

# Foundation for Value Creation

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.

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Material Issue **6**

# Corporate Transformation through Digital & IT

Vision over the medium to long term

**A global IT infrastructure is being implemented and corporate transformation through digital is being realized.**

Indicators

- **Completion and utilization of the IT blueprint (big picture for IT infrastructure and related systems)**
- **Construction and use of a data utilization platform**
- **Establishment of a cross-functional DX promotion system**
- **Number of participants in the Digital Talent Development Training Program: 500 (FY2026 target)**
- **Of these, the number capable of planning, managing and executing DX projects: 100 (FY2026 target)**

## Corporate transformation through digital and IT moves to full introduction stage to improve the experience

It has been one year since we launched initiatives to promote a corporate transformation through digital and IT. During that year, following extensive discussions, we made steady progress toward becoming a Global Specialty Pharma, our vision for 2031. Business transformations are always major challenges, but they are also an exciting period for creating a future. By sharing digital and IT strategy, we are making steady progress in building a global IT infrastructure through productive discussions and laying the groundwork for our DX strategy, which includes training human resources in the digital field and data use foundation. In the second year, we will shift our focus to initiatives that lead to better experiences for all patients, their families, and healthcare professionals.



**Satoshi Numata**  
Corporate Executive Officer / Executive Director, Digital & IT Strategy

### Initiatives to Implement a Corporate Transformation by leveraging Digital and IT

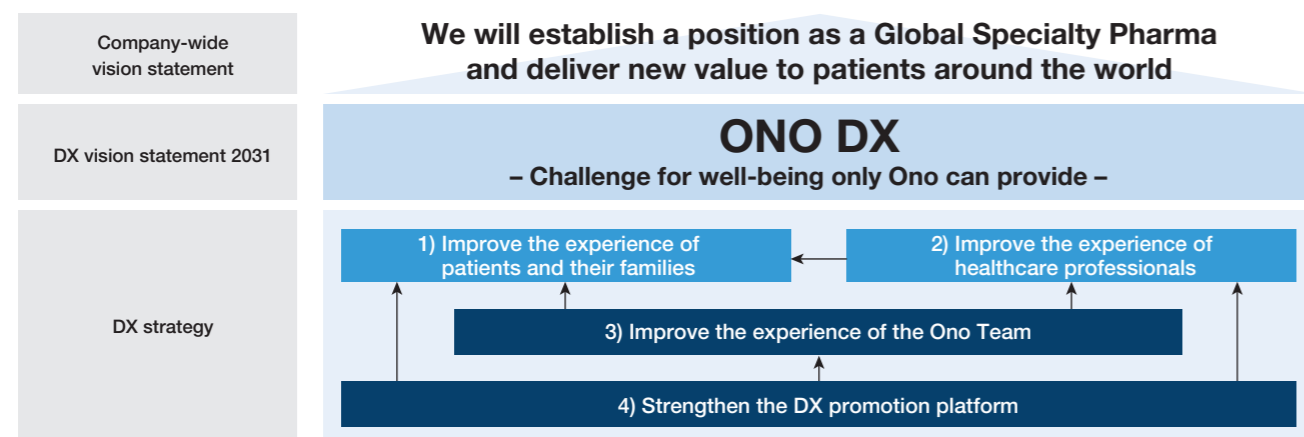
#### Designated DX-certified operators based on METI certification system

In the midst of a drastically changing business environment, we are transforming the company to have high dynamic capability by leveraging digital and IT.

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 foundation enables us to detect and assess business issues and new opportunities accurately and timely, and turn them into business transformation initiatives. All activities related to every value creation process with the foundation leads us to a global specialty pharma. Based on this idea, we worked to create and reinforce the various aspects of our IT infrastructure, such as security, including the data use platform OASIS, which was built in August last year. This resulted in us being designated a DX-certified operators on January 1, 2023, based on the Ministry of Economy, Trade and Industry (METI) certification program. We will broadly expand these activities linked to corporate transformation.

#### Overview of DX vision and strategy



### Global IT Infrastructure

#### Use with a focus on overall optimization

IT infrastructure has two important roles which are supporting business efficiency and providing up-to-date data with consistency for digital transformation. Our approach is to implement an IT infrastructure based on the big picture that supports globally optimized business process, not division specific business process. We utilize systems and services that are widely used throughout the world, without company-specific customization. This allows us not only to enjoy the latest functionalities, but also maintain the flexibility for future changes including collaboration with other companies related to business innovation.

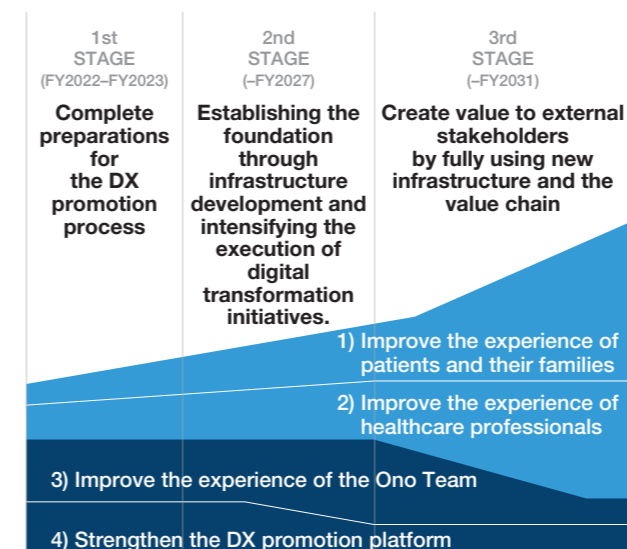
### DX Promotion Strategy

#### Increasing the vitality of people and improving productivity and creativity

We position DX as primarily related to human experience, not technology. To realize our corporate philosophy and accelerate our challenges that is unique to our company, it is important to deliver value not only to patients and their families, but also to healthcare professionals, employees, and our diverse partners. For DX, too, we aim to enhance the vitality of people and improve the productivity and creativity of the company.

While maintaining the efficient operational value chain organization that we have refined over the years, we will work to promote DX in a horizontal manner centered on people, the people to whom value is delivered. With digital technology, DX will bring about business transformation, it will cover a very wide range of areas, from existing businesses to new ones, and from operational efficiency to new business models. One important element for implementing a DX strategy is the speed of decision making. Separately from the ordinal budget process we have secured a budget that can be used for anything related to DX (challenge budget) so there are no worries about securing a budget for small, quick projects, and the funds will primarily be used for such activities as research and trial use of technology.

#### DX promotion process



### Development of DX talent

#### Formulating a human resource development program, holding training for three layers

Talent development is at the core of DX activities. Our goal is to be a company that continues to transform itself on a daily basis, rather than to make one-off major changes with the help of external support. To achieve this, each and every employee, from the management team to the front lines of the workplace, must be able to direct and execute change as needed. After clarifying the DX promotion process and the DX talent needed to implement it, we considered which human resources should be external and which should be developed internally, and formulated an internal talent development program, defining three layers: talent who plans and drives DX, talent who can participate in projects and play an active role, and employees who have a DX background. As for conducting training for those three layers, the training classes for each layer were quickly fully booked, but we accepted additional applicants by expanding class size beyond what was initially envisioned, which has been positively received by employees.

### Status of Data Use

#### Establishing robust data governance

The use of real-world data (RWD), which began four years ago, has spread throughout the company. Simple analysis is performed by each division using standard tools, while detailed analysis is performed by specialists in statistical analysis using programming, allowing for both speed and quality. RWD is now used on a daily basis by everyone from R&D to Sales & Marketing. To cite one example, in the cost-effectiveness evaluation system introduced in April 2019 by the Ministry of Health, Labour and Welfare, our chronic heart failure drug Coralan was judged to be very cost-effective after being evaluated using RWD and other methods. Furthermore, we have released the results of our pancreatic cancer database research outside the Company and aim to release information on various other types of research.

It is possible to conduct analysis using OASIS, which was built as an integrated data utilization platform, started operation in August 2022, enabling cross-divisional analysis on a single platform of data owned by each department, commercial RWD, and open data. OASIS has enabled us to manage data centrally and realize a stronger data governance system better than before. OASIS is also a platform that can handle pseudonymized information as defined in the revised Act on the Protection of Personal Information, can do advanced AI analysis while protecting personal information and contributes to the creation of new evidence.

Material Issue 7

# Strengthening of Financial Capital: financial strategy and policy on medium- to long-term investment

Vision over the medium to long term

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.

Indicators

- (FY2022 to FY2026)
- Revenue CAGR: In the high single digits
  - Operating income to revenue ratio: Maintain 25% or higher

## Strategically allocating cash to maintain and expand robust financial capital

In order to link current strong business performance to sustainable growth, it is indispensable to properly invest in independent drug discovery and licensing activities while also balancing profit and shareholder return. In addition, strategic investments to expand our business domain and strengthen our corporate infrastructure are important, and last year, we made public the overall image of these investment as the medium-term allocation. To increase cash flows that support investment, we not only strive to further expand revenue by maximizing product value, to maintain and improve profitability and effectiveness by maximizing return on investments, and to manage the balance sheet but also work to strengthen our financial capital.



