

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2025	–	70.00	–	70.00	140.00
FY2026	–				
FY2026 (forecast)		70.00	–	70.00	140.00

* Revisions to dividends forecast most recently announced: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2026 (January 1, 2026 to December 31, 2026)

(% indicates percentage of change from the same period of the previous fiscal year)

	Revenue		Business profit		Operating profit		Profit for the period		Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Q2 (YTD)	1,218,000	3.2	173,000	(27.7)	175,000	(27.7)	131,000	(25.5)	128,000	(26.2)	243.07
FY2026	2,520,000	2.1	355,000	(20.4)	360,000	(24.9)	269,000	(26.5)	265,000	(27.0)	504.94

*1 Revisions to financial forecast most recently announced: None

*2 Otsuka Holdings Co., Ltd. (hereinafter referred to as the “Company”) resolved at the Meeting of the Board of Directors held on February 13, 2026 to implement share buybacks and cancellation of treasury shares. The Company has considered the impact of the share buybacks on “Basic earnings per share” in the forecast of consolidated financial results.

‡ Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – companies (–)

Excluded: – companies (–)

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (ordinary shares)

1) Number of shares issued and outstanding as of the end of the period (including treasury shares):

March 31, 2026 542,988,917 shares

December 31, 2025 542,988,917 shares

2) Number of shares of treasury shares as of the end of the period:

March 31, 2026 15,682,188 shares

December 31, 2025 14,857,548 shares

3) Average number of shares outstanding during the period:

Three-month period ended March 31, 2026 527,867,392 shares

Three-month period ended March 31, 2025 536,011,738 shares

* Review of the Japanese-language originals of the attached interim consolidated financial statements by certified public accountants or an audit firm: None

* Note to ensure appropriate use of forecasts, and other comments in particular

Forecasts and other forward-looking statements included in this report are based on information currently available and certain assumptions that the Company deems reasonable. Actual performance and other results may differ significantly due to various factors. Please refer to “1. Overview of Operating Results and Financial Position (3) Forecast for Consolidated Financial Results” on page 9 for details with regard to the assumptions and other matters concerning the financial forecast.

The Company plans to hold a conference call for institutional investors, analysts and the press on Tuesday, April 28, 2026. The video and audio of the proceedings, along with the presentation materials to be used on the day, will be made available on the Company’s website promptly after the briefing.

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1. Overview of Operating Results and Financial Position

The forward-looking statements in this report were prepared based on information available as of March 31, 2026.

(1) Overview of Consolidated Operating Results for the Three-Month Period Ended March 31, 2026

Summary of consolidated financial results for the three-month period ended March 31, 2026

The Company and its affiliated companies (hereinafter referred to as 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

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2026	Change	% Change
Revenue	582,840	630,342	47,502	8.2%
Business profit before research and development expenses	201,330	205,120	3,790	1.9%
Business profit	122,947	123,019	71	0.1%
Operating profit	124,420	126,287	1,866	1.5%
Profit before tax	113,367	130,226	16,859	14.9%
Profit for the period	85,967	99,295	13,328	15.5%
Profit attributable to owners of the Company	84,997	98,348	13,350	15.7%
Research and development expenses	78,382	82,101	3,718	4.7%
Impairment losses	93	288	195	210.4%

The Otsuka Group identifies unmet or potential needs and challenges related to health and proposes new perspectives and behavioral transformation 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.”

Revenue for the three-month period ended March 31, 2026 totaled ¥630,342 million (up 8.2% over the same period of 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 the long-acting injection *ABILIFY MAINTENA/ABILIFY ASIMTUFII* and the anti-APRIL antibody *VOYXACT*[®] (general name: sibeprenlimab) launched in 2025, the increase in royalty income, and the new IV solution business in the U.S. launched in May 2025, among 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 ¥205,120 million (up 1.9%). The main factors were increased gross profit in line with increased revenue.

Research and development expenses totaled ¥82,101 million (up 4.7%). In the development pipeline, development expenses increased for the development of our “Next 8” products such as the new antipsychotic agent ulotaront, ASTX030 under development for the treatment of hematological cancer, and repinatrabit under development for the treatment of phenylketonuria.

Business profit increased to ¥123,019 million (up 0.1%) as a result of steady revenue growth.

Operating profit was ¥126,287 million (up 1.5%) due to the increase in business profit.

Profit for the period was ¥99,295 million (up 15.5%), and profit attributable to owners of the Company was ¥98,348 million (up 15.7%).

