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February 3, 2025

## Consolidated Financial Report for the Fiscal Year Ended December 31, 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 of Ordinary General Meeting of Shareholders: March 27, 2025

Scheduled date to commence dividend payments: March 28, 2025

Scheduled date to file Securities Report: March 27, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results presentation meeting: Yes (for analysts)

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

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

#### (1) Consolidated results of operations

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	1,107,668	13.3	74,360	18.1	75,931	17.7	53,481	12.7
December 31, 2023	977,370	13.5	62,959	15.0	64,517	13.9	47,448	18.6

Note) Comprehensive Income For the fiscal year ended December 31, 2024: 54,087 million yen [12.5%]

For the fiscal year ended December 31, 2023: 48,066 million yen [ 9.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	yen	yen	%	%	%
December 31, 2024	141.04	—	15.0	12.3	6.7
December 31, 2023	125.13	—	14.3	11.9	6.4

Reference) Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2024: 862 million yen

For the fiscal year ended December 31, 2023: 825 million yen

\* 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 fiscal year ended December 31, 2024 and the fiscal year ended December 31, 2023, not considering the stock split, are 282.08 yen and 250.26 yen, respectively.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
December 31, 2024	673,903	375,247	55.0	977.84
December 31, 2023	561,805	346,950	61.1	904.83

Reference) Equity As of December 31, 2024: 370,799 million yen

As of December 31, 2023: 343,112 million yen

\* The net assets per share stated above are calculated on the assumption that the stock split described in "(1) Consolidated results of operations" was implemented at the beginning of the previous fiscal year (Fiscal Year 2023). The net assets per share as of December 31, 2024 and December 31, 2023, not considering the stock split, are 1,955.69 yen and 1,809.66 yen, respectively.

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	37,711	(11,949)	(25,891)	229,488
December 31, 2023	71,649	(21,473)	(23,839)	229,615

## 2. Dividends

	Annual dividends					Total dividend payments (total)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Fiscal year ended December 31, 2023	—	0.00	—	135.00	135.00	25,596	53.9	7.7
Fiscal year ended December 31, 2024	—	0.00	—	80.00	80.00	30,336	56.7	8.5
Fiscal year ending December 31, 2025 (forecast)	—	45.00	—	40.00	85.00		58.6	

Note) Breakdown of Dividends for the fiscal year ended December 31, 2024

Ordinary dividend 75.00 yen

Commemorative dividend 5.00 yen (sales breakthrough 1 trillion yen)

\* The annual dividends per share for the fiscal year ended December 31, 2024 and the fiscal year ending December 31, 2025 (forecast) stated above indicate amounts calculated in consideration of the stock split described in "1. Consolidated Financial Results." The annual dividends per share for the fiscal year ended December 31, 2024 and the fiscal year ending December 31, 2025 (forecast), not considering the stock split, are 160.00 yen and 170.00 yen, respectively. The dividend payout ratio (consolidated) and the ratio of dividends to net assets (consolidated) for the fiscal year ended December 31, 2024 stated above are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year (Fiscal Year 2024).

## 3. Consolidated Financial Forecasts for the Fiscal Year Ending December 31, 2025 (From January 1, 2025 to December 31, 2025)

(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
Six months ending June 30, 2025	647,100	13.6	45,300	16.6	45,730	14.7	30,420	13.0	80.22
Full-Year	1,213,000	9.5	82,300	10.7	82,200	8.3	55,000	2.8	145.04

Note) 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.

\* Notes

(1) Significant changes in the scope of consolidation during the period: No

(2) 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

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of December 31, 2024:	380,004,240 shares
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As of December 31, 2023:	380,004,240 shares
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2) Number of treasury shares at the end of the period

As of December 31, 2024:	803,041 shares
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As of December 31, 2023:	802,396 shares
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3) Average number of shares during the period

Fiscal Year 2024:	379,201,392 shares
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Fiscal Year 2023:	379,201,919 shares
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\* 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).

**\* Financial reports are not subject to audit procedures to be conducted by certified public accountants or an audit firm.**

**Consolidated Balance Sheets**

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	228,692	228,136
Notes and accounts receivable - trade, and contract assets	155,269	200,952
Merchandise	36,068	71,935
Work in process	1,413	1,668
Raw materials and supplies	755	815
Other	37,689	65,482
Allowance for doubtful accounts	(93)	(147)
Total current assets	459,794	568,843
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,925	50,418
Accumulated depreciation and impairment	(36,094)	(36,468)
Buildings and structures, net	13,831	13,950
Land	14,448	14,448
Other	17,389	18,434
Accumulated depreciation and impairment	(10,994)	(11,920)
Other, net	6,394	6,514
Total property, plant and equipment	34,674	34,913
Intangible assets		
Software	16,006	20,224
Other	59	59
Total intangible assets	16,065	20,283
Investments and other assets		
Investment securities	26,306	22,815
Guarantee deposits	3,108	3,215
Deferred tax assets	8,026	9,797
Deferred tax assets for land revaluation	2,448	2,448
Other	11,507	11,967
Allowance for doubtful accounts	(127)	(380)
Total investments and other assets	51,270	49,863
Total non-current assets	102,010	105,060
Total assets	561,805	673,903

