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* Medium-Term Management Plan
* Nutraceutical(s) (NC): Nutrition + pharmaceuticals

Information highlights for stakeholders

Delivering total healthcare value backed by diverse businesses

The Otsuka group's aim is not only to create and deliver products and services in a wide range of business fields that support health. It also seeks to provide new options and useful information for everyday life and to co-create with local communities. In this way, it aspires to be a company that delivers value by focusing on the health of each individual and their wider ability to live their best life.

→ P. 15 The future Otsuka group envisions
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Medium- to long-term roadmap to realizing the corporate vision

Since launching its 1st Medium-Term Management Plan in FY2011, the Otsuka group has achieved sustainable growth by *Jissho* (actualizing), a unique management model. Going forward, we will continue to deliver new value to society through our approach as a total healthcare company.

→ P. 22 Medium- to long-term roadmap to realizing the corporate vision

Progress of the 4th Medium-Term Management Plan: Minimizing the impact of LOE* and outlining the path to growth

In the Pharmaceutical Business, we envisage the need for some temporary adjustments during the period of the 4th Medium-Term Management Plan due to LOE* in some key products.

Taking this situation in stride, we will continue working in both the Pharmaceutical and Nutraceutical Businesses to maximize the value of key products, accelerate investment for growth, and nurture next-generation growth drivers.

→ P. 22 Medium- to long-term roadmap to realizing the corporate vision
→ P. 23 The 4th MTMP (FY2024–FY2028)

* LOE: Loss of exclusivity, i.e., loss of exclusive sales rights due to patent expiration

Cycle of corporate value enhancement based on investment for growth and cash flow generation

Based on stable generation of operating cash flow, we will promote research and development, capital investment, M&A, and other investments for growth, balanced with an appropriate level of shareholder return. By thus setting up a positive cycle of cash generation and investment, we will realize an increase in long- to medium-term corporate value.

→ P. 26 Message from the CFO

Materiality relevant to realizing the corporate vision

The Otsuka group identifies materiality as management issues to be addressed as priorities and integrates relevant response measures into its management strategy and business activity.

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Building people capability to drive sustainable group growth

We are devoting resources to maximizing the value of human capital, which is the source of value creation. This will enable us to attract and nurture human resources able to embody the Otsuka DNA, which is expressed in the principles of *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization), and *Sozosei* (creativity).

→ P. 69 Empowering our people to realize our corporate philosophy
→ P. 73 Creating an environment where people can thrive

Business strategy rooted in social issues

As a total healthcare company, the Otsuka group views people's overall social environment as a connected whole and therefore takes measures to address health-related social issues as well as providing a pharmaceutical-based treatment approach. Through a business strategy rooted in generating social value, we will realize sustainable growth.

→ P. 37 Business strategy driven by social issues

Strengthening group governance

As a group engaged in a wide range of businesses, we will maintain a highly transparent and effective governance structure to ensure that our management operations enjoy stakeholder trust.

→ P. 97 Roundtable discussions with outside directors and Board members
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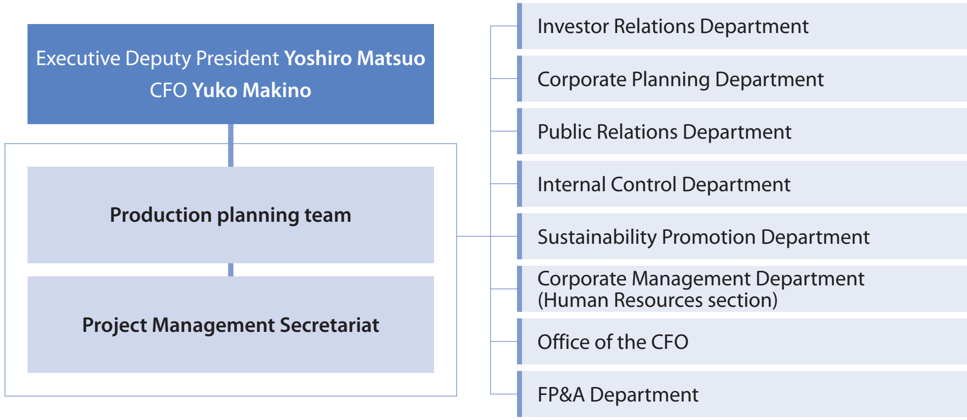
Editorial policy

