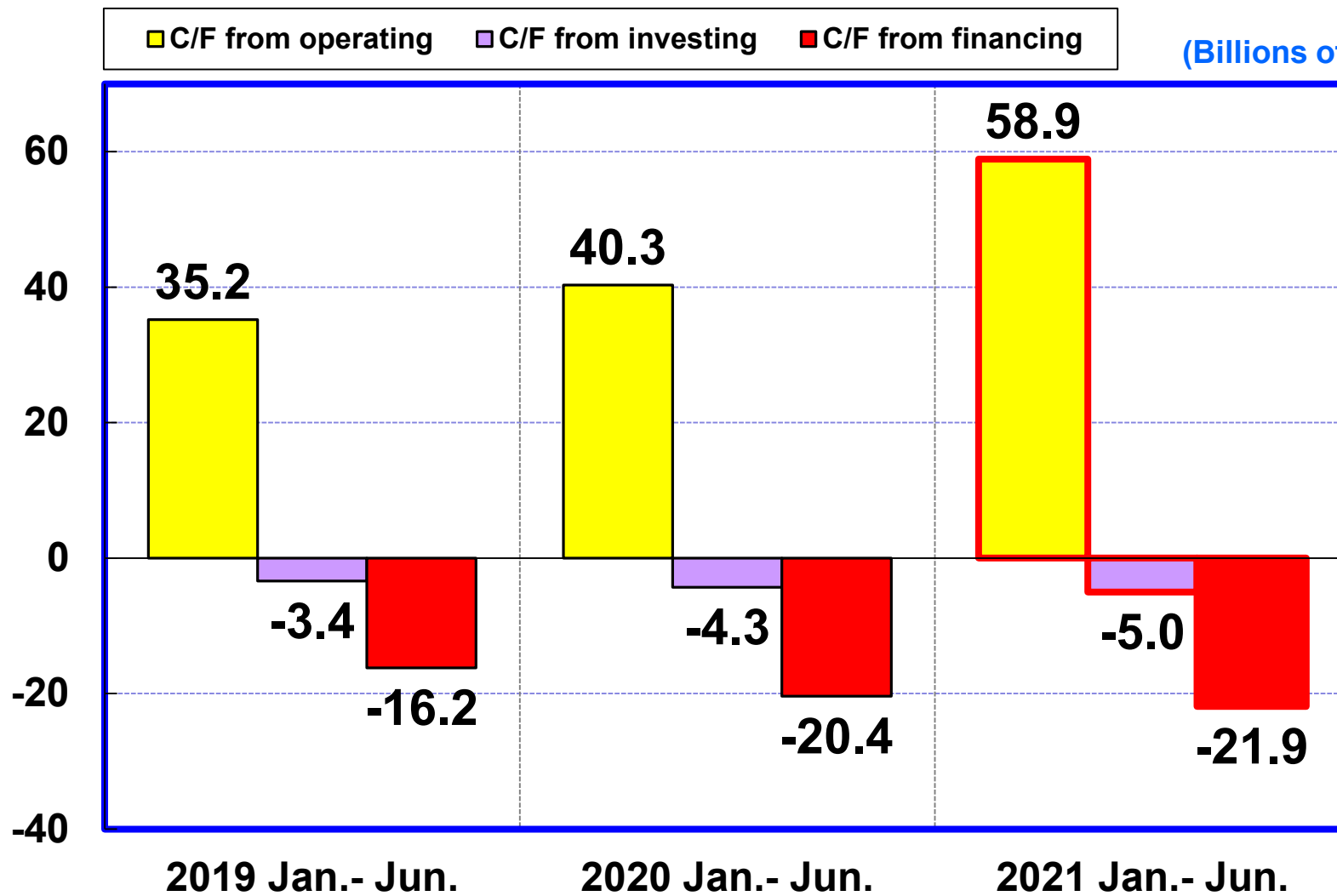
# Sales breakdown by customers' type of industry

2021 Jan. – Jun.



# Cash flows

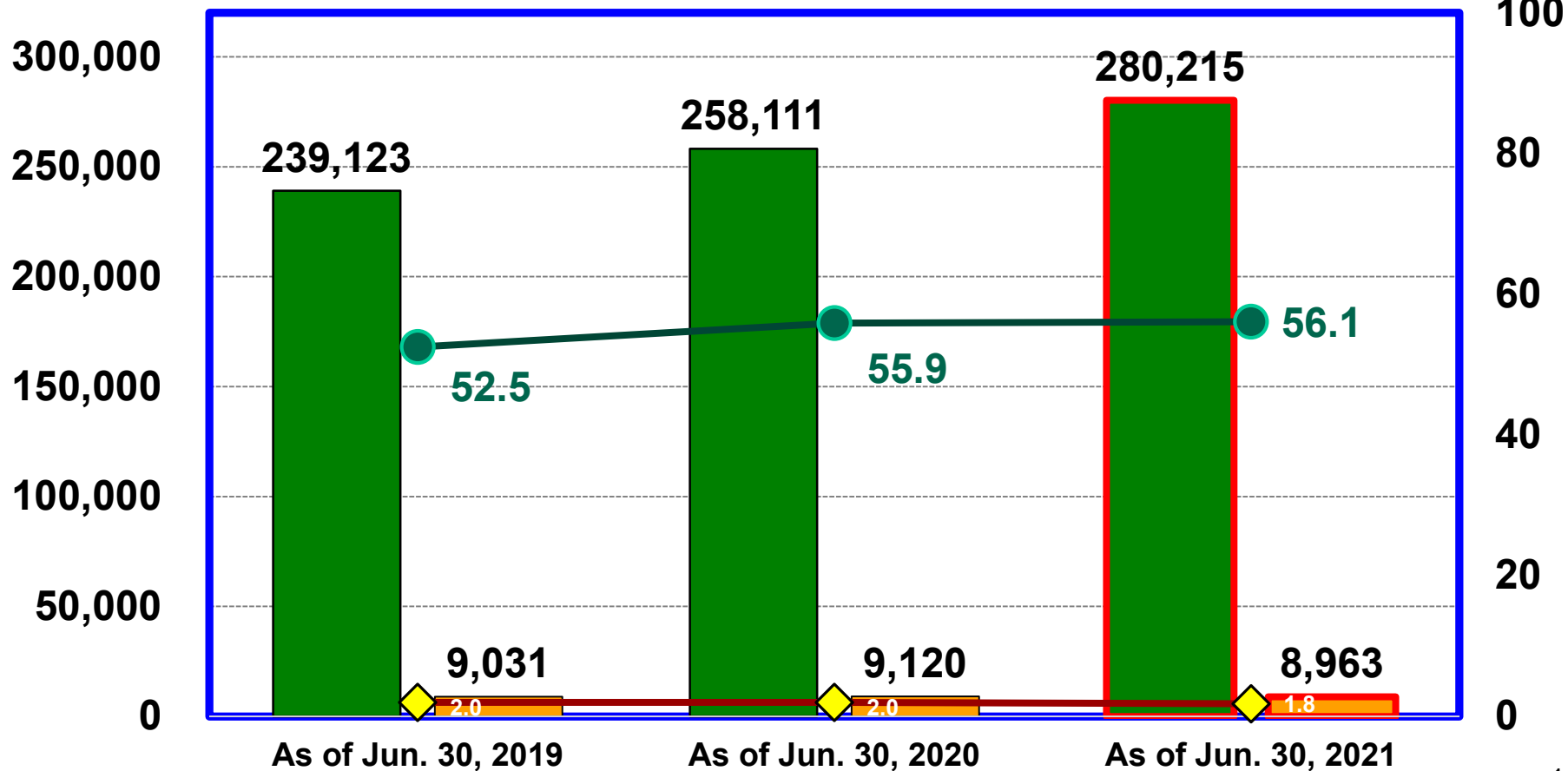
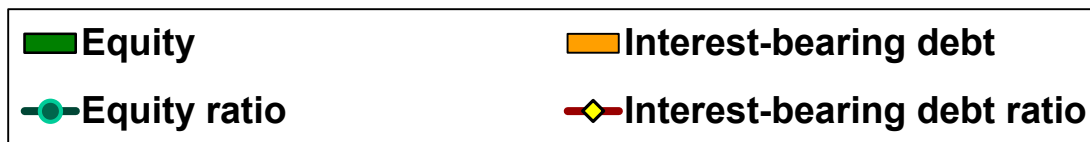
(Billions of yen)



# Equity and Interest-bearing debt

(Millions of yen)

(%)