Results by business segment are as follows.

Revenue and business profit by business segment during the three-month period ended March 31, 2026

(Millions of yen)

	Pharmaceuticals	Nutraceuticals	Consumer products	Others	Adjustments	Consolidated
Revenue	453,822	138,935	7,924	30,498	(838)	630,342
Business profit	114,307	15,875	5,398	2,657	(15,219)	123,019

Reference (three-month period ended March 31, 2025)

(Millions of yen)

	Pharmaceuticals	Nutraceuticals	Consumer products	Others	Adjustments	Consolidated
Revenue	417,826	131,355	7,385	27,068	(796)	582,840
Business profit	116,461	15,031	4,777	1,554	(14,876)	122,947

1) Pharmaceuticals

Revenue for the three-month period ended March 31, 2026 totaled ¥453,822 million (up 8.6%), with business profit of ¥114,307 million (down 1.9%).

Main products

- Antipsychotic agent *REXULTI**¹/*RXULTI**²

In the U.S., prescriptions grew mainly due to ongoing 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 the treatment of schizophrenia, depression, and depressive states, prescriptions were expanded due to the continued provision of information related to agitation associated with dementia due to Alzheimer's disease*³. As a result, sales of *REXULTI/RXULTI* totaled ¥94,956 million (up 25.5%).

*1: Brand name for the antipsychotic agent outside Europe

*2: Brand name for the antipsychotic agent in Europe

*3: 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. Sales of *LONSURF* totaled ¥25,766 million (up 6.2%).

- 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 ¥63,018 million (up 12.8%).

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

In the U.S. and Europe, sales increased significantly atop growth in prescriptions as a result of the progress made in the switch from the aripiprazole long-acting injection (1 month) *ABILIFY MAINTENA*, etc., in addition to detailing activities regarding the efficacy of the product. As a result, sales of *ABILIFY ASIMTUFII* totaled ¥12,273 million (up 59.4%).

- V₂-receptor antagonist *Samsca/JINARC*^{*4}/*JYNARQUE*^{*5}

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. Sales of *Samsca/JINARC/JYNARQUE* totaled ¥42,741 million (down 44.7%).

*4: Brand name for ADPKD treatment in multiple regions outside Japan

*5: Brand name for ADPKD treatment in the U.S.

- Anti-APRIL antibody *VOYXACT*

In the U.S., in November 2025, rapid approval was obtained for the treatment of adult IgA nephropathy, and prescriptions have been progressing favorably. Sales of *VOYXACT* totaled ¥4,657 million.

2) Nutraceuticals

Revenue for the three-month period ended March 31, 2026 totaled ¥138,935 million (up 5.8%), with business profit of ¥15,875 million (up 5.6%).

<Three categories by social issues>

- For Climate & Environmental Risk

Sales of *POCARI SWEAT*, an electrolyte supplement drink, increased over the same period of the previous fiscal year. Overseas, our efforts to improve brand value contributed to a steady performance in terms of sales volume. In particular, sales volume increased significantly in the Philippines and Vietnam. Sales of the Nutrition & Santé SAS, which sells health food products mainly in Europe, increased mainly due to steady performance in the main products such as *Gerblé* and the impact of exchange rates. As a result, revenue for this category totaled ¥45,953 million (up 9.0%).

- For Women's Health

In Japan, revenue increased due to growing recognition of *EQUELLE* achieved through awareness activities and seminars themed around women's health, which contributed to the acquisition of new customers. As a result, revenue for this category totaled ¥15,317 million (up 6.7%).

- 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., sales of main products continued to perform steadily. In Japan, the new product */zeroz* developed by Otsuka Pharmaceutical Co., Ltd. ("Otsuka Pharmaceutical"), with a focus on oxygen, was launched in March 2026. Revenue for this category totaled ¥61,339 million (up 5.5%).

[Products comprising the category]

For Climate & Environmental Risk: *POCARI SWEAT*, *OS-1*, *Daiya*, the Nutrition & Santé SAS brand

For Women's Health: *EQUELLE*, *Bonafide*, *Uqora*, Cosmedics^{*6} (*InnerSignal*, *Sakuraé*)

For Healthier Life: *Nature Made*, *MegaFood*, *Calorie Mate*, */zeroz*

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

3) Consumer products

Revenue for the three-month period ended March 31, 2026 totaled ¥7,924 million (up 7.3%), with business profit of ¥5,398 million (up 13.0%).

