

# Investment Policy from a Medium- and Long-term

We work to increase profit by making vigorous growth investments that will conduce to raising shareholder value in medium to long term. We also return profits to shareholders in a well-balanced manner to maintain our shareholders' equity at appropriate levels.

## Growth Investment (R&D Investment)

As a pharmaceutical company dedicated to drug development, we aim to identify and develop innovative and breakthrough pharmaceutical products while actively investing in R&D to further expand our development pipeline.

Specifically, we have vigorously been pursuing various forms of collaborations that may lead to drug discovery research, including research collaborations with research institutes including universities, as well as drug discovery alliances with biopharmaceutical companies with world-leading technologies. In the end of FY2019, we conducted 182 and 96 joint research projects in Japan and abroad, respectively. We will continue to

increase collaboration.

We also strengthen licensing activities to actively acquire attractive compounds even in early development stage (preclinical phase and phase I), as well as compounds in late development stage that are expected to go on the market in several years.

In addition, Ono Venture Investment Fund I, L.P., established in July 2020, invests directly in drug discovery startups in their seed stage. Other than drug discovery, it will also vigorously invest in healthcare and digital fields globally.

## Track Record of Licensing (In-licensing) Activities since 2010 (As of July 24, 2020)

Month and Year of Agreement	Product Name or Development Code (Generic Name)	Indication	Development Stage (Japan)	Partner
Sep. 2010	KYPROLIS for Intravenous Injection (Carfilzomib)	Multiple myeloma	Market launch	Onyx Pharmaceuticals (acquired by Amgen)
Sep. 2011	CORALAN Tablet (Ivabradine hydrochloride)	Chronic heart failure	Market launch	Servier
	PARSABIV Intravenous Injection for Dialysis (Etelcalcetide hydrochloride)	Secondary hyperparathyroidism	Market launch	KAI Pharmaceuticals (acquired by Amgen)
	ORENCIA for Intravenous Injection, ORENCIA SC (Abatacept)	Rheumatoid arthritis, Juvenile idiopathic arthritis	Market launch	Bristol-Myers Squibb
Apr. 2013	ONGENTYS (Opicapone)	Parkinson's disease	Approved	Bial
Oct. 2013	DEMSEER Capsule (Metyrosine)	Status of catecholamine excess secretion in pheochromocytoma	Market launch	Valeant Pharmaceuticals International (renamed to Bausch Health)
Dec. 2013	FORXIGA Tablet (Dapagliflozin)	Type 2 diabetes, Type 1 diabetes	Market launch	AstraZeneca
		Heart failure	Filed	
Jul. 2014	YERVOY Injection (Ipilimumab)	Melanoma, Renal cell carcinoma	Market launch	Bristol-Myers Squibb
	ONO-4483 (Lirilumab)	Solid tumor	I	
	ONO-4482 (Relatlimab)	Melanoma	I/II	
	ONO-4686	Solid tumor	I/II	
	ONO-4687 (Cabiralizumab)	Pancreatic cancer	II	
	ONO-7701 (Linrodostat)	Bladder cancer	III	
	ONO-7807	Solid tumor	I/II	
	ONO-7911 (Bempegaldesleukin)	Solid tumor	I	
		Melanoma, Renal cell carcinoma	-	
May 2017	MEKTOVI Tablet (Binimetinib), BRAFTOVI Capsule (Encorafenib)	Melanoma	Market launch	Array BioPharma (acquired by Pfizer)
		Colorectal cancer	Filed	
Aug. 2017	ONO-5704 / SI-613	Osteoarthritis	Filed	Seikagaku
		Enthesopathy	II	
Jun. 2019	ONO-7912 (Devimistat)	Pancreatic cancer	I	Rafael Pharmaceuticals
Jul. 2019	ONO-7913 (Magrolimab)	Solid tumor	I	Forty Seven (acquired by Gilead Sciences)