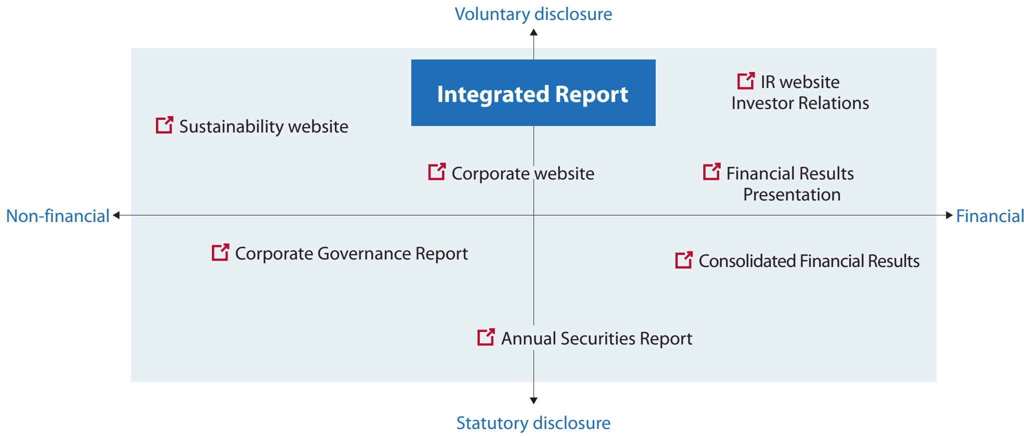
Cross-divisional framework for report production

Under the overall supervision of the Executive Deputy President and the CFO, the planning and steering of the Integrated Report is managed through a cross-divisional framework, led by the production planning team and the Project Management Secretariat. Production proceeds on a cooperative basis with financial and non-financial information collated in collaboration between the relevant corporate units. These include the Investor Relations, Corporate Planning, Public Relations, Internal Control, Sustainability Promotion, and FP&A Departments, the Human Resources Section of the Corporate Management Department, and the Office of the CFO.



Media for information disclosure

Using voluntary disclosure, mainly through the Integrated Report, Otsuka Holdings actively presents information on its approach to value creation and relevant initiatives that cannot be adequately communicated through financial data alone. We present our business strategy, non-financial information, and future policy direction in a readily understandable form through our sustainability and investor relations websites, financial results presentation materials, and other media. Meanwhile, the Annual Securities Report, Consolidated Financial Results, and other statutory disclosure materials present basic information to support investor decisions.



About the Integrated Report

Otsuka Holdings issues an Integrated Report that brings together financial and non-financial information. The content of the Environmental Report is included in the Integrated Report, which we hope will help further enhance stakeholder understanding of the Otsuka group as it aspires to become an indispensable contributor to people's health worldwide.

Reporting period

FY2025 (January 1, 2025 to December 31, 2025)
Note that certain information from January 2026 onward is also included.

Issuing date

July 2026

Scope of reporting

In principle, this report covers Otsuka Holdings Co., Ltd. and its subsidiaries. Where the scope of activities or data is narrower, details are noted.

Guidelines referenced

- International Integrated Reporting Framework, IFRS Foundation
- Sustainability Reporting Standards, Global Reporting Initiative (GRI)
- Environmental Reporting Guidelines 2018, Ministry of the Environment
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry
- Other guidelines

About the cover design

The lines curving and interweaving in the two corporate colors represent the Otsuka group's ongoing journey of growth amid innovation.

Precautions regarding forward-looking statements

This Integrated Report summarizes the operating and financial results of the Otsuka group (Otsuka Holdings Co., Ltd. and its subsidiaries) for FY2025 (January 1, 2025 to December 31, 2025) and also includes information on activities from January 1, 2026 up to the date of publication. The report contains forward-looking statements and forecasts pertaining to plans, projections, strategies, and performance for Otsuka group companies. These statements are based upon current analysis and beliefs in light of the information available on the issuing date of the report. Actual results may therefore differ due to the risks and uncertainties that may affect Otsuka group operations.

Medical information

In this Integrated Report, for the sake of readability a unified brand name is used when a product has different brand names in different countries or regions. Therefore, these products may not be available in all countries, or may be available under different brand names, for different indications, in different dosages and strengths. Please note that the information regarding pharmaceutical products (including products under development) is not intended for advertising or promotional purposes, or as medical advice.

