



Fiscal year ending December 2020
First three months
(January – March)
Business Results

April 30, 2020

OTSUKA CORPORATION

Summary of Business Results, January - March, 2020

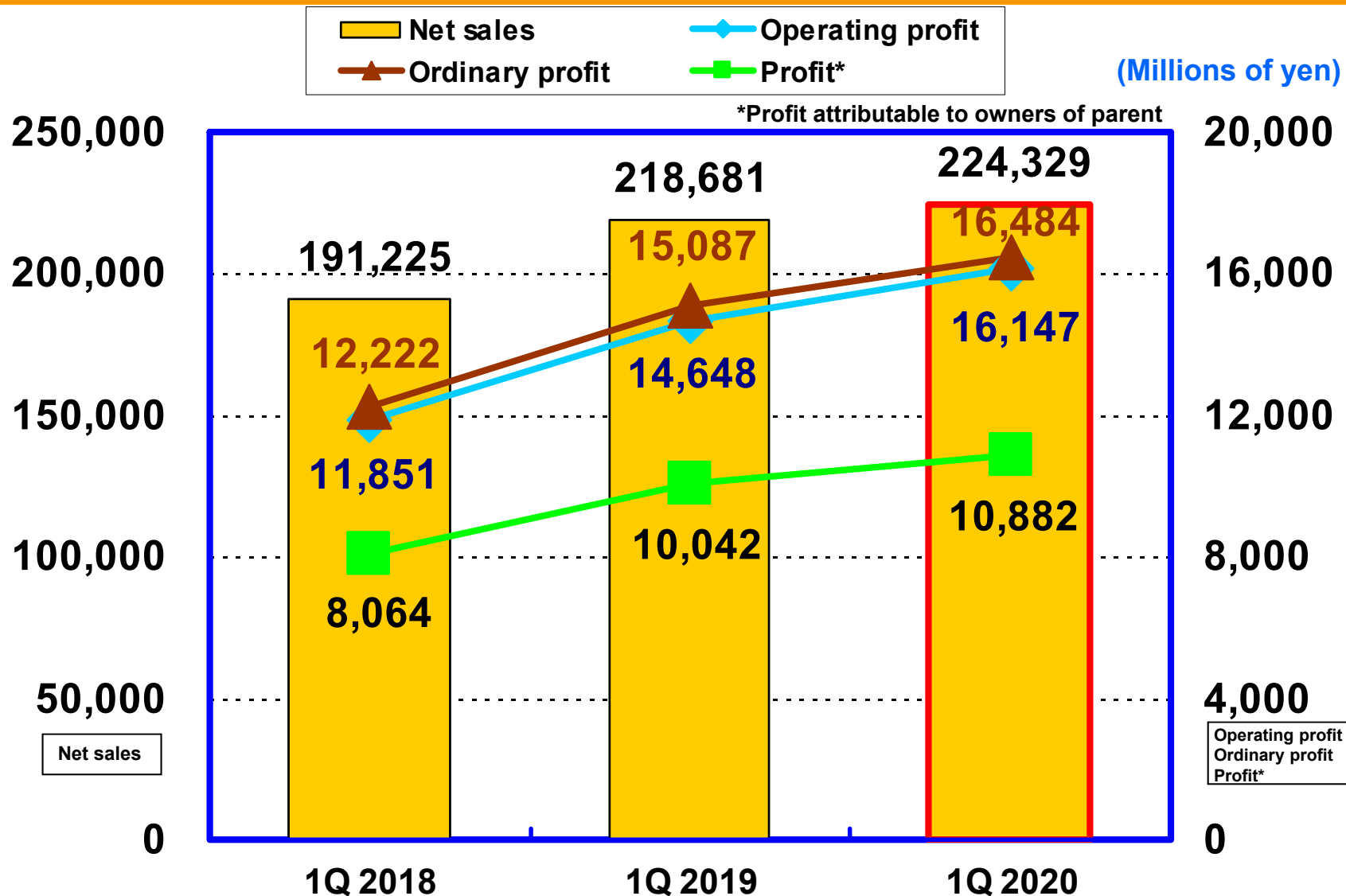
(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	224,329	+2.6%	202,009	+2.3%
Operating profit	16,147	+10.2%	14,123	+10.4%
Ordinary profit	16,484	+9.3%	15,606	+10.9%
Profit*	10,882	+8.4%	10,825	+10.9%

