The Notice of Convocation

(Securities Code 4503)
June 1, 2023

To: Shareholders

Notice of Convocation of the 18th Term Annual Shareholders Meeting

Dear Madam/Sir:

You are hereby notified that the 18th Term Annual Shareholders Meeting of Astellas Pharma Inc. (the "Company") will be held as stated below.

Shareholders can attend this Annual Shareholders Meeting via the Internet (online attendance), or otherwise exercise their voting rights beforehand, either in writing or via the Internet or other such means. Please refer to the Guidance for Means of Exercising Voting Rights attached below for details regarding online attendance and exercising your voting rights beforehand.

The Company takes measures for providing information in electronic format when it convenes the Annual Shareholders Meetings, and we have posted the items for which the measures for providing information in electronic format are taken, as the Notice of Convocation of the 18th Term Annual Shareholders Meeting, on the following website.

The Company's website: Shareholders Meeting
(Home > Investors > Stock & Rating Information > Shareholders Meeting)
https://www.astellas.com/en/investors/shareholders-meeting

Tokyo Stock Exchange's website (Listed Company Search)*
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

* Search by entering "Astellas Pharma" in the issue name (company name) field or "4503" in the code field, and select "Basic information" and "Documents for public inspection/PR information" to see the information.

Yours faithfully,

By: Naoki Okamura
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 Thursday, June 22, 2023
(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 18th Term Business Year (from April 1, 2022 to March 31, 2023);
2. Report on the Results of Audit by Financial Auditor and the Audit & Supervisory Committee for Consolidated Financial Statements for the 18th Term Business Year (from April 1, 2022 to March 31, 2023)

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 an Audit & Supervisory Committee Member

-End-

Among the items for which the measures for providing information in electronic format are taken, the following items are not provided in the paper-based documents to be delivered to shareholders who have requested the delivery of such documents, in accordance with the relevant laws and regulations as well as Article 16 of the Articles of Incorporation of the Company. Such items are posted on the aforementioned Company's website and Tokyo Stock Exchange's website on the Internet, as "Items that are not included in the documents to be delivered, pursuant to the relevant laws and regulations and the Articles of Incorporation." These items are included in 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.

- Matters concerning Subscription Rights to Shares
- Important Alliance for Technology
- 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

In the case of revisions to the items for which the measures for providing information in electronic format are taken, the Company will provide the revised details on the aforementioned Company's website and Tokyo Stock Exchange's website.

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

The following is our policy on countermeasures against COVID-19 at this Annual Shareholders Meeting.
We ask for your understanding in this matter.

- If you have symptoms, test positive for COVID-19, or have a family member living with you who tests positive for COVID-19, please refrain from attending the meeting in person and consider exercising your voting rights by attending via the Internet (online attendance) or exercising your voting rights beforehand, either in writing or via the Internet or other such means.

- If you appear to be unwell, such as having a bad cough, you may be refused entry and asked to return home.

- 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.

- Please consider the option of attending via the Internet (online attendance). (Refer to page 9 for details.)

Guidance for Means of Exercising Voting Rights:

In case that voting rights are exercised beforehand:

In case that voting rights are exercised via the Internet:
Deadline for Exercise: 5:00 p.m. on Wednesday, June 21, 2023 (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 Beforehand via the Internet] on page 7.)

In case that voting rights are exercised by returning the Voting Card:
Deadline for Exercise: 5:00 p.m. on Wednesday, June 21, 2023 (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 voting rights are exercised when attending the Annual Shareholders Meeting:

In case that the shareholder attends via the Internet (online attendance):
Date and Time: 10:00 a.m. on Thursday, June 22, 2023
Please access the shareholder portal via the following URL from your computer, smartphone or tablet device.

Make sure you have the enclosed Instructions for Attendance Via the Internet (Online Attendance) on hand as you refer to the instructions on page 9.

URL of shareholder portal: https://4503.ksoukai.jp/

In case that the shareholder attends at the Annual Shareholders Meeting venue:
Date and Time: 10:00 a.m. on Thursday, June 22, 2023
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:
Exercise of voting rights beforehand
1. In case that voting rights are exercised both beforehand 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 beforehand 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 beforehand, it shall be counted as a vote of approval.