Delivering value that supports each individual’s way of life by harnessing the group’s collective strengths

Makoto Inoue
President and Representative Director, CEO
Otsuka Holdings Co., Ltd.

Otsuka group: What we are here for

To be *an indispensable contributor to people’s health*

Guided by our corporate philosophy of *Otsuka-people creating new products for better health worldwide*, we in the Otsuka group have been working to address challenges in people’s health while also turning our attention to the society surrounding them. Examples include our awareness-raising activity for hydration and heat illness prevention, which we began in the early 1990s when heat illness was not yet widely recognized; and our development and delivery of antipsychotic drugs with an eye not only on patients’ recovery from illness but also support for their social reintegration and lives after recovery. By accumulating such efforts one by one, we strive to be recognized as *an indispensable contributor to people’s health worldwide*.

The meaning of the word “health” has evolved with the times. Today, being healthy refers not just to the absence of disease in medical terms. It means reaching a state of Well-being that includes mental fulfillment, a sense of purpose in life, and positive social connections. Health can now be considered one of the most important social issues.

The Otsuka group has always considered health from a variety of angles and taken a holistic approach to address related social issues with our business. Central to these efforts is the concept of *total healthcare*.

The essence of total healthcare for us reaches beyond creation and delivery of products and services—from maintenance of everyday health to diagnosis, treatment, and recovery. Going beyond means to focus on and support each individual’s way of life in their pursuit of good health. It is important to support patients seamlessly from treatment at the doctor’s office through to care in their daily lives outside the clinical setting. That is where we, with our presence in both medical care and everyday life, have a distinctive role to play. As a total healthcare company, we continue to deliver value that supports an individual’s life, going beyond physical and mental health. I believe that to be the essence of Otsuka group’s social mission and what we are here for.

Leveraging the strengths of having diverse businesses to address social issues

The key to continue meeting the expectations of society as *an indispensable company* is *Sozosei* (creativity). We have always thought earnestly about what contributions we can make, boldly ventured into areas where markets had not yet existed, and proposed new values. As exemplified by our advocacy of the importance of hydration before the concept of heat illness was widely recognized, it is our commitment to envisioning businesses based on social issues, rather than chasing existing markets and passing trends. This enables our unique approach to value creation.

As a total healthcare company, the Otsuka group has achieved growth on the strength of its business model that embraces a diverse range of businesses, including the Pharmaceutical Business, which delivers innovative pharmaceuticals targeting unmet needs, and the Nutraceutical Business, which responds to a wide range of people's health needs based on scientific evidence. We believe that it is essential to take a multifaceted approach to issues that cannot be addressed from a single business field, thus our present business structure. With these diverse businesses, we have accumulated strengths that are distinctive to Otsuka, including advanced expertise in wide-ranging fields, the ability to identify unmet needs, and strong stakeholder networks.

Our approach to dementia is a prime example of value creation combining these strengths with our unwavering commitment to total healthcare. We see a fundamental challenge of dementia as not only the symptoms affecting people with dementia but also the social isolation that similarly affects their caregivers. Therefore, we are working to help create an inclusive society that lives with dementia.

Behavioral and psychological symptoms of dementia have a considerable impact on the bonds between people with dementia and those around them. Our antipsychotic drug *REXULTI* is the first-ever drug, initially approved in the U.S. and Japan, for the treatment of agitation* associated with dementia due to Alzheimer's disease. We also support early-stage detection of dementia with *MIREVO*, a neuropsychological testing program using eye-tracking technology. *FACEDUO* is a device offering solutions to social issues through people and technology, and we have used this technology to develop and present an experiential virtual reality (VR) training program in which caregivers can learn to respond to dementia at a practical level. We also provide support to training sessions for dementia care professionals working in medical institutions and other settings, and organize seminars for the public, among other activities.

We see the isolation resulting from dementia as an issue to be addressed by the whole society and have sought collaborative solutions leveraging expertise from our multiple business operations and networks with municipalities and other institutions that we have built through a wide range of business operations. These initiatives are representative examples of our activities that are consistent with our vision to be a total healthcare company.

