Astellas Pharma Inc.

Astellas Corporate Strategic Plan 2026 Online Meeting

May 26, 2026

Event Summary

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[Participants]	

[Number of Speakers] 5

Naoki Okamura	Chief Executive Officer
Atsushi Kitamura	Chief Financial Officer
Tadaaki Taniguchi	Chief Research and Development Officer
Claus Zieler	Chief Commercial & Medical Affairs Officer (CCMAO)
Nobuko Kato	Chief Communications & IR Officer

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Presentation

Kato: Today, thank you very much for joining our briefing on Astellas Corporate Strategic Plan, CSP2026, out of a very busy schedule. I'm delighted to serve as emcee today. I am Kato, Chief Communications and IR Officer. Thank you very much for your time.

Today, after presentation, we will take questions. Presentation will be made by the meeting materials posted on our website. Including Q&A, we have simultaneous translation available in Japanese and English. We cannot guarantee the accuracy of simultaneous translation. Thank you for your understanding. You can choose the language from the menu on the Zoom webinar screen. If you choose the original language, you can listen to the original sound without going through the simultaneous interpretation. During the Q&A session, we will take questions from investors and analysts first and then in the remaining 10 minutes or so, we will take questions from members of the media.

And here is a cautionary statement for today.

This material or presentation by representatives for the Company and their answers and statement in the Q&A session includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors. They contain information on pharmaceuticals, including compounds under development, but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations, promote unapproved uses in any fashion or provide medical advice of any kind.

Let me introduce the participants from our company. Representative Director, President and CEO Naoki Okamura; Chief Financial Officer Atsushi Kitamura; Chief Research and Development Officer Tadaaki Taniguchi; Chief Commercial and Medical Affairs Officer Claus Zieler. So we have four executives joining this call.

So we'd like to start the presentation.

Okamura: Good afternoon, everyone. I am Okamura from Astellas Pharma, Inc. Thank you very much for your time out of your busy schedules to attend today's announcement of Corporate Strategic Plan or CSP2026.

Cautionary Statement Regarding Forward-Looking Information

In this material, 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 Pharma. 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.

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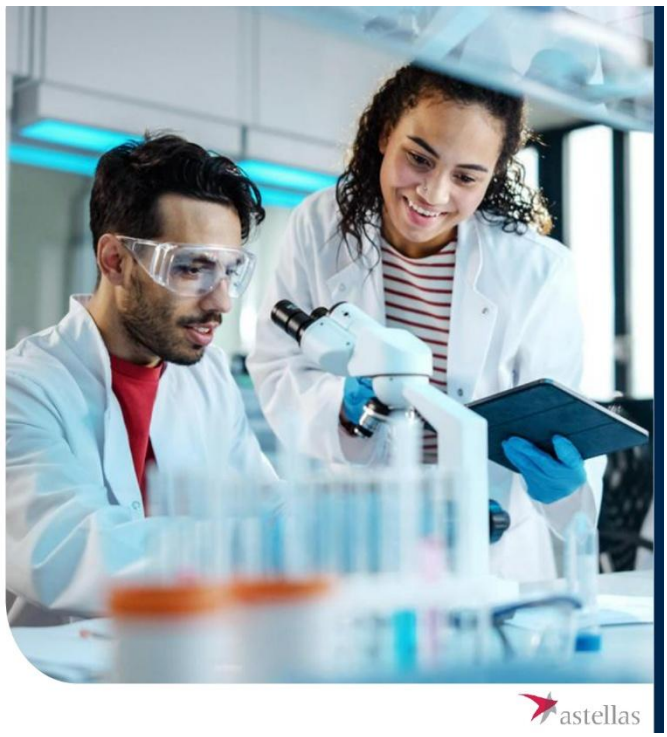
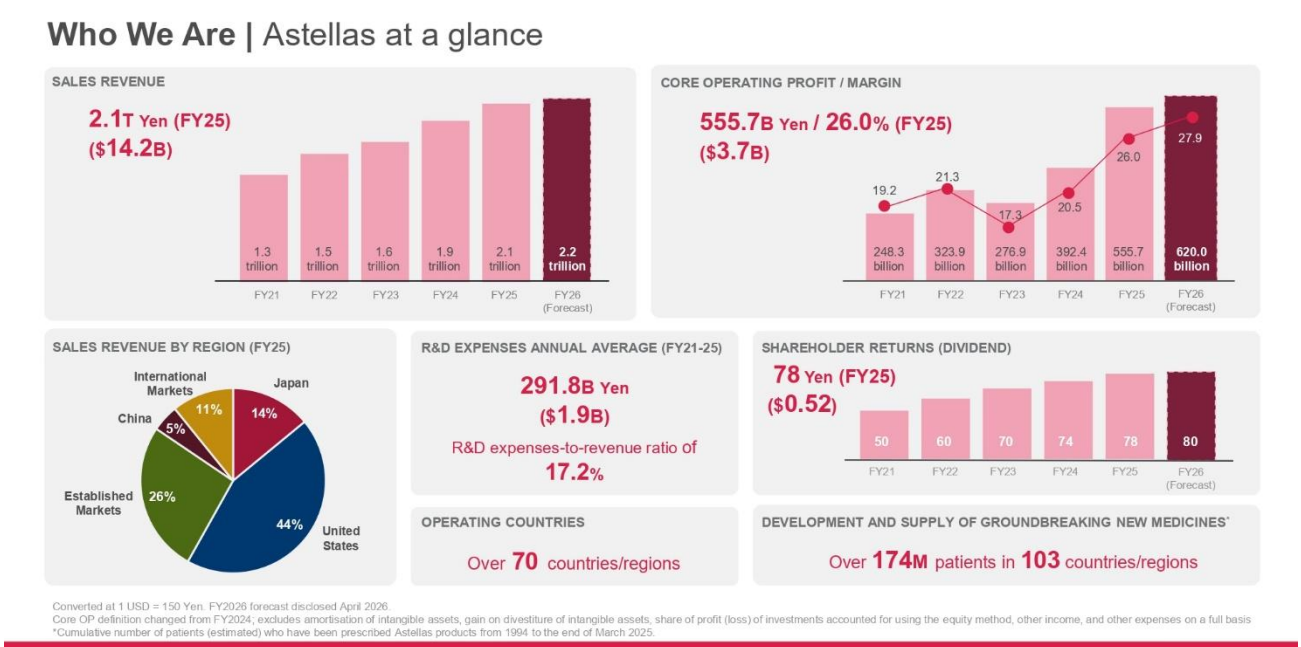
This is a cautionary statement. Since Kato explained about this, I will skip this slide.

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

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



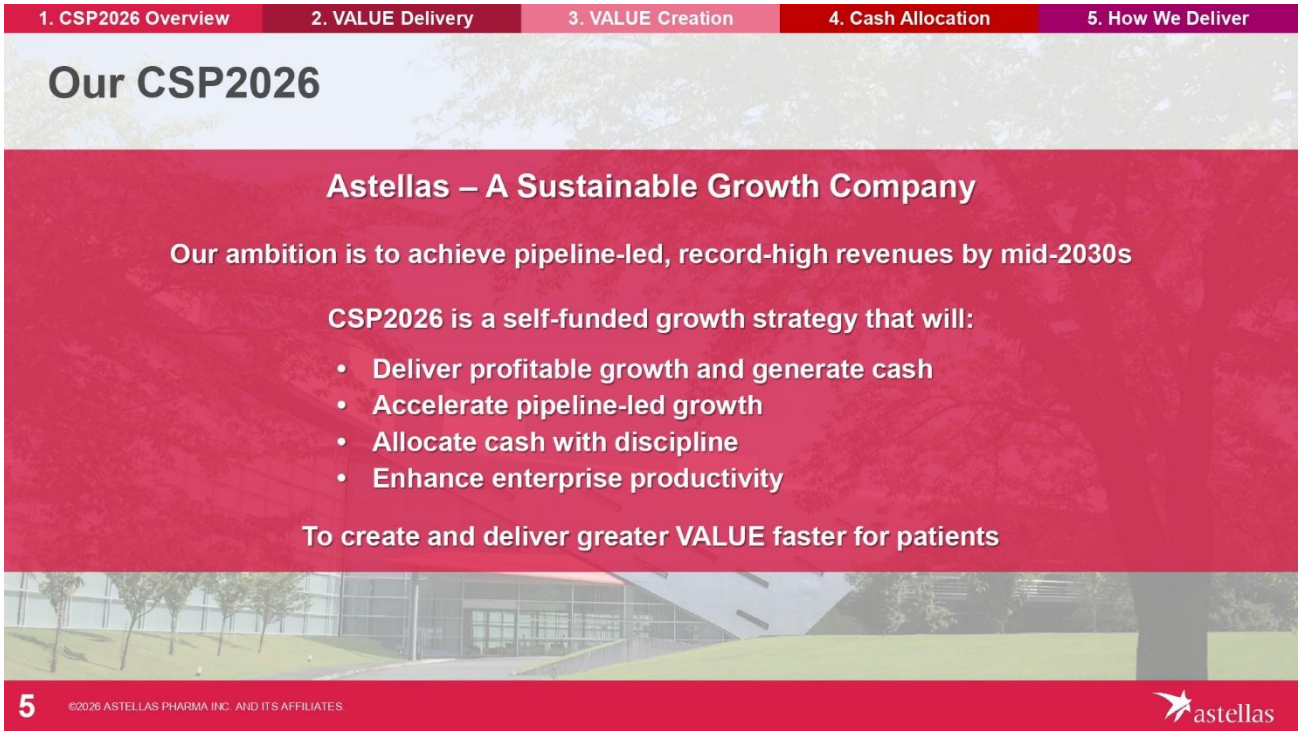
Page three. The vision of Astellas is on the forefront to healthcare change to turn innovative science into VALUE for patients. We define VALUE written entirely in upper case in English as outcomes that matter to patients as the numerator and the cost to healthcare system of delivering those outcomes as the denominator. This approach serves as a guiding principle for decision-making throughout the Company.



Page four explains Astellas at a glance.

We achieved a record high sales revenue of JPY2.1 trillion, core OP of over JPY550 billion and a core OP margin of 26% in FY2025. By region, more than 85% of the sales revenues from countries and regions outside Japan, making us a global life science company. We operate in more than 70 countries and regions, providing groundbreaking new medicines to approximately 174 million patients.

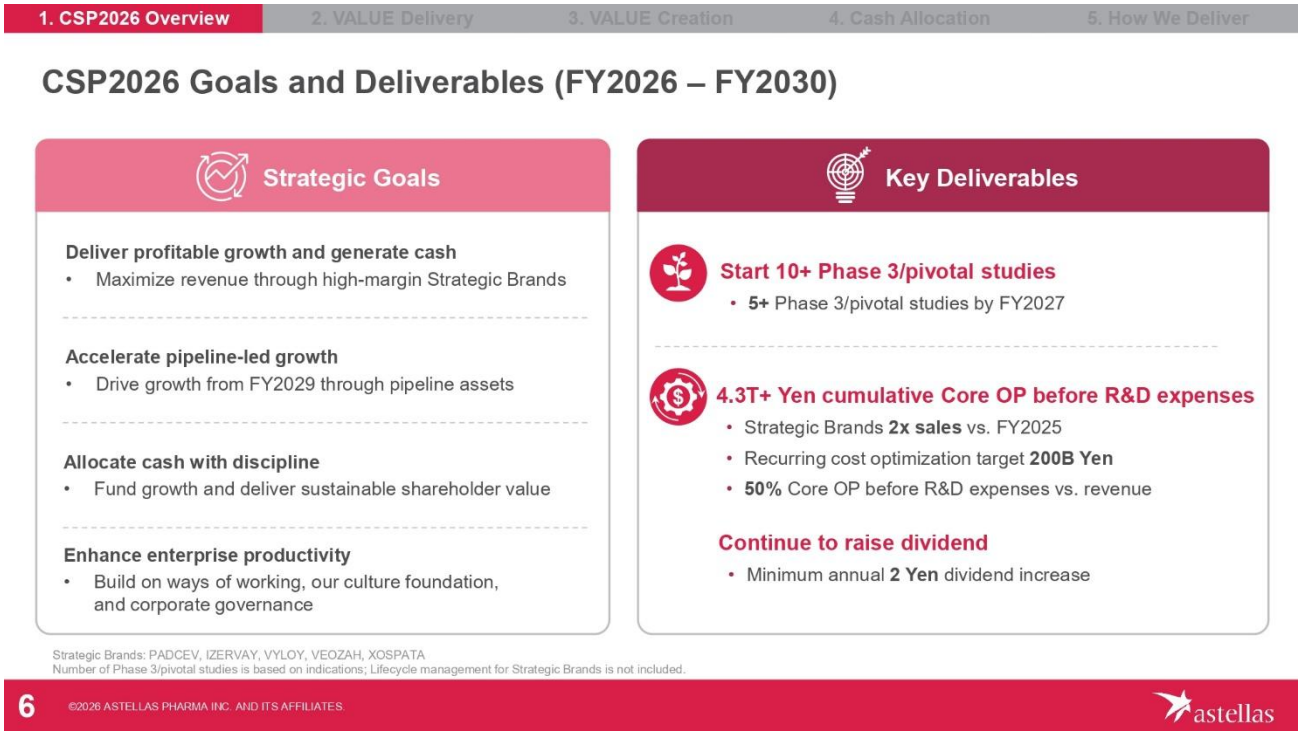
To create new medicines, we have invested an average of 17.2% of our revenue in R&D over the past five years. We have also returned value to shareholders through continuous dividend increases. These achievements form a solid foundation for realizing sustainable growth in the future.



