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August 1, 2025

Consolidated Financial Report for the Six Months Ended June 30, 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 to file semi-annual securities report: August 8, 2025

Scheduled date to commence dividend payments: September 3, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for analysts)

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2025 (From January 1, 2025 to June 30, 2025)

(1) Consolidated results of operations (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2025	695,132	22.0	49,173	26.6	50,099	25.7	34,127	26.7
June 30, 2024	569,722	9.3	38,843	5.8	39,852	5.9	26,930	6.0

Note) Comprehensive Income: For the six months ended June 30, 2025: 36,992 million yen [36.1%]

For the six months ended June 30, 2024: 27,184 million yen [4.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	yen	yen
June 30, 2025	90.00	—
June 30, 2024	71.02	—

* 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
As of	Millions of yen	Millions of yen	%
June 30, 2025	729,857	381,680	51.7
December 31, 2024	673,903	375,247	55.0

Reference) Equity: As of June 30, 2025: 377,104 million yen

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

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal Year ended December 31, 2024	—	0.00	—	80.00	80.00
Fiscal Year ending December 31, 2025	—	45.00			
Fiscal Year ending December 31, 2025 (forecast)			—	40.00	85.00

Note) 1. Revision of the recently announced dividends forecasts: No

2. The year-end dividend of ¥80 for the fiscal year ended December 31, 2024 includes the consolidated net sales of ¥1 trillion breakthrough commemorative dividend of ¥5.

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

(Percentages indicate year-on-year changes.)

	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	1,261,000	13.8	86,200	15.9	86,600	14.1	58,700	9.8	154.80

Notes) 1. Revision of the recently announced financial forecasts: Yes

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.

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Application of specific accounting for preparing the semi-annual 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.: Yes
 - 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 June 30, 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 June 30, 2025:	803,041 shares
As of December 31, 2024:	803,041 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2025:	379,201,199 shares
Six months ended June 30, 2024:	379,201,531 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).

*** Semi-annual financial reports are not subject to review to be conducted by certified public accountants or an audit firm.**

Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	228,136	233,250
Notes and accounts receivable - trade, and contract assets	200,952	244,373
Merchandise	71,935	63,042
Work in process	1,668	1,089
Raw materials and supplies	815	781
Other	65,482	76,060
Allowance for doubtful accounts	(147)	(195)
Total current assets	568,843	618,400
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,950	13,785
Other, net	20,963	22,176
Total property, plant and equipment	34,913	35,961
Intangible assets	20,283	24,260
Investments and other assets		
Investment securities	22,815	25,577
Other	27,428	26,082
Allowance for doubtful accounts	(380)	(424)
Total investments and other assets	49,863	51,234
Total non-current assets	105,060	111,456
Total assets	673,903	729,857

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	162,266	173,123
Electronically recorded obligations - operating	17,528	28,178
Short-term borrowings	4,300	4,300
Income taxes payable	13,790	16,587
Provision for bonuses	5,261	5,830
Other	86,545	111,770
Total current liabilities	289,692	339,790
Non-current liabilities		
Long-term borrowings	1,700	1,700
Provision for retirement benefits for directors (and other officers)	613	635
Retirement benefit liability	4,695	3,995
Other	1,955	2,054
Total non-current liabilities	8,964	8,386
Total liabilities	298,656	348,176
Net assets		
Shareholders' equity		
Share capital	10,374	10,374
Capital surplus	16,254	16,254
Retained earnings	339,422	343,214
Treasury shares	(143)	(143)
Total shareholders' equity	365,909	369,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,891	7,418
Deferred gains or losses on hedges	133	(489)
Revaluation reserve for land	(5,269)	(5,201)
Foreign currency translation adjustment	363	426
Remeasurements of defined benefit plans	3,771	5,250
Total accumulated other comprehensive income	4,889	7,404
Non-controlling interests	4,447	4,576
Total net assets	375,247	381,680
Total liabilities and net assets	673,903	729,857