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	105,485	162,266
Electronically recorded obligations - operating	19,831	17,528
Short-term borrowings	4,400	4,300
Income taxes payable	9,495	13,790
Contract liabilities	16,443	17,762
Provision for bonuses	4,480	5,261
Other	43,126	68,783
Total current liabilities	203,263	289,692
Non-current liabilities		
Long-term borrowings	1,700	1,700
Lease liabilities	1,204	861
Provision for retirement benefits for directors (and other officers)	644	613
Retirement benefit liability	6,961	4,695
Other	1,080	1,094
Total non-current liabilities	11,591	8,964
Total liabilities	214,854	298,656
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	311,537	339,422
Treasury shares	(141)	(143)
Total shareholders' equity	338,025	365,909
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,424	5,891
Deferred gains or losses on hedges	(35)	133
Revaluation reserve for land	(5,269)	(5,269)
Foreign currency translation adjustment	289	363
Remeasurements of defined benefit plans	2,678	3,771
Total accumulated other comprehensive income	5,087	4,889
Non-controlling interests	3,838	4,447
Total net assets	346,950	375,247
Total liabilities and net assets	561,805	673,903

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

### Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2023 (Year ended December 31, 2023)	Fiscal Year 2024 (Year ended December 31, 2024)
Net sales	977,370	1,107,668
Cost of sales	773,392	883,196
Gross profit	203,978	224,471
Selling, general and administrative expenses	141,019	150,110
Operating profit	62,959	74,360
Non-operating income		
Interest income	18	86
Dividend income	380	397
Income from recycling	199	238
Share of profit of entities accounted for using equity method	825	862
Foreign exchange gains	362	696
Other	437	456
Total non-operating income	2,224	2,739
Non-operating expenses		
Interest expenses	41	55
Donations	619	955
Provision of allowance for doubtful accounts	—	150
Other	5	7
Total non-operating expenses	665	1,168
Ordinary profit	64,517	75,931
Extraordinary income		
Gain on sale of non-current assets	707	—
Gain on sale of investment securities	119	11
Other	12	—
Total extraordinary income	839	11
Extraordinary losses		
Loss on retirement of non-current assets	26	94
Impairment losses	245	85
Loss on valuation of investment securities	190	1,923
Other	2	—
Total extraordinary losses	464	2,103
Profit before income taxes	64,892	73,840
Income taxes-current	17,542	21,277
Income taxes-deferred	(738)	(1,663)
Total Income taxes	16,803	19,613
Profit	48,089	54,226
Profit attributable to non-controlling interests	640	744
Profit attributable to owners of parent	47,448	53,481

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2023 (Year ended December 31, 2023)	Fiscal Year 2024 (Year ended December 31, 2024)
Profit	48,089	54,226
Other comprehensive income		
Valuation difference on available-for-sale securities	585	(1,539)
Deferred gains or losses on hedges	(10)	206
Remeasurements of defined benefit plans, net of tax	(689)	1,088
Share of other comprehensive income of entities accounted for using equity method	91	105
Total other comprehensive income	(22)	(138)
Comprehensive income	48,066	54,087
(Breakdown)		
Comprehensive income attributable to owners of parent	47,424	53,284
Comprehensive income attributable to non-controlling interests	641	802

## **Consolidated Statements of Changes in Net Assets**

Fiscal Year Ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,374	16,254	288,660	(140)	315,149
Changes during period					
Dividends of surplus			(23,700)		(23,700)
Profit attributable to owners of parent			47,448		47,448
Reversal of revaluation reserve for land			(871)		(871)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	22,876	(0)	22,876
Balance at end of period	10,374	16,254	311,537	(141)	338,025

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,835	(26)	(6,141)	200	3,371	4,239	3,343	322,732
Changes during period								
Dividends of surplus								(23,700)
Profit attributable to owners of parent								47,448
Reversal of revaluation reserve for land								(871)
Purchase of treasury shares								(0)
Net changes in items other than shareholders' equity	588	(8)	871	88	(693)	847	494	1,342
Total changes during period	588	(8)	871	88	(693)	847	494	24,218
Balance at end of period	7,424	(35)	(5,269)	289	2,678	5,087	3,838	346,950



Fiscal Year Ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,374	16,254	311,537	(141)	338,025
Changes during period					
Dividends of surplus			(25,596)		(25,596)
Profit attributable to owners of parent			53,481		53,481
Purchase of treasury shares				(2)	(2)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	27,885	(2)	27,883
Balance at end of period	10,374	16,254	339,422	(143)	365,909

