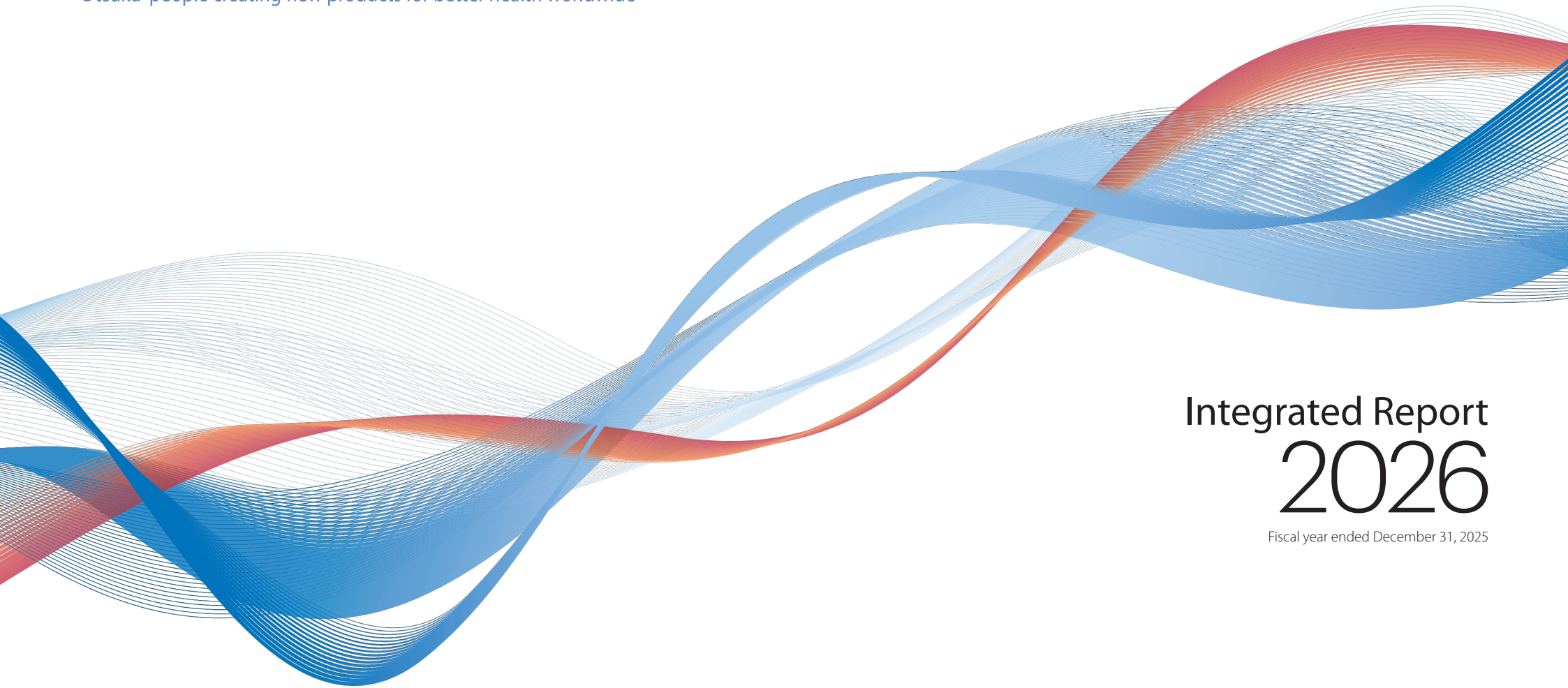
Otsuka

Otsuka-people creating new products for better health worldwide



Integrated Report 2026

Fiscal year ended December 31, 2025

Otsuka Holdings Co., Ltd.

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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
→ P. 17 Special feature: A story of Well-being from Otsuka's total healthcare

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.

→ P. 64 Materiality
→ P. 65 Analysis of materiality-related risks and opportunities
→ P. 68 Otsuka group's materiality-related committees and task forces

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

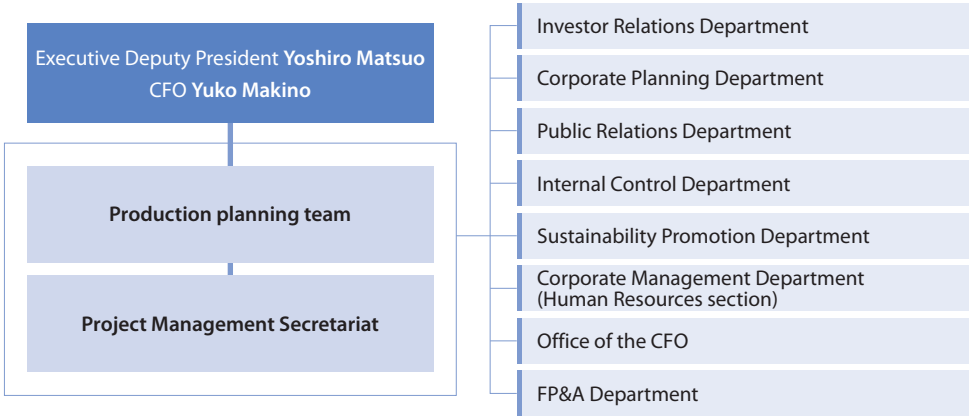
As a group engaged in a wide range of businesses, we will maintain a highly transparent and effective governance structure to ensure that our management operations enjoy stakeholder trust.

→ P. 97 Roundtable discussions with outside directors and Board members
→ P.101 Corporate governance

Editorial policy

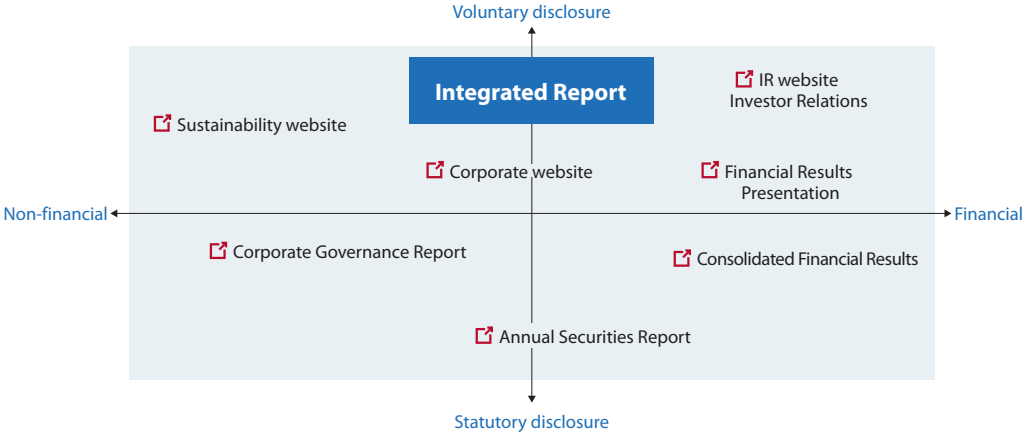
Cross-divisional framework for report production

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.

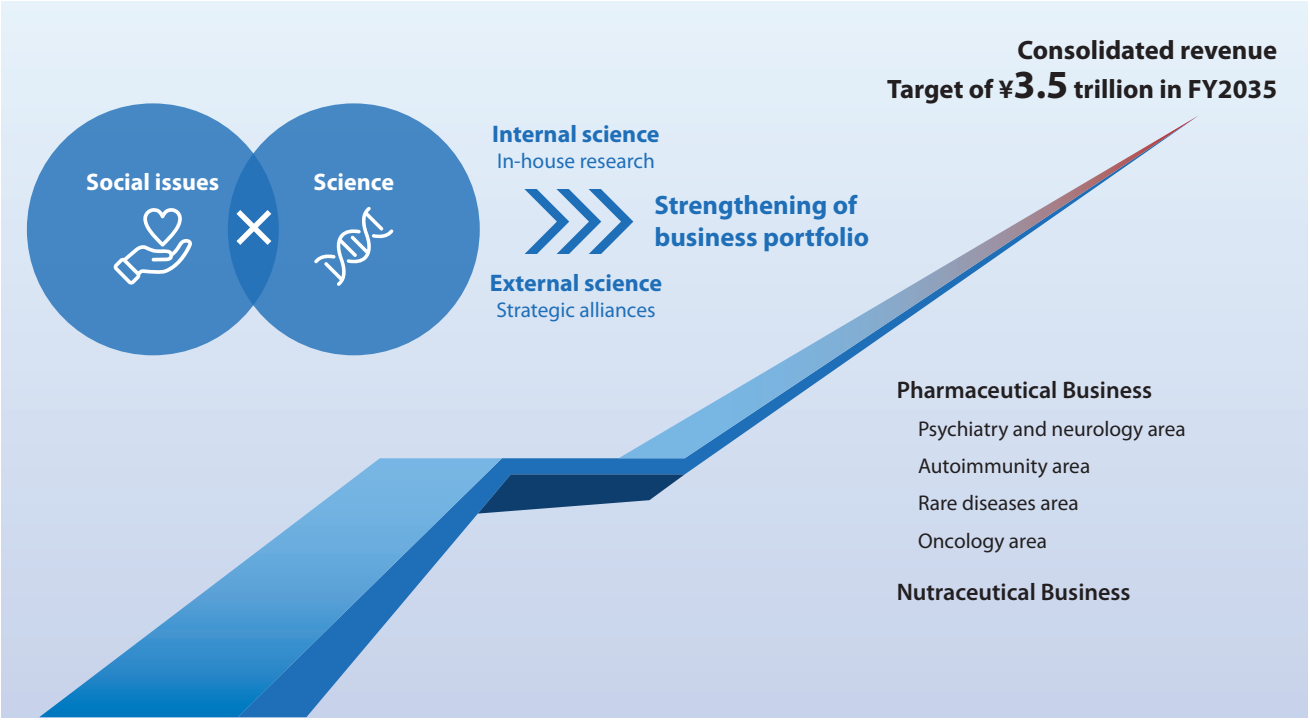
In the spirit of helping to address health-related social issues, we will continue our focus on the field of rare diseases, with many conditions having no established or adequate treatments. In this area, the business expertise built up through *JINARC/JYNARQUE*, a therapy for autosomal dominant polycystic 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.

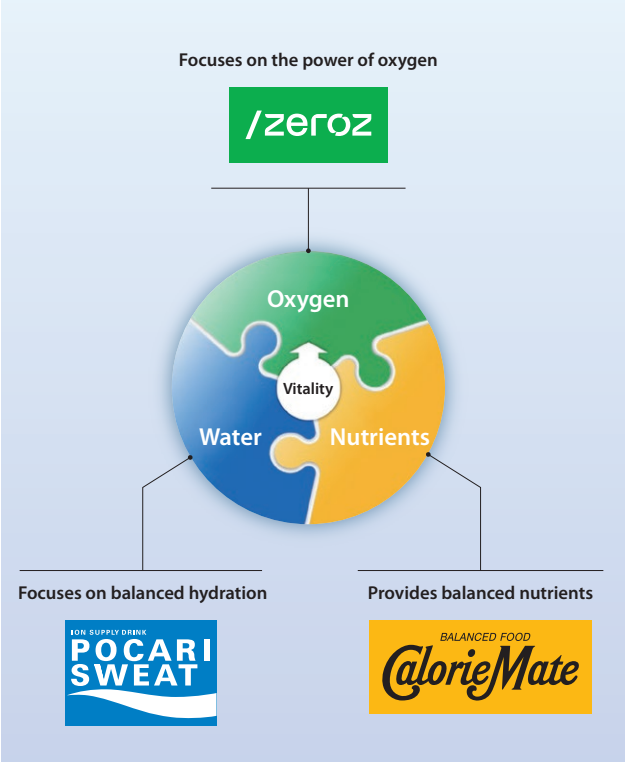
Toward sustainable value creation

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.

The */zeroz* development concept





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)

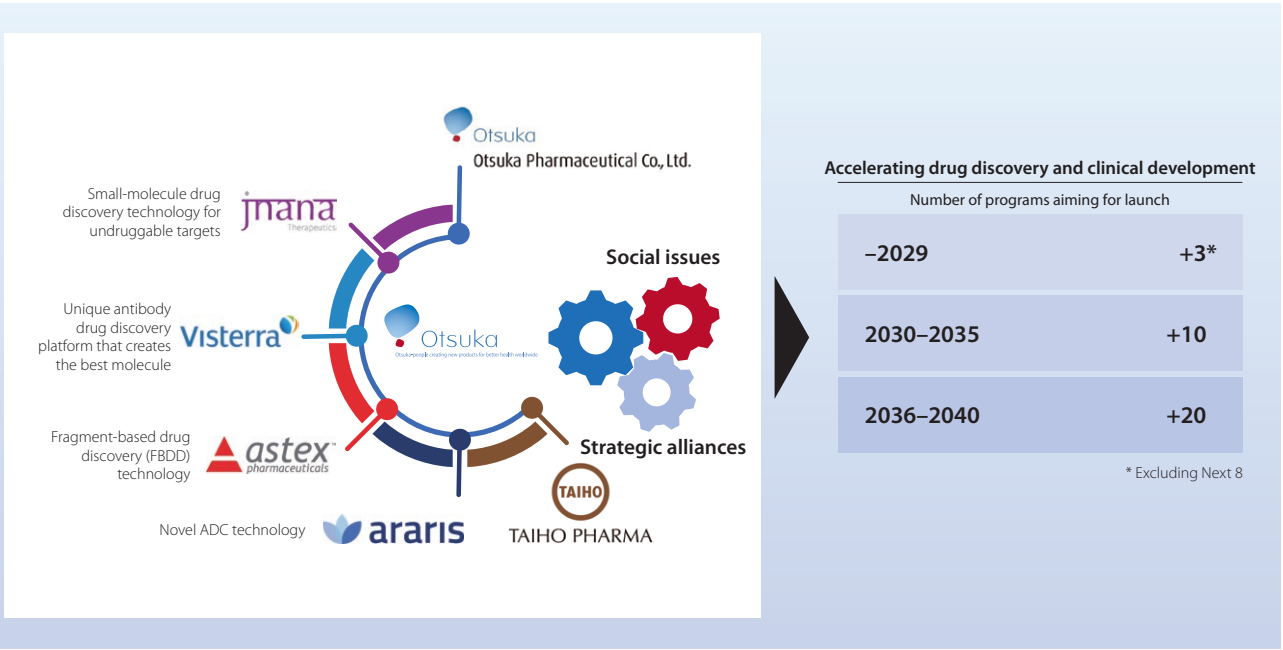
Nurturing employees who pursue transformation, going across organizational boundaries

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



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.

Otsuka-people creating new products for better health worldwide

Otsuka group: What we are here for

09 Corporate philosophy and Mission
- Corporate philosophy
- Sustainability vision
- Total healthcare
- Vision for 2035 / Otsuka's goal

13 Our history of contributing to people's health worldwide
- Doing what only Otsuka can do: A timeline
- Total healthcare through business diversification
- Otsuka group's expanding presence

15 The future Otsuka group envisions

16 The value creation process

17 Special feature: A story of Well-being from Otsuka's total healthcare
- Our unique approach: Total healthcare
- Our approach to realizing Well-being
- Working toward a society that lives with dementia

What we are here for

Corporate philosophy

Otsuka-people creating new products for better health worldwide

In keeping with this corporate philosophy and the Otsuka values of *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization) and *Sozosei* (creativity), we strive to do what only Otsuka can do.

The Otsuka group supports the lives of people worldwide through a wide range of innovative and creative products including pharmaceuticals, functional beverages, and functional foods.

We are dedicated to cultivating a dynamic corporate culture and workplaces that reflect our vision as a healthcare company, to finding ways to live in harmony with local communities and the natural environment, and to contributing to richer and healthier lives.

Our corporate culture

Ryukan-godo (by sweat we recognize the way)	The process of discovering the core substance of something through hard work and practice
Jissho (actualization)	Self-actualization through achievement, completion and the discovery of truth
Sozosei (creativity)	Pursuing that which only Otsuka is capable of delivering



How we fulfill our corporate philosophy

Sustainability mission

Guided by its corporate philosophy, the Otsuka group works to solve social issues through its businesses and contribute to the creation of a healthy and sustainable society, while achieving growth.





How we approach creating value

A unique concept

Total healthcare

Seeing each individual holistically—rather than viewing them simply as "ill" or "healthy"—is the essence of the Otsuka group's approach to healthcare.

Based on this approach, we view people's overall social environment as a connected whole and take measures to address health-related social issues.





What we are working toward

Vision for 2035

From better health to beyond health to Well-being

To address social issues such as the global environment, women's health, and aging societies with declining birthrates, we, as a total healthcare company, will go beyond the concepts of prevention, health promotion, diagnosis, and treatment, create new health values, and pursue Well-being for each individual.

Otsuka's goal

To become an indispensable contributor to people's health worldwide

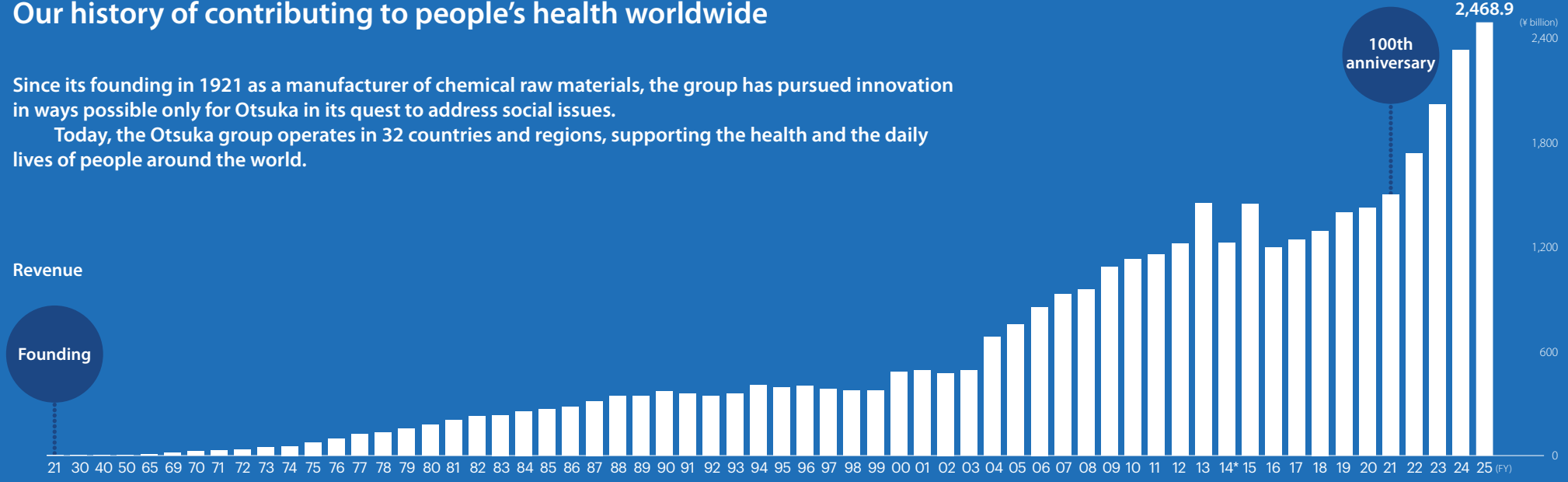
With the realization of our corporate philosophy as the foundation of all our business activities, we aim to continue to create and provide society with the unchanging value of contributing to the Well-being of people worldwide.



Our history of contributing to people's health worldwide

Since its founding in 1921 as a manufacturer of chemical raw materials, the group has pursued innovation in ways possible only for Otsuka in its quest to address social issues.

Today, the Otsuka group operates in 32 countries and regions, supporting the health and the daily lives of people around the world.



Note: For 2014, figures used are for the nine-month period from April 1, 2014 to December 31, 2014 due to a change in the fiscal year-end.

Doing what only otsuka can do: A timeline

1946–

IV solutions business

As a leading company in the IV solutions business, Otsuka powers the development of IV solutions in Japan, taking the patient perspective as it works on innovative product development.



https://www.otsukakj.jp/en/about_us/history/

1974–

An oral anticancer drug that changed the conventional wisdom of cancer treatment

The market launch of *Futorahuru* established the novel therapeutic approach of postoperative adjuvant chemotherapy.



Futorahuru (At time of market launch)

LONSURF

https://www.taiho.co.jp/en/company/history/close_up/

1980–

POCARI SWEAT

This product is now sold in more than 20 countries and regions around the world. We undertake related activities worldwide to raise awareness of the importance of hydration and electrolyte replenishment.



P. 49

2014–

Women's health

Our ongoing product development and awareness-raising activities reflect our belief in the importance of responding appropriately to the physical and mental changes that occur at each life stage.



P. 53

2014–

Toward the elimination of tuberculosis, a "new old" disease

"Tuberculosis is a serious global health issue. If no one else will take action, we at Otsuka must continue the research ourselves." Guided by this deep commitment, the Otsuka group continued its research efforts, leading to the development of delamanid (brand name *DELTYBA*), the first tuberculosis treatment to be approved in 40 years.



P. 46

2023–

Dementia need not be an isolating disease

Since the market launch of *ABILIFY* in 2002, the Otsuka group has continued to deliver distinctive products in the psychiatry and neurology area, addressing dementia specifically through *REXULTI*, which aims to support dementia patients and their families and caregivers.



P. 19

https://www.otsuka.co.jp/dementia/ (in Japanese only)

Total healthcare through business diversification

Japan

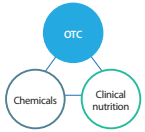
1921 Began sales of magnesium carbonate



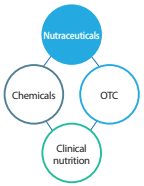
1946 Started the IV solutions business



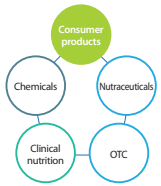
1953 Launched *Oronine Ointment*



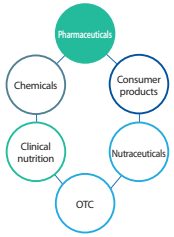
1965 Launched *ORONAMIN C DRINK*



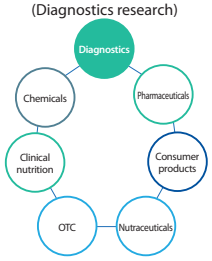
1968 Launched *Bon Curry*



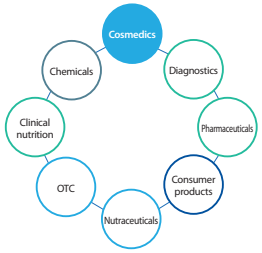
1971 Established a pharmaceutical research institute



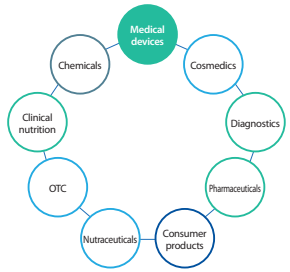
1976 Established the Otsuka Assay Laboratories (Diagnostics research)



2005 Launched *InnerSignal*



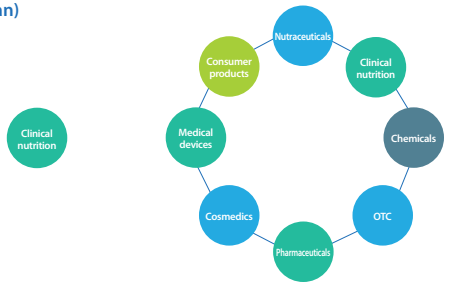
2011 Established Otsuka Medical Devices



Asia (excluding Japan)

1973 Expanded the IV solutions business to Asia by launching the Otsuka group's first overseas business in Thailand

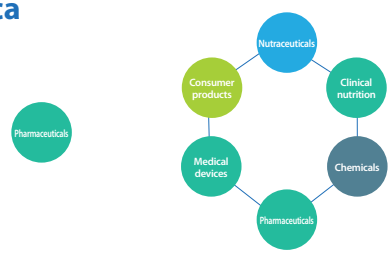
2025



North America

1973 Built a business foundation by opening a number of R&D sites in the U.S. starting in the 1980s

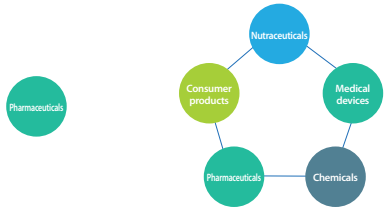
2025



Europe

1974 Explored business opportunities in Italy before establishing an R&D site in Frankfurt in 1982

2025



Otsuka group's expanding presence

One-of-a-kind creativity from Otsuka

- **Product concept:** Dopamine partial agonists, water diuretics, oral anticancer drugs, ionic beverages, and balanced nutritional diets
- **Creating new values:** Agitation associated with dementia due to Alzheimer's disease, ADPKD,* women's health, and hydration and electrolyte replenishment

* Autosomal dominant polycystic kidney disease

Global network

- **Otsuka operates in:** 182 companies in 32 countries/regions
- **Percentage of overseas revenue:** 71%
- **Number of employees:** Japan: 14,024 (37%); Outside Japan: 23,734 (63%)

An ability to nurture enduring brands

- **Products with top market share in one or more pharmaceutical categories:** Japan: 13; Outside Japan: 4
- **Countries/regions where the anti-tuberculosis drug delamanid is available:** More than 120
- **Consumption experience of *POCARI SWEAT*:** 83.5%
- **Countries/regions where *POCARI SWEAT* is expanding:** More than 20

Pursuing creativity

- **R&D expenses:** ¥352.8 billion (as percentage of revenue: 14.3%)
- **Development projects in the Pharmaceutical Business:** 64

Stakeholder networks

- **Partnerships with local governments nationwide:** All 47 prefectures and over 800 municipalities

Solid foundation in finance and revenue

- **Rating by Rating and Investment Information, Inc. (R&I):** AA-
- **Cash flow before R&D investments:** ¥739.2 billion
- **ROE:** 12.6%

The future Otsuka group envisions



Building a world where everyone can be their healthy selves, whatever changes occur in their body, mind, or environment

People's health needs have evolved beyond a physical focus on being free from disease to include mental balance, meaningful connections, and a broader sense of "Well-being."

Given its diverse businesses linking medical care and everyday health, the Otsuka group believes that it has the responsibility and the potential to respond to this changed concept with a holistic approach to healthcare as a social issue.

The value creation process

Our unique approach: Total healthcare

Otsuka group's approach to health issues

Seeing each individual holistically—rather than viewing them simply as "ill" or "healthy"—is the essence of the Otsuka group's approach to healthcare. Guided by this approach, the group views the social environment surrounding each individual as an interconnected whole and addresses health-related social issues.

×

Strengths of the Otsuka group

- **Human resources to support our diverse businesses**
- **Stakeholder networks**
- **Ability to explore and resolve unmet needs**

Otsuka group's businesses



Contribute to the health and Well-being of people around the world

Promote positive impact on global environment

Materiality



Empowering our people to realize our corporate philosophy

Create more sustainable future with business partners

Innovative products

Pharmaceutical Business

→ P. 39



Nutraceutical Business

→ P. 47



Consumer Products Business

→ P. 54



Value delivered to society

Linking diverse stakeholders in co-creative activity

We will identify previously overlooked issues through dialogue with consumers, partner companies, and a wide range of other stakeholders.

Creating new tools and options for healthy living

We will identify the essentials of each issue through a process of trial and error and create new solutions using an approach possible only for Otsuka.

Consistently delivering health support and related value to society

We will communicate the value of the products and services we create to the consumer and continue to promote them patiently until they become widely adopted in society.

The future Otsuka group envisions

→ P. 15

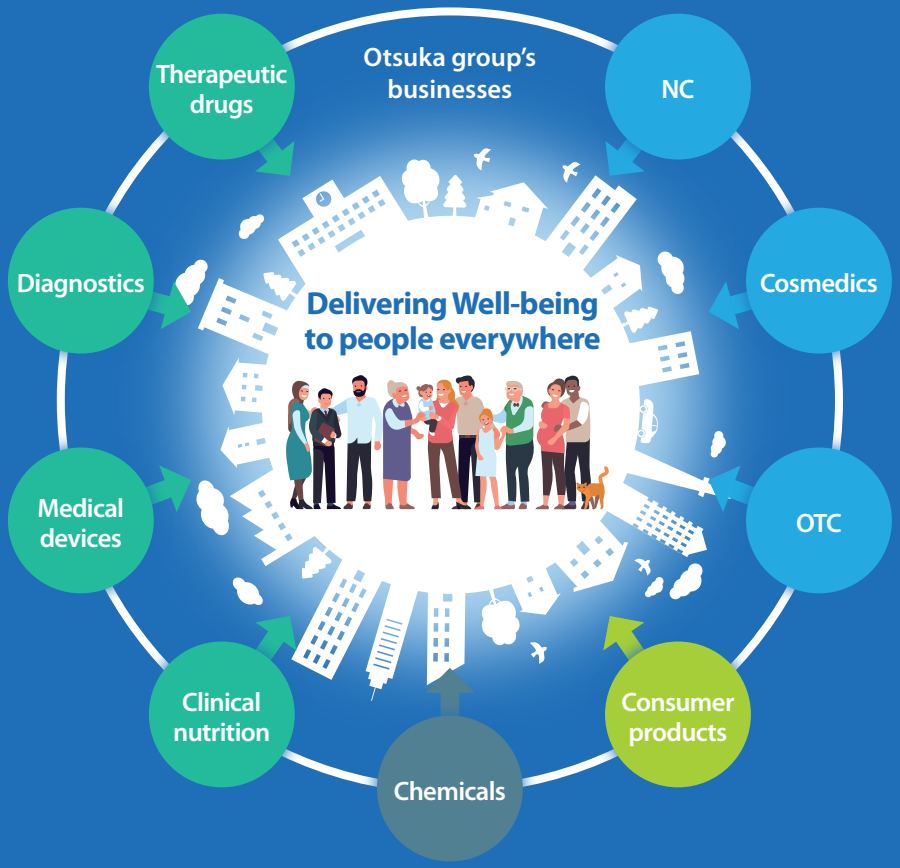
Further evolve strengths by resolving health issues

Special feature

A story of Well-being from Otsuka's total healthcare

From therapies for disease to everyday health maintenance, the Otsuka group is a total healthcare company that understands people's lifestyles. With our diverse businesses working together to tackle increasingly complex social issues, we will create a future of Well-being that lets people around the world live their best life.

Our unique approach: Total healthcare



Pharmaceutical Business
(→P. 39)

In addition to our traditional areas of strength such as psychiatry and neurology and oncology, we are also devoting resources to areas such as autoimmune diseases, where there is a high level of unmet medical need. We develop not only new drugs but also medical devices and digital tools, thus offering comprehensive solutions that support patients to reintegrate into society.

Other Businesses (→P. 55)

We operate a chemical business, which supplies high-performance materials, and a warehousing and transport business, which provides logistics solutions with low environmental impact. In addition to supporting our group's diverse business foundation, we utilize our proprietary technologies and infrastructure to also make wide-ranging contributions to the development of industry and the realization of a sustainable society.

Nutraceutical Business
(→P. 47)

Using expertise acquired in the Pharmaceutical Business, we provide functional beverages and foods and related products based on scientific evidence. From women's health to hydration and electrolyte replenishment, we offer solutions to the health issues of each life stage, supporting people around the world to maintain and improve their health at the everyday level.

Consumer Products Business (→P. 54)

We develop food and beverage businesses around the themes of flavor, safety, peace of mind, and health. We create original concept products that meet people's needs, such as foods sealed in hygienic plastic pouches (retort bags). Food solutions such as these support the diverse health needs of today's society and help people live full and healthy lives.

Special feature

A story of Well-being from Otsuka's total healthcare

Medical devices

Diagnostics

Clinical nutrition

Therapeutic drugs

Our approach to realizing Well-being

Otsuka's strength lies in the interdivisional collaboration across its different businesses. We take a multifaceted human-centered approach to social issues. That includes developing therapeutic drugs and providing comprehensive support through local government networks and use of medical devices and digital technologies. In this way, we seek to realize a world of Well-being where everyone can live their best life.

Working toward a society that lives with dementia

P. 19, P. 20



Taking a holistic approach to complex psychiatric and neurological disorders

P. 41



Working toward a society that lives with cancer

P. 42



Supporting health for everyone through hydration and electrolyte replenishment

P. 49



Empowering women by addressing their specific health issues

P. 53 Nutraceutical Business For women's health category



Providing nutrients for a wide range of needs, from people living with disease to healthy people

P. 50, P. 54



Consumer products

Chemicals

OTC

Cosmedics

NC

Special feature

A story of Well-being from Otsuka's total healthcare

Working toward a society that lives with dementia

Our view of the fundamental issues related to dementia

The Otsuka group sees the most fundamental dementia-related issue as being the social isolation it brings for those affected and their families and caregivers. They can become worn down from carrying the burden of day-to-day care alone due to a lack of understanding from the surrounding community. Relieving this isolation to create an inclusive society where everyone can live their best life is the real issue that we need to address.

Our approach to dementia

The Otsuka group takes a human-centered total healthcare approach in which the Pharmaceutical and Nutraceutical Businesses collaborate to address the social issue of dementia. We contribute to value creation in society by applying the therapeutic drugs, VR tools, and other technologies developed with the scientific expertise of our Pharmaceutical Business. We roll these out through the more than 800 networks established nationwide with local governments and enterprises by our Nutraceutical Business. Through this unique approach, we provide solutions offering comprehensive support from diagnosis and treatment to living within the community.

Solutions for dementia care

We carry out development and sale of VR programs to train dementia caregivers.

→ P. 20, P. 45



FACE DUO

Development and sale of therapeutic drugs

We achieved the development and sale of the first therapeutic drug for agitation associated with dementia due to Alzheimer's disease.

→ P. 41



Raising dementia awareness

We organize activities with internal and external stakeholders to raise awareness of new perspectives on dementia.



Neuropsychological assessment application program for dementia diagnosis support

We market a neuropsychological assessment application program used to support dementia diagnosis and treatment.

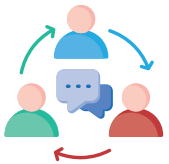
→ P. 45



Collaboration with stakeholders

We provide dementia support by drawing on the consumer contacts, networks, and expertise accumulated by the Nutraceutical Business.

→ P. 20



Networks with firm roots in local communities

We use a total of some 800 comprehensive partnership agreements with local governments nationwide to provide dementia support rooted in the local community.



Toward a society where everyone facing dementia can continue to be themselves



A new initiative to enhance understanding of dementia created in a collaborative project with Resona Bank

With the idea that dementia need not be an isolating disease, the Otsuka group is addressing related issues. Our approach combines the scientific expertise of the Pharmaceutical Business with the wide-ranging social networks of the Nutraceutical Business. This Special Feature takes the example of the collaborative project with Resona Bank, Limited to introduce our latest initiatives. The focus is not merely on diagnosis and treatment, but also on dementia in the context of everyday life, where we address the issue of isolation. Two members in charge share a unique value creation story born from collaboration across business divisions.



FACEDUO experience session held at a Resona!n facility at Fukagawa Gatharia Legare

Addressing dementia-related isolation through Pharmaceutical-Nutraceutical collaboration

Kato As one of the potential issues affecting people living with dementia and their families, we considered the risk of social isolation as a result of a lack of understanding from the surrounding community. Starting from the idea that dementia need not be an isolating disease, we have been working to address related issues.

Ohnishi The activities of pharmaceutical companies are generally centered on medical environments. In the case of dementia, however, which involves a large number of stakeholders including local governments and businesses, we felt that we needed to turn our attention to everyday settings as well as medical institutions.

Kato As the Nutraceutical Business has extensive consumer contacts through the nationwide networks it has established with local governments, retail businesses, and other partners, we thought these could serve Otsuka as a strength in its dementia-related initiatives.

Ohnishi A major advantage was that an internal environment had already been cultivated that made it easy for the Pharmaceutical and Nutraceutical divisions to consult each other. Otsuka Pharmaceutical has established a Portfolio Management Office for horizontal management across its businesses as part of ongoing efforts to facilitate interdepartmental collaboration.



Program to promote understanding of dementia-related issues created in a collaborative project with Resona Bank

Kato A typical example is the collaborative project with Resona Bank, who the Nutraceutical Business had contacts with through its support for B.LEAGUE basketball. Financial institutions too are aware of dementia as a major social issue in terms of both health and finance when it comes to supporting customers in their everyday life and future planning.

Ohnishi That is why we proposed to Resona that they try *FACEDUO*, a dementia care support VR program that we developed based on scientific evidence provided by the Pharmaceutical Business. The aim of the program is to enable families and other caregivers to experience the perspective of the dementia patient through simulation. This allows them to understand the background to the feelings and behaviors of people with dementia and to respond with appropriate support.

Kato *FACEDUO* was installed at one of the bank's Resona!n locations. Among the feedback from participants were the comments that it had enabled them to understand why people with dementia act and speak as they do and to respond better to them, and that they had felt more relaxed as a result. This example, a collaborative project to promote understanding of dementia based on digital solutions, was carried out through a bank, which provided a familiar everyday location.

Ohnishi The Resona Bank team particularly valued the fact that they could experience *FACEDUO* themselves before introducing it to their customers. *FACEDUO* has now been installed at four Resona!n locations.

Aiming to become a lifelong partner by creating new health value through Pharmaceutical-Nutraceutical collaboration

Ohnishi In our Pharmaceutical Business, we are also developing programs that promote new perspectives on dementia.

Kato In the Nutraceutical Business, we are developing content related to frailty, heat illness, and other health issues closely connected to daily life. Fundamental to Otsuka's thinking is the idea that disease is no more than one part of a person's makeup. Rather than seeing the disease, we look at the individual holistically and aim to be a lifelong partner.

Ohnishi I believe that our strengths lie in creating science-based products, having wide-ranging contacts with society, and possessing the ability to communicate product value. By generating new health value from Pharmaceutical-Nutraceutical collaboration, we are working to address health-related social issues.

(Left) **Koji Ohnishi**
Principal
Portfolio Management Office
Otsuka Pharmaceutical Co., Ltd.

(Right) **Naoki Kato**
Director, Social Health Relations Department
Nutraceuticals Business Group
Principal, Portfolio Management Office
Otsuka Pharmaceutical Co., Ltd.



Creating a future of Well-being as a total healthcare company

Medium- to long-term management plan

22 Medium- to long-term roadmap to realizing the Corporate Vision

23 The 4th MTMP (FY2024–FY2028)

Basic policy

Progress up to FY2025

Outlook for FY2026

26 Message from the CFO

32 Leadership message (sustainability)

34 Financial and non-financial highlights

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 through *Jissho* (actualization) of a unique management model.

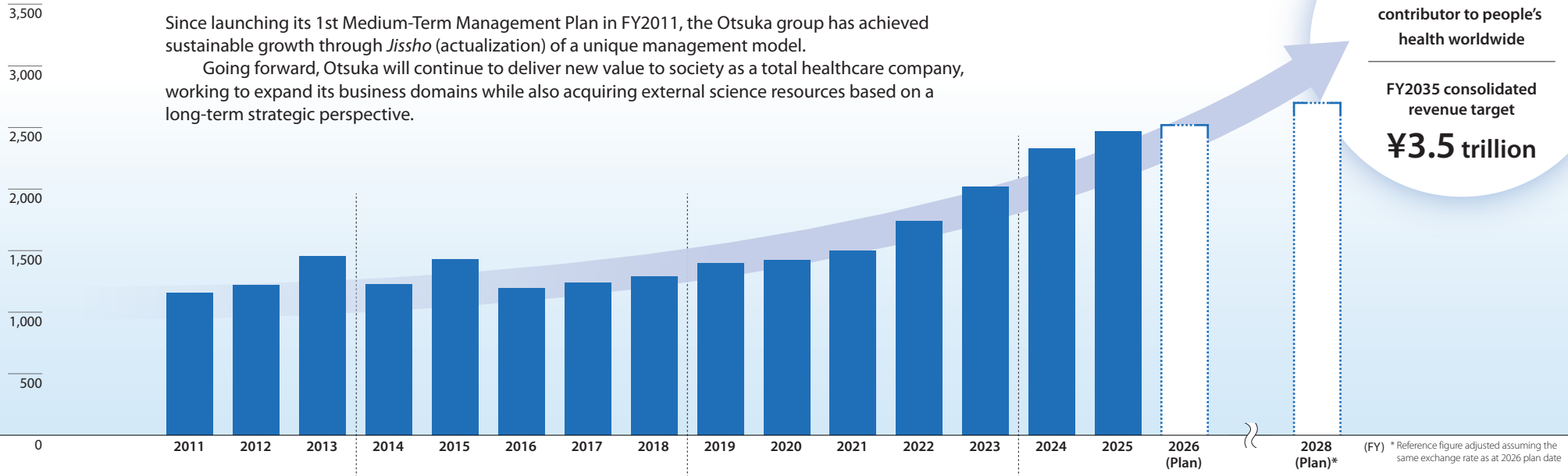
Going forward, Otsuka will continue to deliver new value to society as a total healthcare company, working to expand its business domains while also acquiring external science resources based on a long-term strategic perspective.

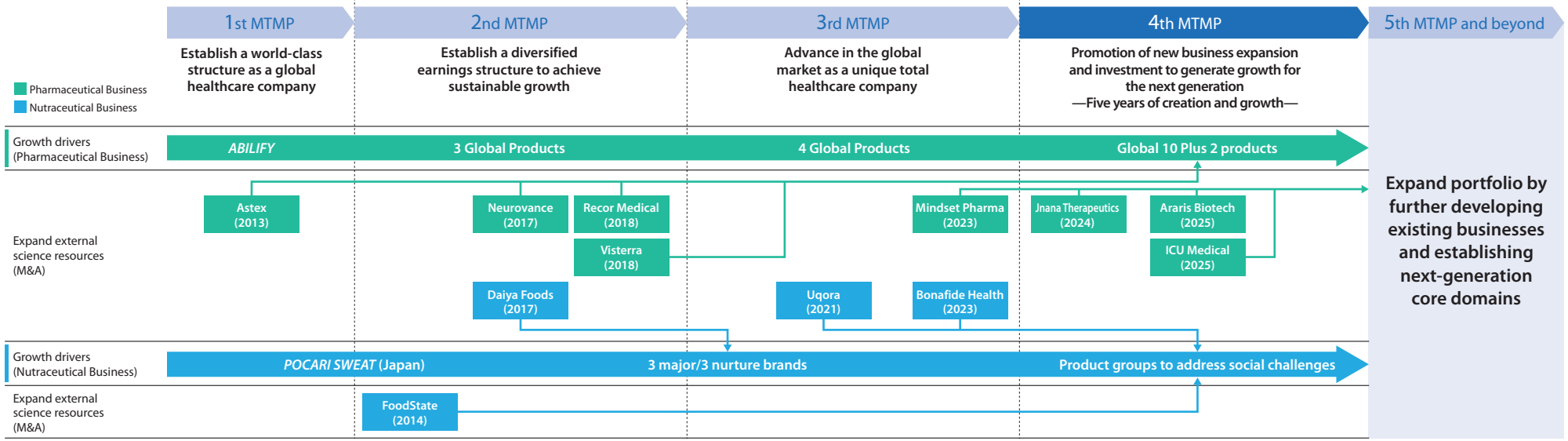
Otsuka's goal

To become an indispensable contributor to people's health worldwide

FY2035 consolidated revenue target

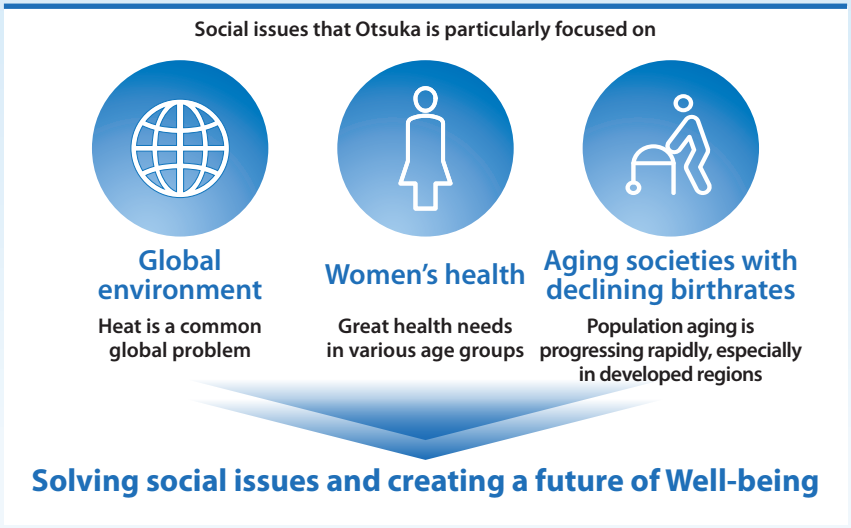
¥3.5 trillion





Basic policy of 4th MTMP

Promotion of new business expansion and investment to generate growth for the next generation
— Five years of creation and growth —



The 4th MTMP is positioned as a period of "promotion of new business expansion and investment to generate growth for the next generation—five years of creation and growth." During this period, we are focusing on addressing the social issues of the global environment, women's health, and aging society with declining birthrates based on the concept of total healthcare extending from health promotion to disease prevention, diagnosis, and treatment.

In the Pharmaceutical Business, we anticipate a period of temporary adjustment during the plan period due to LOE of some key products. In response, we will strive to maximize the value of our key products in both the Pharmaceutical and Nutraceutical Businesses, while also accelerating growth investments and fostering next-generation growth drivers. Furthermore, we will pursue a proactive financial strategy to support sustainable growth and implement management based on a strong awareness of the cost of capital with the aim of enhancing corporate value over the long term.

Growth drivers to deliver sustainable growth

Strengthen portfolio by further developing existing businesses and establishing next-generation growth drivers

Pharmaceutical Business: Global 10 Plus 2 products

Core 2	Products to drive growth during the 4th MTMP	• *REXULTI*	Psychiatry and neurology area	
		• *LONSURF*	Oncology area	
Next 8	8 products expected to provide sales growth in the 5th MTMP and beyond	• ulotaront • centanafadine	Psychiatry and neurology area	• zipalertinib • *LYTGOBI* • *INQOVI* • ASTX030 — Oncology area
		• uRDN	Autoimmunity area	
		• *VOYXACT*	Cardiovascular area	
Plus 2	2 strategically out-licensed products	• *Kisqali** • *Pluvicto*	Oncology area	

* Product sold by Novartis

Nutraceutical Business: Product groups to address social challenges

For climate & environmental risk	• *POCARI SWEAT* • Nutrition & Santé products	• *OS-1* • Daiya
For women's health	• *EQUELLE* • *Bonafide*	• *Uqora* • Cosmedics
For healthier life	• *Nature Made* • *Calorie Mate*	• *MegaFood* • */zeroz*

In the Pharmaceutical Business, we have positioned the Global 10 Plus 2 products as growth drivers and are working to maximize the value of the Core 2 products, which will drive growth in the 4th MTMP. Additionally, we have been accelerating efforts to nurture the Next 8 products, which will support growth in the subsequent period, and are achieving steady results.

In this way, we have continued to deliver unique value amid drastic change in the business environment by not only further developing existing businesses but also implementing a strategy focused on future growth.

In the Nutraceutical Business, we have created markets responding to each area of social challenge by delivering product value based on scientific evidence in the form of solutions to social issues. We will continue to leverage as growth drivers our three product groups to address social issues.

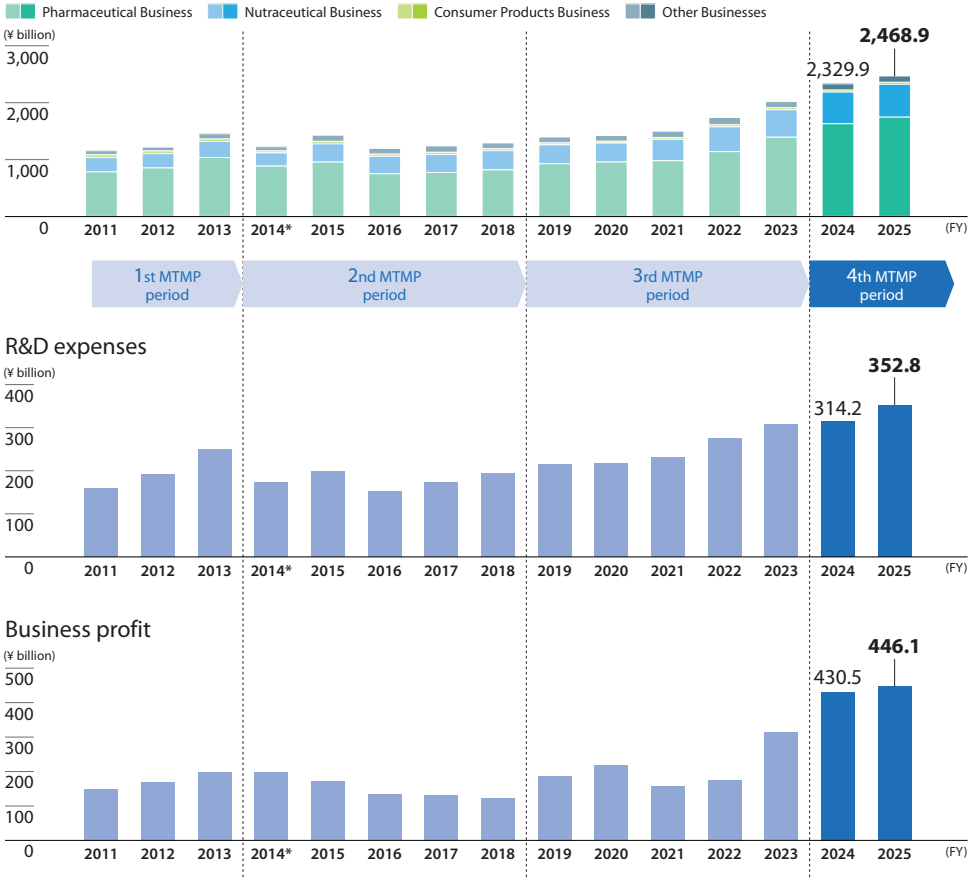
We will also maintain initiatives for sustainable growth by delivering value through group-wide efforts to support individual lifestyles, collaborating across the boundary between the Pharmaceutical and Nutraceutical Businesses.

The 4th MTMP (FY2024–FY2028) | Progress up to FY2025

Results

The Otsuka group has achieved stable growth based on expansion of global and other products in the Pharmaceutical Business, and sustained profitability in the Nutraceutical Business through its high-margin strategy. By supporting this unique Otsuka business model with a solid financial foundation, we aim to achieve further growth through the creation of new value.

Progress in revenue



R&D expenses

Business profit

Note: For 2014, figures used are for the nine-month period from April 1, 2014 to December 31, 2014 due to a change in the fiscal year-end.

Overview of FY2025 consolidated results

In FY2025, we achieved record highs in revenue and all profit indicators, due mainly to growth in the Pharmaceutical and Nutraceutical Businesses.

Revenue increased 6% year on year to ¥2,468.9 billion on the solid performance of the growth drivers *ABILIFY MAINTENA* and *REXULTI* combined with increased royalty income and a significant contribution from the Nutraceutical Business overseas. Business profit increased 3.6% to ¥446.1 billion, as higher gross profit resulting from revenue growth more than offset aggressive R&D investments. ROE meanwhile exceeded the 10% target set at the beginning of the period to reach 12.6%.

