Consolidated Financial Results for the Six-Month Period Ended June 30, 2026 [IFRS]

July 31, 2026

Company name	: **Otsuka Holdings Co., Ltd.**
Stock exchange listing	: Tokyo Stock Exchange
Code number	: 4578
URL	: https://www.otsuka.com/en/
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Scheduled date of semi-annual securities report submission	: July 31, 2026
Scheduled date of dividend payment commencement	: September 1, 2026
Supplementary materials for financial results	: Yes
Earnings announcement for financial results	: Yes (for institutional investors, analysts and the press)

(Figures are rounded down to the nearest million unless otherwise stated)

1. Consolidated Financial Results for the Six-Month Period Ended June 30, 2026 (January 1, 2026 to June 30, 2026)

(1) Consolidated Operating Results (cumulative)

(% 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		Total comprehensive income for the period	
Six-month period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	1,332,390	12.8	280,579	17.3	278,544	15.0	218,542	24.3	215,612	24.3	275,960	199.8
June 30, 2025	1,180,766	6.5	239,221	12.0	242,118	91.7	175,863	59.0	173,529	61.0	92,038	(65.2)

(Reference) Profit before tax: Six-month period ended June 30, 2026 ¥285,420 million [26.1%]
Six-month period ended June 30, 2025 ¥226,343 million [59.2%]

* Business profit is an indicator of ordinary earnings power 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

	Basic earnings per share	Diluted earnings per share
Six-month period ended	Yen	Yen
June 30, 2026	409.07	–
June 30, 2025	326.12	–

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity attributable to owners of the Company per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of June 30, 2026	4,395,890	3,306,756	3,239,710	73.7	6,166.26
As of December 31, 2025	4,197,562	3,099,761	3,033,444	72.3	5,743.73

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	–	100.00			
FY2026 (forecast)			–	100.00	200.00

* Revisions to dividends forecast most recently announced: Yes

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 year		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
FY2026	2,725,000	10.4	470,000	5.4	469,000	(2.2)	360,000	(1.7)	355,000	(2.2)	675.47

*1 Revisions to financial forecast most recently announced: Yes

*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: Yes
Newly included: 2 companies (Otsuka Clinical Nutrition America LLC, Transcend Therapeutics, Inc.)
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):
June 30, 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:
June 30, 2026 17,595,494 shares
December 31, 2025 14,857,548 shares
3) Average number of shares outstanding during the period:
Six-month period ended June 30, 2026 527,084,109 shares
Six-month period ended June 30, 2025 532,095,453 shares

* This report is out of scope of reviews by the external auditor.

*** 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 will hold an earnings release briefing for institutional investors, analysts and the press on Friday, July 31, 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 June 30, 2026.

(1) Overview of Consolidated Operating Results for the Six-Month Period Ended June 30, 2026

Summary of consolidated financial results for the six-month period ended June 30, 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

(Millions of yen)

	Six-month period ended June 30, 2025	Six-month period ended June 30, 2026	Change	% Change
Revenue	1,180,766	1,332,390	151,624	12.8%
Business profit before research and development expenses	402,125	452,753	50,628	12.6%
Business profit	239,221	280,579	41,358	17.3%
Operating profit	242,118	278,544	36,426	15.0%
Profit before tax	226,343	285,420	59,076	26.1%
Profit for the period	175,863	218,542	42,679	24.3%
Profit attributable to owners of the Company	173,529	215,612	42,083	24.3%

Research and development expenses	162,903	172,174	9,270	5.7%
Impairment losses	531	4,052	3,521	662.5%

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 way of life

Revenue for the six-month period ended June 30, 2026 totaled ¥1,332,390 million (up 12.8% 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* 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 ¥452,753 million (up 12.6%). The main factor was that the increase in gross profit, in line with increased revenue, exceeded the increase in selling, general and administrative expenses.

Research and development expenses totaled ¥172,174 million (up 5.7%). With phase III trials in progress, including repinatrabit, in development for the treatment of Phenylketonuria, and quabodepistat, in development of anti-tuberculosis drugs.

