ONO PHARMACEUTICAL CO., LTD.

The 77th Ordinary General Shareholders' Meeting

Summary of Questions and Answers from Shareholders

・The following is a summary of the main questions and answers from the General Shareholders' Meeting.
・Questions with the same or similar content have been consolidated.

Q1	Is there a possibility of further Mergers and Acquisitions (M&A) with overseas companies to accelerate globalization?
A1	If an M&A would contribute to enhancing our drug discovery capabilities and strengthen our pipeline, we are open to considering it positively, depending on the conditions.

Q2	Regarding "Management that is Conscious of Cost of Capital and Stock Price," what efforts have been made so far? I would like to hear the opinion of the outside directors.
A2	Management that is Conscious of Cost of Capital and Stock Price is regularly discussed at Board meetings. Although this has not yet been fully reflected in our share price, please understand that we, as outside directors, are always conscious of these issues.

Q3	At last year's General Shareholders' Meeting, there were questions regarding supplement quality control issues at other companies. Has there been any improvement in Ono's quality control system since then? Please provide specific results.
A3	In our pharmaceutical manufacturing operations, we have established appropriate quality control systems by establishing procedures based on the Pharmaceuticals and Medical Devices Act and GMP regulations, and by conducting rigorous daily quality control and inspections. Since the previous General Shareholders' Meeting, we have continued to conduct self-inspections, and no significant issues have been identified.

Q4	Please comment on the risk of price reductions due to increased sales from expanded indications for OPDIVO, differences in drug pricing systems overseas (especially in the US), and the company's stance on drug price reductions.
A4	While there are rules for drug price reductions when indications are expanded, given our current scale of sales, we believe that the likelihood of significant price reductions in the near future is low. We are requesting greater transparency in the drug pricing system through industry organizations, and in certain cases, we present our views directly to the Ministry of Health, Labour and Welfare. We recognize that, unlike in Japan, drug prices overseas (particularly in the US) tend to increase in line with inflation.

Q5	Today's presentation gave the impression of strong concern about OPDIVO's patent cliff. Please share a more hopeful outlook for the future.
A5	Please understand that the patent cliff has a significant impact on pharmaceutical companies and

	cannot be overlooked from a management perspective. With this in mind, we have been implementing a 15-year, three-phase medium-term management plan since 2017, in anticipation of the OPDIVO's patent cliff. In the first phase (2017–2021), we accumulated resources for future growth investments and succeeded in creating compounds to be launched in Europe and the US. In the second phase (2022–2026), we acquired two products launched in Europe and the US through the acquisition of Deciphera and in-licensed new global development candidates, enabling us to assemble a portfolio of products and candidates for global expansion. Although our current business performance is stagnating, we will continue to communicate that we are making steady progress toward our future goals under this medium-term plan.

Q6	After OPDIVO's patent expires, to what extent do you expect sales to decline due to the entry of biosimilars?
A6	There are many uncertainties, such as future drug pricing policies, that could affect the impact of biosimilar entry after domestic patent expiry in 2031, so it is difficult to provide a specific answer at this time.

Q7	Please tell us about Ono Pharmaceutical's initiatives regarding iPS cells.
A7	We use iPS cells to evaluate the efficacy and safety of our drug candidates. In addition, through our partnership with Fate Therapeutics in the US, we are working on the development of CAR-T cell therapies using iPS cells.

Q8	Please tell us about your information security management system, including measures against spyware and ransomware.
A8	We are subject to daily cyberattacks; however, our countermeasures are functioning effectively, and we have not experienced any damage to date. Specifically, we have established a dedicated cybersecurity organization, implemented the latest security solutions, and developed global systems to prevent and detect hacker intrusions. In addition, we provide security education and training for our employees.

Q9	In today's presentation, you described a scenario in which overall sales would continue to grow even if OPDIVO's sales decline due to the patent cliff. How do you plan to achieve this growth?
A9	The US pharmaceutical market is more than ten times the size of Japan's, and the European market is more than three times as large. Even if we do not have another blockbuster like OPDIVO, we believe that by launching multiple products in the US and Europe, we can significantly expand our global sales and continue to grow beyond OPDIVO's patent cliff. The growth scenario (graph) presented is for illustrative purposes only and does not represent specific product sales. Please understand that we intend to further promote global expansion and aim for continued growth.

Q10	Please provide an update on the progress of clinical trials for CAR-T cell therapy.
A10	We are conducting clinical trials for ONO-8250 as a CAR-T cell therapy, but there is nothing we can share about its progress at this time.

Q11	What is your research and development policy for biologics such as antibody drugs?
A11	While biologics have disadvantages such as greater manufacturing complexity and higher costs, antibody drugs, for example, offer the advantage of reliably reaching their targets and causing fewer side effects. In contrast, small molecule drugs are more convenient for patients as they can be administered orally. We are advancing our R&D activities by comprehensively considering the respective advantages and disadvantages of each modality.

Q12	In terms of management that is conscious of stock price, what is your view on share buybacks?
A12	We have conducted share buybacks after considering the cash required for growth investments and supply-demand conditions in the stock market, most recently repurchasing shares worth 50 billion yen in 2023. We will continue to consider flexible implementation of share buybacks based on prevailing circumstances. In addition, we are increasing the proportion of stock-based compensation for executives in order to promote management that is conscious of stock price.

Q13	The proportion of stock-based compensation is low; it should be increased further?
A13	In the past, when we granted stock options, stock-based compensation accounted for only about 10% of total compensation. After introducing restricted stock compensation and increasing the proportion of performance-linked stock compensation, about one-third of total compensation is now stock-based, which we believe is comparable to other listed companies in Japan. The composition of executive compensation will continue to be discussed at the Executive Compensation Meeting and other forums.

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