ONO PHARMACEUTICAL CO.,LTD.

Corporate Report 2024

Year ended March 31, 2024

Corporate Philosophy

Dedicated to the Fight against Disease and Pain

New challenges only we can take on

The development of prostaglandins began with 20 researchers, and OPDIVO has paved the way for new cancer immunotherapies. Our mission at ONO is to contribute to patients and their families through the creation of innovative drugs. ONO continues to take on new challenges every day so that we can contribute to the health of as many people as possible.

Our Vision

Be Passionate Challengers

Our Values

ONO aims to be a world-changing team

The greater the challenge, the more passionately ONO will rise to meet it

ONO acts with dignity and pride

CONTENTS

Editorial Policy
The Ono Group has identified 18 materialities as "important management issues" that incorporate our medium- to long-term growth strategies. In the 2024 edition, we clarified the connection between strategy and materiality and structured the report as a value creation story that considers the past, present, and future in collaboration with our stakeholders. Additionally, we have expanded our description of non-financial capital, including intellectual capital, human capital, and social capital—the sources of our research and development capabilities—as we work towards realizing our most important materiality: the creation of innovative drugs.

Coverage of this Report
Scope of Coverage: This report covers the activities of ONO. Some pages also include the activities of the whole Group or group companies.
Period of Coverage: April 1, 2023 through March 31, 2024 (some parts include activities since April 2024).

Reference Guidelines
ONO refers to the International Integrated Reporting Framework issued by the International Financial Reporting Standards (IFRS) Foundation, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation compiled by the Ministry of Economy, Trade and Industry of Japan, Environmental Reporting Guidelines 2018 by the Ministry of the Environment of Japan, and the Final Report on Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The GRI Standards are also referred to. Comparative tables are on the Sustainability pages of our website.

https://sustainability.ono-pharma.com/en/themes/111

Publication Date
September 2024

Disclaimer Regarding Forward-Looking Statements
This report includes forward-looking statements regarding the ONO Group's business. All the forward-looking statements are based on forecast analysis using the information available at the time of preparation of this report. Actual financial results may therefore differ from the current business outlook due to market and industry conditions, and risks and uncertainties associated with general economic conditions at home and abroad. This report also includes information that provides details of pharmaceutical products, including pipelines under development. Please note, however, that this information is not intended for advertising purposes or for giving medical advice.

Related Information
Corporate site
https://www.ono-pharma.com/en

Information on ONO's Sustainability Initiatives
https://sustainability.ono-pharma.com/en

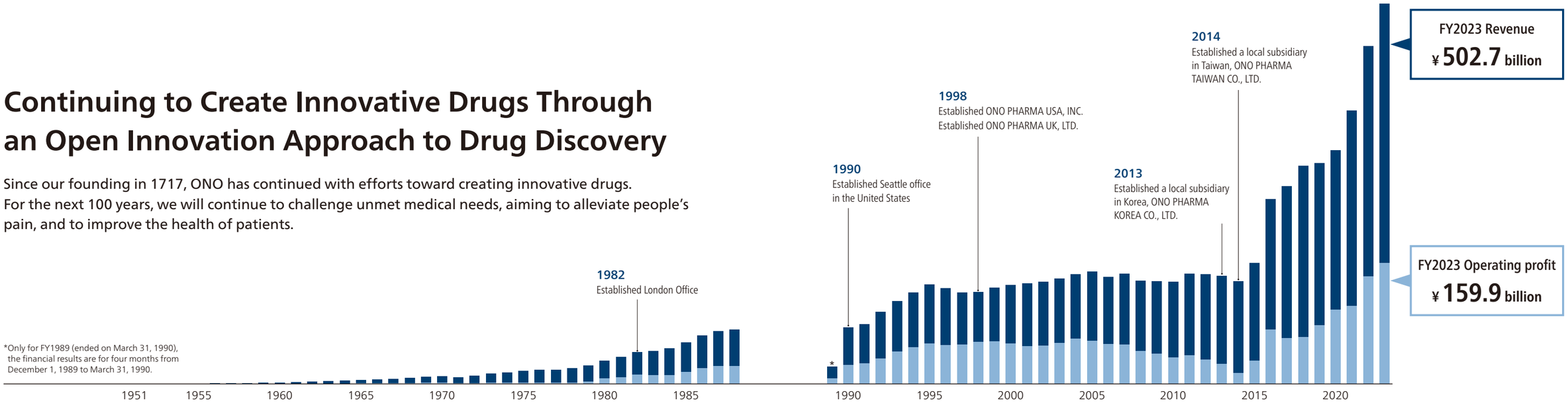
Financial Report
https://www.ono-pharma.com/en/ir/library/financial_results.html

Corporate Governance Report
https://www.ono-pharma.com/sites/default/files/en/ir/corporate_governance_report_en.pdf

Advances in Value Creation

Continuing to Create Innovative Drugs Through an Open Innovation Approach to Drug Discovery

Since our founding in 1717, ONO has continued with efforts toward creating innovative drugs.
For the next 100 years, we will continue to challenge unmet medical needs, aiming to alleviate people's pain, and to improve the health of patients.



Pursuing value creation from our inception

1717
Started business
The first Ichibei Fushimiya founded the apothecary Fushimiya Ichibei Shoten in Doshomachi, Osaka.

1934
Transformed modern management
Ichibei Ono VIII changed the name of the business from Fushimiya Ichibei, which had been used since its foundation, to Ono Ichibei Shoten (Ono-Ichi) and reorganized operations to modernize management.


Ichibei Ono VIII

1947
Launched drug manufacturing
After its establishment, ONO PHARMACEUTICAL CO., LTD. launched the manufacturing of drugs.

Contributes to a wide range of treatments through the development of innovative ethical pharmaceuticals

1960's
Transformed to an ethical drug manufacturer
In our pursuit of whether it would be possible to transition from OTC drugs to ethical drugs, we launched various efforts, including the development of prostaglandins (PGs). In 1968, we opened the Central Research Institute (current Minase Research Institute) in order to fully launch our work to creation of ethical drugs.

1968
Established the corporate philosophy: Dedicated to the Fight against Disease and Pain

1970's–1980's
Successfully launched innovative new drugs through in-house drug discovery
Starting with research collaboration with three PhDs, Sune K. Bergström, Bengt Samuelsson, and John R. Vane, who won the Nobel Prize in Physiology and Medicine in 1982, we quickly promoted industry-academia collaboration at a time when open innovation was not yet a word.

Spreading drugs to alleviate more people's pain

1990's
In addition to in-house drug discovery, strengthen licensing activities

1995

ONON Capsules

2002

ONOACT for Intravenous Infusion

2007

STAYBLA Tablets

2009

RECALBON Tablets

2009

GLACTIV Tablets

2011

RIVASTACH Patches

Creating hope for cancer treatment

2010's
Full-scale entry into the oncology field
Our more than twenty-year challenge since discovering PD-1 (protein) in 1992 bore fruit, and we were able to launch sales of the anti-PD-1 antibody OPDIVO in 2014.

2020's
Becoming a Global Specialty Pharma capable of competing on the world stage
In order to promote our overseas expansion, in 2021, ONO PHARMA USA, INC. relocated its office to Cambridge, Massachusetts.
To further accelerate our global expansion, in June 2024 we acquired Deciphera Pharmaceuticals as a partner company targeting our medium- to long-term growth strategy of "reinforcement of pipelines and acceleration of global development" and "realization of direct sales in the U.S. and Europe."

decīphera
A member of ONO Pharma

World-first Products

1974
Launched PROSTARMON-F Injection, a prostaglandin (PG) pharmaceutical product as a labor induction and delivery accelerator.

1979
Launched PROSTANDIN Injection, the world's first PG drug for cardiovascular diseases as a treatment for Buerger's disease.

1985
Launched FOIPAN Tablets, an oral protease inhibitor for the treatment of chronic pancreatitis.

1988
Launched CATACLOT for Injection, a thromboxane synthase inhibitor as a treatment for ischemic symptoms after subarachnoid hemorrhage.

1992
Launched KINEDAK Tablets, an aldose reductase inhibitor as a treatment for diabetic peripheral neuropathy.

1995
Launched ONON Capsules, a leukotriene receptor antagonist as a treatment for bronchial asthma.

2002
Launched ELASPOL 100 for Injection as a treatment for acute lung injury.

2014
Launched OPDIVO Intravenous Infusion, an anti-PD-1 antibody as a treatment for malignant melanoma.

Establishing a Brand as a Pioneer in Lipid Research

World's First

Became the world's first company to succeed in the total chemical synthesis of prostaglandins

Since prostaglandins (PGs) are called dream substances with enormous potential. After becoming the first company to succeed in the total chemical synthesis of PGs, we have not only poured our numerous resources, including researchers, into PG-related drug discovery research but also actively undertaken research collaboration and joint development with both academics and pharmaceutical companies in Japan and overseas. As a result, we successfully developed and launched a drug for the gynecology field in 1974 that was the world's first PG-related formulation. We have broadened the fields of our contributions to cardiovascular diseases, gastrointestinal diseases, and respiratory disease, resulting in twelve PG-related drugs that have been launched as new pharmaceuticals.


PROSTARMON-F injection

> **To put it exaggeratedly, I feel like Columbus sailing on the Santa Maria westward across the Atlantic Ocean in search of the New World**
>
> Excerpted from Yuzo Ono's remarks at the first PG Study Meeting

A Frontier in Cancer Immunotherapy

World's First

OPDIVO—The fourth option for cancer treatment

OPDIVO is a cancer immunotherapy attracting attention as a "fourth treatment" for cancer, following the conventional cancer treatments (surgery, chemotherapy (drug therapy), and radiotherapy). By restoring the immune system's inherent capabilities, it enhances the ability to attack cancer cells, representing a revolutionary treatment approach. Since its approval in Japan in 2014 as a treatment for unresectable malignant melanoma, as of end of March 2023 it has been approved for use in over 13 types of cancer worldwide, including non-small cell lung cancer, renal cell carcinoma, and gastric cancer. We are continuing with clinical trials to further expand the indication.


OPDIVO

Business and Strengths

Note: Unless noted individually, data is for FY2023.

ONO's Strength in Delivering Hope to Patients with Innovative Drugs

Track record of delivering to patients

Our Company aims to become a Global Specialty Pharma and continues to provide innovative new drugs to help patients overcome illness and suffering.

Intellectual capital / Social relationship capital

New patients to whom we delivered new drugs in FY2023

Approx. 970,000

OPDIVO　Anti PD-1 antibody

- Patients newly prescribed OPDIVO

Approx. 30,000

Breakdown by main types of cancer

Gastric cancer
Approx. 18,300

Esophageal cancer
Approx. 5,400

Non-small-cell lung cancer
Approx. 3,600

FORXIGA　SGLT2 inhibitor

- Share of Japanese market for SGLT2 inhibitor-class products (excluding combination drug)

No. 1

40.1%

Note: Data is for 2023. Share within the class share is external data.

Financial basis

Robust financial capital is important for continuing investment in management infrastructure that supports R&D and business growth. We maintain and improve profitability and ROE through maximizing return on investment.

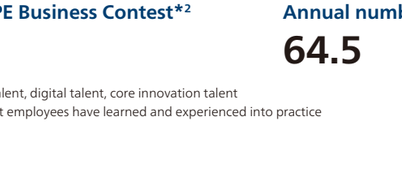
Financial capital

Sales revenue
¥502.7 billion

Operating profit margin
31.8%

ROE
16.7%

Capital adequacy ratio
86.8%



R&D capabilities

We are actively investing in R&D and utilizing open innovation to stimulate drug discovery research to accelerate global business development.

Intellectual capital

Active investment in R&D

- R&D expenses

¥112.2 billion increase 17.7%

- R&D expenses to revenue ratio

22.3%

Promotion of open innovation

- The number of research and drug discovery partnerships (as of March 31, 2024)

Approx. 280 in Japan and overseas

- FY2023

65 new research and drug discovery partnerships implemented

Pipeline expansion

- The number of products in the clinical development stage (number of trials)

20

- Number of new products launched and additional indications approved (FY2018 to FY2023)

26

Diverse human talents

We are working to develop human talents who continue to take on challenges without fear of failure, as well as to create an organizational climate and a culture that enable the promotion of diversity, equity, and inclusion (DE&I) and the creation of a sense of unity.

Human capital

Versatile talent who support the management foundation*1
Total 999

Number of participants in Program to Train Innovative Talent
1,368

Number of participants in HOPE Business Contest*2
Total 193

Annual number of hours of training per employee
64.5

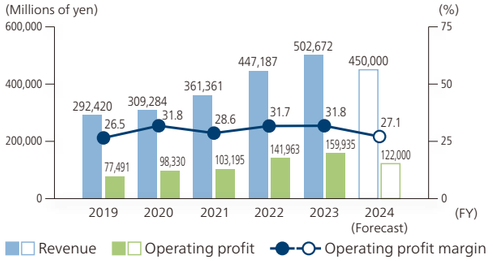
*1 Future executive talent, globally competent talent, digital talent, core innovation talent
*2 Venue for voluntary challenge of putting what employees have learned and experienced into practice

Financial & Non-Financial Highlights

Financial Highlights

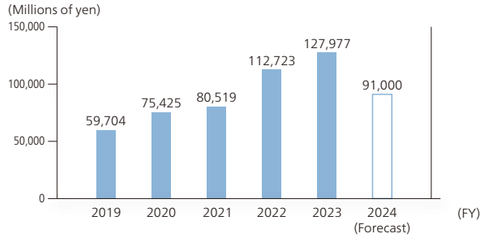
*Forecast for FY2024 (as of the announcement of financial results in May 2024).
*Not including the impact of Deciphera Pharmaceuticals acquired in June 2024.

Revenue / Operating profit /Operating profit margin



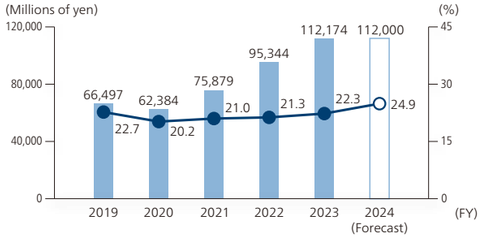
Revenue increased 55.5 billion yen (12.4%) year-on-year to 502.7 billion yen, mainly due to increased sales of flagship products , as well as increased royalty income and a 17.0 billion yen single payment received as a result of the settlement of a patent-related litigation with AstraZeneca. Operating profit increased 18.0 billion yen (12.7%) year-on-year to 159.9 billion yen while operating profit margin increased 0.1 percentage points to 31.8%.

Profit for the year (attributable to owners of the parent company)



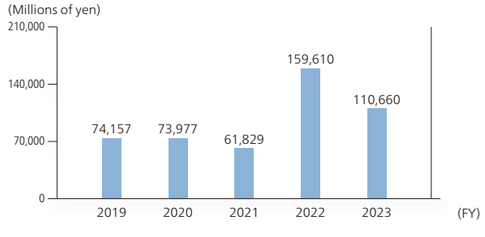
Profit for the year increased 15.3 billion yen (13.5%) year-on-year to 128.0 billion yen, due to an increase in current net income before tax.

R&D expenses / Ratio to revenue



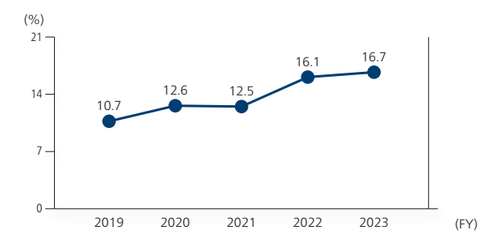
R&D expenses increased ¥16.8 billion (17.7%) from the previous year to ¥112.2 billion, and the ratio of R&D expenses to sales revenue increased 1.0 percentage point to 22.3%. In order to invest aggressively in R&D for sustainable growth, we invest about 20–25% of our sales revenue in R&D.

Operating cash flow



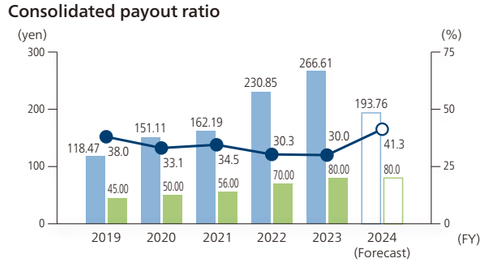
To strengthen our financial capital, we are working to continuously enhance our cash flows from operating activities through sales revenue growth. Income was 110.7 billion yen in FY2023 as a result of current net income before taxes of 163.7 billion yen, etc.

ROE



ROE increased 0.6 percentage points from the previous year to 16.7%. We are striving to maintain and improve the level of ROE by expanding income through sales revenue growth.

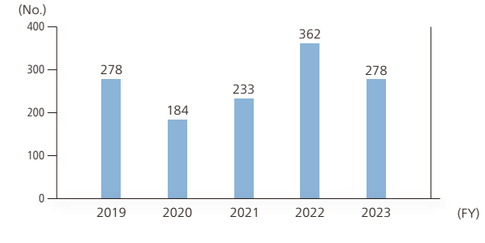
Basic earnings per share / Dividend per share / Consolidated payout ratio



The dividend amount for FY2023 was 80 yen per share for the year, resulting in a consolidated payout ratio of 30.0%. For the next fiscal year and beyond, we will follow a progressive policy of maintaining or increasing the annual dividend each year, aiming for a dividend payout ratio of 40%, taking into account business performance and various indices for each fiscal year. We forecast an annual dividend of 80 yen per share for the next fiscal year.

Non-Financial Highlights

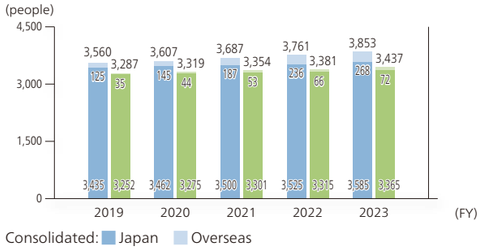
Number of research partnerships



We actively engage in research partnerships with academia and biotech ventures to create innovative drugs.

p. 30 Research Strategy

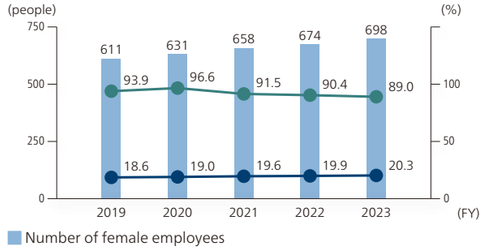
Number of employees



To expand globally, we strengthen our corporate foundation by recruiting diverse human talents through both new graduate hiring and mid-career recruitment.

p. 44 Global Talent Strategy

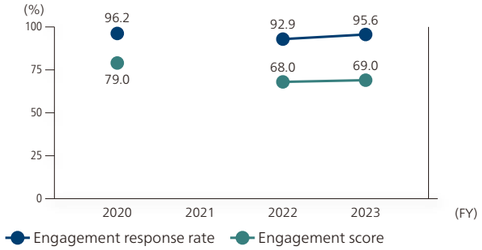
Number of female employees / Ratio of female to male workforce /3-year retention rate



We promote diverse work styles and the creation of a fair organization where women can work comfortably and aspire to managerial positions.

p. 44 Global Talent Strategy

Engagement score

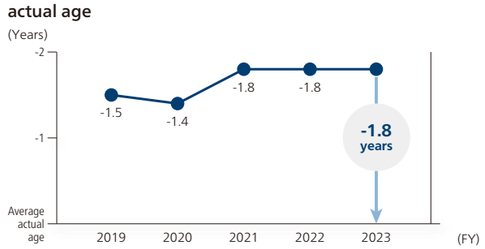


FY2023 employee satisfaction survey, we maintained a high response rate of 95.6%. Engagement score increased by 1.0 point compared to the previous period.

*The survey was conducted on a non-consolidated basis until FY2020, and on a non-consolidated basis plus domestic and overseas 100% owned subsidiaries in FY2022. In addition, in order to expand the scope of the survey to overseas subsidiaries, the survey method and survey items were revised in FY2022.

p. 44 Global Talent Strategy

Employee Health Age® — Average and difference from actual age

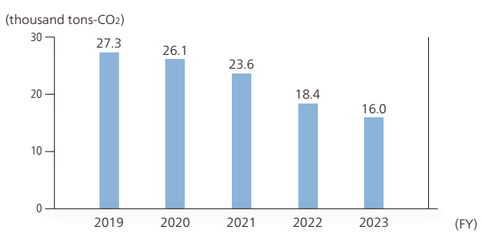


Health Age® is an indicator that expresses a person's state of health using an age calculated based on data obtained from comprehensive medical examinations and other sources. We are focusing on various measures related to maintaining and improving the health of employees so that they can maintain a health age that is less than their actual age. Coverage: employees 35 or older (employees who received comprehensive medical examinations)

*Health Age® is a registered trademark of JMDC Inc.

p. 44 Global Talent Strategy

GHG emissions (Non-consolidated, Scope 1 + 2)



Aiming to achieve zero greenhouse gas emissions from our operations by 2035, we have set annual targets and are working towards achieving them.

p. 56 Conservation of the Global Environment

Message from the CEO

Gyo Sagara
Representative Director,
Chairman of the Board and
Chief Executive Officer

Difficulties are a Foundation for Growth a New System to Overcome Unprecedented Challenges

Review of FY2023 and Future Outlook

Halfway point of our medium-term management plan marks a groundbreaking year

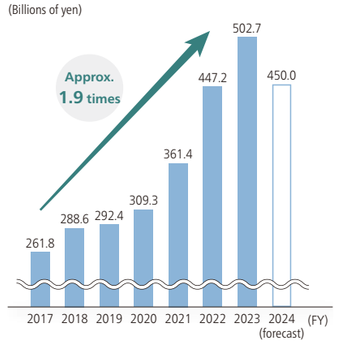
In FY2023, our revenue exceeded 500 billion yen. This is the first time since our founding that this has happened, marking a significant milestone. Additionally, operating profit reached 159.9 billion yen, with profit for the year also reaching a record high of 128 billion yen. Revenue has increased for nine consecutive terms, with six consecutive terms of profit growth, both indicating solid business performance. Of these, we consider it particularly significant that our R&D investment exceeded 100 billion yen for the first time, which we consider our most important benchmark. Our medium-term management plan targeting FY2031 calls for annual R&D expenses of 200 billion yen, and this requires revenue to reach the 1 trillion yen level, calculated in reverse. We assess that we have reached the midpoint of our 15-year medium-term management plan, which started in FY2017 and ends in FY2031, and as such are halfway to meeting out targets.

In forecasts for FY2024, we expect a decline in both revenue and profit due to NHI price revisions, reduced royalty income, and the absence of one-time income from the settlement of a patent-related lawsuit. However, we will continue to invest over 100 billion yen in R&D and steadily work on the "maximization of product value" to overcome these difficult times, and to pave the way for further growth.

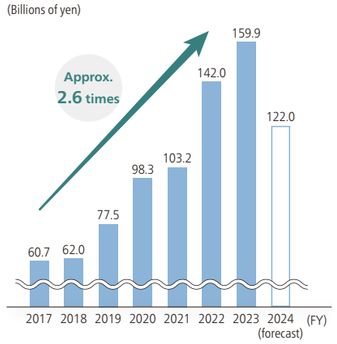
Turning the challenges of increasingly harsh environments into opportunities

The environment surrounding the pharmaceutical industry is becoming increasingly harsh. Global pharmaceutical companies and bio-ventures have been engaged in drug discovery for a wide range of diseases for a long time, and accordingly, the areas with unmet medical needs are narrowing. The remaining areas involve treatments for high-difficulty diseases, with drug discovery itself becoming more challenging. With the cost of generating each drug rising every year, this means the hurdles for new drug development are extremely high. Furthermore, the economic impacts of NHI price reductions due to the NHI drug price scheme are posing challenges. The pharmaceutical industry is therefore facing an environment in which it must continue to work on new drug development under extremely difficult

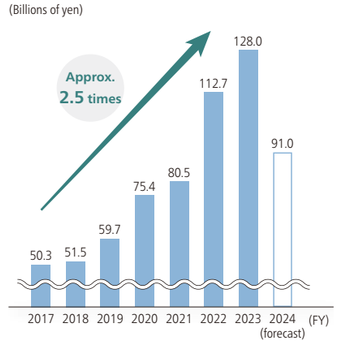
Revenue



Operating profit



Profit for the year attributable to owners of the parent company



Message from the CEO

conditions. However, this situation was anticipated during the formulation of our current medium-term management plan.

It is precisely because we are in an era of rapid environmental change, that it is crucial for us to return to our core purpose—the reason we conduct business. No matter how the environment changes, we will continue to base our business activities on a patient-centered approach. Rather than merely lamenting the situation, we should instead use it to consider how we can provide value to patients, and adapt to the significant changes to come.

How Do We Become a Global Specialty Pharma?

Our long-term vision is to deliver innovative new drugs worldwide as a Global Specialty Pharma. The prerequisites for achieving this are to first enhance our pipeline to ensure a rich supply of new drug candidates. Only once we have this, we will be able to continuously produce innovative new drugs.

Another prerequisite is accelerating our global expansion. Currently, we primarily conduct business in Japan and sell our own products directly in South Korea and Taiwan, but we are aiming to establish a direct sales system in the United States and Europe. To this end, it is necessary to activate open innovation during the research and development stage, and the management team must support research by in-licensing drug candidates and medicines to enhance the pipeline, as well as conducting mergers and acquisitions. Currently, there are approximately 5,000 bio-ventures in the U.S., but this is a highly dynamic environment with 2,000 being founded and 2,000 shutting down each year. With regard to M&A, Corporate Development & Strategy and a team stationed in the U.S. are constantly exploring venture companies and drug candidates worldwide, particularly in the U.S. Additionally, a separate team managing Ono Venture Investment Fund I, L.P., a corporate venture capital fund established in California, is also conducting a separate search.

For several years, we have been keeping a close eye on U.S. company Deciphera Pharmaceuticals, which we acquired in June 2024, focusing on its promising pipeline as well as it having its own sales organization. About a year ago, we listed it as a specific candidate and conducted due diligence within one to two months after entering negotiations, and we feel that having observed the company for several years allowed us to make appropriate decisions in a short time. Deciphera is currently looking to add indications to its new drug QINLOCK, and toward other compounds' applications, approvals, and sales. Meanwhile, we have other projects underway, including the development of ONO-4059 (VELEXBRU tablets), and so Deciphera will maintain a certain degree of independence in business operations for the time being in order to focus on tasks at hand.

Key to global expansion is our talent strategy

Our talent strategy is a top priority in our company-wide efforts in promoting global expansion. We are not yet experienced in dealing with the laws and regulations of each country and region into which we are entering. Securing talent with sufficient skills and experience here means that we must both nurture internal talent and recruit externally, just as how we approach drug candidates. In particular, while we urgently need to hire motivated and competent local staff in the U.S., our brand recognition is lower than that of major U.S. pharmaceutical companies. Accordingly, our local staff have been working hard to post recruitment ads in various media. Additionally, to attract as many excellent talent as possible, we relocated the office of our U.S. subsidiary, ONO PHARMA USA, INC., to Boston, which has a rich pool of healthcare talent. Recruitment for positions necessary to establish our own sales and medical structure is progressing, and we have gradually become able to hire talent that meet a certain level. However, the common U.S. mindset of changing jobs every three years presents a challenge in terms of retaining talent. It takes over ten years to develop a single drug, and the turnover of talent every three years creates many challenges in terms of a talent strategy that we are working to overcome.

Realizing our growth strategy leads to securing and developing talent

We are promoting diversity in our management positions with three pillars: young talent, career hires, and women. In promoting young talent to management positions, we have partially abolished the seniority-based system. We are also seeing an increase in mid-career hires in management positions. However, we previously hired few women, resulting in a shortage of women in the appropriate age group who can take on executive positions, leading to delays in addressing this issue. The current ratio of female managers is 5.8%, and we have set goals to increase it to 10% by FY2026 and 20% by FY2031, the final year of our medium-term management plan. We are increasing recruitment of women, and if the current employees in the age group up to 40 make steady progress through training programs and continue to develop, we expect to achieve a 20% ratio by FY2031. In addition to various training programs aimed at developing skills and promoting younger employees, we have established a training system aimed at fostering diverse viewpoints, such as an internal job challenge program allowing employees to concurrently work in other departments. Also, in addition to classroom learning, we also provide employees with opportunities for hands-on experience, such as one-year secondments to a venture company, or an overseas assignment.

With the working population set to shrink further, we must communicate that joining our company offers attractive work opportunities, not just competitive salaries. Failure to do this may result in difficulties in securing even the minimum required workforce, let alone attracting top talent. We believe that supporting employees' challenges and providing opportunities for growth as well as creating an environment in which a diverse group of people can work with enthusiasm will achieve the goals of our medium-term management plan and generate profits, and that providing a good return to employees will help us continue to secure and develop talent in the future.

Driving strong growth with a three-executive representative director structure

From FY2024, we transitioned to a three-executive management system, with President Takino, Executive Vice President Tsujinaka, and myself as Chairman, all holding representative rights. As we welcome the halfway point of our medium-term management plan, patents for various products including OPDIVO will begin to expire. This will lead to a more challenging business environment in the latter half of the management plan when compared to the smooth progress experienced so far. Overcoming these challenges requires that we strengthen our global expansion. Given these circumstances, we decided that expanding leadership from one key person to a team of three would allow us to drive the management plan more effectively, hence our decision to implement the three-executive structure.

In fact, when I became president in 2008, the situation was somewhat similar. Within three to four years, the patents for 90% of our products in terms of revenue were facing expiration. Given that we had no product candidates near launch in the research labs, we had no choice but to acquire them from outside the company, and so I asked the business development department to acquire three drug candidates that would be ready for launch within three years, and I also traversed the world searching for new drug candidates. The person who was with me in this frantic search was now President Takino. Although we did not meet our three-year target, we managed to acquire a significant number of drug candidates over five to seven years. The success of OPDIVO, which undoubtedly seemed uncertain at first, came six years after I became president in 2014. The success of OPDIVO started with a struggle and came after 15 years of everyone toiling together.

Although I have stepped down as president, I will continue to be involved in overall management strategy decisions as CEO, while also handling external negotiations and providing support to various departments. With President Takino, who has extensive overseas experience and has been involved in drug discovery, leading internal operations, and Vice President Tsujinaka focusing on a talent-based management foundation, I believe we will be able to steadily advance our global strategy.

To Our Stakeholders

We place great importance on providing returns that satisfy all of our stakeholders. However, the pharmaceutical industry operates on long-term business cycles in which it takes 10 to 15 years to develop a product, thus making it difficult to guarantee consistent growth. We therefore hope that you understand that we are focused on medium-term growth and performance, and that these include such periods.

When we look back to around 50 years ago, at the time we successfully achieved the world's first total chemical synthesis of prostaglandins, the Company was in a financially very difficult place, but through partnerships with top scientists worldwide, we were able to generate innovative drugs. Combined with the subsequent success of OPDIVO, I feel that our company possesses an indomitable vitality. We hope that all of our stakeholders will eagerly anticipate ONO taking on future challenges.

Representative Director,
Chairman of the Board and Chief Executive Officer

Message from the COO

We Will Gather Diverse Knowledge and Accelerate Global Development and Pipeline Expansion for the Next Stage of Growth.

Toichi Takino
Representative Director,
President and Chief Operating Officer

Carrying on from Our 300-year History, Using the Success of OPDIVO to Drive Further Growth

I am Toichi Takino and I was appointed President and COO in April 2024. ONO is now over 300 years old, and is continuing the long legacy built by our predecessors, and so at this juncture where we are poised to assume our place on the world stage, it is with a sense of determination that I assume the mantle of President. Being very fortunate to have had the opportunity to generate OPDIVO, a product that has become a representative of the industry, I am firmly committed to ensuring that this momentum translates into our next phase of growth.

While there is undoubtedly a focus on the impending expiration of OPDIVO's patent, much attention is also being paid to the challenges of how we will generate future products and secure revenue streams. We are indeed urgently working to overcome these challenges, but taking a different perspective, the success of OPDIVO has also presented us with even more significant opportunities for growth. Based on the success of OPDIVO, we are creatively preparing and executing strategies for our next phase of growth, making this an incredibly rewarding and exciting period of time for our company.

Vigorously Promoting a Major Transformation of Our Business Model under the New Structure

We have now reached the midpoint of the 15-year medium-term management plan spearheaded by Chairman Sagara. At present, put simply this phase marks a stage in which we are transforming from a business model primarily focused on the domestic market and relying on overseas partnerships, to one centered on direct sales in the U.S. and Europe. In the past, we lacked the strength to take on such challenges, but now the Company has finally grown to the point where we can tackle this transformation of our business model.

Additionally, I believe that our delayed response compared to our competitors has actually turned out in some ways to be beneficial. In other words, observing the global expansion of other companies has increasingly highlighted the importance of having multiple product candidates, not just a single product, when entering international markets. We are taking this into account in our current efforts in expanding into the U.S. and Europe. That is, it is necessary to strengthen our secondary and tertiary strategies simultaneously, and I believe that the new three-executive structure fit perfectly with the advancement of these measures in parallel. At present, we are the stage of shifting to a structure to robustly promote our growth strategy of expanding our direct sales in the U.S. and Europe.

Aiming to enhance our secondary and tertiary strategies

Our evaluation of Deciphera Pharmaceuticals, a U.S. biopharmaceutical company that we acquired in June 2024, was also because this enhanced our secondary and tertiary strategies. A major reason in this decision was that the acquisition was not just for a single product but also included a second product in the preparation phase for the application for its approval, as well as several early-stage drug candidates.

Our product candidates in global development include ONO-4059 (VELEXBRU tablets), which is already marketed in Japan, and Itolizumab, for which we have obtained an option from Equillium in the U.S. While there is a slight gap in development stages between these drugs, we have around 10 projects in the early stages of development from our own drug discovery efforts. We are working tirelessly to compensate for this unbalanced pipeline with products and product candidates from Deciphera, while also leveraging to the fullest extent possible their drug discovery capabilities to accelerate our group's research and development. Our aim is to bring to market (sell) as many of these candidates as quickly as possible, and by achieving multiple product launches in the U.S. and Europe, hope to make new drugs available to even more patients.

Leveraging Our Experience to Drive Global Expansion and Grow Our Pipelines

Among the four growth strategies we have set forth, based on my past experience I want to push forward the most are "Promoting Global Expansion" and "Pipeline Expansion." In particular, I am doing everything I can to maximize the value of

Message from the COO

Deciphera Pharmaceuticals as a Group company. I believe that by effectively utilizing Deciphera, we can accelerate and strengthen our ongoing efforts in pipeline expansion.

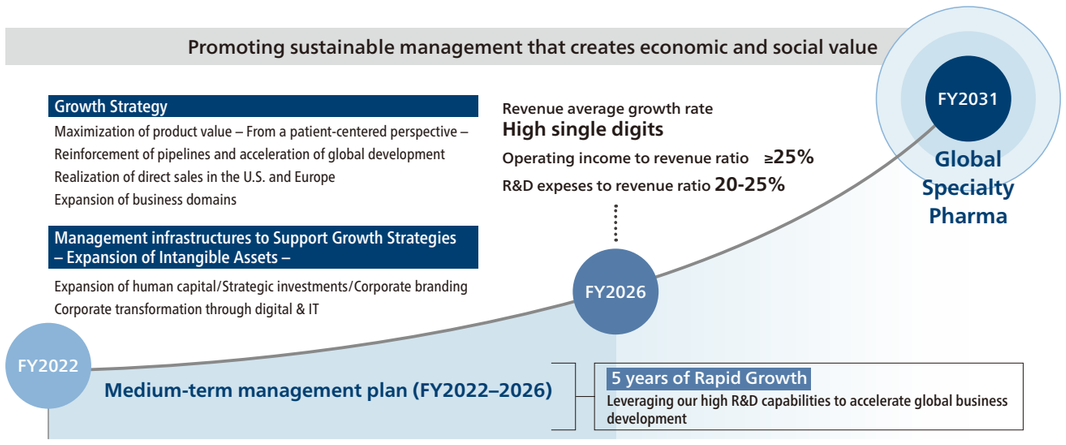
Considering the vast throng of competitors, the past experiences of other companies shows us that expanding globally is no mean feat. However, there is no need for pessimism. Through OPDIVO, we have accumulated significant expertise in oncology, as well as know-how in open innovation and licensing arrangements with other companies. I believe we can establish our unique presence in global markets as well, by utilizing our unique perspective and relationship-building skills, and collaborating with venture companies and academia. Rather than feeling daunted, I am actually very excited about the prospect of tackling new areas.

Dreaming of the day our mission "Dedicated to the Fight against Disease and Pain" resonates worldwide

Domestically, in recent years we have increasingly heard comments such as "ONO's business has an impact on society" and "Your company is growing," giving us more opportunities to feel that we are contributing to patients. We hope that we can achieve similar name recognition in local markets as we work to expand our direct sales in the U.S. and Europe. It would be truly remarkable if the day comes when we are recognized as a company indispensable to society even overseas, through our generation of innovative drugs.

To make this vision a reality, we first need to realize our corporate philosophy, "Dedicated to the Fight against Disease and Pain," in the United States and Europe. We would like to see a situation where, as a result of our global activities across all functions—R&D, manufacturing, quality, safety, medical, sales, supply chain, management, and governance—we are able to deliver new drugs or new treatment options to patients worldwide, from Japan and Asia to the U.S. and Europe, and get the real sense that we are having a meaningful impact. It would be ideal if such a situation could instill pride in our employees and their families.

Accelerating our global expansion, "Dedicated to the Fight against Disease and Pain"



Harnessing the Diverse Internal Strengths and Wisdom of the Outside World to Generate Breakthroughs

Ultimately, what supports our growth strategy are each and every one of our employees, who represent the very essence of our company. This is reflected by the fact that, in recent years, human capital has become an important intangible asset. For us, pipeline enhancement and global expansion both rely on our people, and they are the ones who drive the Company forward. Therefore, we try to provide a solid corporate structure upon which every employee has opportunities to grow. Additionally, we must focus on fostering an organizational culture and environment that enables each employee who has grown to effectively demonstrate teamwork. In this sense, I would hope that our company embody the ancient Chinese saying, "The best plan for a lifetime is to cultivate people.*"

Years ago, I traveled the world with Chairman Sagara in search of drug candidates with the aim of expanding our pipeline, a mission we accomplished thanks to both his leadership and support, and the collective effort of everyone in the company. These days, it is said that diversity is key to organizational strength. To me, diversity means harnessing the power of bottom-up approaches, as the era of top-down leadership has passed. This is because, in this day and age, it is increasingly important to be able to skillfully integrate specialized information from various fields. Given that we are now in an era where it is impossible to generate new drugs without gathering ideas and opinions from experts in various fields, I think that the leaders of today must listen to those who best know the field and technologies and ensure that they have the opportunity to excel.

Given that research and development tends to be inward-looking, we need to be conscious of this and make use of external wisdom. Both prostaglandins and OPDIVO were born from open innovation, and collaborating with external partners in R&D remains our greatest strength. I am confident that our company has the foundation to continue leveraging this strength to generate the next innovation or make breakthroughs. Looking forward, we would like to incorporate as many ideas as possible from those who know their respective fields best, and connect them to our drug discovery and business activities.

* The source is the ancient Chinese book "Guanzi." The full text is "The best plan for a year is to plant grains; the best plan for ten years is to plant trees; the best plan for a lifetime is to cultivate people," meaning that prioritizing human resources is the best way to plan for the future.