Method and handling of exercise of voting rights in case that voting rights are exercised when attending the Annual Shareholders Meeting

1. Upon taking a vote, shareholders are requested to exercise his or her voting rights in the prescribed manner during the time specified by the chairman. (Voting rights may not be exercised outside of the time specified by the chairman.)
2. Shareholders in attendance at the meeting venue will be provided with the voting rights exercise form for meeting venue attendees. Details will be explained at the meeting venue.
3. The Company will deem that a shareholder has voted to abstain either if the shareholder did not complete the voting rights exercise form for meeting venue attendees by indicating either approve, disapprove or abstain, or otherwise if the shareholder clicked the "行使する (exercise)" voting rights button without having clicked either button for approve, disapprove or abstain on the dedicated website for shareholders in attendance online.
4. In case that a shareholder in attendance at the meeting venue exercised his or her voting rights through online attendance as well, only the vote exercised through online attendance will be recognized as valid.

Relationship between exercising voting rights beforehand and exercising voting rights when attending the Annual Shareholders Meeting

1. In case that a shareholder who exercised his or her voting rights beforehand attended the Annual Shareholders Meeting (including online attendance) and exercised his or her voting rights on the date of the Annual Shareholders Meeting, only the vote exercised on the date of the Annual Shareholders Meeting will be recognized as valid.
2. In case that a shareholder who exercised his or her voting rights beforehand did not exercise his or her voting rights on the date of the Annual Shareholders Meeting while attending such meeting (including online attendance), only the vote exercised beforehand will be recognized as valid.
3. The Company will deem that a shareholder has voted to abstain if the shareholder who did not exercise his or her voting rights beforehand did not exercise his or her voting rights while attending the Annual Shareholders Meeting (including online attendance) during the time specified by the chairman for exercising voting rights.
4. The Company will deem that a shareholder is absent for the vote if the shareholder who did not exercise his or her voting rights beforehand does not attend the meeting (including online attendance) during the time specified by the chairman for the vote.

[Exercise of Voting Rights Beforehand via the Internet]

In case that a shareholder intends to exercise his or her voting rights beforehand via the Internet, please access the following Website for Exercise of Voting Rights. Please enter the "vote exercising code" and "password" written on the enclosed Voting Card. Then 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 Wednesday, June 21, 2023 (completion of entry is required)

Instructions for Access
Access the Website for Exercise of Voting Rights and enter the "vote exercising code" written on the enclosed Voting Card. Click "ログイン (Login)" button and enter your vote following the on-screen guidance.

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 for Online Attendance:

[The shareholder portal is only available in Japanese]

Access to Shareholder Portal:
Please access the shareholder portal via the following URL from your computer, smartphone or tablet device. Enter the ID and password shown on the enclosed Instructions for Attendance Via the Internet (Online Attendance), then click the login button.

URL of shareholder portal: https://4503.ksoukai.jp

(Note) The period of reissuance in the case that a shareholder has lost his or her Instructions for Attendance Via the Internet (Online Attendance) will be available until 5:00 p.m. on Thursday, June 15. Please note that reissuance of the instructions will not be possible after that period.

Contact for Reissuance Request: Sumitomo Mitsui Trust Bank, Limited
Online Annual Shareholders Meeting Support: 0120-782-041
Business Hours: from 9:00 a.m. to 5:00 p.m. (excluding weekends and holidays)

Requests for Prior Application for Online Attendance:
Rough Deadline for Prior Application: 5:00 p.m. on Wednesday, June 21, 2023
The Company cordially requests that you submit your application via the shareholder portal by 5:00 p.m. on Wednesday, June 21, 2023 (preferably) so that the number of shareholders attending online will be known beforehand.
Click the "出席を申し込む (attendance application)" button.

Online Attendance:
On the date of the Annual Shareholders Meeting, you may attend the meeting online by logging in to the shareholder portal and clicking the "出席 (attend)" button. The "出席 (attend)" button can be clicked starting at 9:30 a.m.

