

(Translation)

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Code number: 4578  
March 5, 2026  
Makoto Inoue  
President and Representative Director  
**Otsuka Holdings Co., Ltd.**  
2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo

## **Notice of the 18th Annual Shareholders Meeting** **(for FY2025)**

Dear Shareholders,

We are pleased to announce the 18th Annual Shareholders Meeting of Otsuka Holdings Co., Ltd. (the “Company”), which will be held as indicated below.

When convening this Shareholders Meeting, the Company takes measures for providing information that constitutes the Reference Documents for Shareholders Meeting, etc. (measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the Company’s website using the internet address shown below to review the information.

Our website: <https://www.otsuka.com/jp/ir/stock/meeting.html>

The Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). Please access the TSE website below, perform a search by entering (in half-width characters) either “Otsuka Holdings” in the “Issue name (company name)” field or the Company’s securities code of 4578 in the “Code” field. Next, select “Basic information” followed by “Documents for public inspection /PR information.” This information will then be available in the “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” column listed under “Filed information available for public inspection.”

TSE website (Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

If you are unable to attend the meeting in person, you may exercise your voting rights either via the Internet or in writing (by post). Please examine the Reference Documents for Shareholders Meeting and exercise your voting rights so that your vote is received by the designated time, **5:30 p.m. (the close of business hours) on Thursday, March 26, 2026 (JST)**.

(Translation)

To exercise your voting rights via the Internet → Please refer to page 5.

Please access the Website for Exercising Voting Rights designated by the Company (<https://evote.tr.mufg.jp/>) (in Japanese only) and follow the instructions on the screen to input your approval or disapproval for each proposal by the designated time above.

To exercise your voting rights in writing (by post) → Please refer to page 4.

Please indicate on the “Voting Form” whether you approve or disapprove of each proposal and return the completed form by the designated time above.

We will stream a live webcast of the Shareholders Meeting to ensure that our shareholders are able to view proceedings. (<https://links-v.pdcp.jp/4578/2026/otsuka18/>) (in Japanese only)

## Details

### 1. Date and Time:

Friday, March 27, 2026, at 10:00 a.m.

### 2. Place:

ANA InterContinental Tokyo, B1F, Prominence  
1-12-33 Akasaka, Minato-ku, Tokyo

### 3. Purpose of the Meeting

#### Matters to be reported:

- a. Business Report and Consolidated Financial Statements, as well as the audit reports of the Accounting Auditors and the Audit & Supervisory Board for Consolidated Financial Statements, for the 18th Fiscal Year (from January 1, 2025 to December 31, 2025)
- b. Financial Statements for the 18th Fiscal Year (from January 1, 2025 to December 31, 2025)

#### Matters to be resolved:

**Proposal 1:** Election of Thirteen (13) Director & Board Members

**Proposal 2:** Election of Four (4) Auditor & Supervisory Board Members

### 4. Matters Decided upon Convocation (Guidance for Exercising Voting Rights)

- (1) If neither “Approve” nor “Disapprove” is circled on a Proposal of the “Voting Form” upon having exercised voting rights in writing (by post), that proposal shall be deemed to indicate approval.
- (2) If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.
- (3) If you exercise your voting rights both via the Internet and in writing (by post), your vote via the Internet shall be deemed effective regardless of the arrival date and time.
- (4) You may designate one other shareholder with voting rights as your proxy to exercise your voting rights in accordance with the Articles of Incorporation. In such a case, your proxy will be required to submit documentation indicating his/her authority in advance to act as your proxy.

#### Notes:

You are kindly requested to present the “Voting Form” sent out with this notice to the receptionist when you attend the meeting.

\* If revisions to the matters for which measures for providing information in electronic format are to be taken arise, the details of the matters before and after the revisions will be posted on the Company’s website below and the TSE website as stated on page 1.

\* We will send paper-based documents stating the matters for which measures for providing information in electronic format are to be taken to shareholders who have requested the delivery of paper-based documents, but that documentation will not include the following matters, in accordance with the laws and regulations and the Articles of Incorporation.

- (i) “System to Ensure the Appropriateness of Operations” “Overview of Current Status of System to Ensure the Appropriateness of Operations” of the Business Report
- (ii) “Consolidated Statement of Changes in Equity” “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements
- (iii) “Statement of Changes in Net Assets” “Notes to Financial Statements” of the Nonconsolidated Financial Statements

Accordingly, the Business Report, Consolidated Financial Statements and Nonconsolidated Financial Statements presented in this document are among the documents subject to audit upon preparation of the accounting audit report by the Accounting Auditor and preparation of the audit report by the Auditor & Supervisory Board Members.

Our website <https://www.otsuka.com/en/>

## Flow of the Company's Shareholders Meeting

### Until opening of the Shareholders Meeting

#### 1. Review disclosure documents

Our website: <https://www.otsuka.com/en/ir/stock/meeting.html>

#### 2. Exercising voting rights in advance

Deadline: Thursday, **March 26, 2026, at 5:30 p.m.**

#### To exercise your voting rights via the Internet

You can exercise your voting rights using a personal computer (PC) or a smartphone. Please refer to page 5 for details.

#### To exercise your voting rights in writing (by post)

Please indicate on the "Voting Form" whether you approve or disapprove of each proposal, and return it by the voting deadline.

#### **[How to fill out the "Voting Form"]**

Please indicate whether you approve or disapprove of each proposal. (When neither "Approve" nor "Disapprove" is circled on a Proposal, that proposal shall be deemed to indicate approval.)

Proposal 1 and Proposal 2

- To mark your approval for all candidates → Circle "Approve."
- To mark your disapproval for all candidates → Circle "Disapprove."
- To mark your disapproval for certain candidates → Circle "Approve" and write candidate number(s) you disapprove.

Please note that your online vote will prevail over the written vote should you exercise your voting rights both via the Internet and in writing (by post). If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.

### Day of the meeting

Date and time of the meeting: Friday, **March 27, 2026, at 10:00 a.m.**

#### **To exercise your voting rights by attending the Shareholders Meeting (make a statement/exercise voting rights)**

Please submit the "Voting Form" to the receptionist. Please also bring with you "Notice of the 18th Annual Shareholders Meeting" (this document).

#### **To view a live webcast (in Japanese only)**

Please view a live webcast on the dedicated site for shareholders.

After conclusion of the Shareholders Meeting, you can check the notice regarding results of exercise of voting rights on the Company's website below.

Our website: <https://www.otsuka.com/jp/ir/stock/meeting.html>

## Guidance for Exercising Voting Rights via the Internet

### How to scan QR code

You can log in the Website for Exercising Voting Rights by scanning the QR code without entering your login ID and password.

1. Please scan QR code provided at the bottom right of the “Voting Form.”  
\*QR code is registered trademarks of DENSO WAVE INCORPORATED.
2. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

### How to enter login ID and password

Website for Exercising Voting Rights: <https://evote.tr.mufg.jp/> (in Japanese only)

1. Please access the Website for Exercising Voting Rights.
2. Please enter the login ID and provisional password provided on the “Voting Form.”
3. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

If you have any inquiries about the operation of a PC or a smartphone regarding the exercise of voting rights via the Internet, contact the following:

Corporate Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation Phone: <b>0120-173-027</b> (9:00 to 21:00 (JST); toll free (Japan only))
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Institutional investors may use the platform for electronic exercise of voting rights for institutional investors, operated by ICJ, Inc.

## Reference Documents for Shareholders Meeting

### Proposal 1: Election of Thirteen (13) Director & Board Members

The terms of office of all thirteen (13) Director & Board Members will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes to elect thirteen (13) Director & Board Members.

The candidates for Director & Board Members are as follows:

Candidate No.	Name	Term of office as Director & Board Member*	Current position and areas of responsibility in the Company	Attendance rate at meetings of the Board of Directors
1	Reappointment Ichiro Otsuka	17 years and 8 months	Chairman and Representative Director	100%
2	Reappointment Makoto Inoue	6 years	President and Representative Director, CEO	100%
3	Reappointment Yoshiro Matsuo	17 years and 8 months	Executive Deputy President and Representative Director	100%
4	Reappointment Yuko Makino	8 years	Senior Executive Director, CFO and Board Member	100%
5	Reappointment Shuichi Takagi	7 years	Senior Executive Director & Board Member	100%
6	Reappointment Masayuki Kobayashi	9 years	Senior Executive Director & Board Member	100%
7	Reappointment Noriko Tojo	11 years and 10 months	Senior Executive Director & Board Member	100%
8	Reappointment Tatsuo Higuchi	17 years and 8 months	Senior Executive Director and Advisor, Chairman Emeritus and Board Member	92.3%
9	Reappointment Outside Independent Yukio Matsutani	10 years	Outside Director & Board Member	100%
10	Reappointment Outside Independent Yoshihisa Aoki	7 years	Outside Director & Board Member	100%
11	Reappointment Outside Independent Mayo Mita	6 years	Outside Director & Board Member	100%
12	Reappointment Outside Independent Tatsuaki Kitachi	4 years	Outside Director & Board Member	100%
13	Reappointment Outside Independent Jiro Seguchi	1 year	Outside Director & Board Member	90%

\* The term of office as Director & Board Member represents the total period including their past term of office.

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p data-bbox="295 264 475 295">Reappointment</p>  <p data-bbox="295 600 491 667">Ichiro Otsuka (February 15, 1965)</p> <p data-bbox="295 698 502 824">Position and areas of responsibility in the Company: Chairman and Representative Director</p> <p data-bbox="295 855 523 936">Term of office as Director &amp; Board Member: 17 years and 8 months</p>	<p data-bbox="550 257 1236 1254">           April 1987 Joined Otsuka Pharmaceutical Factory, Inc.            June 1997 Senior Executive Director &amp; Board Member, Director of Consumer Products Development Division, Otsuka Pharmaceutical Co., Ltd.            June 1998 Executive Managing Director &amp; Board Member, responsible for Consumer Products, Publicity, Promotion and Development Division, Otsuka Pharmaceutical Co., Ltd.            December 2001 Executive Director, Research and Development, Otsuka Pharmaceutical Factory, Inc.            May 2002 Representative Director, Otsuka Pharmaceutical Factory, Inc.            December 2003 Executive Deputy President and Representative Director, Otsuka Pharmaceutical Factory, Inc.            December 2004 President and Representative Director, Otsuka Pharmaceutical Factory, Inc.            July 2008 Senior Executive Director &amp; Board Member, Otsuka Holdings Co., Ltd.            June 2010 Executive Deputy President and Director, Otsuka Holdings Co., Ltd.            June 2014 Representative Director, Otsuka Pharmaceutical Factory, Inc.            Vice Chairman and Representative Director, Otsuka Holdings Co., Ltd.            March 2015 Senior Executive Director &amp; Board Member, Otsuka Pharmaceutical Co., Ltd. (Current Position)            Chairman, Otsuka Pharmaceutical Factory, Inc.            Chairman and Representative Director, Otsuka Holdings Co., Ltd. (Current Position)            March 2022 Representative Director, Otsuka Pharmaceutical Factory, Inc. (Current Position)            [Significant concurrent positions outside the Company]            Representative Director, Otsuka Pharmaceutical Factory, Inc.            Senior Executive Director &amp; Board Member, Otsuka Pharmaceutical Co., Ltd.         </p>	7,888,584
<p data-bbox="295 1265 1029 1294">[Reasons for nominating him as a candidate for Director &amp; Board Member]</p> <p data-bbox="295 1299 1197 1422">Mr. Ichiro Otsuka has been overseeing all areas of management of the Group, leading efforts to enhance coordination among group companies and expand internal and external networks. He has contributed to enhancements in corporate value by creating optimal synergies within the Group from a medium- to long-term perspective and in line with the corporate philosophy.</p> <p data-bbox="295 1426 1197 1568">The Company deems that it can expect him to ensure and improve the effectiveness of the Board of Directors by playing a central role in management decision-making and supervision in making use of his broad experience, expertise, and high level of management knowledge, and furthermore deems that he is essential for seeking sustainable and innovative growth and increased corporate value for the Group. Therefore, the Company nominated him as a candidate for Director &amp; Board Member.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p data-bbox="293 271 485 297">[Reappointment]</p>  <p data-bbox="293 600 459 663">Makoto Inoue (August 9, 1958)</p> <p data-bbox="293 696 507 842">Position and areas of responsibility in the Company: President and Representative Director, CEO</p> <p data-bbox="293 882 523 954">Term of office as Director &amp; Board Member: 6 years</p>	<p data-bbox="549 259 1230 1077">           April 1983 Joined Otsuka Pharmaceutical Co., Ltd.            June 2008 Vice President, General Manager of Diagnostic Division, Otsuka Pharmaceutical Co., Ltd.            June 2009 Senior Vice President, Deputy General Manager of Pharmaceutical Business Division, Otsuka Pharmaceutical Co., Ltd.            March 2015 Senior Executive Director &amp; Board Member, Executive Vice President, General Manager of Nutraceutical Business Division, Otsuka Pharmaceutical Co., Ltd.            April 2015 Executive Director, Pharmavite LLC            March 2017 Executive Managing Director &amp; Board Member, Nutraceutical Business, Otsuka Pharmaceutical Co., Ltd.            September 2017 Executive Director, Daiya Foods Inc.            March 2018 Senior Executive Managing Director &amp; Board Member, Nutraceutical Business, Otsuka Pharmaceutical Co., Ltd.            October 2018 Chairman, Nardobel SAS            March 2019 Executive Deputy President and Executive Director, Otsuka Pharmaceutical Co., Ltd.            March 2020 President and Representative Director, Otsuka Pharmaceutical Co., Ltd. (Current Position)            Senior Executive Director &amp; Board Member, Otsuka Holdings Co., Ltd.            January 2024 Representative Director, COO, Otsuka Holdings Co., Ltd.            January 2025 President and Representative Director, CEO, Otsuka Holdings Co., Ltd. (Current Position)         </p> <p data-bbox="549 1084 1203 1162">[Significant concurrent positions outside the Company] President and Representative Director, Otsuka Pharmaceutical Co., Ltd.</p>	87,000
<p data-bbox="293 1173 1027 1200">[Reasons for nominating him as a candidate for Director &amp; Board Member]</p> <p data-bbox="293 1207 1225 1330">Mr. Makoto Inoue has abundant experience and track record in pharmaceuticals and nutraceuticals, which are the core businesses of the Group, and has achieved adequate results in the diverse business areas in which it operates. In 2025, he was appointed President and Representative Director, CEO of the Company, and by fulfilling his duties through his outstanding leadership he has encouraged growth and achieved notable performance.</p> <p data-bbox="293 1337 1230 1429">The Company deems that it can expect him to help achieve the management vision of the Group and contribute to sustainable and innovative growth and the enhancement of corporate value by making use of his broad experience, knowledge, and high level of expertise. Therefore, the Company nominated him as a candidate for Director.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p data-bbox="293 271 485 297" style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</p>  <p data-bbox="293 607 491 667">Yoshiro Matsuo (November 3, 1960)</p> <p data-bbox="293 703 501 846">Position and areas of responsibility in the Company: Executive Deputy President and Representative Director</p> <p data-bbox="293 887 523 958">Term of office as Director &amp; Board Member: 17 years and 8 months</p>	<p data-bbox="549 259 1214 293">April 1985 Joined Otsuka Pharmaceutical Co., Ltd.</p> <p data-bbox="549 293 1214 365">January 2003 Vice President, Associate General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd.</p> <p data-bbox="549 371 1198 443">June 2006 Vice President, General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd.</p> <p data-bbox="549 450 1182 555">November 2007 Senior Vice President, General Manager of the General Affairs Department with additional responsibility for Legal Affairs and External Relations, Otsuka Pharmaceutical Co., Ltd.</p> <p data-bbox="549 562 1182 611">July 2008 Managing Director, Corporate Administration, Otsuka Holdings Co., Ltd.</p> <p data-bbox="549 618 1142 667">March 2016 Senior Managing Director, Corporate Administration, Otsuka Holdings Co., Ltd.</p> <p data-bbox="549 674 1209 723">January 2017 Executive Director, Otsuka Medical Devices Co., Ltd.</p> <p data-bbox="549 730 1225 860">March 2022 Executive Deputy President and Representative Director, Otsuka Pharmaceutical Co., Ltd. (Current Position) Executive Deputy President and Director, Otsuka Holdings Co., Ltd.</p> <p data-bbox="549 866 1150 898">March 2023 Executive Director, Otsuka Foods Co., Ltd.</p> <p data-bbox="549 904 1190 987">January 2025 Executive Deputy President and Representative Director, Otsuka Holdings Co., Ltd. (Current Position)</p> <p data-bbox="549 994 1177 1077">[Significant concurrent positions outside the Company] Executive Deputy President and Representative Director, Otsuka Pharmaceutical Co., Ltd.</p>	93,760
<p data-bbox="293 1088 1023 1120">[Reasons for nominating him as a candidate for Director &amp; Board Member]</p> <p data-bbox="293 1126 1190 1245">Mr. Yoshiro Matsuo has appropriately analyzed trends in the operating environment, and has achieved excellent results in overseeing and enhancing the functions of a wide range of corporate departments engaged in such tasks as enhancing corporate governance within the Group, promoting sustainability, encouraging investments in human capital, and improving employee engagement.</p> <p data-bbox="293 1252 1219 1348">The Company deems that it can expect him to contribute to the sustainable and innovative growth and enhancement of corporate value of the Group by making use of his deep knowledge and high level of expertise in group management and corporate governance, and by leveraging those insights. Therefore, the Company nominated him as a candidate for Director.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
4	<p data-bbox="295 271 496 297" style="border: 1px solid black; padding: 2px;">Reappointment</p>  <p data-bbox="295 607 480 667">Yuko Makino (October 23, 1961)</p> <p data-bbox="295 703 480 779">Position and areas of responsibility in the Company: Senior Executive Director, CFO and Board Member</p> <p data-bbox="295 898 523 974">Term of office as Director &amp; Board Member: 8 years</p>	<p data-bbox="555 259 1230 963">           April 1982 Joined Otsuka Pharmaceutical Co., Ltd.            April 1993 Joined Deloitte&amp;Touche LLC Seattle Office (present day Deloitte Touche Tohmatsu LLC)            April 1996 Joined Baxter Limited            April 2000 Joined Otsuka Pharmaceutical Co., Ltd.            March 2015 Director of the Corporate Finance &amp; Accounting Department, Otsuka Holdings Co., Ltd.            September 2016 Vice President, Director of the Corporate Finance &amp; Accounting Department, Otsuka Holdings Co., Ltd.            Vice President, Director of Accounting Department, Otsuka Pharmaceutical Co., Ltd.            April 2017 Vice President, Director of the Tax Department, Otsuka Holdings Co., Ltd.            Vice President, Director of the Finance &amp; Accounting Department, Otsuka Pharmaceutical Co., Ltd.            March 2018 Senior Executive Director &amp; Board Member, Corporate Finance, Otsuka Holdings Co., Ltd.            March 2019 Senior Executive Director, CFO and Board Member, CFO and Board Member, Otsuka Holdings Co., Ltd. (Current Position)            March 2022 Senior Executive Director &amp; Board Member, Finance, Otsuka Pharmaceutical Co., Ltd. (Current Position)         </p> <p data-bbox="555 969 1155 1050">           [Significant concurrent positions outside the Company]            Senior Executive Director &amp; Board Member, Finance, Otsuka Pharmaceutical Co., Ltd.         </p>	38,000
<p data-bbox="295 1066 1018 1093">[Reasons for nominating her as a candidate for Director &amp; Board Member]</p> <p data-bbox="295 1099 1230 1238">Backed by outstanding expertise in the financial field, Ms. Yuko Makino has built a track record in formulating and implementing financial strategies, and in establishing a financial foundation for the Group. She has been strengthening the management platform by formulating and implementing financial strategies, optimizing the Group's corporate functions, and promoting management with an awareness of the cost of capital, and has been achieving adequate results as CFO.</p> <p data-bbox="295 1245 1230 1344">The Company deems that it can expect her to contribute to the sustainable and innovative growth and enhancement of corporate value of the Group by making use of her abundant experience, expertise, and management knowledge. Therefore, the Company nominated her as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
5	<p data-bbox="293 271 475 297">Reappointment</p>  <p data-bbox="293 607 464 663">Shuichi Takagi (January 3, 1966)</p> <p data-bbox="293 701 520 819">Position and areas of responsibility in the Company: Senior Executive Director &amp; Board Member</p> <p data-bbox="293 864 520 931">Term of office as Director &amp; Board Member: 7 years</p>	<p data-bbox="553 259 1214 1137">           April 1989 Joined TOBISHIMA CORPORATION            September 1995 Joined Otsuka Pharmaceutical Co., Ltd.            August 2002 Finance Department of OIAA Division, Otsuka Pharmaceutical Co., Ltd.            July 2003 Corporate Finance &amp; Accounting Department, Otsuka Pharmaceutical Co., Ltd.            March 2015 Vice President responsible for India Business, Otsuka Pharmaceutical Factory, Inc.            May 2015 CEO, Claris Otsuka Private Limited (present day Otsuka Pharmaceutical India Private Limited)            January 2019 Senior Vice President, President's Office, Otsuka Holdings Co., Ltd.            March 2019 Senior Executive Director &amp; Board Member, Finance and Business Portfolio Management, Otsuka Pharmaceutical Co., Ltd.            Senior Executive Director &amp; Board Member, Business Portfolio Management, Otsuka Holdings Co., Ltd.            October 2021 President, Otsuka America, Inc.            March 2022 Managing Director, Business Strategy; concurrently President, Otsuka America, Inc., Otsuka Pharmaceutical Co., Ltd.            Managing Director, CSO, Otsuka Holdings Co., Ltd.            February 2023 Chairman, Otsuka America, Inc.            March 2023 Executive Director, Otsuka Pharmaceutical Factory, Inc.            January 2024 Senior Executive Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)            President and Representative Director, Otsuka Pharmaceutical Factory, Inc. (Current Position)         </p> <p data-bbox="553 1144 1158 1227">           [Significant concurrent positions outside the Company]            President and Representative Director, Otsuka Pharmaceutical Factory, Inc.         </p>	46,700
<p data-bbox="293 1240 1023 1267">[Reasons for nominating him as a candidate for Director &amp; Board Member]</p> <p data-bbox="293 1274 1209 1391">Mr. Shuichi Takagi has achieved superior results in managing the fields of finance and accounting and at overseas subsidiaries. Currently, as the president of Otsuka Pharmaceutical Factory, Inc., he is demonstrating outstanding management ability in driving the globalization, including entry into the U.S. market, of the clinical nutrition business, which is one of the Group's core businesses.</p> <p data-bbox="293 1397 1230 1491">The Company deems that it can expect him to contribute to the sustainable and innovative growth and enhancement of corporate value of the Group by making use of his broad experience, expertise, and management knowledge. Therefore, the Company nominated him as a candidate for Director.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<div data-bbox="295 264 475 297" style="border: 1px solid black; padding: 2px;">Reappointment</div> <div data-bbox="295 331 523 566" style="text-align: center;">  </div> <p data-bbox="295 600 502 667">Masayuki Kobayashi (July 10, 1966)</p> <p data-bbox="295 701 523 824">Position and areas of responsibility in the Company: Senior Executive Director &amp; Board Member</p> <p data-bbox="295 857 523 936">Term of office as Director &amp; Board Member: 9 years</p>	<p data-bbox="547 253 1230 309">April 1989 Joined The Daiwa Bank, Ltd. (present day Resona Bank, Limited)</p> <p data-bbox="547 320 1102 342">October 1993 Joined Taiho Pharmaceutical Co., Ltd.</p> <p data-bbox="547 353 1198 409">August 2002 President, Taiho Pharma USA, Inc. (present day Taiho Oncology, Inc.)</p> <p data-bbox="547 409 1230 432">September 2003 Executive Director, Taiho Pharmaceutical Co., Ltd.</p> <p data-bbox="547 443 1134 465">April 2010 President and CEO, Otsuka America, Inc.</p> <p data-bbox="547 477 1230 555">April 2012 President and Representative Director, Taiho Pharmaceutical Co., Ltd. (Current Position) Executive Director, Taiho Pharma USA, Inc.</p> <p data-bbox="547 566 1230 589">April 2014 Chairman, Taiho Oncology, Inc. (Current Position)</p> <p data-bbox="547 600 1166 656">March 2017 Senior Executive Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p data-bbox="547 656 1190 768">[Significant concurrent positions outside the Company] President and Representative Director, Taiho Pharmaceutical Co., Ltd. Chairman, Taiho Oncology, Inc.</p>	94,500
	<p data-bbox="295 947 1026 969">[Reasons for nominating him as a candidate for Director &amp; Board Member]</p> <p data-bbox="295 981 1225 1126">As the president of Taiho Pharmaceutical Co., Ltd., whose business is centered on oncology, Mr. Masayuki Kobayashi has shown strong leadership and foresight in driving the business, and contributed to the growth of the Group's pharmaceutical business. He is also promoting improvements in the competitiveness of the business by leveraging his global perspective and his expertise in the medical field, particularly in oncology, backed by broad experience and a track record in corporate management, including the management of overseas subsidiaries.</p> <p data-bbox="295 1126 1209 1205">Based on this knowledge and track record, the Company deems that it can expect him to contribute to the sustainable and innovative growth and enhancement of corporate value of the Group. Therefore, the Company nominated him as a candidate for Director.</p>		

