



Fiscal year ending December 2023
Six months (January – June)
Business Results

August 1, 2023

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2023

(Millions of yen)

| | Consolidated | | | Non-Consolidated | | |
|-------------------------|----------------|----------------------|---------------------|------------------|----------------------|---------------------|
| | Amount | Ratio to Plan (Note) | Change to Last Year | Amount | Ratio to Plan (Note) | Change to Last Year |
| Net sales | 521,056 | 111.2% | +17.0% | 469,566 | 110.0% | +15.9% |
| Operating profit | 36,712 | 110.6% | +19.3% | 32,757 | 108.8% | +17.3% |
| Ordinary profit | 37,623 | 111.0% | +18.5% | 34,480 | 108.8% | +16.1% |
| Profit* | 25,417 | 111.0% | +11.2% | 23,886 | 108.6% | +8.9% |

*Profit attributable to owners of parent

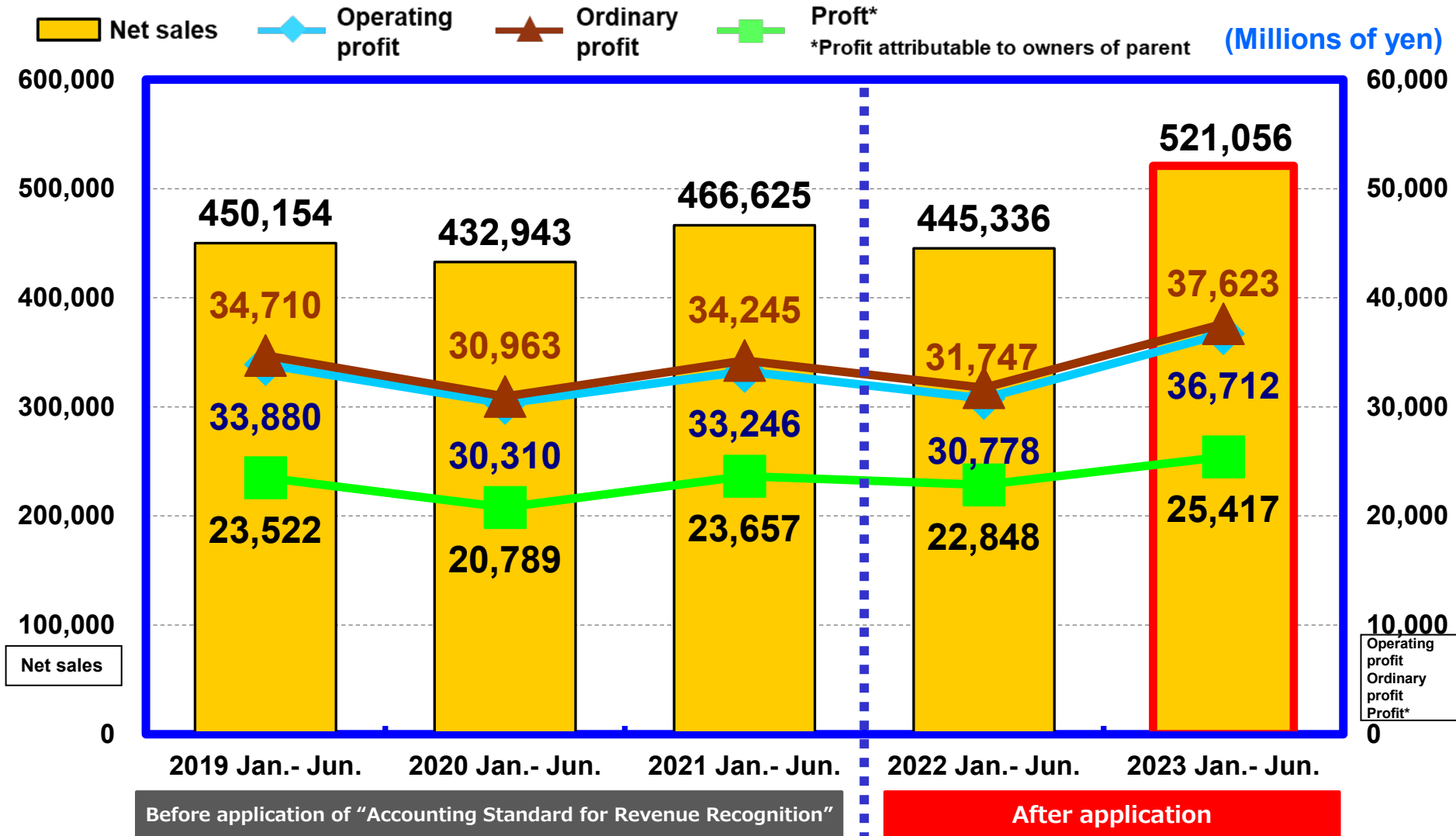
(Note) Compared with plan announced on February 1, 2023 at the beginning of the term.

Consolidated subsidiaries

| Segment | Company name | Business domain | Number of employees | 2023 Jan.- Jun. Net sales (Millions of yen) |
|---------|-----------------------|--|---------------------|---|
| I S | OSK Co., LTD. | Development and sale of packaged software, IT consulting, and Consigned software development | 441 | 5,337 |
| | Net World Corporation | Sales and technology support for network-related equipment | 493 | 63,127 |
| S & S | Alpha Techno Co., Ltd | Emergency repair of PC and peripheral equipment and data recovery service | 294 | 2,793 |
| | Alpha Net Co., Ltd | Comprehensive service and support for network systems | 482 | 4,376 |

Consolidated

Net sales and Profits

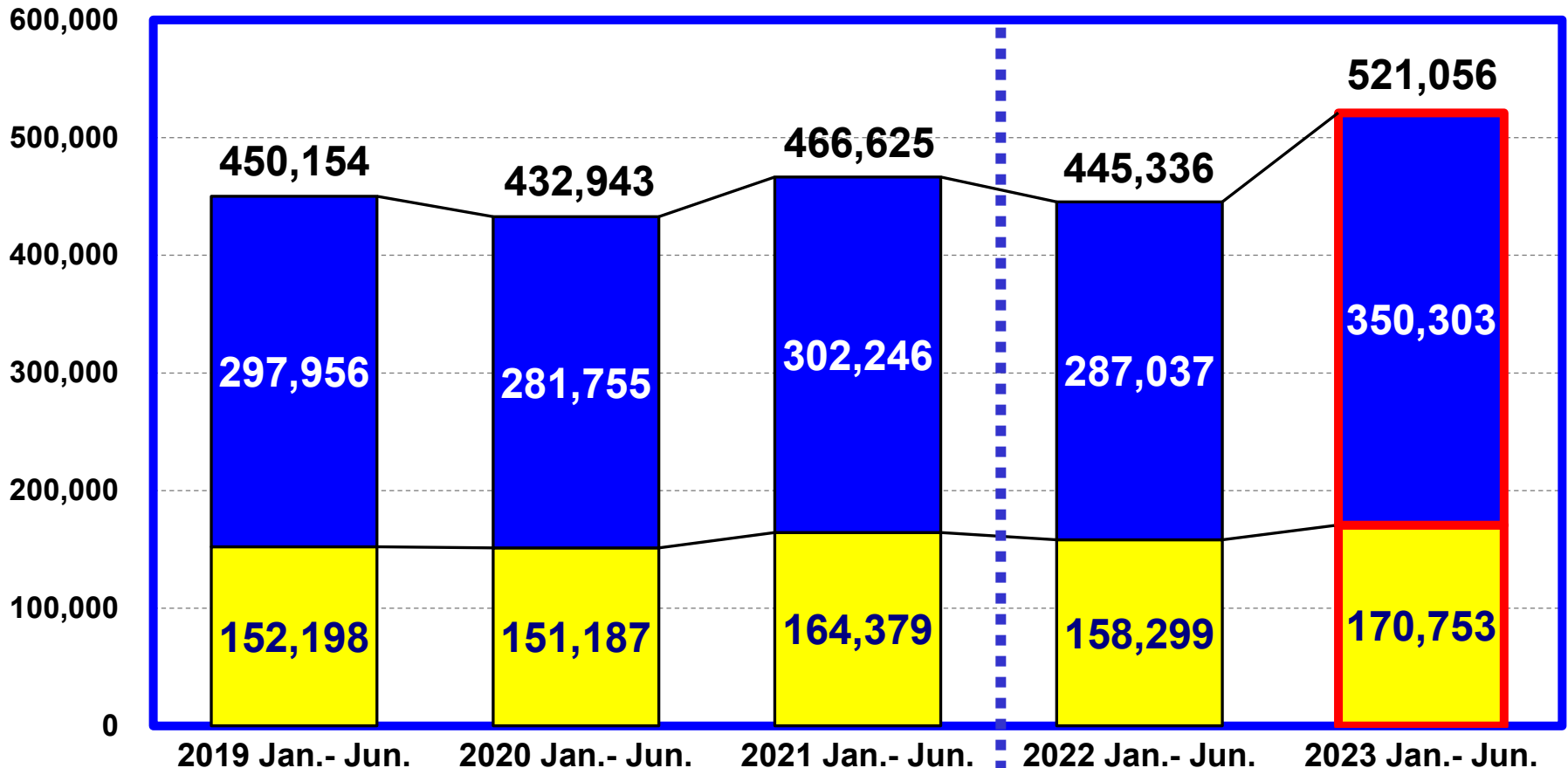


Consolidated

Net sales by segments

■ SI business ■ S&S business

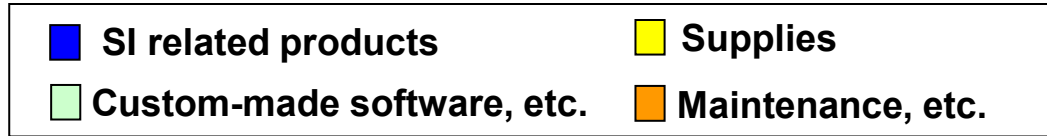
(Millions of yen)



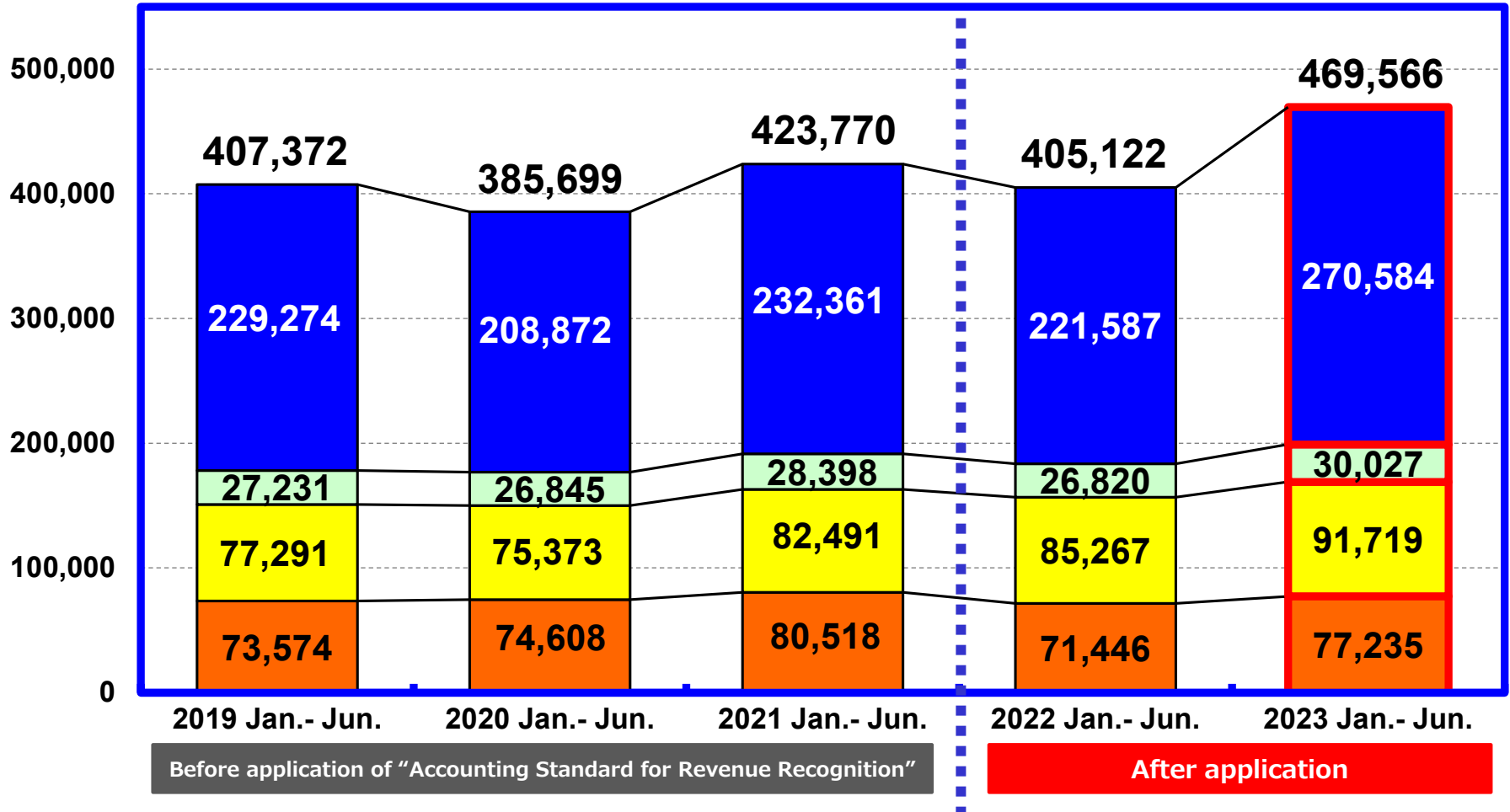
Before application of "Accounting Standard for Revenue Recognition"