Sales volume of *CRYSTAL GEYSER* increased due to steady sales primarily through e-commerce, in addition to continued dissemination of information regarding product safety and quality. As for *MATCH*, a carbonated vitamin drink, sales volume increased due to the expanded sales from the year-round availability of *MATCH Vitamin Mikan* as well as the effect of initiatives aimed at improving recognition and promoting drinking experiences, primarily targeting high school students.

4) Others

Revenue for the three-month period ended March 31, 2026 totaled ¥30,498 million (up 12.7%), with business profit of ¥2,657 million (up 71.0%).

In the specialty chemical business, shipments for automobiles and electronic equipment remained steady, primarily in the global markets, leading to increased revenue.

Revenue increased in the transportation and warehousing business due to the expansion of joint pharmaceutical logistics and the acquisition of new external sales contracts.

* Please refer to the Supplement Documents (FACT BOOK) for sales by product and other information.
<https://www.otsuka.com/en/ir/library/materials.html>

Research and Development Activities

Research and development expenses for the three-month period ended March 31, 2026 totaled ¥82,101 million.

The primary areas of research and development as well as the status of new product development by segment were as follows:

Pharmaceuticals

Based on the theme of “unmet medical needs,” the Group conducts research and development with a primary focus on the areas of psychiatry and neurology, oncology, the autoimmune space, rare diseases, etc.

Research and development expenses in the pharmaceutical business for the three-month period ended March 31, 2026 were ¥77,826 million.

Research and development activities in the pharmaceutical business carried out for the three-month period ended March 31, 2026 are summarized below.

Category	Development Code	Brand Name	Generic Name	Area	Treatment/ Indication	Status*
Psychiatry and neurology	OPC-214870	—	—	U.S.	Epilepsy	Discontinued for strategic reason
	SEP-363856	—	ulotaront	U.S.	Major depressive disorder	Discontinued for strategic reason
Oncology	TAS1553	—	—	U.S.	Acute myeloid leukemia	Discontinued for strategic reason
Other categories	ISIS 721744	<i>Dawnzera</i>	donidalorsen	Europe	Hereditary angioedema	Granted approval in January 2026
	4D-150	—	zunibergene rocarvovec	Japan	Neovascular age-related macular degeneration	Phase III trial ongoing

* The above description of status in the 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.

Nutraceuticals

In the nutraceutical business, the Group draws on its knowledge in the pharmaceutical business to conduct research and development of scientifically grounded creative products that help to address social issues in order to maintain and promote the health of people and the well-being of the entire society.

Research and development expenses in the nutraceutical business for the three-month period ended March 31, 2026 were ¥2,815 million.

Consumer products

The core of the consumer product business consists of foods and beverages, and the Group is engaged in research and development of innovative products on themes of food and health that are familiar elements of daily life.

Research and development expenses in the consumer product business for the three-month period ended March 31, 2026 were ¥154 million.

Others

In the other businesses, the Group is focusing on organic and inorganic synthesis technologies and conducting research and development of new products as well as next-generation fields based on our own technology.

Research and development expenses in the other businesses for the three-month period ended March 31, 2026 were ¥1,304 million.

(2) Overview of Consolidated Financial Position as of March 31, 2026

1) Assets, Liabilities and Equity

(Millions of yen)

	As of December 31, 2025	As of March 31, 2026	Change
Current assets	1,622,006	1,600,241	(21,764)
Non-current assets	2,575,556	2,608,953	33,396
Total assets	4,197,562	4,209,195	11,632
Current liabilities	749,112	686,115	(62,996)
Non-current liabilities	348,688	349,045	356
Total liabilities	1,097,801	1,035,161	(62,640)
Total equity	3,099,761	3,174,033	74,272

a. Assets

Total assets as of March 31, 2026 were ¥4,209,195 million, an increase of ¥11,632 million compared to ¥4,197,562 million as of December 31, 2025. Current assets decreased by ¥21,764 million, and non-current assets increased by ¥33,396 million.

(Current Assets)

Current assets as of March 31, 2026 were ¥1,600,241 million, a decrease of ¥21,764 million compared to ¥1,622,006 million as of December 31, 2025. Compared with the end of the previous fiscal year, while cash and cash equivalents increased by ¥3,651 million and inventories increased by ¥15,357 million, trade and other receivables decreased by ¥33,405 million, and other financial assets decreased by ¥7,659 million.

