

Changing tomorrow

astellas

Integrated Report 2023

For the Year Ended March 31, 2023

Turn innovative science into VALUE for patients

Since Astellas was established in 2005, the Company has strived to continue to create innovation and deliver innovative medical solutions that meet the needs of patients. Going forward, we are committed to achieving our VISION of tuning innovative science into VALUE for patients.

In the future as well, Astellas aims to stand on the forefront of healthcare change to turn innovative science into VALUE for patients and will continually strive to fulfill the expectations of our stakeholders and society.







Astellas At a Glance

(Fiscal year ending March 2023)

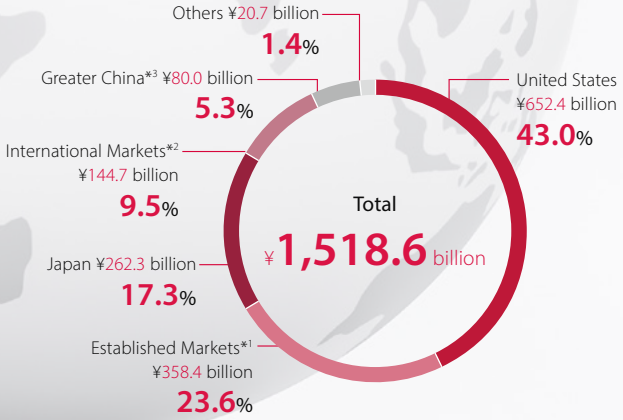
Countries Where We Do Business

about **70** countries

Global Network

Japan: 7
United States: 13
Established Markets: 30
International Markets: 21
Greater China: 5

Sales Revenue by Region

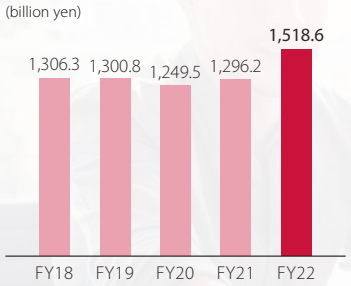


*1 Established markets: Europe, Canada
*2 International Markets: Russia, Latin America, Middle East, Africa, Southeast Asia, South Asia, Korea, Australia, Export sales, etc.
*3 Greater China: China, Hong Kong, Taiwan

Financial Highlights

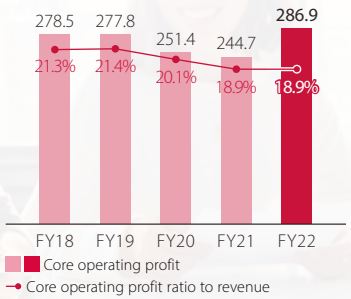
Revenue

¥1,518.6 billion



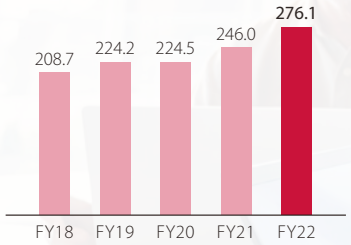
Core operating profit/ Core operating profit ratio to revenue

¥286.9 billion/18.9%



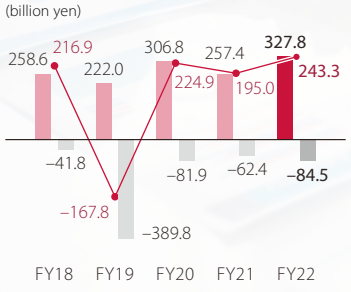
R&D expenses

¥276.1 billion



Operating CF/Investment CF/FCF*

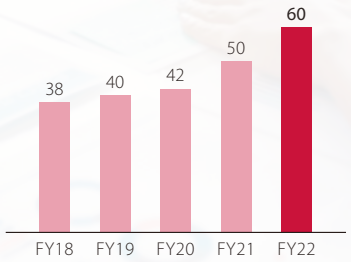
FCF: ¥243.3 billion



* FCF: Free cash flows

Dividend per share

¥60



Astellas At a Glance

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

Sales of Products

Sales of Main Products

enzalutamide / XTANDI
for the treatment of prostate cancer

¥**661.1** billion



enfortumab vedotin / PADCEV
for the treatment of urothelial cancer

¥**44.4** billion



gilteritinib / XOSPATA
for the treatment of acute myeloid leukemia

¥**46.6** billion



mirabegron*1
for the treatment of overactive bladder

¥**188.6** billion

tacrolimus / Prograf*2
immunosuppressant

¥**198.8** billion

*1 Betanis, Myrbetriq, Betmiga *2 Including Advagraf, Graceptor, ASTAGRAF XL

R&D

Prescription drug Major pipeline **20** (Number of Programs)

Innovative Drug Business

approx.
143 million patients **103** countries

* were prescribed Astellas products cumulatively up to the first half of FY2022 (estimated)

Non-Financial Highlight

GHG Emissions Volume

FY2022 Performance

Scope 1+2
41.8% reduction

Scope 3
1.8% reduction

Target (Base year 2015)

	FY2030	FY2050
Scope 1+2	**63**% reduction	**Achieve Net Zero**
Scope 3	Reduce by **37.5**% to a level well below 2℃	

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

Global Engagement Survey

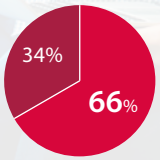
75% of answers to questions showed improvement

- Compared to the previous survey (FY2021)
- 33 out of 44 questions showed improvement

Engagement score **71**

Response rate **82**%

Overseas employee ratio



Percentage of female managers

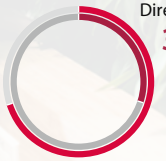
Global **43**% Japan **18**%



Outside: Global Inside: Japan

Ratio of outside/ female Directors

Outside Directors **70**% Female Directors **30**%



Outside: Outside Directors
Inside: Female Directors

Our Philosophy and VISION

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

Philosophy

Raison D'être

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

Mission

Sustainable enhancement of enterprise value

Beliefs

High Sense of Ethics
Creativity
Customer Focus
Competitive Focus

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

VISION

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

Contents/Editing Policy

CONTENTS

Message 01
Astellas At a Glance 02
Our Philosophy and VISION 04
Contents/Editing Policy 05
On Publishing Integrated Report 2023 06

Interview with Chief Executive Officer 07

Value Creation Story 13

Value Creation Model 14
Our History of Value Creation 16
Management Capital 17
The Ideal Company Astellas Aims to Become 18
Astellas' Business Model for Creating Innovation 19
Astellas' Materiality 20
The VALUE that Astellas Provides 24
Providing Value to Stakeholders 25

Corporate Strategic Plan for Value Creation 26

Top Management 27
Progress of Corporate Strategic Plan 28
Corporate Strategic Plan 2021 29
Interview with Chief Strategy Officer 30
Financial Strategy 33
People Strategy
Interview with Chief People Officer and Chief Ethics & Compliance Officer 36
Special Feature I
Roundtable: An Evolving Organizational Culture -The Organizational Health Goals at Work- 38
People and Organization for Innovation 43
Engagement, Diversity, Equity and Inclusion 47
Commercial Strategy
Interview with Chief Commercial Officer 48
Special Feature II
VEOZAH: New nonhormonal treatment option for VMS due to menopause 49
Main Product Sales 52
R&D Strategy
Interview with Chief Medical Officer 53
Areas of Interest 54
DX Strategy 59
Sustainability Strategy
Interview with the Head of the Sustainability Division 61
Initiatives for Contribution to Sustainability 62

Strengthen Foundation for Value Creation 70

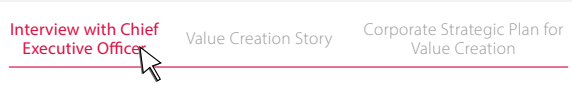
Corporate Governance 71
Dialogue with Outside Directors 82
Risk Management 86
Ethics & Compliance 88

Corporate Data 90

Financial Data 91
Non-financial Data 94
Major Pipeline 96
Company Overview 99

How to use navigation buttons

Using Category Tabs



Click to go to first page of each category

Using Navigation Buttons

Search PDF content
Forward one page
Return to top page
Return to previously viewed page
Return one page

Scope of the Report

Period covered: Fiscal year ended March 2023 (April 1, 2022 - March 31, 2023)

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

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

Cautionary Note

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

On Publishing Integrated Report 2023



Naoki Okamura

Representative Director, President and CEO

In publishing an integrated report each year, we seek to inform our stakeholders in an easy-to-understand manner of how our financial and non-financial initiatives both enhance sustainability for Astellas and society, and contribute to sustainable enhancement in enterprise value.

Astellas published its first integrated report in FY2022, in which we reported on progress in implementing Corporate Strategic Plan 2021 (CSP2021; our medium-term management plan kicking off in FY2021), while conveying just how Astellas creates and delivers VALUE as the company whose VISION is “to be at the forefront of healthcare change to turn innovative science into VALUE for patients.”

In this second such report, Integrated Report 2023, Astellas’ Top Management talk directly of their commitment to achieving the goals set in CSP2021, while also discussing Targeted Protein Degradation, the Primary Focus newly added in FY2022, and VEOZAH (fezolinetant), a treatment for vasomotor symptoms accompanying menopause that received approval in the US in May 2023. To detail how the corporate culture is evolving through pursuit of our Organizational Health Goals, Integrated Report 2023 also describes round-table discussions between employees, Top Management, and outside Directors, as well as conversations between two outside Directors about their current perception of Astellas.

I hope that this Integrated Report 2023 will help promote dialogue with our stakeholders while also furthering the understanding of Astellas.

Interview with Chief Executive Officer



Naoki Okamura
Representative Director, President and CEO

Astellas is firmly committed to achieving the goals set in Corporate Strategic Plan 2021 (CSP2021), as a cutting-edge VALUE-driven life science innovator with our VISION of turning innovative science into VALUE for patients.

Q You were newly appointed as CEO in FY2023. As CEO, what do you feel particularly strongly about?

I will make every effort to ensure that Astellas meets the goals set in CSP2021, as a cutting-edge VALUE-driven life science innovator.

I was appointed as head of Corporate Strategy in 2016 and have spent the seven years since then formulating and implementing Astellas' corporate strategy. The current Corporate Strategic Plan 2021 (CSP2021) really embodies my convictions, and I am particularly honored to be entrusted with the finishing touches.

Continuous innovation is critical to achieving our goal of being a Cutting-edge, VALUE-driven life science innovator. We have adopted a Focus Area approach in our R&D strategy and are working to create innovative products that respond flexibly to rapid advances in science and the accompanying changes in how we perceive and treat diseases. We are also committed to developing products that not only reduce a patient's symptoms but can significantly transform the underlying causes of disease, such as cell therapies and gene therapies. In the Rx+ business, we are also striving to integrate innovative medical technology with cutting-edge technology in various other fields, leveraging the strength we have cultivated through our prescription medicine business. We aim to deliver VALUE for patients in various ways across the whole patient journey (overall medical care, including diagnostic, preventive, therapeutic and prognostic care).

I strongly believe that my own role as CEO is to foster a corporate culture in which every employee exercises their full potential in striving to excel as One Astellas, with a sense of urgency that "our patients are waiting."

Interview with Chief Executive Officer

Q Could you describe your own aspirations for Astellas, and the initiatives being taken toward fostering that corporate culture.

I envision an organization in which every employee understands CSP2021, creating an environment that encourages mutual respect and the frank exchange of opinions.

In formulating CSP2021, we set Organizational Health Goals (OHGs), which are steps to fostering a corporate culture in which:

- We learn from our mistakes and take intelligent risks based on bold ideas.
- Every employee thinks for themselves and demonstrates leadership commensurate with their role.
- We strive to excel as One Astellas, transcending departmental and regional lines.

This mindset stems from a personal experience that prompted a change in my leadership style. When Astellas acquired OSI Pharmaceuticals in 2010, I was seconded to the US to spearhead the integration process. Up until then, I was the type of person who would take sole responsibility for any job I tackled, but in that role, I encountered many new experiences, bringing me to realize that not everything can be handled alone. This led me to radically alter my leadership style to one of placing more trust in my team members and delegate albeit all the while providing encouragement and support to aid members in accomplishing their tasks. I now believe that if I can suppress the urge to be out front and instead delegate to team members, those individuals will develop a sense of responsibility and motivation to get their task done.

I take the same approach with other members of the executive team. Overall, our current executive team is comparatively new to the job, with some members only joining this fiscal year. Our executive team members have diverse experiences, and to facilitate teamwork while leveraging each individual's expertise, we have been holding face-to-face team-building workshops. While this initiative is only a few months old, I feel that team members' psychological safety is building day by day. If members of the executive team can set an example for other employees to follow, in terms of working together with mutual respect and not being afraid to speak their mind, I believe we can foster a corporate culture that promotes confidence in management and Astellas.

"Collaboration" is another key word. As a global company, Astellas has employees with diverse backgrounds, in terms of nationality and otherwise. Working collaboratively demands mutual respect for each other's values, which starts with taking the time to listen. I am not referring to all working together to build consensus or tackle the same tasks. Rather, I speak of exchanging diverse views and ideas, with the final decision left to the person in charge. It is important also that all team members are pulling in the same direction while individually fulfilling their specific roles and responsibilities. If we take individual employees' capabilities and

Corporate Strategic Plan 2021

Strategic Goals

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

Organizational Health Goals

Brave ideas pursue ambitious outcomes
Talent and leadership thrives
We excel as one Astellas

Performance Goals

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

1 **Revenue:** XTANDI and Strategic products* sales ≥ ¥1.2 trillion in FY2025

2 **Pipeline Value:** Focus Area projects expected sales ≥ ¥0.5 trillion in FY2030

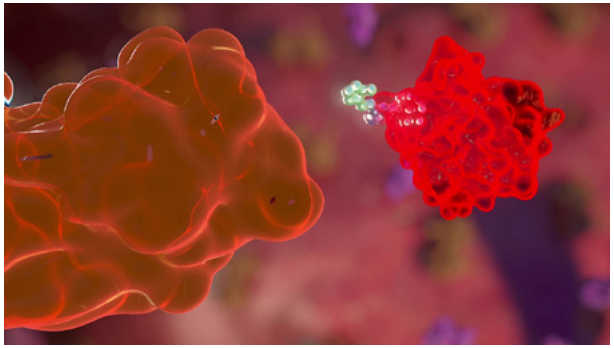
3 **Core Operating Profit Margin:** ≥ 30% in FY2025

* PADCEV, XOSPATA, zolbetuximab, Evrenzo, VEOZAH, AT132

Interview with Chief Executive Officer

responsibilities and complement these with cooperative relationships, I believe we can build the ideal team and in doing so greatly enhance collaboration.

With mobility of the talents increasing day by day, there is a considerable gap in expertise between long-time employees of Astellas and those who have joined Astellas only recently. For example, whereas I am fully across the background to CSP2021, an employee of only a few weeks' tenure would know nothing of how we formulated these ideas. I think it is important for longer-standing employees of Astellas to draw on their experience in enlightening their newer brethren. I strive to set an example in that respect, promoting internal communication with the aim of ensuring that every Astellas employee properly understands the objectives of CSP2021.



Targeted Protein Degradation (TPD)

Our aspiration is to deliver disruptive clinical benefit for selected cancer patients by inhibiting pathologic genomic signaling.

For details about TPD and sizable shortening of the timeline, please refer to PP.57–58

Q What are Astellas' greatest strengths when it comes to creating VALUE?

In my view, these are our people, and their shared mission of turning innovative science into VALUE for patients.

To my mind, Astellas' greatest strength is its people. I believe Astellas' growth is built on the personal growth and capabilities of its employees. Individuals do not evolve into fully fledged company people on their own; it is important that those in their orbit identify areas for improvement as well as strengths that the individual may not be aware of, thereby creating opportunities for growth. While some believe that a career is built by the individual, I believe environment is important also, including a framework for organizational support. In my own younger days, there were many instances of colleagues looking out for me and showing me the way. At the same time, Astellas is striving from a company perspective to provide opportunities for individuals to grow. By encouraging the growth of all employees in this manner, we seek to foster a corporate culture in which innovation comes naturally.

This approach has borne fruit already, one example being a sizable shortening of the timeline for our lead program in the Targeted Protein Degradation (TPD) Primary Focus, newly added in 2022. Usually, it takes about two years for laboratories to commence clinical studies once they have narrowed down a raft of development candidates to just one. In our Primary Focus of TPD, though, we were able to identify a lead program in only a year or so, much to our surprise. This was achieved not via one person's efforts, but rather through the combined ingenuity of team members who each took on a share of risk and were willing to try a new approach regardless of the difficulties involved. To me, this is a best practice of what can be achieved through individual awareness of our OHGs.

Interview with Chief Executive Officer

Another strength, in my view, is our employees' shared sense of commitment to turning innovative science into VALUE for patients, as expounded in our VISION. Astellas employees can often be found using terms such as "patient centricity" and the phrase "the patients are waiting." Regardless of their department and role, Astellas employees share a common goal of delivering VALUE to patients.

Q As FY2023 is the third year of CSP2021, it marks a key inflexion point in the five-year plan. What are you focusing on this year?

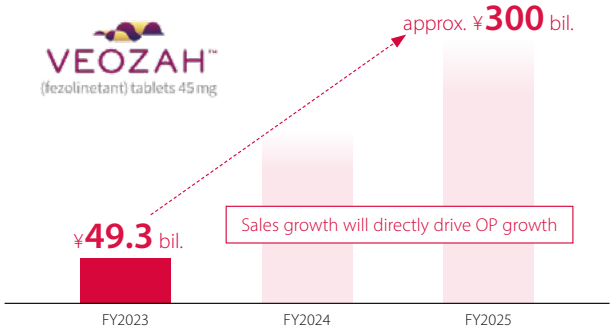
We are putting everything in readiness for ensuring that VEOZAH reaches patients sooner rather than later.

Among the three most important initiatives for FY2023, the foremost is ensuring that newly launched products gain traction as planned. In May this year, we received approval from the U.S. Food and Drug Administration (FDA) for VEOZAH (fezolinetant), a treatment for mild to moderate vasomotor symptoms (VMS; feelings of warmth in the face, neck, and chest or sudden intense feelings of heat and sweating, known as "hot flashes") associated with menopause. Astellas seeks to address the unmet medical needs of women in whom VMS adversely affects quality of life, by offering a new treatment option in the form of a non-hormonal therapy. Initially, we will focus on educating healthcare professionals (HCPs) about VEOZAH, before moving on to fully branded direct-to-consumer activities including commercial campaigns. We seek to work together with HCPs to ensure that VEOZAH is delivered to VMS patients at the earliest possible juncture.

Second, we are close to demonstrating Proof of Concept (PoC) for some lead programs in our Primary Focus. To hasten PoC, we delegated authority to each project team to expedite decision-making. While there are no projects expected to reach PoC in FY2023, we expect a number of projects to yield early clinical results that could pave the way for PoC demonstration in FY2024 or later.

Third, we are proceeding with cost optimization with a view to achieving our goal of a 30% core operating profit margin in FY2025, as stated in CSP2021. Unfortunately, in FY2022 the core operating profit margin stayed short of 20%. In FY2023 we will continue to make active investments for future growth, but we will continue to make prioritized investments actively for future growth to improve profitability in FY2024 onward.

Sales Forecast (Image)



Aim for consolidated core OP margin more than 30% in FY2025 (CSP2021 target)

For details about VEOZAH, please see Special Featur II: "VEOZAH: New nonhormonal treatment option for VMS due to menopause" on PP.49-51

Interview with Chief Executive Officer

Iveric Bio Acquisition Constitutes New Revenue-generating Pillar

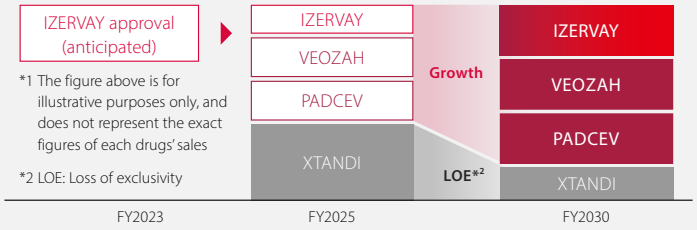
In April 2023, Astellas and IVERIC bio, Inc. (Iveric Bio) entered into a definitive agreement under which Astellas agreed to acquire Iveric Bio for approximately US$5.9 billion in cash. The acquisition was completed in July 2023, and Iveric Bio has become Astellas' indirect wholly owned subsidiary.

Iveric Bio is a US biopharmaceutical company focusing on discovery and development of therapeutic drugs in the field of ophthalmology. In August 2023, the U.S. Food and Drug Administration (FDA) approved its lead program, avacincaptad pegol, for the treatment of geographic atrophy (GA) secondary to age-related macular degeneration as "IZERVAY (avacincaptad pegol intravitreal solution)". GA leads to irreversible loss of vision in patients, and roughly 40% of the patients are considered to become blind. About 1.5 million people in the US are estimated to have GA, making this a disease with significant unmet medical needs.

Astellas believes that IZERVAY not only could contribute to achieving the FY2025 sales target set in our Corporate Strategic Plan 2021, but also help compensate for sales decline resulting from the loss of exclusivity for XTANDI in the late 2020s along with VEOZAH and PADCEV.

The acquisition of Iveric Bio will provide a foundation of ophthalmology-focused capabilities including a commercial team, access to ophthalmology experts and medical institutions, know-how in clinical development, and a research platform. Through these acquired capabilities, Astellas seeks to accelerate development and commercialization activities to positively contribute to the goals of Primary Focus "Blindness & Regeneration."

Potential to help compensate for XTANDI LOE as the "third pillar"



*1 The figure above is for illustrative purposes only, and does not represent the exact figures of each drugs' sales

*2 LOE: Loss of exclusivity

For details on this acquisition, please refer to the relevant presentation materials:
https://www.astellas.com/en/system/files/20230501_presentation_final_4503_eg_1.pdf

Q In July 2023 Astellas completed the acquisition of US company Iveric Bio. Tell us of the motivation for the approximately 800 billion yen deal, and management's views on further M&A.

We decided to acquire Iveric Bio in the view that it would contribute to Astellas' overall sales while also providing a capability foundation in the opthalmology field. We remain prepared to consider various options including acquisitions providing they match our strategic needs.

From a relatively early stage, we have been paying attention to IZERVAY (avacincaptad pegol; developed by Iveric Bio as a treatment for geographic atrophy secondary to age-related macular degeneration) as a drug that could contribute to the goals of our Primary Focus of Blindness & Regeneration. No clinical data was available at that time, but IZERVAY has since yielded favorable results in clinical trials. Based on these results as well as early US sales trend of competing drug, we determined that IZERVAY could become a blockbuster and decided to acquire Iveric Bio with a view to augmenting Astellas' overall sales and also providing a foundation of various ophthalmology-focused capabilities, thereby accelerating our Primary Focus of Blindness & Regeneration.

I have been involved in business acquisitions for a total of 15 years now. All have been for the purpose of obtaining new technologies and capabilities from external parties, but only when they align with our strategic goals. If we wanted to add a new compound to our pipeline, we could do so via a licensing agreement. With a technology that we are able to harness, we similarly have the option to acquire usage rights only. However, there are some technologies and compounds that we choose not to take on alone. In such cases we prefer to team up with the licensers or originators and undertake joint research, potentially going so far as to acquire the licensers and have them continue operating as part of Astellas. We strongly believe in taking the path that aligns best with our strategy, and to that end we remain prepared to consider various options including acquisitions providing they match our strategic needs.

Q Can you update us on initiatives for evolving sustainability and progress in the Rx+ business which are included in CSP2021 as Strategic Goals?

We are contributing to societal sustainability through our core business.
The Rx+ business has also made steady progress.

At Astellas, we take pride in pursuing initiatives in our business that contribute to societal sustainability and exert a positive impact on society. With VEOZAH, for example, our aspirations are not limited to the financial objective of

Interview with Chief Executive Officer

increasing product sales. We seek also to support women whose social activities are disrupted by menopause, thereby contributing to the sustainability of society. Furthermore, we strive to improve access to Astellas products by ensuring the availability of those products even in countries where we have no business presence.

Needless to say, Astellas also is engaged in environmental initiatives. In terms of the climate change action highly demanded by society, not only have we obtained Science Based Targets (SBT) Initiative certification for the 2030 GHG emissions reduction targets laid out in our Environmental Action Plan, but also we have committed to achieving net zero GHG emissions by 2050.

In our Rx+ business, in FY2023 we drew closer to commercialization of ASP5354, an imaging agent being investigated for intraoperative ureter visualization in patients undergoing surgery, by initiating and completing a Phase III clinical study. We also have plans to conduct a clinical study in diabetes patients with the digital health therapeutics we are developing under an alliance agreement with Welldoc, Inc. Furthermore, several projects are poised to enter clinical trials at group company Iota Biosciences, Inc., whose proprietary technologies employ ultrasound to provide battery-free power and wireless communication to innovative ultra-small implantable medical devices that combine biosensing with treatment via stimulation of nerves and muscles. Although the Rx+ business remains small in scale compared with our prescription pharmaceuticals business, just as digital cameras revolutionized the camera industry, we see potential for a paradigm shift in the world of pharmaceuticals. Our VISION is to bring new VALUE to patients, and we strongly believe that there are opportunities to provide VALUE across the entire patient journey.



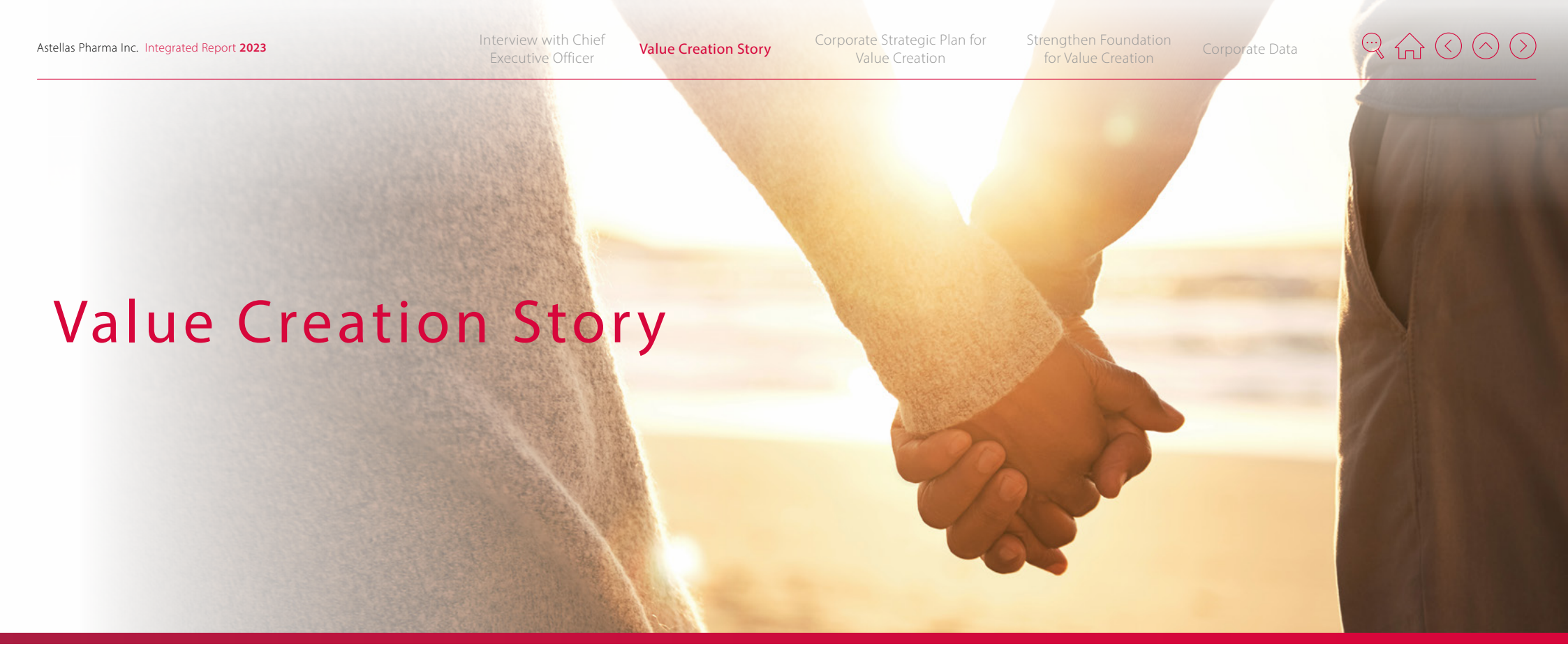
Q Lastly, do you have a message for investors?

As a man of my word, I will do everything in my power to achieve CSP2021.

For Astellas to have an impact on society, I think it essential that every employee believes that by working at Astellas, they are both contributing to patients and achieving self-growth. In my view, the role of Astellas management is to create a corporate culture that fosters such belief. As a man of my word, I will do everything in my power to achieve CSP2021. Please look forward to Astellas' continued growth.

Naoki Okamura
Representative Director, President and CEO

岡村直樹



Value Creation Story

CONTENTS

Value Creation Story

Value Creation Model 14
Our History of Value Creation 16
Management Capital 17
The Ideal Company Astellas Aims to Become 18
Astellas' Business Model for Creating Innovation 19
Astellas' Materiality 20
The VALUE that Astellas Provides 24
Providing Value to Stakeholders 25

Value Creation Model

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

Input

Financial Capital
- Invested capital
- Flexible financing for business opportunities

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

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

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

Human Capital
- Highly skilled talent
- DE&I

Natural Capital
- Natural resources
- Reusable energy
- Biodiversity

P.17

Philosophy

Raison D'être | Mission | Beliefs

VISION P.04

Social issues and requests from society

Solving social issues

Key Issues and Materiality P.20

Business Activity

Business Model

Fulfill the unmet medical needs by creating and delivering innovative treatments

Cutting-edge, VALUE-driven life science innovator P.19

- "VALUE Creation" through research and development activities
- "Value Delivery" through later stage development and commercialization activities

Strategy

Corporate Strategic Plan 2021 accelerating realization of VISION P.29

Strategic Goals

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

Talent and Organization which Create Innovation

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

Organizational Health Goals

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

Governance

Corporate Governance, Risk Management, Compliance

P.70

Output

XTANDI and Strategic Products



P.52

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

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

P.54

Rx+® Healthcare Solutions
- ASP5354: Visualization of the urethra in operations
- Wireless medical implantable devices
- Digital therapeutics
- ECG analysis service
- Exercise support service

Outcome

Maximize VALUE P.24

Common Definition of VALUE

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

Performance Goals P.29

Impact

Enhance sustainability of society and Astellas

Realization of sustainable society

Providing value to stakeholders

P.25

Sustainable enhancement of enterprise value

Earning trust from stakeholders

Enhancing management capital

Our History of Value Creation

Shifts in the Corporate Strategic Plan and strategic areas

Our VISION is updated in CSP2015 | CSP2018 | CSP2021

Global Category Leader (GCL) model

2005–2010: Urological disease, transplant fields

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

Focus Area Approach

» P.54

Apr. 2005 Astellas Pharma Inc. was established

2010

- Dec. 2007 Astellas acquired Agensys, Inc.
  - Acquisition of antibody-drug conjugate
- Entered field of cancer biology
- Sept. 2012 Astellas launched XTANDI (enzalutamide)
  - Target disease: Prostate cancer
  - Entered cell therapy platform
- June 2010 Astellas acquired OSI Pharmaceuticals, Inc.
  - Acquisition of oncology platform in the US

2015

- Dec. 2016 Astellas acquired Ganymed Pharmaceuticals AG
  - Acquisition of late-stage product zolbetuximab
- May 2017 Astellas acquired Ogeda SA
  - Acquisition of late-stage product fezolinetant
- Entered cell therapy platform
- Feb. 2016 Astellas acquired Ocata Therapeutics, Inc.*1
  - Acquisition of pipeline and leading-edge core technology position in ophthalmology and cell therapy

2018

- Dec. 2019 Astellas launched PADCEV (enfortumab vedotin-ejfv)
  - Target disease: Urothelial cancer
- Dec. 2018 Astellas launched XOSPATA (gilteritinib)
  - Target disease: Acute myeloid leukemia
- Nov. 2019 Astellas launched Evrenzo (roxadustat)
  - Target disease: Renal anemia
- Feb. 2018 Astellas acquired Universal Cells, Inc.
  - Acquisition of universal donor cell technology
- Dec. 2019 Astellas acquired Xyphos Biosciences, Inc.
  - Acquisition of next-generation cancer immunotherapy technology
- Entered genetic regulation platform
- Jan. 2020 Astellas acquired Audentes*2 Therapeutics, Inc.
  - Acquisition of a foundation in adeno-associated virus (AAV)-based gene therapy (AT132, AT845)
- Launched Rx+ business
- Oct. 2020 Astellas acquired Iota Biosciences, Inc.
  - Acquisition of unique bioelectronics technology

2021

- June 2023 Astellas has applied for zolbetuximab in US, Europe, Japan and China
  - Target disease: Stomach cancer
- May 2023 Astellas launched VEOZAH (fezolinetant) tablets 45mg
  - Target disease: Vasomotor symptoms associated with menopause
- Acquisition of new revenue-generating pillar
- July 2023 Astellas acquired IVERIC bio, Inc.
  - Acquisition of avacincaptad pegol (ACP)
  - Acquisition of foundational foundational ophthalmology

2023

- Sept. 2023 Astellas launched IZERVAY (avacincaptad pegol intravitreal solution) 2 mg
  - Target disease: Geographic atrophy secondary to age-related macular degeneration

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

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

Management Capital

The capital that Astellas has accumulated along with its steady growth is essential for enhancing the sustainability of society and of Astellas. We will promote corporate activities that use financial capital, manufacturing capital, intellectual capital, social and relational capital, natural capital, and human capital. By further strengthening these capitals, we will realize a sustainable society and sustainable enhancement of our enterprise value.

Financial Capital

- Invested capital
- Flexible financing for business opportunities

While maintaining a sound financial position, our top priority is investment for future business growth. We will be agile in our financing for business opportunities.

Share capital:	**¥1,508** billion (FY2022)
Interest-bearing debt*1:	**¥125** billion (FY2022)

Social and Relational Capital

- Corporate brand
- Human network
- Collaboration / alliance

We are promoting our business by leveraging the following: our corporate brand of running our business globally through innovative and reliable pharmaceutical products, a broad human network of our individual employees active in various specialized fields, and proactive and effective collaboration and alliances with various business partners, such as open innovation.

Companies/organizations acquired or partnered with in FY2022:	**8**

Manufacturing Capital

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

We have state-of-the-art in-house research facilities and manufacturing facilities covering commercial production of cell therapy and gene therapy. These are necessary for creating innovative new drugs and healthcare solutions, and we are expanding our business globally.

R&D sites:	**16** (FY2022)
Manufacturing sites:	**8** (FY2022)

Natural capital

- Natural resources
- Reusable energy
- Biodiversity

We use this capital in our business activities while taking steps to improve environmental sustainability. This includes using natural resources effectively, using reusable energy, and working to maintain and preserve biodiversity.

Volume of water resources withdrawn (1,000 m^3):	**6,864**
Water resource productivity (billions of yen per 1,000 m^3):	**0.22**
Renewable energy rate within total energy used:	**19%**

Intellectual Capital

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

We possess not only patents related to our products, but also intellectual capital that sustains our competitive strength. This takes the form of know-how for global new drug development and commercialization, and technical capabilities for various new modalities.

Number of patent applications published *2:	**38** (FY2022)
Cumulative number of active ingredients and formulations newly approved in any country globally:	**24** (from April 1, 2007 to March 31, 2022)
Cumulative number of countries in which above active ingredients and formulations have been approved:	**112** (from April 1, 2007 to March 31, 2022)
Commercialization of various modalities*3, clinical trial experiences	

Human Capital

- Highly skilled talent
- DE&I

We drive innovation and create new value through the activities of our highly skilled employees. We empower diverse people to contribute to our business using their specialized knowledge and skills, regardless of their race, nationality, gender, age, or other attributes.

