# Astellas Pharma Inc.

The 20th Term Annual Shareholders Meeting

June 19, 2025

# Event Summary

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| **[Company Name]** | Astellas Pharma Inc. |
| **[Company ID]** | 4503 |
| **[Event Type]** | Shareholders' Meeting |
| **[Event Name]** | The 20th Term Annual Shareholders Meeting |
| **[Fiscal Period]** | Annual |
| **[Date]** | June 19, 2025 |
| **[Time]** | 10:00 - 11:50<br>(Total: 110 minutes, Presentation: 45 minutes, Q&A: 65 minutes) |
| **[Number of Speakers]** | 18 |

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| Kenji Yasukawa | Representative Director, Chairman of the Board |
| Naoki Okamura | Representative Director, President, and Chief Executive Officer |
| Katsuyoshi Sugita | Representative Director, Executive Vice President, and Chief People Officer |
| Takashi Tanaka | Outside Director |
| Eriko Sakurai | Outside Director |
| Masahiro Miyazaki | Outside Director |
| Yoichi Ohno | Outside Director |
| Rika Hirota | Director, Audit and Supervisory Committee Member |
| Mika Nakayama | Outside Director, Audit and Supervisory Committee Member |
| Rie Akiyama | Outside Director, Audit and Supervisory Committee Member |
| Tomoko Aramaki | Outside Director, Audit and Supervisory Committee Member |
| Tadaaki Taniguchi | Chief Research & Development Officer |
| Rao Mantri | Chief Manufacturing Officer |
| Claus Zieler | Chief Commercial & Medical Affairs Officer |
| Adam Pearson | Chief Strategy Officer |
| Nick Eshkenazi | Chief Digital & Transformation Officer |
| Atsushi Kitamura | Chief Financial Officer |

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| Tatjana Dragovic | General Counsel and Chief Ethics & Compliance Officer |

## Presentation

**Okamura:** Good morning. I'm Naoki Okamura, President and CEO of Astellas Pharma, Inc. Thank you very much for attending our Annual Shareholders' Meeting today, out of your very busy schedule.

Today, I'm going to chair this meeting.

Now, I call to order the 20th Term Annual Shareholders' Meeting of Astellas Pharma, Inc. As is already notified to you, we are holding this meeting with the attendance of both shareholders gathering here at the venue in person and those attending online via the Internet. I will do my best for smooth proceedings of this meeting. I appreciate your cooperation. In accordance with the relevant laws and regulations, and our articles of incorporation, we are electronically providing shareholders' meeting materials such as the notice of convocation by posting the materials on the website of the Company and the Tokyo Stock Exchange.

To shareholders who have not requested the delivery of paper-based documents separately, we sent an excerpted abbreviated version of the convocation notice in writing. At the reception desk of the meeting venue today, we are handing over the same convocation notice provided to shareholders who requested the delivery of paper-based documents.

Please note that when we refer to page numbers of the convocation notice during this meeting, we are using the page numbers in the electronic version of the convocation notice and the convocation notice handed over at the reception desk today to shareholders attending at the venue in person.

For this purpose, today, as is described on page nine of the convocation notice, we'd like to submit matters to be reported, and the first, the second, and the third proposals, which are matters to be resolved. With regards to all matters to be resolved in this meeting, I'd like to report here that the quorum required is already met. As for the proceedings today, I'd like to proceed based on the sequence shown on this slide.

First, matters to be reported and proposals, which are matters to be resolved, will be explained. Then, we will respond to questions from the shareholders, in three segments. First, we will respond to questions we received in advance from shareholders using the method described in the convocation notice. Next, we will hear from shareholders attending at the venue, including their questions, comments, and motions related to matters to be reported and matters to be resolved. Last but not the least, we will respond to questions and comments from shareholders attending online.

Regarding how to ask questions online, please refer to page 15 of the convocation notice. We will accept questions from shareholders attending online from the opening of the meeting until the completion of our responses to the questions received in advance. We are assuming about 45 minutes to accept questions online. After the completion of the three segments of Q&A sessions, we will move on to the voting on the proposals. At that time, I will announce the time you can spend for voting, so please vote within that time frame.

Also, as is described on page 14 of the convocation notice, motions to be addressed will be limited to those submitted by shareholders attending at the venue, including those related to Annual Shareholders' Meeting procedures and those related to the proposals. As such, motions submitted by shareholders attending online will not be accepted. Thank you for your understanding.

Today, some of the executives on the stage are non-Japanese. When they respond to questions or comments, they will do so through interpreters. Prior to matters to be reported and the deliberation of the proposals, the Audit and Supervisory Committee will make an audit report. An Audit and Supervisory Committee member

is going to report, including the audit report by an independent auditor, regarding consolidated financial statements.

Director, Ms. Nakayama, please.

**Nakayama:** I am Mika Nakayama, the Chair of the Audit and Supervisory Committee. I'm going to report on the results of the Committee's deliberations, on behalf of the Audit and Supervisory Committee. The results of the audit regarding the performance of duties of Directors of the Company during the 20th term business year are described on page 88 on the convocation notice: the Audit Report by the Audit and Supervisory Committee.

We confirm that the business report and the related supplementary schedule accurately present the position of the Company in conformity with the relevant rules and regulations, as well as the articles of incorporation of the Company. We confirm that no misconduct or material fact constituting a violation of any laws or regulations, or the Company's articles of incorporation was found with respect to the Directors and the performance of their duties.

We confirm that the resolutions of the Board of Directors relating to the internal control system are reasonable. There are no matters to be pointed out regarding the details of the business report and Directors' performance of their duties on the internal control system.

Next, about the results of an audit of consolidated financial statements, financial statements, and the related supplementary schedules, we received a report and an explanation from financial auditor, Ernst & Young ShinNihon, LLC, as is described on page 84 through page 87 on the convocation notice.

As a result of our discussions about their independence, method of audit, and quality control system, we confirm that the method and the results of their audit related to consolidated financial statements, financial statements, and the related supplementary schedules are reasonable.

That's all as our report on the results of the audits regarding the performance of duties of the Company's Directors during the 20th term business year.

**Okamura:** Next, we move on to the business report and reports of consolidated financial statements and financial statements. You can find the business report for the business year on page 29 through page 72 of the convocation notice, and the websites of the Company and the Tokyo Stock Exchange. Consolidated financial statements and individual financial statements can be found on page 80 through page 83 of the convocation notice, as well as on the website of the Company and the TSE.

