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February 2, 2026

**Consolidated Financial Report
for the Fiscal Year Ended December 31, 2025
<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, 2026

Scheduled date to commence dividend payments: March 30, 2026

Scheduled date to file Securities Report: March 26, 2026

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, 2025 (From January 1, 2025 to December 31, 2025)

(1) Consolidated results of operations

(Percentages indicate year-on-year changes.)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended	Millions of yen %			
December 31, 2025	1,322,791 19.4	89,943 21.0	91,525 20.5	64,303 20.2
December 31, 2024	1,107,668 13.3	74,360 18.1	75,931 17.7	53,481 12.7

Note) Comprehensive Income For the fiscal year ended December 31, 2025: 71,964 million yen [33.1%]

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

	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, 2025	169.58	169.10	16.8	13.0	6.8
December 31, 2024	141.04	—	15.0	12.3	6.7

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

For the fiscal year ended December 31, 2025: 727 million yen

For the fiscal year ended December 31, 2024: 862 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 2024).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of December 31, 2025	Millions of yen 729,200	Millions of yen 399,588	% 54.1	yen 1,039.88
December 31, 2024	673,903	375,247	55.0	977.84

Reference) Equity As of December 31, 2025: 394,324 million yen

As of December 31, 2024: 370,799 million yen

*The Company implemented a two-for-one stock split of its common stock with an effective date of April 1, 2024. Accordingly, net assets 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 2024).

(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 December 31, 2025	Millions of yen 92,218	Millions of yen (20,475)	Millions of yen (47,613)	Millions of yen 253,620
December 31, 2024	37,711	(11,949)	(25,891)	229,488

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			
Fiscal year ended December 31, 2024	yen —	yen 0.00	yen —	yen 80.00	yen 80.00	Millions of yen 30,336	% 56.7	% 8.5
Fiscal year ended December 31, 2025	—	45.00	—	45.00	90.00	34,128	53.1	8.9
Fiscal year ending December 31, 2026 (forecast)	—	50.00	—	45.00	95.00		58.9	

Note) 1. Breakdown of Dividends for the fiscal year ended December 31, 2024

Ordinary dividend 75.00 yen

Commemorative dividend 5.00 yen (the consolidated net sales breakthrough 1 trillion yen)

2. The Company commenced a payment of interim dividends from the fiscal year ended December 31, 2025.

3. Consolidated Financial Forecasts for the Fiscal Year Ending December 31, 2026 (From January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share				
Six months ending June 30, 2026	Millions of yen 689,300	% (0.8)	Millions of yen 48,700	% (1.0)	Millions of yen 48,800	% (2.6)	Millions of yen 33,250	% (2.6)	yen 87.68
Full-Year	1,311,000	(0.9)	90,000	0.1	90,100	(1.6)	61,130	(4.9)	161.21

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.: Yes	
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, 2025:	380,004,240 shares
As of December 31, 2024:	380,004,240 shares
2) Number of treasury shares at the end of the period	
As of December 31, 2025:	803,041 shares
As of December 31, 2024:	803,041 shares
3) Average number of shares during the period	
Fiscal Year 2025:	379,201,199 shares
Fiscal Year 2024:	379,201,392 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 2024).

*** 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, 2024 As of December 31, 2025

Assets

Current assets

Cash and deposits	228,136	252,058
Notes and accounts receivable - trade, and contract assets	200,952	219,579
Merchandise	71,935	53,670
Work in process	1,668	1,462
Raw materials and supplies	815	864
Returned assets	26,484	37,769
Other	38,997	40,272
Allowance for doubtful accounts	(147)	(163)
Total current assets	568,843	605,514

Non-current assets

Property, plant and equipment

Buildings and structures	50,418	51,225
Accumulated depreciation and impairment	(36,468)	(37,125)
Buildings and structures, net	13,950	14,100
Land	14,448	14,448
Other	18,434	20,672
Accumulated depreciation and impairment	(11,920)	(13,421)
Other, net	6,514	7,251
Total property, plant and equipment	34,913	35,800

