



Fiscal year ending December 2022

First three months

(January – March)

Business Results

April 28, 2022

OTSUKA CORPORATION

Points to Note In This Document

- OTSUKA Corporation has applied “**Accounting Standard for Revenue Recognition**” (ASBJ Statement No. 29) from the beginning of the fiscal year ending December 2022.
- Amount of impact of change in accounting standard
An approximately 8.8 billion yen decrease in net sales in the current fiscal year
(Amount of impact assuming that the standard was applied in the previous fiscal year: decrease of approximately 8.1 billion yen)
- Net sales prior to the previous fiscal year are stated based on the previously applied accounting standard.
(For items affected by the change in accounting standard, the “**reference rate of change**” that assumes the same standard was applied in the previous fiscal year is also listed.)

Summary of Business Results, January - March, 2022

(Millions of yen)

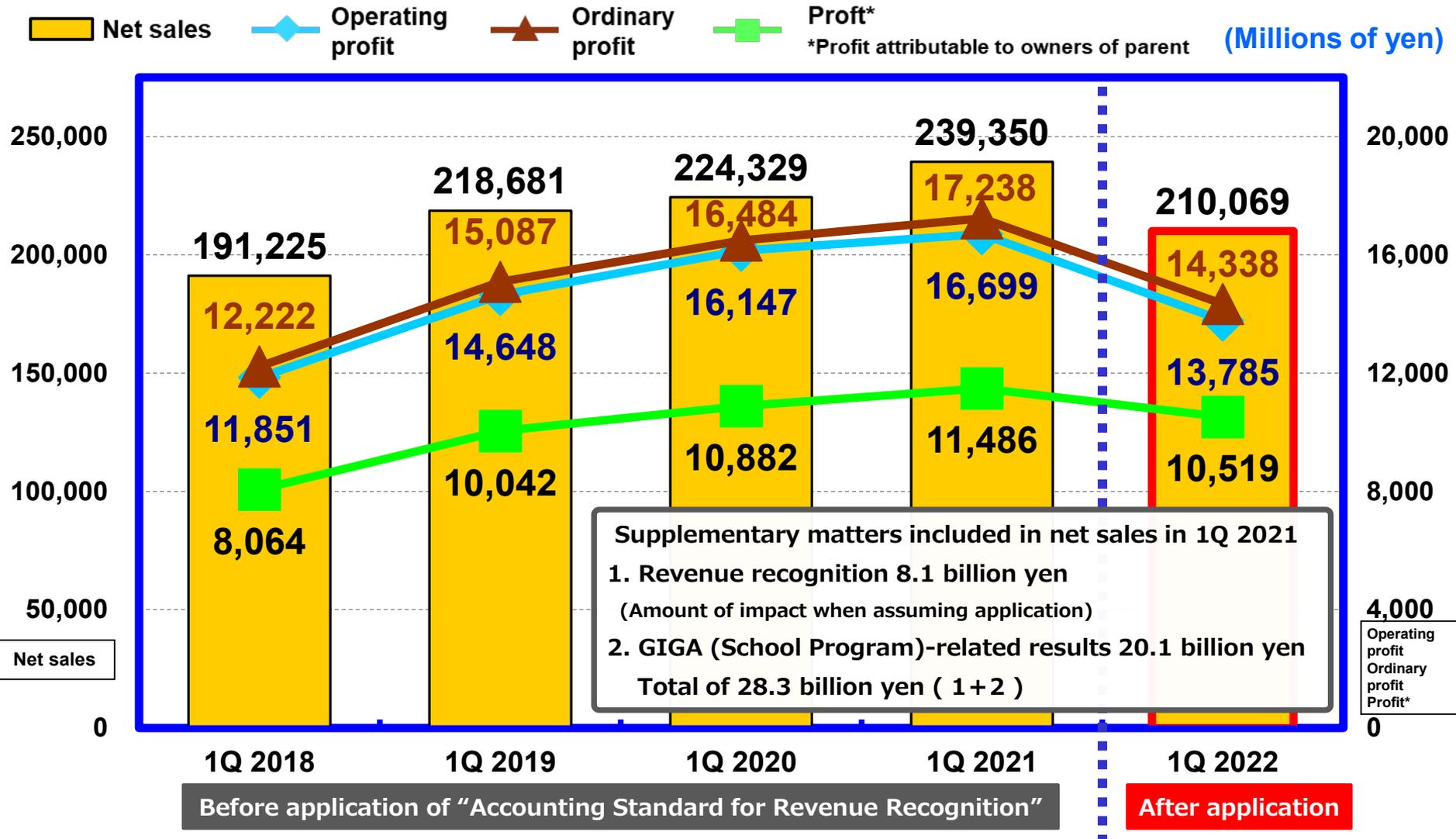
	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	210,069	-12.2%	189,680	-13.1%
	(Reference rate of change*) (-9.1%)		(-9.8%)	
Operating profit	13,785	-17.4%	12,222	-16.1%
Ordinary profit	14,338	-16.8%	13,749	-13.9%
Profit*2	10,519	-8.4%	10,540	-4.7%

*1: Year-on-year rate of change in net sales assuming that the "Accounting Standard for Revenue Recognition" was applied in 2021

*2: Profit attributable to owners of parent

Consolidated

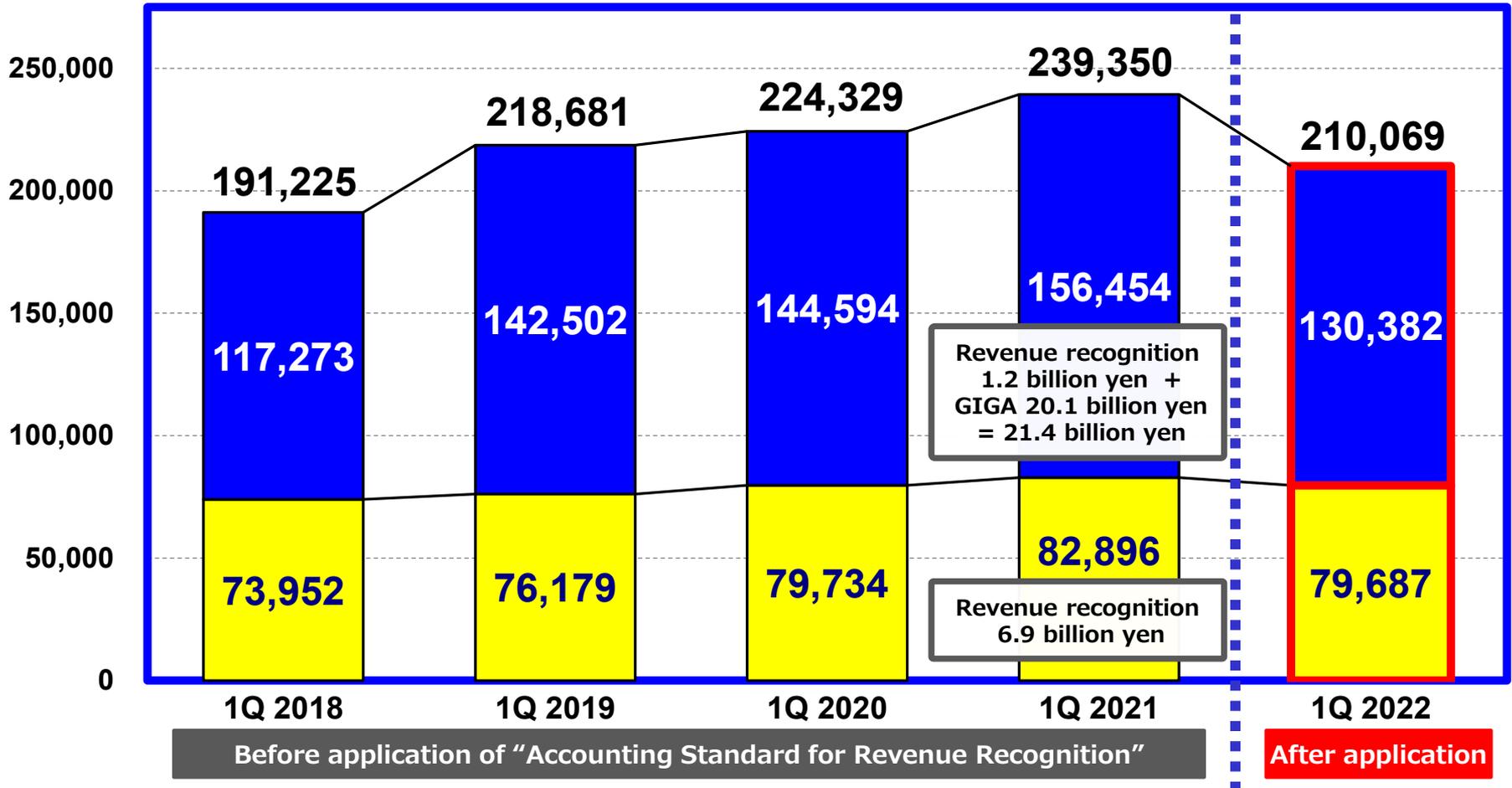
Net sales and Profits



Net sales by segments

■ SI business ■ S&S business

(Millions of yen)



