Q&A at the 20th Annual Shareholders Meeting

The contents of the question and answer has been partially revised to better understand.

Pre-submitted Questions

Pre-submitted Questions Q1:

Questions about "Stock Price Measures" and "Future Growth Strategy"

A

The Board of Directors and the Top Management take the current stock price situation very seriously.

We believe that the Company's current share price is undervalued. Since FY2023, the Company entered a phase of sustainable growth through the launch of key strategic brands and subsequent market penetration. In FY2024, we achieved record-high revenue and core operating profit, and we committed to continue this growth trajectory.

On the other hand, we sincerely acknowledge that we have not achieved the expected results in full-base performance and R&D. The full-base performance was impacted by significant impairment losses on previously acquired assets.

To improve R&D productivity, we have transitioned to a patient-centric organizational structure and integrated Research and Development. Under the strong leadership of Dr. Taniguchi, Chief Research & Development Officer (CRDO), we are strengthening our Research and Development.

We are also addressing the challenges associated with XTANDI LOE (Loss Of Exclusivity) by launching the three Enterprise Priorities (3EP) in Nov 2023.

Additionally, we have strengthened the Board of Directors, through the establishment of the Enterprise Priority Monitoring Group (EPM), to enhance the oversight by independent outside Directors and have strengthened our governance structure.

This fiscal year marks the conclusion of our mid-term plan the “Corporate Strategic Plan 2021,” and we diligently working on formulating the next mid-term plan. We are engaging in thorough discussions, including with the Board of Directors, to develop an ambitious while achievable plan.

In order to ensure a fair valuation of our stock prices that reflect our strong business performance and sustainable growth, we will continue engaging with our stakeholders.

Pre-submitted Questions Q2:

Questions and opinions regarding “Dividends,” such as the possibility of future dividend increases or decreases, and expectations for stable shareholder returns through steady business operations.

A

We would like to explain the Company's shareholder return policy.

We recognize that stable dividend increases are important to many shareholders. The Company is always conscious of the balance between returning profits to shareholders and investing in sustainable enhancement of corporate value.

The annual dividend for FY2024 was 74 JPY, an increase of 4 JPY from the previous year. For FY2025, we expect an annual dividend of 78 JPY, another 4 JPY increase.

We always aim to provide long-term, sustainable value to our shareholders, and we believe that dividends are part of that value.

The Company’s capital allocation policy balances long-term business investments in growth and shareholder value through dividends based on profit and cash flow and business performance and flexibly execute share buybacks in case of excess cash.

While maintaining focused on a strong business performance, we periodically review our capital allocation strategy to ensure appropriate shareholder returns.

Pre-submitted Questions Q3:

What actions is the Company taking regarding the employee detained in China? Please also explain support for the family and the impact on business in China.

A

We apologize for the great concern caused to everyone involved.

We are continuing to respond appropriately in cooperation with relevant parties to ensure the health and safety of the employee, including support to the family.

Due to the ongoing criminal proceedings, we would like to refrain from commenting further, and we appreciate your understanding.

Regarding the impact on our business in China, our mission is to contribute to global health through the provision of innovative and reliable pharmaceutical products. We are committed to this mission in all countries and regions where we operate, including China.

We have positioned China as a key market for new drug development and have invested management resources accordingly. At this time, we are not considering withdrawing from the Chinese market.

Pre-submitted Questions Q4:

Given the company’s poor performance and significantly depressed stock price, what is the rationale behind Proposal No. 3 to increase compensation for outside Directors?

Proposal No. 3: Revision of the Amount of Remuneration for Outside Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

A

Proposal No. 3, which sets a new upper limit for compensation of outside Directors who are not members of the Audit and Supervisory Committee, is proposed in light of future changes in the composition of the Board of Directors.

The previously approved compensation limit was based on the maximum number of directors stipulated in the Articles of Incorporation and aligned with domestic compensation standards for outside Directors.

This time, we proposed two non-Japanese outside Director candidates. Ensuring diversity in the board’s composition and establishing a framework to attract and retain top talent is essential for achieving our business plans and enhancing long-term corporate value, especially as our business environment continues to evolve.

Therefore, we would like to set a maximum remuneration amount that incorporates the remuneration level not only in Japan but also in Western countries.

Pre-submitted Questions Q5:

Infectious diseases such as rubella, measles, and HPV are becoming increasingly serious issues. These are preventable through vaccination, and it should be tackled with the interest of the entire company to employees.

A

Thank you very much for your input.

Currently, the Company does not conduct Research and Development specifically targeting vaccines for infectious diseases such as rubella, measles, or HPV, as part of our R&D strategy.

