

Business Results

for the fiscal year ended December 31, 2024

February 3, 2025

OTSUKA CORPORATION

Yuji Otsuka, President

Summary of Business Results, January – December, 2024

(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	1,107,668	105.0%	+13.3%	985,134	104.5%	+13.3%
Operating profit	74,360	107.0%	+18.1%	66,497	107.6%	+20.2%
Ordinary profit	75,931	107.7%	+17.7%	68,304	107.2%	+19.3%
Profit*	53,481	109.8%	+12.7%	48,993	108.6%	+13.5%

*Profit attributable to owners of parent

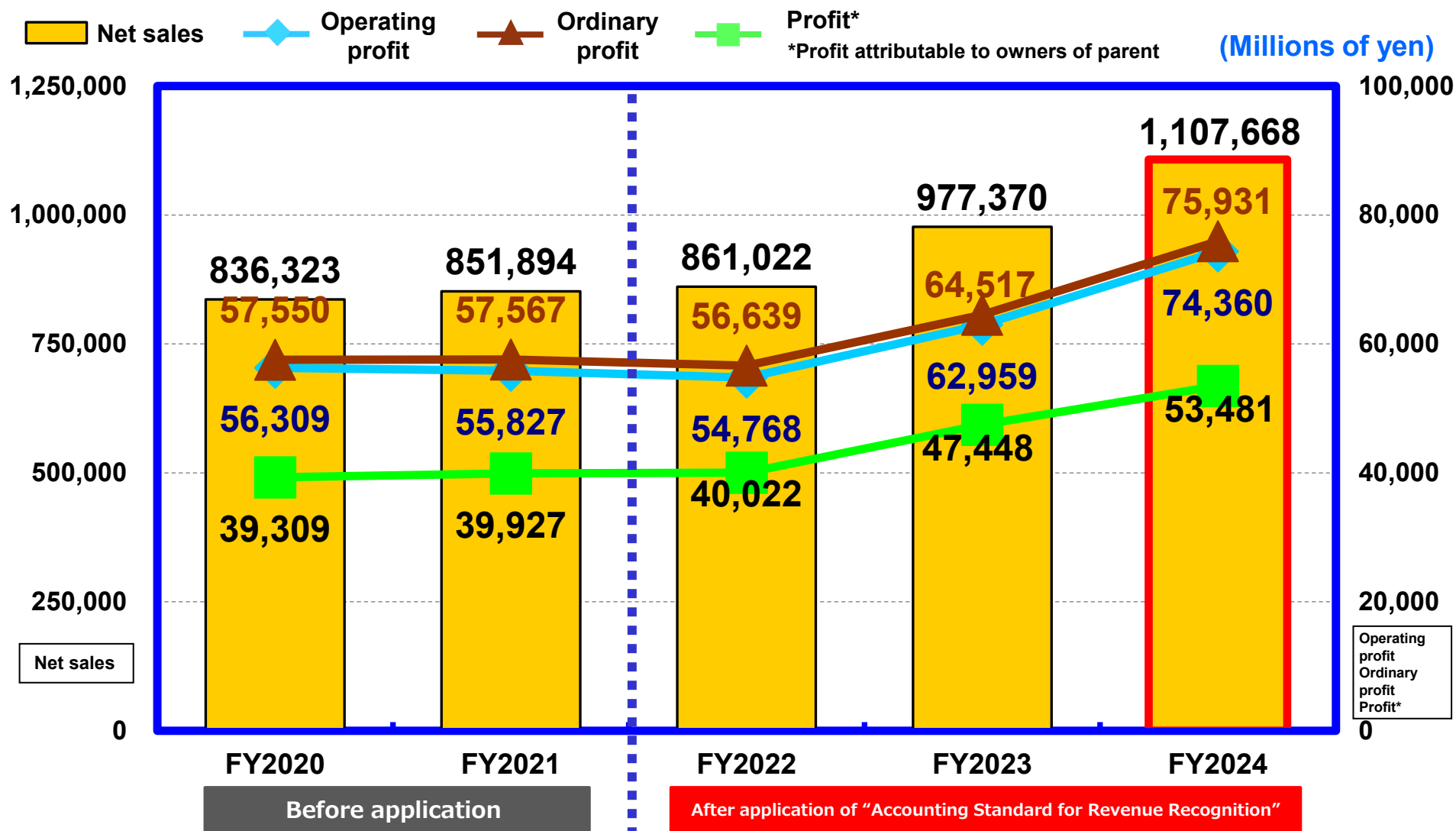
(Note) Compared with the revised plan of August 1, 2024

Consolidated subsidiaries

Seg ment	Company name	Business domain	Number of employees	FY 2024 Net sales (Millions of yen)
I S	OSK Co., LTD.	Development and sale of packaged software, IT consulting, and Consigned software development	429	10,432
	Net World Corporation	Sales and technology support for network-related equipment	507	143,450
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	317	5,955
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	478	9,560

Consolidated

Net sales and Profits

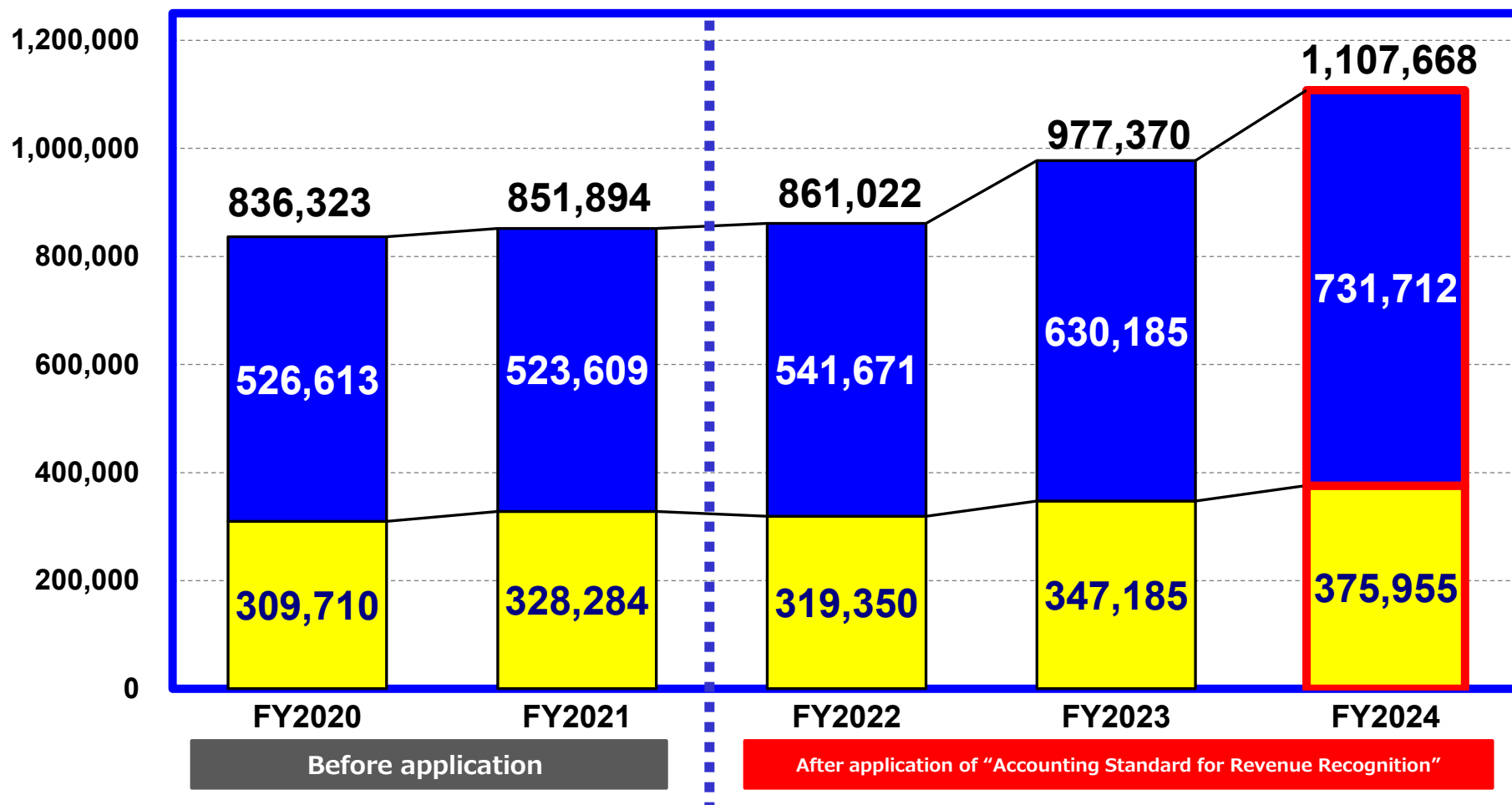


Consolidated

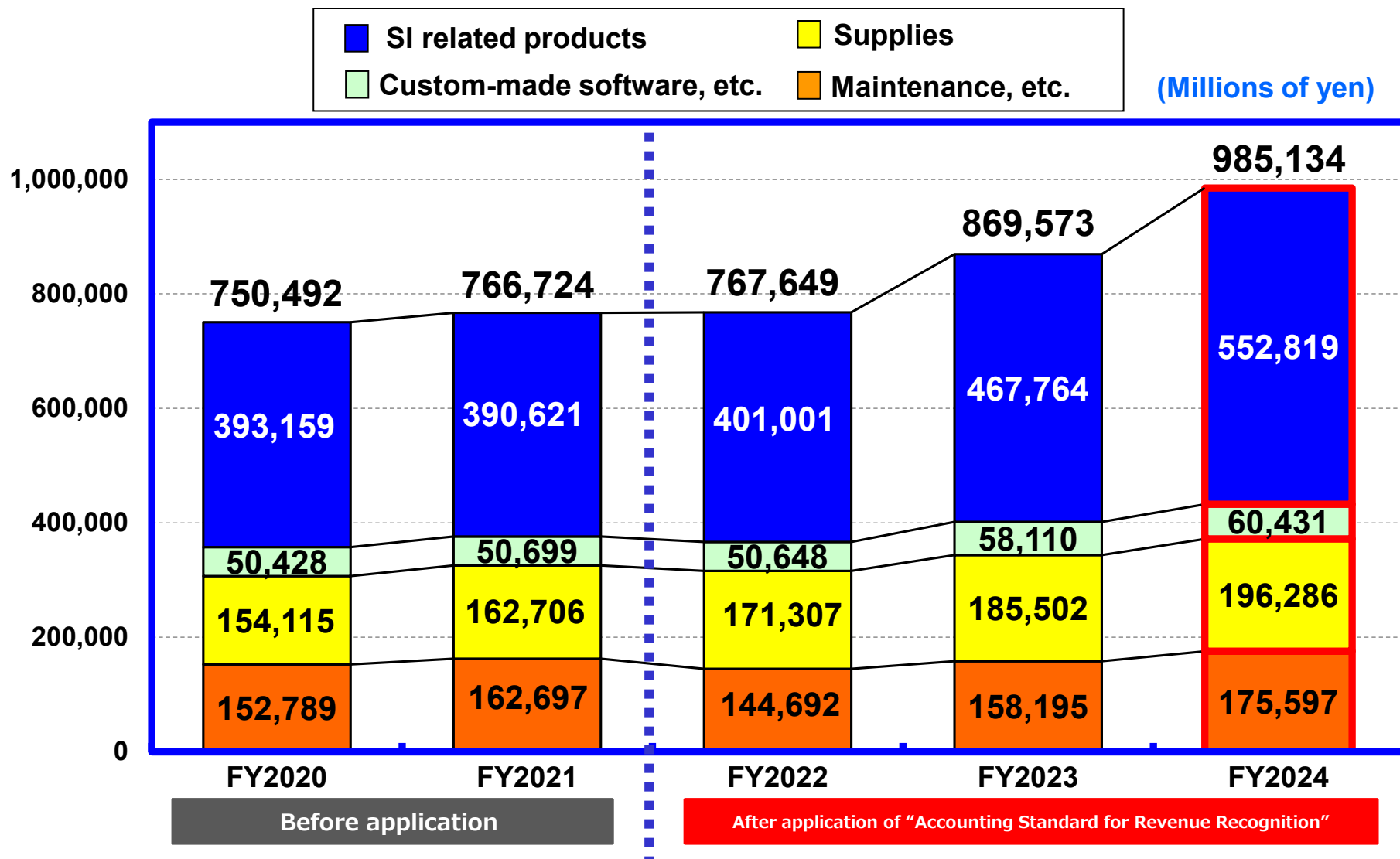
Net sales by segments

■ SI business ■ S&S business

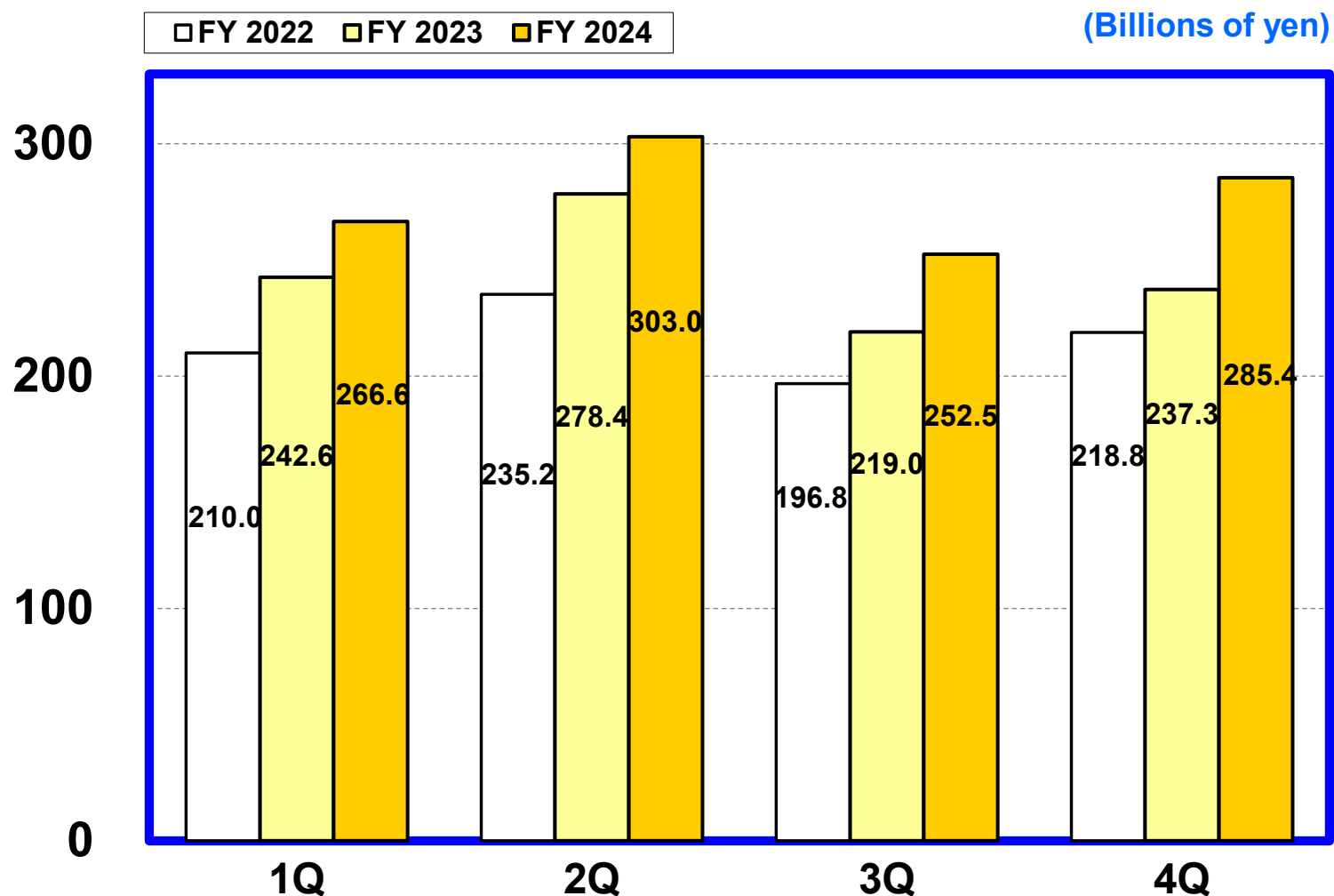
(Millions of yen)