Consolidated

Factors Underlying Changes in Net Sales

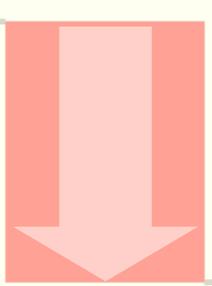
(Billions of yen)

239.3

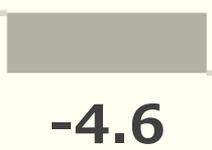
Consolidated sales rate of change in the previous year -12.2%

Rate of change excluding GIGA and revenue recognition* -0.4%

* Rate of change assuming that GIGA-related results are excluded from 2021 net sales and that "Accounting Standard for Revenue Recognition" is applied from 2021



-1.2



210.0

SI business
 (-16.7%, -26 billion yen)

Year-on-year rate of change excluding GIGA and revenue recognition -3.4%

S&S business
 (-3.9%, -3.2 billion)

Year-on-year rate of change excluding revenue recognition +4.9%

1Q 2021

Previous year GIGA relation

Previous year Revenue recognition*

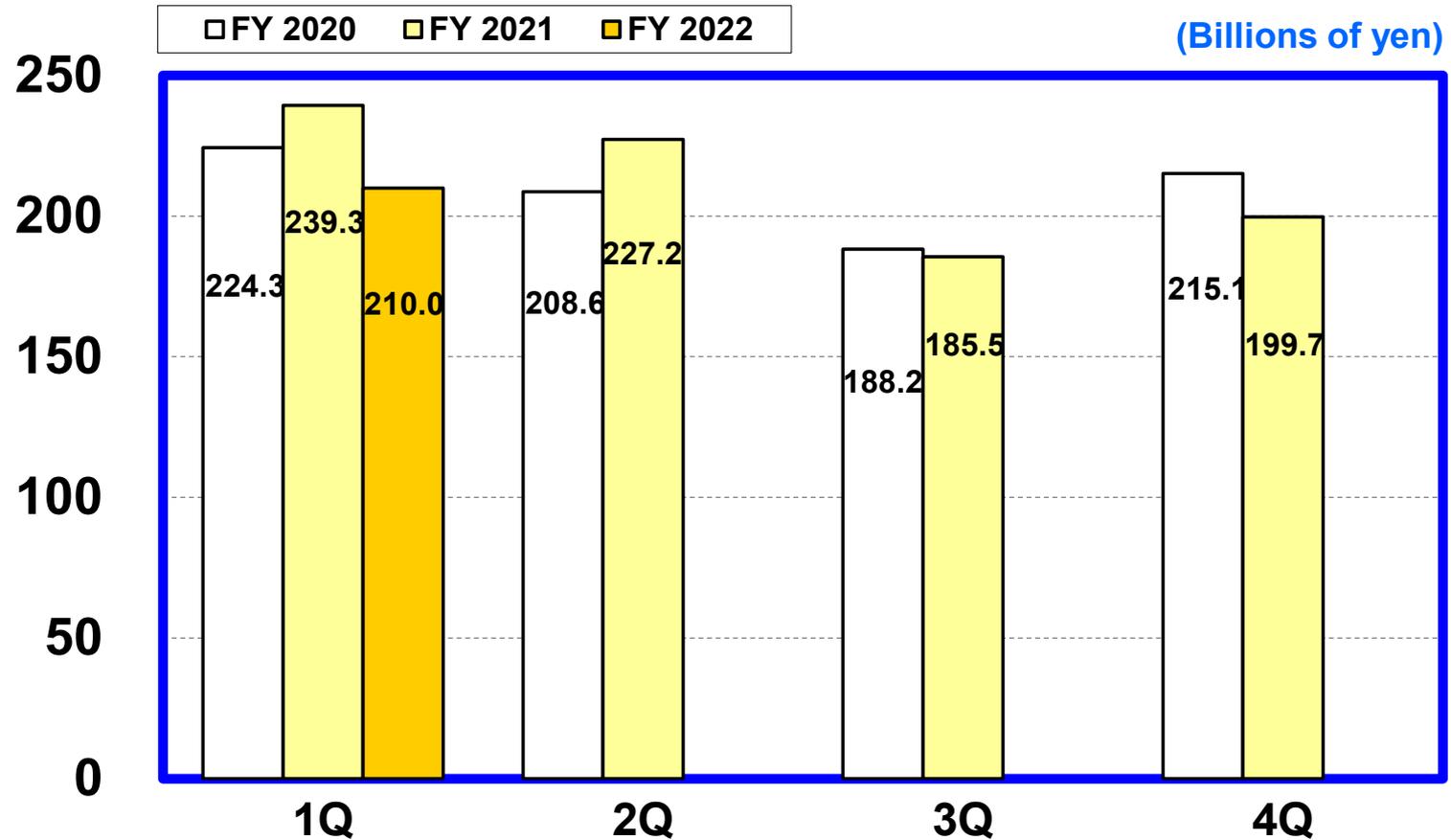
other

Previous year Revenue recognition*

other

1Q 2022

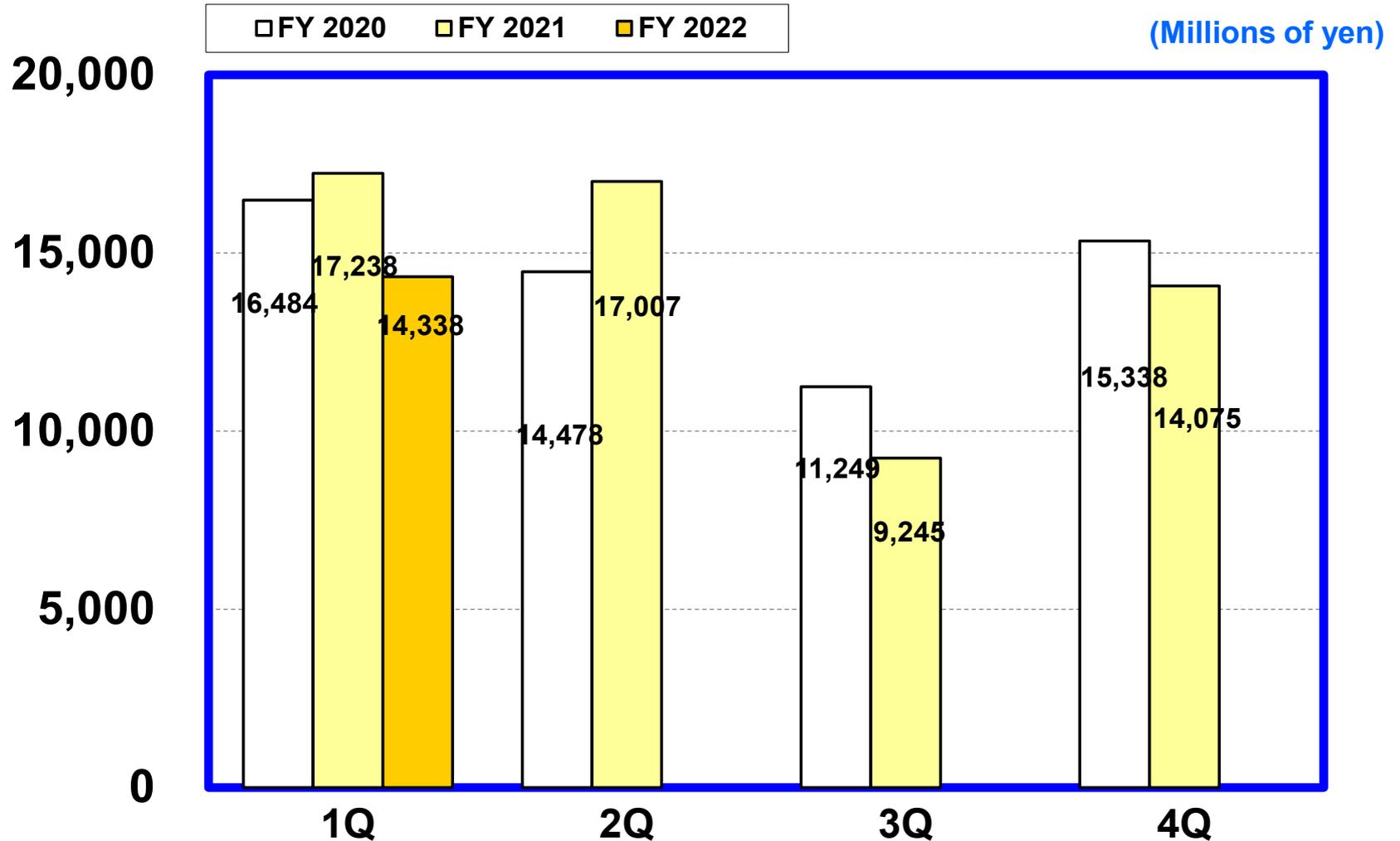
Quarterly change of Net sales



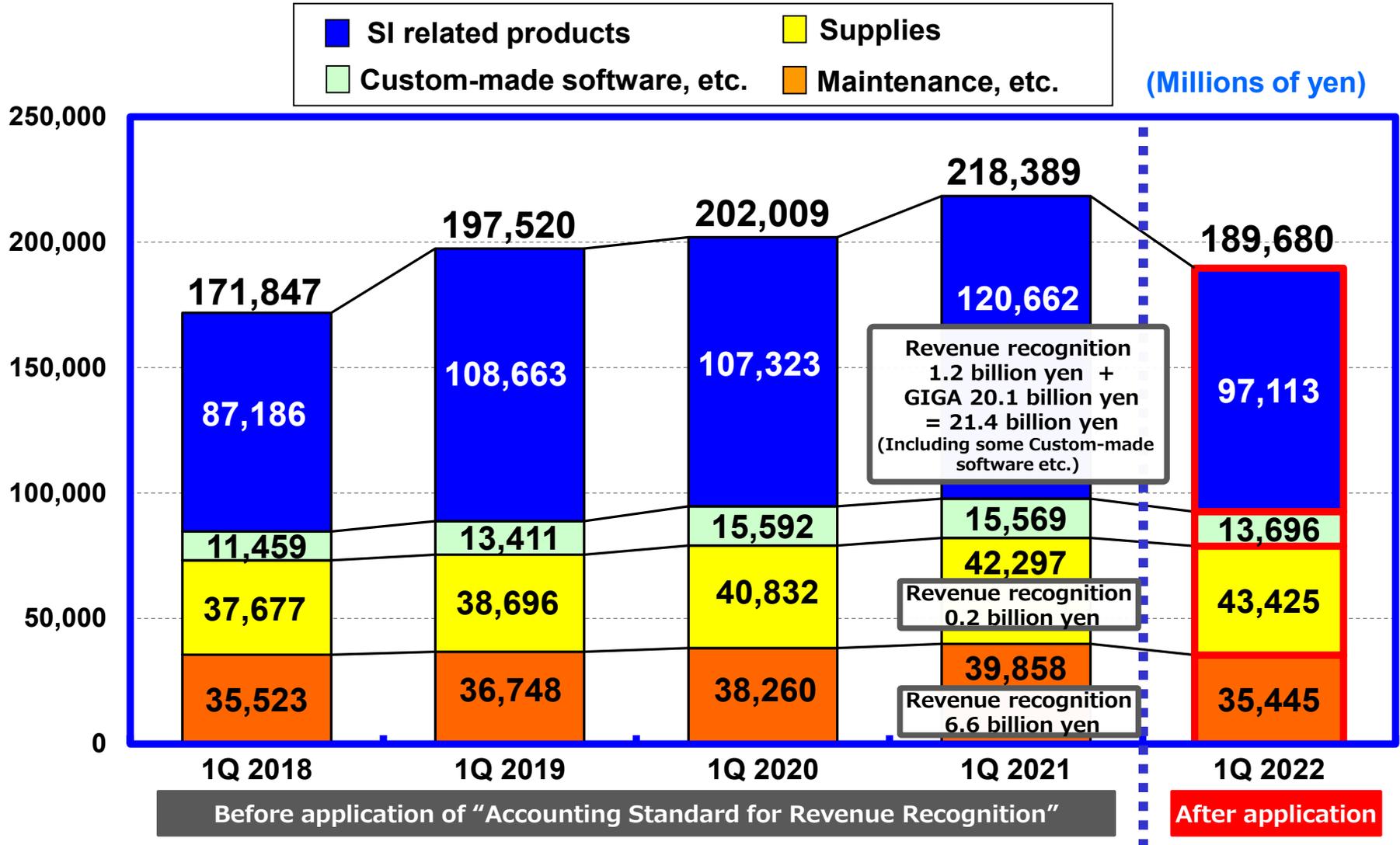
Supplementary Matters Included in Net Sales for 1Q 2021

Assumed amount for application of "Revenue recognition" 8.1 billion yen
GIGA-related results 20.1 billion yen