Against the backdrop of steady revenue growth, business profit totaled ¥280,579 million (up 17.3%) and operating profit totaled ¥278,544 million (up 15.0%).

Profit for the period was ¥218,542 million (up 24.3%), and profit attributable to owners of the Company was ¥215,612 million (up 24.3%).

Results by business segment are as follows.

Revenue and business profit by business segment during six-month period ended June 30, 2026

(Millions of yen)

	Pharmaceuticals	Nutraceuticals	Consumer products	Others	Adjustments	Consolidated
Revenue	951,614	300,145	17,452	64,968	(1,790)	1,332,390
Business profit	252,777	38,713	13,656	5,854	(30,422)	280,579

Reference (six-month period ended June 30, 2025)

(Millions of yen)

	Pharmaceuticals	Nutraceuticals	Consumer products	Others	Adjustments	Consolidated
Revenue	833,782	276,057	15,845	56,743	(1,661)	1,180,766
Business profit	213,873	36,043	12,654	4,721	(28,071)	239,221

1) Pharmaceuticals

Revenue for the six-month period ended June 30, 2026 totaled ¥951,614 million (up 14.1%), with business profit of ¥252,777 million (up 18.2%).

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 ¥193,144 million (up 24.7%).

*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., Europe and Japan, the number of prescriptions for treatment in combination with bevacizumab for colorectal cancer increased as awareness grew. Sales of *LONSURF* totaled ¥56,803 million (up 14.2%).

・ 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 ¥122,817 million (up 12.4%).

・ 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 ¥26,681 million (up 65.1%).

・ V_2-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 significant decrease in sales. Sales of *Samsca*/*JINARC*/*JYNARQUE* totaled ¥89,768 million (down 33.9%).

*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 it was launched as the first treatment using an anti-APRIL antibody, with the number of prescriptions progressing favorably. Sales of *VOYXACT* totaled ¥17,116 million.

2) Nutraceuticals

Revenue for the six-month period ended June 30, 2026 totaled ¥300,145 million (up 8.7%), with business profit of ¥38,713 million (up 7.4%).

<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 an increase in sales volume in certain areas, particularly 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 ¥105,387 million (up 6.3%).

・ 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 expansion of regular customers. In North America, there was an increase in revenue for *Uqora*, which supports the field of urinary health, due to increased shipments to new sales channels. As a result, revenue for this category totaled ¥31,822 million (up 9.6%).

・ 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, and the market share also expanded. Revenue for this category, including the new product */zeroz*, which focuses on oxygen and was launched by Otsuka Pharmaceutical Co., Ltd. ("Otsuka Pharmaceutical") in Japan in March 2026, totaled ¥127,063 million (up 15.9%).

[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 six-month period ended June 30, 2026 totaled ¥17,452 million (up 10.1%), with business profit of ¥13,656 million (up 7.9%).

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 of *MATCH Vitamin Mikan* as well as the strengthening of initiatives for *MATCH Jelly*, and the effect of initiatives aimed at improving recognition and promoting drinking experiences, primarily targeting high school students.

4) Others

Revenue for the six-month period ended June 30, 2026 totaled ¥64,968 million (up 14.5%), with business profit of ¥5,854 million (up 24.0%).

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 six-month period ended June 30, 2026 totaled ¥172,174 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 six-month period ended June 30, 2026 were ¥163,082 million.

Research and development activities in the pharmaceutical business carried out for the six-month period ended June 30, 2026 are summarized below.

