

Main Data

With effect from fiscal 2016 (ended December 31, 2016), Otsuka adopted International Financial Reporting Standards (IFRS). Information for fiscal 2015 (ended December 31, 2015) is also presented in line with IFRS.

Item ¹	(Unit)	J-GAAP				IFRS	
		2012.3	2013.3	2014.3	2014.12 ⁶	2015.12	2016.12
Results of Operations							
Revenue	(¥ billion)	¥1,154.6	¥1,218.1	¥1,452.8	¥1,224.3	¥1,427.4	¥1,195.5
Selling, general and administrative expenses ^{2,3}	(¥ billion)	457.4	462.2	563.4	508.6	617.5	519.5
Business profit before R&D expenses	(¥ billion)					369.8	285.7
Ratio of business profit before R&D expenses to revenue	(%)					25.9	23.9
R&D expenses ³	(¥ billion)	159.2	192.4	249.0	172.9	199.6	152.6
R&D ratio	(%)	13.8	15.8	17.1	14.1	14.0	12.8
Business profit ⁴	(¥ billion)					170.2	133.1
Business profit margin	(%)					11.9	11.1
Operating profit	(¥ billion)	148.7	169.7	198.7	196.5	148.9	101.1
Operating profit margin	(%)	12.9	13.9	13.7	16.1	10.4	8.5
Profit attributable to owners of the Company	(¥ billion)	92.2	122.4	151.0	143.1	102.0	92.6
Financial Position							
Total assets	(¥ billion)	¥1,666.8	¥1,779.2	¥2,028.4	¥2,178.2	¥2,575.3	¥2,478.3
Total equity	(¥ billion)	1,222.8	1,325.1	1,510.8	1,658.6	1,727.4	1,738.4
Ratio of equity attributable to owners of the Company to total assets	(%)	72.5	73.7	73.2	74.7	66.0	69.0
ROE	(%)	7.8	9.7	10.8	9.2	6.1	5.4
ROA ⁵	(%)	8.7	10.3	11.0	10.0	6.2	4.6
Cash Flows							
Net cash flows from operating activities	(¥ billion)	¥ 147.6	¥ 119.3	¥ 226.5	¥ 88.5	¥ 257.9	¥ 142.0
Net cash flows from (used in) investing activities	(¥ billion)	-107.6	-91.2	-108.5	-28.7	-422.6	-135.1
Free cash flows	(¥ billion)	40.0	28.1	117.9	59.9	-164.7	6.9
Dividends							
Annual dividend per share	(Yen)	¥ 45	¥ 58	¥ 65	¥ 75	¥ 100	¥ 100
Dividend payout ratio	(%)	27.2	26.1	23.4	28.4	53.1	58.5
Common Stock, Stock Price							
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)	¥ 2,450	¥ 3,300	¥ 3,087	¥ 3,617	¥ 4,317	¥ 5,093
Number of Employees⁹							
Total	(Persons)	24,595	25,330	28,288	29,482	31,940	31,787
Japan	(Persons)	13,808	13,732	14,116	14,285	14,082	13,909
Outside Japan	(Persons)	10,787	11,598	14,172	15,197	17,858	17,878

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. Due to a change in the consolidated fiscal year, fiscal 2014 (ended December 31, 2014) was a transitional period covering the nine months from April 1 to December 31, 2014.

7. 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.

