Steering otsuka group toward its desired future

Governance

Roundtable discussions with Outside Directors and Board Members

Becoming a globally recognized total healthcare company

Building on record business results to further evolve total healthcare centered on people's lives

In FY2025, Otsuka Holdings Co., Ltd., posted record results for revenue and all profit indicators. Although some adjustment will be required in FY2026 to account for loss of exclusivity in some major products, we have set a long-term revenue target of ¥3.5 trillion for 2035 and will continue under CEO Makoto Inoue to make active investment in next-generation growth drivers. This roundtable discussion brings together five outside directors with different areas of expertise for an exchange of opinions on the unique aspects of the Otsuka group, its governance under the new leadership, and how the Otsuka group should evolve going forward.

Outside Directors and Board Members

Jiro Seguchi
Assumed post in 2025 having earlier worked at The Bank of Tokyo, Ltd. (now MUFG Bank, Ltd.) and Merrill Lynch Japan Securities (now BofA Securities Japan)
Areas of expertise: Global business, corporate analysis

Yukio Matsutani MD
Chairperson of the Nomination and Remuneration Committee
Assumed post in 2016 having earlier worked at medical institutions and the Ministry of Health and Welfare (now Ministry of Health, Labour and Welfare)
Areas of expertise: Medical administration, public health

Yoshihisa Aoki
Assumed post in 2019 having earlier worked at ITOCHU Corporation
Areas of expertise: Strategic planning, marketing, sales

Mayo Mita
Assumed post in 2020 having earlier worked at Morgan Stanley Japan Securities Co., Ltd. (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
Areas of expertise: Corporate analysis

Tatsuaki Kitachi CPA
Assumed post in 2022 having earlier worked at Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC)
Areas of expertise: Finance, accounting, corporate analysis

The Otsuka Group's unique business style and evaluation of its present position

——In your role as outside directors, how do you evaluate the present position of the Otsuka Group?

Matsutani As the longest-serving of the current outside directors and a specialist in medical administration, I see my role as being to make recommendations on what companies should and should not do that affects the health of individuals and society. As part of that, I pay particular attention to coordination between the Pharmaceutical and Nutraceutical Businesses. Essentially, drugs can be seen as using one poison to control another. Nutraceutical and food products are different in that the element of flavor is vital. Operating and successfully coordinating two different business fields is part of Otsuka's uniqueness and makes its business model unlike almost any other in the world. However, actual synergies remain limited, and I sense there is room for further evolution.

Kitachi As a certified public accountant, the insights I offer are mainly in finance and new market development. In my previous post, I was active in setting up the Mothers market and drafting M&A-related legislation, and I was also involved in Otsuka's stock market listing. I remember well that Otsuka seemed to me at the time to be a "big venture" that acted very boldly. That impression has stayed with me. On the Board of Directors, I pay attention to whether the value created by the company is appropriately shared with customers, society, and employees. Instead of just focusing on the accounting side to improve price-to-book (P/B) ratio, I encourage Otsuka management to show a consciousness of the medium- to long-term cost of capital, in other words to try the so-called income approach, which seeks to maximize future cash flow.

Mita I have covered the healthcare industry for more than 20 years as a securities analyst. I too was involved in Otsuka's public listing and have vivid memories of that time. Otsuka's stock price was stagnant, mainly due to concerns over the patent expiry of *ABILIFY** and the idea that the strengths of the group were not well recognized externally. The stock price recently passed the ¥10,000 mark at last. I consider my role as being to encourage active dialogue with investors and analysts in order to promote accurate evaluation of the group's strengths. To further develop these strengths, I think that Otsuka needs to concentrate its resources in growth businesses and above all act with speed.

Seguchi I have been active for over 25 years in investment banking at overseas-based financial institutions. As well as contributing to global governance, my role is to draw on this experience to give appropriate advice from the shareholders' perspective on whether M&A projects will enhance corporate value. I also think that Otsuka must demonstrate to investors the advantage of simultaneously operating the Pharmaceutical and Nutraceutical Businesses, which have different valuation multiples.

Aoki Having worked at a general trading company in the supervision of group companies and the management of the food department, I feel that Otsuka is also a business engaged in multiple industries and that its business model resembles that of a trading company. In the trading company business, I acquired the ability to run multiple operations by using certain mechanisms, so I see it as part of my mission to transfer that skill to Otsuka. Each business is run by professionals, but it is the task of the holding company to exercise objective oversight. I see the Otsuka group's greatest issue as being how to put in place a corresponding framework.

Management under the new CEO and changes in the Board of Directors

——It has been about a year since the new management under CEO Inoue was put in place. How do you assess the new management team and the effectiveness of the Board of Directors?

Matsutani CEO Inoue combines a strong understanding of frontline operations with sound decision-making, and above all, his character is a major strength. The new management is preserving those founding principles that must remain intact while also changing what needs to be changed. I highly value the balance between continuity and adaptability achieved in the transition.

Kitachi Once he has formed his own view of the overall situation, CEO Inoue consistently demonstrates a willingness to listen not only to outside directors but also to a wide range of other opinions from those around him.

Mita I think that attitude also has a positive influence on the inside directors.

Kitachi Yes, I think so too. The directors who also have executive duties make active contributions not only on their own area of responsibility but also on issues across the group as a whole. I feel

* An antipsychotic drug indicated for schizophrenia and other conditions. Its U.S. exclusivity period expired in April 2015.

that is also significant for raising the quality of governance.

Aoki In terms of effectiveness, one thing I would particularly like to note is that a number of staff members from the Corporate Planning Department and elsewhere who are expected to become the leaders of the next generation have begun to attend meetings of the Board of Directors as observers. Attendance at the Company's highest decision-making body provides them with a valuable opportunity for leadership development. CEO Inoue has also assigned to every department the task of looking ahead to see what its needs will be in 10 years' time. This future-oriented management approach that does not settle for short-term results is steadily taking root throughout the organization.

Mita Advance briefings for outside directors have also been upgraded and become more comprehensive, which has made it easier to intervene with constructive questions. In the questionnaire to evaluate effectiveness, I sometimes comment sharply on areas where there is room for improvement, but positive changes are steadily emerging.

Seguchi From the perspective of someone who has been involved in investment bank-related operations, CEO Inoue is consistent in his efforts to ensure that Otsuka generates appropriate returns on the resources it invests in science, and I commend his strong leadership on that point. CEO Inoue has not only successfully managed the "patent cliff" but has also used the corporate culture as a foundation to establish a global framework for nurturing promising scientific opportunities. I consider that highly praiseworthy.

Toward medium- to long-term business growth

——What are your individual ideas on the perspectives and initiatives that will be required to continue sustained growth going forward?

Matsutani Up to now, the Otsuka group has achieved growth by presenting a strong product lineup in the Pharmaceutical Business backed by the ability to identify promising opportunities from the research stage and a strategy of business acquisitions. To sustain growth going forward, the key will be to connect the diverse drug discovery platforms that Otsuka has picked up through acquisitions and find ways of creating synergy. Also, if Otsuka can align the Nutraceutical Business with the Pharmaceutical Business as another mainstay based on scientific evidence, that could create value in a way possible only for Otsuka.

Aoki I see strengthening the profitability of the Nutraceutical Business as important for achieving stable performance. Pharmaceuticals can generate significant returns when a product proves successful, but developing new drugs on a continuous basis is difficult, and in that sense, it is a business with an inherent degree of uncertainty. The Nutraceutical Business on the other hand is one that can provide a steady source of profit.

Matsutani That underlines precisely what I said earlier about the need to align the Pharmaceutical and Nutraceutical Businesses.

Aoki Exactly. Otsuka provides foods to maintain health, Nutraceutical products to make up deficiencies, and medicines to treat disease. This total healthcare value chain should be reinforced.

Seguchi The continuity and adaptability that Mr. Matsutani spoke of, in other words preserving important essentials while making continuous change where needed, is an approach that should be useful in dialogue with the market. The capital market has begun to accurately evaluate the product pipeline, which is what generates future cash flow. I am referring for instance to the Next 8 pipeline currently under development. So even if the revenue outlook becomes challenging due to patent expiry or other factors, I believe the stability of the stock price is a sign that the capital market has begun to appreciate Otsuka's consistent management approach. All the same, even if something has a long history, there may still come a time to rethink it and Otsuka should remain alert to that. That is another reason why it is essential to achieve the target KPIs not only in the Pharmaceutical but also the Nutraceutical Business.

Mita From a market perspective, I feel there is still great room for growth through global expansion of the Nutraceutical Business, particularly *POCARI SWEAT* in non-Asian markets and nutritional supplements in markets outside the U.S.. Also, in new fields such as Ultrasound Renal Denervation systems, production and sales structures need to be put in place at an early stage. The pace of change relative to competitors should be monitored continuously.

Kitachi That indicates that Otsuka's strength lies in its strong presence in specific fields. On the other hand, because the Pharmaceutical Business is so strong, there is a risk it can obscure the true state of other businesses with low profitability. As management progressively adopts an approach focused on the cost of capital, there is the question of which businesses need to be monitored and what action needs to be taken. Hasty decision-making should be avoided, but monitoring must be strengthened.

Strengthening non-financial capital

——The importance of non-financial capital, and particularly human capital, is increasing. What are your ideas for related initiatives going forward?