Net sales by 4 segments

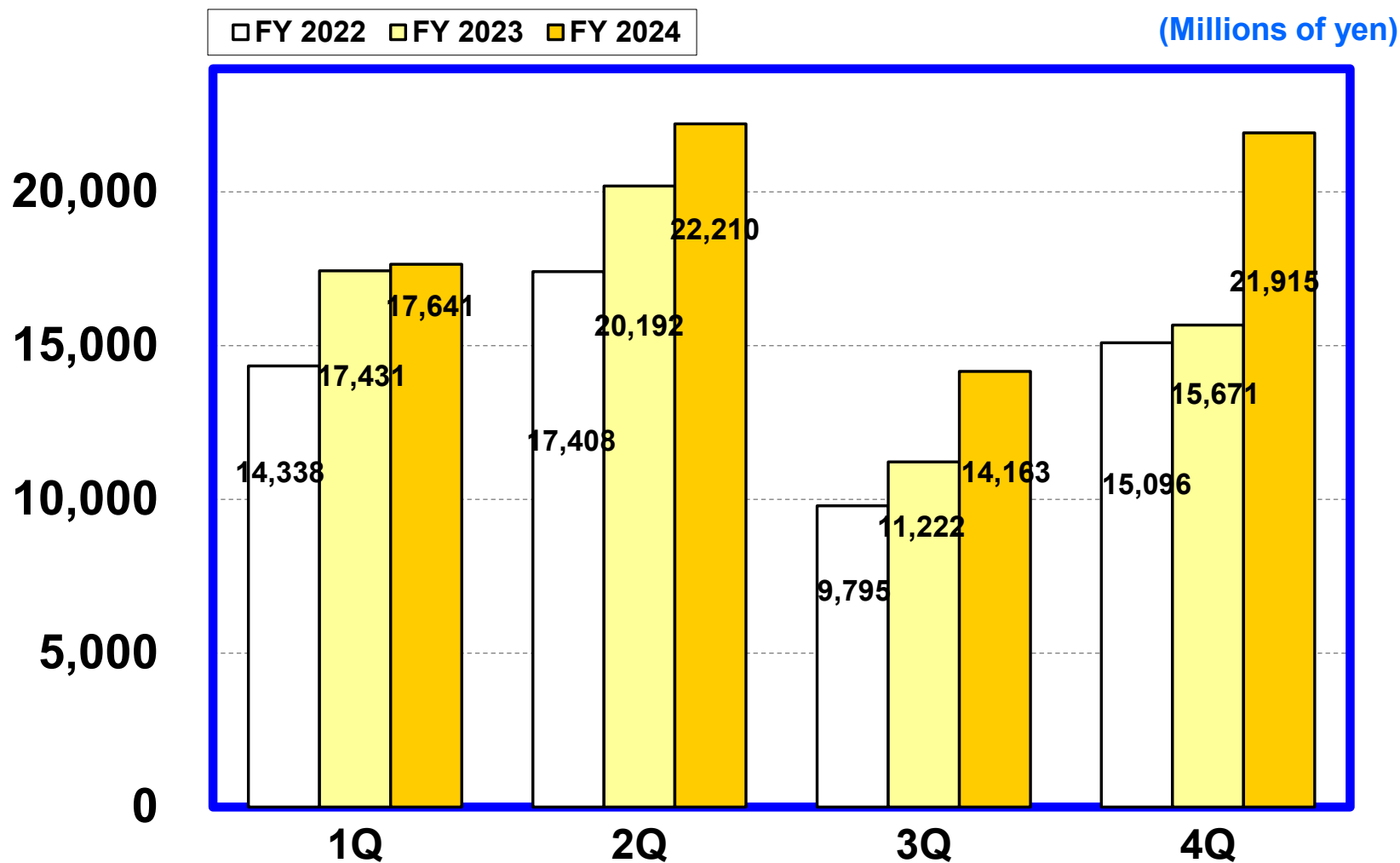


Quarterly change of Net sales



Consolidated

Quarterly change of Ordinary profit



Summary of Business Results, October – December, 2024

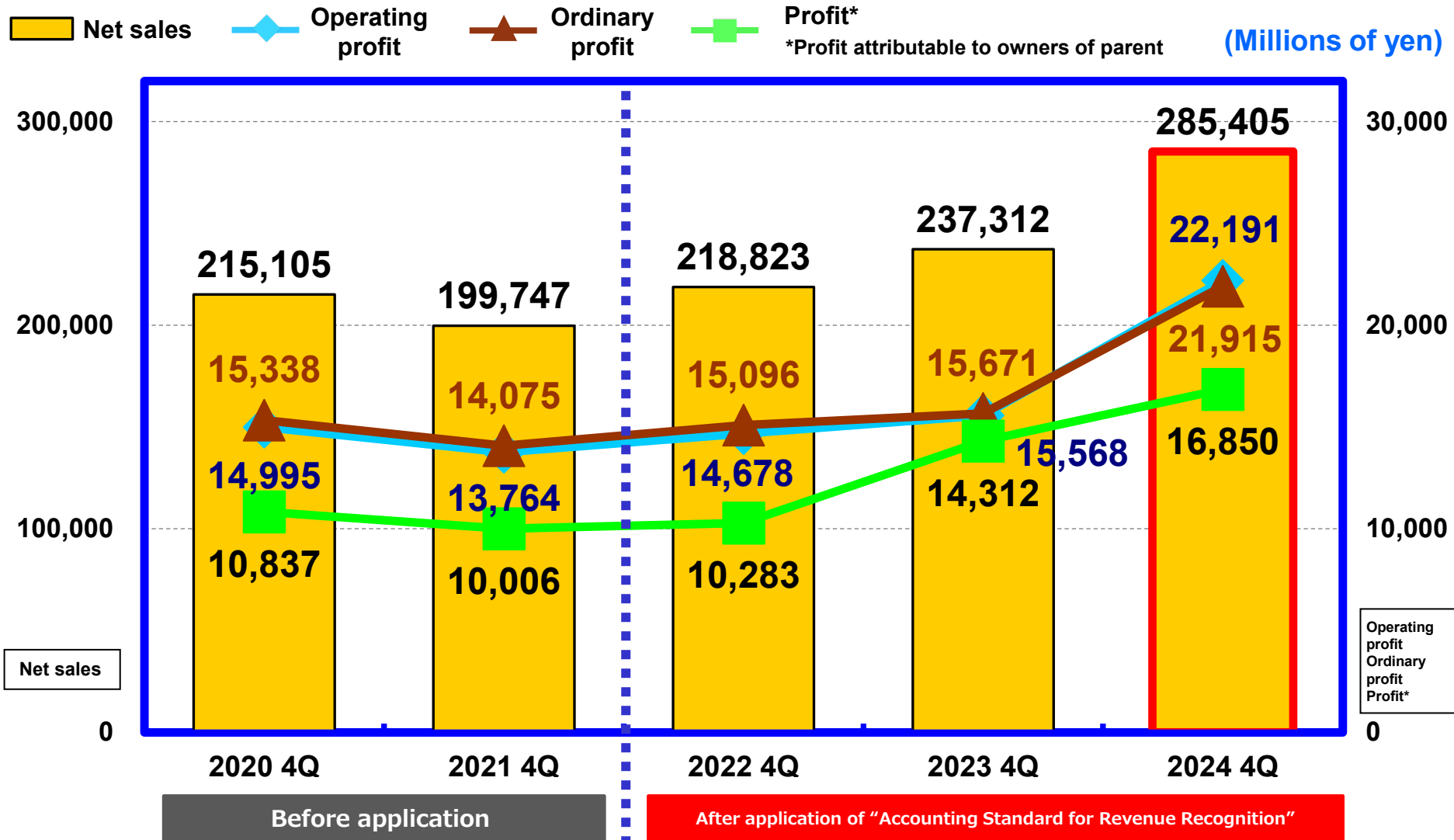
(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	285,405	+20.3%	248,300	+19.5%
Operating profit	22,191	+42.5%	19,771	+42.6%
Ordinary profit	21,915	+39.8%	19,296	+41.1%
Profit*	16,850	+17.7%	14,938	+16.0%

*Profit attributable to owners of parent

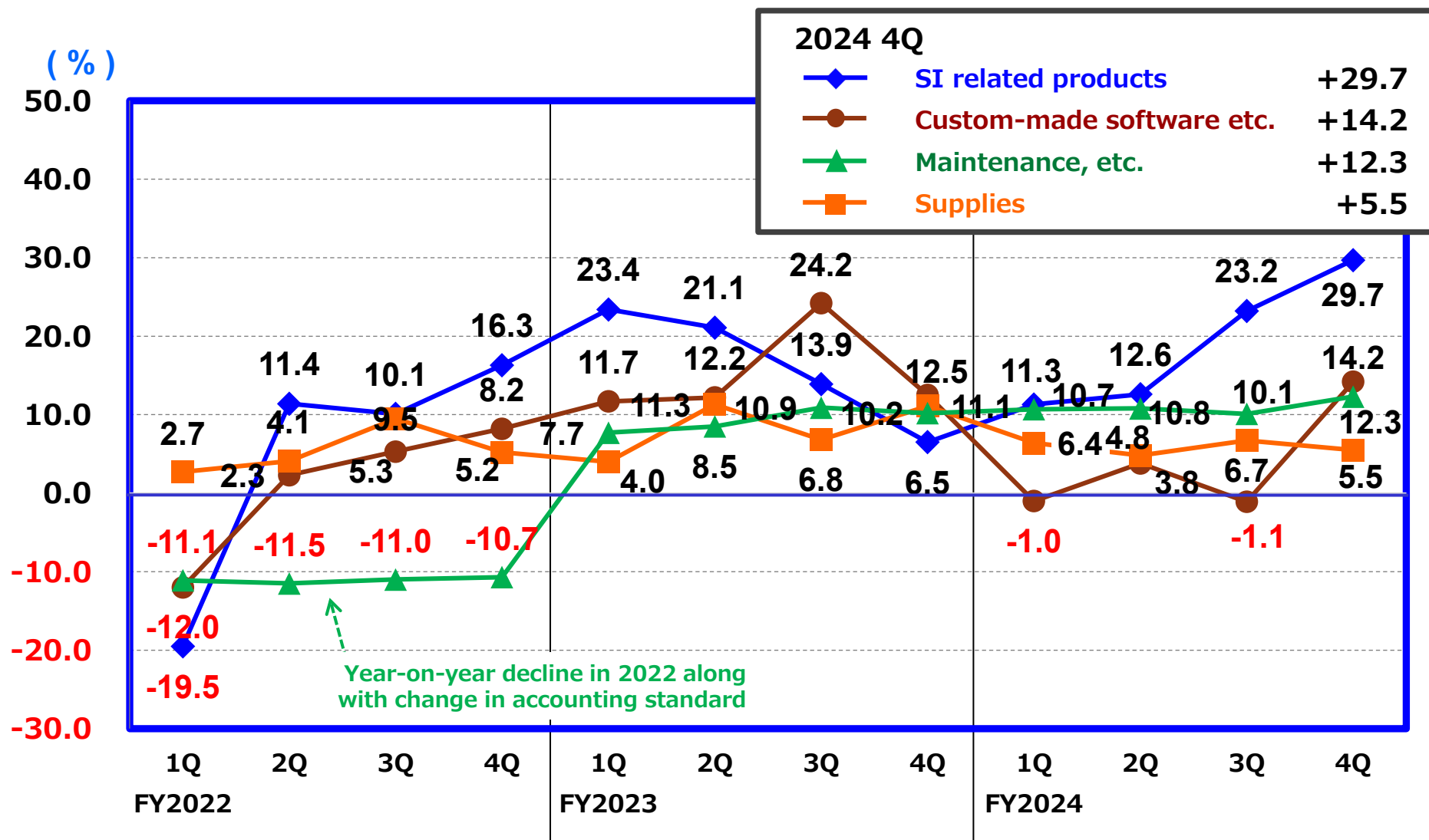
Net sales and Profits, October – December