Category	Development Code	Brand Name	Generic Name	Area	Treatment/ Indication	Status*1
Psychiatry and neurology	OPC-214870	—	—	U.S.	Epilepsy	Discontinued for strategic reason
	SEP-363856	—	ulotaront	U.S.	Major depressive disorder	Discontinued for strategic reason
	EB-1020	—	centanafadine	China	Attention-deficit hyperactivity disorder	Phase II/III trial was initiated in March 2026
	TSND-201	—	methylone	U.S.	Posttraumatic stress disorder	Phase III trial was initiated in April 2026
Oncology	TAS1553	—	—	U.S.	Acute myeloid leukemia	Discontinued for strategic reason
	ASTX727	*INQOVI*/ *INAQOVI*	decitabine, cedazuridine	U.S.	Acute myeloid leukemia*2	Granted approval in May 2026
				Europe	Acute myeloid leukemia*2	Granted approval in June 2026
	AB122 + TAS-120	—	zimberelimab + futibatinib	Japan	Biliary tract cancer	Phase III trial was initiated in June 2026
	AB521	—	casdatifan	Japan	Clear cell renal cell carcinoma	Phase III trial was initiated in June 2026
	ARC-02	—	—	U.S.	Non-hodgkin lymphoma	Phase I trial was initiated in June 2026
Autoimmune field	VIS649	*VOYXACT*	sibeprenlimab	China	IgA nephropathy	Granted approval in June 2026
Other categories	ISIS 721744	*Dawnzera*	donidalorsen	Europe	Hereditary angioedema	Granted approval in January 2026
	4D-150	—	zunibergene rocparvovec	Japan	Neovascular age-related macular degeneration	Phase III trial ongoing

*1 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.

*2 Treatment in combination with venetoclax

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 six-month period ended June 30, 2026 were ¥5,968 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 six-month period ended June 30, 2026 were ¥320 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 six-month period ended June 30, 2026 were ¥2,802 million.

(2) Overview of Consolidated Financial Position as of June 30, 2026

1) Assets, Liabilities and Equity

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026	Change
Current assets	1,622,006	1,630,819	8,813
Non-current assets	2,575,556	2,765,070	189,513
Total assets	4,197,562	4,395,890	198,327
Current liabilities	749,112	738,963	(10,149)
Non-current liabilities	348,688	350,170	1,481
Total liabilities	1,097,801	1,089,134	(8,667)
Total equity	3,099,761	3,306,756	206,994

a. Assets

Total assets as of June 30, 2026 were ¥4,395,890 million, an increase of ¥198,327 million compared to ¥4,197,562 million as of December 31, 2025. Current assets increased by ¥8,813 million, and non-current assets increased by ¥189,513 million.

(Current Assets)

Current assets as of June 30, 2026 were ¥1,630,819 million, an increase of ¥8,813 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 decreased by ¥65,097 million, trade and other receivables increased by ¥24,227 million, inventories increased by ¥39,587 million, and other current assets increased by ¥9,281 million.

(Non-current Assets)

Non-current assets as of June 30, 2026 were ¥2,765,070 million, an increase of ¥189,513 million compared to ¥2,575,556 million as of December 31, 2025. Compared with the end of the previous fiscal year, intangible assets increased by ¥116,919 million mainly due to the acquisition of Transcend Therapeutics, Inc. (hereinafter “Transcend”). In addition, property, plant and equipment increased by ¥17,894 million, goodwill increased by ¥16,301 million, investments accounted for using the equity method increased by ¥14,079 million, and other financial assets increased by ¥15,003 million.

b. Liabilities

Liabilities as of June 30, 2026 were ¥1,089,134 million, a decrease of ¥8,667 million compared to ¥1,097,801 million as of December 31, 2025. Current liabilities decreased by ¥10,149 million, and non-current liabilities increased by ¥1,481 million.

(Current Liabilities)

Current liabilities as of June 30, 2026 were ¥738,963 million, a decrease of ¥10,149 million compared to ¥749,112 million as of December 31, 2025. Compared with the end of the previous fiscal year, while income taxes payable increased by ¥14,457 million and other current liabilities increased by ¥16,068 million, trade and other payables decreased by ¥8,927 million, and bonds and borrowings decreased by ¥31,751 million mainly due to the redemption of bonds.