(Non-current Assets)

Non-current assets as of March 31, 2026 were ¥2,608,953 million, an increase of ¥33,396 million compared to ¥2,575,556 million as of December 31, 2025. Compared with the end of the previous fiscal year, property, plant and equipment increased by ¥5,144 million, goodwill increased by ¥9,149 million, investments accounted for using the equity method increased by ¥7,259 million, and deferred tax assets increased by ¥12,001 million.

b. Liabilities

Total liabilities as of March 31, 2026 were ¥1,035,161 million, a decrease of ¥62,640 million compared to ¥1,097,801 million as of December 31, 2025. Current liabilities decreased by ¥62,996 million, and non-current liabilities increased by ¥356 million.

(Current Liabilities)

Current liabilities as of March 31, 2026 were ¥686,115 million, a decrease of ¥62,996 million compared to ¥749,112 million as of December 31, 2025. Compared with the end of the previous fiscal year, trade and other payables decreased by ¥29,526 million, bonds and borrowings decreased by ¥31,896 million mainly due to redemption of bonds, and other financial liabilities decreased by ¥5,992 million.

(Non-current Liabilities)

Non-current liabilities as of March 31, 2026 were ¥349,045 million, an increase of ¥356 million compared to ¥348,688 million as of December 31, 2025.

c. Equity

Total equity as of March 31, 2026 was ¥3,174,033 million, an increase of ¥74,272 million compared to ¥3,099,761 million as of December 31, 2025. Treasury shares increased by ¥8,442 million compared with the end of the previous fiscal year due to a share buyback implemented to improve capital efficiency and return profits to shareholders. Despite dividend payments totaling ¥36,969 million, retained earnings increased by ¥61,626 million, mainly due to the recording of profit attributable to owners of the Company of ¥98,348 million. Other components of equity increased by ¥21,237 million mainly due to the impact of exchange rate fluctuations.

2) Cash Flows

(Millions of yen)

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2026	Change
Net cash flows provided by operating activities	105,427	108,882	3,455
Net cash flows used in investing activities	(81,080)	(22,396)	58,684
Net cash flows used in financing activities	(29,633)	(84,620)	(54,987)
(Decrease) increase in cash and cash equivalents	(5,286)	1,865	7,152
Cash and cash equivalents at the beginning of the period	426,173	534,645	108,471
Effect of exchange rate changes on cash and cash equivalents	(13,390)	1,785	15,175
Cash and cash equivalents at the end of the period	407,496	538,296	130,800

Cash and cash equivalents as of March 31, 2026 were ¥538,296 million, an increase of ¥3,651 million compared to the balance as of December 31, 2025. For the three-month period ended March 31, 2026, net cash flows provided by operating activities were ¥108,882 million, while net cash flows used in investing activities were ¥22,396 million mainly as a result of capital investments toward sustainable growth, centered on the pharmaceutical business and nutraceutical business. In addition, share buybacks were implemented in order to improve capital efficiency and return profits to shareholders, bonds were redeemed, lease liabilities were repaid, and dividends were paid, resulting in net cash flows used in financing activities of ¥84,620 million.

Thus, cash and cash equivalents were increased to ¥538,296 million as operating cash inflows exceeded the total investing and financing cash outflows.

Cash Flows from Operating Activities

Net cash flows provided by operating activities were ¥108,882 million, an increase of ¥3,455 million compared to the figure for the three-month period ended March 31, 2025.

Cash flows provided by operating activities for the three-month period ended March 31, 2026 mainly consisted of ¥130,226 million of profit before tax, ¥30,371 million of depreciation and amortization expenses, ¥13,502 million of increase in inventories, ¥38,667 million of decrease in trade and other receivables, ¥25,362 million of decrease in trade and other payables, and ¥34,404 million of income taxes paid. Compared to the figures for the three-month period ended March 31, 2025, while there was a ¥23,906 million increase in outflow from trade and other payables and a ¥10,683 million increase in income taxes paid, the strong performance driven by higher revenue in all segments, led by the pharmaceutical business and nutraceutical business, resulted in a ¥16,859 million increase in profit before tax, and inflow from trade and other receivables increased by ¥23,768 million, resulting in an increase of ¥3,455 million in the net inflow.

Cash Flows from Investing Activities

Net cash flows used in investing activities were ¥22,396 million, a decrease in outflows of ¥58,684 million compared to the figure for the three-month period ended March 31, 2025.

