

## **Notice Regarding Continuation of the Performance-linked Stock Compensation Scheme and Performance-linked Stock Delivery Scheme for the Domestic and Global Astellas Group Executives**

**TOKYO, May 17, 2023** – Astellas Pharma Inc. (TSE: 4503, President and CEO: Naoki Okamura, “the Company”) announced that at the meeting of the Board of Directors held today, a resolution was passed to continue the Performance-linked Stock Compensation Scheme for the Corporate Executives (Tantou-Yakuin) of the Company and the Performance-linked Stock Delivery Scheme for the domestic and global Astellas Group executives (both schemes hereinafter referred to as the “Schemes”). The Board of Directors also passed a resolution of the details of the incentive plan to be implemented in fiscal year 2023 based on the Schemes (hereinafter the “Plan”) as described below.

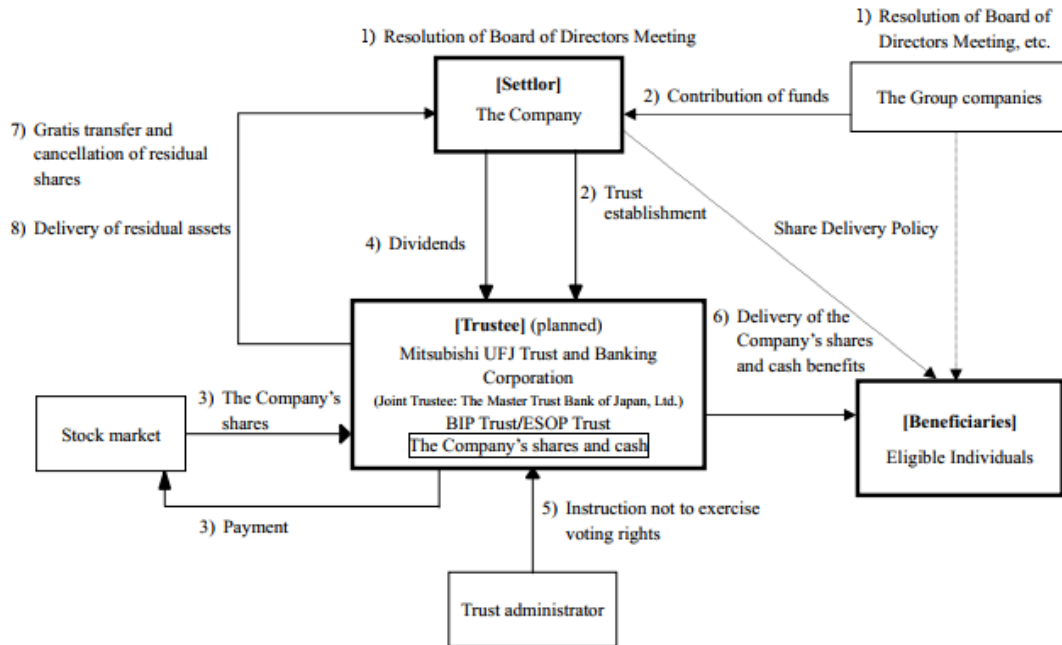
### 1. Objective for the Schemes

- (1) The Schemes are medium- to long-term-based incentive plan, common on a global basis, for the Corporate Executives (Tantou-Yakuin) of the Company and the domestic and global Astellas Group executives that is highly transparent and objective, and closely linked with the Company’s enterprise and shareholder value with the aim of promoting management focused on increasing enterprise and shareholder value over the medium- to long-term.
- (2) The Performance-linked Stock Compensation Scheme for Corporate Executives (Tantou-Yakuin) of the Company adopts a structure called the executive compensation BIP (Board Incentive Plan) trust (“BIP Trust”). BIP Trust is an executive incentive plan modeled on Performance Share and Restricted Stock systems in the U.S. The BIP Trust acquires the Company’s shares and conducts a “delivery of the Company’s shares” (as set forth in 3. (5) below; hereinafter the same) to the Corporate Executives (Tantou-Yakuin) based on the level of growth of enterprise and shareholder value, etc.