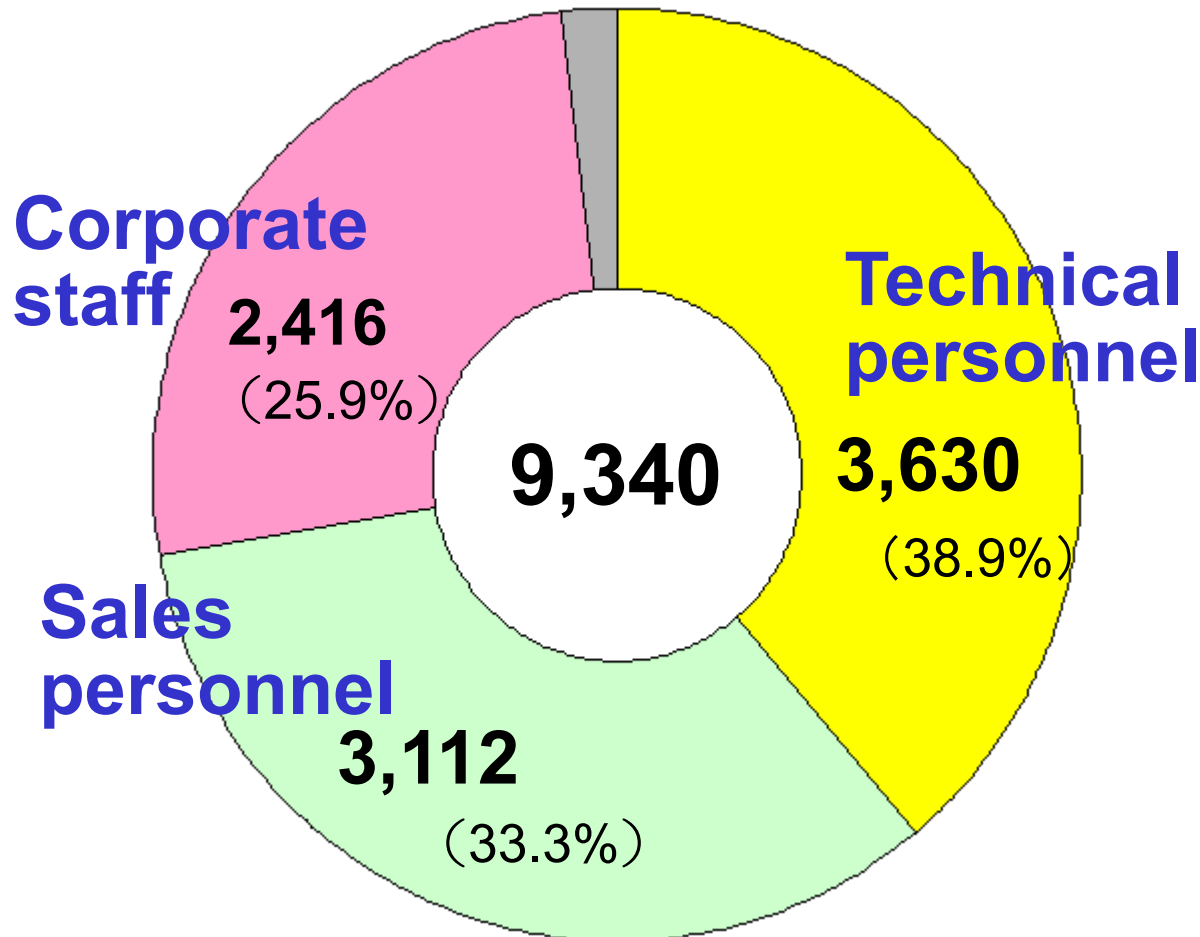




# Personnel organization (regular employees)

**Others 182 (1.9%)**

**As of Jun. 30, 2021**



# Key strategic business

<Amount of Sales>

(Millions of yen)

	2019 Jan. – Jun.	2020 Jan. – Jun.		2021 Jan. – Jun.			2021 <b>Apr. – Jun.</b>		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year
<b>“tanomail”</b>	82,726	79,617	-3.8%	<b>88,191</b>	<b>+8,574</b>	<b>+10.8%</b>	<b>43,062</b>	<b>+6,391</b>	<b>+17.4%</b>
<b>SMILE</b>	7,141	5,849	-18.1%	<b>6,161</b>	<b>+312</b>	<b>+5.3%</b>	<b>3,704</b>	<b>+749</b>	<b>+25.4%</b>
<b>ODS</b>	31,325	27,460	-12.3%	<b>29,348</b>	<b>+1,888</b>	<b>+6.9%</b>	<b>15,881</b>	<b>+2,092</b>	<b>+15.2%</b>
<b>OSM</b>	39,025	40,382	+3.5%	<b>49,112</b>	<b>+8,729</b>	<b>+21.6%</b>	<b>24,867</b>	<b>+4,984</b>	<b>+25.1%</b>

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

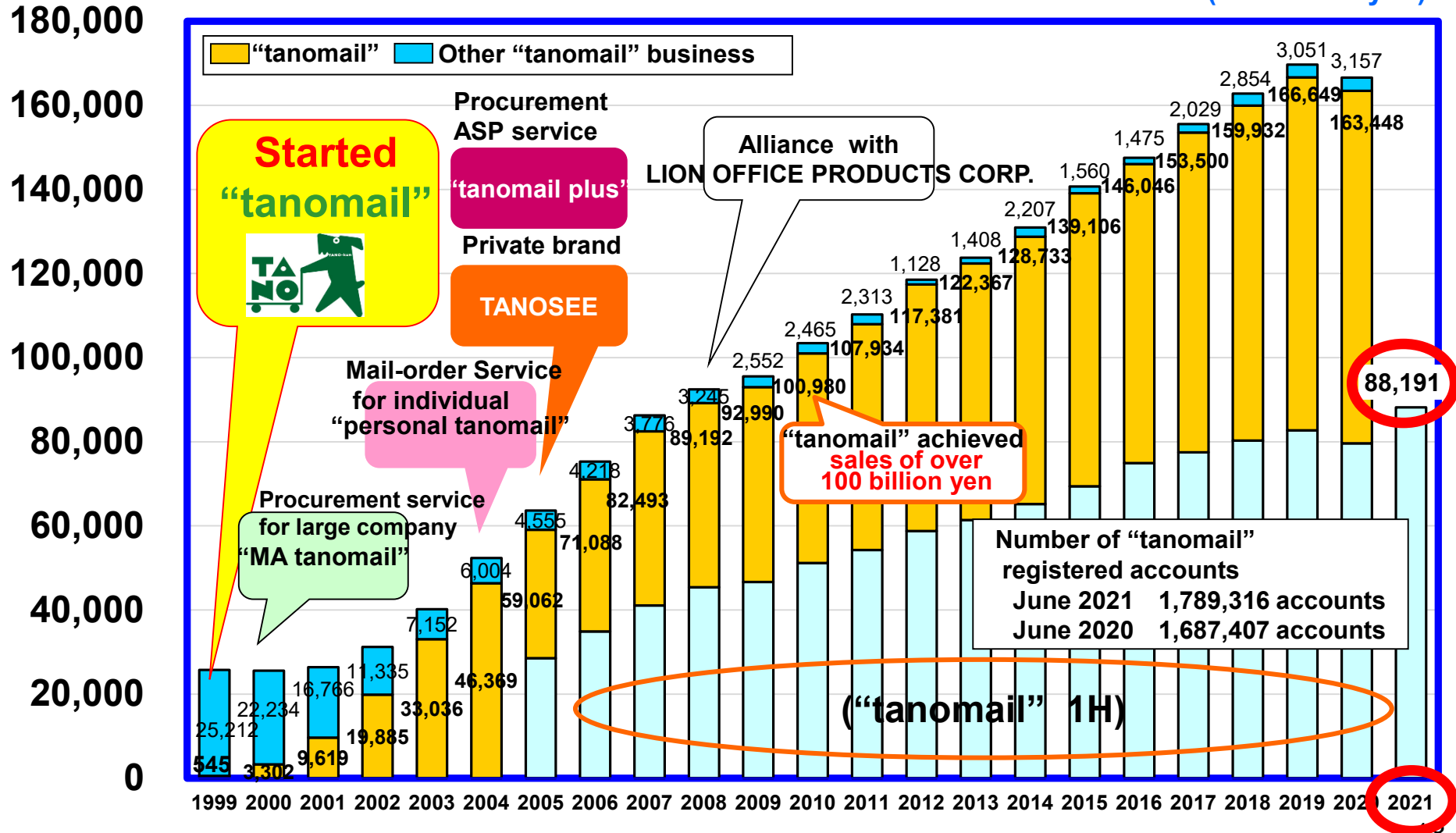
<As reference: Number of Sales>

(Units)

