The Notice of Convocation

(Securities Code 4503)

May 28, 2021

To: Shareholders

Notice of Convocation of the 16th Term Annual Shareholders Meeting

Dear Madam/Sir:

You are hereby notified that the 16th Term Annual Shareholders Meeting of Astellas Pharma Inc. (the "Company") will be held as stated below.

With a view to preventing the spread of the Coronavirus Disease (COVID-19), we ask that shareholders refrain as much as possible from attending the Annual Shareholders Meeting in person, and instead exercise your voting rights beforehand, either in writing or by electronic means (Internet, etc.)

The Company cordially requests that you consider the Reference Documents for Shareholders Meeting attached below and exercise the voting rights before 5:00 p.m. on Thursday, June 17, 2021.

Yours faithfully,

By: Kenji Yasukawa
Representative Director,
President and CEO
Astellas Pharma Inc.
2-5-1, Nihonbashi-Honcho, Chuo-ku
Tokyo, Japan

Particulars

1. Date and Time: 10:00 a.m. on Friday, June 18, 2021
(Admission commences at 9:00 a.m.)

2. Place: "Banquet Room Fuyo" Hotel New Otani Tokyo (The Main Bldg. Banquet Floor)
4-1, Kioi-cho, Chiyoda-ku, Tokyo

3. Purpose:

Matters to be reported:

1. Report on the Business Report, Consolidated Financial Statements and Financial Statements for the 16th Term Business Year (from April 1, 2020 to March 31, 2021);
2. Report on the Results of Audit by Financial Auditor and the Audit & Supervisory Committee for Consolidated Financial Statements for the 16th Term Business Year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

First Proposal: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Second Proposal: Election of One (1) Director Who Is Audit & Supervisory Committee Member

-End-

Notice Regarding Measures Against the Coronavirus Disease (COVID-19) Outbreak

Considering the safety of our shareholders, employees, and Directors, we have decided on the following policy for holding the Annual Shareholders Meeting in order to prevent the spread of infection from Coronavirus Disease (COVID-19).
We ask for your understanding in this matter.

- This year, we plan to hold a smaller and shorter meeting than usual. Also, since we will increase the space between shareholders' seats, we may be unable to ensure an adequate number of seats, and may have to restrict the number of shareholders able to enter the venue.

- Regarding the Company's Directors, there is a possibility that only some of the Directors may attend or may attend online, regardless of their health condition on the day of the Annual Shareholders Meeting.

- We ask shareholders who plan to attend in person to give consideration to preventing the spread of infection by bringing and wearing masks. In addition, we will check your temperature near the venue entrance, and if you are found to have a fever, or if you appear to be unwell, you may be refused entry and asked to return home.

- The operation staff of the Annual Shareholders Meeting will be wearing masks.

- In addition to the above, we may take measures necessary to ensure the safety of shareholders, employees and Directors, and to prevent the spread of infection at the venue of the Annual Shareholders Meeting.

- As the situation evolves, any major changes in the operation of the Annual Shareholders Meeting will be notified on the Company's website. If you plan to attend the meeting in person, please be sure to check the Company's website before coming.
  The Company's website: https://www.astellas.com/jp/en/investors/shareholders-meeting

- Instead of attending the meeting in person, you will be able to watch the meeting via web-based livestreaming. For details of how to watch the meeting, please refer to pages 7 to 8.

- We plan to post a video of the meeting on the Company's website afterwards.

Guidance for Means of Exercising Voting Rights:

In case that voting rights are exercised by the Internet:
Deadline for Exercise: 5:00 p.m. on Thursday, June 17, 2021 (completion of entry is required)
Please access to the Website for Exercise of Voting Rights at https://www.web54.net and enter your vote for approval or disapproval of each proposal following the on-screen guidance.
(Please refer to [Exercise of Voting Rights via Internet] on page 6.)

In case that voting rights are exercised by returning the Voting Card:
Deadline for Exercise: 5:00 p.m. on Thursday, June 17, 2021 (arrival of the Voting Card at the Company is required by this time)
Please describe your vote for approval or disapproval of each proposal on the Voting Card and post the Voting Card without putting stamps.

In case that the shareholder attends the Annual Shareholders Meeting:
Date and Time: 10:00 a.m. on Friday, June 18, 2021
Please submit the Voting Card to the reception. (Seal is not required.)
Please note that, except for an accompanied person assisting a challenged/disabled shareholder, no one other than shareholders having the voting rights will be admitted to the place of meeting, even if such a person is a proxy who is not the shareholder or the accompanying person of a shareholder.

When exercising voting rights, the Company cordially requests that shareholders understand the following points:

1. In case that voting rights are exercised both by return of the Voting Card and by electronic means (via Internet, etc.), only the vote registered by electronic means (via Internet, etc.) will be recognized as valid.
2. In case that voting rights are redundantly exercised by the same means, only the last vote will be recognized as valid.
3. In case that no representation of either approval or disapproval is made when exercising voting rights, it shall be counted as a vote of approval.

Disclosure on the Internet

1. In accordance with the relevant laws and regulations as well as Article 16 of the Articles of Incorporation of the Company, the following items are posted on the Company's website on the Internet, and therefore, are not included in this Notice of Convocation.
   - Matters concerning Subscription Rights to Shares
   - Systems to Ensure the Appropriate Execution of Business
   - Consolidated Statements of Changes in Equity
   - Notes to Consolidated Financial Statements
   - Statements of Changes in Net Assets
   - Notes to Financial Statements

   Business Report, Consolidated Financial Statements, and Financial Statements audited by the Audit & Supervisory Committee and Consolidated Financial Statements and Financial Statements audited by Financial Auditor comprise the

statements included in the Notice of Convocation and the abovementioned items posted on the Company's website.

2. In the case of revisions to the Reference Documents for the Shareholders Meeting, Business Report, Consolidated Financial Statements, or Financial Statements, the Company will provide the revised details on its website.
The Company's website:
https://www.astellas.com/jp/ja/investors/shareholders-meeting

*If any part of the originals of Reference Documents for Shareholders Meeting, Business Report, Consolidated Financial Statements, or Financial Statements in Japanese is revised, English translation of the Notice of Convocation will be updated and provided on the Company's website: https://www.astellas.com/jp/en/investors/shareholders-meeting

[Exercise of Voting Rights via Internet]

In case that a shareholder intends to exercise his or her voting rights via Internet, please access the following designated website for exercising voting rights. Please enter the "vote exercising code" and "password" written on the enclosed Voting Card. Then, please enter your vote for approval or disapproval of each proposal following the on-screen guidance.
Exercise of voting rights is also possible by using the full browser function of mobile phones including smart phones, but please be advised that the website may not be accessible by certain models of mobile phone.

Website for Exercise of Voting Rights
https://www.web54.net

Deadline for Exercise: 5:00 p.m. on Thursday, June 17, 2021 (completion of entry is required)

Notes:

- Any connection charges to be incurred with the exercise of voting rights via Internet payable to Internet providers and communication charges must be borne by the shareholder exercising such rights.
- In some cases, you may not be able to use the website for exercise of voting rights due to your Internet environment, network service, or device model.
- Handling of password:
  (1) The password is a means to identify the person exercising voting rights as a shareholder of the Company. Please pay careful attention to keep the password safe.
  (2) In order to prevent illegal use by persons other than shareholders and falsification of the contents of the votes, the Company cordially requests that shareholders change the password written on the enclosed Voting Card to a new password chosen and registered by the shareholder by accessing the designated website for exercising voting rights.
  (3) The vote exercising code and password written on the enclosed Voting Card (including the password which has been changed and registered by the shareholders) shall be effective only for this Annual Shareholders Meeting. (For the next Annual Shareholders Meeting, a new vote exercising code and password shall be issued.)

For questions about how to exercise voting rights on the website, please call:

Website Support: 0120-652-031
Sumitomo Mitsui Trust Bank, Limited
Business Hours: from 9:00 a.m. to 9:00 p.m.

To institutional investors:

In addition to the exercise of voting rights via Internet stated above, only when the advance application is made, institutional investors may use the Electronic Voting Platform operated by ICJ, Inc. which is a company owned by Tokyo Stock Exchange, Inc., and other companies.

Guidance on Web-based Livestreaming

[Only available in Japanese]
Instead of attending the Annual Shareholders Meeting in person, you will be able to watch the meeting via web-based livestreaming as described below.

1. Date of live streaming

From 10:00 a.m. to the end of the Annual Shareholders Meeting on Friday, June 18, 2021
*A live streaming website will be set up around 9:30 a.m.

2. How to watch live streaming

(1) Access the live streaming website by entering the following URL on your computer, smartphone, or other device.

Website URL for live streaming: https://4503.ksoukai.jp

(2) Enter the following ID and password by following the instructions on the screen for shareholders authentication (login screen).

1) ID: Your shareholder number (9-digit one-byte numbers) stated on the Voting Card or documents related to dividends
2) Password: Your zip code stated on the Voting Card (7-digit one-byte numbers excluding hyphens)
*Make sure to write down your shareholder number and zip code before posting your Voting Card.

(3) Navigate to the live streaming screen by following the instructions on the screen that displays after login.
*"参加 (Join)" button appears at around 9:30 a.m. Click the button to move to the live streaming screen.

3. Notes on live streaming

(1) Please note that the Company may not be able to provide live streaming due to unavoidable circumstances. In such case, the Company will make an announcement on its website (https://www.astellas.com/jp/en/investors/shareholders-meeting).
(2) The live streaming of the Annual Shareholders Meeting is available only to shareholders, and this does not apply to your proxy or other persons.
(3) Watching live streaming is not recognized as participating in the Annual Shareholders Meeting under the Companies Act. Therefore, asking questions, exercising voting rights, and proposing a motion on the date of the meeting are not permitted. Please exercise the voting rights beforehand through one of the methods listed on pages 4 to 6 while keeping in mind the deadline for exercise.
(4) The following acts are strictly prohibited: Sharing the website URL for live streaming with any third party; photographing, video recording, sound recording, storing, publishing the live streaming, or other similar acts.
(5) Please note that you may encounter video or sound problems, or you may not able to watch the live streaming depending on the Internet environment and other factors.
(6) Any fees to watch the live streaming (such as communications devices, Internet connection fees, and communication charges), shall be borne by shareholders.
(7) Live streaming will be provided only in Japanese.

4. Notice for shareholders who are attending the meeting

When photographing or filming the venue of the Annual Shareholders Meeting for the live streaming, the Company will limit it to the image on the screen and the area where speakers sit in consideration of shareholders' privacy. However, shareholders in attendance may be photographed when unavoidable. We appreciate your understanding.

[Contacts information for live streaming]

(1) For matters related to ID (shareholder number) and password (zip code):
0120-782-041, Sumitomo Mitsui Trust Bank, Limited

(2) For matters related to technical issues such as network environment:
03-4579-2110, V-cube, Inc.

Available period:
From 9:00 a.m. to the end of the Annual Shareholders Meeting on Friday, June 18, 2021

Advance questions

As an alternative of attendance of the Annual Shareholders Meeting in person, shareholders can issue questions as described below.
Each shareholder can submit one question related to the matters to be resolved at the Annual Shareholders Meeting. Any matters of high interest to shareholders may be covered at the meeting. However, we do not guarantee that all the questions will be answered. We will read thoroughly all the questions unanswered at the meeting and use them for our future guidance. Please be advised that we do not answer to questions individually at a time other than the Annual Shareholders Meeting.

Period of acceptance:
From Friday, May 28 to 5:00 p.m. on Friday, June 11, 2021

How to submit a question:
Access the dedicated website (https://q.srdb.jp/4503/), and enter your question (up to 200 characters) along with your shareholder number (9-digit numbers) and your zip code (7-digit numbers excluding hyphens) stated on the Voting Card.

Reference Documents for Shareholders Meeting

Proposals and Matters for Reference

First Proposal: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of Mr. Yoshihiko Hatanaka, Dr. Kenji Yasukawa, Mr. Naoki Okamura, Mr. Mamoru Sekiyama, Ms. Keiko Yamagami, Dr. Hiroshi Kawabe, and Mr. Tatsuro Ishizuka as Directors will expire at the close of this Annual Shareholders Meeting.

Therefore, it is proposed that seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members) be elected.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

Please see page 20 for the opinions of the Audit & Supervisory Committee regarding this proposal.

	Candidate No.			Name	Current position and responsibilities at the Company and status of significant concurrent positions at other organizations
	1	Reelection		Yoshihiko Hatanaka	Representative Director, Chairman of the Board Outside Director, Sony Group Corporation
	2	Reelection		Kenji Yasukawa	Representative Director, President and CEO
	3	Reelection		Naoki Okamura	Representative Director, Executive Vice President, Chief Strategy Officer and Chief Financial Officer (CStO & CFO)
	4	Reelection	Outside Director and Independent Director	Mamoru Sekiyama	Director Outside Director and Audit & Supervisory Committee Member, A.D.Works Group Co., Ltd.
	5	Reelection	Outside Director and Independent Director	Hiroshi Kawabe	Director Professor Emeritus, Keio University President, Foundation for Promotion of Medical Training
	6	Reelection	Outside Director and Independent Director	Tatsuro Ishizuka	Director Advisor, Hitachi, Ltd. President, The Hitachi Global Foundation Outside Director, K&O Energy Group Inc.
	7	New Candidate	Outside Director and Independent Director	Takashi Tanaka	Representative Director, Chairman of the Board, KDDI CORPORATION Director, Okinawa Cellular Telephone Company

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
1	Yoshihiko Hatanaka (April 20, 1957) Reelection	April 1980: Joined Fujisawa Pharmaceutical Co., Ltd. April 2003: Director, Corporate Planning, Fujisawa Pharmaceutical Co., Ltd. April 2005: Vice President, Corporate Planning, Corporate Strategy Division, the Company June 2005: Corporate Executive, Vice President, Corporate Planning, Corporate Strategy Division, the Company April 2006: Corporate Executive of the Company and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc. June 2008: Senior Corporate Executive of the Company and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc. April 2009: Senior Corporate Executive, Chief Strategy Officer and Chief Financial Officer (CSTO & CFO), the Company June 2011: Representative Director, President and CEO, the Company April 2018: Representative Director, Chairman of the Board, the Company (present post) June 2019: Outside Director, Sony Corporation (current Sony Group Corporation) (present post) (Status of significant concurrent positions at other organizations) Outside Director, Sony Group Corporation (Rate of attendance in meetings of the Board of Directors) 15/15 meetings (100%) (Reasons for selection as a candidate for Director) Since his appointment as Representative Director, President and CEO of the Company in June 2011, he has been fulfilling his duties as Director and demonstrating strong leadership through leading the overall management and global business, etc. He has also supervised the overall management in an aim to achieve sustainable enhancement of the enterprise value as Representative Director, Chairman of the Board since April 2018. The Company considers that his extensive experience and knowledge will be required for the management of the Company in the future as well, and therefore requests his election as Director.	95,400 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
2	Kenji Yasukawa (June 7, 1960) Reelection	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, the Company April 2018: Representative Director, President and CEO, the Company (present post) (Rate of attendance in meetings of the Board of Directors) 15/15 meetings (100%) (Reasons for selection as a candidate for Director) Since his appointment as Representative Director, Executive Vice President of the Company in June 2017, he has been fulfilling his duties as Director, and since April 2018, as Representative Director, President and CEO of the Company, he has been demonstrating strong leadership through leading the overall management and global business, etc. in an aim to achieve sustainable enhancement of the enterprise value and objectives of the strategic plan. The Company considers that his extensive experience and leadership will be required for the management of the Company in the future as well, and therefore requests his election as Director.	55,815 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
3	Naoki Okamura (September 18, 1962) Reelection	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 (present post) (Rate of attendance in meetings of the Board of Directors) 15/15 meetings (100%) (Reasons for selection as a candidate for Director) Since his appointment as Representative Director, Executive Vice President of the Company in June 2019, he has been fulfilling his duties as Director, and overseeing the corporate planning, business development and finance divisions, etc. as Chief Strategy Officer and Chief Financial Officer (CStO & CFO). He has also been utilizing his abundant experience in global business operation, and demonstrating strong leadership in an aim to achieve sustainable enhancement of the enterprise value and objectives of the strategic plan. The Company considers that his extensive experience and leadership will be required for the management of the Company in the future as well, and therefore requests his election as Director.	11,000 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
4	Mamoru Sekiyama (August 14, 1949) Candidate for Outside Director and Independent Director Reelection	April 1974: Joined Marubeni Corporation April 1997: General Manager, Power Project Dept.-I, Marubeni Corporation April 1998: General Manager, Power Project Dept.-III, Marubeni Corporation April 1999: Deputy General Manager, Power Project Div.; General Manager, Power Project Dept. I, Marubeni Corporation April 2001: Senior Operating Officer, Utility Infrastructure Div.; General Manager, Overseas Power Project Dept., Marubeni Corporation April 2002: Corporate Vice President, Chief Operating Officer, Plant, Power & Infrastructure Div., Marubeni Corporation April 2005: Corporate Senior Vice President, Chief Operating Officer, Plant, Power & Infrastructure Projects Div., Marubeni Corporation June 2006: Corporate Senior Vice President, Member of the Board, Marubeni Corporation April 2007: Corporate Executive Vice President, Member of the Board, Marubeni Corporation April 2009: Senior Executive Vice President, Member of the Board, Marubeni Corporation April 2013: Vice Chairman, Marubeni Corporation April 2015: Corporate Adviser, Marubeni Corporation Chairman, Marubeni Power Systems Corporation June 2017: Director, the Company (present post) April 2020: Outside Director and Audit & Supervisory Committee Member, A.D.Works Group Co., Ltd. (present post) (Status of significant concurrent positions at other organizations) Outside Director and Audit & Supervisory Committee Member, A.D.Works Group Co., Ltd. (Number of years as outside Director) Four (4) years at the close of this Annual Shareholders Meeting (Rate of attendance in meetings of the Board of Directors) 15/15 meetings (100%)	0 shares

		(Reasons for selection as a candidate for outside Director, including grounds for the judgment that he can appropriately carry out duties, and a summary of expected roles) He has been engaged in corporate management as a business manager of a general trading company for many years, and has abundant global experience and extensive insight. Since June 2017, he has been playing a key role as outside Director in the management of the Company from an independent standpoint. In addition, as the Chair of the Nomination Committee and the Compensation Committee, he has led the deliberations of each Committee. The Company expects him to leverage his abundant global experience and extensive insight to the management of the Company in the future as well, and therefore requests his election as outside Director.	

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
5	Hiroshi Kawabe (May 2, 1952) Candidate for Outside Director and Independent Director Reelection	May 1979: Assistant, Department of Internal Medicine, Keio University School of Medicine April 1990: Assistant Professor, Health Center, Keio University April 1991: Assistant Professor, Department of Internal Medicine, Keio University School of Medicine April 1996: Associate Professor, Health Center, Keio University Associate Professor, Department of Internal Medicine, Keio University School of Medicine April 2002: Professor, Health Center, Keio University Professor, Department of Internal Medicine, Keio University School of Medicine October 2003: Vice President, Health Center, Keio University October 2011: President, Health Center, Keio University June 2013: Trustee, Japan University Health Association March 2017: Trustee, Daiwa Securities Health Foundation (present post) March 2018: President, Foundation for Promotion of Medical Training (present post) April 2018: Professor Emeritus, Keio University (present post) June 2019: Director, the Company (present post) (Status of significant concurrent positions at other organizations) Professor Emeritus, Keio University President, Foundation for Promotion of Medical Training (Number of years as outside Director) Two (2) years at the close of this Annual Shareholders Meeting (Rate of attendance in meetings of the Board of Directors) 15/15 meetings (100%)	0 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
		(Reasons for selection as a candidate for outside Director, including grounds for the judgment that he can appropriately carry out duties, and a summary of expected roles) He has been engaged in medical treatment for many years while successively holding important posts at Keio University as a medical scientist, and has abundant specialized knowledge and experience in medical treatment. Since June 2019, 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 abundant specialized knowledge and experience to the management of the Company in the future as well, and therefore requests his election as outside Director.	

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
6	Tatsuro Ishizuka (December 23, 1955) Candidate for Outside Director and Independent Director Reelection	April 1978: Joined Hitachi, Ltd. April 2009: Corporate Officer and General Manager, Hitachi Works, Hitachi, Ltd. April 2011: Vice President and Executive Officer, and President & CEO, Power Systems Company, Hitachi, Ltd. April 2013: Senior Vice President and Executive Officer, Hitachi, Ltd. April 2014: Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. April 2015: Deputy Chairman, Hitachi Europe Ltd. July 2016: Chairman of the Board, Hitachi Research Institute April 2017: Representative Executive Officer, Chairman, Hitachi Construction Machinery Co., Ltd. June 2017: Representative Executive Officer, Chairman, Executive Officer and Director, Hitachi Construction Machinery Co., Ltd. April 2019: Director, Hitachi Construction Machinery Co., Ltd. Advisor, Hitachi, Ltd. (present post) June 2019: Director, the Company (present post) President, The Hitachi Global Foundation (present post) March 2020: Outside Director, K&O Energy Group Inc. (present post) (Status of significant concurrent positions at other organizations) Advisor, Hitachi, Ltd. President, The Hitachi Global Foundation Outside Director, K&O Energy Group Inc. (Number of years as outside Director) Two (2) years at the close of this Annual Shareholders Meeting (Rate of attendance in meetings of the Board of Directors) 15/15 meetings (100%)	1,200 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
		(Reasons for selection as a candidate for outside Director, including grounds for the judgment that he can appropriately carry out duties, and a summary of expected roles) He has been engaged in corporate management as a business manager of a general electric manufacturer for many years, and has abundant global experience and extensive insight. Since June 2019, 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 abundant global experience and extensive insight to the management of the Company in the future as well, and therefore requests his election as outside Director.	

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
7	Takashi Tanaka (February 26, 1957) Candidate for Outside Director and Independent Director New Candidate	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 June 2010: 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) (Status of significant concurrent positions at other organizations) Representative Director, Chairman of the Board, KDDI CORPORATION Director, Okinawa Cellular Telephone Company (Reasons for selection as a candidate for outside Director, including grounds for the judgment that he can appropriately carry out duties, and a summary of expected roles) He has been engaged in corporate management as a business manager of telecommunications companies for many years, and has abundant experience and extensive insight as a business manager. 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, and therefore requests his election as a new outside Director.	0 shares

(Notes) 1. Each candidate has no special interest in the Company.

2. Mr. Mamoru Sekiyama, Dr. Hiroshi Kawabe, Mr. Tatsuro Ishizuka and Mr. Takashi Tanaka are candidates for outside Directors and satisfy the required conditions for independent directors stipulated by Tokyo Stock Exchange, Inc., and the Company's independence standards for outside Directors. Thus, they are registered as independent directors with the stock exchange. The Company's independence standards for outside Directors are described on pages 23 to 24.

3. The Company has stipulated in the Articles of Incorporation that it may enter into an agreement with each Director (excluding executive Director, etc.) to limit his or her liability for damages under Article 423 (1) of the Companies Act, to the minimum liability amount provided by laws and regulations, if the requirements to limit liability provided by the laws and regulations are satisfied (Agreement to limit Director's liability), enabling Directors (excluding executive Directors, etc.) to sufficiently fulfill expected roles. The Company has entered into the agreement with all of the Directors (excluding executive Directors, etc.). If the re-election of Mr. Mamoru Sekiyama, Dr. Hiroshi Kawabe and Mr. Tatsuro Ishizuka is approved, the Company will maintain the agreements to limit their respective liabilities, and if the election of Mr. Takashi Tanaka is approved, the Company will enter into an agreement to limit his liability with the same terms and conditions of the other Directors' agreements.

4. The Company has entered into a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3 (1) of the Companies Act. In the event of a claim for damages submitted by a shareholder or a third party, etc., the said insurance contract shall compensate for damages, legal expenses, etc. to be borne by the insured. If the candidates assume office as Directors who are not Audit & Supervisory Committee Members, they will be included as the insured of the insurance agreement. The insurance agreement is scheduled to be renewed by the Company during the term of office.