8. Calculated at ¥132.70 = US\$1.


9. Number of employees including Otsuka Holdings Co., Ltd. and its subsidiaries (As of December 31, 2022)

Main Data

Item ¹	(Unit)	IFRS						(Unit)	2022.12 ⁸
		2017.12	2018.12 ⁷	2019.12	2020.12	2021.12	2022.12		
Results of Operations									
Revenue	(¥ billion)	¥1,240.0	¥1,292.0	¥1,396.2	¥1,422.8	¥1,498.3	¥1,738.0	(US\$ million)	\$13,097
Selling, general and administrative expenses ³	(¥ billion)	531.4	552.8	557.6	562.4	622.3	724.1	(US\$ million)	5,457
Business profit before R&D expenses	(¥ billion)	305.4	313.8	403.0	433.7	389.4	450.1	(US\$ million)	3,392
Ratio of business profit before R&D expenses to revenue	(%)	24.6	24.3	28.9	30.5	26.0	25.9	(%)	25.9
R&D expenses ³	(¥ billion)	174.0	192.9	215.8	216.8	232.3	275.2	(US\$ million)	2,074
R&D ratio	(%)	14.0	14.9	15.5	15.2	15.5	15.8	(%)	15.8
Business profit ⁴	(¥ billion)	131.4	120.9	187.2	216.9	157.1	174.9	(US\$ million)	1,318
Business profit margin	(%)	10.6	9.4	13.4	15.2	10.5	10.1	(%)	10.1
Operating profit	(¥ billion)	104.2	108.3	176.6	198.6	154.5	150.3	(US\$ million)	1,133
Operating profit margin	(%)	8.4	8.4	12.6	14.0	10.3	8.6	(%)	8.6
Profit attributable to owners of the Company	(¥ billion)	112.5	82.5	127.2	148.1	125.5	134.0	(US\$ million)	1,010
Financial Position									
Total assets	(¥ billion)	¥2,480.3	¥2,477.4	¥2,581.3	¥2,627.8	¥2,820.9	¥3,102.7	(US\$ million)	\$23,381
Total equity	(¥ billion)	1,822.0	1,732.3	1,795.4	1,883.4	2,045.2	2,262.5	(US\$ million)	17,050
Ratio of equity attributable to owners of the Company to total assets	(%)	72.3	68.8	68.4	70.5	71.3	71.7	(%)	71.7
ROE	(%)	6.4	4.7	7.3	8.2	6.5	6.3	(%)	6.3
ROA ⁵	(%)	4.2	4.4	6.9	7.3	6.0	5.8	(%)	5.8
Cash Flows									
Net cash flows from operating activities	(¥ billion)	¥ 102.8	¥ 135.8	¥ 192.6	¥ 232.8	¥ 228.9	¥ 211.8	(US\$ million)	\$ 1,596
Net cash flows from (used in) investing activities	(¥ billion)	-40.1	-93.3	-52.3	-99.9	-95.3	-81.6	(US\$ million)	-615
Free cash flows	(¥ billion)	62.8	42.5	140.4	133.0	133.6	130.3	(US\$ million)	982
Dividends									
Annual dividend per share	(Yen)	¥ 100	¥ 100	¥ 100	¥ 100	¥ 100	¥ 100	(US\$)	\$ 0.75
Dividend payout ratio	(%)	48.2	65.7	42.6	36.6	43.2	40.5	(%)	40.5
Common Stock, Stock Price									
Number of shares outstanding at year-end	(Thousand shares)	557,836	557,836	557,836	557,836	557,836	557,836	(Thousand shares)	557,836
Stock price at year-end	(Yen)	¥ 4,948	¥ 4,493	¥ 4,883	¥ 4,418	¥ 4,169	¥ 4,305	(US\$)	\$ 32.44
Number of Employees⁹									
Total	(Persons)	32,817	32,935	32,992	33,151	33,226	33,482	(Persons)	33,482
Japan	(Persons)	13,880	13,757	13,356	13,319	13,196	13,167	(Persons)	13,167
Outside Japan	(Persons)	18,937	19,178	19,636	19,832	20,030	20,315	(Persons)	20,315

Group Structure / Global Network / Corporate Information

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 47,000*² employees across 196 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, 2022. Otsuka Holdings and subsidiaries and affiliates.