Quarterly change of Ordinary profit

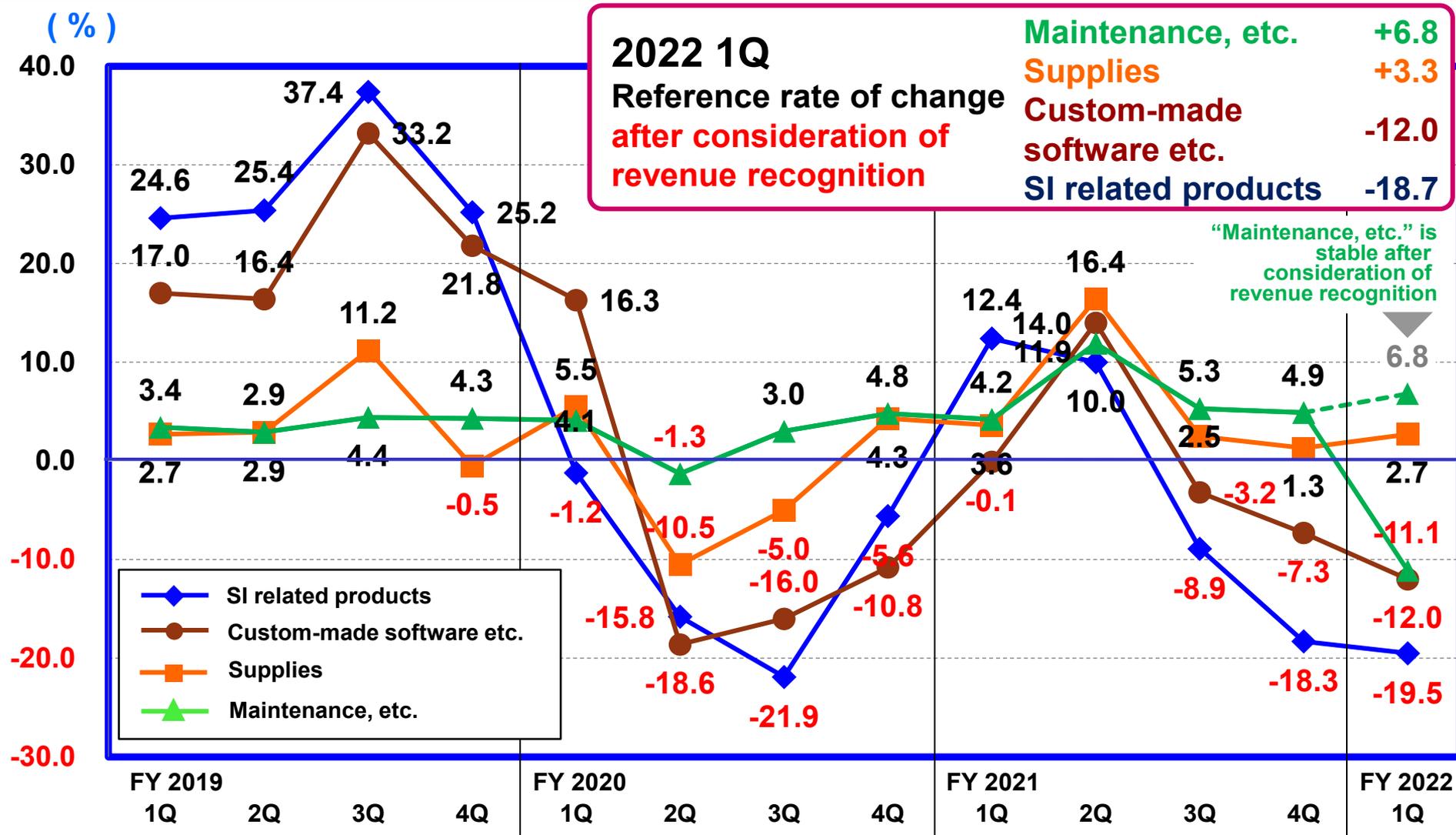


Net sales by 4 segments



Non-Consolidated

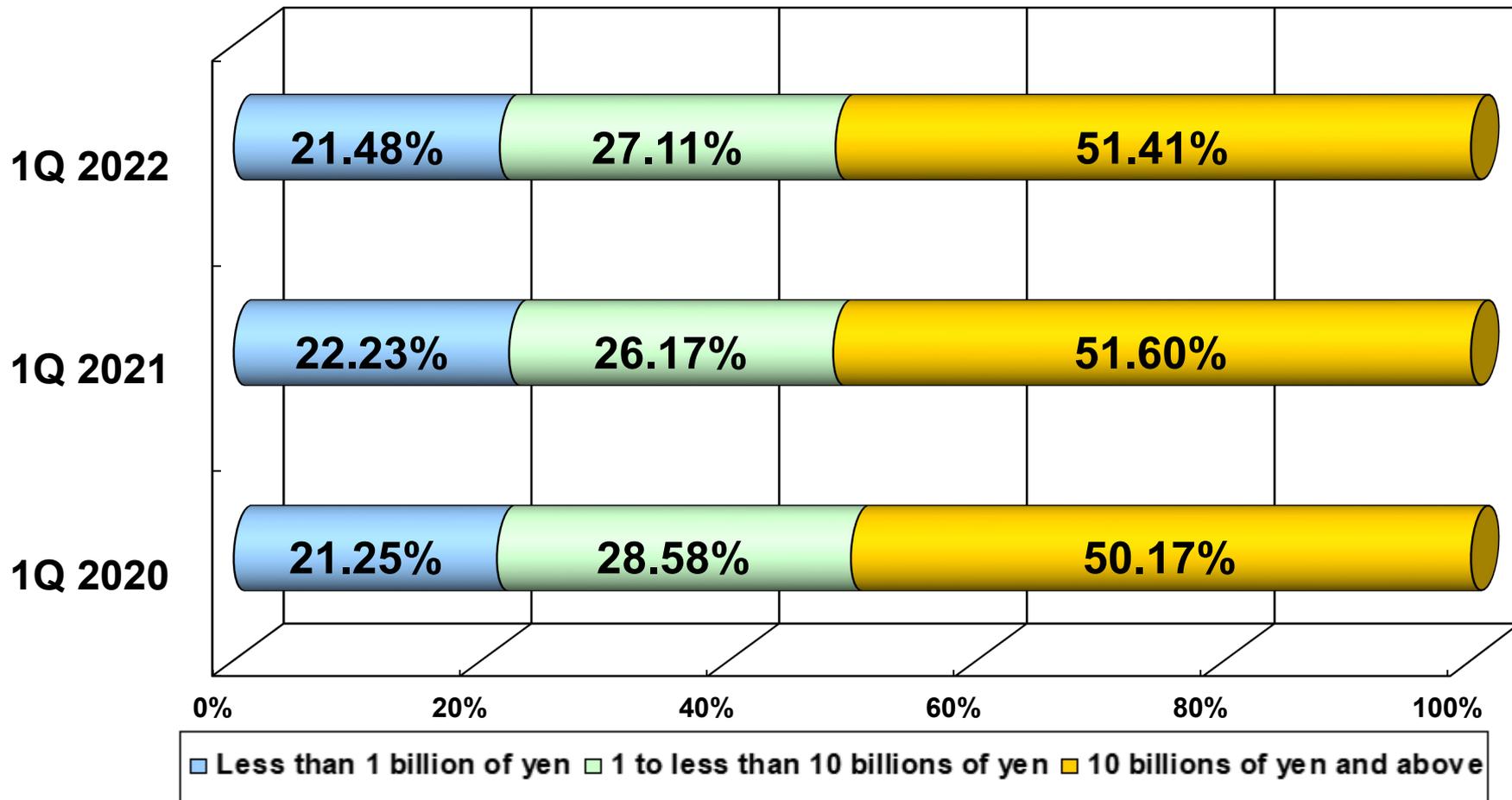
Quarterly Net Sales by 4 segments (% change year-on-year)



Key Points for 1Q 2022

- Sales and profits declined but **generally proceeded in line with plans**
- Despite the impact of shortages of some products, the **SI business secured net sales at the same level as in the previous year when excluding special factors such as those related to GIGA.**
- Net sales of the **S&S business increased in real terms when excluding the impact of the change in accounting standard.**
Continuing to trend firmly

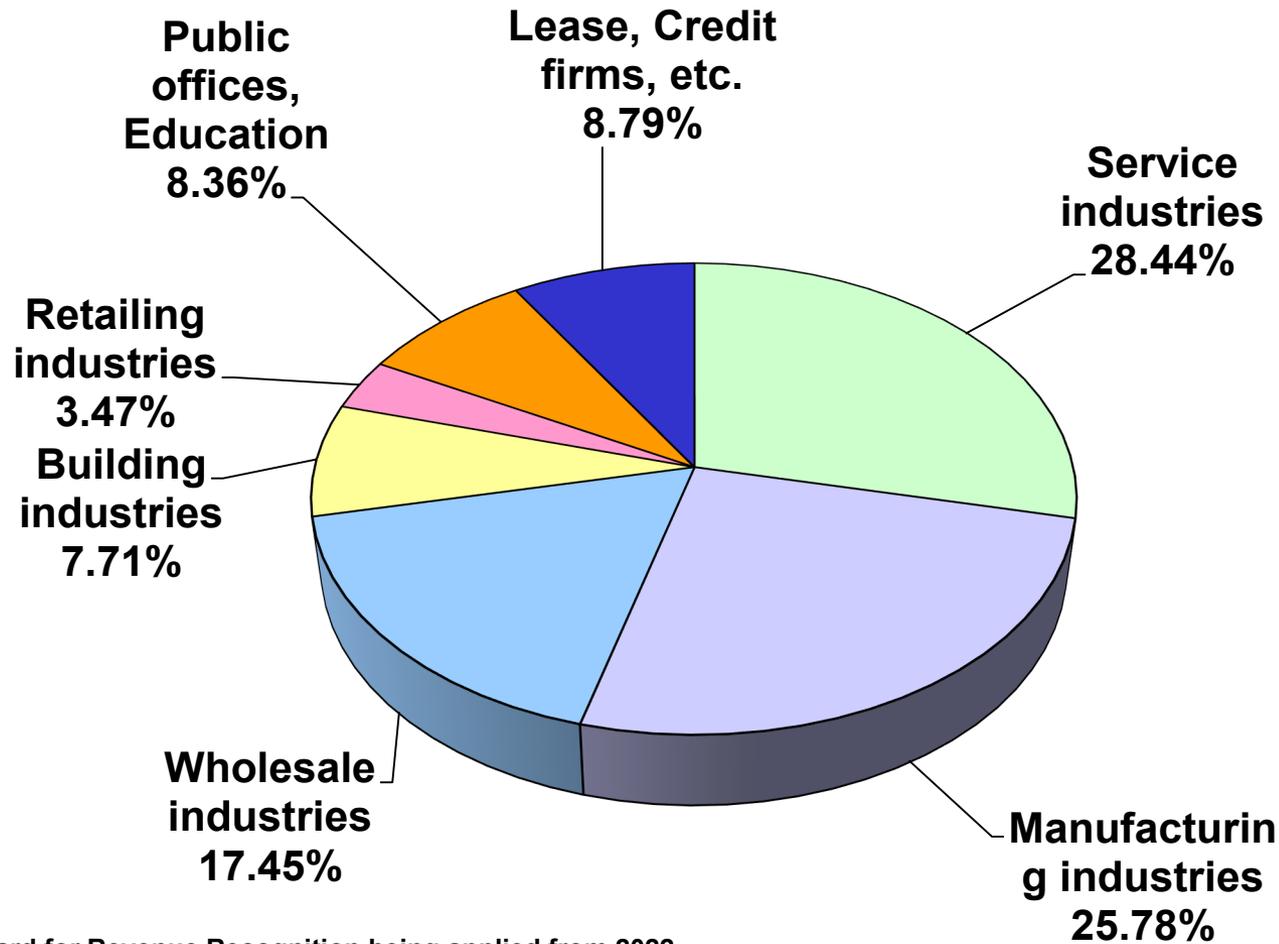
Net sales structure on customers' total annual business scale