PhDs (globally):	**1,281***4 (as of March 2023)
Employees engaged in R&D (Research and Development) in cell therapy, gene therapy, and regenerative medicine:	**933**
Employees engaged in digital science (highly skilled digital talent):	**345**
Ratio of non-Japanese and female division heads*5:	**53%** non-Japanese (37/70), **21%** female (15/70)
Succession planning	For details, please refer to P44

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

The Ideal Company Astellas Aims to Become

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



In order to realize our VISION,

For details, please see next page

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

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

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

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

Astellas will excel by purposeful allocation of its resources

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

Astellas will have an innovative culture and organization

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

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

Astellas' Business Model for Creating Innovation

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

Business Model

Fulfill the unmet medical needs by creating and delivering innovative treatments

Cutting-edge, VALUE-driven life science innovator

"VALUE Creation"
through research and development activities

×

"VALUE Delivery"
through later stage development and commercialization activities

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

Cutting-edge:

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

VALUE-driven:

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

Life science innovator:

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

Astellas' Materiality

Enhancing sustainability through Materiality initiatives

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

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

Steps in identifying Materiality

Astellas refreshed Materiality Matrix via the steps shown below.

STEP 01: Issue identification

We analyzed various references, such as SDGs-related frameworks, stakeholder engagement and communication, topics covered by ESG ratings, and recent trends in sustainability. We also ensured alignment with Corporate Strategic Plan 2021 (CSP2021) and acknowledged industry-specific issues. As a result, we identified 19 key issues.

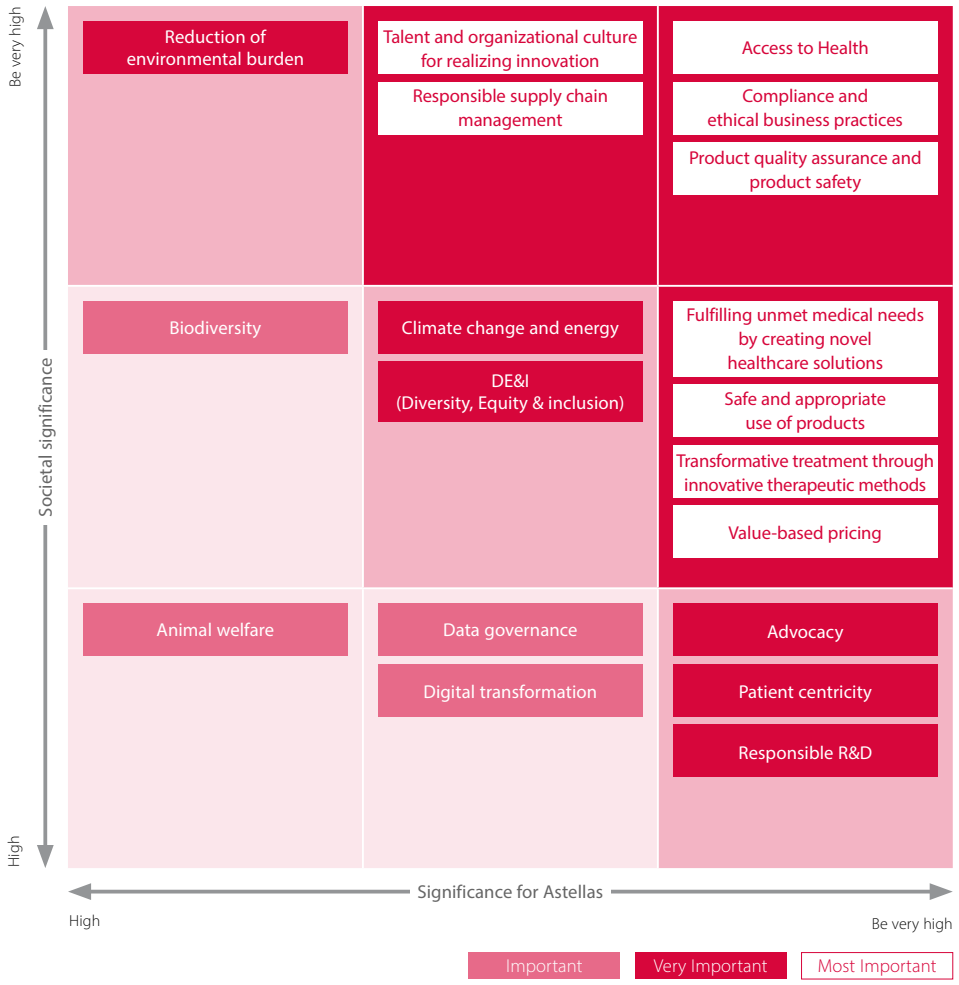
STEP 02: Issue prioritization

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

STEP 03: Review and finalization

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

* For details, please refer to P62



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

Astellas' Materiality

Sustainability Direction based on analysis of Materiality

In FY2022, Astellas newly established its Sustainability Direction as a medium-term sustainability plan for the period through FY2025.

Our new Sustainability Direction is closely aligned with CSP2021 and our Materiality Matrix. It focuses on Materiality and key issues related to environmental sustainability, which have been identified in Materiality Matrix.

In establishing our Sustainability Direction, Astellas performed a gap analysis by referencing global standards and precedents in each issue. We also conducted discussions in the Sustainability Advisory Panel and identified the initiatives in need of improvement. We then categorized each issue into two pillars and environmental element and collaborated closely with relevant divisions to summarize "Mid-term priorities for Astellas," "Initiatives" and "Our commitments by FY2025." Finally, we established our Sustainability Direction. Astellas intends to step up sustainability advocacy both internally and externally to ensure that stakeholders and society gain a deeper understanding of Astellas' path toward value creation.

We plan to revise our Sustainability Direction each time we issue a new corporate strategic plan.

Process of establishing our Sustainability Direction

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

Gap and opportunity analysis

Gap analysis

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

Sustainability Advisory Panel

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

Establishment of Sustainability Direction

Sustainability Direction

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

Two pillars for evolving sustainability

By prioritizing and subsequently addressing the Materiality, Astellas is on its way to "transforming to be a cutting-edge, VALUE-driven life science innovator," and "strengthening resilient and sustainable business operations to meet the expectations of society."

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

This is Astellas' business model for enhancing sustainability and providing innovative healthcare solutions by creating and realizing "VALUE." We will promote initiatives to address the following five material issues.

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

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

Astellas strengthens our business operations to ensure the stable supply of our products to patients under any circumstances. We will promote initiatives to address the following four material issues.

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

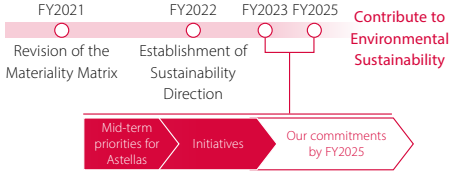
Environmental Sustainability

Companies are required to be actively involved in environmental issues. Recognizing that harmony between the global environment and our business activities is a prerequisite to our corporate existence, we shall take proactive measures to conserve the global environment.

- Reduction of environmental burden
- Climate change and energy

Initiatives and commitments for contribution to sustainability

We have established mid-term priorities for Astellas, initiatives, and our commitments by FY2025 for the Materiality related to the two pillars and environmental sustainability issues. We will also provide updates on our progress toward fulfilling our commitments.



Astellas' Materiality

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

Based on the pillars of Astellas' business model, "Transforming to be a Cutting-Edge, VALUE-driven life science innovator," Astellas will provide innovative healthcare solutions by creating and realizing "VALUE."

Most important issues (Materiality)	Mid-term Priorities for Astellas	Initiatives	Our Commitments by FY2025
Access to Health	Translate innovative science into VALUE through the Focus Area approach to R&D, introducing novel therapies and modalities to treat diseases with high unmet medical needs.	Addressing unmet medical needs for provision of solutions that produce better outcomes than previously possible.	Aim to improve the lives of patients and caregivers around the world and contribute to reducing the overall load on the healthcare system.
Value-based pricing Transformative treatment through innovative therapeutic methods	• Maximize patient access to Astellas' innovations and enable them to achieve better outcomes. • Beyond the pharmaceutical space, develop and commercialize novel healthcare solutions.	• Providing comprehensive access programs throughout the product lifecycle. • Supporting healthcare system-strengthening programs in partnership and Astellas Global Health Foundation.	• Provide as many patients as possible with access to our products. • Impact more than 36 million people (cumulatively) by improving disease awareness, prevention, and access to healthcare services.
Talent and organizational culture for realizing innovation	Advocate a value-based pricing for stakeholders to ensure innovative medicines in new modalities contribute to the health of patients around the world and realize the sustainable healthcare system.	Advocating for value-based pricing as a basis to support access to medical innovations.	Contribute to sustain healthcare systems through advocating for value-based pricing.
Fulfilling unmet medical needs by creating novel healthcare solutions	• Create an environment within Astellas that fosters innovation. • Align strategy with the right capabilities, embraced in a culture that promotes innovation.	Optimizing the number of people under one manager's control and reducing layers, reinforcement of succession planning, and cultivation of a culture ensuring psychological safety and encouraging active feedback.	Foster talents and an organizational culture with trusted capabilities to deliver innovation.

Astellas' Materiality

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

In order to deliver our products to patients under any circumstances, we will respond to the sustainability of society by focusing on "Strengthening Resilient and sustainable business operations to meet the expectations of society."

Most important issues (Materiality)	Mid-term Priorities for Astellas	Initiatives	Our Commitments by FY2025
Compliance and ethical business practices Product quality assurance and product safety	Sustains a resilient business that continuously supplies products during unpredictable or emergency situations.	• Sustains a resilient business that continuously supplies products during unpredictable or emergency situations. • Enhancing material sourcing and product supply networks through various means including double sourcing and diversified distribution bases.	Establish a more sustainable and resilient value chain.
Responsible supply chain management Safe and appropriate use of products	Further enhance capability to secure patient safety and product quality as well as optimizing customer interaction for maximizing value for patients.	• Fostering a Culture of Quality through leadership commitment, employee engagement and patient centric mindset. • Evolving customer experience with coordinated omnichannel engagement leveraging digital.	Ensure patient safety and product quality by fostering a Culture of Quality and by evolving customer experience.

Environmental Sustainability

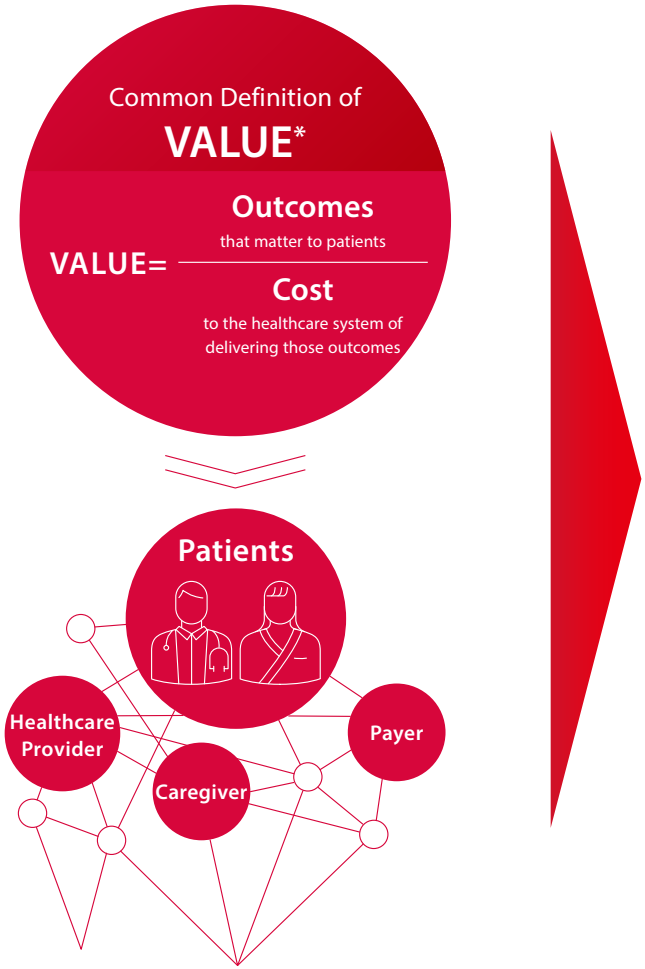
Reduce the environmental burden of Astellas' business, address climate change and energy issues, and respond to environmental sustainability.

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

The VALUE that Astellas Provides

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

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



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

VALUE
OF PATIENTS

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

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

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

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

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

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

Providing Value to Stakeholders

Public administration

Value provided

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

Academia, research institutions

Value provided

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

Local community

Value provided

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

Examples of activities

- Open Forum targeting general public (twice/FY2022)
- Cross Talk Forum (once/FY2022)

Patients and their families, healthcare professionals

Value provided

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

Dialogue results

- Medical seminars for patients and their families (twice, FY2022)

Employees

Value provided

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

Dialogue results

- Ask Me Anything* (21 times/FY2022)
- Live Stream (four times/FY2022)

Shareholders and investors

Value provided

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

Dialogue results

- IR meetings with securities analysts and institutional investors (approx. 260 times/FY2022, including 20 ESG meetings)
- Earnings calls and IR events (product-related meetings, R&D meetings, sustainability meetings, etc.) (10 times/FY2022)

Business partners

Value provided

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

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



Corporate Strategic Plan for Value Creation

CONTENTS

Corporate Strategic Plan for Value Creation

Top Management — 27
Progress of Corporate Strategic Plan — 28
Corporate Strategic Plan 2021 — 29
Interview with Chief Strategy Officer — 30

Financial Strategy — 33

People Strategy

Interview with Chief People Officer and Chief Ethics & Compliance Officer — 36

Special Feature I
Roundtable: An Evolving Organizational Culture -The Organizational Health Goals at Work- — 38
People and Organization for Innovation — 43
Engagement, Diversity, Equity and Inclusion — 47

Commercial Strategy

Interview with Chief Commercial Officer — 48

Special Feature II
VEOZAH: New nonhormonal treatment option for VMS due to menopause — 49
Main Product Sales — 52

R&D Strategy

Interview with Chief Medical Officer — 53
Areas of Interest — 54

DX Strategy — 59

Sustainability Strategy

Interview with the Head of the Sustainability Division — 61
Initiatives for Contribution to Sustainability — 62

Top Management



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

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

3 Yoshitsugu Shitaka
Chief Scientific Officer (CScO)

4 Tadaaki Taniguchi
Chief Medical Officer (CMO)

5 Hideki Shima
Chief Manufacturing Officer (CMfgO)

6 Claus Zieler
Chief Commercial Officer (CCO)

7 Adam Pearson
Chief Strategy Officer (CStO)

8 Catherine Levitt
General Counsel (GC)

Progress of Corporate Strategic Plan

FY2015–FY2017 Corporate Strategic Plan 2015

Financial Guidance

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

FY2018-FY2020 Corporate Strategic Plan 2018

Major Initiatives and Accomplishments

1 Maximizing Product VALUE and Operational Excellence

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

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

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

3 Developing Rx+ Programs

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

Financial Guidance

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

FY2021–FY2025 Corporate Strategic Plan 2021

Performance Goals

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

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

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

Strategic Goals

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

We have four Strategic Goals, and the first three goals focus on "what's next" following our efforts in CSP2018. SG4 is newly introduced. We considered that it is needed to set sustainability-related thinking at the core of our business. We aim at solving social issues through our core business. Our sustainability is the sustainability for both society and Astellas.

Organizational Health Goals

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

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

We have newly set Organizational Health Goals in CSP2021. We have adopted three goals. We recognized that we need to transform our organization and create the best internal environment to drive innovation and maximize our execution.

*1 CAGR for 3 years starting from FY2014 results *2 Cumulative total of FY2018-FY2020
*3 PADCEV, XOSPATA, zolbetuximab, Evrenzo, VEOZAH, AT132

Corporate Strategic Plan 2021

Progress of Strategic Goals

Goals	Major Initiatives and Accomplishments in FY2022*1	Relationship to Material Issues
Strategic Goal 1: Enable patients to achieve better outcomes	• XTANDI: met primary endpoint in Phase 3 EMBARK study in non-metastatic castration sensitive prostate cancer (March 2023), supplemental New Drug Application (sNDA) accepted in US (August 2023) • PADCEV: granted accelerated approval in US for additional indication of first-line therapy for patients with locally advanced or metastatic urothelial cancer who are not eligible to receive cisplatin-containing chemotherapy (April 2023) • VEOZAH (fezolinetant): Marketing Authorization Application (MAA) accepted in Europe (September 2022) and approval obtained in US (May 2023) • Zolbetuximab: NDA/Biologics License Application (BLA)/MAA accepted in Japan (June 2023), US, Europe and China (July 2023) • IZERVAY (avacincaptad pegol): approval obtained in US (August 2023), MAA accepted in Europe (August 2023)	❶ ❷ ❸ ❹ ❺ ❻
Strategic Goal 2: Translate innovative science into proven VALUE	• In FY2022, seven new drug candidates discovered through results of research • In FY2022, two programs entered clinical stage (both in Primary Focus Immuno-Oncology) • Selected Targeted Protein Degradation as new Primary Focus • Deployed new R&D operating model with view to accelerating PoC*2 achievement	❶ ❷ ❸ ❹
Strategic Goal 3: Advance the Rx+ business	• Entered into an exclusive US commercialization agreement with Stryker for pudexacianinium chloride (ASP5354, a novel surgical imaging agent) • Commenced sales pilot of Holter electrocardiograph, EG Holter™ • Entered into agreement with Roche Diabetes Care Japan for commercialization of blood glucose monitoring system as combined medical product with BlueStar digital health solution for diabetes self-management	❶ ❷
Strategic Goal 4: Deepen our engagement in sustainability	• Established Sustainability Direction as guide to addressing nine material issues and two key issues related to the environment sustainability, incorporating medium-term priorities, initiatives, and commitments by FY2025 • Visualized the impact of Astellas' Access to Health (ATH) initiative by creating ATH metric with number of patients who received VALUE delivered by Astellas through comprehensive Access to Medicine mechanism • Declared Net Zero GHG emissions by 2050, received accreditation from the Science Based Targets (SBT) initiative for its 2030 GHG emission reduction targets, and established a GHG emissions reduction strategy to realize our commitment to climate change	❶ – ⓫

Progress of Organizational Health Goals

Goals	Major Initiatives and Accomplishments in FY2022*1	Relationship to Material Issues
1. Brave ideas pursue ambitious outcomes 2. Talent and leadership thrives 3. We excel as one Astellas	• Driving the development of a feedback culture through the execution of forums and feedback tools that focused on improving psychological safety and innovation. Concentrated on talent development with the launch of simplified competencies, talent toolkit, improved succession planning and inaugural Female Connect & Lift program*3 • Driving a flatter organization with less management hierarchy to promote rapid decision-making and strategic transformation into an innovative organization	❾

*1 Some information includes after April 2023 *2 PoC: Proof of Concept (key clinical data supporting a decision to initiate late-stage development) *3 Female Connect & Lift program: program for the development of female leaders

Key Issues and Materiality

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

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

Interview with Chief Strategy Officer



My recent experience as a patient gives me even more motivation to help us make the right choices to have a big impact on patients

Chief Strategy Officer (CStO)
Adam Pearson

Q Could you tell us about your recent medical issues and what you learned from them?

Ultimately, I learned how important what we do in a pharmaceutical company is and how much difference it makes.

Last June in a regular medical checkup in Japan, I had some unusual blood test results which led to a diagnosis of a kidney condition. A further test showed a possible cause of this might be AL amyloidosis, a relatively rare bone marrow condition that is not curable. I returned to the UK for tests that confirmed the diagnosis. I was fortunate that they found the disease at an early stage and that several chemotherapy treatments are available. I've responded quite well to treatments.

I'm fully back at work now and hope to continue to work without too much of a disease burden for a while. It's the first time that I or anyone I'm close to has had such a serious disease. So, this experience has brought me a lot closer to the healthcare system in the UK and Japan, especially oncology. I gained perspective both as a patient myself and as a member of various patient groups: Living with uncertainty all the time, the need for information and explanation, how thankful you are when drugs are available to treat the disease—but also how difficult it can be when they are not.

I experienced how confusing healthcare systems can be, in part because patients often have multiple diseases. I also found that side effects are really important—I stopped one very efficacious drug because of the side effects. Even for life-saving medicines, it's a real trade-off. I also learned how kind people are. I got hundreds of messages and many people kept checking in. Several of them were on chemotherapy who were in a far worse condition than me, but they still wanted to support me.

But I suppose the biggest take away is that what we do in a pharmaceutical company is so important and makes such a difference. So many patients rely totally on medicines which companies like ours have a role in producing, to control their disease.

Q How is strategy developed and executed within Astellas and what is your role within that process?

As CStO, I am in a position to help build the future of this dynamic company, by creating the frame in which strategy can develop and evolve in a coherent way within the context of our financial constraints and goals.

I've worked at Astellas for nearly 20 years, and sometimes I've thought "why do we do that?" or "why not this?" Now I have a greater chance to understand why some decisions are made and also influence those in order to make an impact. My recent experience as a patient gives me even more motivation to help us make the right choices to have a big impact on patients.

The CStO area is all about building our future, with functions like corporate strategy, patient centricity, business development, and the Primary Focus Leads all focusing around our long-term direction and how we collectively get there. It also covers Digital, Analytics and Technology*, which will help us to leverage these technologies to create VALUE in new ways. And it covers our new non-pharma businesses, including Rx+ and bioelectronics.

Creating and executing strategy is not something a single person can or should do on their own. In order for the strategy to be well informed, and well executed, it needs leaders from across the business — from Top Management to Subject Matter Experts, to be part of the discussions. My role is to create the conditions and frame in which the right strategy can be developed and evolved, from Corporate to R&D and the portfolio to DX (Digital transformation) Strategy and

* At the time of the interview conducted in April 2023.

Interview with Chief Strategy Officer

functional strategies across the value chain. I need to make sure that it all hangs together across these areas. I also need to ensure that our strategy reflects not only our long-term aspirations but also our current financial context. Another aspect of my role is to make sure that we set up to implement strategy well—that we have the right capabilities, but also the right environment, talent, and culture which collectively makes up our organizational health.

Astellas strives to be a VALUE-driven life science innovator, seeking to create and deliver VALUE for patients using innovative science. Astellas considers VALUE to be a reflection of the outcomes patients receive from our products within the context of the costs to the healthcare system for delivering those outcomes. In this way, we're looking to make big changes to the treatment of patients, with R&D focusing on the linkages between modalities and biologies that will create platforms to generate innovative drugs. The Corporate Strategic Plan we launched just over two years ago, CSP2021, set out specific strategies for achieving our overall goal of bringing innovation to patients, in terms of how we provide VALUE to patients, how we create VALUE in our R&D, and how we create VALUE outside the prescription pharmaceutical business. It also set goals for our organizational health to enable us to be effective in executing our strategies.

CSP2021 also includes financial performance goals both to provide a clear set of internal milestones for achieving sustainable financial performance as well as to communicate to outside investors and other stakeholders what we believe we can achieve. This is a good compass for us, guiding us in making choices and setting priorities to achieve our goals.

Q What are your priorities for FY2023?

This year at least, I am focusing on five priorities.

It is important within my role and indeed across our Management Team to respond to internal and external changes as and where appropriate. However right now, I have five big priorities.

Astellas is in a unique situation in that we have a new CEO and a new Top Management team. This means we can provide a fresh perspective on our selected strategies and bring new thinking to how we execute these within and across the business. This will be my first priority.

The second involves the acquisition and integration of other companies to support the CSP goals. For instance, we acquired Iveric Bio, which is a fantastic opportunity for Astellas to serve patients in the field of ophthalmology who have some serious unmet needs, and are exploring other acquisitions.

My third priority is the integration of our digital analytics and technology function, and supporting our new Chief Digital Officer as they start their role. I want to put digital analytical technologies, data, and information technologies at the heart of VALUE creation in the company, making sure that we not only make the right choices as to how we invest in technology, but also improve our capabilities to adopt technology.

My fourth priority is to ensure that we drive simplification of our business to support operational effectiveness. We have evolved policies and procedures and ways of working with good intent and purpose, but it has become harder for everyone, especially those working directly to bring our drugs to patients, to get things done quickly and efficiently. It is at the top of my agenda to ensure that we tackle this top down, particularly with the corporate functions that govern a lot of processes and policies.

Finally, my fifth priority is to support the new R&D operating model, ensuring that it is effective in progressing and accelerating our assets through to proof of concept and beyond.

Q The market is interested in the growth story for Astellas after the XTANDI loss of exclusivity. How would you achieve that growth?

Looking beyond FY2025, we will address challenges in the early stage pipeline in part by bringing in outside innovation at different stages.

CSP2021 set out ambitious performance goals for the business up to FY2025, but also implied goals beyond that. Critical to this was the launch of new indications of PADCEV and the launch of VEOZAH, zolbetuximab, and AT132. We also needed a number of early stage projects to reach proof of concept and enter late stage development. As far as the late stage assets are concerned, we are mostly satisfied with their growth and with the potential for assets not yet launched.

Interview with Chief Strategy Officer

We haven't had the success we wanted in the early stage pipeline. That's something that's always hard to control, especially when pursuing ambitious goals in new, innovative areas. We're addressing both by building our own capabilities and by bringing innovation in from outside like Iveric Bio, that will support our financial goals and also build our presence and knowledge in the strategic franchise of ophthalmology, where much of our research and early stage development is. We will continue to look at other opportunities to bring outside innovation into the company, at different stages, to reach our growth ambitions after the XTANDI loss of exclusivity.

Q Midway through CSP2021, what has Astellas achieved so far and what is to come?

We've made good progress with many of our Strategic Goals, but still have work to do on our Organizational Health Goals and Performance Goals.

The strategic ambitions we laid out have helped drive programs of change or development, and we are now seeing new ways of working or capabilities being implemented—for example, our R&D operating model built around the Primary Focuses, or new ways of combining different types of evidence as we develop new drugs. We have made steps forward in collaborating across different functions to support and communicate with our customers and stakeholders.

Our late-stage portfolio and marketed products are largely delivering what we hoped they would, and we have two major Rx+ programs heading into the data generation and commercialization phase. We have also reshaped our Sustainability strategy.

As for our Organizational Health Goals, there has been some positive change but we still have some way to go. I think collaboration has improved in critical areas, particularly among our functions developing and commercializing our drugs. We are gradually investing in and improving our approach to talent development, but there is still work to do. On creating a brave, open innovative culture, I think the message is out there and has been understood, but we are still working out how to really make it come alive—trying to encourage proactive sharing of ideas, risks and alternative views.

In terms of Critical Enablers, we've made a lot of progress in the areas of VALUE Gene and patient centricity. In fact, we've been able to pilot new VALUE Gene capabilities and embed them into the business as business as usual. This has given us the space to identify new differentiating capabilities to pilot. In patient centricity, we're getting a lot of good feedback from R&D about its ability to provide patient insight that informs our development areas and programs. The other Critical Enabler is Digital Transformation. Here, there have been some individual successes, but as a whole, we want the change to be broader and more value-creating.

The last area is Performance Goals. We knew the financial trajectory was never going to be linear—a lot of the improvement in growth and profitability has come in the last two years. So it's been hard to show as much progress as we would have liked. Having said that, we are responding to the challenges we have faced, particularly in the early stage pipeline, with acquisitions like Iveric Bio that address the post-FY2025 financial trajectory—and even pre-FY2025 performance—and bring in stronger cash flows to fund sustainable R&D investment.

So we are making progress, but there is much work to do. Despite a tough external environment, our launched products are growing well and providing VALUE to patients. Our innovative pipeline is progressing slower than we might have anticipated, but we are making improvements to accelerate progress. Our CSP2021 is providing the roadmap to our VISION. With the new launches we have ahead of us, I am optimistic we will reach our goals.



Financial Strategy

1. Basic Policy

Astellas is committed to delivering VALUE for patients around the world, through corporate activities that put emphasis on generating stable cash flow and enhancing shareholder value (in short, market capitalization). The basic policy underpinning our financial strategy is to enhance enterprise value by achieving sustained growth in profit, through a well-balanced allocation of the cash thus generated between business investments geared toward future growth and returning profit to shareholders.

One of the Performance Goals of our current Corporate Strategic Plan 2021 (CSP2021) is to achieve a more than 30% core operating profit margin in FY2025. While from an investment efficiency standpoint we also see a need in future to monitor ROIC*1 and ROE*2 as two indices measuring the profitability of invested capital, the focus for now is on achieving our core operating profit margin target as we strive to build a financial structure that consistently generates profit.

We also emphasize accountability and sustainability in our pursuit of increased enterprise value. Our policy is to expand information disclosure with a view both to enhancing enterprise value by earning the trust of shareholders and investors, and securing the understanding of other stakeholders.

*1 Abbreviation for Return on Invested Capital; a financial metric that aims to measure the percentage return that a company earns on invested capital.
*2 Abbreviation for Return on Equity; a financial metric for measuring the profits generated using shareholders' equity.

2. Progress of Corporate Strategic Plan 2021

Review of FY2022

Revenue increased 17.2% YoY to 1,518.6 billion yen in FY2022, underpinned by growth in sales of the prostate cancer drug XTANDI, urothelial cancer drug PADCEV, and acute myeloid leukemia drug XOSPATA.

SG&A expenses, excluding co-promotion fees for XTANDI in the US, increased by 11.1% YoY to 454.8 billion yen, but decreased by 1.3% or 5.1 billion yen YoY when the impact of forex is excluded. Not only did personnel expenses fall amid global optimization of commercial personnel, but also Astellas strove to reduce sales promotion costs for mature products such as the overactive bladder treatment mirabegron. At the same time, we invested actively in PADCEV growth and launch readiness for VEOZAH (fezolinetant), such that sales promotion expenses rose YoY. Overall, we were able to rein in costs according to plan while also making the necessary investments, maintaining control over SG&A costs throughout the year.

R&D expenses increased by 12.2% YoY to 276.1 billion yen but rose only 1.1% YoY when forex effects are excluded. The main factor behind the increase in R&D expenses was the booking of one-time costs for using a priority review voucher in Q1 to expedite approval in the US for VEOZAH. In real terms (excluding this one-time cost), R&D expenses decreased YoY.

As a result, core operating profit increased 17.2% YoY to 286.9 billion yen.

(billion yen)	FY2021	FY2022	Change	Change (%)	FY2022 FCST*3	Achievement
Revenue	**1,296.2**	**1,518.6**	**+222.5**	**+17.2%**	**1,529.0**	**99.3%**
Cost of sales	253.0	288.4	+35.3	+14.0%		
% of revenue	19.5%	19.0%	–0.5 ppt			
SG&A expenses	548.8	630.3	+81.4	+14.8%	642.0	98.2%
US XTANDI co-pro fee	139.3	175.5	+36.2	+26.0%	186.0	94.3%
SG&A excl. the above	409.5	454.8	+45.3	+11.1%	456.0	99.7%
R&D expenses	246.0	276.1	+30.1	+12.2%	278.0	99.3%
Amortization of intangible assets	28.3	38.4	+10.2	+35.9%		
Gain on divestiture of intangible assets	24.2	0.2	–24.0	–99.1%		
Core operating profit	**244.7**	**286.9**	**+42.2**	**+17.2%**	**290.0**	**98.9%**
<Full basis>						
Other income	15.3	3.6	–11.6	–76.1%		
Other expenses	104.3	157.5	+53.2	+51.0%		
Operating profit	**155.7**	**133.0**	**–22.7**	**–14.6%**	**137.0**	**97.1%**
Profit before tax	156.9	132.4	–24.5	–15.6%	135.0	98.0%
Profit	**124.1**	**98.7**	**–25.4**	**–20.4%**	**105.0**	**94.0%**

*3 FY22 FCST were announced in Oct 2022, provided that full basis is the revised forecast announced on April 11, 2023.

Financial Strategy

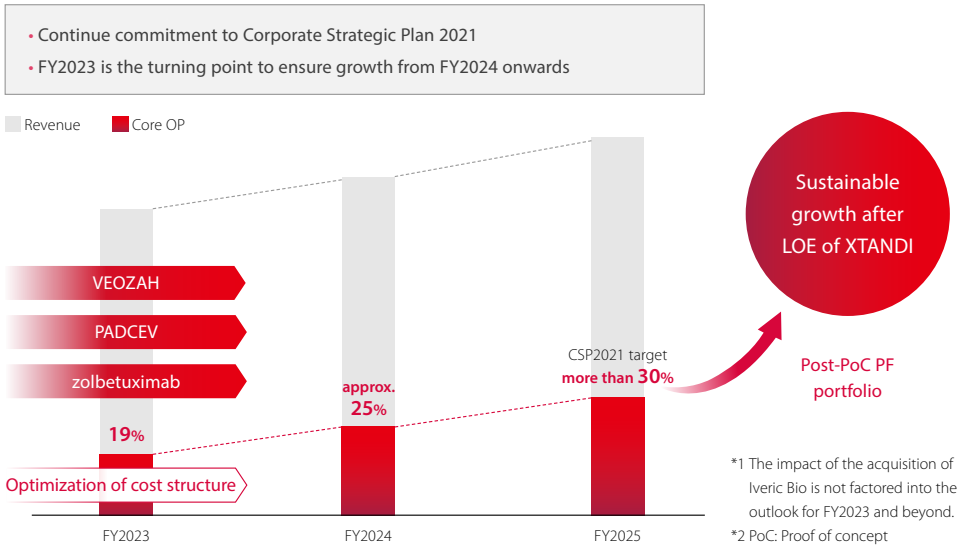
Initiatives for FY2023 Onward

We regard FY2023 as a turning point for CSP2021, marking a key inflexion point ensuring growth from FY2024 onward. We have high expectations that VEOZAH will become a blockbuster and to that end have assigned the drug greater investment priority, spending proactively with a view to realizing rapid market penetration and expanding sales after launch. In the case of PADCEV, we hope the indication of first-line therapy for metastatic urothelial cancer will become a major growth driver. We expect sales expansion in the US as well as progress in development toward global approval filings. With zolbetuximab, we will proceed with global submissions while at the same time making investments supporting market penetration after launch. In this manner, we will target sales expansion with new products and new indications while simultaneously undertaking investments in creating the optimal cost structure for the future.

To achieve a core operating profit margin of 30% in FY2025, we will maintain a policy of keeping SG&A expenses flat in terms of the absolute amount, while acknowledging that SG&A expenses in fact could increase in tandem with revenue as we make the optimal investments for prioritizing growth. We seek the most efficient balance as we look to realize sustained growth while also maximizing enterprise value.

As we pursue cost structure optimization, though, we will continue to curtail any excessive growth in SG&A expenses. While we already have had a degree of success in optimizing the cost structure, there remain opportunities for efficiency gains. In the process of transforming our organization from a regionally segmented organization into one governed by function, the organization ended up gaining more layers. Against this backdrop, we continue to advance organizational flattening while simplifying procedures and eliminating duplication of effort, enhancing the organization's decision-making speed as well as optimizing the cost structure through productivity and efficiency gains. In this manner, by further growing sales of high-margin products while persisting with efforts toward cost structure optimization, we seek to vastly improve the ratio of SG&A expenses to revenue.

Toward Achievement of CSP2021 (Image)



*1 The impact of the acquisition of Iveric Bio is not factored into the outlook for FY2023 and beyond.
*2 PoC: Proof of concept
*3 PF: Primary Focus
*4 LOE: Loss of exclusivity

3. Capital Allocation

In our capital allocation policy at Astellas, our top priority is investment for business growth as a key plank in our policy of grasping opportunities to maximize product value while adapting to constantly changing circumstances. Our intention is to raise the dividend level throughout the period covered by CSP2021, in line with our profit/cash flow plan and actual performance. When excess cash is available, we will execute share buybacks flexibly.

Investment for Business Growth

As detailed above in "Initiatives for FY2023 Onward," by "investment for business growth" we mean actively engaging in investment geared toward future growth. One of our options in this respect is to invest in other companies. In such cases, we eschew investment in companies

Financial Strategy

with established businesses in favor of investing—by means such as M&A—in companies offering cutting-edge technologies and programs. Our basic policy is to retain a flexible approach to undertaking M&A should the opportunity arise.

