Changing tomorrow

Integrated Report 2024 *For the Year Ended March 31, 2024*

astellas

Turn innovative science into VALUE for patients

Since Astellas was established in 2005,
the Company has strived to continue to create innovation
and deliver innovative medical solutions that
meet the needs of patients.
Going forward, we are committed to achieving our VISION of
tuning innovative science into VALUE for patients.
In the future as well, Astellas aims to stand on
the forefront of healthcare change to turn innovative science
into VALUE for patients and will continually strive to fulfill
the expectations of our stakeholders and society.

Our History of Value Creation

Shifts in the Corporate Strategic Plan (CSP) and strategic areas

Our VISION is updated in CSP2015 | CSP2018 | CSP2021

Global Category Leader model

2005–2010: Urological disease, transplant fields

From 2010 onwards: Urological disease, transplant fields, oncology platform

Focus Area Approach

P.50

Apr. 2005 | 2010 | 2015 | 2018 | 2021 | 2023 | 2024

Astellas Pharma Inc. was established

Dec. 2007
Astellas acquired Agensys, Inc.
↳ Acquisition of antibody-drug conjugate

○ Entered field of cancer biology

Dec. 2019
Astellas launched PADCEV
Target disease: Urothelial cancer

PADCEV enfortumab vedotin-ejfv

Sept. 2012
Astellas launched XTANDI
Target disease: Prostate cancer

Xtandi (enzalutamide)

Dec. 2018
Astellas launched XOSPATA
Target disease: Acute myeloid leukemia

XOSPATA gilteritinib

June 2010
Astellas acquired OSI Pharmaceuticals, Inc.
↳ Acquisition of oncology platform in the US

Dec. 2016
Astellas acquired Ganymed Pharmaceuticals AG
↳ Acquisition of late-stage product zolbetuximab

June. 2024
Astellas launched VYLOY
Target disease: Gastric cancer

VYLOY zolbetuximab for injection 100mg vial

Nov. 2019
Astellas launched EVRENZO
Target disease: Renal anemia

Evrenzo roxadustat

ogeda

May 2017
Astellas acquired Ogeda SA
↳ Acquisition of late-stage product fezolinetant

May 2023
Astellas launched VEOZAH
Target disease: Vasomotor symptoms associated with menopause

VEOZAH (fezolinetant) tablets 45 mg

○ Acquisition of new revenue-generating pillar

IVERIC BIO

July 2023
Astellas acquired IVERIC bio, Inc.
↳ Acquisition of avacincaptad pegol (ACP)
↳ Acquisition of foundational ophthalmology

Sept. 2023
Astellas launched IZERVAY
Target disease: Geographic atrophy secondary to age-related macular degeneration

izervay (avacincaptad pegol intravitreal solution) 2 mg

○ Entered cell therapy platform

Feb. 2018
Astellas acquired Universal Cells, Inc.
↳ Acquisition of universal donor cell technology

Universal Cells

Feb. 2016
Astellas acquired Ocata Therapeutics, Inc.*1
↳ Acquisition of pipeline and leading-edge core technology position in ophthalmology and cell therapy

OCATA THERAPEUTICS

Dec. 2019
Astellas acquired Xyphos Biosciences, Inc.
↳ Acquisition of next-generation cancer immunotherapy technology

XYPHOS

○ Targeted Protein Degradation (TPD)

2022
Selected TPD as a new Primary Focus, with the KRAS G12D degrader ASP3082 as lead program
↳ Established a technology platform allowing access to undruggable targets

○ Entered genetic regulation platform

Jan. 2020
Astellas acquired Audentes*2 Therapeutics, Inc.
↳ Acquisition of a foundation in adeno-associated virus (AAV)-based gene therapy (AT132, AT845)

AUDENTES

○ Launched Rx+ business

Oct. 2020
Astellas acquired Iota Biosciences, Inc.
↳ Acquisition of unique bioelectronics technology

iota BIOSCIENCES

Given major changes in the healthcare industry environment, Astellas is conducting its research activities while incorporating cutting-edge science from outside the Company, and continuously creates new valuable drugs. Astellas will continue to work on Focus Areas, where we have a competitive advantage, and turn innovative science into VALUE for patients.

*1 Renamed Astellas Institute for Regenerative Medicine
*2 Renamed Astellas Gene Therapies

Astellas at a Glance (Fiscal year ended March 2024)

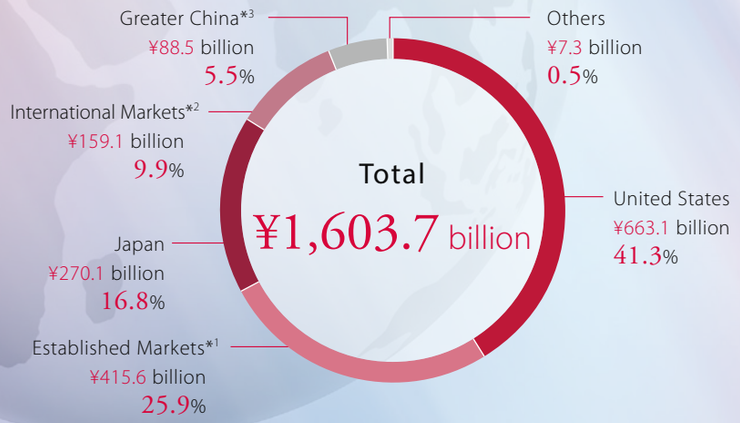
Countries Where We Do Business

about 70 countries

Global Network

- Japan: 7
- United States: 13
- Established Markets: 31
- International Markets: 20
- Greater China: 5

Sales Revenue by Region

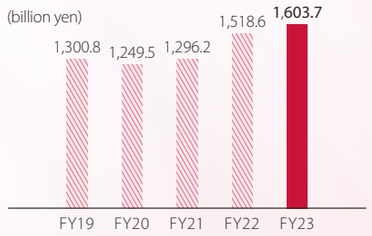


*1 Established markets: Europe, Canada, etc.
*2 International Markets: Latin America, Middle East, Africa, Southeast Asia, South Asia, Russia, Korea, Australia, Export sales, etc.
*3 Greater China: China, Hong Kong, Taiwan

Financial Highlights

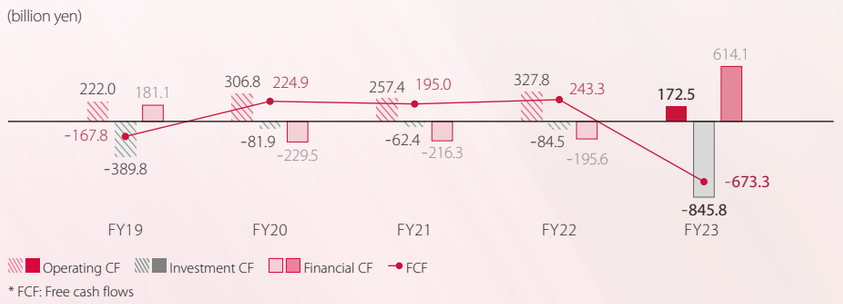
Revenue

¥1,603.7 billion



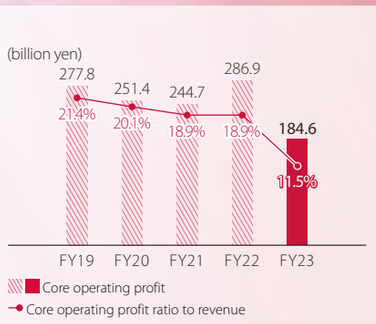
Operating CF/Investment CF/Financial CF/FCF*

FCF: ¥-673.3 billion



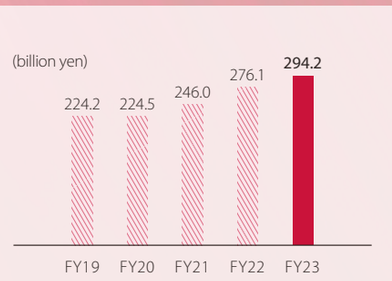
Core operating profit / Core operating profit ratio to revenue

¥184.6 billion / 11.5%



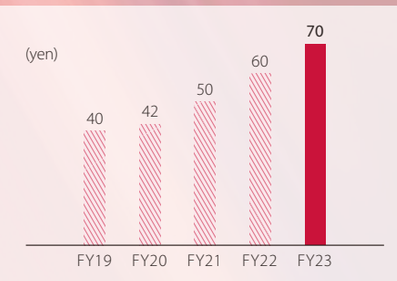
R&D expenses

¥294.2 billion



Dividend per share

¥70



Astellas at a Glance (Fiscal year ended March 2024)

Sales of Products/R&D Pipeline/Access to Health

Sales of Products

Sales of Main Products

enzalutamide / XTANDI
for the treatment of prostate cancer

¥750.5 billion

enfortumab vedotin / PADCEV
for the treatment of urothelial cancer

¥85.4 billion

gilteritinib / XOSPATA
for the treatment of acute myeloid leukemia

¥55.1 billion

mirabegron*1 for the treatment of overactive bladder

¥198.1 billion

tacrolimus / PROGRAF*2
immunosuppressant

¥203.1 billion

*1 BETANIS, MYRBETRIQ, BETMIGA *2 Including ADVAGRAF, GRACEPTOR, ASTAGRAF XL

R&D

Prescription drug
Major pipeline

21

(Number of Programs)

Innovative Drug Business

more than 159.5 million patients

103 countries

* Were prescribed Astellas products cumulatively up to the first half of FY2023 (estimated)

Non-Financial Highlights

GHG Emissions Volume

FY2023 Performance	Target (Base year FY2015)	
	FY2030	FY2050
Scope 1+2	Scope 1+2	
39.8% reduction	63% reduction	Achieve Net Zero
Scope 3	Scope 3	
18.7% reduction	Reduce by 37.5% to a level well below 2°C	

Astellas achieved its existing goals in 2022, and established new, more ambitious goals in 2023.

Global Engagement Survey

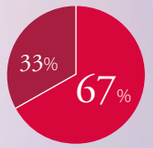
51% of answers to questions showed improvement

- Compared to the previous survey (FY2022)

Engagement score: 71

Response rate: 84%

Overseas employee ratio



Percentage of female managers

Global 44%
Japan 19%

Outside: Global
Inside: Japan

Ratio of outside/female Directors

Outside Directors 64%
Female Directors 45%

Outside: Outside Directors
Inside: Female Directors

Our Philosophy and VISION

Guided by our business philosophy, we are committed to the realization of greater VALUE for patients and healthcare systems around the world.

Philosophy

Raison D'être

Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products

×

Mission

Sustainable enhancement of enterprise value

×

Beliefs

High Sense of Ethics　Customer Focus　Creativity　Competitive Focus

Our "beliefs" provide the code of conduct we prize at all times.
Astellas will always be a group of people who act upon these beliefs.

VISION

On the forefront of healthcare change to
turn innovative science into VALUE for patients

Contents/Editing Policy

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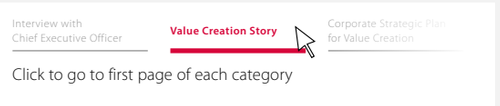
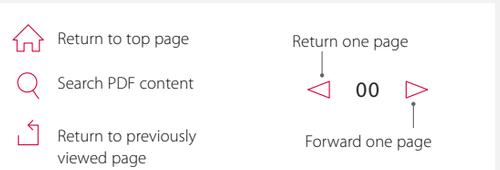
How to use navigation buttons

Using Category Tabs



Using Navigation Buttons



Scope of the Report

Period covered: Fiscal year ended March 2024 (April 1, 2023 - March 31, 2024)

- As much as possible, we have included the latest information available at the time of publication.
- The period and scope of coverage may vary depending on the subject. We have noted each such case individually.

Organizations covered: Astellas Pharma Inc. and its consolidated subsidiaries in Japan and overseas (referred to in this report as "Astellas")

Cautionary Note

In this integrated report, statements made with respect to current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Astellas. These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to: (i) changes in general economic conditions and in laws and regulations relating to pharmaceutical markets, (ii) currency exchange rate fluctuations, (iii) delays in new product launches, (iv) the inability of Astellas to market existing and new products effectively, (v) the inability of Astellas to continue to effectively research and develop products accepted by customers in highly competitive markets, and (vi) infringements of Astellas' intellectual property rights by third parties. Information about pharmaceutical products (including products currently in development) which is included in this integrated report is not intended to constitute an advertisement or medical advice.

On Publishing Integrated Report 2024

Naoki Okamura
Representative Director,
President and CEO

Astellas publishes its integrated report to introduce our stakeholders how our day-to-day efforts will enhance the enterprise value.

We published our first integrated report in FY2022, which explained the progress of implementing Corporate Strategic Plan 2021 (CSP2021; our medium-term management plan starting from FY2021), while conveying how we create and deliver VALUE for patients under our VISION to be “on the forefront of healthcare change to turn innovative science into VALUE for patients.”

In this Integrated Report 2024, Astellas’ Top Management describes, in their own words, the outcome of our efforts, future challenges, and the roles they play in such efforts. It also introduces its logic tree that shows how Astellas’ financial and non-financial initiatives will lead to enhanced enterprise value, as well as manufacturing and supply chain strategies that play an important role in creating and delivering VALUE for patients. The report also includes examples of “transformation” generated within an organizational culture that encourages innovative thinking and bold actions, as well as messages and round-table discussions with employees who were actually involved in these activities. In this year’s dialogue with outside Directors, Dr. Yoichi Ohno, a physician and medical scientist, and Ms. Rie Akiyama, a lawyer, share their views on the current state of Astellas and their thoughts on what Astellas aims to become in the future.

I hope that this Integrated Report 2024 will help promote dialogue with our stakeholders while also furthering their understanding of Astellas.

Interview with Chief Executive Officer

Naoki Okamura
Representative Director,
President and CEO

We are ready for sustainable growth after the loss of exclusivity for XTANDI through a combination of the development and acquisition of new products. We will build a solid foundation for creating products through our Primary Focuses while we continuously work to maximize VALUE of our Strategic Brands.

Q. Please share your candid view on FY2023, the third year of Corporate Strategic Plan 2021 (CSP2021).

A. During FY2023, we delivered many new products to the market, which is always a great achievement for patients and Astellas. On the other hand, we revised our financial guidance multiple times. Having carefully considered how we could have done better, we developed a balanced plan for FY2024 that is both ambitious and deliverable.

FY2023 was a very important year as it marked the halfway point of CSP2021 and coincided with the approval and launch of several Strategic Brands*1. Furthermore, we added IZERVAY to our Strategic Brands, through the acquisition of Iveric Bio Inc. in July 2023, while XTANDI and other Strategic Brands showed steady growth worldwide. On the other hand, there were challenges such as the faster-than-expected penetration of LEXISCAN generics in the United States, a slower uptake of VEOZAH*2 launch compared to our original assumptions, impairment losses of intangible assets and expenses related to the acquisition of Iveric Bio Inc. As a result, we made multiple downward revisions to our financial guidance which led to a variety of feedback from the stock market, and we take very seriously the fact that we have not met expectations of our stakeholders.

We believe that one of the reasons for this situation in FY2023 is that we pushed ourselves with ambitious targets a bit too far when developing our initial plan. After careful reflection, we have created a well-balanced FY2024 plan that is both ambitious and yet deliverable, taking into account risks and opportunities appropriately.

Let me explain the progress of FY2023 in more detail. First, the post-merger integration of Iveric Bio Inc. proceeded smoothly and was completed in FY2023. While the United States Commercial team inherited Iveric US commercial team directly, the R&D and manufacturing members were integrated into Astellas' existing organization. To prepare for global expansion of IZERVAY, we are currently expanding our talent base outside the US as well.

VEOZAH is a long-awaited first-in-class non-hormonal treatment for moderate to severe vasomotor symptoms associated with menopause, which previously had very few treatment options other than hormone therapy. Although we have lowered its peak sales forecast, we maintain our high expectation of VEOZAH, which continues to have high growth potential and is early in its lifecycle. We will further raise awareness of VEOZAH as well as increase patient and healthcare professional activation. Additionally, every country has a different health insurance system. With this in mind, we will make efforts to negotiate with payers.

Interview with Chief Executive Officer

Clinical PoC (proof of concept) has not been obtained yet from the Primary Focus projects in FY2023, but multiple promising projects have been generated. Primary Focus "Targeted Protein Degradation" is an advanced technology that takes the capability of small-molecule drug discovery, which is our specialty. The target disease is cancer, and since we have several oncology products, we can use our existing distribution network to reach patients. In addition, we are empowering our project teams to accelerate PoC in clinical trials for lead programs in our Primary Focuses, which enabled rapid decision-making through a flatter cross-functional operating model from FY2021. The concept of Primary Focus itself fits nicely with delegating decision-making authority to small teams and allowing them to operate autonomously. In traditional organizations, the strong involvement of hierarchical functional management axis sometimes hindered the full potential of such concept. However, at this time, we transformed the organization itself to be flat and cross-functional, allowing it to work autonomously. As a result, we have significantly reduced the time from IND*3 to the first subject dosed. In addition, these organizational changes also led to a better cost control by enabling flexible budget allocation by giving cross-functional teams direct control of their budgets.

As for the Rx+ business, we have made continued progress, such as launching products or advancing projects into clinical trials, while discontinuing others due to lack of progress or expected results. Rx+ is not an exception that we regularly and flexibly reevaluate our priorities as we progress.

For the progress of the Corporate Strategic Plan 2021 and future measures, please refer to P.29 "Corporate Strategic Plan 2021" and P.32 "Financial Strategy."

*1 Strategic Brands: PADCEV, IZERVAY, VEOZAH, VYLOY, XOSPATA
*2 VEOZAH: Approved as "VEOZA" outside the United States
*3 IND: Investigational New Drug

Q. This is your second year as CEO; what changes have you seen both internally and externally?

A. Internally, open communication among employees has significantly increased.
Externally, we are continuously monitoring and responding to policy changes on drug pricing in the United States and geopolitical risks.

Within the company, the organizational structure and decision-making processes are undergoing significant changes. Many employees may feel that such change is greatly accelerating and becoming broader and deeper. Now I feel much closer to my colleagues due to the flatter organization and open communication between Top Management and employees. This is the key to fostering a culture that promotes honest and open discussions.

An excellent example is "Ask Me Anything*4", which are interactive communication opportunities open to all employees. I usually have two sessions for a topic in both Japanese and English, and over 1,000 colleagues normally join each round. Employees can ask questions anonymously and we receive many questions every time. I and the Top Management answer questions in live format without pre-screening. We strive to address all questions posted, but there may be some that we cannot answer due to time constraints. In such cases, the questions will be answered by me, Top Management or employees with subject matter expertise using the internal Social Networking Service (SNS). In FY2023, I also posted over 60 messages on the internal SNS and not only commenting on my own posts responses, but also on others' posts. I believe this type of company-wide open communication is a unique approach of Astellas.

In human resources, we have worked to enhance our diversity and succession plans. Currently, four out of ten Top Management members are foreign nationals. We have created succession plans for senior director level or higher, ensuring that there are almost no positions without a plan and trying to identify external talent pools as well. However, candidates on the succession plan do not automatically take the position. The most suitable candidate will be appointed on the basis of open selection, including external candidates. In the past, it was common for people with high homogeneity to work together in the same location, but now my team members are working in various locations across countries or regions and the company as a whole has transformed into a truly global company. More than ever before, following the precedents and implied understanding do not work. We are transforming into an organization that verbalizes and communicates our thoughts. We have worked on Top Management team building as well. In discussions and activities, I ask other Top Management to speak as part of the enterprise leadership team leading the entire company, not as representatives of their own divisions. As a result, I am confident that we have built

For details on personnel, please refer to P.36 "People Strategy."

*4 Large talk sessions with global employees

Interview with Chief Executive Officer

a stronger team than ever before.

In FY2023, there was also a change in cost control mindset. Due to the VEOZAH and LEXISCAN situations I mentioned earlier, we have implemented stricter cost control measures across the company. However, we are working to ensure it does not result in refraining employees from trying new things or giving up opportunities because of budget constraints. In order to offset the increasing costs of continuing to launch so many new products, we ask our colleagues to consider more efficient processes and transformational measures, rather than maintaining the status quo. I hope that employees will continue to take on new challenges through their own initiative in a proactive manner.

I am proud that these changes in Astellas are the result of thinking rationally, without being bound by the past, and implementing the best possible organization and talent deployment. For example, in the most recent "Ask Me Anything," someone asked why Astellas does not follow the industry standard of returning to the office after the coronavirus pandemic. I answered that we value individual flexibility and do not intend to imitate other companies. Our colleagues have the flexibility to work either in the office or remotely, depending on the situation. We aim to create an Astellas-style organization that takes into account the internal and external environment, rather than following precedent or what other companies are doing.

In terms of external changes, the first is the policy in the United States. The United States, which is one of the markets we are focusing on for continuous innovation, has announced policies to control drug prices. We anticipate that some financial impact will start from January 2025 on XTANDI, which is mainly covered by Medicare Part D. However, we believe that the key point of this policy is not only the direct financial impact on products on the market, but also the limitation on free-pricing period. The traditional method of product development, especially in oncology, is to initially address a smaller subset of patient population and to gradually expand to the larger patient segments in the earlier stage of treatment paradigm, which is time-consuming. On the other hand, an alternative approach is to target a broader patient population from the beginning, which requires appropriate risk-taking much earlier in the clinical development, without compromising patient safety. While we recognize affordability is critically important, it is also necessary to balance product value and price in order to ensure sustainable innovation for patients, which is our mission. This event may be considered as a major challenge to the way we conduct research and development.

We also recognize geopolitical risks as a challenge that we need to prepare for, and we are taking proactive measures as best as we can. Stable supply is of utmost importance because we are dealing with life-saving products and we strive to maintain a robust and reliable supply chain that does not depend solely on one country. On the other hand, we cannot simply decide to expand our business into geopolitically conflict areas without considering the safety of our employees even for delivering our products to the patients who need them. We try to ensure stable supply of our products to patients who need them in a variety of ways against the increasing geopolitical risks.

For details on the supply chain, please refer to P.53 "Manufacturing and Supply Strategy."

Q. New centers are established in South San Francisco and Cambridge in the United States as a part of investment into innovation. Please share your thoughts on future investments.

A. Upon establishing these two sites, we will focus our investment to R&D programs and talents for these sites.

Our goal is to be a cutting-edge, VALUE-driven life science innovator. Innovation does not happen in one place; it happens in many different places. However, we believe that having locations in South San Francisco and Cambridge, which are considered innovation hot spots, is critical to create continuous innovation. As a result of several company acquisitions, we had multiple sites fragmented in South San Francisco. We decided to consolidate these sites to enable employees to meet face-to-face and engage in a variety of cross-functional conversations. The Cambridge site will similarly help consolidate our teams, business development, collaboration with academia, and other R&D functions on the East Coast, where many of the world's biopharma companies are based.

While investment in infrastructure is essential to accelerate innovation, it does not mean we will continue to build research facilities further in different locations. From now on, we will focus our investment to R&D programs and talents.

Interview with Chief Executive Officer

Q. Astellas has been working on "Deepen our engagement in sustainability" as a Strategic Goal 4. Now that the third year of CSP2021 is over, what do you think sustainability means to Astellas?

A. **Our approach to sustainability is to contribute to society through our core business first and to create a positive cycle that improves the sustainability of both society and Astellas.**

As a member of society, we will continue to address important issues on sustainability such as climate change. At the same time, since we are in the life science industry, we believe contributing to sustainability of society through our core business is of essence. When Astellas' business becomes more sustainable by gaining more trust from our stakeholders through such efforts, it will enable us to contribute even further to the sustainability of society. Creating this kind of positive cycle is what sustainability means to us.

This concept is explained to employees on various opportunities. The Sustainability division is sending out messages to both internal and external stakeholders under the same concept. I feel that the concept of positive sustainability cycle has begun to be well understood and embedded in the company.

For details on sustainability, please refer to P.60 "Sustainability Strategy."

Q. In the FY2023 earnings call, Astellas continues to refer to a target of 30% core operating profit margin, following the low-20% level in FY2025. Please share the challenges and strategies to achieve this.

A. **We will accelerate innovation through three key factors: agility, speed, and diversity, while steadily growing our Strategic Brands.**

First, we must continue to grow our Strategic Brands as topline growth is essential to improve our core operating profit margin. In 2023-2024, we had to incur expenses, such as sales and marketing costs of newly launched products and one-time expenses associated with the acquisition of Iveric Bio, Inc. However, once these settle down, I think that 30% core operating profit margin should become within our reach. To achieve it, we need to enhance the agility and speed of our organization. This means to make our organization simple and lean, yet strong, and to streamline our operations by utilizing digital technologies.

The pharmaceutical industry has been slow to adopt digitalization. One of the reasons is that the digitalization needs to be implemented not only within the company but also on the customer side. Additionally, it is necessary to establish streamlined processes altogether that comply with all the different rules and regulations in drug development and commercialization. Digitalization would be truly effective only when it seamlessly covers the entire process end-to-end. If manual work exists in between, the desired efficiency will not be achieved. In a globalized organization like ours, the efficiency of operations can be significantly different depending on whether they are manual or digital. This is precisely why we are required to leverage digital technologies and establish a platform that allows us to conduct business across different time zones and locations.

On top of agility and speed, diversity is an important element in particular. I believe that it is easier to continuously innovate in an organization where diverse people with different ways of thinking coexist under the shared Astellas business philosophy and VISION. We are striving to create such an organization. In addition, as I mentioned when we changed the HR individual appraisal system, I strongly expect our employees to always look at the outside world and to try to catch up or exceed outstanding competitors, instead of focusing too much on internal competition or slight difference in appraisal results among colleagues.

For details on product sales, please refer to P.48 "Commercial Strategy."

Interview with Chief Executive Officer

Q. What are some of the notable events in FY2024 and what will be your particular focus? Also, what do you think Astellas should aim for in 10 or 20 years?

A. **Please stay tuned for progress with new products and lead projects in our Primary Focuses.**
In the long term, we aim to be a company that continues to create a positive cycle of innovation that leads to further growth.

First, we will focus on market penetration for three products: VEOZAH, IZERVAY, and VYLOY, launched in certain countries or currently under regulatory review in several countries. In addition, we have high expectations for PADCEV, which has shown very promising data in the first-line treatment and is expected to be one of our growth drivers in the future. We anticipate that the total sales of our Strategic Brands will double to approximately 300 billion yen in FY2024 year-over-year. Despite being on the market for over 10 years, XTANDI continued to grow in the FY2023. While there may be some negative impact in the United States, we expect the growth in regions outside the US will offset such impact and XTANDI sales in FY2024 will be at a similar level as in FY2023. Furthermore, as the lead project of each Primary Focus approaches clinical PoC judgement, we will closely monitor the timing of PoC and make decisions of next steps accordingly.

For FY2024, as I mentioned earlier, we have developed a balanced plan that is both ambitious and deliverable. We believe it is important to make progress on the products and pipeline I just mentioned in addition to the achievement of various financial targets.

Let me now share my thoughts on the long-term perspective of the company. In the current regulatory system related to pharmaceutical industries, every product has a date it loses exclusivity and there is no way to extend a patent period from current 20 years to, say, 50 years. Even when we develop an excellent product, which is accepted, grows in the market, and delivers VALUE to patients, it will eventually face patent expiration. It is our destiny to prepare for that day, to offset its impact, and to ensure further growth.

There is no simple recipe for success in medicine. We must continue the positive cycle of sustainable success by conducting a well-thought-out experiment that makes the next attempt better even if it fails, instead of repeating random trials and errors.

Q. Please give a message to investors.

A. **We are well prepared to overcome the loss of exclusivity for XTANDI.**
Please stay tuned for market penetration of new products and the creation of new products from our Primary Focuses.

It has been frequently pointed out that the patent expiration of XTANDI is a significant event and we have been considering it as an issue to be overcome. Now, including acquisition of IZERVAY, our Strategic Brands are already on the market or about to be launched and we believe we are well-positioned to overcome this critical period. When we can achieve clinical PoC from Primary Focus programs, our future growth will become even more solid. Please stay tuned for our progress and we appreciate your continued support to Astellas as we continue to take on new challenges.

Naoki Okamura
Representative Director,
President and CEO

岡村直樹

Value Creation Story

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Value Creation Model

Based on our business philosophy to "Contribute towards improving the health of people around the world through the provision of innovative and reliable pharmaceutical products," Astellas is striving to continue to create innovation and deliver innovative medical solutions that meet the needs of patients.

Philosophy

Raison D'être | Mission | Beliefs

VISION P.05

Social issues and requests from society

Solving social issues

Impact

Enhance sustainability of society and Astellas

Input P.18

Financial Capital
- Invested capital
- Flexible financing for business opportunities

Manufacturing Capital
- Research facilities
- Manufacturing facilities covering commercial production of cell and gene therapies

Intellectual Capital
- Patents
- Know-how for global drug development and commercialization
- Technical capabilities for various new modalities

Social and Relational Capital
- Corporate brand
- Collaboration / alliance
- Human network

Human Capital
- Highly skilled talent
- DE&I

Natural Capital
- Natural resources
- Biodiversity
- Reusable energy

Key Issues and Materiality P.19

Business Activity

Business Model

Fulfill the unmet medical needs by creating and delivering innovative treatments

Cutting-edge, VALUE-driven life science innovator P.17

"VALUE Creation" through research and development activities

"Value Delivery" through later stage development and commercialization activities

Strategy

Corporate Strategic Plan 2021 accelerating realization of VISION P.29

Strategic Goals
1. Enable patients to achieve better outcomes
2. Translate innovative science into proven VALUE
3. Advance the Rx+ Business
4. Deepen our engagement in sustainability

Talent and Organization which Create Innovation

- Environment where diverse individuals can succeed
- "Right person in right position" globally

Organizational Health Goals
1. Brave ideas pursue ambitious outcomes
2. Talent and leadership thrives
3. We excel as one Astellas

Governance

Corporate Governance, Risk Management, Compliance P.72

Output

XTANDI and Strategic Brands

P.48

Products derived from FA approaches, including cell therapy and gene therapy

Primary Focus
- Immuno-Oncology
- Targeted Protein Degradation
- Genetic Regulation
- Blindness & Regeneration

P.50

Rx+® Healthcare Solutions
- Near-Infrared Fluorescence Imaging Agent
- Clinically Relevant Holistic Solutions
- Innovation of Chronic Heart Failure
- Digital Therapeutics for Heart Failure

Outcome

Maximize VALUE P.23

Common Definition of **VALUE**

$$\text{VALUE} = \frac{\text{Outcomes that matter to patients}}{\text{Cost to the healthcare system of delivering those outcomes}}$$

Performance Goals P.31

Realization of sustainable society

Providing value to stakeholders P.24

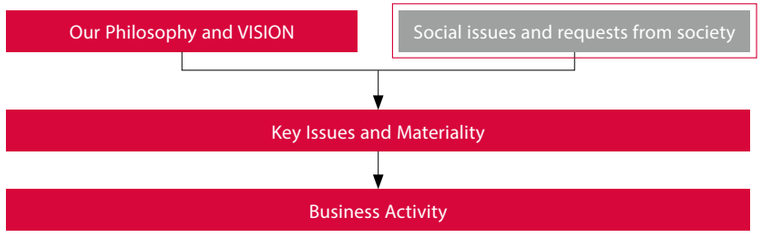
Sustainable enhancement of enterprise value

Earning trust from stakeholders

Enhancing management capital

External environmental analysis to realize our VISION —To grasp changing medical care (healthcare) —

Aim of External Environmental Analysis at Astellas



The environment surrounding the healthcare industry is constantly changing. To grow sustainably and continue to create new VALUE for patients, it is essential to monitor changes in the social environment closely.

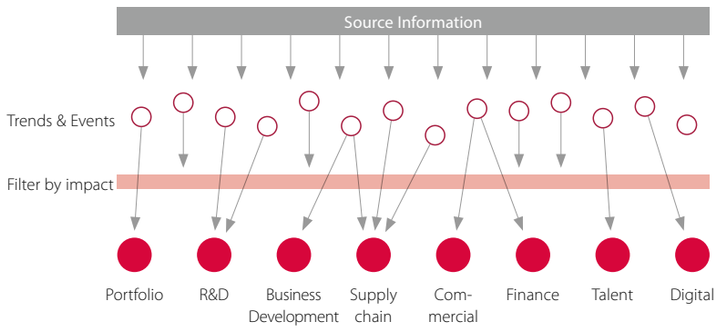
Astellas regards external environment changes as fundamental input to the Materiality Matrix as the business guidance and Corporate Strategic Plan and positions it upstream of its value creation model. When developing or revising each of these, we use the appropriate cut-off point for the content, in conjunction with our internal environmental analysis, as one of the decision-making tools.

In addition to when we formulate these, we also conduct environmental analysis as needed as part of our internal projects. Here is one example.

Overview of the analytical framework

The outline of the analysis framework is shown in the diagram on the right. We conduct analysis based on various internal and external information sources to extract medium to long-term trends and cutting-edge events. We then examine topics that we believe will have a particularly significant impact on Astellas and analyze the impact that each topic will have on the strategic elements.

When selecting each topic, we take a long-term perspective, considering the possibility that factors currently perceived as having low impact may exponentially increase in significance.



Aims and Background of the Environmental Analysis

The aim of the environmental analysis is to provide suggestions and insights for the consideration of future internal policies and strategies, including Corporate Strategic Plans. To do that, we analyze the environment surrounding the health-care industry, including the internal environment.

As components of a strategy that should provide suggestions, we are currently focusing on the following eight items.

- Portfolio
- R&D
- Business Development
- Supply chain
- Commercial
- Finance
- Talent
- Digital

For example, in the area of research and development, particularly for new modalities such as cell and gene therapies, we look at best practice in the development process, the state of the industry development pipeline and the market performance of the product. This will help us to select areas to focus on as new pillars and partnerships. In the digital field, we keep a close eye on the ever-changing trends and initiatives within and outside the industry and analyze their impact on business. We believe that this can be used to prioritize the implementation of digitalization.

Examples of External Research Findings and Insights

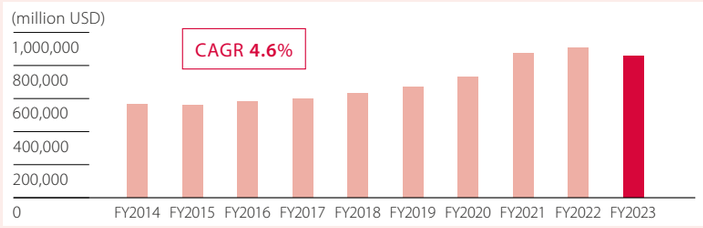
The trends of sales and R&D expenses in the pharmaceutical industry

The graph below shows the total sales (top) and total research and development (R&D) expenses (bottom) of the top 40 companies in the pharmaceutical industry.

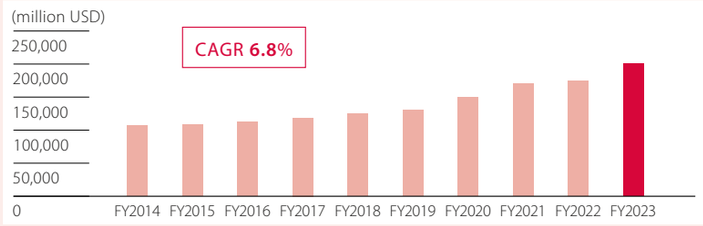
In the pharmaceutical industry as a whole, the rate of increase in R&D expenses tends to be higher than the rate of growth in sales. Therefore, securing sufficient R&D expenses and improving R&D productivity are ongoing management issues for the entire industry. Astellas will continue to invest in its business for growth in line with its capital allocation policy.

P.32 "Financial Strategy"

Total Sales



Total R&D Expenses



Source: Evaluate Pharma® 17 January 2024, © Evaluate Ltd

External environmental analysis to realize our VISION —To grasp changing medical care (healthcare) —

Cell and gene therapy product development pipeline

The development pipeline for cell therapy and gene therapy products has been growing year over year, but the growth rate has been decelerating since FY2022. Astellas will continue to focus on research and development in both areas while closely monitoring the external environment for any changes.

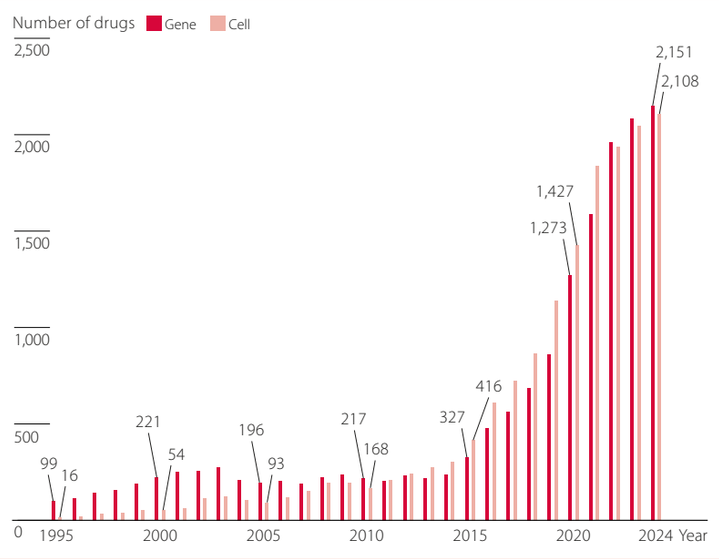
AI-based drug discovery

In recent years, the application of AI in drug discovery has accelerated. The latest literature describes that, although the number of cases is limited, companies using AI for drug discovery have a success rate of over 80% for Phase I trials and 40% for Phase II trials. Successful cases of using AI not only for the redevelopment of existing drugs but also for the discovery of new targets have been reported.

Astellas will continue to challenge new operating models in a changing business environment and apply them to drug discovery.

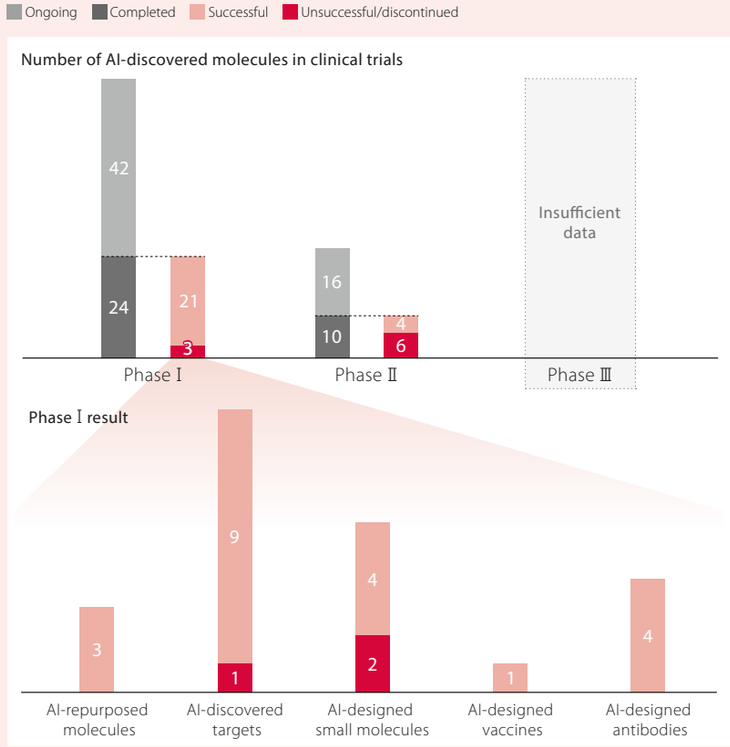
P.53 "Manufacturing & Supply Strategy", P.57 "Digital & Transformation Strategy"

Cell and gene therapy product development pipeline



Source: Pharma R&D 2024 | Citeline
https://www.citeline.com/en/pharma-rd-2024

Status of AI-based drug discovery applications



Source: How successful are AI-discovered drugs in clinical trials? A first analysis and emerging lessons | https://www.sciencedirect.com/science/article/pii/S135964462400134X?via=ihub

Examples of How Astellas Has Addressed/ will Address the Changes in the External Environment

Examples	Details of the initiative
Practical application of new modalities by focusing on Target Protein Degradation	Combining new modalities with our cultivated capabilities in small molecules over the years, we are working on creating novel drugs targeting refractory diseases historically considered undruggable (impossible to be targeted for drug discovery).
Customer approach through Omnichannel	Due to the impact of the COVID-19 pandemic and advances in technology, the ways (channels) of providing information and the customer needs are becoming more diverse. Astellas is focusing on enhancing its omnichannel approach to customer engagement, which includes not only face-to-face meetings but also email, webinars, websites, and more.
Open Lab, establishment of new office in the US	As new experimental and research facilities to support cutting-edge modalities, we have established an open innovation center in Cambridge (US), and a biotechnology center in South San Francisco (US). P.36 "Human Resources Strategy", P.53 "Manufacturing and Supply Strategy"
New Digital & Transformation Division	In order to strongly promote the internal adoption of innovative perspectives and ways of thinking about digital and transformation, we have established the position of Chief Digital & Transformation Officer (CDTO). P.57 "Digital & Transformation Strategy"
Astellas Healthcare E-city	As part of our digitalization, we developed the "Astellas Healthcare E-city in Brazil," a virtual platform that provides educational content on early diagnosis and prevention of gastric cancer. P.60 "Sustainability Strategy"
Astellas Boot Camp for Data Science (ABC4DS)	We are implementing a program to develop data scientists utilizing our internal capabilities, aiming to improve data science literacy and accelerate digital transformation across the company. P.36 "Human Resources Strategy"
My Workplace System (Japan only)	We have a global, fully remote work environment that allows employees to make the best choices for their work environment. We have also introduced the "My Workplace System" in Japan to increase flexibility in choosing their place of residence. P.36 "Human Resources Strategy"
Introduction of wind power generation and biomass boilers at Kerry Plant	To ensure the sustainable supply of pharmaceuticals and address climate change, we have renovated our Kerry Plant that introduces renewable energy such as wind power generation and biomass boilers. https://www.astellas.com/en/stories/sustainability-kerry-plant
Adding sustainability performance into compensation system for Directors	In order to strengthen our sustainability improvement efforts, we incorporated sustainability performance into executive compensation, starting from FY2023. P.74 "Corporate Governance"

Astellas' Business Model for Creating Innovation

At Astellas, we are relentless in our pursuit of innovative science and in identifying unmet medical needs by monitoring changes in healthcare from multiple perspectives.
We are achieving VALUE creation and realization for patients through development of innovative new drugs and healthcare solutions,
and enhancement of patient access to healthcare and outcomes around the world by leveraging our strengths.

Business Model

Fulfill unmet medical needs by creating and delivering innovative treatments

Cutting-edge, VALUE-driven life science innovator

"VALUE Creation"
through research and development activities

×

"VALUE Delivery"
through later stage development and commercialization activities

This is the simplest answer to the question: "who do we want to be?"
Created in parallel with the 5-year CSP2021, the "Mature State" description of Astellas is an evolving, longer-term image of the Company we expect to become as we strive to realize our VISION.
We have distilled the sentiment of the Mature State into one phrase and it should be understood as follows:

Cutting-edge: We operate at the forefront of scientific and technological advances to create novel healthcare solutions.

VALUE-driven: Our common definition of VALUE means that everything we think and do is informed by what leads to more and better outcomes that matter to patients.

Life science innovator: We leverage and evolve our capabilities to exploit the greatest opportunities across the prescription biopharmaceutical business and beyond, and then continuously bring innovation to life.

Astellas' Management Capital

Astellas' management capital is an indispensable source of VALUE that we have accumulated and cultivated over many years of steady growth aiming for both sustainable enhancement of enterprise value and realization of sustainable society.
We will create new innovative medical solutions and provide VALUE for people around the world by leveraging, maintaining, and strengthening these capitals.