*Accounting Standard for Revenue Recognition being applied from 2022.

Sales breakdown by customers' type of industry

1Q 2022

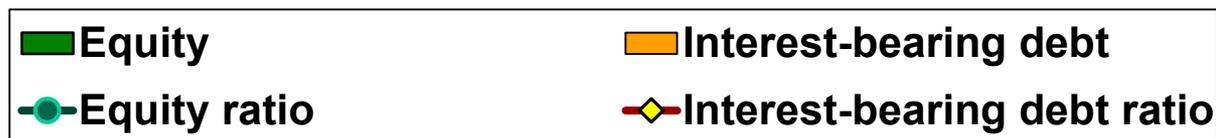


*Accounting Standard for Revenue Recognition being applied from 2022.

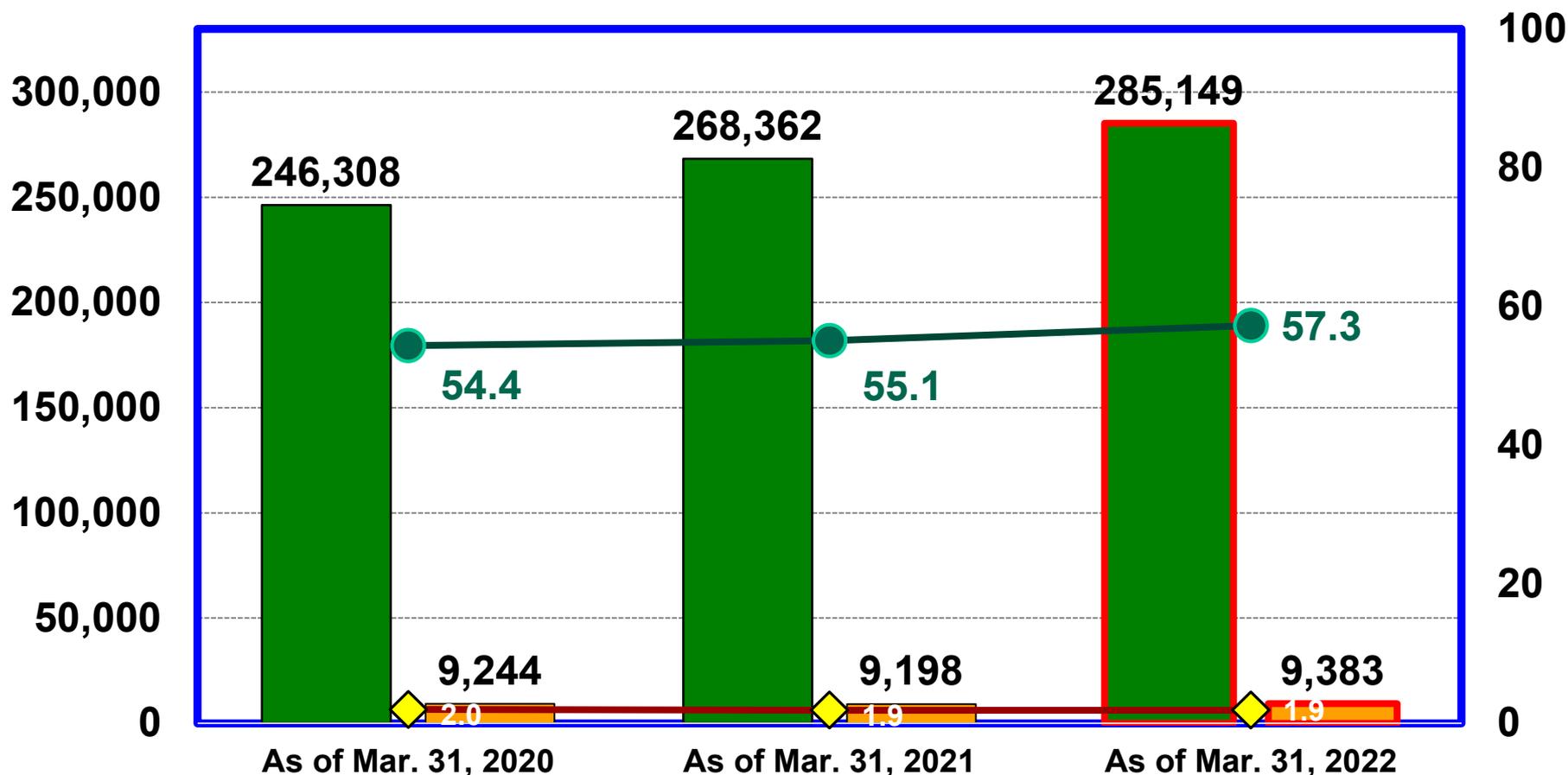
Consolidated

Equity and Interest-bearing debt

(Millions of yen)



(%)



Key strategic business

<Amount of Sales>

(Millions of yen)

	1Q 2020	1Q 2021		1Q 2022			
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year	Reference rate of change
“tanomail”	42,947	45,129	+5.1%	46,240	+1,110	+2.5%	+3.0%
SMILE	2,894	2,457	-15.1%	2,514	+57	+2.3%	+2.3%
ODS	13,670	13,466	-1.5%	13,002	-463	-3.4%	+2.3%
OSM	20,500	24,245	+18.3%	22,257	-1,987	-8.2%	-7.8%

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

Reference rate of change : Year-on-year rate of change in net sales assuming that the “Accounting Standard for Revenue Recognition” was applied in 2021