(→ P. 19 A story of Well-being from Otsuka's total healthcare)

* Agitation: A state observed in approximately half of Alzheimer's disease patients. According to the definition of the International Psychogeriatric Association, it is indicated by at least one of excessive motor activity including pacing and performing repetitious mannerisms, verbal aggression and/or physical aggression, and significant impairment in at least one of the following: in ability to perform or participate in daily living, interpersonal relationships, and/or in other aspects of social functioning. The approved indication for *REXULTI* in Japan is: excessive motor activity or physically/verbally aggressive behavior due to rapid changes in mood, irritability, and/or outbursts associated with dementia due to Alzheimer's disease.

Medium- to long-term growth strategy

Overcoming the patent cliff with an enhanced drug discovery pipeline

To deliver value of this kind in the long term requires stable and continuous business growth. The 4th Medium-Term Management Plan (MTMP), covering FY2024–FY2028 (→ P. 23), has great significance in that respect. Our foremost task during the plan period is to secure a path to sustainable growth after managing the adjustment periods following LOEs[1] of a number of key pharmaceutical products.

In FY2025, despite LOE of key product *JINARC/JYNARQUE* and the resulting negative impact in the second half of the fiscal year, all business segments including the Pharmaceutical and Nutraceutical Businesses achieved sales growth. As a result, revenue reached a record level, as in the previous fiscal year. All profit markers, including business profit, posted record highs, while return on equity (ROE), an important financial management indicator, exceeded the target set at the start of the period to reach 12.6%.

While we anticipate impacts from the LOEs and from National Health Insurance (NHI) drug price revisions in Japan in FY2026 and onward, the Otsuka group has already taken actions to minimize their effects by making investments for further growth. Here, we are already beginning to reap results, for instance with the approval and launch of *VOYXACT* for the treatment of IgA nephropathy (IgAN) (→ P. 44). With the additional benefit of steady growth in the Nutraceutical Business, we expect increased revenue in FY2026 despite a projected decline in business profit. In FY2028, the final year of the 4th MTMP, we aim for record-high business results based on further growth in our Global 10 Plus 2 products,[2] which include the Next 8. (→ P. 23)

1. LOE: Loss of exclusivity (loss of exclusive sales rights)
2. Global 10 Plus 2 products: A group of products designated as growth drivers in the Pharmaceutical Business. The Global 10 comprises the Core 2 products, which drive growth during the period of the 4th MTMP, and the Next 8 products, for which sales growth is expected in the 5th MTMP period and beyond. Together with the out-licensed Plus 2 products, they make up the Global 10 Plus 2 products.

Targeting sustainable growth with a long-term perspective

As we take short-term measures to protect revenue by minimizing the impact of LOE, it is also important to pursue evolving businesses and organizations in a longer-term horizon of five to 10 years.

Our group has set the revenue target of ¥3.5 trillion for FY2035. While monitoring the balance with short-term revenue, we will invest for growth toward meeting the target. Specifically, by combining internal science based on in-house research and external science obtained from strategic alliances and M&A, we will further develop existing businesses that contribute to addressing social issues. At the same time, we will establish next-generation core areas to support future growth and further strengthen the business portfolio.

- **Pharmaceutical Business medium- to long-term growth strategy: Strengthening the business portfolio**

In the Pharmaceutical Business, we work toward maximizing product value and strengthening our portfolio, focusing on psychiatry/neurology and oncology, as well as autoimmune and rare disease areas where synergies with our existing business can be expected.

Psychiatry and neurology has been an area of our core strengths. In this field, there remain many conditions with no established therapy due to the difficulty of treatment and the low success rate of drug development. Utilizing our accumulated business expertise, we will accelerate the pace of R&D to commercialize the science acquired from outside within a time frame of 7–8 years.

One recent example of our acquired science is the development candidate which has the potential to cause a paradigm shift in the treatment of conditions such as depression and post-traumatic stress disorder (PTSD). This compound has a novel mechanism of action against these conditions, for which fundamental treatment has been deemed difficult, and has the potential to provide durable efficacy with less frequent dosing.

The autoimmune space is positioned as a next-generation core area, and we leverage the advanced science gained through the acquisitions of Visterra and Jnana Therapeutics to advance R&D in small-molecule and antibody drugs. The drug *VOYXACT*, which received approval from the U.S. Food and Drug Administration (FDA) in 2025 for the reduction of proteinuria in adults with primary IgAN at risk for disease progression, was discovered by Visterra. We expect it to become a blockbuster during the period of the 4th MTMP. This drug is the Otsuka group's first antibody drug product in the U.S. market, and we will work to deliver it to as many patients as possible as a first-in-class treatment option.