■ Opinions of the Audit & Supervisory Committee

Based on the Code of Audit & Supervisory Committee Auditing Standards, the Audit & Supervisory Committee has conducted review with respect to election of the Directors (excluding Directors who are Audit & Supervisory Committee Members) by looking into whether the Board of Directors appropriately establishes systems and standards regarding such elections, whether such practices accord with the Corporate Governance Code, and whether appropriate procedures are followed, including discussions carried out by the Nomination Committee. The Audit & Supervisory Committee consequently determined that there is no cause for objection to content of this proposal.

Second Proposal: Election of One (1) Director Who Is an Audit & Supervisory Committee Member

The term of office of Ms. Haruko Shibumura as Director who is an Audit & Supervisory Committee Member will expire at the close of this Annual Shareholders Meeting.

Therefore, it is proposed that one (1) Director who is an Audit & Supervisory Committee Member be elected.

This proposal has been approved by the Audit & Supervisory Committee.

The candidate for a Director who is an Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
Haruko Shibumura (December 6, 1964) Candidate for Outside Director and Independent Director Reelection	April 1987: Joined Chiyoda Mutual Life Insurance Company August 1987: Joined Kyushu University Press April 1994: Registered as an attorney-at-law (Dai-ni Tokyo Bar Association) Joined Law Offices of Honma & Komatsu (current Homma & Partners) April 1999: Partner Lawyer, Homma & Partners (present post) October 2006: Committee member, Compliance Committee, TAMURA Corporation June 2015: Outside Audit & Supervisory Board Member, NICHIREKI CO., LTD. April 2016 Committee member, Compliance Special Committee, TAMURA Corporation June 2018: Outside Director, TAMURA Corporation (present post) June 2019: Director (Audit & Supervisory Committee Member), the Company (present post) June 2019: Outside Director, NICHIREKI CO., LTD. (present post) (Status of significant concurrent positions at other organizations) Partner Lawyer, Homma & Partners Outside Director, TAMURA Corporation Outside Director, NICHIREKI CO., LTD. (Number of years as outside Director) Two (2) years at the close of this Annual Shareholders Meeting (Rate of attendance in meetings of the Board of Directors) 15/15 meetings (100%) (Rate of attendance in meetings of the Audit & Supervisory Committee) 15/15 meetings (100%)	0 shares

Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
	(Reasons for selection as a candidate for outside Director who is an Audit & Supervisory Committee Member, including grounds for the judgment that she can appropriately carry out duties, and a summary of expected roles) She has been engaged in corporate legal affairs as an attorney-at-law, and has abundant specialized knowledge and experience gained while serving in positions such as professor at the Legal Training and Research Institute. The Company expects her to leverage her abundant specialized knowledge and experience to supervise and audit the Company's management from the standpoint of Director who is an Audit & Supervisory Committee Member in order to enhance the Company's enterprise value, and therefore requests her election as Director who is an Audit & Supervisory Committee Member.	

(Notes) 1. The candidate has no special interest in the Company.

2. Ms. Haruko Shibumura is a candidate for outside Director who is an Audit & Supervisory Committee Member and satisfies the required conditions for independent directors stipulated by Tokyo Stock Exchange, Inc., and the Company's independence standards for outside Directors. Thus, she is registered as an independent director with the stock exchange. The Company's independence standards for outside Directors are described on pages 23 to 24.

3. The Company has stipulated in the Articles of Incorporation that it may enter into an agreement with each Director (excluding executive Director, etc.) to limit his or her liability for damages under Article 423 (1) of the Companies Act, to the minimum liability amount provided by laws and regulations, if the requirements to limit liability provided by the laws and regulations are satisfied (Agreement to limit Director's liability), enabling Directors (excluding executive Directors, etc.) to sufficiently fulfill expected roles. The Company has entered into the agreement with all of the Directors (excluding executive Directors, etc.). If the re-election of Ms. Haruko Shibumura is approved, the Company will maintain the agreement to limit her liability.

4. The Company has entered into a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3 (1) of the Companies Act. In the event of a claim for damages submitted by a shareholder or a third party, etc., the insurance agreement shall compensate for damages, legal expenses, etc. to be borne by the insured. If the candidates assume office as Directors who are not Audit & Supervisory Committee Members, they will be included as the insured of the insurance agreement. The insurance agreement is scheduled to be renewed by the Company during the term of office.

5. Ms. Haruko Shibumura, the candidate for Director who is an Audit & Supervisory Committee Member, was an Outside Audit & Supervisory Board Member of NICHIREKI CO., LTD ("NICHIREKI") which received a cease and desist order from the Japan Fair Trade Commission in June 2019 for committing an act that violated the Article 3 (unreasonable restraint of trade) of the Antimonopoly Act concerning the selling price of modified asphalt sold by NICHIREKI. Although she was unaware of the incident described above prior to the discovery, she provided opinions from time to time from a perspective of the importance of compliance, at meetings of the Board of Directors and the Audit & Supervisory Board, etc. After the incident was revealed, she fulfilled her responsibilities as Outside Audit & Supervisory Board Member such as submitting a written opinion for the prevention of recurrence, suggesting concrete recurrence prevention measures, and continuously reviewing measures taken by NICHIREKI.

6. Directors who are Audit & Supervisory Committee Members, Mr. Toru Yoshimitsu, Dr. Hiroo Sasaki and Mr. Raita Takahashi, will continue to serve as Directors who are Audit & Supervisory Committee Members. If this proposal is approved as originally proposed, the total number of Directors who are Audit & Supervisory Committee Members shall be four (4) (including three (3) outside Directors).

Reference Material Regarding the First Proposal and Second Proposal

Independence Standards for Outside Directors

Below are the independence standards for outside Directors of Astellas Pharma Inc. ("the Company"). They are deemed to have independence from the Company and no potential conflict of interest with ordinary shareholders if none of the following apply.

(1) Person engaged in business execution[1] of the Company or the Company's subsidiaries (collectively, "the Group"), or person who has been engaged in business execution of the Group at any time in the past 10 years (or for a period of 10 years before appointment to that post if the person has, at any time within the past 10 years, served as a non-executive Director, Audit & Supervisory Board Member or Accounting Advisor of the Group);

(2) Party for whom the Group is a major business partner[2] or a person engaged in business execution of such party;

(3) Major business partner of the Group[3] or a person engaged in business execution of such business partner;

(4) Consultant, accounting professional, or legal professional obtaining large amounts of money or other financial benefits[4], other than as remuneration of Director from the Group (if such financial benefits are obtained by an incorporated entity, partnership or other organization, this item refers to a person belonging to such organization);

(5) Person belonging to an auditing firm performing statutory audits of the Group;

(6) Person receiving donations or grants above a certain threshold[5] from the Group (if the donations or grants are received by an incorporated entity, partnership or other organization, this item refers to a person engaged in business execution of such organization);

(7) Person engaged in business execution of a major financial institution[6] from which the Group has borrowings, or a person engaged in business execution of the parent company or subsidiary of such financial institution;

(8) Major shareholder[7] of the Group, or a person engaged in business execution of an incorporated entity that is a major shareholder of the Group;

(9) Person engaged in business execution of a company in which the Group is a major shareholder;

(10) Person engaged in business execution of a company accepting directors (whether full or part time) from the Group, or a person engaged in business execution of the parent company or subsidiary of such company;

(11) Person to whom any of Items (2) through (10) apply during the most recent 3 years; and

(12) Relative of a person to whom any of Items (1) through (11) apply (limited to a person in an important position[8]).[9]

[1] "Person engaged in business execution" refers to a "person engaged in business execution" as defined in Article 2, paragraph (3), item (vi) of the Regulation for Enforcement of the Companies Act, and includes both executive directors and employees. It does not include audit & supervisory board members.

[2] "Party for whom the Group is a major business partner" refers to a business partner group (namely, a corporate group comprising a direct business partner, its parent company or subsidiary, or subsidiaries of the parent company; the same shall apply hereinafter.) that provides the Group with products or services for which the transaction value in the most recent business year exceeds 2% of such business partner group's annual consolidated sales

[3] "Major business partner of the Group" refers to a business partner group to which the Group provides products or services for which the transaction value in the most recent business year exceeds 2% of the Group's annual consolidated sales

[4] "Large amounts of money or other financial benefits" refers to money or other financial benefits in excess of 10 million yen, excluding remuneration of Director, for the most recent business year (if such financial benefits are obtained by an incorporated entity, partnership or other organization, it refers to money or other financial benefits in excess of 2% of such organization's total income for the most recent business year).

[5] "Donations or grants above a certain threshold" refers to donations or grants in excess of the higher of 10 million yen on average for the most recent 3 business years or 2% of total income of such person/organization for the most recent business year.

[6] "Major financial institution" refers to a financial institution from which total borrowings at the end of the most recent business year exceeds 2% of the Company's consolidated gross assets.

[7] "Major shareholder" refers to a shareholder holding 10% or more of voting rights (including direct and indirect holdings).

[8] "Person in an important position" refers to a director (excluding outside directors); executive officer; corporate executive; employee in a management position at the level of department head or higher; certified public accountant in an auditing firm or accounting office; attorney in a law firm; councilor, director, auditor or other officer in an incorporated foundation, incorporated association, educational institution or other incorporated entity; or other person objectively and reasonably deemed to be in a position of similar importance.

[9] "Relative" refers to a spouse or person within the second degree of consanguinity.

- End -

[Attachments]

Business Report (from April 1, 2020 to March 31, 2021)

1. Matters concerning Present State of the Astellas Group (Corporate Group)

(1) Overview and Results of Operations of the Astellas Group

- During the business year under review (from April 1, 2020 to March 31, 2021, hereinafter it may be also referred to as "FY2020"), the business environment surrounding the pharmaceutical industry continued to face severe conditions due to implementation of government policies to restrain medical expenditures and the tightening up of new drug application reviews implemented in each country, not only in developed countries but also in emerging economies.

- Under such business circumstances, we promoted the global business of research and development, manufacturing, and marketing for the purpose of creating highly value-added and innovative new drugs and medical solutions leveraging our strength in fields where high unmet medical needs exist, and providing such drugs continuously to the world.

- Revenue in the first quarter of FY2020 was largely impacted by COVID-19. Starting from the second quarter, however, the impact slowed down, and sales of main products that support growth of the Company increased and the core business showed a steady performance.

1) Summary of Consolidated Business Results

<Consolidated financial results (core basis)>

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 litigation and other legal disputes, and other items that the company judges should be excluded.

Consolidated financial results (core basis) in FY2020 are shown in the table below. Revenue, core operating profit and core profit decreased across the board.

Consolidated financial results (core basis)

	Business results of the business year under review (FY2020)	Fluctuation from the previous business year (increase/decrease ratio)
Revenue	¥1,249.5 billion	¥51.3 billion decrease (3.9% decrease)
Core operating profit	¥251.4 billion	¥26.4 billion decrease (9.5% decrease)
Core profit	¥209.9 billion	¥13.3 billion decrease (5.9% decrease)

(i) Revenue

Revenue in FY2020 decreased by 3.9% compared to those in the previous business year ("year-on-year") to ¥1,249.5 billion.

- Sales of main products XTANDI for the treatment of prostate cancer and XOSPATA for the treatment of acute myeloid leukemia continued to grow. In addition, growth of the co-promotion revenue of PADCEV for the treatment of urothelial cancer contributed to revenue.

- Moreover, sales of Betanis / Myrbetriq / BETMIGA for the treatment of overactive bladder ("OAB") showed steady progress, and new product group in Japan achieved sales growth, including those of EVENITY for the treatment of osteoporosis, Suglat and SUJANU Combination Tablets for the treatment of diabetes mellitus.

- However, revenue decreased mainly due to the loss of market exclusivity of Vesicare for the treatment of OAB in Europe, and the termination of sales agreements for Symbicort for the treatment of asthma, human vaccines of KM Biologics Co., Ltd., Micardis family for the treatment of hypertension, and Celecox for the treatment of inflammation and pain in Japan. Sales were also negatively impacted due to the spread of COVID-19.

(ii) Core operating profit / Core profit

Core operating profit decreased by 9.5% year-on-year to ¥251.4 billion.
Core profit decreased by 5.9% year-on-year to ¥209.9 billion.

- Gross profit decreased by 2.0% year-on-year to ¥1,003.5 billion. The cost-to-revenue ratio fell by 1.6 percentage points year-on-year to 19.7%, mainly due to changes in product mix.

- Selling, general and administrative expenses increased by 1.0% year-on-year to ¥504.3 billion. There were factors causing a decrease in expenses, including the promotion of the efficient use of expenses and optimization of resource allocation, and also refraining from promotional activities, etc. because of the spread of COVID-19. Overall, however,

total selling, general and administrative expenses slightly increased due to the increase of co-promotion fees associated with the growth of sales of XTANDI in the United States, and also the absence of a one-off expense reducing factor on expenses in the previous year incurred from a reversal of loss allowances.

- Research and development (R&D) expenses stayed almost flat, showing a 0.1% increase year-on-year to ¥224.5 billion. There was a decrease in development expenses due to the impact of the spread of COVID-19 on the execution of a portion of clinical trials, but total R&D expenses were in the same range as those for the previous fiscal year due to an increase in development expenses for key post-POC pipeline projects, and the addition of R&D expenses from Audentes Therapeutics, Inc. The R&D cost-to-revenue ratio was up 0.7 percentage points year-on-year to 18.0%.

- Amortisation of intangible assets increased by 12.3% year-on-year to ¥23.8 billion.

The exchange rates for the yen in FY2020 are shown in the table below. The resulting impacts were a ¥4.6 billion decrease in revenue and a ¥7.3 billion decrease in core operating profit compared with if the exchange rates of the previous business year (from April 1, 2019 to March 31, 2020, hereinafter it may be also referred to as "FY2019") were applied.

Exchange rate

Average rate	FY2019	**FY2020**	Change
US$/¥	¥109	**¥106**	¥3 (Strengthening of yen)
€/¥	¥121	**¥124**	¥3 (Weakening of yen)

Change from beginning to end of period	FY2019	**FY2020**
US$/¥	¥2 (Strengthening of yen)	**¥2 (Weakening of yen)**
€/¥	¥5 (Strengthening of yen)	**¥10 (Weakening of yen)**

<Consolidated financial results (full basis)>

Consolidated financial results on a full basis in FY2020 are shown in the table below. Revenue, operating profit, profit before tax and profit for the year decreased across the board.

The full basis financial results include "Other income," "Other expenses," which are excluded from the core basis financial results. In FY2020, "Other income" was ¥7.6 billion (¥12.2 billion in the previous fiscal year) and "Other expenses" was ¥123.0 billion (¥45.9 billion in the previous fiscal year).

As "Other expenses," the Company recorded impairment loss of ¥30.2 billion in the second quarter of FY2020 in relation to the termination of development for the anti-TIGIT antibody ASP8374/PTZ-201, and impairment loss of ¥58.8 billion in the fourth quarter of FY2020 in relation to a revision of the development plan for the gene therapy AT132 targeting patients with X-linked myotubular myopathy, and as a result, in the financial results on a full basis, the decrease in profit was larger compared to the financial results on a core basis.

Consolidated financial results (full basis)

	Business results of the business year under review (FY2020)	Fluctuation year-on-year (Increase/decrease ratio)
Revenue	¥1,249.5 billion	¥51.3 billion decrease (3.9% decrease)
Operating profit	¥136.1 billion	¥107.9 billion decrease (44.2% decrease)
Profit before tax	¥145.3 billion	¥100.0 billion decrease (40.8% decrease)
Profit	¥120.6 billion	¥74.8 billion decrease (38.3% decrease)

Sales of main products

	Business results of the business year under review (FY2020)	Increase/decrease ratio
XTANDI	¥458.4 billion	14.6% increase
XOSPATA	¥23.8 billion	67.2% increase
PADCEV	¥12.8 billion	607.3% increase
Evrenzo	¥1.1 billion	371.2% increase
Betanis / Myrbetriq / BETMIGA	¥163.6 billion	1.2% increase
Prograf*	¥182.7 billion	5.3% decrease

* Prograf: Includes Advagraf, Graceptor, and ASTAGRAF XL.

- Sales of XTANDI increased by 14.6% year-on-year to ¥458.4 billion. Sales increased in all regions of Japan, the United States, Established Markets[*1], Greater China[*2], and International Markets[*3].

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

- Sales of XOSPATA increased by 67.2% year-on-year to ¥23.8 billion. In addition to an increase in sales in Japan, the United States and Established Markets, sales commenced in International Markets in August 2020, and in Greater China in December 2020.
- Co-promotion revenue of PADCEV grew significantly in the United States, increasing by 607.3% year-on-year to ¥12.8 billion.
- Evrenzo for the treatment of renal anemia, which has been sales commenced in Japan since November 2019, steadily increased.
- Sales of Betanis / Myrbetriq / BETMIGA increased by 1.2% year-on-year to ¥163.6 billion. While sales decreased in the United States due to decreased demand, etc. associated with the reduction of patient visits to hospitals/clinics as a result of the impact of the spread of COVID-19, sales grew in Japan, Established Markets, Greater China and International Markets.
- Sales of Prograf decreased by 5.3% year-on-year to ¥182.7 billion. Sales in Greater China increased, and sales in International Markets achieved similar levels year on year. On the other hand, sales decreased in other regions.
- In Japan, new product group sales continued to increase, including those of EVENITY, Suglat and SUJANU Combination Tablets for the treatment of diabetes mellitus. On the other hand, the main factor for the decrease in sales was the termination of sales agreements for Symbicort, human vaccines of KM Biologics Co., Ltd., Micardis family and Celecox.
- In the United States, sales of pharmacologic stress agent Lexiscan decreased due to decreased demand associated with the reduction of patient visits to hospitals/clinics as a result of the impact of the spread of COVID-19, mainly in the first quarter of FY2020.

<Revenue by region>

Revenue by region is shown in the table below. Revenue in the United States increased, while in Japan, Established Markets, Greater China and International Markets decreased.

	Business results of the business year under review (FY2020)	Increase/decrease ratio
Japan	¥279.1 billion	19.2% decrease
United States	¥473.2 billion	6.7% increase
Established Markets	¥293.2 billion	1.0% decrease
Greater China	¥59.3 billion	1.8% decrease
International Markets	¥111.1 billion	17.6% decrease

2) Progress of initiatives for sustainable growth

The Company has been pursuing initiatives for sustainable growth over the mid to long term, based on its Strategic Plan 2018, the final year of which was FY2020, which set forth three main strategic goals toward: “Maximizing Product VALUE and Operational Excellence,” “Evolving How We Create VALUE - With Focus Area Approach” and “Developing Rx+ programs.”

The following are the main initiatives during the FY2020:

(i) Maximizing Product VALUE and Operational Excellence

The Company has been developing and maximizing the product value of the Company’s growth drivers such as the main products XTANDI for the treatment of prostate cancer and Betanis / Myrbetriq / BETMIGA for overactive bladder (OAB) treatment, in addition to XOSPATA for the treatment of acute myeloid leukemia, PADCEV for the treatment of urothelial cancer and Evrenzo for the treatment of renal anemia, which were launched during the Strategic Plan 2018.

- With regard to XTANDI, the Company worked to further strengthen market access and further increase penetration of XTANDI amongst urologists, and has been making efforts to increase the market penetration of XTANDI to the patients with prostate cancer in earlier stages by utilizing robust data based on clinical trials accumulated after launch.

- With regard to Betanis / Myrbetriq / BETMIGA, the Company aimed to expand the market through continuous disease education activities, and worked to establish it as the first choice of therapy through the penetration of its mode of action and clinical profile, which feature a balance of efficacy and safety.

- With regard to XOSPATA, the Company steadily expanded the number of countries/areas where it launched by launching it in Japan and the United States in December 2018, and Europe in November 2019. Furthermore, the Company worked to increase penetration of XOSPATA amongst hematologists/oncologists as a new option for acute myeloid leukemia, and established its position as market leader by increasing product awareness and the rate that testing for FMS-like tyrosine kinase 3 (*FLT3*) mutations is carried out.

- With regard to PADCEV, the Company worked to penetrate it into the market rapidly as a new treatment option for urothelial cancer by launching it in the United States in December 2019, and established its position as a preferred treatment option for patients with approved indications.

- With regard to Evrenzo, the Company launched it in Japan in November 2019, worked to penetrate it into the market by differentiating it through the spread of a new mechanism of action, and worked to expand its market share as a first-in-class HIF-PH inhibitor.

Including these products, the Company is steadily advancing product development by preferentially allocating management resources to key post-POC pipeline projects that will support sustainable growth over the mid- to long-term. Much progress was made in each project, including an application for approval with the aim of expanding indications of PADCEV in the United States, the obtaining of approval for XOSPATA in China, and the obtaining of approval for supplemental applications for Evrenzo in Japan.

The following are the main progress of each key post-POC pipeline project.

- XTANDI (generic name: enzalutamide) for the treatment of prostate cancer

  May 2020: In Japan, the Company obtained approval for supplemental applications for distant metastatic prostate cancer.

  June 2020: In Europe, the Company submitted an application for approval of its appended documentation giving data on overall survival found in the Phase 3 PROSPER trial on patients with non-metastatic castration-resistant prostate cancer.

  October 2020: In the United States, the Company obtained approval of its appended documentation giving data on overall survival found in the Phase 3 PROSPER trial on patients with non-metastatic castration-resistant prostate cancer.

  November 2020: In China, the Company obtained approval for supplemental applications for non-metastatic castration-resistant prostate cancer.

  March 2021: In Europe, a positive CHMP (Committee for Medicinal Products for Human Use) opinion for supplemental applications for metastatic hormone-sensitive prostate cancer was adopted.

- XOSPATA (generic name: gilteritinib fumarate) for the treatment of acute myeloid leukemia

  December 2020: The Company discontinued patient registration for the Phase 3 LACEWING trial for patients with untreated acute myeloid leukemia with *FLT3* mutation as it was unable to achieve longer overall survival, which is the primary endpoint.

January 2021: In China, the Company obtained conditional approval as a treatment for adult patients with relapsed/refractory acute myeloid leukemia with *FLT3* mutation.

March 2021: The Company announced that in the interim analysis of the Phase 3 COMMODORE trial, XOSPATA achieved a primary endpoint (overall survival) among patients with relapsed/refractory acute myeloid leukemia with *FLT3* mutation.

- PADCEV (generic name: enfortumab vedotin) for the treatment of urothelial cancer

  September 2020: The Company announced that in the Phase 3 EV-301 trial, PADCEV statistically demonstrated significantly longer overall survival, which is a primary endpoint, than chemotherapy among patients with locally advanced or metastatic urothelial cancer, which had previously been treated with chemotherapy, including platinum-containing chemotherapy, and PD-1 or PD-L1 inhibitors.

  October 2020: The Company announced satisfactory results for cohort 2 in the Phase 2 EV-201 trial among patients with locally advanced or metastatic urothelial cancer who had previously been treated with PD-1 or PD-L1 inhibitors, and had not been treated with platinum-containing chemotherapy and are ineligible for cisplatin.

  February 2021: In the United States, the Company submitted a supplemental Biologics License Application with the aim of converting from accelerated approval to regular approval based on the results of the Phase 3 EV-301 trial among patients with locally advanced or metastatic urothelial cancer, which had previously been treated with chemotherapy, including platinum-containing chemotherapy, and PD-1 or PD-L1 inhibitors.

  February 2021: In the United States, the Company submitted a supplemental Biologics License Application with the aim of expanding indications based on the results of cohort 2 in the Phase 2 EV-201 trial among patients with locally advanced or metastatic urothelial cancer who had previously been treated with PD-1 or PD-L1 inhibitors, and are ineligible for cisplatin.

  March 2021: In Japan, the Company submitted an application for approval of PADCEV as a treatment for patients with locally advanced or metastatic urothelial cancer who had previously been treated.

  March 2021: In Europe, the application for approval of PADCEV as a treatment for locally advanced or metastatic urothelial cancer, which had previously been treated with chemotherapy, including platinum-containing chemotherapy, and PD-1 or PD-L1 inhibitors, was designated for accelerated assessment.

- Evrenzo (generic name: roxadustat) for the treatment of renal anemia

  April 2020: In Europe, the Company submitted an application for approval of Evrenzo as a treatment for renal anemia in adult patients.