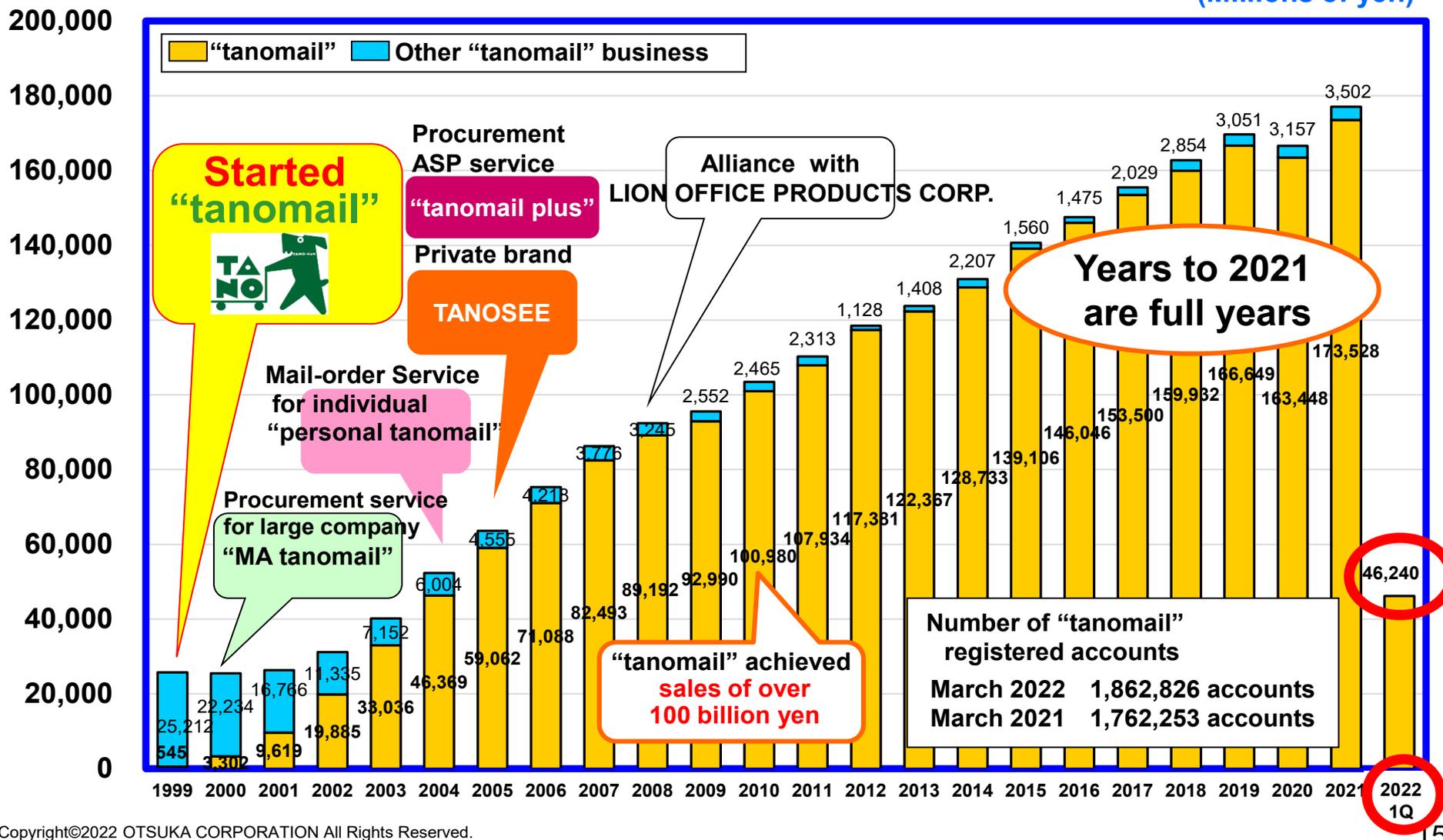
<As reference: Number of Sales>

(Units)

Copier	9,486	9,836	+3.7%	9,185	-651	-6.6%	—
(of which Color copier)	9,259	9,572	+3.4%	9,016	-556	-5.8%	—
Server	7,155	6,503	-9.1%	5,376	-1,127	-17.3%	—
PC	374,780	692,078	+84.7%	334,276	-357,802	-51.7%	—
Client Total	385,596	813,193	+110.9%	357,127	-456,066	-56.1%	—

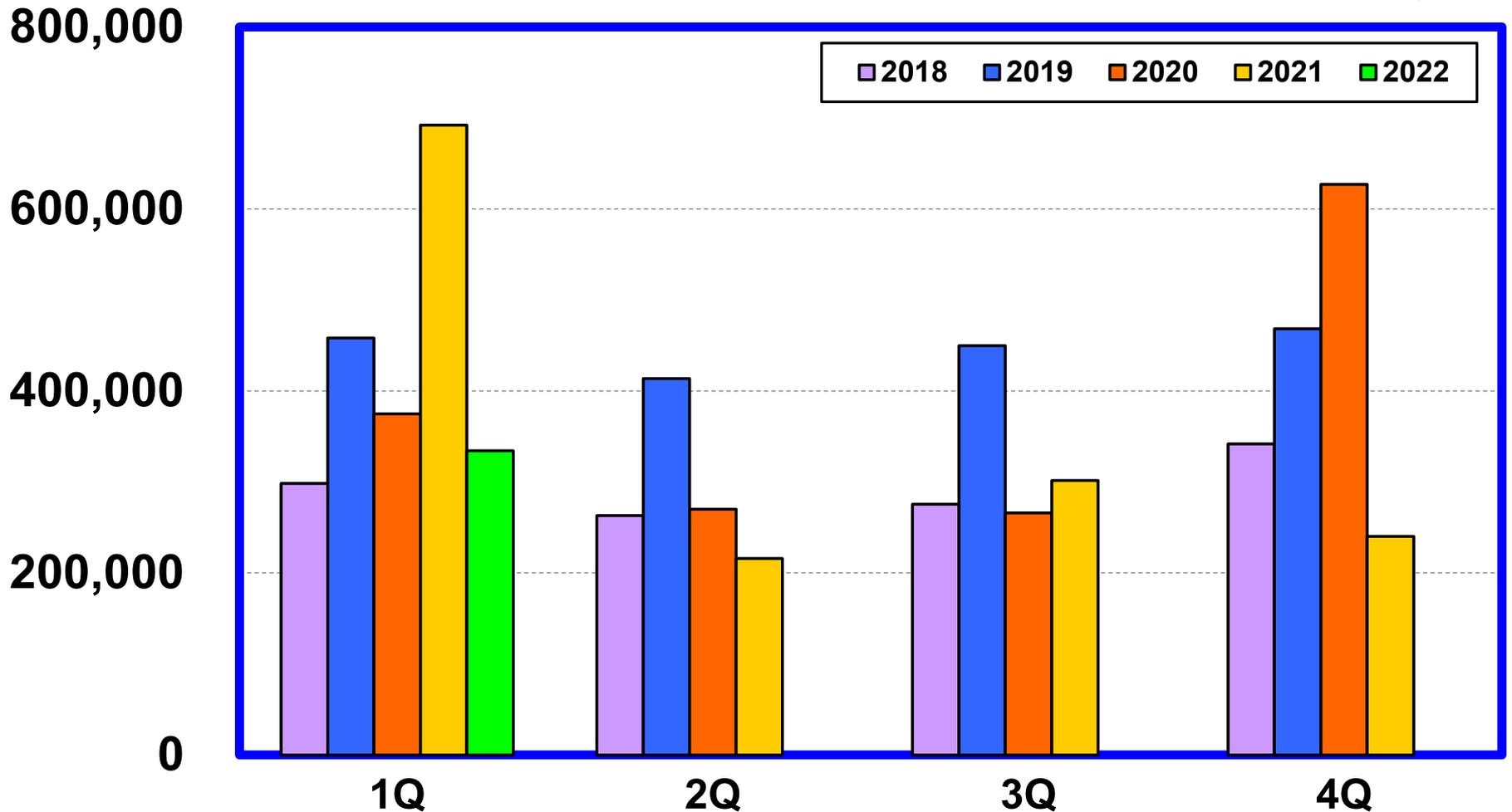
Annual sales transition of "tanomail"

(Millions of yen)