As part of its efforts to improve the sustainability of society, Astellas has been working with external partners to search for new therapeutic drugs for malaria, one of the three major infectious diseases, and to contribute to the development of pediatric formulations for schistosomiasis (also known as Bilharz schistosomiasis), one of the most widespread parasitic diseases globally.

Please refer to the following for details.

Research Activity on Malaria | Astellas Pharma Inc.

Development of a new pediatric treatment option for schistosomiasis | Astellas Pharma Inc.

Pre-submitted Questions Q6:

Is the Company affected by U.S. tariffs? If so, how do you plan to respond going forward?

A

Please refer to the answer to Q1 of Questions from Venue.

Pre-submitted Questions Q7:

Could you explain the difference between ASP7317 and IZERVAY? Both target geographic atrophy secondary to age-related macular degeneration and administered via injection. What distinguishes the two?

A

While both ASP7317 and IZERVAY are intended for the treatment of geographic atrophy secondary to age-related macular degeneration (AMD), they differ in their therapeutic modalities / mode of action.

ASP7317 is one of the cell therapies we are developing, and it is a treatment that transplants retinal pigment epithelial (RPE) cells derived from pluripotent stem cells. Currently, a phase Ib clinical trial is underway, and it is expected to maintain and restore visual function by replacing RPE cells lost due to geographic atrophy.

On the other hand, IZERVAY is an RNA aptamer that inhibits complement factor C5. The activation of the complement pathway—part of the immune system—is believed to play a role in the onset and progression of AMD. By suppressing inflammation and cell death in the retina caused by this pathway, IZERVAY inhibits the spread of geographic atrophy lesions and reduces the risk of vision loss.

Pre-submitted Questions Q8:

It is estimated that there are many shareholders who are investing with the expectation of achieving the target of 7 trillion JPY in stock market capitalization.

Over the past two years, however, it seems the Company has not fulfilled its mission of delivering sustainable growth in corporate value.
What specific measures will be taken to reach the 7 trillion JPY market cap target, and by when?
I would like to decide whether or not to continue as a shareholder in the future, so I appreciate your response.

A

As you pointed out, “sustainable growth in Corporate value” is a core part of our corporate mission. The current market evaluation of our progress toward the vision outlined in Corporate Strategic Plan 2021 is being taken very seriously by Top Management and the Board of Directors.

The market capitalization of 7 trillion JPY was presented as the NorthStar, representing he Company achievement of Performance Goals in "Revenue," "Pipeline Value," and "Core Operating Profit Margin," and as a result, the Company would be positively evaluated by the market. Currently, we have launched the "three Enterprise Priorities", positioning ourselves for continued growth beyond XTANDI LOE (Loss Of Exclusivity).

We are currently formulating a new mid-term plan which we call our Corporate Strategic Plan in which we will set our next mid-term outlook and targets.

Pre-submitted Questions Q9:

Among the current Director candidates, there are some who have missed Board of Directors meetings. I would like to know the reasons for their absences. In addition, I would appreciate it if future reference materials could include the reasons for any absences from BoD meetings.
This is because we want to check whether the reason is prioritized over the Board of Directors and make it one of the decisions for the election of Directors.

A

Thanks for your opinion.

All of the directors' absences were limited to short-notice, ad-hoc Board of Directors meetings, primarily due to the difficulty of rearranging their schedules on short notice. Regarding the disclosure of the reasons for the absences, we have noted your suggestion.

Pre-submitted Questions Q10:

Regarding Proposal No. 1 for the reappointment of Dr. Yasukawa as Director, what are the views of the outside Directors?
Given Dr. Yasukawa’s responsibility for the company’s performance and market capitalization during his tenure as President and continuing into his current role, is it appropriate for him to remain as Chairman of the Board?
Even prior to becoming President, he served as an executive in charge of corporate strategy since 2012, yet his track record as a corporate leader is not commendable.

A

Regarding the reappointment of Dr. Yasukawa as Director, the Nomination Committee, which is composed entirely of outside Directors, conducted a thorough evaluation of his performance, leadership stability, and the qualities currently needed by the organization. Based on this assessment, the committee submitted its recommendation to the Board of Directors, where the decision was finalized.

Dr. Yasukawa has demonstrated strong and effective leadership not only during periods of growth but also in times of adversity. He possesses deep insight into our business, strategy, organizational structure, and corporate culture, along with extensive industry-specific knowledge and experience. As Chairman of the Board, he has upheld high standards of governance, ethics, and compliance, while fostering strong relationships with the CEO and executive leadership team, as well as among board members, particularly the outside Directors, thereby promoting collaboration and leading the board effectively.

From the perspective of governance, the position of Chairman of the Board of Directors of the Company is positioned to supervise from an objective standpoint without directly executing business, and the majority of the Company's Board of Directors is composed of outside Directors, and all members of the Nomination Committee and the Compensation Committee are outside Directors, making decisions with a high degree of objectivity and transparency.