To Our Stakeholders

I always think that I would like to be able to communicate the appeal of ONO and its unseen efforts more effectively. The pharmaceutical industry is often described as a high-value-added industry, and I consider this is due to its high level of non-financial value. In other words, the know-how and abilities of individuals, which integrate diverse information, ideas, and knowledge at a high level, represents non-financial value, and it is the high level of these that contribute to the industry's high added value. We would like to broadly communicate how our company accumulates such non-financial value so that people can further understand this.

And so that we can continue being a company deemed necessary by society, we must continue to provide new drugs. The road ahead therefor may not be easy, but I am confident that we can achieve this goal. We ask that all of our stakeholders continue watching over ONO's challenges as we move toward a new stage, and in this we ask for your support.

Representative Director,
President and Chief Operating Officer

Roadmap to the Future

In FY2017, the 300th anniversary of our founding, we set a long-term vision targeting 2031, 15 years from now with the aim of building ONO into a Global Specialty Pharma that provides a continuous flow of innovative new drugs around the world. Here at ONO, we have fully committed to the pharmaceutical business, under the corporate philosophy "Dedicated to the Fight against Disease and Pain," and in order to become a world-class company we have established four growth strategies with which to conduct our business activities. In addition, we will strive to expand our intangible assets which are the management infrastructures supporting these growth strategies. Under our Sustainable Management Policy, looking to the next 100 years, we will continue to contribute to the realization of a sustainable society.

Corporate Philosophy: Dedicated to the Fight against Disease and Pain

FY2017 / FY2022 / FY2026 / FY2031

Medium-term management plan (3 periods in total: Final period 2031)

1st period (2017-2021)

2nd period (2022-2026)

3rd period (2027-2031)

Value Provision
- Expansion of OPDIVO's indications, and launch of 8 new products to provide new treatment options
- Contribution to people's health through the launch of healthcare business

Four Growth Strategies
- Maximization of product value – From a patient-centered perspective –
- Reinforcement of pipelines and acceleration of global development
- Realization of direct sales in the U.S. and Europe
- Expansion of business domains

+

Non-financial strategies
- Corporate transformation through Digital & IT
- Management infrastructures to Support Growth Strategies – Expansion of Intangible Assets –

KPI (2026 target)

Revenue CAGR:
In the high **single digits** (compared to 2021)

R&D cost-to-revenue ratio:
20-25%

Maintain operating profit to revenue ratio at
25% or higher

Value to be provided
Delivering innovative drugs to the world as a Global Specialty Pharma, contributing to people's health

Material Issues (Priority Management Issues)

Initiatives to create new value

Value Creation
1. Creation of Innovative Drugs
2. Pipeline Expansion
3. Maximization of Product Value
4. Realization of Direct Sales in the U.S. and Europe
5. Expansion of Business Domains

Foundation for Value Creation
6. Corporate Transformation through Digital & IT
7. Strengthening of Financial Capital
8. Expansion of Human Capital
9. Intellectual Property Strategies
10. Open Innovation
11. Promotion of Diverse Partnerships

Initiatives to enhance resilience

Value Preservation
12. Assuring Reliability and Safety
13. Stable Supply of Products
14. Conservation of the Global Environment
15. Respect for Human Rights
16. Thorough Compliance
17. Realization of Sustainability Management with Business Partners

Corporate Governance
18. Strengthening of Corporate Governance

ECO VISION 2050

400th anniversary of Company's founding 2117

Contributing to the realization of a sustainable society, by providing value widely to the world as a whole over the next 100 years.

Sustainable Management Policy

For more than 300 years since our founding, we have walked hand in hand with society. To help people who are suffering from disease, we have created a series of innovative new drugs that had been thought to be impossible.
We will continue to contribute to people's health by practicing our Corporate Philosophy and taking on the challenge of realizing a sustainable society through responsible business activities.

Contributions to People's Health

- In addition to our in-house drug discovery, we will take on the challenge of drug research and development in collaboration with the world's top scientists, and bring more hope to patients and their families around the world by providing them with original and innovative drugs that are safe, secure, and appropriate.
- We will contribute to the realization of a society in which people can live healthier lives through our evidence-based, next-generation healthcare business.

Preserving a rich global environment for future generations
We are deeply aware of our social responsibility to the environment, and will actively adopt eco-friendly technologies and work together with our suppliers and partners to pass on a prosperous and sustainable global environment to future generations.

Realizing a society in which everyone can play an active role
Through our business activities, we will contribute to the realization of a society in which the human rights and diversity of all people are respected and everyone can play an active role.

Establishing a highly transparent and robust management
We will build a strong foundation through corporate governance and conduct highly transparent business activities by strengthening compliance and risk management.

Long-Term Vision and Four Growth Strategies

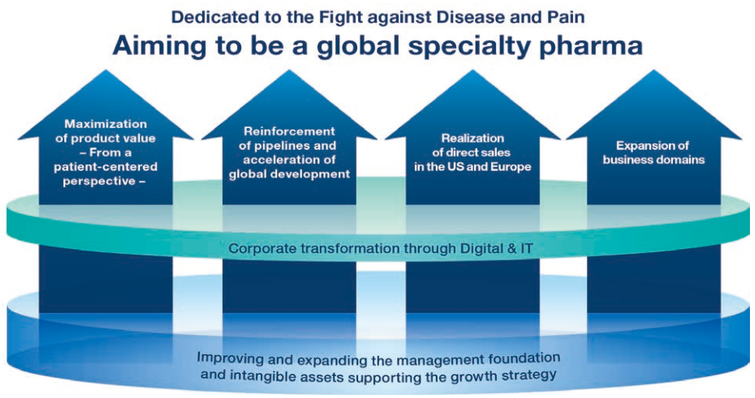
To Become a "Global Specialty Pharma" by FY2031

The environment surrounding the pharmaceutical industry is changing at a frantic pace, and there are various growth opportunities in the areas of new drug development and healthcare such as the creation of new value through cross-industrial collaboration, and the growing importance of self-medication. By capturing these growth opportunities and responding flexibly and swiftly, we are aiming to create long-term value, and to become a "Global Specialty Pharma." We have established four growth strategies in order to make this a reality—Maximization of product value—From a patient-centered perspective, Reinforcement of pipelines and acceleration of global development, Realization of direct sales in the U.S. and Europe, and Expansion of business domains, while striving to expand our intangible assets such as digital and IT infrastructure, human capital, and corporate brand, which are the management infrastructures supporting these growth strategies.

Management Targets (FY2022-2026)

Revenue CAGR	R&D expenses to revenue ratio	Operating income to revenue ratio
High single digits (compared to FY2021)	**20-25%**	**Maintain at 25% or higher**

The Four Growth Strategies and Our Management Foundation



Maximization of product value – From a patient-centered perspective –

We will work together with healthcare professionals to realize the wellbeing of patients and their families (a state of fulfillment in terms of physical, mental, social, and life satisfaction), and as a result, we will strive to achieve the rapid penetration of new drugs into medical treatment facilities.

In marketing, we are working to develop human talents who, in collaboration with healthcare professionals, address medical issues from the patient's perspective and who use digital technologies to effectively and efficiently provide and collect information, thereby maximizing product value.

In development, we conduct nearly 100 clinical trials mainly in the oncology field, aiming to maximize product value through expanding product indications, treatment lines, and combination therapies. See p. 40

Reinforcement of pipelines and acceleration of global development

We aim to become a "Global Specialty Pharma" by accumulating disease know-how and working on creating innovative new drugs in areas of high medical need such as oncology, immunological diseases, and neurological diseases. We will strengthen research and drug discovery partnerships with world-leading universities, research institutions, and biotech venture companies, and aim to enhance a highly original pipeline that can aim for first-in-class. In addition, we will move forward with creating highly original in-house drugs by utilizing a variety of drug discovery modalities, and strive to improve the certainty of R&D by actively using nonclinical data and data from clinical trials to verify drug targets and strengthen translational research. Currently, 11 global development projects are in the clinical stage, and we are accelerating the development of numerous projects including ONO-4059. See p. 30

Initiatives for direct sales in the U.S. and Europe

We are focusing on U.S. and European direct sales as a growth strategy. We have already established local subsidiaries in Korea and Taiwan to begin marketing our own products, and in the U.S. and Europe, we are working to develop a sales structure for our own sales with an eye on launching several projects, such as ONO-4059.

We acquired Deciphera in June 2024, thereby gaining two approved/registered products and three compounds in development in oncology and expanding our pipeline. We will leverage Deciphera's excellent R&D capabilities and strength in sales in the U.S. and Europe, and work to further accelerate the global expansion of our Group. See p. 38

Expansion of business domains

We are developing and commercializing products and services that take full advantage of the assets we have accumulated through research and development of prescription drugs, and are working to expand our business domains in order to both meet the needs of the expanding healthcare sector, and to continue to provide new value.

We have launched REMWELL, which is a sleep supplement that has been approved in Japan as foods with function claims, and provided "michiteku β-version," a tool to support improved psychological care of cancer (colorectal and gastric cancer) patients immediately after diagnosis, and better healthcare literacy by helping them understand physicians. Further, we aim to create and expand new businesses through investment in start-ups in the healthcare field by establishing ONO DIGITAL HEALTH INVESTMENT, GK. See p. 52

Corporate Transformation through Digital & IT

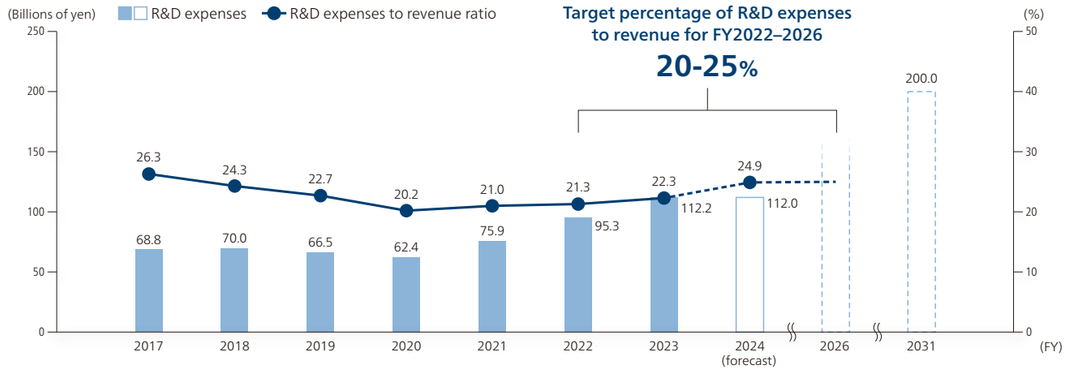
We aim to grow into a company capable of accelerating our growth strategy, innovating business processes, and creating new value (digital transformation) by leveraging digital and IT cross functionally. This requires a flexible IT infrastructure supported by the latest technologies, a data utilization platform including internal and external data, and the capability of data analysis from company-specific perspectives. This use of internal and external data enables us to detect and assess business issues and new opportunities accurately and in a timely manner, and turn them into business transformation initiatives. See p. 51

Management Infrastructures to Support Growth Strategies – Expansion of Intangible Assets –

Expanding our intangible assets: human capital, corporate brand, digital and IT infrastructure, etc. will support our four growth strategies, and help us achieve dramatic growth. For human capital, we will work to develop talent throughout the Group and those who will drive the growth strategy, while focusing on increasing diversity. Regarding improving corporate recognition in Western markets, we will work on improving our corporate value by promoting the penetration of our brand.
See p. 44

R&D Investment

Targeting ongoing growth, we are aggressively investing in R&D to create original and innovative new drugs and expand our development pipeline.



Business Environment Recognition, Risks, and Opportunities

In the rapidly changing current business environment, achieving medium- to long-term improvement in corporate value requires understanding and responding in an appropriate manner to external environments that significantly impact the business. At ONO, we identify both risks that pose threats to business activities, and opportunities for business growth, and determine response measures.

Materiality Identification Process

Steps in Material Issue Analysis

Step 1
Identifying management Issues

Analyze the external and internal environment
- Analyze in conjunction with the formulation of the medium-term management plan
- Organize the expectations of stakeholders
- Refer to ISO 26000, ESG disclosure criteria, etc. for CSR issues

Extract issues to realize the long-term vision
- Analyze gaps between the vision and current state

Step 2
Define the priority issues

Classify and analyze the importance of issues to stakeholders and business from the following perspectives:
- Opportunity for value creation
- Foundation for value creation
- Value preservation (erosion risks)

Deliberation structure
- Deliberated by the Board of Directors, at Management Meetings, and by all division managers (e.g., Research and Development, Sales and Marketing, Quality Assurance, Manufacturing, and Administration)
- Managed by the secretariat of the medium-term management plan (Corporate Planning Department) and the secretariat of the CSR Committee (CSR Promotion Department) as a Company-wide cross-departmental project during the period from June 2021 to March 2022

Stakeholder issues
- Opinions of stakeholders are extracted from the issues confirmed by each division in the course of business activities, dialogues with investors, evaluations by the ESG-rating agencies, etc.

After identification
Run through management cycle

For each material issue that was redefined in FY2021, we established medium-term targets and plans, and confirmed the progress. Furthermore, in conjunction with the medium-term management plan, each issue is linked to a corresponding division, organization, and committee, and a Company-wide PDCA management cycle has been established and is managed by the Board of Directors and via Management Meetings. Check p. 22 and after for information on progress.

Short-term: Until 2026 / Medium-term: 2027–2040 / Long-term: 2041 and beyond

Business Environment	Risks and opportunities (▲ Risk ● Opportunity)	Period of occurrence: Short-term	Medium-term	Long-term	Impact	Likelihood	Stakeholders affected	Strategy/response	Time axis	Materiality
Increasing difficulty of new drug development	▲ Depleted development pipeline ● Technological innovation through open innovation		■	■	Major	High	Patients Medical professionals Shareholders and investors	• Promotion of open innovation • Promotion of diverse partnerships, in-licensing/out-licensing, research collaborations, etc. • Drug discovery utilizing digital technology • Active investment in R&D	Short-term:	
Changes in the market environment	▲ Intensified competition with competing and generic products		■	■	Major	High	Shareholders and investors Partner companies	• Search for drug seeds through open innovation • Selection of optimal modalities • Promotion of drug discovery using technologies such as AI • Building of system for early establishment of PoC	Long-term:	1 Creation of Innovative Drugs 2 Pipeline Expansion 3 Maximization of Product Value 4 Realization of Direct Sales in the U.S. and Europe 5 Expansion of Business Domains 6 Corporate Transformation through Digital & IT 7 Strengthening of Financial Capital 8 Expansion of Human Capital 9 Intellectual Property Strategies 10 Open Innovation 11 Promotion of Diverse Partnerships
Advances in information management technology and DX	▲ Concerns about cyber-attacks, unauthorized access, and leakage of personal information		■	■	Major	High	Partner companies Society in general	• Formulation of policies for security and stable operation • Selection of technologies and services in line with technological and social changes • Employee training on information security, etc. • Measures based on third-party security evaluations	Short-term:	
Changes in the medical insurance system	▲ Shrinking domestic market for prescription drugs ▲ Changes in the laws and regulations of countries with overseas subsidiaries		■	■	Major	High	Government agencies Shareholders and investors	• Maximization of product value Adaptation, combination of agents, and improvement of formulations Acceleration of development Early expansion of sales • Realization of direct sales in the U.S. and Europe	Short-term:	
Heightened importance of intellectual property	▲ Infringement of third-party intellectual property ● Settlement payments from litigation		■	■	Major	High	Competing companies	• Operation that does not infringe on other people's patents • Litigation in the event our own patents are infringed • Consideration of intellectual property creation from the drug discovery stage	Short-term:	
Financial markets	▲ Fluctuations in exchange rates and financial markets ▲ Changes in sales, purchase costs, and R&D expenses		■	■	Moderate	High	Investors	• Profit growth through exchange rates • Shortage of venture capital = investment opportunities from rising interest rates • Risk hedging through forward foreign exchange contracts	Short-term:	
Partnerships with other companies	▲ Changes or termination of partnership agreements		■	■	Moderate	Low	Partner companies		Short-term:	
Advances in regenerative medicine and genomic medicine Extension of healthy lifespan (pre-symptomatic, prevention of illness)	▲ Relative decline in the value of pharmaceutical products ● Market growth in the healthcare sector			■	Moderate	Low	Patients	• Expansion of business domains in the healthcare sector	Long-term:	
Progression toward an aging society with declining birthrate	▲ Difficulty in recruiting, training, and retaining human talents ● Diversification of human talents		■	■	Minor	Medium	Employees	• Training to promote penetration of our mission • Promotion of the activities of young talent, career hires, and women • Innovation cafes • Venture proposals and secondment programs • HOPE Business Contest • Promotion of male employees taking childcare leave • Promotion of health and productivity management • Implementation of a global human resources system in 2023	Medium-term:	
Rising societal awareness of compliance	▲ Damage to corporate value due to legal violations, etc.		■	■	Major	Low	Patients and medical institutions Business collaborators Industry groups	• Establishment of a code of conduct • Building of a compliance promotion system • Development of reporting and consultation system • Compliance training	Long-term:	12 Assuring Reliability and Safety 13 Stable Supply of Products 14 Conservation of the Global Environment 15 Respect for Human Rights 16 Thorough Compliance 17 Realization of Sustainability Management with Business Partners 18 Strengthening of Corporate Governance
Major disasters and climate change	▲ Occurrence of disasters, accidents, etc. ▲ Impact on stable supply		■	■	Major	Low	Patients and medical institutions Pharmaceutical wholesalers Shareholders and investors	• Creation of BCP manuals, identification and disclosure of climate change risks • Installation of seismic isolation equipment at important sites • Use of multiple manufacturing bases (Fujiyama and Yamaguchi Plants) • Manufacturing at multiple bases, including outsourcing plants	Short-term:	
	▲ Increased costs to counter global warming, environmental pollution accidents (from drug research and manufacturing), and destruction of biodiversity			■	Moderate	Low	The Earth	• Realization of a decarbonized society • Realization of a water-recycling society • Realization of a resource-recycling society	Short-term:	
Increased risk of litigation	▲ Potential for lawsuits related to pharmaceutical product side effects, product liability, labor issues, fair trade, and environmental issues		■	■	Major	Low	Shareholders and investors	• Formulation of risk management plans for each pharmaceutical product, and collection of safety information • Training on safety information • Building of a quality assurance system • Formulation of a global quality manual	Short-term:	
Supply chain and stable supply	▲ Supply chain risks ▲ Disasters, accidents, and legal violations at supplier factories ▲ Fair, equitable, and transparent procurement activities		■	■	Moderate	Medium	Business partners Pharmaceutical wholesalers Patients and medical institutions	• Sustainable procurement code Health and safety, human rights and labor, environment, ethics, information management	Short-term:	
Large-scale infectious diseases	▲ Stable supply of products impeding R&D activities		■	■	Moderate	Low	All		Short-term:	

Initiatives to Create New Value (Value Creation and Foundation for Value Creation)

Initiatives to Enhance Resilience (Value Preservation and Corporate Governance)

Material Issues

To achieve medium- to long-term value creation, ONO has identified 18 materialities that cover all important management issues. The identified materialities are clearly linked with our medium-term management plan, and are being developed into a more proactive management structure.

○: Target achieved / steady progress towards the target　△: Stronger efforts needed to achieve the target　×: Not achieved

Material Issues			Vision over the medium- to long-term		Major initiatives	Indicators (items in blue are actual for FY2023)	Evaluation
Initiatives to Create New Value	Value Creation	1 Creation of Innovative Drugs → p. 30	Cooperate with top scientists and accelerate the creation of new drugs that can change the world.		• Explore unique breakthrough drug seeds and creation of new drug candidates through open innovation • Improve the speed of creation of new drug candidate compounds by selecting optimal modalities, utilizing artificial intelligence (AI), etc. • Promote drug discovery research based on human disease biology using the latest technologies, such as AI and informatics, as well as patient-derived samples • Promote translational research by searching for biomarkers based on the mechanism of action	• The number of new products going to clinical trials: 1	△
		2 Pipeline Expansion → p. 34	The speed and accuracy of establishing PoC*1 for new drug candidates are improving, and the pipeline is enriched through licensing activities.		• Establish PoC on multiple projects and conduct global clinical trials ・Continue system development for early establishment of PoC ・Further enhance activities for translational research (TR) and reverse translational research (rTR) ・Increase the speed and accuracy of establishing PoC by using state-of-the-art technologies and methodologies • Strengthen licensing activities to obtain global rights	• The number of drug candidates in the clinical development stage: 20 • The number of newly in-licensed drug candidates: 1 (license agreement for NXI-101 antibody against cancer immune resistance factor ONCOKINE-1) • Approvals received in the U.S. and Europe: Total of 11 projects at the clinical trial stage	○ ○ ○
		3 Maximization of Product Value → p. 40	We have addressed our goal of achieving the well-being*2 of patients and their families in cooperation with healthcare professionals, and as a result, our new drugs are spreading promptly.		• Engage in effective marketing activities, use digital communications to provide information, and improve the expertise of MRs • Obtain approvals for drugs with indications and usage, dosage and administration that maximize the potential of developed compounds • Identify needs of patients and healthcare professionals and design products to meet them • Generate evidence focused on extension of the healthy life span (efficacy, safety, and QoL)	• Number of patients to whom our new drugs are delivered: Approx. 970,000 patients • Sales by major product: OPDIVO: ¥145.5 billion, FORXIGA: ¥76.1 billion • Number of approvals received in Japan, Korea, and Taiwan: Japan 2 approved	○ ○ ○
		4 Realization of Direct Sales in the U.S. and Europe → p. 38	Aiming to become a globally competitive specialty pharmaceutical company, we are marketing new drugs in the U.S. and Europe.		• Establish a sales structure for the launch of ONO-4059 in the U.S. • Carry out development in Europe and establish a sales structure according to the progress of the development	• Start direct sales in the U.S. and Europe: Increase of about 40 employees (total of about 100 employees) to reinforce development organization, sales organization, and infrastructure at ONO PHARMA USA, INC.	○
		5 Expansion of Business Domains → p. 52	ONO will contribute to solving social issues and realizing next-generation healthcare by leveraging digital technology combined with its own strengths.		• Create and promote new businesses utilizing digital technology, starting from customers' unresolved issues (needs) • Develop and commercialize evidence-based products and services to solve social issues in the healthcare sector (Ono Pharma Healthcare Co., Ltd.) • Invest in and create business for venture companies engaged in businesses aimed at solving healthcare issues (ONO DIGITAL HEALTH INVESTMENT, GK)	• The number of new products and services provided: 1 Launched the beta version of "michiteku", a tool to support cancer patients (colorectal cancer and gastric cancer) in their daily lives during treatment.*4	○
	Foundation for Value Creation	6 Corporate Transformation through Digital & IT → p. 51	A global IT infrastructure is being implemented and corporate transformation through digital is being realized.		• Implement cross-functional IT infrastructure based on the IT blueprint • Implement a data utilization platform including internal and external data for important decision-making • Improve robust information security management capabilities • Develop the talent to plan and lead DX	• Completion and utilization of the IT blueprint (big picture for IT infrastructure and related systems) • Construction and use of a data utilization platform: Operate OASIS • Establishment of a cross-functional DX promotion system: Obtained DX Certification • The number capable of available to participate and work in DX projects: 559 (FY2026 target: at least 500) • The number of participants capable of planning, managing, and executing DX projects: 138 (FY2026 target: at least 200)	○ ○ ○ ○ ○
		7 Strengthening of Financial Capital: financial strategy and policy on medium- to long-term investment → p. 41	Based on our corporate philosophy, "Dedicated to the Fight against Disease and Pain," we strive to maintain and expand a robust financial base that leads to drug discovery, with the aim of becoming a Global Specialty Pharma that creates innovative new drugs that truly benefit patients, and responds to unmet medical needs.		• Enhance operating cash flow by expanding sales revenue • Increase asset efficiency by reducing cross-shareholdings • Maintain and increase profitability and ROE by maximizing return on investment	(FY2022 to FY2026) • Revenue CAGR: In the high single digits: 39.1% for FY2021 • Operating profit to revenue ratio: Maintain 25% or higher: 31.8%	 ○ ○
		8 Expansion of Human Capital → p. 44	Based on the human resource strategy for the realization of the corporate philosophy and vision, we are making efforts to recruit and develop human resources that contribute to business growth and to realize an organizational culture that leads to improvement of diversity and fostering a sense of unity. Systems and measures that attract human resources have been established, and an environment is provided where all employees can work with peace of mind and safety.		• Next executive talent: Promote the training for selected employees and the strategic personnel transfers • Globally competent talent: Promote development plans based on global development and implement global strategic personnel transfers • Digital talent: Develop talent to plan and lead the digital transformation, and provide training programs for them • Innovation talent: Provide programs to trigger innovations, and promote innovation • Other: Engage in activities to disseminate mission statements, provide voluntary-participation type training, develop a self-development learning support system, etc.	• In next executive talent pool: 200 (FY2026 target: at least 250) • In globally competent talent pool: 171 (FY2026 target: at least 300) • The number of human resources capable of being made available to participate and work in DX projects: 559 (FY2026 target: at least 500) • The number of talent capable of planning, managing, and executing DX projects: 138 (FY2026 target: at least 200) • Core innovation talent: 69 (FY2026 target: at least 180)	○ ○ ○ ○ ○
		9 Intellectual Property Strategies → p. 50	In our research and development activities, we ensure that IP that leads to innovative drugs is licensed, and we create new IP by leveraging internal and external IP to create financial value.		• Create and maintain IP to create innovative new drugs • Strengthen the inventive process to lengthen the life of launched products and products in development, and file patents effective for LCM*3 • Utilize IP (IP landscape) through integrated analysis with market and business information to determine the appropriateness of in-licensed products, new businesses, investments, etc.	• Products and the R&D pipeline: See p. 35 • Frequency of utilizing IP information (IP landscape)	○ ○
		10 Open Innovation → p. 30	Based on the original seeds discovered through collaborative research with world-class researchers, the Company is continually creating new drug candidates through drug discovery partnerships with biopharmaceutical companies.		• Promote collaborative research with world-class researchers, and drug discovery partnerships and research collaboration with biopharmaceutical companies focusing on priority research areas • Strengthen competitiveness in drug discovery and R&D activities through strategic investments by ONO VENTURE INVESTMENT, INC.	• The number of research/drug discovery partnerships: Approx. 280 globally (active as of the end of March 2024)	○
		11 Promotion of Diverse Partnerships → pp. 30, 82	We strengthen Company brands, etc. and accelerate business activities to promote partnerships with diverse stakeholders.		• Collaborate with partner companies in the research and development and sale of drugs • Build relationships with local communities and municipalities • Build cooperative relationships with the suppliers • Build relationships with many partners for our business	• The number of companies with which in-license and out-license agreements are concluded: 1 • The number of research/drug discovery partnerships: Approx. 280 globally (active as of the end of March 2024) • Other partnering results: See pp. 52, 62, 65, and 82.	○ ○ ○

*1 PoC (Proof of Concept): PoC studies are an early stage of clinical drug development to confirm that the safety and efficacy anticipated during drug discovery are demonstrated in clinical settings.
*2 "Well-being" refers to a state in which satisfaction in mental, physical, social, and life conditions are achieved.
*3 Life Cycle Management
*4 Released michiteku β-version in May 2023

Material Issues

○: Target achieved / steady progress towards the target　△: Stronger efforts needed to achieve the target　×: Not achieved

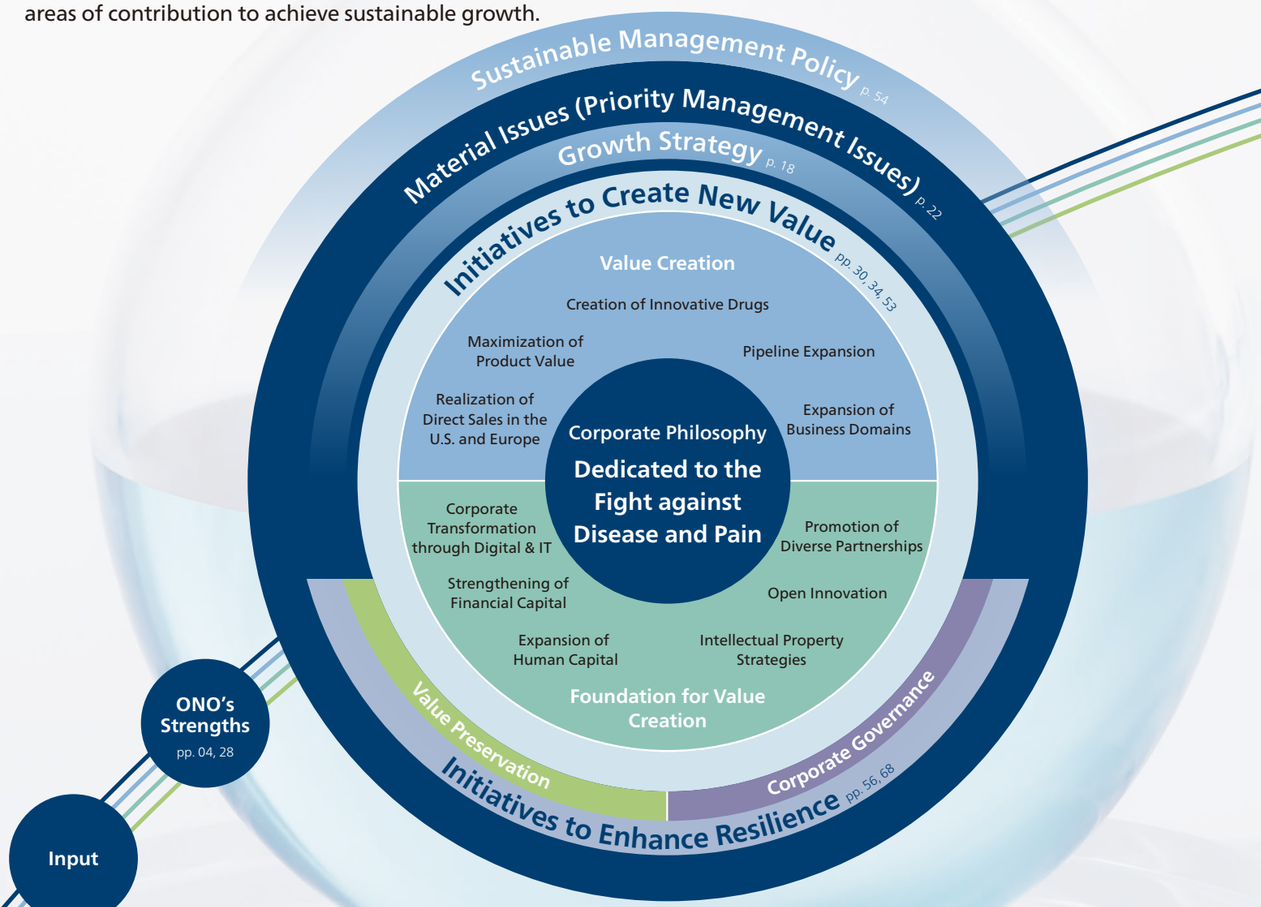
Material Issues			Vision over the medium- to long-term		Major initiatives	Indicators (items in blue are actual for FY2023)	Evaluation
Initiatives to Enhance Resilience	Value Preservation (Risk of damage to value)	12 Assurance of Reliability and Safety → p. 62	A Global Specialty Pharma company with established organizational systems for appropriate quality assurance and safety management.		• Create appropriate global systems for product quality and safety management • Establish an operation to study safety signals of investigational products • Establish a system to respond to inspections of products for the U.S. market in preparation for the launch of ONO-4059 in the U.S.	• Completion of global quality assurance and safety management systems • Zero critical findings from regulatory inspections: achieved • Zero recalls of ONO products: achieved	○ ○ ○
		13 Stable Supply of Products → p. 62	Our products are supplied stably to patients throughout the world.		• Build a global product supply system • Implement risk management for overall operations related to product supply, such as strengthening response to BCP, maintaining proper inventory, etc. • Examine mid- to long-term stable production systems, including increased production efficiency and the use of CMO, etc.	• No out-of-stock incidences: achieved	○
		14 Conservation of the Global Environment → p. 56	Under "ECO VISION 2050," we aim to become a leading company for the environment in the pharmaceutical industry, and will strive to maintain a rich global environment for future generations so that people can have a healthy and sound society.		• Reduce greenhouse gas emissions and increase share of renewable energy in total electricity consumption • Reduce use of water resources • Recycling of unnecessary materials	• Achievement of medium- to long-term environmental targets associated with ECO VISION 2050 • Realization of a decarbonized society: Scope 1 + 2 emissions (compared to FY2017) reduced by 46.2%, renewable energy utilization rate in purchased electricity reached 48.5% • Realization of a water-recycling society: Water resource consumption (water intake) reduced by 3.3% year-on-year • Realization of a resource-recycling society: Recycling rate of unnecessary materials 70.3%	○ ○ ○
		15 Respect for Human Rights → p. 65	Human rights risk management • Aim to construct a management system based on the UN Guiding Principles on Business and Human Rights • Aim to construct a governance system with adaptability to appropriately respond whenever human rights problems arise and establish a foundation of trust with society for the Group (including supply chain) Improving access to healthcare • We are delivering innovative medicines for rare and pediatric diseases. • We are contributing to local capacity-building*1 in areas with immature medical infrastructures (in collaboration with NPOs and NGOs).		Human rights risk management • Conduct human rights due diligence Improving access to healthcare • Develop new drugs and get additional approvals for rare diseases and pediatric indications with high unmet medical needs • Collaborate with NPOs and NGOs and support local capacity-building in areas with immature healthcare infrastructure	Human rights risk management • Conduct human rights due diligence within the Group (up to 2026) • Conduct human rights risk assessments for high priority suppliers (up to 2026) Improving access to healthcare • Number of approved rare disease/pediatric indications: 2 • Project outcome goals (A new project began in FY2022) → See ONO Bridge Project goals	 ○ ○ ○ ○
		16 Thorough Compliance → p. 84	Establish a compliance risk management system to support global business expansion and prevent compliance violations.		• Establish overall risk management (ERM) for global response, including compliance • Comply with relevant laws and regulations of the pharmaceutical business, promote proper use of pharmaceuticals, prevent corruption and corrupt practices, protect information, etc. • Foster a culture of proactive involvement in preventing compliance violations • Strengthen governance of compliance risks by the Board of Directors	• Number of significant compliance violations*2: 0	○
		17 Realization of Sustainability Management with Business Partners → p. 64	Strengthen collaborative relationships with business partners and manage sustainability-related risks such as the natural environment and human rights.		• Share our code of conduct, get consent forms • Assess risk • Carry out on-site audits • Confirm corrective action efforts	• Establish a stronger risk management system (formulate policies and Sustainable Procurement Code, and create related system) (up to 2026) • Comprehensive evaluations of companies in high-risk areas (up to 2026)	○ ○
	Corporate Governance	18 Strengthening of Corporate Governance → p. 68	Establish an effective governance structure to achieve sustainable growth		• Improve function of the Board of Directors to enhance governance Continue taking measures to enhance function of the Board of Directors through communications with stakeholders and evaluation of the effectiveness of the Board of Directors • Establish governance system for sustainable growth Continue monitoring risk management-related measures by the Board of Directors	• Improve operation through evaluations of the effectiveness of the Board of Directors: Expand support for Outside Directors, Board of Directors review of SR Activity Report (shared opinion of shareholders and investors) and agenda setting	○

*1 Providing support for the development of medical human resources and the establishment of medical systems so that communities facing challenges can overcome them on their own.

*2 Violations that have a great impact on sales and profits and have a great social impact.

ONO's Value Creation Process

ONO aims to contribute to people's health by delivering impactful and innovative drugs to the world, leveraging our six types of capital strengths cultivated through our drug discovery business as a Global Specialty Pharma. By becoming a true global company, we will continue to expand our stakeholders and areas of contribution to achieve sustainable growth.



Input

ONO's Strengths pp. 04, 28

Financial Capital
- Total capital: ¥798.6 billion
- Ratio of equity attributable to owners of the parent company: 86.8%

Human Capital
- Number of employees (consolidated): 3,853
- Training hours per employee: 64.5 hours
- Difference between health age and actual age due to health management: -1.8 years
- Employee satisfaction: 69% engagement (FY2023)

Intellectual Capital
- R&D costs: ¥112.2 billion
- R&D cost-to-revenue ratio: 22.3%
- Development pipeline
  - The number of products in the clinical development stage in FY2023: 20
  - New products/indications obtained in FY2018 – FY2023: 26
- Investment in bioventures related to the creation of Ono Venture Investment, Inc. and new drugs: 11 companies (as of the end of March 2024)

Social Capital
- Research/drug discovery partnerships: Approx. 280 in Japan and overseas
- Co-creation partners: 13 drug discovery partnerships in FY2023
- Affiliates: 27 companies in Japan and overseas

Manufacturing Capital
- Capital investment: ¥6.5 billion
- Manufacturing centers: 2

Natural Capital
- Energy consumption: 82,666 MWh
- Water resource consumption (water intake): 189.9 thousand m^3

Output

Main products

- **OPDIVO Intravenous Infusion**
  - Cancer
  - ¥145.5 billion
- **FORXIGA Tablets**
  - Diabetes, heart failure, CKD
  - ¥76.1 billion
- **ORENCIA for Subcutaneous Injection**
  - Rheumatoid arthritis
  - ¥25.8 billion
- **GLACTIV Tablets**
  - Type 2 Diabetes
  - ¥21.2 billion
- **VELEXBRU Tablets**
  - Primary central nervous system lymphoma
  - Macroglobulinemia and lymphoplasmacytic lymphoma
  - ¥10.2 billion
- **KYPROLIS for Intravenous Injection**
  - Refractory multiple myeloma
  - ¥9.1 billion
- **PARSABIV Intravenous Infusion for Dialysis**
  - Secondary hyperparathyroidism
  - ¥8.2 billion
- **ONGENTYS Tablets**
  - Parkinson's disease
  - ¥6.3 billion

OPDIVO and FORXIGA

Outcome

Economic Value
- **Stable earnings and increase in economic value**
  - Dividend per share: 80 yen (payout ratio: 30.0%)
  - TSR: 5.1% (10 years)

→ Shareholders & investors

Societal Value
- **Creation and provision of innovative drugs**
  - Number of patients to whom our new drugs are delivered: about 970,000
  - Number of approvals received: Japan, 2
- **Training diverse talent**
  - Versatile human resources who support the management foundation: total 999
  - Employee satisfaction: Engagement score 69% (+1 point from FY2022)

→ Patients, Employees, Co-creation partners, Government agencies, Local communities

Environmental Value
- **Realization of a decarbonized society**
  - Greenhouse gas emissions 46.2% reduction from FY2017 (FY2023)
  - Percentage of purchased electricity using renewable energy: 42.5% (FY2023)
- **Contributions to water-recycling society**
  - Water resource consumption 41.6% reduction from FY2017 (FY2023)
- **Realization of a resource recycling society**
  - Recycling rate for unnecessary materials: 70.3% (FY2023)
- **Conservation of biodiversity**
  - Endorsement of TNFD

→ General society (local communities)

Impact

We contribute to people's health by delivering innovative drugs worldwide as a Global Specialty Pharma

Contributing to People's Health

Preservation of a rich global environment for future generations

Realizing a society in which everyone can play an active role

Related SDGs

Co-created Value with Stakeholders for Each Type of Capital

Promoting partnerships with diverse stakeholders is vital in order to advance ONO's business and strategy. By meeting stakeholder expectations and establishing relationships based on trust and cooperation, we aim to co-create value and enhance corporate value and sustainable growth.