Performance targets | KPIs

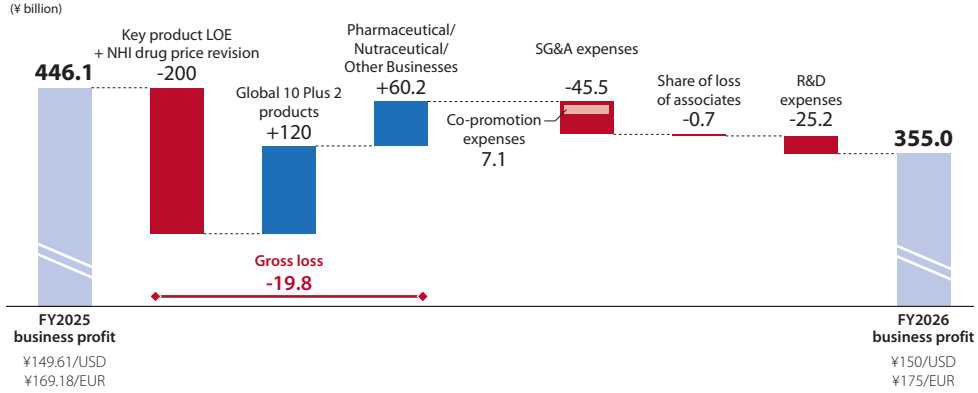
	FY2025 results	FY2026 plan (announced February 2026)	FY2028 MTMP	FY2028 MTMP* (after exchange rate adjustment)
Revenue (¥ billion)	2,468.9	2,520.0	2,500.0	2,700.0
Business profit before R&D investments (¥ billion)	799.0	733.0	720.0	820.0
Ratio/Revenue	32.4%	29.1%	28.8%	30.4%
R&D expenses (¥ billion)	352.8	378.0	330.0	—
Business profit (¥ billion)	446.1	355.0	390.0	450.0
Ratio/Revenue	18.1%	14.1%	15.6%	16.7%
Operating cash flow before R&D investments (¥ billion)	739.2	686.0	650.0	—
EPS	¥685.1	¥504.9	¥550	—
ROIC	11.9%	8% or more	9.5% or more	—
ROE	12.6%	8.5% or more	10% or more	—
Exchange rate assumptions	¥149.61/USD ¥169.18/EUR	¥150/USD ¥175/EUR	¥130/USD ¥140/EUR	¥150/USD ¥175/EUR

* Reference figure adjusted assuming the same exchange rate as at 2026 plan date

Revenue and business profit plans

Revenue in FY2026 is expected to grow 2.1% year on year to ¥2,520 billion due to growth in the Global 10 Plus 2 products and increased revenue in the Nutraceutical Business. Due to the combined impact of LOE in key products and drug price revisions in Japan, gross profit is expected to decrease by ¥19.8 billion. Growth in the Pharmaceutical and Nutraceutical Businesses, however, is progressing at above the level foreseen in the 4th MTMP. SG&A and R&D expenses are expected to increase, reflecting proactive investments in next-generation growth drivers and preparations for new product launches. As a result, business profit is expected to amount to ¥355.0 billion. By advancing with the expansion of existing businesses and the nurturing of products that will drive future growth, we aim to keep the period of profit adjustment short and its impact minimal so as to return to a growth trajectory.

Analysis of factors in increase/decrease of business profit in FY2025 and FY2026 (Announced February 2026)



Growth investments that support sustainable growth

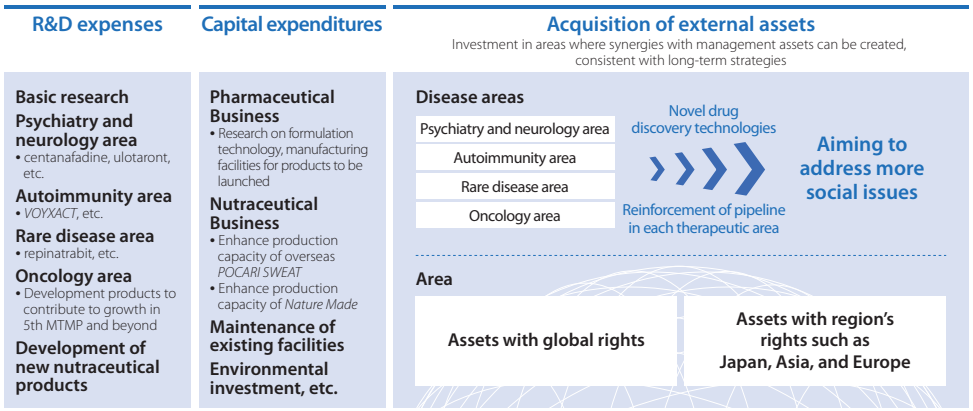
In line with the policy of strengthening the business portfolio as one driven by social issues, the Pharmaceutical Business is advancing with basic research and clinical development focused on the areas of psychiatry and neurology, autoimmunity, rare diseases, and oncology. This will facilitate the creation of innovative in-house products on a continuous basis. To maximize the product value of *VOYXACT*, a therapy for IgA nephropathy launched in the U.S. as a first-in-class drug in FY2026, we are progressing simultaneously with establishing a strong position in the field of IgA nephropathy and developing additional indications. Looking ahead over the next decade, we will promote investments that combine both short- and long-term perspectives, including the in-licensing of early-stage compounds across our focus areas. In March 2026, we concluded an agreement to acquire Transcend Therapeutics, Inc., which is currently developing TSND-201, a potential treatment for post-traumatic stress disorder (PTSD), an area with remaining unmet needs.

We envisage not only steady growth for TSND-201, but also synergies with group assets through this acquisition. Going forward, we will take this project forward actively with the aim of becoming a leading player in the field of psychiatry and neurology.

In the Nutraceutical Business, we are currently engaged in the development and marketing of */zeroz*, a new product that emerged from an integrated life science approach. For the further expansion of existing businesses, we are focusing on the nutritional supplement business and new product development and launches in the area of women's health. An additional focus area is *POCARI SWEAT*, where we have established factories and launched sales in regions that promise future growth. This will enable us to continue addressing social issues on a global basis.

Going forward, we will continue to proactively consider investment in areas where it is consistent with our long-term strategies and where synergies with existing management assets can be created. By also strengthening our pipeline in priority domains and regions, we aim to build a robust business portfolio and achieve sustainable growth.

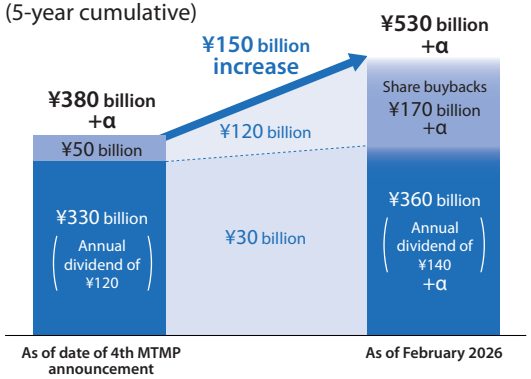
Future direction of investment for growth



Shareholder return policy and share buybacks

Our basic policy is to provide stable shareholder return in the medium to long term. During the period of the 4th MTMP, the favorable progress of next-generation products has created positive prospects for future growth. As a result, we were able to announce share buybacks of ¥70 billion in FY2025 and ¥50 billion in FY2026, providing a shareholder return exceeding the initial plan. We will take a flexible approach to additional shareholder returns based on a range of considerations, including short-term business progress, the outlook for sustainable growth in the 5th MTMP period and beyond, and the total shareholder return ratio.

Total shareholder return under 4th MTMP (5-year cumulative)



Message from the CFO

Creating a virtuous cycle of social and corporate value through cash generated by organic growth

—Otsuka group's financial strategy for sustainable value creation—

Yuko Makino
Senior Executive Director, CFO and Board Member
Otsuka Holdings Co., Ltd.



1. Overview of business performance and Corporate value creation (TSR)

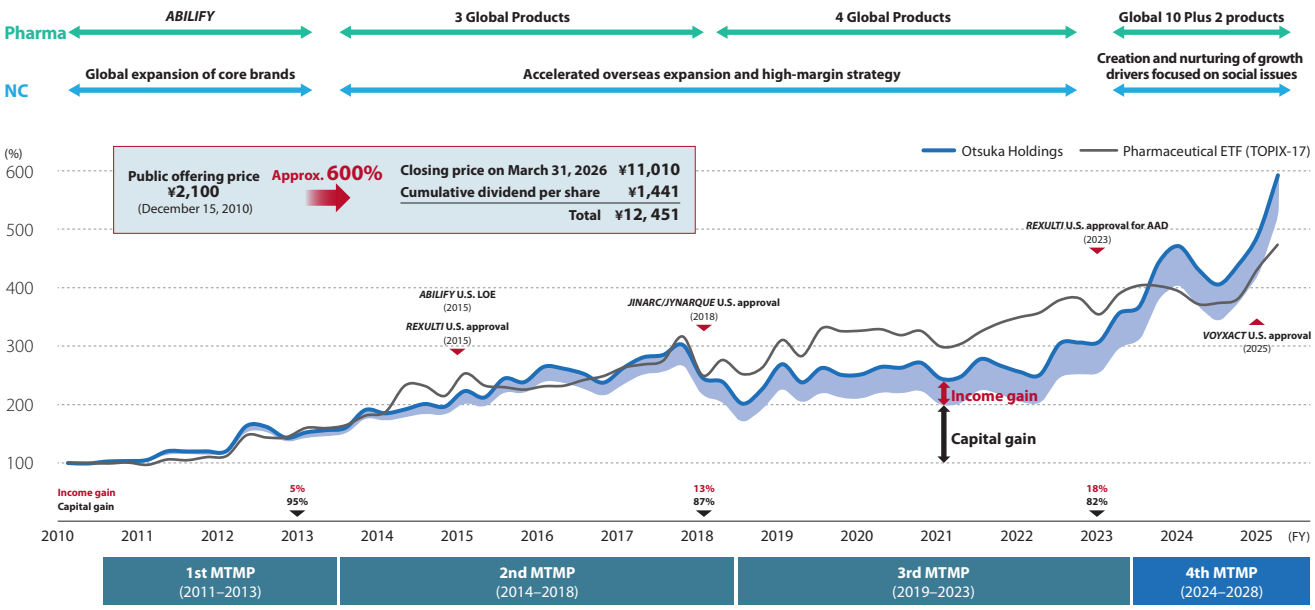
(1) Overview of consolidated business performance

In FY2025, the Otsuka group delivered strong business performance with consolidated revenue increasing 6.0% year on year to ¥2,468.9 billion. Although the Pharmaceutical Business was affected by generic competition with *JINARC/JYNARQUE*, revenue growth was driven primarily by higher sales of *REXULTI* and *ABILIFY MAINTENA*, as well as increased royalty income. Revenue also increased across all other business segments, including the Nutraceutical and Consumer Products Businesses.

Business profit increased by 3.6% year on year to ¥446.1 billion. This result was achieved even after absorbing new product launch expenses in the Pharmaceutical Business, notably for *VOYXACT*, making investments for growth, particularly in the "for women's health" category of the Nutraceutical Business, and funding higher R&D expenses for the future growth drivers repinatrabit, ulotaront, and zipalertinib expected to power business performance in the 5th MTMP and beyond. Operating profit increased by 48.2% year on year to ¥479.4 billion, driven by gains from the sale of MicroPort Scientific Corporation shares as well as the absence of the impairment losses recognized in the previous fiscal year. Net profit increased by 5.8% year on year to ¥363.2 billion.

As a result, we achieved our highest record in revenue, business profit, operating profit, and profit attributable to owners of the Company since our listing on the Tokyo Stock Exchange in December 2010. Profitability indicators also reached record highs.

Figure 1 Total shareholder return (TSR)



Notes: 1. TSR is calculated based on cumulative dividend and share price movements 2. Graph values indicate change based on public price at time of listing

(2) TSR

Looking at our TSR since our listing on the Tokyo Stock Exchange, our corporate value has steadily increased with TSR reaching approximately 600% over the past 15 years as of the end of March 2026. Over the past two years, our TSR has also exceeded the average TSR of the TOPIX Pharmaceutical ETF (TOPIX-17).

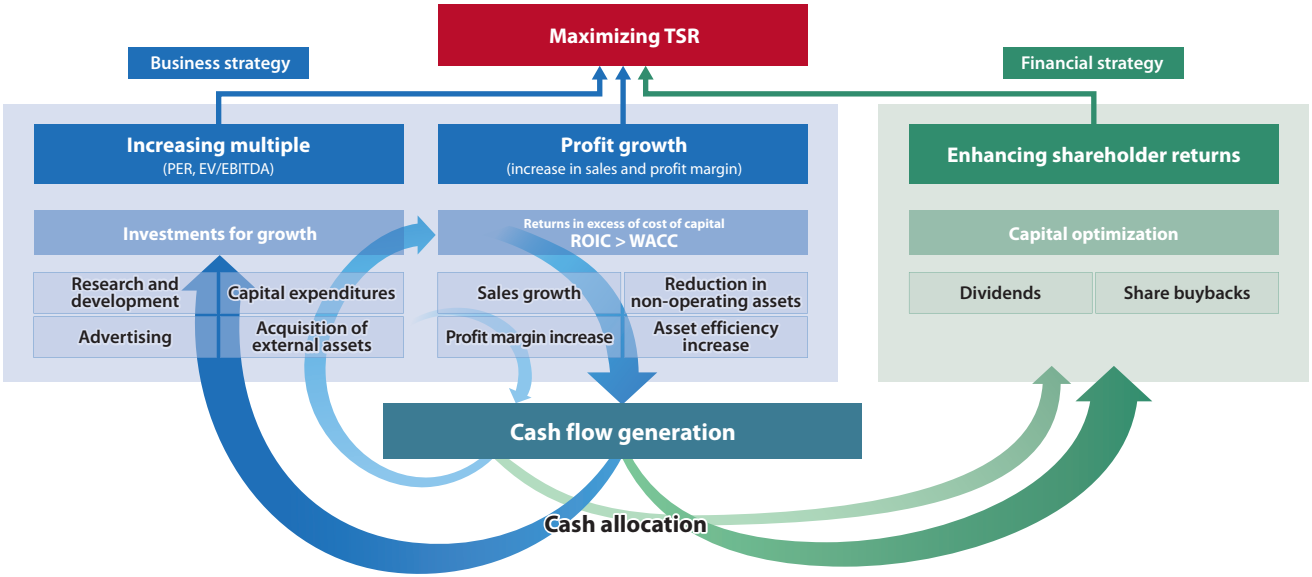
When we went public in December 2010, concerns were raised in the market about the LOE of *ABILIFY* in the U.S. in 2015. To respond to such concerns, during the 1st and 2nd MTMPs, we leveraged the cash generated by *ABILIFY* to diversify our revenue structure by developing our 3 Global Products (*ABILIFY MAINTENA*, *REXULTI*, and *Samsca/JINARC/JYNARQUE*), alongside growth drivers such as the next-generation product *LONSURF*. In parallel we implemented the high-margin strategy in the Nutraceutical Business.

Furthermore, the 3rd MTMP was positioned as a period to prepare for the LOE of *ABILIFY MAINTENA* and *JINARC/JYNARQUE*, during which we drew on the cash generated by the 3 Global Products to nurture next-generation growth drivers.

As a result, the final year of the 3rd MTMP saw the approval in the U.S. of an additional indication for *REXULTI* for agitation associated with dementia due to Alzheimer's disease (AAD), followed in 2025 by accelerated U.S. approval for *VOYXACT*. These products are expected to support revenue growth under the 4th MTMP and beyond.

By consistently allocating cash generated by our businesses toward investments for future growth, we have expanded our cycle of investment and growth and have worked to enhance corporate value. We believe these efforts in business expansion, improvements in earnings, and shareholder returns are reflected in the positive evaluation that we have received from the markets. (*See Figure 1*)

Figure 2 Corporate value enhancement framework



2. Initiatives to enhance corporate value

(1) Framework for enhancing corporate value

As part of the framework of financial policies and strategies that support the creation of new value at the Otsuka group, we believe that establishing a stable financial foundation is essential to continue delivering on "what's never been done and can only be done by Otsuka," which is our corporate philosophy and ultimately contributes to society through innovation.

A key element in sustaining our growth cycle is securing stable and continuous cash generation at a level that exceeds the cost of capital through return on invested capital (ROIC) management. Cash generated through profit growth is allocated to growth investments focused on medium- to long-term opportunities as well as to shareholder returns. Through sustainable value creation that addresses social challenges, we aim to enhance the multiple. By expanding this cycle of value creation, we seek to achieve continuous growth in corporate value. (*See Figure 2*)

In terms of our approach to investment for growth, we place strong emphasis on contributing to society through innovation. We will continue to pursue investment opportunities that contribute to both corporate value enhancement and social contribution. Investment decisions are made in line with the capital allocation framework in areas aligned with our long-term strategy and capable of generating synergies with existing management assets. In the Pharmaceutical Business, we invest in drug discovery technologies and alliances that continuously generate pipelines, as well as making sustained R&D investments to strengthen products and pipelines in key areas such as psychiatry and neurology, oncology, autoimmunity, and rare diseases. In the Nutraceutical Business, we invest in expanding sales channels into new regions, building brand value by promoting new product benefits, and strengthening production and sales infrastructure.

Where external cash procurement is required to meet an opportunity for growth investment, we are always prepared to implement the full range of options, including commercial paper, corporate bonds and bank loans, so as to act in a timely manner.

(2) Review of Otsuka's corporate value enhancement cycle

Looking back at our past MTMPs, operating cash flow before R&D investments has steadily increased, from ¥1.6 trillion during the five-year period of the 2nd to ¥2.3 trillion during the 3rd and a planned ¥3.0 trillion under the 4th MTMP. As cash generation has strengthened, growth investment has also expanded, from ¥1.8 trillion in the 2nd to ¥1.85 trillion in the 3rd and a planned ¥2.2 trillion in the 4th MTMP, reflecting an expanding cycle of corporate value enhancement. Under the 4th MTMP, we continue to take a long-term perspective and pursue the acquisition of assets and investments in R&D expected to generate future cash return, thereby sustaining this virtuous cycle. (*See Figure 3*)

In the Pharmaceutical Business, approximately ¥570 billion in growth investments in 4 Global Products has generated cumulative revenue of approximately ¥5.2 trillion from the 3rd MTMP onward. Investment in the Next 8 and Plus 2 product groups during the 3rd MTMP, meanwhile, is expected to drive revenue under the 4th and 5th MTMPs. (*See Figure 4-1*)

In the Nutraceutical Business, by investing in initiatives that address the three social issues specified in the 4th MTMP ("For climate & environmental risk," "For women's health," and "For healthier life") and making investments for growth to support the expansion of existing products into untapped overseas markets, we have significantly grown our business. As a result, the overseas revenue ratio has increased from approximately 40% at the time of listing to around 70%. (*See Figure 4-2*)

(3) Financial policy and progress under the 4th MTMP

① Cash allocation

Under the 4th MTMP, we plan to secure funds of approximately ¥3.2 trillion, which exceeds the amount in the 3rd MTMP period. Our planned R&D investments of approximately ¥1.5 trillion will be allocated mainly to the Pharmaceutical Business for basic research to create future fundamental drug discovery technologies and for late-stage clinical development. Of the approximately ¥500 billion in capital expenditures, about half is for investment for growth, such as increasing production capacity to meet the demand for *POCARI SWEAT* in high-growth overseas markets, while the remaining half will be invested in the maintenance and renewal of existing facilities in an

Figure 3 Corporate value enhancement cycle

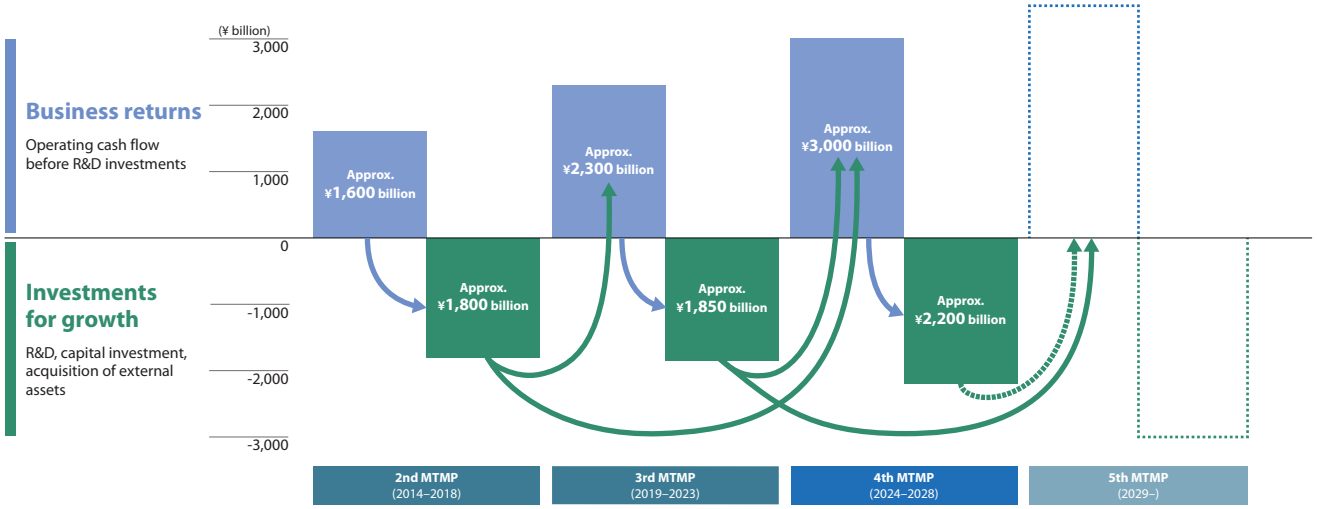
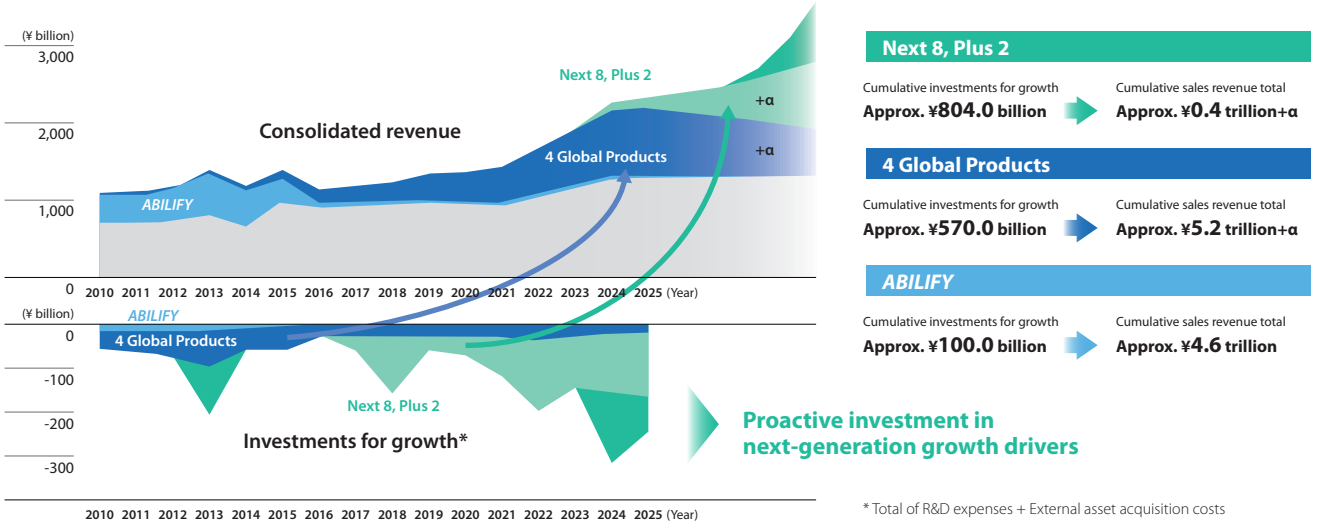


Figure 4-1 Growth investment cycle by business segment: Pharma (2010–2025)



* Total of R&D expenses + External asset acquisition costs

environmentally friendly manner. In addition, approximately ¥380 billion is planned for shareholder returns, including stable and continuous dividends and share buybacks.

In terms of progress over the first two years through FY2025, operating cash flow before R&D investments, which serves as the source of investment for growth, reached ¥1,592.3 billion, equivalent to 50% of the cash to be generated during the 4th MTMP period. This exceeds the two-year benchmark of 40% by approximately ¥190 billion.

Investments for growth have progressed to 41% of target, largely in line with the plan. R&D expenses progressed to 42% of target, driven by clinical development of products such as *VOYXACT*, centanafadine, and ulotaront. Capital expenditures reached 37% of target as investments progressed in areas such as expansion of the IV solutions business to the U.S. market and development of untapped markets in the Nutraceutical Business. In-licensing and acquisitions also reached ¥290.5 billion, exceeding the level achieved over the five years of the 3rd MTMP.

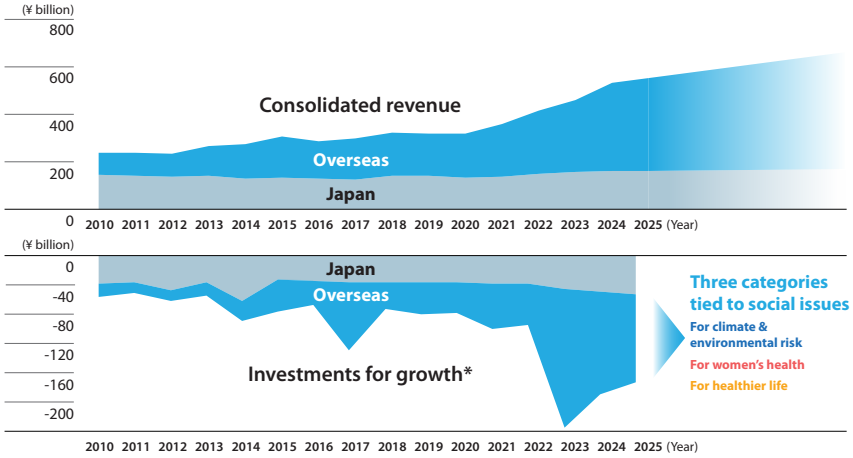
As for shareholder returns, supported by strong business performance and higher-than-expected cash generation, we implemented additional returns, resulting in a progress rate of 68%, significantly above the 4th MTMP. Going forward, we will continue to balance growth investments and shareholder returns in allocating generated cash, thereby supporting the sustainable enhancement of corporate value. (*See Figure 5*)

② ROIC management

ROIC management, which supports Otsuka's innovation, is considered a key initiative not only for improving short-term capital efficiency. It is also a framework for continuous monitoring of whether we are generating stable cash returns that exceed the cost of capital while continuing investments in research and development, external asset acquisition, and human resources development to support our social value. (*See Figure 6-1*)

FY2025 saw solid progress in ROIC, a management indicator of the efficiency of cash return generation, which reached 11.9%, significantly exceeding both the five-year average of 5.8% under the 3rd MTMP and the weighted average cost of capital (WACC) benchmark set under the 4th MTMP. Going forward, it will be essential to ensure that the outcomes of our investments for

Figure 4-2 Growth investment cycle by business segment: NC (2010–2025)



Overseas
Cumulative sales revenue total
Approx. ¥3,320 billion

Japan
Cumulative sales revenue total
Approx. ¥2,370 billion

Percentage of revenue from overseas
2010 **38%** → 2025 **71%**

Overseas
Cumulative investments for growth
Approx. ¥640 billion

Japan
Cumulative investments for growth
Approx. ¥440 billion

Percentage of overseas growth investments
2010 **32%** → 2025 **69%**

* Total of R&D expenses + Capital investment + Advertising expenses + External asset acquisition costs

Figure 5 4th MTMP: Progress in cash generation and growth investment

(¥ billion)	4th MTMP (2024–2028)	2024–2025 results	Progress rate	Surplus cash (2-year time frame) and allocation
Cash IN	**3,200**	**1,592.3**	**50%**	**Approx. +190.0**
Operating cash flow before R&D investments	3,000	1,392.3	46%	Approx. +190.0
Carryover from 3rd MTMP	200	200	-	-
Cash OUT	**3,200**	**1,365.8**	**43%**	**Approx. + 95.0**
Shareholder returns	380+α	257.8	68%	Approx + 75.0
Dividends	330.0	137.8	42%	Approx. + 5.0
Share buyback	50.0	120.0	240%	+70.0
Investments for growth	2,000	1,108	41%	Approx. + 20.0
R&D expenses	1,500	634.1	42%	Approx. + 35.0
Capital expenditures	500.0	183.4	37%	Approx. - 15.0
Acquisition of external assets	Flexible	290.5		

40% (2-year time frame) 100%

Main capital expenditures in FY2024–2025
- Started operation of a dedicated factory for gummy-type supplements in Ohio, U.S. (2025).
- Established a new *POCARI SWEAT* production factory in Vietnam (2025).

Main external assets acquired in FY2024–2025
- Acquired Jnana Therapeutics, which has a potential first-in-class oral therapeutic drug for phenylketonuria in its development pipeline (2024).
- Acquired Araris Biotech, a company with ADC drug discovery technology (2025).
- Established a joint venture with ICU Medical, which has extensive production capacity and distribution networks in North America in the IV solutions industry (2025).

Reference: External asset acquisition in FY2026
Acquired Transcend Therapeutics, which owns a fast-acting neuroplastogen that is a candidate therapy for post-traumatic stress disorder (PTSD) and other conditions.

growth are steadily translated into earnings and cash generation. (*See Figure 6-2*)

With respect to cash returns, in the Pharmaceutical Business, the KPI of revenue from the Global 10 Plus 2 products increased by approximately ¥200 billion compared with FY2023 to reach ¥572.1 billion, highlighting steady expansion.

Improved cost efficiency in existing products contributed to an increase of approximately 0.4%, maximizing return by improving the business profit margin before R&D investments to reach 42.2%.

In the Nutraceutical Business, the KPI of overseas revenue ratio rose by approximately 5% compared with FY2023 to 70.6%, reflecting strong performance in overseas markets.

Although we have faced headwinds from steeply rising raw material costs in recent years, these were offset through ongoing efforts to reduce costs and price increases on certain products resulting in a 0.4% improvement in the cost ratio to 47.8%, contributing to profitability.

The EBITDA margin remained unchanged from FY2023 at 15.8%, reflecting increased costs for investments for growth. Going forward, we aim to improve margins through continued strengthening of high-margin product brands.

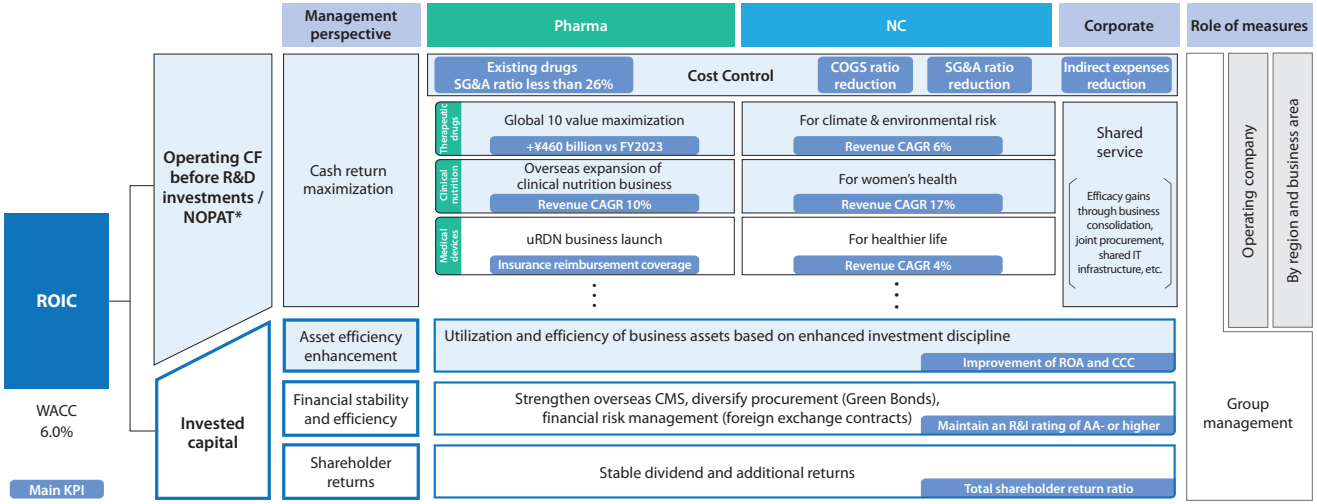
Regarding invested capital, we are acquiring external assets at a level above that of the 3rd MTMP to increase the portfolio of assets that can be expected to generate future cash return. Meanwhile, we maintained business asset turnover in both the Pharmaceutical and Nutraceutical Businesses by reviewing existing projects and other measures.

The cash conversion cycle has lengthened compared with the 3rd MTMP, primarily due to increased inventories to ensure stable supply and mitigate the impact of geopolitical risks and U.S. tariff policies. We will continue to seek the optimal balance between supply stability and working capital efficiency.

In addition, as part of initiatives beyond core operations, we have reduced cross-shareholdings by 31 issues since FY2023. From a financial efficiency perspective, while maintaining diversified financing options to cover potential financing needs, we have also worked to reduce interest-bearing debt, thereby lowering both financing costs and invested capital.

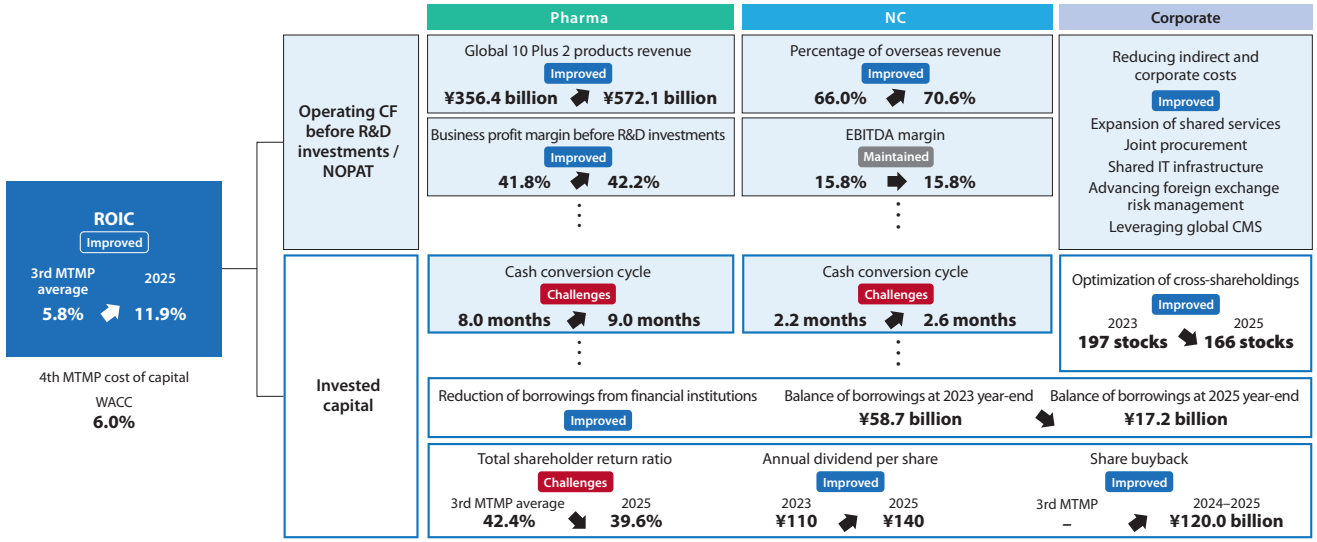
Figure 6-1 Otsuka Group ROIC management under 4th MTMP (Source: 4th MTMP launch materials)

Aim to achieve a ROIC of over 9.5% by FY2028 by balancing growth investment and the creation of economic value exceeding WACC



* Net Operating Profit After Tax

Figure 6-2 Progress of KPIs under FY2025 ROIC management



③ Shareholder returns

Our shareholder returns policy is to steadily implement dividends and share buybacks as planned during the MTMP period, and to consider additional returns based on the level of cash generated from business growth and the outlook for the next MTMP.

In FY2024, we reaped the benefit of measures under the 3rd MTMP by investing approximately ¥50 billion in share buybacks. In March 2025, based on improved future earnings visibility following the approval of *REXULTI* in the U.S. for the additional indication of agitation associated with dementia due to Alzheimer's disease (AAD), and on strong cash generation in FY2024 and steady progress in investments for growth, we executed approximately ¥70 billion of buybacks and increased the annual dividend by ¥20, from ¥120 to ¥140 per share.

On the strength of the positive business results for FY2025 and the improved future revenue visibility associated with the accelerated approval in the U.S. of *VOYXACT*, an APRIL inhibitor for the treatment of adults with IgA nephropathy (IgAN), we announced ¥50 billion of share buybacks to be implemented during FY2026. Going forward, we will continue to flexibly consider shareholder returns from multiple perspectives, including current upside in cash generation, progress in growth investments, future revenue visibility, and the key return indicator of total shareholder return ratio. (*See Figure 7*)

Figure 7 Shareholder return and net profit in 3rd and 4th MTMP periods

	2019	2020	2021	2022	2023	2024	2025	2026 plan
Dividend payout ratio	42.6%	36.6%	43.2%	40.5%	49.1%	33.4%	39.6%	46.5%
Annual dividend	¥100	¥100	¥100	¥100	¥110	¥120	¥140	¥140
Share buybacks	-	-	-	-	-	¥50.0 billion	¥70.0 billion	¥50.0 billion

¥10 increase ¥10 increase ¥20 increase

Catalyst for additional shareholder returns

Source of dividend increase and share buybacks

Pharma NC

2019
- *LONSURF* Japan: Additional indication for stomach cancer

2020
- *Entresto* Japan: Sales launch
- *INQOVI* Canada and U.S.: Approved
- *InnerSignal* South Korea expansion overseas

2021
- Acquired Uqora
- *tocoelle* Japan: Sales launch

2022
- *sakuraé* Japan: Sales launch

2023
- *REXULTI* U.S.: Additional indication for AAD
- *REXULTI* Japan: Additional indication for depression
- *LONSURF* U.S.: Approved for combination therapy with bevacizumab
- Acquired Bonafide Health

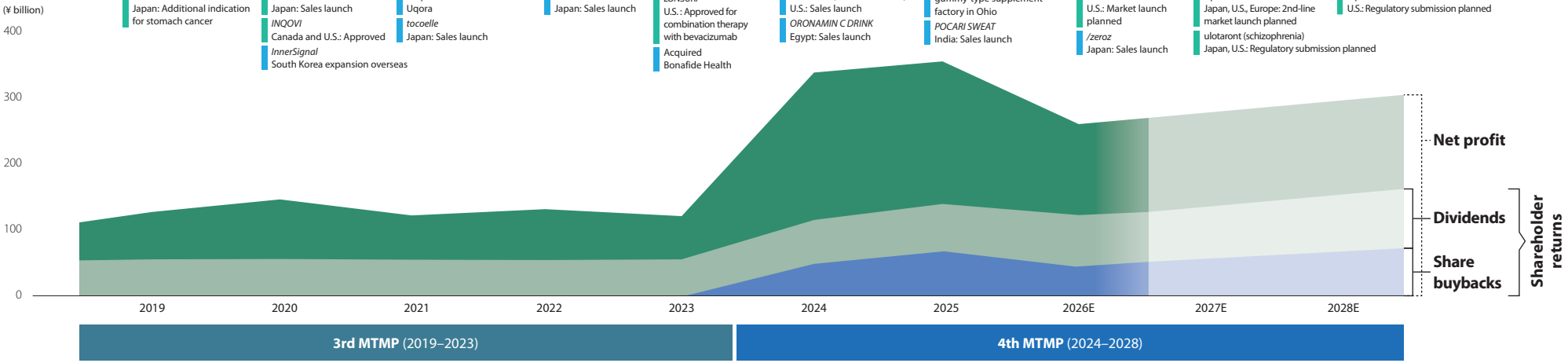
2024
- *Thermella* (Bonafide Health) U.S.: Sales launch
- *ORONAMIN C DRINK* Egypt: Sales launch

2025
- *VOYXACT* U.S.: Accelerated approval
- uRDN U.S.: Manufacturing and sales approval
- Pharmavite Established dedicated gummy-type supplement factory in Ohio
- *POCARI SWEAT* India: Sales launch

2026
- centanafadine U.S.: Market launch planned
- */zeroz* Japan: Sales launch

2027
- zipalertinib Japan, U.S., Europe: 1st-line regulatory submission planned
- zipalertinib Japan, U.S., Europe: 2nd-line market launch planned
- ulotaront (schizophrenia) Japan, U.S.: Regulatory submission planned

2028
- repinatrabit U.S.: Regulatory submission planned



Advancing sustainable growth and social value creation to drive long-term corporate value



Yoshiro Matsuo
Executive Deputy President and Board Member Responsible for Sustainability Oversight
Otsuka Holdings Co., Ltd.

Enhancing corporate value through business activities contributing to people's Well-being

For the Otsuka group, sustainability serves as the foundation of management, enabling both the creation of social value through business activities and the realization of sustainable growth. Guided by its corporate philosophy, "Otsuka-people creating new products for better health worldwide," the group believes that its essential role lies in continuously delivering value that contributes to the Well-being of people through collaboration with diverse stakeholders. The group believes that the cumulative impact of these efforts contributes to the enhancement of corporate value over the medium to long term.

The group's commitment extends beyond the provision of healthcare-related products. By positioning "total healthcare" at the core of its corporate activities, the group strives to support all aspects of people's lives—from daily health maintenance and mental wellness to the fostering of social connections. Through this approach, it aims to provide better choices tailored to each individual's circumstances and values, thereby remaining a truly indispensable presence in society.

To ensure the reliability of these value creation efforts, the group places strong emphasis on establishing sound and transparent business processes. Strong governance is a critical foundation for improving management effectiveness and credibility, thereby supporting long-term value creation. Looking ahead, under a robust governance framework, the group will continue to uphold clear decision-making processes and conduct its business operations with integrity, promoting management practices that enable sustainable growth together with society.

Steady progress of sustainability management

The Otsuka group established the Sustainability Promotion Committee in 2018 and has continuously advanced initiatives that position sustainability at the core of management. A distinguishing feature of the group lies in its organizational approach, whereby each operating company shares a common group-wide direction while leveraging its respective strengths and business characteristics and collaboratively formulates and executes initiatives. Through the cumulative impact of such operational efforts, the group aims to enhance both social and corporate value creation.

Within the committee, the activities and material issues identified by each operating company are consolidated, and key material issues to be addressed at the group level are reported and discussed. Across key sustainability areas including human rights, the environment, supply chain management, customer responsibility, and employee engagement, the group sets clear directions and steadily advances effective initiatives through coordination among operating companies.

These initiatives are supported by decision-making processes that emphasize transparency and effectiveness, linking management and operational levels. The status of sustainability initiatives at major operating companies, including committee deliberations and progress by relevant committees and task forces, is reported and deliberated annually by the Otsuka Holdings Board of Directors and

the Nomination and Remuneration Committee. In addition, by reflecting the evaluation of each company's initiatives in directors' remuneration, the group has established a framework that encourages executives to fully recognize the objectives and importance of sustainability and proactively promote related initiatives as part of their own responsibilities.

Going forward, sustainability will be integrated into the group's medium- to long-term strategy, rather than treated as a set of discrete activities. The group's initiatives will be further evolved under clear direction and priorities. By further clarifying its approach to addressing social issues and its perspectives on value creation, the group will deepen dialogue with stakeholders both inside and outside the organization, thereby achieving sustainable growth supported by trust.

People as the source of value creation —— Accelerating human capital management through engagement

At the Otsuka group, people are the foundation for generating innovation and executing business strategies, and the source of value creation itself. The group believes that sustainable business growth and social value creation can only be achieved when every employee is empowered to fully realize their capabilities and individuality.

Based on this recognition, the group places particular emphasis on enhancing employee engagement. When employees understand the significance of their work and are able to experience personal growth, their motivation to take on challenges and act proactively is enhanced, leading to greater organizational vitality as a whole.

As part of these efforts, a group-wide common assessment was introduced in 2025, with standardized implementation. The results are used not only to assess the current state, but also to drive improvements in HR systems, organizational structures, and management practices. In practice, for managers at operating companies where the assessment has been conducted, the group's leadership directly communicates the importance of engagement and the desired future vision. This dialogue, driven by leadership commitment, will be expanded further going forward.

In addition, creating an environment where diverse talent can fully leverage their respective strengths is essential for advancing human capital management. With overseas operating companies outnumbering those in Japan, the group respects local cultures and HR practices across regions, including the U.S., Europe, and Asia, while promoting collaboration and ongoing dialogue among HR personnel on a global basis. For key positions, succession plans are established, and initiatives from recruitment to development and career advancement are implemented in a systematic and continuous manner.

Furthermore, to enable employees to thrive, it is essential to foster a workplace environment grounded in psychological safety. An environment in which employees with diverse backgrounds can openly exchange opinions and feel empowered to speak up when something does not feel right provides a foundation for sustainable value creation. Through the further advancement of people-centered management, the group will continue to enhance its overall competitiveness and value creation capabilities.

Sustainability as *HINKAKU** looking ahead

At the Otsuka group, a distinctive corporate culture—symbolized by three guiding principles, *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization), and *Sozosei* (creativity)—has been passed down over generations. Actively engaging at the front line, tackling challenges head-on, and boldly venturing into uncharted domains are not merely ideals, but have been the very driving force behind the group's ability to create value for society and achieve sustainable growth.

The group believes that sustainable growth is strengthened when employees embrace this culture in their daily decisions and actions, and rely on it as a guiding compass in challenging situations.

To deepen understanding of this culture and pass it on to future generations, the group continues to conduct training programs in Tokushima, its birthplace, bringing together employees from across the world.

Experiencing these roots firsthand and sharing core values strengthens a sense of unity across the group. At the same time, it fosters sound judgment and a willingness to take on challenges in a rapidly changing environment, ultimately enhancing competitiveness and supporting sustainable growth based on character and integrity.

The group does not prioritize short-term financial gains or immediate efficiency alone. Instead, it places importance on engaging sincerely with stakeholders—including society, employees, and customers—and on creating value from a long-term perspective. This approach reflects the essential quality of a corporation and the very notion of *HINKAKU*.



By placing sustainability at the core of its business and building trust through its activities, the group believes it can achieve sustained growth in corporate value.

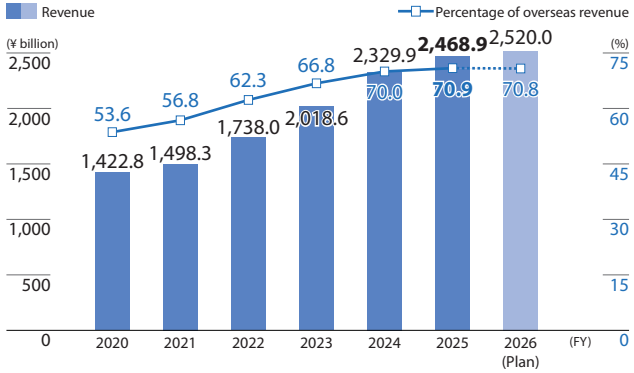
The Otsuka group will continue to address social issues with sincerity while creating value through its business activities, embracing change rather than resisting it. By advancing both business growth and social value creation as complementary drivers, it aims to remain a trusted and indispensable presence over the long term. Guided by this commitment, it will continue to advance sustainability management.

* *HINKAKU*: A Japanese concept encompassing integrity, values, and the character of a corporation.

Financial and non-financial highlights

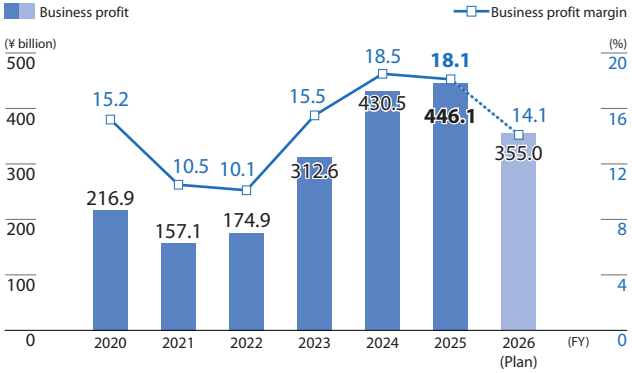
Financial highlights

Revenue and percentage of overseas revenue



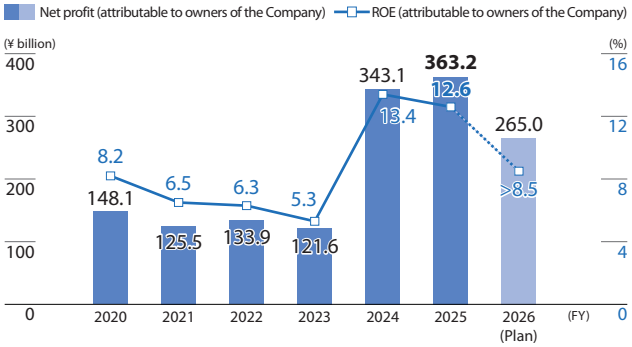
In FY2025, revenue increased across all business segments. In the Pharmaceutical Business, growth was driven by the Core 2 products, *REXULTI* and *LONSURF*, and also by *ABILIFY MAINTENA/ABILIFY ASIMTUFII* and domestic products. In the Nutraceutical Business, expansion in overseas business contributed significantly.

Business profit, Business profit margin (Percentage of revenue)



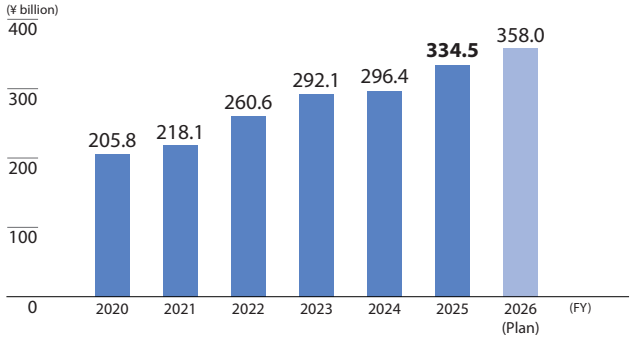
In FY2025, business profit reached a record high, supported by strong revenue growth, even as R&D investments aimed at future growth continued. In FY2026, although a decline in profit is expected due to increased SG&A associated with revenue growth and development expenses, business profit is projected to exceed the FY2026 target of ¥270 billion announced in the 4th MTMP.

Profit attributable to owners of the Company, Return on equity (ROE)



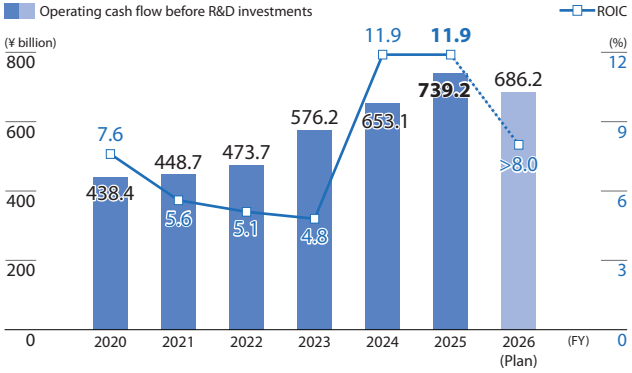
In FY2025, net profit reached a record high, driven by robust revenue growth primarily from key products. Although ROE was slightly lower than the previous fiscal year, it remained at a high level of 12.6%, exceeding the initial plan for FY2025.