  November 2020: In Japan, the Company obtained approval for a supplemental application for Evrenzo as a treatment for renal anemia in patients on non-dialysis.

- Fezolinetant (generic name), a selective neurokinin-3 receptor antagonist

  February 2021: In two global Phase 3 trials in patients with moderate-to-severe vasomotor symptoms associated with menopause (SKYLIGHT 1 and SKYLIGHT 2), the Company announced that all primary endpoints were met with statistically significant improvements in the frequency and severity of vasomotor symptoms compared to placebo.

- Zolbetuximab (generic name), an anti-Claudin 18.2 monoclonal antibody

  Phase 3 trials for gastric and gastroesophageal junction adenocarcinoma, and a Phase 2 trial for pancreatic adenocarcinoma is underway.

In addition to the above, the main developments, including approvals and applications for approvals, were as follows.

May 2020: The Company received approval in the United States for an additional indication of neurogenic bladder in pediatric patients aged two years and older for the OAB treatment Vesicare (generic name: solifenacin succinate).

December 2020: The Company submitted an application in the United States for immunosuppressant agent Prograf (generic name: tacrolimus) for an additional indication of prevention of rejection in lung transplantation.

March 2021: The Company obtained the approval of a new formulation, granules for suspension (oral extended-release formulation) and existing tablets (extended-release formulation) for the additional indication of neurogenic detrusor overactivity in children aged three years and older for the OAB treatment Myrbetriq (generic name: mirabegron) in the United States.

In FY2020, the Company transferred marketing, etc. as follows.

October 2020: The Company transferred the marketing authorizations and distribution of the psychotropic/medicine for the treatment of peptic ulcers Dogmatil (generic name: sulpiride) to Nichi-Iko Pharmaceutical Co., Ltd. in Japan.

December 2020: With regard to the non-steroidal Celecox (generic name: celecoxib) for the treatment of inflammation and pain, the Company has terminated the joint sales promotion activities in Japan with Viatris Pharmaceuticals Japan Inc. In addition, the Company plans to transfer the manufacturing and marketing authorization of Celecox from the Company to Viatris Pharmaceuticals Japan Inc. and transfer the distribution of the product to Viatris Pharmaceuticals Japan Inc. on July 31, 2021.

March 2021: In Japan, the Company has terminated the joint sales promotion activities of Acofide (generic name: acotiamide hydrochloride hydrate), a treatment for functional dyspepsia, with Zeria Pharmaceutical Co., Ltd. and transferred the distribution and marketing of the product to Zeria Pharmaceutical Co., Ltd.

As our approach to pursuit even greater Operational Excellence, the Company has taken a multifaceted approach to reviewing activities and has been working to strengthen its business base. The following are the main initiatives during the FY2020:

November 2020: The Company decided to absorb and merge its wholly owned subsidiaries Astellas Pharma Tech Co., Ltd. and Astellas Green Supply, Inc. (effective date of absorption mergers: April 1, 2022 (planned))

November 2020: The Company has entered into an asset transfer agreement with Tillotts Pharma AG (Switzerland) to transfer the manufacturing and marketing authorization of DIFICLIR tablets (generic name: fidaxomicin), a treatment of Clostridium difficile infection, to Tillotts Pharma AG in Europe, the Middle East, Africa, and some regions of the Commonwealth of Independent States, and is proceeding with the succession in the subject countries and regions.

January 2021: The Kyushu Distribution Center, the Company's fourth distribution base in Japan, began operations in Kitakyushu City, Fukuoka Prefecture.

January 2021: The Company decided to newly construct a sterile drug production line in the Yaizu Technology Center of Astellas Pharma Tech Co., Ltd., a manufacturing subsidiary of the Company, and started construction.

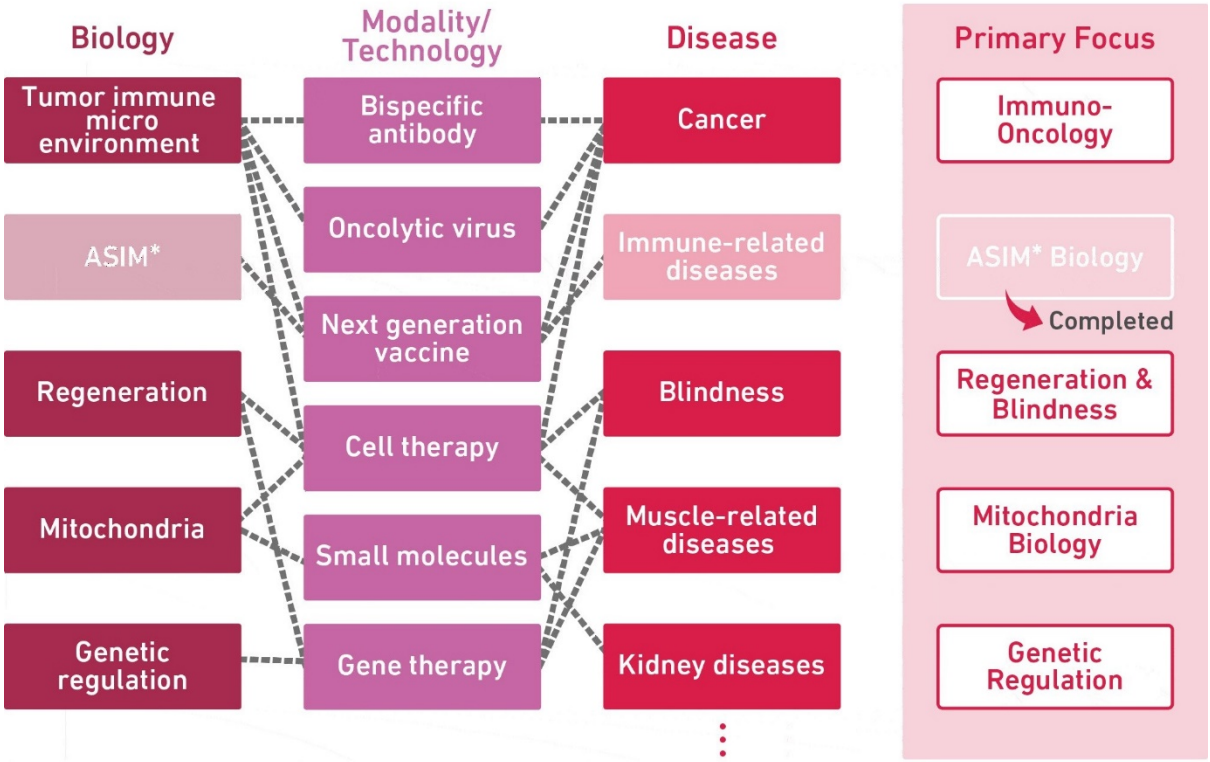
January 2021: The Company returned to Tolmar International Limited (Ireland) the license for Eligard (generic name: leuprorelin acetate), a treatment for advanced prostate cancer, which had been marketed by Astellas Pharma Europe Ltd., a subsidiary of the Company, in Europe, the Middle East, the Commonwealth of Independent States, and Asia. In addition, the Company signed an agreement with Recordati Industria Chimica e Farmaceutica S.p.A. (Italy), which sells Eligard under a new license from Tolmar International Limited, regarding the transfer of manufacturing and marketing authorization and the transfer of distribution, and is proceeding with the succession in the subject countries and regions.

(ii) Evolving How We Create VALUE - With Focus Area Approach -

The Company has established a Focus Area approach to create VALUE. Under this approach, a Focus Area is defined as a set of combinations of three components: (1) biologies with high disease relevance[*1], (2) versatile modalities and technologies[*2] and (3) diseases with high unmet medical needs with solutions that are expected from these two elements of biologies and modalities/technologies[*3]. By building up unique expertise and a platform for that Focus Area, the Company aims to continue creating innovative products. When multiple new drug candidates are generated and the lead compound advances to the clinical stage, we designate them as the Primary Focus, an area in which management resources are given the highest priority within the Company. As of March 2021, we have selected four Primary Focuses: "Blindness and Regeneration," "Mitochondria Biology," "Genetic Regulation," and "Immuno-Oncology." In addition, we have selected two new Primary Focus candidates: "Cancer Genomic Alteration" and "Immune Homeostasis."
Audentes Therapeutics, Inc. and Xyphos Biosciences, Inc. have been working to further advance the Primary Focus as Center of Excellence for "Genetic Regulation" and "Immuno-Oncology," respectively. Additionally, in April 2021, the Company

reorganized the Audentes Division to establish a research and manufacturing division, a development division, and a commercial division (collectively referred to as Astellas Gene Therapies) that will specialize in the area of gene therapy.
In addition to the progress of each Primary Focus, Primary Focus which was originally independent is beginning to organically connect with each other. As the modalities/technologies that were studied in each Primary Focus are now being utilized in other Primary Focus, development for various biologies and diseases is progressing.

*1 Biology: Well-characterized pathophysiology
*2 Modalities / technologies: Versatile treatment modalities and technologies
*3 Primary Focus: A priority investment target selected from within a Focus Area representing a specific combination of factors in terms of scientific validity, lead program progress, and potential of follow-on programs



*ASIM: Antigen-specific immune modulation

The following are the main progress during the FY2020:

- Genetic Regulation

  December 2020: The Company received a notice from the United States Food and Drug Administration (FDA) lifting the clinical trial suspension on the Phase 1 and 2 trial (ASPIRO trial) of gene therapy AT132 (generic name: resamirigene bilparvovec) for patients with X-linked myotubular myopathy, which had been suspended as directed by the FDA.

  March 2021: The Company announced that it will reorganize the Audentes Division and establish Astellas Gene Therapies, which will serve as a Center of Excellence for gene therapy, effective April 1, 2021.

- Blindness and Regeneration

  September 2020: The Company announced the start of a joint research collaboration with the University of Pittsburgh (U.S.) on gene therapy using Adeno-associated viruses (AAV) to create development candidates for the treatment of dry age-related macular degeneration, a disease of the posterior segment of the eye.

- Immuno-Oncology

  December 2020: Entered into an exclusive worldwide license agreement with KaliVir Immunotherapeutics LLC (U.S.) for the collaboration, development and commercialization of VET2-L2, an intravenously administered oncolytic virus, as well as a second, follow-on development candidate.

- Mitochondria Biology

  April 2020: The Company acquired Nanna Therapeutics Limited (U.K.), a bio venture company focusing on drug discovery research for age-related diseases with high unmet medical needs, including mitochondria-related diseases, and made Nanna Therapeutics Limited a wholly owned subsidiary of the Company.

  October 2020: ASP0367/MA-0211, a selective PPARδ modulator was granted Fast Track designation in the United States for development as a treatment for primary mitochondrial myopathy.

- Others

  April 2020: The Company announced that it formed an alliance with Harvard University (U.S.) to establish a strategic research collaboration for the research and development of innovative treatments and technologies of mutual interest.

  July 2020: The Company received a grant from the United States National Institute on Drug Abuse for two Phase 1 trials of ASP8062, a $GABA_B$ receptor positive allosteric modulator being developed for the additional maintenance treatment of opioid use disorder.

  September 2020: The Company signed an agreement with the Institute for Life Science Research and Education, the University of Tokyo and The University of Tokyo Center of Innovation on collaborative efforts to create innovative new drugs and medical solutions.

  October 2020: The Company determined that the role of project creation for ASIM (Antigen-specific Immune Modulation) biology, which had been certified as a Primary Focus, was completed and announced that the Company will shift to research on next-generation immunomodulation technologies.

  March 2021: The Company entered into joint research agreements with each of Doshisha University and Wakayama Medical University aiming to optimize decision-making in the drug development process and individual medications for patients using AI and statistical methods.

(iii) Developing Rx+ programs

The Company is taking on the challenge of developing Rx+ programs with the goal of realizing sustainable growth over the mid- to long-term. The Rx+ business is defined as a business that contributes to patients throughout the Patient Journey* and is capable of generating profits on its own, by integrating cutting-edge medical technologies and advanced technologies from different fields, based on the strengths we have cultivated in the prescription pharmaceutical (Rx) business. Based on the Rx+ Story, which outlines the strategic direction for the creation of Rx+ businesses, the Company is focused on pursuing business creation activities with the aim of realizing "a world where people can live mentally and physically healthy lives and be true to themselves through healthcare solutions based on scientific evidence."

* Patient Journey: Overall medical processes including diagnosis, prevention, treatment, and prognosis management

Below are the key initiatives in FY2020.

- Chronic diseases progression prevention

  April 2020: The Company announced that we signed an agreement with BANDAI NAMCO Entertainment Inc. for the joint development, test marketing, etc. of an application for smartphones and other devices that supports patient well being through the provision of scientifically-based exercise programs that incorporate game-like features.

  September 2020: The Company launched limited service of an exercise program for type 2 diabetes patients, which is based on scientific grounds and developed through

an industry-government-academia collaboration between Yokohama City University and Yokohama City through fitness clubs in Kanagawa Prefecture.

- Motor function support/replacement

  October 2020: The Company acquired Iota Biosciences, Inc. (U.S.), a company that specializes in bioelectronics technology and has a revolutionary technology for ultra-small implantable medical devices, and made it a wholly owned subsidiary.

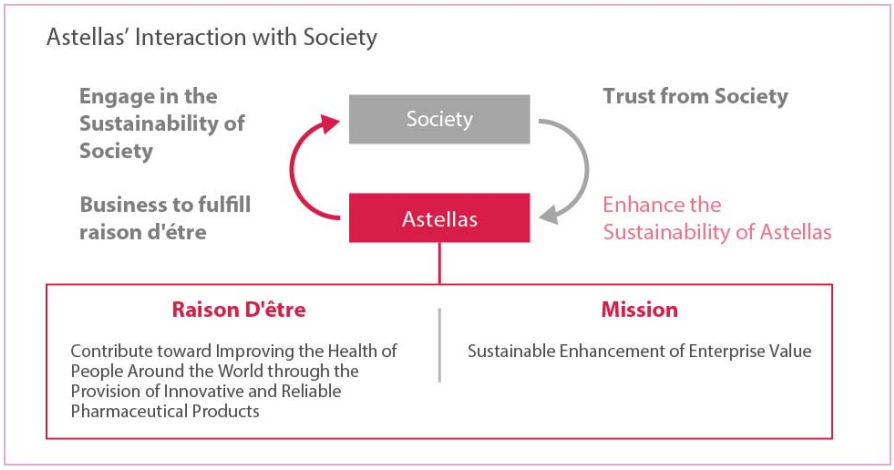
- Patient outcome maximization

  October 2020: The Company received Fast Track designation from the United States Food and Drug Administration for the development of ASP5354, an investigational near-infrared fluorescence imaging agent for visualization of the ureter during abdominal and pelvic surgery.

  January 2021: The Company announced that it initiated a collaboration with Actinium Pharmaceuticals, Inc. (U.S.) on molecular targeted radiotherapies as part of our efforts to develop theranostics that integrate diagnosis and treatment.

3) Present state of sustainability

The Company believes that contribution to enhancing the sustainability of society is essential for business continuity.
We are committed to engaging in the sustainability of society by fulfilling our social responsibilities as a pharmaceutical company, including but not limited to providing our products such as a pharmaceutical products that satisfy unmet medical needs. As a result, we earn trust from society both for the Company and our products. We consider the trust to be the factor that will lead to the enhancement of Astellas' sustainability as well.
This positive cycle will lead to the realization of our mission, "Sustainable enhancement of enterprise value," through "Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products," which is our raison d'être. In short, for Astellas, contributing to the sustainability of society means the realization of its philosophy.
The Company regards the situation where there still remain barriers for many people worldwide who have difficulty accessing the healthcare they need due to the lack of available treatments, poverty, healthcare system challenges and insufficient healthcare information. The Company recognizes these problems as "Access to Health" issues, and in that regard has identified the four areas of "creating innovation", "enhancing availability", "strengthening healthcare systems" and "improving health literacy" where we can leverage our strengths and technologies. As a company dedicated to improving the health of people around the world, the Company is conducting its business activities in harmony with the global environment in order to contribute to the development of a sustainable society. Recognizing that addressing climate change is an important corporate focus, we have been taking measures proactively to reduce greenhouse gas (GHG) emissions.



(2) Changes in Assets and Income and Loss:

Items	13th term business year (FY2017)	14th term business year (FY2018)	15th term business year (FY2019) (Previous business year)	16th term business year (FY2020) (Business year under review)
Revenue	¥1,300.3 bil.	¥1,306.3 bil.	¥1,300.8 bil.	¥1,249.5 bil.
Operating profit	¥213.3 bil.	¥243.9 bil.	¥244.0 bil.	¥136.1 bil.
Profit before tax	¥218.1 bil.	¥249.0 bil.	¥245.4 bil.	¥145.3 bil.
Profit	¥164.7 bil.	¥222.3 bil.	¥195.4 bil.	¥120.6 bil.
Basic earnings per share	¥81.11	¥115.05	¥104.15	¥64.93
ROE attributable to owners of the parent	13.0%	17.6%	15.3%	9.0%
Total assets	¥1,858.2 bil.	¥1,897.6 bil.	¥2,315.2 bil.	¥2,273.6 bil.
Equity attributable to owners of the parent	¥1,268.3 bil.	¥1,258.4 bil.	¥1,289.2 bil.	¥1,386.1 bil.
R&D expenses	¥220.8 bil.	¥208.7 bil.	¥224.2 bil.	¥224.5 bil.
R&D cost-to-revenue ratio	17.0%	16.0%	17.2%	18.0%

(Notes) 1. Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS) in pursuant to the provisions of Article 120, paragraph (1) of the Regulation on Corporate Accounting.
2. Basic earnings per share is calculated using the weighted average number of ordinary shares outstanding during the period and presented by rounding numbers to the nearest second decimal places, i.e., discarding four thousandths (4/1000) or less and rounding up five thousandths (5/1000) or more.
3. ROE=Return On Equity

(3) Capital Expenditures

During the business year under review, the Astellas Group started construction of a plant at Audentes Therapeutics, Inc. (US), and started construction of a new building and production lines at the Astellas Pharma Tech Co., Ltd., which is a production site in Japan.

<Capital Expenditures>

15th term business year (Previous business year)	16th term business year (Business year under review)	Fluctuation year-on-year (increase/decrease ratio)
¥41.8 billion	¥33.7 billion	¥8.1 billion decrease (19.3% decrease)

(Note) Plant and Equipment does not include right-of-use asset.

(4) Financing of the Astellas Group

The outstanding balances as of March 31, 2020 were short-term bonds of ¥186.0 billion and short-term borrowings of ¥140.0 billion. During the business year under review, the Astellas Group redeemed short-term bonds of ¥66.0 billion and raised funds of ¥80.0 billion by long-term loans while repaying all of the short-term borrowing. As a result, the outstanding balances as of March 31, 2021 are short-term bonds of ¥120.0 billion and long-term borrowings of ¥80.0 billion.

(5) Issues to be Addressed by the Astellas Group

The business environment surrounding the pharmaceutical industry has been changing drastically with the times. Whereas on the one hand we have been encountering negative effects particularly stemming from increasing difficulties in new drug development and government policies to restrain medical expenditures, on the other hand positive developments have included expansion of regulatory systems for review of innovative drugs, and increasing modalities applicable to drug discovery in step with advances in science and technology. Moreover, advances in digital and engineering technologies have been spurring integration with different industries and are making it possible to offer new medical solutions for patients.

The Company has been making efforts aiming that people around the world can have healthier and better life, under the philosophy of "Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products." In addition, we have been structuring organizations to keep pursuing innovative treatments so that we deliver VALUE in fields where high unmet medical needs still exist.

1) Initiatives for sustainable growth

We made a commitment in our VISION to stand "on the forefront of healthcare change to turn innovative science into VALUE for patients." Guided by this VISION, we are continuing to aim to create medical solutions that deliver VALUE to patients through the pursuit of cutting-edge science.

We have established "CSP2021" (CSP: Corporate Strategic Plan) as a new corporate strategic plan for five years starting from FY2021. "CSP2021" consists of three targets of Strategic Goals, Organizational Health Goals, and Performance Goals. We have set four Strategic Goals as a guide for realizing our VISION, and also set Organizational Health Goals to create an environment where we can promote the execution of those strategies with the best ways and aim to succeed. Furthermore, we have set Performance Goals for sustainable enhancement of our enterprise value by continuously investing in innovation and deliver VALUE to patients through business activities.

Four Strategic Goals are as follows:

・ Enable patients to achieve better outcomes

We will promote patients' sustainable access to Astellas products and work on maximizing outcomes delivered to patients (clinical outcomes delivered by treatment or other care).

・ Translate innovative science into proven VALUE

With the Focus Area approach that applies a unique combination of biology and modality/technology to therapeutic areas with high unmet medical needs, we will identify

Primary Focuses on the basis of factors such as scientific appropriateness, technical feasibility, level of enrichment, and progress of projects. By accelerating and enhancing these strategies, we will deliver significant VALUE to patients. For delivery of great VALUE, we also emphasize open innovation, and will continue to collaborate with world's leading partners.

- Advance the Rx+ business

We will aim to create new health care solutions as Rx+ business by combining our strengths in the prescription pharmaceutical (Rx) business developed to date with the latest medical technologies from external sources and technologies and knowledge from different fields. We will work on realizing commercialization of Rx+ programs, creating projects with high probability of success, and accelerating the speed with which the programs are commercialized.

- Deepen our engagement in sustainability

We will contribute to improving access to health. In addition, we will contribute to improving environmental sustainability, and make high-transparent information disclosure. Furthermore, we will proactively advocate our efforts to improve sustainability including topics related to environment, society, and governance (ESG).

2) Policy of returns to shareholders

The Company works aggressively towards increasing enterprise value on a continual basis and, as a consequence, improves its return to shareholders. While putting priority on business investment to assure future growth, the Company strives to increase dividend payments stably and continuously based on its medium- to long-term profit growth on a consolidated basis.

Further, the Company flexibly acquires its own shares whenever necessary to enhance capital efficiency and increase earnings per share.

3) Efforts Against the Spread of the Coronavirus Disease (COVID-19)

With the continuing spread of Coronavirus Disease ("COVID-19"), we are, as part of our mission as a pharmaceutical company, taking actions and measures to contribute to securing the safety of patients and alleviating strain on healthcare resources. We have been carrying out various activities and status to date in areas including the stable supply of products, contribution to the R&D of drugs, and assistance to regions where infection is spreading.

The Company, upon accurately ascertaining situations that change from day to day, will continue to work in cooperation with relevant authorities and organizations of each country by quickly gathering information and promptly taking necessary measures.

Continuation of business and maintaining a stable supply of products

- We are currently advising our employees to combine working at an office and working from home in accordance with the situation in each country and region to secure the safety of our employees and to prevent the further spread of the disease.
- While placing the highest priority on the safety of our employees, in order to continue our social mission of ensuring a stable supply of drugs, quality control, managing safety, and providing information, our essential business continues to be carried out.
- While taking measures to prevent the spread of the disease, we are continuing to gather and provide necessary information to medical institutions in regions around the world consistent with the rules of each respective institution with regards to sales activities.
- As for the supply of products, as we have been able to manage risks around procuring raw materials and distributing finished products by closely cooperating with suppliers and manufacturers taking into account business continuity and at stable supply.

For ensuring patient safety and alleviating strain on healthcare resources

In an effort to help ensure patient safety and alleviate strain on healthcare resources during the COVID-19 pandemic, we are taking the following actions to our clinical trial operations.

- In countries and regions with continuing spread of COVID-19, we temporarily suspended start-up activities involving study sites for new interventional clinical studies. But we have started to reactivate clinical studies in all countries, following the benefit-risk assessment of each study.
- Consistent with the issued guidance from regulatory bodies of each country, we are assessing protocols and implementing measures to reduce the burden on healthcare systems while ensuring that the maintenance of patient safety.
- Furthermore, in order to prioritize patient safety, we are also providing measures, when applicable, such as remotely monitoring the safety of a patient via phone, conducting necessary medical exams at medical institutions close to a patient's home outside of the trial site, and/or sending investigational drug to a patient's home, in case a patient cannot visit the trial site designated in the protocol.
- We are building flexibility into the protocols to respond to changes related to the ongoing pandemic.
- We will be frequently reassessing this approach, which applies to all interventional clinical trials led by us and our group companies.
- We remain focused on ensuring patient safety, while maintaining regulatory compliance and data integrity across clinical development programs.

