

## The 78th 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	Please explain your R&D policy in the area of lifestyle-related diseases (e.g., obesity).
A1	At present, we are not conducting drug discovery research broadly targeting obesity. However, in therapeutic areas with high unmet medical needs-including obesity, we intend to actively pursue the development of innovative medicines that address underlying disease mechanisms and have the potential to be first-in-class.

Q2	Please explain your future financial strategy.
A2	We incurred borrowings in connection with the acquisition of Deciphera Pharmaceuticals, LLC in June 2024; however, we continue to maintain cash and cash equivalents in excess of our loans. In addition to investing approximately JPY 150 billion annually in research and development, we plan to actively make growth investments, including the acquisition of pipeline assets. Furthermore, including dividends to shareholders, we believe it is necessary to maintain a certain level of liquidity to enable agile capital allocation. Going forward, we will continue to deploy our funds effectively and advance growth investments, taking into account changes in the interest rate environment.

Q3	Please explain the details of the “loss on transfer of goodwill” and the “loss on product recall” recorded in the non-consolidated statement of income.
A3	The “loss on transfer of goodwill” was recorded in connection with the termination of the co-promotion agreement for FORXIGA tablets, and represents the loss recognized for the difference between the transfer consideration for the goodwill and the carrying amount of the goodwill previously recorded as an intangible asset. The “loss on product recall” represents the costs incurred in conducting a voluntary recall in response to concerns regarding the possible presence of foreign substances in the product. Please note that no health hazards caused by foreign substances have been confirmed for the recalled products.

Q4	Please explain your human resource strategy (including recruitment, training and development).
A4	While improving efficiency in our domestic workforce in response to changes in the business environment, we are also advancing our human resource strategy with a view toward future global expansion. To drive our growth strategies set forth in our medium-term management plan, we are focusing on the recruitment, training and development of both professional talent and versatile talent, while also promoting diversity, with particular emphasis on the advancement of female employees.

## The 78th Ordinary General Shareholders' Meeting

Q5	In light of future global expansion, are you considering changing the company name to better appeal to overseas markets?
A5	At present, we have no concrete plans to change our company name. However, as our global expansion progresses, this could become a matter for consideration. For now, as a company with more than 300 years of history in Osaka, we value our current name and would like to preserve it.

Q6	Please explain how you address rising costs and whether they can be passed on to product prices.
A6	As NHI price is government-set, we are not able to pass increased costs on to medicine prices. In addition, NHI prices are revised annually and tend to be reduced; therefore, in practice, we respond to rising costs and inflation through measures such as improving operational efficiency. As this situation is also being discussed by the government, we hope for improvements to the current pricing system.

Q7	Please explain the rationale behind your policy to reduce cross-shareholdings.
A7	Cross-shareholdings have long been criticized, particularly by institutional investors, as posing corporate governance concerns and as financial assets not utilized in business operations. In response, we have reduced cross-shareholdings over the past several years, and the ratio to our consolidated net assets is now below 10% (approximately 9%). We intend to utilize the funds generated from the sale of cross-shareholdings for investments that will contribute to future growth, including reinforcement of our pipeline.

Q8	Please explain your Investor Relations activities for overseas investors.
A8	We actively conduct IR activities for overseas investors. Through initiatives such as meetings with institutional investors led by our CEO and COO, as well as participation in conferences hosted by securities firms, we strive to deepen investors' understanding of our company. We will continue these activities, primarily in North America, Europe, and Asia (including Hong Kong and Singapore).

End