The Performance-linked Stock Delivery Scheme for the domestic and global Astellas Group executives adopts a structure called the stock-delivery ESOP (Employee Stock Ownership Plan) trust (“ESOP Trust”). ESOP Trust is an employee incentive plan modeled on the ESOP scheme in the U.S. The ESOP Trust acquires the Company’s shares and conducts a “delivery of the

Company's shares" to the domestic and global Astellas Group executives based on the level of growth of enterprise and shareholder value, etc.

## 2. The Structure of the BIP Trust and ESOP Trust



- 1) The Company and the Astellas Group companies shall carry out necessary processes such as holding meetings of the Board of Directors, for continuing the Performance-linked Stock Compensation Scheme and the Performance-linked Stock Delivery Scheme, and the implementation and details of the Plan for fiscal year 2023 based on the Schemes.
- 2) The Company shall put money in trust, to establish the BIP Trust, which shall be the trust in which the beneficiaries shall be the Corporate Executives (Tantou-Yakuin) of the Company who have satisfied the beneficiary conditions, and the ESOP Trust, which shall be the trust in which the beneficiaries shall be the domestic and global Astellas Group executives who have satisfied the beneficiary conditions (BIP Trust and ESOP Trust hereinafter collectively referred to as the "Trust.") The Company and the domestic and global Astellas Group companies shall contribute a suitable amount to the trust based on the number of eligible persons in the respective company.
- 3) The Trust, in accordance with the instructions of the trust administrator, will use the money entrusted in 2) to acquire the Company's shares on the stock market.

- 4) Dividends for the Company's shares in the Trust will be paid in the same way as with other shares of the Company.
- 5) Voting rights are not to be exercised on the Company's shares within the Trust throughout the trust period.
- 6) During the trust period, beneficiaries will receive delivery of the Company's shares in accordance with the Company's Share Delivery Policy.
- 7) In the event that residual shares remain at the expiration of the trust period mainly due to the extent to which enterprise and shareholder value have achieved growth during the trust period, the Trust will continue to be used as an incentive plan based on the Schemes by making changes to the trust agreement and additional entrustments <sup>(\*)</sup>, or otherwise a gratis transfer of these residual shares will be made from the Trust to the Company, and upon acquiring these shares the Company plans to implement the cancellation of them by resolution of the Board of Directors.
- 8) Upon conclusion of the Trust, the residual assets remaining after allocation to the beneficiaries are to belong to the Company within the scope of the reserve fund for trust expenses after deductions for stock purchases from trust money. In the event that there remain residual assets beyond the scope of the reserve fund for trust expenses, such assets are to be donated to an organization having no relationship of interest with the Company or Corporate Executives (Tantou-Yakuin) and executives of the Company.

(\*1) As the Plan for which Corporate Executives (Tantou-Yakuin) of the Company are eligible are the same kind of incentive plan as the Performance-linked Stock Compensation Scheme introduced in fiscal year 2015, the existing executive compensation BIP for the Corporate Executives (Tantou-Yakuin) that was established in fiscal year 2020 shall continue to be used.

### 3. Details of the Plan

#### (1) Overview of the Plan

The Plan is an incentive plan, under which delivery of the Company's shares will be conducted during the three-year period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 ("Applicable Period"), based on the level of growth of enterprise and shareholder value, etc.

The Company intends to continue implementing incentive plans which are similar to the Plan in each year in and after the following fiscal year by establishing new BIP Trusts or ESOP Trusts, or by making changes or additional entrustments to the existing BIP Trusts or ESOP Trusts that have expired. The details of incentive plans put into effect next fiscal year or later shall be determined at the appropriate time by resolution of the Board of Directors.

#### (2) Individuals eligible under the Plan (Beneficiary Conditions)

The Corporate Executives (Tantou-Yakuin) of the Company and the domestic and global Astellas Group executives in office as of April 1, 2023 ("Eligible Individuals") shall, in principle, receive delivery of a certain number of the Company's shares based on the points provided for below in (4) subject to the condition that the Beneficiary Conditions set forth below are satisfied.