**Masaki Ito**  
Corporate Officer / Division Director, Business Management Division

Basic Approach

### Balancing growth investments and shareholder return

The medium- to long-term financial policy is to balance strategic investments, including R&D, and shareholder return in order to achieve sustainable growth.

While securing stable investment resources by continually expanding operating cash flows through greater revenue, we work to increase asset efficiency by reducing cross-shareholdings, and the cash flows we generate are used for growth investments, including R&D while considering return on investments. We will provide a stable shareholder return while generating additional growth and ensuring sound financial foundation.

and cash generation to create value for patients and society and enhance our corporate value continuously. At the same time, the business environment surrounding pharmaceutical companies is becoming increasingly challenging, and the probability of success in new drug discovery remains low. By securing an appropriate level of internal funds, we will ensure the liquidity of funds necessary for smooth business activities, including prompt investment in quality projects.

### Maximizing Return on Investments and Maintaining Financial Soundness

#### Aiming for ROE that exceeds cost of shareholders' equity

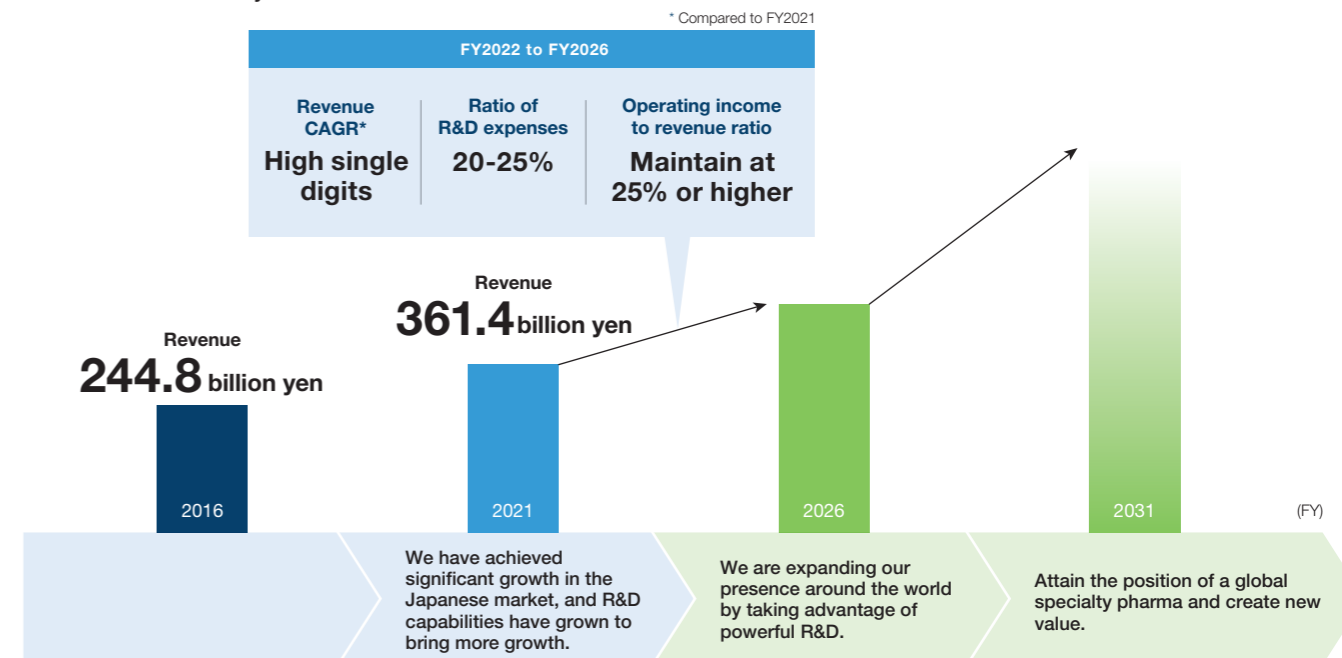
Even as we make aggressive R&D and strategic investments, we will strictly apply our investment adoption criteria to ensure value creation and profitability. For the five years from FY2022 to FY2026, we will strive to expand revenue at an revenue CAGR in the high single digits compared to FY2021. We will then aim to maintain an operating income to revenue ratio of at least 25% while investing about 20-25% of revenue in R&D. With revenue growth and expanding profits through aggressive R&D investment as targets, we believe we can achieve ROE that exceeds the cost of shareholders' equity without falling into a short-term orientation. Regarding fund procurement, the Group will ensure the liquidity necessary for smooth business activities, and will do so effectively and flexibly, taking into consideration market conditions and other factors. The Group's current assets far exceed current liabilities, and the source of funds is allocated between funds generated from operations and internal funds.

Stable Creation of Investment Resources

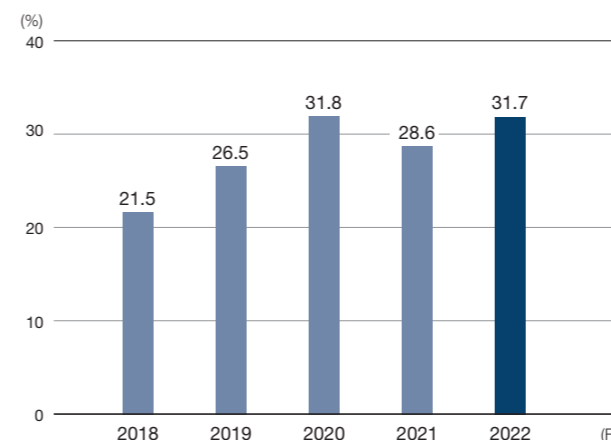
### Generating cash through creation of new drugs and improved capital efficiency

To realize our corporate philosophy, Dedicated to the Fight against Disease and Pain, we will acquire growth capital by maximizing the value of prescription drugs we create and investing the capital intensively in the discovery and development of new drugs, thereby continually generating innovative drugs. We will create a virtuous cycle of capital and cash generation by using the cash generated by both the creation of new drugs and by the improvement of capital efficiency, including the reduction of cross-shareholdings, to fund the next stage of growth while ensuring financial soundness, aiming to create value for patients and society and continuously enhance corporate value. We will create a virtuous cycle of capital

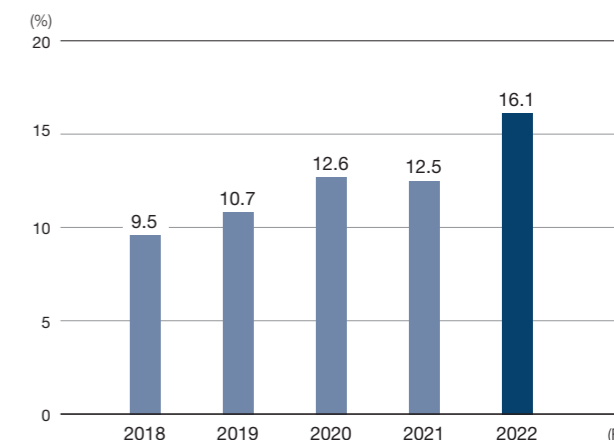
Future Qualitative Objectives



Operating Income to Revenue Ratio

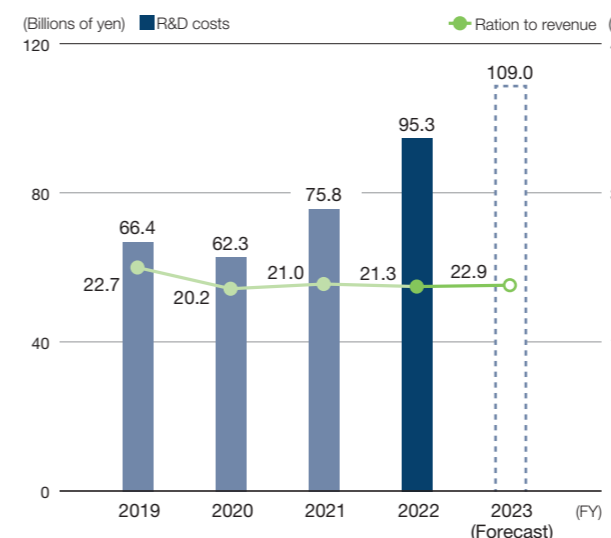


ROE\*

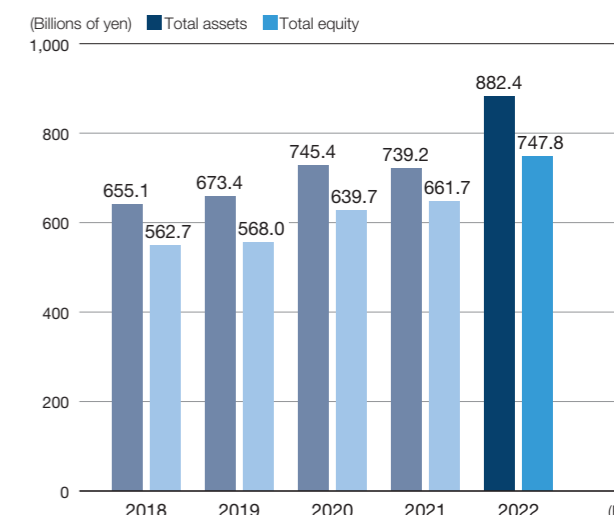


\* Profit for the year attributable to owners of the parent company / Equity attributable to owners of the parent company (average of beginning and end of fiscal year)

R&D costs / Ratio to revenue



Total Assets and Total Equity



Medium- to Long-term Investment Allocation

Making aggressive growth investments

Strategic investments are essential for sustainable growth. Although R&D expenses will increase due to aggressive growth investments, we will raise the level of ROE by expanding profits through revenue growth. We will also maintain an appropriate level of shareholders' equity by balancing shareholder returns.

