

March 5, 2026

Makoto Inoue

President and Representative Director, CEO

Otsuka Holdings Co., Ltd.

Dear Shareholders

**Supplementary Explanation Regarding Proposal 2
in the Notice of the 18th Annual Shareholders Meeting
(for FY2025)**

Otsuka Holdings Co., Ltd. (the “Company”) hereby announces the following supplementary explanation regarding the attached materials of the Notice of the 18th Annual Shareholders Meeting (for FY2025), specifically concerning “Proposal 2” in the Reference Documents for the Shareholders Meeting.

Regarding Candidate Hiroshi Sugawara for Proposal 2 “Election of Four (4) Auditor & Supervisory Board Members”

Mr. Hiroshi Sugawara has served as an Outside Auditor & Supervisory Board Member of the Company for 15 years and 9 months. From the perspective of maintaining a conservative stance on the independence of outside officers, the Company has not designated him as an Independent Officer under the rules of the Tokyo Stock Exchange since his previous election at the 14th term (FY2021).

The reason we continue to nominate Mr. Sugawara as a candidate for Auditor & Supervisory Board Member is that he possesses deep knowledge of the Otsuka Group’s operations and has demonstrated exceptionally strong practical capabilities in his role. We expect that he will continue to contribute effectively, not so much as an Outside Auditor & Supervisory Board Member, but rather as a professional who is highly familiar with internal matters.

However, under the Companies Act, when a candidate satisfies all requirements to serve as an Outside Auditor & Supervisory Board Member, the Company is not permitted to treat the candidate as a non-outside member. To avoid unintended misunderstandings, we have listed him as a candidate for Outside Auditor & Supervisory Board Member.

Among the candidates for Auditor & Supervisory Board Member in this proposal, Ms. Kanako Osawa and Ms. Sachie Tsuji are nominated as Outside Auditor & Supervisory Board Members. The two meet the requirements for Independent Officers, and the statutory requirement regarding the number of Outside Auditor & Supervisory Board Members is also satisfied.

We are fully aware that certain institutional investors’ voting guidelines consider an outside officer’s independence to be compromised when the term of service exceeds 12 years. Nonetheless, our nomination of Mr. Sugawara is based on an evaluation of his practical capabilities, regardless of his independence status.