After application

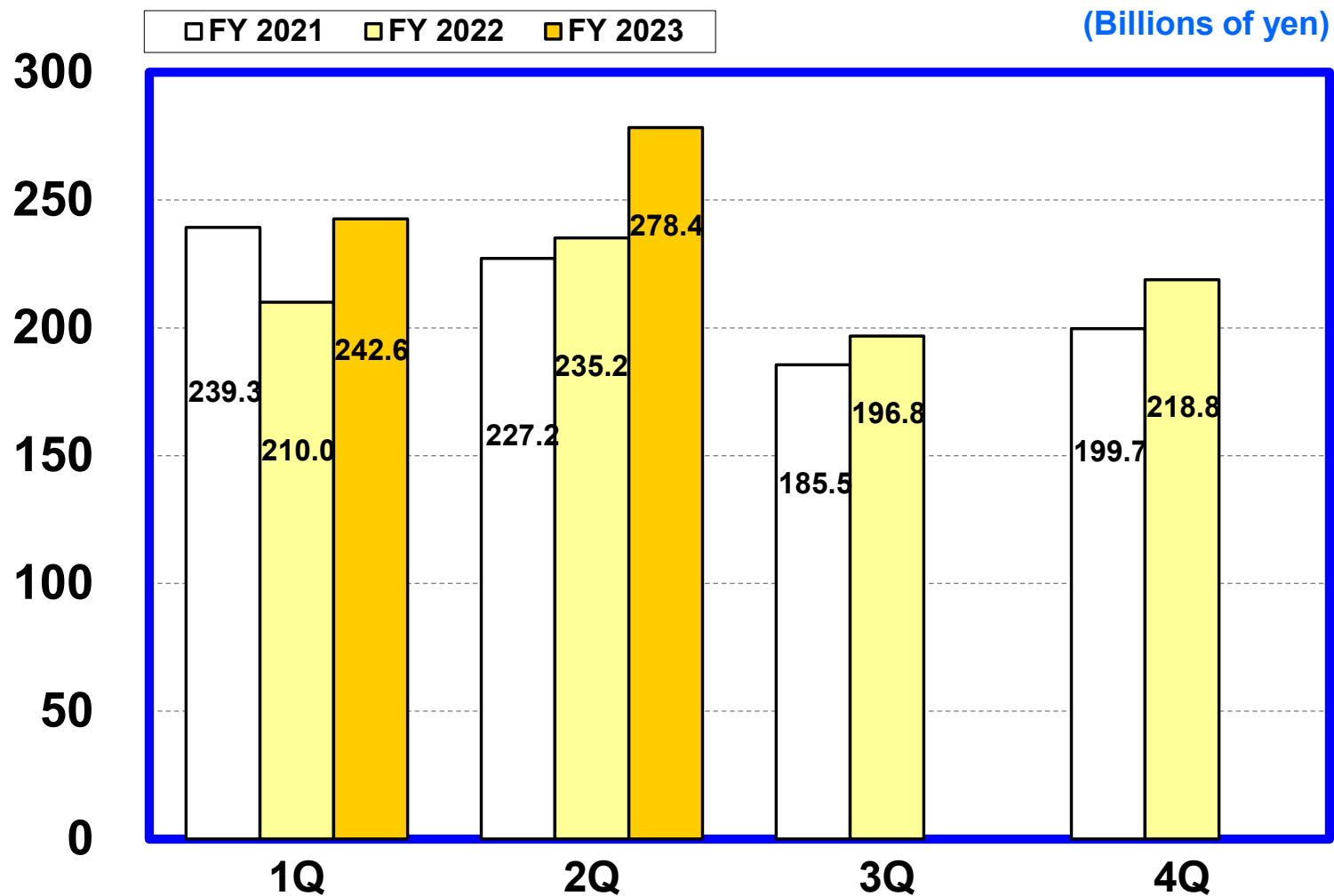
Net sales by 4 segments



(Millions of yen)



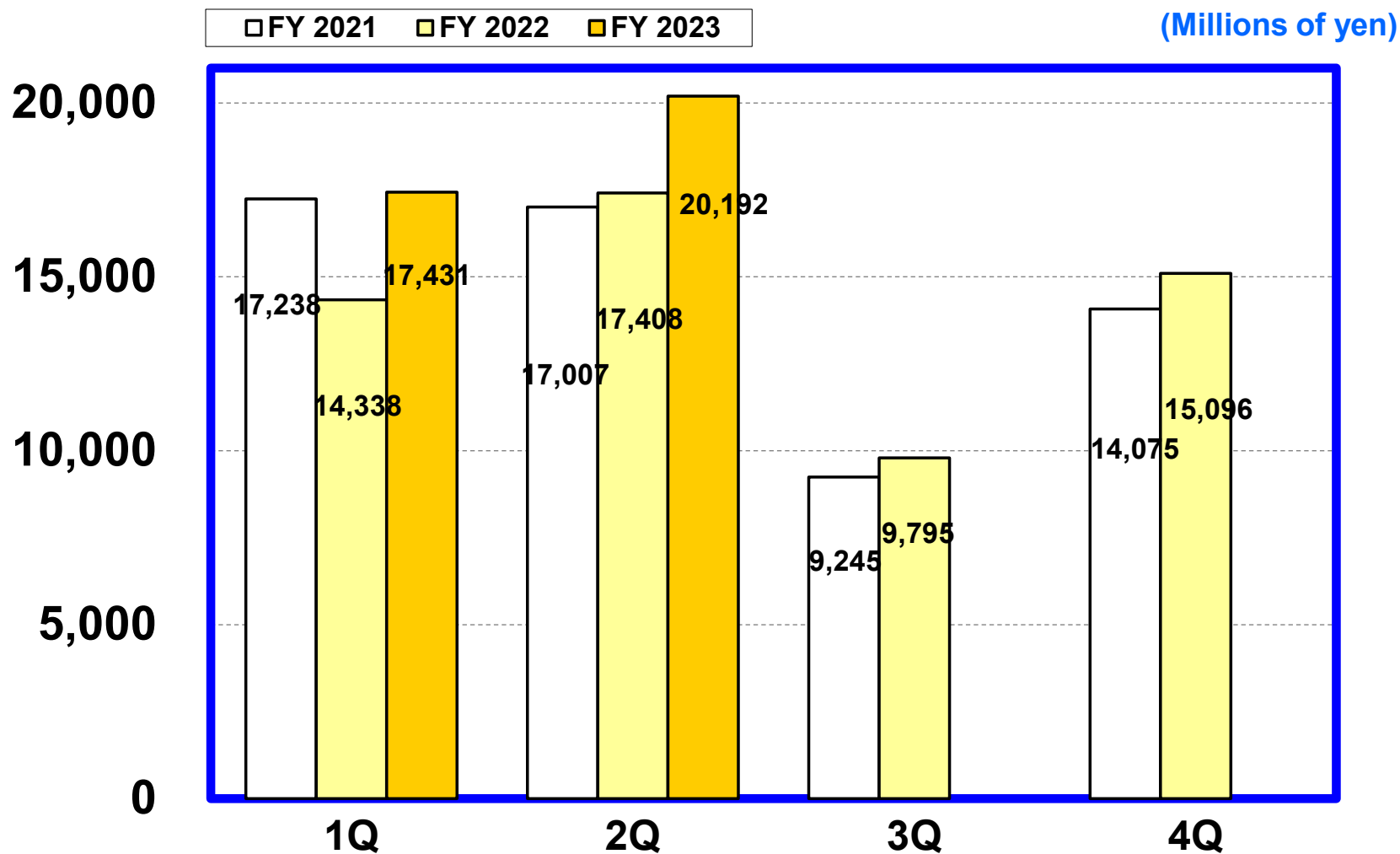
Quarterly change of Net sales



*Accounting Standard for Revenue Recognition applied from 2022

Consolidated

Quarterly change of Ordinary profit



Summary of Business Results, April – June, 2023

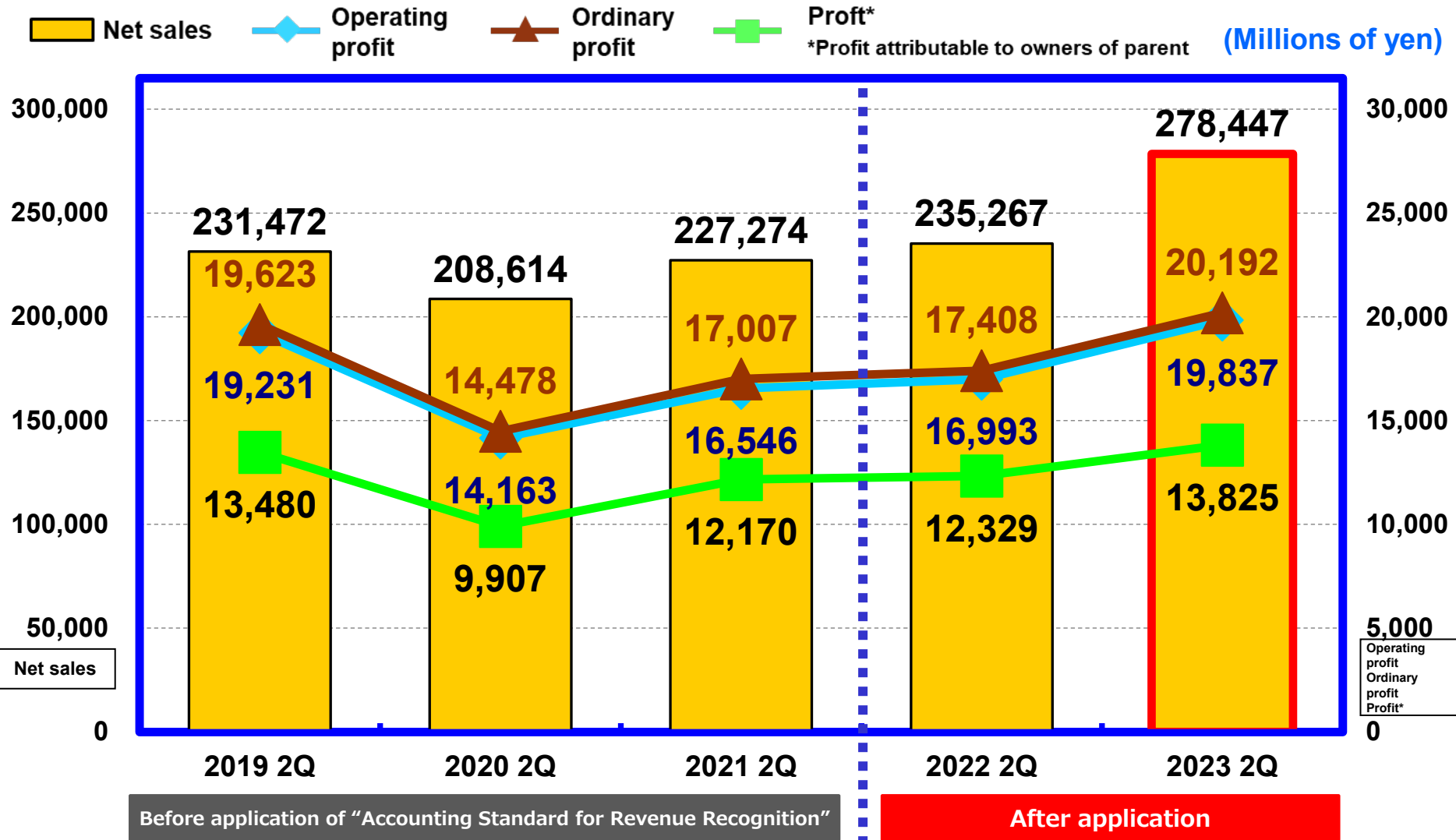
(Millions of yen)