Pre-submitted Questions Q11:

Despite having many Directors with broad experience and expertise, the Company was unable to avoid recording significant impairment losses related to IZERVAY, AT466, and iota.
What were the causes of these losses, and what countermeasures will be taken moving forward?
(If there are truly knowledgeable Directors in place, such situation should not have occurred. I am highly skeptical as to whether the Directors are fulfilling their roles. Only those who are truly necessary should be appointed, and I do not believe the current Board is appropriate.)

A

The impairment losses were the result of a rigorous reassessment of the recoverability of externally acquired R&D assets, taking into account changes in development progress and market conditions since the initial investment. From a financial accounting perspective, we believe this was the appropriate response.

Investments in R&D, whether internal or external, are inherently subject to risk and are made based on a certain probability of success. Unfortunately, some degree of impairment loss is unavoidable.

Each case is reviewed internally to ensure that lessons learned are applied to future decision-making.

At the Board level, we ensure that the composition reflects the skills necessary not only for R&D-related investment decisions but also for broader strategic oversight and governance.
We remain fully committed to fulfill our responsibility to enhance corporate value over the medium to long term.

Pre-submitted Questions Q12:

Given that there is still no clear resolution to the XTANDI patent cliff and the stock price has remained sluggish over the long term, I find it concerning that executive compensation has increased significantly.
Shouldn’t the compensation policy be revised to place greater emphasis on incentivizing contributions to the sustainable growth of Astellas Pharma, rather than short-term profits?

A

The Company's policy is to establish a remuneration structure and level that enables the Company to recruit and retain talents, and creates a fair and impartial remuneration system based on responsibilities and results, with an emphasis on increasing enterprise value and shareholder value over the medium to long term that is highly linked to performance. To ensure objectivity, we utilize remuneration survey data of an external experts organization and determine the remuneration for Directors by the Board of Directors after deliberation at the Compensation Committee composed of independent outside Directors. We believe that the remuneration settings are appropriate.

Our performance-linked remuneration includes Bonus based on achievement of business performance targets each business year, as well as long-term stock compensation focused on improving the enterprise value and shareholder value. This is a highly performance-linked remuneration system that links to both short- and long-term performance.

In particular, our stock compensation is structured so that the number of shares granted varies depending on the growth rate of the company’s TSR (Total Shareholder Return) over a three-year evaluation period. Prolonged stock underperformance is directly reflected in the Share delivery rate as the evaluation results.

All of our management take seriously the current situation where we are not meeting shareholder expectations. We remain committed to enhancing corporate and shareholder values going forward.

The Company's policies and procedures on determining remunerations for Directors are described on pages 76 to 87 of the Convocation Notice.

Notice of Convocation of the 20th Term Annual Shareholders Meeting

Pre-submitted Questions Q13:

With the onset of “Trump 2.0,” the U.S. appears to be experiencing a significant outflow of research talent, potentially leading to the collapse of its drug discovery ecosystem. Meanwhile, China is rapidly advancing its capabilities in drug discovery, particularly in areas such as ADCs and bispecific antibodies, and I expect to see the emergence of proprietary platform technologies and modalities in the near future.
Currently, Astellas’ research seems heavily concentrated in the U.S. Shouldn’t the Company pursue collaborations with Chinese firms not only for product in-licensing, as seen recently with Evopoint, but also in foundational research?

A

Thank you for your opinion.

Astellas is committed to delivering value to patients and continuously seeks partnerships that complement our expertise and strengthen our competitive advantage by incorporating essential platform technologies.

Our research alliance partners are not limited to specific countries or regions such as the United States, but are comprehensively judged based on the scientific value of the relevant developed products and basic research, their alignment with company-wide strategies, and the competitive situation.

As an example of collaboration with a Chinese company, in December 2023 we entered into a joint research agreement with Elpiscience Biopharma to co-develop bispecific macrophage-engaging antibodies.

For more information on concluding a contract, please refer to the following:

Global News | Astellas

Pre-submitted Questions Q14:

The development pipeline appears weak. Once the XTANDI patent expires, the Company will inevitably shrink in scale. At that point, you will no longer be considered a major pharmaceutical company. Please take a moment to objectively assess your current position. It is time to transition into a leaner pharmaceutical company that can still generate sustainable profits. To achieve this, further operational efficiency is needed, including reductions in executive compensation, employee salaries, and headcounts. What are your thoughts on this?

A

We are actively working toward sustainable medium- to long-term growth, with a focus on expanding our strategic brands in anticipation of XTANDI LOE (Loss Of Exclusivity).

