

February 14, 2024

Company Name	Otsuka Holdings Co., Ltd.
Name of Representative	Tatsuo Higuchi President and Representative Director, CEO
Code Number	4578, Prime Market of the Tokyo Stock Exchange
Contact	Yuji Kogure Director, Investor Relations Department (Phone: +81-3-6361-7411)

## Notice Regarding Revision of Restricted Stock Compensation Plan

Otsuka Holdings Co., Ltd. (the “Company”) has resolved at the Meeting of Board of Directors held on February 14, 2024 to revise the remuneration system for directors and officers, and to submit a Proposal (the “Proposal”) regarding the revision of its restricted stock compensation plan (the “Plan”) to the 16th Ordinary General Meeting of Shareholders (the “General Meeting of Shareholders”) scheduled to be held on March 28, 2024.

### 1. About the Plan

The Company introduced the Plan as a medium- to long-term incentive at the 11th Ordinary General Meeting of Shareholders held on March 28, 2019. The 11th Ordinary General Meeting of Shareholders resolved that the total amount of monetary claims to be paid for the grant of shares with transfer restrictions (“monetary compensation claims”) to the Company’s directors (excluding outside directors, “Directors Covered by the Plan”) under the Plan would be no more than 1.0 billion yen per year (not including the employee salary of directors concurrently serving as employees of the Company) and that the total number of the common shares newly issued or disposed of by the Company to the Directors Covered by the Plan would be no more than 160,000 shares per year. Under the Plan, the Company paid Directors Covered by the Plan restricted stock compensation for the five-year period from fiscal year 2019 to 2023, the period covered by the Third Medium-Term Management Plan.

### 2. Details of and Reasons for Revision

With the expiry of the period covered by the Third Medium-Term Management Plan, the Company will formulate a new medium-term management plan that covers the period from fiscal 2024 to 2028 (the “Fourth Medium-Term Management Plan”). Under the Fourth Medium-Term Management Plan, the Company aims to step up efforts to share value with shareholders, in addition to giving the Company’s directors an incentive to sustainably improve medium- to long-term performance and corporate value.

In addition, taking into account the growth in the Company’s performance and the growth in the Company’s market value as a result of the increase in the Company’s share price, the Company would like to revise the total amount of monetary compensation claims under the Plan from no more than 1.0 billion yen per year (not including the employee salary of directors concurrently serving as employees of the Company).

Therefore, the Company will make revisions to create a new restricted stock compensation plan, which incorporates achievement of the financial and non-financial indicators set under the medium-term plan into the release conditions for transfer restrictions in addition to the conditions of a fixed term of office and performance achievement attached to the grant of restricted shares, and the total amount of monetary compensation claims to be paid to the Directors Covered by the Plan will be no more than 1.2 billion yen per year (not including the employee salary of directors concurrently serving as employees of the Company).

### 3. Details of the Plan After Revision

In addition to giving the Directors Covered by the Plan an incentive to achieve the goals of the Company's medium-term management plan and thereby work to sustainably improve medium- to long-term performance and corporate value, the Plan aims represents a stepping up of the effort to share value with shareholders, and grants restricted stock with restrictions on transfer, establishment of security interests, and other disposal for a certain period ("Transfer Restrictions, etc."). In addition, release of the transfer restrictions is conditional upon a fixed term of office as a director of the Company and achievement of the indicators the Company sets in the medium-term management plan. The Company aims to create a more effective remuneration system as an incentive to sustainably improve medium- to long-term performance and corporate value by incorporating non-financial indicators in addition to financial indicators as specific indicators, and by granting restricted shares in the first year that are subject to evaluation for multiple fiscal years.

Under the Plan, the Directors Covered by the Plan pay all of the monetary compensation claims paid by the Company under this Plan as property contributed in kind (*genbutsu shusshi*) and then acquire newly issued or disposed common shares of the Company.

The total amount of monetary compensation claims paid to the Directors Covered by the Plan under the Plan will be no more than 1.2 billion yen per year (not including the employee salary of directors concurrently serving as employees of the Company). The specific payment timing and allocation for each Director Covered by the Plan will be decided in a meeting of the Board of Directors based on the report it receives following deliberations within the Nomination and Remuneration Committee.

The total number of the Company's common shares newly issued or disposed of by the Company under the Plan will be no more than 160,000 shares per year. However, in the event of share splitting (including share allotment without contribution), share consolidation of the Company's common shares, or other necessary adjustments of the Company's common shares newly issued or disposed as restricted stock occurring after the conclusion of the General Meeting of Shareholders, adjustments will be reasonably made to the total number of shares. The amount paid in per share will be the amount determined by the Board of Directors within the scope that is not an amount that is particularly advantageous to the Directors Covered by the Plan who subscribe for said common shares. The amount will also be based on the closing price of the common shares of the Company on the Tokyo Stock Exchange market on the business day before the date of each resolution of the Board of Directors (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day).

When issuing or disposing of the common shares of the Company under the Plan, the Company will conclude a restricted stock allocation agreement with the Directors Covered by the Plan, which includes the following provisions: (i) the allotted shares will be subject to Transfer Restrictions for a fixed term; (ii) the Company will acquire the allotted shares at no cost upon the occurrence of specified events; and (iii) a fixed term of office and achievement of the indicators will be release conditions for the above-noted Transfer Conditions.

To prevent the transfer of shares during the transfer restriction period, the allotted shares will be managed in a dedicated account established with Nomura Securities Co., Ltd. by the Directors Covered by the Plan.

It should be noted that, in addition to the Directors Covered by the Plan, the Company also plans to grant some of the directors of the Company's affiliated companies who do not concurrently serve as directors of the Company shares with transfer restrictions through a restricted stock compensation plan similar to this Plan.

[For Reference]

The Company, based on the completion of the Third Medium-Term Management Plan with the 2023 fiscal year as its final year, plans to formulate and announce on June 7, 2024 the Fourth Medium-Term Management Plan, which will cover the period from fiscal year 2024 to 2028. The shares with transfer restrictions that are to be granted under the Plan during the target period of the Fourth Medium-Term Management Plan are intended to serve as a system of remuneration that reflects progress on the Fourth Medium-Term Management Plan by combining the achievement of financial indicators (EPS, TSR, ROIC, CF, etc.) and non-financial indicators (external evaluation indicators regarding the Company's ESG initiatives, etc.) that are listed throughout the Fourth Medium-Term Management Plan.