| | Consolidated | | Non-Consolidated | |
|------------------|--------------|---------------------|------------------|---------------------|
| | Amount | Change to Last year | Amount | Change to Last year |
| Net sales | 278,447 | +18.4% | 251,062 | +16.5% |
| Operating profit | 19,837 | +16.7% | 18,137 | +15.5% |
| Ordinary profit | 20,192 | +16.0% | 18,413 | +15.4% |
| Profit* | 13,825 | +12.1% | 12,738 | +11.9% |

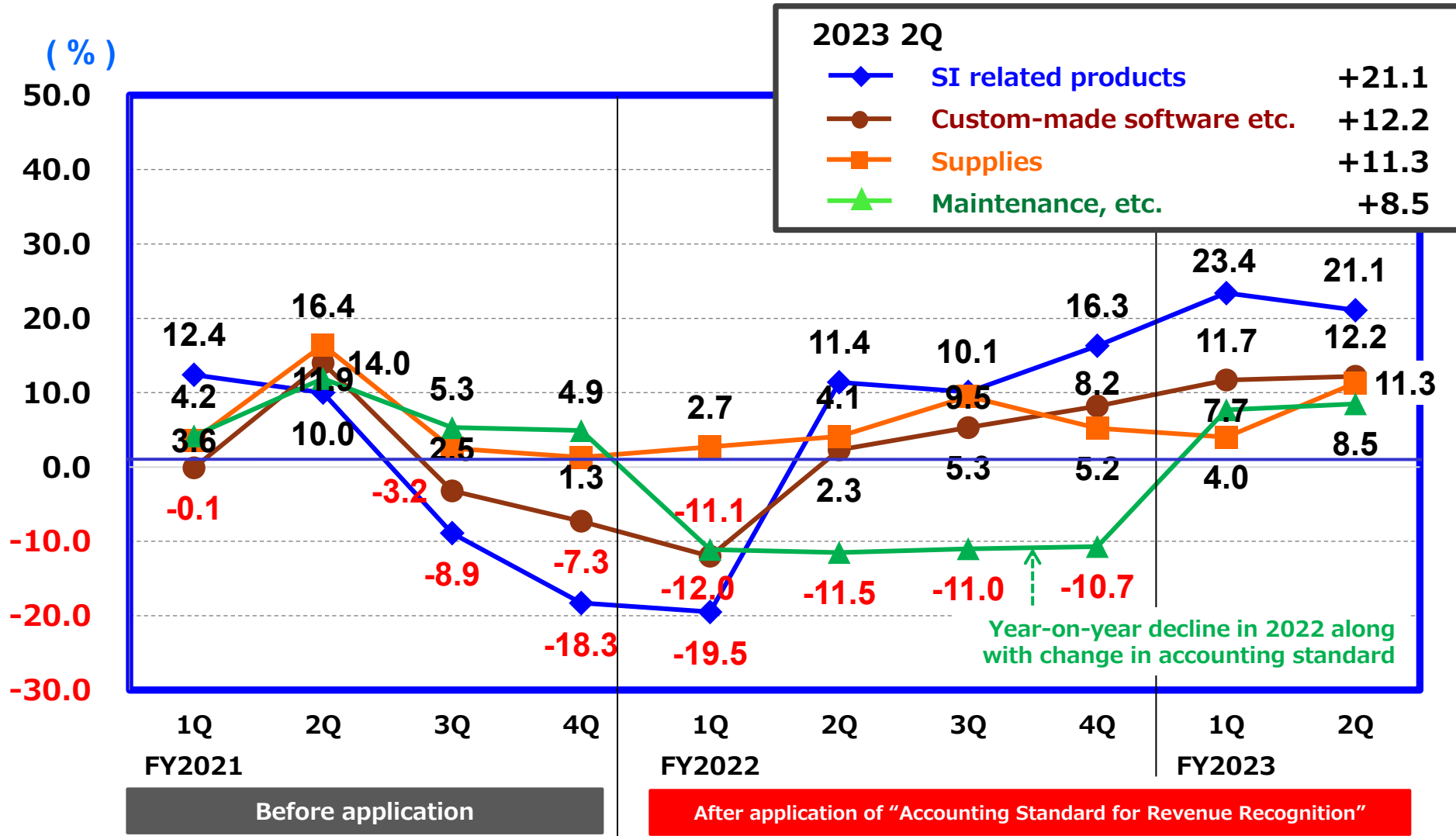
*Profit attributable to owners of parent

Net sales and Profits, April – June

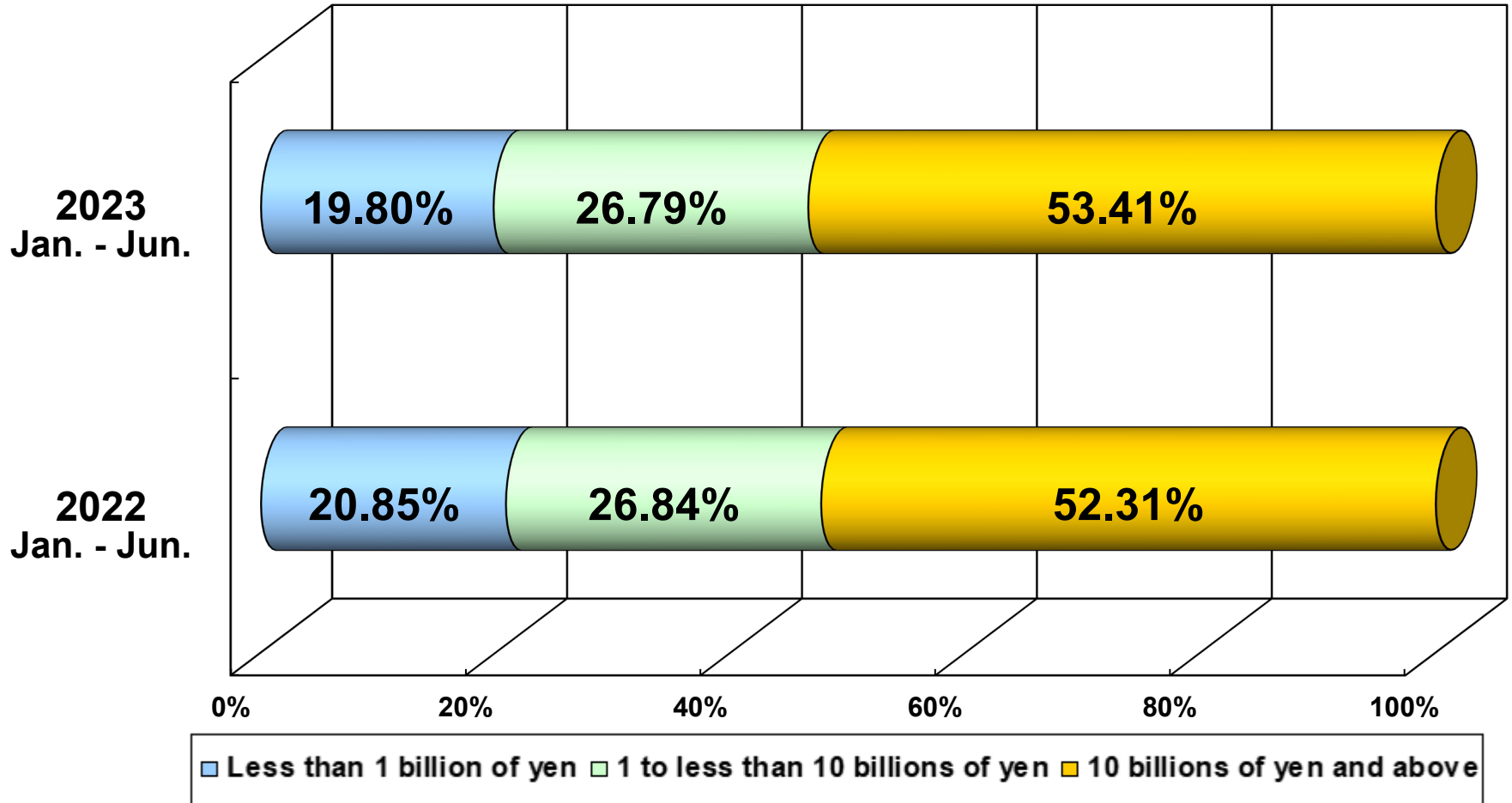
Consolidated



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



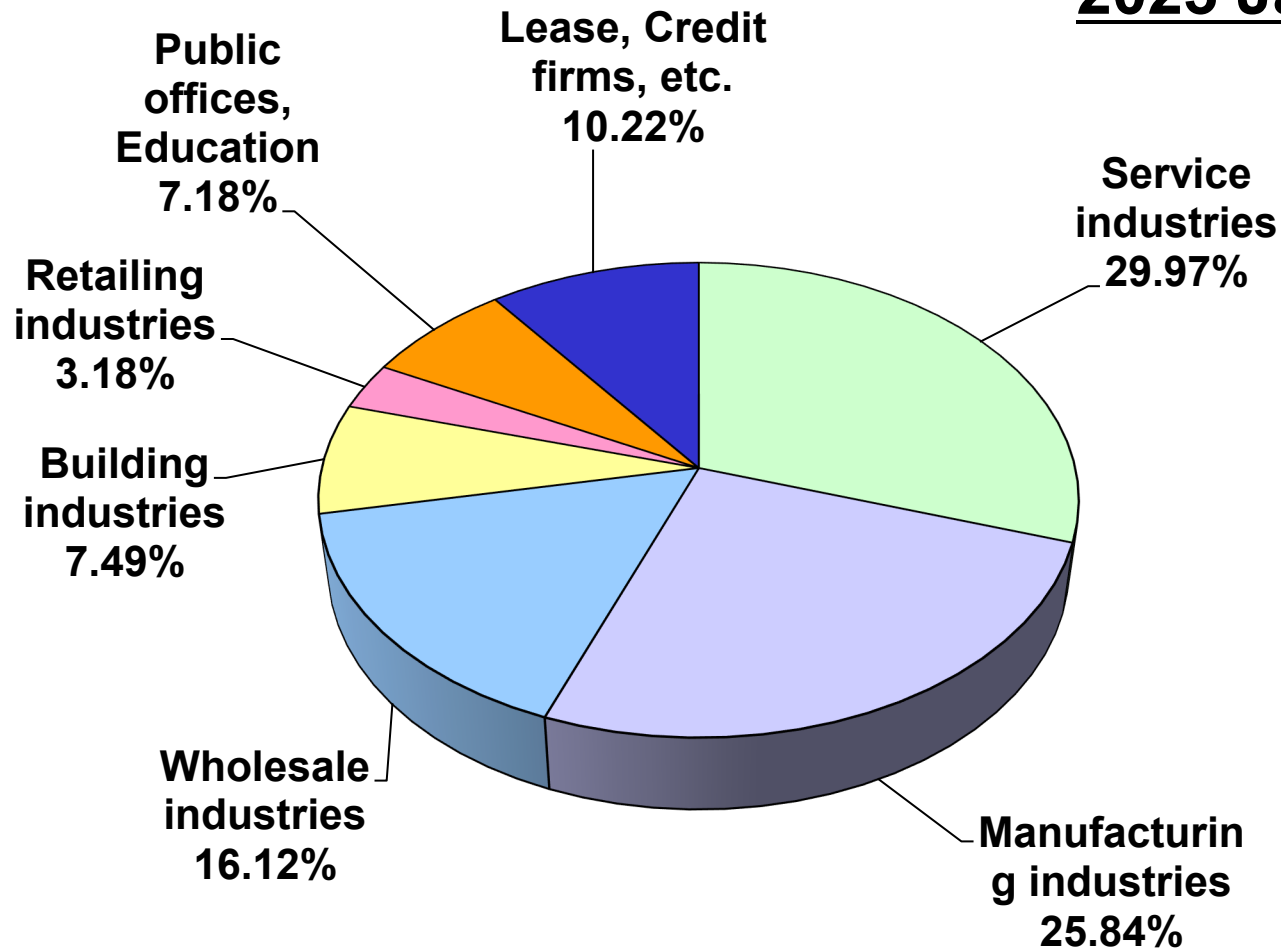
Net sales structure on customers' total annual business scale