Aoki The first point I want to mention is the cultivation of executive talent. CEO Inoue is in favor of looking ahead to the next 30 years when deciding human resource development. To operate in multiple industries, a system has to be in place that can nurture professionals in each industry and that provides the holding company with a framework for managing the process.
Mita In that sense, the development of global human resources is also an urgent task. That requires people to gain overseas experience while still young. After returning to Japan, they then need the ability in dialogue and coordination that will be required to communicate across the different business divisions. What is important is to create a culture that enables honest dialogue across differences in perspective and organization, so an environment must be created that facilitates global connection.
Matsutani For me, human capital management means bringing together as many people as possible who share the same enthusiasm. Making assessments on a one-dimensional scale is not enough. What is needed is human resources with the wide-ranging experience to apply a 3- or 4-dimensional perspective. Otherwise, the next wave of innovation will not emerge. For example, it is important to have a deep understanding of western culture, but that alone will only take you so far. Perhaps Otsuka's greatest asset is its culture of free communication, because it retains the strengths of the Japanese approach but also gives space for the development of possibilities that are not yet visible to us.
Aoki Rather than focusing on short-term outcomes, investment in human resources needs to be made with a view to the next 10 or 20 years. Maintaining that approach over time will create a foundation for the Otsuka group's sustainable growth.
Seguchi As well as nurturing human talent, I think it is also important to maintain confidence in the capital allocation policy. That means identifying clearly the group's specialist fields and focus areas to allow concentrated investment of funds. In terms of its brand strategy, Otsuka could enhance confidence in its nutraceutical products based on their being the products of a pharmaceutical company, while also leveraging the familiarity of its nutraceutical products to support the pharmaceutical brand. There should be a greater awareness of this potential for two-way synergy. Since you mention synergy between pharmaceuticals and nutraceuticals, it was from the concept of IV solutions that Otsuka Pharmaceutical developed *POCARI SWEAT*. Promoting the functions of *POCARI SWEAT* led to a greater appreciation of the importance of hydration and electrolyte replenishment. Otsuka Pharmaceutical Factory also showed originality in its development of products such as *OS-1*. By reinforcing this virtuous circle within its brands on a global scale, I believe Otsuka can grow its core value.
Kitachi In its ESG activities too, Otsuka should carry out strategic promotion of the areas where it can contribute. Through initiatives with numerous business partners, Otsuka has secured safe water sources and has also contributed to protecting water sources in Europe. In the future, initiatives of this kind to protect water sources should also be expanded to developing countries.

Future expectations for the Otsuka group

——Lastly, what are your expectations for the future of the Otsuka group so that it can continue to be "an indispensable presence" for its stakeholders?

Aoki I often hear this phrase from Chairman Ichiro Otsuka, but I would like to see Otsuka aspiring to be "a company that people are glad to have around." To achieve that, it will need to drop the approach of incremental progression along the same old track and start backcasting from its targets. It can then become the kind of organization that is able to devise a framework ensuring its survival for the next 100 or even 200 years. I want us outside directors to act as mentors encouraging a positive and forward-looking mindset.
Mita This echoes what Mr. Aoki said just now, but I hope to see a situation where the Otsuka brand enjoys widespread global recognition and confidence and where Otsuka products are a familiar presence around the world. I would like to help set up a positive feedback loop whereby all employees take pride in their work and that in turn inspires public confidence.
Seguchi I would like Otsuka to set a target of overtaking other pharmaceutical companies in market capitalization. Otsuka's winning formula has been focusing on science and maximizing the return it provides. I would like to see that approach refined so that Otsuka can step up a level onto a truly global stage.
Kitachi At the time of Otsuka's 90th anniversary, former Chairman Akihiko Otsuka said that he wanted it to continue to be a "big venture business." No matter how much its revenue grows, I want to see that spirit continue. My hopes are that Otsuka will continue to be a company that contributes to customer Well-being and is indispensable to investor portfolios.
Matsutani I hope to see Otsuka becoming a presence recognized worldwide as a total healthcare company with high standards of ethical conduct. If it can consistently assert the Otsuka approach of looking at each individual holistically rather than seeing only the disease, it is sure to find a way forward. Under the leadership of CEO Inoue, I am confident that we will begin to see that new profile emerging.

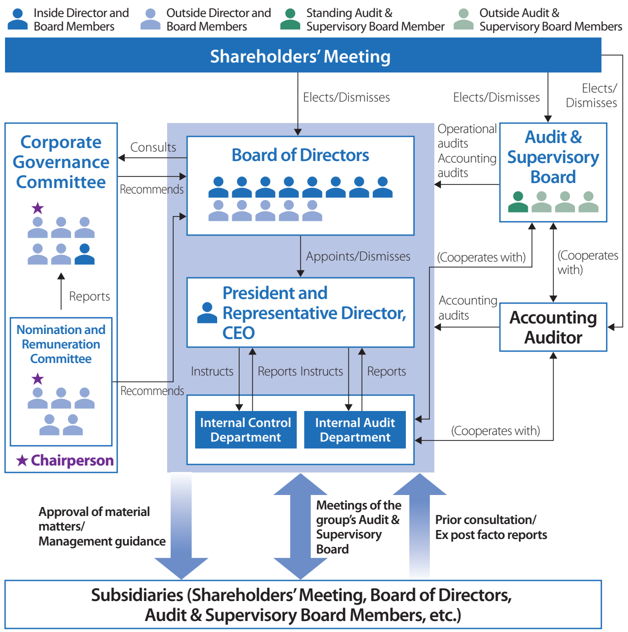
Corporate governance

Governance
https://www.otsuka.com/en/sustainability/governance/

Basic policy

Otsuka Holdings Co., Ltd. (the "Company") is committed to promoting sustainable increase of its corporate value over the medium to long term by realizing its corporate philosophy, "Otsuka-people creating new products for better health worldwide." To meet this commitment, the Company adopts a basic policy of making transparent, fair and timely decisions, and fulfilling its corporate social responsibility by living up to the expectations of all stakeholders, including customers, business partners, employees, local communities, and shareholders, through ongoing dialogue.

Corporate governance organizational structure



For more details about the governance structure, visit:
https://www.otsuka.com/en/sustainability/governance/governance_system.html

Initiatives to strengthen corporate governance

	Institutional design	Remuneration for Director and Board Members and Audit & Supervisory Board Members	Other corporate governance measures
2008	Establishment of Otsuka Holdings. Term of Director and Board Members set at one year. Appointment of Outside Audit & Supervisory Board Members.		
2010	Stock publicly listed in December.	Stock options as performance-linked remuneration introduced.	
2011			The 1st MTMP announced. Otsuka Group Global Information Security Policy established.
2013	Appointment of Outside Director and Board Members.		
2014			The 2nd MTMP announced. Otsuka Group Global Code of Business Ethics established. Otsuka Group Global Anti-Corruption Policy established.
2015			Corporate Governance Guidelines established. Internal whistleblowing system (for Otsuka Holdings and major group companies) established, with reporting to an independent body outside the Company.
2016		System for granting stock options conditional on progress with the MTMP introduced.	Effectiveness of Board of Directors evaluated.
2017	Corporate Governance Committee established.		Corporate Governance Guidelines revised. Started to evaluate the effectiveness of the Board of Directors based on questionnaires completed by all Director and Board Members and Audit & Supervisory Board Members Started to hold reporting meetings for Outside Director and Board Members and Outside Audit & Supervisory Board Members to improve their understanding of the group's management and business
2018	First female Director and Board Member appointed.		Corporate Governance Guidelines revised.
2019		Stock-based compensation plan with restriction on transfer introduced.	The 3rd MTMP announced.
2020			Otsuka Group Global Policy for Conflict of Interest established.
2021	Accounting Auditor changed.	Policy for Determining Director and Board Members' Remuneration established.	Corporate Governance Guidelines revised. Otsuka Group Global Anti-Fraud Policy established.
2022	Proportion of independent Outside Director and Board Members increased to more than one-third.		Otsuka Group Global Speak-Up Policy established. Otsuka Group Global ERM Policy established. Otsuka Group Human Rights Policy established.
2023	Nomination and Remuneration Committee established.		Corporate Governance Guidelines revised.
2024		Policy for Determining Director and Board Members' Remuneration revised. Stock-based compensation plan with restriction on transfer revised.	The 4th MTMP announced. Otsuka Group Business Partner Code of Ethics established. Corporate Governance Guidelines revised. Speak-Up Line for Business Partners established.
2025			Corporate Governance Guidelines revised. Otsuka Group Global Due Diligence Policy established. Otsuka Group AI Policy established. Global Risk Oversight Committee established.
2026	Composition of the Corporate Governance Committee and Nomination and Remuneration Committee changed.		

PDF Corporate Governance Guidelines
https://www.otsuka.com/en/sustainability/governance/pdf/governance_guideline.pdf

PDF Corporate Governance Report (April 6, 2026)
https://www.otsuka.com/en/sustainability/governance/pdf/governance_report2026.pdf

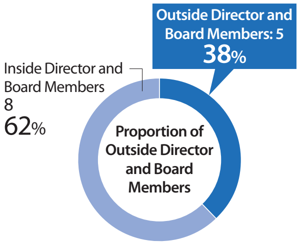
Board of Directors

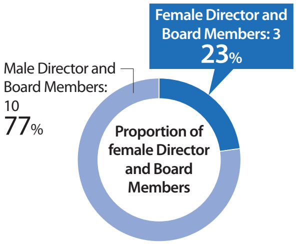
In line with the Board of Directors' regulations, the Board of Directors convenes regularly once a month and holds extraordinary meetings as necessary to make important business decisions and supervise the execution of operations.

The term of the Director and Board Members at Otsuka Holdings is set at one year to clarify executive responsibility for each fiscal year. Furthermore, the Company works to ensure the overall diversity of the Director and Board Members, and appoints people with the insight, expertise, and experience needed to realize and maintain appropriate and effective corporate governance. For Inside Director and Board Members, we comprehensively evaluate the experience, expertise, insight, and other attributes of candidates to ensure that they have the qualities needed to implement the group's corporate philosophy, Code of Business Ethics, and management strategies. For Outside Director and Board Members, the Company looks for individuals with a wealth of knowledge and extensive experience in various fields. Candidates must have the ability to adequately exercise management oversight functions through fair and objective monitoring, supervision, and auditing of management from a neutral and objective viewpoint.

Average attendance at meetings held in FY2025: 98.7% (13 meetings held)

Composition of the Board of Directors





Skill matrix for Director and Board Members

To establish an effective corporate governance structure for sustainable growth, the Company appoints Director and Board Members and Audit & Supervisory Board Members with broad business experience and a wide range of highly specialized expertise and knowledge. The composition, experience, and expertise of the Company's Director and Board Members are as follows.

	Global business	Technology, R&D, production	Strategic planning, marketing, sales	Finance, accounting	Legal, compliance, risk management	Sustainability	Human capital	Company analysis	Healthcare administration, public health	Major qualifications, etc.
Inside Director and Board Members										
Ichiro Otsuka	●	●	●							
Makoto Inoue	●	●	●							
Yoshiro Matsuo					●	●	●			
Yuko Makino				●						
Shuichi Takagi	●		●	●						
Masayuki Kobayashi	●	●							●	
Noriko Tojo	●				●			●		
Tatsuo Higuchi	●	●	●						●	
Outside Director and Board Members										
Yukio Matsutani									●	MD
Yoshihisa Aoki			●							
Mayo Mita								●		
Tatsuaki Kitachi				●				●		CPA
Jiro Seguchi	●							●		

Reasons for selecting each of these requirements

Item	Reasons
Global business	With overseas sales accounting for approximately 70% of the Otsuka group's total sales, a global perspective and experience are necessary for future sustainable growth.
Technology, R&D, production	Knowledge and experience in this field are essential for supervising and coordinating the operations of group companies that develop and manufacture innovative products in line with the times.
Strategic planning, marketing, sales	It is an important factor in realizing creativity and uniqueness in the course of developing diverse businesses, and plays a role in supervising and coordinating the entire business.
Finance, accounting	Sufficient knowledge and experience are necessary for the formulation and execution of financial strategies, the strengthening of management foundations, and the implementation of strict audits of business and financial reports.
Legal, compliance, risk management	Risk management is an important factor in achieving sustainable corporate value enhancement, and expertise and experience in this field are necessary to strengthen governance.