Now I would like to report on the outline of the consolidated results for the 20th fiscal year and a review of the fourth year of the five-year medium-term management plan, CSP2021, which began in FY2021. This is the cautionary statement. The information provided here includes forward-looking statements and is subject to change. Please note that our actual results may differ from those described herein.

First, here is an overview of the consolidated results for the FY2024. Core base performance is adjusted from full-base performance by excluding certain significant adjustment items determined by the Company to better reflect the Company's underlying earnings capacity.

For this fiscal year, consolidated core-based performance saw revenue of JPY1,912.3 billion, a 19.2% increase YoY, marking the record high since the establishment of Astellas. Strategic products saw significant growth contributing to the expansion of revenue. SG&A expenses totaled JPY843 billion and excluding core promotion expenses for XTANDI in the United States, it amounted to JPY590.5 billion.

The SG&A ratio improved by 3.1 percentage points YoY. Effective cost management was achieved through initiatives under the sustainable margin transformation program, which aims to optimize cost across the entire company. R&D expenses totaled JPY327.7 billion, an increase of 11.4% YoY.

As a result, core operating profit reached JPY392.4 billion, an increase of 41.7% YoY, also record high in Astellas' history since its establishment.

Next, I will present the consolidated financial results on a full basis. Operating profit, profit before tax, and net profit all increased for this time. Operating profit reached JPY41 billion, an increase of 60.8% YoY. Net profit reached JPY50.7 billion, an increase of 197.7% YoY.

Next, I will explain the activities and the results of this fiscal year, which is the fourth year of CSP2021. Since FY2021, we have formulated and are implementing CSP2021 as a five-year midterm management plan. Today, I will report on the results for the FY2024 in accordance with the four strategic goals of the CSP2021. Strategic Goal One is to enable patients to achieve better outcomes.

Let me now explain the results of our main products for the FY2024. The combined sales of PADCEV, IZERVAY, VEOZAH, VYLOY, and XOSPATA, which are strategic brands driving future growth, reached nearly JPY340 billion, a more than twofold increase of about JPY180 billion or 110% YoY. These product lines are highly profitable, contributing not only to revenue, but also driving significant profit growth.

PADCEV sales reached JPY164.1 billion, a nearly twofold increase of JPY78.7 billion or 92% YoY. Sales have expanded in all regions where the product has been launched. The number of countries where the product has been approved for the first-line treatment of metastatic urothelial carcinoma is steadily increasing and market penetration following approval is progressing favorably.

IZERVAY has been available in the United States for only about one and a half years, but sales have expanded to JPY58.3 billion. Although it was launched about six months later than competitors, it has established its position as a first-line treatment for newly diagnosed patients from Q2 FY2024, and on.

Due to the impact of the regulatory procedures with the US authorities regarding project changes to the package insert, growth slowed temporarily from November last year. However, approval was granted in February this year and the restriction on the administration period were lifted, signs of a trend recovery of prescription increase have been observed since then.

Sales of VEOZAH expanded to JPY33.8 billion. In addition to growth in the United States, the number of countries where the product is available has steadily increased, contributing to sales growth. The product has already been approved in 43 countries and launched in 24 of those countries.

VYLOY was launched in Japan in June last year and has steadily expanded into additional markets, achieving sales of JPY12.2 billion. The adoption rate of Claudin-18 testing has exceeded our expectations, resulting in a stronger-than-expected global launch.

Sales of XOSPATA reached JPY68 billion, an increase of JPY12.9 billion or 23% YoY. Sales have steadily increased in all regions where the product is available, and it maintains a high market share in the indication for relapsed or refractory acute myeloid leukemia.

XTANDI sales were JPY912.3 billion, a YoY increase of JPY161.8 billion or 22%. Sales expanded in all markets, particularly in the United States, and we believe that XTANDI has reached its peak sales level globally.

Next, I will explain the major progress in the development of our main products. PADCEV has received approval in China for the second-line metastatic urothelial carcinoma in August. In addition, the approval was

granted for the additional indication of the first-line treatment in Europe in August last year, in Japan in September last year, and in China in January this year.

IZERVAY received approval for partial change to its labeling in the United States in February of this year. In Japan, we submitted an application under the conditional approval system in February of this year. Meanwhile, based on discussions with the Committee for Medicinal Products for Human Use, we withdraw the marketing authorization application that we had submitted to EMA in October last year.

We believe that the efficacy demonstrated in clinical trials of IZERVAY in slowing the progression of geographic atrophy in age-related macular degeneration is clinically meaningful, and we remain confident in the clinical profile of this product. Geographic atrophy is a serious condition that can lead to irreversible visual impairment or blindness, yet there are currently no approved treatments available in many countries. To date, we have completed the submissions in nine countries, including the UK, Canada, and Australia, and plan to do further submissions.

VYLOY was launched in Japan in June last year and has since been launched in 15 countries, including Europe and the United States. In addition, approval was obtained in China in December last year.

In the Phase II trial targeting pancreatic adenocarcinoma, an interim analysis was conducted by an independent data monitoring committee. As a result, it was recommended that the trials continue until the final analysis.

XTANDI received approval for additional indications in Europe in April last year and in China in July.

Next, I will present our peak sales forecast for strategic brands that will drive mid- to long-term growth. After the expiration of exclusivity period for XTANDI, whether we can compensate for the lost sales will depend on the success of the products we have identified as strategic brands: PADCEV, IZERVAY, VEOZAH, VYLOY, and XOSPATA.

PADCEV peak sales forecast is between JPY400 billion to JPY500 billion. IZERVAY's peak sales forecast is between JPY200 billion to JPY400 billion. VEOZAH's peak sales forecast is between JPY150 billion to JPY250 billion. The peak sales forecast for VYLOY and XOSPATA is JPY100 billion to JPY200 billion each. We have anticipated further growth in the future.

Strategic Goal Two is to translate innovative science into proven value. I will explain the main progress and the future outlook for the focus area approach in this fiscal year. ASP3082, from Primary Focus Targeted Protein Degradation, is a protein degrader targeting KRAS G12D mutations. The KRAS G12D mutation is frequently observed in pancreatic adenocarcinoma, non-small cell lung cancer, and colorectal cancer.

A major advancement in this fiscal year was achievement of a proof of concept in pancreatic adenocarcinoma based on data from Phase I trials for second- and third-line treatments, thereby successfully validating the product concept based on clinical trial data. This marks the first clinical POC from primary focus, and we are extremely pleased to have achieved this highly significant milestone.

Additionally, we plan to decide clinical POC for non-small cell lung cancer in H1 2025 and for colorectal cancer in H2 2025. Other flagship programs within primary focus are also scheduled for decision-making in FY2025. From primary focus immuno-oncology for ASP2138, a bispecific antibody for cancer, we are planning to judge clinical POC for gastric, gastroesophageal junction adenocarcinoma in H1 FY2025.