Contributing to the R&D of drugs

- We have taken appropriate actions, such as provide drugs, by cooperating with bodies concerned in response to requests by the government.
- We have provided compounds in response to a request from the Ministry of Health, Labour and Welfare and National Institute of Infectious Diseases to cooperate in the "Basic Screening Plan for Drugs for Coronavirus Disease."
- We also responded to requests from the European Federation of Pharmaceutical Industries Associations (EFPIA) and the Innovative Medicines Initiative (IMI) to cooperate in the "Activities Aimed at Developing Drugs for the Novel Virus" and providing consultation on countermeasures.
- Astellas Pharma Europe Ltd., our group company, is a member of the CARE (Corona Accelerated R&D in Europe) Consortium, the largest initiative in Europe addressing the challenges of COVID-19. CARE is funded by IMI, a public-private partnership aiming to speed up the development of better and safer medicines for patients. The goal of the CARE consortium is to deliver treatments for the current COVID-19 outbreak as well as future coronavirus outbreaks.
- Furthermore, as part of our membership of the non-profit organization, TransCelerate BioPharma Inc., Astellas is participating in the COVID-19 Task Force, alongside 20 other biopharmaceutical member companies, to share industry best practices in managing the continuity of clinical trial operations during the global COVID-19 pandemic while ensuring patient safety and maintaining study integrity.
- We receive various proposals from within or outside of the Company for our owned technology and potential use of our drugs that are under development or on the market against COVID-19, and we are swiftly evaluating each of them.
- We continuously respond to requests from various governments to provide compounds for the research phase. While placing the highest priority on safety, we will at the same time continue to contribute in our efforts to swiftly evaluate various possibilities in research and development of drugs for COVID-19.

Activities in each country and region

- We donated worth 5 million yen to Astellas Foundation for Research on Metabolic Disorders as a grant for COVID-19 related research in Japan. The foundation has used it to subsidize COVID-19 related research in the research funding applications for FY2020. Further, the foundation has awarded funding to researchers who have been economically affected by COVID-19 participating in studying abroad program supported by the foundation.
- Astellas Pharma US, Inc., our group company, and the Astellas Global Health Foundation have each expanded support to local and global communities fighting COVID-19 by providing more than $2.7 million of financial assistance, in aggregate, to meet the urgent demand for resources to help patients, health care workers, and first responders.
  - At a national level in the United States, Astellas has provided support to help humanitarian organizations working to support communities affected by COVID-19. This includes Astellas' corporate donations to Americares, the American Red Cross, and Direct Relief to help their emergency efforts. Additionally, in the U.S., through its Corporate Charitable Donation process, Astellas issued a request for proposal (RFP) process and awarded funding to five non-profit healthcare organizations that align with Astellas' focus areas, to support patients and care partners during the pandemic. Astellas also coordinated opportunities to mobilize

equipment, personal protective equipment (PPE) donations, blood donations in alignment with the Centers for Disease Control and Prevention guidance, employee contributions, and volunteerism to meet the critical demand for time and resources where needs are most pressing. At the Astellas Pharma US headquarters in Illinois, Astellas has partnered with multiple state organizations, as a Founding Partner to the Governor's Illinois COVID-19 Response Fund and the Illinois Biotechnology Innovation Organization (iBIO) COVID-19 PPE Relief Fund.

- The Astellas Global Health Foundation has provided a combined $2 million in new and redirected emergency relief focused on improved healthcare infrastructure, COVID-19 training and education leading to an improvement of more than 725,000 lives in Kenya, Dominican Republic, South Sudan, Democratic Republic of the Congo (DRC), Ghana, Ethiopia and Nigeria. The funding addresses the urgent needs of partners seeking to prevent the immediate spread and combat the long-term effects of COVID-19 in particularly vulnerable and hard-to-reach communities.

· As part of Astellas' ongoing commitment to ensuring that patients have access to our products, we have implemented changes to our patient assistance programs in the US offered through Astellas Pharma Support Solutions, which offers support to patients needing access and reimbursement assistance. The changes were made to make the application and verification process easily accessible for patients who have lost their jobs or insurance coverage as a result of COVID-19 and increase customer service capacity in light of the influx of patients requiring assistance.

· In Italy, our group company, Astellas Pharma S.p.A., has made a donation worth 174,800 euros for the necessary supply of goods to public medical institutions and NPOs.

· In Spain, our group company, Astellas Pharma S.A., has made a donation worth 200,000 euros to the country's health ministry for the necessary supply of goods to medical institutions.

· Furthermore, to assist healthcare systems coping with increasing demands by government or non-profit organizations presented by the escalation of COVID-19 around the world, we will authorize a maximum of four weeks of paid leave (in accordance with each country's provision and internal regulations)) to employees who are medically qualified and wish to contribute by participating in volunteer activities within their community.

(6) Principal Business (as of March 31, 2021)

Research, development, manufacture and sale of pharmaceuticals

(7) Principal Offices and Plants (as of March 31, 2021)

Headquarters (Head Office)	2-5-1, Nihonbashi-Honcho, Chuo-ku, Tokyo
Commercial*1	119 sales offices nationwide.
Research & Development	Tsukuba Research Center (Ibaraki Prefecture), Tsukuba Biotechnology Research Center (Ibaraki Prefecture), Takahagi Chemistry & Technology Development Center (Ibaraki Prefecture), Yaizu Pharmaceutical Research Center (Shizuoka Prefecture)
Manufacturing*2	Takahagi Technology Center (Ibaraki Prefecture), Toyama Technology Center (Toyama Prefecture), Toyama Technology Center Takaoka Plant (Toyama Prefecture)*3, Yaizu Technology Center (Shizuoka Prefecture)

(Note) The principal sites overseas are described in "Principal Subsidiaries."

*1. On April 1, 2020, the Company abolished 12 branches nationwide and adopted a structure where the Japan Commercial division directly manage each sales office.
*2. The site for operations of subsidiaries
*3. On April 1, 2021, it was renamed Takaoka Plant.

(8) Principal Subsidiaries (as of March 31, 2021)

1) Principal subsidiaries

Name of subsidiary	Country	Share capital	Percentage of voting rights (%)	Outline of business
Astellas US LLC	United States	–	100.0*	Pharmaceutical business (management of regional operations)
Astellas Pharma Europe Ltd.	United Kingdom.	€ in millions 139	100.0*	Pharmaceutical business (management of regional operations)
Astellas Institute for Regenerative Medicine	United States	US$ 0.1	100.0*	Pharmaceutical business (research)
Audentes Therapeutics, Inc.	United States	US$ 0.1	100.0*	Pharmaceutical business (research)
Astellas Pharma Global Development, Inc.	United States	US$ 10	100.0*	Pharmaceutical business (development)
Astellas Pharma Tech Co., Ltd.	Japan	¥ in millions 1	100.0	Pharmaceutical business (manufacture)
Astellas Ireland Co., Ltd.	Ireland	€ in millions 3	100.0*	Pharmaceutical business (manufacture)
Astellas Pharma Europe B.V.	Netherland	€ in millions 34	100.0*	Pharmaceutical business (manufacture)
Astellas Pharma China, Inc.	China	CNY in millions 299	100.0	Pharmaceutical business (manufacture and sales)
Astellas Pharma US, Inc.	United States	US$ 10	100.0*	Pharmaceutical business (sales)
Astellas Pharma GmbH	Germany	€ in millions 14	100.0*	Pharmaceutical business (sales)

* Including the shares owned indirectly

(Note) The number of consolidated subsidiaries including eleven (11) principal subsidiaries stated in the table above totals seventy-six (76) and that of affiliated companies accounted for by the equity method is three (3).

2) Specified wholly owned subsidiaries

There are no applicable subsidiaries.

(9) Important Business Reorganizations

- In April 2020, the Company completed acquisition of Nanna Therapeutics Limited (UK), whereby Nanna Therapeutics Limited became a wholly-owned subsidiary of the Company.

- In October 2020, the Company completed acquisition of Iota Biosciences, Inc. (US), whereby Iota Biosciences, Inc. became a wholly-owned subsidiary of the Company.

- In November 2020, the Company decided to absorb and merge the Company's wholly owned subsidiaries, Astellas Pharma Tech Co., Ltd. and Astellas Green Supply, Inc. (Effective date of merger: April 1, 2022 (Plan).)

(10) Important Alliance for Technology (as of March 31, 2021)

1) License agreements – license in

Counterparty	Country	Type of technologies
Viatris Group	United States	Technology for atorvastatin (Lipitor) Technology for celecoxib (Celecox)
FibroGen, Inc.	United States	Technology for YM311 (FG-2216), Roxadustat (Evrenzo) and other oral anemia treatments with similar mode of action
Ferring Group	Switzerland	Technology for degarelix (Gonax)
FUJIFILM Toyama Chemical Co., Ltd.	Japan	Technology for garenoxacin (Geninax)
Kyowa Kirin Co., Ltd.	Japan	Technology for Anti-CD40 mAb
Medivation Inc.	United States	Technology for enzalutamide (XTANDI)
Ironwood Pharmaceuticals, Inc.	United States	Technology for linaclotide (LINZESS)
Basilea Pharmaceutica International Ltd.	Switzerland	Technology for isavuconazonium sulfate (CRESEMBA)
UCB Pharma, S.A.	Belgium	Technology for certolizumab pegol (Cimzia)
Amgen Inc.	United States	Technology for evolocumab (Repatha), romosozumab (EVENITY) and blinatumomab (BLINCYTO)
Immunomic Therapeutics, Inc.	United States	Technology for LAMP-vax products
Affinivax, Inc.	United States	Technology for vaccine targeting *Streptococcus pneumoniae (pneumococcus)*
Frequency Therapeutics, Inc.	United States	Technology for FX-322
CytomX Therapeutics, Inc.	United States	Technology for T-cell engaging bispecific antibodies
Merck & Co., Inc.	United States	Technology for fidaxomicin (Dafclir)
Gilead Sciences, Inc.	United States	Technology for Amphotericin B (AmBisome)
Gilead Palo Alto, Inc.	United States	Technology for regadenoson (Lexiscan)
Seagen Inc.	United States	Technology for antibody-drug conjugate (ADC)
Adaptimmune Limited	United Kingdom	Technology for creation/development of stem-cell derived allogeneic T-cell therapies

(Notes)

1. The following license agreements have been terminated:
   - License agreement for “acotiamide (Acofide)” with Zeria Pharmaceutical Co., Ltd.
   - License agreement for vaccine for treating patients with cedar pollen allergies with Immunomic Therapeutics, Inc. (U.S.)
   - License agreement for “fidaxomicin (DIFICLIR)” with Merck & Co., Inc. (U.S.) in Europe and other continents (Continued in Japan)
   - License agreement for “Eligard” with TOLMAR Inc. (U.S.)
2. The following license agreements are omitted:
   - License agreement for “quetiapine fumarate (Seroquel)” with AstraZeneca UK Limited (U.K.)
   - License agreement for “nateglinide (Starsis)” with EA Pharma Co., Ltd.
   - License agreement for “gabapentin enacarbil (Regnite)” with Arbor Group (U.S.)
   - License agreement for “bixalomer (Kiklin)” with Ilypsa, Inc. (U.S.)

- License agreement for skeletal muscle activators with Cytokinetics, Incorporated (U.S.)
- License agreement for new antibody-drug conjugate (ADC) with Ambrx Inc. (U.S.)

3. The counterparty of the license agreements for "atorvastatin (Lipitor)" and "celecoxib (Celecox)" have been changed from Pfizer Group (U.S.) to Viatris Group (U.S.).
4. For the license agreement for "atorvastatin (Lipitor)" with Viatris Group (U.S.), an agreement for amendment to terminate the license agreement as of July 2021 has been concluded. In accordance with the amendment of the license agreement, manufacturing rights were returned in March 2021.
5. For the license agreement for "celecoxib (Celecox)" with Viatris Group (U.S.), an agreement for amendment to terminate the license agreement as of July 2021 has been concluded. In accordance with the amendment of the license agreement, co-promotion was terminated in December 2020, and manufacturing rights were returned in March 2021.
6. Seattle Genetics, Inc. (U.S.) renamed Seagen Inc. (U.S.).

2) License agreements – license out

Counterparty	Country	Type of technologies
Boehringer Ingelheim International GmbH	Germany	Technology for tamsulosin- OCAS
Cephalon, Inc.	United States	Technology for Bendamustine Hydrochloride
Mundipharma Group	United Kingdom	Technology for Bendamustine Hydrochloride
SymBio Pharmaceuticals Limited	Japan	Technology for Bendamustine Hydrochloride
Cilag GmbH International	Switzerland	Technology for Bendamustine Hydrochloride
F. Hoffmann-La Roche Ltd	Switzerland	Technology for erlotinib

(Note) The license agreement for "Bendamustine Hydrochloride" in Japan with SymBio Pharmaceuticals Limited terminated. (Continued in China, Korea, Taiwan, and Singapore)

3) Distribution and other agreements

Counterparty	Country	Contents of contracts
Toa Eiyo Ltd.	Japan	Distribution of Toa Eiyo pharmaceutical products
Sanofi K.K.	Japan	Distribution of "Myslee" of Sanofi K.K.
Sanwa Kagaku Kenkyusho Co., Ltd.	Japan	Distribution and co-promotion agreement for "ARGAMATE" of Sanwa Kagaku Kenkyusho Co., Ltd.
Kotobuki Pharmaceutical Co., Ltd.	Japan	Co-operation agreement in Japan for "Suglat" of the Company and Kotobuki Pharmaceutical Co., Ltd. Co-operation agreement in Japan for "SUJANU Combination Tablets"
MSD International GmbH	Switzerland	Master agreement on co-development and co-commercialization in Japan of "SUJANU Combination Tablets" of the Company and MSD International GmbH
MSD K.K.	Japan	Co-promotion agreement in Japan for "SUJANU Combination Tablets" of the Company and MSD International GmbH

(Notes)

1. The following distribution and other agreements have been terminated:
   - Co-development and co-business agreement for "Tarceva" with Genentech, Inc. (U.S.)
2. The following distribution and other agreements are omitted:
   - Distribution agreement for "Dorner" with Toray Industries, Inc.
   - Co-promotion agreement for "Kiklin" with Sanwa Kagaku Kenkyusho Co., Ltd.

4) Other collaboration agreements

Counterparty	Country	Contents of contracts
LEO Pharma A/S	Denmark	Based on the agreement on the transfer of its global dermatology business, the Company will continue supplying products to LEO Pharma A/S until the transfer is complete.

(11) Major Litigations, etc.

Nothing applicable exists.

(12) Employees (as of March 31, 2021)

Number of employees	Year-on-year increase or decrease
15,455	428 decrease

(13) Principal Lenders (as of March 31, 2021)

Nothing applicable exists.

(14) Other Important Matters Concerning Present State of the Astellas Group

Nothing applicable exists.

2. **Matters Concerning Present State of the Company** (as of March 31, 2021)

(1) Matters Concerning Shares of Common Stock*

1) Total number of shares authorized to be issued by the Company:
9,000,000,000 shares

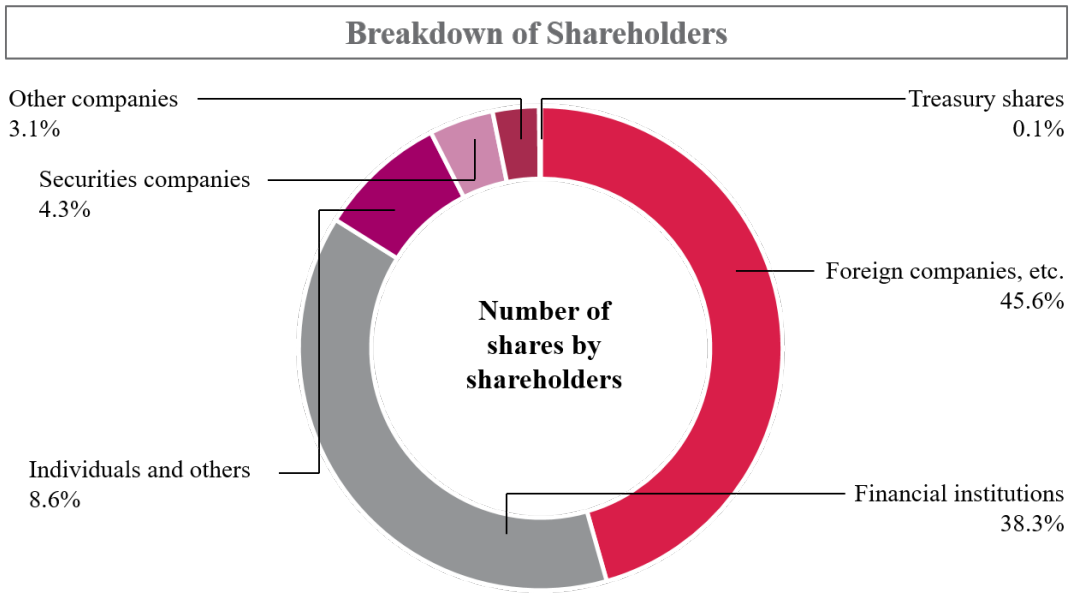
2) Total number of shares issued:
1,861,787,075 shares (including 1,083,757 treasury shares)

3) Number of shareholders: 93,953

4) Top ten (10) principal shareholders:

Name of shareholder	Number of shares held (Thousand)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	238,582	12.82
Custody Bank of Japan, Ltd. (trust account)	128,764	6.92
STATE STREET BANK AND TRUST COMPANY 505001	71,274	3.83
Nippon Life Insurance Company	64,486	3.46
Custody Bank of Japan, Ltd. (trust account 7)	47,934	2.57
STATE STREET BANK WEST CLIENT - TREATY 505234	29,094	1.56
BNYM AS AGT/CLTS NON TREATY JASDEC	28,863	1.55
Custody Bank of Japan, Ltd. (trust account 5)	26,589	1.42
GOVERNMENT OF NORWAY	26,537	1.42
JP MORGAN CHASE BANK 385781	23,952	1.28

(Note) The percentage of shares held are calculated to the total number of issued shares excluding treasury shares (1,860,703,318 shares) and presented by discarding the numbers down to the third decimal.



* Treasury shares exclude the Company's shares held in the executive compensation BIP trust and the stock-delivery ESOP trust.

5) Shares delivered to Corporate Executives of the Company in consideration of the execution of duties

	Number of shares	Number of recipients
Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	61,600 shares	2

(Note) Under the Performance-linked Stock Compensation Scheme (hereinafter the "Plan"), individuals eligible under the Plan shall receive half of the number of the Company's shares corresponding to the allocated points from the specified trust (hereinafter 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 receive the cash equivalent to the remaining half after conversion into cash within the Trust. The number of shares in the table above does not include the number of shares for which cash was received due to the conversion into cash.

6) Other important matters concerning shares

Nothing applicable exists.

(2) Basic Views and System of Corporate Governance

1. 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.

The Company has established the Corporate Governance Guidelines which clarifies the basic views and guidelines that must be followed in order for the Company to ensure and strengthen the effectiveness of corporate governance. The guidelines are posted on the following Company's website.

https://www.astellas.com/jp/en/about/governance

2. Summary of the Company's corporate governance system

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

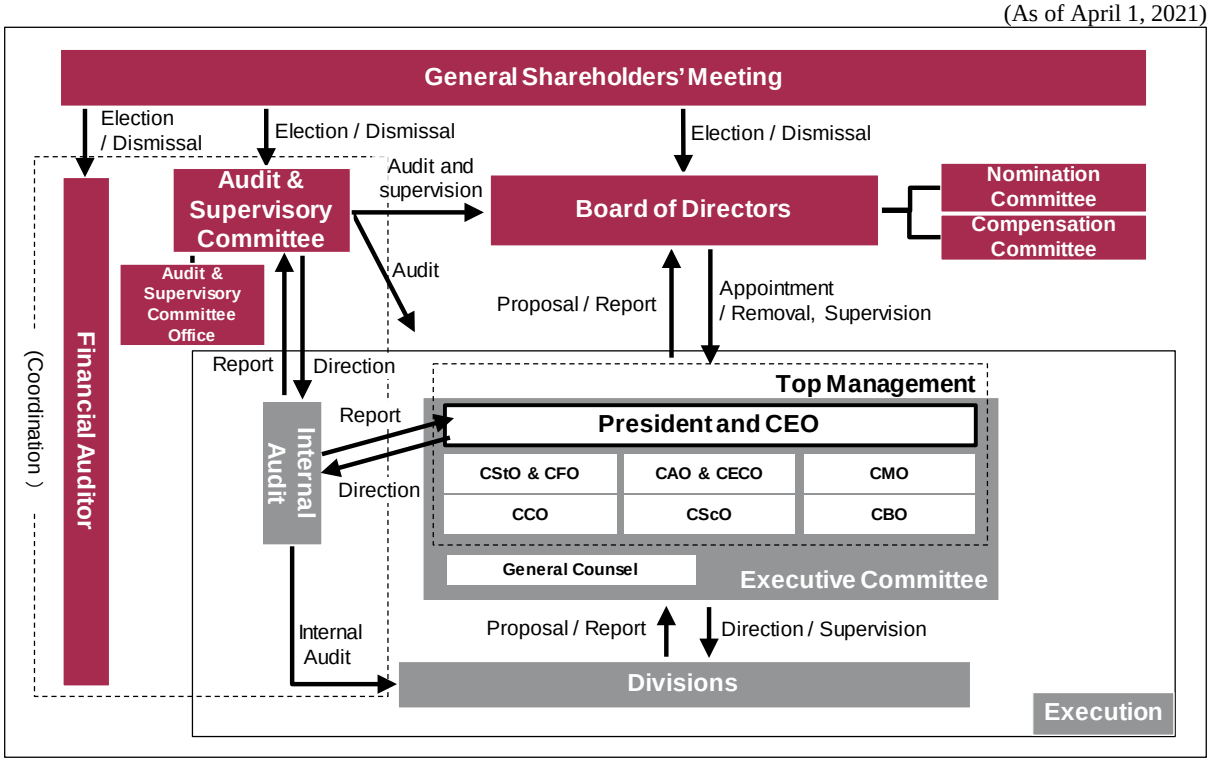
- The Company adopts the organizational structure of "Company with Audit & Supervisory Committee." Outside Directors constitute the majority of the Board of Directors and the Audit & Supervisory Committee, respectively.

- 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 Strategy Officer and Chief Financial Officer; the Chief Administrative Officer and Chief Ethics & Compliance Officer; the Chief Medical Officer; the Chief Commercial Officer; the Chief Scientific Officer; and the Chief Business Officer 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.

(As of April 1, 2021)



CEO : Chief Executive Officer, CStO & CFO: Chief Strategy Officer and Chief Financial Officer,
CAO & CECO : Chief Administrative Officer and Chief Ethics & Compliance Officer, CMO : Chief Medical Officer,
CCO : Chief Commercial Officer, CScO : Chief Scientific Officer, CBO : Chief Business Officer

<Reason for the selection of the system>

To realize this, the Company has decided to transition to a company with an Audit & Supervisory Committee, which will enable the delegation of a substantial part of the Board of Directors' decision-making authority of the execution of business to executive Directors. This further enhances deliberation on matters such as business strategy in the Board of Directors and further strengthens the oversight function of the Board of Directors. In addition, the Company deems it appropriate for the Board of Directors, a majority of whose members are outside Directors, to discuss and make decisions on important matters relating to corporate governance, including those involving election of Directors and remuneration, etc.

3. Directors/ Board of Directors

Directors shall be elected by resolution of Shareholders Meeting and the terms of office of Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members shall be one year and two years, respectively. Board of Directors meetings are held once every month in principle, chaired by the Director and Chairman of the Board.

The Board of Directors ensures the transparency and appropriateness of management by making decision of corporate management policies and corporate strategies, etc. and serving the oversight function of the execution of business. Furthermore, 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. As of March 31, 2021, the Board of Directors comprises 11 Directors (9 male and 2 female), among whom a majority of seven are highly independent outside Directors.