Item	Reasons
Sustainability	It is necessary to ensure diversity in the Board of Directors and reflect social issues in management strategies in order to build a foundation for sustainable growth and aim for co-creation with society.
Human capital	In order to realize "the development of human resources and the creation of an environment that enables the realization of corporate philosophy," it is essential to have knowledge of human capital management, which is the foundation for innovation and strengthening competitiveness.
Company analysis	An objective perspective and expertise in observing and analyzing companies are important for evaluating management decisions and supervising business operations.
Healthcare administration, public health	In order to conduct business activities that contribute to total healthcare, it is important to evaluate business activities from a professional and comprehensive perspective, taking into consideration medical administration, public health, industry activities, and other factors.
Major qualifications, etc.	Qualifications (such as a medical license) and diverse knowledge are required.

PDF Please refer to the Notice of the 18th Ordinary General Meeting of Shareholders for the reasons for the election of each Director and Board Member.
https://www.otsuka.com/en/ir/stock/pdf/meeting/202512_01.pdf

Major matters deliberated by the Board of Directors (FY2025)

Category	Number of times deliberated	Major reports and discussions
Business performance and plan	13	• Monitoring of progress of consolidated results and plan • Discussions on current conditions and issues regarding the performance of each operating company and business segment • Monitoring of progress of MTMP
Corporate governance	34	• Identification of issues in improving the effectiveness of the Board of Directors • Approval of officer election and remuneration • Monitoring of subsidiary activities • Confirmation of progress of measures to reinforce group governance • Review of cross-shareholdings
The Otsuka Group's Sustainability	3	• Progress of solar power generation equipment installation and future operation methods • Deliberation on European sustainability-related laws and regulations • Deliberations on sustainability strategy
M&A and partnerships	10	• Deliberations on the licensing agreement for Otsuka Pharmaceutical's ophthalmic gene therapy drug candidate 4D-150 (anti-VEGF agent) • Deliberations on the acquisition of Araris Biotech by Taiho Pharmaceutical
Risk management	6	• Approval of internal control reports, update on implementation of global training programs and on confirmation of conflicts of interest, and approval of activity reports and activity plans • Annual reporting on internal whistleblowing system (whistleblowing system improvement status, number of reports and overview) and approval of action plan • Reporting on progress of initiatives to reinforce overseas crisis management
Financial strategy	11	• Formulation of funding policy • Formulation of dividend policy • Deliberation on acquisition of treasury stock
IT	1	• Establishment of Otsuka Group AI Policy

Sustainability-related agenda items and content reported and resolved at the Board of Directors meeting (FY2025)

At the Company, the director in charge of Otsuka group sustainability promotion reports to the Board of Directors on specific sustainability initiatives and progress. Related matters requiring deliberation are discussed and resolved by the Board of Directors.

Month	Agenda	Details
January	Annual Report on Internal Reporting	Report on the content and number of internal reports in Japan and overseas, and initiatives to strengthen the internal reporting system
	Bonus for sustainability initiatives awarded to officers (domestic operating companies)	Evaluation of sustainability-related initiatives as part of the performance-linked bonus for officers at Otsuka Holdings and domestic operating companies (including human resources, environment, quality, supplier management), and Board resolution
February	Status of training on Otsuka Group Global Code of Business Ethics conducted in 2024	Progress report on training taken by all Otsuka group employees on Otsuka Group Global Code of Business Ethics
July	Report on status of sustainability disclosure standards	Status report for each country on sustainability disclosure standards and deliberations on responses
November	Progress of solar power generation equipment installation and future operation methods	Resolution on renewable energy development systems in Japan
December	Revision of Corporate Governance Guidelines	Resolutions on changes
	Progress with the employee engagement survey	Report on the results of the employee engagement survey conducted at Otsuka Holdings and on initiatives arising from these results

Note: This table includes cases that span multiple categories as sustainability-related issues, so the number of cases differs from the table above.

Evaluation of the effectiveness of the Board of Directors

During January and February 2026, the Company conducted a questionnaire survey of all Director and Board Members and Audit & Supervisory Board Members. Results of the survey were reviewed by outside counsel, and then considered and evaluated at the Board of Directors meeting in March 2026.

Questionnaire items were as follows.

1 Appropriateness of the composition of the Board of Directors
2 Adequacy of each Director and Board Member's understanding and knowledge of business fields and specific management strategies and plans
3 Adequacy of cooperation with Outside Director and Board Members
4 Adequacy of cooperation with the Audit & Supervisory Board
5 Operation of Board of Directors meetings
6 Governance-related matters
  i Appropriateness of the function of the Board of Directors in determining the direction of management strategies
  ii Adequacy of monitoring of each business with respect to the implementation of management strategies
  iii Adequacy of the Board's ability to understand the perspectives of major investors and stakeholders
  iv Appropriateness of risk management
  v Adequacy of cooperation and the sharing of information with each operating company
7 Adequacy of the supporting system for Outside Director and Board Members and Outside Audit & Supervisory Board Members
8 Appropriateness of the operation of Corporate Governance Committee meetings (frequency and content of meetings, etc.)
9 Adequacy of the overall functioning of the Board of Directors from the viewpoint of effectiveness

All Director and Board Members and Audit & Supervisory Board Members responded that the Board of Directors was functioning adequately from the viewpoint of effectiveness. To further strengthen governance, the Director and Board Members and Audit & Supervisory Board Members discussed issues such as Board composition (skills, experience, and diversity) and the need for greater discussion on group-wide strategy and direction that leverages the unique strengths of each operating company. Going forward, the participants confirmed that they will continue efforts to enhance Board operations and deepen discussion of the group's strategic direction and concrete measures to increase value through synergies.

Corporate Governance Committee and Nomination and Remuneration Committee

Otsuka Holdings has had a Corporate Governance Committee since February 2017, and as a subcommittee of that committee, a Nomination and Remuneration Committee since April 2023.

As an advisory body to the Board of Directors, the committee discusses the state of corporate governance at the Company, succession plans for the President and other executives, the development of management human resources, and other management issues of the group, and submits reports to the Board of Directors as necessary. The committee consists of the President and all Outside Director and Board Members (five as of the publication of this report). The Chair of the committee is elected by the Outside Director and Board Members from among themselves.

The Nomination and Remuneration Committee, a subcommittee of the Corporate Governance Committee, is composed of all five Outside Director and Board Members, and its chairperson is elected by the Outside Director and Board Members. The Nomination and Remuneration Committee deliberates on the following matters, and reports its deliberations and decisions to the Corporate Governance Committee and then to the Board of Directors.

Main items discussed by the Corporate Governance Committee

- The state of corporate governance
- Succession plan for the President and other senior management
- Development of management human resources
- Other group management issues

Average attendance at meetings held in FY2025: 100% (5 meetings held)

Main items discussed by the Nomination and Remuneration Committee

- Evaluation of the President
- The appropriateness and fairness of matters relating to the appointment and dismissal of Director and Board Members and Audit & Supervisory Board Members
- Matters related to evaluation and individual remuneration of Director and Board Members, remuneration systems, levels, etc.

Average attendance at meetings held in FY2025: 100% (2 meetings held)

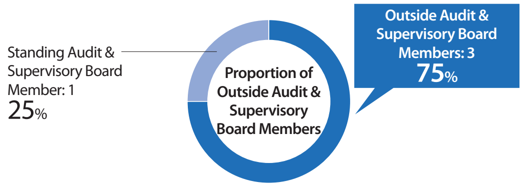
Audit & Supervisory Board

Audit & Supervisory Board Members attend and express opinions at meetings of the Board of Directors, and monitor Director and Board Members' performance of duties in terms of legal compliance and soundness of management through audits.

To ensure the effectiveness of auditing by Audit & Supervisory Board Members, systems have been established by which Audit & Supervisory Board Members can interview Director and Board Members and employees about the status of business execution, review internal consultation documents and other important documents pertaining to business execution, and promptly receive reports on the execution of operations when requested.

An Audit & Supervisory Board Members' Office has been established to assist Audit & Supervisory Board Members in performing their duties. It convenes meetings of the Audit & Supervisory Board and is independent of Director and Board Members' authority in its assistance in the duties of Audit & Supervisory Board Members.

Composition of the Audit & Supervisory Board



Skill matrix for Audit & Supervisory Board Members

	Global business	Technology, R&D, production	Strategic planning, marketing, sales	Finance, accounting	Legal, compliance, risk management	Sustainability	Human capital	Company analysis	Healthcare administration, public health	Major qualifications, etc.
Standing Audit & Supervisory Board Member										
Yozo Toba	●			●						
Outside Audit & Supervisory Board Members										
Hiroshi Sugawara				●						CPA
Kanako Osawa					●					Attorney
Sachie Tsuji				●	●					CPA

PDF For details on the Internal Control Department and Internal Audit Department, visit:
https://www.otsuka.com/en/sustainability/governance/pdf/governance_report2026.pdf

Average attendance at meetings held in FY2025: 100% (15 meetings held)

Training for Director and Board Members and Audit & Supervisory Board Members

- **Director and Board Members and Audit & Supervisory Board Members**

Opportunities are provided for briefings from attorneys and other experts on laws and regulations. The Company also supports the cost of training tailored to individual Director and Board Members and Audit & Supervisory Board Members.

- **Outside Director and Board Members and Outside Audit & Supervisory Board Members**

Regular reporting meetings are held where the Corporate Planning Department, Internal Control Department, Internal Audit Department, or Investor Relations Department cover various topics, such as business progress reports, industry updates, and other relevant matters.

The Company also provides opportunities as necessary for briefings on group business areas or visits to business sites, factories, and research laboratories in Japan and overseas so that Outside Director and Board Members and Outside Audit & Supervisory Board Members can deepen their understanding of Otsuka group businesses.

