

June 23, 2022

**Announcement on Disposal of Treasury Shares
as Restricted Stock-based Remuneration**

Ono Pharmaceutical Co., Ltd. (Osaka, Japan; President, Representative Director & CEO, Gyo Sagara; “the Company”) announced that the Company resolved at the meeting of the Board of Directors held today to dispose of its treasury shares as restricted stock-based remuneration (hereinafter referred to as “Disposal of Treasury Shares”), as described below.

1. Overview of Disposal of Treasury Shares

(1) Disposal date	July 15, 2022
(2) Class and number of shares to be disposed of	90,000 shares of common stock of the Company
(3) Disposal price	3,234 yen per share
(4) Total value of share to be disposed of	291,060,000 yen
(5) Allottees of shares	Members of the Board of Directors of the Company (excluding Outside Directors) 5 persons / 90,000 shares
(6) Other	The Disposal of Treasury Shares is conditioned on the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purposes and Reasons of the Disposal

The 74th Ordinary General Shareholders’ Meeting held on June 23, 2022 resolved to revise the remuneration system for Members of the Board of Directors excluding Outside Directors (hereinafter referred to as “Eligible Members of the Board of Directors”) in order to motivate them to achieve higher corporate value over the medium to long term, on the road to a “Global Specialty Pharma,” as well as to further share value with shareholders. Specifically, the revision involves an introduction of stock-based remuneration system (hereinafter referred to as the “System”) consisting of the following (1) and (2).

(1) Tenure-based restricted stock subject to certain restricted transfer periods and certain grounds for share acquisition by the Company without payment of compensation (hereinafter referred to as “Restricted Stock I”); and

(2) Performance-linked restricted stock for which number of shares are granted according to the degree of achievement of performance target figures, etc. during the performance evaluation period, which is equivalent to each fiscal year (hereinafter referred to as “Performance-linked Restricted Stock”).

It was also approved that under the System, the maximum total amount of monetary remuneration claims to be paid to the Eligible Members of the Board of Directors for granting Restricted Stock I and Performance-linked Restricted Stock shall be, 100 million yen per year for Restricted Stock I (the maximum total number of shares to be allotted will be 60,000 shares per fiscal year), and 300 million yen per year for Performance-linked

Restricted Stock (the maximum total number of shares to be allotted will be 180,000 shares per performance evaluation period), respectively; and that a transfer restriction period for Restricted Stock I and Performance-linked Restricted Stock shall be the period from the grant date of such shares to the date when the Eligible Member of the Board of Directors retires from any of the position of Member of the Board of Directors, Audit & Supervisory Board Member, Corporate Officer, employee or any other equivalent position of the Company.

In connection with this matter, the same Ordinary General Shareholders' Meeting also resolved that as a transitional measure pertaining to allotting Restricted Stock I instead of the current stock acquisition rights as stock-based remuneration-type stock options, only in the 75th fiscal year (from April 1, 2022 to March 31, 2023) (hereinafter referred to as the "Fiscal Year"), Eligible Members of the Board of Directors shall waive the right regarding any unexercised portions of such options already allotted to them. To compensate for the waived rights, monetary remuneration claims will be granted to Eligible Members of the Board of Directors to allot shares of restricted stock (hereinafter referred to as "Restricted Stock II") in the same number as the shares of common stock of the Company underlying the stock acquisition rights as stock-based remuneration-type stock options to be waived; and it was also approved to set the total maximum amount of such monetary remuneration claims at 400 million yen per year (the maximum total number of shares of Restricted Stock II to be allotted will be 75,000 shares for the Fiscal Year), separately from the allotment based on the amount of remuneration for Restricted Stock I and Performance-linked Restricted Stock.

The Board of Directors of the Company resolved today to pay a total of 291,060,000 yen in monetary remuneration claims to five Eligible Members of the Board of Directors to allot shares as restricted stock remuneration (hereafter referred to as "Allottees"). Such restricted stock remuneration consists of (1) remuneration for the period from the day of the 74th Ordinary General Shareholders' Meeting of the Company to the day before the 75th Ordinary General Shareholders' Meeting to be held in June 2023 (the Restricted Stock I to be allotted as such restricted stock remuneration is hereinafter referred to as "Allotted Shares I"); and (2) remuneration in exchange for waiving the rights regarding unexercised portions of the stock acquisition rights already allotted to Eligible Members of the Board of Directors as stock-based remuneration-type stock options (the Restricted Stock II to be allotted as such restricted stock remuneration is hereinafter referred to as "Allotted Shares II"). It was also resolved to allocate 90,000 shares of common stock of the Company as specified restricted stock to Allottees after such Allottees pay as property contributed in kind all monetary remuneration claims paid to them. The amount of monetary remuneration claims for each Allottee is determined by comprehensively taking into consideration the purpose of the System, the scale of the Company's business, the degree of responsibility of each Allottee for decision-making, and the number of shares underlying the stock acquisition rights as stock-based remuneration-type stock options to be waived. In addition, such monetary remuneration claims will be granted on the condition that each Allottee has executed with the Company a Restricted Stock Allotment Agreement (hereafter referred to as the "Allotment Agreement") that, in general terms, contains the terms set forth below.

3. Details of Allotment Agreement

Allotted Shares I

(1) Transfer Restriction Period

From July 15, 2022 to the date when the Allottee retires from any of the position of Member of the Board of Directors, Audit & Supervisory Board Member, Corporate Officer, employee or any other equivalent position of the Company (hereafter referred to as "Eligible Positions")

During the transfer restriction period set forth above (hereinafter referred to as the "Transfer Restriction Period I"), the Allottees may not transfer, create a pledge or mortgage by transfer to or for a third party, or otherwise dispose of (hereafter referred to as "Transfer Restrictions"), the Allotted Shares I allotted to them.