To further enhance the effectiveness of the Board of Directors as a whole, the Company conducts an analysis and evaluation of the effectiveness of the Board of Directors as a whole every year, through means such as each Director's self-assessment, and discloses a summary of the results thereof.

4. Audit & Supervisory Committee

The Audit & Supervisory Committee meetings are held once a month in principle.

The Audit & Supervisory Committee is the only deliberation body and decision-making body for the purpose of forming opinions with regard to audits by the Audit & Supervisory Committee Members, 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. In addition, 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 person who has sufficient expertise in finance and accounting serves on the committee. As of March 31, 2021, the Audit & Supervisory Committee comprises 4 members (3 male and 1 female), among whom a majority of three are highly independent outside Directors.

The Company establishes the Audit & Supervisory Committee Office to assist the duties of the Audit & Supervisory Committee Members.

The staff of the Audit & Supervisory Committee Office are independent from Directors who are not Audit & Supervisory Committee Members and perform their duties under the direction of the Audit & Supervisory Committee. Moreover, the Board of Directors has decreed that any transfer or evaluation, etc. of the staff requires the prior approval of the Audit & Supervisory Committee. This arrangement ensures that the staff of the Audit & Supervisory Committee Office remain independent of other business execution divisions and ensures the efficacy of directions given to the staff by the Audit & Supervisory Committee.

5. Nomination Committee / Compensation Committee

In order to improve the transparency and objectivity of the deliberation process of regarding election and dismissal of Directors, etc. and remuneration system, the Company establishes the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors. The Nomination Committee and the Compensation Committee are composed of members appointed by the Board of Directors, and the majority of each Committee are outside Directors. Each Committee is chaired by an outside Director.

<Role of the Nomination Committee>

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.

<Role of the Compensation Committee>

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.

(3) Global Management Structure

The Astellas Group has established a management structure as described below.

- The Company has the Executive Committee, chaired by the Representative Director, President and CEO, as a body for discussion on important matters in global management of the Astellas Group.

- In order to build an optimal management system capable of agile and appropriate decision-making, the Company maintains a global organizational structure covering the entire Group across nearly all of its divisions including those of Drug Discovery Research, Medical, Development, Pharmaceutical Technology, and Administration, and appoints Top Management to take charge of such activities.

- On April 1, 2021, Chief Scientific Officer (CScO) was newly assigned as a position of Top Management to drive innovation by further strengthening diverse research activities spanning across the Group's different sites and divisions around the world.

- On April 1, 2021, Chief Business Officer (CBO) was assigned as a position of Top Management to supervise and lead the implementation of each strategy in the CSP2021, the newly established Corporate Strategic Plan, as well as to enhance and promote organization-wide innovation.

- In order to aim for appropriate execution of business, the Company has established various committees comprising cross-functional members. These committees include the Corporate Disclosure Committee where matters including disclosure of corporate information are discussed, the Global Benefit Risk Committee to discuss benefit and risk information of products as well as measures to deal with such benefit and risk, the Global Compliance Committee where matters including global compliance policies and plans are discussed. Furthermore, the Company has established "Global" and "Divisional" Risk and Resilience Management Committees, and is comprehensively managing the identification of risks and the optimum management activities as well as the preparation of crisis response plans and business continuation plans, and the status of their implementation. On the other hand, the Company abolished the previously established CSR Committee as of April 1, 2021. Matters that were discussed at the CSR Committee will be handled continually and flexibly by each of the Environmental (E), Society (S), and Governance (G) Working Groups and the Sustainability Advisory Panel led by Corporate Advocacy, a division responsible for formulating and executing the Company's overall ESG policies.

- In order to build more efficient and effective systems to strengthen its global management structure, the Company continually overhauls its organizational structure. As part of this, the following organizational changes were carried out in April 2021.

  - Established Transformation Office
    The Company newly established the Transformation Office, which is responsible for promoting transformation across the Company by steering activities for achieving the goals of the CSP2021 from a company-wide perspective.

- Integrated quality assurance functions
  In order to build an even more solid quality assurance system, the Company newly established a division providing a quality assurance function reporting to Chief Medical Officer by integrating the Quality Assurance division reporting to CEO and the Clinical and Research Quality Assurance division reporting to Chief Medical Officer.

- Established Astellas Gene Therapies
  With an aim to further advancing a Primary Focus of the Adeno-associated virus (AAV)-based gene therapy, the Company restructured the Audentes division and established three divisions specialized in gene therapy programs Gene Therapy Research and Technical Operations, Medical and Development, and Commercial (collectively referred to as Astellas Gene Therapies) .

<Group Management Structure>

(As of April 1, 2021)

Top Management		Divisions in-charge
Representative Director, President and CEO	Kenji Yasukawa	Corporate Advocacy; External Relations; Internal Audit; Legal; Pharmaceutical Technology
Representative Director, Executive Vice President, Chief Strategy Officer and Chief Financial Officer	Naoki Okamura	Corporate Strategy; Primary Focus Lead, Blindness & Beyond; Primary Focus Lead, Genetic Regulation; Primary Focus Lead, Immune Homeostasis; Primary Focus Lead, Immuno-Oncology; Primary Focus Lead, Mitochondria; Portfolio Strategy; Finance; Procurement
Chief Administrative Officer and Chief Ethics & Compliance Officer	Fumiaki Sakurai	Corporate Risk Management; Ethics & Compliance; Executive Office; Human Resources
Chief Medical Officer	Bernhardt Zeiher	Development; Gene Therapy Medical & Development; Medical Affairs; M&D Strategy & Operations; Pharmacovigilance; Quality Assurance; Regulatory Affairs
Chief Commercial Officer	Yukio Matsui	Established Markets Commercial; Gene Therapy Commercial; Greater China Commercial; International Markets Commercial; Japan Commercial; United States Commercial; Commercial Strategy & Capabilities; Market Access & Pricing; Strategic Brand Marketing, Enfortumab Vedotin/Gilteritinib/Zolbetuximab; Strategic Brand Marketing, Enzalutamide; Strategic Brand Marketing, Roxadustat/ Fezolinetant
Chief Scientific Officer	Yoshitsugu Shitaka	Drug Discovery Research; Gene Therapy Research & Technical Operations; Institute for Regenerative Medicine; Universal Cells; Xyphos Biosciences
Chief Business Officer	Percival Barretto-Ko	Advanced Informatics and Analytics; Business Development; Information Systems; iota Biosciences; IP Innovation and New Technologies; Patient Centricity, Rx+ Business Accelerator; Transformation Office

Standing Members of the Executive Committee	
Representative Director, President and CEO	Kenji Yasukawa
Representative Director, Executive Vice President, Chief Strategy Officer and Chief Financial Officer	Naoki Okamura
Chief Administrative Officer and Chief Ethics & Compliance Officer	Fumiaki Sakurai
Chief Medical Officer	Bernhardt Zeiher
Chief Commercial Officer	Yukio Matsui
Chief Scientific Officer	Yoshitsugu Shitaka
Chief Business Officer	Percival Barretto-Ko
General Counsel	Catherine Levitt

Extended Members of the Executive Committee	
President, Drug Discovery Research	Yoshitsugu Shitaka*
President, Pharmaceutical Technology	Hideki Shima
President, Development	Steven Benner
President, Established Markets Commercial	Dirk Kosche
President, Greater China Commercial	Hiroshi Hamaguchi
President, International Markets Commercial	Claus Zieler
President, Japan Commercial	Yasuhiro Tsutsui
President, US Commercial	Mark Reisenauer

* Dr. Yoshitsugu Shitaka, Chief Scientific Officer, concurrently serves as the President of the Drug Discovery Research.

(4) Matters Concerning Directors:

1) Names and other information:

Position	Name	Advisory Committee	Responsibility and status of significant concurrent positions
Representative Director (Chairman of the Board)	Yoshihiko Hatanaka	Member of the Nomination Committee Member of the Compensation Committee	Outside Director, Sony Corporation
Representative Director, President and CEO	Kenji Yasukawa		
Representative Director, Executive Vice President	Naoki Okamura		Chief Strategy Officer and Chief Financial Officer (CStO & CFO)
Outside Director	Mamoru Sekiyama	Chair of the Nomination Committee Chair of the Compensation Committee	Outside Director and Audit & Supervisory Committee Member, A.D.Works Group Co., Ltd. (assumed in April 2020)
Outside Director	Keiko Yamagami	Member of the Nomination Committee Member of the Compensation Committee	Lawyer honorary member, Tokyo Seiwa Law Office External Audit & Supervisory Board Member, Denyo Co., Ltd.
Outside Director	Hiroshi Kawabe	Member of the Nomination Committee Member of the Compensation Committee	Professor Emeritus, Keio University President, Foundation for Promotion of Medical Training
Outside Director	Tatsuro Ishizuka	Member of the Nomination Committee Member of the Compensation Committee	Advisor, Hitachi, Ltd. President, The Hitachi Global Foundation Outside Director, K&O Energy Group Inc.
Director (Full-time Audit & Supervisory Committee Member) (Chair of the Audit & Supervisory Committee)	Toru Yoshimitsu		
Outside Director (Audit & Supervisory Committee Member)	Hiroo Sasaki		Professor, Graduate School of Accountancy, Waseda University (retired in March 2021) Professor Emeritus, Waseda University (assumed in April 2021)
Outside Director (Audit & Supervisory Committee Member)	Haruko Shibumura		Partner Lawyer, Homma & Partners Outside Director, TAMURA Corporation Outside Director, NICHIREKI CO., LTD.

Position	Name	Advisory Committee	Responsibility and status of significant concurrent positions
Outside Director (Audit & Supervisory Committee Member)	Raita Takahashi		Representative, TAKAHASHI Accounting & Tax office Outside Audit & Supervisory Board Member, Alpha Group Inc. Representative Director, Yoshida Management Co. Ltd.

(Notes) 1. Mr. Mamoru Sekiyama, Ms. Keiko Yamagami, Dr. Hiroshi Kawabe, Mr. Tatsuro Ishizuka, Dr. Hiroo Sasaki, Ms. Haruko Shibumura and Mr. Raita Takahashi are outside Directors and are registered as independent directors with Tokyo Stock Exchange, Inc.

2. There is no significant business relationship between the Company and the above organizations where each outside Director holds significant concurrent positions.

3. The years and months listed for the status of significant concurrent positions relate to changes in position during and after the business year under review.

4. Notes to be particularly mentioned for Audit & Supervisory Committee Members are as follows:

   Mr. Toru Yoshimitsu served as the head of division that is responsible for finance and accounting of the Company, and therefore, has substantial knowledge of finance and accounting.

   Mr. Raita Takahashi has many years of experience as a certified public accountant and a certified public tax accountant, and he has thorough knowledge of corporate consulting and auditing. He is also engaged in corporate management as a business manager of a consulting company relating to business accounting and tax services, and has considerable knowledge related to finance and accounting.

5. Mr. Toru Yoshimitsu is a full-time Audit & Supervisory Committee Member. Given his familiarity with the Company's internal affairs, he has accordingly been appointed as a full-time Audit & Supervisory Committee Member to heighten the effectiveness of activities of the Audit & Supervisory Committee by sharing with all Audit & Supervisory Committee Members information he has obtained by attending important meetings, receiving reports from business operating departments, and liaising closely with the Internal Audit, etc.

6. Mr. Tomokazu Fujisawa, Ms. Hiroko Sakai and Mr. Noriyuki Uematsu retired from office of Directors (Audit & Supervisory Committee Members) during the business year under review (retired on June 18, 2020).

7. Sony Corporation changed its company name to Sony Group Corporation on April 1, 2021.

2) Amounts of remunerations:

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 Directors who are not Audit & Supervisory Committee Members (excluding outside Directors) 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 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 details of said policy are described on page 76 and subsequent pages.

The total amount of remunerations to Directors for the business year under review is as follows. 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 >

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)	1,160	292	392	476	684	868	3
Outside Directors who are not Audit & Supervisory Committee Members	82	82	–	–	82	–	4
Total	1,242	374	392	476	766	868	7
Directors who are Audit & Supervisory Committee Members (excluding outside Directors)	78	78	–	–	78	–	3
Outside Directors who are Audit & Supervisory Committee Members	59	59	–	–	59	–	4
Total	137	137	–	–	137	–	7

(Notes) 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 (3) whereas the number of outside Directors who are not Audit & Supervisory Committee Members was four (4).

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 (5).

3. The amounts of "Basic remuneration" above include the amounts paid to three (3) Directors who are Audit & Supervisory Committee Members (including one (1) outside Director) who retired at the close of the 15th Term Annual Shareholders Meeting held on June 18, 2020.
4. The bonus stated above is estimated payment amounts.
5. 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 (3). The stock compensation stated above refers to the amount recorded as expenses under J-GAAP for the business year under review.
6. The details of key performance indicators for the performance-linked remuneration, reasons for the selection of such performance indicators, and calculation method for the performance-linked remuneration are described in "Incentive-based remuneration system (variable remuneration)" on page 73 and subsequent pages.
7. The status of delivery of shares under the stock compensation scheme for the business year under review is described in "(1) Matters Concerning Shares of Common Stock" on page 52.

<Directors whose total amount of remunerations is 100 million yen or more>

Name (Position)	Total amount of remunerations (Millions of yen) (1)+(2)+(3)	Total amount of remunerations by type of remuneration (Millions of yen)				
		Basic remuneration (1)	Bonus (2)	Stock compensation (3)	Total monetary remuneration (1)+(2)	Total performance-linked remuneration (2)+(3)
Yoshihiko Hatanaka (Representative Director, Chairman of the Board)	436	102	144	190	246	334
Kenji Yasukawa (Representative Director, President and CEO)	488	120	169	199	289	368
Naoki Okamura (Representative Director, Executive Vice President)	236	70	79	87	149	166

(Notes) 1. The bonus stated above is projected payment amounts.
2. The stock compensation stated above refers to the amount recorded as expenses under J-GAAP for the business year under review.

<Targets, actual results and bonus payment rate (the ratio of the amount actually paid to the base amount) of respective key performance indicators of bonus (short-term incentive remuneration) for Directors who are not Audit & Supervisory Committee Members (excluding outside Directors) whose assessment period is the 16th term business year>

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Targets	Actual results	Assessment coefficient
Revenue	25%	0% to 200%	Maximum: ¥1,332.8 billion Target: ¥1,269.3 billion Minimum: ¥1,205.8 billion	¥1,249.5 billion	68.8%

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Targets	Actual results	Assessment coefficient
Core operating profit ratio	25%	0% to 200%	Maximum: 22.5% Target: 20.5% Minimum: 18.4%	20.1%	81.0%
Core EPS*1	25%	0% to 200%	Maximum: ¥128.59 Target: ¥111.82 Minimum: ¥95.05	¥113.03	107.2%
R&D performance *2	25%	0% to 200%	(1) Research: Number of new drug candidates (2) Development: Amount of increase in pipeline value	–	193.3%
(Notes) 1. EPS: Earnings Per Share 2. The targets, maximum and minimum figures, and assessment coefficient for R&D performance is determined by the Board of Directors after deliberation at the Compensation Committee.				Bonus payment rate	112.6%

(Note) The targets of key performance indicators of the revenue, core operating profit ratio, core EPS set for the business year under review are different than those in the initially released forecast. Targets for key performance indicators including R&D performance were determined by the Board of Directors after discussions at the Compensation Committee, taking into account the impact of the spread of COVID-19 on financial results.

<Targets and actual results of respective key performance indicators, and share delivery rate (the ratio of the number of shares actually delivered to the basic points) of stock compensation (medium- to long-term incentive remuneration) for Directors who are not Audit & Supervisory Committee Members (excluding outside Directors) which final year of the assessment period is the 16th term business year>

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Targets	Actual results	Assessment coefficient
Revenue	30%	0% to 200%	Maximum: ¥1,337.1 billion Target: ¥1,215.5 billion Minimum: ¥1,094.0 billion	¥1,249.5 billion	128.0%
Core operating profit ratio	30%	0% to 200%	Maximum: 24.9% Target: 20.8% Minimum: 16.6%	20.1%	83.3%
Core ROE*	40%	0% to 200%	Maximum: 25.2% Target: 16.1% Minimum: 7.0%	15.7%	95.6%
(Note) ROE is an abbreviation for “Return on Equity.”				Share delivery rate	101.6%

(Note) With regard to stock compensation above, the Company’s shares are delivered from a trust that was established in the 14th fiscal year of the Company based on the performance-linked stock compensation scheme that was resolved at the 13th Term Annual Shareholders Meeting of the Company held on June 15, 2018. The key performance indicators differ from the assessment benchmarks presented on page 74.

Policies and procedures on determining remunerations for Directors

- **Policies and procedures on determining remunerations for Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)***

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

Remuneration policies

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

Competitive remuneration system

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

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

Fair and impartial remuneration system

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

Remuneration structure

Remuneration structure for Directors of the Company consists of basic remuneration (fixed remuneration) and incentive-based remuneration (variable remuneration). The incentive-based remuneration (variable remuneration) consists of the two components bonus (short-term incentive remuneration) and stock compensation (medium- to long-term incentive remuneration). Chart 1 contains the types of remuneration and the objectives and overview of the respective remuneration types.

[Chart 1. Remuneration structure for Directors of the Company]

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) • 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 • In principle, lump-sum payment immediately subsequent to conclusion of respective business years around between June and July
	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)

Remuneration levels

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.

[Remuneration benchmark company groupings]

For remuneration benchmarking, the Company will mainly use 1) "major manufacturing companies listed on Japanese stock exchanges" as a comparison target, while also making reference to 2) "global pharmaceutical companies with revenue of a similar scale to the Company."

The remuneration benchmark company groupings, to which the Company referred, to determine the remuneration for Director (base amount), are as follows.

Referenced Remuneration Benchmark Company Grouping	16th term business year	17th term business year
Major manufacturing companies listed on Japanese stock exchanges* * Selected from manufacturing companies within the top 100 ranking companies by market capitalization at the time of reference	37 companies	43 companies
Global pharmaceutical companies with revenue of a similar scale to the Company* * Selected from global pharmaceutical companies whose revenue is within a range of 0.5 to 2.0 times that of the Company at the time of reference	18 companies	17 companies

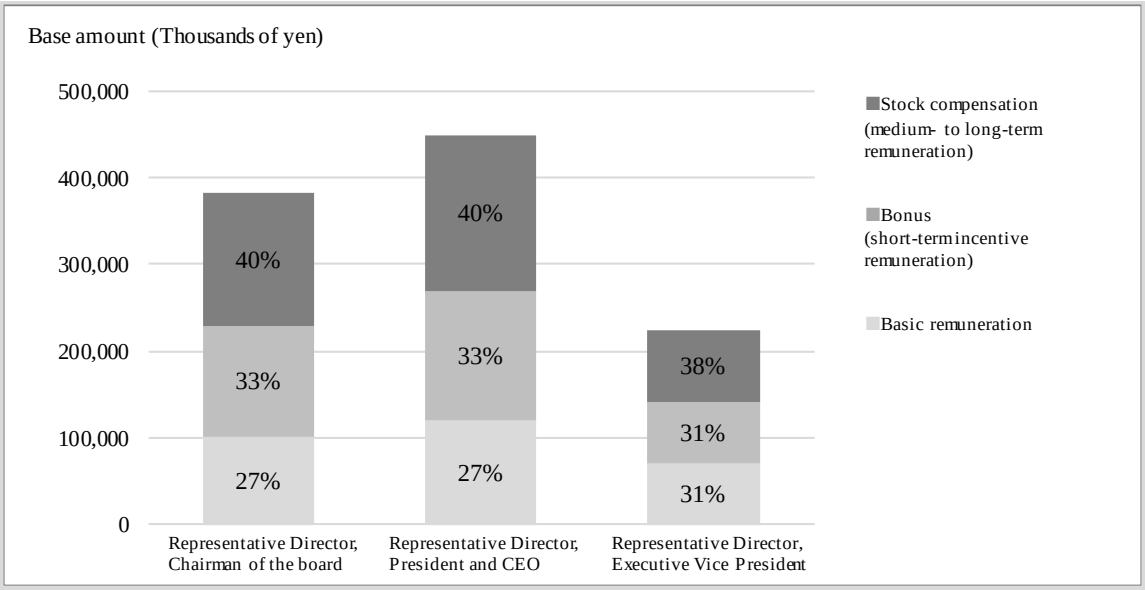
(Note) Remuneration for Directors of the Company (base amount) is decided making reference to remuneration survey data of the remuneration benchmark company grouping excluding the Company.

Allocated ratios of remuneration

The allocated ratios of remuneration for Directors are set appropriately based on the Company's management strategy and business environment, responsibilities, and level of difficulty in achieving the target for incentive remuneration, while also taking into consideration the trends at remuneration benchmark company groupings. To ensure that the remuneration system and remuneration composition are strongly linked to business results and emphasize the increase of enterprise and shareholder value over the medium- to long-term, the ratio of incentive remuneration (particularly medium- to long-term incentive remuneration) is increased, and the allocated ratios of remuneration for the Representative Director, President and CEO are used as a guideline, specifically "basic remuneration : bonus (base amount) : stock compensation (base amount)" = "1 (27%) : 1.25 (33%) : 1.5 (40%)." The allocated ratios of remuneration for the other Directors are decided in consideration of their responsibilities and remuneration levels in accordance with the allocated ratios of remuneration for the Representative Director, President and CEO.

The following chart (Chart 2) lists the remuneration levels (base amount) for Directors of the Company on a per-position basis and allocated ratios of remuneration for the business year under review and the 17th term business year. The Company will revise the remuneration level for Representative Director, President and CEO for the 17th term business year based on factors such as the trends of remuneration levels at remuneration benchmark company groupings.

[Chart 2. Remuneration levels (base amount) for Directors of the Company on a per-position basis and allocated ratios of remuneration]



(Thousands of yen)

Position	Basic remune-ration	Bonus		Stock compensation		Total
		Base amount	Proportion of basic remune-ration	Base amount	Proportion of basic remune-ration	
Representative Director, Chairman of the Board	102,000	127,500	1.25	153,000	1.5	382,500
Representative Director, President and CEO*	120,000 (133,200)	150,000 (166,800)	1.25	180,000 (200,000)	1.5	450,000 (500,000)
Representative Director, Executive Vice President	70,308	70,316	1.00	84,376	1.2	225,000

* The figures shown in parentheses are the setting of the remuneration level for Representative Director, President and CEO for the 17th term business year.

Incentive-based remuneration system (variable remuneration)

[Bonus (short-term incentive remuneration)]

Bonuses (short-term incentive remuneration) will act as performance-linked remuneration for steadily building results towards achieving targets for each business year. As such, the Company will set appropriate consolidated performance evaluation indicators and a system that is linked closely with performance. The charts below list key performance indicators of bonus (short-term incentive remuneration), details, and formula for calculating payment amounts for the business year under review (Chart 3 and Chart 4). The performance evaluation indicators and system will be changed as necessary as the business environment changes and the management plans are reviewed.

[Chart 3. Key performance indicators of bonus (short-term incentive remuneration) and details]

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Reasons for the selection of indicators and targets
Revenue	25%	0% to 200%	Reasons for the selection: To assess the increase in size of business Target: Set target range as follows • Maximum: Target × 105% • Target: Initially released forecast value • Minimum: Target × 95%
Core operating profit ratio	25%	0% to 200%	Reasons for the selection: To assess the increase in business profitability and operational efficiency Target: Set target range as follows • Maximum: Target × 110% • Target: Initially released forecast value • Minimum: Target × 90%
Core EPS*	25%	0% to 200%	Reasons for the selection: To assess the increase in profit per share Target: Set target range as follows • Maximum: Target × 115% • Target: Initially released forecast value • Minimum: Target × 85%
R&D performance	25%	0% to 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
Total	100%	0% to 200%	

* EPS: Earnings Per Share

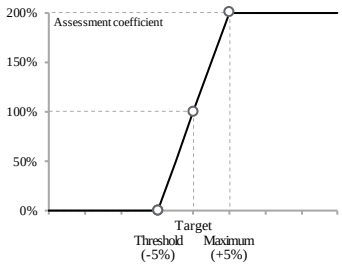
[Chart 4. Formula for calculating payment amount of bonus (short-term incentive remuneration)]

Amount of bonus paid to Directors	=	(a) Base amount per position	×	(b) Assessment coefficient

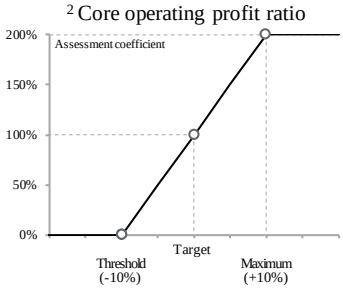
(a) Refer to Chart 2 on page 70

(b) Assessment coefficient = Revenue assessment coefficient[1] × 25% + core operating profit ratio assessment coefficient[2] × 25% + Core EPS assessment coefficient[3] × 25% + R&D performance assessment coefficient × 25%

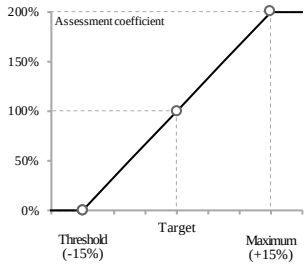
[1] Revenue



[2] Core operating profit ratio



[3] Core EPS



[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 three 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.