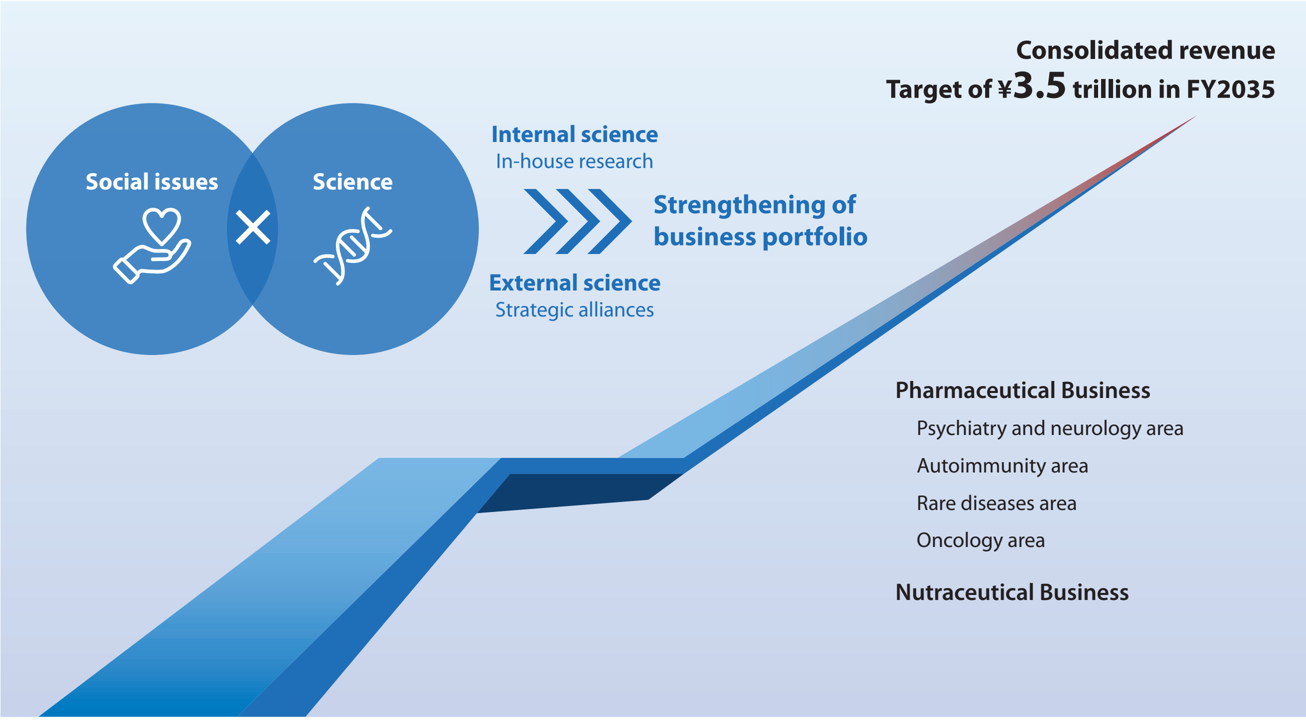
In the spirit of helping to address health-related social issues, we will continue our focus on the field of rare diseases, with many conditions having no established or adequate treatments. In this area, the business expertise built up through *JINARC/JYNARQUE*, a therapy for autosomal dominant polycystic kidney disease (ADPKD), will serve as a strength. We have acquired a number of innovative assets from external science and intend to accelerate their development to achieve commercialization within a time frame of around five years from acquisition.

(➔ P. 43 Initiatives in the autoimmune and rare disease area)

- **Nutraceutical Business medium- to long-term growth strategy: Taking unique value creation to a new level**

Our 4th MTMP identifies three major social issues to focus on: the global environment, women's health, and aging societies with declining birthrates. The Nutraceutical Business is progressing with the development and expansion of products and services that contribute to resolving each of these issues, and we continue to further reinforce the creation of unique value.

