Astellas Pharma Inc.

The 19th Term Annual Shareholders Meeting

June 20, 2024

Event Summary

[Company Name]	Astellas Pharma Inc.
[Company ID]	4503-QCODE
[Event Type]	Shareholders Meeting
[Event Name]	The 19th Term Annual Shareholders Meeting
[Fiscal Period]	FY2023
[Date]	June 20, 2024
[Time]	10:00 – 11:48
[Number of Speakers]	18

Kenji Yasukawa	Representative Director, Chairman of the Board
Naoki Okamura	Representative Director, President and CEO
Katsuyoshi Sugita	Representative Director, Executive Vice President, Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)
Takashi Tanaka	Outside Director
Eriko Sakurai	Outside Director
Masahiro Miyazaki	Outside Director
Yoichi Ohno	Outside Director
Toru Yoshimitsu	Director, Audit & Supervisory Committee Member
Raita Takahashi	Outside Director, Audit & Supervisory Committee Member
Mika Nakayama	Outside Director, Audit & Supervisory Committee Member
Rie Akiyama	Outside Director, Audit & Supervisory Committee Member
Yoshitsugu Shitaka	Chief Scientific Officer (CScO)
Tadaaki Taniguchi	Chief Medical Officer (CMO)
Hideki Shima	Chief Manufacturing Officer (CMfgO)
Claus Zieler	Chief Commercial Officer (CCO)
Adam Pearson	Chief Strategy Officer (CStO)
Atsushi Kitamura	Chief Financial Officer (CFO)
Catherine Levitt	General Counsel (GC)

Presentation

Okamura: Good morning. I'm Naoki Okamura, President and CEO of Astellas Pharma Inc. Thank you very much for attending our Annual Shareholders Meeting today out of your very busy schedule. Today, I'm going to chair this meeting. Now, I call to order the 19th Term Annual Shareholders Meeting of Astellas Pharma. As is already notified to you, we are holding this meeting with the attendance of both shareholders gathering here at the venue in person and those attending online via the Internet. I will do my best for smooth proceedings of this meeting. I appreciate your cooperation. In accordance with the relevant rules and regulations and our articles of incorporation, we are making electronic provision of Shareholders Meeting materials such as the notice of convocation of the 19th Term Annual Shareholders Meeting by posting the materials on the websites of the Company and Tokyo Stock Exchange. To shareholders who have not requested the delivery of paper-based document separately, we sent an excerpted abbreviated version of the Notice of Convocation in writing. To shareholders who requested the delivery of paper-based documents, we sent the Notice of Convocation in full, which is not an excerpt as is posted on the websites of the Company and the Tokyo Stock Exchange. We are also handing over the non-excerpted full version of the Notice of Convocation at the reception desk at the venue today. Please note that when we refer to page numbers of the Notice of Convocation during the meeting, we are using the page numbers in non-excerpted full version.

For the purpose today, as is described on page 7 of the Notice of Convocation, we'd like to submit matters to be reported. And the first and second proposals, which are matters to be resolved. With regards to all matters to be resolved in this meeting, I would like to report here that the quorum required is already met. As for the proceedings today, we'd like to proceed based on the sequence shown on this slide. First, matters to be reported and proposals, which are matters to be resolved, will be explained. Then we will respond to questions from the shareholders in three segments. First, we will respond to questions we received in advance from the shareholders using the method described in the Notice of Convocation. Next, we will hear from shareholders attending at the venue, including their questions, comments and motions related to matters to be reported and matters to be resolved. Last but not the least, we will respond to questions and comments from shareholders attending online. Regarding how to ask questions via the Internet, please refer to page 13 of the Notice of Convocation.

We will accept questions from shareholders attending online from the opening of the Annual Shareholders Meeting until the completion of our response to the questions received in advance. We are assuming about 45 minutes to accept questions online. After the completion of three segments of Q&A sessions, we will move on to the voting on the proposals. At that time, I will announce the time you can spend for voting. So please vote within that time frame. Also, as is notified on page 12 of the Notice of Convocation, motions to be addressed will be limited to those submitted by shareholders attending at the meeting venue, including those related to Annual Shareholders Meeting procedures and those related to the proposals. As such motions submitted by shareholders attending online will not be accepted. Thank you for your understanding.

Today, some of the executives on the stage are non-Japanese. When they respond to questions or comments, they will do so through interpreters. Prior to matters to be reported and deliberation of the proposals, the Audit & Supervisory Committee will make an audit report. An Audit & Supervisory Committee member is going to report, including the audit report by an independent auditor regarding consolidated financial statements. Director, Mr. Yoshimitsu, please.

Yoshimitsu: I'm Toru Yoshimitsu, a full-time Audit & Supervisory Committee member. I'm going to report on the results of the committee's deliberations on behalf of the Audit & Supervisory Committee. The results of the audit regarding the performance of duties of Directors of the Company during the 19th term business year are described on page 76 of the Notice of Convocation, the audit report by the Audit & Supervisory

Committee. We confirm that the business report and the related supplementary schedules accurately present the position of the Company in conformity with the relevant rules and regulations as well as the articles of incorporation of the Company. We confirm that no misconduct or material fact, constituting a violation of any laws or regulations of the Company's articles of incorporation was found with respect to the Directors in the performance of the duties. We confirm that the resolution of the Board of Directors relating to the internal control system are reasonable. There are no matters to be pointed out regarding the details of the business report and Directors' performance of the duties on the internal control system.

Next, about the results of an audit of consolidated financial statements, financial statements and the related supplementary schedules. We received a report an explanation from financial auditor, Ernst & Young ShinNihon LLC as is described on page 72, through page 75 on the Notice of Convocation. As a result of our discussions about their independence, method of audit and quality control system, we confirm that the method and the results of the audit related to consolidated financial statements, financial statements and related supplemental schedules are reasonable. That's all as our report on the results of the audits regarding the performance of duties of the Company's Directors during the 19th term business year.

Okamura: Next, we move on to the business report and reports of consolidated financial statements and financial statements. You can find the business report for the business year on page 27 through page 65 of the Notice of Convocation on the websites of the Company and the Tokyo Stock Exchange. Consolidated financial statements and individual financial statements can be found on page 68 through page 71 of the Notice of Convocation as well as on the websites of the Company and the Tokyo Stock Exchange.