Pharmaceutical Business R&D expenses



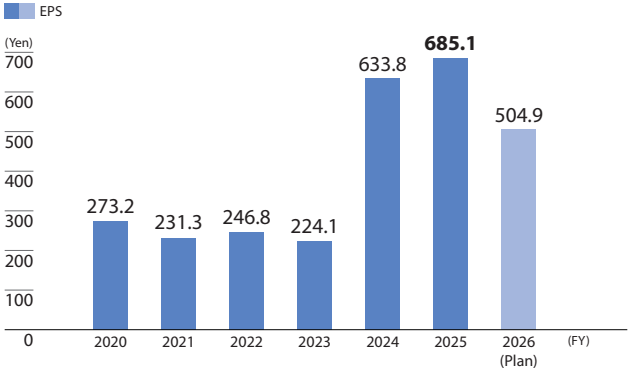
Proactive R&D investments for future growth are being expanded, including accelerated development of growth drivers such as ulotaront for schizophrenia and generalized anxiety disorder, zipalertinib for non-small cell lung cancer, and repinatrabit for phenylketonuria.

Operating cash flow before R&D investments, Return on invested capital (ROIC)



Accumulated cash generation under the 4th MTMP reached ¥1,392.3 billion over the first two years through FY2025, representing steady progress at 46.4% toward the five-year target of ¥3,000 billion. Although ROIC in FY2024 was temporarily impacted by tax adjustments, it remained at a high level in FY2025 at 11.9%.

Earnings per share (EPS)



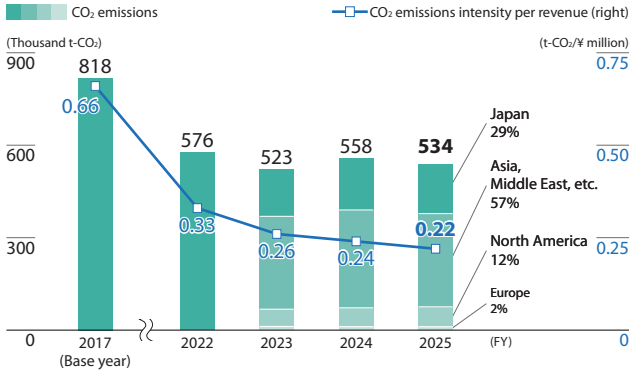
In FY2025, EPS increased compared with the previous fiscal year, supported by strong performance and the execution of share repurchase.

In FY2026, EPS is expected to decline in line with a decrease in net profit. However, despite the expected decline in EPS in FY2026, investments for future growth will be maintained to support medium- to long-term EPS growth, while shareholder return, including share repurchase, will continue to be considered.

Non-financial highlights

CO_2 emissions, CO_2 emissions intensity per revenue

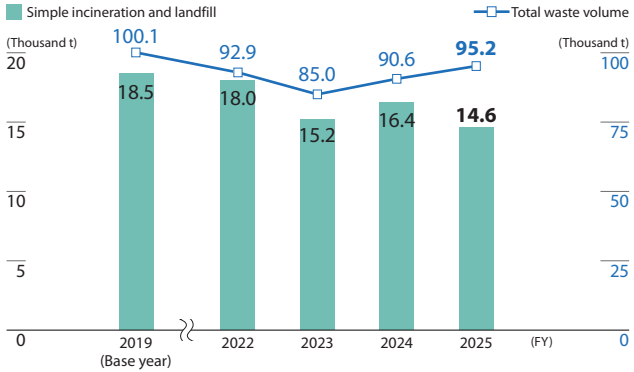
Scope: All production sites of the consolidated Otsuka group



CO_2 emissions decreased by 4.3% from the previous fiscal year due to factors including the introduction of CO_2-free electricity and fuel conversion.

Simple incineration and landfill volume, Total waste volume

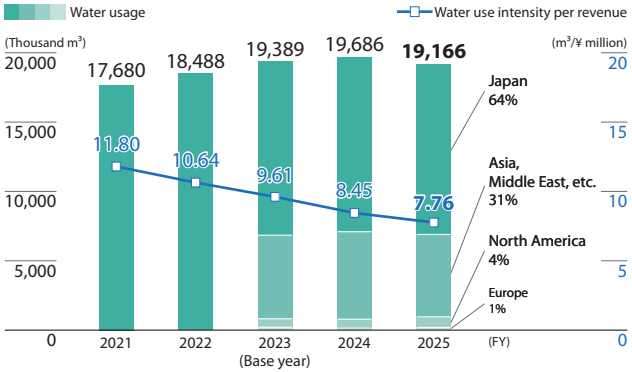
Scope: All production sites of the consolidated Otsuka group



Total waste volume increased by 5.1% from the previous fiscal year, while simple incineration and landfill volume showed a 21% decrease compared to the base year of FY2019.

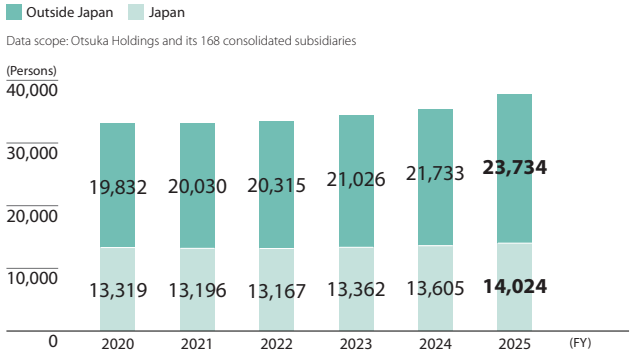
Water usage, Water use intensity per revenue

Scope: All production sites of the consolidated Otsuka group



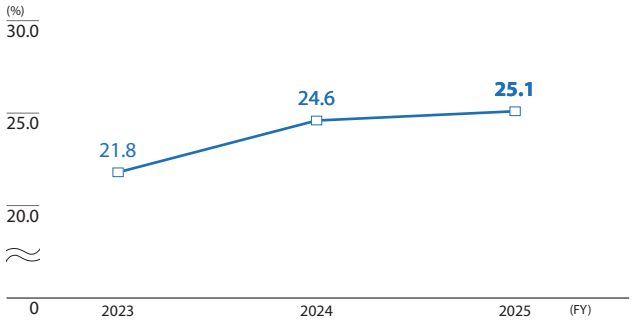
Water usage decreased by 2.6% from the previous fiscal year, while water use intensity per revenue was reduced by 8.1%.

Number of employees by region



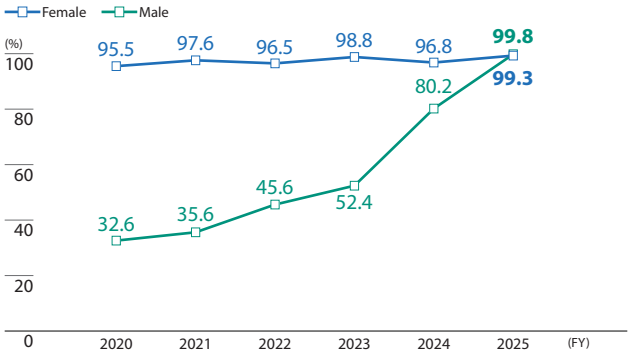
The globalization of our business has led to a higher proportion of our human resources being based outside Japan.

Percentage of female managers[1]



We are working to create an environment that offers managerial opportunities to diverse human resources. Due to a redefinition of the grade of manager at operating companies outside Japan, figures shown are from FY2023 onward.

Percentage of employees taking parental leave[2]



In FY2024, to coincide with the introduction of a parental leave system for new fathers and the compulsory publication of the system's uptake rate, we engaged in efforts to ensure knowledge of the system within the group and raise awareness. As a result, the percentage of male employees taking parental leave saw a large increase.

1. Scope of data: (FY2023) 22 companies: Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka America Pharmaceutical, Pharmavite, Otsuka Medical Devices, Otsuka Electronics, Otsuka Techno, Okayama Taiho Pharmaceutical, Otsuka Packaging Industries, Otsuka Ohmi Ceramics, Higashiyama Film, Otsuka Wellness Vending, JIMRO, Otsuka Business Support, EN Otsuka Pharmaceutical, J.O. Pharma, and Otsuka Pharmaceutical Europe.
(FY2024/FY2025) 30 companies: Above 23 and: Nutrition & Santé SAS, PT Amerta Indah Otsuka, Otsuka Sims (Guangdong) Beverage, Tianjin Otsuka Beverage, Zhejiang Otsuka Pharmaceutical, PT Otsuka Indonesia, and Taiho Oncology; Percentage of consolidated revenue in FY2025: 78.1%.

2. Scope of data: (FY2020) 9 companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka America Pharmaceutical, Otsuka Pharmaceutical D&C, and Pharmavite.
(FY2021) 18 companies: Above 9 and: Otsuka Holdings, Otsuka Electronics, Otsuka Techno, Okayama Taiho Pharmaceutical, Otsuka Packaging Industries, Otsuka Ohmi Ceramics, Higashiyama Film, Otsuka Wellness Vending, and JIMRO.
(FY2022) 19 companies: Above 18 and: Otsuka Medical Devices.
(FY2023) 23 companies: Above 19 and: J.O. Pharma, EN Otsuka Pharmaceutical, Otsuka Business Support and Otsuka Pharmaceutical Europe.
(FY2024/FY2025): As in Note 1.

Targeting further advances in our four businesses



Business strategy

37 Business strategy driven by social issues

38 At a glance

39 Pharmaceutical Business

Focus • *VOYXACT*: World first therapy that blocks APRIL to address the root cause of IgA nephropathy

Focus • Our commitment to saving lives: Otsuka's global initiatives to eradicate tuberculosis

47 Nutraceutical Business

Focus • Launch of a new concept: A product focused on the body's ability to utilize oxygen

54 Consumer Products Business

55 Other Businesses

56 Research and development

Focus • Business growth delivered by drug discovery research

Business strategy driven by social issues

Through total healthcare, we contribute to the Well-being of society as a whole.

To the heart of health issues through a human-centered approach

Social issues in focus under the 4th MTMP

Global environment

Heat is a common global problem

Women's health

Great health needs in various age groups

Aging societies with declining birthrates

Population aging is progressing rapidly, especially in developed regions

Business strategy

Pharmaceutical Business

Our business activities focus on clearly emerging medical needs that remain unmet. We will utilize expertise in our established strengths of oncology and psychiatry and neurology, as well as knowledge accumulated through development and marketing in the renal area, to further expand initiatives in the autoimmune and rare disease area, which has a high level of unmet needs. To deliver novel therapies and new patient support options amid the increasingly diverse medical needs of today, we are also actively devoting resources to development in areas such as medical devices and digital tools in order to offer more comprehensive solutions and generate medical value.

1. Psychiatry and neurology area
2. Oncology area
3. Autoimmune and rare disease area
4. New approaches to treatment and support

Nutraceutical Business

We are centered on such products as functional foods and beverages and nutritional supplements, which support the maintenance and improvement of day-to-day health. Leveraging our know-how acquired through the Pharmaceutical Business, we are working to develop unique products based on scientific evidence and conduct business globally, including in Asia, the U.S., Europe, the Middle East, and Africa. While actively making upfront investments to further expand the scale of our business, we will maintain a high level of profitability as we aggressively promote our business through global expansion of the many Otsuka products with unique characteristics.

1. For climate & environmental risk
2. For women's health
3. For healthier life

Consumer Products Business

We operate food and beverage businesses around the themes of flavor, safety, peace of mind, and better health, aiming to develop products that are ahead of the times. As an example, we created *Bon Curry*, the world's first food product to be sold in a sealed hygienic plastic pouch (retort bag). We use our unique ideas and development capabilities to continue to create products that are needed by the world, and contribute to the diversifying needs of our customers and solve various issues through the dinner table.

1. Beverages
2. Foods

Other Businesses

Our Other Businesses contribute in a wide range of fields across the Otsuka group. The chemicals business, for instance, provides functional materials and also components that utilize these materials; the warehousing and transport business handles the distribution of total healthcare products such as pharmaceuticals, foods, and beverages, achieving efficient and environmentally friendly transportation and delivery through standardization; and the electronic equipment business supports leading-edge science and technology.

1. Chemicals
2. Warehousing and transportation

Contribute to the health and Well-being of people around the world

At a glance

Pharmaceutical Business



Nutraceutical Business



Consumer Products Business

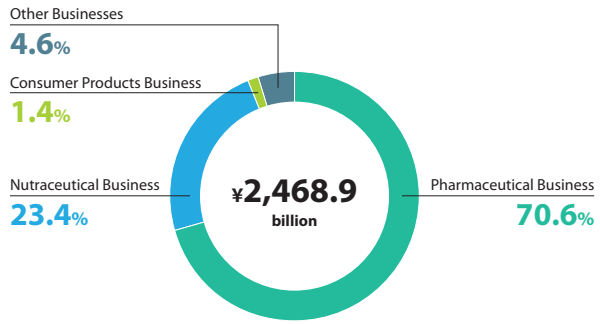


Other Businesses

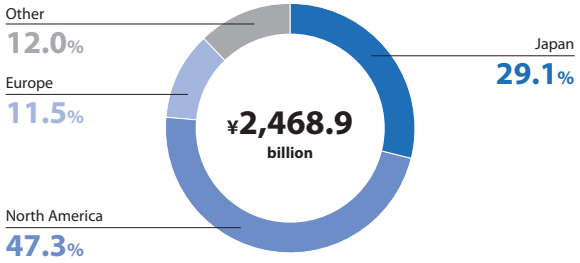


Revenue*

By business segment (FY2025)



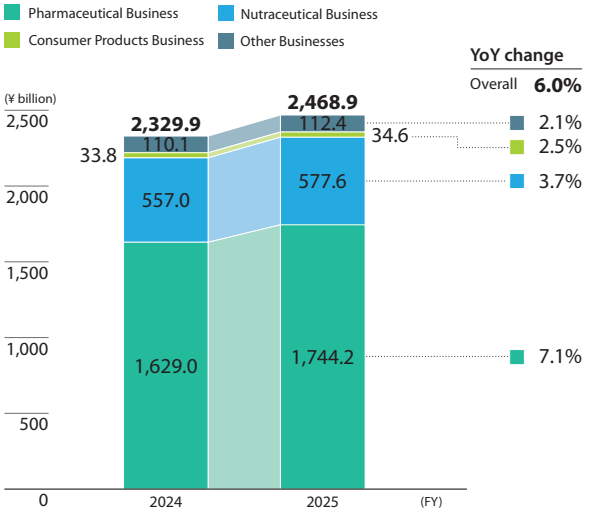
By region (FY2025)



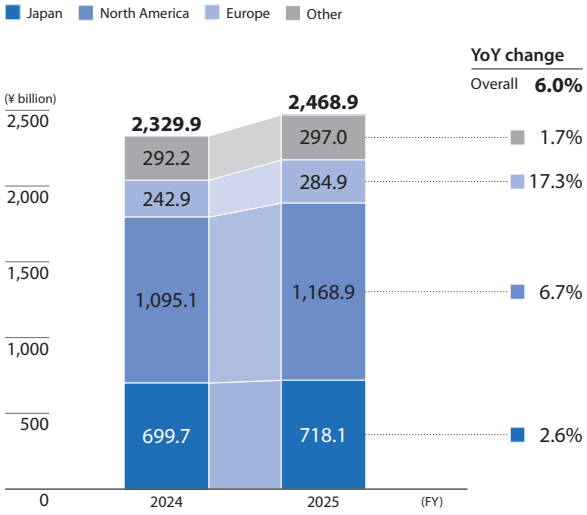
* Revenue from sales to external customers

Revenue YoY change

By business segment



By region



Pharmaceutical Business

Committed to enhancing not only individual health but also the Well-being of society as a whole

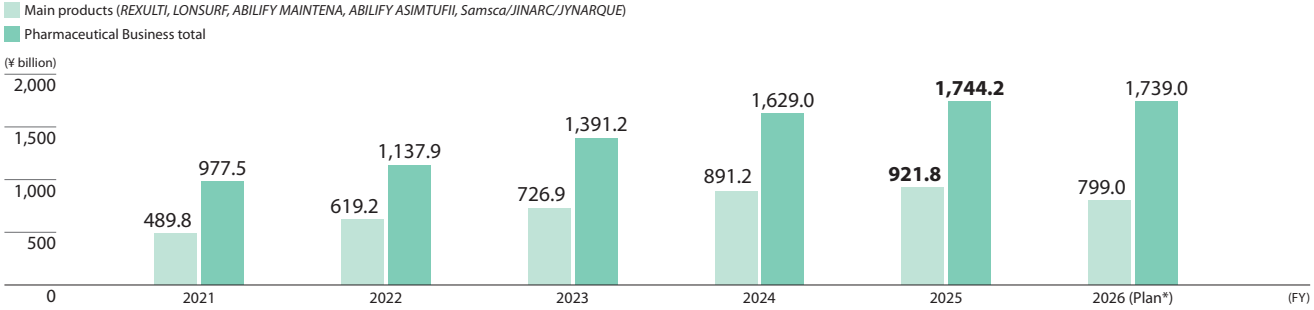
Materiality

Contribute to the health and Well-being of people around the world



Summary of results

Progress in revenue



* Announced February 2026

2025 results

Item	Main results	
Development product results	**Approvals obtained**	• *REXULTI* (Europe: Additional indication for schizophrenia in adolescents) • *NEXLETOL* (Japan: Hypercholesterolemia) • *VOYXACT* (U.S.: Accelerated approval for the reduction of proteinuria in adults with primary IgA nephropathy at risk for disease progression) • Paradise Ultrasound Renal Denervation System (Japan: Resistant hypertension) • Povidone Iodine Solution/Olanedine Antiseptic Solution Cartridges (Japan: Antiseptics for external use)
	Regulatory submissions	• centanafadine (U.S.: ADHD*) • zipalertinib (U.S.: Non-small cell lung cancer) • *INQOVI* in combination with venetoclax (U.S.: Acute myeloid leukemia) * Attention-deficit hyperactivity disorder
Value delivery through digital tools		• eMind for Medical Research: Joint research started toward implementation of epilepsy treatment support system • FACEDUO: Frailty Prevention Support VR and content for family support of people with severe social withdrawal (*hikikomori*) • Vivoo: Joint research agreement with the National Cerebral and Cardiovascular Center to examine behavioral changes toward salt reduction • Rejoyn: Launch in the U.K.
Strengthened pipeline		• In-licensing of 4D-150, CAN10, HBM7020, casdatifan, and risovalisib
Strengthening of platforms		• Araris Biotech made a subsidiary • Technology validation started to expand the Cysteinomix drug discovery platform using generative AI • Joint basic research agreement with Keio University for infrastructure development toward the social implementation of psychedelics in Japan • Collaborative research using real-world data to develop treatment methods for recurrent early-stage cancer • Three-party joint research agreement between Taiho Pharmaceutical, the Japanese Foundation for Cancer Research (JFCR), and NEC Corporation to develop new cancer vaccines

Overview of Pharmaceutical Businesses

In the Pharmaceutical Business, amid changes in the social environment, we are incorporating new technologies and responding to evolving needs to create innovative pharmaceuticals and services that help solve social issues and to provide comprehensive healthcare solutions.

Business strengths

- Expertise and distinctive approaches in the respective fields of each group company, including in psychiatry and neurology at Otsuka Pharmaceutical, oncology at Taiho Pharmaceutical, clinical nutrition at Otsuka Pharmaceutical Factory, and medical devices at Otsuka Medical Devices.
- A strong drug discovery platform that features research sites in Japan and overseas, distinctive drug discovery platforms, and an extensive development pipeline and track record in psychiatry, neurology, oncology and other areas.
- A culture of pursuing originality from research and development to sales, continuously applying Otsuka's unique innovation to address unmet needs and emerging challenges, and striving to create innovative products and services.

Opportunities

- Prospects for sustained growth driven by high unmet needs in the group's areas of strength and the accelerated creation of new treatment options through proprietary technologies and digital applications.
- Expectations for further market growth as we leverage the group's global business development capabilities and diverse product portfolio to respond to growing global needs arising from population aging, increased prevalence of chronic diseases, and improved access to healthcare.
- Advancement of drug discovery capabilities through collaboration with academia and industry, AI-driven drug discovery, and digital health applications, alongside expansion of value delivery through personalized medicine and integration with diagnostic technologies.

Risks

- Significant uncertainty in R&D outcomes and intensifying competition, creating a need for rapid and clear differentiation.
- Changes in healthcare systems, including drug price cuts and reimbursement system reforms, which may affect earnings and require stronger value communication and product strategies.
- Disruptions in raw material procurement and supply chains, or quality-related issues, which could have significant impacts on business continuity and supply systems.

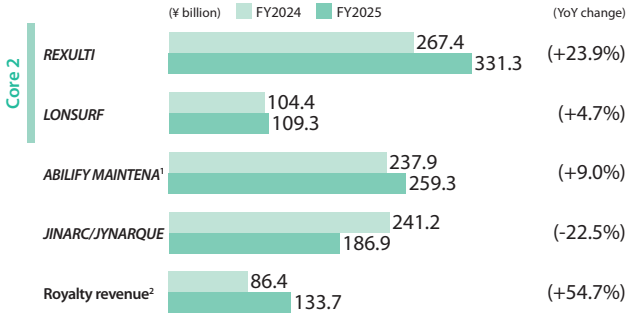
Progress of the 4th Medium-Term Management Plan

- **Growth in the Pharmaceutical Business and stronger platforms for the future**

Under the 4th MTMP, we have established the strategic focus of "Achieve sustainable growth by taking on challenges in new areas." As a unique total healthcare company, we are enhancing our global presence while steadily growing our Pharmaceutical Business.

In FY2025, revenue reached ¥1,744.2 billion, an increase of 7.1% year on year, while business profit rose by 2.9% to ¥402.0 billion. Although the second half was impacted by LOE for *JINARC/JYNARQUE*, earnings were driven by increased revenue from *REXULTI* and *ABILIFY MAINTENA* and higher royalty revenue.

FY2025
¥1,744.2 billion (up 7.1% YoY, achievement rate: 102.3%)



1. Includes *ABILIFY ASIMTUFII*
2. Excludes some product royalties

For research and development, we continue to actively invest in new clinical trials and other activities with a view to growth beyond the 5th MTMP beginning in FY2029. In FY2025, we obtained approval for five products (including additional indications), including *VOYXACT* that is expected to become a new growth driver.

We are also strengthening our drug discovery platform and pipeline through in-house drug discovery and access to external assets from acquisitions and strategic alliances. In FY2025, we acquired Araris Biotech, a company with next-generation ADC drug discovery technology. We also built distinctive drug discovery platforms and established systems to generate innovation through horizontal collaboration. Looking ahead, we aim to deepen collaboration within the group and achieve sustained growth by acquiring external assets that maximize synergies with existing businesses and management assets.

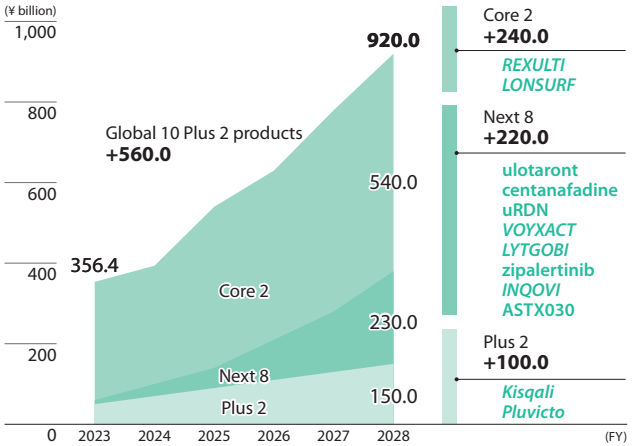
Business strategy for FY2026

- **Nurturing Global 10 Plus 2 to support future growth**

Revenue for FY2026 will be impacted by generic competition versus *JINARC/JYNARQUE* and other core products, but we expect to achieve revenue at the same level as the previous fiscal year due to growth by *REXULTI*, *ABILIFY ASIMTUFII*, *VOYXACT*, and other products, as well as increased royalty revenue.

The Global 10 Plus 2 refers to 10 global products and two out-licensed products that will drive earnings growth under the 4th MTMP. During the 4th MTMP, we plan to launch multiple new products in addition to the Global 10 Plus 2, minimize the impact of LOE on core products as much as possible, and strive to firmly establish sustainable growth beyond the 4th MTMP. We aim to keep the adjustment period caused by LOE to a minimum and achieve overall revenue of ¥1,680 billion (with an average annual growth rate of 3.8%) by FY2028 through growth driven by Global 10 Plus 2 and other initiatives.

Revenue plan for Global 10 Plus 2 products



The products among the Global 10 Plus 2 expected to serve as growth drivers for the 5th MTMP have been designated as the Next 8. We have continued to actively invest in the development of next-generation growth drivers, including the Next 8. While some trials have not progressed as planned and certain projects have required revisions to launch timelines, the growth potential of several development products has steadily increased compared with when the 4th MTMP was announced.

We are also continuing to invest in our new core areas of autoimmune and rare diseases, and look to create new value in fields beyond our existing areas of expertise.

Going forward, we will solidify our foundations for future growth even further by deepening our presence in existing areas and expanding into new fields. In this way, we aim to strengthen the foundations for continuous, proprietary innovation and achieve sustained growth over the long term.

Development progress for next-generation growth drivers

Products	Plans for 2026	Country
ulotaront	• Completion of Phase 3 trial for schizophrenia • Initiation of Phase 3 trial for generalized anxiety disorder	Japan, U.S.
centanafadine	• Regulatory approval for ADHD indication	U.S.
uRDN	• Advancement of activities toward broad insurance reimbursement coverage • Initiation of sales	U.S. Japan
VOYXACT	• Approval of IgA nephropathy indication • Regulatory submission for IgA nephropathy indication • Regulatory submission for IgA nephropathy indication (full approval)	China Japan, Europe U.S.
LYTGOBI	• Initiation of Phase 3 trial for biliary tract cancer	Japan
zipalertinib	• Development underway for non-small cell lung cancer with EGFR[1] exon 20 insertion mutations: 2L therapy: Regulatory submission completed 1L therapy: Phase 3 enrollment completed	U.S. Japan, U.S., Europe
INQOVI	• Regulatory approval for AML[2] indication	U.S., Europe
ASTX030	• Ongoing Phase 3 trial for AML and MDS[3]	U.S.
repinatrabit	• Ongoing Phase 3 trial for phenylketonuria	U.S.

1. EGFR: Epidermal growth factor receptor
2. AML: Acute myeloid leukemia
3. MDS: Myelodysplastic syndromes

Psychiatry and neurology area

- **Enhancing not only individual health but also solving issues impacting society as a whole**

Otsuka Pharmaceutical has a portfolio of development assets and products with high potential for the treatment of schizophrenia, major depressive disorder, and other psychiatric disorders. During the development and commercialization of *ABILIFY*, we achieved success in clinical trials previously considered difficult and obtained approvals for new indications. In the psychiatry and neurology area, there are still many disorders where therapeutic methods have yet to be established due to the difficulties of treating the condition and the low chances of success in product development. Leveraging our expertise accumulated thus far as a platform for growth, we are accelerating development, including through the acquisition of various external science assets. We have made steady progress in the development of ulotaront and centanafadine, including conducting clinical trials and regulatory submissions for approval. Both of these new drugs have novel mechanisms of action and are expected to become first-in-class[1] therapeutic drugs.

Clinical trials have now started for MSP-2020, originated by Mindset Pharma that Otsuka acquired as a subsidiary in 2023, for mental health disorders that remain inadequately controlled with existing therapies. New treatment options for treatment-resistant mental health disorders are eagerly awaited, and psychedelics have come under the spotlight as treatments with novel mechanisms of action. We are working to address challenges related to the social implementation of psychedelics, including through an industry-academia collaboration with Keio University, to ensure that these therapies can be delivered to patients safely and appropriately.

We are also developing the nucleic acid drug ulefnersen, in-licensed from Ionis Pharmaceuticals, Inc., as a treatment for amyotrophic lateral sclerosis (ALS), a serious neurodegenerative disease characterized by the rapid progression of muscle weakness and respiratory impairment. Ulefnersen has the potential to become the world's first treatment for FUS-ALS, a form of ALS caused by mutations in the FUS gene and that typically develops around the age of 40 and progresses very rapidly.

Alongside efforts to address the social challenges associated with each disease, we are advancing research and development to satisfy unmet medical needs in the psychiatry and neurology area, with the aim of providing treatment options that benefit patients, their families, and caregivers. Through these efforts, we seek to help create a society in which patients and their families can live with greater peace of mind.

1. A breakthrough drug with a new mechanism and target that differs from conventional treatments for specific diseases

R&D activities in FY2025	
centanafadine	• Regulatory submission in the U.S. as a first-in-class therapeutic drug for ADHD
ulotaront	• Phase 3 trial started for schizophrenia • Concept validity confirmed for generalized anxiety disorder; Phase 3 trial planning ongoing
MSP-2020	• Phase 1 trial started as a psychedelic therapy
ulefnersen	• Phase 1/2/3 trial ongoing in ALS

ABILIFY MAINTENA / ABILIFY ASIMTUFII

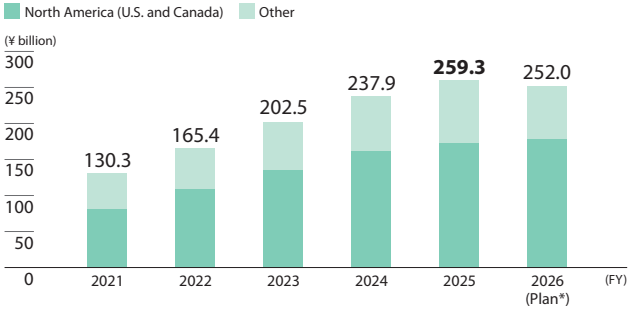
aripiprazole | Antipsychotic long-acting injectable



For bipolar I disorder and schizophrenia patients, who often find medication adherence difficult, Otsuka Pharmaceutical has developed and sells *ABILIFY MAINTENA* and is promoting this once-monthly long-acting injectable formulation of aripiprazole. As a result, sales are steadily growing for this product in the U.S., Europe, and Japan.

Furthermore, the long-acting injectable formulation (2-month formulation) *ABILIFY ASIMTUFII* received marketing approval in the U.S. in 2023, followed by approval in Europe in March 2024 as the first 2-month formulation for the maintenance treatment of schizophrenia in that region. Sales are continuing to grow steadily as more patients transition from the 1-month to the 2-month formulation.

Revenue of *ABILIFY MAINTENA / ABILIFY ASIMTUFII*



* Announced February 2026

REXULTI

brexpiprazole | Atypical antipsychotic

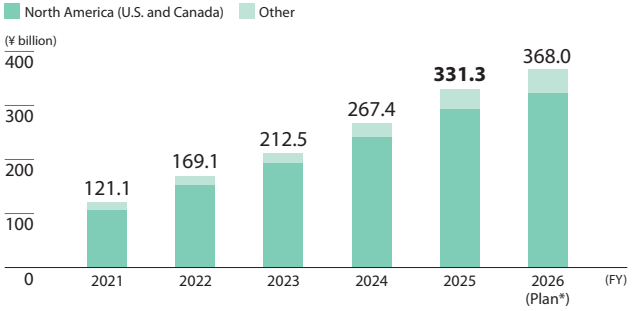


REXULTI has been approved for schizophrenia and major depressive disorder, and has also received approval as the first treatment for agitation associated with dementia due to Alzheimer's disease (AAD). AAD presents with both aggressive and non-aggressive symptoms and impedes a patient's daily life or human relations. It reduces the quality of life of people with dementia and places an enormous emotional and physical burden on families and caregivers. Otsuka Pharmaceutical is conducting information-sharing and awareness-raising activities to promote a better understanding of dementia and broaden the circle of support, helping to create an environment in which people living with dementia and their families can live with greater peace of mind.

In the U.S., *REXULTI* was approved for AAD in 2023 and awareness-raising activities have helped to drive growth in prescription numbers. In Japan, in addition to an increase in the number of new prescriptions due to product detailing activities related to its use for schizophrenia, depression, and depressive states, sales have significantly increased following the approval of the AAD indication[2] in September 2024.

2. The treatment indication in the package insert in Japan is described as the treatment of "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."

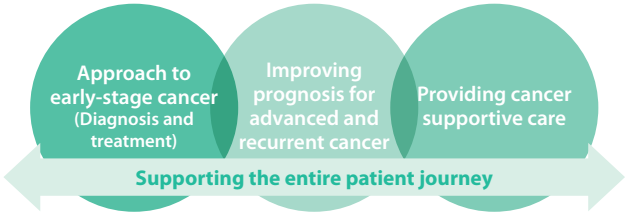
Revenue of *REXULTI*



* Announced February 2026

Oncology area

- **Discovery of new drugs through world-class drug discovery platforms and robust collaboration**



For fulfilling lives "Today and Every Day"

The Otsuka group views the cancer patient journey as consisting of three stages, and aims to provide comprehensive support throughout the journey by addressing the specific needs at each stage. In Japan, the 10-year survival rate for cancer is reported to be 54.0%,[1] and although treatment outcomes are improving every day, there remains considerable room for improvement.

The Otsuka group is committed to enhancing the lives of all people—patients, their families, and those living in good health—and to taking a holistic approach to health by focusing not only on treatment, but also on early intervention and disease prevention. We will continue to pursue the development of innovative new products that make a meaningful impact on society.

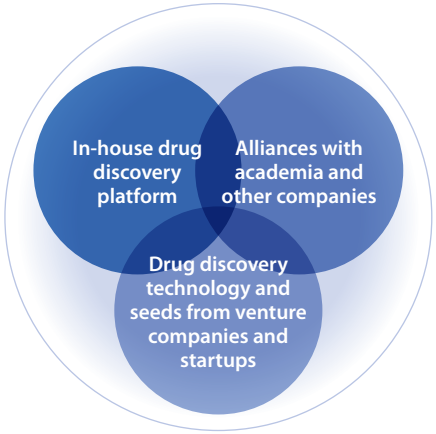
Our diverse and distinctive drug discovery platform technologies support the creation of a broad and competitive product portfolio. These technologies include biochemical modulation drug discovery,[2] which Taiho Pharmaceutical was quick to start work on; cysteinomix drug discovery,[3] which is distinguished by specific covalent modification of therapeutic targets; and Astex Pharmaceuticals' fragment drug discovery.4

Araris Biotech, which became a subsidiary in March 2025, is pioneering the development of best-in-class antibody-drug conjugates (ADCs) to overcome the challenges with conventional ADCs. The Otsuka group now has strengths in both small-molecule drugs and ADCs through its existing drug discovery platforms and the newly acquired innovative ADC drug discovery technology from Araris. This will allow us to accelerate the continued expansion of our oncology development portfolio.

In terms of developing key growth drivers, we have systematically advanced plans for clinical trials and regulatory submissions for zipalertinib, *INQOVI*, ASTX030, and other projects, and have made progress that contributes to both pipeline expansion and future business growth. Our goal is to obtain approvals during the 4th MTMP and maximize commercial potential in the next MTMP.

Furthermore, through investments in corporate venture capital and open innovation funds, we are strengthening collaborations with promising biotech startups and academic institutions both inside and outside Japan, thereby gaining access to more unique and innovative technologies and early-stage drug discovery assets that we do not have in-house. We will pursue innovation through in-house drug discovery and collaboration with diverse partners, and continue to take on the challenge of research and development into innovative new drugs.

R&D activities in FY2025	
zipalertinib	• Development underway for non-small cell lung cancer with specific gene mutations - 2L therapy: Regulatory submissions completed in the U.S. - 1L therapy: Phase 3 trial ongoing - Postoperative adjuvant chemotherapy: Phase 3 trial started
INQOVI	• Regulatory submissions completed in the U.S. and Europe as an oral therapeutic drug used in combination with venetoclax for hematological cancer
ASTX030	• Oral formulation of azacitidine for injection that is widely used worldwide • Phase 3 trial ongoing as an oral therapeutic drug for hematological cancer



LONSURF

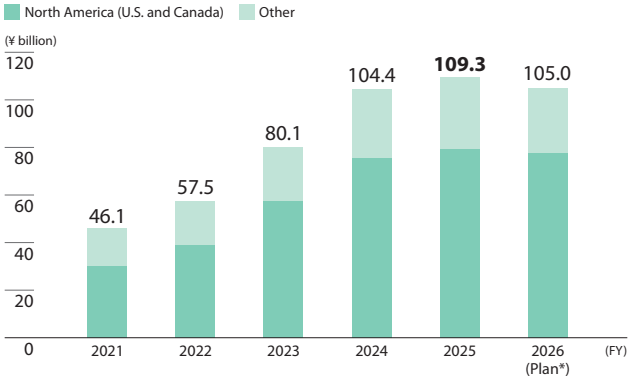
trifluridine/tipiracil | Anticancer agent

LONSURF, developed by Taiho Pharmaceutical, has been widely approved around the world for the treatment of unresectable advanced or recurrent colorectal cancer, and prescription volumes are steadily increasing.

In Japan, the U.S., and Europe, awareness of *LONSURF* has increased following its recommendation in various guidelines[5] as combination therapy with bevacizumab to treat colorectal cancer. Increased prescribing led to revenue growth in FY2025.



Revenue of *LONSURF*



* Announced February 2026

1. Cases diagnosed in 2012; National Cancer Center Japan, 2025
2. Drug discovery approach aimed at enhancing anti-tumor effects and reducing toxicity to normal cells by adding other drugs (modulators) to alter the pharmacokinetics of anti-cancer drugs
3. A unique drug discovery platform technology, which allows for the formation of strong bonds and high target selectivity by covalently binding drugs to the specific cysteine residues of therapeutic target proteins
4. Technology to create new compounds through molecular design. It clarifies interactions between small-molecular fragments showing pharmacological activity that cannot be measured in high-throughput screening, and large molecule proteins with complicated 3D structures that have been implicated in diseases and are potential drug targets.
5. Includes the NCCN Guidelines (cancer treatment guidelines used broadly throughout the world).

Autoimmune and rare disease area

- **Creating first-in-class products for diseases that lead to renal failure**

Otsuka Pharmaceutical is leveraging its drug discovery and development capabilities accumulated in the renal area to deliver innovative treatments to respond to unmet medical needs for diseases that lead to renal failure and improve treatment satisfaction.

Based on this understanding of the challenges, Otsuka Pharmaceutical is engaged in research and development with the aim of providing new treatment options to people living with disease and supporting patients throughout their journey.

- **Tackling highly specialized autoimmune and rare diseases using new drug discovery technologies**

Otsuka Pharmaceutical is stepping up efforts in highly specialized disease areas, including autoimmune diseases related to kidney disorders and rare diseases with significant unmet needs. Building on the expertise gained with *JINARC/JYNARQUE* for autosomal dominant polycystic kidney disease (ADPKD), we are expanding our capabilities through the in-licensing of advanced drug discovery technologies, external partnerships, and the strengthening of our development organization, including the addition of autoimmune disease expertise.

In areas like autoimmune diseases, effective treatment options remain limited and major social challenges persist due to safety concerns associated with long-term treatment, significant declines in patient quality of life, and the burden on family caregivers.

The U.S. subsidiary Visterra, Inc. has a proprietary drug discovery platform to optimize antibody drugs against biological substances, and this is helping us build a pipeline of antibody drugs for autoimmune diseases. *VOYXACT*, originated by Visterra, was granted accelerated approval in the U.S. at end-2025 for the indication of proteinuria in adults with primary IgA nephropathy at risk for disease progression. The drug got off to a positive start after launch.

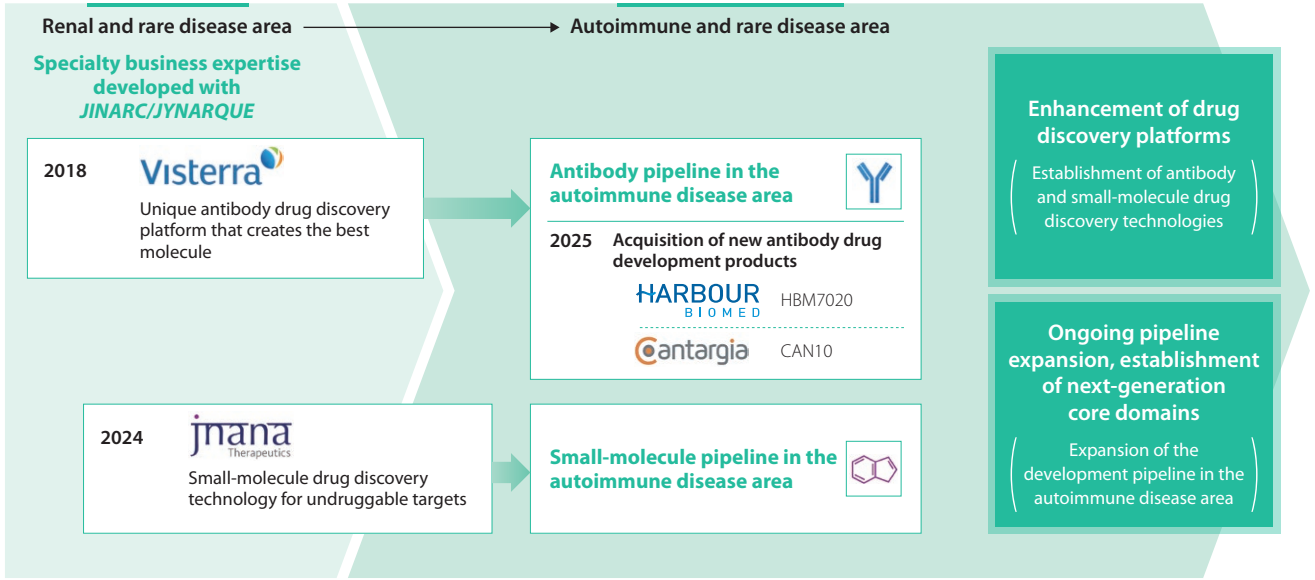
Additionally, the U.S. subsidiary Jnana Therapeutics Inc. possesses a drug discovery platform designed to discover medicines for targets considered undruggable. Repinatrabit (JNT-517) was originated using this drug discovery technology and has the potential to become a first-in-class treatment for phenylketonuria, a rare disease that requires strict dietary restrictions and where many patients cannot be adequately treated with existing therapies. The goal is to develop these drugs into future blockbusters. Clinical trials are currently underway aimed at securing early approval. Furthermore, we are exploring new possibilities in small-molecule drug discovery for autoimmune diseases, including by acquiring active compounds for challenging drug targets such as interferon regulatory factor 3 (IRF3), a master transcription factor for the production of interferon.

We have also added to our pipeline the bispecific T-cell engager HBM7020 and the multi-cytokine inhibitory antibody CAN10, expanding our R&D portfolio and accelerating development for regulating various pathways in autoimmune diseases. Currently our pipeline covers a wide range of target areas, including B cells, complement, and cytokines that are involved in the immune response, and we have various development programs focused on drug discovery targets that play a role in underlying disease pathologies. We believe these programs have the potential to become a top player in this disease area.

Building on these efforts, we continue to bring in innovative science approaches from outside the Company while also deepening our connections within the group to leverage our technological capabilities in autoimmune and rare diseases, such as the antibody drug discovery platform from Visterra and the small-molecule drug technologies from Jnana Therapeutics. In addition to further expanding our R&D pipeline, we will work to establish the next generation of core domains by pursuing innovation through our proprietary drug discovery technologies. Through the creation of new value based on cutting-edge science, we aim to contribute to patients by providing innovative treatment options.

R&D activities in FY2025	
VOYXACT	• Approved and launched in the U.S. for IgA nephropathy • POC trial started for Sjögren's disease
VIS171, VIS954	• Development underway for specific autoimmune diseases
HBM7020	• In-licensed from Harbour BioMed • Preparations underway for Phase 1 trials as an antibody drug for autoimmune diseases
CAN10	• Phase 1 trial ongoing as an antibody drug for autoimmune diseases

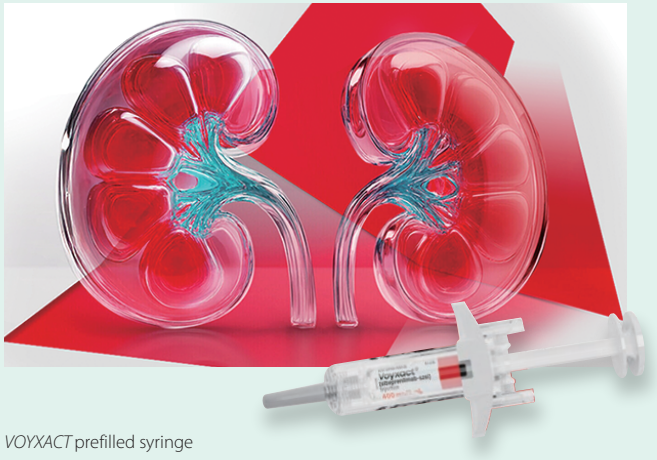
Leveraging strengths in renal diseases for autoimmune and rare disease area



Focus

VOYXACT: World first therapy that blocks APRIL to address the root cause of IgA nephropathy
Accelerating global growth through distinctive new drugs

VOYXACT is a monoclonal antibody that selectively binds to A-PRoliferation-Inducing Ligand (APRIL) to block its activity.
VOYXACT was launched in the U.S. at the end of 2025 as the world's first therapy targeting APRIL.



VOYXACT prefilled syringe

Novel approach targeting upstream pathogenetic mechanisms to address root cause of disease

IgA nephropathy (IgAN) is a disease that typically manifests in adults aged 20–40 years and causes progressive loss of kidney function as immune complexes accumulate in the kidneys. With current standard treatments, IgAN can lead to end-stage kidney disease (ESKD) over the lifetime of many patients and is associated with reduced life expectancy, imposing a significant burden on patients. Treatments to date have focused on slowing the progressive loss of kidney function and have not adequately addressed the root cause of the disease.

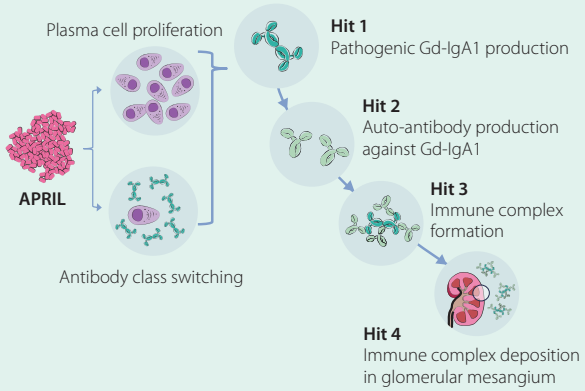
IgAN onset and progression to kidney damage are thought to involve a 4-hit process of four sequential immune abnormalities. APRIL, a cytokine in the tumor necrosis factor (TNF) family, is integral to the pathogenesis and progression of IgAN. It promotes the class switching of B cells, a type of white blood cell, to produce IgA, particularly the pathogenic galactose-deficient IgA1 (Gd-IgA1) that forms immune complexes in the kidneys in IgAN patients.

VOYXACT, developed by Visterra, blocks the action of APRIL. The drug suppresses production of pathogenic Gd-IgA1 at the upstream stage of IgAN onset and slows progressive loss of kidney function. This is a different mechanism of action to current treatment methods. The targeting of upstream pathogenesis represents a novel approach aimed at addressing the root cause of the disease.

Founding of Visterra and development of *VOYXACT*

2007		Visterra founded as a spinout from Massachusetts Institute of Technology (MIT)
2018		Visterra acquired by Otsuka Pharmaceutical
		First-in-human study started
2020		Phase 2 (ENVISION) study started
2022		Phase 3 (VISIONARY) study started
2025	March	Biologics license application (BLA) submitted to the FDA
	November	Accelerated approval granted by the FDA
	End-2025	Launched under the brand name *VOYXACT*

Four-hit process involved in IgAN onset



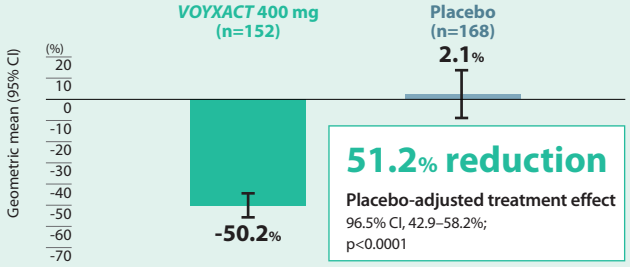
Validating clinical benefit and maximizing value

VOYXACT was granted accelerated approval in the U.S. based on an interim analysis of the VISIONARY Phase 3 study currently underway. Proteinuria reduction is a recognized surrogate marker correlating with delaying progression to kidney failure. In the VISIONARY study, the primary endpoint is the 24-hour urine protein-to-creatinine ratio (uPCR) at month nine compared with baseline. The interim analysis demonstrated a statistically significant and clinically meaningful improvement in the *VOYXACT* group, including a 51.2% reduction in proteinuria when compared to placebo. The VISIONARY study is still underway and the company plans to continue validating the clinical benefit of *VOYXACT* by evaluating long-term change in kidney function as measured by estimated glomerular filtration rate (eGFR).

Otsuka Pharmaceutical submitted an approval application in China in August 2025 and is advancing a global development program, with regulatory submissions and approvals to be pursued sequentially in other countries. The Company is also investigating additional indications beyond IgAN, including the initiation of a Phase 2 study in the U.S. for Sjögren's disease where there are limited effective treatment options.

Otsuka Pharmaceutical seeks to maximize the value of *VOYXACT* at an early stage by establishing it as a first-in-class and best-in-class therapy, while also pursuing future expansion through a life-cycle management (LCM) strategy, with the goal of benefiting as many patients as possible.

Primary endpoint: uPCR-24h (g/g) at month nine



uPCR-24h: 24-hour urine protein-to-creatinine ratio; CI: confidence interval

New approaches to treatment and support

- **Looking beyond pharmaceuticals to address new social issues**

The Otsuka group provides products and services that support all stages of people's healthcare, while also helping address social issues through its unique product and service offerings. We are actively working to address diverse unmet needs, not only through pharmaceuticals, but also through digital tools for health, such as medical devices and therapeutic apps, and employment support for cancer patients.

Paradise uRDN system

- **Medical device provides a new treatment option for hypertension**

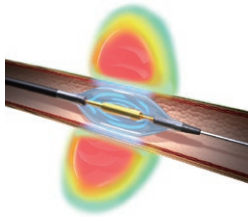
While multiple antihypertensive drugs have been developed and used in clinical practice over the years, many hypertension patients still have poorly controlled blood pressure and are at risk of serious cardiovascular events such as stroke and myocardial infarction.