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p data-bbox="293 264 485 297">Reappointment</p>  <p data-bbox="293 600 491 656">Noriko Tojo (February 28, 1964)</p> <p data-bbox="293 696 523 813">Position and areas of responsibility in the Company: Senior Executive Director &amp; Board Member</p> <p data-bbox="293 853 523 925">Term of office as Director &amp; Board Member: 11 years and 10 months</p>	<p data-bbox="553 264 1214 768">           April 1987 Joined Goldman Sachs (Japan) Corporation            August 1991 Joined Shearson Lehman Brothers Holdings Inc.            July 2002 Engagement Manager, McKinsey &amp; Company, Japan Office            June 2006 Director, Intel Capital Japan, Intel Corporation            August 2008 Managing Director, Corporate Development, Otsuka Holdings Co., Ltd.            February 2011 Executive Director, Otsuka Medical Devices Co., Ltd.            April 2012 President and CEO, Otsuka America, Inc.            August 2015 Executive Director and CEO, Pharmavite LLC            January 2017 President and Representative Director, Otsuka Medical Devices Co., Ltd. (Current Position)            May 2017 Executive Director, Otsuka America, Inc.            August 2017 Chairman, Pharmavite LLC            March 2018 Senior Executive Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)         </p> <p data-bbox="553 779 1214 857">           [Significant concurrent positions outside the Company]            President and Representative Director, Otsuka Medical Devices Co., Ltd.         </p>	75,000
<p data-bbox="293 936 1018 969">[Reasons for nominating her as a candidate for Director &amp; Board Member]</p> <p data-bbox="293 969 1225 1115">Leveraging her experience in the corporate planning of the Company and the management of its overseas subsidiaries as well as expertise in company analysis, Ms. Noriko Tojo is steadily carrying out a business strategy to grow the Group's medical devices business into a new core business as the president of Otsuka Medical Devices Co., Ltd., while also focusing efforts on strengthening the organizational structure and developing human resources to facilitate the development of the company's business foundation.</p> <p data-bbox="293 1115 1225 1216">The Company deems that it can expect her to contribute to the sustainable and innovative growth and enhancement of corporate value of the Group by making use of her broad experience, expertise, and management knowledge. Therefore, the Company nominated her as a candidate for Director.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
8	<p data-bbox="293 271 475 297">Reappointment</p>  <p data-bbox="293 607 448 667">Tatsuo Higuchi (June 14, 1950)</p> <p data-bbox="293 703 523 869">Position and areas of responsibility in the Company: Senior Executive Director and Advisor, Chairman Emeritus and Board Member</p> <p data-bbox="293 909 523 981">Term of office as Director &amp; Board Member: 17 years and 8 months</p>	<p data-bbox="553 259 1230 1099">           March 1977 Joined Otsuka Pharmaceutical Co., Ltd.            June 1998 Senior Executive Managing Director &amp; Board Member, Otsuka Pharmaceutical Co., Ltd. (Pharmavite)            November 1998 Executive Deputy President and Executive Director, Otsuka Pharmaceutical Co., Ltd.            June 1999 Senior Executive Director &amp; Board Member, responsible for U.S. Business, Otsuka Pharmaceutical Co., Ltd.            June 2000 President and Representative Director, Otsuka Pharmaceutical Co., Ltd.            June 2008 Senior Executive Director &amp; Board Member, Otsuka Pharmaceutical Co., Ltd.            July 2008 President and Representative Director, CEO, Otsuka Holdings Co., Ltd.            December Director, Otsuka Chemical Co., Ltd.            2011            February 2015 President and Representative Director, Otsuka Pharmaceutical Co., Ltd.            March 2020 Chairman and Representative Director, Otsuka Pharmaceutical Co., Ltd.            January 2025 Senior Executive Director and Advisor, Chairman Emeritus and Board Member, Otsuka Holdings Co., Ltd. (Current Position)            Senior Executive Director and Chairman, Otsuka Pharmaceutical Co., Ltd. (Current Position)            [Significant concurrent positions outside the Company]            Senior Executive Director and Chairman, Otsuka Pharmaceutical Co., Ltd.         </p>	209,600
<p data-bbox="293 1111 1023 1137">[Reasons for nominating him as a candidate for Director &amp; Board Member]</p> <p data-bbox="293 1144 1198 1238">Displaying outstanding management ability and leadership, Mr. Tatsuo Higuchi has overseen the Group as a whole and has been a forceful driver of expansion across diverse businesses. He is contributing to the sustainable development of the organization by smoothly linking previous growth to the next phase of expansion.</p> <p data-bbox="293 1245 1166 1339">The Company deems that it can expect him to contribute to the sustainable and innovative growth and enhancement of corporate value of the Group by making use of his broad experience, expertise, and diverse perspectives on management. Therefore, the Company nominated him as a candidate for Director.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
9	<div data-bbox="295 268 486 302" style="border: 1px solid black; padding: 2px;">Reappointment</div> <div data-bbox="295 313 486 392" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director &amp; Board Member</div> <div data-bbox="295 403 486 459" style="border: 1px solid black; padding: 2px;">Candidate for Independent Officer</div>  <p data-bbox="295 761 486 817">Yukio Matsutani (October 20, 1949)</p> <p data-bbox="295 862 518 974">Position and areas of responsibility in the Company: Outside Director &amp; Board Member</p> <p data-bbox="295 1019 518 1108">Term of office as Outside Director &amp; Board Member: 10 years</p>	<p data-bbox="550 257 1228 313">April 1975 Intern, Pediatric Department, St. Luke's International Hospital</p> <p data-bbox="550 324 1228 369">October 1981 Joined Ministry of Health and Welfare (present day Ministry of Health, Labour and Welfare)</p> <p data-bbox="550 380 1228 425">August 2005 Director-General, Health Policy Bureau, Ministry of Health, Labour and Welfare</p> <p data-bbox="550 436 1228 470">August 2007 Director, National Sanatorium Tama Zenshoen</p> <p data-bbox="550 481 1228 515">April 2012 President, National Institute of Public Health</p> <p data-bbox="550 526 1228 571">December 2015 Vice President, International University of Health and Welfare</p> <p data-bbox="550 582 1228 627">March 2016 Outside Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p data-bbox="550 638 1228 683">June 2019 President, Japan Public Health Association</p> <p data-bbox="550 694 1228 739">June 2025 Chairman, Japan Public Health Association (Current Position)</p> <p data-bbox="550 750 1228 817">[Significant concurrent positions outside the Company] Chairman, Japan Public Health Association</p>	0
<p data-bbox="295 1120 1228 1176">[Reason for nominating him as a candidate for Outside Director &amp; Board Member and overview of the role expected of him]</p> <p data-bbox="295 1187 1228 1350">Mr. Yukio Matsutani has abundant experience and extensive knowledge in healthcare administration and public health, as well as a high level of expertise in health care as a whole. He also has provided guidance to the Company's management from an independent standpoint as an outside director, and from an objective and expert viewpoint, thus contributing to the supervisory function of the Board of Directors and improvement of governance. Having taken these achievements into account, the Company nominated him as a candidate for Outside Director &amp; Board Member.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
10	<div data-bbox="295 268 486 302" style="border: 1px solid black; padding: 2px;">Reappointment</div> <div data-bbox="295 313 486 392" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director &amp; Board Member</div> <div data-bbox="295 403 486 459" style="border: 1px solid black; padding: 2px;">Candidate for Independent Officer</div>  <p data-bbox="295 761 478 817">Yoshihisa Aoki (January 17, 1952)</p> <p data-bbox="295 862 518 974">Position and areas of responsibility in the Company: Outside Director &amp; Board Member</p> <p data-bbox="295 1019 518 1108">Term of office as Outside Director &amp; Board Member: 7 years</p>	<p data-bbox="550 257 1228 291">April 1974 Joined ITOCHU Corporation</p> <p data-bbox="550 291 1228 324">June 2003 Executive Officer, ITOCHU Corporation</p> <p data-bbox="550 324 1228 380">April 2009 Managing Executive Officer, President, Food Company, ITOCHU Corporation</p> <p data-bbox="550 380 1228 459">April 2010 Member of the Board, Senior Managing Executive Officer, President, Food Company, ITOCHU Corporation</p> <p data-bbox="550 459 1228 515">March 2017 Administrative Officer, ITOCHU Corporation (Current Position)</p> <p data-bbox="550 515 1228 548">June 2017 Outside Director, ARATA CORPORATION</p> <p data-bbox="550 548 1228 604">March 2019 Outside Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p data-bbox="550 604 1228 638">[Significant concurrent positions outside the Company]</p> <p data-bbox="550 638 1228 672">-</p>	0
<p data-bbox="295 1120 1228 1176">[Reason for nominating him as a candidate for Outside Director &amp; Board Member and overview of the role expected of him]</p> <p data-bbox="295 1176 1228 1350">Mr. Yoshihisa Aoki has expertise and a wide-ranging network in the food industry, as well as extensive experience and a high level of knowledge as a corporate manager. He also has provided guidance to the Company's management from an independent standpoint as an outside director, and from an objective and expert viewpoint, thus contributing to the supervisory function of the Board of Directors and improvement of governance. Having taken these achievements into account, the Company nominated him as a candidate for Outside Director &amp; Board Member.</p>			

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
11	<div data-bbox="295 264 486 297" style="border: 1px solid black; padding: 2px;">Reappointment</div> <div data-bbox="295 309 486 387" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director &amp; Board Member</div> <div data-bbox="295 398 486 454" style="border: 1px solid black; padding: 2px;">Candidate for Independent Officer</div>  <p data-bbox="295 761 486 817">Mayo Mita (October 14, 1960)</p> <p data-bbox="295 862 518 974">Position and areas of responsibility in the Company: Outside Director &amp; Board Member</p> <p data-bbox="295 1019 518 1108">Term of office as Outside Director &amp; Board Member: 6 years</p>	<p data-bbox="550 264 1236 331">April 1983 Joined Morgan Stanley Japan Securities Co., Ltd. (present day Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p data-bbox="550 342 1236 387">January 1989 Equity Research Division (Healthcare), Morgan Stanley Japan Securities Co., Ltd.</p> <p data-bbox="550 398 1236 454">December 2000 Managing Director, Morgan Stanley Japan Securities Co., Ltd.</p> <p data-bbox="550 465 1236 533">December 2013 Senior Advisor, Investment Banking Business Unit (Healthcare), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p data-bbox="550 544 1236 589">March 2020 Outside Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p data-bbox="550 600 1236 645">June 2023 Outside Auditor, Mitsui Fudosan Co., Ltd. (Current Position)</p> <p data-bbox="550 656 1236 712">[Significant concurrent positions outside the Company] Outside Auditor, Mitsui Fudosan Co., Ltd.</p>	100
<p data-bbox="295 1126 1236 1171">[Reason for nominating her as a candidate for Outside Director &amp; Board Member and overview of the role expected of her]</p> <p data-bbox="295 1182 1236 1350">As a securities analyst, Ms. Mayo Mita has abundant experience in corporate analysis and based on that, a high level of insight in objectively observing and analyzing markets and industries. She has provided guidance to the Company's management from an independent standpoint as an outside director, and from an objective and expert viewpoint, thus contributing to the supervisory function of the Board of Directors and improvement of governance. Having taken these achievements into account, the Company nominated her as a candidate for Outside Director &amp; Board Member.</p> <p data-bbox="295 1361 1236 1377">Note: Ms. Mayo Mita's name on the family register is Ms. Mayo Nakatsuka.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
12	<div data-bbox="295 268 486 302" style="border: 1px solid black; padding: 2px;">Reappointment</div> <div data-bbox="295 313 486 392" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director &amp; Board Member</div> <div data-bbox="295 403 486 459" style="border: 1px solid black; padding: 2px;">Candidate for Independent Officer</div>  <p data-bbox="295 761 518 817">Tatsuaki Kitachi (April 23, 1956)</p> <p data-bbox="295 862 518 974">Position and areas of responsibility in the Company: Outside Director &amp; Board Member</p> <p data-bbox="295 1019 518 1108">Term of office as Outside Director &amp; Board Member: 4 years</p>	<p data-bbox="550 257 1228 336">October 1985 Joined Sanwa Tokyo Marunouchi Office Audit Corporation (present day Deloitte Touche Tohmatsu LLC)</p> <p data-bbox="550 347 1228 380">April 1989 Registered as a certified public accountant</p> <p data-bbox="550 380 1228 436">July 1996 Partner, Tohmatsu &amp; Co. (present day Deloitte Touche Tohmatsu LLC)</p> <p data-bbox="550 436 1228 492">April 2010 Commissioner, Public Interest Corporation Commission, Cabinet Office</p> <p data-bbox="550 492 1228 548">October 2012 Leader of Advisory Development Division, Deloitte Touche Tohmatsu LLC</p> <p data-bbox="550 548 1228 604">November 2013 Member of the Board, Deloitte Touche Tohmatsu LLC</p> <p data-bbox="550 604 1228 683">June 2017 Leader of Industry Service Division, Advisory Service Headquarters, Deloitte Touche Tohmatsu LLC</p> <p data-bbox="550 683 1228 716">June 2019 Thought Leader, Deloitte Tohmatsu LLC</p> <p data-bbox="550 716 1228 772">September 2021 Special Adviser to the Governor of Kanagawa Prefecture (Current Position)</p> <p data-bbox="550 772 1228 828">March 2022 Outside Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p data-bbox="550 828 1228 862">[Significant concurrent positions outside the Company]</p> <p data-bbox="550 862 1228 896">Special Adviser to the Governor of Kanagawa Prefecture</p>	0
<p data-bbox="295 1120 1228 1176">[Reason for nominating him as a candidate for Outside Director &amp; Board Member and overview of the role expected of him]</p> <p data-bbox="295 1176 1228 1350">Mr. Tatsuaki Kitachi has a high level of expertise as a certified public accountant and extensive practical experience in consulting related to risk management, corporate governance, and so on. He has also provided guidance to the Company's management from an independent standpoint as an outside director, and from an objective and expert viewpoint, thus contributing to the supervisory function of the Board of Directors and improvement of governance. Having taken these achievements into account, the Company nominated him as a candidate for Outside Director &amp; Board Member.</p>			

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
13	<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Candidate for Outside Director &amp; Board Member</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Candidate for Independent Officer</div>  <p>Jiro Seguchi (July 29, 1963)</p> <p>Position and areas of responsibility in the Company: Outside Director &amp; Board Member</p> <p>Term of office as Outside Director &amp; Board Member: 1 year</p>	<p>April 1986 Joined The Bank of Tokyo, Ltd. (present day MUFG Bank, Ltd.)</p> <p>March 1999 Joined Merrill Lynch Japan Securities Co., Ltd.</p> <p>July 2010 Representative Director and President, Merrill Lynch Japan Securities Co., Ltd. Country Executive, Bank of America Corporation</p> <p>October 2013 Head of Asia Pacific Global Corporate &amp; Investment Banking, Bank of America Corporation</p> <p>June 2016 Representative Director and President, Merrill Lynch Japan Securities Co., Ltd. Country Executive, Bank of America Corporation</p> <p>January 2019 Co-President of Asia Pacific, Bank of America Corporation</p> <p>July 2023 Senior Adviser of Asia Pacific, Bank of America Corporation</p> <p>March 2025 Outside Director &amp; Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p>June 2025 Outside Director, Resona Holdings, Inc. (Current Position)</p> <p>[Significant concurrent positions outside the Company] Outside Director, Resona Holdings, Inc.</p>	0
		<p>[Reason for nominating him as a candidate for Outside Director &amp; Board Member and overview of the role expected of him]</p> <p>Mr. Jiro Seguchi has abundant experience and a track record as a corporate manager for global companies, and a high level of knowledge as an investment banker. The Company deems that it can expect him to provide guidance to its management from an independent standpoint as an outside director, and from an objective and expert viewpoint, thus contributing to the supervisory function of the Board of Directors and improvement of governance. Having taken these achievements into account, the Company nominated him as a candidate for Outside Director &amp; Board Member.</p>	

## Notes:

1. The candidates have no special interests in the Company.
2. The number of the Company's shares owned by Ichiro Otsuka is those actually held, including shares in the Otsuka Founders Shareholding Fund Trust Account.
3. Yukio Matsutani, Yoshihisa Aoki, Mayo Mita, Tatsuaki Kitachi and Jiro Seguchi are candidates for Outside Director & Board Members. The five conform with the Independence Standards for Outside Director & Board Members in the Company's Corporate Governance Guidelines, and the Company has registered them as Independent Officers as provided for under the rules of the Tokyo Stock Exchange.
4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Yukio Matsutani, Yoshihisa Aoki, Mayo Mita, Tatsuaki Kitachi and Jiro Seguchi which limit their liabilities for damages under Article 423, paragraph (1) of the same Act. If their reappointments are approved, the Company plans to continue these agreements. The maximum amount of liabilities under the said agreement shall be the amounts set forth in laws and regulations. The limitation of liability specified in these agreements shall be limited to times when the Outside Director & Board Members are without knowledge and not grossly negligent in performing the duties as Outside Director & Board Member that cause liability.
5. The Company has entered into an executive liability limitation insurance agreement as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance agreement covers damages caused by claims for damage compensation arising from the performance of duties by Director & Board Members and/or Auditor & Supervisory Board Members (legally mandated damage compensation and legal expenses). The Company's Director & Board Members and Auditor & Supervisory Board Members are the insured parties under the insurance agreement, and the entire amount of the insurance premiums for the insured parties is borne by the Company. If the election of each candidate is approved at the meeting, the Company plans to include each of them as an insured in the insurance agreement. For an overview of the details of the insurance agreement, please see "Summary of the executive liability limitation insurance agreement" on page 46.

(Translation)

**[For Reference]**

**Independence Standards for Outside Director & Board Members (Corporate Governance Guidelines 8. (3))**

The Company deems that an Outside Director & Board Member has independence when not falling under any of the items below.

- (1) The Outside Director & Board Member in question has any close relative within the second degree of kinship who is currently or has in the past three years served as an executive director, executive officer (*shikkoyaku*), vice president (*shikkoyakuin*), or important employee (collectively, hereinafter “Executive”) of the Company or one of the Group companies.
- (2) The company at which the Outside Director & Board Member in question currently serves as an Executive has transactions with the Group companies, and the amount of those transactions between the company and any of the Group companies in the past three fiscal years is more than 2% of the consolidated net sales of any of the respective companies.
- (3) The Outside Director & Board Member in question, in any one fiscal year in the past three fiscal years, has received remuneration in excess of ¥5 million as an expert or consultant in law, accounting, or tax, directly from the Group companies (excluding the remuneration as Director & Board Member of the Company).
- (4) Contributions to a non-profit organization at which the Outside Director & Board Member in question serves as an Executive total more than ¥10 million in the past three fiscal years, and, exceed 2% of the gross income of the organization in question.

(Translation)

**Proposal 2:** Election of Four (4) Auditor & Supervisory Board Members

The terms of office of all four (4) Auditor & Supervisory Board Members will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes to elect four (4) Auditor & Supervisory Board Members.

The Audit & Supervisory Board has consented to this proposal.

The candidates for Auditor & Supervisory Board Members are as follows:

Candidate No.	Name	Term of office as Auditor & Supervisory Board Member	Current position in the Company	Attendance rate at meetings of the Board of Directors	Attendance rate at meetings of the Audit & Supervisory Board	
1	Reappointment	Yozo Toba	8 years	Standing Auditor & Supervisory Board Member	100%	100%
2	Reappointment Outside	Hiroshi Sugawara	15 years and 9 months	Outside Auditor & Supervisory Board Member	100%	100%
3	Reappointment Outside Independent	Kanako Osawa	4 years	Outside Auditor & Supervisory Board Member	100%	100%
4	Reappointment Outside Independent	Sachie Tsuji	4 years	Outside Auditor & Supervisory Board Member	100%	100%

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<div data-bbox="296 271 480 300" style="border: 1px solid black; padding: 2px;">Reappointment</div>  <p data-bbox="296 568 464 629">Yozo Toba (March 16, 1957)</p> <p data-bbox="296 667 464 786">Position in the Company: Standing Auditor &amp; Supervisory Board Member</p> <p data-bbox="296 824 464 943">Term of office as Auditor &amp; Supervisory Board Member: 8 years</p>	<p data-bbox="520 259 687 288">April 1979</p> <p data-bbox="520 293 687 322">January 1995</p> <p data-bbox="520 349 687 378">January 2006</p> <p data-bbox="520 383 687 412">May 2009</p> <p data-bbox="520 461 687 490">June 2009</p> <p data-bbox="520 539 687 568">December 2011</p> <p data-bbox="520 595 687 624">March 2015</p> <p data-bbox="520 674 687 703">March 2018</p> <p data-bbox="520 730 687 759">March 2019</p> <p data-bbox="520 786 1054 815">[Significant concurrent positions outside the Company]</p> <p data-bbox="520 819 863 848">Auditor, Otsuka Chemical Co., Ltd.</p>	8,100 shares
<p data-bbox="296 958 1142 987">[Reasons for nominating him as a candidate for Auditor &amp; Supervisory Board Member]</p> <p data-bbox="296 992 1190 1104">Mr. Yozo Toba held important posts in the accounting and finance departments and IT departments for many years, and has extensive knowledge of finance and accounting as well as abundant experience in management of overseas subsidiaries and in group operations. The Company deems that his experience and expertise can be utilized for audits of the Company and nominated him as a candidate for Auditor &amp; Supervisory Board Member.</p>			

(Translation)

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<div data-bbox="296 271 488 300" style="border: 1px solid black; padding: 2px;">Reappointment</div> <div data-bbox="296 315 488 412" style="border: 1px solid black; padding: 2px;">Candidate for Outside Auditor &amp; Supervisory Board Member</div> <div data-bbox="296 450 488 645" style="text-align: center;">  </div> <p data-bbox="296 685 488 745">Hiroshi Sugawara (March 13, 1970)</p> <p data-bbox="296 786 488 902">Position in the Company: Outside Auditor &amp; Supervisory Board Member</p> <p data-bbox="296 943 488 1059">Term of office as Auditor &amp; Supervisory Board Member: 15 years and 9 months</p>	<p data-bbox="520 259 1228 412">October 1997 Joined Chuo Audit Corporation October 2000 Joined Deloitte Touche Tohmatsu (present day Deloitte Touche Tohmatsu LLC) April 2002 Registered as a certified public accountant February 2006 Vice President, Will Capital Management Co., Ltd.</p> <p data-bbox="520 450 1228 499">June 2010 Outside Auditor &amp; Supervisory Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p data-bbox="520 510 1228 560">June 2012 Outside Audit &amp; Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd.</p> <p data-bbox="520 571 1228 620">October 2013 Outside Director, NIPPON PARKING DEVELOPMENT Co., Ltd.</p> <p data-bbox="520 631 1228 680">March 2016 Audit &amp; Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd. (Current Position)</p> <p data-bbox="520 692 1228 741">August 2018 External Director, Inbound Platform Corp. (Current Position)</p> <p data-bbox="520 752 1228 831">[Significant concurrent positions outside the Company] Audit &amp; Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd. External Director, Inbound Platform Corp.</p>	8,000 shares
	<p data-bbox="296 1070 1228 1120">[Reasons for nominating him as a candidate for Outside Auditor &amp; Supervisory Board Member]</p> <p data-bbox="296 1131 1228 1247">In addition to expertise as a certified public accountant, Mr. Hiroshi Sugawara has deep knowledge of the medical product business and considerable operational experience, including corporate management. The Company deems that his experience, expertise, and knowledge can be utilized for audits of the Company and nominated him as a candidate for Auditor &amp; Supervisory Board Member.</p>		

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned																														
3	<div data-bbox="296 264 488 297" style="border: 1px solid black; padding: 2px;">Reappointment</div> <div data-bbox="296 309 488 409" style="border: 1px solid black; padding: 2px;">Candidate for Outside Auditor &amp; Supervisory Board Member</div> <div data-bbox="296 421 488 477" style="border: 1px solid black; padding: 2px;">Candidate for Independent Officer</div>  <p data-bbox="296 745 507 813">Kanako Osawa (December 22, 1970)</p> <p data-bbox="296 846 507 969">Position in the Company: Outside Auditor &amp; Supervisory Board Member</p> <p data-bbox="296 1003 507 1126">Term of office as Auditor &amp; Supervisory Board Member: 4 years</p>	<table border="0"> <tr> <td data-bbox="515 253 619 297">April</td> <td data-bbox="627 253 691 297">1998</td> <td data-bbox="699 253 1233 309">Registered as an attorney at law (Dai-ichi Tokyo Bar Association)</td> </tr> <tr> <td></td> <td></td> <td data-bbox="699 320 1233 365">Joined KAJITANI LAW OFFICES (Current Position)</td> </tr> <tr> <td data-bbox="515 376 619 409">October</td> <td data-bbox="627 376 691 409">2005</td> <td data-bbox="699 376 1233 409">Admitted to the bar of the State of New York</td> </tr> <tr> <td data-bbox="515 421 619 454">June</td> <td data-bbox="627 421 691 454">2015</td> <td data-bbox="699 421 1233 454">Outside Director (Audit &amp; Supervisory Committee Member), LINTEC Corporation (Current Position)</td> </tr> <tr> <td data-bbox="515 465 619 499">April</td> <td data-bbox="627 465 691 499">2021</td> <td data-bbox="699 465 1233 521">Committee Member for Reform of Collateral Law, Legislative Council of the Ministry of Justice</td> </tr> <tr> <td data-bbox="515 533 619 566">May</td> <td data-bbox="627 533 691 566">2021</td> <td data-bbox="699 533 1233 577">Director, Japanese Association for Business Recovery</td> </tr> <tr> <td data-bbox="515 589 619 622">June</td> <td data-bbox="627 589 691 622">2021</td> <td data-bbox="699 589 1233 622">External Director, TPR Co., Ltd. (Current Position)</td> </tr> <tr> <td data-bbox="515 633 619 667">March</td> <td data-bbox="627 633 691 667">2022</td> <td data-bbox="699 633 1233 678">Outside Auditor &amp; Supervisory Board Member, Otsuka Holdings Co., Ltd. (Current Position)</td> </tr> <tr> <td data-bbox="515 689 619 723">June</td> <td data-bbox="627 689 691 723">2022</td> <td data-bbox="699 689 1233 734">Outside Audit &amp; Supervisory Board Member, Toshiba Tec Corporation (Current Position)</td> </tr> <tr> <td data-bbox="515 745 619 779">May</td> <td data-bbox="627 745 691 779">2023</td> <td data-bbox="699 745 1233 790">Executive Director, Japanese Association for Business Recovery (Current Position)</td> </tr> </table> <p data-bbox="515 790 1233 813">[Significant concurrent positions outside the Company]</p> <p data-bbox="515 824 1233 857">Attorney at law, KAJITANI LAW OFFICES</p> <p data-bbox="515 869 1233 902">Outside Director (Audit &amp; Supervisory Committee Member), LINTEC Corporation</p> <p data-bbox="515 913 1233 947">External Director, TPR Co., Ltd.</p> <p data-bbox="515 958 1233 992">Outside Audit &amp; Supervisory Board Member, Toshiba Tec Corporation</p> <p data-bbox="515 1003 1233 1037">Executive Director, Japanese Association for Business Recovery</p>	April	1998	Registered as an attorney at law (Dai-ichi Tokyo Bar Association)			Joined KAJITANI LAW OFFICES (Current Position)	October	2005	Admitted to the bar of the State of New York	June	2015	Outside Director (Audit & Supervisory Committee Member), LINTEC Corporation (Current Position)	April	2021	Committee Member for Reform of Collateral Law, Legislative Council of the Ministry of Justice	May	2021	Director, Japanese Association for Business Recovery	June	2021	External Director, TPR Co., Ltd. (Current Position)	March	2022	Outside Auditor & Supervisory Board Member, Otsuka Holdings Co., Ltd. (Current Position)	June	2022	Outside Audit & Supervisory Board Member, Toshiba Tec Corporation (Current Position)	May	2023	Executive Director, Japanese Association for Business Recovery (Current Position)	0
	April	1998	Registered as an attorney at law (Dai-ichi Tokyo Bar Association)																														
		Joined KAJITANI LAW OFFICES (Current Position)																															
October	2005	Admitted to the bar of the State of New York																															
June	2015	Outside Director (Audit & Supervisory Committee Member), LINTEC Corporation (Current Position)																															
April	2021	Committee Member for Reform of Collateral Law, Legislative Council of the Ministry of Justice																															
May	2021	Director, Japanese Association for Business Recovery																															
June	2021	External Director, TPR Co., Ltd. (Current Position)																															
March	2022	Outside Auditor & Supervisory Board Member, Otsuka Holdings Co., Ltd. (Current Position)																															
June	2022	Outside Audit & Supervisory Board Member, Toshiba Tec Corporation (Current Position)																															
May	2023	Executive Director, Japanese Association for Business Recovery (Current Position)																															
	<p data-bbox="515 1137 1233 1160">[Reasons for nominating her as a candidate for Outside Auditor &amp; Supervisory Board Member]</p> <p data-bbox="515 1171 1233 1261">Ms. Kanako Osawa has expertise as an attorney at law and extensive experience in negotiations, etc. with overseas corporations through that work. The Company deems that her experience and expertise can be utilized for audits of the Company and nominated her as a candidate for Outside Auditor &amp; Supervisory Board Member.</p> <p data-bbox="515 1272 1233 1294">Note: Ms. Kanako Osawa's name on the family register is Ms. Kanako Koike.</p>																																

Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
4	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Candidate for Outside Auditor &amp; Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Candidate for Independent Officer</div>  <p>Sachie Tsuji (April 23, 1972)</p> <p>Position in the Company: Outside Auditor &amp; Supervisory Board Member</p> <p>Term of office as Auditor &amp; Supervisory Board Member: 4 years</p>	<p>October 1996 Joined Tohmatsu &amp; Co. (present day Deloitte Touche Tohmatsu LLC)</p> <p>April 1999 Registered as a certified public accountant</p> <p>July 2015 Representative Director, SPLUS Corporation (present day Biz-suppli Corporation) (Current Position)</p> <p>June 2016 Director, Association of Certified Fraud Examiners (Current Position)</p> <p>March 2021 Outside Director (Audit &amp; Supervisory Board Member), SBS Holdings, Inc. (Current Position)</p> <p>June 2021 Outside Audit &amp; Supervisory Board Member, Shindengen Electric Manufacturing Co., Ltd.</p> <p>March 2022 Outside Auditor &amp; Supervisory Board Member, Otsuka Holdings Co., Ltd. (Current Position)</p> <p>[Significant concurrent positions outside the Company] Representative Director, Biz-suppli Corporation Director, Association of Certified Fraud Examiners Outside Director (Audit &amp; Supervisory Board Member), SBS Holdings, Inc.</p>	0
	<p>[Reasons for nominating her as a candidate for Outside Auditor &amp; Supervisory Board Member]</p> <p>Ms. Sachie Tsuji has expertise as a certified public accountant and a deep understanding of the work involved in internal control, internal audits and risk management. The Company deems that her experience and expertise can be utilized for audits of the Company and nominated her as a candidate for Outside Auditor &amp; Supervisory Board Member.</p> <p>Note: Ms. Sachie Tsuji's name on the family register is Ms. Sachie Ueda.</p>		

## Notes:

- The candidates have no special interests in the Company.
- Hiroshi Sugawara, Kanako Osawa and Sachie Tsuji are candidates for Outside Auditor & Supervisory Board Members. The Company has registered Kanako Osawa and Sachie Tsuji as Independent Officers as provided for under the rules of the Tokyo Stock Exchange.
- Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Yozo Toba, Hiroshi Sugawara, Kanako Osawa and Sachie Tsuji which limit their liabilities for damages under Article 423, paragraph (1) of the same Act. If their reappointments are approved, the Company plans to continue these agreements. The maximum amount of liabilities under the said agreement shall be the minimum amounts set forth in laws and regulations. The limitation of liability specified in these agreements shall be limited to times when the Auditor & Supervisory Board Members are without knowledge and not grossly negligent in performing the duties as Auditor & Supervisory Board Member that cause liability.
- The Company has entered into an executive liability limitation insurance agreement as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance agreement covers damages caused by claims for damage compensation arising from the performance of duties by Director & Board Members and/or Auditor & Supervisory Board Members (legally mandated damage compensation and legal expenses). The Company's Director & Board Members and Auditor & Supervisory Board Members are the insured parties under the insurance agreement, and the entire amount of the insurance premiums for the insured parties is borne by the Company. If the election of each candidate is approved at the meeting, the Company plans to include each of them as an insured in the insurance agreement. For an overview of the details of the insurance agreement, please see "Summary of the executive liability limitation insurance agreement" on page 46.