I will now present an overview of our consolidated financial results for the 19th term business year as well as a review of the third year of a five-year medium-term management plan, CSP2021, which began in FY2021. This is a cautionary statement. The contents of this document are forward-looking statements; thus it may differ from actual results. First, here is a summary of consolidated results for FY2023. A core basis, financial results are adjusted to show the Company's true earnings power by removing one-time special factors from our full results. As for the consolidated core financial results, revenue is JPY1,603.7 billion, an increase of 5.6% YoY. Sales of XTANDI and Strategic products such as PADCEV, XOSPATA, VEOZAH and IZERVAY expanded. The further depreciation of the yen during this time also had a positive impact on the results. SG&A expenses totaled to JPY740.1 billion, up 17% or 4% YoY, mainly due to the impact of the Iveric Bio acquisition and investments in growth drivers. While we proactively made the necessary investments, we effectively managed the cost through a timely review of management resources. R&D expenses totaled to JPY294.2 billion, up 6.5% YoY. As a result, core operating profit is JPY184.6 billion, down 35.6% YoY, mainly due to the acquisition of Iveric Bio.

Then here are the full basis consolidated results. Operating profit, profit before tax and profit for the year decreased. Full basis results include revenues and expenses that were excluded as non-recurring items when adjusting to core basis results. Stock-based compensation-related expenses and related to the Iveric Bio acquisition, the fair value increase of contingent consideration due to zolbetuximab, impairment losses on intangible assets and one-time expenses related to global wide organization are booked. As a result, operating profit is JPY25.5 billion, a decrease of 80.8% YoY. The profit of this term totaled JPY17 billion, down 82.7% YoY.

Next, I would like to explain the activities and the results of the third year of the CSP2021. Starting in FY2021, we have formulated and are implementing a five-year midterm management plan of CSP2021. Today, I would like to report on the results for FY2023, in line with the four strategic objectives of the CSP2021. Strategic goal one is enable patients to achieve better outcomes. Let me explain the sales of XTANDI and the Strategic products for which the Company is preferentially allocating management resources and consider the drivers growth over the mid- to long term. Sales of XTANDI, a prostate cancer treatment, totaled to JPY750.5 billion, up 14% YoY. It grew in all regions despite the fact that it has been on the market for more than 10 years. In the US, the largest market, the penetration of XTANDI in non-metastatic hormone-sensitive prostate cancer,

which was approved last November, and its spillover effect into the treatment of other stages of prostate cancer contributed to sales growth.

Next, sales of PADCEV, a treatment for urothelial carcinoma is JPY85.4 billion, a 92% increase YoY. In the US, the drug is listed in the guideline that many physicians refer to when prescribing decisions. And the recommendation of passive for the first-line treatment of MUC was updated to Category 1, the highest recommendation in the guideline. In addition, the product was launched in 14 new countries in FY2023, bringing the total number of countries, where it is available, to 36. Sales of XOSPATA, a treatment of acute myeloid leukemia increased to JPY51.1 billion, up 18% YoY. Sales expanded in all regions where it was launched. Sales of VEOZAH, a treatment for vasomotor symptoms, which was launched in FY2023, it's JPY7.3 billion, falling short of initial expectations. The patient coverage by private insurance in the US has expanded to 50% as of the end of March, and we will continue to pursue further expansion in the future.

Finally, sales of IZERVAY, a treatment for age-related macular degeneration, which was acquired through the acquisition of Iveric Bio and launched in FY2023 totaled to JPY12.1 billion. The market remained strong with the demand doubling between Q3 and Q4. Considering that the competition was launched, competition product was launched approximately six months earlier, we view this as an excellent result.

Now I would like to continue by describing the major progress in the development of XTANDI and other Strategic products. XTANDI received approval in the US and Europe for additional indications. PADCEV received an approval in the US for an additional indication for first-line treatment. In addition, submission for additional indications were accepted in Japan, Europe and China. VYLOY was first approved in Japan in March 2024. In the US, it was launched at the 12th of this month. In the US, the application was accepted for a review in May 2024 and the PDUFA date was set at November 9, 2024. The dossier was also accepted for approval in Europe and China. VEOZAH was launched in the US and Europe. IZERVAY was launched in the US and the submission was accepted for review in Europe.

Next, I will present a big sales focus for XTANDI and the strategy products that will drive growth over the mid- to long term. Big sales forecast for XTANDI is over JPY700 billion. The success of our Strategic products, including PADCEV, IZERVAY, VEOZAH and VYLOY will be critical to our ability to offset sales of XTANDI after its exclusivity period expires. The peak sales forecast for PADCEV was revised upward from JPY300 billion to JPY400 billion to JPY400 billion to JPY500 billion, taking into account better-than-expected clinical trial results. The big sales focus for IZERVAY is JPY200 to JPY400 billion. The peak sales focus for VEOZAH has been revised downward from JPY300 billion to JPY500 billion range to JPY150 billion to JPY250 billion range based on a review of our initial focused assumptions, taking into account the knowledge and the data we have obtained since its launch as well as the latest market research results. The big sales of forecast for XOSPATA and VYLOY is JPY100 billion to JPY200 billion, and we expect these products to grow further in the future.

Strategic goal two is to translate innovative science into proven value. I would like to report on the major progress made in the Focus Area Approach in this term. In FY2023, several programs in three Primary Focus areas went into clinical phase. From genetic regulation, ASP2016, a recombinant adeno-associated virus, moved into the clinical phase. In immuno-oncology, two programs entered in the clinical phase. ASP1012, a oncolytic virus, and ASP2802, a cell therapy. From targeted protein degradation, ASP4396, which targets KRAS G12D, has entered the clinical stage. ASP4396 achieved the first patient dosing just 50 days after the regulatory submission was accepted, a significant acceleration was achieved.

Strategic objective three is advance the RX+ business. In this term, there were three main developments. The first, we started Phase III trials for ASP5354, a fluorescent contrast agent, to visualize the ureters during abdominal and pelvic surgery. Second, we initiated a validation study in Japan for BlueStar, our diabetes management support software, in patients with type 2 diabetes. By combining blood sugar level data tracked by Roche DC, Japan's flat glucose meter in diabetes patients and BlueStar, a digital application, we will make it as a new solution to support disease management.

The third, license agreement has been signed with Eko of the US for its latest digital stethoscope and AI-based cardiovascular disease detection software. Heart failure affects more than 64 million people worldwide. We are committed to delivering new value to heart failure patients.

Strategic goal four is to deepen our engagement in sustainability. In FY2023, we established about 50 indicators under the sustainability direction we developed in FY2022 to measure the progress of our midterm priority items and created a framework to reflect these indicators in the annual plans as company-wide initiatives. Due to the limitation of time, it's difficult to cover all the items. So I will talk about our initiatives to enhance access to health, as is described on page 37 of the Notice of Convocation. First, Astellas' core business results. Up to the end of H1 of FY2023, we have been able to deliver value to about 160 million patients treated with our products according to our estimation.