Otsuka Medical Devices' Ultrasound Renal Denervation (uRDN) system was first approved by the U.S. FDA in November 2023 as an adjunctive treatment option for hypertension in patients with inadequately controlled blood pressure. This system is designed to lower blood pressure by delivering ultrasound energy to the sympathetic nerves surrounding the renal arteries and reducing their overactivity. The system has also been introduced into key European markets, and was first approved in Japan in August 2025 for the indication of resistant hypertension, followed by insurance coverage and commercial launch in March 2026.

Three independently powered, sham-controlled randomized clinical trials conducted in the U.S. and Europe demonstrated significant blood pressure-lowering effects with the uRDN system. This system is expected to provide a novel treatment option for hypertension.



Paradise Ultrasound Renal Denervation (uRDN) system



Conceptual illustration of treatment mechanism

FACEDUO

- **Learning and support through simulated VR training programs**

Launched in September 2024, Dementia Care Support VR is a module of the *FACEDUO* VR training program that was developed by Otsuka Pharmaceutical in collaboration with Jolly Good Inc. The module is an experiential VR program to help families and caregivers understand the background to the feelings and behaviors of people with dementia and to learn practical approaches to care. By improving dementia care, we aim to realize a society living in harmony with dementia, where both people with dementia and caregivers can lead more fulfilling lives in a way that respects their individuality.

In December 2025, Otsuka Pharmaceutical started offering the Frailty Prevention Support VR program. This module promotes early recognition of the signs of frailty through realistic simulated VR experiences, supporting health maintenance and preventing the need for long-term care. Frailty is a condition of age-related physical and cognitive decline, but is potentially reversible. Early recognition and preventive action may help slow progression and improve outcomes. Otsuka is looking beyond pharmaceuticals and working to address unmet needs through comprehensive programs using digital technologies.



MIREVO

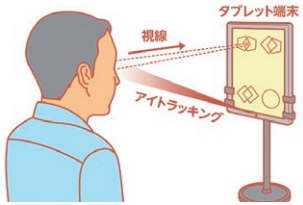
- **Neuropsychological testing program to support dementia treatment**

Otsuka Pharmaceutical has worked with Ai-BrainScience Inc. to develop the *MIREVO* neuropsychological testing program to support dementia treatment. *MIREVO* is a neuropsychological testing program that uses eye tracking technology. The test can be easily conducted and results obtained in approximately three minutes using the *MIREVO* app on a tablet. It allows for a quantitative and objective evaluation that is not dependent on the examiner's knowledge or experience.

In January 2025, this product became the first Software as a Medical Device (SaMD) in the field of dementia to obtain NHI coverage in Japan.

As early detection and early intervention become increasingly important in the treatment of dementia, *MIREVO* offers a new option for testing and contributes to early detection of dementia.





ARIRGE

- **Addressing social issues related to cancer that cannot be solved with pharmaceutical products alone**

ARIRGE Co., Ltd. aims to resolve social issues related to cancer and realize a society where people can continue to work with vigor even if they have cancer, and where everyone can receive cancer screenings as a matter of course. Drawing on the expertise and experience of the Otsuka group, ARIRGE provides education, support, and other solutions to resolve key social issues, such as employment support for cancer patients, as well as services to promote cancer screening and smoking cessation.

Cancer patients and their families face concerns and challenges that cannot be solved with pharmaceutical products alone, and many social issues surrounding cancer remain unresolved. We are working to address the social issues related to cancer by looking beyond pharmaceutical products and providing solutions to support all those affected, so that cancer patients and their families can continue to enjoy the precious moments of daily life, today and every day.



Focus

Our commitment to saving lives: Otsuka's global initiatives to eradicate tuberculosis

Tuberculosis (TB) is a serious infectious disease that still claims the lives of around 1.2 million people each year.

"We must continue our research if nobody else does it." Guided by this deep commitment, the Otsuka group has continued its drug discovery research efforts for over 50 years.

From delivering proprietary therapeutics to running workplace programs on TB eradication, we continue to address social issues and deliver Well-being to people around the world through our unique approach of connecting healthcare with local communities.



To address unmet medical needs, the group continues its ongoing collaboration with the WHO to promote clinical trial strategies and strengthen evidence-building.

The commitment that has sustained Otsuka's R&D efforts: "We are committed to advancing our initiatives"

The Otsuka group's history in anti-tuberculosis drug development goes back as far as 1971. At that time, it had only 14 scientists working on drug discovery and TB was selected as one of the first projects. TB remains a serious public health threat even today. Globally, more than 10 million people continue to become infected with TB every year. The emergence of bacteria resistant to mainstay anti-tuberculosis drugs has made treatment even more challenging. While many pharmaceutical companies closed their TB R&D programs after encountering various difficulties, we have been continuing our research with a mission that TB remains a critical global challenge and we must carry on the fight if no one else is willing to. These efforts embody the Otsuka group DNA expressed in the principles of *Sozosei* (creativity) and *Jissho* (actualization), as we strive to do "what can only be done by Otsuka."

Developing delamanid and expanding global access

This commitment ultimately bore fruit with the development of delamanid (brand name *DELTYBA*) in 2014, the first new treatment for multidrug-resistant TB in some 40 years. Delamanid has been included in the WHO Model Lists of Essential Medicines, which identify medicines necessary to meet minimum healthcare needs in developing countries. As of June 2025, delamanid has been supplied to over 130,000 cases in 135 countries and regions around the world.

Our approach to TB has also grown to encompass international partnerships. Through our collaboration with the Global Drug Facility, we are enabling sustainable access to TB drugs in developing countries. We are also partnering with numerous other stakeholders, such as participating in the Global Health Innovative Technology Fund, cooperating with Médecins Sans Frontières, and developing a new anti-TB compound with grants from the Bill & Melinda Gates Foundation.





Launching "Free Tuberculosis at Workplaces" with the Ministry of Manpower in January 2023

From Indonesia and the Philippines to the world: Social implementation rooted in local communities

Today, the Otsuka group's efforts against TB go beyond just therapeutic drug supply, and have evolved into activities rooted in local communities.

Indonesia has the second-highest number of TB cases globally. Two of the Otsuka group companies in Indonesia have initiated the program, "Free Tuberculosis at Workplaces" (FTBAW), in collaboration with Indonesia's Ministry of Manpower and Ministry of Health. We conducted awareness-raising and engagement (socialization) initiatives with more than 840 partner companies across 12 provinces, reaching a total of over 240,000 employees who underwent TB screening. In addition, we have implemented a comprehensive workplace approach that spans prevention through treatment management, including medication adherence support via the Sembuh TB app, nutritional assistance through high-protein diets, and access to medical support services. In recognition of the impact of this unified effort by the government and private sector, the FTBAW program received the Ending Workplace Tuberculosis (EWTB)* 2024 Exemplar Award. This program has been implemented in the Philippines as well, where TB is also a serious issue. In recognition of these initiatives, we received the 2025 Exemplar Award. Alongside these initiatives, we are accelerating the development of a new anti-tuberculosis drug, quabodepistat, and have started joint global clinical studies (Phase 3).

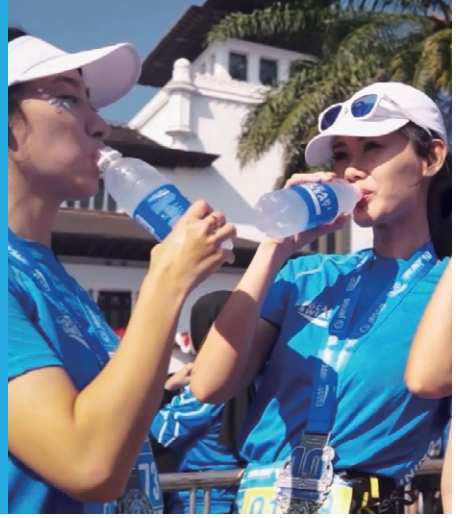
* Established at the World Economic Forum Annual Meeting (Davos) to promote the participation of leading companies in the fight against TB

Nutraceutical Business

Creating unique health value through products based on medical expertise and scientific evidence

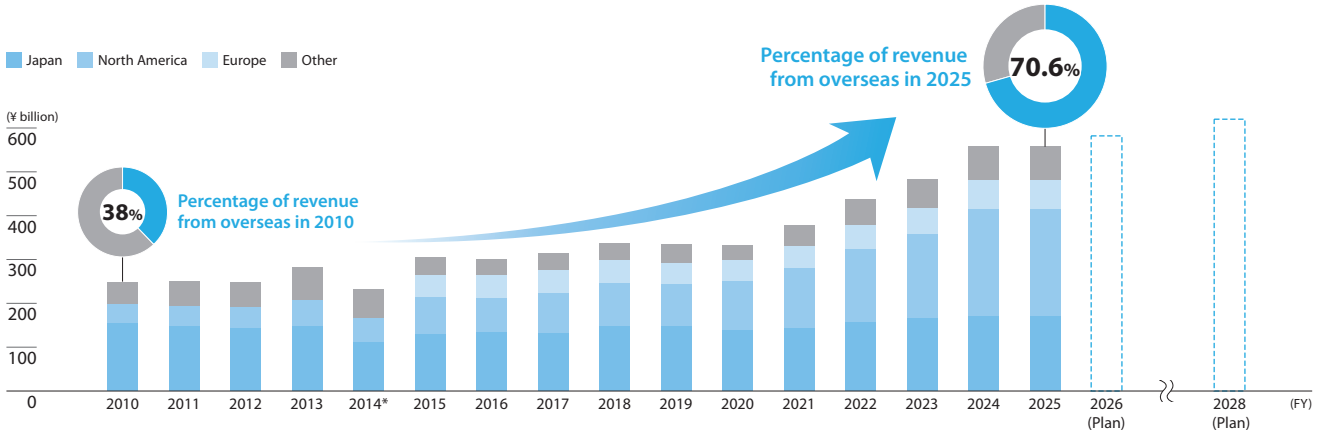
Materiality

Contribute to the health and Well-being of people around the world



Summary of results

Accelerating global expansion of the Nutraceutical Business: Revenue



Notes: 1. For 2014, figures used are for the nine-month period from April 1, 2014 to December 31, 2014 due to a change in the fiscal year-end.
2. European revenue prior to 2014 is included in Other.

Main results in FY2025 (initiatives to address social issues)

Otsuka Pharmaceutical's initiatives to address social issues are mostly focused on various types of events in Japan and overseas to raise awareness of heat illness due to climate change. At World Athletics Championships Tokyo 25, the Company conducted joint research on athletes' heat acclimatization and fluid/nutrition strategies in order to provide practical insights for future generations of athletes and people involved in sports around the world.

Nutraceutical Business outline

The Otsuka group's Nutraceutical Business conducts business centered on such products as functional beverages, functional foods, and supplements, which support the maintenance and improvement of day-to-day health. Leveraging our know-how acquired through the Pharmaceutical Business, we are working to develop unique products based on scientific evidence and conduct business globally, including in Asia, the U.S., Europe, the Middle East, and Africa. We will continue to pursue and elevate a high-margin strategy based on brand value, and further enhance the value and reputation of our business. While actively making upfront investments, we will maintain a high level of profitability and aggressively promote our business through the global expansion of many products with unique characteristics.

Business strengths

- **Product development capabilities based on scientific evidence**: Developing functional beverages and foods by leveraging our expertise from the Pharmaceutical Business
- **Strong presence on global markets**: Operating businesses in a wide range of regions, including Asia, U.S., Europe, Middle East, and Africa; high percentage of revenue from overseas markets (70.6% in FY2025); and growing as a global business
- **Brand value supporting high margins**: Profit margins improving as Otsuka pursues a high-margin strategy based on brand value; forecast is for sustained expansion, with EBITDA rising from around ¥89 billion in FY2025 to over ¥100 billion in FY2028

Opportunities

- **Further growth in global markets**: Amid rising health awareness, demand in preventive areas is rising worldwide
- **Creation and fostering of the next generation of growth drivers**: Innovation in nutrition and health areas could be the source of future market expansion and profit growth
- **Business growth driven by social issues**: Growing global demand for products that support and promote good health amid the shift to a super-aging society and climate change

Risks

- **Risks from changing external environment due to dependence on sales overseas**: 70.6% of revenue comes from overseas markets, raising concerns over the impact from forex fluctuations, political risk, or import regulations
- **Intensifying global competition**: Across functional beverage and food markets, competition continues to intensify, with ongoing battles for market share against local companies and international brands
- **Changing costs for raw materials and logistics**: Increasing uncertainties in supply chains due to sharp increases in materials prices, logistics constraints, and geopolitical risk
- **Burden of regulatory or scientific evidence requirements**: Ongoing compliance with country- and region-specific regulations governing labeling, advertising claims, and ingredients

Progress of the 4th Medium-Term Management Plan

Through the 4th MTMP, we are committed to tackling social issues in each country and region and to continue contributing to the health and Well-being of people around the world—as a total healthcare company—through Otsuka's unique product lineup. To that end, we have defined three categories of growth drivers from the viewpoint of social issues.

In FY2025, all three categories grew and revenue reached ¥577.7 billion (up 3.7% year on year).

- **Three categories that are addressing social issues**
- For climate & environmental risk | Develop overseas *POCARI SWEAT* business to be a ¥100 billion brand
- For women's health | Build growth foundation to become a leader by developing the category, mainly in North America
- For healthier life | Further maximize value with unique product line-up geared toward life stages of consumers

Business strategy for FY2026

FY2026 revenue for the Nutraceutical Business as a whole is forecast to increase 6.5% from the previous fiscal year to ¥615 billion.

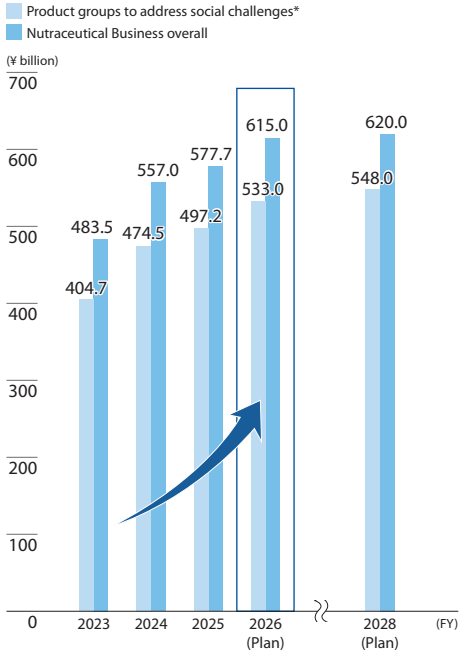
In each of the three categories tied to social issues, which we have set as growth drivers, we expect growth in each category and higher revenue, led by *POCARI SWEAT*, *Bonafide*, and *Nature Made*. We will continue our proactive efforts to address the growing global challenge of heat illness while strengthening the business infrastructure needed to support the expansion of *POCARI SWEAT* into new markets and further growth.

In March 2026, we launched */zeroz*, a self-conditioning food containing the plant-derived ingredient kaempferol, with a focus on oxygen that is an essential element for sustaining life.

Nutraceutical business: Revenue overview and progress by category for product groups to address social challenges

FY2025 results ¥577.7 billion	+3.7% (YoY change)	Reasons for change	FY2026 plan ¥615.0 billion		MTMP targets
For climate & environmental risk					
¥201.7 billion	+1.6% (YoY change)	***POCARI SWEAT*** Japan | Although consumer activity levels declined during the summer, we continued to create opportunities for drink consumption through marketing and other activities Overseas | Increased brand recognition drove revenue growth ***N&S*** Europe | Strong sales of *Gerblé* and other health foods drove revenue growth	FY2026 plan ¥221.0 billion	CAGR ('23–'26) 6.4%	CAGR ('23–'28) 6%
For women's health					
¥60.8 billion	+7.4% (YoY change)	***Bonafide*** U.S. | e-commerce and August 2025 start of retail store sales drove revenue growth ***EQUELLE*** Japan | Greater awareness through broad-based product detailing activities (e.g., women's health seminars) drove revenue growth	FY2026 plan ¥66.0 billion	CAGR ('23–'26) 21.1%	CAGR ('23–'28) 17%
For healthier life					
¥234.7 billion	+7.0% (YoY change)	***Nature Made*** U.S. | Strong sales through e-commerce channels and large retail outlets drove revenue growth	FY2026 plan ¥246.0 billion	CAGR ('23–'26) 10.2%	CAGR ('23–'28) 4%

Sales trends of product groups to address social challenges



* Product groups to address social challenges: For climate & environmental risk | For women's health | For healthier life

For climate & environmental risk category

POCARI SWEAT

- **Strengthening business infrastructure to support expansion into new markets and further growth**

The Asia-Pacific (ex-Japan) sports drink market has continued to grow due to strong health awareness. As a result of continuing educational activities on hydration and electrolyte replenishment tailored to the culture and circumstances of each region, sales volume grew in response to demand and revenue increased. More recently, we have opened new factories in Vietnam and Tianjin, China and also begun marketing in the new markets of India and Nigeria.

Due to the expectation of continued strong growth, we aim to further spread the brand in existing markets and expand into new markets by educating consumers on the importance of hydration and electrolyte replenishment. Through the spread of the *POCARI SWEAT* product concept via unique marketing activities cultivated over the years, *POCARI SWEAT* has grown mainly in Asia, including China and Indonesia, and we are taking on the challenge of nurturing *POCARI SWEAT* into a ¥100 billion brand overseas.

- **Activities in Asia**

We have launched the Dream Project to support the aspirations and efforts of young people. The project encompasses promotional activities in the medical field, collaboration with government authorities, and engagement through popular sports such as soccer in Japan, Cambodia and Vietnam and basketball in the Philippines and Taiwan. The initiative has contributed to expanding demand for *POCARI SWEAT*. The Dream Project was selected as one of 11 case studies in the Ministry of Economy, Trade and Industry collection of "problem-solving partnerships" between companies and sports.

- **Establishing the concept of Caring Hydration in the U.S.**

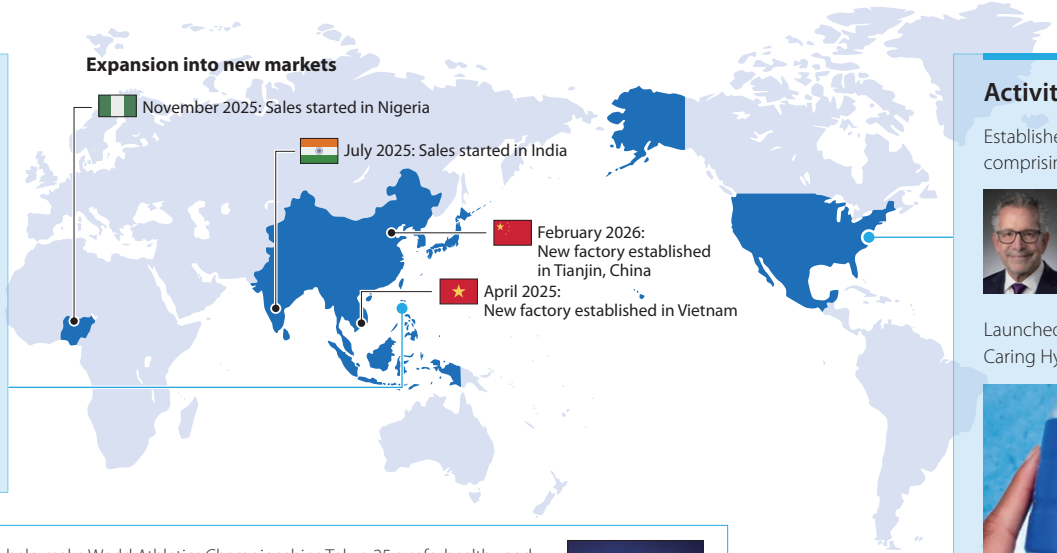
As climate change makes extreme heat a regular part of life, heat-related health impacts and dehydration have become public health issues rather than just individual concerns. Now that adapting to climate change is becoming increasingly important, our aim is to establish the concept of *POCARI SWEAT* as a way of looking out for others and not just something consumed for one's own benefit. This is part of our unique approach to value creation. In the U.S., we have developed the new concept of Caring Hydration and have started to communicate this idea to consumers through *POCARI SWEAT*. Drawing on scientific evidence, we will collaborate with key opinion leaders, government agencies, and other stakeholders to pursue value-creation initiatives that contribute to addressing various environmental and social issues.

Overseas expansion of *POCARI SWEAT*

Activities in Asia

Started *POCARI SWEAT* Basketball Dream Project in the Philippines to support aspirations and efforts of children around the world through basketball





Activities in the U.S.

Established the POCARI SWEAT SCIENCE ADVISORY BOARD comprising experts in this field



Launched a brand website to promote the concept of Caring Hydration



Source: U.S. *POCARI SWEAT* brand website

Spotlight

Believing in human potential—Learning from athletes: Supporting World Athletics Championships Tokyo 25

To help make World Athletics Championships Tokyo 25 a safe, healthy and sustainable event, we supported athletes, event personnel, and spectators not only by providing *POCARI SWEAT*, which was developed by translating medical knowledge into everyday practice, but also by sharing scientifically grounded information on hydration.



For healthier life category

Nature Made

- **Striving to generate additional growth, particularly in the U.S., based on brand strength and high trust in quality**

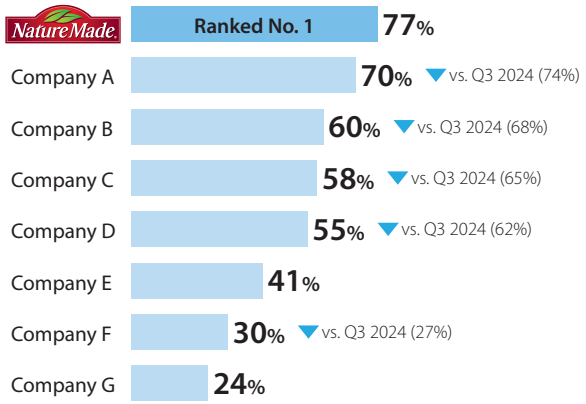
While it continues to conduct R&D on supplements, Pharmavite LLC manufactures and sells *Nature Made* brand products, which were first launched in California, U.S., in 1971. The brand has captured the top retail market share[1] for vitamins in the U.S.

Highly regarded as the most recommended supplement brand[2] by U.S. pharmacists for 28 consecutive years in the U.S. market, the brand has grown to exceed ¥100 billion in revenue, backed by its brand strength and high trust in quality. In order to meet the rapidly growing demand for gummy products in recent years in the U.S., Pharmavite has invested $250 million in New Albany, Ohio, to establish a new factory dedicated to gummy production. The factory site will be used for manufacturing of *Nature Made* gummy products and also for research and development into new products at the forthcoming Gummies Innovation Center of Excellence planned for the site. In 2024, gummy-type products became the fastest-growing category in the U.S. supplement market, and *Nature Made* recorded the highest dollar-based growth rate[3] in the vitamin category for gummy formulations.

In the Japan market, we have been offering a high-quality lineup and product designs tailored to the needs of Japanese consumers since sales launched in 1993. Going forward, we will continue to further grow our business through global expansion and the creation of next-generation products.

1. Based on data collected using the Complete Market Service from Circana, LLC, covering the general vitamin category (©2025, Circana, LLC) for the 52-week data through December 28, 2025, in the retail store category (U.S. MULO) adopted by Pharmavite
2. U.S. News & World Report / Pharmacy Times 2024 survey
3. Circana Market Advantage and Panel

Nature Made market penetration (FY2025 Q3, U.S.)



Source:
Continuous tracking survey by Pharmavite (sample size: 100 per week, approximately 400 per month, and approximately 1,200 per quarter)
Circana MULO POS data (food, drug, mass merchandise and club channels [excluding Costco])
Survey period: From year start (to December 28, 2025)
Circana panel data
All-channel household penetration (latest 52 weeks ending September 7, 2025)
Reach: Nielsen Media Impact (NMI)



Pharmavite New Albany



Selected *Nature Made* gummy products in the U.S.

/zeroz: Our new product

- **Launch of self-conditioning food product */zeroz* with a focus on oxygen that is essential for life**

It is well known that water, nutrients, and oxygen are essential elements for sustaining life. Thus far, we have created and proposed various forms of value, including *POCARI SWEAT*, which supports hydration, and *Calorie Mate*, which provides balanced nutrients.

As the final piece in this portfolio of products, */zeroz* focuses on oxygen and offers a new form of value as a self-conditioning food designed to support everyday Well-being. */zeroz* was developed under the concept of "Active Inner Resource" and contains kaempferol, a plant-derived ingredient that activates the innate strengths within the body.

/zeroz



- **Discovery of kaempferol**

Otsuka focused on the diets of people living in highland areas where the environment is low in oxygen, which is difficult for plants as well as animals. Our research scientists investigated 341 foods consumed in highland areas and ultimately identified the plant-derived compound kaempferol. They discovered that horseradish leaves contain particularly high levels of high-quality kaempferol.

The body's capacity to utilize oxygen is influenced by age and lifestyle habits. We therefore undertook some 13 years of clinical research on kaempferol and have published numerous scientific papers on its benefits.

Focus | Launch of a new concept: A product focused on the body's ability to utilize oxygen

In March 2026, Otsuka Pharmaceutical launched */zeroz*, a new "self-conditioning" food product based on the novel concept of "Active Inner Resource" that means reawakening the power innate in the human body. Developed with the insight that the ability to make effective use of oxygen is key to maintaining health, this product will enable us to deliver new value to everyone who aspires to good health.



Why we named it */zeroz*

Theme **The ultimate answer that unlocks infinite possibilities through the power of oxygen**

***/zero*:** In mathematics, as the value of a divisor moves infinitely closer to zero, the value of the division becomes infinitely greater. By the same principle, we give /zero (division by zero) the meaning **"unlocking the infinite possibilities of humankind."**

Final "Z": Signifies **Z as the "ultimate"** endpoint of the serial lines of inquiry we followed starting with A.

Final "OZ": Alludes to the **chemical symbol for oxygen, O_2**.

Key features of */zeroz*

It is widely recognized that water, nutrients, and oxygen are all essential for energy production in the body. Otsuka Pharmaceutical has created and proposed various forms of value, including *POCARI SWEAT*, which supports hydration, and *Calorie Mate*, which provides balanced nutrients. Our new product, */zeroz*, focuses on oxygen and offers a new form of value as a self-conditioning food designed to support everyday Well-being.

/zeroz was developed under the concept of Active Inner Resource. Unlike the conventional approach of replenishing deficient nutrients and other substances, it helps the body make more effective use of oxygen, activating the body's innate capabilities and enhancing performance in all daily activities.

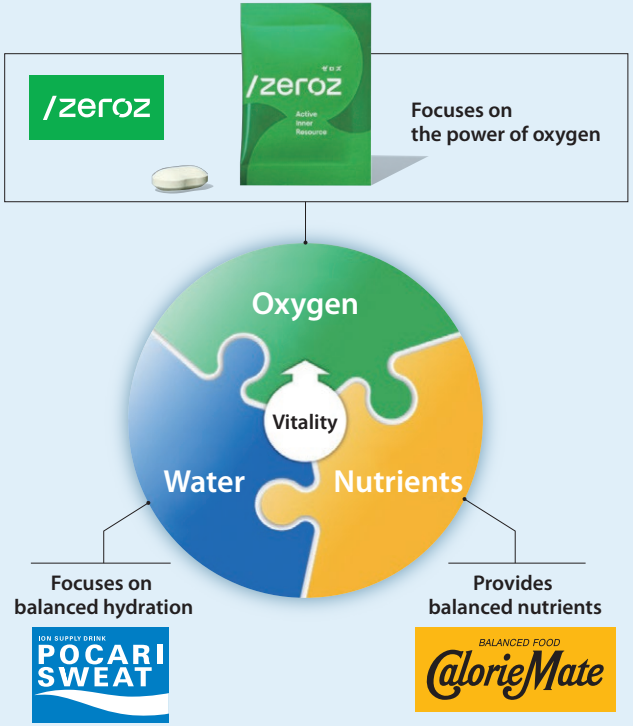
The */zeroz* development concept

The utilization of oxygen is intimately connected with energy production and everyday performance. However, the ability to use oxygen is known to change with age and lifestyle.

In a research project to investigate the body's utilization of oxygen that extended over some 13 years, Otsuka Pharmaceutical conducted numerous studies on the benefits of kaempferol, a substance derived from horseradish leaves. We then confirmed its safety and established proprietary technologies to improve its absorption efficiency within the body. The launch of the new product is the culmination of these efforts.

/zeroz features a citrus & tea flavor, combining refreshing citrus notes with a hint of matcha in a chewable tablet. As it can be sucked or chewed without water, it is simple to take in any situation.

One tablet a day provides our recommended daily intake of 10 mg of kaempferol. */zeroz* supports people to stay healthy and true to themselves in every moment—whether they are switched on for action or switched off for rest.





Giveaway samples at the Tokyo Marathon
Otsuka Pharmaceutical has sponsored the Tokyo Marathon in each of its 19 years, starting with the inaugural event. At Tokyo Marathon 2026, held on March 1, */zeroz* was distributed in the finish area to all runners who completed the course. In this way, we provided the */zeroz* experience to athletes who had run the whole 42.195 km.
(Otsuka Pharmaceutical was an official sponsor of Tokyo Marathon 2026.)

The road to developing */zeroz* —By the scientist who developed it

Yasutaka Ikeda
Director, Advanced Science Research Institute
Otsuka Pharmaceutical Co., Ltd.



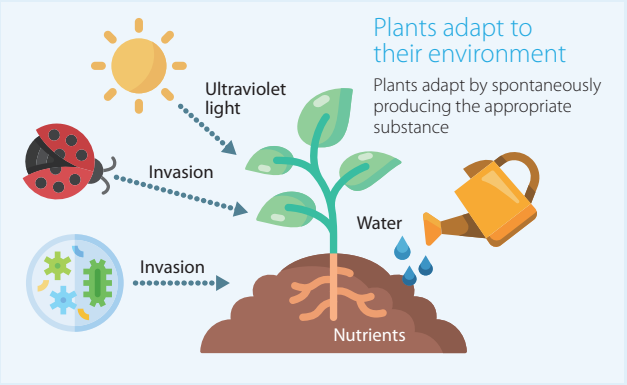
Profile • March 2007: Completed doctorate in Food Science and Biotechnology at the Faculty/Graduate School of Agriculture, Kyoto University
April 2007: Began postdoctoral research at Tokyo Metropolitan Institute of Gerontology (TMIG; now Tokyo Metropolitan Institute for Geriatrics and Gerontology)
December 2008: Joined Otsuka Pharmaceutical Co., Ltd. at its Nutraceuticals Research Institute (Saga research site)
March 2025: Became director of Otsuka's Advanced Science Research Institute with overall responsibility for the research organization
April 2026: Took up concurrent appointment as adjunct professor at the University of Pittsburgh School of Medicine

Q What was the original starting point of the research?

I started out from the idea that health is not inborn, in other words not determined by genetics. Identical twins are born with exactly the same set of genes, but we know that their state of health can diverge greatly with the cumulative influence of the environment they grow up in, their daily diet, and other factors. So we are aware that health is something that is gradually shaped by the choices we make from day to day.

In the course of my research, I took particular inspiration from the survival strategies of plant life. As plants are unable to move independently, they have to survive under constant exposure to stresses from the external environment such as ultraviolet light, microorganisms, and insects. Plants have adapted by evolving systems to protect against different environmental factors. For instance, they secrete protective substances when ultraviolet light becomes too harsh, emit bitter flavors and odors when attacked by insects, and produce antibacterial substances when invaded by microorganisms.

I realized that this vital ability to change in response to the environment was also an important element in our approach to human health. Animals and plants have different ways of adapting to the environment, but they also share the fundamental similarity of needing water, nutrients, and oxygen. I felt that this indicated some essential property that deserved to be investigated.



Q How did your research into oxygen utilization take shape?

It was studying people who live in highland areas that sparked my interest. People who live at high altitudes where the environment is low in oxygen can run faster and for longer distances than any other group. It was this observation that made me start my investigations 13 years ago.

Beginning with the premise that health is not determined by genetics, we carried out an exhaustive investigation into what these people eat and how they have adapted to their environment. One by one, we tested 341 different foodstuffs found in highland regions around the world and eventually identified a common ingredient. That ingredient was a flavonoid called kaempferol. Areas with low oxygen levels represent a harsh environment for plants as well as humans. We decided that this kaempferol might be the substance that plants produce spontaneously to survive in these low-oxygen environments.

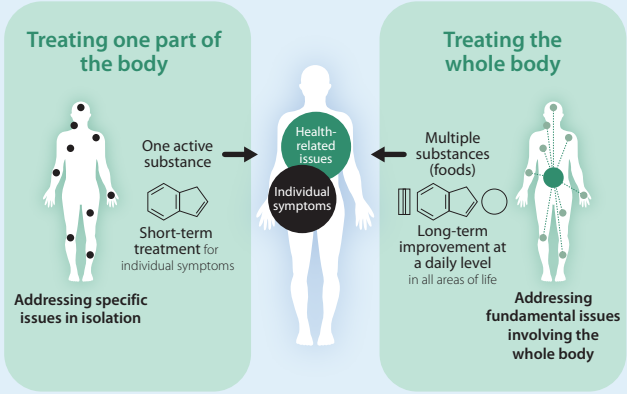
However, even after this insight, there was still the major issue of securing enough of this substance to supply a large number of people. We spent eight years working on this task and followed successive lines of inquiry that finally led us to the horseradish leaf. We discovered that kaempferol can be harvested in large quantities from horseradish leaves. By extracting it as a natural substance according to a careful procedure, we were able to develop a way of making it safely available to large numbers of people.



Q What is the core concept of this research and development project?

In the course of our development, we came to fundamentally rethink our whole approach to the question of health. Before, I would say that the main focus was on a localized approach that treats in isolation the part of the body where symptoms appear. However, what we aimed for is a systemic approach that improves day-to-day living over the long term by thinking of the body as a whole.

With the complex nature of modern health issues, an approach restricted to individual symptoms or parts of the body cannot address the root causes. That's why I see potential new value in taking a fresh look at the body's existing inner abilities and working to activate them. It was this idea that led us to develop the Active Inner Resource concept. That means reawakening the power innate in the human body. Underlying that statement is the strong conviction that we still have a long way to go in uncovering the hidden potential of humankind.



For women's health category

Women's health is one of the categories of social issues identified as a growth driver in the 4th MTMP. The Otsuka group is developing products based on scientific evidence, and, through the scientific know-how we have cultivated and our ongoing educational activities, we will work to quickly address the increasingly complex health issues faced by women and propose new solutions.

In Japan, product recognition for *EQUELLE*, which contains equol and supports women's health and beauty, increased significantly due to our extensive provision of information through women's health seminars. Women are also known to face different health challenges at different stages of life due to the significant influence of hormonal changes. In addition, these challenges are known to vary considerably among individuals and across populations, and women need individually tailored solutions. As women continue to advance in society and are expected to play more active roles, many suffer from various symptoms affecting both their mind and body. The Otsuka group will work to provide solutions to women around the world that address the needs of individuals according to their circumstances and stage of life.

EQUELLE, Uqora, and *Bonafide*

• Activities in North America

In North America, we are addressing various women's health issues with three brands, the first of which is *EQUELLE*, followed by *Uqora*, which supports women's urinary tract health, and *Bonafide*, which supports women's needs as they become more complex.

Uqora, in particular, has seen steady growth in North America in OTC sales at pharmacies, expanding its distribution channels to drugstores such as CVS and Walgreens, in addition to expanding e-commerce. For *Bonafide*, which we added to our portfolio in FY2023 through the acquisition of women's health company Bonafide Health, LLC, in September 2024 we launched *Thermella*, a product that has been confirmed to be effective through research. It was developed as a plant-based supplement based on scientific evidence to support women experiencing hot flashes and night sweats. *Thermella* contains curcumin extract, decaffeinated green tea extract, and spirulina extract, naturally derived ingredients with a functional claim* to relieve hot flashes and night sweats. This product offers a new treatment option to support women with menopausal symptoms.

* This statement has not been evaluated by the U.S. FDA. The product is not intended to diagnose, treat, cure, or prevent any disease.

Strengths in the for women's health category

Bonafide

1.1 million	Consumers using these products
40+	Clinical studies on the product/active ingredients
13,000	Physicians recommending product

uqora

700,000	Consumers using these products
No. 1	UTI brand sales in the U.S.

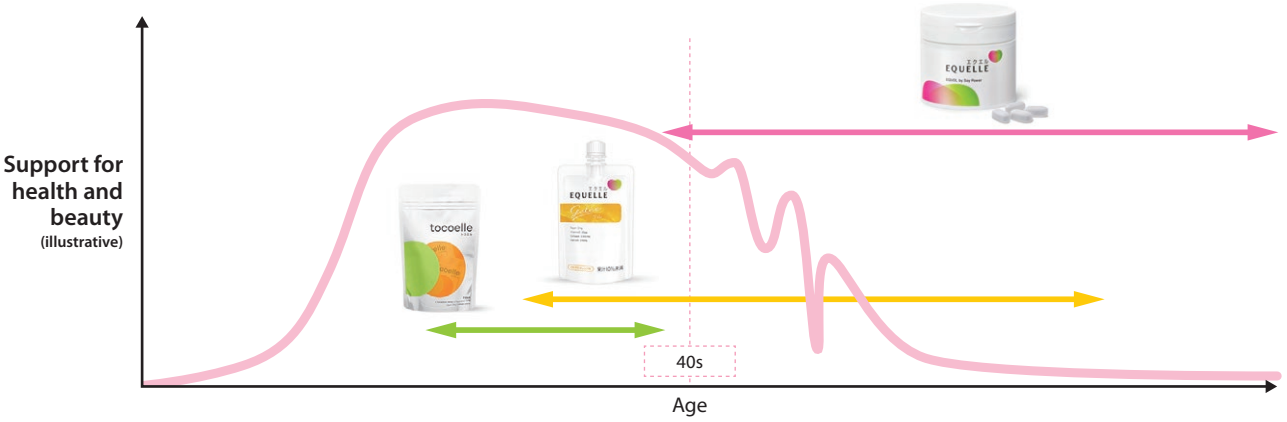
• Accelerating expansion in Asia

To expand our business in Asian markets, we need to comply with different regulations in each country or region, so we are making preparations by drafting country/region-specific plans.

The regulatory requirements are particularly strict in South Korea, where we need to obtain both temporary food ingredient registration and functional ingredient registration (to support health claims). We started working to obtain the necessary approvals in FY2018. In FY2023, Lactococcus 20-92, one of the ingredients in *EQUELLE*, became the first ingredient to receive certification from the South Korean authorities under the temporary food ingredient registration system. Because products marketed in tablet form, a dosage form generally associated with pharmaceuticals, require approval as a Health Functional Food (health claim) in South Korea, we applied for Health Functional Food approval for SE5-OH (*EQUELLE*) in FY2023. In May 2025, the product became the first in South Korea to receive certification for the health claim "supports the health of menopausal women." After seven years of effort, the groundwork for launch is now in place.

EQUELLE was launched in Hong Kong in April 2026 and there are plans to launch in Singapore. We are steadily advancing preparations to expand our sales footprint beyond Japan and into Asia.

Product development to support women at different life stages





Bonafide



EQUELLE (Japan)

Consumer Products Business

Contributing to society by creating new foods in response to consumer issues

Materiality

Contribute to the health and Well-being of people around the world



Progress of the 4th Medium-Term Management Plan

Otsuka Foods, the core of the Consumer Products Business in the group, is expanding its business in the beverage and food categories with a mission to contribute to consumer Well-being through food. As an indispensable presence in society through the creation of new foods, Otsuka Foods aims to achieve sustained growth and is pursuing business growth that balances revitalization of existing brand value and creation of new value under the 4th MTMP.

In the Beverages Business, the core brand *MATCH* has expanded its following among younger consumers through engagement- and experience-based initiatives and continues to outpace overall market growth despite challenging conditions in the carbonated beverages market. The Foods Business has outperformed the growth rate* of the retort pouch food market by leveraging the *Bon Curry* brand's offerings tailored to increasingly diverse dietary needs and by strengthening communication of the *MY SIZE* brand's low-calorie and reduced-sodium benefits.

Otsuka Foods is focusing its new product development on the three core themes of creating deliciousness, helping to address social issues, and evidence-based proprietary technology.

Based on our original concepts and technologies, we aim to develop new products with value to meet potential consumer needs as only Otsuka Foods can.

* Intage SRI

Beverages Business

- **Building brands that earn long-standing customer loyalty**

The Beverages Business offers a wide range of brands, including *MATCH*, *CRYSTAL GEYSER*, *Sinvino JAVA TEA Straight*, and *Sugoi Daizu*, and proposes solutions that contribute to richer daily lives for consumers.

MATCH will celebrate its 30th anniversary and is a brand cherished by all generations as a vitamin-enhanced carbonated beverage with a refreshing taste. We will step up communication programs to foster greater appreciation of this brand, and work to expand the *MATCH* fan base and increase brand value.

For *CRYSTAL GEYSER*, we are working to highlight the absence of detectable perfluoroalkyl and polyfluoroalkyl substances (PFAS) including perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) in this product, position its soft-water profile as a quality attribute suited to Japanese tastes, and expand the customer base on a foundation of trust in its safety and reliability. For *Sugoi Daizu*, we are maximizing brand value through a full product refresh and by strengthening communication of the dietary fiber benefits derived from the use of whole soybeans, in addition to the established positioning on protein intake.



MATCH (left), *MATCH Vitamin Mikan* (right)



CRYSTAL GEYSER



Sugoi Daizu series

Foods Business

- **Responding to increasingly diverse dietary needs and health issues**

We are staying attuned to changes in the social environment and lifestyles and working to respond to increasingly diverse dietary needs and health issues. With the sharp increase in rice prices, more consumers are turning to noodles with their meals. We have launched *Umami-Rich Japanese-Style Bon Curry* as a new offering that goes well with both noodles or rice. We have also brought to market *Health-Conscious Bon Curry with Full Serving of Japan-Grown Vegetables* that retains the distinctive flavor of *Bon Curry* but is also made with a full serving of Japan-grown vegetables and is free from 28 allergens, gluten, and animal-based ingredients. In the *My Size Plus Support* series, we have expanded our lineup with two new products that only contain 1g salt to help address the national public health challenge of reducing salt intake. We have also developed *Main Dip*, an innovative series of freezer marinades that enhance flavor by marinating meat before freezing. These products help reduce the burden of daily meal planning and cooking stress amid the rise in dual-income households and increasingly diverse lifestyles. By enabling consumers to stock their freezers with ready-to-cook dishes, *Main Dip* helps reduce the effort involved in planning daily meals and satisfies demand for meals that deliver time savings, homemade quality, and great taste.



Bon Curry GOLD



Umami-Rich Japanese-Style Bon Curry



Health-Conscious Bon Curry with Full Serving of Japan-Grown Vegetables



My Size Plus Support



Mannanhikari



Main Dip freezer marinades

Other Businesses

Expanding into new markets in Japan and overseas, leveraging strengths in our specialist technologies and shared platforms

Materiality

Contribute to the health and Well-being of people around the world



Progress of the 4th Medium-Term Management Plan

In Other Businesses, FY2025 revenue reached ¥115.9 billion, an increase of 2.0% year on year, while business profit rose by 7.4% to ¥7.5 billion. In the chemicals field, revenue increased slightly following the acquisition of hakkai inc. as a wholly owned subsidiary in order to strengthen our KATACHI* Business. In the warehousing and transport field, revenue increased after we won business with new customers.

* KATACHI = Parts

Chemicals business (Otsuka Chemical)

- **Transform the potential of materials to KATACHI**

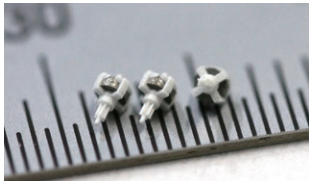
Otsuka Chemical supports comfortable lifestyles and industrial development in the information electronics, mobility, housing, and pharmaceutical fields by supplying functional materials and proprietary intermediates— and leveraging the power of these materials to supply components and active pharmaceutical ingredients. Starting with the refinement of nigari (bittern) from seawater, we have developed a wide range of chemical products based on our proprietary technologies, including the first successful industrialization of hydrazine in Japan. In the information electronics field, we offer plastics and polymer materials that meet miniaturization and high-resolution needs; in the mobility field, we provide brake pad materials, foaming agents, and tire rubber additives that enhance safety, comfort, and energy efficiency; and in the pharmaceutical field, we supply raw materials for antibiotics and proprietary intermediates, among other products, to address the advanced needs of various industries. In the 4th MTMP, we are promoting KATACHI Business, which offers components that embody the material capabilities we have cultivated over the years. In the semiconductor and robotics industries, where further growth is anticipated, our precision gear and molding business is meeting demand for precise, lightweight, and quiet components; our high-performance, multifunctional Films Business is meeting wide-ranging demand from automotive parts to information devices; and our CDMO Business is focused on medium-molecule pharmaceuticals and their raw materials. We will leverage our material and technological capabilities to realize new value for society under our vision: A company that collaborates with customers to find creative new usage by utilizing advanced materials.

- **Acquired hakkai as a wholly owned subsidiary to further our KATACHI Business**

In October 2025, Otsuka Chemical acquired hakkai inc. as a wholly owned subsidiary. By combining hakkai's advanced technological capabilities in precision plastic molding and mold design and manufacturing with Otsuka Chemical's materials development capabilities and customer base, we can create value through an integrated value chain spanning research and development through manufacturing. Through this acquisition, we will further enhance the competitiveness of our value-added products in growth markets, including automotive, electrical/electronics, and pharmaceutical fields.



Wholly owned subsidiary hakkai



Miniature gear that combines technologies from Otsuka Chemical and hakkai

Warehousing and transport business (Otsuka Warehouse)

- **Tackling optimization and efficiency across industry through a comprehensive digitalization strategy**

Otsuka Warehouse is a logistics company specializing in the distribution of total healthcare products such as pharmaceuticals, foods, and beverages, and plays an important role in supporting people's richer and healthier lifestyles.

Currently, the logistics industry as a whole is facing labor shortages. To address this and other issues, we are moving forward with reforms to our warehousing and delivery operations by leveraging technology to create systems that anyone can use without relying on intuition or experience. By prioritizing standardization and systematization under the 4th MTMP, we are aiming to optimize the entire supply chain by establishing a versatile framework that enables coordination with other companies such as shippers (manufacturers), transportation companies, and wholesalers, without relying on specific equipment or proprietary systems. For example, we have built a system that visualizes the flow of goods from order receipt to delivery, offering real-time tracking of the current location and status of goods. Furthermore, by using an incoming goods reservation system and changing the first-come, first-served rule for vehicle arrivals to a reservation-based system, we have leveled arrival times. This has allowed us to visualize scheduled arrivals and waiting vehicles, which has helped to reduce the work hours of receiving staff and improve on-site operational efficiency. The system has also reduced vehicle wait times, leading to reduced CO_2 emissions and other environmental benefits.

In line with our mission to deliver total healthcare products safely and reliably, we will strive to realize sustainable logistics to support health for people and for society as a whole.



CROSS DOCK HARUMI: Headquarters building converted from a warehouse

Research and development

Using a creative approach to focus on areas with unmet needs

Materiality

Contribute to the health and Well-being of people around the world



R&D policy

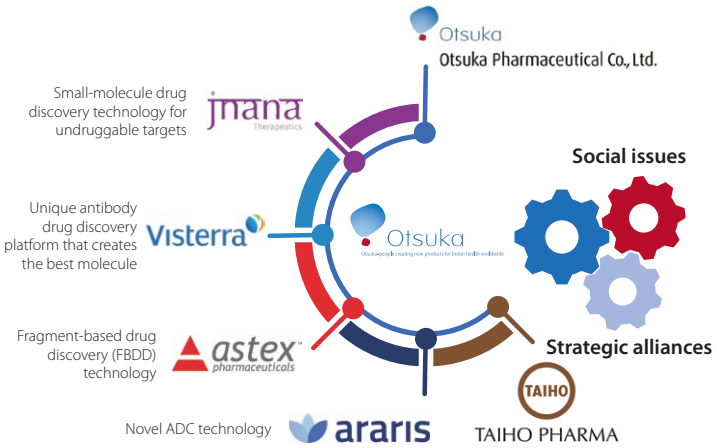
The Otsuka group is working to strengthen its business portfolio for medium- and long-term growth by combining internal and external science resources with a focus on healthcare-related social issues and proprietary science. We are aiming for consolidated revenue of ¥3,500 billion in FY2035. Over the long term, we will invest the management resources needed to continuously develop original pipeline assets and products at our research facilities.

One of the distinctive features of the Otsuka group is our management style of horizontal collaboration, whereby each operating company contributes its respective strengths independently and the group collaborates with the most suitable partners while providing them with maximum support. In the Pharmaceutical Business, we have drug discovery sites at Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Astex Pharmaceuticals, Visterra, Jnana Therapeutics, and Araris Biotech. Based on this concept of horizontal collaboration, we have fostered organic connections across the group and integrated the expertise and technologies of these companies to evolve our capabilities into a robust drug discovery platform. While many programs that leverage the strengths of our operating companies are progressing toward launches in FY2030 or later, we also plan to obtain approval for three additional drug candidates beyond the Next 8 by FY2030.

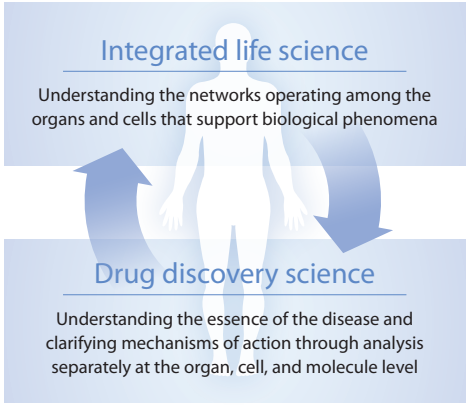
At Otsuka Pharmaceutical, we have launched a mechanism for managing development priorities and promoting collaboration among subsidiaries from an overall perspective, allowing us to accelerate strategic research and development by leveraging the strengths of each subsidiary. Furthermore, from a group-wide perspective, we have begun exploring ways to apply technologies developed by individual operating companies to drug discovery in other therapeutic areas. For example, we have started leveraging the next-generation antibody-drug conjugate (ADC) drug discovery platform acquired by Taiho Pharmaceutical for drug discovery research beyond oncology. Through efforts like these, we are advancing collaboration across operating company boundaries.

By deepening cooperation within the group while strengthening collaboration with external scientific resources and improving the speed and likelihood of success of clinical development, we expect more programs to make it to market.

Horizontal collaboration in research



Mutually connecting drug discovery science and integrated life science



An approach that only the Otsuka group can deliver

The Otsuka group aims to combine drug discovery science and integrated life science. Our approach to drug discovery research is to seek to understand the essence of the disease and clarify mechanisms of action through analysis separately at the organ, cell, and molecule level.

The Nutraceutical Business takes an integrated life science approach, which aims for a deeper understanding of the actual networks operating among the organs and among the cells that support biological phenomena. The development of *Zeroz*, launched in March 2026, leveraged our research platforms accumulated as a total healthcare company.

Looking ahead, we will continue efforts to mutually connect drug discovery science and integrated life science and to combine their respective strengths in order to create new value focused on individual lifestyles. This unique approach is a strength that only the Otsuka group can deliver as a total healthcare company.

