



# Integrated Report 2025

Fiscal year ended December 31, 2024

Otsuka Holdings Co., Ltd.

## Corporate Philosophy

# Otsuka-people creating new products for better health worldwide

In keeping with this corporate philosophy and the Otsuka values of *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization) and *Sozosei* (creativity), we strive to do what only Otsuka can do. The Otsuka group supports the lives of people worldwide through a wide range of innovative and creative products including pharmaceuticals, functional beverages, and functional foods. We are dedicated to cultivating a dynamic corporate culture and workplaces that reflect our vision as a healthcare company, to finding ways to live in harmony with local communities and the natural environment, and to contributing to richer and healthier lives.

## Corporate Culture

### ***Ryukan-godo***

*(by sweat we recognize the way)*

The process of discovering  
the core substance of  
something through  
hard work and practice

### ***Jissho***

*(actualization)*

Self-actualization  
through achievement,  
completion and the  
discovery of truth

### ***Sozosei***

*(creativity)*

Pursuing that which only  
Otsuka is capable of  
delivering

# Otsuka's Goal

Based on its corporate philosophy, the Otsuka group conducts business in pursuit of Well-being, a state of physical, mental, and social fulfillment. We have set our goal for the year 2035 to strive for "From Better Health to Beyond Health to Well-being." As a total healthcare company, we will strive to enhance not only the health of individuals but also the society as a whole through our unique products and services. The Otsuka group aims "To become an indispensable contributor to people's health worldwide" through its contribution to the Well-being of each and every individual.

## Otsuka's Goal

**To become an indispensable contributor  
to people's health worldwide**

With the realization of our corporate philosophy as the foundation of all our business activities, we aim to continue to create and provide society with the unchanging value of contributing to the well-being of people worldwide.

2035

**From Better Health to  
Beyond Health to Well-Being**

To address social issues such as the global environment, women's health, and aging societies with declining birthrates, we, as a total healthcare company, will go beyond the concepts of prevention, health promotion, diagnosis, and treatment, create new health values, and pursue Well-being for each individual.

2024-2028

**Promotion of new business expansion and  
investment to generate growth for  
the next generation**

**The 4th Medium-Term Management Plan**  
Five years of innovations and growth



# The Foundation Supporting Otsuka's Businesses

We persistently pursue the pinnacle of quality at every stage of our value chain, from research and development all the way to the delivery of our products and services. We also focus on building trust with multi-stakeholders including employees, customers, business partners, society, and shareholders, which forms the foundation of our sustainability efforts for today.

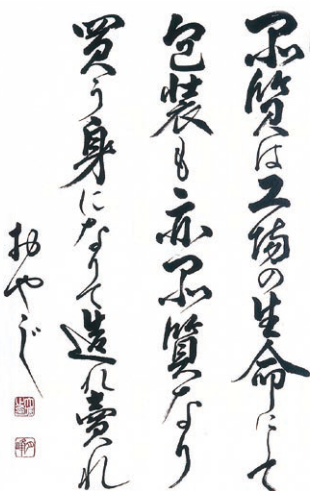
**Good product quality is the key to the operation of the factory, and packaging is part of product quality as well.  
We must produce and sell our products from the point of view of the buyers.**

The quote made clear that quality had to be at the core of manufacturing, transportation, and sales activities by the company and each employee. It was written by Busaburo Otsuka, the founder of Otsuka, who was also known as "Oyaji-san" ("father") by employees.

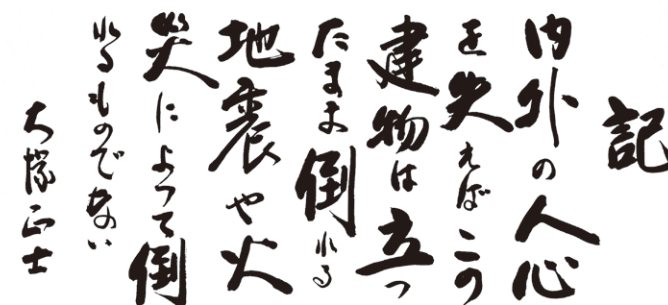
The quote is from 1946, when Otsuka began manufacturing and selling injectable drugs. As a long-standing, guiding principle of life-related businesses, it is still on display in our factories and the philosophy of "Quality First" remains deeply rooted in the hearts of each of our employees.

**If we cannot capture people's minds, then this building might as well go into ruin while standing up, even without an earthquake or fire.**

These words demonstrate that a business is built on trust between people. Masahito Otsuka wrote these words after his appointment as the second-generation family member to lead Otsuka.



品質は工場の生命にて  
包装も亦品質なり  
買う身になくは売れ  
おやじ



記  
内外の人心  
を失ふなう  
建物は立つ  
たまよ倒れ  
地震や火  
災によつて倒  
れるものでない  
おろち



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#### About the Cover Design

This design represents the diverse businesses conducted by the Otsuka group and the stream of innovations that result from those businesses. The scattered dots represent the Otsuka group's nine major businesses, each independent of the others but interacting to depict how new value is created through collaboration among the businesses. The undulation in the center of the image is based on the whirlpools of Naruto, where the company was founded, and symbolizes the Otsuka group's strong progress toward a sustainable future, encompassing diversity and innovation.

# Otsuka's Current Position of Strength

- **Diverse human resources**  
Embodying our corporate philosophy and corporate culture

**32** countries/regions

Our corporate philosophy is displayed prominently in offices in every country and region where we do business.

- **Only One<sup>1</sup> created by Otsuka**

**Product  
Concept**

Dopamine partial agonists, water diuretics, oral anticancer drugs, ionic beverages, and balanced nutritional diets.

**Creating  
New Values**

Agitation associated with dementia due to Alzheimer's disease, ADPKD,<sup>2</sup> tuberculosis, women's health, and hydration and electrolyte replenishment

- **An ability to nurture enduring brands**

Japan

**13**

Top-share products by pharmaceutical category<sup>3</sup>

Outside  
Japan

**4**

**83.5%**

Consumption experience of POCARI SWEAT<sup>4</sup>

- **A solid financial foundation and strong earnings power that drive sustainable growth (2024)**

**AA-**

Rating by R&I  
(Rating and Investment  
Information, Inc.)

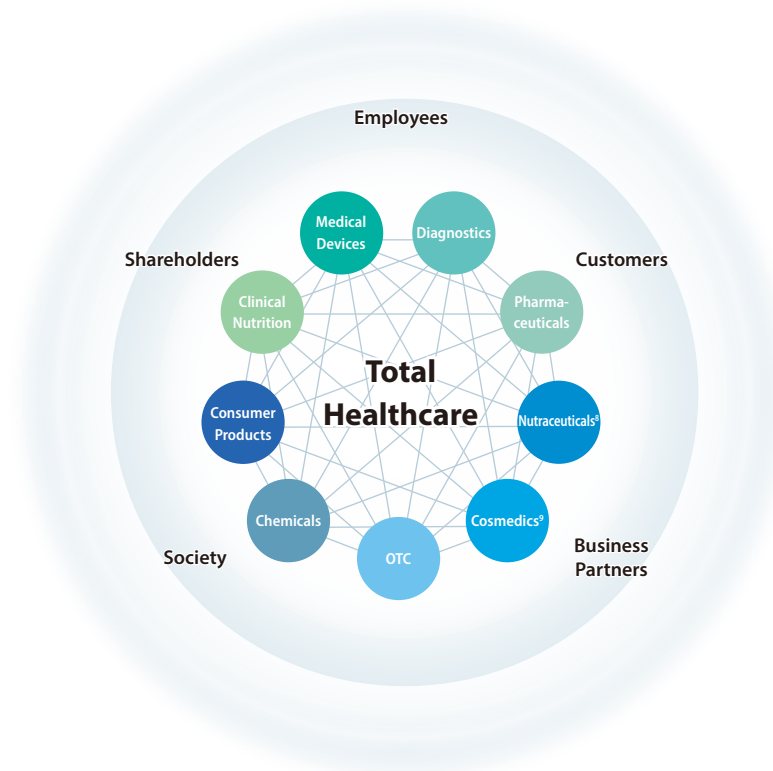
**¥653.1** billion

CF before investment in R&D expenses<sup>5</sup>

**13.4%**

ROE<sup>6</sup>

- **A business model centered on total healthcare**



- **A global expansion incorporating solutions to social issues through our core business processes**

Access to  
medicine

**17**

IV solutions business overseas companies<sup>7</sup>

Heat

**More than 20**

Countries/Regions where POCARI SWEAT is expanding

Infectious  
disease

**More than 120**

Countries/Regions where the anti-tuberculosis drug delamanid is available

- **A source of innovation**

**1** Corporate philosophy and corporate culture

**2** Diverse human resources

**3** Robust human capital foundation

1. Keywords representing product concepts or areas that Otsuka has contributed to creating or developing.

2. ADPKD: Autosomal dominant polycystic kidney disease

3. Copyright © 2024 IQVIA. Created based on annual category totals for the past 11 years, including IQVIA MIDAS 2013 to 2024 and Otsuka research. Categories defined by Otsuka. Reprinted with permission. (Domestic: Abiraxane, Aloxi, E Keppra, ABILIFY, Entresto, Samsca, TAKECAB, TS-1, Bilanoa, Mucosta, Moizerto, REXULTI, LONSURF; Overseas: ABILIFY, JINARC/JYNARQUE, NUJEDXTA, LONSURF)

4. May 2025 survey in Japan conducted by Otsuka: n=2,000

5. CF: Cash flow

6. ROE: return on equity

7. Number of companies engaged in the IV solutions business. Many of these companies also export products to neighboring countries, thereby making a meaningful contribution to medical care in those countries.

8. NC (Nutraceuticals): nutrition + pharmaceuticals

9. Cosmetics = cosmetics + medicine

# Products and Services that Continue to Accompany Consumers throughout Their Lives

The Otsuka group, along with its desire to contribute to people's health worldwide, provides products and services that help solve social issues and continue to be there for people in all aspects of their lives, contributing to Well-being.



## Cosmetics (cosmetics + medicine): UL-OS

Cosmetics were born from the concept of healthy skin. We combined various research and development on leading men's skin to health from its foundations, and created UL-OS.



## Women's health & beauty: EQUELLE

The period of physical and mental changes that occur with aging is called menopause. The soy-derived equol contained in EQUELLE supports women's health & beauty.



## More than 120 countries and regions worldwide: Pharmaceuticals & Medical Devices

We contribute to people around the world by creating new therapeutic value and developing and providing innovative new drugs and medical devices in areas where there is an apparent but unmet medical need.



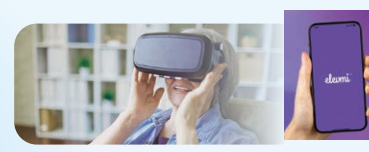
## When you're dehydrated: OS-1

It's important to deal with dehydration as early as possible, while it is still mild. OS-1 is sold as a food for the sick to reduce the burden on patients if the dehydration can be treated with food, not IV treatment.



## More than 20 countries and regions worldwide: POCARI SWEAT

Hydration and electrolyte replenishment are essential for our bodies. POCARI SWEAT is sold in more than 20 countries and regions around the world, and is involved in activities to educate people about the importance of fluid and electrolyte replenishment in order to solve health issues in each country and region.



## Digital solutions and support for caregivers

We are developing services to assist caregivers by standing with those caring for patients and providing appropriate support. Apps and VR technology are helpful for allowing caregivers to live their lives as they would like to.



## For medical institutions: IV solution multi-chamber bag system

IV solutions are Otsuka's starting point. They are used in a variety of medical departments and are indispensable to medical practice. Otsuka contributes to medical care by creating innovative IV solution products and providing a stable supply.

# Well-Being



## Physical Condition: BODYMAINTÉ

In BODYMAINTÉ products, Otsuka Pharmaceutical's unique\* lactic acid bacterium B240 is combined with other ingredients to support the daily good physical condition of people so that they are ready for critical moments during such activities as hobbies, work, tests, and travel.

\* Lactic acid bacteria isolated by Tokyo University of Agriculture and confirmed effective by Otsuka Pharmaceutical



## Health Prevention & Promotion



## Always in the middle of the family: Bon Curry

Since its birth as the world's first commercially available retort curry, Bon Curry has continued to evolve, such as getting a microwaveable box, and introducing Japan-grown vegetables as ingredients, it keeps pace with the times and family time.



## Balanced nutrition: Calorie Mate

Calorie Mate, a nutritionally balanced food, supports people's activities in all situations, such as when they cannot eat breakfast, during sports, getting some nutrition while studying or working, and reserves for disasters.



## New treatment option for hypertension: Ultrasound renal denervation system

Provides a new adjunctive treatment option for hypertension that cannot be adequately controlled with lifestyle modification or medications.

## Treatment and Diagnosis



## Major depressive disorder treatment app: Rejoyn™

Rejoyn™ is the world's first treatment app for major depressive disorder approved by the FDA in the U.S. We will address unmet needs using this as an innovative adjuvant treatment that supplements standard treatments.



## For the generation busy with work, housework, and childcare: Tiovita Drink

With the catchphrase, "One Love to Share," Tiovita has long been a popular nutritional drink that supports the health of consumers.



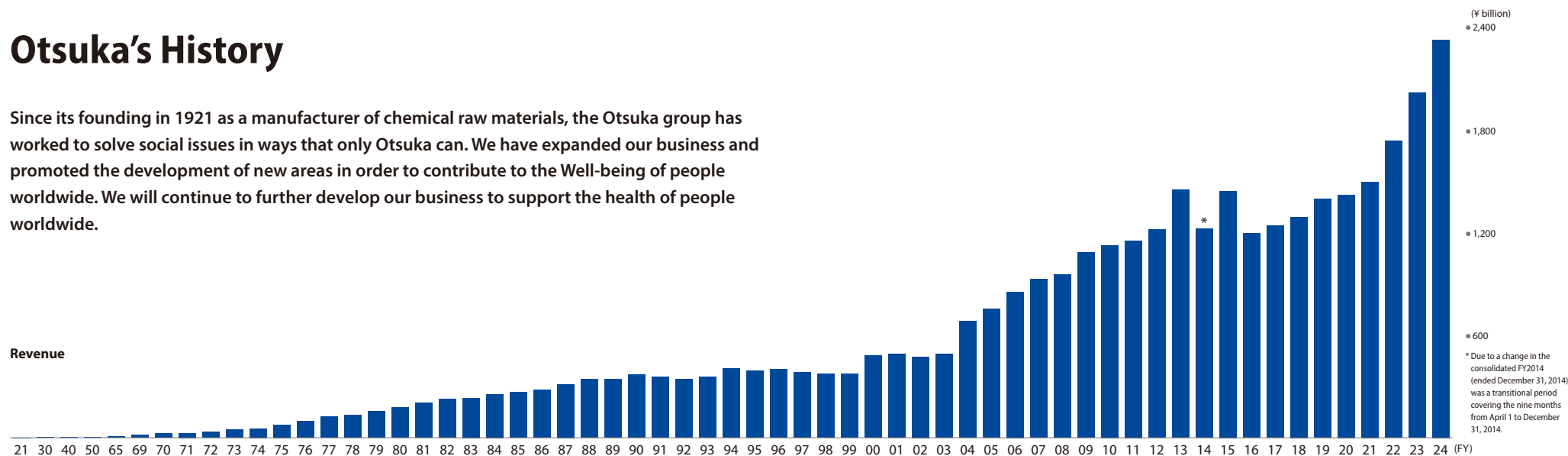
## Diagnostics: Quick Navi

We contribute to the construction of clinical test system at medical institutions within Japan and quick and appropriate treatments.

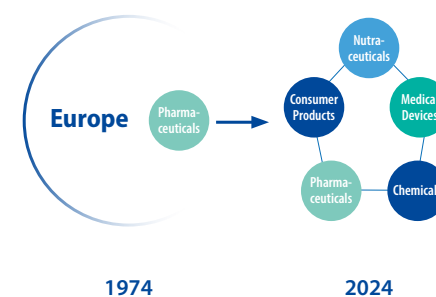
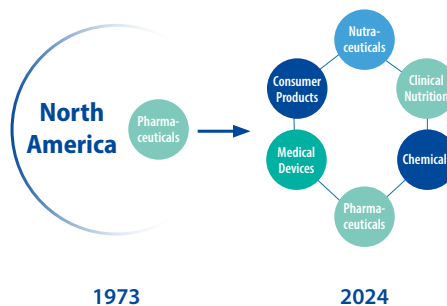
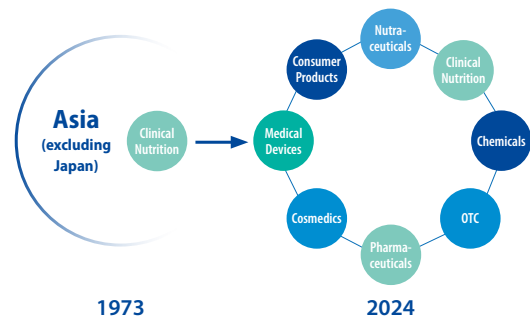
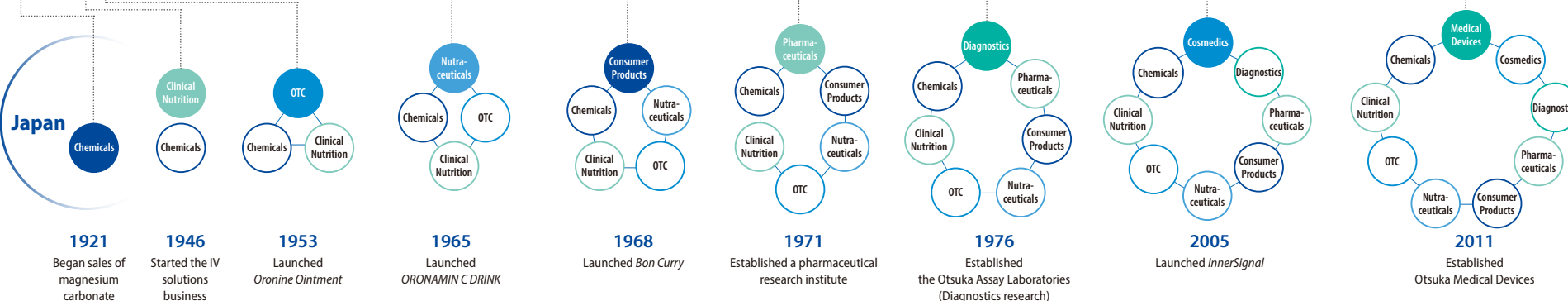


# Otsuka's History

Since its founding in 1921 as a manufacturer of chemical raw materials, the Otsuka group has worked to solve social issues in ways that only Otsuka can. We have expanded our business and promoted the development of new areas in order to contribute to the Well-being of people worldwide. We will continue to further develop our business to support the health of people worldwide.



## Diversification of Business in Each Region





# Social Issue Initiatives that Only Otsuka Can Do

As a total healthcare company, the Otsuka group has pursued “what only Otsuka can do” while our diverse businesses mutually energize each other. We will contribute to the Well-being of people around the world by responding to changing social issues and pursuing innovation with our eyes on the future.

## Infrastructure to Support the Medical Field

Food shortages and malnutrition were serious problems in Japan after World War II. There was a need for IV solutions that would provide the necessary nutrients intravenously to those who were unable to eat due to illness or medical treatment.

Under these circumstances, the Otsuka group made the decision to manufacture and sell IV solutions in 1946, and thereby play a role in supporting postwar recovery. Furthermore, to meet the needs of the medical community, we developed innovative packaging technologies, such as plastic bottles and multi-chamber infusion bags, which contributed to improved hygiene and convenience. Going forward, we will continue to be proactive in our efforts to resolve issues faced by the medical field.



## Women's Health

As women continue to advance in society and are expected to play more active roles, many of them suffer from various symptoms caused by health issues specific to women. Female hormones affect both their mind and body.

The Otsuka group believes that it is important to learn about the physical and mental changes that occur at each stage of life, and offer appropriate options for each one of them, so we collaborate with local governments, companies, and other organizations to hold seminars for a variety of people. We are also working on initiatives to deepen understanding of women's health through our website and research reports.

▶ P.50



## Hydration for the Body

*POCARI SWEAT* was created as a functional beverage that quickly replenishes water and electrolytes lost during perspiration. When *POCARI SWEAT* was launched in the 1980s, even though people were becoming more and more concerned about their health, hydration during sports was still considered taboo. As a result of communication to convey the product concept and the importance of hydration and electrolyte replenishment based on scientific evidence, we have opened up new markets and now sell our products in more than 20 countries and regions around the world.

▶ P.47



## Society Continues to Fight Tuberculosis

Once thought to be under control, tuberculosis (TB) remains a serious public health problem, especially multidrug-resistant TB, which is extremely difficult to treat. Because the tubercle bacillus itself is a very resistant bacterium, research and development of anti-TB drugs was difficult—taking an enormous amount of time and development costs—and the Otsuka group continued its research while other pharmaceutical companies stopped development. In 2014, *DELTYBA* was approved in Japan as the first new drug in about 40 years for multidrug-resistant pulmonary TB, and a pediatric formulation was also developed. We are still developing new anti-tuberculosis drugs and will continue to address this as one of the critical social issues. ▶ P.44



## An Oral Anticancer Drug that Changed the Conventional Wisdom of Cancer Treatment

In cancer treatment, which had typically involved hospitalization and intravenous administration of injectable anticancer drugs, patients needed a way to be able to receive outpatient treatment while continuing their daily lives at home.

Launched in 1974, *Futorahuru* was developed as an oral anticancer drug, enabling treatment at home. This led to the establishment of a new treatment method called postoperative adjuvant chemotherapy, in which anticancer drugs are administered in combination with surgery, changing the status quo and common practice of cancer treatment. Going forward, we will continue to address social issues as a pioneer of oral anticancer drugs. ▶ P.40



## Social Reintegration Support for Patients

Conventional treatments for schizophrenia have been effective in improving “positive symptoms” such as hallucinations and delusions, but are not sufficiently effective for “negative symptoms” such as reduced motivation and emotional expression, and there have been major social issues, in terms of patients’ reintegration into society due to the side effects. *ABILIFY* was developed as a drug that improves both positive and negative symptoms by acting as a partial agonist at the dopamine D2 receptor, which is different from conventional antipsychotics, and offered a new treatment option to help patients reintegrate into society.

▶ P.37





# The Value Creation Process

## Corporate Philosophy

## Otsuka-people creating new products for better health worldwide

### Social issues

- Aging society with declining birthrates
- Disparities in access to science and technology
- Access to medicine
- Women's health
- Health disparities
- Pandemics and geopolitical risks
- Climate change

✓ Addressing social issues

### Materiality



Contribute to the Health and Well-Being of People Around the World  
▶P.34~



Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment  
▶P.58~



Create More Sustainable Future with Business Partners  
▶P.65~

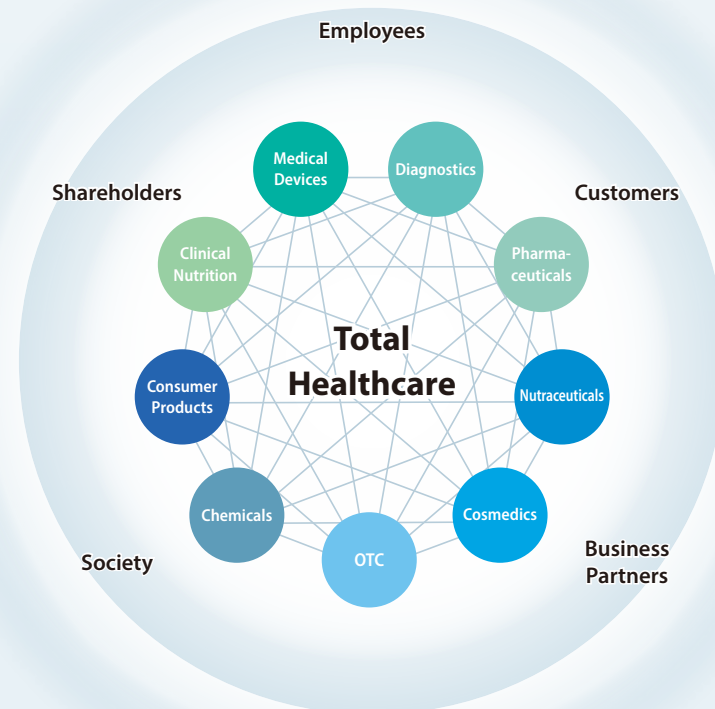


Promote Positive Impact on Global Environment  
▶P.69~

✓ Responding to priority issues

### Business Model

Achieve total healthcare through diverse healthcare-related assets possessed by the Otsuka group and collaboration with our stakeholders



### Inputs

#### Financial Capital

- Sound financial structure
- Total capital: ¥2,778.2 billion
- Cash and deposits: ¥426.2 billion

#### Manufacturing Capital

- Manufacturing sites: 44 in Japan, 61 overseas\*  
\* Otsuka Holdings Co., Ltd. and its consolidated subsidiaries only
- Capital expenditures: Acquired property, plant and equipment: ¥127.0 billion (FY2024)
- Quality First concept

#### Human Capital

▶P.58~

- Our corporate philosophy and corporate culture
- Diverse human resources | Japan 13,605, overseas 21,733  
(managerial human resources, global human resources, R&D human resources, digital human resources, etc.)
- Firm human capital foundation ▶P.58~  
A well-developed human resources education program

#### Intellectual Capital

▶P.53~

- Drug discovery technologies (Cysteinomix Drug Discovery technologies, Hierotope platform, Astex FBDD, Rapid platform, AraLinQ technology etc.)
- R&D sites: 16 in Japan, 16 overseas
- Wide range of patents for pharmaceuticals, medical devices, and NC products
- Brand creation capabilities that create highly reliable products

#### Social and Relationship Capital

- Global presence: 32 countries/regions
- Comprehensive health partnerships with local governments nationwide, including all 47 prefectures

#### Natural Capital

- Energy consumption: 9,556,700 GJ
- Water usage: 19,686 thousand m<sup>3</sup>

Foundation maintained since its establishment

Pursue quality in all value chains

Our Corporate Culture

Ryukan-godo

Jisho

Sozosei

## The Value Creation Process

### Otsuka-people creating new products for better health worldwide

#### Outputs

##### Otsuka's innovation

**Products and services** Revenue: **¥2,329.9 billion** Actual for FY2024 ▶P33

##### Pharmaceutical Business

Therapeutic drugs /  
diagnostics / clinical  
nutrition products /  
medical devices / active  
pharmaceutical ingredients  
and pharmaceutical  
intermediates

▶P34

##### ABILIFY MAINTENA



##### REXULTI



##### Samsca/JINARC/JYNARQUE



##### LONSURF



##### Nutraceutical Business

Functional beverages and  
foods / OTC medications  
and quasidrugs /  
Cosmetics

▶P45

##### POCARI SWEAT



##### Nature Made



##### Gerblé



##### Consumer Products Business

Beverages / foods /  
alcoholic beverages

▶P51

##### Bon Curry



##### MY SIZE



##### MATCH, CRYSTAL GEYSER



##### Other Businesses

Chemicals / warehouse  
and distribution /  
packaging / electronic  
equipment

▶P52

##### Otsuka Chemical



##### Otsuka Warehouse



#### Outcomes Actual for FY2024

##### Human Capital

- Management talent development program participants: 306 in total
- Percentage of female managers: \* 26.8% \* 30 companies in FY2024 (▶P32)
- 20 companies in the Otsuka group certified as 2024 Health and Productivity Management Outstanding Organizations

##### Intellectual Capital

- Approved/launched compounds: 12 (pharmaceuticals and medical devices)
- Newly launched products: 11 (NC business)

##### Financial Capital

- Rating: AA-
- Ratio of equity attributable to owners of the company to total assets: 73.1%
- TSR: +166.2% for the 10-year annual rate of accumulation
- Dividend: ¥120
- Operating CF before R&D investments: ¥653.1 billion
- Green bonds issued (total ¥20.0 billion) (September 2024)

##### Manufacturing Capital

- Expansion of ABILIFY MAINTENA production line
- Establishment of POCARI SWEAT factory in Vietnam
- Establishment of supplement factory in U.S.

##### Social and Relationship Capital

- Responding to unmet needs
- Delamanid has been provided for a cumulative total of more than 130,000 cases, with more than 135 countries/regions accessed.
- Top-share products by pharmaceutical category: 9 in Japan, 3 outside Japan
- Share of consumers with the experience of using POCARI SWEAT: 83.5% (In-house survey conducted domestically in May 2025: n=2,000)
- Utilization of health information and know-how cultivated through the Pharmaceutical and Nutraceutical Businesses to encourage health promotion with local communities
- Received Award by the Commissioner of the Consumer Affairs Agency for Good Practices of Consumer-Oriented Management for efforts to prevent heat disorders

##### Natural Capital

- Reduction of emissions through the introduction of renewable energy: 244,000 t-CO<sub>2</sub>
- Launch of a bottled beverage using PET bottles made from recycled materials
- Selected for the CDP Climate Change A-List

#### Impacts

Social  
Well-Being

Physical  
Well-Being

Mental  
Well-Being

##### Achieve a sustainable, healthy society

- Lessening burden on families with members with dementia due to Alzheimer's disease: REXULTI
- Supporting the social recovery: ABILIFY MAINTENA
- Providing digital healthcare geared toward changes and needs of society
- Contributing to regional development: Partnerships with local governments, support for sports activities, support for disaster prevention, etc.
- Stable supply of social infrastructure: Stable supply of essential drugs and further development innovations
- Innovation ecosystem that continues to deepen through original ideas
- Product lineup based on scientific evidence that are geared toward continually changing society and demands
- Firm financial and earnings foundation to achieve sustainable growth
- Solving environmental issues: Contribute to the achievement of a society in which people and the world richly coexist by lowering the environmental impact in business

##### Meeting unmet needs

- Controlling ADPKD progress with the only approved drug treatment in the world
- Extending healthy lives through treatments for TB patients
- Introducing new treatments for patients with resistant hypertension
- Providing options that make it possible for women to provide self-care for health issues unique to women

Contributing to Well-Being



# Message from the CEO



## Becoming an Indispensable Company That Tackles Social Issues in Healthcare Together with Diverse Stakeholders

A handwritten signature in black ink, consisting of three stylized characters: '井', '上', and '真'.

**Makoto Inoue**

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

### The Vision of the Otsuka Group

At Otsuka, we aspire to be an indispensable contributor to people's health worldwide. With a continued focus on people, we are committed to supporting each individual's total healthcare. As people's health needs expand from physical to mental health, to include social fulfillment and evolve into Well-being, we recognize the growing importance of addressing social challenges in healthcare from a more holistic perspective.

In our 4th Medium-Term Management Plan (MTMP), announced in June 2024, we identified three major social issues as our focus: the global environment, women's health, and aging societies with declining birthrates. We also articulated our long-term vision for 2035: "From Better Health to Beyond Health, and toward Well-being." While cherishing the principle of *better health* embedded in our corporate philosophy, we are also redefining the meaning of health in step with the times and evolving accordingly.

In addressing diverse healthcare challenges, one of Otsuka's greatest strengths is that we operate not only in the pharmaceutical field but also in the nutraceutical and consumer

products fields, and that we have group companies around the world with expertise and networks across a wide range of domains.

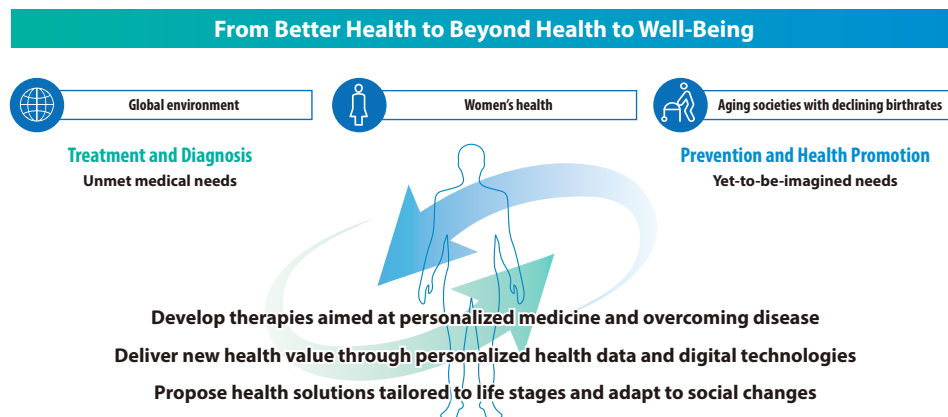
As our global business and organizational sophistication continue to grow, my responsibility is to ensure the steady execution of our 4th MTMP and the strategic development and growth of our next-generation products in the short to medium term, while preserving our corporate culture and being ahead of and proactively responding to changes over the long term. By discerning what must evolve and what must remain unchanged, we will continue to pursue new value creation that contributes to people's Well-being.

### Our Concept of *Total Healthcare*

*Total* in Otsuka's approach refers to both the horizontal continuum—from maintaining health to diagnosis, treatment, and recovery—and the vertical depth of understanding the human

## Message from the CEO

### Long-Term Vision: Otsuka Group's Vision for 2035



being. This means we view healthcare broadly not only in terms of physical and mental health, but also in the context of individuals' lifestyles and their connections to society.

What sets Otsuka apart is our dual presence in both the pharmaceutical and nutraceutical fields, which allows us to take a fundamentally different approach from others. While pharmaceuticals address treatment, nutraceutical products are integrated into daily life and connect Otsuka with healthy individuals. Nonetheless, people may be healthy at times and live with illness at others. That is why we believe true healthcare must focus not just on diseases, but on the individual holistically.

As healthcare needs increasingly transcend traditional boundaries of medicine and wellness, the importance of our *total healthcare* approach continues to grow. A prime example is our multi-faceted approach to dementia. In May 2023, our antipsychotic drug *REXULTI* became the first drug approved in the U.S. for the treatment of agitation associated with dementia due to Alzheimer's disease, followed by approval in Japan in September 2024 for a similar indication.<sup>1</sup> Agitation affects approximately half of Alzheimer's patients and significantly impacts the lives of both patients and caregivers who often are their family members.

Beyond the pharmaceutical approach, we are also advancing solutions such as *MIREVO*, a cognitive function testing application for dementia care support and *FACEDUO*, an

experiential virtual reality (VR) training program.<sup>2</sup> Further, by leveraging connections with local governments and consumers that we have cultivated through our Nutraceutical Business, we work collaboratively with a wide range of stakeholders, including healthcare providers, caregivers, municipalities, and families, to address this complex societal issue.

1. In Japan, the approved indication is: "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."  
2. One of the *FACEDUO*'s interactive VR training programs is Dementia Care Support VR, supervised by a medical specialist to help caregivers, including family members of people with dementia, learn about the background of the feelings and behaviors of people with dementia.

## Growth Strategy and Progress of the 4th Medium-Term Management Plan

The Otsuka group operates a diverse set of businesses centered on the Pharmaceutical and Nutraceutical Businesses. Our strength lies in our unique approach to healthcare—one that holistically focuses on the individual rather than the disease—with our broad engagement with stakeholders across sectors.

With approximately 200 group companies worldwide, we have consistently addressed social issues and Well-being needs, many of which are specific to certain times and regions. By cultivating a diverse set of specialized and distinctive operating companies, we deepen our expertise across fields and respond to increasingly complex and diverse demands. While we remain flexible in reorganizing our structure when necessary, we place importance on maximizing the unique value generated from our diversified businesses.

Our management approach is rooted in horizontal collaboration, not centralized control. We focus on providing maximum support to our group companies, affiliates, and partners who best understand local needs and challenges. By organically connecting our businesses and organizations, we aim to foster collaborations to generate synergies that lead to new value creation.

The 4th MTMP (FY2024–2028) is positioned as a five-year period to overcome the loss of exclusivity (LOE) of major products and to accelerate new business expansion and investment for sustainable growth. In its first year, we achieved record highs in revenue, business profit, and net profit—significantly exceeding targets. This strong performance was driven by growth in core pharmaceutical products and nutraceutical products in the categories of For Women's Health,

## Message from the CEO

For Climate & Environmental Risk, and For Healthier Life. Additionally, our next-generation products—expected to be growth drivers in the 5th MTMP—are making solid progress.

Our global expansion continues to progress steadily, and we make active investment in R&D with a long-term perspective accompanied by continuous efforts to improve profitability. To achieve sustainable growth, we are executing the 4th MTMP with both precision and speed, laying the foundation for our next phase of growth amid a rapidly changing market environment.

## Innovation in R&D Driven by Diversity

The Otsuka group's business portfolio, comprising the Pharmaceutical Business, which requires long-term large-scale R&D investment, and the Nutraceutical Business, which engages with rapidly changing markets, reflects distinct risk profiles and business cycles, and enables long-term R&D investment and supporting sustainable growth. This balance allows us to remain flexible in the face of change while continuously creating value.

Our R&D investments are focused on areas where we can generate synergies with our existing assets, and this policy will remain unchanged. In drug discovery, in addition to our long-standing small molecule research capabilities at the Tokushima Research Center for Drug Discovery, the Tsukuba Research Institute, and Astex Pharmaceuticals, we have acquired Visterra, which possesses proprietary antibody platform technology; Jnana Therapeutics, known for its groundbreaking small molecule drug discovery platform; and Araris Biotech, which brings next-generation antibody-drug conjugate (ADC) capabilities. We will continue to further strengthen the Otsuka group's drug discovery foundation, *innovation ecosystem*, via M&A and alliances.

When pursuing M&A, we place great importance on shared vision and cultural compatibility, while respecting the uniqueness of each company. For example, we retain the original company name and position their research centers as global satellite institutes within the group, rather than integrating them into existing structures. We believe that respecting each other's expertise and culture fosters diversity, which in turn sparks new ideas and research breakthroughs through synergies among research centers.

Our core therapeutic areas are in psychiatry and neurology, oncology, and cardiovascular and renal systems, and we pursue strategies that emphasize synergies among these domains.

One example is our expansion into the autoimmune space. In 2018, we acquired Visterra to strengthen our pipeline in the renal field. Leveraging its proprietary antibody drug discovery technology, Visterra has generated a promising pipeline for autoimmune diseases in the renal area, including sibeprenlimab. In 2024, we acquired Jnana Therapeutics, gaining both a pipeline in autoimmune diseases and new small molecule discovery capabilities. By leveraging the strengths of our existing therapeutic areas and drug discovery technologies, we strive to develop the autoimmune space into a next-generation core domain. We will continue to invest actively to create innovative value and address a broader range of social issues.

## People and Culture as the Driving Force of Innovation

Sustainable growth and social contribution are made possible above all by diverse talents within the Otsuka group and the corporate culture that underpins it—embodied in principles of *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization), and *Sozosei* (creativity).

To foster innovation, we believe in cultivating a culture that encourages open dialogue, bold ideas, and a willingness to take on challenges—supported by an environment where failure is accepted and recognized. Our corporate philosophy and culture, together with our unwavering focus on human beings, are enduring values that must be preserved. At the same time, it is essential to reinterpret these values in ways that resonate with the current era, enabling employees to internalize, describe in their own words and act on them.

To this end, I have begun initiatives to articulate the spirit behind our philosophy in language attuned to today's context and share it with employees across the organization. A philosophy becomes truly meaningful when it is not only understood intellectually but also connected to tangible business outcomes. Even small successes, when aligned with our corporate philosophy, foster a sense of ownership and willingness to act on it, deepening our cultural roots.

Diversity and mobility within the organization are key to personal growth. When people from different backgrounds come together, it creates opportunities to reflect on and refine



## Message from the CEO

ways of working. Personally, I began my career in the Pharmaceutical Business and have since been involved in a wide range of healthcare-related fields, including international operations, diagnostics, business development, and the Nutraceutical Business. With each new role, I have embraced the challenge of learning unfamiliar areas from the ground up, engaging in dialogue with others, identifying issues within each business, and working toward solutions. While starting from scratch and building new relationships can be stressful, I believe it is precisely these experiences that foster personal growth.

In our talent development efforts, we intentionally create opportunities for cross-functional and cross-cultural experiences—such as working across the Pharmaceutical and Nutraceutical Businesses, as well as in varied cultural and geographic settings, and collaboration with partner organizations that bring diverse strengths. Through these initiatives, we cultivate our people's ability to understand multiple perspectives and grasp the essence of business.

In 2024, three representatives from our U.S. group companies were appointed to the board of directors at Otsuka Pharmaceutical. Their inclusion has enriched board discussions with diverse viewpoints and enabled deeper and more substantive dialogue. We will continue to embrace this approach, building the future of Otsuka from the wellspring of our people.

## Message to Our Stakeholders

In light of the universal value of health, the Otsuka group aspires to not only address each individual's affected organs and body systems but also engage with the individual holistically, support them throughout their life journey, and respond to people's aspirations for Well-being.

If we focus solely on short-term profits, we risk losing sight of the very individuals we aim to serve and may be drawn into acquisition or development competitions driven by immediate returns.

In our Pharmaceutical Business, tenacious development efforts spanning over a decade are essential. Meanwhile, our Nutraceutical and Consumer Products Businesses require agile responses to bring small shifts in people's daily health and lifestyle as the market changes





over short periods of time. We are committed to navigating these domains—long-term and short-term, treatment and prevention—which are often seen as difficult to pursue simultaneously and believe that this integrated approach is what enables us to deliver unique value that only Otsuka can realize. Notably, our Nutraceutical Business prioritizes long-term brand cultivation over short-term bestsellers. Product brands like *POCARI SWEAT*, *ORONAMIN C DRINK*, and *Calorie Mate* have been in market for over 40 years. Despite operating in fast-changing markets, we nurture brand equity from a long-term perspective—another hallmark of Otsuka.

While we remain mindful of our responsibility to maximize shareholder value as a listed company, we also invest strategically in R&D and talent development to foster the seeds of future growth. We recognize the importance of communicating our philosophy and initiatives to society in a clear and compelling manner, building lasting trust with stakeholders. Moving forward, we will continue sincere dialogue with our stakeholders and remain committed to addressing social issues as a *total healthcare company*—in both a broad and deep sense. We aim to become an indispensable company in the healthcare field, and together, we will shape the future of healthcare.

# Risks and Opportunities

In pursuit of the sustainable growth of the Otsuka group, we conducted an analysis and evaluation of risks and opportunities, starting from the social issues identified by the group. We will continue to examine risks and opportunities, reflecting them in the Otsuka group's initiatives and promoting related activities.



| Issues the Otsuka Group is tackling   | Risks   | Opportunities  | Response (specific initiatives)  | Relation to business risks, etc.   |
|---|---|--|--|--|
|  <b>Contribute to the Health and Well-Being of People Around the World</b>                     |   |  |  |  |
| <b>Enhancing Access to Healthcare:<br/>Improve and spread access to pharmaceuticals and services</b>  | <ul style="list-style-type: none"> <li>• Delayed product launches or limited access due to changes in pharmaceutical systems and price regulations across various countries</li> <li>• Unstable procurement and supply of materials caused by large-scale natural disasters, pandemics, global economic slowdowns, and heightened geopolitical risks</li> <li>• Reputational decline resulting from social criticism over high drug prices and unequal access to medications</li> </ul>   | <ul style="list-style-type: none"> <li>• Expanding markets by introducing products and services in emerging countries' markets as healthcare needs grow</li> <li>• Strengthening competitiveness by comprehensively creating value, including providing healthcare information through the development and provision of digital tools and apps, diagnostic support, and caregiver support</li> <li>• Building trust with stakeholders and enhancing corporate value through improved access to healthcare and appropriately priced products</li> </ul> | <ul style="list-style-type: none"> <li>• Establishing a system to ensure regulatory compliance</li> <li>• Continuously monitoring government trends around the world</li> <li>• Offering financial support through such initiatives as providing drugs to those whose insurance reimbursement is insufficient and are unable to pay for treatment</li> <li>• Expanding access to the multidrug-resistant tuberculosis drug delamanid, developed internally through our proprietary drug discovery efforts</li> <li>• Manufacturing IV solutions, offering a stable supply of these, providing these worldwide at an appropriate price, and creating employment</li> <li>• Expanding access to the trial drugs (Expand Access Program)</li> </ul> | <ul style="list-style-type: none"> <li>• Healthcare Cost Containment Measure</li> <li>• Raw Material Price Hikes</li> <li>• Global Business Operations</li> <li>• Geopolitical Risk</li> </ul> |
| <b>Research and Development for Unmet Medical Needs</b>   | <ul style="list-style-type: none"> <li>• Decline in corporate value due to uncertainty in development of new drugs (delay or suspension of R&amp;D, shorter exclusivity period, introduction of competing products)</li> <li>• Decline in competitive ability due to slow or insufficient digital transformation</li> </ul>   | <ul style="list-style-type: none"> <li>• Capturing market advantage, increasing competitiveness, and improving reputation by succeeding in clinical trials and developing new drugs</li> <li>• Providing solutions that leverage digital technology</li> <li>• Developing brands through the use of digital marketing</li> </ul>   | <ul style="list-style-type: none"> <li>• Expanding pipeline in core areas, improving the likelihood of success for development, mitigating risks in case of delays in development (analyze envisioned impact, and expand pipeline through introduction of outside products), and managing portfolio globally</li> <li>• Holding training to improve proof-of-concept demonstrations, practical application, and IT literacy when introducing the latest technology</li> </ul>  | <ul style="list-style-type: none"> <li>• Uncertainty of New Drug Development</li> <li>• Digitalization</li> </ul>  |
| <b>Promotion of Health Maintenance</b>  | <ul style="list-style-type: none"> <li>• Decline in product development capabilities as a result of failure of products to address customers' needs</li> </ul>  | <ul style="list-style-type: none"> <li>• Capturing market advantage, improving competitiveness, and improving reputation by creating new categories and new products</li> </ul>  | <ul style="list-style-type: none"> <li>• Optimizing strategy from a long-term perspective based on product and regional characteristics</li> <li>• Cooperating between relevant departments on effectively collecting and analyzing information, and strategizing</li> </ul>   | <ul style="list-style-type: none"> <li>• Expansion into New Categories and New Regions</li> </ul>  |
| <b>Ethical and Transparent Approach to Research and Development</b>   | <ul style="list-style-type: none"> <li>• Decline in trust as a result of not implementing compliance in basic research and clinical trials</li> </ul>   | <ul style="list-style-type: none"> <li>• Reinforcing R&amp;D capabilities by improving compliance and transparency</li> <li>• Improving engagement with R&amp;D human resources</li> </ul>   | <ul style="list-style-type: none"> <li>• Promoting appropriate research activities by conducting basic research based on compliance with related laws and regulations and high ethics, constructing a new drug investigation and clinical trial promotion system, and regularly holding related committee meetings</li> <li>• Promoting patient centricity activities</li> </ul>   |  |
| <b>Responsibility for Society and Community</b>   | <ul style="list-style-type: none"> <li>• Decline in reputation due to lack of economic and social activities for local communities where the Group conducts business</li> </ul>   | <ul style="list-style-type: none"> <li>• Actively contributing to local communities in order to raise awareness and improve corporate brand image</li> </ul>   | <ul style="list-style-type: none"> <li>• Providing support appropriate for local issues based on themes of health and disaster prevention through partnerships with 47 prefectures, supporting patient advocacy groups, having employees continue to participate in Awaodori dance and supporting Tokushima Vortis (professional football club), including providing healthcare information and promoting information through Sozsei Foundation (U.S.)</li> </ul>  |  |
|  <b>Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment</b> |   |  |  |  |
| <b>Promoting Diversity, Equity, and Inclusion</b>   |   |  | <ul style="list-style-type: none"> <li>• Regularly holding forums to promote active participation of women and diversity</li> <li>• Expanding employment of people with disabilities and creating a workplace environment</li> <li>• Supporting flexible work styles that make it possible to balance work and one's private life (childcare and nursing care)</li> </ul>  |  |
| <b>Training Highly Specialized Human Resources Based on Corporate Philosophy and Culture</b>  | <ul style="list-style-type: none"> <li>• Decline in overseas market development capabilities and international competitiveness due to delay in global human resource development</li> <li>• Loss of opportunities to solve social issues and create new markets in the healthcare field due to labor shortage</li> <li>• Risk of increased employee turnover rate and increased recruiting and training costs as a result of not sufficiently developing workplace environment</li> </ul> | <ul style="list-style-type: none"> <li>• Expanding opportunities to enter overseas markets and improving global competitiveness by training global human resources</li> <li>• Expanding earning opportunities by solving social issues and creating new markets in healthcare field</li> <li>• Opportunity to maintain the human resource retention rate and control recruiting and training costs by creating a workplace environment that offers strong psychological safety</li> </ul>  | <ul style="list-style-type: none"> <li>• Providing opportunities for employees to study at overseas business schools and participate in selective training programs to develop next-generation leaders</li> <li>• Reinforcing the training infrastructure through partnership with U.S.-based business schools and digital learning platforms</li> <li>• Continuing to operate an internal open recruiting system and self-reporting system to promote career independence</li> <li>• Implementing training programs</li> </ul>  | <ul style="list-style-type: none"> <li>• Human Rights</li> <li>• Human Capital Recruitment and Development, and Immersion of Corporate Culture and Corporate Philosophy</li> </ul>             |
| <b>Improving Employee Well-Being by Respect for Human Rights</b>  |   |  | <ul style="list-style-type: none"> <li>• Promoting preventive healthcare and maintaining and improving the health of employees in collaboration with industrial physicians</li> <li>• Supporting more diverse work hours by introducing flex-time system and similar systems</li> <li>• Conducting human rights due diligence, launching an internal whistleblowing system, and continuing to conduct human rights training</li> <li>• Conducting employee engagement survey</li> </ul>  |  |

## Risks and Opportunities

See the website for information on business risk, etc.