At the same time, by promoting the company-wide initiative "Sustainable Margin Transformation (SMT)," we are diligently working to improve management efficiency by optimizing recurring costs of 120 to 150 billion JPY on a company-wide level. This will allow us to build a cost structure that can offset LOE of XTANDI.

Pre-submitted Questions Q15:
What is your approach to dividend yield going forward?

A

Please refer to the responses to Pre-Meeting Question Q2 and Virtual Question Q3 from shareholders for details regarding our shareholder return policy.

Questions from the venue

Questions from the venue Q1:

What impact is the U.S. tariff policy having on your business operations in the United States?

A

Naturally, we are closely monitoring and analyzing trends in worldwide tariffs. We believe that tariffs should be imposed strategically to address unfair trade practices, but we do not believe that they should disadvantage patients.

Once there is full clarity, we will provide guidance on the impact, but at this time we would like to refrain from speculating on the impact. In the event of an impact, we will work to further optimize costs.

Please note that in the area of gene and cell therapy, we currently operate manufacturing facilities in the U.S. that comply with Good Manufacturing Practice (GMP) standards. However, as these therapies are still in the clinical trial stage, we are not yet in commercial production.

More broadly, including small molecule manufacturing, we do not own commercial production facilities in the U.S. Instead, we rely on contract development and manufacturing organizations (CDMOs) to support our US operations.

Questions from the venue Q2:

Please explain the company’s oncology immunotherapy pipeline, including the development plans for ASP2138 following its expected clinical PoC in the first half of this fiscal year, as well as other related programs.

A

ASP2138 is a bispecific antibody targeting CLDN18.2 that is undergoing clinical trials in pancreatic and gastric cancers. We expect to judge clinical Proof of Concept (PoC) in the first half of this fiscal year.

In addition, in the field of immuno-oncology, several follow-on products are under development alongside ASP2138. For example, ASP1002 is a T-cell Engager-type bispecific antibody targeting CLDN4 and CD137 that is already in the clinical stage. Several additional pipeline assets are also preparing to enter clinical trials, and we will provide updates at key milestones.

While the full pipeline overview is not included in the printed Notice of Convocation sent to shareholders, we update the latest pipeline information regularly in our quarterly earnings presentation materials.

We encourage interested shareholders to refer to those resources for further details.

Financial Results, Earnings and Annual Reports | Astellas

Questions from the venue Q3:

I would like to ask about advances in medical science. In what fields are iPS cells currently being utilized? Is life-prolonging treatment feasible? Also, please tell us about your future prospects.

A

Cell therapy using iPS cells and other technologies is one of the priority areas of our research and development, and we are promoting its application in the fields of regenerative medicine and ophthalmology. Specifically, it is a cell therapy ASP7317 that uses retinal pigment epithelial cells derived from ES cells. This is a treatment that aims to restore retinal function for diseases such as age-related macular degeneration, and clinical trials are currently underway, mainly in the United States. In the second half of this fiscal year, a clinical PoC (Proof of Concept) evaluation is planned.

In addition, research on follow-on products is progressing not only in ASP7317 but also in areas such as retinitis pigmentosa, and we are also working on future development of applications to the oncology field, although it is currently in the early research stage.

As for the possibility of prolonging life, it is expected that innovative treatments, which have been difficult to achieve with conventional drugs—such as cell therapy using iPS cells—will be established in disease areas where no treatments have existed until now.

Note:

iPS cells (induced pluripotent stem cells) are created by introducing specific genes into somatic cells, reprogramming them into pluripotent stem cells capable of differentiating into various cell types. They play a vital role in regenerative medicine and disease modeling.

ES cells (embryonic stem cells) are derived from early-stage embryos and possess both self-renewal and pluripotency, making them essential in regenerative medicine and research.

Questions from the venue Q4:

ROE does not appear to be a central focus in the Company's materials. However, as a listed company, there is a general market benchmark of 8% or higher, and such indicators often influence stock price performance.

Could you share what discussions are taking place within the Board of Directors regarding the Company's stock price and such financial indicators?

A

(Response from Dr. Yasukawa, Chair of the Board)

Stock prices fluctuate for a variety of reasons—some are within our control, and others are beyond it. For example, public comments by U.S. government officials regarding pharmaceuticals or changes in U.S. tariff policy have had noticeable effects on pharmaceutical company stock prices. These are external factors that we cannot directly influence.

The Board of Directors strongly believes that it is important to supervise internal factors. Currently, we have the three Enterprise Priorities that we are focused on. In 2021, we formulated the current mid-term plan, our Corporate Strategic Plan 2021 (CSP2021), while some of the plans proceed as planned, others are delayed due to various factors among them the COVID-19 pandemic. The Board of Directors is working to strengthen its oversight to detect deviations from the plan at an early stage and to ensure that prompt measures are taken.