In July 2023, Astellas acquired Iveric Bio, a biopharmaceutical company with expertise in the ophthalmology field. Iveric Bio has promising programs including IZERVAY*1 (avacincaptad pegol) for the treatment of Geographic Atrophy (GA) secondary to Age-Related Macular Degeneration (AMD), and capabilities across the entire value chain in the ophthalmology field. We believe that this acquisition will enable Astellas to deliver greater VALUE to patients with ocular diseases at high risk of blindness."

As this acquisition involved a large outlay of approximately 800 billion yen, our plan for now is to focus on integrating Iveric Bio's operations and shifting its business into high gear. In enacting our current R&D strategy, though, we will continue employing M&A and other means to invest in the acquisition of necessary technologies, platforms, and capabilities, in line with our basic policy. We will make further investments in the fields of cell and gene therapies, as we consider these technologies critical to Astellas' future growth.

*1 FDA approval obtained in US (Aug 2023), MAA accepted by EMA in Europe (Aug 2023).

Shareholder Returns

Astellas also will continue working aggressively toward improving returns to shareholders. We strive to increase dividend payments stably and continuously based on medium- to long-term growth in consolidated profits. Further, we will flexibly buy back shares when excess cash is available, with a view to increasing capital efficiency and returning more profit to shareholders. In anticipation of medium- and long-term growth in FY2024 and beyond, we are planning a 10 yen dividend increase to 70 yen per share for FY2023.

The 800 billion yen in funding for the Iveric Bio acquisition uses debt financing. With our strong cash flow, we expect to repay this debt within the next five to seven years. If there is cash left over after debt repayments, we will look at either paying down the debt early or returning the excess cash to shareholders, depending on the circumstances.

Investment for Business Growth

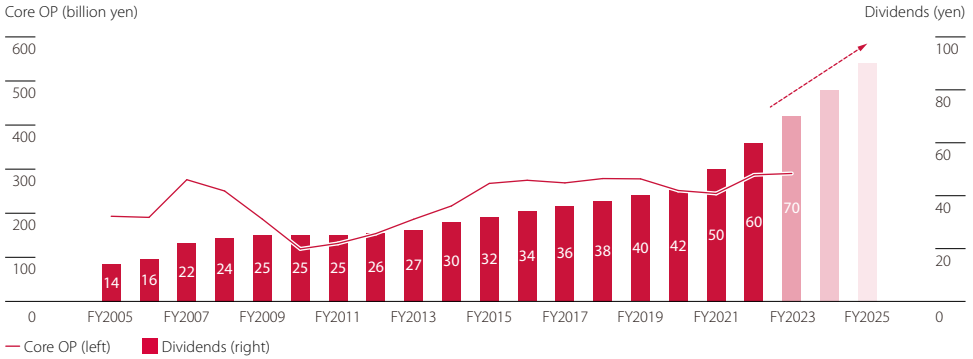
① Top priority is investment for business growth

② Raise dividend level aligned with profit / cash flow plan and actual performance throughout CSP2021 period

③ Flexibly execute share buyback by excess cash

Aiming for higher level of dividends increase during CSP2021 aligned with the robust profit growth forecast

Trend of Core OP and dividends



*2 Prior to FY2012, operating profit is in accordance with J-GAAP.
*3 The impact of the acquisition of Iveric Bio is not factored into the outlook for FY2023 and beyond.

People Strategy Interview with Chief People Officer and Chief Ethics & Compliance Officer



As work styles diversify, we seek to accelerate innovation by assembling the best possible team with a strong growth mindset, comprising individuals from both inside and outside Astellas.

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

Q How did you contribute to Corporate Strategic Plan 2021 (CSP2021) as CPO & CECO, and how will that change with your new appointment as Representative Director, Executive Vice President?

This fiscal year, Astellas made significant strides toward achieving our Organizational Health Goals (OHGs), and as Executive Vice President, I am committed to accelerating innovation at Astellas.

Building an organizational culture that facilitates innovation is not an endeavor that delivers results swiftly. However, in this third year of CSP2021, significant changes have been observed in our organizational culture, particularly in our internal meetings involving Top Management. We will continue to foster an environment where ideas are freely proposed and encouraged during discussions. Similarly, our decision-making meetings have transformed into spaces that promote constructive debate, allowing participants to express frank and, at times, directly conflicting opinions. I believe that this approach has been instrumental in enabling us to make appropriate decisions while embracing intelligent risk-taking. Furthermore, I have noticed a significant increase in the number of employees taking proactive initiatives. Recent data shows a higher rate of employees voluntarily moving to different functions in response to internal job postings, fostering greater employment mobility within Astellas. This not only cultivates a proactive work environment but also ensures the right person in the right position.

In our quest to foster innovation, we are working on transforming our organizational culture and making the organization flatter to facilitate quicker decision-making. While implementing this approach, we have faced some resistance. Concerns have been raised, suggesting that flattening the organization might lead to a reduction in managerial positions. However, personally, I do not believe that managerial experience is an indispensable aspect of one's career trajectory. I firmly believe that individuals should have the autonomy to choose between a specialist or managerial career path based on their preferences and skills. To me, the distinction between the two paths is inconsequential. What truly matters is ensuring that the right individuals are involved whenever significant tasks arise. Transforming an organization's culture is undoubtedly a challenging endeavor, but we have made significant progress by utilizing actual data to develop a comprehensive understanding of the organizational issues that existed before the reforms took place in Astellas.

I have been a member of the Top Management team for some time now, and since my appointment as Representative Director and Executive Vice President, there have been no significant changes for me in the working environment. We live in an era that demands both an understanding of human capital management and a proactive approach to intervene in management matters. I believe my appointment reflects Astellas' recognition of the necessity to actively pursue our OHGs in order to drive innovation.

Q Japanese companies are now required to enhance their human capital disclosure. Could you please provide information about Astellas' disclosure policy as a global company and provide an overview of the measures being implemented?

At Astellas, we understand the vital role of human capital disclosure, which extends far beyond presenting mere numbers. Instead, we aim to integrate a storytelling approach that aligns with our corporate strategy. By doing so, we can offer investors a more insightful and holistic view of our workforce and its impact on our organization. To this end, we provide detailed results from our global engagement survey which allows us to comprehend the sentiments and perspectives from our employees companywide.

Incorporating human capital in management decisions is critical at present, and this belief has been steadfast throughout my career. I believe that management decisions must be grounded not only in qualitative information, but also in quantitative data, akin to the approach taken in sales or marketing decisions. As Astellas has a global human capital-related database, we have easy access to such vital data, and we are committed to further enhancing transparency going forward.

People Strategy Interview with Chief People Officer and Chief Ethics & Compliance Officer

I believe that human capital disclosure should not be limited to merely quoting numbers. Rather, it is important for human capital disclosure to tie in with the story telling approach following our corporate strategy. Astellas has a clear aspiration outlined in CSP2021 and our OHGs. To monitor the progress of our journey, we carefully identify the appropriate KPIs.

Astellas utilizes an essential indicator, the global engagement survey score for all employees, to assess improvement opportunities and monitor progress. Instead of evaluating the score solely based on overall results, we analyze it in relation to each target of the OHGs and by functions. This approach allows us to identify specific areas for improvement. For instance, a team with a high score related to white space* doesn't simply have extra time; it may be due to the leader's implementation of unique measures or effective work-life balance achieved through team discussions. Rolling out these successful practices horizontally to other functions holds great importance.

* White space is defined as "having the time, tools, and expertise to think of new ideas." It is having the necessary resources to be innovative.

Q Please describe how Astellas secures and develops talent in this era of cross-border and cross-industry competition for talent.

In recruiting and retaining talent, we place great emphasis on diversity and make decisions based on each individual's career aspirations and potential.

It is essential not only to recruit personnel but also to retain them. While employment conditions are crucial, we also believe that it is necessary to foster a deep understanding and respect for each individual's career aspirations and potential. In this regard, the role of people in management and oversight positions is critical. When it comes to recruitment, I recall that when filling a senior position in a particular division, we posted the role globally to attract internal and external candidates, resulting in an impressive array of submissions. Looking ahead, we are committed to maintaining this creative approach in recruiting top talent.

We have invested a lot of effort into succession planning. We have a system in place that clearly sets out succession plans and identifies candidates for each position, and in this respect, I believe Astellas compares very favorably with global peers. On the other hand, I still feel there is an opportunity for us to improve. For example, we must be sensitive to unconscious bias and make sure that we are choosing the best people drawn from a diverse candidate pool. My goal is to bring about improvement in this respect by promoting greater awareness of diversity.

Q Lastly, please tell us what you are currently focusing on and share your message for stakeholders.

In an ever-changing society, Astellas aspires to be a dynamic company that not only fosters continuous growth and innovation, but also demonstrates the foresight and adaptability to navigate these shifts with flexibility.

Transforming the organization into one that fosters continuous innovation requires a company-wide effort, involving not only the human resources (HR) division but every division. It is crucial to establish a framework that empowers managers in each division to independently ideate and implement their innovative ideas, maximizing the need for constant involvement from HR. To facilitate this, the development of supportive systems and tools becomes paramount. The HR data dashboard currently in use shows promise but has room for further improvements to enhance its user-friendliness. To nurture a culture of innovation throughout Astellas, we are committed to developing the skills and mindset of our managers themselves with the necessary training and resources.

To better deliver on CSP2021, each of us must focus on our own priorities and dedicate more time to execution. I have several ideas for allocating more time to planning, discussions, and reviews, including a clearer division of periods for planning and execution.

In addition, I believe that lifelong learning will increasingly become a crucial aspect for our employees. By continually pursuing further learning and acquiring new skills, both within our internal networks and externally, our employees can thrive in a world that demands continuous growth and adaptation. In fact, we embrace the idea of employees exploring side jobs outside Astellas to gain valuable experience. We aim for Astellas to become the preferred choice for external individuals seeking side job opportunities. To drive innovation, we actively encourage such practices and provide a supportive platform for lifelong learning. By assembling a team with a strong growth mindset, empowered by their diverse experiences, we strive to accelerate innovation and drive Astellas forward with unwavering momentum.

In a world where change is accelerating, we have a strong sense of mission and will continue to ambitiously work toward the OHGs set by CSP2021. We invite you to look forward to Astellas' endeavors in continuously creating innovation.

Special Feature I

Roundtable: An Evolving Organizational Culture —The Organizational Health Goals at Work—

To detail how the corporate culture is evolving through pursuit of our Organizational Health Goals, we held round-table discussions between employees, Top Management, and outside Director.



Name	Introduction
01 Katsuyoshi Sugita (CPO & CECO)	Katsuyoshi Sugita joined Astellas as the Head of Human Resources in FY2021. In October 2022, he assumed the position of CPO & CECO*1 (concurrently serving as the Head of the Human Resources), and in June 2023, he took on the role of Representative Director and Executive Vice President*2.
02 Eriko Sakurai outside Director	Eriko Sakurai has been the outside Director of Astellas Pharma Inc. since June 2022 and participated in Sustainability Meeting 2022. She has served in important positions in a US-based global company, including being the representative of Japanese subsidiaries.
03 Ricardo Ogawa	Ricardo Ogawa had served as the General Manager (GM) of the Brazil branch since he joined Astellas 4 years ago. He is currently serving as the GM of the branches in Spain and Portugal, with over 30 years of experience in the pharmaceutical industry.
04 Nahrin Marino	Nahrin Marino is the Senior Vice President in the Legal Department. Prior to joining Astellas, she had worked as an attorney at law firms and this is her 12th year with Astellas.
05 Takahiro Morikawa	Takahiro Morikawa is a research team leader in TPD (Targeted Protein Degradation) that was selected as Primary Focus in FY2022. He has been working as a medicinal chemist for 6 years.

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

Progress and future challenges of Organizational Health Goals (OHGs)



Kats: Today, I would like to have an open discussion with all of you about the progress and upcoming challenges of Astellas' Organizational Health Goals (OHGs) as part of CSP2021. I feel I was hired for the topic of OHGs, and to drive OHGs is my mission.

On the other hand, since there are no short-term Key Performance Indicators (KPIs) for OHGs, I would like to hear about your experiences and challenges regarding the implementation of OHGs. Additionally, I would appreciate honest feedback from Sakurai-san, our External Director, from a supervisory perspective.

Two years have passed since OHGs were set in FY2021. Have you found any OHG-related changes in your daily work and what are they?



Ricardo: I think that OHGs helped every employee understand not only what the company wants from them but also what the employees can expect from it. Changing the mindset is very important and we have worked hard not only to promote a mindset shift but also to develop a working environment where people can be their best version and contribute by working in a very cooperative way to achieve our goals.

By doing so, in the last 4 years, Astellas Brazil was able to double its sales and triple its operating profit. It was something that worked well by having all employees understanding the value of OHGs. I think we have been very successful in implementing it in Brazil.



Takahiro: With the penetration of OHG practices, it has become easier to share ideas and opinions with supervisors and team members. A culture of fearlessly embracing failure and venturing into new activities has been fostered, resulting in an environment where innovation is more likely to occur.

In a case of ASP3082 in my division, Targeted Protein Degradation, a researcher proposed a new approach of using protein degraders instead of continuing the inhibitor research that had been investigated so far to address the research challenges on KRAS G12D.

Special Feature I Roundtable: An Evolving Organizational Culture —The Organizational Health Goals at Work—

This idea was promptly validated with the support of the leadership and team members, leading to the early creation of a first-in-class KRAS G12D degrader. A positive atmosphere into challenge and change can be observed in other research projects as well.

On the other hand, I feel there are two challenges in the workplace. One of them is related to the feedback culture. I have realized that it is crucial to have a good understanding of one another in order to provide appropriate feedback. I think it is important to make efforts to actively create white space for increasing opportunity to communicate with one another.

Another challenge is collaboration within an organization. Since the introduction of shared objectives last year, there have been more opportunities for cross-organizational collaborations, and it has become easier to carry out research activities under specific, rapid decision making. However, there have been instances where collaboration within the organization, particularly between different projects has not been stimulated. I believe it is important for the organization to foster a sense of unity, rather than working independently with the boundaries of individual research goals and projects. I think that cultivating a sense of unity can promote communication and collaboration across different research projects, leading to improved overall performance and outcomes of organization.



Kats: I was a bit surprised to learn about your experience Takahiro but this is a very interesting comment. Like what you have mentioned, by introducing shared objectives, we have promoted cross-function and cross-division collaboration. But I guess we are not as conscious about the collaboration within the same division.

Of course, we also want to be more collaborative in our division. But sometimes it is exactly because we respect one another that deep and straightforward conversations with people in the same group become quite difficult.



Nahrin: The OHGs that resonated with me and the legal team is related to intelligent risk-taking and learning culture. We embrace this shift in organization because we want people to think about risk and have conversations with legal and among each other.

First and foremost, we developed educated lawyers that understand what the business objectives are and how they lead to value for patients. We created a 15-month program

Overview of People and Organization priorities P.43



called "CSP Legal Ambassador Program," where we put high performers in the legal team through rotation, taking each lawyer through every aspect of the product lifecycle.

They learned about research, development, commercialization, strategies, and business objectives. This was what they chose to learn on top of their everyday jobs. This program is not yet completed but it has been an absolute success. The participants made presentations to other members of the legal team about what they have learned. The program has taught our lawyers not to narrowly focus on the legal projects but to understand the whole picture of the business, why projects are moving forward, and how we fit into value for our patients.

We're developing lawyers that understand the business and how to support people in making educated business risk decisions, which is a key learning of the OHGs. It has changed our culture and impacted the business in a positive way. It has also given the business more ownership of key decisions.



Ricardo: In Brazil, we have also held workshops with leadership teams to go over the CSP2021 and OHGs in order to make sure we all have the same and right understanding on the company's strategies and goals. For example, people were a little confused about intelligent risk-taking because they did not know exactly what indeed could be considered intelligent risks.

Thus, we have come up with a list of intelligent risk-taking. Some of the risks are beyond our control because they are dependent on others' decisions. So we have only focused on the ones that we could manage and do something about. In the end, we were able to take intelligent risk effectively and get approvals from the regional team for implementation.

Special Feature I Roundtable: An Evolving Organizational Culture —The Organizational Health Goals at Work—

Once Astellas' employees started seeing actions taking place, they finally believed in the process. It is great to know that Nahrin's team has been working on risk-taking as well. We can definitely support our affiliates to do the right things but at the same time take risks appropriately.



Kats: We have many great practices in Astellas, and my focus in FY2023 is to share those great cases with all Astellas members and external stakeholders proactively. I believe this can help keep the momentum for transformation.

Sakurai-san, please share your thoughts on OHGs from the viewpoint of an External Director.



Eriko: I am very happy that Astellas has OHGs as a major goal in your activities and I am supportive of it. Organizational culture is usually the best reason that employees stay and engage themselves. It is good that Astellas made this an important objective for your organization globally.

I also understand that this is a long journey. Culture cannot be changed overnight, and you have to work consistently. Perfection does not exist in this matter and there is no end to it either. I would like to see Astellas continue to challenge and evolve.

Effects of Global Engagement Survey (GES) and future challenges



Kats: Global Engagement Survey (GES) is one of the measurements of the progress of OHGs. Of course, GES is not a competition, but Ricardo's team has an especially high score compared with the rest of the Company. Ricardo, what do you think is the reason for the high scores?

For details about Global Engagement Survey, please refer to P.46



Ricardo: Open Communication is key. I encouraged the members to communicate effectively. I got to know the team well and listened to their opinions in order to come up with bottom-up solutions. We have to lead by example. Once you lead by example, it is much easier for the subordinates to understand what is expected of them.

I sometimes got comments directly from my members, "We want to better understand what the CSP2021 means for us." I have a relatively small team compared to other countries, but I know every one of the 185 employees in my region, and I've had a chance to talk to every one of them. I've conducted townhall meetings, one-on-one sessions with most of them, and open talks with groups like what Mr. Okamura does with AMA (Ask Me Anything).

It's always good to come up with solutions by having frank conversations or open discussions with teams, but it is important to be honest with them when running into things that we cannot change. We have to tell them the truth as it is as well. Otherwise, you are going to have a group of people whining about things that cannot be changed.

Also, we have worked on creating a working environment where people feel safe to be who they really are. I want people to freely speak up and share their feelings with others, provided that we always maintain our respect for each other. This is key for me. I believe in the end, our patients can also benefit from the changes we are working on in Astellas.

Our employees can grow and get recognized, regardless of their age and gender. I am very proud of having 70% of our leadership team formed by women and 50% of the senior management under 40 years old. We are recognized both internally and externally for our thriving young people and great female leaders. Last year, we were ranked as the 4th best company to work for by GPTW (Great Place to Work Institute) within the entire pharmaceutical industry in Brazil.



Nahrin: What Ricardo was doing in Brazil is impactful for the organizational culture. I have employees in Brazil who highly appreciate Ricardo's leadership and open communication.

Open communication and setting expectations are keys for the employees to understand what the organizational culture is like, which is what makes people want to stay. This way, you can get more engagement and participation from the employees too.

Although our global engagement scores and efforts in communication have increased year by year, white space remained our work to do. We discussed what is important for the team regarding white space.

We have a "development day," where the legal team takes the entire day to develop themselves, whatever it means for every member. Some might think about a project and

Special Feature I Roundtable: An Evolving Organizational Culture —The Organizational Health Goals at Work—

how they could do it better strategically, while some might participate in training to increase legal expertise. This has impacted our scores for white space in GES a great deal.



Eriko: When I was responsible for the global teams, I observed differences in GES scores among countries and regions due to cultural differences. I think it is more important to see the changes in each country or region than to compare scores among them.

Securing white space is a dilemma faced by many companies around the world. It is very difficult for me as well, because there are always urgent matters. If you work for a global company, you can work 24 hours. Therefore, I truly admire how you are making improvements to secure white space.



Nahrin: We have to understand that what makes good white space for me might not be good white space for you. For some, white space means spending time with their children, and for others, it could be something else.

We try to respect people's time, working styles, and what they have to do.



Kats: That's another great point.

I think white space is one of the challenges for us in Astellas. We have great corporate cultures with traits like diligence and kindness. People also want to achieve something big. However, we are not very skilled at prioritizing.

In my opinion, if we want to start one thing new, we need to cut out three other redundant tasks. Otherwise, we cannot truly achieve something significant. This is our challenge in FY2023 and I believe simplifying and standardizing processes is key to making things smoother.

To be creative and drive innovation, it is essential to secure enough time. I made a deep dive into all the details in GES scores and found the "action-taking" score is closely linked to the overall GES score. "Action-taking" here means whether the supervisor will take some action after the survey. If people feel, "Yes, my supervisor takes these survey results seriously, and he or she will take action for us.", they usually have more positive expectations for the future and respond to this survey positively. On the contrary, if people feel that GES is no more than a survey but a competition and nothing will happen after it, it is very unlikely to see positive changes afterward.

My next question goes to Takahiro. The research team also has a high score in GES. Please tell us your thoughts about the changes.



Takahiro: The members of our team are highly aware of our goal to contribute to the patients. In the example of ASP3082, we set a highly challenging goal of achieving IND* application within 12 months from the selection of development candidate in order to deliver the drug to patients faster. Despite the complexity of the manufacturing process required for ASP3082, which is more intricate than those of conventional small molecules, the 12-month timeline is an unprecedented speed globally. This goal was beyond what could be achieved with conventional processes. However, we explored innovative strategies and took appropriate risks to successfully accomplish the goal.

There were many occasions when we experienced unexpected challenges. But we always tried to make various preparations and imagine potential problems while at the same time expecting the best-case scenarios. Of course, some preparations ended up in nothing, but as a team, we agreed upon the priorities and expressed gratitude for one another's contributions all the time. I believe that we developed a sense of autonomy and accountability as we engaged in tackling unprecedented and challenging goals, resulting in GES scores improvement.

I feel what Ricardo said about communication also helps accelerate changes in the team. The foundation of intelligent risk-taking and speeding up was the result of each project researcher recognizing their role in the organization through dialogues with managers, leaders and teammates, allowing everyone to consider the best possible solutions.

I think having role models in a team is also incredibly significant. It was highly effective when managers themselves embodied OHG behaviors and other leaders learned from them, then the behaviors spread to the researchers in the field.

* IND: Investigational New Drug

Special Feature I Roundtable: An Evolving Organizational Culture —The Organizational Health Goals at Work—

Expectations for Astellas and what we should focus on



Kats: Not only did you consider ambitious goals but you also explored approaches to mitigate risks. This is a great demonstration of "hope for the best and prepare for the worst." I also agree that role models are crucial. The selection and quality of the leaders are vital in any kind of transformation.

Lastly, how do you expect Astellas to change in the future through the promotion of OHGs? Please also tell us about what you personally want to focus on in the future.



Ricardo: I expect Astellas to keep fostering new ways of working. This is going to be especially important when we consider our market entry models for the new pipelines.

We cannot afford to fail in delivering products to our patients so we need to come up with a different mindset and collaborate, with OHGs serving as a significant guide. By focusing on talent development based on OHGs, we will transform to become a more innovative pharmaceutical company.



Nahrin: I think we still have some work to do with making decisions with intelligent risk-taking. We have built psychological safety, where the culture truly encourages bringing up your innovative ideas. Now, we need to continue on our journey to take risks and make business decisions wisely.



Takahiro: I hope the promotion of OHGs will further integrate into the One Astellas mindset. A company that is filled with employees who perceive the activities of others as their own, possess a consciousness to maximize achievement for the organization and the company, and autonomously take action will deliver more innovative pharmaceuticals to patients.

Personally, I want to involve the necessary talents to verify numerous ideas and approach research challenges with the consciousness of achieving them not just as a team, but as Astellas and carry out the One Astellas mindset.



Eriko: Allow me to change the perspectives to talk about our Board of Directors (BoD) meetings. Many of you probably don't know what does BoDs talk about, but we have a lot of discussions related to people and organizations, such as reviewing GES results and succession planning and listening to reports on Leadership Programs.

Of course, from the perspective of governance, we do not make decisions regarding specific individuals or activities, but we oversee whether the systems and processes related to OHGs are truly functioning for Astellas because people are the most important part of the organization. It is people in Astellas who communicate, make decisions, and drive innovations. As BoD, we prioritize how you engage and grow.

On behalf of the entire BoD, especially the External Directors, I want you to know that we truly support OHGs. I am genuinely happy to learn about the efforts you're making globally and how serious you are when committing yourself to the goals.



Kats: We have already introduced many new initiatives and FY2023 will be the year for full implementation and deep communication. Communication about "why" will be the key.

Furthermore, we will continue to simplify processes at work to avoid wasting resources. I believe decision-making and innovation can further accelerate with our efforts. Thank you so much for your participation today.

People Strategy People and Organization for Innovation

To achieve our vision, the active engagement of our colleagues is absolutely crucial. Investing in our people is not only vital for Astellas' future but also for enhancing our current execution capabilities. We will continue to invest in our people, viewing it from both short-term and long-term perspectives.

In our Corporate Strategic Plan for 2021 (CSP2021), we introduced new Organizational Health Goals (OHGs) designed to elevate the company's execution abilities. Astellas' HR division is fully committed to deliver the 'Priorities of Astellas HR,' which we believe will directly contribute to realizing CSP2021 and, ultimately, our overarching vision. We are placing a particular emphasis on high impact initiatives geared toward achieving our OHGs.

Overview of People and Organization priorities



Priorities of Astellas HR

Astellas HR is a single division overseeing both domestic and overseas operations. At Astellas, we recruit and promote our people globally. We furthermore favor a data-driven approach using all kinds of information including business and organizational data to monitor the progress accurately. We can use the data to generate inside of the individual organization timely.

We identified three core HR priorities: (A) organizational culture / mindset transformation, (B) developing global HR policies that support our people and organization, and (C) transforming the organization into an innovation engine. We believe that these priorities are supported by (D) monitoring the progress through reliable and data-driven approach.

For details, please see next page

Organizational Health Goals

The Organizational Health Goals (OHGs) are a set of goals established in CSP2021 to improve Astellas' ability to execute by building a company culture that seeks to realize ambitious goals through driving innovation, advancing our talent and leadership development, and fostering collaboration. The Organizational Health Goals (OHGs) are a set of goals established in CSP2021 to improve Astellas' ability to execute by building a company culture that seeks to realize ambitious goals through driving innovation, advancing our talent and leadership development, and fostering collaboration.

Interviewing employees and leaders around the world and collect their opinions

	1. Brave ideas pursue ambitious outcomes	2. Talent and leadership thrives	3. We excel as One Astellas
Planning process	• Extensive fear of failure and unwillingness to take business risks to achieve innovation • Conservative objective setting • Reluctance to update and develop new systems and processes to meet new challenges	• Unclear image of leadership to generate innovative ideas • Lack of development plans to foster leadership	• Evaluation system that promotes departmental optimization • Silo situation and lack of trust between divisions
Organizational Health Goals	Aggressively take on challenges for innovation and ambitious outcomes	Environment in which excellent people have ownership and demonstrate leadership	Collaborate across divisions to achieve shared goals for all Astellas
Initiatives & Progress	• Launch of psychological safety playbook • Implementation of ambitious objective setting for all individual employees, as well as for divisional objectives for FY2022 • Introduction of Dansharism • Launch of white space toolkit for managers	• Establishment and launch of the Astellas Leadership Expectations • Completion of leadership training to all Astellas leaders • Introduction of global feedback initiative • Execution of multiple talent development initiatives	• Implementation of shared objectives process • Removal of focus on divisional performance and replacement with All Astellas Performance for Rewards • Promotion of direct dialogue and Q&A sessions with Top Management • First ever global online Top Management live stream to all Astellas employees

People Strategy People and Organization for Innovation

Priorities of Astellas HR

(A) Organizational culture / mindset transformation

Astellas encourages employees to grow through intelligent risk-taking and continuous learning, and is focused on ensuring psychological safety and building a feedback culture. With this in mind, in 2022 we introduced a feedback tool globally that allows for feedback between all layers of the Company, not limited to supervisors and their subordinates. So far (as of the end of January 2023), there have been 4,324 submissions of feedback around the world.

In addition, Ask Me Anything and Live Stream interactive sessions have been developed to promote two-way communication between Top Management and employees. Ask Me Anything sessions are large-scale fireside chat sessions open to employees from around the world while Live Stream sessions are places for Top Management to openly share their experiences on a specific theme. These shared experiences are not only about moving tales and success stories, but also included sharing failures, regrets and the lessons learned. The Live Stream sessions have been well received by employees, with the first attracting approximately 7,000 employees globally, and the second around 6,500.

(B) Developing global HR policies that support our people and organization

(1) Building up a diverse workforce through the deployment of succession plans globally in a consistent approach

At Astellas, we focus on the creation of succession plans for important positions. As of the end of September 2022, non-Japanese employees account for 57% of the 178 positions above executive director. Out of the 522 employees selected as successful candidates, 43% were non-Japanese and 36% were female, making for a diverse talent pool in our succession planning. At the level above senior director, non-Japanese employees account for 68% of the 238 positions, while for 38% of the 551 successor candidates, we are securing non-Japanese employees and 42% of female employees.

In this way, even for above senior director positions, Astellas is already selecting talents regardless of nationality and gender. Based on the philosophy of ensuring the right person in the right position, we will continue to select the best people from around the world as successors.

Positions above Executive Director: 178			Number of successors: 522			
Nationality	Non-Japanese: **57%** Japanese: 39%	Vacant: 4%	Nationality	Non-Japanese: **57%** Japanese: 43%	Gender	Female: **36%** Male: 64%

Positions above Senior Director: 238			Number of successors: 551			
Nationality	Non-Japanese: **68%** Japanese: 26%	Vacant: 6%	Nationality	Non-Japanese: **63%** Japanese: 37%	Gender	Female: **42%** Male: 58%

(2) Integration into global HR policies

In line with the globalization of our business, we are transitioning to a global organization divided by function while also promoting the integration and harmonization of HR systems. We revised our objective setting and evaluation processes. We are aiming to enhance our performance as One Astellas by setting cross-functional objectives at the divisional level and promoting ambitious objective-setting and launching of our feedback tool at the individual level. With regard to our rewards and recognition systems, we changed the calculation factor for bonus payments to be based on company-wide performance rather than divisional performance. We also harmonized our job grading system to ensure consistency in grading regardless of where employees work or which division they belong to. We believe these HR measures have strengthened our competitiveness in recruiting talent globally.

	Objective setting / Evaluation system	Rewards / Recognition	Integrated job grading system
Division	• Cross-functional ambitious shared objectives	• Change of the calculation factor of bonus payment amount from "divisional performance" to "company-wide performance" • Launch recognition program	• Operation of a globally integrated grading system • Simplification of grade classification
Individual	• Ambitious objective setting • Launch feedback tool		

(3) Recruitment of PhD talent

Numbers globally: **1,281** (as of end-March 2023)

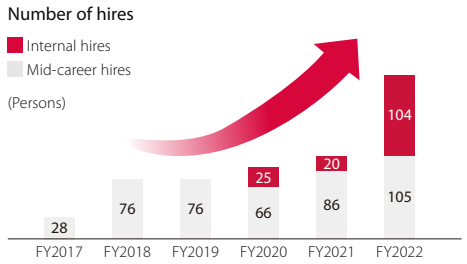
*1 Based on data self-reported by employees.
*2 Includes directors.

Globally, Astellas applies a job-based approach to recruiting PhD talent.

To this end, we have been proactive in approaching doctoral degree students in areas that rarely lead to employment in industry, also recruiting individuals based on referrals from PhD talent within the Company and recruiting year-round to increase opportunities for interacting with job seekers. By head-hunting employees from other pharmaceutical companies overseas and hiring PhD talent from the academic sector both domestically and internationally, we are greatly enhancing our competitiveness within the industry.

(4) Promoting talent mobility through internal Job Posting system

In pursuit of greater mobility among the individuals we recruit and develop, Astellas utilizes all available recruitment channels, including those outside the Company, to ensure that we hire the right people. In recent years, the percentage of employees with professional skills has been rising—in short, the weighting of mid-career recruits is increasing. By FY2022, the number of mid-career hires had grown to 105, and the number of internal hires to 104, contributing to greater job mobility.



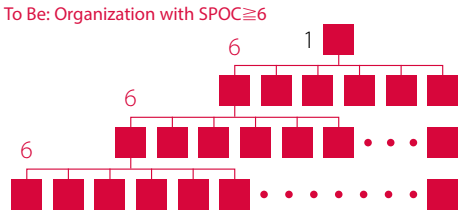
People Strategy People and Organization for Innovation

(C) Transforming the organization into an innovation engine

Organizational flattening

Astellas is promoting the organizational flattening to build an environment that encourages innovation. To promote fast decision-making, we believe it essential to reduce the number of layers in the organization. In principle, we aim to reduce the number of layers from the CEO to be six or less. Furthermore, the SPOC*1 should be six or more in principle.

The percentage of departments separated from the CEO by six or fewer layers increased from 53% in April 2022 to 77.1% by July 2023, such that the average SPOC for all departments rose from 5.2 people in April 2022 to 6.02 people by July 2023. By March 2024, we expect these figures to rise still further to 92% and 6.4 people, respectively.



*1 SPOC (span of control): the number people reporting to a single manager.

TOPICS

Concept of HR organizational reforms

In order to achieve the goals set in CSP2021, we are encouraging employees to take up new work styles as a means of further accelerating innovation. By having a single worldwide HR division, we seek to find a smarter and simpler approach to ensuring that the right person in the right position, nurturing talent more effectively and enhancing the Company's ability to execute.

In that context, from April 2023 through April 2024 Astellas' HR division is progressively introducing "HR People Partners" in each region. These HR People Partners assist employees and managers in resolving HR issues and provide other services including execution of HR processes and organizational change. In this manner, HR Business Partners provide each division with support focused on the development and execution of people and organizational strategy in each division.

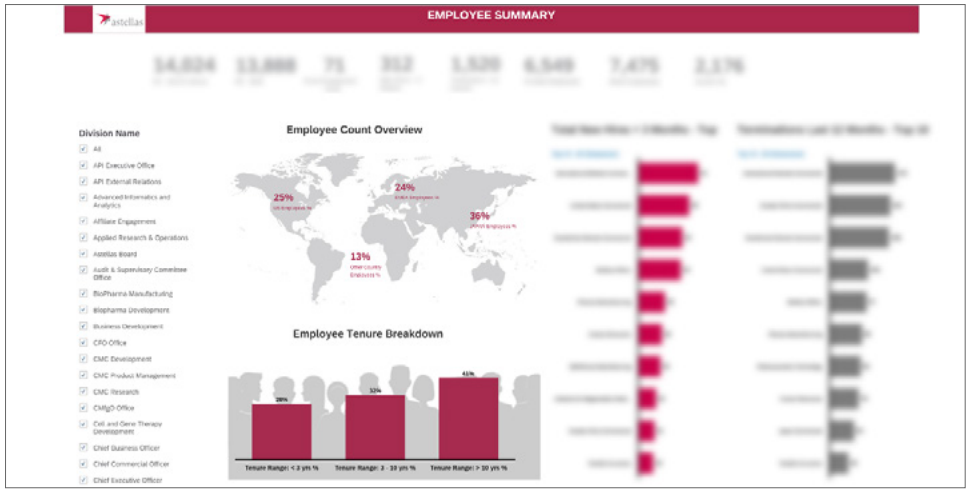


HR Transformation Lead / Excellence & Capability Enhancement

(D) Monitoring progress through reliable and data-driven approach

(1) Visualizing and sharing data using HR Leadership Dashboard

Astellas aims to promote organizational optimization and foster a sense of ownership through the visualization and sharing of data. As one such initiative, we released the HR Leadership Dashboard. This tool enables us to visualize various organizational data including personnel composition, the status of hiring and termination, SPOC, team sizes, and so forth. By looking at the organization from multiple angles, it is possible to identify issues that may be overlooked when focusing on individual data points, facilitating a strategic approach to business premised on the entire picture.



(2) Correlation between remote working and employee engagement

We surveyed the entire workforce to investigate the relationship between remote working and engagement scores*2. Employees predominantly working remotely recorded high scores, based on which we plan to continue offering fully remote employment worldwide.