Consolidated



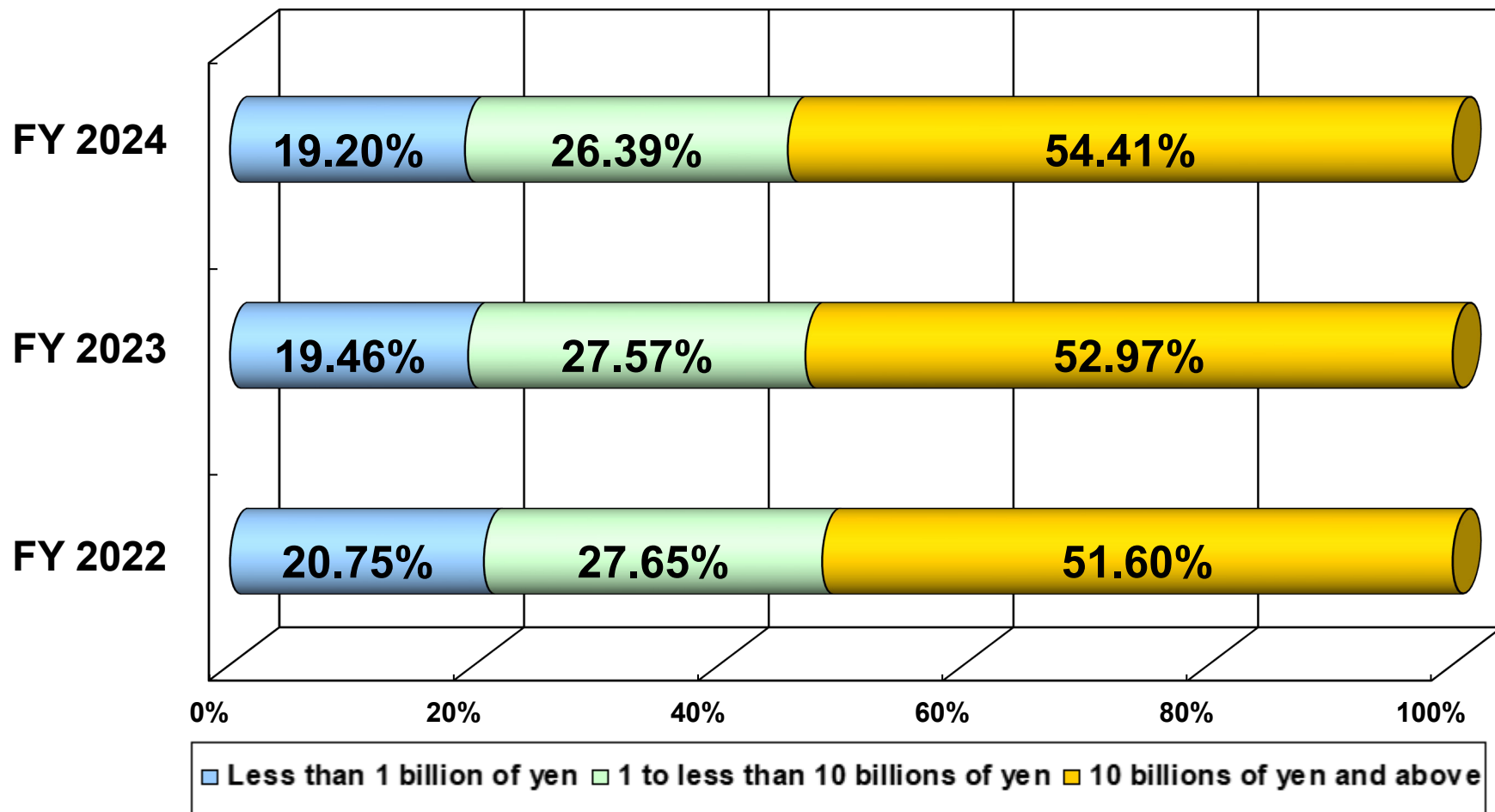
Non-Consolidated

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



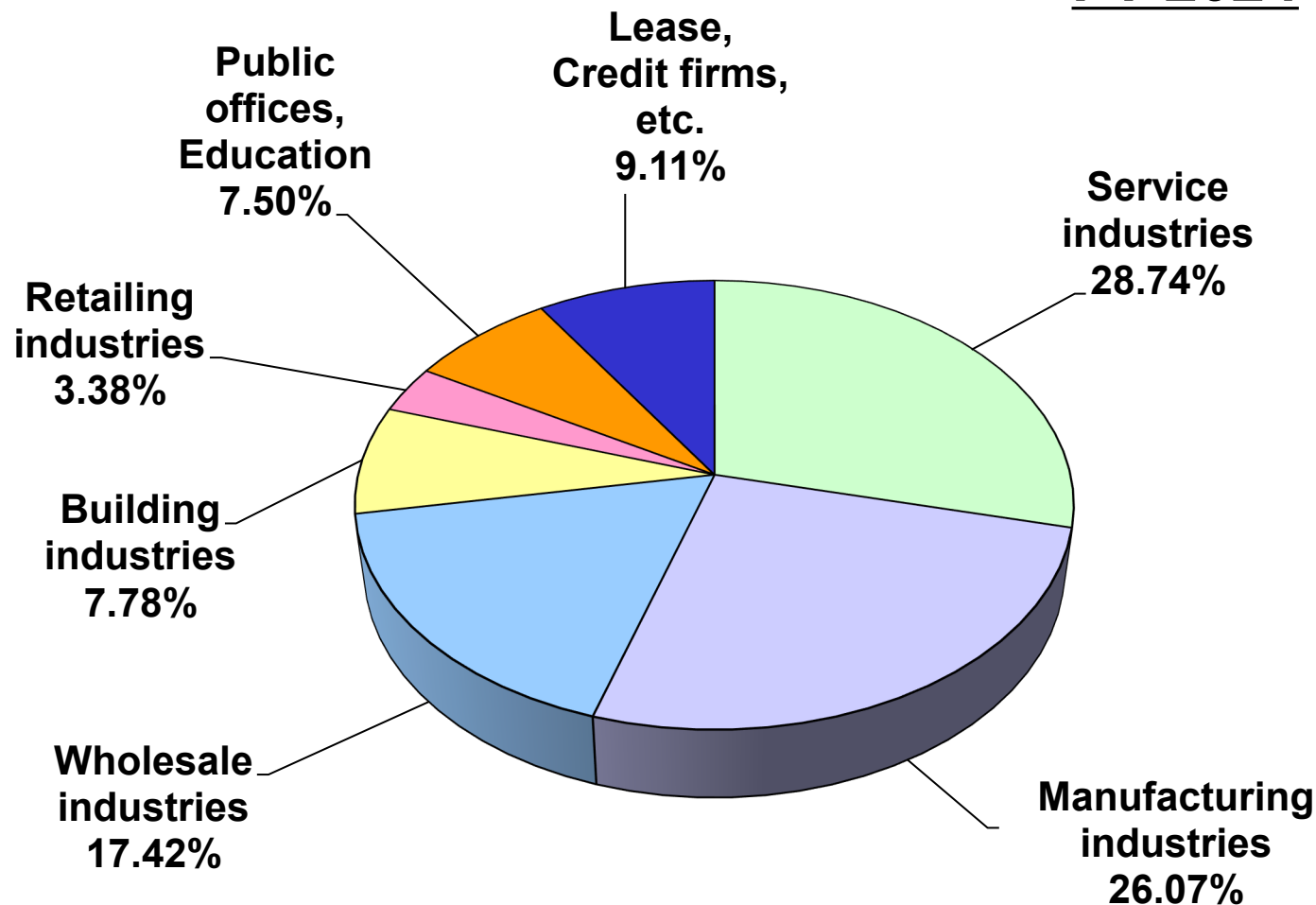
Non-Consolidated

Net sales structure on customers' total annual business scale

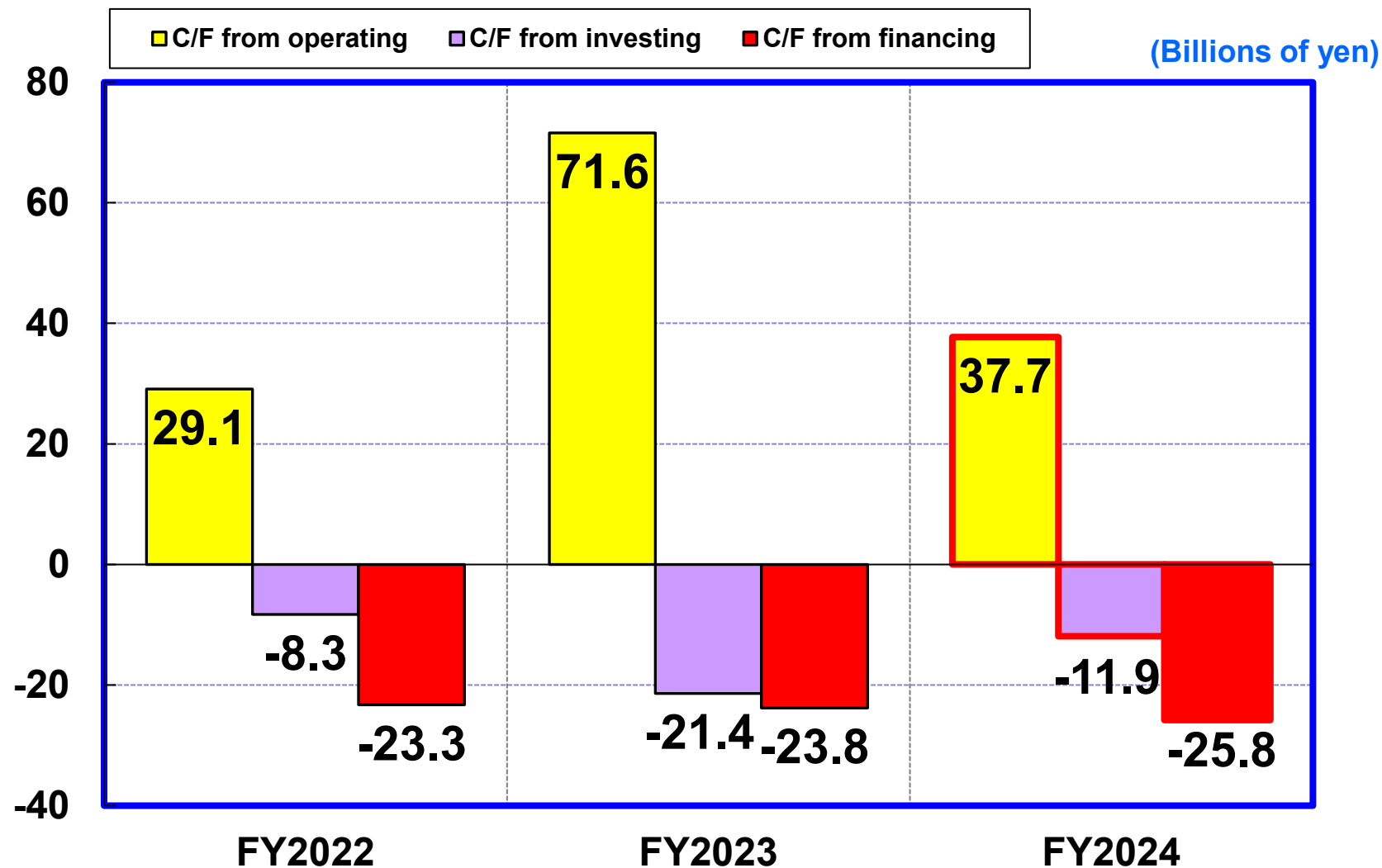


Sales breakdown by customers' type of industry

FY 2024

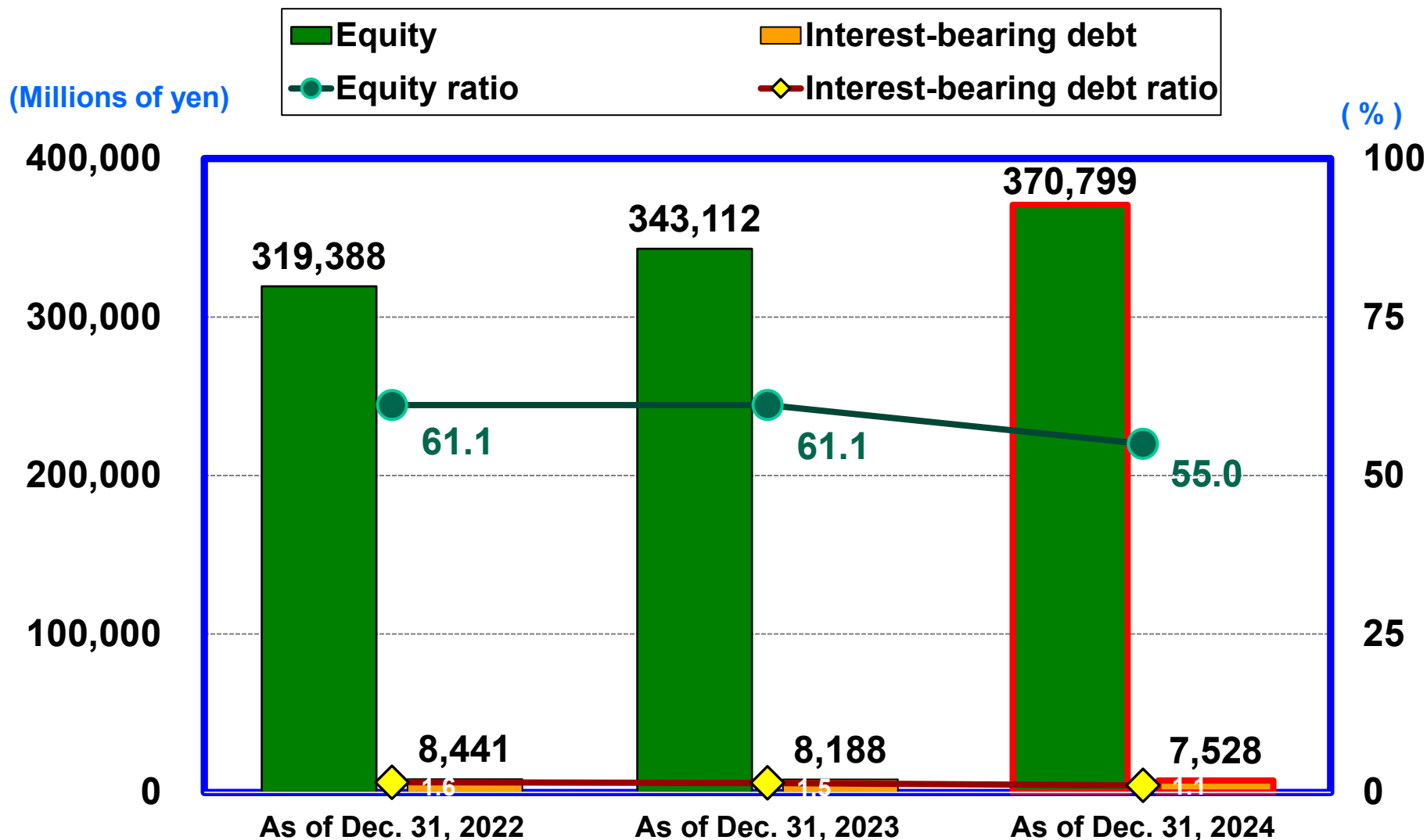


Cash flows



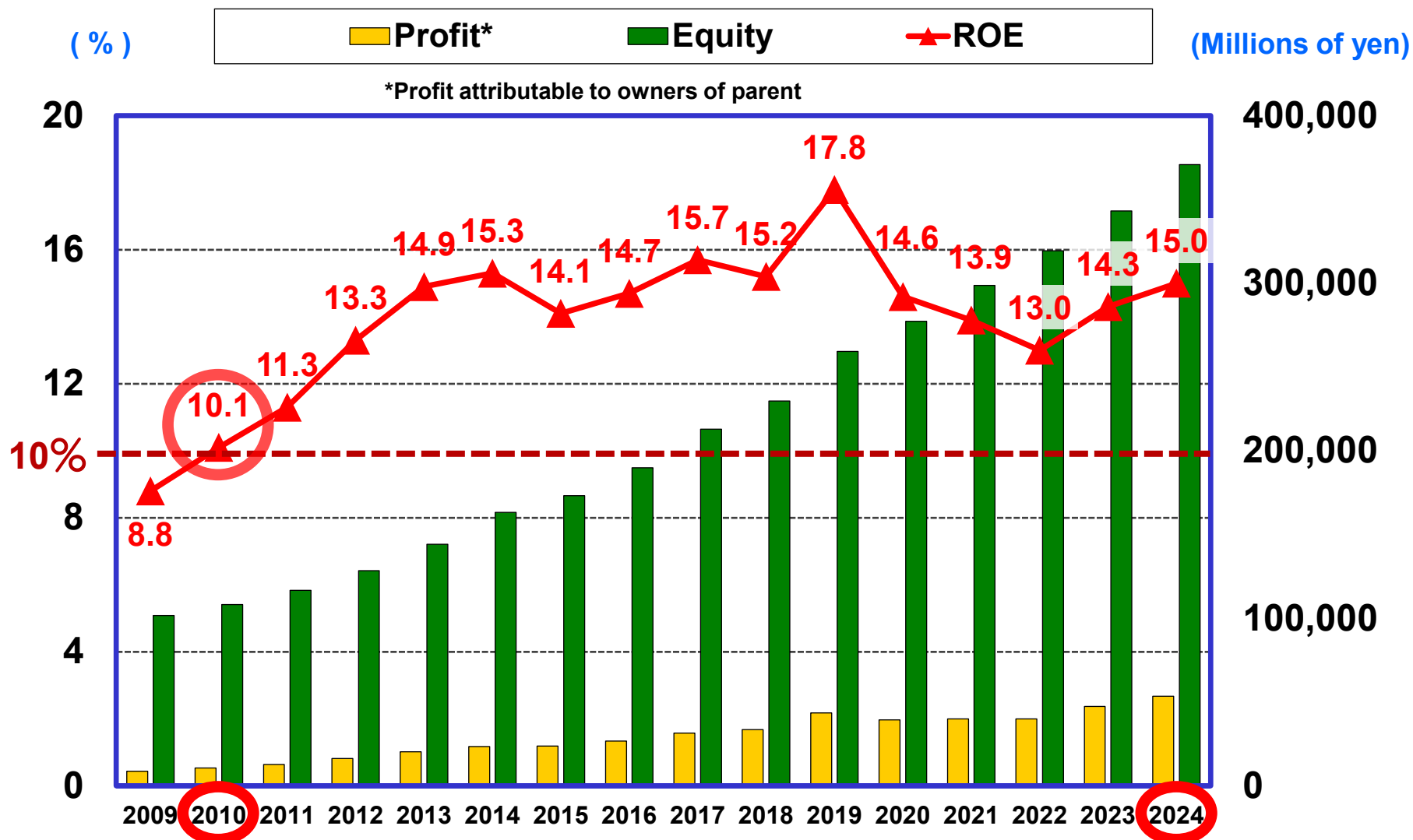
Consolidated

Equity and Interest-bearing debt

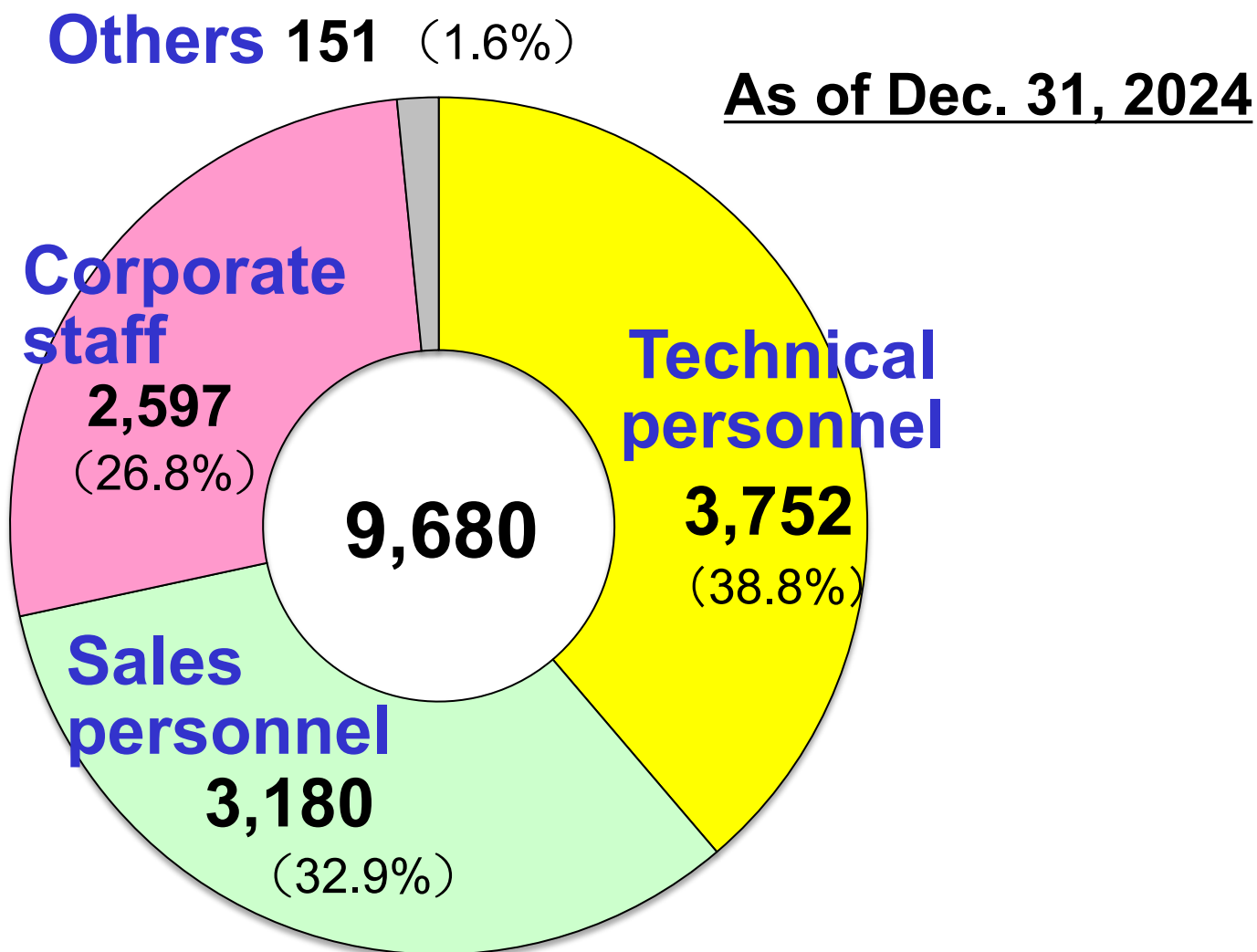


Consolidated

ROE



Personnel organization (regular employees)