As part of this effort, we have established the Enterprise Priority Monitoring Group (EPM) within the "Outside Directors' Meeting," a forum for discussion among independent outside Directors. This group invites each CxO to present detailed updates on their respective areas, helping to close the information gap and enable more effective discussions. This structure enhances early issue recognition and validation of countermeasures, contributing to more productive Board deliberations.

In addition, we take seriously the suggestion that expectations for the future are not sufficiently stated in the convocation notice, and we are working with CRDO so that the results of clinical trials can be presented at academic conferences as soon as possible.

(The following is a supplementary answer by Mr. Okamura, CEO)

In addition to Dr. Yasukawa's comments, I would like to offer a perspective from the executive side.

I believe corporate value—namely, market capitalization—is driven by three key factors:

1. Today's profits, which include short-term financial indicators such as ROE
2. Future growth potential, which for us is represented by the value of our pipeline
3. Trust from stakeholders

These three elements correspond to the performance goals outlined in Corporate Strategic Plan 2021: Revenue and Core Operating Profit Margin (1 and 3), and Pipeline Value (2). Our three Enterprise Priorities also align with these goals: Growth Strategy relates to Revenue, Bold Ambition to Pipeline Value, and the third priority to Core Operating Profit Margin. Together, these drive both short-term earnings and long-term value creation.

However, it is true that in the past few years, we have undermined the trust of our stakeholders due to impairment losses on intangible assets and downward revisions to sales forecasts for our key products, and Top Management is deeply aware of this.

We are committed to restoring that trust by clearly communicating our commitments and consistently delivering results

Questions from the venue Q5:

The Company does not manufacture over-the-counter drugs or vaccines, so I do not expect TV commercials to directly boost sales.
However, if the commercials were to highlight our R&D efforts or corporate vision, I believe they could enhance the Corporate image and potentially contribute to a rise in Astellas' stock price.
With that in mind, could you share your thoughts on the cost-effectiveness of running TV commercials?

A

I would like to explain how we view the cost-effectiveness of TV commercials.

In markets like the U.S., direct-to-consumer advertising for prescription medications is allowed, and we actively engage in such advertising. Each campaign is planned with close attention to its return on investment.

In contrast, Japan has legal restrictions on direct advertising of prescription drugs to the general public. Therefore, any TV commercials we might run in Japan would be limited to non-product content, such as disease awareness or introducing our corporate vision.

Against this backdrop, and in light of the fact that it is difficult for TV commercials to directly lead to product sales and to measure cost-effectiveness, we are currently focusing our capital on direct initiatives to deliver value to patients, such as R&D and sales activities, rather than TV advertising.

If there are effective channels that contribute to improving the corporate image and strengthening the brand value, there is room to consider them as options in the future, but at the moment, our basic policy is to prioritize activities that are directly linked to the provision of value to patients in order to make the most of our limited resources.

Online Questions

Online Questions Q1:

I would like to ask about "Organizational Values and Behaviors". There have been as many as 66 behavioral guidelines so far, and you have integrated and simplified them this time, but what specific changes and effects do you expect from this new framework? Also, please tell us about your thoughts and aims behind this initiative, and how you plan to embed it across the organization?

A

We have been unifying the values and behaviors of our employees based on the “Astellas Way.” The 66 behavioral guidelines did not differ significantly in substance, but rather reflected minor variations in wording, order, and supplementary details across regions and departments.

However, about two-thirds of our current approximately 14,000 employees work outside of Japan, and each of them interprets the Astellas Way in a different context. While this flexibility had its merits, we felt it was time to unify our values and behavioral expectations so that all employees could act as One Astellas, with a shared commitment to delivering value to patients.

In the new framework, we’ve placed VALUE for patients at the center and defined our core values as:

- **Integrity**
- **Innovation**
- **Impact**

Based on these, we’ve identified five key behaviors:

- **Courage**
- **Sence of Urgency**
- **One Astellas**
- **Outcome Focus**
- **Accountability**

To reiterate: we place patients at the heart of everything we do. We act with integrity, pursue innovation, and strive to make a meaningful impact. We take smart risks with courage, respond swiftly knowing patients are waiting, collaborate as One Astellas, focus on delivering tangible outcomes, and take personal ownership of our roles.

Through these shared behaviors, we aim to unite all 14,000 employees as one cohesive team.

Starting in April, we’ve been rolling out training through digital learning modules to ensure broad understanding. Our leadership team, including Top Management and Functional heads, are actively modeling these behaviors to embed them throughout the organization.