*Accounting Standard for Revenue Recognition applied from 2022 and the composition ratio for two comparable fiscal terms is shown.

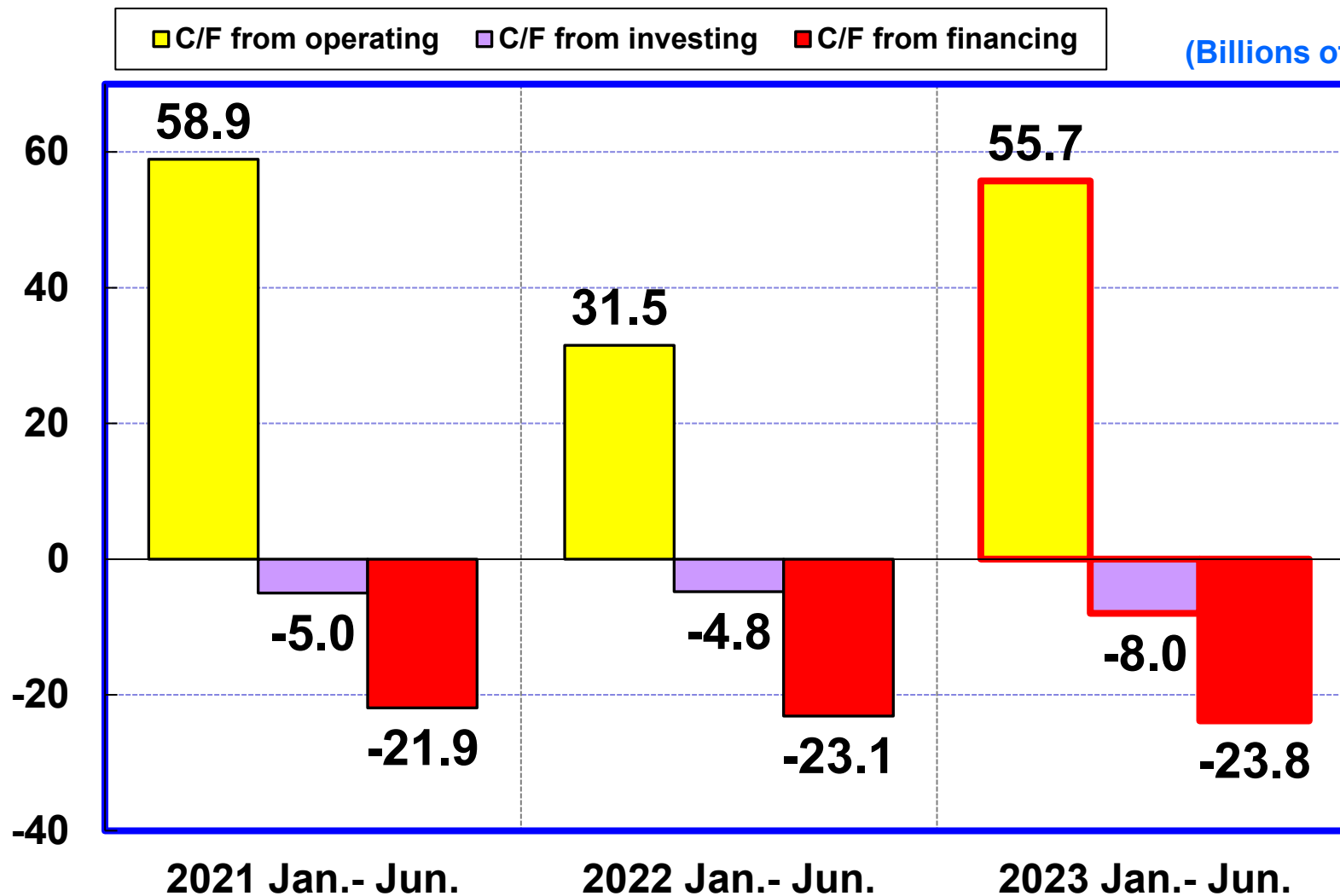
Sales breakdown by customers' type of industry

2023 Jan. – Jun.



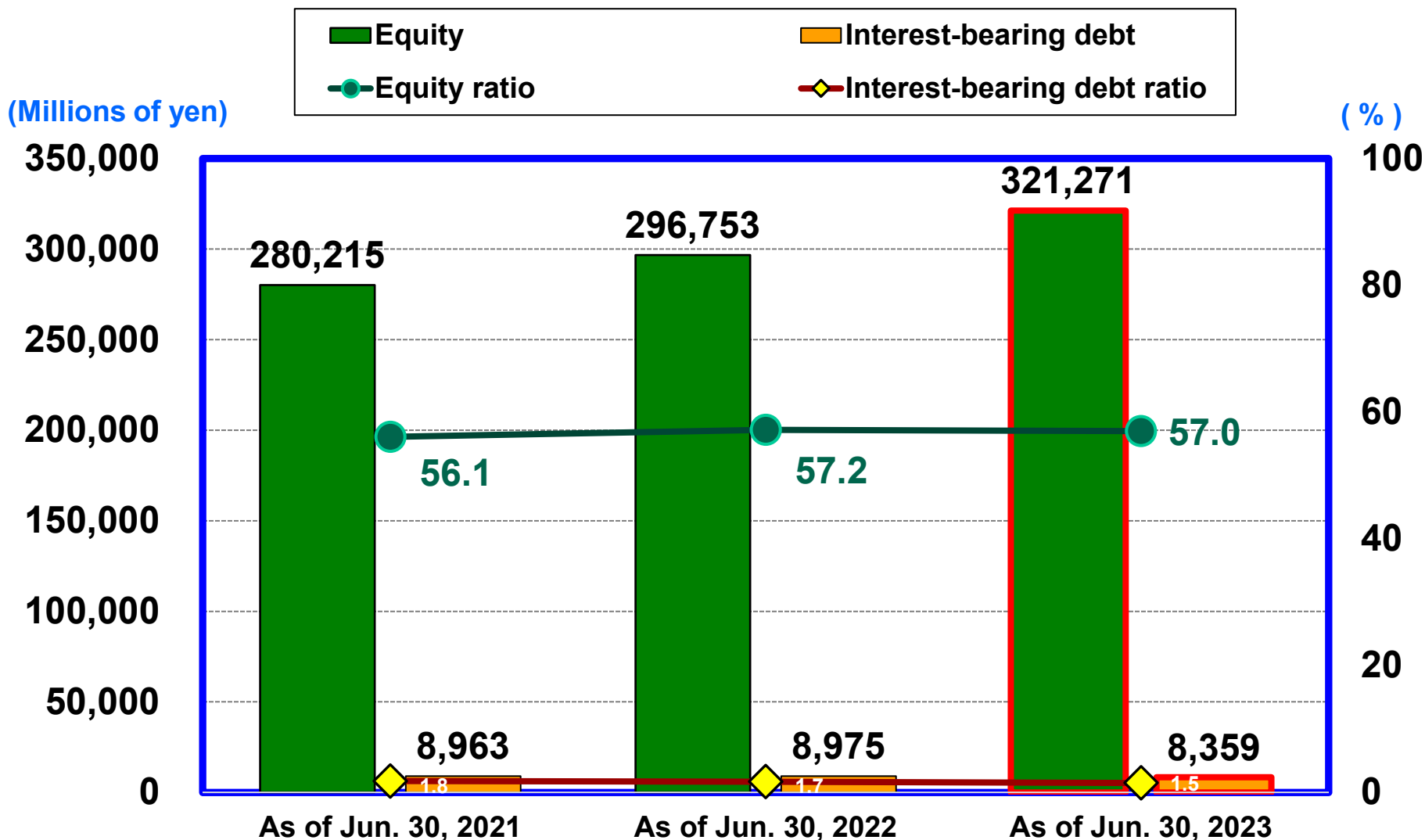
Cash flows

(Billions of yen)



Consolidated

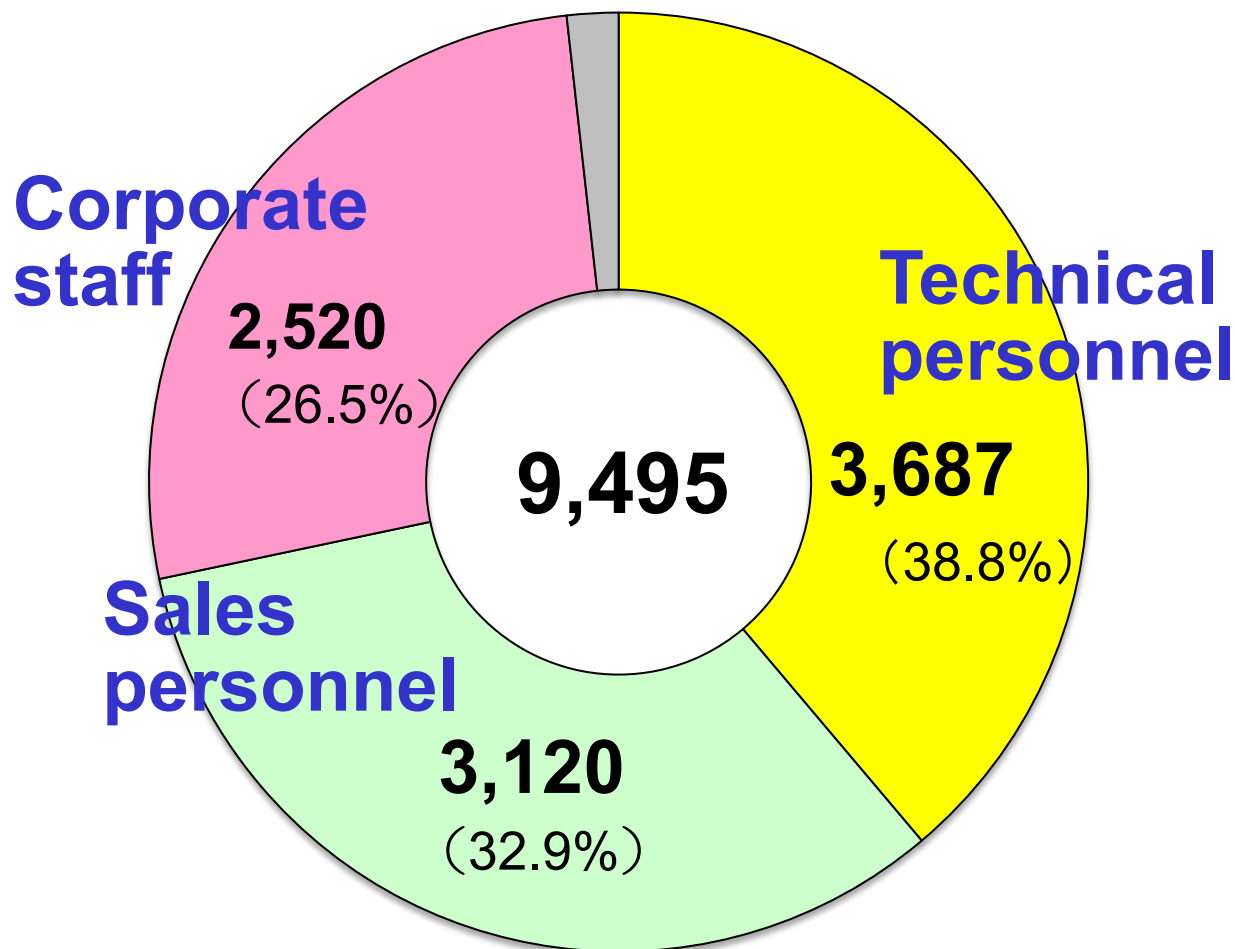
Equity and Interest-bearing debt



Personnel organization (regular employees)