Organizational Structure



Corporate Information (As of December 31, 2022)

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	147 (Consolidated: 33,482)
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

Global Network (As of December 31, 2022)

Otsuka operates in

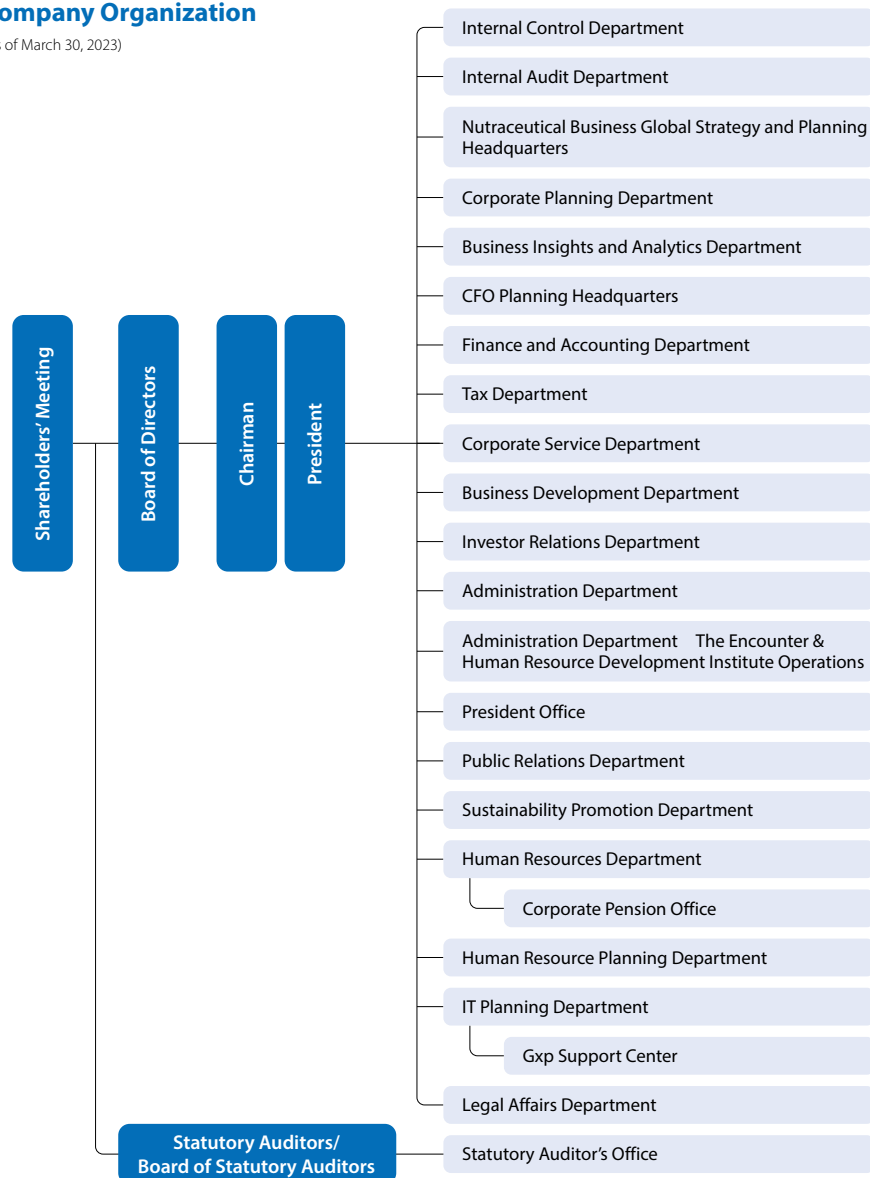
32 countries/regions **196** companies



Company Organization / Overview of Main Operating Companies

Company Organization

(As of March 30, 2023)