Capital and Features	Key Indicators	Efforts for enhancement of management capital
Financial Capital • Invested capital • Flexible financing for business opportunities	• Share capital: ¥**1,596** **billion** (FY2023) • Interest-bearing debt*1: ¥**920** **billion** (FY2023)	Setting a target of achieving a core operating profit margin of 30% or higher as an aspirational state, and while investing in R&D for medium- to long-term enhancement of enterprise value, we will strictly prioritize the allocation of our resources and thoroughly identify expenses that will not contribute to our future growth. We will also manage our cash flow and interest-bearing debt appropriately to maintain financial discipline and financial soundness while aiming for flexible capital allocation and capital enhancement.
Manufacturing Capital • Research facilities • Manufacturing facilities covering commercial production of cell and gene therapies	• R&D sites: **18** • Manufacturing sites: **12**	Having our own manufacturing sites in Japan, Europe, the U.S., and Asia, and in collaboration with CMO partners, we have developed a foundation for a stable supply of our products to the global market (▶▶ P. 53, through Manufacturing & Supply Strategy). We are strengthening our basis for creating innovation by introducing cutting-edge technologies such as robotics and automation, along with facilities that accommodate diverse modalities including cell and gene therapy products.
Intellectual Capital • Patents • Know-how for global drug development and commercialization • Technical capabilities for various new modalities	• Number of patent applications published*2: **46** (FY2023) • Cumulative number of active ingredients and formulations newly approved in any country globally: **27** (from April 1, 2007 to March 31, 2024) • Cumulative number of countries in which above active ingredients and formulations have been approved: **99** (from April 1, 2007 to March 31, 2024) • Commercialization of various modalities*3, clinical trial experiences	We possess not only patents related to our products, but also intellectual capital that sustains VALUE creation, such as know-how in global new drug development and commercialization, and technological capabilities to handle a variety of new modalities. We continue to pursue innovative drug development with high unmet medical needs, with our strength in responding to cutting-edge modalities such as cell and gene therapies.
Social and Relational Capital • Corporate brand • Human network • Collaboration / alliance	• Companies/organizations acquired or partnered with in FY2023: **12**	To provide innovative therapies for patients in need in an optimal way, we have established a partnering structure and strategy with our internal global capability and flexibility & agility, and we are actively seeking opportunities in all stages from discovery research to commercialization. In the area of open innovation in drug discovery research, we are actively working on open laboratories and strategic collaborations at early development stage. In addition, we are further strengthening our social and relational capital through the know-how and trust gained from a track record of our partnerships.
Human Capital • Highly skilled talent • DE&I	• PhDs (globally): **1,388***4 (as of March 2024) • Employees engaged in R&D (Research and Development) in cell therapy, gene therapy, and regenerative medicine: **884** • Employees engaged in digital science (highly skilled digital talent): **340** • Ratio of non-Japanese and female division heads*5: **54%** non-Japanese (38/70), **24%** female (17/70) • Succession planning For details, please refer to ▶▶ P. 45	Astellas established the Organizational Health Goals in CSP2021 and is working on creating an environment that makes the most of the power of people. We are actively recruiting and developing talents who play an important role in cutting-edge areas including cell and gene therapy. We are also proactively engaged in succession planning. Successor candidates are identified globally (giving consideration to both internal and external candidates) to ensure the most suitable candidates for positions at the VP-level and above are being selected. By taking a balance of external recruitment and internal development, we are working to further strengthen our human resources.
Natural capital • Natural resources • Reusable energy • Biodiversity	• Volume of water resources withdrawn (1,000 m³): **6,501***6 • Water resource productivity (billions of yen per 1,000 m³): **0.25** • Renewable energy rate within total energy used: **19%**	We are working to strengthen environmental sustainability to enhance the sustainability for both society and the company. In FY2023, we increase renewable energy generation and convert part of the purchased electricity to renewable sources, maintaining a 19% renewable energy rate in total energy used, consistent with last year. Also, we analyze business activities in all fields that have an impact on ecosystems and monitor the degree of improvement using the Biodiversity Index as an indicator.

*1 Total of corporate bonds, commercial paper, and bank loans
*2 Patent Cooperation Treaty (PCT) applications wherein Astellas Pharma Inc. and/or one or more of its subsidiaries is an applicant. Joint patent applications are included. In-licensed patent applications are not included
*3 Synthetic drug, antibody, cell therapy, gene therapy
*4 Based on data self-reported by employees; includes directors
*5 Includes those also serving as CxO. Those simultaneously heading multiple divisions counted as one person
*6 All Japanese business facilities (excluding sales offices) and all production sites and R&D sites outside of Japan)

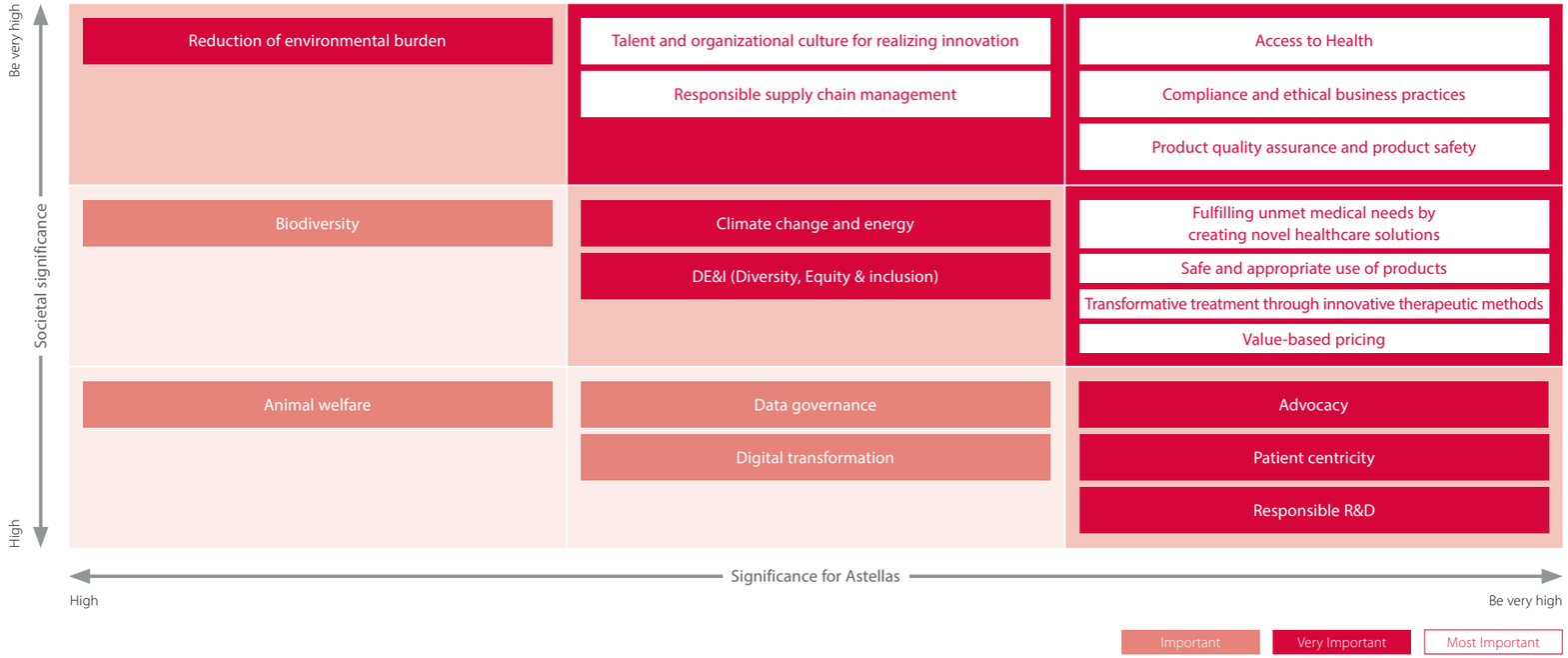
Astellas' Materiality

Click here to learn more about the definitions of the key issues (PDF).
https://www.astellas.com/system/files/definition_of_key_issues_en_2022_0.pdf

Astellas' Materiality Matrix

Astellas recognizes that our efforts to evolve sustainability will lead to increased enterprise value. The environment surrounding both society and business has changed significantly. In response to this shifting landscape, in FY2021 we identified and prioritized key issues and updated our Materiality Matrix as a guide to our sustainability efforts.

In preparing a new Materiality Matrix, Astellas identified 19 key issues. We then prioritized nine material issues (Materiality) from this group. We believe that prioritizing and subsequently addressing the Materiality will set Astellas on the path to "transforming to be a cutting-edge, VALUE-driven life science innovator," and "strengthening resilient and sustainable business operations to meet the expectations of society." This, in turn, will lead to improved sustainability for both society and Astellas.



Steps in identifying Materiality

Astellas refreshed Materiality Matrix via the steps shown below.

STEP 01 Issue identification

To identify key issues, Astellas analyzed various references, such as SDGs-related frameworks, stakeholder engagement and communication, and topics covered by ESG ratings. When updating Materiality Matrix in FY2021, we surveyed the shifts in sustainability trends. We also ensured alignment with Corporate Strategic Plan 2021 (CSP2021) and acknowledged industry-specific issues. As a result, we identified 19 key issues.

Viewpoints for identifying key issues

#1 Alignment with CSP2021
#2 Shifts in sustainability trends
#3 Industry-specific issues we must address as a pharmaceutical company

STEP 02 Issue prioritization

We prioritized the key issues identified from the perspectives of significance to society and Astellas. Societal Significance, shown on the vertical axis of the matrix, was determined by considering the depth of interest from global stakeholders and the scale of economic losses caused by social issues. Significance for Astellas, shown on the horizontal axis, was determined by assessing Astellas' opportunities for utilizing its capabilities and assets to contribute to the resolution of issues. The assessment also included management perspectives based on interviews with Top Management.

STEP 03 Review and finalization

The prioritized key issues were refined and validated through the information provided by various stakeholders and a series of interviews with experts. The Sustainability Advisory Panel (Sustainability Committee as of April 1, 2024) held further discussions before the Executive Committee reviewed and deliberated on the findings. Finally, the Materiality Matrix was approved by the Board of Directors.

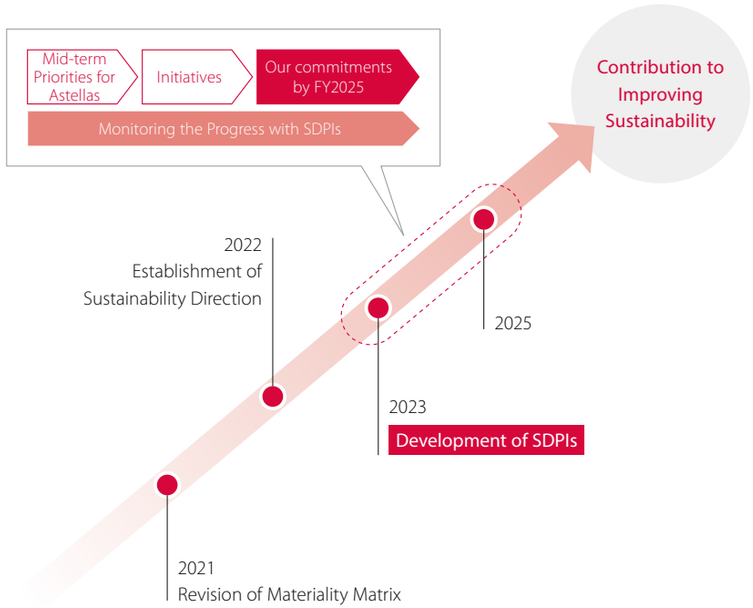
Astellas' Materiality

Strengthening Astellas' Commitment to Materiality

Astellas is committed to deepening its engagement in sustainability through addressing Materiality and key issues.

In FY2022, Astellas established its Sustainability Direction as a medium-term sustainability plan through FY2025. This Sustainability Direction is closely aligned with CSP2021 and our Materiality Matrix. It was formulated to address Materiality and key issues related to environmental sustainability, clearly outlining the "Mid-term Priorities for Astellas," "Initiatives" and "Our Commitments by FY2025."

In FY2023, we set Sustainability Directions Performance Indicators (SDPIs) for these commitments and disclosed measurable and appropriate tangible actions, steadily advancing our Sustainability Direction.



Establishing our Sustainability Direction

In establishing our Sustainability Direction, Astellas performed a gap analysis by referencing global standards and precedents in each issue. We also conducted discussions in the Sustainability Advisory Panel (Sustainability Committee as of April 1, 2024) and identified the initiatives in need of improvement. We then categorized each issue into two pillars and environmental sustainability and collaborated closely with relevant divisions to summarize "Mid-term priorities for Astellas," "Initiatives" and "Our commitments by FY2025." Finally, we established our Sustainability Direction.

Astellas intends to step up sustainability advocacy both internally and externally to ensure that stakeholders and society gain a deeper understanding of Astellas' sustainability initiatives.

We plan to revise our Sustainability Direction each time we issue a new Corporate Strategic Plan.

Process of establishing our Sustainability Direction

Key issues related to environmental sustainability and Materiality identified in Materiality Matrix

↓ Gap and opportunity analysis

Gap analysis

As part of our Materiality initiative, we referenced stakeholder interviews, global standards and best practice to gauge Astellas' performance and identified the area in need of improvement by gap analysis.

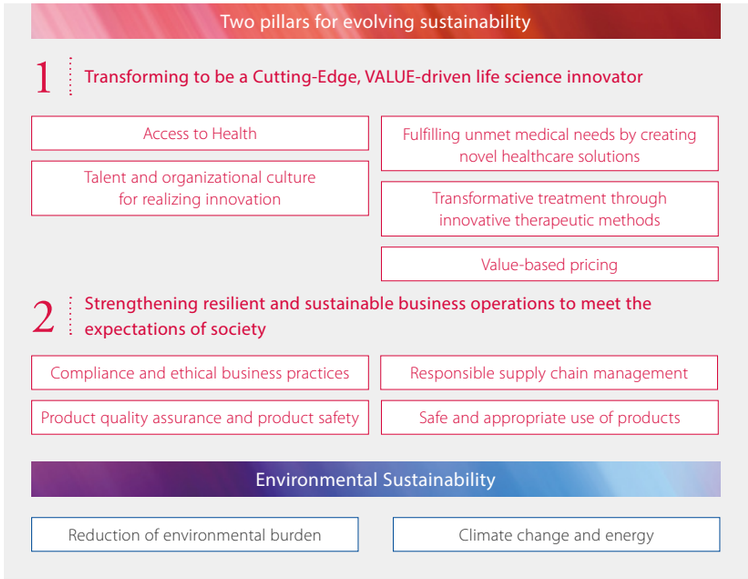
Sustainability Advisory Panel

We solicited opinions on the sustainability initiatives that could be further enhanced from the employees' perspective.

↓ Establishment of Sustainability Direction

Sustainability Direction

Relationship between Materiality and two pillars and environmental element of Sustainability Direction



For details about the Sustainability Direction, please refer to Sustainability Strategy on P. 60.

Development of Sustainability Direction Performance Indicators (SDPIs)

Expectations for companies that contribute to improving the sustainability of society are increasing. Astellas believes that it is important to meet the expectations from society and will disclose the performance and progress of its sustainability activities appropriately.

We have established approximately 50 Sustainability Direction Performance Indicators (SDPIs) to clearly measure the outcomes and progress of our Sustainability Direction. These SDPIs are integrated into our annual plans and implemented as company-wide initiatives.

Astellas' Materiality

Sustainability Direction, Key Indicators, and Achievements

Only key indicators were extracted for the Sustainability Direction Performance Indicators (SDPIs). See the corporate website for the full set of indicators.
https://www.astellas.com/en/sustainability/sdpis

1 Transforming to be a Cutting-Edge, VALUE-driven life science innovator

Material Issues	Sustainability Direction: Mid-term Priorities for Astellas	Sustainability Direction: Initiatives	Sustainability Direction: Our Commitments by FY 2025	Sustainability Direction Performance Indicators (SDPIs): Main Indicators	Sustainability Direction Performance Indicators (SDPIs): FY2023 Achievements
Access to Health	Translate innovative science into VALUE through the Focus Area approach to R&D, introducing novel therapies and modalities to treat diseases with high unmet medical needs.	Addressing unmet medical needs for provision of solutions that produce better outcomes than previously possible.	Aim to improve the lives of patients and caregivers around the world and contribute to reducing the overall load on the healthcare system.	• Number of IND*1 filed new drug candidates	4
Talent and organizational culture for realizing innovation				• Number of new drugs launched	5 (VEOZAH, IZERVAY, VYLOY, XTANDI (M0 CSPC*4), PADCEV (1L mUC*5))
Fulfilling unmet medical needs by creating novel healthcare solutions	• Maximize patient access to Astellas' innovations and enable them to achieve better outcomes. • Beyond the biopharmaceutical space, develop and commercialize novel healthcare solutions.	• Providing comprehensive access programs throughout the product lifecycle. • Supporting healthcare system-strengthening programs in partnership and Astellas Global Health Foundation.	• Provide as many patients as possible with access to our products. • Impact more than 36 million people (cumulatively) by 2025 by improving disease awareness, prevention, and access to healthcare services.	• Number of patients treated through various access programs*2	2,055+ patients
				• Lives impacted through access to healthcare programs by the Astellas Global Health Foundation (AGHF)	31.4 million+ people (Cumulative total since 2018)
Transformative treatment through innovative therapeutic methods					
Value-based pricing	Advocate a value-based pricing for stakeholders to ensure innovative medicines in new modalities contribute to the health of patients around the world and realize the sustainable healthcare system.	Advocating for value-based pricing as a basis to support access to medical innovations.	Contribute to sustain healthcare systems through advocating for value-based pricing.	• Number of implementations of value-based innovative pricing solutions to address value, affordability or access	5 cases
	• Create an environment within Astellas that fosters innovation. • Align strategy with the right capabilities, embraced in a culture that promotes innovation.	Optimizing the number of people under one manager's control and reducing layers, reinforcement of succession planning, and cultivation of a culture ensuring psychological safety and encouraging active feedback.	Foster talents and an organizational culture with trusted capabilities to deliver innovation.	• Percentage of organizations with six hierarchical levels or less from the CEO	83%
				• Average span of control for all departments*3	6
				• Engagement score	71 (as of October 2023)

*1 IND: Investigational New Drug
*2 For details, please visit the following website
https://www.astellas.com/en/sustainability/access-to-medicines
*3 Span of Control: Number of subordinates managed by one manager
*4 M0: Non-metastatic, CSPC: Castration-sensitive prostate cancer
*5 1L: First line, mUC: Metastatic urothelial cancer

Astellas' Materiality

Sustainability Direction, Key Indicators, and Achievements

Only key indicators were extracted for the Sustainability Direction Performance Indicators (SDPIs). See the corporate website for the full set of indicators.
https://www.astellas.com/en/sustainability/sdpis

2 Strengthening resilient and sustainable business operations to meet the expectations of society

Material Issues	Sustainability Direction: Mid-term Priorities for Astellas	Sustainability Direction: Initiatives	Sustainability Direction: Our Commitments by FY 2025	Sustainability Direction Performance Indicators (SDPIs): Main Indicators	Sustainability Direction Performance Indicators (SDPIs): FY2023 Achievements
Compliance and ethical business practices Product quality assurance and product safety Responsible supply chain management	Sustains a resilient business that continuously supplies products during unpredictable or emergency situations.	• Enhancing energy sourcing through investigating reinforcement of emergency power generation and introduction of renewable energy such as solar panels to own facilities. • Enhancing material sourcing and product supply networks through the various means including double sourcing and diversified distribution bases.	Establish a more sustainable and resilient value chain.	• Key remarkable finding related to stable supply	Continued variable activities to strengthen partnerships with suppliers.
				• Progress for alternative sourcing preparation in terms of geopolitical issues	• Completed risk assessments of historical key products and ready-to-use alternative resources except for a couple of products. • Completed identification of alternative resources for a couple of products undergoing risk assessments. • Initiated risk assessment for a new key product, IZERVAY.
Safe and appropriate use of products	Further enhance capability to secure patient safety and product quality as well as optimizing customer interaction for maximizing VALUE for patients.	• Fostering a Culture of Quality through leadership commitment, employee engagement and patient centric mindset. • Evolving customer experience with coordinated omnichannel engagement leveraging digital.	Ensure patient safety and product quality by fostering a Culture of Quality and by evolving customer experience.	• Completed Culture of Quality scorecard for commercial manufacturing facilities	Completed Culture of Quality scorecard assessment for commercial manufacturing facilities (Takaoka, Toyama, Takahagi, Yaizu, Dublin, Kerry, Shenyang) and identified target challenges to focus on for FY2024.
				• Lean Six Sigma* materials and tools shared across communication platforms	• Lean Six Sigma Community of Practice has grown to 970 members from 48 countries. • Approximately 100 Astellas employees obtained Lean Six Sigma certification. • Nine live sessions were conducted for employees to share real-life examples of continuous improvement in quality and efficiency.

* Lean Six Sigma: Lean Six Sigma Program is a pillar of the Culture of Quality Program and a leadership approach to maximize efficiency, create whitespace (resources needed to explore new ideas) and reduce cost within Astellas

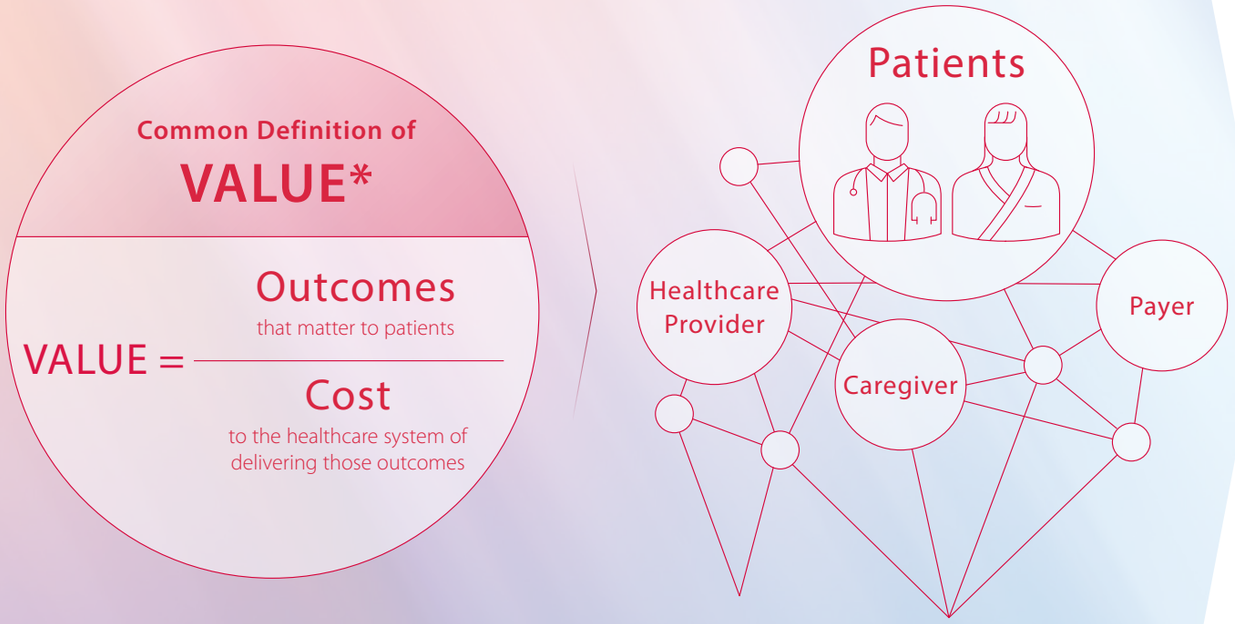
Environmental Sustainability

Key Issues	Sustainability Direction: Mid-term Priorities for Astellas	Sustainability Direction: Initiatives	Sustainability Direction: Our Commitments by FY 2025	Sustainability Direction Performance Indicators (SDPIs): Main Indicators	Sustainability Direction Performance Indicators (SDPIs): FY2023 Achievements
Reduction of environmental burden Climate change and energy	Reduce greenhouse gas emissions toward a goal consistent with the Paris Agreement's and achieve net-zero emissions by 2050.	• Enhancing energy efficiency and shifting to renewable energy sources such as solar and wind power. • Reducing the carbon footprint of the supply chain.	Achieve by FY2025 the amount of reasonable reduction of greenhouse gas emissions target.* * GHG emission reduction targets by FY2030. • Scope 1+2 63% reduction (base year: FY2015). • Scope 3 37.5% reduction (base year: FY2015).	• GHG emission reduction ratio (Scope 1+2)	39.8%
				• GHG emission reduction ratio (Scope 3)	18.7%

The VALUE that Astellas Provides

Our Common Definition of VALUE is the Foundation to Realize Our VISION

For Astellas to realize its VISION, we work with a "Common Definition of VALUE" (see graphic below) to clearly communicate and share our aspirations with diverse stakeholders.



* Adapted from "What Is Value in HealthCare?" Porter, M.E. (2010). New England Journal of Medicine

"VALUE" for patients

With "outcomes that matter to patients," Astellas is committed beyond the safety and efficacy of treatments. We seek to understand and optimize our products, and their subsequent use, to maximize improvements in quality of life (QOL) and to minimize the burdens they create.

For "costs to the healthcare system of delivering those outcomes," we are looking at the individual costs borne by the patient, the healthcare costs borne by insurance companies and public institutions, as well as the indirect costs and burdens imposed on the patient's family and care givers.

For example, if a drug proves effective in treating a disease that has conventionally required surgery, the outcome for the patient will be significant. It will not only lessen the physical burden on the patient, but also the mental and lifestyle burdens generally experienced by patients.

These benefits are not limited to the patients alone. They will ripple out across society, from the patient's families and friends to medical institutions as a whole. With lower hospitalizations and surgeries, these institutions can care for a higher number of patients. Therefore, reducing the denominator in our Common Definition of VALUE equation can affect a positive change across society.

We believe that by placing this concept at the core of our business and adapting it to all divisions and regions, Astellas will be able to make a greater contribution to healthcare.

Corporate Strategic Plan 2021 (CSP2021) is based on this "VALUE" equation, with an overall aim to increase VALUE for patients and realize our VISION.

Providing Value to Stakeholders

Public administration

Value provided

- Improving people's quality of life and enhancing community healthcare by creating innovative new medicines
- Improving technology level, development of healthcare industry
- Recommendations for better healthcare policy
- Participating in economic and industry associations and various external initiatives

Academia, research institutions

Value provided

- Find new knowledge from research data to create scientific innovation
- Applying cutting-edge research findings to medical care
- Training researchers

Local community

Value provided

- Social contribution activities and donations
- Environmental conservation
- Job creation
- Increasing awareness and understanding of diseases and medical care

Examples of activities

- Open Forum targeting general public (once/FY2023)
- Programs targeting university students (three times/FY2023)
- Ran booths at various exhibitions (four times/FY2023)
- Published articles on related websites (22 times/FY2023)

Patients and their families, healthcare professionals

Value provided

- Fulfilling unmet medical needs by creating innovative medicines and medical solutions
- Providing information on safety and efficacy
- Improving Access to Health (ATH)
- Ensuring a continuous stable supply of investigational drugs and commercialized products
- Support for patient organizations
- Reducing the burden on families and the entire health-care system

astellas

Employees

Value provided

- Opportunities and places for self-development and self-actualization
- Places, co-workers, and resources for solving social issues and contributing to the health of people around the world
- Job satisfaction
- Good working environment (work style reforms, promotion of remote work, etc.)
- Compensation
- Healthy organizational culture

Dialogue results

- Ask Me Anything* (22 times/FY2023)

* Ask Me Anything: Large interactive sessions designed to promote two-way communication between management and all employees

Shareholders and investors

Value provided

- Sustainable enhancement of enterprise value
- Stable shareholder dividends
- Timely and appropriate information disclosure
- Engagement with investors

Dialogue results

- Meetings with securities analysts and institutional investors (approx. 270 times/FY2023, including 20 ESG meetings)
- Earnings calls and IR events (acquisition of Iveric Bio Inc., product-related meetings, opinion exchange meeting between outside Directors and institutional investors, Sustainability Meeting 2023, etc.) (10 times/FY2023)

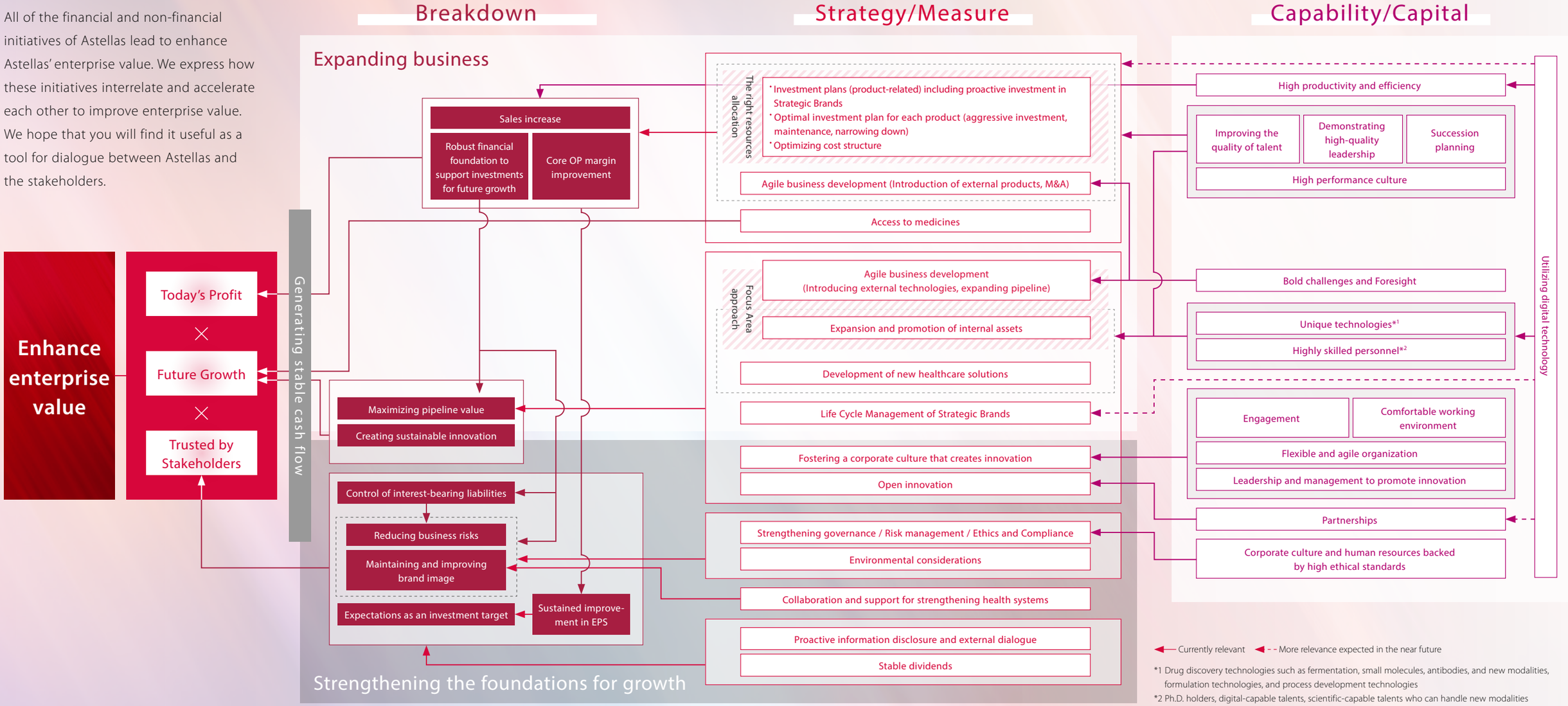
Business partners

Value provided

- Driving innovation and creating new value through collaborations with Astellas and integration of capabilities

Logic Tree for Enhancing Enterprise Value

All of the financial and non-financial initiatives of Astellas lead to enhance Astellas' enterprise value. We express how these initiatives interrelate and accelerate each other to improve enterprise value. We hope that you will find it useful as a tool for dialogue between Astellas and the stakeholders.



Currently relevant More relevance expected in the near future

*1 Drug discovery technologies such as fermentation, small molecules, antibodies, and new modalities, formulation technologies, and process development technologies

*2 Ph.D. holders, digital-capable talents, scientific-capable talents who can handle new modalities

VISION: On the forefront of healthcare change to turn innovative science into VALUE for patients

Corporate Strategic Plan for Value Creation

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Top Management

① **Naoki Okamura**
Representative Director, President and Chief Executive Officer (CEO)

② **Katsuyoshi Sugita**
Representative Director, Executive Vice President, Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)

③ **Yoshitsugu Shitaka**
Chief Scientific Officer (CScO)

④ **Tadaaki Taniguchi**
Chief Medical Officer (CMO)

⑤ **Hideki Shima**
Chief Manufacturing Officer (CMfgO)

⑥ **Claus Zieler**
Chief Commercial Officer (CCO)

⑦ **Adam Pearson**
Chief Strategy Officer (CStO)

⑧ **Nick Eshkenazi**
Chief Digital & Transformation Officer (CDTO)

⑨ **Atsushi Kitamura**
Chief Financial Officer (CFO)

⑩ **Catherine Levitt**
General Counsel (GC)

For details about Top Management, please visit the following website.
https://www.astellas.com/en/about/top-management

The Ideal Company Astellas Aims to Become

Astellas has established an ideal vision for the Company from a longer-term perspective to realize our VISION.

VISION

The Ideal Vision for the Company from a Longer-Term Perspective

The Ideal Vision

Astellas Is Aiming For

In order to realize our VISION,

we are striving to be a cutting-edge, VALUE-driven life science innovator

We will realize sustainable growth by pursuing innovation and VALUE for patients rather than the level of revenue alone

Astellas will grow as a company that creates and delivers VALUE through healthcare solutions, not only pharmaceuticals

- Focus Area approach consistently and efficiently creates and delivers high VALUE pharmaceuticals
- VALUE is created through a range of healthcare solutions that go beyond pharmaceuticals
- Astellas will not compromise on VALUE for patients in order to drive growth
- Astellas will be a Partner of Choice and acquire or leverage attractive technologies and assets

Astellas will excel by purposeful allocation of its resources

- High operating profit will be achieved without sacrificing R&D investment sufficient for future innovation
- Astellas will keep strong discipline in controlling expenses, including Cost of Goods Sold and SG&A

Astellas will have an innovative culture and organization

- Bold decision-making will be supported by intelligent risk-taking
- Organizational design will continuously evolve to meet business priorities
- An increasingly diverse team will be built to drive innovation

Astellas will contribute meaningfully to the sustainability of society with a focus on improving Access to Health and protecting the environment

Corporate Strategic Plan 2021

For details, please see next page.

Corporate Strategic Plan 2021

Progress of Corporate Strategic Plan

FY2015–FY2017 Corporate Strategic Plan 2015

Under CSP2015, we sought to sustain growth over the medium term while at the same time investing in further growth, working to maximize the value of core products, and steadily advancing development projects. We also allocated investments in new opportunities leading to long-term growth.

Financial Guidance

ROE	15% or more: Maintain and improve this level after the strategic plan period	15.1%: Average for 3 years, FY2015–FY2017
Revenue	CAGR (%): Mid single-digit	+1.4%*1
Core operating profit	CAGR that exceeds revenue	+7.5%*1
R&D investment	Higher than 17% of revenue	16–17% of revenue / improvement of cost structure
Core EPS	CAGR that exceeds CAGR of core operating profit	+13.2%*1: Achieved EPS CAGR exceeding CAGR of core OP along with enhancement of capital efficiency
DOE	6% or more	5.7%: Result of FY2017

FY2018–FY2020 Corporate Strategic Plan 2018

CSP2018 represented a major turning point as we implemented an entirely new business model. This involved shifting to the Focus Area Approach designed to identify drug discovery opportunities efficiently by combining cutting-edge biology with innovative modalities/technologies, paving the way for us to continue to offer products delivering meaningful VALUE for patients.

Major Initiatives and Accomplishments

1. Maximizing Product VALUE and Operational Excellence

- Sales of XTANDI and mirabegron steadily increased
- Six post-PoC projects: Achieved important milestones as planned
- Prioritize sales promotion expenses and promote global procurement efficiencies (approx. ¥50.0 billion*2 profit improvement)

2. Evolving How We Create VALUE: With the Focus Area Approach

- Enhanced utilization of innovative platforms among multiple Primary Focuses and produced multiple promising projects
- Strengthened capabilities through collaborations and acquisitions

3. Developing Rx+ Programs

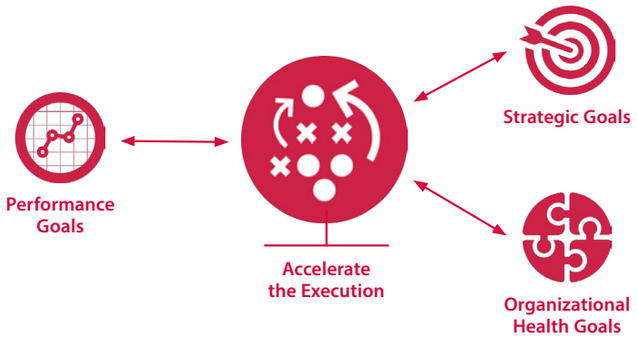
- Achieved partnerships with various technologies from different fields
- Successfully advanced multiple programs toward commercialization

Financial Guidance

Revenue	FY2017 level (¥1,300.3 billion)	¥1,249.5 billion	Not achieved
R&D investment	More than ¥200.0 billion	¥224.5 billion	Achieved
Core operating profit	Core Operating Profit margin 20%	20.1%	Achieved
Core EPS	Exceed FY2017 level (¥100.64)	¥113.03	Achieved

FY2021–FY2025 Corporate Strategic Plan 2021

CSP2021 aims to further develop the enterprise foundation that we built over the three years of CSP2018, and ensuring it leads to results.



Performance Goals Aim to become a company with a Market Cap valued at more than ¥7 trillion in FY2025 by achieving

1. **Revenue:** XTANDI and Strategic Brands*3 sales **≥ ¥1.2 trillion in FY2025**
2. **Pipeline Value:** Focus Area projects expected sales **≥ ¥0.5 trillion in FY2030**
3. **Core Operating Profit Margin: ≥ 30% in FY2025**

Performance Goals are set to measure successful execution of CSP2021 and indicate our ambitious goals in financial terms. We set goals from three aspects: revenue, pipeline value, and core operating profit margin. By achieving these Performance Goals, we aim to become a company with a market capitalization of more than ¥7 trillion in FY2025.

[Status at the end of FY2023]
Considering the progress of Performance Goals at the end of the business year, while they are challenging to achieve by FY2025, we will continue to establish a structure to overcome the loss of the market exclusivity of XTANDI.

Strategic Goals

1. Enable patients to achieve better outcomes
2. Translate innovative science into proven VALUE
3. Advance the Rx+ Business
4. Deepen our engagement in sustainability

We have four Strategic Goals, and the first three goals focus on what we should do next following our efforts in CSP2018. Strategic Goal 4 is a newly introduced goal. Astellas aims to improve both its own sustainability and that of society by addressing social issues through its core business and earning trust from society as a result.

Organizational Health Goals

1. Brave ideas pursue ambitious outcomes
2. Talent and leadership thrives
3. We excel as One Astellas

- Fostering a corporate culture that aims to achieve ambitious goals
- Significantly improving our execution capabilities

We have three newly established Organizational Health Goals in CSP2021. These aim to create the optimal internal environment to transform our organization, drive innovation, and pursue outcomes.

*1 CAGR for 3 years starting from FY2014 results *2 Cumulative total of FY2018-FY2020 *3 PADCEV, XOSPATA, VYLOY, EVERENZO, VEOZAH, AT132 (As of May, 2021)

Corporate Strategic Plan 2021

Progress of Corporate Strategic Plan 2021 (as of March 31, 2024)

The underlying theme of CSP2021 is to build a structure that can overcome the loss of exclusivity for XTANDI, and we believe that it is extremely important to firmly establish such a structure during the remaining period of the plan.
The next two pages cover progress in the implementation of CSP2021.

Progress of Strategic Goals

Goals	Major Initiatives and Accomplishments in FY2023	Published page	Relationship to Material Issues
1. Enable patients to achieve better outcomes	In FY2023, we achieved many important milestones, such as approval of VYLOY, VEOZAH, and IZERVAY, as well as approval of additional indications for XTANDI based on the EMBARK study and PADCEV based on the EV-302 study. We made significant progress toward growth in FY2024 onward.	▶▶ P.48 Commercial Strategy	❶, ❷, ❸, ❹, ❺, ❻
2. Translate innovative science into proven VALUE	With ASP1570 (Immuno-Oncology) and ASP3082 in Targeted Protein Degradation, the Phase I dose escalation monotherapy cohort is ongoing, and we are planning the initiation of a dose expansion cohort as the next step. With ASP2138 (Immuno-Oncology), a dose expansion cohort has been initiated based on data obtained from the Phase I dose escalation monotherapy cohort.	▶▶ P.50 R&D Strategy	❶, ❷, ❸, ❹
3. Advance the Rx+ business	We initiated a pivotal study for regulatory submission in Japan for BlueStar: digital therapeutics for diabetes. We also initiated a Phase III study of pudexacianinium chloride (ASP5354), an imaging agent being investigated for intraoperative ureter visualization.	https://www.astellas.com/en/innovation/rx-plus	❶, ❷
4. Deepen our engagement in sustainability	We established approximately 50 indicators to measure the performance and progress of our Sustainability Direction and integrated them into our annual plan and implemented them as company-wide initiatives. Additionally, we will strengthen our efforts to improve Access to Health, enhance environmental sustainability, and raise awareness of Astellas' sustainability activities among internal and external stakeholders.	▶▶ P.19 Astellas' Materiality ▶▶ P.60 Sustainability Strategy	❶ – ⓫

Progress of Organizational Health Goals

Goals	Major Initiatives and Accomplishments in FY2023	Published page	Relationship to Material Issues
1. Brave ideas pursue ambitious outcomes 2. Talent and leadership thrives 3. We excel as one Astellas	The annual Global Engagement Survey shows improvement on every score relating to our Organizational Health Goals (OHGs). This is supported through the adoption of OHGs, which drive multiple initiatives to foster innovation across the company. There is a steady effort to enhance and strengthen the talent pipeline in succession planning.	▶▶ P.36 People Strategy	❾

Key Issues and Materiality

Astellas will evolve sustainability for society and Astellas by addressing the key social issues and materiality

❶ Access to Health ❷ Fulfilling unmet medical needs by creating novel healthcare solutions ❸ Transformative treatment through innovative therapeutic methods ❹ Value-based pricing ❺ Product quality assurance and product safety
❻ Safe and appropriate use of products ❼ Compliance and ethical business practices ❽ Responsible supply chain management ❾ Talent and organizational culture for realizing innovation ❿ Reduction of environmental burden ⓫ Climate change and energy

Corporate Strategic Plan 2021

Progress of Corporate Strategic Plan 2021 (as of March 31, 2024)

Progress in Performance Goals

With regard to Performance Goal 1, we achieved extremely promising results which were beyond our expectations in the EV-302 study on PADCEV, leading us to expect significant growth in the first-line setting. On the other hand, VEOZAH uptake underperforms our original assumptions. Additionally, in terms of the external environment, a redesign of Medicare Part D will start from January 2025 as part of the United States' Inflation Reduction Act (IRA), which was not featured in our original assumptions. This is expected to impact future sales of XTANDI in the United States.

As a step to secure sales revenue, we acquired IZERVAY through the acquisition of Iveric Bio, and we are growing faster than expected. Also, we are actively promoting product value maximization through proactive life cycle management with indication expansion for products including for PADCEV and VYLOY.

Regarding Performance Goal 2, we have several promising Focus Area projects which can improve increased pipeline value. On the other hand, no projects from the Focus Area approach have obtained PoC* to date. We had expected multiple projects that had relatively favorable progress as of 2021, however, we were unable to show clinical study results and the efficacy we expected, leading to their discontinuation. In the R&D division, we implemented a major reform of our organizational structure and operations to accelerate PoC identification. Also, we strengthened our pipeline through the acquisition of Propella Therapeutics, to compensate for the termination of, or delays to, some early-stage development projects.

* PoC: Proof of Concept (key clinical data supporting a decision to initiate late-stage development)

Performance Goal	Progress / situation above ● or below ● original assumptions	Counteractions
1. Revenue: XTANDI and Strategic Brands sales ≥ ¥1.2T in FY2025	● PADCEV EV-302 study ● VEOZAH uptake ● IRA Medicare Part D redesign	• Iveric Bio acquisition • Product value maximization through LCM (ex. PADCEV, VYLOY indication expansion)
2. Pipeline Value: Focus Area projects expected sales ≥ ¥0.5T in FY2030	● New Primary Focus (Targeted Protein Degradation) ● PoC not yet obtained in FA projects ● Setbacks in Potenza programs, aAVC programs, FX-322	• Reform of R&D organization/operation • Focused resource allocation to prioritized projects • Propella acquisition
3. Core OP Margin: ≥ 30% in FY2025	● Cost control (not enough to offset investments in new launch products) ● Earlier generic entry than anticipated	• Strict cost control while securing investment for future growth • Optimized operation through digital

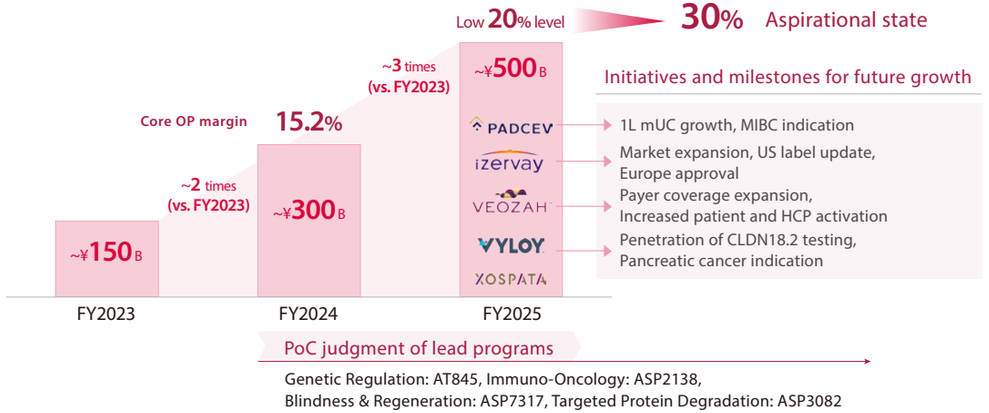
* IRA: Inflation Reduction Act, LCM: Life cycle management, aAVC: Artificial adjuvant vector cells

As for Performance Goal 3, whereas we were able to control costs to some extent, there is room for improvement in further controlling costs to offset investments in new products. The launch of generic versions of LEXICAN and mirabegron has had a significant impact on our core operating profit.

Going forward, we will continue to secure investments for future growth while reviewing the allocation of resources in a timely and appropriate manner, controlling costs more rigorously and focusing on optimizing operations through the use of digital technology.

For details about the change in the definition of core-basis performance, please see the interview with the Chief Financial Officer on P.32.

Latest outlook for Corporate Strategic Plan 2021 (as of 31 March, 2024)



* 1L: First line, mUC: Metastatic urothelial cancer, MIBC: Muscle-invasive bladder cancer, HCP: Healthcare professional, CLDN18.2: Claudin 18.2

Although it will be difficult to achieve the target in FY2025 based on the progress made thus far toward the CSP 2021 targets, it is extremely important to prepare for the remaining period to build a framework that can overcome the loss of exclusivity of XTANDI, which is the original theme of CSP2021.