Others 168 (1.8%)

As of Jun. 30, 2023



Key strategic business

<Amount of Sales>

(Millions of yen)

| | 2021 Jan. – Jun. | 2022 Jan. – Jun. | | 2023 Jan. – Jun. | | | 2023 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” | 88,191 | 91,245 | +3.5% | 98,598 | +7,352 | +8.1% | 49,904 | +4,899 | +10.9% |
| SMILE | 6,161 | 6,527 | +5.9% | 8,683 | +2,156 | +33.0% | 4,912 | +899 | +22.4% |
| ODS | 29,348 | 30,355 | +3.4% | 32,201 | +1,845 | +6.1% | 17,079 | -273 | -1.6% |
| OSM | 49,112 | 46,836 | -4.6% | 53,385 | +6,548 | +14.0% | 28,515 | +3,935 | +16.0% |

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

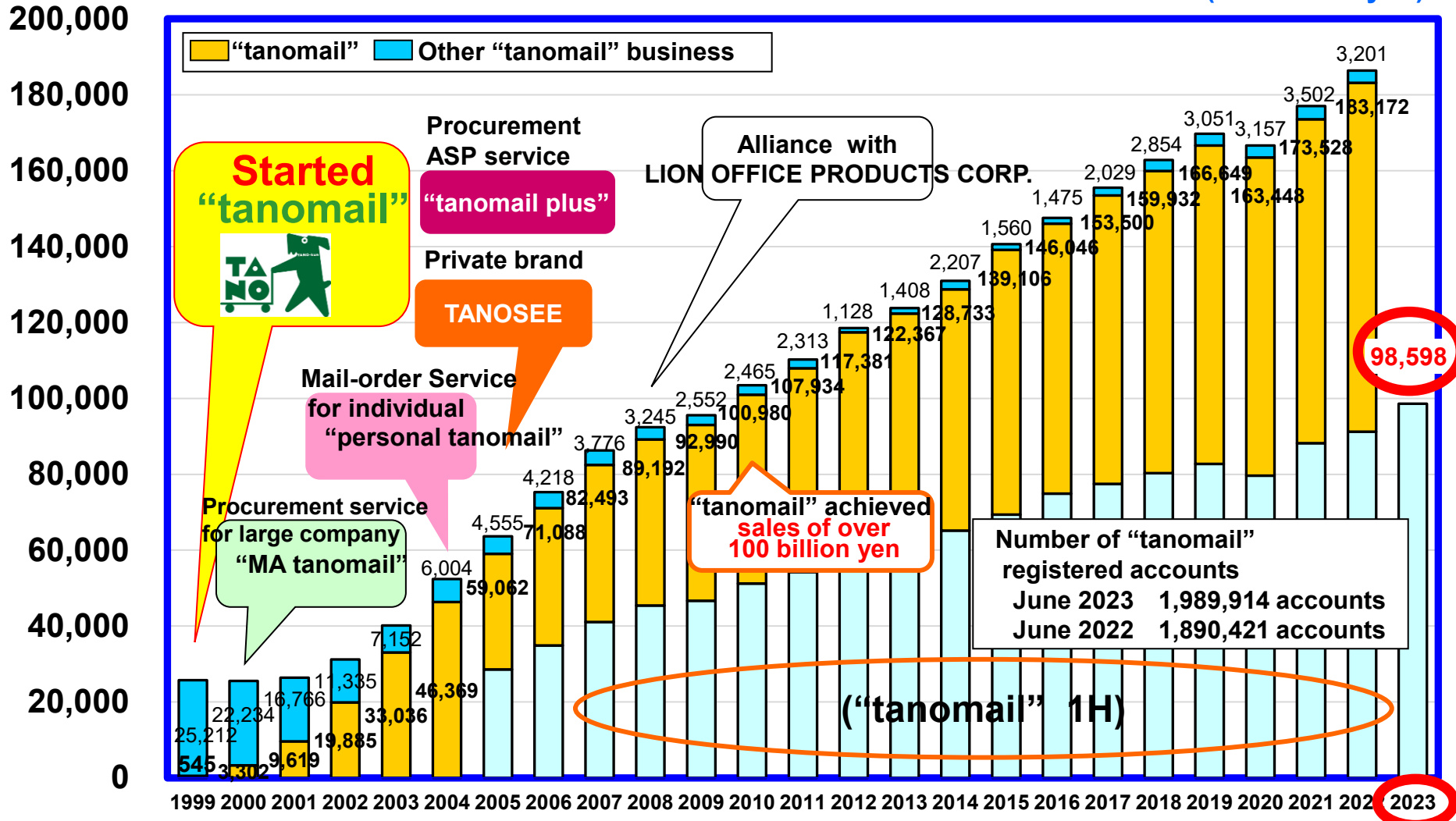
<As reference: Number of Sales>

(Units)

| | | | | | | | | | |
|-------------------------|-----------|---------|--------|----------------|----------------|---------------|----------------|----------------|---------------|
| Copier | 21,533 | 20,853 | -3.2% | 21,109 | +256 | +1.2% | 11,557 | -111 | -1.0% |
| (of which Color copier) | 21,078 | 20,466 | -2.9% | 20,555 | +89 | +0.4% | 11,208 | -242 | -2.1% |
| Server | 13,083 | 11,036 | -15.6% | 11,970 | +934 | +8.5% | 6,227 | +567 | +10.0% |
| PC | 907,975 | 579,984 | -36.1% | 642,107 | +62,123 | +10.7% | 288,298 | +42,590 | +17.3% |
| Client Total | 1,046,028 | 641,504 | -38.7% | 670,194 | +28,690 | +4.5% | 305,318 | +20,941 | +7.4% |

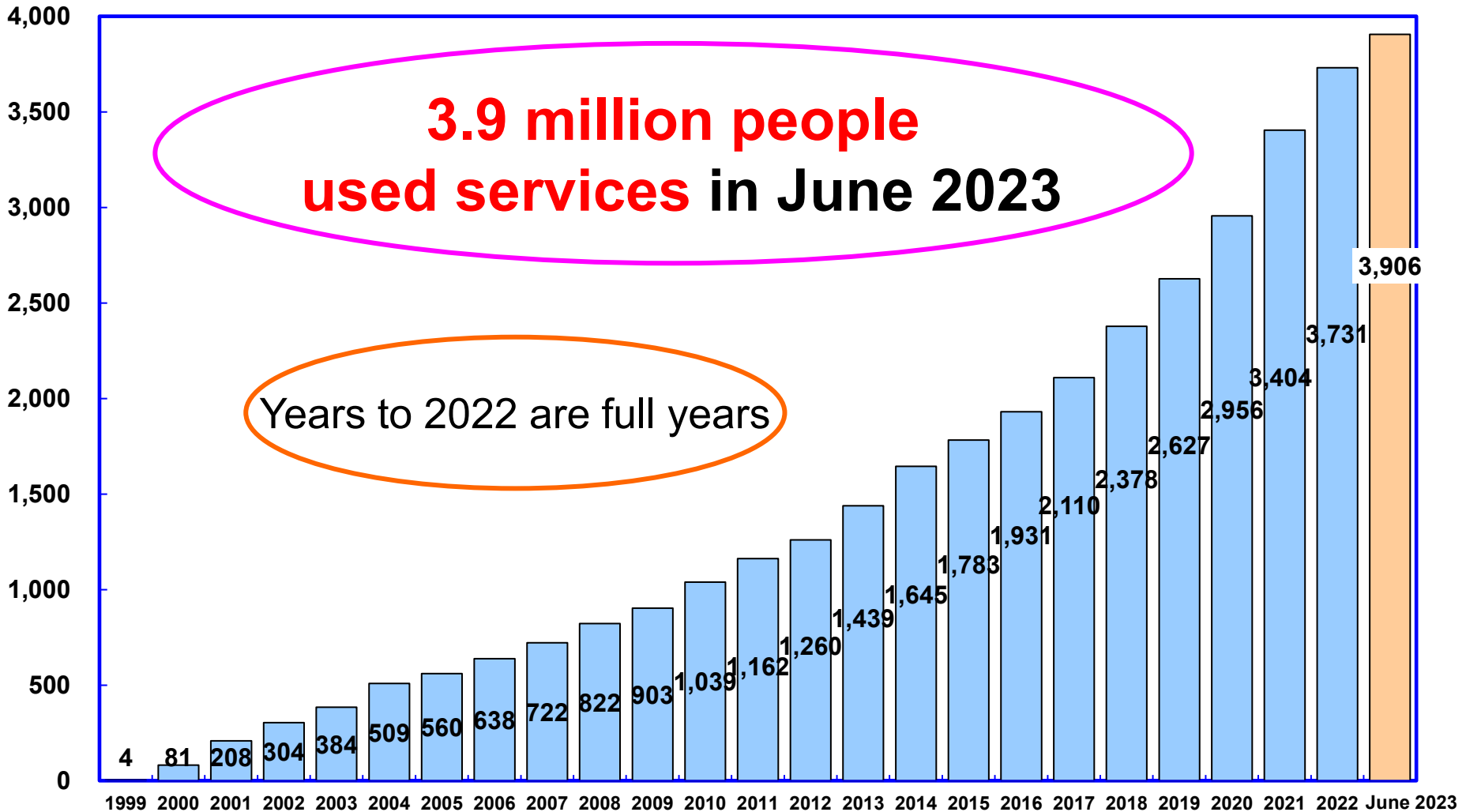
Annual sales transition of "tanomail"

(Millions of yen)



Number of Users of Main Web Services (ASP)

(Thousand people)