<https://www.otsuka.com/en/ir/management/risk.html>



| Issues the Otsuka Group is tackling  | Risks  | Opportunities   | Response (specific initiatives)  | Relation to business risks, etc.  |
|--|--|---|--|---|
|  <b>Create More Sustainable Future with Business Partners</b> |  |   |  |   |
| <b>Building a Sustainable Platform</b><br><b>Initiatives with Business Partners Toward Sustainable Society</b>                                 | <ul style="list-style-type: none"> <li>Unstable material purchasing and supply due to massive natural disasters and pandemic, global economic slowdown, and greater geopolitical risk</li> <li>Decline in corporate value due to the lack of supply chain transparency (major compliance violation or incident related to human rights, labor, environment, or corruption within the supply chain)</li> </ul>  | <ul style="list-style-type: none"> <li>Promoting the creation of a stable and responsible procurement and supply system</li> <li>Enhancing corporate value through the pursuit of sustainability at all stages of the value chain</li> </ul>  | <ul style="list-style-type: none"> <li>Requesting collaboration with formulating and obtaining consent to Otsuka Group Procurement Policy, Otsuka Group Sustainable Procurement Guidelines, and Otsuka Group Business Partner Code of Ethics</li> <li>Visualizing the upstream supply chain, identifying and addressing risks, and building a stable procurement system</li> <li>Building a platform to conduct integrated management of purchasing information within the group</li> <li>Diversifying procurement suppliers and secure alternative raw materials by purchasing from multiple companies, etc.</li> <li>Securing appropriate inventory and spreading production across multiple manufacturing sites</li> <li>Establishing a speak-up line for business partners</li> <li>Reflecting customers' desires regarding products and services</li> <li>Contributing to local communities through factory tours (creating communication opportunities with residents and students)</li> <li>Reinforcing communication with patient advocacy groups and industry associations</li> </ul> | <ul style="list-style-type: none"> <li>Human Rights</li> <li>Supply Chain Transparency</li> <li>Natural Disasters and Pandemics</li> <li>Raw Material Price Hikes</li> <li>Global Business Operations</li> <li>Geopolitical Risk</li> <li>Climate Change</li> </ul> |
| <b>Stakeholder Engagement</b>  | <ul style="list-style-type: none"> <li>Decline in corporate reputation due to insufficient stakeholder communication, coupled with diminished competitiveness and missed business opportunities stemming from inadequate recognition of evolving market needs and delayed responses</li> </ul>   | <ul style="list-style-type: none"> <li>Accelerating initiatives to capture business opportunities and tackle management issues by reflecting stakeholder opinions in management</li> </ul>  | <ul style="list-style-type: none"> <li>Formulating and continually revising and improving BCP, and conducting regular training and drills</li> <li>Thoroughly conducting production and quality management compliant with each countries' regulations and based on Otsuka Group Quality Policy, and conducting regular audits of contract manufacturers and raw material suppliers</li> <li>Building an inspection system for responsible promotion activities</li> </ul>  | <ul style="list-style-type: none"> <li>Quality</li> <li>Food Safety and Quality</li> <li>Natural Disasters and Pandemics</li> <li>Geopolitical Risk</li> </ul>  |
| <b>Stable Supply and Response to BCP (business continuity plans)</b><br><b>Quality and Safety of Products and Services</b>                     | <ul style="list-style-type: none"> <li>Unstable supply of products and services due to problems with BCP response</li> <li>Decline in reputation due to the lower quality of products and services</li> </ul>  | <ul style="list-style-type: none"> <li>Improving market competitiveness by stabilizing supply chain through thorough BCP measures</li> <li>Improving quality of products and services, increasing customer satisfaction, and enhancing corporate value by building a firm product governance system</li> </ul>  | <ul style="list-style-type: none"> <li>Improving operation efficiency and quality by systemizing warehouse and delivery operations</li> <li>Contributing to reduced industry-wide CO<sub>2</sub> emissions through such initiatives as modal shift and truck reservation system</li> </ul>   | <ul style="list-style-type: none"> <li>Digitalization</li> </ul>  |
| <b>Promotion of Logistics DX</b>   | <ul style="list-style-type: none"> <li>Decline in competitiveness, increase in transportation costs, inventory management costs, etc., and increase in environmental load due to slow or insufficient promotion of DX</li> </ul>   | <ul style="list-style-type: none"> <li>Reducing mistakes and delays through integrated information management and more efficient operations, and improving the organization's activity and productivity through improved work environment</li> <li>Reducing costs and CO<sub>2</sub> emissions by optimizing transportation method and inventory management, etc.</li> <li>Promoting innovation and increasing business operations by training digital human resources</li> </ul> | <ul style="list-style-type: none"> <li>Improving operation efficiency and quality by systemizing warehouse and delivery operations</li> <li>Contributing to reduced industry-wide CO<sub>2</sub> emissions through such initiatives as modal shift and truck reservation system</li> </ul>   | <ul style="list-style-type: none"> <li>Digitalization</li> </ul>  |
|  <b>Promote Positive Impact on Global Environment</b>         |  |   |  |   |
| <b>Climate Change (Carbon Neutrality)</b>  | <ul style="list-style-type: none"> <li>Increase in costs due to stricter regulation, including carbon pricing</li> <li>Increase in energy costs as temperatures rise</li> <li>Decline in reputation and loss of investments as a result of not preparing for climate change</li> </ul>   | <ul style="list-style-type: none"> <li>Reducing operating costs through the introduction of highly energy-efficient equipment</li> <li>Reducing energy procurement risk by proactively introducing renewable energy</li> <li>Increasing earnings through greater demand for climate change mitigation/adaption products (e.g. products for heat disorder or infections)</li> </ul>  | <ul style="list-style-type: none"> <li>Reducing energy consumption and improving energy use efficiency by transitioning to fuels with low environmental impact</li> <li>Investing in environmental facilities in Japan and overseas</li> <li>Introducing solar power generation equipment, including mega solar plants</li> </ul>  | <ul style="list-style-type: none"> <li>Climate Change</li> </ul>  |
| <b>Strengthening Corporate Governance</b>  | <ul style="list-style-type: none"> <li>Serious impact on earnings and financial position for any of various reasons, including inappropriate allocation of management resources, financing difficulty and increased financing costs, decline in the effectiveness of the Board of Directors, and urgent risks due to major defects with the risk management system</li> </ul>  | <ul style="list-style-type: none"> <li>Rebuilding systems and processes for transparent, fair, prompt, and bold decision making and reducing business risk, winning the trust of stakeholders, and enhancing corporate value by reinforcing governance system</li> </ul>  | <ul style="list-style-type: none"> <li>Oversight of directors' business execution by independent Audit &amp; Supervisory Board members and the Board itself</li> <li>Prioritizing management resources, examining the possibility of risks in light of changes in market environment both in Japan and overseas, maintaining commitment lines with multiple financial institutions, and revising financing plans based on latest information</li> <li>Conducting appropriate management based on Group grand rules, and creating a system for collecting information on incidences that have an impact</li> </ul>  | <ul style="list-style-type: none"> <li>Group Governance and Strategy</li> <li>Side Effects</li> <li>Business Alliances and Acquisitions</li> <li>Litigation</li> <li>Corporate Brand Management</li> </ul>  |
| <b>Ethical Marketing and Sales</b>   | <ul style="list-style-type: none"> <li>Delay in reporting side effects due to inappropriate provision of sales information and discontinuation or recall of products due to occurrence of serious side effects</li> <li>Damage to the corporate brand, along with a decline in brand value and trust, resulting from non-compliance with advertising-related laws, regulations, standards, and codes of conduct, or from the dissemination of information and advertising that may negatively impact public health</li> <li>Decline in corporate value as a result of not adhering to ethical standards in lobbying activities targeting regulatory authorities or various organizations related to health and healthcare</li> </ul> | <ul style="list-style-type: none"> <li>Rebuilding systems and processes for transparent, fair, prompt, and bold decision making and reducing business risk, winning the trust of stakeholders, and enhancing corporate value by reinforcing governance system</li> </ul>  | <ul style="list-style-type: none"> <li>Conducting regular training on such topics as "Fair Competition Regulations," "Sales Information Provision Guidelines," and "Transparency Guidelines"</li> <li>Building a screening system for responsible promotion activities and formulating and implementing Otsuka Group Marketing Communication Policy</li> </ul>   | <ul style="list-style-type: none"> <li>Group Governance and Strategy</li> <li>Side Effects</li> <li>Business Alliances and Acquisitions</li> <li>Litigation</li> <li>Corporate Brand Management</li> </ul>  |
| <b>Anti-Corruption and Fair Competition</b>  | <ul style="list-style-type: none"> <li>Major impact on earnings and financial position due to violations of laws or regulations, such as cartels, oligopolies, monopolies, and bribery</li> <li>Loss of society's trust in such cases as the outcome of litigation being disadvantageous to the Group</li> </ul>   | <ul style="list-style-type: none"> <li>Rebuilding systems and processes for transparent, fair, prompt, and bold decision making and reducing business risk, winning the trust of stakeholders, and enhancing corporate value by reinforcing governance system</li> </ul>  | <ul style="list-style-type: none"> <li>Building a compliance system and thoroughly implementing Otsuka Group Global Anti-corruption Policy</li> <li>Conducting due diligence, valuations, monitoring, etc., of business alliances and acquired companies and assets</li> <li>Constructing a group-wide internal reporting system and working with outside specialists, council, etc.</li> </ul>  | <ul style="list-style-type: none"> <li>Group Governance and Strategy</li> <li>Side Effects</li> <li>Business Alliances and Acquisitions</li> <li>Litigation</li> <li>Corporate Brand Management</li> </ul>  |

# The Otsuka Group's Approach to Sustainability

*“Creating the future: becoming an indispensable contributor to the creation of a healthy and sustainable society.”*

Solving social issues for a better future is the essence of our business activity itself. Our efforts extend beyond providing Well-being to people; we also aim to make a positive impact on the global environment.



We aim “to become an indispensable contributor to people’s health worldwide” through sustainability management that balances the resolution of social issues and the sustainable growth of our group by strengthening our resilience to respond flexibly and sustainably to rapidly changing social issues and the business environment.

## Sustainability Mission

**Guided by its corporate philosophy, the Otsuka group works to solve social issues through its businesses and contribute to the creation of a healthy and sustainable society, while achieving growth.**

### Sustainability of the Otsuka group

The Otsuka group has strived to pursue quality at every stage of its value chain, from research and development all the way to the delivery of its products and services to customers, and to build trust with stakeholders including employees, customers, business partners, society, and shareholders based on strong governance and a spirit of “Quality First,” a principle the group has adhered to since its foundation in 1921. Based on the cornerstones of “Quality First” and “Building Trust with Stakeholders,” our group is committed to solving social issues through our business, aiming for our own sustainable growth and the realization of a healthy and sustainable society.

## Materiality

**Contribute to the Health and Well-Being of People Around the World**  
▶P.34~



**Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment**  
▶P.58~



**Promote Positive Impact on Global Environment**  
▶P.69~



**Create More Sustainable Future with Business Partners**  
▶P.65~

## The Otsuka Group's Materiality
























In order to achieve its sustainability mission in 2024, the group has re-identified materialities, which are important items that should be prioritized by the group in light of changes in the business environment as well as social conditions.

We have established indicators and targets for each of four new materialities and are working on addressing them.

# Materiality

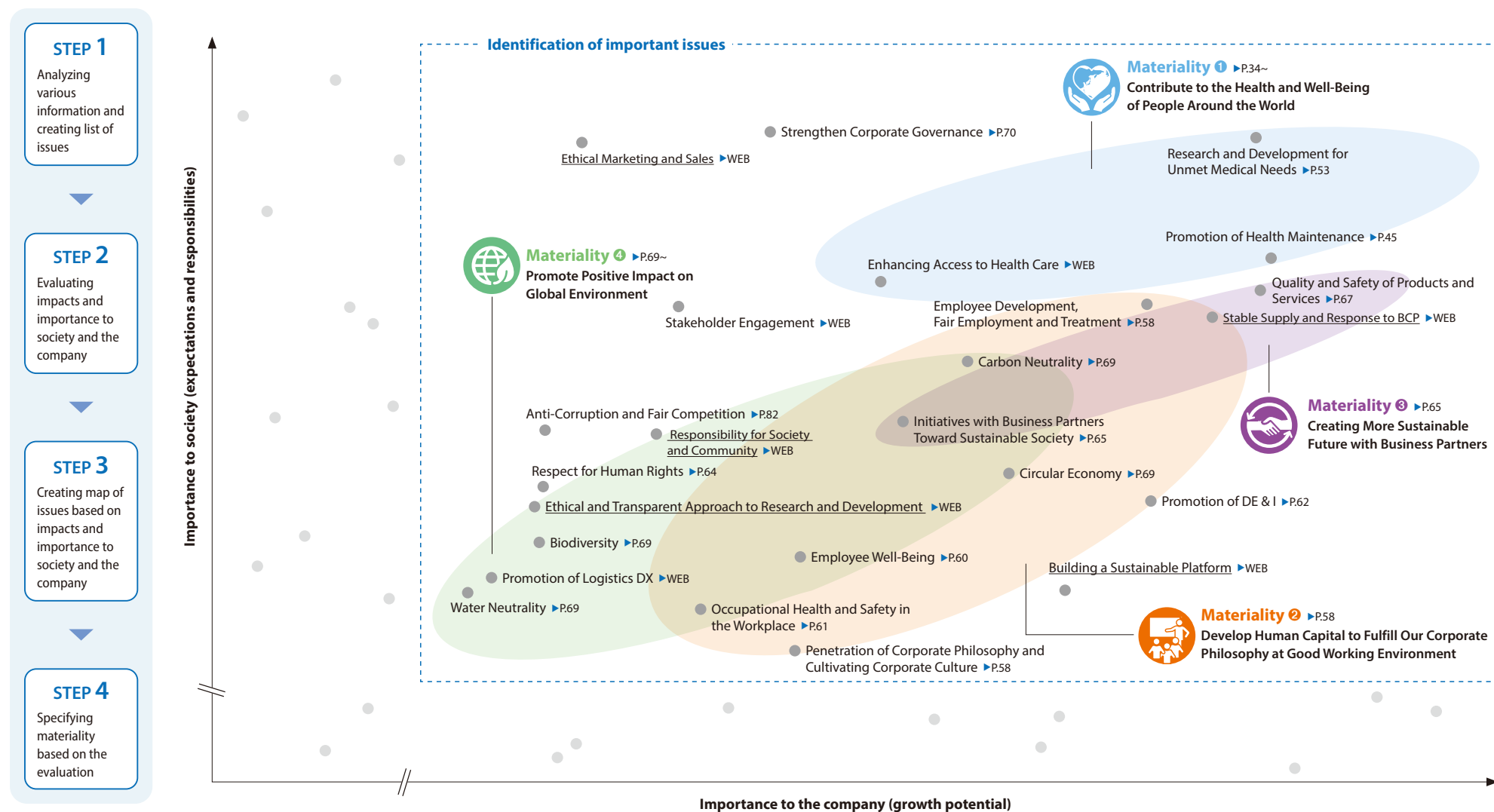
As part of the materiality identification process, and in order to determine the level of importance to society, we took into account industry trends and consulted the opinions of investors and other stakeholders, in addition to institutions such as ESG assessment organizations and NGOs.

Beyond that, in order to determine the level of importance to the company, we evaluated the growth potential of the business through issue scoring by main operating companies, in addition to employee surveys and interviews.

| Materiality and Related SDGs   | Social Issues  | Strategy  | Policies  | Indicators  |
|--|--|---|---|---|
|  <b>Contribute to the Health and Well-Being of People Around the World</b><br>    ▶P.34~  | <ul style="list-style-type: none"> <li>Unmet medical needs/unrecognized health needs by consumers</li> <li>Responding to changing health values</li> </ul>   | <ul style="list-style-type: none"> <li>Maximizing product value by leveraging diverse assets within and outside the group</li> <li>Strengthening research and development capabilities to address unmet medical needs</li> <li>Adapting to changes in the world and providing people with complex health solutions</li> </ul> | <ul style="list-style-type: none"> <li>Seamless delivery of diagnostics, therapeutics, and services to overcome unconscious bias toward disease</li> <li>Strengthening in-house drug discovery capabilities by maximizing the use of global research centers and academia networks</li> <li>Strengthen development capabilities using the latest technologies and know-how</li> <li>Raising awareness of hydration and electrolyte supplementation for heat disorders</li> <li>Growth of women's health category</li> </ul> | <ul style="list-style-type: none"> <li>Expansion of global access</li> <li>Promoting awareness of mental, neurological, cancer, cardiovascular and renal diseases</li> <li>Eradication of tuberculosis</li> <li>In-house drug discovery capabilities</li> <li>Product development capabilities that contribute to unmet medical needs</li> <li>Penetration of <i>POCARI SWEAT</i></li> <li>Contribution to women's health</li> </ul>  |
|  <b>Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment</b><br>    ▶P.58~   | <ul style="list-style-type: none"> <li>Increased global competition, changes in the management competition environment due to increasing digitalization, diversification of individual values and working styles due to the limitations of a one-size-fits-all organization, and increased mobility</li> </ul> | <ul style="list-style-type: none"> <li>Strengthen human resources, a source of innovation, to realize our corporate philosophy</li> <li>Creating an environment to maximize human resources</li> </ul>  | <ul style="list-style-type: none"> <li>Cultivate human resources who practice <i>Ryukan-godo</i> (by sweat we recognize the way), <i>Jisho</i> (actualization), and <i>Sozosei</i> (creativity) through our unique human resource development programs</li> <li>Creating a workplace and organization and providing opportunities for a variety of human resources unique to Otsuka, a company with diverse businesses</li> <li>Creating a system to improve employee engagement</li> </ul>                                 | <ul style="list-style-type: none"> <li>Degree of penetration of corporate culture</li> <li>Developing a system to nurture the next generation of human capital</li> <li>Employee challenge index</li> <li>Employee challenge support index</li> <li>Employee engagement to realize Otsuka's corporate philosophy</li> </ul>   |
|  <b>Create More Sustainable Future with Business Partners</b><br>     ▶P.65~   | <ul style="list-style-type: none"> <li>(due to pandemics, geopolitical risks, etc.) destabilization of raw material procurement and product supply due to supply chain disruption</li> <li>Building a sustainable supply chain</li> </ul>  | <ul style="list-style-type: none"> <li>Building a strong and stable procurement system to respond to risks</li> <li>Promotion of responsible procurement</li> </ul>   | <ul style="list-style-type: none"> <li>Upstream supply chain visualization and risk identification and response</li> <li>Building strong engagement with business partners to realize responsible procurement that takes human rights and the environment into consideration</li> </ul>   | <ul style="list-style-type: none"> <li>Response rate to identified risks</li> <li>Percentage of suppliers participating in the measures</li> <li>Response rate to questionnaires when incidents occurred</li> <li>Number of communications with suppliers</li> </ul>  |
|  <b>Promote Positive Impact on Global Environment</b><br>      ▶P.69~ | <ul style="list-style-type: none"> <li>Increasing environmental burden on the Earth due to climate change</li> </ul>   | <ul style="list-style-type: none"> <li>Realization of the 2050 environmental vision "Net zero" to reduce all environmental impacts of business activities to zero</li> </ul>  | <ul style="list-style-type: none"> <li>Carbon Neutrality: reducing climate change due to global warming</li> <li>Circular Economy: curbing resource use and recycling</li> <li>Water Neutrality: maintenance and conservation of water resources</li> <li>Biodiversity: Sustainable and stable procurement of natural resources</li> </ul>  | <ul style="list-style-type: none"> <li>[2028 target]</li> <li>Reduction of CO<sub>2</sub> emissions</li> <li>Scope 1, 2: 50% reduction in CO<sub>2</sub> emissions compared to 2017</li> <li>Scope 3: Initiatives to achieve carbon neutrality by 2050</li> <li>20% self-generated renewable energy</li> <li>[2028 target]</li> <li>50% reduction in simple incineration and landfill disposal compared to 2019</li> <li>Formulation and implementation of food loss reduction plan</li> <li>[2030 target]</li> <li>100% recyclable materials in our PET bottles and use of plant-based materials</li> <li>[2028 target]</li> <li>Planning water use strategies at business sites in water-stressed areas</li> <li>Development of water management programs at all sites</li> <li>10% reduction in water consumption compared to 2023</li> <li>[2028 target]</li> <li>Uses 100% RSPO certified palm oil</li> <li>100% use of sustainable paper</li> </ul> |



## Materiality

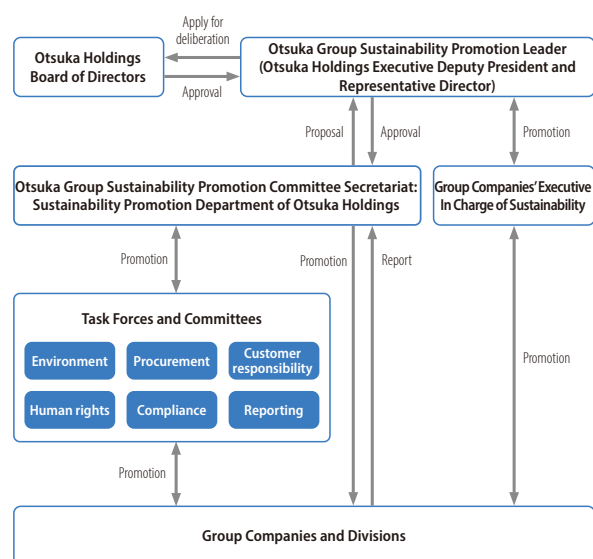


# Sustainability Management Structure

## Framework

The Otsuka Group Sustainability Promotion Committee is chaired by the director in charge of sustainability promotion (Executive Deputy President and Representative Director of Otsuka Holdings). The committee, with the sustainability promotion department of Otsuka Holdings as its secretariat, is comprised of department heads and persons in charge from related departments such as corporate planning, research, production, environment, human resources, compliance, public relations, investor relations, and general affairs. This committee strives to enhance effectiveness by discussing and deciding on sustainability management strategies, reporting on activity progress, and evaluating internal and external assessments.

## Sustainability Management Structure



## Promoting Sustainability Management (task forces and committees)

We have established task forces and committees for each theme such as environment, procurement, customer responsibility, human rights, and employee engagement, to promote sustainability initiatives of the Otsuka group as a whole by formulating and executing specific measures. These activities are shared with the annual meeting in Sustainability Promotion Committee for promoting our sustainable management.

| Related Material Issues | Entity   | Contents   | Members  | Frequency of Meetings  |
|-------------------------|--|--|--|--|
|                         | Otsuka Group Sustainability Promotion Committee      | <ul style="list-style-type: none"> <li>Planning, discussion and decision-making for the direction of sustainability management</li> <li>Progress reports on activities</li> <li>Promotion of internal awareness and activities through communication of social requirements</li> </ul>   | <ul style="list-style-type: none"> <li>Executive Deputy President and Representative Director</li> <li>Otsuka Group Sustainability Promotion Committee members</li> </ul>  | Once a year  |
|                         | Otsuka Group Customer Responsibility Liaison Meeting | <ul style="list-style-type: none"> <li>Sharing the activities of customer responsibility at each operating company for promoting consumer-oriented management</li> <li>Discussion of measures and promotion of initiatives for the qualitative improvement in customer responsibility</li> <li>Holding training sessions with external experts, e.g., lawyers</li> </ul> | <ul style="list-style-type: none"> <li>Executive Deputy President and Representative Director</li> <li>Persons in charge of customer responsibility at operating companies of the Otsuka group</li> </ul>  | Liaison meetings: twice a year<br>Training: six times a year     |
|                         | Sustainability Reporting                             | <ul style="list-style-type: none"> <li>Handle the application of the Sustainability Disclosure Standards</li> <li>Decide on reporting methods</li> </ul>   | <ul style="list-style-type: none"> <li>Otsuka Holdings compliance, finance, human resource, IR, corporate planning, and sustainability promotion departments</li> <li>Relevant departments at operating companies of the Otsuka group</li> </ul> | Held as necessary  |
|                         | Otsuka Group Human Rights Task Force                 | <ul style="list-style-type: none"> <li>Planning and promotion of human rights education and awareness activities, building a group structure, and promoting activities</li> <li>Implementation of human rights due diligence</li> <li>Formulation and revisions to the Otsuka Group Human Rights Policy</li> </ul>   | Otsuka Holdings compliance, human resource, and sustainability promotion departments   | Held as necessary  |
|                         | Employee Engagement Task Force                       | <ul style="list-style-type: none"> <li>Establishment of the positioning and evaluation methods for employee engagement</li> <li>Strengthening of collaboration through organizational analysis and reform</li> </ul>   | <ul style="list-style-type: none"> <li>Executive Deputy President and Representative Director</li> <li>Persons in charge of human resources at operating companies of the Otsuka group</li> </ul>  | Committee: three times a year<br>Working Team: held as necessary |
|                         | Sustainable Procurement Project                      | <ul style="list-style-type: none"> <li>Promotion of sustainable procurement in collaboration with business partners</li> <li>Stable procurement: Build a robust, stable procurement system</li> <li>Responsible procurement: Ethical and responsible procurement activities</li> </ul>   | <ul style="list-style-type: none"> <li>Executive Deputy President and Representative Director</li> <li>Persons in charge of procurement and relevant departments at operating companies of the Otsuka group</li> </ul>                           | Committee: three times a year<br>Working Team: held as necessary |
|                         | Otsuka Holdings Environmental Committee              | <ul style="list-style-type: none"> <li>Review and decisions on environmental strategies</li> <li>Approval of environmental goals and plans</li> </ul>  | <ul style="list-style-type: none"> <li>Executive Deputy President and Representative Director</li> <li>Directors responsible for environmental management at operating companies of the Otsuka group</li> </ul>                                  | Twice a year   |
|                         | Otsuka Group Global Environmental Council            | <ul style="list-style-type: none"> <li>Formulation of goals and activity plans</li> <li>Reporting on the results of activities</li> </ul>  | Persons in charge of environmental management at Otsuka Holdings and operating companies of the Otsuka group   | Monthly  |

# Leadership Message



*Yoshi Matsuda*

**Executive Deputy President and  
Representative Director  
In charge of Otsuka group  
sustainability promotion  
Otsuka Holdings Co., Ltd.**

**As a total healthcare company, the Otsuka group is committed to sustainable progress—advancing both corporate development and a healthier, more sustainable society.**

## Purpose and Goal of Sustainability Management

Guided by the corporate philosophy, “Otsuka-people creating new products for better health worldwide,” the Otsuka group is dedicated to contributing to the health and Well-being of people around the world by providing innovative products and services. At the foundation of this value creation is our commitment to sustainability management, which seeks to harmonize the resolution of social issues with business growth (See Figure 1).

In recent years, the social issues we face have grown increasingly diverse and have undergone rapid changes. These include climate change, resource limitations, demographic shifts, evolving healthcare needs and values, human rights abuses, emerging geopolitical risks, and the growing complexity and potential disruptions within supply chains.

In response to these issues, we have established a sustainability mission at the core of our management strategy: “the Otsuka group works to solve social issues through its businesses and

**Figure 1. Sustainability Management for the Otsuka Group**



contribute to the creation of a healthy and sustainable society, while achieving growth.”

We also position “long-term value creation” and “resonance with society” as fundamental pillars guiding our strategic decision-making. These pillars are aligned with our sustainability mission and are reflected in our decision-making process, which incorporates forward-looking perspectives on the environmental, social, and governance “ESG” pillars. We believe that incorporating these perspectives into management not only achieves short-term outcomes but also enables decision-making with the flexibility and foresight needed to anticipate social changes and create opportunities for sustainable growth.

Moreover, we recognize that a wide range of social issues—including climate change—are closely linked to our business operations. We view our response to these issues not merely as a matter of corporate social responsibility, but as a material factor in enhancing corporate value. Therefore, to achieve sustainable growth, we continue striving to address social issues, evolve to meet future demands, and deliver new value.

## Ensuring Governance and Transparency

To ensure the effectiveness of our sustainability management, a robust governance structure is indispensable. The Otsuka group has enhanced the supervisory functions of Otsuka Holdings Board of Directors and established a cross-functional task forces and committees centered on the “Otsuka Group Sustainability Promotion Committee.” This structure facilitates tracking progress toward activity goals aligned with the materiality identified in 2024, as well as the formulation and implementation of essential initiatives (See Figure 2). It is positioned as the platform for our sustainability management and will continue to expand and enhance its activities across the organization.

Regarding sustainability information disclosure, we recognize that it is not merely a means of regulatory compliance. Rather, it enables us to adapt to a changing society and achieve sustainable

## Leadership Message

■ Figure 2. Our Materiality



Contribute to the Health and Well-Being of People Around the World



Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment



Create More Sustainable Future with Business Partners



Promote Positive Impact on Global Environment

growth for the group. We are committed to promoting transparent and trustworthy management practices in accordance with international frameworks.

## Enhancing the Human Capital Strategy

The materiality identified by the group indicates key areas essential to fulfilling our responsibilities as a total healthcare company. Among these, human capital stands as the cornerstone of innovation and represents the most critical asset underpinning our corporate strategy. To enhance our organizational foundation and strategically invest in human capital, we are advancing the integration of our human resources and management functions. This includes implementing data-driven human resources initiatives through KPI-based management, enabling more sophisticated and effective personnel strategies.

As part of these initiatives, we utilize a comprehensive talent database to visualize employee skills, career visions, and engagement levels. By leveraging people analytics, we aim to optimize talent management, thereby fostering both individual growth and overall organizational productivity.

In response to the evolving global business environment, digital transformation, and the imperative for innovation, we are also focused on cultivating the next generation of leaders who will drive future business and management. To this end, we offer selective training programs, mindset development initiatives, and reskilling opportunities. Through these initiatives, we are committed to building a resilient and diverse talent base that will serve as a powerful engine for the continued growth of the Otsuka group.

## Creating an Environment to Maximize Human Resources

The Otsuka group has consistently created unique value, grounded in its corporate culture of *Ryukan-godo* (by sweat we recognize the way), *Jissho* (actualization) and *Sozosei* (creativity). As our business continues to expand and diversify, embedding this culture deeply across the group is recognized as a

critical foundation for sustainable growth. We place great importance on cultivating a workplace environment where all employees feel safe to express their viewpoints, collaborate respectfully across differences, and contribute meaningfully.

We believe that a workplace in which each individual is respected enhances employee engagement and strengthens organizational capability.

Based on this understanding, our 4th MTMP has established a cross functional task force led by human resources representatives from main operating companies. This task force promotes shared values around our corporate philosophy and culture across different business sectors, fosters a common understanding of the importance of cultural integration and employee engagement, facilitates the exchange of best practices, and works toward establishing unified assessment and evaluation methodologies.

Furthermore, respect for human rights is not only a fundamental responsibility of a global enterprise but also a cornerstone of creativity and sustainable growth. In accordance with the United Nations "Guiding Principles on Business and Human Rights," we are committed to ensuring diversity and inclusion among our employees. Furthermore, we are conducting human rights risk assessments across our supply chain, implementing regular surveys for employees, providing feedback to management and department heads, and developing measures based on results.

We recognize that psychological safety fosters open communication, encourages innovation, and enables individuals to take initiative. Promoting employee engagement through the integration of our corporate philosophy and culture, along with establishing a workplace environment that respects human rights, enables us to strengthen human capital, enhance the group's competitiveness, and maximize corporate value.

## Creating the Future

Guided by our corporate philosophy, the Otsuka group is committed to advancing sustainable management practices into the future. Even in a rapidly changing era, the group will continue to innovate with resilience and determination, proactively addressing emerging health issues through the development of forward-looking products and services. In doing so, we aim to resonate with society and remain a company that contributes meaningfully to the Well-being of people worldwide.

We are deeply grateful for the continued support of all stakeholders, and we look forward to your ongoing encouragement as the group continues to evolve and grow.

# Review of Past Medium-Term Management Plans

Under the corporate philosophy of “Otsuka-people creating new products for better health worldwide,” the Otsuka group aims to become an indispensable contributor to people’s health worldwide as a total healthcare company. With the formulation of medium-term management plans, we will continue contributing to society and achieving sustainable growth through “what only Otsuka can do,” based on our DNA of Ryukan-godo, Jissho, and Sozosei.

## Review of past medium-term management plans

|  | The 1st Medium-Term Management Plan (FY2011-FY2013)  |   |   | The 2nd Medium-Term Management Plan (FY2014-FY2018)   |   |  | The 3rd Medium-Term Management Plan (FY2019-FY2023)   |   |  |
|--|--|---|---|---|---|--|---|---|--|
| Gist of the Medium-Term Management Plan                  | Three years to establish a world-class structure as a global healthcare company with both medical and nutraceutical businesses   |   |   | Establish a diversified earnings structure to achieve sustainable growth  |   |  | Advance in the Global Market as a Unique Total Healthcare Company ~ Five-Year Growth Phase ~  |   |  |
| Medium-Term Management Plan final-year targets & results | <b>FY2013 Plan (announced in May 2011)</b> <ul style="list-style-type: none"> <li>Revenue: ¥1,330 billion</li> <li>Research and development expenses: ¥200.0 billion</li> <li>Operating income: ¥200.0 billion</li> <li>Profit: ¥130.0 billion</li> <li>EPS: ¥230</li> <li>ROE: 10% or more</li> </ul>   | <b>FY2013 Results</b> <ul style="list-style-type: none"> <li>Revenue: ¥1,452.8 billion</li> <li>Research and development expenses: ¥249.0 billion</li> <li>Operating income: ¥198.7 billion</li> <li>Profit: ¥151.0 billion</li> <li>EPS: ¥278.1</li> <li>ROE: 10.8%</li> </ul> | <b>Achievement</b> <ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul> | <b>FY2018 Plan (announced in August 2014)</b> <ul style="list-style-type: none"> <li>Revenue: ¥1,440.0 billion</li> <li>Operating income before investment in R&amp;D expenses: ¥370.0 billion</li> <li>Research and development expenses: ¥170.0 billion</li> <li>Operating income: ¥200 billion</li> <li>ROE: 8-10%</li> </ul>  | <b>FY2018 Results</b> <ul style="list-style-type: none"> <li>Revenue: ¥1,292.0 billion</li> <li>Operating income before investment in R&amp;D expenses: ¥324.4 billion</li> <li>Research and development expenses: ¥192.9 billion</li> <li>Operating income: ¥108.3 billion</li> <li>ROE: 4.7%</li> </ul> | <b>Achievement</b> <ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul> | <b>FY2023 Plan (announced in May, 2019)</b> <ul style="list-style-type: none"> <li>Revenue: ¥1,700.0 billion</li> <li>Business profit before R&amp;D expenses: ¥460.0 billion</li> <li>Research and development expenses: ¥260.0 billion</li> <li>Business profit: ¥200 billion (CAGR above 10%)</li> <li>ROE: 8.0% or more</li> </ul>  | <b>FY2023 Results</b> <ul style="list-style-type: none"> <li>Revenue: ¥2,018.6 billion</li> <li>Business profit before R&amp;D expenses: ¥620.4 billion</li> <li>Research and development expenses: ¥307.8 billion</li> <li>Business profit: ¥312.6 billion</li> <li>ROE: 5.3%</li> </ul> | <b>Achievement</b> <ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul> |
| Outcomes   | <b>Strengthen growth drivers for the coming years</b> <ul style="list-style-type: none"> <li>Pharmaceutical Business               <ul style="list-style-type: none"> <li>Grow earnings for new drugs in the domestic market</li> <li>Advancement of the Psychiatry and Neurology Business and the Oncology Business</li> </ul> </li> <li>Nutraceutical Business               <ul style="list-style-type: none"> <li>Increase the percentage of revenue for high-earning overseas business</li> <li>Improve cost structure by transforming earnings structure in Japan</li> </ul> </li> </ul> |   |   | <b>Achieve diversification of sales and earnings structure</b> <ul style="list-style-type: none"> <li>Pharmaceutical Business               <ul style="list-style-type: none"> <li>Strengthening of core therapeutic areas</li> <li>Establish a base that will propel a return to growth for the group</li> </ul> </li> <li>Nutraceutical Business               <ul style="list-style-type: none"> <li>Achieve an operating profit margin of 10% or more at an early stage and establish a business structure that will enable us to achieve this on an ongoing basis</li> </ul> </li> </ul> |   |  | <b>Maximize value of existing businesses and achieve new value creation</b> <ul style="list-style-type: none"> <li>Pharmaceutical Business               <ul style="list-style-type: none"> <li>Significant revenue growth from our four global products</li> <li>Nurture growth drivers that deliver sustainable growth</li> </ul> </li> <li>Nutraceutical Business               <ul style="list-style-type: none"> <li>Create new concepts and expand into new areas</li> <li>Expand the scale of our business and maintain a high profit margin structure</li> </ul> </li> </ul>  |   |  |
| Discovered issues  | <b>Pharmaceutical Business</b> <ul style="list-style-type: none"> <li>Strengthening of core therapeutic areas</li> <li>Diversification of the sales structure</li> </ul> <b>Nutraceutical Business</b> <ul style="list-style-type: none"> <li>Revision of business assets that support the value-chain</li> <li>Acceleration of global expansion</li> <li>Improvement of profitability</li> </ul>  |   |   | <b>Pharmaceutical Business</b> <ul style="list-style-type: none"> <li>Maximizing value of existing businesses</li> <li>Try new frontiers that only Otsuka can do</li> <li>Generate innovation from creative and diverse research platforms</li> </ul> <b>Nutraceutical Business</b> <ul style="list-style-type: none"> <li>Creating new concepts keeping an eye on changes in the environments</li> <li>Trying new categories and new areas</li> <li>Maintaining a high profit margin structure</li> </ul>  |   |  | <b>Pharmaceutical Business</b> <ul style="list-style-type: none"> <li>Steadily executing trials of late-stage development projects, nurturing new products, further expanding the product pipeline that will drive growth beyond 2030, expanding business opportunities through collaboration, and increasing profitability by maximizing value of existing products</li> <li>Cultivating human resources who can create innovation</li> </ul> <b>Nutraceutical Business</b> <ul style="list-style-type: none"> <li>Further expanding the scope of business, particularly for Major Brands</li> <li>Accelerating growth of Nurture Brands that support future businesses</li> <li>Creating products based on new concepts and developing new markets</li> </ul> |   |  |

\* Business profit = Revenue - Cost of sales - Selling, general and administrative expenses + Share of profit of associates - Research and development expenses



# Outline of 4th Medium-Term Management Plan

## The 4th Medium-Term Management Plan period (FY2024-FY2028)

Promotion of new business expansion and investment to generate growth for the next generation  
— Five years of creation and growth —

(Social issues that Otsuka is particularly focused on)



Global  
environment

Heat | Common global problems



Women's health

Great health needs in  
various age groups



Aging society with  
declining birthrates

Aging population is rapidly advancing,  
especially in developed regions

## Solving social issues and creating a Well-Being future

The 4th MTMP is positioned as a period of “promotion of new business expansion and investment to generate growth for the next generation—five years of creation and growth.” During that period, we will focus on addressing the social issues of global environment, women's health, and aging society with declining birthrates based on the concept of total healthcare that extends from health prevention and promotion and diagnosis through treatment.

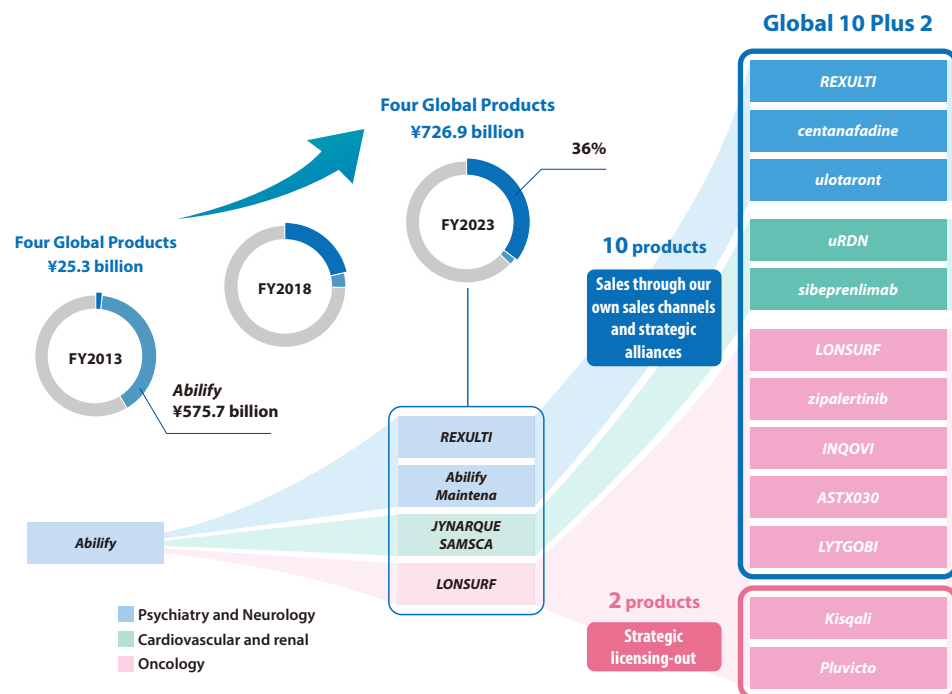
For the Pharmaceutical Business, we forecast revenue of ¥1,680.0 billion in the final year of the plan due to growth for such products as Global 10 Plus 2 products and the minimization of the period of adjustment caused by LOEs.<sup>1</sup> For the Nutraceutical Business, we will propose health solutions for each life stage, centered on the three categories tied to social issues. For this business, we forecast revenue of ¥620.0 billion in the final year of the plan by further maximizing value in each category. Furthermore, we aim to increase corporate value in the long term with an eye toward sustainable growth by striving to implement a “financial strategy to support sustainable growth” and management conscious of cost of capital.

1. Loss of exclusivity

## Pharmaceutical Business: Global 10 Plus 2 products, next-generation growth drivers for sustainable growth

In FY2013, the growth driver was one product, *ABILIFY*, but this has been expanded to four products in the 3rd MTMP: *REXULTI*, *ABILIFY MAINTENA*, *LONSURF*, and *Samsca/JINARC/JYNARQUE*. We are dedicating effort to maximizing the value of our four Global Products.

In the 3rd MTMP, we also touted the idea of “advancing in the global market as a unique total healthcare company,” and nurtured Global 10 Plus 2 products (which consist of ten global products and two strategically licensed-out products in the Pharmaceutical Business; see the table below for reference) as next-generation growth drivers with an eye toward the 4th MTMP. During the period of the 4th MTMP, we will maximize the value of Global 10 Plus 2 products and link them to further growth in the 5th MTMP and beyond.



The 1st Medium-Term  
Management Plan period  
(FY2011-FY 2013)

The 2nd Medium-Term  
Management Plan period  
(FY2014-FY 2018)

The 3rd Medium-Term  
Management Plan period  
(FY 2019-FY 2023)

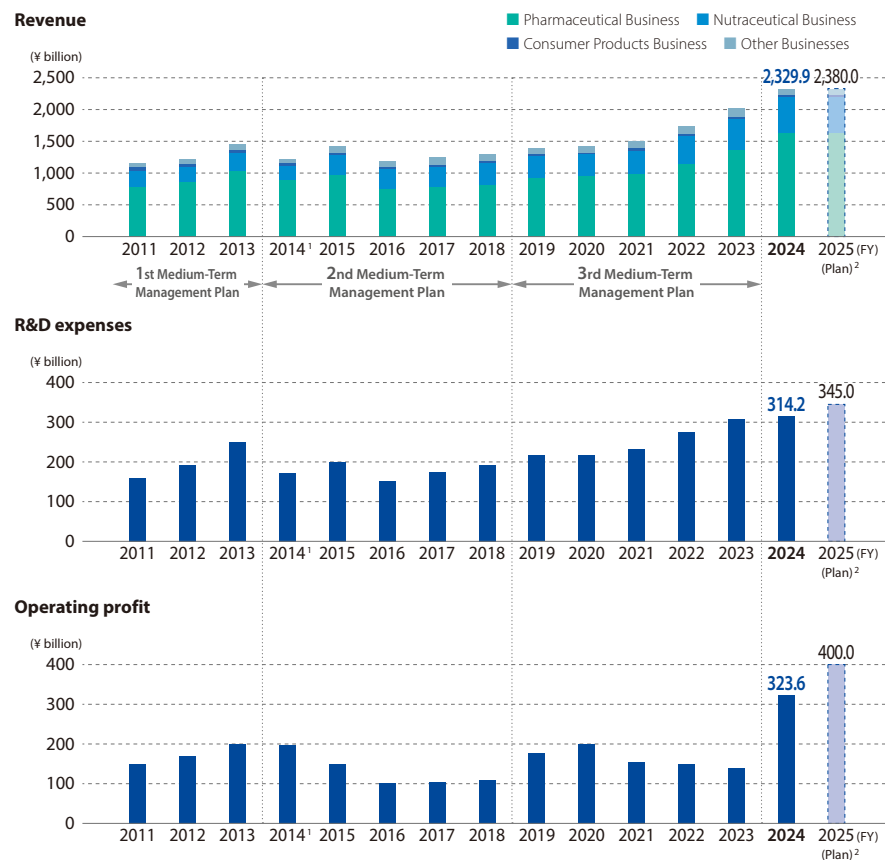
The 4th Medium-Term  
Management Plan period  
(FY 2024-FY 2028)

# 4th Medium-Term Management Plan

## Review of first-year progress

### Results

The Otsuka group, which conducts a diverse range of businesses, has achieved stable growth throughout the group, especially during the period of the 3rd MTMP, thanks to the growth of the Pharmaceutical Business, including our four Global Products, and the continued profit generation of the Nutraceutical Business, by promoting a high-margin strategy. By supporting this unique Otsuka business model with a stable financial foundation, we aim to make further progress by creating new value.



1. For 2014, figures used are for the nine-month period from April 1, 2014 to December 31, 2014 due to a change in the fiscal year end.  
2. Announced July 2025

### Overview of FY2024 consolidated results

In 2024, the first year of the 4th MTMP, we achieved record results in terms of revenue and all profit markers, mainly due to increases in sales of major products and growth drivers in the Pharmaceutical Business and the Nutraceutical Business.

Revenue increased 15.4% year-on-year to ¥2,329.9 billion, thanks to significant contributions from growth drivers such as *ABILIFY MAINTENA*, *REXULTI*, *Samsca/JINARC/JYNARQUE*, and *LONSURF*, as well as the overseas Nutraceutical Business. Business profit increased 37.7% from the previous year to ¥430.5 billion, thanks to the contribution of higher gross profit from high-margin products and other factors. Furthermore, ROE was 13.4%, exceeding the 10.2% planned at the beginning of the period.

### Performance targets | KPI

| Unit   ¥ billion                    | FY2024 Results       | FY2025 Plan          | FY2026 MTMP          | FY2028 MTMP          |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue                             | 2,329.9              | 2,380.0              | 2,200.0              | 2,500.0              |
| Business profit before R&D expenses | 744.7                | 745.0                | 580.0                | 720.0                |
| Ratio/Revenue                       | 32.0%                | 31.3%                | 26.4%                | 28.8%                |
| R&D expenses                        | 314.2                | 345.0                | 310.0                | 330.0                |
| Business profit <sup>3</sup>        | 430.5                | 400.0                | 270.0                | 390.0                |
| Ratio/Revenue                       | 18.5%                | 16.8%                | 12.3%                | 15.6%                |
| Operating CF before R&D investments | 653.1                | 745.0                | 540.0                | 650.0                |
| EPS                                 | ¥633.8               | ¥622.5               | ¥380                 | ¥550                 |
| ROIC                                | 11.9%                | ≥12%                 | ≥7.5%                | ≥9.5%                |
| ROE                                 | 13.4%                | ≥12%                 | ≥8%                  | ≥10%                 |
| Exchange rate assumptions           | ¥152/\$<br>¥164/euro | ¥145/\$<br>¥160/euro | ¥130/\$<br>¥140/euro | ¥130/\$<br>¥140/euro |

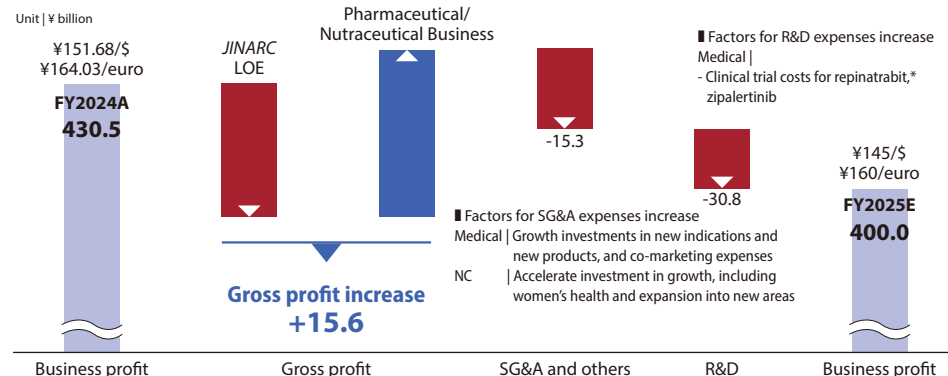
3. Business profit = Revenue – COGS – SGA + share of profit of associates – R&D expenses

# Outlook for FY2025

## Revenue and business profit plans

Revenue is projected to increase 2.2% year on year to ¥2,380 billion, driven by growth in the Pharmaceutical Business and Nutraceutical Business. Although sales are expected to decrease due to the impact of LOE of *JYNARQUE* in the U.S., we plan to absorb the impact of this LOE and increase gross profit by ¥15.6 billion by growing our core businesses, mainly existing growth drivers. Meanwhile, where future growth is concerned, SG&A expenses are expected to increase as the company invests in new indications and new products in the Pharmaceutical Business, and in growth in women's health and new areas in the Nutraceutical Business. In addition, R&D expenses are planned to be invested aggressively in growth drivers that will power business performance in the 5th MTMP and beyond. As a result, business profit in 2025 is projected to be ¥400 billion, exceeding the plan at the time that the 4th MTMP was formulated.