In terms of revenue, the main growth drivers are PADCEV, IZERVAY, VEOZAH, and VYLOY. Compared to FY2023, we expect total sales of Strategic Brands to nearly double to 300 billion yen in FY2024 and triple to 500 billion yen in FY2025.

We expect profits to grow along with the sales growth, and estimate the core operating profit margin to rise from 15.2% in the FY2024 forecast to the low 20% level in FY2025. We believe that the initiatives and milestones shown above will be particularly important for the future growth of our Strategic Brands, and we will continue to pursue a core operating profit margin of 30% by steadily advancing these initiatives. We expect to build a pipeline that will enable sustainable growth if we can succeed in demonstrating PoC for our Primary Focus lead programs by the end of FY2025.

Financial Strategy

Interview with Chief Financial Officer

We will further strengthen our management foundation through disciplined investments for growth and rigorous cost control.

Chief Financial Officer (CFO) **Atsushi Kitamura**

Q. Please look back on FY2023 and share your thoughts.

A. Taking into account the challenges we faced in FY2023, we will further strengthen our management from FY2024 onwards.

As a member of the management team, I feel a great deal of responsibility for the fact that our results for FY2023 ended up falling far short of our initial plan.

On the other hand, there are some positive aspects to look back on in FY2023. That is the strong growth of Strategic Brands such as XTANDI, PADCEV and XOSPATA. Despite being launched more than 10 years ago, XTANDI has continued to grow in all markets, exceeding 700 billion yen in sales. PADCEV has grown almost twice as much as in FY2022, and XOSPATA has also achieved double-digit growth. This reflects Astellas' continued efforts in product lifecycle management to grow its business through new indication expansion. In addition, by bringing new drugs such as VEOZAH, IZERVAY and VYLOY to the market, we have achieved our VISION of providing new VALUE to patients. IZERVAY has grown faster than expected since its launch, and the integration after the acquisition has been completed smoothly.

Although we revised our forecast downward for FY2023, we were ultimately able to exceed the revised forecast. One factor behind this is that when sales of VEOZAH, in particular, deviated from expectations in the second and third quarters of this fiscal year, we worked across the company for six months to save costs. As such, it is extremely important for management to maintain a system and resilience that allows us to take swift action in unexpected situations, and I believe we were able to achieve this to a certain extent in FY2023.

Q. Please tell us about your business outlook for FY2024 and the background of this plan.

A. Profits will decline due to the impact of mirabegron in the United States, but we will bottom out in FY2024 and then return to a growth trend.

In the pharmaceutical industry, sales of mature products are highly predictable, but new indications and new drug approvals and launches are highly uncertain. In addition, the speed at which generic drugs are introduced is difficult to predict accurately and fluctuates. Based on the premise that there is a mixture of predictable and unpredictable aspects, we have once again undertaken future scenario planning. For FY2024, we have allocated resources to Strategic Brands, while considering VEOZAH, which has been slow to launch, based on its performance since its introduction. We have set a performance forecast that leverages

FY2023 Financial Results

(billion yen)	FY2022	FY2023	Change	Change (%)	FY2023 FCST*	Achievement
Revenue	**1,518.6**	**1,603.7**	**+85.1**	**+5.6%**	**1,562.0**	**102.7%**
Cost of sales	288.4	292.5	+4.1	+1.4%		
% of revenue	19.0%	18.2%	-0.7 ppt			
SG&A expenses	630.3	740.1	+109.8	+17.4%	731.0	101.2%
US XTANDI co-pro fee	175.5	194.9	+19.4	+11.0%	187.0	104.3%
SG&A excl. the above	454.8	545.2	+90.5	+19.9%	544.0	100.2%
R&D expenses	276.1	294.2	+18.1	+6.5%	286.0	102.9%
Amortisation of intangible assets	38.4	98.8	+60.4	+157.1%		
Gain on divestiture of intangible assets	0.2	9.7	+9.5	-		
Core operating profit	286.9	184.6	-102.3	-35.6%	164.0	112.6%
<Full basis>						
Other income	3.6	8.7	+5.0	+138.7%		
Other expenses	157.5	167.8	+10.3	+6.5%		
Operating profit	**133.0**	**25.5**	**-107.5**	**-80.8%**	**13.0**	**196.3%**
Profit before tax	132.4	25.0	-107.4	-81.1%	12.0	208.1%
Profit	**98.7**	**17.0**	**-81.7**	**-82.7%**	**3.0**	**568.2%**

* Full-year forecast revised in Feb. 2024, full basis forecast revised on Apr. 12, 2024

Financial Strategy

Interview with Chief Financial Officer

what we learned in FY2023. This forecast is not a conservative plan that adjusts for certain risks, but rather a balanced plan that is ambitious while taking achievability into account more than ever before.

Reflecting on FY2023, while we invested in Strategic Brands, we were unable to reduce base costs, leading to an increase in Selling, General and Administrative expenses. We have taken firm action on this issue and have once again emphasized that we will continue to invest while reducing areas that need to be reduced. We have incorporated optimization of base costs to offset necessary investments and improvements in productivity into our plans.

Before going into the details of our outlook for FY2024, I would like to first explain the change in the definition of core-basis performance. We are considering core-basis performance not based on the indicators prescribed by financial accounting, but based on the discussion of what is important to grow our business. The previous core-basis indicator defined core operating profit as the current business's earning power, excluding temporary and non-recurring costs and revenues. On the other hand, with the acquisition of Iveric Bio, the amortization of intangible assets has increased, resulting in a different situation from when Corporate Strategic Plan 2021 was formulated. After reconsideration, we believe it is more appropriate to exclude amortization of intangible assets in order to show Astellas' current earning power, i.e., profitability. In capital allocation, we consider the allocation of growth strategy investments and shareholder returns, with the source being cash. We believe that we should promote management with the indicator closest to that, ensuring comparability with global competitors, and ultimately concluded to change the definition.

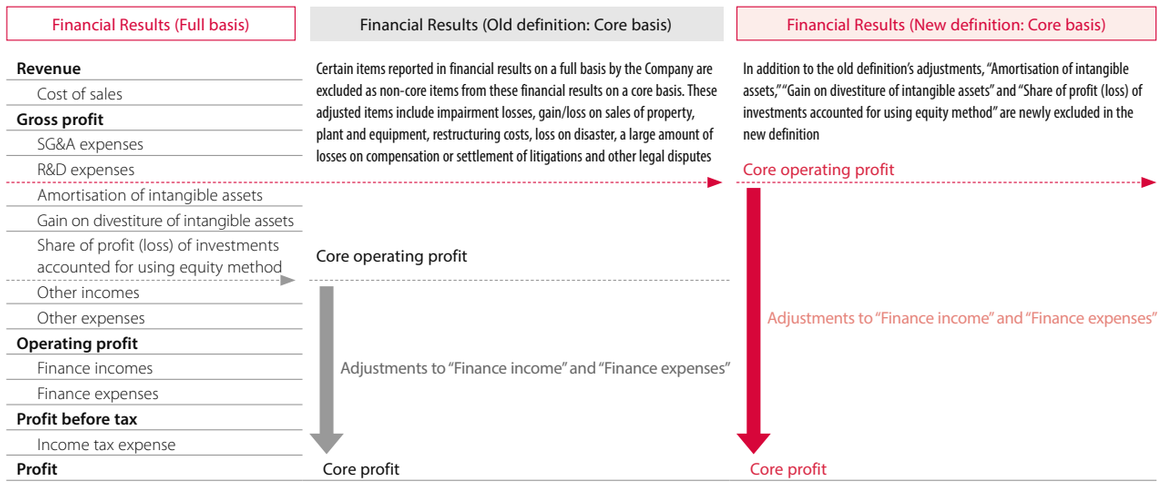
With that in mind, I will explain our business outlook for FY2024. First of all, from FY2024 to FY2025, we will be in a growth phase, and it will be important to build a business foundation and increase revenue in preparation for the expiration of the exclusive sales period for XTANDI. Specifically, for Strategic Brands excluding XTANDI, we aim to double last year's sales of 150 billion yen to 300 billion yen in FY2024. XTANDI is expected to be somewhat offset by the impact of the redesign of IRA*1 Medicare Part D in the United States, but even taking that into account, we expect it to grow by 1%. Of course, we have learned from FY2023, and we will continue to be conscious of ROI*2, or how much profit we can make on our investment. However, it is fundamentally important to grow our core business, and we will continue to invest with discipline to achieve that.

Research and development has now reached the stage where we will be able to make a decision within the next two years regarding the acquisition of PoC*3. Once the lead projects in each Primary Focus acquire PoC, we plan to continue and strengthen our investment as there are follow-on programs. Meanwhile, regarding the United States product mirabegron, litigation with generic drug companies continues. However, as we have sensed the generic drug companies' activities toward launching the product in terms of figures, we have already factored this anticipated impact into our initial forecasts.

As a result, we are forecasting a decrease in profits, but this is because we will continue to invest in growth to expand our Strategic Brands and obtain PoC for important projects. This is by no means a decrease in profits due to failure to achieve anything. We appreciate your understanding that this is an investment to build a foundation, and that we are taking all necessary steps.

*1 IRA: Inflation Reduction Act (The law aims to curb excessive price increases in the United States. It is accompanied by various provisions requiring pharmaceutical companies to limit or reduce drug prices)
*2 ROI: Return On Investment (performance measure used to evaluate the profitability of an investment)
*3 PoC: Proof of Concept (clinical trial data used to determine whether to proceed to later-stage development)

Change in definition of core basis performance



FY2024 Forecast

(billion yen)	FY2023 Actual	FY2024 FCST	Change	Main factors for increase/decrease (YoY)
Revenue	1,603.7	1,650.0	+46.3	• PADCEV, VEOZAH, IZERVAY: approx. +120.0 • Impact of US mirabegron generic entry: approx. -80.0
SG&A expenses	740.1	757.0	+16.9	• Strategic Brands: approx. +35.0
US XTANDI co-pro fee	194.9	189.0	-5.9	• Reduction of mature products-related costs: approx. -9.0
SG&A excl. the above	545.2	568.0	+22.8	• Global organizational restructuring implemented in FY2023: approx. -10.0
R&D expenses	294.2	317.0	+22.8	• Investment to strengthen Primary Focus (mainly IO, TPD) and R&D functions: approx. +25.0 • Review of R&D portfolio: approx. -3.0
Core operating profit (New)	276.9	250.0	-26.9	
Core OP margin	17.3%	15.2%	-2.1 ppt	
<Full basis>				Main adjustments excluded on core basis
Operating profit	25.5	48.0	+22.5	• Amortisation of intangible assets: 140.0 • Impairment loss risk and other expenses*: 60.0 (Estimated based on other expenses booked in the past and the balance of intangible assets)

* In anticipation of growth from FY2024 onwards, dividend per share is forecasted at 74 yen, an increase of 4 yen

Financial Strategy

Interview with Chief Financial Officer

Q. In the FY2023 earnings call, you outlined the creation of a structure to overcome the expiration of the exclusive sales period for XTANDI. What initiatives will you commit to as CFO?

A. We are strongly committed to improving working capital and creating surplus funds for the next phase of investment.

One priority is improving cash flow to continue investing. How do we secure funds for future investments? This involves not only external funding but also effectively circulating funds internally. For example, improving working capital. I often refer to this as maintaining a minimum cash balance. By considering how much cash should be left in each region and promoting management in each country with less capital, it will be possible to use the freed-up budget for investment. I call this series of actions that cannot be seen on the P&L basis capital productivity, and I believe that as CFO, I should consider this as a way to strengthen the balance sheet.

Next, the most important point is to create surplus funds for investment, and we intend to make a strong commitment to this. While making sufficient investments for growth, it is also important to secure profits. For example, in the case of cost optimization, we need to bring it forward if there is an opportunity and speed up the process of implementing actual improvements. For me, one of the rules is speed. I believe that the key to maintaining and improving profits while investing is to speed up the cycle of investment and review according to the progress of the project and how to accelerate decision-making. To that end, I recognize that an important role is to quickly evaluate and judge the impact on business performance and review resource allocation as necessary.

In addition, as a result of our transformation to global management in a short period of time, some of our work overlaps globally and locally. By simplifying and optimizing the entire process, we can more effectively reduce the workload. As a more fundamental transformation, we are currently working on introducing a core system as part of our digital transformation efforts. We are working with Nick Eshkenazi, Chief Digital & Transformation Officer (CDTO), and after implementation, we expect to effectively reduce costs and secure cash by streamlining traditional operations. Furthermore, we believe there is room for improvement in procurement, and we are considering reducing additional selling and administrative expenses by reorganizing how we purchase goods, outsourcing work, and deciding whether to bring production in-house.

Q. Since acquiring Iveric Bio, your debt remains at a high level. What are your thoughts on financial discipline and M&A policies?

A. We have established financial discipline based on our profitability, the size of borrowings, and the repayment period. M&A is merely a means, not an end, and we will consider it when necessary.

With regard to financial discipline, the management team has been thoroughly discussing it, and I have experience as a CFO outside the pharmaceutical industry. Therefore, I have financial discipline that considers the characteristics of both the non-pharmaceutical industry and the pharmaceutical industry. Basically, we use as indicators the scale of borrowing required in relation to current earning power and the period over which it should be repaid.

While our business has the strength of generating very stable cash flows during a certain exclusive sales period, it also requires investment over a long time frame. The earlier we can invest, the earlier we can achieve future growth. In some cases, we may need to borrow a certain amount to accelerate investment, and risk increases when debt exceeds a certain level. One major indicator is how much of the daily cash flow we should limit that borrowing to. It is important to be able to repay within a certain period of time, taking into account the size of the loan in relation to daily earning power and the estimated repayment period.

My policy is to manage Astellas with a certain amount of leeway so that we can always act swiftly, and if necessary, we should borrow money to acquire new technology. To do this, we need debt capacity, and it is important to quickly create that situation.

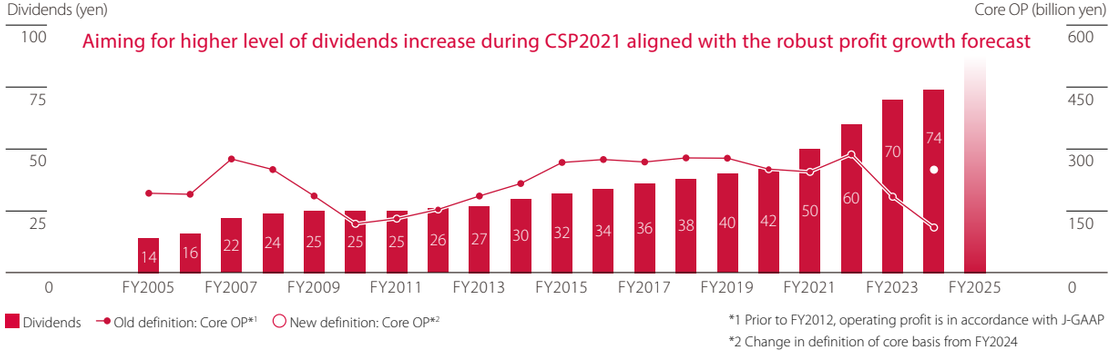
M&A is a means, not an end in itself, and will be carried out as necessary to strengthen and accelerate the technologies and assets we own. The acquisition of Iveric Bio was a very large one, and IZERVAY was close to being launched. However, this was not simply for the purpose of gaining economies of scale. It is a result of a combination of various factors, including the fact that it is an area we have been observing for a long time, that it is part of our Primary Focus, and that it is part of our plan to supplement our progress in the Corporate Strategic Plan 2021, and I understand that this is a special case.

Of course, we will be flexible in engaging in M&A or external collaborations as necessary. To do so, it is important to first increase revenue and take various

Capital allocation

1. Top priority is investment for business growth
2. Raise dividend level aligned with profit / cashflow plan and actual performance throughout CSP2021 period
3. Flexibly execute share buyback by excess cash

Trend of Core OP and dividends



*1 Prior to FY2012, operating profit is in accordance with J-GAAP
*2 Change in definition of core basis from FY2024

Financial Strategy

Interview with Chief Financial Officer

measures to improve cash productivity, including improving working capital. In that sense, we are currently just after the acquisition of Iveric Bio, and our debt balance is high, so we are not yet at the stage to immediately consider a new large-scale acquisition.

Q. What are your thoughts on capital allocation?

A. Given the characteristics of the pharmaceutical industry, we will continue to provide stable returns to shareholders by focusing on dividend yield rather than dividend payout ratio.

Regarding capital allocation, our policy is to prioritize business investment to achieve growth, followed by stable shareholder returns and flexible share buybacks as necessary. Although we have increased our borrowings through the use of debt financing since the summer of 2023, we will adhere to these basic capital allocation policies.

In terms of the specific amount, our current R&D expenses are about 300 billion yen per year. There was a slight increase in the amount for FY2023, but this remains a standard, accounting for about 18% of sales. Given the scale of our development programs, we believe this is an appropriate level, and we intend to continue it going forward.

Regarding shareholder returns, we aim to increase dividends during the Corporate Strategic Plan 2021, and we plan to pay annual dividends of 120 to 130 billion yen. For the outlook for FY2024, we expect dividends per share to increase by 4 yen to 74 yen. This decision is based on a commitment to continued returns. We place great importance on shareholder returns, and rather than raising dividends due to short-term profit increases, when deciding on the amount of the dividend increase, we considered cash flows over multiple years, not just a single year. We have not set a numerical target for the dividend payout ratio. From my experience in other industries, I am well aware of dividend payout ratios. The dividend payout ratio is an indicator of how to allocate current profits, but in our industry, where business is conducted over a very long time frame, we do not believe this indicator is appropriate because current profits are affected by various past events.

On the other hand, we pay close attention to dividend yields. Dividend yields tend to be low among major domestic pharmaceutical companies, but globally they are at a high level of around 3-4%. Astellas has increased its dividend by 10 yen each year for the past three years, and its dividend yield has already exceeded 4%, improving to the same level as global pharmaceutical companies. With a view to maintaining this level, we have decided to increase the dividend by 4 yen this time.

Q. Pharmaceutical companies need to continue to invest in order to grow in the future. Could you tell us about your approach to cost control and the difficulties involved?

A. The length of the R&D period and the amount of investment are characteristic, and it is important to make quick decisions within this framework.

The biggest difference between the pharmaceutical industry and other industries is the timescale. Research and development take time in our business. The probability of going from initial development to market is extremely low, at about 1 in 30,000, and costs are in the tens of billions. Research and development costs are investments for future growth, and large amounts must be continuously invested. It will be some time before current investments generate cash.

In addition to the difference in time scale, another characteristic is the strictness of pharmaceutical regulations. Once a process is determined, it generally is very difficult and time consuming to change. Since everything, including the development process, is specified at the beginning, it is difficult to flexibly respond to changes in development costs and materials.

However, there are aspects we can control. Although the amount of growth investment is determined based on capital allocation regulations and the long-term total amount itself will not change, it provides an opportunity to consider how to make effective decisions and optimize within that framework. As CFO, my job is to ask questions from a neutral perspective, organize and provide information to facilitate decision making, and manage the company's business planning cycle. I remain committed to this.

The pharmaceutical industry is a long-term business, but there are advantages to this. As long as a new drug is launched and a stable supply can be maintained, it is possible to manage the business over the long term, and the competitive situation is predictable to a certain extent. In addition, since the expiration date of the exclusive sales period is known in advance, it is possible to prepare over many years. Therefore, the advantage is that for a certain period, it is possible to operate very steadily and with high certainty over the long term.

Q. Are you considering setting any new targets for return on capital, such as ROE*1 or ROIC*2?

A. We are not currently considering setting new targets, but we will work to improve our corporate value while also striving to improve capital efficiency.

As mentioned above, the time horizon of the pharmaceutical industry is very long, and there are aspects that make it difficult to match general indicators such as ROE and ROIC, which are calculated as single-year actual values. Because the investment period is much longer than in typical businesses, current performance does not necessarily reflect the results of the most recent investments, and in some cases, it reflects investments made 10 years ago. For this reason, as a company, we do not manage our business with only ROE or ROIC in mind, and we do not currently have plans to set target values for these metrics. On the other hand, because this is such a long-term business, we place great importance on capital cost and make various decisions after analyzing whether there is a return that exceeds the capital cost based on future cash flows. We will continue to work to improve capital efficiency and manage our business with the aim of sustainably increasing our enterprise value into the future.

*1 ROE: Return On Equity (performance measure used to evaluate the profitability of an Equity Capital)
*2 ROIC: Return On Invested Capital (performance measure used to evaluate the profitability of an Invested Capital)

People Strategy

Interview with Chief People Officer and Chief Ethics & Compliance Officer

While driving transformation throughout the company, we are moving Organizational Health Goals to the next phase and pursuing specific outcomes.

Representative Director, Executive Vice President
Chief People Officer and
Chief Ethics & Compliance Officer (CPO & CECO) Katsuyoshi Sugita

Q. Please share your current thoughts on HR strategy and the role of HR.

A. We need to ensure that the transformation is practical and grounded in reality.

Astellas has a critical need to tightly control selling, general and administrative expenses as a company while at the same time driving revenue. To achieve this, a rigorous transformation is essential. In this context, it is crucial for HR, particularly HR business partners, to work closely with leaders at all levels and take the lead in driving this transformation. Achieving concrete outcomes through this collaboration is imperative.

While our Organizational Health Goals (OHGs) are steadily being fostered and producing outcomes, we intend to focus on goals that are more directly related to the business and continue to support the transformation of the entire company.

Q. Please tell us about the specific progress you have made in achieving OHGs.

A. Each of our initiatives has positively impacted the scores of the Global Engagement Survey.

Progress or outcomes are also being seen in the improvement of scores in the Global Engagement Survey. Over the three years, all key scores have steadily improved by one or two points annually, indicating progress across the board. This improvement reflects our efforts to foster OHGs through measures such as cross-functional objective setting, flattening organizational layers, and introducing feedback tools. In addition, we have implemented initiatives such as the My Workplace program, meeting cost analysis to ensure white space, and changes in position titles. While it is challenging to directly link these efforts to improved engagement scores, we believe that collectively, they contribute to improved engagement.

Our talent pipeline has also been steadily strengthened. Notably, from FY2022 to FY2023, the ratio of female managers has increased, which is significant from a diversity perspective. (For instance, the ratio of female mangers in the Japanese business management position known as "Keiei-Kanrishoku" has risen from 15.0% to 16.3%).

At the Sustainability Meeting 2023, we reported on the progress of our Succession Planning Policy and the active recruitment of external talent. The number of external talent appointments at the division head level and above has reached 12%, demonstrating another positive outcome of our efforts.

Organizational Health Goals

Organizational Health Goal 1

"Brave ideas pursue ambitious outcomes"

Aggressively take on challenges for innovation and ambitious outcomes

Organizational Health Goal 2

"Talent and leadership thrives"

Environment in which excellent people have ownership and demonstrate leadership

Organizational Health Goal 3

"We excel as One Astellas"

Collaborate across divisions to achieve shared goals for all Astellas

People Strategy

Interview with Chief People Officer and Chief Ethics & Compliance Officer

Q. Can you give us an example of an OHG-related initiative that resulted in an outcome?

A. We have many examples of outcomes achieved by fostering our OHGs. Moving forward, we aim to further link these to business outcomes.

Compared to FY2021, there are significantly more messages from senior leaders and managers about OHGs, indicating their importance in fostering the organization. In addition, the concepts of enterprise thinking* and outcome-centered rather than task-centered thinking, which I hope to embed throughout the company, include elements of OHGs.

Fostering these OHGs has led to several tangible outcomes. Most recently, intelligent risk-taking, leadership, and enhanced cross-functional collaboration as One Astellas resulted in the rapid completion of the PADCEV approval process, the swift submission of zolbetuximab, and a project where employees voluntarily worked together cross-functionally to create a drug. These are clear examples of concrete outcomes.

Organizational culture change is generally considered a long-term effort, typically over a span of 10 years. However, these numerous examples show that we have successfully fostered OHGs into the organization over the past three years. In FY2024, we need to advance our OHGs to the next phase. The purpose of the OHGs is not just to drive and achieve the initiative itself but to link them to specific business outcomes. This is our most significant challenge going forward.

* Always consider the overall outcome for the entire company, rather than just focusing on individual contributions

Q. What are some of the key points that you will focus on in the future to link to business outcomes?

A. To drive transformation throughout the company, we will advance our OHGs to the next phase.

Currently, we are promoting reforms in our internal structure, processes, and rules, but there is still room for improvement. It is imperative to scrutinize these areas and thoroughly select and streamline or eliminate processes and rules that are not truly necessary. In terms of white space, there are still cases where existing rules are excessively constraining, and I believe that there is still work to be done to lead to smart risk-taking and the creation of innovation.

After making these choices, it is important to create an environment where employees feel confident and empowered to make their own ethical business decisions and move forward independently without needing permission from HR, finance, and other functions. To achieve this, we must improve the capabilities of our people managers to independently make intelligent risk taking-based decisions in an ethical and compliant manner and to seek guidance as needed such as with a new initiative in a nuanced area. HR is currently dedicated to enhancing the capacity of these managers.

Shareholders and investors have significant interest in our transformation, including our cost structure, specific implementations, and timelines for innovation. Addressing these concerns requires more than just traditional OHGs. Therefore, as mentioned earlier, we will advance our OHGs to the next phase and focus on accelerating company-wide transformation. We will continue to accelerate the organizational culture evolution and human resource policies that Astellas is promoting and will regularly disclose the results of these efforts. We appreciate your continued support.

Special Feature

Dialogue: Astellas' Transformation

— Innovation Generated from the Front Lines —

* This dialogue was conducted on May 8, 2024

Name	Introduction of participants
01 Katsuyoshi Sugita (CPO & CECO)	Katsuyoshi Sugita joined Astellas as the Head of Human Resources in FY2021. In October 2022, he assumed the position of CPO & CECO*1 (concurrently serving as the Head of the Human Resources), and in June 2023, he took on the role of Representative Director and Executive Vice President*2.
02 Shontelle Dodson	Head of Medical Affairs. She has been with Astellas for 12 years, including four years in the US commercial division in market access as well as the traditional and the Medical Specialties commercial business unit. She has a Ph.D. in Pharmacology.
03 Pranob Bhattacharya	Head of Oncology Clinical Operations. He has been with Astellas for 25 years in various roles across Data Sciences, Clinical Operations, Medical Affairs, Project Management and Medical Sciences. He holds a Doctoral degree in Public Health-Epidemiology, with an MBA in International Business.
04 Seiko Iguchi	After finishing her Ph.D. course in Medicine six years ago, she joined Astellas as a pharmacological researcher and then decided to change to clinical study manager about 1.5 years ago.
05 Shirley Zhao	Head of China Commercial. She has been in the company for four months. She started her career as an Obstetric and Gynecology doctor, then spent 30 years in the pharmaceutical industry. Within that, she spent 25 years in oncology and six years in medical esthetics.

*1 Senmu Tantou-Yakuin, Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)
*2 He continues to serve as Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)

Kats:

Today's topic is "transformation".

I have received many comments and questions from employees such as "there is too much transformation" or "changes happen too often" and "when will it end?" My answer is always, "it's never ending". In Astellas, we always have some new opportunities or new challenges or transformational topics. It's how our company operates.

I'm sure you are currently leading some type of transformation. What types of transformation are you leading and how do you lead it?

Seiko:

I'm leading OASIS, One-Astellas Idea Developers, which is a platform where people from different divisions meet for the first time and start collaborating from zero to create completely new ideas. There are mainly two reasons why I came up with this platform. The first reason is that when I moved from the research division to the development division, I realized that we didn't have much opportunity to get to know each other deeply. I felt that to understand each other more in detail, we need to work seriously on something together, not just a nomikai (drinking party) or barbecue.

The second reason is that when I was in research, I really wanted to know the perspective of the clinical side, but didn't have a chance to talk with any colleagues on the clinical side because I didn't know who I should talk to. And when I finally started talking to people in different divisions, it became an official meeting. I didn't want official meetings, I just wanted to chat casually. This is the second reason why I founded OASIS, to allow people to freely and casually discuss what they are thinking of, new ideas they have in mind, and so on. This is the spirit of OASIS. Therefore, I'm asking everybody to participate in their white space, not like an official project, because it is a "casual" space. So I'm leading OASIS in my white space as well.

Kats:

I think your starting point is something like, "Why am I here?" "What was my original passion or motivation to work for Astellas or in this industry?"

Starting with this point is very important when we lead some sort of transformation, mission, purpose, and value creation.

Pranob:

I would add that that's a great use for white space and also being able to broaden your understanding of other functions and what other parts of Astellas do is always a great thing, because that leads to more of the collaboration and understanding and working together. How do you do this practically? Are there any challenges?

Special Feature

Dialogue: Astellas' Transformation
— Innovation Generated from the Front Lines —

Seiko:
Actually, the biggest issue is the time zone since OASIS is a global project now. Everyone is in a different location, but I am trying my best to attend all the meetings. This results in sometimes working from very early in the morning to very late at night. Technologies made it easier to chat and talk with people in any area of the world, but time zones cannot be resolved by these technologies. So I'm spending quite some time on this white space.

Kats:
I understand the time zone difference is certainly unavoidable. But still, I think taking action is really important. People often have a lot of good ideas and thoughts, but they don't always follow through with action. Rather than discussing potential or known risks and taking ethical, intelligent business risks, it can sometimes be easier to not take any action. But it is important to be courageous and to take actions for bringing about meaningful transformation.

I think Pranob mentioned collaboration. One individual can achieve small transformations, but with the right size team or multifunctional teams, we can achieve something big, something significant.

Pranob:
In response to your earlier question on transformation, obviously, we all know that the operations group is involved in transforming clinical trials. But the transformation that I want to speak about goes across multiple functions and divisions. And this is with regards to zolbetuximab's BLA*1 submissions that were all accelerated. About a year ago, we came to the executive committee to say that we would have 16 submissions in 12 months*2. Some within Astellas or even at other companies might have felt like this was not possible. Even bigger companies than Astellas don't do this. So it was indeed a bold and ambitious goal. But this required a lot of collaboration across development of course, but also with commercial, with our medical affairs colleagues, in terms of saying, if we do these submissions, then we get approval, we should all be able to support it commercially. The starting point for those discussions was, what is best for the patient.

But the transformation was, you asked about what is the main hurdle for transformation, or what do we have to overcome to bring about this transformation? The first step is really to get buy-in from the teams, wanting to have the vision to bring zolbetuximab simultaneously to multiple countries, in multiple regions, for patients across the world-all at once.

But the biggest hurdle was that the mindset of status quo at Astellas – in that we had never done simultaneous submissions, and we were proposing 16 submissions in a period of 12 months. We ended up with 13 submissions in 11 months, as the fiscal year ended, which is still quite remarkable according to industry standards. But again, that transformation was possible because we wanted to think outside the box and of course there are technicalities to it, which I won't get into that. But the biggest piece, the biggest transformation happened once I think everybody bought into the idea that we wanted to get zolbetuximab out to our patients simultaneously across many countries as soon as possible.

The other piece in this was, which was very motivating for us, was that this is our first time that we were developing a companion diagnostic, and this is also our first-in-class claudin 18.2 biomarker. We all know that Astellas has a history of coming up with therapies that become the standard of care, so this would be the same. But, this was different in the sense that there was a huge Asian presence epidemiologically for gastric cancer. Being able to target that, as a company with a strong Asia presence, was an important deal for us.

So that was the transformation. Again, Seiko-san, just like you discussed, the partnership across multiple functions is very important. The same thing happened with the zolbetuximab transformation as well.

*1 BLA : Biologics License Application
*2 At the time of the discussion

Kats:
We have been working on this kind of multifunctional collaboration, and in the past, we often talked about how we have a silo mentality and people really do not work together with other functions. Do you feel this is changing now?

Pranob:
Yes, I think it is definitely much better now in terms of the collaboration, but that doesn't mean that there are no disagreements or everybody agrees on everything. There are multiple situations where there is giving and taking that happens or pushing and pulling on a hypothesis. However, at the same time, it brings the team closer together, creates collaboration, and the partners closer. So, again, in going back to this example, there are multiple places even with zolbetuximab's filing strategy that we had disagreements about or we were not sure. There was a lot of ambiguity, but that is all a part of the process. Also, I think the leaders within the organization don't always get exposed to those characteristics of the collaboration, but rather they know basically that we are collaborating and that we are working together. We still need to work through those details, and that's what I think is inherent to the process of collaborating and innovating.

Special Feature

Dialogue: Astellas' Transformation
— Innovation Generated from the Front Lines —

Shontelle:
I think that's an area of transformation that we really need to focus on at Astellas. We have a long history of working in a siloed manner. I agree with Pranob that we've seen some improvement, absolutely. I believe part of what's driven some of that improvement is the tone from the leaders. You guys have done a very nice job with Top Management of exemplifying good collaboration. We have places in Astellas where it's working well with a lot of progress and then we have other places in Astellas where it's still in its infancy. I would say in general, we're very early in breaking down those silos fully and creating the new ways of working. And that's a transformation I think we've all got to be committed to and make happen, because it's critical for us to be able to deliver VALUE for patients and understand the needs of our stakeholders, both internally and externally. Everybody brings different expertise to the table, but we've all got to lead through this and transform those collaborations.

Seiko:
In terms of transformation, I sometimes feel that the objective is too focused on collaboration, and that doesn't really work well because that kind of objective is not a concrete one. In Pranob's case, they had a more specific objective to collaborate. I think that's the important part to make people seriously want to collaborate with the other divisions for a common goal that everyone buys-in to.

Shirley:
Four months ago, I decided to join Astellas because I was so impressed by Astellas' products, including zolbetuximab, which is particularly valuable to meet the needs of Asian patients. Working in the field of oncology for so many years, I understand it's a treatment paradigm change for such an excellent targeted drug like zolbetuximab in gastric cancer, and this made me feel so excited. Then, I found that there are so many good products to launch here in China besides zolbetuximab.

To maximize the success of these new products, I realized that transformation is needed for Astellas China*, which should be a top priority for us to share the same goal in our organization, and improve the way we work together. In my view, to launch a new product is just like running a machine. Every single part of the machine needs to run at the same pace. If one part is stuck, the entire machine will be stuck.

Astellas has made some progress in transformation by establishing a cross-functional team early on, to promote a results-oriented and transparent culture. Through constant communication and focusing on execution, we are cultivating a sense of ownership, as well as a sense of pride to make collective progress. Monitoring daily progress and addressing problems as a unified team has become a habit, enabling different teams to work together effectively and drive the transformation forward.

Since joining, I have been working with the China leadership team to align on the same goal. We had a couple of workshops, discussing where we are today, and where we are going. Together, we set up very ambitious goals which we are all so excited about. To achieve these goals, we need to align them sufficiently, get all employees on the same page, earn their trust, and then work together.

* Astellas China: Astellas (China) Investment Co., Ltd.

Kats:
Pranob just mentioned that collaboration is not always easy. It often involves having open and challenging conversations.

These days everything is much more casual, and people can respectfully challenge each other. This environment can greatly enhance productivity. Without real challenge, I think nothing can be improved. By that I mean objections are important for driving significant transformation.

Shontelle, you have a lot of transformational project experience, particularly last year which was significant, especially between medical and commercial, with the Growth strategy led by you and Claus. It was a great transformational initiative.

Shontelle:
It has been quite a journey. Historically, one of the biggest places we had silos was between medical affairs and commercial. Some of that we created ourselves, because several years back, probably about five years ago, we had some challenges. If you reviewed some of our internal policies, there were a few things that could be improved in the way that we wrote our policies locally, regionally and globally.

We introduced the "Medical Affairs and Commercial Activities (MACA)" policy to address this and guide our internal and external collaborations. However, we found that some parts were more difficult to understand than intended and contained elements that could hinder appropriate collaboration. As every question and answer was added, the policy grew into a voluminous document. We realized that overly detailed policies could limit flexibility, which could hinder teamwork and risk creating organizational silos.

Therefore, we undertook an effort to create a new policy called "Enhancing Astellas Stakeholder Engagement (EASE)". The idea was to create something very simple with guiding principles and teach people how to use those principles to make ethical decisions on their own, as opposed to answering every question for colleagues. That really was one of the foundational things we did to start that transformation—to get people to work together and to have a commitment to working together. We train our employees, provide them with guiding principles and support, and trust they will do the right thing for the company and for the patient. And from that, Claus and I have been very deliberate about

Special Feature

Dialogue: Astellas' Transformation
— Innovation Generated from the Front Lines —

showing up together, showing how we can collaborate, working together on ways to break down those barriers and to bring it to life by being role models.

I think that's helping people when they see leaders' role modeling how to collaborate and being clear about the expectations to change and break down silos as well.

Growth strategy was an example of that. We have a lot of great examples. But as I mentioned earlier, we have areas where we still need to do a lot of work. We've all got to do it together and show up together and really put the patient at the forefront. I would just add as a final comment that it's not limited to medical affairs and commercial. We need to do a good job of making sure that we are also collaborating with development and being very proactive in ensuring alignment there.

Kats:
Leadership behavior is so important. Whenever I see Claus and you together, it clearly indicates that now we are really working together, and that's a new transformational approach. When both you and Claus consistently align on decisions and messages, it marks a significant change. Without this role modeling leadership behavior, I believe nothing will really change.

Shontelle:
And I'm very fortunate to have a partner that I can also push back on. Claus and I disagree about things, and we have discussions and debates about that, as Pranob mentioned earlier. That's healthy. That gets us to better solutions. Also, we try to share that as well because we don't agree on everything—nor should we.

Seiko:
I also feel "discussion" is very important. When I came up with the idea of OASIS, I talked to about 70 people about my idea, asking them what they thought about it, if they supported it or not, and so on. Of course, not everybody supported my idea. Some people said, hey, we already have this kind of platform. I argued with these people because I didn't feel there was any platform where we could collaborate from zero, only those that worked after collaboration started.

I changed some of my ideas based on their comments. But for some ideas, like above, I didn't change my original idea because I thought that part was important to make this project successful. I think it's really important to speak up and have a core idea of your passion. I think that's required for not only the leaders but also employees like me.

Kats:
Shirley, I think you are leading a significant level of transformation in China now. Can you share any of your current challenges and transformational activities?

Shirley:
First of all, it is vital for transformation to align the entire organization regarding ambitious goals. At the beginning we engaged and inspired the China leadership team to share the same vision and way of working, and then we gradually cascaded this down to the entire organization, showing what behaviors are expected. We addressed three principles: act with urgency over waiting, outcome focus over task orientation, and enterprise thinking over functional thinking. We are only able to deliver the results when we work as one team. We are only able to transform the organization when we work with an enterprise mindset, not just a functional one. We need to share a sense of pride and ownership that everyone is part of this organization. We need to create a culture to address the meaning of jobs in a pharmaceutical company, to better serve our patients' needs.

When it comes to patients, it is always touching to inspire everyone that regardless of where you came from, we share the same goal as One Astellas. The transformation of the organization is not only to set a goal, but also to work together and achieve the goal.

Following that, we kicked off the operation plan, which is brand centric. One brand has one operation plan across all functions such as sales, marketing, medical affairs, finance, HR and so on. When so many functions work on the same brand, the way we collaborate is an important capability for the organization. I understand that moving forward, we will still have a lot of debates because our previous experience is different. But what we're going to achieve for tomorrow is the same.

The next step is more about execution. We will continue promoting the three principles, and constantly rewarding these kinds of behaviors in Astellas China.

Kats:
We should be able to have more mutually agreeable conversations. I think that's also very important to achieve enterprise-wide transformation. Without such deep and meaningful dialog, real progress cannot begin.

Special Feature

Dialogue: Astellas' Transformation
— Innovation Generated from the Front Lines —

Shirley:
Absolutely. I encourage my team to speak up.

Kats:
I have one more question. I am a big fan of having a growth mindset. A growth mindset means "we can be better, we can do more, maybe tomorrow or maybe next year." I think we are now driving a lot of transformation and we probably made a lot of improvement on our transformational approach. However, we still have room for improvement. How can we be better with transformation in Astellas? How can we make quicker progress in transformational projects or initiatives together? Any thoughts or ideas?

Shontelle:
We have to help people understand that transformation is true for every business. Our industry is no different, except that patients are waiting, which arguably makes it much more important. We have to help people get past the fact that it's constant change. This is the world we live in today, and we should want to be in constant evolution and transformation to drive advancement.

The other thing we have to be is agile. Some people may think they really want to build consensus and make sure everybody has weighed in and is happy with the decision. But we just can't run a business like that. We need to make the best decision possible and move on, and the patients need to be informed. We need to have a sense of urgency.

Pranob:
I think agility is very important because innovation dies if you do not have agility. If we want to be innovative, we have to be agile. Part of being agile is changing the ways of working, questioning the status quo, having good debates, but not wasting too much time in those debates and moving forward. I think that's extremely important.

But the one other piece that is resonating with me in what all of you have said, is that we need to be able to share in successes. As we share in successes within Astellas, even though there may be one group or another that is largely impacting a goal, the accomplishment is a shared success across the organization. As leaders help their groups and functions see that it's a shared success, that's an overall win for the entire organization. You don't own—each function doesn't own their success. Success is owned by Astellas as a whole organization, and we need to all be happy for each other, and also be celebrating our successes with each other. That will lead to a broader transformative mindset and innovation across the organization. I think we all need to participate in bringing innovation in all of our respective areas together within Astellas.

Shirley:
I think transformation is a mindset.

I really feel our global leadership team, our Top Management have already served as good role models for this. At the same time, I believe people managers also need to focus on the sense of urgency as well as how to transform more.

It's critical for people managers to transfer the strategy into day-to-day tactics. We need to continue to help them in terms of how to transform mindset and culture to the ideal way.

Seiko:
As an associate employee, I believe it's crucial for us to stop relying solely on leaders for answers and guidance. Constantly seeking instructions limits our ability to be agile and transformative. Instead, we should empower ourselves to think independently and voice our ideas to drive successful transformation.

At the same time, associates need to collaborate with Top Management. And to collaborate, we need to stop asking for right answers.

Kats:
I feel "patients are waiting" are very powerful words. This is also the foundation of transformation in Astellas. We have to be more outcomes-driven and maintain a sense of urgency at all times, especially because patients are waiting.

One more thing I want to emphasize is that in our efforts to make positive transformation, everybody should clearly define their own personal mission and purpose, understanding why you're here, what you want to achieve in life. I believe everybody has good intentions and something good for the world, good for the next generation. By understanding your personal mission and purpose, you'll have greater enthusiasm and inspiration to tackle tough challenges. So in this way, we will continue to take on difficult challenges as One Astellas, one team.

Thank you so much for your participation today.

People Strategy

People and Organization for Innovation

Overview of People Strategy

To realize our VISION, the ability of people to drive our business forward is absolutely critical. Astellas positions investment in human resources as an important factor in shaping the future of the organization, in addition to strengthening its ability to execute today, and is continuously implementing these investments from a short-, medium-, and long-term perspective. As a result of our efforts focused on realizing Organizational Health Goals at a global level and implementing a variety of results-oriented, innovation-driven changes, the foundation for spontaneous, bold challenges and innovation has been steadily built. In order to make the organization self-driven by landing change on individuals, the HR division implements "HR Priority Initiatives," fostering a culture of pursuing high performance and supporting individuals to exercise enterprise thought leadership. By doing so, we aim to achieve our Organizational Health Goals and ultimately realize our VISION, and work toward sustainable organizational growth.