(Non-current Liabilities)

Non-current liabilities as of June 30, 2026 were ¥350,170 million, an increase of ¥1,481 million compared to ¥348,688 million as of December 31, 2025. Compared with the end of the previous fiscal year, while lease liabilities decreased by ¥1,663 million, income taxes payable decreased by ¥2,109 million, and contract liabilities decreased by ¥3,567 million, other non-current liabilities increased by ¥8,844 million.

c. Equity

Total equity as of June 30, 2026 was ¥3,306,756 million, an increase of ¥206,994 million compared to ¥3,099,761 million as of December 31, 2025. Treasury shares increased by ¥29,412 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. On the other hand, retained earnings increased by ¥181,188 million, mainly due to the recording of profit attributable to owners of the Company, and other components of equity increased by ¥54,292 million, mainly due to the impact of exchange rate fluctuations.

2) Cash Flows

(Millions of yen)

	Six-month period ended June 30, 2025	Six-month period ended June 30, 2026	Change
Net cash flows provided by operating activities	212,725	217,107	4,381
Net cash flows used in investing activities	(130,943)	(173,007)	(42,064)
Net cash flows used in financing activities	(85,383)	(114,315)	(28,931)
Decrease in cash and cash equivalents	(3,600)	(70,215)	(66,614)
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	(11,461)	5,118	16,579
Cash and cash equivalents at the end of the period	411,111	469,548	58,436

Cash and cash equivalents as of June 30, 2026 were ¥469,548 million, a decrease of ¥65,097 million compared to the balance as of December 31, 2025. For the six-month period ended June 30, 2026, net cash flows provided by operating activities were ¥217,107 million, while net cash flows used in investing activities were ¥173,007 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 ¥114,315 million.

Thus, cash and cash equivalents decreased from the end of the previous fiscal year to ¥469,548 million as the total investing and financing cash outflows exceeded operating cash inflows.

Cash Flows from Operating Activities

Net cash flows provided by operating activities were ¥217,107 million, an increase of ¥4,381 million compared to the figure for the six-month period ended June 30, 2025.

Cash flows provided by operating activities for the six-month period ended June 30, 2026 mainly consisted of ¥285,420 million of profit before tax, ¥34,917 million of increase in inventories, and ¥48,366 million of income taxes paid. Compared to the figures for the six-month period ended June 30, 2025, while there was a ¥27,735 million increase in outflow from trade and other payables and a ¥18,622 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 ¥59,076 million increase in profit before tax, leading to an increase of ¥4,381 million in the net inflow.

Cash Flows from Investing Activities

Net cash flows used in investing activities were ¥173,007 million, an increase in outflows of ¥42,064 million compared to the figure for the six-month period ended June 30, 2025.

Cash flows used in investing activities for the six-month period ended June 30, 2026 mainly consisted of ¥44,938 million of payments for acquisition of property, plant and equipment, and ¥129,268 million of payments for acquisition of intangible assets. While there were payments for acquisition of subsidiaries related to Araris Biotech AG, Otsuka ICU Medical LLC and others of ¥86,625 million in the six-month period ended June 30, 2025, the acquisition of TSND-201 associated with the acquisition of Transcend during the six-month period ended June 30, 2026, resulted in an increase of ¥117,623 million in payments for acquisition of intangible assets.

Cash Flows from Financing Activities

Net cash flows used in financing activities were ¥114,315 million, an increase in outflows of ¥28,931 million compared to the figure for the six-month period ended June 30, 2025.

Cash flows used in financing activities for the six-month period ended June 30, 2026 mainly consisted of ¥29,930 million of share buybacks, ¥30,000 million of redemption of bonds, ¥12,863 million of repayments of lease liabilities and ¥38,853 million of dividends paid. Outflows for share buybacks decreased by ¥40,166 million compared to the figure for the six-month period ended June 30, 2025. However, an increase of ¥5,363 million in dividends paid, and the impact of the issuance of bonds during the six-month period ended June 30, 2025 and the redemption of bonds during the six-month period ended June 30, 2026, resulted in an increase of ¥28,931 million in the net outflow.

(3) Forecast for Consolidated Financial Results

In response to the consolidated operating results for the six-month period ended June 30, 2026, the Company revised its consolidated operating results forecast for the fiscal year ending December 31, 2026, announced on February 13, 2026 as follows.