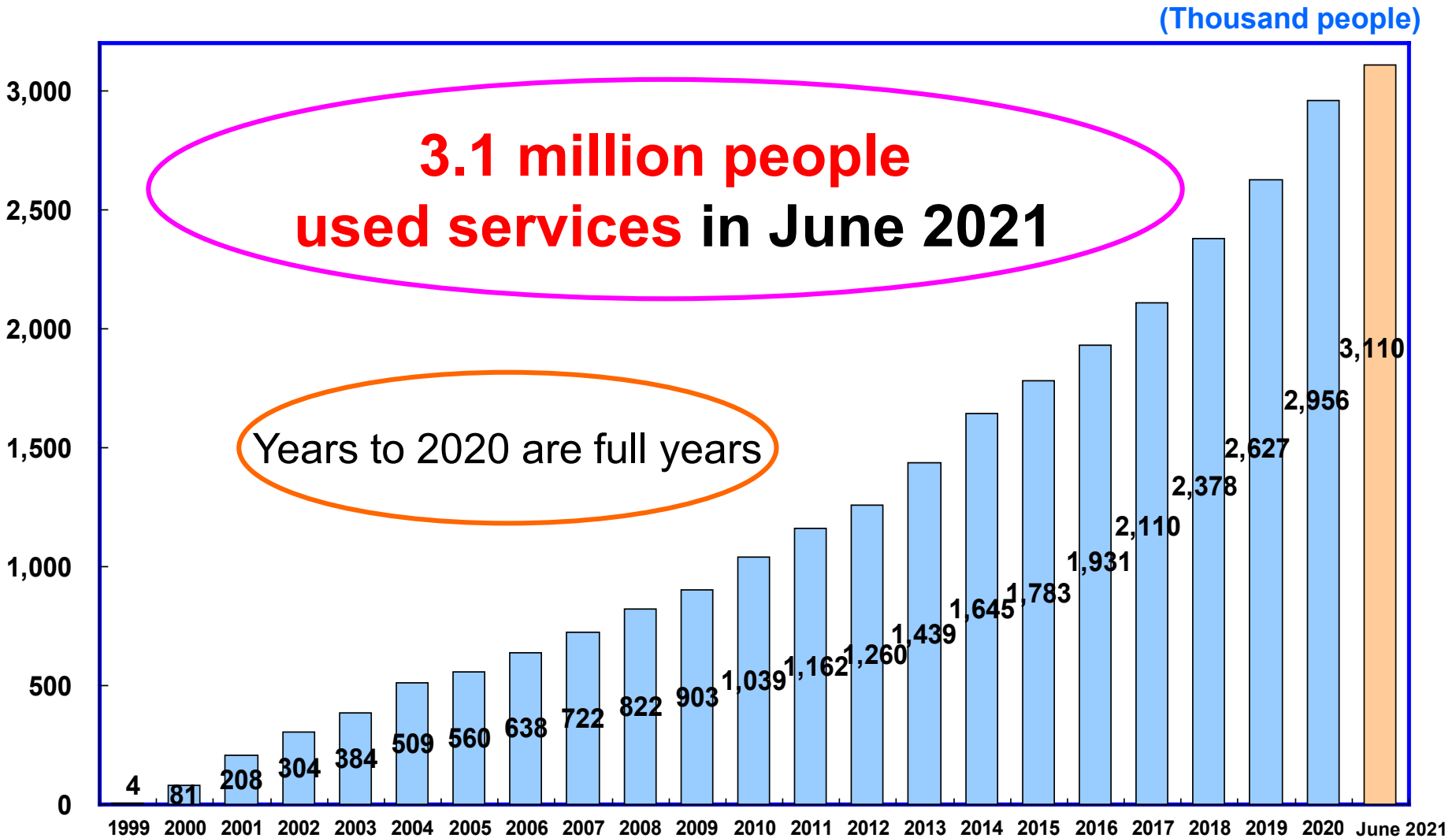
<b>Copier</b>	22,128	19,000	-14.1%	<b>21,533</b>	<b>+2,533</b>	<b>+13.3%</b>	<b>11,697</b>	<b>+2,183</b>	<b>+22.9%</b>
(of which Color copier)	21,458	18,475	-13.9%	<b>21,078</b>	<b>+2,603</b>	<b>+14.1%</b>	<b>11,506</b>	<b>+2,290</b>	<b>+24.8%</b>
<b>Server</b>	16,734	13,531	-19.1%	<b>13,083</b>	<b>-448</b>	<b>-3.3%</b>	<b>6,580</b>	<b>+204</b>	<b>+3.2%</b>
<b>PC</b>	871,683	644,871	-26.0%	<b>907,975</b>	<b>+263,104</b>	<b>+40.8%</b>	<b>215,897</b>	<b>-54,194</b>	<b>-20.1%</b>
<b>Client Total</b>	894,730	668,661	-25.3%	<b>1,046,028</b>	<b>+377,367</b>	<b>+56.4%</b>	<b>232,835</b>	<b>-50,230</b>	<b>-17.7%</b>

# Annual sales transition of "tanomail"

(Millions of yen)



# Number of Users of Main Web Services (ASP)



# Looking at OTSUKA CORPORATION by Numbers

## (Security · Cloud)



### Security

25 years  
Business  
experience  
in security

- 1996** 業界初  
セキュリティライセンス提供開始  
お客様の Firewall をマネジメントする  
「FireWall management Service」を開始
- 1997** セキュリティポリシーのコンサル  
個人情報保護法関連に関するポリシーコン  
作成サルトサービスを開始。
- 2001** セキュリティマネジメント  
セキュリティ商材の提供だけでなく、運用支  
援、監視サービス、コンサル、までを行う  
「Otsuka Security Management」で安心を  
提供
- 2004** セキュリティ教育  
認定機関 一般社団法人セキュリティ・エ  
デュケーション・アライアンス・ジャパン 設  
立に参加。中堅中小企業をセキュリティ教育  
という側面から支援

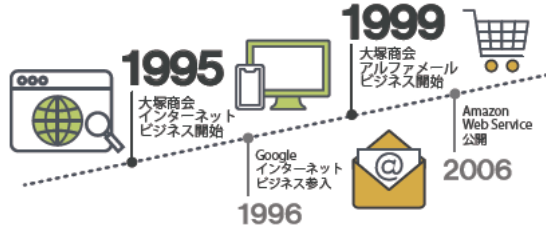
- 2020 Full-year sales **81.8 billion yen**  
(January - June 2021 49.1 billion yen, + 21.6% year on year)
- 2020 Provide security solutions  
Approximately **90,000 companies**
- Fortinet Japan Partner of the year  
**11 consecutive years**



### Cloud

26 years  
Cloud  
business  
history is  
world class

26年 クラウドビジネス歴が  
世界トップレベル



- 1995 大塚商会  
インターネット  
ビジネス開始
- 1996 Google  
インターネット  
ビジネス参入
- 1999 大塚商会  
アルファメール  
ビジネス開始
- 2006 Amazon  
Web Service  
公開
- 2005 アルファオフィス
- 2006 たよれーる 給与業務支援
- 2011 たよれーる Microsoft 365
- 2012 どこでもキャビネット
- 2014 たよれーる Adobe CC
- 2016 Dropbox business

- 2020 full-year sales **25.9 billion yen**  
(January - June 2021 14.8 billion yen, + 21.7% year on year)
- Numerous cloud services  
**Domestic share No.1**

tayoreru Microsoft 365, tayoreru Dropbox Business,  
tayoreru Adobe CC, Remote View, and numerous other services  
(Surveys by each manufacturer)