Next, enhancing availability of Astellas products. Regarding the number of patients treated through various access to health programs for patients who are unable to receive appropriate medical care due to socioeconomic reasons, through our initiatives, we have been able to provide treatment opportunities to more than 1,380 patients from research and development stages to product launch. Last but not the least, collaboration with third parties and supporting their access to health activities and foundations. Focusing on areas where we can leverage our knowledge, expertise and capabilities, we are collaborating with external partners to work to resolve issues of access to health. From FY2021 to the end of FY2023, on a cumulative basis, we have been able to contribute to enhancing access to health for more than eight million people.

In corporate strategic plan, CSP2021, we have set performance goals. The three numerical targets represent what we will have achieved when all the four strategic goals, I have explained so far, have been realized. Today, I will explain the progress on the current status of each performance goal and measures for each performance goal. Performance goal one is about revenue. We achieved extremely robust results in EV-302 study for PADCEV above our expectations. We feel more confident about the big growth in the first-line settings. On the other hand, VEOZAH sales uptake is below our original assumptions. Also, as an external environment factor, Medicare Part D redesign will start from January 2025 as one of the measures by the so-called IRA, Inflation Reduction Act, in the United States, which was not included in our original assumptions. This is expected to impact XTANDI sales in the United States in the future. As a measure to secure revenue, we acquired Iveric Bio and our new growth driver, IZERVAY. IZERVAY sales are growing at a pace faster than our expectations. Also, we are working on product value maximization through active life cycle management with indication expansion, including MIBC, muscle invasive bladder cancer for PADCEV and pancreatic adenocarcinoma for VYLOY.

Next, performance goal two is about pipeline value. As a new Primary Focus, we started targeted protein degradation and multiple promising projects have been generated. On the other hand, there is no focus area project so far, which has been able to achieve PoC to obtain clinical study data to support the advancement to late-stage development. We were hoping that programs such as projects originated from Potenza, artificial adjuvant vector, AAVC program and FX-322 would be launched early and contributed to revenue in 2030 as they were making relatively good progress when we announced CSP2021. But we decided to terminate these programs as we could not obtain clinical study results showing benefits. To tackle the situation, we have implemented the major reform of the organization structure and operation in R&D. Also, we are further strengthening our resource allocation to prioritize projects and working on the acceleration of PoC judgment. In addition, through the acquisition of Propella Therapeutics, we added to a pipeline, PRL-02, a next-generation androgen biosynthesis inhibitor, in order to make up for the treatment, termination and the delay of early-stage development projects.

Last but not the least, performance goal three is about core operating profit margin. So far, we have been able to control cost to a certain degree, but we recognize that we cannot say we have made enough cost reductions to offset investments in new launch products. Generics have been launched earlier than expected

with a major impact on our core operating profit. As a countermeasure, we will secure investments for future growth as before while we will review the allocation of our management resources in a timely fashion and implement more stringent cost control. We will also focus on optimized operations through digital as well.

On this page, I will explain the change of the definition of core base results. From FY2024, in addition to the old definition adjustments, we will newly exclude from full basis results, amortization of intangible assets, gain on divestiture of intangible assets and share of profit or loss of investments. Regarding the background to this change, as a result of the acquisition of Iveric Bio, the amortization of intangible assets significantly increased, and the conventional definition could not appropriately reflect the profitability of Astellas. As you can tell from the table at the bottom half of this page, the amount of amortization of intangible assets and the ratio against revenue has significantly risen from FY2023. By introducing the new definition of core basis, the profitability of Astellas can be reflected more appropriately and easier comparison with global pharma companies can be facilitated. The table at the bottom half of this page also shows the trends of core operating profits based on the old definition and the new definition.

On this page, I will explain CSP2021 outlook. Given the progress of the three performance goals in CSP2021, by now, we think it would be difficult to achieve the goals in FY2025. On the other hand, the main theme under CSP2021 is to establish a structure to overcome XTANDI LOE. We believe it's extremely important to put into place such a structure solidly in the remaining period. With regards to revenue, PADCEV, IZERVAY, VEOZAH and VYLOY are the main growth drivers. Compared to FY2023, sales of Strategic products combined in total are expected to expand about 2 times to JPY300 billion in FY2024 and about 3 times to JPY500 billion in FY2025. Along with sales growth, profit is also expected to expand substantially. Core operating profit margin is expected to grow from FY2024 forecast of 15.2% to the lower 20% level in FY2025. Towards the future growth of Strategic products, we believe that initiatives and milestones shown on the right of this page are going to be important in particular. We'd like to make steady progress in these areas and continue to pursue 30% core operating profit margin as our ideal state. If there is a Primary Focus program, which successfully achieved PoC, in other words, successfully obtains clinical study data to support the advancement to late-stage development by the end of FY2025, we hope it will lead to a pipeline that enables sustainable growth.

On this page, I will explain our shareholder return policy. We give our top priority to business investments to realize our growth and strive to increase dividends stably and continuously based on the mid- to long-term profit growth, there is no change in the stance by now. During the course of CSP2021, based on our forecast for solid profit growth, we will aim for higher levels of dividends. We're expecting JPY4 increase to JPY74 dividend for FY2024. We will continue to make efforts to stand on the forefront of healthcare change to turn innovative science into value for patients. We appreciate your continued support and assistance for the future. That's all as for my report. Thank you very much.

Okamura: Next, I would like to explain the matters to be resolved in turn. First proposal, election of seven Directors who are not Audit & Supervisory Committee Members. The terms of the office of the Directors who are not Audit & Supervisory Committee Members, will expire at the close of this Annual Shareholders Meeting. Therefore, it is proposed that the seven Directors who are not Audit & Supervisory Committee Members be elected. The candidates are Dr. Kenji Yasukawa, Naoki Okamura, Mr. Katsuyoshi Sugita, Mr. Takashi Tanaka, Ms. Eriko Sakurai, Mr. Masahiro Miyazaki, Dr. Yoichi Ohno. Out of these candidates, Mr. Takashi Tanaka, Ms. Eriko Sakurai, Mr. Masahiro Miyazaki and Dr. Yoichi Ohno, these four candidates for outside Directors. Therefore, if the proposal is approved, there will be seven Directors who are not Audit & Supervisory Committee Members and four of whom will be outside Directors. Brief personal histories of each candidates are shown on the page 16 through page 21 of the Notice of Convocation.

Next, second proposal, election of three Directors who are Audit & Supervisory Committee Members. The terms of the office of Mr. Toru Yoshimitsu, Mr. Raita Takahashi and Ms. Mika Nakayama, Directors who are

Audit & Supervisory Committee Members will expire at the close of this Annual Shareholders Meeting. Therefore, it is proposed to three Directors who are Audit & Supervisory Committee Members be elected. The candidates are Dr. Rika Hirota, Ms. Mika Nakayama, Ms. Tomoko Aramaki. Ms. Mika Nakayama, Ms. Tomoko Aramaki are candidates for outside Directors. Ms. Rie Akiyama will continue to hold the position of Director who is the Audit & Supervisory Committee Member. Therefore, if this proposal is approved, there will be four Directors who are the Audit & Supervisory Committee Members, three of whom will be outside Directors. This proposal has been approved by the Audit & Supervisory Committee. Brief biographies of the candidates and other information are as indicated on page 22 through page 24 of the Notice of Convocation. This is all for the agenda items to be resolved at this meeting.