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,424	(35)	(5,269)	289	2,678	5,087	3,838	346,950
Changes during period								
Dividends of surplus								(25,596)
Profit attributable to owners of parent								53,481
Purchase of treasury shares								(2)
Net changes in items other than shareholders' equity	(1,532)	168	—	74	1,093	(197)	609	412
Total changes during period	(1,532)	168	—	74	1,093	(197)	609	28,296
Balance at end of period	5,891	133	(5,269)	363	3,771	4,889	4,447	375,247

## **Consolidated Statements of Cash Flows**

	(Millions of yen)	
	Fiscal Year 2023 (Year ended December 31, 2023)	Fiscal Year 2024 (Year ended December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	64,892	73,840
Depreciation	7,934	8,434
Impairment losses	245	85
Increase (decrease) in allowance for doubtful accounts	22	307
Interest and dividend income	(398)	(484)
Interest expenses	41	55
Share of loss (profit) of entities accounted for using equity method	(825)	(862)
Loss on retirement of non-current assets	26	94
Loss (gain) on sale of non-current assets	(707)	—
Loss (gain) on sale of investment securities	(116)	(11)
Loss (gain) on valuation of investment securities	190	1,923
Decrease (increase) in trade receivables	(2,875)	(45,839)
Decrease (increase) in inventories	6,595	(36,182)
Increase (decrease) in trade payables	6,357	54,477
Other, net	6,841	(1,712)
Subtotal	88,221	54,124
Interest and dividends received	726	818
Interest paid	(39)	(55)
Income taxes paid	(17,258)	(17,176)
Net cash provided by (used in) operating activities	71,649	37,711
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,990)	(3,217)
Proceeds from sale of property, plant and equipment	1,672	—
Purchase of software	(6,356)	(8,869)
Purchase of investment securities	(2,407)	(28)
Proceeds from sale of investment securities	129	20
Payments into time deposits	(10,000)	—
Other, net	(521)	146
Net cash provided by (used in) investing activities	(21,473)	(11,949)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	(100)
Proceeds from long-term borrowings	1,700	—
Repayments of long-term borrowings	(1,700)	—
Dividends paid	(23,691)	(25,595)
Other, net	(147)	(195)
Net cash provided by (used in) financing activities	(23,839)	(25,891)
Effect of exchange rate change on cash and cash equivalents	3	1
Net increase (decrease) in cash and cash equivalents	26,340	(127)
Cash and cash equivalents at beginning of period	203,274	229,615
Cash and cash equivalents at end of period	229,615	229,488

## **Segment Information**

### **1. Overview of reportable segments**

The reportable segments of the Companies are periodically examined by the Board of Directors for the purpose of deciding the allocation of business resources and evaluating the operating results. The Companies' main businesses are "System Integration," whose business fields encompass the construction of information systems and their cutover, and "Service and Support," which has support following the cutover of systems as its business field.

Therefore, the Companies are composed of two reportable segments, "System Integration business" and "Service and Support business."

The details of the two segments are as follows. The "System Integration business" provides optimized system services ranging from consulting to system design and development, transport and installation work and network construction. The "Service and Support business" provides customers with services such as distributing supplies, hardware and software maintenance, telephone support and outsourcing to support the installed systems and their business operations, totally.

### **2. Information concerning net sales, segment profit/loss, segment assets and other items by reportable segments**

Fiscal Year Ended December 31, 2023

(Millions of yen)

	Reportable segments		Total	Adjustment	Amount recorded in consolidated financial statements
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	630,185	347,185	977,370	—	977,370
Inter-segment sales/transfers	97	609	706	(706)	—
Total	630,282	347,794	978,077	(706)	977,370
Segment profit	57,581	15,836	73,418	(10,458)	62,959
Segment assets	200,886	128,871	329,758	232,047	561,805
Other items					
Depreciation	4,235	3,078	7,314	619	7,934
Investments in affiliates accounted for using equity method	1,593	6,669	8,263	—	8,263
Increase in property, plant and equipment and intangible assets	4,844	5,248	10,092	253	10,346

Fiscal Year Ended December 31, 2024

(Millions of yen)

	Reportable segments		Total	Adjustment	Amount recorded in consolidated financial statements
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	731,712	375,955	1,107,668	—	1,107,668
Inter-segment sales/transfers	83	742	826	(826)	—
Total	731,796	376,697	1,108,494	(826)	1,107,668
Segment profit	65,900	20,382	86,283	(11,922)	74,360
Segment assets	304,348	135,225	439,573	234,330	673,903
Other items					
Depreciation	4,711	3,182	7,893	541	8,434
Investments in affiliates accounted for using equity method	1,829	7,068	8,897	—	8,897
Increase in property, plant and equipment and intangible assets	6,764	5,063	11,827	259	12,087