Realize our VISION

Creating Continuous Innovation

CSP2021

The Organizational Health Goals

1. Brave ideas pursue ambitious outcomes
2. Talent and leadership thrives
3. We excel as One Astellas

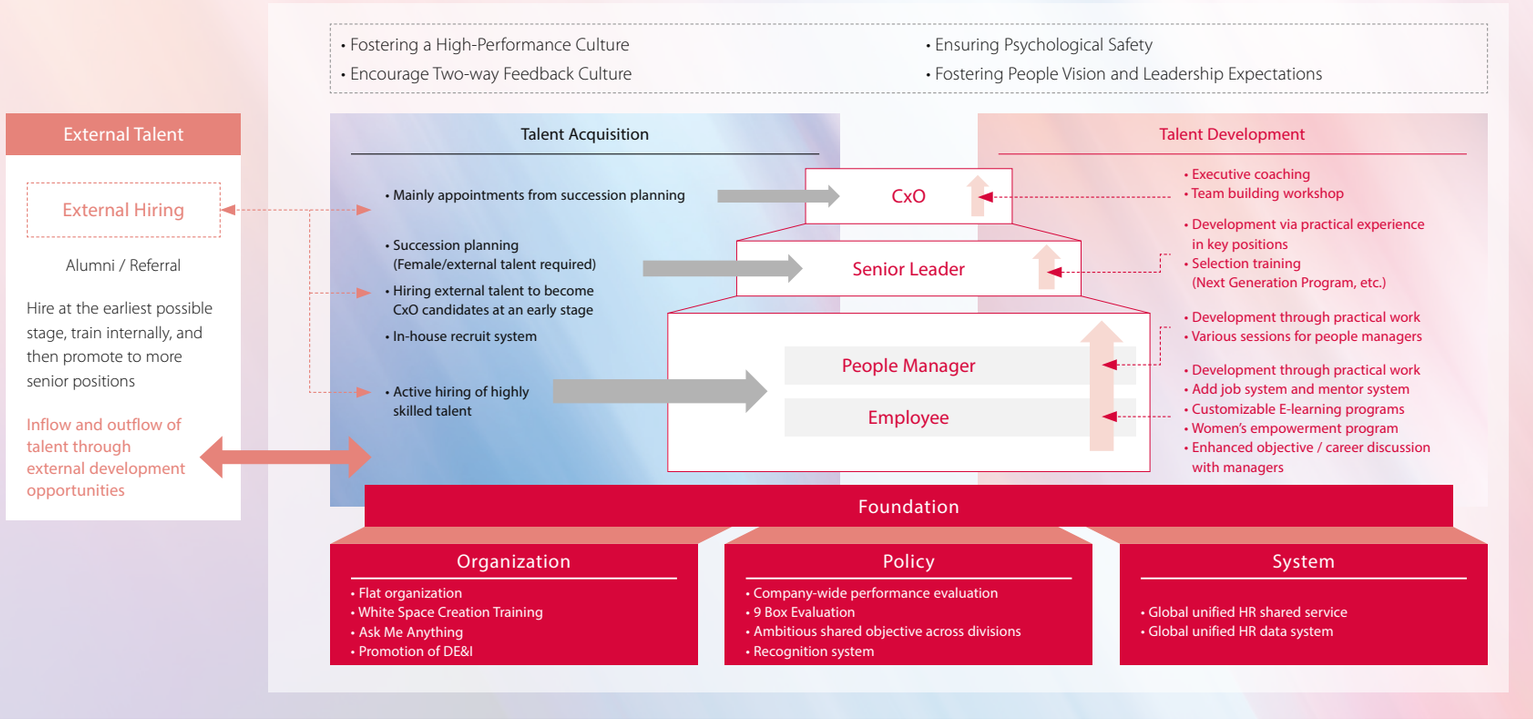
The Organizational Health Goals (OHGs) are a set of goals established in CSP2021 to improve Astellas' ability to execute by building a company culture that seeks to realize ambitious goals through driving innovation, advancing our talent and leadership development, and fostering collaboration. In developing these goals, we interviewed local employees and leaders around the world to thoroughly identify factors that inhibit innovation.

Talent Acquisition, Development, and Foundational Initiatives

Priorities of Astellas HR

1. Organizational culture / mindset transformation
2. Developing global HR policies that support our people and organization
3. Transforming the organization into an innovation engine

Regarding people to drive our business forward, we are strengthening our talent pipeline while maintaining fluidity by hiring mainly high-level personnel, both internally and externally, to ensure the optimal placement of talents based on the concept of "the right person in the right place at the right time." In talent development, in addition to training, we support employees' autonomy to think about their careers on their own through practical work experience. We are continuously strengthening the foundation of our organization, policies, and systems so that our employees can work with integrity, vitality and enthusiasm consistent with our organizational values.



People Strategy

People and Organization for Innovation

Examples of Initiatives

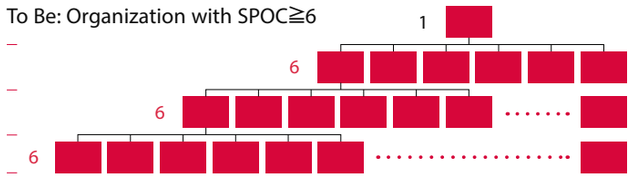
Organizational culture / mindset transformation

The Recognition Program, which is aligned with Astellas' competencies, was launched in November 2023 and is expected to enhance employee motivation and engagement by enabling them to recognize exemplary performance and behavior on a globally recognized basis. As of March 2024, 87% of employees globally are already using the system, and 76% of employees have received recognition, indicating that a culture of mutual recognition is steadily beginning to foster in the company.

Developing global HR policies that support our people and organization

To promote fast decision-making through flattening of the organization, we aim to reduce the number of layers from the CEO to be 6 or less, and increase the SPOC* to be 6 or above. As of April 2024, the percentage of organizations with 6 or less layers reached 86%, and the company-wide average SPOC was 5.9. In addition, the use of position titles to indicate hierarchy has been discontinued. Instead, position titles that indicate roles have been used to strengthen the environment in which employees can focus on their own contributions, results, and responsibilities for their own achievements, without feeling hierarchical.

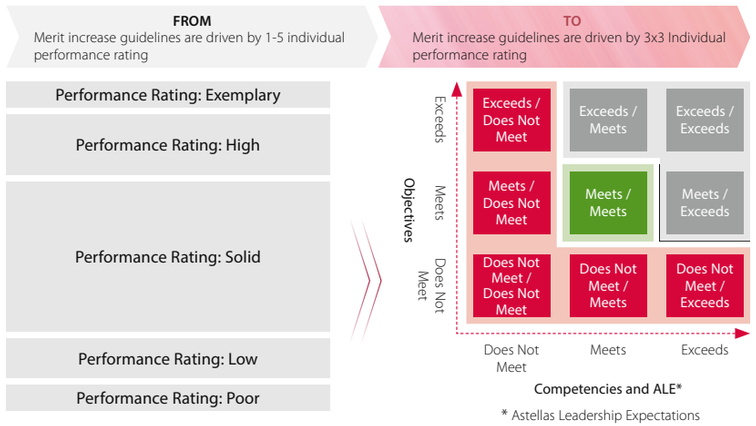
* SPOC (Span of Control): The number people reporting a single manager



Transforming the organization into an innovation engine

9 Box Evaluation

Astellas has reformed its evaluation system to fostering the culture of pursuing high performance. The 9-box performance evaluation system, which replaces the previously used quantitative evaluation of goals and competencies (numerical rating from 1.0 to 5.0), was introduced as a simpler and more differentiated method. The 9-box performance evaluation takes both goals and competencies equally into account and explicitly distributes them to ensure that high performers are evaluated more highly and that employees who need follow-up are managed effectively.



* Astellas Leadership Expectations

Talent development

Next Gen Leadership

As a global next-generation leadership development program, we have launched Next Gen Leadership. This initiative identifies eight strategic business opportunities for Astellas (e.g., R&D capabilities, Rx+, ways of working, etc.) over a five- to seven-year span. Approximately 50 senior leadership successors participate in creating business cases, developing roadmaps, and, in the final phase, making presentations to the CxO and creating implementation plans. With the support of in-house experts and program sponsors, participants will enhance their capabilities as next-generation leaders by leveraging new perspectives, creativity, and cutting-edge knowledge.

WINGS-J

Astellas is developing WINGS-J (Women's Initiative for Nurturing Global Success in Japan) to promote women to Vice President (VP) and higher positions in Japan. The number of female employees who are "Ready now" in the VP succession plan is set as a KPI. We provide career sponsorship programs and executive coaching to female employees who are "Ready now" or "Ready within 1-2 years" in the VP succession plan, providing one-on-one support by functional unit heads and CxOs. In addition, we are developing the "EDGE (Elevating Diversity in Gender Equity)" program. This development program targets high-potential employees who may become future VP candidates by assigning them to projects and providing them with coaching.

TOPICS

Digital Talent Development

"Astellas Boot Camp for Data Science" (ABC4DS) is a training program originating from the DigitalX division that aims to solve business problems with data science approaches. Starting from February to April 2024, close to 600 participants took the 3-month Basic course. As a graduation project, participants are required to develop a data analysis plan to solve their business problems and to submit insights gained from the actual analysis results. Participants who are certified to graduate in the future will be selected to take the Advanced course if they wish. Follow-up and further training programs for graduates are also currently being planned. The aim of the program is to focus on issues that each of them is actually facing in their business, so that they can apply what they learned to their daily work.

Musashi Fukuda

Data X, Digital X

People Strategy

People and Organization for Innovation

Business Outcomes

Succession planning

Transformational leadership, results orientation, and a global mindset, are the three elements Astellas identify as the leadership expectations required to implement the Corporate Strategic Plan 2021, especially in the succession planning of senior leaders. Astellas' succession planning for retaining, developing, and allocating such leaders includes three major components: 1. full global integration; 2. inclusion of the best candidates for succession, both internal and external; 3. full open competition; and 4. annual reviews to ensure that it has the right people in the right places at the right time.

The following graphs show the diversity in the division head-level positions and in successors for those positions in FY2023. As for the actual operation of succession planning, in FY2023, 70% of new appointments to division head-level positions were made from the succession plan. Of those appointments, 81% were made from "Ready Now", the Successor Stage. This figure is considered to be an appropriate level for Astellas' succession planning, characterized by complete open competition for the final appointment. Starting with the succession planning for FY2023, it has been mandatory to include talent from outside the company in the succession plan, and Astellas is committed to appointing the most suitable talent not only from within the company but also from outside the company.

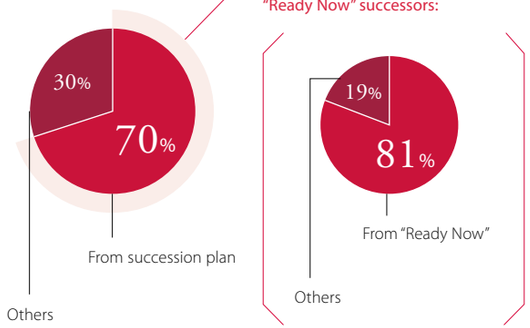
Diversity in division head positions and their successors

Division Heads Class Positions: 193	
Nationality	
Non-Japanese: 60%	Vacant: 5%
Japanese: 36%	

Number of successors: 553	
Nationality	Gender
Non-Japanese: 58%	Female: 40%
Japanese: 42%	Male: 60%

From succession plan

Percentage of new appointments from the succession plan that are "Ready Now" successors:



* Ready Now: Have the expertise and leadership capabilities for the position required

TOPICS

Astellas' Breakthrough in Creating "VALUE" for Patients

Astellas has established organizational health goals to foster a culture conducive to innovation. Astellas employees set ambitious goals and bravely take on challenges, creating unprecedented outcomes such as the establishment of joint ventures with other companies and industries for the incubation of drug seeds.

One Astellas and towards One Team that is beyond the boundaries of the company and the industry.

For details about our open innovation initiatives, please refer to the TOPICS in "R&D Strategy" on P.52.

Voice

Our team is responsible for several projects aimed at activating open innovation. Astellas' VISION is to transform scientific advances into "VALUE" for patients at a high level as a life science innovator, and we believe that activating open innovation is essential to achieve this VISION. Open innovation is not an initiative that can be accomplished by an individual company but is a way of taking on social issues together with diverse players from industry, government, and academia. The establishment of a joint venture for incubation is an important and unprecedented project for Astellas. The keys to its achievement were "vision," "transparency," and "breakthrough." The positions, backgrounds, and even terminology used by each company are different, especially if they are from other companies or industries. Respecting each other's expertise, the partners shared a high vision of what they wanted to achieve through the project and engaged in transparent communication. We feel that the efforts made by each company in this way have resulted in a powerful breakthrough as one cross-company team. Astellas has a clear action policy that asks whether all actions lead to "value" for patients. The organizational culture that encourages challenges in line with this policy has permeated the company, starting with top management, and has also strongly supported the achievement and execution of this project. We believe that this project was achieved beyond the boundaries of the company precisely because the momentum for open innovation is growing and the people and organization that can realize it at a high level are now in place.

Takeshi Kurama

Scouting & Transaction Lead, S&T (Primary Focus Genetic Regulation, Blindness & Regeneration, Immune Homeostasis), Business Development, Ph.D. in Pharmaceutical Sciences

Naotoshi Kanemitsu

Scouting & Transaction Lead, S&T (Primary Focus Immuno-Oncology, Targeted Protein Degradation), Business Development, Ph.D. in Medical Science

Tomoko Kawashima

Scouting & Transaction Lead, Corporate Development and Strategic Operations, Business Development, Ph.D. in Life Science

People Strategy

People and Organization for Innovation

Global Engagement Survey

Once a year, Astellas measures the engagement of employees globally to identify areas of improvement for the organization. We visualize scores for each question, analyze by Organizational Health Goals (OHGs) categories, and analyze trends in comments using AI to simultaneously capture organizational strengths and areas for improvement.

Engagement Score: 71 (±0)　Response Rate: 84% (+2)

51% of answers to questions showed improvement　Number of comments: 20,506

Our strengths

82	**Non-discrimination** A culture that recognizes, complements, and makes the most of each other's differences
78 (+1)	**Integrity** Always honest choices and decisions
78 (+1)	**Contribution Success** Understand how my work contributes to Astellas' success.

Our opportunities

61	**Action Taking** Implement measures to address issues identified from the survey results
61 (+1)	**Pay for Performance** Compensation based on results
59 (+2)	**White Space** Resource needed to explore new ideas

Analysis of results from FY2023 survey

The October 2023 survey results show an engagement score of 71, unchanged from the 2022 results; this is attributed to the fact that the organization is undertaking a number of transformational initiatives. On average, all 18 questions related to OHG 1, 2, and 3 showed steady improvement, with no items declining. We expect to see further improvements in the future. In addition, all of the areas we identified for improvement in FY2023, White Space, Pay for Performance, and Action Taking, are showing improvement, and we will continue to implement measures to address these areas as areas for improvement again in FY2023.

Action for items to be improved

Specific measures are continuously taken to address areas for improvement identified from the survey results. For example, the low pay-for-performance figures can be attributed to "ineffective operation of the evaluation system and lack of performance differentiation" and "lack of appropriate feedback from managers". Measures were taken to address these issues, as it was considered necessary to change the evaluation system to a simplified one, create an environment where performance can be differentiated, and educate managers at the same time. In FY2024, we will work to ensure that the system introduced for implementation permeates and operates effectively. In the area of White Space, after identifying the root causes, we are conducting training for the creation of white spaces as a specific countermeasure.

	Initiatives already implemented in FY2023	Initiatives planned in FY2024
Pay for Performance	• Introduction of simpler reward and recognition systems • Introduction of a Recognition system	• Hold Voluntary People Manager sessions re: New Year End Review changes • Leverage new performance ratings to differentiate performance
Action Taking	• Conveyed that importance to employees, stressing relationship between engagement survey feedback and company actions, encouraging employees to take actions	• Mandate that all People Managers take action following survey results • Continue making an explicit link of GES feedback to company action to demonstrate action taking to employees
White Space	• Conducted training to create more white space	• Commit to a 30% reduction in meetings and reports to create White Space • Support and participate in Creating White Space training

Examples of specific actions for items to be improved

White Space Creation

Aimed at creating white space, a company-wide challenge, White Space Creation Training was rolled out to some divisions as a pilot. A total of 12 pieces of content were delivered, covering topics such as prioritizing work and efficient meetings. In a survey of participants, 90% of respondents agreed with the question of whether the training helped them create more white space. This year, we will roll out this training throughout the company to further improve White Space for innovation creation.

Implementation of My Workplace System

We have a global, fully remote work environment that allows employees to make the best choices for their work environment. In FY2024, we introduced the "My Workplace System" in Japan to increase flexibility in choosing their place of residence.
By promoting diverse work styles among employees, we aim to increase employee engagement and improve performance. We are also attempting to attract talented employees in each region without being limited to the Tokyo metropolitan area.

People Strategy

People and Organization for Innovation

Engagement, Diversity, Equity and Inclusion

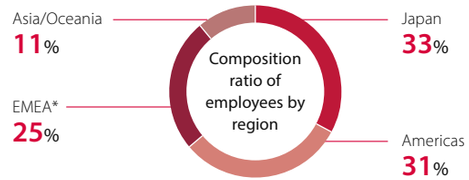
To become a life science innovator, diversity, equity and inclusion must be leveraged to unlock employee engagement, drive innovation, and improve patient outcomes.
Our EDEI vision will be realized when our people, leaders and suppliers reflect the rich diversity of our patients; our people feel a high sense of inclusion, experience employment equity and collectively drive innovation; and our patients experience favorable and equitable health outcomes.

Our Strategy

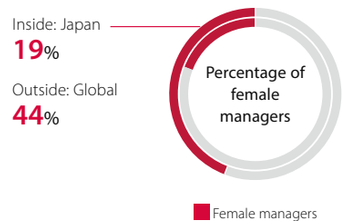
Data Insights	• Leverage data to deeply understand the employee, patient and supplier experience through an EDEI lens • Monitor progress, conduct self-assessment and benchmark against best-in-class organizations to improve upon opportunities and celebrate successes
EDEI Plans	• Create custom EDEI plans and partner with divisions on execution • Consult with divisions to develop tailored EDEI plans and partner on implementation
People Experience	• Seek to better represent and bring the perspectives of the patients and communities we serve among Astellas leaders and employees as a whole • Brand Astellas as an Employer of Choice for diverse talent • Ensure equity across the employee lifecycle
Culture	• Build global cultural competence and empathy across all levels of the organization • Value diversity in all its forms to instill psychological safety, belonging, and empowerment that unlocks the full potential of people to innovate and succeed
Structure	• Launch Global EDEI Governance Council and Divisional EDEI Councils to foster decision-making, collaboration and accountability • Globalize and expand Employee Impact Groups (EIGs) to fully represent and include all underrepresented groups

Our Mission and Goals		Progress in FY2023
ENGAGEMENT	All people are highly engaged; **Goal:** Parity in high employee engagement across all identities	• Overall engagement score - 71; High response rate - 84%; High volume of qualitative data ~ 20K comments • Increase (1pt) in Authenticity and Inclusive Leaders score globally • Continued to offer voluntary self-disclosure demographic questions (ex. gender identity and sexual orientation) in order to assess equity
DIVERSITY	Our people, leaders and suppliers reflect our diverse patients; **Goal:** Our employees, leaders, and suppliers reflect our patients and communities	• Launched Global Accelerate Sponsorship Program to enhance opportunities for employees from historically underrepresented groups • Participated in McKinsey's Connected Leaders Academy focusing on issues of importance to underrepresented employees • Celebrated Global Diversity Month, received recognition as a Best Company for Working Parents, and honored our Astellas 2023 Working Parents
EQUITY	All people experience equity in health and work; **Goal:** Everyone experiences equity across the employee and patient lifecycles, have equitable access to our portfolio, and achieve equitable health outcomes	• Conducted 2 DEI regional surveys - one in Japan and one in the US - to understand the employee perspective and experiences around DEI and then developed recommendations to accelerate progress • Ensured equal pay for equal work based on gender (global) and race/ethnicity (US) • Partnered with US-led cross-functional group to initiate Health Equity Strategy work group
INCLUSION	All people experience inclusion; **Goal:** Parity in high reporting of psychological safety, belonging, and empowerment	• Launched internal Checking My Bias training including both an on-demand video and toolkit available in 8 languages • Held Disability Open Café session in Japan to encourage inclusive behaviors • Gained CXO approval to launch 3 Employee Impact Group (EIG) chapters - LGBTQ+ in South America and Japan and Women in Japan

Key metrics related to EDEI



* EMEA: Europe, the Middle East and Africa



Commercial Strategy

Sales of XTANDI and Strategic Brands

Potential Peak Sales of XTANDI and Strategic Brands

Corporate Strategic Plan 2021 (CSP2021) includes peak sales forecasts for XTANDI and Strategic Brands. We expect these products to deliver strong growth in revenue during the CSP2021 period.

For XTANDI, we factored in the sales contribution from approval in Europe for the additional indication of M0 CSPC (non-metastatic castration-sensitive prostate cancer), and raised our peak sales forecast to over 700 billion yen in April 2023. In light of ongoing strength in global sales, we also increased our peak sales forecast for PADCEV in February 2024, to a range of 400 billion to 500 billion yen.

We lowered our peak sales forecast for VEOZAH based on the learnings and data obtained since launch and the latest market research. Even now, though, we expect potential peak sales of more than 150 billion yen and we continue to see VEOZAH as an important growth driver.

As a measure to secure revenue, we furthermore acquired a new growth driver in the form of IZERVAY. We expect IZERVAY to become a key growth driver generating peak sales in the range of 200 billion to 400 billion yen.

Product*1	Potential Peak Sales (Global)
XTANDI (enzalutamide)	Over 700 billion yen
PADCEV (enfortumab vedotin)*2	400 – 500 billion yen
IZERVAY (avacincaptad pegol)	200 – 400 billion yen
VEOZAH (fezolinetant)	150 – 250 billion yen
VYLOY (zolbetuximab)	100 – 200 billion yen
XOSPATA (gilteritinib)	100 – 200 billion yen

*1 Only indications undergoing pivotal studies are included for projection. (as of April 2024)
*2 Peak sales forecast is disclosed as in-market sales, not Astellas revenue. This is calculated as the total of sales booked by Pfizer for Americas plus sales booked by Astellas for ex Americas

FY2023 Financial Results

Product	FY2023 Act	YoY	
Xtandi (enzalutamide)	750.5 billion yen	+89.3 billion yen (+14%)	Sales expanded in all regions despite more than a decade passing since XTANDI hit the market. In the United States, the biggest market, results from the EMBARK study led to approval in November 2023 for the additional indication of M0 CSPC (non-metastatic castration-sensitive prostate cancer). XTANDI is gaining traction in the market for this additional indication, and there has been a halo effect on other indications. Paid demand excluding patient assistance programs, grew steadily, rising 4% YoY.
PADCEV enfortumab vedotin-ejfv	85.4 billion yen	+40.9 billion yen (+92%)	PADCEV sales grew briskly, almost doubling YoY. Market penetration for the first-line indication was a major growth driver in the United States, where demand more than doubled YoY. Furthermore, NCCN Guidelines, which many physicians use when deciding on prescriptions, have been updated such that PADCEV is now recommended at the highest level as a first-line treatment for metastatic urothelial cancer. Globally, the number of countries in which PADCEV is available is increasing steadily. In FY2023, PADCEV was launched in an additional 14 countries, taking the total to 38.
XOSPATA gilteritinib	55.1 billion yen	+8.5 billion yen (+18%)	Sales of XOSPATA expanded in all regions where the drug is available, with the drug commanding a high market share in the indications for which it is approved thus far. We expect sales to continue growing steadily.
VEOZAH™ (fezolinetant) tablets 45 mg	7.3 billion yen	+7.3 billion yen	VEOZAH launched in the United States in May 2023 and in Europe in January 2024. In the United States, commercial lives covered (payer coverage; an important KPI for market access) had expanded to more than 60% as of the end of June 2024, in line with our expectations. On the other hand, healthcare professional (HCP)'s perception of VEOZAH's access and affordability remains low, constituting a barrier to prescription. Please refer to the following page for a discussion of our future initiatives and outlook.
izervay™ (avacincaptad pegol intravitreal solution) 2 mg	12.1 billion yen	+12.1 billion yen	Launched in the United States in September 2023, IZERVAY is growing at a speed faster than our expectations. We estimate market share in the three-month period from April through June 2024 was about 35%, based on reported shipment volume data as well as multiple market research sources. Given the fact that a rival product was launched about six months earlier, we consider this a remarkable achievement. More than 85,000 vials have been shipped since the launch, and IZERVAY is available in over 1,200 Retina accounts.

Commercial Strategy

Sales of XTANDI and Strategic Brands

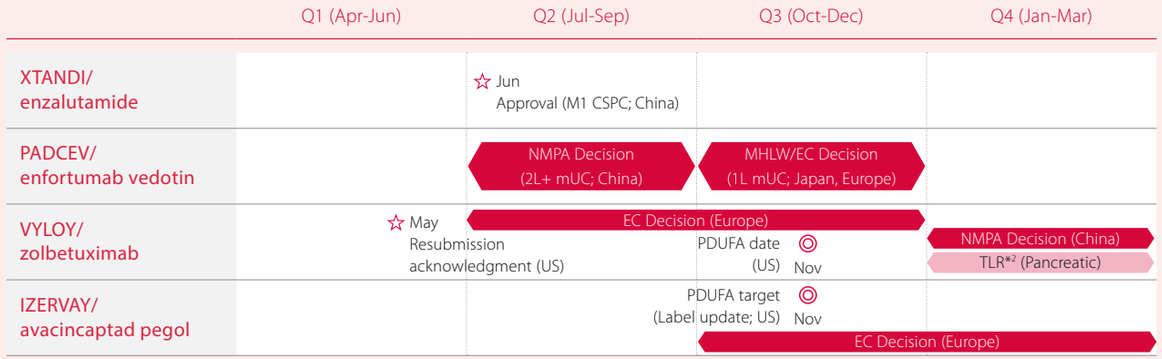
Future Outlook (published in April 2024)

Product	FY2024 FCST	YoY (vs. FY2023)	
XTANDI	757.0 billion yen	+6.6 billion yen (+1%)	We expect global sales to be at the same level as in FY2023, with growth in markets other than the United States offsetting the impact from the Inflation Reduction Act (IRA) in the United States. While we expect growth in M0 CSPC prescriptions in the United States, we anticipate a decline in sales due to the negative impact of a Medicare Part D redesign as part of the IRA. Outside of the United States, we expect ongoing growth in sales driven mainly by increased sales for the indication of M1 CSPC (metastatic castration-sensitive prostate cancer).
PADCEV	151.2 billion yen	+65.9 billion yen (+77%)	We expect strong quarterly growth throughout the fiscal year. In the United States, we expect the first-line indication to contribute across the fiscal year. We also expect synergistic effects from the NCCN Guideline update and aim to position PADCEV as the new standard of care in the first-line setting. Outside of the United States, we expect approval for the additional indication of first-line therapy based on the EV-302 study results within 2024 in Japan, Established Markets and International Markets, with sales then accelerating in each region. In addition, in second-line and later settings, we anticipate increases in the number of launched countries and countries where reimbursement covers PADCEV.
XOSPATA	60.0 billion yen	+4.9 billion yen (+9%)	We expect continued growth in existing markets centered on growth in the Established Markets. In the International Markets, we project sales contributions from increases in the number of launched countries and countries where reimbursement covers XOSPATA.
VYLOY	3.7 billion yen	—	In VYLOY's first fiscal year on the market, we will focus on penetrating increased testing for CLDN18.2, a new biomarker. We accordingly think it will be FY2025 or later before VYLOY makes a full-fledged contribution to sales. VYLOY was launched in Japan in June 2024, and we expect global sales contribution.

Product	FY2024 FCST	YoY (vs. FY2023)	
VEOZAH	28.3 billion yen	+21.0 billion yen (+288%)	We anticipate linear demand growth for VEOZAH throughout the year and aim to increase commercial lives covered (payer coverage) a key KPI to 80% or more by the end of FY2024. Physician perception of VEOZAH's market access is related to both the quantity and quality of access, and takes time to improve. While access has been improving steadily since October 2023, perceptions have yet to alter, and this remains a barrier to prescribing VEOZAH. Market research suggests that a significant increase in coverage will improve perception, so we will continue doing our utmost to expand coverage. We will also work to improve patient and HCP activation for using VEOZAH through the necessary investments, including direct-to-consumer approaches. We will optimize SG&A expenses as needed throughout the fiscal year focusing on ROI.
IZERVAY	46.4 billion yen	+34.3 billion yen (+283%)	IZERVAY received a permanent J-Code in the United States in April 2024 as planned, and our expectations for sales growth have risen as we are already seeing signs of increased prescriptions, not only from existing HCPs but also from HCPs who have been waiting for the permanent J-Code. In addition to our general sales promotion activities, we will continue to conduct disease awareness campaigns aimed at increasing awareness of the IZERVAY brand. We expect quarterly sales growth throughout the fiscal year and target a total patient share of about 40% by the end of FY2024.

FY2024 Key Expected Events

XTANDI obtained approval for the additional indication for M1 CSPC in China in June 2024. Regarding PADCEV, we expect a regulatory decision in China in July–September 2024 for second line and beyond settings in metastatic urothelial carcinoma, based on EV-203. Similarly, we expect October–December 2024 to bring decisions from Japanese and European regulators on the indication of first-line metastatic urothelial carcinoma, based on the EV-302 study. The U.S. Food and Drug Administration (FDA) has acknowledged the resubmission of our Biologics License Application for VYLOY, and set a new PDUFA (Prescription Drug User Fee Act) date of November 9, 2024. Regulatory decisions in other regions are expected from the second quarter of FY2024 onwards in Europe and in January–March 2025 in China. We also expect top-line results from the Phase II study in pancreatic adenocarcinoma to be available in January–March 2025. If that data is favorable, we plan to file for that additional indication based on the results. In the United States, for IZERVAY, a PDUFA date of November 19, 2024 is set for the label update in the United States, while in Europe we expect a regulatory decision in the second half of FY2024.



*1 As of July 2024
*2 The timeline of TLR is subject to shift due to its event-driven nature
*3 NMPA: National Medical Products Administration, M1: Metastatic, CSPC: Castration-sensitive prostate cancer, 2L+: Second or later line, mUC: Metastatic urothelial cancer, MHLW: Ministry of Health, Labour and Welfare, EC: European Commission, 1L: First line, TLR: Topline results, PDUFA: Prescription Drug User Fee Act

R&D Strategy

Areas of Interest

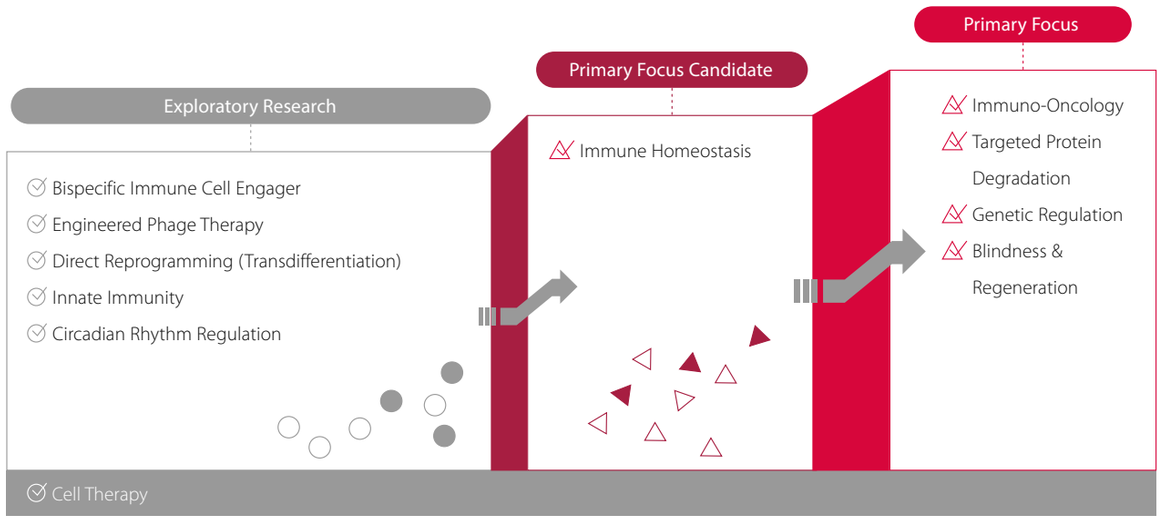
Focus Area Approach

Focus Area approach is designed to identify drug discovery opportunities flexibly and efficiently by combining innovative biologies and modalities/technologies to address diseases with high unmet medical needs.

Primary Focus is a specific focal point within our Focus Area approach where lead and follow-on projects show a clear R&D path with expected VALUE for patients. Based on criteria such as higher scientific validity and identification of leads and follow-on programs, we are currently working on four Primary Focuses: Immuno-Oncology, Targeted Protein Degradation Genetic Regulation, and Blindness & Regeneration. We also identify the combination of biologies, modalities/technologies, and diseases that may become Primary Focuses in the future.

Under Corporate Strategic Plan 2021 (CSP2021), our aim is to enhance pipeline value by advancing Focus Area projects. In FY2024, we will continue to concentrate our R&D investments on Primary Focuses in order to build a new Post-PoC* portfolio by the end of FY2025.

* PoC: Proof of concept (key clinical data supporting a decision to initiate late-stage development)



Primary Focus

Immuno-Oncology

In our Primary Focus Immuno-Oncology, our mission is to provide cancer patients with innovative medicines that potentially could cure them. Only about 20% of cancers respond to existing immuno-oncology treatments. Our goal is to turn that 20% into 100% by activating and enhancing the immune system in new and multiple ways, thereby reinvigorating its ability to discover, disarm and destroy more cancers in more patients.

Drug candidates in our R&D portfolio include multiple modalities. Over the years, Astellas has brought together a wealth of expertise and talent, and we are actively partnering with leading-edge bioventures and academia to further enhance these existing capabilities and grow our pipeline of innovative cancer treatments.

Targeted Protein Degradation

In our Primary Focus Targeted Protein Degradation, our mission is to use the innovative modality of protein degraders to access so-called "undruggable" targets and develop novel treatments for cancer and other diseases. Only about 20% of disease-related proteins have active binding sites suitable for inhibition by conventional small molecules. The remaining 80% have shallow binding pockets and their function cannot be controlled sufficiently by binding alone.

The advantages of protein degraders, in addition to their ability to access undruggable targets, are their permeability (they can penetrate the cell membrane and blood-brain barrier), and their high degree of specificity to the target. We will persist with R&D activities utilizing this Targeted Protein Degradation technology, with a view to bringing innovative clinical benefits to patients.

Genetic Regulation

Our mission for Primary Focus Genetic Regulation is to discover, develop and deliver transformative gene-based therapies for patients with genetic diseases. Genetic deficiencies cause almost 7,000 different diseases and contribute also to the pathophysiology of many common conditions.

By targeting disease at the genetic level, we have the potential to develop life-changing therapies for patients who currently have limited or no effective treatment options. We are collaborating with world-renowned academic and industry partners to overcome the complex challenges of gene therapy research and development.

Blindness & Regeneration

Our mission for Primary Focus Blindness & Regeneration is to develop and deliver next-generation treatments to restore sight for patients with eye diseases. By taking advantage of next-generation modalities represented by cell therapy and gene therapy for patients with eye diseases at high risk of blindness, we seek to provide new treatment options to replace, preserve and restore the function of cells critical for vision.

Astellas has been a global leader in the transplantation field, and we continue to engage in R&D with a strong passion for delivering safer transplantation therapy to more patients.

Areas of Interest

Progress in FY2023

Immuno-Oncology

Phase I clinical trials are ongoing for DGKζ inhibitor ASP1570, and two bispecific immune cell engagers (ASP2138 and ASP1002). A dose expansion cohort in Phase I clinical trial has been initiated on ASP2138 based on data obtained from the dose escalation monotherapy cohort.

The systemic oncolytic virus ASP1012 has entered the clinical trial stage, as has the *convertible*CAR*1-T therapy ASP2802. ASP1012 is a program acquired through an exclusive license agreement with KaliVir. ASP1012 is designed to reach tumor tissues throughout the body after intravenous administration to simultaneously cause localized damage to tumor cells and enhance the antitumor immune response. ASP2802 is created with technology from Xyphos, and comprised of autologous T cells and MicAbody*2 directed to CD20. Arming T cells with MicAbodies enables control of their activity, so in comparison with conventional CAR-T therapy, we believe ASP2802 may offer less long-term toxicity and a more prolonged response.

*1 CAR: chimeric antigen receptor
*2 MicAbody is an antibody-ligand fusion protein combining a tumor antigen-recognizing antibody and a ligand protein binding to immune cells expressing receptors (convertibleCAR cells)

Primary Focus	Biology/Modality/Technology	Project	Mechanism of Action	Progress in FY2023
Immuno-Oncology	Checkpoint	ASP1570 ●	DGKζ inhibitor	Phase 1 study ongoing
	Bispecific immune cell engager	ASP2138 ●	Anti-Claudin 18.2 and anti-CD3	Phase 1 study ongoing Dose expansion initiated
		ASP1002 ●	Anti-Claudin 4 and anti-CD137	Phase 1 study ongoing
	Oncolytic virus (systemic)	ASP1012 ●	Leptin-IL-2	Phase 1 entry
	Cancer cell therapy	ASP2802 ●	CD20 convertible CAR-T (autologous)	Phase 1 entry
Targeted Protein Degradation	Protein degradation	ASP3082 ●	KRAS G12D degrader	Phase 1 study ongoing
		ASP4396 ●	KRAS G12D degrader	Phase 1 entry
Genetic Regulation	Gene replacement (AAV)	AT132 ●	MTM1 gene	ASPIRO study put on clinical hold by FDA in Sep. 2021
		AT845 ●	GAA gene	First subject dosed in Sep. 2023 after restart of FORTIS study Phase 1 study ongoing
		ASP2016 ●	FXN gene	Phase 1 entry
Blindness & Regeneration	Cell replacement	ASP7317 ●	RPE cells	First subject dosed in Jun. 2023 after restart of Phase 1b study Phase 1b study ongoing
Others (Non-PF)	Long-acting abiraterone prodrug	PRL-02 ●	CYP17 lyase inhibitor	Acquired through acquisition of Propella Therapeutics, Inc. Phase 1 study ongoing

Modality ··· ● Small molecule ● Antibody ● Gene ● Cell

* AAV: Adeno-associated virus, MTM1: Myotubularin 1, FDA: Food and Drug Administration, GAA: Acid alpha glucosidase, FXN: Frataxin, DGK: Diacylglycerol kinase, IL 2: Interleukin 2, CAR: Chimeric antigen receptor, RPE: Retinal pigment epithelium, KRAS: Kirsten rat sarcoma viral oncogene homologue

Targeted Protein Degradation

Our lead program, ASP3082, is a protein degrader targeting mutated KRAS G12D, and is currently in Phase I clinical trial for the treatment of solid tumors.

ASP4396, which has now entered the clinical trial stage, is a protein degrader targeting mutated KRAS G12D. Compared with ASP3082, the target molecule is the same, but, the E3 ligase binder is different. By proceeding with the clinical study and in parallel with ASP3082, we seek to enhance the development of our Targeted Protein Degradation platform.

Genetic Regulation

We had been working on resuming the dosing after the lifting of a clinical hold for a Phase I clinical trial evaluating AT845 in Pompe disease, and the first subject was dosed in September 2023. We will continue to enroll and evaluate subjects with a view to obtaining PoC.

An R&D program targeting cardiomyopathy in Friedreich ataxia patients, ASP2016 has now entered the clinical trial stage. Friedreich ataxia is a hereditary disease caused by frataxin gene mutation, and more than 60% of patients develop cardiomyopathy, which is a leading cause of death. We believe that a single dose of ASP2016 will result in long-term expression of frataxin in the heart to improve disease conditions.

Blindness & Regeneration

ASP7317, human embryonic stem cell-derived retinal pigment epithelial cells, is our lead program for geographic atrophy secondary to age-related macular degeneration, and currently is in a Phase Ib clinical trial. We will continue to take steps to accelerate the development and aim to judge its PoC as early as possible.

R&D Strategy

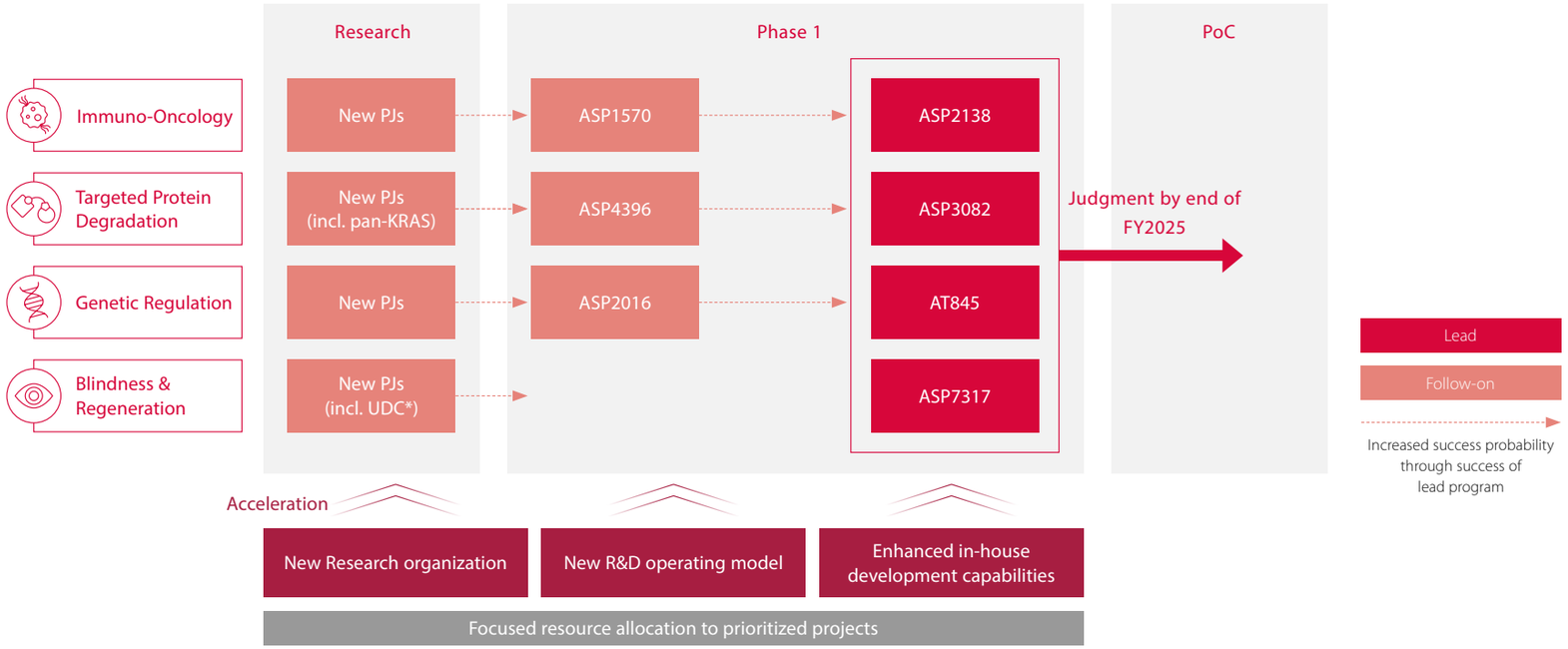
Areas of Interest

Future Outlook

We expect the lead programs in each Primary Focus, namely ASP2138 in Immuno-Oncology, ASP3082 in Targeted Protein Degradation, AT845 in Genetic Regulation, and ASP7317 in Blindness & Regeneration, to advance to the PoC judgment stage by the end of FY2025.

We expect that success of these lead programs in obtaining PoC would enhance expectations for the success of follow-on programs utilizing the same platform, thereby bringing the concept of our Focus Area approach, which is to generate promising new drugs continuously, closer to reality.

To accelerate program generation and PoC judgment, the Astellas R&D organization has been significantly reformed and introduced a new operating model for development projects, with proactive delegation to teams to enable agile decision-making. In addition, we are reviewing our use of external resources and working to strengthen our internal capabilities, to facilitate more effective and efficient development in new modalities and disease areas in which we and others have little experience. In addition to these measures, we intend to further strengthen resource allocation to priority projects, and remain focused on obtaining PoC.



* UDC: Universal donor cell, KRAS: Kirsten rat sarcoma viral oncogene homologue

TOPICS

Fostering Contributions to Development of Life Science Ecosystem

Open Innovation in Drug Discovery Research

Astellas is actively engaged in open innovation activities, including industry-academia collaborations and open laboratories. Astellas is committed to growing and developing innovative ideas and technologies with academia and startups by providing knowledge and expertise gained through research and our global network.

A prime example is SakuLab™-Tsukuba, an open-innovation laboratory located at our Tsukuba Research Center. Resident researchers have access to ready-to-use laboratory equipment and non-confidential consultation on a wide range of drug discovery research activities and networking opportunities with Astellas' scientists.

We will accelerate the development of innovative healthcare solutions by supporting partners' growth and fostering contributions to the development of the life science ecosystem in each region.

For further discussion of our open innovation initiatives, please refer also to the messages from the personnel in People Strategy on P.36.

Establishment of Joint Venture Company for Incubation* of Early Drug Discovery Programs

Japan is home to both world-class academic institutions conducting innovative basic research in drug discovery, and global pharmaceutical companies with extensive expertise in early drug research and development. Both possess a wealth of early drug discovery programs with breakthrough potential. In recent years, though, advancing innovative technologies and seed assets originating in academia from bench to bedside has presented a major challenge. In response to this challenge, Takeda Pharmaceutical, Astellas and Sumitomo Mitsui Banking have established a joint venture company that will seamlessly cover the entire drug discovery process, spanning early drug discovery research through the inception of drug discovery startups.

With a view to developing innovative therapeutics originated from Japan, the joint venture company plans to begin incubation activities by collaboratively working with academia, pharmaceutical companies, and start-up companies across Japan to enable access to potentially transformative early drug discovery programs.

* Incubation: Services and activities that support entrepreneurship and business creation

Manufacturing & Supply Strategy

Interview with Chief Manufacturing Officer

With our unwavering commitment to serving patients, we remain dedicated to ensuring a stable supply of quality products.

Chief Manufacturing Officer (CMfgO) **Hideki Shima**

Newly create novel VALUE | **Drug discovery for any modalities**

- Utilization of advanced science inside/outside the company
- Applying pharmaceutical technology to the productization of any modalities
- Fostering challenging mindset to explore unknown/unexperienced fields and pursuing speed

×

Delivering VALUE | **Realization of stable supply**

- Exploitation of technology and expertise to continue supplying reliable pharmaceutical products
- Investment to capability for the productization of pharmaceuticals
- Sustainable supply chain and products

Q. What does Astellas value in manufacturing and product supply?

A. MONOzukuri, our guiding principle, outlines our commitment to patients and quality, motivates us to consistently deliver reliable supplies of our products.

At Astellas, we call the comprehensive process for creating products as "MONOzukuri," and strive to create and deliver VALUE for patients. Our manufacturing division drives a wide range of value chains from drug discovery, product commercialization and its delivery to patients, and is responsible for the foundation of the product lifecycle. MONOzukuri is not just about manufacturing products, but also represents our sincere attitude toward quality and our commitment to delivering products to patients continuously. The word originated in Japan, and now we globally use it as a common term.

