

June 7, 2024

Company Name	Otsuka Holdings Co., Ltd.
Name of Representative	Tatsuo Higuchi President and Representative Director, CEO
Code Number	4578, Prime Market of the Tokyo Stock Exchange
Contact	Yuji Kogure Director, Investor Relations Department (Phone: +81-3-6361-7411)

Otsuka Announces the 4th Medium-Term Management Plan

Otsuka Holdings Co., Ltd. (the “Company”) announces the 4th Medium-Term Management plan for the 5-year period that begins in fiscal 2024.

■ Otsuka group's vision

The Otsuka group is running business based on its corporate philosophy of “Otsuka - people creating new products for better health worldwide.” We are promoting sustainability management that simultaneously creates new markets and social value arising from social issues. Based on the diverse human resources that can embody our corporate culture of "Ryukan-godo (by sweat we recognize the way) ", "Jissho (actualization) " and "Sozosei (creativity) ", the words left by three generations of the founding family, and the diverse businesses as a total healthcare company, we will adapt to changes in the social environment and create a future Well-being that Otsuka aims for by creating unique value.

■ The 4th Medium-Term Management Plan (2024 – 2028)

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

— Five years of creation and growth —

The 4th Medium-Term Management has been positioned as a five-year period to promote the expansion of new businesses and invest in next generation growth. Otsuka will focus on the three social issues of global environment, women’s health and aging society with declining birthrates based on the concept of total health care of prevention, health promotion, diagnosis and treatment.

The revenue forecast for FY2028 is expected to reach a record high of 2.5 trillion yen, an increase of approximately 480 billion yen from FY2023 results. In pharmaceutical business, we plan to minimize the adjustment period caused by LOEs^{*1}, with revenue reaching ¥1.68 trillion in the final year due to the growth of global 10 plus 2^{*2} assets. In nutraceutical business,^{*3} we offer health solutions tailored to life stages of consumers by focusing on three categories^{*4} that are addressing the social issues. By maximizing the value of each category, we plan a revenue of ¥620 billion in the final year. We also implement "financial strategy to support sustainable growth" and strive to improve our corporate value over the long term with a view of sustainable growth through management practices that are conscious of cost of capital.

*1. Loss of Exclusivity

*2. Global 10 | REXULTI, Lonsurf, ulotaront, centanafadine, uRDN, sibeprenlimab, LYTGObI, zipalertinib, INQOVI, ASTX030
Plus 2 | Kisqali, Pluvicto

*3. nutrition + pharmaceutical

*4. For Climate & Environmental Risk, For Women’s Health, For Healthier Life

Outline of the 4th MTMP

【Performance targets】 To establish an advanced stage for revenue/profit growth

- Establish new revenue growth drivers in new product groups
- Minimize the adjustment period caused by LOEs and transition to a growth stage with a double-digit business profit growth rate

(Billions of yen if there is no unit) Unit ¥100Mil	2023	2026	2028
Revenue	20,186	22,000	25,000
Business profit before R&D expenses	6,204	5,800	7,200
Ratio/Revenue	30.7%	26.4%	28.8%
R&D expenses	3,078	3,100	3,300
Business profit	3,126	2,700	3,900
Ratio/Revenue	15.5%	12.3%	15.6%
Operating CF before R&D investments	5,726	5,400	6,500
EPS	¥224.1	¥380	¥550
ROIC	4.8%	>7.5%	>9.5%
ROE	5.3%	>8%	>10%

Exchange rate assumptions ¥130/\$, ¥140/euro, business profit = Revenue – COGS-SGA + share of profit of associates – R&D expenses

【Business Strategy】 To establish an advanced stage of business growth

- Realize a series of launches of new drugs from the robust late-stage development pipeline
- Continue R&D investments on the scale of ¥300 billion on the back of the highest level of stable financial conditions
- Expand and deepen business areas through new products and services in pharmaceutical and NC businesses
- Increase the size and quality of profits significantly in the new stage after achieving the MTMP

【Financial Strategy】 To implement management practices that are conscious of cost of capital

- Performance management through ROIC and ROE
- Continue proactive growth investments
- Enhance shareholder returns

■ Reference

Presentation material of the plan is available on the website below:

<https://www.otsuka.com/en/ir/library/briefing.html>

Disclaimer:

- This material contains forward-looking statements regarding the financial conditions, results of operations and business activities of Otsuka and its subsidiaries (collectively the “Otsuka group”). All forward-looking statements, due to their inherent nature, will be influenced by future events and developments for which the occurrence is uncertain, and therefore involve risks and uncertainties. Otsuka cautions you in advance that actual financial conditions, results of operations and business activities could differ materially from those discussed in the forward-looking statements.
- Otsuka disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.