R&D investments of around 600.0 billion yen

We are aggressively investing in R&D to create original and innovative new drugs and expand our development pipeline. Along with the expansion of revenue, we plan to increase R&D expenditures to the 100 billion yen-level first, and then in the five years from FY2022 to FY2026, invest a total of 600 billion yen in R&D. Specifically, in addition to drug discovery alliances with biopharmaceutical companies that possess the world's most advanced technologies, we are actively pursuing research alliances that lead to drug discovery research with universities and other research institutions. At the end of FY2022, we were carrying out more than 300 cooperative research projects in Japan and overseas, and we plan to do even more going forward. In addition to compounds in the late development stage, which are expected to be launched within a few years, we are also strengthening our licensing activities to actively acquire attractive compounds even in the early development stage (preclinical and Phase I).

In addition, Ono Venture Investment Fund I, L.P., established in July 2020, is investing in drug discovery ventures in the seed stage. In addition to regular R&D expenditures, we intend to invest 150-200 billion yen over the next five years starting in FY2022 to strengthen our drug discovery business by acquiring global rights to compounds with established PoC.

Investments to strengthen corporate infrastructure and expand business areas

We will also actively invest in IT and digital technology, and research and production facilities sufficient to maintain the latest drug discovery activities and safe and efficient production activities over the medium-to-long term. With regard to expanding our overseas development bases and sales network, we will accelerate construction of our own sales system with an eye toward introducing BTK inhibitor VELEXBRU Tablets in the U.S.. Furthermore, we will examine building an organization in Europe for our own sales, which includes marketing and sales, while keeping in mind progress in development. Ono Pharma Healthcare Co., Ltd., established in February 2021, Ono Digital health Investment, GK. in March 2022, and michiteku Co., Ltd., established in November 2022, plan to invest in new healthcare businesses, DX funds, and information processing and provision service businesses in the healthcare field, and other business domain expansion, and together with the expansion of our overseas development bases and sales network, and also the strengthening of corporate foundations, plan to invest 30 to 50 billion yen over five years, starting in FY2022.

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

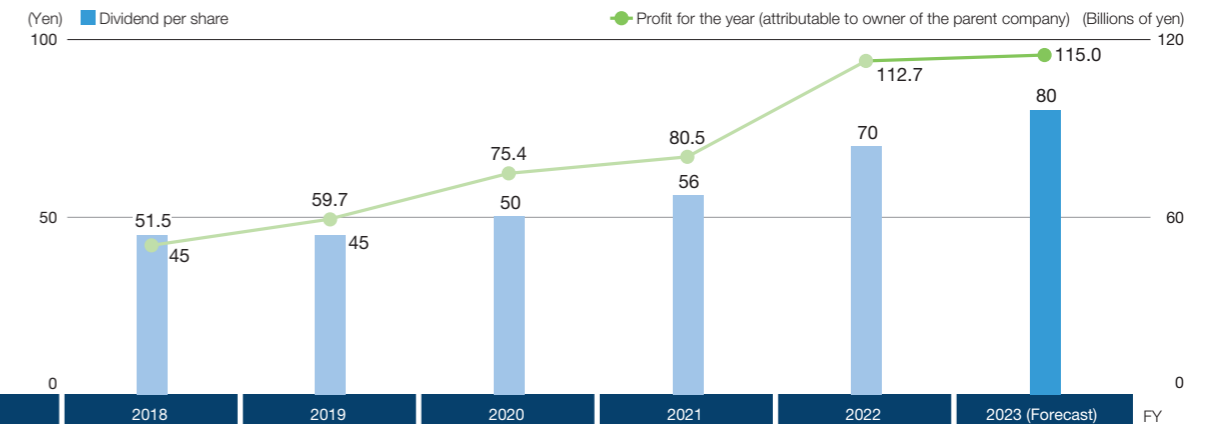
Sources of cash	Allocation of investments	Measures	FY2022 initiatives
Newly generated cash	R&D ¥600 B	Priority investments in oncology, immunology, neurology, and specialty areas	<ul style="list-style-type: none"> <li>Capture global rights to pipeline products</li> <li>Collaborate to expand research pipeline</li> <li>Invest in drug discovery startups</li> </ul>
	Strategic investments ¥250 B	Strategic investment to strengthen the drug discovery business, expand business areas, and strengthen the corporate infrastructure	<ul style="list-style-type: none"> <li>Create overseas bases</li> <li>Create healthcare businesses</li> <li>Invest in startup companies</li> </ul>
	Shareholder return	Stable dividends distribution and flexibly considering stock repurchases share buybacks	Increase in annual dividend per share of ¥14 (¥56 → ¥70)
	Funds on hand	Capacity to invest to further increase corporate value	Multiple M&As for drug discovery and technology ventures

Shareholder Returns

Increased dividend for third consecutive year

Returning profits to all of our shareholders is one of ONO's key management policies, and we will achieve a good balance between dividends and share buybacks. We are focused on maintaining stable dividends on a monetary basis, and also consider business performance in the current fiscal year and various indicators. ONO increased its share dividend by 6 yen in FY2021 and by 14 yen in FY2022, and is planning to increase the dividend by 10 yen in FY2023. We will continue to flexibly review and execute share buybacks, positioning them as a part of measures to improve shareholder benefit and comprehensive shareholder returns.

Shareholder Returns Over Time



	2018	2019	2020	2021	2022	2023 (Forecast)
Total dividends	23.1 billion yen	22.5 billion yen	25.0 billion yen	27.7 billion yen	34.2 billion yen	
Dividend payout ratio	44.9%	38.0%	33.1%	34.5%	30.3%	34.0%
Share buybacks	-	29.6 billion yen	-	30.0 billion yen	-	50.0 billion yen (ceiling)
Ratio of payouts and buyouts to net profit	44.9%	87.2%	33.1%	71.6%	30.3%	

Material Issue 8

# Expansion of Human Capital

Vision over the medium to long term

The creation of corporate value is driven through talent development. In particular, the enhancement of future executive talent, globally competent talent, digital talent, and innovation talent have been set as important themes.

Indicators

- (Total number of persons up to FY2026)
- In future executive talent pool: 250 or more
  - In globally competent talent pool: 300 or more
  - Persons who will have participated in digital talent development and training program: 500 or more
  - Including those who can plan, manage, and execute the DX project: 100 or more
  - Core innovation talent: 180 or more

## Aiming to create an organizational climate that makes it possible to simultaneously further increase diversity and create a sense of unity by expanding human capital