*2 Scores assigned according to workplace attendance, with those attending once every quarter or less earning the highest scores.

Frequency of workplace attendance	Engagement score
Once every quarter or less	**75**
Once a month	70
Once a week	70
Two or three times a week	71
Four or five times a week	70

People Strategy People and Organization for Innovation

(3) Global Engagement Survey

75% of answers to questions showed improvement*1

*1 Compared to the previous survey (Jan 2022)

Engagement score	**71**
Number of comments	**25,865**
Response rate	**82%**

Over 61% of employees provided more than one comment

Analysis of results from FY2022 survey

Once a year, Astellas conducts a global survey with a view to measuring employee engagement and identifying organizational issues as well as opportunities for improvement. Through this survey, we can visualize scores for each item, individually assess progress toward each OHG, and perform trend analysis of comments with AI, enabling us to identify both organizational strengths and opportunities to improve.

In the survey carried out in October 2022, 82% of all employees responded and 75% of answers to questions showed improvement over the previous fiscal year. While continuing to focus on the top three items which we regard as our strengths, we see the bottom three items as providing opportunities for improvement and to that end we are taking steps to create a better workplace environment and increase engagement levels. By monitoring the results of these initiatives through the next survey, we will continue to follow the Plan-Do-Check-Act (PDCA) cycle.

Examples of Global Engagement Survey items and responses*2

Item	Question	Change from Jan 2022
Non-discrimination	I work in an environment that is free from harassment and discrimination.	+1
Contribution to success	I understand how my work contributes to Astellas' success.	+1
Integrity	People at Astellas behave with integrity at work.	+1
White space	We have the resources (e.g., time, tools, expertise) needed to explore new ideas.	0
Action taking	I believe meaningful action will be taken as a result of this survey.	–2
Pay for performance	The better my performance, the more I will be rewarded.	+1*3

Our strengths

Non-discrimination	Purpose	Integrity
A culture that recognizes, compliments, and makes the most of each other's differences	Act with a consistent sense of purpose	Always honest choices and decisions

Our opportunities

White space	Action taking	Pay for performance
Resource needed to explore new ideas	Implement measures to address issues identified from the survey results	Compensation based on results

*2 Partial excerpt of survey questions.

*3 Scores have improved relative to FY2022, but we see scope for further improvement.

Improvement initiatives already completed and those yet to come

At Astellas, we are using the results of this survey to devise concrete measures for addressing areas deemed in need of improvement. On the subject of white space, for example, "inefficient processes and tools," "lack of experience," "lack of resources," and "lack of time" were among the root causes identified in comments. Based on these results, we see opportunities for improving white space in instances where there is no flexibility in terms of budget or headcounts, by specifying an order of priority and allocating resources (e.g., staff, funding, time) accordingly.

As one specific initiative in this regard, we held a Leaders' Summit in FY2022 where we assigned an order of priority to tasks and identified work that appeared to be wasting precious resources. Furthermore, in FY2023 we have fully embraced digital transformation in project management, with a view to securing more time for employees by supporting decision-making and execution.

	Initiatives already implemented in FY2022	Initiatives planned in FY2023
White space	• Held Leaders' Summit where we assigned an order of priority to tasks and identified opportunities either to halt activities or pursue efficiency gains • Conducted two "Global Dansharism" campaigns promoting elimination of low-priority work	• Have Transformation Office identify, manage, and carry out key reform projects geared toward ensuring white space • Look at Dansharism training to create more white space And so forth
Action taking	• Shared results of engagement survey with all employees • Held management-level workshops in each area to enhance action-planning skills, recognizing importance of "Action taking"	• Convey that importance to employees, stressing relationship between engagement survey feedback and company actions, encouraging employees to take actions • Have all team managers go over survey results with team members, with the goal of settling on one action item And so forth
Pay for Performance	• Held quarterly forums for leaders, managers, and employees, to provide training on feedback methods • Approved FY2023 revisions to compensation processes	• Cross-regional harmonization of reward and recognition systems • Global introduction of recognition system And so forth

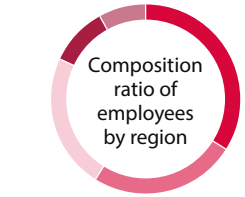
Separate analysis of engagement scores

We use results from the Global Engagement Survey to analyze progress toward each Organizational Health Goal, but also perform various separate analyses. For example, in analyzing responses by layer, we found that managers scored higher on engagement than employees at lower levels. Also, from our analysis of white space we learned that directors feel the most pressure in this regard. By performing these separate analyses, we can narrow our focus when addressing opportunities for improvement.



People Strategy Engagement, Diversity, Equity and Inclusion

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



JAPAN 34% United States 25%
Established Markets 23%
International Markets 10%
Greater China 8%



Foreign nationality 53%
Japanese nationality 47%



Mid-career hiring 55%
New graduates hiring 45%



Inside: Japan 18%
Outside: Global 43%
Female managers

Our Strategy

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

Our Mission and Goals

		Progress in FY2022
ENGAGEMENT	All people are highly engaged; **Goal:** Parity in high employee engagement across all identities	• Overall engagement score - 71; High response rate - 82%; High volume of qualitative data ~ 22K comments • Expanded voluntary self-disclosure demographics to include gender identity and sexual orientation
DIVERSITY	Our people, leaders and suppliers reflect our diverse patients; **Goal:** Our employees, leaders, and suppliers reflect our patients and communities	• Had C-suite level visible championship of diversity during Hispanic and LGBTQ+ Employee Impact Groups sessions • Netted positive year-over-year growth in global female representation at the Senior/Executive Director + levels
EQUITY	All people experience equity in health and work; **Goal:** Everyone experiences equity across the employee and patient lifecycles, have equitable access to our portfolio, and achieve equitable health outcomes	• Ensured equal pay for equal work based on gender and US race/ethnicity • Increased female representation in VP succession planning; The % of overall female Senior/Executive Directors matches the % of female Senior/Executive Directors on succession plans
INCLUSION	All people experience inclusion; **Goal:** Parity in high reporting of psychological safety, belonging, and empowerment	• Created EIG Globalization Strategy to streamline process to join and/or propose a new EIG • EIGs and Functions held various forums and programs to instill a sense of community and education about diversity

Commercial Strategy Interview with Chief Commercial Officer



Creating leading medicines that benefit patients requires ambition to be best-in-class and agility to adapt to new technologies and ways of working

Chief Commercial Officer (CCO)
Claus Zieler

Q Tell us about your goals as the new CCO and the challenges involved in achieving them.

Creating leading medicines in both new and existing therapeutic areas and effectively communicating the benefits of our treatments are the major goals for the customer-facing organizations in Astellas.

We have fantastic innovative assets to launch over the next few years. That is very exciting, but creating leading medicines also takes the concerted effort of the whole organization, to shape the scientific understanding of our customers on how new products change existing treatment paradigms and how they help patients lead a longer or a better life. Each of our launches is an opportunity to create leading medicines in the various therapeutic areas.

Beyond the launches, we also have in-market assets that deserve our full attention. Our flagship product XTANDI is still growing wonderfully after ten years on the market. We just had a dataset (EMBARK study) published and we will communicate this new dataset to payers, prescribers, and key external experts after regulatory approval of the anticipated M0 CSPC indication for XTANDI to ensure that the drug is used in the best possible way to treat prostate cancer. With XTANDI and our other in-market products, we will continue to focus on expanding the number of patients that can benefit from these treatments.

One challenge is that we will continue to enter new therapeutic areas, such as gastric cancer and ophthalmology, and gene therapy further down the line. Our Primary Focus model sources innovation where the technology takes us. So, for the customer-facing Commercial and Medical Affairs organizations, the challenge is that each new technology may require us to learn about a new target group of customers, about how the market in the new therapeutic area works, and about competitive treatments.

Q What is your vision for the Commercial organization and how are you thinking about organizational reform?

Shaping a culture that aims to be best-in-class and adapting to new technologies and therapeutic areas are the main challenges for the customer-facing organizations in Astellas.

The most important element of my vision is to shape the culture of the Commercial organization worldwide to aim to be best-in-class in everything we do. This links to the ambitious Organizational Health Goals set out in CSP2021, which calls upon us to reward people appropriately for reaching stretch goals. It starts with the will to win, with the inner ambition in the organization not to accept being second - after all, creating leading medicines means being the number one in the market.

From a strategic point of view, we kicked off a Growth Strategy to review where the biggest opportunities are and where we can best use our resources. We are asking: Which brand in which market offers more growth opportunity, and are we resourcing it correctly? Attached to that is the question of the collaboration between both the Medical Affairs and Commercial organizations and the global and local organizations: are we all aligned to achieve the maximum impact on our customers?

The Commercial organization I inherited has successfully built globalized functions for omnichannel marketing, training, certain kinds of event management, and, of course, brand management. Where I think we can improve is in terms of how these global elements deliver to the different geographies and how this process becomes best-in-class. For instance, we can shorten the timelines for the review of materials or increase the percentage of global materials suited for local usage. We also have to look at new technologies. This is something the industry as a whole is struggling with in a post-COVID world. To become the leading company in this space, we will have to understand, absorb, and master the deployment of technologies like AI algorithms that make predictions about future resource deployment.

I think of the customer-facing Commercial and Medical Affairs organizations not as something static, where the only thing that changes are the products that we launch. Rather, I see them as living organisms that on the one hand have to learn and adapt to new therapeutic areas when we launch new products, and on the other hand have to learn and adapt to new ways of engaging the customer and to building the technology that helps us with that.

Special Feature **II**

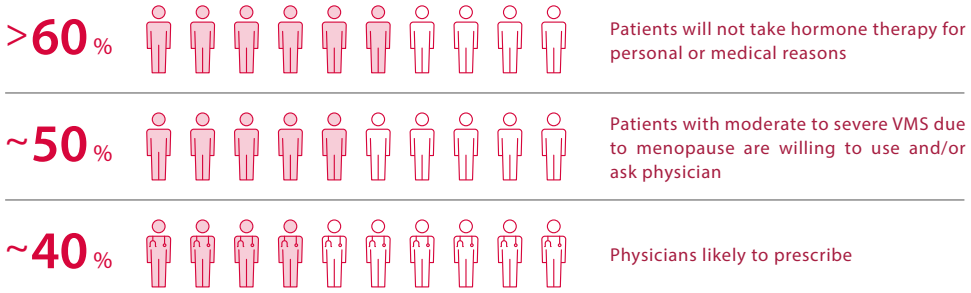
VEOZAH: New nonhormonal treatment option for VMS due to menopause

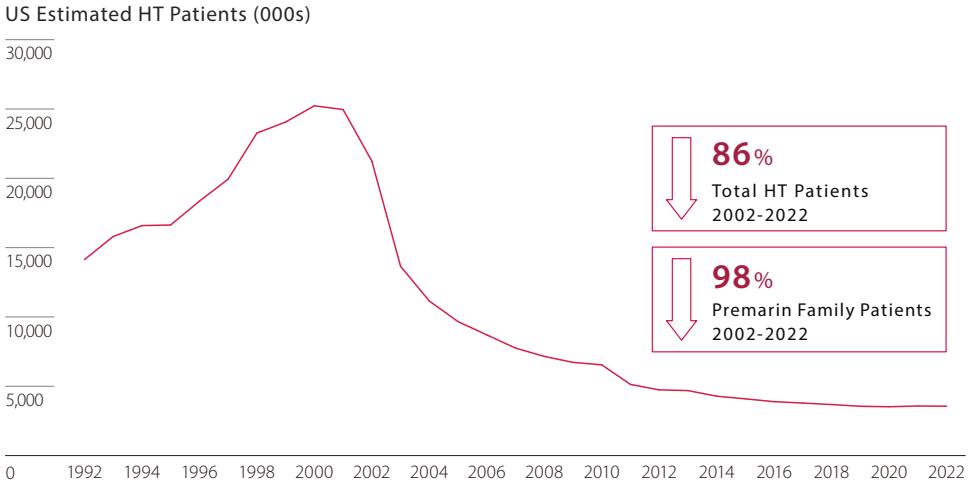
Background info

Vasomotor symptoms (VMS), characterized by hot flashes and/or night sweats, are the most common symptoms of menopause for which women seek treatment.*1, *2, *3 They occur in up to 80% of women aged 40 to 65*4, *5, *6 and persist for a median of 7.4 years.*7 Today in the US, there are over 30 million postmenopausal women exist*8 , with 11 million experiencing moderate to severe VMS. However, many cannot or choose not to take hormone therapy. As a result, there has been a steady decline in its use. In the US alone, the total of hormone therapy patients from 2000 to 2022 has declined by 86%, which is approximately 25 million patients to less than 4 million. Our robust market research also showed us that more than 60% of women experiencing VMS (in the US) will not take hormone therapy for personal or medical reasons.

Despite that, many are seeking treatment. During the COVID pandemic, all three SKYLIGHT studies (Phase 3) recruited faster than ever – faster than any of Astellas' other studies – and maintained high rates of patient retention across all studies. This was a remarkable accomplishment and suggested that women want treatment and there is an existing unmet need for safe and effective nonhormonal treatment options—and the profound reaction we saw externally to the US FDA approval of VEOZAH reinforced the enthusiasm and readiness for our first-in-class therapy.

*1 Utian WH. Psychosocial and socioeconomic burden of vasomotor symptoms in menopause: a comprehensive review. Health Qual Life Outcomes. 2005;3:47.
*2 Jones RE, Lopez KH, eds. Human Reproductive Biology. 4th ed. Waltham, MA: Elsevier, 2014:120.
*3 Williams RE, Kalilani L, DiBenedetti DB, Zhou X, Fehnel SE, Clark RV. Healthcare seeking and treatment for menopausal symptoms in the United States. Maturitas. 2007;58:348-58.
*4 Freeman EW, Sammel MD, Sanders RJ. Risk of long-term hot flashes after natural menopause: evidence from the Penn Ovarian Aging Study cohort. Menopause. 2014;21:924-032.
*5 Williams RE, Kalilani L, DiBenedetti DB, Zhou X, Granger AL, Fehnel SE, et al. Frequency and severity of vasomotor symptoms among peri- and postmenopausal women in the United States. Climacteric. 2008;11:32-43.
*6 Whiteley J, Wagner JS, Bushmakin A, Kopenhafer L, Dibonaventura M, Racketa J. Impact of the severity of vasomotor symptoms on health status, resource use, and productivity. Menopause. 2013;20:518-524.
*7 Avis NE, Crawford SL, Greendale G, et al. Duration of menopausal vasomotor symptoms over the menopause transition. JAMA Intern Med. 2015;175(4):531-9.
*8 Kantar Health. Menopause Literature Review. 2017.





*9 Source: IQVIA NPA
Market Definition: HRT – ATC3 G03C Estrogen (Oral), G03F Estrogen Progestogens Combination (Oral) ; Premarin Family – Premarin, Prempro
Patient estimate = Total Days of Therapy/182 days

Special Feature II VEOZAH: New nonhormonal treatment option for VMS due to menopause

Approval

VEOZAH is the first nonhormonal neurokinin 3 (NK3) receptor antagonist approved to treat moderate to severe VMS due to menopause in the US[*7] VEOZAH uses a novel mechanism of action (MOA) to target the root cause of VMS, helping restore balance in the brain's temperature control center and reduce the frequency and intensity of hot flashes.

Since approval, the media coverage has been extraordinary and includes every major top-tier media outlet in the US, including on America's most watched national morning show and every national broadcast network, which drove significant reporting in local markets and conversations online. Numerous media have said VEOZAH could be a "game-changer" for women, highlighted the unique MOA, and heralded this approval as "great news for women." More importantly, external experts have expressed their excitement for "this new class of drug" noting "we need better nonhormonal therapies for those women who cannot or who choose not to take hormone therapy." To quote a Contemporary OB/GYN article, "A new drug is here to make waves in the menopause symptom treatment landscape."



1,300+ News Stories

90+ Ex-US News Stories

1,600+ Social Media Posts

Outlook

Through our extensive market research, we have identified roughly 2 million women and 97,000 healthcare professionals (HCPs) as potential early adopters. These women are extremely bothered by VMS and tend to talk openly about menopause and their experiences with family, friends and HCPs. In fact, many want to reframe how menopause is viewed and remove the stigmas. They are also actively involved in their healthcare and motivated to have informed discussions with providers. While we don't expect to reach 2 million in the first year or at peak, it indicates the size of our target audience. With regard to HCPs, VEOZAH will be primarily prescribed by obstetrician-gynecologists (Ob-Gyns), Primary Care Physicians and General Practitioners. These early adopting HCPs are knowledgeable about data, treatments and women's health in order to help their patients find solutions; they are also willing to try new women's health products.

To maximize the value of VEOZAH and drive market share, we are combining our proven commercial expertise with fresh, innovative strategies and tactics to build and grow an iconic brand. We've successfully launched products with novel MOAs, established market leadership with therapies predominately prescribed by Ob-Gyns, and created strong relationships in the women's health space. Within the US, we have had focused direct-to-consumer (DTC) efforts since the launch of VESIcare in 2004 and Myrbetriq (mirabegron) in 2012. And there are many similarities between these models and VEOZAH – specifically, the need for provider and patient education is strong and stigmas associated with the conditions are high. As the landscape evolves, our commercialization strategies stay at the forefront of pharmaceutical marketing, exploring new channels. We have an extremely experienced, knowledgeable and agile sales force with proven market leadership and capabilities in place to support this launch.

Myrbetriq mirabegron

VESIcare (solifenacin succinate)

- **Successfully launching products with novel MOAs**
- **Creating strong relationships in the women's health space**
- **Experienced, knowledgeable and agile sales force**

Special Feature II VEOZAH: New nonhormonal treatment option for VMS due to menopause

To help drive brand awareness, we have invested heavily in a robust, integrated and analytics-driven multichannel launch campaign. Our aim is to deliver the right messages, to the right individuals, through the right channels, at the right time, with the goal of creating a consistent, engaging and trusted brand experience. We created dynamic content and are utilizing print materials, videos, broad-based media, digital tools and various advertising platforms, including TV, as well as congresses, speaking engagements and credible external voices. Our brand awareness activities will be closely evaluated to maximize our investments and achieve our goals. This ongoing assessment will allow us the flexibility to adjust and scale our campaigns, as needed to help ensure we are meeting our forecasts. We want to redefine how VMS is targeted and ensure individuals understand the innovative aspects of VEOZAH: It is a first-in-class therapy with a novel MOA to target the root cause of VMS. It is not a hormone and does not behave like estrogen.



We are confident in our ability to make VEOZAH an important therapeutic option for women with moderate to severe VMS. This confidence translates into what we think will be a significant growth driver for Astellas over several years, thus helping us achieve our CSP2021.

Voice

I've learned throughout my years in clinical practice that every patient's experience during the menopause transition is unique. Some patients report mild symptoms, while what others experience is severe. Yet one thing my patients have in common are beliefs such as "I should accept it as normal" and "there is nothing I can do," especially when experiencing hot flashes and night sweats, also known as VMS.

VMS due to menopause are the most commonly reported symptoms, and can disrupt quality of life and daily activities, including sleep and workplace performance, but treatment options have been limited.

Hormone therapy is effective; however, I have patients who are reluctant about taking it, and others simply cannot due to contraindications. And unfortunately, because other nonhormonal therapies are often less effective and not well tolerated, my patients often feel helpless – and I feel limited in the options I offer.

Healthcare is about more than making the accurate diagnosis and prescribing medication. It's important to take a holistic approach to patient care, and education is critical. Some of my patients are embarrassed or hesitant to talk about their symptoms due to stigma and shame associated with menopause. This is why encouraging open and honest discussions is crucial to improving menopause care.

I'm delighted Astellas is working to elevate the conversation around women's health in midlife, and to provide resources and solutions that demonstrate our commitment to women's changing healthcare needs during this natural life stage. I'm encouraged by the increase in research and surge in technology offerings, as well as how menopause discussions are becoming mainstream. I'm optimistic these efforts will inspire more women to speak with their providers about symptoms and treatments.

With VEOZAH, we have a tremendous opportunity to help many of those suffering from moderate to severe VMS in the US, and hopefully in other countries soon. I'm extremely proud to be part of the organization and team that pioneered a first-in-class treatment for a condition that's lacked innovative therapies for too long. As a physician, I'm excited to offer my eligible patients a new approach that may provide meaningful relief.



Shayna Mancuso,
D.O. (Doctor of Osteopathic Medicine),
FACOG (Fellow of the American Congress of Obstetricians and Gynecologists),
Medical Director Specialty,
U.S. Medical Affairs

Commercial Strategy Main Product Sales

Potential peak sales of XTANDI and Strategic products

For XTANDI, potential peak sales have been revised upward to more than 700 billion yen, incorporating the recent sales trends, M0 CSPC submission plan in Europe and FX rate trend.

For VEOZAH, PADCEV, XOSPATA, and zolbetuximab, the range of potential peak sales remains unchanged from the Corporate Strategic Plan 2021 (CSP2021) announced in May 2021. In particular, VEOZAH and PADCEV are expected to be strong growth drivers during the CSP2021 period.

On the other hand, the potential peak sales for EVRENZO have been revised downward to under 50 billion yen based on recent sales trends.

Key events expected in FY2023

For XTANDI, regulatory application for the additional indication of non-metastatic castration-sensitive prostate cancer (M0 CSPC) was approved in the US in August and is expected to be filed in Europe in the latter half of FY2023. For PADCEV, topline results from the EV-302 study are expected between September and November. If the results are obtained on schedule and the data are positive, regulatory submission globally is expected in Q4. For zolbetuximab, regulatory applications for gastric and gastroesophageal junction cancer were submitted in Japan and the US in May, and in Europe and China in June. For VEOZAH, regulatory approval was obtained in the US in May, and the regulatory decision is expected for Europe between November and January next year.

Product	Potential Peak Sales*1 (Global, billion yen)	Key Events in FY2023*3
XTANDI (enzalutamide)	700 or more	Q1: Accepted (M0 CSPC; US); Q2: Filing (M1 CSPC; China); Q3–Q4: Filing (M0 CSPC; Europe)
VEOZAH (fezolinetant)	300 - 500	Q1: Regulatory decision (US); Q3: Regulatory decision (Europe)
PADCEV (enfortumab vedotin)*2	300 - 400	Q2–Q3: EV-302 TLR; Q4: Filing (1L mUC; global)
XOSPATA (gilteritinib)	100 - 200	
zolbetuximab	100 - 200	Q1: Accepted (Japan, US, Europe, China)

Regulatory decision
Regulatory submission
Data readout

*1 Only indications undergoing pivotal studies are included for projection. (as of April 2023)
*2 Sales for Americas are calculated based on the sales booked by Seagen.
*3 As of August 31, 2023.

Forecast of main products

(billion yen)	FY2022 Act	FY2023 FCST	YoY
XTANDI	661.1	669.9	+8.8 (+1%)
PADCEV	44.4	66.7	+22.3 (+50%)
XOSPATA	46.6	49.3	+2.7 (+6%)
VEOZAH	-	49.3	-

XTANDI

In the US, the approval for the additional indication of non-metastatic castration-sensitive prostate cancer (M0 CSPC) is expected within FY2023. Although the sales contribution in this fiscal year will be limited, promotional activities will be more active after the approval, which is expected to have a positive synergy effect on the existing indications.

In China, reimbursement for the additional indication of non-metastatic castration-resistant prostate cancer (M0 CRPC) started in March 2023, which is expected to contribute to sales.

On the other hand, sales growth in Europe is expected to be moderate due to the increasingly competitive environment and the negative impact from pricing pressure.

XOSPATA

In large markets such as the US and Europe, continued growth is expected through market penetration of FLT3 testing in the market. In the International Markets, sales expansion is expected from the increase of launched countries and reimbursement start.

PADCEV

In the US, the additional indication for first-line treatment was approved in April and is expected to be a growth driver going forward. In addition, PADCEV is recommended as first-line treatment for metastatic urothelial cancer in the NCCN guidelines, which many physicians refer to when making prescription decisions.

In Europe, further growth is expected by obtaining reimbursement in major markets such as Germany, France, Italy, and Spain. In Japan, continued growth is expected through further market penetration with the current indication.

VEOZAH

Regulatory approval was obtained in the US in May 2023. There is confidence in the market research carefully conducted to date, and from the market research results, that a high unmet medical need for treatment of VMS and a strong demand for effective non-hormonal therapies were recognized. Based on this confidence, rapid market penetration is expected. To achieve rapid penetration and to ensure the opportunity for sales expansion, VEOZAH is set to be the highest priority for this fiscal year and will continue proactive investment.

More detail for VEOZAH is on the special feature page PP. 49-51.

R&D Strategy Interview with Chief Medical Officer



Under our new organization structure, we work as One Astellas to accelerate development toward the shared goal of maximizing pipeline value.

Tadaaki Taniguchi, M.D., Ph.D.
Chief Medical Officer (CMO)

Q Can you describe your impressions of Astellas upon joining, and detail the aims of the organizational reforms?

Under our Focus Area approach, Astellas continues to embrace the challenge of creating innovative new drugs. To further advance this, we aim to accelerate achievement of PoC through our new R&D operating model.

Prior to joining Astellas, I was trained as a surgical oncologist, and then have been working in major global pharmaceutical companies for more than 22 years. I was struck by Astellas' unique R&D strategy and transformation of its pipeline. In the past 10 years, Astellas has rapidly expanded its target disease horizons to include cancer and rare diseases, etc. For example, under our Focus Area approach, Astellas has undertaken a dramatic shift toward working with multiple modalities, including gene therapy, cell therapy, and protein degraders alongside small molecules and antibody drugs.

To accelerate new drug development through the Focus Area approach, I believe we must thoroughly choose right modalities to focus on, develop greater scientific expertise, and leverage with new ideas by strengthening our external networks. In April 2023, we radically transformed our R&D organization. The primary objective of our "new R&D operating model" is to speed up development projects and accelerate PoC* achievement. By empowering each Primary Focus (PF) and Asset team and shifting the initiatives of activities from the function axis to the project axis, we have enabled agile decision-making. Also, while Astellas has an abundance of knowledgeable and experienced individuals with an even higher degree of specialization are required to tackle these new areas. To that end, we have created multiple functions and organizations focused on specialized fields.

I also see scope for Astellas to engage more in product life-cycle management. I think it is possible to further enhance product value by identifying unmet medical needs from an early stage and formulating development strategies that widen target diseases and indications for use in combination with other medications. Increasing investment at the early stages of development can be a risky business proposition due to insufficient data. At Astellas, though, we make decisions by taking intelligent risks based on consideration of patient needs, scientific validity, and preclinical data and so on.

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

Q Tell us of the response elicited by the current initiatives and describe the challenges to be tackled next.

Members have started to set shared goals under our new organization, facilitating collaboration within teams. Now, we seek to strengthen early-stage development capabilities and step-up recruitment and training of global talent.

The biggest change I have seen so far is that the delegation to PF Leads of decisions on strategy, budgeting, and order of priority has made them have a clear and positive awareness of their responsibilities within that PF more than before. Also, by clarifying the scope of responsibility for every single member of each project team, we have ensured that all members of each Asset team have shared key project objectives that transcend functional boundaries within the organization.

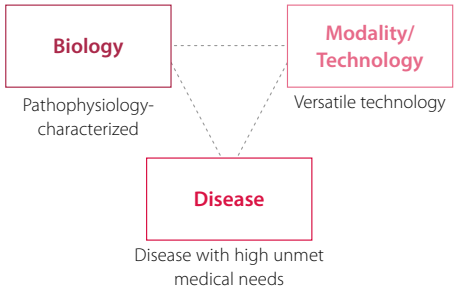
Organizational transformation also demands that employees shift their mindset toward conducting business globally. As an organization from a business perspective, Astellas is focused on maximizing pipeline value to achieve the goals set in Corporate Strategic Plan 2021. We have identified four critical elements such as new single R&D governance, appropriate team structures, supporting functions, and talents. My personal mission is to make progress on organizational transformation by thoroughly communicating the importance of these critical elements to oorganizations.

There are still two remaining challenges to address. The first one is strengthening our early-stage development capabilities. This in turn involves speeding up new drug development by enhancing our scientific expertise in new disease areas and updating development strategies even looking beyond the post-PoC stage. The second challenge is to develop and recruit global talents and expertise. Our objective is to become a truly global organization by accelerating talent development and hiring external talents not only in Japan and the US, but also in Europe, Asia, and other regions. Building up our scientific presence globally is essential to attract talented individuals around the world to aspire to, as well as continue to, work for Astellas. We continue to address these challenges ahead, to maximize pipeline value and deliver innovative new medicines to patients.

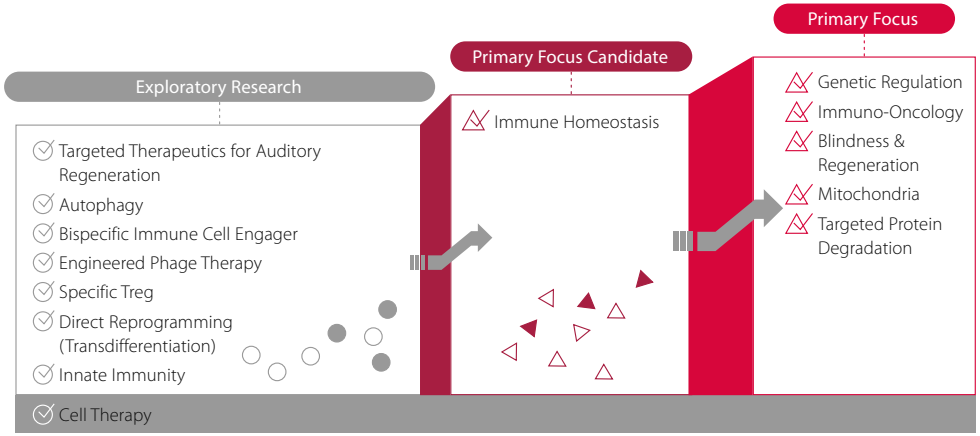
R&D Strategy Areas of Interest

Focus Area Approach

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



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



Primary Focus



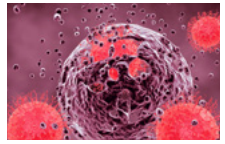
Genetic Regulation

The mission is to discover, develop and deliver meaningful gene-based therapies.

Our mission for Primary Focus Genetic Regulation is to discover, develop and deliver transformative gene-based therapies for patients with genetic diseases. Genetic deficiencies cause almost 7,000 different diseases and contribute also to the pathophysiology of many common conditions. By targeting disease at the genetic level, we have the potential to develop life-changing therapies for patients who currently have limited or no effective treatment options.

One of our programs in development is AT132, a gene therapy for X-linked myotubular myopathy (XLMTM) that is now in Phase II stage. In 2021, the FDA* placed a clinical hold on the trial after serious adverse events. We are working hard towards resumption of this clinical trial. Another gene therapy program, AT845, is in a Phase I stage for the treatment of Pompe disease.. We also have multiple programs at the research stage. We are collaborating with world-renowned academic and industry partners to overcome the complex challenges of gene therapy research and development.

* FDA: U.S. Food and Drug Administration



Immuno-Oncology

The mission is to discover, develop and deliver the best innovative cancer medicines to patients and ultimately cure cancer.

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

Currently, we have four immuno-oncology programs in Phase I clinical trials: a DGKζ inhibitor ASP1570, and three bispecific immune cell engagers (ASP2138, ASP2074, and ASP1002). Other drug candidates in our R&D portfolio include multiple modalities such as oncolytic viruses and cell therapies. Over the years, Astellas has brought together a wealth of expertise and talent, and we are actively partnering with leading-edge biotechnology companies and academia to further enhance these existing capabilities and grow our pipeline of innovative cancer treatments.

R&D Strategy Areas of Interest

Blindness & Regeneration



The mission is to free patients from the fear of vision loss, and offer the hope of recovery of lost sight.

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

ASP7317, human embryonic stem cell-derived retinal pigment epithelial cells, is our lead program for geographic atrophy secondary to age-related macular degeneration, and currently is in a Phase Ib clinical trial. ASP2020, a universal donor cell-derived program, entered the pipeline recently as a new drug candidate at the research stage. We believe universal donor cell technology could be a powerful tool for preventing immune rejection and realizing allogenic cell transplantation.

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

Mitochondria



We are advancing innovative mitochondrial approaches to the treatment of diseases with high unmet medical needs.

Our mission for Primary Focus Mitochondria is to become the global leader in discovering, developing, and bringing to market mitochondria biology-based medicines that provide tangible VALUE to patients, clinicians, and healthcare systems. Mitochondria are specialized organelles in cells that have their own maternally inherited DNA (mtDNA). They play essential roles in energy production and in processes such as metabolism and cell signaling. Mitochondrial dysfunction is associated with diseases of the kidneys, liver, muscles, central nervous system, eyes, and ears. Many of these diseases have significant unmet medical needs, as they have few treatment options.

We are conducting a Phase II clinical trial investigating the selective PPARδ* modulator ASP0367 in primary mitochondrial myopathies. Our objective is to enable the delivery of innovative new treatment options for diseases associated with mitochondrial dysfunction, by pursuing development of novel cellular medicines focusing on mitochondrial functions.

* Peroxisome proliferator-activated receptor delta

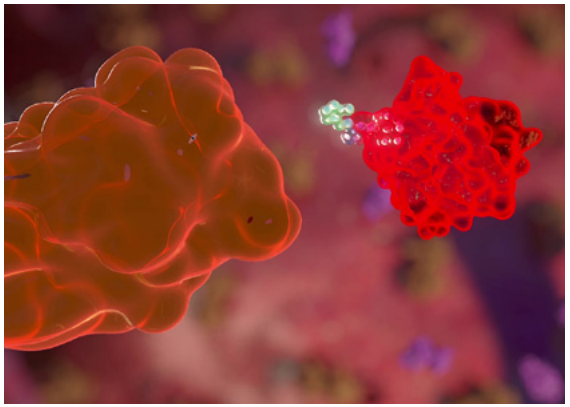
Targeted Protein Degradation

Our aspiration is to deliver disruptive clinical benefit for selected cancer patients by inhibiting pathologic genomic signaling.

In our Primary Focus Targeted Protein Degradation, our mission is to use the innovative modality of protein degrader to access so-called "undruggable" targets and develop novel treatments for cancer and other diseases.
Only about 20% of disease-related proteins have active binding sites suitable for inhibition by conventional small molecules. The remaining 80% have shallow binding pockets and their function cannot be controlled sufficiently by binding alone. The advantages of protein degraders, in addition to their ability to access undruggable targets, are their permeability (they can penetrate the cell membrane and blood-brain barrier), and their high degree of specificity to the target.

Our lead program, ASP3082, is currently in a Phase I clinical trial, and we have multiple follow-up programs ongoing.

We will persist with R&D activities utilizing this Targeted Protein Degradation technology, with a view to bringing innovative clinical benefits to patients.



R&D Strategy Areas of Interest

FY2022 Progress in Focus Area Approach

We advanced the evaluation of multiple projects but were unable to achieve any PoC* in FY2022. On the other hand, two projects (ASP2074 and ASP1002) entered the clinical stage. Like ASP2138, which already had entered the clinical stage, ASP2074 and ASP1002 are bispecific immune cell engagers. In this manner, we continue to generate new follow-up programs via our Focus Area approach.

Among projects that already have entered clinical trials, we have succeeded in dosing the first subject in Phase I trials investigating ASP2138, ASP2074, ASP1002, and ASP3082 in cancer patients. We have suspended patient enrolment in a Phase Ib clinical trial of ASP7317 due to a manufacturing delay, but were able to resume the trial after establishing capabilities enabling supply of cells that meet high quality standards.

In addition, seven programs at the research stage advanced to the late phase as new drug candidates, to prepare for clinical trials.

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

Outlook for FY2023 onward

In FY2023, we expect to restart dosing in the AT845 and ASP7317 clinical trials that were subject to a suspension of patient enrolment. We also anticipate data readouts for the monotherapy dose escalation part of ongoing Phase I trials of ASP1570, ASP2138, and ASP3082, which we expect to lead to PoC judgement in FY2024 or later. We furthermore plan to initiate clinical trials on a total of four programs from Primary Focuses Immuno-Oncology, Genetic Regulation, and Targeted Protein Degradation.