As for AT845 for Pompe disease from primary focus genetic regulation and ASP7317 for geographic atrophy, secondary to age-related macular degeneration from primary focus blindness and regeneration, we are planning to judge clinical POC in H2 FY2025.

In order to realize sustainable growth of our company, we need to strategically review priorities in R&D and enhance our productivity. Upon transition to the upcoming convergence phase, we will ensure sufficient investments in the late-stage development of primary focus programs with a successful clinical POC judgment and accelerate flagship and follow-on programs.

Also, we will continue to work hard to enhance our pipeline values, so that programs created from a focus area approach will contribute to our revenue after XTANDI LOE.

Strategic Goal Three is to advance the Rx+ business. In FY2024, we had two major progresses. First with regards to DIGITIVA, a noninvasive digital health solution aimed at heart failure management. We began a first commercial pilot implementation with the US healthcare system, Desert Oasis Healthcare. Secondly, we obtained US FDA approval to enter into an early feasibility study of an implantable device for underactive bladder. Through our Rx+ business, we will provide new value to patients.

Strategic Goal Four is to deepen our engagement in sustainability. As an example of our initiatives in FY2024, I will share a monetary evaluation of the social impact brought about by our initiative to enhance access to health in Malaysia. We are working on a variety of activities globally to enhance access to health. Through these activities, we believe we are bringing about social impact, but there was a challenge that we were not able to visualize such impact. Therefore, we worked on this issue in FY2024. Specifically, we focused on the beauty and health program in Malaysia, which we are supporting.

By focusing on colorectal cancer, in particular, we quantified the social impact brought about by our initiatives for monetary evaluation. This program is increasing awareness about cancer and promoting cancer screening in the regional communities in Malaysia. These activities are expected to improve prognosis through early detection and treatment of cancer as an outcome.

Astellas is supporting this program through our donation of USD1 million or JPY150 million. We classified this program's social impact into five types of value. We performed monetary valuation from three perspectives corresponding to these activities, namely medical value, psychological value, and economic value.

As a result, monetary valuation suggested that these activities could generate social value of USD4.6 million or JPY680 million. With regards to initiatives to enhance access to health, there was almost no prior study as a reference to this kind of conversion into monetary value, so it was a very challenging initiative for us, but it was positively evaluated by our investors as well.

Next, let me explain the three enterprise priorities we are working on right now. As a strategic initiative to overcome XTANDI LOE and aim for further growth, we have identified three enterprise priorities. The first one is a growth strategy to maximize the value of strategic brands that are essential to future revenue growth. The second one is a bold ambition to accelerate R&D and increase the pipeline value to drive long-term growth. The third one is a sustainable margin transformation to pursue cost optimization and aim for core operating profit margin of 30%. KPIs are set for these initiatives. We are executing these initiatives while the Board of Directors is strictly monitoring the progress.

Next, I will explain the establishment of EPM, Enterprise Priority Monitoring Group, which is a new initiative by independent outside Directors to strengthen governance.

In order to further enhance the objective oversight by independent outside Directors of the implementation of the three enterprise priorities I explained earlier, an Enterprise Priority Monitoring Group, or EPM in short, was established at the outside Directors' meeting, called Soto Yaku Kai in Japanese, a meeting attended exclusively by independent outside Directors. EPM began its activities in November 2024.

EPM has three objectives: deepening the understanding of independent outside Directors regarding the current status and outlook of our initiatives; achieving enhanced monitoring of the progress by the Board of Directors; and enriching opportunities for exchange and coordination of opinions for the independent outside Directors to provide oversight and advice of the Board of Directors.

Under the reinforced governance structure, we will continue to implement our three enterprise priorities and to work on the continuous creation and provision of value while we pursue long-term growth.

On this page, I will explain our shareholder return policy. We give our top priority to business investments to realize our growth and strive to increase dividends in a stable and continuous fashion based on the mid- to long-term profit growth. There is no change in the stance right now. During the course of the CSP2021 period, based on our forecast of solid profit growth, we will aim for higher levels of dividends. For FY2025, we're expecting JPY4 increase to JPY78 dividend payment.

Last but not the least, let me share our organizational values and behaviors. Our corporate culture was shaped by what we call “The Astellas Way,” our common code of conduct introduced in 2010. Since then, in line with the progress of our business and a variety of needs, as many as 66 codes of conduct have been created from there and used for their respective purposes.

These initiatives have achieved a certain level of results, but overall, it became complicated, and we are beginning to see some challenges as well, so we simplified and integrated these codes of conduct and introduced our organizational values and behaviors in April this year. Under this new framework, we have placed value for the patients at the center and specified integrity, innovation, and impact as our values. This is the so-called “Three I’s.” These three are specified as our values.

As our behaviors, we have listed courage, sense of urgency, One Astellas, outcome focus, and accountability. Through this transformation, each one of our employees will act based on the clearer common understanding, strengthen collaboration, and enhance our capabilities to create value for patients. We will continue to make efforts to stand on the forefront of healthcare change to turn innovative science into value for patients. We appreciate your continued support and assistance for the future. That's all for my report. Thank you very much.

Next, I will explain the matters to be resolved in order.

First proposal, the election of nine Directors, excluding those who are Audit and Supervisory Committee members. The terms of office of all seven Directors, excluding Directors who are Audit and Supervisory Committee members, will expire at the closure of this Annual Shareholders’ Meeting. Therefore, we kindly request the election of nine Directors, excluding those who are Audit and Supervisory Committee members.

The candidates are Kenji Yasukawa, Naoki Okamura, Katsuyoshi Sugita, Takashi Tanaka, Eriko Sakurai, Masahiro Miyazaki, Yoichi Ohno, Andreas Busch, and Mark Enyedy, these nine individuals. Additionally, among the candidates, Takashi Tanaka, Eriko Sakurai, Masahiro Miyazaki, Yoichi Ohno, Andreas Busch, and Mark Enyedy, these six individuals are candidates for outside Directors. Therefore, if this proposal is approved, the number of Directors who are not members of the Audit and Supervisory Committee will be nine, six of whom will be outside Directors.

By adding two new outside Directors with global business background and extensive experience and insight into the pharmaceutical industry, we believe that we will be able to enhance the diverse composition of our BOD and further strengthen its supervisory functions and effectiveness. For details on the backgrounds of each candidate, please refer to pages 18 to 24 of the notice of convocation.