Intangible assets

Software	20,224	30,551
Other	59	59
Total intangible assets	20,283	30,610

Investments and other assets

Investment securities	22,815	25,124
Guarantee deposits	3,215	3,861
Retirement benefit asset	—	6,282
Deferred tax assets	9,797	7,530
Deferred tax assets for land revaluation	2,448	2,520
Other	11,967	12,437
Allowance for doubtful accounts	(380)	(482)
Total investments and other assets	49,863	57,274
Total non-current assets	105,060	123,685
Total assets	673,903	729,200

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	162,266	159,850
Electronically recorded obligations - operating	17,528	26,739
Short-term borrowings	4,300	4,300
Current portion of long-term borrowings	—	1,700
Income taxes payable	13,790	16,807
Contract liabilities	17,762	17,127
Refund liabilities	26,964	39,247
Provision for bonuses	5,261	5,697
Other	41,819	51,341
Total current liabilities	289,692	322,810
Non-current liabilities		
Long-term borrowings	1,700	—
Lease liabilities	861	1,182
Provision for retirement benefits for directors (and other officers)	613	662
Retirement benefit liability	4,695	3,811
Other	1,094	1,144
Total non-current liabilities	8,964	6,801
Total liabilities	298,656	329,611
Net assets		
Shareholders' equity		
Share capital	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	339,422	356,326
Treasury shares	(143)	(143)
Total shareholders' equity	365,909	382,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,891	7,673
Deferred gains or losses on hedges	133	551
Revaluation reserve for land	(5,269)	(5,201)
Foreign currency translation adjustment	363	445
Remeasurements of defined benefit plans	3,771	8,042
Total accumulated other comprehensive income	4,889	11,511
Non-controlling interests	4,447	5,264
Total net assets	375,247	399,588
Total liabilities and net assets	673,903	729,200

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2024 (Year ended December 31, 2024)	Fiscal Year 2025 (Year ended December 31, 2025)
Net sales	1,107,668	1,322,791
Cost of sales	883,196	1,070,616
Gross profit	224,471	252,174
Selling, general and administrative expenses	150,110	162,231
Operating profit	74,360	89,943
Non-operating income		
Interest income	86	330
Dividend income	397	440
Income from recycling	238	293
Share of profit of entities accounted for using equity method	862	727
Foreign exchange gains	696	572
Other	456	434
Total non-operating income	2,739	2,799
Non-operating expenses		
Interest expenses	55	67
Donations	955	1,145
Provision of allowance for doubtful accounts	150	—
Other	7	5
Total non-operating expenses	1,168	1,217
Ordinary profit	75,931	91,525
Extraordinary income		
Gain on sale of investment securities	11	5
Total extraordinary income	11	5
Extraordinary losses		
Loss on retirement of non-current assets	94	61
Impairment losses	85	114
Loss on valuation of investment securities	1,923	757
Loss on change in equity	—	140
Other	—	2
Total extraordinary losses	2,103	1,077
Profit before income taxes	73,840	90,453
Income taxes-current	21,277	26,217
Income taxes-deferred	(1,663)	(962)
Total Income taxes	19,613	25,254
Profit	54,226	65,198
Profit attributable to non-controlling interests	744	895
Profit attributable to owners of parent	53,481	64,303

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2024 (Year ended December 31, 2024)	Fiscal Year 2025 (Year ended December 31, 2025)
Profit	54,226	65,198
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,539)	1,795
Deferred gains or losses on hedges	206	512
Revaluation reserve for land	—	68
Remeasurements of defined benefit plans, net of tax	1,088	4,320
Share of other comprehensive income of entities accounted for using equity method	105	68
Total other comprehensive income	(138)	6,765
Comprehensive income	54,087	71,964
(Breakdown)		
Comprehensive income attributable to owners of parent	53,284	70,925
Comprehensive income attributable to non-controlling interests	802	1,039