Key strategic business

<Amount of Sales>

(Millions of yen)

	2022 Jan. – Dec.	2023 Jan. – Dec.		2024 Jan. – Dec.			2024 Oct. – Dec.		
	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”	183,172	198,134	+8.2%	209,686	+11,552	+5.8%	54,713	+3,096	+6.0%
SMILE	13,078	15,952	+22.0%	16,029	+77	+0.5%	4,520	+942	+26.3%
ODS	56,260	56,896	+1.1%	57,560	+664	+1.2%	13,624	-68	-0.5%
OSM	87,070	108,025	+24.1%	127,331	+19,305	+17.9%	29,972	+3,022	+11.2%

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

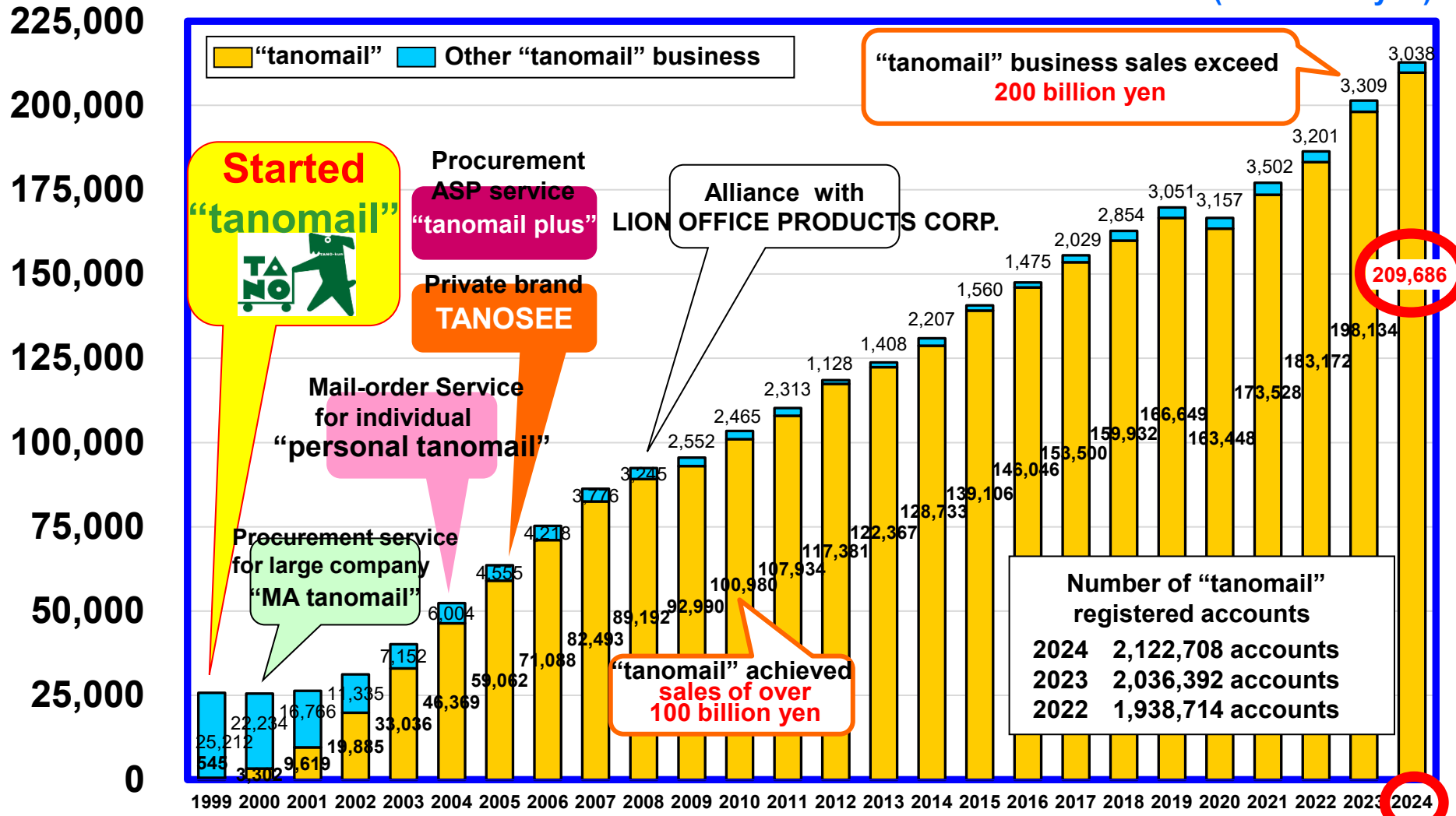
<As reference: Number of Sales>

(Units)