Furthermore, there are uncertainties regarding the situation in the Middle East and the trends in pharmaceutical pricing policies and tariff policies in the U.S. However, based on the assumption that the impact on the operating results for the fiscal year ending December 31, 2026 will be limited, the Company is making significant accounting estimates. If these situations change in the future, there could be a significant impact on the reported amounts of assets, liabilities, revenues, and expenses for the fiscal year ending December 31, 2026 and beyond.

Revisions of the consolidated operating results forecast for the fiscal year ending December 31, 2026

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	Amount of change (B) – (A)	Change (%)	(Reference) FY2025
Revenue	2,520,000	2,725,000	205,000	8.1	2,468,892
Business profit before research and development expenses	733,000	855,000	122,000	16.6	798,968
Business profit	355,000	470,000	115,000	32.4	446,129
Operating profit	360,000	469,000	109,000	30.3	479,375
Profit before tax	353,000	472,000	119,000	33.7	468,037
Profit for the year	269,000	360,000	91,000	33.8	366,216
Profit attributable to owners of the Company	265,000	355,000	90,000	34.0	363,150
Basic earnings per share (Yen)	504.94	675.47			685.06
Research and development expenses	378,000	385,000	7,000	1.9	352,838

(Note) Forecast exchange rates are as follows:

	Previous forecast	Revised forecast
USD	150 yen	158 yen
EUR	175 yen	185 yen

In the pharmaceutical business, revenue is expected to exceed the previously announced forecast owing to the growth driven by the better-than-planned performances of long-acting injection *ABILIFY MAINTENA/ABILIFY ASIMTUFII*, anti-APRIL antibody *VOYXACT*, and royalty income, in addition to the two core products of antipsychotic agent *REXULTI/RXULTI* and anti-cancer agent *LONSURF*. In the nutraceutical business, revenue is expected to exceed the forecast due to the growth of the “For Healthier Life” category. As a result, consolidated revenue is expected to exceed the previous forecast.

Selling, general and administrative expenses are expected to exceed the previous forecast, driven by an increase in co-promotion expenses due to a rise in revenue, and also by the earlier-than-expected U.S. launch of attention-deficit hyperactivity disorder (ADHD) treatment *SIMTRIYO* (general name: centanafadine), along with the impact of exchange rates. The Group will continue to engage in growth investment involving new businesses that take on challenges in new frontiers. Meanwhile, the Group will also promote further cost adjustments in existing businesses.

Research and development expenses are expected to exceed the previous forecast due to the investment in TSND-201 of Transcend, which Otsuka Pharmaceutical acquired in June 2026, as well as the impact of exchange rates.

Business profit is expected to significantly exceed the previous forecast as gross profit is progressing better than planned due to strong revenue, and the percentage of selling, general and administrative expenses has been reduced more than planned due to the streamlining of investments in existing businesses. On the other hand, investments in growth, such as those in new businesses and research and development expenses, are being pursued more aggressively than planned.

Operating profit is expected to significantly exceed the previous forecast due to the increase in business profit.

In line with this, profit before tax and profit attributable to owners of the Company are expected to significantly exceed the previous forecast.

2. Condensed Interim Consolidated Financial Statements and Major Notes

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and cash equivalents	534,645	469,548
Trade and other receivables	565,990	590,217
Inventories	374,323	413,910
Income taxes receivable	4,326	5,173
Other financial assets	34,354	36,393
Other current assets	105,712	114,994
Subtotal	1,619,352	1,630,238
Assets held for sale	2,653	581
Total current assets	1,622,006	1,630,819
Non-current assets		
Property, plant and equipment	696,808	714,702
Goodwill	509,984	526,286
Intangible assets	574,134	691,053
Investments accounted for using the equity method	359,036	373,116
Other financial assets	223,003	238,006
Deferred tax assets	185,009	194,274
Other non-current assets	27,580	27,630
Total non-current assets	2,575,556	2,765,070
Total assets	4,197,562	4,395,890