Question & Answer

Okamura [A]: Next, the questions we received from shareholders in advance, we'd like to respond to four of them today.

First,

Pre-submitted Question: Questions about future plan such as “Measures to cope with falling stock price” and "Future business policy.”

Okamura [A]: I'd like to respond to these questions altogether. Stock prices can fluctuate due to various factors. For better understanding by investors of our future growth measures, we believe it's important to enhance our communication. In FY2023, due to the launch of LEXISCAN generics, increased cost from Iveric Bio acquisition, slower progress than expected for VEOZAH, booking of impairment loss, et cetera, we made a downward revision of both core basis and full basis results a few times. We couldn't meet the expectations of investors. As management, we take it very seriously.

So for FY2024 forecast, we have performed various scenario analysis taken into consideration risks and opportunities and develop a better balanced plan, which is ambitious but is giving more consideration to achieve ability or feasibility than before. As for full basis results, to ease the impact of unexpected downward revision, which may occur during the middle of the fiscal year, we have factored in other expenses such as impairment loss into our initial forecast. This does not mean that we have any specific signs of impairment at the moment. We have made the estimation based on the actual results of other expenses and the balance of intangible assets we booked in the past. We believe showing the growing status to investors in the future is extremely important more than anything else.

As I explained earlier, the main theme of CSP2021 is to establish a structure to overcome XTANDI LOE. We believe it's extremely important to put into place such a structure solidly in the remaining CSP period. By making steady progress for the initiatives and milestones important for the future growth of Strategic products shown on the right, we are also expecting profit to expand substantially along with revenue growth of our main growth drivers such as PADCEV, IZERVAY, VEOZAH and VYLOY. Also, if there is a Primary Focus program, which successfully obtains PoC, in other words, successfully obtains clinical study data, which supports the advancement to late-stage development, by the end of FY2025, we hope it will lead to a pipeline which enables sustainable growth. That's my response to the questions.

Pre-submitted Question: Questions about the status of clinical development, such as "What pharmaceutical products are in development?" and "When will IZERVAY be available in Japan?"

Okamura [A]: We will receive questions related to clinical development, especially for the current status. Dr. Taniguchi, the CMO, will answer these questions.

Taniguchi [A]: I'm Taniguchi, CMO. I would like to answer this question. In the previous presentation, Okamura explained the main progress of the Focus Area Approach and the development in FY2023. So I would like to explain the outlook for future development. First, the main events expected in FY2024 for our Strategic products. For PADCEV, a treatment for urothelial carcinoma, the Company expects regulatory decisions in Japan and in Europe on application or submission for an additional indication for first-line treatment of urothelial carcinoma based on the EV-302 trial in Q3. The resubmission to the FDA for VYLOY for the treatment of gastric cancer was accepted in May and PDUFA date was set as November 9, 2024, has been set for the completion of the review. The regulatory decisions in other regions are expected in H2 of FY2024 in Europe and in Q4 of FY2024 in China.

For IZERVAY, a treatment for age-related macular degeneration, the PDUFA for completion of the review of the level revision in the US is November 19, 2024. The decision by the regulatory authorities in Europe is not finalized at the time in Europe. We currently expect a decision from the regulatory authorities in H2 of FY2024. We are currently in preliminary discussions with the authorities regarding the development of product in Japan that you inquired about. We will inform you of any additions as appropriate depending on the results of other discussions.

With respect to the progress of the Focus Area Approach, we expect to obtain clinical trial data by the end of FY2025 for four programs to determine whether or not to proceed to later stage of development. Specifically, AT845, a gene therapy for Pompe disease; ASP2138, bispecific antibody for gastric cancer; ASP7317, a cell therapy for geographic atrophy secondary to age-related macular degeneration and of thermologic field. And ASP3082, a KRAS G12D degradation inducer for solid tumors. And there are these four. As for the timing of the data release has not been decided at this time, but we plan to announce in due course. That's all for me. Thank you very much.

Okamura [A]: Next, the third question.

Pre-submitted Question: Please explain the dividend policy, including "shareholder return policy" and "the background behind the decision to increase dividends despite a significant decrease in profits in FY2023 compared to the previous fiscal year", and "how you view the current extremely high dividend payout ratio."Regarding our shareholder return policy with a substantial YoY decrease in FY2023 profit, what is the background for our decision to increase dividend? And what is our view of the very high dividend payout ratio right now?

Okamura [A]: CFO, Kitamura, will respond to this question.

Kitamura [A]: I'm Kitamura, CFO. Let me respond to the question. First of all, our shareholder return policy, as Okamura explained earlier, we give our top priority to business investments to realize growth. And based on mid- to long-term profit growth, we strive to increase dividends stably and continuously. There is no change in such a stance by now. As for FY2024 dividend, in addition to the slowdown of profit growth, we are paying attention to the need to repay the borrowings incurred from Iveric Bio acquisition and recover our financial health as soon as possible. We are forecasting a JPY4 dividend increase. Based on the newly introduced definition of new core operating profit, as we showed earlier, we expect our core business profitability to increase. Also in the future, and we will aim to achieve both sustainable growth and stable financial basis. As for dividend yield and dividend payout ratio, we are not disclosing specific targets or guidance. But during the course of CSP2021, we will aim for higher level dividend by assuming growth in FY2024 onwards. That's all from me.

Okamura [A]: The next one is the last one.

Pre-submitted Question: "There have been a series of scandals at KOBAYASHI Pharmaceutical and the automobile industry, but is the Company okay? How do you view the problem?"

Okamura [A]: That's the question we received. First, from the point of manufacturing control, Mr. Shima, CMfgO, will answer, and then I will supplement the answer from the viewpoint of quality assurance.

Shima [A]: I'm Shima, CMfgO. I would like to answer this question. I would rather like to refrain from mentioning other companies. However, we see this is not someone's problem, but rather as a part of our own company and the pharmaceutical industry. We are thinking how we can improve the situation. The question said, are you all right in the situation? We guarantee that a lot of pharmaceuticals is manufactured using methods that have been reviewed and approved by the regulatory authorities. And that the process in quality are properly controlled. You can rest assure that we maintain a consistent high standard of quality control

throughout the entire process right up to delivery. We'll continue all efforts to ensure the delivery of innovative and reliable pharmaceutical products to patients. That's all from me.