As part of these initiatives, we will strengthen efforts for the global expansion of *POCARI SWEAT*, a Nutraceutical Business

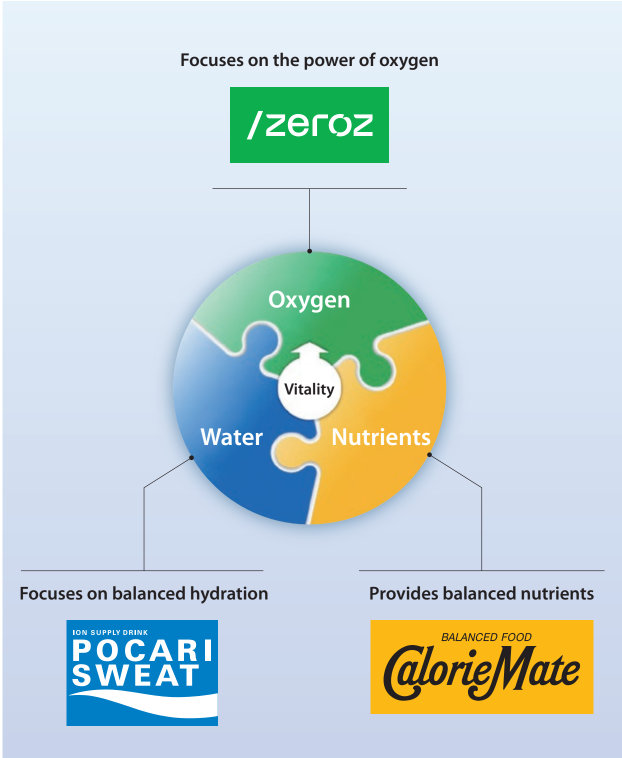


growth driver. With the ion supply beverage *POCARI SWEAT*, we work to address heat illness as a social issue of increasing seriousness worldwide, and are steadily establishing the brand, with sales operations in more than 20 countries and regions in Asia and elsewhere. In 2025, we expanded sales to India and Nigeria, while also working to enhance production, with new factories established in Vietnam in 2025 and China (Tianjin) in 2026. We are thus laying a foundation for growth in the medium to long term.

In the North American market, we began awareness-raising activities in 2025 around the concept of *Caring Hydration*. The approach is to seek solutions together to the global social issue of heat illness, with people taking care not only of themselves but also of those around them. Through collaboration with government bodies and key opinion leaders in the medical and healthcare field, this activity using scientific evidence to promote widespread public awareness of the importance of hydration and electrolyte replenishment is an excellent example of the Otsuka idea of total healthcare.

As well as these initiatives to develop existing businesses, we are also pioneering the creation of new fields. The launch of the "self-conditioning" food */zeroz* in March 2026 is one example (→ P. 51). Developed with an integrated life science approach, */zeroz* supports everyday health by helping the body make effective use of oxygen through a plant-derived substance called kaempferol. Unlike the conventional approach of replenishing deficient fluid and nutrient levels, it is based on the novel concept of *Active Inner Resource*, which means activating the body's natural capabilities. Given the uniqueness of the concept, it may take time to gain understanding in the market and among consumers. However, I believe that taking time to communicate carefully the benefits of new health solutions is also an important part of the Otsuka group's mission as a total healthcare company.

The */zeroz* development concept



Toward sustainable value creation

Accelerating innovation by evolving *horizontal collaboration* and co-creation

A major distinctive feature of the Otsuka group's R&D activity is *horizontal collaboration*. Our group companies operate in a wide range of businesses. This approach respects and values the autonomy and the expertise of each company, encourages them to maximize the potential of their own innovations and at the same time to bring together their strengths, in order to generate innovations through co-creation.

Under this concept, we have established frameworks within Otsuka Pharmaceutical to prioritize across multiple drug discovery projects and to encourage collaboration across group companies with research capabilities. By strengthening technology collaboration and information sharing among research sites, we will strategically promote our drug discovery.

Further, efforts to leverage the antibody-drug conjugates (ADC) drug discovery technology, which Taiho Pharmaceutical gained through its acquisition of Araris Biotech, for discovery research of other group companies have been initiated. This is another example of how we are enhancing organic collaboration across organizational boundaries. Across the Otsuka group, we have multiple development projects underway with target launches in 2030 and beyond, with an ambition to launch at least 10 new drugs by 2035.