### Analysis of Factors for Increase/Decrease Versus Full-year Plan (symbols indicate increase/decrease with regard to business profit)

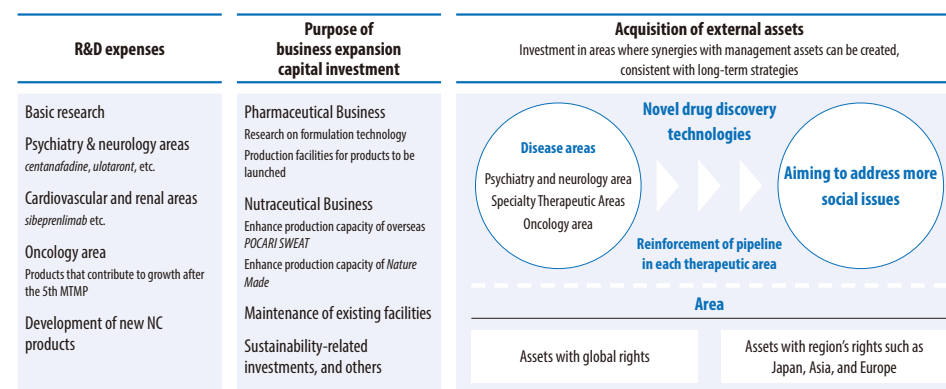


\* The generic name for JNT-517 is repinatribit.

## Growth investments that support sustainable growth

As for R&D expenses, for the Pharmaceutical Business, we expect to invest in not only basic research, which forms core technologies, but also in the psychiatry and neurology area, cardiovascular and renal areas, and oncology area in order to move forward with late-stage clinical development. In particular, we plan to invest aggressively in growth drivers that will power our business performance in the 5th MTMP and beyond, including the start of new clinical trials for repinatribit (JNT-517) and zipalertinib in 2025. For the Nutraceutical Business, we will continue to invest in the development of new products. Capital investments are expected to primarily involve investments to reinforce pharmaceutical raw material production capacity and overseas *POCARI SWEAT* production capacity in order to expand the business,

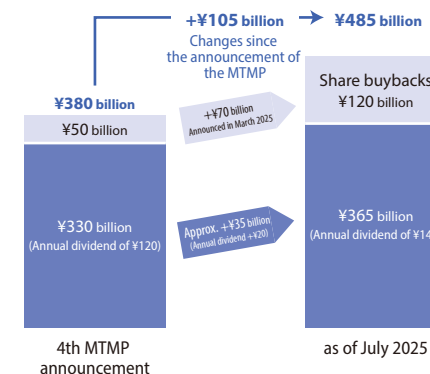
and to maintain and update existing facilities with the environment in mind. The basic policy on external asset acquisition, which remains unchanged and is aligned with the long-term strategy, is to make investments in areas that will generate synergies with existing business assets. In particular, we believe that what is important for our growth strategy in the 5th MTMP and beyond is acquiring drug discovery technologies that will continuously generate a pipeline, and, in disease areas, in addition to psychiatry/neurology and oncology, acquiring a pipeline with global rights, especially in Specialty Therapeutic Areas where we are taking on new challenges.



## Policy for shareholder returns and share buybacks/cancellation of shares

In line with our basic policy of providing stable shareholder returns, we have carried out approximately ¥50 billion of common share buybacks in 2024 and completed the cancellation of all acquired shares, in addition to continuing to pay an annual dividend of 140 yen during the period of the 4th MTMP. We plan to flexibly consider additional approaches for shareholder returns from various perspectives, including the outlook for sustainable growth beyond the 5th MTMP, the upward cash generation from business during the 4th MTMP period, and the status of the total return ratio, which is one of our shareholder return indicators.

### Forecast for shareholder returns during the period of the 4th MTMP



# Message from the CFO



**To support Otsuka's innovation and contribute to society, our commitment is continuous cash generation through organic growth and reinvestment for future growth, thereby increasing corporate value.**

T. Makino

Senior Executive Director, CFO and Board Member  
Otsuka Holdings Co., Ltd.

## 1. Financial Policy

### (1) Financial Policy in the 4th MTMP<sup>1</sup> 1. 4th Medium-Term Management Plan

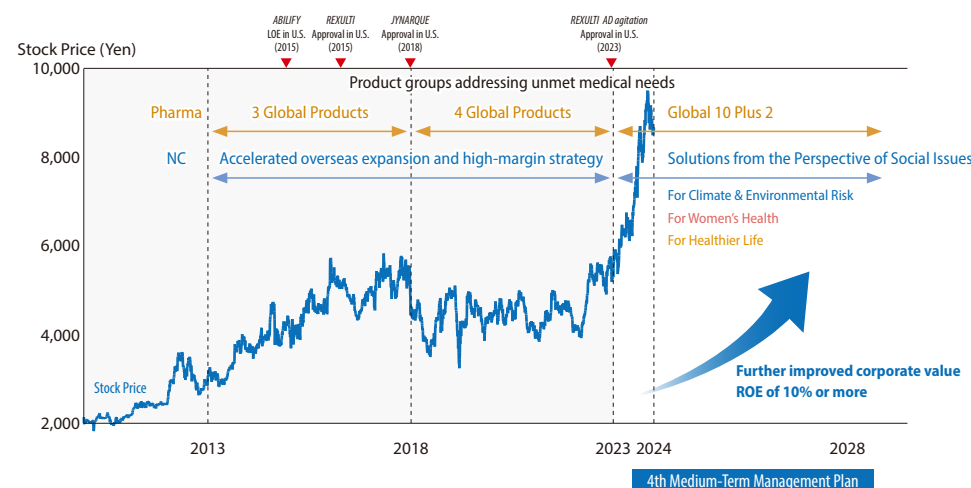
#### ① Financial Targets

The Otsuka group has been investing the operating cash flow before R&D investments generated by its business activities in its pipeline, basic drug discovery technologies, initiatives to enhance the brand value of nutraceutical products and human resource development, which are all sources of growth, thereby generating new cash to fund future growth. Repeating this cycle of investment and growth has enabled us to achieve growth and enhance our corporate value.

Looking at our stock price performance since listing on the Tokyo Stock Exchange, we have seen a steady increase in corporate value, which would imply our management decision to expand business area and to quickly recover from the impact of LOE in the Pharmaceutical Business has been accepted in the stock market. (See Figures 1, 2)

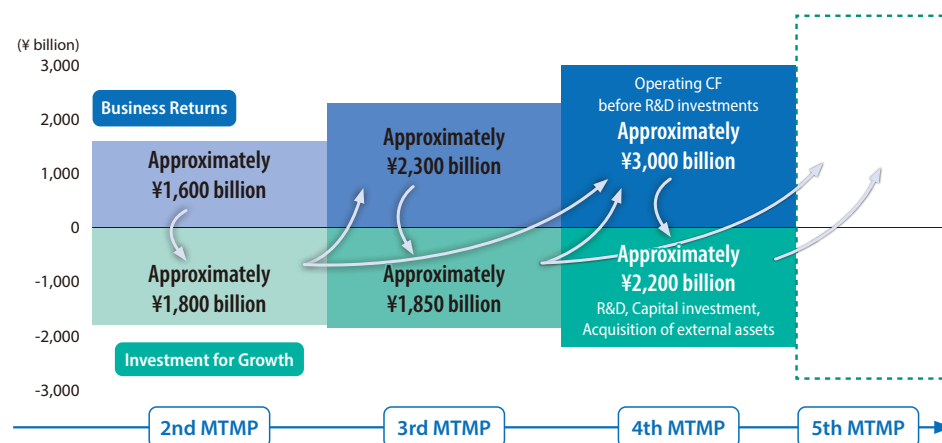
When we went public in December 2010, concerns were raised in the market about the U.S. patent expiration of *ABILIFY* in 2015. To respond to such concerns, since the expiration of the *ABILIFY* patent, we have diversified our revenue structure by developing 3 Global Products (*ABILIFY MAINTENA*, *REXULTI*, and *Samsca/JINARC*), next-generation products such as *LONSURF*, as well as implementing the high-margin strategy on the NC business.

■ Figure 1 Stock Price Performance since Listing on the Tokyo Stock Exchange



## Message from the CFO

■ Figure 2 Corporate Value Enhancement Cycle



Furthermore, the 3rd MTMP period has been positioned as a preparation period to deal with the patent expirations of *ABILIFY MAINTENA* and *JYNARQUE* and this challenge by nurturing the next growth drivers. Through these measures, as well as by expanding business and improving earnings through investment for growth, we were able to steadily enhance our ability to generate stable cash that exceeds our cost of capital.

In the 4th MTMP period, we will actively make investment for future growth to mitigate the impact from loss of exclusivity on the Pharmaceutical Business and we will further develop our diversified business from a capital efficiency perspective. For FY2028 targets, we aim to achieve revenue of ¥2,500 billion, business profit before R&D expenses of ¥720 billion, business profit of ¥390 billion, EPS of 550 yen, operating cash flow before R&D investments of ¥650 billion, and capital efficiency with ROE of 10% or more, and ROIC of 9.5% or more. (See Figure 3)

■ Figure 3 The 4th MTMP FY2028 target

| Revenue        | Business Profit | ROE         |
|----------------|-----------------|-------------|
| ¥2,500 billion | ¥390 billion    | 10% or more |

### ② Cash Allocation

In the 4th MTMP we plan to secure funds of approximately ¥3,200 billion, which exceeds the amount in the 3rd MTMP period, by adding approximately ¥200 billion in cash and cash equivalents, an increase from the 3rd MTMP period, to the approximately ¥3 trillion in operating cash flow before R&D investments to be generated over the five-year period.

About ¥1.5 trillion for R&D is planned to be invested mainly in the fields of psychiatry and neurology, oncology, and cardiovascular and renal disease to advance basic research and late-stage clinical development that will become fundamental technologies for drug discovery in the Pharmaceutical Business.

In addition, in the Nutraceutical Business we plan to continuously invest in the development of new products. Of the approximately ¥500 billion in capital expenditures, about half will be used for investment for growth, such as increasing production capacity to meet the demand of *POCARI SWEAT* in high-growth overseas markets, while the remaining half will be invested in the maintenance and renewal of existing facilities in an environmentally friendly manner. (See Figure 5)

In acquisition of external assets, we will acquire pipelines that will contribute to growth in the 5th and 6th MTMPs, as well as acquire and collaborate on drug discovery technologies to continuously generate pipelines, and expand our portfolio of pharmaceutical products in therapeutic areas that can contribute to social issues more broadly, based on our current strengths. From a regional perspective, we will not only expand our global pipeline including the U.S., but also acquire external assets in specific regions such as Japan, Asia, and Europe, taking into consideration the acquisition of pipelines that will allow us to utilize our own sales network.

### (2) Progress of the 4th MTMP

#### ① Financial targets

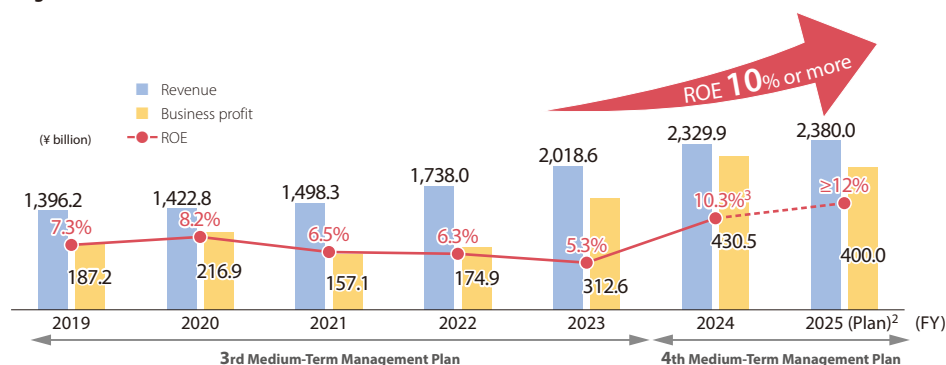
In FY2024, both the Pharmaceutical and Nutraceutical Businesses performed strongly. Revenue increased by 15.4% year-on-year to ¥2,329.9 billion, driven primarily by contributions from the Core 2 products ("*REXULTI*" and "*LONSURF*"), "*JINARC*," "*ABILIFY MAINTENA*," and the overseas Nutraceutical Business, which are key growth drivers under the 4th MTMP period. Business profit rose by 37.7% year-on-year to ¥430.5 billion. In the first year of the 4th MTMP, we achieved our highest record in revenue and all profit metrics.

As capital efficiency indicators adopted under the 4th MTMP, we achieved 13.4% of ROE and 11.9% of ROIC respectively in FY2024. Even excluding the one-time tax adjustment that occurred during the year, ROE was 10.3% and ROIC was 9.2%, significantly exceeding the capital cost benchmark of 6% assumed in the plan.

In FY2025, we expect continued growth in both the Pharmaceutical and Nutraceutical Businesses, with revenue projected to increase by 2.2% to ¥2.38 trillion. Although we encounter significant impact

## Message from the CFO

Figure 4 Performance overview since the 3rd MTMP



2. Announced July 2025

3. Figures exclude the impact of tax adjustments recorded in 2024

from the sharp drop of sales of *JYNARQUE* with loss of exclusivity (LOE) for our key product, contributions from both business segments are expected to cover this negative impact, and excluding foreign exchange effects, business profit is expected to increase by approximately ¥36 billion year-on-year, and overall, the business is projected to progress steadily.

Meanwhile, we plan to actively invest in growth drivers that will contribute to our sales in the 5th MTMP and beyond, including new clinical trials for repinetrabit (phenylketonuria) and zipalentinib (non-small cell lung cancer). These efforts will focus on the “Next 8” pipeline: ulotaront, centanafadine, uRDN, sibeprenlimab, *LYTGOBI*, zipalentinib, *INQOVI*, and ASTX030.

Business profit before R&D expenses is expected to reach ¥745 billion, significantly exceeding the original FY2025 target in the 4th MTMP, indicating steady overall business growth.

ROE and ROIC, capital efficiency indicators are expected to exceed 12%.

While current performance is exceeding the 4th MTMP targets (See Figure 4), we remain vigilant of uncertainties such as U.S. tariff policies and pharmaceutical regulations, and will continue to monitor the business environment closely and respond flexibly with speed to minimize any impact.

### ② Progress in cash generation and growth investment

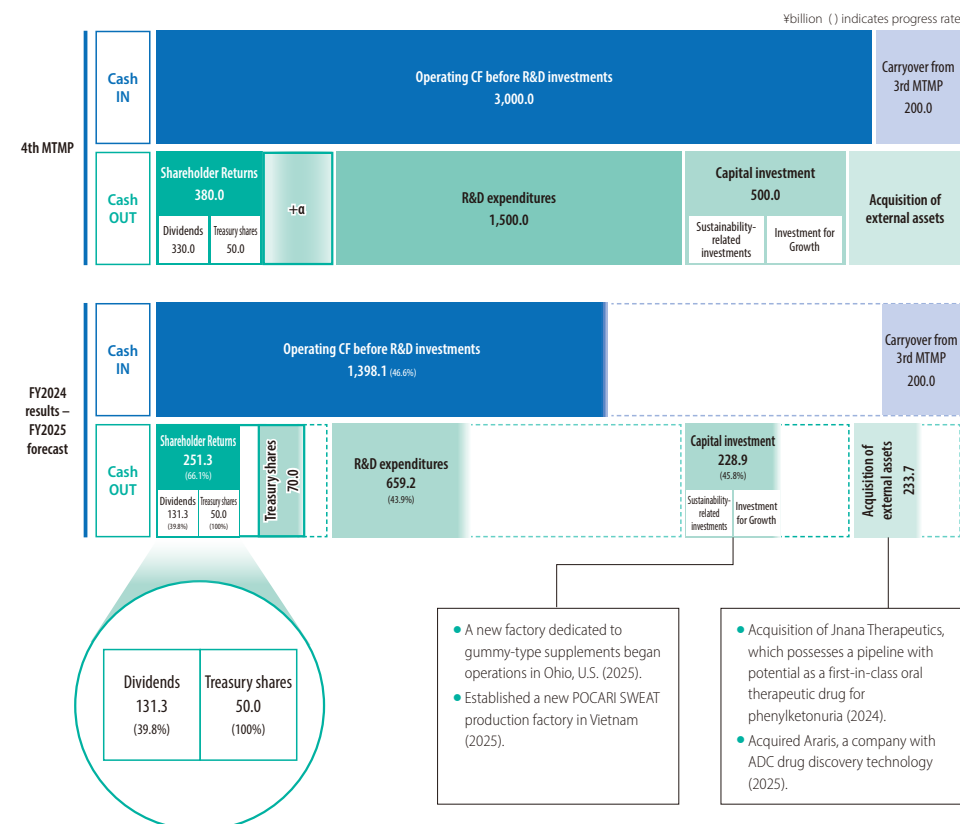
In FY2024, cash generation was driven primarily by the *Core 2* products in the Pharmaceutical Business. While the LOE of *JYNARQUE* will have a negative impact in FY2025, *REXULTI*, *ASIMTUFII*, and *Plus 2* products—*Kisqali* and *Pluvicto*—are expected to continue to grow and support future cash generation, which exceeds the initial plan under the 4th MTMP.

Cumulative operating cash flow before R&D investments through FY2025 is projected to reach approximately ¥1,400 billion, representing a 46.6% progress toward the five-year target. (See Figure 5)

With regards to investments for growth beyond the 5th MTMP, clinical development trials have progressed on track, and R&D expenditures have reached ¥659.2 billion, representing 43.9% progress. Cumulative capital expenditures have reached ¥228.9 billion, achieving 45.8% progress. (See Figure 5)

To meet the growing demand for supplements in the U.S., we have built a new factory in Ohio in March 2025, where a gummy-type supplement is manufactured. Additionally, to meet the growing demand for *POCARI SWEAT* in the rapidly growing Asian market, we established a new factory in Vietnam, which commenced operations in April 2025.

Figure 5 4th MTMP progress in cash generation and growth investment





## Message from the CFO

Regarding the acquisition of external assets, in 2024, Otsuka Pharmaceutical acquired Jnana Therapeutics, which possesses an innovative drug discovery approach and a pipeline with potential as a first-in-class oral therapeutic drug for phenylketonuria. In 2025, Taiho Pharmaceutical, a specialty pharma company focused on oncology with a cysteinomics-based drug discovery platform, acquired Araris, a company with ADC drug discovery technology.

Regarding the basic policy for acquiring external assets, as I have explained so far, we are considering investment opportunities in the areas that are in line with our long-term strategy and can create synergies with our existing management assets.

## 2. Initiatives to Enhance Corporate Value

### (1) Framework of Financial Strategies to Support New Value Creation

#### ① Source of funds for investment for growth

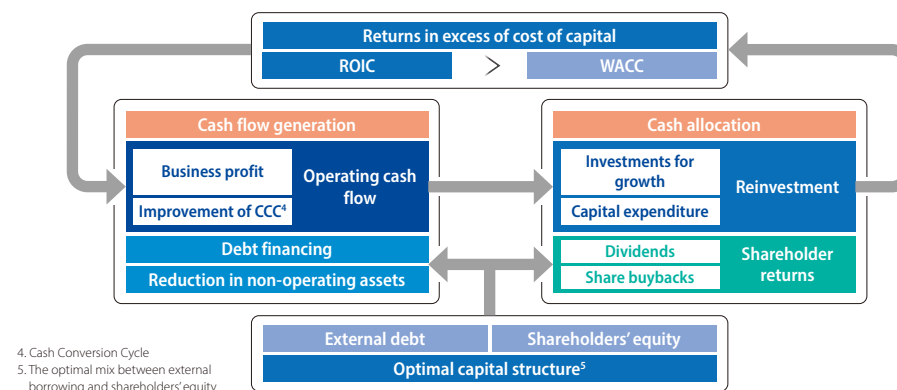
In principle, investment for growth is funded through the reinvestment of cash returns generated from businesses, and funds within the Otsuka group are effectively used across business segments, using funds from the cash management system in Japan, North America, and China. Where external procurement of cash is required, we are always prepared to implement the full range of options, including commercial paper, corporate bonds, bank loans, and share issues. To ensure our ability to act in a timely manner on business opportunities when they arise, we are prepared for the risk that financial uncertainty in the market may cause some procurement methods to become unavailable. We are also considering the issuance of green bonds during the period of the 4th MTMP as not only a part of our efforts to promote sustainability management but also new procurement options in addition to the current available ones. (See Figure 6)

#### ② Allocation of funds for investment for growth

At the Otsuka group, we place high importance on contributing to society through innovation, and we continue to pursue investment projects that enhance corporate value and address social challenges. Our basic policy for acquiring external assets remains unchanged: we invest in areas aligned with our long-term strategy and capable of generating synergies with existing management assets.

Specific examples of investment reallocation include the Pharmaceutical Business, where we invest in drug discovery technologies and collaborations that continuously generate pipelines, as well as sustained R&D investments to strengthen products and pipelines in key areas such as psychiatry and neurology, oncology, and cardiovascular and renal diseases. We also invest in new treatment options such as the ultrasound renal denervation (uRDN) system in the cardiovascular and renal fields.

Figure 6 Framework of financial strategies



In the Nutraceutical Business, we invest in expanding sales channels into new regions, building brand value by promoting new product benefits, and strengthening production and sales infrastructure. (See Figure 6)

### (2) Business Management with a Corporatewide Awareness of Capital Cost

ROIC management, which supports Otsuka's innovation, is considered a key initiative not only for improving short-term capital efficiency but also for enhancing corporate value over the medium to long term. From a financial perspective, we believe that establishing a stable financial foundation is essential to continue delivering on "what only Otsuka can do," which ultimately contributes to society through innovation.

During the 4th MTMP period, we have set our cost of capital at 6% and are fully implementing ROIC management. The core measures to improve ROIC include maximizing cash returns from operations (operating cash flow before R&D investments) and optimizing invested capital.

#### ① Maximizing cash return

To maximize cash return, we set KPI targets tailored to the characteristics of each business: therapeutic drugs, clinical nutrition, and medical devices in the Pharmaceutical Business, and business development in growth markets in the Nutraceutical Business. We implement KPI management to drive business performance.

In addition, we continue to enhance cost control measures initiated before the 3rd MTMP and advance shared service initiatives across regions. (See Figure 7)

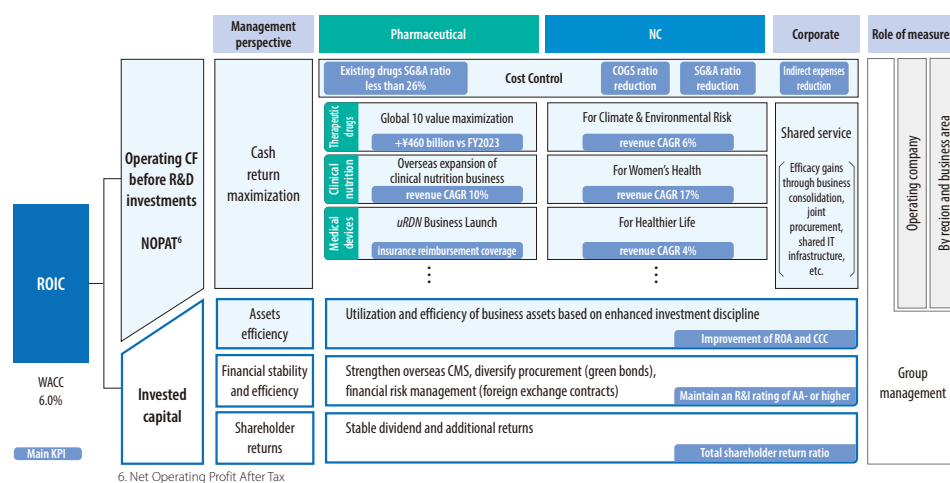
## Message from the CFO

### ② Optimization of invested capital

Optimization of invested capital is carried out through three pillars: asset efficiency, financial stability and efficiency, and shareholder returns. (See Figure 7)

Figure 7 Otsuka Group ROIC Management

Aim to achieve a ROIC of over 9.5% by FY2028 by balancing growth investment and the creation of economic value exceeding WACC



### Asset efficiency enhancement

We aim to improve ROA by enhancing the control of business assets across the Group, based on disciplined investment practices and optimal utilization of assets. In addition, we strive to optimize working capital by improving the management of accounts receivable and inventory, thereby shortening the Cash Conversion Cycle. For non-business assets, we promote the regular review and reallocation of strategic shareholdings to enhance the quality of invested capital.

### Financial stability and efficiency

To ensure financial stability, we aim to maintain an R&I credit rating of AA- or higher by diversifying funding sources—including the issuance of green bonds when external financing is required—and by implementing financial risk management measures such as foreign exchange hedging. For financial efficiency, we seek to reduce interest-bearing debt by controlling standby funds through the use of a Cash Management System (CMS), thereby enhancing capital efficiency.

### Shareholder returns

Our shareholder return policy is to steadily implement annual dividend payments and share buybacks during the period of the 4th MTMP with our cash allocation strategy. Even under an uncertain business environment—such as U.S. tariff and drug pricing policies—we place high priority on maintaining stable annual dividends as a key medium- to long-term shareholder return initiative.

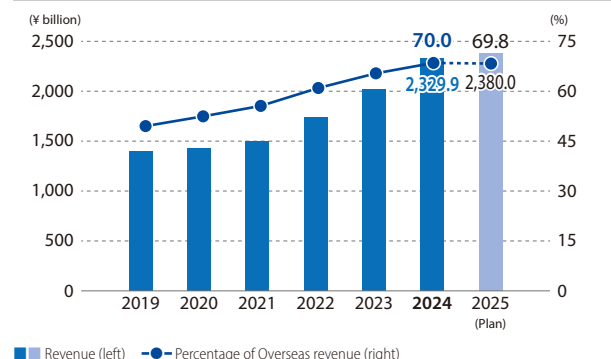
At the same time, we remain committed to growth investments, including R&D, capital expenditures, and strategic acquisitions. While these investments are primarily funded by cash generated from operations, we also maintain the flexibility to secure additional funding as needed, based on strategic priorities, to ensure we do not miss growth opportunities.

In FY2024, we've generated cash exceeding the targets in the 4th MTMP as a result of strong business performance. In FY2025, the operating cash flow before R&D investment is expected to exceed the budget announced in February 2025. We have implemented buybacks of our share for approximately ¥50 billion as a consequence of cash generated from organic business growth during the 3rd MTMP. With continued robust and steady performance from FY2024, we have made an additional ¥70 billion of share buybacks approximately in March 2025.

Going forward, we will continue to flexibly consider shareholder returns from multiple perspectives, including upside in cash generation, progress in growth investments, and key return indicators such as total shareholder return ratio and return on equity.

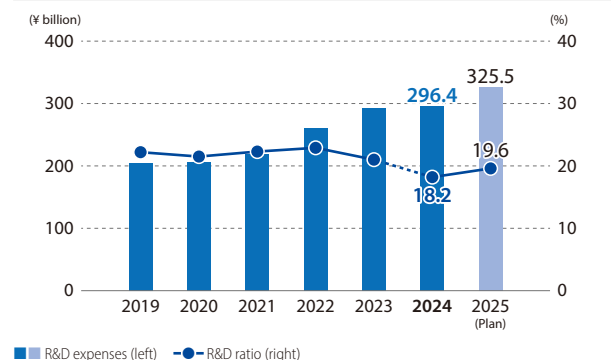
# Financial and Non-Financial Highlights

## Revenue and Percentage of Overseas Revenue



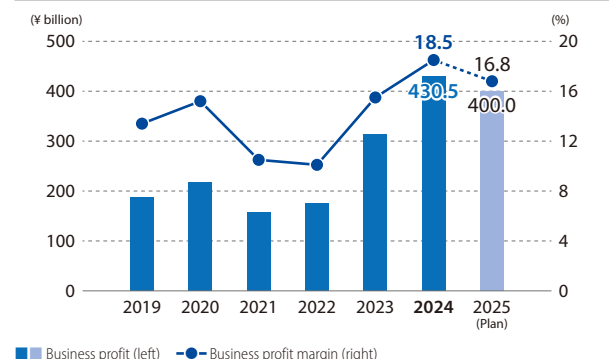
Our Pharmaceutical Business grew, led by Core 2 (REXULTI and LONSURF), which are driving the 4th MTMP, as well as JINARC/JYNARQUE, ABILIFY MAINTENA, and domestic products. The Nutraceutical Business also increased sales thanks to growth overseas.

## Pharmaceutical Business R&D Expenses, R&D Ratio (Percentage of Revenue)



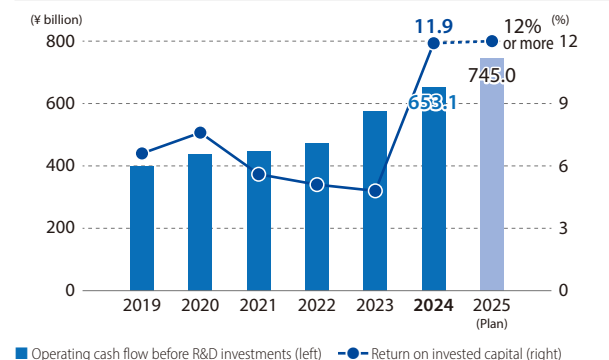
In addition to the growth drivers that will lead our performance from the 5th MTMP and beyond, we will continue to actively invest in R&D in order to achieve sustainable growth by expanding our drug discovery platform and development pipeline through strategic alliances and acquisitions.

## Business Profit, Business Profit Margin (Percentage of Revenue)



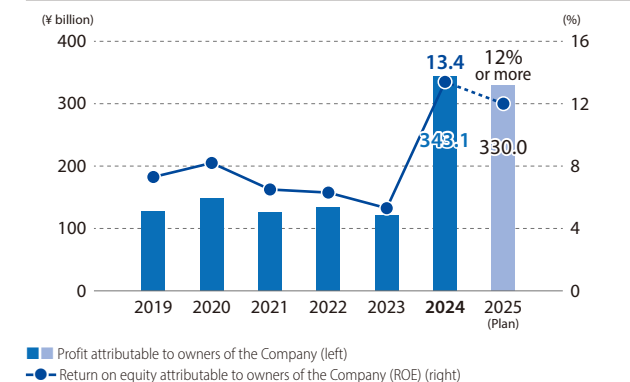
Business profit increased due to strong performances in our Pharmaceutical and Nutraceutical Businesses. In the first fiscal year of the 4th MTMP, all profit items, including revenue, reached record highs.

## Operating Cash Flow before R&D Investments, Return on Invested Capital (ROIC)



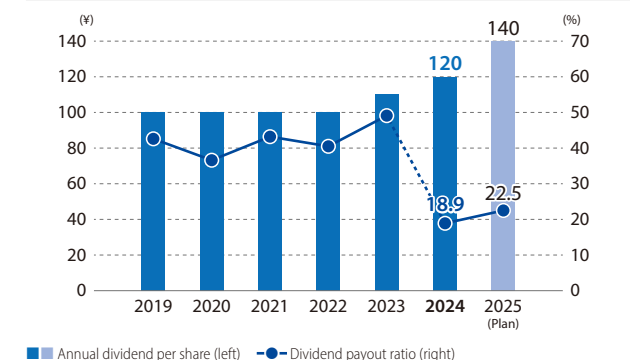
Based on the favorable business outlook for FY2025, cash generation under the 4th MTMP is also progressing smoothly, with the cumulative amount through FY2025 expected to reach ¥1,398.1 billion, representing a progress rate of 46.6%. ROIC stood at 11.9%, but even excluding the impact of tax adjustments incurred during the period, it reached 9.2%, far exceeding the 6% capital cost target set in the 4th MTMP.

## Profit Attributable to Owners of the Company, Return on Equity Attributable to Owners of the Company (ROE)



Net profit for the current period exceeded the beginning of the year forecast significantly, thanks to strong performance and the impact of a one-time tax adjustment at a US subsidiary. ROE was 13.4%, but even excluding the impact of the tax adjustment incurred during the period, it was 10.3%, meeting the initial target value.

## Annual Dividend per Share, Dividend Payout Ratio



Our basic policy for shareholder returns is to make stable and continuous dividend payouts. In addition, additional shareholder returns will be flexibly considered from a multifaceted perspective in accordance with business conditions, such as when sustainable growth can be expected after the 5th MTMP.

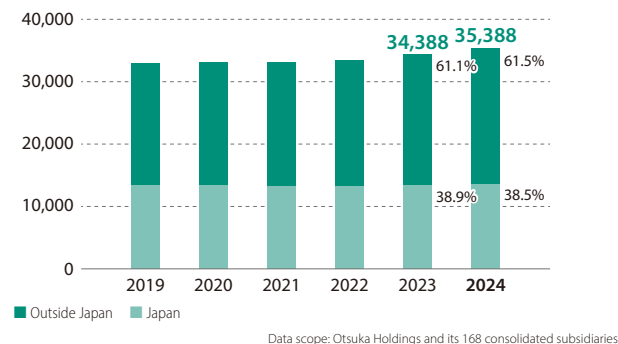
## Financial and Non-Financial Highlights

See here for sustainability data.

[https://www.otsuka.com/en/csr/data/pdf/sustaina\\_data\\_en.pdf](https://www.otsuka.com/en/csr/data/pdf/sustaina_data_en.pdf)

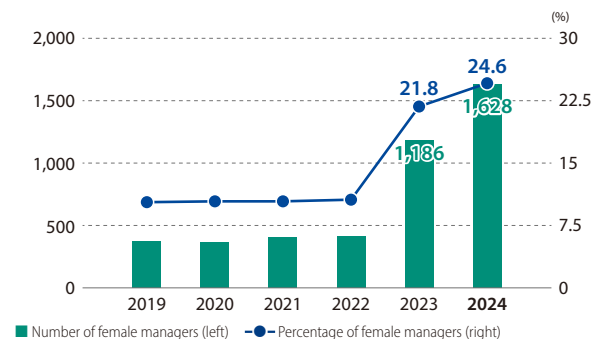


### Number of Employees



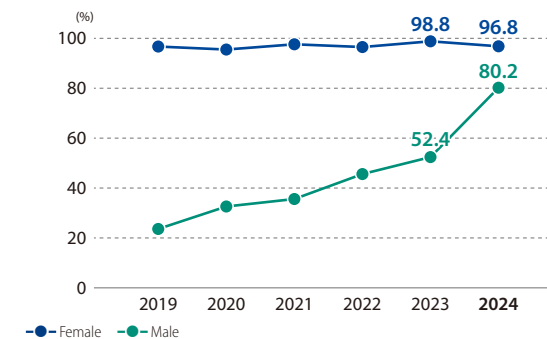
With the promotion of global expansion, 60% of all employees are working overseas.

### Number of Female Managers, Percentage of Female Managers<sup>1</sup>



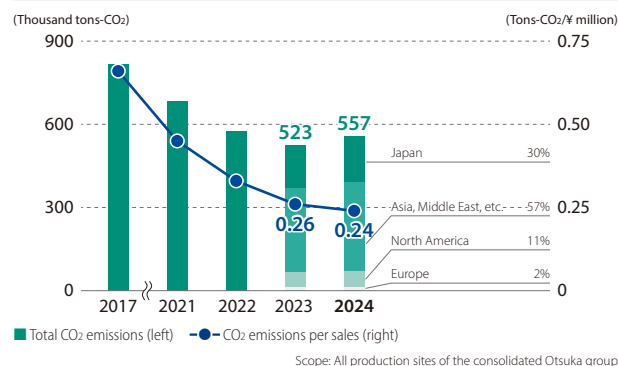
The number and percentage of female managers increased as a result of revising the scope of managers at overseas operating companies in FY2023.

### Number of Employees Taking Parental Leave<sup>2</sup>



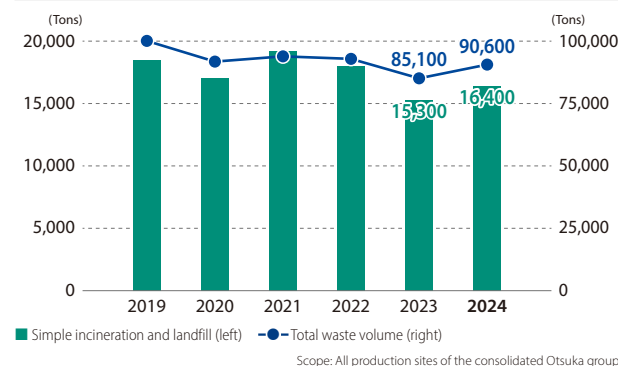
We are striving to increase the percentage of childcare leave by holding cross-group seminars to promote a change in employee awareness and implementing new systems to encourage male employees to take parental leave.

### CO<sub>2</sub> Emissions, CO<sub>2</sub> Emissions per Sales



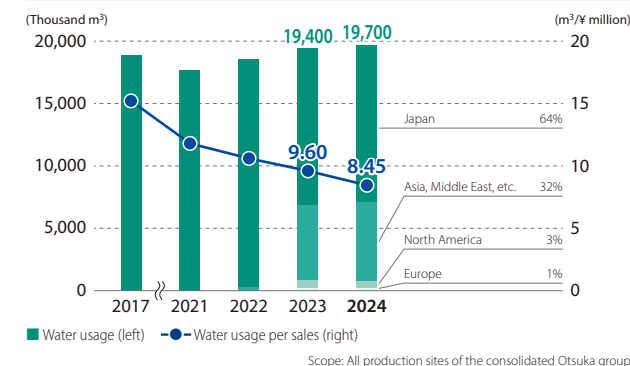
CO<sub>2</sub> emissions increased by 6.5% from the previous fiscal year due to factors such as an increase in production volume at overseas subsidiaries.

### Simple Incineration and Landfill Volume, Total Waste Volume



Total waste volume increased by 6.5% from the previous fiscal year, while simple incineration and landfill volume decreased by 11.4% compared to 2019.

### Water Usage, Water Usage per Sales



Water usage increased by 1.5% from the previous fiscal year, while water usage per sales decreased by 12.0% from the previous fiscal year.

1. Scope of the data: (FY2017–2018) 6 companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, and Otsuka Foods (FY2019) 9 companies: (FY2017–2018) + Otsuka Pharmaceutical Development & Commercialization, Otsuka America Pharmaceutical, and Pharmavite (FY2020) 11 companies: (FY2019) + Otsuka Holdings and Otsuka Medical Devices / (FY2021) 19 companies: (FY2021) + Otsuka Electronics, Otsuka Techno, Okayama Taiho Pharmaceutical, Otsuka Packaging Industries, Otsuka Ohmi Ceramics, Higashiyama Film, Otsuka Wellness Vending, and JIMRO (FY2022) 20 companies: (FY2021) + Otsuka Pharmaceutical Europe

(FY2023) 23 companies: (FY2022) + J. O. Pharma, EN Otsuka Pharmaceutical, and Otsuka Business Support / (FY2024) 30 companies: (FY2023) + Taiho Oncology, Nutrition & Sante SAS, Zhejiang Otsuka Pharmaceutical, Tianjin Otsuka Beverage, Otsuka Sims (Guangdong) Beverage, PT Amerta Indah Otsuka, and PT Otsuka Indonesia. Coverage for all employees: 73.6%  
2. Scope of the data: (FY2020–2023) Only domestic data within the scope of 1 is included. For FY2024, the scope is the same as 1.

# Business Strategy

## At a Glance

The Otsuka group operates its business in four segments: the Pharmaceutical Business, the Nutraceutical Business, the Consumer Products Business, and Other Businesses.

### Pharmaceutical Business

- Therapeutic drugs
- Diagnostics
- Clinical nutrition
- Medical devices
- Active pharmaceutical ingredients and intermediates



### Nutraceutical Business

- Functional beverages and foods
- OTC products and quasi-drugs
- Cosmetics



### Consumer Products Business

- Beverages
- Foods
- Wine



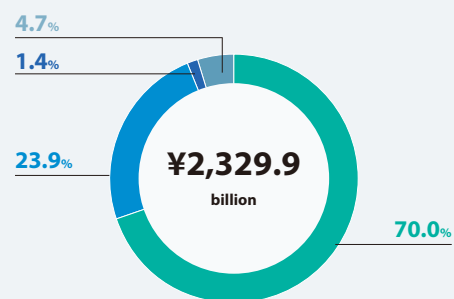
### Other Businesses

- Chemicals
- Warehouse and distribution
- Packaging
- Electronic equipment

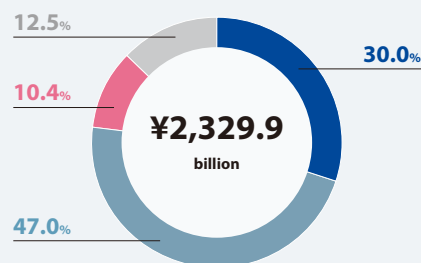


### Revenue\*

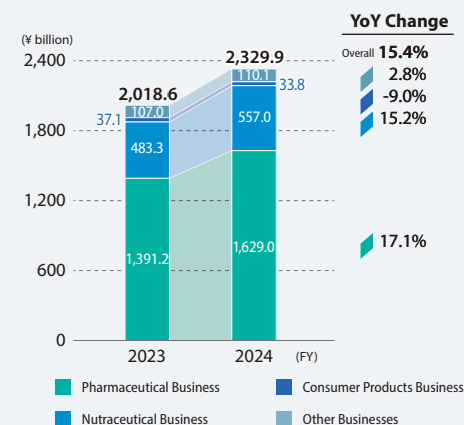
#### By Business Segment (FY2024)



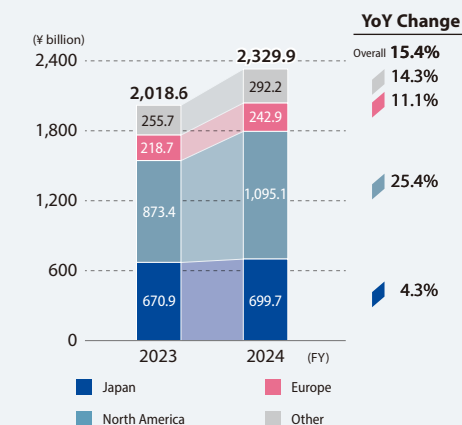
#### By Region (FY2024)



#### By Business Segment



#### By Region



\* Revenue from sales to external customers

## Business Strategy



**Materiality**  
Contribute to the Health and Well-Being of  
People Around the World

**Related SDGs**



<https://www.otsuka.com/en/rd/business/pharmaceuticals/>



### Pharmaceutical Business

#### Outline of the 4th Medium-Term Management Plan strategy

**Achieve sustainable growth by taking on challenges in new areas**

- Build business foundations in innovative new areas
- Create new value leading to "Well-being"
- Develop innovation ecosystem

#### FY2028 Performance Targets

Revenue plan: ¥1,680 billion  
Business profit plan: ¥320.0 billion

#### FY2024 Results

Revenue: ¥1,629.0 billion  
Business profit: ¥390.6 billion

## Overview of Pharmaceutical Businesses

Otsuka Group conducts its business based on its corporate philosophy, pursuing Well-being, which is a state of physical, mental, and social health. We view health not only as "Better Health" but also as "Beyond Health," and as a total healthcare company, we strive to advance Well-being across individuals and society as a whole through our unique products and services.

Otsuka Group aims to become an indispensable presence for people around the world by improving the Well-being of each and every individual.

In the Pharmaceutical Business, amid ongoing changes in the social environment, we view the entire society surrounding individuals as a single unit. By incorporating new technologies and responding to evolving needs, we create innovative pharmaceuticals and solutions, and provide comprehensive healthcare services.

## Progress of the 4th Medium-Term Management Plan

Under the 4th MTMP, we are advancing various activities with the strategic focus of "Achieve sustainable growth by taking on challenges in new areas." As a unique total healthcare company, we are enhancing our global presence while steadily growing our Pharmaceutical Business. Revenue reached ¥1.629 trillion, an increase of 17.1% year-on-year, while business profit rose by 38.5% to ¥390.6 billion. The main factors contributing to this growth were the expansion of sales of *ABILIFY MAINTENA*, *REXULTI*, *Samsca/JINARC/JYNARQUE*, and *LONSURF*, which we have positioned as growth drivers, as well as efforts to expand into new regions overseas, add new indications, and raise awareness of the convenience of our formulations. As a result, revenue for these major products increased by 22.6% year-on-year to ¥891.2 billion.

In 2024, we continued to engage in aggressive research and development, resulting in the approval of six products (including additional indications), including the expanded indication for *REXULTI*. In addition, as a new approach in the psychiatry and neurology field, we launched digital tools such as *Rejoyn*<sup>TM</sup> and *FACEDUO* for treatment and support, contributing to improving the lives of patients, their families, and caregivers.

#### Revenue

¥1,391.2  
billion  
FY2023



¥1,629.0  
billion  
FY2024

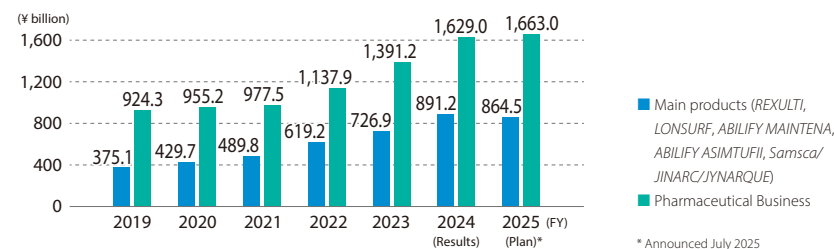
#### Business Profit

¥282.1  
billion  
FY2023



¥390.6  
billion  
FY2024

#### Pharmaceutical Business: Progress in Revenue



#### 2024 results

| Item                                     | Main results  |
|--|---|
| Development product results              | <ul style="list-style-type: none"> <li>■ Approvals obtained <ul style="list-style-type: none"> <li>• <i>REXULTI</i> (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)</li> <li>• <i>ABILIFY MAINTENA</i> (once-every-two-months long-acting injectable formulation, Europe)</li> <li>• <i>Lupkynis</i> (lupus nephritis)</li> <li>• <i>HemeSight</i> (comprehensive genomic profiling assay for hematological malignancies)</li> <li>• <i>KIDPAREN</i>, <i>ENOSOLID</i> (clinical nutrition)</li> </ul> </li> <li>■ Regulatory submissions <ul style="list-style-type: none"> <li>• brexpiprazole (PTSD)</li> <li>• bempedoic acid (hypercholesterolemia, familial hypercholesterolemia)</li> </ul> </li> <li>■ Breakthrough Therapy Designation Received <ul style="list-style-type: none"> <li>• sibeprenlimab (immunoglobulin A nephropathy)</li> </ul> </li> </ul> |
| Value Delivery through Digital Tools     | <ul style="list-style-type: none"> <li>• Launch of <i>Rejoyn</i><sup>TM</sup>, a prescription digital therapeutic app</li> <li>• Launch of <i>FACEDUO</i>, dementia care support VR</li> </ul>  |
| Strengthened pipeline                    | <ul style="list-style-type: none"> <li>• In-license and launch of gumarontinib</li> <li>• License agreement with Sumitomo Pharma</li> <li>• Expansion of license agreement for donidolorsen</li> <li>• In-license of AB680</li> <li>• Introduction of ulefnersen</li> </ul>   |
| Strengthening of drug discovery platform | <ul style="list-style-type: none"> <li>• Acquisition of Jnana</li> </ul>  |



## Business Strategy ■ Pharmaceutical Business

Furthermore, we are strengthening our drug discovery platform and pipeline through investments in areas that create synergies with existing business assets, as well as through in-house drug discovery, acquisitions, and strategic alliances. Specifically, the acquisition of Jnana will add drug discovery technologies and a small molecule pipeline in autoimmune research, while strengthening research and development in Boston, the U.S., one of the world's most important bioclusters, thereby creating synergies for Otsuka group's global expansion.

### Business Strategy for FY2025

#### ■ Nurturing Global 10 Plus 2 to support Otsuka's future growth

Revenue for FY2025 is expected to remain at the same level as in the previous fiscal year, supported by steady sales of *REXULTI*, *LONSURF*, *ABILIFY MAINTENANCE/ABILIFY ASIMTUFII* and stable royalty income from out-licensed products, even as *JINARC* is projected to decline in the U.S. due to the impact of generics.

Under the 4th MTMP, we plan to launch multiple new products in addition to the Global 10 Plus 2, minimize the impact of LOE on core products as much as possible, and strive to solidify sustainable growth beyond the 4th MTMP. Specifically, we aim to keep the adjustment period caused by LOE to a minimum and achieve overall revenue of ¥1.68 trillion (with an average annual growth rate of 3.8%) by FY2028 through growth driven by Global 10 Plus 2 and other initiatives.