Okamura[A]: Now I would like to add a few words about quality assurance. Ensuring the quality and safety of pharmaceutical products is the foundation of a pharmaceutical company, and we are always conscious of delivering reliable and safe pharmaceutical products to patients under solid management system. We have established a strict control system by appointing an independent quality assurance manager, who reports directly to the President in addition to the manufacturing manager. In addition, I always make sure that everyone in the Company is aware of the need to comply with laws and regulations and when problem occurs, I not only promptly issue instructions to resolve it, but also strive to create a system and atmosphere that allows the information to reach me on a daily basis, while the problem is still small. We are building a system as a company that allows me to give instructions when we remedy our action before a small discomfort develops into a problem. This is all for me. Thank you.

That's all the responses to the questions we received in advance. We thank the shareholders who sent us their questions in advance. As we completed responding to the questions received in advance, as I said at the beginning of this meeting, now we'd like to close the receipt of questions and comments from shareholders attending online. From here on, we are going to hear from shareholders attending at the venue including their questions, comments and motions regarding matters to be reported and matters to be resolved. Then we will respond to questions and comments from shareholders attending online regarding matters to be reported and matters to be resolved. After that, we'd like to take a vote on each matter to be resolved. Is it agreeable?

(Shareholders applauded)

Thank you very much. Then we'd like to proceed this way.

If you want to speak at the venue, please raise your hand. I will name you. When you are named, a staff member will bring a microphone to you. So please stand up at your seat and speak by mentioning the number on your attendance sheet. You don't need to mention your name. When you're done, please return the microphone to our staff and take your seat. As I said at the beginning, live streaming is available for shareholders attending online. To those who are asking a question, please note that shareholders who are not here at the venue are viewing this meeting. You can ask one question just once. If you want to speak up, please raise your hand. Number four shareholder, please.

[Summary of Question]: With regards to business performance forecasts, it is common for Japanese companies to initially set conservative projections and subsequently make upward revisions. I would appreciate hearing the President's thoughts on this matter. Additionally, I would like to inquire about the Company's internal culture, specifically whether there is a practice of reporting sales targets at higher levels to demonstrate enthusiasm or motivation within the organization.

Okamura [A]: Your questions are basically about the way of setting the target and compared to the other, including other company situation in Japan, let me share with you my idea. As have been mentioned, Astellas is always aiming at higher. As many as possible, as many patients as possible, we would like to provide our products. Therefore, rather than the achievable target, to what extent we can achieve. So in a sense, we set up a very ambitious target. And towards that, we'll do our best. That's the corporate environment that I would like to create. But on the other hand, very difficult target is set and that is the direction for your motivation, but the target there is too high. Well, I heard there is such an environment, some part of our company. So sales is not absolute. Our mission is to deliver products to the patients. That's what we have to put in the center. For 2024, based upon the 2023 situation, not just a simple ambitious target. How can we achieve the target? That is the direction we would like to think about, and I think I set up the target with having a good preferable balance. So we will really appreciate your continuous support for the achievement of FY2024 as well.

If you want to speak up, please raise your hand. Number five, please.

[Summary of Question]: Drug discovery has high hurdles and difficult aspects, as evidenced by impairment losses in FY2023. Please tell us whether the Company utilize artificial intelligence, AI, in drug discovery and whether there are plains to further enhance the utilization of AI in the future.

Okamura [A]: Thank you for your question. It was about the use of AI in research areas and the current status and also the future. Shitaka, in charge of research, our Chief Scientific Officer, is going to respond.

Shitaka [A]: I'm Chief Scientific Officer. My name is Shitaka. Let me respond to the question right now. The use of AI in drug discovery activities, which was a question, on a daily basis, are we using AI in our drug discovery activities. Specifically, for example, small molecule optimization research. Since a few years ago, we have been leveraging AI for this. Very positive results have been obtained in reality. Time required for optimization was shortened by 70% in some cases. And antibody medicine or gene therapies, we're working on those areas as well. This is what we call modalities. Gene sequence optimization is another area where we leverage AI. Last fiscal year, NVIDIA GPU access rights, we negotiated to obtain those rights. NVIDIA's GPU is useful and can be applied and accelerate our activities. And this fiscal year, we are seeing the positive effect in the drug discoveries by using AI. That's my short response to your question.

Okamura [A]: So any shareholders here would like to speak up, please raise your hand. Number one, please.

[Summary of Question]: If it is true that achieving the Performance Goals of the Corporate Strategic Plan 2021, CSP2021, is challenging, I believe that maintaining the same goals without revision will not lead to an increase in market evaluation. By reassessing the Performance Goals of CSP2021 and engaging with the market once again, there is a potential for Astellas' evaluation to rise and market capitalization to increase. I would like to know your thoughts on revising CSP2021.

Okamura [A]: Thank you for the question. The question is about CSP2021, our performance goal revisit or review or update. What you pointed out is quite right. But as has been shown in the performance of the business report, CSP2021 itself, that is not going to be changed. That has remained. And we appropriately communicate to the market that to what extent we can achieve. For example, the revenue. Originally, XTANDI and the Strategic products, JPY1.2 trillion is what's being said. But the current forecast, Strategic products in FY2025 is going to be around JPY500 billion. Therefore, overall, yes, I mentioned it's difficult to achieve their goal, but I think we can achieve the great extent of that.

As for the value of the pipelines, the internal pipeline values are very difficult to be shown public. So FY2023 to what extent of the sales, the revenue we would like to achieve as shown. When we made the CSP2021, the development products in relative later phases, why discontinued? So in 2030, FY2030, the targeted revenue is difficult to be achieved. But on the other hand, as has been shown in the previous slide, we have four Primary Focus in each key products. So we'll receive the data to make a judgment of getting a later phase of the development in FY2025. So with that, we can come up with further products from the primary products and we can enhance the value of their products. And the core operating profit margin, the definition was changed. But as our long-term perspective, core operating profit margin, 30% is always what we would like to set and would like to achieve. Towards that, up until the expiry of the exclusivity of XTANDI, to what extent we can stretch ourselves reach to it. That's the matter. So to put it in short, CSP2021 revision is not really considered, rather it's remained. More specifically, where we can aim at is something we would like to communicate to the market. That is the answer. Thank you.

Okamura [A]: Any other shareholders who would like to speak up? Shareholder six?

[Summary of Question]: Sales are increasing, but the reason for the decrease in operating profit and operating profit margin is explained to be due to the acquisition of IVERIC bio Inc. Was this expected? Additionally, as a

request, I would like to see the use of katakana for drug names to be standardized, as having drug names in English characters may potentially deter individuals who wish to invest in stocks.