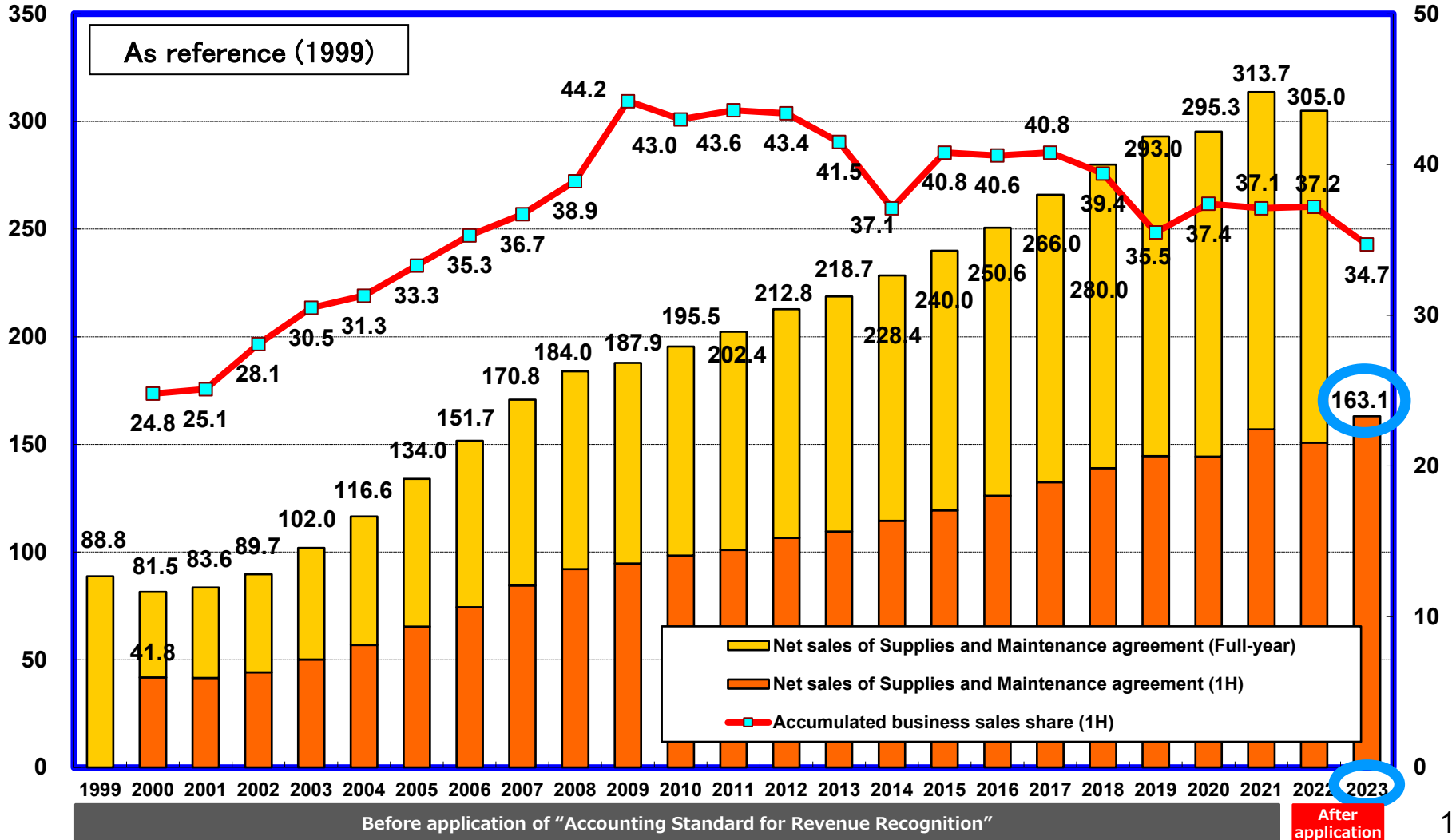
Growth of accumulated business

Net sales of Supplies and Maintenance agreement

Accumulated business sales share

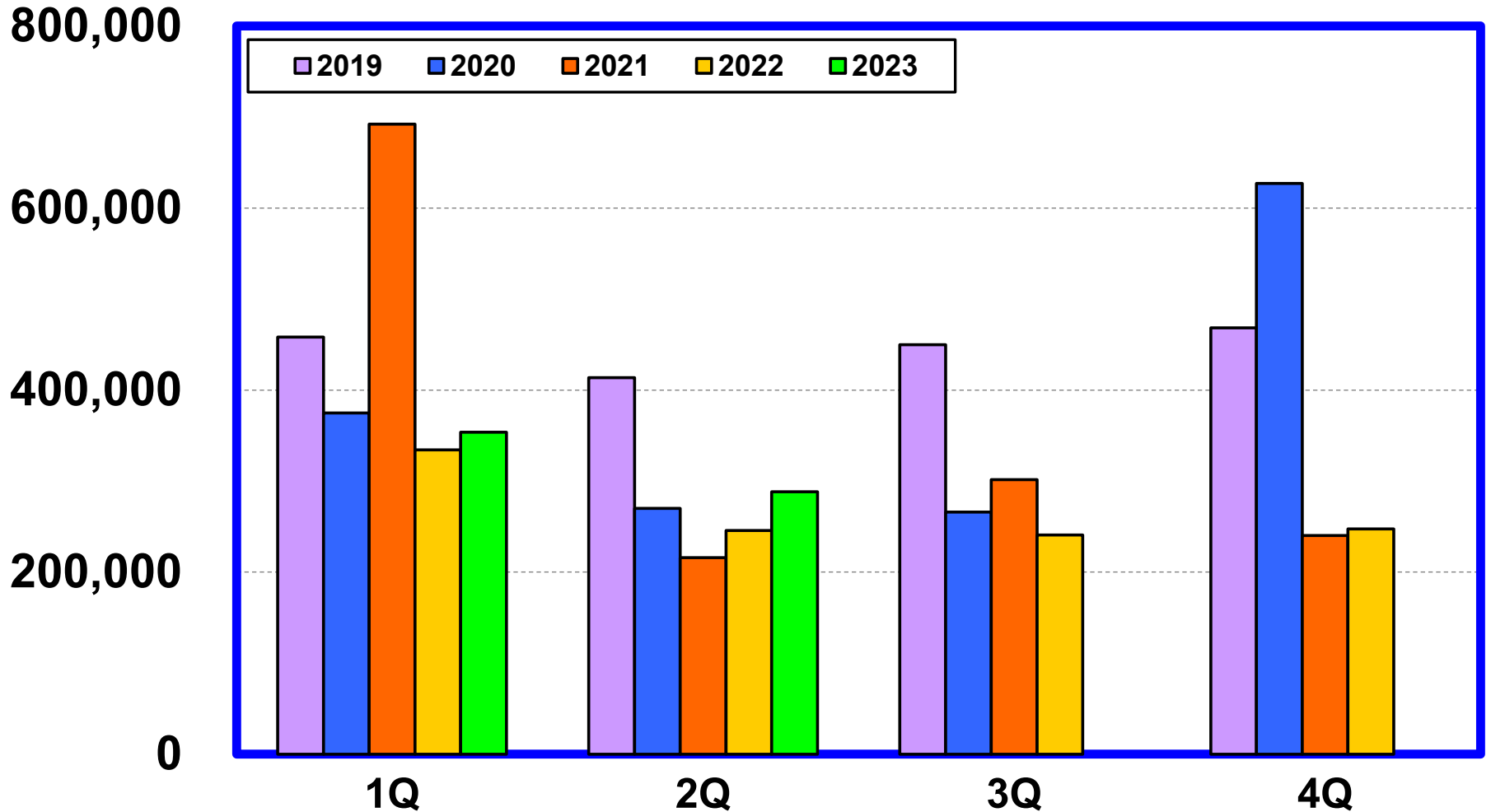
Net sales of Supplies and Maintenance agreement (Billions of yen)

Accumulated business sales share (%)



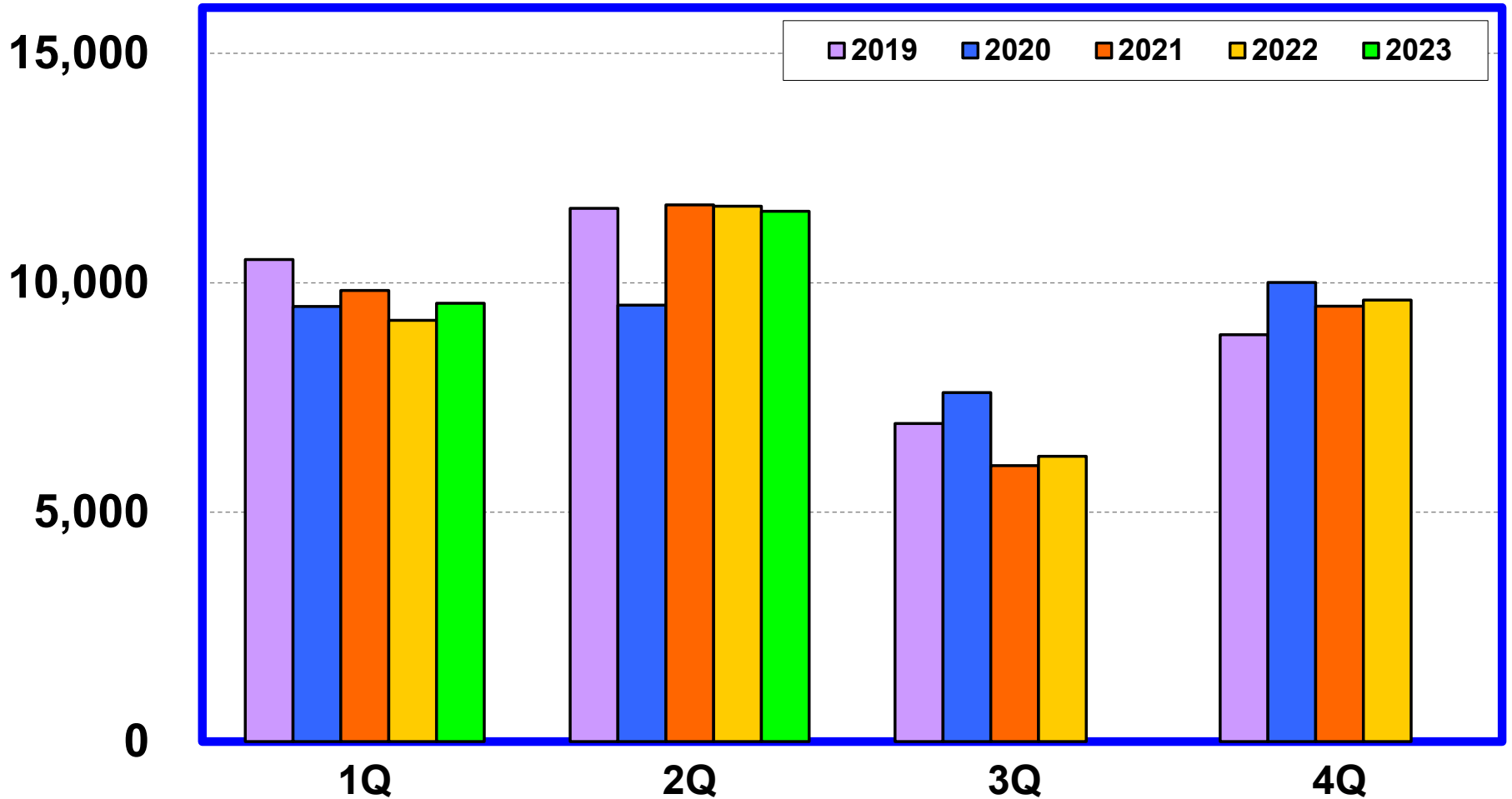
Quarterly Number of PCs Sold

(Units)



Quarterly Number of Copiers Sold

(Units)



Looking to the Future

Announced

Medium- to Long-term Management Policy

Announced on July 24, 2023

OTSUKA CORPORATION Group

Medium- to Long-term Management Policy

OTSUKA CORPORATION Group
**Medium- to Long-term
Management Policy**

July 24, 2023

~ Toward a 100-Year Company ~

OTSUKA CORPORATION aims to
“Create new relationships with customers”
to contribute to a sustainable society
and build a long-term sustainable
business model that can withstand
changes in the environment.

*Please see our website for details.