Our goal is to build a robust post-PoC portfolio from our Primary Focus pipeline by the end of FY2025. Based on advances made in FY2022 and planned progress in FY2023 onward, we are aiming for PoC judgements on a total of sixteen projects by the end of FY2025. To accelerate PoC judgement for these projects, we deployed a new R&D operating model in April 2023.

For details, please see Major Pipeline on PP.96-98

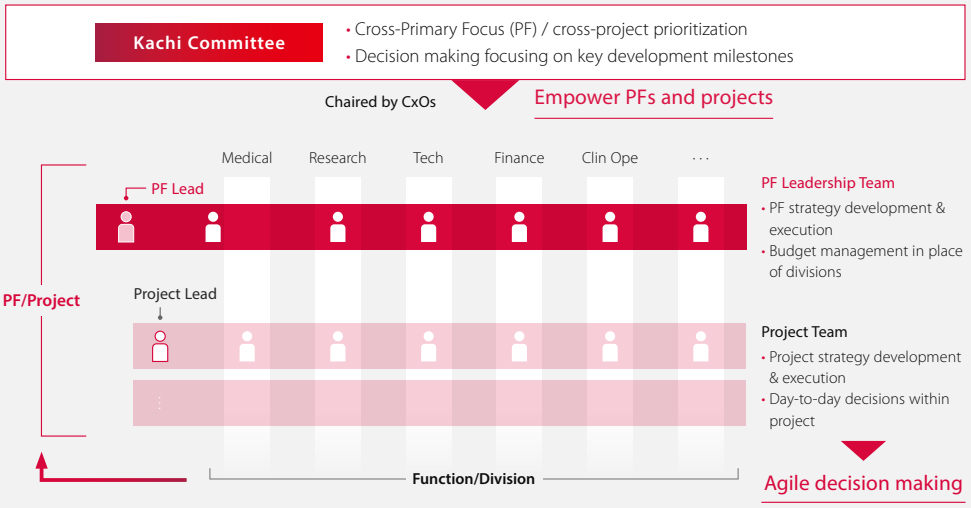
TOPICS

New R&D Operating Model

In FY2021, we modified our research organization from a function-led and hierarchical structure to an objective-based, agile organization. This transformation already is yielding outcomes including the creation of new Primary Focuses (PFs) and projects. We have since expanded this concept to include clinical development and shifted the main basis of the activities from the function/division axis to the PF/project axis, enabling agile decision-making through team empowerment.

We set up a leadership team in each PF which is in charge of strategic planning, budget management, and project oversight and prioritization. We also reformed the organizational structure to reduce the number of layers between each project lead and Chief x Officer (CxO), delegating day-to-day decision-making for each project to the project team.

At the corporate level, we established a new governance body called Kachi Committee. Chaired by CxO, the Kachi Committee is responsible for prioritizing/deprioritizing PFs and decision-making focusing on key development milestones. By empowering projects and PFs, we have reduced the need for visiting corporate governance bodies and facilitated agile decision-making on a project-by-project basis. In this manner, we aspire to achieve meaningful PoC as early as possible.



TOPICS

Targeted Protein Degradation

Targeted Protein Degradation as New Primary Focus

In October 2022, we selected Targeted Protein Degradation as a new Primary Focus. We aim to generate novel protein degraders that work by hijacking the body's natural protein degradation process, the ubiquitin-proteasome system, allowing access to undruggable targets that have proven difficult to address using conventional small molecules. We will proactively invest resources in leveraging our proprietary technology platform to continuously create programs in oncology and also non-oncology fields.

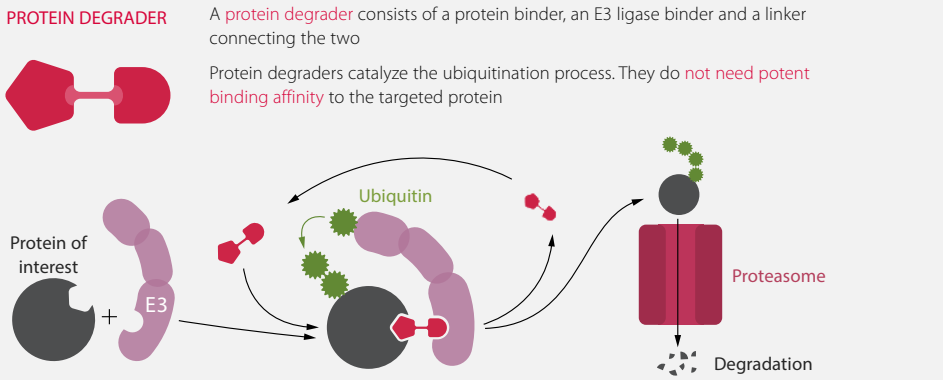
New Era of Synthetic Drugs

Regulating disease-related proteins is a key approach to develop effective drugs. While many drugs have been produced by chemical synthesis, it was thought that conventional approaches would only be able to target about 20% of disease-related proteins. Conventional synthetic drugs are designed to bind to the pockets of disease-related proteins and control their functions. However, roughly 80% of disease-related proteins do not have deep enough pockets for synthetic drugs to bind to and adequately regulate their functions. These proteins historically have been regarded as "undruggable" targets. At Astellas, though, we have identified Targeted Protein Degradation as a novel approach to addressing undruggable targets and positioned this as a new Primary Focus, making it a priority endeavor. Protein degraders constitute a new modality, utilizing a process naturally occurring in the body to induce protein degradation.

A protein degrader consists of a target protein binder, an E3 ligase binder, and a linker connecting the two. A protein degrader promotes polyubiquitination of target proteins by inducing proximity between target proteins and ubiquitin ligases. Polyubiquitin serves as a recognition signal marking proteins for degradation via intracellular proteasomes. Protein degraders do not necessarily require deep binding pockets when inducing proximity between the target protein and ubiquitin ligase, and therefore can be applied to a wider range of target proteins historically undruggable. Also, because protein degraders catalyze the polyubiquitination process rather than binding to the targeted protein and directly inhibiting its functions, they do not need the potent binding affinity required of conventional small molecule drugs. Furthermore, whereas molecular targeted drugs generally regulate the function of proteins, protein degraders selectively degrade the target protein and therefore are expected to demonstrate greater efficacy than conventional synthetic drugs. Protein degraders also retain the advantages of small molecules, including the possibility of systemic (including oral) administration, and potential for applying established methods and expertise to manufacturing processes and regulatory compliance.

We believe this technology can be applied to various targets through substitution of target protein binding sites. Moreover, we think that by modifying E3 ligase binding sites and linkers, we can enhance functions such as degradation efficacy and tissue specificity. We believe that this new modality could become an innovative therapeutic tool, and we aim to continue creating programs that address previously undruggable target proteins, either by substituting the target or further enhancing functions.

A protein degrader works by hijacking the body's natural protein degradation process, the ubiquitin-proteasome system

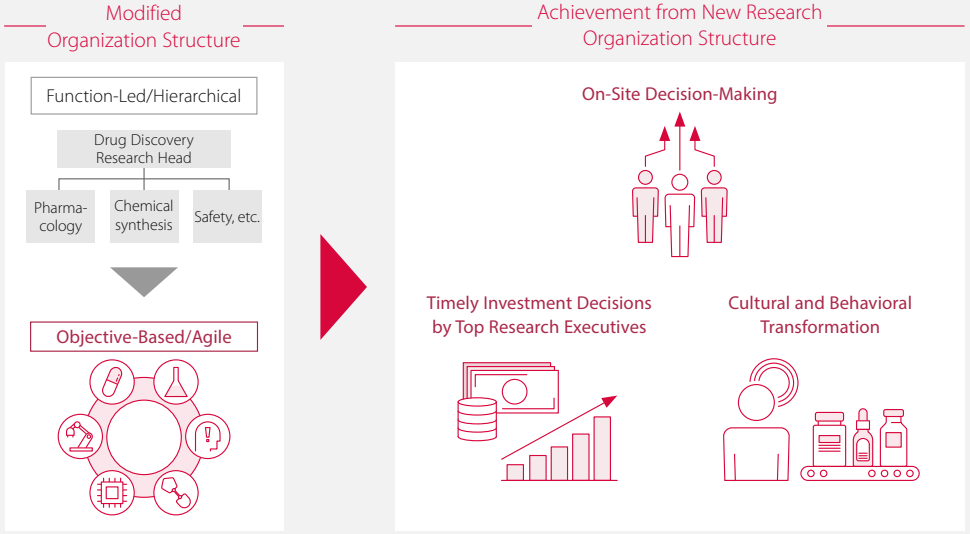


R&D Strategy Areas of Interest

TOPICS

Unprecedented speed in R&D for lead program ASP3082

Our lead program, ASP3082, is a potentially first-in-class KRAS G12D degrader that is progressing through R&D at a speed unprecedented for Astellas. KRAS is a prime example of protein targets previously deemed undruggable, with a key role to play in cell proliferation. KRAS mutations can cause the cellular switch to stay in the 'on' position, allowing cells to grow uncontrollably and give rise to tumor growth. Our interest in this area began in the 2010s, when we commenced research aimed at discovering conventional KRAS mutant inhibitors. It proved technically difficult to create compounds that would bind selectively to KRAS mutations such as G12D, but we were able to identify proprietary KRAS mutant binders by leveraging our historical small molecule capabilities. However, these compounds failed to demonstrate sufficient tumor-suppressing effect. Independently from this inhibitor research, we also initiated protein degrader research in the 2010s, building various technologies for drug discovery via this modality. In 2020, we combined these two streams of research and began investigating KRAS G12D degraders. In just the fifth month after commencing this research, we identified ASP3082. Furthermore, we were able to submit an Investigational New Drug (IND) application a mere 12 months after selecting ASP3082 as a new drug candidate.



Organizational culture to create innovation from researchers' ideas

We believe this unprecedented speed of development was made possible by Astellas' agile research organization. We modified our research organization in 2021, transitioning from a traditional, function-led hierarchical structure to an objective-based, agile organization. Within this organization, we formed a team dedicated to researching targeted protein degraders, assigning researchers with the expertise and leaving decision-making in the hands of the department head with strong leadership. Under our previous research model, implementing an idea could take a long time owing to the multiple steps involved. In our new flat organization, though, researchers can voice original ideas and put forward ambitious plans. In fact, the breakthroughs made in the process of creating ASP3082 stemmed from proposals and decisions made on-site in the laboratory, rather than top-down approach. In this manner, leadership encouragement is bringing researchers' ideas to life and encouraging R&D across the organization, resulting in creation of new drug candidates in record time. This cultural and mindset change has spilled over from research to our manufacturing and development divisions, quickly establishing a platform for cross-departmental collaboration.

Outlook going forward

We believe that Targeted Protein Degradation is a promising technology that will revolutionize the field of synthetic drugs and usher in a new era. In terms of our strategy, the goal in the first wave is to bring a KRAS-targeted protein degrader to market. In addition to the G12D mutation-targeting ASP3082, we have other programs targeting different KRAS mutations. In the second wave, we seek to utilize both proprietary technologies and novel external technologies to expand our reach to oncology targets other than KRAS and promote the creation of protein degraders harnessing next-generation technology. In the third wave, we aim to expand our horizons further to include targets related to diseases other than cancer—for example, immunological diseases. Since the technology is based on synthetic drugs, we believe we can leverage its accumulated knowledge and experience in this field to its advantage. Moreover, we have many experts in the area of synthetic drugs. We plan to proactively leverage the strengths of our external partners while harnessing the expertise of each researcher through our flexible organizational structure. By doing so, we aim to lead the industry with protein degraders and use this technology to create VALUE for patients.

DX Strategy

Astellas' approach to DX is much more than simply streamlining operations through digital technology.

We are implementing DX to realize our VISION "On the forefront of healthcare change to turn innovative science into VALUE for patients."

Aims of our digital transformation (DX) initiatives

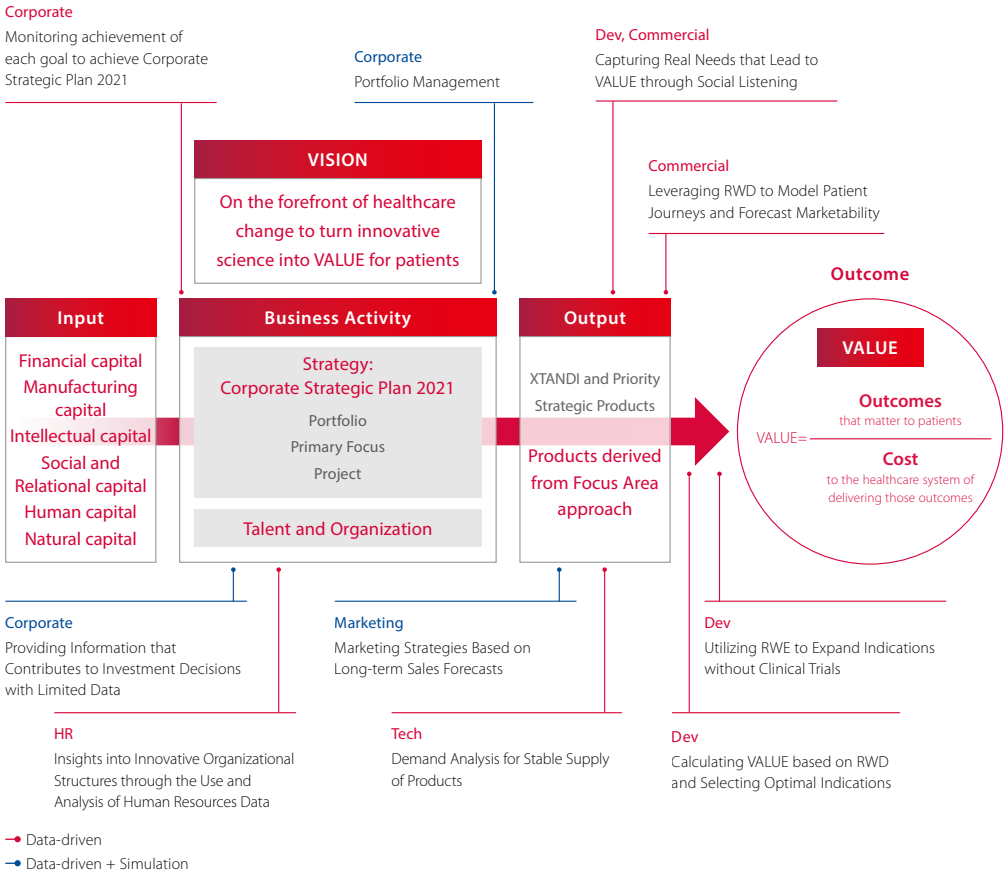
In the pharmaceutical industry, the drug development process usually is a lengthy 10–20 years, entailing huge investment in the range of 10–100 billion yen. The probability of success moreover is extremely low at around one in 10,000 to 30,000, and there is risk in the meantime of scientific advances derailing existing hypotheses, or of significant change in target patient numbers or societal conditions. Pharmaceutical manufacturing accordingly is a business characterized by high levels of uncertainty, requiring extremely difficult decisions about what to invest in and when.

Astellas aims to create innovative pharmaceuticals through our Focus Area approach. Inevitably, taking this kind of approach means challenging the areas where conventional experience and knowledge cannot be directly applied, and where predictions are difficult to make based on the data we have in hand. We accordingly have used a hypothesis-oriented simulation approach in addition to usual data-driven approach. The simulation approach helps us test decision-making by generating possible outcomes of the decisions based on available data and assumptions such as a project's probability of success, clinical trial duration and market needs. We think the approach helps us further improve decision-making by allowing us to deal with a high degree of uncertainty.

At Astellas, we utilize analytics in all areas of our enterprise to maximize VALUE. In the exhibit below, we illustrate some examples, one being the initiative "Calculating VALUE based on RWD* and Selecting Optimal Indications," which we use to determine which indication or indications will yield the highest VALUE for a product ("output"). Similarly, with the initiative "Insights into Innovative Organizational Structures through the Use and Analysis of Human Resources Data," we take "Human Capital," which is "Input" and "Talent and Organization" on the "Business Activity" and apply the power of analytics to improve upon the current situation and maximize VALUE.

* RWD: Real World Data: Medical big data comprising a collection of information based on medical practices obtained in clinical settings.

Maximizing VALUE by organically connecting all kinds of data from management decisions to individual projects



DX Strategy

Voice

Astellas is advancing DX by performing advanced data analysis and utilizing machine learning, AI, and other digital capabilities.

For Astellas, creating innovative medicines through our Focus Area approach means venturing into areas that are beyond the scope of our previous experience and expertise.

In settings where strategic decision-making is required, there are instances in which historical data is not enough to make informed decision. We therefore are taking a vastly different approach to those premised on historical data.

First, we use available data, information, theories, and findings to build the best-possible hypotheses on subjects such as probability of development success, the time required for development, market needs, and so forth. Next, based on those hypotheses, we look at future scenarios for opportunities and risks (for example the development status of competing products). We represent these scenarios mathematically and perform simulations to help decision makers identify the best option for improving the VALUE we create. In other words, in generating possible outcomes and scenarios that inform and support strategic decision-making, we use the simulation-based approach combined with the hypothesis building.



Masanori Ito

Digital, Analytics and Technology – Enterprise Insights and Digital Solutions

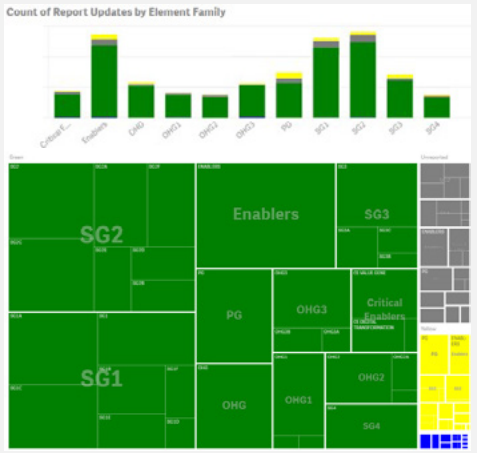
Case

Monitoring progress toward each goal set in Corporate Strategic Plan 2021 (CSP2021)

In order to achieve the Strategic Goals laid out in CSP2021, Astellas has many projects in train. Most of these projects are cross-functional and thus require multiple departments to work together. While data on the progress of each project is centrally managed, the sheer volume of information is such that it has not been possible to gauge progress and expenditure at a glance. Nor has there been any mechanism for real-time analysis of circumstances and generation of insights that could inform management strategy.

As a solution to this problem, we have developed a dashboard to support strategic decision-making by automating the analysis and processing of these huge amounts of data. This has enabled visualization of progress in the initiatives tied to each Strategic Goal, enabling prioritization of critical information and extraction of trends. As a result, we have managed to reduce the time required from data entry to visualization from three days to 15 minutes. We are utilizing the time thus saved to formulate strategic insights.

Dashboard (Image)



The graph at top shows the number of reports generated on each goal set in CSP2021. The exhibit at bottom is a visualization of this data, with the size of each box an indication of report numbers. Colors correspond to the importance assigned to each objective.

Sustainability Strategy Interview with the Head of the Sustainability Division



Making steady progress toward Strategic Goal 4 through a combination of sustainability initiatives focused on key issues, and advocacy activities promoting understanding of these initiatives among internal and external stakeholders

Shingo Iino
Vice President, Sustainability

Q Tell us about Astellas' stance on sustainability, and the level of understanding among internal and external stakeholders.

For Astellas, sustainability is the essence of our business activities. Thus, the concept is steadily gaining traction among stakeholders.

For Astellas, sustainability is by no means a new concept, but rather an extension of Astellas' business activities. In short, we think that our very operations contribute to sustainability for both society and Astellas. When we talk of Astellas and its approach to sustainability, first and foremost we think it's important to promote deeper understanding of this tenet among our stakeholders (both internally and externally).

In FY2021, we revised our Materiality Matrix that guides our sustainability efforts*1. Each of the issues identified is strongly associated with our existing operations but at the same time cannot be linked solely to a single business division. We therefore think it's essential that each employee at Astellas understands our material issues and key issues.

In FY2022, we proceeded to strengthen our advocacy activities on sustainability. We utilized a range of media to promote understanding of our sustainability activities among both internal and external stakeholders. Internally, we sought to replace one-way communication with dialog-based communication, using Ask Me Anything*2 sessions and division- or group-level small meetings to deepen stakeholder understanding via interactive communication. Through our global engagement survey, we know that employees have indeed developed a greater understanding of sustainability, attesting to gradual penetration of the concept throughout Astellas.

In February 2023, we held our second Sustainability Meeting to apprise external stakeholders of the progress we are making with sustainability activities. We have remained proactive in disseminating information about our sustainability initiatives, including via frequent dialog with investors.

Q Please describe progress toward achieving Strategic Goal 4, and the outlook going forward.

We established a new Sustainability Direction and are now in the process of executing "Our Commitments by FY2025"

In FY2022, the establishment of a new Sustainability Direction constituted a major step toward achieving Strategic Goal 4*3. A Sustainability Direction already existed but was created in the process of revisions to our Materiality Matrix. In formulating a new Sustainability Direction, we focused on the nine material issues (Materiality) as well as the two environmental issues identified as being of greatest concern to society. A cross-functional team then defined "Mid-term Priorities for Astellas," "Initiatives," and "Our Commitments by FY2025," which were submitted for review by the Executive Committee and Board of Directors, and then finalized. In establishing this Sustainability Direction, we maintained a keen awareness of the Organizational Health Goals set in CSP2021, with a view to defining ambitious rather than easily achievable goals.

In addition to establishing a Sustainability Direction, we also made progress in pursuing each of our Materiality initiatives. In improving Access to Health, for example, we began to provide countries with unmet needs in the cancer healthcare system support, one of the diseases targeted under our Primary Focus approach. In response to the latest Access to Medicines Index (ATMI)*4 Report, which identified a lack of transparency in Astellas' equitable access strategies, we created an entirely new mechanism and strategy for access to medicine. I take great pride in Astellas' creation of a comprehensive Access to Medicines strategy and a playbook to drive execution, going beyond the mere provision of economic support for organizations dedicated to improving access to medicines.

In terms of environmental initiatives, we met our FY2030 GHG*5 emissions reduction target early, in FY2021, and received approval from the SBT*6 Initiative to set new targets. Furthermore, we announced our commitment to achieving net zero GHG emissions by 2050. Finally, with an eye to realizing resilient and sustainable business operations, we began to consider BCP measures against risks such as regional conflicts and electricity shortages, and we are now in the process of planning a system for maintaining stable supply.

*1 For details, please refer to » P. 20.
*2 Ask Me Anything: Large interactive sessions designed to promote two-way communication between management and all.
*3 Deepen our engagement in sustainability.
*4 ATM Index: The Access to Medicine Index assesses and ranks the efforts of pharmaceutical companies in addressing access to medicines in developing countries.
*5 GHG: Greenhouse gases.
*6 Greenhouse gas emission reduction targets set by companies 5–15 years ahead, consistent with levels required by the Paris Agreement.

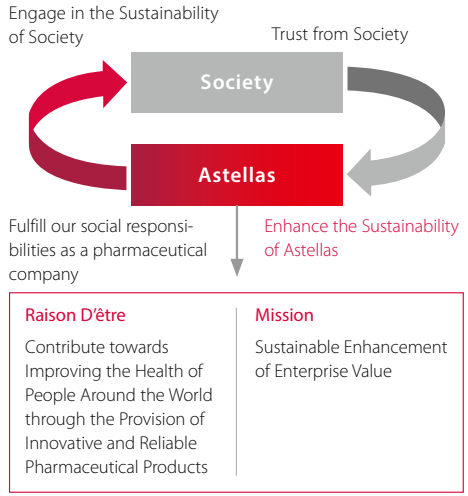
Sustainability Strategy Initiatives for Contribution to Sustainability

Astellas' Sustainability

Astellas recognizes that our contribution to social sustainability and earning trust from society will enhance Astellas' sustainability.

We have established the Sustainability Advisory Panel, and Environment, Social and Governance Working Groups (E·S·G Working Groups), all led by the Sustainability Division and consisting of cross-functional members. These organizations promote the following activities including Strategic Goal 4 for all divisions to contribute to sustainability from a long-term, strategic and groupwide perspective.

Astellas' Interaction with Society



Raison D'être

Contribute towards Improving the Health of People Around the World through the Provision of Innovative and Reliable Pharmaceutical Products

Mission

Sustainable Enhancement of Enterprise Value

Strategic Goal 4: Deepen our engagement in sustainability

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

In FY2022, Astellas considered how our efforts to address the nine material issues (Materiality) would lead to improving corporate value, and summarized them as two pillars for evolving sustainability. The first pillar "Transforming to be a cutting-edge VALUE-driven life science innovator" is related to five of these material issues. The second pillar "Strengthening resilient and sustainable business operations to meet the expectations of society" is related to the remaining four. Astellas has also established a sustainability direction as a guide toward FY2025 to address Materiality, as well as two important issues related to the environment that are pressed for by society. Astellas' sustainability initiatives will be promoted in line with this sustainability direction moving forward. The following pages describe more detailed information including concrete initiatives.

Sustainability Direction

Two Pillars for Evolving Sustainability

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

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

Environmental Sustainability

SUSTAINABILITY GOVERNANCE

Executive Committee*1 / Board of Directors*1

President and CEO

Head of Sustainability division

- Oversee all Astellas' Sustainability activities including ESG*2 elements.
- Decides on holding a Sustainability Advisory Panel.

Sustainability Advisory Panel

Discuss and consider global sustainability issues that are overarching to ESG such as the change in the Sustainability Direction.

Chair: Head of Sustainability division

Environment (E) Working Group | **Social (S) Working Group** | **Governance (G) Working Group**

- Discuss/exchange information on material issues on E, S or G, respectively, and create Advocacy strategy.
- Report the outcome to Head of Sustainability.

Oversight:
Head of Sustainability Center of Excellence*3

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

Two Pillars for Evolving Sustainability

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

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

Sustainability Strategy Initiatives for Contribution to Sustainability

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

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

Relationship to Material Issues and Key Issues

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

Improving Access to Health: Our Initiatives

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

Astellas' initiatives improving Access to Health



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

Since our establishment, Astellas has continuously strived to create innovative healthcare solutions and deliver them to patients who need them. We will accelerate our research and development based on our Focus Area approach and create diverse healthcare solutions by combining biologies and modalities/technologies. In addition, we will promote the Rx+ business which leverages the expertise and knowledge of Astellas, which have been cultivated through its Rx business, integrates innovative medical technology with cutting-edge technology in different fields, and contributes through the patient journey (overall medical care, including diagnostic, preventive, therapeutic and prognostic care).

Astellas' Core Business

approx. **143 million** patients **103** countries

were prescribed Astellas products cumulatively up to the first half of FY2022

2. Enhancing availability of Astellas products

For patients who are unable to obtain Astellas medicines for social or economic reasons, we strategically implement activities to improve access to our pharmaceutical products from the development stage to post-launch.

For patients who are unable to participate in clinical trials but meet certain criteria, our Early Access Programs provide access to investigational therapy for patients with serious or life-threatening diseases who are unable to participate in clinical trials and have exhausted existing treatment options. For example, through the PADCEV Early Access Program, more than 1,400 early access requests have been approved for patients with locally advanced or metastatic urothelial cancer in 7 countries. Our International Pharmacy Program (IPP) allows products that have already been approved in major countries to be imported and used in countries not yet approved for eligible patients. Through this program, in the most recent year, PADCEV has now been imported into 17 countries. Over the life of the program, the IPP for PADCEV has served more than 50 patients. In addition, our Patient Access Initiatives (PAI) are active in 25 countries. These PAIs are programs that help eligible patients obtain affordable access to Astellas products either directly or through Governments, Healthcare System Agencies or other eligible organizations.

We continued to build the capability to implement data and evidence-based pricing solutions for our innovative products. These solutions ensure that payers and healthcare systems pay a fair and value-based price for our newly launched medicines.

EARLY ACCESS REQUESTS

900+ patients — continued to receive early access to therapy in FY2022

1,400+ early access requests **40**+ countries — cumulatively for XOSPATA and PADCEV have been approved

INTERNATIONAL PHARMACY PROGRAM (IPP)

50+ patients have received therapy since initiation of the IPP for PADCEV in May 2021 that provides access to certain products

PATIENT ACCESS INITIATIVES

45+ active patient access initiatives **30**+ countries

to date in FY2022 that provide access for certain products after approval and before reimbursement, and primarily, after commercial availability in a country through various affordability programs called patient access initiatives

POST-TRIAL ACCESS

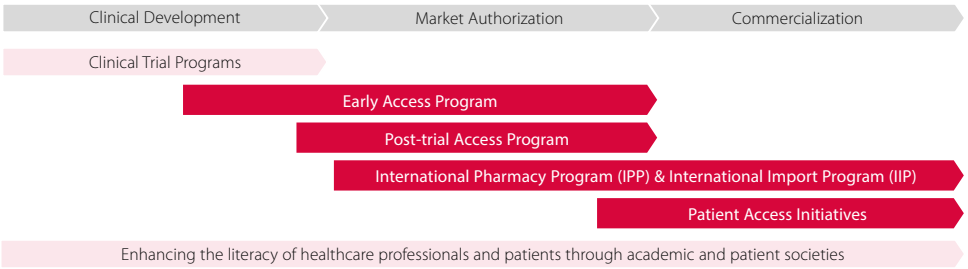
150+ oncology patients **25**+ countries

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

Sustainability Strategy Initiatives for Contribution to Sustainability

Astellas is committed to rising to the challenge to ensure the sustainability of its programs. We established the Access to Medicines Operational Oversight Committee in FY2022 to bring together leads from each access program to ensure training is provided, processes are kept up to date, and proper reporting occurs. While streamlined processes and cross-functional collaboration are vital, the passion and dedication of the Astellas team will bring about success. What you will find at Astellas is a team truly committed to bringing access to health for patients. As the most important materiality for both society and Astellas, we will contribute to improve ATH as One Astellas.

Enhancing Availability of Astellas Products



Voice

We realize that some patients with life-threatening diseases may not be eligible for clinical trials and may have exhausted their treatment options.

This is when early access programs become important. We established a centralized Early Access function at Astellas in 2020, which shows how seriously the company views these programs and the value they bring to patients. Astellas can receive a physician's request for early access at any time, from any country. For this reason, we established processes to ensure that all early access requests are evaluated quickly and consistently.

Astellas also realizes the importance of ongoing access to therapy for patients with life-threatening diseases who complete our clinical trials. Post-trial access programs bring value to patients who receive uninterrupted access to therapy until a product is commercially available.

Early access and post-trial access programs are just two ways that Astellas helps patients with life-threatening diseases overcome availability challenges. These programs demonstrate that we remain committed to improving access to Astellas products.



Ramona Rorig
Business Operations Lead, Early Access

3. Collaboration and support for the activities implemented by external partners to improve Access to Health

In our efforts to improve access to health, we strive to provide cooperation and support for the activities implemented by external partners by combining our capabilities and technologies.

Astellas continues joint research with Medicines for Malaria Venture and TCG LIFESCIENCE (TCGLS) for the exploration of novel antimalarial drug molecules with potential for further development.

Together with a consortium of partners, Astellas has contributed by leveraging our formulation technologies and know-how to developing a potential new pediatric treatment option, arpraziquantel, for schistosomiasis in preschool-aged children. In December 2022, European Medicines Agency (EMA) has validated the regulatory application for arpraziquantel and has started its review process.

In the areas of strengthening healthcare systems and improving health literacy, we are funding new projects with non-governmental organizations to impact society where expects synergy with Astellas' current/future business activity.

Astellas focuses on supporting and collaborating with external partners: National Cancer Society Malaysia and Asia Cancer Forum, Japan, City Cancer Challenge Foundation (C/Can), Peru, Academic Model Providing Access to Healthcare (AMPATH), Mexico and MAP International, Dominican Republic, to remove barriers to healthcare and strengthen health systems. The programs are focused on cancer care. Funding from Astellas is intended to help strengthen healthcare systems and health literacy in countries where the company has a business presence.

Health System Strengthening Program (Malaysia and Peru. Mexico and Dominican Republic are newly added FY2023)

nearly $3 million	4 global charitable donations	More than 1.2 million people expected to be impacted

PATIENT CENTRICITY PROGRAMS

20+ patient advocacy/patient organization programs supported in 2022 to understand and address what truly matters to patients	20+ million individuals projected to be impacted

Starlight Partner Activities*

49 people (36 organizations) participated in Peer support training	12 people (10 organizations) participated in Leadership Training Program	1 people (1 organizations) participated in Patient Expert Program

* Activities that support the self-reliance and sustainable development of patient organizations. For details, please visit the following website: https://www.astellas.com/en/sustainability/enrich-the-lives-of-patients

Sustainability Strategy Initiatives for Contribution to Sustainability

The Astellas Foundation for Research on Metabolic Disorders (AFRMD)* contributes to medical and life sciences through the discovery and nurturing of brilliant young talent and support for researchers by providing training and an opportunity to study abroad. Described below, the Astellas Global Health Foundation primarily funds initiatives to support the most underserved communities in low- and middle-income countries where Astellas does not have a business presence. Both the AFRMD and AGHF operate independently of the corporation.

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

The Astellas Global Health Foundation

The Astellas Global Health Foundation (AGHF) is an international philanthropic organization dedicated to supporting 3 key areas: improving access to health – Neglected Tropical Diseases/Communicable Diseases, Mental Health and Children's Health, building resilient communities, and providing disaster preparedness support in underserved global communities.

Launched in 2018, the Foundation has awarded $11 million in grants to support charitable initiatives focused on improving access to health, building resilient communities and providing disaster support. Through the funding, it is anticipated that the AGHF will impact more than 35 million lives over the next three years in Kenya, Nepal, Dominican Republic, South Sudan, the Democratic Republic of the Congo, Ghana, Ethiopia, Nigeria, El Salvador, Honduras, Uganda, Senegal, Guinea Bissau and Venezuela.

Two Pillars for Evolving Sustainability

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

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

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

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

Astellas is strengthening its BCP measures against unpredictable risks such as regional conflicts and natural disasters and is preparing for supply chain disruption, energy shortages, and rising energy costs. Specifically, in preparation for supply chain disruption, we adjust inventory levels to maintain a stable supply according to risk levels. In addition, we have secured secondary suppliers and secondary sites for many of our global products. To reduce energy-related risks, we are working on the introduction of solar power generation, introducing backup power supplies for manufacturing and research sites in Japan, and setting up emergency power supplies. By recognizing and preparing for unpredictable risks, we will maintain a stable supply of pharmaceuticals, which is our mission as a pharmaceutical company, and will realize a flexible and sustainable business.

Risks	Risk Control	
From regional conflicts and natural disasters • Supply chain disruption • Energy shortage • Rising energy costs	Manufacturing Supply Chain	Response to supply chain risks • Inventory management for a stable supply • Secure secondary suppliers and sites, and make efforts to secure them in as short a time as possible
	Energy Procurement	Response to power shortages and high costs • Currently considering the introduction of solar power to reduce energy risks Securing electric power in case of a power outage • Set up emergency power supplies for refrigerators containing important drug substances and stored products • Introduce backup power supplies for manufacturing and research sites in Japan

Environmental Sustainability

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

Relationship to Material Issues and Key Issues
- Reduction of environmental burden
- Climate change and energy

Sustainability Strategy Initiatives for Contribution to Sustainability

Disclosure based on TCFD recommendations

An in-house cross-functional team for disclosures was established to conduct a scenario analysis. The team analyzed Astellas' business and climate-related risks and opportunities, on the assumption that transition risks would materialize under a 1.5°C scenario for climate change and physical risks would materialize under a 4°C scenario. A qualitative risk/opportunity analysis was conducted in the FY2021 review. In FY2022, the team conducted a quantitative analysis on some items. As the GHG emission reduction action plan changed from a 2°C target to a 1.5°C target in terms of temperature increase the transition risk scenario was also changed to a scenario that assumes global temperatures rise by 1.5°C. The results of the analysis were reviewed by the EHS Committee.