Starting on page five, I will explain our CSP2026.

First is about underlying a concept as a foundation for the entire CSP2026. As a sustainable growth company, Astellas aims to achieve pipeline-led record high revenues by mid-2030s. CSP2026 is a self-funded growth strategy, deliver profitable growth and generate cash, accelerate pipeline-led growth, allocate cash with discipline, enhance enterprise productivity. By realizing these four goals, we will create and deliver greater VALUE faster for patients.

In the following slides, I indicated at the top of each slide. I will first explain the overview of this CSP, then profitability improvement to sustainably deliver VALUE under VALUE delivery and the pipeline that leads to the creation of VALUE under VALUE creation, then cash allocation will be explained. And finally, I will talk about the organizational structure designed to deliver business outcomes.



Page six. First is an overview of CSP2026, I will explain goals and deliverables. To achieve pipeline-led record high revenue by the mid-2030s, CSP2026 sets four strategic goals. The first is to deliver profitable growth and generate cash. At the core of our growth strategy in CSP2026 are five high-margin strategic brands, PADCEV, IZERVAY, VYLOY, VEOZAH and XOSPATA. These products are already demonstrating solid growth and will be a powerful driver of future profitability. We will maximize revenue based on these products and generate cash to support future growth investments.

The second is accelerate pipeline-led growth. We expect to drive growth from FY2029 through pipeline assets. To further accelerate and ensure this growth, we will invest in R&D in a more strategic and focused manner than ever before. Progress in our pipeline is the most important driver of Astellas' sustainable growth.

The third is allocate cash with discipline. To achieve sustainable growth, a balance between growing funding and profitability is extremely important. We will maintain a high margin while ensuring sufficient growth and pursue sustainable enhancement of shareholder value- sufficient growth investment, excuse me.

The fourth is enhance enterprise productivity. Building on the ways of working our culture foundation and corporate governance that we have transformed in the previous CSP, we will further enhance our organizational capabilities and aim to evolve into an organization that delivers business outcomes.

To ensure the execution of these strategies and clearly demonstrate their progress, we have established key deliverables to be achieved throughout the CSP2026 period.

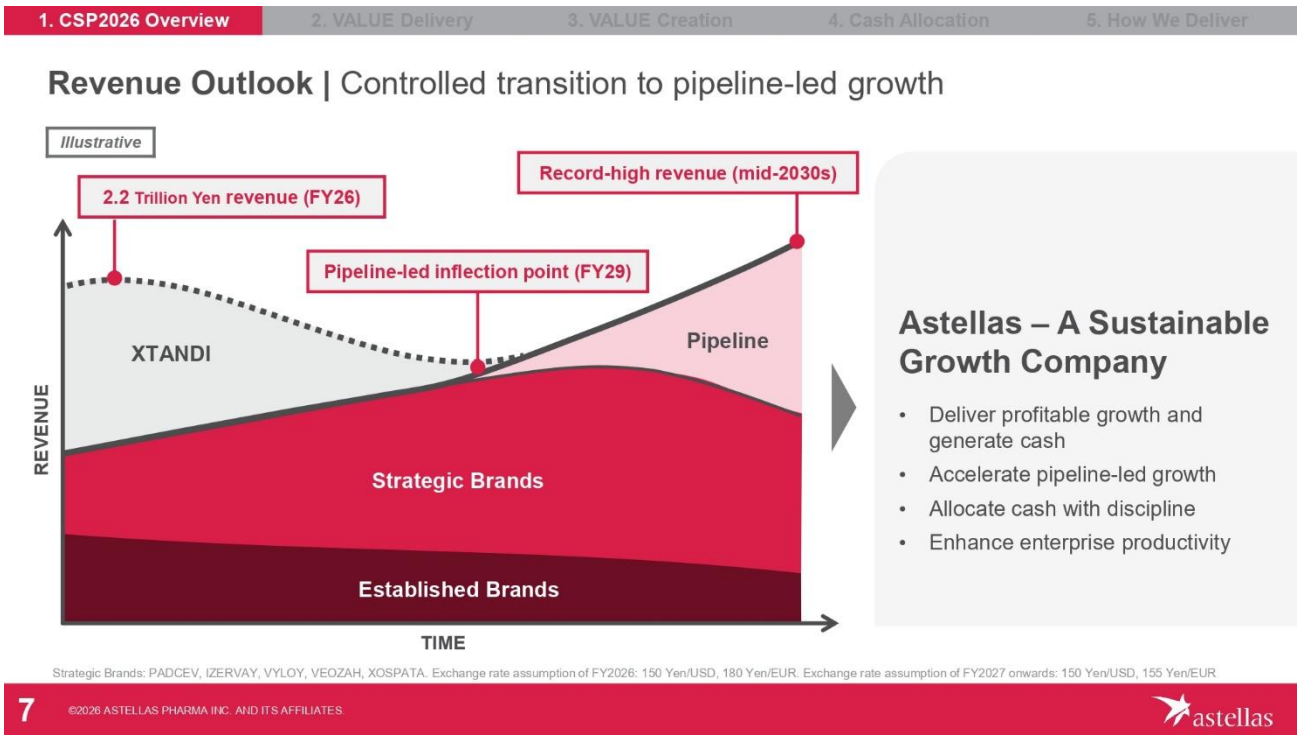
First, as an indicator of pipeline progress through continued investment in R&D and improvements in productivity, we aim to initiate at least 10 Phase III or pivotal studies by FY2030. Of these, we expect to start at least five studies within the next two years, that is by FY2027 to achieve VALUE market launch. This will enable us to build a solid foundation that will strongly support our growth from FY2029 onwards.

As a quantitative indicator, we will generate cumulative core OP before R&D expenses of at least JPY4.3 trillion over the five-year CSP period. We are confident that this will enable us to secure a solid internal capital base

to support our strategy. As a key component of this, first, we will expand the sales of Strategic Brands by more than double FY2030 compared to FY2025.

Next, to ensure solid profitability and sufficient investment in growth and shareholder returns, we will achieve cumulative cost optimization of JPY200 billion in the CSP period. And to achieve flexible yet disciplined cash allocation, we aim for a core OP margin of 50% before R&D expenses. To achieve this, we will reach a core OP margin of 30% by FY2027. Thereafter, while investing 20% in R&D, we will establish a cost structure that allows us to maintain a stable core OP margin of 30%. This will serve as an extremely important foundation for realizing sustainable growth model.

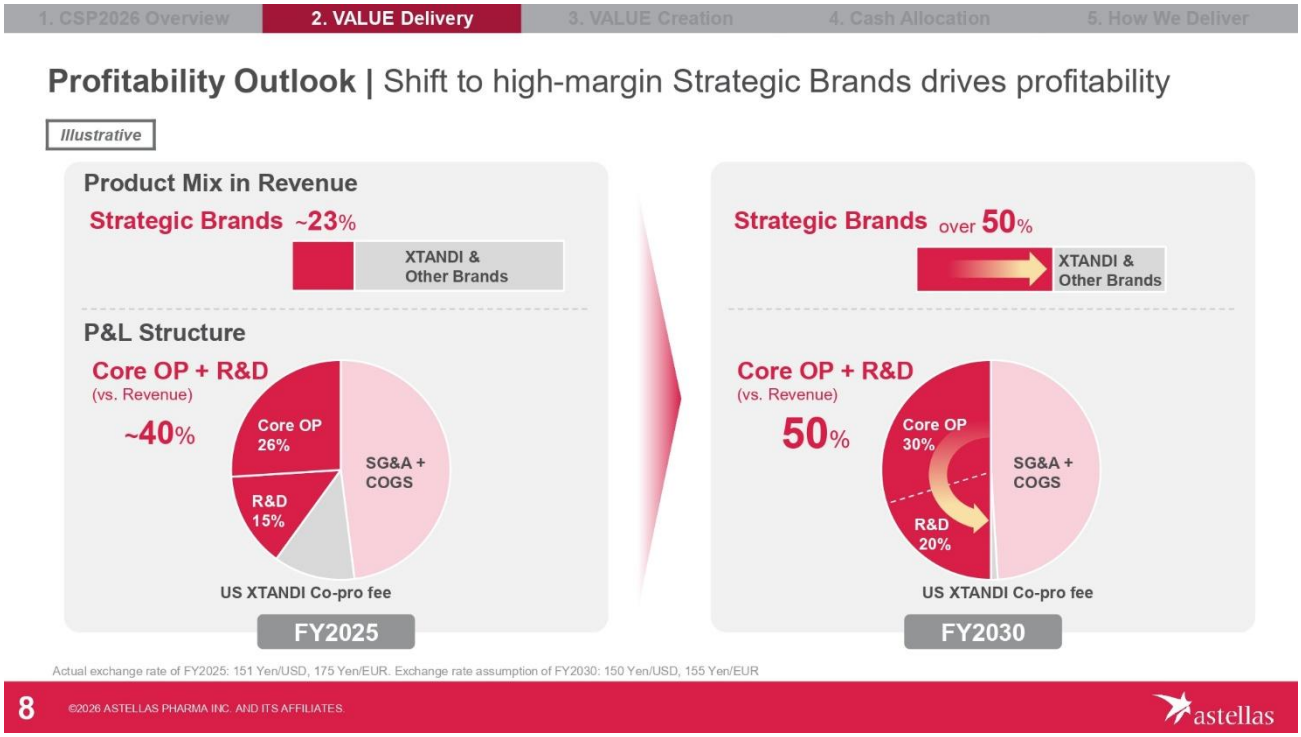
To enhance shareholder value, we plan to continuously raise dividends during the CSP period. Specifically, we will increase the dividend by minimally JPY2 annually. JPY2 are set strictly at minimum levels, and we will aim for higher based on our mid- to long-term profit and cash flow plan. If we can achieve these key deliverables, we are confident that by the mid-2030s, we will undoubtedly have become a company achieving pipeline-led record high revenue.



On page seven, I will explain our revenue outlook. This chart builds upon what I have shown so far, providing even greater detail and more clearly, it illustrates the major turning point Astellas is about to face.

First, we project revenue of JPY2.2 trillion for FY2026, and FY2029 will mark the pipeline-led inflection point. That is the year when pipeline growth truly takes off. After that, the VALUE of the pipeline will be more firmly reflected in our financial results, and we aim to achieve record high revenue by the mid-2030s. What I want to emphasize most here is the growth curve that has already begun, shown here by the solid black line. This growth is being strongly driven by our high-margin Strategic Brands, generating ample cash even before the pipeline-led inflection point. This cash will serve as the source that supports Astellas' sustainable growth.

By firmly redirecting the generated cash toward accelerating R&D, we expect that starting in FY2029, our pipeline growth to be more clearly reflected in our financial performance. Furthermore, by reliably realizing this growth story, we are confident to be able to achieve a record high revenue by the mid-2030s. The following slides will explain the Growth Strategy to achieve this.