Motions to be addressed will be limited to those submitted by shareholders attending at the meeting venue, including motions on all matters regarding Annual Shareholders Meeting procedures and motions on all matters regarding proposals. As such, motions submitted by shareholders attending online will not be accepted. Please be advised that in the event that a vote is required on a motion or the proceedings of the meeting, shareholders attending online will be deemed as abstaining or absent, in accordance with the handling of shareholders who exercise their voting rights beforehand by return of the Voting Card or by electronic means (via the Internet, etc.) and do not attend the meeting. The Company cordially requests that those shareholders seeking to submit motions or take part in voting on motions consider the option of attending at the meeting venue.

Submitting Questions When Attending Online:

Shareholders attending online may submit questions via the shareholder portal on the date of the meeting. Please follow the steps below when submitting questions. We ask that shareholders ensure that content of their questions pertains only to the purpose of the Annual Shareholders Meeting.

<Instructions for submitting questions>

(1) Click the "質疑 (question)" tab on the right-hand side of your screen.

(2) Enter your question.

(3) Click the "次へ (next)" button, then check the content and click the "送信する (submit)" button.

* Each shareholder may submit one question of up to 200 characters via the shareholder portal. Please note that it may not be possible for us to furnish a reply to every question on the date of the Annual Shareholders Meeting.

Exercising Voting Rights When Attending Online:

You may exercise your voting rights upon having viewed the proceedings on the date of the Annual Shareholders Meeting. Please follow the steps below when exercising your voting rights.

<Instructions for exercising voting rights>

(1) Click the "議決権行使 (exercise voting rights)" tab on the right-hand side of your screen.

(2) Select either "賛成 (approve)," "反対 (disapprove)," or "棄権 (abstain)" with respect to each of the matters to be resolved.

(3) After having performed step (2) with respect to each of the matters to be resolved, click the "行使する (execute vote)" button at the bottom of your screen.

* You may not click the "行使する (execute vote)" button more than one time.

Notes Regarding Online Attendance

(1) You will need the following systems environment to access our online attendance platform.

	Personal computer		Smartphone or tablet device	
OS	Windows	Mac	Android	iOS
	Windows 8.1/10/11*1	Mac OS (latest version)	Android 8 (or later version)	iPhone: iOS 12 (or later version) iPad: iOS 13 (or later version)
Browser*2	Microsoft Edge*3 Mozilla Firefox Google Chrome	Safari	Google Chrome	Safari
Network connectivity	5 Mbps (recommended)			
Operating environment	https://jp.vcube.com/support/virtual-shareholders-meeting/requirements/#vsm01		https://jp.vcube.com/support/virtual-shareholders-meeting/requirements/#vsm02	

Please be aware that shareholders may encounter difficulties accessing the online attendance platform or exercising their voting rights potentially due to issues involving their personal computer, smartphone, tablet device, Internet environment, network connectivity, or other aspects of their systems environment.

*1. Operation has been confirmed with Windows 8.1/10. Please use desktop mode with these operating systems.

*2. Please enable JavaScript and cookies in your browser. It is assumed that your browser has been updated to the latest version.

*3. Access is not possible using Microsoft Edge in Internet Explorer mode.

(2) Exercising voting rights by proxy

The option of online attendance is available only to shareholders. We ask that shareholders wishing to attend by proxy assign their proxy to one (1) shareholder who is to physically attend on the date of the meeting, pursuant to the provisions of laws and regulations and the Company's Articles of Incorporation.

(3) Other notes

- The language used for the online attendance format is Japanese only.
- Telecommunication malfunctions such as disturbances and temporary disruptions in video or audio streaming may occur due to network connectivity issues or other such problems. Such circumstances could potentially result in a situation where a shareholder may be unable to attend online or exercise his or her voting rights. Whereas the Company will take action to address telecommunication malfunctions and other such issues to a reasonable extent, please note that the Company will not assume any liability whatsoever for detrimental outcomes caused by telecommunication malfunctions or other such issues, such that may be incurred by shareholders attending online.
- The following acts are strictly prohibited: Sharing of an ID or password for online attendance with a third party; sound recording, video recording, or publishing of the Annual Shareholders Meeting, or other similar acts.