Research and development

R&D sites









Europe

U.K.:
- Astex Pharmaceuticals

Germany:
- Otsuka Novel Products GmbH

Switzerland:
- Taiho Oncology Europe GmbH
- Araris Biotech AG

Ireland:
- ○ Veryan Medical Ltd.

Asia

China:
- Otsuka Shanghai Research Institute
- Shanghai Otsuka Foods Co., Ltd.
- Otsuka Beijing Research Institute
- Taiho Pharmaceutical of Beijing Co., Ltd.

Korea:
- Korea Otsuka Pharmaceutical Co., Ltd.

Singapore:
- Taiho Pharma Asia Pacific Pte. Ltd.

Japan

Tokushima:
Otsuka Pharmaceutical Co., Ltd.
- Tokushima Research Center for Drug Discovery
- Chemistry, Manufacturing and Control (CMC) Headquarters
- Diagnostic Division, Research Department

Taiho Pharmaceutical
- Pharmaceutical Technology Division

Otsuka Pharmaceutical Factory, Inc.
- Research and Development Center
- Technical Center
- Medical Foods Research Institute

Ibaraki:
Taiho Pharmaceutical
- Research Division
- Consumer Healthcare Research and Development Department

Tokyo:
Otsuka Pharmaceutical Co., Ltd.
- Diagnostic Division, Clinical Development Department
- Advanced Science Research Institute

Taiho Pharmaceutical
- Development Division

Otsuka Pharmaceutical Factory, Inc.
- Research and Development Center

Otsuka Medical Devices
- ○ HARUMI Technology Center

Gunma:
JIMRO
- ○ R&D Headquarters

Saitama:
Taiho Pharmaceutical
- Pharmaceutical Technology Division

Osaka:
Otsuka Pharmaceutical Co., Ltd.
- Osaka Research Center for Drug Discovery
- Headquarters of Clinical Development

Shiga:
Otsuka Pharmaceutical Co., Ltd.
- Nutraceuticals Research Institute (Otsu research site)
- Otsu Skin Care Research Institute

Otsuka Foods Co., Ltd.
- Biwako Research Institute

Saga:
Otsuka Pharmaceutical Co., Ltd.
- Nutraceuticals Research Institute (Saga research site)

U.S.

- Visterra, Inc.
- Jnana Therapeutics Inc.
- Otsuka Pharmaceutical Factory America, Inc.
- Otsuka Pharmaceutical Development & Commercialization, Inc.
- Taiho Oncology, Inc.
- ○ Recor Medical, Inc.
- Bonafide Health

- Research divisions
- Development divisions
- ○ Medical devices
- Nutraceutical and Consumer Products Businesses

Main R&D sites

Tokushima Research Center for Drug Discovery, Otsuka Pharmaceutical

The Tokushima Research Center for Drug Discovery has provided new therapeutic agents such as *REXULTI* and *Samsca/JINARC/JYNARQUE* in the psychiatric and neurological and the cardiovascular and renal area. We continue to conduct research activities focusing on drug discovery approaches with small molecules, both phenotypic drug discovery and targeted drug discovery, utilizing the experience we have accumulated over the years. In collaboration with the Osaka Research Center for Drug Discovery and other global research institutes, we are also conducting drug discovery research by leveraging new technologies. From the early stages of drug discovery to the submission of applications for approval, we are conducting research and evaluation studies of safety and pharmacokinetics, while also preparing application documents and responding to inquiries.





Osaka Research Center for Drug Discovery, Otsuka Pharmaceutical

In addition to carrying on Otsuka Pharmaceutical's drug discovery history and culture, the Osaka Research Center for Drug Discovery generates new innovation. Having built a network with research institutes and biotech companies both in Japan and overseas, we are engaged in drug discovery research for small-molecule compounds and biologics. Equipped with cutting-edge research equipment, including one of the world's most advanced cryo-electron microscopes and automated organoid culture equipment, we are undertaking new drug discovery, including that which incorporates cutting-edge immunology and digital transformation.



Research and development

Discovery and Preclinical Research Division (Tsukuba), Taiho Pharmaceutical

In the Tsukuba area, Taiho Pharmaceutical's Discovery and Preclinical Research Division is taking on the challenge of discovering new original drug candidate compounds that indicate outstanding efficacy and high safety, mainly in the fields of oncology and immunology. In addition to expanding our proprietary Cysteinomix drug discovery platform, which led to the discovery of *LYTGOBI* and zipalertinib, we are actively working to improve and expand our drug discovery platform technologies by introducing robotics technology to increase and accelerate research productivity and AI in the search for drug targets and compound design.



Astex Pharmaceuticals

Astex Pharmaceuticals has established a method (FBDD[1]) for efficiently designing and discovering new drugs based on small-molecule organic compounds. In the oncology area, the company has developed multiple new drugs and clinical development compounds, including *Kisqali*[2] and *Truqap*,[3] and is recognized worldwide as a leading company in FBDD. Furthermore, in addition to creating innovative drugs by using cryo-electron microscopy for drug design, Astex Pharmaceuticals is also exploring the potential of quantum computers for such drug design.

1. Fragment-based drug discovery
2. Product sold by Novartis
3. Product sold by AstraZeneca



Visterra

Leveraging its strength with antibodies and biologics, Visterra is undertaking R&D in the fields of immune-mediated and renal diseases where current treatment options are limited. *VOYXACT* was launched in December 2025 for the treatment of adults with primary IgAN at risk for disease progression, and clinical studies are underway to develop additional indications. Additionally, VIS171 is currently in Phase 1 trials, and clinical development is progressing steadily. Our proprietary technology Hierotope® platform makes it possible to design antibody drugs for many biological substances by calculating and predicting the protein-antibody binding. As part of Otsuka Pharmaceutical's Open Innovation Strategy, we are collaborating with universities and hospitals in and around Boston.



Jnana Therapeutics

Jnana Therapeutics Inc., which joined the Otsuka group in 2024, is conducting research based in Boston. Its proprietary drug discovery platform, RAPID* enables the identification of compounds that bind to targets previously considered difficult to address using conventional screening methods, particularly for small-molecule drugs. This technology has shown promising results in challenging therapeutic areas such as autoimmune and rare diseases. Repinatrabit, currently in clinical development, is a small-molecule compound discovered through this platform that inhibits amino acid reabsorption in the kidneys. It is expected to become an effective treatment option for phenylketonuria.

* Reactive Affinity Probe Interaction Discovery



Araris Biotech

In March 2025, Taiho Pharmaceutical acquired Araris Biotech, a Switzerland-based biotechnology company developing next-generation antibody-drug conjugates (ADCs). Araris is now a member of the Otsuka group.

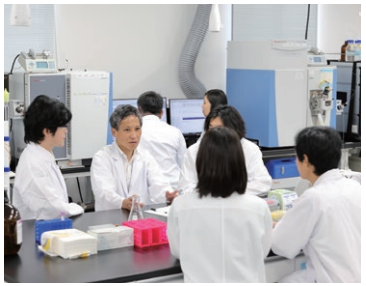
Araris owns the proprietary next-generation ADC drug discovery platform AraLinQ™, an innovative technology with the potential to address the toxicity and limited efficacy that remain key challenges for current-generation ADCs. Araris is currently progressing the development of three programs created using the AraLinQ™ technology for the treatment of hematological and solid tumors. Clinical studies are scheduled to start from FY2026.



Advanced Science Research Institute, Otsuka Pharmaceutical (Nutraceutical Business)

In 2025, Otsuka Pharmaceutical established the Advanced Science Research Institute as part of the Nutraceutical Business to pursue cutting-edge science and advance the development of innovative new products. Rather than focusing on dysfunction in individual parts of the body, the Institute operates under a policy of studying the body as an integrated whole. As a virtual research institute without dedicated laboratory or research facilities, it conducts collaborative research with leading research institutions and universities in Japan and abroad.*

* The Advanced Science Research Institute is conducting joint research with overseas institutions such as Cornell University, University of Pittsburgh, and University of North Carolina, and is collaborating with Kyoto University, Tohoku University, Keio University, Yamaguchi University, the National Cerebral and Cardiovascular Center, and other institutions in Japan.



Focus | Business growth delivered by drug discovery research

The key to future growth lies in technology innovation through drug discovery. The Otsuka group has built drug discovery platforms around the world and is tackling cutting-edge research.
In this section, we focus on the proprietary technologies at Otsuka Pharmaceutical (Astex Pharmaceuticals, Jnana Therapeutics) and Taiho Pharmaceutical (Araris Biotech).

Drug discovery at Astex Pharmaceuticals | Next-gen discovery engine: FBDD, AI and cryo-EM

Pyramid: A proprietary drug discovery platform

Based in Cambridge (U.K.), Astex Pharmaceuticals has pioneered fragment-based drug discovery (FBDD) and has developed a world-class FBDD and structure-based drug discovery (SBDD) technology platform (Pyramid) which it is utilizing to develop small-molecule therapeutics for oncology and central nervous system (CNS) disorders. FBDD utilizes atomic resolution, protein–ligand, structures to identify novel chemotypes (fragment "hits") and ligand binding sites on a protein which can be exploited for drug discovery. Fragment "hits" are optimized via iterative cycles of SBDD to generate safe and efficacious drug molecules. To date, Pyramid has contributed to the identification of multiple small-molecule clinical candidates and three approved drugs (Kisqali, Balversa and Truqap).

Cutting-edge technologies in structural analysis: Cryo-EM

Since Astex's inception, protein-ligand structures have been determined using high-throughput protein X-ray crystallography. However, over the past decade, advances in electron cryo microscopy (cryo-EM), a complementary structure determination method, have meant that cryo-EM can now also be used to support FBDD and SBDD programs. Typically, X-ray crystallography can be utilized for small, soluble proteins that purify at scale. Conversely, cryo-EM has greater utility for large, flexible and/or low yielding proteins, or multi-protein complexes, that are refractory to X-ray crystallography.

In 2016 it was unclear if cryo-EM would have utility for drug discovery, so Astex founded the Cambridge Pharmaceutical Cryo-EM Consortium, as a means of evaluating this emergent technology. The consortium involved multiple pharmaceutical company partners, the cryo-EM microscope manufacturer Thermo Scientific, the University of Cambridge, and the Medical Research Council Laboratory of Molecular Biology (MRC LMB), home to the cryo-EM Nobel Laureate Professor Richard Hendeson (CH FRS FMedSci). The success of this partnership is reflected in the consortium celebrating its 10-year anniversary and by the fact that all pharma affiliates have now established in-house cryo-EM capabilities. Through the consortium, Astex was able to demonstrate proof of concept that cryo-EM could be used for FBDD and could be transformational for prosecuting drug discovery with challenging target classes (Saur et al., doi.org/10.1016/j.drudis.2019.12.006). Consequently, Astex has established a state-of-the-art, in-house, cryo-EM facility, housing a fleet of 4 cryo-EM microscopes (2 Glacios, 1 Krios G4 and a recently commissioned Krios 5 (Figure 1)).

This represents the most advanced industrial cryo-EM facility in Europe. Astex has also developed proprietary platform technologies to maximize cryo-EM throughput and to minimize the timelines required for atomic resolution cryo-EM structure determination. Astex is routinely using cryo-EM to enable and support multiple FBDD and SBDD CNS drug discovery programs.

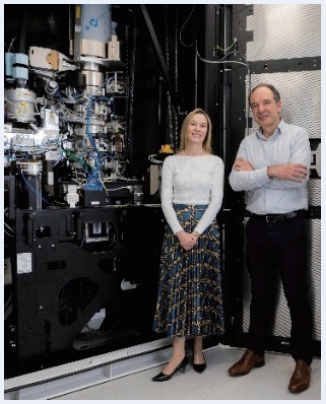


Figure 1
Dr Michelle Jones and Dr Gianni Chessari (Astex's President & CSO, respectively) by Astex's new Krios 5 microscope

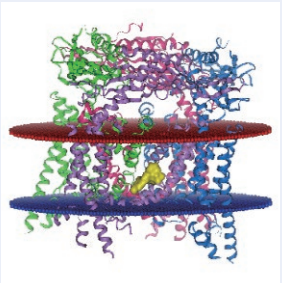


Figure 2
Astex cryo-EM structure of an agonist bound to an ion channel

Future outlook

Many CNS relevant drug targets, including within the challenging integral membrane protein family (e.g., neurotransmitter receptors, transporters, GPCRs, ion channels, and membrane associated enzymes), are inherently more amenable to cryo-EM than X-ray crystallography. Ion channels are of particular interest given their diverse cellular roles and as channel dysfunction is associated with various neurological disorders. Astex is leveraging the power of cryo-EM to elucidate the mechanism of action of small-molecule agonists and antagonists at high resolution, revealing how subtle structural changes associated with ion-channel opening and closing occur. This work demonstrates the value of cryo-EM in enabling structure-based drug discovery. (Figure 2)

Additionally, Astex is further exploring opportunities for streamlining cryo-EM data processing via enhanced automation of workflows and using deep learning approaches which leverage Astex's proprietary dataset of more than 19,000 protein-ligand complexes (Sanchez Garcia et al., doi.org/10.1101/2025.03.04.641536). This unique dataset is also being used to develop cutting-edge computational co-folding capabilities (AstexFold) and generative AI models which are being ubiquitously deployed to support FBDD and SBDD programs.

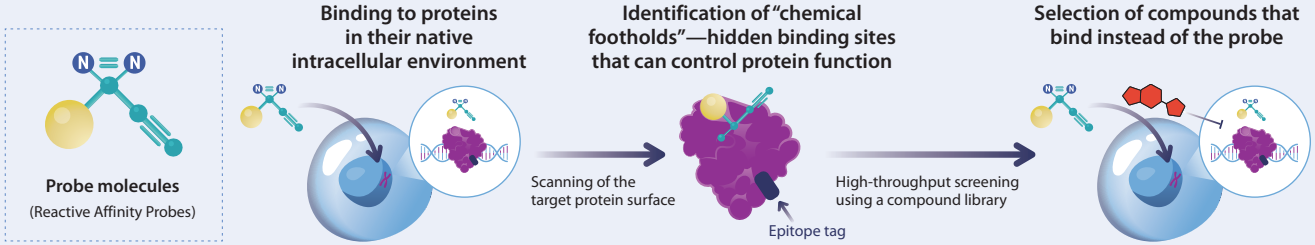
Over the past 25 years, Astex has continually evolved its Pyramid platform, integrating cryo-EM and advanced AI/ML methodologies with the original X-ray crystallographic technologies, to maintain a cutting-edge drug discovery engine capable of delivering safe and efficacious new medicines with clear patient benefit.

Drug discovery at Jnana Therapeutics | Unlocking the undruggable: The RAPID platform

Jnana's Reactive Affinity Probe Interaction Discovery (RAPID) platform is a proprietary drug discovery engine designed to unlock high-value therapeutic targets that traditional technologies cannot reach. While standard discovery methods often rely on purified proteins in isolation, RAPID analyzes protein targets in their native environment—inside living cells. This approach is critical for complex targets, ensuring we address the protein in its natural, biologically active structure.

The platform employs a streamlined two-step process to identify novel medicines. First, RAPID introduces a library of light-activated "probe" molecules (Reactive Affinity Probes) into the cell. These probes scan the target protein's surface to identify "chemical footholds"—hidden binding sites that are capable of controlling the protein's function. Unlike other methods, RAPID can immediately verify if binding to these sites produces the desired therapeutic effect, such as blocking a disease pathway.

Once a functional foothold is secured, the platform initiates a high-throughput screen of massive compound libraries to identify a lead-like molecule that can precisely engage that same site. By utilizing an automated readout that is over 100 times faster than comparable technologies, RAPID dramatically accelerates discovery timelines. This efficiency enabled the discovery of JNT-517, which targets a previously unknown allosteric site on SLC6A19, and currently powers Jnana's pipeline of first-in-class programs for autoimmune diseases.



Drug discovery at Araris Biotech | Accelerating cancer treatment innovation using the next-generation ADC technology AraLinQ™

Antibody-drug conjugates (ADCs) are therapeutic drugs comprising antibodies attached to anticancer agents (payloads) to selectively attack cancer cells.

Drug discovery research at Araris Biotech, which became part of the Otsuka group in 2025, is founded on its proprietary ADC linker platform AraLinQ™. This platform allows the discovery of highly uniform, stable and potent ADC therapeutic candidates that have demonstrated a wider range of safety and increased antitumor effects compared to conventional ADCs in preclinical studies. The use of this technology is expected to address the shortcomings of current-generation ADCs.

Through these features, the AraLinQ™ platform simultaneously enables high homogeneity, bloodstream stability, flexible payload design, and one-step manufacturing. Several drug candidates have been created using this proprietary platform and the company expects clinical studies to start in the near future.

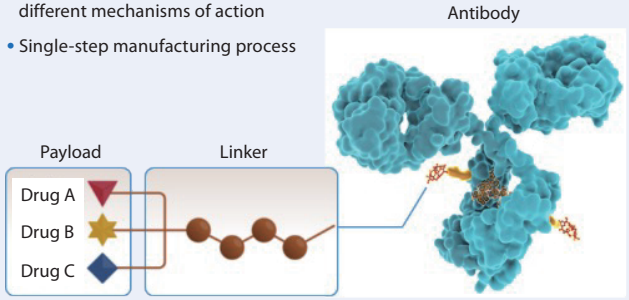
Araris' unique ADC technology represents a quantum leap for the ADC field, potentially offering precise payload delivery of multiple mechanisms of action simultaneously to the tumor, with less toxicity.

Special features of Araris' drug discovery technology

- Araris' linker technology enables site-specific payload attachment to a privileged attachment site on a specific amino acid (Q295) within the antibody IgG-Fc framework, which allows efficient payload delivery and maximum ADC potency.
- AraLinQ™ can insert the linker in a one-step process, enabling the efficient creation of ADCs with high homogeneity and reproducibility. The linker-payload is connected to the antibody through a very strong peptide bond resulting in exceptional stability in the bloodstream and reduced non-specific damage to healthy tissue.
- The platform allows the accurate attachment of multiple types of payload with different mechanisms of action to a single antibody, thereby maximizing the antitumor effects.

Special features of next-generation ADCs enabled by AraLinQ™

- Good safety profile and potency against a wide range of tumors
- Extremely high uniformity
- Improved physicochemical properties and stability in the bloodstream
- Carries multiple payloads with different mechanisms of action
- Single-step manufacturing process



Product development pipelines and research and development activities (at least in Phase 3 as of December 31, 2025)

Programs that made progress in FY2025

Category	Brand name (Generic name) Development code	Indication / Dosage form	Development status in major countries/regions								FY2025 progress (from phase 3)
			Japan		U.S.		Europe		China		
			Phase 3	Filed	Phase 3	Filed	Phase 3	Filed	Phase 3	Filed	
Psychiatry and neurology area	*REXULTI/RXULTI* (brexpiprazole) OPC-34712 / OPC-34712 FUM	Schizophrenia / Once-weekly oral	●								
	(centanafadine) EB-1020	Attention-deficit hyperactivity disorder / Oral	●[1]			●					May | Phase 2/3 initiate (Japan) Nov | Filing (U.S.)
	(ulotaront) SEP-363856	Schizophrenia / Oral	●		●						Mar | Phase 3 initiate (Japan and U.S.)
		Major depressive disorder / Oral			●[1]						
		Generalized anxiety disorder / Oral	●[1]		●[1]						
	(ulefnersen) ION363	Amyotrophic lateral sclerosis (ALS) / Injection	●[2]		●[2]		●[2]				
	(pizuglanstat) TAS-205	Duchenne muscular dystrophy / Oral	●								
	(Software as a Medical Device) ONB-01	Post-traumatic stress disorder / Medical device	●[3]								
Oncology area	*INQOVI/INAQOVI* (decitabine, cedazuridine) ASTX727	Acute myeloid leukemia / Oral				●		●			Jul | Filing (U.S.) Nov | Filing (Europe)
	(azacitidine, cedazuridine) ASTX030	Myelodysplastic syndromes, chronic myelomonocytic leukemia, acute myeloid leukemia / Oral			●						Feb | Phase 3 initiate (U.S.)
	(zipalertinib) TAS6417	Non-small cell lung cancer / Oral	●		●	●	●				Nov | Rolling Submission initiate (U.S.)
	(zimberelimab + domvanalimab) AB122 + AB154	Upper gastrointestinal tract cancer / Injection	●								
		Non-small cell lung cancer / Injection	●								
	Abraxane (quemliclustat + paclitaxel [albumin-bound particles for injectable suspension]) AB680 + ABI-007	Pancreatic ductal adenocarcinoma / Injection	●								Feb | Phase 3 initiate (Japan)
Autoimmune and rare disease area	*VOYXACT* (sibeprenlimab) VIS649	IgA nephropathy / Injection	●				●			●	Nov | Approval (U.S.) Aug | Filing (China)
	Dawnzera (donidalorsen) ISIS 721744	Hereditary angioedema / Injection						●			
	(repinatrabit) JNT-517	Phenylketonuria / Oral			●						Nov | Phase 3 initiate (U.S.)
Other categories	*NEXLETOL* (bempedoic acid) ETC-1002	Hypercholesterolemia, familial hypercholesterolemia / Oral									Sep | Approval (Japan)
	SAMTASU (tolvaptan sodium phosphate) OPC-61815	Cardiac edema / Injection									Sep | Approval (China)
	DELTYBA (delamanid) OPC-67683	Multidrug-resistant tuberculosis / Oral			●						
	(quabodepistat) OPC-167832	Multidrug-resistant tuberculosis / Oral			●						Nov | Phase 3 initiate (U.S.)
	Moizerto (difamilast) OPA-15406	Atopic dermatitis / Ointment								●	Aug | Filing (China)
	Mikeluna (carteolol, latanoprost) OPC-1085EL	Glaucoma, ocular hypertension / Eye drops								●	Dec | Filing (China)
	Paradise Ultrasound Renal Denervation (uRDN) system PRDS-001	Resistant hypertension / Medical device									Aug | Approval (Japan)
	(Enteral nutrition) EN-P11	Enteral nutrition / Liquid		●							Oct | Filing (Japan)

1. Phase 2/3
2. Phase 1/2/3
3. Pivotal clinical trial

Contribute to the creation of a healthy and sustainable society

Sustainability strategy

63 Otsuka group sustainability
64 Materiality
65 Analysis of materiality-related risks and opportunities
67 Sustainability management structure
68 Otsuka group's materiality-related committees and task forces
69 Empowering our people to realize our corporate philosophy
Empowering people as the driving force of innovation
Creating an environment where people can thrive
76 Respect for human rights
77 Create more sustainable future with business partners
Focus • Building a sustainable supply chain: Initiatives of the working group on responsible procurement
79 Stakeholder engagement
81 Quality
83 Promote positive impact on global environment
Environmental vision
Environmental management
Carbon neutrality
Circular economy
Water neutrality
Biodiversity

Otsuka group sustainability

The foundation of Otsuka group's sustainability

Since its founding in 1921, the Otsuka group has persistently pursued the pinnacle of quality at every stage of the value chain from research and development all the way to the delivery of products and services. The group also focuses on building relationships of trust with a wide range of stakeholders, from employees, customers, and business partners to shareholders and society. This is the approach that continues to form the foundation of the group's sustainability efforts today.

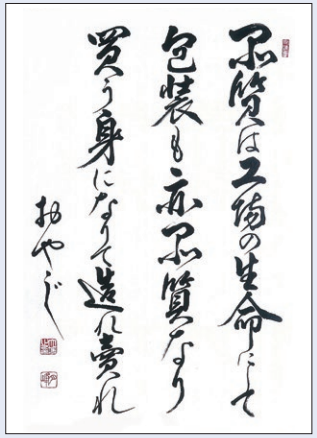
The Otsuka group's business environment is going through drastic and rapid change under the impact of issues ranging from climate change and resource depletion to shifts in the population structure and medical needs, human rights issues, geopolitical risk, and the increasing complexity of the supply chain.

These are important factors that affect the Otsuka group's business activity and sustainability.

By addressing these social issues through its business activity, the group aims to achieve sustainable growth and medium- to long-term corporate value increase, while also contributing to the creation of a healthy and sustainable society.

Spirit of Quality First

Good product quality is the key to the operation of the factory, and packaging is part of product quality as well. We must produce and sell our products from the point of view of the buyers.

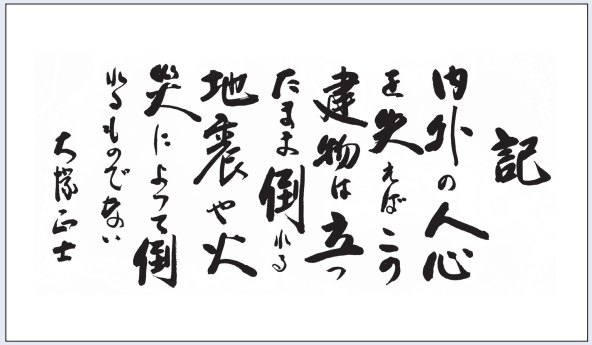


The quote made clear that quality had to be at the core of manufacturing, transportation, and sales activities by the Company and each employee. It was written by Busaburo Otsuka, the founder of Otsuka, who was also known as "Oyaji-san" ("father") by employees. The quote is from 1946, when Otsuka began manufacturing and selling injectable drugs.

As a long-standing guiding principle of our life science-related businesses, these words remain on display, as shown above, in our factories, where the philosophy of "Quality First" remains deeply rooted in the heart of each of our employees.

Building trust with stakeholders

If we cannot capture people's minds, then this building might as well go into ruin while standing up, even without an earthquake or fire.



These words demonstrate that a business is built on trust between people. Masahito Otsuka wrote these words after his appointment as the second-generation family member to lead Otsuka.

Sustainability mission



Guided by its corporate philosophy, the Otsuka group works to solve social issues through its businesses and contribute to the creation of a healthy and sustainable society, while achieving growth.

Materiality

Otsuka group's materiality

In order to respond to changes in the business environment and meet stakeholder expectations, the Otsuka group identifies as materiality those issues relating to the environment, society, corporate governance, and the economy that are important for corporate value generation and business sustainability.

The Otsuka group positions these as priority management issues and integrates them into its management strategy and business activity.

Through these efforts, the group works to enhance its ability to adapt to changes in the business environment while also strengthening the foundation for long-term growth. The Otsuka group continuously verifies the progress and effectiveness of materiality-related initiatives and works to improve their quality as a way of promoting sustainable business development and corporate value increase.

Materiality

In 2024, in light of changes in the business environment and social conditions, the Otsuka group reassessed its materiality, which is a set of important issues to be prioritized in order to achieve its sustainability mission. The group has established indicators and targets for each of four new materiality items and is working to address them.

Contribute to the health and Well-being of people around the world

→ P. 17–20, P. 37–61

Empowering our people to realize our corporate philosophy

→ P. 69–75



Promote positive impact on global environment

→ P. 83–95

Create more sustainable future with business partners

→ P. 77–78

Materiality identification process

As part of the materiality identification process, to determine the level of importance to society of each issue, the Otsuka group took into account industry trends and consulted the opinions of organizations such as ESG rating agencies and NGOs as well as investors and other stakeholders.

To similarly determine the level of importance of each issue to its businesses, the group assessed the associated growth potential through issue scoring by the main operating companies combined with employee surveys and interviews.

Step 1 Analyzing various information and creating list of issues

↓

Step 2 Evaluating impacts and importance to society and the Company

↓

Step 3 Creating map of issues based on impacts and importance to society and the Company

↓

Step 4 Specifying materiality based on the evaluation

Analysis of materiality-related risks and opportunities

In pursuit of the sustainable growth of the Otsuka group, the group conducted an analysis and evaluation of risks and opportunities, starting from the social issues identified by the group.
The group will continue evaluating risks and opportunities and reflecting them in its initiatives.

Issues the Otsuka group is addressing	Risks	Opportunities	Strategy	Indicators
Contribute to the health and Well-being of people around the world				
Enhancing access to healthcare	• Delayed product launches and limited access due to changes in pharmaceutical systems and price regulations • Unstable procurement and supply of materials caused by natural disasters, pandemics, global economic slowdowns, and heightened geopolitical risks • Reputational decline resulting from social criticism over high drug prices and unequal access to medications	• Expanding markets by introducing products and services in emerging countries' markets as healthcare needs grow • Strengthening competitiveness with comprehensive value creation by using digital tools to provide healthcare information, diagnostic support, and caregiver support • Building trust and enhancing corporate value through improved access to healthcare and appropriately priced products	Maximizing product value by leveraging diverse assets within and outside the group	• Expansion of global access • Promoting awareness of mental, neurological, cancer, cardiovascular and renal diseases • Eradication of tuberculosis
Research and development for unmet needs	• Decline in corporate value due to uncertainty in development of new drugs (delay or suspension of research and development, introduction of competing products) • Decline in competitive ability due to slow or insufficient digital transformation	• Capturing market advantage, increasing competitiveness, and improving reputation by succeeding in clinical trials and developing new drugs • Developing brands through the use of digital marketing	Strengthening research and development capabilities to address unmet medical needs	• In-house drug discovery capabilities • Product development capabilities that contribute to unmet medical needs
Ethical and transparent approach to research and development	• Decline in trust as a result of not implementing compliance in basic research and clinical trials	• Reinforcing R&D capabilities by improving compliance and transparency • Improving engagement of R&D human resources		
Health maintenance and improvement	• Decline in product development capabilities as a result of failure to address customers' needs	• Expanding markets in prevention and self-care on the strength of trends toward population aging and healthcare cost containment, and achieving differentiation through products benefiting from both scientific and nutritional expertise and based on scientific evidence • Capturing market advantage, improving competitiveness, and improving reputation by creating new categories and new products	Adapting to changes in the world and providing people with complex health solutions	• *POCARI SWEAT* market penetration through awareness-raising on hydration and electrolyte replenishment to combat heat illness, etc. • Contribution to women's health through growth in women's health category
Empowering our people to realize our corporate philosophy				
Developing specialized talent based on corporate philosophy and culture	• Decline in competitiveness due to insufficient recruitment and development of highly specialized talent and resulting reduced business execution capabilities, delays in R&D, weakened quality assurance, and lagging digital transformation • Delays in decision-making, decline in organizational performance, and reduced innovation due to insufficient understanding of and alignment with corporate philosophy and culture, and inadequate collaboration capabilities for global business environment	• Creation of innovative products and services and strengthening of business competitiveness through strategic development and expansion of highly specialized talent • Promotion of decision-making and collaboration based on shared values, and strengthening of global organizational capabilities and innovation, through penetration of corporate philosophy and culture • Enhancement of productivity and decision-making through talent development and reskilling in digital and AI fields	Building the capabilities of our people to drive innovation and realize our corporate philosophy Enhance human resources, a source of innovation, to realize our corporate philosophy	• Degree of penetration of corporate culture • Developing a system to nurture the next generation of human capital
Promoting diversity, equity, and inclusion	• Reduced diversity in decision-making, stagnant innovation, and weakened competitiveness in attracting talent due to insufficient development of an environment where diverse human resources can take on challenges and thrive • Inhibition of diverse human resources from maximizing their capabilities and decreased employee engagement due to insufficient provision of fair and equal opportunities	• Leveraging diverse business base to create synergies between businesses and promote innovation by expanding opportunities for challenge and enabling diverse talent to thrive • Enhancement of employee engagement and organizational competitiveness through provision of fair growth opportunities	• Creating a workplace and organization and providing opportunities for a variety of human resources unique to Otsuka, a company with diverse businesses • Creating a system to improve employee engagement	• Employee challenge index • Employee challenge support index
Improving employee Well-being by respect for human rights	• Decline in productivity and employee engagement, increased personnel turnover, higher recruitment and training costs, and weakening of organizational capabilities due to inadequate development of workplace environment • Reputational damage and negative impact on business continuity arising from insufficient systems for prevention and remediation of human rights violations, and from inadequacies in whistleblowing mechanisms and occupational health and safety and compliance frameworks	• Organizational revitalization and enhancement of productivity through increased employee engagement • Promotion of human resource retention and performance, and improved efficiency of investment in talent recruitment and development, through creation of psychologically safe workplace environment • Continuous strengthening of organizational capabilities through establishment of cycle for measuring, analyzing, and improving employee engagement		• Employee engagement to realize Otsuka's corporate philosophy

Analysis of materiality-related risks and opportunities

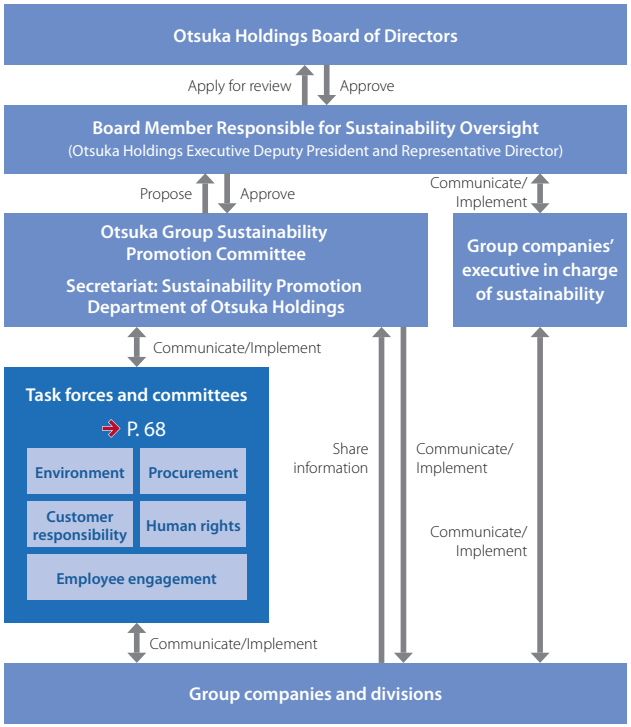
Issues the Otsuka group is addressing	Risks	Opportunities	Strategy	Indicators
Create more sustainable future with business partners				
Building a sustainable supply chain	• Unstable procurement and supply of raw materials caused by large-scale natural disasters, pandemics, global economic slowdowns, and heightened geopolitical risks	• Visualizing the upstream supply chain, identifying and addressing risks, and building a stable procurement system • Securing quality, safety, and stable supply by improving risk response rate • Enhancing corporate value and promoting responsible procurement by deepening collaboration with suppliers	Building a strong and stable procurement system to respond to risks	• Response rate to identified risks • Rate of supplier participation in shared group platform for supply chain information management • Response rate to questionnaires when incidents occurred
Initiatives with business partners toward sustainable society	• Decline in corporate value due to the lack of supply chain transparency (major compliance violation or incident related to human rights, labor, environment, or corruption within the supply chain)		Promotion of responsible procurement	Number of communication engagements with suppliers
Promote positive impact on global environment				
Climate change (Carbon neutrality)	• Cost increase on higher energy demand due to advancing climate change • Decline in raw material quality as temperatures rise, higher procurement costs due to reduced harvests • Increase in costs due to stricter regulation, including carbon pricing	• Reducing operating costs through the introduction of highly energy-efficient equipment • Reducing energy procurement risk by proactively introducing renewable energy • Increasing earnings through greater demand for climate change mitigation/adaptation products (e.g., products for heat illness or infections)	Strengthening the ability to respond to climate change risk by promoting energy optimization throughout the supply chain with a view to decarbonization	**2028 target** • Reduction of CO_2 emissions Scope 1 and 2: 50% reduction in CO_2 emissions compared to 2017 Scope 3: Initiatives to achieve carbon neutrality by 2050 • 20% self-generated renewable energy
Circular economy	• Steep rise in raw material prices and supply instability due to dependence on fossil resource-derived materials • Decline in market competitiveness due to continued use of products and packaging not adapted to the circular economy	• Reducing resource procurement risk and improving supply stability by using recycled or plant-derived resources • Optimizing costs by reducing waste volume and raising resource efficiency, and generating environmental value through recycle-friendly products	Reducing dependence on fossil resource-derived materials and promoting zero waste by optimizing resource recycling throughout the supply chain	**2028 target** • 50% reduction in simple incineration and landfill disposal compared to 2019 • Formulation and implementation of food loss reduction plans **2030 target** • 100% recycled materials in our PET bottles and use of plant-based materials
Water neutrality	• Business continuity risk due to water intake restrictions and suspension of operations caused by water shortage and worsening drought • Increase in procurement and manufacturing costs due to increase in water supply and treatment costs • Decline in quality and supply stability due to delay in implementing a water risk response adapted to local conditions	• Stabilizing operations and strengthening the business foundation by centralizing management of processes from water withdrawal to discharge and reducing water usage • Enhancing water quality and supply stability through more advanced water resource management • Realizing sustainable and stable business operation through stakeholder collaboration adapted to local conditions	Fostering stakeholder collaboration adapted to local conditions by promoting centralized management of processes from water withdrawal to discharge and reduced water usage	**2028 target** • Planning water use strategies at business sites in water-stressed areas • Development of water management programs at all sites • 10% reduction in water usage compared to 2023
Biodiversity	• Supply instability and procurement cost inflation due to decline in raw material yield and quality caused by loss of biodiversity • Reputational decline and loss of sales opportunities due to use of non-sustainable raw materials and packaging materials	• Establishing a sustainable raw material procurement system and reducing supply risk by promoting biodiversity conservation and restoration • Improving market competitiveness and gaining increased support from customers and society by promoting procurement practices and products that respect natural capital	Stabilizing the supply chain and reducing supply risk through sustainable procurement based on natural capital assessment	**2028 target** • Uses 100% RSPO certified palm oil • 100% use of sustainable paper

Sustainability management structure

Promotion system

The Otsuka Group Sustainability Promotion Committee is chaired by the Board Member Responsible for Sustainability Oversight (Executive Deputy President and Representative Director of Otsuka Holdings). With the Sustainability Promotion Department of Otsuka Holdings as its secretariat, the committee is comprised of personnel from each of the operating companies, including department heads and persons in charge from corporate planning, research, production, environment, human resources, compliance, public relations, investor relations, general affairs, and other related departments. It strives to improve effectiveness by discussing and deciding on the sustainability management strategy, reporting on activity progress, and evaluating activity progress reports and internal and external assessments.

Sustainability management structure



Otsuka Group Sustainability Promotion Committee

The annual meeting is attended by the Otsuka Group Sustainability Promotion Leader and the other committee members, who discuss progress and results reports on sustainability activity across the Otsuka group and future policy direction and plans.

The annual meeting of December 2025 was attended by around 140 Otsuka group personnel, among them directors and persons in charge of areas including corporate planning, research, production, environment, human resources, compliance, public relations, investor relations, and general affairs.

At the meeting, whose theme was "Human and Environmental Well-Being," participants reported on the initiatives and plans of each group company in the areas of environment, human rights, and employee engagement. Additionally, an institutional investor gave a lecture on the importance of a sustainability strategy that contributes to enhancing corporate value in the context of the future expectations placed on the Otsuka group. The lecture helped to raise awareness and deepen understanding of sustainability across the group and provoked an active discussion on the future direction and specific measures with reference to each company's initiatives.

The result was a broad consensus on which measures to focus on going forward and greater clarity regarding the points to be addressed in the next fiscal year. The Otsuka group will unite in initiatives to advance further with sustainability activity.



Sustainability Promotion Committee

Sustainability Promotion Committee Topics covered at previous annual meetings

2023

Theme/content
• Progress report on sustainable procurement activity • Report on current status and trends in sustainability disclosure standards • Reidentifying materiality in coordination with the 4th Medium-Term Management Plan
Main initiatives and advances
• Establishment of a procurement information management platform and restructuring of the sustainable procurement system • Setting of a reporting method for sustainability disclosure standards • Public comment on and finalization of materiality (→ P. 64 Materiality)

2024

Theme/content
• Sharing of the status of action on respect for human rights throughout the supply chain, discussion of issues • Lecture by an external speaker on human rights-related corporate risk
Main initiatives and advances
• Launch of Otsuka Group Human Rights Task Force to strengthen human rights due diligence in business activity (→ P. 68 Otsuka group's materiality-related committees and task forces)

Otsuka group's materiality-related committees and task forces

Guided by the spirit of Quality First, the Otsuka group promotes sustainability management as part of its aim to contribute to the health and Well-being of people around the world.

To realize that aim, the group has established group-wide committees and task forces to promote initiatives throughout the value chain on important themes including the environment, human rights, the supply chain, customer responsibility, and employee engagement.

Name	Details	Scope of activities within value chain (Upstream[1] / Own operation (Within Otsuka group) / Downstream[2])
Overall		
Otsuka Group Sustainability Promotion Committee	The committee strives to improve effectiveness by discussing and deciding on the sustainability management strategy and assessing activity progress reports and internal and external evaluations. The progress of activities is shared at committee meetings to promote the Otsuka group's sustainability management. (→ P. 67 Sustainability management structure)	
Otsuka Group Customer Responsibility Liaison Meeting	Meetings are attended by representatives from companies in the Pharmaceutical, Nutraceutical, and Consumer Products Businesses, the daily necessities and customer-facing positions in the e-commerce categories, and other relevant departments. The various companies report on their customer responsibility activities and initiatives for greater consumer orientation, thus fostering a consumer-oriented corporate culture. (→ P. 82 Quality)	
Empowering our people to realize our corporate philosophy		
Employee Engagement Task Force	While respecting the distinctive character of each operating company, the task force aims to strengthen the group-wide system for promoting organizational analysis and reform. Among its specific activities are optimizing methods of analyzing engagement survey results and devising strategies for making use of the results. On that basis, it supports the setting of strategies and targets for the group as a whole and for each group company and works to enhance activities by sharing examples of good practice and areas requiring improvement. (→ P. 75 Initiatives for employee engagement)	
Otsuka Group Human Rights Task Force	As a group-wide organization aimed at improving the effectiveness of action on respect for human rights, it works to strengthen human rights due diligence, which is an approach to identify, assess, prevent, and mitigate human rights risk related to business activity. By combining this with the creation of a human rights redress mechanism and education and research activity, the task force works to ensure that respect for human rights is embedded in our business activity. (→ P. 76 Respect for human rights)	
Create more sustainable future with business partners		
Sustainable Procurement Project	This project operates with two working groups: a stable procurement group aiming to build a solid system for stable procurement to deliver high-quality products; and a responsible procurement group aiming for ethical and sustainable procurement activity. The status of each team's activity and progress is regularly reported and shared at Steering Committee meetings. (→ P. 77 Create more sustainable future with business partners)	
Promote positive impact on global environment		
Otsuka Holdings Environmental Committee	The committee is responsible for discussing and deciding on the Otsuka group's overall environmental strategy and approving environmental goals and activity plans. (→ P. 84 Environmental management)	
Otsuka Group Environmental Practices Committee	By proposing environmental goals and activity plans, assessing environmental risks and opportunities, and monitoring and reporting on progress, the committee works to promote and improve environmental activity group-wide. (→ P. 84 Environmental management)	

1. Procurement
2. Delivery of value through products and services

Empowering our people to realize our corporate philosophy | Building our people's capabilities to drive innovation

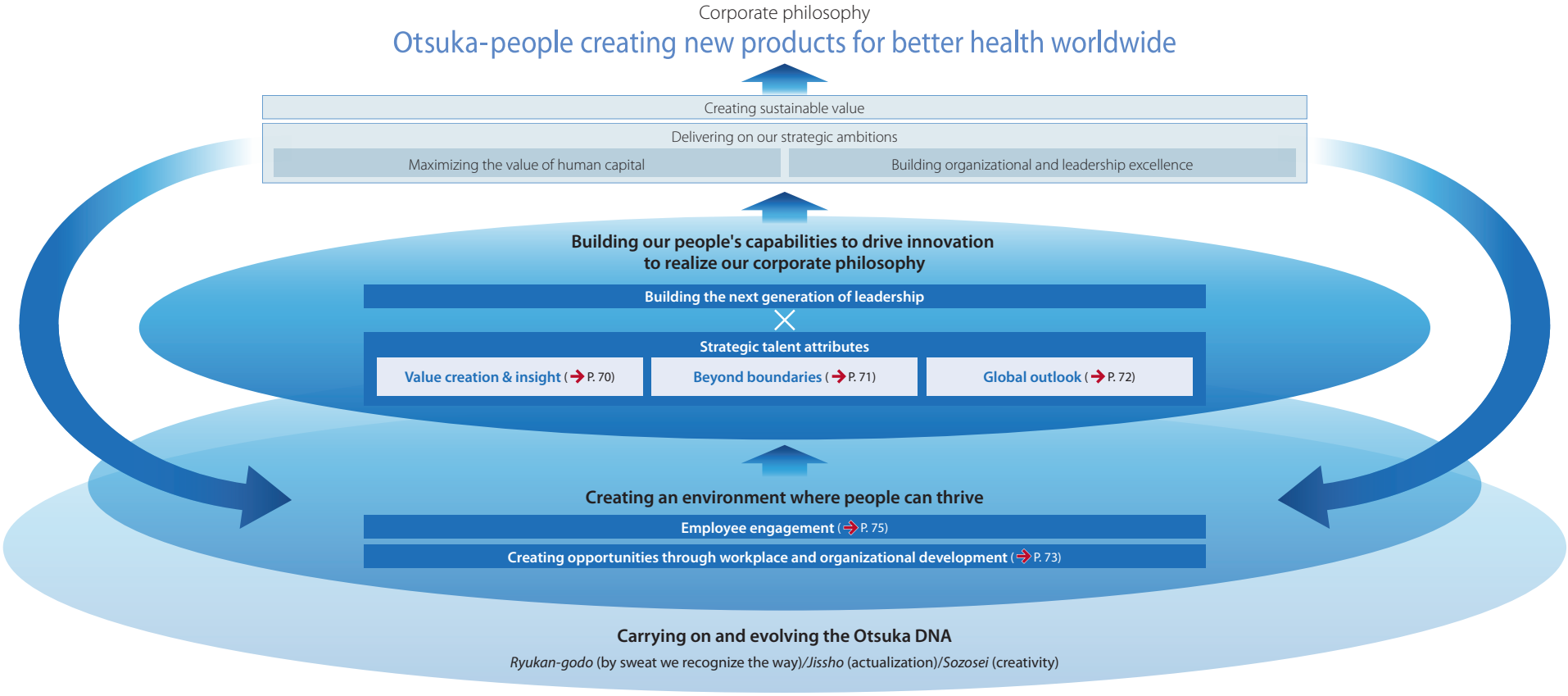
Otsuka group's human capital

Guided by its corporate philosophy, "Otsuka-people creating new products for better health worldwide," the Otsuka group strives to create a future of Well-being as a total healthcare company. To realize this vision, we are committed to maximizing the value of our human capital—the driving force behind sustainable growth and value creation. Through these efforts, we seek to attract, develop, and empower people who embody the Otsuka DNA, rooted in the principles of *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization), and *Sozosei* (creativity).

Connecting business strategy and people

Moving beyond conventional boundaries, the Otsuka group creates value across the continuum from disease prevention and health promotion to diagnosis and treatment. To support this mission, we regard three defining attributes as essential to sustainable growth: Value creation & insight, Beyond boundaries, and Global outlook. Guided by these attributes, we advance strategic talent development for roles critical to our business strategy, alongside succession planning and the development of next-generation leaders. We also promote cross-functional mobility and diverse growth opportunities to strengthen talent management, strategic workforce planning, and career ownership.

To enhance organizational capabilities across the group, we are deepening collaboration between HR and business functions, expanding people analytics and strengthening KPI-based management. At the same time, we are reinforcing global HR collaboration and cross-company partnerships in talent management, development, workforce planning, and other key initiatives.



Strategic talent attributes ① Value creation & insight

• Talent profile

- Identifying the essence of challenges through scientific insight and creativity, unconstrained by conventional thinking, and transforming unique ideas into tangible value through iterative hypothesis testing and validation.
- Recognizing the potential of research themes and technologies from both scientific and business perspectives, grounded in drug discovery research, and contributing to the Otsuka group's distinctive strengths and originality.

• Talent development

The Otsuka group prioritizes attracting and developing talent capable of creating new value through scientific excellence and deep expertise, particularly in core innovation functions such as research and development.

In the field of drug discovery, we are strengthening our R&D capabilities by actively recruiting PhD scientists with specialized expertise in strategic scientific disciplines, as well as researchers from academia. Through cross-border talent exchanges and rotational assignments across our global R&D network, we provide opportunities to engage with diverse research cultures and cutting-edge technologies while fostering the broad perspectives and innovative thinking essential for breakthrough discoveries.

In clinical development, we place particular emphasis on cultivating talent who can adapt to a rapidly evolving environment and lead global development programs. Through language development initiatives and selected leadership programs, we seek to strengthen global communication capabilities, strategic thinking, and decision-making skills.

VOICES



Takeshi Watanabe
Executive Vice President & Operating Officer, Director (Department of Business Development)
Otsuka Pharmaceutical Co., Ltd.

One of the reasons why Otsuka has traditionally believed in empowering people to take ownership and pursue new challenges is the **conviction that the source of its growth is not in its management system but its people**. In my view, the fact that Otsuka has been able to retain the excitement of a big venture business while growing to become one of the world's top 20 players in the pharmaceutical industry is also a product of this unique growth strategy. Particularly in the Pharmaceutical Business, which has reliably navigated patent cliffs and numerous other difficult challenges, that reliability has come from its people and not from the superiority of its system. I believe that essential point will not change going forward.

To sustain and further strengthen this approach, it is essential that we **continue to cultivate talent capable of shaping strategy, making decisions, and driving execution through a deep understanding of the external environment and a global outlook**. As these individuals put rigorously developed hypotheses into action and learn from both success and failure, they acquire diverse perspectives and broaden their ways of understanding and framing the world. By accumulating and applying these insights across the organization, we believe Otsuka can continue to create the distinctive perspectives and unique value that define us.

Business development is a field that is heavily impacted by external factors in the form of the business partner's agenda. That makes it all the more crucial to invest enough time in advance to update ideas and plans in line with changing circumstances. I myself have experienced uncertainty and dilemmas in the past as I moved between different roles in research, regulatory affairs, and business development, but I have always been supported by Otsuka's culture of empowering people to take on new challenges. That opportunity to challenge myself has helped me become the person I am today. As one who was nurtured in that culture, I want to create an environment going forward that enables the next generation to take on challenges.



Takeshi Sagara
Executive Director, Board Member
Medical Affairs, Translational Development, Clinical Development, Discovery and Preclinical Research
Taiho Pharmaceutical Co., Ltd.

Generating truly breakthrough innovation requires the **ability to formulate hypotheses in situations where there are no predefined answers, and to take the first step toward testing them**. It also requires the ability to refine those hypotheses through ongoing dialogue with people who bring diverse perspectives. The more groundbreaking an idea is, the harder it can be to gain immediate support. This makes it essential to have the resilience to face opposition, overcome it, and continue validating hypotheses until others are ultimately convinced and inspired to join the effort. The Otsuka group has a **culture that values *Jissho* (actualization)**, which is a significant strength that drives innovation.

In the acquisitions and collaborative research agreements undertaken by Taiho Pharmaceutical in 2025, the decisive factor was the presence of leaders with a strong commitment to combining each party's strengths and driving innovation that could lead to breakthrough medicines. To continue to be chosen as a trusted partner for jointly taking risks and validating bold hypotheses, we must develop leaders who combine passion with integrity. We place the highest priority on investing time and resources in this kind of talent development.