I consistently emphasize to my employees the importance of ensuring a stable supply for patients. We must absolutely avoid situations where our product supply stops and patients lose the opportunity for treatment. Recently, we have encountered many unpredictable situations, including the 2024 Noto Peninsula Earthquake that impacted our plants, natural disasters occurring around the world, and geopolitical risks in some countries and areas. Sometimes air transportation for products and raw materials is unavailable, or trucks cannot reach their destinations as planned due to unforeseen circumstances.

To prepare for such situations, we have established risk mitigation approaches for stable supply, by appropriately managing product inventory in each country and region and having multiple raw material suppliers and production sites considering the nature of each product. We also have a well-established culture that maintains quality and complies with regulations including Good Manufacturing Practice, which is the standard for manufacturing and quality control, and further foster this Culture of Quality. Through these efforts, we have been able to continuously deliver products of reliable quality to patients globally.

In addition to prioritizing stable supply, we also value the timely delivery of products. When launching a new product, we fully prepare through collaborations across the company so that it can reach patients as soon as possible. For example, we could deliver PADCEV to hospitals within a few days after we first received the approval for its Biologics License Applications in the United States. The same goes for VEOZAH, IZERVAY and other products. These efforts stem from our sense of mission to deliver VALUE to patients as quickly as possible, and we are proud to have achieved this.

Speed is also essential in the process of creating new therapies. MONOzukuri goes through various processes between research and clinical development. We manufacture and supply investigational drugs in a timely manner in line with each stage of clinical trials, while at the same time developing and improving manufacturing processes, formulations (components and dosage forms, etc.) and analytical methods. We start early collaboration with the R&D team to prepare investigational drugs so that clinical trials can begin smoothly, and target to obtain the data necessary for application in the shortest possible time and with certainty, with early approval and the earliest possible launch.

Manufacturing & Supply Strategy

Interview with Chief Manufacturing Officer

Q. What are your efforts towards new modalities?

A. We leverage our internal and external capabilities to successfully commercialize products across various modalities.

Astellas possesses extensive experience in modalities such as small molecules and antibodies, which serves as the foundation of our strength in MONOzukuri. We have accumulated the knowledge and skills to turn drug candidates created in research into products that can be commercially produced, making it our core capability.

By combining these core capabilities with external technologies through partnering or acquisitions, we actively pursue the commercialization of new modalities. For example, in the case of cell and gene therapy, Astellas Institute for Regenerative Medicine (AIRM) and Astellas Gene Therapies have joined Astellas with a high level of expertise in cell and gene therapy. We integrate them with Astellas' existing know-how for commercial production, working together as One Astellas to create VALUE.

Cells have a complex structure and as the saying goes, "The process is the product." During the manufacturing process, the slight deviation in the handling can significantly impact the quality of the final product. Therefore, we assure quality through product characterization data and also by carefully examining and defining the manufacturing process. Astellas conducts the entire process of research, development, and manufacturing of cell therapy products at the AIRM in the United States, to enable discussions from various perspectives with a view to the commercial production from the early stages of research and development.

Q. Can you explain the significance of integrating digital technology into MONOzukuri?

A. Digitalization is essential. We will strengthen our technology to increase the competitiveness of MONOzukuri.

The use of digital technology and transformation in manufacturing is crucial, and we are actively taking steps to address this. Information previously managed in paper documents is digitized, and a technological foundation where information in a different system can be handled unilaterally has been developed. This allows for mutual access to various data and consolidates information. Going forward, our aim is to leverage AI and other technologies to effectively and efficiently identify issues that are difficult for humans to recognize.

In addition, it is ideal to automate the manufacturing process as much as possible, minimizing human intervention, as the involvement of humans in the process might potentially result in foreign matter and microbial contamination. To this end, we are promoting the use of Maholo, a versatile humanoid robot. It provides an effective approach to significantly improve the reproducibility of work in the manufacture of cell therapy products, which are susceptible to slight errors made by humans. We also recognize that different automation and robotics technologies may be suitable for other products and processes. Therefore, we are considering the optimal solution that aligns with our specific needs.

Q. What are your thoughts on efficiency and costs?

A. While placing the utmost importance on stable supply, we will systematically improve efficiency and optimize costs.

Our utmost priority is to steadily supply products of reliable quality, but at the same time, it is essential that we remain conscious of efficiency and costs.

R&D | **Commercial Production / Stable Supply**

Drug discovery non-clinical ▶▶▶

Clinical ▶▶▶

New drug application commercialization ▶▶▶

Commercial production global supply

Value added **Contribution to drug discovery**

- Supply of Chemicals and Biologics for Drug Discovery Research
- Expanding drug discovery opportunities through formulation technology
- Technology evaluation and incorporation of external alliances

Value added **Contribution to development speed and commercialization**

- Timely supply of investigational drugs
- Formulation design, product development, manufacturing process development, and analytical method development
- Development of application strategies from a technology perspective and support for regulatory submissions and approvals

Value added **Stable production and supply of commercial products**

- Optimal production management throughout the product lifecycle
- Optimal global supply chain management
- Out-licensing of technologies and management of CMOs

Manufacturing & Supply Strategy

Interview with Chief Manufacturing Officer

In addition to reliable quality and stable supply, which lead to patient outcomes, we at the MONOzukuri organization are also mindful of manufacturing costs and are working to continuously reduce them. If there are issues with production or supply efficiency, we thoroughly review the process. In the past, the development period for pharmaceuticals was relatively long, and various considerations were made during that period to establish manufacturing processes with high productivity. In recent years, with the shortening of development periods, we plan continuous improvement over the period after the drug approval, assuming that raw materials and manufacturing methods will require updates as necessary. In order to change the manufacturing process, it is necessary to demonstrate comparability before and after, and change is never easy. Especially for new modalities, we repeatedly evaluate the product using the latest analytical technologies and intensively discuss with the regulatory authorities from a scientific perspective. In this way, we consistently enhance cost-effectiveness and efficiency throughout the product lifecycle, ultimately driving increased profits for the company as a whole.

Q. Please tell us about your career history that supports your decisions as CMfgO.

A. My previous experiences in new product commercialization and the supply chain management, particularly during challenging circumstances, have greatly influenced and contributed to my current role.

I joined former Yamanouchi Pharmaceutical in 1989 and began my career in the development of antibiotic production process. I spent about 15 years at the Takahagi Technology Center, where I was involved in the commercialization of various pharmaceutical products, including genetically modified products. I then moved to the business side, where I was in charge of product and project management, supply chains, and more.

One experience that is particularly useful to me today is the introduction of Advaferon, an interferon for the treatment of hepatitis C, from Amgen at our Takahagi Technology Center. At the time, our experience was limited for producing genetically modified products such as interferon, and we needed to establish a system for exporting it overseas. Under such circumstances, we pooled our team's wisdom to accomplish the difficult task of creating a system for manufacturing and quality control, as well as setting up the manufacturing plant, which gave me great confidence.

Also, while I managed the supply chain, the Great East Japan Earthquake occurred. At the time, it was sometimes difficult to export products from Japan overseas due to the nuclear power plant accident. By collaborating with many stakeholders internally and externally, we scientifically demonstrated the absence of any issues by actually measuring radiation levels and succeeded in exporting the products. This led to my current commitment to provide a stable supply of products to patients, no matter how difficult the situation.

Q. What should Astellas do going forward? What is your role as CMfgO in that?

A. In order to ensure a stable supply of products to patients, we will identify the medium- to long-term vision that the MONOzukuri organization should strive for and present it to everyone.

Our employees and the heads of each function collaborate and resolve everyday issues. My role is to define what Astellas' MONOzukuri organization should aim for in the medium to long term.

This includes identification of new technologies that will be required in the future and support of their active development. Another part of my role is to make decisions for the future of Astellas and for patients waiting for our products, in a situation where the demand outlook is uncertain. For example, we have decided to make large-scale investments in equipment for sterile injection at our Tralee Plant (Ireland) and Yaizu facility (Japan) with a view to our product portfolio in five to ten years. My decision criteria always revolve around our ability to ultimately deliver products to patients.

Going forward, we will continue to leverage the strengths of Astellas' MONOzukuri and focus on creating and providing VALUE under any circumstances, for patients who need our products.

Manufacturing & Supply Strategy

Astellas' MONOzukuri

Advanced CMC* Research

Based on a Focus Area approach, we are advancing the manufacturing processes, formulation design, and analytical methods using various modalities. We develop and supply investigational drugs for clinical trials and launch commercial manufacturing. Our goal is to create new VALUE and swiftly deliver it to patients.

* CMC: Chemistry, Manufacturing, and Controls.

MONOzukuri for cell therapy

Manufacturing of cell therapy products requires meticulous handling, as even slight variations can significantly impact their quality. We establish a strict control system to ensure the manufacturing of high-quality products. Furthermore, we are exploring the use of robotics to further advance our manufacturing processes.

By utilizing robotics with Maholo, we can achieve robust manufacturing of cell therapy products, ultimately leading to the delivery of optimal treatments for patients.

Creating VALUE × Delivering VALUE

MONOzukuri for gene-therapy

Gene therapy is expected to enable treatments that are not possible with other pharmaceuticals. We combine our high level of expertise in gene therapy with Astellas' experience and expertise in the development of small molecule and antibody drugs to accelerate the commercialization of gene therapy products.

Our commitment lies in enhancing the productivity of gene therapy products and optimizing costs through our innovative MONOzukuri technology, all with the aim of maximizing VALUE for patients.

Enhancing in-house manufacturing site to secure further flexibility and stable supply

Astellas ensures an adequate manufacturing capacity while enhancing and maintaining its advanced capabilities of "MONOzukuri" to prepare for the internal and external environment changes. In recent years, Astellas has invested in its manufacturing facilities in Toyama and Yaizu, Japan, as well as Tralee, Ireland to secure flexible and stable supply of products. With all of these efforts, Astellas is committed to delivering high-quality products to patients.

Digital & Transformation Strategy

Interview with Chief Digital & Transformation Officer

Continuously challenging our mindset, ways of working, and operating model are the cornerstones of our future success, and will lead us towards delivering more VALUE to patients at scale and with speed

Chief Digital & Transformation Officer **Nick Eshkenazi**

Q. What is the importance of digital and transformation? As CDTO, what is the role you will play in the process?

A. It is crucial to evolve Astellas' culture, mindset, and operating model to continuously foster innovation, and I am here to drive that forward.

In today's fast-paced and ever-changing business environment, success lies in continuously challenging our ways of working, mindset, and operating model.

Often, when people think of digital transformation, they focus solely on technology and data. However, I see digital as an enabler of new ways of thinking and working. This perspective powers innovative and transformative business processes, models, and go-to-market strategies, giving Astellas a significant advantage in the industry.

Traditionally, innovation has been linked to company size, with larger companies having the resources to invest heavily in research and development. However, I believe that the capabilities of digital enablement can provide a competitive advantage by maximizing R&D investment efficiency.

Astellas has the privilege of not simply following industry trends but setting new ones. By embracing digital enablement in our R&D pipeline, automating processes, and leveraging innovative capabilities, we can effectively compete in the market-place and, more importantly, deliver VALUE to patients in need of our solutions.

In the pharmaceutical industry, many companies are investing in AI-driven drug discovery and other innovative technologies. What sets Astellas apart is our adoption of an agile methodology. We will not only adopt new technologies and utilize data effectively but also continuously evolve our culture, mindset, and operating model. The winners of digital transformation have doubled down on mindset and ways of working transformation, recognizing that continuous improvement is the most critical factor of success.

We must continuously challenge ourselves to innovate, improve, and grow. This approach will propel us towards sustained success and position us at the forefront of life science industry innovation.

In conclusion, I strongly believe that continuously challenging our ways of working, mindset, and operating model will be the cornerstone of our future success at Astellas. This mindset will guide us as we navigate the complexities of digital transformation and lead us toward achieving our goals and delivering meaningful VALUE to our patients and stakeholders.

Q. Does each employee align on the direction they should pursue?

A. There are three key factors to align employees in the same direction.

Firstly, it's about continuously challenging ourselves to ensure we are focused on the most important things at any given time. This involves driving continuous alignment on top priorities and being clear about why one priority is more important than another. It's not just about having your objectives align with mine, but about having no objectives other than the most crucial ones. Recently, for the first time, Astellas has aligned company-wide on the top three enterprise priorities, and everyone's annual objectives and key results flow from these three priorities. This is a significant achievement because working on too many things leads to mediocrity. Excellence depends on aligning with the top priorities that everyone works on.

Secondly, we need to challenge ourselves daily to make decisions that create VALUE for patients, keeping the customer in mind in everything we do. This focus should always bring alignment, as our purpose is to create VALUE for patients. If the decisions we are making do not move us toward that goal, then they are not the right decisions.

The third component is bringing empowerment, autonomy, and end-to-end accountability and ownership to the people and teams closest to the customer, where action is happening. In an agile operating model, we aim to create self-empowered, autonomous, cross-functional teams that bring all their skills together to own end-to-end a product, service, solution, or brand, and make the right decisions every single day for the benefit of the mission they are working on together. Empowering these teams with the autonomy and authority to make timely decisions is what makes speed, progress, and value creation possible.

These three factors define alignment for me: focusing on the top priorities, ensuring every decision contributes to creating value for patients, and empowering small cross-functional teams closest-to-the-customer to make the right decisions quickly.

Q. What initiative will be your primary focus in FY2024?

A. We will focus on adopting an agile operating model.

Looking ahead, our focus on adopting an agile operating model company-wide represents a pivotal juncture for Astellas. This year promises transformation,

Digital & Transformation Strategy

Interview with Chief Digital & Transformation Officer

laying the groundwork for future endeavors that deliver VALUE to patients in a faster, smarter, and more innovative manner.

Organizational change is often a common response to internal challenges within companies. However, traditional change management processes frequently fall short, which leads to a cycle of repeated structural changes without addressing underlying issues. These changes typically involve moving teams and realigning functions, but fail to fix the fundamental problems in the ways of working.

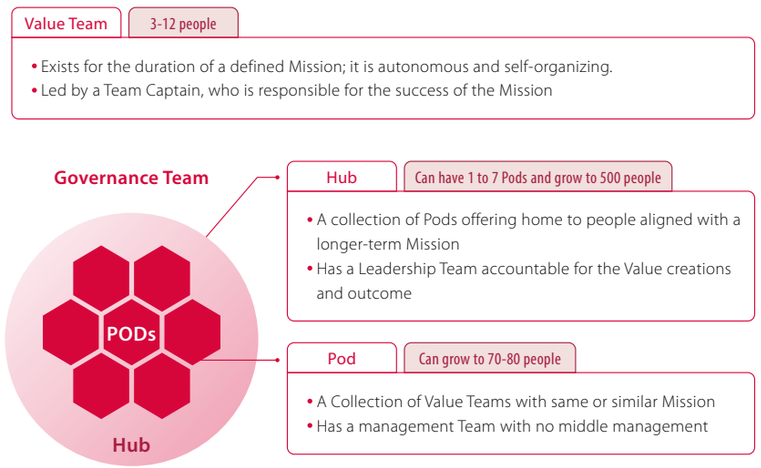
The agile operating model aims to address this challenge by focusing on organizational alignment and fundamentally transforming the ways of working within a company. It emphasizes the development of expertise within functional areas and centers of enablement, placing a strong emphasis on hiring based on skills and personal career growth rather than specific roles.

In addition, the model advocates for the creation of small cross-functional teams with end-to-end ownership of specific missions, products, or brands. These teams work collaboratively, making decisions and executing actions as a cohesive unit. By empowering these cross-functional teams with end-to-end autonomy and support from functional areas, the agile operating model enables them to make decisions and take actions that benefit their mission and deliver VALUE to patients.

Ultimately, the agile operating model aims to not only address immediate challenges but also foster sustainable and effective ways of working for long-term success and growth.

As the world evolves at an unprecedented pace, adaptability emerges as a critical capability for both individuals and organizations. It's not just about being strong or intelligent; it's about being adaptable to change.

This is why our focus on adopting an agile operating model, driving mindset and cultural change, is paramount. We are committed to enhancing our adaptability as an organization, ensuring that we can not only continuously adapt, but also accelerate our rate of adaptation.



Q. What initiatives do you have in place for skill development, which is an essential aspect of the agile operating model?

A. We launched the Astellas Boot Camp for Data Science (ABC4DS) to empower professionals across Astellas.

The increasing criticality of data-driven decisions and insights-powered actions has led to a universal acknowledgment that data science is one of the most essential skills. To empower professionals across Astellas with these vital skills, we launched the ABC4DS from February to April 2024, with over 600 team members globally participating. This program is developed and run by our own data science experts, allowing us to tailor the training content to address the specific business challenges faced by the participants. Through this training, participants not only acquire data science capabilities but also build valuable networks, nurturing collaboration and data democratization across Astellas. After the three-month boot camp, follow-up training is conducted to ensure their continuous improvement in the skills acquired through the program.

Q. People often link "change" in digital transformation to technology, but you emphasize creating "ownership" within a value team. What is a value team and why must it evolve?

A. By not only creating innovation but also operating and managing it, we can develop truly sustainable, high-quality solutions.

In today's world, the concept of a value team is evolving, and this evolution is crucial. A value team is a cross-functional team focused on creating value. This emphasis on creating value is at the heart of our purpose: to deliver VALUE to patients in everything we do.

Imagine a team of people building a house. However, after the house is built, someone else lives in it. Over time, the house will inevitably have problems. This is because the people who built the house are not the ones living in it and taking responsibility for its maintenance. In line with the second law of thermodynamics, which states that all systems naturally progress towards increasing disorder, a house will also degrade over time unless diligently maintained. The longevity of a house greatly depends on its construction quality and continuous input (like maintenance or repairs).

The decisions we make about how we build things are just as important as the decisions we make about how we run and operate things. That's why we need the same team to prioritize new features and innovation alongside everyday operational tasks. This is the essence of our new operating model: cross-functional teams that are accountable for everything they build, operationalize, continuously improve, and innovate.

This shift in approach will help us create sustainable, high-quality solutions that truly benefit our patients and our business.

Digital & Transformation Strategy

Interview with Chief Digital & Transformation Officer

Q. Please share more about product lifecycle management.

A. Understanding the concept of the product lifecycle is crucial for creators to engage in continuous end-to-end improvement.

The challenge of managing a product throughout its lifecycle has persisted across industries for many years. Historically, companies have tried two models: separate teams handling incidents and problems, and new projects. But time has shown that this model often fails.

I believe there is no better way than having end-to-end ownership of a product's lifecycle. It's critical for the creators to be involved in operationalizing, interacting with customers, and continuously improving the product. I've seen the demotivating effects of being part of a team that only fixes others' mistakes or only creates new things without taking responsibility for their ongoing performance and maintenance.

Einstein's wisdom speaks volumes: "We cannot solve our problems with the same thinking we used when we created them." This quote highlights the need for a shift in mindset. To solve old problems, we need a new mindset and new ways of thinking. It underscores the importance of fundamental changes when driving transformation.

Einstein's insights are profound. They remind us that to drive meaningful and sustainable change, we must challenge conventional thinking and create something new. His words inspire us to seek innovative solutions for old problems.

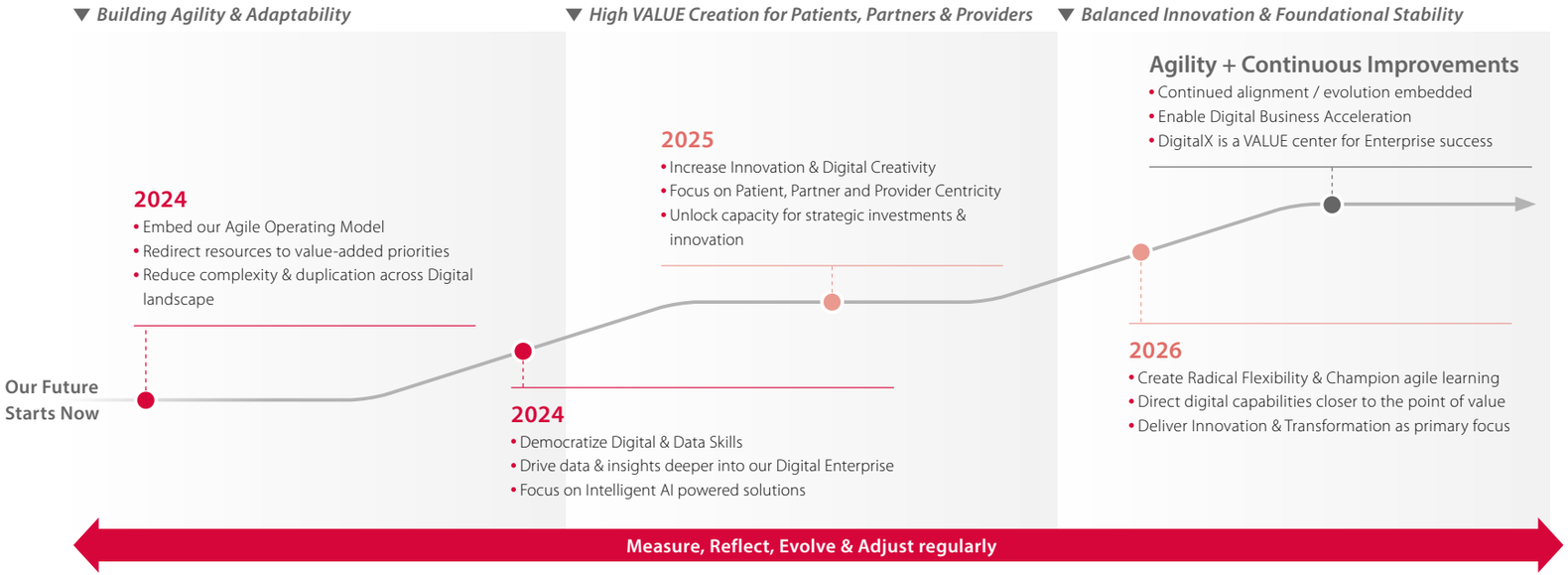
As we consider the future, those who continuously challenge conventional thinking will lead the way. Einstein's wisdom serves as a guiding principle for our ongoing journey of evolution and innovation. Let's embrace new thinking and new mindsets to drive meaningful and sustainable change.

Q. What motivates you to work at Astellas?

A. My passion is for contributing to missions focused on elevating and improving the most precious of all - human life. This aligns perfectly with Astellas' transformative vision.

After working in various industries for 30 years, I've found my purpose in helping companies that improve people's life. This passion is the driving force behind my relentless dedication, propelling me to spend countless hours pursuing this fundamental purpose. Astellas' recognition of the need for transformation and their independent outreach to me couldn't have been more serendipitous. Our shared passion for impactful change intertwines perfectly, leading me to partner with the company to facilitate our evolution while aligning with my personal mission to enhance and extend human life.

Our endeavors related to our digital and transformation agenda are not without challenges, particularly in terms of instigating a shift in mindset, culture, and operational approaches. Nonetheless, I am energized by the prospect of navigating this exciting and impactful journey alongside our global Astellas team, as we forge a path toward a future where our collective efforts uplift and enhance the lives of people in meaningful ways.



Sustainability Strategy

Interview with the Head of the Sustainability Division

Creating Social and Economic Shared Value through Enhancing Stakeholder Engagement in Business Initiatives

Head of Sustainability **Shingo Iino**

Q. What initiatives are crucial for Astellas to evolve sustainability?

A. It is important to focus on the initiatives that leverage Astellas' strengths to enhance both social and economic value.

Rather than viewing business activities and social contributions as a trade-off, the concept of Creating Shared Value (CSV) is becoming widely adopted. CSV treats social challenges as business opportunities and aims to achieve both social and economic value. This CSV approach aligns with our contribution to people's well-being through our core business of creating innovative healthcare solutions. It is in line with our VISION of being "On the forefront of healthcare change to turn innovative science into VALUE for patients."

Our commitment to sustainability includes a wide variety of initiatives that go beyond creating innovative healthcare solutions. One example is the Astellas Healthcare E-city™ program in Brazil. Despite Brazil's significant economic growth, the country faces a major challenge with healthcare disparities between urban and rural areas. However, it also boasts a high internet penetration rate, even in rural regions. Leveraging this characteristic, we began offering educational content on gastric cancer in a virtual platform under the supervision of local medical specialists from November 2023. This initiative is expected to improve health literacy and enable early detection, diagnosis, and treatment, thereby increasing opportunities for patients to receive appropriate care and, as with other sustainability initiatives, there is long-term value for Astellas. Additionally, by reducing healthcare disparities among regions, it is expected to contribute to the overall development of Brazilian society and enhance social value.

This initiative has also had a positive internal impact on Astellas. Our employees of the Brazilian affiliate actively collaborated to address their country's social issues and shared this achievement widely within the company. As a result, we received numerous pieces of positive feedback, with many employees expressing pride in working at Astellas. This example demonstrated that sustainability efforts enhance employee engagement and foster a sense of belonging.

Q. Please tell us about the challenges you foresee in the future.

A. The challenges we foresee involve improving access to medicines, implementing climate change measures, strengthening sustainability information disclosure in line with the legal requirements, and visualizing the value generated by our sustainability initiatives.

The first challenge is improving access to medicines. Although we have consistently worked to deliver Astellas products to patients in need, we are now exploring sustainable solutions to address access issues, particularly in low- and middle-income countries.

The second challenge is implementing climate change measures. To achieve the target by 2023 certified by the Science Based Targets (SBT) initiative, we must take account of Scope 3 emissions, which include Greenhouse Gas (GHG) emissions from our suppliers. Thus, fostering understanding and cooperation with our business partners is crucial. We will continue to advocate for GHG emission reduction efforts not only within Astellas but across the entire value chain.

The third challenge involves strengthening information disclosure to comply with the EU Corporate Sustainability Reporting Directive (CSRD). Since CSRD mandates third-party assurance, ensuring the reliability and validity of disclosed data is crucial. Following the roadmap developed by the cross-functional project team in FY2023, Astellas will continue to work towards CSRD readiness to ensure appropriate information disclosure in FY2026.

It is also taking on the challenge of fostering sustainability throughout Astellas and deepening understanding among all employees across the globe. In FY2023, alongside company-wide communications, we organized numerous small-scale dialogue sessions for employees to reflect on the connection between their daily work and sustainability. We experienced a gratifying sense of progress when the post-event employee survey revealed that the sessions helped employees perceive sustainability as a personal responsibility. These ongoing efforts are essential for fostering sustainability. By engaging as many employees as possible in these initiatives, we aim to strengthen Astellas' overall commitment to sustainability.

The fourth challenge is visualizing the value generated by our sustainability initiatives. By visualizing the various values generated through non-financial activities, we aim to convincingly address the interests of external stakeholders while also enhancing employee engagement. Although there is no established approach yet to quantitatively visualize the impact of sustainability initiatives, the importance and demand for such methods are growing. Astellas continues to proactively address this challenge, working on impact visualization to enhance corporate value from a long-term perspective.

Sustainability Strategy

Initiatives for Contribution to Sustainability

Governance for Contributing to Sustainability

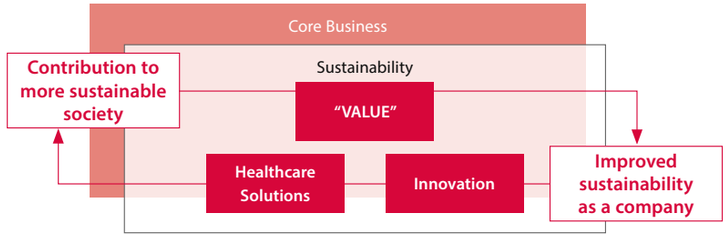
Astellas deliberates important issues relating to our sustainability at the Executive Committee, chaired by the Representative Director, President and CEO, and decided by the Board of Directors. To promote sustainability efforts through all divisions from a long-term, strategic, and company-wide perspective, we established the Sustainability Committee and the Environmental, Social and Governance Working Group (E-S-G Working Group) as frameworks that drive our endeavors. Based on these governance structures, we are promoting various activities, including Strategic Goal 4.

Strategic Goal 4: Deepen our engagement in sustainability

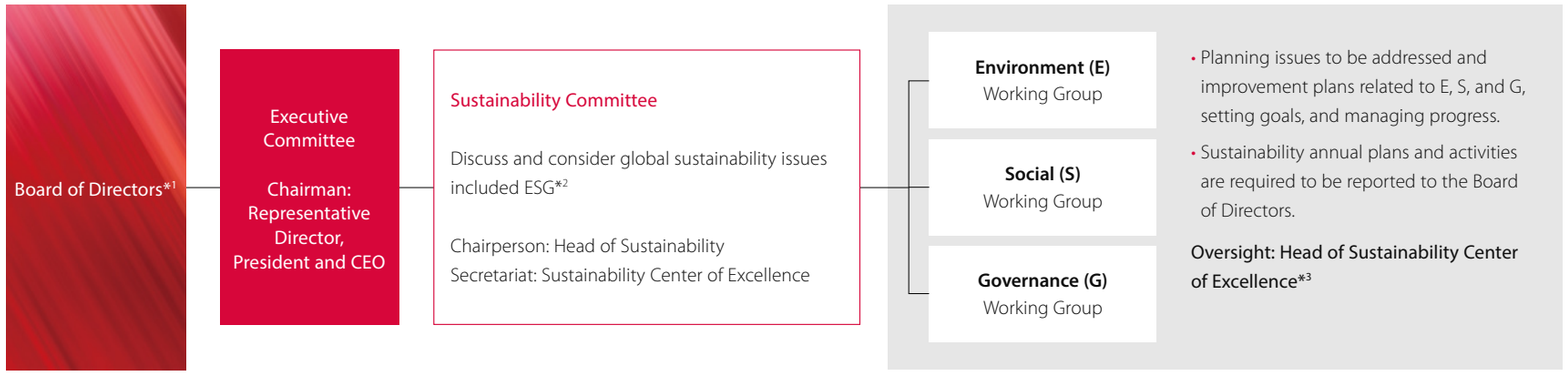
- Improve "Access to Health"
- Contribute to Environmental Sustainability with Greater Transparency
- Advocate our Efforts on Sustainability

At Astellas, we believe that sustainability should be integrated with our core business of developing innovative drugs and diverse healthcare solutions. Astellas will gain trust from our stakeholders by our effort to address societal issues through our business. It will, then, improve sustainability of Astellas' own business and create a good cycle of further contribution to sustainability of society.

Astellas views sustainability as creating a virtuous cycle that enhances the sustainability of both society and our company through our core business.



Governance of Astellas' Sustainability



*1 Sustainability annual plan and activities are required to be reported to the Board of Directors. Important matters are deliberated by the Executive Committee and approval is obtained by the Board of Directors for each case
*2 Environment, Social, Governance
*3 Head of Sustainability Center of Excellence in Sustainability has responsibility to lead ESG operations globally under the oversight of Head of Sustainability

CASE

Addressing Social Issues through Our Core Business — The Social Impact of VEOZAH* (fezolinetant) —

VEOZAH is indicated for moderate to severe vasomotor symptoms (VMS) due to menopause such as hot flashes and night sweats. As the severity of VMS increases, its impact on sleep, daytime activities and work productivity becomes more profound. On the other hand, many VMS patients do not receive treatment, as data showing that over 70% of women remain untreated in the United States.

As the world's first non-hormonal NK3 (Neurokinin 3) receptor antagonist, VEOZAH was developed to reduce the frequency and severity of VMS. Its scientific value extends beyond the medical value of improving VMS symptoms for patients, as VEOZAH also offers economic value to society through enhancing work productivity and alleviating sleep disturbances. By raising awareness and understanding of VMS symptoms, VEOZAH provides psychological value, reducing the mental burden on patients.

Through delivering VEOZAH as an innovative treatment to patients, Astellas is contributing to solving social issues and creating a significant social impact.

* Approved as "VEOZA" in ex-US

Clinical value	• First non-hormonal NK3 receptor antagonist approved to treat VMS due to menopause
Scientific value	• Sustained reductions in frequency and severity of moderate to severe VMS
Financial value	• Higher work productivity, reduced sleep disturbance, improved health-related QOL, and reduced impairment in daily activities
Psychological value	• Improved awareness and understanding of VMS associated with menopause

Sustainability Strategy

Initiatives for Contribution to Sustainability

Sustainability Direction

The Sustainability Direction is a medium-term plan through FY2025 that focuses on the 9 material issues (Materiality) identified in the Materiality Matrix and key issues related to environmental sustainability that are highly demanded by society. It outlines "Mid-term priorities for Astellas," "Initiatives" and "Our commitments by FY2025."

Astellas evaluated how addressing the issues in the Materiality Matrix would enhance corporate value and summarized them into two pillars.

The first pillar is "Transforming to be a cutting-edge, VALUE-driven life science innovator," and the second pillar is "Strengthening resilient and sustainable business operations to meet the expectations of society."

In FY2023, we set Sustainability Directions Performance Indicators (SDPIs) for these commitments. By disclosing measurable and appropriate tangible actions, we are steadily promoting our Sustainability Direction.

In the following sections, we will detail our specific initiatives, focusing on "Access to Health," "Strengthening of Business Continuity Plan (BCP)," "Climate Change and Energy," and " Reduction of Environmental Burden."

For an overview of our progress on the Sustainability Direction, please refer to the Sustainability Direction Performance Indicators (SDPIs) in "Astellas' Materiality" (P.19).

Two Pillars for Evolving Sustainability

1. Transforming to be a Cutting-Edge, VALUE-driven life science innovator

Astellas will continue to create innovative healthcare solutions for unmet medical needs, utilizing new modalities such as cell and gene therapy, while striving to ensure that the VALUE we create reaches the patients who need it most. In order to create innovative therapeutic methods continuously, appropriate price setting is necessary for innovation.

Astellas will also work to create an environment and mechanisms to ensure that prices fairly reflect the impact on society, including patients, their families, and the healthcare professionals who support patients' health.

We believe that one of the most important driving forces for creating and delivering significant VALUE to societies is an organizational culture that generates innovation. Thus, we will work to foster such an organizational culture at Astellas and acquire and develop people that will contribute to the creation of innovation.

Relationship to Material Issues and Key Issues

- Access to Health
- Talent and organizational culture for realizing innovation
- Fulfilling unmet medical needs by creating novel healthcare solutions
- Transformative treatment through innovative therapeutic methods
- Value-based pricing

2. Strengthening resilient and sustainable business operations to meet the expectations of society

Astellas will build a robust system throughout our supply chain to manufacture products of superior quality to global standards and deliver highly safe products to patients under any circumstances. In addition, we will continue to provide information to ensure that Astellas products are used appropriately by patients and will ensure we work in strict compliance with laws and regulations in all our business activities. We will respond to the expectations of society by continuously working in an ethical manner, considering what health care solutions are best for patients and what Astellas products can contribute to patients.

Relationship to Material Issues and Key Issues

- Compliance and ethical business practices
- Responsible supply chain management
- Product quality assurance and product safety
- Safe and appropriate use of products

Environmental Sustainability

These two important issues related to the environment are being pressed for by society and so companies are required to be actively involved in such environmental issues. Recognizing that harmony between the global environment and our business activities is a prerequisite to our corporate existence, we shall take proactive measures to conserve the global environment. In addition to the nine material issues, we will also promote initiatives for these two important issues.

Relationship to Material Issues and Key Issues

- Reduction of environmental burden
- Climate change and energy

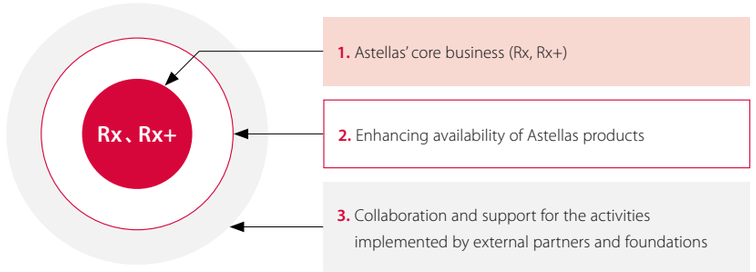
Sustainability Strategy

Initiatives for Contribution to Sustainability

Access to Health of Astellas

Astellas recognizes Access to Health as a materiality, and through our VISION to be "On the forefront of healthcare change to turn innovative science into VALUE for patients," we are proactively taking a comprehensive approach to solving this issue through the three methods defined below.

Astellas' initiatives for enhancing Access to Health



1. Astellas' core business (Rx, Rx+)

Since our establishment, Astellas has continuously strived to create innovative healthcare solutions and deliver them to patients who need them. We will accelerate our research and development based on our Focus Area approach and create diverse healthcare solutions by combining innovative biologies and modalities/technologies. We will also promote the Rx+ business, leveraging Astellas' expertise and knowledge. This initiative integrates innovative medical technology with cutting-edge advancements from different fields, aiming to deliver VALUE for patients across the whole patient journey (overall medical care, including preventive, diagnostic, therapeutic and prognostic care).

2. Enhancing availability of Astellas products

For patients who cannot access Astellas products due to social or economic reasons, we implement strategic activities to improve access from development to post-launch.

Our Early Access Programs provide investigational therapy to eligible patients with serious or life-threatening diseases who cannot participate in clinical trials. For example, the PADCEV Early Access Program has approved over 2,500 requests for patients with locally advanced or metastatic urothelial cancer in 7 countries.

Our International Pharmacy Program (IPP) allows importation of products approved in major countries for use in those where approval is still pending. PADCEV has been imported into 20 countries through this program, serving more than 190 patients over the program's duration. In addition, our Patient Access Initiatives (PAI) are active in 25 countries, helping eligible patients obtain affordable access to Astellas products directly or through governments, healthcare agencies, or other eligible organizations.

1. Astellas core business (Rx, Rx+)

Innovative Drug Business

Patients prescribed Astellas products*1

159.5 million patients **103** countries

(Results by the first half of FY2023)

2. Enhancing availability of Astellas products

Early Access Requests

Cumulatively for PADCEV, XOSPATA, and zolbetuximab

1,200+ patients continued to receive early access to therapy

6,600+ requests approved

40+ countries

Post-trial Access*2

Nearly **600** oncology patients

35+ countries

Patient Access Initiatives*3

60+ patients

25+ countries

International Pharmacy Program (IPP)

have received PADCEV through IPP since the start of the program in May 2021

190+ patients **20**+ countries

(Results by the end of FY2023)

*1 HARNAL, VESICARE, mirabegron, PROGRAF, XTANDI, XOSPATA, EVRENZO, PADCEV

*2 Continued on treatment with post-trial access to Astellas products (continued course of therapy following the end of a clinical trial given the patient is showing continued benefit)

*3 Provide access for certain products after approval and before reimbursement, and primarily, after commercial availability in a country through various affordability programs called patient access initiatives

*4 IPP: A program that facilitates access to certain therapies in countries where the therapy is not yet approved

Sustainability Strategy

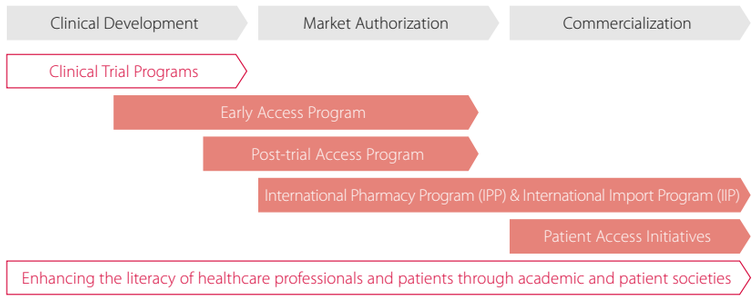
Initiatives for Contribution to Sustainability

In FY2023, Astellas made its first product donation of Prograf to impact more than 100 patients in Tanzania. The donation was made to Direct Relief, a global humanitarian relief organization that works to equip healthcare professionals in resource-poor communities to meet the challenges of diagnosing and caring for people in need. The product arrived in Tanzania in May 2024 and was immediately put to use.

We have also continued to enhance our capability to implement data and evidence-based pricing solutions for our innovative products, ensuring that payers and healthcare systems pay fair and value-based prices for our new medicines.

Furthermore, to oversee the Access to Medicines (AtM) strategy, operations, and procedures, we established a global Access to Medicines Steering Committee (AtM SC) in FY2023. As a subordinate to AtM SC, the Access to Medicines Working Group (AtM WG) was initiated to update and monitor the AtM operations and procedures.

Enhancing Availability of Astellas Products



3. Collaboration and support for the activities implemented by external partners and foundations

In our efforts to improve access to health, we strive to support and collaborate with external partners by leveraging our capabilities and technologies.

Together with the Pediatric Praziquantel Consortium partners, Astellas has utilized its formulation technologies and expertise to develop a new pediatric treatment for preschool-aged children with schistosomiasis. Following the positive scientific opinion by the European Medicines Agency (EMA) in December 2023, the World Health Organization (WHO) included this new treatment in its List of Prequalified Medicines as of May 2024.

To strengthen healthcare systems and improve health literacy, we are collaborating with or funding external partners in five programs, focusing on areas that synergize with Astellas' current and future business activities.

Astellas is devoted to supporting and collaborating with external partners, such as the National Cancer Society Malaysia (NCSM) and Asia Cancer Forum (ACF) in Malaysia, City Cancer Challenge Foundation (C/Can) in Peru, the Academic Model Providing Access to Healthcare (AMPATH) in Mexico, MAP International in the Dominican Republic, and Pixit, a digital startup in Brazil. These collaborations aim to remove barriers to healthcare and strengthen healthcare systems.

3. Supporting third-party ATH activities and foundations

Health System Strengthening Program

Efforts to improve health literacy by leveraging digital technology

1,700+ people accessed the program in the first month after launch

Supporting **70** global charitable programs to strengthen health systems and increase health literacy

Impact

Nearly **30,000** people

Contribution to Global Health

- Provided Astellas' innovative formulation technology and know-how as a member of the Consortium
- EMA adopted a positive scientific opinion
- Development of new pediatric treatment option of schistosomiasis

Expected impact

By 2030, new treatment option will be available for treatment of up to **12** million preschool-aged children*

Patient Centricity Programs

100+ patient advocacy/patient organization programs supported

Expected impact

20+ million individuals

Astellas Global Health Foundation

Since 2018, the Foundation have supported **21** charitable initiatives focused on improving Access to Health, building resilient communities, and providing disaster support

Impact

31.4+ million lives

(Results by the end of FY2023)

* For details, please visit the following website
https://www.pediatricpraziquantelconsortium.org/

Sustainability Strategy

Initiatives for Contribution to Sustainability

Advance Healthcare System Strengthening Programs

BEAUTY & Health (Malaysia)

The NCSM and ACF's BEAUTY & Health Program strengthens cancer awareness in Malaysia, with a creative campaign focusing on beauty salons and barbershops. With nearly ¥150 million, the program aims to benefit over one million residents by improving cancer prevention and early detection. It has developed the country's first digital education materials and cancer screening registry portal, directly impacting 9,477 lives as of December 31, 2023.

Prostate Health Awareness and Screening (Dominican Republic)

MAP International's Prostate Health Awareness and Screening Campaign seeks to raise awareness and address prostate cancer in the Dominican Republic. With nearly US$475,000, five medical operatives have been achieved, and four new biopsy-screening ultrasound units have been purchased, directly impacting 7,210 lives as of March 31, 2024.

Community-Based Cancer Prevention (Mexico)

AMPATH/MAPAS Mexico's community-based model strives to increase health literacy and early detection of breast, cervical and prostate cancers in Puebla, Mexico. The US$500,000 program works to directly impact 3,000 patients. So far, three training sessions on cervical and breast cancer prevention, a baseline health and cancer knowledge assessment, and 67 women's health consultations have been conducted, impacting 1,073 lives as of March 31, 2024.

Quality Cancer Care (Peru)

C/Can's US$1 million program in Arequipa, Peru, aims to improve access to quality cancer care, with an eye to impacting over 2,500 patients. Besides developing a digital questionnaire to assess health system needs, the program also collected data from 154 healthcare professionals and city stakeholders to identify the main challenges and propose solutions through a City Situation Analysis. 421 lives have been directly impacted as of March 31, 2024.

Supporting Independent Organizations*1 in Research Activities and Access to Health

Astellas Foundation for Research on Metabolic Disorders (AFRMD)

The AFRMD*2 supports medical and life sciences through nurturing young talent and providing researchers with training and opportunities to study abroad. In FY2023, a total of 160 million yen for research grants were awarded to 80 researchers out of 1,159 applicants; a total of 40 million yen for step-up research grants were awarded to 10 researchers out of 45 applicants. In addition, a total of 44.53 million yen for overseas study subsidies were awarded to 11 researchers out of 190 applicants.

Astellas Global Health Foundation (AGHF)

The AGHF is an international philanthropic organization focused on addressing unmet medical needs and health access issues in underserved communities. Through its grants, the Foundation impacts health in low- and middle-income countries where Astellas does not have a business presence. With US$13.3 million in total funding, it has supported 14 organizations across 15 countries, benefiting over 31.4 million people.

*1 Both AFRMD and AGHF operate independently from Astellas

*2 For details, please visit the following website
https://www.astellas.com/en/sustainability/advancement-of-medical-sciences

CASE

Astellas Healthcare E-city™

In Brazil, gastric cancer is a leading cause of death, with early treatment hindered by low medical literacy and disparities between urban and rural healthcare. To address these issues, Astellas Farma Brasil and the Sustainability division have partnered with a local digital startup company to develop the virtual platform "Astellas Healthcare E-city™.