- The Company may partially change or cancel the content of online attendance upon having deemed such action unavoidable.
- The Company will provide notification via its corporate website upon any changes that may occur with respect to administration of online attendance, including a need to address system failure or other such urgent matters, or changes in circumstances. Please check the website accordingly.
- Online attendance of the Annual Shareholders Meeting is to be limited exclusively to the shareholders who are listed in the Company's register of shareholders as of March 31, 2023. Those other than the relevant shareholders are asked to refrain from attending the meeting.

[Contact information for online attendance]

(1) Please refer to page 9 for details on IDs and passwords (including reissuance of the Instructions for Attendance Via the Internet (Online Attendance)).

(2) For matters related to technical issues such as network environments:
03–4335–8073, V-cube, Inc.
Available period: From 9:00 a.m. to the end of the Annual Shareholders Meeting on Thursday, June 22, 2023

Advance questions

Deadline for Advance questions: 11:59 p.m. on Thursday, June 15, 2023

The Company will accept questions in advance with regard to the matters relating to the purpose of the Annual Shareholders Meeting.

Each shareholder may submit one question with regard to the matters relating to the purpose of the Annual Shareholders Meeting. Please be advised that we will not answer questions individually at any time other than the Annual Shareholders Meeting.

<Instructions for submitting questions>

(1) Log in to the shareholder portal.
URL of shareholder portal: https://4503.ksoukai.jp

(2) Click the "事前質問を行う (submit questions in advance)" button.

(3) Enter a question of up to 200 characters in length, then click the "次へ (next)" button.

(4) Check the content, then click the "申し込む (submit application)" button (you may not submit questions more than one time).

Videos of the Annual Shareholders Meeting, answers to questions, etc. will be available on our website after the Annual Shareholders Meeting

On the date of the Annual Shareholders Meeting, we intend to furnish replies with respect to matters of high interest to our shareholders. At a later date, we plan to post to the Company's website the questions we received on or before the date of the meeting, along with our answers to such questions, including questions and answers with respect to questions we were unable to answer on the date of the meeting (excluding questions we have deemed not appropriate to be made public).

The Company's website: https://www.astellas.com/en/investors/shareholders-meeting

Reference Documents for Shareholders Meeting

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

The terms of office of Dr. Kenji Yasukawa, Mr. Naoki Okamura, Mr. Mamoru Sekiyama, Dr. Hiroshi Kawabe, Mr. Takashi Tanaka, and Ms. Eriko Sakurai 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, increasing the number of Directors by one (1) in order to strengthen the management structure.

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

Please see page 26 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		Kenji Yasukawa	Representative Director, Chairman of the Board
2	Reelection		Naoki Okamura	Representative Director, President and CEO
3	New Candidate		Katsuyoshi Sugita	Senior Corporate Executive (Senmu Tantou-Yakuin), Chief People Officer and Chief Ethics & Compliance Officer Executive Vice President, Human Resources
4	Reelection	Outside Director and Independent Director	Takashi Tanaka	Director Member of the Nomination Committee and the Compensation Committee [Concurrent positions at other organizations] Representative Director, Chairman of the Board, KDDI CORPORATION Director, Okinawa Cellular Telephone Company
5	Reelection	Outside Director and Independent Director	Eriko Sakurai	Director Member of the Nomination Committee and the Compensation Committee [Concurrent positions at other organizations] Outside Director, Sumitomo Mitsui Financial Group, Inc. Outside Director, Kao Corporation
6	New Candidate	Outside Director and Independent Director	Masahiro Miyazaki	[Concurrent positions at other organizations] Outside Director, Kurita Water Industries Ltd.
7	New Candidate	Outside Director and Independent Director	Yoichi Ohno	[Concurrent positions at other organizations] Visiting Professor, Social Medicine and Research Administration Center and Medical Education Center, Saitama Medical University