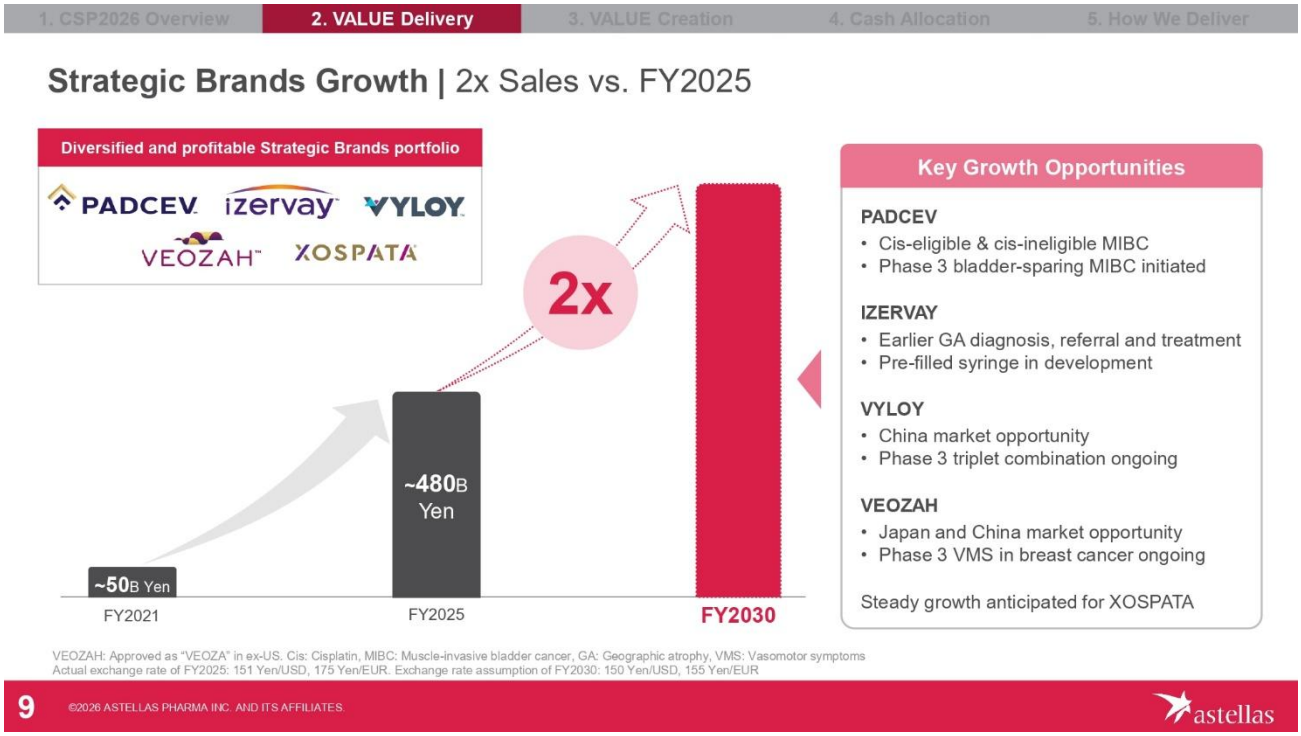
Page eight.

The next three slides focus on improving profitability, which is essential for continuously delivering VALUE. First, I will explain our profit outlook. Over the next five years, we expect to shift to a higher profitable P&L structure through the expansion of Strategic Brands.

First, regarding changes in the product mix in revenue. In FY2025, Strategic Brands accounted for approximately 23% of revenue, and this is expected to expand to over 50% by FY2030. As the product mix changes, the P&L structure will also change. In FY2025, the core OP plus R&D expenses to revenue was approximately 40%, but this is expected to expand to 50% by FY2030.

In addition to the Strategic Brands growth, US XTANDI co-promotion fee, which accounted for more than 10% of sales revenue in FY2025, are expected to be virtually eliminated by FY2030 due to declining sales in the US. This will also contribute to boosting profitability by achieving a core OP margin of 30% by FY2027 and thereafter, while investing 20% in R&D, we will establish a cost structure that enables us to consistently generate a core OP margin of 30%.

The combined level of 50% for core and R&D expenses represents an essential indicator for achieving flexible yet disciplined cash allocation. Our core OP margin of 30% is not a fixed profit target. We will reallocate funds to R&D in response to pipeline progress, but we will maintain the total of core OP and R&D expenses at around 50%. We aim to enhance profitability by expanding Strategic Brands at the same time to shift to our P&L structure that strengthening investments for future growth so that we can achieve sustainable growth.



Page nine. I will explain the outlook for Strategic Brands. Our Strategic Brands have achieved dramatic growth, increasing approximately tenfold over the past five years, and have demonstrated a solid track record of growth. Building on this, we plan to more than double sales by FY2030 compared to FY2025. While we expect continued growth for each of our Strategic Brands even with the existing indicators, I will explain the key growth opportunities that will further drive this growth.

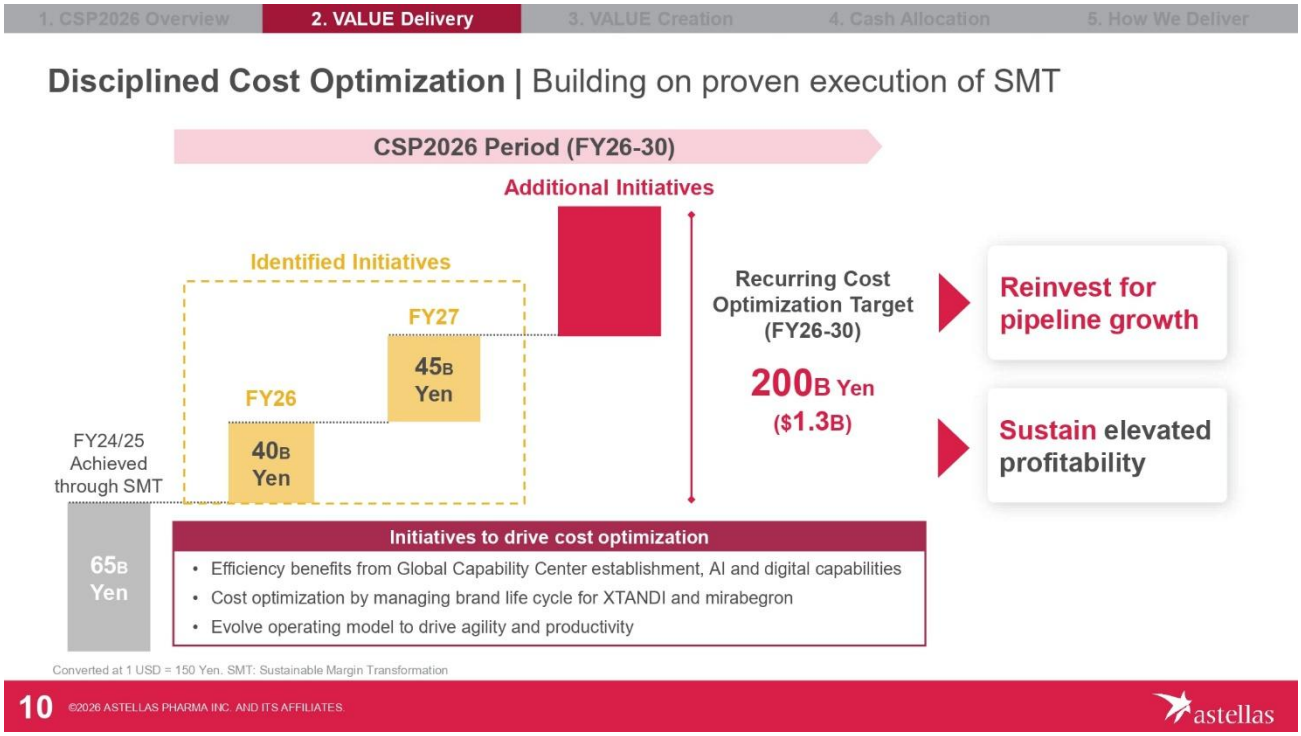
First, PADCEV. We anticipate that the indication for cisplatin-eligible and cis-ineligible MIBC or mass invasive bladder cancer will be approved in many regions and expect it to contribute to sales. Furthermore, we have initiated a Phase III study for bladder-sparing MIBC. If successful, this will provide an opportunity to further accelerate the growth of PADCEV.

IZERVAY. On top of initiatives to encourage earlier diagnosis of geographic atrophy or GA to encourage earlier referrals from general ophthalmologists to retina specialists and early initiation of treatment, we aim to expand the market and increase the number of new patients. Also, we are developing a prefilled syringe formulation. If successful, we expect this to drive further sales growth by improving convenience.

VYLOY was just launched last fiscal year in China, the largest market for gastric cancer, and we expect it to be a major growth opportunity going forward. In addition, the Phase III LUCERNA study of the combination of VYLOY with immune checkpoint inhibitors and chemo is currently underway. If successful, we expect this to present an opportunity to expand VYLOY sales.

VEOZAH. In addition to continued growth in the US, our largest market, we anticipate further regional expansion with Japan and China, in particular, presenting new growth opportunities. We anticipate continued steady growth for XOSPATA.

Strategic Brands are not only a source of sustainable growth driving the CSP, but also, they are extremely important products generating cash needed to support future pipeline-led growth. We will work to maximize the VALUE of our Strategic Brands and strive to maximize sales.



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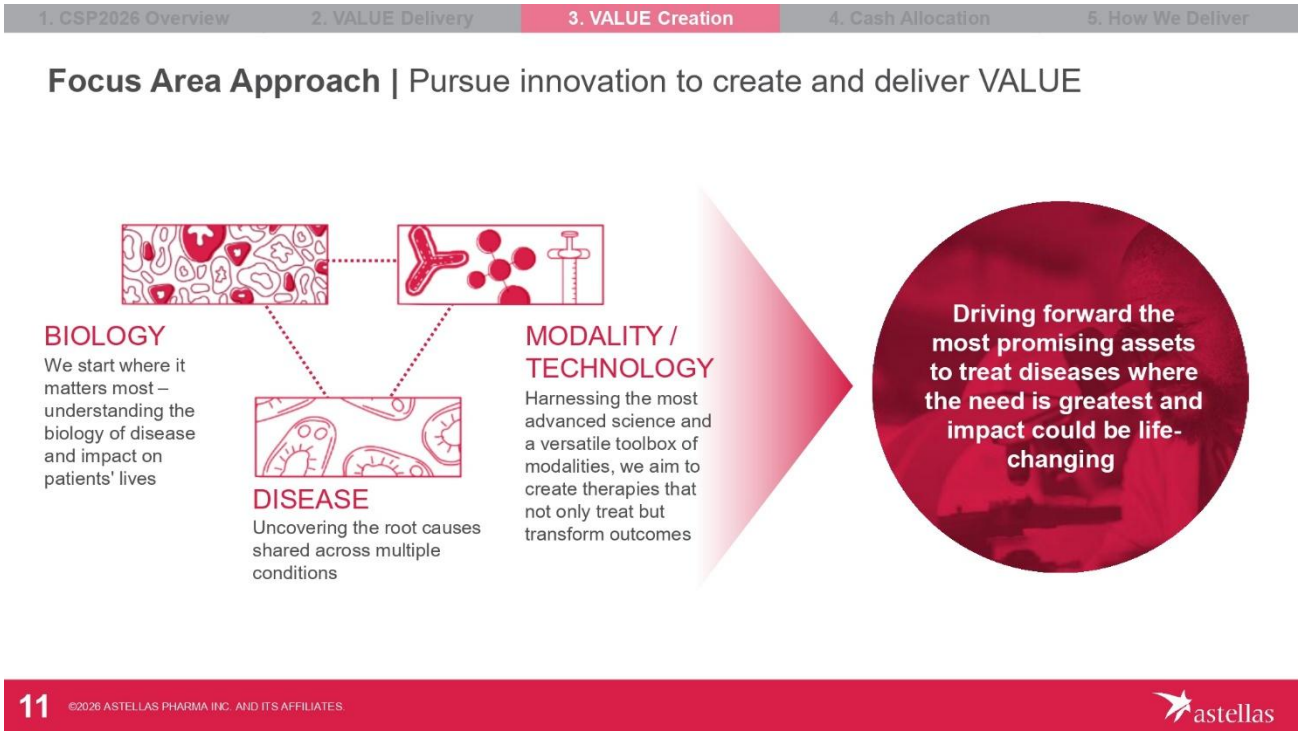
On page 10, I will explain our disciplined cost optimization. By ensuring the execution of SMT, Sustainable Margin Transformation, our company-wide cost optimization initiative, Astellas has been able to build a robust financial foundation more than ever before. Based on the proven execution of SMT as a foundation, we will also execute disciplined cost optimization under CSP2026 as well so that we can continue to reinvest for our pipeline growth.

Against the target of JPY150 billion by FY2027, we achieved cost optimization of about JPY65 billion over the past two years as planned. For JPY85 billion, we should aim for in the remaining two years, we have already identified initiatives to that end, so we just need to deliver them from now on. From FY2028 onwards, we will pursue further cost optimization and aim to achieve a total of JPY200 billion cumulative cost savings over the five years during the CSP2026 period.

Main initiatives include business efficiency benefits from Global Capability Center establishment, AI and digital capabilities where we have invested, cost optimization by managing brand life cycle of XTANDI and mirabegron, and operating model evolution to drive agility and productivity. We will execute these initiatives steadily. By advancing disciplined cost optimization steadily, while we sustain elevated profitability, we will establish a more resilient financial foundation so that we can continue to reinvest for our pipeline growth.