Cash flows used in investing activities for the three-month period ended March 31, 2026 mainly consisted of ¥25,155 million of payments for acquisition of property, plant and equipment, ¥8,135 million of payments for acquisition of intangible assets, and ¥9,704 million of decrease in time deposits. While there were payments for acquisition of subsidiaries of ¥56,609 million in the three-month period ended March 31, 2025, due to the acquisition of Araris, there were no acquisitions of subsidiaries during the three-month period ended March 31, 2026, resulting in a decrease of ¥58,684 million in the net outflow.

Cash Flows from Financing Activities

Net cash flows used in financing activities were ¥84,620 million, an increase in outflows of ¥54,987 million compared to the figure for the three-month period ended March 31, 2025.

Cash flows used in financing activities for the three-month period ended March 31, 2026 mainly consisted of ¥8,442 million of share buybacks, ¥30,000 million of redemption of bonds, ¥6,273 million of repayments of lease liabilities and ¥37,496 million of dividends paid. Outflows for share buybacks decreased by ¥50,634 million compared to the figure for the three-month period ended March 31, 2025. However, change in short-term borrowings, net, shifted from a net increase to a net decrease, and bonds were redeemed, resulting in an increase of ¥54,987 million in the net outflow.

(3) Forecast for Consolidated Financial Results

There are no changes to the forecast of consolidated financial results for the six-month period ending June 30, 2026 and the fiscal year ending December 31, 2026 announced on February 13, 2026.

Although there are concerns about transportation delays and rising costs for some products and raw materials due to the situation in the Middle East, the impact of this on the overall performance of the entire Group is currently being mitigated through efforts to secure inventories and arrange for alternative procurement.

2. Condensed Interim Consolidated Financial Statements and Major Notes
(1) Condensed Interim Consolidated Statements of Financial Position

	As of December 31, 2025	As of March 31, 2026
(Millions of yen)		
Assets		
Current assets		
Cash and cash equivalents	534,645	538,296
Trade and other receivables	565,990	532,584
Inventories	374,323	389,680
Income taxes receivable	4,326	4,783
Other financial assets	34,354	26,695
Other current assets	105,712	107,181
Subtotal	1,619,352	1,599,223
Assets held for sale	2,653	1,018
Total current assets	1,622,006	1,600,241
Non-current assets		
Property, plant and equipment	696,808	701,952
Goodwill	509,984	519,133
Intangible assets	574,134	574,396
Investments accounted for using the equity method	359,036	366,296
Other financial assets	223,003	222,582
Deferred tax assets	185,009	197,010
Other non-current assets	27,580	27,580
Total non-current assets	2,575,556	2,608,953
Total assets	4,197,562	4,209,195

(Millions of yen)

	As of December 31, 2025	As of March 31, 2026
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	225,562	196,035
Bonds and borrowings	39,150	7,254
Lease liabilities	21,906	22,415
Other financial liabilities	10,215	4,223
Income taxes payable	39,895	42,929
Provisions	1,077	1,138
Contract liabilities	11,331	13,527
Other current liabilities	399,972	398,590
Total current liabilities	<u>749,112</u>	<u>686,115</u>
Non-current liabilities		
Bonds and borrowings	87,856	87,566
Lease liabilities	79,063	77,392
Other financial liabilities	68,045	72,764
Income taxes payable	2,109	—
Net defined benefit liabilities	12,574	11,129
Provisions	3,944	4,018
Contract liabilities	26,025	24,110
Deferred tax liabilities	33,593	33,748
Other non-current liabilities	35,474	38,314
Total non-current liabilities	<u>348,688</u>	<u>349,045</u>
Total liabilities	<u>1,097,801</u>	<u>1,035,161</u>
Equity		
Equity attributable to owners of the Company		
Share capital	81,690	81,690
Capital surplus	428,044	428,255
Treasury shares	(85,186)	(93,628)
Retained earnings	2,205,740	2,267,366
Other components of equity	403,154	424,392
Total equity attributable to owners of the Company	<u>3,033,444</u>	<u>3,108,077</u>
Non-controlling interests	66,317	65,956
Total equity	<u>3,099,761</u>	<u>3,174,033</u>
Total liabilities and equity	<u><u>4,197,562</u></u>	<u><u>4,209,195</u></u>

(2) Condensed Interim Consolidated Statements of Income

(Millions of yen)