*Profit attributable to owners of parent

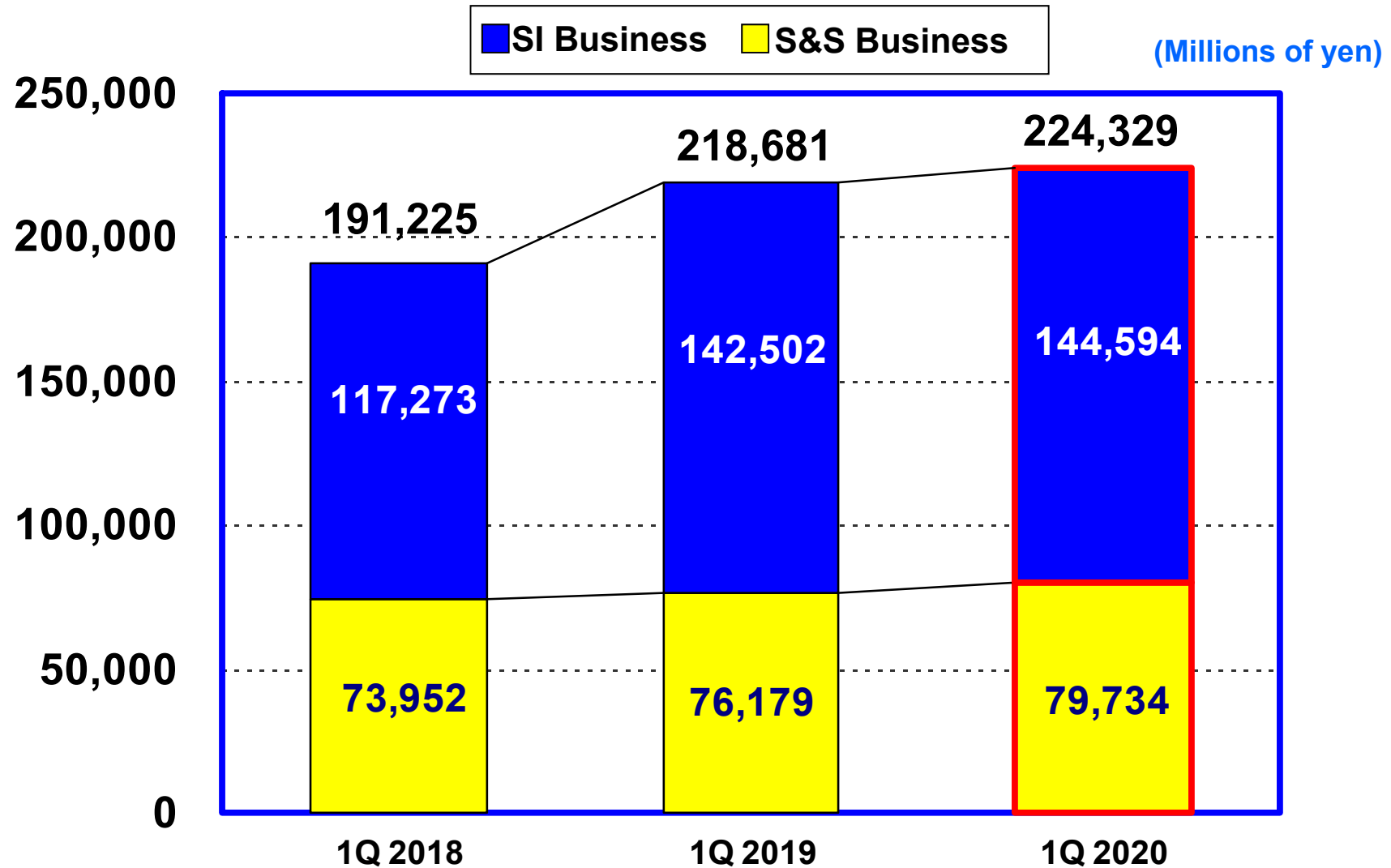
Consolidated

Net sales and Profits

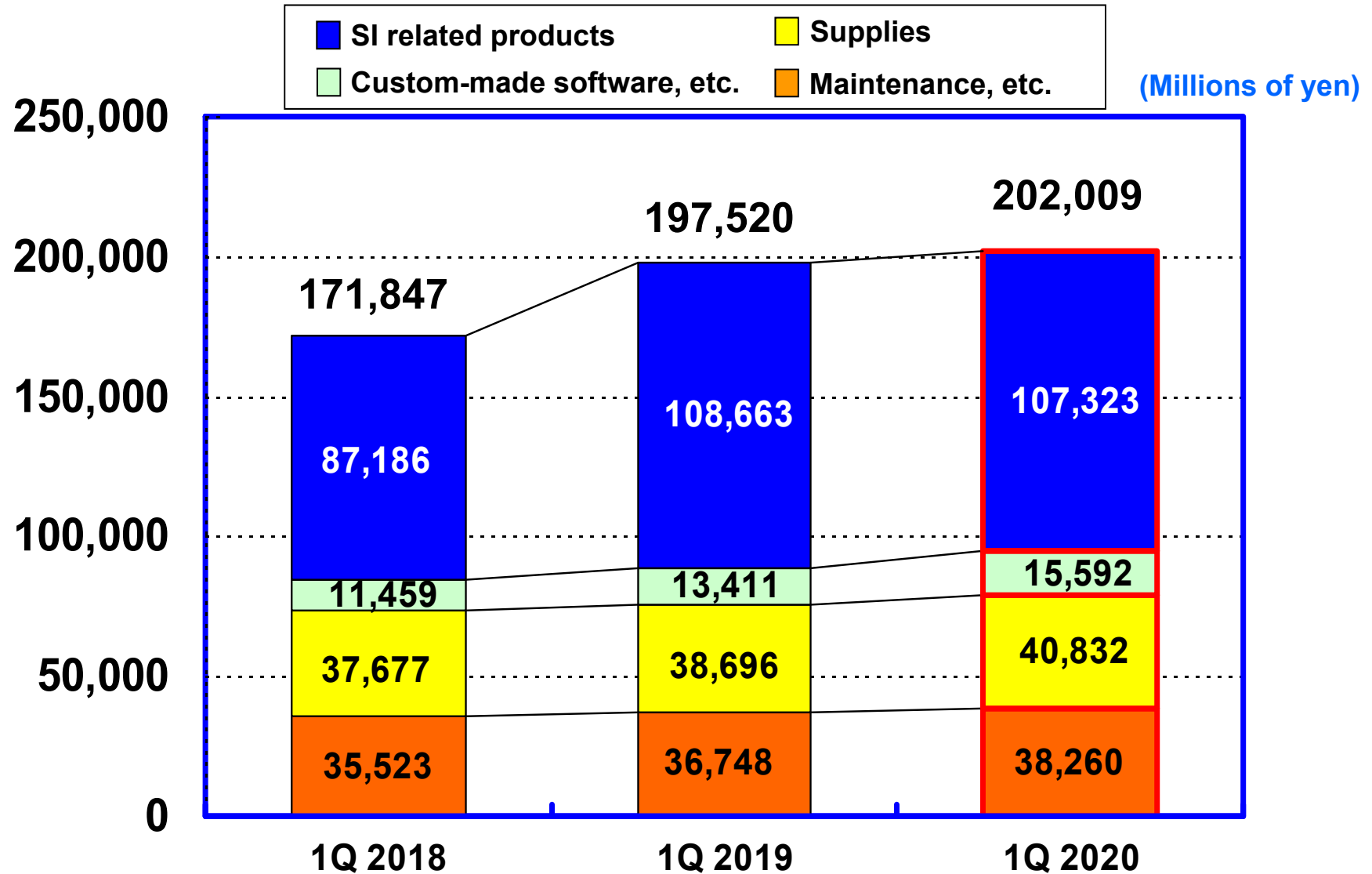


Consolidated

Net sales by segments

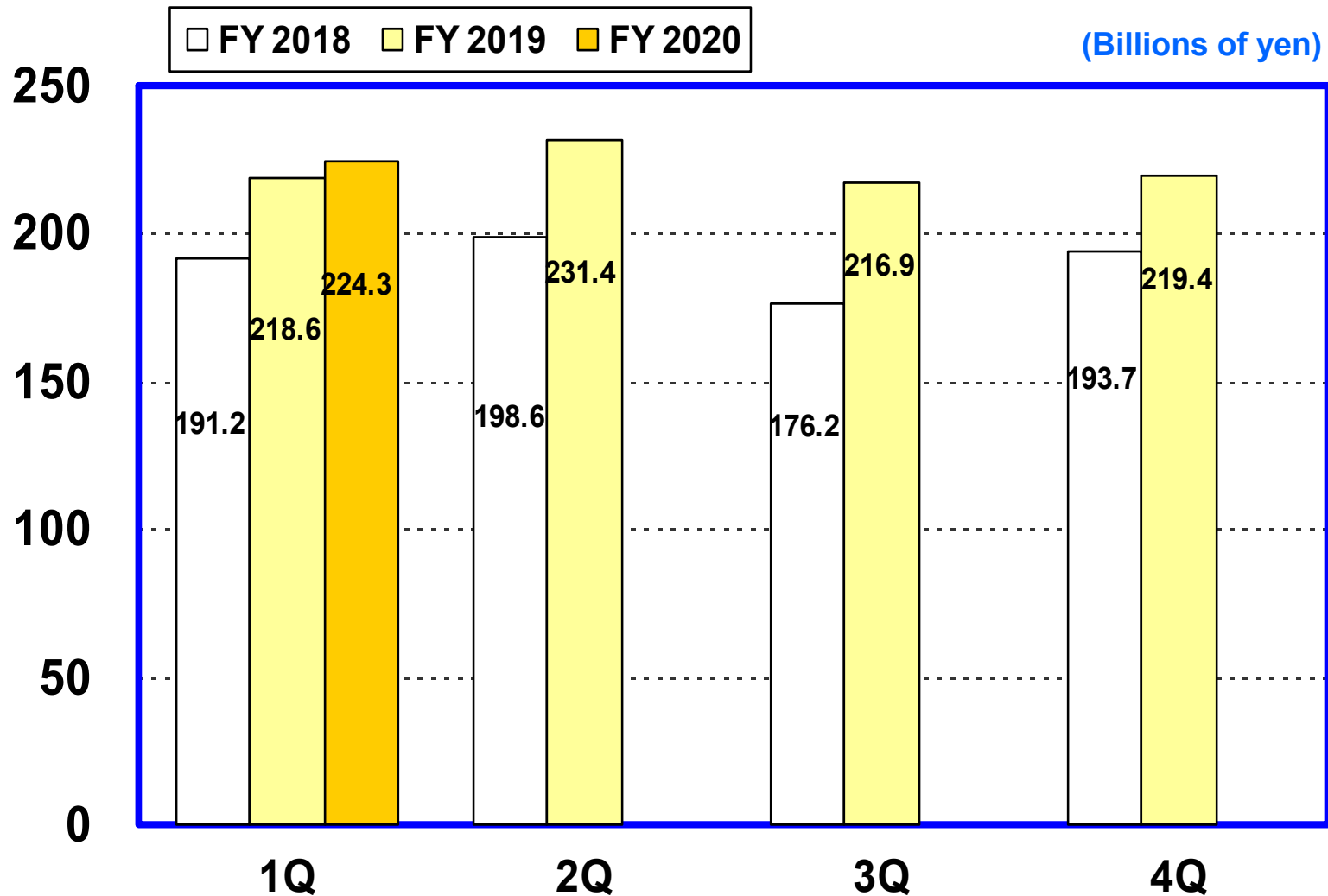


Net sales by 4 segments



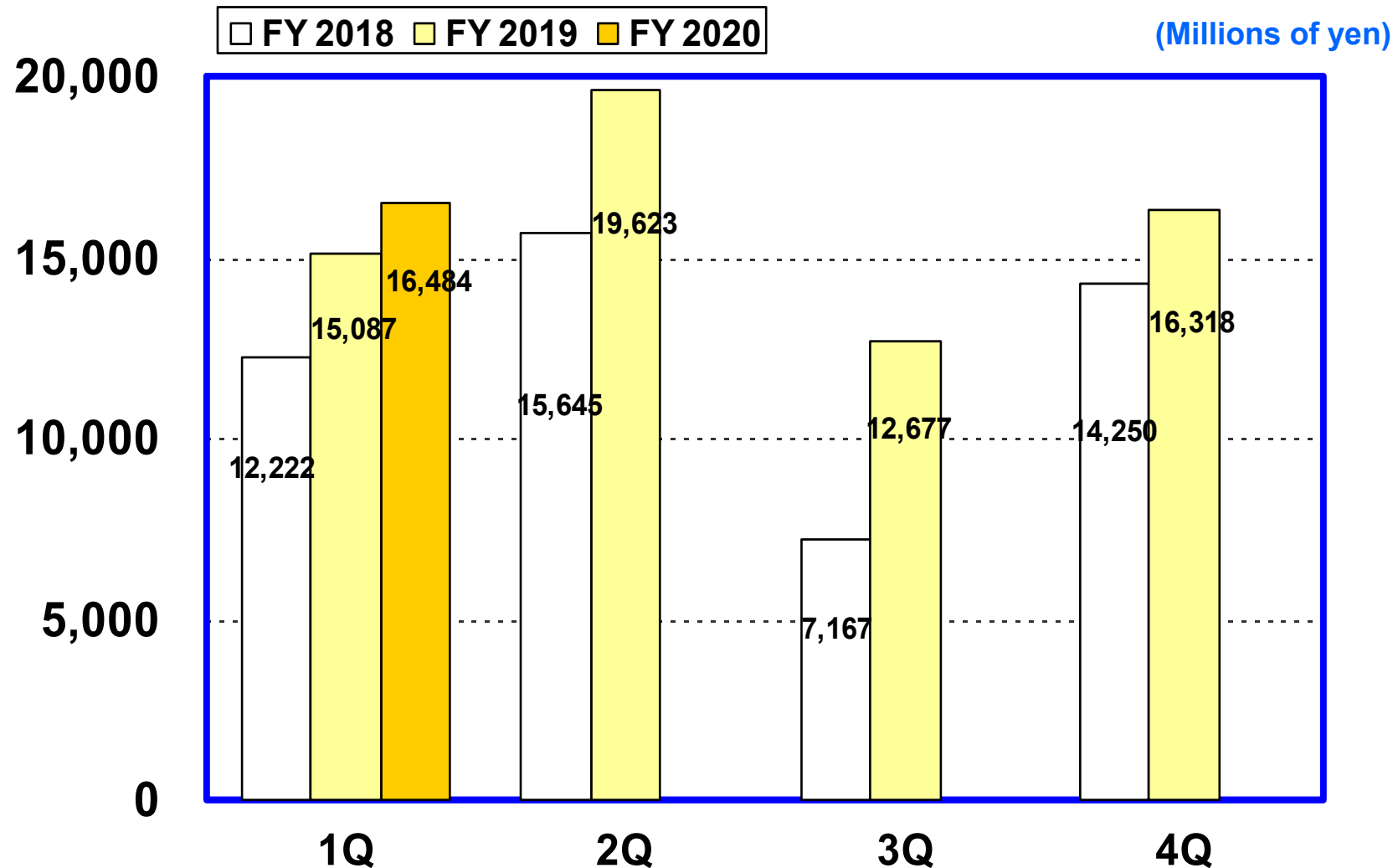
Consolidated

Quarterly change of Net sales