#### Development Progress of the Next 8 to Drive Future Growth

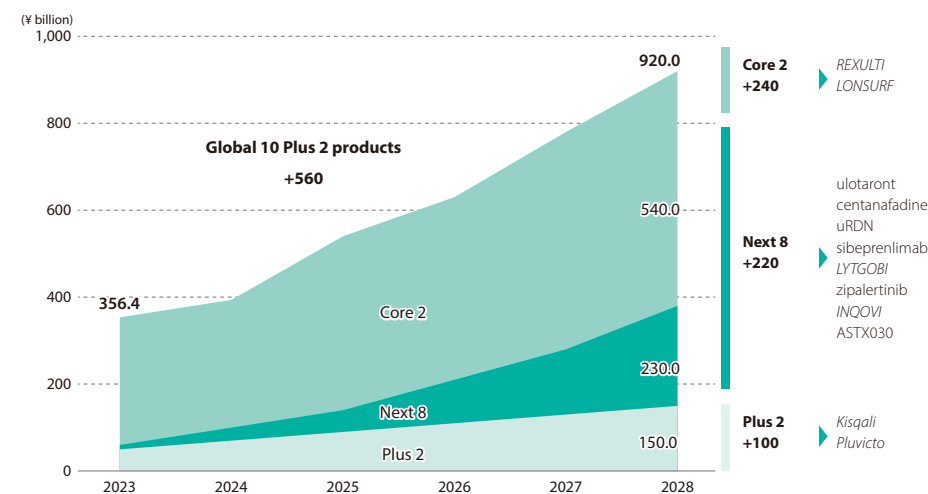
The growth drivers that will lead the performance of the 4th MTMP consist of 10 global products and two out-licensed products in the Pharmaceutical Business, collectively referred to as Global 10 Plus 2. Among these, the product portfolio expected to serve as growth drivers for the 5th MTMP, which will begin in 2029, has been designated as the Next 8.

Specific development progress for the Next 8 includes centanafadine (ADHD), uRDN (resistant hypertension), sibeprenlimab (immunoglobulin A nephropathy), zipalertinib (non-small cell lung cancer), and *INQOVI* (acute myeloid leukemia) which are scheduled to submit approval applications (including for additional indications or expanded areas). In addition, ulotaront, an antipsychotic drug with a new mechanism of action, and ASTX030, an oral formulation of azacitidine, which is widely used for the treatment of blood cancers, are scheduled to begin Phase III trials with the aim of obtaining approval. As such, many of the Next 8 are scheduled to begin Phase III trials and submit applications for approval in FY2025, and we will continue to work to ensure that development proceeds according to plan.

Moreover, repinatrabit (JNT-517), developed by Jnana, a company acquired in August 2024, and which

is being developed as a treatment for phenylketonuria, a condition for which many patients face strict dietary restrictions and a lack of sufficient treatment with existing medications, and quabodepistat (OPC-167832), a new drug for tuberculosis, are also scheduled to begin Phase 3 trials. In addition to in-house drug discovery, we view the expansion of our pipeline through strategic partnerships and acquisitions as a key growth strategy. Under our proactive R&D investment strategy, we will steadily advance toward the realization of sustainable growth in the medium to long term.

#### Revenue plan for Global 10 Plus 2 products



#### Development progress of next-generation growth drivers (Next 8)

| Products      | Plans for 2025  | Country     |
|---------------|---|-------------|
| ulotaront     | Phase 3 trial for schizophrenia scheduled to begin  | Japan, U.S. |
| centanafadine | A regulatory submission is planned for ADHD indication.   | U.S.        |
| uRDN          | Approval pending for resistant hypertension   | Japan       |
| sibeprenlimab | A regulatory submission is planned for immunoglobulin A nephropathy indication.                 | U.S., China |
| zipalertinib  | A regulatory submission is planned for non-small cell lung cancer indication.                   | U.S.        |
| LYTG0BI       | Phase 2 trial registration for esophageal cancer and pancreatic cancer expected to be completed | U.S.        |
| INQOVI        | A regulatory submission is planned for AML indication.  | U.S.        |
| ASTX030       | Phase 3 trials for MDS, CMML, and AML scheduled to begin  | U.S.        |

ADHD: Attention-deficit hyperactivity disorder MDS: Myelodysplastic syndromes CMML: Chronic myelomonocytic leukemia AML: Acute myeloid leukemia

## Business Strategy ■ Pharmaceutical Business

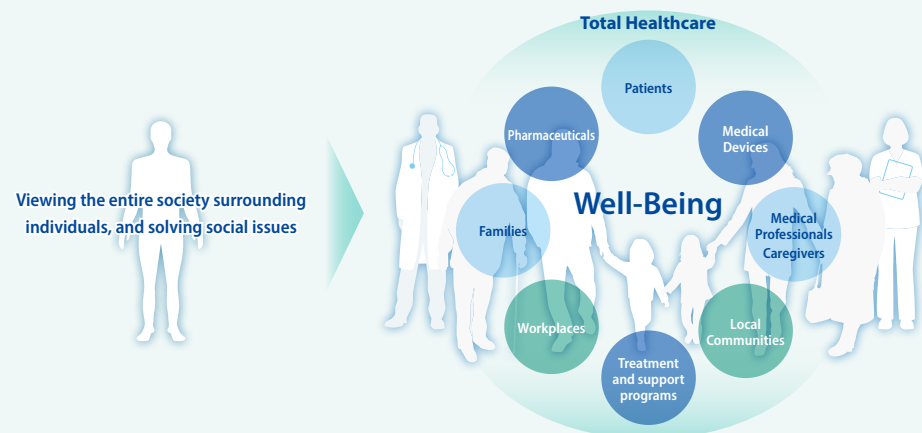
### Social issues addressed by the Otsuka Group (Pharmaceutical Business)

#### Through total healthcare, we contribute to the Well-Being of society as a whole.

Otsuka Group, as a total healthcare company, addresses social issues related to healthcare by viewing not only the treatment approach through pharmaceuticals but also the entire society surrounding individuals as a single unit.

The World Health Organization (WHO) defines "health" as "a state of complete physical, mental, and social Well-being, and not merely the absence of disease or infirmity." Based on this concept of health, the Otsuka Group aims to promote the Well-being of society as a whole. For example, agitation associated with dementia due to Alzheimer's disease can lower the quality of life for people with dementia, their families, and caregivers, and is one of the factors that can lead to people with dementia having to move into nursing facilities rather than living with their families. *REXULTI* aims to improve these symptoms and reduce the burden on caregivers. In fact, we have received feedback from people who have taken the medication and seen their symptoms become milder, allowing those around them to feel more at ease. Additionally, we offer support programs to help family members and caregivers understand the disease and maintain healthy relationships, contributing to the overall health of both individuals with dementia and those around them from a comprehensive healthcare perspective.

Our mission is to support not only patients but also their families, caregivers, healthcare professionals, and the entire community in achieving health and Well-being. With health as our universal value, we will continue to respond to the Well-being of people around the world.



#### Strengths of the Otsuka Group

In order to research and develop innovative products that contribute to curing diseases and support good health, the Otsuka group has established a network of domestic and overseas group research institutes and is engaged in diverse drug discovery research under a global structure. In addition to the unique approaches of each company in areas such as psychiatry and neurology (Otsuka Pharmaceutical), oncology (Taiho Pharmaceutical), clinical nutrition (Otsuka Pharmaceutical Factory), and medical devices (Otsuka Medical Devices), the Otsuka group's strength lies in its innovative and diverse research infrastructure. Furthermore, as healthcare shifts increasingly toward health maintenance and prevention, and the points of contact between healthcare and consumers are expected to grow, the Otsuka group's ability to offer products that address both areas represents a significant advantage. We will continue to drive innovation with a long-term perspective to support the realization of Well-being for all.

#### Focus Areas of the Otsuka Group

Otsuka's uniqueness stems from the intersection of its unique and diverse businesses. As a total healthcare company with a wide range of businesses, we are challenging ourselves to create new value that only such diversity can enable.

The Otsuka group is focusing on the theme of "unmet medical needs that are apparent but not being met" in the areas of psychiatry and neurology, oncology, and renal care. Furthermore, leveraging the expertise accumulated through our development and sales activities, we are advancing contributions to patients with rare diseases in specialty therapeutic areas with high unmet needs. Additionally, as new approaches to treatment and support, we are developing medical devices and digital tools to adapt to the diversifying medical needs of today.

**1 Psychiatry and Neurology Area**

**3 Expanding from Renal to Specialty Therapeutic Areas**

**2 Oncology Area**

**4 New Approaches to Treatment and Support**

## Business Strategy ■ Pharmaceutical Business

### 1 Psychiatry and Neurology Area

#### ■ Committed to advancing Well-Being across individuals and society as a whole.

The expected increase in dementia due to Alzheimer's disease as the world population ages is a pressing social issue. The agitation\* due to this disease affects not just the quality of life of individuals living with dementia; it also places a strain on family members and caregivers. The causes and mechanisms of diseases in this field are not fully understood, which makes the discovery of new drugs extremely difficult. Hence, many psychiatric and neurological disorders are still left without an established satisfactory treatment.

In the area of psychiatry and neurology, Otsuka Pharmaceutical has a portfolio of development assets and products with high potential for schizophrenia, major depressive disorder, and other disorders. For example, in addition to *REXULTI*, which has been approved for agitation associated with dementia due to Alzheimer's disease (AAD), we are currently advancing the clinical development of centanafadine as a treatment for attention-deficit hyperactivity disorder (ADHD) and major depressive disorder. Furthermore, ulotaront, an antipsychotic treatment with a novel mechanism of action, is being developed for schizophrenia, major depressive disorder, and generalized anxiety disorder, and clinical trials for each are currently underway.

In addition to these efforts, we are also conducting research and development for post-traumatic stress disorder (PTSD), for which no new treatment has been approved by the FDA in over 20 years, with the aim of further contributing to unmet medical needs in this area. PTSD is one of the most common mental health disorders in the U.S. and may occur in people who have experienced or witnessed a traumatic event, series of events, or set of circumstances. An individual may experience this as emotionally or physically harmful or life-threatening and the condition may have a debilitating effect on mental, physical, and/or social Well-being. We will continue our efforts to provide useful treatment options for the many patients, families, and caregivers who are dealing with psychiatric and neurological disorders, including PTSD.

\* A state that impedes either a patient's daily life, social life, or human relations and is indicated by either increased activity, such as wandering or repetitive actions, whether aggressive or non-aggressive, or aggressive speech or behavior.

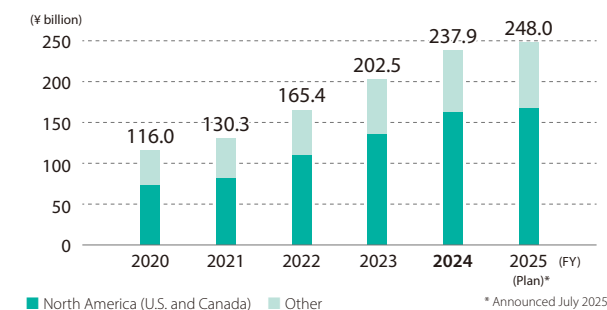
#### ABILIFY MAINTENA / ABILIFY ASIMTUFI

##### ■ aripiprazole | Antipsychotic long-acting injectable

For bipolar I disorder and schizophrenia patients, who often face challenges with medication adherence, Otsuka Pharmaceutical has promoted *ABILIFY MAINTENA*, a once-monthly long-acting injectable formulation of aripiprazole. As a result, sales are steadily growing for this product in the U.S., Europe, and Japan.

In 2023, aripiprazole once-every-two-months long-acting injectable formulation (2-month formulation) received marketing approval under the product name *ABILIFY ASIMTUFI* from the U.S. FDA, and, in March 2024, the product received approval as Europe's first 2-month formulation for the maintenance treatment of schizophrenia. As patients increasingly transition from the 1-month to the 2-month formulation, sales continue to grow steadily.

Revenue of *ABILIFY MAINTENA* / *ABILIFY ASIMTUFI*



#### REXULTI

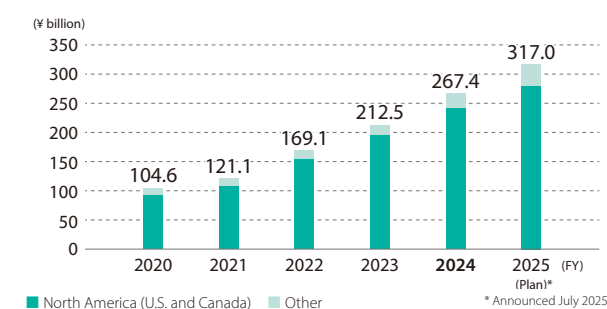
##### ■ brexpiprazole | Atypical antipsychotic

In the U.S., Otsuka Pharmaceutical obtained FDA approval in 2023 for brexpiprazole as a treatment for agitation associated with dementia due to Alzheimer's disease (AAD), and has been actively engaging in disease awareness initiatives. As we do so, we are seeing growth in the number of prescriptions and sales are increasing. In Japan, in addition to an increase in the number of new prescriptions due to product detailing activities related to its use for schizophrenia, depression, and depressive states, sales have significantly increased following the approval of AAD as an additional indication\* in September 2024.

\* The package insert in Japan describes the product as an effective treatment option for "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."



Revenue of *REXULTI*



## Business Strategy ■ Pharmaceutical Business



### Materiality

Contribute to the Health and Well-Being of People Around the World

### Well-Being

## Providing Comprehensive Solutions to Improve Mental Health

### Core Principles

The World Health Organization (WHO) defines mental health as “a state of mental Well-being that enables people to cope with the stresses of life, realize their abilities, learn well and work well, and contribute to their community.” This definition includes elements such as the treatment of psychiatric and neurological disorders, as well as rehabilitation.

In addition, patient-centric approaches—such as making treatment decisions through collaboration between patients and medical professionals—are considered important solutions to social issues.

The Otsuka group continues its efforts to improve the mental health of people with psychiatric and neurological disorders by providing not only therapeutic drugs but also comprehensive solutions. These range from medical support for the treatment of such disorders to assistance with social reintegration.

### Examples of Social issues

Psychiatric and neurological disorders



Unconscious bias

Delayed treatment

Deterioration of symptoms

Recurrence

Rehospitalization

Job-related issues

Difficulty of living daily life

Nursing burden



### MIREVO® neuropsychological testing program for dementia treatment (Japan)

- MIREVO® is a neuropsychological testing program that uses eye tracking technology. The test can be easily conducted and objective results can be obtained in approximately three minutes using the MIREVO® app on a tablet. (National health insurance coverage in Japan obtained as of January 1, 2025 as a Software as a Medical Device (SaMD) in the field of dementia.)

\* Software as a Medical Device

### Antipsychotics (Japan & global)

### Rejoyn™ digital therapeutic app for major depressive disorder (U.S. & U.K.) Development and provision of iEat® nursing care food (Japan)

- In addition to therapeutic treatments such as ABILIFY MAINTENA/ABILIFY ASIMTUFI and REXULTI, we are working on drug discovery research to rapidly expand our research and development items in this area and to solve unmet medical needs.
- Rejoyn™ is the world's first prescription digital therapeutic app developed and released as an adjunct treatment for patients with major depressive disorder (MDD) symptoms.
- We sell the iEat® nursing care food and post-operative food. To suit the needs of those who have difficulty eating regular meals due to aging or illness, it is possible to select “meals for people with diminished chewing ability” or “meals that do not necessitate biting.”

### Raising awareness

### Kokoro Health Information Office, Smile Navigator (Japan)

### The Otsuka Patient Education Network: OPEN (U.S.)

- This website provides related information on diseases, treatments, various systems, and community efforts for people with schizophrenia, bipolar disorder, depression, autism spectrum disorder in children, and dementia, as well as for the families and supporters of such patients.
- We provide educational materials to help patients, families and caregivers better understand dementia due to Alzheimer's disease, and other forms of dementia.

### Social Reintegration Support

### FACEDUO, a VR-based platform to support social skills training for individuals (Japan)

### Collaborations with governments (Japan)

- A VR (virtual reality) program, supervised by a medical specialist, where users can learn interpersonal communication skills necessary for life in society. Four programs are offered, including Dementia Care Support VR, to learn the background of feelings and behaviors of people with dementia and how to provide specific care, and Social Skills Training VR, to learn interpersonal skills required for people with mental illness reintegrating into society.
- Further collaboration with the public and private sectors through digital solutions (see P. 39).

Otsuka Pharmaceutical Smile Navigator (only in Japanese)

<https://www.smilenavigator.jp/>

OPEN Otsuka Patient Education Network

<https://www.otsukapatiented.com/>

## Business Strategy ■ Pharmaceutical Business



**Materiality**  
Contribute to the Health and Well-Being of  
People Around the World

### Well-Being

## Providing Comprehensive Solutions to Improve Mental Health

#### MESSAGE

### Toward a Society Where Everyone Facing Dementia Can Live with Dignity

Screaming, complaining, negativity, repetitive mannerisms, and restlessness — such symptoms are called agitation and may happen with approximately half of individuals with dementia due to Alzheimer's disease (AD).

Agitation causes significant distress to the people with dementia themselves and places a heavy burden on caregivers as well. This increased burden may worsen their mental Well-being, which exacerbates the symptoms of agitation, creating a vicious cycle. This may lead to a decline in cognitive function and disease progression, reduce the quality of life for caregivers, result in earlier institutionalization, and increase healthcare costs—ultimately giving rise to various social issues. At that time, no pharmaceuticals had been approved for these symptoms. When treatment was required, off-label use under the physician's responsibility was the only available option, and clear treatment guidelines for medication had yet to be set.

"We should commit to supporting individuals with symptoms of agitation, along with the families and caregivers who stand by them". As a total healthcare company dedicated to advancing health globally, we have embarked on this meaningful endeavor with a strong sense of responsibility and purpose. In Japan, clinical trials were conducted during the COVID-19 pandemic, and due to repeated declarations of a state of emergency, we were compelled to suspend enrollment multiple times. In addition to collecting data, we had to conduct a large-scale cohort study involving roughly 10,000 cases to investigate the mortality risk associated with the administration of antipsychotics to elderly people with dementia. Although we faced major obstacles throughout the development

process, our corporate culture of perseverance and commitment to "Jissho"—self-actualization through achievement, completion and the discovery of truth—helped us overcome them. United by a strong determination to "stick with it no matter what," our team worked tirelessly. With the invaluable supports of many stakeholders, including healthcare professionals, *REXULTI* was approved in Japan in 2024 as the first treatment for "excessive motor activity or physically/verbally aggressive behavior due to rapid changes in mood, irritability, and/or outbursts associated with dementia due to AD."

Dementia continues to increase in prevalence worldwide and many people might experience it in their lifetime. In care settings, including home-based medical care, caregivers face many daily challenges, making dementia a significant social issue. With the recent approval of *REXULTI* for the treatment of agitation that may occur with dementia due to AD, Otsuka group remains committed to providing solutions related to dementia. We hope these efforts will serve as a meaningful contribution toward building a society in which everyone affected by dementia can live with dignity. We will continue to pursue this mission with dedication and purpose.

#### Hiroaki Ono

Executive Managing  
Director & Board  
Member  
Pharmaceutical  
Business Division  
Otsuka Pharmaceutical  
Co., Ltd.



#### MESSAGE

### The Potential of Digital Solutions Through FACEDUO

Japan is experiencing a rapidly accelerating trend of population aging and declining birth rates. As a result, the number of caregivers—particularly family members providing care—is increasing, and the growing burden they face has become a pressing social issue. Since 2022, Otsuka Pharmaceutical has been offering "FACEDUO," a virtual reality (VR) content platform in Japan. In 2024, it launched a new VR program specifically designed to support dementia care, aimed at assisting family members and professional caregivers. The program presents practical strategies through immersive video scenarios, helping participants understand what people with dementia are feeling and learn practical ways to respond. (See p.42)

As part of our collaborative initiatives with business partners in the Nutraceutical Business, we launched a dementia awareness initiative for caregivers from 2024, in partnership with AEON Retail's senior care program "My SCUE." This initiative included the installation of FACEDUO experience booths in stores, where we provided product explanations and demonstrations of the Dementia Care Support VR. These efforts led to the establishment of ongoing installations (see photo). Currently, FACEDUO is featured in My SCUE events held at AEON stores nationwide, offering caregivers an opportunity to better understand the realities of dementia—particularly the connection between behavior and emotional states.

We plan to expand our content offerings to address various stages of illness, including hospitalization, day care attendance, and preparation for employment. By implementing



these solutions in medical and welfare facilities, we aim to extend their reach across communities and institutions. In 2025, FACEDUO was introduced for the first time by a local government—Tōno City in Iwate Prefecture—where it is now being used in citizen training programs to promote understanding of dementia and appropriate care practices.

We will continue to collaborate with various companies and municipalities to build a comprehensive platform centered on solutions provided through FACEDUO. We aim to support the reintegration of individuals affected by dementia into society and contribute to addressing the broader social issues posed by an aging population and declining birthrate.

#### Koji Ohnishi

Principal  
Portfolio Management  
Office  
Otsuka Pharmaceutical  
Co., Ltd.





## Business Strategy ■ Pharmaceutical Business

### 2 Oncology Area

#### Driving innovation through global collaboration and world-class drug discovery platform

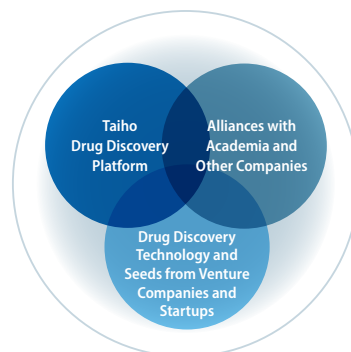
The Otsuka group approaches the patient journey of cancer patients as consisting of three stages, and aims to support the entire journey by addressing the specific needs at each stage. The 10-year survival rate for cancer in Japan is reported to be 53.5%,<sup>1</sup> and although treatment outcomes are improving every day, this figure is by no means satisfactory. We are committed to enhancing the lives of all people—patients, their families, and those living in good health—by focusing not only on treatment, but also on early intervention and disease prevention. Through these efforts, we continue to pursue the development of innovative new products that make a meaningful impact on society.



Otsuka group's proprietary drug discovery platform technologies, including biochemical modulation drug discovery,<sup>2</sup> which Taiho Pharmaceuticals quickly started to work on, Cysteinomix Drug Discovery,<sup>3</sup> which is distinguished by specific covalent modification of therapeutic targets, and Astex Pharmaceuticals' fragment drug discovery,<sup>4</sup> support the creation of a broad product portfolio.

One of the key growth drivers is zipalertinib, discovered through the Cysteinomix Drug Discovery Platform at Taiho Pharmaceutical. It is currently undergoing clinical studies for non-small cell lung cancer with epidermal growth factor receptor (EGFR) exon 20 insertion mutation. In addition, ASTX727 (product name: *INQOVI/INAQOVI*) and ASTX030, which were discovered by Astex Pharmaceuticals, are undergoing clinical trials as an oral drug for hematological cancer, and both are expected to be launched during the 4th MTMP period, with the aim of maximizing their commercial potential in the next MTMP.

Furthermore, through investments in corporate venture capital and open innovation funds, we are building networks with promising biotech startups and academic institutions both inside and outside Japan, thereby gaining



access to unique and innovative technologies and early-stage drug discovery assets that we do not have in-house. We are committed to contributing to the health and Well-being of patients around the world by creating innovation through in-house drug discovery and various collaborations, and by taking on the challenge of researching and developing innovative new drugs.

1. Cases diagnosed in 2011; National Cancer Center Japan, 2024
2. Drug discovery aimed at enhancing anti-tumor effects and reducing toxicity to normal cells by adding other drugs (modulators) to alter the pharmacokinetics of anti-cancer drugs.
3. A unique drug-discovery platform technology, which allows for the formation of strong bonds and high target selectivity by covalently binding drugs to the specific cysteine residues of therapeutic target proteins
4. Technology to create new compounds through molecular design. It clarifies interactions between small-molecular fragments showing pharmacological activity that cannot be measured in high-throughput screening, and large molecule proteins with complicated 3D structures that have been implicated in diseases and are potential drug targets.

### LONSURF

#### trifluridine/tipiracil | Anticancer agent

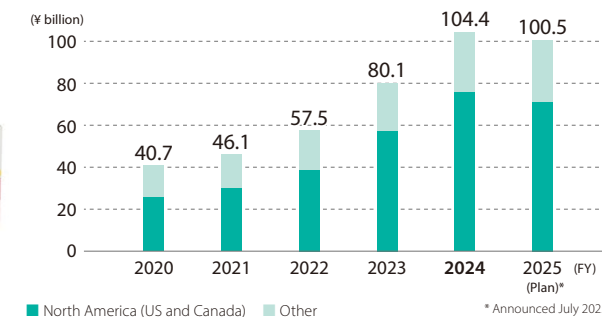
Globally, *LONSURF*, developed by Taiho Pharmaceuticals, has been approved for the treatment of unresectable advanced or recurrent colorectal cancer, with prescription volumes steadily increasing.

In the U.S., sales increased significantly following the approval of an additional indication for combination therapy with bevacizumab in August 2023, its recommendation as a combination therapy based on NCCN Guidelines,<sup>5</sup> and exchange rate fluctuations. In Europe, after the approval of the same combination therapy indication in July 2023, the initiation of promotional activities led to increased prescriptions and substantial revenue growth. In Japan, sales also rose due to heightened awareness driven by academic publications referencing the combination therapy, the March 2024 revision of the package insert enabling promotional activities, and the July 2024 update to the colorectal cancer treatment guidelines.

5. Cancer treatment guidelines used broadly throughout the world



#### Revenue of LONSURF



## Business Strategy ■ Pharmaceutical Business

### 3 Expanding from Renal to Speciality Therapeutic Areas

#### ■ Developing first-in-class products for diseases that lead to renal failure

In the cardiovascular and renal areas, we are not only reinforcing in-house drug discovery but also making strategic investments to drive growth, including acquiring Visterra Inc., which has a strong pipeline in renal area. We are working to address diseases that cause renal failure, which significantly impact patients' quality of life, with such drugs as *JINARC/JYNARQUE*, a treatment for autosomal dominant polycystic kidney disease (ADPKD), and sibeprenlimab, a treatment for IgA nephropathy that is under development.

As a concrete result of these initiatives, Visterra Inc.'s sibeprenlimab is currently undergoing Phase 3 trial for IgA nephropathy. In February 2024, it obtained breakthrough therapy designation\* from the U.S. FDA, and in October 2024, it confirmed clinically meaningful efficacy in an interim analysis of the Phase 3 trial. This disease is associated with a shortened life expectancy, and it is estimated that, with current standard treatments, most patients may progress to end-stage renal failure during their lifetime. We will continue our efforts to make available sibeprenlimab as a treatment option for patients with IgA nephropathy as soon as possible.

\* A system to accelerate the development and screening of drugs used to treat serious or life-threatening diseases. It is available for drugs for which there is significant preliminary clinical evidence for key clinical items compared to existing treatment methods



#### ■ Advancing highly specialized disease areas, including rare diseases, through new drug discovery technologies

Otsuka Pharmaceutical is leveraging its expertise accumulated through the development and marketing of the ADPKD treatment drug *JINARC/JYNARQUE*, as well as the incorporation of new drug discovery technologies, to address underserved specialty areas with limited treatment options.

As concrete achievements, we in-licensed two nucleic acid drugs from Ionis Pharmaceuticals, Inc. (Ionis) starting in 2023, and are actively developing treatments for hereditary angioedema (HAE) and amyotrophic lateral sclerosis (ALS). HAE is a genetic disorder characterized by recurrent swelling in various parts of the body, including the face, abdomen, and limbs, as well as the digestive tract and larynx. In severe cases, it can lead to death by suffocation. ALS is a progressive neurodegenerative disease characterized by rapid muscle weakness in the limbs and respiratory muscle paralysis, which can result in the loss of independent breathing within a few years. Currently, Ionis is conducting Phase 3 trials in Japan and other countries, and if successful, this drug could become the first treatment for FUS-ALS<sup>1</sup> worldwide.

Additionally, Jnana Therapeutics Inc., acquired in August 2024, possesses a drug discovery platform to discover medicines for targets considered undruggable. Using this drug discovery technology, the company has successfully discovered repinatrabit (JNT-517), a small molecule inhibitor targeting a protein that regulates amino acid reabsorption in the kidneys. Repinatrabit, which is currently undergoing clinical trials, holds the potential to become a first-in-class<sup>2</sup> oral treatment for phenylketonuria, a condition for which many patients continue to face limited treatment options, despite strict dietary restrictions and existing medications. Furthermore, the company is exploring new possibilities in small molecule drug discovery for autoimmune diseases by acquiring active compounds for challenging drug targets such as interferon regulatory factor 3 (IRF3), a master transcription factor for the production of interferon.



1. Abbreviation for amyotrophic lateral sclerosis caused by fusion in sarcoma mutation. It is known as the second most common cause of ALS in Japan (third or fourth in Europe and the United States). Unlike typical ALS, it typically begins around the age of 40 and progresses rapidly.

2. A breakthrough drug with a new mechanism and target that differs from conventional treatments for specific diseases

## Business Strategy ■ Pharmaceutical Business

### 4 New Approaches to Treatment and Support

#### Initiatives aimed at addressing emerging social issues that extend beyond the realm of traditional medication

The Otsuka group aims to deliver total healthcare in a broad sense by providing products that support all phases of people's healthcare. Furthermore, we seek to broaden our perspective to encompass society as a whole, with the goal of addressing social issues related to healthcare. Through this broader vision of "total healthcare," we are committed to creating value that extends beyond conventional medical solutions. As a total healthcare company, we are committed to enhancing not only individual health but also the Well-being of society as a whole through our distinctive products and services.

We are actively working to address the diverse unmet needs of society—not only through traditional medications, but also through medical devices, digital therapeutics, virtual reality technologies, and other healthcare-supporting digital tools, as well as employment support for cancer patients.

### Ultrasound Renal Denervation System

#### ■ uRDN | New hypertension therapy option

Otsuka Medical Devices' Ultrasound Renal Denervation system (uRDN) was first approved by the U.S. FDA in November 2023 as an adjunctive treatment option for hypertension when lifestyle modification and medications have not adequately controlled a patient's blood pressure. This system is a novel ultrasound-based renal denervation technology designed to lower blood pressure by using ultrasound to denervate the sympathetic nerves surrounding the renal arteries, reducing the overactivity that can lead to hypertension.

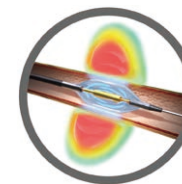
While a number of antihypertensive drugs have been developed and used for many years, a considerable number of patients worldwide who are treated for hypertension remain uncontrolled, which over time, can lead to risk such as stroke and myocardial infarction.

In three global, independently powered, sham-controlled<sup>1</sup> randomized clinical trials of the uRDN conducted in the U.S. and Europe, the efficacy and safety of the uRDN have been demonstrated. This novel treatment option can revolutionize the existing way hypertension has been treated.

In the U.S., the system has been used in a number of facilities since the day after the FDA approval and has spread throughout the U.S. In Europe, it has been introduced in major countries after receiving the CE Mark.<sup>2</sup> In Japan, clinical trials are being conducted, and an application for approval was submitted in 2024.

#### uRDN features

- Designed to lower blood pressure by using ultrasound to denervate the sympathetic nerves surrounding the renal arteries in a circumferential and deep pattern
- Circulating sterile water through a balloon catheter during procedure to help protect the renal artery wall
- Simple operation and short procedure time



### FACEDUO Dementia Care Support VR

#### ■ Supporting better daily lives for people with dementia and their caregivers

In the Psychiatry and Neurology Area, where Otsuka Pharmaceutical is focusing its efforts, we aim to address unmet needs as a leading company in this field through comprehensive initiatives that include not only therapeutic drugs, but also treatment apps that utilize digital technology and virtual reality-based recovery support programs for patients.

Launched in September 2024, *Dementia Care Support VR* is a new component of the *FACEDUO VR* training program that was developed in collaboration with Jolly Good Inc.

*Dementia Care Support VR* is an interactive VR training program supervised by a medical specialist to help caregivers, including family members of people with dementia, learn about the background of the feelings and behaviors of people with dementia. Caregivers are thereby better able to adapt to the specific responses of people with dementia. By improving dementia care through this program, Otsuka aims to realize a society living in harmony with dementia, in which people with dementia can continue to live as they are while caregiver stress is reduced, enabling all parties to lead more fulfilling lives.



1. Placebo procedures

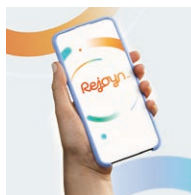
2. The CE marking represents a manufacturer's declaration that products comply with the EU legislation and meet high safety, health, and environmental protection requirements.

## Business Strategy ■ Pharmaceutical Business

### Digital Therapeutic App *Rejoyn*™

#### The first prescription digital therapeutic authorized by the U.S. FDA for the adjunctive treatment of major depressive disorder

Otsuka Pharmaceutical's *Rejoyn*™, approved by the U.S. FDA in March 2024, is the world's first prescription digital therapeutic app for the treatment of major depressive disorder (MDD) symptoms as an adjunct to clinician-managed outpatient care for adult patients with MDD age 22 years and older. *Rejoyn*™ is a six-week treatment program designed to improve the MDD symptoms of patients on antidepressant medication. This is achieved through two steps: 1. helping enhance cognitive control of emotion through a combination of clinically-validated cognitive emotional training exercises for the brain and, 2. brief cognitive-behavioral therapeutic lessons on the app. Unlike commercially available wellness apps, *Rejoyn*™ is a treatment app and a medical device that has been clinically tested for efficacy and safety, requiring a prescription from a healthcare professional. It can be used at a time and place convenient for the patient. By integrating digital mental health interventions with conventional pharmacotherapy, we aim to enhance treatment outcomes for patients with depression.



### Establishing a New Company: ARIRGE Co., Ltd.

#### Addressing social challenges related to cancer—a disease whose impact cannot be resolved by medications alone

According to Japan's Ministry of Health, Labour and Welfare, approximately 380,000 people died of cancer in 2023, accounting for 24.3% of all deaths. Cancer has remained the leading cause of death in Japan since 1981, and one in two Japanese people is expected to develop cancer during their lifetime.

Recent advances in cancer treatment—such as the development of oral cancer drugs, increased outpatient care, and shorter hospital stays—have made it possible for patients to continue working during treatment. However, many patients and the people they work with still lack sufficient understanding and support systems, leading some patients to leave their jobs. The company recognizes the need to further enhance internal systems and foster a corporate culture that supports employees in receiving medical treatment while continuing their professional duties. Furthermore, a third of the people diagnosed with probable cancer consider leaving their jobs after receiving the diagnosis, and their bosses and coworkers are unsure of how to support them or what to say to them.

In June 2024, Taiho Pharmaceutical established a new company, ARIRGE, to address social issues related to cancer. ARIRGE utilizes our accumulated expertise, know-how, and experience to creatively

address social issues such as employment for cancer patients, cancer screening rates, and smoking prevention, while providing services to resolve these issues.

#### MESSAGE

#### We are solving social issues related to cancer—a disease that cannot be solved by pharmaceutical products alone



**Masayuki Morishita**

Representative Director  
ARIRGE CO., LTD

Taiho Pharmaceutical has adopted the communication slogan "Today and Every Day." As a member of the Otsuka group, ARIRGE aims to solve social issues related to cancer and realize a new society where people can continue to work with vigor even if they have cancer, and where everyone can receive cancer screenings as a matter of course.

I joined Taiho Pharmaceutical because I aspired to help develop treatments with fewer side effects after my grandmother passed away from cancer when I was in high school. After joining the company, I realized once again the importance of supporting patients, and I focused particularly on promoting side-effect care. Furthermore, when I was in the hospital as a bone marrow donor, I was in the same room as a patient who shared concerns with me regarding being able to work. This experience reinforced my determination to make a difference in society and put me on the path to founding ARIRGE.

ARIRGE contributes to resolving key social issues through its expertise and experience, including employment support for cancer patients, increasing cancer screening rates, and tobacco control.

Examples include: *ARIRGE LEARNING*, an educational service to support balancing cancer treatment and work; *ARIRGE SUPPORT*, a cloud service for coordinating information and support systems between companies and healthcare institutions; and a free knowledge community being rolled out to help resolve the concerns of those providing support.

One issue that exists is that, while employees with cancer and their supportive supervisors are struggling, companies may not fully recognize the situation. Our services support understanding of the illness itself and the balance for patients between treatment and work, as well as fostering a workplace culture of mutual support and understanding. Although more companies are engaging in health management, the reality is that few companies are actively supporting employees with illnesses. As Japan's working-age population declines, we believe it is important to start working now on establishing and implementing systems, as well as fostering a supportive workplace culture, to support employees with illnesses such as cancer so that they can continue working.

Social issues related to cancer cannot be easily resolved in a short period of time, and require everyone's understanding and cooperation. Together with our stakeholders, we aim to drive meaningful change in tackling these issues.

\* For more information on "Today and Every Day," click here: <https://www.taiho.co.jp/en/company/slogan/>



## Business Strategy ■ Pharmaceutical Business



### Materiality

**Contribute to the Health and Well-Being of  
People Around the World**

### Well-Being

## Toward the Eradication of Tuberculosis

### Core Principles

The eradication of infectious diseases is a global social issue, and HIV/AIDS, tuberculosis, and malaria are recognized as the three major infectious diseases worldwide. Among them, tuberculosis is often perceived in Japan as a disease of the past; however, it remains a critical global health concern.

In 2023, the number of newly diagnosed tuberculosis cases worldwide reached 8.2 million. In some countries, contracting tuberculosis can lead to discrimination and prejudice against patients and their families within their communities. This stigma often results in delayed medical diagnosis, leading to increased severity and further transmission. The Otsuka group addresses tuberculosis as a disease with unmet medical needs. The group is also committed to overcoming unconscious bias surrounding the condition and is actively working toward its eradication.

### MESSAGE

### Enhancing the circle of collaboration through human connection — toward the eradication of tuberculosis

"Tuberculosis is a serious global health issue. If no one else will take action, we must continue the research ourselves."

Guided by this deep commitment, the Otsuka group has continued its research efforts, leading to the development of delamanid—a newly approved tuberculosis treatment after more than 40 years. In addition to pharmaceutical research and development, the group has pursued regulatory approvals in various countries and formed partnerships with numerous organizations to expand access to medicine. In 2015, it became the first product from the group to be included in the WHO Model Lists of Essential Medicines, which identifies medicines necessary to meet the minimum healthcare needs in developing countries where access to medicine remains limited. As of June 2025, delamanid has been supplied to more than 130,000 cases across 135 countries and regions. Through these initiatives, we remain committed to addressing unmet medical needs and contributing to the global fight against tuberculosis.

Despite medical advancements, tuberculosis

continues to affect many people around the world, and in some regions, stigma and discrimination against those with the disease remain prevalent. As part of a comprehensive approach to tuberculosis, Otsuka Pharmaceutical launched the *FREE Tuberculosis at Workplaces* program in Indonesia, the country with the second-highest number of tuberculosis cases in the world. This initiative was carried out in collaboration between two subsidiaries—PT Amerta Indah Otsuka and PT Otsuka Indonesia. Through this program, screening has been conducted for over 160,000 employees across 64 partner companies, promoting workplace-based efforts to eliminate the disease. In Indonesia, there have been cases where individuals diagnosed with tuberculosis lost their jobs. This program supports appropriate diagnosis and treatment, along with continuous monitoring of medication adherence until full recovery, helping patients return to work. We believe this approach has proven to be highly effective.

Furthermore, the program integrates public and private sector efforts to eradicate tuberculosis by collaborating with local health services and nutritional counseling with initiatives such as disease awareness, nutritional improvement for infection prevention, and treatment support for early recovery. In recognition of its impact, particularly in workplace-based tuberculosis prevention, the program received the Ending Workplace Tuberculosis Exemplar Award. This prestigious award was announced in time for the World TB Day in March 2024. This initiative is now expanding

to the Philippines and Myanmar, which are located close to Indonesia and where tuberculosis also poses a significant social issue.

Across corporate boundaries and through active communication aimed at establishing more efficient treatment methods, the number of supporters continues to grow globally. We believe this progress is made possible through human connection. In fact, many have approached us with offers of support after learning about our efforts—these relationships have become the foundation of our ongoing initiatives.

Achieving the goal of tuberculosis eradication requires strengthening healthcare systems, particularly in developing countries, through prevention, rapid diagnosis, and effective treatment. Momentum toward improved care is steadily building.

The Otsuka group is currently engaged in the research and development of new tuberculosis treatments. We believe that enhancing this circle of collaboration across countries and regions is our commitment, and we continue to tackle the global fight against tuberculosis.



### Masanori Kawasaki

Senior Vice President &  
Operating Officer,  
Associate General Manager  
(Research) and Head of the  
Osaka Research Center for  
Drug Discovery  
Otsuka Pharmaceutical Co., Ltd.





## Business Strategy



**Materiality**  
Contribute to the Health and Well-Being of  
People Around the World

### Related SDGs



<https://www.otsuka.com/en/rd/business/nutraceuticals/>



### Nutraceutical Business

#### Outline of the 4th Medium-Term Management Plan strategy

- Contribute to social issue resolutions from a global perspective
- Create and foster the next generation growth drivers
- Continue a high profit structure

#### FY2028 Performance Targets

Revenue plan: ¥620.0 billion  
Business profit plan: ¥90.0 billion

#### FY2024 Results

Revenue: ¥557.0 billion  
Business profit: ¥64.1 billion

## Nutraceutical Business Outline

Otsuka group's Nutraceutical Business conducts business centered on such products as functional beverages, functional foods, and supplements, which support the maintenance and improvement of day-to-day health. Leveraging our know-how acquired through the Pharmaceutical Business, we are working to develop unique products based on scientific evidence and conduct business globally, including in Asia, the U.S., Europe, the Middle East, and Africa.

We will continue to pursue and elevate a high-margin strategy based on brand value, and further enhance the value and reputation of our business. While actively making upfront investments to further expand the scale of our business, we will maintain a high level of profitability and aggressively promote our business through the global expansion of many products with unique characteristics.

### Nutraceutical Business Strategy



Further accelerate global expansion while addressing social issues



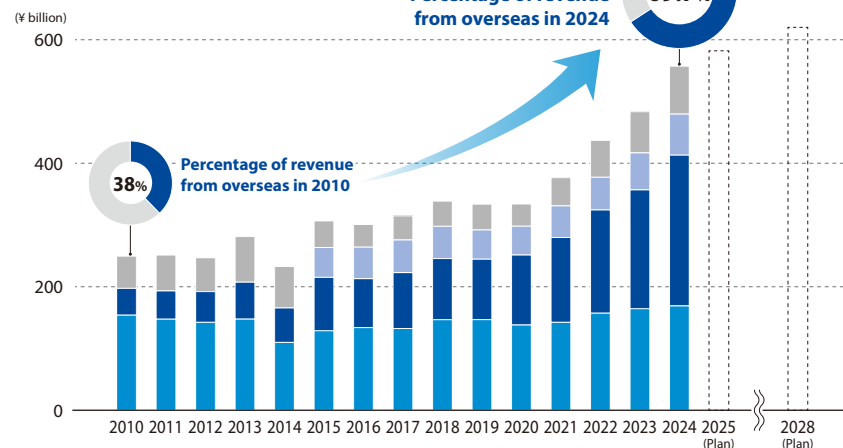
Create and foster the next generation growth drivers



High margin strategy based on brand value

#### Accelerating Global Expansion of the Nutraceutical Business: Revenue Trends

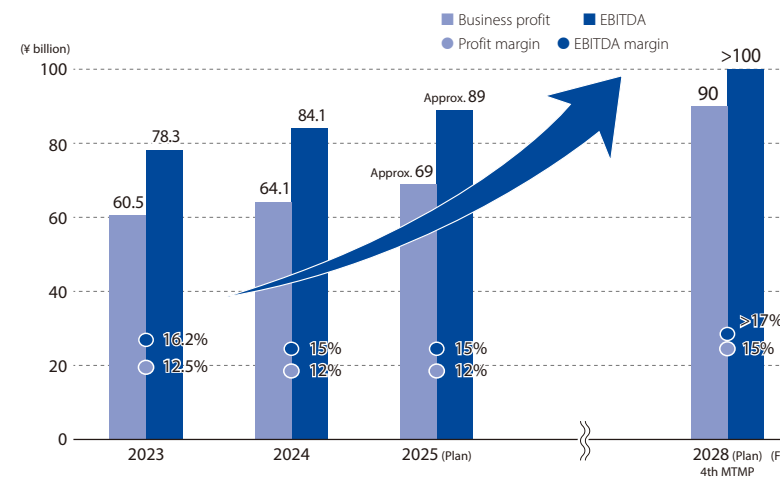
Japan North America Europe Others



Notes: For the fiscal year ended December 31, 2014, figures for the nine-month period from April 1 to December 31, 2014 are noted due to a change in the fiscal year end. European revenue prior to 2014 is included in Other Businesses.

#### Trends in Nutraceutical Business Profit & EBITDA\*

\* EBITDA = business profit + depreciation and amortization



## Business Strategy ■ Nutraceutical Business

### Progress of the 4th Medium-Term Management Plan

Through the 4th MTMP, we are committed to tackling social issues in each area and region and to continue contributing to the health and Well-being of people around the world—as a total healthcare company—through Otsuka's unique product line-up. To that end, we divided growth drivers into three new categories from the viewpoint of social issues.

With growth across all categories, especially in the “For Women's Health” category, revenue for the entire Nutraceutical Business increased 15.2%, to ¥557 billion.

#### Revenue overview: Nutraceutical Business

|                                     | FY2023 | FY2024 | Growth<br>(loss) rate | Growth (loss) factors  |
|-------------------------------------|--------|--------|-----------------------|--|
| Nutraceutical Business              | 483.5  | 557.0  | +15.2%                |  |
| For Climate & Environmental Risk    | 183.6  | 198.6  | +8.2%                 | POCARI SWEAT   Overseas growth by emphasizing the functionality tailored to each country and region  |
| For Women's Health                  | 37.2   | 56.6   | +52.3%                | Bonafide   Growth by promoting the product value based on scientific evidence<br>EQUELLE   Greater awareness through broad-based product detailing activities in Japan and expanded e-commerce sales in the U.S. |
| For Healthier Life                  | 183.9  | 219.3  | +19.3%                | Nature Made   Leverage the brand strength to increase market share and lead the market   |
| Japan <sup>1</sup>                  | 164.4  | 168.9  | +2.7%                 | Growth centered on “For Women's Health”  |
| Overseas <sup>1</sup>               | 318.9  | 388.1  | +21.7%                | North America   Bonafide, Nature Made<br>Europe   Nutrition & Santé (N&S)<br>Asia   POCARI SWEAT in Indonesia, Philippines, Vietnam, etc.  |
| Percentage of revenue from overseas | 66.0%  | 69.7%  | +3.7%                 |  |

Products in Each Category

For Climate & Environmental Risk | POCARI SWEAT, OS-1, Daiya, Nutrition & Santé S.A. brands

For Women's Health | EQUELLE, Bonafide, Uqora, Cosmetics<sup>2</sup> (InnerSignal, sakura)

For Healthier Life | Nature Made, MegaFood, Calorie Mate

1. Sales to external customers

2. Cosmetics = cosmetics + medicine

### Three Categories that Are Addressing the Social Issues

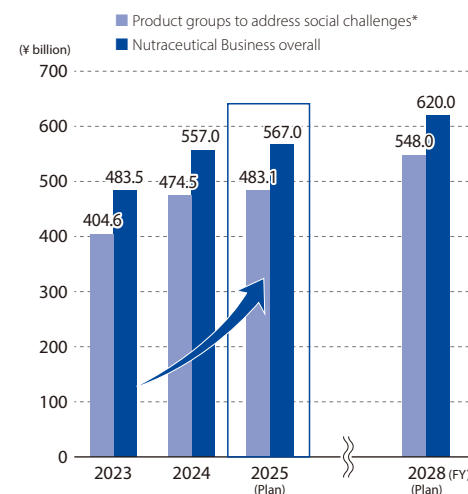
- For Climate & Environmental Risk | Develop overseas POCARI SWEAT business to be a ¥100 billion brand
- For Women's Health | Build growth foundation to become a leader by developing the category, mainly in North America
- For Healthier Life | Further maximize value with unique product line-up geared toward life stages of consumers

### Revenue Plan for Three Categories that Are Addressing the Social Issues

The revenue plan for 2025 forecasts a 1.8% increase from the previous year to ¥582 billion for the Nutraceutical Business as a whole.

In each of the three new categories tied to social issues, which we have set as growth drivers, we expect revenue growth, led by POCARI SWEAT, Bonafide, and Nature Made. In particular, we will focus on growth strategies in the For Women's Health category, starting with Bonafide, and will strive to significantly expand sales.