The section below (Chart 5 and Chart 6) provides stock price assessment benchmarks and details, as well as formulas for calculating the number of shares delivered and the amount of cash paid with respect to stock compensation (medium- to long-term incentive remuneration) for the business year under review which constitutes the initial business year of the Applicable Period.

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. The respective Directors are to receive shares and cash through the executive remuneration BIP (Board Incentive Plan) trust of Mitsubishi UFJ Trust and Banking Corporation.

*1 TSR is an acronym for "total shareholder return," and it refers to shareholder's 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.

[Chart 5. Stock price assessment benchmarks of stock compensation (medium- to long-term incentive remuneration) and details]

Stock price assessment benchmarks	Assessment weighting	Variance of assessment coefficient	Reasons for the selection of benchmarks	Targets
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%
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)
Total	100%	0% to 200%		

[Chart 6. Formulas for calculating the number of shares delivered and the amount of cash paid with respect to stock compensation (medium- to long-term incentive remuneration)]

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 Chart 2 on page 70

(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%.

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

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, 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.

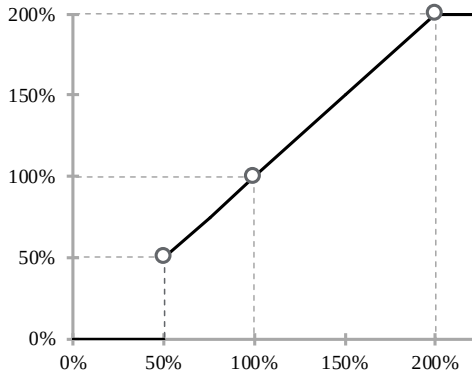
TSR = {(B - A) + C} / A

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

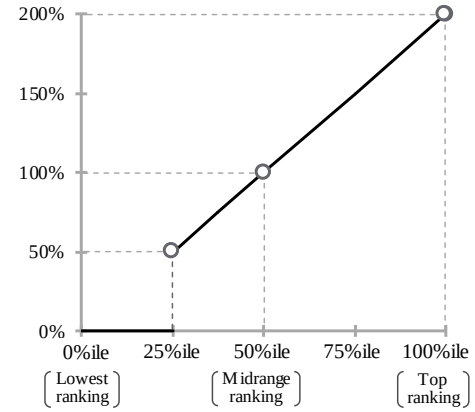
B: Simple average closing price of respective companies' share on the relevant stock exchanges as pertains to 'A' for the final month of the Applicable Period

C: Total dividend per share pertaining to dividend of retained earnings of the respective companies during the Applicable Period

TSR assessment coefficient (1) $\frac{\text{Company TSR + 100\%}}{\text{TOPIX growth rate + 100\%}}$



TSR assessment coefficient (2) Company's TSR percentile rank



Procedures for determining remuneration

To ensure greater objectivity and transparency of the deliberation process, remunerations for Directors of the Company are to be determined by resolution of the Board of Directors, to the extent that total amounts have been resolved in the Annual Shareholders Meeting, taking into consideration results of discussions in the Compensation Committee (of which the majority of members are outside Directors and the chair is an outside Director).

Shareholding guidelines

The Company encourages its Representative Director, President and CEO to maintain holdings of the Company's shares equivalent in value to 1.5 times his/her basic remuneration (yearly amount) in four years after assuming the position. The Company encourages its other Directors to maintain holdings of the Company's shares equivalent in a value set according to their positions, relative to holdings of the Representative Director, President and CEO.

(Reference) Policy for determining remunerations for Corporate Executives (Tantou-Yakuin)

The policy for determining remunerations for the Company's Corporate Executives (Tantou-Yakuin) conforms to the policy for determining remunerations for Directors of the Company. With respect to bonus (short-term incentive remuneration), however, individual payment amounts are determined upon results of the business performance assessment for the division handled, in addition to assessment of Company-wide business performance, as is the case with Directors.

- **Policies and procedures on determining remunerations for outside Directors who are not Audit & Supervisory Committee Members**

Remunerations for outside Directors who are not Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The individual remuneration for outside Directors who are not Audit & Supervisory Committee Members is determined by a resolution of the Board of Directors, based on results of discussions carried out by the Compensation Committee, within the total amount resolved in the Annual Shareholders Meeting.

- **Policies and procedures on determining remunerations for Directors who are Audit & Supervisory Committee Members (excluding outside Directors)**

Remunerations for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the management. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The individual remuneration for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) is determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the total amount resolved in the Annual Shareholders Meeting.

- **Policies and procedures on determining remunerations for outside Directors who are Audit & Supervisory Committee Members**

Remunerations for outside Directors who are Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The individual remuneration for outside Directors who are Audit & Supervisory Committee Members is determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the total amount resolved in the Annual Shareholders Meeting.

3) Matters concerning agreement to limit Director's liability:

The Company has stipulated in the Articles of Incorporation that it may enter into an agreement with each Director (excluding executive Director, etc.) to limit his or her liability for damages under Article 423, paragraph (1) of the Companies Act, to the minimum liability amount provided by laws and regulations, if the requirements to limit liability provided by the laws and regulations are satisfied (Agreement to limit Director's liability), enabling Directors (excluding executive Directors, etc.) to sufficiently fulfill expected roles. The Company has entered into the agreement with all of the Directors (excluding executive Directors, etc.).

4) Matters concerning outside Directors:

Activities for the business year under review (including a summary of duties executed with regard to expected roles as an outside Director):

Position	Name	Attendance to meetings	Activities
Outside Director	Mamoru Sekiyama	15/15 meetings of the Board of Directors 7/7 meetings of the Nomination Committee 7/7 meetings of the Compensation Committee	Provided opinions based on his abundant experience as a business manager and sufficiently fulfilled the function of overseeing business execution, as well as led the deliberations of the Nomination Committee and the Compensation Committee as the Chair of these committees.
Outside Director	Keiko Yamagami	15/15 meetings of the Board of Directors 7/7 meetings of the Nomination Committee 7/7 meetings of the Compensation Committee	Provided opinions based on her abundant experience as an attorney-at-law and sufficiently fulfilled the function of overseeing business execution, as well as contributed to the deliberations of the Nomination Committee and the Compensation Committee by vigorously expressing opinions as a member of these committees.
Outside Director	Hiroshi Kawabe	15/15 meetings of the Board of Directors 7/7 meetings of the Nomination Committee 7/7 meetings of the Compensation Committee	Provided opinions based on his abundant experience as a medical scientist and sufficiently fulfilled the function of overseeing business execution, as well as contributed to the deliberations of the Nomination Committee and the Compensation Committee by vigorously expressing opinions as a member of these committees.

Position	Name	Attendance to meetings	Activities
Outside Director	Tatsuro Ishizuka	15/15 meetings of the Board of Directors 7/7 meetings of the Nomination Committee 7/7 meetings of the Compensation Committee	Provided opinions based on his abundant experience as a business manager and sufficiently fulfilled the function of overseeing business execution, as well as contributed to the deliberations of the Nomination Committee and the Compensation Committee by vigorously expressing opinions as a member of these committees.
Outside Director (Audit & Supervisory Committee Member)	Hiroo Sasaki	15/15 meetings of the Board of Directors 15/15 meetings of the Audit & Supervisory Committee	Provided opinions based on his abundant experience as an economist, as well as sufficiently fulfilled the function of overseeing business execution and the function of auditing and supervising the performance of duties by Directors.
Outside Director (Audit & Supervisory Committee Member)	Haruko Shibumura	15/15 meetings of the Board of Directors 15/15 meetings of the Audit & Supervisory Committee	Provided opinions based on her abundant experience as an attorney-at-law, as well as sufficiently fulfilled the function of overseeing business execution and the function of auditing and supervising the performance of duties by Directors.
Outside Director (Audit & Supervisory Committee Member)	Raita Takahashi	11/11 meetings of the Board of Directors 11/11 meetings of the Audit & Supervisory Committee	Provided opinions based on his abundant experience as a certified public accountant, tax accountant, and business manager, as well as sufficiently fulfilled the function of overseeing business execution and the function of auditing and supervising the performance of duties by Directors.

5) Other important matters:
Nothing applicable exists.

6) Names of Corporate Executives (Tantou-Yakuin) (excluding Directors who serve as Corporate Executives) and other information

(As of April 1, 2021)

Position	Name	Responsibility or major occupation
Senmu Tantou-Yakuin	Fumiaki Sakurai	Chief Administrative Officer and Chief Ethics & Compliance Officer (CAO & CECO)
	Yukio Matsui	Chief Commercial Officer (CCO)
	Yoshitsugu Shitaka	Chief Scientific Officer (CScO)
Joumu Tantou-Yakuin	Hideki Shima	President, Pharmaceutical Technology
	Yasuhiro Tsutsui	President, Japan Commercial
Tantou-Yakuin	Eisuke Nozawa	Vice President, Regulatory Affairs
	Yuusuke Kumagai	Vice President, External Relations

As of March 31, 2021, the following Corporate Executives (Tantou-Yakuin) have retired from their office.

Position	Name	Responsibility or major occupation
Joumu Tantou-Yakuin	Akihiko Iwai	President, Drug Discovery Research
	Atsushi Kamide	Vice President, External Relations

(5) Matters Concerning Financial Auditor:

1) Name: Ernst & Young ShinNihon LLC

2) Amount of remuneration:

	Amounts payable
1. The amount of remunerations paid to Financial Auditor for the business year under review:	¥219 million
2. Total amount of cash and other material benefits payable to Financial Auditor by the Company and its subsidiaries:	¥219 million

(Notes) 1. The Audit & Supervisory Committee of the Company decided that the amount of remunerations for the Financial Auditor for the business year under review was reasonable, following the examination and review of various factors, including the performance of duties of the Financial Auditor and actual number of audit hours spent in the previous business year, as well as the details of the audit plan, audit structure, estimated audit hours and rate of remuneration charged for the business year under review, based on the inspection of relevant materials obtained from, and interview with the internal departments concerned as well as the Financial Auditor, hence providing the consent for the purpose of Article 399, paragraph (1) and (3) of the Companies Act.

2. The amount of remunerations for auditing pursuant to the Companies Act and the amount of remunerations for auditing pursuant to the Financial Instruments and Exchange Act are not divided in the Auditing Agreement concluded between the Company and the Financial Auditor. Also, it is practically impossible to state separately, so the amount stated in 1. in the table above represents the total amount paid by the Company.

3. Out of the principal subsidiaries of the Company (see page 47), overseas subsidiaries have been audited by financial auditor other than the Company's Financial Auditor.

3) Policy for deciding the dismissal or refusal of re-election of the Financial Auditor:

In the event that the Financial Auditor falls under any event for dismissal provided for in Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Committee will dismiss the Financial Auditor with the unanimous consent of Audit & Supervisory Committee Members or determine the content of proposals on the dismissal of the Financial Auditor to be submitted to the Shareholders Meeting based on the resolution of the Audit & Supervisory Committee.
In addition, the Audit & Supervisory Committee will determine the content of proposals on refusal to re-elect the Financial Auditor to be submitted to the Shareholders Meeting based on the evaluation of the Financial Auditor's independence and expertise, and appropriateness and validity of the Financial Auditor's activities, among other things.

3. Systems to Ensure the Appropriate Execution of Business

Pursuant to applicable laws and regulations, and Article 16 of the Company's Articles of Incorporation, it is posted on the Company's website.
The Company's website: https://www.astellas.com/jp/en/investors/shareholders-meeting

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(Notes)
1. The amounts stated in the business report are presented by rounding any amount less than the specified units, i.e., disregarding four tenths (4/10) or less and rounding up five tenths (5/10) or more. The numbers of shares stated in the business report are presented by disregarding any number of shares less than the specified units. In addition, unless otherwise specifically noted, the changes in comparison with the previous business year and other ratios are presented by rounding numbers to the nearest first decimal places, i.e., disregarding four hundredths (4/100) or less and rounding up five hundredths (5/100) or more.
2. Tables, graphs, and pictures are presented only for reference purposes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(As of March 31, 2021)

(Millions of yen)

Accounts	16th term business year As of March 31, 2021	(Reference) 15th term business year As of March 31, 2020
Assets		
Non-current assets		
Property, plant and equipment	264,623	268,600
Goodwill	284,011	278,253
Intangible assets	651,427	724,773
Trade and other receivables	33,924	34,014
Investments accounted for using equity method	7,117	4,692
Deferred tax assets	54,176	52,876
Other financial assets	95,850	74,264
Other non-current assets	9,913	10,184
Total non-current assets	1,401,040	1,447,655
Current assets		
Inventories	164,080	151,017
Trade and other receivables	343,178	347,042
Income tax receivable	13,984	23,556
Other financial assets	5,560	9,459
Other current assets	19,658	18,049
Cash and cash equivalents	326,128	318,391
Total current assets	872,588	867,514
Total assets	2,273,628	2,315,169

(Millions of yen)

Accounts	16th term business year As of March 31, 2021	(Reference) 15th term business year As of March 31, 2020
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	177,830	177,506
Treasury shares	(15,377)	(7,178)
Retained earnings	953,289	905,851
Other components of equity	167,373	109,989
Total equity attributable to owners of the parent	1,386,115	1,289,168
Total equity	1,386,115	1,289,168
Liabilities		
Non-current liabilities		
Trade and other payables	400	3,142
Deferred tax liabilities	18,161	24,670
Retirement benefit liabilities	38,982	38,074
Provisions	5,796	6,135
Other financial liabilities	199,021	129,272
Other non-current liabilities	32,782	25,999
Total non-current liabilities	295,141	227,293
Current liabilities		
Trade and other payables	124,777	171,954
Income tax payable	8,395	4,009
Provisions	22,187	14,241
Other financial liabilities	148,163	345,707
Other current liabilities	288,851	262,797
Total current liabilities	592,372	798,708
Total liabilities	887,513	1,026,001
Total equity and liabilities	2,273,628	2,315,169

CONSOLIDATED STATEMENTS OF INCOME

(April 1, 2020 to March 31, 2021)

(Millions of yen)

Accounts	16th term business year From April 1, 2020 to March 31, 2021	(Reference) 15th term business year From April 1, 2019 to March 31, 2020
Revenue	1,249,528	1,300,843
Cost of sales	(246,063)	(276,739)
Gross profit	1,003,465	1,024,104
Selling, general and administrative expenses	(504,316)	(499,295)
Research and development expenses	(224,489)	(224,226)
Amortisation of intangible assets	(23,763)	(21,164)
Share of profit (loss) of investments accounted for using equity method	478	(1,660)
Other income	7,639	12,154
Other expense	(122,963)	(45,921)
Operating profit	136,051	243,991
Finance income	11,608	4,363
Finance expense	(2,335)	(3,004)
Profit before tax	145,324	245,350
Income tax expense	(24,734)	(49,939)
Profit	120,589	195,411
Profit attributable to:		
Owners of the parent	120,589	195,411
Total	120,589	195,411

BALANCE SHEETS

(As of March 31, 2021)

(Millions of yen)

Accounts	16th term business year As of March 31, 2021	(Reference) 15th term business year As of March 31, 2020
Assets		
Current assets	410,428	583,046
Cash on hand and in banks	158,926	129,682
Trade accounts receivable	149,814	158,589
Marketable securities	–	2,000
Merchandise and finished goods	45,919	49,036
Raw materials and supplies	21,371	21,328
Other	34,397	222,412
Fixed assets	940,343	748,262
Property, plant and equipment	59,750	63,937
Buildings	40,826	43,799
Structures	1,463	1,592
Machinery	688	1,461
Equipment, furniture and fixtures	6,126	6,574
Land	9,189	9,189
Lease assets	704	1,093
Construction in progress	754	229
Other	0	0
Intangible fixed assets	83,106	73,499
Investments and other assets	797,487	610,826
Investment securities	47,807	34,102
Investment in subsidiaries and affiliates	644,528	445,180
Long-term loans receivable	42	68
Deferred tax assets	58,097	82,396
Other	47,017	49,093
Allowance for doubtful receivables	(3)	(13)
Total assets	1,350,771	1,331,308

(Millions of yen)

Accounts	16th term business year As of March 31, 2021	(Reference) 15th term business year As of March 31, 2020
Liabilities		
Current liabilities	476,531	653,369
Trade accounts payable	32,934	66,205
Short-term loans payable	236,481	286,935
Lease obligations	327	433
Other accounts payable	39,922	68,519
Accrued expenses	28,494	22,749
Accrued income taxes	5,851	838
Deposit	8,550	8,647
Other	123,974	199,043
Long-term liabilities	86,525	6,325
Long-term loans payable	80,000	–
Lease obligations	377	660
Other	6,148	5,665
Total liabilities	563,056	659,693
Net assets		
Shareholders' equity	768,404	660,076
Share capital	103,001	103,001
Capital surplus	176,822	176,822
Additional paid-in capital	176,822	176,822
Retained earnings	503,959	387,432
Legal reserve	16,827	16,827
Other retained earnings	487,132	370,606
Reserve for advanced depreciation of fixed assets	1,185	1,185
Retained earnings carried forward	485,947	369,420
Treasury shares	(15,377)	(7,178)
Valuation, translation adjustments and others	18,566	10,639
Unrealized holding gains on securities	18,566	10,639
Subscription rights to shares	745	899
Total net assets	787,715	671,615
Total liabilities and net assets	1,350,771	1,331,308

STATEMENTS OF INCOME

(April 1, 2020 to March 31, 2021)

(Millions of yen)

Accounts	16th term business year From April 1, 2020 to March 31, 2021	(Reference) 15th term business year From April 1, 2019 to March 31, 2020
Net Sales	545,553	600,626
Cost of sales	127,525	174,328
Gross profit	418,028	426,298
Selling, general and administrative expenses	326,111	335,337
Operating income	91,917	90,961
Non-operating income		
Interest income and dividend income	127,639	203,243
Other	4,559	3,432
Total non-operating income	132,197	206,675
Non-operating expenses		
Interest expense	277	2,832
Other	404	1,600
Total non-operating expenses	681	4,432
Ordinary income	223,433	293,204
Special gains		
Gain on sales of fixed assets	11	1
Other	521	413
Total special gains	532	414
Special losses		
Loss on sales and disposal of fixed assets	327	80
Impairment Loss	2,056	–
Other	2,685	36,474
Total special losses	5,069	36,554
Income before income taxes	218,896	257,064
Income taxes — current	5,036	2,738
Income taxes — deferred	20,805	13,681
Total income taxes	25,841	16,419
Net income	193,055	240,645

[Translation for Auditor's Report of consolidated financial statements]

Independent Auditor’s Report

May 10, 2021

The Board of Directors
Astellas Pharma Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Hiroaki Kosugi
Certified Public Accountant
Designated and Engagement Partner

Masayuki Nakamura
Certified Public Accountant
Designated and Engagement Partner

Kohei Koyama
Certified Public Accountant
Designated and Engagement Partner

Audit Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of Astellas Pharma Inc. (the “Company”) applicable to the fiscal year from April 1, 2020 to March 31, 2021.

In our opinion, the consolidated financial statements, which were prepared under the designated International Financial Reporting Standards (“IFRS”) with omission of certain disclosure items in accordance with the second sentence of Article 120, paragraph (1) of the Regulation on Corporate Accounting, present fairly, in all material respects, the consolidated financial position of Astellas Pharma, Inc. and its subsidiaries as of March 31, 2021, and their financial performance for the year then ended.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Committee Member and Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the second sentence of Article 120, paragraph (1) of

the Regulation on Corporate Accounting, which allows the omission of certain disclosure items required by the designated IFRS, and for designing and operating such internal control that management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the statements on the assumption of a going concern, and for presenting the items related to a going concern if necessary based on the provisions of the second sentence of Article 120, paragraph (1) of the Regulation on Corporate Accounting, which allows the omission of certain disclosure items required under the designated IFRSs.
Audit & Supervisory Committee Member and Audit & Supervisory Committee are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes conforms with the provision of Article 120, paragraph (1) of the Regulation on Corporate Accounting, which allows the omission of certain disclosure items required under the designated IFRSs, as well as evaluate overall presentation, structure and content of the

consolidated financial statements including relevant notes, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee Members and Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.
We also provide the Audit & Supervisory Committee Members and Audit & Supervisory Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest
We or engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

[Translation for Auditor's Report of financial statements]

Independent Auditor’s Report

May 10, 2021

The Board of Directors
Astellas Pharma Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Hiroaki Kosugi
Certified Public Accountant
Designated and Engagement Partner

Masayuki Nakamura
Certified Public Accountant
Designated and Engagement Partner

Kohei Koyama
Certified Public Accountant
Designated and Engagement Partner

Audit Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules (the “Financial Statements and Others”) of Astellas Pharma Inc. (the “Company”) applicable to the 16th fiscal year from April 1, 2020 to March 31, 2021. In our opinion, the Financial Statements and Others, referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2021 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Committee Member and Audit & Supervisory Committee for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of these Financial Statements and Others in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements and Others that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements and Others, management is responsible for evaluating whether it is appropriate to prepare the statements on the assumption of a going concern, and for presenting the items related to a going concern if it is deemed necessary to present them based on accounting principles generally accepted in Japan.
Audit & Supervisory Committee Member and Audit & Supervisory Committee are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others
Our responsibilities are to obtain reasonable assurance about whether the Financial Statements and Others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the Financial Statements and Others based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the Financial Statements and Others.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements and Others, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the Financial Statements and Others is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the Financial Statements and Others, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the Financial Statements and Others or, if the notes to the Financial Statements and Others on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Financial Statements and Others. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the Financial Statements and Others and notes conforms with the accounting principles generally accepted in Japan, as well as evaluate overall presentation, structure and content of the Financial Statements and Others including relevant notes, and whether the Financial Statements and Others fairly represent the underlying transactions and accounting events.

We communicate with the Audit & Supervisory Committee Members and Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Committee Members and Audit & Supervisory Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors

Conflicts of Interest

We or engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

[Translation]

AUDIT REPORT

The Audit & Supervisory Committee conducted audit regarding the performance of duties of Directors of the Company during the 16th term business year from April 1, 2020 to March 31, 2021. The Committee hereby reports the method and result thereof as follows.

1. Method and Contents of Audit

With respect to the resolution of the Board of Directors on matters prescribed in Article 399-13, paragraph (1), item (i), (b) and (c) of the Companies Act and the systems developed based on such board resolution (internal control system), the Audit & Supervisory Committee regularly received reports from Directors and employees, requested additional explanations as necessary, and expressed opinions on the establishment and operation of the systems. In addition, the Committee conducted audit according to the following method:

(i) In conformity with the Audit Standards established by the Audit & Supervisory Committee, and in accordance with, among other things, the policy of audit and the assignment of duties, in coordination with internal control departments of the Company, the Committee attended important meetings, received reports from the Directors and employees on matters related to their performance of duties, requested additional explanations as necessary, perused the documents whereby the important decisions were made, and examined the business and financial conditions at the head office and the principal offices. With respect to subsidiaries, the Committee made efforts to communicate and exchange information with the Directors and Audit & Supervisory Board Members of subsidiaries, requested the subsidiaries reports on their respective business as necessary, and examined the condition of their operations.