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	225,562	216,635
Bonds and borrowings	39,150	7,399
Lease liabilities	21,906	22,146
Other financial liabilities	10,215	12,477
Income taxes payable	39,895	54,353
Provisions	1,077	857
Contract liabilities	11,331	9,052
Other current liabilities	399,972	416,040
Total current liabilities	749,112	738,963
Non-current liabilities		
Bonds and borrowings	87,856	87,257
Lease liabilities	79,063	77,400
Other financial liabilities	68,045	69,895
Income taxes payable	2,109	—
Net defined benefit liabilities	12,574	11,052
Provisions	3,944	4,226
Contract liabilities	26,025	22,457
Deferred tax liabilities	33,593	33,561
Other non-current liabilities	35,474	44,319
Total non-current liabilities	348,688	350,170
Total liabilities	1,097,801	1,089,134
Equity		
Equity attributable to owners of the Company		
Share capital	81,690	81,690
Capital surplus	428,044	428,243
Treasury shares	(85,186)	(114,598)
Retained earnings	2,205,740	2,386,928
Other components of equity	403,154	457,446
Total equity attributable to owners of the Company	3,033,444	3,239,710
Non-controlling interests	66,317	67,045
Total equity	3,099,761	3,306,756
Total liabilities and equity	4,197,562	4,395,890

(2) Condensed Interim Consolidated Statements of Income

(Millions of yen)

	FY2025 (From January 1, 2025 to June 30, 2025)	FY2026 (From January 1, 2026 to June 30, 2026)
Revenue	1,180,766	1,332,390
Cost of sales	(325,425)	(365,909)
Gross profit	855,341	966,481
Selling, general and administrative expenses	(471,976)	(533,935)
Share of profit of investments accounted for using the equity method	18,760	20,207
Research and development expenses	(162,903)	(172,174)
Impairment losses	(531)	(4,052)
Other income	5,001	7,214
Other expenses	(1,572)	(5,197)
Operating profit	242,118	278,544
Finance income	7,702	11,634
Finance expenses	(23,477)	(4,758)
Profit before tax	226,343	285,420
Income tax expenses	(50,479)	(66,877)
Profit for the period	175,863	218,542
Attributable to:		
Owners of the Company	173,529	215,612
Non-controlling interests	2,334	2,930
Profit for the period	175,863	218,542
Earnings per share:		
Basic earnings per share (Yen)	326.12	409.07
Diluted earnings per share (Yen)	—	—

(3) Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2025 (From January 1, 2025 to June 30, 2025)	FY2026 (From January 1, 2026 to June 30, 2026)
Profit for the period	175,863	218,542
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(421)	174
Financial assets measured at fair value through other comprehensive income	(525)	6,108
Share of other comprehensive income of investments accounted for using the equity method	140	123
Subtotal	(805)	6,406
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(80,495)	46,067
Cash flow hedges	39	(44)
Share of other comprehensive income of investments accounted for using the equity method	(2,563)	4,988
Subtotal	(83,019)	51,011
Total other comprehensive income	(83,825)	57,417
Total comprehensive income for the period	92,038	275,960
Attributable to:		
Owners of the Company	90,543	272,606
Non-controlling interests	1,494	3,354
Total comprehensive income for the period	92,038	275,960

(4) Condensed Interim Consolidated Statements of Changes in Equity
FY2025 (From January 1, 2025 to June 30, 2025)

(Millions of yen)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	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	—	—	—	173,529	—	—
Other comprehensive income	—	—	—	—	(397)	(397)
Comprehensive income for the period	—	—	—	173,529	(397)	(397)
Share buybacks	—	—	(70,096)	—	—	—
Cancellation of treasury shares	—	(51,802)	51,802	—	—	—
Dividends	—	—	—	(32,225)	—	—
Share-based payment transactions	—	88	506	—	—	—
Changes in non-controlling interests in subsidiaries that result in obtaining of control	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	1,611	—	(1,611)	—	—
Transfer from other components of equity to retained earnings	—	—	—	6,299	397	(6,696)
Total transactions with owners	—	(50,102)	(17,787)	(27,538)	397	(6,696)
Balance as of June 30, 2025	81,690	428,384	(85,186)	2,050,395	—	32,229