Analysis of Risk and Opportunities*

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

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

* Only some items were extracted from the analysis results. See the corporate website or EHS report for details.

https://www.astellas.com/en/sustainability/TCFD-disclosure
https://www.astellas.com/en/system/files/5ca463117e/ehs-report2023_en_final1.pdf

Sustainability Strategy Initiatives for Contribution to Sustainability

Climate Change and Energy

Mitigating and adapting to the threat posed by climate change requires active involvement by national governments, local governments, corporations, citizens, and others. Astellas recognizes that climate change will become a constraint on conducting sustained corporate activity, and considers it an important management issue to address. Astellas has made a long-term commitment to taking measures against climate change and decided to aim for achieving a 90% reduction in GHG emissions and a 10% neutralization of residual emissions to achieve net zero by 2050, based on 2015, for Scope 1 and 2 and Scope 3, respectively. In addition, the Science Based Targets (SBT)* initiative approved Astellas' GHG emissions reduction targets through 2030. To address climate change as a management issue, we have adopted as targets, the 1.5°C (Scope 1 and 2) and well-below 2°C (Scope 3) targets of the Paris Climate Agreement.

* Greenhouse gas emission reduction targets set by companies 5–15 years ahead, consistent with levels required by the Paris Agreement.

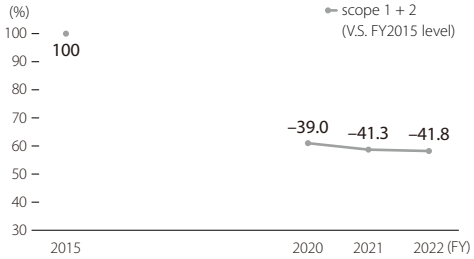
Progress on Environmental Action Plan

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

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

Astellas will keep on conducting continuous reviews of investment plans related to matters such as introducing renewable energy.

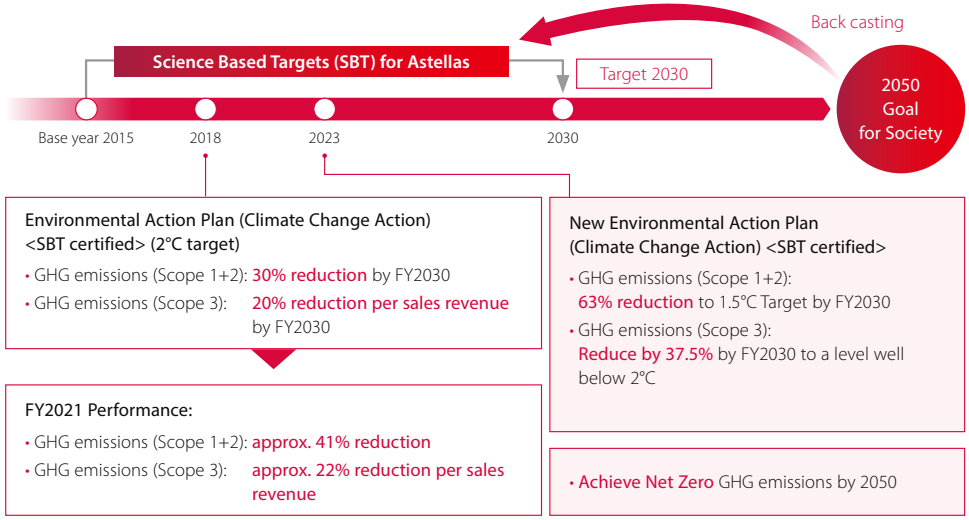
Progress on Environmental Action Plan (Scope 1 + 2)



Progress on Environmental Action Plan (Scope 3)

	FY2015 (Base-year)	FY2020	FY2021	FY2022
GHG emissions (Scope 3) (tons)	453,181	268,118	313,005	445,007
Improvement from Base-year (%)	–	–40.8	–30.9	–1.80

Steps toward 2050

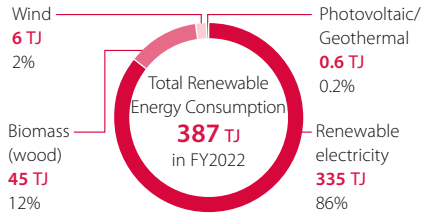


Using Renewable Energy

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

Starting in April 2020, Astellas switched all electricity consumed by its three research and production sites in Japan (Tsukuba Research Center, Tsukuba Biotechnology Research Center and Takahagi Chemistry & Technology Development Center) to hydroelectric power, which is free of GHG emissions. This enabled a reduction of emissions of 37,133 tons. Moreover, we are also moving ahead on switching to electricity generated by renewable energy sources in areas outside of Japan.

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



Sustainability Strategy Initiatives for Contribution to Sustainability

Breakdown of Energy Consumption

Global energy usage in FY2022 by the Astellas Group amounted to 2,048 terajoules (TJ), for a decrease of 2.0% (41 TJ) over the previous year. The percentage of total energy consumption accounted for by electricity is high because in each region a large amount of electricity is consumed by the operation of air conditioning equipment.

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

Breakdown of Energy Consumption

(TJ)

	FY2019	(%)	FY2020	(%)	FY2021	(%)	FY2022	(%)
Liquid fuel	**312**	14	**201**	10	**201**	10	**194**	9
Gaseous fuel	**1,000**	45	**992**	48	**1,001**	48	**962**	47
Heat purchased	**26**	1	**27**	1	**33**	2	**28**	1
Electricity purchased	**818**	37	**812**	39	**807**	39	**812**	40
Renewable energy sourced	102		343		345		335	
Natural energy	**54**	2	**54**	3	**47**	2	**53**	3
Wind	6		7		5		6	
Wood chip biomass	46		45		41		45	
Geothermal heat	2		2		1		0	
Photovoltaics	0.6		0.6		0.6		0.6	
Total	2,210		2,087		2,089		2,048	

Initiatives for Resources Recycling

Effective Use of Water Resources

The effective use of water resources serves as a useful indicator for gauging society's impact on biodiversity. Astellas assesses the relationship between water resources and economic activity using a water resource productivity index, and has been striving to improve this index. Water resource productivity for FY2022 improved significantly by 48% compared with the base year of FY2016.

Changes in Water Resources Withdrawn and Revenue

		FY2016 (Base-year)	FY2020	FY2021	FY2022
Water resource withdrawn (thousand m³)		**8,774**	**7,564**	**7,394**	**6,864**
Japan	Surface water	7,705	6,932	6,737	6,231
	Ground water	758	436	458	432
	Others	–	–	–	–
US	Surface water	146	24	53	55
	Ground water	–	–	–	–
	Others	–	–	–	–
Established Markets	Surface water	145	151	128	129
	Ground water	–	–	–	–
	Others	–	–	–	–
Greater China	Surface water	21	21	19	15
	Ground water	–	–	–	–
	Others	–	–	–	–
International Markets	Surface water	–	–	–	–
	Ground water	–	–	–	–
	Others	–	–	–	–
Revenue (billions of yen)		**1,312**	**1,250**	**1,296**	**1,519**
Water resource productivity (billions of yen/thousand m³)		**0.15**	**0.17**	**0.18**	**0.22**
Improvement from Base-year		**–**	**11%**	**17%**	**48%**

Waste Management

Astellas is promoting efforts to reduce the waste landfill volume to as close to zero as possible through the proactive recycling and reuse of waste materials. Moreover, Astellas also evaluates the relationship between the waste generation volume and economic activities with the index known as the Waste generated per unit, and the Company is making efforts to improve it.

In FY2022, the waste generated per unit improved 16% over the base year (FY2016).

Changes in Waste Generation Volume and Revenue

	FY2016 (Base-year)	FY2020	FY2021	FY2022
Waste generated (tons)	**13,899**	**14,352**	**13,882**	**13,544**
Japan	11,836	10,714	10,158	9,787
US	54	361	576	783
Established Markets	1,956	3,228	3,043	2,866
Greater China	54	50	105	109
International Markets	–	–	–	–
Revenue (billions of yen)	**1,312**	**1,250**	**1,296**	**1,519**
Waste generated per unit (tons/billions of yen)	**10.6**	**11.5**	**10.7**	**8.9**
Improvement from Base-year	**–**	**–8%**	**–1%**	**16%**

Sustainability Strategy Initiatives for Contribution to Sustainability

Initiatives for Preventing Pollution

Air Pollution—Reduction of VOC*1 emissions

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

Air Pollution—Reduction of NOx*2 emissions

To reduce the emission of NOx into the atmosphere, Astellas has installed boilers that use gaseous fuels (city gas, LNG, and LPG). The NOx emissions from all business sites in Japan are as shown in the table below. The NOx emissions from non-Japanese production sites in FY2022 amounted to 6 tons.

Changes in Emission Volume (tons)

Substance	Target	FY2018	FY2019	FY2020	FY2021	FY2022
VOC	All production facilities and R&D sites in Japan	44	28	22	21	23
NOx	All production facilities and R&D sites in Japan	21	16	21	17	18

*1: VOC: Volatile Organic Compounds
*2: NOx: Nitrogen Oxides

Water Pollution

Astellas measures the extent of its impact on aquatic environments using the BOD*3 load as an index in Japan and the COD*4 load as an index in other countries, and makes the data available to the public. In Japan, the BOD load in FY2022 was 9 tons, the same as the previous fiscal year. Outside Japan, the COD in fiscal 2022 was 31 tons, an increase of 7% from the previous year.

Since the discharge into water of chemical substances used in manufacturing processes can have a negative impact on ecosystems, we are examining ways of reducing such discharges as much as possible at all stages from R&D onward. With respect to future drug candidate substances discovered and developed by Astellas, we are examining the impact pharmaceuticals would have on ecosystems through the evaluation of their biodegradability in the natural environment.

Changes in BOD Load (tons)

Substance	Target	FY2018	FY2019	FY2020	FY2021	FY2022
BOD	All Japanese production facilities and R&D centers	10	8	9	9	9
Drainage into rivers		8	7	8	8	6
Drainage into sewer system		2	1	1	1	3

Changes in Drainage Volume (thousand m³)

Destination	Target	FY2018	FY2019	FY2020	FY2021	FY2022
Drainage Volume	All business facilities in Japan	8,058	7,061	7,308	6,810	6,298
Drainage into rivers		7,820	6,836	6,835	6,610	6,108
Drainage into sewer system		238	225	203	200	190

*3 Biochemical Oxygen Demand
*4 Chemical Oxygen Demand

External Evaluation Regarding ESG

ESG Assessments

	FY2020	FY2021	FY2022
FTSE ESG Ratings (0 to 5, higher scores are better)	3.6	4.0	4.3
MSCI ESG Ratings (Scale from CCC to AAA)	AA	AA	AA
CDP [Climate Change/Water Security] (A to F, A is the highest)	A-/B	B/B	A-/B
Access to Medicine Index (ranks the world's 20 pharmaceutical companies)	–	14th/20	16th/20
Sustainalytics (Scale from Negligible to Severe)	Medium	Medium	Low

Inclusion in ESG Investment Indexes

FTSE4Good | FTSE Blossom Japan Index | FTSE Blossom Japan Sector Relative Index | MISI Japan ESG Select Leaders Index | MSCI Japan Empowering Women Index (WIN) | S&P/JPX Carbon Efficient Index

Certified Health & Productivity Management Outstanding Organization

Astellas supports our employees' working styles and well-being and strives for organizational health. Astellas' health management promotion system in Japan is planned and operated by Human Resources, Astellas Health Insurance Society and the labor union, and headed by the Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO). Our efforts to promote good health have been recognized with certification as a 2023 Certified Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry in Japan for two consecutive years.

Astellas awarded Compliance Leader Verification™

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

THE INCLUSION OF Astellas Pharma Inc. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Astellas Pharma Inc. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

THE USE BY Astellas Pharma Inc. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Astellas Pharma Inc. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

The 2-year progress report on Access to Medicine Index is as follows:
2021: https://accesstomedicinefoundation.org/resource/2021-access-to-medicine-index
2022: https://accesstomedicinefoundation.org/resource/2022-access-to-medicine-index

Copyright ©2023 Sustainalytics. All rights reserved. This [publication/ article/ section] contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.



Strengthen Foundation for Value Creation

CONTENTS

Strengthen Foundation for Value Creation

Corporate Governance 71
Dialogue with Outside Directors 82
Risk Management 86
Ethics & Compliance 88

Corporate Governance

Upon Assuming the Post of Chairman of the Board



Astellas' Board of Directors is highly effective, which we have achieved through diverse board composition and through open and active discussions.

Kenji Yasukawa
Representative Director, Chairman of the Board

I assumed the position of Chairman of the Board in June 2022 while serving as Representative Director, President and CEO. From April 2023, I passed the baton of Representative Director, President and CEO to Naoki Okamura, and continue to serve as Representative Director, Chairman of the Board.

Following the Annual Shareholders Meeting in June 2023, the Board of Directors has started with a new composition of members. With the retirement of three outside Directors, who had contributed greatly to the Company, three new outside Directors have joined—namely, Masahiro Miyazaki, Yoichi Ohno, and Rie Akiyama. Katsuyoshi Sugita, Astellas' Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO) has also joined as Representative Director, Executive Vice President. As a result, the Company has eleven Directors, including three female Directors, and continues to be diversified in terms of skills and experience and in composition overall.

Since my appointment to the role of Chairman of the Board, I have encouraged the proactive and timely sharing of information as well as open and active discussions. In FY2022, the Board of Directors arranged more opportunities for advance briefings on important agenda items for outside Directors, and also had discussion sessions on how best to enable the Board of Directors' oversight function. The Company has also been active in promoting dialogue with shareholders and other stakeholders, by, for example, including outside Director interviews in the Integrated Report and having outside Directors speak at the Sustainability Meeting 2022. I continue to be proactive in pursuing dialogue with stakeholders and would like to reflect the various insights gained in discussions at Board of Directors meetings.

The Board members share a common understanding of how the oversight function of our Board should be and are working toward improving it further.

Our Corporate Governance Guidelines clearly state that the role of the Board is to determine basic management policies and strategies, and to serve as an oversight function for business execution. I believe it is essential to verbalize the oversight function expected of Directors and ensure a common understanding among all Directors in order for us to run the Board with a unified vision. In FY2022, all Directors had discussions on how best to enhance its oversight function. As a result of these discussions, all Directors have agreed that the oversight role of the Directors should be "to monitor and evaluate whether business execution is carried out appropriately along with the management policies or strategies determined by the Board," "to identify opportunities for improvement and when necessary, nudge the Company toward course correction," and ultimately, "to decide on the appointment and remuneration of Directors and Officers entrusted with business execution." It is very important to perform these roles from the perspective of ensuring sustainable growth for the Company and enhancing corporate value over the medium- to long-term.

Based on the discussions above, I will lead efforts to further enhance the effectiveness of the oversight function of the Board of Directors by implementing specific measures, including more active and open discussions with outside Directors.

The Board members are engaging in "growth-oriented oversight" to achieve sustainable growth and medium- to long-term enhancement of corporate value.

Lastly, I would like to talk a little more about "growth-oriented oversight," raised in the above discussions of the Board's oversight function.

To date, the Board of Directors has been working solidly on "risk management-oriented oversight" by periodically checking company-wide risks and how they are managed, as well as the status of compliance activities. All Directors have agreed that we should place even greater emphasis on "growth-oriented oversight," and continue discussions that encourage intelligent risk-taking.

I believe that the continuous creation of innovation is essential in order to realize our VISION of being "On the forefront of healthcare change to turn innovative science into VALUE for patients," and achieve sustainable growth and medium- to long-term enhancement of corporate value. Creating innovation, including our Focus Area approach, is to consistently challenge the unknown and do things that have never been done before. For these bold challenges, the Board of Directors appropriately supports the Company in making decisions in a transparent and fair but also swift and bold manner, creating innovation through intelligent risk-taking and agile business execution.

In our new Board of FY2023, the members fully understand the role they have to play as an oversight function and are committed to working as one to achieve sustainable growth and medium- to long-term enhancement of corporate value. As Chairman of the Board, I remain determined to fulfil my own role and responsibilities to achieve our goals.

Corporate Governance

Board of Directors (As of June 20, 2023)



Kenji Yasukawa

Representative Director, Chairman of the Board

Rate of attendance in meetings of the Board of Directors: 100% (14/14 times)
Number of shares of the Company owned: 127,415 shares

Resume, position and responsibilities at the Company

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



Naoki Okamura

Representative Director, President and CEO

Rate of attendance in meetings of the Board of Directors: 93% (13/14 times)
Number of shares of the Company owned: 33,400 shares

Resume, position and responsibilities at the Company

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



Katsuyoshi Sugita

Representative Director, Executive Vice President

Number of shares of the Company owned: 1,100 shares

Resume, position and responsibilities at the Company

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



Takashi Tanaka

Outside Director

Rate of attendance in meetings of the Board of Directors: 100% (14/14 times)
Number of shares of the Company owned: 0 shares

Resume, position and responsibilities at the Company

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



Eriko Sakurai

Outside Director

Rate of attendance in meetings of the Board of Directors: 91% (10/11 times)
Number of shares of the Company owned: 0 shares

Resume, position and responsibilities at the Company

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



Masahiro Miyazaki

Outside Director

Number of shares of the Company owned: 0 shares

Resume, position and responsibilities at the Company

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

*1 Figures for the rate of attendance in meetings of both the Board of Directors and the Audit & Supervisory Committee are for FY2022.
*2 The number of shares of the Company owned is as of the end of March 2023.

Corporate Governance



Yoichi Ohno

Outside Director

Number of shares of the Company owned: 0 shares

Resume, position and responsibilities at the Company

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



Toru Yoshimitsu

Director,
Audit & Supervisory Committee Member

Rate of attendance in meetings of the Board of Directors: 100% (14/14 times)
Rate of attendance in meetings of the Audit & Supervisory Committee: 100% (19/19 times)
Number of shares of the Company owned: 47,818 shares

Resume, position and responsibilities at the Company

April 1987:	Joined the Company
April 2013:	Senior Vice President, Product & Portfolio Strategy, the Company
June 2015:	Corporate Executive, Senior Vice President, Product & Portfolio Strategy, the Company
April 2017:	Corporate Executive, Senior Vice President, Corporate Finance & Control, the Company
April 2019:	Corporate Executive, Senior Vice President, Corporate Financial Planning & Analysis, the Company
October 2019:	Corporate Executive, Senior Vice President, Finance and Corporate Financial Planning & Analysis, the Company
April 2020:	Report to CEO, the Company
June 2020:	Director (Audit & Supervisory Committee Member), the Company (present post)



Raita Takahashi

Outside Director,
Audit & Supervisory Committee Member

Rate of attendance in meetings of the Board of Directors: 93% (13/14 times)
Rate of attendance in meetings of the Audit & Supervisory Committee: 100% (19/19 times)
Number of shares of the Company owned: 0 shares

Resume, position and responsibilities at the Company

October 1986:	Joined Sanwa · Tohmatsu Aoki Audit Corporation (current Deloitte Touche Tohmatsu LLC)
August 1995:	Joined Chuo Audit Corporation
May 1997:	Established TAKAHASHI Accounting & Tax office (present post)
April 1999:	Representative Partner, ChuoAoyama PricewaterhouseCoopers
December 2000:	Outside Audit & Supervisory Board Member, Alpha Group Inc. (present post)
March 2001:	Representative Director, Yoshida Management Co. Ltd. (present post)
June 2011:	Trustee, Japan Association of Healthcare Management Consultants (present post)
January 2018:	Section President, Japanese Institute of Certified Public Accountants, Minami-Kyushu Chapter, Kagoshima Subcommittee
June 2020:	Director (Audit & Supervisory Committee Member), the Company (present post)



Mika Nakayama

Outside Director,
Audit & Supervisory Committee Member

Rate of attendance in meetings of the Board of Directors: 100% (11/11 times)
Rate of attendance in meetings of the Audit & Supervisory Committee: 100% (14/14 times)
Number of shares of the Company owned: 0 shares

Resume, position and responsibilities at the Company

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



Rie Akiyama

Outside Director,
Audit & Supervisory Committee Member

Number of shares of the Company owned: 0 shares

Resume, position and responsibilities at the Company

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

*1 Figures for the rate of attendance in meetings of both the Board of Directors and the Audit & Supervisory Committee are for FY2022.

*2 The number of shares of the Company owned is as of the end of March 2023.

Skills Matrix and Composition of Advisory Committees

	Name	Outside Director	Company Management	Global Business	Science & Technology	Legal · Risk Management*	Finance · Accounting	Academia	Advisory Bodies: Nomination Committee	Advisory Bodies: Compensation Committee
Director	Kenji Yasukawa		●	●	●				—	—
	Naoki Okamura		●	●	●		●		—	—
	Katsuyoshi Sugita		●	●		●			—	—
	Takashi Tanaka	○	● (Telecommunication)	●	●				Chair	Chair
	Eriko Sakurai	○	● (Chemicals)	●					Member of the Committee	Member of the Committee
	Masahiro Miyazaki	○	● (Precision instruments / Trading)	●					Member of the Committee	Member of the Committee
	Yoichi Ohno	○			●			● (Medicine)	Member of the Committee	Member of the Committee
Director Audit & Supervisory Committee Member	Toru Yoshimitsu			●	●		●		—	—
	Raita Takahashi	○					● (Accountant)		—	—
	Mika Nakayama	○	● (Chemicals)	●	●	●			—	—
	Rie Akiyama	○				● (Lawyer)			—	—

* The description of "Legal · Risk Management" is partially different from the previous version due to a change in the criteria for risk management skills.

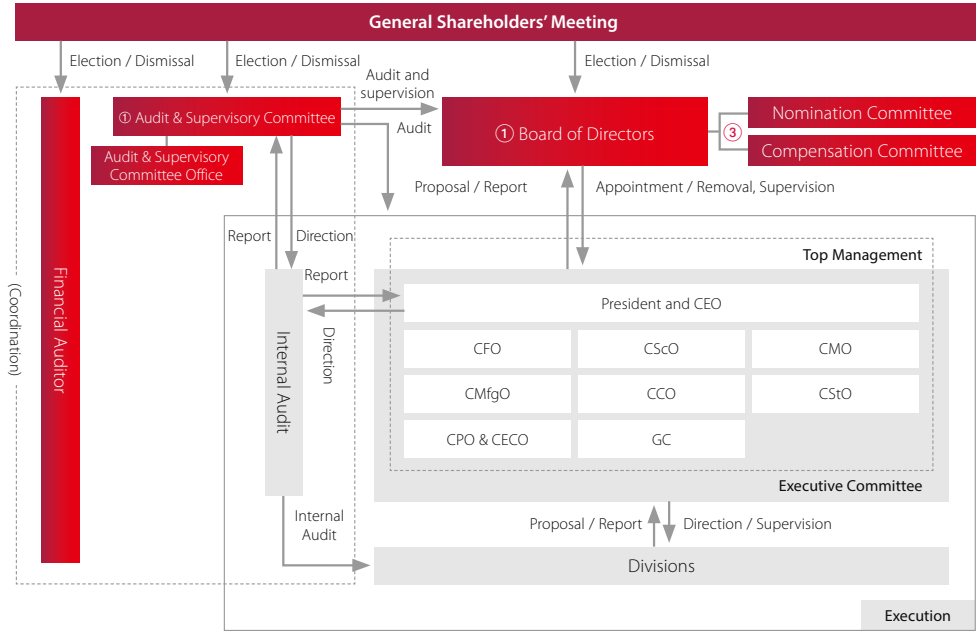
Corporate Governance

Basic view

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

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

Corporate Governance Systems (As of the end of June 2023)



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

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

(1) Board of Directors



Internal Directors (4 males)

Outside Directors (4 males and 3 females)

Ratio of females

27.3%



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

Specific matters considered by the Board of Directors in FY2022

Corporate Strategy	• Quarterly review of the progress of the corporate strategic plan • Revision of Focus Area strategy • Formulation and revision of Primary Focus strategy • Determination of FY2023 Corporate Annual Plan
Risk Management	• Review of enterprise risks and the management status thereof • Review of audit results obtained by the Audit & Supervisory Committee and Internal Audit • Review of status of compliance activities
Stakeholder Engagement	• Approval of matters related to financial results • Review of status of dialogue with investment community • Review of results of employee engagement survey • Revision of sustainability policy • Review of status of sustainability activities
Corporate Governance	• Evaluation of Board of Directors effectiveness analysis results • Deliberations and decisions on Directors & Officers appointment/ remuneration • Review of status of succession planning

Corporate Governance

Evaluation of effectiveness of the Board of Directors

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

1. The Chairman of the Board of Directors conducted a survey based on questionnaires to Directors.
2. Based on the results of this survey, the Board of Directors performed its analysis and evaluation.
3. Evaluation of effectiveness in FY2022

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

<Reasons for the evaluation> As a result of the survey on effectiveness, we obtained a high evaluation as a whole, and confirmed that the following activities and discussions took place.

- The Board of Directors formulates strategy and corporate strategic plan based on the business philosophy, and has discussions and makes decisions while always taking into consideration strategic direction.
- The Board of Directors effectively utilizes the Nomination Committee, and appropriately supervises succession planning and makes decisions regarding nomination.
- The Board of Directors effectively utilizes the Compensation Committee, and appropriately establishes the remuneration system and decides the amounts of remuneration.

Initiatives to raise the effectiveness

The Board of Directors evaluated itself as there being room for further improvement with regard to dialogue with stakeholders and oversight of sustainability activities. It will strive to further increase its effectiveness, by working to understand the expectations and opinions of various stakeholders and reflecting them in discussions at Board of Directors meetings, and by deepening its involvement in and strengthening oversight of sustainability activities, including environmental, social, and governance issues.

Reasons for appointment of outside Directors

Position	Name	Reasons for appointment
Outside Director	Takashi Tanaka	He has been engaged in corporate management as a business manager of global telecommunications companies for many years, and has abundant experience and extensive insight as a business manager. Since June 2021, he has been playing a key role as outside Director in the management of the Company from an independent standpoint. In addition, as a member of the Nomination Committee and the Compensation Committee, he has contributed to the deliberations of each Committee by vigorously expressing opinions. The Company expects him to leverage his broad knowledge in the telecommunications field and abundant experience and extensive insight as a corporate manager to the management of the Company from an independent standpoint in the future as well.
Outside Director	Eriko Sakurai	She has served in important positions for many years at a chemical manufacturer that develops business globally and has its head office in the United States, and has been engaged in corporate management at a Japanese subsidiary in the corporate group of that company. She possesses abundant international experience and extensive insight. Since June 2022, she has been playing a key role as outside Director in the management of the Company from an independent standpoint. In addition, as a member of the Nomination Committee and the Compensation Committee, she has contributed to the deliberations of each Committee by vigorously expressing opinions. The Company expects her to leverage her abundant international experience and extensive insight for the management of the Company from an independent standpoint in the future as well.
Outside Director	Masahiro Miyazaki	He has extensive experience working overseas for an industrial trading company, and has been engaged in corporate management for many years as a business manager of a company that develops business globally in the field of precision instruments, etc. He possesses abundant international experience and extensive insight. The Company expects him to leverage his abundant international experience and extensive insight for the management of the Company from an independent standpoint.
Outside Director	Yoichi Ohno	He has been engaged in medical treatment for many years as a medical scientist and a clinician, and has abundant specialized knowledge and experience in medical treatment. The Company expects him to leverage his abundant specialized knowledge and experience to the management of the Company from an independent standpoint.
Outside Director, Audit & Supervisory Committee Member	Raita Takahashi	With many years of experience as a certified public accountant, he has thorough knowledge of corporate consulting and auditing, and is also engaged in corporate management as a business manager of a consulting company relating to business accounting and tax accounting services, and has abundant specialized knowledge and experience. Since June 2020, he has been playing a key role as outside Director who is an Audit & Supervisory Committee Member in the supervision and auditing of the Company's management from an independent standpoint. The Company expects him to leverage his abundant specialized knowledge and experience to supervise and audit the Company's management in the future as well.
Outside Director, Audit & Supervisory Committee Member	Mika Nakayama	She has abundant experience in the field of intellectual property at a globally operating chemical manufacturer and, in addition to having served in important positions, has been engaged in corporate management in the company. She possesses abundant specialized knowledge and extensive insight. The Company expects her to leverage her abundant specialized knowledge and extensive insight to supervise and audit the Company's management in the future as well.
Outside Director, Audit & Supervisory Committee Member	Rie Akiyama	She has been engaged in corporate legal affairs as an attorney-at-law, and has abundant specialized knowledge and experience gained through working on international cases, serving as a civil mediator at the Tokyo District Court, etc. The Company expects her to leverage her abundant specialized knowledge and experience to supervise and audit the Company's management.

Corporate Governance

(2) Audit & Supervisory Committee


Internal Director
(1 male)


Outside Directors
(1 male and 2 females)

Ratio of females
50%



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

Specific matters considered by the Audit & Supervisory Committee in FY2022

Specific matters considered by the Audit & Supervisory Committee include the Audit & Supervisory Committee's audit policy, audit plan and audit results, results of the audit of the business report and financial statements, the Internal Audit division's audit plan and audit results, development of the internal control system and its operational status, Financial Auditor evaluation and remuneration, etc., and opinions about election, remuneration, etc., of Directors (excluding Directors who are Audit & Supervisory Committee Members). During FY2022, the Audit & Supervisory Committee focused on the following key audit items:

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

(3) Nomination Committee and Compensation Committee

Nomination Committee


Outside Directors
(3 males and 1 female)

Ratio of females
25%



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

Specific matters considered by the Nomination Committee in FY2022

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

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

Compensation Committee


Outside Directors
(3 males and 1 female)

Ratio of females
25%



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

Specific matters considered by the Compensation Committee in FY2022

Executive remuneration level, remuneration system, etc., for FY2023	• Establishment of remuneration levels by position and by individual • Revision of incentive-based remuneration system (introduction of clawback clause, adoption of a sustainability performance indicator in company-wide performance assessment for bonuses and design of assessment system, revision of performance assessment system for Top Management, etc.)
Bonuses for FY2021	Company-wide performance assessment results and amount paid by individual
Bonuses for FY2022	Company-wide performance targets and assessment table
FY2019 stock compensation*2	Achievement of performance targets and number of shares delivered by individual
FY2022 stock compensation*3	Trust setup and TSR Peer Group*4 setup

*2 FY2019 is the first business year of the assessment period for stock compensation, and FY2021 is the last business year of the assessment period for stock compensation.
*3 FY2022 is the first business year of the assessment period for stock compensation, and FY2024 is the last business year of the assessment period for stock compensation.
*4 See P.79 for details.

Corporate Governance

Amounts of remunerations

Matters on Policy of determining remuneration amounts and calculation methods

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

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

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

The Compensation Committee has deliberated on the details of remunerations for individual Directors who are not Audit & Supervisory Committee Members, including whether such details are in line with the aforementioned policy, and the Board of Directors has judged that they are in line with said policy with due respect to the proposal of the Compensation Committee. Meanwhile, remunerations for individual Directors who are Audit & Supervisory Committee Members are determined by deliberation of Audit & Supervisory Committee Members.

Total amount of remunerations, total amount of remunerations by type, and number of Directors applicable for each category of Directors (FY2022)

Category	Total amount of remunerations (Millions of yen) (1)+(2)+(3)	Total amount of remunerations by type of remuneration (Millions of yen)					Number of applicable Directors
		Basic remuneration (1)	Bonus (2)	Stock compensation (3)	Total monetary remuneration (1)+(2)	Total performance-linked remuneration (2)+(3)	
Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	706	229	255	222	484	477	3
Outside Directors who are not Audit & Supervisory Committee Members	97	97	—	—	97	—	5
Total	802	326	255	222	581	477	8
Directors who are Audit & Supervisory Committee Members (excluding outside Directors)	67	67	—	—	67	—	1
Outside Directors who are Audit & Supervisory Committee Members	70	70	—	—	70	—	4
Total	137	137	—	—	137	—	5

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

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

*3 The amounts of "Basic remuneration" above include the amounts paid to two Directors (including 1 outside Director) who are not Audit & Supervisory Committee Members and one outside Director who is an Audit & Supervisory Committee Member who retired at the close of the 17th Term Annual Shareholders Meeting held on June 20, 2022.

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

Remunerations for internal Directors who are not Audit & Supervisory Committee Members*

Remuneration policies

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

1 Competitive remuneration system

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

2 Remuneration system that emphasizes increasing enterprise value and shareholder value

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

3 Fair and impartial remuneration system

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

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

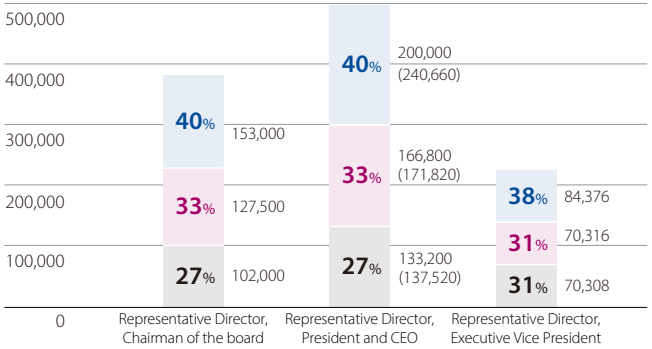
Remuneration structure/Remuneration levels*

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

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

Corporate Governance

Remuneration levels (base amount) for Directors of the Company on a per position basis and allocated ratios of remuneration (FY2022)



* The figures shown in parentheses indicate the remuneration levels (base amount) for FY2023.

Bonus (short-term incentive remuneration) (FY2022)

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

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Reasons for the selection of indicators and targets	Actual results	Assessment coefficient
Revenue	25%	0%–200%	**Reasons for the selection: To assess the increase in size of business** • Maximum: Target × 105% (¥1,515.2 billion) • Target: Initially released forecast value (¥1,443.0 billion) • Minimum: Target × 95% (¥1,370.9 billion)	¥1,518.6 billion	200.0%
Core operating profit ratio	25%	0%–200%	**Reasons for the selection: To assess the increase in business profitability and operational efficiency** • Maximum: Target × 110% (22.1%) • Target: Initially released forecast value (20.1%) • Minimum: Target × 90% (18.1%)	18.9%	40.0%
Core EPS*	25%	0%–200%	**Reasons for the selection: To assess the increase in profit per share** • Maximum: Target × 115% (¥140.36) • Target: Initially released forecast value (¥122.05) • Minimum: Target × 85% (¥103.74)	¥123.42	107.5%
R&D performance	25%	0%–200%	**Reasons for the selection: To assess the achievement of sustainable growth** **Target: Set quantitative targets separately for research and development** (1) Research: Number of new drug candidates (2) Development: Amount of increase in pipeline value	—	83.1%
Total	100%	0%–200%		Bonus payment rate: 107.6%	

* EPS: Earnings per Share

Indicator introduced from FY2023 onward

Key performance indicator	Variance of assessment coefficient	Reasons for the selection of indicator and targets
Sustainability performance	–10% to +10%	**Reasons for the selection: To assess efforts toward the achievement of a sustainable society** **Targets: Set sustainability performance targets for the following four evaluation items** (1) Initiatives for Access to Health (2) Initiatives for Talent and Organization (3) Initiatives for Stable Products Supply (4) Initiatives for Environment Sustainability

TOPICS

Incorporation of Sustainability Performance

The Company newly incorporated sustainability performance into its key performance indicators in FY2023.

"Deepen our engagement in sustainability" was set as one of the Strategic Goals in Corporate Strategic Plan 2021

- Sustainability performance indicators added to bonuses (short-term incentive remuneration)
- Performance targets related to sustainability initiatives set for each business year
- Bonus payment rate within a range of –10% to +10% according to the level of achieving performance targets

Sustainability performance will be evaluated based on the following four evaluation items.