Types of Capital	Strengths of ONO	Stakeholders	Stakeholders' Expectations, Interests, and Needs	Initiatives to Provide Further Value
Financial	**Robust financial foundation leading to sustainable new drug discovery** • Stable financial foundation • High equity ratio • High profit margin from in-house products • Active investment in R&D • Domestic sales of OPDIVO and prescription drugs (¥145.5 billion)	Shareholders and investors	• Dividend policy - Progressive dividend policy of maintaining or increasing annual dividends • Dividend payout ratio: 30.0% forecast for FY2023 • Implemented up to ¥50 billion in share buybacks in FY2023 • Total return ratio: 69.1% • Growth investments - R&D investment for FY2022-2026: ¥600 billion - Considering investments of ¥150-200 billion for acquiring compound rights, etc. - (5 years from FY2022) / Use of investment funds from reduction of cross-shareholding	• Cash management for corporate value creation • Maximizing revenue and optimizing expenditures to strengthen the financial capital, the source of growth • Maximizing the generation of new cash • R&D investment: Focused investment in oncology, immunology, neurology, and specialty areas • Strategic investment: strategic investment to strengthen the drug discovery business, expand areas of business, and strengthen management infrastructure • Shareholder returns: stable dividends, consideration of flexible share buybacks > p. 41
Human	**Providing a challenger culture and opportunities for personal growth** • Active investment in people (development of cross-functional and specialized human talents) • Fertile ground for creating innovation (Ono Innovation Platform, HOPE)	Employees	• Employees - Corporate culture - Growth opportunities - Employment conditions and welfare benefits - Working environment	• Develop strategic human talent to realize growth strategies • Enhance management, global, digital, and innovation talent • Promote the Ono Innovation Platform (OIP) initiative to foster innovation > p. 44 • Maintain "ONO-ness" in global expansion • Develop talent who can realize the corporate philosophy on a global scale and implement strategies > p. 44 • Promote the active participation of women • Develop a system and environment that allows for fair recruitment, development, and securing of human talents regardless of gender, aimed at improving the ratio of female managers > p. 44
Intellectual	**R&D capabilities based on original drug discovery approaches and open innovation** • Open innovation - Experience in drug discovery for prostaglandin-related drugs and OPDIVO - Drug discovery and research collaborations (approx. 280 domestic and international collaborations) • Intellectual property focusing on lipids and cancer immunity / drug discovery through research collaboration with Nobel laureates • Aggressive R&D investment R&D-to-sales ratio 20–25% • Drug discovery that reflects patient opinions (Integrated management of CMC and Production) • Focus areas: Oncology, immunology, neurology, and specialty areas, all with high medical needs • Development pipeline: Number of products in clinical stage in development pipeline 20	Government agencies (Patents & Healthcare Policy) Co-creation Partners (Corporate & Academia)	• Government agencies - Extending citizens' healthy life expectancy - Stable ability to pay tax, and employment in the pharmaceutical industry - Enhanced scientific and technological capabilities, and realizing innovation • Co-creation partners - Contract payment, maximizing product value, research and development results, sales results - Securing high levels of trust from society (maintaining and strengthening governance)	• Pipeline expansion • Promoting open innovation in searching for original drug seeds. Pipeline Improving the quality and speed of drug discovery research to ensure smooth pipeline stage transitions • Promote licensing activities with a focus on drug candidates deemed to be strategic and efficient from a business perspective in order to expand existing products and the development pipeline > pp. 30, 34 • Research/drug discovery partnerships • Strengthen drug discovery and research collaborations with academia and collaborative partner companies in order to lead to the creation of innovative new drugs > p. 30 • Building development and research systems in the U.S. and Europe • Aim to improve our global presence, further strengthen collaboration between the three R&D divisions, and acquire global in-licensed products > pp. 30, 34, 38 • Promotion of next-generation healthcare business • Utilize the knowledge and strengths cultivated over the history of drug discovery to expand business domains. > p. 52
Society & Relationships	**Diverse partnerships to realize a sustainable society** • Pioneering open innovation that has continued uninterrupted for generations • Trust earned from patients and healthcare professionals • Number of patients to whom our new drugs are delivered in 2023: Approx. 970,000 • Research/drug discovery partnerships: Approx. 280 partnerships • Trust from physicians (external evaluation)	Co-creation Partners (Corporate & Academia) Patients Pharmaceutical wholesalers Healthcare professionals Local communities	• Pharmaceutical wholesalers, healthcare professionals, patients - Addressing unmet medical needs - Patient-centric drug discovery - Stable supply of pharmaceuticals - Provision of information on appropriate use - Increasing awareness of prevention and pre-symptomatic disease detection • Co-creation partners - Contract payment, maximizing product value, research and development results, sales results - Securing high levels of trust from society (maintaining and strengthening governance) • Local communities - Increased awareness of corporate social responsibility	• Enhancing recognition and brand power in global markets • Build sales structures for business expansion in large markets in the U.S. and Europe > p. 38 • Strengthening collaboration with co-creation partners • Further advancing relationship of trust and cooperation with partners to actively and strategically advance forward • Strengthen human rights risk management and build governance systems capable of appropriate response, with the aim of realizing a society where human rights are respected > pp. 30, 52, 62, 65
Manufacturing	**Manufacturing base that ensures stable supply of high-quality pharmaceutical products** • Stable supply system without shortages • Measures to ensure stable supply during disasters - Multiple manufacturing bases and contract manufacturing, and inventory management	Healthcare professionals Patients	• Ensuring the quality and stable supply of pharmaceutical products • Easy-to-use medications	• Maintaining a stable supply system without shortages • Building a global product supply system to ensure a consistent supply of products to patients worldwide > p. 62
Nature	**ECO VISION 2050 and environmental management** • ESG initiatives - Selected as a component stock for DJSI World and DJSI Asia Pacific for four consecutive years - Selected as one of the top six companies in the global pharmaceutical sector	Society in general (Including Local Communities)	• Sustainable management policies • Preservation of the Global Environment	• Achieving carbon neutrality by 2035 • Realization of a resource-recycling society • Reducing waste and water usage to maintain a rich global environment for future generations > p. 56 • Preservation of biodiversity • Awareness of corporate responsibility, and actions needed to reduce the burden on the global environment and local communities • Contributing to the realization of a nature-positive society by 2030 > p. 56

Research Strategy

Promoting Quick Drug Discovery of World-class Quality

ONO's history in drug discovery is challenges. We are promoting extremely aggressive open innovation such as acquiring unique drug discovery seeds through research partnerships with academia, and creating innovative new drug candidates through drug discovery partnerships with bio-venture companies with cutting-edge technologies, aiming to create innovative new drugs that address unmet medical needs. Recently, we have been accelerating the search for new drug discovery seeds and shortening the time to compound creation by using AI to analyze and utilize the vast amounts of information obtained from pioneering research, and with this are working to improve the success rate and speed of drug discovery. Additionally, we are actively promoting opportunities for our researchers to study abroad at collaborative research institutions, and to take up positions at research centers in the U.S. and Europe that explore opportunities for research and drug discovery collaborations, thereby raising the level of and engagement with each researcher. Looking forward, we will create systems to promote rapid drug discovery of world-class quality.

Seishi Katsumata
Corporate Officer / Executive Director,
Discovery & Research

Material Issue 1 Creation of Innovative Drugs

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• Cooperate with top scientists and accelerate the creation of new drugs that can change the world.	• The number of new drug candidates going to clinical trials: 1 (ONO-8250)	△

Material Issue 10 Open Innovation

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• Based on the original seeds discovered through collaborative research with world-class researchers, the Company is continually creating new drug candidates through drug discovery partnerships with bio-venture companies.	• The number of research/drug discovery partnerships: Approx. 280 globally (active as of the end of March 2024)	○

Material Issue 11 Promotion of Diverse Partnerships

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• We strengthen Company brands, etc. and accelerate business activities to promote partnerships with diverse stakeholders.	• The number of companies with which in-license and out-license agreements are concluded: 1	○
	• The number of research/drug discovery partnerships: Approx. 280 globally (active as of the end of March 2024)	○
	• Other partnering results: See pp. 52, 62, 65, and 82.	○

Drug Discovery Strategy

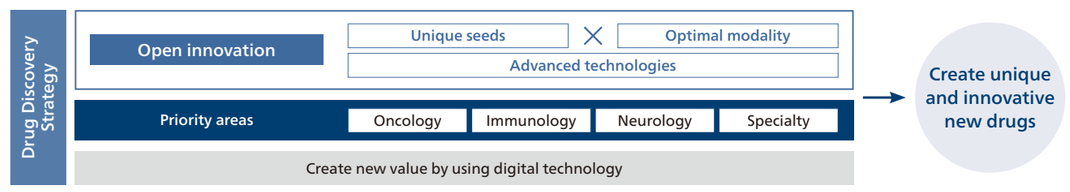
Our four priority areas of research and development

In our research and development, based upon our drug discovery strategy of "creating unique and innovative new drugs" we have identified oncology, immunology, neurology, and specialty areas as priority areas where there is a high level of medical needs. In each of these we are actively pushing forward with open innovation to both deepen our understanding of human disease biology, and to aim to create new drugs that can fulfill unmet medical needs. In addition, we are working to improve the quality and speed of drug discovery research through the use of digital technology. As of June 2024, a total of 11 new drug candidates in our priority therapeutic areas have proceeded to the clinical stage, and we are also continuing to bolster our efforts in translational research, bridging the gap between basic and clinical research. By organically leveraging informatics and research tools, such as human genome data and human iPS cells in the early stages of research, we are working to analyze the relationship between target molecules and diseases to find biomarkers that can more accurately predict and evaluate the efficacy of new drug candidates in humans, and to strive to improve the success rate of drug discovery.

Additionally, by establishing research centers that specialize in priority areas, we will accumulate and utilize disease know-how and further delve into human disease biology, and we are striving to strengthen the competitiveness of our drug discovery capabilities in order to create new drugs that meet medical needs. Animal experiments, which are essential for drug discovery research, are conducted in accordance with the law and related guidelines, and we ensure that they are conducted properly in consideration of the 3Rs* and animal welfare.

*3Rs…Replacement, Reduction, Refinement

Animal Ethics
https://www.ono-pharma.com/en/company/policies/ethical_considerations_in_animal_experiments.html



Open Innovation is the Lifeline of ONO

Collaboration with top scientists worldwide

In the 1960s, we identified new drug discovery seeds through partnerships with universities and other research institutes in drug discovery research into prostaglandins, and this led to the creation of innovative new drugs. This drug discovery activity through collaboration between industry and academia occurred more than 30 years before Professor Henry Chesbrough of Harvard University proposed the concept of open innovation in 2003.

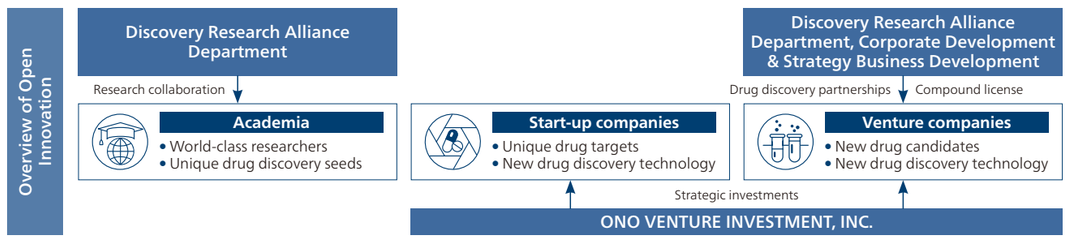
Today, there are nearly 300 research/drug discovery partnerships active both in Japan and overseas. Partnerships with a sense of urgency are required to obtain the latest research information ahead of competitors and to move forward with drug discovery. The Discovery Research Alliance Department and the Corporate Business Development Department cooperating with Research Centers and Clinical Development Divisions are taking the lead in collaborating on research with world-class scientists and forming drug discovery alliances with a focus on our priority research areas, and are actively in-licensing various drug candidates.

FY2023 initiatives

Since April 2023, we have launched 13 new drug discovery partnerships to create new drug candidates in priority areas and for the development of new drug discovery technologies. In addition to partnerships aimed at generating small-molecule drugs, we are also strengthening partnerships aimed at generating biopharmaceuticals, focusing on antibody drugs. Moreover, we are determinedly working to speed up and improve the success rate of drug discovery by starting partnerships that utilize AI to explore unique drug discovery seeds based on the vast amounts of information in the literature and on our proprietary information, and those that utilize AI technology in the generation of antibody drugs. In addition to the 13 drug discovery partnerships, we also signed a license agreement with NEX-I for the antibody drug "NXI-101" targeting the cancer immunotherapy resistance factor ONCOKINE-1.

In our efforts to develop biopharmaceuticals, in addition to (1) partnerships utilizing antibody libraries for antibody production and (2) partnerships that utilize AI in generating antibodies, we are also working on (3) partnerships for multi-specific antibodies that can control multiple targets with a single antibody. We are also working with Shattuck Labs in the challenge to generate modified protein therapeutics such as bifunctional fusion proteins, as well as biopharmaceuticals other than antibodies. In digital and AI initiatives, through a drug discovery partnership with EVQLV, Inc. initiated in December 2023, we aim to improve the speed of antibody drug discovery by leveraging their cutting-edge technology for designing antibodies on computers.

In the area of small molecule drug discovery, we are pursuing the acquisition of small molecule compounds targeting intermediate structures in protein folding through a drug discovery collaboration with Sibylla Biotech started in March 2024, and the acquisition of compounds inhibiting protein-protein interactions in cancer through a drug discovery collaboration with PRISM BioLab started in April 2024. Through these drug discovery partnerships, we are aiming to create new drug candidates that address unmet medical needs. For specific partners → See p. 33



Research Strategy

Research/drug discovery partnerships initiated since April 2023

Area	Collaborative partner	Start	Objective
Oncology	Adimab LLC (US)	September 2023	Generation of novel drug candidates for bispecific antibodies in oncology using Adimab's therapeutic antibody discovery and engineering technologies
	Turbine Ltd. (UK)	October 2023	Identification and validation of new therapeutic targets in oncology using Turbine's AI-driven cellular simulation platform
	Numab Therapeutics AG (Switzerland)	February 2024	Development and commercialization of novel multi-specific macrophage engager
	PRISM BioLab (Japan)	April 2024	Generation of new drug candidates inhibiting protein-protein interactions in oncology
Immunology	Twist Bioscience (US)	August 2023	Generation of antibody drugs for autoimmune diseases using Twist's proprietary antibody library
	Shattuck Labs (US)	February 2024	Generation of bifunctional fusion proteins targeting autoimmune and inflammatory diseases
Neurology	UK Dementia Research Institute (UK)	December 2023	Research collaborations for new therapeutic target molecule discovery in dementia
	Sibylla Biotech (Italy)	March 2024	Generation of new drug candidates for neurological diseases
	University of Oxford (UK)	March 2024	Comprehensive drug discovery collaboration to verify drug discovery seeds and acquire drug candidates in our priority areas
Undisclosed	EVQLV Inc. (US)	December 2023	Generation of antibodies for multiple targets using EVQLV's AI antibody design technology
	InveniAI LLC (US)	February 2024	Research collaboration for new therapeutic target discovery using InveniAI's AI and machine learning technologies
	Epsilon Molecular Engineering Inc. (Japan)	February 2024	Generation of new VHH antibody drugs
	Harvard University (US)	March 2024	University-wide, research alliance agreement aimed at verifying new drug discovery targets in our priority areas

Comprehensive research/ drug discovery partnerships with academia and co-creation partner companies

In our key areas, we are conducting comprehensive research and drug discovery collaborations with academia to both identify competitive drug discovery targets and create high-quality compounds. In March 2024, we concluded a five-year University-Wide, Research Alliance agreement with Harvard University in the U.S. Together with them, we will move forward with research collaboration by selecting research projects that lead to the verification of new drug discovery targets, and leveraging both parties' expertise, drug discovery know-how, and insights. Additionally, in the same month, we signed a comprehensive drug discovery collaboration agreement with the University of Oxford in the UK aimed at verifying drug discovery seeds and acquiring compounds for the generation of innovative drugs. We will select drug discovery seeds held by the University of Oxford that match our research focus areas. The university will conduct verification tests and compound screening. Based on the compounds obtained from this partnership, ONO will work on generating, developing, and commercializing new drug candidates.

Investment in venture companies

Our investment in drug discovery-related bio-venture companies is handled by ONO VENTURE INVESTMENT, INC. (OVI), a corporate venture capital (CVC) established in the US in 2020, while investment in non-pharmaceutical healthcare venture companies is handled by ONO DIGITAL HEALTH INVESTMENT, GK.

In December 2023, we doubled the investment amount in the ONO VENTURE INVESTMENT FUND I, L.P., managed by OVI, to 200 million USD, and we are now actively pursuing strategic return-driven investments. Including unlisted companies, OVI has directly invested in more than 10 venture companies.

Looking forward, we will continue to expand our investments in technologies and innovations that contribute to strengthening our future pipeline.

Drug Discovery Activities in Cooperation with Open Innovation: From the Generation of VELEXBRU to Maximizing Product Value

The drug discovery activities for VELEXBRU began with a drug discovery collaboration with a biotech company specializing in computer-aided drug design technology, and I have been involved since the early stages as someone in charge of nonclinical pharmacology. In drug discovery activities, we conducted research collaboration with experts and companies in Japan and overseas in building pharmacological evaluation systems, elucidating mechanisms of action, searching for combination drugs, and exploring indications in primary areas, with this creating innovative value for VELEXBRU through open innovation. The research collaboration we began with brain tumor specialists after the drug was launched in Japan is progressing steadily, making use of their expertise and ONO's experience. We believe that the new insights gained through open innovation will, in the future, allow us to deliver VELEXBRU to as many patients around the world as possible.

Tomoko Yasuhiro Associate Director, Research Center of Oncology Group V

Licensing Activities

In addition to strengthening our pipeline through drug discovery research, we are also actively pursuing licensing activities with the aim of in-licensing new candidates under development by pharmaceutical or bio-venture companies around the world. Our in-licensing efforts focus on drug candidates deemed to be strategic and efficient from a business perspective, and drug candidates viable from the perspective of diseases with high medical needs, also factoring in existing products and the development pipeline.

Through our licensing activities to date, we have built up trust with numerous companies, from major companies to bio-venture companies, and have promoted cooperation. Among the products successfully commercialized through our licensing activities, some were introduced by us at an early stage, then later licensed by megapharma companies for regions outside Japan, or acquired through corporate acquisitions.

We are actively working on in-licensing and acquiring companies to obtain the drug candidates in the late stage of development to further reinforce our infrastructure. Our acquisition of Deciphera Pharmaceuticals announced in April 2024 is the first step in this direction, and we will accelerate our growth strategy toward becoming a global specialty pharma by acquiring a promising global pipeline, strengthening development and sales systems in the U.S. and Europe, and acquiring research and development platforms. As for alliance activities, we are continuing to capture development and marketing rights throughout the world, which involves searching for promising drug candidates by not simply relying on database searching, but directly interviewing more than 400 companies annually.

ONO has in-licensed new drug candidates in the early development stage making use of its so-called "good judgment" based on technology infrastructure. Leveraging those experiences, we are now aiming to capture development and marketing rights for both late-stage development product candidates and various other products, with an eye toward medium- to long-term growth.

Licensing Activities (as of June 30, 2024)

Agreement date	In-licensing/ acquisition company	Product name and development code	Collaboration/acquisition details	Disease	Stage
May 2017	Array BioPharma (US) (later acquired by Pfizer)	BRAFTOVI	License agreement to develop and market BRAF inhibitor "encorafenib" and MEK inhibitor "binimetinib" in Japan and South Korea	Malignant melanoma, colorectal cancer	Launched in Japan and Korea (in Korea, only for colorectal cancer)
				Thyroid cancer	Filed in Japan
		MEKTOVI		Malignant melanoma, colorectal cancer	Launched in Japan
				Thyroid cancer	Filed in Japan
August 2017	Seikagaku Corporation (Japan)	JOYCLU	Agreement on co-development and co-marketing of a therapeutic agent for osteoarthritis, generic name: diclofenac etalhyaluronate, in Japan	Osteoarthritis	Launched in Japan
July 2019	Forty Seven, Inc. (US) (later acquired by Gilead)	ONO-7913	License agreement to develop and commercialize the anti-CD47 antibody ONO-7913/magrolimab in Japan, Korea, Taiwan and ASEAN countries	Blood cancer	P3 in Japan, Korea, Taiwan
				Solid tumors	P1 in Japan
October 2020	SK Biopharmaceuticals (Korea)	ONO-2017	License agreement granting ONO development and commercialization rights in Japan for anti-epileptic drug cenobamate	Primary generalized tonic-clonic seizures, Epileptic seizures	P3 in Japan
December 2020	Chordia Therapeutics Inc. (Japan)	ONO-7018	License agreement granting ONO global rights to develop, manufacture and commercialize mucosa-associated lymphoid tissue lymphoma translocation 1 (MALT1) inhibitor drug CTX-177 and its associated compounds	Lymphoma	P1 in US
February 2021	Ribon Therapeutics, Inc. (US)	ONO-7119	License agreement granting ONO rights in Japan, Korea, Taiwan, and ASEAN nations to develop and commercialize poly-ADP-ribose polymerase 7 (PARP7) inhibitor RBN-2397	Solid tumors	P1 in Japan
December 2022	Equillium Inc. (US)	—	Exclusive option and asset purchase agreement related to developing and commercializing the anti-CD6 monoclonal antibody itolizumab in the US, Canada, Australia, and New Zealand	Acute graft-versus-host disease	Global P3 ongoing
				Lupus nephritis	Global P3 ongoing
March 2024	NEX-I, Inc. (Korea)	NXI-101	License agreement to develop and commercialize the NXI-101 antibody against cancer immune resistance factor ONCOKINE-1 worldwide.	Oncology	P1 planned
June 2024	Deciphera Pharmaceuticals, Inc. (US)	QINLOCK	M&A conducted with the aim of expanding our oncology pipeline, acquiring development and sales capabilities in the U.S. and Europe, and accelerating R&D through the use of our drug discovery capabilities.	Gastrointestinal stromal tumor	Approved in over 40 countries
		vimseltinib		Tenosynovial giant cell tumor	Filed in the U.S. and Europe

Development Strategy

Tatsuya Okamoto
Corporate Officer / Executive Director,
Clinical Development

Aiming to be a Global Specialty Pharma
– Pipeline Expansion, Strengthening Development Capabilities in the U.S. and Europe, and Maximizing Product Value –

We are moving forward with clinical development in the key areas of oncology, immunology, neurology and specialty, and focusing on pipeline expansion (strengthening), maximizing product value, and accelerating global development. To strengthen the pipeline, we are enhancing our ability to conduct trials in order to establish proof of concept (POC) at an early stage, and also incorporating various strategies to improve the accuracy of result interpretation. For products in the pipeline that have already been launched, we are maximizing product value by adding additional indications and developing new combination therapies to meet the diverse unmet needs that still exist. Additionally, we are focusing on strengthening our clinical development system in the U.S. and Europe in order to deliver to patients worldwide the drugs we have discovered and developed.

Material Issue 2 **Pipeline Expansion**

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• Expanding the pipeline through PoC*1 trials for multiple diseases and licensing activities for new drug candidates obtained through translational research (TR*2) and data-driven drug discovery.	• The number of drug candidates in the clinical development stage: 20 items • The number of newly in-licensed drug candidates: 1 item (License for NXI-101 antibody against cancer immune resistance factor ONCOKINE-1) • Obtain approval in the U.S. and Europe: Total of 11 projects at the clinical trial stage	○ ○ ○

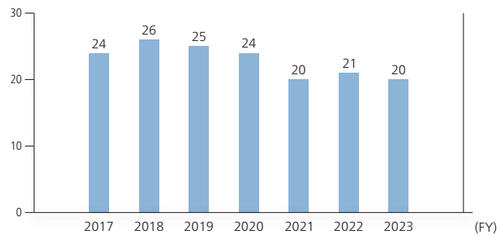
*1 PoC (Proof of Concept): PoC studies are an early stage of clinical drug development to confirm whether the drug candidates demonstrate the clinical safety and efficacy expected during the drug discovery phase.
*2 TR: Abbreviation for Translational Research. A method by which findings obtained from basic research are applied to clinical diagnosis, treatment, and evaluation of efficacy.

Clinical Development

Pipeline expansion (Strengthening)

In clinical development, we aim to enhance the quality of the pipeline, meaning that we have many projects with established POCs, and numerous validation-type clinical trials conducted. To deliver drug candidates created by our drug discovery research and those acquired through licensing activities as quickly as possible to patients suffering from diseases around the world, it is necessary to strengthen the quality of our pipeline. Accordingly, it is important to establish POCs early and to build and operate systems that allow for the parallel implementation of clinical trials targeting multiple diseases simultaneously, thereby shortening the time from a transition to the clinical stage, to the establishment of the POC. We are also actively working to utilize biomarkers based on TR along with real-world data and clinical data obtained in-house as a way to accurately establish POC in clinical trials that are as compact as possible.

Number of Products in the Clinical Development Stage



Maximization of product value

In order to enhance product value, we are also working on adding new indications to existing products. In addition to expanding the indications of existing products, we are also continuing work to develop combination therapies that can be used at earlier stages of treatment and that improve treatment efficacy in order to meet unmet medical needs.

Acceleration of global development

Up until now, with the exception of Korea and Taiwan, where we have established our own sales systems, we have licensed out to partner companies the development and sale of drug candidates discovered in-house.

However, from now on we intend to ourselves deliver the drug candidates we have discovered and developed our-selves to patients in the U.S. and Europe, the world's largest markets. To achieve this, we are strengthening and enhancing our clinical development system in the U.S. and Europe also, as well as conducting clinical trials targeting these countries and regions, and are building a system that can handle all processes involved in clinical development, from regulatory application to approval.

Currently, we are advancing the global development of all drug candidates discovered in-house and of those we have acquired the global commercialization rights to. In the field of oncology, we are currently conducting Phase II trials aimed at obtaining approval in the US for VELEXBRU Tablets (BTK inhibitor), which are already on the market in Japan. We are also conducting Phase II trials with ONO-4578 (EP4 antagonist) for the treatment of gastric cancer. In non-oncology, ONO-2910 (Enhancement of Schwann cell differentiation) and ONO-2808 (S1P5 receptor agonist) are both in Phase II trials, with ONO-2808 being part of a global multi-center clinical study conducted in Japan and the US. Including other products, we have 11 global development pipelines in the clinical stage.

Global Pipeline (As of July 18, 2024)

Product Name (Development Code)	Mechanism	Target Disease	Development Stage (Japan) I	Development Stage (Japan) II	Development Stage (Overseas) I	Development Stage (Overseas) II	In-house / In-license	Development Area
VELEXBRU Tablets (ONO-4059)	BTK inhibitor	Primary central nervous system lymphoma	Launched		US		In-house	
ONO-4578	EP4 antagonist	Gastric cancer			KR, TW		In-house	Oncology
		Colorectal cancer						
		Pancreatic cancer						
		Non-small cell lung cancer						
		Hormone receptor-positive, HER2-negative breast cancer						
ONO-7475	Axl/Mer inhibitor	EGFR-mutated non-small cell lung cancer					In-house	
		Pancreatic cancer						
ONO-7914	STING agonist	Solid tumor					In-house	
ONO-4685	PD-1×CD3 bispecific antibody	T-cell lymphoma			US		In-house	
ONO-7018	MALT1 inhibitor	Non-Hodgkin lymphoma Chronic lymphocytic leukemia			US		In-license (Chordia)	
ONO-8250	iPSC-derived HER2 CAR T-cell therapy	HER2-expressing solid tumors			US		In-house (co-developed with Fate Therapeutics)	
ONO-2808	S1P5 receptor agonist	Multiple system atrophy			US		In-house	Neurology
ONO-2910	Enhancement of Schwann cell differentiation	Diabetic polyneuropathy			US		In-house	
		Chemotherapy-induced peripheral neuropathy						
ONO-2020	Epigenetic regulation	Neurodegenerative disease			US		In-house	
ONO-1110	Endocannabinoid regulation	Pain					In-house	
ONO-4685	PD-1×CD3 bispecific antibody	Autoimmune disease			EU		In-house	Immunology

Development Strategy

Development Pipeline (As of July 18, 2024)

Oncology

Product Name / Development Code / Generic Name	Mechanism	Dosage Form	Target Indication	Phase I	Phase II	Phase III	Filed	Area	In-house / In-license
OPDIVO Intravenous Infusion	Anti-PD-1 antibody	Injection	Hepatocellular carcinoma	→	→	→		JP, KR	In-house (Co-developed with BMS)
			Bladder cancer	→	→	→		JP, KR, TW	
YERVOY Injection★	Anti-CTLA-4 antibody	Injection	Gastric cancer	→	→	→		JP, KR, TW	BMS
			Urothelial cancer	→	→	→		JP, KR, TW	
			Hepatocellular carcinoma	→	→	→		JP, KR	
ONO-7913/magrolimab	Anti-CD47 antibody	Injection	Pancreatic cancer★	→				JP	Gilead
			Colorectal cancer★	→				JP	
ONO-4482★/relatlimab	Anti-LAG-3 antibody	Injection	Melanoma	→	→	●		JP	BMS
			Hepatocellular carcinoma	→	→	→		JP, KR, TW	
ONO-7475/tamnorzatinib	Axl/Mer inhibitor	Tablet	Solid tumor★	→				JP	In-house
			EGFR-mutated non-small cell lung cancer	→				JP	
ONO-4578	PG receptor (EP4) antagonist	Tablet	Gastric cancer★	→	→	→		JP, KR, TW	In-house
			Colorectal cancer★	→				JP	
			Pancreatic cancer★	→				JP	
			Non-small cell lung cancer★	→				JP	
			Hormone receptor-positive, HER2-negative breast cancer	→				JP	
ONO-7427★	Anti-CCR8 antibody	Injection	Solid tumor	→	→	●		JP, US, EU	BMS
ONO-7914★	STING agonist	Injection	Solid tumors	→				JP	In-house
ONO-4059	Bruton's tyrosine kinase (BTK) inhibitor	Tablet	Primary central nervous system lymphoma	→	→	→		US	In-house
ONO-4685	PD-1×CD3 bispecific antibody	Injection	T-cell lymphoma	→				JP, US	In-house
ONO-7018	MALT1 inhibitor	Tablet	Non-Hodgkin lymphoma Chronic lymphocytic leukemia	→				US	Chordia
ONO-4538HSC (Subcutaneous formulation of nivolumab)	Anti-PD-1 antibody	Injection	Solid tumors	→				JP	Co-developed with BMS
ONO-8250	iPSC-derived HER2 CAR T-cell therapy	Injection	HER2-expressing solid tumors	→				US	In-house (co-developed with Fate Therapeutics)

★Combination with OPDIVO
●Indicates development stage I/II
*In the case of clinical development of the oncology drugs in the same indication, the most advanced clinical phase is described.

Areas other than oncology

Product Name / Development Code / Generic Name	Mechanism	Dosage Form	Target Indication	Phase I	Phase II	Phase III	Filed	Area	In-house / In-license
VELEXBRU Tablets/ tirabrutinib Hydrochloride	Bruton's tyrosine kinase (BTK) inhibitor	Tablet	Pemphigus	→	→	→		JP	In-house
ONO-2017/ cenobamate	Inhibition of voltage-gated sodium currents/positive allosteric modulator of $GABA_A$ ion channel	Tablet	Primary generalized tonic-clonic seizures	→	→	→		JP	SKBP
			Partial-onset seizures	→	→	→			
ONO-2910	Enhancement of Schwann cell differentiation	Tablet	Diabetic polyneuropathy	→	→			JP	In-house
			Chemotherapy-induced peripheral neuropathy	→	→			JP	
				→				US	
ONO-2808	S1P5 receptor agonist	Tablet	Multiple system atrophy	→	→			JP, US	In-house
ONO-4685	PD-1×CD3 bispecific antibody	Injection	Autoimmune disease	→				JP, EU	In-house
ONO-2020	Epigenetic regulation	Tablet	Neurodegenerative disease	→				US	In-house
ONO-1110	Endocannabinoid regulation	Oral	Pain	→				JP	In-house

Development pipeline of Deciphera Pharmaceuticals, acquired in June 2024

(See p.39 for more information on the Deciphera acquisition)

Product Name / Development Code / Generic Name	Mechanism	Dosage Form	Target Indication	Phase I	Phase II	Phase III	Filed	Area	In-house / In-license
QINLOCK/ripretinib	KIT inhibitor	Tablet	Second-line treatment for gastrointestinal stromal tumors KIT Exon 11+17/18	→	→	→		NA, SA, EU, AU, KR, TW	Deciphera Pharmaceuticals
DCC-3014/vimseltinib	CSF-1R inhibitor	Tablet	Tenosynovial giant cell tumor	→	→	→		NA, EU, AU, HK	Deciphera Pharmaceuticals
DCC-3116	ULK inhibitor	Tablet	Solid tumors (in combination with sotorasib)	→	→	●		US	Deciphera Pharmaceuticals
			Solid tumors (in combination with ripretinib)	→	→	●		US	
DCC-3084	Pan-RAF inhibitor	Tablet	Solid tumors	→	→	●		US	Deciphera Pharmaceuticals

●Indicates development stage I/II
*In the case of clinical development of the oncology drugs in the same indication, the most advanced clinical phase is described.

JP : Japan, US : United States, EU : Europe, KR : Korea, TW : Taiwan, NA : North America, SA : South America, AU : Australia, SG : Singapore, HK : Hong Kong

Global Commercial Strategy

The Challenges of Pioneering the Future of Global Healthcare

We are taking on the challenge of pioneering a new future for healthcare on a global scale. We have already established sales bases in Korea and Taiwan, and are moving to the second phase, which focuses on strengthening direct sales in the U.S. and European markets. In 2024, we acquired Deciphera Pharmaceuticals, Inc., significantly enhancing our new drug development and sales capabilities in oncology. Through this, by leveraging our preeminent R&D and sales capabilities, we will aim to provide innovative treatment options to patients worldwide as a true Global Specialty Pharma. Through delivering new hope and a future, we are striving for sustainable growth.

Masayuki Tanigawa
Corporate Officer / Corporate Development & Strategy

Material Issue 4	Realization of Direct Sales in the U.S. and Europe	
Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• Aiming to become a globally competitive specialty pharmaceutical company, we are marketing new drugs in the U.S. and Europe.	• Start direct sales in the U.S. and Europe: Increase of about 40 employees (total of about 100 employees) to reinforce development organization, sales organization, and infrastructure at ONO PHARMA USA, INC.	○

Working to Establish our Own Commercial Operations in the U.S. and Europe to Become a True Global Company

We aim to be a Global Specialty Pharma that can compete worldwide, to contribute to the health of as many people as possible over the long term, by providing innovative drugs. As one of our key strategies, in order to deliver drugs discovered and developed by our Company to patients around the world, we are working to build a system for global development and direct sales of new drugs, focusing on the U.S. and European markets. We have defined three steps that will transform us into a global company. Step 1:"Globalizing Our Commercial Organizations" have established local subsidiaries in Korea and Taiwan, where we have already started our own sales operations. At present, we are in Step 2 working to establish our own commercial organization and direct sales operations in the U.S. and Europe. By launching a variety of products in the expansive U.S. and European markets, we will not only overcome the expiration of the OPDIVO patent but also achieve further growth.

Step 1: Globalizing our marketing organizations

Our global expansion began in earnest with the establishment of ONO PHARMA KOREA CO., LTD. located in Korea in FY2013 followed by ONO PHARMA TAIWAN CO., LTD. in FY2014, both of which are wholly owned subsidiaries of ONO, steadily increasing our presence in Asia. The subsidiaries established their own commercial organizations, and we started direct sales operations for OPDIVO in Korea in FY2015 and in Taiwan in FY2016, respectively. OPDIVO has been approved for 10 cancers in Korea and 11 cancers in Taiwan. The indications for other major products are as listed in the table below, and we are working to contribute to the advancement of cancer treatment in both countries.

Approval Status / Therapeutic Indications of Major Products

Major Products	Korea (Indications and Efficacy)	Taiwan (Indications and Efficacy)
OPDIVO	10 cancer types (FY2023)	11 cancer types (FY2023)
VELEXBRU Tablets	Relapsed or refractory primary B-cell CNS lymphomab (FY2021)	Relapsed or refractory primary B-cell CNS lymphomab (FY2022)
BRAFTOVI	Advanced or relapsed colorectal cancer with $BRAF^{V600E}$ mutation (FY2021)	—

Step 2: Realization of direct sales in the U.S. and Europe

In the U.S. and Europe, we are working to develop our own commercial organizations for direct sales operations with an eye on launching a variety of products, such as ONO-4059 (VELEXBRU Tablets).

In the U.S., we are taking the opportunity of the office relocation of our U.S. subsidiary ONO Pharma USA, Inc. to Cambridge, Massachusetts in 2021 to acquire talented human resources with extensive experience in the pharmaceutical industry, and to create a competitive organizational structure. In addition to expanding our development structure for new drugs such as ONO-4059, we will strengthen our organization for bringing products to market by hiring human resources from Commercial, Pharmacovigilance, and Medical aiming for a team size of about 170 people by FY2026 to establish direct sales operations, and to continuously market first-in-class products. In 2023, OPUS began disease awareness activities related to primary central nervous system lymphoma (PCNSL) at ASH2023 (American Society of Hematology). By raising awareness of PCNSL, we will support patients around the world suffering from this disease.

Establish Direct Sales Organization in the U.S. and Europe

ONO PHARMA USA, INC.

The Company aims to increase the number of employees to at least 170 in FY2026. It has the following departments.

Clinical Development	Marketing	Sales	Market Access	Medical
PV	QA	CMC・Production	Company Infrastructure	

ONO PHARMA UK LTD.

In addition to the following departments, it plans to build an organization for direct sales, which includes marketing and sales.

Clinical Development	PV	QA	Company Infrastructure	Market Access

Three steps to becoming a global company

Step 1 Globalizing marketing operations

Launched marketing in Korea in FY2015
Launched marketing in Taiwan in FY2016

Step 2 Expanding marketing operations into US and Europe

Development and in-house expansion in oncology in the U.S. and Europe

Step 3 Becoming a true global company

Global development & marketing operations
Expansion of revenue in oncology in the U.S. and Europe, expansion of business into non-oncology fields

Asia
Expand sales & marketing channels following Korea/Taiwan

Candidates for launch in European and U.S. Markets

Field	–2026	2027–2031		2032–		
Oncology	ONO-4059 (Blood cancer)	ONO-4685 (Blood cancer)	ONO-7018 (Blood cancer)	ONO-4578 (Solid tumors)	ONO-7914 (Solid tumors)	ONO-7475 (Solid tumors)
Neurology		ONO-2910 (Diabetic polyneuropathy, Chemotherapy-Induced Peripheral Neuropathy)	ONO-2020 (Neurodegenerative diseases)	ONO-2808 (Multiple system atrophy)	ONO-1110 (Pain)	
Immunology		Itorizumab (Complication that occurs after hematopoietic stem cell transplants)	ONO-4685 (Autoimmune disease)			

In Europe, we are considering expanding our sales capability, focusing on sales in Germany, the United Kingdom, France, Italy, and Spain. We will continue to improve and strengthen the organization, including development, to build a development structure so we will be able to do the work from late-stage clinical trials to regulatory filings, in-house.

