

Material Issue 9

Intellectual Property Strategies

Management of Priority Issues

Reason for being a priority issue	Intellectual property (IP) is one of the most important intangible assets for R&D-based pharmaceutical companies. To deliver value to patients and generate financial value, IP (inventions), which are intangible assets, must be patented and given concrete form as innovative drugs. Creating, maintaining, and utilizing IP are important issues for maximizing its value.
Vision over the medium to long term	In our research and development activities, we ensure that IP that leads to innovative pharmaceuticals is licensed, and we create new IP by leveraging internal and external IP to create financial value.
Indicators	<ul style="list-style-type: none"> • Products and the R&D pipeline • Amount of IP in use (IP landscape)
Major initiatives	<ul style="list-style-type: none"> • Creating and maintaining IP to create innovative new drugs • Strengthening the inventive process to lengthen the life of launched products and products in development, and filing patents effective for LCM* • Utilization of IP (IP landscape) through integrated analysis with market and business information to determine the appropriateness of in-licensed products, new businesses, investments, etc. <p>* Lifecycle management</p>

Basic Approach to IP

IP is one of the most important intangible assets of a pharmaceutical company. As a pharmaceutical company at the forefront of rapidly changing science, the IP generated by the company is also changing daily. In order to deliver value to patients, pharmaceutical companies need to ensure that their IP (inventions) are patented and given concrete form in the form of innovative drugs. This is the only way for intangible assets to have financial value.

In addition, advances in techniques for analyzing information and the proliferation of big data have led to increasingly diverse ways of using IP. For example, by using both internal and external IP, important information can be obtained for considering M&A, the introduction of compounds and drug discovery technologies, and new businesses.

Our experience in creating many innovative drugs has given us a wealth of unique IP, such as patents and know-how related to prostaglandins and other lipid-based drug discovery, as well as cancer immunology surrounding PD-1. These are not only our core technologies themselves, but also important factors in attracting partners. We believe that new IP will emerge from open innovation based on our highly unique IP, leading to the creation of new innovative drugs.

At the same time, through company-wide IP awareness activities, employees learn the importance of respecting the IP of others, and at the same time, through extensive research tailored to the stage of each project, we take great care not to infringe on the patents of others.

Important Themes (Ideas) in Our IP Strategy

At ONO, creating, maintaining, and utilizing IP are important ideas in our IP strategy.

Regarding the creation of IP, we believe that corporate value can be enhanced by strengthening the process of inventing things such as innovative drugs and fundamental technologies, and by continuing to file appropriate patent applications.

Regarding the maintenance of IP, as our overseas business expands, we believe that we can increase the value of IP by acquiring and maintaining optimal patent and trademark rights based on the differences in systems in each country and the unique circumstances of each product or project.

Regarding the utilization of IP, we believe that analyzing internal and external IP together with market and business information can provide strategic options that contribute to management decisions and lead to the expansion of our IP.

Initiatives for Realizing the Important Themes

Our IP strategy is positioned as a concrete means to form a cycle of IP creation and value enhancement by creating a relationship and continuity among the three themes of IP. Our IP Strategy Department plays a central role in securing and maximizing the future financial value of IP generated from day-to-day research and development activities. The department is not only involved in the passive process of acquiring IP rights, but is also deeply involved in the innovation process of research and development, picking up all of our unique IP and ensuring that core technologies that lead to increased corporate value are protected and acquired as rights. We will also take a firm stand against any actions that

may lead to the destruction of our IP.

Furthermore, in actively utilizing our IP to maximize its financial value, it is important to consider not only the rights aspect, but also the information aspect, including the IP of other parties. In other words, IP, which is information with financial value, must be disclosed to the public in order to obtain rights, and it is important to analyze the disclosed information of others and pick up drug discovery technologies and know-how that are useful for the Company's activities. We make strategic investments in appropriate partners and technologies to more reliably monetize and maximize the value of our IP.

In order to realize these themes and promote our growth strategy, we believe that a company-wide cooperative system is key, and our IP Strategy Department is working to create a system that allows close communication with related departments. In addition, we continually conduct educational activities tailored to the circumstances of each department to raise awareness of IP among all employees. We have also established rules providing rewards for employee inventions to provide an incentive to create IP.

Investing in IP that Goes Beyond the Realm of Pharmaceuticals

In today's society, where the boundaries between industries are blurring, the pharmaceutical industry, which used to be a relatively independent industry, is no exception, and it is now merging with devices and applications, making the industrial structure increasingly complex and sophisticated. In this era of transition from competition to collaborative creation, the creation of new value through open innovation is the key to growth.

We have long been active in open innovation and have produced a number of innovative pharmaceutical products through these efforts. We will continue to maximize the value of our IP, which protects our core technologies, and we will also strategically invest in IP obtained through collaboration with others. Furthermore, we will also actively invest in the acquisition of IP that is not limited to pharmaceuticals, but is expected to generate synergies with our IP. We will contribute to the health of mankind by giving concrete form to this IP as products that are unique and have a lot of value for mankind.

Strengthening the Management of the Product Lifecycle

Original drug manufacturers need to leverage their IP, such as patents and know-how, to ensure that their drugs are used to their fullest potential and that as many patients as possible can benefit from them. Our IP Strategy Department is involved in each project as a member of the team from the very beginning. To maximize the value of all of our products and developed compounds, we are constantly looking at creating new IP from a lifecycle management perspective as well.

IP Strategy and Branding

IP also plays an important role in branding activities. In addition to global trademark protection of pharmaceutical brand names and corporate/product logos, IP mix strategies that combine multiple intellectual property rights to protect products and services in new businesses other than pharmaceuticals will become even more important in the future.

Unlike pharmaceuticals, where substance patents are overwhelmingly effective, new businesses need to strategically apply for and obtain not only patents and trademarks, but also designs and utility models. We will work to acquire intellectual property rights from various perspectives, not only from the perspective of product protection, but also from the perspective of strengthening brand power.

Our Policies on Intellectual Property Rights and on Patents in Countries with Limited Access to Healthcare

To deliver our innovative drugs to more patients worldwide, we neither apply for nor enforce patent rights in Least Developed Countries defined by the United Nations¹ and Low Income Countries defined by the World Bank². Also, with the exception of some countries, we do not file patent applications or enforce rights in Lower Middle Income Countries defined by the World Bank³. Furthermore, we continually explore the potential applications of our patented compounds in tropical diseases (NTDs) and other diseases.

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