#### Sales trends of product groups to address social challenges



\* Product groups to address social challenges: For Climate & Environmental Risk | For Women's Health | For Healthier Life

#### Progress, by category, for product groups to address social challenges

| For Climate & Environmental Risk | MTMP           |
|----------------------------------|----------------|
| FY2025 (Plan)                    | CAGR ('23-'25) |
| ¥200.5 billion                   | 4.5%           |
|                                  | CAGR ('23-'28) |
|                                  | 6%             |
| For Women's Health               |                |
| FY2025 (Plan)                    | CAGR ('23-'25) |
| ¥60.5 billion                    | 27.6%          |
|                                  | CAGR ('23-'28) |
|                                  | 17%            |
| For Healthier Life               |                |
| FY2025 (Plan)                    | CAGR ('23-'25) |
| ¥222.0 billion                   | 9.9%           |
|                                  | CAGR ('23-'28) |
|                                  | 4%             |

## Business Strategy ■ Nutraceutical Business

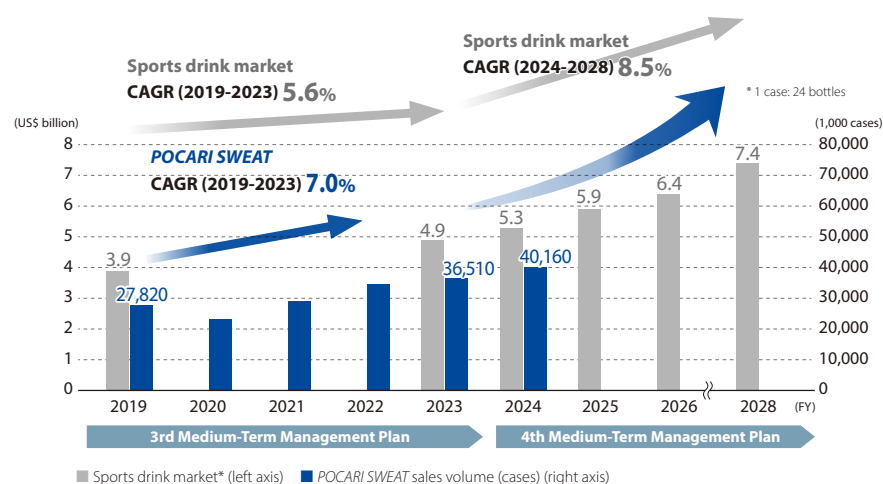
### ● For Climate & Environmental Risk Category

#### POCARI SWEAT

**Aim to maximize value in global markets, particularly ones in the fast growing Asia-Pacific region**

The Asia-Pacific (ex-Japan) sports drink market has continued to grow due to strong health awareness. As a result of continuing educational activities on hydration and electrolyte replenishment tailored to the culture and circumstances of each region, demand increased, sales volume grew, and revenue increased. Due to the expectation of continued strong growth, we aim to further spread the brand in existing markets and expand into new markets by educating consumers on the importance of hydration and electrolyte replenishment. Through the spread of the *POCARI SWEAT* product concept via unique marketing activities cultivated over the years, *POCARI SWEAT* has grown mainly in Asia, including China and Indonesia, and we are taking on the challenge of nurturing *POCARI SWEAT* into a ¥100.0 billion brand overseas.

**Sports drink market and *POCARI SWEAT* sales volume results  
(Asia-Pacific, excluding Japan)**



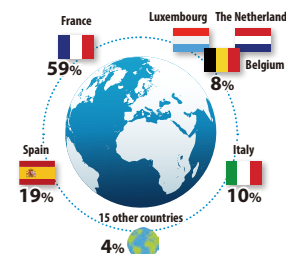
\* Passport from Euromonitor International

#### Nutrition & Santé

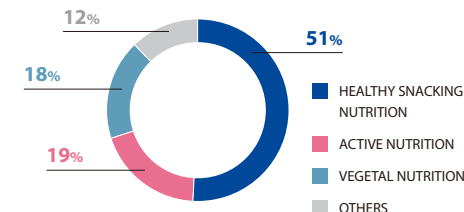
**Further expand e-commerce adapted to new lifestyles**

Nutrition & Santé (N&S) was founded in 1972, and is a pioneer in European health food manufacturing. "Santé" means "health" in French, so the company's objective is to provide better nutrition to keep consumers healthy. N&S has 10 factories, and offices in France, Belgium, the Netherlands, Italy, Spain, and Portugal. Revenue is increasing due to the growth of major products such as *Gerblé*, and N&S is steadily laying the foundation for growth by further expanding its e-commerce business.

**Nutrition & Santé S.A.  
Overseas Sales Regions and Sales Share**



**Revenue by product category**



#### Nutrition & Santé brands

##### HEALTHY SNACKING NUTRITION

Natural health foods, starting with biscuits in our main brand, *Gerblé*, which rolls out sugar-free, gluten-free, and fiber-rich products



##### ACTIVE NUTRITION

Diet foods and nutritional supplements for exercise



##### VEGETAL NUTRITION

Plant-based foods, including meat alternatives and tofu



## Business Strategy ■ Nutraceutical Business

### ● For Women's Health Category

#### **EQUELLE | Uqora | Bonafide**

**Contributing to Well-Being and providing health solutions based on scientific evidence, with a spotlight on women's health issues**

One of the categories of social issues identified as a growth driver in the 4th MTMP is Women's Health. The Otsuka group will continue to develop products based on scientific evidence, and, through the scientific know-how we have cultivated, as well as our on-going educational activities, we will quickly address the increasingly complex health issues faced by women of all ages as we propose solutions leveraging new concepts.

In Japan, product recognition for *EQUELLE*, which contains equol and supports women's health and beauty, increased significantly due to our extensive provision of information, including the holding of women's health seminars.

In North America, we are addressing various women's health issues with three brands, the first of which is *EQUELLE*, followed by *Uqora*, which supports women's urinary tract health, and *Bonafide*, which supports women's needs as they become more complex. *Uqora*, in particular, has seen steady growth in North America in over-the-counter sales at pharmacies, expanding its distribution channels to drugstores such as CVS and Walgreens, in addition to expanding e-commerce. Following the 2023 acquisition of Bonafide Health, LLC, a company supporting women's health, we have been developing products based on scientific evidence, and confirming their effectiveness through clinical trials, which has included the September 2024 launch of *Thermella*, a product that has been confirmed to be effective through research.



### ● For Healthier Life Category

#### **Nature Made**

**Striving to generate additional growth, particularly in the U.S., based on brand strength and high trust in quality**

While it continues to conduct R&D on supplements, Pharmavite LLC manufactures and sells *Nature Made* brand products, which were first launched in California, U.S., in 1971. The brand has captured the top retail market share<sup>1</sup> for vitamins in the U.S.

Highly regarded as the most recommended supplement brand<sup>2</sup> by U.S. pharmacists for 28 consecutive years in the U.S. market, the brand has grown to exceed ¥100 billion in revenue, backed by its brand strength and high trust in quality.

In order to meet the rapidly growing demand for gummy products in recent years in the U.S., Pharmavite has invested \$250 million in New Albany, Ohio, to establish a new factory dedicated to gummy production. In addition to manufacturing *Nature Made* gummy products, the new factory will also pursue research and development of new products at the Gummies Innovation Center of Excellence, which is scheduled to be established on the premises. In 2024, gummy-type products became the fastest-growing category in the U.S. supplement market, and *Nature Made* recorded the highest dollar-based growth rate<sup>3</sup> in the vitamin category for gummy formulations.

In the Japan market, we have been offering a high-quality lineup and product designs tailored to the needs of Japanese consumers since sales launched in 1993. Going forward, we will continue to further grow our business through global expansion and the creation of next-generation products.

1. Based on data collected using the Complete Market Service from Circana, LLC, covering the general vitamin category (©2025, Circana, LLC) for the 52-week data through December 29, 2024, in the retail store category (U.S. MULO) adopted by Pharmavite.

2. U.S. News & World Report / Pharmacy Times 2024 survey

3. Circana Market Advantage and Panel



## Business Strategy ■ Nutraceutical Business



**Materiality**  
**Contribute to the Health and Well-Being of  
 People Around the World**  
**Promote Positive Impact on Global Environment**

### Global Efforts to Address Climate Change-Related Health Issues

**Otsuka group's Nutraceutical Business provides health solutions that respect the diversity of regions and cultures, while addressing the potential of each individual.**

In our 4th MTMP, we have identified the global environment as one of the important social issues that we must address, and we have positioned responding to health risks caused by climate change as a priority area. We contribute to improving the Well-being of people around the world by working to solve health issues associated with climate change while balancing community-based health support and environmental considerations.

Climate change is causing serious health risks around the world, including an increase in extreme heat and nights with temperatures at or above 35°C, as well as the spread of infectious diseases.

In response to these issues, Otsuka group is promoting multifaceted initiatives on a global scale, including activities to raise awareness of the importance of hydration and replenishing electrolytes, as well as environmentally conscious manufacturing and operations.

In **Japan**, we have been conducting awareness campaigns on the importance of hydration and electrolyte replenishment for over 30 years. In addition to signing the first-ever partnership agreement on heat illness prevention measures with the Ministry of the Environment, we are accelerating our efforts in collaboration with government agencies, local governments, and companies, including hosting Heatstroke Prevention Ambassador® courses.



In the **United States**, as heat waves become more severe, health risks in hot environments have become an important social issue. Otsuka group conducts awareness campaigns on the importance of replenishing fluids and electrolytes for people working in hot environments. Through these community-based initiatives, we aim to promote understanding of health issues caused by climate change as we contribute to local communities.



In **China**, the government has established guidelines for preventing heat illness, and heat preparation is now more important than ever. The Otsuka group is collaborating with various stakeholders, including companies, educational institutions, and sports organizations, to raise awareness of the importance of hydration and electrolyte replenishment. In addition, we are promoting business operations aimed at reducing environmental impact, such as introducing solar power generation equipment and reducing the use of packaging materials.



China

Japan

U.S.

Indonesia

In tropical regions, climate change is causing changes in the habitats of living organisms, and responding to health problems caused by dengue fever has become an important issue.

In **Indonesia**, we are holding conferences for doctors as part of measures to prevent infectious diseases and manage physical health. This gives us the opportunity to widely disseminate information on the importance of replenishing fluids and electrolytes during instances of dengue fever, fever in general, and diarrhea.





## Business Strategy ■ Nutraceutical Business

### Nutraceutical Business—Initiatives for Women's Health in the United States

#### Basic Policy

While advances in medical technology and improvements in public health have led to longer average life expectancy worldwide, the aging population and declining birthrate are continuing, and new health issues, such as an increase in lifestyle-related diseases, are becoming apparent. Economic losses due to health issues specific to women, such as symptoms associated with menstruation and menopause, as well as gynecological cancer, have a significant impact worldwide. In the United States in particular, approximately 6,000 women enter menopause every day, and about 80% experience menopausal symptoms. Some reports estimate the loss of productivity to be more than \$150 billion.\* At the same time, the social and cultural stigma surrounding menopause is a social issue as well. At Otsuka Pharmaceutical's U.S. subsidiary Pharmavite (abbreviated "PHV"), we are contributing to women's health by promoting science-based product development and disease awareness, focusing on two main areas: menopause and female urological health.

\* Menopause Mindfulness: Calls for Research Funding and Addressing Stigma Related to Menopause - Society for Women's Health Research

#### The Stigma Surrounding Women's Health Issues

Among women's health issues, social and cultural stigma against menopause still exists. PHV works with more than 12,000 healthcare professionals, primarily obstetricians and gynecologists, across the U.S. to educate healthcare professionals and consumers about nutrition, and provide scientific information about the efficacy and safety of dietary supplements. In the results of annual surveys on current attitudes toward menopause, improvement has been seen over previous years in two areas: the percentage of women who talk openly about menopause with friends and family has increased, and the percentage of women who correctly understand the medical definition of menopause has increased. These steady educational activities have helped to dispel the traditional stigma toward menopause. We also partner with influential professionals and leading organizations in the field of women's health in a variety of ways. We coordinate with the Society for Women's Health Research (SWHR) to support their activities as a sponsor of events and educational content to promote research on women's health and increase access to reliable, medically backed information. In addition, PHV's subsidiary Bonafide Health is a member of the Menopause Society's Corporate Liaison Council and regularly attends and exhibits at the Society's annual meetings, establishing strong relationships with over 19,000 healthcare professionals.

We are also disseminating information to consumers through the Bonafide Health, *EQUELLE*, and Uqora brand websites, as well as conducting educational activities through the Uqora Collective, a Facebook community operated by Uqora. Otsuka Pharmaceutical will continue to address women's health issues through its products and health awareness activities.

#### Initiatives for Women's Health Issues

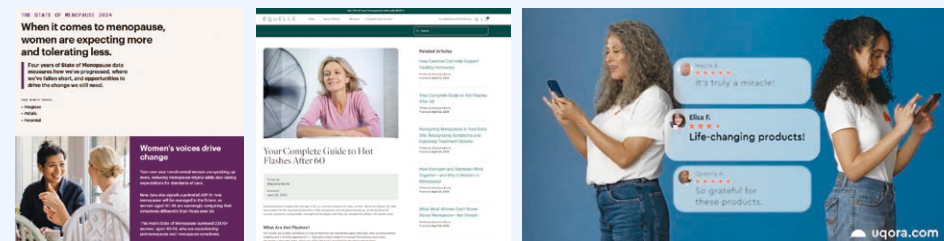
##### —Addressing Unmet Needs in Women's Health

Many women in the U.S. are seeking over-the-counter and affordable symptom management, and Bonafide and *EQUELLE* offer safe and effective, science-based products for menopausal symptoms. Additionally, in the area of women's urology, Uqora specializes in urinary tract and bladder health, with a particular focus on addressing urinary tract infections (UTIs). Although UTIs are the second most common infectious disease in the U.S. after the common cold, health care options have been limited. Within this context, Uqora supports women's health through innovative products—aimed at alleviating UTIs—as well as preventative supplements.

##### The Menopause Society Meeting 2024



##### Information dissemination on each brand websites | Bonafide, *EQUELLE*, and Uqora



## Business Strategy



**Materiality**  
**Contribute to the Health and Well-Being of  
People Around the World**

### Related SDGs



<https://www.otsuka.com/en/rd/business/consumer/>



### Consumer Products Business

#### ■ Outline of the 4th Medium-Term Management Plan strategy

- Revenue improvement & brand establishment

#### ■ FY2024 Performance

Revenue: ¥33.8 billion  
Business profit: ¥23.7 billion

## Progress of the 4th Medium-Term Management Plan

Otsuka Foods, the core of the Consumer Products Business, conducts business in the food and beverage areas. This includes vitamin-enhanced carbonated beverage *MATCH* which has expanded its existing user base through ongoing marketing activities, such as experiential and relationship-building initiatives, primarily targeting high school students. In addition, the relaunch of *MATCH Vitamin Mikan* in October 2024 also contributed to increased sales volume. Meanwhile, *CRYSTAL GEYSER* saw a decrease in sales volume in Japan due to price adjustments, but we continue to promote its environmental initiatives, such as lightweight bottles and caps and 50% recycled PET bottles, to highlight its brand value.

## Foods Business

Since launching *Bon Curry*, the world's first commercially available food in plastic pouch bags (retort bags), we have been a pioneer in the retort pouch food industry, developing a wide range of products. We continue to propose new foods that address social issues, such as *MY SIZE* for calorie control, and *Mannan Hikari*, a rice-like processed food made from konjac.

In 2024, we launched a new *Bon Curry* specifically for curry *udon*. Heat the whole carton in the microwave and simply pour it over *udon* noodles for a delicious and easy curry *udon* meal. Additionally, in August of the same year, we relaunched *Bon Curry for Children*.

As a pioneer in retort pouch foods, *Bon Curry* will continue to offer products that contribute to consumers' lives by evolving with the times and changing values, guided by its theme: Always in the middle of the family.



## Beverages Business

We offer several beverages that contribute to a rich lifestyle, including *MATCH*, a vitamin-enhanced carbonated beverage with a refreshing taste; *CRYSTAL GEYSER*, an easy-to-drink soft water that suits the Japanese palate; *Sinvino JAVA TEA Straight*, a beverage to enjoy with meals; and *Sugoi Daizu*, Japan's first whole soybean beverage including the soy pulp.

In 2024, we relaunched *MATCH Vitamin Mikan 500ml* as part of the *MATCH* lineup. This lightly carbonated beverage has a crisp aftertaste and is easy to gulp down, providing a day's worth of vitamins, as well as minerals, in one bottle.

Going forward, *MATCH* will continue to be a refreshing and delicious carbonated vitamin beverage that supports various aspects of high school life, aiming to become a brand cherished by our customers.

## R&D

Otsuka Foods' first product was *Bon Curry*, introduced in 1968, followed by *Sinvino JAVA TEA Straight*, to complement meals, in 1989, then the carbonated vitamin drink *MATCH* in 1996, and *Mannan Hikari*, a calorie-reduced staple, in 2001. In 2010, we turned our attention to evolving consumer lifestyles and portion sizes and launched the *MY SIZE* series, which is based on the concept of delivering the right portion sizes in terms of both quantity and calories. Based on our original concepts and development capabilities, as well as a traditional pioneering spirit, we will continue to deliver new foods to people's tables as only Otsuka Foods can.

## Business Strategy



**Materiality**  
Contribute to the Health and Well-Being of  
People Around the World

### Related SDGs



<https://www.otsuka.com/en/rd/business/others/>



### Other Businesses

### 4th Medium-Term Management Plan Initiatives

- Developing new markets both in Japan and overseas that support long-term growth

### Otsuka Warehouse

- Promoting greater logistics efficiency through use of common platform with partner companies
- Promoting digitalization of delivery operations

### Otsuka Chemical

- Reinforcing global system (business expansion and local production)
- Pharmaceutical CDMO\* business that leverages proprietary technology

\* CDMO: Contract Development and Manufacturing Organization

### FY2024 Results

Revenue: ¥110.1 billion  
Business profit: ¥7.0 billion

## Business Outline and Business Field

Otsuka group contributes to a wide range of fields through diversified operations that include a chemical business, which provides functional materials and components utilizing those materials in the fields of information electronics, mobility, housing, and pharmaceuticals; the warehousing and transportation business, which handles the distribution of total healthcare products such as pharmaceuticals, foods, and beverages, and promotes efficient and environmentally friendly transportation and delivery through standardization; and the electronic equipment business, which supports leading-edge science and technology.

### Otsuka Warehouse

Otsuka Warehouse is a logistics company specializing in the distribution of total healthcare products such as pharmaceuticals, foods, and beverages, and plays an important role in supporting people's richer and healthier lifestyles.

Currently, the logistics industry as a whole is facing labor shortages. To address this and other issues, we are reforming our warehouse and delivery operations by leveraging technology to create systems that anyone can use without relying on intuition or experience. Additionally, by prioritizing standardization and systematization under the 4th MTMP, we are aiming to optimize the entire supply chain by establishing a versatile framework that enables coordination with other companies such as shippers (manufacturers), transportation companies, and wholesalers, without relying on specific equipment or proprietary systems. For example, we have built a system that visualizes the flow of goods from order receipt to delivery, offering real-time tracking of the current location and status of goods. Furthermore, by using an incoming goods reservation system and changing the first-come, first-served rule for vehicle arrivals to a reservation-based system, we have leveled arrival times and can now visualize scheduled arrivals and waiting vehicles. This has reduced vehicle wait times as well as the work hours of receiving staff, thereby improving on-site

Actual shipping volume per year (Japan): **170** million units

Actual destinations delivered to per year: **22,000**

Logistics sites in Japan:

**83**

Number of types of products handled: **12,000**

operational efficiency and leading to CO<sub>2</sub> reduction and other environmental benefits.

We will continue to deliver total healthcare products safely and reliably, and strive to realize sustainable logistics.

### Otsuka Chemical

Otsuka Chemical supports comfortable lifestyles and industrial development in the information electronics, mobility, housing, and pharmaceutical fields by supplying functional materials and proprietary intermediates—and leveraging the power of these materials to supply components and active pharmaceutical ingredients.

Starting with the refinement of nigari (bittern) from seawater, we have developed a wide range of chemical products based on our proprietary technologies, including the first successful industrialization of hydrazine in Japan. In the information electronics field, we offer plastics and polymer materials that meet miniaturization and high-resolution needs; in the mobility field, we provide brake pad materials, foaming agents, and tire rubber additives that enhance safety, comfort, and energy efficiency; and in the pharmaceutical field, we supply raw materials for antibiotics and proprietary intermediates, among other products, to address the advanced needs of various industries.

In the 4th MTMP, we are promoting KATACHI Business, which offers components that embody the material capabilities we have cultivated over the years. In the semiconductor and robotics industries, where further growth is anticipated, our precision gear and molding business is meeting demand for precise, lightweight, and quiet components; our high-performance, multifunctional Films Business is meeting wide-ranging demand from automotive parts to information devices; and our CDMO Business is focused on medium-molecule pharmaceuticals and their raw materials. We will leverage our material and technological capabilities to realize new value for society under our vision: A company that collaborates with customers to find creative new usage by utilizing advanced materials.



SynCrest Inc., a joint venture with Yokogawa Electric Corporation (a plant for the manufacture of bulk pharmaceuticals for medium-molecule drugs)

# R&D to Support Our Business



## Materiality

Contribute to the Health and Well-Being of  
People Around the World

## Related SDGs



## Our R&D Organization

FY2024 Results  
**Pharmaceutical Business  
R&D Expenses**  
**¥296.4 billion**

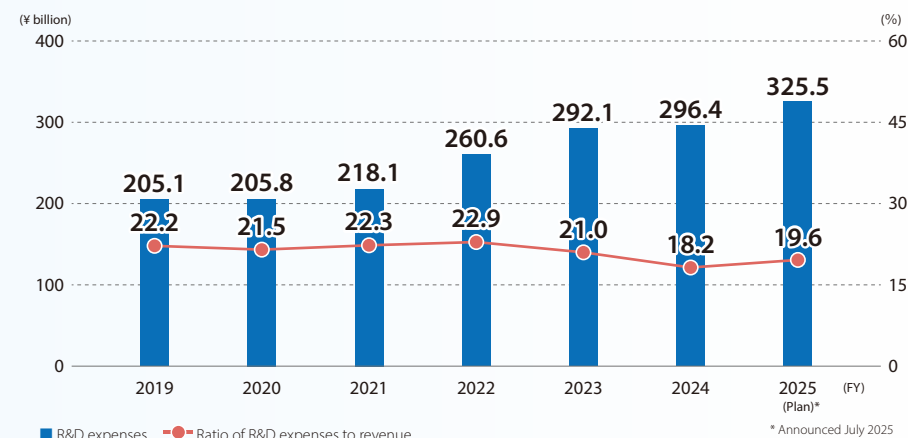
FY2024  
**Number of Projects**  
**64**

FY2024 Results  
**Pharmaceutical Business  
Ratio of R&D expenses to  
revenue**  
**18.2%**

In order to research and develop innovative products that contribute to curing diseases and support good health, the Otsuka group has established a network of domestic and overseas group research institutes (32 sites) and is engaged in diverse drug discovery research under a global structure.

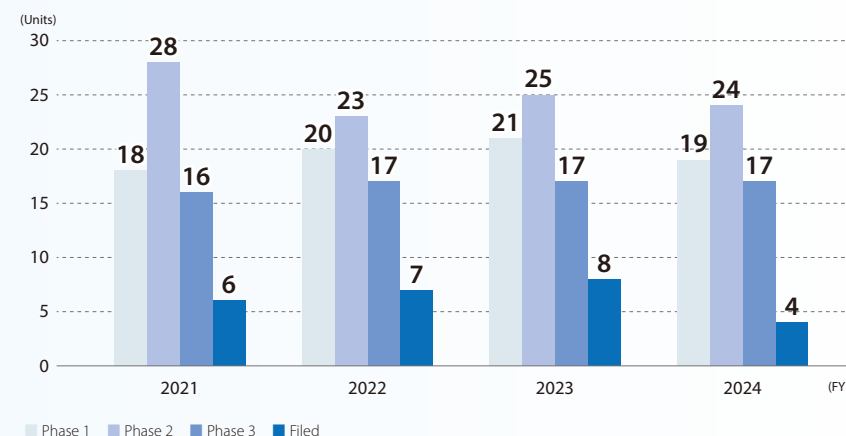
The Otsuka group's strength lies in its unique and diverse research base, and it will organically integrate its drug discovery research base, mainly small molecules accumulated through years of new drug research, with cutting-edge technologies to create innovation through a value creation process based on *Ryukan-godo*, *Jissho*, and *Sozosei*.

## Pharmaceutical Business R&D Expenses and Ratio of R&D Expenses to Revenue



## The number of clinical trial projects

Promoting R&D that pursues innovation while maintaining a certain number of projects





## Representative Research Institutes for the Pharmaceutical Business

### ① Tokushima Research Center for Drug Discovery, Otsuka Pharmaceutical

The Tokushima Research Center for Drug Discovery has provided new therapeutic agents such as *REXULTI* and *Samsca/JINARC/JYNARQUE* for psychiatric and neurological diseases and cardiovascular and renal diseases. We continue to conduct research activities

focusing on drug discovery approaches with small molecules, both phenotypic drug discovery and targeted drug discovery, utilizing the experience we have accumulated over the years. In collaboration with the Osaka Research Center for Drug Discovery and other global research institutes, we are also conducting drug discovery research by leveraging new technologies. From the early stages of drug discovery to the submission of applications for approval, we are conducting research and evaluation studies of safety and pharmacokinetics, while also preparing application documents and responding to inquiries.



### ② Osaka Research Center for Drug Discovery, Otsuka Pharmaceutical

In addition to carrying on Otsuka Pharmaceutical's drug discover history and culture, the Osaka Research Center for Drug Discovery generates new innovation. Having built a network with research institutes and biotech companies both in Japan and overseas, we are engaged in drug discovery research for small molecule compounds and biologics. Equipped with cutting-edge research equipment, including one of the world's most advanced cryo-electron microscopes and automated organoids culture equipment, we are undertaking new drug discovery, including that which incorporates cutting-edge immunology and digital transformation.



### ③ Discovery and Preclinical Research Division (Tsukuba Area), Taiho Pharmaceutical

In the Tsukuba Area, Taiho Pharmaceutical's Discovery and Preclinical Research Division is taking on the challenge of discovering new original drug candidate compounds that indicate outstanding efficacy and high safety, mainly in the fields of oncology and immunology. In addition to expanding our proprietary Cysteinomix Drug Discovery Platform, which led to the discovery of *LYTG0BI* and zipalertinib (TAS6417), we are actively working to improve and expand our drug discovery platform technologies by introducing robotics technology to increase and accelerate research productivity and artificial intelligence (AI) in the search for drug targets and compound design.



### ④ Astex

Astex Pharmaceuticals has established a method (FBDD<sup>1)</sup>) for efficiently designing and discovering new drugs based on small molecule organic compounds. In the oncology area, the company has developed multiple new drugs and clinical development compounds, including *Kisqali*<sup>2</sup> and *Truqap*,<sup>3</sup> and is recognized worldwide as a leading company in FBDD.

Furthermore, in addition to creating innovative drugs by using cryo-electron microscopy for drug design, Astex Pharmaceuticals is also exploring the potential of quantum computers for such drug design.



1. Fragment-Based Drug Discovery 2. Product sold by Novartis 3. Product sold by AstraZeneca



### ⑤ Visterra

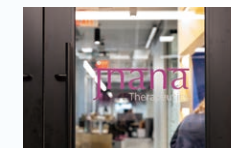
Leveraging its strength with antibodies and biologics, Visterra is undertaking R&D in the fields of immune-mediated and renal diseases where current treatment options are limited. Sibeprenlimab (VIS649) is currently under development. We are progressing through the Biologics License Application (BLA) process in the United States, based on the results of Phase 2 and Phase 3 trials, for the treatment of IgA nephropathy in adults. Additionally, VIS171 is currently in Phase 1 trials, and clinical development is progressing steadily. Our proprietary technology Hierotope® platform makes it possible to design antibody drugs for many biological substances by calculating and predicting the protein-antibody binding. As part of Otsuka Pharmaceutical's Open Innovation Strategy, we are collaborating with universities and hospitals in and around Boston.



### ⑥ Jnana Therapeutics, Inc.

Jnana Therapeutics, Inc., which joined the Otsuka group in 2024, is conducting research based in Boston. Its proprietary drug discovery platform, *RAPID*\* enables the identification of compounds that bind to targets previously considered difficult to address using conventional screening methods, particularly for small molecule drugs. This technology has shown promising results in challenging therapeutic areas such as autoimmune and rare diseases. Repinatrabit (JNT-517), currently in clinical development, is a small molecule compound discovered through this platform that inhibits amino acid reabsorption in the kidneys. It is expected to become an effective treatment option for phenylketonuria.

\* Reactive Affinity Probe Interaction Discovery



#### MESSAGE

#### Create innovative products to meet the unmet needs of patients

##### Jnana's initiatives with its unique drug discovery platform

After practicing at Yale University as a medical doctor specializing in Rheumatology, I decided to focus my career on discovering and developing innovative treatments for patients with Autoimmune Diseases. I saw first-hand as a Rheumatologist the devastating impact these diseases have on patients, and I've made it my life's work to change that. My greatest pride has come from seeing several projects become products that help patients everyday worldwide.

Jnana possesses unique technology that has advantages to conventional methods to identify new compounds for specific targets. Our discovery platform has now been clinically validated against a target that other companies have struggled with.

Having successfully developed a drug for phenylketonuria, a rare metabolic disease, we are now focused on Autoimmune Diseases. We believe that drug discovery should start with a clear understanding of a patient's needs to restore their physical and mental Well-being. This gives our drug development programs a clear and deeply meaningful purpose.


We share Otsuka Group's values and vision to enhance Well-being for people globally. Our entire organization is energized and committed to doing this for patients with Autoimmune Diseases.



**George Vratsanos**  
President  
Jnana Therapeutics Inc.

# Product Development Pipelines

At least in Phase 3 as of December 31, 2024

 Programs that made progress in FY2024

| Category                          | Brand name (Generic name) Development Code                      | Indication / Dosage form  | Development status |       |                |       |                |       |
|-----------------------------------|---|---|--------------------|-------|----------------|-------|----------------|-------|
|                                   |   |   | JP                 |       | U.S.           |       | EU             |       |
|                                   |   |   | Phase 3            | Filed | Phase 3        | Filed | Phase 3        | Filed |
| Psychiatry and<br>neurology area  | <b>REXULTI/RXULTI (brexpiprazole) OPC-34712 / OPC-34712 FUM</b> | Posttraumatic stress disorder / Oral  |                    |       |                | ●     |                |       |
|                                   |   | Schizophrenia / Once-weekly oral  | ●                  |       |                |       |                |       |
|                                   | <b>(centanafadine) EB-1020</b>                                  | Attention-deficit hyperactivity disorder / Oral   |                    |       | ●              |       |                |       |
|                                   | <b>(ulotaront) SEP-363856</b>                                   | Schizophrenia / Oral  | ● <sup>1</sup>     |       | ●              |       |                |       |
|                                   |   | Major depressive disorder / Oral  |                    |       | ● <sup>1</sup> |       |                |       |
|                                   |   | Generalized anxiety disorder / Oral   | ● <sup>1</sup>     |       | ● <sup>1</sup> |       |                |       |
|                                   | <b>(pizuglanstat) TAS-205</b>                                   | Duchenne muscular dystrophy / Oral  | ●                  |       |                |       |                |       |
|                                   | <b>(ulefnersen) ION363</b>                                      | Amyotrophic lateral sclerosis (ALS) / Injection   | ● <sup>2</sup>     |       | ● <sup>2</sup> |       | ● <sup>2</sup> |       |
| Oncology area                     | <b>(azacitidine, cedazuridine) ASTX030</b>                      | Myelodysplastic syndromes, chronic myelomonocytic leukemia, acute myeloid leukemia / Oral |                    |       | ● <sup>1</sup> |       |                |       |
|                                   | <b>(pamufetinib) TAS-115</b>                                    | Osteosarcoma / Oral   | ●                  |       |                |       |                |       |
|                                   | <b>(zipalertinib) TAS6417</b>                                   | Non-small cell lung cancer / Oral   | ●                  |       | ●              |       | ●              |       |
|                                   | <b>(zimberelimab + domvanalimab) AB122 + AB154</b>              | Upper gastrointestinal tract cancer / Injection   | ●                  |       |                |       |                |       |
|                                   |   | Non-small cell lung cancer / Injection  | ●                  |       |                |       |                |       |
| Cardiovascular<br>and renal areas | <b>(sibeprenlimab) VIS649</b>                                   | IgA nephropathy / Injection   | ●                  |       | ●              |       | ●              |       |
|                                   | <b>(bempedoic acid) ETC-1002</b>                                | Hypercholesterolemia, familial hypercholesterolemia / Oral                                |                    | ●     |                |       |                |       |
| Other<br>categories               | <b>Deltyba (delamanid) OPC-67683</b>                            | Multidrug-resistant tuberculosis / Oral   |                    |       | ●              |       |                |       |
|                                   | <b>(donidalorsen) ISIS 721744</b>                               | Hereditary angioedema / Injection   |                    |       |                |       |                | ●     |

1. Phase 2/3 2. Phase 1/2/3

# Research and Development Activities

At least in Phase 2 as of December 31, 2024

| Category                          | Brand name (Generic name) Development Code  | Area                   | Treatment / Indication   | Status <sup>3</sup>   |
|-----------------------------------|---|------------------------|--|---|
| Psychiatry and<br>neurology area  | <b>ABILIFY MAINTENA<sup>4</sup> (aripiprazole) 2-month long-acting injectable</b>     | Europe                 | Maintenance treatment for schizophrenia  | Mar-2024   Approval   |
|                                   | <b>REXULTI (brexpiprazole) OPC-34712 / OPC-34712 FUM</b>                              | U.S.                   | Post-traumatic stress disorder (PTSD) in adults                                    | Apr-2024   Filing   |
|                                   |   | China                  | Schizophrenia  | Jun-2024   Approval   |
|                                   |   | Japan                  | Agitation associated with dementia due to Alzheimer's disease <sup>5</sup>         | Sep-2024   Approval   |
|                                   | <b>(ulefnersen) ION363</b>  | Japan, U.S. and Europe | Amyotrophic lateral sclerosis (ALS)  | Phase 1/2/3 Ongoing   |
|                                   | <b>SEP-380135</b>   | U.S.                   | TBD  | Dec-2024   Phase 1 Start  |
| Oncology area                     | <b>(zimberelimab + domvanalimab) AB122 + AB154</b>                                    | Japan                  | Non-small cell lung cancer   | Jan-2024   Phase 3 Start  |
|                                   | <b>LYTGOBI (futibatinib) TAS-120</b>  | U.S. and Europe        | Solid tumors (esophageal cancer, pancreatic cancer)                                | Feb-2024   Phase 2 Start  |
|                                   | <b>(azacitidine, cedazuridine) ASTX030</b>  | U.S.                   | Myelodysplastic syndromes, chronic myelomonocytic leukemia, acute myeloid leukemia | Apr-2024   Phase 2/3 Start  |
|                                   | <b>ICLUSIG (ponatinib) AP24534</b>  | China                  | Chronic myeloid leukemia, acute lymphoblastic leukemia                             | Sep-2024   Approval   |
| Cardiovascular<br>and renal areas | <b>LUPKYNIS (voclosporin)</b>   | Japan                  | Lupus nephritis  | Sep-2024   Approval   |
|                                   | <b>(bempedoic acid) ETC-1002</b>  | Japan                  | Hypercholesterolemia, familial hypercholesterolemia                                | Nov-2024   Filing   |
| Other<br>categories               | <b>(repinatrabit) JNT-517</b>   | U.S.                   | Phenylketonuria  | Phase 1/2 Ongoing — A development product gained through the acquisition of Jnana Therapeutics Inc. in September 2024 |
|                                   | <b>KIDPAREN Injection (glucose, electrolyte, amino acid and multivitamin) OPF-109</b> | Japan                  | High calorie parenteral nutrition for chronic kidney disease                       | Sep-2024   Approval   |
|                                   | <b>ENOSOLID Semi Solid for Enteral Use EN-P09</b>                                     | Japan                  | Enteral feeding of patients who find it difficult to eat and drink orally          | Sep-2024   Approval   |
|                                   | <b>(donidalorsen) ISIS 721744</b>   | Europe                 | Hereditary angioedema  | Dec-2024   Filing Acceptance  |

3. The above description of status in U.S. and Europe, "Filing" 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.

4. In Europe, the product name of aripiprazole 2-month long-acting injectable is Abilify Maintena® 720mg/960mg.

5. The treatment indication in the package insert in Japan is described as the treatment of "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."

# Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment



## Materiality

**Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment**

## Related SDGs



## Strengthening human resources, a source of innovation

### Basic Policy

At the Otsuka group, it is our opinion that people with different backgrounds and perspectives unbound by a rigid organization freely exchanging ideas and developing new ideas leads to more well-thought out management decisions, new business opportunities, and greater competitiveness. We promote communication both inside and outside the group in order to attract talented personnel, continually develop their individual abilities, and enable them to fulfill their potential. In addition, we intend to continually drive innovation and maximize human capital value by building personal networks that transcend job category and field and are not bound by a stereotype.

### Otsuka Group Human Resource Policy

Innovation has always been generated by people. Our group aims to attract talented personnel and continually develop their abilities so that they can fulfill their potential. As we conduct business worldwide, human resources who deeply understand our corporate culture and philosophy and can execute strategies on a global stage are indispensable. Our group advances human resource development that encourages each and every employee to improve their diverse individual capabilities and take on new challenges without fear of failure. Furthermore, we intend to continually drive innovation by actively promoting communication both inside and outside the group and building networks that transcend job category, field, and stereotype.

### Human Resources Strategy Linked to Business Strategy

Our group is strengthening collaboration between human resources and business departments to make strategic human capital investments and enhance company-wide organizational capabilities, as well as developing the foundation for data on human resources that enables deeper information analysis and decision-making, and promoting human resource policies through KPI management. We are also strengthening global collaboration among human resources departments, with relevant directors and personnel managers of major overseas operating companies playing a central role in advancing cross-company collaboration and cooperation in business management, as well as driving discussions on personnel recruitment, human resource development, and strategic personnel planning that cuts across different organizations.

### Developing Human Resources Who Generate Innovation

#### Developing managerial human resources and global leaders

At Otsuka Holdings, we offer a program for all employees of the Otsuka group, both in Japan and overseas, to learn the business skills and qualities necessary to become management personnel. The program includes a training camp led by executives, custom programs offered in partnership with the INSEAD Business School, a French global education institution, and opportunities to study at any of 18 overseas business schools in six countries across the globe, providing employees with a multifaceted approach to learning about global management. In addition to actively conducting unique programs at business companies, we are working to train next-generation managerial human resources and global leaders throughout the group from numerous perspectives appropriate for the type of business.

#### Examples of training in 2024

| Managing company                | Training title                                     | Training content   |
|---------------------------------|--|--|
| Otsuka Pharmaceutical           | Embark   | This is training provided before an overseas assignment so that participants can adapt to the different cultural environments they will work in during their assignment and maximize business performance. |
| Taiho Pharmaceutical            | Taiho School                                       | This is training related to inter-cultural management, work experience at other companies, and the essential roles of leaders.   |
| Otsuka Pharmaceutical Factories | Next-Generation Management Leader Training Program | This select two-year training program is for the next generation of leader candidates.   |
| Otsuka Chemical                 | Next-Generation Leader Training                    | Participants learn from the president about such topics as cross-cultural communication, leadership, and management that targets both existing and new businesses.   |
| OAPI/OPDC <sup>2</sup>          | LTOW   | This management training reexamines leadership from the lens of culture, inspirational leadership, corporate collaboration, and value creation.  |
| Pharmavite                      | Catalyst   | This training develops leadership skills in HR managers who are recognized as future leaders.  |

1. Otsuka America Pharmaceutical

2. Otsuka Pharmaceutical D&C

|  |                                |  |                              |
|--|--------------------------------|--|------------------------------|
| 2024 Training totals<br>(29 companies) | Participants: total of 50,141  | Corporate philosophy training totals<br>(29 companies) | Participants: total of 8,336 |
|  | Training time: 323,347 hours   |  | Training time: 23,907 hours  |
|  | Training costs: ¥1,675,444,088 |  | Training costs: ¥159,334,479 |

## Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment

### Global human resource training

In order to respond to the global business environment and further increase the competitiveness of the whole group, the Otsuka group focuses on training not only human resources who can make the most of their leadership and teamwork skills in an intercultural environment but also human resources who understand diversity, equity, and inclusion (DE&I), have a desire for self-growth, and can embody the group philosophy and culture. Otsuka Holdings provides both Japanese and overseas group employees with access to the Harvard Manage Mentor®, a learning platform offered by U.S.-based Harvard Business Publishing. In addition to self-study, this program, which serves as a platform for human resource exchanges within the Otsuka group, leverages webinars and various initiatives to promote the formation of networks with other participants within the group. Since the program was first offered in 2020, a total of 7,400 employees from 75 group companies in 33 countries and regions have taken part in the program. In addition, Otsuka Pharmaceutical provides opportunities for young employees aiming to participate in global business to deepen their understanding of different cultures and business practices by learning from globally active employees about their mindset, job responsibilities, and approach to cross-cultural communication.

### Developing digital human resources

The Otsuka Group is focused on training digital human resources in order to link the promoting of digitalization to operational efficiency, greater competitiveness, and innovation.

At Otsuka Holdings, we offer learning tools and provide training to strengthen specialization appropriate for each skill level, which includes holding seminars on digital skills and design thinking for all group employees.

See here for examples of digital human resource training.

<https://www.otsuka.com/en/sustainability/society/people/training.html>

### Initiatives to secure and retain R&D human resources

The Otsuka group stresses securing and retaining R&D personnel in order to create innovation and reinforce our competitiveness. The Drug Discovery Division actively recruits not only doctorate degree holders who possess specialized knowledge in key fields and vision but also Japanese and overseas researchers from academia with an eye toward solving problems from new perspectives and continually generating innovation. Furthermore, we strive to help employees acquire a wide breadth of knowledge, strengthen their specialization, and develop a multifaceted perspective through exchanges between research labs both in Japan and overseas and personnel rotations to other divisions. The New Drug Development Division stresses human resource development by conducting its own open-enrollment language training and select training for leader candidates of the next generation, to advance global development and flexibly respond to the changing environment.



### Conveying Otsuka's culture

Since 2024, when we announced the development of human resources and creation of an environment for realizing our corporate philosophy as a material issue, Otsuka Holdings has been hosting a training program for employees in charge of human resources and education at major domestic operating companies. These employees tour Otsuka group facilities and attend workshops so that they can convey Otsuka's history



Training program for education officers at major domestic companies

and corporate philosophy in their own words. By exchanging each company's success stories and challenges, and through group-wide initiatives and events, we can foster employees' understanding and buy-in of our corporate philosophy, creating an environment that strengthens the entire group's sense of unity. In FY2025, we co-hosted a group-wide orientation event for new Otsuka group employees at the Otsuka Museum of Art, providing them an opportunity to experience firsthand the collaboration that exists across the group.

Additionally, *Health—Inventive & Preventive*, a global information magazine produced and published by a 13-member editorial committee comprising employees from Europe, Asia, and Japan, aims to spread Otsuka group's corporate philosophy, corporate culture, and management approach. Specifically, it disseminates, to group employees worldwide, messages from management, information about group companies' businesses, activities of teams across countries and regions, sustainability initiatives, and noteworthy news and events. In October 2024, the editorial committee gathered in Tokyo and Tokushima to discuss the magazine's purpose, target audience, future topics and design, as well as the current status of how Otsuka's culture is being conveyed within each company.



Editorial committee of Otsuka's global information magazine



## Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment

### Creating an environment to maximize human resource capabilities

#### Basic Policy

The Otsuka group considers healthy, energetic employees continually growing an indispensable element for implementing our corporate philosophy and undertakes initiatives that contribute to health maintenance and improvement. Convinced that diverse employees making contributions promotes innovation and globalization, we also focus on creating an environment that makes the most of individual capabilities and individuality. When creating this environment, we stress fairness and impartiality and give consideration to not undermining employees' opportunities to grow and challenge themselves.

#### Promoting Health and Productivity Management

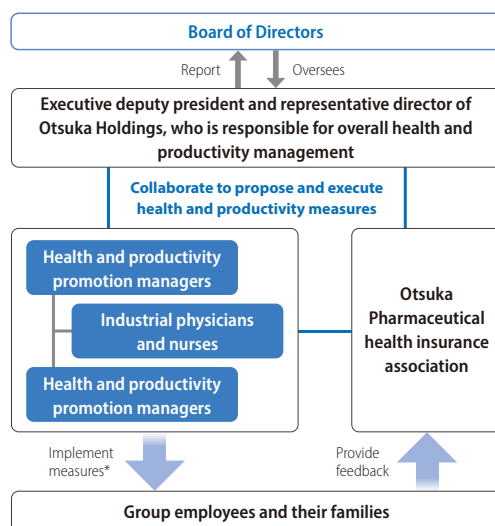
Under our corporate philosophy, the Otsuka group aims to create new products and services for better health worldwide. To bring this about, it is essential that each and every employee is healthy in both mind and body, and is able to work energetically while fully using their capabilities and individuality. Therefore, we have the Otsuka Holdings Health Declaration and other health declarations in place at each company, and are promoting various initiatives related to employee health.

We promote initiatives throughout the organization to maintain and improve the health of employees and their families through collaboration between the Otsuka Pharmaceutical health insurance association and specialized staff, including each group company's health and productivity promotion managers and industrial physicians and nurses, under the leadership of the Executive Deputy President and Executive Director of Otsuka Holdings, who is responsible for overall health and productivity management. The Board of Directors also supervises the issues, targets, and progress concerning these initiatives.

Otsuka Group's Health and Productivity Management

<https://www.otsuka.com/en/sustainability/society/people/health.html>

#### Promotion system (Japan)



\* Implement measures and provide feedback through Health and Safety Committee at each location

#### Main initiatives for health investment

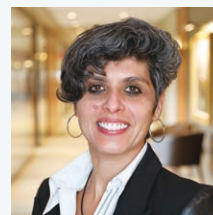
At each domestic group company, all employees undergo an annual stress check in order to ascertain the mental burden they experience, to link that to improvements in self-care and workplace environment, and to prevent mental health problems. Nurses and public health nurses provide counseling for employees who are flagged as having a high stress level in the stress check. In this and other ways, we work to ensure the mental health of employees through a meticulous system, which includes consultation services and seminars on mental health.

In addition, the health insurance association and each company collaborate to offer health seminars for group employees and their families, dental checkups, smoking cessation support, and cervical cancer screenings,\* among other initiatives to promote the health of employees.

\* We offer free cervical cancer screenings to all insured female employees under the age of 30, with the aim of facilitating early detection and treatment of cervical cancer.

#### MESSAGE

#### Cultivating a healthy work environment through empathy and mutual support: Initiatives in the U.S.



**Juliet Serrato**  
Director  
Social Impact & Corporate Affairs  
Otsuka America Pharmaceutical, Inc.

The Otsuka Community Well, operated by Otsuka's U.S. affiliates, is an employee mental health resource group that builds a supportive community by hosting experiences aimed at reducing stigma and fostering empathy in Otsuka-people. Additionally, based on research findings indicating that volunteer activities are beneficial for employees' mental health, we are also striving to increase employee participation in volunteer activities. The participation rate was 7% in 2022 and in just two years, it increased to 24% and is expected to exceed that in 2025.

THE OTSUKA  
COMMUNITY **iWell**  
Be Well With Us

## Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment

### ■ Labor Health and Safety

In accordance with its corporate philosophy, the Otsuka group recognizes that ensuring health and safety in all business activities is an important element of management, and is engaged in initiatives, including education and training for relevant personnel, to create healthy and safe workplaces. At business sites where a Health and Safety Committee is required by law, we have established such committees and hold regular meetings to discuss health and safety, as well as the maintenance of a safe work environment. Committees also regularly identify sources of risk, conduct risk assessments, and share results with stakeholders. Each company conducts regular training related to labor health and safety in accordance with annual plans, as well as education on company and factory rules; health, safety, and the environment; and manufacturing and quality control related to products and their manufacture.

Otsuka Group Health and Safety Policy

<https://www.otsuka.com/en/sustainability/society/people/occupational.html>

### ■ Support for Career Independence

The Otsuka group has an open recruiting system for group employees in Japan, in which requirements for posts and jobs that group companies need to fill are made public to employees and required human resources are selected from applicants, and this system was introduced to increase employee skills and motivation and enliven human resource exchanges between group companies. In addition to providing a self-reporting system for employees to report to the HR Department their current work conditions, opinions and proposals for workplaces, and desired career plan, we conduct an annual survey in order to further develop the skills of employees, make appropriate assignments, and improve the workplace environment. In 2024, Otsuka Holdings was selected as a constituent of the iSTOXX MUTB Japan Platinum Career 150 Index, comprised of Japanese companies that actively and continuously engage in initiatives to create "platinum careers" for their employees. A platinum career refers to a type of career in which people polish and build up their skills through self-directed learning and experiences, regardless of age, and the group's efforts were recognized in that matter.

### ■ Fair Employment and Compensation

The Otsuka group conducts employment-related activities, such as recruitment, assignments, performance evaluations, promotions, and transfers, in line with the Otsuka Group Global Code of Business Ethic, which adhere to human rights and labor laws and regulations and are based on fair

employment policies. We work to make it possible for employees to achieve their individual potential by building a fair, open, and equal workplace, without unfairly evaluating employees based on their race, skin color, country of origin, sex, sexual orientation, gender identity, religion, nationality, age, marital status, whether they are pregnant or not, or whether they have a disability. In addition, we conduct self-evaluations and HR interviews and operate a whistleblower system to eliminate coercive and forced work and prevent child labor by confirming the age of applicants when recruiting.

As for remuneration, we pay at least the legally required minimum wage for each country and region and work to appropriately manage wages so that wages are fairly paid and to ensure same pay for same work by comparing compensation for similar roles in each region.