Acquisition of Deciphera

With a view to our medium- to long-term growth strategies of "Reinforcement of pipelines and acceleration of global development" and "Realization of direct sales in the U.S. and Europe," we acquired Deciphera Pharmaceuticals, Inc. in June 2024. Through this acquisition, we have obtained two oncology products that have been approved or are under application, along with three drug candidates in the development stage in oncology, thereby expanding our pipeline.

We will leverage Deciphera's excellent R&D and sales capabilities in the U.S. and Europe to further expand our pipeline, and accelerate global development within our Group.

Deciphera pipeline → See p. 37

Step 3: Becoming a true global company

In regions where we have established sales bases with "Realization of Direct Sales organizations in the U.S. and Europe," step 2 of the global expansion, we will continue to launch new drugs that meet further unmet needs, and in the final third step, we will consider expanding our sales capability to China, ASEAN countries, and other regions.

Maximization of Product Value

Maximizing Product Value from a Patient-Oriented Perspective

A patient-centered perspective is essential to our business operations. Patients suffer not only from physical pain, but also from psychological and social anxieties and worries. We want to solve these problems and bring smiles to the faces of patients and their families. Driven by this passion, we have been promoting the proper use of our products and delivering innovative drugs. As a result, for example, OPDIVO has been used by approximately 190,000 cancer patients since its launch in 2014. We will continue our efforts to maximize the value of our products by providing timely and appropriate information on efficacy and safety to healthcare professionals in order to realize the wellbeing of patients and their families.

Satoshi Takahagi
Corporate Executive Officer / Executive Director, Sales and Marketing

Material Issue 3 **Maximization of Product Value**

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• We have addressed our goal of achieving the wellbeing* of patients and their families in cooperation with healthcare professionals, and as a result, our new drugs are spreading promptly.	• Number of patients to whom our new drugs are delivered: Approx. 970,000 patients	○
	• Sales by major product: OPDIVO: ¥145.5 billion, FORXIGA: ¥76.1 billion	○
	• Number of approvals received in Japan, Korea, and Taiwan: Japan 2 approved	○

*Patients indicating mental, physical, social, and life satisfaction.

Realizing Patient Wellbeing through Maximization of Product Value

ONO has set targets for the number of patients to whom our new drugs are delivered, sales by major product, and the number of approvals received in Japan, Korea, and Taiwan as indicators for realizing patient wellbeing. To achieve these targets, we are sharing unmet medical needs and patient feedback in the medical field, and working to maximize product value.

Implementing the appropriate use of medications

The realization of patient wellbeing requires an understanding of the patients' symptoms, concerns, and worries, as well as the proper use of pharmaceuticals. ONO has established KPIs for each fiscal year with the goal of ensuring that new drugs are used appropriately by as many new patients as possible.

In the oncology field, we are working to implement appropriate use by providing information related to not only efficacy and long-term use, but also the management of immune-related adverse events. Since FY2022, we have been providing "FukuSapo," a physical condition management application, to patients undergoing treatment with immune checkpoint inhibitors. Through the application, we hope to increase patients' awareness of self-management, with the aim of early detection and early treatment of immune-related adverse events.

In addition to information on diseases and pharmaceuticals, the ONO ONCOLOGY website for patients provides information to support cancer patients in their daily physical care, mind, and life, so that they and their families can face treatment with peace of mind. These initiatives let us provide OPDIVO to approximately 30,000 patients in FY2023.

In the areas of diabetes, heart failure, and kidney disease, we are working to disseminate information in accordance with the guidelines for the treatment of chronic kidney disease, and implement appropriate, evidence-based use. In FY2023, we held more than 1,000 webinars for healthcare professionals (330,000 participants in total) to offer information that leads to appropriate use. Through these initiatives, we were able to provide FORXIGA to approximately 678,000 patients in FY2023.

Maximizing the value of OPDIVO

Together with our partner company Bristol-Myers Squibb, ONO is working to maximize product value from the four perspectives of expansion of indications for cancer types, expansion of treatment lines, development of combination therapies, and exploration of biomarkers. In FY2023, we received additional approval in Japan for efficacy and results for malignant mesothelioma (excluding malignant pleural mesothelioma) and advanced or recurrent epithelial skin malignancies that are not curatively resectable.

Financial Strategy and Medium- to Long-Term Investment Policy

Advancing R&D and Strategic Investments to Create Corporate Value with a Robust Financial Capital Base

ONO grew significantly with the launch of OPDIVO, which has been recognized as a groundbreaking anti-cancer drug. However, with OPDIVO's patent expiration approaching in 2031, we have been executing a medium-term management plan since FY2017 to ensure sustained growth beyond this period. This medium-term management plan divides the 15 years from FY2017 to FY2031 into three five-year phases and outlines strategies for global growth as we aim to become a Global Specialty Pharma that delivers innovative drugs to the world.

Masaki Itoh
Corporate Officer / Division Director, Corporate Strategy & Planning, Business Management Division

Material Issues 7 **Strengthening of Financial Capital**

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• Based on our corporate philosophy, "Dedicated to the Fight against Disease and Pain," we strive to maintain and expand a robust financial base that leads to drug discovery, with the aim of becoming a Global Specialty Pharma that creates innovative new drugs that truly benefit patients, and responds to unmet medical needs.	(FY2022 to FY2026)	
	• Revenue CAGR: In the high single digits: 39.1% for FY2021	○
	• Operating profit to revenue ratio: Maintain 25% or higher: 31.8%	○

Financial Policy

Currently, we are in the second medium-term management plan and our four growth strategies are "Maximization of product value – from a patient-centered perspective –" "Reinforcement of pipelines and acceleration of global development," "Realization of direct sales in the U.S. and Europe," and "Expansion of business domains." In addition to these, we are engaged in both the financial and non-financial activities of "corporate transformation through Digital & IT" and "expansion of intangible assets," the management infrastructures to support growth strategies. We invest the funds generated from our business activities in these growth strategies. Long-term vision and four growth strategies → See p. 18

As a pharmaceutical company centered on drug discovery, it is important to have a growth strategy that takes a medium- to long-term perspective, rather than a short-term perspective, in order to continuously create new drugs. Financial strategy, therefore, requires maintaining a stable financial foundation and a sound and strong balance sheet to support this growth. Additionally, stable shareholder returns must be provided to investors. Therefore, in order to provide stable shareholder returns, we announced a progressive dividend policy and a target payout ratio of 40% from FY2024. We have also been conducting share buybacks as needed, and will continue our financial activities by balancing investment, shareholder returns, and a stable financial foundation.

Growth strategy targets (FY2022–2026)

	FY2021 Result	FY2022 Result	FY2023 Result	FY2024 Forecast	FY2026 Target
Revenue (¥ billion)	361.4	447.2	502.7	450.0	Revenue CAGR High single-digit
Operating profit margin (% of revenue)	28.6	31.7	31.8	27.1	Maintain 25% or higher
R&D expenses (¥ billion)	75.9	95.3	112.2	112.0	—
R&D expense ratio (% of revenue)	21.0	21.3	22.3	24.9	20–25%

*Compared to FY2021

Financial Strategy and Medium- to Long-Term Investment Policy

Cash Allocation Policy

Cash allocation has progressed largely in line with the scenario in the second medium-term management plan launched in FY2022. We have allocated 600 billion yen from accumulated profits and newly generated cash to R&D investment and have been operating with the intention of utilizing the remaining significant investment capacity as a strategic investment framework. As such, we have allocated 250 billion yen towards enhancing the drug discovery business, expanding business domains, and reinforcing the management foundation.

In the short to medium term, the Financial Division is working to visualize surplus funds while balancing activities to maximize product value, R&D, and shareholder returns. This approach allows for quick responses to investment opportunities to strengthen our pipeline. Additionally, we will generate cash reserves by promoting the liquidity of cross-shareholdings in the medium to long term.

We expect to achieve the growth strategies outlined in the medium-term management plan by steadily executing investment plans through such cash allocation. In particular, we have made "realization of direct sales in the U.S. and Europe" a reality through ONO-4059 in-house drug discovery and M&A, and are also steadily securing assets for the direct marketing of multiple products in the U.S. and Europe.

R&D Investment

In FY2023, R&D expense reached 112.2 billion yen, exceeding 100 billion yen for the first time. This is nearly double the 57.5 billion yen at the start of the medium-term management plan in FY2017, and activities to expand the new drug pipeline leveraging our strong R&D capabilities are progressing well. Growth investments are not only focused on strengthening the drug discovery business but also include investments in business domain expansion and strengthening the management foundation. In June 2024, we acquired the US venture Deciphera Pharmaceuticals for approximately USD 2.4 billion (about 380 billion yen), further expanding our pipeline and steadily strengthening our direct sales system in the U.S. and Europe.

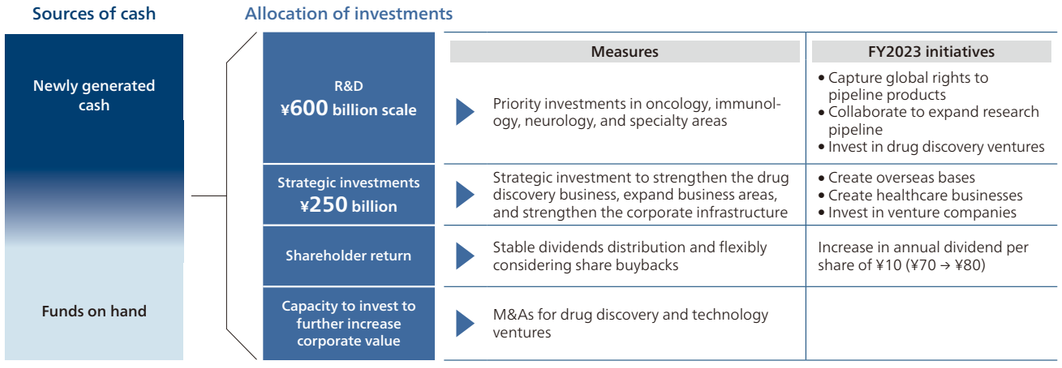
Returns and TSR Considering Capital Costs

As a listed company, our investment decisions have traditionally been based on the cost of equity capital as the hurdle rate. Regarding the cost of equity capital, in addition to the CAPM-based approach, we work to increase corporate value while recognizing the cost of implied capital, which reflects investor expectations. We anticipate that the years following the major acquisition in FY2024 will be challenging in terms of performance until the results of the M&A materialize. However, we have announced a progressive dividend policy to maintain the current level of shareholder returns and dividend policy.

We recognize that TSR is an important metric for investors as it reflects the results of their investments. We will increase income gains through a progressive dividend policy, targeting a payout ratio of 40%. At the same time, through enhancing fundamentals, engaging in vigorous IR activities, and other efforts to achieve sustainable corporate value growth, we aim to improve market evaluation and increase TSR.

https://www.ono-pharma.com/en/company/strategy.html

Sources of Cash and Allocation of Investments (FY2022-FY2026)



*In June 2024, we acquired Deciphera Pharmaceuticals based on our strategic investment and capacity for further enhancing corporate value.

Investment in Talent to Create Significant Added Value

In an era of digital transformation and rapidly changing industrial structures, human capital and other intangible assets are becoming key factors that determine a company's competitive advantage. We therefore recognize that the focus of shareholders and investors is shifting from tangible assets to the expansion of intangible assets. Among these, human capital is particularly emphasized, and we invest heavily in researchers at our research institutes and other human resources. We dispatch researchers to world-class universities and research institutions both in Japan and overseas, where they accumulate valuable experience in drug discovery while continuously learn cutting-edge science, technology, and drug discovery methods through interactions with top scientists. We believe that these activities enable us to bring in external capital, enhance our research and development capabilities, and ultimately increase our intellectual capital, leading to significant achievements.

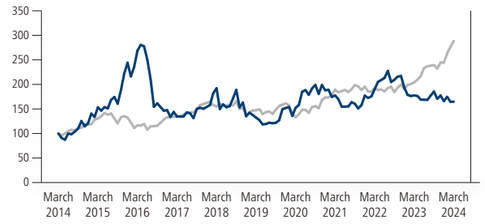
Our efforts to increase intangibles assets in our capacity as those responsible for finance include activities related to research and development platforms, sales organizations, talent acquisition, and M&A. Moving forward, we will collaborate with the business strategy department on cash generation and its management in order to overcome the patent expiration of OPDIVO in 2031 and achieve further growth.

Cash Management for Growth and Corporate Value Creation and the Mission of the Finance Department

It is essential to strengthen financial capital to support investments for growth in order to achieve growth and increase corporate value. Cash management, based on medium-term capital allocation that supports investment activities and shareholder returns, is important. This requires maximizing income and optimizing expenses, as well as cash management constantly considering the appropriate cash position for the entire Group.

A foundation for creating value is important to generate sustainable growth and provide society with value, such as innovative drugs. We consider digital technology and IT that contributes to corporate transformations; stronger financial capital, the resource for growth; greater human resources who contribute to transforming the Company into a Global Specialty Pharma; an intellectual property strategy, which is indispensable for a pharmaceutical company; and partnerships with parties outside the Company, which includes open innovation, the lifeline for corporate growth, as this foundation, and focus on achieving each one. In this context, we believe that strengthening financial capital, which is the source of growth, is an important mission entrusted to the finance department.

Total Shareholder Return (TSR)



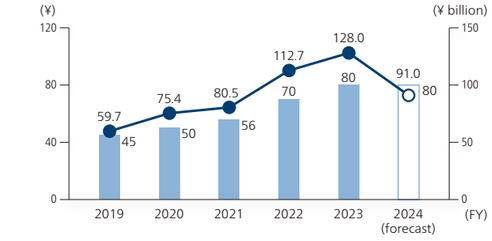
Stock Performance (Total Shareholder Return)

(%)

	1-year	3-year Cumulative	3-year Annual	5-year Cumulative	5-year Annual	10-year Cumulative	10-year Annual
ONO	-8.3	-7.9	-2.7	+27.0	+4.9	+65.4	+5.2
TOPIX	+41.3	+52.5	+15.1	+96.2	+14.4	+188.6	+11.2

- Total Shareholder Return (TSR): Total return to shareholders. Total return on investment including capital gains and dividends
- TSR is calculated based on the cumulative dividends and stock price for ONO and based on the stock price index including dividends for TOPIX (created based on Bloomberg data)
- Graph values are indexed to the market value by TSR with the closing price data at the end of March 2014 as 100 (holding period is until the end of March 2024)
- Returns are expressed as a percentage change in the initial investment amount, which is commonly used to measure return on investment.

Shareholder Returns



Fiscal year	2019	2020	2021	2022	2023	2024 (planned)
Total dividends (¥ billion)	22.5	25.0	27.7	34.2	37.9	
Payout ratio (%)	38.0	33.1	34.5	30.3	30.0	41.3
Share buybacks (¥ billion)	29.6	—	30.0	—	50.0	
Total return ratio (%)	87.2	33.1	71.6	30.3	69.1	

Global Talent Strategy

Aiming to Realize Human Capital Expansion and Global Talent Management

In order to achieve the goals of the medium-term management plan formulated based on our corporate philosophy and vision, we are expanding our human capital by hiring and developing talent that contribute to our growth strategy, boosting the capabilities of all human resources, and fostering an organizational climate and culture that will realize high employee engagement.

In October 2023, we began operating a global talent system to strengthen the management foundation supporting the globalization of our business. We are globally unifying the concepts and processes for the grading, evaluation, and compensation systems, and conduct organizational operations and human resource management on a global basis.

Mitsuhiro Takamiya
Senior Director,
Human Resources Planning

Material Issue 8 Expansion of Human Capital

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• Based on the human resource strategy for the realization of the corporate philosophy and vision, we are making efforts to recruit and develop human resources that contribute to business growth and to realize an organizational culture that leads to improvement of diversity and fostering a sense of unity. Systems and measures that attract human resources have been established, and an environment is provided where all employees can work with peace of mind and safety.	• In next executive talent pool: 200 (FY2026 target: at least 250)	○
	• In globally competent talent pool: 171 (FY2026 target: at least 300)	○
	• The number of human resources capable of being made available to participate and work in DX projects: 559 (FY2026 target: at least 500)	○
	• The number of talent capable of planning, managing, and executing DX projects: 138 (FY2026 target: at least 200)	○
	• Core innovation talent: 69 (FY2026 target: at least 180)	○
	Targets for end of FY2026 • Professional to promote growth strategies: Recruiting and training of approximately 700 • Percentage of behavioral change after training: Maintained at least 85% at the mean of essential training by stratum • Engagement : Level of global life sciences companies or higher • Percentage of female managers: 10% • Percentage of male employees taking either childcare leave or shorter working hours: 80% • Difference between Healthy Age and actual age: -3.0 years	

Talent Strategy for Expansion of Human Capital

We are working toward the achievement of the objectives in our medium-term management plan based on our corporate philosophy and vision, which is centered on four growth strategies. We believe that talent is the key to sustainable corporate development, and we are implementing initiatives to expand our human capital.

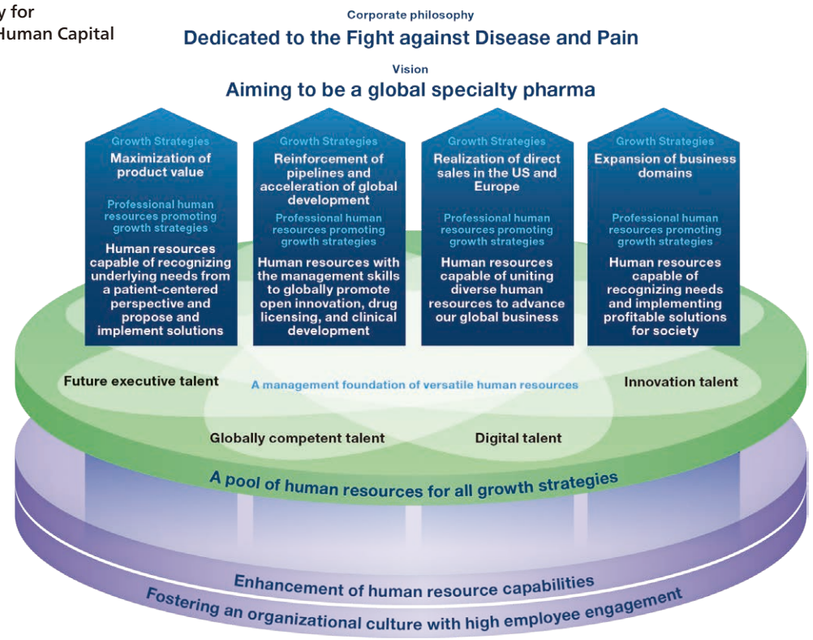
In order to develop human resources, we train or hire versatile talent who are active across divisions for all of our growth strategies and professional talent who have the skills and expertise to carry out our growth strategies. We are working to achieve sustainable growth by having this diverse talent work together to lead the members of the organizations and projects.

With "Challenge & Autonomy" as our keyword, we respect the autonomy of our employees and support their individual growth by setting KPIs and providing training programs for each job level, for selected employees, and for those who participate voluntarily.

Versatile and Professional Talent to Support Growth Strategies

To overcome the impact of OPDIVO patent expiration in 2031 and achieve further growth, the current medium-term business plan is based on four growth strategies, and we are working to develop versatile and professional talent to support the implementation of these strategies. Versatile talent are those who support the management foundation across divisions for all our growth strategies, and are broadly classified into the four categories of future executive talent, globally competent talent, digital talent, and innovation talent. Professional talent are those who have the skills and expertise to boldly venture into new areas in order to carry out the four growth strategies.

Talent Strategy for Expansion of Human Capital



Versatile talent

Future executive talent

Future executive talent consists of future prospective executive talent, which is divided into four levels, and is developed through training and systematic tough assignments.

Future Executive Talent Development Training

Objective	Develop next-generation management candidates			
Target	Talent capable of carrying out future management		Talent capable of serving as next-generation office managers	Talent capable of serving as next-generation division managers and executives
Training	ILT Around 30 years old	LIP Around 35 years old	MMD Young managers	ETP Senior managers
Duration	10 months	14 months	2 years	4 years

*ILT: Initial Leadership Training
LIP: Leadership Improvement Program
MMD: Middle Manager Development Program
ETP: Executive Training Program

Globally competent talent

We develop globally competent talent through the Global Skill Improvement Program (GSIP), which provides training to acquire an international perspective and the cross-cultural communication and language skills necessary to conduct global business, as well as through planned overseas assignments.

Digital talent

Digital talent is developed in the three categories of DX Understanding, DX Participation, and DX Leadership. All employees participate in our DX Understanding training for gaining an understanding of digital technology overall. Next, we are working to develop about 500 DX participants throughout the Company who can take on the challenge of incorporating DX into their daily business. Furthermore, we are aiming to develop about 100 people who are well versed in both digital technology and business, and who can lead company-wide DX efforts.

Globally Competent Talent Development Training

1 year

GSIP: Global Skill Improvement Program

GSIP is a program that aims to develop talent who can exercise leadership in a team and influence the company as a whole by appropriately cooperating with others, regardless of whether they are in Japan or overseas.
(Improving language skills is not the primary purpose of the training.)
Cross-cultural communication skills: Ability to build trusting relationships even with people having different values and cultural backgrounds

Global Talent Strategy

Digital talent

Definition	DX Understanding Can understand DX	DX Participation Can take an active role in DX projects in which they participate	DX Leadership Can plan, manage, and execute DX projects
Digital technology talent	Understands digital technology overall and the importance of business transformation	Understands the fundamentals of digital technology and business transformation and can take a key role in DX projects	Understands and can implement various digital technologies
Business transformation talent			Can set up problem areas for business transformation and carry out projects
Training	e-learning	Industry-University + Exercises / Project-based Learning	
KPI (FY2026)	All employees	Total 500 employees	100 each in technology and business
Goal	All employees understand the digital technology overview and the importance of business change. Many of them are potential participants of DX talent.	Talent who have completed the training are playing a central role in daily DX initiatives.	Talent who have completed the training are leading daily DX initiatives.

Innovation talent

ONO launched the Ono Innovation Platform (OIP) in 2021 with the aim of developing innovation talent. Due to the nature of our industry as a pharmaceutical company, we have a very high level of expertise in R&D, sales, and production. Therefore, OIP was established to develop talent who excels in new approaches and who can look at the business as a whole from a bird's eye view, rather than deepening their knowledge and experience in only one area. Through exchanges with venture companies, secondments, and the planning of new businesses, we will continue to develop talents that contribute to innovation.

Started in June 2021: More than 1,300 employees have participated so far (about 37%)

Professional talent

For professional talent needed to implement the four growth strategies, we completed organizing human resource needs in FY2022, and are hiring experienced personnel and training them internally. Currently, we are aiming to build a pool of approximately 700 talents by FY2026, and as of the end of February 2024, we have filled more than 40% of this pool. In the future, we will confirm the required and sufficient number of employees every year in accordance with the progress of our growth strategy.

Boosting the capabilities of talent

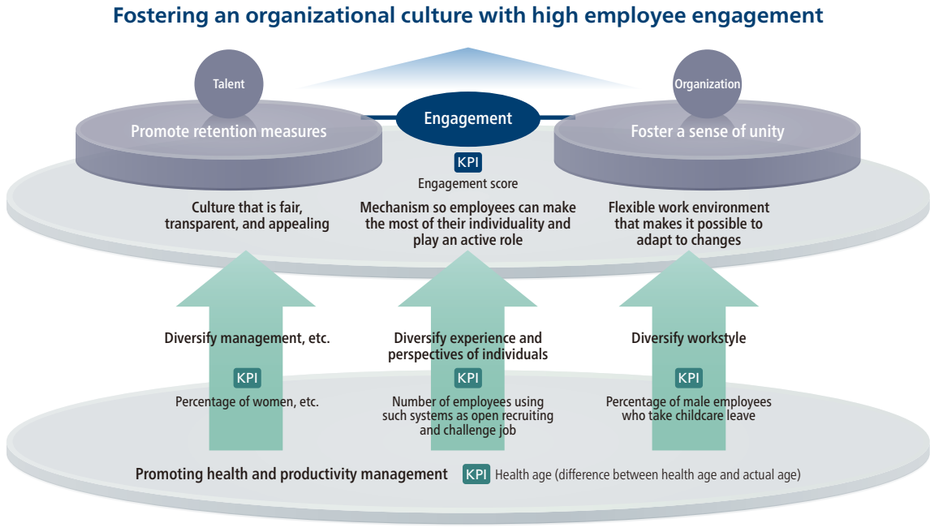
In order to boost the capabilities of all employees for ensuring sustainable corporate growth, we provide a number of training programs in which employees can participate on their own initiative by simply indicating their interest for supporting their autonomous career development, in addition to mandatory training programs by job level. Training hours per full-time employee have increased from 53.8 hours (FY2021) to 55.9 hours (FY2022) to 70.6 hours (FY2023) on a non-consolidated basis. We will continue to enhance training programs that support skill improvement and autonomous career development,

Growth Strategy	Definition	Number of People
(1) Maximization of product value	Talent capable of identifying needs from a patient-centered perspective, proposing and implementing solutions	Approx. 700 employees
(2) Reinforcement of pipelines and acceleration of global development	Talent capable of implementing and managing open innovation, licensing, and clinical development on a global basis	
(3) Realization of direct sales in the U.S. and Europe	Talent who can unite diverse talent who can work globally and advance the business	
(4) Expansion of business domains	Talent capable of grasping needs and implementing economically rational solutions in society	
Common to all growth strategies	Supporting the implementation of each growth strategy	

and continue to develop talent that contributes to our business. As for the quality of training, the average rate of behavioral change after the seven level-specific mandatory training programs* was 84% (evaluation by supervisors, FY2023). We will continue to provide even higher quality training to boost employees' capabilities and facilitate career autonomy.

*Four training programs for promoted employees, follow-up training, 3rd and 5th year training

Working to achieve high employee engagement



Fostering an Organizational Climate and Culture that Ensures High Employee Engagement

In hiring, developing, and retaining talent to achieve continuous business growth, we are working to realize a state in which employees feel comfortable working and taking an active role while respecting different and diverse values. We are striving to improve employee engagement through initiatives aimed at fostering an organizational climate and culture that will serve as the foundation for such efforts.

Initiatives to improve engagement

Since FY2022, we have been conducting an employee engagement survey to visualize the status of the entire Company and each department and to assist in identifying issues, formulating hypotheses, and preparing and implementing measures to embody our corporate philosophy. The survey scores employees on their willingness to devote themselves and their efforts to the success of the organization to which they belong. We will continue to improve this score (Engagement Index) by benchmarking it against the average of global life sciences companies.

Diversity, equity, and inclusion (DE&I) initiatives

In order to achieve a state in which employees can work safely and actively while respecting different and diversified values, we are committed to promoting diversity, equity, and inclusion (DE&I), including a system that allows employees to demonstrate their individuality, a fair, transparent, and attractive corporate culture, and a flexible work environment that can adapt to change. We have adopted "Difference" x "Sense of Unity" as the theme of our DE&I campaign. When people with different backgrounds and perspectives work together, new insights and ideas are generated. By fostering a culture that embraces diversity, we aim to become a company with a sense of unity and an organization full of talent who want to work for our Company for a long time.

Our efforts to increase diversity are focused on three main areas: management, individual experiences and perspectives, and work styles.

To achieve greater diversity of managers, we are focusing on three main areas of young employees, mid-career employees, and female employees. To promote young employees to manager positions at an early stage, we have abolished the seniority system in some grades. The number of new mid-career managers is increasing, and in FY2023, they comprised approximately 17% of the management staff, or about 100 people, working as managers. We are providing support for women to balance both work and family life in order to create an environment in which they can continue working even after experiencing life events, but the ratio of female managers in FY2023 was only 5.8%, which is an issue for us. In order to help female manager candidates grow, we are implementing training programs for stretch assignments together with their supervisors, and on a pilot basis, we are supporting these candidates as they take on the challenge of

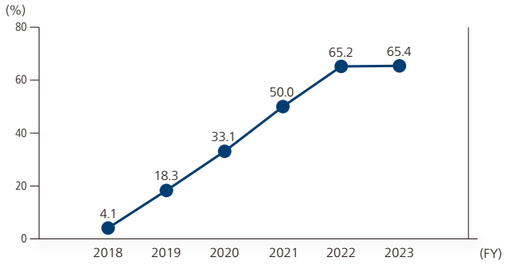
Global Talent Strategy

manager positions by having general managers serve as supporters of female employees. In accordance with the Act on Promotion of Women's Participation in the Workplace, we have set the goals of increasing the ratio of female managers to 10% or more and the percentage of male employees taking either childcare leave or shorter working hours to 80% or more within four years from April 2023, and are working on systems and work styles that allow employees to be active regardless of their gender. As a result, the percentage of male employees taking childcare leave, which was 0% in 2016, increased to 65.4% in FY2023.

To diversify individual experiences and perspectives, we have introduced an open recruitment system for internal transfers and a Job Experience Project (a system in which employees concurrently work in different departments). Under the open recruitment system, a cumulative total of 96 employees have been transferred over the past five years, and 191 employees applied in FY2023. The internal challenge job system was adopted Company-wide in FY2023, with 108 people applying and 46 concurrently serving in different departments, thereby diversifying their experience and perspectives.

In terms of diversification of work styles, a super-flex time system (without core hours) was adopted in FY2023, and telecommuting is operated with a preset limit on telecommuting count for each department. Super-flex time for non-sales employees was adopted in April 2024. Also, the number of annual paid vacation days granted to all employees, regardless of length of service, has been uniformly increased to 20 days. In implementing the diversification of manager positions and individual experiences and perspectives, we will continue to develop a comfortable working environment that includes the diversification of work styles.

Percentage of male employees taking childcare leave



LGBTQ+ initiatives

To ensure psychological safety and create a workplace where employees can feel comfortable working, we have established an external consultation hotline and are implementing measures such as e-learning to promote understanding of LGBTQ+ issues.

Initiatives to promote employment of people with disabilities

In order to create a workplace environment in which employees with disabilities can feel comfortable performing to the best of their abilities, we established ONO PHARMACEUTICAL UD CO., LTD. in April 2022, and it received certification as a special subsidiary company in October of the same year. As of March 31, 2024, 57 employees with disabilities are working in various departments.

Promoting Health and Productivity Management

As a company that contributes to people's health, ONO is also actively engaged in health management to provide a comfortable working environment for our employees. In order to contribute to society through the creation of innovative pharmaceuticals, it is important that all employees and their families are healthy, both physically and mentally, that their workplaces are conducive to maximizing their abilities, and that the lives of employees and their families are fulfilling. We have set the difference between the Healthy Age® of our employees and their actual age as one of our highly unique indicators. In FY2023, the difference was -1.8 years, but we have set a goal of reducing it to -3.0 years by FY2026. We are working on health management through a variety of initiatives to improve health literacy. In recognition of these initiatives, ONO has been selected as one of the "White 500" of outstanding health management corporations for six consecutive years, and was also selected as one of the "Health Management Company Stocks 2024". We will continue our efforts to expand human capital through the implementation of health management.

Establishment of a Global Talent System

Toward global human resource management

As we proceed toward globalization of our business, it is essential to develop a common global management foundation, including a human resource system, and to create an environment in which employees with diverse backgrounds can collaborate and work together across regions and divisions for the benefit of patients around the world. Until now, our companies in Japan and our local subsidiaries in each country operated their own personnel systems and HR systems, but in FY2023, we established a common global HR system and introduced Workday, a human resource information system, to enable centralized management of all HR-related data. Going forward, we intend to maximize use of the new HR system and the human resources information system to achieve human resource management appropriate for a global corporation.

Overview of Global HR System

(1) Grading System

Employees' roles and responsibilities will be clearly defined, and job grades will be determined according to globally common standards. The introduction of the new grading system will cultivate a sense of satisfaction regarding the expected roles, accomplishments, and compensation, and promote employees' career autonomy by clarifying the requirements for each position.

(2) Performance Management System

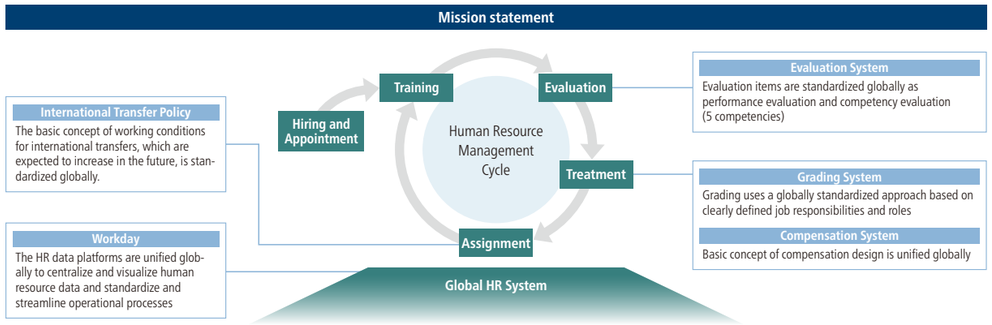
Through several discussions primarily involving our management, we have formulated global common competencies (a clear statement of the thinking and behavioral styles we expect from our employees) that reflect our strengths and values. By standardizing evaluation items, criteria, and processes, we aim to facilitate the active participation, development, and demonstration of competencies by employees across countries and regions.

(3) Compensation System

We have established common global guidelines to reward employees who produce results and demonstrate competence, and to contribute to higher employee motivation through a compensation system that is competitive in the marketplace.

(4) Global Human Resource Information System

We adopted Workday's global human resource information system in October 2023 and use it to manage human resource information under a globally unified platform and to conduct human resource-related operations, including management of the performance management system.



Implementing Widespread Adoption of Global HR System

With the aim of creating an environment and fostering a culture in which members of the Group can grow continuously by taking on new challenges, we are working to ensure widespread adoption of our global human resource system. Currently, we are planning and holding competency assessment workshop training for managers. By holding these trainings on a global basis, we are making daily efforts to ensure that the objectives of the HR system are correctly understood and that appropriate operations that lead to employee growth are fully adopted.

Takuto Taniguchi (left) Associate Director, Global Talent Management & Organization Development

I was involved in the creation of educational content with the aim of ensuring that the evaluation system in the global HR system is properly understood and operated. Communication between the evaluator and the evaluatee is important for proper operation of the evaluation system, and I created role-playing videos demonstrating goal setting through interactive dialogue and feedback that leads to employee growth. I would like to continue our efforts to ensure that the evaluation system is properly understood and operated in order to realize a workplace environment where employees can grow and be highly motivated to take active roles.

Yukiko Kubo (right) Global Talent Management & Organization Development

Intellectual Property Strategies

Material Issue 9 Intellectual Property Strategies		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• In our research and development activities, we ensure that IP that leads to innovative drugs is licensed, and we create new IP by leveraging internal and external IP to create financial value.	• Products and the R&D pipeline: See p. 35 • Frequency of utilizing IP information (IP landscape)	○ ○

Three themes for creating innovative drugs

An intellectual property strategy is essential for expanding the pipeline. The creation, maintenance, and utilization of intellectual property are important themes for ONO. Regarding creation, we strengthen the process of creating innovative drugs, foundational technologies, and other inventions, and file appropriate patent applications to enhance corporate value. Regarding maintenance, we increase the value of our intellectual property by acquiring, maintaining, and exercising optimal patent rights, trademark rights, and other protections, taking into account differences in national systems and the status of our products and projects. Regarding utilization, we analyze internal and external intellectual property information alongside market and business data to provide strategic options that support management decisions, thereby contributing to the expansion of our intellectual property.

Our intellectual property strategy forms a concrete cycle of intellectual property creation and value enhancement by connecting and creating continuity among the three themes of creation, maintenance, and utilization. Our IP Strategy Department participates in drug discovery projects from the initial stages, identifying unique intellectual properties at the site of innovation that can significantly enhance corporate value, and securing and protecting these rights to increase their value. We also actively invest in acquiring intellectual property that can create synergy with our existing assets, and we respond firmly to any actions that may infringe upon or diminish our intellectual property. We contribute to people's health by embodying our intellectual property into unique, valuable products.

Branding

Enhancing our international brand strength and recognition is an important theme in our mission to become a Global Specialty Pharma. In addition to globally protecting the trademarks of pharmaceutical brand names and corporate/product logos, it is important to secure patents, trademarks and designs, and employ an IP mix strategy combining multiple intellectual property rights for products and services in new business domains beyond pharmaceuticals. We are actively working on acquiring diverse intellectual property rights to not only protect our products but also to enhance our brand strength.

Consideration for countries where access to medicines is difficult

To deliver our innovative drugs to more patients, we neither apply for nor enforce patent rights in Least Developed Countries*1 defined by the United Nations and Low Income Countries*2 defined by the World Bank. Furthermore, we generally neither apply for nor enforce patent rights in Lower Middle Income Countries*3 as defined by the World Bank, with the exception of some countries. Additionally, if our patented compounds have potential as treatments for neglected tropical diseases (NTDs), etc. in the aforementioned countries, we consider options such as utilizing existing patent pools or granting voluntary licenses to generic manufacturers.

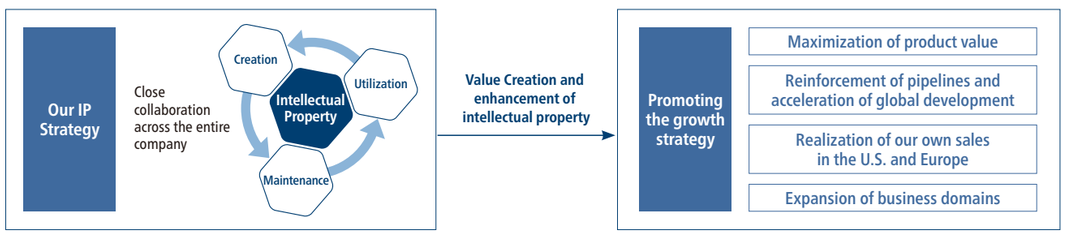
We understand that in national public health emergencies such as the outbreak of an infectious disease, compulsory licensing may be an option. However, we believe that improving access to drugs requires more comprehensive efforts beyond compulsory licensing, including addressing economic disparities, training healthcare professionals, and improving healthcare systems, infrastructure, and the overall pharmaceutical supply chain.