(ii) The Audit & Supervisory Committee monitored and verified whether the Financial Auditor maintained the independent position and performed due audit, and received from the Financial Auditor reports on the performance of the duties, and requested additional explanations as necessary. The Audit & Supervisory Committee also received a notice from the Financial Auditor that it has established the "Systems to ensure due execution of audit (matters prescribed in each item of Article 131 of the Regulation on Corporate Accounting)" in accordance with, among other things, the "Quality Control Standards for Audit" (Business Accounting Board, October 28, 2005), and requested additional explanations as necessary.

Based on the method stated above, the Audit & Supervisory Committee examined the Business Report and the related supplementary schedules, financial statements (Balance Sheets, Statements of Income, Statements of Changes in Net Assets and Notes to Financial Statements) and the related supplementary schedules, and consolidated financial statements (Consolidated Statements of Financial Position, Consolidated Statements of Income, Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements, all prepared with the omission of certain disclosures required by the IFRS pursuant to the provision of the second sentence of Article 120, paragraph (1) of the Regulation on Corporate Accounting) for the business year under review.

2. Results of Audit:

(1) Results of audit of Business Report and other documents:

(i) We confirm that the Business Report and the related supplementary schedules accurately present the position of the Company in conformity with the relevant laws and regulations as well as the Articles of Incorporation of the Company.

(ii) We confirm that no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company was found with respect to the Directors in the performance of their duties.

(iii) 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 details of the Business Report and Directors' performance of their duties on internal control system.

(2) Results of audit of financial statements and the related supplementary schedules:
We confirm that the method and the results of the audit carried out by Ernst & Young ShinNihon LLC, Financial Auditor of the Company, are reasonable.

(3) Results of audit of consolidated financial statements:
We confirm that the method and the results of the audit carried out by Ernst & Young ShinNihon LLC, Financial Auditor of the Company, are reasonable.

May 10, 2021

The Audit & Supervisory Committee of Astellas Pharma Inc.

Full-time Audit & Supervisory Committee Member:
Toru Yoshimitsu (seal)
Audit & Supervisory Committee Member:
Hiroo Sasaki (seal)
Audit & Supervisory Committee Member:
Haruko Shibumura (seal)
Audit & Supervisory Committee Member:
Raita Takahashi (seal)

(Note) The Audit & Supervisory Committee Members Hiroo Sasaki, Haruko Shibumura and Raita Takahashi are outside Directors prescribed in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

- End -

Matters Disclosed on the Internet Pursuant to Laws, Regulations, and the Articles of Incorporation

Matters concerning Subscription Rights to Shares
Systems to Ensure the Appropriate Execution of Business
Consolidated Statement of Changes in Equity
Notes to Consolidated Financial Statements
Statement of Changes in Net Assets
Notes to Financial Statements

The 16th Term Business Year (April 1, 2020 – March 31, 2021)

Astellas Pharma Inc.

We provide shareholders with the matters listed above, posted on the Company's website on the Internet (https://www.astellas.com/en/investors/shareholders-meeting) pursuant to laws and regulations as well as Article 16 of the Articles of Incorporation.

1. Matters Concerning Subscription Rights to Shares

1) Present status of subscription rights to shares as of March 31, 2021:

- Total number of subscription rights to shares: 3,095 (Notes) 1
- Type and number of shares to be issued upon exercise of subscription rights to shares: 963,900 shares of common stock of the Company (Notes) 1

All subscription rights to shares have been delivered as the stock options. The Company plans to use treasury share when the subscription rights to shares are exercised and does not intend to issue new shares (i.e. no increase in the total number of the Company's shares issued).

Items	Subscription rights to shares issued in August 2005 (issued on August 31, 2005)	Subscription rights to shares issued in February 2007 (issued on February 13, 2007)	Subscription rights to shares issued in August 2007 (issued on August 10, 2007)
Resolution date of issuance:	August 24, 2005	January 26, 2007	July 26, 2007
Number of subscription rights to shares (Notes) 1:	20	17	33
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	10,000 shares of common stock (500 shares per subscription right to shares)	8,500 shares of common stock (500 shares per subscription right to shares)	16,500 shares of common stock (500 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	Free of charge	¥500,900 per subscription right to shares (Notes) 2	¥463,900 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Notes) 4:	¥500 per subscription right to shares	¥500 per subscription right to shares	¥500 per subscription right to shares
Exercise period of subscription rights to shares:	From September 1, 2005 through June 24, 2025 (both inclusive)	From February 14, 2007 through June 27, 2026 (both inclusive)	From August 11, 2007 through June 26, 2027 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3	(Notes) 3	(Notes) 3

Items	Subscription rights to shares issued in September 2008 (issued on September 16, 2008)	Subscription rights to shares issued in July 2009 (issued on July 8, 2009)	Subscription rights to shares issued in July 2010 (issued on July 8, 2010)
Resolution date of issuance:	August 29, 2008	June 23, 2009	June 23, 2010
Number of subscription rights to shares (Notes) 1:	36	87	154
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	18,000 shares of common stock (500 shares per subscription right to shares)	43,500 shares of common stock (500 shares per subscription right to shares)	77,000 shares of common stock (500 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	¥398,000 per subscription right to shares (Notes) 2	¥294,200 per subscription right to shares (Notes) 2	¥244,000 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Notes) 4:	¥500 per subscription right to shares	¥500 per subscription right to shares	¥500 per subscription right to shares
Exercise period of subscription rights to shares:	From September 17, 2008 through June 24, 2028 (both inclusive)	From July 9, 2009 through June 23, 2029 (both inclusive)	From July 9, 2010 through June 23, 2030 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3	(Notes) 3	(Notes) 3

Items	Subscription rights to shares issued in July 2011 (issued on July 5, 2011)	Subscription rights to shares issued in July 2012 (issued on July 5, 2012)	Subscription rights to shares issued in July 2013 (issued on July 4, 2013)
Resolution date of issuance:	June 20, 2011	June 20, 2012	June 19, 2013
Number of subscription rights to shares (Notes) 1:	386	511	392
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	193,000 shares of common stock (500 shares per subscription right to shares)	255,500 shares of common stock (500 shares per subscription right to shares)	196,000 shares of common stock (500 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	¥267,700 per subscription right to shares (Notes) 2	¥304,800 per subscription right to shares (Notes) 2	¥505,300 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares: (Notes) 4:	¥500 per subscription right to shares	¥500 per subscription right to shares	¥500 per subscription right to shares
Exercise period of subscription rights to shares:	From July 6, 2011 through June 20, 2031 (both inclusive)	From July 6, 2012 through June 20, 2032 (both inclusive)	From July 5, 2013 through June 19, 2033 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3	(Notes) 3	(Notes) 3

Items	Subscription rights to shares issued in July 2014 (issued on July 3, 2014)
Resolution date of issuance:	June 18, 2014
Number of subscription rights to shares (Notes) 1:	1,459
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	145,900 shares of common stock (100 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	¥127,900 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Notes) 4:	¥100 per subscription right to shares
Exercise period of subscription rights to shares:	From July 4, 2014 through June 18, 2034 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3

(Notes) 1. The total number of subscription rights to shares, the number of subscription rights to shares and the number of shares to be issued upon exercise of subscription rights to shares as stated above are shown by remaining numbers as of March 31, 2021.

2. The subscription rights to shares stated above (excluding the subscription rights to shares issued in August 2005) were delivered on the condition that the remuneration debts the Company owes to the allottees and the amounts payable for the subscription rights to shares to be offered were offset against each other.

3. Conditions for the exercise of the subscription rights to shares stated above are as follows:

   (1) The holder may, in principle, only exercise the rights for the period of ten (10) years after the date immediately following the date when they lose their positions as both Directors and Corporate Executives of the Company.

   (2) Each subscription right to shares may not be partially exercised.

4. The Company conducted a stock split of common stock at a ratio of 5 for 1 on April 1, 2014. Accordingly, the above type and number of shares to be issued upon exercise of subscription rights to shares and the amount of cash to be contributed upon exercise of subscription rights to shares are shown based on the adjusted figures after such stock split, excluding those subscription rights to shares issued in July 2014.

2) State of subscription rights to shares held by the Directors as of March 31, 2021, which have been delivered in consideration of performance of their duty:

	Allottee	Number of persons	Number of subscription rights to shares (remaining numbers)	Type and number of shares to be issued upon exercise of subscription rights to shares
Subscription rights to shares issued in February 2007	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	17 units	8,500 shares of common stock
Subscription rights to shares issued in August 2007	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	17 units	8,500 shares of common stock
Subscription rights to shares issued in September 2008	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	27 units	13,500 shares of common stock
Subscription rights to shares issued in July 2009	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	47 units	23,500 shares of common stock
Subscription rights to shares issued in July 2010	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	2	88 units	44,000 shares of common stock
Subscription rights to shares issued in July 2011	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	2	190 units	95,000 shares of common stock
Subscription rights to shares issued in July 2012	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	2	208 units	104,000 shares of common stock
Subscription rights to shares issued in July 2013	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	2	125 units	62,500 shares of common stock

Subscription rights to shares issued in July 2014	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	2	453 units	45,300 shares of common stock
Total			1,172 units	404,800 shares of common stock

(Notes) 1. The subscription rights to shares held by the Directors include those distributed as consideration of performance of duties as Corporate Executives prior to assuming the position of Director.

2. The Company conducted a stock split of common stock at a ratio of 5 for 1 on April 1, 2014; and the above numbers of shares to be issued upon exercise of subscription rights to shares, excluding the number relating to the subscription rights to shares issued in July 2014, have been adjusted for the stock split.

Systems to Ensure the Appropriate Execution of Business (English Translation)

(1) Basic Policies 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 Strategy Officer and Chief Financial Officer; the Chief Administrative Officer and Chief Ethics & Compliance Officer; the Chief Medical Officer; the Chief Commercial Officer; the Chief Scientific Officer; and the Chief Business Officer are collectively referred to as "Top Management"), who are responsible for the execution of business.
- Meetings of the Board of Directors will be held once every month as a general rule, and extraordinary meetings of the Board of Directors will be held when 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 sees 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 compliance in a broad sense 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 Administrative 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 "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 Administrative 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:

- 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.
- By establishing the Internal Audit function for each region (EMEA, Americas, Japan and Asia & Oceania) controlled by the head of Internal Audit division who directly reports to President and CEO, the Company will address risks getting more globalized effectively and enhance the function to provide 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.

(2) Operational Status of Systems to Ensure the Appropriate Execution of Business

A summary of the Company's operational status during the business year ended March 31, 2021 is as follows.

(1) System concerning the Performance of Duties

Following the basic policy, the Company in principle holds Board of Directors meetings once each month. Additionally, based on policies such as the Corporate Decision Authority Policy, important matters have been discussed at the Executive Committee, and top management have fulfilled their roles, thereby ensuring that Directors perform their duties efficiently by top management fulfilling their roles. Furthermore, during the business year ended March 31, 2021, 15 Board of Directors meetings were held and, 24 Executive Committee meetings were held.
In addition, the Company has decided to create new top management positions, namely, Chief Scientific Officer (CScO) and Chief Business Officer (CBO), effective from April 2021.

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

Following the basic policy, the Company has categorized risks into risks relating to business opportunities and risks relating to the performance of business activities, and each department of the Company and the Astellas Group companies proactively put the Company's risk management initiatives into practice. In particular, for matters specified as critical risks, risk mitigation measures are formulated under the direction of risk owners, and subsequently implemented. In order to manage the risks more efficiently as a group, the Company has established "Global" and "Divisional" Risk and Resilience Committees since October 2019.
Furthermore, in response to the global spread of the Coronavirus Disease (COVID-19), the Company has set up the Global Crisis Response Team and started its activities since January 2020 to monitor the impact of COVID-19 on the Company's business while taking necessary measures in a swift manner.

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

Following the basic policy, the Company holds meetings of the Global Compliance Committee and the regional Compliance Committee that grasps current situations of compliance and discusses policies and plans accordingly for the Company and the Astellas Group companies as a whole. Additionally, through measures such as implementation of compliance-related training for all employees, the Company aims to improve attitudes toward compliance, and works to discover and remedy issues at an early stage via operation of initiatives such as the hotline. Furthermore, the Company has established a global compliance structure wherein Ethics & Compliance department in each region and country report to the Functional Head of Ethics & Compliance.

(4) System for Disclosure and Management of Information

Following the basic policy, the Company discloses information to all stakeholders in a timely, appropriate and fair manner, and also actively engages in dialogue with them. During the business year ended March 31, 2021, with the intent of adding further transparency to business activities, the Company has made continuous efforts for timely, accurate and fair disclosure, such as cross-divisional deliberations about policies, contents,

etc. regarding material information disclosure, under the leadership of the Corporate Disclosure Committee.

(5) System to Ensure the Reliability of Financial Report

Following the basic policy, the Company has formulated an internal control evaluation plan for consolidated financial reporting, and the Company works to ensure the reliability of financial reporting through measures such as development of internal control and its operation by control owners and process owners, revision of internal control-related documentation, and Internal Audit department's evaluation of development of internal control and its operational status in business bases subject to evaluation.

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

Following the basic policy, the Company promotes appropriate control and operation of Astellas Group companies by having matters concerning the duties of the Directors of the Astellas Group companies to be reported to the Company through functional line managers, and clearly defining the composition of executives and decision-making authority at the Astellas Group companies. Financial status and others of the Astellas Group companies are reported monthly or pre-quarterly and then reported to the Board of Directors of the Company as necessary.

(7) Internal Audit System

Following the basic policy, the Company proposes and executes internal auditing plans and reports to the Audit & Supervisory Committee, the Board of Directors, and the Financial Auditor, and ensures opportunities to review audit results. Moreover, the Internal Audit and related expert departments conduct information sharing activities in an effort to strengthen the internal auditing system. The Company has constructed a global auditing system wherein the internal audit department of each region report to the Head of Internal Audit, who is directly supervised by the President and CEO.

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

Following the basic policy, the Company secures a system to allow effective audits by the Audit & Supervisory Committee through measures such as reporting on execution status of business by Directors who are not the Audit & Supervisory Committee Members and employees to the Audit & Supervisory Committee and continued attendance at important meetings such as the Executive Committee by the Audit & Supervisory Committee Members.
Particularly, monthly reports have been submitted to the Audit & Supervisory Committee from all regions, regarding summaries and results of responses to hotline reports and litigation / in-house investigation projects which is superintended by the Legal department.
In April 2020, the Company newly established the Audit & Supervisory Committee Office with increased number of full-time staff to strengthen support for audits by the Audit & Supervisory Committee.

(9) System to Exclude Anti-social Forces

Following the basic policy, the Company confirms the attributes of business partners of the Company and Astellas Group Companies, and through the introduction of articles to eliminate anti-social forces in contracts, works to exclude any relation with such forces and groups.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(April 1, 2020 to March 31, 2021)

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Subscription rights to shares	Exchange differences on translation of foreign operations
As of April 1, 2020	103,001	177,506	(7,178)	905,851	899	93,277
Comprehensive income						
Profit	―	―	―	120,589	―	―
Other comprehensive income	―	―	―	―	―	53,748
Total comprehensive income	―	―	―	120,589	―	53,748
Transactions with owners						
Acquisition of treasury shares	―	―	(9,163)	―	―	―
Disposals of treasury shares	―	(444)	964	(365)	(154)	―
Dividends	―	―	―	(76,157)	―	―
Share-based payments	―	768	―	―	―	―
Transfers	―	―	―	3,371	―	―
Total transactions with owners	―	324	(8,199)	(73,151)	(154)	―
As of March 31, 2021	103,001	177,830	(15,377)	953,289	745	147,024

	Equity attributable to owners of the parent				Total equity
	Other components of equity			Total	
	Financial assets measured at fair value through other comprehen-sive income	Remeasurem-ents of defined benefit plans	Total		
As of April 1, 2020	15,813	―	109,989	1,289,168	1,289,168
Comprehensive income					
Profit	―	―	―	120,589	120,589
Other comprehensive income	5,374	1,788	60,910	60,910	60,910
Total comprehensive income	5,374	1,788	60,910	181,499	181,499
Transactions with owners					
Acquisition of treasury shares	―	―	―	(9,163)	(9,163)
Disposals of treasury shares	―	―	(154)	1	1
Dividends	―	―	―	(76,157)	(76,157)
Share-based payments	―	―	―	768	768
Transfers	(1,583)	(1,788)	(3,371)	―	―
Total transactions with owners	(1,583)	(1,788)	(3,525)	(84,552)	(84,552)
As of March 31, 2021	19,604	―	167,373	1,386,115	1,386,115

Notes to Consolidated Financial Statements

1. Notes to Significant Matters as the Basis to Prepare for Consolidated Financial Statements

(1) Standards used to prepare consolidated financial statements:
Consolidated financial statements of the Group are prepared based on International Financial Reporting Standards ("IFRS"), in accordance with Article 120, paragraph (1) of the Regulation on Corporate Accounting. These consolidated financial statements omit part of the disclosure items required under IFRS, in accordance with the second sentence of the paragraph.

(2) Matters concerning the scope of consolidation:

Number of consolidated subsidiaries: 76

Name of principal consolidated subsidiaries:
Astellas Pharma Global Development, Inc.,
Astellas Institute for Regenerative Medicine,
Audentes Therapeutics, Inc., Astellas Pharma Tech Co., Ltd.,
Astellas Ireland Co., Limited, Astellas Pharma Europe B.V.,
Astellas Pharma China, Inc., Astellas Pharma US, Inc., Astellas Pharma GmbH,
Astellas Pharma S.A.S, Astellas Pharma S.A., Astellas Pharma Korea, Inc.

(3) Matters concerning the application of equity method:

The number of affiliated companies accounted for by the equity method: 3

(4) Notes to the scope of consolidation and the scope of application of equity method:

(i) Changes in scope of consolidation
Additions: three companies (added due to acquisition of shares, etc.)
Deletions: six companies (deleted due to liquidation, etc.)
(ii) Changes in scope of application of equity method
Deletions: one company (deleted due to sale of shares.)

(5) Matters concerning accounting periods for consolidated subsidiaries:

All consolidated subsidiaries settle accounting on March 31 of each year, the same as the Company's settlement date.

(6) Matters concerning significant accounting policies:

(i) Valuation standards and methods for financial instruments

- Initial recognition and measurement
Financial assets and financial liabilities are recognized on the trade date when the Group becomes a party to the contractual provisions of the instruments.
Except for trade receivables which do not contain a significant financing component, financial assets and financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the acquisition or

issue of the financial asset or financial liability, other than financial assets measured at fair value through profit or loss ("financial assets at FVTPL") and financial liabilities measured at fair value through profit or loss ("financial liabilities at FVTPL"), are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL and financial liabilities at FVTPL are recognized in profit or loss.

- Financial assets

  At initial recognition, all financial assets are classified as "financial assets measured at amortized cost," "financial assets measured at fair value through other comprehensive income ("financial assets at FVTOCI")" or "financial assets at FVTPL."

  (a) Financial assets measured at amortized cost

  Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

  • the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

  • the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial recognition, the financial assets are measured at amortized cost using the effective interest method, less any impairment loss. Interest revenue using the effective interest method is recognized in profit or loss.

  (b) Financial assets at FVTOCI (debt instruments)

  Financial assets are classified as financial assets at FVTOCI (debt instruments) if both of the following conditions are met:

  • the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

  • the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial recognition, the financial assets are measured at fair value, and any gain or loss resulting from changes in fair value is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. When the financial asset is derecognized, the cumulative gain or loss recognized in other components of equity is reclassified from equity to profit or loss as a reclassification adjustment.

  (c) Financial assets at FVTOCI (equity instruments)

  The Group has made an irrevocable election for equity instruments, with some exceptions, to present subsequent changes in fair value in other comprehensive income, and classifies such instruments as financial assets at FVTOCI.

  After initial recognition, the financial assets are measured at fair value, and any gain or loss resulting from changes in fair value is recognized in other comprehensive income. When the financial asset is derecognized or the fair

value has significantly decreased, the cumulative gain or loss recognized in other component of equity is transferred to retained earnings. Dividends on such financial assets are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(d) Financial assets at FVTPL
Financial assets not classified as financial assets measured at amortized cost or financial assets at FVTOCI are classified as financial assets at FVTPL.
After initial recognition, the financial assets are measured at fair value with subsequent changes recognized in profit or loss.

- Impairment of financial assets
Loss allowances are recognized for expected credit losses on financial assets measured at amortized cost or debt instruments classified as financial assets at FVTOCI.
At the end of each quarter, the loss allowance is measured for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is measured for a financial instrument at an amount equal to 12-month expected credit losses if the credit risk on that financial instrument has not increased significantly since initial recognition.
However, for trade receivables and contract assets, the loss allowance is always measured at an amount equal to lifetime expected credit losses.

- Financial liabilities
At initial recognition, all financial liabilities are classified as “financial liabilities at FVTPL” or “financial liabilities measured at amortized cost.”

(a) Financial liabilities at FVTPL
Derivative financial liabilities, financial liabilities designated as financial liabilities at FVTPL and contingent consideration recognized in a business combination, that meets the definition of financial liabilities, are classified as financial liabilities at FVTPL.
After initial recognition, the financial liabilities are measured at fair value with subsequent changes recognized in profit or loss.

(b) Financial liabilities measured at amortized cost
Financial liabilities not classified as financial liabilities at FVTPL are classified as financial liabilities at amortized cost.
After initial recognition, the financial liabilities are measured at amortized cost using the effective interest method.

- Derecognition
Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the contractual rights to receive the cash flows of the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred or the contractual rights to receive the cash flows of the financial asset have been transferred but substantially all the risks and rewards of ownership of the financial asset are

neither transferred nor retained and control of the financial asset has not been retained.
Financial liabilities are derecognized when a financial liability is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

(ii) Valuation standards and methods for inventories

Inventories are measured at the lower of cost and net realizable value.
The cost of inventories includes costs of purchase, costs of conversion and all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to sell. Cost of inventories is calculated mainly using the first-in, first-out (FIFO) method.

(iii) Depreciation method of property, plant and equipment and amortization method of intangible assets

- Property, plant and equipment (excluding right-of-use assets)
Depreciation of an asset begins when it is available for use. The depreciable amount of items of property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of each component. The depreciable amount of an asset is determined by deducting its residual value from its cost.

The estimated useful lives of major classes of property, plant and equipment are as follows:

Buildings and structures	2 to 60 years
Machinery and vehicles	2 to 20 years
Equipment, furniture and fixtures	2 to 20 years

The useful lives, residual values, and depreciation methods of property, plant and equipment are reviewed at the end of business year, and changed, if necessary.

- Intangible assets
Intangible assets are amortized over their estimated useful lives (2-25 years) on a straight-line basis beginning at the time when they are available for use. The estimated useful life of intangible assets is the shorter of the period of legal protection or its economic life, and it is also regularly reviewed.

- Right-of-use assets
The right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the corresponding lease liability adjusted for direct costs, etc. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life or the end of the lease term (2 to 40 years).

(iv) Basis for provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates of the obligations can be made.
When the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligations.

(v) Basis for revenue

Revenue is recognized based on the following five-step:
Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

- Sales of pharmaceutical products
  Revenue from sales of pharmaceutical products is recognized when control of the promised pharmaceutical product is transferred to the customer by the Group. The Group determines that control of a pharmaceutical product is usually transferred to the customer upon delivery. If the transaction price in a contract includes a variable amount, rebates, discounts and other consideration payable to a customer, the variable consideration is estimated by using either of the expected value method or the most likely amount method and is reduced from consideration received from the customer.

- Royalty income
  Revenue from royalty income is generated from contracts under which third parties have been granted rights to produce or market pharmaceutical products or rights to use technologies. Royalty income includes upfront payments and milestone payments received and running royalties. According to the nature of the related performance obligation, revenue is recognized at a point in time when the performance obligation is satisfied or revenue is recognized over time as the performance obligation is satisfied.

(vi) Accounting for defined benefit plans as post-employment benefits

Net defined benefit assets or liabilities are calculated as the present value of the defined benefit obligation less the fair value of plan assets and they are recognized in the consolidated statements of financial position as assets or liabilities. The defined benefit obligation is calculated by using the projected unit credit method. The present value of the defined benefit obligation is calculated by the expected future payments using discount rate. The discount rate is determined by reference to market yield on high-quality corporate bonds

having maturity terms consistent with the estimated term of the related pension obligations.
Service cost and net interest expense (income) on the net defined benefit liabilities (assets) are recognized in profit or loss.
Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest, and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income under "Remeasurements of defined benefit plans," and transferred from other components of equity to retained earnings immediately.