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
1	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, Chief Strategy Officer and Chief Commercial Officer (CSTO & CCO), the Company April 2018: Representative Director, President and CEO, the Company April 2023: Representative Director, Chairman of the Board, the Company (present post) (Rate of attendance in meetings of the Board of Directors) 14/14 meetings (100%) (Reasons for selection as a candidate for Director) Since his appointment as Representative Director, President and CEO of the Company in April 2018, he has been fulfilling his duties as Director, and leading the overall management and global business, etc. Since April 2023, as Representative Director, Chairman of the Board, he has been supervising the overall management in an aim to achieve sustainable enhancement of the enterprise value. 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.	127,415 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
2	Naoki Okamura (September 18, 1962) Reelection	April 1986: Joined the Company October 2010: President and CEO, OSI Pharmaceuticals, Inc. April 2012: Senior Vice President, Chief Strategy Officer, Astellas Pharma Europe Ltd. July 2014: Vice President, Licensing & Alliances, the Company April 2016: Vice President, Corporate Planning, the Company June 2016: Corporate Executive, Vice President, Corporate Planning, the Company April 2018: Corporate Executive, Chief Strategy Officer (CSTO), the Company April 2019: Corporate Executive Vice President, Chief Strategy Officer (CStO), the Company June 2019: Representative Director, Executive Vice President, Chief Strategy Officer (CStO), the Company October 2019: Representative Director, Executive Vice President, Chief Strategy Officer and Chief Financial Officer (CStO & CFO), the Company September 2021: Representative Director, Executive Vice President, Chief Strategy Officer, Chief Financial Officer and Chief Business Officer (CStO & CFO, and CBO), the Company March 2022: Representative Director, Executive Vice President, Chief Strategy Officer and Chief Business Officer (CStO and CBO), the Company April 2022: Representative Director, Executive Vice President and Chief Strategy Officer (CStO), the Company April 2023: Representative Director, President and CEO, the Company (present post) (Rate of attendance in meetings of the Board of Directors) 13/14 meetings (93%) (Reasons for selection as a candidate for Director)	33,400 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
		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 (CStO), Chief Financial Officer (CFO) and Chief Business Officer (CBO) while utilizing his abundant experience in global business operation. Since April 2023, as Representative Director, President and CEO of the Company, he has been 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.	