*1 Least Developed Countries defined by the United Nations:
https://www.un.org/development/desa/dpad/least-developed-country-category.html

*2 Low Income Countries defined by the World Bank:
https://data.worldbank.org/income-level/low-income

*3 Lower Middle Income Countries defined by the World Bank:
https://data.worldbank.org/income-level/lower-middle-income

Implementing Growth Strategies through IP Strategies



Corporate Transformation through Digital & IT

Material Issue 6 Corporate Transformation through Digital & IT		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• A global IT infrastructure is being implemented and corporate transformation through digital is being realized.	• Completion and utilization of the IT blueprint (big picture for IT infrastructure and related systems) • Construction and use of a data utilization platform: Operate OASIS • Establishment of a cross-functional DX promotion system: Obtained DX Certification • The number capable of available to participate and work in DX projects: 559 (FY2026 target: at least 500) • The number of participants capable of planning, managing, and executing DX projects: 138 (FY2026 target: at least 200)	○ ○ ○ ○ ○

Dx implementation strategy

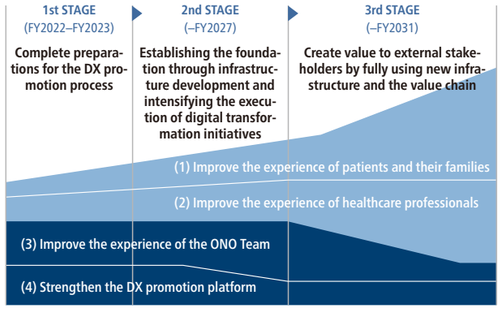
At ONO, we define DX as a powerful engine that will drive our Four Growth Strategies. By optimally combining a flexible IT infrastructure with internal and external processes, services, and resources, ONO aims to become a company capable of dynamic transformation on its own, and we believe that DX initiatives are the foundation of all value creation. In our DX strategy, we consider DX as something that contributes to improving the value of the human experience and as a means to deliver value. We will work to implement DX horizontally with diverse partners, including patients and their families, healthcare professionals, and employees, for improving productivity and creativity. Furthermore, in order to expedite the decision-making required to execute DX strategies, we have set aside a challenge budget (DX-related budget with no restrictions on use), which is used for research and technology trials and other purposes.

Progress in efforts to implement DX

In FY2023, we worked for widespread adoption of our DX vision and strategy both internally and externally and specific implementations of the DX strategy. We adopted measures for ERP, HR, CRM, etc., in line with the overall plan for IT infrastructure (IT Blueprint), including various measures for IT infrastructure and security, and achieved major milestones such as the adoption of the Global CRM system and Workday. Furthermore, a database of digital and IT-related assets and services is being created and a system for timely updates is under construction, and the first phase has been completed on schedule.

Even so, the level of understanding and widespread adoption of DX within the Company has remained at 40%, and so as a further initiative, we have been implementing a practical DX human resource development program since August 2023, in which participants learn about DX trends and technologies and how to proceed with DX, and actually conduct DX planning and conception. In February 2024, 22 participants gave presentations and shared their DX plans and initiatives, and more than 300 employees listened to their presentations. Seven of the 22 plans will be brought forward for further study, leading to the development of human resources as well as the enjoyment of benefits.

DX promotion process



DX talent development

We aim to be a company that continues to transform itself by having each and every employee, from the management team to those on the front lines of the workplace, orientate and carry out reform as necessary. We provide a training menu to develop DX talent who will drive transformation. The training menu is created based on ONO's definition of DX talent and clearly specifies the targets of DX talent development. In FY2023, applications for all courses exceeded capacity. In FY2024, we will expand the course participant capacity to further develop DX talent and begin study of the next human resource development plan based on training course participation.

Examples of DX Applications in Drug Discovery

In FY2023, we entered into AI-based research and drug discovery collaboration agreements with Turbine (AI-driven cell simulation technology), InveniAI (utilization of AI drug discovery platform), and EVQLV (AI-powered antibody design engine). In addition to accelerating the identification of new drug discovery targets and the creation of projects, we will create antibodies in a short time for targets for which it is difficult to obtain antibodies using conventional methods, thereby enhancing our development pipeline and providing new treatment options that can meet the treatment needs of patients.

Expansion of Business Domains

Material Issue 5 Expansion of Business Domains		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• ONO will contribute to solving social issues and realizing next-generation healthcare by leveraging digital technology combined with its own strengths	• Launched the beta version of "michiteku", a tool to support cancer patients (colorectal cancer and gastric cancer) in their daily lives during treatment.	○

*Released michiteku β-version in May 2023

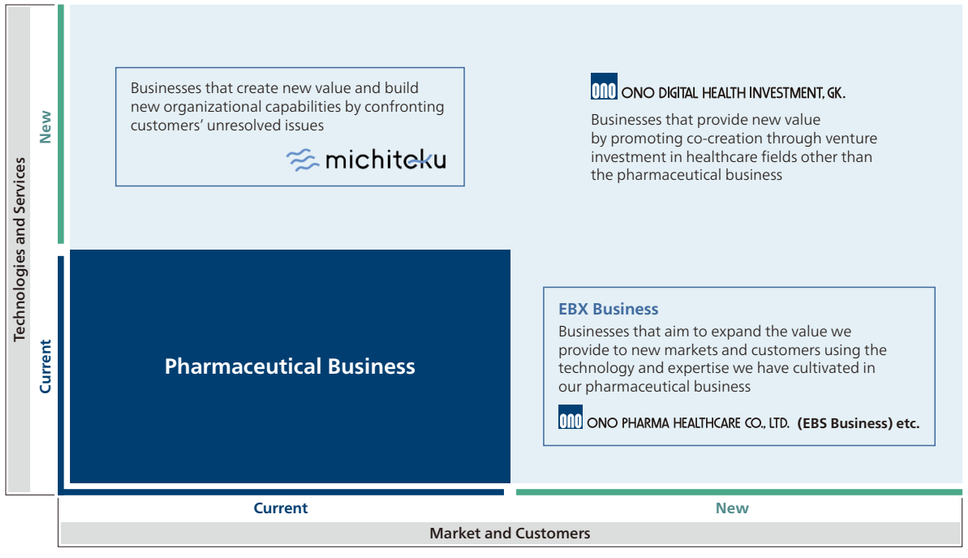
Developing next-generation healthcare businesses

In order to achieve sustainable growth, we have set our sights beyond just the generation of innovative new drugs, and we have targeted the expansion of our business domains as one of our four growth strategies and are developing new businesses and growth investment into venture companies.

In order to capture the needs of the expanding healthcare field and continue to provide new value, it is essential for us to utilize open innovation, which is deeply rooted in our company, and we are actively making growth investments and alliances with venture companies that possess technologies and ideas that we do not have.

In 2022, ONO PHARMA HEALTHCARE CO., LTD. established in 2021, launched REMWELL, a sleep supplement as foods with functional claims. Also, michiteku Co., Ltd., established in 2022, launched michiteku β-version in 2023, a tool to support cancer (colorectal cancer and gastric cancer) patients in improving their health literacy to provide psychological care immediately after the cancer diagnosis and to understand what doctors say. In parallel with these initiatives, ONO DIGITAL HEALTH INVESTMENT, GK was established to create and expand new businesses through investments in venture companies in the healthcare field.

Discovery of New Businesses



ONO PHARMA HEALTHCARE CO., LTD.: Promoting evidence-based X (EBX) business

To address social issues in the healthcare field, such as the aging of society and the extension of healthy life expectancy, we are promoting the development and commercialization of products and services (=X) based on solid evidence, such as clinical trial results, by effectively utilizing knowledge obtained through pharmaceutical R&D.

In March 2022, as the first product in its EBS (Evidence based Supplement) business, ONO launched sales through the mail-order channel of the "REMWELL" sleep supplement as foods with functional claims, the first of its kind in Japan* which increases the proportion of deep sleep and REM sleep for improving overall sleep quality.

We will continue to develop supplement products based on our past research findings with the aim of further adoption of the "Lipid-supply" supplement brand, which contributes to health by providing high-quality lipids, which modern people tend to lack.

*Lipid-supply is the first foods with functional claims product in Japan to serve the dual functions of improving deep sleep and REM sleep (based on survey by TPC Marketing Research, Inc. in February 2024).

ONO PHARMA HEALTHCARE CO., LTD.
https://www.ono-hc.co.jp/

Lipid Supply

michiteku Co., Ltd.: Innovations in cancer patient support and the challenge to solve social issues

In the field of oncology (the field of cancer study), we have focused on the physical, mental, and psychological issues that cancer patients face that cannot be solved with drugs. To solve these issues, we had to develop information processing and information provider services in the healthcare field, which led to the establishment of michiteku Co., Ltd.

In May 2023, we began offering a beta version of michiteku, a tool to assist colorectal and gastric cancer patients in their treatment and daily lives. Under the supervision of experts, the tool provides information on the disease, treatment, and side effects of treatment, as well as useful information for those who feel anxious about their work and life during treatment. In June of the same year, ONO acquired ISO/IEC27001:2013 and JIS Q 27001:2014 ISMS certification to strengthen its information security management system.

In March 2024, in recognition of our efforts, michiteku was selected as an exhibitor in the Osaka Healthcare Pavilion at the Expo 2025 Osaka/Kansai Expo. We will continue to make efforts to solve social issues facing cancer patients.

ONO DIGITAL HEALTH INVESTMENT, GK: Accelerating investments in startups engaged in the healthcare field

ONO DIGITAL HEALTH INVESTMENT, GK acts as a source of corporate venture capital (CVC), investing in venture companies that work to solve healthcare issues through digital healthcare services and other means other than pharmaceuticals.

In fiscal 2023, ONO DIGITAL HEALTH INVESTMENT, GK invested in Med Mirai, Inc., a company that develops medical device programs to support treatment of metabolic syndromes and provides remote specific health guidance services, and invested in Rehab for JAPAN Corporation, a provider of rehabilitation support software that automatically proposes goals and exercise programs tailored to individual users based on evidence. Also, we are also implementing initiatives in the startup ecosystem through mentoring in the "BRAVE 2023" program, which supports the commercialization of research results, and participation in the Kansai startup incubation program "KIDOU", meaning "Launch". Going forward, we will continue to expand our business domains and aim to extend healthy life expectancy and realize a sustainable society, not only through investment but also through collaboration with our investees.

ONO DIGITAL HEALTH INVESTMENT, GK
https://www.onodigitalhealth.com/en/

Investment partners (as of March 2024)

Investment partners	Business
Xenoma Inc. (Tokyo)	Provides healthcare services using the smart apparel e-skin
Rehab for JAPAN Corporation (Tokyo)	Plans, develops, sells, and operates the scientific nursing software Rehab Cloud
BMG Incorporated (Kyoto)	Develops products such as medical devices that make use of distinctive characteristic of the medical adhesive LYDEX®
aetherAI Co., Ltd. (Taipei, Taiwan)	Develops and provides digital pathology image management systems that incorporate AI
Med Mirai, Inc. (Tokyo, Japan)	Development of digital-based prevention and treatment support tools for metabolic syndromes

Sustainable Management for the Next 100 Years

Toshihiro Tsujinaka
Representative Director, Executive Vice President / Executive Director, Corporate Strategy & Planning, Business Design, Sustainability Promotion

Through Realizing Our Corporate Philosophy, We Will Continue to Be a Company That Is Needed by the World.

What is sustainable management for the next 100 years? Our answer to this question is to continue to be a company that is needed by the world through realizing our corporate philosophy.

Currently, we are making every effort to achieve our medium-term management plan, which has 2031 as its goal. In order to achieve our four growth strategies, we are also focusing on strengthening our management foundation, particularly by expanding our human capital. In order to achieve corporate growth and to be a company that is needed by the world, we must not only focus on our core business, but must also continue to fulfill our corporate social responsibility into the future by, for example, developing environmentally friendly products, adopting recycling processes, contributing to local communities, promoting diversity and inclusion, and improving work-life balance.

We will respond to the demands of society by instilling in the actions of each and every employee the principles of preserving a rich global environment for future generations, realizing a society in which everyone can play an active role, and establishing highly transparent and robust management, as defined in our Sustainable Management Policy.

Preserving a Rich Global Environment for Future Generations

We believe that reducing the impact of our business operations on the global environment and local communities is an important corporate responsibility. Under our medium- to long-term environmental vision (ECO VISION 2050), we are working towards the "Realization of a decarbonized society," the "Realization of a water recycling society," and the "Realization of a resource recycling society." In line with these goals, we are committed to reducing greenhouse gas emissions, water resource consumption, and waste generation, as well as promoting waste recycling in our business activities. We have endorsed the TNFD Recommendations and have strengthened related initiatives and disclosed information. We will continue to regularly review nature-related risks and opportunities and implement initiatives to minimize the environmental impact of our business operations overall.

Initiatives in maintaining a prosperous global environment for future generations → See p. 56

Realizing a Society in Which Everyone Can Play an Active Role

Based on the idea that it is human resources that support the enduring development of a company, we are working to develop human resources to implement our growth strategy and to foster an organizational climate and culture that will achieve high employee engagement. In our business operations, we also support and respect the 10 Principles of the United Nations Global Compact, an international code of conduct related to human rights, and we understand and respect the human rights of all people and each other's diverse values, personalities, and individuality.

Initiatives in realizing a society where everyone is active → See p. 44, p. 65

Establishing Highly Transparent and Robust Management

In order to earn the trust of all stakeholders and enhance our corporate value, we are committed to not only complying with laws and regulations, but also to increasing transparency in our management and strengthening corporate governance. In corporate management, we have adopted a management structure of organizational framework with an Audit & Supervisory Board and are working to enhance corporate governance, focusing on strengthening the functions of the Board of Directors and the Audit & Supervisory Board. For compliance initiatives, we are aware of our responsibility as a pharmaceutical company involved in pharmaceuticals that affect people's lives, and we have established a compliance system to ensure that all employees act in accordance with the highest ethical standards as well as in compliance with laws and regulations, and are working to foster a culture in which compliance is a matter of personal responsibility.

Initiatives in establishing highly transparent and strong management → See p. 68, p. 84

Sustainable Management Policy

For more than 300 years since our founding, we have walked hand in hand with society. To help people who are suffering from disease, we have created a series of innovative new drugs that had been thought to be impossible.
We will continue to contribute to people's health by practicing our Corporate Philosophy and taking on the challenge of realizing a sustainable society through responsible business activities.

Contributions to People's Health

- In addition to our in-house drug discovery, we will take on the challenge of drug research and development in collaboration with the world's top scientists, and bring more hope to patients and their families around the world by providing them with original and innovative drugs that are safe, secure, and appropriate.
- We will contribute to the realization of a society in which people can live healthier lives through our evidence-based, next-generation healthcare business.

Preserving a rich global environment for future generations

We are deeply aware of our social responsibility to the environment, and will actively adopt eco-friendly technologies and work together with our suppliers and partners to pass on a prosperous and sustainable global environment to future generations.

Realizing a society in which everyone can play an active role

Through our business activities, we will contribute to the realization of a society in which the human rights and diversity of all people are respected and everyone can play an active role.

Establishing a highly transparent and robust management

We will build a strong foundation through corporate governance and conduct highly transparent business activities by strengthening compliance and risk management.

Conservation of the Global Environment

Material Issue 14 Conservation of the Global Environment		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• Under "ECO VISION 2050," we aim to become a leading company for the environment in the pharmaceutical industry, and will strive to maintain a rich global environment for future generations so that people can have a healthy and sound society.	• Achievement of medium- to long-term environmental targets associated with ECO VISION 2050	
	• Realization of a decarbonized society: Scope 1 + 2 emissions (compared to FY2017) reduced by 46.2%, renewable energy utilization rate in purchased electricity reached 48.5%	○
	• Realization of a water-recycling society: Water resource consumption (water intake) reduced by 3.3% year-on-year	○
	• Realization of a resource-recycling society: Recycling rate of unnecessary materials 70.3%	○

Basic Policy for Environmental Conservation

We view our efforts to conserve the global environment as a corporate social responsibility, and in 2019, we formulated our medium- to long-term environmental vision for 2050, Environment Challenging Ono Vision (ECO VISION 2050). With the aim of becoming a leading company for the environment in the pharmaceutical industry, we have set targets and promoted relevant initiatives in three key areas: realization of a decarbonized society, realization of a water recycling society, and realization of a resource recycling society. We have also endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and those of the Task Force on Nature-related Financial Disclosure (TNFD) in 2019 and 2024, respectively, to strengthen our efforts and promote information disclosure.

Environmental Governance Structure

The Representative Director and President is appointed as the chief executive responsible for environmental management, and the Representative Director and Executive Vice President is appointed as the director in charge of environmental affairs.

Our sustainability strategies, including climate change measures, are reviewed by the following committees, with the Board of Directors ultimately overseeing the implementation of decisions.

Environmental governance structure diagram

Response to TCFD Recommendations

We assess and manage risks and opportunities related to climate change based on TCFD recommendations.

Strategy (climate change-related risks and opportunities)

We conducted a scenario analysis to understand the impact of climate change on our business, to substantiate the risks and opportunities, and to develop a resilient system. Risks and opportunities by climate change factor, their impact on our business, and measures to address them are detailed below:

Climate change-related risks

Large: Impact on business activity continuity, Medium: Impact on part of the business, Small: almost no impact / Period: Short (within 3 years), Medium (3 to 10 years), long term (10 to 30 years)

TCFD Risk Categories		Period	Impact on business		Main measures
			1.5℃	4℃	
Policy, Law & Regulation	Increased tax burden due to introduction of carbon tax	Medium to long	Small (around ¥800 million)	—	• Implement energy conservation measures and conduct renewable energy procurement
	Restrictions on the use of vehicles used by sales staff due to emission regulations	Medium	Small (around ¥400 million)	—	• Transition to environmentally friendly vehicles (HVs, EVs, etc.)
	Climate change countermeasure costs are carried over to procurement costs	Medium to long	Small (around ¥200 million impact of carbon tax)	—	• Work with business partners to reduce Scope 3 emissions
	Lost opportunities due to delays in complying with national and regional laws and emission regulations	Medium to long	Moderate	—	• Understand regulatory trends in each country • Determine strategies and implement responses that reflect regulatory trends
Technology	Increased investment costs to fight climate change	Short, medium, and long	Small (Approx. ¥900 million)	—	• Promote energy conservation through operational improvements, etc. • Utilize environment-related subsidies
Market	Difficulty in procuring renewable energy due to intensifying competition for demand	Medium	Moderate	—	• Expand methods for procuring renewable energy such as introducing PPA • Make policy recommendations by participation in RE100 and other initiatives
Reputation	Decrease in corporate value due to failure to meet environmental targets	Short, medium, and long	Moderate	—	• Promote measures to achieve medium- and long-term environmental targets • Appropriately disclose information
Physical risk (acute)	Temporary suspension of operations due to natural disasters (torrential rains, floods, typhoons, etc.)	Medium to long	—	Large (up to ¥10 billion)	• Thoroughly implement BCP measures (secure sufficient inventory of APIs and products, establish a multiple-supplier system) • Continue to identify natural disaster risks in the business partner selection process
Physical risk (chronic)	Impact on production due to water shortage Since the Company does not have its own factories or API manufacturing contractors for its main products in areas with a high risk of water shortages, it is unlikely that there will be any disruption in the Company's operations at this time.	Medium to long	—	Small	• Identify water shortage risks in the business partner selection process • Secure sufficient inventory of APIs and products
	Increase in operating costs for air conditioning equipment, etc., due to rising temperatures	Medium to long	—	Small	• Promotion of energy conservation measures through operational improvements, capital investments, etc.

Climate change-related opportunities

TCFD Opportunity Categories		Period	Impact on business		Main measures
			1.5℃	4℃	
Resource efficiency	Cost savings through efficient use of electricity	Medium to long	Small	Small	• Promote energy conservation measures such as improving operations and making capital investments • Save resources by adopting highly efficient production processes such as continuous production methods • Promote drug discovery technologies that take into account the concept of green and sustainable chemistry • Improve the efficiency of distribution processes such as joint transportation
Market	Utilization of subsidies for energy conservation and renewable energy	Short, medium, and long	Small (up to ¥500 million)	—	• Closely monitor policy trends and actively utilize subsidies
Ono's business	Development of new products and services for new health hazards	Long	—	Large	• Utilize open innovation
Reputation	Enhancing corporate value through advanced measures against climate change (Differentiation from other companies, hiring and retention of employees)	Short, medium, and long	Medium	—	• Actively promote energy conservation/renewable energy measures and appropriately disclose information

Conservation of the Global Environment

As a result of scenario analysis, no climate-related risks requiring a major change in business or large-scale investment was identified. However, we view the physical risks of 4°C scenario "natural disasters (torrential rains, typhoons, floods)" as having a potential impact on the stable supply of high-quality pharmaceutical products. We will continue to thoroughly implement BCP measures such as ensuring sufficient inventories and supporting multiple production and procurement bases.

Risk and opportunity management

Progress on the identified risks and opportunities, and measures to address risks and promote opportunities are managed by the cross-functional TCFD-WG, which is headed by the director in charge of environmental affairs and includes members responsible for each function within the Company, and the cross-functional Environmental Management Committee, which manages and promotes environmental issues at plants, research institutes, and other sites. The Board of Directors supervises the entire framework through the Environmental Governance Structure. Climate change-related risks are shared with the Risk Management Committee, and risks affecting business continuity are managed as company-wide risks in accordance with the Risk Management Global Policy.

For more information, see Disclosure Based on TCFD Recommendations.
https://sustainability.ono-pharma.com/en/themes/121

Realization of a Decarbonized Society

Medium- to long-term environmental targets

Realization of a decarbonized society

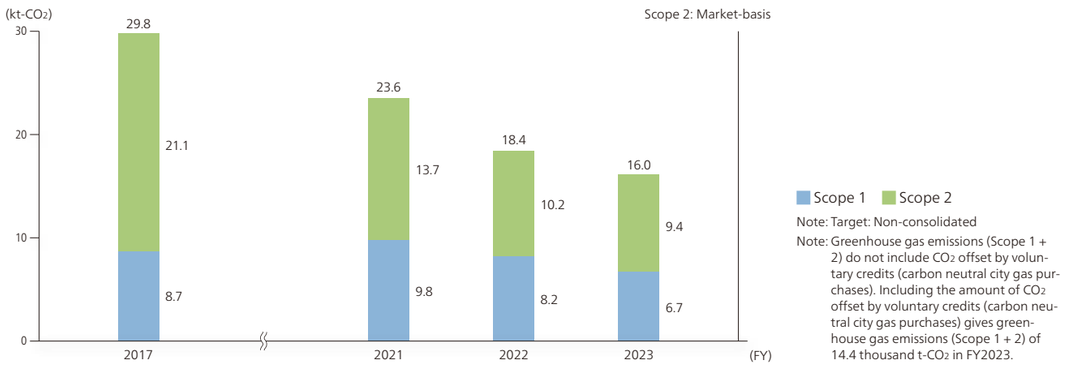
Scope 1 + 2	Scope 3
2025 Achievement of carbon neutrality (virtually zero greenhouse gas emissions by offsetting with voluntary carbon credits)	**2030** Greenhouse gas emissions **reduction by 30%**
2035 **Zero** greenhouse gas emissions	**2050** Greenhouse gas emissions **reduction by 60%**
2025 Renewable energy utilization rate in purchased electricity: **100%**	(Base year: 2017)

Promotion of greenhouse gas emissions reduction

Under our policy of reducing greenhouse gas emissions, we are advancing operational improvements to existing facilities, the introduction of high-efficiency equipment, and shift to renewable energy sources. In FY2023, Scope 1 + 2 emissions were 16.0 thousand t-CO_2.

Realization of a decarbonized society
https://sustainability.ono-pharma.com/en/themes/122

Greenhouse gas emissions (Scope 1 + 2)



Note: Target: Non-consolidated

Note: Greenhouse gas emissions (Scope 1 + 2) do not include CO_2 offset by voluntary credits (carbon neutral city gas purchases). Including the amount of CO_2 offset by voluntary credits (carbon neutral city gas purchases) gives greenhouse gas emissions (Scope 1 + 2) of 14.4 thousand t-CO_2 in FY2023.

Realization of a Water Recycling Society

Medium- to long-term environmental targets

Realization of a water recycling society

Water shortage risk	Water pollution risk	Supply chain risk
2030 **Sales growth rate ≥ Water consumption increase rate** Coverage: ONO's operation sites Base year: 2017	**Implementation of 100% wastewater management with stricter control values than legal regulations** (Maintenance and improvement of current operation) Coverage: Ono plants & research institutes	**2026** **Conduct water-related risk assessment and comprehensive risk management for important business partners**
Promotion of measures that lead to the conservation of rich water resources for local communities	**2025** **Conduct an aquatic life impact assessment for 100% of wastewater** Coverage: ONO's manufacturing plants / research institutes	
	2030 **Disclose the results of the aquatic life impact assessment for developing compound** Coverage: In-house drug candidates	

Promotion of water resource consumption reduction

To achieve our medium- to long-term environmental targets, we are promoting the reduction of water resource consumption (water intake) at our business sites through the introduction of water-saving equipment and operational improvements. Water intake in FY2023 was 189.9 thousand m^3, a 41.6% reduction compared to FY2017 (base year). Since FY2018, our water intake has fallen each year on a year-on-year basis. We will continue working to reduce water resource consumption by improving the efficiency of water use through the installation of flow meters to identify reduction targets and the reuse of cooling water and air conditioning condensation water.

Responsible water resource management

High quality water is essential to our research and production activities. We regularly assess water risks at our research and production sites, as well as at key suppliers involved in pharmaceutical manufacturing, and take steps to mitigate risks when they are identified.

We will continue to manage wastewater generated from our research and production activities using stricter control values than legal regulations and establish a system to evaluate the impact on aquatic life by FY2025. In addition, we will sequentially evaluate the impact of products in the late stage of development and products on the market on aquatic life by FY2030, and disclose the results of environmental impact assessments. In addition, we will engage in water stewardship by strengthening cooperation with key partners in each basin.

Realization of a water recycling society
https://sustainability.ono-pharma.com/en/themes/123

Realization of a Resource Recycling Society

Medium- to long-term environmental targets

Realization of a resource recycling society

Final landfill disposal rate of industrial waste	Recycling rate	Reduce the environmental impact of product packaging
≤ 1% Coverage: ONO's manufacturing plants/research institutes, and logistics centers	**FY2025 ≥ 60% FY2030 ≥ 80%** Calculation: In accordance with the calculation rules of the Federation of Pharmaceutical Manufacturers' Associations of JAPAN (FPMAJ) Coverage: Unnecessary materials (wastes, valuables, free materials, etc.) generated from ONO's manufacturing plants/research institutes, and logistics centers	**FY2030 100% correspondence** Prioritize the use of FSC® certified paper, and use other recycled papers for materials that it is not possible to use FSC® certified paper Coverage: Individual packaging boxes for our market products

*FSC®-certified paper is certified based on the standards of the Forest Stewardship Council® (FSC). (FSC®N003217)

Promoting waste reduction and recycling

Ono is working to achieve medium- and long-term targets in order to contribute to the realization of a resource-recycling society. The final landfill disposal rate for industrial waste was 0.02% in FY2023. By recycling industrial waste generated from our business activities (instead of disposing of it in landfills), we continue to achieve a final landfill disposal rate (final landfill disposal amount / industrial waste generated x 100) of 1.0% or less. The recycling rate of unneeded materials was newly set as a medium- to long-term environmental target in FY2023. As a result of proactive efforts such as optimized use of industrial waste disposal contractors, and the conversion of unneeded paper and metal scraps into valuable resources and post-use plastics into valuable resources, etc., the recycling rate of unneeded materials was 70.3%, a significant improvement from 39.6% in the previous year.

Conservation of the Global Environment

Efforts with respect to pharmaceuticals

Formulation development and production processes

In formulation development, we use computer simulation technology to reduce the number of experiments and the amount of raw material waste. In addition, we are changing the wet granulation production process to a continuous production method, which is expected to lead to the reduction of the amount of raw materials required during formulation development with various advantages, such as flexible response to changes in demand, space saving enabled by downsizing of production equipment, and so on.

Product packaging

We are changing materials and packaging formats to save resources, adopting environmental impact reducing materials, and switching to material labels and packaging formats that encourage recycling at the time of disposal. As of March 2024, paper material used for individual boxes of 31 items have been changed to FSC®-certified paper, and the progress rate in adopting FSC-certified paper for individual boxes, a medium- to long-term environmental target, is 64%.

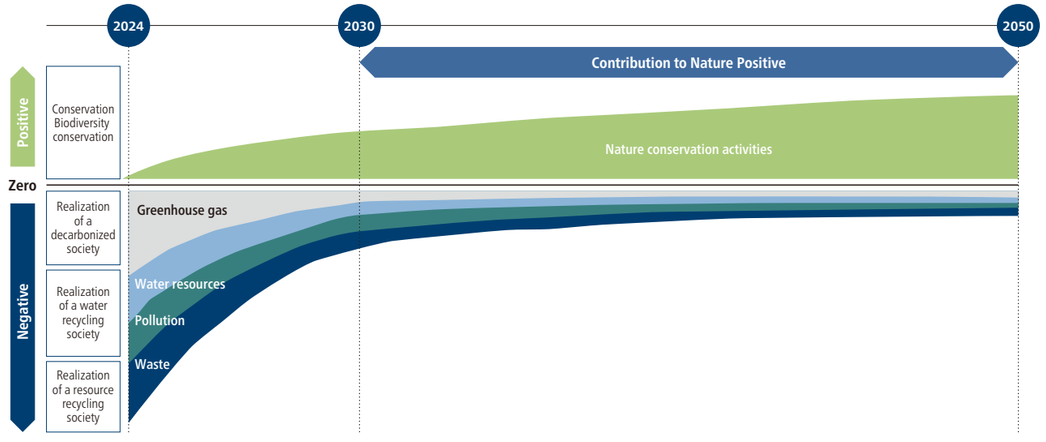
Realization of a resource recycling society
https://sustainability.ono-pharma.com/en/themes/124

Conservation of Biodiversity

In order to minimize the negative impact of our business activities on the global environment, we engage in various efforts, including reduction of greenhouse gas emissions, efficient use of water and other natural capital, assessment of the environmental impact of pharmaceuticals, chemical substance management, control of genetically modified organisms and pathogens, reduction of waste discharge, and prevention of air, water, and soil pollution. No new operations will be conducted in national parks or protected areas, or in areas with reported populations of species in the "Endangered" or "Critically Endangered" categories of the International Union for Conservation of Nature (IUCN) Red List of Threatened Species. We support the Kunming-Montreal Global Biodiversity Framework adopted at the 15th meeting of the Conference of the Parties (COP-15) to the Convention on Biological Diversity in 2022. In addition, we will cooperate with local governments, NPOs, NGOs, and other stakeholders to promote nature conservation activities that positively affect biodiversity in order to contribute to the realization of Nature Positive* by 2030.

*Halting and reversing the loss of biodiversity to put nature on track to recovery.

Contribution to Nature Positive (conceptual diagram)



Response to TNFD Recommendations

Based on TNFD recommendations, we have assessed our dependences and impacts on nature, and then identified nature-related risks and opportunities, and discussed measures to address them.

Governance

See Environmental Governance Structure (p. 56)

Strategy (analysis and evaluation of biodiversity-related risks and opportunities)

Led by the TNFD-WG, we assessed our dependence and impact on nature in our operations, following the LEAP approach* recommended by the TNFD. As a result, we identified 12 sites upstream in the value chain, 3 sites in our direct operations, and 7 companies downstream in value chains as priority areas that are important to our business and require attention with respect to biodiversity. We extracted a comprehensive set of potential risks and opportunities from the identified priority areas based on our business activities, and prioritized them to identify nature-related risks and opportunities that we must address. The biodiversity-related risks and opportunities and main countermeasures are shown in the table below. No items that would have a significant impact on our business continuity were identified among the risks and opportunities for FY2023.

*A systematic approach to assessing nature-related risks and opportunities, consisting of four phases: Locate, evaluate, assess, and prepare.

Biodiversity-Related Risks

TNFD risk classification		Risk details	Period*	Main measures
Physical risk	Acute	• Increase in procurement costs of plant-derived pharmaceutical excipient • Cost of ecosystem restoration due to pollution caused by natural disasters (leakage of hazardous substances) and the spread of genetically modified organisms, etc.	Short, medium, and long	• Thorough implementation of BCP measures (ensuring sufficient inventory of APIs and products / establishment of a multiple-supplier system) • Strengthening management of chemical substances and genetically modified organisms, etc. • Efficient use of water resources • Identification of natural disaster and water shortage risks in the business partner selection process, etc.
	Chronic	• Impact of water shortages on production activities (disruption of factory operations, increase of production costs)	Medium to long	
Transition risk	Policy	• Increased cost of complying with introduction or enhancement of regulations in each country/region	Medium to long	• Development of strategies that reflect regulatory trends and implementation of measures • Reduction of greenhouse gas emissions • Reduction of environmental impact of product packaging • Improvement of waste recycling rate • Thorough management of hazardous substances and wastewater • Identification of risks and promotion of mitigation efforts in line with TNFD recommendations • Efforts to achieve medium- to long-term environmental targets, etc.
	Market	• Shift in interest of society as a whole to products that take biodiversity into consideration, and lost sales opportunities due to delays in response to this shift	Long	
	Technology	• Increase in cost of compliance with mandatory wastewater analysis of chemical substances, etc. • Stagnation of business activities due to intensified competition over use of new technologies that reduce impact on nature	Medium to long	
	Reputation	• Decrease in corporate value due to insufficient biodiversity efforts	Medium to long	
	Liability	• Liability in the event of environmental pollution due to natural disaster, accident, etc.	Short, medium, and long	

Biodiversity-Related Opportunities

TNFD opportunity classification	Opportunity details	Period*	Main measures
Resource efficiency	• Reduction of costs, waste, etc. through efficient production activities	Medium to long	• Conservation of resources through continuous production systems and other highly efficient production processes • Promotion of drug discovery technologies that take into account the concept of green and sustainable chemistry • Promotion of biodiversity efforts and information disclosure • Promotion of biodiversity conservation activities (contribution to Nature Positive), etc.
Market	• Creation of new businesses linking biodiversity and healthcare	Medium to long	
Capital flow and financing	• Possibility of inclusion in ESG index funds and financing through sustainable finance	Short, medium, and long	
Reputation	• Increase in corporate value through advanced biodiversity efforts	Short, medium, and long	

*Short term (within 3 years), medium term (3-10 years), long term (10-30 years)

Risk and impact management

We manage identified biodiversity-related risks and opportunities, as well as the measures taken to address them, through the TNFD-WG and the Environment Management Committee. The Board of Directors oversees the status of these risks and opportunities under the Environmental Governance Structure. Biodiversity-related risks and opportunities are reviewed annually by the TNFD-WG. If items are identified that could have significant impacts on our financial or business continuity in the future, we will manage those risks through an Enterprise Risk Management (ERM) System.

Indicators and targets

In order to strengthen and accelerate our efforts to address global environmental issues, we are promoting activities to achieve our medium- to long-term environmental targets. In addition to minimizing the negative impact of our business activities on nature, we will continue our efforts to contribute to the realization of Nature Positive by 2030 through the development of green spaces on company property and positive activities for nature, such as new biodiversity conservation activities.

Details of information disclosure in accordance with TNFD recommendations
https://sustainability.ono-pharma.com/en/themes/143

Supply Chain Strategy

So That We Can Reliably Deliver High-Quality Pharmaceuticals to Patients

The major mission of pharmaceutical companies is ensuring their quality and stable supply to patients. ONO has positioned product quality assurance, stable supply, and safety management as material issues, and we operate under a robust quality assurance system that ensures compliance with laws and regulations throughout the supply chain as a whole. However, issues such as equipment malfunctions or natural disasters can disrupt production. In addition to preventive measures, we are reducing risks by implementing appropriate inventory management and securing multiple manufacturing sites. Moreover, the entire supply chain is sincerely striving to address societal challenges such as environmental issues and human rights, focusing on fulfilling social responsibilities.

In order to reliably deliver high-quality pharmaceuticals to patients, each employee is committed to maintaining a high sense of ethics and is working to ensure product quality and safety management.

Akira Takada
Corporate Executive Officer,
Executive Director, CMC & Production

Material Issue 12 Assurance of Reliability and Safety

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• A global specialty pharmaceutical company with established organizational systems for appropriate quality assurance and safety management.	• Completion of global quality assurance and safety management systems	○
	• Zero critical findings from regulatory inspections	○
	• Zero recalls of ONO products	○

Material Issue 13 Stable Supply of Products

Vision over the medium- to long-term	Indicators	FY2023 Evaluation
• ONO Products are supplied stably to patients throughout the world.	• No out-of-stock incidences	○

Completion of global quality assurance and safety management systems

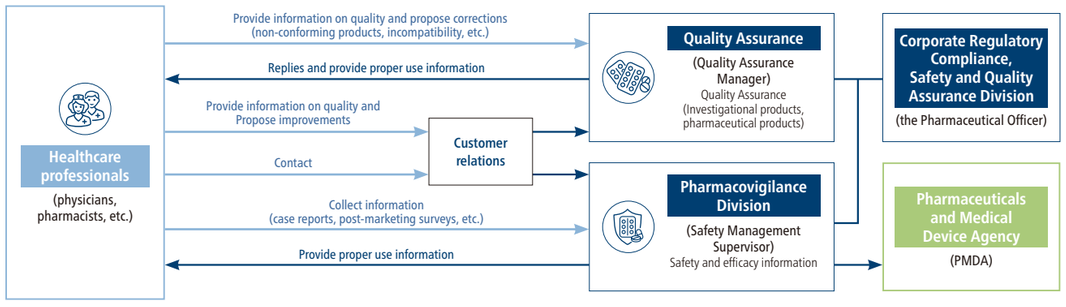
ONO manufactures all pharmaceuticals under an appropriate quality assurance system both in our plants and in outsourced plants. At our plants, we established a quality assurance system complying with global standards, such as GMP*1 (standards for manufacturing and quality control systems) in each country and PIC/S*2 GMP, etc. When outsourcing, we confirm that appropriate manufacturing and quality control are implemented by conducting periodic quality audits. Regarding quality assurance, we go beyond the legal requirements of a Marketing Authorization Holder, and have formulated a global quality manual based on the ICH*3 Q10 Pharmaceutical Quality System Guideline. Through continuous improvement of this system, we provide high-quality pharmaceuticals from the perspective of patients, caregivers, and healthcare professionals. We strive to provide high-quality products through multiple measures, such as training for all employees engaging in production and quality assurance, enhancing the Pharmaceutical Quality System, and improving risk management systems.

In the regions where our products are sold (Japan, Korea, and Taiwan), we have established a quality assurance and safety management system, and are working to establish this system in the U.S. and Europe by the time the products go on sale. In FY2023, there were no significant findings from regulatory inspections or recall of products.

*1 GMP (Good Manufacturing Practice): Standards for pharmaceutical manufacturing and quality control.
*2 PIC/S: (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme): An informal cooperative organization among inspection authorities aimed at developing, implementing, and maintaining internationally harmonized GMP standards and quality systems for inspection authorities in the pharmaceutical sector.
*3 ICH (International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use): An international conference of drug regulatory authorities and pharmaceutical industry representatives from around the world to develop guidelines on pharmaceutical regulations.

Quality System and Training System
https://www.ono-pharma.com/en/company/business_activities/manufacturing.html

Safety and Quality Information Gathering and Management System



Initiatives for proper use of pharmaceuticals

ONO has established a risk management plan for each pharmaceutical product and conducts Group-wide safety management activities. We evaluate the details of gathered information and take safety measures, such as the revision of the "Precautions for Use" text accompanying pharmaceutical products and provide information related to the proper use of drugs, etc. as necessary. In particular, after the launch of the anticancer drug OPDIVO, safety information in and outside Japan increased drastically. We evaluate this information based on the opinions of external experts and then disseminate the information through various information materials, academic societies, medical journals, etc., in order that the drug is properly used.