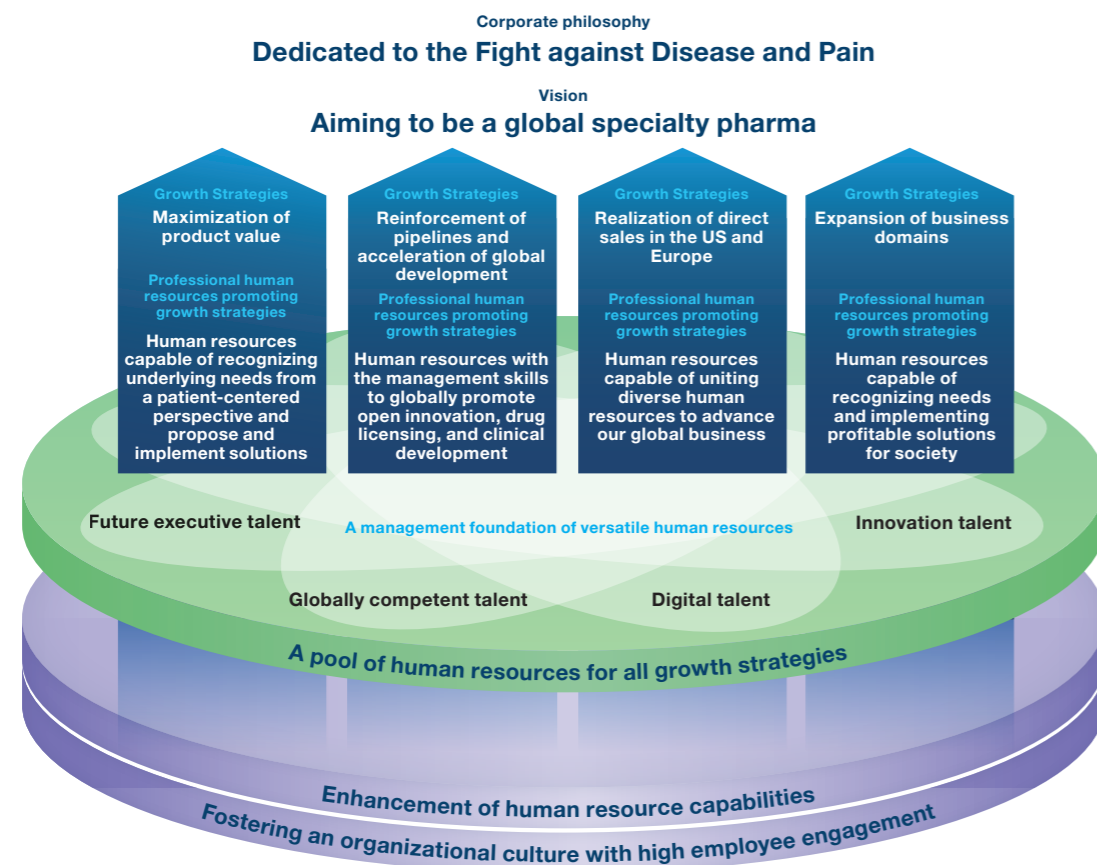
Expanding human capital, one of our goals, refers to creating not only a culture that extols people who take action themselves to achieve difficult targets and continue to take on such challenges even if they fail but also a company that continually expands its mechanisms to promote that. We are moving forward with creating an organizational climate that makes it possible to simultaneously promote diversity, equity, and inclusion (DE&I) and foster a sense of unity. We gain wisdom by all employees deepening their understanding of each other and different values colliding with each other. We aim to become a company that can always do this.



**Toshihiro Tsujinaka**

Member of the Board of Directors, Senior Executive Officer / Executive Director, Corporate Strategy & Planning

Growth and talent strategies to implement corporate philosophy and achieve the Vision



Our thoughts on human capital

## Human Resource Strategy to Implement Corporate Philosophy and Vision

One of our goals is expanding human capital, and this refers to recruiting and developing human resources who can contribute to growth and fostering an organizational culture of high employee engagement.

In regards to recruiting and developing human resources, we are focusing on human resources who can contribute to implementing the four growth strategies (see pp. 25–26) in order to achieve continuing growth as a pharmaceutical company oriented to the development of innovative drugs. We will concentrate on recruiting advanced human resources and professional human resources who will lead management, corporate transformation, and other activities, and human resource development programs to raise the level of each employee's capabilities.

A worker-friendly workplace in which diverse human resources can passionately work is indispensable for fostering this kind of organizational culture. We will work on various fronts, including introducing DE&I and diverse work styles, to achieve high employee engagement.

Under our management principals, we work to foster an organizational culture that contributes to the realization of a company in which all employees can passionately do their work.

## Recruiting and training versatile human resources and professional human resources

### A pool of human resources for all growth strategies

To achieve sustainable growth, it is essential to secure human resources that can execute strategies as passionate challengers towards achievement of our corporate philosophy and Vision. Therefore, in all our growth strategies, we have defined versatile human resources, employees who support the management foundation between divisions, and professional human resources, employees who possess skills and expertise to promote each growth strategy, and we think it is possible to achieve sustainable growth if these diverse human resources collaborate and drive organization and project members.

Versatile human resources, who support the management foundation between divisions, fall into one of four types (future executive talent, globally competent talent, digital talent, innovation talent), and we recruit and develop each type. Turning to professional human resources, who promote our growth strategy, we have defined the talent requirements and skills demanded for each strategy and recruit and develop such human resources.

## Human resource development

### Enhancement of human resource capabilities

In order to raise the skill level of all employees so that we continually create versatile human resources and professional human resources to promote and achieve our growth strategy,

Summary of Education and Training Programs for All Divisions in FY2022

Position	General employees			Management staff		
	Newly hired employees	Mid-level employees	Manager candidates	Manager grade	Managers	Senior managers
Next generation executive talent development		Training programs for next generation executive talent	Training programs for next generation executive talent	Training programs for next generation executive talent	Training programs for next generation executive talent	Training programs for next generation executive talent
Global talent development	Training programs for global talent					
Digital talent development	Training programs for digital talent					
Innovation talent development	Training programs for innovation talent					
Training by hierarchy	Orientation for newly hired employees		Training for general employees promoted to higher grades		Training for new managers	
	Follow-up training for newly hired employees		Training for individual contributors promoted to the highest grade		Follow-up training for managers	
	Third-year employee training		Training for new core employees			
	Fifth-year employee training					
Self-development support	Support for participating in seminars, correspondence courses, online foreign language conversation lessons, and qualification tests					
	Elective and voluntary training					
Activities to heighten knowledge and deepen understanding of our mission statement	Workshop to heighten knowledge and deepen understanding of our mission statement					
	Initiatives to improve understanding of patient perspectives (Patient lecture meetings, initiatives to enhance understanding of patient experience)					
Other	Diversity training		Career planning training		Diversity management training	

## Expansion of Human Capital

We offer various types of training that employees can voluntarily participate in to provide the training required for each grade and support employees' autonomous career development.

### Activities to disseminate our mission statement through training

We have set Dedicated to the Fight against Disease and Pain as our corporate philosophy, and we aim to ensure that each and every employee thinks and acts based on a full understanding of how patients who use our pharmaceutical products, and their families, are dealing with their illnesses and undergoing treatment. To deepen understanding of this mission statement, we are working on two main activities: workshops to deepen understanding of our mission statement and efforts for improving the patient perspective. Workshops to deepen understanding of our mission statement promote deeper understanding of the mission statement and actual activities. As one effort to improve the patient's perspective, in FY2019 and FY2020, we held a virtual reality patient experience session. This is an opportunity for healthy people to experience the symptoms of patients with dementia and gain perspectives that only people with dementia have. In FY2021, we introduced training in understanding the patient experience to foster a more patient-oriented mindset by understanding the values held by patients, which will lead to the creation of new drugs and the provision of other value.

### Maximizing human resource and organization capabilities and achieve continuing growth

#### Fostering an organizational culture with high employee engagement

In addition to "offering appealing work and providing appropriate treatment", we consider it important to create an environment in which "each employee can work with peace of mind while respecting different, diverse values" so that hired and developed human resources can actively participate for years into the future.

#### Working to achieve high employee engagement



Human resources with different backgrounds and ways of thinking working together gives rise to new insights and ideas. We aim to become a company with a sense of unity by fostering a culture that is accepting of this diversity and to foster an organizational culture with high employee engagement. In particular, we are focusing on promoting our activities of diversity, equity, and inclusion (DE&I) based on the theme of "difference" x "unity." There are various approaches to promoting diversity, and we are initially aiming to "diversify management, etc.," "diversify individual experiences and perspectives," and "diversify work styles." At the same time, we are actively promoting health and productivity management in order to create workplaces in which all employees are physically and mentally healthy and can make the most of their capabilities.

#### Diversifying management, etc.

#### Promoting the active participation of young and mid-career hires and female employees

We promote diversity in management, centered on young employees, mid-career hires, and women. In FY2022, we made it possible to fast track young employees to management positions. Furthermore, we actively hire mid-career managers, and they now account for 16% of managers, which means almost 100 mid-career hires are playing an active role as managers. As for women, only 4.1% of managers are women (FY2022), and this remains an issue for us. Until now, we first set and achieved the goal of "increasing the percentage of women in the section chief level to 15% or more" over two years starting in April 2021 based on the Act on the Promotion of Women's Active Engagement in Professional Life in order to increase the number of female manager candidates. We are aiming to increase the percentage of female managers to 10% by FY2026 and 20% by FY2031. To achieve that, we will create systems and an environment that make it possible to impartially recruit, develop, and secure human resources regardless of gender.

### LGBTQ+ initiatives

We have implemented measures such as establishing an independent consultation counter and conducting e-learning to promote understanding of the LGBTQ+ community as initiatives to create a workplace in which such employees can work with psychological peace of mind.

### Employees with disabilities

In order to arrange a workplace environment in which people with disabilities can make the most of their capabilities, we established Ono Pharma UD Co., Ltd., in April 2022, and the company was certified as a "special subsidiary" in October of the same year. There are now 55 people with disabilities playing an active role in various divisions.