(Translation)

**[For Reference]**

**Skill Matrix for Director & Board Members and Auditor & Supervisory Board Members**

In order to establish an effective corporate governance structure that supports sustainable growth, the Company appoints individuals with wide-ranging business experience, advanced expertise in broad fields, and extensive knowledge, as Director & Board Members and Auditor & Supervisory Board Members.

The table below summarizes areas of experience and expertise of Director & Board Members and Auditor & Supervisory Board Members if the Proposals are approved as originally proposed.

Name	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.
<b>Director &amp; Board Members</b>										
Ichiro Otsuka	●	●	●							
Makoto Inoue	●	●	●							
Yoshiro Matsuo					●	●	●			
Yuko Makino				●						
Shuichi Takagi	●		●	●						
Masayuki Kobayashi	●	●							●	
Noriko Tojo	●				●			●		
Tatsuo Higuchi	●	●	●						●	
Yukio Matsutani									●	MD
Yoshihisa Aoki			●							
Mayo Mita								●		
Tatsuaki Kitachi				●				●		CPA
Jiro Seguchi	●							●		
<b>Auditor &amp; Supervisory Board Members</b>										
Yoza Toba	●			●						
Hiroshi Sugawara				●						CPA
Kanako Osawa					●					Attorney at law
Sachie Tsuji				●	●					CPA

## Attached documents

**Business Report**

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

## 1. Overview of Business during the Current Fiscal Year

## (1) Business Progress and Achievement of the Group

## i) Business activity and results

(Millions of yen)

Item	FY2024 (Fiscal year ended December 31, 2024)	FY2025 (Fiscal year ended December 31, 2025)	Change	% Change
Revenue	2,329,861	2,468,892	139,031	6.0%
Business profit before research and development expenses	744,696	798,968	54,271	7.3%
Business profit*	430,463	446,129	15,666	3.6%
Operating profit	323,564	479,375	155,811	48.2%
Profit before tax	335,854	468,037	132,183	39.4%
Profit for the year	347,271	366,216	18,944	5.5%
Profit attributable to owners of the Company	343,120	363,150	20,030	5.8%
Research and development expenses	314,233	352,838	38,605	12.3%
Impairment losses	126,040	26,426	(99,614)	(79.0)%

\* The Group adopted “Business profit” as an indicator of ordinary earnings power, which is calculated as follows: Revenue – Cost of sales – Selling, general and administrative expenses – Research and development expenses + Share of profit of investments accounted for using the equity method

Revenue for the fiscal year ended December 31, 2025 totaled ¥2,468,892 million (up 6.0% over the previous fiscal year), as all operating segments recorded increased revenue. The main factors behind this growth were increases in the two core products of antipsychotic agent *REXULTI/RXULTI* and anti-cancer agent *LONSURF*, which have been designated the growth drivers under the Fourth Medium-Term Management Plan, as well as sales growth of long-acting injection *ABILIFY MAINTENA/ABILIFY ASIMTUFII*, and others in the pharmaceutical business. In the nutraceutical business, revenue increased due to growth in all three designated growth driver categories by social issues.

Business profit before research and development expenses was ¥798,968 million (up 7.3%). The main factors were increased gross profit in line with increased revenue.

Research and development expenses totaled ¥352,838 million (up 12.3%). In the development pipeline, development expenses increased for the development of our “Next 8” products such as the new antipsychotic agent ulotaront, centanafadine for the treatment of attention-deficit hyperactivity disorder (ADHD), and zipalertinib under development for the treatment of non-small cell lung cancer. In addition, development expenses for repinatrabit from Jnana Therapeutics Inc., which was acquired in the previous fiscal year, also increased.

Business profit increased to ¥446,129 million (up 3.6%) as a result of steady revenue growth.

Operating profit was ¥479,375 million (up 48.2%) due to the increase in business profit, as well as the recording of gain associated with the sale of shares of MicroPort Scientific Corporation, despite the recording of impairment losses at Daiya Foods Inc. and others. Also boosted by the smaller scale of impairment losses compared to the previous fiscal year, the Company achieved a significant increase in profit.

Profit for the year was ¥366,216 million (up 5.5%), and profit attributable to owners of the Company was ¥363,150 million (up 5.8%).

## ii) Major business activities (as of December 31, 2025)

Business segment	Business activities
Pharmaceuticals	Manufacture, purchase, and sale of pharmaceutical products Consignment of research and development of new drugs Manufacture and sale of analytical and measurement equipment Manufacture, sale, and consigned analysis of reagents for research use Development and sale of therapeutic systems Manufacture and sale of bulk pharmaceuticals and intermediates
Nutraceuticals	Manufacture, purchase, and sale of functional foods, etc., functional beverages, etc., quasi-pharmaceuticals, nutritional supplements, and others
Consumer products	Manufacture, purchase, and sale of consumer products
Others	Warehousing and transport business Liquid crystal and spectroscope business Manufacture and sale of printing and packaging goods Manufacture and sale of resin compound Manufacture and sale of chemical products

Results by business segment are as follows:

(Millions of yen)

Business segment	Revenue			Business profit		
	FY2024	FY2025	Change	FY2024	FY2025	Change
Pharmaceuticals	1,629,032	1,744,234	115,202	390,608	402,016	11,408
Nutraceuticals	557,043	577,669	20,626	64,147	68,907	4,760
Consumer products	33,760	34,634	874	23,662	25,171	1,509
Others	113,657	115,922	2,265	6,952	7,469	517
Adjustments	(3,631)	(3,569)	62	(54,907)	(57,434)	(2,527)
Total	2,329,861	2,468,892	139,031	430,463	446,129	15,666

### Pharmaceuticals

#### Outline of business

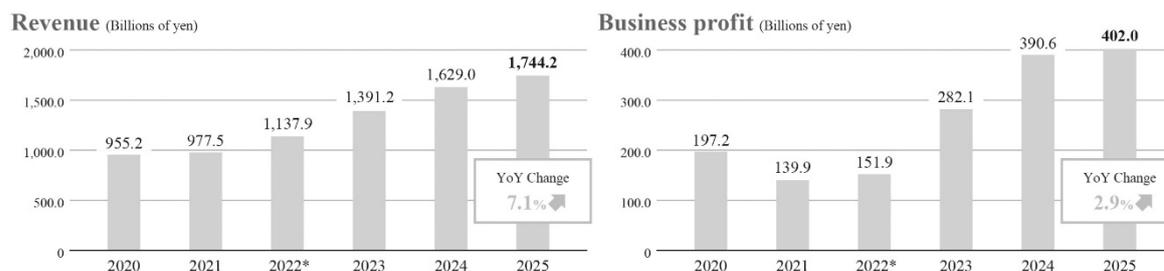
Based on the theme of “unmet medical needs,” we are focusing on the areas of the psychiatry and neurology, oncology, cardiovascular and renal system, and autoimmune space as priority areas. Furthermore, by engaging in a wide range of areas and businesses such as digestive system, ophthalmology, diagnostic agent, intravenous solutions business, and medical devices business, we provide comprehensive healthcare services ranging from diagnosis through to treatment of disease.

Therapeutic drugs    Diagnostics    Clinical nutrition    Medical devices    Bulk pharmaceuticals and intermediates

Consolidated revenue: ¥1,744.2 billion (up 7.1%)

Revenue for the fiscal year ended December 31, 2025 totaled ¥1,744,234 million (up 7.1%), with business profit of ¥402,016 million (up 2.9%), due to strong sales of the main products including the two core products, *REXULTI/RXULTI* and *LONSURF*, as well as *ABILIFY MAINTENA/ABILIFY ASIMTUFII* and others.





\* The figures up until FY2022 are not restated to reflect the reclassification of business segments.

#### ◆ Main products

##### ● Antipsychotic agent *REXULTI/RXULTI*

In the U.S., prescriptions grew and sales increased mainly due to activities to raise awareness of major depressive disorder and agitation associated with dementia due to Alzheimer's disease and enhancement of detailing activities. In Japan, in addition to the indication for treatment of schizophrenia, depression and depressive states, approvals were obtained for the indication of agitation associated with dementia due to Alzheimer's disease\* in September 2024. This was accompanied by an enhancement of detailing activities, leading to a significant increase in sales. As a result, sales of *REXULTI/RXULTI* totaled ¥331,338 million (up 23.9%).

\* In the Japanese package insert, the indications and effects are described as "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."

##### ● Anti-cancer agent *LONSURF*

In the U.S., the number of prescriptions for treatment in combination with bevacizumab for colorectal cancer increased as awareness grew, leading to an increase in sales. In Japan, following the revision of the JSCCR Guidelines for the Treatment of Colorectal Cancer in July 2024, treatment in combination with bevacizumab was recommended, and prescriptions remained steady. As a result, sales of *LONSURF* totaled ¥109,279 million (up 4.7%).

##### ● Aripiprazole long-acting injection (1 month) *ABILIFY MAINTENA*

In the U.S. and Japan, continued detailing activities for bipolar I disorder and schizophrenia led to sales of ¥224,504 million (up 2.5%).

##### ● Aripiprazole long-acting injection (2 months) *ABILIFY ASIMTUFII*

In the U.S. and Europe, sales increased significantly atop growth in prescriptions, mainly due to promoting the efficacy of the product as well as detailing activities, in addition to a switch from the aripiprazole long-acting injection (1 month) *ABILIFY MAINTENA*, etc. As a result, sales of *ABILIFY ASIMTUFII* totaled ¥34,786 million (up 83.7%).

##### ● V<sub>2</sub>-receptor antagonist *Samsca/JINARC/JYNARQUE*

In the U.S., the exclusive sales period as treatment for autosomal dominant polycystic kidney disease (ADPKD) came to an end in April 2025 and generics have gone on sale, leading to a decrease in sales. In Europe and Japan, the business was also affected by generics, leading to a decrease in sales. As a result, sales of *Samsca/JINARC/JYNARQUE* totaled ¥221,910 million (down 21.1%).

## Nutraceuticals

### Outline of business

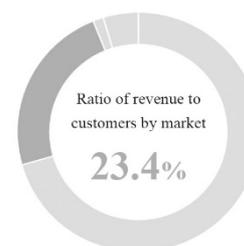
We are driving our business aiming to maintain and promote the health of people and the well-being of the entire society. Utilizing the know-how cultivated in the pharmaceutical business, the Group is engaged in the research and development of original products based on scientific evidence and the global expansion of its operations in regions such as Asia, the U.S., Europe, the Middle East, and Africa.

Functional beverages and foods    OTC products and quasi-drugs    Cosmetics\*

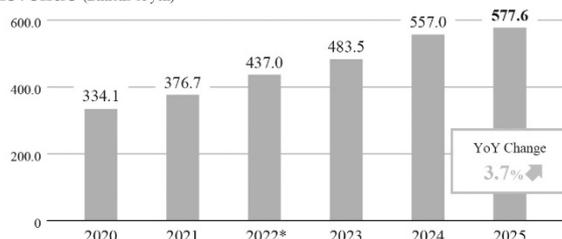
\* Cosmetics: a word coined by cosmetics + medicine = Otsuka's unique concept for skin health products

Consolidated revenue: ¥577.6 billion (up 3.7%)

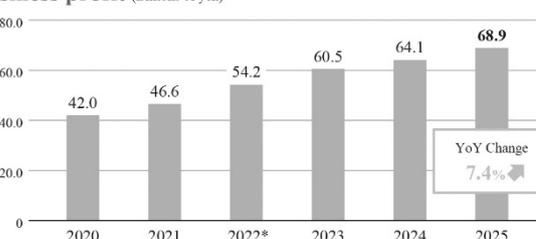
Revenue for the fiscal year ended December 31, 2025 totaled ¥577,669 million (up 3.7%) due to growth in all three categories by social issues designated as growth drivers, with business profit of ¥68,907 million (up 7.4%).



Revenue (Billions of yen)



Business profit (Billions of yen)



\* The figures up until FY2022 are not restated to reflect the reclassification of business segments.

Focusing on the three social issues of “Global environment,” “Women’s health,” and “Aging society with declining birthrates,” the Company has introduced new categories effective the Fourth Medium-Term Management Plan. The category “For Climate & Environmental Risk” is a product group that contributes to measures to avoid heat stroke, one of the health related issues exacerbated by global warming, and reduction of environmental impact; the category “For Women’s Health” is a product group that proposes health solutions for social issues unique to women through the development of products based on scientific evidence; and the category “For Healthier Life” is a product group that meets various needs tailored to life stages.

#### ◆ Three categories by social issues

##### ● For Climate & Environmental Risk

Sales of *POCARI SWEAT*, an electrolyte supplement drink, remained on par with the previous year. In Japan, while there was a reduction in consumer outside activity levels, we continued our activities to educate consumers about the importance of hydration and replenishment of electrolytes and to create opportunities for drinking experiences. Also, our sales volume remained steady due to the enhancement of brand value through support activities at the World Athletics Championships Tokyo 25 and capturing the demand related to health issues during the dry season starting in November. Overseas, our efforts to improve brand value contributed to a significant increase in sales volume in certain areas, particularly in the Philippines. On the other hand, overall sales volume for overseas increased slightly due to slowdowns in economic activities in some areas including Indonesia. Additionally, we officially launched the product in India in July 2025, and in Nigeria in November, as new expansion areas. Sales of the Nutrition & Santé SAS, which sells

health food products mainly in Europe, increased mainly due to growth in the main products such as *Gerblé*. As a result, revenue for this category totaled ¥201,665 million (up 1.6%).

Products comprising the category: *POCARI SWEAT*, *OS-1*, *Daiya*, the Nutrition & Santé SAS brand

- For Women's Health

In North America, revenue increased mainly due to the strong growth of *Thermella*, a dietary supplement sold by Bonafide Health, LLC that targets hot flashes and night sweats at the source. Revenue increased in Japan due to increased recognition of *EQUELLE* through the wide-ranging detailing activities on the product, including seminars on women's health. As a result, revenue for this category totaled ¥60,800 million (up 7.4%).

Products comprising the category: *EQUELLE*, *Bonafide*, *Uqora*, *Cosmedics (InnerSignal, Sakuraé)*

- For Healthier Life

*Nature Made* supplements by Pharmavite LLC are created and expanded around the pillars of three core values - Science, Innovation and Quality. In the U.S., Nature Made sales continued to perform well in e-commerce and large retail stores, driven by innovative product development and ongoing consumer education programs about the importance of nutrition, against a backdrop of high trust in the brand and its quality. The share of *Nature Made* expanded\* and increased revenue, and as a result, revenue for this category totaled ¥234,721 million (up 7.0% from the previous period).

Products comprising the category: *Nature Made*, *MegaFood*, *Calorie Mate*

\* Circana Data; Market Advantage; YTD wks 12/28/2025, Food, Drug, Mass Excluding Amazon and Costco (MULO)  
© 2025 Circana

## Consumer products

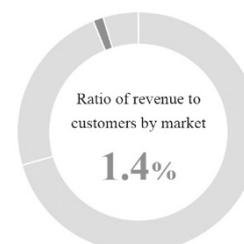
### Outline of business

Since launching *Bon Curry*, the world's first commercially available curry in retort pouch bags, in 1968, the Group has been developing products ahead of their time and expanding business in the field of food and beverages familiar to consumers under the theme of taste, safety, security, and health.

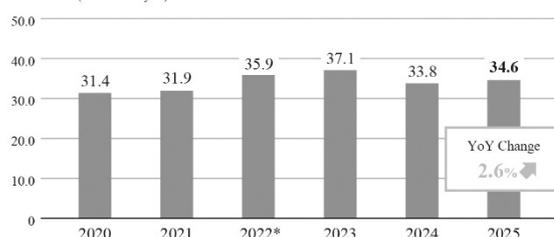
Beverages    Foods    Wine

Consolidated revenue: ¥34.6 billion (up 2.6%)

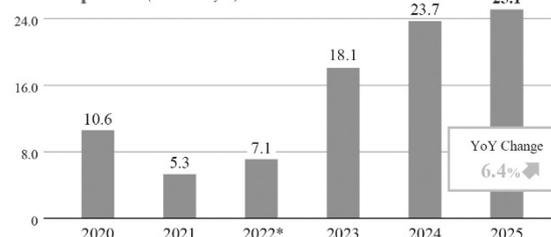
Revenue for the fiscal year ended December 31, 2025 totaled ¥34,634 million (up 2.6%), with business profit of ¥25,171 million (up 6.4%) in part due to the contribution of a share of profit of investments accounted for using the equity method.



Revenue (Billions of yen)



Business profit (Billions of yen)



\* The figures up until FY2022 are not restated to reflect the reclassification of business segments.

*CRYSTAL GEYSER* saw an increase in sales volume mainly through e-commerce, despite a slightly declining sales trend in the mineral water market\* in Japan. Moreover, through the World Athletics Championships Tokyo 25, we strove to further improve brand recognition in Japan and overseas. As for *MATCH*, a carbonated vitamin drink, sales volume increased due to improved brand value as a result of marketing activities that boosted brand recognition and enhanced the drinking experience by creating touchpoints through a measure focusing on the empathy and experiential initiatives, targeting mostly high school students.

\* intage SRI+

## Others

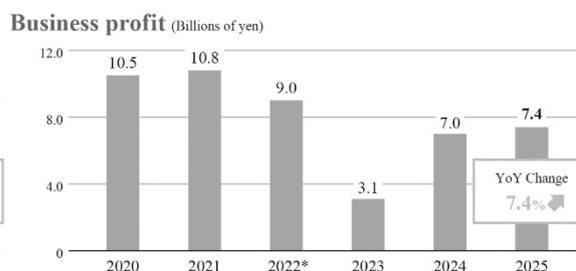
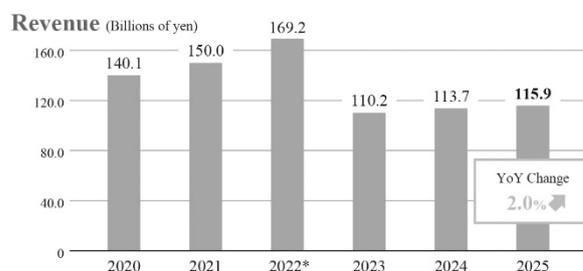
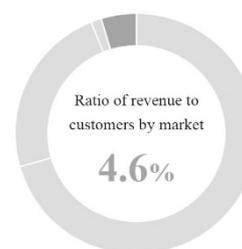
### Outline of business

The Group's diversified operations include a chemical business that supplies various materials in the fields of automobiles, electrical and electronic equipment, and building materials; a warehousing and transport business that aims for environmentally friendly logistics; and an electronic equipment business that supports the development of leading-edge technologies.

Chemicals Warehousing and transport Packaging Electronic equipment

Consolidated revenue: ¥115.9 billion (up 2.0%)

Revenue for the fiscal year ended December 31, 2025 totaled ¥115,922 million (up 2.0%), with business profit of ¥7,469 million (up 7.4%).



\* The figures up until FY2022 are not restated to reflect the reclassification of business segments.

Revenue increased slightly in the specialty chemical business due to making hakkai Co., Ltd. a wholly owned subsidiary, aimed at strengthening the KATACHI Business\*.

Revenue increased in the warehousing and transportation business as a result of the acquisition of new customers.

\* The KATACHI Business is an initiative to create new value for raw materials by giving them KATACHI (“form”) as product groups like components.

**(2) Research and Development Activities**

Research and development expenses for the fiscal year ended December 31, 2025 totaled ¥352,838 million.

Research and development expenses for the pharmaceutical business amounted to ¥334,485 million, those for the nutraceutical business amounted to ¥12,319 million, those for the consumer products business amounted to ¥630 million and those for the other businesses amounted to ¥5,403 million.

## i) Pipeline information

Phase III or later stage of development as of December 31, 2025

The Group conducts research and development with a primary focus on the areas of psychiatry and neurology, and oncology. The Group also conducts research and development focusing on fields that are yet to be fully addressed such as autoimmune space, etc.

Category	Brand name (Generic name) Development Code	Indication / Dosage form	Development status					
			JP		U.S.		EU	
			Phase III	Filed	Phase III	Filed	Phase III	Filed
Psychiatry and neurology	REXULTI/RXULTI (brexpiprazole) OPC-34712	Schizophrenia / Once-weekly oral	●					
	(centanafadine) EB-1020	Attention-deficit hyperactivity disorder / Oral	●*1			●		
	(ulotaront) SEP-363856	Schizophrenia / Oral	●		●			
		Major depressive disorder / Oral			●*1			
		Generalized anxiety disorder / Oral	●*1		●*1			
	(ulefnersen) ION363	Amyotrophic lateral sclerosis / Injection	●*2		●*2		●*2	
	(pizuglanstat) TAS-205	Duchenne muscular dystrophy / Oral	●					
	(Software as a Medical Device) ONB-01	Posttraumatic stress disorder / Medical device	●*3					

(Translation)

Category	Brand name (Generic name) Development Code	Indication / Dosage form	Development status					
			JP		U.S.		EU	
			Phase III	Filed	Phase III	Filed	Phase III	Filed
Oncology	<i>INQOVI/INAQOVI</i> (decitabine • cedazuridine) ASTX727	Acute myeloid leukemia / Oral				•		•
	(azacitidine • cedazuridine) ASTX030	Myelodysplastic syndromes, chronic myelomonocytic leukemia, acute myeloid leukemia / Oral			•			
	(zipalertinib) TAS6417	Non-small cell lung cancer / Oral	•			•	•	
	(zimberelimab + domvanalimab) AB122 + AB154	Upper gastrointestinal tract cancer / Injection	•					
		Non-small cell lung cancer / Injection	•					
<i>Abraxane</i> (quemliclustat + paclitaxel (albumin-bound)) AB680 + ABI-007	Pancreatic ductal adenocarcinoma / Injection	•						
Autoimmune field	<i>VOYXACT</i> (sibeprenlimab) VIS649	IgA nephropathy / Injection	•				•	
Other categories	<i>Delyba</i> (delamanid) OPC-67683	Multidrug-resistant tuberculosis / Oral			•			
	(quabodepistat) OPC-167832	Multidrug-resistant tuberculosis / Oral			•			
	(repinatrabit) JNT-517	Phenylketonuria / Oral			•			
	(donidalorsen) ISIS 721744	Hereditary angioedema / Injection						•
	EN-P11	Enteral nutrition / Solution		•				

\*1 Phase II/ III

\*2 Phase I/ II/ III

\*3 Pivotal phase

(Translation)

ii) Research and development activities  
Phase II or later stage of development as of December 31, 2025

<i>Brand name</i> (Generic name) Development Code	Status*
Psychiatry and neurology	
<i>REXULTI</i> (brexpiprazole) OPC-34712	<U.S.> • Development for the treatment of post-traumatic stress disorder (PTSD) in adults was discontinued.
(ulotaront) SEP-363856	<Japan and U.S.> • Phase III trial for the treatment of schizophrenia was initiated in March 2025.
(centanafadine) EB-1020	<Japan> • Phase II / III trial for the treatment of attention-deficit hyperactivity disorder was initiated in May 2025. <U.S.> • An application for the indication of attention-deficit hyperactivity disorder was filed in November 2025. • Development for the treatment of major depressive disorder was discontinued for development strategic reason.
Oncology	
(pamufetinib) TAS-115	<Japan> • Development for the treatment of osteosarcoma and prostate cancer was discontinued for development strategic reason.
(vepafestinib) TAS0953	<Japan> • Phase II trial for the treatment of cancer cachexia was initiated in October 2025.
(zipalertinib) TAS6417	<U.S.> • Rolling submission for the indication of non-small cell lung cancer was initiated in November 2025.
(azacitidine • cedazuridine) ASTX030	<U.S.> • Phase III trial for the treatment of myelodysplastic syndromes, chronic myelomonocytic leukemia and acute myeloid leukemia was initiated in February 2025.
<i>INQOVI/INAQOVI</i> (decitabine, cedazuridine) ASTX727	<U.S.> • An application for the indication of acute myeloid leukemia was filed in July 2025. <Europe> • An application for the indication of acute myeloid leukemia was filed in November 2025.
<i>Abraxane</i> (quemichlstat + paclitaxel (albumin-bound)) AB680 + ABI-007	<Japan> • Phase III trial for the treatment of pancreatic ductal adenocarcinoma was initiated in February 2025.

(Translation)

<i>Brand name</i> (Generic name) Development Code	Status*
Cardiovascular and renal system	
<i>Paradise System</i> (ultrasound renal denervation system) PRDS-001	<Japan> • An approval for the indication of treatment-resistant hypertension was granted in August 2025.
<i>NEXLETOL</i> (bempedoic acid) ETC-1002	<Japan> • An approval for the indication of hypercholesterolemia and familial hypercholesterolemia was granted in September 2025.
OPC-131461	<Japan> • Development for the treatment of cardiac edema was discontinued for development strategic reason.
Autoimmune field	
<i>VOYXACT</i> (sibeprenlimab) VIS649	<U.S.> • An approval for the indication of IgA nephropathy was granted in November 2025. • Phase II trial for the treatment of Sjögren’s syndrome was initiated in June 2025.
OPF-310	<U.S.> • Phase I/II trial for the treatment of type 1 diabetes was initiated in August 2025.
Other categories	
(repinatrabit) JNT-517	<U.S.> • Phase III trial for the treatment of phenylketonuria was initiated in November 2025.
(quabodepistat) OPC-167832	<U.S.> • Phase III trial for multidrug-resistant tuberculosis was initiated in November 2025.
EN-P11	<Japan> • An application was filed for nutritional management via enteral nutrition to address difficulty in oral food intake in October 2025.
TAS-303	<Japan> • Development for the treatment of stress urinary incontinence was discontinued for development strategic reason.
(pamufetinib) TAS-115	<Japan> • Development for the treatment of chronic fibrosing interstitial lung diseases was discontinued for development strategic reason.

\* The above description of status in U.S. and Europe, “an application was filed” indicates that an application for approval has been submitted to or accepted by the relevant authorities. For other countries and regions, it indicates that an application for approval has been submitted to the relevant authorities.

### **(3) Capital Investments**

Capital investments including the acquisition of goodwill and intangible assets during the fiscal year ended December 31, 2025 amounted to ¥292,287 million. These investments were funded by own capital and borrowings.

Capital investments in the pharmaceutical business totaled ¥221,675 million, while those in the nutraceutical business totaled ¥38,905 million, the consumer products business totaled ¥5,103 million, the other businesses totaled ¥17,564 million, and corporate investments (common) totaled ¥9,037 million.

The amount of capital investment in the pharmaceutical business includes the amount required for making Araris Biotech AG (hereinafter, “Araris”) and Otsuka ICU Medical LLC (hereinafter, “Otsuka ICU Medical”) subsidiaries.