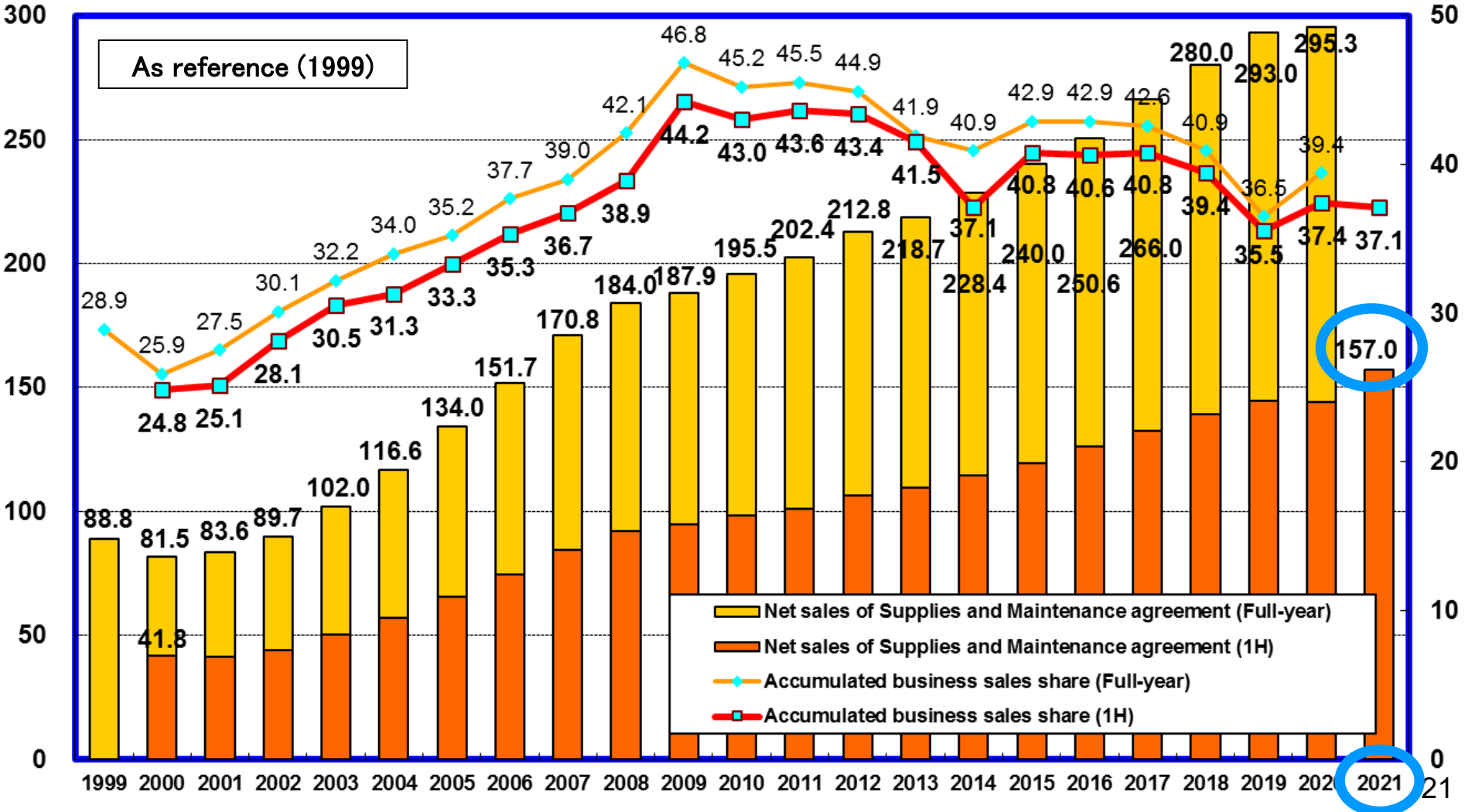
# Growth of accumulated business

## Net sales of Supplies and Maintenance agreement

### Accumulated business sales share

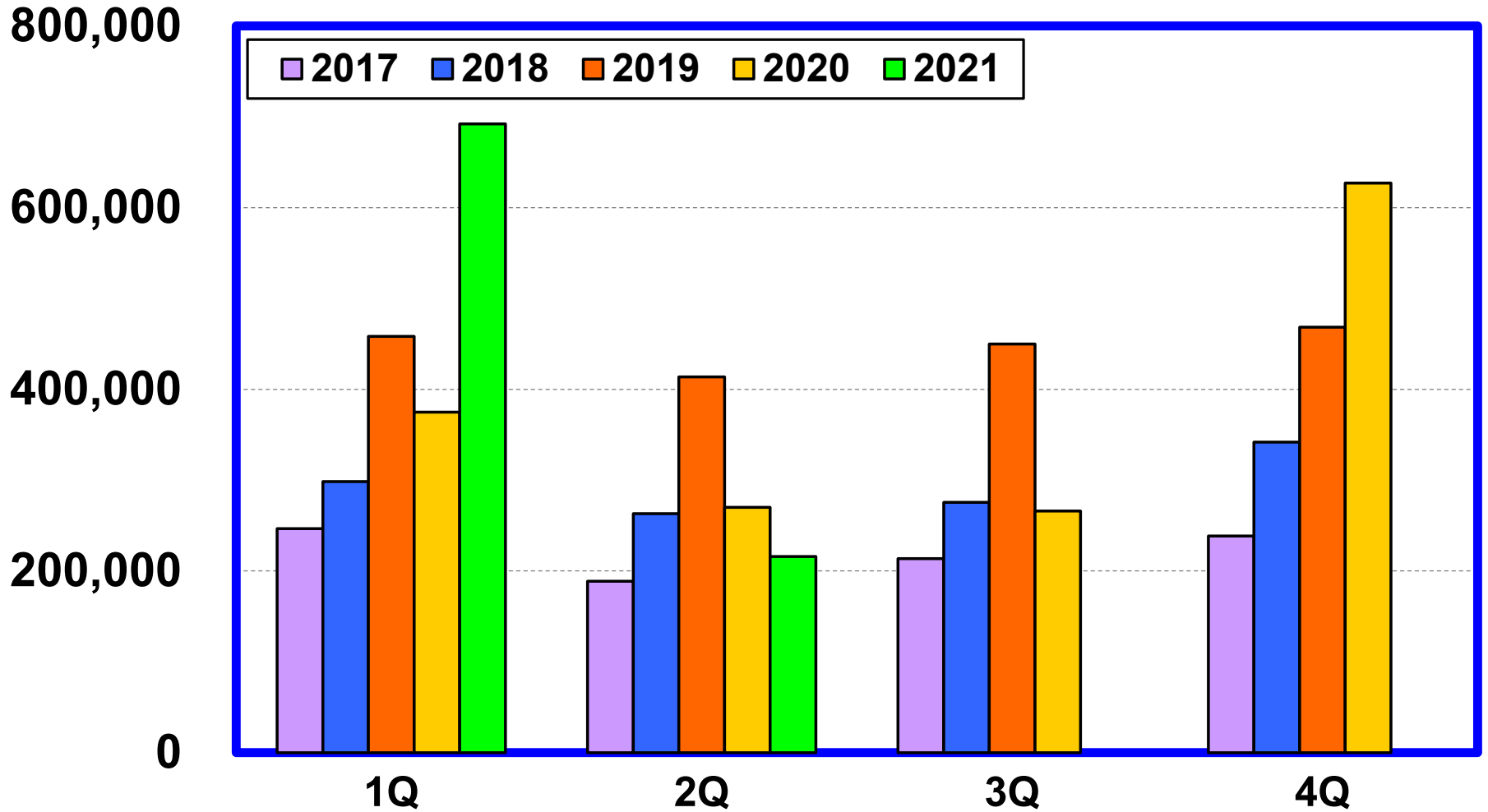
Net sales of Supplies and Maintenance agreement (Billions of yen)

Accumulated business sales share (%)