Astellas Healthcare E-city™ provides educational content on the early diagnosis and prevention of gastric cancer, partnering with local medical specialists. Accessible to anyone with an internet connection in Brazil, the platform aims to improve medical literacy across regions, enhancing equity for Brazilians and benefiting both rural and urban patients. It also fosters community among those living with gastric cancer, encouraging connections that could lead to earlier diagnoses and better health outcomes.

In the future, Astellas Healthcare E-city™ will expand to include various healthcare applications, further enhancing comprehensive patient-centric medical access.

Ryo Nakajima
Center of Excellence, Sustainability

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General Manager, Astellas Farma Brasil

Sustainability Strategy

Initiatives for Contribution to Sustainability

Strengthening Business Continuity Plan (BCP) for Geopolitical Risks and Natural Disasters

Astellas is strengthening its BCP measures against unpredictable risks such as regional conflicts and natural disasters and to prepare for supply chain disruption, energy shortages, and rising energy costs. Specifically, in preparation for supply chain disruptions, we have secured secondary suppliers and secondary sites for our global products according to risk levels. We also are adjusting inventory levels to maintain a stable supply.

To reduce energy-related risks, we are considering the introduction of solar power generation and backup power supplies (such as uninterruptible power supplies and emergency power generators) for manufacturing and research sites in Japan. By recognizing and preparing for unpredictable risks, we will maintain a stable supply of pharmaceuticals, which is our mission as a pharmaceutical company, and we will realize a flexible and sustainable business.

Risks

Regional conflicts, natural disasters, and infectious disease pandemics

- Supply chain disruption
- Raw materials supply instability
- City lockdowns
- Energy shortages and rising energy costs

Risk Control

Sustainable manufacturing of Products

Stable sourcing of raw materials

- Identify raw and other materials that may become difficult to source due to growing geopolitical risks
- Continue to secure raw materials and other substitutes for key strategic products and build up inventory in preparation for future unknown risks

■ Astellas Commercial Manufacturing Plants ● Distribution Centers

Stable supply of Products

Response to supply chain risks

- Collaborate with partners to achieve seamless distribution. Maintain supply by securing alternative routes in the short term (including Ukraine/Russia, Israel/Gaza)
- Build a system to centrally manage demand forecasts, inventory information, and supply plans for each region of the world to strengthen stable supply systems

Product Quality Assurance and Product Safety

Astellas prioritizes "product quality assurance and product safety" as one of nine material issues (Materiality) for the company. Our commitment by 2025 in Sustainability Direction*1 is to ensure ongoing product quality and patient safety by fostering a "Culture of Quality" to support an improved customer experience.

A Culture of Quality means everyone at Astellas shares the responsibility for maintaining the high-quality standard that we are proud of. This includes adopting the right behaviors, making the right decisions that are ethical and compliant, engaging in conversations about quality, and holding each other accountable for the safety of the patients. Empowering a Culture of Quality ensures Astellas can produce high-quality products that are safe for our patients, which strengthens our global reputation and builds trust with our stakeholders and regulators. This confidence in product quality helps us meet and exceed regulatory standards.

Astellas fosters a Culture of Quality through various practices and tracks our progress through Sustainability Direction Performance Indicators (SDPIs). Our leadership regularly communicates the importance of quality by promoting psychological safety, critical thinking, open dialogue, and continuous improvement. A key pillar within Culture of Quality is the "Lean Six Sigma*2 Community of Practice" in Astellas, a network where team members come together to share best practices to enhance work quality. The community has grown to approximately 970 members from 48 countries since its launch in FY2020, encompassing about half of all Astellas divisions, with around 100 trainees newly certified in FY2023. Furthermore, nine live sessions were conducted, each attended by about 150 people, where colleagues shared real-life examples of value-added activities.

A Culture of Quality is essential at Astellas, where we all take responsibility for quality and turning innovative science into VALUE for patients.

*1 **For details, please visit the following website**
https://www.astellas.com/en/sustainability/sustainability-direction

*2 Lean Six Sigma is a globally practiced methodology focused on improving performance through statistical approaches by methodically eliminating inefficiencies and reducing variations in processes

Environmental Management

In FY2021, we identified Climate Change and Energy as a critical issue for both society and Astellas. Consequently, we established the reduction targets through 2030 in line with the Net Zero GHG (greenhouse gas) emissions by 2050 and the Paris Agreement's 1.5°C goal. To achieve these targets, we have installed biomass-fueled boiler equipment and wind turbine power at our Kerry Plant in Ireland, and we are utilizing solar energy at our Tsukuba Research Center and Yaizu Technology Center.

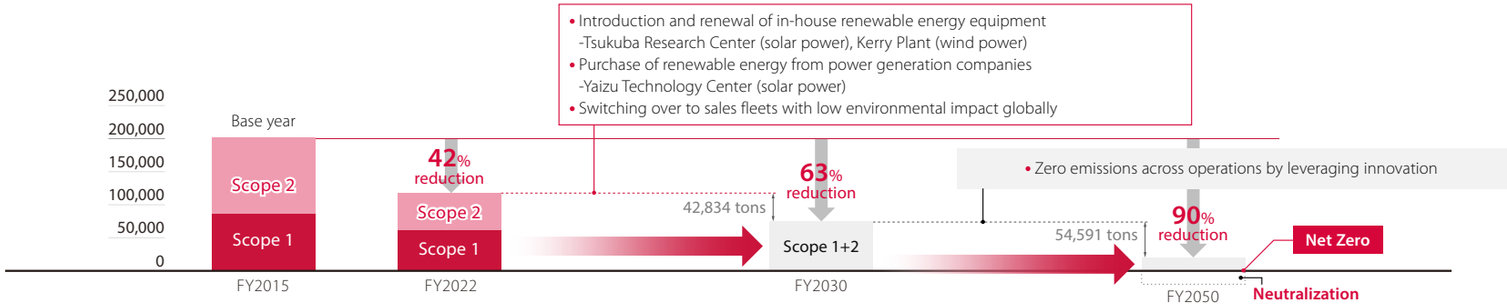
Our Environmental Action Plan sets out short-term and medium-term targets for our activities regarding the key points of the Astellas Environment, Health & Safety Guidelines, and we are continuously working towards achieving these quantitative targets. We renew our action plan on a rolling basis, by reviewing progress and conditions during the previous year and incorporating our findings into our action plan for the following year.

In November 2018, the Environmental Action Plan involving Climate-Related Measures obtained Science Based Target (SBT) certification from the SBT Initiative, which recommends that private companies set reduction targets aligned with the Paris Agreement, which entered into force in 2016, and Astellas operated under that, but reviewed GHG emission targets towards achieving the targets of 1.5°C (Scope 1 and 2) and well-below 2°C (Scope 3). In January 2023, the SBT Initiative approved the targets as a science-based initiative, and Astellas has moved forward on a new environmental action plan (Climate Change Mitigation Measures).
Our environmental action plans for natural resource conservation measures and waste management have been consistently managed well, and even higher targets have been set from FY2021. We are continuously implementing measures eyeing the target fiscal years of each plan. Results for FY2023 are as shown on the right:

For details about our Kerry Plant, please visit the following website.
https://www.astellas.com/en/stories/sustainability-kerry-plant

Environmental Action Plan: Targets and Achievements

Goal of Environmental Action Plan	Base year	FY2022 Results	FY2023 Results
Measures to Address Climate Change			
Reduce GHG emissions (Scope 1 + 2) by 63% by FY2030 ▶ [1.5°C target] (Emissions in the base year: 203 kilotons)	FY2015	Ratio to base year: **42**% decrease (Emissions: 118 kilotons)	Ratio to base year: **40**% decrease (Emissions: 122 kilotons)
Reduce GHG emissions (Scope 3) by 37.5% per unit of revenue by FY2030 ▶ [well-below 2°C target]	FY2015	Ratio to base year: **35**% decrease (Emissions: 894 kilotons)	Ratio to base year: **19**% decrease (Emissions: 1,121 kilotons)



Measures for the Conservation of Natural Resources ▶ Enhance approx. 20% water resource productivity based on FY2016 by the end of FY2025 (For research and production sites in Japan and overseas) Water Resource Productivity = Revenue (billions of yen)/Water resources withdrawn (1,000 m^3)	FY2016	Water Resource Productivity Ratio to base year: **48**% improvement	Water Resource Productivity Ratio to base year: **65**% improvement
Waste management ▶ Improve approx. 10% waste generated per unit of revenue based on FY2016 by the end of FY2025 (For research and production sites in Japan and overseas) Waste Generated per Unit of Revenue = Volume of waste generated (tons)/Revenue (billions of yen)	FY2016	Waste Generated per Unit of Revenue Ratio to base year: **16**% improvement	Waste Generated per Unit of Revenue Ratio to base year: **23**% improvement
Biodiversity ▶ Quadruple the biodiversity index by fiscal 2025 from the fiscal 2005 level $\text{Biodiversity Index} = \frac{\text{Consolidated revenue in assessment fiscal year}}{\sum\left(\frac{\text{Burden in assessment fiscal year}}{\text{Burden in the base year}} \times \text{Weight}\right)}$	FY2005	Biodiversity Index Ratio to base year: **4.6** times	Biodiversity Index Ratio to base year: **4.9** times

Disclosure Based on TCFD Recommendations

Astellas has positioned Climate Change and Energy as "very important" in the Materiality Matrix and conducts scenario analyses to understand the business risks and opportunities arising from climate change. The analysis evaluates transition risks (under a 1.5°C scenario) and physical risks (under a 4°C scenario) based on respective assumptions. In FY2021, a qualitative analysis was conducted, and in FY2022, a quantitative analysis was performed on certain items. With the change in the GHG emission reduction action plan from a 2°C target to a 1.5°C target, the transition risk scenario was also adjusted to a 1.5°C scenario.

Disclosure in line with TCFD recommendations, including the assessment of risks and opportunities, is reported to the Board of Directors as part of our sustainability activities. Responses to identified risks are discussed and decided upon by the Executive Committee or the Board of Directors, depending on the significance of the issue. For more information on the structure related to climate change, please refer to our corporate website.

https://www.astellas.com/en/sustainability/environment-management

Analysis of Risk and Opportunities*

	Climate-Related Risks	Potential Impacts	Financial Impacts	Affected Period	Astellas' Resilience
Transition Risks (risk materializing at 1.5°C increase)					
Policy and Legal	Increased pricing of GHG emissions (costs if paying a carbon tax)	Business sites that have not introduced renewable energies may have to add payment of a carbon tax to their costs.	One billion yen in FY2030 assuming a carbon tax of $100 per ton	Medium to long-term	• Some of the electricity consumed at the business site is generated internally by using renewable energy sources such as wind power and solar power. • Switch to purchasing energy derived from renewable sources at business sites (part of manufacturing and research sites and sales offices in Europe and the United States. Some manufacturing and research sites in Japan started purchasing electricity derived from hydroelectric power in FY2020.) • Promote the purchase of renewable energy-derived electricity at other business sites in the future. • Purchase credits (CO_2 emission rights) to reduce Scope 1 emissions and measures to control costs associated with the purchase will be issues for consideration.
	Obsolescence and impairment loss on existing facilities accompanying GHG emission regulations	• Possibility of being asked to discard facilities due to strengthening of environmental regulations. • Refrigeration equipment using freon gas. • Vehicles that use fossil fuel may no longer be available in some countries after 2035.	No significant impact	Medium to long-term	• There are no existing facilities that we are required to dispose of at this moment. • Regarding freon gas, we will take appropriate measures that comply with laws and regulations. • From 2030 onwards, we need to respond to a required change in automotive vehicles (shift from internal combustion engines to electric motors and fuel cells). Shift to EVs for sales fleets and trucks and modal shift of transportation will have an impact on business operations.
Physical Risks (risk materializing at 4°C increase)					
Acute	Increased severity of extreme weather events such as floods	• Operations halt at our business sites due to floods or other factors. • Raw material and product supply is delayed due to damage in the supply chain caused by floods or other factors.	500 million yen * Referred to the flood countermeasures of the Toyama Technical Center.	Near to long-term	The following investment was planned for the Toyama Technology Center flood response and the investment amount was estimated at 500 million yen. • Install a 3m waterproof wall around the power receiving building • Construction of substation equipment with a structure of 3 m or more • Purchase of generators • If similar measures are required, a similar amount of investment will be considered.

	Climate-related opportunities	Potential Financial Impacts	Affected period	Astellas' response
Resource efficiency	• Use of more efficient production and distribution processes • Use of recycling	Reduced operating costs	Near to long-term	• In order to maintain a stable supply of pharmaceuticals even during pandemic of infectious disease or natural disasters such as earthquakes, storms, and flooding, three logistics centers are operated in Japan. • In European countries and the United States, warehouses shared by multiple pharmaceutical manufacturers are being used to streamline the distribution process. • We collect exhaust heat from air conditioning units at Japanese manufacturing plants and research sites and use it to pre-heat the air supply to improve heat efficiency.
Products and markets	• Development and/or expansion of low emission goods new products and services • Access to new markets	Increased revenues through access to new and emerging markets	Near to long-term	• For the spread of infectious disease in endemic areas due to temperature change and the need for new drugs for infectious disease treatment assumed by the problem of antimicrobial resistance, collaboration with the phage biologics researches Course at a university to create engineered bacteriophages, could be a viable solution. • Climate change can change the geography of the morbidity associated with and severity of epidemics. Heart disease, respiratory disease, etc., may also increase.

We presented only the highlights from the analysis results on this page. For detailed information, please visit our corporate website or refer to the EHS report.
https://www.astellas.com/en/sustainability/TCFD-disclosure https://www.astellas.com/en/system/files/c3b8ba7e5d/astellas_ehs-report2024aug2_en.pdf

Sustainability Strategy

Initiatives for Contribution to Sustainability

Climate Change and Energy

In order to reduce GHG emissions, Astellas must implement management practices that involve the whole of Astellas from a medium-term perspective. Astellas' manufacturing plants, research centers, sales and marketing divisions, and offices are implementing a variety of initiatives with the aim of mitigating climate change.

Regarding tangible elements, efforts to improve facilities, which include the introduction of high-efficiency equipment and the conversion to alternative fuels, are expected to make a significant contribution to reducing the level of GHG emissions generated by energy sources. Regarding intangible aspects, employees' participation in energy saving through improvements of daily work is also important. To this end, each facility adopts a two-pronged approach, comprising measures related to both tangible and intangible elements.

In FY2023, Astellas invested approximately ¥600 million to promote renewable energy use (such as the installation of solar panels) and implement energy-saving measures (such as the renewal of air conditioning equipment and the introduction of LED lighting). This investment resulted in a reduction of 4,825 tons of GHG emissions.

Understanding GHG Emissions in the Supply Chain

Although the Environmental Action Plan concerning climate change is targeting emissions directly generated by business activities (Scope 1 and Scope 2), Astellas is also striving to assess emissions produced throughout the entire supply chain (Scope 3). We have also set SBT for GHG emissions from major categories within Scope 3 and are striving to reduce them.

In addition, we encourage support and cooperation with our measures to reduce GHG emissions, including transactions among our production contractors.

Priority Use of Gaseous Fuel

At Astellas' research and production sites, we use boilers fueled by city gas, LPG (liquefied petroleum gas) and LNG (liquefied natural gas), all of which generate low GHG emissions during combustion. These boilers not only contribute to reducing GHG emissions but also to reducing SOx emissions, another air pollutant.

Introduction of Energy Monitoring Systems

Knowing exactly how much energy we use is useful for the formulation of new strategies. We have introduced energy monitoring systems that can visually monitor energy usage at our facilities.

Reduction of GHG Emissions Generated by Sales Activities

Since FY2008, Astellas has been striving to reduce GHG emissions associated with the use of sales fleets. In each region, we are continuously switching over to vehicles with low environmental impact (e.g., hybrid cars, electric vehicles). In Japan and the United States, where the rate of introducing hybrid vehicles is high, the volume of GHG emissions relative to the number of vehicles has been reduced more than in other regions.

GHG emissions associated with the use of sales fleets are reported under Scope 1 (fuel usage) and Scope 2 (electricity usage by electric vehicles).

Using Renewable Energy

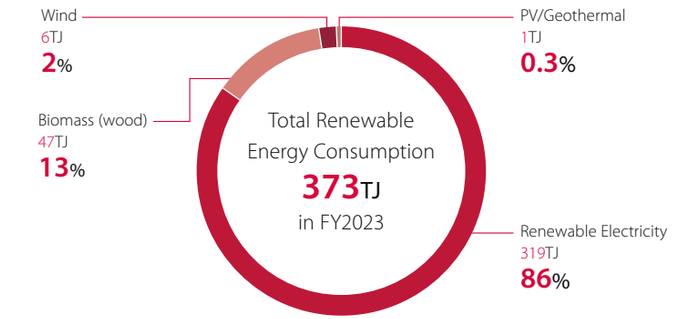
The use of renewable energy is one of the most effective climate change countermeasures. Astellas is introducing photovoltaic panels and wind power generation, and such equipment as biomass boilers, and purchases electricity derived from renewable energy sources to reduce GHG emissions. We will continue to strive to expand the use of renewable energies to help achieve Net Zero.

Starting in April 2020, Astellas switched all electricity consumed by its three sites in Ibaraki, Japan (Tsukuba, Tsukuba Tokodai and Takahagi) to a power plan considered 100% hydroelectric. The reduction impact in FY2023 is equivalent to approximately 24,000 tons of GHG emissions.

Moreover, we are also moving ahead on switching to electricity generated by renewable energy sources in areas outside of Japan.

Looking ahead, Astellas will continue to explore opportunities for using renewable energy, and it will also consider formulating targets for the use of renewable energy.

Usage of renewable energy (FY2023)



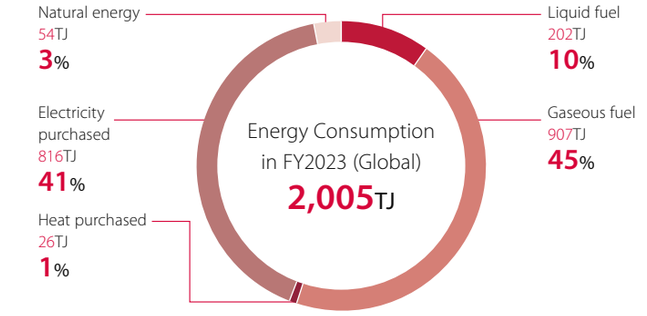
Breakdown of Energy Consumption

Global energy usage in FY2023 by the Astellas Group amounted to 2,005 terajoules (TJ), for a decrease of 2.1% (42 TJ) over the previous year. The percentage of total energy consumption accounted for by electricity is high because in each region a large amount of electricity is consumed by the operation of air conditioning equipment.

Astellas strives to reduce its energy consumption, including through the continued implementation of energy-saving measures and the introduction of highly efficient equipment.

For details about energy consumption, please see the Non-financial Data on p.97.

Breakdown of Energy Consumption in FY2023 (Global)



Sustainability Strategy

Initiatives for Contribution to Sustainability

Initiatives for Resources Recycling and Pollution Prevention

Astellas recognizes that since the use of sustainable resources is essential for continuing its business activities, it must play an active role in the creation of a recycling-oriented society. We have established an Environmental Action Plan and are moving forward with steps to effectively use water resources and recycle waste materials (reuse, recycling, and use of all thermal energy) as initiatives contributing to a recycling-oriented society.

Astellas promotes activities to prevent global environmental pollution. For major environmental management indicators for air and water quality, we have set and managed stricter voluntary control values than the values stipulated by laws and regulations and agreed values. In addition, we are promoting voluntary activities to reduce atmospheric emissions of chemical substances.

Effective Use and Recycling of Water Resources

The effective use of water resources serves as a useful indicator for gauging society's impact on biodiversity. Astellas assesses the relationship between water resources and economic activity using a water resource productivity index, and has been striving to improve this index. Water resource productivity in FY2023 improved significantly by 65% compared with the base year of FY2016.

Astellas' operations use only water drawn from service water, industrial water and groundwater. Water used in work operations is treated in accordance with wastewater discharging standards and returned to an aquatic environment. In addition, Astellas is continuously working to reduce water consumption while minimizing process wastewater.

Risk Assessment of Water Resource

Water is indispensable for Astellas' research and production activities. Each business site obtains necessary government approval to use water, and wastewater is discharged after being treated to satisfy wastewater discharging standards.

Waste Management

Astellas is promoting efforts to reduce the waste landfill volume to as close to zero as possible through the proactive recycling and reuse of waste materials. Moreover, Astellas also evaluates the relationship between the waste generation volume and economic activities with the index known as the Waste generated per unit, and the company is making efforts to improve it. In FY2023, the waste generated per unit improved 23% over the base year (FY2016).

Air Pollution—Reduction of VOC* emissions

Astellas sets voluntary numerical targets for reducing the amount of volatile organic compounds (VOCs) that are emitted accompanying the use of solvents in production and research activities, and makes efforts to reduce emissions. Moreover, as a measure to prevent environmental pollution by chemical substances as well as occupational illnesses, we are taking steps to minimize the impact of our business operations on our employees, local communities, and the environment, such as development of new manufacturing processes that do not use highly hazardous chemical substances.

The VOC emissions from Japanese plants and research facilities in FY2023 amounted to 22 tons.

* Volatile organic compounds—organic chemical compounds that are volatile in the atmosphere at standard ambient temperatures and pressures

Reduction of NOx Emissions

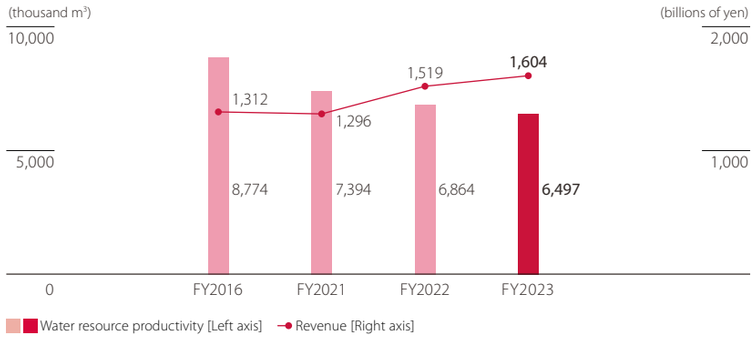
To reduce the emission of NOx into the atmosphere, Astellas has installed boilers that use gaseous fuels (city gas, LNG, and LPG). The NOx emissions from all business facilities in Japan are as shown in the table below. The NOx emissions from non-Japanese production facilities in FY2023 amounted to 6 tons.

Astellas does not use equipment that runs on fuel oil, which is a major source of SOx emissions.

For information on BOD* and wastewater discharge, please refer to "Non-Financial Data" on P.98.

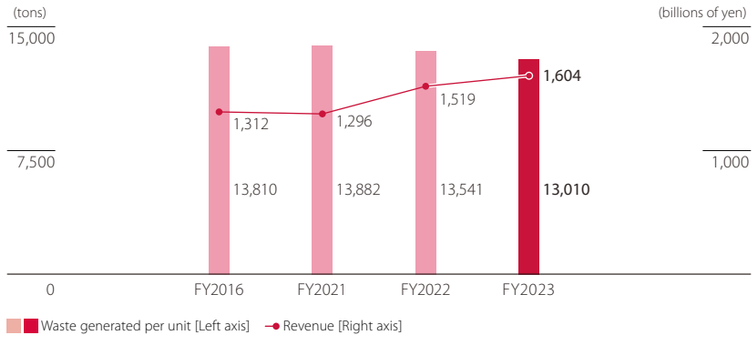
* Biochemical oxygen demand. Used as a benchmark for indicating extent of water pollution by organic matter in rivers

Changes in Water Resources Withdrawn and Revenue

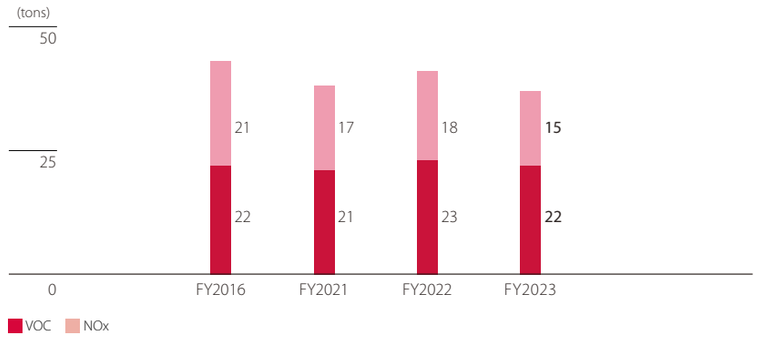


* Production facilities and R&D sites in Japan and overseas

Changes in Waste Generation Volume and Revenue



Changes in VOC and NOx Emissions



Sustainability Strategy

Initiatives for Contribution to Sustainability

Sustainable Biodiversity Initiatives

Astellas is thankful for the benefits brought about by biological diversity, and understands its business activities in all fields have an impact on ecosystems. We will make a positive contribution to the preservation of biodiversity by working to lessen that impact. Furthermore, we will actively contribute to the creation of a society that coexists with the natural world, enabling the preservation of biodiversity and the sustainable use of the benefits of healthy ecosystems.

Benefits from Ecosystem

- Energy resources
- Genetic resources
- Renewable resources
- Biological resource
- Regulates air quality
- Cleans water
- Regulates climates

R&D → Manufacturing → Transportation & sales → Use / Land use (buildings, greenery)

Impacts on Biodiversity

- Impact on habitats
- Excess consumption of biological resources
- Invasion of foreign speices
- Climate change
- Impact on habitats (degradation, fragmentation)
- Pollution

Astellas assesses the three main factors that are causing the deterioration of biodiversity as being environmental pollution, resource consumption, and climate change, and has created a Biodiversity Index to evaluate the impact of its business activities on biodiversity.

The environmental burden for each sub-category in the assessment fiscal year is divided by the corresponding burden in the base-year and then multiplied by the weight to derive the "biodiversity burden index." The "biodiversity index" is calculated by dividing Astellas' consolidated revenue in the assessment fiscal year by the total of all the biodiversity burden index figures. Improvement can be determined by comparing this index to the base year.

$$\text{Biodiversity Index} = \frac{\text{Consolidated revenue in assessment fiscal year}}{\Sigma\left(\frac{\text{Burden in assessment fiscal year}}{\text{Burden in the base year}} \times \text{Weight}\right)}$$

External ESG Evaluation

Astellas was named to CDP2023 'A' List for Climate Change, ranking in the top 2% out of approximately 21,000 companies. In September 2023, Astellas improved its Sustainalytics rating from Medium Risk to Low Risk. Additionally, Astellas has been named to the FTSE4Good Index Series for 13 consecutive years in June 2024.

ESG Assessments

		FY2021	FY2022	FY2023
	FTSE Russell ESG Ratings (0 to 5, higher scores are better)	4.0	4.3	3.6
MSCI ESG RATINGS AA	MSCI ESG Ratings (Scale from CCC to AAA, 0–10, higher scores are better)	AA	AA	AA
	CDP [Climate Change/Water Security] (A to F, A is the highest)	B/B	A–/B	A/B
access to medicine FOUNDATION	Access to Medicine Index (Ranking of the world's 20 pharmaceutical companies)	14th/20	16th/20	—
Rated SUSTAINALYTICS	Sustainalytics (Scale from Negligible to Severe)	Medium	Medium	Low

Inclusion in ESG Investment Indexes

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
MSCI Japan
ESG Select Leaders Index

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
MSCI Japan
Empowering Women (WIN) Select Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
MSCI
Nihonkabu ESG Select Leaders

S&P/JPX Carbon Efficient Index

Certified Health & Productivity Management Outstanding Organization

2024 健康経営優良法人 Health and productivity

Astellas supports our employees' working styles and well-being and strives for organizational health. Astellas' health management promotion system in Japan is planned and operated by Human Resources, Astellas Health Insurance Society and the labor union, and headed by the Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO). Our efforts to promote good health have been recognized with certification as a 2024 Certified Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry in Japan for three consecutive years.

Astellas awarded Compliance Leader Verification™

2023 ETHISPHERE COMPLIANCE LEADER VERIFICATION

Astellas has earned Compliance Leader Verification™ ("CLV") from Ethisphere, a global leader in defining and advancing the standards of ethical business practices. Ethisphere's Compliance Leader Verification CLV recognizes organizations with an outstanding commitment to achieving a best-in-class ethics and compliance program.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Astellas has been assessed according to the FTSE4 Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE4 Blossom Japan Sector Relative Index. The FTSE4 Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

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The progress report on Access to Medicine Index is as follows:
2021: https://accesstomedicinefoundation.org/resource/2021-access-to-medicine-index
2022: https://accesstomedicinefoundation.org/resource/2022-access-to-medicine-index

Strengthen Foundation for Value Creation

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Strengthen Foundation for Value Creation

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Corporate Governance

Message from Chairman of the Board

Astellas has realized a highly effective Board of Directors through a board composition that ensures diversity and active dialogue with internal and external stakeholders.

Kenji Yasukawa
Representative Director,
Chairman of the Board

I have served as Chairman of the Board of Directors since June 2022, when I was President and CEO. Since April 2023, I have entrusted Naoki Okamura with the role of Representative Director, President and CEO, and I have continued to serve as Representative Director, Chairman of the Board.

After the Annual Shareholders Meeting in June 2024, a new Board of Directors structure was initiated. Upon the retirement of two Directors who have made significant contributions to the Company, we welcomed two new Directors, Dr. Rika Hirota and Ms. Tomoko Aramaki, as Audit and Supervisory Committee Members. The Board of Directors now consists of 11 directors, including five female directors, and continues to have a highly diverse composition.

All Directors share a common understanding of the type of oversight function that is desirable.

The Board of Directors confirms and evaluates whether business execution is being executed appropriately in accordance with corporate strategic plans, strategies, and other policies determined by the Board of Directors. Based on this evaluation, the Board of Directors point out opportunities for improvement and encourages course corrections as necessary.

The oversight function that our Directors share is one that strikes a balance between "defensive" and "offensive" oversight. "Defensive", or "risk-management-oriented oversight" includes periodic review of company-wide risks and their management status, as well as the status of compliance activities. "Offensive", or "growth-oriented oversight" provides the appropriate support for intelligent risk-taking and ethical decision-making, which is essential for creating innovation based on strategies such as the Focus Area approach, which requires bold challenges. The Board of Directors discusses how to ensure the transparency, fairness, and integrity of corporate decision-making while appropriately encouraging the intelligent risk-taking necessary for flexible business execution that leads to innovation. We believe that a balance between "defense" and "offense," and oversight that balances both, will encourage the enhancement of enterprise value.

We will work on oversight function that realizes sustainable growth and medium- to long-term enterprise value enhancement.

Since drug discovery sometimes requires a long period of 10 to 15 years, the medium-term corporate strategic plan plays an important role as the axis of the company over the medium- to long-term. I have served as Corporate Strategic Officer (CStO), President and CEO, and now as Chairman of the Board. I am always conscious of overseeing whether the company is executing the medium-term corporate strategic plan and carrying out business execution to achieve sustainable growth, while utilizing my own experience and perspective in planning and executing the corporate strategic plan.

At the same time, it is essential for a company to constantly challenge the "frontier" in order to sustainably grow with a longer-term perspective beyond the scope of the medium-term corporate strategic plan. Effective utilization and acquisition of external capabilities such as collaboration with academia and startups, and M&A are important for this challenge. Therefore, I also oversee whether the executive body is broadening its perspective, both internally and externally, and allocating management resources appropriately in order to take on cutting-edge challenges.

We will continue to actively engage in dialogue with internal and external stakeholders.

Based on the oversight function discussed above, the key to ensuring that the Board of Directors fully exercises its oversight function is proper collaboration with the executive body. We, the Board of Directors, will further strengthen cooperation with the executive body and enhance the effectiveness of the Board of Directors through timely and substantial communication.

And at the same time, we will continue to focus on dialogue with external stakeholders.

In FY2023, we held our first meeting to exchange opinions between outside Directors and institutional investors in December 2023, and engaged in lively dialogue. We aim to sustain proactive dialogue going forward and leverage the various viewpoints gained through such dialogue in the discussions of the Board of Directors.

Under the new Board of Directors structure in FY2024, I will continue to fulfill my roles and responsibilities as Chairman of the Board to further improve the effectiveness of the Board of Directors, which will lead to an increase in enterprise value.

Corporate Governance

Please refer to the Corporate Governance Report for detailed reasons for selection of outside Directors.
https://www.astellas.com/en/about/governance

Board of Directors (As of June 20, 2024)

Kenji Yasukawa

Representative Director, Chairman of the Board

Rate of attendance in meetings of the Board of Directors:
100% (13/13 times)

Number of shares of the Company owned:
179,515 shares

Resume, position and responsibilities at the Company

April 1986:	Joined the Company
April 2005:	Vice President, Project Management, Urology, the Company
June 2010:	Corporate Executive of the Company and Therapeutic Area Head, Urology, Astellas Pharma Europe B.V.
October 2010:	Corporate Executive of the Company and Therapeutic Area Head, Urology, Astellas Pharma Global Development, Inc.
April 2011:	Corporate Executive, Vice President, Product & Portfolio Strategy, the Company
April 2012:	Corporate Executive, Chief Strategy Officer (CSTO), the Company
June 2012:	Senior Corporate Executive, Chief Strategy Officer (CSTO), the Company
April 2017:	Senior Corporate Executive, Chief Strategy Officer and Chief Commercial Officer (CSTO & CCO), the Company
June 2017:	Representative Director, Executive Vice President, Chief Strategy Officer and Chief Commercial Officer (CSTO & CCO), the Company
April 2018:	Representative Director, President and Chief Executive Officer (CEO), the Company
April 2023:	Representative Director, Chairman of the Board, the Company (present post)
March 2024:	Outside Board Director, Resonac Holdings Corporation (present post)

Takashi Tanaka

Outside Director

Rate of attendance in meetings of the Board of Directors:
100% (13/13 times)

Number of shares of the Company owned:
0 shares

Resume, position and responsibilities at the Company

April 1981:	Joined Kokusai Denshin Denwa Co., Ltd. (KDD)
April 2003:	Executive Officer, General Manager, Solution Product Development Division, Solution Business Sector, KDDI CORPORATION
June 2007:	Managing Executive Officer, Executive Director, Solution Business Sector, KDDI CORPORATION
August 2007:	President, Wireless Broadband Planning Inc. (current UQ Communications Inc.)
April 2009:	Managing Executive Officer, Solution Business Sector, KDDI CORPORATION
April 2010:	Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION
June 2010:	Senior Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION; Chairman, UQ Communications Inc.
December 2010:	Representative Director, President, KDDI CORPORATION
April 2018:	Representative Director, Chairman of the Board, KDDI CORPORATION
June 2018:	Director, Okinawa Cellular Telephone Company (present post)
June 2021:	Director, the Company (present post)
June 2024:	Director, Chairman of the Board, KDDI CORPORATION (present post)

Naoki Okamura

Representative Director, President and CEO

Rate of attendance in meetings of the Board of Directors:
100% (13/13 times)

Number of shares of the Company owned:
57,300 shares

Resume, position and responsibilities at the Company

April 1986:	Joined the Company
October 2010:	President & CEO, OSI Pharmaceuticals, Inc.
April 2012:	Senior Vice President, Chief Strategy Officer, Astellas Pharma Europe Ltd.
July 2014:	Vice President, Licensing & Alliances, the Company
April 2016:	Vice President, Corporate Planning, the Company
June 2016:	Corporate Executive, Vice President, Corporate Planning, the Company
April 2018:	Corporate Executive, Chief Strategy Officer (CSTO), the Company
April 2019:	Corporate Executive Vice President, Chief Strategy Officer (CStO), the Company
June 2019:	Representative Director, Executive Vice President, Chief Strategy Officer (CStO), the Company
October 2019:	Representative Director, Executive Vice President, Chief Strategy Officer and Chief Financial Officer (CStO & CFO), the Company
September 2021:	Representative Director, Executive Vice President, Chief Strategy Officer, Chief Financial Officer and Chief Business Officer (CStO & CFO, and CBO), the Company
March 2022:	Representative Director, Executive Vice President, Chief Strategy Officer and Chief Business Officer (CStO and CBO), the Company
April 2022:	Representative Director, Executive Vice President and Chief Strategy Officer (CStO), the Company
April 2023:	Representative Director, President and Chief Executive Officer (CEO), the Company (present post)

Eriko Sakurai

Outside Director

Rate of attendance in meetings of the Board of Directors:
100% (13/13 times)

Number of shares of the Company owned:
0 shares

Resume, position and responsibilities at the Company

June 1987:	Joined Dow Corning Corporation (current Dow Silicones Corporation)
March 2009:	Chairman and CEO, Representative Director, Dow Corning Toray Co., Ltd. (current Dow Toray Co., Ltd.)
May 2011:	Regional President Japan/Korea, Dow Corning Corporation (current Dow Silicones Corporation)
June 2014:	Outside Director, Sony Corporation (current Sony Group Corporation)
February 2015:	President, Representative Director, Dow Silicones Holdings Japan Kabushiki Kaisha (current Specialty Products Japan Godo Kaisha)
June 2015:	Outside Director, Sumitomo Mitsui Financial Group, Inc. (present post)
August 2020:	President and Representative Director, Dow Chemical Japan Limited; President, Representative Director, Dow Japan Holdings Kabushiki Kaisha (current Dow Chemical Japan Limited); President, Representative Director, Performance Materials Japan Kabushiki Kaisha
March 2022:	Outside Director, Kao Corporation (present post)
June 2022:	Director, the Company (present post)
June 2023:	External Director, Nippon Sheet Glass Co., Ltd. (present post)

Katsuyoshi Sugita

Representative Director, Executive Vice President

Rate of attendance in meetings of the Board of Directors:
100% (9/9 times)

Number of shares of the Company owned:
11,800 shares

Resume, position and responsibilities at the Company

April 1991:	Joined Asahi Kasei Corp.
January 2005:	Director, Human Resources, Medical Devices, Johnson & Johnson K.K.
November 2008:	Vice President, Human Resources, Hilti Japan Ltd.
August 2012:	Vice President, Human Resources, AstraZeneca K.K.
July 2016:	Senior Director, Human Resources, Microsoft Japan Co., Ltd.
May 2021:	Executive Vice President, Human Resources (current Head, Human Resources), the Company (present post)
October 2022:	Senior Corporate Executive (Senmu Tantou-Yakuin), Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO), the Company
June 2023:	Representative Director, Executive Vice President, Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO), the Company (present post)

Masahiro Miyazaki

Outside Director

Rate of attendance in meetings of the Board of Directors:
100% (9/9 times)

Number of shares of the Company owned:
1,600 shares

Resume, position and responsibilities at the Company

April 1977:	Joined Nissei Sangyo Co., Ltd. (current Hitachi High-Tech Corporation)
March 1990:	Chief Representative, Kuala Lumpur Representative Office, Nissei Sangyo (Singapore) Pte. Ltd. (current Hitachi High-Tech (Singapore) Pte. Ltd.)
January 1995:	General Manager, Electronic Components Div., Nissei Sangyo America, Ltd. (current Hitachi High-Tech America, Inc.)
June 2002:	Deputy General Manager, Electronics Div., Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation)
July 2004:	General Manager, Electronics Div., Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation)
April 2007:	Executive Officer, General Manager, Regional Branch Office for West Japan Area and Kansai Branch Office, Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation)
April 2010:	President and CEO, Hitachi High Technologies America, Inc. (current Hitachi High-Tech America, Inc.)
April 2014:	Senior Vice President and Executive Officer, General Manager, Corporate Strategy Div., Fine Technology Systems Business Div. and CSO (Chief Strategy Officer), Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation)
April 2015:	Representative Executive Officer, President and Chief Executive Officer, Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation)
June 2015:	Representative Executive Officer, President and Chief Executive Officer and Director., Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation)
April 2021:	Chairman Emeritus, Hitachi High-Tech Corporation
June 2022:	Outside Director, Kurita Water Industries Ltd. (present post)
June 2023:	Director, the Company (present post)

Corporate Governance

Corporate Governance

Please refer to the Corporate Governance Report for detailed reasons for selection of outside Directors.
https://www.astellas.com/en/about/governance

Yoichi Ohno

Outside Director

Rate of attendance in meetings of the Board of Directors:
100% (9/9 times)

Number of shares of the Company owned:
0 shares

Resume, position and responsibilities at the Company

May 1993:	Assistant Professor, Internal Medicine, School of Medicine, Keio University
April 1995:	Deputy Chief, Internal Medicine, Tokyo Denryoku Hospital
April 2002:	Director, Green Town Clinic Center, and Chief, Internal Medicine, Green Town Clinic
July 2005:	Chief, Nephrology, Endocrinology and Metabolism Department, Internal Medicine, Saitama City Hospital
April 2007:	Senior Lecturer, Nephrology, Saitama Medical University
August 2007:	Senior Lecturer, Community Health Science Center, Saitama Medical University
April 2013:	Associate Professor, Community Health Science Center and Nephrology, Saitama Medical University
April 2020:	Visiting Professor, Social Medicine, Research Administration Center and Medical Education Center, Saitama Medical University (present post)
June 2023:	Director, the Company (present post)

Rika Hirota

Director, Full-time Audit & Supervisory Committee Member

Number of shares of the Company owned:
0 shares

Resume, position and responsibilities at the Company

April 1991:	Joined the Company
April 2015:	Head, Bioscience Research Laboratories, Drug Discovery Research, the Company
April 2017:	Head, Research Regulatory Management, Drug Discovery Research, the Company
April 2022:	Head, Research Regulation and Administration, Applied Research and Operations, the Company
January 2023:	Special Advisor, Audit & Supervisory Committee Office, the Company
April 2023:	Head, Audit & Supervisory Committee Office, the Company
April 2024:	Report to CEO, the Company
June 2024:	Director (Audit & Supervisory Committee Member), the Company (present post)

Mika Nakayama

Outside Director, Chair of the Audit & Supervisory Committee

Rate of attendance in meetings of the Board of Directors:
100% (13/13 times)

Rate of attendance in meetings of the Audit & Supervisory Committee:
100% (20/20 times)

Number of shares of the Company owned:
0 shares

Resume, position and responsibilities at the Company

August 1984:	Joined Nippon Synthetic Rubber Co., Ltd. (current JSR Corporation)
April 2015:	Officer, General Manager of Corporate Planning Department and General Manager of Diversity Promotion Office, JSR Corporation
April 2017:	Executive Officer, General Manager of Intellectual Property Department, JSR Corporation
June 2020:	Director, Senior Officer, General Manager of Sustainability Promotion Dept., JSR Corporation
June 2022:	Director (Audit & Supervisory Committee Member), the Company (present post)
June 2024:	Outside Director, Mitsubishi Kakoki Kaisha, Ltd. (present post)

Rie Akiyama

Outside Director, Audit & Supervisory Committee Member

Rate of attendance in meetings of the Board of Directors:
100% (9/9 times)

Rate of attendance in meetings of the Audit & Supervisory Committee:
100% (14/14 times)

Number of shares of the Company owned:
0 shares

Resume, position and responsibilities at the Company

April 1992:	Joined Sanwa Bank Ltd. (current MUFG Bank, Ltd.)
April 1999:	Registered as attorney-at-law (Tokyo Bar Association)
April 1999:	Joined Baba Law Office (current Baba & Sawada Law Office) (present post)
June 2019:	Outside Director, GOLDWIN INC. (present post)
June 2023:	Director (Audit & Supervisory Committee Member), the Company (present post)

Tomoko Aramaki

Outside Director, Audit & Supervisory Committee Member

Number of shares of the Company owned:
0 shares

Resume, position and responsibilities at the Company

October 1991:	Joined Century Audit Corporation (current Ernst & Young ShinNihon LLC) (resigned in October 2001)
March 1995:	Registered as Certified Public Accountant
February 2006:	President, Aramaki CPA Office (present post)
April 2006:	Registered as Certified Tax Accountant
June 2008:	Outside Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc.
June 2015:	Director, in charge of Investor Relations, PARIS MIKI HOLDINGS Inc.
December 2015:	Outside Audit & Supervisory Board Member, SACOS CORPORATION
June 2018:	Outside Audit & Supervisory Board Member, KYOWA EXEO CORPORATION (current EXEO Group, Inc.)
March 2022:	Outside Director, FUJI SOFT INCORPORATED (present post)
June 2023:	Outside Director, EXEO Group, Inc. (present post)
June 2023:	Outside Director (Audit & Supervisory Committee Member), TRE HOLDINGS CORPORATION (present post)
June 2024:	Director (Audit & Supervisory Committee Member), the Company (present post)

Skills Matrix and Composition of Advisory Committees

		Affiliation				Expected skills						Advisory Committees	
	Name	Gender	Outside Director	Independent Director	Years in office*	Company Management	Global Business	Science & Technology	Legal · Risk Management	Finance · Accounting	Academia	Nomination Committee	Compensation Committee
Director	Kenji Yasukawa	Male			7 years	●	●	●				—	—
	Naoki Okamura	Male			5 years	●	●	●		●		—	—
	Katsuyoshi Sugita	Male			1 year	●	●		●			—	—
	Takashi Tanaka	Male	○	○	3 years	● (Telecommunication)	●	●				Chair	Chair
	Eriko Sakurai	Female	○	○	2 years	● (Chemicals)	●					Member of the Committee	Member of the Committee
	Masahiro Miyazaki	Male	○	○	1 year	● (Precision instruments / Trading)	●					Member of the Committee	Member of the Committee
	Yoichi Ohno	Male	○	○	1 year			●			● (Medicine)	Member of the Committee	Member of the Committee
Director Audit & Supervisory Committee Member	Rika Hirota	Female			(New)			●	●			—	—
	Mika Nakayama	Female	○	○	2 years	● (Chemicals)	●	●	●			—	—
	Rie Akiyama	Female	○	○	1 year				● (Lawyer)			—	—
	Tomoko Aramaki	Female	○	○	(New)					● (Accountant)		—	—

* As of June 2024

Corporate Governance

Please refer to the Corporate Governance Report for details on our internal control system.
https://www.astellas.com/en/about/governance

Basic View

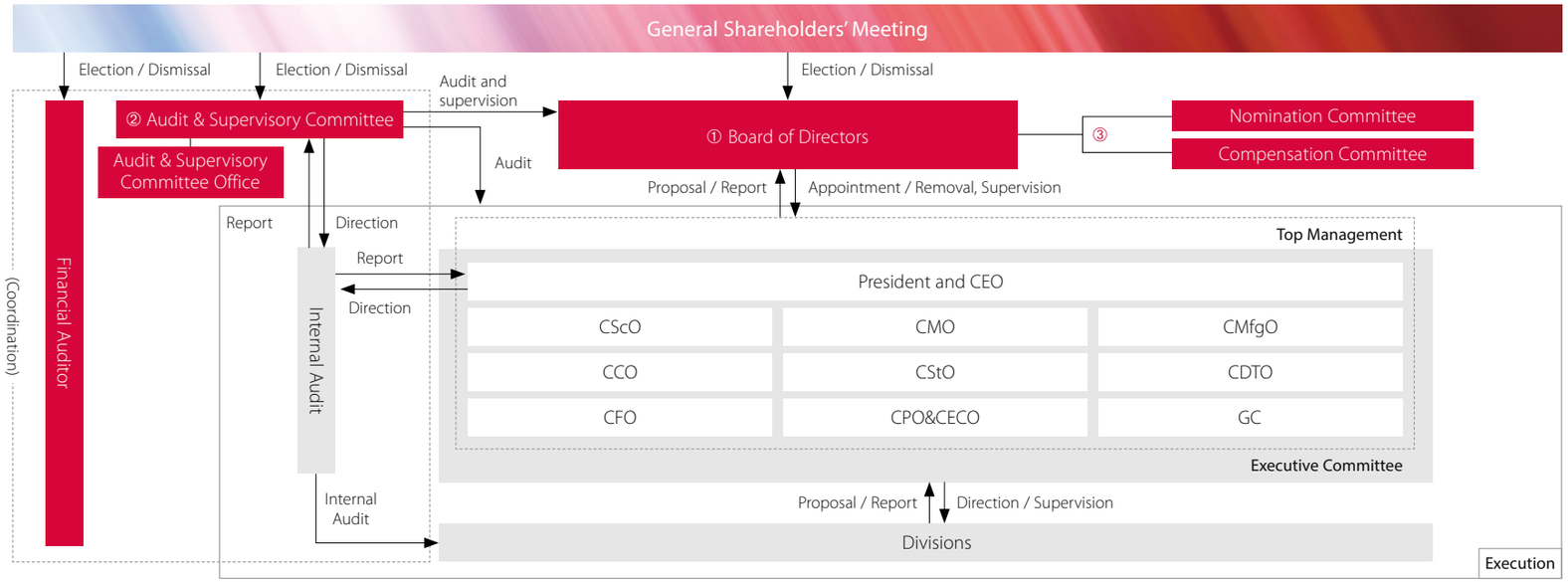
The Company's raison d'être is to contribute to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. The Company aims to sustainably enhance enterprise value by being chosen and trusted by all stakeholders. With this business philosophy, we work to ensure and strengthen the effectiveness of corporate governance from the following perspectives:

1) **Ensuring transparency, appropriateness and agility of management; and**
2) **Fulfillment of our fiduciary duties and accountability to shareholders and appropriate collaboration with all stakeholders.**

Summary of the Company's Corporate Governance System

The summary of the Company's corporate governance systems is as follows:

- The Company adopts the organizational structure of "Company with Audit & Supervisory Committee." Outside Directors constitute the majority of the Board of Directors and the Audit & Supervisory Committee, respectively.
- The Board of Directors determines basic policies of management, business strategies and other matters, and serves the oversight function of business execution.
- As an organ for handling business execution, the Company establishes the Executive Committee for discussing important matters and appoints Top Management (the President and Chief Executive Officer; the Chief Scientific Officer; the Chief Medical Officer; the Chief Manufacturing Officer; the Chief Commercial Officer; the Chief Strategy Officer; the Chief Digital & Transformation Officer, the Chief Financial Officer, the Chief People Officer and Chief Ethics & Compliance Officer; and the General Counsel are collectively referred to as "Top Management") to take responsibility for business execution. The responsibility and authority for the execution of business of the organ described above and the Top Management are clearly stipulated in the Corporate Decision Authority Policy.
- As advisory bodies to the Board of Directors, the Company establishes the Nomination Committee and the Compensation Committee, each of which are composed of a majority of outside Directors.