SCRIPTS Asia's Meetings, Globally

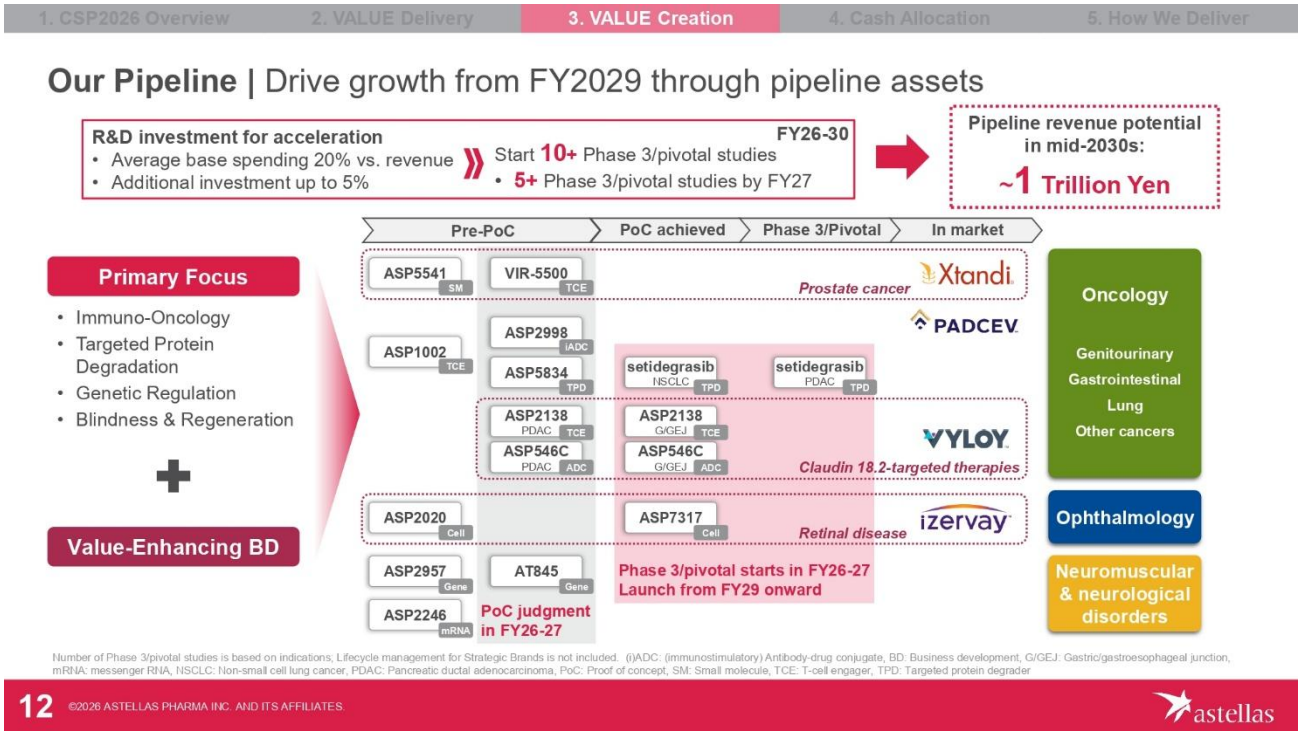


From page 11, I will use four pages to explain our pipeline to create VALUE continuously.

First, let me explain Astellas' R&D strategy once again. Aiming to achieve meaningful outcome in areas with high unmet medical needs, we are adopting R&D strategy called focus area approach. Focus Area Approach consists of three elements: biology, modality, technology and disease. We start where it matters most, understanding the biology of disease and impact on patients' lives.

Next, we select optimal modality and technology fit for the biology's characteristics and apply it to patients who would benefit the most. In this way, when the three elements are connected strongly in a triangular fashion, this is positioned as a primary focus.

By pivoting the triangle practices, we believe we can create multiple programs with VALUE from one scientific platform. Focus Area Approach achievements are beginning to be clearly demonstrated during the previous CSP period as well. We position this as an important R&D foundation also under CSP2026.

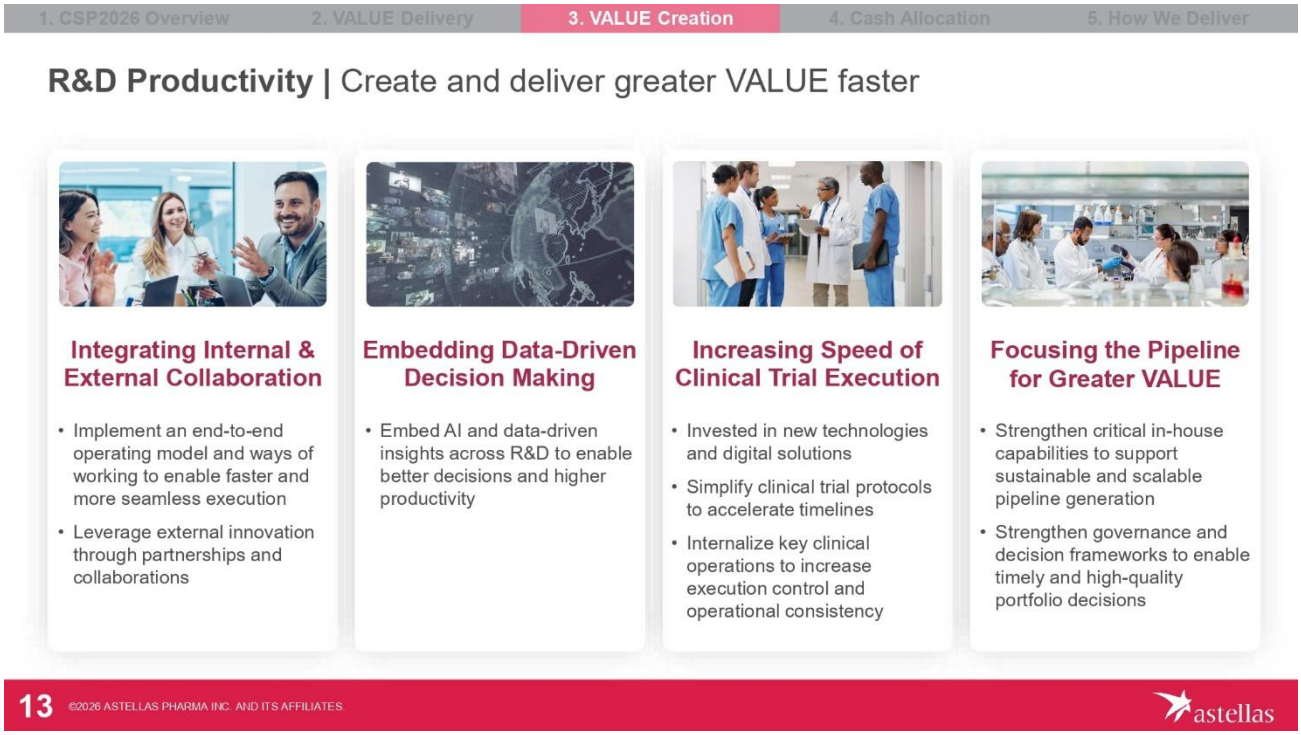


On page 12, I will explain our pipeline-led future growth. As we showed during R&D Day in March, throughout the previous CSP period, we enriched our pipeline by incorporating assets created from Primary Focus as well as external innovations to form multiple franchises.

Under CSP2026, to accelerate the growth of these pipeline assets, we will make R&D investments more actively, and we will aim to initiate 10 or more Phase III pivotal studies by FY2030. Centering on the programs where POC was achieved, as is shown in pink, we are anticipating the start of five or more Phase III or pivotal studies by FY2027. If progress is made as expected, we assume that we can launch in FY2029 and beyond. We're hoping that this will be pipeline inflection point to growth.

As for programs shown in gray, we will promote development for POC judgment by FY2027. Programs which successfully achieved POC are expected to advance to late-stage development and initiate Phase III or pivotal studies during the CSP2026 period. Also, with regards to follow-on programs other than these, we will leverage the insights obtained from the development of proceeding programs so that they will lead to early contribution to growth.

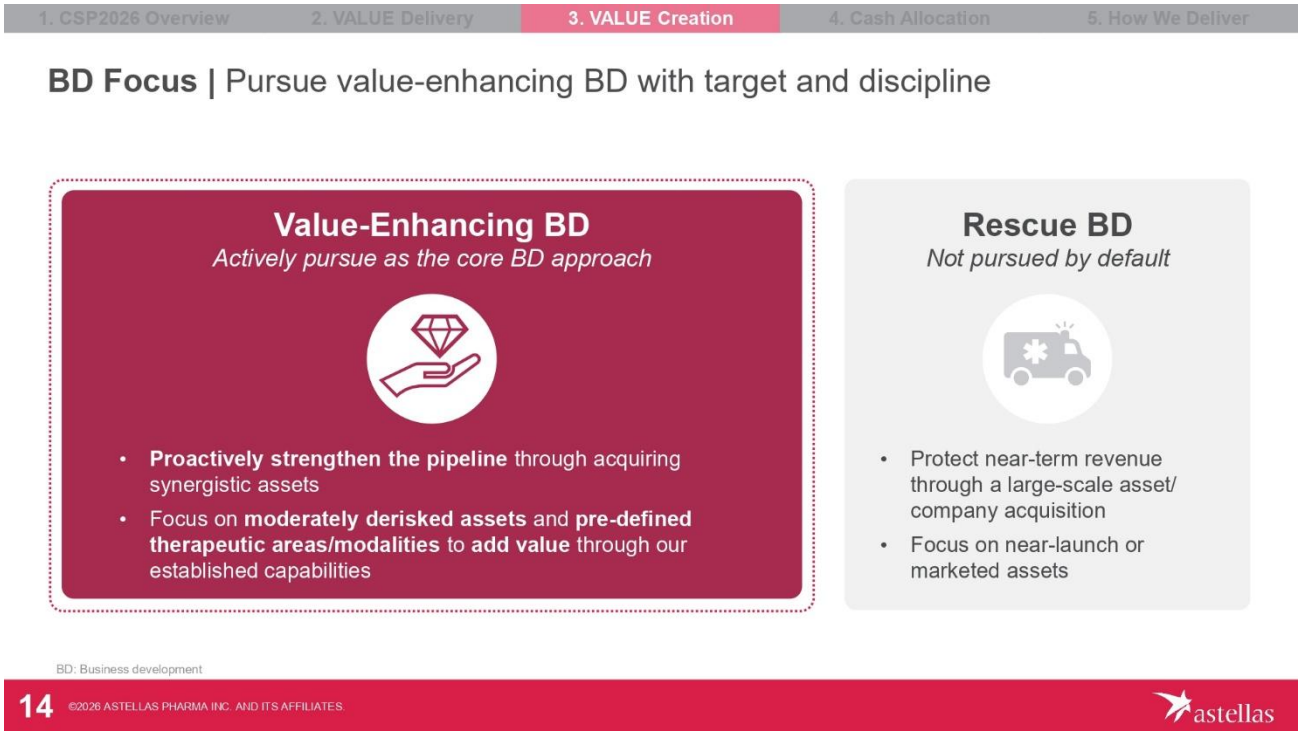
Through these initiatives to accelerate growth, pipeline revenue contribution is expected to start from FY2029. We are anticipating pipeline revenue potential of about JPY1 trillion in the mid-2030s. So that we can address the progress of each program and uncertainties such as changes in the competitive environment, we will continue BD activities to enable agile enrichment and supplement the pipeline to ensure resilience. I will explain the details later.



Page 13 is about R&D productivity. In order to accelerate the progress of our pipeline, R&D productivity enhancement is indispensable. At Astellas, we are strengthening internal and external collaboration, implementing an end-to-end operating model and agile ways of working and actively leveraging external innovation through partnerships.