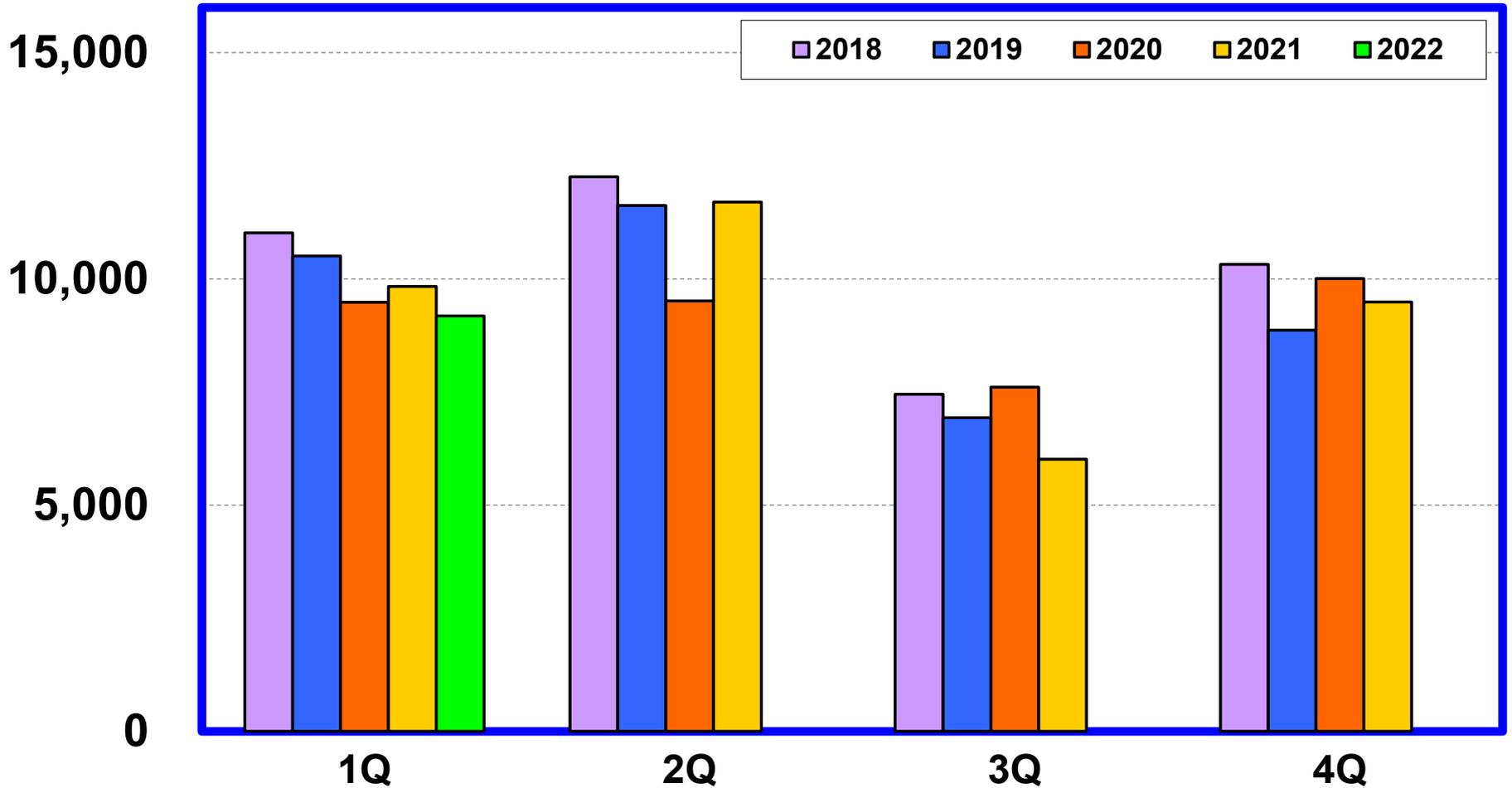
Quarterly Number of PCs Sold

(Units)



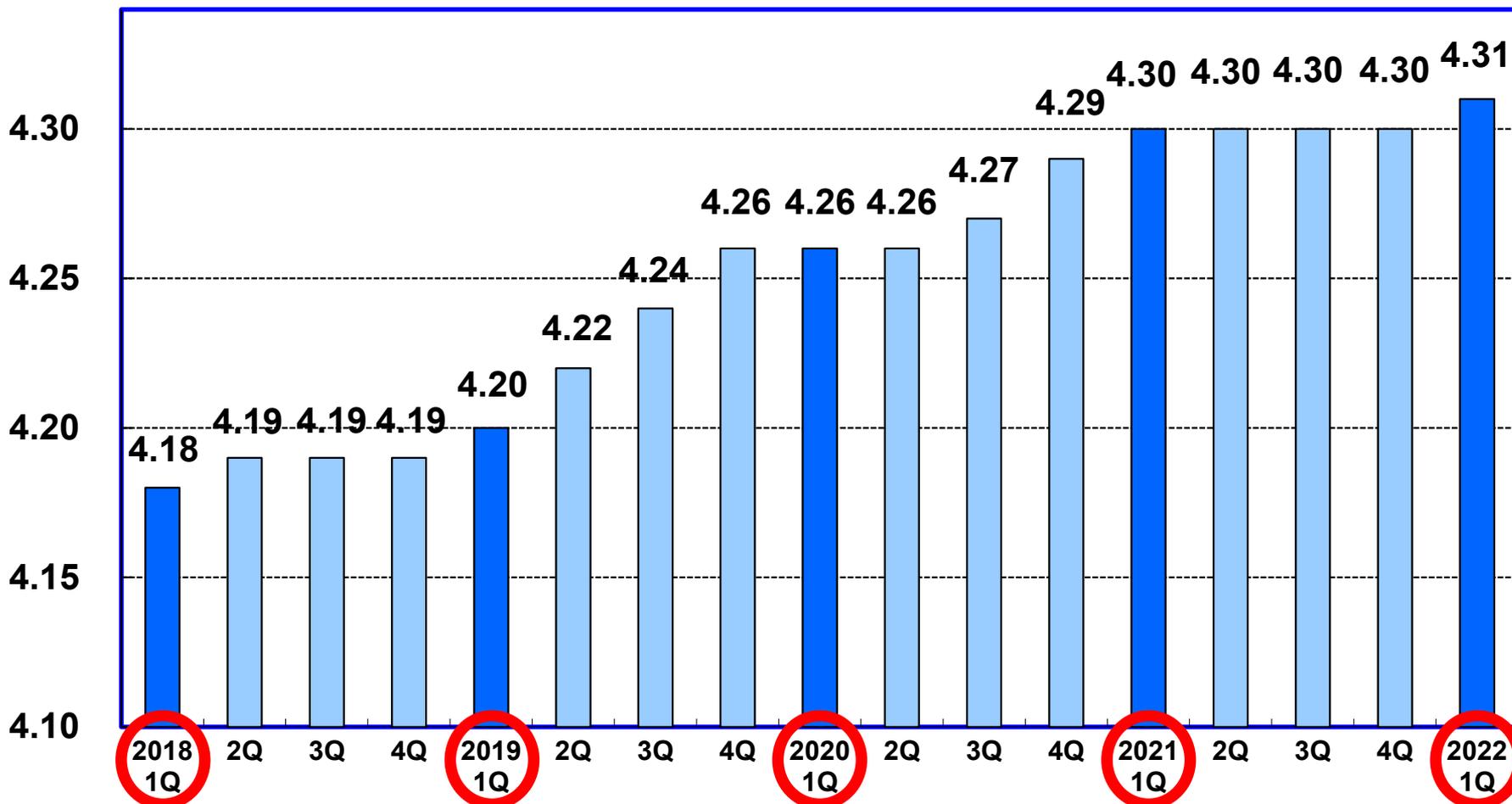
Quarterly Number of Copiers Sold

(Units)



