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October 31, 2024

## Consolidated Financial Report for the Nine Months Ended September 30, 2024 <Under Japanese GAAP>

**OTSUKA CORPORATION** (URL: <https://www.otsuka-shokai.co.jp/>)

Listing: Tokyo Stock Exchange, Code 4768

Representative: Yuji Otsuka, President & Chief Executive Officer

Contact: Hironobu Saito, Managing Director & Executive Operating Officer; General Manager of Business Administration Headquarters (Tel: +81-3-3264-7111)

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results briefing: No

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Nine Months Ended September 30, 2024 (From January 1, 2024 to September 30, 2024)

#### (1) Consolidated results of operations (Cumulative)

(Percentages indicate changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2024	822,262	11.1	52,169	10.1	54,015	10.6	36,631	10.5
September 30, 2023	740,058	15.2	47,390	18.2	48,846	17.6	33,135	11.4

Note) Comprehensive Income: Nine months ended September 30, 2024: 35,807 million yen [5.4%]  
Nine months ended September 30, 2023: 33,977 million yen [18.9%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended September 30, 2024	96.60	—
September 30, 2023	87.38	—

\* The Company implemented a two-for-one stock split of its common stock with an effective date of April 1, 2024. Accordingly, basic earnings per share stated above are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year (Fiscal Year 2023). Basic earnings per share for the nine months ended September 30, 2024 and the nine months ended September 30, 2023, not considering the stock split, are 193.20 yen and 174.77 yen, respectively.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	635,679	356,967	55.5
December 31, 2023	561,805	346,950	61.1

Reference) Equity: As of September 30, 2024: 352,848 million yen  
As of December 31, 2023: 343,112 million yen

## 2. Dividends

	Annual dividends				
	First quarter - end	Second quarter - end	Third quarter - end	Year-end	Total
Fiscal Year 2023	yen —	yen 0.00	yen —	yen 135.00	yen 135.00
Fiscal Year 2024	—	0.00	—		
Fiscal Year 2024 (forecast)				70.00	70.00

Note) Revision of the recently announced dividends forecasts: No

\* The annual dividends per share for Fiscal Year 2024 (forecast) stated above indicate amounts calculated in consideration of the stock split described in “1. Consolidated Financial Results.” The annual dividends per share for Fiscal Year 2024 (forecast) not considering the stock split are 140.00 yen.

## 3. Consolidated Financial Forecasts for the Fiscal Year 2024 (From January 1, 2024 to December 31, 2024)

(Percentages indicate changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full-Year	1,055,000	7.9	69,500	10.4	70,500	9.3	48,700	2.6	128.43

Notes) 1. Revision of the recently announced financial forecasts: No

2. The above forecasts are based on the information available as of the date of publication of this document. Actual results are subject to change due to various future events and may differ from these figures.

\* Basic earnings per share in Consolidated Financial Forecasts for the Fiscal Year 2024 stated above indicate amounts calculated in consideration of the stock split described in “1. Consolidated Financial Results.” Basic earnings per share for the full-year of Fiscal Year 2024 not considering the stock split are 256.86 yen.

**\* Notes**

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements:  
Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- 1) Changes in accounting policies due to revisions to accounting standards, etc.: No
- 2) Changes in accounting policies other than 1): No
- 3) Changes in accounting estimates: No
- 4) Restatements: No
- (4) Number of shares issued (common shares)
- 1) Number of shares issued at the end of the period (including treasury shares)
- |                           |                    |
|---------------------------|--------------------|
| As of September 30, 2024: | 380,004,240 shares |
| As of December 31, 2023:  | 380,004,240 shares |
- 2) Number of treasury shares at the end of the period
- |                           |                |
|---------------------------|----------------|
| As of September 30, 2024: | 802,972 shares |
| As of December 31, 2023:  | 802,396 shares |
- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
- |                                       |                    |
|---------------------------------------|--------------------|
| Nine months ended September 30, 2024: | 379,201,443 shares |
| Nine months ended September 30, 2023: | 379,201,944 shares |

\* The number of shares stated above is calculated on the assumption that the stock split described in "1. Consolidated Financial Results" was implemented at the beginning of the previous fiscal year (Fiscal Year 2023).

**\* Review of attached consolidated quarterly financial statements by certified public accountants or an audit firm: No**

## **Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	228,692	225,053
Notes and accounts receivable - trade, and contract assets	155,269	182,233
Merchandise	36,068	54,573
Work in process	1,413	1,641
Raw materials and supplies	755	753
Other	37,689	68,045
Allowance for doubtful accounts	(93)	(180)
Total current assets	459,794	532,119
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,831	14,070
Other, net	20,843	20,957
Total property, plant and equipment	34,674	35,027
Intangible assets	16,065	18,265
Investments and other assets		
Investment securities	26,306	25,551
Other	25,091	24,893
Allowance for doubtful accounts	(127)	(179)
Total investments and other assets	51,270	50,265
Total non-current assets	102,010	103,559
Total assets	561,805	635,679