Regular information exchanges and discussions on business matters are also held to enhance the coordination between the Audit & Supervisory Board and the Outside Director and Board Members.

Remuneration for Director and Board Members and Audit & Supervisory Board Members

For details on remuneration for Director and Board Members and Audit & Supervisory Board Members, visit:
https://www.otsuka.com/en/sustainability/governance/officer-compensation.html

Basic policy

The Company's remuneration plan is designed to achieve sustainable growth and enhanced corporate value over the medium to long term for the group based on the corporate philosophy, while also ensuring that functions such as business execution and management supervision are exercised appropriately, maintaining transparency and fairness.

Remuneration levels

Considering the need to acquire and motivate outstanding personnel who will take responsibility for the Company's global business activities, the group sets remuneration levels fully commensurate with the roles and responsibilities expected of such personnel, while also considering levels at companies that the Company considers benchmarks based on the scale, industry, and business model.

Remuneration system

With regard to remuneration for Director and Board Members responsible for business execution, the Company has formulated a remuneration system that is closely linked to performance in individual fiscal years, as well as over the medium to long term, while emphasizing sustainable enhancement of corporate value. Remuneration consists of fixed remuneration as basic remuneration, performance-linked bonuses, and share-based payments, emphasizing the link to shareholder value. Remuneration for Outside Director and Board Members and Audit & Supervisory Board Members comprises only fixed remuneration as basic remuneration in light of their duties.

Breakdown of remuneration to Director and Board Members (excluding Outside Director and Board Members)

A general guide for the breakdown of remuneration by type is as follows: Performance-linked bonus is designed to vary within a range of 0–100% of fixed remuneration, and share-based payment is designed to vary within a range of 0–100% of fixed remuneration. The combined target level for performance-linked bonus and share-based payment is 66% (200%/300%) of total remuneration.

Illustration of the remuneration system

	Fixed remuneration	Performance-linked bonus	Restricted stock remuneration 50% (Allotment ratio)	Restricted stock remuneration 50% (Allotment ratio)
Financial indicators		Achievement rate of Consolidated revenue Consolidated operating profit Business profit	EPS TSR	Operating cash flow before R&D investments ROIC
Non-financial indicators	Formulation and determination of group strategy Strengthening of group management monitoring functions Strengthening of corporate governance functions	Progress in creating sustainable corporate value	Incumbency conditions	FTSE

Metrics evaluated each year

Metric is evaluated for multiple years
Evaluation period (1) FY2024–FY2026
Evaluation period (2) FY2027–FY2028

Evaluation indicators for restricted stock remuneration

Metrics	Allotment ratio	Summary of release conditions
Incumbency conditions	20% of the standard number of shares	Conditioned on incumbency in the fiscal year being evaluated (single fiscal year) However, the shares will not be released if the director is not an incumbent at the time the evaluation is finalized.
EPS	20% of the standard number of shares	Basic earnings per share (EPS) for the fiscal year exceeds the target value at the beginning of the year
TSR	10% of the standard number of shares	For the fiscal year (single fiscal year), figure (2) below may not fall below figure (1) (1) Total shareholder return (TSR) for TOPIX (dividend included) at the end of FY2023 and the fiscal year evaluated (2) TSR for the Company, which reflects the stock price and dividends for the evaluation period, at the end of FY2023 and fiscal year evaluated Note: Year-end stock price is calculated as the average of the year-end stock price, stock price at the end of the month one month before the year-end, and the stock price at the end of the month two months before the year-end
Operating cash flow before R&D investments	20% of the standard number of shares	The cumulative amount of the actual value of consolidated operating cash flow before R&D investments of the 4th MTMP for each evaluation period may not fall below the cumulative amount in the plan
ROIC	20% of the standard number of shares	Cumulative average of the actual return on invested capital (ROIC) for each evaluation period may not fall below the weighted average cost of capital (WACC) set in the 4th MTMP
FTSE	10% of the standard number of shares	An FTSE Russell ESG score of 3.3 or more is obtained for each evaluation period

Remuneration for Director and Board Members and Audit & Supervisory Board Members

Content of remuneration to Director and Board Members (excluding Outside Director and Board Members)

• Restricted stock remuneration

We have introduced restricted stock awards that reflect the achievement of indicators and other targets set forth in the 4th MTMP covering the period from FY2024 to FY2028. This system is designed to create an effective remuneration structure by combining multiple conditions for the release of transfer restrictions, including the evaluation period for performance indicators and the achievement of such indicators.

Additionally, if any revisions are made to the Company's consolidated financial statements (excluding minor revisions) within three years from the date of lifting the transfer restrictions, or if the Company suffers damage due to excessive investments made by the Company or its group companies during the term of office of the Director and Board Member, the Director and Board Member shall promptly return all of the restricted stock whose transfer restrictions have been lifted (Clawback Provision).

• Method for determining the details of individual Director and Board Members' remuneration

The individual remuneration of Director and Board Members shall be determined by the Board of Directors within the total amount resolved by the General Meeting of Shareholders, based on the recommendations of the Nomination and Remuneration Committee, which reviews the evaluation of the Director and Board Members concerned, their individual remuneration, remuneration system, and levels.

Remuneration of Outside Director and Board Members and Audit & Supervisory Board Members

Only fixed remuneration is paid, and there are no performance-based components.

Total amount of remuneration for Director and Board Members and Audit & Supervisory Board Members in 2025

Name	Total amount of remuneration (¥ million)	Total amount by type of remuneration (¥ million)			Number of eligible officers
		Fixed remuneration	Performance-linked bonus	Share-based payment	
Director and Board Members [of which Outside Director and Board Members]	1,152 [60]	393 [60]	191 [—]	567 [—]	14 [6]
Audit & Supervisory Board Members [of which Outside Audit & Supervisory Board Members]	60 [36]	60 [36]	—	—	4 [3]
Total [of which Outside Director and Board Members and Outside Audit & Supervisory Board Members]	1,212 [96]	453 [96]	191 [—]	567 [—]	18 [9]

Total amount of consolidated remuneration, etc. of people whose total consolidated remuneration, etc. is ¥100 million or more in 2025

Name	Officer classification	Company classification	Amounts by type of remuneration (¥ million)				Total remuneration (¥ million)
			Fixed remuneration	Performance-linked bonus	Share-based payment	Allowance for retirement benefits, etc.	
Ichiro Otsuka	Chairman and Representative Director	Otsuka Holdings	66	37	82	—	293
	Chairman and Representative Director	Otsuka Pharmaceutical Co., Ltd.	36	20	—	—	
	Chairman and Representative Director	Otsuka Pharmaceutical Factory, Inc.	36	15	—	—	
Makoto Inoue	President and Representative Director, CEO	Otsuka Holdings	72	40	125	—	341
	President and Representative Director, CEO	Otsuka Pharmaceutical Co., Ltd.	66	36	—	—	
Yoshiro Matsuo	Executive Deputy President and Representative Director	Otsuka Holdings	57	34	83	—	240
	Executive Deputy President and Representative Director	Otsuka Pharmaceutical Co., Ltd.	42	23	—	—	
Yuko Makino	Senior Executive Director and Board Member	Otsuka Holdings	36	20	41	—	109
	Senior Executive Director and Board Member	Otsuka Pharmaceutical Co., Ltd.	7	4	—	—	
Shuichi Takagi	Senior Executive Director and Board Member	Otsuka Holdings	12	6	48	—	160
	Senior Executive Director and Board Member	Otsuka Pharmaceutical Factory, Inc.	66	27	—	—	
Masayuki Kobayashi	Senior Executive Director and Board Member	Otsuka Holdings	12	6	55	—	165
	Senior Executive Director and Board Member	Taiho Pharmaceutical Co., Ltd.	60	31	—	—	
Noriko Tojo	Senior Executive Director and Board Member	Otsuka Holdings	18	10	41	—	115
	Senior Executive Director and Board Member	Otsuka Medical Devices	45	—	—	—	
Tatsuo Higuchi	Senior Executive Director and Advisor, Chairman Emeritus and Board Member	Otsuka Holdings	60	34	89	—	295
	Senior Executive Director and Advisor, Chairman Emeritus and Board Member	Otsuka Pharmaceutical Co., Ltd.	60	33	—	—	
	Advisor and Consultant	Otsuka Pharmaceutical Factory, Inc.	9	—	—	—	
	Advisor and Consultant	Otsuka Chemical	9	—	—	—	

Director and Board Members and Audit & Supervisory Board Members (As of March 28, 2026)

Director and Board Members

Ichiro Otsuka
Chairman and Representative Director

Profile Number of the Company's shares owned: 7,888,584
Term of office as Director and Board Member: 17 years and 8 months

- Apr. 1987 Joined Otsuka Pharmaceutical Factory, Inc.
- Jun. 1997 Director and Board Member, Director of Consumer Products Development Division, Otsuka Pharmaceutical Co., Ltd.
- Jun. 1998 Managing Director, responsible for Consumer Products, Publicity, Promotion and Development Division, Otsuka Pharmaceutical Co., Ltd.
- Dec. 2001 Director and Board Member, Research and Development, Otsuka Pharmaceutical Factory, Inc.
- May 2002 Representative Director, Otsuka Pharmaceutical Factory, Inc.
- Dec. 2003 Executive Deputy President and Representative Director, Otsuka Pharmaceutical Factory, Inc.
- Dec. 2004 President and Representative Director, Otsuka Pharmaceutical Factory, Inc.
- Jul. 2008 Director and Board Member, Otsuka Holdings Co., Ltd.
- Jun. 2010 Executive Deputy President and Executive Director, Otsuka Holdings Co., Ltd.
- Jun. 2014 Representative Director, Otsuka Pharmaceutical Factory, Inc. Vice Chairman and Representative Director, Otsuka Holdings Co., Ltd.
- Mar. 2015 Director and Board Member, Otsuka Pharmaceutical Co., Ltd. (current) Chairman, Otsuka Pharmaceutical Factory, Inc. Chairman and Representative Director, Otsuka Holdings Co., Ltd. (current)
- Mar. 2022 Representative Director, Otsuka Pharmaceutical Factory, Inc. (current)

Makoto Inoue
President and Representative Director, CEO (Chairperson of the Board of Directors)

Profile Number of the Company's shares owned: 87,000
Term of office as Director and Board Member: 6 years

