Progress in 2nd Mid-term Management Plan

August 7, 2015
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Agenda

- Progress in Pharmaceutical Business
  - Updates on 3 Global products and other main products

- Progress in Nutraceutical* Business
  - Review of business assets that support value-chain
  - Acceleration of global expansion

- FY2015 summary

*nutrition + pharmaceutical
Progress in Pharmaceutical Business
New Drugs – Key Driver for Growth Platform

- 3 global products, 3 next-generation products and new drugs in Japan to contribute to sustainable growth
- 80% of $4.3bn sales (2018E) from products already filed or launched
- Investments to enrich pipeline, including in-licensing deals

*New drugs in Japan: products newly launched or to be launched in Japan between 2009 and 2018, excluding 3 global products and 3 next-generation products above.

Foreign currency exchange rate assumptions: US$ 1 = ¥100, Euro 1 = ¥140
Abilify Maintena

- 2015 1H records ¥17.2 bn sales (up 182% yoy, 111% against plan)
- Good progress of reimbursement and new launches in Europe and in Japan
- Pursue FY2015 sales target by strengthening LCM*

<Global sales of Abilify Maintena>

Available in 19 countries (as of 30 June 2015)

- Treatment of acutely relapsed adults with schizophrenia
- Pre-filled syringe launched
- Pre-filled syringe approved
- Deltoid administration approved
- Prefilled syringe and vial launched
- Deltoid administration to be filed

FY2015 sales target : ¥41bn

Expected LCM events

- Pre-filled syringe launched
- Pre-filled syringe approved
- Deltoid administration approved
- Prefilled syringe and vial launched
- Deltoid administration approved

*Life cycle management
Market Forecast of Abilify Maintena

- LAI* market is growing rapidly

<LAIs sales in 7 major countries**>

- LAI* market is growing rapidly

$ million

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
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<tbody>
<tr>
<td>2003A</td>
<td>46</td>
</tr>
<tr>
<td>2004A</td>
<td>240</td>
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<tr>
<td>2005A</td>
<td>445</td>
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<td>2006A</td>
<td>634</td>
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<td>2007A</td>
<td>813</td>
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<tr>
<td>2008A</td>
<td>953</td>
</tr>
<tr>
<td>2009A</td>
<td>1,076</td>
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<tr>
<td>2010A</td>
<td>1,313</td>
</tr>
<tr>
<td>2011A</td>
<td>1,607</td>
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<tr>
<td>2012A</td>
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<tr>
<td>2013A</td>
<td>2,196</td>
</tr>
<tr>
<td>2014A</td>
<td>2,569</td>
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</table>

Source: Datamonitor, PatientsMap/SSRI·M3, company estimate

<Schizophrenic patients in 7 major countries (2020 forecast)>

- Prevalence: 5.6 million
- Treated: 3 million
- Estimated LAI treated patients: 310,000
- Treated with LAI: 0.45-0.6 million

Abilify Maintena targets 28-35% of LAI treated patients

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Calculated based on MIDAS 2003 – 2014, Reprinted with permission

* Long acting injection
** Japan, USA, UK Germany, France, Italy, Spain
**REXULTI® (brexpiprazole) developed by necessity**

- **REXULTI** is the result of Otsuka’s philosophy of “Creativity” and “Proof through execution” in all stages from R&D to marketing & sales.

**Patients’ needs** → **REXULTI** (Serotonin Dopamine Activity Modulator) → Creation of new treatment category

**Patients’ needs** → **ABILIFY** (Dopamine D₂ receptor partial agonist) → Treatment by existing atypical antipsychotics

- **OPC-4392** (Dopamine autoreceptor agonist) → **R&D assets**
- **R&D assets**
Patients, caregivers and psychiatrists are frustrated by:

- Efficacy of existing treatments
- Medication side effects
- Frequent medication switches
### ADPKD* indication

- **Approved in EU with brand name “JINARC” (May 2015)**
- **Approved with brand name “SAMSCA” (March 2014) showing steady increase in prescription volume in Japan**
- **Phase 3 study underway in the US (initiated in May 2014 with FDA agreement)**

<table>
<thead>
<tr>
<th>Brand name</th>
<th>Product status and plan with ADPKD indication</th>
</tr>
</thead>
<tbody>
<tr>
<td>aquaretics</td>
<td>✓ Launch in over 10 countries by 2016</td>
</tr>
<tr>
<td>ADPKD</td>
<td>✓ Conduct drug reimbursement negotiation in each country as well as establishing drug safety system</td>
</tr>
</tbody>
</table>

- **ADPKD designated as intractable diseases in Jan 2015. ADPKD patients are eligible for medical care subsidy.**

*autosomal dominant polycystic kidney disease*
Lonsurf (TAS-102)

- **US**: PDUFA action date set on December 19, 2015
- **EU**: License agreement with Servier for development and commercialization