Evolution of Corporate Governance System

April 2005: New Board of Directors formed following launch of Astellas
- Board of Directors specialized in supervising the execution of business and decision-making regarding matters legally required for board resolution or most important matters
- To the extent legally allowable, delegated as much authority as possible to the management team

June 2006: The Board of Directors became to be composed of a majority of Outside Directors
- 5 out of 9 Directors were outside Directors

June 2007: Established the Nomination Committee and the Compensation Committee as discretionary committee
- 3 out of 5 committee members were outside Directors,

June 2011: Changed the chair of the Nomination and the Compensation Committees to an Outside Director

June 2018: Transferred to a Company with an Audit & Supervisory Committee
- Transition to a Company with an Audit & Supervisory Committee to enable delegation of a substantial part of the Board of Directors' decision-making authority of the execution of business to Executive Directors
- Purpose was to further enhance deliberation on matters such as business strategy in the Board of Directors and further strengthen the supervisory functions of the Board of Directors

June 2022: All members of the Nomination Committee and the Compensation Committee became Outside Directors

June 2024: Changed the Chair of the Audit & Supervisory Committee to an Outside Director

Corporate Governance

① Board of Directors

Internal Directors
(3 males and 1 female)

Outside Directors
(3 males and 4 females)

Term of Office	The terms of office of Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members shall be 1 year and 2 years, respectively
Number of meetings	At least once every 3 months and additionally as necessary
Summary	• The Board of Directors ensures the transparency and appropriateness of management by making decisions on corporate management policies and corporate strategies, etc., serving the oversight function of the execution of business. • The Board of Directors ensures the agility of management by delegating a substantial part of decision-making authority of important business execution to an executive Director by resolution of the Board of Directors and establishing "Corporate Decision Authority Policy" to clarify the responsibility and authority for the execution of business by Top Management and others. • The Board of Directors, in consideration of diversity and balance from the perspectives of expertise and experience and so forth, is composed of a number of Directors appropriate to facilitate agility. • In order to ensure decision-making from a broader viewpoint and objective oversight of the execution of business, the Board of Directors is composed of a majority of outside Directors. • At least one outside Director is to have management experience at other companies.

Specific matters considered by the Board of Directors in FY2023

Corporate Strategy	• Quarterly review of the progress of the corporate strategic plan • Approval of a business development project • Review of progress of Primary Focus strategy • Determination of FY2024 Corporate Annual Plan
Risk Management	• Review of enterprise risks and the management status thereof • Review of audit results obtained by the Audit & Supervisory Committee and Internal Audit • Review of status of compliance activities
Stakeholder Engagement	• Approval of matters related to financial results • Review of status of dialogue with investment community • Review of results of employee engagement survey • Review of status of sustainability action plan and activities
Corporate Governance	• Evaluation of Board of Directors effectiveness analysis results • Deliberations and decisions on Directors & Officers appointment/ remuneration • Review of status of succession planning

Evaluation of Effectiveness of the Board of Directors

The Company conducts an annual analysis and evaluation of the effectiveness of the Board of Directors as a means of examining and improving issues to further enhance the effectiveness of the Board of Directors, and discloses a summary of the results thereof.

❶ The Chairman of the Board of Directors conducted a survey based on questionnaires to Directors.

❷ Based on the results of this survey, the Board of Directors performed its analysis and evaluation.

❸ Evaluation of effectiveness in FY2023

<Conclusion>

It was determined that the overall effectiveness of the Board of Directors is sufficiently ensured.

<Reasons for the evaluation>

The results of the survey on effectiveness confirmed the overall high evaluation and the following activities and discussions behind it.

- The Board of Directors effectively utilizes the Nomination Committee, and appropriately supervises succession planning and makes decisions regarding nomination.
- The Board of Directors effectively utilizes the Compensation Committee, and appropriately establishes the remuneration system and decides the amounts of remuneration.

Initiatives to raise the effectiveness

- The Board of Directors evaluated itself as there being room for further improvement with regard to dialogue with stakeholders. It will continue striving to understand the expectations and opinions of various stakeholders and reflect them in the discussions of the Board of Directors meetings. The Board of Directors has also evaluated itself as there being room for further improvement in the timely sharing of information regarding the status of business execution with Directors. It will work to further promote timely information sharing that contributes to appropriate management oversight. Through these efforts, the Board of Directors will strive to further improve its effectiveness.

Support for Directors

The Company supports active deliberations at the Board of Directors and Audit & Supervisory Committee through provision to Directors of the information needed to fulfill their roles and responsibilities. In particular, the Company implements training programs for newly elected Outside Directors, through which they are provided with industry information pertaining to the Company and the Company's business strategies. With respect to particularly important matters, among matters to be considered by the Board of Directors, the Company works to ensure active deliberations by providing a forum in advance for sharing information about such matters with Directors.

The Company provides Outside Directors with opportunities to participate in internal company events and exchange opinions with internal Directors and Top Management. In FY2023, Outside Directors participated in an internal company event held onsite at the Yaizu facilities, where they were able to interact with other attendees.

Based on the FY2023 analysis and evaluation of the effectiveness of the Board of Directors, in FY2024 the Company plans to further enhance its support system for Directors by providing more opportunities for participation in internal company events and sharing industry information pertaining to the Company as well as information concerning other aspects of the external environment.

Corporate Governance

② Audit & Supervisory Committee

Term of Office	The term of office of Directors who are Audit & Supervisory Committee Members shall be 2 years
Number of meetings	Once a month in principle and additionally as necessary
Summary	• The Audit & Supervisory Committee is the only deliberation body and decision-making body for the purpose of forming opinions with regard to audits by the Audit & Supervisory Committee Members, and, where necessary, provides its opinions to Directors or the Board of Directors. • The Audit & Supervisory Committee is composed of all the Directors who are Audit & Supervisory Committee Members, and its chairman is determined by resolution of the Audit & Supervisory Committee. • In order to further enhance the independence and neutrality of the Company's audit system, the Audit & Supervisory Committee is composed of a majority of outside Directors. • The Company appoints as Audit & Supervisory Committee Members individuals who have appropriate experience and skills, as well as necessary knowledge of finance, accounting and legal affairs. At least one of the Audit & Supervisory Committee Members is to have sufficient expertise in finance and accounting.

Specific matters considered by the Audit & Supervisory Committee in FY2023

Specific matters considered by the Audit & Supervisory Committee include the Audit & Supervisory Committee's audit policy, audit plan and audit results, results of the audit of the business report and financial statements, the Internal Audit division's audit plan and audit results, development of the internal control system and its operational status, Financial Auditor evaluation and remuneration, etc., and opinions about election, remuneration, etc., of Directors (excluding Directors who are Audit & Supervisory Committee Members). During FY2023, the Audit & Supervisory Committee focused on the following key audit items:

- Status of HR systems, policies and measures
- Status of PMI (Post-Merger Integration) at the acquired companies
- Status of governance of subsidiaries
- Status of response to challenges associated with globalization and reorganization
- Accounting procedures (including tax processing) based on management's estimates and judgments involving significant risks
- Status of outsourcing
- Status of risk response and risk management
- Status of compliance and supervision
- Status of sustainability-related information disclosure system and process initiatives
- Status of IT-related maintenance and support

③ Nomination Committee and Compensation Committee

Nomination Committee

The Nomination Committee deliberates matters relating to the election and dismissal of Directors and appointment and removal of Top Management, etc., and reports the results of their deliberations to the Board of Directors.

Specific matters considered by the Nomination Committee in FY2023

Election and dismissal of Directors, etc.	• Election and dismissal of Directors*1 • Selection and dismissal of Representative Directors • Selection and dismissal of Directors with executive power • Appointment and removal of Top Management, etc. • Top management structure, etc.
Succession planning	Succession planning for internal Directors and Top Management

*1 This includes the method of searching for and selecting new candidates for outside Directors

Compensation Committee

The Compensation Committee deliberates matters regarding remuneration, bonuses and other financial benefits paid as consideration for the performance of duties for Directors and Top Management, etc. (excluding remuneration for individual Directors who are Audit & Supervisory Committee Members), and reports the results of their deliberations to the Board of Directors.

Specific matters considered by the Compensation Committee in FY2023

Executive remuneration level, remuneration system, etc., for FY2024	• Establishment of remuneration levels by position and by individual • Revision of remuneration composition by position • Revision of incentive-based remuneration system (revision of performance assessment system for Top Management, etc.)
Bonuses for FY2022	Company-wide performance assessment results and amount paid by individual
Bonuses for FY2023	Company-wide performance targets and assessment table
FY2020 stock compensation*2	Achievement of performance targets and number of shares delivered by individual
FY2023 stock compensation*3	Trust setup and TSR Peer Group*4 setup

*2 FY2020 is the first business year of the assessment period for stock compensation, and FY2022 is the last business year of the assessment period for stock compensation
*3 FY2023 is the first business year of the assessment period for stock compensation, and FY2025 is the last business year of the assessment period for stock compensation
*4 See page 81 for details

Corporate Governance

Amounts of Remunerations

Matters on Policy of determining remuneration amounts and calculation methods

Remunerations for Directors are so designed as to enable the Company to recruit and retain talents, and to make the remuneration structures and levels fully commensurate with the responsibilities of the position. The Company endeavors to improve the objectivity of decisions on remuneration levels through measures such as the use of remuneration survey data from specialist third-party organizations.

Remunerations for Directors who are not Audit & Supervisory Committee Members (excluding outside Directors) are based upon a remuneration system and composition that are closely linked to performance with an emphasis on increasing enterprise value and shareholder value over the medium- to long-term, and are composed of a fixed amount basic remuneration, bonuses, and stock compensation. The Company appropriately links remunerations with business performance. Remunerations for outside Directors and Directors who are Audit & Supervisory Committee Members are composed of a fixed amount basic remuneration only. Remunerations for each Director who is not an Audit & Supervisory Committee Member are determined by resolutions of the Board of Directors within a total ceiling amount approved by the Shareholders Meeting. Remunerations for each Director who is an Audit & Supervisory Committee Member are determined by the deliberations of the Audit & Supervisory Committee Members within a total ceiling amount approved by the Shareholders Meeting.

Through the deliberations of the Compensation Committee prior to the resolution of the Board of Directors, the Company ensures greater transparency and objectivity of the deliberation process for remunerations for Directors who are not Audit & Supervisory Committee Members.

The Company has set out the policy for determining details of remunerations for individual Directors in the internal policies concerning remunerations for Directors established by resolution of the Board of Directors after discussions at the Compensation Committee.

Total amount of remunerations, total amount of remunerations by type, and number of Directors applicable for each category of Directors (FY2023)

Category	Total amount of remunerations (Millions of yen) (1)+(2)+(3)	Total amount of remunerations by type of remuneration (Millions of yen)					Number of applicable Directors
		Basic remuneration (1)	Bonus (2)	Stock compensation (3)	Total monetary remuneration (1)+(2)	Total performance-linked remuneration (2)+(3)	
Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	949	291	313	344	605	658	3
Outside Directors who are not Audit & Supervisory Committee Members	99	99	—	—	99	—	6
Total	**1,048**	**390**	**313**	**344**	**704**	**658**	**9**
Directors who are Audit & Supervisory Committee Members (excluding outside Directors)	68	68	—	—	68	—	1
Outside Directors who are Audit & Supervisory Committee Members	72	72	—	—	72	—	4
Total	**140**	**140**	**—**	**—**	**140**	**—**	**5**

*1 At the 14th Term Annual Shareholders Meeting of the Company held on June 18, 2019, the ceiling amount of basic remuneration for Directors who are not Audit & Supervisory Committee Members (excluding outside Directors) was resolved to be ¥590 million per year, with the ceiling amount for bonuses resolved to be ¥1,370 million per year, while the ceiling amount for basic remuneration for outside Directors who are not Audit & Supervisory Committee members was resolved to be ¥130 million per year. The ceiling amounts do not include the portion of salary paid in the capacity of employees. At the close of such Annual Shareholders Meeting, the number of Directors who are not Audit & Supervisory Committee Members (excluding outside Directors) was three whereas the number of outside Directors who are not Audit & Supervisory Committee Members was four

*2 The ceiling amount of remuneration to the Directors who are Audit & Supervisory Committee Members as a group was resolved to be ¥260 million per year at the 13th Term Annual Shareholders Meeting of the Company held on June 15, 2018. At the close of said Annual Shareholders Meeting, the number of Directors who are Audit & Supervisory Committee Members was five

*3 The amounts of "Basic remuneration" above include the amounts paid to two outside Directors who are not Audit & Supervisory Committee Members and one outside Director who is an Audit & Supervisory Committee Member who retired at the close of the 18th Term Annual Shareholders Meeting held on June 22, 2023

*4 The Company has introduced a performance-linked stock compensation scheme (stock compensation), which employs a framework referred to as the executive remuneration BIP (Board Incentive Plan) trust, for the purpose of increasing the awareness of contribution to the sustainable growth of the business results and enterprise value. The Scheme is a medium- to long-term incentive-based remuneration plan that is highly transparent and objective and closely linked with the Company's business results. Under the Scheme, with respect to the three consecutive business years of an applicable period, the Company contributes, in the initial business year of each applicable period, funds for remuneration to the Directors to the executive remuneration BIP trust. The ceiling amount of the contribution was resolved to be an amount not exceeding ¥1,640 million at the 14th Term Annual Shareholders Meeting of the Company held on June 18, 2019. The maximum number of the Company's shares acquired by Directors (including the number of the Company's shares to be converted into cash) was resolved to be the number obtained by dividing ¥1,640 million by the average closing price of the Company's shares on the Tokyo Stock Exchange in the month (March) before the initial month (April) of the first business year of every applicable period at said Annual Shareholders Meeting. At the close of such Annual Shareholders Meeting, the number of Directors who are not Audit & Supervisory Committee Members (excluding outside Directors) was three. The stock compensation stated above refers to the amount recorded as expenses under J-GAAP for the business year under review

Remunerations for Internal Directors Who are not Audit & Supervisory Committee Members*

Remuneration policies

Remuneration of the Company's Directors is determined based on the following factors.

Competitive remuneration system

- A remuneration structure and levels that enable the Company to recruit and retain talents

Remuneration system that emphasizes increasing enterprise value and shareholder value

- A remuneration system and composition that are closely linked to performance with an emphasis on increasing enterprise and shareholder value over the medium- to long-term

Fair and impartial remuneration system

- A fair and impartial remuneration system based on responsibility and results regardless of country or region

* Where "Director" is used in this section, it refers to Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)

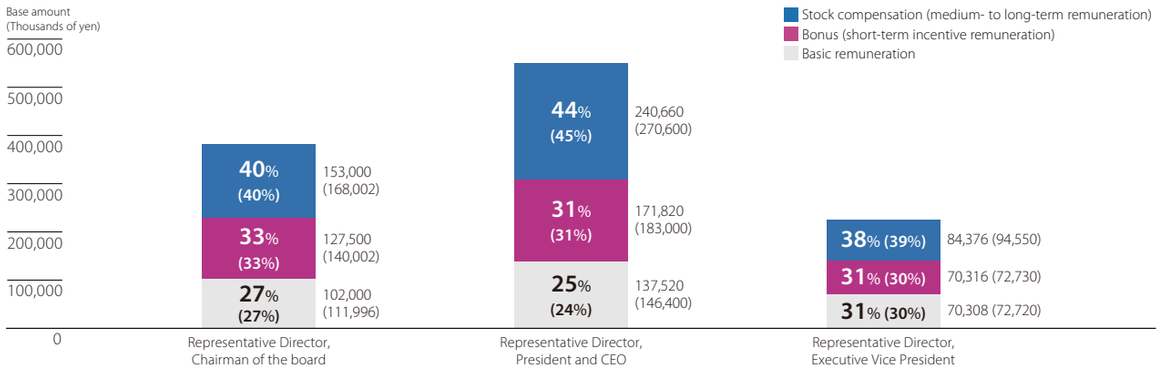
Corporate Governance

Remuneration Structure/Remuneration Levels*

Type of remuneration		Objectives and overview
Fixed	Basic remuneration	Fixed remuneration for encouraging job performance consistently aligned with professional responsibilities • Remuneration levels determined based on trends with respect to remuneration benchmark company groupings • Paid in equal installments every month
Variable	Bonus (short-term incentive remuneration)	Performance-linked remuneration geared to steadily improving results with the aim of achieving the business performance targets each business year • The base amount to be paid upon achieving targets is set as a proportion of basic remuneration, depending on factors such as professional responsibilities (consideration placed on trends with respect to remuneration benchmark company groupings • In principle, lump-sum payment immediately subsequent to conclusion of respective business years around between June and July • Specific amount to be paid is to be determined within range of 0% to 200% for the base amount, depending on factors such as level of achieving business performance targets each business year
	Stock compensation (medium- to long-term incentive remuneration)	Performance-linked remuneration to promote the management focused on improving the enterprise value and shareholder value over the medium- to long-term • The base amount is set as a proportion of basic remuneration, depending on factors such as professional responsibilities (consideration placed on trends with respect to remuneration benchmark company groupings) • The number of shares (basic points) to be delivered upon achieving targets is calculated as the base amount divided by the share price at the start of the three-year applicable period (the average closing price of the Company's shares on the Tokyo Stock Exchange for the month prior to start of the applicable period) • The specific number of shares delivered is to be determined within a range of 0% to 200% for the basic points, depending on factors such as the rate of growth attained by the Company share price over a three-year period • In principle, delivered in a single installment around June occurring immediately after conclusion of the three-year applicable period (provided, however, that 50% of payment shall be cash payment)

* To ensure competitive remuneration levels for the Company's Directors that enable the Company to recruit and retain talents, the Company will use the objective remuneration survey data of an external expert organization ("Willis Towers Watson Executive Compensation Database (Japan)") and other sources to select a group of companies for remuneration benchmarking, and set the remuneration levels in accordance with responsibility and other factors

Remuneration levels (base amount) for Directors of the Company on a per position basis and allocated ratios of remuneration (FY2023)



* The figures shown in parentheses indicate the remuneration levels (base amount) for FY2024

Bonus (short-term incentive remuneration) (FY2023)

Targets, actual results and bonus payment rate of respective key performance indicators of bonus

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Reasons for the selection of indicators and targets*3	Actual results	Assessment coefficient
Revenue	25%	0%–200%	Reasons for the selection: To assess the increase in size of business • Maximum: Target × 105% (¥1,606.7 billion) • Target: Initially released forecast value (¥1,530.2 billion) • Minimum: Target × 95% (¥1,453.7 billion)	¥1,603.7 billion	196.1%
Core operating profit ratio	25%	0%–200%	Reasons for the selection: To assess the increase in business profitability and operational efficiency • Maximum: Target × 110% (14.2%) • Target: Initially released forecast value (12.9%) • Minimum: Target × 90% (11.6%)	11.5%	0%
Core EPS*1	25%	0%–200%	Reasons for the selection: To assess the increase in profit per share • Maximum: Target × 115% (¥97.36) • Target: Initially released forecast value (¥84.66) • Minimum: Target × 85% (¥71.97)	¥84.19	96.3%
R&D performance*2	25%	0%–200%	Reasons for the selection: To assess the achievement of sustainable growth Target: Set quantitative targets separately for research and development (1) Research: Number of new drug candidates (2) Development: Amount of increase in pipeline value	—	56.7%

Key performance indicators (modifier)	Variance of assessment coefficient	Reasons for the selection of indicators and targets*5	Actual results	Assessment coefficient
Sustainability performance*4	–10%–+10%	Reasons for the selection: To assess efforts toward the achievement of a sustainable society Targets: Set sustainability performance targets for the following four evaluation items (1) Initiatives for Access to Health (2) Initiatives for Talent and Organization (3) Initiatives for Stable Products Supply (4) Initiatives for Environmental Sustainability	—	–2.5%
			Assessment coefficient (bonus payment rate): 84.8%	

*1 EPS: Earnings Per Share
*2 The targets, maximum and minimum figures, and assessment coefficient for R&D performance is determined by the Board of Directors after deliberation at the Compensation Committee
*3 The targets for key performance indicators (revenue, core operating profit ratio, Core EPS) are determined by the Board of Directors after deliberation by the Compensation Committee, based on the performance forecast at the start of the business year under review and taking into account the positive and negative impacts of the acquisition of Iveric Bio, Inc., which was decided after the start of the year
*4 Sustainability performance targets, maximum and minimum figures, and assessment coefficients are to be determined by the Board of Directors after deliberation at the Compensation Committee
*5 Regarding (1) Initiatives for Access to Health, targets were set for the status of strengthening cross-functional operations globally to expand access to Astellas products. Regarding (2) Initiatives for Talent and Organization, targets were set for improving the results of the employee engagement survey as well as the promotion of diversity of successor candidates for leadership positions and the increase in the number of female leaders in Japan. Regarding (3) Initiatives for Stable Products Supply, targets were set for achieving the timely supply of Astellas products to patients. Regarding (4) Initiatives for Environmental Sustainability, targets*6 were set for the formulation of a detailed plan to achieve the targets approved by the Science Based Targets (SBT) initiative and the state of implementation of the annual action plan
*6 Greenhouse gas emission reduction targets approved by the SBT Initiative in 2023 Reduce Scope 1+2 by 63% by FY2030 (base year: FY2015) and Scope 3 by 37.5% by FY2030 (base year: FY2015) (Scope: Range of calculation of GHG (Greenhouse gas) emissions, Scope 1: Direct emissions of GHG from fuels used in-house, Scope 2: Indirect emissions of GHG from consumption of purchased electricity, Scope 3: Emissions of GHG in the supply chain of business activities, such as raw material procurement and product use)

Corporate Governance

Stock compensation (medium- to long-term incentive remuneration) (FY2023)

Stock compensation (medium- to long-term incentive remuneration) is performance-linked remuneration for promoting management that emphasizes increase in enterprise value and shareholder value over the medium- to long-term. As such, the Company's shares will be delivered based on the level of growth of enterprise value and shareholder value over three consecutive business years ("Applicable Period"), and an appropriate stock price evaluation indicator will be set to form a system that is closely linked to performance.

Total shareholder return (TSR*1) will be adopted for the stock price evaluation indicator. The Company's shares will be delivered and so forth based on the results of a comparison between the Company's TSR and the growth rate of the Tokyo stock price index (TOPIX) for the Applicable Period and a comparison between the Company's TSR and that of global pharmaceutical companies (the TSR Peer Group*2) for the Applicable Period. However, 50% of the delivered shares are to be paid out upon their conversion to cash in order for them to be allotted to a fund for payment of withholding income tax and other such taxes. The respective Directors are to receive shares and cash through the executive remuneration BIP (Board Incentive Plan) trust of Mitsubishi UFJ Trust and Banking Corporation.

*1 TSR is an acronym for "total shareholder return," and it refers to shareholder's total return on investment, encompassing both capital gains and dividends

*2 TSR Peer Group refers to the global pharmaceutical company groupings whose revenue is at least 0.5 times that of the Company at the time of selection. The selection of companies may be changed by resolution of the Board of Directors after deliberation at the Compensation Committee in cases where it has been deemed that such a company is inappropriate for inclusion as a selected company when calculating the assessment results due to circumstances that include restructuring of the company during the applicable period or changes to the content of its business

Targets and actual results of respective key performance indicators, and share delivery rate (stock compensation with FY2023 as the last business year of the assessment period for stock compensation)

Stock price assessment benchmarks	Assessment weighting	Variance of assessment coefficient	Reasons for the selection of benchmarks	Targets	Actual results	Assessment coefficient
TSR (1) (Comparison with TOPIX growth rate)	50%	0%–200%	To assess the increases in enterprise value and shareholder value over the medium- to long-term	Target: Set target range as follows • Maximum: 200% • Target: 100% (= TOPIX growth rate) • Minimum: 50%	TOPIX growth rate: 150.7% Growth rate of the Company's TSR: 102.8%	68.2%
TSR (2) (Comparison with TSR of global pharmaceutical companies*3)	50%	0%–200%		Target: Set target range as follows • Maximum: 100 percentile (top ranking) • Target: 50 percentile (midrange) • Minimum: 25 percentile (lower quartile)	The Company's ranking: 25th out of 34 companies	54.0%

Share delivery rate: 61.1%

*3 Global pharmaceutical companies: This refers to a grouping of global pharmaceutical companies whose revenue is at least 0.5 times that of the Company at the time of selection (TSR Peer Group). The selection of companies may be changed by resolution of the Board of Directors after deliberation at the Compensation Committee in cases where it has been deemed that such a company is inappropriate for inclusion as a selected company when calculating the assessment results due to circumstances that include restructuring of the company during the applicable period (three consecutive business years) or changes to the content of its business

Formulas for calculating the number of shares delivered and the amount of cash paid

Number of shares delivered to respective Directors* = (a) Basic points per position × (b) Assessment coefficient

* 50% of the delivered shares are to be paid out upon their conversion to cash to be allocated to a fund for payment of withholding income tax and other such taxes

(a) Basic points per position
= (i) Base amount per position / (ii) Share price at start of Applicable Period

(i) Refer to Remuneration levels (base amount) for Directors of the Company on a per position basis and allocated ratios of remuneration on P.80

(ii) Average closing price of the Company's share on the Tokyo Stock Exchange in the month prior to start of the Applicable Period

(b) Assessment coefficient
= (i) TSR assessment coefficient (1) × 50% + (ii) TSR assessment coefficient (2) × 50%

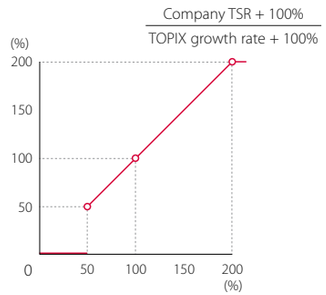
(i) TSR assessment coefficient (1)
Whereas assessment coefficients are calculated using the formula shown below, the TSR assessment coefficient (1) is set to zero if the value calculated is less than 50%.

$$\frac{\text{Company TSR during the Applicable Period}}{\text{TOPIX growth rate during the Applicable Period}} = \frac{\{(B - A) + C\} \div A + 100\%}{(E - D) \div D + 100\%}$$

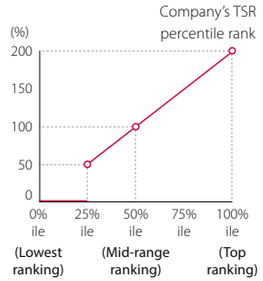
A: Simple average closing price of the Company's share on the Tokyo Stock Exchange in the month prior to start of the Applicable Period
B: Simple average closing price of the Company's share on the Tokyo Stock Exchange in the final month of the Applicable Period
C: Total dividend per share pertaining to dividend of retained earnings during the Applicable Period
D: Simple average TOPIX in the month prior to start of the Applicable Period
E: Simple average TOPIX in the final month of the Applicable Period

(ii) TSR assessment coefficient (2)
TSR of the Company and that of the TSR Peer Group are compared with respect to the Applicable Period. If the Company's percentile rank is midrange (50 percentile), the assessment coefficient (2) is set at 100%. If it has a top ranking (100 percentile), the assessment coefficient (2) is set to 200%. If it ranks in the lower quartile, the assessment coefficient (2) is 50%. If it is below the lower quartile, the assessment coefficient (2) is set to zero.

TSR assessment coefficient (1)



TSR assessment coefficient (2)



* TSR of the Company and the TSR Peer Group companies is to be calculated using the formula shown below
TSR = {(B – A) + C} ÷ A
A: Simple average closing price of respective companies' share on the stock exchanges of the respective companies' primary listings in the month prior to start of the Applicable Period
B: Simple average closing price of respective companies' share on the relevant stock exchanges as pertains to 'A' for the final month of the Applicable Period
C: Total dividend per share pertaining to dividend of retained earnings of the respective companies during the Applicable Period

Dialogue with Outside Directors

My role on the Board

Ohno: Astellas' Board of Directors is well-balanced, including members with a wide range of experience and skills, from experts in company management to those in finance/accounting, and legal/risk management. A particularly notable feature is the excellent teamwork. I strongly feel that each member understands their individual role, making the most of our diversity, and working together to achieve big goals.

It is extremely important for the Board of Directors not only to have the necessary skills required by the skills matrix, but also to have diverse individuals who build mutual trust, demonstrate teamwork, and speak openly without hesitation. I have been in a wide range of fields, from practicing physician to the Millennium Genome Research (hypertension team) and statistician on an ethics review committee of a university, and based on these experiences I express my candid opinions. In particular, during Board of Directors' meetings, I try to speak in a way that serves as a bridge between medical professionals and non-specialists.

Akiyama: I agree with Ohno-san that Astellas' Board of Directors is well-balanced, with members appointed externally who hold various qualifications such as medical doctor, accountant, and lawyer. Ohno-san's comments from a medical perspective and as a healthcare professional are very helpful. As a lawyer, I will contribute by strengthening the legal governance aspects in particular, ensuring that appropriate information is provided to the Board of Directors, and that balanced decisions are made, taking into consideration various stakeholders including shareholders.

Initiatives to strengthen the effectiveness of the Board of Directors

Ohno: A regular meeting which consists only of independent outside Directors (The outside Directors' meeting)*1 has been extremely helpful in strengthening the effectiveness of the Board of Directors. The outside Directors' meeting is usually held after a Board of Directors' meeting. By having the outside Directors exchange opinions and information in a more casual manner, we deepen mutual understanding and try to achieve better effectiveness of the Board of Directors. At Board of Directors' meetings, I am mindful of whether my comments are too technical or overlap with what the executive team should explain, and I refrain from commenting on medical details that are not directly related to management. On the other hand, at the outside Directors' meeting, I also provide technical information, and try to provide the necessary information for their decision making.

Akiyama: Ohno-san's medical insights are of great help to me and to the other outside Directors as well. We are extremely grateful for his comments and opinions from a medical perspective, as it allows us to gain a more comprehensive understanding of the company's situation and proposals.

In addition, at the outside Directors' meeting, we also have opportunities to talk individually with each member of the Top Management. Since the Board of Directors' meetings are limited in terms of time and agenda items, at the outside Directors' meeting, the executive team talk about what they usually think about, the various initiatives they are undertaking, and the circumstances at the workplace, which leads to discussions about how the outside Directors can support the achievement of goals and company growth.

Ohno: In the recent dialogue with Top Management, we were able to speak in depth with Sugita-san (CPO & CECO, Chief People Officer and Chief Ethics & Compliance Officer) and Kitamura-san (CFO, Chief Financial Officer). I believe that the exchange of opinions with the outside Directors was also a very valuable opportunity for both of you, who are relatively new to Astellas, to gain insights into their perspectives and thoughts.

Akiyama: The atmosphere at the outside Directors' meetings is as open as the Board of Directors' meetings. Outside Directors sometimes have different opinions, but they all express their opinions frankly, so I think it's a very good environment. In addition to the formal outside Directors' meetings, we also hold social gatherings among outside Directors to deepen our relationships.

Ohno: I also genuinely enjoyed participating in the social gatherings. I believe that these activities are extremely important for not only fostering a sense of unity in a formal setting but also for facilitating meaningful discussion.

*1 Outside Directors' meeting: A regular meeting attended only by independent outside Directors. In addition to exchanging opinions among outside Directors, it is used as an opportunity for communications between outside Directors and full-time Audit and Supervisory Committee members and external financial auditors

Dialogue with Outside Directors

"Growth-oriented" and "Risk management-oriented" Governance

Ohno: In terms of being "growth-oriented," it is important to expand sales of PADCEV and XOSPATA to prepare for the loss of exclusivity of XTANDI. In addition, new products such as VEOZAH*2 and IZERVAY*3, as well as VYLOY, which was launched in June 2024 in Japan, need to be well penetrated in the market and grow steadily. It is also very important to build high-quality evidence*4, such as the EV-302 study for PADCEV and the Gather2 study for IZERVAY. And although there will be tough moments in the short term, it is also important to aim for medium- to long-term growth by focusing on the launch of in-house developed products, such as the ones utilizing Targeted Protein Degraders.

In terms of being "risk management-oriented," I believe that one of our challenges is to manage R&D expenses efficiently and allocate costs appropriately.

Akiyama: From the "risk management-oriented" perspective, as an Audit & Supervisory Committee Member, I conduct interviews with people in various divisions. When I visited a manufacturing site in Japan for audit, I saw that the employees there had a strong sense of mission to ensure product quality and stable supply and were working diligently. I have also heard similar opinions from other Audit & Supervisory Committee members who conducted audits overseas. Astellas has a strong culture of ethics and compliance ingrained as part of the company's values globally and feel that a sincere commitment to integrity is widespread.

In FY2023, as the behavioral restrictions aimed at preventing the spread of the novel coronavirus infection have been lifted, the Audit and Supervisory Committee conducted on-site audits in Japan and the EU. In addition, we conducted what we call remote audits, in the form of online meetings, to interview employees in each country and have had conversations with a lot of employees. These were conducted by the Audit & Supervisory Committee, but the Internal Audit division that performs internal audits has an even larger number of people conducting audits in each country. Including these, we cover a considerable number of countries.

Astellas is currently in the midst of transformation, which I believe will place a burden on employees at times. However, I believe that the company culture has a strong foundation of ethics and compliance and an organizational culture that embraces changes, which is what makes such major transformation possible.

The "growth-oriented" aspect of Legal is to actively support the strategies that the company sets out. This is something I also learned from Catherine (GC, General Counsel). The Legal function also has the role of catalyst*5 and strategist*6, so they are also focusing on supporting innovation and providing proactive solutions to issues, including legal issues. Legal tends to be associated with a defensive image, but I think it is important to strongly back up strategies in the sense of supporting the "growth-oriented" aspects.

Ohno: Looking more closely at VEOZAH, we believe that one of the reasons for the delay in sales growth is that there were more doctors than expected who felt that the insurance coverage was insufficient. Going forward, we need to further increase both the consultation rate and the prescription rate. In order to increase the consultation rate, we need to advocate the product to healthcare professionals.

The current situation makes us realize once again that the market for VEOZAH is different from that of oncology, where the market is more predictable. However, having created such an excellent drug, I believe it is Astellas' mission to nurture and develop the market and deliver its VALUE to patients widely.

Akiyama: In Japan in particular, women find it difficult to talk about their menopausal symptoms, which makes it challenging to increase the rate of treatment. I hope that Astellas will take the lead in raising awareness of the condition, leading to an improvement in the quality of life of all those who are suffering from symptoms.

*2 VEOZAH has been approved in the US and EU (as of June 2024)
*3 IZERVAY has been approved in the US (as of June 2024)
*4 Evidence: Data and results obtained through clinical research
*5 Catalyst: A person who acts as a positive stimulant, such as encouraging others to take action or improve their awareness
*6 Strategist: A person who creates strategies

Enhancing Astellas' corporate governance

Akiyama: I have the impression that Astellas' corporate governance was already in a good shape and advanced at the time I took up my position. As a Company with Audit & Supervisory Committee, the Board of Directors is designed to be able to discuss monitoring and medium- to long-term strategies. In addition, outside Directors are provided with sufficient information and support from the company. At Astellas, requests from the outside Directors such as to provide more in-depth explanations are also well addressed.

Dialogue with Outside Directors

There was further progress in FY2023, and one example of this is the meeting to exchange opinions between outside Directors and securities analysts and investors, which Ohno-san attended. Astellas has always been proactive in engaging in dialogue with the stock market, but this initiative has now progressed a step further.

Ohno: In terms of governance and management, intelligent risk-taking requires concentration and reallocation. For example, it is important to decide where to focus our efforts, such as antibody, cell, and genome drug discovery, or the use of AI technology.

On the other hand, we also need to invest in raising awareness of and helping people realize the effectiveness of drugs that have been launched, such as VEOZAH. Things do not always go as planned particularly in the new drug business, but that is why it is essential to be an agile organization. I will continue to keep a close eye on what decisions Astellas makes and support them to ensure their success.

About what Astellas aims to become in the future

Ohno: Although not everything is going as expected at the moment, it is important that we do not overreact and continue to steadily deal with the tasks that need to be done now, one by one, in order to achieve medium- to long-term growth.

Astellas has a strategy in a wide range of fields that leverages its strengths, but in drug discovery, in new fields such as cells and genes in addition to antibodies, the success rate is difficult to predict. From a scientific perspective, we should pursue research and development aggressively, but in cases such as AT132 where there have been so many regulatory hurdles to overcome we may have to reconsider. Personally, I would like to continue to support the exploration of new fields.

I have a plan to visit the Tsukuba Research Center for information exchange with employees who are actually working on research. I would like to continue to interact with front line researchers at appropriate timings in future and hear directly from those in the field.

Akiyama: I expect that Astellas will develop new drugs and deliver them to patients as well. Although we have not yet obtained PoC*7 from Primary Focuses, I am very much looking forward to achieving it in the future. Taking on the Focus Area approach itself is an innovative challenge, but the company has also implemented various other bold measures and organizational transformations, and I feel that these will soon bear fruit. Since it is our employees who will carry this out, I would like the company to create an environment where everyone can take on challenges and grow comfortably.

To achieve this, a human resources strategy is essential, and I believe Astellas' human resources strategy has many advantages over other companies. Japan's employment system is unique in the world, so it would be extremely difficult for a Japanese company to unify its HR system globally. However, Astellas has unified its grades and evaluation systems worldwide, and is also working to unify its compensation structure for those at the division heads class and above, as well as reducing disparities in compensation levels between regions. Although complete unification is difficult due to differences in labor markets and labor practices in countries and regions, I think it is wonderful that they are challenging themselves to align as much as possible.

I believe that a major success factor in globalization of the entire organization is the global functional reporting structure. At Astellas, people with various backgrounds, different nationalities and languages work together in one organization. They work in an environment where they communicate in English on a daily basis, and I feel that this is a very global company.

Ohno: In terms of HR strategy, there are pros and cons to appointing Top Management from within the company or from outside. Of course, it is desirable to develop in-house talent that is familiar with the company. However, mega pharma companies are now required to create agile organizations that can make quick decisions, take on bold challenges, and reform. We are talking about ensuring that the current Top Management structure is well-balanced.

In addition, overseas employees explain the situation in detail during meetings, and of course, I get the impression that there are many sincere employees in Japan as well. From the perspective of human resources, I believe everyone feels that Astellas is an honest and trustworthy company, so I hope they will continue to work toward success.

*7 PoC: Proof of Concept (clinical trial data to determine whether to proceed to later-stage development)

Risk Management

Risk Governance

Astellas established the Global Risk and Resilience Management Committee ("GRRC") and Divisional Risk and Resilience Committees ("DRRCs") to provide effective oversight of key risks and mitigation activities. Internal Audit observes these committee meetings to ensure that these key risks are taken into consideration in their priorities. Global risks are ultimately reported to the Board. The diagram below summarizes Astellas' risk governance system.

Enterprise Risk Management Process

The Risk Management Team in Corporate Strategy facilitates the Enterprise Risk Management (ERM) process with the internal stakeholders annually. Our risk assessment process is both top-down and bottom-up.

To enable the prioritization, we assess the impact and likelihood of each risk, considering the mitigations currently in place. Risk owners develop action plans to reduce the level of risk exposure and enhance the resilience.

Global Risks (risks that require enterprise-level attention due to their nature and impact) are discussed and endorsed at the GRRC. GRRC also monitors Emerging Risks, which we define as uncertainties arising from trends that are on the company's radar but whose full extent and associated implications are not yet clear. Sometimes, an Emerging risk is subsequently included in the risk register as a Global or Divisional risk following the discussion at the GRRC.

Voice

Towards a more integrated risk management

I believe a risk-based approach needs to be embedded into key business processes to give us a competitive advantage. Risk management is a shared responsibility with the business. This fosters accountability while ensuring a structured enterprise-wide approach to risk management.

The risk landscape is constantly changing and accelerating. In FY2023, we saw a rapid evolution of technological solutions, prolonged economic uncertainty and increasing conflicts between multiple nations. We need to envision what is coming, so we can prepare for it. At Astellas, we have deployed specialized horizon scanning monitoring systems to help identify uncertain events that might disrupt our business operations. Recently, we launched a geopolitical risk monitoring project.

The Risk and Resilience team now reports to the Corporate Strategy Organization which allows better integration of risk management into our Enterprise Strategy Planning and its execution. Thanks to the Astellas Enterprise Risk Management process, we have the planning and people in place to respond effectively and be one step closer to achieving our commitment to the Corporate Strategy Plan 2021.

Marloes Schaddelee

Head, Governance, Risk & Strategic Operations
Corporate Strategy

Risk Management

Global Risks Overview

The table below summarizes the Global Risks. Any forward-looking statements are based on judgments at the end of FY2023. In addition to these risks, there are many other risks. Some risks are unique to the pharmaceuticals business, such as the uncertain nature of research and development, the risk of being infringed upon or infringing intellectual property rights, risk of drug side effects or safety issues arising thereof, and the risk of Astellas Group business' partial dependence on licensing and sales of third-party developed drugs. Other risks include the infringement of related laws and regulations (e.g., competition with rival products, environment, health and safety); commercial litigations; delays or stoppages in manufacturing due to natural disasters; and exchange rate fluctuations. Such risks may affect the Astellas Group's business results and financial position.