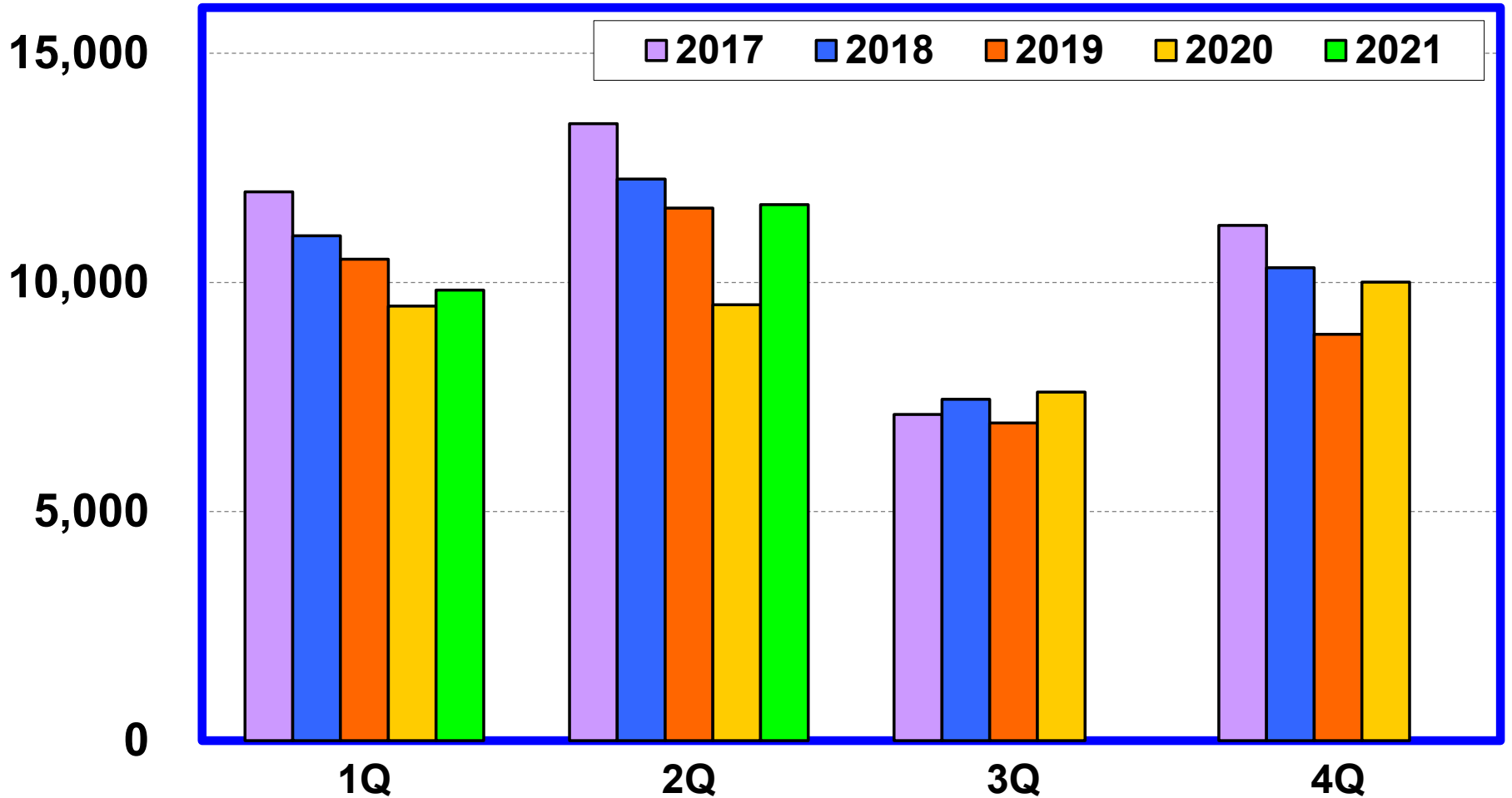
# Quarterly Number of PCs Sold

(Units)



# Quarterly Number of Copiers Sold

(Units)

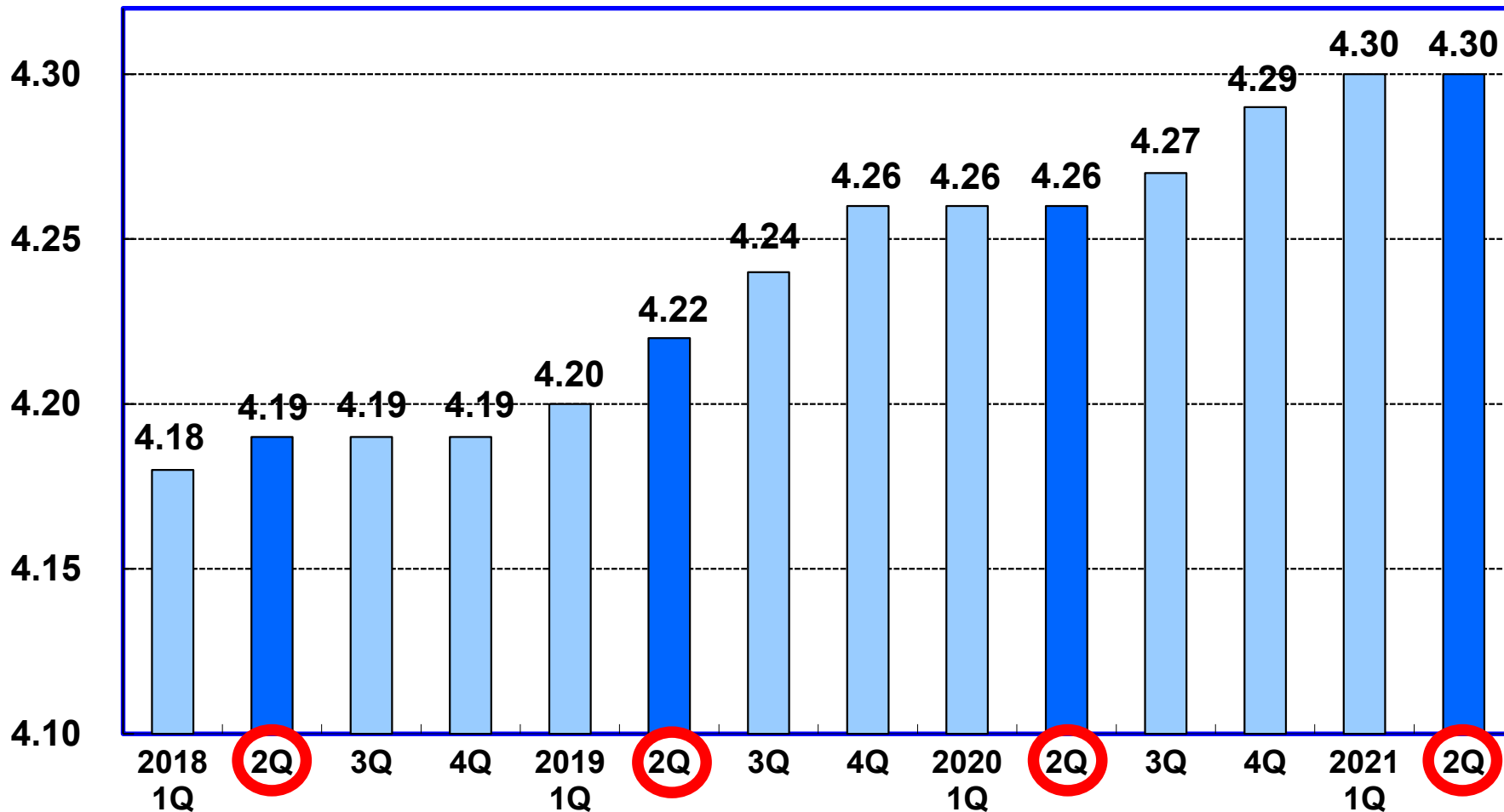




# Trends in the number of products per one company

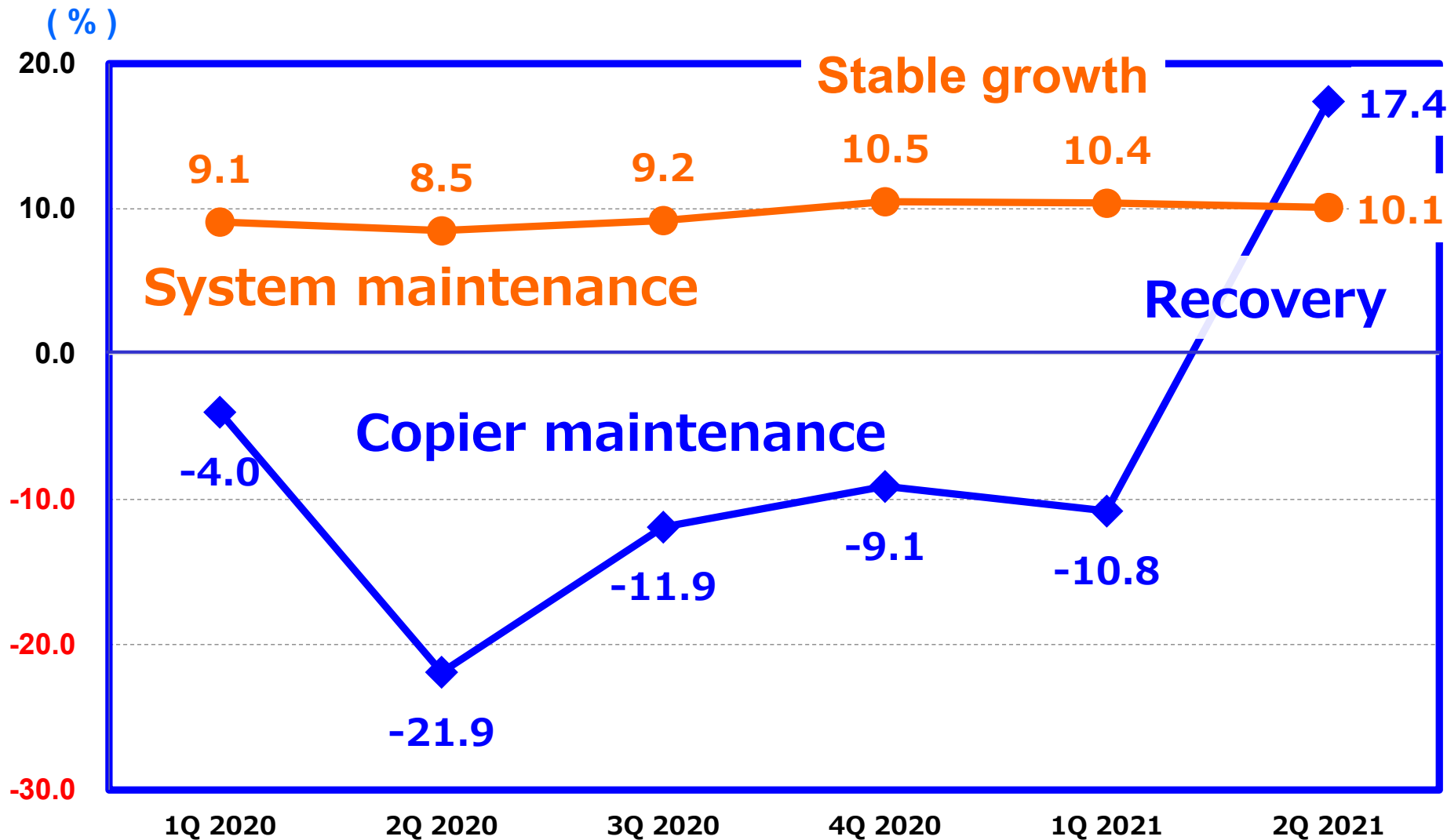
(Products)