Sustainability Compensation KPIs
Initiatives for Access to Health
Initiatives for Talent and Organization
Initiatives for Stable Products Supply
Initiatives for Environment Sustainability

Reasons for selection of evaluation items:

- These items were not adequately reflected in conventional indicators for our sustainability initiatives tackling major social issues.
- Evaluation of major initiatives related to stakeholders (especially patients, investors, employees, and society) will be reflected widely in sustainability performance, which is one of the indicators for company-wide performance.

Corporate Governance

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

Stock compensation (medium- to long-term incentive remuneration) is performance-linked remuneration for promoting management that emphasizes increase in enterprise value and shareholder value over the medium- to long-term. As such, the Company's shares will be delivered based on the level of growth of enterprise value and shareholder value over 3 consecutive business years ("Applicable Period"), and an appropriate stock price evaluation indicator will be set to form a system that is closely linked to performance.
Total shareholder return (TSR*1) will be adopted for the stock price evaluation indicator. The Company's shares will be delivered and so forth based on the results of a comparison between the Company's TSR and the growth rate of the Tokyo stock price index (TOPIX) for the Applicable Period and a comparison between the Company's TSR and that of global pharmaceutical companies (the TSR Peer Group*2) for the Applicable Period. However, 50% of the delivered shares are to be paid out upon their conversion to cash in order for them to be allotted to a fund for payment of withholding income tax and other such taxes.

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

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

Targets and actual results of respective key performance indicators, and share delivery rate (stock compensation with FY2022 as the last business year of the assessment period for stock compensation)

Stock price assessment benchmarks	Assessment weighting	Variance of assessment coefficient	Reasons for the selection of benchmarks	Targets	Actual results	Assessment coefficient
TSR (1) (Comparison with TOPIX growth rate)	50%	0% to 200%	To assess the increases in enterprise value and shareholder value over the medium- to long-term	Target: Set target range as follows • Maximum: 200% • Target: 100% (= TOPIX growth rate) • Minimum (threshold): 50%	TOPIX growth rate: 154.3% Growth rate of the Company's TSR: 127.0%	82.3%
TSR (2) (Comparison with TSR of global pharmaceutical companies)	50%	0% to 200%		Target: Set target range as follows • Maximum: 100 percentile (top ranking) • Target: 50 percentile (midrange) • Minimum (threshold): 25 percentile (lower quartile)	The Company's ranking: 16th out of 31 companies	100.0%
Total	100%	0% to 200%			Share delivery rate: 91.2%	

Formulas for calculating the number of shares delivered and the amount of cash paid

Number of shares delivered to respective Directors* = (a) Basic points per position × (b) Assessment coefficient

* 50% of the delivered shares are to be paid out upon their conversion to cash to be allocated to a fund for payment of withholding income tax and other such taxes.

(a) Basic points per position

= (i) Base amount per position / (ii) Share price at start of Applicable Period

(i) Refer to Remuneration levels (base amount) for Directors of the Company on a per position basis and allocated ratios of remuneration on P.78

(ii) Average closing price of the Company's share on the Tokyo Stock Exchange in the month prior to start of the Applicable Period

(b) Assessment coefficient

= (i) TSR assessment coefficient (1) × 50% + (ii) TSR assessment coefficient (2) × 50%

(i) TSR assessment coefficient (1)

Whereas assessment coefficients are calculated using the formula shown below, the TSR assessment coefficient (1) is set to zero if the value calculated is less than 50%.

$$\frac{\text{Company TSR during the Applicable Period}}{\text{TOPIX growth rate during the Applicable Period}} = \frac{\{(B - A) + C\} \div A + 100\%}{(E - D) \div D + 100\%}$$

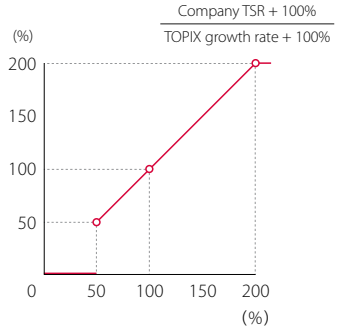
A: Simple average closing price of the Company's share on the Tokyo Stock Exchange in the month prior to start of the Applicable Period
B: Simple average closing price of the Company's share on the Tokyo Stock Exchange in the final month of the Applicable Period
C: Total dividend per share pertaining to dividend of retained earnings during the Applicable Period
D: Simple average TOPIX in the month prior to start of the Applicable Period
E: Simple average TOPIX in the final month of the Applicable Period

(ii) TSR assessment coefficient (2)

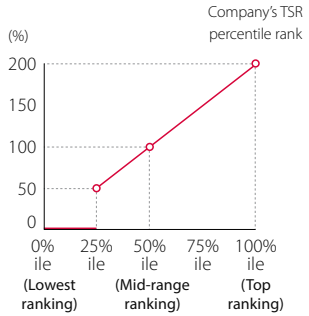
TSR of the Company and that of the TSR Peer Group are compared with respect to the Applicable Period. If the Company's percentile rank is midrange (50 percentile), the assessment coefficient (2) is set at 100%. If it has a top ranking (100 percentile), the assessment coefficient (2) is set to 200%. If it ranks in the lower quartile, the assessment coefficient (2) is 50%. If it is below the lower quartile, the assessment coefficient (2) is set to zero.

* TSR of the Company and the TSR Peer Group companies is to be calculated using the formula shown below.
TSR = { (B − A) + C } ÷ A
A: Simple average closing price of respective companies' share on the stock exchanges of the respective companies' primary listings in the month prior to start of the Applicable Period
B: Simple average closing price of respective companies' share on the relevant stock exchanges as pertains to 'A' for the final month of the Applicable Period
C: Total dividend per share pertaining to dividend of retained earnings of the respective companies during the Applicable Period

TSR assessment coefficient (1)



TSR assessment coefficient (2)



Corporate Governance

Systems to Ensure the Appropriate Execution of Business

The Company has set out basic policies regarding the following systems to ensure that the Company's business is duly executed.

(1) System concerning the Performance of Duties

1) System to Ensure the Efficient Performance of the Duties of Directors

- The Company clearly separates the roles of the Directors, who participate in decision makings of corporate management policies and corporate strategies, etc. and oversee business execution as members of the Board of Directors, and the roles of Top Management (the President and Chief Executive Officer; the Chief Financial Officer; the Chief Scientific Officer; the Chief Medical Officer; the Chief Manufacturing Officer; the Chief Commercial Officer; the Chief Strategy Officer; the Chief People Officer and Chief Ethics & Compliance Officer and the General Counsel are collectively referred to as "Top Management"), who are responsible for the execution of business.
- The Board of Directors meeting shall be held at least once every three (3) months and additionally as necessary.
- The Company has established the Executive Committee and discusses material matters concerning business strategies, product strategies, cooperate management, and personnel of the Company and the Astellas Group companies.
- The Company has established regulations concerning the committee mentioned above and the "Corporate Decision Authority Policy" to clarify the powers and positioning of the committee and the top management as well as the decision-making process.
- The Company has developed the personnel and organization systems to enable the efficient execution of business.

2) System for Maintaining and Controlling Information regarding the Performance of Duties by Directors

- The "Global Policy for Records and Information Management" has been established, based on which the Company will control and maintain, in an appropriate manner, information regarding the performance of duties by the Directors.
- The Company has established systems to ensure that all documents and materials concerning important management matters, such as minutes of the meetings of the Board of Directors and the Executive Committee are available for inspection by the Directors when necessary.

(2) Regulations and other Systems regarding Risk (Risk of Loss) Management

In order to conduct risk management properly as a whole group, the Company has categorized the risks into "risks relating to strategic management decision-making (risks relating to business opportunities)" and "risks relating to appropriate and efficient business conduct (risks relating to the performance of business activities)." Each division and unit of the Company and the Astellas Group companies will proactively put the Company's risk management initiatives into practice and promote risk mitigation within the Group and the proper response to such risks through the following activities:

- With respect to measures dealing with risks relating to business opportunities, each responsible division and unit will implement appropriate measures to mitigate risks within their respective scope of responsibility and roles according to internal processes and policies for decision making. Among these risks, matters concerning material risks will be decided upon deliberation by the Executive Committee and/or the Board of Directors depending on the level of materiality.
- With respect to measures dealing with risks relating to the performance of business activities, the Company has established "Global" and "Divisional" Risk and Resilience Management Committees to manage comprehensively 1) identification and optimal management activities of risks, and 2) preparedness and status of crisis response plan and business continuity plan. Policies relating to such system will be decided upon deliberation by the Executive Committee and the Board of Directors. Significant risks identified under the system and responses to them will be decided upon deliberation by the Executive Committee and reported to the Board of Directors.
- In order to enhance the effectiveness of risk management operations, the Company will formulate separate policies and manuals for matters such as disaster control, information security, and personal information protection based on the nature of these risks.

(3) Compliance System (System to Ensure that the Performance of Duties by Directors and Employees Complies with the Laws, Regulations, and the Articles of Incorporation)

The Company has established the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" as the core standards of compliance for officers and employees of the Company and the Astellas Group companies.

The Company regards compliance not only as observing the law but also acting in accordance with social norms as well as the highest sense of ethics. We have a system for promoting and embedding the broadly defined "compliance" across the whole group and do the following toward its implementation:

- The Company has established the "Global Compliance Committee" to understand the current situation of compliance and discuss policies and plans for the Company and the Astellas Group companies as a whole. Regional Compliance Committees have also been established to discuss compliance matters in their respective regions.
- Under the control of the Chief People Officer and Chief Ethics & Compliance Officer, Ethics & Compliance, in collaboration with the relevant divisions of the Company and the Astellas Group companies, designs and executes specific plans for global compliance. In addition, through continuous training and other measures, we ensure that each officer and employee of the Company and the Astellas Group companies can practice compliance on their own initiative.
- The Company has established a global third party whistle-blowing hotline that is available for all Astellas Group employees and external stakeholders to report actual or potential non-compliance.
  The Company has also established a system to ensure any material information is timely reported to the Chief People Officer and Chief Ethics & Compliance Officer. In dealing with such reports, we ensure that confidentiality will be strictly maintained and unfair treatment against reporters is strictly prohibited.

Through the systems and activities mentioned above, the Company promotes a robust speak up culture with its strict non-retaliation policy.

(4) System for Disclosure and Management of Information

- The Company discloses corporate information to all of its customers, shareholders, community and other stakeholders in a timely, proper and fair manner. The Company also actively engages in dialogue with them and appropriately takes into consideration comments with respect to its business activities. Through disclosure and dialogue, the Company is committed to further enhancing its transparency and strive to build and maintain a trust relationship with its stakeholders.
- Based on the basic stance above, the Company has established the "Disclosure Policy" and the "Corporate Disclosure Committee" that promotes and manages disclosure activities.
- The Company has established policies concerning the handling of material information acquired in the course of the duties by the officers and employees of the Company and the Astellas Group to prevent violations of the laws and regulations and to ensure the appropriate management of information.

(5) System to Ensure the Reliability of Financial Report

- The Company will design and operate internal controls over consolidated financial report in accordance with generally accepted standards in order to ensure reliability of the financial report, and assess the effectiveness in an appropriate way.
- In accordance with the "Global JSOX Policy" formulated by the Board of Directors, assessment of internal controls over the consolidated financial reports will be implemented, under the direction of the President and CEO, who owns the role of the Global Internal Control Officer.

(6) Group Management System (System to Ensure the Appropriate Execution of Business by the Corporate Group Composed of the Company and its Subsidiaries)

The Company engages in appropriate control and operation of the Astellas Group companies. With this in mind, the Company has taken the following actions in order to maintain and build a sound relationship between it and the Astellas Group companies:

Corporate Governance

- The Company will apply the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" to all of the Astellas Group companies, and it will ensure that all persons concerned are fully aware of these policies and the code of the conduct of each Astellas Group company that are based on these policies.
- The Company has established a system in which matters concerning performance of the duties by the Directors of the Astellas Group companies will be reported to the Company through functional line managers.
- The Company will create clear rules regarding the composition of executives and decision-making authority and internal oversight systems at the Astellas Group companies to ensure the efficient execution of duties by the Directors of the Group companies.
- As mentioned above, the Astellas Group will tackle risk management and compliance matters as from an enterprise and global perspective.
- The "Global Internal Audit Policy" will apply to all the Astellas Group companies and the internal audit system over the Group will be prepared.

(7) Internal Audit System

The Company has established the Internal Audit division, which is independent from the ordinary business execution divisions and is under the direct control of the President and CEO, to develop the internal audit system of the Company and the Astellas Group companies, and takes the following actions:

- The Internal Audit division will review and evaluate the effectiveness and efficiency of the systems and structures in the various management activities of the Company and the Astellas Group companies, put together an audit report, and submit the results of such review and evaluation to the President and CEO and the Audit & Supervisory Committee. The Internal Audit will also communicate such results, if necessary, to officers and divisions concerned. The report concerning the overall annual audit results will be made to the Board of Directors and Accounting Auditor.
- The Company will comply with the "Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics" and other regulations as a pharmaceutical company, and conduct its business with a mission to provide safe and effective products with a high level of expertise through a fair organization structure. To this end, the Company has built a tiered-control structure separated by different functions in all the Astellas Group companies; namely, the tiers consist of self-control on-site, expert control by divisions related to RA and QA, and the internal audits conducted by the independent Internal Audit division.
- Internal Audit division will promote improvement in the quality of the internal audits through meetings and other forms of collaboration with the relevant expert divisions.
- The Head of Internal Audit division, who directly reports to President and CEO, will manage the entire global internal audit function, address risks effectively by leveraging assigned personnel (Business Partnership) in line with the functional based global organization and continuously enhance the function to provide all the Astellas group companies with consistent high quality assurance and advisory services.

(8) System to Ensure Effective Audits by the Audit & Supervisory Committee

The Company takes the following actions as a "company with an Audit & Supervisory Committee" to enable the Audit & Supervisory Committee to carry out their audit effectively.

1) Matters concerning Employees Assisting the Audit & Supervisory Committee
   - The Company establishes the Audit & Supervisory Committee Office, and assigns full-time staff to assist the Audit & Supervisory Committee to carry out their duties, so that the audit by the Audit & Supervisory Committee will be properly executed.

2) Matters concerning Independence of the Employees Assisting the Audit & Supervisory Committee from the Directors Who Are Not the Committee Members, and Effectiveness of Directions Given to Such Employees
   - The staff of the Audit & Supervisory Committee Office are independent from the Directors who are not the Committee Members and carries out his or her duties under the direct control of the Audit & Supervisory Committee.
   - The appointment, evaluation, transfer, and other matters concerning such staff will require the prior consent of the Audit & Supervisory Committee.

3) System concerning Report of the Directors Who Are Not the Committee Members and Employees to the Audit & Supervisory Committee, and Other Systems concerning Report to the Audit & Supervisory Committee
   - The Company has established a system to ensure that the Audit & Supervisory Committee, at any time, can access monthly reports and quarterly reports regarding the execution of duties by the Directors of the Company and the Astellas Group companies.
   - Regarding each of the divisions, Top Management decides reporting matters, persons giving report and methods of reporting by mutual agreement with Audit & Supervisory Committee.
   - The divisions responsible for internal audits, legal matters, compliance and risk management will each develop a system to report to the Audit & Supervisory Committee on a regular basis and will report their current statuses and provide the necessary information with respect the Company and the Astellas Group companies.

4) System to Ensure that Informants Do Not Risk Unfavorable Treatments due to Their Reporting to the Audit & Supervisory Committee
   - The Company prohibits any unfavorable treatment of officers or employees of the Company and the Astellas Group companies who report to the Audit & Supervisory Committee of the Company or the Audit & Supervisory Board Members of the Astellas Group companies, because of their reporting.

5) Matters concerning Policies to Treat Costs Incurred by the Audit & Supervisory Committee for the Execution of Duties
   - The Company has established a system that the Audit & Supervisory Committee Office prepares budgets and performs payment of costs incurred by the Audit & Supervisory Committee for the execution of their duties.

6) Other Systems to Ensure Effective Audits by the Audit & Supervisory Committee
   - The appointment, evaluation, transfer, and other matters concerning the head of the Internal Audit division will require the prior consent of the Audit & Supervisory Committee.
   - The Internal Audit division will obtain endorsement from the Audit & Supervisory Committee on the annual plan of the internal audit.
   - The Audit & Supervisory Committee will receive the report from the Internal Audit division on the results of the internal audit, and be able to give guidance to Internal Audit division as needed. In the case where a direction from President and CEO conflicts with one from the Audit & Supervisory Committee, both parties will discuss and try to coordinate.
   - The Audit & Supervisory Committee Members appointed by Audit & Supervisory Committee may attend the Executive Committee meetings where execution of the Company's important business will be discussed, and also attend other meetings that the Audit & Supervisory Committee considers as important. In case that such Audit & Supervisory Committee Members are not available to attend these meetings, the staff of the Audit & Supervisory Committee Office may attend as observers by order of the Audit & Supervisory Committee.
   - The persons (divisions) of the Company and the Astellas Group companies subject to be audited will cooperate so that the Audit & Supervisory Committee may perform the audits in an appropriate manner.

(9) System to Exclude Anti-social Forces

The Company and the Astellas Group companies will not only take a resolute attitude against any anti-social forces and groups that threaten the order and security of society and never succumb to unjust and illegal requests, but will also keep out such forces and groups. Accordingly, the Company and the Astellas Group companies do the following:

- Clearly declare in the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" that the Astellas Group will take a resolute attitude against anti-social forces and groups and exclude any relation with such forces and groups.
- Particularly in Japan, in close cooperation with the police and other related parties, establish a solid system that will enable the Company to actively collect necessary information as to anti-social forces and groups, as well as to take organizational actions. Continually implement educational activities, such as training on compliance and risk management, etc. for officers and employees, so as to exclude anti-social forces and groups.

Dialogue with Outside Directors



* This dialogue was conducted in May 2023.

Astellas' Corporate Culture and its Strengths

Mika Nakayama: About a year has now passed since I assumed the role of outside Director. Prior to my appointment, I just assumed that the organizational culture within Japan's pharmaceutical industry would retain many vestiges of the past. When I joined Astellas, though, I realized that the Company is ahead of the curve, with operations that are much more global in nature than I ever imagined. Astellas does not seem to be hesitant to change, and I believe the Company is strongly committed to carrying through the decisions it makes. I also assumed that there would be some perception gaps between management and employees, but through conversations with the latter, as part of Audit & Supervisory Committee activities, I found that management views have penetrated through to employees more than I had imagined.

Astellas is strongly promoting globalization, and all employees are now moving forward toward its goals after a period of turmoil associated with its transformation. There may be many difficulties, but I felt that employees are strongly motivated and optimistic about taking on challenges and overcoming difficulties.

Takashi Tanaka: June 2023 marks two years since I assumed my role as an outside Director, and I feel that "transformation" is at the heart of Astellas' corporate and organizational culture.

The Corporate Strategic Plan 2021 (CSP2021) is a very challenging plan, in other words, a highly ambitious plan to become a global leader in the pharmaceutical industry by continuously creating innovation. In the first fiscal year after Astellas' foundation through a merger in April 2005, domestic revenue accounted for most of the consolidated total. In FY2022, though, only about 20% of total revenue was generated in Japan. In the 15 years from 2005 to 2020, Astellas has made a rapid and steady change in the regional composition of its revenues and is pushing for globalization.

Another notable change has been the strategic shift from a business model focusing on specific disease areas to a Focus Area approach that explores new business opportunities from a multidimensional approach. In the process, Astellas has evolved into a company capable of sustained transformation, through prompt decision-making, delegation of authority, and organizational change. Astellas' corporate culture does not always remain the same, nor is it forced to change, but rather, it anticipates change as One Astellas. Management mindset is extremely important for this, and while Astellas has a consistent strategy, it also has ability to quickly change course when necessary. In Astellas management I see an unwavering commitment to achieving its goals. As for initiatives helping employees to adapt to rapid change, I also have a high regard for the Company's use of data to monitor progress toward individual objectives, and its creation of opportunities for direct communication between management and employees including Ask Me Anything sessions.

Organizational Health Goals (OHGs) from outside Directors' perspective

Takashi Tanaka: Even excellent strategies are meaningless if not executed. And even if they are executed, they are meaningless if not effective. OHGs are indicators used to ensure appropriate conditions regarding the number of organizational layers, decision-making processes, and delegation of authority, etc. It is essential, though, to monitor the progress of these initiatives and in some cases adjust them according to the situation. For that reason, it is important from the outset to be a healthy organization that can adapt flexibly to change. At Astellas, not only do management have a firm grasp of these indicators, but also, the OHGs are widely disseminated among employees, ensuring that management and employees have both a shared understanding and common goals. I remain very impressed by this approach, as an organization cannot be healthy if employees are positive in front of management but dissatisfied deep down.

Dialogue with Outside Directors

Mika Nakayama: Companies often ostensibly state the importance of strategy and organization health, but not many actually put it into practice at all levels of the organization. More often, employees may understand the ideal but hold contrasting opinions, resulting in less than full commitment to the ideal. At Astellas, though, rapid globalization has been accompanied by an influx of diverse talent, so employees are less willing to accept inconsistency between what is thought and said. If each and every employee is committed to their duties and works on shared goals, it will certainly show through in the results. This inconsistency between what is said and what is actually meant can be common in Japanese companies, but I believe is rarely seen in globalized organizations. By leveraging its global nature and diversity, I believe Astellas can become a very strong organization.

Takashi Tanaka: As Ms Nakayama has said, it is rare in Japan for large companies to set organizational health goals and pursue those goals in a manner consistent with their strategy. When there is a lack of consistency between what employees are saying and what they are thinking, the organization's strategy will suffer. However, from my perspective as an outside Director, I believe that in placing great emphasis on Organizational Health Goals, Astellas' management is expressing its intent to carry through its strategy and conveying a very powerful message to its employees.

Views on succession planning and compensation system

Mika Nakayama: As for succession planning, Astellas has a list of several candidates (including emergency replacements) for all Top Management positions including the CEO. It identifies not only next-generation candidates but also those for the longer term, whom it closely monitors, with a view to providing opportunities for career development. Of course, unforeseen circumstances can occur and things do not always go as planned. At Astellas, though, the Nomination Committee submits an annual succession planning report to the Board of Directors, adjusting the candidate list as needed.

While I am not a member of the Compensation Committee, I have been given a detailed explanation of the remuneration system and what is discussed by the Compensation Committee. In order to better attract the talent needed to enhance corporate value in an industry that is fiercely competitive worldwide, Astellas is setting remuneration levels and considering revisions to the remuneration system, referring to global benchmarks to promote change. The most recent revision to the remuneration system was the adoption in FY2023 of a sustainability performance indicator for determining Directors' bonuses, a form of performance-linked remuneration (short-term incentive remuneration). Although sustainability efforts are long-term and will not yield results over a short period of time, I believe it is important to steadily build results each year in order for the Company to achieve its long-term goals. As sustainability initiatives progress, priorities may change, and I highly rate the fact that the Company sets targets and action plans each fiscal year and reflects how well targets were achieved in remuneration for management.



Dialogue with Outside Directors

Takashi Tanaka: Astellas formulates strategy through highly transparent discussions including the Nomination Committee and Compensation Committee. As a member of the Compensation Committee, I believe it an appropriate decision that sustainability performance be added to the indicators for determining Directors' remuneration, since "Deepen our engagement in sustainability" is one of the Strategic Goals set in CSP2021. As FY2023 marks the first fiscal year of using this performance indicator, in FY2024 we plan to continue discussing and reviewing this practice, based on the progress and results in FY2023.

As can be said about the introduction of sustainability indicators, Astellas considers items on its agenda from a long-term perspective. It has a sincere company culture in terms of steadily growing each year toward its goals, and I think this is a characteristic typical for pharmaceutical companies, given the long-term nature of pipeline development.



Effectiveness of Board of Directors

Takashi Tanaka: The most important part of the deliberations, in my opinion, is the discussion on sustainability, including the revision of the Materiality Matrix. As a pharmaceutical company, Astellas naturally has a vision of how it should be conducting drug discovery. At the same time, though, the Company has a societal obligation to pursue sustained improvement in corporate value, including via non-financial initiatives. Outside Directors also place great importance on sustainability. I heard that thorough discussions were held when including sustainability in CSP2021. I believe introducing sustainability indicators into Directors' compensation was a meaningful decision by the Board of Directors.

Monitoring is another important responsibility for outside Directors. We use a data-driven approach to monitoring the progress of CSP2021, including the non-financial targets. At many companies, the person in charge of each business reports quarterly on progress and key issues to the Board of Directors. At Astellas, though, the CEO himself covers and reports on all company-wide operations. When joining Astellas I was very surprised by the CEO's deep grasp on the Company's operations.

I feel that the effectiveness of the Board of Directors has improved over the past two years. In particular, the advance briefings to outside Directors, which it has been focusing on since FY2022 have contributed greatly. Since the Board members have most of their questions about financial results and other important matters answered in advance, important points can be focused on when the Board of Directors meets.

Mika Nakayama: In my previous job, I also had the opportunity to give advance briefings to outside Directors on Board meeting agendas. While I struggled greatly with taking sole responsibility for briefing Directors on a wide range of issues, I believe this practice was highly effective.

Takashi Tanaka: Without advance briefings, it takes time to gain Directors' understanding of the issues, often leaving more items to be checked when questions are raised. However, when Board members meet having had prior questions answered, efficacy is significantly enhanced as one-directional explanations for the most part can be replaced with reciprocal dialog. At many

Dialogue with Outside Directors

companies, outside Directors are not as well-informed as their internal counterparts. I think Astellas' efforts in this regard have been particularly effective.

To further facilitate information-sharing, after the Board of Directors meeting we have a forum (Outside Directors' Meeting) for outside Directors to exchange opinions amongst themselves. I have been able to add to my knowledge of Astellas by inquiring into other outside Directors' views and the background information. In addition, at the Outside Directors Meetings, we discuss matters to further improve the Board of Directors and convey the consensus of the outside Directors to the executive team.

Role of outside Directors in achievement of CSP2021

Takashi Tanaka: Unforeseen circumstances can force executive officers into correcting their course. As an outside Director, it is very important to support the executive team when they are hesitant in making a decision about a change of course, if you believe that it is necessary to achieve the corporate strategic plan since it is difficult for the executive Directors to express a statement that differs from what they said in the past. For Astellas to deliver sustained growth, it is essential to manage the Company in accordance with the current management framework—CSP2021. To achieve each goal in CSP2021, I will support the executive team as an outside Director, and if Astellas should stray too far from its VISION, I will have the courage to speak up and express my opinion clearly.

Mika Nakayama: As both an outside Director and Audit & Supervisory Committee member, I engage with employees of various divisions. I will discuss both positive and negative aspects based on opinions from the workplace and encourage intelligent risk-taking to create innovation. Given the high degree of compliance awareness already fostered at Astellas, it is important to take a flexible approach to realize the Company's VISION. The sincerity of the people at Astellas may lead to a situation in which they keep things they should be saying out loud to themselves. While monitoring the direction of management, as suggested by Mr. Tanaka, I would like to give appropriate support to the executive team.

Expectations of Astellas

Takashi Tanaka: What I am most impressed with is that Astellas lists "We excel as One Astellas" as one of its most important organizational health goals for achieving sustainable growth. Some might say that technologies and development capabilities are key to adapting to both market changes and the modifications to organizational structures and pharmaceutical development processes dictated by globalization. Others might say that this rests on reviewing pipelines and organizational flattening. Ultimately, though, realizing sustained growth rests on Astellas' organization—namely on One Astellas. I very much approve of Astellas' choice of this wonderful goal, but at the same time one of the challenges is that the size of the Company's goals requires a large amount of effort from employees. However, I feel that Astellas employees have the ability to overcome these challenges.

Mika Nakayama: Astellas has clearly defined objectives, strong management, and a sense of unity among employees. If such attributes are overemphasized, though, it may inhibit innovative organizational culture, free thinking, and new challenges. As Astellas continues to compete globally, I believe it is important to avoid putting too many constraints on employees, and to maintain and improve the vitality of employees, which is the foundation of the Company's sustainability.

From a diversity perspective, especially in Japan, while advancing initiatives for raising the female ratio to a certain level, we should not be bound by numerical objectives including the percentage of female managers, but should understand what "diversity" really means so that we can achieve an all-around diverse talent pool in an appropriate and compliant manner.

Takashi Tanaka: I feel that Astellas has been able to diversify naturally when it comes to the company as a whole including on a global scale. The remaining issue is the employee selection process. Recruitment is prone to company-specific quirks, and unique individuals sought by management may be dropped in the early stages of hiring. However, in the case of Astellas, it hires worldwide and attempts to diversify at the point of hiring, so I expect Astellas to continue to attract talent on a global basis while aiming to become a company where a diverse range of talent can play an active role. As outside Directors, we will continue to support Astellas' future challenges from a supervisory standpoint, while maintaining appropriate communication with the executive team.

Risk Management

Business Risks

Regulations and other Systems regarding Risk Management

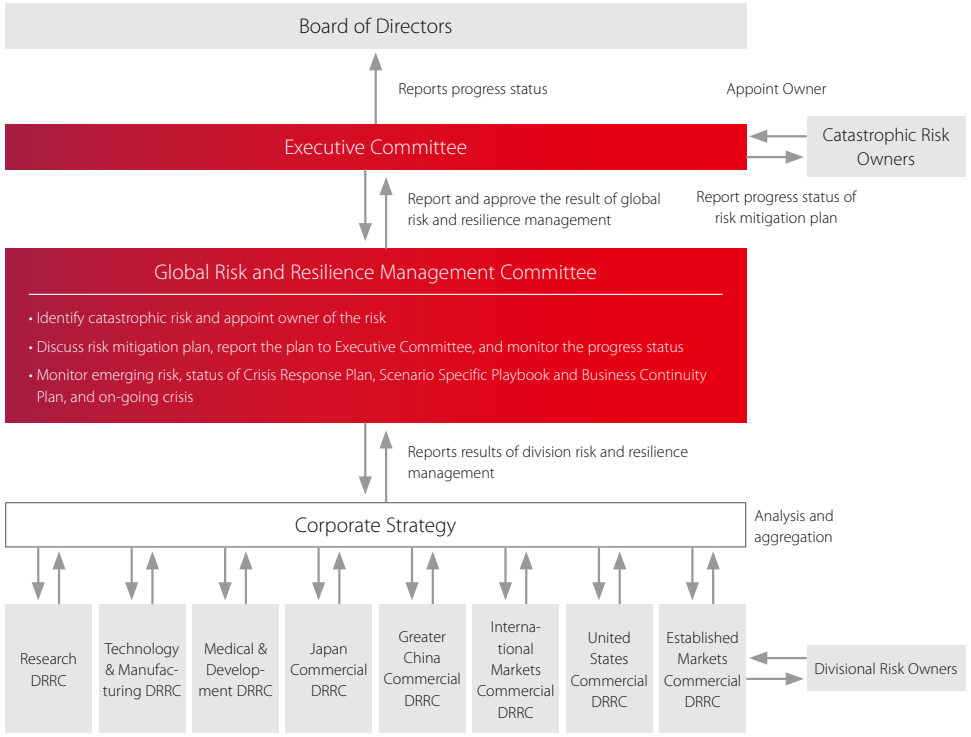
In order to conduct risk management properly as a whole group, the Company has categorized the risks into "risks relating to strategic management decision-making (risks relating to business opportunities)" and "risks relating to appropriate and efficient business conduct (risks relating to the performance of business activities)." Each division and unit of the Company and the Astellas Group companies will proactively put the Company's risk management initiatives into practice and promote risk mitigation within the Group and the proper response to such risks through the following activities:

- With respect to measures dealing with risks relating to business opportunities, each responsible division and unit will implement appropriate measures to mitigate risks within their respective scope of responsibility and roles according to internal processes and policies for decision making. Among these risks, matters concerning material risks will be decided upon deliberation by the Executive Committee and/or the Board of Directors depending on the level of materiality
- With respect to measures dealing with risks relating to the performance of business activities, the Company has established "Global" and "Divisional" Risk and Resilience Management Committees to manage comprehensively 1) identification and optimal management activities of risks, and 2) preparedness and status of crisis response plan and business continuity plan. Policies relating to such system will be decided upon deliberation by the Executive Committee and the Board of Directors. Significant risks identified under the system and responses to them will be decided upon deliberation by the Executive Committee and reported to the Board of Directors.
- In order to enhance the effectiveness of risk management operations, the Company will formulate separate policies and manuals for matters such as disaster control, information security, and personal information protection based on the nature of these risks.

(1) Risk Management Framework Relating to the Performance of Business Activities

Astellas' risk management framework is as follows:

Risk Management Framework



DRRC: Acronym for Divisional Risk and Resilience Management Committee

Risk Management

(2) Identifying and Mitigating Risks Relating to the Performance of Business Activities

Pharmaceutical companies that expand their business globally are expected to follow various regulations with a high level of compliance; Astellas must also address various risks that could impact its business results and reputation. In FY2019, Astellas pursued its operation of Enterprise Risk Management with the aim of further developing the risk management activities implemented until now.

Under Enterprise Risk Management, risks are identified on the Group-wide level and on the individual division level. Those risks are classified using a uniform evaluation process according to priority and, if deemed necessary, linked to an action plan. Identified risks are regularly evaluated by the Global Risk and Resilience Management Committee, and solutions and mitigation measures for high priority risks are discussed at the Executive Committee, chaired by the Representative Director, President and CEO.

(3) Catastrophic Risks

The risks identified by management as having the potential to have a considerable impact on financial position, business results and cash flow position of the consolidated companies are mainly set forth below.

Any forward-looking statements are based on judgments at the end of FY2022.

1 Risks related to Cyber Security

In recent years, the technology involved in cyber attacks is advancing at an unprecedented level and the methods of attack are growing more diverse and sophisticated. In light of this environment, Astellas has identified risks related to Cyber Security as one of its critical risks. The Ethics & Compliance division is leading the response to this risk, implementing various countermeasures against cyber attacks on a global basis that includes monitoring of networks and facilities, and taking every precaution to manage the risk.

However, despite having such measures in place, in the event that business is substantially interrupted due to a cyber attack or serious system failure, etc., caused by a cyber attack, or in the event that important data, including information that could identify individuals, is lost, corrupted or leaked externally, the Astellas Group's business results may be significantly affected.

2 Risks related to supply chain management

In the pharmaceuticals business, the ability to manufacture safe and effective pharmaceuticals reliably and then to provide their stable supply is extremely important. Astellas has identified risks related to supply chain management as one of its critical risks. Technology & Manufacturing is leading the response to this risk, establishing its own standards compliant with industry standard Good Manufacturing Practice (GMP), including manufacturing and quality controls, and Good Distribution Practice (GDP) and rigorously implementing consistent high-level quality control for not only manufacturing facilities and equipment but also inclusive of all operations from ingredient procurement to storage, manufacturing, and delivery.

Furthermore, to respond to growing complexities in the supply chain, the Group has introduced on a global basis, management of its Contract Manufacturing Organizations (CMO) and is proceeding with measures including the creation of Business Continuity Plans (BCP) to ensure supply during emergency situations.

However, despite having such measures in place, in the event that interruptions in supply, product shortage, or quality problems arise, or in the event that the reputation of Astellas is damaged as a result of the aforementioned, the Astellas Group's business results may be significantly affected.

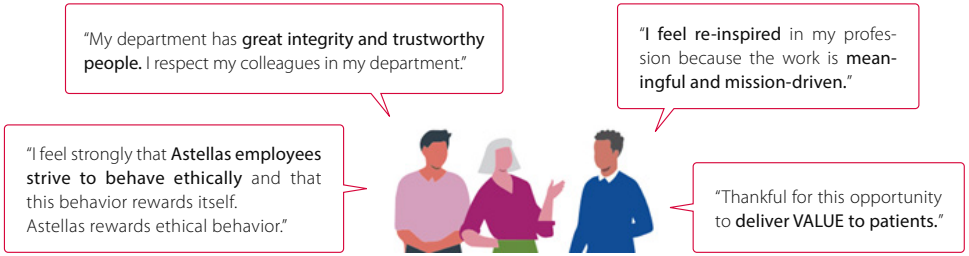
In addition to the above catastrophic risks identified by the Astellas Group, there are many other risks. Some risks are unique to the pharmaceuticals business which include the uncertain nature of research and development, the risk of being infringed upon or infringing intellectual property rights, risk of drug side effects or safety issues arising thereof, and the risk of an Astellas Group business's partial dependence on licensing and sales of third-party developed drugs. Other risks include the risk of infringement of related laws and regulations concerning competition with rival products, or environment or health and safety, or of commercial litigation regarding business processes, as well as risks of delays or stoppages in manufacturing due to natural disasters, etc., or of exchange rate fluctuation. Such risks may affect the Astellas Group's business results and financial position. Note that the risks stated above do not cover all of the risks relating to the Astellas Group.