Okamura [A]: Regarding the second point, your request, I'd like to briefly respond. Our prescription drugs, we have a compound from research. And then from the regulatory authority in this country until the approval, a very long time is required. During this period, program numbers, in the case of Astellas, ASP and followed by four numbers to refer to the projects, that's a customary to the Company. Therefore, shareholders and external people, when we communicate to them, those in development stage have to be called ASP. And followed by numbers, we have to use such numbers on English names. If it's approaching the market launch, it's going to be changed to the brand name like XTANDI. Once we have a brand name globally, the same brand name might be used for some products. Then in writing, we write their names in English. VYLOY, zolbetuximab, is an antibody medicine for gastric cancer. As of now, it's approved only in Japan launched only in Japan. That's why we have a Katakana character name in Japanese. It may be difficult to understand, but we'd like to consider what kind of ways would facilitate your understanding. Thank you very much for your precious opinion.

And also, going back to your first question, Iveric Bio acquisition itself, we were able to reach agreement for the acquisition in May 2023, in early May, at the beginning of May. When we developed the plan for FY2023, in February or March, when we developed a plan for FY2023, it was not part of our assumptions. So when we communicated to you about the FY2023 plan, it was not incorporated. After the completion of the acquisition, various expenses, and the outlook were examined closely, when we announced Q2 results, we made a revision. In that sense, it was a downward revision when we communicated the information to you on that occasion. If that was a part of the assumptions, there's going to be no downward revision. But until the completion in M&A, we don't know whether we can realize it or not. So it's very difficult to forecast such expenses. That's our judgment. That's my response to your question.

So the next shareholder, if you would like to speak out, please raise your hand. Number three, please.

[Summary of Question]: Regarding Astellas employee who is currently detained in China.

Okamura [A]: Thank you very much. So your comment is about our employee restraint in China. As for this matter, all the related people is we recognize about these worries that you are feeling. So that we can secure the health and safety of this particular employee, we would like to cooperate with the available parties. Still this person is in restrained status so I rather refrain myself making a further comment. That's all.

Okamura [A]: Any other shareholders who would like to speak out? Number four, a shareholder in black T-shirt.

[Summary of Question]: I would like to ask President Okamura if there are any episodes when you felt that your management judgment was wrong, or any achievements that you would like to brag about to shareholders.

Okamura [A]: My forecast was wrong or great success episode. That was your question in my understanding. I should not say this, perhaps, but I can be wrong in many cases. When we make a wrong expectation, how much you can work to take countermeasures and that would be timing the quality of management. In FY2023, we had an unfortunate result, but with the new management team, we analyze our scenarios for risks and opportunities. By having such scenarios, we'd like to steer the Company in our management. And also, I'm not in capacity to boast, but Astellas Pharma, the biggest strength is that we can work on innovation without any hesitation. Unfortunately, by now, from Primary Focus, there's no PoC data advancing to the late-stage development, which is a pity, but we are pursuing the state-of-the-art science nobody in the world is working on. So we have to ask shareholders to be patient. But out of those innovations, we believe that there would be product out of them. So we would like to ask for your continued support. That's all for me. Thank you.

Next shareholder. The person over there, number one.

[Summary of Question]: Return on equity, ROE, is also a factor in market evaluation, but ROE has been low for the past four or five years. What are your thoughts on ROE? Also, what exchange rate is assumed in setting your target value?

Okamura [A]: Thank you very much. That is about the capital cost and also the way of the management thinking about the share price and also the foreign exchange rate. And so Kitamura, the CFO, is going to answer your question.

Kitamura [A]: Mr. Kitamura, CFO. Let me answer your question. First is about Forex. This year, JPY145 against US dollar and JPY155 million against the euro. FY2023, ultimate rate was closer to this. That's our current assumption. ROE and also capital cost management with taking the share price in our mind, yes, we think those are very important. First of all, our idea. Well, for the purpose of the sustainable growth and improvement of the corporate value, the capital cost and also the conscious about the share prices are indispensable. Especially for the improvement of the corporate value, the capital profit exceeding capital cost is quite important. And WACC, that is what it's called, and weighted average capital cost, that is a periodically calculated and verified, and that is set as one of the indicator for the health of the financial status. On the other hand, the pharmaceutical industry, the current business, but also the future value of the development pipeline is very important for thinking about the share price value. ROE is based upon the single year performance in ROIC. Compared to those, the future pipeline value evaluation is set as the one indicator and consider that approach is more appropriate. And then we created CSP2021 and propose that. That is the response for me. Thank you.

Okamura [A]: There seems to be other shareholders who would like to speak up, but we are receiving questions from shareholders attending online. So we'd like to receive another question from one more shareholder to finish. Q&A session for shareholders attending online at the venue, excuse me. Number two, please.

[Summary of Question]: Considering market potential, it seems correct that the Company is focusing on the research and development of anticancer drugs. Are there any promising development candidates, such as new mechanisms? Also, there are no development candidates for diseases like Alzheimer's syndrome, but as the aging population increases, market expansion is expected. What are your thoughts on this?

Okamura [A]: Thank you very much. The current question was the oncology new treatments we are working on. And also, on the other hand, we are not working at all on Alzheimer's disease and other areas. And what's our view? That's the understanding of your question right now. Regarding oncology and cancer. As I mentioned in the report, we have XTANDI, PADCEV, XOSPATA. The other day, VYLOY was launched in Japan. These anti-cancer agents, relatively speaking, traditional, we have traditional small molecule drugs with chemical synthesis. And antibodies existing in the world can be utilized as drugs. Or we can attach another toxicity and after take-up into cancer cells, the toxicity would kill the cancer cells. That's what we call ADC.

Our Primary Focus, we have four areas to focus on. One of them is immuno-oncology. Another is the targeted protein degradation, TPD. Regarding these two Primary Focuses, immuno-oncology is targeting cancer TPD as well. The initial target is cancer. Small molecule was a traditional way. Using them and existing antibodies can be done, but we can modify to increase the efficacy and enhance the safety. That's what we are doing right now. So the first compound in immuno-oncology is a bispecific antibody, antibody shaped Y. But one side is targeting cancer like VYLOY. The other is the T-cell in charge of immunology or immune system and T-cell to attack the cancer cells can be made closer to each other. And there is a possibility that we can get to PoC in FY2025. In TPD, two small molecules can be combined with linker. In small molecules, it was rather difficult

to target certain cancer-related proteins and that can be completely destroyed. Based on that concept, we have a project in 2025, by the end of that fiscal year, we can judge PoC in that project as well. As I mentioned before, working on innovation is our mission in our belief. Still, we cannot cover all the therapeutic areas of Alzheimer's disease and some of the diseases because of the strategic reasons, that's out of scope for initiatives. But rather cell therapy, gene therapies, we are working on, we allocate management resources to those areas with the focus. So we appreciate your continued support and assistance. That's all my response.