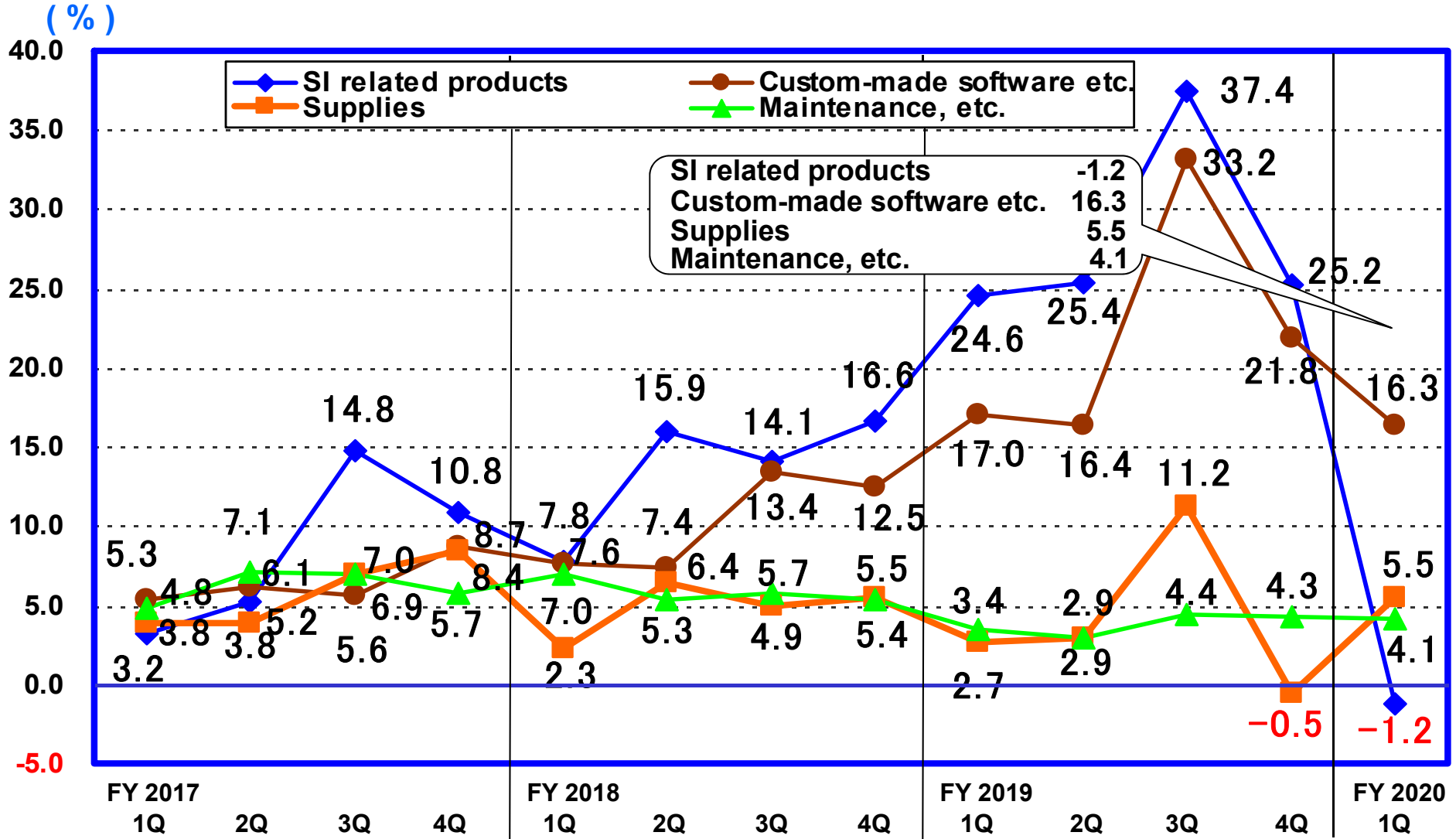
Consolidated

Quarterly change of Ordinary profit



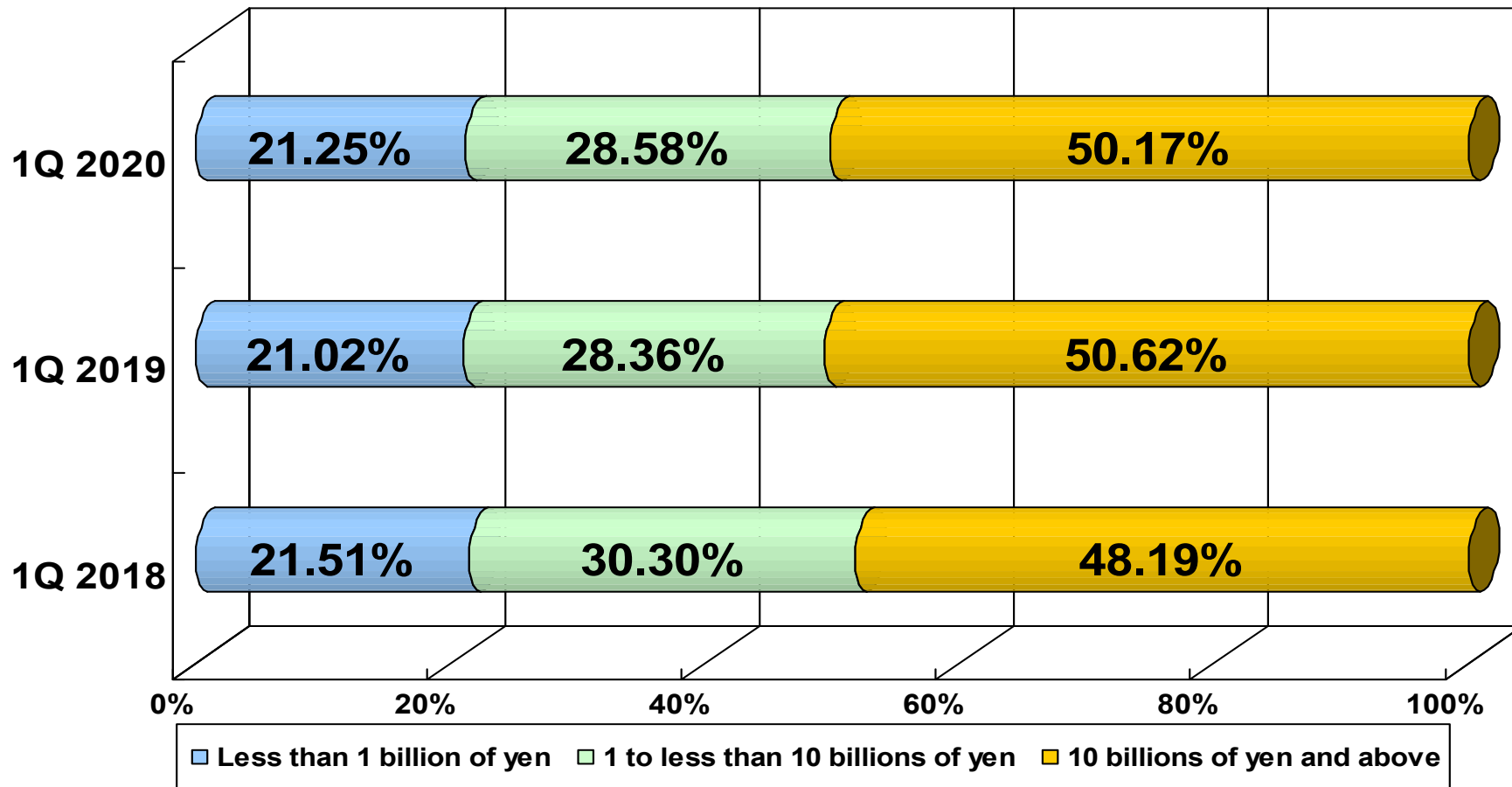
Non-Consolidated

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



Non-Consolidated

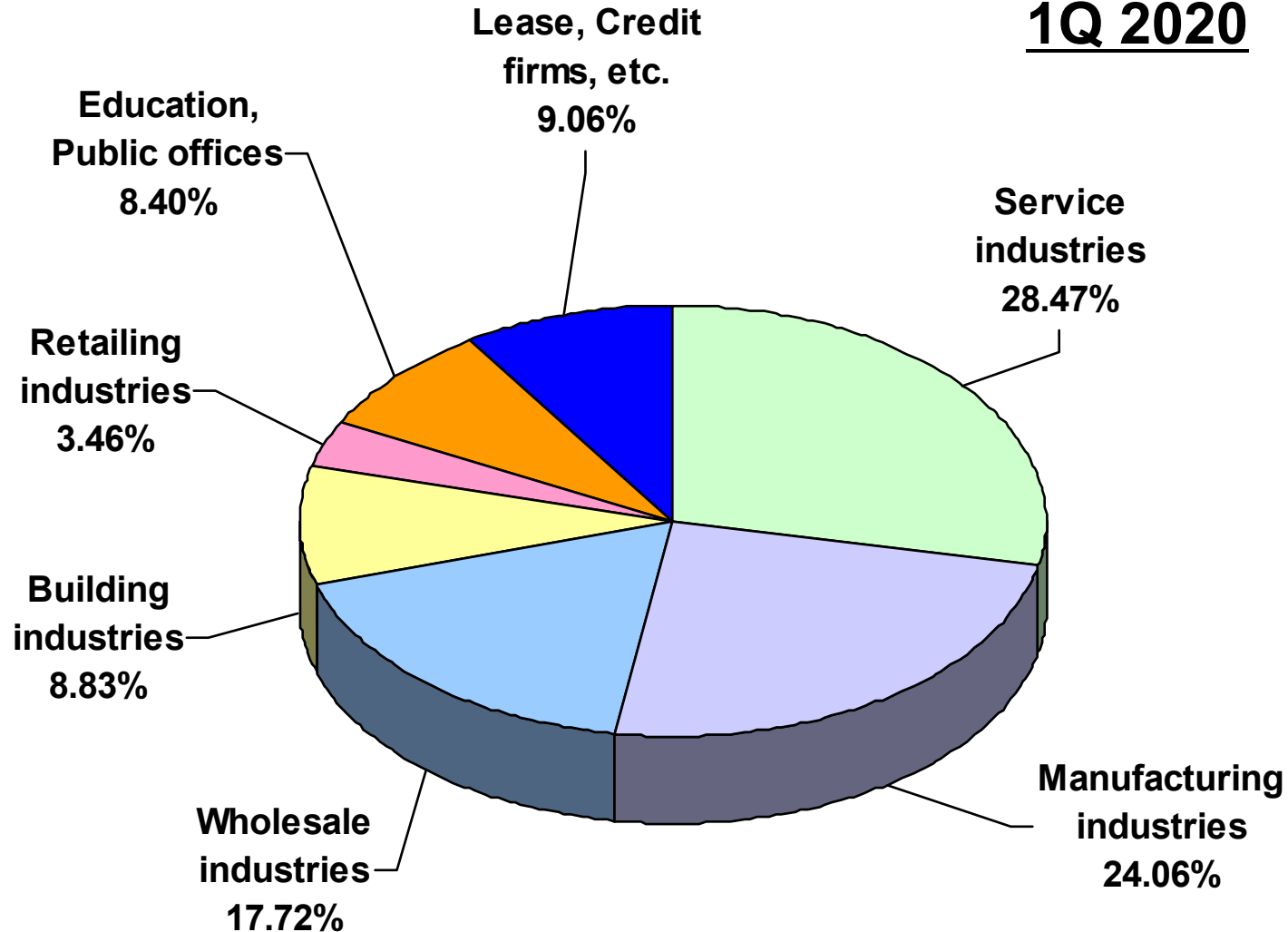
Net sales structure on customers' total annual business scale