The Otsuka group consists of a diverse portfolio of companies with unique technologies and business models, creating a constant influx of new talent and fresh perspectives. This diversity is a major strength that enables us to generate innovation sustainably. At the same time, I believe it is important to foster and maintain a **healthy level of constructive tension, as each operating company aspires to be the best in the world while learning from and challenging one another across the group**.

Strategic talent attributes ② Beyond boundaries

- **Talent profile**

- Creating new value by building and leveraging networks across organizational, cultural, and geographic boundaries through a global outlook and flexible thinking.
- Driving sustainable innovation and social value creation in healthcare through leadership, collaboration, and continuous learning with diverse stakeholders.

- **Talent development**

To further strengthen competitiveness in the global business environment, the Otsuka group is focused on developing talent who can demonstrate leadership and teamwork in different cultural environments and talent who embrace DE&I, embody our corporate philosophy, and pursue self-directed growth. With that in mind, we provide opportunities to learn the multifaceted aspects of global business management, including training led by management executives and placement on customized programs developed with overseas business schools. At the same time, we are drawing on the strengths of the Otsuka group, with its diverse business portfolio across different industries, organizations, and regions, to develop talent capable of creating new value beyond conventional thinking. This means providing the opportunity to take on challenges and assignments that transcend the limits of a particular business field or organization, and to gain practical experience through collaboration with diverse stakeholders.

Programs to cultivate Beyond boundaries offered by Otsuka Holdings and Otsuka Pharmaceutical

Program	Content/Purpose
Integrated Leadership Program	Strengthen the ability to see the big picture, and develop global management talent to drive company-wide strategy and transformation based on culture and philosophy
Global Leadership Program	Internalize the corporate philosophy and strengthen leadership within a global team
Otsuka Leadership HUB	Develop leaders to drive organizational transformation by imparting skills in business decision-making, strategy formulation, and organizational management, thereby cultivating leaders who serve as hubs for collaboration across boundaries
Pharmaceutical Business Division Global Talent Discovery Project	Develop global minded talent through an open application process, with no barriers of current professional affiliation, experience, age, or other attribute, to identify individuals with the potential to take on a role in the global pharmaceutical business and provide them with experience through on-the-job training (OJT) and overseas posting
Nutraceutical Business Division Global OJT Program	Develop global leaders in the Nutraceutical Business Division by selecting high-potential employees who meet certain criteria and providing them with OJT before assigning them to positions in the U.S.

VOICES



Hiroaki Ono
Senior Executive Managing Director and Board Member (Pharmaceutical Business Group)
Otsuka Pharmaceutical Co., Ltd.

Since 2023, corporate officers and department heads across the Pharmaceutical Business Group have engaged in ongoing discussions about what Otsuka must do to sustain growth beyond 2030. Through these discussions, we identified several critical priorities: strengthening drug discovery capabilities, building a global manufacturing and supply network, establishing a medium- to long-term vision for our sales organization in Japan, laying the foundation for a digital healthcare business, accelerating growth in Asia, and developing globally minded talent. We then launched a series of initiatives with clearly defined action plans and accountability for each priority.

Among these priorities, talent development emerged as a particularly important challenge. It became clear that **conventional approaches alone would not enable us to systematically and strategically cultivate the talent profile needed to support Otsuka's future competitiveness**. In response, we launched the **Talent Discovery Project**, designed to identify "diamonds in the rough" across the organization, regardless of department or job function, and develop talent capable of creating value and thriving in a global environment.

Rather than relying solely on classroom learning or formal training programs, the project emphasizes engagement with real business challenges. Participants are encouraged to take an active role in discussions and decision-making involving diverse stakeholders, gaining firsthand experience in navigating complex situations. Through these experiences, they strengthen their ability to think critically, exercise sound judgment, and develop the leadership capabilities needed to shape Otsuka's future.

Many of the situations that require us to go Beyond boundaries cannot be overcome by individuals alone; they require organizations to work together. For me, Beyond boundaries is fundamentally about the ability to unite people behind a common purpose. **In addition to determination, persistence, and the ability to earn the support of others, leaders must also be willing to step forward and take responsibility in challenging situations. That commitment builds trust, trust energizes organizations, and ultimately enables us to go Beyond boundaries**.



Chiaki Sakurai
Senior Executive Vice President & Operating Officer
Associate General Manager (Nutraceutical Business Group), Sales Headquarters, Cosmedics Department
Otsuka Pharmaceutical Co., Ltd.
Senior Executive Vice President and Operating Officer
Director, Nutraceutical Business, Global Strategy and Planning Headquarters
Otsuka Holdings Co., Ltd.

Every April, a new cohort of employees completes their training and embarks on their first assignment. As I listen to their aspirations and concerns, I am encouraged by the many employees who speak enthusiastically about their desire to build a global career. At the same time, however, **I have often questioned whether we are providing sufficient opportunities for them to pursue that ambition**. This led us to launch the **Global OJT Program within the Nutraceutical Business Group** in 2025.

The program is open to employees who have completed at least five years of service and meet certain eligibility requirements. Through a competitive selection process involving application reviews and interviews, selected participants gain firsthand experience in global business operations in the U.S.. As our business continues to expand, identifying and developing talent capable of succeeding globally and going Beyond boundaries is essential. At the same time, genuine commitment cannot be assessed through written applications alone. Living and working overseas requires determination and resilience, and this program also serves as an opportunity to discover and cultivate those qualities.

As healthcare and everyday life become increasingly interconnected, the Nutraceutical Business provides community-based solutions to a wide range of health challenges. To contribute to consumer Well-being beyond conventional boundaries and across traditional industry silos, we expect our people to develop the ability to see the bigger picture rather than focusing on isolated issues. For example, in our sales organization, we expect **marketers not only to sell products but also to communicate their value in a meaningful and compelling way**.

Looking ahead, I hope Otsuka will continue to create globally recognized and nationally cherished brands such as *POCARI SWEAT* and *ORONAMIN C DRINK*, while also bringing new pharmaceuticals and medical devices to people around the world. Most importantly, I hope every employee will continue to take pride in being part of Otsuka. My hope is that 100 years from now, Otsuka will still be that kind of company.

Strategic talent attributes ③ Global outlook

- **Talent profile**

- Understanding the realities of a global business environment shaped by diverse cultures, regulatory frameworks, and market dynamics, and creating and executing strategies on a global scale by connecting the strengths of regions and businesses across the group.
- Driving sustainable growth and value creation by fostering collaboration across differing values and corporate cultures, while harnessing the collective strengths of the group.

- **Talent development**

To navigate an increasingly uncertain and complex business environment, the Otsuka group is committed to developing leaders and globally minded talent who embody its corporate philosophy and embrace challenges and uncertainty. By strengthening talent capable of demonstrating leadership and collaboration across cultures while pursuing continuous personal growth, the Otsuka group enhances its collective competitiveness.

Within Otsuka Pharmaceutical, early-career employees aspiring to participate in global business are provided opportunities to deepen their understanding of business operations and decision-making in multicultural environments through dialogue with colleagues active on the global stage. These opportunities also encourage employees to proactively shape their own career paths.

In addition, employees preparing for international assignments are provided with pre-assignment learning programs designed to support successful adaptation to new cultural environments and maximize their effectiveness in global roles.

Global talent development programs offered by Otsuka Holdings and Otsuka Pharmaceutical

Program	Content/Purpose
Otsuka global e-learning platform	A shared learning platform for employees across the Otsuka group worldwide. In addition to business knowledge and skills development, it provides opportunities for employees to learn together through Otsuka-specific content, including messages from senior leaders across the group.
Career infusion	An open-enrollment program for employees aspiring to build careers in global business, offering opportunities to broaden their perspectives through interactions with colleagues working internationally and to learn about global business and cross-cultural collaboration.
Pre-assignment training for overseas roles	Online pre-assignment learning that supports adaptation to a new cultural environment and helps maximize effectiveness in overseas assignments.

VOICES



Shobana Narayanan
Vice President, People and Business Services
Otsuka America Pharmaceutical, Inc.

For Otsuka's sustained medium- to long-term growth, the **continuous evolution of organizational capabilities, alongside business expansion, is a critical enabler of value creation**. As we broaden our business across multiple therapeutic areas, products, and regions—and deepen our presence in markets characterized by increasing regulatory complexity and rapid change—success depends not only on scientific excellence and speed. It also requires the ability to deeply understand local systems, cultures, and stakeholder landscapes, while **operating as one cohesive global organization capable of delivering consistent value**.

Equally important is our ability to build and mobilize teams that perform effectively in highly cross-functional and matrixed environments. These capabilities are underpinned by a strong global mindset. Collaboration, respect for diversity, and openness to different perspectives support the effective translation of global strategies into locally relevant actions, strengthening execution quality across regions.

In addition, the **ability to leverage advanced technologies such as AI to drive both business growth and productivity improvement** is becoming increasingly important. These capabilities enhance decision-making, accelerate learning and collaboration across businesses, and strengthen organizational resilience in addressing rising market complexity—factors that contribute to sustainable competitiveness over time.

As diverse businesses and value chains create value at different speeds, with differing cultural norms and decision-making approaches, Otsuka pursues an operating model based on freedom within a framework, enabling each business to fully leverage its distinctive strengths. We believe this approach supports not only the attraction and development of diverse talent, but also clearer communication of Otsuka's unique organizational capabilities and long-term value creation story to the investment community.

HR plays a pivotal role as a catalyst for business growth by aligning people strategy directly with business priorities and strengthening the capabilities required for sustainable value creation. This includes enabling talent from diverse corporate and cultural backgrounds to work in harmony and perform effectively. **By connecting technology and people, local and global perspectives, and diversity and cohesion, we aim to further evolve Otsuka's value creation as a trusted and resilient global organization**.



Nobuyuki Kato
Head of Corporate Management Department
Otsuka Holdings Co., Ltd.
Director, Human Resources Department
Otsuka Pharmaceutical Co., Ltd.

One of the defining features of the Otsuka group's global operations is its decentralized and autonomous governance model, which **respects the culture and business context of each company** rather than relying on a top-down approach. Through continuous dialogue, the Otsuka group seeks the optimal balance between standardization and local autonomy, aligning overall direction while turning diversity into a source of strength rather than suppressing it. This flexible yet consistent approach is one of Otsuka's distinctive strengths.

This philosophy of decentralized autonomy is also reflected in the HR function. Through the HR Partnership, HR leaders from across the Otsuka Pharmaceutical group engage in ongoing discussions and year-round work streams focused on talent development, succession planning, workforce planning, and other strategic priorities. While diversity of perspectives can sometimes slow progress, such moments are a natural part of decentralized governance. In many cases, changing business environments create new momentum and discussions evolve once again. Over time, this accumulation of dialogue has helped build a stronger and more resilient organizational foundation.

Within the flexible framework that enables each group affiliate to maximize its growth potential, the Otsuka group has cultivated the strategic talent attributes of **Value creation & insight, Beyond boundaries, and Global outlook. These attributes represent a critical component of Otsuka's human capital and underpin the group's sustainable growth and long-term value creation**.

As the Otsuka group continues to expand, creating an environment in which people from diverse backgrounds can fully leverage their strengths becomes an increasingly important foundation for future value creation. By further expanding opportunities for learning and collaboration across the group's diverse businesses, Otsuka will continue to strengthen its collective capabilities, sustain its growth as a global enterprise, and create value for the world.

Creating opportunities through workplace and organizational development

• Talent development and reskilling

Leveraging its diverse business portfolio, the Otsuka group supports each employee in reaching their full potential through unique talent development programs and continuous learning opportunities. Through cross-functional talent rotations, international assignments, and strategic collaboration among HR functions, the group has established a framework that enables diverse and multidimensional career development across businesses and regions. These opportunities allow employees to broaden their perspectives, gain diverse experiences, and contribute to the creation of new value.

2025 training totals (30 companies)	Participants: Total of 112,549
	Training costs: Approx. ¥1.3 billion

In response to changes in the business environment, the Otsuka group recognizes digitalization as a key management priority for transforming the way we work, enhancing value creation, and strengthening competitiveness. As part of this effort, the Otsuka Digital Academy was launched in July 2025 as a group-wide digital learning platform. Through the Academy, the group is systematically advancing both the development of leaders who will drive digital transformation and the digital literacy of all employees.

VOICES



Makoto Sano
Director
Otsuka Digital Academy
Group IT Department
Otsuka Holdings Co., Ltd.

The Otsuka Digital Academy is a group-wide digital learning platform designed to develop leaders who will play a central role in advancing digital transformation, while elevating the digital literacy of all employees. Through training programs available to all employees, the Academy promotes digital literacy across the group and facilitates the accumulation and sharing of successful practices.

In addition, by establishing a cycle through which successful initiatives can be shared and scaled across the diverse businesses and functions that support Otsuka's total healthcare approach, the Academy seeks to foster further innovation as a total healthcare company.

• Support for career ownership

To promote talent mobility across group companies, employees in Japan are provided with access to an internal job posting system that openly shares position and role requirements across the group, enabling qualified candidates to apply for opportunities and facilitating the placement of the most suitable talent.

The group also operates an annual career self-reporting program through which employees can share information on their current job responsibilities, workplace feedback and suggestions, and career aspirations with the HR function. The program supports continued employee development, appropriate talent placement, and workplace improvement initiatives.

As of 2024, Otsuka Holdings has been selected as a constituent of the iSTOXX MUTB Japan Platinum Career 150 Index, which comprises Japanese companies that actively and continuously promote "Platinum Careers." The concept of a Platinum Career refers to continuously building and refining skills through self-directed learning and diverse experiences regardless of age, and Otsuka Holdings' ongoing efforts in this area have been recognized through its inclusion in the index.

External evaluation
https://www.otsuka.com/en/sustainability/hd_activity/evaluation.html

STOXX INDICES Member 2025/2026 Platinum Career Index

Selected in 2024 as a constituent of the iSTOXX MUTB Japan Platinum Career 150 Index

• Promoting DE&I

The Otsuka group positions DE&I as a key strategic element of its human capital initiatives. We believe that when people with diverse backgrounds, experiences, and perspectives actively exchange ideas and leverage one another's strengths, they generate new perspectives and create value beyond conventional boundaries. This serves as a driving force behind the group's sustainable growth.

Guided by this belief, the group is committed to fostering an environment in which diverse talent can thrive and contribute fully. We also strive to provide equitable opportunities for growth, enabling every employee to maximize their potential according to their unique strengths and experiences.

Leveraging the strengths of our diverse business portfolio, we encourage the integration of varied perspectives and experiences across the organization. Through this approach, we are building an organizational foundation capable of continuously creating value, even in a rapidly changing business environment.

• Promoting health and productivity management

The Otsuka group believes that it is essential for every employee to maintain both physical and mental Well-being and to work in a healthy and engaged manner. Based on this belief, the group promotes initiatives to support employee health and Well-being through the Otsuka Holdings Health Declaration, as well as health declarations established by individual group companies.

The Otsuka Group Health Insurance Association collaborates with health and productivity management leaders across the group, together with occupational physicians and occupational health nurses, to advance health and Well-being initiatives on a cross-organizational basis. Progress and key challenges related to these initiatives are also overseen by the Board of Directors.

Examples of activities promoting DE&I

Work style support	• Flexible work patterns to suit the individual circumstances of employees who have childcare or eldercare responsibilities, are undergoing medical treatment, etc., including working from home and the Work Interval System • Provision of workplace daycare centers (Tokushima, Osaka, Tsukuba) to support employees combining work with childcare • Measures to promote the acceptance of diverse work styles by altering perceptions (*Ikuboss* (supportive boss) Declaration, *Ikuboss* seminars, etc.)
LGBTQ+	• Education and awareness activities for managers and other staff to foster an inclusive workplace culture • In-house education and awareness activities and consultation systems to address concerns and lower barriers • Activities of employee resource group OtsukaHOPE (Honest, Open, Pride for Everyone)
Recruitment of people with disabilities	• Sensitive consideration of work environment and work content and creation of a workplace environment that supports continuing participation • Establishment of special subsidiary Heartful Kawauchi Co., Ltd.
Creating a workplace where employees can receive treatment while continuing to work	• System to support continued employment while receiving medical treatment, established in collaboration between the Human Resources Department and medical professionals • Provision through portal sites and other media of information on medical treatment, support systems, and consulting services

• Occupational health and safety

The Otsuka group positions the ensuring of safety and health in all business activities as an important element of management and is engaged in initiatives, including education and training, to create safe and healthy workplaces. As required by law, we have established a Health and Safety Committee at each business site that meets regularly to discuss health and safety in the workplace environment and also takes regular action to identify sources of risk, conduct risk assessments, and share results with stakeholders.

Otsuka Chemical, which handles chemical substances, has put in place a system for sharing factory-related issues across the company, both in and outside Japan, as a way of raising safety activities to a more advanced level. Regular reporting to the Board of Directors also helps to strengthen governance. In 2012, Otsuka Chemical established Anzen Dojo, an experience-based safety training center that runs training programs aimed at improving safety awareness for group employees, employees of overseas affiliates, and also third parties. In March 2025, Otsuka Chemical also established an Anzen Dojo at its China-based subsidiary Zhangjiagang Otsuka Chemical Co., Ltd., (ZOC). Through classroom lectures and simulations of past accidents, the center reinforces lessons from previous failures and safety knowledge, sharpens awareness of danger, and develops the ability to identify potential risks.

VOICES



Mao Shaoshu

Environmental Safety Department
Zhangjiagang Otsuka Chemical Co., Ltd.

In response to a request from the Otsuka Chemical group to upgrade safety activities and prevent recurrence of incidents, ZOC started work on its Anzen Dojo in 2024. The center is equipped with four different experience-based safety training installations based on lessons learned from past incidents (e.g. entanglement in a conveyor belt, compression in a rotary valve) and has an environmental health and safety engineer in attendance full-time. With external experts invited on occasion to provide guidance through lectures, the center aims to use immersive training to improve employee safety awareness in the workplace and strengthen the ability to respond in emergency situations.

• Fair employment and compensation

The Otsuka group conducts employment-related activities, such as recruitment, assignments, performance evaluations, promotions, and transfers, in line with the Otsuka Group Global Code of Business Ethics, which adheres to human rights and labor laws and regulations and is based on fair employment policies. We work to make it possible for employees to achieve their individual potential by building a fair, open, and equal workplace, without unfairly evaluating employees based on their race, skin color, country of origin, sex, sexual orientation, gender identity, religion, nationality, age, marital status, whether they are pregnant or not, or whether they have a disability. In addition, we conduct self-evaluations and HR interviews and operate a whistleblower system to eliminate coercive and forced work and prevent child labor by confirming the age of applicants when recruiting.

As for remuneration, we pay at least the legally required minimum wage for each country and region. We also work to manage wages appropriately so that fair wages are paid for similar roles in each region and to ensure equal pay for equal work.

• Gender pay gap

For recruiting, evaluations, promotions, assignments, allowance requirements, and similar issues, we offer remuneration based on individual roles and skills, results, evaluations, and growth regardless of sex, nationality, age, or other attribute. As a group, we are committed to comprehensively promoting DE&I and continual human resources development.

Gender pay gap (FY2025)

• Average for 30 Otsuka group companies

All workers	Regular employees	Non-regular employees
80.6%	84.1%	58.1%

• Evaluation and feedback process

Across the group, employees set individual goals aligned with organizational objectives and participate in semiannual evaluation and feedback discussions with their managers. Through these regular conversations, the group promotes planned talent development and supports employees' continued growth.

In addition, the group regards strengthening management capabilities as a key priority. Through management training programs, managers are encouraged to deepen their understanding of their role as evaluators and people leaders, while enhancing the behaviors and capabilities required for effective talent development.

Furthermore, through the implementation of a talent management system, the group is advancing data-driven talent development and organizational capability building based on information such as goals, performance evaluations, and learning records.

FY2025 training overview
(Otsuka Holdings / Otsuka Pharmaceutical)

Training title	Eligibility	Key learning objectives
Otsuka-people training	All employees	• Develop a fundamental understanding of talent management, centered on goal setting, one-on-one conversations, and effective communication • Promote self-awareness and understanding of others through dialogue, while encouraging proactive action
Otsuka-people management training	People managers	• Strengthen understanding of the roles and responsibilities expected of managers and support effective practices in goal setting, performance evaluation, and talent development • Enhance employees' growth and engagement through meaningful one-on-one conversations and feedback • Leverage talent data and performance insights to strengthen organizational capability and management effectiveness

Initiatives for employee engagement

- **Importance of employee engagement in human capital management**

The Otsuka group positions employee engagement as an important indicator in human capital value enhancement.

- **Establishing a group-wide framework for advancing employee engagement**

To strengthen employee engagement, Otsuka established a cross-company group-wide task force in 2024. The task force promotes a common approach to engagement measurement and organizational diagnostics, enabling continuous improvement across group companies.

VOICES



Motoki Nishiwaki
Assistant Manager,
Human Resources Development Section, Human Resources Department
Otsuka Pharmaceutical Factory, Inc.

Since the launch of the task force, communication among members across group companies in Japan has increased significantly, creating growing opportunities to generate synergies across the group. Through the activities of the task force, we have gained valuable insights and opportunities to share and apply best practices that individual companies might otherwise find difficult to obtain on their own.

In addition, our shared goal of enhancing employee engagement has led to increased dialogue not only among group companies in Japan, but also with colleagues at overseas group companies and professionals from organizations outside the group. By continuing to advance the activities of this task force, I hope to contribute to strengthening employee engagement across the entire group, both in Japan and globally.

- **Building a common employee engagement framework across the group**

To leverage employee engagement more effectively across the group, the Otsuka group is progressively harmonizing its survey platform and survey design. In 2025, a common engagement survey framework was introduced at Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Medical Devices, and Otsuka Foods. Beginning in 2026, participation has been expanded to Taiho Pharmaceutical, Otsuka Chemical, Otsuka Pharmaceutical Factory, and Otsuka Warehouse.

The survey incorporates key KPIs, including employee engagement, Well-being, inclusion, intention to remain with the Company, and overall employee experience, together with proprietary questions relating to corporate philosophy, organizational culture, attitudes toward challenge, and understanding of the Medium-Term Management Plan.

The framework enables our group to identify strengths and improvement opportunities across companies and translate insights into actions.

Survey results are reported to the Board of Directors and shared with operating officers and business leaders to support the identification of organizational issues and the development and execution of action plans. Department-level dashboards are also used to promote data-driven organizational development and talent development across the group.

- **FY2025 engagement survey results and key initiatives (Otsuka Holdings / Otsuka Pharmaceutical)**

The FY2025 survey results highlighted strong trust in Otsuka products, services, and leadership, while indicating opportunities to improve communication regarding management priorities, transformation initiatives, and links between the Medium-Term Management Plan and employees' day-to-day work.

In response, Otsuka Holdings and Otsuka Pharmaceutical are implementing target action plans, expanding leadership dialogue opportunities, and strengthening internal communication.

Spotlight

BeyOndVoice: Driving organizational transformation through dialogue and action

BeyOndVoice is a company-wide communication initiative jointly led by Otsuka Holdings and Otsuka Pharmaceutical. Built around insights from the employee engagement survey, it connects senior leadership, managers, and employees to promote positive organizational transformation through ongoing dialogue and action.

The initiative aims to ensure that employee engagement is not treated as a one-time program, but rather as an ongoing process supported through daily management practices and continuous workplace dialogue. Through "Senior Leadership LIVE," where members of the Board of Directors and corporate officers engage directly with managers, senior leadership shares its perspectives and priorities while creating opportunities to hear employees' voices firsthand.

In addition, company-wide lunchtime seminars, live streamed from operational sites, showcase practical initiatives and success stories from different departments. These sessions promote the sharing of insights and learning across the organization, helping to inspire behavioral change at the local workplace level.

Positioning the employee engagement survey as a catalyst for transformation, BeyOndVoice seeks to foster an environment in which employees can experience the organization's genuine commitment to engagement while establishing sustainable mechanisms for translating employee feedback into concrete actions.

BeyOnd Voice
経営層と社員の声で未来を超える



Lunchtime seminar for all employees BeyOndVoice 2026 vol.2

Follow-up questionnaire survey of seminar participants

Q. Do you feel there will be positive change based on the results of the engagement survey?

Positive response rate

77%

(Total number of responses: 1,807)

Respect for human rights

Core principles

The Otsuka group has formulated the Otsuka Group Human Rights Policy and is working to promote respect for human rights across the supply chain, based on the Otsuka Group Global Code of Business Ethics. The group is further strengthening our human rights initiatives while also complying with international frameworks. For example, the group joined the United Nations Global Compact in 2016 and signed the Women's Empowerment Principles (WEPs) in 2017.

PDF Otsuka Group Human Rights Policy
https://www.otsuka.com/en/sustainability/society/people/pdf/human-rights.pdf

For more details on the group's human rights initiatives, visit:
https://www.otsuka.com/en/sustainability/society/human_rights.html

Promotion system

The Otsuka group regards respect for human rights as a prerequisite for all of its business activities. The group has set up the Otsuka Holdings Human Rights Task Force (TF) supervised by the Otsuka Holdings Director and Board Members, and established Human Rights Teams in the main operating companies.* The TF comprises members from Otsuka Holdings' Corporate Management Department (in charge of administration and human resources), Internal Control Department, and Sustainability Promotion Department. The TF enhances human rights capabilities across the group by developing personnel to promote human rights through joint training and other initiatives and helping operating companies address human rights issues through the Human Rights Teams. Significant risks are reported to Human Rights Promotion Leaders and the Otsuka Holdings Board of Directors as part of its governance structure that links to management decision-making. The TF also implements programs on respect for human rights throughout the supply chain to promote group-wide human rights due diligence (DD) and to raise awareness of human rights through training and company newsletters aimed at top management and all employees in Japan and overseas.

* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, and Otsuka Medical Devices

Human rights DD initiatives

To fulfill its responsibility regarding respect for human rights, the group identifies negative impacts on human rights in its business operations, and the TF continually conducts human rights DD to prevent and mitigate any impact, as outlined in the United Nations Guiding Principles on Business and Human Rights.

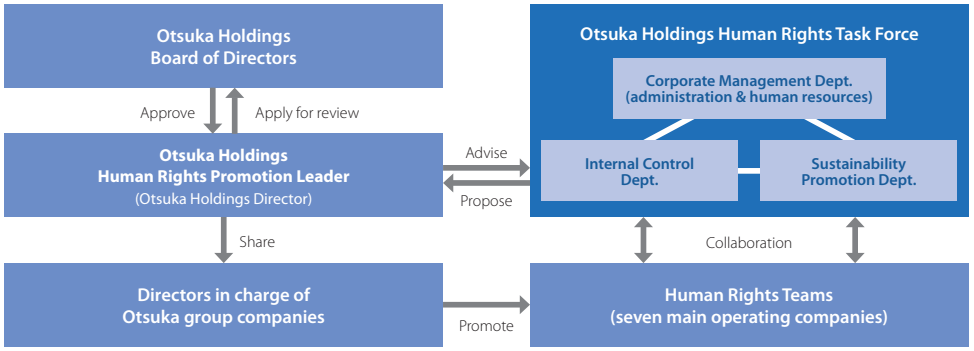
In 2025, the TF conducted assessments* with Otsuka Holdings employees. The results did not identify any major human rights risks, but did suggest potential risks regarding harassment and working hours. Having reported the results to top management, the TF is now working to strengthen our human rights education and training. Otsuka Warehouse also conducted assessments in 2025. In response to these findings, it established a Human Rights Promotion Department reporting directly to the President to address long working hours and harassment, while also conducting mindset training for executives and managers and introducing an online reporting channel. Otsuka Pharmaceutical plans to roll out the assessments, starting with headquarter functions and other departments, from 2026. For human rights DD risks identified or suggested by the assessments, it will implement practical measures and continually review outcomes through regular briefings and other methods.

* An assessment designed to visualize organizational culture and behavioral characteristics by quantitatively identifying the level of corporate human rights risk based on human rights risk classifications under Ministry of Justice guidelines, while also measuring psychological safety and unconscious bias as contributing factors behind such risks.

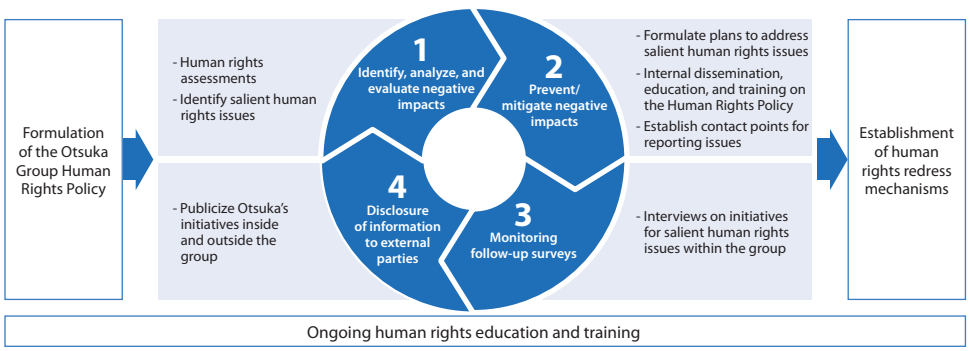
Establishment of human rights redress mechanisms

The Otsuka group places importance on dialogue with all stakeholders on the negative impacts of business and human rights, and addresses issues in good faith while also drawing on the knowledge of independent external experts. The group has established the Otsuka Group Speak-Up Policy and is working to improve the transparency and effectiveness of its systems. The group has established an internal reporting channel based on the internal whistleblowing system, which accepts reports from all employees, including contract and part-time employees. It has also established contact points outside the Company to receive feedback from business partners, medical professionals, patients, and local communities. Updates on the operational status of each contact point are regularly presented to the Board of Directors, and the group is striving to build a sustainable business foundation by developing relationships of trust with stakeholders.

Human rights promotion framework



Overview of human rights DD



Create more sustainable future with business partners | Procurement

Core principles

The Otsuka group places importance on building relationships of trust with a wide range of stakeholders throughout the value chain. To respond to risks in the supply chain associated with change in the business environment, as well as working to ensure stable procurement and supply, the group also promotes responsible procurement, which focuses on environmental preservation and respect for human rights. By continuing these efforts, the group aims to strengthen resilience throughout the supply chain.

To ensure the effectiveness of these initiatives, efforts within the Otsuka group must be complemented by collaboration with suppliers and other business partners. The Otsuka group responds appropriately to the self-assessments carried out by business partners and works through dialogue and engagement to identify issues and achieve continuous improvement.

To share high ethical standards with all business partners and promote responsible business conduct, the group has established the Otsuka Group Business Partner Code of Ethics. For procurement activities, it has also established the Otsuka Group Procurement Policy as an internal guiding principle and the Otsuka Group Sustainable Procurement Guidelines for suppliers, and it works to promote awareness and implementation of these standards. These efforts are aimed at enhancing sustainability in a way that reaches beyond the group itself into the whole of the supply chain.

Sustainable procurement strategy and initiatives

In FY2022, the Otsuka group launched the Sustainable Procurement Project* with the aim of raising to a more advanced level its existing initiatives to respond to risk in raw material procurement and ensure stable product supply. The project is built around two principles: stable procurement and responsible procurement. The former focuses on building a robust procurement framework to ensure the supply of high-quality products, while the latter promotes ethical and sustainable procurement practices. The respective working groups report on their progress toward targets and on key challenges on a quarterly basis.

* Participants include directors and personnel in charge of procurement, production, IT, and compliance at Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka Medical Devices, EN Otsuka Pharmaceutical, Otsuka Techno, Okayama Taiho Pharmaceutical, Otsuka Packaging Industries, and JIMRO.

• Stable procurement initiatives and progress in FY2025

In FY2024, the group began operation of a platform for centralized management of procurement information, which had previously been handled independently by each group company. To prepare for the system's launch, it held briefing sessions for direct materials suppliers in Japan and put in place a system for coordinating information. With 80% of eligible suppliers cooperating and participating in the platform in FY2025, progress was made with obtaining consent to the registration of information and with registration of business site information. The platform was used in an actual incident situation to conduct a Supplier Status Confirmation Survey, designed to check response following a disaster. The resulting response rate was 100%, illustrating the improved efficiency of information gathering compared to the previous system of individual confirmation.

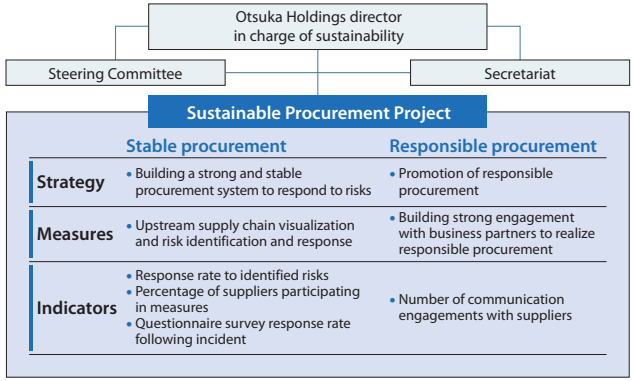
The group will roll out this initiative to suppliers of its overseas sites, enabling faster assessment of disaster-related impacts on the supply chain and more effective initial response measures.

• Responsible procurement initiatives and progress in FY2025

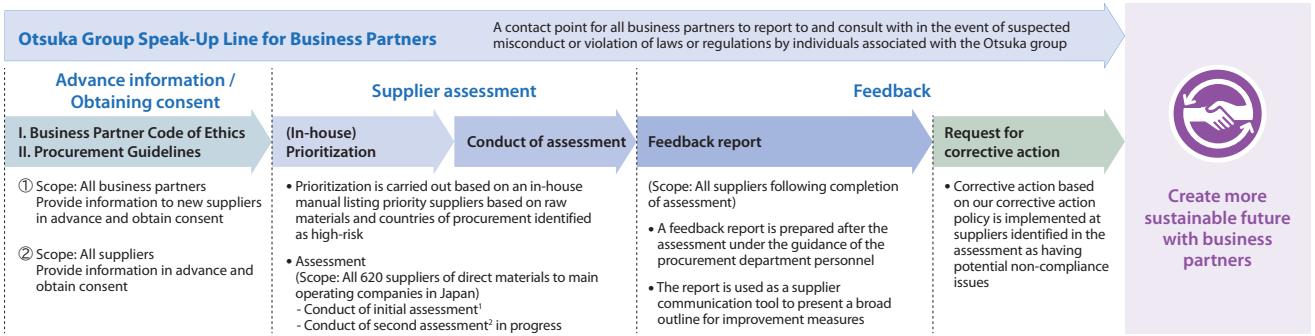
The Otsuka group promotes sustainable procurement activity through engagement with each supplier. By communicating information based on its Sustainable Procurement Guidelines, carrying out assessment, and engaging in dialogue, the group identifies issues and drives improvement. By the end of FY2023, it had completed initial assessment of the approximately 620 Japan-based suppliers of its main operating companies in Japan and confirmed that no significant risk was present. As part of subsequent continuous monitoring, a second assessment of the same group of suppliers began in FY2025 and was carried out in 389 companies within the fiscal year. As a result, seven companies identified as having potential non-compliance issues underwent interviews in accordance with our corrective action policy, and no significant issues were identified.

The group expects to complete the reassessment process at around 170 companies in FY2026 and around 60 in FY2027. The group will continue in the future with efforts to improve risk management and sustainability throughout the supply chain.

Sustainable procurement strategy and initiatives



How Otsuka promotes responsible procurement through supplier monitoring

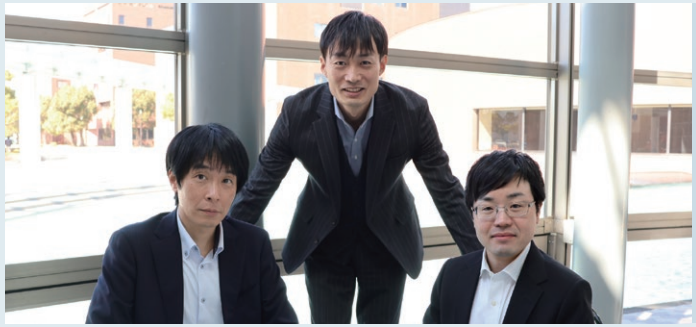


1. Up to 2023: Based on CSR/Sustainable Procurement Self-assessment Questionnaire prepared by Global Compact Network Japan (GCNJ)
2. From 2025: Based on self-assessment questionnaire prepared by EcoVadis/Otsuka group

Focus | Building a sustainable supply chain: Initiatives of the working group on responsible procurement

The working group on responsible procurement (see P. 77) was established in 2022 to help build a sustainable supply chain by addressing issues in areas such as human rights and labor, the environment, and anti-corruption.

The working group currently brings together procurement professionals from 11 operating companies in Japan within the Otsuka group and is focused on strengthening the systems and processes needed to advance responsible procurement across the group. In this roundtable discussion, three members who have played a leading role in driving the working group's activities look back on its recent achievements and share their perspectives on its significance and future direction.



(Left)
Shingo Takida
Leader, Working Group on Responsible Procurement, Raw Materials Section, Purchasing Department, Otsuka Pharmaceutical Factory, Inc.
(Center)
Naoyuki Miyashita
Co-leader Working Group on Responsible Procurement, Purchasing Department, Otsuka Pharmaceutical Co., Ltd.
(Right)
Takato Aihara
Co-leader Working Group on Responsible Procurement, Quality Administration Department, Sustainability, Otsuka Packaging Industries Co., Ltd.

——Could you elaborate on the initiatives you are leading?

Takida We work to strengthen systems promoting responsible procurement activity across the Otsuka group by establishing shared procurement standards and a shared format for supplier assessment, and providing related training. We are also facilitating the sharing of knowledge and expertise across the full assessment process, including pre-assessment briefings, post-assessment feedback reports, and requests for corrective actions.

Miyashita Within the working group, we actively exchange best practices and practical know-how from across the group, allowing members to gain perspectives that may not emerge within their own companies. When there is uncertainty about how to proceed with an initiative, insights from other companies often provide useful guidance and help move discussions forward. The significance of the working group lies in its ability to bring together the firsthand experience and expertise of practitioners from each company, creating shared understanding and accelerating responsible procurement initiatives across the group.

Aihara In our day-to-day work, we tend to focus on the challenges facing our own companies. The working group, however, gives us an opportunity to come together, exchange ideas, and work toward common goals beyond the boundaries of individual operating companies. I believe this helps foster a stronger sense of unity across the Otsuka group, and the insights we gain through these discussions are also reflected in stronger relationships with our suppliers.

Takida The supplier assessment we mentioned just now operates on a shared basis across the Otsuka group. If each company had separate standards, it would cause duplication and confusion, for example when requesting assessments from a common supplier. So we worked out a joint set of questions and a joint assessment process, which has not only allowed us to identify issues at an early stage but also increased operational efficiency. As well as the assessment, we carry out continuous and consistent messaging as a way of promoting responsible procurement activity in partnership with our many suppliers.

——Have you had any specific comments from suppliers?

Takida After receiving their response to the assessment request, we present each supplier with a feedback report, which is a kind of ongoing support tool that contains not only the result of our evaluation but also recommendations for improvement. Suppliers have commented that our objective evaluation helped them to clarify their issues and revise their approach. I think that having a unified assessment standard across the Otsuka group results in a high level of transparency and reduces the burden on the supplier.

Miyashita Through our dialogue with a wide range of suppliers, we often find that while they understand the importance of addressing human rights and environmental issues, they are not always sure how best to get started. This is why we place particular emphasis on thoughtful and ongoing communication. Assessments also provide valuable insights for us, and I have seen firsthand how deeper relationships with suppliers can foster a positive cycle of continuous improvement.

Aihara Our initiatives can only succeed with the cooperation of our suppliers. That is why we place great importance on clearly communicating shared standards and expectations, while fostering a common understanding of responsible procurement. I believe that these ongoing efforts will contribute to strengthening sustainability across the entire supply chain.

——What is the future outlook in terms of strengthening sustainable procurement?

Miyashita The procurement department where I work is not the only point of contact with the supplier. We also have contact through manufacturing, research, quality control, logistics and many other departments, so I feel we need to put in place a framework that embraces all operations.

Aihara Another point is that our assessment currently covers mainly suppliers of direct materials such as raw materials and packaging materials, so I am aware of the need to expand it to indirect material suppliers. Going forward, I would also like to increase the involvement of external evaluators in the assessment. That will create a system that can fill any gaps by pointing out risks that are hard to identify from an internal perspective. I would like to see the system operating in such a way that the process of building relationships with each supplier acts in itself to increase value for both sides.

Takida Introducing more advanced assessment methods and raising the quality of the feedback report are major tasks for the working group going forward. By focusing on these two points, I would like to enhance the resilience of the Otsuka group supply chain as a whole.



Stakeholder engagement

The Otsuka group works to address a wide range of health-related social issues by creating value through its business activities. With the rapid change in the social and economic environment, we recognize that understanding the views of diverse stakeholders and reflecting them in our business activities is essential to the sustainable enhancement of corporate value.

To that end, we work through dialogue and cooperation to build relationships of trust throughout the value chain to support the delivery of our products and services.

By further strengthening these relationships of trust and creating value together with our stakeholders, we aim to deliver Well-being for society as a whole.

Stakeholder engagement
https://www.otsuka.com/en/sustainability/hd_activity/stakeholder.html

Co-creating value with stakeholders for the Well-being of society as a whole

	Employees	Customers Consumers, patients and their families, healthcare professionals and caregivers	Business partners	Society Central and local governments, industry associations, local communities	Investors and shareholders
Main value provided	**Creating an environment where people can thrive** • Opportunities for growth and self-actualization • Creating a safe, healthy, and secure work environment • Open organizational culture that respects diversity → P. 69-76	**Contributing to resolving a wide range of health issues** • Stable supply of innovative and reliable products, information provision • Promoting activities to support patients and their families • Focus on the customer's voice through consumer-oriented management → P. 17–20, P. 82	**Strengthening collaboration** • Integrity and ethical conduct in business activity • Building a sustainable and responsible supply chain • Building partnerships to strengthen mutual understanding and collaboration → P. 77-78	**Value creation in partnership with local communities** • Environment-friendly business activity • Strengthening collaboration to address social issues • Contributing to local community safety and security → P. 80, P. 83-85	**Fair and highly transparent information disclosure** • Promoting active engagement and dialogue • Appropriate management based on corporate governance → P.80, P101-106

Otsuka

Co-creation initiatives

• Employee-driven environmental initiatives: Otsuka Group Environmental Award

The Otsuka Group Environmental Award recognizes examples of environmental initiatives at our operating companies that show originality or can serve as a model. The award considers a wide range of activity in light of our environmental material issues of carbon neutrality, the circular economy, water neutrality, and biodiversity. Since its launch in FY2018, we have worked to raise employee commitment to improvement and to promote related activities by recognizing and sharing outstanding initiatives.

In FY2025, there were 30 award entries from within Japan and 15 from outside Japan. The large number of activities presented demonstrates that employees in each region and workplace are taking the initiative in addressing environmental issues. The activities also illustrate the process of identifying issues on the ground and moving toward a solution through repeated testing of a theory. Independent initiatives of this kind are a powerful impetus for group-wide activity. The award provides an opportunity to share outstanding practice across the group, while also fostering employees' sense of ownership and pride, thereby enhancing employee engagement.

Going forward, we will encourage the positive cycle set in motion by these inventive frontline activities, which increase our ability to respond to environmental issues, leading in turn to the generation of new corporate value through employee initiative.





The winners of the environmental award are presented with an award certificate and an artistic ceramic plate from Otsuka Ohmi Ceramics.

Grand Prize

- Taiho Pharmaceutical and Otsuka Pharmaceutical: Group collaboration to establish a recycling process for the press-through package (PTP) sheets used in pharmaceutical packaging (→ P. 91)

Excellence Award

- Otsuka Pharmaceutical: CO_2 emissions reduction through improvement of the load efficiency of the import containers used for *Nature Made* (→ P. 89)

• Creating disaster-resilient local communities through cooperation with local governments

Because of Japan's historical experience of disaster, in addition to measures to protect life in the event of a disaster, emphasis is placed on creating a framework to secure lives and support livelihoods, which is aimed at reducing disaster-related deaths in the aftermath, when people may have to live in evacuation accommodation for an extended period.

Based on comprehensive partnership agreements with local governments, in FY2020 Otsuka Pharmaceutical launched the Otsuka Disaster Pharmaceutical Supporter Development Program with the aim of strengthening pharmaceutical support in the event of a disaster. The program is an initiative established in collaboration with local pharmacist associations and other stakeholders including local governments and doctors. Through it, Otsuka Pharmaceutical supports pharmacists in the affected region to provide swift and accurate management of pharmaceutical supplies combined with advice and consultation. So far the program has been rolled out to around 40 local government areas throughout Japan with the involvement of more than 3,500 participants.

Meanwhile, the Otsuka group operates a joint booth at local government-sponsored disaster preparedness events to present the wide range of healthcare information required in an emergency situation along with related products. The information provided relates for instance to management of nutrition following a disaster, measures against infectious disease, securing lavatory facilities, and pet care under evacuation conditions.

Going forward, we will continue to promote collaboration with related organizations in healthcare, medical care, social welfare, and other fields to expand the support framework for both affected residents and relief workers. In this way, we aim to continue being a company that contributes to resolving local issues.



Booth displaying a wide array of Otsuka group products from foods and beverages to sanitary supplies and pet products (disaster preparedness event held at Minato Ward, Tokyo)

The Otsuka group engages in social contribution activity in line with the key areas set out in its policy, Our Responsibilities Toward Society and Community. In disaster situations, we also provide support through supply of products, donations, and relief funds.

Responsibility for society and community
https://www.otsuka.com/en/sustainability/community/

• Building lasting trust through active communication

By clearly communicating its ideas and initiatives to society so as to promote understanding of its philosophy and approach, the Otsuka group seeks to build lasting relationships of trust with shareholders and investors.

As part of these efforts, following the release of each set of quarterly financial results, we hold a financial results presentation for analysts from securities firms, institutional investors, and media representatives. We also create other opportunities for communication, including briefings on our business, tours of our facilities, and individual meetings with institutional investors. We seek to utilize the views and stakeholder expectations received as feedback through these dialogues to improve our management and information disclosure and thereby contribute to enhancing corporate value in the medium to long term.



Financial results presentation



Shareholders' Meeting

Dialogue with analysts and institutional investors (FY2025 figures)

Individual interviews	504 events
ESG meetings	9 events
Financial results presentation	4 events
Briefings on business	6 events
Facility tours	1 event
Conferences sponsored by securities firms	7 events

Shareholders' Meeting (FY2025 results)

Number of in-person attendees	303
Number of live-stream participants	197
Percentage of voting rights exercised	85.41%

Major industry associations

Japan Pharmaceutical Manufacturers Association (JPMA)
The Intravenous Solutions Society
Japan Soft Drink Association

Quality

Creating value and building trust with quality

At the Otsuka group, quality is the foundation of all efforts to contribute to the Well-being of society. As it is dedicated to improving the health of people worldwide, the group believes that quality is the cornerstone of corporate value. Guided by this belief, the group strives to create value through quality excellence and to be a trusted contributor to healthier lives around the globe. Beyond regulatory compliance, the group is committed to strengthening trust in its brands and reducing business risks.

The Otsuka group has strengthened its globally integrated quality governance and quality management system across the group, while building a distinctive quality framework that leverages expertise in both pharmaceuticals and food products to continue living up to the expectations of patients and consumers worldwide.

Guided by the Otsuka Group Quality Policy, the Pharmaceutical, Nutraceutical, Consumer Products, and Other Businesses each maintain a quality management system tailored to the unique characteristics of their operations.

Otsuka Group Quality Policy

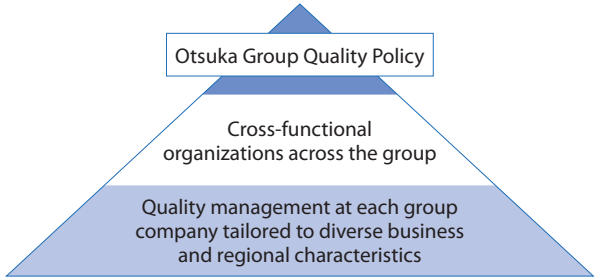
1. **Cultivating a Quality Culture**
   We consistently pursue customer satisfaction by exploring needs from customer perspectives, identifying risks, developing and acquiring technology, fostering human resources, and implementing continuous quality improvements.
2. **Quality First**
   We establish a quality system that meets international standards to provide products and services trusted by all.
3. **Safety and Reliability**
   We provide safe and reliable products and services in all our operations ranging from procurement of raw materials and supplies, development, production, quality control, logistics, sales, and customer support.
4. **Compliance**
   With legal compliance and ensured data reliability as the foundation of all business activities, we aim for sustainable growth by maintaining high ethical standards and conducting business with integrity.

Quality excellence at Otsuka

Based on the Otsuka Group Quality Policy and under the oversight and accountability of top management, each operating company implements appropriate quality management in accordance with its business characteristics while complying with the regulations of the countries and regions in which it operates. Quality managers at each operating company have established coordination mechanisms and conduct risk assessments and regular monitoring of product safety and quality, including at overseas sites, manufacturing facilities, and local partners, and implement corrective actions. Within the Pharmaceutical Business, the group continues to enhance its quality management system in line with the ICH Q10 Pharmaceutical Quality System guideline. In the Nutraceutical and Consumer Products Businesses, it is promoting certification to internationally recognized standards, including ISO 9001, ISO 22000, and FSSC 22000. Through multiple cross-functional, group-wide quality governance bodies, the group drives quality initiatives across the group, strengthening its quality assurance framework by ensuring data reliability and maintaining robust traceability. The effectiveness of this framework is continuously verified through inspections by regulatory authorities, including the U.S. FDA, and regular third-party audits.

The group also advances a globally coordinated audit program for business partners, including raw material suppliers and contract manufacturers. Through on-site and documentary assessments, it verifies compliance with applicable regulations and promotes continuous improvement by implementing corrective actions commensurate with the severity of audit observations. These efforts support the development of trusted partnerships that contribute to the delivery of high-quality products. When significant supply chain risks or quality incidents arise, the group promptly conducts ad hoc on-site audits to ensure timely investigation and resolution.

Otsuka group quality assurance framework



Otsuka Global Quality Team

Otsuka Pharmaceutical utilizes contract manufacturing for both commercial products and development products at multiple sites in Europe, the U.S., Asia, the Middle East, and other regions. With the increasing complexity of supply chains, it formed the Global Quality Team in 2017, comprising 35 subsidiaries,* to support a stable global supply of high-quality pharmaceutical products and to ensure business continuity. It has established a consistent quality governance framework by appointing quality leaders in Japan, Asia, North America, and Europe. To drive global alignment, it has developed Global Standard Operating Procedures (G-SOPs) and is advancing the standardization of quality management practices. Leveraging an integrated IT platform, it also promotes centralized management of quality-related data, regulatory inspections, and vendor audits, thereby accelerating continuous quality improvement across the Company.