Next, the second proposal, election of one Director who is an Audit and Supervisory Committee member. At the close of this Annual Shareholders’ Meeting, among the Directors who are currently Audit and Supervisory

Committee, the term of office of Ms. Rie Akiyama will expire. In light of this, we kindly request that one Director who is an Audit and Supervisory Committee member be elected. The candidate is Rie Akiyama. Rie Akiyama is an external director candidate.

Rika Hirota, Mika Nakayama, Tomoko Aramaki, these three individuals will continue to serve as Directors who are also members of the Audit and Supervisory Committee. Therefore, if this proposal is approved, the number of Directors serving as Audit and Supervisory Committee members will be four, three of whom will be outside Directors. Please note that this proposal has been approved by the Audit and Supervisory Committee. The candidates' background and other relevant information are described on pages 25 to 26 of the notice of convocation.

Next is the third proposal, revision of the amount of remuneration for outside Directors, excluding Directors who are Audit and Supervisory Committee members. The ceiling amount of basic remuneration for outside Directors who are not members of the Audit and Supervisory Committee was resolved to be JPY130 million per year in the sixth proposal at the 14th Term Annual Shareholders' Meeting held on June 18, 2019, and this is currently in effect. This proposal requests approval to revise the amount of basic remuneration to be paid to outside Directors who are not members of the Audit and Supervisory Committee to be no more than JPY250 million.

Amid the changing business environment surrounding the Company and in order to further promote diversity in the composition of the BOD and realize a competitive level of remuneration that attracts and retains outstanding human resources for the achievement of our management plans and a sustainable enhancement of enterprise value, we consider this proposal to be appropriate. Please note that the remuneration for outside Directors consists solely of a fixed basic remuneration. Details of these proposals are as stated on page 26 of the notice of convocation.

This concludes an explanation of the proposals to be resolved at this meeting.

## Question & Answer

(Note: All Q&A sessions, including those that could not be answered at the meeting, are posted on the Corporate website.)

**Okamura [M]:** Next, we will move on to questions we received from shareholders in advance. We'd like to respond to four of them today. First, we have received multiple questions about our action for the stock price and our future growth strategy. I am going to respond to these questions.

**Pre-submitted Question [Q] :** First, about the stock price stagnation for a long time.

**Okamura [A]:** We, the Board of Directors, and the management team as a whole, take the current situation seriously. I believe that our stock price is undervalued. Since around FY2023, when I was appointed President and CEO, our company has entered a continuous growth phase, thanks to the launch of strategic brands and their penetration in the markets. In FY2024, we achieved a record-high revenue and core operating profit, and we will aim to continue this growth trajectory from now on as well.

On the other hand, in terms of full basis results and R&D, we have not been able to achieve results as expected right now. We take this seriously. Full basis results were affected by substantial impairment loss for the assets acquired in the past. In order to enhance our R&D productivity, we have transitioned to a patient-centric organizational structure and integrated research and development.

We are reinforcing our structure under the strong leadership of Chief Research and Development Officer, Tadaaki Taniguchi. With regards to issues associated with XTANDI LOE, we have identified three enterprise priorities and are working on them, as I explained earlier. In addition, we newly established a mechanism to further enhance the objective oversight of these priorities by independent outside Directors in order to strengthen our governance structure.

In FY2025, we will complete and wrap up CSP2021, and we are working vigorously to develop the next midterm business plan right now. Also, including the Board of Directors, we are determined to engage in full-fledged deliberations to develop a stronger, more solid midterm business plan, so you can count on us. In order to ensure a fair assessment of our stock price, which reflects our solid business foundation and sustainable growth, we will continue to sincerely engage in dialogue with investors.

That's all for my response.

**Pre-submitted Question [Q] :** Next, we received several questions and comments regarding dividends such as the possibility of future dividend increases or decreases and the comment saying we expect steady improvement in performance and a hope for stable shareholder returns through sound business operations.

**Okamura [M]:** Regarding these points, Mr. Kitamura, our CFO, will provide an explanation.

**Kitamura [A]:** I am Kitamura, CFO. I would like to explain our shareholder return policy.

We recognize that stable dividend increases are important to many of our shareholders. We are constantly striving to maintain a balance between returning profits to our shareholders and investing in the sustainable growth of our corporate value. The annual dividend for FY2024 is JPY74 per share, an increase of JPY4 compared to the previous year. For FY2025, we expect to pay an annual dividend of JPY78 per share, an increase of JPY4 YoY. We are committed to providing long-term sustainable value to our shareholders and we believe that dividends are an integral part of that value.

Our capital allocation policy, including shareholder returns, prioritizes investments in business growth, followed by dividends based on profit and cash flow plans, and performance and the flexible share buyback when surplus funds become available. We will strive to maintain our solid business foundation while regularly reviewing capital allocation, including shareholder returns as necessary in order to provide maximum value to our shareholders. That concludes my response.

**Pre-submitted Question [Q] :** Next, the third question. With regards to the current status of the employee detained in China, what kind of action or approach the Company is taking? Please also explain the Company's support for his family and the impact on Astellas' business in China.

**Okamura [A]:** I would like to respond to this question. On this matter, we are causing a lot of worry to those who are concerned. In order to ensure the good health and safety of the employee in question, we will continue to collaborate with relevant people to deal with this appropriately, including support for his family. Criminal procedure is still ongoing, so I'd like to refrain from commenting further. We appreciate your understanding.

As for the potential impact on our China business, we are committed to contributing to the health of people around the world by providing innovative and reliable pharmaceutical products. We are equally committed in all countries and regions where we operate, including China. We have regarded China as one of our priority markets for new drug development and invested management resources in the country. At present, we are not considering exiting from the China business. That's all for me.

This will be the last question.

**Pre-submitted Question [Q] :** Regarding the third proposal, we received the following question.

Given the poor business performance and significant decline in stock price, from what perspective was the third proposal, an increase in the amount of remuneration for outside Directors, proposed?

**Okamura [M]:** This will be answered by Sugita from HR.

**Sugita [A]:** This is Sugita from HR. I will answer this question.

The proposed maximum remuneration amount for outside Directors who are not members of the Audit and Supervisory Committee is being proposed in consideration of future changes in the composition of the Board of Directors. The maximum amount of remuneration that has been approved to date was set in accordance with the maximum number of members specified in the articles of incorporation and it was based on the remuneration levels for domestic outside Directors.

We are now proposing two new foreign nationals outside Directors as candidates. Ensuring diversity in the composition of the Board of Directors and establishing a system to attract and retain talented individuals is important for achieving our management plans and enhancing sustainable corporate value in the changing business environment surrounding our company. Therefore, we propose setting a remuneration ceiling that incorporates the levels in the Western countries as well as those in Japan.