Otsuka Pharmaceutical Co., Ltd.	<p>A total healthcare company supporting well-being for the whole body, from the treatment of diseases to the promotion of everyday health</p> <p>Under the corporate philosophy "Otsuka-people creating new products for better health worldwide," Otsuka Pharmaceutical operates with two core businesses to benefit people's health: the Pharmaceutical Business, which provides new pharmaceuticals for the treatment of diseases, and the Nutraceutical Business, which provides products to help people maintain and improve their health.</p>
Otsuka Pharmaceutical Factory, Inc.	<p>Original company of the Otsuka group, and a leader in IV solutions in Japan with more than 75 years of experience in the field</p> <p>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.</p>
Taiho Pharmaceutical Co., Ltd.	<p>Half a century of working in the field of oncology, for patients and people worldwide</p> <p>Taiho Pharmaceutical is an R&D-driven specialty pharma focusing on the fields of oncology, allergy and immunology, and urology. 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.</p>
Otsuka Warehouse Co., Ltd.	<p>Contributing to people's health worldwide in the field of logistics</p> <p>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 working to reform its distribution solutions.</p>
Otsuka Chemical Co., Ltd.	<p>Otsuka Chemical creatively gives shape to the power of materials together with its customers</p> <p>With materials at the core of its operations, Otsuka Chemical aims for continuous technological innovation that leads to the creation of products that enable higher standards of living. Otsuka Chemical provides products to global markets in automotive, electrical and electronic equipment, housing, and healthcare areas through its main segments of the hydrazine business, the inorganic and composite materials business, and the pharmaceutical intermediates and active pharmaceutical ingredient (API) business.</p>
Otsuka Foods Co., Ltd.	<p>Delivering revolutionary products for new dietary styles since 1955</p> <p>Otsuka Foods' motto is "the company begins with people and food begins with spirit." With this in mind, everyone at Otsuka Foods brings a spirit of food focused on deliciousness, safety, peace of mind and better health to the company's business. With food and health as its main themes, the company is striving to create and propose revolutionary products that meet social needs, aiming to bring people all the joy and happiness that come with good health. In doing so, Otsuka Foods seeks to achieve sustainable growth by contributing to society.</p>
Otsuka Medical Devices Co., Ltd.	<p>Developing innovative treatment methods and creating new value</p> <p>Since its establishment in February 2011, Otsuka Medical Devices has focused on developing unique solutions that improve the health and wellbeing 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. Based on the Otsuka group's corporate philosophy—"Otsuka-people creating new products for better health worldwide"—Otsuka Medical Devices will do what it takes to offer patients new innovative treatment choices, and contribute to the health and healthcare of people across the world.</p>

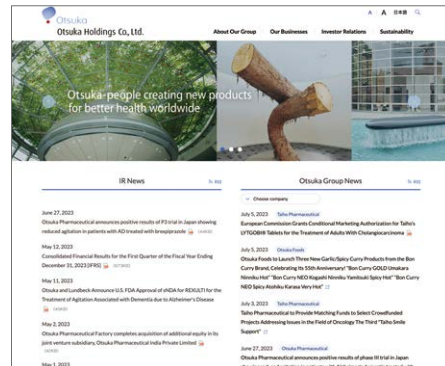
Disclosure by the Otsuka Group

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.

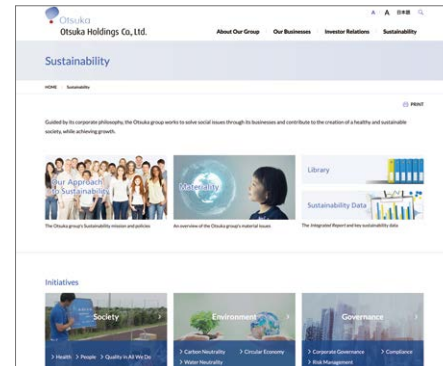
Website

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



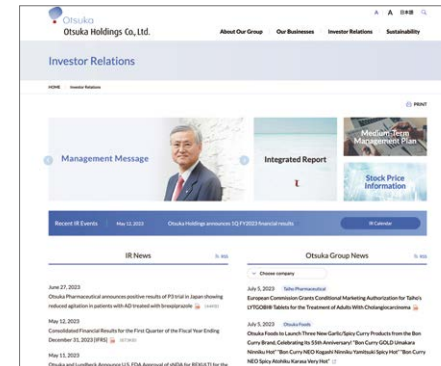
The Otsuka Group's Sustainability

<https://www.otsuka.com/en/csr/>



Investor Relations

<https://www.otsuka.com/en/ir/>



Library

<https://www.otsuka.com/en/csr/library/>



Sustainability Handbook

In this handbook, we present examples of our stance and initiatives with respect to sustainability in an easily accessible format for the general public.