The Beneficiary Conditions are as follows:

- 1) Such person shall be an Eligible Individual at the expiration date of the Applicable Period;
- 2) Such person shall have met other criteria which are deemed necessary for achieving the purpose of the Schemes.

#### (3) Trust period

The trust period of the BIP Trust shall be from May 23, 2023 (planned) to August 31, 2026 (planned) and the trust period of the ESOP Trust shall be from May 23, 2023 (planned) to August 31, 2026(planned).

At the expiration of the trust periods, the Company may continue the Trust in the form of incentive plans which are similar to the Plan by making changes to the trust agreements and making additional entrustments.

#### (4) Number of the Company's shares to be delivered to Eligible Individuals

The number of the Company's shares to be delivered to Eligible Individuals (including the number of the Company's shares to be converted into cash in accordance with (5) below) shall be determined on the basis of the points, which have been allocated in accordance with the following, with 1 point corresponding to 1 share of the Company's share <sup>(\*)2</sup>.

(\*2) In the event that the number of the Company's shares belonging to the Trust increases or decreases due to stock split, gratis allotment or stock consolidation, etc., the number of the Company's shares to be delivered per point shall be adjusted by means of a reasonable method.

Basic points shall be allocated to the Eligible Individuals who are in office as of April 1, 2023 in accordance with the following formula.

(Formula for the calculation of basic points)

Basic amount <sup>(\*3)</sup> individually determined based on rank, global grade, etc. divided by the Average closing price of the Company's shares on the Tokyo Stock Exchange in March 2023

\* Any fractions of less than one shall be discarded.

(\*3) The basic amount levels shall be set appropriately in accordance with responsibilities and other factors in reference particularly to objective remuneration survey data of an external expert organization in order to ensure competitive remuneration levels that enable the Company to recruit and retain talents.

Eligible Individuals who are in office as of March 31, 2026 shall receive delivery of the Company's shares from the Trust in numbers corresponding to the points calculated according to the formula below.

Basic points × Performance-linked coefficient <sup>(\*4)</sup>

\* Any fractions of less than one shall be discarded.

(\*4) The performance-linked coefficient of the Plan shall be determined within a range from 0% to 200% based on results of comparing the Company's total shareholder return ("TSR") during the applicable period, against both the growth rate of Tokyo Stock Price Index (TOPIX) and the TSR of global pharmaceutical companies ("TSR Peer Group"). The list of the TSR Peer Group shall be proposed to the Board of Directors after deliberation by the Compensation Committee, and accordingly determined by June 30, 2023.

\* TSR refers to shareholders' total return on investment, encompassing both capital gains and dividends.

(5) Method and timing for delivering the Company's shares to the Eligible Individuals

"Delivery of the Company's shares" refers to, at a given time, the receipt of half of the number of the Company's shares corresponding to the allocated points from the Trust (provided that shares less than one unit shall be converted into cash within the Trust and the cash equivalent to the amount of conversion will be received), and the receipt of the cash equivalent to the remaining half after conversion into cash within the Trust.

Eligible Individuals who have met the Beneficiary Conditions shall receive delivery of the Company's shares around June 2026.

(6) Malus Clause and Clawback Clause

The Company and its Group companies stipulate a Malus Clause that forfeits the right to receive delivery of the Company's shares, by resolution of the Company and its Group companies in the event of misconduct, etc., by Eligible Individuals. In addition to this, from fiscal year 2023, the Company has newly established Clawback Clause which allows to demand the return of the amount equivalent to the number of Company's shares delivered to Eligible Individuals who are pre-defined by the Company (limited to high-level positions, such as Top Management, etc.), in the event of post-financial restatement due to material accounting errors or fraud, or in the event of misconduct, etc., by Eligible Individuals, by resolution of Board of Directors. The remuneration that may be subject to reimbursement are part or all of the amount equivalent to the number of Company's shares delivered for the target period that includes the fiscal year in which such event occurred and the three preceding fiscal years. The Clawback Clause will apply to the Incentive Plan that follows on from the Plan.