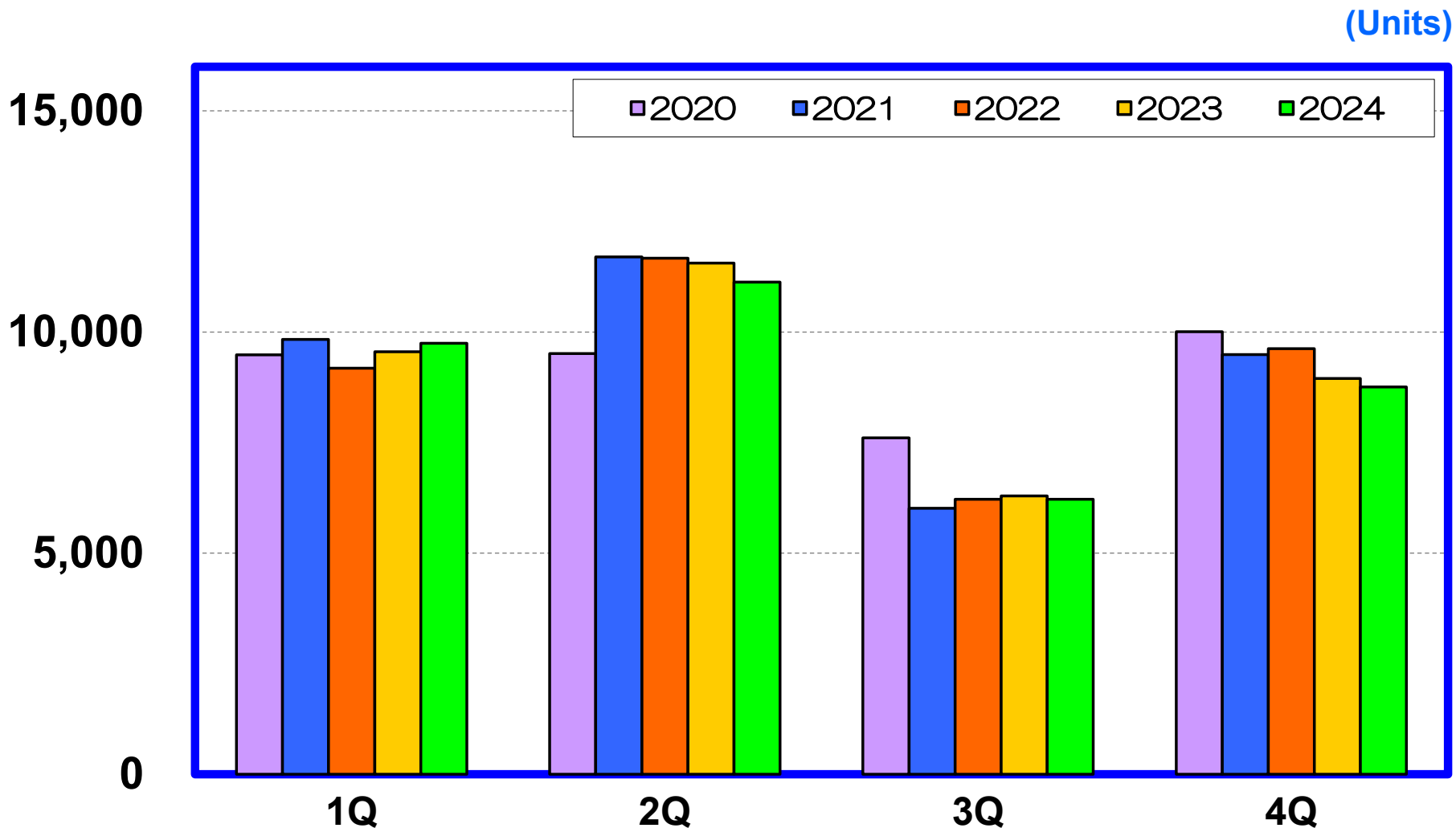
Copier	36,697	36,356	-0.9%	35,847	-509	-1.4%	8,758	-192	-2.1%
(of which Color copier)	36,035	35,543	-1.4%	35,119	-424	-1.2%	8,598	-202	-2.3%
Server	21,726	21,537	-0.9%	18,637	-2,900	-13.5%	4,562	-529	-10.4%
PC	1,068,321	1,161,417	+8.7%	1,424,555	+263,138	+22.7%	414,387	+142,873	+52.6%
Client Total	1,150,133	1,213,089	+5.5%	1,480,883	+267,794	+22.1%	426,368	+141,980	+49.9%

Annual sales transition of “tanomail”

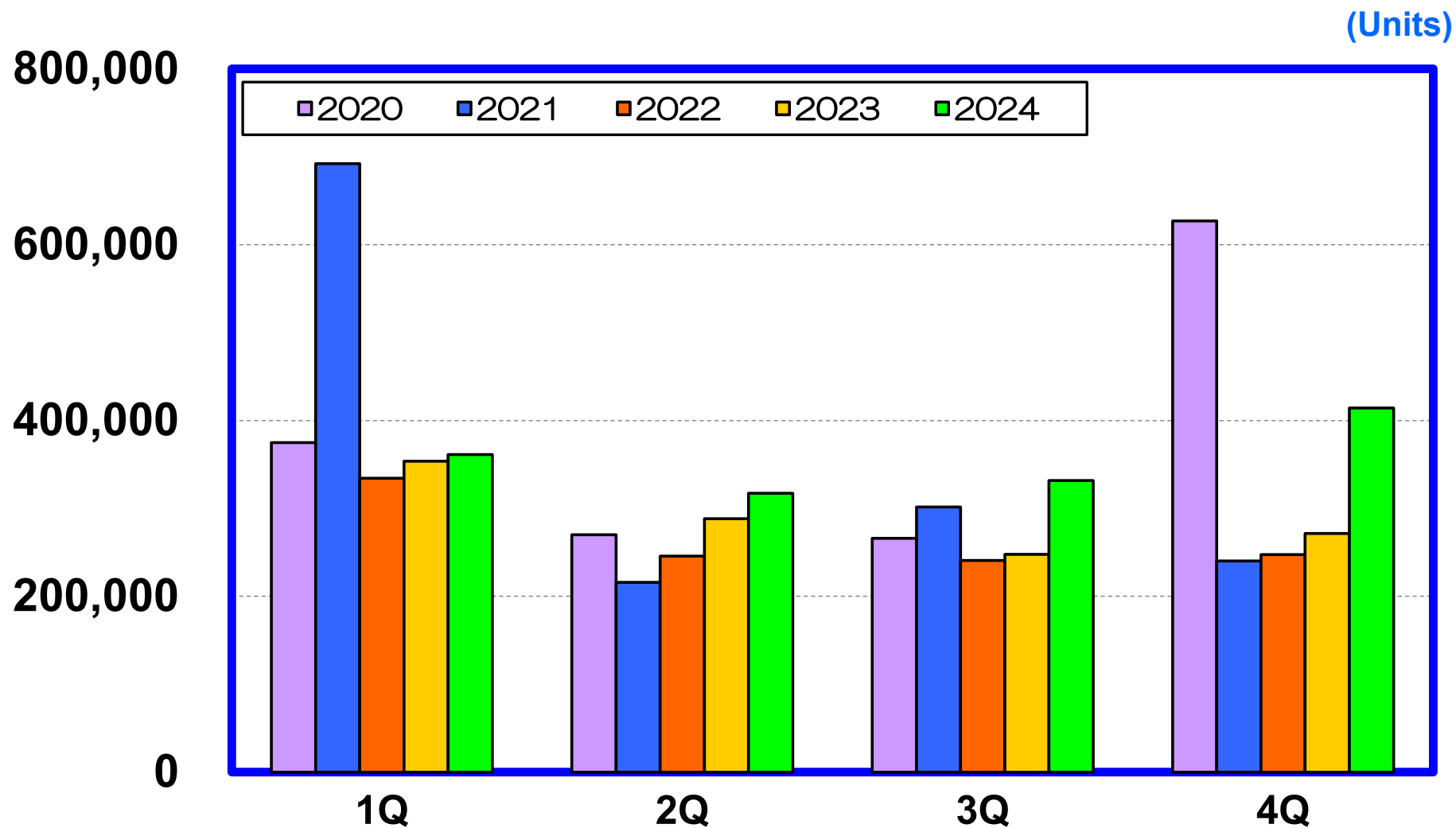
(Millions of yen)



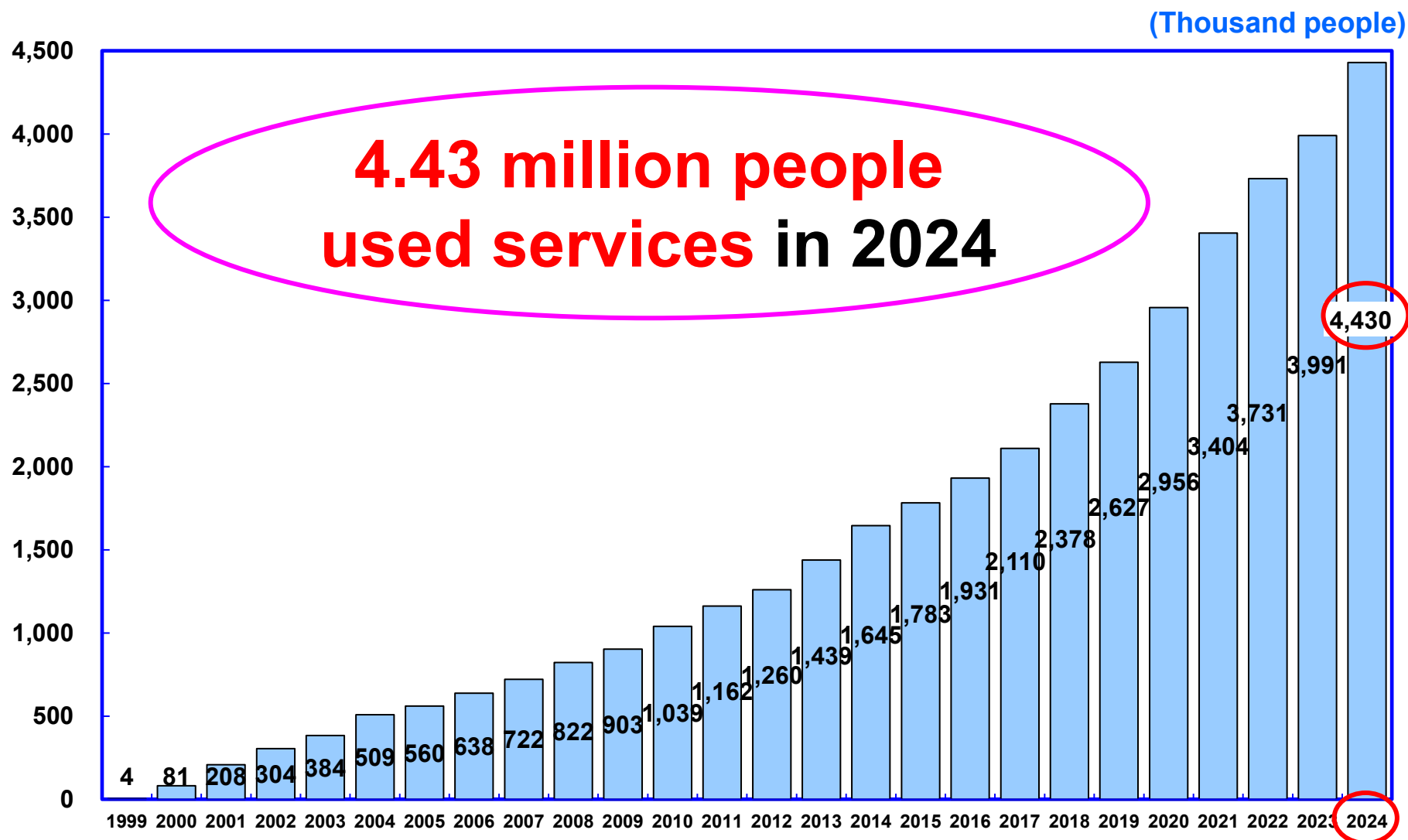
Quarterly Number of Copiers Sold



Quarterly Number of PCs Sold



Number of Users of Main Web Services (ASP)



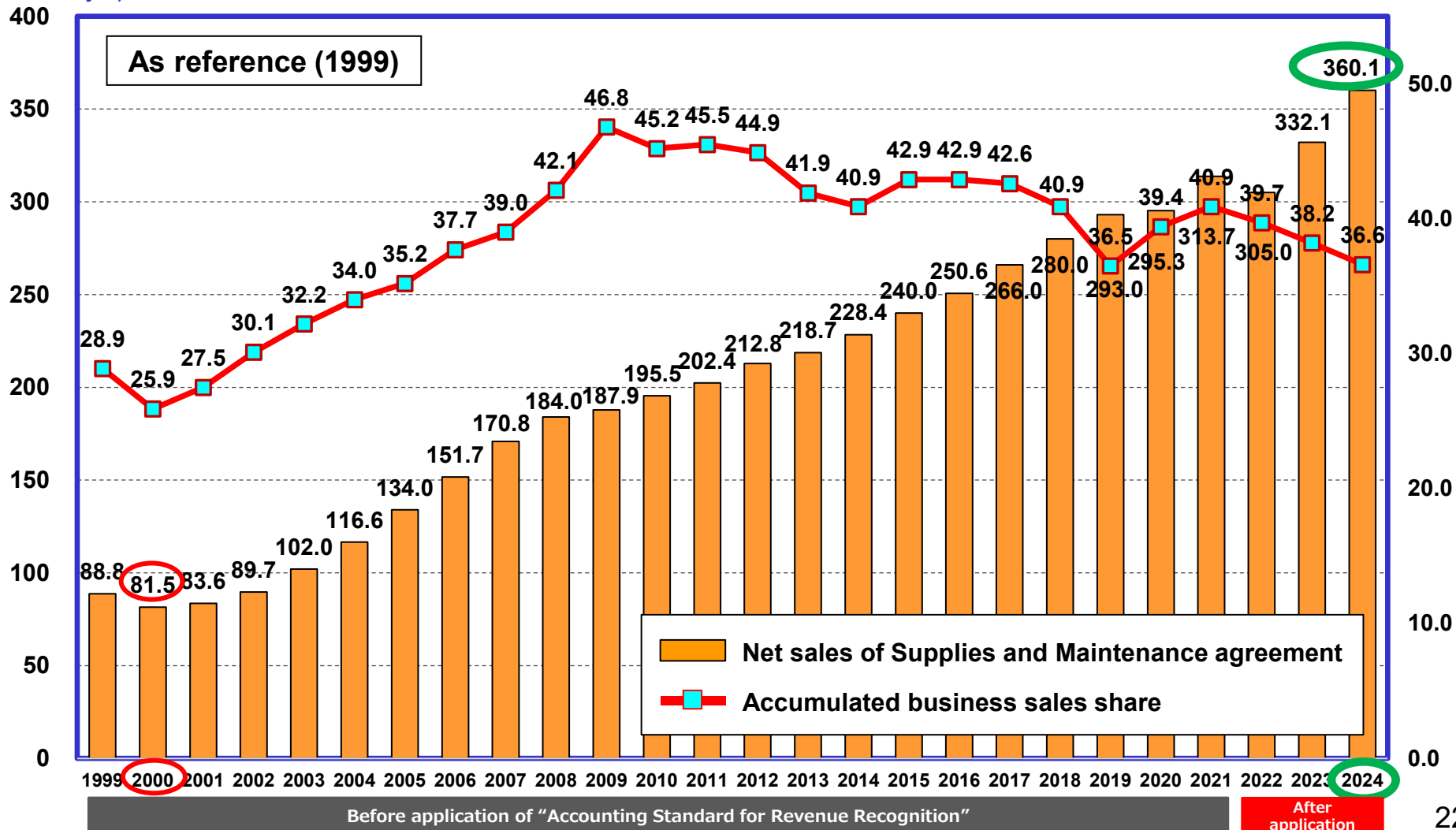
Growth of accumulated business

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 (%)



Future Plans

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 Customer Companies /Sales per Company