	FY2025 (From January 1, 2025 to March 31, 2025)	FY2026 (From January 1, 2026 to March 31, 2026)
Revenue	582,840	630,342
Cost of sales	(156,647)	(174,090)
Gross profit	426,193	456,251
Selling, general and administrative expenses	(232,495)	(259,493)
Share of profit of investments accounted for using the equity method	7,632	8,362
Research and development expenses	(78,382)	(82,101)
Impairment losses	(93)	(288)
Other income	2,145	4,327
Other expenses	(579)	(771)
Operating profit	124,420	126,287
Finance income	2,692	5,983
Finance expenses	(13,745)	(2,043)
Profit before tax	113,367	130,226
Income tax expenses	(27,399)	(30,930)
Profit for the period	85,967	99,295
Attributable to:		
Owners of the Company	84,997	98,348
Non-controlling interests	969	946
Profit for the period	85,967	99,295
Earnings per share:		
Basic earnings per share (Yen)	158.57	186.31
Diluted earnings per share (Yen)	—	—

(3) Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2025 (From January 1, 2025 to March 31, 2025)	FY2026 (From January 1, 2026 to March 31, 2026)
Profit for the period	85,967	99,295
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(326)	101
Financial assets measured at fair value through other comprehensive income	(6,155)	(2,608)
Share of other comprehensive income of investments accounted for using the equity method	36	145
Subtotal	<u>(6,445)</u>	<u>(2,361)</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(65,887)	23,624
Cash flow hedges	22	(14)
Share of other comprehensive income of investments accounted for using the equity method	(8,866)	219
Subtotal	<u>(74,731)</u>	<u>23,830</u>
Total other comprehensive income	<u>(81,177)</u>	<u>21,468</u>
Total comprehensive income for the period	<u><u>4,790</u></u>	<u><u>120,764</u></u>
Attributable to:		
Owners of the Company	5,593	119,833
Non-controlling interests	(803)	930
Total comprehensive income for the period	<u><u>4,790</u></u>	<u><u>120,764</u></u>

(4) Condensed Interim Consolidated Statements of Changes in Equity
FY2025 (From January 1, 2025 to March 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
Balance as of January 1, 2025	81,690	478,486	(67,398)	1,904,404	—	39,323
Profit for the period	—	—	—	84,997	—	—
Other comprehensive income	—	—	—	—	(287)	(6,080)
Comprehensive income for the period	—	—	—	84,997	(287)	(6,080)
Share buybacks	—	—	(59,076)	—	—	—
Dividends	—	—	—	(32,225)	—	—
Share-based payment transactions	—	321	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(282)	287	(5)
Total transactions with owners	—	321	(59,076)	(32,507)	287	(5)
Balance as of March 31, 2025	81,690	478,808	(126,475)	1,956,894	—	33,237

	Equity attributable to owners of the Company					
	Other components of equity					Total equity
	Exchange differences on translation of foreign operations	Cash flow hedges	Total	Total	Non-controlling interests	
Balance as of January 1, 2025	297,086	(11)	336,397	2,733,580	44,584	2,778,165
Profit for the period	—	—	—	84,997	969	85,967
Other comprehensive income	(73,058)	22	(79,404)	(79,404)	(1,772)	(81,177)
Comprehensive income for the period	(73,058)	22	(79,404)	5,593	(803)	4,790
Share buybacks	—	—	—	(59,076)	—	(59,076)
Dividends	—	—	—	(32,225)	(1,189)	(33,415)
Share-based payment transactions	—	—	—	321	—	321
Transfer from other components of equity to retained earnings	—	—	282	—	—	—
Total transactions with owners	—	—	282	(90,980)	(1,189)	(92,170)
Balance as of March 31, 2025	224,027	10	257,275	2,648,193	42,591	2,690,785

FY2026 (From January 1, 2026 to March 31, 2026)

(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
Balance as of January 1, 2026	81,690	428,044	(85,186)	2,205,740	—	47,691
Profit for the period	—	—	—	98,348	—	—
Other comprehensive income	—	—	—	—	244	(2,533)
Comprehensive income for the period	—	—	—	98,348	244	(2,533)
Share buybacks	—	—	(8,442)	—	—	—
Dividends	—	—	—	(36,969)	—	—
Share-based payment transactions	—	359	—	—	—	—
Changes in ownership interests in subsidiaries	—	(148)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	247	(244)	(2)
Total transactions with owners	—	210	(8,442)	(36,722)	(244)	(2)
Balance as of March 31, 2026	81,690	428,255	(93,628)	2,267,366	—	45,155