- Apr. 1983 Joined Otsuka Pharmaceutical Co., Ltd.
- Jun. 2008 Vice President, General Manager of Diagnostic Division, Otsuka Pharmaceutical Co., Ltd.
- Jun. 2009 Senior Vice President, Deputy General Manager of Pharmaceutical Business Division, Otsuka Pharmaceutical Co., Ltd.
- Mar. 2015 Director and Board Member, Executive Vice President, General Manager of Nutraceutical Business Division, Otsuka Pharmaceutical Co., Ltd.
- Apr. 2015 Director and Board Member, Pharmavite LLC
- Mar. 2017 Managing Director, Nutraceutical Business, Otsuka Pharmaceutical Co., Ltd.
- Sep. 2017 Director and Board Member, Daiya Foods Inc.
- Mar. 2018 Senior Managing Director, Nutraceutical Business, Otsuka Pharmaceutical Co., Ltd.
- Oct. 2018 Chairman, Nardobel SAS
- Mar. 2019 Executive Deputy President and Executive Director, Otsuka Pharmaceutical Co., Ltd.
- Mar. 2020 President and Representative Director, Otsuka Pharmaceutical Co., Ltd. (current) Director and Board Member, Otsuka Holdings Co., Ltd.
- Jan. 2024 Representative Director, COO, Otsuka Holdings Co., Ltd.
- Jan. 2025 President and Representative Director, CEO, Otsuka Holdings Co., Ltd. (current)

Yoshiro Matsuo
Executive Deputy President and Representative Director

Profile Number of the Company's shares owned: 93,760
Term of office as Director and Board Member: 17 years and 8 months

- Apr. 1985 Joined Otsuka Pharmaceutical Co., Ltd.
- Jan. 2003 Vice President, Associate General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd.
- Jun. 2006 Vice President, General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd.
- Nov. 2007 Senior Vice President, General Manager of the General Affairs Department with additional responsibility for Legal Affairs and External Relations, Otsuka Pharmaceutical Co., Ltd.
- Jul. 2008 Managing Director, Corporate Administration, Otsuka Holdings Co., Ltd.
- Mar. 2016 Senior Managing Director, Corporate Administration, Otsuka Holdings Co., Ltd.
- Jan. 2017 Director and Board Member, Otsuka Medical Devices Co., Ltd.
- Mar. 2022 Executive Deputy President and Representative Director, Otsuka Pharmaceutical Co., Ltd. (current) Executive Deputy President and Director, Otsuka Holdings Co., Ltd.
- Mar. 2023 Director and Board Member, Otsuka Foods Co., Ltd.
- Jan. 2025 Executive Deputy President and Representative Director, Otsuka Holdings Co., Ltd. (current)

Yuko Makino
Senior Executive Director, CFO and Board Member

Profile Number of the Company's shares owned: 38,000
Term of office as Director and Board Member: 8 years

- Apr. 1982 Joined Otsuka Pharmaceutical Co., Ltd.
- Apr. 1993 Joined Deloitte&Touche LLC Seattle Office (now Deloitte Touche Tohmatsu LLC)
- Apr. 1996 Joined Baxter Limited
- Apr. 2000 Joined Otsuka Pharmaceutical Co., Ltd.
- Mar. 2015 Director of the Corporate Finance & Accounting Department, Otsuka Holdings Co., Ltd.
- Sep. 2016 Vice President, Director of the Corporate Finance & Accounting Department, Otsuka Holdings Co., Ltd. Vice President, Director of Accounting Department, Otsuka Pharmaceutical Co., Ltd.
- Apr. 2017 Vice President, Director of the Tax Department, Otsuka Holdings Co., Ltd. Vice President, Director of the Finance & Accounting Department, Otsuka Pharmaceutical Co., Ltd.
- Mar. 2018 Director and Board Member, Corporate Finance, Otsuka Holdings Co., Ltd.
- Mar. 2019 Senior Executive Director, CFO and Board Member, Otsuka Holdings Co., Ltd. (current)
- Mar. 2022 Director and Board Member (Finance), Otsuka Pharmaceutical Co., Ltd. (current)

Shuichi Takagi
Senior Executive Director and Board Member

Profile Number of the Company's shares owned: 46,700
Term of office as Director and Board Member: 7 years

- Apr. 1989 Joined Tobishima Corporation
- Sep. 1995 Joined Otsuka Pharmaceutical Co., Ltd.
- Aug. 2002 Finance Department of OIAA Division, Otsuka Pharmaceutical Co., Ltd.
- Jul. 2003 Corporate Finance & Accounting Department, Otsuka Pharmaceutical Co., Ltd.
- Mar. 2015 Vice President responsible for India Business, Otsuka Pharmaceutical Factory, Inc.
- May 2015 CEO, Claris Otsuka Private Limited (now Otsuka Pharmaceutical India Private Limited)
- Jan. 2019 Senior Vice President, President's Office, Otsuka Holdings Co., Ltd.
- Mar. 2019 Director and Board Member, Finance and Business Portfolio Management, Otsuka Pharmaceutical Co., Ltd. Director and Board Member, Business Portfolio Management, Otsuka Holdings Co., Ltd.
- Oct. 2021 President, Otsuka America, Inc.
- Mar. 2022 Managing Director (Business Strategy), Otsuka Pharmaceutical Co., Ltd. Managing Director, CSO, Otsuka Holdings Co., Ltd.
- Feb. 2023 Chairman and Director, Otsuka America, Inc.
- Mar. 2023 Director and Board Member, Otsuka Pharmaceutical Factory, Inc.
- Jan. 2024 Senior Executive Director and Board Member, Otsuka Holdings Co., Ltd. (current) President and Representative Director, Otsuka Pharmaceutical Factory, Inc. (current)

Masayuki Kobayashi
Senior Executive Director and Board Member

Profile Number of the Company's shares owned: 94,500
Term of office as Director and Board Member: 9 years

- Apr. 1989 Joined The Daiwa Bank, Ltd. (now Resona Bank, Limited)
- Oct. 1993 Joined Taiho Pharmaceutical Co., Ltd.
- Aug. 2002 President, Taiho Pharma USA, Inc. (now Taiho Oncology, Inc.)
- Sep. 2003 Director & Board Member, Taiho Pharmaceutical Co., Ltd.
- Apr. 2010 President and CEO, Otsuka America, Inc.
- Apr. 2012 President and Representative Director, Taiho Pharmaceutical Co., Ltd. (current) Director & Board Member, Taiho Pharma USA, Inc.
- Apr. 2014 Chairman, Taiho Oncology, Inc. (current)
- Mar. 2017 Senior Executive Director and Board Member, Otsuka Holdings Co., Ltd. (current)

Noriko Tojo
Senior Executive Director and Board Member

Profile Number of the Company's shares owned: 75,000
Term of office as Director and Board Member: 11 years and 10 months

- Apr. 1987 Joined Goldman Sachs (Japan) Corporation
- Aug. 1991 Joined Shearson Lehman Brothers Holdings Inc.
- Jul. 2002 Engagement Manager, McKinsey & Company, Japan Office
- Jun. 2006 Director, Intel Capital Japan, Intel Corporation
- Aug. 2008 Managing Director, Corporate Development, Otsuka Holdings Co., Ltd.
- Feb. 2011 Director & Board Member, Otsuka Medical Devices Co., Ltd.
- Apr. 2012 President and CEO, Otsuka America, Inc.
- Aug. 2015 Director & Board Member and CEO, Pharmavite LLC
- Jan. 2017 President and Representative Director, Otsuka Medical Devices Co., Ltd. (current)
- May 2017 Director & Board Member, Otsuka America, Inc.
- Aug. 2017 Chairman, Pharmavite LLC
- Mar. 2018 Senior Executive Director and Board Member, Otsuka Holdings Co., Ltd. (current)

Tatsuo Higuchi
Senior Executive Director and Advisor, Chairman Emeritus and Board Member

Profile Number of the Company's shares owned: 209,600
Term of office as Director and Board Member: 17 years and 8 months

- Mar. 1977 Joined Otsuka Pharmaceutical Co., Ltd.
- Jun. 1998 Senior Managing Director, Otsuka Pharmaceutical Co., Ltd. (Pharmavite)
- Nov. 1998 Executive Deputy President and Executive Director, Otsuka Pharmaceutical Co., Ltd.
- Jun. 1999 Executive Director, responsible for U.S. Business, Otsuka Pharmaceutical Co., Ltd.
- Jun. 2000 President and Representative Director, Otsuka Pharmaceutical Co., Ltd.
- Jun. 2008 Executive Director, Otsuka Pharmaceutical Co., Ltd.
- Jul. 2008 President and Representative Director, CEO, Otsuka Holdings Co., Ltd.
- Dec. 2011 Executive Director, Otsuka Chemical Co., Ltd.
- Feb. 2015 President and Representative Director, Otsuka Pharmaceutical Co., Ltd.
- Mar. 2020 Chairman and Representative Director, Otsuka Pharmaceutical Co., Ltd.
- Jan. 2025 Senior Executive Director and Advisor, Chairman Emeritus and Board Member, Otsuka Holdings Co., Ltd. (current) Chairman, Otsuka Pharmaceutical Co., Ltd. (current)

Director and Board Members and Audit & Supervisory Board Members

Outside Director and Board Members

Yukio Matsutani

Outside Director and Board Member
(Chairperson of the Nomination and Remuneration Committee)

Profile Number of the Company's shares owned: 0
Term of office as Director and Board Member: 10 years

Apr. 1975 Intern, Pediatric Department, St. Luke's International Hospital
Oct. 1981 Joined Ministry of Health and Welfare (now Ministry of Health, Labour and Welfare)
Aug. 2005 Director-General, Health Policy Bureau, Ministry of Health, Labour and Welfare
Aug. 2007 Director, National Sanatorium Tama Zenshoen
Apr. 2012 President, National Institute of Public Health
Dec. 2015 Vice President, International University of Health and Welfare
Mar. 2016 Outside Director and Board Member, Otsuka Holdings Co., Ltd. (current)
Jun. 2019 President, Japan Public Health Association
Jun. 2025 Chairperson, Japan Public Health Association (current)

Yoshihisa Aoki

Outside Director and Board Member

Profile Number of the Company's shares owned: 0
Term of office as Director and Board Member: 7 years

