Progress of 3rd Medium-Term Management Plan

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President and Representative Director, CEO
Otsuka Holdings Co., Ltd.
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Agenda

- Summary of FY2019 Guidance
- Progress of Products Driving Growth
  - Pharmaceutical Business
  - Nutraceutical Business
- Summary

*nutrition + pharmaceutical; also referred to as “NC”*
Summary of FY2019 Guidance

Support sustainable growth

- Maximize value of global products
- Make aggressive R&D investments to achieve sustainable growth
- Enrich product pipelines and strengthen new technologies in core therapeutic areas
- Make aggressive investments to expand business and revenue growth in NC business
- Increase operational efficiency through optimal resource allocation

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>12,920</td>
<td>13,900</td>
<td><strong>14,000</strong></td>
</tr>
<tr>
<td>Business profit before R&amp;D expenses</td>
<td>3,138</td>
<td>3,730</td>
<td><strong>3,950</strong></td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>1,929</td>
<td>2,250</td>
<td>2,200</td>
</tr>
<tr>
<td>Business profit</td>
<td>1,209</td>
<td>1,480</td>
<td><strong>1,750</strong></td>
</tr>
<tr>
<td>Net profit*</td>
<td>825</td>
<td>1,100</td>
<td><strong>1,250</strong></td>
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</tbody>
</table>

*Profit attributable to owners of the Company
### Business Profit | Factor Analysis of Forecast Amendment

- **FY2019 | Gross profit increase due to sales increase of 4 Global Products, mainly **JYNARQUE** in US**
- **FY2019H2 | Aggressive growth investment such as DTC aiming to increase sales**

**Factor analysis of annual Business profit forecast** (Positive and negative signs indicate impact on Business profit)

<table>
<thead>
<tr>
<th>Original Forecast 1,480</th>
<th>Gross Profit +220</th>
<th>SGA +20</th>
<th>R&amp;D expenses +50</th>
<th>Share of profit of associates ▲20</th>
<th>Amended Forecast 1,750</th>
</tr>
</thead>
</table>

**Factor analysis of annual Business profit forecast in H1/H2 2019**

<table>
<thead>
<tr>
<th>100 Mil yen</th>
<th>Original Forecast 1,480</th>
<th>Gross Profit</th>
<th>Amended Forecast 1,750</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>H2 Forecast 773</td>
<td>H2 Forecast 773</td>
<td>H2 Forecast 1,750</td>
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<tr>
<td></td>
<td>H1 Forecast 710</td>
<td>H1 Forecast 770</td>
<td>H1 Actual 977</td>
</tr>
<tr>
<td></td>
<td>FY 2019 Original Forecast '19/2 announced</td>
<td>FY 2019 Amended Forecast '19/8 announced</td>
<td></td>
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</tbody>
</table>

Pharma | Increased sales of 4 Global Products, particularly **JYNARQUE** in US

### Positive and negative signs indicate impact on Business profit

- **H1 | Expense efficiency and partial time gap**
- **H2 | Expense efficiency, increased sales promotion expenses and additional DTC investment**
- **H1 | Non-incurred expenses due to withdrawal of bipolar disorder application of Rexulti etc.**

**Gross Profit**

**SGA**

**R&D expenses**

**Share of profit of associates**
Pharmaceutical Business
Pharmaceutical Business | Significant Progress in Maximizing Product Value

- Progressing ahead of forecasts for all 4 Global Products discovered by Otsuka
- In particular, JYNARQUE in US has expanded sales faster than forecasted

Total Sales of 4 Global Products*

- Change over original forecast: +91
- Change over prior year: +464 (+36.6 %)

Annual Forecast Upward Amendment

<table>
<thead>
<tr>
<th></th>
<th>2019 H1</th>
<th>Progress %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abilify Maintena</td>
<td>486</td>
<td>103.4 %</td>
</tr>
<tr>
<td>Rexulti</td>
<td>409</td>
<td>101.1 %</td>
</tr>
<tr>
<td>Samsca/JINARC/JYNARQUE</td>
<td>669</td>
<td>109.7 %</td>
</tr>
<tr>
<td>LONSURF</td>
<td>167</td>
<td>107.7 %</td>
</tr>
<tr>
<td>Total</td>
<td>1,731</td>
<td>105.6 %</td>
</tr>
</tbody>
</table>

* 4 Global Products (Abilify Maintena, Rexulti, Samsca/JINARC/JYNARQUE, LONSURF)
Further Contribution to ADPKD Treatment & Maximizing Product Value

- US forecast has been increased by ¥16.0 billion from original forecast of ¥28.5 billion to ¥44.5 billion

- The number of new patients in US is increasing faster than the original expectation

Sales Forecast | JYNARQUE in US

<table>
<thead>
<tr>
<th>Year</th>
<th>New Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018A</td>
<td>285 (100 Mil yen)</td>
</tr>
<tr>
<td>2019E</td>
<td>445 (100 Mil yen)</td>
</tr>
</tbody>
</table>

Cumulative number* of new patients

- Forecast of 3rd Medium-Term Management Plan
- Amended Forecast in 2019Q2

* Exclude from clinical trial
Aim to maximize the oncology business value by leveraging (collaborating) strengths of group companies’ assets