(vii) Translation standards for foreign currency

- Functional currency and presentation currency
  The financial statements of an entity of the Group are prepared using the functional currency of the entity. The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

- Transactions in foreign currencies
  Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions or an approximation of the rate.
  At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency using the exchange rates at the closing date, and exchange differences arising from the translation are recognized in profit or loss.

- Foreign operations
  Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of business year. Income and expenses are translated into Japanese yen using the average exchange rate for the period.
  Exchange differences arising on translating the financial statements of foreign operations are recognized in other comprehensive income. On the disposal of the interest in a foreign operation, the cumulative amount of the exchange differences is reclassified to profit or loss.

(viii)Matters concerning goodwill

Goodwill is carried at cost less any accumulated impairment losses.
Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination, and it is tested for impairment annually and whenever there is an indication that the cash-generating unit or group of cash-generating units may be impaired. If, at the time of the impairment test, the recoverable amount of a cash-generating unit or group of cash-generating units is less than its carrying amount, the carrying amount of the cash-generating unit or group of cash-generating units is reduced to its recoverable amount, and the reduction is recognized in profit or loss as an impairment loss.
Impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to cash-generating unit or group of cash-generating units and then to

the other assets on a pro rata basis of the carrying amount of each asset in the cash-generating unit or group of cash-generating units.
Any impairment loss recognized for goodwill is not reversed in a subsequent period.

(ix) Other significant matters for the preparation of consolidated financial statements

Treatment of consumption taxes is based on the tax-excluded methods.

2. Notes on changes in the presentation method

In response to the amendments to the Regulation on Corporate Accounting, the Company has added notes on accounting estimates to the consolidated financial statements for the fiscal year ended March 31, 2021.

3. Notes on accounting estimates

(1) Revenue recognition and estimate of refund liabilities

(i) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021
Refund Liabilities: ¥154,250 million

(ii) Information on the details of accounting estimates for identified items
(a) Method for estimation
If the transaction price in a contract includes a variable amount, rebates, discounts and other consideration payable to a customer, the variable consideration is estimated by using either of the expected value method or the most likely amount method and is reduced from consideration received from the customer. Refund liabilities are provided for refunds to be paid after the closing date. The variable consideration is recognized only when it is probable that a significant reversal will not occur.

(b) Major assumptions used for estimation
The major assumptions on which the estimates are based are, among other things, product prices and time lag between sale of products and payment of rebates.

(c) Impact on the consolidated financial statements for the next fiscal year
Due to the high estimation uncertainty, changes in the major assumptions, such as product prices and time lag between sale of products and payment of rebates, may affect the amounts of revenue and refund liabilities for the next fiscal year.

(2) Impairment of goodwill and in-process research and development

(i) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021
Goodwill: ¥284,011 million

In-process research and development (IPR&D): ¥408,872 million

(ii) Information on the details of accounting estimates for identified items

(a) Method for estimation

If the recoverable amount of an asset or cash-generating unit, or group of cash-generating unit is less than its carrying amount, the asset is considered impaired. Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination, and the recoverable amount is estimated for each of the cash-generating units or groups of cash-generating units. The recoverable amount of IPR&D is primarily estimated for each asset individually.

The recoverable amount is mainly calculated by value in use based on future forecasts.

(b) Major assumptions used for estimation

The major assumptions on which the estimate of recoverable amount is based are, among other things, the probability of obtaining marketing approval from regulatory bodies, sales forecasts, discount rates and growth rates.

(c) Impact on the consolidated financial statements for the next fiscal year

Due to the high estimation uncertainty, changes in the major assumptions, such as probability of obtaining marketing approval from regulatory bodies, sales forecasts, discount rates and growth rates, may affect the amounts of goodwill and IPR&D for the next fiscal year.

(3) Recoverability of deferred tax assets

(i) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Deferred tax assets: ¥54,176 million

(ii) Information on the details of accounting estimates for identified items

(a) Method for estimation

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses, and unused tax credits can be utilized. In assessing the recoverability of deferred tax assets, the expected reversal of deferred tax liabilities, projected future taxable profits and tax planning are taken into account, and the taxable profits are estimated based on business plans.

(b) Major assumptions used for estimation

The major assumptions in business plans on which the estimate of taxable profits is based are, among other things, trends in pharmaceutical markets in various countries and schedule for launch of main products.

(c) Impact on the consolidated financial statements for the next fiscal year

Due to the high estimation uncertainty, changes in the major assumptions, such as trends in pharmaceutical markets in various countries and schedule for launch of main products, may affect the amount of deferred tax assets for the next fiscal year.

(4) Fair value measurement of contingent consideration arising from business combination

(i) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Contingent consideration: ¥66,195 million

(ii) Information on the details of accounting estimates for identified items

(a) Method for estimation

After initial recognition, contingent consideration is measured at fair value. The fair value measurement is based on certain milestones depending on the progress of programs in clinical development held by the acquiree.

(b) Major assumptions used for estimation

The major assumptions on which the fair value measurement is based are, among other things, the success probability of clinical program and discount rates.

(c) Impact on the consolidated financial statements for the next fiscal year

One of the major assumptions, the success probability of clinical program, depends on the level of challenges in new drug development. Accordingly, due to the high estimation uncertainty, changes in the assumptions, including discount rates, may affect the amount of contingent consideration for the next fiscal year.

There are many uncertain factors that might be affected by Coronavirus Disease (COVID-19). These include the market penetration of new products, regulatory timelines, research and development schedule for new drugs and cost necessary for crisis response. However, when making accounting estimates, COVID-19 is assumed to have a limited impact on the Group’s future performance in consideration of the fact that it did not have a material impact on the Group’s financial results for the fiscal year ended March 31, 2021, as well as other factors such as the Group’s business nature and product characteristics. If such estimates and underlying assumptions differ from actual results, there may be a significant impact on the carrying amounts of assets and liabilities within the next fiscal year.

4. Notes to Consolidated Statement of Financial Position

(1) Loss allowance directly deducted from assets:

Other financial assets (non-current)	¥3 million
Trade and other receivables (current)	¥1,256 million

(2) Accumulated depreciation and accumulated impairment losses of property, plant and equipment: ¥327,706 million

(3) Contingent liabilities:

- Guaranteed obligations (guarantee for borrowings from financial institutions):

Employees	¥117 million

5. Notes to Consolidated Statement of Changes in Equity

(1) Class of shares issued and the total number thereof at the end of the business year under review:

Shares of common stock 1,861,787,075 shares

(2) Matters concerning dividends:

(i) Dividends paid:

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on May 14, 2020	Shares of common stock	37,210	20.00	March 31, 2020	June 1, 2020
Meeting of the Board of Directors held on October 30, 2020	Shares of common stock	39,072	21.00	September 30, 2020	December 1, 2020

(Notes) 1. The total amount of dividends based on the resolution at the meeting of the Board of Directors held on May 14, 2020 includes ¥60 million of dividends for the Company's shares owned by the executive remuneration BIP trust and the stock-delivery ESOP trust.

2. The total amount of dividends based on the resolution at the meeting of the Board of Directors held on October 30, 2020 includes ¥65 million of dividends for the Company's shares owned by the executive remuneration BIP trust and the stock-delivery ESOP trust.

(ii) Dividends whose record date is in the business year ended March 31, 2021, but whose effective date is in the following business year are as follows:

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Director held on April 27, 2021	Shares of common stock	39,075	Retained earnings	21.00	March 31, 2021	June 1, 2021

(Note) The above amount of dividends includes ¥161 million of dividends for the Company's shares owned by the executive remuneration BIP trust and the stock-delivery ESOP trust.

(3) Class and number of shares underlying each subscription right to shares at the end of the business year under review (excluding rights whose exercise period has yet to begin):

Shares of common stock 963,900 shares

6. Notes to Financial Instruments

(1) Financial risk management policy

The Group is exposed to financial risks such as credit risks, liquidity risks, foreign exchange risks and interest rate risks in operating businesses, and it manages risks based on its policy to mitigate them.

The Group's use of derivative instruments is limited to hedging the financial risks. Accordingly, the Group does not use them for speculative purposes.

(i) Credit risk management

Accounts receivables and other receivables arising from the Group's operating businesses are exposed to the credit risk of customers. The Group manages such credit risk by appropriately identifying the customers' financial situation and monitoring the balance of account receivables. The collectibility of accounts receivables and other receivables are assessed in accordance with the customers' credit standing, and loss allowance is recognized where necessary.

The securities and deposits held by the Group are exposed to the credit risk of issuers and banks, respectively. The derivative transactions entered into by the Group to hedge the financial risk are exposed to the credit risk of financial institutions as counterparties of the transactions. Securities and deposit transactions for fund management purposes are entered into only with issuers and banks that meet the credit rating criteria specified in the Global Cash Investment Policy and Global Treasury Policy within the specified fund management period and the limit on the transaction amount. Derivative transactions are entered into only with financial institutions that meet the credit rating criteria specified in the Global Treasury Policy.

(ii) Liquidity risk management

The Group is exposed to the liquidity risk that it will have difficulty with fulfillment of payables. However, the Group maintains liquidity on hand not only to respond to envisaged payables, but also to respond agilely certain strategic investment opportunities. The balance of that liquidity is reported to the Representative Director, Executive Vice President and the Chief Strategy Officer and Chief Financial Officer each month.

(iii) Foreign exchange risk management

The Group's businesses are operated in many countries and regions, and the Group's business results and financial position are exposed to foreign exchange risk.

The Group considers each case individually to determine whether to use derivative transactions to control foreign exchange risk. For inter-company loans denominated in foreign currencies conducted in the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021, the Group uses derivative transactions in the form of forward exchange contracts to control the effect of foreign exchange fluctuation on business results. The hedging positions of foreign currency risks (derivative transaction balances) for each foreign currency are reported to the Representative Director, Executive Vice President and the Chief Strategy Officer and Chief Financial Officer each month.

(iv) Interest rate risk management

The Group's interest-bearing debt is exposed to the risk of interest rate fluctuation. The Group considers the capital demands, looking at the detailed needs, the financial position and the financing environment, and determines the financing amount, term, method, etc., and in order to reduce the risk of interest rate fluctuation, seeks to find the optimal mix of fixed and variable interest rates.

(2) Methods for calculating the fair values of financial instruments

- Financial assets measured at amortized cost

  Financial assets measured at amortized cost comprise trade and other receivables, loans receivable and other financial assets, and cash and cash equivalents. The carrying amount approximates fair value due to the short period of settlement terms.

- Financial assets at FVTOCI (debt instruments)

  Financial assets at FVTOCI (debt instruments) primarily consists of bonds. The fair value is measured based on the market valuation approach.

- Financial assets at FVTOCI (equity instruments)

  The fair value of marketable securities is based on quoted market prices at the end of the period. The fair value of unlisted equity securities is determined mainly using the discounted cash flow method.

- Financial assets at FVTPL

  Financial assets at FVTPL comprise mainly foreign exchange forward contracts and investment in funds.

  The fair value of foreign exchange forward contracts is measured based on prices provided by counterparty financial institutions. The fair value of an investment in a fund is calculated based on the equity interest in it after estimating the fund's fair value according to the most recent obtainable information.

- Financial liabilities at FVTPL

  Financial liabilities at FVTPL comprise contingent consideration arising from business combination and foreign exchange forward contracts.

  The fair value of contingent consideration arising from business combination is calculated based on the success probability of development and the time value of money. The fair value of foreign exchange forward contracts is calculated based on prices provided by counterparty financial institutions.

- Financial liabilities measured at amortized cost

  Financial liabilities measured at amortized cost comprise trade and other payables, lease liability, bonds and loans payable, and other financial liabilities. Excluding long-term loans payable and lease liability, the carrying amount approximates fair value due to the short period of settlement terms. Long-term loans payable categorized as Level 2 mainly bear variable interest rates, and their fair value reflects the market rate on a short-term basis. Therefore, the carrying amount approximates fair value.

(3) Bonds and loans payable

The breakdown of bonds and loans payable included in other financial liabilities is as follows:

(Millions of yen)

	16th term business year As of March 31, 2021
Other financial liabilities (non-current)	
Long-term loans payable	80,000
Other financial liabilities (current)	
Bonds (commercial papers)	120,000

7. Notes to Per-Share Data

(1) Equity attributable to owners of the parent per share: ¥748.03
(2) Basic earnings per share: ¥64.93

8. Other Notes

Notes to other expense

In the fiscal year ended March 31, 2021, impairment losses recognized against intangible assets were ¥99,437 million. The main breakdown was ¥30,227 million in impairment losses in relation to the termination of development for ASP8374/PTZ-201 and ¥58,842 million in impairment losses in relation to a revision of the development plan for AT132.

Notes to business combinations

Acquisition of Audentes Therapeutics, Inc.

On January 15, 2020, Audentes Therapeutics, Inc. became a consolidated subsidiary of the Company through a cash tender offer followed by a merger.
During the fiscal year ended March 31, 2021, further facts came to light and additional analysis was performed on the fair value measurement of the assets acquired and liabilities assumed at the acquisition date. As a result, the provisional fair values were adjusted as follows. Certain items had reflected provisional amounts as of March 31, 2020; however, the Group completed the purchase price allocation during the fiscal year ended March 31, 2021.

(Millions of yen)

	Provisional fair value as of March 31, 2020	Fair value adjustment	Fair value (as adjusted)
Property, plant and equipment	8,964	–	8,964
Intangible assets	284,944	(13,723)	271,221
Financial assets at FVTOCI (debt instruments)	22,248	–	22,248
Cash and cash equivalents	9,320	–	9,320
Other assets	1,708	–	1,708
Trade and other payables	(6,092)	–	(6,092)
Deferred tax liabilities	(41,517)	2,989	(38,528)
Other liabilities	(6,488)	–	(6,488)
Fair value of assets acquired and liabilities assumed (net)	273,085	(10,734)	262,351
Goodwill	42,497	10,734	53,230
Total	315,582	–	315,582
Total fair value of purchase consideration transferred	315,582	–	315,582

Goodwill mainly comprises the value of expected synergies arising from the acquisition and future economic benefits, which is not separately recognized.

Financial assets at FVTOCI (debt instruments) are included in “other financial assets” in the consolidated statement of financial position.

Along with this adjustment, the Company retrospectively revised the corresponding balances in the consolidated statement of financial position as of March 31, 2020. As a result, intangible assets and deferred tax liabilities decreased by ¥13,734 million and ¥2,992 million, respectively, and goodwill increased by ¥10,743 million.

STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings
					Reserve for advanced depreciation of fixed assets	Retained earnings carried forward	
Balance as of April 1, 2020	103,001	176,822	176,822	16,827	1,185	369,420	387,432
Change during the business year under review							
Dividends of surplus	–	–	–	–	–	(76,282)	(76,282)
Net income	–	–	–	–	–	193,055	193,055
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposals of treasury shares	–	–	–	–	–	(246)	(246)
Net change of items other than shareholders' equity during the business year under review	–	–	–	–	–	–	–
Total change during the business year under review	–	–	–	–	–	116,527	116,527
Balance as of March 31, 2021	103,001	176,822	176,822	16,827	1,185	485,947	503,959

(Millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Unrealized holding gains on securities	Total valuation, translation adjustments and others		
Balance as of April 1, 2020	(7,178)	660,076	10,639	10,639	899	671,615
Change during the business year under review						
Dividends of surplus	—	(76,282)	—	—	—	(76,282)
Net income	—	193,055	—	—	—	193,055
Acquisition of treasury shares	(9,163)	(9,163)	—	—	—	(9,163)
Disposals of treasury shares	964	718	—	—	—	718
Net change of items other than shareholders' equity during the business year under review	—	—	7,927	7,927	(154)	7,773
Total change during the business year under review	(8,199)	108,328	7,927	7,927	(154)	116,100
Balance as of March 31, 2021	(15,377)	768,404	18,566	18,566	745	787,715

Notes to Financial Statements

1. Notes to Items of Significant Accounting Policies

(1) Valuation standards and methods for assets:

(i) Valuation standards and methods for securities:

Held-to-maturity debt securities:
Held-to-maturity debt securities are carried at amortized cost (straight-line method).

Investments in subsidiaries and affiliates:
Investments in subsidiaries and affiliates are carried at cost determined by the moving average method.

Investments in securities classified as other securities:
Marketable securities:
Marketable securities classified as other securities are carried at fair value as of the balance sheet date with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. The cost of securities sold is calculated by the moving average method.

Non-marketable securities:
Non-marketable securities classified as other securities are stated at cost determined by the moving average method.

(ii) Valuation standards and methods for inventories:

Inventories held for the purpose of ordinary sales:
Inventories are stated at the lower of cost or market, cost being determined by the average method (the amounts stated in the balance sheets were calculated by the method to devaluate book values based on the reduction in profitability).

(2) Depreciation and amortization methods for fixed assets:

(i) Property, plant and equipment (excluding lease assets):
Straight-line method
The useful lives of property, plant and equipment are summarized as follows:

Buildings	2 to 50 years
Structures	2 to 60 years
Machinery	2 to 17 years
Equipment, furniture and fixtures	2 to 20 years

(ii) Intangible fixed assets (excluding lease assets):
Straight-line method
With respect to software used in the Company, it is amortized by the straight-line method based on the useful lives (5 years) in the Company.

(iii) Lease assets:
Finance lease assets not involving the transfer of ownership
Depreciation is calculated on the straight-line method over the lease period as the useful life and assuming no residual value.

(3) Basis for significant allowances:

(i) Allowance for doubtful receivables:
The allowance for doubtful receivables is provided for possible losses on bad debts at an amount determined based on the historical experience of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are facing financial difficulties.

(ii) Accrued retirement benefits for employees:
Accrued retirement benefits for employees are provided for retirement benefits to be paid under defined benefit plans at an amount calculated by deducting the fair value of the pension plan assets from the retirement benefit obligations, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost as of the balance sheet date.

Actuarial gain or loss of the retirement benefit plan is amortized from the year following the year in which the gain or loss is recognized primarily by the straight-line method over the average remaining years of service of the employees. Prior service cost is amortized as incurred by the straight-line method over the average remaining years of service of the employees.

(4) Hedge accounting:

(i) Hedge accounting
All derivative transactions are principally hedged by a deferred hedge method. Provided, however, that other securities are hedged by a fair value method.

(ii) Hedging instruments and hedged items
Hedging instruments: Derivative transactions
Hedged items: Assets and liabilities of which income or loss may be caused by market fluctuations and cash flow fluctuations

(iii) Hedging policy
The Company has hedged derivative transactions from any risks arising from market fluctuations and cash flow fluctuations to a specified extent in accordance with the Company’s internal policies and procedures for derivative transactions.

(iv) Assessment of hedge effectiveness
Deferred hedge effectiveness from the start of the hedge period to the determination of effectiveness is assessed by comparing the cumulative changes in market fluctuations or cash flow fluctuations of the hedging instruments with those with respect to the hedged items.

(5) Accounting for consumption taxes:

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(6) Application of consolidated taxation system:

The Company has applied the consolidated taxation system.

2. Notes on changes in the presentation method

Balance Sheets

"Allowance for sales rebates" under current liabilities, which had been presented as a separate item in the previous business year, has now been included in "Other" under current liabilities due to reduced monetary materiality of the item.

To reflect this change in the presentation method, the balance sheet for the previous business year has been reclassified.

As a result, ¥347 million that had been presented as "Allowance for sales rebates" under the current liabilities has now been included in "Other" under current liabilities of the balance sheet for the previous business year.

Application of the "Accounting Standard for Disclosure of Accounting Estimates"

The Company has applied the "Accounting Standard for Disclosure of Accounting Estimates" (The Accounting Standard Board of Japan (ASBJ) Statement No. 31, issued on March 31, 2020) to the financial statements for the business year ended March 31, 2021, and added notes on accounting estimates to these financial statements.

3. Notes on accounting estimates

Recoverability of deferred tax assets

(1) Amount recorded in the financial statements for the business year ended March 31, 2021

Deferred tax assets: 58,097 million yen

(2) Information on the details of accounting estimates for identified items

The recorded amount of deferred tax assets expected to be recovered is determined in accordance with the category of the entity as provided for in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26). For other information, please refer to "Notes to Consolidated Financial Statements 3. Notes on Accounting Estimates."

4. Notes to Balance Sheet

(1) Accumulated depreciation of property, plant and equipment: ¥138,069 million

(2) Contingent liabilities:

- Guaranteed obligations (guarantee for borrowings from financial institutions):
  Employees ¥117 million

(3) Receivables from and payables to subsidiaries and affiliates:

Short-term receivables:	¥78,258 million
Short-term payables:	¥266,161 million

5. Notes to Statement of Income

Volume of transaction with subsidiaries and affiliates:

Sales:	¥232,204 million
Purchases:	¥43,422 million
Non-operating transactions:	¥128,471 million

6. Notes to Statement of Changes in Net Assets

Type and number of treasury shares at the end of the fiscal year under review:
Shares of common stock 8,757,705 shares

7. Notes to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities based on reasons are as follows:

Deferred tax assets:	
Investment securities:	¥395 million
Accrued retirement benefits for employees:	¥3,376 million
Property, plant and equipment:	¥872 million
Intangible fixed assets:	¥23,779 million
Accrued expenses:	¥3,827 million
Inventories:	¥16,537 million
Investment in subsidiaries and affiliates:	¥8,105 million
Other:	¥21,416 million
Subtotal:	¥78,306 million
Valuation allowance:	¥(9,668) million
Total:	¥68,638 million
Deferred tax liabilities:	
Investment securities:	¥(7,923) million
Prepaid pension cost:	¥(1,486) million
Property, plant and equipment:	¥(520) million
Other:	¥(611) million
Total:	¥(10,541) million
Net deferred tax assets:	¥58,097 million

8. Notes to Transaction With Related Parties

Subsidiaries and affiliates

Type	Name of Company, etc.	Ownership of voting rights, etc. (Ownership percentage)	Relationship with affiliated parties	Details of transaction	Amount of transaction (Millions of yen)	Account	Balance as of the end of the business year (Millions of yen)
Subsidiary	Astellas B.V.	Direct ownership 100%	Borrowing of funds, sharing of concurrent positions by Directors	Borrowing of funds (Note 1)	223,323	Short-term loans payable	170,802
				Repayment of borrowed funds	149,325		
Subsidiary	Astellas US Holding, Inc.	Direct ownership 100%	Lending of funds, borrowing of funds, sharing of concurrent positions by Directors	Lending of funds (Note 1)	42,203	Other current assets	–
				subscription of capital increase (Note 2)	198,512	–	–
Subsidiary	Astellas Pharma Global Development, Inc.	Indirect ownership 100%	Consignment of development, sharing of concurrent positions by Directors	Consignment of development (Note 3)	46,756	Other accounts payable	7,109
Subsidiary	Ogeda SA	Direct ownership 100%	Borrowing of funds, sharing of concurrent positions by Directors	Repayment of borrowed funds	116	Short-term loans payable	63,628
Subsidiary	Astellas Pharma Europe Ltd.	Indirectowners hip 100%	Sales of products, etc., receipt of royalties, sharing of concurrent positions by Directors	Sales of products, etc., receipt of royalties (Note 3)	87,034	Trade accounts receivable	23,734
Subsidiary	Astellas US LLC	Indirect ownership 100%	Receipt of royalties, sharing of concurrent positions by Directors	Receipt of royalties (Note 3)	77,015	Trade accounts receivable	19,588

Trade conditions and policy for determining transaction conditions:

(Notes) 1. Interest rates on the funds lent and borrowed are reasonably determined based on market rates.

2. The subscription of capital increase was a contribution in-kind of loans receivables.

3. For consignment of development, sales of products, etc., and receipt of royalties, prices and royalty rates are set in light of market prices, among other factors.

9. Notes to Per-Share Data

(1)	Net asset per share:	¥424.69
(2)	Net income per share:	¥103.95