Apr. 1974 Joined ITOCHU Corporation
Jun. 2003 Executive Officer, ITOCHU Corporation
Apr. 2009 Managing Executive Officer, President, Food Company, ITOCHU Corporation
Apr. 2010 Member of the Board, Senior Managing Executive Officer, President, Food Company, ITOCHU Corporation
Mar. 2017 Administrative Officer, ITOCHU Corporation (current)
Jun. 2017 Outside Director & Board Member, ARATA Corporation
Mar. 2019 Outside Director and Board Member, Otsuka Holdings Co., Ltd. (current)

Mayo Mita

Outside Director and Board Member

Profile Number of the Company's shares owned: 100
Term of office as Director and Board Member: 6 years

Apr. 1983 Joined Morgan Stanley Japan Securities Co., Ltd. (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
Jan. 1989 Equity Research Division (Healthcare), Morgan Stanley Japan Securities Co., Ltd.
Dec. 2000 Managing Director, Morgan Stanley Japan Securities Co., Ltd.
Dec. 2013 Senior Advisor, Investment Banking Business Unit (Healthcare), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mar. 2020 Outside Director and Board Member, Otsuka Holdings Co., Ltd. (current)
Jun. 2023 Outside Auditor, Mitsui Fudosan Co., Ltd. (current)

Tatsuaki Kitachi

Outside Director and Board Member

Profile Number of the Company's shares owned: 0
Term of office as Director and Board Member: 4 years

Oct. 1985 Joined Sanwa Tokyo Marunouchi Office Audit Corporation (now Deloitte Touche Tohmatsu LLC)
Apr. 1989 Registered as a certified public accountant
Jul. 1996 Partner, Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC)
Apr. 2010 Commissioner, Public Interest Corporation Commission, Cabinet Office
Oct. 2012 Leader of Advisory Development Division, Deloitte Touche Tohmatsu LLC
Nov. 2013 Member of the Board, Deloitte Touche Tohmatsu LLC
Jun. 2017 Leader of Industry Service Division, Advisory Service Headquarters, Deloitte Touche Tohmatsu LLC
Jun. 2019 Thought Leader, Deloitte Tohmatsu LLC
Sep. 2021 Special Adviser to the Governor of Kanagawa Prefecture (current)
Mar. 2022 Outside Director and Board Member, Otsuka Holdings Co., Ltd. (current)

Jiro Seguchi

Outside Director and Board Member

Profile Number of the Company's shares owned: 0
Term of office as Director and Board Member: 1 year

Apr. 1986 Joined The Bank of Tokyo, Ltd. (now MUFG Bank, Ltd.)
Mar. 1999 Joined Merrill Lynch Japan Securities Co., Ltd.
Jul. 2010 Representative Director and President, Merrill Lynch Japan Securities Co., Ltd.
Country Executive, Bank of America Corporation
Oct. 2013 Head of Asia Pacific Global Corporate & Investment Banking, Bank of America Corporation
Jun. 2016 Representative Director and President, Merrill Lynch Japan Securities Co., Ltd.
Country Executive, Bank of America Corporation
Jan. 2019 Co-President of Asia Pacific, Bank of America Corporation
Jul. 2023 Senior Adviser of Asia Pacific, Bank of America Corporation
Mar. 2025 Outside Director and Board Member, Otsuka Holdings Co., Ltd. (current)
Jun. 2025 Outside Director, Resona Holdings, Inc. (current)

Audit & Supervisory Board Members

Yozo Toba

Standing Audit & Supervisory Board Member

Profile Number of the Company's shares owned: 8,100
Term of office as Director and Board Member: 8 years

Apr. 1979 Joined Otsuka Chemical Holdings Co., Ltd. (now Otsuka Chemical Co., Ltd.)
Jan. 1995 Director, Information Center, Otsuka Chemical Holdings Co., Ltd.
Jan. 2006 CFO, Trocellen GmbH
May 2009 Operating Officer, Information System Department, Otsuka Chemical Holdings Co., Ltd. (now Otsuka Chemical Co., Ltd.)
Jun. 2009 Corporate Officer, Director of IT, Corporate Finance & Accounting Department, Otsuka Holdings Co., Ltd.
Dec. 2011 Executive Director, Corporate Administration, Accounting and IT, Otsuka Chemical Co., Ltd.
Mar. 2015 Executive Vice President, Corporate Finance & Accounting and Corporate Service Department, Otsuka Holdings Co., Ltd.
Mar. 2018 Standing Auditor and Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)
Mar. 2019 Audit & Supervisory Board Member, Otsuka Chemical Co., Ltd. (current)

Hiroshi Sugawara

Outside Audit & Supervisory Board Member

Profile Number of the Company's shares owned: 8,000
Term of office as Director and Board Member: 15 years and 9 months

Oct. 1997 Joined Chuo Audit Corporation
Oct. 2000 Joined Deloitte Touche Tohmatsu (now Deloitte Touche Tohmatsu LLC)
Apr. 2002 Registered as a certified public accountant
Feb. 2006 Vice President, Will Capital Management Co., Ltd.
Jun. 2010 Outside Auditor and Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)
Jun. 2012 Outside Audit & Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd.
Oct. 2013 Director & Board Member, Nippon Parking Development Co., Ltd.
Mar. 2016 Audit & Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd. (current)
Aug. 2018 External Director, Inbound Platform Corp. (current)

Kanako Osawa

Outside Audit & Supervisory Board Member

Profile Number of the Company's shares owned: 0
Term of office as Director and Board Member: 4 years

Apr. 1998 Registered as an attorney at law (Dai-ichi Tokyo Bar Association)
Joined KAJITANI LAW OFFICES (current)
Oct. 2005 Admitted to the bar of the State of New York
Jun. 2015 Outside Director & Board Member (Audit & Supervisory Committee Member), LINTEC Corporation (current)
Apr. 2021 Committee Member for Reform of Collateral Law, Legislative Council of the Ministry of Justice
May 2021 Director, Japanese Association for Business Recovery
Jun. 2021 External Director, TPR Co., Ltd. (current)
Mar. 2022 Outside Auditor and Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)
Jun. 2022 Outside Audit & Supervisory Board Member, Toshiba Tec Corporation (current)
May 2023 Managing Director, Japanese Association for Business Recovery (current)

Sachie Tsuji

Outside Audit & Supervisory Board Member

Profile Number of the Company's shares owned: 0
Term of office as Director and Board Member: 4 years

Oct. 1996 Joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC)
Apr. 1999 Registered as a certified public accountant
Jul. 2015 Representative Director, SPLUS Corporation (now Biz-suppli Corporation) (current)
Jun. 2016 Director, Association of Certified Fraud Examiners (current)
Mar. 2021 Outside Director & Board Member (Audit & Supervisory Board Member), SBS Holdings, Inc. (current)
Jun. 2021 Outside Audit & Supervisory Board Member, Shindengen Electric Manufacturing Co., Ltd.
Mar. 2022 Outside Auditor and Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)

Compliance / Risk management

Compliance

The Otsuka group seeks to earn the trust of stakeholders and to achieve sustained growth by contributing to people's health worldwide, acting in good faith and with the highest level of ethics in accordance with the corporate philosophy: "Otsuka-people creating new products for better health worldwide." That commitment is encapsulated in the Otsuka Group Global Code of Business Ethics, which outlines the standards of behavior expected of everyone involved in our work. This is reinforced with a range of global policies that reflect our behavioral standards in core areas. Regular training helps ensure that our compliance stance is thoroughly embedded.

• Compliance promotion system

As a holding company whose role is to maximize the group's corporate value, Otsuka Holdings has established a system for appropriate business operations from the perspective of the group as a whole. We have established a system for facilitating cooperation in the Otsuka group. Under this system, group companies report to Otsuka Holdings as necessary regarding items specified in the Affiliated Company Management Regulations, and obtain approval on relevant important items. The Board of Directors has built a group-wide risk management system, which includes the establishment of the Global Risk Oversight Committee (chaired by the Director/Operating Officer in charge of Finance, Corporate Planning, and Administration), and oversees the system's operation. The Board of Directors receives regular reports on compliance and risk management action plans and results from the Global Risk Oversight Committee. These reports and plans form the basis for discussion of issues and additional measures.

To instill thorough compliance at group companies, the Otsuka group conducts universal training for all employees of worldwide subsidiaries based on policies such as the Otsuka Group Global Code of Business Ethics, the Otsuka Group Global Anti-Corruption Policy and the Otsuka Group Global Policy for Conflict of Interest. Training materials (available in English, French, Chinese, Korean, Indonesian, and other languages) are distributed to group companies, and executives and employees (including contract and temporary employees) attend related training at least once annually. Depth and breadth of compliance understanding among employees is evaluated through a test during training, awareness surveys, and other measures. Trainees are required to submit a signed declaration that they will observe the regulations, and the results of training and the status of submission of declaration forms are regularly reported at meetings of the Board of Directors.

The operational status of the internal reporting systems at each group company is also reported to the Board of Directors. In addition, we have established a Global Compliance Promotion Committee consisting of Otsuka Holdings and our main operating companies, and are working to clarify important decision-making processes related to the globalization of our compliance management system.

Compliance promotion system

Number of participants who took global compliance training in 2025

Policies and standards covered in training	No. of targeted participants	Attendance
Otsuka Group Global Code of Business Ethics Otsuka Group Global Anti-Corruption Policy Otsuka Group Global Policy for Conflict of Interest Otsuka Group Global Anti-Fraud Policy Otsuka Group Human Rights Policy Otsuka Group Global Information Security Policy Otsuka Group Global Privacy Policy	44,017*	98.9%

* The number of people covered by the Otsuka Group Global Code of Business Ethics training when it was deployed. In addition to directors and employees, the number of participants includes temporary employees.

Formulation of Otsuka Group Global Speak-Up Policy

The Otsuka group has established the Otsuka Group Global Speak-Up Policy with the aim of clarifying the basic principles of the internal reporting system and enhancing its effectiveness so that employees can speak up when they become aware of fraudulent or wrong behavior or actions that go against the group's values, policies, and processes, or any other suspicious behavior.

Basic principles

- People have the right and obligation to report in good faith
- Information will be strictly managed
- Anonymous reports will be accepted
- Reporters will not suffer any repercussions
- Investigations as well as corrective and preventive actions must be carried out

Internal reporting system

At the Otsuka group, we have established internal reporting systems within each group company. Through this hotline, we work to ensure that any improper acts, as well as violations of policies, laws and regulations, can be quickly uncovered and corrected. Reports can be accepted from all employees, including contract employees, part-time employees, and casual hirees. Hotlines have also been set up outside the Company, such as at a law office, with anonymous reporting allowing whistleblowers to make a report with peace of mind and without fear of reprisal. Information on whistleblowers and their reports is strictly managed in order to prevent any repercussions. No information will be shared with anyone except those who must know in order to provide an effective response, given the necessity of conducting an investigation and taking corrective action. Furthermore, we have established the "Otsuka HD* Group Hotline," which accepts reports of issues that could have a significant impact on the entire Group or that may be difficult to be dealt with by the contact points at each company.