### Employee engagement

At the Otsuka group, we recognize that all departments and business must have a single orientation to raise corporate value and build a strong organization. In addition, we stress the cultivation of a sense of unity within the organization by having employees understand the group's overall values and vision. Having set employee engagement as an indicator related to human capital, one of our material issues, we promote collaboration to strengthen the overall organization's creativity and problem-solving skills through such initiatives as organization diagnosis, reforms, and employee training based on group-wide taskforces.

We are working to create a comfortable work environment at each operating company by improving organizational culture through surveys on employee engagement and satisfaction, an internal whistleblowing system, and investigations and stronger measures against bullying and harassment.

### Gender pay gap

For recruiting, evaluations, promotions, assignments, allowance requirements, and similar issues, we offer compensation based on individual roles and skills, results, evaluations, and growth regardless of sex, nationality, age, or other attribute. As a group, we are committed to comprehensively promoting diversity, equity, and inclusion and continual human resource development.

#### Gender pay gap (2024)

|  | All workers | Regular employees | Contract employee |
|--|-------------|-------------------|-------------------|
| Otsuka Holdings (non-consolidated)       | 91.3%       | 91.7%             | 87.6%             |
| Average for 19 group companies in Japan* | 81.7%       | 84.2%             | 65.1%             |

\* The 19 in Japan: Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka Medical Devices, Otsuka Electronics, Otsuka Techno, Okayama Taiho Pharmaceutical, Otsuka Packaging Industries, Otsuka Ohmi Ceramics, Higashiyama Film, Otsuka Wellness Vending, JIMRO, Otsuka Business Support, EN Otsuka Pharmaceutical, and J. O. Pharma

## Develop Human Capital to Fulfill Our Corporate Philosophy at Good Working Environment

### Evaluation and Feedback Process for Employees

At group companies, individual goals aligned with organizational targets are set, with feedback from superiors. Structured meetings held during goal-setting and evaluation phases play a critical role in fostering employee growth and performance development.

The Otsuka group emphasizes manager education and growth mindset. Otsuka People Management Training, offered by Otsuka Holdings and Otsuka Pharmaceutical, includes expert lectures and workshops to promote role awareness and behavior change. A centralized employee data system enables data-driven human resource development, optimizing group-wide capabilities through goal-setting, evaluation, training, and talent management.

### Promoting Diversity, Equity, and Inclusion (DE&I)

The Otsuka group promotes diversity, believing it drives innovation and global growth. Otsuka Holdings has been listed for two consecutive years since 2024 on the Morningstar Japan ex-REIT Gender Diversity Tilt Index, which tracks companies that are committed to gender equality.

### Work style support

In Japan, we offer systems that help employees balance work and family while improving productivity. The Family Smile Support System provides up to 12 months of remote work with limited on-site requirements for employees managing pregnancy, childcare, or eldercare responsibilities. Additionally, the Work Interval System enforces mandatory rest periods between late-night shifts to safeguard employee Well-being.

### LGBTQ+

To promote understanding of LGBTQ+ issues, we conduct training across the entire group, including the Human Resources department and other divisions. At Otsuka America Pharmaceutical Inc., through the OtsukaHOPE (Honest, Open, Pride for Everyone) initiative, we create an open and inclusive environment where members and allies of the LGBTQIA+ community are fully supported and accepted. As an employee resource group, our membership's shared purpose is to cultivate a safe space where all Otsuka people feel empowered to express themselves openly and contribute their unique perspective with confidence and pride. With dialogue, education, and exchange of opinions, we raise awareness among employees to foster understanding and a sense of belonging. By engaging in partnerships, networking, and participating in public and corporate events, we establish Otsuka's position as leaders in eliminating prejudice and stigma against the LGBTQIA+ community in the workplace. With engagement activities throughout the year and during Pride month in June that focus on the strategic pillars of business impact, professional development and cultural awareness, OtsukaHOPE's programming aims to elevate

the full potential of our multi-cultural workforce, drive innovation via celebrating diversity of ideas, and foster a sense of belonging for all Otsuka employees to bring their whole and authentic selves to work.



### Employment of people with disabilities

Otsuka Pharmaceutical established Heartful Kawauchi Co., Ltd. in 2011 as a special subsidiary to create employment opportunities for people with disabilities, enabling them to fully demonstrate their abilities and thrive. The company actively promotes normalization by employing individuals with physical, intellectual, and mental disabilities, and has built a supportive environment for stable employment. It also engages in government-led initiatives, collaborates with special needs schools and support organizations for workplace tours and job training, and hosts seminars for companies facing challenges in disability employment. In recognition of these efforts, the company received the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED) President's Award for 2024.

### Creating a Workplace Where Employees Can Receive Treatment While Continuing to Work

As a company that develops and sells anticancer drugs, Taiho Pharmaceutical aims to create a workplace where employees suffering from cancer and other diseases can continue working while undergoing treatment. The Human Resources Department and Health Professionals play a central role in providing support for balancing treatment and work. C-Guide Portal, a cancer-information portal site for employees launched in 2019, provides information on systems and consultation services available to employees and their families in the event of cancer or other illnesses, as well as information on cancer prevention and screening. It is also a place to deepen understanding of the reality of treatment, as learned through family members and their own experiences with cancer, in addition to sharing experiences and thinking about the meaning of working as an employee of a cancer treatment manufacturer. On top of our own efforts, we also reach out to society through lectures at other Otsuka group operating companies, local governments, and academic conferences, while also participating in the manual writing committee of the Ministry of Health, Labour and Welfare, and joining in on briefings and exchanges with other companies and organizations.



Received a gold prize for six consecutive years (2019–2024) at the Cancer Ally Awards organized by the Gan (Cancer) Ally Club, a private-sector project addressing the issue of cancer and employment. In 2023, received the newly established 'Best Practice' award.

# The Otsuka Group's Strengths in Value Creation — Employee Perspectives

The Otsuka group focuses on developing human resources who embody our corporate philosophy. We asked mid-career hires to share what makes Otsuka's corporate culture and people unique.

## The Distinctive Characteristics of Otsuka's Business

Otsuka group stands out among pharmaceutical companies around the world for its dual focus on Pharmaceutical and Nutraceutical Businesses. While many pharmaceutical companies are pursuing a "choose and focus" strategy centered on core businesses and therapeutic areas, Otsuka has consistently maintained a diverse portfolio. This enables the group to address a wide range of social issues through group-wide collaboration—for example, by providing integrated solutions that span prevention, treatment, and post-treatment care. In recent years, many companies have adopted total healthcare as their business concept. However, as healthcare needs continue to diversify, I saw great potential in Otsuka's multifaceted approach to generate new value—even from an external perspective. That recognition led me to choose to return to Otsuka.

## Uniqueness Born from a Culture of Continuous Challenge

Compared to other organizations I've worked with, what stands out as a defining characteristic of Otsuka Pharmaceutical is the strong sense of pride and attachment employees feel toward the company, along with active communication among colleagues. Perhaps due to the company's continuous pursuit of challenges across diverse business domains, many employees demonstrate a flexible mindset. Initiatives that may appear unconventional from an external perspective are often embraced naturally within the organization. For example, a new research institute established in 2025 does not operate from a fixed location and have a physical facility, because it facilitates collaboration with various businesses and academia. These unique initiatives—considered unorthodox when viewed from outside the organization—have accumulated over time and helped shape Otsuka's culture of creativity.

## Balancing Short-Term Results with Long-Term Growth

As societal change accelerates, businesses are increasingly pressured to deliver short-term results. In this environment, Otsuka Pharmaceutical stands out for its commitment to long-term perspectives in talent development and organizational building—an approach I find both surprising and inspiring. Within the company, the corporate philosophy and values that underpin the group's culture are consistently and openly discussed. Another distinctive feature of the Otsuka group is its approach to horizontal collaboration. Rather than being centrally controlled by headquarters, each group company operates autonomously, leveraging its specialized expertise while actively cooperating with others. This decentralized approach is a hallmark of the group's characteristics. I see this balance—pursuing short-term outcomes while maintaining a long-term strategic view and fostering value creation across business units—as a key driver in maximizing the group's overall value. As a member of the Otsuka group, I remain committed to contributing to this vision and will continue to take on new challenges.



### Masayuki Sato

Senior Vice President & Operating Officer,  
Director (Portfolio Management Office)  
and Public Relations,  
Otsuka Pharmaceutical Co., Ltd.

Worked across multiple sectors—  
including domestic and international  
pharmaceutical companies as well as  
public-private global health funds. Served  
in the Diagnostics Division of Otsuka  
Pharmaceutical from 2008 to 2010. After  
holding roles at other organizations,  
returned to Otsuka.

# Respect for Human Rights

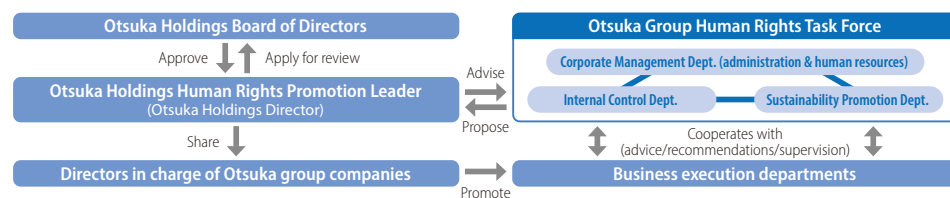
## Basic Policy

The Otsuka group aims to maximize our unique assets and skills as a global healthcare company in keeping with our corporate philosophy. We aim to contribute to the Well-being of people around the world and achieve further growth by meeting the expectations of our stakeholders, while continually creating new value. In order to do so, we recognize that respect for human rights in every aspect of our business activities must be the premise upon which we strive toward the management policy set out when Otsuka was founded. Based on the Otsuka Group Global Code of Business Ethics, which outlines our commitment to integrity in all of our business activities, we have established the Otsuka Group Human Rights Policy to guide our efforts to promote human rights initiatives on a group-wide basis. Furthermore, we actively engage with international frameworks. In 2016, we joined the United Nations Global Compact (UNGC), and in 2017 we signed the Women's Empowerment Principles (WEPs) jointly developed by the UNGC and UN Women.

## Human Rights Promotion Framework

The Otsuka group regards respect for human rights as a prerequisite for all of our business activities, and the entire group works together to promote respect for human rights. Under the sustainability promotion framework, the Otsuka Group Human Rights Task Force, consisting of the Corporate Management Department in charge of administration and human resources, the Internal Control Department, and the Sustainability Promotion Department, plays a central role in promoting efforts to respect human rights in cooperation with relevant departments of group companies.

Because the Otsuka group's businesses cover a diverse range of areas, the Otsuka Group Human Rights Promotion Leader works with related departments to promote integrated group-wide initiatives. The details of these initiatives and issues are regularly reported to the Sustainability Promotion Committee, and important matters are also brought up for discussion and reported to the Board of Directors of Otsuka Holdings for continuous improvement.

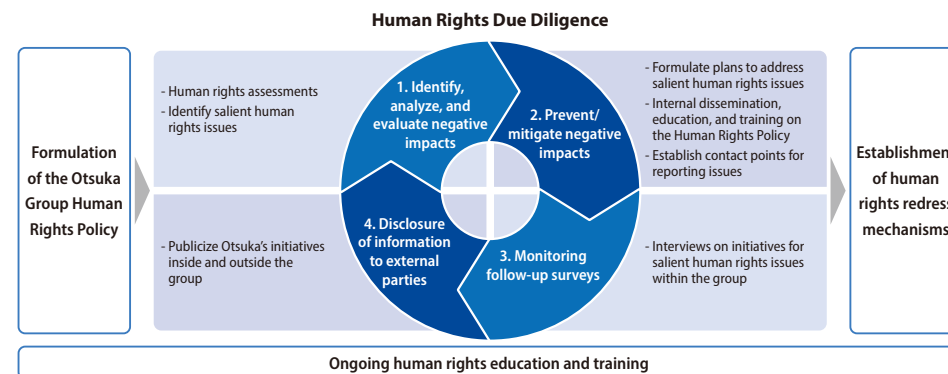


The Otsuka Group Human Rights Task Force will work with business execution departments of each group company and provide advice, recommendations, and supervision as necessary to ensure that the responsibilities of respecting human rights under the Human Rights Policy are fulfilled and business is conducted appropriately. Specifically, the Task Force conducts educational and awareness-raising activities related to respect for human rights, conducts human rights due diligence, and establishes human rights redress mechanisms.

## Otsuka Group Initiatives to Support Respect for Human Rights

### Human Rights Due Diligence

To fulfill our responsibility regarding respect for human rights, the Otsuka group identifies salient human rights issues related to our business operations, and we continually perform due diligence to prevent and mitigate any impact, as outlined in the United Nations Guiding Principles on Business and Human Rights.



### Establishment of Human Rights Redress Mechanisms

For identified human rights risks, the group has a system in place for ongoing group-wide responses, while also conducting internal interviews on a regular basis. In addition, each group company has an internal reporting office based on the internal whistleblowing system, which accepts reports not only from full-time employees but also from contract employees, part-time employees, and casual hirees. The system's status of operation is regularly reported to the Board of Directors, and the Otsuka Group Global Speak Up Policy has been established to improve the transparency and effectiveness of the system. We have also established a contact point outside the company to receive feedback from business partners and consumers, and are working to strengthen relationships of trust with our stakeholders.

### Implementing Ongoing Human Rights Education and Training

- We conduct compliance training, including human rights, for the directors of each group company.
- We conduct annual training (web-based) on respect for human rights for all employees in Japan and overseas.
- We aim to raise awareness of human rights through company newsletters, while also improving employee understanding of business and human rights.



# Create More Sustainable Future with Business Partners



## Materiality

Create More Sustainable Future with Business Partners

## Related SDGs



## Basic Policy

Guided by its corporate philosophy, the Otsuka group works to solve social issues through its businesses and aims to grow while contributing to the creation of a healthy and sustainable society as its sustainability mission. In March 2024, the group established the Otsuka Group Business Partner Code of Ethics to express our intention to conduct corporate activities based on high ethical standards in cooperation with our business partners. In procurement activities, the group has established the Otsuka Group Procurement Policy and the Otsuka Group Sustainable Procurement Guidelines to guide the group's actions and to communicate these guidelines to suppliers. In November 2024, the group also established a Speak Up Line for its business partners, including suppliers, to consult and report any suspected misconduct or violations of laws and regulations by individuals associated with the group. To deliver high-quality and sustainable products to patients and consumers, the group collaborates with its suppliers not only to ensure quality, safety, and stable supply, but also to promote ethical and sustainable procurement practices. Through these efforts, the group aims to contribute to a sustainable society and enhance corporate value for both parties.

## Promotion Framework for Sustainable Procurement Activities

A Sustainable Procurement Project,\* led by the director in charge of sustainability at Otsuka Holdings, was launched in 2022 and its progress and issues are shared every quarter. This project promotes activities with two pillars: "Stable Procurement," aiming to build a solid procurement system to deliver high-quality products, and "Responsible Procurement," aiming for ethical and sustainable procurement activities.

\* Participants include directors and personnel in charge of procurement, production, IT, and compliance at Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka Medical Devices, EN Otsuka Pharmaceutical, Otsuka Techno, Okayama Taiho Pharmaceutical, Otsuka Packaging Industries, and JIMRO

## Responding to Sustainable Procurement Risks

|            | Sustainable Procurement   |   |
|------------|---|---|
|            | Stable Procurement  | Responsible Procurement   |
| Policies   | Upstream supply chain visualization and risk identification and response  | Building strong engagement with business partners to realize responsible procurement that takes human rights and the environment into consideration |
| Indicators | <ul style="list-style-type: none"> <li>Response rate to identified risks</li> <li>Percentage of suppliers participating in the measures</li> <li>Response rate to questionnaires when incidents occurred</li> </ul> | <ul style="list-style-type: none"> <li>Number of communications with suppliers</li> </ul>   |

## Building Partnerships with Supplier Companies

The group endorses the aims of the Council on Promoting Partnership Building for Cultivating the Future, which is promoted by the Cabinet Office and the Small and Medium Enterprise Agency (SMEA) and has published a Declaration of Partnership Building to create relationships of trust and further strengthen cooperation with supplier companies. Currently, nine companies have made the declaration:



Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Foods, Otsuka Chemical, Otsuka Packaging, EN Otsuka Pharmaceutical, and Otsuka Techno.

## Implementing Supplier Due Diligence

To ensure a stable product supply, the group has conducted due diligence in new suppliers and risk assessments of key raw materials. The group has also implemented risk countermeasures for raw material procurement, such as identifying potential risks and sourcing from multiple suppliers.

While some of the group's overseas and domestic operating companies already evaluate new suppliers based on human rights, labor conditions, anti-corruption measures, and environmental impact, expanding this evaluation to all group companies remains a challenge for the future.

## Stable procurement: Building a strong and stable procurement system to respond to risks

To build a solid and stable procurement system that ensures the consistent delivery of high-quality products, the group has launched a cross-functional working group and developed a centralized platform to manage procurement information that was previously handled independently by each group company. Recognizing that the platform's effectiveness relies on close collaboration and information-sharing with suppliers, the group held a briefing session in 2024 for approximately 300 its 600 direct material\* suppliers in Japan. The remaining suppliers are scheduled to be onboarded in 2025. Looking ahead, the group is working to expand the platform's coverage to include suppliers beyond those providing direct materials.

\* Raw materials and components used directly in the manufacture of a product. This designation includes materials that are part of the product and key materials consumed in the manufacturing process.

## Create More Sustainable Future with Business Partners

### MESSAGE

### Developing a Shared Sustainable Procurement Platform for the Group



**Daisuke Yagi**  
Director, Purchasing Department  
Otsuka Pharmaceutical Co., Ltd.

Globalization and the increased complexity of supply chains have accelerated in recent years. In addition, there is a global need to respond to risks such as natural disasters, pandemics, and geopolitical risks, as well as to address sustainability issues that take human rights and social concerns into account. In this context, the group believes that visualization of the supply chain, centralized management of information, and close information sharing with suppliers will enable us to provide a stable supply to patients, medical professionals, and consumers. With this in mind, Otsuka Holdings and its five operating companies\* have introduced a common platform for supply chain information management in 2024. In normal times, the group will identify high-risk items to mitigate potential risks in advance, and in emergencies, the group will ensure an efficient initial response through prompt information sharing with suppliers to realize an even stronger and more stable supply system.

\* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Foods, and Otsuka Chemical

### Achievements and Future Prospects

In 2024, in addition to revising the Otsuka Group Procurement Policy and the Otsuka Group Sustainable Procurement Guidelines, Otsuka introduced its own SAQ and the EcoVadis (<https://ecovadis.com>) assessment tool, an international evaluation standard. A cumulative total of 20 suppliers that our group's operating companies do business with, including those overseas, are scheduled to be assessed by 2025.

During the period of its 4th MTMP, which runs through 2028, the group will disseminate its procurement policy and guidelines to suppliers of all operating companies within the group. The group will also obtain letters of consent from those who agree to the policy. In addition, the group will assess selected suppliers and promote corrective and remedial actions when high-risk suppliers are identified as a result of these assessments.

The group will work with suppliers to achieve a sustainable society throughout the supply chain, under the Sustainable Procurement Project. To this end, the group will promote sustainable procurement activities by building a platform for centralizing procurement information and managing a series of risks through supplier assessments.

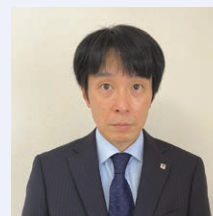
### ■ Responsible procurement:

### A supplier evaluation system for ethical and sustainable procurement activities

The Otsuka group has formed a cross-functional working group to build strong engagement with business partners. In 2022, the group conducted a supplier assessment using the CSR Procurement Self-Assessment Questionnaire (SAQs) prepared by Global Compact Network Japan (GCNJ) to assess the suppliers' commitment to human rights, labor, the environment, and anti-corruption. To date, 653 suppliers of the group's main domestic operating companies have been assessed and found to be free of significant sustainability-related risks.

### MESSAGE

### Responsible Procurement Initiatives in Japan and Future Challenges



**Shingo Takida**  
Manager, Purchasing Department  
Otsuka Pharmaceutical Factory, Inc.

Our subcommittee is dedicated to promoting ethical and sustainable sourcing, alongside ensuring the stable procurement of raw materials and product supply.

Since May 2025, we have been working with Otsuka Holdings and 12 operating companies\* to assess suppliers. Due to the large number and diversity of suppliers, it is difficult to expect a uniform response. Consequently, we often address individual issues, guided by the spirit of *Ryukan-godo*—sharing common values with our suppliers and working together toward a cooperative approach.

We will continue enhancing the sustainability of our supply chain to help realize a sustainable society and increase corporate value.

\* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka Medical Devices, EN Otsuka Pharmaceutical, Otsuka Techno, Okayama Taiho Pharmaceutical, Otsuka Packaging Industries, and JIMRO

# Quality

## ■ Creating value and building trust with quality as the foundation



Beyond our 100-year history, the Otsuka group has strived to pursue quality at every stage of its value chain, from research and development all the way to the delivery of its products and services to customers, based on a spirit of “Quality First,” a principle the group has adhered to since its foundation. This pursuit has become a foundation for building trust with diverse stakeholders, including employees, customers, business partners, other companies, and shareholders. To realize a sustainable society, the group is continuously working to improve quality in each area of our value chain in cooperation with our business partners to address important issues such as respect for human rights, proper working conditions, environmental protection, and prevention of corruption.

### Otsuka Group Quality Policy

#### 1. Cultivating a Quality Culture

We consistently pursue customer satisfaction by exploring needs from customer perspectives, identifying risks, developing and acquiring technology, fostering human resources, and implementing continuous quality improvements.

#### 2. Quality First

We establish a quality system that meets international standards to provide products and services trusted by all.

#### 3. Safety and Reliability

We provide safe and reliable products and services in all our operations ranging from procurement of raw materials and supplies, development, production, quality control, logistics, sales, and customer support.

#### 4. Compliance

With legal compliance and ensured data reliability as the foundation of all business activities, we aim for sustainable growth by maintaining high ethical standards and conducting business with integrity.

## ■ Pursuing a Stable Supply of High-Quality Products and Services

### Basic Policy

Within the value chain, the quality control and quality assurance system are positioned as a particularly important foundation, and the group ensures compliance with laws and regulations, as well as data reliability, in all our business activities. For pharmaceutical products, the group has established a quality assurance system that complies with the international Good Manufacturing Practice (GMP) system in Japan and overseas. For Nutraceutical and Consumer products, the group has implemented a quality control system that leverages our stringent quality standards fostered as a pharmaceutical company, thereby meeting relevant international standards. The group will continue to improve the quality of its products and services to remain a company that is trusted by society.

### Promotion system

The group has established a global quality governance system to ensure that its quality assurance and quality control systems comply with the laws and industry standards of each country. For example, Otsuka Pharmaceutical's Pharmaceutical Business has established a global governance structure to ensure a stable global supply of high-quality pharmaceutical products, in addition to business continuity. As part of this effort, the company has established a Global Quality Team consisting of 33 group

companies\* that manufacture and sell pharmaceutical products. The team promotes activities through global consultation, including regular information sharing, collaboration in auditing tasks, and the establishment of a common quality system and IT platform. This structure also serves as a means of coordination in the event of an emergency, and regular emergency response drills are conducted on a global level.

In addition, for the purpose of confirming the appropriateness and effectiveness of our pharmaceutical quality management system, management reviews are conducted three times a year to report quality-related performance, issues, and improvement plans to the director in charge of production and quality. Global management reviews have also been held since 2017 for directors and managers in charge of global business (Japan, Asia/Arab countries, North America, and Europe) to develop action plans for identified issues and to make improvements in this regard.

#### Otsuka Pharmaceutical (the Pharmaceutical Business) Global Quality Team



Otsuka Pharmaceutical (Japan and overseas): comprised of 33 companies in total

\* 20 companies in Asia, the Middle East and Africa, 10 in Europe, and 3 in the U.S. and Canada

## Quality

### ■ Inspections by Authorities and Periodic Audits of Business Partners

The Otsuka group ensures appropriate quality management through inspections of its own factories by competent authorities, including overseas authorities. In recent years, raw material supply and contract manufacturing have become routine on a global basis, and the group has shifted to a system that allows us to collaborate globally on regular audits of our business partners, including business partners such as raw material suppliers and contract manufacturers. During these audits, the group verifies regulatory compliance through physical or written inspections and take improvement actions based on the severity of findings, thereby fostering stronger partnerships for enhanced quality. In the event of a high-risk issue in the supply chain, the group promptly carry out an ad-hoc on-site audit to swiftly address the issue.

The four Otsuka group companies\* that manufacture pharmaceutical products have jointly conducted business partner audits of the same suppliers of raw materials and other items since 2016, with the aim of ensuring consistency during audits and improving the skills of those in charge of auditing. In addition to audits, the group also operates an educational program for training auditors and a certification system for auditors as group-wide systems.

\* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical and EN Otsuka Pharmaceutical

### Group-wide Information Sharing System

As business areas expand and supply chains become more complex across the globe, the group holds a global conference every year to bring together the closely interrelated quality, production, supply chain, and environmental departments to achieve the common goal of ensuring the reliable launch and stable supply of products and services. In 2025, a total of 189 participants\* from 41 companies across 15 countries and regions shared case studies and challenges. These included efforts to improve efficiency and quality from a manufacturing perspective, DX initiatives to support these improvements, human resource development, and environmental initiatives — all aimed at deepening mutual understanding and strengthening future collaboration.



Global Quality, Production, Supply Chain, and Environment Meeting

\* Scope: Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, Otsuka Foods, and their overseas subsidiaries

### ■ Human Resource Exchange System in Pharmaceutical Division (Otsuka Pharmaceutical)

#### Human Resource Exchange across Production and Quality Divisions

In line with business expansion, Otsuka Pharmaceutical launched the Bridge Project, starting in 2022 — a cross-functional talent exchange initiative between the production and quality divisions. The program aims to cultivate future leaders who can approach manufacturing from a broader perspective, encompassing both operational excellence and quality assurance. By experiencing both departments, participants gain multifaceted insights into the manufacturing process, fostering the development of future plant managers and heads of quality who embody a holistic understanding of value creation.

#### Global Human Resource Exchange for Quality Assurance Personnel

The Exchange Program is a global initiative that enables quality assurance personnel in Japan to work in quality assurance departments in the U.S. and Europe. The goal is to deepen their understanding of local laws, regulations, customs, and cultures, while also developing talent capable of working effectively in international settings. The program includes a short-term component (1–2 months) and a long-term component (2–3 years). The short-term program fosters mutual understanding through hands-on collaboration, helping participants serve as bridges between regions. The long-term program develops global leaders capable of managing quality assurance operations to ensure stable supply, through multi-year assignments at affiliated companies in the U.S. and Europe.



#### MESSAGE

#### Quality Delivered to the World—Toward the Evolution of Global Quality



**Yasumasa Omote**  
Executive Director, Global Product Quality Lead  
Otsuka Pharmaceutical Development & Commercialization, Inc.

Pharmaceuticals can contribute to people's health only when their quality and stable supply are ensured. Achieving consistent global quality requires both awareness and action, with a perspective that spans across borders. However, standardizing quality worldwide—from early-stage R&D to commercial products—is a significant challenge.

Global Quality initiatives are one approach to addressing this challenge. The exchange program, in particular, aims to cultivate individuals who embrace cultural differences, take initiative, and apply their experiences to achieve this ambitious goal.

As a participant myself, I am envisioning the next generation of Global Quality, actively engaging in the program, and exploring how these activities will continue to evolve.











# Promote Positive Impact on Global Environment

As a total healthcare company, the Otsuka group will work diligently to reduce its impact on the global environment and contribute to the realization of a sustainable society that continues into a healthy future.

From 2024, we newly added "biodiversity" as an environmental material issue and set a new target in this regard.

## Main Initiatives in 2024

- Opened a solar power generation facility (Naka-cho, Tokushima Prefecture) for Otsuka Pharmaceutical and Otsuka Techno  
Annual power generation is estimated at approximately 4,000 MWh (equivalent to approx. 1,010 average households), and CO<sub>2</sub> emissions are expected to be reduced by approximately 2,000 tons per year.

| Environment<br>Material<br>Issues | <br><b>Carbon Neutrality</b>  | <br><b>Circular Economy</b>   | <br><b>Water Neutrality</b>  | <br><b>Biodiversity</b>  |
|-----------------------------------|--|--|--|---|
| Our Goals                         | <b>2028 target</b> <ul style="list-style-type: none"><li>•Reduction of CO<sub>2</sub> emissions<br/>Scope 1, 2: 50% reduction<br/>(compared to 2017)</li><li>Scope 3: Initiatives to achieve<br/>carbon neutrality by 2050</li><li>•20% self-generated renewable<br/>energy*</li></ul>   | <b>2028 target</b> <ul style="list-style-type: none"><li>•50% reduction in simple<br/>incineration and landfilling<br/>compared to 2019</li><li>•Formulation and implementation<br/>of food loss reduction plan*</li></ul> <b>2030 target</b> <ul style="list-style-type: none"><li>•100% of recycled and plant-<br/>based materials used in PET<br/>bottles</li></ul> | <b>2028 target</b> <ul style="list-style-type: none"><li>•Planning water use strategies at<br/>business sites in water-stressed<br/>areas</li><li>•Development of water<br/>management programs at all<br/>sites</li><li>•10% reduction in water<br/>consumption compared to<br/>2023*</li></ul> | <b>2028 target*</b> <ul style="list-style-type: none"><li>• Uses 100% RSPO certified palm<br/>oil</li><li>• 100% use of sustainable paper</li></ul> |
| Related<br>SDGs                   | <div><div></div><div></div><div></div><div></div><div></div><div></div></div> |  |  |   |

\* Newly added target in 2024



Materiality  
Promote Positive Impact on  
Global Environment

## Sustainability Mission

Contribute to the creation of a healthy and sustainable society, while achieving growth



Please see the Environmental Report for details regarding the Otsuka group's environmental initiatives.

[https://www.otsuka.com/en/sustainability/environmental\\_report.html](https://www.otsuka.com/en/sustainability/environmental_report.html)





# Governance

## Related SDGs



For more details about our governance-related initiatives, visit:

<https://www.otsuka.com/en/sustainability/governance/>



## Corporate Governance

### Basic Policy

Otsuka Holdings Co., Ltd. ("the Company") is committed to promoting the sustainable increase of its corporate value over the medium to long term by realizing its corporate philosophy, "Otsuka-people creating new products for better health worldwide." To meet this commitment, it adopts a basic policy of making transparent, fair and timely decisions, and fulfilling its corporate social responsibility by living up to the expectations of all stakeholders, including employees, customers, business partners, local communities, and shareholders, through ongoing dialogue.

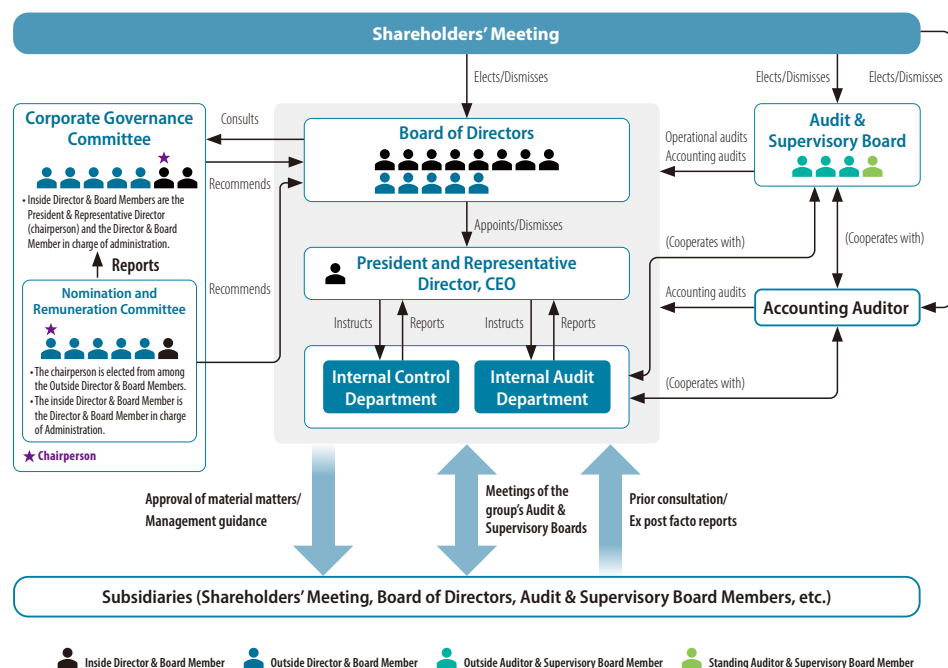
### Corporate Governance Guidelines

[https://www.otsuka.com/en/sustainability/governance/pdf/governance\\_guideline.pdf](https://www.otsuka.com/en/sustainability/governance/pdf/governance_guideline.pdf)

### Corporate Governance Report (April 7, 2025)

[https://www.otsuka.com/en/sustainability/governance/pdf/governance\\_report2025.pdf](https://www.otsuka.com/en/sustainability/governance/pdf/governance_report2025.pdf)

### Corporate Governance Organizational Structure



### Initiatives to Strengthen Corporate Governance

|      | Institutional design   | Remuneration for directors   | Other corporate governance measures  |
|------|--|--|--|
| 2008 | Establishment of Otsuka Holdings. Term of Director & Board Members set at one year. Appointment of Outside Auditor & Supervisory Board Members begins. |  |  |
| 2010 | Stock publicly listed in December.   | Stock options as performance-linked remuneration introduced.   |  |
| 2011 |  |  | The 1st MTMP announced. Otsuka Group Global Information Security Policy established.   |
| 2013 | Appointment of Outside Director & Board Members begins.  |  |  |
| 2014 |  |  | The 2nd MTMP announced. Otsuka Group Global Code of Business Ethics established. Otsuka Group Global Anti-Corruption Policy established.   |
| 2015 |  |  | Corporate Governance Guidelines established. Internal whistleblowing system (for Otsuka Holdings and major group companies) established, with reporting to an independent body outside the Company.  |
| 2016 |  | System for granting stock options conditional on progress with the MTMP introduced.  | Effectiveness of Board of Directors evaluated.   |
| 2017 | Corporate Governance Committee established.  |  | Corporate Governance Guidelines revised. Started to evaluate the effectiveness of the Board of Directors based on questionnaires completed by all Director & Board Members and Auditor & Supervisory Board Members. Started to hold reporting meetings for Outside Director & Board Members and Outside Auditor & Supervisory Board Members to improve their understanding of the group's management and business. |
| 2018 | First female Director & Board Members appointed.   |  | Corporate Governance Guidelines revised.   |
| 2019 |  | Stock-based compensation plan with restriction on transfer introduced.   | The 3rd MTMP announced.  |
| 2020 |  |  | Otsuka Group Global Policy for Conflict of Interest established.   |
| 2021 | Accounting auditors changed.   | Policy for Determining Director & Board Members' Remuneration established.   | Corporate Governance Guidelines revised. Otsuka Group Global Anti-Fraud Policy established.  |
| 2022 | Proportion of independent Outside Director & Board Members increased to more than one third.   |  | Otsuka Group Global Speak-Up Policy established. Otsuka Group Global ERM Policy established. Otsuka Group Global ERM Implementation Guidelines established.  |
| 2023 | Nominating and Compensation Committee established.   |  | Corporate Governance Guidelines revised.   |
| 2024 |  | Policy for Determining Director & Board Members' Remuneration revised. Stock-based compensation plan with restriction on transfer revised. | The 4th MTMP announced. Otsuka Group Business Partner Code of Ethics established. Corporate Governance Guidelines revised. Speak Up Line for Business Partners established.  |
| 2025 |  |  | Corporate Governance Guidelines revised.   |

## Governance

Selection criteria for Director & Board Members /Independence Standards for Outside Director & Board Members

[https://www.otsuka.com/en/sustainability/governance/governance\\_system.html](https://www.otsuka.com/en/sustainability/governance/governance_system.html)

Please refer to the Notice of the 17th Ordinary General Meeting of Shareholders for the reasons for the election of each Director & Board Member.

[https://www.otsuka.com/en/ir/stock/pdf/meeting/202412\\_01.pdf](https://www.otsuka.com/en/ir/stock/pdf/meeting/202412_01.pdf)

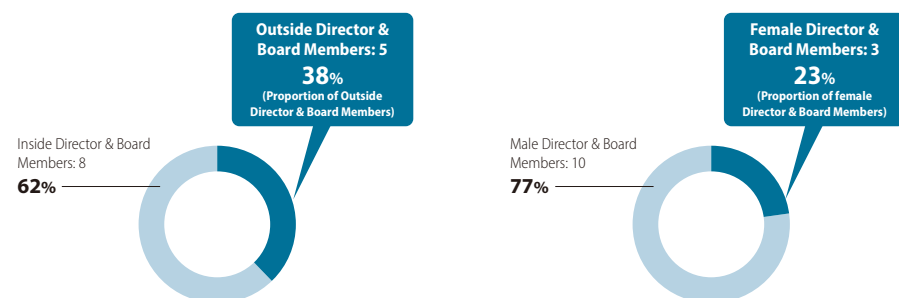
## Corporate Governance

### Board of Directors

In line with the Board of Directors' regulations, the Board of Directors convenes regularly once a month and holds extraordinary meetings as necessary to make important business decisions and supervise the execution of operations.

The term of the Director & Board members at Otsuka Holdings is set at one year to clarify executive responsibility for each fiscal year. Furthermore, the Company works to ensure the overall diversity of the Director & Board Members, and appoints people with the insight, expertise, and experience needed to realize and maintain appropriate and effective corporate governance. For Inside Director & Board Members, we comprehensively evaluate the experience, expertise, insight, and other attributes of candidates to ensure that they have the qualities needed to implement the group's corporate philosophy, Code of Business Ethics, and management strategies. For Outside Director & Board Members, the Company looks for individuals with a wealth of knowledge and extensive experience in various fields. Candidates must have the ability to adequately exercise management oversight functions through fair and objective monitoring, supervision, and auditing of management from a neutral and objective viewpoint.

### Meetings Held in FY2024 (Average Attendance): 13 (99.4%)



### Skill matrix and reasons for selecting skills of Director & Board Members

To establish an effective corporate governance structure for sustainable growth, the Company appoints Director & Board Members and Auditor & Supervisory Board members with broad business experience and a wide range of highly specialized expertise and knowledge. The composition, experience, and expertise of the Company's Director & Board Members are as follows.

### Skill Matrix for Director & Board Members

| Name                             | Global business | Technology, R&D, production | Strategic planning, marketing, sales | Finance, accounting | Legal, compliance, risk management | Sustainability | Human Capital | Company analysis | Healthcare administration, public health | Major qualifications, etc. |
|----------------------------------|-----------------|-----------------------------|--------------------------------------|---------------------|------------------------------------|----------------|---------------|------------------|--|----------------------------|
| Inside Director & Board Members  |                 |                             |                                      |                     |                                    |                |               |                  |  |                            |
| Ichiro Otsuka                    | ●               | ●                           | ●                                    |                     |                                    |                |               |                  |  |                            |
| Makoto Inoue                     | ●               | ●                           | ●                                    |                     |                                    |                |               |                  |  |                            |
| Yoshiro Matsuo                   |                 |                             |                                      |                     | ●                                  | ●              | ●             |                  |  |                            |
| Yuko Makino                      |                 |                             |                                      | ●                   |                                    |                |               |                  |  |                            |
| Shuichi Takagi                   | ●               |                             | ●                                    | ●                   |                                    |                |               |                  |  |                            |
| Masayuki Kobayashi               | ●               | ●                           |                                      |                     |                                    |                |               |                  | ●  |                            |
| Noriko Tojo                      | ●               |                             |                                      |                     | ●                                  |                |               | ●                |  |                            |
| Tatsuo Higuchi                   | ●               | ●                           | ●                                    |                     |                                    |                |               |                  | ●  |                            |
| Outside Director & Board Members |                 |                             |                                      |                     |                                    |                |               |                  |  |                            |
| Yukio Matsutani                  |                 |                             |                                      |                     |                                    |                |               |                  | ●  | MD                         |
| Yoshihisa Aoki                   |                 |                             | ●                                    |                     |                                    |                |               |                  |  |                            |
| Mayo Mita                        |                 |                             |                                      |                     |                                    |                |               | ●                |  |                            |
| Tatsuaki Kitachi                 |                 |                             |                                      | ●                   |                                    |                |               | ●                |  | CPA                        |
| Jiro Seguchi                     | ●               |                             |                                      |                     |                                    |                |               | ●                |  |                            |

### Reasons for selecting each of these requirements

| Category                                 | Reasons  |
|--|--|
| Global business                          | With overseas sales accounting for approximately 70% of the Otsuka Group's total sales, a global perspective and experience are necessary for future sustainable growth.   |
| Technology, R&D, production              | Knowledge and experience in this field are essential for supervising and coordinating the operations of group companies that develop and manufacture innovative products in line with the times.   |
| Strategic planning, marketing, sales     | It is an important factor in realizing creativity and uniqueness in the course of developing diverse businesses, and plays a role in supervising and coordinating the entire business.   |
| Finance, accounting                      | Sufficient knowledge and experience are necessary for the formulation and execution of financial strategies, the strengthening of management foundations, and the implementation of strict audits of business and financial reports.   |
| Legal, compliance, risk management       | Risk management is an important factor in achieving sustainable corporate value enhancement, and expertise and experience in this field are necessary to strengthen governance.  |
| Sustainability                           | It is necessary to ensure diversity in the Board of Directors and reflect social issues in management strategies in order to build a foundation for sustainable growth and aim for co-creation with society.   |
| Human Capital                            | In order to realize "the development of human resources and the creation of an environment that enables the realization of corporate philosophy," it is essential to have knowledge of human capital management, which is the foundation for innovation and strengthening competitiveness. |
| Company analysis                         | An objective perspective and expertise in observing and analyzing companies are important for evaluating management decisions and supervising business operations.   |
| Healthcare administration, public health | In order to conduct business activities that contribute to total health care, it is important to evaluate business activities from a professional and comprehensive perspective, taking into consideration medical administration, public health, industry activities, and other factors.  |
| Major qualifications, etc.               | Qualifications (such as a medical license) and diverse knowledge are required.   |

## Governance

### Corporate Governance

#### Major Matters Deliberated by the Board of Directors in 2024

| Category                      | Number of times deliberated | Major reports and discussions   |
|-------------------------------|-----------------------------|---|
| Business performance and plan | 19                          | <ul style="list-style-type: none"> <li>Monitoring of progress of consolidated results and plan</li> <li>Discussions on current conditions and issues regarding the performance of each operating company and business segment</li> <li>Monitoring of progress of MTMP</li> <li>Deliberations on the 4th MTMP</li> </ul>   |
| Corporate governance          | 39                          | <ul style="list-style-type: none"> <li>Identification of issues in improving the effectiveness of the Board of Directors</li> <li>Approval of officer election and remuneration</li> <li>Monitoring of subsidiary activities</li> <li>Confirmation of progress of measures to reinforce group governance</li> <li>Review of cross-shareholdings</li> <li>Report on stakeholder engagement with investors and other stakeholders</li> </ul>  |
| Sustainability                | 6                           | <ul style="list-style-type: none"> <li>Approval of plan to introduce solar power</li> <li>Deliberation on European sustainability-related laws and regulations</li> <li>Deliberations on sustainability strategy</li> </ul>   |
| M&A and partnerships          | 7                           | <ul style="list-style-type: none"> <li>Deliberation on the acquisition of Jnana Therapeutics Inc. by Otsuka Pharmaceutical Co., Ltd.</li> <li>Deliberation on the establishment of a joint venture in the United States between Otsuka Pharmaceutical Factory, Inc. and ICU Medical, Inc.</li> </ul>  |
| Risk management               | 9                           | <ul style="list-style-type: none"> <li>Approval of internal control reports, update on implementation of global training programs and on confirmation of conflicts of interest, and approval of activity reports and activity plans</li> <li>Annual reporting on internal whistleblowing system (whistleblowing system improvement status, number of reports and overview) and approval of action plan</li> <li>Reporting on progress of initiatives to reinforce overseas crisis management</li> </ul> |
| Financial strategy            | 10                          | <ul style="list-style-type: none"> <li>Formulation of funding policy</li> <li>Discussions of new capital investments</li> <li>Formulation of dividend policy</li> <li>Deliberation on acquisition of treasury stock</li> </ul>  |
| IT                            | 1                           | <ul style="list-style-type: none"> <li>Reinforcement of cyber security measures</li> </ul>  |

#### Sustainability-related agenda items and content reported and resolved at the Board of Directors meeting (2024)

At the company, the director in charge of Otsuka group sustainability promotion reports to the Board of Directors on specific sustainability initiatives and progress. Related matters requiring deliberation are discussed and resolved by the Board of Directors.

| Month    | Agenda   | Details  |
|----------|--|--|
| January  | Sustainability and Management Strategy   | Discussion on the Otsuka Group's sustainability management goals in the 4th MTMP   |
|          | Annual Report on Internal Reporting  | Report on the content and number of internal reports, and initiatives to strengthen the internal reporting system  |
| February | Incorporation of non-financial (ESG) indicators into executive remuneration            | During the 4th MTMP period, we resolved to adopt ESG indicators (FTSE) as one of the evaluation criteria for executive stock remuneration as a measure of the progress of sustainability management, and to use sustainability initiatives as evaluation criteria for performance-linked bonuses at major operating companies. |
|          | Establishment of Business Partner Code of Ethics                                       | Establishment of a code of ethics for all business partners of the Otsuka Group.   |
| March    | Human Resource Development Report  | Next-Generation Managerial Human Resources and Global Leaders Development Training Report  |
| April    | Environmental Investment   | Consideration of expanding the use of renewable energy at overseas production sites  |
| August   | Green Bonds  | Resolution to issue green bonds  |
| November | Progress of solar power generation equipment installation and future operation methods | Progress and plans for the installation of large-scale solar power generation equipment in Japan, and future energy management   |
| December | Establishment of a business partner reporting line                                     | Report on the establishment of a reporting line (speak-up line) for business partners  |
|          | Investor feedback on the integrated report   | Discussion on investor feedback on the integrated report   |

\* This table includes cases that span multiple categories as sustainability-related issues, so the number of cases differs from the table on the left.

#### Evaluation of the Effectiveness of the Board of Directors

During January and February 2025, the Company conducted a questionnaire survey of all Director & Board Members and Auditor & Supervisory Board Members. Results of the survey were reviewed by outside counsels, and then considered and evaluated at the Board of Directors meeting in March 2025. Questionnaire items were as follows.

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1 Appropriateness of the composition of the Board of Directors</li> <li>2 Adequacy of each Director &amp; Board Member's understanding and knowledge of business fields and specific management strategies and plans</li> <li>3 Adequacy of cooperation with Outside Director &amp; Board Members</li> <li>4 Adequacy of cooperation with the Audit &amp; Supervisory Board</li> <li>5 Operation of Board of Directors meetings</li> <li>6 Governance-related matters               <ul style="list-style-type: none"> <li>i Appropriateness of the function of the Board of Directors in determining the direction of management strategies</li> <li>ii Adequacy of monitoring of each business with respect to the implementation of management strategies</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>iii Adequacy of the Board's ability to understand the perspectives of major investors and stakeholders</li> <li>iv Appropriateness of risk management</li> <li>v Adequacy of cooperation and the sharing of information with each operating company</li> <li>7 Adequacy of the supporting system for Outside Director &amp; Board Members and Outside Auditor &amp; Supervisory Board Members</li> <li>8 Appropriateness of the operation of Corporate Governance Committee meetings (frequency and content of meetings, etc.)</li> <li>9 Adequacy of the overall functioning of the Board of Directors from the viewpoint of effectiveness</li> </ul> |
|--|---|

## Governance

For details on the Internal Audit Department and Internal Control Department, please refer to the Corporate Governance Report.

[https://www.otsuka.com/en/sustainability/governance/pdf/governance\\_report2025.pdf](https://www.otsuka.com/en/sustainability/governance/pdf/governance_report2025.pdf)

### Corporate Governance

#### ■ Corporate Governance Committee and Nomination and Remuneration Committee

Otsuka Holdings has had a Corporate Governance Committee since February 2017, and as a subcommittee of that committee, a Nomination and Remuneration Committee since April 2023.

As an advisory body to the Board of Directors, the committee discusses the state of corporate governance at the Company, succession plans for the President and other executives, the development of management human resources, and other management issues of the group, and submits reports to the Board of Directors as necessary. The committee consists of the president, the Director & Board Member in charge of administration, and all Outside Director & Board Members (five as of the publication of this report). The president serves as the chair of the committee.

The Nomination and Remuneration Committee, a subcommittee of the Corporate Governance Committee, is composed of the Director & Board Member in charge of administration and all five Outside Director & Board Members, and its chairman is elected by the Outside Director & Board Members. The Nomination and Remuneration Committee deliberates on the following matters, and reports its deliberations and decisions to the Corporate Governance Committee and then to the Board of Directors.

##### ■ Main Items Discussed by the Corporate Governance Committee

- The state of corporate governance
- Succession plan for the president and other senior management
- Development of management human resources
- Other group management issues

##### ■ Meetings Held in FY2024 (Average Attendance): 5 (100%)

##### ■ Main Items Discussed by the Nomination and Remuneration Committee

- Evaluation of the president
- The appropriateness and fairness of matters relating to the appointment and dismissal of Director & Board Members and Auditor & Supervisory Board Members
- Matters related to evaluation and individual remuneration of Director & Board Members, remuneration systems, levels, etc.