The Basic Principle and Medium- to Long-term Management Policy

< Basic principle >

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

< Medium- to Long-term Management Policy >

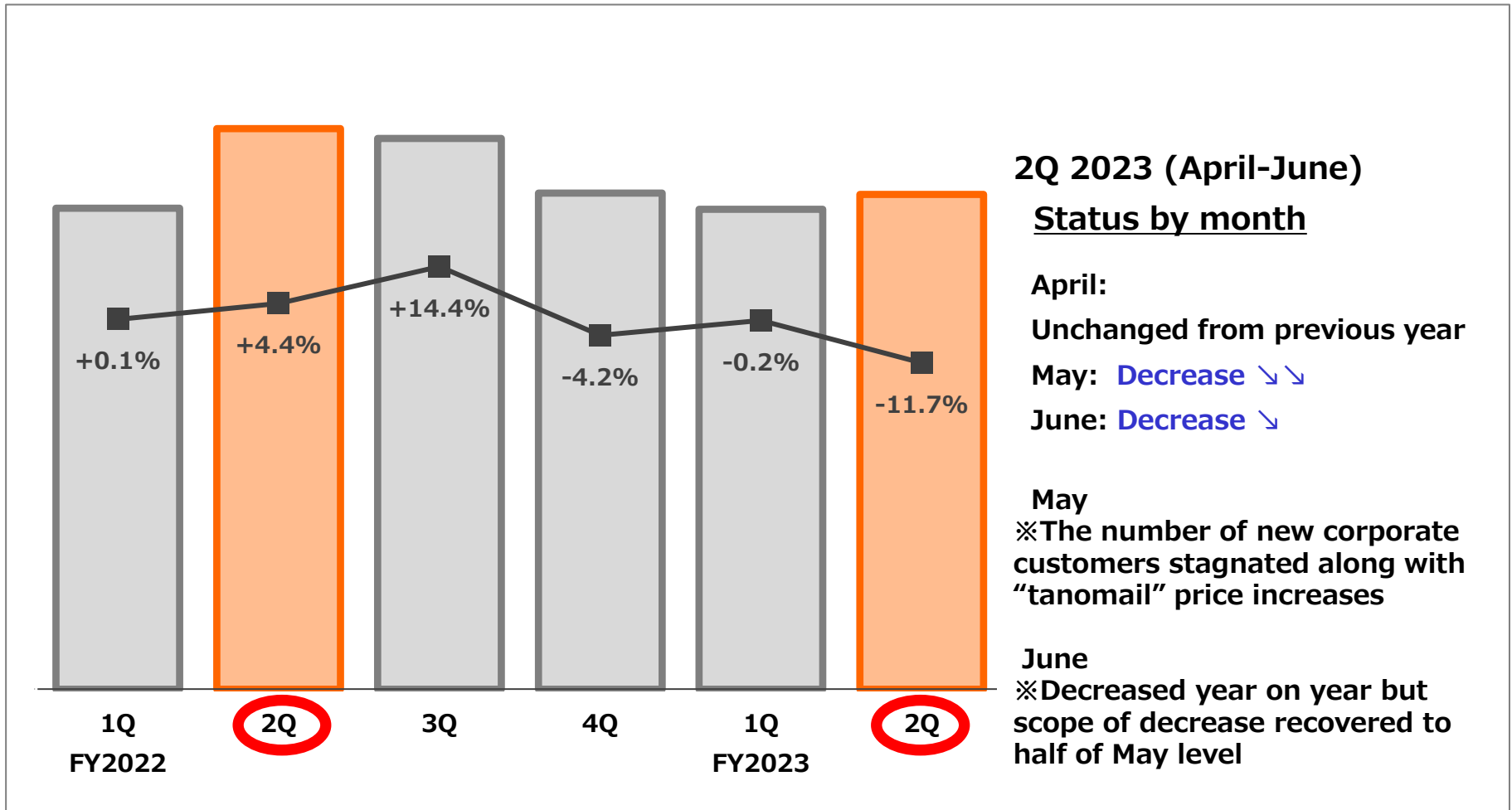
- **Maintain stable growth while responding to changes in the environment**

Operating profit to net sales ratio and ordinary profit to net sales ratio both firmly established at 7% or more.

- **Workforce plan calls for slight increases while focusing on productivity improvements**
- **Cultivate demand by utilizing information**
- **Raise per head productivity through efficient utilization of people, goods, money, and information**

Number of New Corporate Customers

Number of New Corporate Customers % change year-on-year



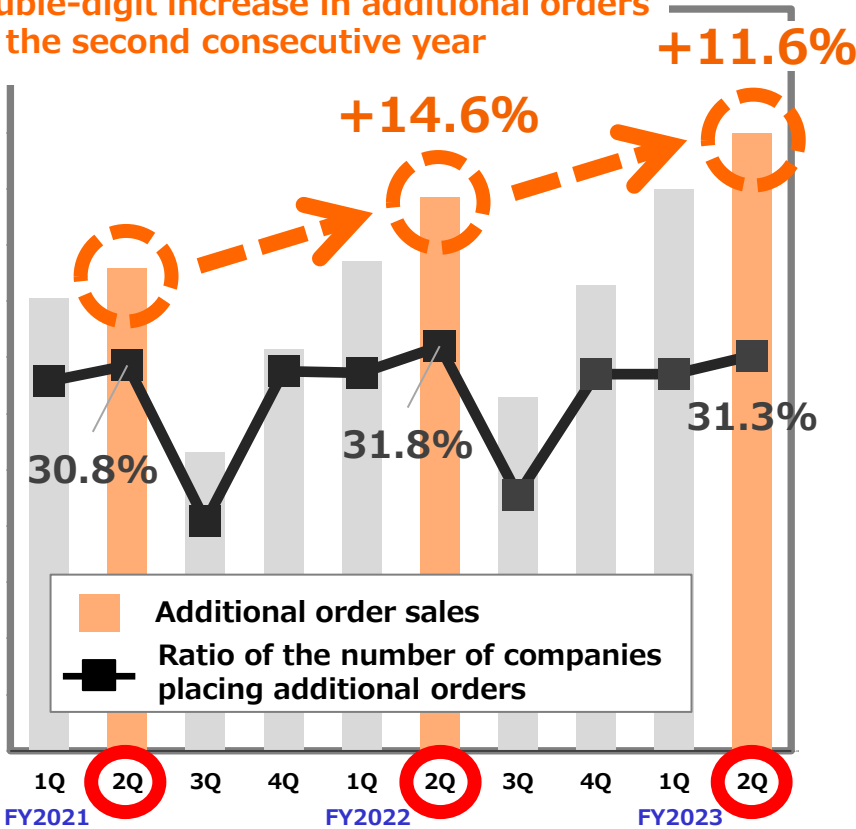
Status of Orders

[State of Additional Orders]

Value of orders received and number of corporate customers in the current quarter as a percentage of customers who conducted transactions with Otsuka in the previous quarter

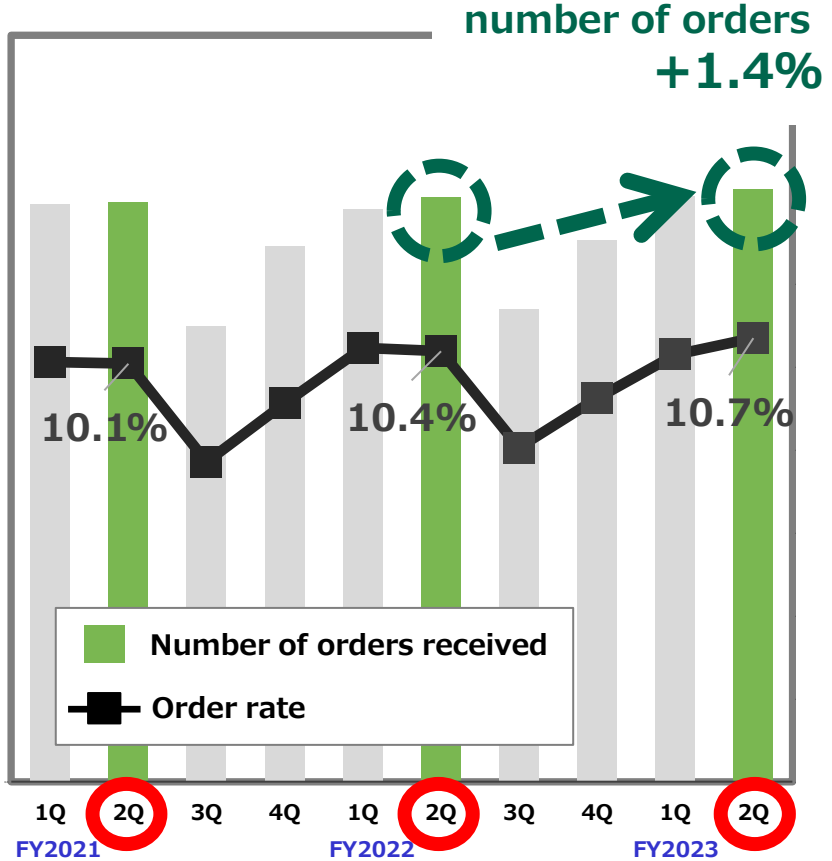
* Calculated excluding ongoing transactions such as supply and maintenance

Double-digit increase in additional orders for the second consecutive year

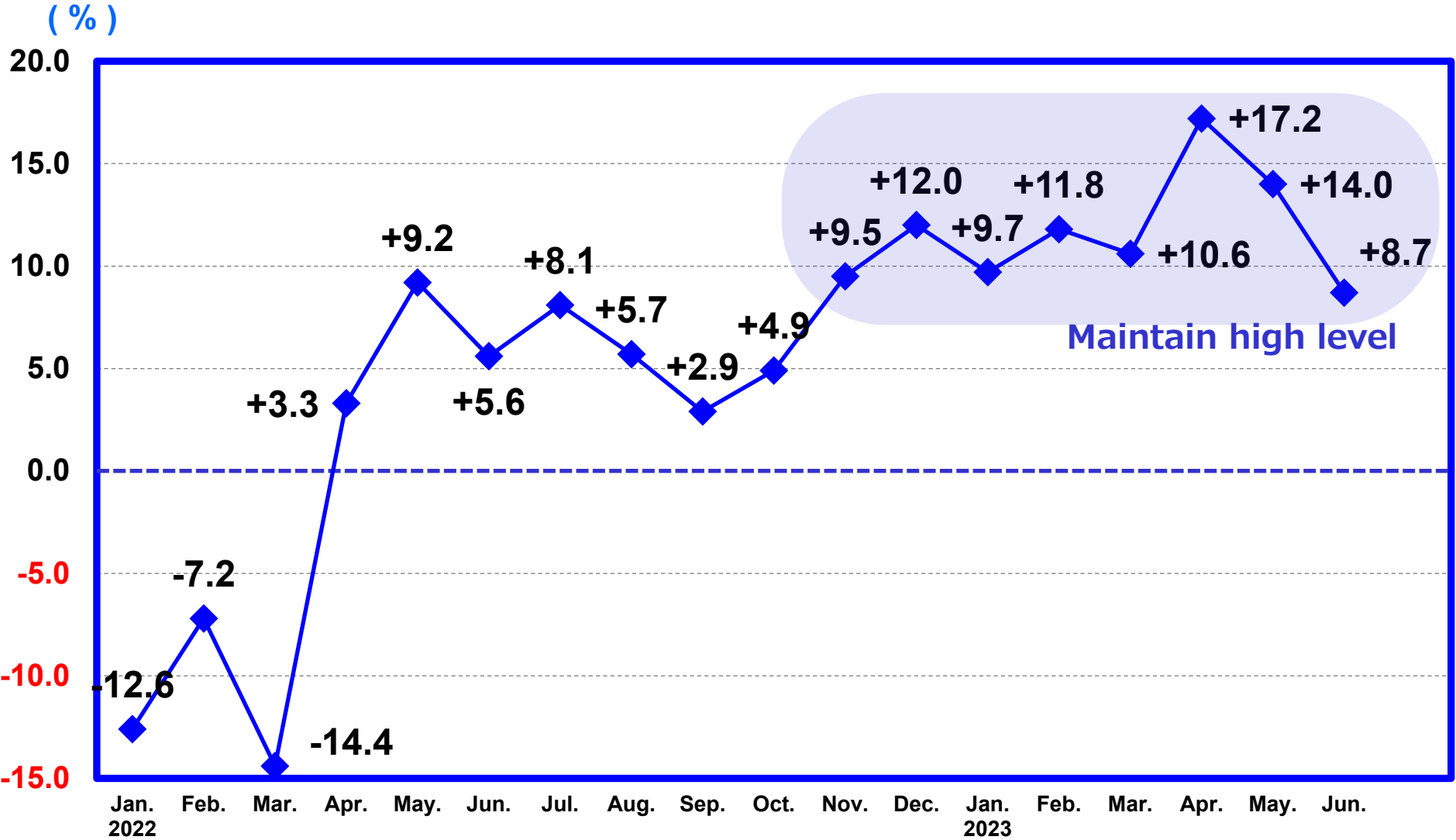


[Overall number of orders and order rate]

$$\text{Order rate} = \frac{\text{Number of orders received}}{\text{Number of negotiations}}$$