* Holdings

System for dealing with individual cases

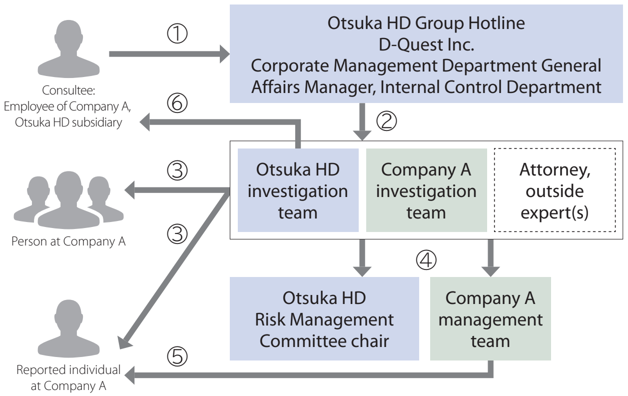
People with knowledge of infractions or concerns about any noncompliance issues are required to consult with and report to their immediate supervisor, the Legal Affairs or Human Resources department, or the department in charge of compliance. Reprisals against reporting parties are strictly prohibited. Depending on the nature of the violation, the Compliance Department, or the Human Resources & General Affairs Department are in charge as the secretariat and form an investigative team that includes external experts, such as lawyers, certified public accountants, and data forensics experts. These investigative parties examine the facts, while managing the protection of personal information and ensuring that there are no acts of reprisal against the whistleblower. Cases determined to be serious violations are reported to the Chair of the Global Risk Oversight Committee and the Board of Directors to respond and take the initiative to prevent a recurrence given the circumstances, and all cases are used in planning and implementing group-wide compliance.

Number of consultations/reports received from employees, etc.

Item	2024	2025
Violation of laws and regulations	252	158
Issues related to diversity or workplace and harassment	117	193
Violation of internal rules	73	136
Violation of labor laws and regulations	8	6
Others (consultation on concerns, opinion, etc.)	195	250
Total	645*	743*

* The number of cases reported to Otsuka Holdings, covering all companies in the Otsuka group

Process of reporting, investigating, disciplinary action, and reporting of results



When a report is made to the Otsuka HD Group Hotline, depending on the nature of the case, the steps shown above are followed from the time of the report to the investigation, disciplinary action, and reporting of results.

(1) Consultation/report	The Otsuka HD Group Hotline receives a consultation call from an employee of Company A, part of the Otsuka group.
(2) Deliberation on handling/response	Content of the report is considered and the decision is made to start an investigation.
(3) Investigation	Depending on the content, external experts, such as lawyers, are contacted and interviews are conducted with the consultee and related parties.
(4) Reporting of investigation results	Investigation results are reported to the Chair of the Otsuka HD Risk Management Committee and the management team of Company A.
(5) Decision on (disciplinary) action	A determination is made on the handling (including disciplinary action) of the individual involved.
(6) Report to the consultee	Investigation results are reported to the employee of Company A.

- Time from receiving the report to announcing investigation results: Approx. 3 months.
- Each group company's hotline will respond in a similar manner (terminology, etc., may vary depending on the company).

Speak-Up Line for Business Partners

The Otsuka group aims to contribute to the solution of social issues through our business activities, including through our business with our business partners, and we have established the Otsuka Group Business Partner Code of Ethics to articulate our uncompromising commitment to the highest standards of ethical conduct to be achieved in cooperation with our business partners. The way we do business is as important as the outcome of the business we do, and this code sets expectations and requests for how business partners will conduct the business.

Under this code, Otsuka group employees or representatives of the Otsuka group are required to promptly report to the Otsuka group any concerns or incidents that they believe to be illegal or otherwise improper. A contact point (the Otsuka Group Speak-Up Line for Business Partners) has been established for business partners to consult and report such concerns.

Monitoring system

The Company's Internal Audit Department reports directly to the President. The department conducts regular audits based on the Internal Audit Rules to verify that operations are being executed appropriately and efficiently with regard to the assets and business in general of Otsuka Holdings and Otsuka group companies. Audit reports are submitted to the Board of Directors, the President, and Audit & Supervisory Board members. Where there is need for improvement, the department recommends remedial actions and later confirms their implementation, thereby contributing to the optimization of business execution. The department also shares information and works in cooperation with Audit & Supervisory Board members and the Accounting Auditor.

The Otsuka group operates a crisis management system that enables a swift, cohesive response if a risk event demanding an urgent response occurs in or outside Japan. When a critical or time-sensitive event does occur, the group company immediately shares information with the main operating companies and Otsuka Holdings, and the relevant departments mount a coordinated response to mitigate impact. Otsuka Holdings maintains and updates regulations, manuals, and other documentation setting out fundamental approaches to risk management and response, and enhances group-wide readiness through regular training and exercises.

Tax compliance

• Core principles

The Otsuka group operates around the world and recognizes that the appropriate payment of taxes in accordance with relevant laws and regulations in each country and region contributes to the local economy in those countries and regions. The group complies with the Otsuka Group Global Code of Business Ethics, the group's tax policy, country-specific laws, regulations and tax treaties, as well as international taxation rules, and does not engage in transactions designed to evade the payment of taxes, but carries out the appropriate filing and payment of taxes in each country. We endeavor to appropriately disclose information and ensure a degree of transparency and trust when dealing with tax authorities in each country. The globalization of business makes tax oversight more complex, but by continuously updating information and consulting tax experts where necessary, we are appropriately responding in order to minimize tax risk.

• Engagement with tax authorities

The group keeps on being committed to building constructive relationships with tax authorities in the countries and regions in which we do business. As the globalization and digitization of the world economy has proceeded, we have witnessed the fundamental reform on international taxation rule. The reform initiated by the Organisation for Economic Co-operation and Development (OECD) has led to the emergence of a so-called Global Minimum Tax rule. Under this rule we will be bound to pay additional tax if the tax burden rate in a tax jurisdiction goes below the 15% threshold. This rule has been introduced in a number of countries and regions where we do business and a number of our subsidiaries have been subject to this rule since 2024. We recognize that this external environment will make the tax reporting to the authorities more complicated and wider in scope than before. We will be committed to improve the reliability of our data on tax and to enhance our readiness for timely reporting.

• Transfer pricing policy

The group is conducting its intercompany transactions at the arm's length price. We do this by referring to the OECD guidelines, which aim at the elimination of double taxations and the fair application of the transfer price taxations as well as the laws and regulations of each country. Also, when the need arises, we obtain prior agreements from among the tax authorities by filing Advance Pricing Agreements (APA).

• Governance

We are aware that the maintenance and improvement of corporate governance on tax-related matters will contribute to the enhancement of corporate value. To this end, we are strengthening cooperation with operating companies as well as securing and training capable human resources, thereby maintaining an appropriate system that enhances the group's tax compliance and reduces tax risks. Also, we will make ourselves accountable to the Board of Directors and the Audit & Supervisory Committee for this policy and its execution and maintenance.

Risk management

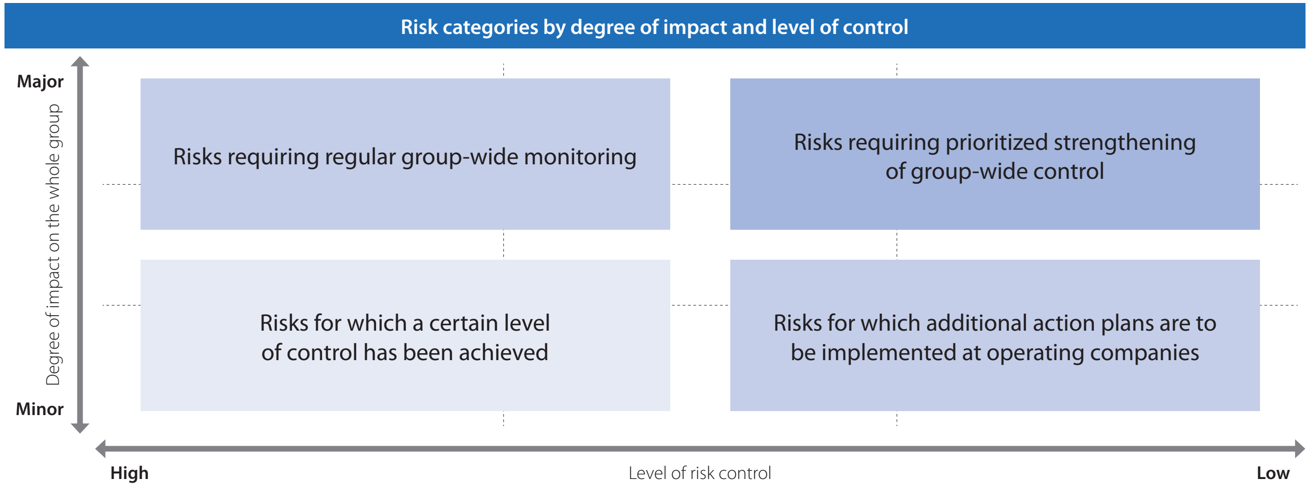
The Otsuka group recognizes that pursuing management efficiency and controlling the risks inherent in business activities are important to enhancing corporate value. For this reason, it is vital to establish a group-wide system that enables all executives and employees to swiftly uncover, identify, and deal with risks related to their work. The Otsuka group manages risk via the initiatives outlined below under the supervision of top management.

• Risk management system

The Otsuka group introduced Enterprise Risk Management (ERM) in 2020 to further enhance company-wide risk management at Otsuka Holdings and group companies, including the recognition and evaluation of risks comprehensively from a company-wide perspective and the prioritization of management resources to control important risks. In 2022, the Otsuka Group Global ERM Policy was established by referencing global standards such as ISO 31000 and COSO.

In the initiatives of ERM, we define "risks" as uncertainties that significantly impact the fulfillment of our corporate philosophy and the achievement of our business strategy goals, and we have established a group-wide risk management framework and a system for risk assessment. Under the framework and system, we identify and evaluate significant risks in the group through the risk assessments performed at main operating companies, determine whether to mitigate, transfer, avoid, or accept those risks, formulate management policies, and continuously execute and monitor these

Risk map (Risk management activities → P. 112)



activities to effectively and efficiently manage the risks in the group.

