

The Value Creation Process

Society's needs

High quality and stable product supply

Unmet needs

Diverse work styles

Access to medicine

Creating a system for realizing healthy lifestyles

ESG

INPUTS

FY 2022

Financial Capital

- Sound financial structure
- Total capital: ¥2,262.5 billion
- Cash and deposits: ¥471.6 billion

Manufacturing Capital

- Number of manufacturing sites: 51 in Japan, 122 overseas
- Capital expenditures: ¥139.3 billion

Intellectual Capital

- Number of projects in progress: 67
- R&D expenditures: ¥275.2 billion
- R&D sites: 24 in Japan, 18 overseas
- In-house drug discovery ratio: 79%

Human Capital

Qualitative

- A well-developed human resources education program (program to develop management human resources, rank-specific training, selective training, etc.)
- Strengthened health management

Quantitative

- Total training hours: 103,586 (In Japan: 16 companies, overseas: 4 companies)

Social and Relationship Capital

- Social issue-driven global deployment through our core business processes
- Overseas companies engaged in IV solutions business: 16 Countries/Regions where *POCARI SWEAT* is available: More than 20 Countries/Regions where *DELTYBA* is accessible: More than 120
- Persevering ability to nurture brands
- Top-share products by pharmaceutical category: 9 in Japan, 3 overseas
- Brand strength of NC products
- Share of consumers in Japan who have had *POCARI SWEAT*: 85.5%
- Partnerships with the 47 prefectures of Japan
- Suppliers implementing self-assessment questionnaire (SAQ): 597 (577 in Japan, 20 overseas)
- Explanatory briefings held for suppliers: 583

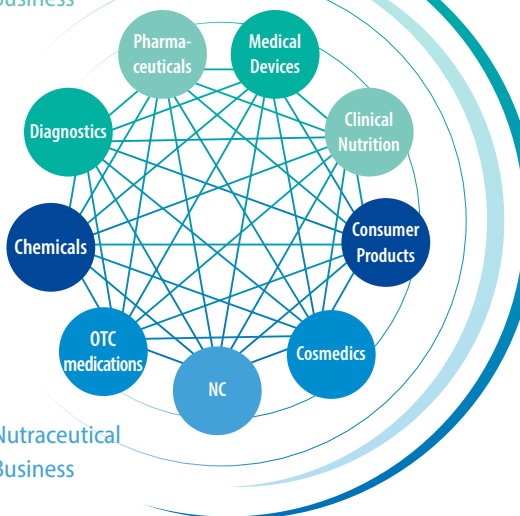
Natural Capital

- Total energy consumption: 364,000 kℓ
- Water consumption: 18,500 thousand m³

Business Model

Unique total healthcare company

Pharmaceutical Business



Nutraceutical Business

The Otsuka Group's Approach to Sustainability ▶ P.15

Corporate Philosophy

Otsuka-people creating new products for better health worldwide

Ryukan-godo

Jissho

Sozosei

The cycle of value creation

Otsuka's innovation

Diversifying needs

Changing times

Business synergies

Changes in the environment

Creating new businesses

Creating new markets

Changes in the concept of health

Otsuka's innovation is born from the interplay of unique and diverse businesses. We continue to create new value through a dynamic cycle with a foundation of a science-based approach to changing needs. We can also create new value by exploring overlapping or niche areas within our diverse businesses. In this way, Otsuka is taking on the challenge of creating new value, which is only possible as a total healthcare company.

The Value Creation Process

Outputs

Otsuka's innovation

Products and services Revenue: 1,738.0 billion yen FY2022 ▶P.28

Pharmaceutical Business
Therapeutic drugs, medical devices, diagnostics, clinical nutrition products

▶P.29

Abilify Maintena	REXULTI
Samsca/JINARC/JYNARQUE	LONSURF

Nutraceutical Business
Functional beverages and foods / OTC medications and quasi-drugs / Cosmetics

▶P.34

POCARI SWEAT	Nature Made	Gerblé

Consumer Products Business
Beverages / Foods / Alcoholic beverages

▶P.38

Bon Curry	My Size	Beverages

Others
Chemicals, fine chemicals, warehouse and distribution, packaging, and electronic equipment

▶P.39

Otsuka Chemical Co., Ltd.	Otsuka Warehouse Co., Ltd.

Outcomes

FY 2022

Financial Capital

- Strong financial and earnings base for sustainable growth
- Rating: AA-
- Ratio of equity attributable to owners of the Company to total assets: 71.7%
- TSR: 8.0% per year for the past 10 years
- Dividend: ¥100

Manufacturing Capital

- Newly established Tokushima Mima Plant
- Tokushima Itano Plant Receives Minister of Economy, Trade and Industry Award for Excellent Greening

Intellectual Capital

- New product launches: 10 (including medical devices)
- Creation of new products and initiatives to launch new products using unique new compounds, and new modalities
- Co-creation with startups with superior innovation

Human Capital

- Participants in the program to develop management human resources: 257 in total
- Percentage of female managers: 29.7% (Otsuka Holdings)
- 19 companies in the Otsuka group certified for 2022 Health and Productivity Management Outstanding Organizations
- Selected as a Nadeshiko Brand


Social and Relationship Capital

- Responding to unmet needs
- Delamanid has been provided for a cumulative total of more than 90,000 cases, with more than 120 countries/regions accessed. (The goal of providing delamanid for a cumulative total of more than 60,000 cases was achieved ahead of schedule.)
- Brand Image Survey (US): name recognition and popularity ranking* (VMS): No. 1 (Nature Made)
- Agreements with communities that leverage cooperation in the Nutraceutical Business and the Pharmaceutical Business


* <https://today.yougov.com/topics/technology/articles-reports/2022/11/16/global-best-brand-rankings-2022-us>

Natural Capital


- Amount of renewable energy introduced: 249,000 t-CO₂
- Launch of PET bottles made using recycled materials
- Selected for the CDP Climate Change A-List



Tokushima Mima Plant



SynCrest Corporation Naruto Plant



Training conducted by President Higuchi

Impacts

Consumers, patients, and healthcare professionals

Promote research and development to solve unmet needs

- Contributing to the extension of healthy life expectancy
- Providing new health value
- Contributing to unmet needs

Shareholders and investors

Securing funds for investment in future growth and shareholder returns

- Returning profits, continuing to grow

Employees

Creating a system for continuous human resource development that also responds to changes in society and the times

- Creating a safe and comfortable place to work, both mentally and physically

Suppliers

Fair, equitable, and transparent procurement and building good relationships with suppliers

- Businesses grow and develop together

Local communities and society

Promote business activities aimed at sustainability for both society and the planet

- Contribute to a sustainable, healthy society, and extended healthy life expectancy
- Contributing to the development of regional economies