Cases of pharmaceutical harm have occurred as a result of the inadequate functioning of safety monitoring functions. As a pharmaceutical company involved in pharmaceuticals related to human life, we take to heart the tragic nature of pharmaceutical harm and corporate responsibility, and we regularly conduct education on such incidents for all employees. For safety management activities, too, we have created a global standard procedure manual and databases and constructed a Group-wide system that extends to overseas operations.

Globally achieving a "Stable Supply of Products"

The manufacturing locations and suppliers of APIs, raw materials, and formulations of pharmaceuticals are spread throughout the world and the supply chain has become increasingly complex. We have therefore set "Stable Supply of Products" as one of our materialities to ensure a stable supply of pharmaceuticals that patients can use with peace of mind, and have set zero out-of-stock incidences as an index. We are committed to stable supply in compliance with the regulations and compliance in each country and region, and are working to further expand our supply chain for self-sales in the U.S. and Europe. We set appropriate inventory levels for each API and product according to the manufacturing lead time, delivery time, and number of manufacturing bases for APIs, raw materials, and formulations. By constantly monitoring and maintaining appropriate inventory levels, we are able to ensure a stable supply of products, even when production is temporarily halted due to problems. We were able to avoid out-of-stock incidences and maintain a stable supply of products once again in FY2023.

Steady development and implementation of maintenance plan

We maintain the operation of our facilities through the planning and execution of steady maintenance that combines preventive and corrective maintenance. Preventive maintenance involves replacing major parts of equipment and facilities and setting the frequency of periodic maintenance to avoid breakdowns due to age-related deterioration. In addition, to prepare for unexpected breakdowns, spare parts that require time for delivery are kept in-house to ensure prompt recovery in the event of a breakdown of production or analysis equipment. In addition, we have begun building a system for predictive maintenance of facilities, in order to prevent outages due to unexpected facility problems. This involves using AI to analyze the various types of electrical data, such as pressure and temperature measured during operation, and predicting failures. If effective predictive maintenance can be established, it will lead to improved productivity by reducing the frequency of periodic inspections. We are currently working to stabilize quality through the use of digital data, and are considering the use of digital data and AI in the visual product inspection process, which requires the recruitment of a large number of inspectors.

Stable supply of products in disasters

In preparation for a major disaster, we have formulated a crisis management and business continuity manual and conduct regular training. Furthermore, we try to diversify risk through the active use of multiple manufacturing bases and outsourcing plants. For our main product OPDIVO, we have already established a system in which the product is manufactured at both the Fujiyama Plant (Shizuoka Prefecture) and Yamaguchi Plant (Yamaguchi Prefecture). In particular, the Yamaguchi Plant is increasing production capacity for future business expansion, and is envisioned to serve as a stable supply base for products that enable continuation of business even in the event of a large-scale disaster. For other products, we are examining manufacturing at multiple bases, including outsourcing as needed, and we are also working to increase the number of outsourced manufacturing sites for APIs. We also conduct risk assessments of the supply chain unrelated to products and APIs.

Supply Chain Strategy

Material Issue 17 Realization of Sustainability Management with Business Partners		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• Strengthen collaborative relationships with business partners and manage sustainability-related risks such as the natural environment and human rights.	• Establish a stronger risk management system (formulate policies and Sustainable Procurement Code, and create related system) (–2026)	○
	• Comprehensive evaluations of companies in high-risk areas (–2026)	○

Realization of sustainable procurement through collaboration with business partners

As the social structure changes with technological innovation and globalization, the supply chain is becoming increasingly important for maintaining business activities. Also, to respond to social problems related to human rights violations, labor environment, and other issues that have arisen and to achieve a sustainable society, it is important to work with all of our business partners in the supply chain to establish a management system and strengthen our efforts together. In this context, we have redefined our materiality as "Realization of Sustainability Management with Business Partners" and are promoting sustainable procurement. We require that all employees involved in procurement activities adhere to the Basic Policy for Procurement Activities. Having formulated the ONO Sustainable Procurement Code for Business Partner (hereinafter, "the Code"), we request the cooperation of suppliers. In addition to the healthy network we have built with business partners, we aim to solve social issues in collaboration with our business partners (suppliers) by establishing a sustainability management system covering human rights, labor conditions, and the natural environment through further cooperation.

Sustainability management with business partners

We select key suppliers based on an understanding of sustainability-related risks in the supply chain, and prioritize them to promote activities. We share our approach to sustainable procurement and the Code through briefings, and request cooperation and consent to the agreement. Moreover, we have a management system by which we conduct risk assessments and, depending on the situation, implement on-site audits and request corrective actions. Risk assessment targets are selected based on the impact on our business and the sustainability risk of each industry based on third-party data. By the end of FY2023, we collected consent forms from 299 companies and received responses to risk assessments from 139 companies. We conducted an on-site audit of one company and confirmed that no corrective action plan was necessary. (As of the end of March 2024)

Procurement Activities Basic Policy
https://www.ono-pharma.com/en/company/policies/procurement.html

ONO Sustainable Procurement Code for Business Partner
https://sustainability.ono-pharma.com/data/pdf/en/2022/ono_sustainable-procurement-code_for-business-partner.pdf

Connecting the Present to the Future with Business Partners through Sustainable Procurement

To further accelerate the realization of a sustainable society, we explain the ONO Sustainable Procurement Code for Business Partner, which summarizes the items and initiatives we want a broader range of partners to adhere to, including those providing direct materials, indirect materials, and outsourced services, and we seek their consent. With the cooperation of EcoVadis, we are moving forward with checks and analysis of sustainability issues and have conducted audits on some partners. Together with our partners, we are moving forward with specific solutions to these issues and are reinforcing risk management in areas such as safety and health, human rights, labor, environmental preservation, ethics, and information management.

Shigeru Saito
Senior Director,
Procurement and Purchasing

Respect for Human Rights

Material Issue 15 Respect for Human Rights		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
Human rights risk management		
• Aim to construct a management system based on the UN Guiding Principles on Business and Human Rights	• Conduct human rights due diligence within the Group (up to 2026)	○
• Aim to construct a governance system with adaptability to appropriately respond whenever human rights problems arise and establish a foundation of trust with society for the Group (including supply chain)	• Conduct human rights risk assessments for high priority suppliers (up to 2026)	○
Improving access to healthcare		
• We are delivering innovative medicines for rare and pediatric diseases.	• Number of approved rare disease/ pediatric indications	○
• We are contributing to local capacity-building* in areas with immature medical infrastructures (in collaboration with NPOs and NGOs).	• Project outcome goals (A new project began in FY2022) → See ONO Bridge Project goals	○
*Providing support for the development of medical human resources and the establishment of medical systems so that communities facing challenges can overcome them on their own.		

Human Rights Risk Management

Human rights initiatives

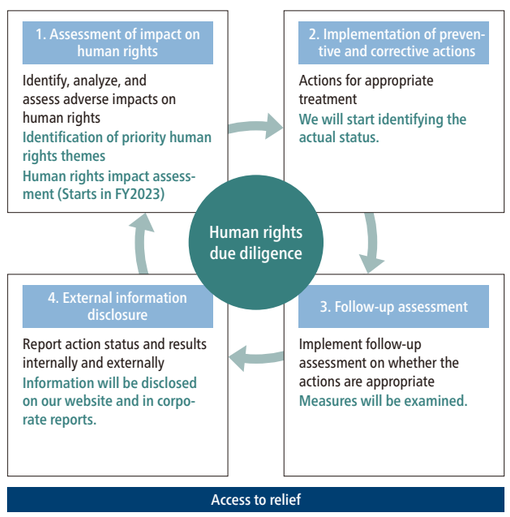
The Group has adopted "Respect for Human Rights" as one of its materialities and is promoting initiatives for human rights risk management and improvement of access to healthcare.

In all of our business activities, both in Japan and overseas, the Group understands and respects the human rights, diverse values, personalities, and individuality of all people, and acts accordingly. In July 2020, we formulated the Ono Group Human Rights Global Policy based on the United Nations Guiding Principles on Business and Human Rights, and applied it to all directors and employees. We are also encouraging all business partners related to the Group's businesses, products, and services to comply with this policy. This policy was established with the approval of the Board of Directors in March 2023 and is disclosed on our website.

ONO Group Human Rights Global Policy
https://www.ono-pharma.com/en/company/policies/human_rights.html

Respect for human rights demanded by the world and our response

Ono Group Human Rights Global Policy (Established in July 2020)



Human rights due diligence

We have established a human rights due diligence mechanism, and disclose the progress and results of this mechanism externally.

In FY2023, we first reviewed the status of labor contracts and working conditions of diverse workers in the supply chain based on the themes identified in FY2022. In this process, we conducted a questionnaire survey of key supplier printing companies to ascertain the actual status of foreign workers. At one of these companies, we interviewed the managers and supervisors of technical intern trainees to ascertain their status. As a result, we confirmed there to be no negative impact on the human rights of technical intern trainees. Moving forward, we will continue to ascertain the actual working situation in areas other than printing companies, as well as build a mechanism that enables us to quickly recognize and address urgent and potential human rights issues.

Initiatives to prevent human rights violations

Each employee deepens their understanding and acquires correct knowledge regarding human rights. In addition, we conduct training for all employees with the aim of preventing

Respect for Human Rights

harassment and other human rights violations, and are working to create a comfortable work environment. In FY2023, we conducted training on themes such as "Business and Human Rights" and "Respect for Human Rights in the Workplace".

Scope of risk identification, etc.

Target value chain	Research and development — Procurement — Manufacturing — Logistics — Sales — Consumption — Disposal
Rights holders who may be impacted	Workers in the supply chain, workers of our business partners, our employees, local communities, patients
Potential areas of risks of concern	• Access to healthcare and pharmaceuticals • Pharmaceutical safety and health damage • Risks during development • Human rights issues related to the environment and climate change • Pharmaceutical distribution • Human rights issues under supply chain • Provision of appropriate pharmaceutical information • Industrial safety and health • Waste treatment • Discrimination • Race, age, sex • Gender (including sexual minorities) • Various forms of harassment • Excess and unfair working hours • Foreign worker rights • Child labor and forced labor • Privacy rights • Equal pay for equal work • Impact on indigenous peoples and local residents • Compliance • Human rights issues related to technology and AI

Identified risks

Working environment at production sites of procured articles, including raw materials

We will identify the actual status of the working environment of raw material suppliers, such as producers and manufacturers, etc., in particular, the working environment of raw material producers and outsourcing manufacturing companies, identify and assess specific adverse impacts on their human rights during our procurement activities, and implement prevention and mitigation actions.

Labor contracts and work environments for diverse workers (foreign workers, etc.) in Japan, including in our group companies and in our supply chain

Labor contracts and work environments for diverse workers in Japan, including in our group companies and in our supply chain, identify and assess specific adverse impacts on their human rights during our procurement activities, and implement prevention and mitigation action.

Improving Access to Healthcare

Efforts to improve access to healthcare consistent with our corporate philosophy

We recognize that the right to access necessary medical care and to live a healthy life is a human rights issue. As a pharmaceutical company with problem solving capabilities, we believe that we have an obligation to contribute to this issue to the maximum extent possible. Ono aims to improve people's access to healthcare through creation of innovative drugs and strengthening the healthcare infrastructure based on our corporate philosophy: Dedicated to the Fight against Disease and Pain.

Providing innovative drugs for more patients

Even today as we see remarkable developments in the medical field, there are many rare and pediatric diseases for which effective treatments do not exist. We are working to improve access to medicines, including drugs for rare diseases. In FY2023, we obtained indications of OPDIVO intravenous infusion for the treatment of malignant mesothelioma (excluding malignant pleural mesothelioma) and unresectable advanced or recurrent epithelial skin malignancies, which are designated as rare diseases.

To deliver our innovative drugs to more patients, we neither apply for nor enforce patent rights in Least Developed Countries defined by the United Nations, and Low Income or Lower Middle Income Countries defined by the World Bank, with some exceptions. In the event of a national public health emergency situation, such as the spread of an infectious disease, we will consider flexible and appropriate licensing of patent rights according to the given circumstances.

Make for Efforts to Improving Access to Healthcare
https://sustainability.ono-pharma.com/en/themes/102

Participation in the access accelerated initiative

Since 2023, ONO has been participating in Access Accelerated, a global partnership that aims to improve access to non-communicable diseases (NCDs) prevention, treatment, and care in low- and lower-middle income countries.

For more information on Access Accelerated activities, please see the following website:
https://accessaccelerated.org/

Support for strengthening healthcare infrastructure

There are still many people in the world who do not have access to necessary healthcare due to the immaturity of the healthcare infrastructure. To solve this issue, we believe it is important to strengthen the healthcare infrastructure to enable local communities to deliver healthcare sustainably on their own, and we are working toward this outcome through partnerships with relevant NGOs and NPOs.

ONO Bridge Project

In FY2022, we launched the ONO Bridge Project, which aims to improve access to healthcare, and have begun programs in Cambodia and Myanmar. In addition to financial support necessary for NGO measures, we are raising public awareness of healthcare access issues, encouraging employee participation in volunteer activities, and implementing cooperative measures leveraging our expertise. At the same time, we will maximize our social impact by increasing our non-financial capital input to our projects, while strengthening our human and other capital.

ONO Bridge Project
https://sustainability.ono-pharma.com/en/themes/102#1069

Myanmar **Maternal and Child Health Service Improvement Program**

The maternal mortality rate in Myanmar is considered to be 250/100,000 live births. There is a big gap from the goal: "SDGs 3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births." Through this program, we aim to improve access to maternal and child health care services for pregnant and nursing mothers and help strengthen local health service networks that connect local residents and midwives.

NPOs supported	People's Hope Japan

Cambodia **Program to Improve Access to Advanced Pediatric Medical Care**

In Cambodia, there are many pediatric patients who cannot have access to advanced medical care. In high-income countries, the survival rate for pediatric cancer patients is 80%, but in low- and middle-income countries, the rate is extremely low, at less than 30%. A major cause is the shortage of medical institutions and healthcare professions that can provide advanced medical care. In addition, the lack of economic power of people in the community, hospital visitation habits, and trust in healthcare are barriers to accessing healthcare. Through this program, we work to improve pediatric patient's access to advanced healthcare by supporting the activities of the Japan Heart Children's Medical Center in Cambodia.

NGOs supported	Japan Heart

Message from Dr. Hideto Yoshioka, Founder of Japan Heart

More and more children are dying in Myanmar and Cambodia. A single physician cannot possibly save them all. Healthcare is the result of the combined hopes and strengths of many people in various roles, not just medical professionals. Only by combining these strengths can treatment be provided, and patients be saved. The presence of all the people involved and the combined strength of their hope become the creative power to save the lives of future generations. The ONO Bridge Project is one such project, and it is helping improve access to healthcare in Cambodia.

I sincerely hope that you will learn about this reality, join with us, and become part of the power to create future lives.

Hideto Yoshioka Pediatric Surgeon, Chief Advisor and Founder of Japan Heart

Strengthening of Corporate Governance

Corporate Governance Report
https://www.ono-pharma.com/sites/default/files/en/ir/corporate_governance_report_en.pdf

Material Issue 18 Strengthening of Corporate Governance		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• Establish an effective governance structure to achieve sustainable growth.	• Improve operation through evaluations of the effectiveness of the Board of Directors: Expand support for Outside Directors, Board of Directors review of SR Activity Report (shared opinion of shareholders and investors) and agenda setting	○

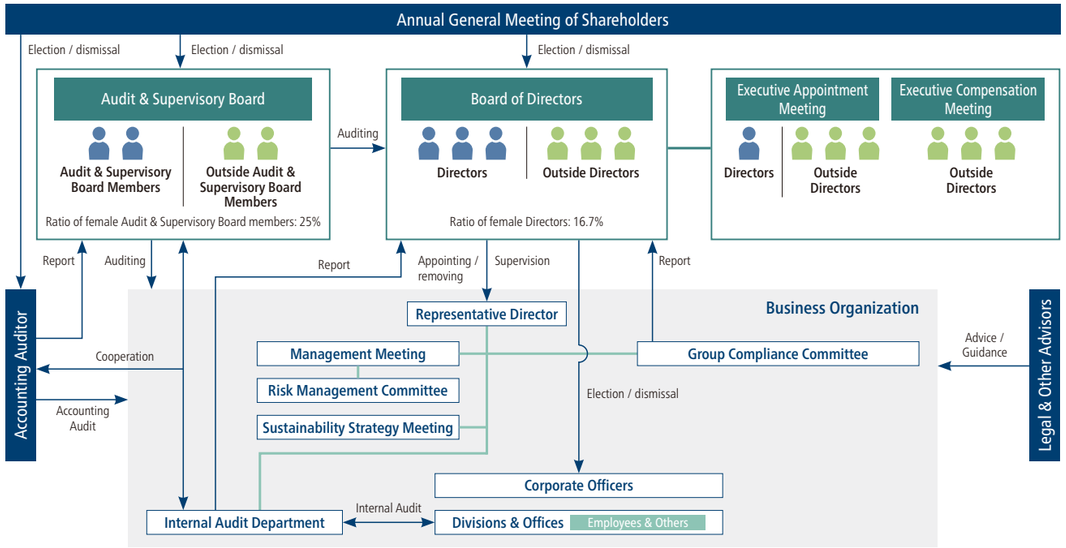
Corporate Governance Structure

Basic approach

As part of our endeavors to strengthen corporate governance, ONO has adopted an organizational framework with an Audit & Supervisory Board, and aims to focus on enhancing the functions of the Board of Directors and the Audit & Supervisory Board. We have established an Executive Appointment Meeting composed primarily of Outside Directors, and an Executive Compensation Meeting composed only of Outside Directors to ensure independence and objectivity with regard to the appointment and compensation of executives.

Regarding business execution, we have adopted a corporate officer system to improve management efficiency and speed up decision-making. On the other hand, discussions and decisions are made by the Management Meeting and other meetings chaired by the Representative Director or the responsible members of the Board of Directors depending on the importance and content of the management issues. Thus, we strive to achieve optimal business operations by ensuring effective working of mutual supervisory functions.

Corporate Governance Structure



Board of Directors

We work to ensure an appropriate size and composition of the Board of Directors to enable an expedited and accurate decision-making process while enhancing management transparency and supervisory functions.

We nominate candidates for the Board of Directors by taking into consideration the balance of their knowledge, experience, and capability, so that the Board of Directors as a whole can make professional and comprehensive management decisions while also emphasizing diversity of attributes and other aspects so that the Board can deliberate from diverse perspectives and achieve appropriate decision-making and effective supervision. In addition, we nominate candidates for Outside Directors from those who have high levels of expertise in corporate management on the premise that they satisfy the standards for Independent Directors set out by the Tokyo Stock Exchange, and ensure that at least one-third of the Board of Directors are Outside Directors (currently, three of six members of the Board Directors are Outside Directors, and one member is female). The term of office for members of the Board of Directors is set at one year to maintain clarity of the responsibilities of management and to ensure that we can respond quickly to changes in the business environment.

A meeting of the Board of Directors is held once every month in principle, with the attendance of the members of the Board of Directors and the Audit & Supervisory Board, to decide on important management issues and to supervise the status of the execution of duties by members of the Board of Directors. In order for members of the Board of Directors and Audit & Supervisory Board to appropriately fulfill their roles and responsibilities, the attendance rate at the meetings of the Board of Directors is, in principle, set at 75% or more. Taking into account the time required to be devoted to duties as a member of the Board of Directors or Audit & Supervisory Board, we limit the number of companies on which the members of the Board of Directors and Audit & Supervisory Board may concurrently serve as officers or in other capacities (appointment as officers of listed companies, etc.) at up to four in principle, not including Ono.

The following is a summary of the main discussions, etc., by the Board of Directors in FY2023.

Theme	Main Topics of Discussion
Management Strategy & Sustainability	• Progress report on growth strategies (reported by theme: Reinforcement of pipelines and acceleration of global development, Realization of direct sales in the U.S. and Europe, Expansion of business domains, Management infrastructure to support growth strategies, and Corporate transformation through digital & IT) • Acquisition of Deciphera Pharmaceuticals, Inc. • Analysis, etc. of cost of capital, return on capital, and market valuation • Sustainability activity report
Corporate Governance, etc.	• Matters related to the General Meeting of Shareholders (decisions on convening and agenda items, etc.) • Matters related to financial results • Personnel matters related to the Representative Director, Members of the Board of Directors, Members of the Audit & Supervisory Board, and Corporate Officers • Revision of the policy for determining compensation of Directors • Decision on the payment of Directors' remuneration, etc. • Matters related to Directors' and other officers' liability insurance contracts • Evaluation of the effectiveness of the Board of Directors • Individual review of cross-shareholdings • Report on the development and operation status of internal control systems • Formulation of the Ono Group Code of Conduct and Global Compliance Policy • Revision of the Ono Pharmaceutical Global Anti-Bribery and Corruption Policy • Report on the management and operation status of compliance matters • Risk Management Report • IR and SR Activity Report
Investment Projects and Other Matters	• Matters related to growth investments • Establishment of subsidiaries • Matters related to litigation and dispute resolution

Audit & Supervisory Board

From the perspective of strengthening audit functions, the Audit & Supervisory Board is composed of two independent Outside Members (one of whom is female) along with two full-time Members who are well-versed in our business and who are highly skilled in collecting information. These Outside and full-time Members work together to enhance the effectiveness of audits.

The Audit & Supervisory Board meets regularly and conducts systematic and efficient audits in collaboration with the Internal Audit Department while working to improve the effectiveness of audits through coordination with the Accounting Auditors, thereby enhancing management oversight functions.

Executive Appointment Meeting

The Executive Appointment Meeting consists of three Outside Directors, one of whom serves as the Chairperson of the Meeting, and the Chairperson of the Board. With all members attending in principle, the Meeting ensures the transparency and objectivity in the appointment of candidates for the Board of Directors, Audit & Supervisory Board, and senior management, and discusses Ono's corporate governance, including policies for planning the succession of the chief executive officer (President, CEO) and other senior management. Furthermore, if the Chairperson deems that a matter should be deliberated solely by Outside Directors, the Chairperson of the Board does not participate in the discussion. Executive appointments to be submitted to the Board of Directors are discussed at the Executive Appointment Meeting, and submitted to and approved by the Board of Directors.

In January 2023, the Executive Appointment Meeting began full-scale discussions regarding the change of Representative Directors, including the President, effective April 1, 2024. Over the course of about a year prior to the submission of the proposal to the Board of Directors, discussions were held on matters such as confirming the development of executive talent, considering the desired profile of the President based on medium- to long-term management strategies, and the ideal post-succession management structure. Candidates were shortlisted and interviews were conducted by Outside Directors alone. Outside Directors actively participated in the process from an independent and objective standpoint.

Executive Compensation Meeting

The Executive Compensation Meeting consists of three Outside Directors. With all members attending in principle, the Meeting ensures the transparency and objectivity of, and deliberates on the amounts of compensation for each member of the Board of Directors and the calculation methods thereof, and the appropriateness and future form of the executive compensation system, etc. Executive compensation is discussed at the Meeting, and submitted to and approved by the Board of Directors.

Strengthening of Corporate Governance

Attendance at the meetings of the Board of Directors and the Audit & Supervisory Board (one year from June 22, 2023 (at the end of the 75th Annual General Meeting of Shareholders))

★: Chairperson

	Name	Board of Directors	Audit & Supervisory Board	Executive Appointment Meeting*1	Executive Compensation Meeting*2
Member of the Board of Directors	Gyo Sagara	★12/12 (100%)	—	5/6 (83.3%)*3	1/1 (100%)
	Toichi Takino	12/12 (100%)	—	—	—
	Toshihiro Tsujinaka	12/12 (100%)	—	2/6 (33.3%)*4	—
	Kiyoaki Idemitsu*5,6	7/12 (58.3%)*7	—	—	—
Outside Director	Masao Nomura	12/12 (100%)	—	★6/6 (100%)	★3/3 (100%)
	Akiko Okuno	12/12 (100%)	—	6/6 (100%)	3/3 (100%)
	Shusaku Nagae	12/12 (100%)	—	6/6 (100%)	3/3 (100%)
Audit & Supervisory Board Member	Katsuyoshi Nishimura*6	12/12 (100%)	★15/15 (100%)	—	—
	Hironobu Tanisaka*8	12/12 (100%)	15/15 (100%)	—	—
Outside Audit & Supervisory Board Member	Yasuo Hishiyama	12/12 (100%)	15/15 (100%)	—	—
	Akiko Tanabe	12/12 (100%)	15/15 (100%)	—	—

*1 Toshihiro Tsujinaka was removed from the Executive Appointment Meeting as of April 2024 due to the revision of the structure of the Meeting.
*2 Gyo Sagara was removed from the Executive Compensation Meeting as of April 2024 due to the revision of the structure of the Meeting.
*3 Gyo Sagara was absent from one of the Executive Appointment Meetings held during the fiscal year. This absence was to ensure the independence of the Outside Directors during discussions related to the appointment of Representative Directors, including the President.
*4 Toshihiro Tsujinaka was absent from four of the Executive Appointment Meetings held during the fiscal year. These absences were based on the nature and purpose of the meetings, and all other members agreed to his absence.
*5 Kiyoaki Idemitsu retired as director upon the completion of his term at the conclusion of the 76th Annual General Meeting of Shareholders held on June 20, 2024.
*6 Katsuyoshi Nishimura retired as an Audit & Supervisory Board Member upon the completion of his term at the conclusion of the 76th Annual General Meeting of Shareholders held on June 20, 2024. Kiyoaki Idemitsu was newly nominated as an Audit & Supervisory Board Member at the same meeting and assumed the position.
*7 Kiyoaki Idemitsu was unable to attend Board of Directors meetings from July to December 2023 due to undergoing medical treatment.
*8 Hironobu Tanisaka was nominated as Chairperson of the Board of Auditors at the Board of Auditors meeting held on June 20, 2024.

Skill Matrix

Under the corporate philosophy "Dedicated to the Fight against Disease and Pain," we aim to achieve the status of Global Specialty Pharma by promoting four growth strategies: Maximization of product value, Reinforcement of pipelines and acceleration of global development, Realization of direct sales in the U.S. and Europe, and Expansion of business domains. We are also working to strengthen management infrastructure through DX and human resource development. Through these business activities, we aim to contribute to people's health and enhance our corporate value, while continuing to take on the challenge of realizing a sustainable society.

Based on this policy, ONO has adopted an organizational framework with an Audit & Supervisory Board, aiming to expand the delegation of authority to the executive department and strengthen the supervisory and auditing functions of our independent outside officers. Based on this background, we have established skill items that we consider necessary for the entire Board of Directors, indicating the relevant items for internal directors based on their business and managerial experience, and for Outside Directors and Audit & Supervisory Board Members based on the areas in which they are expected to supervise, audit, and provide advice.

Major fields of expertise and experience of Members of the Board of Directors and Audit & Supervisory Board Members

- Subject persons: Members of the Board of Directors and Audit & Supervisory Board Members who are required to attend the Board of Directors' meetings
- Skill recognition criteria: In-house Members of the Board of Directors: Experiences in operations and management positions; Outside Members of the Board of Directors/Audit & Supervisory Board Members: Fields where supervision, auditing, and advice are expected.

	Name	Major fields of expertise and experience								
		Corporate management	Finance/ Accounting	Legal/Risk management	Research and development	Corporate Development & Strategy/ Marketing	Human resources/ Human capital development	ESG/ Sustainability	Global experience	DX/IT
Members of the Board of Directors	Gyo Sagara	●	●			●		●		
	Toichi Takino	●			●	●			●	
	Toshihiro Tsujinaka	●	●	●		●	●	●		
	Masao Nomura	●	●	●		●	●	●		●
	Akiko Okuno						●	●	●	
	Shusaku Nagae	●			●	●		●	●	●
Audit & Supervisory Board Members	Hironobu Tanisaka			●				●		
	Kiyoaki Idemitsu			●	●	●		●	●	
	Yasuo Hishiyama			●				●		
	Akiko Tanabe		●					●		

Evaluation of the Effectiveness of the Board of Directors

Basic approach

ONO conducts self-evaluations on the composition, operation and other matters of the Board of Directors once a year with the aim of improving the effectiveness of the Board of Directors as a whole.

The results of the FY2023 analysis and evaluation of the effectiveness of the Board as a whole are summarized as follows:

1 Method of evaluation

After explaining the purpose of the evaluation at a meeting of the Board of Directors, all the members of the Board of Directors and Audit & Supervisory Board were asked to complete an anonymous questionnaire conducted by a third-party, and were interviewed individually by the Secretariat of the Board of Directors. The results of the third-party analysis and evaluation of the questionnaire were shared, and opinions gathered from the individual interviews were compiled. The Board of Directors then conducted an analysis and self-evaluation of the current effectiveness of the Board and discussed future issues.

2 Summary of results of analysis and evaluation

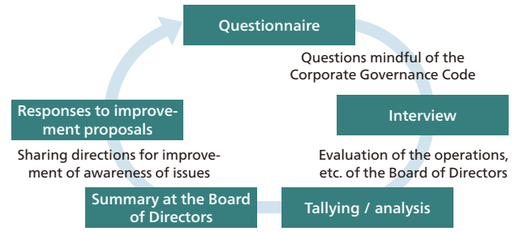
- The self-evaluation conducted through a third-party questionnaire confirmed that the effectiveness of the Board is secured at a high level, even in relative comparison with other companies.
- The Board of Directors makes important management decisions in an expeditious and appropriate manner, and a system that allows appropriate supervision of business execution is ensured.
- Measures have been taken on an ongoing basis to improve the operation of the Board of Directors, including a review of matters for deliberation at the Board of Directors in light of the management environment and the situation of the Company.
- Members of the Board of Directors and Audit & Supervisory Board, including Outside Directors and Outside Audit & Supervisory Board Members, are freely expressing their opinions from their own perspectives, based on the common understanding of the corporate philosophy and the management issues of the Company.

Based on the results above, ONO concluded that the effectiveness of the Board of Directors is ensured. In addition, the following discussions were held in order to make further improvements.

- Future measures were discussed, confirming requests and proposals such as the sharing of gender and other issues related to diversity, improvement of IR/SR activity reporting methods, and expansion of opportunities for dialogue between Outside Directors and employees, etc.
- The future direction of the Board of Directors was discussed, confirming issues such as its size, composition, skill sets, etc., from a medium- to long-term perspective, and the criteria for submission of proposals in consideration of future business development.

3 Initiatives to improve effectiveness

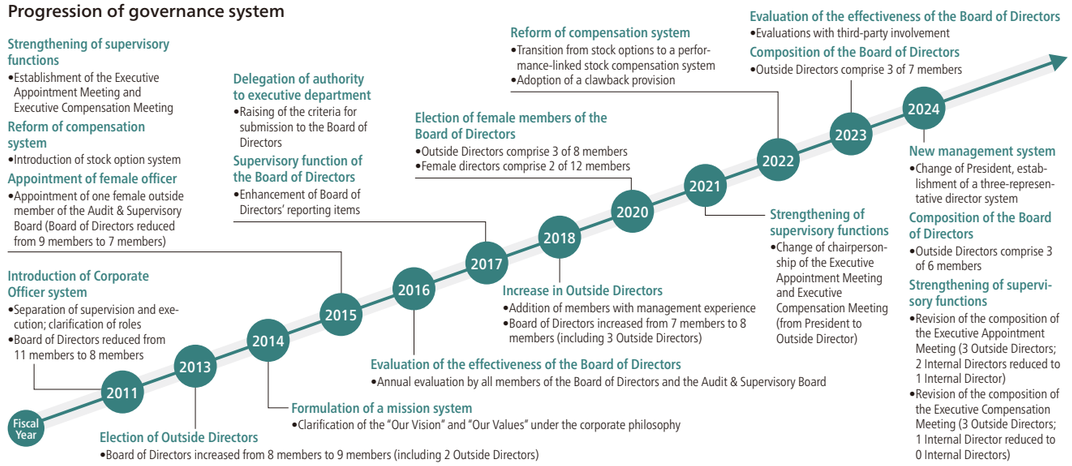
Amid the drastically changing environment surrounding the Company, the Board of Directors will further improve its effectiveness by enhancing discussions on the direction of management from a medium- to long-term perspective.



Major contents of the questionnaire and interviews

- Size and composition of the Board of Directors
- Operation and support structure of the Board of Directors
- Roles and responsibilities of the Board of Directors

Progression of governance system



Strengthening of Corporate Governance

Outside Directors and Outside Audit & Supervisory Board Members

Roles of Outside Directors and Audit & Supervisory Board Members

Possessing extensive experience and broad knowledge, Outside Directors oversee our business operations and take part in our decision-making process from an independent and objective standpoint. They are involved in the process of making important decisions such as the appointment of officers and executive compensation, help to ensure transparency and objectivity, and enhance the function of the Board of Directors by serving as members of the Executive Appointment Meeting and the Executive Compensation Meeting.

As experts in law and corporate accounting, the Outside Audit & Supervisory Board members carry out audits from an independent and objective standpoint to ensure that our management remains sound.

There are no special interest relationships between outside officers and ONO, such as personal relationships, capital relationships, or business relationships. As such, we believe there is no risk of conflict of interest with general shareholders.

Cooperation between Outside Directors and the Audit & Supervisory Board

Since FY2015, ONO has conducted an annual Cooperation Meeting between Outside Directors and the Audit & Supervisory Board organized by the Audit & Supervisory Board, aimed at enhancing mutual coordination between Outside Directors and members of the Audit & Supervisory Board, who monitor business management as non-executive officers. At these meetings, members come to an understanding of each other's viewpoints and differences in authority and then exchange opinions related to the issues and themes surrounding business management.

In FY2023, in addition to the Cooperation Meeting, Outside Audit & Supervisory Board Members joined an onsite audit by Audit & Supervisory Board Members and inspected a base (Fujiyama Plant), and exchanged opinions from diverse perspectives.

Support System for Outside Directors and Outside Audit & Supervisory Board Members

ONO aids Outside Directors' execution of duties by providing information to and receiving information from them through the Corporate Governance Office, which serves as the secretariat of the Board of Directors. Furthermore, support is provided to promote Outside Directors' understanding of business content and business activities, including the provision of explanations of business and other issues as well as opportunities for exchanges of opinions outside of Board of Directors meetings.

Full-time Audit & Supervisory Board Members mainly provide Outside Audit & Supervisory Board Members with information at meetings of the Audit & Supervisory Board and other occasions in an appropriate manner. In addition, the person in charge of the administrative duties of the Audit & Supervisory Board provides support for the performance of duties of the Board members, including outside members, and serves as the Secretariat for the Board.

Expected roles of Outside Directors and Outside Audit & Supervisory Board Members

	Name	Expected roles
Outside Directors	Masao Nomura	Mr. Nomura has abundant experience and high-level knowledge because he has served as a corporate executive for many years, and he has fulfilled important roles as an Outside Director by providing appropriate supervision of the Company's management from an independent perspective as well as useful advice and suggestions on overall management. We expect that Mr. Nomura will continue to be involved in the Company's management as an Outside Director and thereby contribute to increasing the Company's value due to his experience and knowledge from being a corporate executive.
	Akiko Okuno	Ms. Okuno has extensive academic knowledge as a university professor specializing in business administration. She has fulfilled important roles as an Outside Director by providing appropriate supervision of the Company's management from an independent standpoint as well as useful advice and suggestions based on her knowledge in her fields of expertise, such as women's labor and personnel appraisal systems. We expect that Ms. Okuno will contribute to increasing the Company's value due to her expertise cultivated through business science research and the results of her work by being involved in ONO's management as an Outside Director.
	Shusaku Nagae	Mr. Nagae has abundant experience and high-level knowledge because he has served as a corporate executive for many years. He appropriately supervises our management from an independent perspective, and provides useful advice and suggestions related to overall management, fulfilling an important role as an Outside Director. We expect that based on his results as a corporate manager, knowledge, and work to date, Mr. Nagae will continue to be involved in the Company's management as an Outside Director and thereby contribute to increasing the Company's value.
Outside Audit & Supervisory Board Members	Yasuo Hishiyama	With abundant experience and high-level knowledge of corporate legal affairs as an attorney-at-law and certified fraud examiner, Mr. Hishiyama has fulfilled important roles as an Outside Audit & Supervisory Board Member. He has provided appropriate supervision of the operations of the Board of Directors from an expert and independent standpoint, as well as making comments and suggestions as required. We expect that Mr. Hishiyama will contribute to maintaining and improving sound management and appropriate operation by being involved in the management of the Company as an Outside Audit & Supervisory Board Member.
	Akiko Tanabe	With abundant experience and considerable knowledge of accounting as a certified public accountant and certified fraud examiner, Ms. Tanabe has fulfilled important roles as an Outside Audit & Supervisory Board Member. She has provided appropriate supervision of the operations of the Board of Directors from an expert and independent standpoint, as well as making comments and suggestions as required. We expect that Ms. Tanabe will contribute to maintaining and improving sound management and appropriate operation by being involved in the management of the Company as an Outside Audit & Supervisory Board Member.

Executive Compensation

Basic approach

- The compensation of members of the Board of Directors encourages them to continue pursuing a medium- to long-term vision so that they can address achieving sustainable growth as a research and development-type pharmaceutical company, share awareness of interests with shareholders, and improve company value. The compensation makes it possible to increase the awareness of the Board of Directors (excluding Outside Directors) of performance goals and facilitate their contribution to improving company value.
- Compensation for Directors and Audit & Supervisory Board Members shall be set to an appropriate level, taking into consideration the scale of the Company's business, responsibilities, management strategy, etc., and referring to the management compensation database of an external professional organization, with the prerequisite that the level of compensation is appropriate to secure excellent human resources.

Decision-making process

- The amount of individual compensation of members of the Board of Directors is proposed to and determined by the Board of Directors to the extent that approval is obtained at the annual general meeting of shareholders after examination at the Executive Compensation Meeting.
- The amount of compensation of Audit & Supervisory Board Members is determined in discussions among Audit & Supervisory Board members to the extent that approval is obtained at the annual general meeting of shareholders.

Composition of officer compensation

	Monetary compensation		Restricted-transfer stock compensation	
	Basic compensation	Bonus	Continuous service-type restricted-transfer stock	Performance linked-type restricted-transfer stock
Directors (excluding Outside Directors)	●	●	●	●
Outside Directors	●	—	—	—
Audit & Supervisory Board Members	●	—	—	—

Compensation system

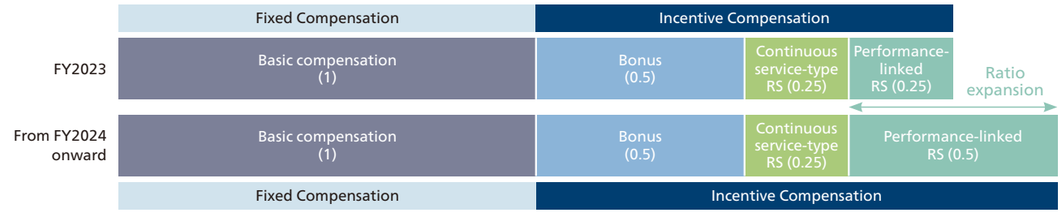
Types of compensation			Purpose/summary	
Fixed compensation		Basic compensation	**Monthly fixed compensation**	
Incentive compensation	Short-term	Bonus	**Incentive compensation to increase awareness of performance goals for each fiscal year** Amount paid: Calculated taking into consideration individual performance evaluation after reflecting degree that performance indicator targets were met When paid: Lump-sum payment immediately after each fiscal year	
	Medium- and long-term	Restricted-stock remuneration*1	**Incentive compensation to provide incentive to enhance medium- and long-term corporate value and work even more to share value with shareholders** • In principle, stock restrictions shall be released and the stock delivered in a lump sum after the retirement of a director.	
		Continuous service-type	Number of shares to deliver: Calculated according to the level of responsibility in making decisions When shares are delivered: Delivered after the end of the annual general meeting of shareholders following director's appointment (pre issuance)	
		Performance-linked*2,3	Number of shares to deliver:	Calculated based on the degree of achievement of performance targets (including ESG targets) set on a fiscal year-by-fiscal year basis, which are linked to medium-term management targets and management issues, and the degree of achievement of target figures for performance indicators for each fiscal year. Number of shares to be delivered to each director = the base number of shares*4 x percentage to be delivered*5
			When shares are delivered:	Delivered after the end of the annual general meeting of shareholders based on results of the performance evaluation at end of the performance evaluation period (one fiscal year) (post issuance). Moreover, if the delivery of restricted stock is not appropriate for any of various reasons, including the director resigning at end of term, cash may be paid in lieu of stock.