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Net sales	569,722	695,132
Cost of sales	456,394	566,364
Gross profit	113,327	128,768
Selling, general and administrative expenses	74,484	79,594
Operating profit	38,843	49,173
Non-operating income		
Interest income	36	127
Dividend income	208	221
Share of profit of entities accounted for using equity method	422	388
Other	584	512
Total non-operating income	1,251	1,249
Non-operating expenses		
Interest expenses	21	31
Donations	214	289
Other	6	2
Total non-operating expenses	242	323
Ordinary profit	39,852	50,099
Extraordinary income		
Gain on sale of investment securities	11	5
Total extraordinary income	11	5
Extraordinary losses		
Loss on retirement of non-current assets	85	13
Other	—	2
Total extraordinary losses	85	15
Profit before income taxes	39,778	50,089
Income taxes	12,531	15,495
Profit	27,247	34,593
Profit attributable to non-controlling interests	316	466
Profit attributable to owners of parent	26,930	34,127

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit	27,247	34,593
Other comprehensive income		
Valuation difference on available-for-sale securities	(343)	1,552
Deferred gains or losses on hedges	371	(763)
Revaluation reserve for land	—	68
Remeasurements of defined benefit plans, net of tax	(242)	1,506
Share of other comprehensive income of entities accounted for using equity method	151	35
Total other comprehensive income	(62)	2,399
Comprehensive income	27,184	36,992
(Breakdown)		
Comprehensive income attributable to owners of parent	26,799	36,641
Comprehensive income attributable to non-controlling interests	384	350

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	39,778	50,089
Depreciation	4,280	4,436
Increase (decrease) in allowance for doubtful accounts	173	92
Interest and dividend income	(244)	(348)
Interest expenses	21	31
Share of loss (profit) of entities accounted for using equity method	(422)	(388)
Loss on retirement of non-current assets	85	13
Loss (gain) on sale of investment securities	(11)	(5)
Decrease (increase) in trade receivables	(30,042)	(43,464)
Decrease (increase) in inventories	2,099	9,507
Increase (decrease) in trade payables	34,237	21,506
Increase (decrease) in accrued expenses	13,806	15,446
Other, net	(2,952)	651
Subtotal	60,808	57,567
Interest and dividends received	301	371
Interest paid	(21)	(30)
Income taxes paid	(8,619)	(12,717)
Net cash provided by (used in) operating activities	52,468	45,190
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,367)	(2,548)
Purchase of software	(3,025)	(6,430)
Purchase of investment securities	(8)	(5)
Proceeds from sale of investment securities	20	8
Payments into time deposits	—	(100)
Other, net	(40)	(50)
Net cash provided by (used in) investing activities	(4,422)	(9,126)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	—
Dividends paid	(25,584)	(30,323)
Other, net	(195)	(222)
Net cash provided by (used in) financing activities	(25,879)	(30,546)
Effect of exchange rate change on cash and cash equivalents	3	(2)
Net increase (decrease) in cash and cash equivalents	22,169	5,515
Cash and cash equivalents at beginning of period	229,615	229,488
Cash and cash equivalents at end of period	251,785	235,003

Segment Information

I Six months ended June 30, 2024

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

(Millions of yen)

	Reportable segments		Total	Adjustment	Amount recorded in semi-annual consolidated statements of income
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	383,467	186,254	569,722	—	569,722
Inter-segment sales/transfers	561	676	1,238	(1,238)	—
Total	384,029	186,931	570,960	(1,238)	569,722
Segment profit	32,776	11,816	44,592	(5,749)	38,843

II Six months ended June 30, 2025

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

(Millions of yen)

	Reportable segments		Total	Adjustment	Amount recorded in semi-annual consolidated statements of income
	System Integration business	Service and Support business			
Net sales					
Outside customers sales	490,101	205,030	695,132	—	695,132
Inter-segment sales/transfers	577	879	1,457	(1,457)	—
Total	490,679	205,910	696,590	(1,457)	695,132
Segment profit	39,667	16,129	55,796	(6,622)	49,173

2 Matters related to changes in the reportable segments, etc.

From six months ended June 30, 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 six months ended June 30, 2024 has been prepared based on the new classification method of reportable segments.