### **(4) Acquisition or Disposal of Shares or Other Equities or Share Acquisition Rights of Other Companies**

Taiho Pharmaceutical Co., Ltd., a consolidated subsidiary of the Company, acquired all of the shares of Araris on March 31, 2025, making it a wholly owned subsidiary. Additionally, Otsuka Pharmaceutical Factory America Inc., the U.S. subsidiary of the Company’s consolidated subsidiary Otsuka Pharmaceutical Factory, Inc., acquired 60% of the shares of Otsuka ICU Medical on May 1, 2025, thereby making it a consolidated subsidiary.

### **(5) Key Issues to be Addressed**

#### **i) Business environment surrounding the Company**

During fiscal year 2025, the second year of the Fourth Medium-Term Management Plan, the Group’s business activities were impacted to a certain degree as the social situation grew increasingly uncertain with mounting geopolitical risks associated with the conflict between Russia and Ukraine, the situation in the Middle East, and U.S. tariff policies. Amid these circumstances, the Group proactively engaged in initiatives that included marketing and operating activities to address the new business environment, while also dealing with rising prices, etc., due to soaring raw material prices and exchange rate fluctuations.

The healthcare industry is experiencing a period of changing environment. An aging society, the introduction of expensive drugs, etc. are contributing an ever-increasing health care budget and making governments of Japan, the U.S. and those in the Europe become more aware of costs for medical treatments. Facing limited financial resources, those governments are weighing the balance between benefits and costs of medical treatments. The NHI pricing system reforms and the penetration of generic drugs are progressing while new technologies such as artificial intelligence, machine learning and gene therapy are evolving as well.

In such a social environment undergoing continuous change, the Otsuka Group identifies unmet or potential needs and challenges related to health and proposes new perspectives and behavioral changes on health to society in order to address them. As people’s health needs evolve toward well-being, which encompasses physical, mental, and social aspects, we aim to be a company that not only creates and provides products and services across a wide range of business areas supporting health—from disease treatment to diagnosis, prevention, and health maintenance and promotion—but also offers new choices and appropriate information for daily life, collaborates with local communities, and delivers value that supports each individual’s health and their unique “lifestyles.”

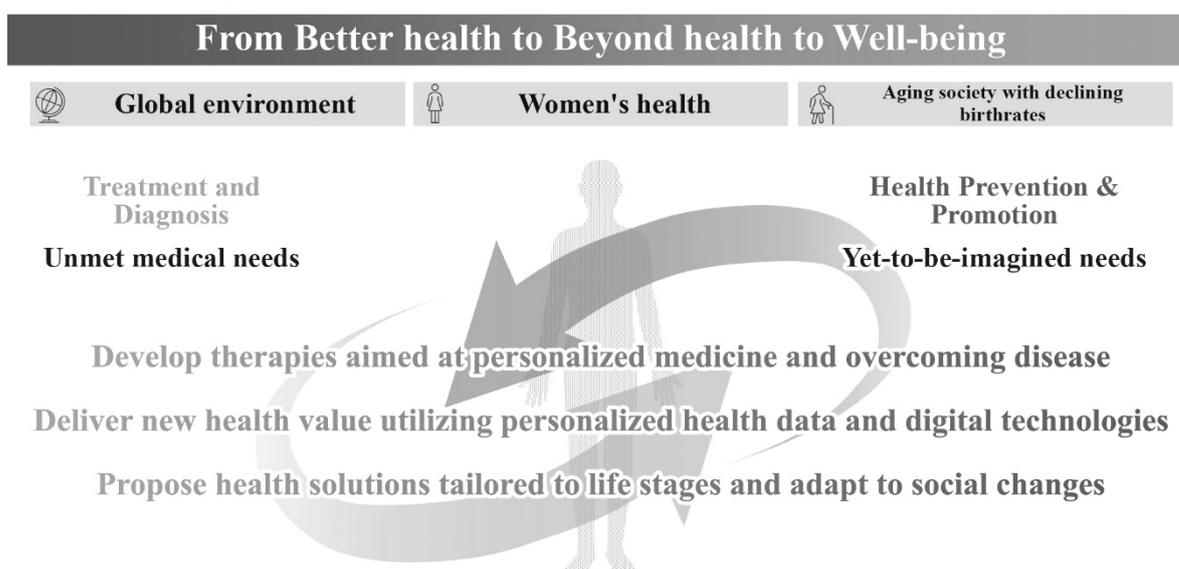
#### **ii) Fourth Medium-Term Management Plan**

In the Fourth Medium-Term Management Plan that covers the period from fiscal year 2024 to 2028, along with presenting the Otsuka group’s vision toward 2035, the Company clarifies the positioning of the Fourth Medium-Term Management Plan with respect to this long-term vision and sets performance targets.

#### **Long-term vision | Otsuka group’s vision toward 2035**

The Otsuka group is presenting its long-term vision of how it aspires to be in 2035. Under this vision, we will focus on strengthening the following initiatives.

- We will strive to develop therapies aimed at personalized medicine and overcoming disease, deliver new health value utilizing personalized health data and digital technologies, and propose health solutions adapting to social changes and tailored to life stages.
- Based on the concept of total healthcare, we will address social issues such as global environment, women's health, and aging society with declining birthrates, and provide new health value that cannot be clearly categorized as health prevention and promotion, treatment and diagnosis.
- As for the theme of "From Better Health to Beyond Health to Well-Being," we will take a broader view of health and conduct business in a way that addresses the health experience of each individual person.



#### Positioning of Fourth Medium-Term Management Plan and performance targets

The Fourth Medium-Term Management Plan, which started in fiscal year 2024 to realize the long-term vision, has been positioned as a five-year period to promote the expansion of new businesses and invest in next generation growth. With that in mind, we focus on the following three initiatives.

- **Further investments to build a unique business foundation**
- **Creating new value that leads to "well-being"**
- **Aggressive financial strategies to support sustainable growth**

#### Outline of the Fourth Medium-Term Management Plan

- Performance targets are set to establish growth drivers and achieve a double-digit business profit growth rate by minimizing the adjustment phase caused by LOEs\*<sup>1</sup>.
- To achieve the performance targets and sustainable growth, we aim to realize launches of new drug candidates from our most robust development pipeline and continue R&D investments on the scale of ¥300 billion on the back of stable financial conditions. In the pharmaceutical and nutraceutical businesses, we will increase the size and quality of profits by expanding our business areas through new products and services.
- As part of our financial strategy, we will manage our performance through ROIC\*<sup>2</sup> and ROE\*<sup>3</sup>, actively invest in growth opportunities, and enhance shareholder returns.

\*1 Loss Of Exclusivity

\*2 Return On Invested Capital

\*3 Return On Equity

<b>Performance targets</b>	<b>Establish an advanced stage for revenue/profit growth</b>
	<ul style="list-style-type: none"> <li>• Establish new revenue growth drivers of new product groups</li> <li>• Minimize the period of adjustment caused by LOEs and transition to a growth stage with a double-digit business profit growth rate</li> </ul>
<b>Business strategy</b>	<b>Establish an advanced stage of business growth stage</b>
	<ul style="list-style-type: none"> <li>• Realize launches of new drug candidates from robust development pipeline</li> <li>• Continue R&amp;D investments on the scale of ¥300 billion on the back of the highest level of stable financial conditions</li> <li>• Expand and deepen business areas through new products and services in the pharmaceutical and nutraceutical businesses</li> <li>• Significantly increase the size and quality of profits in the new stage after achieving the MTMP</li> </ul>
<b>Financial strategy</b>	<b>Implement management conscious of cost of capital</b>
	<ul style="list-style-type: none"> <li>• Performance management through ROIC and ROE</li> <li>• Continue proactive growth investments</li> <li>• Enhance shareholder returns</li> </ul>

**Performance targets | KPI**

- Revenue: Absorb the negative impact of LOEs of approximately ¥300 billion and plan to increase by approximately ¥480 billion from 2023 to ¥2,500 billion in 2028 mainly driven by the growth of new drugs and the nutraceutical business
- R&D investment: Maintain the level of ¥300 billion or more
- Business profit: Return to a high growth phase after an adjustment period due to the impact of LOEs in 2026
- Finance: Aim to achieve financial targets of ROIC and ROE at 9.5% and 10.0%, respectively

Item	2023	2026 (at the time of announcement in June 2024)	2026 plan* (announced in February 2026)	2028 (at the time of announcement in June 2024)
Revenue (¥100 million)	20,186	22,000	25,200	25,000
Business profit before research and development expenses (¥100 million)	6,204	5,800	7,330	7,200
Ratio/Revenue	30.7%	26.4%	29.1%	28.8%
Research and development expenses (¥100 million)	3,078	3,100	3,780	3,300
Business profit (¥100 million)	3,126	2,700	3,550	3,900
Ratio/Revenue	15.5%	12.3%	14.1%	15.6%
Operating CF before research and development expenses (¥100 million)	5,762	5,400	6,860	6,500
EPS (Basic earnings per share)	¥224.1	¥380	¥504.9	¥550
ROIC	4.8%	7.5% or more	8% or more	9.5% or more
ROE	5.3%	8% or more	8.5% or more	10% or more

\* The 2026 plan, which was announced in February 2026, significantly surpasses the performance targets set during the formulation of the Medium-Term Management Plan in June 2024.

**iii) Progress in FY2025**

- In the pharmaceutical business, there were increases in the two core products of antipsychotic agent *REXULTI/RXULTI* and anti-cancer agent *LONSURF*, which have been designated the growth drivers under the Fourth Medium-Term Management Plan, as well as sales growth of aripiprazole long-acting injection *ABILIFY MAINTENA/ABILIFY ASIMTUFII*, and others. In the late-stage development pipelines that contribute to helping address unmet needs, the anti-APRIL antibody *VOYXACT*® (generic name: sibeprelimab) targets IgA nephropathy and has received accelerated approval based on a global Phase III trial utilizing uPCR data. In addition, we have submitted approval applications for several of the “Next 8” Products that will be the new pillars of the Fifth Medium-Term Management Plan. Furthermore, we have acquired Araris, which possesses next-generation ADC drug discovery technology platforms, and are also advancing the continuous expansion of our development pipeline portfolio in the field of oncology.
- Within the nutraceutical business, in the three newly designated growth driver categories by social issues, all categories recorded expansion, centered on *POCARI SWEAT* and *Nature Made*, which led to an increase in revenue. As a result, both revenue and business profit achieved new record highs again this fiscal year. The Company will continue aiming to achieve further expansion in business scale and increase in profitability by establishing its brands in high-growth markets.
- As a result of steady sales growth and appropriate control of selling, general and administrative expenses, business profit reached a record high, overcoming the impact of changes in the social environment.

**(6) Trends in Consolidated Operating Results and Assets**

Item	The 15th fiscal year ended December 31, 2022	The 16th fiscal year ended December 31, 2023	The 17th fiscal year ended December 31, 2024	The 18th fiscal year ended December 31, 2025 (Current fiscal year)
Revenue (Millions of yen)	1,737,998	2,018,568	2,329,861	2,468,892
Operating profit (Millions of yen)	150,323	139,612	323,564	479,375
Profit attributable to owners of the Company (Millions of yen)	133,906	121,616	343,120	363,150
Basic earnings per share (Yen)	246.80	224.10	633.76	685.06
Total assets (Millions of yen)	3,102,638	3,361,244	3,739,251	4,197,562
Total equity (Millions of yen)	2,262,369	2,436,317	2,778,165	3,099,761
Equity attributable to owners of the Company per share (Yen)	4,100.84	4,410.80	5,089.58	5,743.73

Note: Due to the application of IAS 12 "Income Taxes" (amended in May 2021), figures for the 15th fiscal year have been retrospectively restated.

**(7) Significant Subsidiaries (as of December 31, 2025)**

Company name	Country	Capital	Percentage of voting rights held by the Company	Major business activities
Otsuka Pharmaceutical Co., Ltd.	Japan	20,000 million yen	100.0%	Manufacture and sale of pharmaceutical products, clinical testing, medical devices, food, beverages and cosmetic products
Otsuka Pharmaceutical Factory, Inc.	Japan	15,080 million yen	100.0%	Manufacture and sale of pharmaceutical products
Taiho Pharmaceutical Co., Ltd.	Japan	200 million yen	100.0%	Manufacture and sale of pharmaceutical products
Otsuka Warehouse Co., Ltd.	Japan	800 million yen	100.0%	Warehousing and transport business
Otsuka Chemical Co., Ltd.	Japan	5,000 million yen	100.0%	Manufacture and sale of chemical products
Otsuka Foods Co., Ltd.	Japan	1,000 million yen	100.0%	Manufacture and sale of food and beverages, sale of alcoholic drinks (wine)
Otsuka Medical Devices Co., Ltd.	Japan	32,550 million yen	100.0%	Manufacture and sale of medical devices
Otsuka America, Inc.	U.S.	4,645,939 thousand U.S. dollars	*100.0%	Holding company
Otsuka America Pharmaceutical, Inc.	U.S.	50,000 thousand U.S. dollars	*100.0%	Manufacture and sale of pharmaceutical products
Pharmavite LLC	U.S.	1,032 thousand U.S. dollars	*100.0%	Manufacture and sale of nutritional products
Otsuka Pharmaceutical Europe Ltd.	U.K.	140,652 thousand euro	*100.0%	Manufacture and sale of pharmaceutical products
Nutrition & Santé SAS	France	65,145 thousand euro	*100.0%	Manufacture and sale of food products

\* The percentage of voting rights held by the Company with an asterisk (\*) includes the percentage of voting rights held indirectly.

(Translation)

Specified wholly owned subsidiaries as of the current fiscal year-end are as follows:

Name of specified wholly owned subsidiary	Address of specified wholly owned subsidiary	Carrying amount of specified wholly owned subsidiary at current fiscal year-end (Millions of yen)
Taiho Pharmaceutical Co., Ltd.	1-27 Kanda Nishikicho, Chiyoda-ku, Tokyo	274,860

Note: The Company's total assets amounted to ¥1,323,956 million at the current fiscal year-end.

**(8) Major Offices and Factories (as of December 31, 2025)**

i) The Company

Head Office	2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo
Tokyo Headquarters	2-16-4 Konan, Minato-ku, Tokyo

ii) Significant subsidiaries

Company name	Location
Otsuka Pharmaceutical Co., Ltd.	Chiyoda-ku, Tokyo
Otsuka Pharmaceutical Factory, Inc.	Naruto City, Tokushima
Taiho Pharmaceutical Co., Ltd.	Chiyoda-ku, Tokyo
Otsuka Warehouse Co., Ltd.*	Minato-ku, Osaka
Otsuka Chemical Co., Ltd.	Chuo-ku, Osaka
Otsuka Foods Co., Ltd.	Chuo-ku, Osaka
Otsuka Medical Devices Co., Ltd.	Chiyoda-ku, Tokyo
Otsuka America, Inc.	U.S.
Otsuka America Pharmaceutical, Inc.	U.S.
Pharmavite LLC	U.S.
Otsuka Pharmaceutical Europe Ltd.	U.K.
Nutrition & Santé SAS	France

\* Otsuka Warehouse Co., Ltd. moved its head office to Chuo-ku, Tokyo, on January 1, 2026.

**(9) Employees (as of December 31, 2025)**

i) Employees of the Group

Business segment	Number of employees		Increase / Decrease from the end of the previous fiscal year	
Pharmaceuticals	22,897	(1,925)	up 1,476	(up 180)
Nutraceuticals	9,625	(2,231)	up 459	(down 114)
Consumer products	590	(107)	down 14	(up 9)
Others	3,143	(538)	up 387	(up 116)
Corporate (Common)	1,503	(474)	up 112	(up 12)
Total	37,758	(5,275)	up 2,420	(up 203)

Note: The number of employees indicates the number of employees currently on duty and the yearly average number of part-time and temporary employees is separately indicated in parentheses.

ii) Employees of the Company

Number of employees	Increase / Decrease from the end of the previous fiscal year	Average age	Average service years
224 (33)	up 41 (up 8)	46.9	3.3

Note: The number of employees indicates the number of employees currently on duty and the yearly average number of part-time and temporary employees is separately indicated in parentheses.

(Translation)

**(10) Major Creditors** (as of December 31, 2025)

(Millions of yen)

Creditor	Balance of borrowings
The Awa Bank, Ltd.	5,628
MUFG Bank, Ltd.	2,068
Mizuho Bank, Ltd.	1,849
Sumitomo Mitsui Banking Corporation	965
PT. Bank Mizuho Indonesia	930

(Translation)

**2. Shares** (as of December 31, 2025)

**(1) Total number of authorized shares:** 1,600,000,000 shares

**(2) Total number of issued shares:** 542,988,917 shares

Note: Based on the resolution at the meeting of the Board of Directors held on April 30, 2025, the Company canceled 9,035,800 treasury shares effective May 23, 2025.

**(3) Number of shareholders:** 75,897

**(4) Principal shareholders (top 10 shareholders):**

Name of shareholder	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.

**(5) Status of shares granted to all Director & Board Members and Auditor & Supervisory Board Members as consideration for the execution of duties during the current fiscal year**

	Number of shares	Number of recipients
Director & Board Members excluding Outside Director & Board Members	47,500	8

Note: The above shares were granted as restricted stock remuneration of the Company.

(Translation)

**3. Director & Board Members and Auditor & Supervisory Board Members of the Company**  
**(1) Director & Board Members and Auditor & Supervisory Board Members (as of December 31, 2025)**

Position in the Company	Name	Areas of responsibility and significant concurrent positions outside the Company
Chairman and Representative Director	Ichiro Otsuka	Representative Director, Otsuka Pharmaceutical Factory, Inc. Senior Executive Director & Board Member, Otsuka Pharmaceutical Co., Ltd.
President and Representative Director	Makoto Inoue	CEO President and Representative Director, Otsuka Pharmaceutical Co., Ltd.
Executive Deputy President and Representative Director	Yoshiro Matsuo	Executive Deputy President and Representative Director, Otsuka Pharmaceutical Co., Ltd.
Senior Executive Director & Board Member	Yuko Makino	CFO Senior Executive Director & Board Member (Finance), Otsuka Pharmaceutical Co., Ltd.
Senior Executive Director & Board Member	Shuichi Takagi	President and Representative Director, Otsuka Pharmaceutical Factory, Inc.
Senior Executive Director & Board Member	Masayuki Kobayashi	President and Representative Director, Taiho Pharmaceutical Co., Ltd. Chairman, TAIHO ONCOLOGY, INC.
Senior Executive Director & Board Member	Noriko Tojo	President and Representative Director, Otsuka Medical Devices Co., Ltd.
Senior Executive Director and Advisor, Chairman Emeritus and Board Member	Tatsuo Higuchi	Senior Executive Director and Chairman, Otsuka Pharmaceutical Co., Ltd.
Outside Director & Board Member	Yukio Matsutani	Chairman, Japan Public Health Association
Outside Director & Board Member	Yoshihisa Aoki	
Outside Director & Board Member	Mayo Mita	Outside Auditor, Mitsui Fudosan Co., Ltd.
Outside Director & Board Member	Tatsuaki Kitachi	Special Adviser to the Governor of Kanagawa Prefecture
Outside Director & Board Member	Jiro Seguchi	Outside Director, Resona Holdings, Inc.
Standing Auditor & Supervisory Board Member	Yozo Toba	Auditor, Otsuka Chemical Co., Ltd
Outside Auditor & Supervisory Board Member	Hiroshi Sugawara	Audit & Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd. External Director, Inbound Platform Corp.
Outside Auditor & Supervisory Board Member	Kanako Osawa	Attorney at law, KAJITANI LAW OFFICES Outside Director (Audit & Supervisory Committee Member), LINTEC Corporation External Director, TPR Co., Ltd. Outside Audit & Supervisory Board Member, Toshiba Tec Corporation Executive Director, Japanese Association for Business Recovery

(Translation)

Position in the Company	Name	Areas of responsibility and significant concurrent positions outside the Company
Outside Auditor & Supervisory Board Member	Sachie Tsuji	Representative Director, Biz-suppli Corporation Director, Association of Certified Fraud Examiners Outside Director (Audit & Supervisory Board Member), SBS Holdings, Inc.

Notes:

1. Outside Auditor & Supervisory Board Members Hiroshi Sugawara and Sachie Tsuji are certified public accountants and have extensive knowledge of finance and accounting.
2. The Company appoints Outside Director & Board Members Yukio Matsutani, Yoshihisa Aoki, Mayo Mita, Tatsuaki Kitachi and Jiro Seguchi as well as Outside Auditor & Supervisory Board Members Kanako Osawa and Sachie Tsuji as Independent Officers as provided for under the rules of the Tokyo Stock Exchange and have registered them with the Exchange.
3. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with each of Outside Director & Board Members and each of Auditor & Supervisory Board Members which limit their liabilities for damages under Article 423, paragraph (1) of the same Act. The maximum amount of liabilities under the said agreements shall be the minimum amounts set forth in laws and regulations.
4. Outside Director & Board Member Jiro Seguchi assumed office as Outside Director, Resona Holdings, Inc., as of June 25, 2025.
5. Mayo Mita's name on the family register is Mayo Nakatsuka.
6. Kanako Osawa's name on the family register is Kanako Koike.
7. Sachie Tsuji's name on the family register is Sachie Ueda.

## (2) Summary of the executive liability limitation insurance agreement

Pursuant to Article 430-3, paragraph (1) of the Companies Act, the Company has entered into an executive liability limitation insurance agreement whose content is summarized below. The insurance agreement is scheduled to be renewed in July 2026.

Summary of the insurance agreement

- Scope of insured persons  
The Director & Board Members and Auditor & Supervisory Board Members of the Company and the Director & Board Members and Auditor & Supervisory Board Members of the Company's major subsidiaries in Japan (including those appointed after the agreement was concluded)
- Actual portion of insurance premium borne by insured persons  
Insurance premiums are borne by the Company and its subsidiaries, and the insured persons do not bear any of the premiums.
- Summary of insurance incidents subject to cover  
The insurance covers damages caused by claims for damage compensation arising from the performance of duties by the insured persons (legally mandated damage compensation and legal expenses)
- Measures to ensure that the propriety of the execution of duties by executives, etc., is not impaired  
The insurance agreement includes an exclusion clause that excludes coverage for liability arising from certain acts by the insured persons, such as intentional behavior, unlawful personal profit or remuneration and violations of law.

## (3) Policy on determining remuneration amounts, etc. for Director & Board Members and Auditor & Supervisory Board Members and calculation method thereof

- i) Basic approach to remuneration plan for Director & Board Members and Auditor & Supervisory Board Members of the Company

At the meeting of the Board of Directors held on March 28, 2024, the Company revised its policy on determining remuneration for Director & Board Members.

Basic policy on remuneration plan for Director & Board Members of the Company

The Company's remuneration plan for Director & Board Members is designed to achieve sustainable growth and enhanced corporate value over the medium to long term for the Group

in line with the Company's corporate philosophy, while also ensuring that functions such as business execution and management supervision are exercised appropriately, maintaining transparency and fairness.

Specifically, the remuneration for executive directors shall consist of fixed remuneration as basic remuneration, performance-linked bonuses, and share-based payments as non-monetary remuneration. Taking into account their duties, remuneration for Outside Director & Board Members comprises only fixed remuneration as basic remuneration.

#### Remuneration levels

Considering the need to acquire and motivate outstanding personnel who will take responsibility for the Company's global business activities, the Company sets remuneration levels fully commensurate with the roles and responsibilities expected of such personnel, referencing remuneration levels at corporations the Company selected as benchmark based on business scale, fields and formats.

#### Remuneration system

With regard to remuneration for Director & Board Members responsible for business execution, the Company has formulated a remuneration system that is closely linked to performance, etc. in individual fiscal years, as well as over the medium to long term, with the latter including non-financial indicators, while emphasizing sustainable enhancement of corporate value, consisting of fixed remuneration as the basic remuneration, performance-linked bonuses, and share-based payments emphasizing the link to shareholder value.

Remuneration for Outside Director & Board Members and Auditor & Supervisory Board Members comprises only fixed remuneration as the basic remuneration in light of their duties.

(Translation)

ii) Remuneration plan for Director & Board Members and Auditor & Supervisory Board Members

a. Content of remuneration, etc. to Director & Board Members (excluding Outside Director & Board Members)

Content of remuneration, etc. to Director & Board Members (excluding Outside Director & Board Members) is as follows:

Type of remuneration	Payment method Fixed/variable	Content of remuneration (Including the policy regarding determination of timing or conditions for granting remuneration, etc.)
Fixed remuneration	Cash/Fixed	<ul style="list-style-type: none"> <li>Remuneration is determined based on their duties and responsibilities including formulation of Group strategies, monitoring Group operations, and strengthening corporate governance.</li> <li>Fixed remuneration is paid out equally every month.</li> </ul>
Performance-linked bonus	Cash/Variable	<ul style="list-style-type: none"> <li>Remuneration is paid in a lump sum at a certain timing every fiscal year, with the amount or calculation method determined based on (1) rate of achievement of the fiscal year's targets for consolidated revenue, consolidated operating profit, and consolidated business profit before R&amp;D expenses; (2) the progress of management toward the creation of sustainable corporate value and an evaluation of the individual.</li> </ul>
Share-based payment	Non-cash (Shares with transfer restrictions)/ Variable	<ul style="list-style-type: none"> <li>The Company has introduced a share-based payment system that reflects progress in achieving the indicators, etc. in the Fourth Medium-Term Management Plan that covers the period from fiscal year 2024 to 2028.</li> <li>Each person eligible for allocation must enter into a restricted stock allocation agreement with the Company, which contains provisions on restrictions, etc. on transfer for a fixed term, and is designed to provide an effective remuneration system by combining multiple release conditions for the transfer restrictions, including a set performance evaluation period and the achievement of performance indicators, and by in principle granting shares with transfer restrictions requiring evaluation of performance, etc. (including non-financial indicators) over several fiscal years simultaneously in the first fiscal year.</li> <li>The specific timing for granting is every fiscal year for items that are subject to the indicator of a single fiscal year, and simultaneously in the first fiscal year of the evaluation period for items subject to an indicator over several fiscal years.</li> <li>In relation to the indicators to be evaluated over multiple years, the period from fiscal 2024 to fiscal 2026 is designated as "Evaluation Period (1)" and fiscal 2027 and fiscal 2028 are designated as "Evaluation Period (2)."</li> </ul>

Overview of non-cash remuneration (shares with transfer restrictions)

To determine the number of shares to be allocated for persons eligible for allocation of shares with transfer restrictions, the standard number of shares for each fiscal year is determined for each eligible recipient, giving consideration to their performance of duties, responsibility, and balance of their fixed remuneration as basic remuneration. Based on this standard number of shares, the shares are allocated simultaneously for each fiscal year or in the first fiscal year of an evaluation period of several fiscal years, according to the release conditions in the following table.

Indicator	Allocation ratio	Fiscal year for evaluation and allocation timing	Overview of release conditions
Incumbent condition	20% of the standard number of shares	(Indicators evaluated each year) Allocation each year, taking a single fiscal year as the evaluation subject fiscal year	On condition of incumbency in the evaluation subject fiscal year (single fiscal year) However, the shares will not be released if the Director & Board Member is not an incumbent at the time the evaluation is finalized.
EPS	20% of the standard number of shares	(Indicators evaluated each year) Allocation each year, taking a single fiscal year as the evaluation subject fiscal year	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	(Indicators evaluated each year) Allocation each year, taking a single fiscal year as the evaluation subject fiscal year	For the fiscal year (single fiscal year), figure (2) below may not fall below the figure (1) (1) Total shareholder return (TSR) for TOPIX (dividend included) at the end of FY2023 and the fiscal year evaluated (2) Total shareholder return (TSR) for the Company, which reflects the stock price and dividends for the evaluation period, at the end of FY2023 and fiscal year evaluated * 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 CF before R&D	20% of the standard number of shares	(Indicators to be evaluated over multiple years) Evaluation period (1) with the shares for the three years allocated at the same time at the start of the period Evaluation period (2) with the shares for the two years allocated at the same time at the start of the period	The cumulative amount of the actual value of “consolidated cash flows from operating activities before R&D expenses” of the Fourth Medium-Term Management Plan for each evaluation period may not fall below the cumulative amount in the plan.
ROIC	20% of the standard number of shares	(Indicators to be evaluated over multiple years) Evaluation period (1) with the shares for the three years allocated at the same time at the start of the period Evaluation period (2) with the shares for the two years allocated at the same time at the start of the period	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 Fourth Medium-Term Management Plan.