[Medium- to Long-term Management Policy]

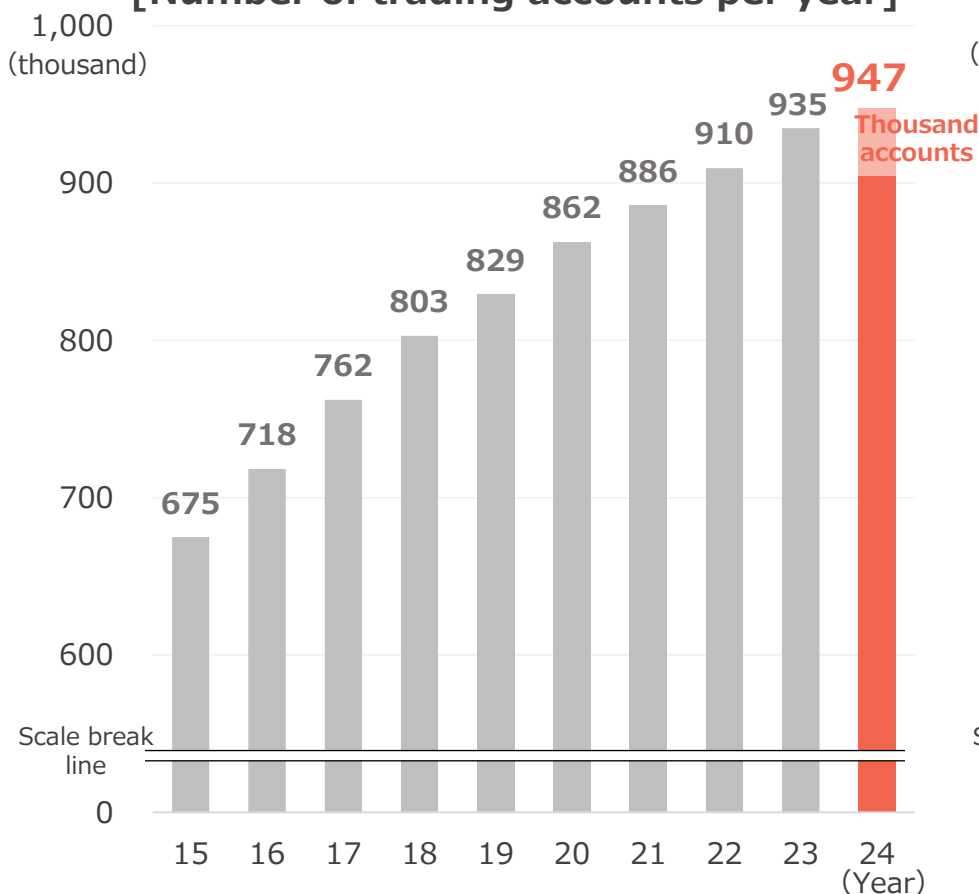
KPI related to “relationships with customers”

KPI	Target	January-December 2024	
		Results	Compared with previous year
Number of customer companies	+ 2.0%	295,000 companies	-0.2%
(Reference) Number of trading accounts	—	947,000 accounts	+1.3%
Sales per company	+3.0%	3.33 million yen	+13.6%

Number of Trading Accounts Per Year and Sales Per Company (Annual Cumulative Total)

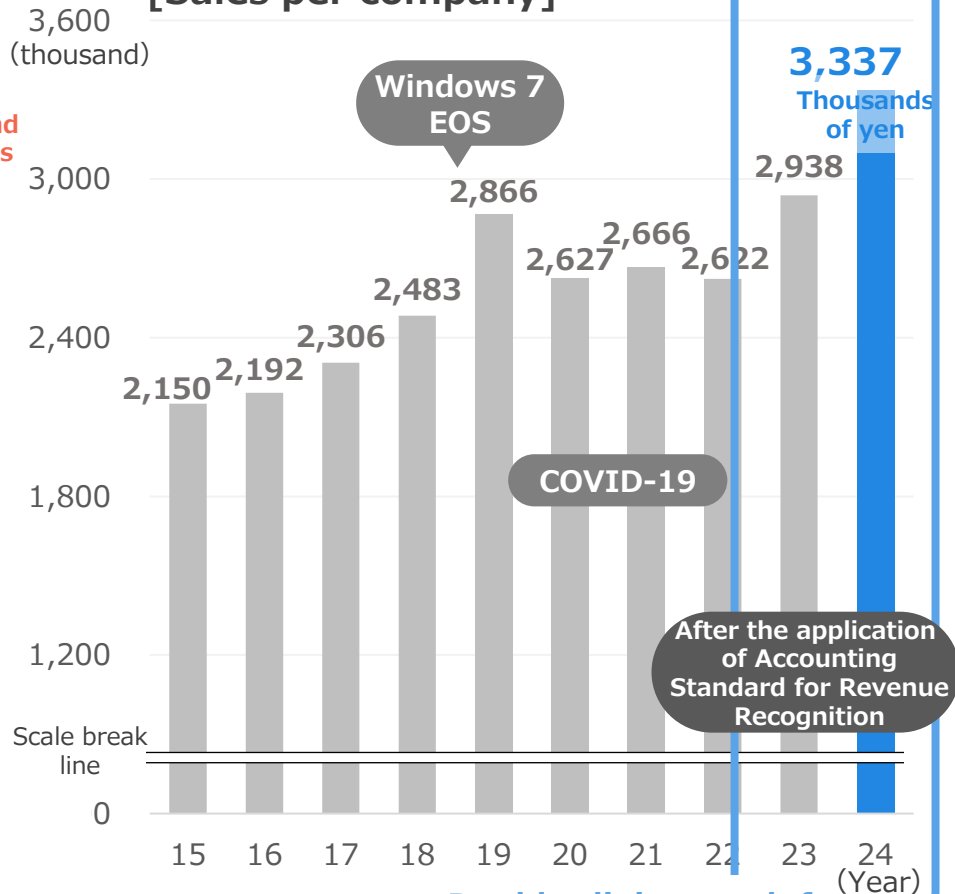
Number of trading accounts is steadily increasing

[Number of trading accounts per year]



Sales per company has grown at a high rate for two consecutive years

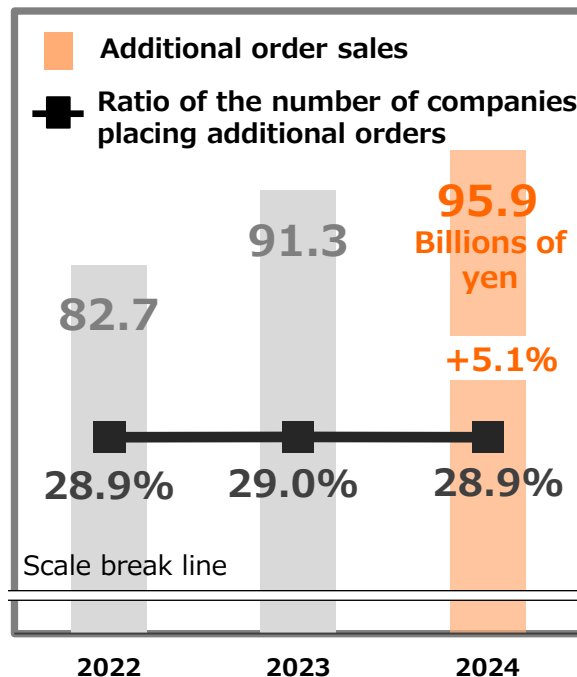
[Sales per company]



Status of Orders

[State of Additional Orders]

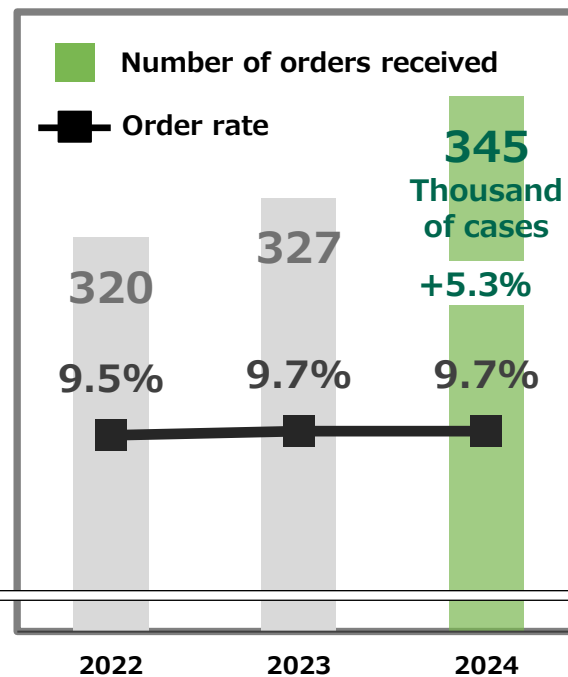
Status of orders in the next quarter from customers who we engaged in business with in the previous quarter. The graph is calculated based on the total amount from the 1st quarter through the 4th quarter. (Excluding ongoing business such as for supplies and maintenance)



Received additional orders in the next quarter from 30% of customers we did business with in the previous quarter amount of additional orders is approaching 100 billion yen per year.

[Overall number of orders and order rate]

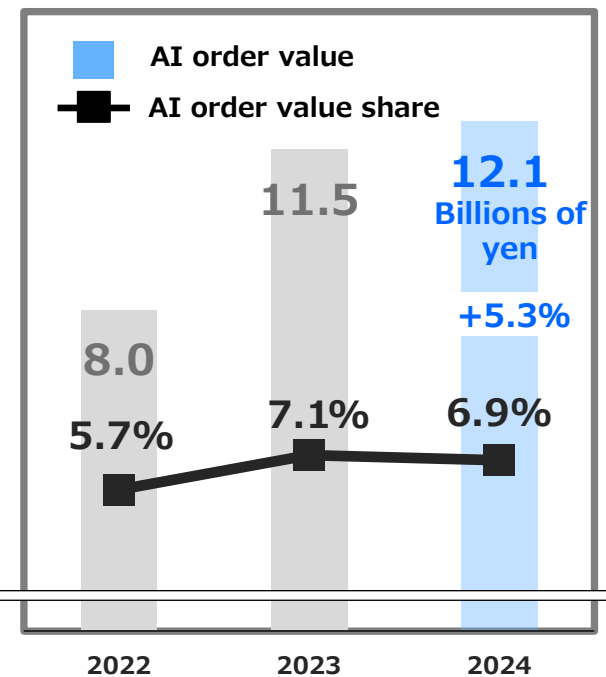
Order rate = Number of orders received ÷ Number of negotiations



Increasingly active sales activities for EOS, etc. Number of orders is continuously increasing

[AI order amount share and AI order amount]

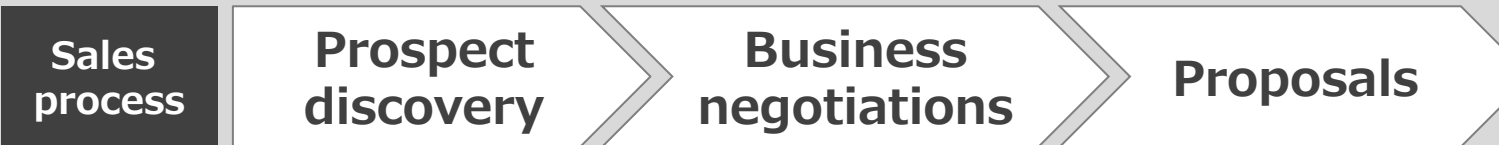
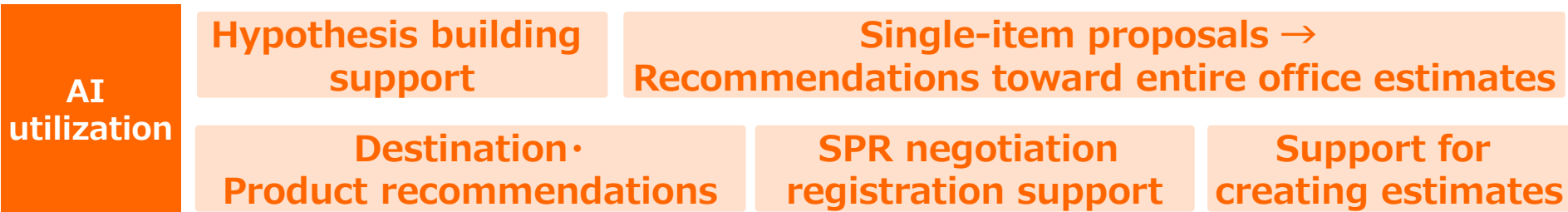
AI order amount share = share in user departments
(Excluding continuous transactions such as for supplies and maintenance)



Currently promoting AI utilization Order amount also increased year-on-year in 2024 (+5.3%) and exceeded the high growth recorded 2023

Enhance Efficiency of Sales Activities

AI supports sales activities in a variety of situations
(some examples here)



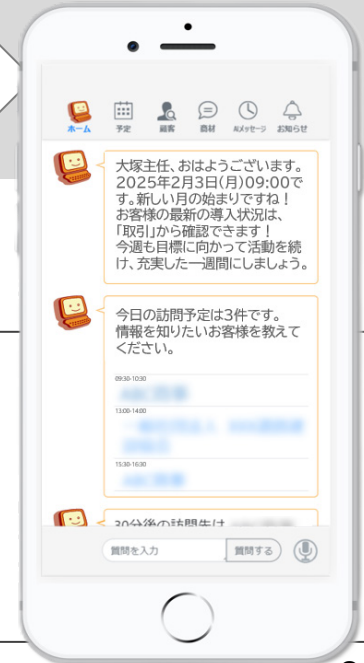
Young employee training

AI that has acquired excellent sales know-how recommends approach methods, etc.

Personal secretary for sales

(Provide information tailored to destinations/
visualization of relationships with customers, etc.)