This is the response.

**Okamura [M]:** That's all the responses to the questions we received in advance. We thank the shareholders who sent us their questions.

As we completed responding to the questions received in advance, as I said at the beginning of this meeting, now we'd like to close the receipt of questions and comments from shareholders attending online. From here

on, we are going to hear from shareholders attending at the venue, including the questions, comments, and motions regarding matters to be reported, and matters to be resolved. Then we will respond to questions and comments from shareholders attending online regarding matters to be resolved and matters to be reported.

After that, we'd like to take a vote on each matter to be resolved. Is it agreeable? Thank you very much. Then, we'd like to proceed this way. If you want to speak at the venue, please raise your hand. I will name you. When you are named, a staff member will bring a microphone to you, so please stand up at your seat and speak by mentioning the number on your attendance sheet. You don't need to mention your name. When you are done, please return the microphone to our staff and take your seat.

As I said at the beginning, live streaming is available for shareholders attending online. To those who are asking a question, please note that shareholders who are not here at the venue are attending this meeting.

Today, we have many shareholders in attendance. We'd like to entertain as many questions from as many shareholders as possible so you can ask one question just once. If you want to speak, please raise your hand.

**[Summary of Question]:** What impact is the U.S. tariff policy having on your business operations in the United States?

**Okamura [A]:** Thank you for the question. The question is about our business impact due to the tariff issue raised by the Trump administration in the United States. I'll respond to this.

The current situation of the tariffs is, of course, we are paying attention to them and analyzing it. In order to deal with the unfair trade situation, the tariff should be utilized in a strategic manner, but there shouldn't be any negative benefit to the patient.

In the future, when the percentage of the tariff is decided, that impact is going to be provided to you as a guidance, but currently, we do not want to speculate that, so we would like to refrain from showing some idea to that about it. When the impact appears, we would like to optimize our cost.

The gene therapy and cell therapy for the production management and also the quality management of those products, we have the GMP-compliant sites of the production in the United States. But currently, those gene and cell therapies are under clinical trials, so there is no commercial production. And not only for gene and cell therapy, for small molecular production and such existing US business, because we don't have our own commercial production site, we utilize the CDMO, the development and manufacturing organization in the United States to do the production of our products. That is the response from me.

Other shareholders who would like to ask questions or make comments, please raise your hand.

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

**Okamura [M]:** Thank you for your question. The question was about the 2138 to achieve a POC judgment in H1 of this year and also other programs and the pipeline whole picture, which we should explain in an easy-to-understand fashion. You want us to attach a pipeline table to the convocation notice.

Taniguchi would like to respond.

**Taniguchi [A]:** Taniguchi speaking. I'd like to respond.

First of all, ASP3082, let me explain the current status. POC was confirmed in PDAC, pancreatic duct adenocarcinoma. We are discussing with the regulatory authorities about future submission. Registrational

Phase III is now under discussion. Regarding the product, needless to say, this is still under study. As soon as we determine our approach to the future and the direction, we'd like to report to you.

For the rest, in our flagship programs in immuno-oncology program, for example, there was a question. The most important ones to judge POC include ASP2138. For the time being, it's making steady progress. 2138 is also for PDAC and also gastric cancer. We are studying this compound.

For the other follow-on programs, we are promoting development in the immuno-oncology area as well. 1002, Claudin 4 and CD137 T-cell engager bispecific antibody is one of them.

Many pipeline assets are going to enter the clinical stage into the future, so some projects could be terminated, but still many projects will also enter the clinical stage. Once we are ready, we'd like to report to you.

Thank you very much.

**Okamura [A]:** As was requested, the pipeline table, by the shareholder, it's not in the convocation notice, but programs entering the clinical stage, you can see the financial statement results announcement meeting materials where you can find information every quarter.

So, our next shareholder who would like to ask a question, please raise your hand.

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

**Okamura [M]:** Thank you very much. I have a dream and also, I have some emotional feeling about that, but I think Taniguchi is the appropriate person to respond, so Taniguchi, the CRDO, is going to give you the response.

**Taniguchi [A]:** As for the iPS cell, as one of the directions of our development, the regenerative medicine and ophthalmology are what we are working for. So ASP7317 is one project that we have. Here, iPS cell is utilized. That is the retina pigment cells that is generated from iPS and that is utilized for the administration to the eyes of the patients and center around, especially particularly in the United States. That study is ongoing. (*1)

This therapy, we'll make a judgment of a POC toward the end of this fiscal year. So iPS cells are highly expected here in Japan as well. And for this program that I mentioned, first, if we made a successful judgment of the POC, then after that, we get into the late phase of the development. (*1)

As for iPS, not only 7317, so in the retina pigment degeneration area as well for the successor product is under the basic research phase, and also for oncology as well, we are working on the basic research. For this, whenever we see the progress, we are very happy to report that to you. For the future, such new technologies and the science will have an impact on the human being in the future throughout the world. (*1)

In what way can we extend the lifespan? Well, that is a topic that we would like to think about with some dreams. But for these technologies, the area of the application and technical application, we have to do the further consideration like clinical trials, basic research, we have to accumulate those one by one.

By doing so, we can realize unprecedented therapy to the people. We can think about the life extension for the oncology area, and 7317 is based upon the cells, so those are unprecedented. In the age-related macular disease that leads to irreversible blindness depending on the situation, for those, we can realize new type of therapy. The systemic drugs, IV drugs, those are available but completely in a different modality. We believe we can realize a new therapy for such a disease as well.

That's all from me.

**Okamura [M]:** Other shareholders who would like to speak up. If you do, please raise your hand.

**[Summary of Question]:** ROE is not very much in the foreground in the Company's materials, but as a listed company, there is a general benchmark of 8% or higher. The stock market tends to respond to such indicators. What discussions are taking place within the Board of Directors regarding the stock price?

**Okamura [M]:** Thank you for your question. The question is, the BoD as a supervisor, what action is it taking about the stagnant stock price? So rather than me, Yasukawa, the Chair of the BOD, is going to respond.

**Yasukawa [A]:** I'm serving as the Chair of the BoD. My name is Yasukawa. I would like to respond to that question.

Stock price can fluctuate due to a variety of factors. Some can be controlled by us, some are beyond our control. For example, last year, there was a comment by Dr. Kennedy, the US Secretary, about an anti-obesity drug and the stock price declined by JPY100 or so. If there is a mention of the US tariff, 5% decline was seen for the stock price. These are the factors external to us, so which we cannot control.