Indicator	Allocation ratio	Fiscal year for evaluation and allocation timing	Overview of release conditions
FTSE	10% of the standard number of shares	(Indicators to be evaluated over multiple years) Evaluation period (1) with the shares for the three years allocated at the same time at the start of the period Evaluation period (2) with the shares for the two years allocated at the same time at the start of the period	An FTSE Russell ESG score of 3.3 or more is obtained for each evaluation period.

- Notes: 1. Under the restricted stock allocation agreements concluded with the persons eligible for allocation of shares, it is stipulated that where certain reasons arise, the transfer restriction of the shares with transfer restrictions shall not be released and the Company shall acquire all of them without paying compensation. For example,
- if a director of the Company and main operating companies (Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc., Taiho Pharmaceutical Co., Ltd., Otsuka Chemical Co., Ltd., Otsuka Foods Co., Ltd., Otsuka Warehouse Co., Ltd., Otsuka Medical Devices Co., Ltd.) retires before the end of the transfer restriction period, the Company shall acquire without paying compensation all of the director's shares with transfer restrictions upon the retirement of the director, except in the case where the Company recognizes a just reason, such as completion of the term of office or death;
  - if a director retires before the end of the transfer restriction period due to a just reason, such as completion of the term of office or death, the number of shares whose transfer restriction is to be released and the timing of the release shall be rationally adjusted as necessary and the Company shall acquire without paying compensation all of the shares for which it is decided that the transfer restriction is not to be released; and
  - if the release conditions based on evaluation indicators have not been met, the Company shall acquire without paying compensation all of the shares for which it is decided that the transfer restriction is not to be released.
2. Furthermore, the eligible directors should promptly return all of the shares from which the transfer restrictions have been lifted if any amendments (excluding minor ones) are made to the consolidated financial statements of the Company within three years after the lifting of the transfer restrictions, or if any damages occur to the Group due to excessive investments made during the period of their incumbency.

#### Reason for selection of the indicators

With regard to the performance-linked bonus, by combining consolidated revenue, consolidated operating profit, consolidated business profit before R&D expenses, and the extent to which sustainability management has been promoted, it is possible to evaluate the results of business management for a single fiscal year from multiple perspectives.

For share-based payment, by selecting incumbency contribution for achievement of single-fiscal year financial indicators (EPS, TSR), financial indicators from a medium-term perspective (consolidated cash flows from operating activities before R&D expenses and ROIC), and the achievement of non-financial indicators (FTSE), it is possible to comprehensively evaluate the level of contribution to increasing corporate value.

#### Composition of remuneration for Director & Board Members (excluding Outside Director & Board Members)

As a rough guide for ratio of remuneration by remuneration types, performance-linked bonuses are designed to be variable over the range of 0%–100% of fixed remuneration, and share-based payment over the range of 0%–100% of fixed remuneration. Performance-linked bonus and share-based payment combined, as a percentage of total remuneration, is 66% (200% of 300% total) at maximum.

#### b. Content of remuneration to Outside Director & Board Members

The Company pays only fixed remuneration to Outside Director & Board Members; no component of the remuneration varies according to performance.

c. Content of remuneration to Auditor & Supervisory Board Members

The Company pays only fixed remuneration to Auditor & Supervisory Board Members; no component of the remuneration varies according to performance.

Method of determining the content of remuneration, etc. for individual Director & Board Members (including matters concerning delegation of decisions)

The Board of Directors determines the individual remuneration for each Director & Board Member, within the limit of the total amount resolved in a shareholders meeting, as follows after giving consideration to the report on the evaluations of the Director & Board Members and recommendations on the individual remuneration for each eligible Director & Board Member, the remuneration system and levels, etc., following deliberations within the Nomination and Remuneration Committee.

- For the individual fixed remuneration as basic remuneration for Director & Board Members and the individual performance-linked bonuses for each Director & Board Member (excluding Outside Director & Board Members), President and Representative Director, CEO Makoto Inoue, who oversees business execution for the entire Group, is delegated to decide the specific payment amounts based on a resolution of the Board of Directors, then in accordance with this delegation, determines the final remuneration amounts based on the deliberation and report by the Nomination and Remuneration Committee.

The reason for delegating President and Representative Director, CEO Makoto Inoue is that he is deemed to be the most appropriate person to evaluate the operations assigned to each Director & Board Member while having an overview of the business of the entire Group.

- The individual share-based payments for each Director & Board Member (excluding Outside Director & Board Members) are resolved by the Board of Directors based on the performance evaluations, etc. (not limited to financial indicators but also on non-financial indicators), reported by the Nomination and Remuneration Committee.

<Corporate Governance Committee and Nomination and Remuneration Committee>

As an advisory body to the Board of Directors, the Corporate Governance Committee discusses the state of corporate governance at the Company, and reports to the Board of Directors. The committee consists of the President and all Outside Director & Board Members. The chair is selected mutually from among the Outside Director & Board Members.

The Nomination and Remuneration Committee, as a subcommittee of the Corporate Governance Committee, deliberates on: (1) the evaluation of the President; (2) matters concerning the appointment/dismissal of Director & Board Members and Auditor & Supervisory Board Members; and (3) matters concerning the evaluation and individual remuneration of Director & Board Members, their remuneration system and levels, etc. Matters that have been determined will be recommended to the Board of Directors after reporting to the Corporate Governance Committee. The Nomination and Remuneration Committee consists of all Outside Director & Board Members. The chair is selected mutually from among the Outside Director & Board Members.

(Translation)

iii) Matters concerning the resolution of the Annual Shareholders' Meeting regarding remuneration, etc.

The upper limit of remuneration for Director & Board Members and Auditor & Supervisory Board Members were approved by resolution of shareholders meeting, as detailed below.

Eligible recipients	Director & Board Members	Director & Board Members (excluding Outside Director & Board Members)	Auditor & Supervisory Board Members
Content of remuneration	Fixed remuneration /Performance-linked bonus	Restricted stock remuneration	Fixed remuneration
Resolution of shareholders' meeting	2nd Annual Shareholders Meeting held on June 29, 2010	16th Annual Shareholders Meeting held on March 28, 2024	2nd Annual Shareholders Meeting held on June 29, 2010
Content of resolution	Upper limit: ¥1,500 million (annual amount)	Upper limit: ¥1,200 million (annual amount) and Number of the Company's ordinary shares newly issued or disposed: not more than 160,000 shares (per year)	Upper limit: ¥80 million (annual amount)
Number of eligible officers	11	8	4

**(4) Total remuneration to Director & Board Members and Auditor & Supervisory Board Members**

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

Notes:

1. There are no Director & Board Members of the Company who concurrently serve as employees.

(Translation)

2. During the current fiscal year, Outside Director & Board Members and Auditor & Supervisory Board Members received total remuneration of ¥2 million from the Company's subsidiaries for their services as directors and auditor & supervisory board members.
3. The amount of the share-based payment is the amount recorded as expenses for the current fiscal year.
4. Targets and results for indicators relating to performance-linked remuneration for the current fiscal year

a. Performance-linked bonus

For the performance-linked bonuses for Director & Board Members (excluding Outside Director & Board Members), the consolidated revenue, consolidated business profit before R&D expenses and consolidated operating profit, which are the performance indicators, exceeded the planned values at the beginning of the fiscal year, and steady progress was made in conducting management that achieves sustainable creation of corporate value. Accordingly, the payment rate was determined to be 113.8% after giving consideration to the report following deliberations within the Nomination and Remuneration Committee.

b. Share-based payment (shares with transfer restrictions)

Share-based payment using shares with transfer restrictions for Director & Board Members (excluding Outside Director & Board Members), is issued after multiple release conditions have been combined for the transfer restrictions, including a set performance evaluation period and the achievement of performance indicators.

Incumbency is evaluated on a single-fiscal year basis, with the condition being that the individual serves in the post of Director & Board Member from the day on which the fiscal year being evaluated begins to the conclusion of the meeting of the Board of Directors (the meeting of the Board of Directors that decides whether the conditions have been fulfilled) scheduled for March 2026. All Director & Board Members fulfilled this condition.

Basic earnings per share (EPS) is evaluated on a single-fiscal year basis by dividing profit for the year being evaluated by the average number of ordinary shares outstanding for that period, with the condition for release being that the resulting amount is at least equal to the forecast value in the forecast of consolidated financial results in the financial results report for the end of the fiscal year before the fiscal year being evaluated. EPS for the current fiscal year was higher than the forecast value in the forecasts of consolidated operating results shown in the financial results report for the previous fiscal year.

It is a condition of release that total shareholder return (TSR) including dividends from the ordinary shares of the Company for the fiscal year being evaluated is higher than TSR for the TOPIX index (including dividends). For the current fiscal year, TSR including dividends from the ordinary shares of the Company exceeded the TSR for the TOPIX index (including dividends).

For each of the evaluation indicators of the evaluation period of several fiscal years from FY2024 to FY2026 ("consolidated cash flows from operating activities before R&D expenses," "return on invested capital (ROIC)," and "FTSE Russell ESG Score"), the amount corresponding to the number of elapsed months in the evaluation period has been recorded as remuneration for the eligible Director & Board Members. For these indicators, the final evaluation is undetermined because the current fiscal year constitutes the second year of the three-year evaluation period.

Reason for the Board of Directors' judgment that the content of Director & Board Members' individual remuneration, etc. for the current fiscal year is in line with the determination policy of (3)

The Company's Board of Directors has confirmed that the content of individual remuneration, etc. for Director & Board Members for the current fiscal year has been determined based on the report following deliberations within the Nomination and Remuneration Committee, which is in accordance with the determination policy of (3).

## **(5) Matters concerning Outside Director & Board Members and Outside Auditor & Supervisory Board Members**

- i) Significant concurrent positions at other companies and relationships between the Company and such other companies

For details on concurrent positions of Outside Director & Board Members and Outside Auditor & Supervisory Board Members, please refer to the previous section (1) "Director & Board Members and Auditor & Supervisory Board Members." Resona Holdings, Inc., where Director & Board Member Jiro Seguchi serves as an outside director, is the holding company of the Resona Group, which includes Resona Bank, Limited, a transaction bank for our group. However, he has never served as a person who executes business for Resona Holdings, Inc. or its subsidiaries. There are no significant transactions subject to disclosure between the other respective organizations and the Company.

- ii) Major activities of the Outside Director & Board Members and overview of the duties performed in relation to the roles expected to be carried out by the Outside Director & Board Members

Director & Board Member Yukio Matsutani attended all thirteen (13) meetings of the Board of Directors held during the current fiscal year, and provided accurate and beneficial comments based on his extensive experience and high-level insights gained in the healthcare and welfare field and his expert perspective on healthcare in general. In addition, he attended all five (5) meetings of the Corporate Governance Committee and all two (2) meetings of the

Nomination and Remuneration Committee held during the current fiscal year, conducting beneficial exchanges of opinions on various themes related to corporate governance.

Director & Board Member Yoshihisa Aoki attended all thirteen (13) meetings of the Board of Directors held during the current fiscal year, and provided accurate and beneficial comments based on his extensive experience and track record and high-level insights gained as a corporate manager and his expert perspective and abundant experience in the food industry. In addition, he attended all five (5) meetings of the Corporate Governance Committee and all two (2) meetings of the Nomination and Remuneration Committee held during the current fiscal year, conducting beneficial exchanges of opinions on various themes related to corporate governance.

Director & Board Member Mayo Mita attended all thirteen (13) meetings of the Board of Directors held during the current fiscal year, and provided accurate and beneficial comments based on her extensive experience gained in corporate analysis as a securities analyst, and based on that experience, her high-level insight into objective observation and analysis of companies. In addition, she attended all five (5) meetings of the Corporate Governance Committee and all two (2) meetings of the Nomination and Remuneration Committee held during the current fiscal year, conducting beneficial exchanges of opinions on various themes related to corporate governance.

Director & Board Member Tatsuaki Kitachi attended all thirteen (13) meetings of the Board of Directors held during the current fiscal year, and provided accurate and beneficial comments based on his high level of insight derived from his expertise as a certified public accountant and his consulting experience related to risk management, corporate governance, etc. In addition, he attended all five (5) meetings of the Corporate Governance Committee and all two (2) meetings of the Nomination and Remuneration Committee held during the current fiscal year, conducting beneficial exchanges of opinions on various themes related to corporate governance.

Director & Board Member Jiro Seguchi has attended nine (9) out of the ten (10) meetings of the Board of Directors held since his appointment as a Director & Board Member. He has provided accurate and beneficial comments based on his abundant experience and a track record as a corporate manager for global companies, and broad expertise as an investment banker, with objective and expert perspectives on the Company's management from an independent standpoint as an outside director. In addition, he attended all four (4) meetings of the Corporate Governance Committee and the one (1) meeting of the Nomination and Remuneration Committee held since his appointment as Director & Board Member, conducting beneficial exchanges of opinions on various themes related to corporate governance.

iii) Major activities of the Outside Auditor & Supervisory Board Members during the current fiscal year

Auditor & Supervisory Board Member, Hiroshi Sugawara attended all thirteen (13) meetings of the Board of Directors and all fifteen (15) meetings of the Audit & Supervisory Board held during the current fiscal year, and provided appropriate comments based on his expertise as a certified public accountant, and on his extensive business experience, including corporate management.

Auditor & Supervisory Board Member, Kanako Osawa attended all thirteen (13) meetings of the Board of Directors and all fifteen (15) meetings of the Audit & Supervisory Board held during the current fiscal year, and provided appropriate comments based on her broad experience cultivated as an attorney at law and high-level insights of overall legal knowledge.

Auditor & Supervisory Board Member, Sachie Tsuji attended all thirteen (13) meetings of the Board of Directors and all fifteen (15) meetings of the Audit & Supervisory Board held during the current fiscal year, and provided appropriate comments based on her broad experience and high-level insights related to internal controls, internal audits, and risk management, etc., in addition to her expertise as a certified public accountant.

(Translation)

#### 4. Accounting Auditor

(1) Name of accounting auditor (Independent Auditor): KPMG AZSA LLC

(2) Amount of audit fees

(Millions of yen)

	Amount
Total audit fees for the current fiscal year	130
Total of amount of cash and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	466

Notes:

1. The Company compensates the accounting auditor for the issuance of the comfort letter in relation to bond issuing, which is a service other than the services prescribed in Article 2, paragraph (1) of the Certified Public Accountants Act.
2. The Audit & Supervisory Board gave its consent for the amount of audit fees for the accounting auditor after the verification necessary to determine whether the following matters were appropriate; the content of the accounting auditor's audit plans, the status of execution of duties by the accounting auditor, and the basis for calculating the estimate of audit fees.
3. Of the Company's significant subsidiaries, Otsuka Pharmaceutical Europe Ltd. and one other company are audited by a certified public accountant or an audit firm (including parties holding qualifications comparable to those of a certified public accountant or an audit firm in a country besides Japan) other than the accounting auditor of the Company (provided, however, that such parties fall under the provisions of the Companies Act or the Financial Instruments and Exchange Act (or foreign laws comparable to the said Acts)).
4. As audit fees based on the Companies Act and the Financial Instruments and Exchange Act are not clearly separated under the audit engagement, nor can they be classified in practice, the amount of audit fees for the accounting auditor in the current fiscal year is represented in aggregate.

#### (3) Policy for determining dismissal or non-reappointment of accounting auditor

In the event any deficiency is found in the execution of duties by the accounting auditor, or if judging the necessity thereof, the Audit & Supervisory Board will submit a resolution related to the dismissal or non-reappointment of the accounting auditor. Based on that submission, the Board of Directors will call a shareholders meeting to discuss the resolution.

The Audit & Supervisory Board shall, if finding that the accounting auditor falls under any of the items in Article 340, paragraph (1) of the Companies Act, and judging that there is no prospect of improvement, dismiss the accounting auditor based on the unanimous consent of all Auditor & Supervisory Board Members. In this case, the Auditor & Supervisory Board Member appointed by the Audit & Supervisory Board shall report the dismissal of the accounting auditor and the reason thereof at the first shareholders meeting convened after the dismissal.

## 5. System to Ensure Appropriate Operations

The following is a summary of the Board of Directors' resolution regarding the establishment of a system to ensure appropriate operations for the Company (internal control system).

- i) System to ensure that the execution of the duties by the Director & Board Members and employees complies with the laws and regulations and the Articles of Incorporation

The Otsuka group adopts a pure holding company system within the Company to further strengthen corporate governance by separating the group's management supervisory function from the business execution function.

The Company formulates the Otsuka Group Global Code of Business Ethics in order to ensure compliance with laws and regulations, the Articles of Incorporation, and other relevant rules and the underlying concepts, and to ensure corporate activities are carried out based on high ethical standards. The Company establishes the Otsuka Holdings Compliance Program as the specific guidelines of the Otsuka Group Global Code of Business Ethics, and leads efforts to promote establishment, maintenance, and improvement of the compliance system by providing thorough education for employees under the Global Risk Oversight Committee.

While promoting the establishment of an internal control system to perform appropriate accounting processes and ensure reliability of financial reporting based on the Financial Instruments and Exchange Act and other relevant laws and regulations, the Company continually assesses whether or not the said system is functioning appropriately, and implements necessary corrective action when it is inadequate.

The Company is resolute in its stance toward all anti-social forces and organizations that threaten social order and corporate soundness and has zero tolerance toward relations with such forces and organizations.

An Internal Audit Department established under the direct reporting line to the President shall periodically perform internal audits of the assets and the overall operations of the Company based on Internal Audit Regulations, and report the results to the President. Should a need for improvement be found, the Internal Audit Department provides comments on such improvement and subsequently follows up the status of such improvement.

- ii) System for preserving and managing information regarding the execution of duties by Director & Board Members

The Company shall appropriately and securely retain and manage records of meetings of the Board of Directors and circulars for managerial approval, etc., in accordance with Corporate Document Control Regulations and maintain a system to allow such records and circulars to be accessed as necessary.

- iii) Regulations and other systems for the management of risk of loss

To establish a risk management system for the Company and each of the group companies, Risk Management Rules have been formulated and a Global Risk Oversight Committee has been established. The Global Risk Oversight Committee shall evaluate and comprehensively manage risks that may impair improving the sustainable value of the Otsuka group by managing each of the risk management departments within the organization.

In the event of an unforeseen situation, the Company shall promptly implement responsive measures to minimize any damage caused by the emergent situation.

- iv) System to ensure efficient execution of duties by Director & Board Members

In accordance with the Regulations of the Board of Directors, a regular Board meeting shall be held on a monthly basis and an extraordinary meeting whenever deemed necessary to discuss and determine important matters such as management policies and strategies.

A Corporate Officer system shall be put in place that defines the roles of Corporate Officers executing business operations based on resolutions passed by the Board of Directors, which serves as the management decision-making and supervisory function, to ensure the transparency of management and prompt execution of business operations.

- v) System to ensure appropriate operations in the business group comprising the Company and its subsidiaries

The Company, as the holding company that undertakes the role of maximizing the corporate value of the Otsuka group, shall put in place a system to secure the appropriateness of operations from the viewpoint of the entire Otsuka group. The Company will maintain a reporting system comprising subsidiary directors, corporate officers, employees responsible for executing operations, and individuals responsible for conducting duties defined in Article 598, paragraph (1) of the Companies Act, or individuals with authority over those employees (hereinafter “Directors, etc.”) and ensure that the Directors, etc. of subsidiaries always conduct their duties efficiently and appropriately.

Affiliates shall report matters provided for in the Affiliate Management Regulations to the Company as necessary, and seek approval from the Company for any significant matters under the framework to establish a collaborative system within the Otsuka group.

The Company shall oversee or conduct audits of affiliates and promote the development of risk management and compliance systems across the group in accordance with the Internal Audit Regulations to ensure appropriate operations integrally.

- vi) Matters concerning employees in the event where Auditor & Supervisory Board Members issue requests for employees to take charge of assisting them with their duties

The Company establishes an Auditor & Supervisory Board Member’s Office responsible for administering the convocation of meetings of the Audit & Supervisory Board and supporting the duties of Auditor & Supervisory Board Members independently from the supervision of Director & Board Members.

- vii) Matters concerning the independence of employees referred to in the previous item from Director & Board Members and ensuring the effectiveness of instructions issued to them by Auditor & Supervisory Board Members

Employees referred to in the previous item will be assigned exclusively to the Auditor & Supervisory Board Member’s Office, follow the instructions of the Auditor & Supervisory Board Members and carry out assigned duties. Personnel transfers and evaluations relating to the Auditor & Supervisory Board Member’s Office shall be determined by the Board of Directors based on prior approval obtained from the Audit & Supervisory Board and shall secure independence from Director & Board Members.

- viii) Systems for reporting to Auditor & Supervisory Board Members by Director & Board Members, employees, and executives or employees of subsidiaries (including Directors, etc., audit & supervisory board members and individuals involved in accounting), and other systems for reporting to Auditor & Supervisory Board Members

The Company shall ensure that specific means, including a system to have Director & Board Members and employees report to Auditor & Supervisory Board Members, which allow Auditor & Supervisory Board Members to collect information concerning the execution of duties by Director & Board Members, in any of the following events take place.

- (i) Any incident that has caused or may cause material damage to the Company
- (ii) Any violation of laws and regulations, or the Articles of Incorporation and any other important compliance matter
- (iii) Progress of business execution by the Company and each of the group companies
- (iv) Implementation status of internal audits
- (v) Matters to be resolved at important meetings

The Company shall establish a system that allows executives or employees of any company in the Otsuka group, or individuals who have received reports from those executives or employees, to report matters related to (i) through (v) above to the Company’s Auditor & Supervisory Board Members.

The system shall also ensure that individuals who have submitted reports shall not be treated unfavorably for their actions.

- ix) Policy for treating expenses incurred by Auditor & Supervisory Board Members in the course of executing their duties

The Company shall establish a system to ensure advance payments or reimbursement procedures for expenses incurred by Auditor & Supervisory Board Members in the course of their duties, or the payment and reimbursement of expenses incurred by other duties, are conducted smoothly upon request from the Auditor & Supervisory Board Members.

- x) Other systems to ensure effective audits by Auditor & Supervisory Board Members

Auditor & Supervisory Board Members may attend meetings of the Board of Directors and other important meetings to understand the process whereby important decisions are made and the status of Director & Board Members' and employees' performance of duties, question Director & Board Members and employees on the status of their performance of duties, and access important records relating to the business operations such as circulars for managerial approval.

Director & Board Members and employees, if so requested by Auditor & Supervisory Board Members, shall promptly report matters relating to business executions.

Internal Audit Department, Corporate Management Department, FP&A Department, Internal Control Department and any other relevant department shall provide Auditor & Supervisory Board Members with information as necessary and cooperate in ensuring and improving the effectiveness of audits performed by Auditor & Supervisory Board Members.

## 6. Overview of Current Status of System to Ensure the Appropriateness of Operations

The Company, in accordance with its basic policies on system to ensure the appropriateness of operations, works to improve the system and ensure it functions appropriately.

Below is an overview of the status of the system in the current fiscal year, based on the Corporate Governance Guidelines established by the Company.

### i) Overview of internal control system

In accordance with regulations to ensure the appropriateness of operations in the Otsuka group, the Company's Board of Directors, Audit & Supervisory Board and relevant departments receive reports, depending on the level of importance, from the directors and audit & supervisory board members of the Company and affiliates with respect to operations, earnings, risk and the status of legal compliance, supporting the operation of the internal control system. The Company also regularly holds Group Internal Control Meetings. By sharing information, it makes efforts to conduct and manage operations in a consistent manner across the group. The Internal Audit Department, which is under the direct reporting line to the President, conducts internal audits of the internal control system structure and status of operation, including at affiliates, in accordance with audit plans approved by the President.

Internal control systems related to financial reporting at the Company and each of the group companies were also evaluated at the account settlement period of each fiscal year to strengthen systems to ensure the preparation of appropriate financial documents.

### ii) Compliance efforts

#### (i) The Otsuka Group Global Code of Business Ethics and a range of global policies

Under its corporate philosophy, "Otsuka-people creating new products for better health worldwide," the Otsuka group has formulated the Otsuka Group Global Code of Business Ethics to promote compliance in the group, thereby stipulating standards of behavior expected of everyone involved in its work. Meanwhile, Makoto Inoue, the President and Representative Director, CEO of the Company, widely communicates the group's stance for the Code of Business Ethics through the corporate website as the President's message, and the Company's Director & Board Members, the internal audit department and Auditor & Supervisory Board Members confirm that the group's stance is being implemented.

Moreover, we have established a range of global policies (regulations) embodying key points stipulated in the Code of Business Ethics, and accordingly seek to thoroughly instill compliance practices.

#### (ii) Compliance training

The Otsuka group thoroughly instills compliance practices at its group companies by conducting universal training in alignment with the Otsuka Group Global Code of Business Ethics and a range of global policies. We have executives and employees of the group companies attend relevant training at least once annually and check their levels and depth of understanding regarding compliance through means such as tests and awareness surveys administered during training sessions.

In addition, we hold risk management training for executive teams of the Company, the Group's main operating companies and other such enterprises once a year. The training includes simulation drills and lectures by outside experts, and involves discussions and reviews on domestic and overseas risks, referencing serious incidents and other matters. Topics include the initial response and coordination of information among the Group when a crisis occurs, measures to ensure business continuity, and corporate social responsibility.

### iii) Reinforcing risk management system

#### (i) Risk management system

To mitigate different types of risk in the Company's and the Group's business environment, including product quality risk, environmental risk and pharmacovigilance (PV) risk, the Company formulates business continuity plans and holds meetings of the Global Risk Oversight Committee and risk management training to thoroughly promote

awareness of them. Furthermore, to further enhance companywide risk management at the Company and its main operating companies, in 2020 the Company introduced Enterprise Risk Management (“ERM”), which aims to recognize and evaluate risks from a companywide perspective and prioritize allocation of management resources to the control of important risks. As part of ERM, we define uncertainties that could have a major impact on our ability to fulfill our corporate philosophy and achieve business strategy goals as risks, and have established a group-wide risk management framework and a system for risk assessment to effectively and efficiently manage significant risks faced by the Group. Under this framework and system, we perform risk assessments to identify and gauge the significant risks faced by the Group’s main operating companies; determine whether to mitigate, transfer, avoid, or accept risks; develop and implement risk management policies, and conduct monitoring activities on an ongoing basis. At the Company, the Global Risk Oversight Committee oversees the Group’s ERM activities as a whole. The committee participates in deliberations on significant risks and reports on them at meetings of 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 of the Company receives reports on committee activities, issues instructions as necessary, and oversees the efficacy of the ERM activities.

(ii) Information security

In addition to using the assessment and monitoring of information security risks at the Company and at group companies to visualize and improve the state of management and strengthen security on an ongoing basis, we are working to raise our levels of defense against risks by implementing periodic information security training and drills related to targeted e-mail attacks.

The Company and group companies also participate in regular group information security meetings, which involve exploring specific measures and sharing the latest information regarding information management and information security.

Furthermore, the Company operates a Computer Security Incident Response Team (CSIRT) that is capable of responding to information system-related emergencies, and reacts promptly to minimize damage when it occurs as a result of cyberattacks that seek personal information or trade secrets owned by the Company and group companies.

The Otsuka Group Global Privacy Policy has been established to clarify stance and guidelines for privacy protection of the Company and group companies, and the Company and group companies have adjusted the relevant rules and reviewed the management system, responding to personal information security regulations in each country.

iv) Management of affiliates

In accordance with the Affiliate Management Regulations, the Company’s Board of Directors or principal departments received reports about decision-making at affiliates and approved decisions, issued instructions or took other steps.

v) Execution of duties by Director & Board Members

In accordance with the Regulations of the Board of Directors, a regular Board meeting was held each month. At the meetings, the Board of Directors made decisions on important matters stipulated by laws and regulations or in the Articles of Incorporation and conducted oversight of Director & Board Members using reports about the execution of their duties. The Board of Directors makes important decisions for the Company and each of the group companies with respect to business trends, investment projects and other areas, and fulfills its business oversight functions through sufficient discussion of reported matters by using business analysis reports, documents on specialist fields and other materials.

vi) Execution of duties by Auditor & Supervisory Board Members

In accordance with the Regulations of the Audit & Supervisory Board and the Audit Standards of the Audit & Supervisory Board, the Auditor & Supervisory Board Members conducted the following audits.

