

Outlook for Fiscal 2021

■ Corporate Digitization Further Advances

In Japan, despite visible signs of a pickup in the economy, at the present time a cautious stance toward the future direction of the economy can also be seen as a state of emergency has once again been declared in response to the spread of COVID-19 and the economic activities of some companies have stagnated.

Under these economic conditions, there is still a high need for telework due to self-imposed restraints on movement. Additionally, the establishment of the Digital Agency is scheduled for 2021, and with the boost provided by various preferential tax systems, subsidies and grant-in-aid programs, digitization by companies aimed at improving operational efficiency and strengthening competitiveness is expected to advance further.

■ DX and Document Solutions

On the premise of the above economic situation and outlook for domestic IT investment trends, OTSUKA CORPORATION will strive to increase contact points with customers even with the coronavirus pandemic by continuing to strengthen our system that enables sales activities and support activities not involving visits to customers, as well as by focusing on online demonstrations and seminars utilizing IT while working to stimulate demand amid the restrictions on visits by providing concrete and easy-to-understand explanations. In addition, we will support the creation of a foundation for DX (digital transformation) that enables small- and medium-sized customers to continue their business and strengthen their market competitiveness by utilizing such technologies as AI as we support the advance of digitization and IT utilization.

Specifically, we will continue to focus on enhancing each center that supports sales activities and support activities as well as on Customer Personalized Pages.* This year, in particular, OTSUKA CORPORATION will identify demand for the digitization of documents and contracts and will support the introduction of a safe and efficient environment throughout the life cycle of customers' documents by making proposals that combine such functions as related equipment, software, networks and security.

Market Environment in 2021

- Uncertain future due to the spread of COVID-19
- 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 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"

*Customer Personalized Pages: This is a customer portal site that provides numerous customers with convenient services to enable us to get closer to customers and help create relationships with customers through the Web.

Strategies by Segment

In the System Integration business, OTSUKA CORPORATION will undertake safe and efficient sales activities and work to identify needs for responding to COVID-19, such as for the digitization of documents, and for improving productivity and reducing costs. In addition, to promote the digitization of our customers' business operations, we aim to get close to our customers and make continuous proposals.

In the Services & Support business, we anticipate that maintenance service of copiers will once again be affected by the expanded use of telework as in the previous year. However, we expect to cover this through growth in system maintenance services and support and "tanomail," which posted a recovery in sales in the fourth quarter of 2020. In the "tanomail" business, we will work to strengthen our competitiveness and expand markets. In the "tayoreru" business, we will make efforts to develop services that enable customers to continue their business activities safely and with a sense of security even amid COVID-19 as well as services that can supplement the shortage of customers' IT human resources.

Forecast for Fiscal 2021

In fiscal 2021 the Company forecasts a 3.4% increase in consolidated net sales to ¥865,000 million, a 3.2% increase in operating profit to ¥58,100 million, a 2.5% increase in ordinary profit to ¥59,000 million and a 0.6% increase in profit attributable to owners of parent to ¥39,550 million.

By segment, we forecast a 2.7% increase in net sales to ¥540,600 million in the System Integration business and a 4.7% increase to ¥324,400 million in the Service and Support business.

Forecast for Consolidated Net Sales and Profit (Millions of yen)

	Fiscal 2020	Fiscal 2021 (Forecast)	
	Amount	Amount	Change to Last Year
Net sales	836,323	865,000	+3.4%
Operating profit	56,309	58,100	+3.2%
Ordinary profit	57,550	59,000	+2.5%
Profit*	39,309	39,550	+0.6%

*Profit attributable to owners of parent

Forecast for Consolidated Net Sales by Segment (Millions of yen)

	Fiscal 2020	Fiscal 2021 (Forecast)	
	Amount	Amount	Change to Last Year
System Integration business	526,613	540,600	+2.7%
Service and Support business	309,710	324,400	+4.7%