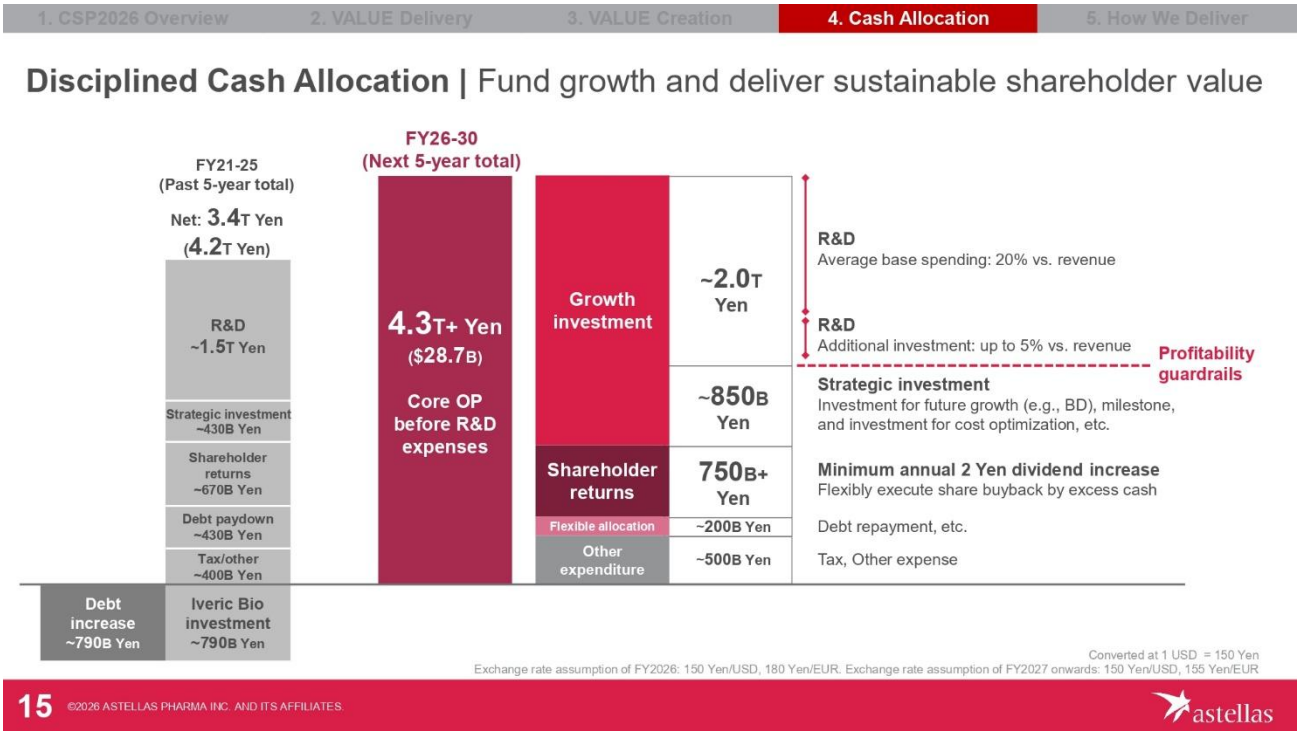
Also, we will embed AI and data-driven insights across the entire R&D to enable better decisions of higher quality. Furthermore, we will make strategic investments in new technologies and digital solutions, simplify clinical trial protocols, and internalize key clinical operations to increase speed of clinical trial execution.

In addition, to build more solid pipelines, we are continuously working to strengthen disciplines of critical in-house capabilities and portfolio management. Through these efforts, we will enhance our R&D productivity and accelerate our pipeline-led growth.



On page 14, let me explain our business development approach. We will actively pursue VALUE-enhancing BD as the core BD approach. We will proactively strengthen the pipeline through acquiring synergistic assets to enhance VALUE.

Also, we will focus on moderately derisked assets and predefined therapeutic areas, modalities for Astellas' strength to search for opportunities. In-licensing of ASP546C from Evopoint and VIR-5500 from Vir Biotechnology are recent examples. We will form franchises together with our existing products and programs and further solidify our pipeline. On the other hand, we will not pursue by default large-scale [inaudible] BD just to expand size and scale and protect near-term revenue.

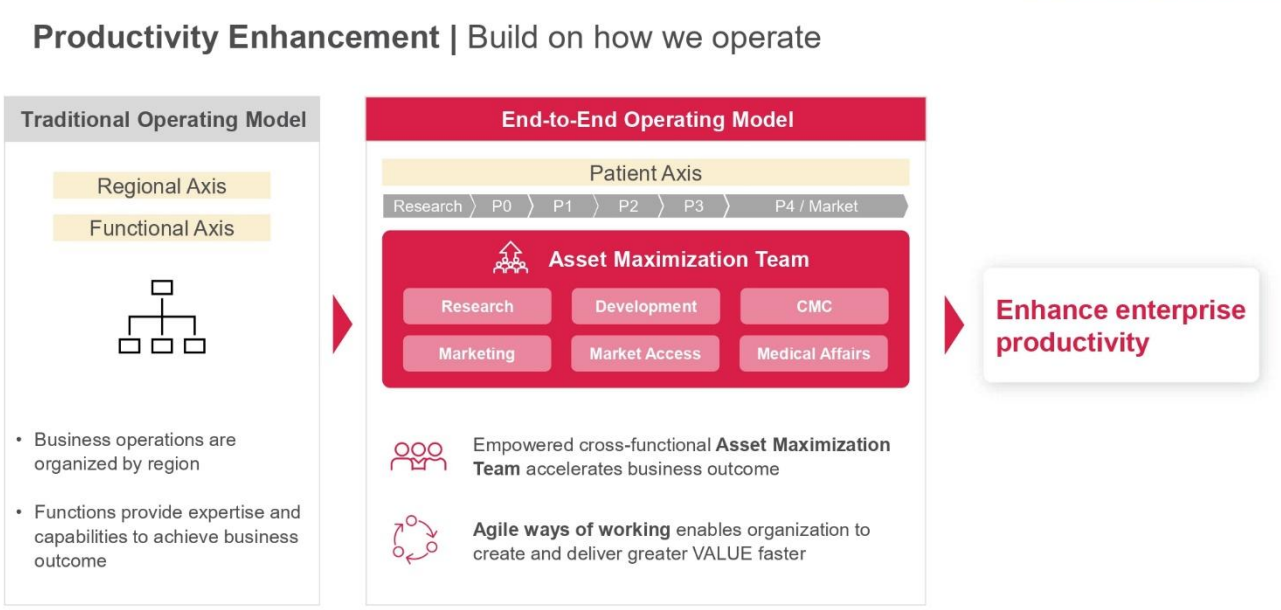


On page 15, I will explain our outlook for cash allocation. We will work to fund growth and deliver sustainable shareholder value enhancement at the same time. The gray bar on the left shows the actual results over the past five years. We spent about JPY4.2 trillion in total, including R&D expenditure of about JPY1.5 trillion, strategic investments of about JPY1.2 trillion, and shareholder returns of about JPY670 billion.

We utilized debt to acquire Iveric Bio, the most important strategic investment. So net cash generation and spending was about JPY3.4 trillion. Over the coming five years, despite a temporary decrease in revenue with profitability enhancement due to the growth of strategic plans and cost optimization, core operating profit under R&D expenses is expected to reach over JPY4.3 trillion on a cumulative basis, exceeding the level of the past five years.

To execute the pipeline acceleration supporting our growth from FY2029, R&D investments are expected to exceed the level of the past five years. R&D expenditure will be 20% versus revenue in principle. But in accordance with the progress of R&D, we will make additional investments by up to 5 percentage points in some fiscal years. We will allocate about JPY850 billion to strategic investments such as investment for business development, milestones and investment for cost optimization.

During the CSP2026 period, we will be able to secure JPY750 billion or more as a source of funding for annual dividend increase of JPY2 or more according to plan. Annual JPY2 dividend increase is just a minimum. We will aim to enhance shareholder return further, including raising the dividend increase range in line with upside in profit and progress in investments. We will repay interest-bearing debt in a planned fashion. Based on our approach to capital allocation, we will control gross profit, EBITDA ratio within the range of 1x to 1.5x to secure stable financial foundation.



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From page 16, I will use three pages to explain our organization generating outcome.

First, about operating model, which has evolved to bring about overall productivity enhancement. During the previous CSP period, we worked on the transformation of our operating model. We shifted the top-level management focus from the traditional regional and functional access to patient access and established an end-to-end operating model.

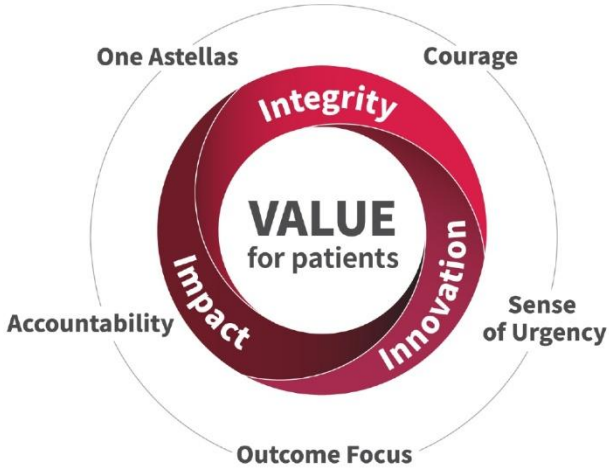
We will empower the cross-functional Asset Maximization Teams and strongly call for agile ways of working, which will accelerate business outcome across the entire value chain.

Also under CSP2026, we will use this evolved operating model as a basis to build an organizational structure with high productivity and efficiency. We will create and deliver greater VALUE faster.

Our Cultural Foundation | Organizational Values and Behaviors

Our Organizational Values and Behaviors form **the core of our culture** and are the foundation of CSP2026

These Values and Behaviors will **guide our ways of working** throughout CSP2026 as we work to turn **innovative science into VALUE for patients**



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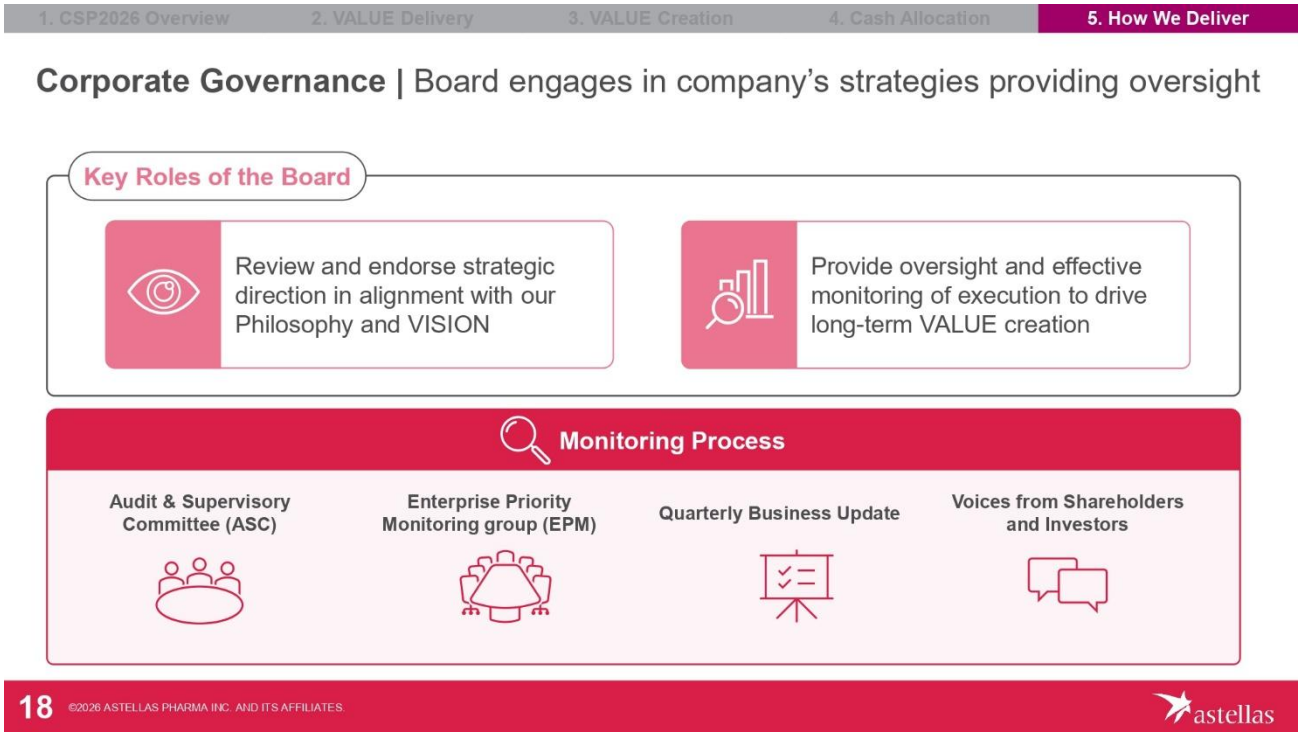
On page 17, I will explain our organizational culture foundation supporting the execution of our strategy.

At Astellas, we have operated our business with patients at the center with a high sense of ethics. Our cultural foundation, Organizational Values and Behaviors guide our decision-making, behavior and outcome creation consistently across the entire organization, so that each one of our employees will be able to take action on his or her own based on clear common understanding.