Next one will answer to questions from shareholders and virtual attendance. Today, we have received several questions and comments from online shareholders. And we will give priority to questions that we believe will be of interest to a wide range of shareholders relating to the objectives of this meeting. The moderator will now read the questions and comments from the shareholders online, and then we will respond to them.

Moderator [Q]: I will now move on to questions from online shareholders. Online shareholders or shareholders may attend this meeting by Internet and the meeting will be streamed live from the meeting venue. As of this moment, we have confirmed that 515 shareholders have attended the meeting virtually. Thank you so much for your attendance. I would now like to introduce the first question from a shareholder online.

[Summary of Question]: The current performance is in a difficult state. When do you expect the performance and stock price to recover? We are looking forward to it. Please provide specific measures to improve the stock price.

Okamura [A]: Thank you for the question. Regarding our countermeasure against the stock. Questions from shareholders received in advance and the shareholders at the event also asked that question but let me briefly explain. The stock prices can change fluctuate, depending on the factors and various factors. But for better understanding, by the investors of our measures for future growth, it's important to enhance the communication. And today, we received questions and comments from shareholders about the stock price. We take this seriously as management by implementing what we have explained, we'd like to recover the trust from the investors. That's all for me.

Moderator [Q]: Let's move on to the second question from the shareholders online.

[Summary of Question]: Recently, employee wage increases have become a hot topic in Japan market. How does the Company's wage increase level compare to other companies? Also, how does it compare to overseas?

Moderator [Q]: Mr. Okamura, please.

Okamura [A]: Thank you for the question. The question is about employee wage increase comparison with other companies or overseas. That's my understanding about the question. Sugita, in charge of the HR is going to give you the response. CPO and CECO.

Sugita [A]: I'm Sugita, CPO and CECO. At Astellas, every year, we confirm the status of the compensation standard in country regions and each market so that we can get the talented people who set up the standard of the compensation or the competitive way, and we would like to continue that. In Japan, so that we can secure the competitive wage for securing the talented people on top of the ordinary pay increase, we are going to further increase in average. In July, we are going to do about a little less than 4% average pay increase will be conducted. As for overseas market, the increase rate is higher compared to Japan in some country or regions. In that case, the pay increase sometimes is over 4%. Business environment. The first depending on the countries. So we are not really comparing the increase of the pay by other companies one by one. That is not the factor for this you're making. But we always look at the overall trend of the labor market and thinking

about our position and always would like to secure the competitive level of the compensation wage. That's all.

Moderator [Q]: Next, the third question from a shareholder attending online.

[Summary of Question]: The Company said to aim for a market capitalization of seven trillion yen, but the progress is quite challenging. Can you provide Astellas' perspective on this? What happened to the talk of doubling the market capitalization? I believed in those words and invested, feeling deceived. While I currently plan to hold onto my investment, when do you anticipate the realization of doubling the market capitalization?

Moderator [Q]: Mr. Okamura, please.

Okamura [A]: Thank you for your question. It was a question about market cap. Our goal is not a market cap. Stock prices can fluctuate based on various factors. What we said in CSP2021 is strategic goals and organizational health goals to change the internal corporate culture and also the performance goals, which are numerical targets. Once all of these are achieved, we can get an assessment from the investors that we would be a company with a market cap of JPY7 trillion. Having said so, we pay attention to stock prices in management as well. The market cap is based on the current profit and future growth as well as the trust from stakeholders such as you. With these factors combined, the shareholders' value and the market cap would be determined. In that sense, we have performance goals, revenue goal, core operating profit margin goal have been set to secure the current profit at hand. And strategic goal two and performance goal two is talking about the future growth to be supported by new innovations and new products based on that. By creating those products, we can enhance pipeline value towards these goals. All the time, we want to move forward, and we are making efforts right now. In that sense, stock prices, what will happen to stock prices when? It's impossible to mention here, but as before, we'd like to promote the ideas in the CSP2021, and we can regain the trust from investors, we'd like to recover the market cap as well. That's my response to the question.

Moderator [Q]: Next question. The fourth question from online shareholders.

[Summary of Question]: Which clinical development projects have high feasibility and expected sales? When do you expect them to contribute to the Company's performance?

Moderator [Q]: Mr. Okamura, please.

Okamura [A]: The question is about the projects on the clinical development phase. So, Taniguchi, CMO, is going to give you the answer.

Taniguchi [A]: Let me answer to this question. The feasibility and also expected sales, high expected sales for those projects in the clinical development phase, Mr. Okamura explained to a certain extent already. And we have two directions. First of all, we have a current Strategic products, for example, VYLOY and also PADCEV. For them, we are thinking about life cycle management. We accelerate for that so that we can get the additional indications and also Focus Area Approach. We accelerate the programs there. For example, VYLOY, the pancreatic adeno carcinoma study is currently ongoing. In Q4 of this year, the readout is expected to be available. So we have high expectation on it.

Regarding PADCEV, the other day, in the beginning of June, in the US, ASCO took place and some data was presented. In the first indication, that is urothelial carcinoma. And other than that, we are logging on the development. For example, head and neck cancer and also breast, lung cancer as well as esophageal cancer. Those results are presented. So including other cancer types, for the future, we would like to continue what other cancer types we can work for. Of course, a certain extent of the efficacy were observed for the current

indications in the market. So we believe these are quite feasible. And ASP2138, bispecific antibody, this as well, just like VYLOY, Claudin-18.2 protein is the target. Already with VYLOY, as antibody, this shows the effect. And on top of that, CD3, the immune cell, is driven to the cancer cells. So that is another mechanism that currently we are working and so that we can ship PoC. We would like to promote them. Of course, we have other programs. But when it comes to the timing of the launch of the specific expected sales amid focus area, currently, we're not disclosing that. That is, as we mentioned, as a leader program, there are four programs in the primary forecast as well as possible, we would like to identify the PoC and ultimately provide that to the patients. That's the answer. Thank you.

Moderator [Q]: Next, the fifth question from shareholders attending online.

[Summary of Question]: I have a question about the audit system. Regarding the recent system troubles that have become an issue for another company, a major confectionery company, I would like to confirm if the Company's audit firm has the ability to check the system or if there are knowledgeable individuals properly auditing the system. Furthermore, I would like to inquire with the Audit & Supervisory Committee, which is the Board of Directors, if they consider the audit by the Financial Auditor to be appropriate.

Moderator [Q]: Mr. Okamura, please.

Okamura [A]: Thank you very much. It was a question about the audit structure and your naming a Director who is an Audit & Supervisory Committee member. So on behalf of the committee, I want Mr. Yoshimitsu to respond to this question.