	Equity attributable to owners of the Company					
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total	Total	Non-controlling interests	Total equity
Balance as of January 1, 2025	297,086	(11)	336,397	2,733,580	44,584	2,778,165
Profit for the period	—	—	—	173,529	2,334	175,863
Other comprehensive income	(82,230)	39	(82,985)	(82,985)	(839)	(83,825)
Comprehensive income for the period	(82,230)	39	(82,985)	90,543	1,494	92,038
Share buybacks	—	—	—	(70,096)	—	(70,096)
Cancellation of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	(32,225)	(1,779)	(34,005)
Share-based payment transactions	—	—	—	594	—	594
Changes in non-controlling interests in subsidiaries that result in obtaining of control	—	—	—	—	19,977	19,977
Transfer from retained earnings to capital surplus	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(6,299)	—	—	—
Total transactions with owners	—	—	(6,299)	(101,727)	18,197	(83,529)
Balance as of June 30, 2025	214,855	27	247,113	2,722,396	64,277	2,786,674

FY2026 (From January 1, 2026 to June 30, 2026)

(Millions of yen)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	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	—	—	—	215,612	—	—
Other comprehensive income	—	—	—	—	313	6,129
Comprehensive income for the period	—	—	—	215,612	313	6,129
Share buybacks	—	—	(29,930)	—	—	—
Dividends	—	—	—	(36,969)	—	—
Share-based payment transactions	—	173	517	—	—	—
Changes in ownership interests in subsidiaries	—	(131)	—	—	—	—
Transfer from retained earnings to capital surplus	—	156	—	(156)	—	—
Transfer from other components of equity to retained earnings	—	—	—	2,701	(313)	(2,388)
Total transactions with owners	—	198	(29,412)	(34,424)	(313)	(2,388)
Balance as of June 30, 2026	81,690	428,243	(114,598)	2,386,928	—	51,432

	Equity attributable to owners of the Company					
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total	Total	Non-controlling interests	Total equity
Balance as of January 1, 2026	355,461	1	403,154	3,033,444	66,317	3,099,761
Profit for the period	—	—	—	215,612	2,930	218,542
Other comprehensive income	50,595	(44)	56,993	56,993	423	57,417
Comprehensive income for the period	50,595	(44)	56,993	272,606	3,354	275,960
Share buybacks	—	—	—	(29,930)	—	(29,930)
Dividends	—	—	—	(36,969)	(2,531)	(39,500)
Share-based payment transactions	—	—	—	691	—	691
Changes in ownership interests in subsidiaries	—	—	—	(131)	(94)	(226)
Transfer from retained earnings to capital surplus	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(2,701)	—	—	—
Total transactions with owners	—	—	(2,701)	(66,339)	(2,626)	(68,965)
Balance as of June 30, 2026	406,057	(43)	457,446	3,239,710	67,045	3,306,756

(5) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	FY2025 (From January 1, 2025 to June 30, 2025)	FY2026 (From January 1, 2026 to June 30, 2026)
Cash flows from operating activities		
Profit before tax	226,343	285,420
Depreciation and amortization expenses	55,158	61,476
Impairment losses and reversal of impairment losses	531	4,052
Share of profit of investments accounted for using the equity method	(18,760)	(20,207)
Finance income	(7,702)	(11,634)
Finance expenses	23,477	4,758
Increase in inventories	(43,516)	(34,917)
Increase in trade and other receivables	(6,854)	(11,615)
Increase (decrease) in trade and other payables	13,583	(14,151)
Other	(4,269)	(4,526)
Subtotal	237,992	258,655
Interest and dividends received	6,592	9,038
Interest paid	(2,115)	(2,221)
Income taxes paid	(29,743)	(48,366)
Net cash flows provided by operating activities	212,725	217,107
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	174	3,014
Payments for acquisition of property, plant and equipment	(45,667)	(44,938)
Payments for acquisition of intangible assets	(11,644)	(129,268)
Proceeds from sales and redemption of investments	11,447	5,443
Payments for acquisition of investments	(4,123)	(7,674)
Payments for acquisition of subsidiaries	(86,625)	(0)
Decrease in time deposits	5,300	673
Other	195	(256)
Net cash flows used in investing activities	(130,943)	(173,007)
Cash flows from financing activities		
Share buybacks	(70,096)	(29,930)
Change in short-term borrowings, net	869	(1,317)
Proceeds from long-term borrowings	—	201
Repayments of long-term borrowings	(822)	(1,313)
Proceeds from issuance of bonds	30,000	—
Redemption of bonds	—	(30,000)
Repayments of lease liabilities	(11,843)	(12,863)
Dividends paid	(33,489)	(38,853)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(225)
Other	—	(12)
Net cash flows used in financing activities	(85,383)	(114,315)
Decrease in cash and cash equivalents	(3,600)	(70,215)
Cash and cash equivalents at the beginning of the period	426,173	534,645
Effect of exchange rate changes on cash and cash equivalents	(11,461)	5,118
Cash and cash equivalents at the end of the period	411,111	469,548