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

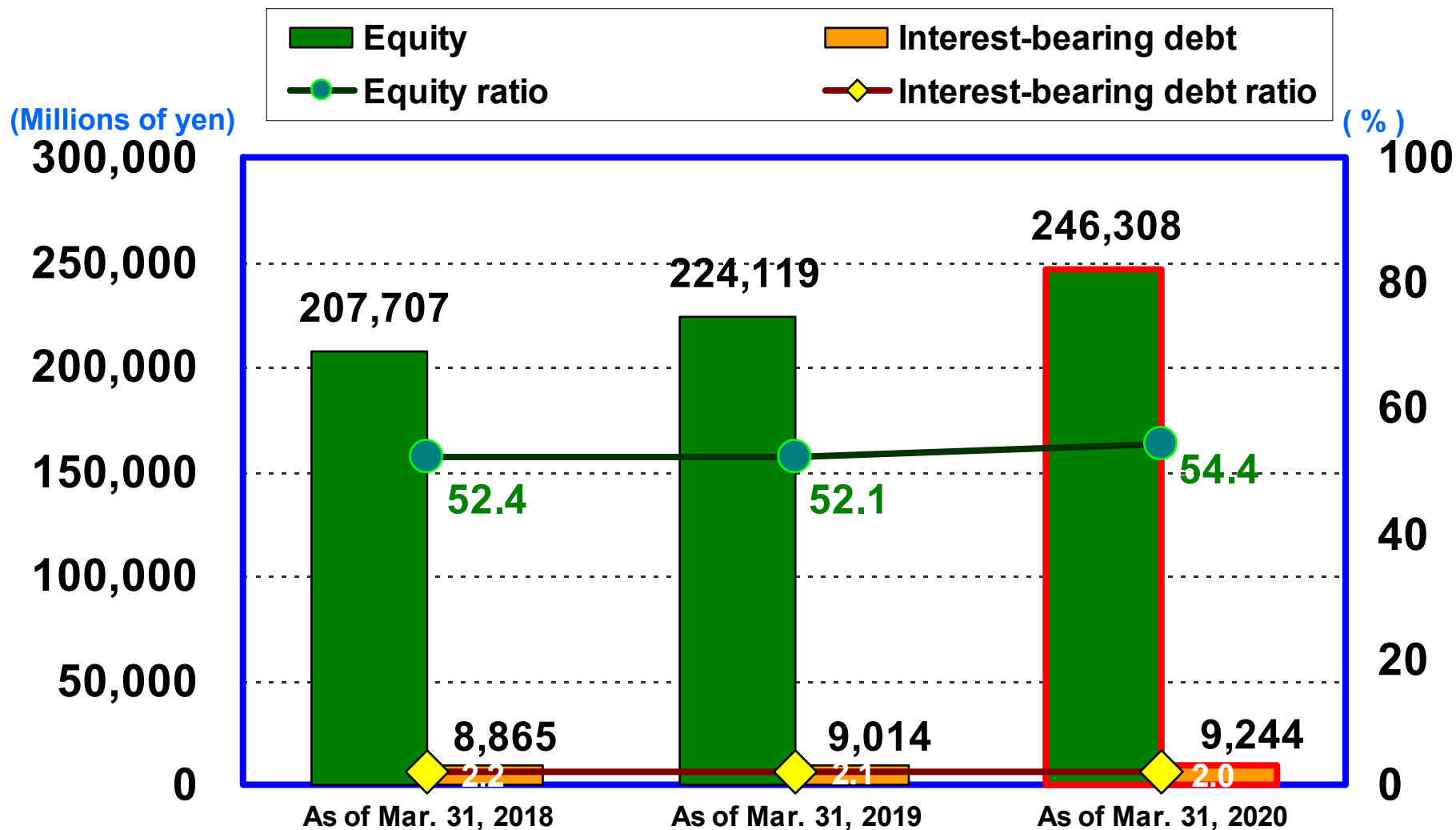
Sales breakdown by customers' type of industry

1Q 2020



Consolidated

Equity and Interest-bearing debt



*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 Equity ratio and Interest-bearing debt ratio at the end of March 2018 are expressed after retroactive adjustment.



Key strategic business

<Amount of Sales>

(Millions of yen)

	1Q 2018	1Q 2019		1Q 2020		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	40,350	41,509	+2.9%	42,947	+1,437	+3.5%
SMILE	2,664	2,706	+1.6%	2,894	+187	+6.9%
ODS	14,446	14,231	-1.5%	13,670	-560	-3.9%
OSM	17,860	18,530	+3.8%	20,500	+1,969	+10.6%