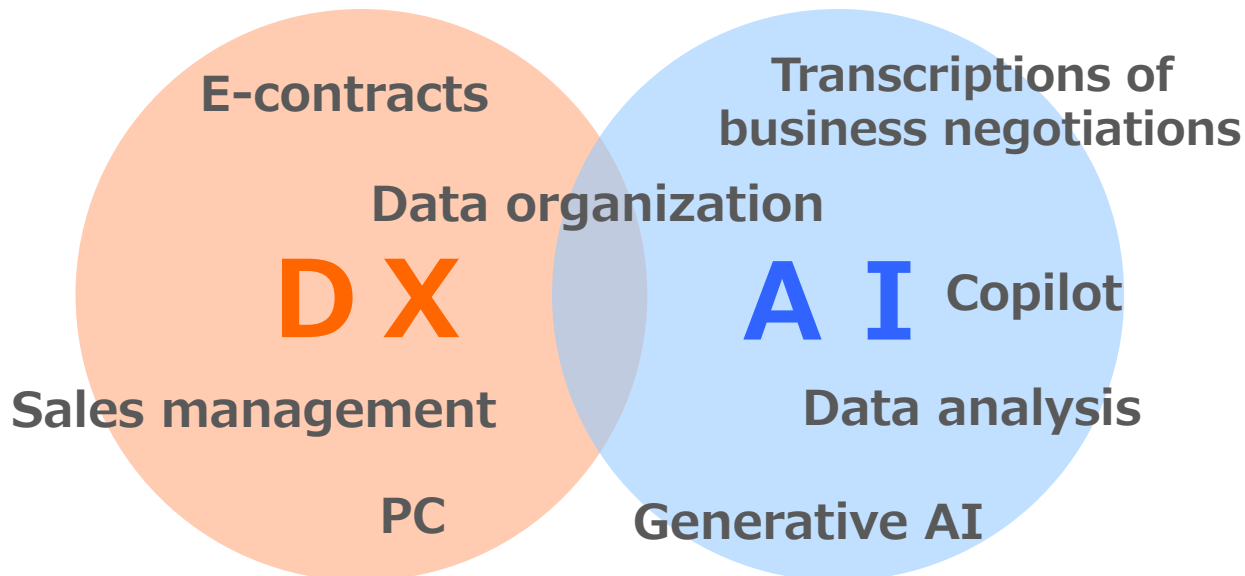
AI assistant



Basic Policy for 2025

Slogan

Getting close to customers and
growing together with customers
through **DX** and **AI**



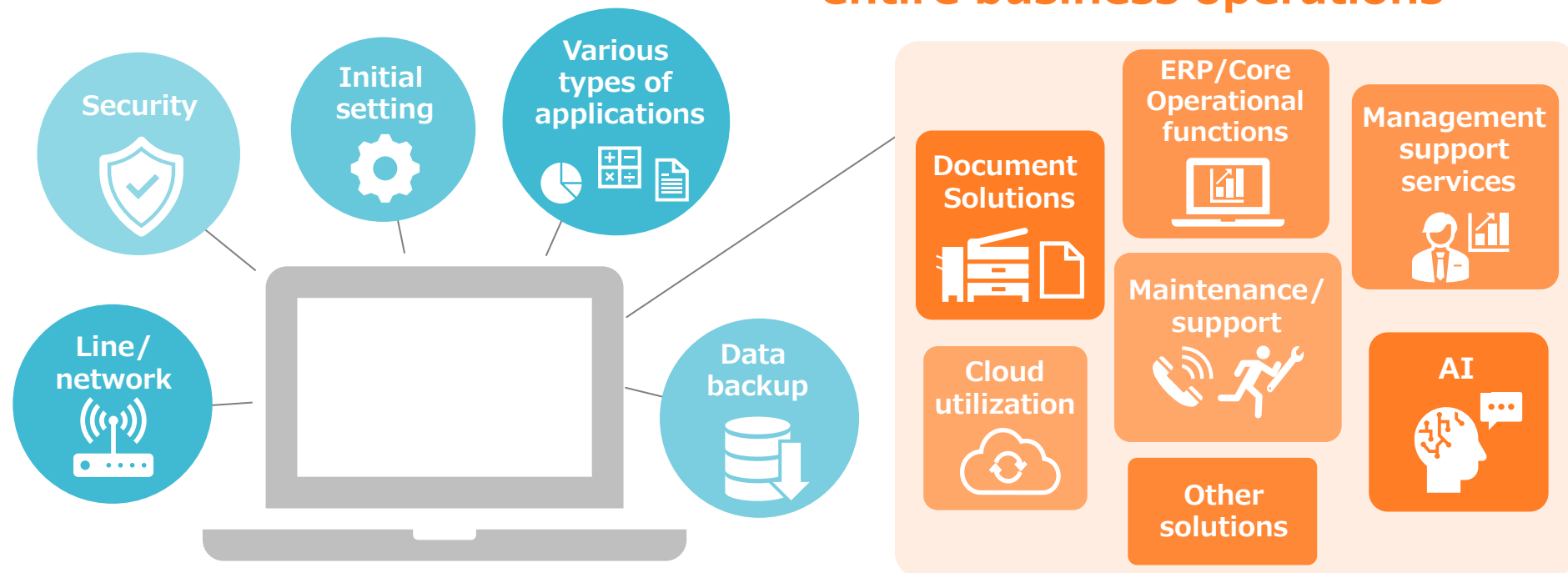
Entire Office Starting with PCs

Moves to replace EOS began from the second half of 2024

From “PC problems”



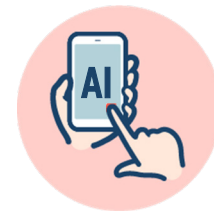
to “**solving issues across entire business operations**”



Toward “Entire Office” along with PC transactions

July 2024 ~
Company-wide deployment

AI Happiness



Spiritual capital
(= increase "positive spirit")

Psychological safety
(= Increase "sense of unity of the organization")



Promote well-being

Employee

=

Corporate

growth

growth

Correlation between happiness and business results

(excerpt from internal conference materials in January 2025. In the case of "A" branch)

Enhanced **business results** due to improvements in
spiritual capital and **psychological safety**

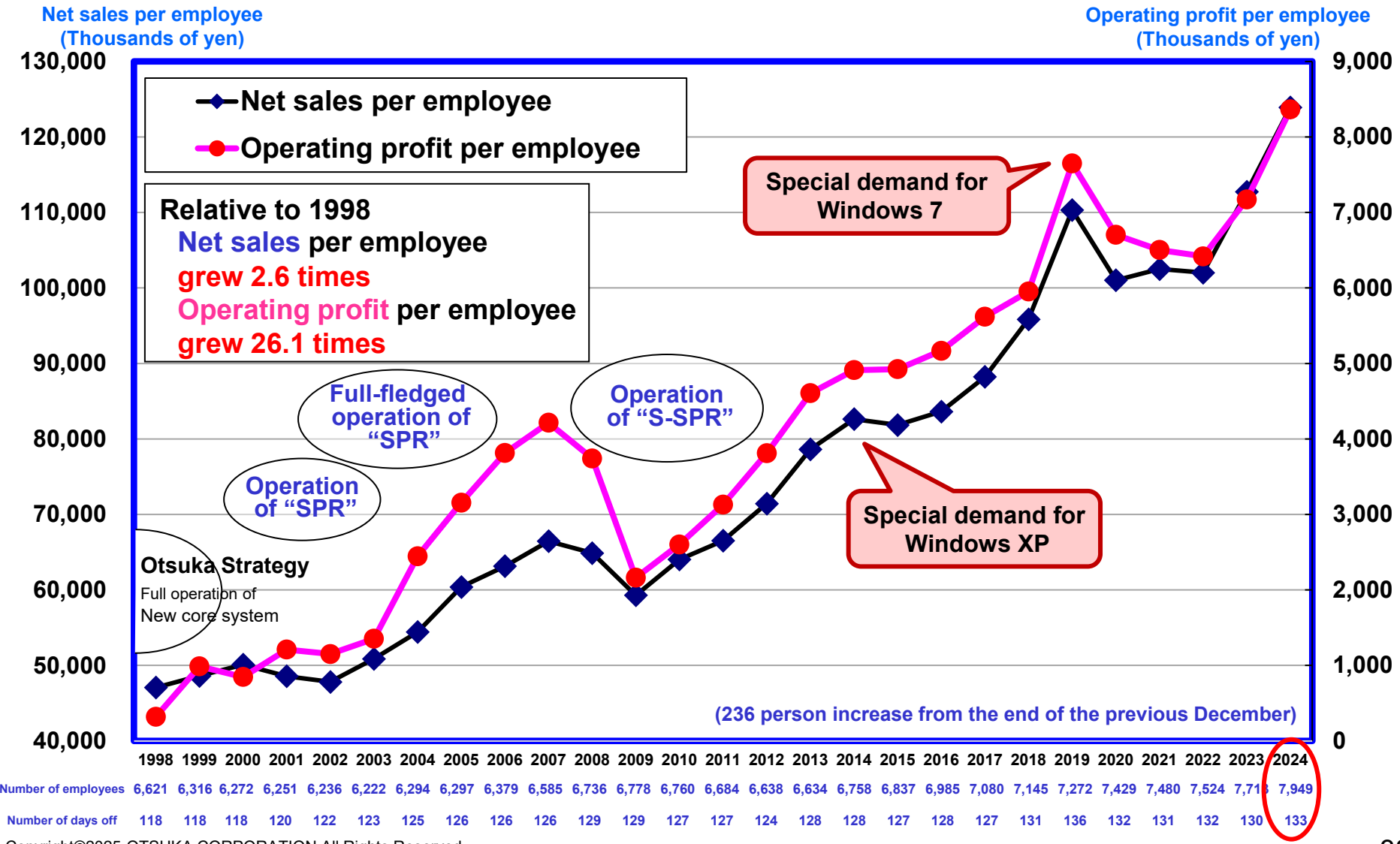


+



Non-Consolidated

Change of Net sales per employee and Operating profit per employee



2025 plans

Consolidated

Plans of Net sales and profit

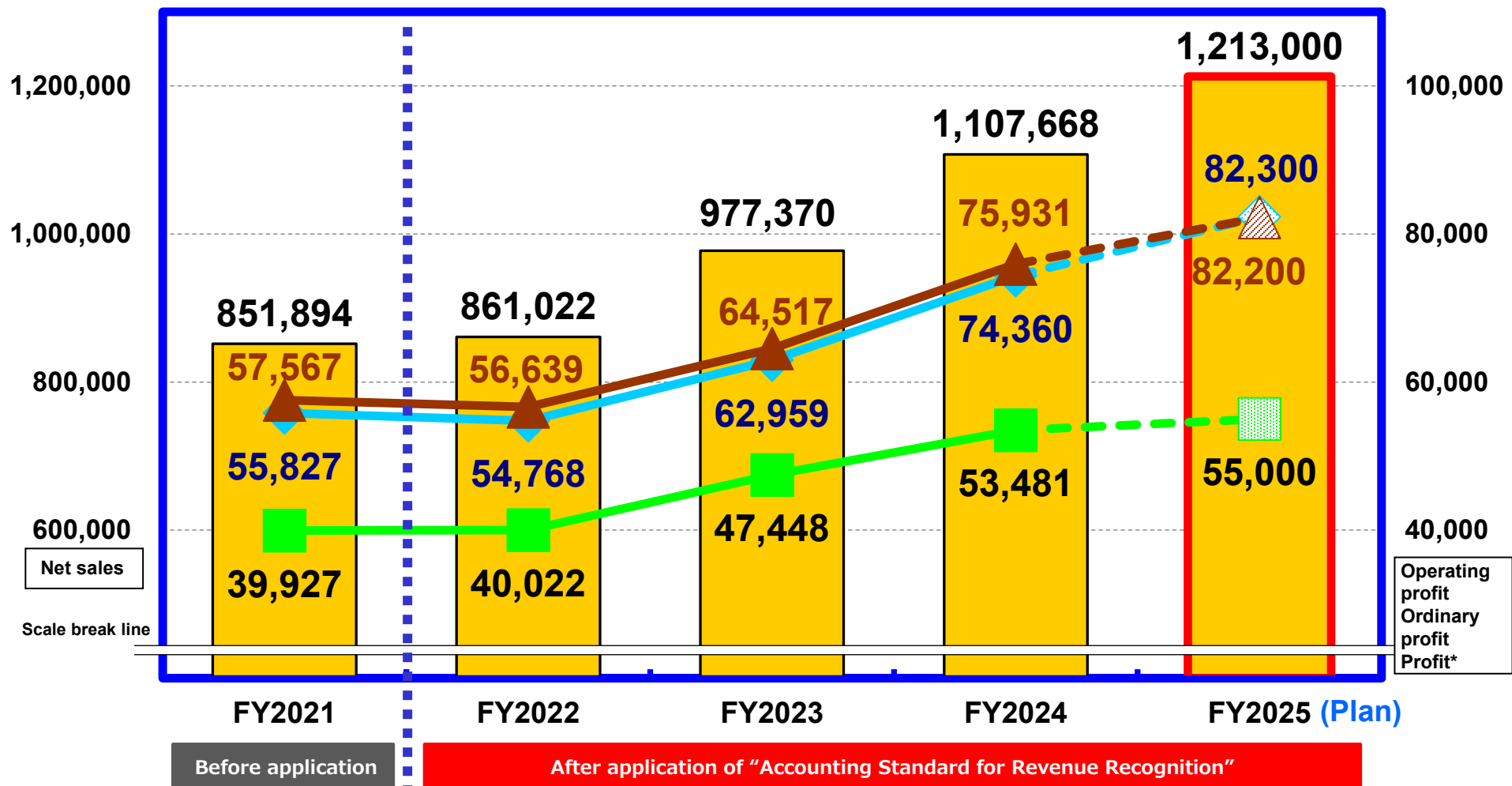
(Millions of yen)