(Copier customers)



Non-Consolidated

# Trends in % changes in sales of copier maintenance and system maintenance



# Looking to the Future

# The Basic Principle and Mid-Term Plans

## < Basic principle >

- **Grow with customers by realizing the Mission Statement**

## < Mid-term plans >

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

# **Market Forecast in the Second Half of 2021**

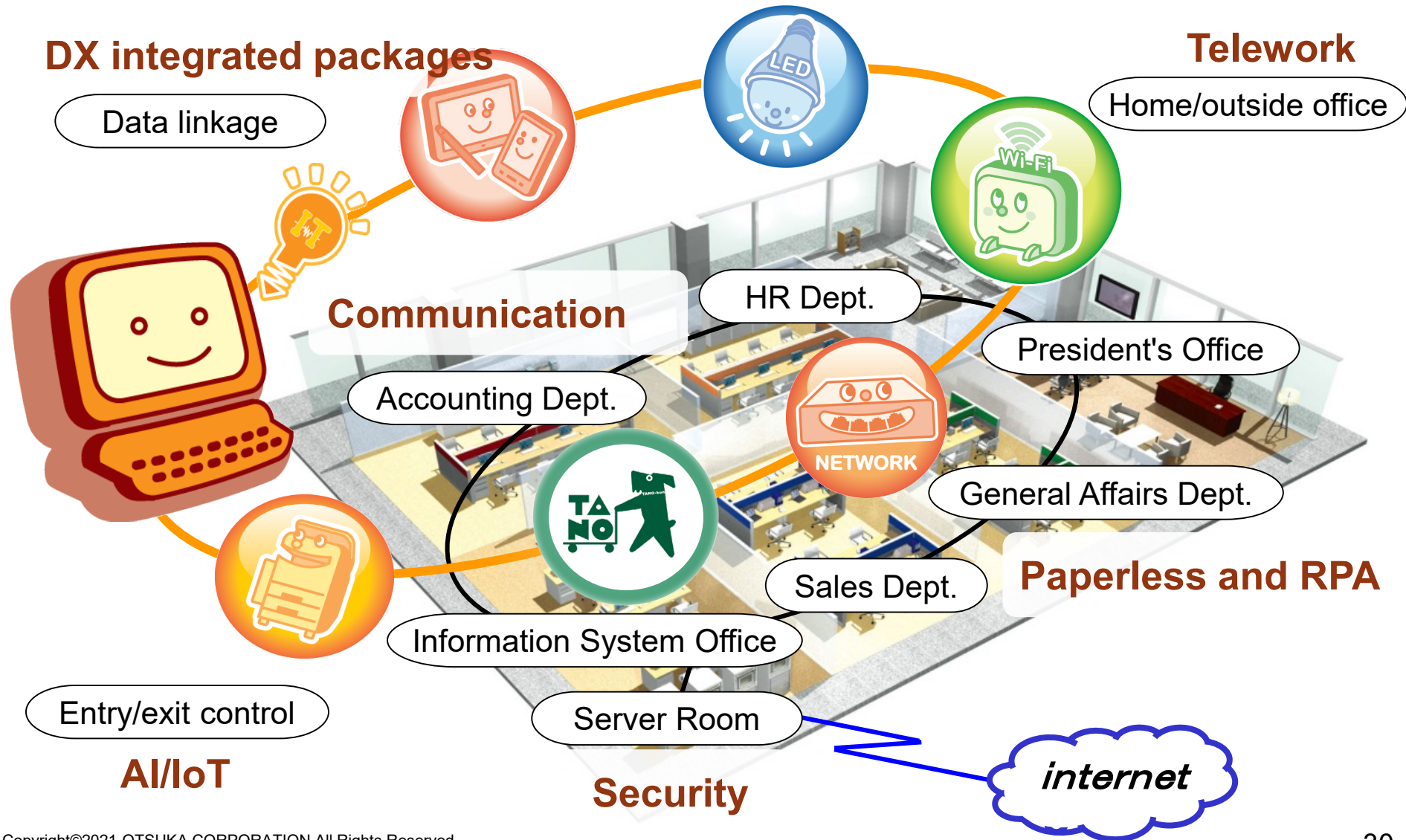
- **Despite a remaining sense of uncertainty about COVID-19, the economy is expected to gradually recover in the future**
- **Movement to promote digitization in the government and private sectors**
- **Firm establishment of telework and responses to new working styles**
- **Expansion of markets such as AI, IoT and 5G**
- **Corporate needs for IT utilization are strong**

# **Policies and Measures in the Second Half of 2021**

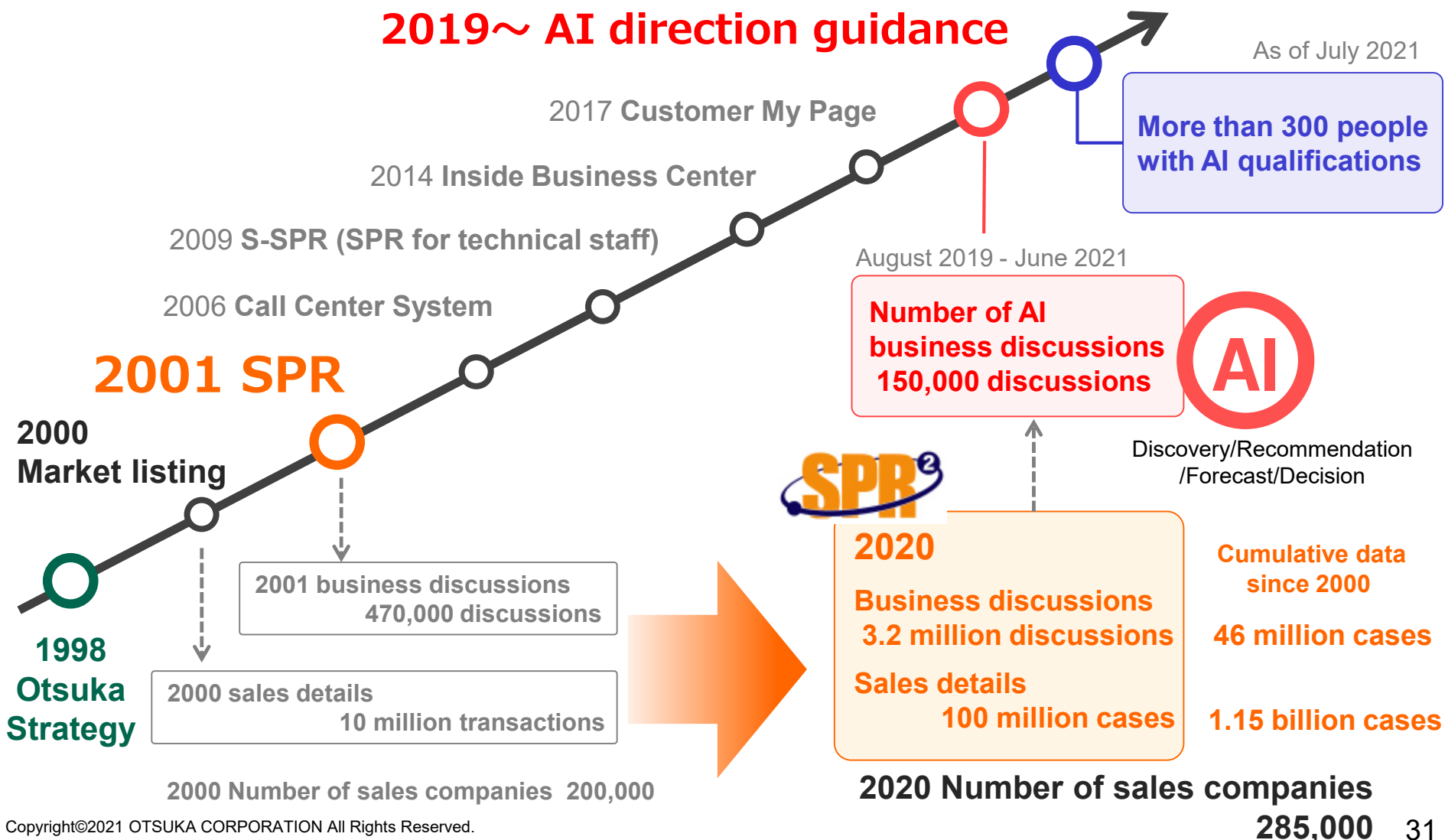
**“Get close to and grow together with customers in DX and document solutions.”**