Through attendance at meetings of the Board of Directors and other important meetings, the Auditor & Supervisory Board Members gave their opinion as needed, inspected documents, such as circulars for managerial approval, requested explanations from Directors, etc., and provided guidance as necessary.

The Auditor & Supervisory Board Members also receive information, including regular reports, and secure opportunities to view documents. Meetings of the Audit & Supervisory Board were held monthly and at other times when needed to work to improve the effectiveness and efficiency of audits through reporting the audit activities of individual Auditor & Supervisory Board Members, and exchanging opinions and information.

The Auditor & Supervisory Board Members received reports required by laws and regulations from Representative Directors, Directors, etc. of the Company and each of the group companies, received information about earnings, business operations, the status and operation of the internal control system and implementation status of internal audits on a regular basis and at other times when necessary, and provided guidance as necessary.

Auditor & Supervisory Board Members regularly hold a meeting of the group's Audit & Supervisory Board as well as regularly receive reports from, exchange opinions with, and share information with the accounting auditor. In addition, Auditor & Supervisory Board Members visited and inspected the group companies and received reports from Representative Directors and other individuals at those companies to gain understandings of business issues, risk and other matters, and provided guidance as necessary.

## **7. Policy on Decisions on Dividends**

The Company recognizes returning profits to shareholders to be one of the key management measures. The Company will flexibly consider shareholder returns from a multifaceted perspective, taking into account the business situation, cash and deposits held and indicators such as the shareholder return ratio, while responding to corporate growth and changes in the management environment going forward.

Based on this policy, and after making a comprehensive assessment that takes into account consolidated financial results, the outlook for earnings, free cash flow, and other factors, the Company will pay a year-end dividend of ¥70 per share in accordance with a resolution of the meeting of the Board of Directors held on February 13, 2026.

Combined with the interim dividend of ¥70 per share that was paid on September 1, 2025, this amounts to annual dividends of ¥140 per share. The effective date of the year-end dividend for the current fiscal year is March 30, 2026.

Furthermore, during the current fiscal year, the Company conducted share buybacks of 9,035,800 shares (aggregate amount of purchase price of ¥69,999 million).

(Translation)

**Consolidated Statement of Financial Position**

(As of December 31, 2025)

(Millions of yen)

Item	(Reference) FY2024	FY2025	Item	(Reference) FY2024	FY2025
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and cash equivalents	426,173	534,645	Trade and other payables	219,996	225,562
Trade and other receivables	515,289	565,990	Bonds and borrowings	7,350	39,150
Inventories	298,292	374,323	Lease liabilities	21,146	21,906
Income taxes receivable	3,531	4,326	Other financial liabilities	4,387	10,215
Other financial assets	31,905	34,354	Income taxes payable	29,250	39,895
Other current assets	91,780	105,712	Provisions	1,242	1,077
Subtotal	1,366,972	1,619,352	Contract liabilities	13,952	11,331
Assets held for sale	–	2,653	Other current liabilities	335,338	399,972
<b>Total current assets</b>	<b>1,366,972</b>	<b>1,622,006</b>	<b>Total current liabilities</b>	<b>632,664</b>	<b>749,112</b>
<b>Non-current assets</b>			<b>Non-current liabilities</b>		
Property, plant and equipment:	628,544	696,808	Bonds and borrowings	87,275	87,856
Goodwill	449,464	509,984	Lease liabilities	73,612	79,063
Intangible assets	544,247	574,134	Other financial liabilities	53,127	68,045
Investments accounted for using the equity method	314,780	359,036	Income taxes payable	1,584	2,109
Other financial assets	206,272	223,003	Net defined benefit liabilities	12,564	12,574
Deferred tax assets	205,700	185,009	Provisions	3,766	3,944
Other non-current assets	23,267	27,580	Contract liabilities	35,361	26,025
<b>Total non-current assets</b>	<b>2,372,278</b>	<b>2,575,556</b>	Deferred tax liabilities	28,801	33,593
			Other non-current liabilities	32,327	35,474
			<b>Total non-current liabilities</b>	<b>328,421</b>	<b>348,688</b>
			<b>Total liabilities</b>	<b>961,085</b>	<b>1,097,801</b>
			<b>Equity</b>		
			<b>Equity attributable to owners of the Company</b>		
			Share capital	81,690	81,690
			Capital surplus	478,486	428,044
			Treasury shares	(67,398)	(85,186)
			Retained earnings	1,904,404	2,205,740
			Other components of equity	336,397	403,154
			<b>Total equity attributable to owners of the Company</b>	<b>2,733,580</b>	<b>3,033,444</b>
			<b>Non-controlling interests</b>	<b>44,584</b>	<b>66,317</b>
			<b>Total equity</b>	<b>2,778,165</b>	<b>3,099,761</b>
<b>Total assets</b>	<b>3,739,251</b>	<b>4,197,562</b>	<b>Total liabilities and equity</b>	<b>3,739,251</b>	<b>4,197,562</b>

(Translation)

## **Consolidated Statement of Income**

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

(Millions of yen)

Item	(Reference) FY2024	FY2025
<b>Revenue</b>	<b>2,329,861</b>	<b>2,468,892</b>
Cost of sales	(660,432)	(699,115)
<b>Gross profit</b>	<b>1,669,428</b>	<b>1,769,776</b>
Selling, general and administrative expenses	(958,345)	(1,004,505)
Share of profit of investments accounted for using the equity method	33,614	33,696
Research and development expenses	(314,233)	(352,838)
Impairment losses	(126,040)	(26,426)
Other income	23,031	63,241
Other expenses	(3,889)	(3,568)
<b>Operating profit</b>	<b>323,564</b>	<b>479,375</b>
Finance income	21,081	15,695
Finance expenses	(8,791)	(27,033)
<b>Profit before tax</b>	<b>335,854</b>	<b>468,037</b>
Income tax expenses	11,417	(101,821)
<b>Profit for the year</b>	<b>347,271</b>	<b>366,216</b>
<b>Attributable to:</b>		
Owners of the Company	343,120	363,150
Non-controlling interests	4,151	3,065
Total	347,271	366,216

(Translation)

[Reference]

**Consolidated Statement of Comprehensive Income**

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

(Millions of yen)

Item	(Reference) FY2024	FY2025
Profit for the year	347,271	366,216
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	4,312	(761)
Financial assets measured at fair value through other comprehensive income	(7,424)	17,238
Share of other comprehensive income of investments accounted for using the equity method	506	933
Subtotal	(2,606)	17,409
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	98,269	37,435
Cash flow hedges	(55)	13
Share of other comprehensive income of investments accounted for using the equity method	17,283	22,606
Subtotal	115,497	60,055
Total other comprehensive income	112,891	77,464
<b>Total comprehensive income for the year</b>	<b>460,163</b>	<b>443,680</b>
<b>Attributable to:</b>		
Owners of the Company	455,504	438,633
Non-controlling interests	4,658	5,047
Comprehensive income for the year	460,163	443,680

(Translation)

**Consolidated Statement of Changes in Equity**  
FY2024 (From January 1, 2024 to December 31, 2024) [Reference]

(Millions of yen)

	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income
<b>Balance as of January 1, 2024</b>	<b>81,690</b>	<b>506,230</b>	<b>(44,669)</b>	<b>1,621,218</b>	–	<b>47,355</b>
Profit for the year	–	–	–	343,120	–	–
Other comprehensive income	–	–	–	–	4,515	(7,345)
<b>Comprehensive income for the year</b>	–	–	–	<b>343,120</b>	<b>4,515</b>	<b>(7,345)</b>
Share buybacks	–	–	(50,016)	–	–	–
Cancellation of treasury shares	–	(26,224)	26,224	–	–	–
Dividends	–	–	–	(65,135)	–	–
Share-based payment transactions	–	(123)	1,062	–	–	–
Changes in ownership interests in subsidiaries that do not result in loss of control	–	(1,395)	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	5,201	(4,515)	(686)
<b>Total transactions with owners</b>	–	<b>(27,743)</b>	<b>(22,729)</b>	<b>(59,934)</b>	<b>(4,515)</b>	<b>(686)</b>
<b>Balance as of December 31, 2024</b>	<b>81,690</b>	<b>478,486</b>	<b>(67,398)</b>	<b>1,904,404</b>	–	<b>39,323</b>

(Translation)

(Millions of yen)

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
<b>Balance as of January 1, 2024</b>	<b>181,815</b>	<b>43</b>	<b>229,214</b>	<b>2,393,683</b>	<b>42,634</b>	<b>2,436,317</b>
Profit for the year	–	–	–	343,120	4,151	347,271
Other comprehensive income	115,270	(55)	112,384	112,384	506	112,891
<b>Comprehensive income for the year</b>	<b>115,270</b>	<b>(55)</b>	<b>112,384</b>	<b>455,504</b>	<b>4,658</b>	<b>460,163</b>
Share buybacks	–	–	–	(50,016)	–	(50,016)
Cancellation of treasury shares	–	–	–	–	–	–
Dividends	–	–	–	(65,135)	(1,627)	(66,763)
Share-based payment transactions	–	–	–	939	–	939
Changes in ownership interests in subsidiaries that do not result in loss of control	–	–	–	(1,395)	(1,079)	(2,474)
Transfer from other components of equity to retained earnings	–	–	(5,201)	–	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>(5,201)</b>	<b>(115,607)</b>	<b>(2,707)</b>	<b>(118,315)</b>
<b>Balance as of December 31, 2024</b>	<b>297,086</b>	<b>(11)</b>	<b>336,397</b>	<b>2,733,580</b>	<b>44,584</b>	<b>2,778,165</b>

(Translation)

FY2025 (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income
<b>Balance as of January 1, 2025</b>	<b>81,690</b>	<b>478,486</b>	<b>(67,398)</b>	<b>1,904,404</b>	–	<b>39,323</b>
Profit for the year	–	–	–	363,150	–	–
Other comprehensive income	–	–	–	–	(341)	17,435
<b>Comprehensive income for the year</b>	–	–	–	<b>363,150</b>	<b>(341)</b>	<b>17,435</b>
Share buybacks	–	–	(70,096)	–	–	–
Cancellation of treasury shares	–	(51,802)	51,802	–	–	–
Dividends	–	–	–	(69,194)	–	–
Share-based payment transactions	–	548	506	–	–	–
Changes in ownership interests in subsidiaries that do not result in loss of control	–	(533)	–	–	–	–
Changes in non-controlling interests in subsidiaries that result in obtaining of control	–	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	1,345	–	(1,345)	–	–
Transfer from other components of equity to retained earnings	–	–	–	8,725	341	(9,067)
<b>Total transactions with owners</b>	–	<b>(50,441)</b>	<b>(17,787)</b>	<b>(61,814)</b>	<b>341</b>	<b>(9,067)</b>
<b>Balance as of December 31, 2025</b>	<b>81,690</b>	<b>428,044</b>	<b>(85,186)</b>	<b>2,205,740</b>	–	<b>47,691</b>

(Translation)

(Millions of yen)

	Equity attributable to owners of the Company			Total	Non-controlling interests	Total equity
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
<b>Balance as of January 1, 2025</b>	<b>297,086</b>	<b>(11)</b>	<b>336,397</b>	<b>2,733,580</b>	<b>44,584</b>	<b>2,778,165</b>
Profit for the year	–	–	–	363,150	3,065	366,216
Other comprehensive income	58,375	13	75,482	75,482	1,981	77,464
<b>Comprehensive income for the year</b>	<b>58,375</b>	<b>13</b>	<b>75,482</b>	<b>438,633</b>	<b>5,047</b>	<b>443,680</b>
Share buybacks	–	–	–	(70,096)	–	(70,096)
Cancellation of treasury shares	–	–	–	–	–	–
Dividends	–	–	–	(69,194)	(1,780)	(70,975)
Share-based payment transactions	–	–	–	1,055	–	1,055
Changes in ownership interests in subsidiaries that do not result in loss of control	–	–	–	(533)	(438)	(972)
Changes in non-controlling interests in subsidiaries that result in obtaining of control	–	–	–	–	18,904	18,904
Transfer from retained earnings to capital surplus	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	(8,725)	–	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>(8,725)</b>	<b>(138,770)</b>	<b>16,684</b>	<b>(122,085)</b>
<b>Balance as of December 31, 2025</b>	<b>355,461</b>	<b>1</b>	<b>403,154</b>	<b>3,033,444</b>	<b>66,317</b>	<b>3,099,761</b>

## Notes to Consolidated Financial Statements

### 1. Basis of Preparation of Consolidated Financial Statements

#### (1) Accounting Principles for Preparing Consolidated Financial Statements

The consolidated financial statements of the Company, its subsidiaries and interests in its associates (hereinafter collectively referred to as the “Group”) are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) pursuant to the provision of Article 120, paragraph (1) of the Regulations on Corporate Accounting. Pursuant to the provision of the second sentence of the same paragraph, some disclosure items required under IFRS are omitted.

#### (2) Scope of Consolidation

i) Number of consolidated subsidiaries: 181

ii) Names of major consolidated subsidiaries:

Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc., Taiho Pharmaceutical Co., Ltd., Otsuka Warehouse Co., Ltd., Otsuka Chemical Co., Ltd., Otsuka Foods Co., Ltd., Otsuka Medical Devices Co., Ltd., Otsuka America, Inc., Otsuka America Pharmaceutical, Inc., Pharmavite LLC, Otsuka Pharmaceutical Europe Ltd. and Nutrition & Santé SAS

#### (3) Application of the Equity Method

i) Number of associates accounted for using the equity method: 26

ii) Names of major companies accounted for using the equity method:

Earth Corporation, ALMA S.A., CG Roxane LLC, China Otsuka Pharmaceutical Co., Ltd. and Nichiban Co., Ltd.

#### (4) Changes in the Scope of Consolidation and the Scope of Equity-Method Application

Araris Biotech AG, Otsuka ICU Medical LLC and five other companies, whose shares were newly acquired, as well as one other company, which was newly established, were included in the scope of consolidation during the fiscal year ended December 31, 2025.

MicroPort Scientific Corporation, which was a company accounted for using the equity method, was excluded from the scope of application of the equity-method since its shares were sold.

#### (5) Fiscal Year End of Consolidated Subsidiaries and Associates

For consolidated subsidiaries and associates accounted for using the equity method if their closing date differs from that of the Group, the Company used their financial statements that were provisionally settled on December 31 for the purpose of consolidation.

#### (6) Accounting Policies

i) Valuation of significant assets

A. Financial assets

(i) Initial recognition and measurement

Trade and other receivables are initially recognized on the date when they are incurred. All other financial assets are initially recognized on the contract date when the Group becomes a party to the contract of the instruments.

At initial recognition, all financial assets, except for those measured at fair value through profit or loss, are measured at fair value plus directly attributable transaction costs. However, trade receivables that do not contain a significant financing component are measured at the transaction price. Transaction costs of financial assets measured through profit or loss are recognized in profit or loss.

At initial recognition, financial assets are classified as (a) Financial assets measured at amortized cost, (b) Debt instruments measured at fair value through other comprehensive income, (c) Equity instruments measured at fair value through other comprehensive income or (d) Financial assets measured at fair value through profit or loss.

- (a) Financial assets measured at amortized cost  
Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met.
- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (b) Debt instruments measured at fair value through other comprehensive income  
Financial assets are classified as debt instruments measured at fair value through other comprehensive income if both of the following conditions are met.
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (c) Equity instruments measured at fair value through other comprehensive income  
For investments in some equity instruments, the Group has chosen an irrevocable option to present subsequent changes in the fair value of investments that are neither 'held for trading' nor 'contingent consideration recognized by an acquirer in a business combination to which IFRS 3 Business Combinations applies,' in other comprehensive income. The Group classifies such investments as equity instruments measured at fair value through other comprehensive income.
- (d) Financial assets measured at fair value through profit or loss  
Financial assets, except for financial assets measured at amortized cost and equity instruments measured at fair value through other comprehensive income stated above, are classified as financial assets measured at fair value through profit or loss.
- (ii) Subsequent measurement  
After initial recognition, financial assets are measured according to their classification as follows:
- (a) Financial assets measured at amortized cost  
Financial assets measured at amortized cost are measured at amortized cost using the effective interest method. Amortization by using the effective interest method and any gains or losses on derecognition are recognized in profit or loss.
- (b) Equity instruments measured at fair value through other comprehensive income  
Equity instruments measured at fair value through other comprehensive income are measured at fair value. Any changes in fair value are recognized in other comprehensive income. When such financial assets are derecognized, the accumulated other comprehensive income is transferred to retained earnings. Meanwhile, dividends from such financial assets are recognized as profit or loss.
- (c) Financial assets measured at fair value through profit or loss  
Financial assets measured at fair value through profit or loss are measured at fair value, and any changes in their fair value are recognized in profit or loss.
- (iii) Impairment  
With regard to impairment of financial assets measured at amortized cost, the Group recognizes an allowance for expected credit losses on such financial assets.  
At each reporting date, the Group evaluates whether the credit risk on financial instruments has increased significantly after initial recognition.  
If credit risk on financial instruments has not increased significantly after initial recognition, the allowance for those instruments is measured at an amount equal to the 12-month expected credit losses. If credit risk on financial instruments has increased significantly after initial recognition, the allowance for such financial instruments is measured at an amount equal to the lifetime expected credit losses.  
The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The assessment of whether or not credit risk has increased significantly takes into account all relevant current information that is reasonably available to the Group, as well as past due information.

However, with regard to trade receivables that do not contain a significant financing component, the allowance is always measured at an amount equal to the lifetime expected credit losses, regardless of whether or not there has been a significant increase in credit risk after initial recognition.

(iv) Derecognition

The Group derecognizes financial assets only when the contractual rights to the cash flows from the financial assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

B. Financial liabilities

(i) Initial recognition and measurement

Bonds and borrowings are initially recognized on the date when they are issued or incurred. All other financial liabilities are initially recognized on the contract date when the Group becomes a party to the contract of the financial instruments.

At initial recognition, financial liabilities are classified as (a) financial liabilities measured at amortized cost or (b) financial liabilities measured at fair value through profit or loss.

At initial recognition, financial liabilities measured at amortized cost are measured at fair value net of transaction costs that are directly attributable to the financial liabilities.

Transaction costs of financial liabilities measured at fair value through profit or loss are recognized in profit or loss.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured according to their classification as follows:

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization by using the effective interest method and any gains or losses on derecognition are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value, and any changes in their fair value are recognized in profit or loss.

(iii) Derecognition

The Group derecognizes the financial liabilities only when they are extinguished, that is, the obligations specified in the contract are discharged, cancelled or expired.

C. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented only when the Group currently has a legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

D. Derivatives and hedge accounting

Derivatives are initially recognized at fair value. After initial recognition, derivatives continue to be measured at fair value.

The Group designates certain derivatives such as forward foreign exchange contracts, currency swap agreements, currency option transactions, and interest rate swap agreements primarily to hedge foreign currency risk, interest rate risk, etc.

As a policy, the Group does not enter into derivative transactions for speculative purposes.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and the methods of assessing whether the hedging relationship meets the hedge effectiveness requirements. The Group assesses whether the hedging relationship meets the hedge effectiveness requirements, both at inception and on an ongoing basis. Ongoing assessments are performed at each reporting date or upon a

significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

The Group applies hedge accounting to cash flow hedges which meet the criteria for hedge accounting and such hedges are accounted for as follows:

The portions of the gain or loss on the hedging instrument that are determined to be effective hedges are recognized in other comprehensive income, while the remaining ineffective portions are recognized in profit or loss. The amounts associated with the hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. However, in cases where the hedged forecast transaction subsequently results in the recognition of a non-financial asset or liability, the amount recognized in other comprehensive income is accounted for as an adjustment to the initial carrying amount of the non-financial asset or liability.

When the hedging relationship ceases to meet the qualifying criteria, or the hedging instrument expires or is sold, terminated or exercised, the application of hedge accounting is discontinued prospectively. When forecast transactions or firm commitments are no longer expected to occur, any related cumulative gains or losses that have been recognized in equity through other comprehensive income are reclassified to profit or loss.

The Group does not undertake any fair value hedges or any hedges of net investment in foreign operations.

#### E. Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined mainly by the weighted-average cost formula. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the present location and condition.

#### ii) Depreciation of property, plant and equipment, and amortization of intangible assets

Property, plant and equipment and intangible assets are measured under the cost model and carried at their cost less any accumulated depreciation, amortization and impairment losses.

#### A. Property, plant and equipment

The cost of property, plant and equipment includes the cost directly incidental to the acquisition of assets, the initial estimated costs of dismantling, removing and restoring the assets.

Depreciation expense for assets except for land and construction in progress is recognized mainly by the straight-line method over the respective estimated useful lives. The estimated useful lives of major asset items are as follows:

- Buildings and structures: 2 to 65 years
- Machinery and vehicles: 2 to 40 years
- Tools, furniture and fixtures: 2 to 20 years

The estimated useful lives, residual values and depreciation methods of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Right-of-use assets are included in “Property, plant and equipment” in the consolidated statement of financial position. For the leases that the Group has contracted as a lessee, right-of-use assets are measured at cost, and lease liabilities are measured at the present value of total lease payments payable at the commencement date of the leases.

Right-of-use assets are depreciated by the straight-line method over the estimated useful lives or lease terms, whichever is shorter. The estimated useful lives of major asset items are as follows:

- Buildings and structures: 2 to 50 years
- Machinery and vehicles: 2 to 15 years

- Tools, furniture and fixtures: 2 to 6 years
- Land: 2 to 55 years

The Group does not recognize right-of-use assets and lease liabilities for leases on intangible assets and short-term leases within 12 months. The Group recognizes the total lease payments associated with short-term leases on either a straight-line method or another systematic basis over the lease term.

B. Intangible assets

Separately acquired intangible assets are initially measured at cost.

Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Internally generated intangible assets, other than development expenses that meet the requirements for capitalization, are recognized as an expense when incurred.

Intangible assets with finite useful lives are amortized by the straight-line method over the estimated useful lives. The estimated useful lives of major intangible assets are as follows:

- Patents: 5 to 15 years
- Trademarks, distribution rights and others: 8 to 15 years
- Software: 2 to 10 years

The estimated useful lives, residual values and amortization methods are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Intangible assets with indefinite useful lives consist mainly of brands and trademarks acquired separately or in business combinations, and are included in intangible assets as “Trademarks, distribution rights and others.” Intangible assets with indefinite useful lives are reviewed at the end of each fiscal year to determine whether the indefinite useful life assessment remains appropriate. If it is no longer appropriate, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate. In-process researches and developments acquired separately or in business combinations are included in intangible assets as “In-process research and development.” As these assets are intangible assets that are not yet available for use, they are tested for impairment without amortization. An asset in “In-process research and development” is transferred to “Trademarks, distribution rights and others” when the asset becomes available for use by obtaining permits and approvals from regulatory authorities in a subsequent period, and begins to be amortized by the straight-line method over the estimated useful life from that time.

C. Impairment of property, plant and equipment and intangible assets

The Group assesses whether there is any indication of impairment at the end of each reporting period for property, plant and equipment and intangible assets (including right-of-use assets; the same applies hereinafter). If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment each year and whenever there are indications of possible impairment.

The recoverable amount of an individual asset or a cash-generating unit is measured at the higher of its fair value less cost of disposal or its value in use. The value in use is calculated by discounting the estimated future cash flows to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

The corporate assets do not independently generate cash inflows. When there is an indication of impairment of the corporate assets, the recoverable amount of the cash-generating unit to which the corporate assets belong is calculated.

An impairment loss is recognized in profit or loss when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount.

For an impairment loss recognized in prior periods, the Group assesses whether there is any indication of a decrease or disappearance of the impairment loss at the end of each reporting period. If there is any indication of reversal of the impairment loss, the recoverable amount of the asset or cash-generating unit is estimated. In cases in which the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, the impairment loss is reversed up to the lower of the recoverable amount or the carrying amount less any depreciation and amortization costs that would have been determined had no impairment loss been recognized.

iii) Goodwill

Goodwill is measured as the excess of the aggregate of the consideration transferred in business combination, the amount of non-controlling interests in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In case the identifiable net asset exceeds the aggregate of the consideration and others, such excess is immediately recognized in profit or loss.

The consideration transferred is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The consideration transferred includes any assets or liabilities resulting from a contingent consideration arrangement. The amount of non-controlling interests in the acquiree at the acquisition date is measured for each business combination either at fair value or as the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. After initial recognition, the amount is recorded at its cost less any accumulated impairment losses.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units (hereinafter referred to as the "Cash-Generating Units") that is expected to benefit from the synergies of the business combination. Cash-Generating Units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired. If the recoverable amount of Cash-Generating Units is less than their carrying amounts, an impairment loss is recognized in profit or loss. With regard to allocation of impairment losses recognized in association with Cash-Generating Units, first the carrying amount of goodwill allocated to the unit is reduced, and then the remaining amount of impairment loss is allocated to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. For impairment losses recognized on goodwill, no reversal is made in subsequent periods.

iv) Provisions

Provisions are recognized when there are present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

The amount recognized as provisions is the best estimate taking into account the risks and uncertainties of the expenditure required to settle the present obligations on each reporting date. When the time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

v) Post-employment benefits

The Group has defined benefit plans and defined contribution plans as post-employment benefit plans for its employees.

The Group uses the projected unit credit method to determine the present value of the defined benefit obligations, the related current service cost and the past service cost.

The discount rate is determined based on market yields on high quality corporate bonds at the end of the fiscal year that are consistent with the discount period, which is set for the projected period until the expected date of benefit payment in each fiscal year.

Net defined benefit liabilities or assets are calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligations. If the defined benefit plan has surplus, the defined benefit asset is limited to the asset ceiling that is the present value of any future economic benefits available in the form of reductions in the future contributions to the plan or cash refunds.

Service costs and net interest on the net defined benefit liabilities (assets) are recognized in profit or loss.

The remeasured amount of a defined benefit plan is recognized at once in other comprehensive income when it occurs, and immediately transferred to retained earnings.

Contributions to the defined contribution retirement benefits are recognized as expenses when employees have rendered service.

vi) Foreign currency translation

A. Foreign currency transactions

Foreign currency transactions are translated to the functional currencies at exchange rates on the transaction dates or exchange rates which are close to the actual rate on the transaction dates. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rate on each reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rate at the date of measurement. Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated into the functional currency using the spot exchange rate on the date of the original transaction.

Translation differences arising from translations or settlements are recognized as profit or loss. However, equity instruments measured through other comprehensive income as well as the effective portion of translation differences arising from hedging instruments related to cash flow hedges used to hedge foreign currency risk are recognized as other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen at the exchange rate on each reporting date. The revenues and expenses of foreign operations are translated into Japanese yen at the average exchange rate for the reporting period. Translation differences arising from translation of financial statements of foreign operations are recognized as other comprehensive income. The exchange differences on translation of foreign operations are recognized in profit or loss for periods in which foreign operations are disposed.

vii) Revenue

A. Sales of products

For sales of products, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products because legal title, physical possession, significant risks and rewards of ownership of the products are transferred to a customer upon delivery, and the customer obtains control over the products.

Products may be sold with a rebate based upon the achievement of a defined sales volume and amount. In such a case, the transaction price is recognized as the consideration promised in the contract with a customer, less estimated rebates and other items. Rebates are measured by the 'most likely amount' method based on historical performance. Revenue is recognized only to the extent that it is highly probable that significant reversal will not occur.

Specifically, in connection with rebates for Medicaid, Medicare and Commercial Managed Care Program in the U.S., the Group estimates statutory and contractual rebate payments related to the public healthcare system provided by federal and state governments, and contractual rebate payments with medical institutions and customers to prepare for possible refunds after the end of the fiscal year. The Group estimates the accrual amounts through the process such as identifying the target products of each program, applicable product prices, estimated inventory at pharmacies and wholesalers, and time lag between sales of products

and payment of rebates. However, these estimates are uncertain and may differ from the actual amount incurred. The Group evaluates whether the estimates of variable consideration are constrained, taking into account the impact of reasonable and potential changes such as past experiences on the related contracts, consistency between the paid rebates and contract clauses, and demand forecasts. As a result of this evaluation, the Group judges the constraints are limited. The estimated amount of these rebate payments is recorded in “Other current liabilities” on the consolidated statement of financial position.