*1 There is a "Malus Clause" to the effect that all or some restricted stock can be seized for such reasons as major violations of laws, regulations, or internal rules during the term.
*2 The same number of performance-linked restricted transfer shares will be issued to executive officers who do not concurrently serve as directors.
*3 In addition to *1, there is a "clawback clause" to the effect that for such reasons as violation of laws, regulations, in-house rules during the term, the Company can demand return of stock compensation (amount equivalent to the value disposed of) even after a set amount of time following the lifting of restrictions on transfer.
*4 The Board of Directors shall determine the amount of the compensation based on the position, responsibility, etc. of the director.
*5 The Board of Directors will determine the percentage of achievement of each performance target, etc. for each performance evaluation period in the range of 0 to 200%.

Strengthening of Corporate Governance

Composition of compensation for directors (excluding Outside Directors) (when reference target is achieved)

In the executive compensation revision for FY2024 (from July 2024 onward), the proportion of stock-based compensation and incentive compensation within the overall compensation was increased.



Note: The proportions of the compensation structure for directors (excluding Outside Directors) will be determined based on the characteristics of ONO's business, management issues at the time, and the business environment.
The proportion of each type of remuneration is an estimate calculated based on a certain company size and the unit price of the Company's shares, and is only a guideline figure and will change according to changes in business performance and stock price, etc.
RS stands for restricted transfer stock.

Performance-linked remuneration, etc.

(1) Bonuses

The targets and results related to the main evaluation indicators for bonuses FY2023 are as given below.

	Evaluation items	Targets	Results
Company performance*1	Consolidated revenue	475.0 billion yen	**502.7 billion yen**
	Consolidated operating profit	153.0 billion yen	**159.9 billion yen**
	Consolidated profit (attributable to owners of parent)	115.0 billion yen	**128.0 billion yen**
Individual performance	Individual performance targets	Individually set	**Individual evaluation*2**

*1 The target figures for Company performance are the consolidated earnings forecast set at the beginning of the fiscal year. Results are evaluated at the Executive Compensation Meeting based on special factors that were not anticipated when targets were set at the beginning of the fiscal year, performance evaluations, and the like.

*2 In FY2023, the President (current Chairman and CEO) evaluated the efforts of individual members of the Board of Directors other than the President (current Chairman and CEO) and the validity of the evaluation was reviewed at the Executive Compensation Meeting. In addition, the performance of the President (current Chairman and CEO) is evaluated only by Outside Directors at the Executive Compensation Meeting.

(2) Performance-linked restricted stock remuneration

The targets and results related to the main evaluation indicators for FY2023 performance-linked restricted stock remuneration are shown in the table below.

Evaluation items			Targets	Results	Composition
Financial targets*1	Consolidated revenue		475.0 billion yen	**502.7 billion yen**	10%
	Consolidated operating profit		153.0 billion yen	**159.9 billion yen**	
Strategic targets	Initiatives for increasing corporate value over the medium-term	Maximization of product value	Individually set	**Individual evaluation*2**	70%
		Strengthening of the pipeline and acceleration of global development			
		Realization of our own marketing in the US and Europe			
		Expansion of business domains			
		Management foundation that supports the growth strategy (expansion of intangible assets)			
		Corporate transformation via digital and IT platforms			
	Medium-term growth – value creation	Consolidated revenue trend	Revenue growth trend	**Revenue growth**	10%
		Consolidated operating profit trend (before R&D expenses)	Profit increase trend	**Profit increase**	
		Consolidated R&D expenses trend (excluding impact of impairment)	Increase	**Increase**	
		Consolidated ROE change/trend	Evaluate standard in medium term	**Current period: 16.7% 5-year average: 13.7%**	
Non-financial targets	Materiality initiatives		Status of initiatives for identified challenges	**Achieve goals set by the Company**	10%
	Status of inclusion in ESG indices		Status of inclusion in identified indicators, etc.	**Achieve goals set by the Company**	

*1 The target figures for financial targets are the consolidated earnings forecast set at the beginning of the fiscal year.
Results are evaluated at the Executive Compensation Meeting based on special factors that were not anticipated when targets were set at the beginning of the fiscal year, performance evaluations, and the like.

*2 In FY2023, the President (current Chairman and CEO) evaluated the efforts of individual members of the Board of Directors other than the President (current Chairman and CEO) and the validity of the evaluation was reviewed at the Executive Compensation Meeting. In addition, the performance of the President (current Chairman and CEO) is evaluated only by Outside Directors at the Executive Compensation Meeting.

Total amount of executive compensation* (FY2023)

(Millions of yen)

Executive category	Total amount to be paid	Fixed compensation	Bonus	Restricted-transfer stock compensation		Number of recipients
				Continuous service-type	Performance-linked	
Members of the Board of Directors (excluding Outside Directors)	422	195	125	44	58	5
Outside Directors	63	63	—	—	—	3
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board members)	67	67	—	—	—	2
Outside Audit & Supervisory Board Members	34	34	—	—	—	2
Total	585	358	125	44	58	12

*There are 4 directors (excluding Outside Directors) as of the end of FY2023; however, the above compensation includes one director who retired as of June 22, 2023 (excluding Outside Directors).

Cross-Shareholdings

Basic approach

The Company believes that it is essential to have partner companies with which the Company can maintain long-term collaborative relationships in order to discover innovative pharmaceutical products that truly benefit patients.

The Company, therefore, holds shares that it deems necessary to hold for strategic purposes, after comprehensively considering the business relationship with the issuers of those shares and the synergies created, in light of a medium- to long-term perspective for increasing corporate value.

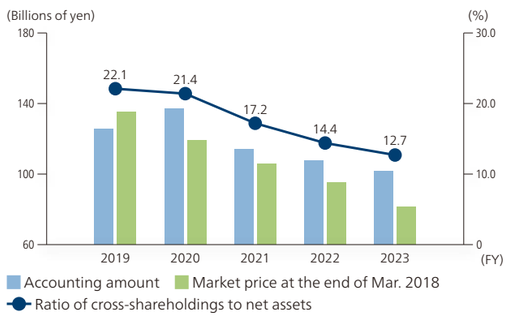
State of holdings and reduction

When judging whether cross-shareholding will lead to an increase in the corporate value of the Company from a medium- to long-term perspective, once a year the Board of Directors reviews the purpose of the holdings, the benefits and risks from cross-shareholding with respect to each issuer of the cross-held shares, and determines whether or not to continue holding those shares after comprehensively considering the business relationship with the issuers and synergies created. For the shares that the Company decides to reduce holdings of as a result of this review, the Company has discussions with the investees to obtain their understanding while implementing the reduction.

As part of an overall revision of cross-shareholdings, we have been systematically reducing them since FY2018. By the end of March 2024, we had reduced our cross-shareholdings, bringing the total amount on the balance sheet to 101.5 billion yen and the ratio of cross-shareholdings to consolidated net assets to 12.7%.

Going forward, we will continue to reduce these holdings with the goal of reducing the ratio to less than 10% over the medium to long term.

Reduction of cross-shareholding



Developing and Operating an Internal Control System

ONO has laid out its operational system in compliance with the internal control system set out at the Board of Directors meeting. We also strive to ensure compliance and detect internal control problems at an early stage through auditing by the Business Audit Department (Internal Department), which does internal audits, thereby maintaining and improving the appropriateness of organizational management. In addition, the development and operation status of the internal control system is reported periodically to the Board of Directors, and we work to constantly improve organizational operation. Concerning antisocial forces, or organizations that may threaten social order or security, we communicate our firm stance to fight against them throughout our organization.

Round-table Discussion with Outside Directors

Akiko Okuno
Outside Director
Professor, Faculty of Business Administration, KONAN UNIVERSITY

Masao Nomura
Outside Director
Corporate Advisor, Iwatani Corporation
Outside Director, Keihanshin Building Co., Ltd.

Shusaku Nagae
Outside Director
Special Corporate Advisor, Panasonic Holdings Corporation
Outside Audit & Supervisory Board Member, Nikkei Inc.
Outside Director, Poppins Corporation

Transforming to a Three-Person Governance Structure: Big Step Together Toward a Global Specialty Pharma

Succession Plan Actively Involving Outside Directors

Nomura The selection process for the successor to the president, which took about a year starting in January 2023, was led mainly by the outside directors while discussing the selection methods and schedule in the Executive Appointment Meeting. In addition to formal meetings and interviews with candidates, the three of us outside directors at times also exchanged opinions privately. This approach would not have been possible without the solid relationship of trust between the management team and the outside directors. I believe that we were able to manage this highly-independent succession plan because of this trust relationship.

Okuno After the interviews with the candidates, we also took an additional step where we individually submitted our selection opinions to Chairman Nomura when summarizing our opinions, in order to ensure independence and objectivity. Top management leaders need to have a long-term perspective, one that lasts beyond their own tenures. During the interviews, I focused on the duration over which candidates envisioned upcoming long-term management—all of them were thinking about management with eyes toward the next generation and beyond.

Nagae What I focused on in the interviews with the candidates was their human skills, or interpersonal relationship skills. Technical skills (ability to perform tasks) and conceptual skills (ability to conceptualize) can be substituted, but human skills cannot. Therefore, I paid particular attention to whether they listen to their team staff, and to whether they were sincere. Company scandals are often caused by poor communication. Given that the president's character is reflected in the company's culture. I consider human skills an indispensable capability for top executives.

Nomura Although the three of us reviewed the candidates from our own positions and respective perspectives, our evaluations generally aligned, and led us to the same conclusion. As a result, we were confident when attending the Executive Appointment Meeting to assign the successor. As of June this year (2024), I have been an outside director of this company for six years, and I am well acquainted with the personalities of Chairman Sagara and the other directors through discussions at Board of Directors meetings. I believe that the management of this succession plan was made possible by the mutual sincerity of the management team and the outside directors in the discussions.

Okuno As is the case with this appointment, the Board of Directors always responds to our various questions and requests in a constructive manner. If immediate action is not available, we have in-depth discussions about how to handle that issue looking forward.

Nomura The main reason for selecting Mr. Takino as the successor to the president was not just his human qualities, but the fact that he is the best person to lead the Group in realizing ONO's long-term vision of becoming a Global Specialty Pharma. He has extensive overseas experience, and possesses a global business sense. Additionally, his career in expanding the pipeline, which is the lifeline of a pharmaceutical company, is indispensable for ONO's future management. He also has the nature required in a president: leadership and strong sense of challenge. Taking all these elements into account, we decided he was the right person for the position.

Okuno At the same time, Mr. Takino is also a highly emotional person. Once, I spoke with him about the contradictions pharmaceutical companies were facing—like new drugs, which should be used for saving lives, being extremely expensive in the U.S. and not affordable for the patients that need them. At that time, Mr. Takino told me his experience when he talked to children hospitalized for their illnesses, emphasizing that the fundamental duty of a pharmaceutical company is to serve patients. He responded passionately, speaking about the need to work hard for the sake of patients and their families, leaving a strong impression on me.

Nagae People would not follow a leader lacking empathy. The decisive factor in selecting Mr. Takino was his cheerful personality and his sincerity in listening to his staff. Listening attentively to others contributes to better communication within the company. To transform this company into a global business and to spearhead it, a leader needs to become ever more wise. The ability to quickly find the one correct answer is mere intelligence—this is something AI has. Wisdom, however, is the ability to derive the optimal solution in situations where there may be no correct answer or multiple correct answers—this ability is essential for management to identify unique abilities among diverse talent, and to harness those abilities effectively.

Okuno What I expect for ONO is to take on the challenge of "change." ONO is a company with a long history and tradition, but as the company positions itself for a major leap forward, it is essential to boldly embrace change so that this history does not in itself become a stumbling block.

Nomura Mr. Takino embodies the "Passionate Challengers" envisioned in the mission statement's "Our Vision," and I believe his principal mission as the president is to increase the number of passionate employees like himself. Now, with the three-executive representative director structure, I believe the company has a solid foundation for the advancement of the global strategy.

I believe that the selection process for the president's successor was carried out based on a succession plan with a high degree of independence, based upon a strong trust relationship between the management team and the outside directors.

Masao Nomura

Nagae Up until now, the company had only one representative director; the President. Now, with the appointment of President Takino and Vice President Tsujinaka, the company now has three representative directors. This structural change was to create a system in which each of them could take their roles, enabling prompt decision-making on management issues. I believe this is a reasonable idea and a logical transformation.

Okuno For this to work, I hope that Chairman Sagara hands over this mantle, while supporting the new president, without being tied to the old ways. I also hope that the outside directors strive to promote a management style that will further encourage changes.

Round-table Discussion with Outside Directors

Expectations for Active Talent Development and Talent Utilization, Based on High Engagement

Okuno I believe that what the company needs in its employees are those who can both embrace change and work in a way that promotes it. ONO has many employees who genuinely love the company. Because of this, the company needs more employees not with the mindset of "I love this company, so I don't want to change it," but instead "I love this company, so I want to change it for better." The same is true for the advancement of women—the company has many outstanding women, and it is making progress in training women for management positions, but the results are not yet reflected in the numbers. Additionally, if there are any promotion rules that serve as barriers to the promotion of potential talent, I think the company should revise those systems and actively promote talented and capable people to accelerate the momentum of change.

Nomura While the company is currently developing talent under the classifications of "professional talent" necessary for promoting each growth strategy and "versatile talent" for supporting the management foundation across departments, it is necessary to increase the number of people with strengths in multiple cross-functional areas. I hope it can become a highly capable group, by bringing together many people possessing multiple strengths. Up until now, Japanese companies have competed in the global market based on the strength of their strong teamwork, and with a team of highly capable talent, they can achieve even greater strengths. Many of the company's employees are highly engaged and eager to develop their skills, and so the company should be able to utilize such qualities in its talent development.

Nagae According to one study, 80% of employees in general are either "people who only do the work they like" or "people who only do what they are told," and only the other 20% have strong mindsets, capable of taking initiative and responding proactively to various issues. By increasing that 20% would therefore increase the company's strength proportionately. Employees must not only follow the instructions of their managers, but be able to express their opinions when necessary. This is also important to prevent the company from becoming insular and secretive.

Promoting Diversity and Globalization Through Management and Corporate Culture Reformation

Nagae Globalization of a company takes more time than anticipated. It is often seen that a country's standards differ from global standards. When stationed overseas in the past, I always kept it in mind that when doing business globally, it is important to neither be too accepting of the characteristics of a particular country, nor to overly resisting these. Things are particularly complicated in the U.S., as laws differ between states. Since the company is aiming to sell directly in the U.S. and Europe, it needs to be mindful of the anticipated high levels of legal risk.

Nomura A future challenge for the company is to increase personnel transfers and exchanges between domestic and overseas offices. Additionally, as pointed out by Mr. Nagae earlier, the company needs to transform its governance and compliance systems at the Japanese headquarters to meet global standards, while also investigating the laws, regulations, and business practices in other countries that may be difficult to understand with Japanese sensibilities in order to adhere to international compliance. The company introduced a global personnel system in October 2023, incorporating competency (behavioral characteristics) into evaluation items, and I believe this will lead to globalization with a sense of unity.

In terms of governance, the company needs to address issues with globalization mindsets, such as appointing foreign executives to the Board of Directors.

Akiko Okuno

Okuno I believe that it is possible to explore the company's unique vision of being a "Global Specialty Pharma." This means that there is room for further discussion within the company regarding what type of global company ONO aims to become in the future. The company needs to refine its vision more concretely as what kind of a pharmaceutical company it wants to be.

Nagae I have always believed that a bigger company is not necessarily a great company. I think targeting globally niche fields and aiming to be the best in such markets is a viable strategy. To achieve this, it is important to set a clear direction and move forward. Showcasing ONO's uniqueness will also enhance its recognition overseas.

By not only pursuing the scale of the business but also clearly defining its direction and emphasizing its uniqueness, ONO will be able to improve its name recognition overseas.

Shusaku Nagae

Nomura On the extent of the discussion of strengths, I think it is important that the company have multiple characteristics. Until now, pharmaceutical companies have focused on providing treatments for diseases with large numbers of patients. However, one of ONO's goals is deliver innovative drugs for rare diseases and pediatric diseases as part of its sustainability initiative, "Improving Access to Healthcare." We would like to support ONO's challenge of further contribution to patients around the world.

that are required for globalization also applies to tackling diversity issues within the company. Promoting globalization and diversity requires a combination of small and continuous activities to reform the corporate culture with strong initiatives by top management. In terms of governance also, in the future, the company should consider appointing foreign directors as part of its efforts for globalization.

Nomura What future leaders need is the spirit to lead by showing good examples, and to actively promote global expansion. As the company heads toward FY2031, the final year of its current medium-term management plan, I believe that if its employees approach this highly challenging era with a positive attitude, they will be able to achieve outstanding results.

ONO's Uniqueness Based on Its Long Tradition to Take Its Place on the World's Stage

Okuno "Change," of which I have spoken today, can also be described as a form of "self-renewal." The company is now at a major crossroads. Change in such a situation does not mean discarding everything it has; rather it means transformation using what it has, including its long tradition. The company needs to take the next step, with everyone in the company envisaging a great leap forward, casting off the same old mindset of continuing growth.

Nagae The company where I previously worked was a manufacturer, and it was said that globalization requires the integrated promotion of production, sales, and technology—manufacturing products, securing sales routes, and promoting technological development. Of these, the most difficult is securing sales routes. Establishing its own sales routes overseas takes 10 to 20 years, and therefore in order to secure these, the company has engaged in M&A as well as various partnerships. For ONO, as it continues to move forward with globalization, being active in M&A and partnerships will be unavoidable. While the concept of multi-stakeholders is more in focus recently, I consider employees themselves as vitally important stakeholders. I think the company needs to consider what should be done for its employees, including their labor conditions and welfare.

Nomura As seen with OPDIVO, the company has unique strengths that are not seen in other pharmaceutical companies, such as its long use of open innovation for developing innovative drugs. I believe it is entirely possible for the company to leverage this strength overseas as well.

In addition to its corporate philosophy of "Dedicated to the Fight against Disease and Pain," the sustainability management goals include "striving for health." While grounded in overcoming diseases and extending healthy life expectancy, a necessity for mankind, the company prioritizes unique approaches to research and development. To become a global company, the company does not necessarily need to compete on the same footing as overseas companies. Rather, leveraging the strengths of a Japanese company may seem circuitous, but it could actually be the shortest path.

Directors, Audit & Supervisory Board Members

(as of July 1, 2024, shares held as of March 31, 2024)

Members of the Board of Directors

Gyo Sagara
Representative Director, Chairman of the Board and Chief Executive Officer

■ Number of the Company's shares held: 120,400

April 1983	Joined the Company
April 2006	Executive Director, General Administration and Senior Director, Corporate Management
June 2006	Member of the Board of Directors
April 2007	Executive Director, Corporate Management
November 2007	Executive Director, Sales and Marketing
December 2007	Managing Member of the Board of Directors
February 2008	Member of the Board of Directors, Vice President
April 2008	Executive Director, Corporate Management
June 2008	Vice President and Representative Director
September 2008	President, Representative Director & CEO
April 2024	Representative Director, Chairman of the Board & CEO (to date)

Toichi Takino
Representative Director, President and Chief Operating Officer

■ Number of the Company's shares held: 43,900

April 1995	Joined the Company
April 2006	Senior Director, International Business
April 2008	Senior Director, Business Development
May 2008	Senior Director, Global Business Development & Licensing
July 2009	Vice President, ONO PHARMA USA INC.
June 2011	Corporate Officer
April 2012	Executive Director, Corporate Development & Strategy
October 2018	Executive Director, Discovery and Research Division
April 2019	Executive Director, Discovery & Research
June 2019	Corporate Executive Officer
June 2020	Member of the Board of Directors, Executive Officer
June 2021	Member of the Board of Directors, Senior Executive Officer
April 2024	Representative Director, President & COO (to date)

Toshihiro Tsujinaka
Representative Director, Executive Vice President

■ Number of the Company's shares held: 28,100

April 1988	Joined the Company
June 2004	Senior Director, Koshinetsu Branch Sales Division
November 2007	Senior Director, Sales Operations
October 2012	Senior Director, Sendai Branch Sales Division
October 2015	Senior Director, Oncology Planning & Promotion
April 2016	Division Director, Oncology Business Division
June 2016	Corporate Officer
October 2018	Executive Director, Corporate Strategy & Planning (to date)
June 2019	Corporate Executive Officer
June 2020	Member of the Board of Directors, Executive Officer
June 2021	Member of the Board of Directors, Senior Executive Officer (to date)
June 2023	Executive Director, Discovery and Research Division; Senior Director, Sustainability Promotion Department
April 2024	Representative Director, Executive Vice President (to date)
April 2024	Executive Director, Corporate Strategy & Planning, Senior Director, Business Design, Senior Director, Sustainability Promotion (to date)

Masao Nomura
Member of the Board of Directors **Outside**

■ Number of the Company's shares held: 5,000

March 1972	Joined Iwatani Corporation
June 2007	Director, Executive Officer, Iwatani Corporation
April 2009	Executive Director, Executive Officer, Iwatani Corporation
April 2010	Senior Executive Director, Executive Officer, Iwatani Corporation
June 2012	President, Representative Director, Executive Officer, Iwatani Corporation
April 2017	Director, Senior Adviser to the Board, Executive Officer, Iwatani Corporation
June 2017	Senior Adviser to the Board, Iwatani Corporation
June 2018	Member of the Board of Directors, Outside Director (to date)
June 2019	Outside Director, Keihanshin Building Co., Ltd. (to date)
June 2020	Outside Director, NEW COSMOS ELECTRIC CO., LTD.
July 2022	Corporate Advisor, Iwatani Corporation (to date)

[Status or important concurrent holding of positions]
Corporate Advisor, Iwatani Corporation
Outside Director, Keihanshin Building Co., Ltd.

Akiko Okuno
Member of the Board of Directors **Outside**

■ Number of the Company's shares held: 0

April 2002	Associate Professor, Faculty of Economics, Osaka University of Economics and Law
April 2004	Associate Professor, Faculty of Business Administration, Tezukayama University
April 2007	Associate Professor, Faculty of Management and Information Science, Tezukayama University
April 2010	Professor, Faculty of Business Administration, Tezukayama University
April 2012	Professor, Faculty of Business Administration, KONAN UNIVERSITY (to date)
June 2020	Member of the Board of Directors, Outside Director (to date)

[Status or important concurrent holding of positions]
Professor, Faculty of Business Administration, KONAN UNIVERSITY

Shusaku Nagae
Member of the Board of Directors **Outside**

■ Number of the Company's shares held: 0

April 1972	Joined Matsushita Electric Works, Ltd.
December 2004	Managing Executive Officer, Matsushita Electric Works, Ltd.
June 2007	Managing Director, Matsushita Electric Works, Ltd.
June 2010	Representative Director, President, Panasonic Electric Works Co., Ltd.
June 2012	Representative Director, Executive Vice, Panasonic Corporation (currently Panasonic Holdings Corporation)
June 2013	Representative Director, Chairman of the Board, Panasonic Corporation
June 2017	Director, Chairman of the Board, Panasonic Corporation
June 2021	Member of the Board of Directors, Outside Director (to date)
June 2021	Special Corporate Advisor, Panasonic Corporation* (currently Panasonic Holdings Corporation) (to date)
March 2023	Outside Audit & Supervisory Board Member, Nikkei Inc. (to date)
March 2024	Outside Director, Poppins Corporation (to date)

*Company name changed to Panasonic Holdings Corporation on April 1, 2022

[Status or important concurrent holding of positions]
Special Corporate Advisor, Panasonic Holdings Corporation
Outside Audit & Supervisory Board Member, Nikkei Inc.
Outside Director, Poppins Corporation

Audit & Supervisory Board Members

Hironobu Tanisaka
Full-time Audit & Supervisory Board Member

■ Number of the Company's shares held: 2,300

April 1984	Joined the Company
August 2007	Senior Director, Legal Department
January 2018	Senior Director, Business Audit Department
June 2021	Full-time Audit & Supervisory Board Member (to date)

Kiyoaki Idemitsu
Full-time Audit & Supervisory Board Member

■ Number of the Company's shares held: 15,000

April 1987	Joined the Company
December 2000	President, ONO PHARMA UK LTD.
January 2008	Senior Director, Discovery Research Alliance
May 2008	Senior Director, Global Business Department & Licensing
January 2010	Senior Director, Global Business Department & Licensing
April 2012	Division Director, Discovery Research Alliance Division
October 2013	Senior Director, Nivolumab Strategic Planning
April 2017	Division Director, Medical Affairs
October 2018	Corporate Officer
October 2018	Executive Director, Clinical Development
June 2020	Corporate Executive Officer
June 2021	Member of the Board of Directors, Executive Officer
April 2024	Executive Director, Clinical Development; Director, Global Development Management Unit
May 2024	In charge of Clinical Development
June 2024	Full-time Audit & Supervisory Board Member (to date)

Yasuo Hishiyama
Audit & Supervisory Board Member **Outside**

■ Number of the Company's shares held: 0

April 1999	Appointed as a judge (served at Sendai District Court, Saitama District Court and Osaka Family Court)
April 2006	Registered as an attorney at law (Dai-Ichi Tokyo Bar Association)
April 2006	Joined TANABE & PARTNERS (to date)
January 2010	Member of appraisal committee (Land Lease Non-Contentious Cases) at Tokyo District Court (to date)
June 2016	Outside Audit & Supervisory Board Member (to date)
June 2023	Outside Audit & Supervisory Board Member, Yoshimoto Pole Co., Ltd. (To date)

[Status or important concurrent holding of positions]
Partner Attorney at Law, TANABE & PARTNERS
Outside Audit & Supervisory Board Member, Yoshimoto Pole Co., Ltd.
Member of appraisal committee (Land Lease Non-Contentious Cases) at Tokyo District Court

Akiko Tanabe
Audit & Supervisory Board Member **Outside**

■ Number of the Company's shares held: 0

October 1993	Joined Century Audit Corporation (Present: Ernst & Young ShinNihon LLC)
May 1997	Registered as Certified Public Accountant
January 2012	Established Akiko Tanabe CPA office (to date)
June 2015	Outside Director, OIE SANGYO CO., LTD. (to date)
July 2019	Partner of Midosuji Audit Corporation (to date)
April 2020	Provisional Outside Audit & Supervisory Board Member
June 2020	Outside Audit & Supervisory Board Member (to date)

[Status or important concurrent holding of positions]
Representative, Akiko Tanabe CPA office
Outside Director, OIE SANGYO CO., LTD.
Partner of Midosuji Audit Corporation

Stakeholder Engagement

Material Issue 11 Promotion of Diverse Partnerships		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• We strengthen company brands, etc. and accelerate business activities to promote partnerships with diverse stakeholders.	• The number of companies with which in-license and out-license agreements are concluded: 1*1 • The number of research collaborations: Approx. 280 cases globally (ones underway as of March 31, 2024)*2 • Other partnering results: See p. 52, 62, 65, 82	○ ○ ○

*1 See p. 33 *2 See p. 30

Dialogue with Shareholders and Investors

Constructive dialogue with shareholders and investors is essential for the Company's sustainable growth and enhancement of corporate value over the medium to long term. The Corporate Communications Department, which reports directly to the President, is in charge of overall dialogue with shareholders and investors. Opinions and other information obtained through dialogue are appropriately fed back to directors and related departments as necessary to share and utilize the information. Also, in order to ensure appropriate dialogue, the Corporate Communications Department has established a cooperative framework by exchanging information with divisions such as Business Management, Human Resources, and Corporate Governance.

In response to individual requests for dialogue from shareholders and investors, the Chairman, President, Executive Officers, and heads of business divisions, as well as other appropriate responders, respond to such requests. In addition, ONO holds quarterly financial results briefings for analysts and investors following the announcement of financial results, R&D meetings, and ESG meetings. We also hold meetings for individual investors.

Status of Dialogues with Shareholders and Investors (FY2023)

Item	Description
Main responders involved in dialogue, etc.	President, Corporate Officers, Corporate Communications Department and other departments (Business Management Division, Corporate Governance Office, CSR Promotion, etc.)
Overview of dialogue partners	Conducted dialogues with a diverse range of shareholders, analysts, etc., including domestic and foreign active and passive institutional investors
Main topics of dialogue and issues of interest to shareholders and investors	• Status of the Company's mainstay product, OPDIVO, and progress in the product pipeline • Future growth strategy and R&D policy, including overseas expansion • Financial strategy and shareholder return policy • Status of initiatives for non-financial activities including ESG, etc.
Feedback of shareholder and investor opinions and concerns to management and the Board of Directors	• Reported once a year at the Board of Directors meeting (plans to expand feedback) • Reported four times a year (once per quarter) to the President and Corporate Officers (Executive Directors)
Main items incorporated based on feedback	• The composition of the Executive Compensation Meeting was changed to include only outside directors. • The concept of dividend policy for FY2024 and beyond was presented at the announcement of financial results for FY2023. • Created opportunities for dialogue between outside directors and shareholders and investors at ESG meetings.

Achievements of Dialogue Initiatives

Initiative Description	FY2023
Meetings for individual investors	1 time
Meetings for institutional investors and analysts	4 times
ESG meetings	1 time
R&D meetings	1 time
Individual meetings with institutional investors and analysts*1	Domestic: 282 persons/83 companies Overseas: 340 persons/125 companies
Overseas roadshows	2 times
Conferences hosted by securities firms	3 times
Small meetings	10 times
Individual meetings with voting staff (SR activities)*2	Domestic: 8 companies Overseas: 4 companies

*1 Total number of participating companies and participants
*2 For FY2023, this includes SR activities conducted from March to April 2024, including those conducted in April.

Investor FAQs

Q1 What is the current status and future of your mainstay product (OPDIVO)?

For OPDIVO, the competitive environment is becoming very intense, but if we look at immune checkpoint inhibitors as a whole, overall sales are growing, and OPDIVO has captured around 30% of market share among them. We are continuing our efforts to maximize the product value of OPDIVO, and will continue to expand the indications for cancer types, treatment lines, and combination therapies, as well as develop a subcutaneous injection formulation. In FY2024, we will further expand new prescriptions mainly for gastric cancer, esophageal cancer, and urothelial carcinoma to meet the unmet needs of cancer patients.

Q2 Please tell us about the royalty situation and contracts.

Royalty income from Bristol-Myers Squibb and Merck in FY2023 continued to grow from last year. Royalty income will gradually decrease from FY2024, but we will disclose details in the financial results presentation for the second quarter of FY2023, as patent expiration varies from country to country.

https://www.ono-pharma.com/sites/default/files/en/ir/library/financial_results/presen/20231102_5_en%5E.pdf

Q3 Please explain the attractiveness (market size) and progress of the pipelines.

In preparation for the patent expiration of OPDIVO, we have been working to create innovative drugs and expand the pipeline and have started 13 new research alliances in FY2023. Of the approximately 280 partnerships we currently have, nearly half are overseas. We are steadily advancing projects for about 10 products currently under development globally, and aim to self-market 2 or 3 products globally by FY2031. In FY2023, ONO-4578 and ONO-8250 have started Phase 1 and Phase 2 trials, respectively, and data was presented at the R&D meeting in February 2024.

https://www.ono-pharma.com/sites/default/files/en/ir/20240222_rd_en.pdf

Q4 What are your thoughts on investments (R&D, SG&A, M&A, etc.)? Please also tell us about your progress.

Aggressive investment in R&D is necessary for sustainable growth, and in recent years we have been investing about 20-25% of net sales in R&D. In order to compensate for the loss of revenue due to OPDIVO's patent expiration and realize further growth, we need to create three or more innovative drugs through open innovation and direct sales globally, and we are also laying the groundwork for direct sales in the U.S. We also view pipeline expansion as a top priority and acquired Deciphera Pharmaceuticals in June 2024.

Q5 What is the status of your overseas expansion?

We have already established a direct sales system in Korea and Taiwan and are increasing our presence in Asia. Currently, with the aim of establishing a direct sales system in the U.S. and European markets, our U.S. subsidiary ONO PHARMA USA, INC. and the Corporate Development & Strategy are taking the lead in building a system by strengthening cooperation among the Clinical Development, Corporate Regulatory Compliance, Safety and Quality Assurance, Corporate Strategy & Planning, CMC & Production, Medical Affairs, ONO PHARMA UK LTD. and other divisions. ONO will accelerate overseas expansion together with Deciphera Pharmaceuticals, our newly acquired subsidiary.

Social Contribution Activities

• Supporting children under long-term care through sports

In cooperation with Being ALIVE Japan, a certified NPO that promotes initiatives to enable children under long-term care to experience the joys of youth, we are creating opportunities for them to interact with their peers through sports and conveying the importance of taking medication correctly.


Children participating in sports and support employees

• Snow gift for hospitalized children

In cooperation with the Solaputi Kids' Camp, a public interest incorporated foundation that provides nature experiences for children with illnesses, we support initiatives to deliver snow from Hokkaido to children hospitalized at medical institutions in regions where it does not snow.


Delivering snow

• Participation in Relay for Life

Since FY2014, we have been participating in initiatives to support cancer patients and their families, to help the entire community face cancer, and to help conquer cancer. In FY2023, we participated in 20 locations nationwide where our business sites are located.


Employees participating in Relay for Life

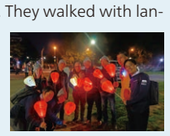
• On-site science classes for elementary school students

To increase student interest in learning about science, we conduct on-site science classes for sixth-grade students at elementary schools near the Minase Research Institute and the Joto Pharmaceutical Product Development Center, with ONO's researchers serving as lecturers.


On-site class at an elementary school

• Participation in Light The Night

ONO PHARMA USA employees participate in "Light The Night," a charity event organized by the Leukemia & Lymphoma Society of America. They walked with lanterns in support of blood cancer patients and to promote the development of treatment and research.


Employees participating in Light The Night

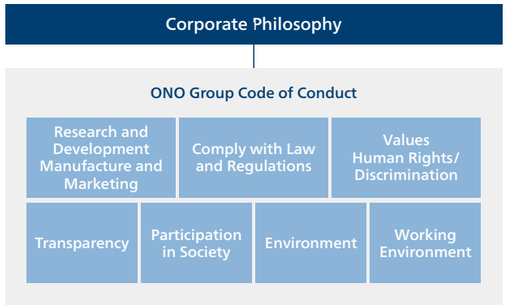
Thorough Compliance

Material Issue 16 Thorough Compliance		
Vision over the medium- to long-term	**Indicators**	**FY2023 Evaluation**
• Establish a compliance risk management system to support global business expansion and prevent compliance violations.	• Number of significant compliance violations*: 0 *Violations that have a great impact on sales and profits and have a great social impact	○

Compliance system

Being aware of our responsibilities as a pharmaceutical company dealing in pharmaceuticals upon which human lives depend, ONO has the ONO Group Code of Conduct, to ensure that it acts in compliance with laws and regulations and that it meets high ethical standards. Under our Corporate Philosophy, we established the ONO Group Code of Conduct as a basic guideline that should be adhered to when conducting corporate activities and the Compliance Global Policy that contains our approach and management structure for promoting those activities. We also formulated and comply with the ONO Pharmaceutical Code of Practice, which is based on the Japan Pharmaceutical Manufacturers Association (JPMA) Code of Practice for promotional activities.

Compliance System



Corporate Philosophy / ONO Group Code of Conduct
https://www.ono-pharma.com/en/company/mission.html#CodeOfConduct

Compliance Global Policy
https://www.ono-pharma.com/en/company/policies/compliance.html

Ono Pharmaceutical Code of Practice
https://www.ono-pharma.com/en/company/policies/cop.html

Building a compliance promotion system

We have a system where an Officer in charge of Compliance is appointed and the Group Compliance Committee examines and deliberates on compliance-related issues, plans and promotes training and other activities, as well as addresses and deliberates on reports from subsidiaries. The Committee also cooperates with the Internal Audit Department and various committees, including the Risk Management Committee (see p. 86) to monitor the status of initiatives and to manage compliance risks. To strengthen our compliance framework, we have appointed Compliance Promotion Leads as operational leaders in each division and Compliance Managers as workplace contacts for compliance-related matters in all departments. These leads and managers work in coordination with Risk Managers, who oversee overall organizational risks, to ensure a system that allows for swift responses to any issues raised within the organization. Information on consultation cases is also shared with the Risk & Compliance Management Department, which provides advice to the Compliance Managers.

We require the subsidiaries to establish systems and rules to prevent the occurrence of noncompliance.

Compliance Promotion System
https://sustainability.ono-pharma.com/en/themes/81#911

Compliance system, reporting and consultation system
https://sustainability.ono-pharma.com/en/themes/81#910

Establishing a whistleblowing consultation desk

To prevent and address compliance violations, we have established both internal and external Whistleblowing consultation desks, including the "Ono Pharmaceutical Hotline," which is available 24/7. Additionally, we have set up a system that allows direct reporting and consultation with senior management, such as the President, the Officer in charge of Compliance, and the Audit & Supervisory Board members. Whistleblowers who use these reporting channels are fully protected by law and will not face any disadvantageous treatment as a result of their reports.

Ongoing compliance training

Promoting compliance requires continuous training and awareness-raising activities for officers and all employees. We provide annual compliance training every year that includes topics such as anti-bribery and harassment prevention. We also conduct training on industry rules. As well as conducting compliance tests via e-learning twice a year, we have designated a three-month period, from October to December, as the "Compliance Enhancement Month." During this period, we conduct discussions by department in order to strengthen our compliance initiatives.

Ethical considerations in R&D

In the various stages of pharmaceutical research and development, we follow the highest ethical standards in line with related legislation, as well as the global standards specified based on the spirit of the Declaration of Helsinki.

Research using laboratory animals is based on the principles of the 3Rs*, and has acquired third-party certification. For research using human-derived samples, we have established an Ethics Committee to ensure that such research is conducted only after the committee conducts an assessment of its ethical and scientific validity. We also ensure that clinical trials are carried out with respect for human rights, and with particular attention to the safety of study subjects.

*The 3 principles are: Replacement (use of alternative methods), Reduction (reducing the number of test animals) and Refinement (alleviation of pain).