(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's 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 June 30, 2025)

(Millions of yen)

	Reportable segment					Adjustments*	Consolidated
	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Total		
Revenue							
Revenue from external customers	833,782	276,038	15,836	55,110	1,180,766	—	1,180,766
Intersegment revenue or transfers	–	19	9	1,633	1,661	(1,661)	—
Total	833,782	276,057	15,845	56,743	1,182,428	(1,661)	1,180,766
Segment profit	215,352	36,681	12,861	5,010	269,905	(27,786)	242,118

* Adjustments to segment profit of ¥(27,786) million include intersegment eliminations of ¥(303) million, unallocated corporate expenses of ¥(28,502) million and other income of ¥1,018 million. Corporate expenses are incurred in administrative departments such as headquarters.

FY2026 (From January 1, 2026 to June 30, 2026)

(Millions of yen)

	Reportable segment					Adjustments*	Consolidated
	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Total		
Revenue							
Revenue from external customers	951,614	300,129	17,436	63,210	1,332,390	–	1,332,390
Intersegment revenue or transfers	–	16	15	1,758	1,790	(1,790)	–
Total	951,614	300,145	17,452	64,968	1,334,181	(1,790)	1,332,390
Segment profit	250,409	36,848	13,809	6,164	307,232	(28,687)	278,544

* Adjustments to segment profit of ¥(28,687) million include intersegment eliminations of ¥(501) million, unallocated corporate expenses of ¥(30,806) million and other income of ¥2,620 million. Corporate expenses are incurred in administrative departments such as headquarters.

Acquisition of Transcend and TSND-201

Otsuka Pharmaceutical, a consolidated subsidiary of the Company, entered into an agreement on March 27, 2026 (U.S. time), under which it would make Transcend Therapeutics, Inc. (hereinafter "Transcend") a wholly owned subsidiary (hereinafter the "Acquisition") through its wholly owned subsidiary Otsuka America, Inc. (hereinafter "OAI"). After completing the necessary legal procedures, the Acquisition was finalized on June 12, 2026 (U.S. time). Based on the terms of the agreement, Otsuka Pharmaceutical paid a total of USD 700 million to Transcend shareholders as consideration for the acquisition of all of its issued shares. In the future, there is a possibility of paying an additional amount of up to USD 525 million, depending on the revenue of the developed products. As a result of the Acquisition, TSND-201 (methylone), which is a rapid-acting neuroplastogen—an agent that induces neural plasticity in the brain—has been added to the Group's pipeline. TSND-201 is being developed as a potential treatment for post-traumatic stress disorder (PTSD) and other conditions.

As a result of conducting a concentration test in accordance with the provisions of IFRS 3 "Business Combinations" for the above transaction, the Group found that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset, and also determined that the integrated set of activities and assets acquired did not qualify as a business. For these reasons, the Group recorded this transaction as an asset acquisition. As a result, in the condensed interim consolidated statement of financial position, an amount of ¥114,551 million, which is part of the upfront payment for the asset acquisition, etc., is recorded as intangible assets (in-process research and development).