#### Diversifying experiences and perspective of individuals

#### Initiatives to diversify experience and perspectives of individuals

We have created an open recruitment system and internal challenge job system (system that makes it possible to hold a concurrent job in another department) in order to diversify experience and perspectives of individuals. For the open recruiting system, 134 employees applied in FY2022, and 25 were actually transferred to another division, and in FY2023, 191 employees applied and 52 were transferred. As for the internal challenge job system, we have introduced it on a trial basis in only the Sales and Marketing Division, and in FY2022, 87 employees applied, and 20 of those will actually hold concurrent positions in other department, too. In this and other ways, we are moving forward with diversifying experiences and perspectives. In addition, we removed the prohibition on side and concurrent jobs for rehired non-regular employees in April 2023 and all employees in June 2023 so that employees can acquire new knowledge and experience that cannot be obtained in house. We aim to further increase productivity and generate creative innovation by promoting diversification whether in house or outside the company.

### Supporting Employees' Taking on Challenges with a Innovation Talent Training Program

The Ono Innovation Platform is a program to develop innovation talent with the aim of inspiring each and every employee to challenge themselves. The program consists of three opportunities: learning, experiencing, and taking on challenges, and helps employees discover what they want to accomplish and take on challenges on their own initiative.

Going forward, to dramatically grow into a global specialty pharmaceutical company, we need to develop more talent with the will and qualities to pursue innovation. Through this program, we aim to create an environment where employees are excited to take on challenges and grow into innovators. Through FY2022, a total of 3,309 employees participated.

### Innovation Cafe

The Innovation Cafe offers opportunities not only to acquire knowledge and skills but also opportunities for employees to accomplish what they want to do (WILL). In FY2022 we held 11 programs on themes such as learning the latest trends in business and healthcare, ways of thinking to create new ideas, uncovering one's own will, and how to solve customers' issues with a customer-oriented approach. A total of 1,499 employees participated.

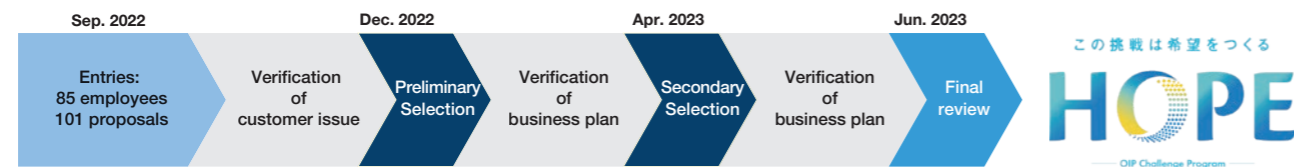
#### FY2022 Innovation Cafe Contents (partial)

- Workshop on methods for developing and verifying hypothesis for customer problems based on design thinking
- Workshop on uncovering and verbalizing what employees want to accomplish (WILL)
- Lecture on information gathering skills and ways of thinking to create value from information
- Lecture on ways of thinking that create new ideas
- Lecture on reskilling by outside expert
- Lecture on latest technical trends in digital healthcare

#### Overview of the Ono Innovation Platform



■ The Selection Process for HOPE



Venture company proposal program

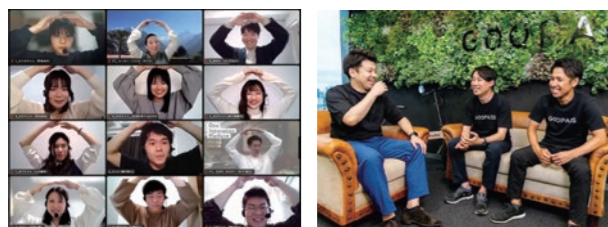
The venture company proposal program “outsight” provides employees the opportunity to refine their problem solving skills regarding management issues that occur at various workplaces. This fosters creativity and thinking to solve unknown problems through serious debates with the managers of venture companies that possess abundant practical business experience. Since July 2022, 15 employees have participated in the yearlong program.

Program for secondment to venture companies

We established a relocation program called V2V (Voyage to Venture) to provide employees an opportunity to gain experience that is not possible in the company. Employees nurture a mind to continually take on challenges and grow by thinking on their own and acting in an environment without precedent or results, which is a venture company. From October 2022, four employees were dispatched to venture companies for one year.

“HOPE” business contest

We held a “HOPE” business contest as an opportunity for employees to voluntarily take on the challenge of putting what they have learned and experienced into practice. During the contest in FY2022, the second year the contest was held, 101 topics were submitted by 85 employees, and the ideas included solutions to support the life of patients fighting a disease and nursing support service. With an eye toward commercialization, we are moving forward with an examination of topics selected after the final review.



New employees participating in Innovation Café (upper left)  
Seconded to venture company (upper right)  
Final screening of HOPE business contest (lower left)

Diversifying work styles

Establishing and maintaining an environment and work styles that make it possible for employees to make the most of their diverse individuality

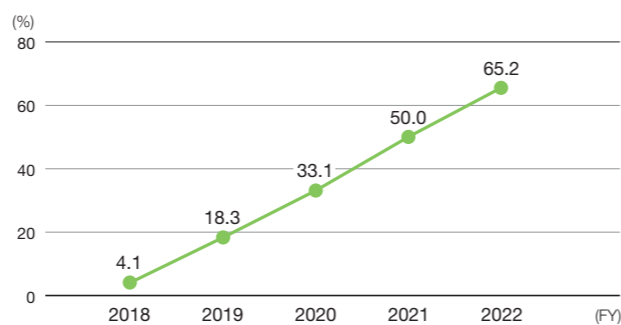
As for DE&I, simply increasing diversity is not enough, it is important to establish a work environment and work styles that make it possible for employees to make the most of their individuality. Therefore, in May 2023, we introduced super-flex time system by eliminating core time. In the same month, we started to set terms for each division such as maximum number of times members can work from home in order to achieve work styles and improve productivity for each division.

Supporting work-childcare balance

Our recent focus on encouraging female employees, of course, but also male employees to take childcare leave is one of our initiatives to support work-childcare balance. As a company that supports childcare, we were awarded Kurumin certification five times between 2008 and 2020 and the Platinum Kurumin certification in 2019. Moreover, the percentage of male employees taking childcare leave rose to 65.2% in FY2022 from 4.1% in FY2018. The fact that more than half of male employees are taking the opportunity to participate in childcare can be considered proof that we are creating a climate for work- childcare balance, regardless of gender.

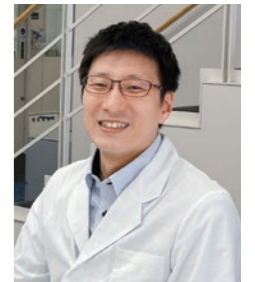


■ Percentage of male employees taking childcare leave



VOICE Taking about 3-months childcare leave supported by systems and climate

I took about three months leave so that I could dedicate myself to raising twins. Not only did my superior happily let me take the time off, but on account of job rotations and job sharing, which the Company is promoting, I handled my own work and could continue to smoothly do so. Consulting with the Human Resource staff who I got to know well, I was able to explain in concrete terms the leave that few people had taken and was difficult to imagine. Seeing the growth of my children firsthand during the leave was an irreplaceable, valuable experience. As a manager, I want to support subordinates who take leave on account of my own experience.



Masaya Hirobe  
Chemical Substance and API Setting Group Head /Drug Discovery Chemistry Research Department

Promoting Health and Productivity Management

Aiming for the mental and physical health of all employees

For ONO to contribute to society through the creation of innovative drugs, it is important that all employees are mentally and physically healthy, that our worksites are places where individual abilities can be used to their utmost, and that the lives of employees and their families are satisfying. With the President’s health up declaration in FY2018 we organized a Health Up Committee, and are engaging in the promotion of health and productivity management in a systematic way with our company, labor union, industrial health staff members, and health insurance society working together as a single team. For example, on the health and productivity management portal site that we launched to communicate and share related information, we post various types of information, including interviews with the President and Representative Director regarding maintaining health, the results of health exams that employees can check whenever, information for correctly understanding the results of health exams and improving lifestyle, and summaries of health-related initiatives,

including health events independently held by offices. Through these efforts, we are promoting greater health literacy and selfcare. These activities are being recognized, and in March 2023, we were recognized for the fifth consecutive year in the Health & Productivity Management Outstanding Organizations 2023 - White 500 (large enterprise category), promoted jointly by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. Also, for the third consecutive year we were in the top 50 companies among respondents (FY2022: 3,169 companies) and received high marks. We will continue to engage in health and productivity management through various activities in order to achieve our target of a health and actual age difference of -3.0 years by FY2026, compared to a difference of -1.8 years in FY2022.