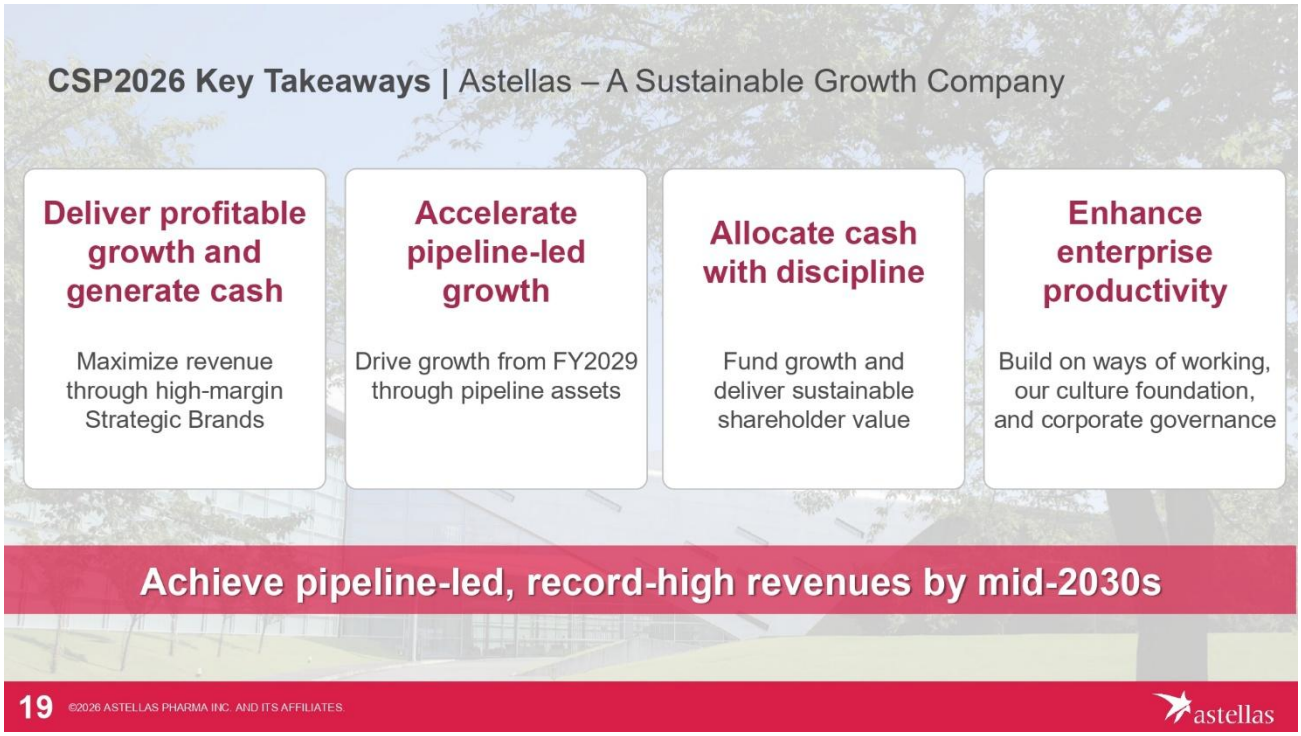
We will make sure that this organization foundation takes root steadily as a basis for our strategic execution.



On page 18, let me explain corporate governance.

At Astellas, the Board of Directors actively engages from the development stage of our corporate strategy, providing important suggestions. At the same time, the Board builds a strong governance structure to provide oversight and effective monitoring of the business execution by the management team through the monitoring process such as the EPM, Enterprise Priority Monitoring Group, the Board ensures that management responsibility is executed to achieve revenue pipeline and financial targets.

Also, the Board receives feedback from shareholders and investors in a timely fashion so that it will be appropriately reflected on to decision-making by the management team. In this way, our corporate governance is serving as an important foundation to support the disciplined execution of our corporate strategy.



Last but not least, on page 19, here is a recap of key takeaways.

During the five years between FY2026 and FY2030, we will work hard to deliver profitable growth and generate cash, accelerate pipeline-led growth, allocate cash with discipline and enhance our enterprise productivity. With CSP2026, Astellas will establish a sustainable growth trajectory and aim to achieve record high revenues by the mid-2030s through pipeline-led growth.

That's all from me. Thank you very much for listening.

Question & Answer

Kato [M]: The presentation is now completed by us, so we would like to have the Q&A session.

The first person asking the question, that is Yamaguchi-san from Citigroup Securities.

Yamaguchi [M]: Thank you. Can I ask two questions?

Kato [M]: Yes, two questions are fine.

Yamaguchi [Q]: Thank you. Okay. Then, first question for me. For cost efficiency, with regards to, I think you are making some new things announced and some are overlapping what's been mentioned in the past, and this time, from JPY200 billion, JPY85 billion is already deducted and JPY115 billion is newly included. Is this understanding right?

Okamura [A]: So, basic understanding is okay. And this red part, it's not something that we don't clearly know. What we've done so far is actually the foundation to come up with this.

Yamaguchi [Q]: And overall message this time, the revenue was shown in a chart, and the profit is not really shared with us. You have a series of pipelines. So for the short term, you have the XTANDI matter, but you can overcome it from your perspective. So you have the short-term resource of the profit, but in the mid-2030s, I think there are many things that you would like to emphasize, but XTANDI cliff, rather than that, you have an important thing. So you are saying that please don't care about the short-term profit too much? Is that what you are saying?

Okamura [A]: Probably my explanation is not really sufficient. The gray bar on the left, that is the cash before R&D expenses and this is the graph of the accumulated cash flow, and at the very bottom, you can see the acquisition of Iveric Bio that is under the horizontal line. It is expensive, but that is from the debt, JPY3.4 trillion is gained and also JPY4.2 trillion is utilized together with the debt

In the coming five years, we can just show you the waveform of the sales graph. If you refer to that, you might expect the profit is going to be decreased, but it is not really so in a five-year apple-to-apple comparison. The previous five-year is JPY3.4 trillion, but next five-year is JPY4.3 trillion is going to be raised. And with the R&D and also strategic investment, that amount is going to be allocated. And every year, we would like to increase the dividend JPY2 and in that way, we can return the shareholders.

For that purpose, the resource is now available. That is explained with this slide in detail. If you look at only the top line, you might think that we are in a difficult situation, but we have a high weight of the Strategic Brands and also cost optimization is advanced. With that, our profitability is going to be on the increase. So the cash raise is going to be more than the previous five years. That's the basic message of this slide.

Yamaguchi [Q]: I see. The single-year profit, you have no plan to share that with us, right?

Okamura [A]: The focus for the next fiscal year, just like previously, we are going to share that with you, but the upcoming five years each year, revenue and also the operating profit, those are not disclosed.

Yamaguchi [M]: Understood. Thank you.

Kato [M]: Thank you for your question. Next, JPMorgan, Mr. Wakao.

Wakao [Q]: Thank you very much. JPMorgan, Wakao is speaking. I also have two questions. That's about page seven. So this is about the revenue. You shared this chart in the past as well, and what's been expected from me is the bottom line or the profit level. That was what I had been expecting. This time, there was no specific number presented. Listening to your presentation, FY2029 OP margin, 30%, I think that is what's going to be applied, but on the other hand, R&D ratio level, considering that OP margin, 30% is difficult to achieve or the profit level might be variable. The bottom line was not shared with us from the beginning, so there might be some ground the reasons why bottom line is not shared. So could you share with us further ways of thinking of bottom line or why you are not disclosing that?

Okamura [A]: Okay. Could you go to slide eight? Please look at the graph on the right. What we'd like to do from now on is as follows: COGS and SG&A expenses would be controlled within 50%. By doing so, core operating profit before R&D expenses, we will make the ratio to 50% against the revenue. This is what we'd like to continue. And core operating profit margin of 30% and R&D expenditure of 20%. There is a white doted line between the two.

For the coming few years, revenue will be on a declining trend, but on the other hand, we have very attractive pipeline assets, and we have pipeline assets approaching late-stage development. So against the revenue, 20% R&D would be the ratio of R&D expenditure. Are we going to sacrifice future growth? Or if the pipeline is promising, we can exceed 20% to invest in R&D to secure future growth. So we need to have such discussions in the current stage.

Next, please go to page 15. Because of this, as is shown here on the upper right, JPY2 trillion R&D expenditure, compared to the 20% of the revenue on a cumulative basis, this number is a little bigger. Up to 5 percentage points, 20% to 25%, we will control the R&D expenditure, and we are planning cash allocation of JPY2 trillion. But assuming that scenario, in some years, for example, it may be 28% by 50 minus 22% or R&D may not make progress and R&D expenditure might be 19%, then core operating profit ratio would be 31%.

So I talked about the dotted line in the pie chart, R&D expenditure and core operating profit had a dotted line in between and that line might fluctuate or shift a bit. So please assume that it may happen, but the right half in pink should be under 50%. We are going to use them with discipline. So profit and R&D would be available always at the 50% level. That's the structure we'd like to aim for.

Wakao [Q]: Understood. Then based on the ratio, you developed your targets. So you are refraining from mentioning specific numbers. So regarding the timing of profits, FY2029 or FY2028, is my understanding correct against the revenue?

Kitamura [A]: Kitamura speaking. Regarding your question, on our end, our intention is as follows. In the coming five years, this is going to be a turning point for us. Portfolio will be shuffled and also, we have very strong pipeline right now. So 10 or more pivotal studies or Phase III studies will be initiated. If the number changes, this will also change.

So at a very detailed timing, how much for what? Rather on a cumulative basis for the cash flow for the five years, we allocate our cash and fund. The revenue bottom is going to be in FY2029, revenue and profitability and profit, there is a correlation between the two. So what is going to be the bottom, you can imagine for us, rather than the point of time in the coming five years, how we are going to make money to invest to create a base for the future, that's what we think is important. So this is what we are discussing right now. And as Okamura said, revenue might decline, but we can secure earnings for the coming five years, so we think we can make investments.

Okamura [A]: I talked about profit is going to bottom in FY2029, but I stopped a bit because of the potential change in the product mix. Revenue would bottom, but that may not mean that the profit would also bottom

in the same year. XTANDI slope may be milder. If we begin to think about a variety of scenarios, top line shape and the profit shape would not be in sync. That is going to be the future of the coming 5 or 10 years.

So how should we explain this? Rather than looking at the annual revenue and profits roughly for the five years, we have this much capability to generate cash, and this is how we're going to allocate. That's how we are explaining. So that's the biggest reason why.

Wakao [Q]: Understood. Thank you. Another question, the pipeline bottoms out in the mid of 2030, the record-high revenue is what we are aiming at, and that is a very strong and encouraging message. But in pipelines, it says about JPY1 trillion. What will contribute to what extent? Could you be a bit more specific about this? If you look at this chart, in the middle of 2030, what is likely to be contributing those in pink and those in this pink, there are five items and with those, you are going to achieve JPY1 trillion. For this JPY1 trillion, could you be a bit more specific? Thank you very much.

Okamura [A]: It's not easy to explain in a simple way. What we want to say here is that this page, page 12. Yes, what you see on this slide, well, of course, agility or speed when the real sense of milestone will come, that differs depending on programs. But in the mid of 2030s that we say is during the period of this plan, it is about 10 years ahead, that is a 10-year ahead. What we are doing is for each program, for each indication, to what extent of the competition is what we are going to face, what's the level of the sales? And what are the milestones? How many milestones to the launch? And what is the probability of success? Considering all those factors in the mid-2030s, the risk-adjusted total, that is the maximum potential sales.

Based upon the current risk that we see, the sales is discounted and accumulate them, then for each milestone, the risk is derisked little by little. So the forecast or the prospect of the sales is going to be increased. If we achieve all of them, we can achieve over JPY1 trillion. So that's a waterfall chart type of thing. And for those, what is the probability? And what is likely to be considering that in the mid of 2030s, JPY1 trillion is the number that we come up with. If everything is a success, JPY1 trillion, it is not really so. Potential is bigger. But considering risks and opportunities, as target, we said about JPY1 trillion. If we achieve that, then mid-2030 is the record high revenue that is likely to be achievable. That's one thing.

And if you look at these programs, ultra rare genetic therapy or genetic regulation or the cancer treatment with a large number of the patients, if you compare them, the potential is different, of course, and which has the highest potential. Relatively speaking, then we can say that cancer program has more or a higher level of contribution. That is a very rational way of thinking. So the forecast for each program, we are not, which program sales, we are not disclosing that. But each program characteristics and also targeted patients and clinical trials, such information are available in the appendix. So first, I would like you to read it.

Well, this time, almost all the slides are something we've already shown you. Not really brand new for you. So I would like you to refer to such a slide. And if you come up with further questions, please contact the IR team.

Wakao [M]: Understood. Thank you very much.

Kato [M]: Thank you. Next, BofA Securities, Mamegano-san, please.

Mamegano [Q]: BofA Securities, Mamegano is my name. Thank you very much for this opportunity. There's one thing I would like to double check with you. Core operating profit margin and R&D ratio, 50%, that's the number. Specific profit level is not really disclosed. But in this current plan, basically, you develop the product that is developed in your country, or company, excuse me. That is because the licensing agreement like license out with doing so, you might be able to get further fund for the R&D, but that is not a part of your plan.