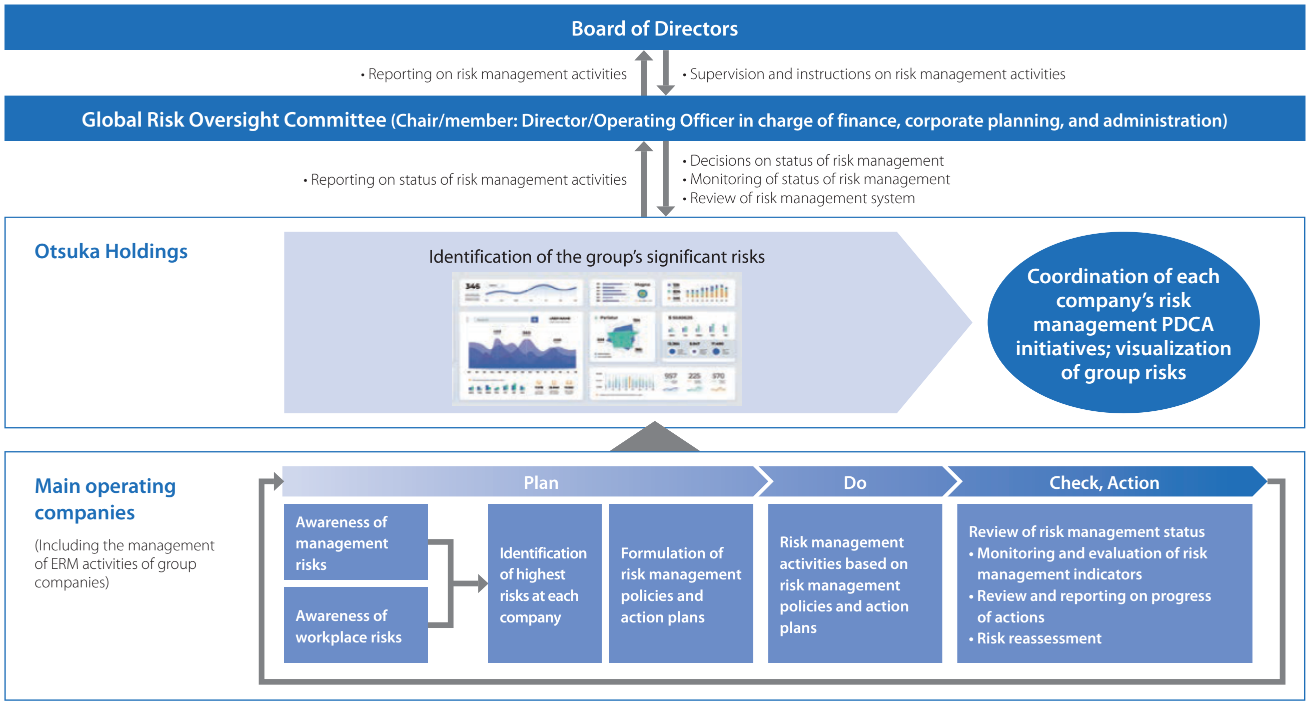
The Global Risk Oversight Committee participates in deliberations on significant risks and reports on them at meetings of the committee and the Board of Directors, formulates and monitors the implementation of policies for the management of significant risks, and provides instructions and support to the main operating companies when needed. The Board of Directors receives reports on committee activities, issues instructions as necessary, and oversees the effectiveness and efficacy of the group's ERM structure.

• Details of risk management activities

Identification of significant risks begins with the sharing of risk awareness by senior management through interviews at the Company and the main operating companies (top-down approach), as well as assessments of risks and controls by risk owners (bottom-up approach). This enables us to comprehensively identify the risks that exist in the group. Each group company develops risk management policies and risk management action plans for the risks that are judged to be significant risks and regularly monitors and reviews the status of those risks and the progress of action plans. The Company aggregates and visualizes the significant risks faced by each group company to grasp a comprehensive understanding of the existing risks and the status of controls in the group. Common risks that apply to the whole group are studied closely and the significant risks are gathered and identified. Based on the results of this process, the Global Risk Oversight Committee assigns priority to significant risks that could have a significant impact on the group's business, such as financial losses or business continuity.

The Company develops and implements countermeasures to each significant risk based on the characteristics and risk tolerance.

Risk management system



The Company provides the guidance and support to the main operating companies, which submit reports and seek advice from the Company, as appropriate. In these activities, the whole group coordinates closely to promote and practice ERM. Moreover, the Company and the main operating companies regularly monitor risks to prevent their occurrence to the extent possible and ensure that they remain within their respective tolerance levels.

• Information security

Across the Otsuka group, we have established the Otsuka Group Global Information Security Policy, which defines our fundamental approach to information security and promotes a shared understanding of the importance of information security management across all group companies. In line with this policy, we provide ongoing education and training for directors and employees to ensure broad awareness of information security throughout the organization. To address a broad range of threats, including cyberattacks, we strengthen security infrastructure and security-related processes across the group and conduct cross-group assessments based on recognized cybersecurity frameworks. These efforts enhance visibility into security management, including governance, across domestic and overseas group companies and support continuous improvement of our security posture. Computer Security Incident Response Teams (CSIRTs) are in place at the Company and group-company levels, providing a structure for timely and appropriate responses to information security incidents. Incident reporting procedures for employees are continuously reviewed and improved within each group company. In conjunction with these efforts, escalation drills are conducted annually to ensure that incidents arising at group companies are appropriately shared through the major operating companies.

The group has also established the Group Information Security Committee to review specific security measures and facilitate the sharing of the latest information. In parallel, cybersecurity training programs are conducted to develop and enhance the capabilities of security personnel across group companies, supporting steady improvements in the overall security maturity of the group. These information security initiatives are reported to the Board of Directors as appropriate, and continuous improvements are carried out under the Board's oversight.

Otsuka Group Global Information Security Policy
https://www.otsuka.com/en/sustainability/governance/risk_management.html

Compliance / Risk management

• ERM initiatives

In order to not only build a highly effective risk management system that supports the Otsuka group's management foundation but also further improve that system, we moved forward with introducing ERM in regions throughout the world, including Japan, North America, Europe, Asia, using a standardized process based on the Otsuka Group Global ERM Policy and Otsuka Group Global ERM Implementation Guidelines.

Furthermore, we conduct monitoring activities and hold risk management-related study sessions while regularly sharing with ERM staff of major operating companies information on risks that are growing more complex and advanced as the global situation continues to change.

Here, we look at workplace opinions that promoted initiatives in various regions.

Germany | Identifying, exploring and mitigating our risks

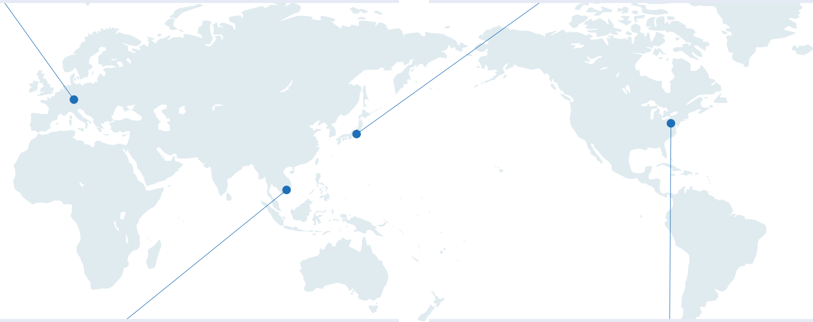
Through a comprehensive workshop, the ERM Team in Europe helped us evaluate and prioritize our risk areas. By focusing on the immediate challenges, we were able to align internally and work with other Otsuka group companies to further explore and mitigate those risks. We are grateful for their efforts and this work will continue.

Marc Destito
Managing Director
Otsuka Novel Products GmbH

Japan | Enhancement of risk management framework based on ERM

We position risk management as a key management priority. Based on ERM, each division implements and monitors countermeasures for significant risks identified through risk assessments. The results are shared with the Board of Directors, while the Risk Management Committee conducts cross-functional evaluations and reviews. In addition, we are promoting the introduction of ERM across our overseas subsidiaries, thereby enhancing the effectiveness and sophistication of our risk management framework.

Hirokazu Uematsu
Associate General Manager
Compliance Department
Otsuka Foods Co., Ltd.



Vietnam | ERM for sustainable enhancement of corporate value

In 2025, Otsuka Pharmaceutical Vietnam introduced ERM across the organization in line with the Otsuka group's global ERM framework. Through regular reviews and quarterly reporting to the Board of Directors, governance and risk awareness were strengthened. As a result, early risk identification and rapid response improved, enhancing business stability in Vietnam and contributing to the Otsuka group's medium- to long-term corporate value.

Nguyen Thi Ngoc Bao
Compliance Manager
Compliance Department
Otsuka Pharmaceutical Vietnam JSC

U.S. | Enhancing ERM to support strategic execution

Since maturing the Otsuka America Pharmaceutical and Otsuka Pharmaceutical D&C ERM program, we have strengthened our ability to assess enterprise-level risks and opportunities and align oversight with strategic decision-making. The program enables leadership to execute our North American Strategy while proactively identifying and mitigating exposures that are outside acceptable thresholds, ensuring long-term business success.

Amy Ross
Executive Director, Governance, Risk Management & Compliance
U.S. Ethics & Compliance
Otsuka America Pharmaceutical

• Significant risks

Otsuka Holdings and its main operating companies have conducted company-wide risk assessments, and have identified the significant risks listed below, and we are implementing measures to reduce these risks.

Significant risks in core business areas

Significant risks in Pharmaceutical Business

- Healthcare cost containment measures
- Uncertainty of new drug development
- Side effects
- Quality

Significant risks in Nutraceutical Business

- Expansion into new categories and new regions
- Food safety and quality (also applies to Consumer Products Business)

Significant risks common to all business areas

- Group governance and strategy
- Talent acquisition and development, and embedding of corporate culture and philosophy
- Human rights
- Climate change
- Supply chain transparency
- Corporate brand management
- Business alliances and acquisitions
- Digitalization
- Natural disasters and pandemics
- Raw material price hikes
- Infringement of intellectual property rights
- Litigation
- Cybersecurity
- Global business operations
- Geopolitical risk

Business risks
https://www.otsuka.com/en/ir/management/risk.html