As the BoD, with regards to internal factors, how we are going to have an oversight, that is going to be a key for BoD. As Okamura explained on page 15, the Company has identified three enterprise priorities we are addressing. In 2021, the current CSP has been developed after three or four years; some may progress in accordance with the plan and others do not. There can be a pandemic [like COVID], then R&D may be delayed. So, what's behind the plan? We have to notice and take countermeasures immediately. That's the key for the supervision by BOD and this could affect the stock price in the end.

In order to reinforce these areas, on slides 15 and 16, there was a mention, external outside Directors are discussing at the Soto Yaku Kai meeting, and EPM has been newly established there. Information is collected about the three enterprise priorities so that they can engage in more effective discussions. CXOs are invited to these meetings, and the current status of the business is explained by allocating a lot of time for that.

And outside Directors do not come to our office every day to work to have effective deliberation on what's happening in the Company on a day-to-day basis. We need to reduce the gap in information; that is going to be key. At EPM from CXO, by hearing their updated opinions in the BOD meetings, we can notice the issues earlier. We can take action quickly. And we can enhance the execution of these measures. These are the areas we have mainly worked on since last year.

In addition, we have received comments that there is little written about future expectations in the convocation notice, etc. I have also asked Dr. Taniguchi to make it possible to present the results of clinical trials at academic conferences, etc., as soon as possible.

That's all from me.

**Okamura[A]:** In addition to the response by Yasukawa, I also would like to add. As the person responsible for the management team, the market cap or enterprise value, I think it can be calculated multiplying the three elements. First is the profit right now, like ROE and short-term indicators, how to achieve the short-term profit.

Number two is future growth. For us, future growth is exactly the pipeline value for us. These two, in CSP2021, are the performance goal of one and three to be multiplied the current profit. And number [three] is pipeline value. So, by increasing each of these, we'd like to increase our value. The three enterprise values and priorities, I said growth strategy for revenue and sales. Bold ambition is about the pipeline value. Number [three] is the operating profit margin. By calculating and multiplying the operating profit margin and revenue, we can come up with a value. The [third] element is the trust from the stakeholders. Unfortunately, for the

past few years, intangible assets, impairment loss were booked. Mainstay products sales forecast was revised downward.

Because of this, we reduced the confidence of the stakeholders. The management team is well aware of this, so we'd like to make a commitment, and we would like to continue to achieve results, then we'd like to regain the lost confidence from stakeholders, and we will continue to make efforts to that end.

That's my additional comment.

**Okamura [M]:** It seems that there are still the shareholders who would like to make a comment , but we have questions for the attendance online. So, from this venue, we would like to entertain just one question from the shareholder in this room and then I would like to close that.

Anyone in this venue?

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

**Okamura [A]:** Thank you for your question. The question is about TV commercial cost benefit, how we perceive that. That is the interpretation of your question.

First of all, depending on the country, when it comes to the prescription drug to a certain extent, TV commercials are possible. The United States is one such country. Therefore, we do the TV commercial of the product in the United States. To what extent of the TV commercial, we should do? In that case, of course, we have to think about cost benefits. On the other hand, in the case of Japan, for the ethical drugs, we cannot do the direct TV commercial, including other medias like magazines and also the newspapers, we cannot do a commercial or advertisement directly to the consumers.

So, suppose we do some TV commercials, just like you mentioned, it's going to be just about the disease educational contents or showing our company management. So, we would say that those TV commercials are unlikely to be directly leading to an increase in revenue, and it's very difficult to numerically evaluate that benefit. So rather than paying money to that, we would like to invest in the R&D that can lead to the products leading to the patients, and also the sales activities so that the products are brought to the patients.

Just like you pointed out, in order to enhance the corporate image, if there is some good channel available, then we could think about utilizing that. But so far, rather than paying money for the TV commercial, we would like to use that amount for the sake of the patients.

That's the response from me.

**Okamura [M]:** Now we would like to move on to the questions and answers from our shareholders online. Today, we have received several questions and comments from shareholders attending online. We will prioritize and respond to questions that are related to the purpose of this meeting and are considered to be of broad interest to the shareholders.

We will now read out the questions and the comments received from shareholders online. The MC is going to read it, and the response is given.

**Moderator [M]:** We'd like to move on to questions from online participants. Shareholders can attend this meeting via the Internet. We have a live streaming of the meeting right now. 465 shareholders are attending online as of now. We appreciate the attendance of many shareholders online. Thank you very much indeed.

We'd like to entertain the first question from an online shareholder.

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

**Moderator [M]:** Mr. Okamura, please.

**Okamura [A]:** Thank you for the question. The question is about our organizational values and behavior. What kind of effect are we expecting? And what kind of things I am personally thinking. So, I'd like to respond to this question.

At the end of the presentation slides, we had The Astellas Way as a code of conduct to unite the employees. There were as many of 66 variations. You may think that there are so many different things, but please do not misunderstand, 66 may have a difference in the wording or how to explain different things in different orders, and with or without supplementary explanation. But globally, we have 14,000 employees, two-thirds or more are working outside of Japan. For their purpose and for their respective role, they have to link this to that to interpret The Astellas Way, and that serves the purpose as well.

But we want to have one expected code of conduct with one united expectation, so that 14,000 employees can serve as One Astellas to deliver value for patients.

Once again, we place patients at the center and our values include integrity, innovation, and the impact and its size, we can realize. We should have courage, take intelligent risk, patients are waiting. We have to be aware of that to be swift with a sense of urgency. 14,000 employees have to collaborate as One Astellas. And not just talking, but we have to achieve results, so outcome focus is important.

For that, each one of the employees has to have accountability for their respective role. By showing these expected behaviors, 14,000 employees can be united as One Astellas. From April this year, we had electronic training, and we are ensuring the good understanding and full penetration. We, the management team, and the functional unit heads have to promote this, so that we can penetrate this within the organization.

That's my response.

**Moderator [M]:** Let's move on to the question. This is going to be the second question from the shareholders attending online.

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

**Okamura [M]:** Thank you for the question. Every year, we do the global engagement survey. And in the result of 2024, for several reasons, the points were reduced. Because of that, is there a certain impact on the HR policy. I think your question is about that. For this, Sugita, the HR, is going to give you the response to that.

**Sugita [A:]:** Let me respond to this question. First of all, this global engagement survey, this is conducted annually. The motivation of the employees and the intention to contribute to the Company, basically, with those regards, there are about 50 items, and the response was given.