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	105,485	139,289
Electronically recorded obligations - operating	19,831	21,701
Short-term borrowings	4,400	4,300
Income taxes payable	9,495	8,854
Provision for bonuses	4,480	12,786
Other	59,569	81,093
Total current liabilities	203,263	268,025
Non-current liabilities		
Long-term borrowings	1,700	1,700
Provision for retirement benefits for directors (and other officers)	644	602
Retirement benefit liability	6,961	6,368
Other	2,285	2,015
Total non-current liabilities	11,591	10,686
Total liabilities	214,854	278,712
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	311,537	322,572
Treasury shares	(141)	(143)
Total shareholders' equity	338,025	349,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,424	6,671
Deferred gains or losses on hedges	(35)	(192)
Revaluation reserve for land	(5,269)	(5,269)
Foreign currency translation adjustment	289	257
Remeasurements of defined benefit plans	2,678	2,322
Total accumulated other comprehensive income	5,087	3,789
Non-controlling interests	3,838	4,119
Total net assets	346,950	356,967
Total liabilities and net assets	561,805	635,679

## **Quarterly Consolidated Statements of Income and Comprehensive Income**

### Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	740,058	822,262
Cost of sales	587,476	658,382
Gross profit	152,581	163,879
Selling, general and administrative expenses	105,191	111,710
Operating profit	47,390	52,169
Non-operating income		
Interest income	14	67
Dividend income	226	234
Share of profit of entities accounted for using equity method	757	647
Foreign exchange gains	115	664
Other	477	541
Total non-operating income	1,590	2,155
Non-operating expenses		
Interest expenses	31	42
Donations	100	260
Other	3	6
Total non-operating expenses	134	309
Ordinary profit	48,846	54,015
Extraordinary income		
Gain on sale of investment securities	119	11
Total extraordinary income	119	11
Extraordinary losses		
Loss on retirement of non-current assets	12	86
Loss on valuation of investment securities	190	—
Other	2	—
Total extraordinary losses	205	86
Profit before income taxes	48,759	53,940
Income taxes	15,143	16,799
Profit	33,616	37,141
Profit attributable to non-controlling interests	480	510
Profit attributable to owners of parent	33,135	36,631

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	33,616	37,141
Other comprehensive income		
Valuation difference on available-for-sale securities	485	(762)
Deferred gains or losses on hedges	124	(193)
Remeasurements of defined benefit plans, net of tax	(351)	(363)
Share of other comprehensive income of entities accounted for using equity method	102	(13)
Total other comprehensive income	361	(1,333)
Comprehensive income	33,977	35,807
(Breakdown)		
Comprehensive income attributable to owners of parent	33,464	35,333
Comprehensive income attributable to non-controlling interests	512	474

## **Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	48,759	53,940
Depreciation	5,809	6,269
Increase (decrease) in allowance for doubtful accounts	27	137
Interest and dividend income	(240)	(302)
Interest expenses	31	42
Share of loss (profit) of entities accounted for using equity method	(757)	(647)
Loss on retirement of non-current assets	12	86
Loss (gain) on sale of investment securities	(116)	(11)
Loss (gain) on valuation of investment securities	190	—
Decrease (increase) in trade receivables	10,983	(27,013)
Decrease (increase) in inventories	813	(18,730)
Increase (decrease) in trade payables	3,064	35,672
Other, net	6,534	(2,363)
Subtotal	75,112	47,080
Interest and dividends received	532	587
Interest paid	(25)	(33)
Income taxes paid	(17,234)	(17,202)
Net cash provided by (used in) operating activities	58,384	30,431
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,906)	(2,307)
Purchase of software	(4,812)	(5,590)
Purchase of investment securities	(2,045)	(18)
Proceeds from sale of investment securities	129	20
Other, net	(130)	98
Net cash provided by (used in) investing activities	(9,766)	(7,797)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,700	(100)
Repayments of long-term borrowings	(1,700)	—
Dividends paid	(23,689)	(25,591)
Other, net	(147)	(195)
Net cash provided by (used in) financing activities	(23,837)	(25,887)
Effect of exchange rate change on cash and cash equivalents	6	(1)
Net increase (decrease) in cash and cash equivalents	24,787	(3,254)
Cash and cash equivalents at beginning of period	203,274	229,615
Cash and cash equivalents at end of period	228,062	226,361



## **Segment Information**

### **Information concerning net sales and segment profit/loss by reportable segments**

Nine months ended September 30, 2023

(Millions of yen)

	Reportable segments		Total	Adjustment	Amount recorded in quarterly consolidated statements of income
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	483,420	256,637	740,058	—	740,058
Inter-segment sales/transfers	79	406	486	(486)	—
Total	483,500	257,043	740,544	(486)	740,058
Segment profit	43,450	11,636	55,087	(7,696)	47,390

Nine months ended September 30, 2024

(Millions of yen)

	Reportable segments		Total	Adjustment	Amount recorded in quarterly consolidated statements of income
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	544,897	277,365	822,262	—	822,262
Inter-segment sales/transfers	59	549	609	(609)	—
Total	544,957	277,915	822,872	(609)	822,262
Segment profit	46,617	14,329	60,946	(8,777)	52,169