Online Questions Q2:

In the 2024 survey of your company's annual Global Engagement Survey, you lost points in the items of "communication with employees," "transparency," "trust in management," and "corporate strategy." I've also heard that even non-redundant, long-serving employees have been leaving the company. The loss of talent who could lead the next generation of Astellas poses a serious risk to the company's sustainable growth. How do you view this situation?

A

We conduct a Global Engagement Survey once a year, targeting all employees worldwide. The survey includes around 50 questions covering topics such as employee motivation and willingness to contribute to the company.

In the 2024 survey results, we received a lot of feedback that there is room for improvement in items such as "(internal) communication" and "transparency." In response to this, the management team held several discussions and discussed the issue in the Board of Directors' meeting.

Strengthening internal communication has been clearly positioned as one of our management priorities for FY2025. We are placing particular emphasis on delivering information related to transformation and new initiatives in a clear and timely manner to every employee. Going forward, we will focus on improving the frequency, clarity, and two-way nature of our communications.

Regarding the concern about employee turnover, our quantitative data does not indicate a significant increase in attrition. However, we fully recognize that retaining high-potential talent—those who will shape the future of Astellas—is a critical management matter.

To address this, we are committed to providing employees with meaningful opportunities including new challenges and growth experiences. For example, we are actively creating opportunities for international assignments and accelerating internal rotations.

Our goal is to foster an environment where every employee can realize their full potential and feel that Astellas is a place where they want to continue building their careers.

Online Questions Q3:

Could you share your views on future shareholder returns, including dividend payout ratio, DOE, and share buybacks?

A

For FY2024, we paid a dividend of 74 JPY per share, marking a 4 JPY increase from the previous year. For FY2025, we plan to raise the dividend by another 4 JPY, to 78 JPY per share.

This increase reflects our confidence in future profit growth and was determined with a view toward sustainable growth during the period of Corporate Strategic Plan 2021. Our commitment to stable and consistent shareholder returns remains unchanged.

With regard to indicators such as DOE (Dividend On Equity) and dividend yield, we do not disclose specific targets or guidelines, but we are comprehensively considering our capital policy.

There is no change in the share buyback policy at this time. We maintain our policy of prioritizing investments necessary for continuous growth, then paying stable dividends to shareholders and flexibly implementing share buybacks in the event of excess cash.

The dividend payout ratio for FY2024 is approximately 260% or more, and the dividend payout ratio for FY2025 is expected to be approximately 108%, exceeding 100% for the fourth consecutive year. While this may seem high, we generate stable cash flow from our business activities and have accumulated enough capital on our balance sheet. Since the amount that can be distributed has also been secured, we have determined that it is possible to continue to increase dividends at this point.

Online Questions Q4:

I would like to ask a question to Dr. Hirota, a full-time member of the Audit and Supervisory Committee, in relation to Proposal No. 2. If Ms. Akiyama is elected as a member of the Audit and Supervisory Committee, all four Directors of the Audit and Supervisory Committee will be women. There will be no male Audit and Supervisory Directors, but are there any problems with the composition of the Audit and Supervisory Committee? Isn't it too conscious of promoting women's empowerment?

A

(Response from Dr. Hirota, Director)

With regard to the composition of the Audit and Supervisory Committee, we believe that the most important thing is whether or not the system can conduct audits that contribute to the enhancement of corporate value, regardless of gender. It is true that, as a result of the current composition, all Audit and Supervisory Committee Directors will be women. However, we view “diversity” not merely as a matter of personal attributes, but as something supported by a broad range of expertise and experience—what we refer to as a “skill matrix.”

In fact, the Company's Audit and Supervisory Committee is comprised of members with expertise in fields such as accounting, law, management, and research, and each of them contributes insights from an independent perspective. In particular, the three members of the Board of Directors, who make up the majority of the audits, maintain a high degree of independence and conduct audits from the perspective of general shareholders.

Although I myself come from within the Company, I fully understand my responsibilities as a member of the Audit and Supervisory Committee and am always conscious of carrying out my duties from a neutral standpoint.

We are aware that all kinds of biases can be applied, not limited to gender. To address these biases, we prioritize the effectiveness of discussions and audits grounded in expertise.

We will continue working to maintain and strengthen an audit framework that supports long-term corporate value creation.

Online Questions Q5:

Was Rx+, the third strategic goal set forth in the CSP2021, a failure as a business? It seems to receive little attention, which raises concerns. When do you expect it to become profitable? What is the outlook, and do you intend to continue pursuing Rx+? I would appreciate a thorough review and your thoughts on the future of this initiative.

A

The Rx+ business is an initiative launched with the aim of delivering "VALUE" to patients in a variety of ways throughout the patient journey (including diagnosis, prevention, treatment, and prognosis management) beyond the framework of prescription drugs.

There were two reasons for starting the initiative.