Human Rights
https://www.ono-pharma.com/en/company/policies/respect_human_rights.html

Animal Ethics
https://www.ono-pharma.com/en/company/policies/ethical_considerations_in_animal_experiments.html

Message from Outside Audit & Supervisory Board Members

Fulfilling duties to maintain and improve compliance under a robust support system

Yasuo Hishiyama
Outside Audit & Supervisory Board Member
Lawyer, Certified Fraud Examiner

The Company has long been engaged in various compliance initiatives. Among these, the Company is still in the trial and error stage of implementing global optimal Enterprise Risk Management (ERM) that factors in compliance. The content is gradually becoming fleshed out, and I hope these efforts will continue. At present, the Company has established a system to prevent significant compliance violations, and we have confirmed that this is functioning effectively. On the other hand, however, I feel that ongoing initiatives to transform employee awareness is required so that they view compliance as their personal responsibilities, and I provide specific advice as needed.

The support system is well-established, in that the full-time Audit & Supervisory Board members provide substantial information in a timely manner. As an independent external Audit & Supervisory Board member, I aim to fulfill my responsibilities to help the Company avoid and mitigate risks, etc. from a fair and objective standpoint using my experience and knowledge as a lawyer and a judge, focusing on stakeholders' perspectives and with an attitude of professional skepticism.

Supporting the advancement of women from an external perspective, and contributing to enhancing corporate value, not just acting as a brake

Akiko Tanabe
Outside Audit & Supervisory Board Member
Certified Public Accountant, Certified Fraud Examiner

The Company has "Expansion of Human Capital" as one of its crucial management issues. As the Company aims for globalization, I think that appropriate operation of a new human resources system common to the Group, the diversification of nationalities, global personnel exchanges, and enhancing the role of female employees are significant challenges. Each year, I have more opportunities for communication with female managers, such as meeting with female managers together with Outside Director Okuno in FY2023, and I am supporting these efforts from an external standpoint.

In the management of overseas subsidiaries, an important factor in moving forward for globalization, we have established mechanisms for reporting lines and authorities, and I provide opinions based on information received at the Audit & Supervisory Board meetings. Reviews based on actual conditions and changes are essential, and I will continue to monitor this closely.

The Audit & Supervisory Board focuses on not only the legality of directors' performance of their duties, but also whether the Company's current initiatives are appropriate in light of ONO's corporate philosophy, vision, and medium-term management plans. Auditing does not mean solely acting as brakes—it also requires contributing to enhancing corporate value, so I strive to be constantly aware of what I can do to achieve this.

Risk Management

Risk Management
https://sustainability.ono-pharma.com/en/themes/82

Enterprise Risk Management (ERM) System

Basic approach

The Company has established a system dedicated to preventing the occurrence of major risks and, should they arise, responding to these effectively. Aiming for optimal overall risk management, we have implemented Enterprise Risk Management (ERM) since FY2019. For implementation, we have appointed a Chief Risk Management Officer (President, Representative Director) and a Risk Management Director (Executive Director, Corporate Strategy & Planning), and established the Risk & Compliance Management Department as the body to manage the Risk Management Global Policy. We have set the following three basic policies for ERM:

(1) In order to ensure stable business continuity and to achieve our business goals, we will develop and promote an Enterprise Risk Management (ERM) System with the aim of minimizing losses for the company, our customers and other stakeholders while at the same time fulfilling our necessary accountability to society.
(2) We will identify major risks that are deemed important or urgent as having a significant impact on management, and promote risk management throughout the Company.
(3) If a risk emerges, we will implement measures to minimize damage and swiftly recover, and resolve the problem as soon as possible.

Promotion system

Risk management issues are important in a management strategy, and we have established a company-wide risk management system led by the Executive Director, Corporate Strategy & Planning. In each division, the Executive Director uses the division's Risk Management Promotion Meeting to oversee the entire division's risk management, and the Senior Directors conduct daily risk management.

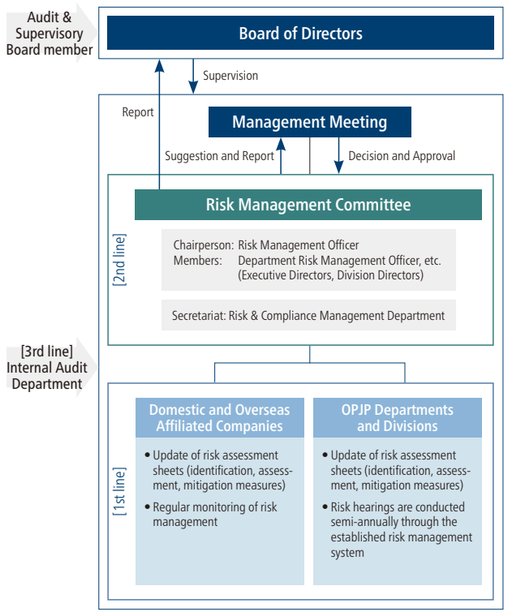
In promoting ERM, we interview management to identify risks they consider important, and then conduct workshops with selected risk managers from each division to evaluate and classify these risks into categories: extreme, high, medium, and low, based on frequency and impact. Risks categorized as "high" or higher are regarded as "major risks." Division Risk Management Officers at the Executive Director and Division Director levels are assigned as risk owners responsible for cross-departmental measures, advancing ERM better aligned with management. Responses to risks in each division are monitored by the Risk & Compliance Management Department in coordination with the risk managers. Through these initiatives, we are working to enhance the precision of our risk management in a continuous manner, striving to reduce risks.

Risk management promotion meeting

The Risk Management Promotion Meeting assesses the division's risks and extracts issues using a risk assessment sheet, and develops prevention measures for identified risks according to their materiality and urgency, as well as risk responses. Thus, each division autonomously promotes risk management by considering, developing, and implementing appropriate risk measures. The risk assessment sheet covers a wide range of risks, not only business risks, but also risks related to the environment, major disasters, human rights, pharmaceutical affairs laws and regulations, bribery, etc.

Risk management system for environmental issues

These issues are managed by the TCFD-WG, headed by the officer in charge of the environment, consisting of the heads of each function group within the Company as members, as well as the cross-departmental Environmental Committee, which manages and promotes environmental issues at factories, research facilities, and other locations. The management status is controlled and supervised by the Board of Directors through the environmental management system.



Group-Wide and Company-Wide Risk Management

While respecting the autonomy of each subsidiary, we provide advice and guidance on Group-wide risk management through means such as periodic reports on business activities and discussions regarding important matters. We provide such guidance and advice through various opportunities including regular discussions where we receive reports from subsidiaries regarding their business operations and discuss important matters.

We began to expand our ERM system to our subsidiaries in Japan and overseas in FY2020 to further enhance the risk management of the entire Group. Since FY2022, we have promoted efforts to reinforce the Group management system by checking the state of management of risks identified by subsidiaries using the Risk Assessment Sheet.

Business Continuity Plan (BCP)

We have set up a BCP Management Headquarters under the Emergency Response Committee, chaired by the President and Representative Director, and established a system designed to minimize the impact on operations even if a natural disaster or serious accident occurs, so that we can continue business activities, and even if they are suspended, recover promptly and resume them. In preparation for a massive disaster, we have divided response functions between the Osaka Headquarters and the Tokyo Building, creating a dual-base system. In addition, we have prepared for disasters by installing systems such as emergency power generators and duplicate power service in our Headquarters, the Tokyo Building, and all of our plants and research institutes. We have also introduced seismic isolation systems to prepare for earthquakes in our Headquarters, the Tokyo Building, Minase Research Institute, and the Yamaguchi Plant.

For management during normal times, we have a Business Continuity Management (BCM) Committee, chaired by the Executive Director, Corporate Strategy & Planning (Representative Director, Executive Vice President), in charge of BCM, and its management office to maintain and strengthen our abilities to respond to crises and continue our business operations, and promote relevant management activities. The BCM Committee creates manuals summarizing our business continuity response, aiming at improving the effectiveness of BCM with involvement of both relevant internal departments and external partners. Furthermore, we are developing a business continuity plan that addresses all hazards in the medium- and long-terms, and constructing a system capable of responding to various incidents, including not only natural disasters and major accidents, but also potential pandemics and cyber incidents. Additionally, to achieve direct sales in Europe and the U.S., we are moving forward with the development of global crisis response and business continuity plans, including those for overseas subsidiaries.

Business Continuity Plan (BCP)
https://sustainability.ono-pharma.com/en/themes/82#916

Information Security

Basic approach

We established a global policy on information security to protect information resources strictly, including data related to research and development and the personal information of internal and external stakeholders, and to manage the information appropriately. In consideration of the global increase in cyberattacks and security threats, we are also addressing the further strengthening of cybersecurity based on the global standard framework.

Response to cybersecurity

To address the ever-increasing sophistication and complexity of cyberattacks, we established a dedicated organization in 2023 to review and improve measures, such as implementing multi-layered defenses, strengthening our global security infrastructure, thoroughly enforcing policies, and conducting periodic vulnerability assessments.

We have organized a Computer Security Incident Response Team (CSIRT) for the purpose of quickly resolving security incidents and minimizing damage. The CSIRT strives to maintain and improve the security level of the entire Group by collecting vulnerability and threat information and issuing alerts. In addition to conducting regular incident response training, the CSIRT also actively collects and shares information by participating in security organizations and communities, such as the Nippon CSIRT Association.

Information Security Management
https://sustainability.ono-pharma.com/en/themes/82#918

Financial Review

Performance Overview

An overview of our business performance in FY2023 is presented below.

(Billions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	% change FY2022/ FY2023
Revenue	292.4	309.3	361.4	447.2	**502.7**	+12.4%
Operating profit	77.5	98.3	103.2	142.0	**159.9**	+12.7%
Profit for the year (attributable to owners of the Company)	59.7	75.4	80.5	112.7	**128.0**	+13.5%

Revenue status

Revenue totaled ¥502.7 billion, which was an increase of ¥55.5 billion (12.4%) from the previous fiscal year (year on year).

"OPDIVO Intravenous Infusion" for malignant tumors

While the competitive environment is intensifying, use of OPDIVO Intravenous Infusion for malignant tumors was expanded to include treatments for gastric cancer, esophageal cancer, urothelial cancer, etc., resulting in sales of ¥145.5 billion, an increase of ¥3.1 billion (2.2%) year on year.

Other main new products

Sales of "FORXIGA Tablets" for diabetes, chronic heart failure and chronic kidney disease increased due to expanded use for chronic kidney disease by ¥19.6 billion to ¥76.1 billion (a 34.7% increase year on year).

Sales of "ORENCIA for Subcutaneous Injection" for rheumatoid arthritis were ¥25.8 billion (a 4.3% increase year on year). Sales of "GLACTIV Tablets" for type-2 diabetes were ¥21.2 billion (a 5.9% decrease year on year). Sales of "VELEXBRU Tablets" for malignant tumors were ¥10.2 billion (a 19.7% increase year on year). Sales of "KYPROLIS for Intravenous Infusion" for multiple myeloma were ¥9.1 billion (a 5.1% increase year on year). Sales of "PARSABIV Intravenous Infusion" for Dialysis for secondary hyperparathyroidism on hemodialysis were ¥8.2 billion (a 2.1% decrease year on year). Sales of "ONGENTYS Tablets" for Parkinson's disease were ¥6.3 billion (26.8% increase year on year).

Royalty and others

In addition to an increase in royalties from Bristol-Myers Squibb, Merck, and others, a one-time income of ¥17 billion recorded from patent litigation settlements with AstraZeneca resulted in sales of ¥185.7 billion, an increase of ¥33.6 billion (22.1%) year on year.

(Billions of yen)

	FY2022	FY2023	% change FY2022/ FY2023
Goods and products	295.0	**317.0**	+7.4%
Royalty and others	152.1	**185.7**	+22.1%
Total	447.2	**502.7**	+12.4%

Details of Revenue

(Billions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (forecast)
Revenue of Major Products						
OPDIVO Intravenous Infusion	87.3	98.8	112.4	142.3	**145.5**	125.0
FORXIGA Tablets	18.1	22.4	36.7	56.5	**76.1**	83.0
ORENCIA for Subcutaneous Injection	19.8	21.9	22.9	24.8	**25.8**	27.0
GLACTIV Tablets	26.1	25.5	24.5	22.5	**21.2**	18.5
VELEXBRU Tablets	—	2.1	6.3	8.5	**10.2**	10.0
KYPROLIS for Intravenous Infusion	6.0	7.1	8.4	8.7	**9.1**	9.5
PARSABIV Intravenous Infusion for Dialysis	7.1	8.1	8.9	8.4	**8.2**	8.5
ONGENTYS Tablets	—	0.3	2.9	5.0	**6.3**	7.5
Note: Based on ex-manufacturer prices						
Breakdown of Revenue						
Goods and products	205.6	214.5	246.0	295.0	**317.0**	304.0
Royalty and others	86.8	94.7	115.4	152.1	**185.7**	146.0
OPDIVO Intravenous Infusion	61.6	59.8	69.9	89.6	**97.9**	*
Keytruda® (Merck)	19.3	24.3	30.8	45.2	**53.0**	*
AstraZeneca	—	—	—	—	**17.0**	*
Other	5.9	10.6	14.7	17.4	**17.7**	*
*Not disclosed.						
Revenue by Region						
Japan	202.9	212.9	242.0	288.2	**308.2**	
Americas	82.0	86.3	106.9	142.8	**158.9**	
Europe	0.1	2.7	3.6	4.6	**21.9**	
Asia	7.5	7.4	8.9	11.6	**13.6**	
Total	292.4	309.3	361.4	447.2	**502.7**	

Note: Categories for information by region were revised due to changes in the location of customers. Information by region for March 2022 and before has been reclassified.

Profit and loss

Operating profit was ¥159.9 billion, an increase of ¥18.0 billion (12.7%) year on year.

Cost of sales

Cost of sales increased by ¥17.1 billion (15.5%) year on year to ¥127.1 billion, mainly due to an increase in revenue of goods and products, and impairment losses on sales rights related to "JOYCLU Intra-articular Injection" and "PARSABIV Intravenous Infusion for Dialysis" totaling ¥11.1 billion.

Research and development costs

Research and development costs increased by ¥16.8 billion (17.7%) year on year to ¥112.2 billion mainly due to increased research costs and clinical trial development expenses, as well as impairment losses on intangible assets related to development compounds.

Selling, general, and administrative expenses (except for research and development costs)

Selling, general, and administrative expenses (except for research and development costs) increased by ¥10.8 billion (12.1%) year on year to ¥100.3 billion mainly due to an increase in co-promotion fees associated with expanding sales of "FORXIGA Tablets" and investments in information infrastructure related to IT and digital technologies.

Other expenses

Other expenses decreased by ¥6.7 billion (60.8%) year on year to ¥4.3 billion, mainly in reaction to a lump-sum payment associated with the settlement of litigation on patents with Dana-Farber Cancer Institute, Inc.

(Billions of yen)

	FY2022	FY2023	% change FY2022/ FY2023
Cost of sales	110.1	**127.1**	+15.5%
Research and development costs	95.3	**112.2**	+17.7%
Selling, general, and administrative expenses	89.5	**100.3**	+12.1%

Cash flows

Cash and cash equivalents remaining at the end of the current fiscal year totaled ¥166.1 billion, which was an increase of ¥70.0 billion from ¥96.1 billion at the end of the previous fiscal year.

Cash flows from operating activities

While income taxes paid totaled ¥56.4 billion, profit before tax totaled ¥163.7 billion, resulting in net cash provided by operating activities of ¥110.7 billion.

Cash flows from investing activities

In spite of payments into time deposits of ¥33.3 billion and purchases of intangible assets of ¥16.8 billion, proceeds from withdrawal of time deposits of ¥88.3 billion resulted in income of ¥48.1 billion.

Cash flows from financing activities

Due to the expenditures for the acquisition of treasury stock totaling ¥50.0 billion and dividends paid amounting to ¥37.2 billion, the total expenditure reached ¥89.8 billion.

(Billions of yen)

	FY2022	FY2023
Cash flows from operating activities	159.6	**110.7**
Cash flows from investing activities	-100.3	**48.1**
Cash flows from financing activities	-32.5	**-89.8**
Impact of exchange rate changes related to cash and cash equivalents	0.2	**1.1**
Cash and cash equivalents at the end of the fiscal year	96.1	**166.1**

Investment in plant and equipment

Plant and equipment investment during the fiscal year totaled ¥6.5 billion. This included investment in enhancing and maintaining research facilities (¥3.4 billion), business facilities (¥2.2 billion), and manufacturing facilities (¥0.8 billion).

There was no disposal or sale of significant facilities during the fiscal year.

Future outlook

Revenue

Revenue of goods and products are expected to be ¥304.0 billion, a decrease of ¥13.0 billion (4.1%) year on year. Royalties and others are expected to decrease by ¥39.7 billion (21.4%) year on year to ¥146.0 billion, due to a reduction in royalty rates from Merck, etc., and the absence of the one-time income of ¥17 billion recorded from a settlement related to a patent dispute with AstraZeneca. Revenue is therefore expected to be ¥450.0 billion, a decrease of ¥52.7 billion (10.5%) year on year.

Profit and loss

Cost of sales is expected to be ¥113.0 billion, a decrease of ¥14.1 billion (11.1%) year on year, due to the recording of impairment losses of ¥11.1 billion on sales rights in the current fiscal year. Research and development costs are expected to be ¥112.0 billion, a decrease of ¥0.2 billion (0.2%) year on year, due to increased costs for clinical trials, along with impairment losses on intangible assets related to development compounds in the current fiscal year. Selling, general, and administrative expenses (except for research and development costs) are expected to be ¥100.0 billion, a decrease of ¥0.3 billion (0.3%) year on year, due to increases in co-promotion fees associated with expanding sales of FORXIGA Tablets, but also due to the promotion of cost efficiencies. Therefore, operating profit is expected to be ¥122.0 billion, a decrease of ¥37.9 billion (23.7%) year on year.

(Billions of yen)

	FY2024 (forecast)	% change FY2022/ FY2023
Revenue	**450.0**	-10.5%
Revenue of goods and products	**304.0**	-4.1%
Royalty and others	**146.0**	-21.4%
Operating profit	**122.0**	-23.7%
Profit for the year (attributable to owners of the Company)	**91.0**	-28.9%

11-Year Financial and Non-Financial Summary

(Millions of yen)

IFRS	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3
Financial Data											
Operating Results											
Revenue	143,247	135,775	160,284	244,797	261,836	288,634	292,420	309,284	361,361	447,187	**502,672**
Cost of sales	32,746	35,136	41,524	65,524	65,391	83,829	79,063	85,573	93,511	110,062	**127,126**
Selling, general, and administrative expenses	38,377	42,222	43,979	62,049	68,055	70,033	67,679	69,230	77,057	89,486	**100,270**
Research and development costs	44,413	41,346	43,369	57,506	68,821	70,008	66,497	62,384	75,879	95,344	**112,174**
Operating profit	26,429	14,794	30,507	72,284	60,684	62,010	77,491	98,330	103,195	141,963	**159,935**
Profit for the year (attributable to owners of the parent company)	20,344	12,976	24,979	55,793	50,284	51,539	59,704	75,425	80,519	112,723	**127,977**
Financial position, cash flows, etc.											
Total assets	486,141	524,588	540,450	617,461	609,226	655,056	673,444	745,428	739,203	882,437	**913,668**
Total equity	451,724	475,213	476,255	524,211	529,619	562,736	568,022	639,743	661,674	747,812	**798,604**
Cash flows from operating activities	28,422	31,579	12,842	74,450	15,727	66,774	74,157	73,977	61,829	159,610	**110,660**
Cash flows from investing activities	6,926	(12,756)	13,037	(17,989)	(34,189)	(49,763)	(10,234)	(57,586)	6,038	(100,259)	**48,077**
Cash flows from financing activities	(19,636)	(19,603)	(19,465)	(20,552)	(62,549)	(22,279)	(54,721)	(24,754)	(60,237)	(32,484)	**(89,848)**
Investment in plant and equipment	7,492	16,031	15,771	9,532	18,593	21,351	9,520	9,100	9,336	7,725	**6,493**
Depreciation and amortization	5,109	6,100	6,534	7,821	9,213	10,621	14,214	15,820	17,721	17,451	**18,140**
Amount Per Share*1											
Basic earnings (Yen)	38.38	24.48	47.13	105.27	97.00	100.25	118.47	151.11	162.19	230.85	**266.61**
Equity attributable to owners of the parent company (Yen)	843.93	887.81	889.38	979.42	1,019.97	1,084.08	1,126.95	1,270.45	1,343.40	1,519.19	**1,688.43**
Cash dividends (Yen)	180.00	180.00	180.00	40.00	45.00	45.00	45.00	50.00	56.00	70.00	**80.00**
Key Indicators											
Operating income to revenue ratio (%)	18.4	10.9	19.0	29.5	23.2	21.5	26.5	31.8	28.6	31.7	**31.8**
R&D cost-to-revenue ratio (%)	31.0	30.5	27.1	23.5	26.3	24.3	22.7	20.2	21.0	21.3	**22.3**
Equity ratio (%)	92.0	89.7	87.2	84.1	86.1	85.1	83.5	85.1	88.7	84.1	**86.8**
ROA (%)*2	6.1	3.6	6.2	12.9	10.4	10.3	12.0	14.2	14.1	17.7	**18.2**
ROE (%)*3	4.6	2.8	5.3	11.3	9.6	9.5	10.7	12.6	12.5	16.1	**16.7**
Payout ratio (%)	93.8	147.1	76.4	38.0	46.4	44.9	38.0	33.1	34.5	30.3	**30.0**
Non-Financial Data											
Number of consolidated employees (persons)	2,858	2,913	3,116	3,290	3,480	3,555	3,560	3,607	3,687	3,761	**3,853**
Number of individual employees (persons)	2,608	2,652	2,902	3,062	3,199	3,284	3,287	3,319	3,354	3,381	**3,437**
Number of overseas employees (persons)	22	41	54	68	89	86	90	101	134	170	**196**
Ratio of female employees (non-consolidated) (%)	15.2	16.1	16.1	17.1	17.8	18.3	18.6	19.0	19.6	19.9	**20.3**
Ratio of female managers*4 (non-consolidated) (%)	1.0	1.1	1.4	1.7	2.0	1.8	1.5	2.8	3.7	4.1	**5.8**
Difference in wages between men and women*5 (non-consolidated) (%) All workers	—	—	—	—	—	—	—	—	—	67.0	**67.0**
Regular workers	—	—	—	—	—	—	—	—	—	66.8	**66.6**
Fixed-term workers	—	—	—	—	—	—	—	—	—	72.7	**68.7**
Percentage of employees who took paid leave (non-consolidated) (%)	40.2	40.3	47.8	49.9	56.8	57.5	65.0	57.5	62.5	66.0	**71.3**
Industrial waste emissions (non-consolidated) (t)	—	—	—	534.6	719.1	446.4	430.8	502.7	479.1	492.8	**569.7**
Greenhouse gas emissions (non-consolidated, Scope 1+2) (thousand t-CO_2)	—	—	—	29.9	29.8	28.5	27.3	26.1	23.6	18.4	**16.0**
Engagement score (%)*6	—	—	—	—	—	66.0	—	79.0	—	68.0	**69.0**

*1 ONO conducted a 5-for-1 stock split of its common stock, effective April 1, 2016. "Basic net income" and "Equity attributable to owners of the parent" are calculated on the assumption that the stock split was executed at the beginning of the fiscal year ended March 31, 2015.
The "Dividends" for the fiscal years ended March 31, 2015 through March 31, 2016 are the amounts prior to such stock split.

*2 ROA = Profit before tax / Total assets (average of beginning and end of fiscal year)

*3 ROE = Profit for the year attributable to owners of the parent company / Equity attributable to owners of the parent company (average of beginning and end of fiscal year)

*4 Calculations are based on the provisions of the "Act on Promotion of Women's Participation in the Workplace" (Act No. 64, 2015).

*5 At ONO, the difference in wages between men and women occurs due to the fact that the average age of women in career-track positions is 35.4 years, while the average age of men is 43.3 years, indicating that women are 7.9 years younger, and also the proportion of female employees in career-track positions is 81.3% compared to 98.6% for men, which is 17.3% lower for women.

*6 The survey was conducted on a non-consolidated basis until FY2020, and on a non-consolidated basis plus domestic and overseas wholly owned subsidiaries from FY2022 onward. The survey items were revised in FY2022 in order to expand the scope of the survey to overseas subsidiaries.

Consolidated Financial Statement

Consolidated Statement of Financial Position

(Millions of yen)

	2023.3	2024.3
Assets		
Current assets:		
Cash and cash equivalents	96,135	**166,141**
Trade and other receivables	114,396	**136,066**
Marketable securities	20	**—**
Other financial assets	68,134	**38,454**
Inventories	44,814	**48,629**
Other current assets	21,602	**24,306**
Total current assets	345,101	**413,596**
Non-current assets:		
Property, plant, and equipment	108,420	**104,752**
Intangible assets	69,134	**57,288**
Investment securities	123,308	**121,147**
Investments in associates	115	**115**
Other financial assets	197,441	**173,113**
Deferred tax assets	35,604	**40,863**
Other non-current assets	3,314	**2,795**
Total non-current assets	537,336	**500,072**
Total assets	882,437	**913,668**
Liabilities and Equity		
Current liabilities:		
Trade and other payables	66,794	**60,691**
Lease liabilities	2,490	**2,310**
Other financial liabilities	661	**2,273**
Income taxes payable	34,575	**22,093**
Other current liabilities	18,409	**16,257**
Total current liabilities	122,929	**103,624**
Non-current liabilities:		
Lease liabilities	6,678	**6,552**
Other financial liabilities	0	**0**
Retirement benefit liabilities	3,350	**3,294**
Deferred tax liabilities	983	**1,013**
Other non-current liabilities	684	**580**
Total non-current liabilities	11,695	**11,439**
Total liabilities	134,625	**115,063**
Equity:		
Share capital	17,358	**17,358**
Capital reserves	17,080	**17,458**
Treasury shares	(54,161)	**(63,233)**
Other components of equity	51,701	**53,194**
Retained earnings	709,890	**768,183**
Equity attributable to owners of the parent company	741,869	**792,961**
Non-controlling interests	5,944	**5,644**
Total equity	747,812	**798,604**
Total liabilities and equity	882,437	**913,668**

Consolidated Statement of Income

(Millions of yen)

	2023.3	2024.3
Revenue	447,187	**502,672**
Cost of sales	(110,062)	**(127,126)**
Gross profit	337,124	**375,547**
Selling, general, and administrative expenses	(89,486)	**(100,270)**
Research and development expenses	(95,344)	**(112,174)**
Other income	734	**1,176**
Other expenses	(11,065)	**(4,343)**
Operating profit	141,963	**159,935**
Finance income	2,478	**4,027**
Finance costs	(913)	**(229)**
Share of profit (loss) from investments in associates	4	**1**
Profit before tax	143,532	**163,734**
Income tax expense	(30,619)	**(35,694)**
Profit for the year	112,913	**128,040**
Profit for the year attributable to:		
Owners of the parent company	112,723	**127,977**
Non-controlling interests	190	**62**
Profit for the year	112,913	**128,040**
Earnings per share:		(Yen)
Basic earnings per share	230.85	**266.61**
Diluted earnings per share	230.79	**266.57**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	2023.3	2024.3
Profit for the year	112,913	**128,040**
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	2,518	**8,109**
Remeasurement of defined benefit plans	(114)	**23**
Share of net gain (loss) on financial assets measured at fair value through other comprehensive income of investments in associates	2	**(4)**
Total of items that will not be reclassified to profit or loss	2,406	**8,128**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	472	**2,124**
Net fair value gain (loss) on cash flow hedges	—	**(402)**
Total of items that may be reclassified subsequently to profit or loss	472	**1,722**
Total other comprehensive income (loss)	2,878	**9,850**
Total comprehensive income (loss) for the year	115,791	**137,890**
Comprehensive income (loss) for the year attributable to:		
Owners of the parent company	115,608	**137,803**
Non-controlling interests	182	**87**
Total comprehensive income (loss) for the year	115,791	**137,890**

Consolidated Financial Statement

Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent company							
	Share capital	Capital reserves	Treasury shares	Other components of equity	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2022	17,358	17,241	(74,683)	51,236	644,754	655,906	5,768	661,674
Profit for the year					112,723	112,723	190	112,913
Other comprehensive income (loss)				2,886		2,886	(8)	2,878
Total comprehensive income (loss) for the year	—	—	—	2,886	112,723	115,608	182	115,791
Purchase of treasury shares			(2)			(2)		(2)
Retirement of treasury shares		(20,356)	20,356			—		—
Disposition of treasury shares		(168)	168			—		—
Cash dividends					(29,786)	(29,786)	(6)	(29,792)
Share-based payments		142				142		142
Transfer from retained earnings to capital reserves		20,221			(20,221)	—		—
Transfer from other components of equity to retained earnings				(2,421)	2,421	—		—
Total transactions with the owners	—	(161)	20,522	(2,421)	(47,586)	(29,646)	(6)	(29,653)
Balance at March 31, 2023	17,358	17,080	(54,161)	51,701	709,890	741,869	5,944	747,812
Profit for the year					127,977	127,977	62	128,040
Other comprehensive income				9,825		9,825	25	9,850
Total comprehensive income for the year	—	—	—	9,825	127,977	137,803	87	137,890
Purchase of treasury shares			(50,010)			(50,010)		(50,010)
Retirement of treasury shares		(40,852)	40,852			—		—
Disposition of treasury shares		(1)	86			86		86
Cash dividends					(37,208)	(37,208)	(9)	(37,217)
Share-based payments		44				44		44
Changes in ownership interest in subsidiaries		378				378	(378)	—
Transfer from retained earnings to capital reserves		40,808			(40,808)	—		—
Transfer from other components of equity to retained earnings				(8,332)	8,332	—		—
Total transactions with the owners	—	378	(9,072)	(8,332)	(69,684)	(86,711)	(387)	(87,098)
Balance at March 31, 2024	17,358	17,458	(63,233)	53,194	768,183	792,961	5,644	798,604

Consolidated Statement of Cash Flows

(Millions of yen)

	2023.3	2024.3
Cash flows from operating activities		
Profit before tax	143,532	**163,734**
Depreciation and amortization	17,451	**18,140**
Impairment losses	1,498	**14,885**
Interest and dividend income	(2,402)	**(3,574)**
Interest expense	74	**92**
(Increase) decrease in inventories	(2,945)	**(3,420)**
(Increase) decrease in trade and other receivables	(14,513)	**(19,782)**
Increase (decrease) in trade and other payables	13,090	**(1,835)**
Increase (decrease) in retirement benefit liabilities	214	**(22)**
(Increase) decrease in retirement benefit assets	27	**—**
Increase (decrease) in accrued consumption tax	5,564	**(3,899)**
Other	2,347	**197**
Subtotal	163,935	**164,517**
Interest received	53	**221**
Dividends received	2,334	**2,445**
Interest paid	(74)	**(92)**
Income taxes paid	(6,637)	**(56,431)**
Net cash provided by (used in) operating activities	159,610	**110,660**
Cash flows from investing activities		
Purchases of property, plant, and equipment	(5,340)	**(4,020)**
Proceeds from sales of property, plant, and equipment	6	**903**
Purchases of intangible assets	(9,157)	**(16,809)**
Purchases of investments	(2,432)	**(3,399)**
Proceeds from sales and redemption of investments	7,864	**17,689**
Payments into time deposits	(138,159)	**(33,332)**
Proceeds from withdrawal of time deposits	47,996	**88,332**
Other	(1,037)	**(1,287)**
Net cash provided by (used in) investing activities	(100,259)	**48,077**
Cash flows from financing activities		
Dividends paid	(29,742)	**(37,183)**
Dividends paid to non-controlling interests	(6)	**(9)**
Repayments of lease liabilities	(2,733)	**(2,645)**
Purchases of treasury shares	(1)	**(50,010)**
Net cash provided by (used in) financing activities	(32,484)	**(89,848)**
Net increase (decrease) in cash and cash equivalents	26,868	**68,889**
Cash and cash equivalents at the beginning of the year	69,112	**96,135**
Effects of exchange rate changes on cash and cash equivalents	155	**1,116**
Cash and cash equivalents at the end of the year	96,135	**166,141**

Corporate Information / Stock Information

Profile (as of March 31, 2024)

Company Name	ONO PHARMACEUTICAL CO., LTD.
Founded	1717
Date of Incorporation	1947
Paid-in Capital	17,358 million yen
Number of Employees	3,853 (Consolidated) 3,437 (Non-consolidated)
Total Number of Authorized Shares	1,500,000,000
Number of Shares Issued and Outstanding	498,692,800 (Including 28,980,082 shares of treasury stock)
Number of Shareholders	75,990
Stock Exchange Listing	Tokyo Stock Exchange (Code number: 4528)

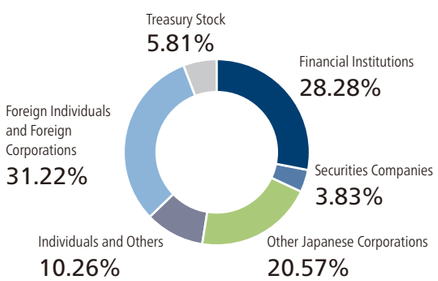
Stock Information

Principal Shareholders

Name of shareholders	Number of shares held (Thousands of shares)	Shareholding percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	63,878	13.59
Custody Bank of Japan, Ltd. (Trust account)	19,488	4.14
Meiji Yasuda Life Insurance Company	18,594	3.95
Ono Scholarship Foundation	16,428	3.49
KAKUMEISOU Co., LTD	16,153	3.43
STATE STREET BANK WEST CLIENT – TREATY 505234	9,759	2.07
MUFG Bank, Ltd.	8,640	1.83
Aioi Nissay Dowa Insurance Co., Ltd.	7,779	1.65
SSBTC CLIENT OMNIBUS ACCOUNT	5,915	1.25
JPMorgan Chase Bank 385781	5,710	1.21

Note: 1. The Company is excluded from the principal shareholders listed in the table above, although the Company holds 28,980,082 shares of treasury stock.
2. The shareholding percentage is calculated by deducting treasury stock (28,980,082 shares).

Shareholders by Category



Note: The ratio by shareholders listed above is rounded down to two decimal places. Therefore, their total does not amount to 100%.

Major Offices (as of March 31, 2024)

Head Office	8-2, Kyutaromachi 1-chome, Chuo-ku, Osaka 541-8564, Japan Tel: +81-6-6263-5670 (Registered Office) 1-5, Doshomachi 2-chome, Chuo-ku, Osaka, Japan
Tokyo Building	9-11, Nihonbashi-Honcho 4-chome, Chuo-ku, Tokyo 103-0023, Japan
Branches in Japan	Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Takamatsu, Hiroshima, Fukuoka, and other branches in major cities
Research Institutes, etc.	Minase Research Institute, Osaka, Japan Tsukuba Research Institute, Ibaraki, Japan Joto Pharmaceutical Product Development Center, Osaka, Japan
Manufacturing Plants	Fujiyama Plant, Shizuoka, Japan Yamaguchi Plant, Yamaguchi, Japan
Domestic Subsidiaries	TOYO Pharmaceutical Co., Ltd. Bee Brand Medico Dental Co., Ltd. Ono Pharma Healthcare Co., Ltd. Ono Digital health Investment, GK Ono Pharma UD Co., Ltd. michiteku Co., Ltd. OPhrs Co., Ltd.
Overseas Subsidiaries	ONO PHARMA USA, INC., Cambridge, USA ONO PHARMA UK LTD., London, UK ONO PHARMA KOREA CO., LTD., Seoul, South Korea ONO PHARMA TAIWAN CO., LTD., Taipei, Taiwan Ono Venture Investment, Inc., California, USA Ono Venture Investment Fund I, L.P., California, USA The following 12 companies became subsidiaries in June 2024. Deciphera Pharmaceuticals, Inc. Deciphera Pharmaceuticals, LLC. Deciphera Pharmaceuticals Securities Corporation Deciphera Pharmaceuticals (Netherlands) B.V. Deciphera Pharmaceuticals (Germany) GmbH Deciphera Pharmaceuticals (UK) Limited Deciphera Pharmaceuticals (Australia) Pty. Ltd. Deciphera Pharmaceuticals (Canada) Corp. Deciphera Pharmaceuticals (Switzerland) AG Deciphera Pharmaceuticals (Spain) S.L. Deciphera Pharmaceuticals (France) SAS Deciphera Pharmaceuticals (Italy) S.r.l.
Related Party	Namicos Corporation

Accuracy Statement

In issuing the Corporate Report 2024

ONO publishes its Integrated Report with the aim of making the Group's value creation efforts widely known to its stakeholders. In 2017, ONO prepared a long-term vision for the next 15 years to FY2031, and has been working on a medium-term management plan with five-year intervals, and is currently at the halfway point to its goal.

In the Corporate Report 2024, we have revised some of the 18 materialities identified for 2021 to reflect the latest business environment, and have structured the report according to each strategy and materiality linked to the strategies. In addition, we have devoted particular space to our global sales strategy and global talent strategy, including our newly introduced global personnel evaluation system, to provide a more concrete understanding of our path to becoming a Global Specialty Pharma.

This report was produced with the cooperation and collaboration of many related departments. As the head of Corporate Communications responsible for the production of the report, I represent that the process of its preparation was legitimate and that the information contained is accurate. We are committed to enhancing the content of this report to make it useful in our dialogue with our stakeholders. We would be grateful if you would read this report and give us your frank opinions and requests.

ONO PHARMACEUTICAL CO., LTD.
Senior Director, Corporate Communications
Ryuta Imura

Third-Party Assurance of ESG Information

Please refer to the following website for third-party assurance on our ESG information.
https://sustainability.ono-pharma.com/en/themes/115

Major ESG External Assessments

Cited as a Socially Responsible Investing (SRI) Stock

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

Dow Jones Sustainability Indices (DJSI)
(Four consecutive years starting in 2020/World Index, DJSI Asia Pacific Index)
DJSI is a sustainability equity index jointly developed by S&P Dow Jones (U.S.) and RobecoSAM (Switzerland). Component stocks are selected based on an analysis of corporate initiatives from three perspectives: economic, environmental, and social.

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI Nihonkabu ESG Leaders Index
(Selected from the start of operations in 2024)
Among the stocks making up the MSCI Japan IMI Index, this index includes only selected Japanese companies with the highest ESG evaluations in each industry sector.

FTSE4Good

FTSE4Good Index Series
(Selected for seven consecutive years starting in 2018)
This is an international index developed by FTSE Russell, a member of the London Stock Exchange Group. Companies are selected for their relative ESG responsiveness in their respective sectors.

FTSE Blossom Japan Index

FTSE Blossom Japan Index
(Selected for seven consecutive years starting in 2018)
The index, developed by FTSE Russell, selects Japanese companies that excel in ESG responsiveness.

Environmental Assessment

CDP A LIST 2023 CLIMATE WATER

CDP "Climate Change" "Water Security" A List
(Selected for three consecutive years starting in 2021)
CDP, an international environmental non-profit organization, has given us the highest rating in the two areas of "Climate Change" and "Water Security" in recognition of our efforts and proactive information disclosure on climate change and water security.

Health and Safety Evaluation

2024 健康経営銘柄

Health Management Issues
Companies are selected from among listed companies that consider the health management of their employees from a managerial perspective and strategically engage in health management, with one company in one industry selected as a company that is implementing particularly outstanding initiatives.

ONO PHARMACEUTICAL CO.,LTD.

October 2024 Printed in Japan