Okamura [A]: Thank you very much for your question. Within the number showing this time, R&D compression leading to the reduction of the profit for the future, that is not included. This is a number that we do all in-house development. But that does not mean that we are not considering that at all. Of course, the partnership with other company, if that leads to the further enhancement of the product VALUE, then we are going to pursue for such kind of transaction and financial engineering and risk to a certain extent to reduce the return to the future, that might be the part of the consideration, but the numbers here at this time are basically the in-house development assumption. Please do understand in that way.

Mamegano [M]: Okay. Understood. Thank you very much.

Kato [M]: Thank you very much. Next, Goldman Sachs Securities, Mr. Ueda, please.

Ueda [Q]: Ueda speaking from Goldman Sachs Securities. My first question, I have a question about strategic investments and the field of BD and also size of the deal. I have a question on those topics.

According to your slide, moderately derisked assets, are you assuming that after confirming POC and also the modalities and technologies where you have strength, what kind of areas are you assuming? Looking at the current pipeline, many of these could be in oncology field. I'd like to hear what you're thinking. And also the size of investments, I assume that you have a lot of flexibility. If there is a big opportunity, you may spend a lot. So I'd like to hear your view here.

Okamura [A]: Thank you for your question. First, we are not going to pursue rescue-type BD. We often receive questions about this. Because of the wavy form, if there is a bottom, we can purchase something from outside to flatten, that's one of the FAQ, but there aren't many such deals, and the price can be higher. It can be very competitive, paying cash today and we can get the cash flow of the similar amount. By getting such money by Astellas, there may be almost no VALUE we can generate further according to understanding. We are not going to do this.

But instead, the pipeline we have right now, technology-wise, could be reinforced or when we deliver this to patients, we can expect synergy, for example, and we are going to use our money in those areas. Everything to be paid upfront like a company or asset acquisition? No, but Evopoint deal and via technology deal were of this kind of nature, we'd consider a deal structure. We may form a licensing agreement or collaboration agreement to share risks. We'd consider such possibilities. That's the message we wanted to show today.

If you go to the next page, strategic investments, a variety of things are included in here. So everything may not be BD. But overall, 850 billion in total for the five years in addition to BD, CapEx would also be included. Including those elements, roughly speaking, JPY100 billion per year doing deals one after another in a deal with each size exceeding JPY100 billion. We are not planning to do so. Did I answer your question?

Ueda [Q]: Thank you. I have my second question. The progress of the current projects under development, how should I understand? For the previous CSP, technology platforms were considered. I got the impression that you had that on your mind, but after this CSP period, in 2030, for example, technology platforms can be built. Is that the image you're assuming? And also Rx+ was another initiative you had in the previous CSP period, so this would be linked to VALUE generation and VALUE creation. But this time, there are many pharmaceutical aspects. In 2030, what is going to be the platform for your company and also the portfolio as a whole for Astellas?

Okamura [A]: Thank you for your question. I would explain it broadly, and then Taniguchi can add if necessary. page 12. If you look at this page, technology platform from the same Primary Focus as the same technology platform for the exit, the therapeutic areas for the product and the target patients, this and this might be related. So this is going to be a good combination. Sorry, it may be difficult to understand because it's busy

and complicated, but Primary Focus starts from technology and biology. So the exit might be unclear, but it should lead to the exit, and we should have focused franchises. That's what we wanted to show here.

So not all the technology platforms are on the mature phase. However, in the past five years, for example, the protein degrader and such kind of platform is good enough so that we can compete globally. It took more than 10 years, but for cell therapy as well, finally, we can go into the late phase of clinical development. And gene therapy, you might think that you haven't achieved even PoC. However, AT132, we faced difficulties, but that was good learning because it linked to the next overcoming the issues with using a different capsid or transgene, and so, we made real progress.

So for example, ASP2138 and such bispecific antibody technology platforms are probably going to be the core of Astellas. And those are not used in a dispersed manner here and there, but rather in specific tumor types, some technologies are concentratedly used so that the franchise is generated. That is what we hope.

You asked about Rx+, so let me make a comment about it a little bit. When I started Rx+, we had two objectives. One is that at the time of disruptive technology reform is taking place, if you just stick to the existing business, you cannot catch up with the new technology. So you need to have high sensitivity for the new technology as well. That's one thing. And prescribing drug, that is a very powerful means. But the patients have a long journey, and such kind of product can contribute only a part of such a patient journey. So for us, if it is possible, we would like to contribute to the wider area of this patient journey, that's why we would like to combine our new technology and our knowledge.

We are not ignoring this kind of concept now and in the future. Of course, we are going to maintain it. However, currently, our sales portion is going to be reduced, then R&D fund is more required. In such a situation rather than Rx+, our main business, that is the prescription drug development, and that is where we would like to put more resources into. That is our representation of the intention.

Ueda [M]: Thank you very much. That is all for me.

Kato [M]: Thank you. Next, UBS Securities, Mr. Seki, please.

Seki [Q]: UBS, Seki is my name. Thank you for the presentation.

Page 15, that is about capital allocation. In what situation is the share buyback going to take place? How do you think about it? For example, R&D goes quite well in the coming five years, R&D cost is necessary. And if it JPY750 billion is used up, you don't have extra cash in that case or pipeline. If that doesn't go well, then in that case, R&D cost is not used, that's why the extra cash is going to be available. In that case, you have to think about BD. So there is no high possibility of this. How should we view this?

Okamura [A]: Thank you for the question. In order to prevent misunderstandings, let me explain. This graph is not stock rather flow graph. This is not a snapshot. This is a flow accumulation for five years calculated. In the beginning, JPY4.3 trillion, that is overall height, and if it comes higher, of course, we are going to have excessive cash, then how we are going to use it. That might be the dividend, that might be used for share buyback. There's a high possibility that that is going to be used for the shareholder return.

R&D expenses, here, it says JPY2 trillion. As has been mentioned, this is divided into two parts, as you see. 20% is what basically we want to use, and 20% might not be sufficient in some cases. So every year, about 5 percentage points as a maximum, we might use a little over 20% that is included. So it's within 20%, that's because sales is increased. R&D is efficient. So with less resource, you can do the same thing. There are various reasons, but anyhow, you can get the cash.

And also, in-house pipeline is really successful, so you don't need to do BD. So that is the next box that is a strategic investment that is JPY850 billion, you might not be able to use that. So the size of the box compared to the current outlook and the cumulative number for the coming five years, are they going to match completely? The size of the box may shrink or be bigger. As a result, putting cash on the financial statements without any reason would not happen for Astellas. So in that case, we'd make sure of the shareholder return. Kitamura-san, anything to add?

Kitamura [A]: Yes. This is for the coming five years, and this is the range. More than JPY4.3 trillion core operating profit before R&D expenses, we are going to create that money, and we think we can do it. And our in-house pipeline to advance them forward, we can generate from our cash flow the money we require to do so. Depending on the progress, strategic investments may not be utilized fully, then we'd be flexible in our judgment. It does not mean that we are not going to do anything, but we will monitor the situation every day so that we can leverage the information.

Seki [Q]: Okay. Number two, I have a question on the next page, page 16, Asset Maximization Team. Instead of regional or functional access, you shift to patient access, then globally, many things can occur and you are reducing your cost. So you can be a leaner organization with fewer headcounts. But under this structure, one size fits all, for example, marketing materials in Taiwan could be created in Boston with Gen AI, it may happen. So the granularity meticulousness that can be one of the challenges you may face. What do you think?

Okamura [A]: Thank you for your question. Just by chance, there was a mention of the marketing materials role, so Claus may want to say something. One size fits all, rather, AI is going to play a major role in an area where what we couldn't consider on our own, the individual's preference or regulations in other respective countries would be reflected by AI to customize in the output. I'm expecting such an era to come. Before, thinking about a lot of things to optimize and minor adjustments could not be made, but AI can do that. So I think we are going to move in that direction.

And if you globalize, there are two possible directions. One, taking all the things into consideration too much, there are many things which are not useful in most cases, or you may eliminate so many things, and you just have something just fundamental out of the basics where you don't feel any affluence or enrichment. But rather, we have the global capability center to consolidate our capabilities there, then higher efficiency but effective work can be done. So we are not going into those two extreme directions, but rather we'd identify the best possible way, and a slight difference can be reflected by AI in the output, and we'd like to continue to do our work in that way. If you want to hear about the marketing materials, I will ask Claus to add.

Seki [M]: This is a great opportunity. So maybe I'd like to hear Claus's comment briefly.

Zieler [A]*: All right. So let me answer your question on the marketing material, and thank you, Naoki. So we already started three or four years ago to build internal processes to automate material content. We call it the content factory, and that usage of that internal engine to create content across the world, for countries across the world, has steadily increased since we started building that.

I think we're now at the point where we not only have a centralized process that saves us agency fees essentially, but we can also start using AI to create some content. Just as an example, we very recently on the medical affairs side, we created our first abstract using AI, and that saved a significant amount of time, as you can imagine, from doing it 100% through human capabilities.

Of course, we always have a human that then proofreads and make sure that AI did not make any mistakes. But the efficiency gain and the time gain that we are already deriving from deploying both the standardized process internally, but then also the AI engine on top of that is starting to be very, very significant. And that will contribute to part of the cost discipline that you saw on some of the presentation slides previously.

Seki [M]: Thank you very much.

Kato [M]: Thank you for the question. Next, Morgan Stanley MUFG, Muraoka-san, please.

Muraoka [Q]: Thank you very much. Morgan Stanley, Muraoka is my name. CSP, this is for five years. I know about that. But in the coming two to three years, the shareholders, how do they deal with Astellas? From that perspective, I'm asking this question. Sales is going to be on decline, just like you mentioned. R&D is probably going to be on an increase. And of course, the dividend is going to be constantly raised, as you mentioned. And pipeline new drug news is going to be increased. Then now shareholders, rather than looking at the performance, looking at what I mentioned, is that what you meant?

Okamura [A]: Thank you very much. You don't need to think about the revenue or profit – I'm not saying that. As has been mentioned, based upon innovation, continuous growth. That is what we would like to realize, and the cost of goods and SG&A added, then it's going to be 50% and R&D investment continuously 20% so that you can come up with 30% profit. Astellas is working towards that goal.

As an investor, I would like you to always look at us from that perspective in criticizing eyes. We would like to make an effort. For cost optimization, the remaining two years for JPY150 billion and the three years in total, JPY200 billion. That's what we want to do. And these are the things that we are aiming at.

We have the XTANDI matter. And after that, finally, we are going to be in a phase where we can really observe the growth. BD is taking place here and there, and getting asset from something different and combine those, it's not such a status. Of course, partnerships with various companies are taking place. But basically, based upon the in-house technology, multiple programs are going to go into the clinical phase. We are in such a phase now. So for me, the progress of pipeline, how they contribute to the patients, those are better to be focused on so that you can enjoy looking at Astellas now and to the future. That's my personal opinion. Kitamura-san?

Kitamura [A]: Thank you. There are some parts difficult to answer, but this JPY4.3 trillion, that is the core operating profit total before R&D expenses. To put it simple, yearly, JPY800 billion to JPY900 billion of the core before R&D expenses, that has a certain level of thickness in terms of profit. So we would like to make use of it for investment in R&D. With that, we can see the progress of the pipeline in that way. I think that is very important. And JPY800 million to JPY900 million profit before R&D expenses, in order to realize that there are two important things. One, that is the Strategic Brands, they are going to make a steady growth twofold in the coming five years. And are we on track of that? That's one thing, and the cost optimization and also additional initiatives in the coming five years, JPY200 billion. So if you look at this, I think that will be sufficient.

Muraoka [Q]: Understood. Thank you. Now next question, page seven. Yes. This chart, this might be a bit toward the future, but the Strategic Brands, in this case, 2030 to 2031, gradually, it is on the decrease. But I think LOE is a bit ahead of this time point. But around 2030 and 2031, it seems that the Strategic Brands are going to be peaked out. Is this an image? What's any reason for this?

Okamura [A]: This is just an image description.

Muraoka [M]: Understood. Thank you.

Kato [M]: Thank you very much. Next, Nomura Securities, Matsubara-san, please.

Matsubara [Q]: Matsubara from Nomura Securities. Thank you very much for your presentation. I also have two questions. First, shareholder returns policy, as has been mentioned, XTANDI LOE. But still, you would increase the dividend at least by JPY2, and you would generate cash with the growth of the strategic products

and cost reductions. But the main products may not grow as you expect and you may use a lot of R&D. But still, can we expect a JPY2 annual dividend increase?