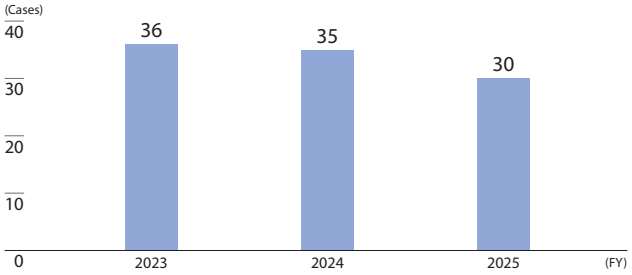
* 21 subsidiaries in Asia, the Middle East, and Africa; 12 in Europe; and 2 in North America

Group-wide business partner audits

The four Otsuka group pharmaceutical manufacturing companies have jointly conducted business partner audits of the same suppliers of raw materials since 2016, with the aim of ensuring consistency during audits and improving the skills of those in charge of auditing. In addition to audits, it operates a group-wide framework for training and certifying auditors.

* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical and EN Otsuka Pharmaceutical

Number of business partner audits



Global cross-organizational collaboration

The Otsuka group considers product and service quality and stable supply to be key management issues. It holds the Global Quality, Production, Supply Chain and Environment (QPSE) Meeting every year, bringing together the closely interrelated quality, production, supply chains, and environmental departments. At these meetings, management receives updates on key activities, while participants exchange information and insights across functions and departments.

In 2026, the meeting was attended by a total of 182 participants from 14 countries/regions and 38 companies.* The session featured lively discussions on strategic approaches regarding production and quality. Participants shared case studies and issues from each company and developed best practice approaches for the group, helping to strengthen our organizational capabilities.

* Scope: Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, Otsuka Foods, and their overseas subsidiaries

Global QPSE meeting participants





Global QPSE Meeting

Developing the next generation of global leaders

The Otsuka group cultivates quality assurance professionals with the expertise and perspective needed to work seamlessly across functions, countries, and regions.

For example, Otsuka Pharmaceutical runs an Exchange Program that enables quality assurance personnel in Japan to work in quality assurance departments in the U.S. and Europe. The goal is to deepen their understanding of local laws, regulations, customs, and cultures, while also advancing quality assurance capabilities and strengthening global collaboration. The program includes a short-term component (1–2 months) and a long-term component (2–3 years). The short-term program fosters mutual understanding through hands-on collaboration, helping participants serve as bridges between regions. The long-term program develops global leaders capable of managing quality assurance operations to ensure stable supply of products, through multi-year assignments at affiliated companies in the U.S. and Europe.

Customer responsibility

The group has established a system to promptly share customer feedback received through its customer service offices with the quality divisions, enabling swift and appropriate responses to issues and concerns related to products and services. In Japan, under the leadership of an Otsuka Holdings Director, the Otsuka Group Customer Service Representative Meeting is held annually, bringing together representatives responsible for customer service functions across Pharmaceutical, Nutraceutical, Consumer Products, daily necessities, and e-commerce categories, together with relevant departments.* The group is also working to develop cross-group systems to build trust with its customers, such as study sessions with lawyers and other experts or information sharing on topics of interest or customer liaison updates at each company.



Otsuka Group Customer Responsibility Liaison Meeting

Otsuka Pharmaceutical conducts annual emergency response drills to ensure the safety of its products and services. In addition, functions across the value chain, including the quality division, collaborate and share customer feedback received through the Customer Service Office.

* Scope: Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Foods, and other domestic group companies

Examples of initiatives

Cross-departmental quality and safety initiatives

Ensuring quality and safety is positioned as the most important issue for the group. The relevant departments around the world, including those involved in quality, production, CMC,* and the supply chain, work together to prevent, identify, and address risks. By sharing lessons learned from failures and customer feedback across the organization and rapidly disseminating best practices, the group enhances its organizational capabilities and pursues value creation that continues to build trust.

* CMC: Chemistry, Manufacturing and Control



Motoyuki Yamanishi
General Manager,
Product Safety and Quality Assurance Headquarters
Otsuka Pharmaceutical Co., Ltd.

Global quality initiatives for nutraceutical products

The Otsuka group has built a global network of 16 nutraceutical companies in 10 countries. By visualizing quality indicators, conducting peer reviews, and sharing best practices and past quality issues, we strive to enhance quality levels at each factory while improving quality assurance standards and customer satisfaction across the value chain.



Kohji Tada
General Manager,
Quality Headquarters
Otsuka Pharmaceutical Co., Ltd.

Contributing to a sustainable society that leads to a prosperous future

The Otsuka group recognizes the environmental impact of its business activities and works to solve social issues and achieve sustainable growth through products and services that are both innovative and demonstrate *Sozosei* (creativity). The group will continue to enhance business continuity and competitive advantage while fulfilling its environmental and social responsibilities, aiming to achieve long-term growth and create sustainable corporate value.

Otsuka Group's Environmental Policy
https://www.otsuka.com/en/sustainability/environment/

2050 Environmental Vision "Net Zero"

Zero environmental impact of all our business activities

As a total healthcare company, the Otsuka group earnestly strives to reduce its impact on the global environment. In order to contribute to the realization of a sustainable society that leads to a sound future, we promote our 2050 Environmental Vision of "Net Zero," which aims to reduce the total environmental impacts from our business activities to zero.

Initiatives toward FY2050 targets

- Intensifying decarbonization initiatives in collaboration with society, based on application and advancement of next-generation technologies
- Promoting resource recycling in collaboration with society and across the value chain, with a focus on improved resource efficiency
- Promoting the sustainable use of water resources through improved efficiency of water use and collaboration with communities and stakeholders
- Conserving and restoring natural capital through business activities and across the value chain

FY2030 target

- **100% recycled materials in our PET bottles and use of plant-based materials**

Climate change mitigation

FY2028 targets

- **Reduction of CO_2 emissions**
  - Scope 1 and 2: 50% reduction (compared to FY2017)
  - Scope 3: Promoting initiatives to achieve carbon neutrality by 2050
- **20% self-generated renewable energy**

Main Initiatives in FY2025

- **Reducing CO_2 emissions (Scope 1 and 2)**
- **Reducing CO_2 emissions throughout the supply chain (Scope 3)**
- **Expanding self-generated renewable energy**
- **Pursuing the optimal energy mix through group-wide integrated energy management in Japan**

Resource efficiency and circularity

FY2028 targets

- **50% reduction in simple incineration and landfill disposal (compared to FY2019)**
- **Formulation and implementation of food loss reduction plans**

Main Initiatives in FY2025

- **Initiatives toward zero waste**
- **Initiatives for sustainable packaging use**
- **Expanding resource recycling agreements with municipalities**
- **Promoting recycling through group collaboration**

Maintenance and conservation of water resources

FY2028 targets

- **Planning water use strategies at business sites in water-stressed areas**
- **Implement the guidelines for water resource management across all sites**
- **10% reduction in water usage (compared to FY2023)**

Main Initiatives in FY2025

- **Reducing water use**
- **Optimizing water usage at production sites**
- **Evaluating water risk at manufacturing sites**
- **Verification of fundamental water discharge management requirements at all 101 sites to support appropriate water resource management**

Sustainable and stable procurement of natural resources

FY2028 targets

- **Uses 100% RSPO certified palm oil**
- **100% use of sustainable paper**

Main Initiatives in FY2025

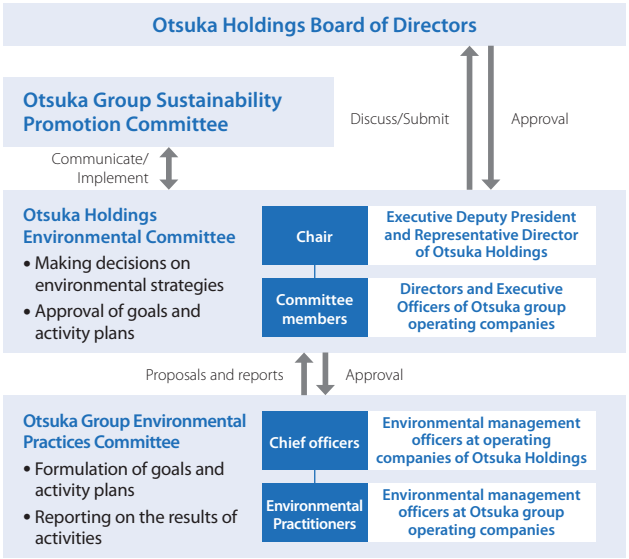
- **Assessing palm oil usage**
- **Assessing sustainable paper usage**
- **Formulating paper procurement guidelines**

Environmental management

Governance

The Otsuka Holdings Environmental Committee, chaired by the Executive Deputy President and Representative Director of Otsuka Holdings and composed of directors or executive officers from each operating company, plays a central role in overseeing initiatives related to environmental issues, including risks and opportunities arising from environmental challenges such as climate change. The committee discusses the overall approach and initiatives for the Otsuka group as a whole and monitors progress against the targets set. Furthermore, the key environmental issues related to the group's management strategies are submitted to the Otsuka Holdings Board of Directors. Environmental priorities and initiatives approved by the Board of Directors are implemented and promoted through the Otsuka Group Environmental Practices Committee, which comprises directors responsible for production functions and environmental management personnel from operating companies, leading to concrete action throughout the group.

Otsuka group environmental governance structure



Risk management

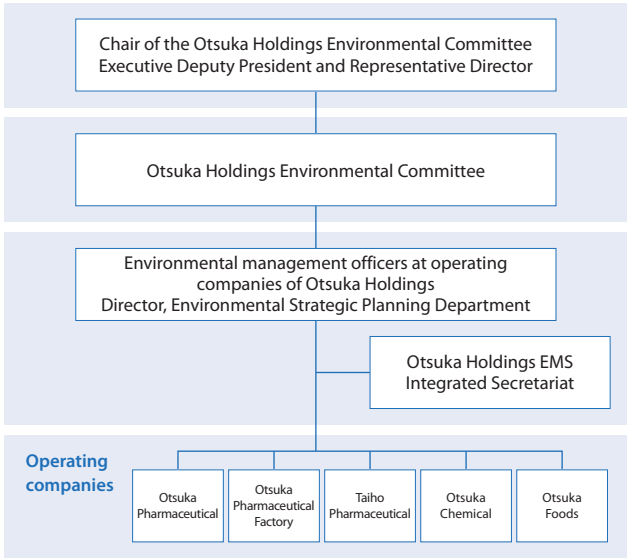
The Otsuka Holdings Environmental Committee and the Otsuka Group Environmental Practices Committee oversee the identification and assessment of environmental risks, the development of action plans, and the monitoring of their implementation across the group. Risks deemed significant based on the assessment are reported to the Board of Directors by the Chair of the Otsuka Holdings Environmental Committee. Resolutions of the Board of Directors are communicated to the operating companies as the group's direction for addressing environmental issues, helping to strengthen environmental risk management across the group.

Environmental management system

The Otsuka group has built an environmental management system (EMS) that spans the domestic operating companies, appointing people in charge of environmental management under the jurisdiction of the Otsuka Holdings Environmental Committee and establishing an Otsuka Holdings Integrated EMS Secretariat. The group is committed to defining and complying with voluntary standards that exceed legal requirements, while conducting site-to-site audits based on its internal environmental auditing policy to reduce the environmental impact of its business activities and strengthen environmental risk management. For these audits, it has set common internal audit themes to allow the audits to confirm general understanding of Otsuka Group's Environmental Policy and the status of initiatives to achieve environmental targets. Conducting internal audits on a site-to-site basis facilitates communication on best-practice initiatives at each site and horizontal dissemination, while also enhancing the practical skills of auditors and developing talent.

To promote the global standardization of environmental management, it has established the Otsuka Group Global Environmental Management Guidelines and is rolling them out across domestic and overseas sites. In FY2025, the guidelines were implemented at 13 companies and 17 sites. The group aims to implement the guidelines at all production sites by FY2028. Through these initiatives in Japan and overseas, the Otsuka group continuously enhances the quality of environmental management across the group. In addition to addressing environmental issues, the group is advancing a comprehensive approach by strengthening organizational foundations and establishing and implementing guidelines that contribute to safety assurance and quality improvement at manufacturing sites.

Otsuka Holdings EMS framework (As of December 2025)



Integrated ISO 14001 certification

To strengthen group-wide initiatives aimed at promoting efficient and effective environmental activities, the Otsuka group commenced the acquisition of integrated ISO 14001 certification in August 2020. By operating multiple group companies under a unified management system, the group is working to standardize environmental activities and enhance management efficiency.

In FY2025, the scope of certification was expanded to include 12 domestic subsidiaries and Otsuka Holdings, the group's coordinating organization.

Under a unified Otsuka Group's Environmental Policy and risk management framework, the Otsuka group is thereby advancing more sophisticated environmental management across the entire group.



ISO 14001 certification

• ISO 14001 certification status at Otsuka group subsidiaries

(As of December 2025)

Global certification rate 61.7%

(58 of 94 production sites; 85.4% in Japan and 43.4% overseas)

Japan: 13 companies

(1) Integrated certification as Otsuka Holdings
  1) Otsuka Pharmaceutical Co., Ltd.
  2) Otsuka Pharmaceutical Factory, Inc.
  3) Taiho Pharmaceutical Co., Ltd.
  4) Otsuka Chemical Co., Ltd.
  5) Otsuka Foods Co., Ltd.
  6) Otsuka Techno Corporation
  7) EN Otsuka Pharmaceutical Co., Ltd.
  8) Higashiyama Film Co., Ltd.
  9) J.O. Pharma Co., Ltd.
  10) Otsuka Ohmi Ceramics Co., Ltd.
(2) Otsuka Packaging Industries Co., Ltd.
(3) Otsuka Electronics Co., Ltd.

Overseas: 18 companies

(1) Korea Otsuka Pharmaceutical Co., Ltd.
(2) Zhangjiagang Otsuka Chemical Co., Ltd.
(3) Otsuka South China Precision Instruments (Shenzhen) Co., Ltd.
(4) Tianjin Otsuka Beverage
(5) Zhejiang Otsuka Pharmaceutical Co., Ltd.
(6) Taiwan Otsuka Pharmaceutical Co., Ltd.
(7) Otsuka Techno Vietnam Co., Ltd.
(8) Otsuka Pharmaceutical Vietnam JSC
(9) PT Otsuka Indonesia
(10) PT Amerta Indah Otsuka
(11) PT Widatra Bhakti
(12) PT Lautan Otsuka Chemical
(13) Otsuka Pakistan Ltd.
(14) Egypt Otsuka Pharmaceutical Co., S.A.E.
(15) Otsuka Al-Obour Pharmaceutical Egypt S.A.E.
(16) Nutrition & Santé SAS
(17) Nutrition & Santé Iberia SL
(18) Hebron S.A.

Compliance with environmental laws and regulations

The total costs of environmental fines and penalties during FY2025 were ¥0 (0 cases). No significant violations of environmental laws and regulations occurred. The group will continue to prevent environmental risks through rigorous compliance with applicable laws and regulations and by further strengthening its management systems.

Climate change strategy

The Otsuka group has set forth its 2050 Environmental Vision of "Net Zero," which aims to reduce the total environmental impacts from its business activities to zero. In addition to reducing CO_2 emissions from its business activities, the group aims to minimize environmental impacts throughout its entire supply chain.

The group also conducts assessments to identify the risks and opportunities that climate change may pose to its business, as well as the potential financial impacts of such risks and opportunities. The group recognizes that efforts related to both climate change adaptation and mitigation are essential to realizing its sustainability mission and is therefore advancing the adoption of renewable energy, maximizing energy efficiency, and collaborating with business partners to reduce CO_2 emissions across the supply chain.

• Process of scenario analysis

In accordance with the following steps, the Otsuka group assessed its climate change-related business risks and opportunities under the below 2°C scenario and the 4°C scenario using scenarios presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and systematically summarized the financial impacts and responses associated with climate-related risks and opportunities. In this analysis, the group references scenarios as shown in the IPCC's RCP[1] 2.6 (<2°C scenario) and RCP8.5 (4°C scenario) and the IEA's and OECD[2]-FAO's[3] Agricultural Outlook 2021–2030.

1. RCP: Representative Concentration Pathways
2. OECD: Organisation for Economic Co-operation and Development
3. FAO: Food and Agriculture Organization

Process of scenario analysis

Step 1
Identify key climate-related risks and opportunities, and set up parameters

The Otsuka group identified transition risks, physical risks, and opportunities based on the business characteristics of each company in the group and social trends.

Step 2
Set up climate-related scenarios

Based on the scenarios below 2°C and 4°C, the possible impacts on society are shown below. The group identified transition risks, physical risks, and opportunities based on the business characteristics of each company in the group and social trends.

Below 2°C scenario

A society where sustainable development and climate change measures are proactively promoted to keep the temperature rising below 2°C.

Measures to achieve a decarbonized society are enhanced, including the introduction of CO_2 emissions regulations and expansion of the renewable energy market.

4°C scenario

Society in which development is dependent on fossil fuels and climate change measures are not introduced.

If global average temperatures have risen by 4°C compared to preindustrial levels, it would cause an increase in natural disasters, negative impact on crops, and loss of biodiversity.

Step 3
Assess financial impacts associated with climate-related risks and opportunities

The scenario analysis results showed that increased energy costs resulting from the introduction of further policy measures to combat global warming, such as a carbon tax, and strengthened regulations, could potentially impact the Otsuka group's business activities.

(→ P. 86)

Step 4
Assess the resilience of our strategies to climate-related risks and opportunities and consider further measures

The Otsuka group has set its climate change target in line with the "1.5°C level," which aims to limit global warming to 1.5°C above the preindustrial era. To achieve this goal, the group is promoting the expanded adoption of renewable energy, as well as the installation of mega-solar facilities and the use of newly generated wind power to curb energy procurement costs. Furthermore, the group is working to reduce long-term energy costs and strengthen the resilience of its business activities by improving energy use efficiency through fuel conversion and centralized energy management.

Financial impacts and responses associated with climate-related risks and opportunities based on TCFD*

Category		Details	Business/financial impacts		Otsuka group response/resilience
			Below 2°C	4°C	
Transition risks	Policies and regulations	• Increased costs due to tightened regulations such as carbon pricing	Major	Major	• Introduction of internal carbon pricing • Introduction of CO_2-free electricity • Introduction of solar power generation systems including mega-solar power systems • Enhancing energy use efficiency through energy saving and fuel conversion • Investment in environmental facilities in Japan and overseas
	Market	• Steep rise in renewable energy prices	Major	Major	
		• Steep rise in energy prices	Major	Major	
	Reputation	• Reputation risk and investment-related risk associated with inadequate response to climate change and water resource risks	Major	Medium	
Physical risks	Acute	• Risks of damage to production and other facilities due to intensification of extreme weather, and cost increases to prepare for extreme weather events • Risks in raw material procurement such as disruption to supply chains and stable procurement	Medium	Major	• Decentralized production of major products • Formulation, disclosure, and sharing of procurement policies and guidelines with suppliers • Strengthening communication with our suppliers
	Chronic	• Increased energy costs associated with temperature rise	Major	Major	• Systematic renewal of facilities
		• Effects of climate change on drug discovery using crops and other natural products	Medium	Medium	• Collection of information about the impacts on drug discovery using crops and other natural products, risk assessment, and examination of countermeasures
Opportunities	Resource efficiency	• Reduction of operating costs through the introduction of energy-efficient equipment	Major	Medium	• Collection of information on new technologies (such as membrane water treatment technology that does not require steam) and examination of introduction of such technologies in a timely manner
	Energy sources	• Reduction of energy procurement risk due to proactive introduction of renewable energy	Major	Minor	• Introduction of internal carbon pricing • Collection of information on next-generation energy sources (such as hydrogen and ammonia) and examination of introduction of such sources in a timely manner
	Products and services	• Increased revenue from increased demand for products that mitigate or address climate change (e.g., products for preventing heat illness and the spread of infectious diseases)	Major	Major	• Formulation of the Otsuka Group Plastic Policy that aims at reducing reliance on fossil fuel-derived materials • Examination of introduction of recycled PET resin or plant-based bio-PET resin for PET bottle beverage containers • Expand sales of products for preventing heat illness, and expand sales of products with low environmental impact throughout their life cycles
	Market	• Increased revenue from expansion into new market categories with products that address climate change	Medium	Medium	• Development of products that mitigate or address climate change (e.g., plant-based products)
	Resilience	• Strengthening business continuity planning (measures against disaster and supply chain disruptions)	Medium	Major	• Reinforcement of promoting energy saving and renewable energy in line with business strategies • Business continuity plan measures at manufacturing sites (anti-seismic measures and measures against flooding)

Assessment of business/financial impacts
Major: ¥1 billion or more (equivalent to 1% of operating profit assuming a minimum operating profit of ¥100 billion)
Medium: From negligible to less than ¥1 billion
Small: Negligible

* Task Force on Climate-related Financial Disclosures

Green finance

Otsuka Holdings issued Green Bonds in September 2024. Through the issuance of these bonds, the Company will support the financing of environmentally friendly projects and further advance its efforts to achieve both a sustainable society and business growth.

Green Bonds

Name of bonds	Otsuka Holdings Co., Ltd. 4th Series of Unsecured Straight Bonds (with specific inter-bond pari passu clause) (Green Bonds)	Otsuka Holdings Co., Ltd. 5th Series of Unsecured Straight Bonds (with specific inter-bond pari passu clause) (Green Bonds)
Term of issue	7 years	10 years
Amount	¥10 billion	¥10 billion
Coupon rate	0.911% per year	1.219% per year
Pricing date	September 13, 2024	September 13, 2024
Issuance date	September 20, 2024	September 20, 2024
Maturity date	September 19, 2031	September 20, 2034
Rating	AA- (Rating and Investment Information, Inc. (R&I))	
Lead managers	Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd., Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc.	
Structuring agent*	Nomura Securities Co., Ltd.	
Second opinion	Otsuka Holdings established the Green Bond Framework and obtained a second opinion from R&I regarding its alignment with the ICMA Green Bond Principles 2021 Edition.	
Use of proceeds	(1) Renewable energy • Installing solar power generation facilities (renewable energy facilities) • Installing storage batteries (2) Energy efficiency (facilities) • Installing energy-efficient equipment (3) Environmentally adapted products, production technologies, and processes • Procurement of materials with less environmental impact, such as recycled PET resin	

Green Bonds
https://www.otsuka.com/jp/sustainability/environment/greenbonds.html
(in Japanese only)

* Those who assist with the funding procurement process by advising on matters such as the formulation of the Green Bond Framework and on obtaining a second opinion

Carbon neutrality

For readability purposes, the numbers shown in the Carbon neutrality section are expressed in units of thousand t or thousand m³ and rounded to the nearest hundred. Because percentage reductions and percentage increases/decreases are calculated using the original data (to the nearest 1 t or 1 m³), they may not exactly match simple calculations using the figures shown.

Core principles

Climate change due to global warming is a global environmental challenge that has significant impacts on biological and water resources and causes serious effects on both social infrastructure and business activities, including the increasing frequency of natural disasters. The Otsuka group recognizes these changes as a major business risk to supply chain stability and continuity and considers climate change-related initiatives to be a key management issue.

The group aims to contribute to a sustainable society by reducing greenhouse gas (GHG) emissions in line with the international targets and indicators adopted under the Paris Agreement and by promoting decarbonization of the entire supply chain.

Indicators and goals

FY2028 targets

- **Reduction of CO_2 emissions**
  Scope 1 and 2: 50% reduction (compared to FY2017)
  Scope 3: Initiatives to achieve carbon neutrality by FY2050
- **20% self-generated renewable energy**

Initiatives to reduce CO_2 emissions (Scope 1 and 2)

The Otsuka group has set a target of reducing CO_2 emissions by 50% by FY2028 compared with FY2017 levels. As of FY2025, the group achieved a 34.7% reduction and is making steady progress toward its target. In expanding the use of renewable energy, the group actively introduces CO_2-free electricity while placing emphasis on securing additionality that contributes to the creation of new renewable energy sources.

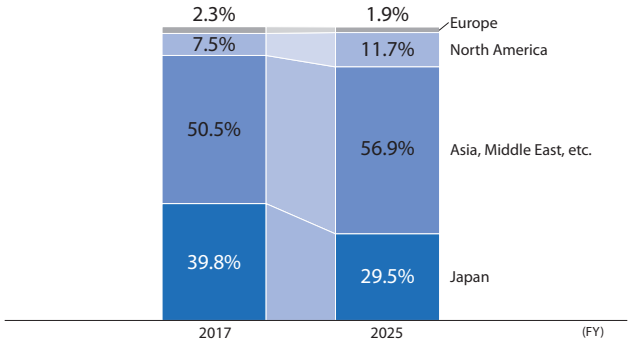
In Japan, the group introduced large-scale solar power generation facilities in FY2025 at Taiho Pharmaceutical's Kitajima Plant and Otsuka Pharmaceutical's Tokushima Mima Factory. In January 2026, it also completed its first procurement of electricity generated from wind power, establishing a more stable and effective renewable energy procurement system.

In Indonesia, the group completed the installation of large-scale rooftop solar power generation facilities at PT Amerta Indah Otsuka's Sukabumi and Kejayan plants.

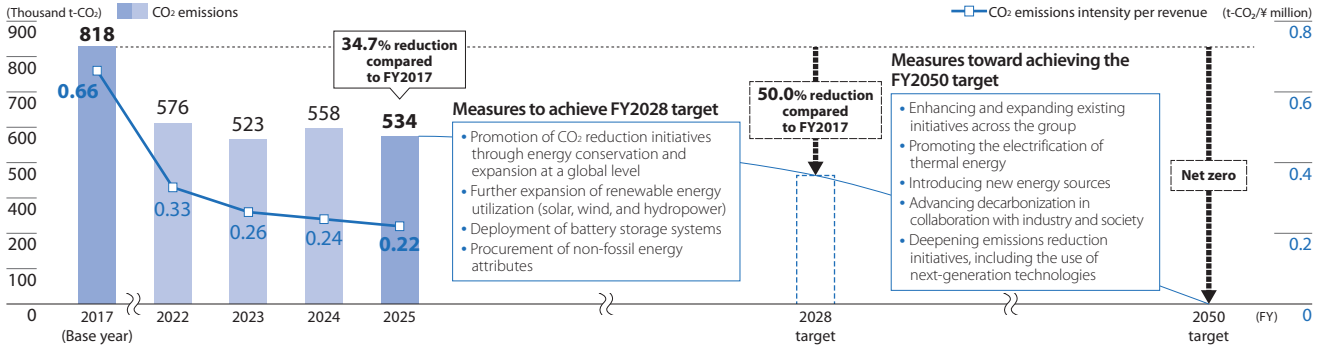


Rooftop solar power generation facilities at the Sukabumi Plant of PT Amerta Indah Otsuka

CO_2 emissions by region



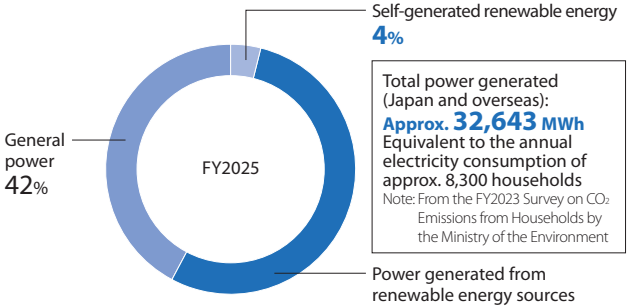
CO_2 emissions reduction targets and progress (Scope 1 and 2)



Toward 20% self-generated renewable energy

Self-generated renewable energy refers to renewable energy created through the Otsuka group's own facilities and through collaboration with power producers. The group has set a target of achieving a 20% share of self-generated renewable energy by FY2028. As of FY2025, this share had reached 4%. The group recognizes the limitations of relying solely on solar power from the perspectives of stable electricity supply and enhanced energy resilience. The group will work to increase the share of self-generated renewable energy by expanding and diversifying its energy mix.

Renewable electricity ratio and self-generated renewable energy ratio (global)



Diversifying the energy mix to enhance energy resilience

Further strengthening the energy infrastructure supporting business operations

The Otsuka group has expanded the installation of solar power generation facilities at its manufacturing sites. In FY2025, the group launched its first off-site PPA* project in Japan utilizing off-site solar power facilities, establishing a new model for renewable energy procurement. The group is also diversifying its power sources. For example, in January 2026, the group collaborated with Shikoku Electric Power Co., Inc. to introduce electricity generated from wind power for the first time within the group. In addition, the group entered into a long-term agreement with JERA Cross Co., Inc. to procure renewable electricity generated by newly constructed solar power facilities in the Kanto region, with power supply scheduled to begin in April 2027.

Through these initiatives, the group is optimizing its energy mix by combining diverse power sources, enabling efficient and stable energy operations and thereby strengthening the energy infrastructure that supports its business operations.

By further advancing its self-generated renewable energy initiatives, the group aims to promote decarbonization and enhance business resilience. The group will further accelerate its efforts to reduce environmental impact through collaboration with a diverse range of partners, contributing to the realization of a sustainable society and the enhancement of long-term corporate value.

* Off-site power purchase agreement (PPA): A mechanism under which companies or local governments purchase electricity from a renewable energy generation facility located outside their own premises under a long-term contract



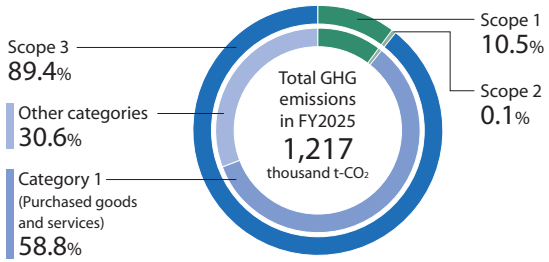
Shikoku Electric Power's wind power generation facility installed at Yutoristo Park Otoyo, an outdoor recreation and tourism facility in Otoyo Town, Kochi

Initiatives to reduce CO_2 emissions throughout the supply chain (Scope 3)

The Otsuka group has adopted its 2050 Environmental Vision, "Net Zero," which calls for reducing the total environmental impact of its business activities to zero. The group is working to reduce environmental impacts arising from the production activities of its operating companies as well as throughout the entire supply chain. To realize this vision, the group has established an integrated energy service structure and is promoting the centralized procurement of renewable energy as well as the supply of electricity generated within the group to its business sites. (→ P. 89) In April 2024, the group began supplying renewable energy to business partners that manufacture certain product containers on its behalf. In addition, it is advancing sustainable procurement by communicating its procurement policies and conducting assessments as part of its procurement activities, encouraging suppliers to give due consideration to environmental issues and helping to build a sustainable supply chain.

Going forward, the group will continue to collaborate with its business partners and leverage new technologies and solutions to further reduce environmental impacts across the entire supply chain while achieving business growth.

GHG emissions (Scope 1, 2, and 3*)



Scope: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods

* Scope 1 (direct emissions)
GHG emissions due to using fuel in our group
Scope 2 (indirect emissions)
GHG emissions due to using purchased electricity, heat, and steam
Scope 3 (other indirect emissions)
GHG emissions throughout the supply chain, from material procurement to product disposal

- **Assessment of environmental impact reduction through the supply of renewable energy to business partners**

The Otsuka group has positioned the supply of renewable energy to business partners, which began in April 2024, as an initiative to reduce environmental impacts throughout the supply chain. To quantify the outcomes of this initiative, the group conducted life cycle-based carbon footprint* assessments of applicable products.

By periodically assessing the environmental impacts of its products and utilizing the results to implement improvement measures, the group is working to reduce CO_2 emissions throughout the supply chain.

Click here for details on this initiative
https://www.otsuka.com/en/group_news/detail.php?id=1439

* Carbon footprint: A method of converting the GHG emissions produced throughout the entire life cycle of our products and services, from raw materials procurement to disposal and recycling, to equivalent CO_2 emissions, and displaying the resulting value on the product or through another means of disclosure.

Reducing packaging-related Scope 3 emissions

Introducing 100% recycled PET bottles for *POCARI SWEAT* and other drinks

Otsuka Pharmaceutical began introducing PET bottle containers made from 100% recycled PET resin from late January 2026 with the goal of using recycled containers for more than 90% (by number of bottles)* of our PET bottle beverage products, including *POCARI SWEAT*. It is expected to reduce GHG emissions throughout the product life cycle and eliminate the use of fossil resource-derived materials. This initiative is expected to reduce GHG emissions by approximately 5,300 tons of CO_2 annually.

Reducing the use of fossil resource-derived materials at the materials procurement and manufacturing stages will help reduce environmental impacts throughout the product life cycle.



→ P. 91 Advancing circularity in containers and packaging

* Estimates based on FY2026 production plan

Advancing Scope 3 emissions reductions in logistics

Reducing CO_2 emissions through improved load efficiency of import containers for *Nature Made* supplements

Otsuka Pharmaceutical has recently reviewed the supply structure for *Nature Made* products. Changes in import volume composition resulted in a decline in the load efficiency of transport containers, which had previously been maintained at a high level. As a result, the number of containers required increased, leading to higher CO_2 emissions and transportation costs, while also increasing exposure to external risks such as disruptions in international logistics and container shortages.

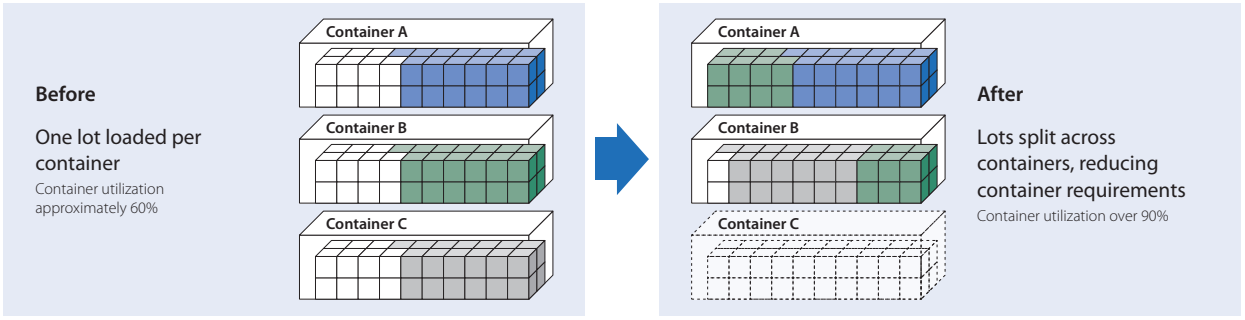
To address this issue, on-site employees in Japan proposed that improvements could be achieved by rethinking container loading methods. Based on the view that improving load efficiency would reduce environmental impacts and transportation costs while enhancing preparedness for changes in the external environment, Otsuka Pharmaceutical examined alternative cargo loading practices.

During this process, Otsuka Pharmaceutical engaged in ongoing discussions with Pharmavite, the manufacturer of *Nature Made* products, and worked toward introducing a loading method based on double-stacked pallets while taking local operating conditions and work practices into account. To support implementation, it developed new loading procedures, clarified operational rules, and established a mechanism for continuously monitoring the loading status of each container. Through collaboration between teams in Japan and the U.S., it is building a stable operational framework.

As a result of on-site innovation and collaboration among all parties involved, transport container load efficiency improved significantly, reducing the number of containers required by 21 annually. This initiative has reduced CO_2 emissions by approximately 50 metric tons while also lowering transportation costs.

Otsuka Pharmaceutical plans to apply the knowledge gained from this initiative to other products and transportation routes. By advancing logistics optimization in response to changes in supply structures, it aims to enhance resilience and reduce risk throughout the supply chain.

Illustration of improved container load efficiency



Pursuing the optimal energy mix* through group-wide integrated energy management in Japan

To centralize energy management in Japan and strengthen supply-demand management, the Otsuka group established the Energy Support Department (ES Department) within Otsuka Business Support, its shared-services subsidiary. The ES Department serves as the hub of energy operations, managing electricity supply and demand, procuring renewable electricity in bulk, and supplying it to sites nationwide.

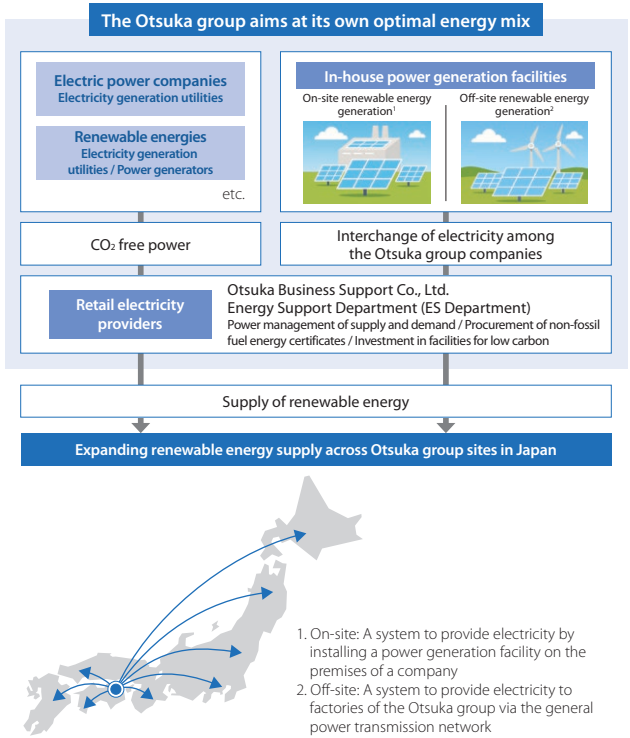
The Otsuka Group Energy Management Building serves as the central hub for integrated energy management. It enables a stable supply of electricity and steam and supports flexible energy operations through collaboration with Otsuka Chemical, including the supply of electricity and steam generated by Otsuka Chemical's cogeneration system to business sites.

Adjacent to the facility, a hydrogen demonstration plant is in operation, supporting the validation of next-generation energy technologies that do not emit CO_2. The group will continue to support the enhancement of the group's energy management system and the pursuit of an optimal energy mix that balances environmental considerations, economic efficiency, and stable supply, thereby contributing to both business growth and environmental sustainability.

* Optimal energy mix: Promote the optimization of power supply configurations in consideration of the environment, economy, and stable energy supply



Solar power generation facilities installed at Taiho Pharmaceutical's Kitajima Plant, Tokushima



1. On-site: A system to provide electricity by installing a power generation facility on the premises of a company
2. Off-site: A system to provide electricity to factories of the Otsuka group via the general power transmission network

For readability purposes, the numbers shown in the Circular economy section are expressed in units of thousand t or thousand m^3 and rounded to the nearest hundred. Because percentage reductions and percentage increases/decreases are calculated using the original data (to the nearest 1 t or 1 m^3), they may not exactly match simple calculations using the figures shown.

Core principles

To achieve both a sustainable society and corporate growth, the Otsuka group believes a transition to a circular economy is essential.

The group regards the use of fossil resource-derived materials and the release of waste into the natural environment as environmental impacts that must be eliminated. Under its vision of eliminating the use of fossil resource-derived materials and achieving zero waste,* the group is advancing initiatives to achieve these goals. The group will improve resource efficiency across the entire supply chain and foster sustainable coexistence with all resources, including biological resources.

Otsuka Group Plastic Policy
https://www.otsuka.com/en/sustainability/environment/plastic.html

* Zero waste: An approach to reduce waste discharge (simple incineration and landfill disposal) to the natural environment to zero and utilize all resources effectively

Indicators and goals

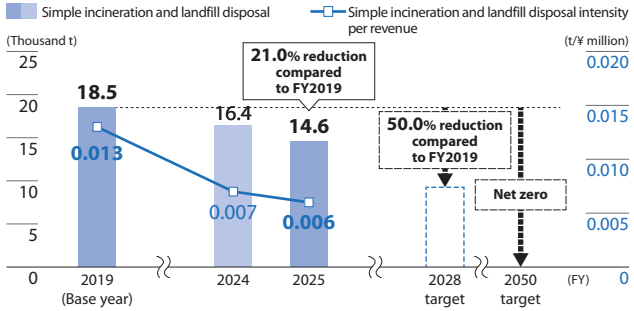
FY2028 targets

- **50% reduction in simple incineration and landfill disposal (compared to FY2019)**
- **Formulation and implementation of food loss reduction plans**

FY2030 target

- **100% recycled materials in our PET bottles and use of plant-based materials**

Targets and progress in reduction of simple incineration and landfill disposal



Initiatives toward zero waste

Approximately 85% of total waste generated is recycled and effectively utilized. The group has set a target of reducing by 50%, compared with FY2019 levels, the amount of waste disposed of through simple incineration and landfill.

As of FY2025, the group has achieved a 21.0% reduction compared with the base year and will continue to promote recycling and the efficient use of resources as it works toward achieving zero waste.

To achieve this goal, the group is tracking the waste treatment status by nation and region, identifying issues by analyzing the breakdown, and promoting concrete initiatives.

• Advancing food loss reduction

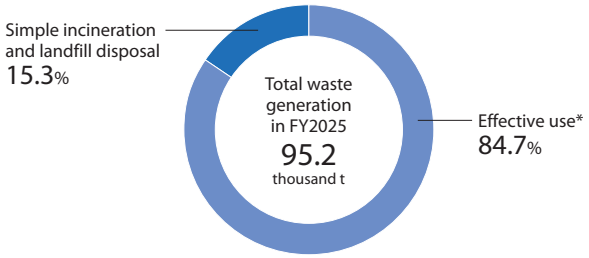
To achieve zero waste, the group is progressively advancing initiatives to reduce food loss. As a first step, the group is compiling baseline data to gain a clear understanding of food loss across its companies.

The group has long worked to prevent food loss through more accurate demand forecasting and production planning, as well as by extending product shelf life. It has also promoted initiatives to return food to the food supply chain through donations and other measures.

To further strengthen these efforts, the group will launch full-scale food loss reduction activities in collaboration with its operating companies from FY2026. By identifying the areas within the food supply chain where it can make the greatest contribution, the group will further accelerate its efforts to reduce food loss.

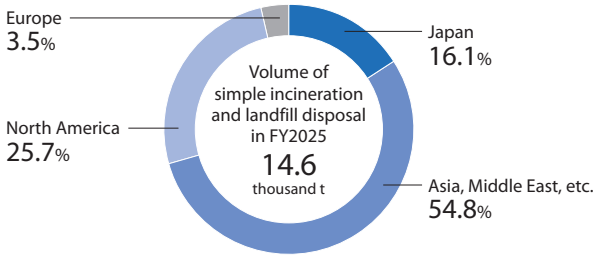
For food that cannot readily be returned to the supply chain, the group will maximize its effective use as a resource through conversion into fertilizer and animal feed, material recycling, and energy recovery through methane fermentation, including power generation and heat utilization.

Waste generation breakdown

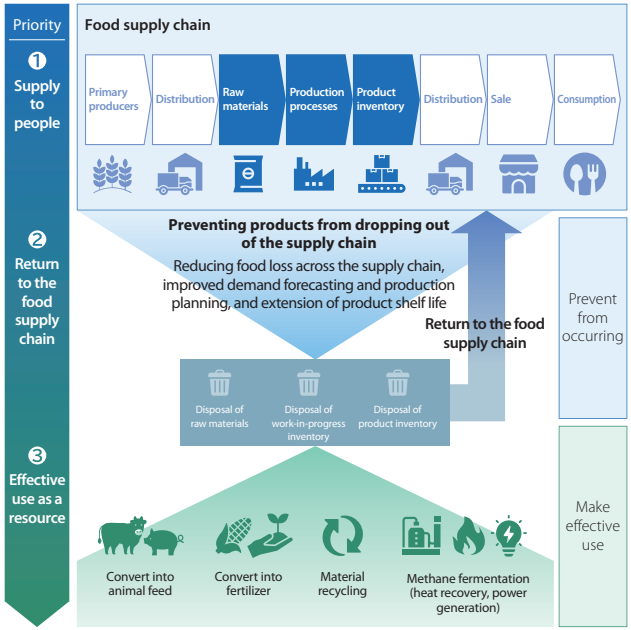


* Breakdown of effective use: Material recycling (including valuable recyclables); power generation, thermal recycling, and fuelization; and composting and feed

Waste sent to simple incineration and landfill by region



Overview of the Otsuka group's food loss reduction initiatives



Advancing circularity in containers and packaging

• Resource circularity of PET bottles

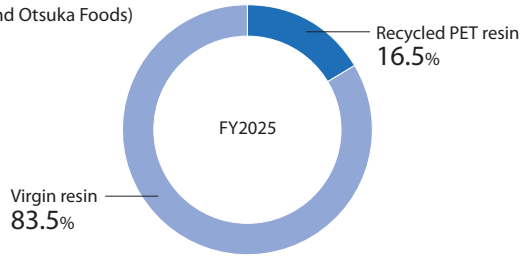
In light of the environmental impact of plastic containers and packaging, the Otsuka group has set a FY2030 target of achieving 100% use of recycled and plant-based materials in PET bottles. The group has continuously worked to reduce plastic consumption through initiatives such as lightweighting plastic containers and packaging and offering label-free products. In FY2025, it introduced 100% recycled PET bottles for *OS-1* (300 mL) and *JAVA TEA Straight* (270 mL and 500 mL), increasing the proportion of recycled PET resin used in beverage products in Japan to 16.5%. Overseas, the group is also steadily expanding the use of recycled PET bottles, including the adoption of PET bottles containing 30% recycled material for *POCARI SWEAT* (350 mL) sold in Indonesia.

From late January 2026, Otsuka Pharmaceutical switched more than 90% (by number of bottles)* of its PET bottle beverage products to containers made from 100% recycled PET resin and began rolling them out nationwide. The group will continue to enhance brand value by expanding its resource circularity.

* Estimates based on FY2026 production plan

Ratio of recycled materials in our PET bottles

(FY2025, Japan; aggregate for Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, and Otsuka Foods)



Otsuka group beverage products using 100% recycled PET bottles



Otsuka Pharmaceutical Co., Ltd.

Otsuka Pharmaceutical Factory, Inc.

Otsuka Foods Co., Ltd.

Diverse approaches to advance circularity

• Promoting bottle-to-bottle* recycling through collaboration with local governments and business partners

Since November 2022, Otsuka Pharmaceutical has been promoting bottle-to-bottle* recycling initiatives in collaboration with local governments and business partners.

The procurement function leading this initiative has accelerated these efforts by strengthening collaboration within the framework of comprehensive partnership agreements established between the Nutraceutical Business and local governments. As of FY2025, it has entered into resource circulation agreements with more than 30 municipalities across Japan.

The synergies generated through these collaborations have contributed to the establishment of a long-term, stable PET bottle collection scheme, supporting sustainable resource procurement and the enhanced circular use of resources.

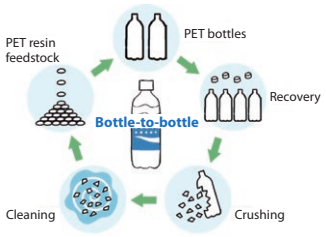
In addition, at large-scale events such as the Tokyo Marathon and World Athletics Championships Tokyo 25, it has carried out activities to collect used PET bottles and promote awareness of bottle-to-bottle recycling. The Otsuka group will continue to collaborate with operating companies, national and local governments, and business partners to advance initiatives aimed at realizing a circular economy, while further enhancing the foundations of sustainable business operations.

* Bottle-to-bottle: Used PET bottles are converted into raw materials (horizontal recycling) and recycled into new PET bottles









Collecting separated PET bottle waste at World Athletics Championships Tokyo 25 (top left)
Recycling boxes encouraging visitors to separate recyclable materials (top right) Signing ceremony for the Tokushima City PET Bottle Resources Recycling Agreement (bottom left)
Schematic diagram of "bottle-to-bottle" horizontal recycling (bottom right)

• Establishing a recycling process for pharmaceutical packaging PTP sheets through group collaboration

Otsuka Pharmaceutical and Taiho Pharmaceutical have established a recycling scheme for press-through package (PTP) sheets used in pharmaceutical packaging. Previously, these sheets were difficult to recycle, and incineration was often the only available disposal method. To address this challenge, the two companies worked closely with business partners to develop a process that enables the effective recycling of PTP sheets.

Through this initiative, approximately 57 tons of PTP sheets can be recycled annually and reused as plastic and industrial aluminum materials, contributing to the transition toward a circular economy.

In addition, by consolidating and compressing PTP sheets collected from multiple manufacturing sites, optimizing transportation schedules, and introducing a modal shift,* the companies have established a more efficient logistics system while also achieving significant reductions in CO_2 emissions.

* Modal shift: Changing logistics transport to more efficient modes with less environmental impact (e.g., rail or shipping)

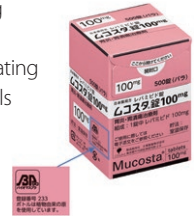


PTP sheet (left) separated into plastic (top right) and aluminum foil (bottom right)

• Introduction of environmentally conscious pharmaceutical packaging

The Otsuka group places the highest priority on product quality, safety, and a stable supply. In the Pharmaceutical Business, efforts are being made to develop environmentally conscious packaging materials and review the materials used, including reducing the thickness of packaging materials, downsizing individual cartons, and using recycled paper in paper-based containers.

As part of these initiatives, products incorporating biomass plastics derived from plant-based materials have also begun to be introduced for plastic containers. Continuous improvements will be pursued throughout the product life cycle to achieve both quality and environmental sustainability, thereby enhancing the foundation for sustainable business operations.



Mucosta tablets 100 mg with the biomass plastic mark

For readability purposes, the numbers shown in the Water neutrality section are expressed in units of thousand t or thousand m³ and rounded to the nearest hundred. Because percentage reductions and percentage increases/decreases are calculated using the original data (to the nearest 1 t or 1 m³), they may not exactly match simple calculations using the figures shown.

Core principles

Since its establishment, the Otsuka group has maintained a deep connection with water, an essential resource that sustains life. Through products that use water as a key raw material, the group has actively contributed not only to the treatment and prevention of disease but also to the maintenance and promotion of health.

Accordingly, the group recognizes water as a vital resource and regards its conservation as both a critical global issue and an essential element in ensuring the sustainability of its business operations.

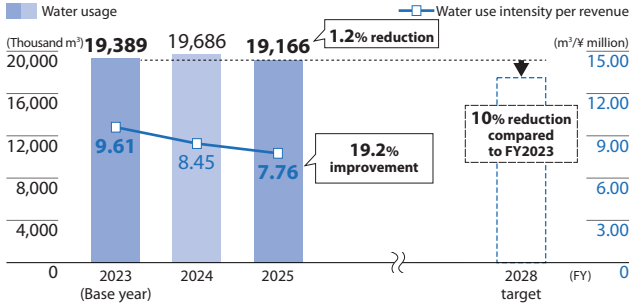
Furthermore, as water resources are unevenly distributed across countries and regions and associated risks vary by location, the group collaborates with a wide range of stakeholders and continuously promotes water stewardship throughout the entire water cycle—from water withdrawal to water discharge. Guided by the principles of conserving water resources, using water responsibly, and returning clean water to the environment, the Otsuka group aims to support the sustainable use of water.