	Equity attributable to owners of the Company					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of January 1, 2026	355,461	1	403,154	3,033,444	66,317	3,099,761
Profit for the period	—	—	—	98,348	946	99,295
Other comprehensive income	23,787	(14)	21,484	21,484	(16)	21,468
Comprehensive income for the period	23,787	(14)	21,484	119,833	930	120,764
Share buybacks	—	—	—	(8,442)	—	(8,442)
Dividends	—	—	—	(36,969)	(1,213)	(38,183)
Share-based payment transactions	—	—	—	359	—	359
Changes in ownership interests in subsidiaries	—	—	—	(148)	(77)	(225)
Transfer from other components of equity to retained earnings	—	—	(247)	—	—	—
Total transactions with owners	—	—	(247)	(45,200)	(1,291)	(46,491)
Balance as of March 31, 2026	379,249	(12)	424,392	3,108,077	65,956	3,174,033

(5) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	FY2025 (From January 1, 2025 to March 31, 2025)	FY2026 (From January 1, 2026 to March 31, 2026)
Cash flows from operating activities		
Profit before tax	113,367	130,226
Depreciation and amortization expenses	27,136	30,371
Impairment losses and reversal of impairment losses	93	288
Share of profit of investments accounted for using the equity method	(7,632)	(8,362)
Finance income	(2,692)	(5,983)
Finance expenses	13,745	2,043
Increase in inventories	(17,663)	(13,502)
Decrease in trade and other receivables	14,899	38,667
Decrease in trade and other payables	(1,456)	(25,362)
Other	(12,974)	(8,021)
Subtotal	126,823	140,366
Interest and dividends received	3,261	4,018
Interest paid	(936)	(1,097)
Income taxes paid	(23,720)	(34,404)
Net cash flows provided by operating activities	105,427	108,882
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	56	3,009
Payments for acquisition of property, plant and equipment	(20,090)	(25,155)
Payments for acquisition of intangible assets	(9,026)	(8,135)
Proceeds from sales and redemption of investments	86	13
Payments for acquisition of investments	(3,080)	(1,694)
Payments for acquisition of subsidiaries	(56,609)	—
Decrease in time deposits	7,576	9,704
Other	7	(138)
Net cash flows used in investing activities	(81,080)	(22,396)
Cash flows from financing activities		
Share buybacks	(59,076)	(8,442)
Change in short-term borrowings, net	68,448	(1,547)
Proceeds from long-term borrowings	—	201
Repayments of long-term borrowings	(546)	(837)
Redemption of bonds	—	(30,000)
Repayments of lease liabilities	(5,555)	(6,273)
Dividends paid	(32,903)	(37,496)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(225)
Net cash flows used in financing activities	(29,633)	(84,620)
(Decrease) increase in cash and cash equivalents	(5,286)	1,865
Cash and cash equivalents at the beginning of the period	426,173	534,645
Effect of exchange rate changes on cash and cash equivalents	(13,390)	1,785
Cash and cash equivalents at the end of the period	407,496	538,296

(6) Notes to Condensed Interim Consolidated Financial Statements

Note to Going Concern Assumptions

Not applicable.

Operating Segments

1) Overview of reportable segments

The Group's reportable segments are the constituent units of the Group for which separate financial information is available and which are subject to periodic reviews by the Board of Directors in order to make decisions on allocation of business resources and to evaluate the business performance of the respective segments.

The Company, as a holding company, directs the Group's strategic planning and decision-making, monitors group operations and provides various common services to its Group companies. Business activities are conducted by the Group's subsidiaries and associates.

Centering on the healthcare business, the Group operates activities inside and outside Japan relating to the following four reportable segments: "Pharmaceuticals," "Nutraceuticals," "Consumer products" and "Others."

"Pharmaceuticals" comprises manufacturing and sales of prescription drugs and intravenous solutions. "Nutraceuticals" comprises manufacturing and sales of functional beverages, over-the-counter drugs and nutritional supplements. "Consumer products" comprises manufacturing and sales of mineral water, soft beverages and food products. "Others" comprises manufacturing and sales of chemicals and electronic equipment, etc. as well as warehousing and distribution.

2) Revenues and performance by reportable segment

Revenues and performance by the Group reportable segments are as follows.

Segment profit is based on operating profit.

Intersegment revenue and transfers reflect reasonable prices for intersegment transfers based on market value.