■ Health Management Theme

1. Prevent Passive Smoking	<ul style="list-style-type: none"> <li>Prohibit smoking at company sites (since April 2019)</li> <li>Raise awareness by conducting internal questionnaires, displaying original posters, etc.</li> <li>Support employees trying to quit smoking by granting subsidies to see a doctor at a smoking cessation clinic, providing online programs for smoking cessation, etc.</li> </ul>
2. Lifestyle-related Diseases and Cancer Measures	<ul style="list-style-type: none"> <li>Require employees to receive an annual health checkup (Employees over 35 years old undergo a complete medical checkup instead of a statutory health checkup)</li> <li>Establish contract facilities for complete medical checkups in prefectures throughout Japan →Percentage receiving complete medical checkups: 99.9% (FY2022)</li> <li>Support the cost of screening tests for each type of cancer</li> <li>After the medical checkup, occupational health staff may provide health guidance, or recommend that employees visit a medical institution, or participate in specific health instructions, etc., as required</li> </ul>
3. Mental Health Measures	<ul style="list-style-type: none"> <li>Provide internal training on mental health and have occupational health staff conduct individual consultations</li> <li>Provide stress checks to all employees once a year</li> <li>Establish an external free consulting service counter and have a system where employees can consult with experts via phone or e-mail in addition to face-to-face consultations</li> </ul>
4. Develop a Self-care Environment	<ul style="list-style-type: none"> <li>Operate a health and productivity management support website to communicate and share health information</li> <li>Provide healthcare application software for lifestyle correction and improvement</li> <li>Conduct a walking campaign every year in the company → Employee participation rate: 52% (FY2022)</li> <li>Conduct an annual session to measure body composition, blood vessel age, bone density, and more at major workplaces</li> <li>Distribute health age notifications that are calculated based on the health checkup results and show the difference between health age and actual age → Health age – actual age = -1.8 years (FY2022)</li> </ul>

**Akiko Okuno**

Member of the Board of Directors, Outside Director  
Professor, Faculty of Business Administration,  
KONAN UNIVERSITY

**Maki Kondo**

Senior Director,  
Oncology Early Clinical Development Planning II

**Chisato Hata**

Human Resources Planning Office  
(responsible for DE&I)

**Daisuke Seki**

Director,  
Human Resources Planning Office

## Round-table Discussion of Diversity, Equity, and Inclusion (DE&I)

# Sustainable growth through “difference” × “unity”

ONO is promoting DE&I with the aim of becoming an “appealing organization that attracts people” so that it can generate sustainable growth.

We talked with an Outside Director with knowledge of DE&I, a female manager who has taken maternity and childcare leave, and two members of the Human Resources Planning Office regarding promoting women’s participation and respect for diversity.

### Diversity—current state and issues

**Seki** ONO’s concept of DE&I is based on the idea of “difference” × “unity.” Talent with different backgrounds and ideas working together will give birth to new insights and ideas. That is what ONO is aiming for.

Promoting the participation of women is not only one of the major elements for promoting DE&I but also the issue that we are most focused on. Despite only 4.1% of managers being women in FY2022, women account for 38.2% of the new graduate recruits. Furthermore, we have created systems that offer support for balancing work and childrearing so that women can work and participate for many years, which has resulted in almost all employees returning to the Company after taking childcare leave.

**Okuno** Ms. Kondo is a role model for promoting the participation of women as she became a manager in her thirties after returning to work following maternity and childcare leave.

What do you think about the current situation?

**Kondo** Over the past decade, the environment has changed so that women can work for many years, but there are still few female employees who want to become managers. Because many women in their thirties who are manager candidates returned to work after maternity and childcare leave, they probably feel “I am not qualified to be a manager.”

**Okuno** A system in which more senior coworkers act as mentors and provide support when taking up a management post would probably provide women with peace of mind and make it possible for them to try to become managers. What is important is moving forward one step at a time, such as further expanding existing systems.

**Seki** I think that one such step is increasing the percentage of men who take childcare leave. While the actual figure depends on the department, 65.2% of male employees took childcare leave in FY2022. I think that making contributions so that women can

participate throughout society will also promote DE&I at ONO in a roundabout fashion.

### What creative steps did you take when returning to work after maternity and childcare leave?

**Hata** I think that anyone would struggle to balance work and childrearing after returning to work following maternity and childcare leave. How was it for you, Ms. Kondo?

**Kondo** Although it depends on the person, I was able to find time for work by sharing childrearing responsibilities with my husband and making use of services such as babysitters and housework helpers. When a child is young, there are difficult situations such as having to quickly take time off from work, but I was able to have a normal life by not trying to do it all myself.

**Okuno** After returning to work, you worked reduced hours. Were there things related to work that you tried to do?

**Kondo** I was always conscious of making efficient use of my limited time. One valuable thing I learned from the experience was how to get the most performance out of limited time by getting creative.

**Okuno** A person creatively trying to efficiently conduct work will probably have a positive impact on those around them and increase productivity.

**Seki** We live in an era that stresses a rich private life. Therefore, when a person with time constraints becomes a manager, it probably creates major spillovers for the organization, such as transforming how people think about work styles.

**Hata** Some people have an image of female managers as being perfect people who can balance work and their private life. However, there are many women who struggle since they are unable to balance the two despite trying. Do you have any advice for them?

**Kondo** Although there seems to be many women at ONO working hard to perfectly balance work and childrearing, I was unable to do that. When working, I want employees to make the most of the various company systems, including reduced work hours, telecommuting, and flexible working hours, to match the particular life event they are confronting. This does not apply only to childrearing.

### Need to change the corporate culture

**Okuno** Society overall, too, is stressing efforts related to DE&I. If



there were a move to transform corporate culture and create systems, this would make it possible to not only generate sustainable growth for a company but also create value for society.

**Kondo** For example, ideally, capable people, regardless of gender, would take part in management candidate training. To achieve that, too, it is probably necessary to give consideration to training programs and system design for people who find it difficult to participate for any of various reasons, such as their home situation.

**Okuno** Some people hate lumping all women together, but there are many companies that have training for women.

**Seki** That is right. It is necessary for the company to do more until they can get women to want to participate on their own.

### Training diverse talent who possess a wide perspective

**Kondo** People with small children are encouraged to finish their work and quickly return home, and many of those are male employees. In recent years, for many married couples, both work, and if one of them leaves most of the housework and childrearing responsibilities to their partner, this places a work burden on their partner’s company. It is necessary that ONO, of course, and all of society view this as an important issue.

**Okuno** Women will be able to participate throughout society precisely because of mutual help. I think that it would be wonderful if the statement “you should go home early” was not directed to individuals but made from a broader perspective as an “issue for society.”

**Kondo** I do what I can to communicate that.

**Okuno** The participation of human resources who possess a broad perspective is indispensable for companies to generate sustainable growth in the long term, not simply pursue short-term profits. It is precisely because of this that it is necessary to possess a sense of unity and create an environment so both employees with childrearing experience, of course, and diverse human resources, regardless of nationality or handicap, can participate.

**Seki** ONO is creating various support systems related to DE&I, but I would like to see more focus on raising awareness and providing education so people make more active use of those systems.

**Okuno** It is great that we were able to uncover long-term hopes through today’s dialogue. Let’s all work together to promote DE&I so that ONO can achieve sustainable growth.



Material Issue **9**

## Intellectual Property Strategies

## 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

- Products and the R&D pipeline
- Amount of IP in use (IP landscape)

## Basic Approach

## Utilizing Intellectual Property to Produce Innovative Pharmaceutical Products

We possess a rich lineup of proprietary intellectual property (IP), mainly related to lipids and cancer immunity, as a result of our experience manufacturing many innovative pharmaceutical products. We believe that new IP will emerge from open innovation based on highly unique IP, leading to the creation of innovative drugs. In addition, advances in techniques for analyzing information and the proliferation of big data have led to increasingly diverse ways of using IP, and important information can be obtained for considering M&As, the introduction of compounds and drug discovery technologies, and new businesses.

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

## Creating, Maintaining, and Utilizing Intellectual Property

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

Regarding the creation of IP, we contribute to enhancement in corporate value 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 increase the value of IP by acquiring, maintaining, and exercising 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 leads to the expansion of our IP.

## Initiatives for Realizing the Important Themes

## Establishing a Cycle for Creating and Raising the Value of IP

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. 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 also make strategic investments in appropriate partners and technologies to more reliably monetize and maximize the value of our IP.

In order to do that and promote our growth strategy, 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

## Contributing to the Health of Mankind by Giving Concrete Form to IP

In this era of more complex, advanced industrial structure and 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, or course, 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

## Creating IP From the Initial Stages of Drug Discovery Projects

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 drug discovery projects 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 Within Branding

## Promoting IP Mix Strategy for New Businesses

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.

## Approach Toward Patents in Countries with Limited Access to Drugs

## Permitting the Exercise of Patent Rights Appropriate for the Particular Situation

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 Nations<sup>\*1</sup> and Low Income Countries defined by the World Bank<sup>\*2</sup>. 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 Bank<sup>\*3</sup>. Furthermore, if there is the possibility that our patented compounds can be used as a treatment for such diseases as neglected tropical diseases, we examine various measures, including using existing patent pools and providing voluntary licenses to generic drug manufacturers.