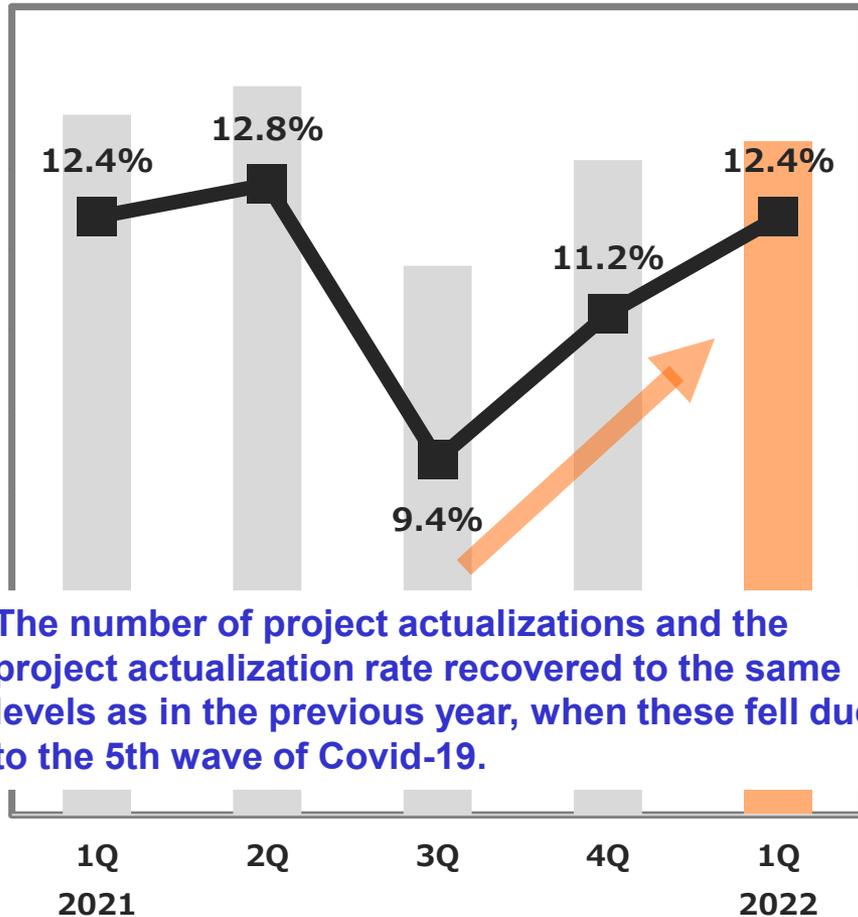
Trends in the number of products per one company

(Products) (Copier customers)

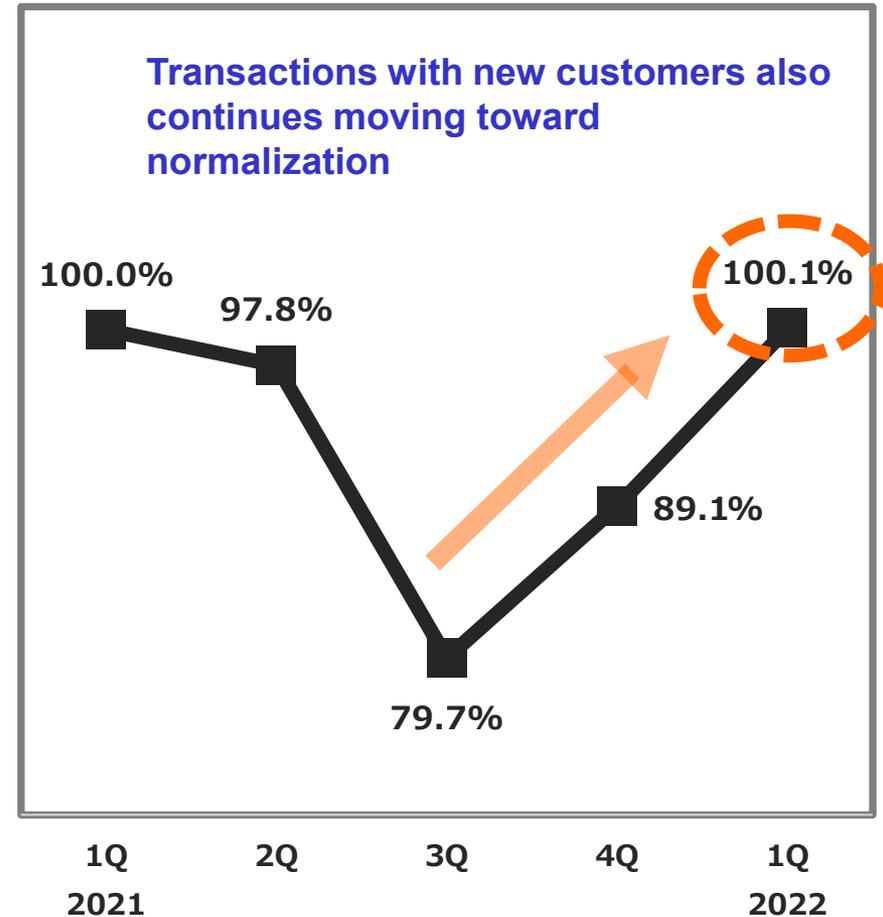


Number of project actualizations and number of new corporate customers

Trends in the [number of project actualizations and project actualization rate]



[Number of new corporate customers] compared with the previous year



Supporting the Conversion to DX by Small and Medium-sized Enterprises

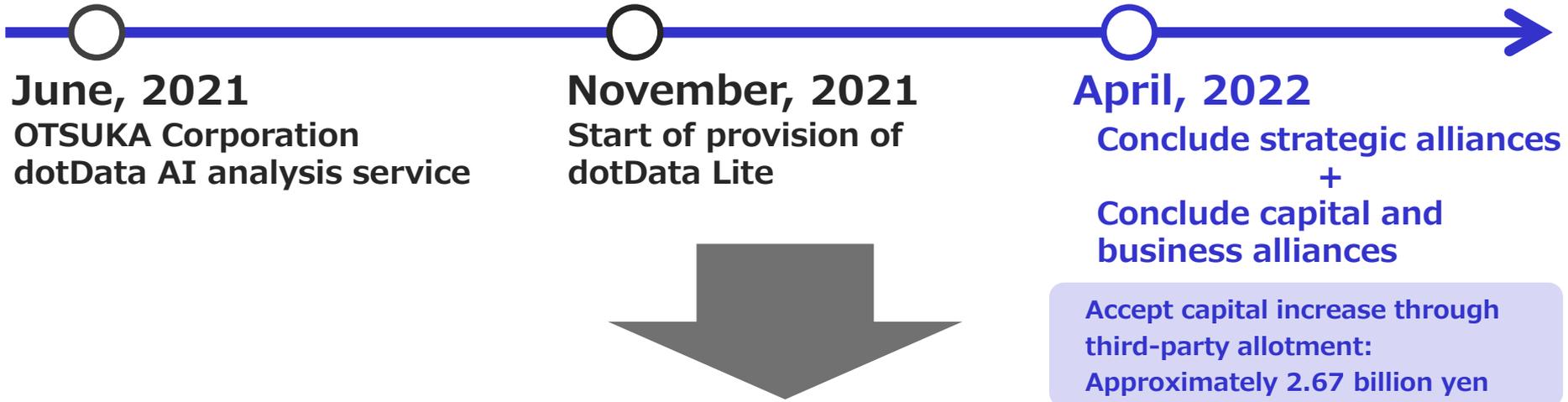


A leading company for
AI automation solutions



Otsuka Corporation

Customer base of small and
medium-sized enterprises and
know-how in using dotData



**Supporting the utilization of AI by small and medium-sized
enterprises and the acceleration of their conversion to DX**

Initiatives for Sustainability

Year month		Classification	Initiative
2021	November	—	Establishment of Sustainability Committee
2022	February	【 E 】	Expressed assent with the TCFD recommendations * TCFD = Task Force on Climate Related Financial Information Disclosure
			Submitted a commitment letter to the SBT Initiative * SBT = Science Based Targets
	March	【 G 】	Establish non-statutory Nominating and Compensation Committee
	April	【 S 】	Announcement of Sustainability Basic Policy, Human Rights Policy, and Procurement Policy * Please see our website for details.
		—	Announcement of materiality * Please see our website for details.
June	—	Integrated Report Disclosure (planned)	

Plans for FY 2022

(Millions of yen)

		Consolidated		
		1Q 2022 (Result)	1H 2022 (Plan)	FY 2022 (Plan)
Net sales		210,069	435,800	828,000
	Change to Last year	-12.2%	-6.6%	-2.8%
	Reference rate of change*1	-9.1%	-3.1%	+1.2%
Operating profit		13,785	30,900	53,600
Ordinary profit		14,338	31,400	54,500
Profit* (*Profit attributable to owners of parent)		10,519	21,590	36,650

*1: Year-on-year rate of change in net sales assuming that the “Accounting Standard for Revenue Recognition” was applied in 2021

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 1st quarter of fiscal year 2022 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.
4. OTSUKA CORPORATION shall in no event be liable for any damages arising out of the use or interpretation of this material.