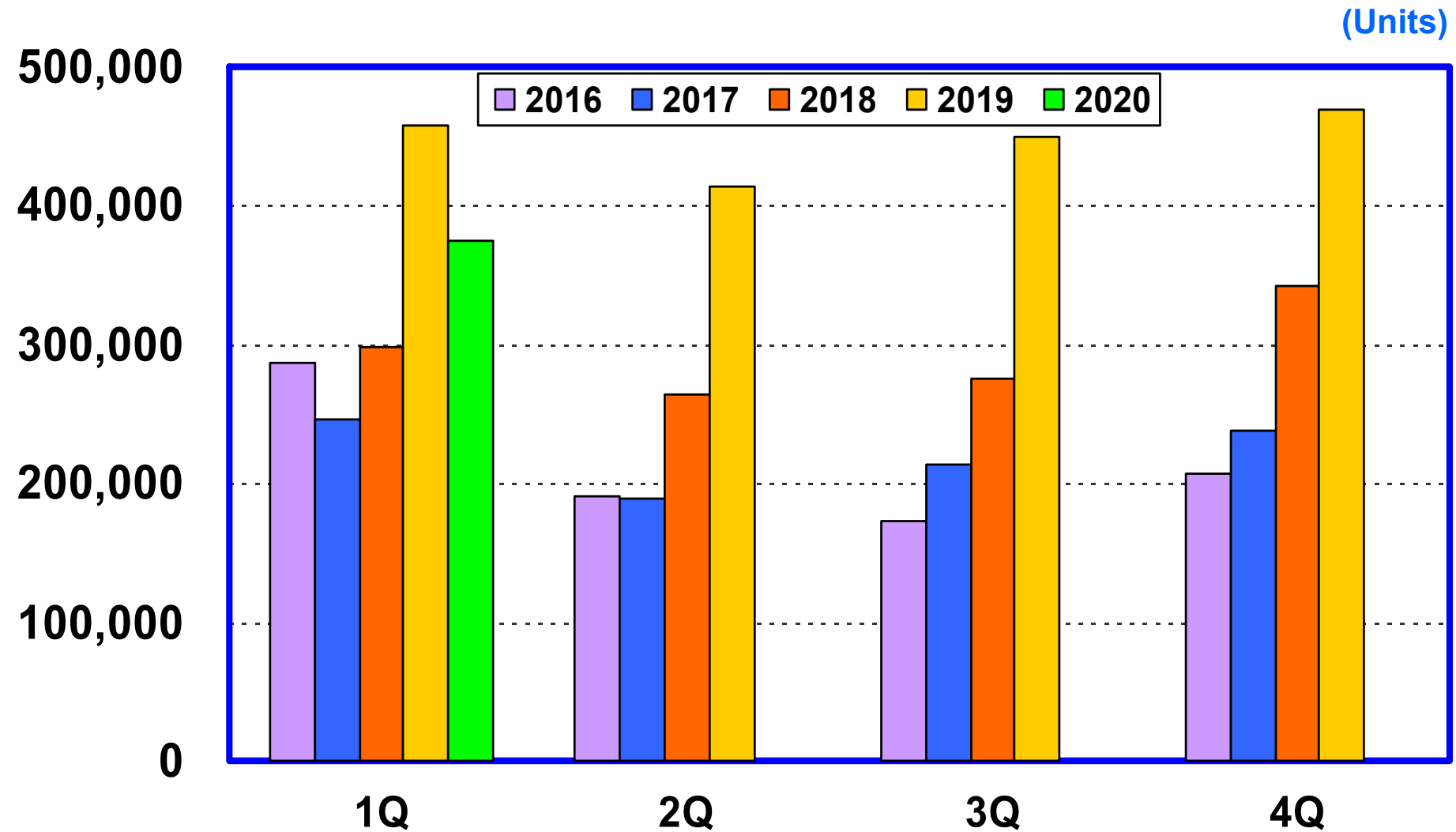
(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

<As reference: Number of Sales>

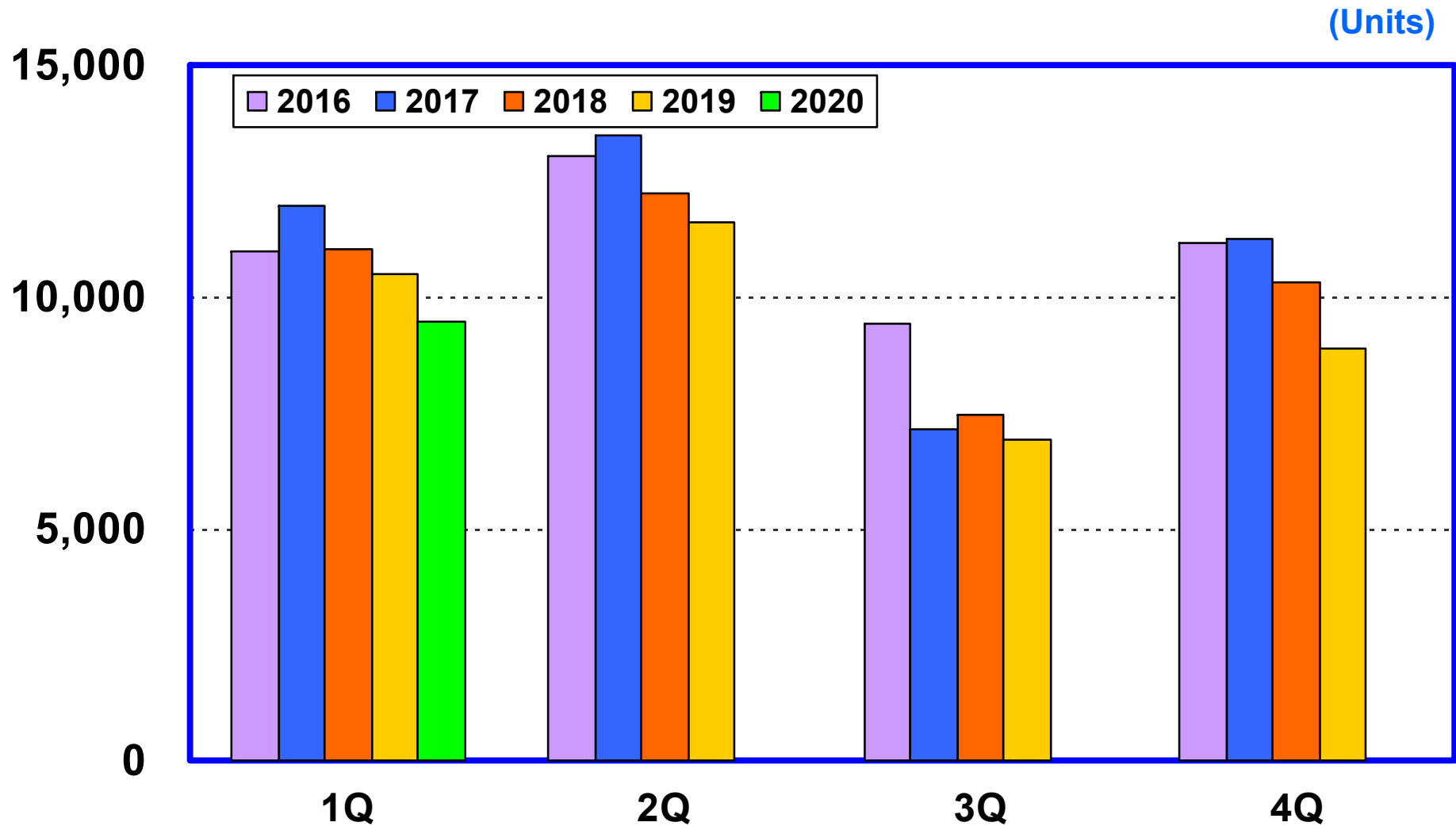
(Units)

Copier	11,020	10,507	-4.7%	9,486	-1,021	-9.7%
(of which Color copier)	10,659	10,203	-4.3%	9,259	-944	-9.3%
Server	8,681	8,254	-4.9%	7,155	-1,099	-13.3%
PC	298,409	458,136	+53.5%	374,780	-83,356	-18.2%
Client Total	311,450	469,499	+50.7%	385,596	-83,903	-17.9%