Risk	Key	Context	Key Mitigation Actions (Examples)
Cyber Security	***	In recent years, the technology involved in cyberattacks is advancing at an unprecedented level and the methods of attack are growing more diverse and sophisticated. The pharmaceutical industry is no stranger to cyberattacks given the important data these companies hold. Cyberattacks or breaches caused by malicious activities may result in unavailability of critical IT systems, loss or disclosure of confidential or proprietary data including personally identifiable information.	• Transformed the information security operating model which has been developed from industry best practices and frameworks, e.g., US National Institute of Standards and Technology Cybersecurity Framework • Designed a multi-year roadmap to enhance the maturity of our Information Security program, with significant milestones already achieved which have strengthened our foundational security • Reintegrated information security into DigitalX to further accelerate efforts to ensure security-by-design is factored into ongoing transformation and operational activities across Astellas
Impact of geopolitical tension on our supply chain	**	Management of supply chain resilience is a complex undertaking based on the number of products marketed by Astellas, and the heightened geopolitical uncertainties further add complexity. Potential supply chain interruptions could impact our manufacturing processes, stock-out of our products, and inability to supply patients and financial penalties.	• Product Supply Risk Assessment process • Enhanced relationship management and communication for CMOs • Phased implementation of alternative suppliers for key materials to improve our resilience • Increased safety stocks for materials that are subject to geopolitical supply risks
Resilience of our key service providers	**	Astellas relies on business process outsourcing providers ("BPO") or vendors to execute its operation. If a BPO or a vendor suffers business interruption, this may result in unexpected shutdown and non-delivery of agreed managed services. In addition, there could be secondary impacts such as the failure to meet regulatory requirements (e.g., data privacy) and increased costs.	• Globally harmonized third party risk management program including Artificial Intelligence (AI) tool providing continuous monitoring of real-time threats • Global Supplier Relationship Management Framework and SOP with dedicated vendor management teams with critical outsourcing providers • Incorporation of BPO supplier resilience appraisal in RFP process pre contract award
Data Nationalism & Privacy Fragmentation	**	Data Nationalism is a growing trend in which governments are asserting control over data generated within their borders, such as restricting the transfer of data across borders, or imposing some preconditions before transfers are allowed to take place. Data nationalism may be also manifested in fragmented privacy laws and regulations which deviate from common global standards. Such regulatory changes could require Astellas to significantly modify existing business processes and IT systems that support today's cross border data flows. This can lead to higher costs, operational and system complexity, and reduced efficiency and/or reduced innovation.	• Monitoring of regulatory developments • Country-specific projects to ensure compliance with privacy laws and other data governance regulations
Meeting ESG expectations and Commitments	**	The society and the regulators are heightening their expectations on companies' Environment, Social and Governance ("ESG") performance and disclosure. Astellas is collaborating across the organization and sufficient funding is needed to ensure we achieve the stated ESG goals. If we are unable to meet these goals, there could be reputational damages.	• Sustainability governance structure • Sustainability measurement in Top Management compensation scheme • Sustainability Direction Performance Indictors (SDPIs) setting and disclosure • Roadmap development and cross-functional team establishment for CSRD (Corporate Sustainability Reporting Directive) readiness

*** Catastrophic risk: Risks that have the potential to cause fatal damage or business disruption to the entire Astellas Group level should they materialize. They have the potential to fundamentally impact and disrupt business objectives, operating model, reputation or core activities to a material level

** Standard risk: Risks that have the potential to cause substantial damage or business disruption to a specific part of the business or the entire Astellas Group

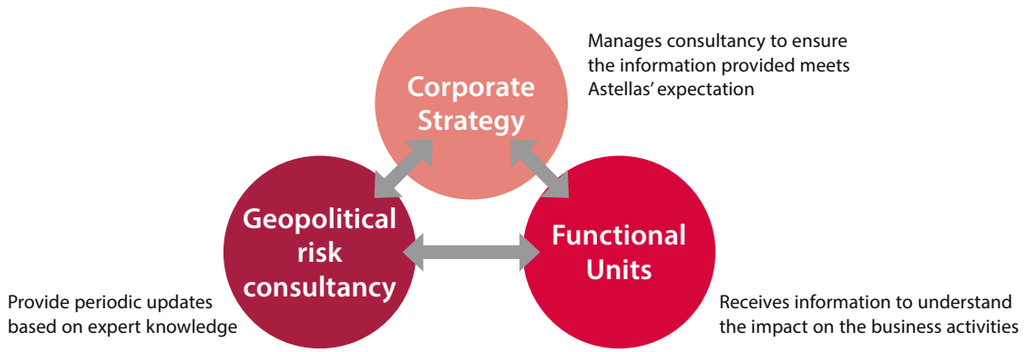
Risk Management

Risk	Key	Context	Key Mitigation Actions (Examples)
Emerging pharmaceutical regulation changes	*	In some regions, there are emerging regulations that could reduce the current intellectual property protection of pharmaceutical products allowing for earlier generics entry, or banning market entry for medicines whose environmental impact is deemed too high—such as in the European Commission proposal for a new General Pharmaceutical Legislation in the European Union. Astellas analyzes the potential future policy changes to identify future risks and opportunities for our portfolio and our organization.	• Product-level impact assessment • Consideration of these emerging regulations in the planning of relevant global functions
Mass generative AI availability	*	Like any other industry, the pharmaceutical industry has started actively exploring the use of generative AI, which presents opportunities and risks for Astellas. This includes competition, compliance with emerging AI regulations, and missing out on innovation as a result of taking a conservative approach.	• Establish an AI framework to address legal, regulatory, and IP-related risks and emphasize transparency and accountability • Engage in industry-wide collaboration and partnerships • Continued active monitor and adaptation to evolving market trends • Continued investment in building internal AI capabilities and domain expertise
Critical infrastructure failure	*	Astellas relies heavily on critical infrastructure such as roads, bridges, pipelines, and power grids for the manufacturing and distribution of its products. Should these infrastructures be impacted by extreme weather, accidents, or cyberattacks, there is a risk of delays or interruptions in the production of our products and investigational new drugs. This could lead to the difficulty in continuing stable pharmaceutical supply to patients and delays in product approvals due to the delay in clinical trials.	• Backup emergency power generator in key facilities • Securing the necessary stock to mitigate the impact of production interruptions • Securing the multiple suppliers to prepare for the long-term supply risk

* Emerging risk: Uncertainties arising from trends that are on the company's radar but whose full extent and associated implications are not yet clear

Key Initiative in FY2023—Geopolitical Risk Project

Considering the heightened geopolitical uncertainties around the world, such as the Russia/Ukraine conflict and tensions in the Middle East, Astellas is increasing its effort to monitor the geopolitical landscape and analyze its impact on the business. Astellas launched a geopolitical risk monitoring project in FY2023 to provide Top Management and Astellas organizations access to the up-to-date geopolitical landscape and risks most relevant to Astellas, such as major power dynamics and deglobalization.



Ethics & Compliance

For details about ethics and compliance initiatives, please visit the following website.
https://www.astellas.com/en/about/ethics-compliance

Basic Policy

Astellas acts with integrity in all its activities enabling us to deliver VALUE to patients. Through fostering a healthy corporate culture and maintaining an effective global Ethics & Compliance Program, we build trust with stakeholders, including patients, every day. The Astellas Charter of Corporate Conduct embodies our corporate philosophy and guides our behavior. Within the Astellas Group Code of Conduct, we require that all individuals working at Astellas globally, and business partners conducting business for Astellas, perform their duties ethically and in compliance with laws and regulations.

We are committed to innovation, integrity, and delivering VALUE to patients as the foundation of our business operations. In the Global Engagement Survey in 2023, Integrity was selected by our employees as one of Astellas' greatest strengths.

Every day, we demonstrate our commitment to integrity by integrating it into every aspect of our business activities. This includes enabling individuals to make ethical and compliant decisions with the support of frameworks and tools, empowered by an ethical culture which encourages speaking up when something does not feel right, or uncertainties arise. Integrity will remain essential to our sustained business success.

Ethics & Compliance Program

Astellas continuously strengthens its Ethics & Compliance Program. This is achieved by creating a global operating model which acknowledges and respects diverse cultures and regulations. This model also establishes consistent global standards, with additional regional/local standards as appropriate, and enhances oversight functions.

Our Ethics & Compliance Program implements various key activities globally. This includes risk assessments, compliance policies and processes, training, communication, monitoring, maintaining transparent relationships with healthcare professionals and healthcare organizations free of conflicts of interest, and investigation processes. We continually evaluate the effectiveness of the program to ensure integrity in all our business activities.

* In 2023, the International Trade Compliance (ITC) team has become part of the Global Ethics & Compliance function

Key Initiatives

Healthcare Compliance

To provide safe and effective medical products, Astellas collaborates ethically with healthcare professionals and patient organizations, providing accurate information about Astellas products and their approved uses.

Additionally, we establish appropriate relationships with stakeholders and enter consultant contracts involving payment based on eligibility criteria. We adhere to transparency requirements across the globe, disclosing information such as payments in accordance with local laws and industry regulations to maintain trust across our stakeholders.

Prevention of Bribery and Corruption

What we do and how we do it matters. Astellas conducts its corporate activities with high integrity, strictly prohibiting bribery and corruption in any aspect of our business operations, including facilitation payments, and maintaining a zero-tolerance policy while adhering to all applicable laws prohibiting corruption.

Safeguarding Privacy

We safeguard the privacy rights of individuals with whom Astellas interacts through a robust global Privacy Program. We provide advice and guidance to ensure the appropriate collection, processing, sharing, and retention of personal information across Astellas. Astellas operates in line with applicable privacy laws and regulations globally.

Respect for Human Rights

For details about human rights, please visit the following website.
https://www.astellas.com/en/sustainability/respect-for-human-rights

Our Position

Astellas is committed to respecting the human rights of all people within and outside the Company and upholding high labor standards. Wherever we operate, we comply with applicable local labor and employment laws and respect internationally recognized basic human rights and labor standards, such as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), and the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work.

In addition, Astellas is a signatory of the UN Global Compact, endorsing the Ten Principles and supports the transparency requirements of the UK's Modern Slavery Act and similar legislation.

Astellas respects children's and business partner's human rights. We comply with those enshrined in the Children's Rights and Business Principles in not only prohibiting child labor but also conducting pharmaceutical research and development related to the development of pediatric formulations. Astellas also expects our business partners to meet basic human rights and labor standards.

Governance Structure

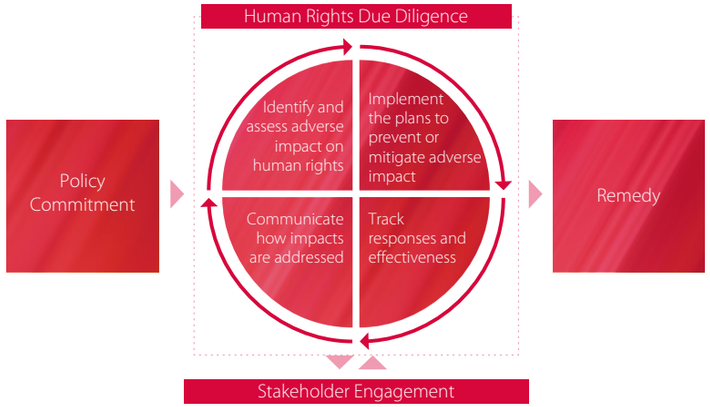
Astellas has established the Sustainability Committee, and Environment, Social and Governance Working Group led by the Sustainability division and consisting of cross-functional team members. These internal organizations promote activities that contribute to sustainability for all departments from a long-term, strategic and groupwide perspective.

Initiatives and issues concerning human rights are to be discussed at the internal Human Rights Sub-Working Group, part of the Social Working Group, and to be addressed in collaboration with relevant divisions in an appropriate manner.

For details about management promotion system, please see Sustainability Strategy on P.61.

Initiatives

To address the expectations from society, Astellas comprehensively conducts the initiatives led by Human Rights Sub-Working Group for respecting the human rights in line with internationally recognized basic human rights and labor standards.



Identification of Human Rights Issues

Astellas conducts assessments of adverse impacts to human rights periodically in response to changes in internal and external environments. In these assessments, Astellas evaluates the current status of our human rights initiatives and governance by interviewing relevant divisions, with the cooperation of external specialist organizations. As a result of these assessments, Astellas has identified human rights issues for rights holders (individuals or social groups who are likely to face the human rights issues) related to Astellas operations by using the evaluation criteria like salience and likelihood.

Human rights issues that deserve special attention	
Human rights in clinical trials and other research and development activities	Human rights in the workplace
Product safety and counterfeit drugs	Human rights in the community and environment
Access to Health	

Education and Training

Astellas believes that it is important to establish the concept of respect for human rights based on our position on human rights within our corporate culture. To operate our business with respect for human rights, Astellas is implementing the following initiatives:

- Offering human rights-themed training to employees to enhance employees' knowledge of human rights
- Distributing a corporate-wide message on Human Rights Day (December 10) every year to raise employees' awareness of human rights

Grievance Mechanism

Astellas accepts all types of reports and consultations, including those related to human rights, not only from employees but also from outside the company.

Engagement

In order to identify and address human rights issues, Astellas believes that it is essential to update and collect the latest information on human rights issues, share that information among peer companies and learn from other companies' best practices.

Astellas participates in external human rights working groups, such as the Global Compact Network Japan and BSR (Business for Social Responsibility) human rights working group to liaise with companies, nonprofit organizations and non-governmental organizations effectively.

In FY2023, Astellas' initiative has been featured on the report of Business and Human Rights published by the Ministry of Justice in Japan.

Corporate Data

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Major Pipeline (as of July 2024)

The list shows the development status in the target diseases for which we aim to obtain approval in Japan, the United States, Europe and/or China.

Strategic Brands

Generic name Code No. (Brand name)	Modality / Technology	Classification	Target disease	Phase*1	Licensor*2
enfortumab vedotin ASG-22ME (PADCEV)	Antibody-drug conjugate (ADC)	Nectin-4 targeted ADC	Metastatic urothelial cancer, platinum-containing chemotherapy and PD-1/L1 inhibitor pretreated	China (Mar 2023)	In-house [Co-development with Pfizer]
			Metastatic urothelial cancer, previously untreated (first line; combo with pembrolizumab)	Europe (Jan 2024) Japan (Jan 2024) China (Mar 2024)	
			Muscle-invasive bladder cancer (combo with pembrolizumab)		
			Other solid tumors		
			Non-muscle-invasive bladder cancer		
gilteritinib ASP2215 (XOSPATA)	Small molecule	FLT3 inhibitor	Post-chemotherapy maintenance acute myeloid leukemia		In-house
			Post-hematopoietic stem cell transplant maintenance acute myeloid leukemia		
			Newly diagnosed acute myeloid leukemia with high intensity induction of chemotherapy		
			Newly diagnosed acute myeloid leukemia with low intensity induction of chemotherapy		
			Acute myeloid leukemia in pediatric patients		
zolbetuximab IMAB362 (VYLOY)	Antibody	Anti-Claudin 18.2 monoclonal antibody	Gastric and gastroesophageal junction adenocarcinoma (combo with chemotherapy)	US (May 2024) Europe (Jul 2023) China (Jul 2023)	In-house (Ganymed)
			Gastric and gastroesophageal junction adenocarcinoma (combo with checkpoint inhibitor and chemotherapy)		
			Pancreatic adenocarcinoma		
fezolinetant ESN364 (VEOZAH*3)	Small molecule	NK3 receptor antagonist	Vasomotor symptoms due to menopause	China Japan	In-house (Ogeda)
			Induced vasomotor symptoms in breast cancer patients on adjuvant endocrine therapy		

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed
*2 Compounds with "In-house" in this column include ones discovered by collaborative research
*3 Approved as "VEOZA" in ex-US

Major Pipeline

Generic name Code No. (Brand name)	Modality / Technology	Classification	Target disease	Phase*1	Licensor*2
avacincaptad pegol (IZERVAY)	Pegylated RNA aptamer	Complement C5 inhibitor	Geographic atrophy secondary to age-related macular degeneration	Europe (Aug 2023)	In-house (Iveric Bio)
			Stargardt disease		

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed
*2 Compounds with "In-house" in this column include ones discovered by collaborative research

Projects with Focus Area approach

Primary Focus	Generic name Code No.	Modality / Technology	Classification	Target disease	Phase*1	Licensor*2
Immuno-oncology	ASP1570	Small molecule	DGKζ inhibitor	Cancer		In-house
	ASP2138	Antibody	Anti-Claudin 18.2 and anti-CD3 bispecific antibody	Gastric and gastroesophageal junction adenocarcinoma, pancreatic adenocarcinoma		Xencor [Discovered through collaborative research]
	ASP1002	Antibody	Anti-Claudin 4 and anti-CD137 bispecific antibody	Cancer		In-house
	ASP1012	Oncolytic virus	Oncolytic virus encoding leptin-IL-2	Cancer		KaliVir
	ASP2802	Cell therapy	CD20 autologous *convertible* CAR-T	B-cell lymphoma		In-house (Xyphos Biosciences)
Targeted Protein Degradation	ASP3082	Small molecule	KRAS G12D degrader	Cancer		In-house
	ASP4396	Small molecule	KRAS G12D degrader	Cancer		In-house
Genetic regulation	resamirigene bilparvovec AT132	Gene therapy (AAV-based gene therapy)	MTM1 gene replacement to express myotubularin	X-linked myotubular myopathy		In-house (Audentes Therapeutics (currently Astellas Gene Therapies))
	zocaglusagene nuzaparvovec AT845	Gene therapy (AAV-based gene therapy)	GAA gene replacement to express GAA enzyme	Pompe disease		In-house (Audentes Therapeutics (currently Astellas Gene Therapies))
	ASP2016	Gene therapy (AAV-based gene therapy)	FXN gene replacement to express frataxin	Cardiomyopathy associated with Friedreich Ataxia		In-house (Audentes Therapeutics (currently Astellas Gene Therapies))
Blindness and Regeneration	ASP7317	Cell therapy	Retinal pigment epithelium cells	Geographic atrophy secondary to age-related macular degeneration		In-house (Ocata Therapeutics (currently Astellas Institute for Regenerative Medicine))
Immune Homeostasis*3	ASP5502	Small molecule	STING inhibitor	Primary Sjogren's syndrome		In-house

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed
*2 Compounds with "In-house" in this column include ones discovered by collaborative research
*3 Primary Focus Candidate

Major Pipeline

Others

Generic name Code No.	Modality / Technology	Classification	Target disease	Phase*1		Licensor*2
mirabegron YM178	Small molecule	β_3 receptor agonist	Neurogenic detrusor overactivity in pediatric patients (aged 3 to less than 18 years)	Europe		In-house
			Neurogenic detrusor overactivity in pediatric patients (aged 6 months to less than 3 years)	Europe		
peficitinib ASP015K	Small molecule	JAK inhibitor	Rheumatoid arthritis	China (Aug 2022)		In-house
roxadustat ASP1517/FG-4592	Small molecule	HIF-PH inhibitor	Anemia associated with chronic kidney disease in pediatric patients	Europe		FibroGen
abiraterone decanoate PRL-02/ASP5541	Small molecule	CYP17 lyase inhibitor	Prostate cancer			In-house (Propella Therapeutics)

Phase*1: 1 | 2 | 3 | F

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed

*2 Compounds with "In-house" in this column include ones discovered by collaborative research

Rx+ Program

Category (Business area)	Program	Concept	Status*	Partner
Digital health Other services	BlueStar	Digital therapeutics for adults with diabetes	Pivotal study (Japan)	Welldoc Roche Diabetes Care Japan
	Z1608	Digital therapeutic plus remote patient monitoring for heart failure	Under development	Welldoc Eko
Drug-device combination	pudexacianinium chloride ASP5354	Intraoperative ureter visualization for use in patients undergoing minimally invasive and open abdominopelvic surgeries	P-III	Stryker

* The list shows the most advanced stage if the stages are different depending on the region

Financial Data

Income Statement

(one million yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
IFRS core basis										
Revenue	1,247,259	1,372,706	1,311,665	1,300,316	1,306,348	1,300,843	1,249,528	1,296,163	1,518,619	**1,603,672**
Gross profit	914,062	1,037,110	991,162	1,006,066	1,014,299	1,024,104	1,003,465	1,043,154	1,230,266	**1,311,187**
SG&A expenses	452,522	500,359	470,777	478,330	490,263	499,295	504,316	548,840	630,272	**740,110**
R&D expenses	206,594	225,665	208,129	220,781	208,682	224,226	224,489	246,010	276,128	**294,187**
Core operating profit	216,500	267,456	274,554	268,698	278,514	277,758	251,375	244,744	286,902	**184,641**
Core profit for the year	153,244	198,802	213,343	204,326	249,343	223,178	209,906	190,584	224,619	**150,981**
R&D cost-to-revenue ratio (%)	16.6	16.4	15.9	17.0	16.0	17.2	18.0	19.0	18.2	**18.3**
Core operating profit ratio to revenue (%)	17.4	19.5	20.9	20.7	21.3	21.4	20.1	18.9	18.9	**11.5**
IFRS full basis										
Operating profit	185,663	248,986	260,830	213,258	243,912	243,991	136,051	155,686	133,029	**25,518**
Profit before tax	189,683	261,770	281,769	218,113	248,967	245,350	145,324	156,886	132,361	**24,969**
Profit for the year	135,856	193,687	218,701	164,679	222,265	195,411	120,589	124,086	98,714	**17,045**
Operating profit ratio to revenue (%)	14.9	18.1	19.9	16.4	18.7	18.8	10.9	12.0	8.8	**1.6**

* The Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis
These adjusted items include impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and other items that are deemed to be excluded based on the Company's judgment

Financial Data

Statement of Financial Position

(one million yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
Total assets	1,793,578	1,799,338	1,814,072	1,858,205	1,897,648	2,315,169	2,273,628	2,332,395	2,456,518	**3,569,603**
Total non-current assets	827,621	901,801	937,407	1,012,587	1,040,489	1,447,655	1,401,040	1,409,041	1,406,564	**2,374,873**
Total current assets	965,958	897,537	876,665	845,619	857,159	867,514	872,588	923,354	1,049,954	**1,194,730**
Total equity attributable to owners of the parent	1,317,916	1,259,209	1,271,810	1,268,289	1,258,396	1,289,168	1,386,115	1,460,308	1,507,954	**1,595,988**
Total non-current liabilities	54,771	126,769	142,406	168,296	141,587	227,293	295,141	184,676	222,530	**687,889**
Total current liabilities	420,890	413,359	399,856	421,620	497,665	798,708	592,372	687,411	726,034	**1,285,725**
Ratio of equity attributable to owners of the parent to gross assets (%)	10.5	15.0	17.3	13.0	17.6	15.3	9.0	8.7	6.7	**1.1**
Dividend on equity (%)	5.1	5.4	5.6	5.7	5.8	5.9	5.8	6.5	7.3	**8.1**
Ratio of equity attributable to owners of the parent to gross assets (%)	73.5	70.0	70.1	68.3	66.3	55.7	61.0	62.6	61.4	**44.7**

Statement of Cash Flows

(one million yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
Cash flow from operating activities	187,686	313,737	235,612	312,614	258,630	221,998	306,843	257,444	327,767	**172,475**
Cash flow from investing activities	–71,476	–147,050	–73,383	–121,799	–41,757	–389,793	–81,894	–62,413	–84,500	**–845,802**
Free cash flows	116,210	166,687	162,229	190,816	216,874	–167,796	224,949	195,031	243,267	**–673,327**
Cash flow from financing activities	–121,118	–193,478	–166,153	–203,429	–233,681	181,055	–229,479	–216,298	–195,623	**614,060**
Cash and cash equivalents at the end of year	396,430	360,030	340,923	331,731	311,074	318,391	326,128	315,986	376,840	**335,687**

Key Figures per Share

(yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
Basic earnings per share	61.50	89.75	103.69	81.11	115.05	104.15	64.93	67.08	54.24	**9.51**
Book value per share	600.93	592.58	615.89	641.80	667.29	694.03	748.03	799.26	839.26	**890.07**
Dividend per share	30	32	34	36	38	40	42	50	60	**70**

Financial Data

Revenue by region

(hundred million yen)

	FY2019	FY2020	FY2021	FY2022	**FY2023**
Japan	3,454	2,791	2,588	2,623	**2,701**
United States	4,435	4,732	5,375	6,524	**6,631**
Established Markets	2,961	2,932	3,152	3,584	**4,156**
Greater China	604	593	663	800	**885**
International Markets	1,348	1,111	1,101	1,447	**1,591**
Others	207	336	84	207	**73**
Total	13,008	12,495	12,962	15,186	**16,037**

Sales of Main Products

(hundred million yen)

	FY2019	FY2020	FY2021	FY2022	**FY2023**
Main Products					
XTANDI	4,000	4,584	5,343	6,611	**7,505**
PADCEV	18	128	217	444	**854**
XOSPATA	143	238	341	466	**551**
VEOZAH	—	—	—	—	**73**
IZERVAY	—	—	—	—	**121**
EVRENZO	2	11	26	32	**45**
BETANIS/MYRBETRIQ/BETMIGA	1,616	1,636	1,723	1,886	**1,981**
PROGRAF	1,929	1,827	1,854	1,988	**2,031**
XTANDI					
Japan	358	402	472	547	**567**
United States	2,035	2,386	2,769	3,418	**3,797**
Established Markets	1,354	1,493	1,701	1,979	**2,316**
Greater China	32	49	79	111	**169**
International Markets	221	255	322	556	**655**
Total	4,000	4,584	5,343	6,611	**7,505**
PADCEV					
Japan	—	—	18	84	**85**
United States	18	128	195	292	**607**
Established Markets	—	—	5	68	**147**
Greater China	—	—	—	—	**5**
International Markets	—	—	—	1	**9**
Total	18	128	217	444	**854**

*1 For the sales of individual products, sales in Japan prior to FY2022 are shown in a gross sales basis. FY2023 sales in Japan are shown in a net sales basis, as in other regions
*2 Established Markets: Europe, Canada, etc.
*3 Greater China: China, Hong Kong, Taiwan
*4 International Markets: Latin America, Middle East, Africa, Southeast Asia, South Asia, Russia, Korea, Australia, Export sales, etc.

(hundred million yen)

	FY2019	FY2020	FY2021	FY2022	**FY2023**
XOSPATA					
Japan	28	38	39	43	**44**
United States	105	155	189	255	**286**
Established Markets	9	44	90	121	**152**
Greater China	—	0	15	25	**32**
International Markets	—	2	7	22	**38**
Total	143	238	341	466	**551**
VEOZAH					
United States	—	—	—	—	**72**
Established Markets	—	—	—	—	**1**
Total	—	—	—	—	**73**
IZERVAY					
United States	—	—	—	—	**121**
Total	—	—	—	—	**121**
EVRENZO					
Japan	2	11	25	24	**21**
Established Markets	—	—	1	6	**20**
International Markets	—	—	—	2	**5**
Total	2	11	26	32	**45**
BETANIS/MYRBETRIQ/BETMIGA					
Japan	343	351	375	335	**274**
United States	892	880	872	965	**1,013**
Established Markets	282	299	367	428	**513**
Greater China	14	22	29	39	**39**
International Markets	84	85	81	118	**142**
Total	1,616	1,636	1,723	1,886	**1,981**
PROGRAF					
Japan	443	407	382	356	**295**
United States	132	118	94	107	**100**
Established Markets	715	642	679	693	**738**
Greater China	322	342	381	468	**492**
International Markets	317	317	317	363	**406**
Total	1,929	1,827	1,854	1,988	**2,031**

*5 From FY2022, the commercial segment of Australia was changed from Established Markets to International Markets
For the purposes of this chart, data for FY2022 and FY2023 reflect this change
*6 From FY2023, the commercial segment of certain countries that were included in International Markets was changed to Established Markets
For the purposes of this chart, FY2023 data reflect this change

Non-financial Data

Environment

	FY2015 (Base-year)	FY2021	FY2022	FY2023
Changes in Actual GHG Emissions Volume				
GHG Emissions Volume* (Scope 1, Scope 2) (Tons)	222,744	118,679	117,644	**122,250**
Scope 1	98,500	63,691	61,171	**59,203**
Scope 2	124,244	54,988	56,473	**63,047**
Scope 3	1,378,972	677,463	893,617	**1,121,350**

* Non-energy GHG emissions are less than 5% of total emissions and therefore not included in the disclosed data

	FY2015 (Base-year)		FY2021		FY2022		FY2023	
Changes in Actual GHG Emissions Volume by Area (Scope 1, Scope 2)		Ratio		Ratio		Ratio		(tons) Ratio
Japan	166,857	75%	89,725	76%	89,709	76%	**92,325**	**76%**
United States	31,185	14%	12,448	10%	12,673	11%	**14,826**	**12%**
Established Markets	16,725	8%	9,913	8%	8,917	8%	**8,392**	**7%**
Greater China	3,349	2%	3,956	3%	3,697	3%	**3,535**	**3%**
International Markets	4,628	2%	2,636	2%	2,647	2%	**3,172**	**3%**
Total	222,744	—	118,679	—	117,644	—	**122,250**	**—**

	FY2021		FY2022		FY2023	
Breakdown of Energy Consumption (Global)		Ratio		Ratio		(TJ) Ratio
Liquid fuel	201	10%	194	9%	**202**	**10%**
Gaseous fuel	1,001	48%	962	47%	**907**	**45%**
Heat purchased	33	2%	28	1%	**26**	**1%**
Electricity purchased	807	39%	812	40%	**816**	**41%**
Renewable energy sourced	345		335		**319**	
Natural energy	47	2%	53	3%	**54**	**3%**
Wind	5		6		**6**	
Wood chip biomass	41		45		**47**	
Geothermal heat	0.6		0		**0**	
Photovoltaics	0.6		0.6		**1.0**	
Total	2,089	—	2,048	—	**2,005**	**—**

		FY2016 (Base-year)	FY2021	FY2022	FY2023
Changes in Water Resources Withdrawn and Revenue					
Water resource withdrawn (thousand m³)		8,774	7,394	6,864	**6,497**
Japan	Service water and industrial water	7,705	6,737	6,231	**5,952**
	Ground water	758	458	434	**346**
United States	Service water and industrial water	146	53	55	**61**
	Ground water	—	—	—	**—**
Established Markets	Service water and industrial water	145	128	129	**124**
	Ground water	—	—	—	**—**
Greater China	Service water and industrial water	21	19	15	**14**
	Ground water	—	—	—	**—**
International Markets	Service water and industrial water	—	—	—	**—**
	Ground water	—	—	—	**—**
Revenue (billions of yen)		1,312	1,296	1,519	**1,604**
Water resource productivity (billions of yen/thousand m³)		0.15	0.18	0.22	**0.25**
Improvement from Base-year		—	17%	48%	**65%**

*1 No water was withdrawn from a source other than service water, industrial water, or groundwater
*2 Target: Production facilities and R&D sites in Japan and overseas

	FY2016 (Base-year)	FY2021	FY2022	FY2023
Changes in Waste Generation Volume and Revenue				
Waste generation volume (tons)	13,810	13,882	13,541	**13,010**
Japan	11,726	10,158	9,787	**9,354**
United States	54	576	780	**921**
Established Markets	1,976	3,043	2,866	**2,655**
Greater China	54	105	109	**81**
International Markets	—	—	—	**—**
Revenue (billions of yen)	1,312	1,296	1,519	**1,604**
Waste generated per unit (tons/billions of yen)	10.5	10.7	8.9	**8.1**
Improvement from Base-year	—	–2%	15%	**23%**

* Target: Production facilities and R&D sites in Japan and overseas

Non-financial Data

	FY2021	FY2022	FY2023
Major Environmental Management Indicators for Air and Water Quality*1			
VOC*2 (Tons)	21	23	**22**
NOx*3 (Tons)	17	18	**15**
BOD*2 (Tons)	9	9	**7**
Drainage into rivers	8	6	**5**
Drainage into sewer system	1	3	**2**
Drainage Volume*3 (thousand m^3)	6,810	6,298	**6,019**
Drainage into rivers	6,610	6,108	**5,834**
Drainage into sewer system	200	190	**185**

*1 Astellas does not use any equipment that runs on fuel oil, which is a major source of SOx emissions
*2 Target: Production sites and R&D sites in Japan
*3 Target: All business facilities in Japan

	Volume handled	Volume released			Volume transferred	
		Air	Water	Soil	Waste	Sewerage
Releases and Transfers of PRTR Chemical Substances (FY2023)						(tons)
Chloroform	10.77	0.538	0	0	10.231	0
N, N-Dimethylformamide	1.906	0	0	0	1.894	0
Hexane	2.203	0.11	0	0	2.093	0
Heptane	13.806	0.155	0	0	13.651	0
N-Methyl-2-pyrrolidone	21.2	0	0	0	21.2	0

* Target: Production sites and R&D sites in Japan. Tabulated based on the target substances list as indicated in the Order for the Enforcement of the PRTR Act, which came into effect on April 1, 2023

Social

		FY2021	FY2022	FY2023
Employee Ratio per Region and Ratio of Female Managers				
Japan (Astellas Pharma Inc. · Group companies)	Male	69.1%	68.8%	**68.9%**
	Female	30.9%	31.2%	**31.2%**
	Ratio of female managers	17.2%	17.6%	**19.0%**
Other Areas Total	Male	44.8%	44.8%	**44.6%**
	Female	55.2%	55.2%	**55.4%**
	Ratio of female managers	53.5%	54.0%	**54.7%**
Average	Male	53.1%	52.9%	**52.5%**
	Female	46.9%	47.1%	**47.5%**
	Ratio of female managers	43.0%	42.8%	**44.1%**

* Expatriate employees seconded within the Astellas corporate group are included in the headcount of their current location. Expatriate employees seconded out of the Astellas corporate group are excluded from the headcount

		FY2021	FY2022	FY2023
Number of Employees per Region and Turnover Rate				
Japan (Astellas Pharma Inc. · Group companies)	Number of employees	4,948	4,867	**4,806**
	Turnover rate	*2 18.1%	4.4%	*3 **16.2%**
Other Areas Total	Number of employees	9,574	9,617	**9,948**
	Turnover rate	15.7%	14.5%	**16.0%**
Americas	Number of employees	3,859	4,036	**4,551**
	Turnover rate	14.0%	14.9%	**10.5%**
EMEA	Number of employees	3,866	3,790	**3,714**
	Turnover rate	14.6%	13.0%	**22.1%**
Asia/Oceania	Number of employees	1,849	1,791	**1,683**
	Turnover rate	*2 33.4%	16.7%	**17.4%**
Total	Number of employees	14,522	14,484	**14,754**
	Turnover rate	16.5%	11.1%	**16.1%**

*1 The turnover rate in Japan excludes people retiring at the mandatory retirement age and employees moving outside of the Group due to transfer of Group businesses
*2 Implemented early retirement incentive system
*3 Introduced Career Change Support Program

	FY2021	FY2022	FY2023
Average Length of Service (Years) By Gender			
Male	17.4	17.3	**17.8**
Female	13.0	13.6	**13.8**

* As of March 31, 2024, Japan consolidated basis

		FY2021	FY2022	FY2023
Employment (Japan)				
New graduate hires (Astellas Pharma Inc. · Group companies)	Total	71	87	**101**
	Male	38	53	**58**
	Female	33	34	**43**
Mid-career hires (Astellas Pharma Inc. · Group companies)	Total	96	105	**88**
	Male	71	66	**59**
	Female	25	39	**29**
Mid-career hire ratio of new hires	Astellas pharma Inc.	57.3%	54.7%	**46.6%**
	Group companies in Japan	58.8%	—	**—**
Ratio of female employees in new hires* (Astellas Pharma Inc.)		34.7%	38.0%	**38.1%**
Ratio of people with disabilities employed		2.49%	2.78%	**2.73%**

* Japan consolidated basis

Non-financial Data

	FY2021	FY2022	**FY2023**
Pay gap Between Male and Female Employees			
All employees	—	70.5%	**73.6%**
Of which regular employees	—	71.5%	**74.3%**
Of which part-time and fixed term employees	—	81.2%	**71.5%**

* The wage difference between male and female employees is calculated by finding the average annual wage for each gender (total annual wage of target workers divided by the number of target workers). The wage difference is expressed as the average annual wage of female employees divided by the average annual wage of male employees, multiplied by 100.
The main reason for the difference is that male employees are more likely to hold higher job grades. However, there is no wage difference between male and female employees at job levels with the same expected roles

	FY2021	FY2022	**FY2023**
Highly Skilled Employees with Specialized Knowledge and Skills			
PhDs (globally)*	—	1,281	**1,388**
Employees engaged in R&D (Research and Development) in cell therapy, gene therapy, and regenerative medicine	—	933	**884**

* As of March 31, 2024. Based on data self-reported by employees; includes directors

		FY2021	FY2022	**FY2023**
Data Related to Life Events (Japan)				
Child-raising	Paternity Leave	96	101	**111**
	Child Care Leave acquisition rate*3	Female:101%	Female: 97%	**Female: 135%**
		Average days used: 399	Average days used: 402	**Average days used: 408**
		Male: 76%	Male: 96%	**Male: 93%**
		Average days used: 91	Average days used: 62	**Average days used: 74**
	Time off for Infant Care	14	10	**9**
	Shortened Work Hours for Child Care	206	387	**206**
		Average days used: 1,185	Average days used: 1,224	**Average days used: 669**
	Use of the Company's Vehicles for Child Raising	Male: 22	Male: 17	**Male: 28**
		Female: 57	Female: 52	**Female: 75**
	Financial Assistance for Daycare	1	0	**0**
	Paid Leave for Employees Returning to Work After Leave of Absence Before and After Childbirth/Leave for Child Care	24	14	**15**
Nursing care	Nursing Care Holiday	22	18	**22**
	Leave for Nursing Care	0	2	**4**
	Shortened Work Hours for Nursing Care	3	4	**3**
Child care, nursing care, injury, other	Working at Home	Registered Employees for the Program: 6,014	Registered Employees for the Program: 4,281	**Registered Employees for the Program: 4,662**

*1 Japan consolidated basis
*2 The number of users indicates those who used the system in each fiscal year. This figure excludes cases where the term of leave was not completed by the end of each fiscal year. In other words, it is limited to cases which ended within the fiscal year
*3 The Child Care Leave acquisition rate of male employees includes Astellas' original child care leave system

	FY2021	FY2022	**FY2023**
Employee Engagement			
Engagement score	—	71	**71**

* A new engagement survey platform was introduced in FY2022 which is better suited for timely identification of actions and responses related to the CSP2021 and Organizational Health Goals. Due to this change, only FY2022 and onward are disclosed as they cannot be directly compared to past survey results

	2021.1-12	2022.1-12	**2023.1-12**
Occupational Health & Safety (Global)			
Number of work-related injuries (leave of absence)	10	17	**20**
Frequency rate of work-related injuries	0.33	0.57	**0.66**
Severity rate of work-related injuries	0.008	0.016	**0.005**

Governance

		FY2021	FY2022	**FY2023**
Governance Status				
Board of Directors structure	Board of Directors (Persons)	11	10	**11**
	Of which Outside Directors (Persons)	7	7	**7**
	Ratio of Outside Directors	64%	70%	**64%**
	Of which Female Directors (Persons)	1	3	**3**
	Ratio of Female Directors	9%	30%	**27%**
Number of meetings of the Board of Directors (Number)		13	14	**13**
Average rate of Outside Directors' attendance of meetings of the Board of Directors		99%	98%	**99%**
Audit & Supervisory Committee structure	Audit & Supervisory Committee Members (Persons)	4	4	**4**
	Of which Outside Directors (Persons)	3	3	**3**
	Of which Female Directors (Persons)	1	2	**2**
Number of meetings of the Audit & Supervisory Committee (Number)		14	19	**20**
Average rate of Outside Directors' attendance of meetings of the Audit & Supervisory Committee		100%	100%	**100%**
Nomination Committee structure	Chair	Outside Director	Outside Director	**Outside Director**
	Member of the Nomination Committee (including Chair) (Persons)	5	4	**4**
	Of which Outside Directors (Persons)	4	4	**4**
Number of meetings of the Nomination Committee (Number)		7	7	**9**
Average rate of Outside Directors' attendance of meetings of the Nomination Committee		96%	100%	**97%**
Compensation Committee structure	Chair	Outside Director	Outside Director	**Outside Director**
	Member of the Compensation Committee (including Chair) (Persons)	5	4	**4**
	Of which Outside Directors (Persons)	4	4	**4**
Number of meetings of the Compensation Committee (Number)		8	7	**7**
Average rate of Outside Directors' attendance of meetings of the Compensation Committee		100%	100%	**100%**

Company Overview (As of March 31, 2024)

Company Information

Company Name	Astellas Pharma Inc.
Headquarters	2-5-1, Nihonbashi-Honcho, Chuo-Ku, Tokyo 103-8411, Japan
Foundation	1923
Capital	103,001 million yen
Representative Director	Naoki Okamura (President and Chief Executive Officer)
Employees	4,806 (Unconsolidated) 14,754 (Consolidated)

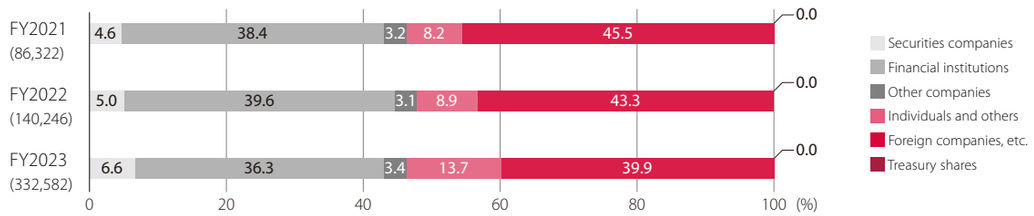
Stock Information

Status of Shares

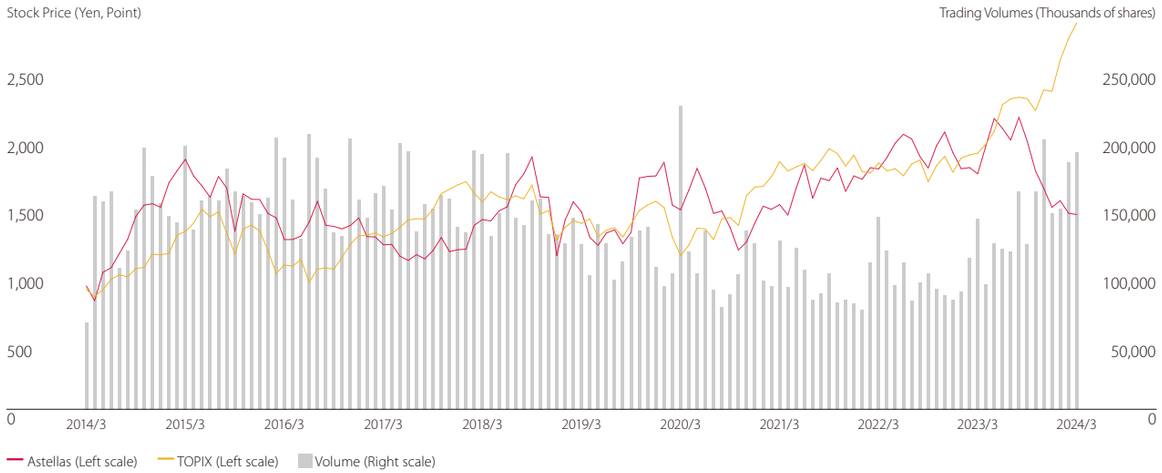
Securities Code	4503
Listed Stock Exchange	Prime Market
Fiscal Year-end	March 31
General Meeting of Shareholders	June
Minimum Trading Unit	100 shares
Total Number of Authorized Shares	9,000,000,000 shares
Number of Shares Issued and Outstanding	9,000,000,000 shares 1,809,663,075 shares (Including 587,809 shares of treasury stock)

Number of Shareholders	332,582
Custodian of Register of Shareholders	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Accounting Auditor	Ernst & Young ShinNihon LLC.

Trends in Shareholder-Type Ratio



Share Price and Volume



* The Company conducted a stock split of common stock at a ratio of five-for-one with an effective date of April 1, 2014

Major Shareholders (Top 10)

Name of shareholders	Number of shares held (Thousands of shares)	Shareholding percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	355,227	19.63
Custody Bank of Japan, Ltd. (trust account)	146,434	8.09
Nippon Life Insurance Company	51,588	2.85
State Street Bank West Client - Treaty 505234	37,152	2.05
JPMorgan Securities Japan Co., Ltd.	33,043	1.82
JPMorgan Chase Bank 385632	28,256	1.56
JPMorgan Chase Bank 385781	25,392	1.40
Goldman, Sachs & Co. Reg	23,680	1.30
SSBTC Client Omnibus Account	21,004	1.16
SMBC Nikko Securities Inc.	19,063	1.05

* The percentage of shares held are calculated to the total number of issued shares excluding treasury shares (1,809,075,266 shares) and presented by discarding the numbers down to the third decimal

Company Overview

Major locations (as of September 2024)

*1 Established markets: Europe, Canada, etc.
*2 China: China, Hong Kong
*3 International Markets: Latin America, Middle East, Africa, Southeast Asia, South Asia, Russia, Taiwan, Korea, Australia, Export sales, etc.
*4 This is a business map, identifying Astellas markets around the world

As a global pharmaceutical company, we are currently working in about **70** countries/areas