Rate of change in sales per account

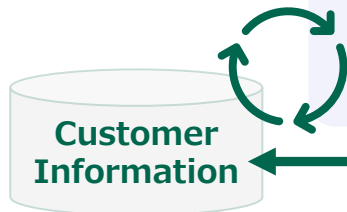


OTSUKA Corporation Stands for



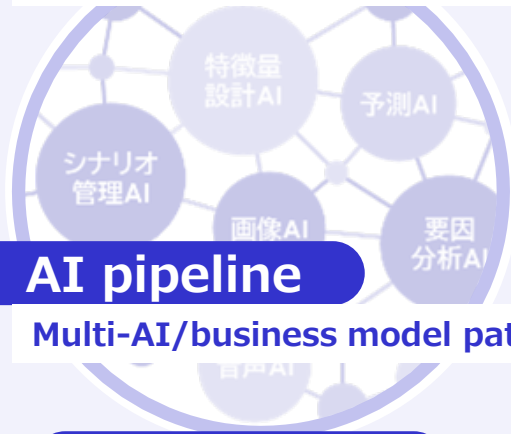
OTSUKA Corporation

- Management reforms
- Teamwork
- Enhance efficiency of business
- Human resource development
- Suggestions for sales
- Lead the way in discoveries



AI partner

Capital and business alliances
 April 2022 dotData
 June 2023 AVILEN



AI pipeline

Multi-AI/business model patent

AI lab

Basic research/IIT*
 *IIT: Indian Institutes of Technology

AI solutions

Proposals for entire office

Customer growth

OTSUKA CORPORATION for the Entire Office

Office equipment

FAX



COPIER



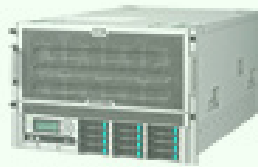
LINE

GATEWAY

Communication lines and Internet related products

internet
(ASP / Web Services)

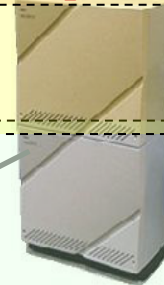
SERVER



VC



PBX

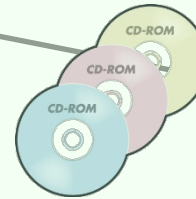


KT
Voice communication system



Computer system

SOFTWARE



PC

TABLET



Supplies



MRO

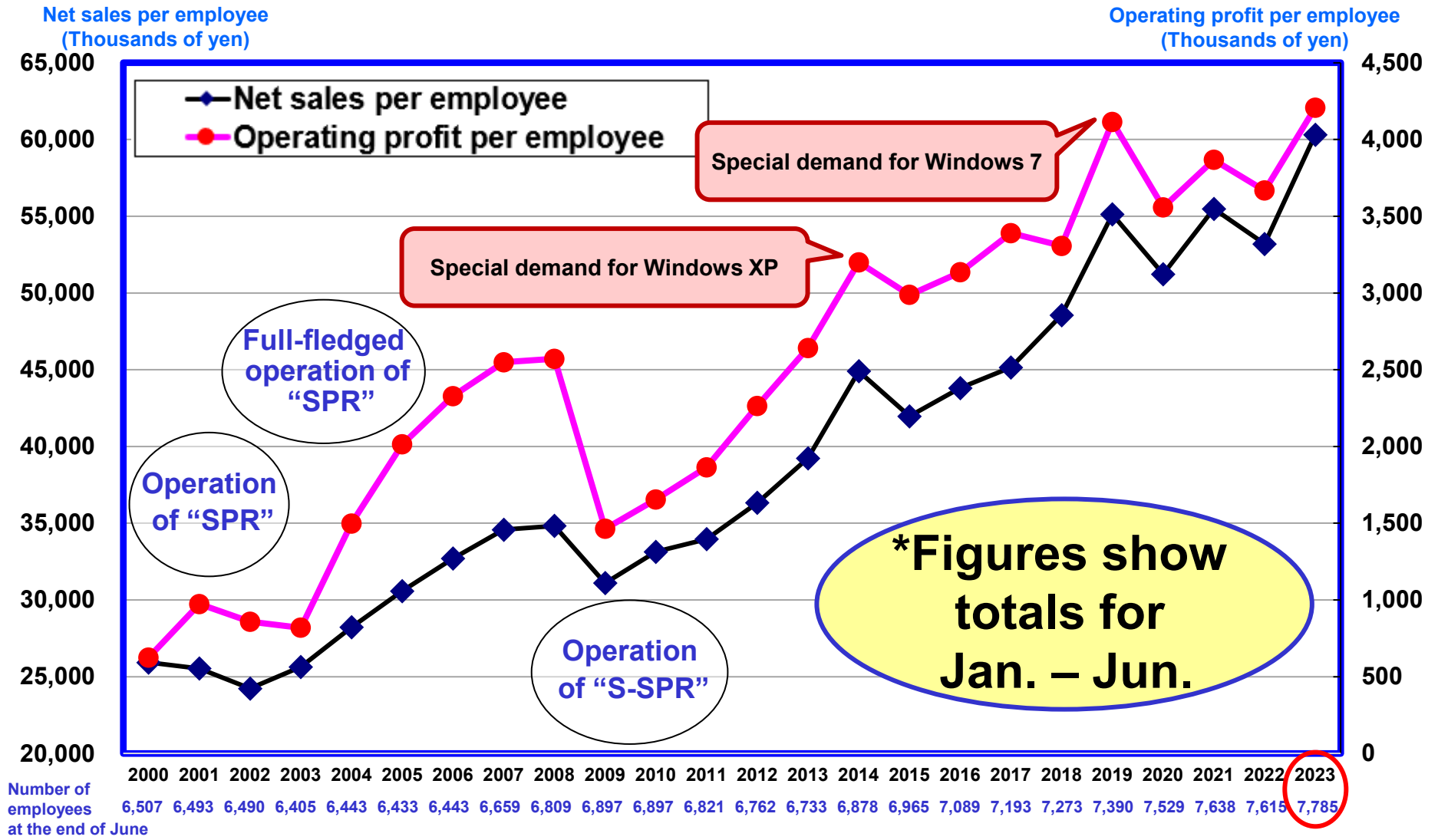
Electric power



LED
BEMS

Non-Consolidated

Change of Net sales per employee and Operating profit per employee



Number of employees at the end of June

Sustainability Related

E

(Environment)

■ Responses to climate change

March 2023: Information disclosure based on TCFD recommendations

*TCFD: Task Force on Climate-related Financial Disclosures

July 2023: Acquired “SBT Initiative” certification

Scope1+2 42% reduction (2021→30 years)

Scope3 25% reduction (2021→30 years)

*SBT Initiative: A joint initiative by WWF (World Wildlife Fund), CDP, WRI (World Resources Institute), and the United Nations Global Compact

■ Promote diversity, equity and inclusion

April 2023: Introduced OWL’s to support work-life balance

*OWL’s: Otsuka Work Life Support

Pregnancy activities

Childcare

Nursing care

April 2023: Established numerical target for ratio of female managers

*10% by 2027 (Aim for upward revision upon early attainment)

June 2023: Acquired Kurumin certification

*Kurumin: A system of the Ministry of Health, Labor and Welfare that certifies companies that support childcare

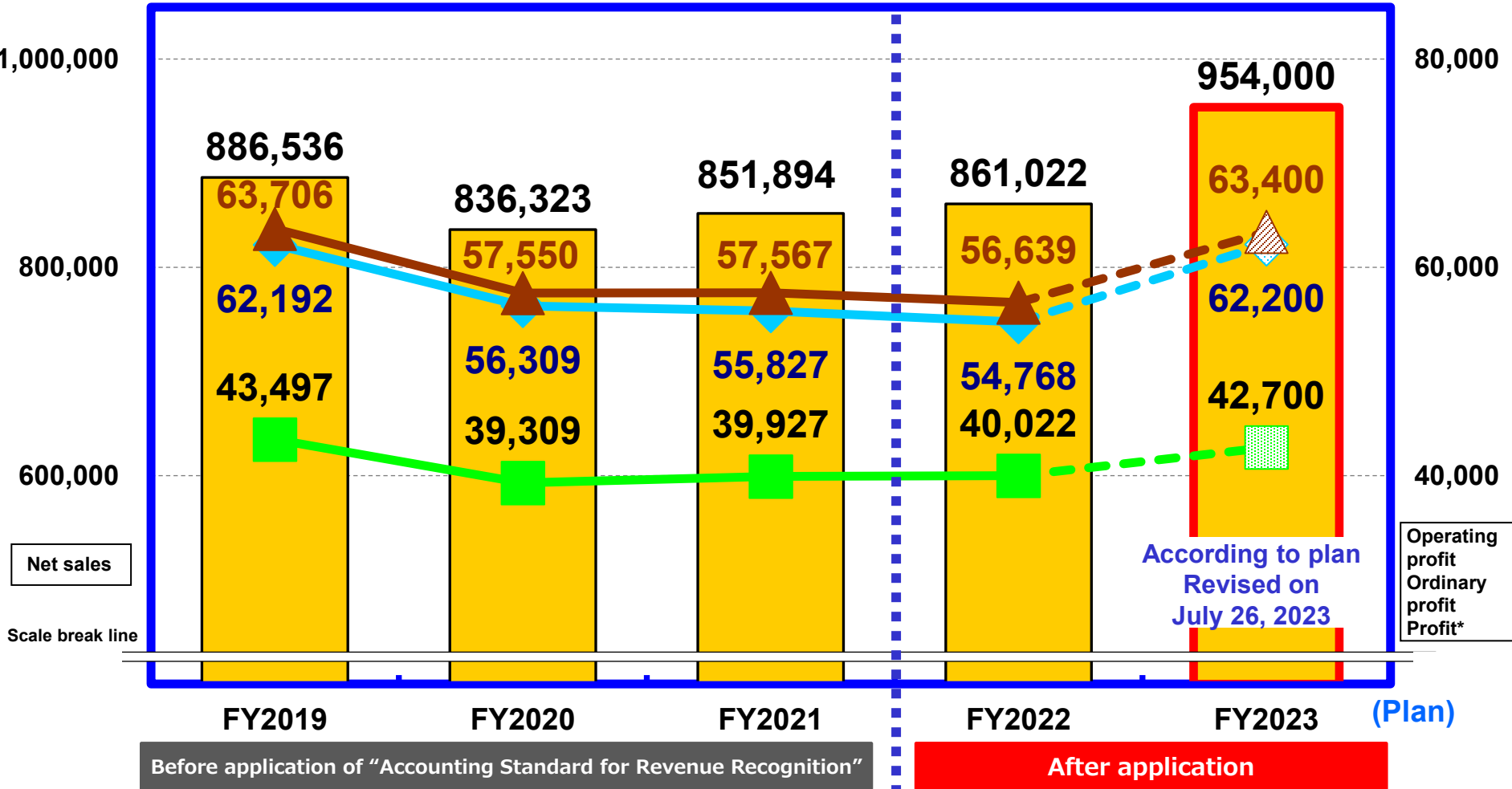


Consolidated

Plans of Net sales and profit

(Millions of yen)

■ Net sales
 ◆ Operating profit
 ▲ Ordinary profit
 ■ Profit*
 *Profit attributable to owners of parent



Community

Customers

**We live up to our
Stakeholders' confidence**

**Shareholders
Business Partners**

Employees

Cautionary statement

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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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