(2) Acquisition of Allotted Shares I by the Company without Paying Compensation

The Company shall naturally acquire the Allotted Shares I without paying compensation if an Allottee retires from any of the Eligible Positions on or after the commencement date of the Transfer Restriction Period I, unless such retirement is due to the expiration of their term of office, death, or other reasons deemed reasonable by the Board of Directors of the Company.

In addition, the Company shall naturally acquire the Allotted Shares I for which the Transfer Restrictions have not been lifted, based on the terms provided in (3) "Lifting of Transfer Restrictions" below, without paying compensation at the expiration of the Transfer Restriction Period I (hereinafter referred to as the "Time of Expiration I"), if any.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions of all of the Allotted Shares I held by an Allottee at the Time of Expiration I, in principle, on the condition that the Allottee has continuously held any of the Eligible Positions throughout the Transfer Restriction Period I, and that the retirement of the Allottee from the Eligible Position is due to the expiration of their term of office, death, or other reasons deemed reasonable by the Board of Directors of the Company.

However, if the Allottee retires from the position of Member of the Board of Directors of the Company during the period from the start date of the Transfer Restriction Period I until the day before the date of the first ordinary general shareholders' meeting of the Company after the start of the Transfer Restriction Period I due to death or any other reasons deemed reasonable by the Board of Directors, the Company shall, at the time of their retirement, naturally acquire the Allotted Shares I without paying compensation in the number reasonably adjusted according to the period they held the position of Member of the Board of Directors.

(4) Provisions for Management of Shares

The Allottee shall, in a manner designated by the Company, open an account to book or record the Allotted Shares I with SMBC Nikko Securities Inc. The Allotted Shares I shall be deposited and maintained in that account until the Transfer Restrictions are lifted.

(5) Handling in Cases of Organizational Restructuring, Etc.

In the event of a merger agreement in which the Company is the dissolving company or any other organizational restructuring, etc. of the Company during the Transfer Restriction Period I, the Company shall lift, based on a resolution of the Board of Directors' meeting of the Company, the Transfer Restrictions of certain Allotted Shares I at a date prior to the effective date of such organizational restructuring, etc. The number of such Allotted Shares I for which the Transfer Restriction will be lifted shall be reasonably determined in consideration of the time period from the start date of the Transfer Restriction Period I to the date of the approval of such organizational restructuring, etc.

In this case, as of the time immediately after the lifting of the Transfer Restrictions as provided for in the above, the Company shall naturally acquire without paying compensation the Allotted Shares I for which the Transfer Restrictions are not lifted.

(6) Malus Clause

The Company shall acquire all of the Allotted Shares I held by an Allottee without paying compensation if, during the Transfer Restriction Period I, such Allottee violates laws and regulations or internal rules, etc. in a material respect and the Board of Directors of the Company recognizes such violation as grounds for the gratis acquisition of the shares by the Company, or in the case of any other event specified by the Board of Directors of the Company as being grounds for the same.

Allotted Shares II

(1) Transfer Restriction Period

From July 15, 2022 to the date when the Allottee retires from any of the Eligible Positions

During the transfer restriction period set forth above (hereinafter referred to as the "Transfer Restriction Period II"), the Allottees may not transfer, create a pledge or mortgage by transfer to or for a third party, or otherwise dispose of, the Allotted Shares II allotted to them.

(2) Acquisition of Allotted Shares II by the Company without Paying Compensation

The Company shall naturally acquire the Allotted Shares II without paying compensation if an Allottee retires from any of the Eligible Positions on or after the commencement date of the Transfer Restriction Period II, unless such retirement is due to the expiration of their term of office, death, or other reasons deemed reasonable by the Board of Directors of the Company.

In addition, the Company shall naturally acquire the Allotted Shares II for which the Transfer Restrictions have not been lifted, based on the terms provided in (3) "Lifting of Transfer Restrictions" below, without paying compensation at the expiration of the Transfer Restriction Period II (hereinafter referred to as the "Time of Expiration II"), if any.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions of all of the Allotted Shares II held by an Allottee at the Time of Expiration II, in principle, on the condition that the Allottee

has continuously held any of the Eligible Positions throughout the Transfer Restriction Period II, and that the retirement of the Allottee from the Eligible Position is due to the expiration of their term of office, death, or other reasons deemed reasonable by the Board of Directors of the Company.

(4) Provisions for Management of Shares

The Allottee shall, in a manner designated by the Company, open an account to book or record the Allotted Shares II with SMBC Nikko Securities Inc. The Allotted Shares II shall be deposited and maintained in that account until the Transfer Restrictions are lifted.

(5) Handling in Cases of Organizational Restructuring, Etc.

In the event of a merger agreement in which the Company is the dissolving company or any other organizational restructuring, etc. of the Company during the Transfer Restriction Period II, the Company shall lift, based on a resolution of the Board of Directors' meeting of the Company, the Transfer Restrictions of all of the Allotted Shares II at a date prior to the effective date of such organizational restructuring, etc.

(6) Malus Clause

Allotted Shares II will be subject to a malus clause that is equivalent to that for Allotted Shares I.

4. Basis of Calculation and Specific Details for the Payment Amount

To avoid arbitrary pricing, the disposal price for the Disposal of Treasury Shares shall be set at 3,234 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on June 22, 2022, the business day immediately preceding the date of resolution of the Board of Directors' meeting of the Company. This is the market price immediately prior to the date of resolution, and the Company believes that it is reasonable and not particularly advantageous price.

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