The majority of the consideration for sales is received within one year from the date of delivery. Therefore, the promised amount of consideration does not include a significant financing component.

B. License and royalty income

License income includes up-front and milestone payments that the Group receives from a third party based on license agreements for development and distribution right of developing or finished products. Under license agreements, if contractual obligations are fulfilled at a point in time, up-front payments are recognized as revenue once development and distribution rights are granted, and milestone payments are recognized as revenue when the contractual milestones are achieved. If contractual obligations are fulfilled over a period of time, including those for certain license agreements entered into between the Group and a third party for development and distribution rights and others of products under development, in principle, the corresponding payments are recorded as contract liabilities and the income from up-front and milestone payments is recognized as revenue over a period such as an estimated contract term, in accordance with the measurement method of progress towards satisfaction of performance obligations. The progress towards satisfaction of performance obligations is measured by the ratio between the output, such as time elapsed, and the remaining service provision periods promised in the contract, etc. for each contract such as development cooperation. Income from milestone payments under license agreements is recognized as revenue from the point when the conditions are met to avoid future reversal of revenues. The progress towards satisfaction of performance obligations is measured by the ratio between the output, such as time elapsed, and the remaining service provision periods promised in the contract, etc. for each contract such as development cooperation.

Royalty income is the income that is calculated based on the sales of counterparties under license agreements, and is recognized as revenue at the later point of either the counterparty’s revenue recognition, or satisfaction of performance obligations.

License and royalty income are received primarily within one year from the time when the rights are acquired based on the agreements. Therefore, the agreements do not include significant financing components.

viii) Others

A. Accounting method for consumption taxes

Consumption taxes are excluded from revenues and expenses.

B. Application of group tax sharing system

The Company applies the group tax sharing system.

**2. Notes to Accounting Estimates**

Items whose amounts were recorded based on accounting estimates in the consolidated financial statements for the current fiscal year, and which may have a significant impact on the consolidated financial statements for the following fiscal year are as follows.

(1) Estimation of statutory and contractual rebates related to the public healthcare system in the U.S.

i) Amount recorded in the consolidated financial statements for the current fiscal year

Accrued expenses based on statutory and contractual rebates related to the public healthcare system in the U.S.

¥109,622 million

- ii) Information that contributes to understanding of details of accounting estimates  
In connection with rebates for Medicaid, Medicare and Commercial Managed Care Program in the U.S., the Group estimates statutory and contractual rebate payments related to the public healthcare system provided by federal and state governments, and contractual rebate payments with medical institutions and customers to prepare for possible refunds after the end of the fiscal year. The Group estimates the accrual amounts through the process such as identifying the target products of each program, applicable product prices, estimated inventory at pharmacies and wholesalers, and time lag between sales of products and payment of rebates. The estimated amount of these rebate payments is recorded in “Other current liabilities” on the consolidated statement of financial position.  
These estimates include various conditions unique to each product and if any change is made to such conditions, it may have a significant impact on the estimated amounts of rebates payable that are included in other current liabilities in the consolidated financial statements for the following fiscal year.
- (2) Impairment of intangible assets
- i) Amount recorded in the consolidated financial statements for the current fiscal year
- |                   |                  |
|-------------------|------------------|
| Intangible assets | ¥574,134 million |
|-------------------|------------------|
- ii) Information that contributes to understanding of details of accounting estimates  
Intangible assets, such as in-process research and development and trademarks, distribution rights and others are tested for impairment annually and whenever there is an indication of impairment. If the recoverable amount is less than the carrying amount, an impairment loss is recognized, and the carrying amount is reduced to the recoverable amount. The recoverable amount is estimated for each asset to be evaluated individually, cash-generating units or groups of cash-generating units, and measured at the higher of its fair value less cost of disposal or its value in use. The value in use is calculated based on assumptions such as estimated future cash flows, probability of success, growth rate and discount rate.  
Major assumptions such as the estimated future cash flows, the probability of success, growth rates, and discount rates are highly uncertain in the estimates. If a delay or halt of development and launches of competing products will lead to results that differ from the initial assumptions, this may have a significant impact on the amount of intangible assets in the consolidated financial statements for the following fiscal year.
- (3) Recoverability of deferred tax assets
- i) Amount recorded in the consolidated financial statements for the current fiscal year
- |                     |                  |
|---------------------|------------------|
| Deferred tax assets | ¥185,009 million |
|---------------------|------------------|
- ii) Information that contributes to understanding of details of accounting estimates  
Deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is highly probable that taxable profits will be available against which they could be utilized. In assessment of the recoverability of deferred tax assets, reversal of deferred tax liabilities, expected future taxable profit and tax planning are taken into account, and the carrying amount is reviewed each fiscal year based on the level of taxable profit in the past and estimated future taxable profit in the period during which deferred tax assets are deductible.  
The future taxable profit and tax planning are estimated based on the Group’s business plan. If a different result from forecasts such as revenue in the business plan is occurred, this may have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.
- (4) Fair value of financial instruments
- i) Amounts recorded in the consolidated financial statements for the current fiscal year

(Translation)

Financial assets measured at fair value (Other financial assets)	¥104,741 million
Financial liabilities measured at fair value (Other financial liabilities)	¥77,762 million

- ii) Information that contributes to understanding of details of accounting estimates  
In calculating fair value of certain financial instruments, the Group uses valuation techniques including inputs that are not observable in the market.  
Unobservable inputs are affected by uncertain future economic conditions. Therefore, if a different result from their assumptions is occurred, this may have a significant impact on the amounts of financial assets and financial liabilities measured at fair value in the consolidated financial statements for the following fiscal year.

(5) Measurement of defined benefit obligations

- i) Amounts recorded in the consolidated financial statements for the current fiscal year
- |   |                 |
|---|-----------------|
| Net defined benefit liabilities                       | ¥12,574 million |
| Net defined benefit assets (Other non-current assets) | ¥11,170 million |

- ii) Information that contributes to understanding of details of accounting estimates  
For defined benefit retirement benefit plans, the net amount calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligations is recognized as net defined benefit liabilities or net defined benefit assets in the consolidated statement of financial position. Defined benefit obligations are calculated using an actuarial technique, and actuarial assumptions include estimates of discount rate, retirement rate, mortality rate, and salary increase rate. The discount rate is determined based on market yields on high quality corporate bonds at the end of the fiscal year.  
These assumptions may be affected by uncertain future economic conditions or changes in social situations, and other factors. If a different result from their assumptions is occurred, this may have a significant impact on the amounts of net defined benefit liabilities and net defined benefit assets included in other non-current assets in the consolidated financial statements for the following fiscal year.

**3. Notes to Consolidated Statement of Financial Position**

(1) Allowance for Expected Credit Losses Directly Deducted from Assets

Trade and other receivables	¥4,399 million
Other financial assets (non-current assets)	¥99 million

(2) Accumulated Depreciation on Property, Plant and Equipment (including accumulated impairment losses)

¥971,855 million

**4. Notes to Consolidated Statement of Changes in Equity**

(1) Total Number of Issued Shares

Class of shares	Number of shares as of January 1, 2025	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares as of December 31, 2025
Ordinary shares	552,024 thousand shares	—	9,035 thousand shares	542,988 thousand shares

Note: The 9,035-thousand-share decrease in the total number of issued ordinary shares is due to the cancellation of treasury shares.

(Translation)

(2) Number of Treasury Shares

Class of shares	Number of shares as of January 1, 2025	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares as of December 31, 2025
Ordinary shares	14,932 thousand shares	9,049 thousand shares	9,124 thousand shares	14,857 thousand shares

Note: The 9,049-thousand-share increase in the number of treasury shares is due to the share buybacks based on the resolution approved at the meeting of the Board of Directors, the acquisition without contribution of some ordinary shares allotted as restricted stock remuneration, and the purchase of shares less than one share unit. The 9,124-thousand-share decrease in the number of treasury shares is due to the cancellation of treasury shares based on the resolution approved at the meeting of the Board of Directors and the disposal of treasury shares as restricted stock remuneration.

(3) Dividends

i) Payment of dividends

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Meeting of the Board of Directors held on February 14, 2025	Ordinary shares	¥32,225 million	¥60	December 31, 2024	March 31, 2025
Meeting of the Board of Directors held on July 31, 2025	Ordinary shares	¥36,969 million	¥70	June 30, 2025	September 1, 2025

ii) Dividends whose record date is in the current fiscal year but whose effective date falls in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends	Dividends per share	Record date	Effective date
Meeting of the Board of Directors held on February 13, 2026	Ordinary shares	Retained earnings	¥36,969 million	¥70	December 31, 2025	March 30, 2026

5. Notes to Financial Instruments

(1) Matters Concerning Conditions of Financial Instruments

i) Financial risk management

The Group is exposed to financial risks (market risk, credit risk and liquidity risk) in the course of operating activities and conducts risk management in accordance with its policy to mitigate these financial risks. The Group uses derivative transactions to avoid foreign currency risk or interest rate risk and, in accordance with its policy, does not carry out any speculative transactions.

ii) Market risk management

The Group's activities are mainly exposed to risks of changes in economic circumstances and financial market circumstances. Specifically, the risks of changes in financial market circumstances include A. Foreign currency risk, B. Interest rate risk and C. Risk of fluctuations in equity instrument prices.

A. Foreign currency risk management

As the Group is expanding its business globally, exchange rate fluctuations mainly in the US dollar and euro affect its operating results.

With regard to settlement of receivables and payables arising from ongoing operating activities, the Group's policy is to balance foreign exchange receipts and payments as much as possible with three major currencies, namely, the US dollar, euro and yen.

In addition, the Group has established management rules for derivative transactions and limits derivative transactions, including forward foreign exchange contracts, to those for the purpose of hedging risks.

B. Interest rate risk management

The Group is exposed to various interest rate risks in its business activities, and especially subjected to interest rate fluctuations associated with borrowings. However, the effect of interest rate fluctuations on borrowing costs is offset by income arising from assets that are affected by the interest rate fluctuations.

The Group monitors fluctuations in interest rates arising from these assets and liabilities, and manages interest rate risks through refinancing and other means when interest rates drastically fluctuate.

C. Risk management of price fluctuations in equity instruments

The Group is exposed to risk of stock price fluctuations in equity instruments. The Group has no equity instruments held for short-term trading but owns equity instruments to execute business strategies smoothly. With regard to equity instruments, the Group regularly assesses fair value and monitors financial conditions of issuers.

iii) Credit risk management

Credit risk is the risk that causes financial loss to the Group when a counterparty of a financial asset held by the Group goes into default for contractual obligations. According to its credit management policy, the Group's sales department and accounting and finance department regularly monitor the credit status of each counterparty to claims such as trade receivables, manage due dates and balances, and strive for early identification and mitigation of any concerns about collections due to deterioration in the financial position of the counterparty and other factors. When full or partial collection of trade receivables and other is considered impossible, or extremely difficult, it is deemed as a default.

The Group recognizes that there is little credit risk in the use of derivatives since the Group mainly deals with financial institutions, etc. with high credit ratings.

The Group does not have any credit risk significantly concentrated in a specific counterparty or a group to which the counterparty belongs.

The carrying amounts presented in the consolidated statement of financial position represent the Group's maximum exposure to credit risk of financial assets.

iv) Liquidity risk management

The Group manages liquidity risk by having the accounting and finance departments prepare and update cash flow management plans, and maintaining a constant level of liquidity.

(2) Fair Value of Financial Instruments

Please refer to Notes to Consolidated Financial Statements "1. Basis of Preparation of Consolidated Financial Statements – (6) Accounting Policies – i) Valuation of significant assets" for further details about fair value of financial instruments. If financial instruments are settled in a short term and their carrying amount approximates to their fair value, information on fair value of the financial instruments is omitted.

Fair value hierarchy

The fair value hierarchy classifies the inputs as follows:

Level 1: Fair value that is measured by using quoted prices in active markets

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using the observable price

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

Transfers between fair value hierarchy levels are recognized on the date the event or condition prompting the transfer occurred.

## i) Financial instruments measured at amortized cost

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<Financial liabilities>					
Borrowings	17,208	–	16,830	–	16,830
Bonds	109,799	–	106,529	–	106,529
Total	127,007	–	123,359	–	123,359

The fair value calculation methods are as follows:

Borrowings

The fair value of borrowings with floating interest rates reflects market interest rates in a short term, and the carrying amount approximates to their fair value. The fair value of borrowings with fixed interest rates is calculated by the method in which future cash flows are discounted, using an interest rate to which approximates when funds are borrowed under the same terms and conditions with the same remaining borrowing period.

Bonds

The fair value of bonds is calculated based on the observable price in the market.

## ii) Financial instruments measured at fair value

(Millions of yen)

	Level 1	Level 2	Level 3	Total
<Financial assets>				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	92,667	–	73,721	166,389
Financial assets measured at fair value through profit or loss				
Equity instruments	16,212	–	17,073	33,286
Debt instruments	–	–	3,232	3,232
Derivatives	–	64	10,649	10,713
Total	108,880	64	104,677	213,621
<Financial liabilities>				
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	–	–	71,790	71,790
Derivatives	–	–	5,971	5,971
Total	–	–	77,762	77,762

## iii) Valuation techniques and inputs for financial instruments classified as Level 2 and Level 3

## (a) Valuation techniques and inputs

Equity instruments

The fair value of equity instruments is measured using a valuation technique appropriate to characteristics of the instrument, such as the comparable company analysis method and the option pricing method.

In the measurement, input information, including stock price index of comparable companies, the discount rate according to risk of the instrument, and price of conversion of preference shares held by the Group into ordinary shares, is taken into account. The principal unobservable input used in measuring the fair value is the EBITDA multiple in the comparable company analysis method, with the calculation based on the median of the comparable companies. An increase (a decrease) in the EBITDA multiple will result in an increase (a decrease) in the fair value.

Debt instruments

The fair value of bonds and other instruments is calculated based on cash flows and business models.

Derivatives

## Forward exchange contracts and others

The fair value of forward exchange contracts and others is calculated based on the market price of forward exchange contracts and others entered into on similar terms and conditions.

## Interest rate swaps

Interest rate swaps are used for the purpose of reducing interest borne on borrowings, and their fair value is calculated based on the quoted price at lending financial institutions.

## Currency swaps

Currency swaps are used for the purpose of reducing foreign currency risks on currencies of borrowings, and their fair value is calculated based on the quoted price at lending financial institutions.

## Call options

The fair value of call options is calculated based on the Black-Scholes model.

## Milestone contracts

Milestone contracts are calculated based on the discounted cash flows method using estimated future cash flows and the expected rate of return (discount rate).

## Synthetic forwards

Synthetic forwards are contracts made up of a long call and a short put, using the interests in subsidiaries as the underlying asset, and without a fixed strike price or expiry date. The fair value is calculated based on future net sales and other assumptions using a Monte Carlo simulation.

Contingent consideration

Contingent consideration classified as Level 3 is a liability recognized as a result of recognizing a part of the considerations as contingent consideration in the acquisition of interests in Neurovance, Inc., Jnana Therapeutics Inc., Araris and Otsuka ICU Medical. Valuation techniques and inputs of fair value are provided in Note “10. Other Notes (Business Combinations).”

## (b) Valuation processes

The fair value of Level 3 financial instruments is measured based on internal regulations.

The Group has adopted appropriate valuation techniques and inputs that reflect the risks, characteristics and nature of the financial instruments subject to valuation.

## iv) Reconciliation of financial instruments classified as Level 3 from the opening balances to the closing balances

(Millions of yen)

	Fair value measurement as of the end of the year	
	Financial assets	Financial liabilities
Balance as of January 1, 2025	84,011	52,544
Gains (losses)		
Recorded in profit or loss*1	(14)	(13,732)
Recorded in other comprehensive income*2	24,017	18,565
Purchase and issuance	14,343	–
Sales, settlements, and conversions	(24,297)	–
Increase resulting from business combination	6,658	20,384
Other	(42)	–
Balance as of December 31, 2025	104,677	77,762
Unrealized gains or losses included in profit or loss for assets and liabilities held at the end of the year	834	(13,732)

\*1 Gains or losses included in profit or loss relate to financial assets and financial liabilities measured at fair value through profit or loss as of the reporting date. These gains or losses are included in “Other income” or “Finance expenses” in the consolidated statement of income.

\*2 Gains or losses included in other comprehensive income relate to financial assets and financial liabilities measured at fair value through other comprehensive income as of the reporting date. These gains or losses are included in “Financial assets measured at fair value through other comprehensive income” and “Exchange differences on translation of foreign operations” in the consolidated statement of comprehensive income.

## 6. Notes on Revenue Recognition

### (1) Disaggregation of revenue

The Group disaggregates revenue by type of goods or services and by geographical area. The relationship between disaggregated revenue and reportable segments for the fiscal year ended December 31, 2025 is as follows:

(Millions of yen)

	Reportable segment				
	Pharmaceuticals	Nutraceuticals	Consumer products	Others	Consolidated
By type of goods or services					
Sales of products	1,515,786	577,404	34,329	85,088	2,212,608
License and royalty income	157,818	186	5	41	158,051
Other	70,628	30	276	27,296	98,232
Total	1,744,234	577,621	34,610	112,426	2,468,892
By geographical area*					
Japan	448,394	170,028	24,935	74,754	718,111
North America	899,845	255,692	8,064	5,272	1,168,875
EU	206,522	71,032	404	6,960	284,921
Other	189,472	80,867	1,205	25,438	296,984
Total	1,744,234	577,621	34,610	112,426	2,468,892

\* Revenue is classified based on the location of customers.

### (2) Contract balance

The breakdown of receivables and contract liabilities from contracts with customers is as follows:

(Millions of yen)

	Amount
Receivables from contracts with customers	555,222
Notes and accounts receivable - trade	559,621
Allowance for doubtful accounts	(4,399)
Contract liabilities (current liabilities)	11,331
Contract liabilities (non-current liabilities)	26,025

Of the opening balance of contract liabilities, the amount of revenue recognized is ¥12,933 million.

The amount of revenue recognized from performance obligations satisfied (or partially satisfied) in the past period was ¥144,833 million, of which major revenue was license and royalty income.

### (3) Timing of satisfaction of performance obligations

Contract liabilities are recorded mainly due to certain license agreements entered into between the Group and a third party for development and distribution rights and others of products under development. In principle, contract liabilities are recorded at the time of receiving the corresponding payments regardless of satisfaction of performance obligations and recognized as revenue over a period such as a contract term according to the satisfaction of performance obligations such as development cooperation determined by each contract. In the license agreements above, there is no consideration from the contract with a customer that is not included in the transaction price. In addition, contract liabilities include advances received from customers in relation to sale of products.

(Translation)

The total amount of transaction price allocated to remaining performance obligations and timing when revenue is expected to be recognized are as follows:

(Millions of yen)	
	Amount
Due within one year	11,331
Due after one year through two years	6,648
Due after two years through three years	6,783
Due after three years through four years	5,439
Due after five years	7,153
Total	37,356

#### 7. Notes to Per Share Information

(1) Equity attributable to owners of the Company per share	¥5,743.73
(2) Basic earnings per share	¥685.06

#### 8. Notes to Income Taxes for Global Minimum Tax

The amount of income taxes for global minimum tax included in income tax expenses was ¥2,516 million.

#### 9. Notes to Significant Subsequent Events

Not applicable.

#### 10. Other Notes

(Impairment of Assets)

The Group recorded impairment losses of ¥26,426 million for the fiscal year ended December 31, 2025, ¥12,729 million of which related to the pharmaceutical business and ¥12,039 million related to the nutraceutical business.

The impairment losses in the pharmaceutical business are primarily related to the impairment losses associated with pharmaceutical research and development, while the impairment losses in the nutraceutical business are mainly related to Daiya Foods Inc. (hereinafter referred to as “Daiya Foods”).

In the nutraceutical business, the profitability of Daiya Foods, which develops, manufactures and sells plant-based foods in North America, is expected to decline due to the sluggish plant-based food product market in North America. Accordingly, the Group reduced the carrying amount of the assets related to Daiya Foods to the recoverable amounts and recorded impairment losses of ¥11,349 million (¥4,889 million for buildings and structures, ¥2,333 million for machinery and vehicles, ¥9 million for tools, furniture and fixtures, ¥1,890 million for trademarks, distribution rights and others and ¥2,227 million for other intangible assets). The recoverable amounts are measured at fair value less costs of disposal. The fair value less costs of disposal is measured primarily by taking into account the analysis of the income approach, and is calculated by discounting the estimated amount of future cash flows for the next 10 years, based on the business plan reflecting past experience and external information and being approved by management, using a discount rate of 11.5%, which is calculated as pre-tax weighted average cost of capital. Beyond the projected period of the business plan, subsequent growth rate is estimated to be 3.0%. The hierarchy for the fair value is Level 3.

(Business Combinations)

(Acquisition of Araris Biotech AG)

Taiho Pharmaceutical Co., Ltd. (hereinafter “Taiho Pharmaceutical”), a consolidated subsidiary of the Company, agreed on March 17, 2025, to acquire Araris Biotech AG (hereinafter “Araris”), a Swiss biotechnology company developing next-generation antibody-drug conjugates (ADCs), by acquiring 100% of its shares through cash and future milestone payments (hereinafter the “Acquisition”), and completed the Acquisition on March 31, 2025.

## (1) Outline of business combination

## i) Name of acquired company and business description

Name of acquired company: Araris Biotech AG

Business description: Research and development of pharmaceutical products

## ii) Main reasons for the business combination

Taiho Pharmaceutical is an R&D-driven specialty pharma focusing on two fields of oncology and immune-related diseases. In the field of oncology in particular, it has strengths in the development of small-molecule oral therapeutic drugs, such as antimetabolites and molecular-targeted drugs with its proprietary Cysteinomix drug discovery technology platform, also pursuing multiple research and development programs for new modalities other than small molecules through collaborations with companies and academia in Japan and overseas. As one of the most promising modalities, Taiho Pharmaceutical had started their own drug discovery activities for ADCs and went into a research collaboration with Araris in November 2023. Araris is pioneering the development of best-in-class ADCs with superior design, high linker solubility and simple manufacturing that address the shortcomings of current generation ADCs. ADCs are designed to selectively deliver cytotoxic drugs (payloads) to cancer cells by attaching them to antibodies that bind specifically to cancer cells through linkers. Foundational to its approach is its novel, proprietary ADC linker platform AraLinQ™. This platform has generated highly uniform, stable and potent ADC therapeutic candidates that have demonstrated a wider range of safety and increased antitumor effect compared to conventional ADCs in preclinical studies. Furthermore, Araris is advancing three products for the treatment of hematological and solid tumors developed using its unique AraLinQ™ technology, which are currently in the preclinical stage. Araris is making preparations to initiate early-stage clinical trials.

In addition to the Cysteinomix drug discovery technology platform, Taiho Pharmaceutical will hereafter acquire this innovative ADC drug discovery technology, and together Araris, will establish the research and development system in biologics to continue the expansion of its development portfolio in the field of oncology, with its strength now in both the small molecules and ADCs.

## iii) Date of obtaining control

March 31, 2025

## iv) Method of obtaining control of the acquired company and percentage of equity with voting rights acquired

Taiho Pharmaceutical, a consolidated subsidiary of the Company, has acquired 100% of the voting shares of Araris for cash and future milestone payments.

## (2) Fair values of consideration paid, assets acquired and liabilities assumed as of the date of obtaining control

(Millions of yen)

	Amount
Fair value of consideration paid	75,965
Cash	62,517
Contingent consideration	13,448
Fair value of assets acquired and liabilities assumed	
Current assets	5,900
Non-current assets	26,285
Current liabilities	(3,266)
Non-current liabilities	(5,157)
Fair value of assets acquired and liabilities assumed	23,762
Goodwill	52,203

- Notes:
1. The direct cost of the acquisition was ¥1,143 million and is included in “Selling, general and administrative expenses” in the consolidated statements of income.
  2. Acquired trade and other receivables were ¥150 million, and there were no contractual cash flows that are not expected to be collected.
  3. Goodwill mainly consists of synergies with existing businesses and excess earning power that are expected to arise from the acquisition. There is no amount of goodwill that is expected to be deductible for tax purposes.
  4. The major component of non-current assets allocated to intangible assets is ¥26,244 million in other intangible assets.
  5. Non-current liabilities include ¥5,157 million in deferred tax liabilities recognized as a result of the business combination.
  6. In the fiscal year ended December 31, 2025, fair value assessment of contingent consideration constituting consideration paid, assets acquired, and liabilities assumed, as well as allocation of the consideration for acquisition were completed.

(3) Impact on the Group’s financial results

Revenue and profit or loss included in the Group’s consolidated statements of income arising from Araris after the date of acquisition of control are not material. The disclosure of revenue and profit or loss assuming that the date of the business combination was January 1, 2025 (so-called “pro forma” information) has been omitted because the impact is immaterial.

(Making Otsuka ICU Medical LLC a subsidiary)

The Company’s consolidated subsidiary, Otsuka Pharmaceutical Factory, Inc. (hereinafter “Otsuka Pharmaceutical Factory”), through its U.S. subsidiary Otsuka Pharmaceutical Factory America, Inc. (hereinafter “OPFA”), entered into an agreement with ICU Medical, Inc. (hereinafter “ICU Medical”) for capital participation in a new IV solution business company newly established by ICU Medical on November 12, 2024. Effective May 1, 2025, OPFA acquired 60% of the shares of the IV solution business company newly established by ICU Medical, changed its name to Otsuka ICU Medical LLC (hereinafter “Otsuka ICU Medical”), and made it a subsidiary.

(1) Outline of business combination

i) Name of acquired company and business description

Name of acquired company: Otsuka ICU Medical LLC  
Business description: Focusing on basic IV and clinical nutrition pharmaceutical products, and the manufacturing, import and sales of medical devices

ii) Main reasons for the business combination

Otsuka ICU Medical, which possesses one of the largest basic IV solution factories in North America, was newly established by ICU Medical, a company engaged in the development, manufacturing, and sales of innovative medical products used in IV therapy, vascular access, and vital care applications. After acquiring the IV solution business from ICU Medical, OPFA obtained 60% of the shares from ICU Medical, making Otsuka ICU Medical a subsidiary of OPFA.

The IV solution market in North America is one of the largest in the world and continues to expand annually. Otsuka Pharmaceutical Factory, the largest IV solution manufacturer in Japan, and ICU Medical, a leading comprehensive IV solution manufacturer in North America, aim to strengthen the supply system for IV solutions in North America through Otsuka ICU Medical, contributing to stable supply while further enhancing the IV solution business in North America and promoting technological innovation in products.

iii) Date of obtaining control

May 1, 2025

iv) Method of obtaining control of the acquired company and percentage of equity with voting rights acquired

(Translation)

OPFA, the U.S. subsidiary of the Company's consolidated subsidiary Otsuka Pharmaceutical Factory, acquired 60% of the shares of Otsuka ICU Medical in exchange for cash and future milestone payments.

(2) Fair values of consideration paid, assets acquired and liabilities assumed as of the date of obtaining control

(Millions of yen)

	Amount
Fair value of consideration paid	31,419
Cash	30,212
Contingent consideration	1,207
Fair value of assets acquired and liabilities assumed	
Current assets	19,707
Non-current assets	39,586
Current liabilities	(3,240)
Non-current liabilities	(5,728)
Fair value of assets acquired and liabilities assumed	50,323
Non-controlling interests	18,904

- Notes:
1. The direct cost of the acquisition was ¥517 million and is included in "Selling, general and administrative expenses" in the consolidated statements of income.
  2. Acquired trade and other receivables were ¥1,737 million, and there were no contractual cash flows that are not expected to be collected.
  3. The major components of non-current assets allocated to property, plant and equipment are ¥9,492 million in buildings, ¥8,465 million in machinery and vehicles, and ¥12,566 million in land.
  4. The major component of non-current assets allocated to intangible assets is ¥143 million in other intangible assets.
  5. In the fiscal year ended December 31, 2025, fair value assessment of assets acquired and liabilities assumed, as well as allocation of the consideration for acquisition were completed. The main adjustments from the initial provisional amounts include increases of ¥10,205 million in property, plant and equipment, ¥143 million in intangible assets, and ¥6,658 million in investments and other assets, and a decrease of ¥1,237 million in non-controlling interests. As a result, all goodwill was allocated.
  6. Non-controlling interests are measured at fair value based on the proportionate share of the fair value of the acquired company's identifiable net assets, adjusted for lack of control using a discount rate of 7.0%.