##### ■ Meetings Held in FY2024 (Average Attendance): 5 (100%)

#### Appointment Process for President Makoto Inoue

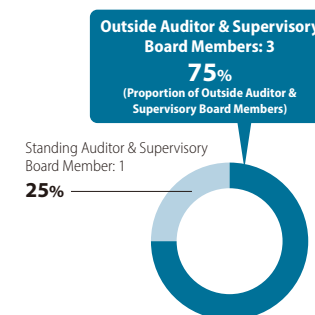
The Nomination and Remuneration Committee has been deliberating on the succession plan for the next president from former President Tatsuo Higuchi as a top priority for several years. The transition was planned and discussed with the aim of timing the changeover when the 3rd MTMP (2019–2023) had achieved its initial objectives and the 4th MTMP (2024–2028) had gotten off to a smooth start. In seeking a leader for Otsuka Holdings who could drive innovation unique to the Otsuka Group and lead the group forward, the following points were prioritized:

- The ability to execute business concepts based on the company's philosophy
- High capabilities in human resources and organizational management
- Ability to cultivate outstanding talent

Among multiple candidates, Makoto Inoue was selected as the most suitable leader to steer the Otsuka Group forward as President of Otsuka Holdings, based on his achievements as President of Otsuka Pharmaceutical (performance, organizational management, talent development), his experience, and his qualities as a leader. This recommendation was submitted to the Board of Directors and approved at the Board meeting on October 31, 2024.

#### ■ Audit & Supervisory Board

Auditor & Supervisory Board Members attend and express opinions at meetings of the Board of Directors, and monitor Director & Board Members' performance of duties in terms of legal compliance and soundness of management through audits. To ensure the effectiveness of auditing by Auditor & Supervisory Board Members, systems have been established by which Auditor & Supervisory Board Members can interview Director & Board Members and employees about the status of business execution, review internal consultation documents and other important documents pertaining to business execution, and promptly receive reports on the execution of operations when requested. There is a Statutory Auditor's Office to assist the duties of Auditor & Supervisory Board Members. It convenes meetings of the Audit & Supervisory Board and is independent of Director & Board Members' authority in its assistance in the duties of Auditor & Supervisory Board Members.



##### ■ Meetings Held in FY2024 (Average Attendance): 16 (100%)

##### ■ Auditor & Supervisory Board Member Skill Matrix

| Name  | Global business | Technology, R&D, production | Strategic planning, marketing, sales | Finance, accounting | Legal, compliance, risk management | Sustainability | Human Capital | Company analysis | Healthcare administration, public health | Major qualifications, etc. |
|---|-----------------|-----------------------------|--------------------------------------|---------------------|------------------------------------|----------------|---------------|------------------|--|----------------------------|
| Standing Auditor & Supervisory Board Member |                 |                             |                                      |                     |                                    |                |               |                  |  |                            |
| Yozo Toba                                   | ●               |                             |                                      | ●                   |                                    |                |               |                  |  |                            |
| Outside Auditor & Supervisory Board Members |                 |                             |                                      |                     |                                    |                |               |                  |  |                            |
| Hiroshi Sugawara                            |                 |                             |                                      | ●                   |                                    |                |               |                  |  | CPA                        |
| Kanako Osawa                                |                 |                             |                                      |                     | ●                                  |                |               |                  |  | Attorney                   |
| Sachie Tsuji                                |                 |                             |                                      | ●                   | ●                                  |                |               |                  |  | CPA                        |

See P. 71 for reasons for skill selection

#### ■ Training for Director & Board Members and Auditor & Supervisory Board Members

Please refer the Corporate Governance Guidelines and Corporate Governance Report regarding the training.  
<https://www.otsuka.com/en/sustainability/governance/>

## Governance

### Remuneration for Director & Board Members and Auditor & Supervisory Board Members

#### Basic Policy

The Company's remuneration plan for Director and Board Members and Auditor & Supervisory Board Members is designed to achieve sustainable growth and enhanced corporate value over the medium to long term for the group based on the corporate philosophy, while also ensuring that functions such as business execution and management supervision are exercised appropriately, maintaining transparency and fairness.

#### Remuneration Levels

Considering the need to acquire and motivate outstanding personnel who will take responsibility for the Company's global business activities, the group sets remuneration levels fully commensurate with the roles and responsibilities expected of such personnel, while also considering levels at companies that the Company considers benchmarks based on the scale, industry, and business model.

#### Remuneration System

With regard to remuneration for Director and Board Members responsible for business execution, the Company has formulated a remuneration system that is closely linked to performance in individual fiscal years, as well as over the medium to long term, while emphasizing sustainable enhancement of corporate value.

Remuneration consists of fixed remuneration as basic remuneration, performance-linked bonuses, and share-based payments, emphasizing the link to shareholder value. Remuneration for Outside Director & Board Members and Auditor & Supervisory Board Members comprises only fixed remuneration as basic remuneration in light of their duties.

#### Total Amount of Remuneration for Director & Board Members and Auditor and Supervisory Board Members in 2024

|   | Total amount of remuneration<br>(¥ million) | Total amount by type of remuneration (¥ million) |                          |                     | Number of eligible officers |
|---|---|--|--------------------------|---------------------|-----------------------------|
|   |   | Fixed remuneration                               | Performance-linked bonus | Share-based payment |                             |
| Director & Board Members [of which Outside Director & Board Members]                              | 968<br>[54]                                 | 354<br>[54]                                      | 165<br>[—]               | 449<br>[—]          | 13<br>[5]                   |
| Auditor & Supervisory Board Members [of which Outside Auditor & Supervisory Board Members]        | 58<br>[34]                                  | 58<br>[34]                                       | —                        | —                   | 4<br>[3]                    |
| Total [of which Outside Director & Board Members and Outside Auditor & Supervisory Board Members] | 1,026<br>[88]                               | 412<br>[88]                                      | 165<br>[—]               | 449<br>[—]          | 17<br>[8]                   |

#### Total Amount of Consolidated Remuneration, etc. of People Whose Total Consolidated Remuneration, etc. is ¥100 Million or More in 2024

| Name               | Officer classification  | Company classification              | Amounts, by type of remuneration (¥ million) |                          |                     |   | Total remuneration<br>(¥ million) |
|--------------------|-------------------------|-------------------------------------|--|--------------------------|---------------------|---|-----------------------------------|
|                    |                         |                                     | Fixed remuneration                           | Performance-linked bonus | Share-based payment | Allowance for retirement benefits, etc. |                                   |
| Ichiro Otsuka      | Director & Board Member | Otsuka Holdings Co., Ltd.           | 66   | 36                       | 69                  | —                                       | 339                               |
|                    | Director & Board Member | Otsuka Pharmaceutical Co., Ltd.     | 36   | 18                       | —                   | —                                       |                                   |
|                    | Director & Board Member | Otsuka Pharmaceutical Factory, Inc. | 34   | 15                       | —                   | 64                                      |                                   |
| Makoto Inoue       | Director & Board Member | Otsuka Holdings Co., Ltd.           | 36   | 19                       | 69                  | —                                       | 233                               |
|                    | Director & Board Member | Otsuka Pharmaceutical Co., Ltd.     | 76   | 33                       | —                   | —                                       |                                   |
| Yoshiro Matsuo     | Director & Board Member | Otsuka Holdings Co., Ltd.           | 48   | 26                       | 51                  | —                                       | 176                               |
|                    | Director & Board Member | Otsuka Pharmaceutical Co., Ltd.     | 30   | 15                       | —                   | —                                       |                                   |
|                    | Director & Board Member | Otsuka Foods Co., Ltd.              | 2  | —                        | —                   | —                                       |                                   |
|                    | Director & Board Member | Otsuka Medical Devices Co., Ltd.    | 2  | —                        | —                   | —                                       |                                   |
| Yuko Makino        | Director & Board Member | Otsuka Holdings Co., Ltd.           | 36   | 19                       | 34                  | —                                       | 101                               |
|                    | Director & Board Member | Otsuka Pharmaceutical Co., Ltd.     | 7  | 3                        | —                   | —                                       |                                   |
| Shuichi Takagi     | Director & Board Member | Otsuka Holdings Co., Ltd.           | 12   | 6                        | 40                  | —                                       | 158                               |
|                    | Director & Board Member | Otsuka Pharmaceutical Factory, Inc. | 65   | 27                       | —                   | 6                                       |                                   |
| Masayuki Kobayashi | Director & Board Member | Otsuka Holdings Co., Ltd.           | 12   | 6                        | 46                  | —                                       | 158                               |
|                    | Director & Board Member | Taiho Pharmaceutical Co., Ltd.      | 57   | 30                       | —                   | 5                                       |                                   |
| Noriko Tojo        | Director & Board Member | Otsuka Holdings Co., Ltd.           | 18   | 9                        | 34                  | —                                       | 108                               |
|                    | Director & Board Member | Otsuka Medical Devices Co., Ltd.    | 45   | —                        | —                   | —                                       |                                   |
| Tatsuo Higuchi     | Director & Board Member | Otsuka Holdings Co., Ltd.           | 72   | 39                       | 103                 | —                                       | 332                               |
|                    | Director & Board Member | Otsuka Pharmaceutical Co., Ltd.     | 66   | 33                       | —                   | —                                       |                                   |
|                    | Advisor and Consultant  | Otsuka Pharmaceutical Factory, Inc. | 9  | —                        | —                   | —                                       |                                   |
|                    | Advisor and Consultant  | Otsuka Chemical Co., Ltd.           | 9  | —                        | —                   | —                                       |                                   |



## Governance

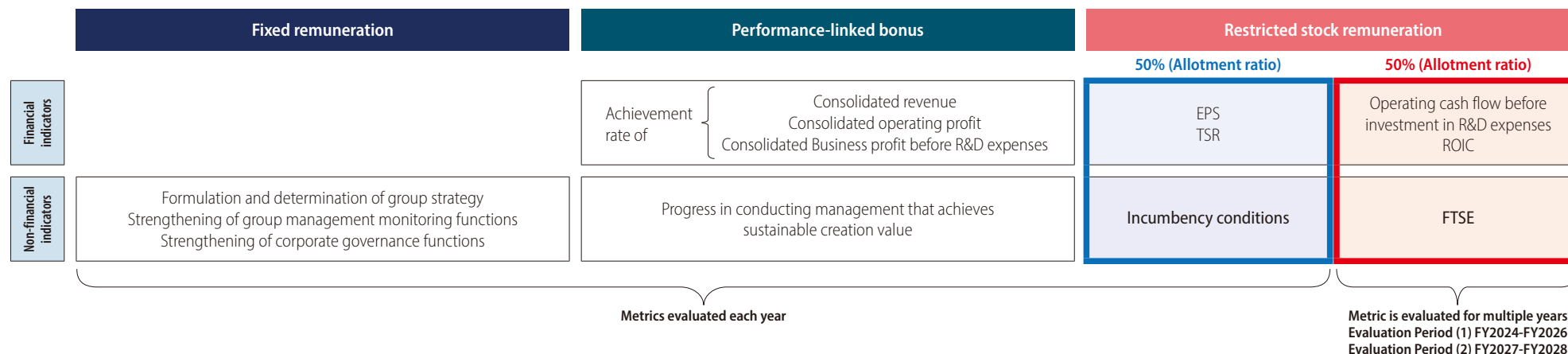
Please click here for details on the remuneration plan.

<https://www.otsuka.com/en/sustainability/governance/officer-compensation.html>

### Remuneration for Directors during the Period of the 4th Medium-Term Management Plan (FY2024–FY2028)

#### Content of Remuneration to Director & Board Members (Excluding Outside Director & Board Members)

Image diagram of remuneration system and evaluation indicators



#### Restricted Stock Remuneration

We have introduced restricted stock awards that reflect the achievement of indicators and other targets set forth in the 4th MTMP covering the period from FY2024 to FY2028. This system is designed to create an effective remuneration structure by combining multiple conditions for the release of transfer restrictions, including the evaluation period for performance indicators and the achievement of such indicators.

Additionally, if any revisions are made to the Company's consolidated financial statements (excluding minor revisions) within three years from the date of lifting the transfer restrictions, or if the Company suffers damage due to excessive investments made by the Company or its group companies during the term of office of the Director & Board Member, the Director & Board Member shall promptly return all of the restricted stock whose transfer restrictions have been lifted (Clawback Provision).

#### Method for determining the details of individual Director and Board Members' remuneration

The individual remuneration of Director & Board Members shall be determined by the Board of Directors within the total amount resolved by the General Meeting of Shareholders, based on the recommendations of the Nomination and Remuneration Committee, which reviews the evaluation of the Director & Board Members concerned, their individual remuneration, remuneration system, and levels.

#### Remuneration of Outside Director & Board Members and Auditor & Supervisory Board Members

Only fixed remuneration is paid, and there are no performance-based components.

| Metrics   | Summary of release conditions   |
|---|---|
| Incumbency conditions                                 | Conditioned on incumbency in the fiscal year being evaluated (single fiscal year) However, the shares will not be released if the director is not an incumbent at the time the evaluation is finalized.   |
| EPS   | Basic earnings per share (EPS) for the fiscal year exceeds the target value at the beginning of the year  |
| TSR   | For the fiscal year (single fiscal year), figure (2) below may not fall below the figure (1)<br>(1) Total shareholder return (TSR) for TOPIX (dividend included) at the end of FY2023 and the fiscal year evaluated<br>(2) Total shareholder return (TSR) for the company, which reflects the stock price and dividends for the evaluation period, at the end of FY2023 and fiscal year evaluated<br><br>* Year-end stock price is calculated as the average of the year-end stock price, stock price at the end of the month one month before the year-end, and the stock price at the end of the month two months before the year-end |
| Operating cash flow before investment in R&D expenses | The cumulative amount of the actual value of "consolidated cash flows from operating activities before R&D expenses" of the 4th MTMP for each evaluation period may not fall below the cumulative amount in the plan  |
| ROIC  | Cumulative average of the actual return on invested capital (ROIC) for each evaluation period may not fall below the weighted average cost of capital (WACC) set in the 4th MTMP  |
| FTSE  | An FTSE Russel ESG score of 3.3 or more is obtained for each evaluation period  |

# Outside Directors & Board Members Roundtable: “What characterizes the effectiveness of the Board of Directors for achieving Otsuka’s medium- to long-term vision?”

How can the effectiveness of the Board of Directors be enhanced in order to ensure Otsuka’s sustainable growth as a total healthcare company?

Two directors who have extensive corporate experience engaged in a discussion on several topics.

## Mayo Mita

Outside Director & Board Member

Ms. Mita has a wealth of experience in corporate analysis at an international securities firm, and based on this experience, she has a high level of insight for the objective observation and analysis of companies.



## Yoshihisa Aoki

Outside Director & Board Member

Mr. Aoki has a wealth of experience, a proven track record and a high level of insight, as well as extensive experience, expertise and networks in the food industry, having held management positions at ITOCHU Corporation and in his current service as Administrative Officer for the same company.



## Expectations for the Board of Directors within the New Management Structure

**Outside Director Aoki** I believe that the most important thing in board meetings is to ensure that each director, regardless of whether they are internal or external to the company, actively expresses their opinions and engages in sufficient discussion before reaching a final conclusion, thereby ensuring true effectiveness. I believe that CEO Inoue is skilled at creating an atmosphere conducive to expressing opinions, and is the type of person who listens to discussions before making decisions. As has been the case up to now, the Board of Directors has made decisions without limiting itself to formal deliberations, and I believe that CEO Inoue's unique management style will continue to energize the Board of Directors in the future.

**Outside Director Mita** I have served as an outside director for five years, and since the outset, discussions at board meetings have been lively, with outside directors in particular having ample opportunities to express their opinions from diverse perspectives. The explanations provided in advance were thorough, and the staff have taken the time to prepare materials and provide explanations so that even we outside directors could gain a sufficient understanding. With this support in advance, we are able to gain a deeper understanding of the matters being discussed and ask constructive questions from many perspectives at the board meeting. As a result, even if a matter had been thoroughly discussed within the company, the Board of Directors would sometimes decide that it was premature and put the brakes on the proposal. This is a sign that the Board of Directors is functioning effectively. I believe that it will be important to continue deepening discussions

on the group's overall vision, including its organizational structure, in response to evolving societal and business environments.

**Outside Director Aoki** With a background at a trading company, I contribute managerial perspectives on M&A and business structure, while Director Mita contributes her expertise as a securities company analyst, and the other outside directors offer diverse perspectives from their specialized fields, such as healthcare and accounting. These



diverse perspectives create a healthy tension within the Board of Directors. With regard to diversity among directors, rather than taking a purely formal approach, we are considering how to structure the board of directors of Otsuka Holdings, while first confirming the effectiveness of appointing three foreign directors to Otsuka Pharmaceutical. Otsuka's strength lies in its practice of deciding a response after carefully assessing whether the response will be effective in practice, rather than simply taking a formal approach. I feel that Otsuka is a company that values substance over form.

**Outside Director Mita** Otsuka Holdings has identified women's health as one of the social issues to be addressed in the 4th MTMP, and believes that the female perspective is important in healthcare businesses such as the Nutraceutical Business. In this business environment, in addition to myself, there are other female members of the Board of Directors, including Senior Executive Director and CFO Makino, Senior Executive Director Tojo, Audit & Supervisory Board Member Osawa, and Audit & Supervisory Board Member Tsuji. Many female managers are also active in the group's subsidiaries, indicating that the promotion of women is progressing significantly. In Japan, as an example of addressing women's health as a social issue, Otsuka is collaborating with medical specialists and local governments to raise awareness among the general public and hold disease-focused seminars for companies, among other initiatives, to promote support for women's health issues throughout society. In the U.S., we are promoting *EQUELLE*, a supplement containing equol, which has established brand value in Japan, and we have acquired Uqora, Inc. and Bonafide Health, LLC. In addition, Otsuka Holdings has set "contributing to women's health" as a materiality indicator in the 4th MTMP.

## Human Capital and Financial Strategies that Accelerate Innovation

**Outside Director Mita** An Otsuka global human resource development system is being established, and I get the impression that employee exchanges between each group company are progressing. The Corporate Planning Department and Finance & Accounting Department of Otsuka Holdings bring together a diverse

range of personnel from multiple subsidiaries in the form of secondments and concurrent positions, providing opportunities to cultivate a perspective that encompasses the entire group. When such assets return to their operating companies, the holding company's perspective permeates each company, mutual understanding among employees deepens, and I feel that the foundation for collaboration and task force projects is being established. In one particular case, when one operating company began developing pharmaceuticals, it collaborated with another operating company that had development expertise, forming a cross-divisional project team. These initiatives not only enhance the mobility of human resources, but also promote the business innovation. I feel that strategically utilizing human capital leads to greater innovation and enhanced corporate value.

**Outside Director Aoki** Otsuka employees practice the company's founding spirit of "What only Otsuka can do," and continuing to practice this spirit is a major strength. *POCARI SWEAT* and *Calorie Mate* faced numerous hurdles in gaining understanding of their product value at the outset, but it was because Otsuka stuck to its philosophy and nurtured them persistently that they have been so well received by the market. The efforts over time to demonstrate the company's reason for existing can be attributed to its strong sense of purpose and solid financial foundation.

**Outside Director Mita** In recent years, I feel that Otsuka's financial strategy has undergone noticeable changes. Among these, the introduction and spread of ROIC management has been particularly notable, with management decisions based on ROIC principles being made not only at the holding company level but also at the subsidiary level. Currently, profit and loss management is advancing at the product and business unit levels, enabling companies to gain a deeper understanding of their own revenue structures and strategically review their resource allocation. In addition, the group

has a solid financial foundation, and by utilizing a cash management system (CMS), subsidiaries can efficiently share funds within the group, enabling quick investment decisions. These changes will not only strengthen investment in growth areas, but also promote the selection of businesses that need to be reviewed, leading to the growth of the entire group.

## Medium- to Long-Term Vision as a Total Healthcare Company

**Outside Director Aoki** In order for Otsuka to achieve sustainable growth as a total healthcare company, I believe it is essential to formulate a long-term management strategy and establish a system that can respond nimbly to changes in the business environment in the future. My view is that the 4th MTMP is at the preparatory stage for building on our achievements to date and moving on to the next step. The business environment is becoming increasingly complex, and there are more and more situations that cannot be handled by individual efforts alone. In order for the Otsuka group to expand further, it is necessary for the entire group to discuss the vision of the company. I feel that such preparations are steadily progressing behind the scenes.

**Outside Director Mita** Although the 4th MTMP covers only a limited period of five years, it is positioned as an important period in the long, and continuing, history of the company. In formulating the plan, discussions were held with a view to the 5th MTMP and beyond, and I believe that now is the time to lay the groundwork for that future. I expect that development products in Phase 2 or earlier will flourish during and after the 5th MTMP. Fortunately, both business performance and financial foundations are in good shape, and in FY2024, Otsuka made proactive investments with an eye toward the future, including the acquisition of Jnana Therapeutics Inc., Otsuka Pharmaceutical Factory, Inc.'s expansion into the U.S. market, and the U.S. launch of *POCARI SWEAT*, which we have been working on since FY2023. It may take some time for the results to become visible, but I would like to contribute to constructive discussions by determining the direction the group should take from a medium- to long-term perspective.



# Outside Directors Roundtable: Discussions at the Nomination and Compensation Committee and Expectations for the New CEO

Following the appointment of Mr. Inoue as the new CEO in January 2025, the two members of the Nomination and Compensation Committee discussed the selection process and the role of the Board of Directors in enhancing Otsuka's corporate value.

## Yukio Matsutani

### Outside Director & Board Member

Mr. Matsutani has a wealth of experience and insight in the field of health and welfare, as well as a high level of expertise in all aspects of medical care, having served in the Ministry of Health and Welfare (now the Ministry of Health, Labor and Welfare), as President of the National Institute of Public Health, and as Vice President of the International University of Health and Welfare.



## Tatsuaki Kitachi

### Outside Director & Board Member

Mr. Kitachi has expertise as a certified public accountant and consulting experience in risk management and corporate governance.



## The Selection Process of a Successor

**Outside Director Matsutani** Otsuka Holdings established a Nomination and Compensation Committee as a subcommittee of the Corporate Governance Committee effective April 2023. The Nomination and Compensation Committee is an organization tasked with conducting more detailed discussions on matters such as succession plans for the president and other executive officers, which were previously reviewed by the Corporate Governance Committee. It is composed of the director in charge of administration and all outside directors. The establishment of the Nomination and Compensation Committee marks an important step toward achieving more autonomous and transparent corporate governance.

In the process of identifying specific candidates for the new CEO, I

conducted multiple interviews with over ten candidates, including individuals with diverse backgrounds in research, sales, planning, and finance, as well as those hired mid-career. This experience reaffirmed the diversity of talent within Otsuka.

**Outside Director Kitachi** According to the report "Corporate Governance and Growth Strategies," published in 2017 as part of the Corporate Governance Project of the Research Institute of Economy, Trade and Industry (RIETI), it is also pointed out that strengthening the supervisory function through the appointment of three or more independent outside directors and engaging in dialogue with institutional investors who place a strong emphasis on governance can enhance corporate discipline. Our Nomination and Compensation Committee includes five outside directors, making it a meaningful initiative in terms of the effectiveness of governance.

The Otsuka group is an organization composed of individuals

nurtured in the field, where a culture that values "our-ism" (we) over 'me-ism' (I) is deeply rooted. CEO Inoue, with his experience across multiple businesses including pharmaceuticals, has a deep understanding of the fields and embodies "our-ism," making him a leader whom I sincerely believe is well-suited for the role.





## Expectations for Leadership with an Eye on the Future and the Evolution of Governance

**Outside Director Matsutani** As CEO, Mr. Inoue has the decision-making ability required for the position, the ability to manage all value chains in the Pharmaceutical Business and Nutraceutical Business by leveraging his extensive experience, and the interpersonal skills to build networks both inside and outside the company. He also has a strong desire to continue learning about the increasingly important global perspective, and we expect him to grow further as a leader.

**Outside Director Kitachi** I believe that the ability to respond swiftly to changes in the capital market is an essential quality for a CEO, and I expect CEO Inoue to further enhance his sensitivity in accurately grasping the financial situation and investor needs and reflecting them in management decisions.

As a platform company spanning pharmaceuticals, healthcare that maintains and enhances people's health, and the foundations of material science, the Otsuka group faces various challenges requiring competition and innovation. I believe that artistic skills and judgment play a significant role in such management. While the term "STEAM" is sometimes used instead of "STEM," for a company like Otsuka, which deals with human health and life, the element of "Arts" is as important as rationality. In this regard, I am confident that CEO Inoue, with his flexible sensibility and experience in making decisive judgments, will lead the group to further development as CEO.

\* STEAM: Science, Technology, Engineering, and Mathematics, and Arts

**Outside Director Matsutani** As a doctor, I feel that "arts and science" are highly valued in the clinical setting. The insights and intuition gained through engaging with patients are important strengths. Despite his calm demeanor, CEO Inoue is a person who is prepared to make tough decisions when necessary and has the courage to do so. In fact, his behavior and management style in board meetings demonstrate his sense of balance and strength of will.

**Outside Director Kitachi** Under the leadership of such individuals, the Board of Directors and the Nomination and Compensation Committee will also be required to operate at a higher level. With the addition of Mr. Jiro Seguchi, a former investment banker, to the Board of Directors as an outside director, the Board has gained new energy and a sense of tension. All members of the Board are

committed to further enhancing corporate governance with a strong sense of mission.

## Remuneration Systems that Support Sustainability Management

**Outside Director Matsutani** We view the changes to our compensation system as part of our ongoing efforts to enhance Otsuka's corporate value. We have gradually shifted from a system centered on fixed compensation to variable compensation that emphasizes mid- to long-term performance. In recent years, we have also introduced non-financial indicators in response to societal demands. For example, we have incorporated FTSE scores, which are external evaluation indicators related to ESG, into our stock compensation system to establish objective evaluation criteria. Making transparent decisions is important for clearly communicating Otsuka's stance to both internal and external stakeholders, and we are steadily advancing reforms to our compensation system.

**Outside Director Kitachi** The incorporation of ESG scores symbolizes a qualitative evolution in the compensation system itself. It is precisely because we are committed to sustainability management that we were able to introduce ESG scores into our compensation system. Even if achieving certain ESG targets proves challenging, we will never consider relaxing our standards. Under its sustainability management framework, the Otsuka group is committed to delivering sustainable value to all stakeholders, including society, customers, employees, shareholders, and business partners. In its compensation system as well, the company will continue to develop mechanisms that support the long-term enhancement of corporate value.



## Message from the New Outside Director



**Leveraging Extensive Knowledge as an Investment Banker to Create Value**

**Jiro Seguchi**

Outside Director & Board Member

I have worked as an investment banker at the Bank of Tokyo, Ltd. (now MUFG Bank, Ltd.) and Merrill Lynch Japan Securities (now BofA Securities), focusing on corporate support through capital markets and strengthening corporate governance. As I take on the role of outside director at a publicly listed company for the first time, I will leverage the experience I have gained so far to contribute to the mid- to long-term growth of Otsuka Holdings.

My relationship with the Otsuka group has continued since 2009 when I visited the factories in Tokushima while working at Merrill Lynch Japan Securities. Through dialogue with the capital markets and advisory services, I was able to directly experience the Otsuka group's sincere commitment to total healthcare and its proactive corporate stance. I have also come to deeply appreciate the company's consistent commitment to contributing to healthcare while pursuing new growth areas.

Later, when I had the opportunity to visit Tokushima again, I learned through conversations with local residents that the Otsuka group is deeply rooted in the community and contributes to it. I believe this is one of the reasons why the company has been able to survive for over 100 years.

I have experienced turbulent times such as the collapse of Japan's bubble economy in 1990s, financial crises, and the global financial crisis of 2008 while working at the forefront of corporate management. I firmly believe that building long-term relationships based on trust, rather than pursuing short-term results, is essential for corporate growth, even in an ever-changing environment. This belief is also reflected in Otsuka group's commitment to addressing social issues such as health maintenance and promotion, as well as preventive healthcare.

Going forward, as an outside director of Otsuka Holdings, I aim to support transparent governance that meets the expectations of the capital market from an external perspective, while keeping a close eye on improving the profitability and capital efficiency of the Otsuka group. I will engage in constructive discussions at the board of directors to contribute to the sustainable enhancement of corporate value.



## Governance

For more details on the number of shares held by Director & Board Members and Auditor & Supervisory Board members, visit:

[https://www.otsuka.com/en/ir/stock/pdf/meeting/202412\\_01.pdf](https://www.otsuka.com/en/ir/stock/pdf/meeting/202412_01.pdf)



## Director & Board Members and Auditor & Supervisory Board Members (As of March 28, 2025)

### Director & Board Members



**Ichiro Otsuka**  
Chairman and Representative  
Director

**Profile** Number of the Company's shares owned: 7,882,584  
Term of office as Director & Board Member: 16 years and 8 months

Apr. 1987 Joined Otsuka Pharmaceutical Factory, Inc.  
Jun. 1997 Director and Board Member, Director of Consumer Products Development Division, Otsuka Pharmaceutical Co., Ltd.  
Jun. 1998 Managing Director, responsible for Consumer Products, Publicity, Promotion and Development Division, Otsuka Pharmaceutical Co., Ltd.  
Dec. 2001 Director and Board Member, Research and Development, Otsuka Pharmaceutical Factory, Inc.  
May 2002 Representative Director, Otsuka Pharmaceutical Factory, Inc.  
Dec. 2003 Executive Deputy President and Representative Director, Otsuka Pharmaceutical Factory, Inc.  
Dec. 2004 President and Representative Director, Otsuka Pharmaceutical Factory, Inc.  
Jul. 2008 Director and Board Member, Otsuka Holdings Co., Ltd.  
Jun. 2010 Executive Deputy President and Executive Director, Otsuka Holdings Co., Ltd.  
Jun. 2014 Representative Director, Otsuka Pharmaceutical Factory, Inc.  
Vice Chairman and Representative Director, Otsuka Holdings Co., Ltd.  
Mar. 2015 Director and Board Member, Otsuka Pharmaceutical Co., Ltd. (current)  
Chairman, Otsuka Pharmaceutical Factory, Inc.  
Chairman and Representative Director, Otsuka Holdings Co., Ltd. (current)  
Mar. 2022 Representative Director, Otsuka Pharmaceutical Factory, Inc. (current)



**Makoto Inoue**  
President and Representative  
Director, CEO

**Profile** Number of the Company's shares owned: 72,000  
Term of office as Director & Board Member: 5 years

Apr. 1983 Joined Otsuka Pharmaceutical Co., Ltd.  
Jun. 2008 Vice President, General Manager of Diagnostic Division, Otsuka Pharmaceutical Co., Ltd.  
Jun. 2009 Senior Vice President, Deputy General Manager of Pharmaceutical Business Division, Otsuka Pharmaceutical Co., Ltd.  
Mar. 2015 Director and Board Member, Executive Vice President, General Manager of Nutraceutical Business Division, Otsuka Pharmaceutical Co., Ltd.  
Apr. 2015 Director and Board Member, Pharmavite LLC  
Mar. 2017 Managing Director, Nutraceutical Business, Otsuka Pharmaceutical Co., Ltd.  
Sep. 2017 Director and Board Member, Daiya Foods Inc.  
Mar. 2018 Senior Managing Director, Nutraceutical Business, Otsuka Pharmaceutical Co., Ltd.  
Oct. 2018 Chairman, Nardobel SAS  
Mar. 2019 Executive Deputy President and Executive Director, Otsuka Pharmaceutical Co., Ltd.  
Mar. 2020 President and Representative Director, Otsuka Pharmaceutical Co., Ltd. (current)  
Director and Board Member, Otsuka Holdings Co., Ltd.  
Jan. 2024 Representative Director, COO, Otsuka Holdings Co., Ltd.  
Jan. 2025 President and Representative Director, CEO, Otsuka Holdings Co., Ltd. (current)



**Yoshiro Matsuo**  
Deputy President and  
Representative Director

**Profile** Number of the Company's shares owned: 84,760  
Term of office as Director & Board Member: 16 years and 8 months

Apr. 1985 Joined Otsuka Pharmaceutical Co., Ltd.  
Jan. 2003 Vice President, Associate General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd.  
Jun. 2006 Vice President, General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd.  
Nov. 2007 Senior Vice President, General Manager of the General Affairs Department with additional responsibility for Legal Affairs and External Relations, Otsuka Pharmaceutical Co., Ltd.  
Jul. 2008 Managing Director, Corporate Administration, Otsuka Holdings Co., Ltd.  
Mar. 2016 Senior Managing Director, Corporate Administration, Otsuka Holdings Co., Ltd.  
Jan. 2017 Director and Board Member, Otsuka Medical Devices Co., Ltd.  
Mar. 2022 Executive Deputy President and Representative Director, Otsuka Pharmaceutical Co., Ltd. (current)  
Executive Deputy President and Director, Otsuka Holdings Co., Ltd.  
Mar. 2023 Director and Board Member, Otsuka Foods Co., Ltd.  
Jan. 2025 Executive Deputy President and Representative Director, Otsuka Holdings Co., Ltd. (current)



**Yuko Makino**  
Director, CFO and Board  
Member

**Profile** Number of the Company's shares owned: 35,000  
Term of office as Director & Board Member: 7 years

Apr. 1982 Joined Otsuka Pharmaceutical Co., Ltd.  
Apr. 1993 Joined Deloitte & Touche LLC Seattle Office (now Deloitte Touche Tohmatsu LLC)  
Apr. 1996 Joined Baxter Limited  
Apr. 2000 Joined Otsuka Pharmaceutical Co., Ltd.  
Mar. 2015 Director of the Corporate Finance & Accounting Department, Otsuka Holdings Co., Ltd.  
Sep. 2016 Vice President, Director of the Corporate Finance & Accounting Department, Otsuka Holdings Co., Ltd.  
Vice President, Director of Accounting Department, Otsuka Pharmaceutical Co., Ltd.  
Apr. 2017 Vice President, Director of the Tax Department, Otsuka Holdings Co., Ltd.  
Vice President, Director of the Finance & Accounting Department, Otsuka Pharmaceutical Co., Ltd.  
Mar. 2018 Director and Board Member, Corporate Finance, Otsuka Holdings Co., Ltd.  
Mar. 2019 Director, CFO and Board Member, Otsuka Holdings Co., Ltd. (current)  
Mar. 2022 Director and Board Member (Finance), Otsuka Pharmaceutical Co., Ltd. (current)



**Shuichi Takagi**  
Director & Board Member

**Profile** Number of the Company's shares owned: 43,200  
Term of office as Director & Board Member: 6 years

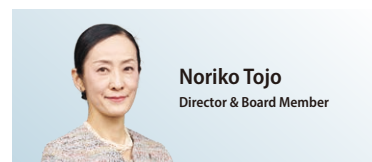
Apr. 1989 Joined Tobishima Corporation  
Sep. 1995 Joined Otsuka Pharmaceutical Co., Ltd.  
Aug. 2002 Finance Department of OIAA Division, Otsuka Pharmaceutical Co., Ltd.  
Jul. 2003 Corporate Finance & Accounting Department, Otsuka Pharmaceutical Co., Ltd.  
Mar. 2015 Vice President responsible for India Business, Otsuka Pharmaceutical Factory, Inc.  
May 2015 CEO, Claris Otsuka Private Limited (now Otsuka Pharmaceutical India Private Limited)  
Jan. 2019 Senior Vice President, President's Office, Otsuka Holdings Co., Ltd.  
Mar. 2019 Director and Board Member, Finance and Business Portfolio Management, Otsuka Pharmaceutical Co., Ltd.  
Director and Board Member, Business Portfolio Management, Otsuka Holdings Co., Ltd.  
Oct. 2021 President, Otsuka America, Inc.  
Mar. 2022 Managing Director (Business Strategy), Otsuka Pharmaceutical Co., Ltd.  
Managing Director, CSO, Otsuka Holdings Co., Ltd.  
Feb. 2023 Chairman and Director, Otsuka America, Inc.  
Mar. 2023 Director and Board Member, Otsuka Pharmaceutical Factory, Inc.  
Jan. 2024 Director and Board Member, Otsuka Holdings Co., Ltd. (current)  
President and Representative Director, Otsuka Pharmaceutical Factory, Inc. (current)



**Masayuki Kobayashi**  
Director & Board Member

**Profile** Number of the Company's shares owned: 90,500  
Term of office as Director & Board Member: 8 years

Apr. 1989 Joined The Daiwa Bank, Ltd. (now Resona Bank, Limited)  
Oct. 1993 Joined Taiho Pharmaceutical Co., Ltd.  
Aug. 2002 President, Taiho Pharma USA, Inc. (now Taiho Oncology, Inc.)  
Sep. 2003 Director & Board Member, Taiho Pharmaceutical Co., Ltd.  
Apr. 2010 President and CEO, Otsuka America, Inc.  
Apr. 2012 President and Representative Director, Taiho Pharmaceutical Co., Ltd. (current)  
Director & Board Member, Taiho Pharma USA, Inc.  
Apr. 2014 Chairman, Taiho Oncology, Inc. (current)  
Mar. 2017 Director & Board Member, Otsuka Holdings Co., Ltd. (current)



**Noriko Tojo**  
Director & Board Member

**Profile** Number of the Company's shares owned: 72,000  
Term of office as Director & Board Member: 10 years and 10 months

Apr. 1987 Joined Goldman Sachs (Japan) Corporation  
Aug. 1991 Joined Shearson Lehman Brothers Holdings Inc.  
Jul. 2002 Engagement Manager, McKinsey & Company, Japan Office  
Jun. 2006 Director, Intel Capital Japan, Intel Corporation  
Aug. 2008 Managing Director, Corporate Development, Otsuka Holdings Co., Ltd.  
Feb. 2011 Director & Board Member, Otsuka Medical Devices Co., Ltd.  
Apr. 2012 President and CEO, Otsuka America, Inc.  
Aug. 2015 Director & Board Member and CEO, Pharmavite LLC  
Jan. 2017 President and Representative Director, Otsuka Medical Devices Co., Ltd. (current)  
May 2017 Director & Board Member, Otsuka America, Inc.  
Apr. 2017 Chairman, Pharmavite LLC  
Mar. 2018 Director & Board Member, Otsuka Holdings Co., Ltd. (current)



**Tatsuo Higuchi**  
Director and Advisor, Chairman  
Emeritus and Board Member

**Profile** Number of the Company's shares owned: 205,600  
Term of office as Director & Board Member: 16 years and 8 months

Mar. 1977 Joined Otsuka Pharmaceutical Co., Ltd.  
Jun. 1998 Senior Managing Director, Otsuka Pharmaceutical Co., Ltd. (Pharmavite)  
Nov. 1998 Executive Deputy President and Executive Director, Otsuka Pharmaceutical Co., Ltd.  
Jun. 1999 Executive Director, responsible for U.S. Business, Otsuka Pharmaceutical Co., Ltd.  
Jun. 2000 President and Representative Director, Otsuka Pharmaceutical Co., Ltd.  
Jun. 2008 Executive Director, Otsuka Pharmaceutical Co., Ltd.  
Jul. 2008 President and Representative Director, CEO, Otsuka Holdings Co., Ltd.  
Dec. 2011 Executive Director, Otsuka Chemical Co., Ltd.  
Feb. 2015 President and Representative Director, Otsuka Pharmaceutical Co., Ltd.  
Mar. 2020 Chairman and Representative Director, Otsuka Pharmaceutical Co., Ltd.  
Jan. 2025 Director and Advisor, Chairman Emeritus and Board Member, Otsuka Holdings Co., Ltd. (current)  
Chairman, Otsuka Pharmaceutical Co., Ltd. (current)

## Governance

### Director & Board Members and Auditor & Supervisory Board Members (As of March 28, 2025)

#### Outside Director and Board Members



**Yukio Matsutani**  
Outside Director and Board  
Member

**Profile** Number of the Company's shares owned: 0  
Term of office as Director & Board Member: 9 years

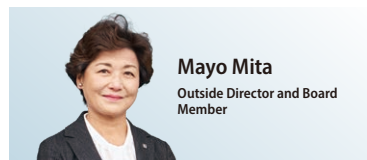
Apr. 1975 Intern, Pediatric Department, St. Luke's International Hospital  
Oct. 1981 Joined Ministry of Health and Welfare (now Ministry of Health, Labour and Welfare)  
Aug. 2005 Director-General, Health Policy Bureau, Ministry of Health, Labour and Welfare  
Aug. 2007 Director, National Sanatorium Tama Zenshoen  
Apr. 2012 President, National Institute of Public Health  
Dec. 2015 Vice President, International University of Health and Welfare  
Mar. 2016 Outside Director & Board Member, Otsuka Holdings Co., Ltd. (current)  
Jun. 2019 President, Japan Public Health Association (current)



**Yoshihisa Aoki**  
Outside Director and Board  
Member

**Profile** Number of the Company's shares owned: 0  
Term of office as Director & Board Member: 6 years

Apr. 1974 Joined ITOCHU Corporation  
Jun. 2003 Executive Officer, ITOCHU Corporation  
Apr. 2009 Managing Executive Officer, President, Food Company, ITOCHU Corporation  
Apr. 2010 Member of the Board, Senior Managing Executive Officer, President, Food Company, ITOCHU Corporation  
Mar. 2017 Administrative Officer, ITOCHU Corporation (current)  
Jun. 2017 Outside Director & Board Member, ARATA Corporation  
Mar. 2019 Outside Director & Board Member, Otsuka Holdings Co., Ltd. (current)



**Mayo Mita**  
Outside Director and Board  
Member

**Profile** Number of the Company's shares owned: 0  
Term of office as Director & Board Member: 5 years

Apr. 1983 Joined Morgan Stanley Japan Securities Co., Ltd. (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)  
Jan. 1989 Equity Research Division (Healthcare), Morgan Stanley Japan Securities Co., Ltd.  
Dec. 2000 Managing Director, Morgan Stanley Japan Securities Co., Ltd.  
Dec. 2013 Senior Advisor, Investment Banking Business Unit (Healthcare), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
Mar. 2020 Outside Director & Board Member, Otsuka Holdings Co., Ltd. (current)  
Jun. 2023 Outside Auditor, Mitsui Fudosan Co., Ltd. (current)



**Tatsuaki Kitachi**  
Outside Director and Board  
Member

**Profile** Number of the Company's shares owned: 0  
Term of office as Director & Board Member: 3 years

Oct. 1985 Joined Sanwa Tokyo Marunouchi Office Audit Corporation (now Deloitte Touche Tohmatsu LLC)  
Apr. 1989 Registered as a certified public accountant  
Jul. 1996 Partner, Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC)  
Apr. 2010 Commissioner, Public Interest Corporation Commission, Cabinet Office  
Oct. 2012 Leader of Advisory Development Division, Deloitte Touche Tohmatsu LLC  
Nov. 2013 Member of the Board, Deloitte Touche Tohmatsu LLC  
Jun. 2017 Leader of Industry Service Division, Advisory Service Headquarters, Deloitte Touche Tohmatsu LLC  
Jun. 2019 Thought Leader, Deloitte Tohmatsu LLC  
Sep. 2021 Special Adviser to the Governor of Kanagawa Prefecture (current)  
Mar. 2022 Outside Director & Board Member, Otsuka Holdings Co., Ltd. (current)



**Jiro Seguchi**  
Outside Director and Board  
Member

**Profile** Number of the Company's shares owned: 0  
Term of office as Director & Board Member: —

Apr. 1986 Joined The Bank of Tokyo, Ltd. (present day MUFG Bank, Ltd.)  
Mar. 1999 Joined Merrill Lynch Japan Securities Co., Ltd.  
Jul. 2010 Representative Director and President, Merrill Lynch Japan Securities Co., Ltd.  
Country Executive, Bank of America Corporation  
Oct. 2013 Head of Asia Pacific Global Corporate & Investment Banking, Bank of America Corporation  
Jun. 2016 Representative Director and President, Merrill Lynch Japan Securities Co., Ltd.  
Country Executive, Bank of America Corporation  
Jan. 2019 Co-President of Asia Pacific, Bank of America Corporation  
Jul. 2023 Senior adviser of Asia Pacific, Bank of America Corporation  
Mar. 2025 Outside Director, Otsuka Holdings Co., Ltd. (current)

#### Auditor & Supervisory Board Members



**Yozo Toba**  
Standing Auditor and  
Supervisory Board Member

**Profile** Number of the Company's shares owned: 8,000  
Term of office as Director & Board Member: 7 years

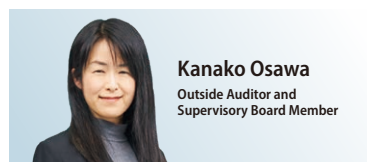
Apr. 1979 Joined Otsuka Chemical Holdings Co., Ltd. (now Otsuka Chemical Co., Ltd.)  
Jan. 1995 Director, Information Center, Otsuka Chemical Holdings Co., Ltd.  
Jan. 2006 CFO, Trocellen GmbH  
May 2009 Operating Officer, Information System Department, Otsuka Chemical Holdings Co., Ltd. (now Otsuka Chemical Co., Ltd.)  
Jun. 2009 Corporate Officer, Director of IT, Corporate Finance & Accounting Department, Otsuka Holdings Co., Ltd.  
Dec. 2011 Executive Director, Corporate Administration, Accounting and IT, Otsuka Chemical Co., Ltd.  
Mar. 2015 Executive Vice President, Corporate Finance & Accounting and Corporate Service Department, Otsuka Holdings Co., Ltd.  
Mar. 2018 Standing Auditor & Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)  
Mar. 2019 Auditor & Supervisory Board Member, Otsuka Chemical Co., Ltd. (current)



**Hiroshi Sugawara**  
Outside Auditor and  
Supervisory Board Member

**Profile** Number of the Company's shares owned: 8,000  
Term of office as Director & Board Member: 15 years

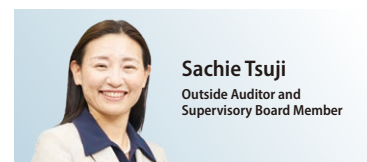
Oct. 1997 Joined Chuo Audit Corporation  
Oct. 2000 Joined Deloitte Touche Tohmatsu (now Deloitte Touche Tohmatsu LLC)  
Apr. 2002 Registered as a certified public accountant  
Feb. 2006 Vice President, Will Capital Management Co., Ltd.  
Jun. 2010 Outside Auditor & Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)  
Jun. 2012 Outside Auditor & Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd.  
Oct. 2013 Director & Board Member, Nippon Parking Development Co., Ltd.  
Mar. 2016 Auditor & Supervisory Board Member, Otsuka Pharmaceutical Co., Ltd. (current)  
Aug. 2018 External Director, Inbound Platform Corp. (current)



**Kanako Osawa**  
Outside Auditor and  
Supervisory Board Member

**Profile** Number of the Company's shares owned: 0  
Term of office as Director & Board Member: 3 years

Apr. 1998 Registered as an attorney at law (Dai-ichi Tokyo Bar Association) Joined KAJITANI LAW OFFICES (current)  
Oct. 2005 Admitted to the bar of the State of New York  
Jun. 2015 Outside Director & Board Member (Audit & Supervisory Committee Member), LINTEC Corporation (current)  
Apr. 2021 Committee Member for Reform of Collateral Law, Legislative Council of the Ministry of Justice  
May 2021 Director, Japanese Association for Business Recovery  
Jun. 2021 External Director, TPR Co., Ltd. (current)  
Mar. 2022 Outside Auditor & Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)  
Jun. 2022 Outside Auditor & Supervisory Board Member, Toshiba Tec Corporation (current)  
May 2023 Managing Director, Japanese Association for Business Recovery (current)



**Sachie Tsuji**  
Outside Auditor and  
Supervisory Board Member

**Profile** Number of the Company's shares owned: 0  
Term of office as Director & Board Member: 3 years

Oct. 1996 Joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC)  
Apr. 1999 Registered as a certified public accountant  
Jul. 2015 Representative Director, SPLUS Corporation (now Biz-supply Corporation) (current)  
Jun. 2016 Director, Association of Certified Fraud Examiners (current)  
Mar. 2021 Outside Director & Board Member (Auditor & Supervisory Board Member), SBS Holdings, Inc. (current)  
Jun. 2021 Outside Auditor & Supervisory Board Member, Shindengen Electric Manufacturing Co., Ltd. (current)  
Mar. 2022 Outside Auditor & Supervisory Board Member, Otsuka Holdings Co., Ltd. (current)

## Governance

For more details about our various global policies and compliance-related initiatives, visit our website

<https://www.otsuka.com/en/csr/governance/compliance2.html>



### Compliance

#### Basic Policy

The Otsuka group seeks to earn the trust of stakeholders and to achieve sustained growth by contributing to people's health worldwide, acting in good faith and with the highest level of ethics in accordance with the corporate philosophy: "Otsuka-people creating new products for better health worldwide." That commitment is encapsulated in the Otsuka Group Global Code of Business Ethics, which outlines the standards of behavior expected of everyone involved in our work. This is reinforced with a range of global policies that reflect our behavioral standards in core areas. Regular training helps ensure that our compliance stance is thoroughly embedded.

#### Compliance Promotion System

As a holding company whose role is to maximize the group's corporate value, Otsuka Holdings has established a system for appropriate business operations from the perspective of the group as a whole. We have established a system for facilitating cooperation in the Otsuka group. Under this system, group companies report to Otsuka Holdings as necessary regarding items specified in the Affiliated Company Management Regulations, and obtain approval on relevant important items. The Board of Directors has built a group-wide risk management system, which includes the establishment of the Global Risk Oversight Committee (chaired by Director/Operating Officer in charge of Finance, Corporate Planning, and Administration), and oversees the system's operation. The Board of Directors receive regular reports on compliance and risk management action plans and results from the Global Risk Oversight Committee. These reports and plans form the basis for discussion of issues and additional measures.