First, the pharmaceutical industry may face significant structural changes in the future, and we believe it is essential to explore new ways of delivering value in healthcare.
Second, we recognize that patients and their families have needs that extend beyond what prescription drugs alone can address—starting before diagnosis and continuing after treatment.

Rx+ aims to combine our pharmaceutical expertise with technologies from other fields to broaden the scope of patient VALUE. Initially, the initiative focused on exploring diverse ideas and technologies in a “divergent phase.” It has now transitioned into a “convergent phase,” where we are concentrating on areas with greater business continuity and scalability.

Currently, we are focusing on two key areas:

- **Digital Therapeutics**: A project is underway to bring a U.S. Food and Drug Administration-approved diabetes disease management application to Japan. Clinical trials are nearing completion, and we are preparing to enter discussions with regulatory authorities.
- **Bioelectronics**: This involves implantable micro-medical devices that perform sensing and intervention based on physiological data. We have received FDA clearance to begin clinical trials in the U.S. for a device targeting underactive bladder. The device is powered externally via ultrasound, allowing for unobtrusive use in daily life.

In both areas, we are applying a strategy similar to our Rx business: if flagship programs succeed, we will expand within those domains. As these programs are still in development, we are not yet in a position to specify a timeline for commercialization. However, we remain committed to targeted investment and continue to explore the potential for business viability.

Online Questions Q6:

In recent years, there have been a series of earnings revisions, especially downward revisions. Why? As a shareholder, it feels like we’re being tossed around. Isn’t there a way to improve the accuracy of these forecasts? Is Astellas’ corporate governance functioning properly?

A

The main reason for the downward revision of earnings, particularly regarding full-base earnings, was impairment losses on intangible assets. This is a process based on international accounting standards that evaluates which assets have been paid for consideration paid at the time of acquisition, etc., and records it on the balance sheet.

As much as possible, we have endeavored to clearly identify assets acquired in connection with acquisitions as individual intangible assets rather than "goodwill" and to record the amount paid for each. Goodwill is not impaired in principle and continues to remain on the balance sheet, but individually identified intangible assets fluctuate in value depending on for example the results of clinical trials.

As a characteristic of the pharmaceutical business, the development of pharmaceuticals has a clear separation between success and failure, and the probability of success is unfortunately not high. If a clinical trial fails, the asset loses value and is reflected in the income statement as an impairment loss. This demonstrates our commitment to accurately assessing the reality of acquired assets and maintaining transparent financial reporting.

Needless to say, we are constantly reviewing whether the amount of money allocated to the acquisition was appropriate, and we will continue to conduct rigorous pre-acquisition evaluations in order to maintain sound management in the future.

Online Questions Q7:

In the final year of CSP2021, please indicate specific measures and forecasts that will serve as key points to achieve a core operating profit margin of 20.5% (FY2024) to more than 30%.

A

First of all, the growth of sales revenue is an important point. The Company's flagship product, XTANDI, has grown to a scale of over 900 billion JPY, but its exclusive sales period is expected to end in the near future. Therefore, we believe that the growth of our five Strategic Brands will be pivotal in driving future revenue. Since these products have high profit margins, it is expected that sales growth will directly lead to profit growth.

In addition, we are focusing on optimizing our cost structure. The ongoing cost optimization project is called "Sustainable Margin Transformation" and aims to reduce costs by 120 billion JPY to 150 billion JPY per year by FY2027. In FY2024, we have delivered 40 billion JPY of net recurring benefits and we are committed to continuing improvements on a similar scale from FY2025 onward.

By strategically integrating these measures, we aim to progressively approach our goal of achieving a core operating profit margin exceeding 30%.

Online Questions Q8:

What is the projected sales outlook for XTANDI after its exclusivity period ends?

A

We have only disclosed sales forecasts for XTANDI and related products through FY2025. Generally, when a pharmaceutical product loses its patent-based exclusivity, generic alternatives enter the market, often resulting in a significant decline in sales of the original product.

To address this challenge and pursue continued growth beyond XTANDI LOE (Loss Of Exclusivity), we have established three Enterprise Priorities. These initiatives are designed to mitigate the impact of generic competition and support long-term performance. For details and progress on these priorities, please refer to the latest earnings presentation materials.

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Online Questions Q9:

Please tell us about your thoughts on "Competitive Advantage compared to other companies" and "Will it continue to be so?"

A

Our competitive advantage lies-on our consistent ability to deliver innovative new medicines that address unmet medical needs. We have a strong track record of bringing first-in-class and best-in-class therapies to patients worldwide, underscoring our commitment to turning innovative science into VALUE for patients. This capability is supported by our robust in-house R&D capabilities, our expertise in identifying and integrating external innovation, our technology platforms that enable multiple therapeutic modalities, and our global commercial capabilities, which enable us to deliver VALUE across countries.