In addition, we will also intensify collaboration and co-creation between the Nutraceutical and Pharmaceutical

Businesses. In drug discovery, the general approach is to break down a disease into elements such as organs, cells, and/or molecules to clarify its underlying pathology. The Nutraceutical Business, on the other hand, takes an integrated life science approach, which aims for a deeper understanding of the networks across organs and cells that support life phenomena. */zeroz* has emerged from this approach. We have applied knowledge developed in the Pharmaceutical Business to the Nutraceutical Business, which led to the creation of products such as *POCARI SWEAT* and *Calorie Mate*. In addition, we now aim to leverage knowledge and expertise cultivated in the Nutraceutical Business using the integrated life science approach to advance drug discovery research in the Pharmaceutical Business. As such, we will drive innovation by combining the strengths of the two businesses. (→ P. 56 R&D strategy)

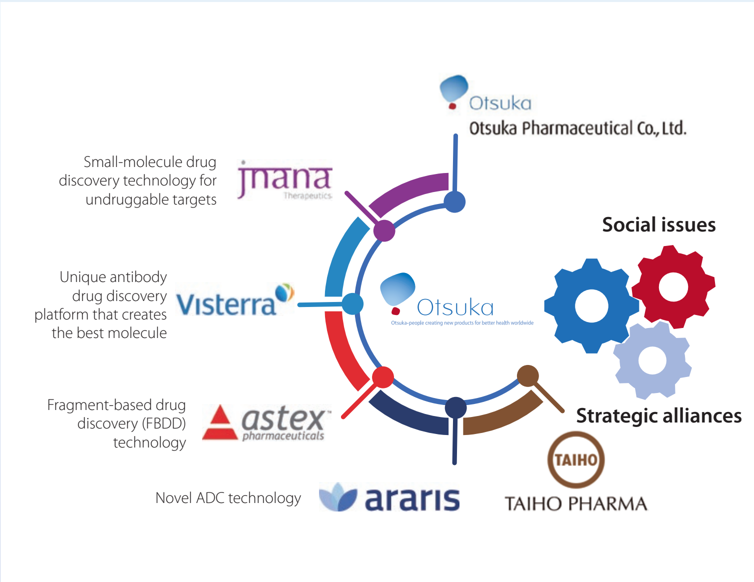
Nurturing employees who pursue transformation, going across organizational boundaries

In the year since my appointment as CEO, I am more convinced than ever that our people are the source of the Otsuka group's strength. Amid an increasingly uncertain business environment, the dedication and hard work of each employee on the ground is what drives the Otsuka group steadily forward. Human talents are also the driving force of innovation, and those who strive for improvement and transformation are essential.

To nurture such transformative employees, I believe it is crucial to provide people with opportunities to gain experience working in a wide range of businesses and functions and of collaborating with others, in addition to giving them internal and external training opportunities. This conviction is reinforced by my own experiences working in multiple departments, businesses, and companies across the group.

The corporate culture of the Otsuka group is represented by the three key concepts: *Sozosei* (creativity), which I mentioned earlier; *Ryukan-godo* (by sweat we recognize the way); and *Jissho* (actualization). We put ourselves on the ground, learn through sweat, grasp the essence and actualize the ideas through a cycle of trial and error. I believe it is by repeating this process that people grow and expand their potential. To provide growth opportunities, we will draw on our diverse business fields and extensive group global networks, stimulating communication across organizations and seeking optimal personnel allocation considering talent mobility. Doing so will also lead to sustainable growth for the group. (→ P. 69 Connecting business strategy and talent)

Horizontal collaboration—Innovation generated through co-creation



Accelerating drug discovery and clinical development

Number of programs aiming for launch

–2029	+3*
2030–2035	+10
2036–2040	+20

* Excluding Next 8

Enhancing corporate value by addressing social issues

In recent years, health-related social issues have become increasingly complex and challenging. In response, we as a total healthcare company draw on the strengths of our wide-ranging business operations to deliver value that supports each individual's health and way of life. In this way we work toward the realization of Well-being.

Even amid times of great uncertainty, we are committed to achieving a balance between short-term results and medium- to long-term growth in order to deliver stable and continuous economic value. With the value thus generated, we will strengthen our foundations in business and technologies, boost our human resource capabilities, and enhance our brand value. At the same time, by promoting a management approach with strong focus on appropriate profit returns and capital efficiency, we aim to increase corporate value in the medium to long term and meet the expectations of our shareholders and investors.

With our aspiration to be recognized as *an indispensable contributor to people's health worldwide* and our aim to achieve growth in partnership with our stakeholders, we will continue to pursue challenges and make transformations in order to make contributions to realizing a healthy and sustainable society.