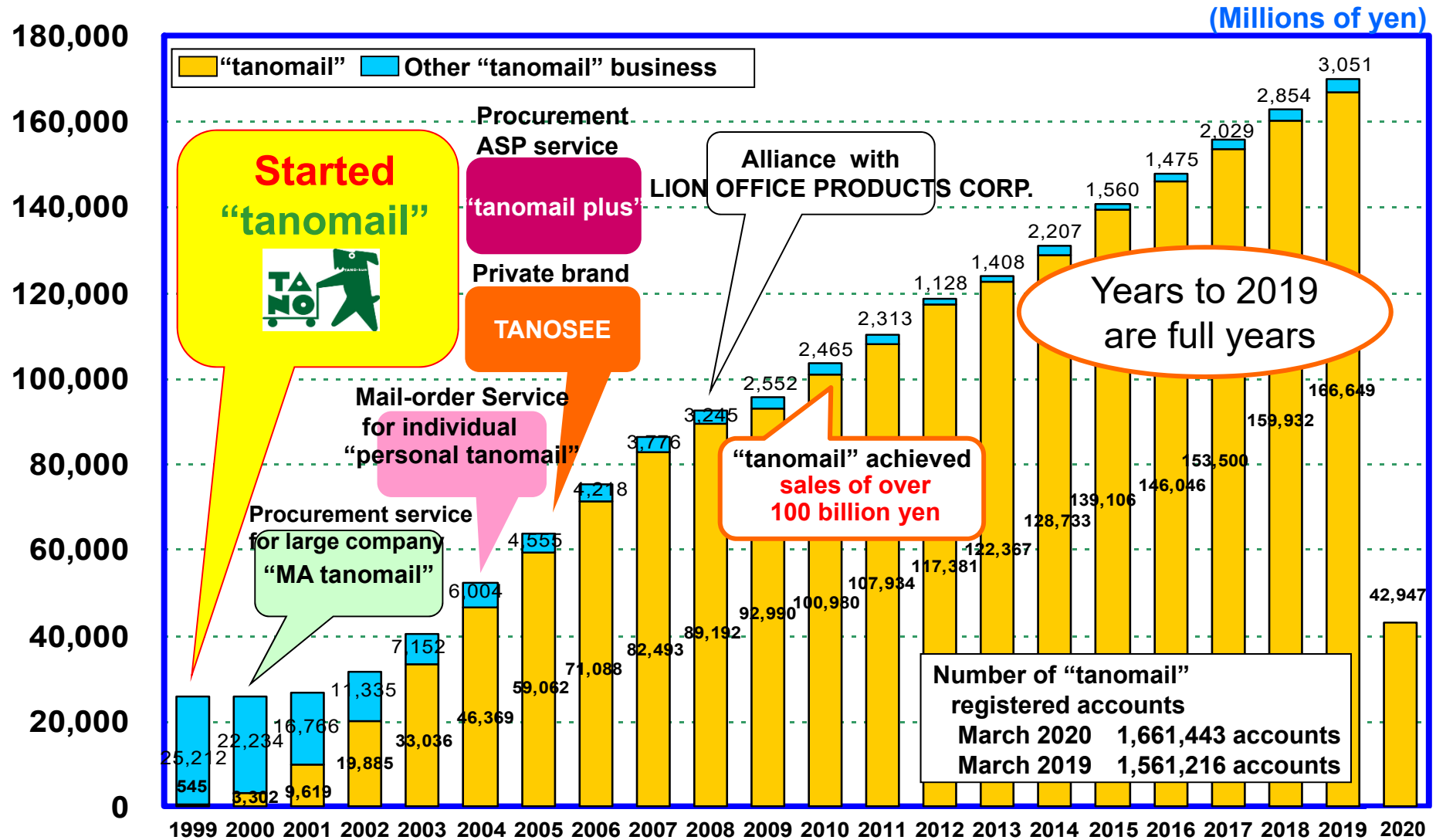
Quarterly Number of PCs Sold



Quarterly Number of Copiers Sold

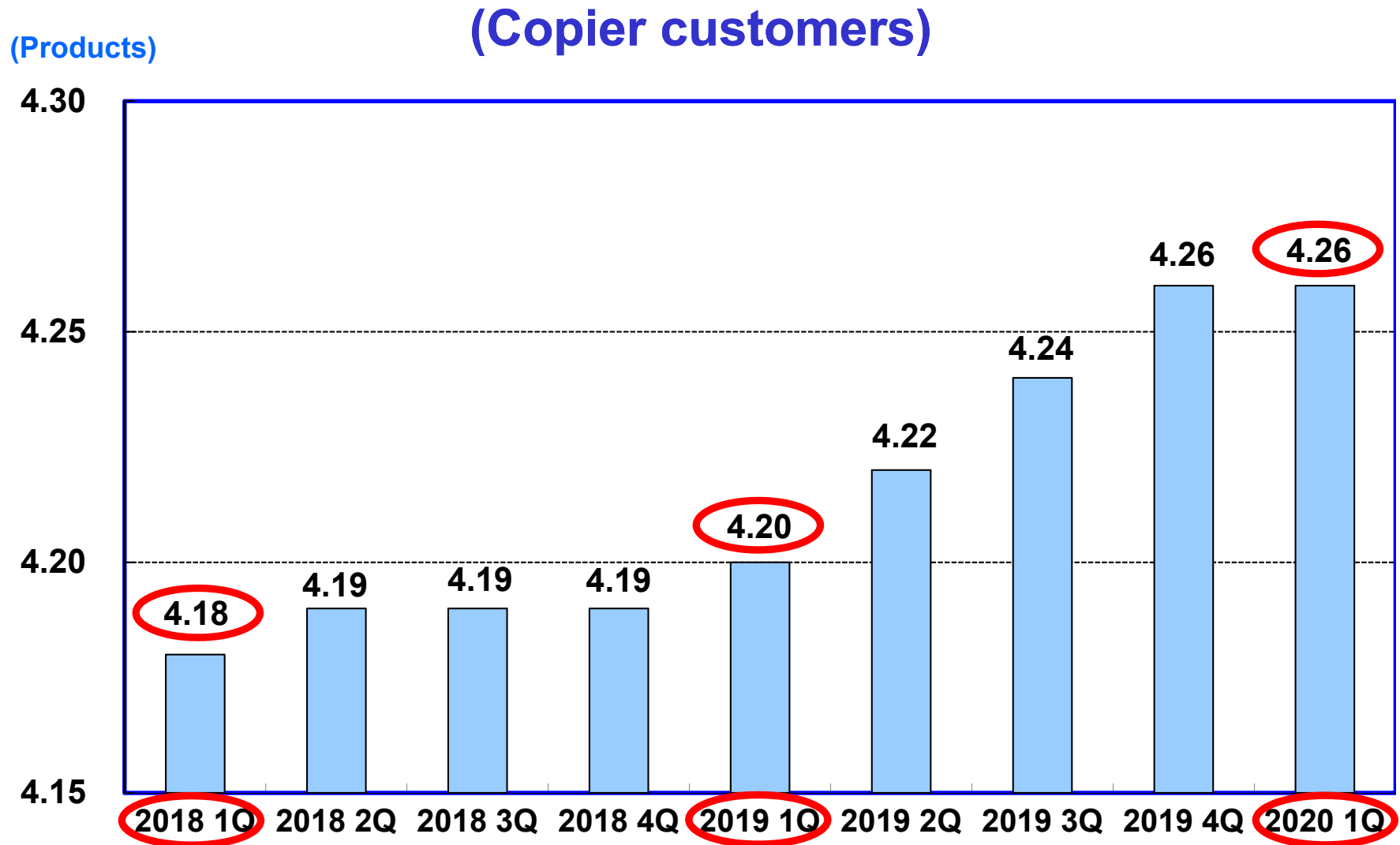


Annual sales transition of "tanomail"



Non-Consolidated

Trends in the number of products per one company



Impact of the Spread of COVID-19 on OTSUKA Corporation

- Impact on the holding of events
Cancellation of community events, voluntary restraint in holding seminars, etc.
- Procurement and supply of products
 - <Hardware products>
Despite the sense of a product shortage, the impact of the coronavirus was limited thanks to collaboration with manufacturers and the securing of products in advance.
 - <Supply products>
A shortage of hygiene products and household-use paper continued. Logistics also experienced some areas of disruptions.