Net sales

Operating profit

Ordinary profit

Profit*
*Profit attributable to owners of parent

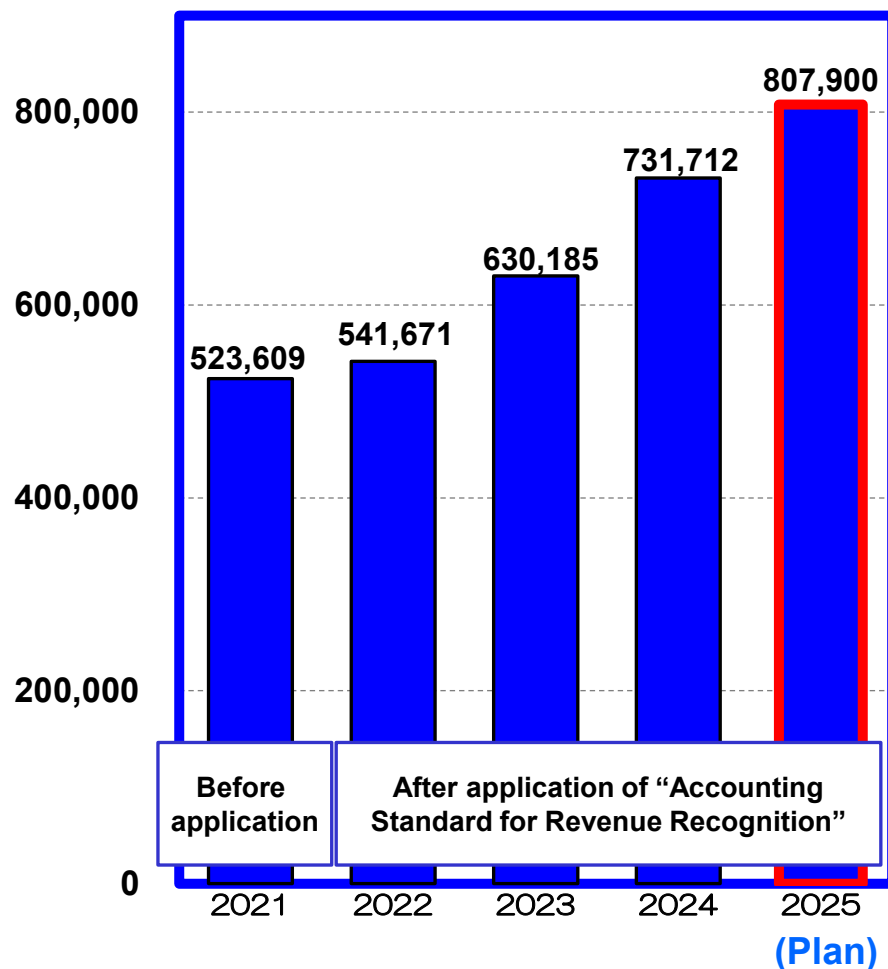


Consolidated

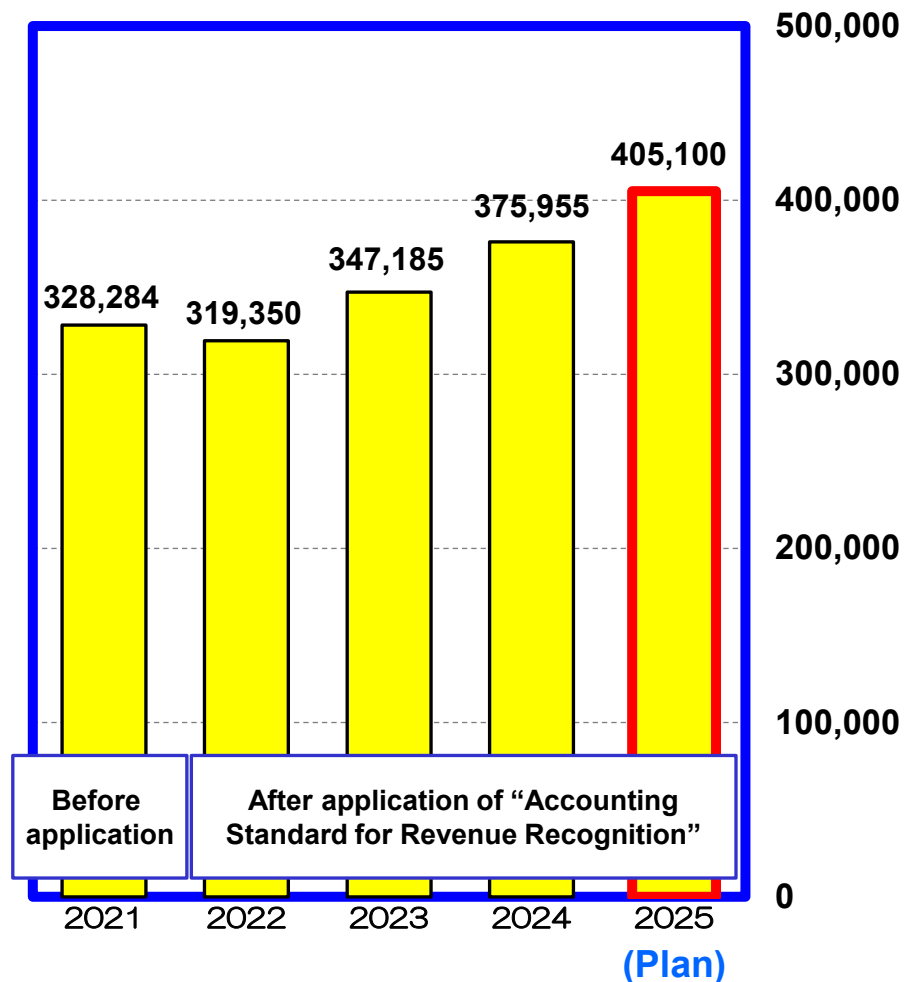
Plans of Net sales by segments

(Millions of yen)

■ SI Business

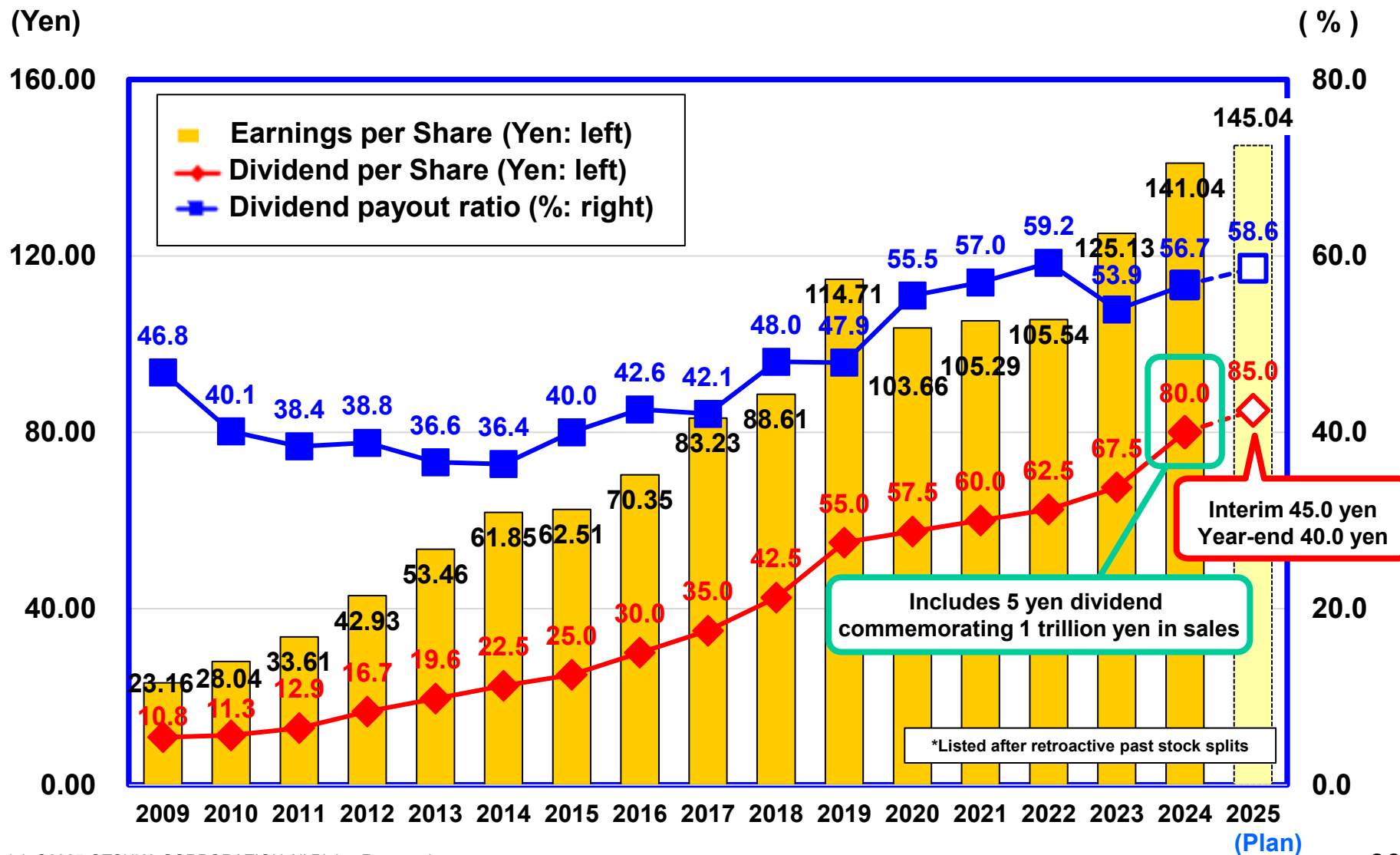


■ S&S Business



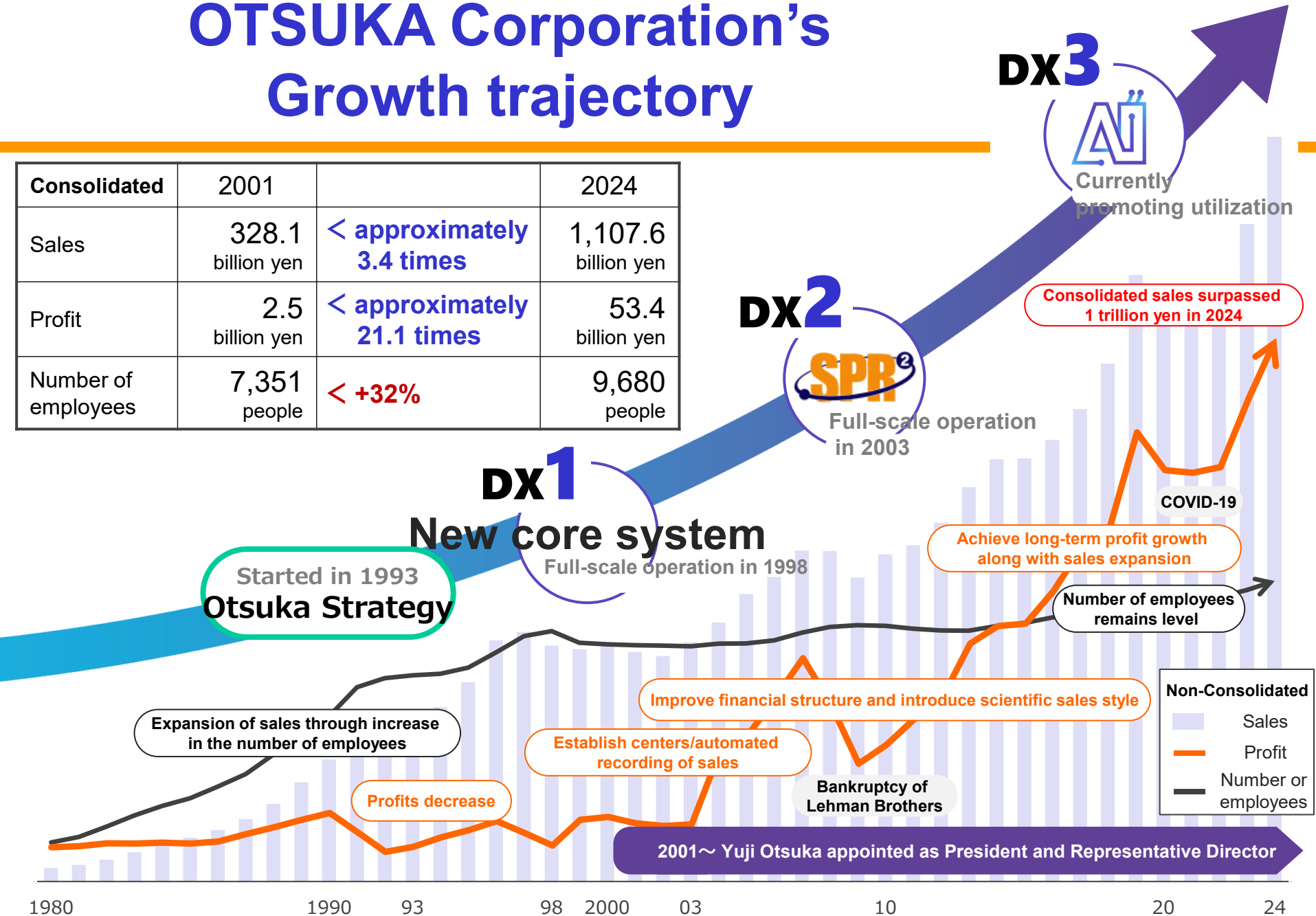
Consolidated

Dividends



OTSUKA Corporation's Growth trajectory

Consolidated	2001		2024
Sales	328.1 billion yen	< approximately 3.4 times	1,107.6 billion yen
Profit	2.5 billion yen	< approximately 21.1 times	53.4 billion yen
Number of employees	7,351 people	< +32%	9,680 people



Sharing OTSUKA's Own Experiences

Three important steps for
DX and AI utilization

STEP 1

Preparation of master·data

Preparation of master and data
are important as the first step
in DX and AI utilization

STEP 2

Alignment and accumulation of data

Accumulation of data
suitable for analysis and
utilization is important



STEP 3

AI utilization



Data preparation and accumulation
is important for undertaking
analysis, prediction, and
examination that utilizes AI

Prediction

Analysis

Examination

"Otsuka Strategy"

OTSUKA's
initiatives

- Master·data preparation
- Automation·centralization



- Integration of core systems·
information systems
- Generation of clean data



AI utilization in various
situations such as for
enhancing efficiency of sales
activities and AI happiness

Provide this know-how to customers and support
DX and AI utilization

A 100-Year Company

Becoming a 100-year company by realizing our Mission Statement

- Data-driven management such as the Otsuka Strategy
- AI sales activity support
- SPR utilization

Creating time for getting close to customers by raising productivity

Raising productivity by DX&AI

Strengthening human capital

- Providing various types of support systems and training opportunities
- Supporting self-realization
- AI happiness

Creating environments where employees can work with enthusiasm and improve engagement

Grow together with customers with all products

Entire Office

From one-time transactions to life-long customers

Stock business

Realizing our
Mission Statement

Toward becoming
a 100-year-old company

Jissen (Practical) Solution Fair 2025



Tokyo

February 5, 2025 (Wednesday) to February 7 (Friday)

Osaka

February 19, 2025 (Wednesday) to February 20 (Thursday)

Online

February 25, 2025 (Tuesday) to March 31 (Monday)

Expanding through **AI** !
Entire **DX**



Cautionary statement

1. This material is intended to provide information about the business performance of fiscal year 2024 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.