Okamura [A]: JPY2 dividend increase, I think, is a minimum. This is our commitment even as of now, today. Still, in this business, we don't know what could happen. Against our will, regulations may change suddenly, we cannot avoid such a situation. For R&D, even if we are confident because of some reason, we may not be successful, success is not guaranteed. Anything can happen, so it's a completely different shape. But are we going to raise the dividend? If that situation comes, then once again, we have to discuss it with the shareholders. But even if there is a slight decrease in revenue, are we going to stop the dividend increase so that such a discussion will not occur? We are considering our cash allocation plan, so that's our current status.

Matsubara [Q]: Understood. Thank you very much. Next question is about SMT. The range of cost reduction effectiveness has been shown. Any lower limit for JPY200 billion? If you can achieve JPY200 billion, that would be great. And SMT is not going to end as you explained in the earnings calls. Are you going to exceed JPY200 billion as a possibility, the range for JPY200 billion and the upper limit or the lower limit?

Kitamura [A]: JPY200 billion is the commitment we are going to achieve. We have five years to cover. So SMT learnings will be leveraged. And also, the global capability center we have built, we'd like to leverage these to work on this. And AI technologies, as was mentioned, are advancing a lot. So JPY200 billion in the five years is our commitment we are going to realize. Any upside, it will be considered as we do this. When we started SMT, we were talking about JPY120 billion to JPY150 billion. We have achieved JPY150 billion, so we do have know-how, so this is the number we are going to achieve. You can perceive this as such.

Matsubara [M]: Understood. Thank you very much.

Kato [M]: Thank you very much. Next, from Sanford C. Bernstein, Ms. Sogi, please.

Sogi [Q]: Thank you very much. First of all, I have a question about the pipeline. Of course, in 2029 and beyond, your pipeline would begin to contribute to real growth. You have multiple pipelines. On the other hand, RAS protein degrader is the program with the biggest progress. On the other hand, KRAS treatment competition, the situation can change because of the competition rapidly. Revolution Medicines' RAS-activated RAS inhibitor data is I'm talking about.

According to the data, KRAS mutation, regardless of the KRAS mutation, activated RAS can be inhibited broadly. And in PDAC, patients who are treated in PDAC, there seems to be very good data by the competitor. What should happen in the changing competitive environment to proceed with the clinical trials with confidence by Astellas?

Okamura [A]: Thank you for your question. I'm a late person, but I would like to respond. And then Taniguchi is going to add. First of all, safety profile, if this could be the drug usable for first line or not. Second, duration of therapy, how long can the efficacy be maintained? Lastly but not least, resistance mechanism, meaning if it's an inhibitor, of course, resistance happens when all the targeted proteins are degraded and what mechanism resistance will be raised. So those three, well, are the points that are nonspecialist ideas. Taniguchi-san, any comment, please?

Taniguchi [A]: Thank you very much. Let me explain. Okamura made an explanation, and that is an extremely important point. First, this as a characteristic of this setidegrasib, this is for KRAS G12D. This is happening emerged or expressed in 40% of the PDAC and 5% in lung cancer. Looking at the data, compared to Revolution Medicines' products, safety profile is likely to be really good, and one of the characteristics is that this is IV administration. So especially for PDAC patients, the oral administration is difficult. So this IV administration is good for compliance to continue the administration. And listen to the specialist comment, KRAS rather than pan-KRAS, this is KRAS-specific. If it's highly selective, such drug is more favorably accepted in other line.

In that perspective, against Revolution Medicines', setidegrasib has the competitive edge. But of course, currently, Phase III study is ongoing, so we have to see that data with that the profile is elucidated, the characteristics and also superior points are going to be elucidated further. And only after that, I would like to go into more detail.

Sogi [Q]: Thank you very much. I'm looking forward to it. Next question. The new business model that you showed this time, or operational model showed this time, how you are going to raise the VALUE, cost, speed, and the probability success of programs, I think those are the axes that you can look at. So this new approach, how does this new approach contribute to these different types of axes? It might be difficult, but would you please explain that as much as possible?

Okamura [A]: Thank you. If I say that, the other CXO here with me might get angry. But so far historically, as you know, the regional axis is the highest axis and Japan and Europe, the United States and Asia, they are the kings and they had a freedom. But in that case, there is no best practice sharing and there is no synergy. That's why we decided to have the functional axis for the top-level focus. But in this case, that is a function-wise gathering. That's why it is easier to have a better plan and synergy. But in that case, function or function in lineup in the value chain, that is not really making a good mindset for cooperating with each other.

For example, researchers would like to bring the products to the development as early as possible. The development side considers getting approval is their job, so they accept only those likely to be approved. So there is back and forth there. The functional access was the priority, but each has the project team with different representatives, and their team members discuss for the sake of the project and come up with the conclusion. And after that, they go back to their original function, and that is communicated by both. Then there are some orders given from top level. And with all those opinions, they have to come back to the project team meetings again. In that case, all the contents available at the time were far from originally discussed, so you have to start from zero once again.

We wanted to avoid this, so we decided to have the cross-functional team as a project. From the phase of R&D until the very end of the end of the life cycle, one team is going to take responsibility end-to-end, although the members might be changed little by little. So far, to his or her own convenience, a member considers if we want to progress this further or not. But we can avoid that kind of approach with this system because the team is delegated. The decision-making is going to be quick, and those very near to the field makes a decision, so if things happen, changing directions is very easy to do.

So as an organization, it's going to be quite lean. However, more than that, the quality of decision-making is going to be higher. It's going to be speeded up. And if we need to change directions, each person can do so under their own responsibility, so we can make a quick decision. So we don't need to spend six months for decision-making. We have this VALUE in an upper case in English, realizing that is mentioned. So a bigger VALUE is created earlier. That is possible to be made with this business model. That's my decision.

Sogi [Q]: Thank you. I have an additional question. Governance and accountability. So what is the role in this asset maximization team?

Okamura [A]: In a cross-functional team, there is impairment, they are accountable. In terms of the governance, end-to-end. Without anyone's involvement, they are not allowed to do freely. There is a stage gate in R&D. So good governance is functioning there. And also, we had the function-based organization before, resources are allocated to projects. So it was like a vendor. And the capabilities of the vendors may not be at the level required. They have a team based on patient access and then the team may not work. So teams, to the capability offering function, with this capability, we cannot change our objectives, so please change. They are able to say so.

Now we have a cross-functional team we are building. I often say this. This is to build a house with many people from different disciplines. Carpenters cannot use the saw or they cannot put down the nails. No, that is not going to happen.

Sogi [M]: Okay. Thank you very much.

Kato [M]: Thank you very much. We have less than 10 minutes to go. We also would like to take questions from members of the media. Anyone who would like to ask a question from the media? Thank you very much. Nikkan Kogyo Shimbun, Yasukawa-san, please.

Yasukawa [M]: Thank you very much. Can you hear me?

Kato [M]: Yes, we can hear you.

Yasukawa [Q]: Thank you. I'm Yasukawa from Nikkan Kogyo Shimbun newspaper. I have a question about the details in R&D. Your pipeline is the topic of my question. Antibodies, new modalities for bio are increasing. What is going to be the proportion of small molecules? I would like to get an image. ASP3082 is one of the products you are growing for the next generation. Across the board, what is going to be the proportion of small molecules? What about your resources for small molecules for the future?

Okamura [A]: Thank you for your question. In terms of the balance across the board, it's difficult to say based on what we are talking about the balance. Antibodies and engineered antibodies such as bispecifics and ADCs and gene therapies and cell therapies, and the weight is going to go up for sure, mostly. And according to our outlook, the so-called small molecules, small molecules or engineered small molecules, as recall, as you pointed out, targeted protein degradation.

In the new pipeline, we're beginning to see, it's going to be the only modality. But still, I'm not saying that there's going to be no drug discovery for small molecules, but compared to small molecules, biologics will have a higher proportion into the future. But until TPD is going to be successful, where small molecules will be going, there's no place they can go to. Some had such a pessimistic view internally. This may be the viewpoint outside of the Company, but targeted protein degradation achieved a POC. We have follow-on programs as well. So for the future, for a company, this can be an important modality for a company.

Yasukawa [Q]: Thank you very much. One more question. Regarding the cost optimization, this may be overlapping with the previous questions, but you implemented SMT in the coming five years as effectiveness, you have a number you're going to achieve. Compared to the previous two years, the amount is very big. In FY2026 and 2027, you have large numbers. In the mid- to long term, you are going to work on. But for the short-term wins, I think you're including such figures as well. For example, the optimization of the headcount might be included in this?

Okamura [A]: Thank you. First, the remaining part of SMT, meaning the JPY85 billion in the coming two years, there are already plans, and we are going to execute them. That's our commitment. And the remaining JPY115 billion in order to achieve JPY200 billion, that is additional three years. So rather than the increase of the reduction level, this is the asset base that we are going to follow.

With SMT, we generate assets and we are going to make use of that so that we will get further contribution, and AI technology is definitely going to change the ways of working. So that is also where we are going to make investments so that we can gain the benefit. So in the coming five years, the unprecedented reduction is what we are aiming at. That is not really so we are going to be more down to the us and we go one by one steadily.

Yoshikawa [M]: Understood. Thank you very much.

Kato [M]: Next, Nikkei BP, Hashimoto-san, please.

Hashimoto [Q]: Nikkei BP. Hashimoto is my name. Page 12, that is about pipeline chart. I want to ask you a question. Here, it says four primary focuses underneath the value-enhancing BD, that's what it says. According to your explanation, primary focus itself is going to be revisited. The items might be increased. But this value-enhancing BD and the slide two page after that, you are going to do whether you can expect synergy. So the rescue BD is not something you are going to pursue for. So with this primary focus, basically fixed and it's not really increasing this to five or six, rather for each primary focus, you are going to continuously discover the drug. Is that your intention?

Okamura [A]: Thank you for your question. I'm going to explain first and after that, Taniguchi is going to make a supplementary comment. Primary focus itself needs to be refreshed from time to time. We have this full primary focus and some near to POC or POC is already established. So you might think this is sufficient. It's not really so. For the science, there's a phase of maturity and each science has a limitation. So for us, for earlier research, something likely to be the next primary focus, we have to make a continuous effort to find that next likely to be primary focus.

But can we have 10 or 20 primary focuses? In our size, if we do that, we can make a concentrated investment. So spontaneously, we can see the number. It's going to be the bell shape, but it's not going to be an overwhelming number. We have a good primary focus now. That doesn't mean that we are going to stop seeking another primary focus. Depending on situations, BD might be one inflecting point to find another primary focus. Taniguchi-san?

Taniguchi [A]: Thank you. Okamura made the explanation. Our science is progressing day by day. The immuno-oncology, targeting protein and also the cell therapy, regenerative therapy, those are the focus currently. However, now and toward the future, again, science is definitely believed to progress. So new technology, new science. Whenever those are available or emerged as early as possible, we would like to uptake them so that ultimately, they can be transformed to the VALUE of the patients, so we always would like to prepare for that.

Hashimoto [Q]: Thank you. Regarding the number-wise, the size-wise, Okamura-san, you mentioned about the size, how many is likely to be most optimal?

Okamura [A]: Thank you. So far, Primary Focus and Primary Focus candidates, the maximum number of that is five so far. Up until five, we can manage it. If it's six, of course, that depends on the stages, depending on the therapeutic areas, five, I think six, I think that's the maximum. If it's over that, managing is going to be difficult. We don't want to make it thinner and wider. We don't want to do that.

Hashimoto [M]: Thank you very much.

Kato [M]: Thank you very much. We are running over, but we'd like to take the next question or the last question, Bloomberg, Hasebe-san, please.

Hasebe [Q]: Hasebe from Bloomberg. I have a question on page seven. Revenue outlook is shown here. And are you expecting a decrease? How much is going to be the decrease, just a slight decrease or for profit as well in the coming five years? What is your outlook? And how should I understand?

Okamura [A]: Thank you very much. First of all, XTANDI, it's around JPY900 billion right now as an annual business. XTANDI is a small molecule. So after LOE, generics will replace XTANDI. So in the end, JPY900 billion is going to be a very small number in the end. As for profit, XTANDI in the United States, we have a co-promotion agreement with Pfizer. 50% of the revenue are paid to Pfizer in the United States. In the rest of the

world, we have a royalty we paid to Pfizer in accordance with the number of sales. So analysts, I think, have their respective models, so you can take these numbers into consideration as well as the speed.

And LOE, as you can see in this diagram, it's not going to happen all at once in the world. In small countries, LOE will be seen in small countries, 27 in US, 28 in Europe and 29 in Japan and other countries. So generics, we replace XTANDI in various countries one after another, then you can understand the revenue and profit image more clearly based on this. Is that all your question?

Hasebe [M]: Yes, I'm fine. Thank you very much.

Kato [M]: Then we are running over a bit, but many people attended our meeting. Thank you very much. With this, we'd like to close today's briefing session. Thank you once again for joining us today.

[END]

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