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

(Millions of yen)

	Reportable segment					Adjustments*	Consolidated
	Pharma- ceuticals	Nutra- ceuticals	Consumer products	Others	Total		
Revenue							
Revenue from external customers	417,826	131,348	7,380	26,284	582,840	–	582,840
Intersegment revenue or transfers	–	6	5	784	796	(796)	–
Total	417,826	131,355	7,385	27,068	583,636	(796)	582,840
Segment profit	116,570	15,584	5,191	1,799	139,145	(14,725)	124,420

* Adjustments to segment profit of ¥(14,725) million include intersegment eliminations of ¥(149) million, unallocated corporate expenses of ¥(15,085) million and other income of ¥509 million. Corporate expenses are incurred in administrative departments such as headquarters.

FY2026 (From January 1, 2026 to March 31, 2026)

(Millions of yen)

	Reportable segment					Adjustments*	Consolidated
	Pharma- ceuticals	Nutra- ceuticals	Consumer products	Others	Total		
Revenue							
Revenue from external customers	453,822	138,925	7,917	29,676	630,342	–	630,342
Intersegment revenue or transfers	–	10	6	821	838	(838)	–
Total	453,822	138,935	7,924	30,498	631,181	(838)	630,342
Segment profit	115,495	15,783	5,642	2,925	139,846	(13,559)	126,287

* Adjustments to segment profit of ¥(13,559) million include intersegment eliminations of ¥(161) million, unallocated corporate expenses of ¥(15,520) million and other income of ¥2,122 million. Corporate expenses are incurred in administrative departments such as headquarters.

Additional Information

Acquisition of Transcend Therapeutics, Inc.

Otsuka Pharmaceutical, a consolidated subsidiary of the Company, and Transcend Therapeutics, Inc. (hereinafter “Transcend”) have entered into an agreement on March 27, 2026 (U.S. time), under which Otsuka Pharmaceutical, through its wholly owned subsidiary Otsuka America, Inc. (hereinafter “OAI”), will make Transcend a wholly owned subsidiary (hereinafter the “Acquisition”).

Outline of the Acquisition

(1) Name of acquired company and business description

Name of acquired company: Transcend Therapeutics, Inc.
Business description: Research and development of pharmaceutical products

(2) Main reasons for the Acquisition

Since the 1970s, Otsuka Pharmaceutical has focused on areas of the psychiatry and neurology, working to provide new treatment options for disorders such as schizophrenia, bipolar disorder, depression and post-traumatic stress disorder (PTSD), for which therapeutic choices remain limited. In recent years, with the aim of creating next-generation therapies for psychiatric disorders, Otsuka Pharmaceutical has expanded its global network through partnerships and collaborations, such as by the acquisition of Mindset Pharma, Inc., a company with innovative, serotonin 5-HT_{2A} agonist discovery technology. Through these efforts, Otsuka Pharmaceutical is actively working to broaden future treatment options.

Transcend, founded in 2021, is a biotechnology company developing rapid-acting treatments for neuropsychiatric diseases. TSND-201 (methylone), which Transcend is developing, is a rapid-acting neuroplastogen—an agent that induces rapid and durable neural plasticity in the brain—and is being advanced as a potential treatment for PTSD and other psychiatric conditions. In the U.S., more than 13 million individuals are estimated to be affected by PTSD each year, yet no new treatments have been approved for 25 years, underscoring the significant unmet medical need.

By acquiring TSND-201—a novel investigational asset with a mechanism of action distinct from Otsuka Pharmaceutical’s existing medicines and development programs—the expansion of the Group’s portfolio in the areas of the psychiatry and neurology will be further accelerated. In the U.S. in particular, despite the very large number of individuals living with PTSD, treatment options remain limited to psychotherapy and antidepressants, underscoring the need for new therapeutic approaches supported by scientific evidence of efficacy and safety. By welcoming Transcend into the Otsuka group, Otsuka Pharmaceutical aims to strengthen its position as a global leader in the areas of the psychiatry and neurology and to accelerate the development of next-generation treatments, including those for PTSD, with the goal of expanding future treatment options.

(3) Acquisition date

The Acquisition is expected to be completed in the second quarter of the fiscal year ending December 31, 2026, subject to the fulfillment of necessary procedures.

(4) Method of obtaining control of the acquired company and percentage of equity with voting rights to be acquired

Otsuka Pharmaceutical plans to acquire 100% of the shares with voting rights of Transcend through OAI, a consolidated subsidiary of the Company, for cash and future milestone payments.

(5) Planned consideration to be paid

Based on the terms of the agreement, Otsuka Pharmaceutical will pay USD 700 million to Transcend shareholders through OAI upon completion of the Acquisition, and may pay up to an additional USD 525 million as an earn-out consideration upon achieving sales milestones.