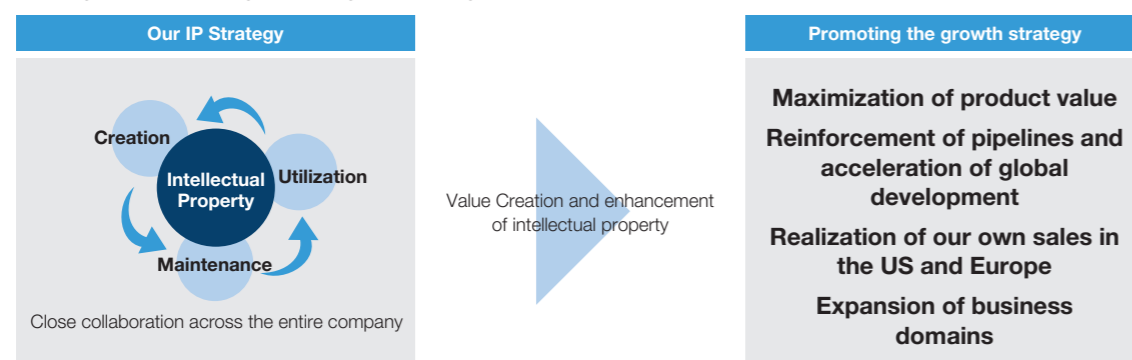
In the case of a national public health emergency, such as the spread of an infectious disease, we understand that one option is to consent to compulsory licensing. In addition, in line with Article 31.2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS agreement), we recognize that compulsory licensing may be permitted to export drugs to countries that lack or have insufficient capacity to manufacture them, and examine the flexible and appropriate permitting of the exercise of patent rights for the particular situation. Moreover, compulsory licensing by itself is not a fundamental solution to improving access to drugs, and it is necessary to implement comprehensive measures, such as eliminating economic disparities, training healthcare professionals, and building a healthcare system, healthcare infrastructure, and drug supply system.

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

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

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

## Implementing Growth Strategies through IP Strategies



Material Issue 10

# Open Innovation

Vision over the medium to long term

Based on the original seeds discovered through collaborative research with world-class researchers, the company is continually creating new drug candidates through drug discovery alliances with bio-venture companies.

Indicators

- The number of research collaborations

The Characteristics of ONO's Open Innovation

### Since the 1960s, we are now pursuing over 300 research collaborations

Since the 1960s, we have identified new drug discovery seeds through partnerships with universities and other research institutes in drug discovery research on prostaglandins, and have used these seeds as a starting point to create groundbreaking new drugs. This was more than 30 years before Professor Henry Chesbrough of Harvard University proposed the concept of open innovation in 2003.

The Discovery Research Alliance Department and the Business Development Department cooperating with Research Centers and Clinical Development Divisions are presently taking the lead in collaborating on research with world-class researchers and forming drug discovery alliances with bio-venture companies with a focus on our priority research areas, and are actively in-licensing various drug candidates.

Partnerships with a sense of urgency are required to obtain the latest research information ahead of competitors and quickly use this information in drug discovery. Toward this end, we have sent Ono's researchers with practical experience in drug discovery to our locally incorporated subsidiaries in the US and UK, and they are visiting world-leading researchers and bio-venture companies

in the U.S. and Europe to launch more new partnerships. Currently, more than 300 research collaborations are in progress globally.

Progress in FY2022

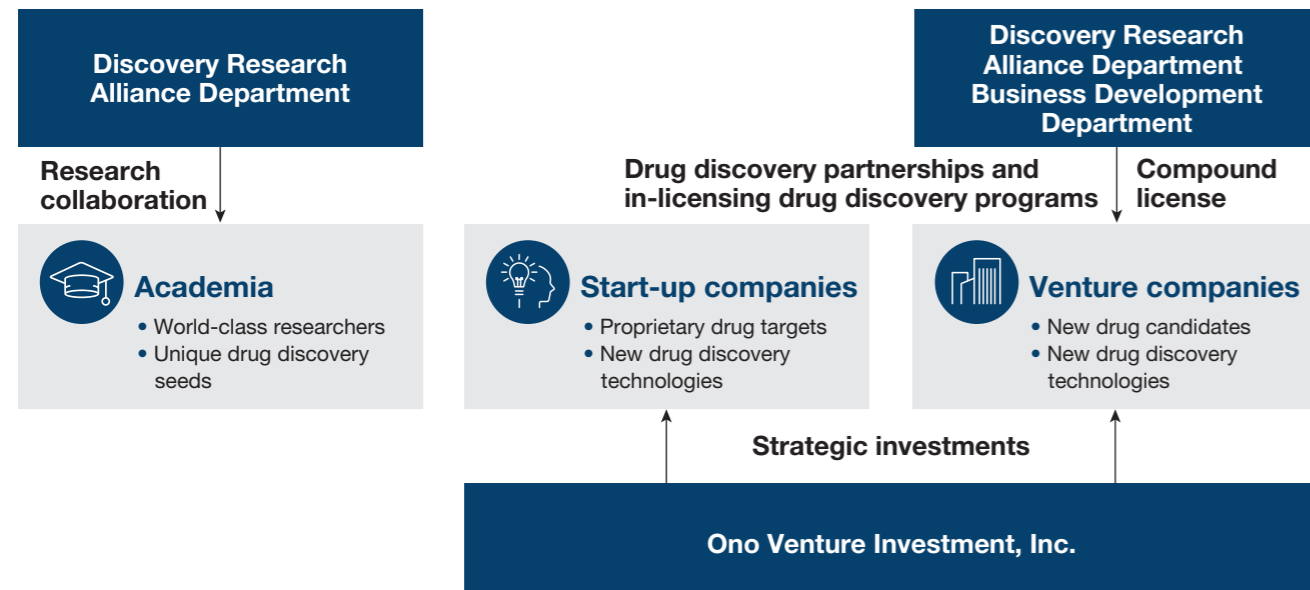
### Initiated 12 new drug discovery partnerships

Since April 2022, we have launched 12 new drug discovery partnerships to create new drug candidate compounds in priority areas and for the development of new drug discovery technologies.

In November 2022, we exercised the option for the development and commercialization of ONO-8250/FT825, iPS cell-derived chimeric antigen receptor (CAR)-T cell product candidate targeting human epidermal growth factor receptor 2 (HER2)-expressing solid tumors, created under the collaboration agreement with Fate Therapeutics, Inc. entered into in September 2018.

By exercising the option, we will work with Fate to jointly develop and commercialize ONO-8250/FT825 in the U.S. and Europe. In addition, we acquired the rights to exclusively develop and commercialize ONO-8250/FT825 in all territories outside the U.S. and Europe.

Overview of open innovation



Drug discovery partnerships initiated since April 2022

Area	Collaborative research/ drug discovery partner	Start	Objective
Oncology	Fate Therapeutics (US)	June 2022	Expand drug discovery partnership for creating iPS cell-derived chimeric antigen receptor (CAR)-T cell product candidate initiated in September 2018 <ul style="list-style-type: none"> <li>Add option of CAR-NK cell therapy in addition to iPS cell-derived CAR-T cell product for solid tumors</li> <li>Newly add second target for solid tumors</li> </ul>
	Memo Therapeutics (Switzerland)	November 2022	Discovery of therapeutic antibodies in the field of immuno-oncology
	KSQ Therapeutics (US)	January 2023	Acquisition of early drug discovery programs related to multiple DNA damage responses identified using CRISPRomics® platform technology, a proprietary drug discovery technology of KSQ Therapeutics
Immunology	Macomics (UK)	March 2023	Discovery of therapeutic antibodies newly targeting novel macrophage in the field of immuno-oncology
	Monash University (Australia)	January 2023	Discovery of therapeutic antibodies targeting G-protein-coupled receptors (GPCRs) in the field of autoimmune and inflammatory diseases
Neurology	Cue Biopharma (US)	February 2023	Collaboration and option agreement for CUE-401, a bispecific protein designed to induce and expand regulatory T cells (Tregs) in the fields of autoimmune and inflammatory diseases
	Captor Therapeutics (Poland)	November 2022	Discovery of targeted protein degraders in the field of neurodegenerative diseases
Specialty	PrecisionLife (UK)	December 2022	Identification of multiple novel therapeutic targets and patient stratification biomarkers in central nervous system diseases
	Domain Therapeutics (France) University of Montreal (Canada)	April 2022	Creation of novel small molecule compounds targeting GPCRs in metabolic diseases by applying Domain's proprietary GPCR drug discovery platform and expertise in medicinal chemistry and pharmacology for GPCR drug discovery
Technological development	Knowledge Palette (Japan)	August 2022	Establishment of a data-driven new drug discovery platform using large-scale transcriptome analysis technology
	PeptiDream (Japan)	March 2023	Discovery of macrocyclic peptide drugs for multiple drug targets
	MOLCURE (Japan)	March 2023	Utilization of MOLCURE's proprietary AI-driven drug discovery platform technology to discover therapeutic antibodies for multiple drug discovery targets

Ono Venture Investment, Inc.

### Invested in three companies

In FY2020, we launched a U.S. subsidiary, Ono Venture Investment, Inc. We expect to further enhance our competitiveness in drug discovery and R&D via strategic investments in research on drug targets and advanced technologies that lead to breakthrough new drugs.