### Summary of the agreement

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Details</th>
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<tbody>
<tr>
<td>To maximize the value of TAS-102 quickly in EU and other areas through smooth launch</td>
<td>✓</td>
</tr>
<tr>
<td>To accelerate global LCM plan</td>
<td>✓</td>
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</table>

- **Upfront payment/EU approval**: $130Mil
- **R&D expense**: 50%/50%
- **Servier’s territory**: EU, other areas (excluding Asia and North America)

### NDA/MAA Timeline

- **2014**: May 2014 Launched (Lonsurf®)
- **2015**: Dec. 2014 NDA (PDUFA: 2015/12/19)  
  Feb. 2015 MAA
- **2016**: May 2014 Launched (Lonsurf®)
NUEDEXTA’s approach to a variety of neurologic conditions causing PBA*

* PBA: pseudobulbar affect
**PRISM II: Phase IV study that evaluated the safety, tolerability and effectiveness of NUEDEXTA for treatment of PBA in patients with Alzheimer’s disease and other dementias, stroke and traumatic brain injury.

ALS: amyotrophic lateral sclerosis
MS: multiple sclerosis
PD: Parkinson’s disease

2 million Estimated PBA patients in US

Neurologic conditions of PBA patients

P-3 study (ALS, MS)
PRISM II** study Jun 2015
PRISM II** study Oct 2014

ALS
MS
PD
Stroke
Alzheimer's disease
Traumatic brain injury
Sales of NUEDEXTA

- NUEDEXTA sales show solid growth
- PRISM II trial positive results announced

<NUEDEXTA US Sales and Rx volume>

- PRISM II trial result (AD)
  - Sales reps 150 → 300

- PRISM II trial result (Stroke)

- PRISM II trial result (TBI)
  - Rx volume
    - Jan-Mar '11: 1
    - Apr-Jun '11: 2
    - Jul-Sep '11: 4
    - Oct-Dec '11: 6
    - Jan-Mar '12: 8
    - Apr-Jun '12: 10
    - Jul-Sep '12: 13
    - Oct-Dec '12: 15
    - Jan-Mar '13: 17
    - Apr-Jun '13: 21
    - Jul-Sep '13: 24
    - Oct-Dec '13: 27
    - Jan-Mar '14: 29
    - Apr-Jun '14: 31
    - Jul-Sep '14: 33
    - Oct-Dec '14: 36
    - Jan-Mar '15: 39
    - Apr-Jun '15: 44

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Progress in Nutraceutical Business
Review of business assets that support value-chain

**Product strategy, R&D**
- Product development focused on “healthy life expectancy”

**Production**
- Operation of Nature Made factory in Alabama started (US)
- Renewal of Pocari Sweat factory in Tianjin (China)

**Marketing, Sales**
- Deliver solutions for customer benefits through Otsuka’s product value utilizing its pharmaceutical expertise and scientific evidence

**Distribution**
- Business partnership with Asahi Soft Drinks to carry each other’s leading products in reciprocal vending machines
- Expand product items by offering new ideas to existing sales channels
Acceleration of global expansion

**International sales drive nutraceuticals business growth**

### Area Measures

**Asia**
- **<driver: Pocari Sweat>**
  - Focused investments in Indonesia and China

**EU**
- **<driver: N&S products>**
  - Active investment in growing areas such as gluten-free and soy products

**US**
- **<driver: Nature Made>**
  - Nurture products in new category

**Japan**
- Review business assets through fostering new products

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### <Sales Plan by Area>

<table>
<thead>
<tr>
<th></th>
<th>2013A</th>
<th>2018E</th>
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<tbody>
<tr>
<td>Asia (523)</td>
<td>739</td>
<td>1,475</td>
</tr>
<tr>
<td>EU (598)</td>
<td>598</td>
<td></td>
</tr>
<tr>
<td>US (1,475)</td>
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<td></td>
</tr>
<tr>
<td>Japan (739)</td>
<td>1,475</td>
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<table>
<thead>
<tr>
<th>Area</th>
<th>2013-2018 CAGR</th>
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<tbody>
<tr>
<td>Asia</td>
<td>11%</td>
</tr>
<tr>
<td>EU</td>
<td>6%</td>
</tr>
<tr>
<td>US</td>
<td>5%</td>
</tr>
<tr>
<td>Japan</td>
<td>1%</td>
</tr>
</tbody>
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### <Sales by Area in 1H 2015>

- **1H FY2014 : 1,341**
  - **Asia·EU (523)**: +16.0%
  - **US (364)**: +45.8%
  - **Japan (657)**: +2.5%

- **1H FY2015 : 1,544**
  - **+15.1%**
FY2015 Summary
Summary and Prospects

- **Pharmaceuticals**
  - Preparation for launches and approvals of additional indications for global products and strengthening of sales infrastructure
  - Drug development plan on track
  - Focus on maximizing value of new drugs in Japan

- **Nutraceuticals**
  - Improve profitability and structural reform
  - Invest in overseas business expansion to drive growth

- **Enhanced cost efficiency and cost optimization**