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
3	Katsuyoshi Sugita (September 3, 1967) New Candidate	April 1991: Joined Asahi Kasei Corp. January 2005: Director, Human Resources, Medical Devices, Johnson & Johnson K.K. November 2008: Vice President, Human Resources, Hilti Japan Ltd. August 2012: Vice President, Human Resources, AstraZeneca K.K. July 2016: Senior Director, Human Resources, Microsoft Japan Co., Ltd. May 2021: Executive Vice President, Human Resources, the Company (present post) October 2022: Senior Corporate Executive (Senmu Tantou-Yakuin), Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO), the Company (present post) (Reasons for selection as a candidate for Director) He has served important positions at Japanese subsidiaries of pharmaceutical and IT companies that develop business globally, and possesses abundant experience and extensive insight, as well as a high level of expertise in the field of human resources. Since his appointment as Senior Corporate Executive (Senmu Tantou-Yakuin), Chief People Officer and Chief Ethics & Compliance Officer of the Company in October 2022, he has been 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 abundant experience and leadership will be required for the management of the Company, and therefore requests his election as a new Director.	1,100 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
4	Takashi Tanaka (February 26, 1957) Candidate for Outside Director and Independent Director Reelection	April 1981: Joined Kokusai Denshin Denwa Co., Ltd. (KDD) April 2003: Executive Officer, General Manager, Solution Product Development Division, Solution Business Sector, KDDI CORPORATION June 2007: Managing Executive Officer, Executive Director, Solution Business Sector, KDDI CORPORATION August 2007: President, Wireless Broadband Planning Inc. (current UQ Communications Inc.) April 2009: Managing Executive Officer, Solution Business Sector, KDDI CORPORATION April 2010: Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION June 2010: Senior Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION Chairman, UQ Communications Inc. December 2010: Representative Director, President, KDDI CORPORATION April 2018: Representative Director, Chairman of the Board, KDDI CORPORATION (present post) June 2018: Director, Okinawa Cellular Telephone Company (present post) June 2021: Director, the Company (present post) (Status of significant concurrent positions at other organizations) Representative Director, Chairman of the Board, KDDI CORPORATION Director, Okinawa Cellular Telephone Company (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) 14/14 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 corporate management as a business manager of telecommunications companies for many years, and has abundant experience and extensive insight as a business manager. Since June 2021, he has been playing a key role as outside Director in the management of the Company from an independent standpoint. In addition, as a member of the Nomination Committee and the Compensation Committee, he has contributed to the deliberations of each Committee by vigorously expressing opinions. The Company expects him to leverage his broad knowledge in the telecommunications field and abundant experience and extensive insight as a corporate manager to the management of the Company from an independent standpoint in the future as well, 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	Eriko Sakurai (November 16, 1960) Candidate for Outside Director and Independent Director Reelection	June 1987: Joined Dow Corning Corporation (current Dow Silicones Corporation) March 2009: Chairman and CEO, Representative Director, Dow Corning Toray Co., Ltd. (current Dow Toray Co., Ltd.) May 2011: Regional President Japan/Korea, Dow Corning Corporation (current Dow Silicones Corporation) June 2014: Outside Director, Sony Corporation (current Sony Group Corporation) February 2015: President, Representative Director, Dow Silicones Holdings Japan Kabushiki Kaisha (current Specialty Products Japan Godo Kaisha) June 2015: Outside Director, Sumitomo Mitsui Financial Group, Inc. (present post) August 2020: President and Representative Director, Dow Chemical Japan Limited President, Representative Director, Dow Japan Holdings Kabushiki Kaisha (current Dow Chemical Japan Limited) President, Representative Director, Performance Materials Japan Kabushiki Kaisha March 2022: Outside Director, Kao Corporation (present post) June 2022: Director, the Company (present post) (Status of significant concurrent positions at other organizations) Outside Director, Sumitomo Mitsui Financial Group, Inc. Outside Director, Kao Corporation (Number of years as outside Director) One (1) year at the close of this Annual Shareholders Meeting (Rate of attendance in meetings of the Board of Directors) 10/11 meetings (91%) (Reasons for selection as a candidate for outside Director, including grounds for the judgment that she can appropriately carry out duties, and a summary of expected roles)	0 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
		She has served in important positions for many years at a chemical manufacturer that develops business globally and has its head office in the United States, and has been engaged in corporate management at a Japanese subsidiary in the corporate group of that company. She possesses abundant international experience and extensive insight. Since June 2022, she has been playing a key role as outside Director in the management of the Company from an independent standpoint. In addition, as a member of the Nomination Committee and the Compensation Committee, she has contributed to the deliberations of each Committee by vigorously expressing opinions. The Company expects her to leverage her abundant international experience and extensive insight for the management of the Company from an independent standpoint in the future as well, and therefore requests her 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	Masahiro Miyazaki (April 13, 1954) Candidate for Outside Director and Independent Director New Candidate	April 1977: Joined Nissei Sangyo Co., Ltd. (current Hitachi High-Tech Corporation) March 1990: Chief Representative, Kuala Lumpur Representative Office, Nissei Sangyo (Singapore) Pte. Ltd. (current Hitachi High-Tech (Singapore) Pte. Ltd.) January 1995: General Manager, Electronic Components Div., Nissei Sangyo America, Ltd. (current Hitachi High-Tech America, Inc.) June 2002: Deputy General Manager, Electronics Div., Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation) July 2004: General Manager, Electronics Div., Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation) April 2007: Executive Officer, General Manager, Regional Branch Office for West Japan Area and Kansai Branch Office, Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation) April 2010: President and CEO, Hitachi High-Technologies America, Inc. (current Hitachi High-Tech America, Inc.) April 2014: Senior Vice President and Executive Officer, General Manager, Corporate Strategy Div., Fine Technology Systems Business Div. and CSO (Chief Strategy Officer), Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation) April 2015: Representative Executive Officer, President and Chief Executive Officer, Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation) June 2015: Representative Executive Officer, President and Chief Executive Officer and Director., Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation) April 2021: Chairman Emeritus, Hitachi High-Tech Corporation June 2022: Outside Director, Kurita Water Industries Ltd. (present post) (Status of significant concurrent positions at other organizations) Outside Director, Kurita Water Industries Ltd.	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 extensive experience working overseas for an industrial trading company, and has been engaged in corporate management as a business manager of a company that develops business globally in the field of precision instruments, etc. He possesses abundant international experience and extensive insight. The Company expects him to leverage his abundant international experience and extensive insight for the management of the Company from an independent standpoint, and therefore requests his election as a new outside Director.	