For instance, PADCEV became the first combination treatment to offer an alternative to platinum-containing chemotherapy, the current standard of care, marking a paradigm shift in the treatment of Advanced Bladder Cancer. VYLOY is the first antibody targeting CLDN18.2 for cancer, specifically, Gastric and Esophageal cancer, with high prevalence in Asian countries. VEOZAH became the first non-hormonal treatment approved globally for the treatment of Vasomotor Symptoms due to menopause.

Looking ahead, we are entering a pivotal year. We are anticipating Proof-of-Concept (PoC) readouts from our four Flagship Programs from the Focus Area approach. These are expected to become our next growth engines. Flagship Programs include ASP2138, a first-in-class bispecific antibody targeting CLDN18.2 and CD3, which builds on our CLDN18.2 expertise, it may offer a novel treatment modality in solid tumors. ASP3082, a protein degrader targeting KRAS G12D, a mutation long considered undruggable, demonstrates our pursuit of cutting-edge innovation. In the fields of gene and cell therapy, AT845 and ASP7317 are pioneering therapeutic approaches aimed at delivering transformative value to areas where no effective treatment exists, or existing treatment methods are insufficient, for patients with rare and serious conditions.

These efforts are driven by our unwavering commitment to our VISION: "On the forefront of healthcare change to turn innovative science into VALUE for patients." Guided by this vision, we continue to evolve beyond existing frameworks in our R&D model, organizational structure, and our unique approach to partnerships and open innovation approach. We have embedded a culture of agility and bold transformation that empowers us to adapt to change and continuously pursue innovation with speed and purpose.

We believe our competitive advantage is built on our proven history of innovation and is being reinforced by the progress of our current Flagship Programs. We remain committed to being a global pharmaceutical leader that continues to deliver VALUE and unlock healthy lives for patients through innovative science.

Online Questions Q10:

Considering global expansion and changes in tariff policies in U.S., could you share your long-term strategic vision? The U.S. market has rapidly grown to represent a large portion of the Company’s revenue, but it seems increasingly unpredictable. What are your thoughts on this?

A

Please refer to the answer to Q1 from the venue.

Online Questions Q11

Has the European application for IZERVAY been abandoned? Is there no plan to gather additional data and try again?

A

IZERVAY, a treatment for geographic atrophy secondary to age-related macular degeneration, was accepted for review by the European Medicines Agency (EMA) in August 2023. However, we decided to withdraw the application in October 2024 following discussions with the EMA's Committee for Medicinal Products for Human Use (CHMP).

While the CHMP acknowledged that the data showing a reduction in the progression rate of geographic atrophy lesions was valuable, they concluded that it was unclear whether this endpoint translated into a clinically meaningful benefit. As a result, they could not determine that the benefit-risk balance was favorable.

We continue to believe that the reduction in lesion progression represents a clinically meaningful therapeutic benefit and that the benefits outweigh the risks.

We are currently exploring alternative regulatory pathways beyond the centralized procedure, which involves a single application reviewed across the EU. Discussions with regulatory authorities in key European countries are underway, and we will determine our next steps based on the outcome of those consultations.

Online Questions Q12:

It’s very encouraging to see that ASP3082 has finally achieved PoC under the Focus Area approach. However, it was disappointing that no data or PoC criteria were disclosed at the time of the announcement. Despite being a novel mechanism, it’s still a small molecule drug, and I would like to see how Astellas’ proprietary technologies are overcoming its inherent limitations—such as suboptimal selectivity and side effects. Since many pharmaceutical companies are pursuing TPD, I’m also interested in understanding what makes Astellas’ technology superior.

A

We plan to present detailed data on ASP3082 in pancreatic ductal adenocarcinoma (PDAC) at a scientific conference in the second half of FY2025.

The clinical PoC (Proof of Concept) criteria were pre-specified, and while we have not disclosed them publicly due to competitive considerations, they were established with reference to current standard treatments and the efficacy and safety profiles of competing assets in development.

We believe our technological advantage lies in our in-house drug discovery capabilities, which include cutting-edge modeling technologies, high-efficiency chemical synthesis, robotics, and AI. These capabilities enable us to rapidly and efficiently generate optimal targeted protein degraders.

Online Questions Q13:

As an individual shareholder, I feel that your stock price has been fluctuating without clear direction. I fully understand the risks and have invested accordingly, but I would appreciate it if you could explain your level of confidence in maintaining shareholder returns going forward. Although there was an explanation at the beginning of this general meeting, I would like to reconfirm your confidence in this point.

A

Please refer to the responses to Pre-Submitted Question Q2 and Online Question Q3, regarding our shareholder return policy.