Consolidated Statements of Changes in Net Assets

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

Fiscal Year Ended December 31, 2025

(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	339,422	(143)	365,909
Changes during period					
Dividends of surplus			(47,400)		(47,400)
Profit attributable to owners of parent			64,303		64,303
Purchase of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	16,903	—	16,903
Balance at end of period	10,374	16,254	356,326	(143)	382,812

	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	5,891	133	(5,269)	363	3,771	4,889	4,447	375,247
Changes during period								
Dividends of surplus								(47,400)
Profit attributable to owners of parent								64,303
Purchase of treasury shares								—
Net changes in items other than shareholders' equity	1,782	418	68	81	4,270	6,621	816	7,438
Total changes during period	1,782	418	68	81	4,270	6,621	816	24,341
Balance at end of period	7,673	551	(5,201)	445	8,042	11,511	5,264	399,588

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal Year 2024 (Year ended December 31, 2024)	Fiscal Year 2025 (Year ended December 31, 2025)
Cash flows from operating activities		
Profit before income taxes	73,840	90,453
Depreciation	8,434	9,340
Impairment losses	85	114
Increase (decrease) in allowance for doubtful accounts	307	117
Interest and dividend income	(484)	(771)
Interest expenses	55	67
Share of loss (profit) of entities accounted for using equity method	(862)	(727)
Loss on retirement of non-current assets	94	61
Loss (gain) on sale of investment securities	(11)	(5)
Loss (gain) on valuation of investment securities	1,923	757
Loss (gain) on change in equity	—	140
Decrease (increase) in trade receivables	(45,839)	(18,675)
Decrease (increase) in inventories	(36,182)	18,422
Increase (decrease) in trade payables	54,477	6,794
Other, net	(1,712)	8,416
Subtotal	54,124	114,506
Interest and dividends received	818	1,136
Interest paid	(55)	(66)
Income taxes paid	(17,176)	(23,357)
Net cash provided by (used in) operating activities	37,711	92,218
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,217)	(4,372)
Purchase of software	(8,869)	(15,654)
Purchase of investment securities	(28)	(69)
Proceeds from sale of investment securities	20	8
Payments into time deposits	—	(100)
Other, net	146	(286)
Net cash provided by (used in) investing activities	(11,949)	(20,475)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	—
Dividends paid	(25,595)	(47,390)
Other, net	(195)	(222)
Net cash provided by (used in) financing activities	(25,891)	(47,613)
Effect of exchange rate change on cash and cash equivalents	1	3
Net increase (decrease) in cash and cash equivalents	(127)	24,132
Cash and cash equivalents at beginning of period	229,615	229,488
Cash and cash equivalents at end of period	229,488	253,620

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.

(Matters related to changes in the reportable segments, etc.)

From the fiscal year ended December 31, 2025, the company has changed the classification method between "System Integration business" and "Service and Support business" pursuant to partially revision of performance management categories for consolidated subsidiaries.

Segment information for the fiscal year ended December 31, 2024 has been prepared based on the new classification method of reportable segments.

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

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	727,814	379,853	1,107,668	—	1,107,668
Inter-segment sales/transfers	1,103	1,392	2,496	(2,496)	—
Total	728,918	381,245	1,110,164	(2,496)	1,107,668
Segment profit	63,914	22,355	86,269	(11,909)	74,360
Segment assets	281,058	136,765	417,823	256,080	673,903
Other items					
Depreciation	4,924	3,279	8,204	230	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	7,095	5,035	12,131	(43)	12,087

Fiscal Year Ended December 31, 2025

(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	902,915	419,875	1,322,791	—	1,322,791
Inter-segment sales/transfers	943	1,743	2,686	(2,686)	—
Total	903,858	421,618	1,325,477	(2,686)	1,322,791
Segment profit	73,572	29,497	103,069	(13,126)	89,943
Segment assets	293,347	156,269	449,617	279,582	729,200
Other items					
Depreciation	5,302	3,665	8,967	373	9,340
Investments in affiliates accounted for using equity method	2,056	7,126	9,183	—	9,183
Increase in property, plant and equipment and intangible assets	10,888	9,252	20,140	(113)	20,027