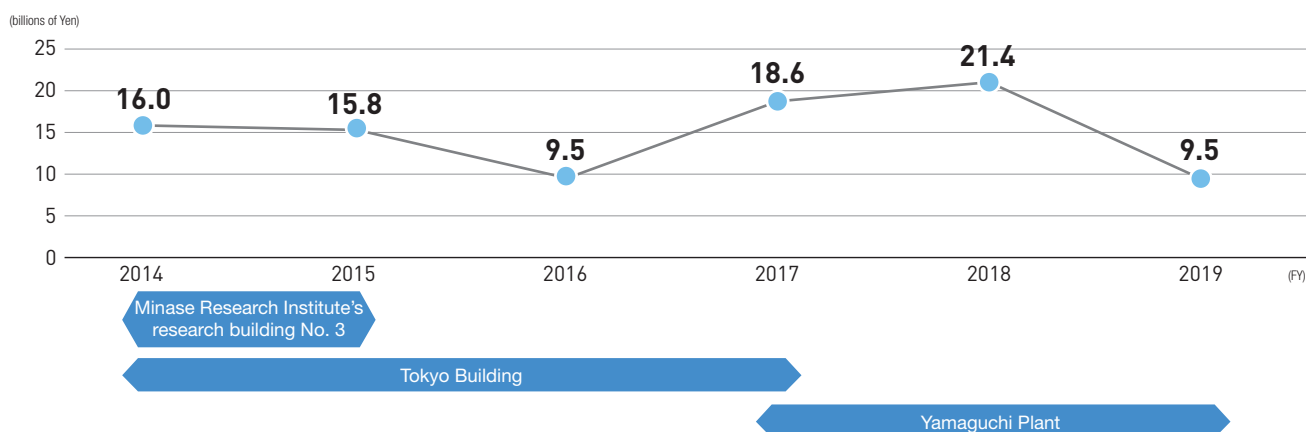
# Perspective

## Investment in Plant and Equipment

We vigorously make necessary P&E investment to keep drug discovery activities up to date and production activities safe and efficient from a medium- and long-term perspective. In February 2016, we added research building No. 3 to the Minase Research Institute for integration of our compound synthesis and analysis functions that had been separated in the Minase and Fukui Research Institutes, in order to strengthen cooperation and promote R&D from exploration of breakthrough drug seeds

through to clinical research. In March 2018, we built and moved from our former aging Tokyo Building to a new one to accommodate our increased workforce. In July 2019, we constructed a new plant in Yamaguchi to respond to business expansion and to mitigate the risk of major disaster from the business continuity perspective. This new plant started operation in March 2020.

### Investment in Plant and Equipment (Consolidated)



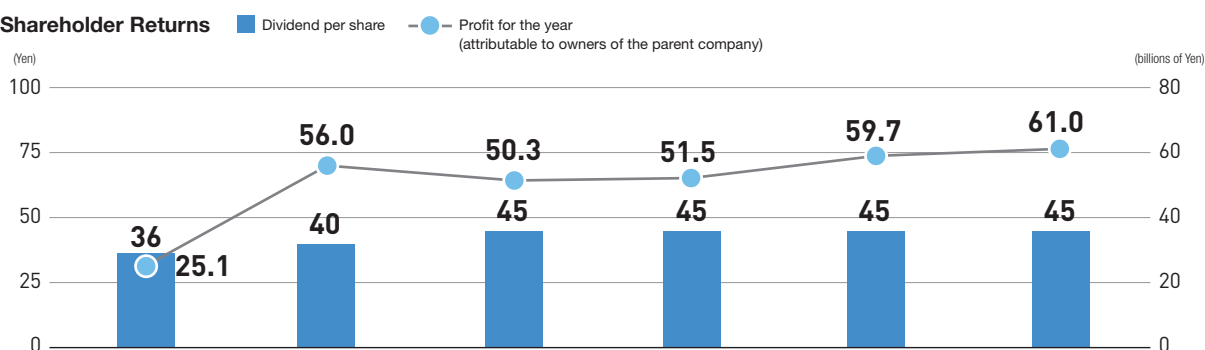
## Shareholder Returns

In terms of shareholder returns, we balance dividend payouts and share buybacks well.

In terms of dividend payouts, we prioritize stable dividend distribution in value terms, making appropriate distribution of our profits in line with our business performance for each fiscal year.

In terms of share buybacks, we flexibly consider and carry out the purchase, keeping future demand for funds in mind, for the purpose of redistributing more profit to shareholders, raising capital efficiency or tightening the supply-demand balance in the stock market.

### Movement in Shareholder Returns



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (forecast)
Total dividends	¥19.1 billion	¥21.2 billion	¥23.1 billion	¥23.1 billion	¥23.1 billion	
Dividend payout ratio	76.4%	38.0%	46.4%	44.9%	38.0%	37.2%
Share buybacks	—	—	¥38.8 billion	—	¥29.6 billion	
Ratio of payouts and buyouts to net profit	76.4%	38.0%	123.1%	44.9%	87.2%	

\*The company conducted a stock split of common stocks at a ratio of 1:5 with an effective date of April 1, 2016.  
(Note that the dividend per share for FY2015 is translated on a post-stock split basis.)