Yoshimitsu [A]: It was a question about the accounting system audit in my understanding. So let me respond from that perspective. As I said before, at the Company, we are requesting audits to financial auditor, Ernst & Young, ShinNihon LLC. Regarding the accounting system, from 2020, we have a globally integrated system. We are changing to that gradually over time. Since the change to the system, whether the system is appropriate or not, within EY ShinNihon, expert staff is checking the appropriateness. And also, the system itself would not work properly just because the system is appropriate. Human beings have to use the system by using the system with what procedures, who is going to check? And are these the procedures to get the appropriate approval? And whether we are following the procedures appropriately, and that's the so-called internal control. On a periodic basis, in what way they are doing on their audit of us we're receiving their periodic report? As a result of their periodic reports we received, we think that their audit of the system is appropriate. That's our judgment. And this is my response.

Moderator [Q]: Next question from the participant online. The sixth question.

[Summary of Question]: In Japan, there is a serious shortage of pharmaceutical products, mainly generics. As a leading company in the industry, what are your thoughts on how to address the shortage of pharmaceuticals, including drug price revisions, through collaboration between the government and the private sector? Additionally, what impact do you think the overall shortage of pharmaceuticals in the industry will have on the Company's performance?

Okamura [A]: Thank you for the question. This is a concern about the drug shortage in Japan and the question about our approach for that. Let me answer. First, as Astellas, as has been mentioned frequently, we pursue innovation. So we have no idea to promote generic. Based upon that, for the new drugs currently, we have drug lag or drug loss for the patients who are waiting for the new treatment in Japan, meaning that the products available in overseas are not available for the Japanese patients who are not even developed for the Japanese market. For this issue, as the industry, like the organization of pharmaceutical industry and also Keidanren with all those organizations, we have been appealing for the improvement of the reform of the system. And as has been responded a little while ago, for us, high quality and safe products securely provided to the patients. As the industry, as Astellas, that is the biggest mission. So for the major products, the raw

materials and production sites are redundantly prepared and always prepare the backup system so that necessary drugs are always provided to the necessary patients. That's all.

Moderator [Q]: Next, the seventh question from shareholders attending online.

[Summary of Question]: Could you please provide more details about your future shareholder returns?

Okamura [A]: Thank you for the question. Regarding the policy for future shareholder return, CFO, Kitamura is going to respond.

Kitamura [A]: Kitamura, CFO. Let me respond to the question. First, our dividend policy, as was mentioned earlier, in FY2024, we are expecting JPY4 dividend payment increase YoY to JPY74. As for the forecast of FY2024, the profit growth is slowing down compared to our assumptions. So we reviewed how much we are going to increase the dividend. But we remain confident about our future growth. So we're expecting JPY4 dividend increase. During the course of CSP2021, we are assuming further growth into the future, and we'd like to determine the pace of dividend increase. Regarding our own share acquisition, there is no change in our policy as of now. Our policy is as follows. We make business investments necessary for growth. That's the top priority. And we will strive to increase dividends stably and continuously. If there is still excess fund, we would implement the own share acquisition flexibly. Regarding this policy, there is no change as of now. That's my response.

Moderator [Q]: The last question from the online shareholders.

[Summary of Question]: I would like to inquire about your future hiring policy. With the decrease in operating profit, do you have any plans to reduce new graduate or experienced hires in research and development positions?

Okamura [A]: Thank you very much for your question. That is about the hiring matter. So our CPO, CECO, in charge of HR, is going to give you the response. Mr. Sugita.

Sugita [A]: Thank you for the question. I'm Sugita in charge of HR. The question is about our approach for hiring new employees. The short-term performance up and down, just based on that, we do not decide our policy for the hiring. We look at the long-term strategies. So hiring more people for internship, we would like to be proactive for that. Not only about the progress level of the business, long-term future portfolio and also the capability likely to be necessary for the future are well considered and then we decide the number of the people to be hired and decide the policy for that. That's all.

Okamura [M]: This concludes the questions from the online shareholder. The question is asked in advance and the questions received from shareholders today here and answers to them will be posted on the Company's website at a later date, except in cases where it is deemed inappropriate to disclose the personal information, trade secrets or so. As a chairperson, I consider that the deliberations have been sufficiently completed. So I would like to conclude the deliberations and proceed to the voting on the agenda. What do you think?

(Shareholders applauded)

Thank you very much.

Voting-Closing

Okamura: We will now proceed to the voting on the agenda. First, let me explain the voting method to shareholders attending at the venue. On your attendance sheet, we gave you at the reception desk, you can find a ballot. Please fill in for, against or abstention. Later, our staff will collect your ballot. So please cut it off from your attendance sheet and wait in your seat. Next, shareholders attending online are requested to click on the top, exercise voting rights on the right-hand side of your screen. Then for each matter to be resolved, please select for, against or abstention. If you click support all the proposals, you vote once and support all the proposals at one click. At the end, by clicking the exercise bottom at the very bottom, your voting will be completed. Regarding the operational method, you can also refer to page 13 of the Notice of Convocation. So please vote on the two proposals we explained earlier in two minutes from now. The first proposal is the election of seven Directors who are not Audit & Supervisory Committee Members. The second proposal is the election of three Directors who are Audit & Supervisory Committee Members. Thirty seconds to go until the closing of the vote.

Two minutes have passed. So we'd like to close voting. Shareholders at the venue, staff will collect your ballot. Please cut it off from your attendance sheet and hand it over to our staff. Please give us some time so that we can collect your ballots and announce the voting results later. Please wait in your seat for a while.

Let me announce the voting results. The first proposal, election of seven Directors who are not Audit & Supervisory Committee Members, has been approved as originally proposed by an affirmative vote of a majority of voting rights of shareholders, including shareholders who exercised voting rights beforehand in writing and via the Internet. Thank you very much.

The second proposal, the election of three Directors who are the Audit & Supervisory Committee Members, has been approved as originally proposed by an affirmative vote of a majority of voting rights of shareholders, including shareholders who exercised voting rights beforehand in writing and via the Internet. Thank you very much.

At the end, I would like to present the preliminary result of the exercise of voting rights, the approval rates for the first and second proposals, whereas indicated, respectively. Since these approval rates a preliminary, the final tally will be reported in our extraordinary report, which will be disclosed at a later date. Thank you so much for your voting. With this, all the agenda for the 19th Term Annual Shareholders Meeting was all covered. The meeting is now adjourned.

With this, now, I would like to introduce the elected Directors who are not the Audit & Supervisory Committee Members in the first proposal. Kenji Yasukawa, Naoki Okamura, Katsuyoshi Sugita, Takashi Tanaka, Eriko Sakurai, Masahiro Miyazaki, Yoichi Ohno. Next, let me introduce the elected Directors who are the Audit & Supervisory Committee Members in the second proposal. Rika Hirota, Mika Nakayama, Tomoko Aramaki. These are the Directors who have been elected today. With this, all the programs are concluded. This concludes the meeting. Thank you so much for your attendance here today.

[END]

Document Notes

1. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].

2. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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