Progress of 2019H1

- Leveraging strengths of group companies’ assets
  Taiho Oncology and Taiho Pharma Canada promote SGI-110 and ASTX727 in North America

- ASTX727
  ASTX727 demonstrated equivalence in pharmacokinetics, pharmacodynamics, safety and tolerability compared to decitabine in P3 study

- LONSURF
  - FDA approves for adult patients with previously treated advanced gastric or gastroesophageal junction adenocarcinoma
  - CHMP issues positive opinion in previously treated metastatic gastric cancer
Major P3 Trials | Estimated Study Completion Timeline

Psychiatry & Neurology

AVP-786
Agitation in AD#2
P3-US, Europe ‘19/Sep

fremazeumab
Episodic migraine
P2/3-JP ‘19/Sep

fremazeumab
Chronic migraine
P2/3-JP ‘19/Oct

centanafadine
Adult ADHD
P3-US ‘20/May

brexpiprazole
(Rexulti)
Agitation in AD
P3-US, Europe ‘20/Dec

AVP-786
Agitation in AD#3
P3-US, Europe ‘21/Jun

SGI-110
Relapsed/refractory AML
P3-Global ‘19/Dec

SGI-110
Relapsed/refractory MDS
P3-Global ‘20/Jun

vadadustat
Renal anemia (dialysis)
P3-US, Europe ‘20/May

vadadustat
Renal anemia (non-dialysis)
P3-US, Europe ‘20/Aug

tolvaptan (samsca)
SIADH
P3-JP ‘20/Mar

OPC-61815
Cardiac edema
P3-JP ‘20/Jul

Pro-NETU
CINV
P3-JP ‘21/Mar

TAS-116
GIST
P3-JP ‘21/Dec


Agitation in AD: Agitation associated with dementia of the Alzheimer’s type    ADHD: Attention deficit hyperactivity disorder    AML: Acute myelogenous leukemia    MDS: Myelodysplastic syndromes    SIADH: Syndrome of inappropriate antidiuretic hormone    CINV: Chemotherapy-induced nausea and vomiting
Nutraceutical* Business

*nutrition + pharmaceutical
Continuation of Stable Revenue Bases

- Continued high profit structure and sales expansion lead to stable revenue bases

**The 3rd MTM Plan**

- New Products
- Global Operations
- New Businesses

**Business Profit over 10%**

Strengthen business foundation

**The 2nd MTM Plan**

Review of business assets supporting value chains

**NC | Business Profit Forecasts**

<table>
<thead>
<tr>
<th>Year</th>
<th>Business Profit (¥100mil)</th>
<th>Business Profit Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018A</td>
<td>430</td>
<td>12.7%</td>
</tr>
<tr>
<td>2021E</td>
<td>500</td>
<td>12.7%</td>
</tr>
<tr>
<td>2023E</td>
<td>650</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

* 3 Major Brands (Pocari Sweat, Nature Made, N&S),
  3 Nurture Brands (Daiya, EQUELLE, BODY MAINTÉ)
Work to further expand the scale of business to establish a new growth foundation in Asian growth countries invested in during the 2nd MTM Plan period

**Pocari Sweat**
Overseas Sales Volume Share by Country

- **2013**
  - Indonesia: 18%
  - Growth countries: 38%

- **2018**
  - Indonesia

**Pocari Sweat**
Sales Volume Trend in Asian Growth Countries

- **2nd MTM Plan**
- **3rd MTM Plan**
  - Favorable start for monetization
  - Growth countries: +8.2%
“Plant-Based Foods”
Aiming to Establish Solid Position as Category Leader

- Plant-based alternatives market in US continues high growth
- Daiya Foods grows revenue faster than market growth

US Plant-based Alternatives Market

Revenue Trend | Daiya Foods

Source: PBFA-commissioned data from SPINS  *52 weeks dollar sales ending April each year

Source: Company Data
**3 Nurture Brands | Contribution to Domestic Revenue Growth**

- **EQUELLE & BODY MAINTÉ** as 3 Nurture Brands* and others contribute to revenue growth in Japan

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**Revenues to external customers in Japan**

(100 Mil yen)

- **EQUELLE**
  - 667
  - +9

- **BODY MAINTÉ**
  - +5

- **OS-1**
  - +10

- **POCARI SWEAT**
  - +5

- **Inner Signal**
  - +5

- **Others**
  - ▲3

= 698

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2018 H1
Japanese Market

2019 H1
Japanese Market

*3 Nurture Brands (Daiya, EQUELLE, BODY MAINTÉ), Daiya is not sold in Japan
Summary

- **FY2019 Annual Forecast**
  - Gross profit increase due to sales increase over the forecast of 4 Global Products
  - Aggressive growth investment such as DTC aiming to increase sales

- **Pharmaceutical Business**
  - Early maximizing 4 Global Products value
  - Creating positive results from a large number of investment projects during the 2nd Medium-Term Management Plan

- **Nutraceutical Business**
  - Further accelerate the growth speed of 3 Major Brands and 3 Nurture Brands as creating new products, accelerating global expansion and nurturing new businesses
  - N&S continues working to solve management issues and focuses on early solution with its own brand development policy through consumer development