- **Promote “Entire Office” by raising customer satisfaction**
- **Further promote DX**
- **Deploy specific document solutions based on Otsuka’s experience and know-how**
- **Continue initiatives for “Otsuka Strategy II”**

# OTSUKA CORPORATION for the Entire Office



# Transitions in Otsuka Big Data





# Number of AI business discussions

(Total 150,000 discussions)

AI business discussions gradually permeate  
(Approximately 3 times compared with the  
same period of the previous year)

Number of AI negotiations ÷ Number of AI schedules created

[Sales response rate]

6.0%

11.3%

18.8%

31.5%

74,300 cases

Approximately 3 times  
compared with the same  
period of the previous year

[Number of  
AI business discussions]

25,900 cases

40,900 cases

11,500 cases

2019  
(August - December)

2020 First half  
(January - June)

2020 Second half  
(July - December)

2021 First half  
(January - June)

# Abundant AI solutions

Provide customers with experience and know-how based on in-house use

## Main in-house use

AI discussions (Directions/Products recommendations)

AI assistant (iPhone app)

Voice-automated text conversion (Call center)

Chatbot/RPA/image recognition

Thermal camera

Automated translation

Organizational vitalization

Others



## Main service menu for customers

AI/IoT

Private seminar & Consultation meeting for discussing introduction

AI PoC service  
Planning/Ideas

PoC

AI model creation/pilot operation

System implementation/  
actual system introduction

AI camera/image analysis

AI analysis service

Chatbot

OCR+RPA

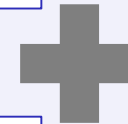
Thermal camera

IoT

Automatic translation

Robot

Organization vitalization



# New logistics center

## Yokohama Logistics Center scheduled to open in October 2021

- **Total floor area 53,828 square meters**  
(4 stories above ground, LED lighting for entire building, solar power generation)

(\* As of July 2021. According to logistics contractor survey)

- **Introduction of two of Japan's largest-scale \* “Auto Stores”**  
**Storage efficiency 3.5 times that of Otsuka's existing logistics center**

- **Automated analysis and analysis functions in addition to optimizing inventory allocation Utilize AI and Big Data**

Yokohama Logistics Center perspective diagram



Introduce two Auto Stores that have been expanded to the largest scale

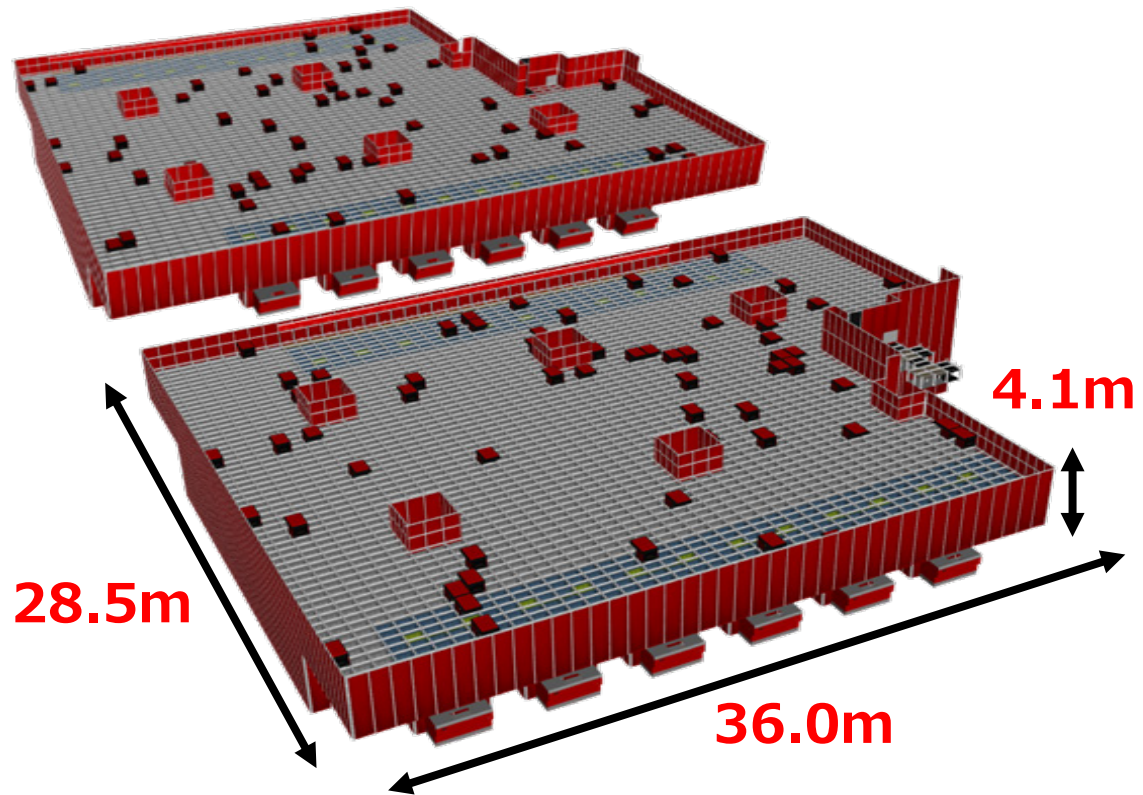
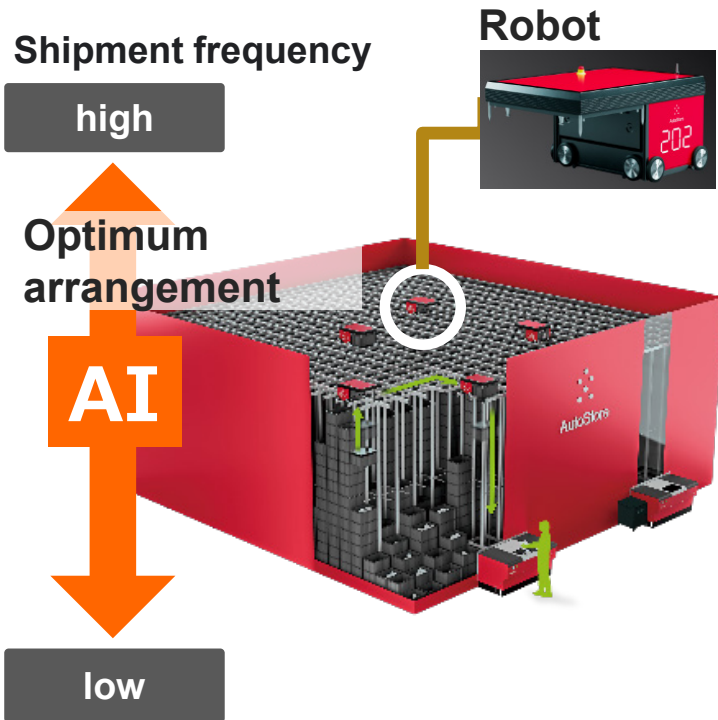