Furthermore, office demand for copying (printing) and demand for paper is expected to decrease owing to the impact of telework. At present, this is forecast to have a negative impact of around 1 billion yen in terms of the amount of future monthly sales.

Response to Customers in Reaction to the Spread of COVID-19

Solve problems through proposals and support from the customer's perspective

- Expand points of contact with our customers by utilizing one-to-one emails from SPR data, web conferencing (Teams, Zoom), telephone calls, etc.
- Make use of online seminars
- Provide solutions for urgent issues such as telework
- Promote “DAISENRYAKU”(Otsuka Strategy) II initiatives
Sales activity support using AI
(parties receiving proposal, proposal details)
Promote inside business

Furthermore, we provided approximately 11,000 stockpiled masks to visitors at event venues.

Support Customers' Telework

Provide telework-related solutions to a total of 70,000 customers

- Remote desktop, remote access systems
- Communication tool systems, communication systems
- Over 5,000 companies
- From March 1 to April 15

Propose solutions through a variety of products such as security, document digitization, cabinets everywhere, etc.

Reason for Otsuka's existence = Solving customers' problems

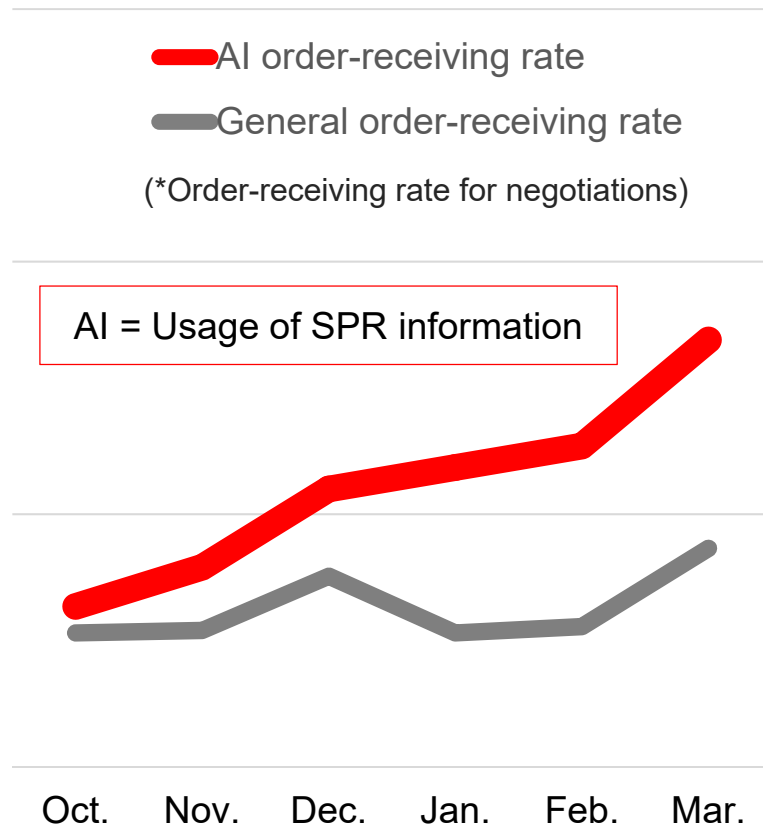
Internal Initiatives for Responding to COVID-19 - 1

- Promote telework and working from home
Telework rate of 61.5%, including for sales and support
Aim for further improvements.
- Encourage staggered working hours
- Cancel conferences and meetings and utilize various communication tools
(All of our approximately 8,000 workers are able to use Teams)
Contact and business negotiations with customers, internal contact
- Distribute masks to all employees

Internal Initiatives for Responding to COVID-19 – 2

“DAISENRYAKU”(Otsuka Strategy) II

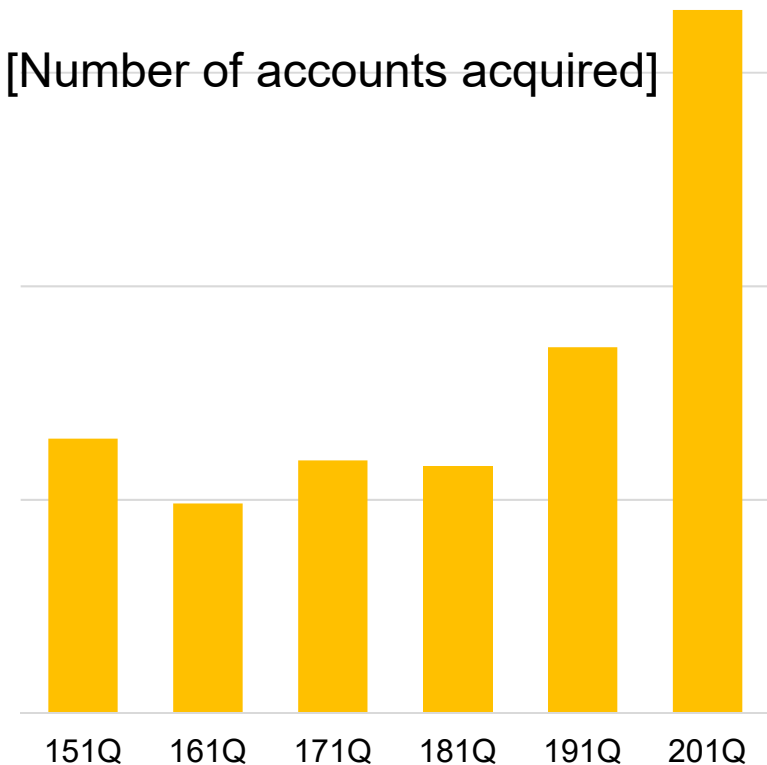
【Sales activities through AI proposals】



【Inside Business Center】

Increase in contacts and business talks at the center

[Number of accounts acquired]



Plans for FY 2020

(Millions of yen)

	Consolidated		
	1Q 2020 (Result)	1H 2020 (Plan)	FY 2020 (Plan)
Net sales	224,329	452,000	864,000
Operating profit	16,147	36,000	63,700
Ordinary profit	16,484	36,520	64,600
Profit* <small>(*Profit attributable to owners of parent)</small>	10,882	24,530	43,530

At the present time, then earnings forecast is unchanged. As we closely monitor the situation for the April-June period, we will promptly announce any revisions to our earnings forecast in the future.



Cautionary statement

1. This material is intended to provide information about the business performance of the 1st quarter of fiscal year 2020 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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