Indicators and goals

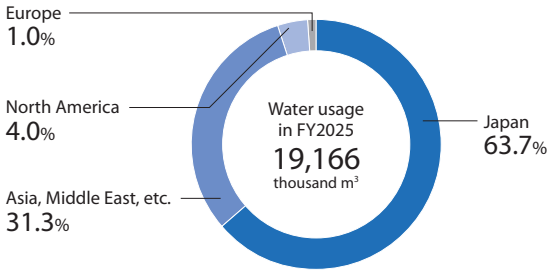
FY2028 targets

- **Planning water use strategies at business sites in water-stressed areas**
- **Implement the guidelines for water resource management across all sites**
- **10% reduction in water usage (compared to FY2023)**

Target of water usage reduction and its progress



Breakdown of water usage by region



Water withdrawal by region

(Thousand m³)

Area	Municipal water (including industrial water)	River water	Ground water
Japan	11,053	77	1,076
Asia, Middle East, etc.	3,177	0	2,825
North America	643	0	121
Europe	167	4	24

Initiatives to reduce water usage

The Otsuka group places importance on minimizing the impact on water resources throughout all processes from water withdrawal to water discharge, and continuously works to promote the appropriate use of water and improve water-use efficiency. As a key initiative to reduce water usage, each operating company is advancing operational improvements and reviewing production processes to optimize water use throughout the manufacturing process. As a result of these efforts, water usage across global operations was reduced by 223,418 m³ compared with the base year, representing a 1.2% decrease. Water use intensity per revenue, an indicator of water-use efficiency, improved by 19.2% compared with the base year.

Approximately 60% of the water resources used by the group are used in production activities in Japan. Two factories in Japan (Otsuka Pharmaceutical's Fukuroi Factory and Otsuka Chemical's Tokushima Factory) have been selected as pilot sites to help us achieve our target of reducing water usage by 10% by FY2028 compared with FY2023.

As the two plants have different business operations, further detailed assessments will be conducted to identify water-use reduction opportunities tailored to the characteristics of each operation. Based on the findings, concrete measures to reduce water use will be developed and implemented. In addition, the knowledge gained and successful initiatives will be shared across other sites, with the scope of implementation expanded progressively.



Fukuroi Factory in Shizuoka selected as a pilot site for water use reduction

Initiatives to optimize water usage at production sites

Otsuka Pharmaceutical is optimizing how water volume is controlled in the pasteurization process used to heat-sterilize and cool beverages after filling, and has introduced booster pump units in the cleaning process, thereby optimizing water usage and improving cleaning quality. These initiatives reduced water usage by 104,732 m³ compared with the previous fiscal year.

Otsuka Pharmaceutical Factory has reviewed the process for maintaining water discharge quality and optimized the volume of water required for water quality management, improving the efficiency of overall water discharge treatment processes and reducing water usage by 380,591 m3 compared with the previous fiscal year.

Otsuka Foods optimized the cleaning frequency for beverage production lines, helping to reduce water usage by 50,230 m³.

The group is promoting the effective use of water resources through these improvements and will continue these efforts going forward.

Evaluating water risk at manufacturing sites

Addressing environmental risks in each region is important for the sustainable growth of the diverse businesses operated by the Otsuka group around the world. Recognizing the impact of water resources on business sustainability, the group regularly evaluates all 101 sites (production and R&D sites) to assess long-term measures to address water risks.

Using the water risk assessment tool "Aqueduct" developed by the World Resources Institute (WRI), the group has conducted water risk assessments at each of our sites, from the perspectives of water stress (water resource risk) and seasonal variability risk, and identified sites with potentially high risk. The group then conducted a questionnaire-based survey on water risk using FY2024 water withdrawal performance and identified sites requiring priority action.

The results showed one factory was a high water-risk site. Of the group's total water usage in FY2025, this factory used only 1.9%, and no water-related risks have been identified at this time.

Going forward, the Otsuka group will use the findings of further water risk assessments to conduct a more detailed review of risks in collaboration with local subsidiaries and advance initiatives toward the development of water use strategies.

* Assessed using Aqueduct Version 4.0 and the 2050 Business as Usual (BAU) scenario

Guidelines for water resources management

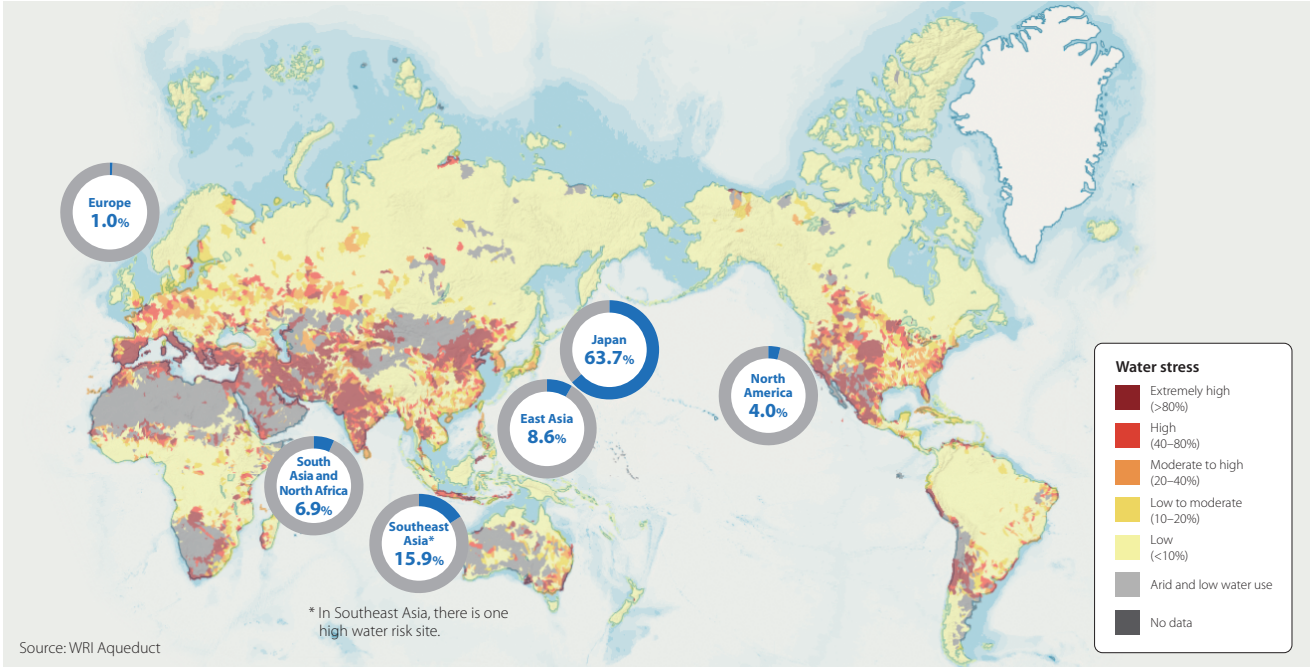
In FY2024, the Otsuka group formulated Guidelines for Water Resources Management to identify risks in the supply chain of water resources. The group promotes sustainable water use by monitoring the quantity and quality of water from withdrawal to discharge at all production and R&D sites, and by strengthening water resource management in each region. In addition to complying with national and regional laws and regulations, the guidelines establish management items and standards for water resources with the aim of achieving both a sustainable society and business growth.

Water resources are unevenly distributed across different countries and regions, and the nature of the risks and regulatory requirements also differs. The group recognizes the complexity and importance of water management and aims to establish a management framework that can adapt flexibly to local conditions.

In FY2025, as part of efforts to ensure appropriate water resource management, an external organization completed verification of basic wastewater management items at all 101 sites. Based on these results, it has begun measurement and analysis activities at sites requiring more detailed water quality assessments.

The group will establish a framework for more advanced global water management and continuously enhance water management across the group to achieve sustainable water use tailored to local conditions in each region.

Aqueduct water risk Atlas: Breakdown by region of water usage in the Otsuka group and high-risk sites



* In Southeast Asia, there is one high water risk site.

Source: WRI Aqueduct

Five themes in the water resources management guidelines

- Water volume
- Water quality
- WASH* (data on employees' use of water)
- Crisis management
- Governance

* WASH: Water, sanitation, and hygiene

The guidelines specify matters such as measurement frequency, measurement methods, and reporting procedures for each of the 13 management items across the five themes.

Core principles

The Otsuka group recognizes that biodiversity is an indispensable natural capital for all business activities. The group seeks to accurately understand the impacts of its business activities on the natural environment and works to conserve and restore it with due consideration of those impacts.

As a member of a society that benefits from nature, the group is pursuing biodiversity initiatives aimed at realizing a sustainable society that passes rich nature to future generations.

Otsuka Group Biodiversity Policy
https://www.otsuka.com/en/sustainability/environment/biodiversity.html

Indicators and goals

FY2028 targets

- **Uses 100% RSPO certified palm oil[1]**
- **100% use of sustainable paper[2]**

1. RSPO certified palm oil: Certified sustainable oil approved by the RSPO
2. Certified paper or recycled paper that complies with the forest certification system under appropriate management

Business operations that respect local ecosystems

The Otsuka group is committed not only to the conservation of animals and plants in accordance with applicable laws and regulations, but also to the protection of nature within local communities. The group conducts annual environmental surveys of operating companies with production sites in Japan and overseas, and monitors compliance with laws and regulations concerning protected species and the implementation of conservation activities. This includes monitoring the presence of protected animals and plants designated under relevant frameworks and regulations, such as the IUCN Protected Area Management Categories, the Ramsar Convention, and applicable domestic laws and regulations.

In addition, the group has revised the Otsuka Group Biodiversity Policy to assess both its dependencies and impacts on nature arising from business activities. The group plans to disclose information on governance, strategy, risk management, and indicators and goals in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

Sustainable procurement

The Otsuka group recognizes that the conservation of biodiversity and sustainable use of natural resources are essential for sustainable growth and promotes sustainable procurement of palm oil and paper.

Procurement
https://www.otsuka.com/en/sustainability/environment/

• Usage of RSPO certified palm oil

Otsuka Holdings became a member of the Roundtable on Sustainable Palm Oil (RSPO) in March 2026. Palm oil usage was approximately 1,100 tons[1] in FY2024. The group will continue to enhance its internal control system with Otsuka Holdings playing a central role, while promoting certification-related initiatives in cooperation with its operating companies. By ensuring supply chain traceability, the group will promote the responsible sourcing of palm oil.

1. Aggregate for three domestic companies (Otsuka Pharmaceutical, Otsuka Foods, and EN Otsuka Pharmaceutical)

• Promoting the use of sustainable paper

In FY2025, the group established the Paper Procurement Guideline and launched initiatives to reduce paper consumption and promote the use of sustainable paper. Paper used for reports and other printed materials has already been transitioned to sustainable paper, and the transition rate for office supplies reached 91.1%[2] as of FY2025.

The group will expand the scope of these initiatives to include product packaging and promotional materials, and systematically advance the transition to paper that meets environmental requirements, such as certified and recycled paper. As one example of these efforts, Otsuka Packaging, an operating company in Japan, certified by the Forest Stewardship Council (FSC®), is engaged in the development and supply of packaging materials using FSC®-certified paper. Overseas, the group is assessing paper usage by its subsidiaries and strengthening these initiatives on a global basis.

2. Aggregate for five domestic companies (Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods)



Example product using FSC®-certified packaging from Otsuka Packaging (FSC®-C131331)

• Promotion of agroecology[3]

Nutrition & Santé (N&S), a pioneer in health foods in Europe, is actively promoting agroecology in a tripartite partnership with agricultural cooperatives and farmers in response to soil degradation caused by climate change and other factors. Since entering into these partnerships in FY2024, N&S has reduced the use of chemical fertilizers, provided technical and financial support, and extended the application of this approach to multiple crops and regions. The goal is to transition more than 60% of its raw material procurement (100% for wheat and organic soybeans) to this approach by FY2030. Through these efforts, N&S seeks to conserve soil and establish a stable system for the procurement and supply of high-quality raw materials, thereby promoting sustainable agriculture.



Tripartite agreement ceremony

3. Agroecology: Agriculture and farming methods that improve soil quality, plant health, and crop productivity without relying on chemical pesticides and chemical fertilizers by effectively utilizing interactions among various species in farmland and the surrounding environment. They are working to scientifically demonstrate the effectiveness of various (traditional) farming methods, local ecological knowledge, and small-scale, diversified farming that are suitable for the local environment.

• Promotion of regenerative agriculture[4]

FoodState, a U.S. pioneer in plant-based nutritional supplements and the manufacturer of the MegaFood brand, is advancing regenerative agriculture through scientific validation conducted in collaboration with research institutions, investment in supplier education, and participation in related initiatives.

Specifically, FoodState collaborates with research institutions that study soil conditions, water dynamics, and the functions of living organisms to evaluate the impacts of regenerative agriculture on soil health and the environment, while promoting awareness of its value and benefits.



Regenerative agriculture practices at FoodState

4. Regenerative agriculture: Agricultural approaches aimed at improving the soundness of the ecosystem across farms while increasing farm productivity and profitability, focusing on soil health, the water cycle, and biodiversity

Assessment of dependencies and impacts in line with TNFD recommendations

The Otsuka group recognizes that a sound relationship with natural capital is essential to sustainable business growth. In light of the importance of nature-related financial disclosures, the group is conducting analyses to systematically identify its dependencies and impacts relating to natural capital, with reference to the LEAP approach recommended by the TNFD. In addition, it used a nature-related risk assessment tool called ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), developed by the United Nations Environment Programme Finance Initiative (UNEP FI) and others, to visualize potential dependencies and impacts on natural capital for pharmaceutical, nutraceutical, and other products. Through this analysis, the group identified the extent to which its value chains depend on ecosystem services and where they could have negative impacts on natural capital in the future, thereby identifying the sources of nature-related risks and opportunities.

Going forward, the group will continue to assess its dependencies and impacts on natural capital. By prioritizing efforts to reduce negative impacts in particular, the group aims to achieve sustainable business operations while promoting coexistence with nature.

LEAP approach

Locate	Evaluate	Assess	Prepare
Interface with nature	Dependencies and impacts	Material risks and opportunities	To respond and report

Using ENCORE to assess dependencies and impacts

Legend: Very high / High / Medium (Dependencies)

Legend: Very high / High / Medium (Impacts)

Main business activities			Dependencies														Impacts									
Stage of the value chain	Sector	Sub-sector, production process	Provisioning services			Regulating and maintenance services											Land/ freshwater/ ocean-use change	Pollution (generation and release)				Resource use	Climate change	Invasive species and other	
			Biomass provisioning	Water supply	Genetic material	Air filtration	Global climate regulation	Local climate regulation	Rainfall pattern regulation (sub-continental scale)	Soil and sediment retention	Solid waste remediation	Storm mitigation	Flood mitigation	Water flow regulation	Water purification	Biological control	Area of land use	Non-GHG air pollutants	Nutrient pollutants to water and soil	Toxic pollutants to water and soil	Solid waste	Water usage	GHG emissions	Introduction of invasive species	Disturbances (e.g., noise, light)
Direct operations	Manufacturing	Soft drinks																								
		Other food products																								
		Pharmaceuticals, medicinal chemical, and botanical products																								
	Electricity, gas, steam, and air conditioning supply	Fossil fuel-based energy generation																								
	Water supply, sewerage, waste management, and remediation services	Water collection, treatment, and supply																								
		Sewerage																								
Upstream	Manufacturing	Paper and paper products																								
		Plastic products																								
		Soft drinks																								
		Glass and glass products																								
		Other food products																								
		Manufacture of grain mill products, starches and starch products																								
		Vegetable and animal oils and fats																								
	Agriculture, forestry and fishing	Growing of cereals (except rice), legumes, and oil seeds																								
	Electricity, gas, steam, and air conditioning supply	Fossil fuel-based energy generation																								
Downstream	Water supply, sewerage, waste management, and remediation services	Waste treatment and disposal																								

Steering otsuka group toward its desired future

Governance

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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.



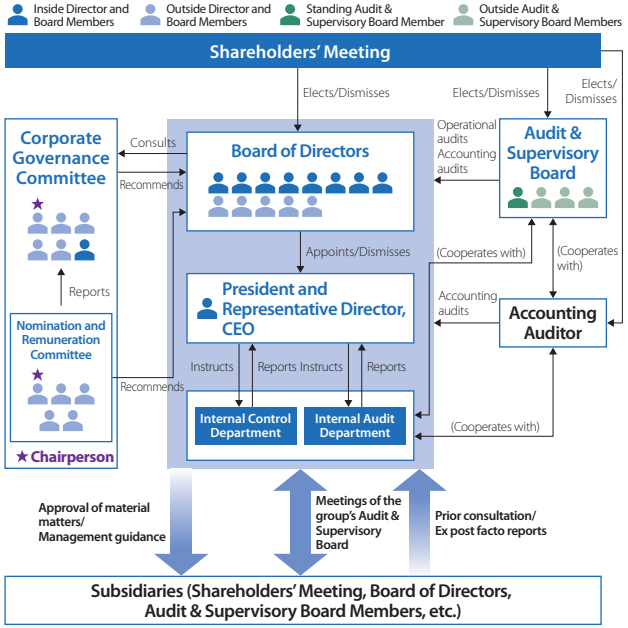
Corporate governance

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

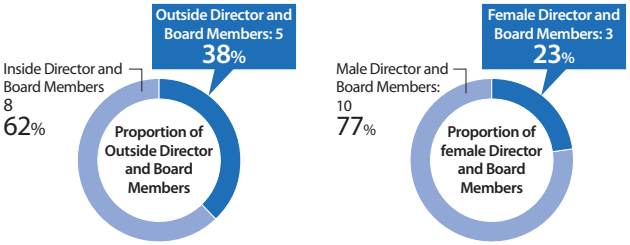
Board of Directors

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)

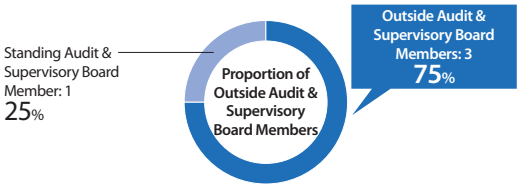
Audit & Supervisory Board

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.

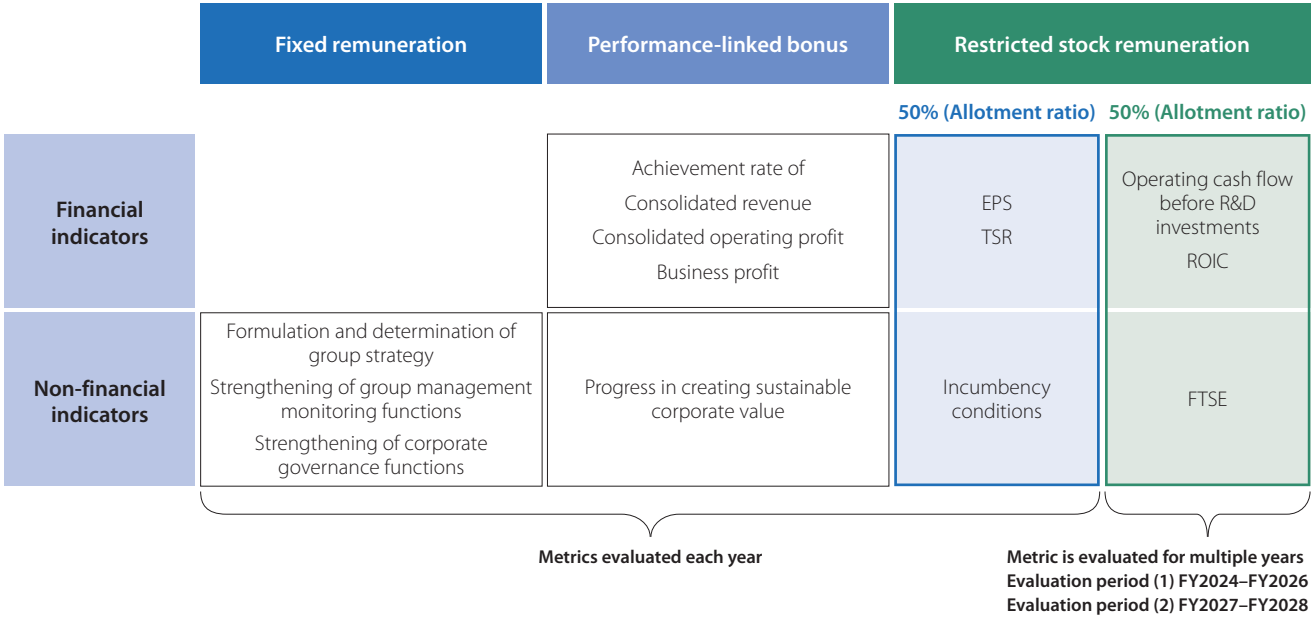
Remuneration system

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



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

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.

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.

Compliance promotion system



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

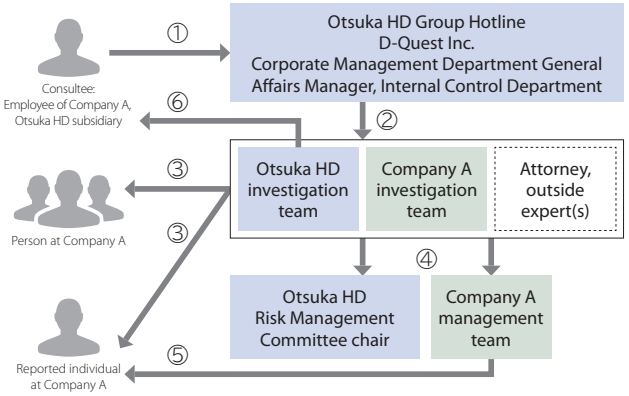
People with knowledge of infractions or concerns about any noncompliance issues are required to consult with and report to their immediate supervisor, the Legal Affairs or Human Resources department, or the department in charge of compliance. Reprisals against reporting parties are strictly prohibited. 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

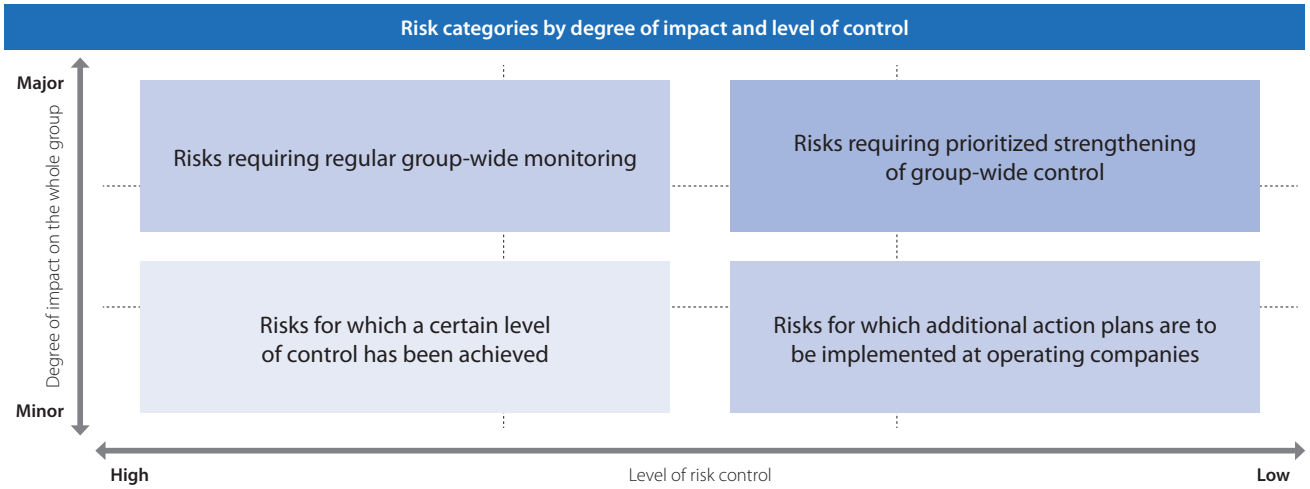
The Otsuka group recognizes that pursuing management efficiency and controlling the risks inherent in business activities are important to enhancing corporate value. For this reason, it is vital to establish a group-wide system that enables all executives and employees to swiftly uncover, identify, and 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.

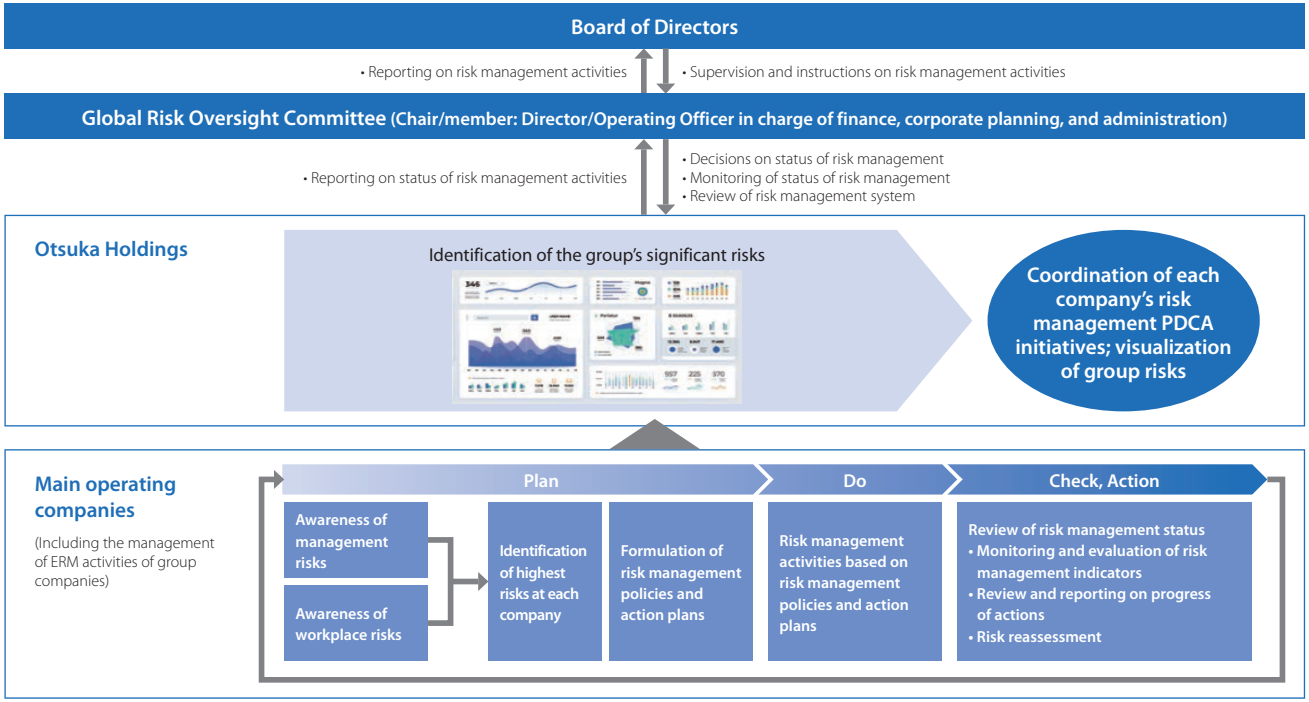
The Global Risk Oversight Committee participates in deliberations on significant risks and reports on them at meetings of the committee and the Board of Directors, formulates and monitors the implementation of policies for the management of significant risks, and provides instructions and support to 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

• 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

Data

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Main data

With effect from FY2016 (ended December 31, 2016), Otsuka adopted International Financial Reporting Standards (IFRS). Information for FY2015 (ended December 31, 2015) is also presented in line with IFRS.

Item[1]	(Unit)	2015.12	2016.12	2017.12	2018.12[7]	2019.12	2020.12
Results of operations							
Revenue	(¥ billion)	¥1,427.4	¥1,195.5	¥1,240.0	¥1,292.0	¥1,396.2	¥1,422.8
Selling, general and administrative expenses[2, 3]	(¥ billion)	617.5	519.5	531.4	552.8	557.6	562.4
Business profit before R&D expenses	(¥ billion)	369.8	285.7	305.4	313.8	403.0	433.7
Ratio of business profit before R&D expenses to revenue	(%)	25.9	23.9	24.6	24.3	28.9	30.5
R&D expenses[3]	(¥ billion)	199.6	152.6	174.0	192.9	215.8	216.8
R&D ratio	(%)	14.0	12.8	14.0	14.9	15.5	15.2
Business profit[4]	(¥ billion)	170.2	133.1	131.4	120.9	187.2	216.9
Business profit margin	(%)	11.9	11.1	10.6	9.4	13.4	15.2
Operating profit	(¥ billion)	148.9	101.1	104.2	108.3	176.6	198.6
Operating profit margin	(%)	10.4	8.5	8.4	8.4	12.6	14.0
Profit attributable to owners of the Company	(¥ billion)	102.0	92.6	112.5	82.5	127.2	148.1
EPS	(Yen)	188.2	170.8	207.6	152.2	234.6	273.2
Percentage of revenue from overseas	(%)	56.4	47.8	48.5	50.0	50.6	53.6
Financial position							
Total assets	(¥ billion)	¥2,575.3	¥2,478.3	¥2,480.3	¥2,477.4	¥2,581.3	¥2,627.8
Total equity	(¥ billion)	1,727.4	1,738.4	1,822.0	1,732.3	1,795.4	1,883.4
Ratio of equity attributable to owners of the Company to total assets	(%)	66.0	69.0	72.3	68.8	68.4	70.5
ROE	(%)	6.1	5.4	6.4	4.7	7.3	8.2
ROA[5]	(%)	6.2	4.6	4.2	4.4	6.9	7.3
ROIC[6]	(%)	5.2	4.0	5.6	4.3	6.6	7.6
Cash flows							
Operating cash flow before R&D investments	(¥ billion)	¥ 455.1	¥ 304.6	¥ 270.7	¥ 344.9	¥ 398.3	¥ 438.4
Net cash flows from operating activities	(¥ billion)	257.9	142.0	102.8	135.8	192.6	232.8
Net cash flows from (used in) investing activities	(¥ billion)	-422.6	-135.1	-40.1	-93.3	-52.3	-99.9
Free cash flows	(¥ billion)	-164.7	6.9	62.8	42.5	140.4	133.0
Dividends							
Annual dividend per share	(Yen)	¥ 100	¥ 100	¥ 100	¥ 100	¥ 100	¥ 100
Dividend payout ratio	(%)	53.1	58.5	48.2	65.7	42.6	36.6
Common stock, Stock price							
Number of shares outstanding at year-end	(Thousand shares)	557,836	557,836	557,836	557,836	557,836	557,836
Stock price at year-end	(Yen)	¥ 4,317	¥ 5,093	¥ 4,948	¥ 4,493	¥ 4,883	¥ 4,418
Number of employees[10]							
Total	(Persons)	31,940	31,787	32,817	32,935	32,992	33,151
Japan	(Persons)	14,082	13,909	13,880	13,757	13,356	13,319
Outside Japan	(Persons)	17,858	17,878	18,937	19,178	19,636	19,832

1. Line items are based on IFRS.
2. SG&A expenses under J-GAAP are presented as total expenses less R&D expenses. The Company believes that this information is useful to investors in comparing the Company's financial results under J-GAAP with those under IFRS.
3. Excluding impairment losses.
4. Business profit = Revenue − Cost of sales − SG&A expenses + Share of profit of associates − R&D expenses
5. ROA = Pretax profit of the fiscal year / Total assets (Average of the beginning and end of the fiscal year)
6. Until the fiscal year ended March 31, 2014, the calculation of profit was realized by using profit attributable to owners of the Company, in line with Japanese standards. Starting from FY2014, profit is calculated using net operating profit after tax (NOPAT).
7. As of December 31, 2019, the Company finalized provisional accounting treatments for business combinations. This is reflected in the presentation of figures for FY2018.
8. Due to the application of IAS 12 "Income Taxes" (amended in May 2021), results for FY2022, have been retrospectively restated.
9. Calculated at ¥156.54 = US$1 (closing rate at the end of the period).
10. Number of employees including Otsuka Holdings Co., Ltd. and its subsidiaries (As of December 31, 2025)

Main data

Item[1]	(Unit)	2021.12	2022.12[8]	2023.12	2024.12	2025.12	(Unit)	2025.12[9]
Results of operations								
Revenue	(¥ billion)	¥1,498.3	¥1,738.0	¥2,018.6	¥2,329.9	**¥2,468.9**	(US$ million)	**$15,772**
Selling, general and administrative expenses[3]	(¥ billion)	622.3	724.1	807.4	958.3	**1,004.5**	(US$ million)	**6,417**
Business profit before R&D expenses	(¥ billion)	389.4	450.1	620.4	744.7	**799.0**	(US$ million)	**5,104**
Ratio of business profit before R&D expenses to revenue	(%)	26.0	25.9	30.7	32.0	**32.4**	(%)	**32.4**
R&D expenses[3]	(¥ billion)	232.3	275.2	307.8	314.2	**352.8**	(US$ million)	**2,254**
R&D ratio	(%)	15.5	15.8	15.2	13.5	**14.3**	(%)	**14.3**
Business profit[4]	(¥ billion)	157.1	174.9	312.6	430.5	**446.1**	(US$ million)	**2,850**
Business profit margin	(%)	10.5	10.1	15.5	18.5	**18.1**	(%)	**18.1**
Operating profit	(¥ billion)	154.5	150.3	139.6	323.6	**479.4**	(US$ million)	**3,062**
Operating profit margin	(%)	10.3	8.6	6.9	13.9	**19.4**	(%)	**19.4**
Profit attributable to owners of the Company	(¥ billion)	125.5	133.9	121.6	343.1	**363.2**	(US$ million)	**2,320**
EPS	(Yen)	231.3	246.8	224.1	633.8	**685.1**	(US$)	**4.38**
Percentage of revenue from overseas	(%)	56.8	62.3	66.8	70.0	**70.9**	(%)	**70.9**
Financial position								
Total assets	(¥ billion)	¥2,820.9	¥3,102.6	¥3,361.2	¥3,739.3	**¥4,197.6**	(US$ million)	**$26,815**
Total equity	(¥ billion)	2,045.2	2,262.4	2,436.3	2,778.2	**3,099.8**	(US$ million)	**19,802**
Ratio of equity attributable to owners of the Company to total assets	(%)	71.3	71.7	71.2	73.1	**72.3**	(%)	**72.3**
ROE	(%)	6.5	6.3	5.3	13.4	**12.6**	(%)	**12.6**
ROA[5]	(%)	6.0	5.8	4.4	9.5	**11.8**	(%)	**11.8**
ROIC[6]	(%)	5.6	5.1	4.8	11.9	**11.9**	(%)	**11.9**
Cash flows								
Operating cash flow before R&D investments	(¥ billion)	¥448.7	¥473.7	¥576.2	¥653.1	**¥ 739.2**	(US$ million)	**$ 4,722**
Net cash flows from operating activities	(¥ billion)	228.9	211.8	283.2	354.6	**403.6**	(US$ million)	**2,578**
Net cash flows from (used in) investing activities	(¥ billion)	-95.3	-81.6	-190.5	-265.8	**-161.6**	(US$ million)	**-1,032**
Free cash flows	(¥ billion)	133.6	130.3	92.7	88.8	**242.0**	(US$ million)	**1,546**
Dividends								
Annual dividend per share	(Yen)	¥ 100	¥ 100	¥ 110	¥ 120	**¥ 140**	(US$)	**$ 0.89**
Dividend payout ratio	(%)	43.2	40.5	49.1	18.9	**20.4**	(%)	**20.4**
Common stock, Stock price								
Number of shares outstanding at year-end	(Thousand shares)	557,836	557,836	557,836	552,025	**542,989**	(Thousand shares)	**542,989**
Stock price at year-end	(Yen)	¥ 4,169	¥ 4,305	¥ 5,289	¥ 8,600	**¥ 8,873**	(US$)	**$ 56.7**
Number of employees[10]								
Total	(Persons)	33,226	33,482	34,388	35,338	**37,758**	(Persons)	**37,758**
Japan	(Persons)	13,196	13,167	13,362	13,605	**14,024**	(Persons)	**14,024**
Outside Japan	(Persons)	20,030	20,315	21,026	21,733	**23,734**	(Persons)	**23,734**

Group overview

Otsuka group corporate philosophy

Otsuka-people creating new products for better health worldwide

The Otsuka group operates a diverse portfolio of businesses globally, including its Pharmaceutical Business, which covers the wide spectrum from diagnosis to treatment of diseases, and its Nutraceutical[1] Business, which supports maintenance and promotion of everyday health through products and services based on scientific evidence.

Since the founding of Otsuka in 1921, we have carried forward our company DNA, cultivated by generations of leaders: *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization), and *Sozosei* (creativity). Guided by these principles, approximately 38,000 employees[2] across 32 countries and regions drive our businesses forward to contribute to the health of people worldwide.

As a total healthcare company that takes a comprehensive approach to the diverse social issues related to health, we will continue to deliver unique value that supports each individual's health and way of life.

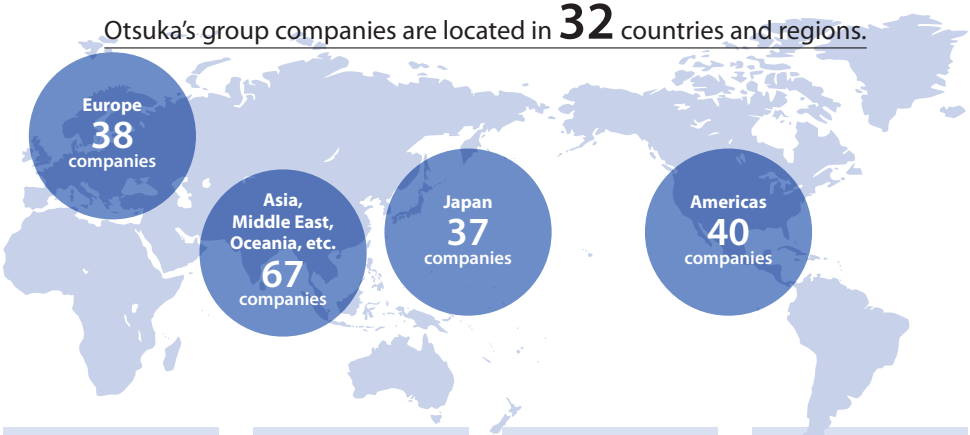
1 Nutraceutical(s) (NC): Nutrition + pharmaceuticals
2 Otsuka Holdings Co., Ltd. and consolidated subsidiaries, as of December 31, 2025



Commemorative stone engraved with the corporate philosophy at Tokushima, where Otsuka was founded.

Global network

Otsuka's group companies are located in **32** countries and regions.



Number of employees	Total group companies	R&D sites	Manufacturing sites
37,758	182	37	111
Japan: 14,024	Japan: 37	Japan: 18	Japan: 46
Outside Japan: 23,734	Outside Japan: 145	Outside Japan: 19	Outside Japan: 65

Corporate symbol

A symbolic representation of the Otsuka group's corporate philosophy, the corporate symbol adopts the initial "O" in Otsuka as a motif. Representing the sky above, the large "O" is rendered in Otsuka BLUE, while the small "O" in Otsuka RED represents the focused energy of the Otsuka group, the wellspring of these tenets. Offsetting the two forms poised in balance, the Otsuka name is spelled out in an open and friendly typeface. Our corporate symbol conveys the Otsuka group's energetic commitment to human happiness through good health.

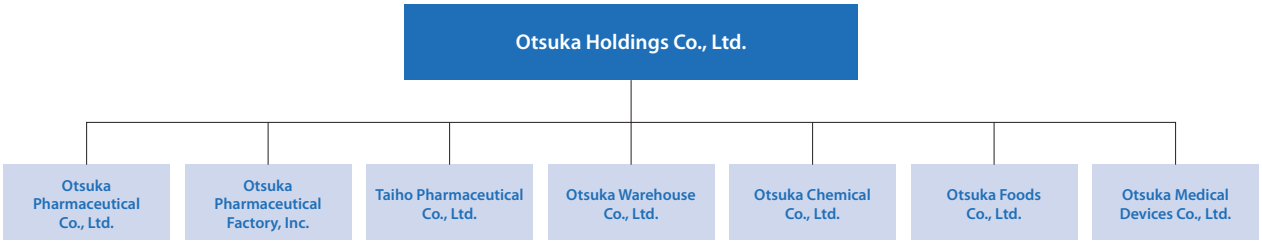
Otsuka

Overview of Otsuka Holdings (As of December 31, 2025)

Company name	Otsuka Holdings Co., Ltd.
Established	July 8, 2008
Capital	¥81.69 billion
Head office	2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo 101-0048, Japan
Tokyo headquarters	Shinagawa Grand Central Tower, 2-16-4 Konan, Minato-ku, Tokyo 108-8241, Japan
Telephone	+81-3-6717-1410
Number of employees	224 (consolidated: 37,758)
Business description	Control, management and related activities with respect to the Company's subsidiaries and affiliates operating in pharmaceutical, nutraceutical, consumer products, and other businesses

Organizational structure

Overview of the seven main operating companies



Otsuka Pharmaceutical Co., Ltd.

A total healthcare company that focuses on each individual's potential to enhance their Well-being



Our medical-related business provides treatments and diagnostics for both physical and mental health. Our nutraceutical business supports daily health maintenance and improvement. Otsuka's unique products and services are based on scientific evidence, under the guidance of our corporate philosophy: Otsuka-people creating new products for better health worldwide.

Otsuka Pharmaceutical Factory, Inc.

The company from which the Otsuka group originated and a leader in Japan's IV solutions business with more than 80 years of experience in the field



Based on the management vision, "The Best Partner in Clinical Nutrition Worldwide," Otsuka Pharmaceutical Factory develops various innovative products to meet a wide range of needs, including ethical drugs, medical devices, medical foods such as oral rehydration solutions, and OTC drugs. At present, we are expanding our business operations and product development from Japan to the international market with a focus on Asia.

Taiho Pharmaceutical Co., Ltd.

Half a century of experience working for patients and people worldwide in the field of oncology



Taiho Pharmaceutical is an R&D-driven specialty pharma focusing on the fields of oncology and immune-related diseases. Its corporate philosophy takes the form of a pledge: "We strive to improve human health and contribute to a society enriched by smiles." In the field of oncology, in particular, Taiho Pharmaceutical is known as a leading company in Japan for developing innovative medicines for the treatment of cancer, a reputation that is rapidly expanding through its extensive global R&D efforts. In its consumer healthcare business, Taiho Pharmaceutical strives to research, develop and deliver novel and unique products by continuing to identify people's real needs and meeting them precisely.

Otsuka Warehouse Co., Ltd.

Contributing to people's health worldwide in the field of logistics



Since its establishment, the company has consistently focused on logistics services for the pharmaceutical and food industries.

Leveraging a shared logistics platform specialized in three key sectors of the Otsuka group—pharmaceuticals, beverages & food products, and consumer goods—the company promotes optimized logistics solutions through collaborative distribution networks with external manufacturers.

In recent years, the company has further advanced its operations by utilizing cutting-edge IT technologies to realize "Connected Logistics," enabling seamless data integration across the supply chain. Through these initiatives, the company continues to drive innovation and transformation in the logistics industry.

Otsuka Chemical Co., Ltd.

Collaborating with customers to find creative new uses of advanced materials



We have adopted KATACHI Business as our key strategic theme. Moving forward with the focus on overseas growth in mind, we aim to deepen our support to our customers by providing multifaceted solutions. One approach is to complement our material solution business with KATACHI Business. KATACHI Business offers downstream tangible products, such as injection molded parts. Through this synergy, we aim to develop innovative products that promptly meet customer needs.

Otsuka Foods Co., Ltd.

Food begins with spirit, creating deliciousness, safety, peace of mind and better health



Otsuka Foods manufactures, markets, and imports foods and beverages. Our corporate philosophy is "Food begins with spirit, creating deliciousness, safety, peace of mind and better health." Based on this, we propose "new foods" that contribute to enriching people's diets by delivering delicious taste and innovative ideas and technology and reliable quality, including *Bon Curry*, the world's first commercial retort-pouch food product.

Otsuka Medical Devices Co., Ltd.

Contributing to the medical care of the future with new treatment options



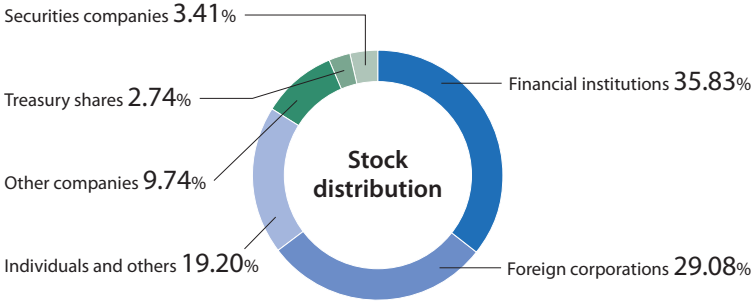
Otsuka Medical Devices was founded in February 2011 with a bold vision: to establish our medical device business as one of the Otsuka group's core pillars supporting the total healthcare mission of the group. By leveraging the insights and technologies accumulated across the Otsuka group through pharmaceutical development, we develop, manufacture, and commercialize innovative medical devices worldwide.

Stock information

(As of December 31, 2025)

Stock information

Number of shares authorized	1,600,000,000 shares
Number of shares issued	542,988,917 shares
Number of shareholders	75,897

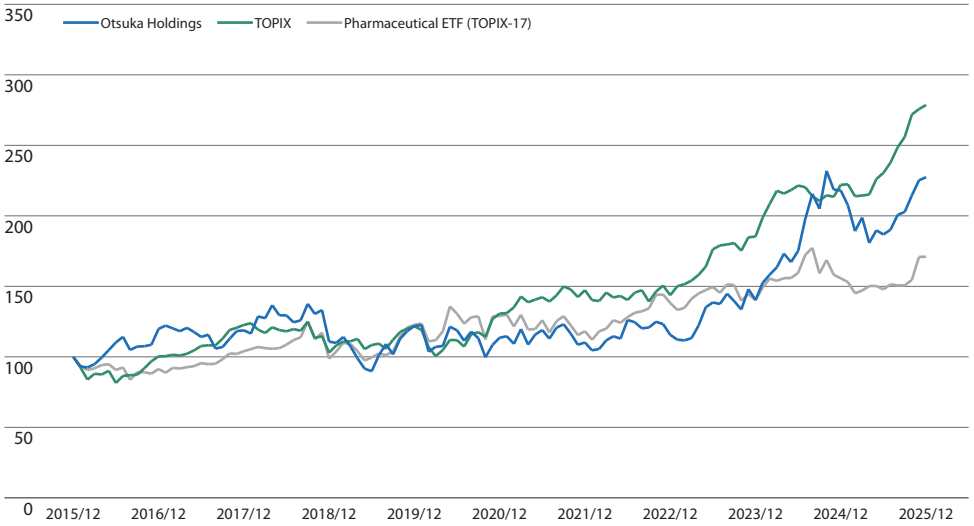


Principal shareholders (Top 10)

Name of shareholders	Number of shares held (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	77,620	14.69
The Nomura Trust and Banking Co., Ltd. Otsuka Founders Shareholding Fund Trust Account	52,353	9.91
Custody Bank of Japan, Ltd. (trust account)	29,804	5.64
STATE STREET BANK AND TRUST COMPANY 505001	15,756	2.98
Otsuka Group Employee Shareholding Fund	12,568	2.37
The Awa Bank, Ltd.	10,970	2.07
JP MORGAN CHASE BANK 385781	7,839	1.48
Resona Bank, Limited	5,568	1.05
Medipal Holdings Corporation	5,316	1.00
Nichia Corporation	4,793	0.90

Notes: 1. Number of shares held is rounded down to the nearest thousand.
2. Although the Company holds 14,857,548 of its own shares, treasury shares are excluded from the above list.
3. Shareholding ratio is calculated after treasury shares are deducted.

TSR*



	1 year	3 years		5 years		10 years	
		Cumulative	Annual	Cumulative	Annual	Cumulative	Annual
Otsuka Holdings	+4.8%	+114.7%	+29.0%	+113.7%	+16.4%	+130.3%	+8.7%
TOPIX	+25.5%	+93.8%	+24.7%	+113.2%	+16.3%	+178.6%	+10.8%
Pharmaceutical ETF (TOPIX-17)	+9.8%	+23.7%	+7.4%	+32.6%	+5.8%	+71.0%	+5.5%

* TSR: Total shareholder return. The total return on investment, including capital gains and dividends.
TSR is calculated for Otsuka Holdings based on accumulated dividends and stock price fluctuations, and for TOPIX based on a stock price index including dividends (prepared by the Company using Bloomberg data, etc.).
The values in the graph are indexed to the market value by TSR with the closing price data at the end of December 2015 as 100 (holding period is until the end of December 2025).

Key external recognition (As of December 2025)

External evaluation
https://www.otsuka.com/en/sustainability/hd_activity/evaluation.html

ESG ratings

FTSE4Good Index Series[1]

FTSE JPX Blossom Japan Index
Included since 2023

FTSE JPX Blossom Japan Sector Relative Index
Included since 2022

S&P/JPX Carbon Efficient Index
Included since 2018

Sompo Sustainability Index
Included since 2025

Morningstar Japan ex-REIT Gender Diversity Tilt Index

iSTOXX MUTB Japan Platinum Career 150 Index

MSCI Nihonkabu ESG Select Leaders Index
Included since 2024

MSCI Japan Empowering Women (WIN) Index
Included since 2018

MSCI ESG RATINGS
Rated A in 2025

CDP
B List for climate change
A– List for water security

NIKKEI Sustainable Management Survey SDGs Edition
3.5-star rating in 2025

NIKKEI Sustainable Management Survey, Smart Work Edition
3.5-star rating in 2026

External recognition for IR activities

- Bronze Award in the Gomez IR Site Ranking 2025
- Commendation Award in the Daiwa Internet IR Awards 2025

1. FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Otsuka Holdings Co., Ltd. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good Index Series is used by a wide variety of market participants to create and assess responsible investment funds and other products.
2. FTSE Russell confirms that Otsuka Holdings Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.
3. FTSE Russell confirms that Otsuka Holdings Co., Ltd. has been assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Attestation of validity

Yoshiro Matsuo,
Executive Deputy President and Representative Director

The Otsuka group issued Integrated Report 2026 in order to reinforce communication with all stakeholders.

This report presents an easy-to-understand description of our group's vision for the future and the values that are indispensable for realizing this vision centered on the Otsuka group's Story of Well-being. We describe our efforts to tackle social issues through our unique strengths in total healthcare, connecting everything from everyday living and prevention through to treatment, and highlight key areas that we encourage readers to review. In this year's Message from the CEO, CEO Inoue conveys the long-term vision defined by the group and the value creation initiatives founded on our creative business model. The report also presents the management approach underpinning sustainable growth, based on the idea that sustainability is a *HINKAKU* (encompassing integrity, values, and the character of a corporation). Moreover, by shining a spotlight on human resources—the source of innovation—and carefully exploring the ambitions and aspirations of individual employees, we have compiled a report that gives readers actual insight into our corporate culture and the vitality of our organization. From this year, the Integrated Report includes our Environmental Report previously published separately, to provide more comprehensive and consistent disclosure.

As the director responsible for compiling the report, I attest to the fact that an appropriate process was used to create this report and that the content is accurate. I hope that through this report, we further deepen all stakeholders' understanding of the Otsuka group, which aims to become an indispensable contributor to people's health worldwide. Please feel free to provide us with your frank opinion regarding this report as we continue to value dialogue with all related parties and want to expand disclosure and improve transparency.



Otsuka Holdings Co., Ltd.