To instill thorough compliance at group companies, the Otsuka group conducts universal training providing to all employees of worldwide subsidiaries based on policies such as the Otsuka Group Global Code of Business Ethics, the Otsuka Group Global Anti-Corruption Policy and the Otsuka Group Global Policy for Conflict of Interest. Training materials (available in English, French, Chinese, Korean, Indonesian, and other languages) are distributed to group companies, and executives and employees (including contract and temporary employees) attend related training at least once annually. Depth and breadth of

compliance understanding among employees is evaluated through a test during training, awareness surveys, and other measures. Trainees are required to submit a signed declaration that they will observe the regulations, and the results of training and the status of submission of declaration forms are regularly reported at meetings of the Board of Directors.

The operational status of the internal reporting systems at each group company is also reported to the Board of Directors. In addition, we have established a Global Compliance Promotion Committee consisting of Otsuka Holdings and our main operating companies, and are working to clarify important decision-making processes related to the globalization of our compliance management system.

#### Internal Reporting System

At Otsuka group, we have established internal reporting systems within each group of companies. Through this hotline, we work to ensure that any improper acts, including acts of bribery, as well as violations of policies, laws and regulations, can be quickly uncovered and corrected. Rules for accepting reports extend beyond full-time employees to include contract, dispatched, and part-time employees. Hotlines have also been set up outside the Company, such as at a law office, with anonymous reporting allowing whistleblowers to make a report with peace of mind and without fear of reprisal. Information on whistleblowers and their reports is strictly managed in order to prevent any repercussions. No information will be shared with anyone except those who must know in order to provide an effective response, given the necessity of conducting an investigation and taking corrective action. Furthermore, we have

#### Compliance Promotion System



#### Formulation of Otsuka Group Global Speak-Up Policy

The Otsuka group has established the Otsuka Group Global Speak-up Policy with the aim of clarifying the basic principles of the internal reporting system and enhancing its effectiveness so that employees can speak up when they become aware of fraudulent or wrong behavior or actions that go against the group's values, policies, and processes, or any other suspect behavior.

##### (Basic Principles)

- People have the right and obligation to report in good faith
- Information will be strictly managed
- Anonymous reports will be accepted
- Reporters will not suffer any repercussions
- Investigations as well as corrective and preventive actions must be carried out

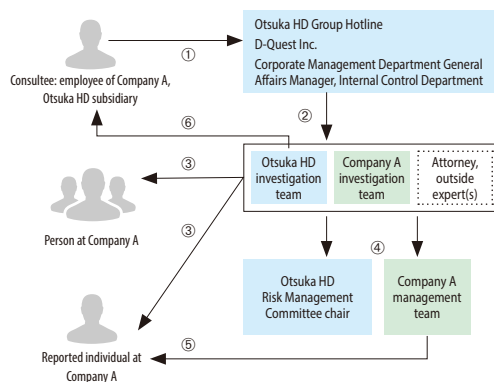
## Governance

### Compliance

established the "Otsuka HD Group Hotline," which accepts reports of issues that could have a significant impact on the entire Group or that may be difficult to be dealt with by the contact points at each company.

#### ■ Process of reporting, investigating, disciplinary action, and reporting of results

When a report is made to the Otsuka HD Group Hotline, depending on the nature of the case, the following steps are followed from the time of the report to the investigation, disciplinary action, and reporting of results.



|                                      |   |
|--------------------------------------|---|
| ① Consultation/report                | The Otsuka HD Group Hotline receives a consultation call from an employee of Company A, part of the Otsuka group.                               |
| ② Deliberation on handling/response  | Content of the report is considered and the decision is made to start an investigation.   |
| ③ Investigation                      | Depending on the content, external experts, such as lawyers, are contacted and interviews are conducted with the consultee and related parties. |
| ④ Reporting of investigation results | Investigation results are reported to the chair of the Otsuka HD Risk Management Committee and the management team of Company A.                |
| ⑤ Decision on (disciplinary) action  | A determination is made on the handling (including disciplinary action) of the individual involved.   |
| ⑥ Report to the consultee            | Investigation results are reported to the employee of Company A.  |

- Time from receiving the report to announcing investigation results: approx. 3 months.  
- Each group company's hotline will respond in a similar manner (terminology, etc. may vary depending on the company).

#### ■ Number of participants who took global compliance training in 2024

| Policies and standards provided training            | No. of targeted participants | Attendance |
|---|------------------------------|------------|
| Otsuka Group Global Code of Business Ethics         | 41,773 <sup>1</sup>          | 98.6%      |
| Otsuka Group Global Anti-Corruption Policy          |                              |            |
| Otsuka Group Global Policy for Conflict of Interest |                              |            |
| Otsuka Group Global Anti-Fraud Policy               |                              |            |
| Otsuka Group Human Rights Policy                    |                              |            |
| Otsuka Group Global Information Security Policy     |                              |            |
| Otsuka Group Global Privacy Policy                  |                              |            |

1. The number of people covered by the Otsuka Group Global Code of Business Ethics training when it was deployed. In addition to directors and employees, the number of participants includes temporary employees.

#### ■ Number of consultations/reports received from employees, etc.

| Item  | 2023             | 2024             |
|---|------------------|------------------|
| Violation of laws and regulations                       | 176              | 252              |
| Issues related to diversity or workplace and harassment | 118              | 117              |
| Violation of internal rules                             | 68               | 73               |
| Violation of labor laws and regulations                 | 11               | 8                |
| Others (consultation on concerns, opinion, etc.)        | 226              | 195              |
| Total   | 599 <sup>2</sup> | 645 <sup>2</sup> |

2. The number of cases reported to Otsuka Holdings, covering all companies in the Otsuka group.

#### ■ System for Dealing with Individual Cases

People with knowledge of infractions or concerns about any noncompliance issues are required to consult with and report to their immediate supervisor, the Legal Affairs or Human Resources department, or the department in charge of compliance. Reprisals against reporting parties are strictly prohibited.

Depending on the nature of the violation, the Compliance Department, or the Human Resources & General

Affairs Department are in charge as the secretariat and form an investigative team that includes external experts, such as lawyers, certified public accountants, and data forensics experts. These investigative parties examine the facts, while managing the protection of personal information and ensuring that there are no acts of reprisal against the whistleblower. Cases determined to be serious violations are reported to the chair of the Global Risk Oversight Committee and the Board of Directors to respond and take the initiative to prevent a recurrence given the circumstances, and all cases are used in planning and implementing group-wide compliance.

#### ■ Speak Up Line for Business Partners

Otsuka group aims to contribute to the solution of social issues through our business activities, including through our business with our business partners, and we hereby establish the "Otsuka Group Business Partner Code of Ethics" to articulate our uncompromising commitment to the highest standards of ethical conduct to be achieved in cooperation with our business partners. The way we do business is as important as the outcome of the business we do, and this code sets expectations and requests for how business partners will conduct the business. Under this code, Otsuka group employees or representatives of the Otsuka group are required to promptly report to the Otsuka group any concerns or incidents that they believe to be illegal or otherwise improper. A contact point (the Otsuka Group Speak Up Line for Business Partners) has been established for business partners to consult and report such concerns.

#### ■ Monitoring System

The Company's Internal Audit Department reports directly to the president. The department conducts regular audits based on the Internal Audit Rules to verify that operations are being executed appropriately and efficiently with regard to the assets and business in general of Otsuka Holdings and Otsuka group companies. Audit reports are submitted to the president, directors, and Audit & Supervisory Board members. Where there is need for improvement, the department recommends remedial actions and later confirms their implementation, thereby contributing to the optimization of business execution. The department also shares information and works in cooperation with Audit & Supervisory Board members and the Accounting Auditor.

The Otsuka group operates a crisis management system that enables a swift, cohesive response if a risk event demanding an urgent response occurs in or outside Japan. When a critical or time-sensitive event does occur, the group company immediately shares information with the main operating companies and Otsuka Holdings, and the relevant departments mount a coordinated response to mitigate impact. Otsuka Holdings maintains and updates regulations, manuals, and other documentation setting out fundamental approaches to risk management and response, and enhances group-wide readiness through regular training and exercises.

## Governance

### Tax Compliance

#### Basic Policy

The Otsuka group operates around the world and recognizes that the appropriate payment of taxes in accordance with relevant laws and regulations in each country and region contributes to the local economy in those countries and regions. The group complies with the Otsuka Group Global Code of Business Ethics, the group's tax policy, country-specific laws, regulations and tax treaties, as well as international taxation rules, and does not engage in transactions designed to evade the payment of taxes, but carries out the appropriate filing and payment of taxes in each country. We endeavor to appropriately disclose information and ensure a degree of transparency and trust when dealing with tax authorities in each country. The globalization of business makes tax oversight more complex, but by continuously updating information and consulting tax experts where necessary, we are appropriately responding in order to minimize tax risk.

#### Correspondence with Tax Authorities

The Otsuka group remains committed to building constructive relationships with tax authorities in the countries and regions in which it operates. As economic globalization and digitalization have progressed, fundamental revisions to international tax rules have been promoted primarily by the Organization for Economic Cooperation and Development (OECD). As a result, global minimum tax rules have been introduced, and additional taxes will be imposed if the tax burden rate of a country or region falls below 15%. These rules have been established in many of the countries and regions where the Otsuka group operates, and some subsidiaries have already begun applying them as of FY2024. In this environment, we recognize that reporting requirements to tax authorities in various countries will become more complex and diverse compared to previous practices. We will continue to improve the reliability of tax data and establish systems to provide it promptly.

#### Transfer Pricing Policy

The Otsuka group calculates transfer prices based on the OECD guidelines that were created for the prevention of double taxation and fair application of the transfer price tax system, as well as each country's transfer price tax system, and makes efforts to ensure proper transactions between related parties. Also, when necessary, we make use of advance pricing arrangements to obtain ahead-of-time consensus with tax authorities.

### Governance

We work to maintain and improve tax-related governance, recognizing that this contributes to the enhancement of corporate value. To this end, we are strengthening cooperation with operating companies as well as securing and training capable human resources, thereby maintaining an appropriate system that enhances the group's tax compliance and reduces tax risks. Furthermore, we have established reporting obligations to the Board of Directors and the Audit & Supervisory Board regarding the above-mentioned policies and processes, as well as their ongoing implementation and maintenance.

### Risk Management

#### Basic Policy

The Otsuka group recognizes that pursuing management efficiency and controlling the risks inherent in business activities are important to enhancing corporate value. To that end, it is vital to establish a group-wide system that enables all executives and employees to uncover, identify, and deal with risks related to their work swiftly. The Otsuka group manages risk via the initiatives outlined below under the supervision of top management.

#### Risk Management System

The Otsuka group introduced Enterprise Risk Management (ERM) in 2020 to further enhance companywide risk management at Otsuka Holdings (the Company) and group companies, including the recognition and evaluation of risks comprehensively from a company-wide perspective and the prioritization of management resources to control important risks. In 2022, the Otsuka Group Global ERM Policy was established by referencing global standards such as ISO31000 and COSO.

In the initiatives of ERM, we define "risks" as uncertainties that significantly impact the fulfillment of our corporate philosophy and the achievement of our business strategy goals, and we have established a group-wide risk management framework and a system for risk assessment. Under the framework and system, we identify and evaluate significant risks in the group through the risk assessments performed at main operating companies, determine whether to mitigate, transfer, avoid, or accept those risks, formulate management policies, and continuously execute and monitor these activities to effectively and efficiently manage the risks in the group.

The Global Risk Oversight Committee participates in deliberations on significant risks and reports on them at meetings of the committee and the Board of Directors, formulates and monitors the implementation of policies for the management of significant risks, and provides instructions and



## Governance

### Risk Management

support to the main operating companies when needed. The Board of Directors receives reports on committee activities, issues instructions as necessary, and oversees the effectiveness and efficacy of the group's ERM structure.

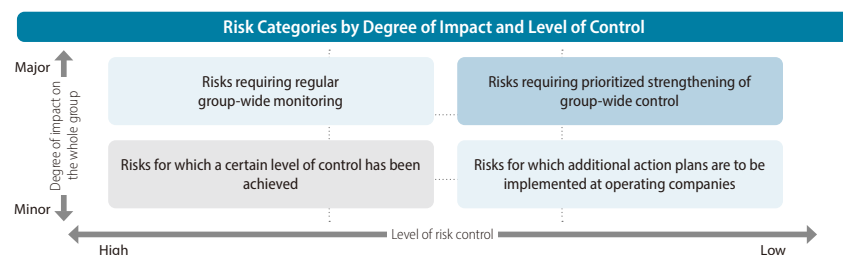
#### Details of Risk Management Activities

Identification of significant risks begins with the sharing of risk awareness by senior management through interviews at the Company and the main operating companies (top-down approach), as well as assessments of risks and controls by risk owners (bottom-up approach). This enables us to comprehensively identify the risks that exist in the group. Each group company develops risk management policies and risk management action plans for the risks that are judged to be significant risks and regularly monitors and reviews the status of those risks and the progress of action plans.

The Company aggregates and visualizes the significant risks faced by each group company to grasp a comprehensive understanding of the existing risks and the status of controls in the group. Common risks that apply to the whole group are studied closely and the significant risks are gathered and identified. Based on the results of this process, the Global Risk Oversight Committee assigns priority to significant risks that could have a significant impact on the group's business, such as financial losses or business continuity.

The Company develops and implements countermeasures to each significant risk based on the characteristics and risk tolerance. The Company provides the guidance and support to the main operating companies, which submit reports and seek advice from the Company, as appropriate. In these activities, the whole group coordinates closely to promote and practice ERM. Moreover, the Company and the main operating companies regularly monitor risks to prevent their occurrence to the extent possible and ensure that they remain within their respective tolerance levels.

#### Risk Map



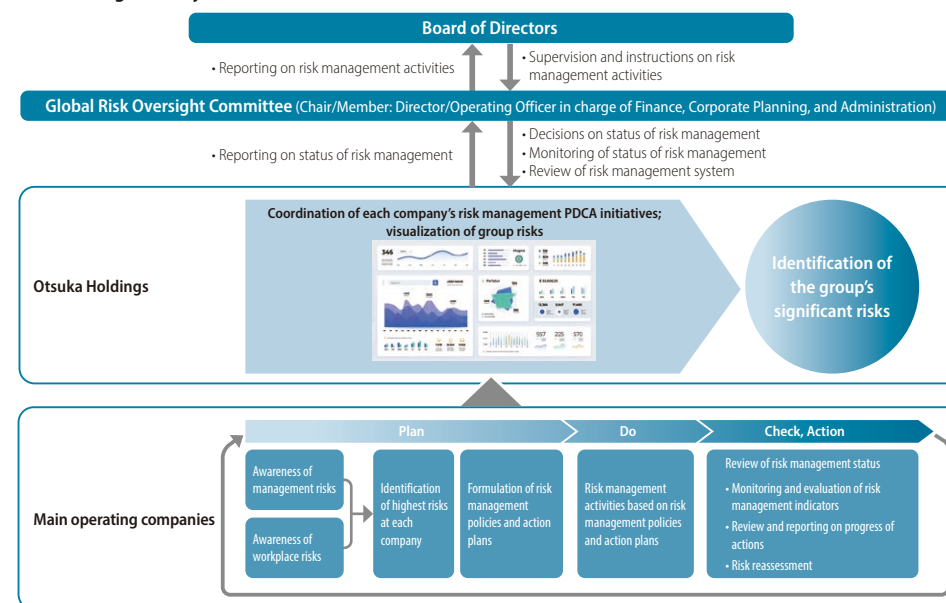
#### Information Security

The Otsuka group has established the "Otsuka Group Global Information Security Policy" as a fundamental part of its approach to information security, striving to unify awareness across all group companies, including overseas subsidiaries.

We set up the Otsuka Group Information Security Committee to examine specific measures and to share up-to-date information with the aim of elevating and continuously enhancing the group's overall security posture.

To mitigate the risk of cyberattacks, we conduct continuous assessments for improvement, address high-risk vulnerabilities, provide phishing simulation training and countermeasures, and monitor endpoints. In addition, we have built capabilities for responding to cybersecurity emergency situations, including the establishment of the Computer Security Incident Response Team (CSIRT), which preempts the occurrence of damage from cyberattacks targeting personal information and trade secrets held by respective group companies.

#### Risk Management System



## Governance

For more details about our Risk Management initiatives, visit:

[https://www.otsuka.com/en/csr/governance/risk\\_management.html](https://www.otsuka.com/en/csr/governance/risk_management.html)



### Risk Management

#### ERM Initiatives

In order to not only build a highly effective risk management system that supports the Otsuka group's management foundation but also further improve that system, we moved forward with introducing ERM in regions throughout the world, including Japan, North America, Europe, Asia, using a standardized process based on the Otsuka Group Global ERM Policy and Otsuka Group Global ERM Implementation Guidelines.

Furthermore, we conduct monitoring activities and hold risk management-related study sessions while regularly sharing with ERM staff of major operating companies information on risks that are growing more complex and advanced as the global situation continues to change. Here, we look at workplace opinions that promoted initiatives in various regions.



**Andy Hodge**  
President and CEO  
Otsuka Pharmaceutical Europe

#### Embedding ERM in our European Strategy

In partnership with the European Audit&Risk Team, we have embedded risk management in our European operations. We regularly update our list of significant risks, define scenarios of how these could play out, and develop possible contingency plans.



**Liu Libin**  
Risk Management Director  
Compliance Department  
Otsuka (China) Investment Co., Ltd.

#### Evolution of Risk Management Systems and Sustainable Growth through ERM

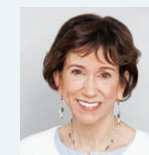
By utilizing ERM, we identify and prioritize the company's significant risks, establish response measures and monitoring indicators, and allocate resources appropriately to effectively implement risk management. As a result, our risk management systems are steadily evolving. Going forward, we will expand the use of ERM across our Chinese companies to drive long-term sustainable growth for Otsuka group's China operations.



**Takashi Ichikawa**  
Deputy Director  
Corporate Planning Department  
Taiho Pharmaceutical Co., Ltd.

#### Effective Risk Management System

We consider risk management to be a key management issue. Specifically, we have established a Risk Management Committee, which conducts risk assessments to identify important risks and implements measures to mitigate them, as well as monitors Key Risk Indicators (KRIs). Additionally, we utilize Business Intelligence (BI) tools to enhance risk visibility and promote the implementation of ERM across domestic and overseas subsidiaries, thereby advancing effective management tailored to the VUCA era.



**Christine Burdick-Bell**  
E.V.P., General Counsel &  
Corporate Secretary  
Legal Department  
Pharmavite

#### Leveraging ERM for Enhanced Risk Awareness/ Mitigation and Resource Optimization

Pharmavite's ERM program helps identify, communicate, and mitigate risks by prioritizing them and allocating resources effectively, taking into account the Company's risk appetite. This ensures that on an ongoing basis the Company focuses its mitigation efforts on the most critical areas to help it achieve its strategic objectives.

#### Significant Risks

Otsuka Holdings and its main operating companies have conducted company-wide risk assessments, and have identified the significant risks listed on the right, and we are implementing measures to reduce these risks.

For more details about our business risks, visit:

<https://www.otsuka.com/en/ir/management/risk.html>



#### Significant Risks in Core Business Areas

##### Significant Risks in Pharmaceutical Business

- Healthcare Cost Containment Measures
- Uncertainty of New Drug Development
- Side Effects
- Quality

##### Significant Risks in Nutraceutical Business

- Expansion into New Categories and New Regions
  - Food Safety and Quality
- (also applies to Consumer Products Business)

#### Significant Risks Common to All Business Areas

- Group Governance and Strategy
- Human Capital Recruitment and Development, and Immersion of Corporate Culture and Corporate Philosophy
- Human Rights
- Climate Change
- Supply Chain Transparency
- Corporate Brand Management
- Business Alliances and Acquisitions
- Digitalization
- Natural Disasters and Pandemics
- Raw Material Price Hikes
- Infringement of Intellectual Property Rights
- Litigation
- IT Security and Information Management
- Global Business Operations
- Geopolitical Risk

# Group Structure / Global Network / Corporate Information / Overview of Main Operating Companies

## Philosophy

### Otsuka Group Corporate Philosophy

Otsuka-people creating new products for better health worldwide



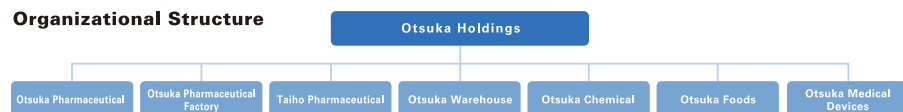
### Overview

The Otsuka group of companies, whose origins date back to 1921, aims to contribute to the health of people around the world. It aims to do so through two main pillars: the pharmaceutical business for the diagnosis and treatment of diseases and the nutraceutical\*1 business to support the maintenance and promotion of everyday health.

The company's culture, summarized in a few words as, "Ryukan-godo" (by sweat we recognize the way), "Jissho" (actualization) and "Sozosei" (creativity), have been fostered by successive Otsuka leaders. These are emphasized by our 35,000\*2 employees across 174 group companies in 32 countries and regions who strive to create and market unique products and services.

\*1. Nutraceuticals: nutrition + pharmaceuticals \*2. As of end of December, 2024. Otsuka Holdings and consolidated subsidiaries.

### Organizational Structure



## Global Network (As of December 31, 2024)

### Otsuka operates in

**32** countries/regions **174** companies

|        |                     |                                  |                     |
|--------|---------------------|----------------------------------|---------------------|
| Europe | <b>37</b> companies | Asia, Middle East, Oceania, etc. | <b>63</b> companies |
| Japan  | <b>36</b> companies | Americas                         | <b>38</b> companies |

## Corporate Information (As of December 31, 2024)

|                      |   |
|----------------------|---|
| Company Name         | Otsuka Holdings Co., Ltd.   |
| Established          | July 8, 2008  |
| Capital              | ¥81.69 billion  |
| Head Office          | 2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo 101-0048, Japan   |
| Tokyo Headquarters   | Shinagawa Grand Central Tower, 2-16-4 Konan, Minato-ku, Tokyo 108-8241, Japan   |
| Telephone            | +81-3-6717-1410   |
| Number of Employees  | 183 (Consolidated: 35,338)  |
| Business Description | Control, management and related activities with respect to the Company's subsidiaries and affiliates operating in pharmaceutical, nutraceutical, consumer product, and other businesses |

## Overview of Main Operating Companies

|  |  |
|--|--|
| <b>Otsuka Pharmaceutical Co., Ltd.</b>     | <b>A total healthcare company that focuses on each individual's potential to enhance their Well-Being</b><br>Our medical-related business provides treatments and diagnostics for both physical and mental health. Our nutraceutical business supports daily health maintenance and improvement. Otsuka's unique products and services are based on scientific evidence, under the guidance of our corporate philosophy: Otsuka-people creating new products for better health worldwide.  |
| <b>Otsuka Pharmaceutical Factory, Inc.</b> | <b>Original company of the Otsuka group, and a leader in IV solutions in Japan with more than 75 years of experience in the field</b><br>Based on its management vision of being "The Best Partner in Clinical Nutrition," Otsuka Pharmaceutical Factory creates innovative products that meet a variety of needs, including pharmaceuticals, medical devices, oral rehydration solutions and other medical foods, and OTC pharmaceuticals. The company operates globally, with a focus on Japan and the rest of Asia.   |
| <b>Taiho Pharmaceutical Co., Ltd.</b>      | <b>Half a century of working in the field of oncology, for patients and people worldwide</b><br>Taiho Pharmaceutical is an R&D-driven specialty pharma focusing on two fields, oncology and immune-related diseases. Its corporate philosophy is "We strive to improve human health and contribute to a society enriched by smiles." In the oncology field in particular, Taiho Pharmaceutical is known as one of the leading companies in Japan, actively promoting globalization as well. In its consumer healthcare business, Taiho Pharmaceutical strives to create products that support a loving and affluent lifestyle with people's needs as its utmost priority.  |
| <b>Otsuka Warehouse Co., Ltd.</b>          | <b>Contributing to people's health worldwide in the field of logistics</b><br>Since its founding, Otsuka Warehouse has developed businesses with an emphasis on pharmaceutical and food product logistics. This includes constructing a shared platform that is tailored to the Otsuka group's three business domains—pharmaceuticals, foods and beverages, and daily necessities—and providing optimal logistics solutions through joint distribution with external manufacturers. In recent years, Otsuka Warehouse has utilized IT to achieve Connected Logistics, and is striving to reform its distribution solutions.  |
| <b>Otsuka Chemical Co., Ltd.</b>           | <b>Creatively giving shape to the power of materials together with its customers</b><br>"Become A Unique Chemical Company" With materials at the core of our business, we are constantly promoting technological innovation and expanding our business domain to include components that take advantage of our material strengths, aiming to create products that bring about a richer lifestyle for society. Otsuka Chemical is a global provider of products in a wide range of fields, including the automotive, electrical and electronics, housing, and medical industries, centered on its hydrazine-related materials business, functional polymers, inorganic materials and composite materials business, precision molding business, films business, and pharmaceutical intermediates and active pharmaceutical ingredients business. |
| <b>Otsuka Foods Co., Ltd.</b>              | <b>Food begins with spirit, creating deliciousness, safety, peace of mind and better health</b><br>Otsuka Foods has been delivering revolutionary products for new dietary styles since 1955. Under the corporate philosophy of "Food begins with spirit, creating deliciousness, safety, peace of mind, and better health," we at Otsuka Foods develop food and beverage products that meet the needs of the times and the societies we live in. Otsuka Foods will continue to create "new food" solutions to help solve the issues consumers face. We focus on the intrinsic values that food represents: the pleasure of good eating; a means of communicating with family, friends, and the larger society; and a way of keeping healthy.  |
| <b>Otsuka Medical Devices Co., Ltd.</b>    | <b>Developing innovative treatment methods and creating new value</b><br>Since its establishment in February 2011, Otsuka Medical Devices has focused on developing and delivering unique solutions that improve the health and Well-being of patients whose medical needs and conditions cannot yet be fulfilled by existing treatment methods. To achieve its aspiration of becoming a pioneer in the medical device industry, the company combines global R&D efforts with the technology and drug discovery know-how inherent within the Otsuka group's heritage.  |

Visit the website for the organization chart.

<https://www.otsuka.com/en/company/overview/organization.html>

# Main Data

With effect from FY2016 (ended December 31, 2016), Otsuka adopted International Financial Reporting Standards (IFRS). Information for FY2015 (ended December 31, 2015) is also presented in line with IFRS.

| Item <sup>1</sup>   | (Unit)            | J-GAAP<br>2014.12 <sup>7</sup> | IFRS<br>2015.12 | 2016.12  | 2017.12  | 2018.12 <sup>8</sup> | 2019.12  |
|---|-------------------|--------------------------------|-----------------|----------|----------|----------------------|----------|
| <b>Results of Operations</b>  |                   |                                |                 |          |          |                      |          |
| Revenue   | (¥ billion)       | ¥1,224.3                       | ¥1,427.4        | ¥1,195.5 | ¥1,240.0 | ¥1,292.0             | ¥1,396.2 |
| Selling, general and administrative expenses <sup>2,3</sup>           | (¥ billion)       | 508.6                          | 617.5           | 519.5    | 531.4    | 552.8                | 557.6    |
| Business profit before R&D expenses                                   | (¥ billion)       |                                | 369.8           | 285.7    | 305.4    | 313.8                | 403.0    |
| Ratio of business profit before R&D expenses to revenue               | (%)               |                                | 25.9            | 23.9     | 24.6     | 24.3                 | 28.9     |
| R&D expenses <sup>3</sup>   | (¥ billion)       | 172.9                          | 199.6           | 152.6    | 174.0    | 192.9                | 215.8    |
| R&D ratio   | (%)               | 14.1                           | 14.0            | 12.8     | 14.0     | 14.9                 | 15.5     |
| Business profit <sup>4</sup>  | (¥ billion)       |                                | 170.2           | 133.1    | 131.4    | 120.9                | 187.2    |
| Business profit margin  | (%)               |                                | 11.9            | 11.1     | 10.6     | 9.4                  | 13.4     |
| Operating profit  | (¥ billion)       | 196.5                          | 148.9           | 101.1    | 104.2    | 108.3                | 176.6    |
| Operating profit margin   | (%)               | 16.1                           | 10.4            | 8.5      | 8.4      | 8.4                  | 12.6     |
| Profit attributable to owners of the Company                          | (¥ billion)       | 143.1                          | 102.0           | 92.6     | 112.5    | 82.5                 | 127.2    |
| EPS   | (Yen)             | 264.2                          | 188.2           | 170.8    | 207.6    | 152.2                | 234.6    |
| Percentage of revenue from overseas                                   | (%)               | 61.8                           | 56.4            | 47.8     | 48.5     | 50.0                 | 50.6     |
| <b>Financial Position</b>   |                   |                                |                 |          |          |                      |          |
| Total assets  | (¥ billion)       | ¥2,178.2                       | ¥2,575.3        | ¥2,478.3 | ¥2,480.3 | ¥2,477.4             | ¥2,581.3 |
| Total equity  | (¥ billion)       | 1,658.6                        | 1,727.4         | 1,738.4  | 1,822.0  | 1,732.3              | 1,795.4  |
| Ratio of equity attributable to owners of the Company to total assets | (%)               | 74.7                           | 66.0            | 69.0     | 72.3     | 68.8                 | 68.4     |
| ROE   | (%)               | 9.2                            | 6.1             | 5.4      | 6.4      | 4.7                  | 7.3      |
| ROA <sup>5</sup>  | (%)               | 10.0                           | 6.2             | 4.6      | 4.2      | 4.4                  | 6.9      |
| ROIC <sup>6</sup>   | (%)               | 8.6                            | 5.2             | 4.0      | 5.6      | 4.3                  | 6.6      |
| <b>Cash Flows</b>   |                   |                                |                 |          |          |                      |          |
| Operating cash flow before R&D investments                            | (¥ billion)       | ¥ 257.8                        | ¥ 455.1         | ¥ 304.6  | ¥ 270.7  | ¥ 344.9              | ¥ 398.3  |
| Net cash flows from operating activities                              | (¥ billion)       | 88.5                           | 257.9           | 142.0    | 102.8    | 135.8                | 192.6    |
| Net cash flows from (used in) investing activities                    | (¥ billion)       | -28.7                          | -422.6          | -135.1   | -40.1    | -93.3                | -52.3    |
| Free cash flows   | (¥ billion)       | 59.9                           | -164.7          | 6.9      | 62.8     | 42.5                 | 140.4    |
| <b>Dividends</b>  |                   |                                |                 |          |          |                      |          |
| Annual dividend per share   | (Yen)             | ¥ 75                           | ¥ 100           | ¥ 100    | ¥ 100    | ¥ 100                | ¥ 100    |
| Dividend payout ratio   | (%)               | 28.4                           | 53.1            | 58.5     | 48.2     | 65.7                 | 42.6     |
| <b>Common Stock, Stock Price</b>                                      |                   |                                |                 |          |          |                      |          |
| Number of shares outstanding at year-end                              | (Thousand shares) | 557,836                        | 557,836         | 557,836  | 557,836  | 557,836              | 557,836  |
| Stock price at year-end   | (Yen)             | ¥ 3,617                        | ¥ 4,317         | ¥ 5,093  | ¥ 4,948  | ¥ 4,493              | ¥ 4,883  |
| <b>Number of Employees<sup>11</sup></b>                               |                   |                                |                 |          |          |                      |          |
| Total   | (Persons)         | 29,482                         | 31,940          | 31,787   | 32,817   | 32,935               | 32,992   |
| Japan   | (Persons)         | 14,285                         | 14,082          | 13,909   | 13,880   | 13,757               | 13,356   |
| Outside Japan   | (Persons)         | 15,197                         | 17,858          | 17,878   | 18,937   | 19,178               | 19,636   |

1. Line items are based on IFRS.

2. SG&A expenses under J-GAAP are presented as total expenses less R&D expenses. The Company believes that this information is useful to investors in comparing the Company's financial results under J-GAAP with those under IFRS.

3. Excluding impairment losses.

4. Business profit = Revenue - Cost of sales - SG&A expenses + Share of profit of associates - R&D expenses

5. ROA = Pretax profit of the fiscal year / Total assets (Average of the beginning and end of the fiscal year)

6. Until the fiscal year ended March 31, 2014, the calculation of profit was realized by using profit attributable to owners of the Company, in line with Japanese standards. Starting from the fiscal year ended December 31, 2014, profit is calculated using net operating profit after tax (NOPAT).

7. Due to a change in the consolidated fiscal year, FY2014 (ended December 31, 2014) was a transitional period covering the nine months from April 1 to December 31, 2014.

8. As of December 31, 2019, the Company finalized provisional accounting treatments for business combinations. This is reflected in the presentation of figures for the year ended December 31, 2018.

9. Due to the application of IAS 12 "Income Taxes" (amended in May 2021), results for the fiscal year ended December 31, 2022, have been retrospectively restated.

10. Calculated at ¥158.17 = US\$1 (closing rate at the end of the period).

11. Number of employees including Otsuka Holdings Co., Ltd. and its subsidiaries (As of December 31, 2024)

## Main Data

|   |                   | IFRS     |          |                      |          |          |                   |                       |
|---|-------------------|----------|----------|----------------------|----------|----------|-------------------|-----------------------|
| Item <sup>1</sup>   | (Unit)            | 2020.12  | 2021.12  | 2022.12 <sup>9</sup> | 2023.12  | 2024.12  | (Unit)            | 2024.12 <sup>10</sup> |
| Results of Operations   |                   |          |          |                      |          |          |                   |                       |
| Revenue   | (¥ billion)       | ¥1,422.8 | ¥1,498.3 | ¥1,738.0             | ¥2,018.6 | ¥2,329.9 | (US\$ million)    | \$14,730              |
| Selling, general and administrative expenses <sup>3</sup>             | (¥ billion)       | 562.4    | 622.3    | 724.1                | 807.4    | 958.3    | (US\$ million)    | 6,059                 |
| Business profit before R&D expenses                                   | (¥ billion)       | 433.7    | 389.4    | 450.1                | 620.4    | 744.7    | (US\$ million)    | 4,708                 |
| Ratio of business profit before R&D expenses to revenue               | (%)               | 30.5     | 26.0     | 25.9                 | 30.7     | 32.0     | (%)               | 32.0                  |
| R&D expenses <sup>3</sup>   | (¥ billion)       | 216.8    | 232.3    | 275.2                | 307.8    | 314.2    | (US\$ million)    | 1,986                 |
| R&D ratio   | (%)               | 15.2     | 15.5     | 15.8                 | 15.2     | 13.5     | (%)               | 13.5                  |
| Business profit <sup>4</sup>  | (¥ billion)       | 216.9    | 157.1    | 174.9                | 312.6    | 430.5    | (US\$ million)    | 2,722                 |
| Business profit margin  | (%)               | 15.2     | 10.5     | 10.1                 | 15.5     | 18.5     | (%)               | 18.5                  |
| Operating profit  | (¥ billion)       | 198.6    | 154.5    | 150.3                | 139.6    | 323.6    | (US\$ million)    | 2,046                 |
| Operating profit margin   | (%)               | 14.0     | 10.3     | 8.6                  | 6.9      | 13.9     | (%)               | 13.9                  |
| Profit attributable to owners of the Company                          | (¥ billion)       | 148.1    | 125.5    | 133.9                | 121.6    | 343.1    | (US\$ million)    | 2,169                 |
| EPS   | (Yen)             | 273.2    | 231.3    | 246.8                | 224.1    | 633.8    | (US\$)            | 401                   |
| Percentage of revenue from overseas                                   | (%)               | 53.6     | 56.8     | 62.3                 | 66.8     | 70.0     |                   |                       |
| Financial Position  |                   |          |          |                      |          |          |                   |                       |
| Total assets  | (¥ billion)       | ¥2,627.8 | ¥2,820.9 | ¥3,102.6             | ¥3,361.2 | ¥3,739.3 | (US\$ million)    | \$23,641              |
| Total equity  | (¥ billion)       | 1,883.4  | 2,045.2  | 2,262.4              | 2,436.3  | 2,778.2  | (US\$ million)    | 17,565                |
| Ratio of equity attributable to owners of the Company to total assets | (%)               | 70.5     | 71.3     | 71.7                 | 71.2     | 73.1     | (%)               | 73.1                  |
| ROE   | (%)               | 8.2      | 6.5      | 6.3                  | 5.3      | 13.4     | (%)               | 13.4                  |
| ROA <sup>5</sup>  | (%)               | 7.3      | 6.0      | 5.8                  | 4.4      | 9.5      | (%)               | 9.5                   |
| ROIC <sup>6</sup>   | (%)               | 7.6      | 5.6      | 5.1                  | 4.8      | 11.9     | (%)               | 11.9                  |
| Cash Flows  |                   |          |          |                      |          |          |                   |                       |
| Operating cash flow before R&D investments                            | (¥ billion)       | ¥ 438.4  | ¥ 448.7  | ¥ 473.7              | ¥ 576.2  | ¥ 653.1  | (US\$ million)    | \$ 4,129              |
| Net cash flows from operating activities                              | (¥ billion)       | 232.8    | 228.9    | 211.8                | 283.2    | 354.6    | (US\$ million)    | 2,242                 |
| Net cash flows from (used in) investing activities                    | (¥ billion)       | -99.9    | -95.3    | -81.6                | -190.5   | -265.8   | (US\$ million)    | -1,680                |
| Free cash flows   | (¥ billion)       | 133.0    | 133.6    | 130.3                | 92.7     | 88.8     | (US\$ million)    | 561                   |
| Dividends   |                   |          |          |                      |          |          |                   |                       |
| Annual dividend per share   | (Yen)             | ¥ 100    | ¥ 100    | ¥ 100                | ¥ 110    | ¥ 120    | (US\$)            | \$ 0.76               |
| Dividend payout ratio   | (%)               | 36.6     | 43.2     | 40.5                 | 49.1     | 18.9     | (%)               | 18.9                  |
| Common Stock, Stock Price   |                   |          |          |                      |          |          |                   |                       |
| Number of shares outstanding at year-end                              | (Thousand shares) | 557,836  | 557,836  | 557,836              | 557,836  | 552,025  | (Thousand shares) | 552,025               |
| Stock price at year-end   | (Yen)             | ¥ 4,418  | ¥ 4,169  | ¥ 4,305              | ¥ 5,289  | ¥ 8,600  | (US\$)            | \$ 54.37              |
| Number of Employees <sup>11</sup>                                     |                   |          |          |                      |          |          |                   |                       |
| Total   | (Persons)         | 33,151   | 33,226   | 33,482               | 34,388   | 35,338   | (Persons)         | 35,338                |
| Japan   | (Persons)         | 13,319   | 13,196   | 13,167               | 13,362   | 13,605   | (Persons)         | 13,605                |
| Outside Japan   | (Persons)         | 19,832   | 20,030   | 20,315               | 21,026   | 21,733   | (Persons)         | 21,733                |



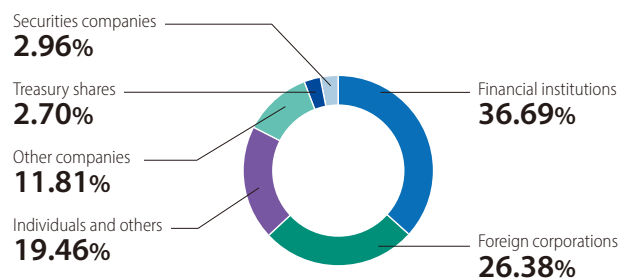
# Stock Information

(As of December 31, 2024)

## Stock Information

|                             |                      |
|-----------------------------|----------------------|
| Number of shares authorized | 1,600,000,000 shares |
| Number of shares issued     | 552,024,717 shares   |
| Number of shareholders      | 76,561               |

## Stock Distribution



## Principal Shareholders (Top 10)

| Name of Shareholders  | Number of shares held (thousand) | Shareholding ratio (%) |
|---|----------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account)                                      | 87,403                           | 16.27                  |
| The Nomura Trust and Banking Co., Ltd.<br>Otsuka Founders Shareholding Fund Trust Account | 52,952                           | 9.85                   |
| Custody Bank of Japan, Ltd. (trust account)   | 28,451                           | 5.29                   |
| STATE STREET BANK AND TRUST COMPANY 505001  | 14,301                           | 2.66                   |
| Otsuka Group Employee Shareholding Fund   | 12,930                           | 2.40                   |
| The Awa Bank, Ltd.  | 10,970                           | 2.04                   |
| STATE STREET BANK WEST CLIENT - TREATY 505234   | 10,571                           | 1.96                   |
| Otsuka Asset Co., Ltd.  | 7,380                            | 1.37                   |
| JP MORGAN CHASE BANK 385781   | 6,865                            | 1.27                   |
| Medipal Holdings Corporation  | 5,732                            | 1.06                   |

Notes: 1. Number of shares held is rounded down to the nearest thousand.  
2. Although the Company holds 14,932,021 of its own shares, treasury shares are excluded from the above list.  
3. Shareholding ratio is calculated after treasury shares are deducted.

## External Recognition of IR Activities and ESG

• Award for Excellence at the 4th NIKKEI Integrated Report Awards  
• "Most-improved Integrated Report" from Japan's Government Pension Investment Fund (GPIF)

• Gomez  
Awarded the Silver prize in the IR site ranking 2024  
• Gomez  
Selected as an Excellent company in the ESG site ranking 2024  
• Excellence Award in the Daiwa Internet IR Awards 2024

### ESG-related indices

• FTSE4Good Index Series  
• FTSE Blossom Japan Index  
• FTSE Blossom Japan Sector Relative Index  
• MSCI Japan ESG Select Leaders Index  
• S&P/JPX Carbon Efficient Index

• MSCI Japan Empowering Women (WIN) Index  
• Morningstar Japan ex-REIT Gender Diversity Tilt Index  
• iSTOXX MUTB Japan Platinum Career 150 Index

**Other external recognition**  
• CDP Climate Change "A List"  
Continuous recognition since 2022

## Major IR Activities

### Shareholders' Meeting

|   | FY2024 Results |
|---|----------------|
| Number of attendees at Shareholders' Meeting            | 304            |
| Attendees in online livestream at Shareholders' Meeting | 194            |
| Percentage of voting rights exercised                   | 82.83%         |



Shareholders' Meeting

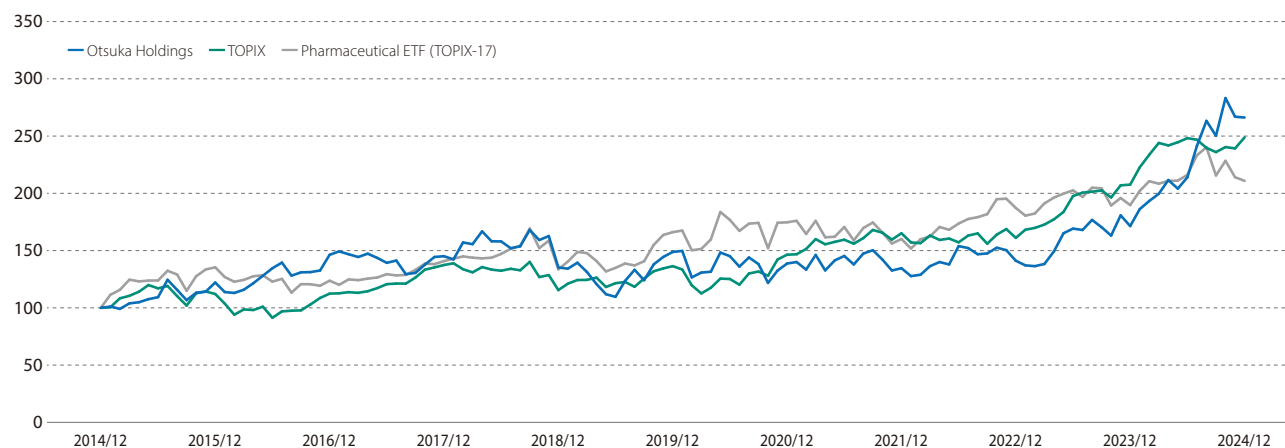
### Dialogue with analysts and institutional investors

|   | FY2024 Results |
|---|----------------|
| Individual meetings                       | 333            |
| Financial Results Announcement            | 4              |
| Information Meeting                       | 4              |
| Conferences sponsored by securities firms | 3              |



Financial Results Announcement

## TSR\*



|                               | 1 year | 3 years    |        | 5 years    |        | 10 years   |        |
|-------------------------------|--------|------------|--------|------------|--------|------------|--------|
|                               |        | Cumulative | Annual | Cumulative | Annual | Cumulative | Annual |
| Otsuka Holdings               | +64.9% | +114.2%    | +28.9% | +87.0%     | +13.3% | +166.2%    | +10.3% |
| TOPIX                         | +19.9% | +50.7%     | +14.6% | +82.5%     | +12.8% | +148.8%    | +9.5%  |
| Pharmaceutical ETF (TOPIX-17) | +11.2% | +31.7%     | +9.6%  | +26.9%     | +4.9%  | +110.9%    | +7.7%  |

\* TSR: Total shareholder return. The total return on investment, including capital gains and dividends.

\* TSR is calculated for Otsuka Holdings based on accumulated dividends and stock price fluctuations, and for TOPIX based on a stock price index including dividends (prepared by the Company using Bloomberg data, etc.).

\* The values in the graph are indexed to the market value by TSR with the closing price data at the end of December 2014 as 100 (holding period is until the end of December 2024).

# Disclosure by the Otsuka Group

The Otsuka group provides an overview of financial and non-financial information through this integrated report. Visit the Otsuka Holdings website for additional information, including consolidated financial statements, financial results presentations and supplementary documents, and information about R&D.

## Website

<https://www.otsuka.com/en/>



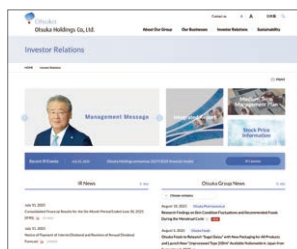
## The Otsuka Group's Sustainability

<https://www.otsuka.com/en/sustainability/>



## Investor Relations

<https://www.otsuka.com/en/ir/>



## Library

<https://otsuka.com/en/sustainability/library/>



## Integrated report

By presenting the non-financial information that forms the foundation for Otsuka Group's growth together with financial information, we report on the Group's "strengths" and initiatives toward its envisioned future.



## Environmental Report

We have compiled and published a detailed Environmental Report that introduces the Otsuka group's environmental initiatives.



# Attestation of Validity

Yoshiro Matsuo, Deputy President and Representative Director

Otsuka group issued the Integrated Report 2025 in order to reinforce communication with all stakeholders.

This report presents an easy-to-understand description of our group's vision for the future and the values that are indispensable for realizing this vision, as well as our efforts to solve social issues through our unique strengths and products and services that enhance Well-being. In his message, President Inoue, who was newly appointed CEO in January of this year, also conveys the long-term vision that the group is pursuing, as well as its commitment to innovative value creation born of its creative business model. By focusing more than ever on human resources—the source of innovation—and by delving more deeply into the voices and thoughts of individual employees, we have made editorial efforts to give readers a vivid sense of our corporate culture and the vitality of our organization.

As the director responsible for compiling the report, I attest to the fact that an appropriate process was used to create this report and that the content is accurate. I hope that through this report, we further deepen all stakeholders' understanding of the Otsuka group, which aims to become an indispensable contributor to people's health worldwide. Please feel free to provide us with your frank opinion regarding this report as we continue to value dialogue with all related parties and want to expand disclosure and improve transparency.

## About the Integrated Report

Beginning with the FY2017 edition, Otsuka Holdings has combined its Annual Report and CSR Report into a single integrated report that brings together financial information and non-financial information. We hope it deepens stakeholders' understanding of the group in its aim to become an indispensable contributor to people's health worldwide.

## Reporting Period

FY2024 (January 1, 2024 to December 31, 2024); Note that certain information from January 2025 onward is also included.

## Scope of Reporting

In principle, this report covers Otsuka Holdings Co., Ltd. and its subsidiaries. Where the scope of activities or data is narrower, details are noted.

## Guidelines Referenced

- International Integrated Reporting Framework, International Financial Reporting Standards (IFRS) Foundation
- GRI Sustainability Reporting Standards, Global Reporting Initiative (GRI)
- ISO 26000
- Environmental Reporting Guidelines 2018, Ministry of the Environment
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry
- Other guidelines



## Precautions Regarding Forward-Looking Statements

This integrated report summarizes the operating and financial results of the Otsuka group (Otsuka Holdings Co., Ltd. and its subsidiaries) for FY2024 (January 1, 2024 to December 31, 2024) and also includes information on activities from January 1, 2025 up to the date of publication.

The report contains forward-looking statements and forecasts pertaining to plans, projections, strategies, and performance for Otsuka group companies. These statements are based upon current analysis and beliefs in light of the information available on the issuing date of the report. Actual results may therefore differ due to the risks and uncertainties that may affect Otsuka group operations.

## Medical Information

In this integrated report, for the sake of readability a unified brand name is used when a product has different brand names in different countries or regions. Therefore, these products may not be available in all countries, or may be available under different brand names, for different indications, in different dosages and strengths. Please note that the information regarding pharmaceutical products (including products under development) is not intended for advertising or promotional purposes, or as medical advice.