Environmental Report 2021

We have compiled and published a detailed Environmental Report that introduces the Otsuka group's environmental initiatives.



About the Integrated Report

Beginning with the fiscal 2017 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

Fiscal 2022 (January 1, 2022 to December 31, 2022); Note that certain information from January 2023 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 fiscal 2022 (January 1, 2022 to December 31, 2022). The report contains forward-looking statements and forecast pertaining to plans, projections, strategies, and performance for the Otsuka group of 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.

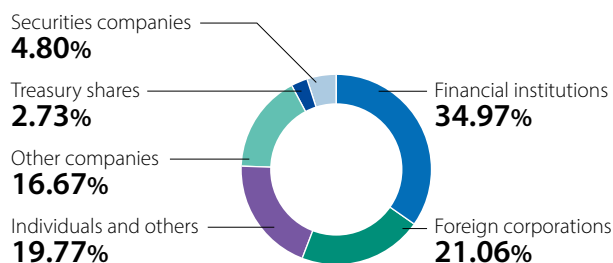
Stock Information

(As of December 31, 2022)

Stock Information

Number of shares authorized	1,600,000,000 shares
Number of shares issued	557,835,617 shares
Number of shareholders	83,097

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)	73,121	13.47
The Nomura Trust and Banking Co., Ltd. Otsuka Founders Shareholding Fund Trust Account	55,799	10.28
Custody Bank of Japan, Ltd. (trust account)	27,984	5.15
Otsuka Estate Co., Ltd.	23,316	4.29
Otsuka Group Employee Shareholding Fund	13,954	2.57
The Awa Bank, Ltd.	10,970	2.02
STATE STREET BANK WEST CLIENT - TREATY 505234	9,874	1.81
SMBC Nikko Securities Inc.	8,350	1.53
Otsuka Asset Co., Ltd.	7,380	1.36
JPMorgan Securities Japan Co. Ltd.	7,092	1.30

Notes: 1. Number of shares held is rounded down to the nearest thousand.
 2. Although the Company holds 15,201,916 of its own shares, treasury shares are excluded from the above list.
 3. Shareholding ratio is calculated after treasury shares are deducted.

Major IR Activities

Shareholders' Meeting

	FY2022 Results
Number of attendees at Shareholders' Meeting	101
Attendees in online livestream at Shareholders' Meeting	209
Percentage of voting rights exercised	83.78%



Shareholders' Meeting

Dialogue with analysts and institutional investors

	FY2022 Results
Individual meetings	168
Financial Results Announcement	4
Information Meeting	1
Conferences sponsored by securities firms	6



Financial Results Announcement

External Evaluation of IR Activities

Government Pension Investment Fund (GPIF)

- "Most-improved Integrated Report" by Government Pension Investment Fund (GPIF)

	1 year	3 years		5 years		10 years	
		Cumulative	Annual	Cumulative	Annual	Cumulative	Annual
Otsuka Holdings	5.7%	-5.7%	-1.9%	-2.9%	-0.6%	116.7%	8.0%
TOPIX	-2.5%	18.1%	5.7%	17.2%	3.2%	174.2%	10.6%
Pharmaceutical ETF (TOPIX-17)	16.9%	12.7%	4.1%	32.9%	5.9%	212.4%	12.1%

* 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 2012 as 100 (holding period is until the end of December 2022).

TSR*

— Otsuka Holdings — TOPIX — Pharmaceutical ETF (TOPIX-17)