# Cutting-edge robot storage system

## Raise logistics productivity by utilizing AI

\* Auto Store image diagram

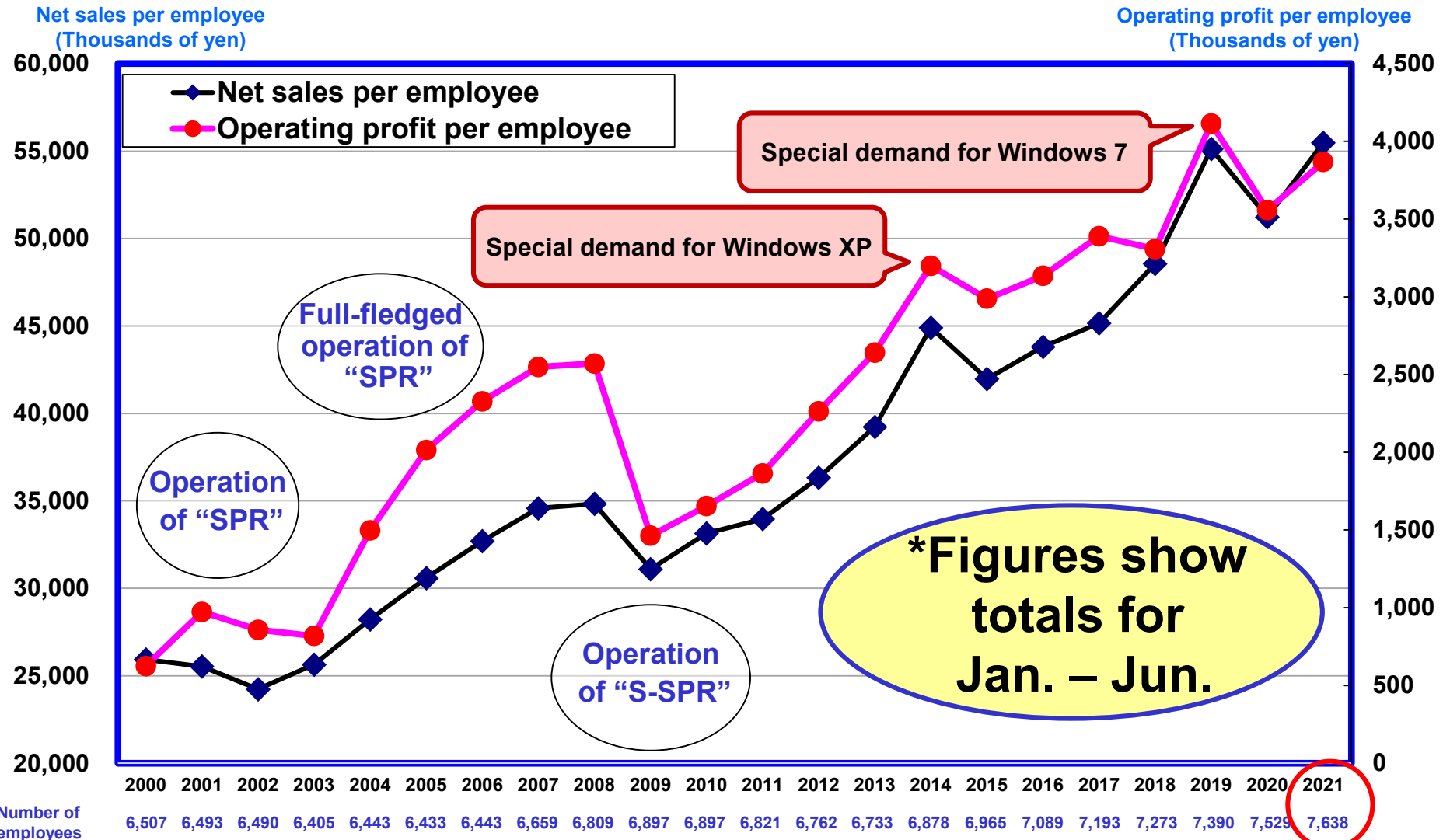
### New logistics center expanded to largest scale



### Improved shipment speed and logistics productivity

Non-Consolidated

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



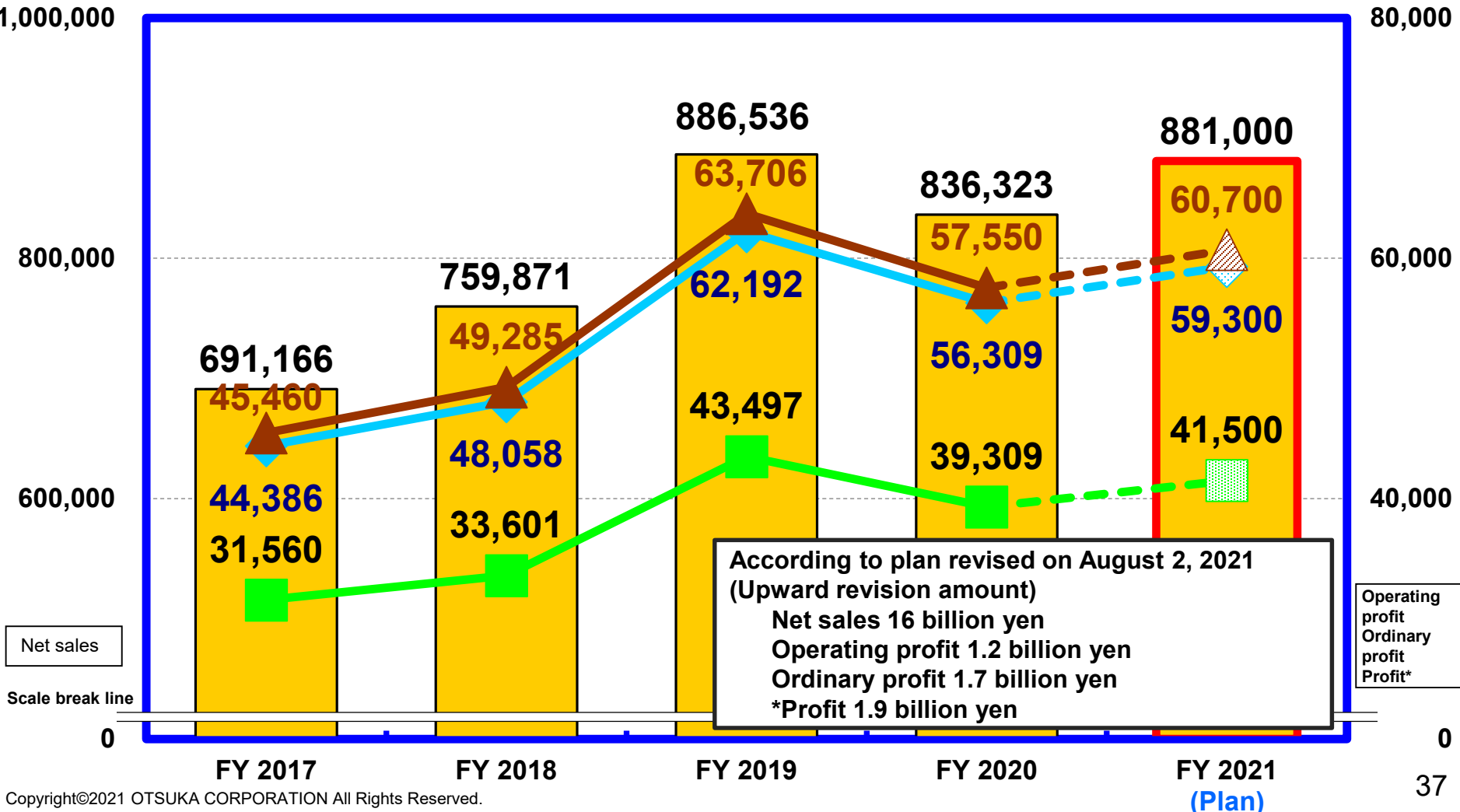
Number of employees at the end of June

Consolidated

# Plans of Net sales and profit

Net sales    Operating profit    Ordinary profit    Profit\*  
\*Profit attributable to owners of parent

(Millions of yen)





# 60th Anniversary of Getting Close to Customers

お客様に寄り添って

**60**<sup>th</sup>  
ANNIVERSARY



## Main commemorative projects

- Overseas tree planting program “TANO-kun Forest”
- COVID-19 measures ・ Donate BCP compatible products
- Others (support for WWF Japan, etc.)

■ Trends in non-consolidated sales  
\* 2020 full year 750.4 billion yen

61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

# Respond to ESG Issues and SDGs

■ **Environment** “SDGs13 Specific measures against climate change”  
Make efforts to reduce CO<sub>2</sub> emissions through the Otsuka Eco Action Plan  
Promote sales of solutions that contribute to environment improvements  
LED lighting, energy-saving IT equipment, environmentally friendly products,  
power solutions, others

■ **Society** “SDGs 9 Let’s build the foundation for industry and technological innovation”  
Vitalize offices with IT and support the growth and sustainable management of small- and medium-sized enterprises

■ **Governance** “Respond to the revised Corporate Governance Code”  
We will promote initiatives for utilizing the functions of the Board of Directors, assuring diversity in company core human resources, and addressing sustainability issues

✂️ Otsuka Corporation will enhance the disclosure of non-financial data in the future.



# Mission Statement

## Mission Statement

### Mission


Otsuka Corporation serves a wide range of companies, providing comprehensive support for their business activities by presenting, within a concrete framework, new business opportunities and management improvement strategies brought about by innovations in information and telecommunication technology. By so doing, we continue to facilitate the growth of our client companies and contribute to the development of our country and the creation of a spiritually enriching society.

### Goals

1. To become a corporate group that is recognized and trusted as a valuable corporate citizen.
2. To encourage employee growth and self-realization through the attainment of personal goals and professional achievement.
3. To demonstrate harmonious coexistence and growth with nature and society.
4. To create business models that consistently keep pace with the changing times.

### Principles

1. Always thinking from the customer's perspective and acting through harmonious team work.
2. Maintaining the spirit of challenge inherited from our predecessors, exercising our own critical judgment, and acting on our own initiative.
3. Fully complying with all prevailing laws and regulations, and maintaining high ethical standards.

 Otsuka Corporation

**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 the 2nd quarter of fiscal year 2021 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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