(3) Impact on the Group's financial results

Revenue and profit or loss included in the Group's consolidated statements of income arising from Otsuka ICU Medical after the date of acquisition of control are not material. The disclosure of revenue and profit or loss assuming that the date of the business combination was January 1, 2025 (so-called "pro forma" information) has been omitted because the impact is immaterial.

(Contingent considerations arising from business combination)

Contingent considerations arising from business combination are included in other financial liabilities in the consolidated statement of financial position. Contingent considerations that were recorded as of December 31, 2025 arose from the business combinations of Neurovance, Inc., Jnana Therapeutics Inc., Araris and Otsuka ICU Medical.

The contingent considerations from the acquisition of Neurovance, Inc. consist of the milestones to be paid based on the progress of the development of centanafadine, which is a compound under development as a treatment of ADHD, obtained when the Group acquired Neurovance, Inc. in March 2017, and the ones to be paid based on the revenue after the launch of centanafadine. The maximum potential amounts of the milestones will be USD 50 million and USD 750 million, respectively.

The contingent considerations from the acquisition of Jnana Therapeutics Inc. consist of the development and regulatory milestones to be paid based on the progress of JNT-517 and other development products acquired when Jnana Therapeutics Inc. was acquired in September 2024. The maximum potential amounts of the milestones will be USD 75 million and USD 250 million, respectively.

(Translation)

The contingent considerations from the acquisition of Araris consist of the development and regulatory milestones to be paid based on the progress of multiple pipelines in ADC development acquired when Araris was acquired in March 2025, and the sales milestones to be paid based on the revenue after the launch of the products. The maximum potential amount will be USD 740 million. The contingent considerations from the business combination of Otsuka ICU Medical consist of the sales milestone to be paid based on the sales performance of existing products of ICU Medical, acquired when Otsuka ICU Medical became a subsidiary in May 2025. If the actual net sales and gross profit exceed the forecasted amounts at the time of the contract, there is a possibility of a payment calculated by applying a coefficient to the excess amount.

The fair value of the contingent considerations is estimated based on the probability-weighted present value of the potential amount to be paid to the counterparty.

The fair value changes of the contingent considerations attributable to time value are recognized in “Finance expenses,” and the one attributable to changes of non-time-value is recognized in either “Other income” or “Other expenses.”

Changes in the fair value of the contingent considerations for the current fiscal year are as follows:  
(Millions of yen)

	Amount
Balance as of January 1, 2025	52,544
Business combination	14,656
Changes in fair value	4,848
Foreign currency translation adjustment	(257)
Balance as of December 31, 2025	71,790

(Translation)

**Balance Sheet (Under Japanese GAAP)**

(As of December 31, 2025)

(Millions of yen)

Item	(Reference) FY2024	FY2025	Item	(Reference) FY2024	FY2025
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>285,790</b>	<b>231,669</b>	<b>Current liabilities</b>	<b>228,170</b>	<b>217,021</b>
Cash and bank deposits	130,375	101,507	Accounts payable - other	9,836	6,626
Investments in leases	230	230	Accrued expenses	307	901
Supplies	77	–	Income taxes payable	256	334
Prepaid expenses	3,406	3,182	Current portion of bonds	–	30,000
Short-term loans receivable from subsidiaries and associates	142,622	121,927	Deposits received from subsidiaries and associates	217,501	178,693
Income taxes receivable	146	239	Provision for bonuses	108	117
Other current assets	10,255	6,555	Provision for directors' bonuses	65	79
Allowance for doubtful accounts	(1,323)	(1,973)	Other current liabilities	94	267
<b>Non-current assets</b>	<b>1,096,710</b>	<b>1,092,286</b>	<b>Non-current liabilities</b>	<b>81,398</b>	<b>81,758</b>
<b>Property, plant and equipment</b>	<b>7,268</b>	<b>17,440</b>	Bonds	80,000	80,000
Buildings	5,137	7,643	Deferred tax liabilities	292	635
Structures	589	8,359	Provision for retirement benefits for directors (and other officers)	38	39
Machinery and equipment	1,234	1,120	Asset retirement obligations	1,037	1,037
Tools, furniture and fixtures	295	317	Other non-current liabilities	30	46
Construction in progress	11	–	<b>Total liabilities</b>	<b>309,568</b>	<b>298,779</b>
<b>Intangible assets</b>	<b>4,271</b>	<b>3,690</b>	<b>Net assets</b>		
Software	4,271	3,690	<b>Shareholders' equity</b>	<b>1,071,682</b>	<b>1,023,033</b>
<b>Investments and other assets</b>	<b>1,085,170</b>	<b>1,071,155</b>	<b>Share capital</b>	<b>81,690</b>	<b>81,690</b>
Investment securities	11,689	13,017	<b>Capital surplus</b>	<b>786,295</b>	<b>734,744</b>
Shares of subsidiaries and associates	750,984	824,764	Additional paid-in capital	731,816	731,816
Investments in capital of subsidiaries and associates	133	133	Other capital surplus	54,479	2,927
Long-term loans receivable from subsidiaries and associates	318,911	229,155	<b>Retained earnings</b>	<b>270,999</b>	<b>291,667</b>
Prepaid pension costs	486	1,089	Other retained earnings	270,999	291,667
Investments in leases	3,038	2,807	Reserve for tax purpose reduction entry of non-current assets	161	141
Other assets	1,388	2,686	Retained earnings brought forward	270,838	291,526
Allowance for doubtful accounts	(1,462)	(2,498)	<b>Treasury shares</b>	<b>(67,303)</b>	<b>(85,069)</b>
<b>Total assets</b>	<b>1,382,500</b>	<b>1,323,956</b>	<b>Valuation and translation adjustments</b>	<b>1,249</b>	<b>2,142</b>
			Unrealized gain on available-for-sale securities	1,249	2,142
			<b>Total net assets</b>	<b>1,072,932</b>	<b>1,025,176</b>
			<b>Total liabilities and net assets</b>	<b>1,382,500</b>	<b>1,323,956</b>

(Translation)

## **Statement of Income (Under Japanese GAAP)**

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

(Millions of yen)

Item	(Reference) FY2024	FY2025
<b>Operating revenues</b>	<b>118,029</b>	<b>98,840</b>
<b>Operating expenses</b>	<b>15,121</b>	<b>16,165</b>
<b>Operating income</b>	<b>102,907</b>	<b>82,674</b>
<b>Non-operating income</b>	<b>4,819</b>	<b>9,762</b>
Interest and dividend income	3,083	7,755
Business consignment fees	1,388	1,713
Reversal of allowance for doubtful accounts	181	155
Other	165	138
<b>Non-operating expenses</b>	<b>2,753</b>	<b>8,195</b>
Interest expenses	1,686	5,436
Commission fees	93	123
Provision of allowance for doubtful accounts	588	1,841
Bond interests	254	699
Other	130	94
<b>Ordinary income</b>	<b>104,974</b>	<b>84,241</b>
<b>Extraordinary income</b>	<b>–</b>	<b>4,157</b>
Gain on sales of non-current assets	–	2
Gain on exchange from dividends in kind	–	4,154
<b>Extraordinary loss</b>	<b>0</b>	<b>4</b>
Loss on retirement of non-current assets	0	4
<b>Profit before tax</b>	<b>104,973</b>	<b>88,393</b>
<b>Income tax - current</b>	<b>(1,525)</b>	<b>(1,378)</b>
<b>Income tax - deferred</b>	<b>103</b>	<b>(91)</b>
<b>Net profit</b>	<b>106,396</b>	<b>89,863</b>

(Translation)

**Statement of Changes in Net Assets**

FY2024 (From January 1, 2024 to December 31, 2024) [Reference]

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
<b>Balance as of January 1, 2024</b>	<b>81,690</b>	<b>731,816</b>	<b>79,481</b>	<b>811,298</b>	<b>180</b>	<b>229,558</b>	<b>229,738</b>
<b>Changes in the year</b>							
Dividends						(65,135)	(65,135)
Share-based payment transactions			1,187	1,187			
Share buybacks							
Cancellation of treasury shares			(26,189)	(26,189)			
Net profit						106,396	106,396
Net changes other than shareholders' equity					(19)	19	-
<b>Total changes in the year</b>	<b>-</b>	<b>-</b>	<b>(25,002)</b>	<b>(25,002)</b>	<b>(19)</b>	<b>41,279</b>	<b>41,260</b>
<b>Balance as of December 31, 2024</b>	<b>81,690</b>	<b>731,816</b>	<b>54,479</b>	<b>786,295</b>	<b>161</b>	<b>270,838</b>	<b>270,999</b>

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments	
<b>Balance as of January 1, 2024</b>	<b>(44,669)</b>	<b>1,078,058</b>	<b>1,792</b>	<b>1,792</b>	<b>1,079,851</b>
<b>Changes in the year</b>					
Dividends		(65,135)			(65,135)
Share-based payment transactions	1,062	2,249			2,249
Share buybacks	(49,886)	(49,886)			(49,886)
Cancellation of treasury shares	26,189	-			-
Net profit		106,396			106,396
Net changes other than shareholders' equity		-	(542)	(542)	(542)
<b>Total changes in the year</b>	<b>(22,633)</b>	<b>(6,375)</b>	<b>(542)</b>	<b>(542)</b>	<b>(6,918)</b>
<b>Balance as of December 31, 2024</b>	<b>(67,303)</b>	<b>1,071,682</b>	<b>1,249</b>	<b>1,249</b>	<b>1,072,932</b>

(Translation)

FY2025 (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward		
<b>Balance as of January 1, 2025</b>	<b>81,690</b>	<b>731,816</b>	<b>54,479</b>	<b>786,295</b>	<b>161</b>	<b>270,838</b>	<b>270,999</b>
<b>Changes in the year</b>							
Dividends						(69,194)	(69,194)
Share-based payment transactions			178	178			
Share buybacks							
Cancellation of treasury shares			(51,729)	(51,729)			
Net profit						89,863	89,863
Net changes other than shareholders' equity					(19)	19	–
<b>Total changes in the year</b>	<b>–</b>	<b>–</b>	<b>(51,551)</b>	<b>(51,551)</b>	<b>(19)</b>	<b>20,687</b>	<b>20,668</b>
<b>Balance as of December 31, 2025</b>	<b>81,690</b>	<b>731,816</b>	<b>2,927</b>	<b>734,744</b>	<b>141</b>	<b>291,526</b>	<b>291,667</b>

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments	
<b>Balance as of January 1, 2025</b>	<b>(67,303)</b>	<b>1,071,682</b>	<b>1,249</b>	<b>1,249</b>	<b>1,072,932</b>
<b>Changes in the year</b>					
Dividends		(69,194)			(69,194)
Share-based payment transactions	505	684			684
Share buybacks	(70,001)	(70,001)			(70,001)
Cancellation of treasury shares	51,729	–			–
Net profit		89,863			89,863
Net changes other than shareholders' equity		–	893	893	893
<b>Total changes in the year</b>	<b>(17,766)</b>	<b>(48,649)</b>	<b>893</b>	<b>893</b>	<b>(47,756)</b>
<b>Balance as of December 31, 2025</b>	<b>(85,069)</b>	<b>1,023,033</b>	<b>2,142</b>	<b>2,142</b>	<b>1,025,176</b>

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

#### (1) Valuation of Assets

##### i) Shares of affiliates:

Stated at cost, determined by the moving-average method.

##### ii) Other securities

- Securities other than shares, etc. with no market price

Stated at fair value based on the quoted market price at the end of the fiscal year, with unrealized gains or losses, net of applicable taxes, stated in a separate component of net assets. The cost of securities sold is calculated using the moving-average method.

- Shares, etc. with no market price

Stated at cost, determined by the moving-average method.

##### iii) Valuation of inventories

- Supplies:

Stated at the lower of cost or net selling value, determined by the first-in, first-out method.

#### (2) Depreciation and Amortization of Non-Current Assets

##### i) Property, plant and equipment:

The Company uses the straight-line method.

##### ii) Intangible assets:

The Company uses the straight-line method over their estimated useful lives. Software for internal use is amortized by the straight-line method based on internal guidelines.

#### (3) Reserves

##### i) Allowance for doubtful accounts:

In order to prepare for losses from bad debt, the Company sets up a provision for uncollectible amounts estimated by either using the historical rate of credit loss for general receivables, or based on individual considerations of collectability for specific doubtful receivables.

##### ii) Provision for bonuses:

To prepare for the payment of employees' bonus, the Company accounts for a reserve for the estimated bonus payments, which is attributable to the current fiscal year.

##### iii) Provision for directors' bonuses:

To prepare for the payment of directors' bonus, the Company accounts for a reserve for the estimated bonus payments to directors, which is attributable to the current fiscal year.

##### iv) Provision for retirement benefits for directors (and other officers):

In order to cover payment of retirement benefits to corporate officers, the Company estimates the amount required to be paid at year-end in accordance with the internal rules.

##### v) Provision for retirement benefits:

In order to cover payment of retirement benefits to employees, the Company estimates a provision based on the amount of retirement benefit obligations and plan assets at the end of the current fiscal year. For the calculation of provision for retirement benefits and retirement benefit expenses, the Company has adopted a simplified method in which the latest actuarial obligations in pension funding calculation makes it the retirement benefit obligations.

#### (4) Recognition of revenues and expenses

Recognition of revenues:

The Company recognizes revenue from contracts with customers based on the following five-step model:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company's revenues consist primarily of dividend income from subsidiaries and

(Translation)

management support fees. Management support fees are recognized as revenue in equal amounts over the contract period, as the performance obligation is to provide services in accordance with terms of the contract and is satisfied over time. The consideration is received within a short period of time and does not include a significant financing component. Dividend income is recognized as revenue on the effective date of the dividends.

(5) Basis for translation of assets and liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the fiscal year-end date, and translation differences are accounted for as profit or loss.

(Translation)

## 2. Notes to Changes in Accounting Policies

(Application of the Accounting Standard, Etc. for Current Income Taxes)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the current fiscal year.

Revisions to categories for recording current income taxes conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022.

This change in accounting policies has no impact on the financial statements.

## 3. Notes to Balance Sheet

- |  |                |
|--|----------------|
| (1) Accumulated Depreciation on Property, Plant and Equipment  | ¥1,631 million |
| (2) Receivables from and Payables to Affiliates (Excluding Those Classified Separately in the Balance Sheet) |                |
| i) Short-term receivables  | ¥6,422 million |
| ii) Short-term payables  | ¥4,582 million |

## 4. Notes to Statement of Income

### Transactions with Affiliates

- |   |                 |
|---|-----------------|
| i) Operating revenues                                       | ¥98,840 million |
| ii) Operating expenses                                      | ¥2,797 million  |
| iii) Non-operating transactions                             |                 |
| Interest income   | ¥4,337 million  |
| Interest expenses   | ¥4,824 million  |
| Other non-operating income                                  | ¥1,916 million  |
| Extraordinary income  | ¥4,154 million  |
| Acquisition of non-current assets through dividends in kind | ¥10,374 million |
| Purchase of non-current assets                              | ¥1,240 million  |

## 5. Notes to Statement of Changes in Net Assets

### Number of Treasury Shares

Class of shares	Number of shares as of January 1, 2025	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares as of December 31, 2025
Ordinary shares	14,932 thousand shares	9,049 thousand shares	9,124 thousand shares	14,857 thousand shares

Note: The 9,049-thousand-share increase in the number of treasury shares is due to the share buybacks based on the resolution approved at the meeting of the Board of Directors, the acquisition without contribution of some ordinary shares allotted as restricted stock remuneration, and the purchase of shares less than one share unit. The 9,124-thousand-share decrease in the number of treasury shares is due to the cancellation of treasury shares based on the resolution approved at the meeting of the Board of Directors and the disposal of treasury shares as restricted stock remuneration.

## 6. Notes to Income Taxes

(1) Major components of deferred tax assets and liabilities are as follows:

Deferred tax assets	
Provision for retirement benefits for directors (and other officers)	¥12 million
Provision for bonuses	¥54 million
Accrued directors' bonuses	¥34 million
Accrued enterprise tax	¥99 million
Share-based remuneration expenses	¥644 million
Allowance for doubtful accounts	¥1,408 million
Loss on valuation of shares of subsidiaries and associates	¥2,921 million
Loss on extinguishment of tie-in shares	¥181 million
Adjustment of tax-basis carrying amount of shares of subsidiaries and associates	¥2,871 million
Excess depreciation	¥59 million
Unused tax losses	¥2,604 million
Other	¥32 million
Subtotal of deferred tax assets	¥10,925 million
Valuation allowance for unused tax losses	¥(2,604) million
Valuation allowance for the total of deductible temporary differences, etc.	¥(7,572) million
Subtotal of valuation allowance	¥(10,176) million
Total of deferred tax assets	¥748 million
Deferred tax liabilities	
Unrealized gain on available-for-sale securities	¥(985) million
Prepaid pension costs	¥(333) million
Reserve for tax purpose reduction entry of non-current assets	¥(64) million
Total of deferred tax liabilities	¥(1,383) million
Net deferred tax liabilities	¥(635) million

(2) Accounting treatment for income tax and local income tax or related tax effect accounting

The Company applies the group tax sharing system. In addition, the Company accounts for and discloses income tax and local income tax or related tax effect accounting in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

(3) Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current income taxes

Due to the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the "Special Corporate Tax for Defense" will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after January 1, 2027 are calculated by changing the effective statutory tax rate from 30.6% to 31.5%.

The impact of this change in tax rate is immaterial.

## 7. Notes to Related Party Transactions

### (1) Subsidiaries

Type	Company name	Percentage owned	Relationship		Transaction details	Transaction amount (Millions of yen)	Item	Balance as of fiscal year end (Millions of yen)	
			Interlocking directors and audit & supervisory board members	Business relationship					
Subsidiary	Otsuka Pharmaceutical Co., Ltd.	(Held by the Company) 100.0% direct	6	Group management, etc.	Lending of funds* <sup>1</sup>	210,448	Short-term loans receivable from subsidiaries and associates* <sup>1</sup> Long-term loans receivable from subsidiaries and associates* <sup>1</sup>	93,114	
		(Held by the subsidiary) None			Payment of interest* <sup>2</sup>	402			
		Receipt of interest* <sup>2</sup>			2,535	198,720			
Subsidiary	Taiho Pharmaceutical Co., Ltd.	(Held by the Company) 100.0% direct	1	Group management, etc.	Borrowing of funds* <sup>1</sup>	42,235	Deposits received from subsidiaries and associates* <sup>1</sup>	12,559	
		(Held by the subsidiary) None			Payment of interest* <sup>2</sup>	321			
		Receipt of interest* <sup>2</sup>			638				
Subsidiary	Otsuka Chemical Co., Ltd.	(Held by the Company) 100.0% direct	1	Group management, etc.	Borrowing of funds* <sup>1</sup>	26,813	Deposits received from subsidiaries and associates* <sup>1</sup>	6,313	
		(Held by the subsidiary) None			Payment of interest* <sup>2</sup>	166			
		Receipt of interest* <sup>2</sup>			0				
Subsidiary	Otsuka Pharmaceutical Factory, Inc.	(Held by the Company) 100.0% direct  (Held by the subsidiary) None	2	Group management, etc.	Underwriting of capital increase* <sup>3</sup>	30,000	Shares of subsidiaries and associates	134,999	
Subsidiary	Otsuka Medical Devices Co., Ltd.	(Held by the Company) 100.0% direct  (Held by the subsidiary) None	1	Group management, etc.	Lending of funds* <sup>1</sup>	72,361	Short-term loans receivable from subsidiaries and associates* <sup>1</sup> Long-term loans receivable from subsidiaries and associates* <sup>1</sup>	13,490	
					Receipt of interest* <sup>2</sup>	573			20,101
					Underwriting of capital increase* <sup>3</sup>	50,000			88,145
Sub-subsidiary	Otsuka America, Inc.	(Held by the Company) 100.0% indirect	-	Group management, etc.	Borrowing of funds* <sup>1</sup>	70,044	Deposits received from subsidiaries and associates* <sup>1</sup>	127,910	
		(Held by the subsidiary) None			Payment of interest* <sup>2</sup>	3,098			
		Receipt of interest* <sup>2</sup>			223				

Terms and conditions of transactions and policy on determination thereof

(Translation)

- \*1 The Group utilizes an intercompany cash management process for efficient use of its funds. The transaction amount represents the average balance during the fiscal year based on net amount of lending and borrowing of funds.
- \*2. The interest rate is mutually agreed upon based on market rates.
- \*3. This represents a conversion of claims held against a subsidiary into equity (debt-equity swap) and the underwriting of the entire amount of a capital increase conducted by the subsidiary.

## (2) Officers and Significant Individual Shareholders

Type	Name	Percentage owned	Relationship	Transaction details	Transaction amount (Millions of yen)	Item	Balance as of fiscal year end (Millions of yen)
Company where one Company officer served as President and Representative Director	TK Asset Co., Ltd.	–	–	Share buybacks	57,947	–	–

- Notes:
1. One of the Company's officers served as the President and Representative Director of TK Asset Co., Ltd. (formerly Otsuka Asset Co., Ltd.) until his retirement upon the expiration of his term on September 28, 2025. Although the transaction is formally with a third party, it is deemed to be a transaction with a related party in substance, as the officer was the President and Representative Director of the company.
  2. The share buyback was conducted through the Tokyo Stock Exchange's off-auction own share repurchase trading system (ToSTNeT-3) in accordance with the resolution of the Board of Directors on March 18, 2025. The transaction amount was based on the closing price (including the final special quote) of ¥7,852 per share on March 18, 2025.

## 8. Notes to Per Share Information

- |                          |           |
|--------------------------|-----------|
| (1) Net Assets per Share | ¥1,941.14 |
| (2) Earnings per Share   | ¥169.52   |

(Translation)

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

February 10, 2026

To the Board of Directors of

Otsuka Holdings Co., Ltd.:

KPMG AZSA LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:  
Hiroto Kawase

Designated Engagement Partner,  
Certified Public Accountant:  
Takayuki Suzuki

Designated Engagement Partner,  
Certified Public Accountant:  
Hirotaka Matsuo

### Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Otsuka Holdings Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of December 31, 2025, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2025 to December 31, 2025, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance for the year then ended and conform to the accounting standard that omits a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Regulations on Corporate Accounting.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information refers to the Business Report and the accompanying supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, Auditor & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the

(Translation)

Director & Board Members' execution of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

### **Responsibilities of Management, Auditor & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting standard that omits a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Regulations on Corporate Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, and for disclosing matters related to going concern as applicable in accordance with the accounting standard that omits a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Regulations on Corporate Accounting.

Auditor & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Director & Board Members' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If

(Translation)

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements conform to the accounting standard that omits a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Regulations on Corporate Accounting, as well as whether the overall presentation, structure and content of the consolidated financial statements, including the disclosures, represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and implement audits of the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to form the basis of our expressed opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with Auditor & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Auditor & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any measures taken to remove hinderances to independence or any safeguards applied to mitigate hinderances to a tolerable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(Translation)

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

February 10, 2026

To the Board of Directors of

Otsuka Holdings Co., Ltd.:

KPMG AZSA LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:  
Hiroto Kawase

Designated Engagement Partner,  
Certified Public Accountant:  
Takayuki Suzuki

Designated Engagement Partner,  
Certified Public Accountant:  
Hirotaka Matsuo

### Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Otsuka Holdings Co., Ltd. (the "Company"), namely, the nonconsolidated balance sheet as of December 31, 2025 and the nonconsolidated statement of income and nonconsolidated statement of changes in net assets for the 18th fiscal year from January 1, 2025 to December 31, 2025, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information refers to the Business Report and the accompanying supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, Auditor & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Director & Board Members' execution of duties within the maintenance and operation of the reporting process for the other information.

(Translation)

The scope of our audit opinion on the nonconsolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the nonconsolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the nonconsolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

### **Responsibilities of Management, Auditor & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Auditor & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Director & Board Members' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(Translation)

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Auditor & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Auditor & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any measures taken to remove hinderances to independence or any safeguards applied to mitigate hinderances to a tolerable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

(Translation)

(TRANSLATION)

## **Audit Report of the Audit & Supervisory Board**

### **AUDIT REPORT**

Regarding the performance of duties by the Director & Board Members for the 18th fiscal year from January 1, 2025 to December 31, 2025, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Auditor & Supervisory Board Member.

#### 1. Auditing Methods and Content of Audits

- (1) The Audit & Supervisory Board established the auditing policies, allocation of duties, and other relevant matters, and received reports from each Auditor & Supervisory Board Member regarding the status of his or her audit and the results thereof, as well as reports from the Director & Board Members and independent auditors regarding performance of their duties, and sought explanations as necessary.
- (2) In accordance with the auditing standards for Auditor & Supervisory Board Members determined by the Audit & Supervisory Board, the auditing policies and audit plan for the relevant fiscal year and the division of work, each Auditor & Supervisory Board Member endeavored to collect information and established auditing circumstances through communication with Director & Board Members, the Internal Audit Department and other employees, and audits were implemented as follows:
  - i) Each Auditor & Supervisory Board Member attended the meeting of the Board of Directors and other important meetings to receive reports regarding performance of duties from Director & Board Members and other employees, and sought explanations as necessary. Each Auditor & Supervisory Board Member also inspected the significant approved documents and examined the status of operations and conditions of assets at its head office and principal offices. With regard to subsidiaries, we communicated and exchanged information with directors, audit & supervisory board members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.
  - ii) With regard to contents of resolutions of the Board of Directors regarding the development of the system to ensure that the performance of duties by the Director & Board Members conforms to the laws and regulations and the Articles of Incorporation and other systems that are stipulated in Article 100 (1) and (3) of the Regulations for Enforcement of the Companies Act as being necessary to ensure appropriateness of operations of a joint stock company and business group comprising its subsidiaries, and also the systems (internal control systems) developed based on such resolutions, which are described in the Business Report, we periodically received reports from the Director & Board Members and other relevant personnel, sought explanations as necessary and made opinions, on the establishment and management of such systems.
  - iii) Furthermore, we monitored and verified whether the independent auditors maintained their independence and implemented appropriate audits, and received reports from the independent auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the independent auditors that the system for ensuring that duties are performed properly (matters set forth in each Item of Article 131 of the Regulations on Corporate Accounting) is organized in accordance with the product quality management standards regarding audits (Business Accounting Council) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the accompanying supplementary schedules, the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets, and Notes to Financial Statements), supplementary schedules thereof, as well as the Consolidated Financial Statements (Consolidated Statement of Financial Position,

(Translation)

Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements) related to the relevant fiscal year.

2. Results of Audit

- (1) Results of Audit of the Business Report, etc.
  - i) In our opinion, the Business Report and the accompanying supplementary schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company's condition.
  - ii) With regard to the performance of duties by the Director & Board Members, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with regard to the Articles of Incorporation.
  - iii) In our opinion, resolutions of the Board of Directors for internal control systems are fair and reasonable. And there is no problem with the contents of the Business Report and the performance of duties by the Director & Board Members with regard to internal control systems.
- (2) Results of Audit of Financial Statements and the Accompanying Supplementary Schedules  
In our opinion, the methods and results employed and rendered by the independent auditors, KPMG AZSA LLC, are fair and reasonable.
- (3) Results of Audit of Consolidated Financial Statements  
In our opinion, the methods and results employed and rendered by the independent auditors, KPMG AZSA LLC, are fair and reasonable.

February 12, 2026

Audit & Supervisory Board, Otsuka Holdings Co., Ltd.

Standing Auditor & Supervisory Board Member	Yozo Toba	[Seal]
Outside Auditor & Supervisory Board Member	Hiroshi Sugawara	[Seal]
Outside Auditor & Supervisory Board Member	Kanako Osawa	[Seal]
Outside Auditor & Supervisory Board Member	Sachie Tsuji	[Seal]