Every year, the result is shared and discussed in the detail within the top management and the result is reported to the BoD as well. And we have here, it says the item of the communication pointed out. The result in 2024 of this survey, especially for internal communication, we received many opinions saying that this internal communication should be improved. So, within the top management meeting, we had frequent discussion about that, and this topic was discussed within the BoD as well.

In this year's management target or the goals, the communication that is especially about the changes internally or the challenges that are likely to happen to be well communicated, that is one of the management goals for us, and it's going to be the critical goal for us. So that is the current situation and our activities for the global engagement survey. Transparency is also very important, and we recognize that.

The second half is about the leaving of talented people from this company. Numerically, there is no such data. However, now and into the future, we would like to provide more opportunities for the employees to be active. For that purpose, we can provide training, but at the same time, so that the employees can do something, they can try something, more challenging opportunities, for example, the roles overseas, so that we can proceed further.

We are thinking more about the rotation of the assignment of the employee, especially for the capable talent or for those with a strong will to work, what they want from the Company. That is the opportunity to be active, or the batting field, a batter's box that you can make use of. But if you have a batter's box or not, that itself is especially quite a big concern for the talented people within Astellas. So, the batter's box we would like to provide, adding opportunities to them more and more. We would like to take this result seriously, so that the next potential talented people who lead our company's success for the future do not leave this company.

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

**[Summary of Question]:** Could you share your views on future shareholder returns, including dividend payout ratio, DOE, and share buybacks?

**Moderator [M]:** Mr. Okamura, please.

**Okamura [M]:** Thank you for the question. So, our approach to future total shareholder return is the question. So, Kitamura, CFO, is going to respond.

**Kitamura [A]:** I'm Kitamura, CFO. Allow me to respond to this question.

In FY2024, JPY74 per share was paid as a dividend, up by JPY4 compared to the previous year. In FY2025, we are expecting JPY78. As for the forecast for FY2025, we continue to remain confident about the future profit growth, so we are expecting to increase the dividend amount by JPY4. During the course of the CSP2021 period, we'd like to aim for further growth and that's why we decided the pace of dividend increase.

As was mentioned, DOE, dividend yield and so forth, regarding these indicators, we are not disclosing the specific targets or the yardstick. As for the acquisition of our own share, there is no change in our policy right now. As I mentioned before regarding the capital policy, continuous growth would require investments, which we will make, and a stable dividend payment or shareholder return would be realized.

If we still have surplus cash, we'd like to acquire our own shares flexibly, so there is no change in this approach. As for the dividend payout, if I calculate in FY2024, based on the results, 264% or higher; in FY2025, our

forecast if we calculate is 108%. In four years in a row, we are exceeding the dividend payout ratio beyond 100%, but in our usual business, there is cash flow, we are generating from our business as usual. If you look at the balance sheet, we have capital we are accumulating, so there is an amount which we can distribute, so we can continue to increase the dividends. That's our judgment.

That's all from me. Thank you.

**Moderator [M]:** Next question. This is the fourth question from the shareholders online.

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

**Okamura [M]:** Thank you for the question. This question is about the structure of the Audit and Supervisory Committee where all the members are female. So, because directly, the person who this shareholder wants to get the answer is designated, so I ask Ms. Hirota to give us a response.

**Hirota [A]:** I'm Hirota, the full-time Audit and Supervisory Committee. Let me answer that.

The Director, as the members also of the Audit and Supervisory Committee, needs to have a diversified perspective with the expertise and also experience. What is important here is skill metrics in the Audit and Supervisory Committee, the accounting, law, management, and research. Such diversity is secured in this committee and each expertise and also experience is utilized. And from also the perspective of the general shareholders, all the opinions are collected.

Also, three of those, the majority, are the external members, where the independency is secured. So, we consider fully the responsibility of such members, and so that we can conduct the audit for the contribution to the improvement of the corporate value, these members are proposed. It's not because these are female, but rather because they have each expertise, so we are proposing these members.

We know that not only the female or not female, but there are also various biases that we will encounter. For me, myself, I think as an internal member, that might be a bias for me. But for each member, they have a neutral position. From that perspective, based upon the expertise, we'll do whatever we need to do.

**Moderator [M]:** Next, the fifth question from a shareholder attending online.

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

**Moderator [M]:** Mr. Okamura, please.

**Okamura [A]:** Thank you for the question. Strategic Three, Advanced Rx+ business, what's our current assessment and our future approach? That's the question. I'd like to respond.

When we started RX+, there were two major reasons for that. First, looking at the business environment for drugs and medical devices, because of the drastic changes in the industrial structures, there's no prospects that whether we can continue in the same way or not. Such an uncertain future may come into the future in

a variety of ways. As one means to contribute to healthcare, we should be ready for such drastic changes to come into the future. That's one thing.

For patients and their family members, diseases, even before the diagnosis, even before they are told they have diseases, treatment has to be done. Even after treatment, you have to manage that prognosis, you have to promote health after the treatment, so there is still room for various interventions. For ethical drugs, doctors have to prescribe the drugs for use by patients. This is what we call the "patient journey," from the state when they don't have a disease itself, but until the prognosis management, this is the patient journey, and ethical drugs can contribute just to a small area of treatment by drugs.

So, our expertise and know-how from different fields can be combined to contribute to a broader patient journey. Because of these two objectives, we started the Rx+ business. Initially, when we started, it was based on ideas, and there can be certain needs in certain areas, and we identified new technologies. And if we combine that with Astellas technologies, this could be done. We tried many idea-based projects. So, there was a phase where we generated ideas and tried them.

After that, the continuity and expandability as a business doing everything altogether would not be a good idea. So, we mentioned the convergence phase. In primary areas, we would generate them, and they would converge. That process is repeated also for Rx+ business. We judge that we should enter into the convergence phase as well. As I mentioned during my business report, first, digital technology can be used for disease management and treatment, digital therapeutics as an area, US FDA-approved diabetes disease management application, we have an ongoing project to bring that to Japan. Clinical study is going to be over soon, and we are going to negotiate with the regulatory authorities.

The other thing is the bioelectronics, so to speak, a very small medical device is implanted into the body and that medical device would capture the state of the body. And then, based on the information, we can intervene. It's a very small device. Externally, from outside of the body, the ultrasound transmission can be done without carrying a big battery. They can live as usual. They can know the condition of the body and receive appropriate intervention.

That's the bioelectronic technology we are developing in the United States. And under bladder, underactive bladder is the indication we are considering. We are now in the early phase of the clinical study, and we received FDA go-ahead. Digital therapeutics and bioelectronics, like primary focus, we apply the same approach. If the flagship program is successful, we will expand to various projects in that field, so that's the strategy we'd like to take.