(7) Method for acquiring the Company's shares by the Trust

The acquisition of the Company's shares by the Trust is planned to be made on the stock market.

(8) Exercise of voting rights of the Company's shares within the Trust

In order to maintain a neutral position vis-a-vis management, no voting rights shall be exercised on the Company's shares within the Trust during the trust period.

(9) Handling of dividends on the Company's shares within the Trust

Dividends on the Company's shares within the Trust shall be received by the Trust and applied to trust fees and trust expenses for the Trust.

(10) Handling at the expiration of the trust period

In the event that residual shares remain at the expiration of the trust period due to factors such as the extent to which enterprise and shareholder value have achieved growth during the applicable period, the Company may continue the Trust in the form of incentive plans which are similar to the Plan by making changes to the trust agreement and additional entrustments. If the Trust is to be terminated due to the expiration of the trust period, gratis transfer of these

residual shares will be made from the Trust to the Company, and the Company plans to implement the cancellation of them by resolution of the Board of Directors.

Additionally, in the event that residual dividends on the Company's shares within the Trust remain at the expiration of the trust period and the Company continues to use the Trust, such residual assets shall be applied towards the acquisition of shares. However, if the Company concludes the Trust due to the expiration of the trust period, such assets are planned to be donated to an organization having no relationship of interest with the Company or Corporate Executives (Tantou-Yakuin) and executives of the Company.

(Reference)

[Contents of the Trust for the Incentive Plan in fiscal year 2023]

	“BIP Trust”	“ESOP Trust”
1) Trust category	Monetary trust other than a specific individually operated monetary trust (third-party benefit trust)	
2) Trust objective	To provide incentive to Corporate Executives (Tantou-Yakuin) of the Company	To provide incentive to the domestic and global Astellas Group executives
3) Settlor	The Company	
4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Joint Trustee: The Master Trust Bank of Japan, Ltd.)	
5) Beneficiaries	Corporate Executives (Tantou-Yakuin) of the Company who have satisfied the Beneficiary Conditions	The domestic and global Astellas Group executives who have satisfied the Beneficiary Conditions
6) Trust administrator	Third party with no relationship of interest with the Company (certified public accountant)	
7) Date of trust agreement	May 23, 2023 (planned)	
8) Trust period	May 23, 2023 (planned) to August 31, 2026 (planned)	
9) Start of the Plan	April 1, 2023	
10) Exercise of voting rights	Not to be exercised	
11) Type of shares to be acquired	Common stock of the Company	
12) Amount of entrustment	¥739 million (planned) (Including trust fees and trust expenses) <sup>(*)5</sup>	¥11,059 million (planned) (same as on the left)
13) Acquisition period of shares	May 25, 2023 (planned) to June 30, 2023 (planned)	
14) Method of acquiring shares	Acquisition on the stock market	
15) Rights holder	The Company	
16) Residual assets	The Company, the rights holder, shall receive residual assets within the scope of the reserve fund for trust expenses after deductions of stock purchases from trust money.	



(\*5) The above amount of trust includes the residual assets succeeded from the existing BIP Trust.

#### **About Astellas**

Astellas Pharma Inc. is a pharmaceutical company conducting business in more than 70 countries around the world. We are promoting the Focus Area Approach that is designed to identify opportunities for the continuous creation of new drugs to address diseases with high unmet medical needs by focusing on Biology and Modality. Furthermore, we are also looking beyond our foundational Rx focus to create Rx+<sup>®</sup> healthcare solutions that combine our expertise and knowledge with cutting-edge technology in different fields of external partners. Through these efforts, Astellas stands on the forefront of healthcare change to turn innovative science into VALUE for patients. For more information, please visit our website at <https://www.astellas.com/en>.

#### **Cautionary Notes**

In this press release, 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 press release is not intended to constitute an advertisement or medical advice.

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