Inspiring a Culture of Integrity

Promoting Accountability, Compliance, and Integrity

Our dedication to serving patients is matched only by our commitment to acting with integrity in everything we do. The Astellas Charter of Corporate Conduct expresses the Company's ethical business philosophy for corporate behavior. The Astellas Group Code of Conduct (Code) establishes the expectation that everyone globally, including those working on behalf of Astellas, perform their duties ethically and in compliance with laws and regulations.

Ethics & Compliance enables employees to make ethical and compliant decisions by providing guidance and training. The ethical decision-making framework, called Ethics, Value & Risk (EVR), teaches employees how to identify risks and make ethical decisions. This promotes accountability for ethical decisions. In FY2022 Global Engagement Survey, Integrity became Astellas' top strength, highlighting our continued focus on creating the right culture.



All employees are responsible for ethics and compliance and have the responsibility to Speak Up if there is a concern of a potential or actual violation of applicable laws, codes, Astellas policies and procedures, or other illegal or unethical behavior or business practices. Astellas' hotline, EthicsPoint, provides a confidential method for anyone to share their compliance questions, concerns, or reports of alleged misconduct with us. Reports may be made anonymously, if allowed by local laws and regulations.

Significant efforts are placed on preventing instances of non-compliance. Ethics & Compliance conducts proactive monitoring of business activities and processes, providing opportunities for early detection and risk identification. Lessons-learned discussions, communications, training, and process improvement help employees avoid non-compliance in the future.

Enhancing and Sustaining an Ethical and Compliant Culture

Healthcare Compliance

Our mission is to provide safe, effective medical products that provide VALUE to patients. Therefore, we engage ethically with Healthcare Professionals (HCPs), Healthcare Organizations (HCOs), and patient organizations, providing them with accurate information about our products and their approved uses. The medical and scientific exchange between manufacturers and healthcare providers is essential to delivering innovative, reliable pharmaceuticals and contributes to improving the health of patients around the world.

Astellas is committed to engaging in appropriate financial relationships with HCPs and HCOs. We enter into consultant, fee-for-service agreements with them based on eligibility criteria. There must be a documented and reasonable business need for their unique advice, expertise, or services, and payment is never provided as a reward or incentive for past, present, or future product use or recommendation.

Astellas adheres to all transparency requirements across the globe, disclosing financial relationships (transfers of value) in accordance with local law and code. Such disclosures to stakeholders, legislative bodies, and the public, fulfill our obligations of corporate accountability.



Anti-Bribery and Anti-Corruption (ABAC)

We are committed to operating with a high sense of integrity. Astellas strictly prohibits bribery and corruption in any aspect of its business, including facilitation payments, and has a zero-tolerance policy. We comply with all applicable anti-corruption laws. Our ABAC commitment is embodied in the Code, the Astellas Group Policy on Anti-Bribery and Anti-Corruption Compliance, global policies and procedures, training, communications, risk assessments, monitoring, auditing, reporting and investigation activities. These are consistent with the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and other applicable local ABAC laws and regulations.

Inspiring a Culture of Integrity

Astellas prohibits third parties from engaging in bribery and corruption as embodied in the Astellas Group Policy on Anti-Bribery and Anti-Corruption Compliance and the Astellas Business Partner Code of Conduct. We conduct ABAC due diligence assessments, monitoring, and periodic audits on third parties interacting with HCPs or government officials and include risk-based ABAC clauses in third party contracts. We investigate potential incidents of non-compliance and audit Astellas affiliates covering business activities that may involve heightened ABAC risks.

Astellas signed the United Nations Global Compact, including its 10th Principle Against Corruption, and the Tokyo Principles for Strengthening Anti-Corruption Practices. Our internal control environment complies with J-SOX regulatory requirements to ensure financial reporting integrity, including fraud prevention and detection.

Conflicts of Interest

Astellas' Global Conflict of Interest Policy reinforces the expectation that employees act and make business decisions that impact Astellas based on Astellas' best interests and to avoid potential situations or the appearance of a conflict of interest. We engage employees in the disclosure process and associated training to enhance their ability to identify and avoid personal conflicts and take greater ownership of compliance.

E&C Governance Structure



Ensuring Fair Competition

Astellas conducts its business in a fair and competitive environment. We do not make agreements with competitors regarding sales conditions, such as prices, sales plans and strategies, and market and customer shares. We limit our engagement with competitors and avoid any conversation concerning these topics when engagement is necessary, so that such interactions are not misinterpreted.

Safeguarding Privacy

Delivering VALUE for patients is at the core of everything we do. This includes safeguarding and ensuring the appropriate use of personal information we receive from individuals, physicians, patients, employees, and suppliers. Our stakeholders trust us to keep their information safe, use it transparently, and handle it with care. All Astellas employees and third parties working on behalf of Astellas are committed to respecting and protecting personal information.

Astellas' Ethics & Compliance Data Privacy Office ensures that Astellas has a robust global Privacy Program. We provide advice and guidance to ensure the appropriate collection, processing, sharing, and retention of personal information across Astellas. We have a documented, structured Privacy Management Framework, which covers 21 basic data processing activities and provides a consistent Global Privacy Strategy. The organizational structure, privacy tools and processes allow the early identification of privacy risks globally and their effective remediation. Astellas' E&C Data Privacy Office ensures we adhere to all applicable privacy laws and regulations globally and monitors compliance with them.

Astellas' Global Data Privacy Policy, privacy processes, controls and security measures constitute the essential framework to protect our organization, its assets, and the personal information we process.

Astellas awarded Compliance Leader Verification™

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

Corporate Data



CONTENTS

Corporate Data

Financial Data 91
Non-financial Data 94
Major Pipeline 96
Company Overview 99

Financial Data

Income Statement

(one million yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	**FY2022**
IFRS core basis									
Revenue	1,247,259	1,372,706	1,311,665	1,300,316	1,306,348	1,300,843	1,249,528	1,296,163	**1,518,619**
Gross profit	914,062	1,037,110	991,162	1,006,066	1,014,299	1,024,104	1,003,465	1,043,154	**1,230,266**
SG&A expenses	452,522	500,359	470,777	478,330	490,263	499,295	504,316	548,840	**630,272**
R&D expenses	206,594	225,665	208,129	220,781	208,682	224,226	224,489	246,010	**276,128**
Core operating profit	216,500	267,456	274,554	268,698	278,514	277,758	251,375	244,744	**286,902**
Core profit for the year	153,244	198,802	213,343	204,326	249,343	223,178	209,906	190,584	**224,619**
R&D cost-to-revenue ratio (%)	16.6	16.4	15.9	17.0	16.0	17.2	18.0	19.0	**18.2**
Core operating profit ratio to revenue (%)	17.4	19.5	20.9	20.7	21.3	21.4	20.1	18.9	**18.9**
IFRS full basis									
Operating profit	185,663	248,986	260,830	213,258	243,912	243,991	136,051	155,686	**133,029**
Profit before tax	189,683	261,770	281,769	218,113	248,967	245,350	145,324	156,886	**132,361**
Profit for the year	135,856	193,687	218,701	164,679	222,265	195,411	120,589	124,086	**98,714**
Operating profit ratio to revenue (%)	14.9	18.1	19.9	16.4	18.7	18.8	10.9	12.0	**8.8**

* The Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis. These adjusted items include impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and other items that are deemed to be excluded based on the Company's judgment.

Financial Data

Statement of Financial Position

(one million yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Total assets	1,793,578	1,799,338	1,814,072	1,858,205	1,897,648	2,315,169	2,273,628	2,332,395	**2,456,518**
Total non-current assets	827,621	901,801	937,407	1,012,587	1,040,489	1,447,655	1,401,040	1,409,041	**1,406,564**
Total current assets	965,958	897,537	876,665	845,619	857,159	867,514	872,588	923,354	**1,049,954**
Total equity attributable to owners of the parent	1,317,916	1,259,209	1,271,810	1,268,289	1,258,396	1,289,168	1,386,115	1,460,308	**1,507,954**
Total non-current liabilities	54,771	126,769	142,406	168,296	141,587	227,293	295,141	184,676	**222,530**
Total current liabilities	420,890	413,359	399,856	421,620	497,665	798,708	592,372	687,411	**726,034**
Ratio of equity attributable to owners of the parent to gross assets (%)	10.5	15.0	17.3	13.0	17.6	15.3	9.0	8.7	**6.7**
Dividend on equity (%)	5.1	5.4	5.6	5.7	5.8	5.9	5.8	6.5	**7.3**
Ratio of equity attributable to owners of the parent to gross assets (%)	73.5	70.0	70.1	68.3	66.3	55.7	61.0	62.6	**61.4**

Statement of Cash Flows

(one million yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Cash flow from operating activities	187,686	313,737	235,612	312,614	258,630	221,998	306,843	257,444	**327,767**
Cash flow from investing activities	–71,476	–147,050	–73,383	–121,799	–41,757	–389,793	–81,894	–62,413	**–84,500**
Free cash flows	116,210	166,687	162,229	190,816	216,874	–167,796	224,949	195,031	**243,267**
Cash flow from financing activities	–121,118	–193,478	–166,153	–203,429	–233,681	181,055	–229,479	–216,298	**–195,623**
Cash and cash equivalents at the end of year	396,430	360,030	340,923	331,731	311,074	318,391	326,128	315,986	**376,840**

Key Figures per Share

(yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Basic earnings per share	61.50	89.75	103.69	81.11	115.05	104.15	64.93	67.08	**54.24**
Book value per share	600.93	592.58	615.89	641.80	667.29	694.03	748.03	799.26	**839.26**
Dividend per share	30	32	34	36	38	40	42	50	**60**

* The Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis. These adjusted items include impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and other items that are deemed to be excluded based on the Company's judgment.

Financial Data

Revenue by region

(hundred million yen)

	FY2019	FY2020	FY2021	FY2022
Japan	3,454	2,791	2,588	**2,623**
United States	4,435	4,732	5,375	**6,524**
Established Markets	2,961	2,932	3,152	**3,584**
Greater China	604	593	663	**800**
International Markets	1,348	1,111	1,101	**1,447**
Others	207	336	84	**207**
Total	13,008	12,495	12,962	**15,186**

Sales of Main Products

(hundred million yen)

	FY2019	FY2020	FY2021	FY2022
Main Products				
XTANDI	4,000	4,584	5,343	**6,611**
PADCEV	18	128	217	**444**
XOSPATA	143	238	341	**466**
Evrenzo	2	11	26	**32**
Betanis/Myrbetriq/BETMIGA	1,616	1,636	1,723	**1,886**
Prograf	1,929	1,827	1,854	**1,988**
XTANDI				
Japan	358	402	472	**547**
United States	2,035	2,386	2,769	**3,418**
Established Markets	1,354	1,493	1,701	**1,979**
Greater China	32	49	79	**111**
International Markets	221	255	322	**556**
Total	4,000	4,584	5,343	**6,611**
PADCEV				
Japan	—	—	18	**84**
United States	18	128	195	**292**
Established Markets	—	—	5	**68**
International Markets	—	—	—	**1**
Total	18	128	217	**444**

(hundred million yen)

	FY2019	FY2020	FY2021	FY2022
XOSPATA				
Japan	28	38	39	**43**
United States	105	155	189	**255**
Established Markets	9	44	90	**121**
Greater China	—	0	15	**25**
International Markets	—	2	7	**22**
Total	143	238	341	**466**
Evrenzo				
Japan	2	11	25	**24**
Established Markets	—	—	1	**6**
International Markets	—	—	—	**2**
Total	2	11	26	**32**
Betanis/Myrbetriq/BETMIGA				
Japan	343	351	375	**335**
United States	892	880	872	**965**
Established Markets	282	299	367	**428**
Greater China	14	22	29	**39**
International Markets	84	85	81	**118**
Total	1,616	1,636	1,723	**1,886**
Prograf				
Japan	443	407	382	**356**
United States	132	118	94	**107**
Established Markets	715	642	679	**693**
Greater China	322	342	381	**468**
International Markets	317	317	317	**363**
Total	1,929	1,827	1,854	**1,988**

*1 Sales of products in Japan are shown on a gross sales basis.
*2 Established Markets: Europe, Canada
*3 Greater China: China, Hong Kong, Taiwan
*4 International Markets: Russia, Latin America, Middle East, Africa, Southeast Asia, South Asia, Korea, Australia, Export sales, etc.
*5 From FY2022, the commercial segment of Australia was changed from Established Markets to International Markets..
For the purposes of this chart, FY2022 data reflect this change.

Non-financial Data

Environment

	FY2020	FY2021	FY2022
GHG Emissions Volume*1 (Scope 1, Scope 2) (Tons)	123,320	118,679	**117,644**
Scope 1	63,276	63,691	**61,171**
Scope 2	60,044	54,988	**56,473**
Breakdown of Energy Consumption (TJ)	2,087	2,089	**2,048**
Volume of Water Resources Withdrawn*2 (1,000 m^3)	7,564	7,394	**6,864**
Waste generation volume*3 (Tons)	14,352	13,882	**13,544**
Volume of Chemical Substance Emissions*4 (Tons)			
VOC	22	21	**23**
NOx	21	17	**18**
Changes in Drainage Volume*5 (1,000 m^3)	7,308	6,810	**6,298**

*1 Non-energy GHG emissions are less than 5% of total emissions and therefore not included in the disclosed data.
*2 Target: production facilities and R&D sites.
*3 Target: production facilities and R&D sites.
*4 Target (VOC, NOx): all production facilities and R&D sites in Japan.
Astellas does not use any equipment that runs on fuel oil, which is a major source of SOx emissions.
*5 Target: Plants and research facilities in Japan.

Social

Employee Ratio per Region and Ratio of Female Managers		FY2020	FY2021	FY2022
Japan (Astellas Pharma Inc. · Group companies)	Male	70.8%	69.1%	**68.8%**
	Female	29.2%	30.9%	**31.2%**
	Ratio of female managers	15.1%	17.2%	**17.6%**
Other Areas Total	Male	44.1%	44.8%	**44.8%**
	Female	55.8%	55.2%	**55.2%**
	Ratio of female managers	52.6%	53.5%	**54.0%**
Average	Male	53.9%	53.1%	**52.9%**
	Female	46.1%	46.9%	**47.1%**
	Ratio of female managers	39.7%	43.0%	**42.8%**

* Expatriate employees seconded within the Astellas corporate group are included in the headcount of their current location.
Expatriate employees seconded out of the Astellas corporate group are excluded from the headcount.

Number of Employees per Region and Turnover Rate		FY2020	FY2021	FY2022
Japan (Astellas Pharma Inc. · Group companies)	Number of employees*1	5,659	4,948	**4,867**
	Turnover rate	2.6%	*2 18.1%	**4.4%**
Other Areas Total	Number of employees	9,796	9,574	**9,617**
	Turnover rate	15.3%	15.7%	**14.5%**
Established Markets	Number of employees	3,608	3,454	**3,365**
	Turnover rate	10.9%	14.1%	**13.9%**
Greater China	Number of employees	1,325	1,183	**1,129**
	Turnover rate	*2 41.1%	*2 30.2%	**14.3%**
International Markets	Number of employees	1,524	1,445	**1,493**
	Turnover rate	12.9%	22.7%	**15.8%**
United States	Number of employees	3,339	3,492	**3,630**
	Turnover rate	10.9%	9.3%	**14.5%**
Total	Number of employees	15,455	14,522	**14,484**
	Turnover rate	10.6%	16.5%	**11.1%**

*1 The turnover rate in Japan excludes people retiring at the mandatory retirement age and employees moving outside of the Group due to transfer of Group businesses.
*2 Implemented early retirement incentive system.

Average Length of Service (Years) By Gender (As of March 31, 2023, Japan consolidated basis.)	FY2020	FY2021	FY2022
Male	18.4	17.4	**17.3**
Female	13.4	13.0	**13.6**

Employment (Japan)		FY2020	FY2021	FY2022
New graduate hires (Astellas Pharma Inc. · Group companies)	Total	66	71	**87**
	Male	41	38	**53**
	Female	25	33	**34**
Mid-career hires (Astellas Pharma Inc. · Group companies)	Total	78	96	**105**
	Male	51	71	**66**
	Female	27	25	**39**
Mid-career hire ratio of new hires	Astellas pharma Inc.	50.4%	57.3%	**54.7%**
	Group companies in Japan	100%	58.8%	—
Ratio of female employees in new hires* (Astellas Pharma Inc.)		36.1%	34.7%	**38.0%**
Ratio of people with disabilities employed		2.37%	2.49%	**2.78%**

* Japan consolidated basis

Non-financial Data

Highly Skilled Employees with Specialized Knowledge and Skills	FY2020	FY2021	FY2022
PhDs (globally)*	—	—	1,281
Employees engaged in R&D (Research and Development) in cell therapy, gene therapy, and regenerative medicine	—	—	933

* As of March 31, 2023. Based on data self-reported by employees; includes directors.

Data Related to Life Events (Japan)		FY2020	FY2021	FY2022
Child-raising	Paternity Leave	95	96	101
	Child Care Leave acquisition rate*3	Female: 105%	Female: 101%	Female: 97%
		Average days used: 396	Average days used: 399	Average days used: 402
		Male: 74%	Male: 76%	Male: 96%
		Average days used: 29	Average days used: 91	Average days used: 62
	Time off for Infant Care	14	14	10
	Shortened Work Hours for Childcare	176	206	387
		Average days used: 1,037	Average days used: 1,185	Average days used: 1,224
	Use of the Company's Vehicles for Child Raising	Male: 17	Male: 22	Male: 17
		Female: 39	Female: 57	Female: 52
	Financial Assistance for Daycare	3	1	0
	Paid Leave for Employees Returning to Work After Leave of Absence Before and After Childbirth/ Leave for Child Care	24	24	14
Nursing care	Nursing Care Holiday	20	22	18
	Leave for Nursing Care	—	—	2
	Shortened Work Hours for Nursing Care	1	3	4
Child care, nursing care, injury, other	Working at Home	Registered Employees for the Program: 5,214	Registered Employees for the Program: 6,014	Registered Employees for the Program: 4,281

*1 Japan consolidated basis

*2 The number of users indicates those who used the system in each fiscal year. This figure excludes cases where the term of leave was not completed by the end of each fiscal year. In other words, it is limited to cases which ended within the fiscal year.

*3 The Child Care Leave acquisition rate of male employees includes Astellas' original child care leave system.

Employee Engagement	FY2020	FY2021	FY2022
Engagement score	—	—	71*

* A new engagement survey platform was introduced in FY2022 which is better suited for timely identification of actions and responses related to the CSP2021 and Organizational Health Goals. Due to this change, only FY2022 scores are disclosed as they cannot be directly compared to past survey results.

Occupational Health & Safety (Global)	2020.1–12	2021.1–12	2022.1–12
Number of work-related injuries (leave of absence)	6	10	17
Frequency rate of work-related injuries	0.18	0.33	0.57
Severity rate of work-related injuries	0.005	0.008	0.016

Governance*

		FY2020	FY2021	FY2022
Board of Directors structure	Board of Directors (Persons)	11	11	10
	Of which Outside Directors (Persons)	7	7	7
	Ratio of Outside Directors	64%	64%	70%
	Of which Female Directors (Persons)	2	1	3
	Ratio of Female Directors	18%	9%	30%
Number of meetings of the Board of Directors (Number)		15	13	14
Average rate of Outside Directors' attendance of meetings of the Board of Directors		100%	99%	98%
Audit & Supervisory Committee structure	Audit & Supervisory Committee Members (Persons)	4	4	4
	Of which Outside Directors (Persons)	3	3	3
	Of which Female Directors (Persons)	1	1	2
Number of meetings of the Audit & Supervisory Committee (Number)		15	14	19
Average rate of Outside Directors' attendance of meetings of the Audit & Supervisory Committee		100%	100%	100%
Nomination Committee structure	Chair	Outside Director	Outside Director	Outside Director
	Member of the Nomination Committee (including Chair) (Persons)	5	5	4
	Of which Outside Directors (Persons)	4	4	4
Number of meetings of the Nomination Committee (Number)		7	7	7
Average rate of Outside Directors' attendance of meetings of the Nomination Committee		100%	96%	100%
Compensation Committee structure	Chair	Outside Director	Outside Director	Outside Director
	Member of the Compensation Committee (including Chair) (Persons)	5	5	4
	Of which Outside Directors (Persons)	4	4	4
Number of meetings of the Compensation Committee (Number)		7	8	7
Average rate of Outside Directors' attendance of meetings of the Compensation Committee		100%	100%	100%

* The numbers of the Board of Directors are as of the end of each fiscal year.

Major Pipeline

(as of July 2023)

The list shows the development status in the target diseases for which we aim to obtain approval in Japan, the United States, Europe and/or China.

XTANDI and Strategic products

Generic name Code No. (Brand name)	Modality / Technology	Classification	Target disease	Phase*1 (1 2 3 F)		Licensor*2
enzalutamide MDV3100 (XTANDI)	Small molecule	Androgen receptor inhibitor	Metastatic castration-sensitive prostate cancer	3	China	Pfizer
			Non-metastatic castration-sensitive prostate cancer	F	US (June 2023)	
				3	Europe	
enfortumab vedotin ASG-22ME (PADCEV)	Antibody-drug conjugate (ADC)	Nectin-4 targeted ADC	Metastatic urothelial cancer, platinum-containing chemotherapy and PD-1/L1 inhibitor pretreated	F	China (Mar 2023)	In-house [Co-development with Seagen]
			Metastatic urothelial cancer, previously untreated (first line; combo with pembrolizumab)	3		
			Muscle-invasive bladder cancer (combo with pembrolizumab)	3		
			Other solid tumors	2		
			Non-muscle-invasive bladder cancer	1		
gilteritinib ASP2215 (XOSPATA)	Small molecule	FLT3 inhibitor	Post-chemotherapy maintenance acute myeloid leukemia	3		In-house
			Post-hematopoietic stem cell transplant maintenance acute myeloid leukemia	3		
			Newly diagnosed acute myeloid leukemia with high intensity induction of chemotherapy	3		
			Newly diagnosed acute myeloid leukemia with low intensity induction of chemotherapy	1		
			Acute myeloid leukemia in pediatric patients	3		
zolbetuximab IMAB362	Antibody	Anti-Claudin 18.2 monoclonal antibody	Gastric and gastroesophageal junction adenocarcinoma	F	Japan (Jun 2023) US (Jul 2023) Europe (Jul 2023) China (Jul 2023)	In-house (Ganymed)
			Pancreatic adenocarcinoma	2		
fezolinetant ESN364 (VEOZAH)	Small molecule	NK3 receptor antagonist	Vasomotor symptoms due to menopause	F	Europe (Sep 2022)	In-house (Ogeda)
				3	China	
				2	Japan	

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed

*2 Compounds with "In-house" in this column include ones discovered by collaborative research.

Major Pipeline

Generic name Code No. (Brand name)	Modality / Technology	Classification	Target disease	Phase*1 1 2 3 F	Licensor*2
avacincaptad pegol	Pegylated RNA aptamer	Complement C5 inhibitor	Geographic atrophy secondary to age-related macular degeneration	US (Feb 2023) Europe (Jul 2023)	In-house (Iveric Bio)
			Stargardt disease		
resamirigene bilparvovec AT132	Gene therapy (AAV-based gene therapy)	MTM1 gene replacement to express myotubularin	X-linked myotubular myopathy		In-house (Audentes Therapeutics (currently Astellas Gene Therapies))

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed

*2 Compounds with "In-house" in this column include ones discovered by collaborative research.

Projects with Focus Area approach

Primary Focus	Generic name Code No.	Modality / Technology	Classification	Target disease	Phase*1 1 2 3 F	Licensor*2
Immuno-Oncology	ASP1570	Small molecule	DGKζ inhibitor	Cancer		In-house
	ASP2138	Antibody	Anti-Claudin 18.2 and anti-CD3 bispecific antibody	Gastric and gastroesophageal junction adenocarcinoma, pancreatic adenocarcinoma		Xencor [Discovered through collaborative research]
	ASP2074	Antibody	Bispecific antibody	Cancer		In-house
	ASP1002	Antibody	Bispecific antibody	Cancer		In-house
Blindness and Regeneration	ASP7317	Cell therapy	Retinal pigment epithelium cells	Geographic atrophy secondary to age-related macular degeneration		In-house (Ocata Therapeutics (currently Astellas Institute for Regenerative Medicine))
Mitochondria	bocidelpar ASP0367/MA-0211	Small molecule	PPARδ modulator	Primary mitochondrial myopathies		In-house (Mitobridge)
				Duchenne muscular dystrophy		
Genetic regulation	resamirigene bilparvovec AT132*3	Gene therapy (AAV-based gene therapy)	MTM1 gene replacement to express myotubularin	X-linked myotubular myopathy		In-house (Audentes Therapeutics (currently Astellas Gene Therapies))
	AT845	Gene therapy (AAV-based gene therapy)	GAA gene replacement to express GAA enzyme	Pompe disease		In-house (Audentes Therapeutics (currently Astellas Gene Therapies))
Targeted Protein Degradation	ASP3082	Small molecule	KRAS G12D degrader	Cancer		In-house

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed

*2 Compounds with "In-house" in this column include ones discovered by collaborative research.

*3 AT132 is also listed in "XTANDI and Strategic products".

Major Pipeline

Others

Generic name Code No.	Modality / Technology	Classification	Target disease	Phase*1 1 2 3 F		Licensor*2
mirabegron YM178	Small molecule	β_3 receptor agonist	Neurogenic detrusor overactivity in pediatric patients		Europe	In-house
			Overactive bladder in pediatric patients		Europe	
peficitinib ASP015K	Small molecule	JAK inhibitor	Rheumatoid arthritis		China (Aug 2022)	In-house
isavuconazole	Small molecule	Azole antifungal	Invasive aspergillosis and mucormycosis in pediatric patients		US (Jun 2023)	Basilea
ASP8062	Small molecule	$GABA_B$ receptor positive allosteric modulator	Alcohol use disorder			In-house

*1 Compounds are developed globally unless noted. The list shows the most advanced stage if the stages are different depending on the region. The list specifies the area if the compound is developed in limited areas. The details of numbers and letters are as follows:
1: P-I, 2: P-II, 3: P-III, F: Filed
*2 Compounds with "In-house" in this column include ones discovered by collaborative research.

Rx+ Programs

Category (Business area)	Program	Concept	Status*	Partner
Digital health Other services	Fit-eNce	Service to provide scientifically evidenced exercise programs and systems supporting regular exercise	Under feasibility study	
	Fit-eNce Home	Service to provide scientifically evidenced exercise programs and systems supporting regular exercise at home	Under feasibility study	
	BlueStar	Digital therapeutics for adults with diabetes	Under clinical trial preparation	Welldoc Roche Diabetes Care Japan
Drug-device combination	pudexacianinium chloride ASP5354	Intraoperative ureter visualization for use in patients undergoing minimally invasive and open abdominopelvic surgeries	P-Ⅲ	Stryker
		Visualization and localization of lymph nodes in patients with breast cancer or melanoma undergoing lymphatic mapping	P-Ⅱ	

* The list shows the most advanced stage if the stages are different depending on the region.

Company Overview

(As of March 31, 2023)

Company Information

Company Name	Astellas Pharma Inc.
Headquarters	2-5-1, Nihonbashi-Honcho, Chuo-Ku, Tokyo 103-8411, Japan
Foundation	1923
Capital	103,001 million yen
Representative Director	Naoki Okamura (President and Chief Executive Officer)*
Employees	5,123 (Unconsolidated) 14,484 (Consolidated)

* Appointed as President and Chief Executive Officer effective April 1, 2023.

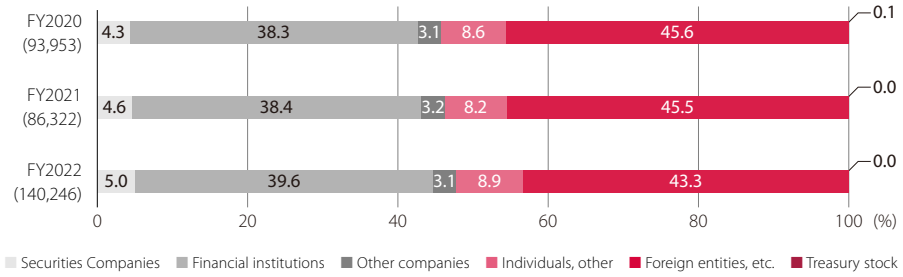
Stock Information

Status of Shares

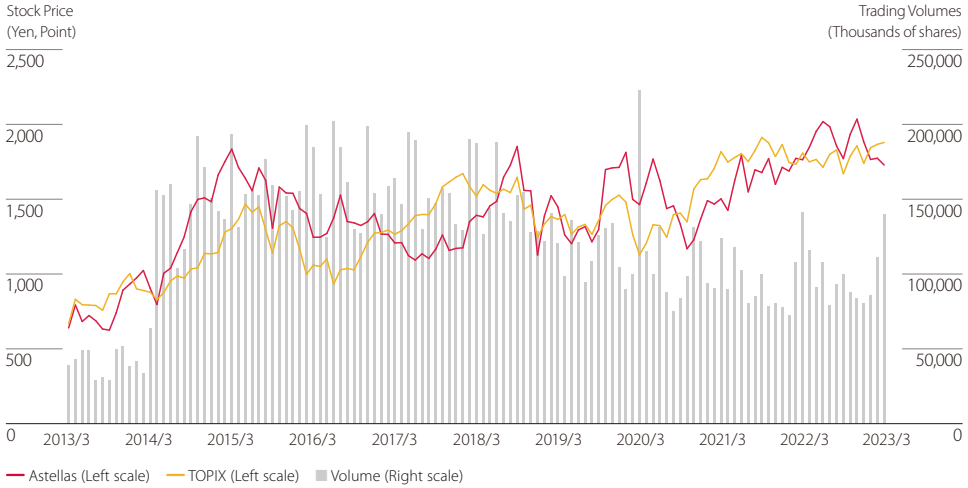
Securities Code	4503
Listed Stock Exchange	Prime Market
Fiscal Year-end	March 31
General Meeting of Shareholders	June
Minimum Trading Unit	100 shares
Total Number of Authorized Shares	9,000,000,000 shares
Number of Shares Issued and Outstanding	1,809,663,075 shares (Including 12,900,609 shares of treasury stock)
Number of Shareholders	140,246

Custodian of Register of Shareholders	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Accounting Auditor	Ernst & Young ShinNihon LLC.

Trends in Shareholder-Type Ratio



Share Price and Volume



* The Company conducted a stock split of common stock at a ratio of five-for-one with an effective date of April 1, 2014.

Major Shareholders (Top 10)

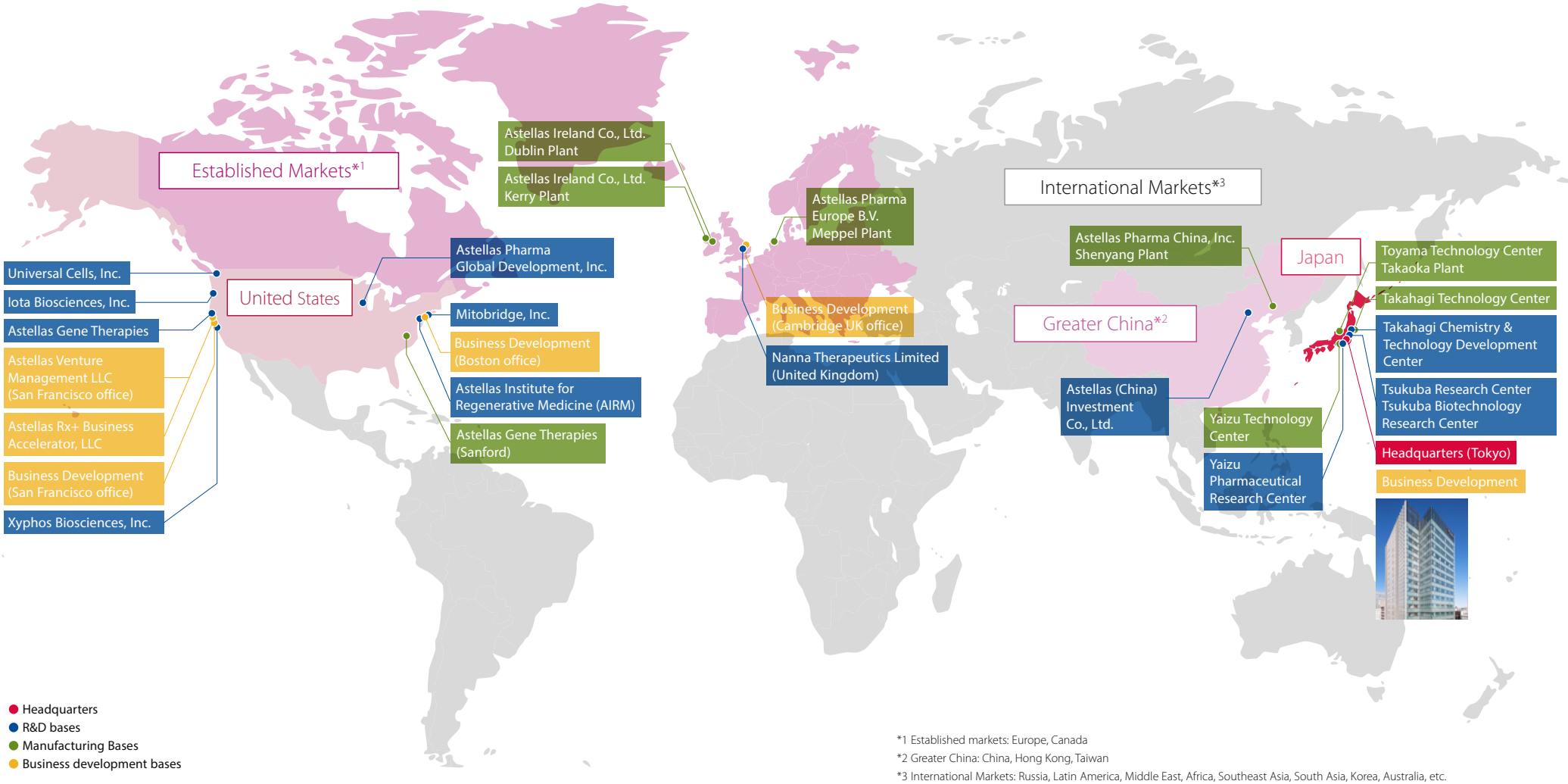
Name of shareholders	Number of shares held (Thousands of shares)	Shareholding percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	408,021	22.55
Custody Bank of Japan, Ltd. (trust account)	156,046	8.62
Nippon Life Insurance Company	51,588	2.85
State Street Bank West Client - Treaty 505234	34,286	1.89
JPMorgan Chase Bank 385781	24,793	1.37
SSBTC Client Omnibus Account	22,810	1.26
State Street Bank and Trust Company 505103	22,137	1.22
JPMorgan Securities Japan Co., Ltd.	19,213	1.06
Goldman, Sachs & Co. Reg	17,290	0.95
State Street Bank and Trust Company 505001	16,570	0.91

* Number of shares held are presented by discarding the numbers down to the thousand, and percentage of shares are presented by discarding the numbers down to the third decimal (1,834,939,741 shares).

Company Overview

Subsidiaries & Locations (as of May 2023)

As a global pharmaceutical company, we are currently working in about **70** countries



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