Right now, both are still in development. So, when can we enjoy profits? I'd like to refrain from commenting today, but in focus area approach for ethical drugs, we take a certain approach, in the same approach, we'd continue the generation and convergence. And if we come up with a good thing, we would expand in that particular area so that we can concentrate on our investments where necessary.

**Moderator [M]:** Next, the sixth question from a shareholder attending online.

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

**Okamura[A]:** Thank you for the question. In these couple of years, performance revision, especially downward revision, has taken place and the question is about that. I, myself, would like to answer this question.

Downward revision, especially for the profit full base. Well, that is the impairment loss of intangible asset. This intangible asset on the balance sheet, why is this available? That is when the Company acquisition takes

place and the amount paid for the acquisition, what kind of asset is purchased, and that is evaluated and posted onto the balance sheet. The international accounting criteria or the standard that we adopt and that includes several assets within the intangible asset, and one of them is goodwill, and goodwill is basically in the international criteria, is not impaired. It's always on the balance sheet.

What we normally do is to clearly identify how much we paid for each asset acquired in an acquisition, and instead of accounting for goodwill, where we don't know what we bought, we try to account for intangible assets as much as possible, i.e., how much we paid for each asset.

On the other hand, as one of the characteristics of the pharmaceutical business, the development goes to either success or failure, and the probability of success of the drug with a long-term perspective is really low. So, although we conduct clinical trials, not everything is successful.

Again, for each asset, a specific value is on the balance sheet. If that asset clinical trial is a failure and that has no value, that leads to the impairment loss. So, we identify what is purchased. And then, based upon the clinical trial result, if that fails, then on P&L, that is treated as impairment loss. That's our practice.

Again, these are ethical products or pharmaceutical products, so it's not always a success. But if that amount is worth paying for the acquisition, that is always the perspective, to do the revision, to review the asset, and so that we can realize the healthy management as much as possible. At the time of the acquisition of the Company, we will do the due evaluation beforehand and would like to work on that.

That's the response from me. Thank you very much.

**Moderator [M]:** It's almost time. So, we'd like to respond to one more question we received from a shareholder attending online. This is the last question we are going to address and received from a shareholder attending online.

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

**Okamura [A]:** In the final year of CSP2021, the current fiscal year and later, in order to aim for more than 30% core operating profit margin, what's our specific measure and outlook? I'd like to respond.

First, we need to expand revenue. That's the first point. XTANDI is a major product exceeding JPY900 billion, but it's going to be LOE very soon, so expanding revenue, and we need drivers for that. As I mentioned before, we have five priority products. Strategic brands would need to make progress to expand our revenue. And these strategic brands tend to have a high profitability with the progress of sales that will lead to profit expansion, according to expectations.

In addition, sustainable margin transformation to optimize the Company as a project, we are working on this continuously as well. In FY2027, continuous effect, our target is JPY120 billion to JPY150 billion and JPY40 billion out of that amount is achieved in FY2025. So, in 2025 and beyond, we'd like to achieve a target of JPY120 billion to JPY150 billion. By combining these factors, we'd like to achieve a core operating profit margin of 30% or higher, and we'd like to approach this level.

That's all for me.

**Okamura [M]:** With this, we'd like to finish taking questions from shareholders attending online. Questions received in advance, questions received from shareholders today, and the responses, will be posted on our company's website at a later date, unless disclosure is considered not appropriate due to personal information

and trade secrets. As the Chair, I believe that we have had sufficient discussions, so we'd like to close the deliberations and proceed to voting for the proposals. Do you agree?

(Shareholders applauded)

Thank you very much.

## Voting-Closing

**Okamura [M]:** Then, we'd like to proceed to voting for the proposals. First, let me explain the voting method to shareholders attending at the venue. On your attendance sheet, we gave you at the reception desk, you can find a ballot. Please fill in for, against, or abstention. Later, our staff will collect your ballot, so please cut off your ballot from the attendance sheet and wait in your seat.

Next, shareholders attending online are requested to click on the tab Exercise Voting Rights on the right-hand side of your screen. Then for each matter to be resolved, please select for, against, or abstention. If you click Support All the Proposals, you vote once and support all the proposals at one click. At the end, by clicking the Exercise button at the very bottom, your voting will be completed.

Regarding the operational method, you can also refer to page 15 of the convocation notice. So please vote on the three proposals we explained earlier in two minutes from now.

The first proposal is the election of nine Directors who are not Audit and Supervisory Committee members. The second proposal is the election of one Director, who is an Audit and Supervisory Committee member. The third proposal is the revision of the amount of remuneration for outside Directors, excluding Directors who are Audit and Supervisory Committee members.

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

[Video Begins]

[Video Ends]

**Okamura [M]:** Thank you very much for waiting a long time. Let me announce the voting results.

The first proposal, the matter of election of nine Directors, excluding directors who are Audit and Supervisory Committee members, was approved by majority vote, including votes cast by written ballot and electronic voting in accordance with the original proposal. Thank you very much.

Next, the second proposal, the election of a director who is an Audit and Supervisory Committee member, was approved by a majority vote, including votes cast by written ballot and electronic voting in accordance with the original proposal. Thank you.

Next, the third proposal regarding the revision of the amount of remuneration for outside Directors who are not members of Audit and Supervisory Committee members, including the exercise of voting rights through written and electronic voting, the proposal was approved as originally proposed with the majority of the votes cast. Thank you.

Finally, we'll present the preliminary results of the voting rights exercised. The first, second, and the third proposal have each received the approval rates shown. Please note that these approval rates are preliminary figures. The final results will be disclosed in our special report to be released at a later date. Thank you very much for your voting.

With that, the proceedings of the 20th Term Annual Shareholders' Meeting have been concluded. With this, I hereby adjourn this general meeting. We will now introduce the Directors who are not Audit and Supervisory Committee members selected under the first proposal: Kenji Yasukawa, Naoki Okamura, Katsuyoshi Sugita, Takashi Tanaka, Eriko Sakurai, Masahiro Miyazaki, Yoichi Ohno, Andreas Busch, and Mark Enyedy.

Next, I would like to introduce the director who has been elected as Audit Committee member in the second proposal: Rie Akiyama.

That concludes the introduction of the Directors elected today.

With this, we will finally conclude today's meeting. Thank you very much for your attendance here today.

[END]

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***Document Notes***

**1: ASP7317 is derived from ES cells, not iPS cells. Please see the corrected answer on the Corporate website..*

1. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
2. *This document has been transcribed based on English language audio provided by the Company.*

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