In FY2022, we invested in Casma Therapeutics Inc. of the U.S., which is developing new targeted protein degraders, Switch

Therapeutics Inc. of the US, which is developing new nucleic acid therapeutics, and one undisclosed company. As of March 31, 2023, we have invested in a total of seven companies since the company's establishment.



### Using strategic returns to obtain innovative pharmaceutical products

Ono Venture Investment, Inc. makes investments in pursuit of synergies with Ono's drug discovery activities. Open innovation in collaboration with the world's top scientists and bio-venture companies with cutting-edge technologies is at the core of Ono's drug discovery strategy. Ono Venture Investment, Inc. launched in May 2020 to improve access to startup ventures that commercialize ideas from these top scientists. While exploring opportunities for drug discovery collaborations through venture capital networks, we hope to deliver new innovative medicines to patients around the world by connecting advanced drug discovery technologies and innovative drug candidate born from the growth of investee companies to Ono's drug discovery.

**Hiroshi Yamamoto** President and CEO, Ono Venture Investment, Inc.



## Material Issue 11

## Promotion of Diverse Partnerships

## Vision over the medium to long term

We strengthen company brands, etc. and accelerate business activities to promote partnerships with diverse stakeholders.

## Indicators

- The number of companies with which in-license and out-license agreements are concluded
- The number of research collaborations
- Other partnering results

## Basic Approach

## Reinforcing cooperation with diverse partners

Building partnerships with diverse stakeholders is extremely important in order to aggressively and strategically pursue our business activities, such as the discovery of innovative pharmaceuticals and the promotion of new businesses. In addition to building stronger relationships of trust and cooperation

with our current partners, we will focus on constructing new networks and linking that to sustainable growth. Open innovation is critical for ONO, and in terms of R&D, we are working to create innovative drugs through cooperation with academia and bio-venture companies. We will expand our development pipeline by forming partnerships with numerous companies to both in-license and out-license new drug candidate compounds. Furthermore, in each division, we aim to not only grow our company but also co-create value with various

## Licensing Activities (as of March 31, 2023)

Agreement date	Licensee	Product name and development code	Licensing details	Disease	Development status
Sept. 2011	KAI Pharmaceuticals (US) (currently Amgen)	PARSABIV	License to develop and commercialize the calcium sensing receptor agonist, generic name: Etelcalcetide, in Japan	Secondary hyperparathyroidism under hemodialysis	On sale in Japan
Apr. 2013	Bial (Portugal)	ONGENTYS	License agreement to develop and commercialize the long-acting COMT (catechol-O-methyltransferase) inhibitor, generic name: opicapone, in Japan	Diurnal variability of symptoms in Parkinson's Disease	On sale in Japan
Dec. 2013	AstraZeneca (UK)	FORXIGA	Co-promotion agreement for a sodium-glucose cotransporter 2 (SGLT-2) inhibitor, generic name: dapagliflozin, in Japan	Type 2 diabetes, type 1 diabetes, chronic heart failure, chronic kidney disease	On sale in Japan
May 2017	Array Biopharma (US) (currently Pfizer)	BRAFTOVI	License agreement to develop and commercialize BRAF inhibitor Encorafenib and MEK inhibitor Binimetinib in Japan and Korea	Malignant melanoma, colorectal cancer	On sale in Japan and Korea (in Korea, only for colorectal cancer)
				Thyroid cancer	Applied for approval in Japan
				Malignant melanoma, colorectal cancer	On sale in Japan
				Thyroid cancer	Applied for approval in Japan
Aug. 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	On sale in Japan
July 2019	Forty Seven (US) (currently 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 Solid tumors	In P3 in Japan · Korea · Taiwan In P1 in Japan
Oct. 2020	SK Biopharmaceuticals Co., Ltd. (South 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	In P3 in Japan
Dec. 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	In P1 in US
Feb. 2021	Ribon Therapeutics, Inc. (US)	ONO-7119	License agreement granting ONO rights in Japan, South Korea, Taiwan, and ASEAN nations to develop and commercialize poly-ADP-ribose polymerase 7 (PARP7) inhibitor RBN-2397	Solid tumors	In P1 in Japan
Dec. 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	Conducting P3 trial globally
				Lupus nephritis	Conducting P1 trial globally

stakeholders by promoting cooperation with such entities as companies, local communities, NPOs, and NGOs.

## Main Initiatives

## Promoting licensing activities throughout the world

In addition to strengthening our pipeline through our in-house research, we are also actively pursuing licensing activities with the aim of in-licensing new candidates under development by pharmaceutical or biopharmaceutical companies around the world. Our in-licensing efforts focus on compounds deemed to be strategic and efficient from a business perspective, and compounds deemed to be viable from the perspective of diseases with high medical needs. Through licensing activities over the past 15 years or so, we have succeeded in bringing 11 of the in-licensed compounds to market. Some of these compounds were in-licensed at an early stage of development, and subsequently, a major pharmaceutical company obtained the license for the compound in regions outside of Japan or acquired the company.

As for previous cases of in-licensing, we have built up trust with numerous companies, from major companies to bio-venture companies, and have promoted cooperation. We are focusing on development throughout the world, not only some areas of Asia, with a particularly strong focus on early entry in the U.S., and actively working on in-licensing and acquiring companies to capture items in the late stage of development to further reinforce our infrastructure. In the U.S., with a focus on our product lineup in the field of blood and blood cancer, the same field as that for VELEXBRU Tablets (BTK inhibitor), which is being developed to be introduced as our own product, we are aiming to form a franchise in that field based on our own products and alliance products. In FY2022, we concluded an exclusive option and asset purchase agreement related to developing and commercializing the first-in-class anti-CD6 monoclonal antibody itolizumab with U.S.-based Equillium Inc., which owns the related rights. Itolizumab is in phase 3 clinical trial as a treatment for acute graft-versus-host disease (aGVHD), a complication that occurs after hematopoietic stem cell transplants, and this is expected to be an important drug candidate under development to promote our expansion in the U.S. As for alliance activities, we are continuing to capture development and marketing rights throughout the world, not only in Asia, which involves searching for promising compounds by not simply relying on database search 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 judgement" 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, including early-development stage compounds, primarily in our three priority fields, with an eye toward medium- to long-term growth.

## Launching joint transport of prescription pharmaceuticals in Japan

In January 2023, we launched joint transportation of prescription pharmaceuticals in Japan with Mitsubishi Tanabe Pharma Corporation, Shionogi & Co., Ltd., and S.D.COLLABO Co., Ltd. In addition to such issues as driver shortage, older drivers,

application of work style reform laws, and greater logistics costs due to higher fuel prices, the logistics industry faces the social issue of reducing CO<sub>2</sub> emissions to counter global warming. Therefore, after better ensuring quality, we will reduce the number of vehicles used to transport drugs by transporting our drugs with those of the other companies, which will reduce CO<sub>2</sub> emission. We will also build a mechanism to safely and efficiently transport high quality drugs, which will make it possible to meet the needs of society. (See p. 69 Stable Supply of Products.)

## Working to create new value in collaboration with venture companies

As for collaboration with venture companies, we are actively investing not only in the field of prescription pharmaceuticals, but also in the field of healthcare. In FY2022, we made an additional investment in Rehab for JAPAN, which offers rehabilitation support software that automatically proposes evidence-based goals and exercise programs for each individual user, and invested in aetherAI, a company that develops and provides digital pathology image management systems that incorporate AI and pathology diagnosis support AI application. We are aiming to create new value in collaboration with venture companies that are taking on the challenge of unexplored fields. (See p. 43 Expansion of Business Domains.)

## Promoting health and wellness in cooperations with local communities

We have concluded cooperative agreements with Osaka Prefecture and other local governments to promote health and wellness. On account of revisions to curriculum guidelines, we fully launched "cancer education" at high schools in FY2022. As a pharmaceutical company working to contribute to healthcare through R&D on therapeutic medicines for cancer, ONO works with Osaka Prefecture to support "cancer education" at high schools so that high school students can acquire proper information on cancer. During the first fiscal year of the program, we created a cancer survivors video and conducted travelling science classes at high schools in Osaka Prefecture. (See p. 83 Social Contribution Activities.) We also participated in the Ki-Do-U program, a program to support the creation and business growth of global startup companies from the Kansai Region operated by the Osaka Business Development Agency. As the World Expo 2025 Osaka, Kansai approaches, we are providing support to establish startups in growth fields that are attracting the attention of the world and achieve future society.

## Contributing to healthcare and health throughout the world in cooperation with NPOs and NGOs

In regions with undeveloped healthcare infrastructure, ONO is striving to reinforce that infrastructure through partnerships with NPOs and NGOs, such as Japan Heart and People's Hope Japan. We will contribute to healthcare and health throughout the world and further promote efforts to embody our corporate philosophy "dedicated to the fight against disease and pain" by supporting such activities as training skilled healthcare professional, expanding advanced healthcare facilities, and training volunteer maternal and child healthcare promoters so that local communities can continue to deliver healthcare on their own. (See p. 75 Respect for Human Rights.)