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
7	Yoichi Ohno (July 17, 1961) Candidate for Outside Director and Independent Director New Candidate	May 1993: Assistant Professor, Internal Medicine, School of Medicine, Keio University April 1995: Deputy Chief, Internal Medicine, Tokyo Denryoku Hospital April 2002: Director, Green Town Clinic Center, and Chief, Internal Medicine, Green Town Clinic July 2005: Chief, Nephrology, Endocrinology and Metabolism Department, Internal Medicine, Saitama City Hospital April 2007: Senior Lecturer, Nephrology, Saitama Medical University August 2007: Senior Lecturer, Community Health Science Center, Saitama Medical University April 2013: Associate Professor, Community Health Science Center and Nephrology, Saitama Medical University April 2020: Visiting Professor, Social Medicine, Research Administration Center and Medical Education Center, Saitama Medical University (present post) (Status of significant concurrent positions at other organizations) Visiting Professor, Social Medicine and Research Administration Center and Medical Education Center, Saitama Medical University (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 as a medical scientist and a clinician, and has abundant specialized knowledge and experience in medical treatment. The Company expects him to leverage his abundant specialized knowledge and experience to the management of the Company from an independent standpoint, 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. Takashi Tanaka, Ms. Eriko Sakurai, Mr. Masahiro Miyazaki and Dr. Yoichi Ohno 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 30 to 31. Mr. Masahiro Miyazaki served as Representative Executive Officer, President and Chief Executive Officer and Director of Hitachi High-Tech Corporation until March 2021. Although there is a business relationship between the Hitachi Group, including the company, and the Astellas Group, the amount of transactions in FY2022 was less than 0.5% of consolidated net sales from both sides, which does not affect his independence as an outside Director.

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. Takashi Tanaka and Ms. Eriko Sakurai is approved, the Company will maintain the agreements to limit their respective liabilities, and if the election of Mr. Masahiro Miyazaki and Dr. Yoichi Ohno is approved, the Company will enter into agreements to limit their respective liabilities 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 (excluding Directors who are 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 a review with respect to the 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 the 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
Rie Akiyama (March 17, 1970) Candidate for Outside Director and Independent Director New Candidate	April 1992: Joined Sanwa Bank Ltd. (current MUFG Bank, Ltd.) April 1999: Registered as attorney-at-law (Tokyo Bar Association) April 1999: Joined Baba Law Office (current Baba & Sawada Law Office) (present post) June 2019: Outside Director, GOLDWIN INC. (present post) (Status of significant concurrent positions at other organizations) Lawyer, Baba & Sawada Law Office Outside Director, GOLDWIN INC. (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 through working on international cases, serving as a civil mediator at the Tokyo District Court, etc. The Company expects her to leverage her abundant specialized knowledge and experience to supervise and audit the Company's management, and therefore requests her election as a new outside Director who is an Audit & Supervisory Committee Member.	0 shares

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

2. Ms. Rie Akiyama 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 30 to 31.

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 election of Ms. Rie Akiyama is approved, the Company will enter into the agreement to limit her 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 insurance agreement shall compensate for damages, legal expenses, etc. to be borne by the insured. If the candidate assumes office as Director who is an Audit & Supervisory Committee Members, she 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. Directors who are Audit & Supervisory Committee Members, Mr. Toru Yoshimitsu, Mr. Raita Takahashi and Ms. Mika Nakayama, will continue to serve as Directors who are Audit & Supervisory Committee Members. If this proposal is approved and adopted as 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

Skills Matrix

The Board of Directors specifies the skills, etc. (knowledge, experience, abilities, etc.) that should be possessed as a whole in order to properly perform its function in light of the Company's corporate strategies.
If the First Proposal and Second Proposal are approved and adopted as proposed, the composition of the Board of Directors and the skills, etc. expected of Directors will be as follows:

	Name	Outside Director	Company Management	Global Business	Science & Technology	Legal・Risk Management*	Finance・Accounting	Academia
Director	Kenji Yasukawa		●	●	●			
	Naoki Okamura		●	●	●		●	
	Katsuyoshi Sugita		●	●		●		
	Takashi Tanaka	○	● (Telecommu-nication)	●	●			
	Eriko Sakurai	○	● (Chemicals)	●				
	Masahiro Miyazaki	○	● (Precision instruments / Trading)	●				
	Yoichi Ohno	○			●			● (Medi-cine)
Director Audit & Supervisory Committee Member	Toru Yoshimitsu			●	●		●	
	Raita Takahashi	○					● (Account-ant)	
	Mika Nakayama	○	● (Chemicals)	●	●	●		
	Rie Akiyama	○				● (Lawyer)		

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

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, 2022 to March 31, 2023)

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, 2022 to March 31, 2023, hereinafter it may be also referred to as "FY2022"), 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.

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 are deemed to be excluded based on the Company's judgment.

Consolidated financial results (core basis) in FY2022 are shown in the table below. Revenue, core operating profit and core profit increased across the board.

Consolidated financial results (core basis)

	Business results of the business year under review (FY2022)	Fluctuation from the previous business year (increase/decrease ratio)
Revenue	¥1,518.6 billion	¥222.5 billion increase (17.2% increase)
Core operating profit	¥286.9 billion	¥42.2 billion increase (17.2% increase)
Core profit	¥224.6 billion	¥34.0 billion increase (17.9% increase)

(i) Revenue

Revenue in FY2022 increased by 17.2% compared to those in the previous business year ("year-on-year") to ¥1,518.6 billion.

- Sales of main products XTANDI for the treatment of prostate cancer, PADCEV for the treatment of urothelial cancer, and XOSPATA for the treatment of acute myeloid leukemia showed steady growth. Sales of EVENITY for the treatment of osteoporosis in Japan also increased, contributing to revenue growth.

(ii) Core operating profit / Core profit

Core operating profit increased by 17.2% year-on-year to ¥286.9 billion.
Core profit increased by 17.9% year-on-year to ¥224.6 billion.

- Gross profit increased by 17.9% year-on-year to ¥1,230.3 billion. The cost-to-revenue ratio decreased by 0.5 of a percentage point year-on-year to 19.0%.

  Selling, general and administrative expenses increased by 14.8% year-on-year to ¥630.3 billion. Although expenses decreased as a result of global optimization of commercial-related personnel (decrease of approximately ¥8.0 billion year-on-year) and reduction of mature products-related costs (decrease of approximately ¥8.0 billion year-on-year), the total amount increased due to an increase in investment for new product launch readiness (increase of approximately ¥12.0 billion year-on-year) and foreign exchange rate impact (increase of ¥80.3 billion year-on-year). Selling, general and administrative expenses, excluding co-promotion fees of XTANDI in the United States, increased by 11.1% year-on-year to ¥454.8 billion. Excluding the foreign exchange rate impact, the total amount decreased on a year-on-year basis.
- Research and development (R&D) expenses increased by 12.2% year-on-year to ¥276.1 billion. The total amount increased due to the recording of expenses (¥13.7 billion) associated with the use of priority review voucher* for fezolinetant in the first quarter of FY2022 and the foreign exchange rate impact (increase of ¥27.5 billion year-on-year). The R&D cost-to-revenue ratio was down 0.8 percentage points year-on-year to 18.2%.

- Amortisation of intangible assets increased by 35.9% year-on-year to ¥38.4 billion.

* Priority review voucher: Right to receive priority review when submitting a new drug application to the United States Food and Drug Administration

The exchange rates for the yen in FY2022 are shown in the table below. The resulting impacts were a ¥164.4 billion increase in revenue and a ¥40.1 billion increase in core operating profit compared with if the exchange rates of the previous business year (from April 1, 2021 to March 31, 2022, hereinafter it may be also referred to as "FY2021") were applied.

Exchange rate

Average rate	FY2021	**FY2022**	Change
US$/¥	¥112	**¥135**	¥23 (Weakening of yen)
€/¥	¥131	**¥141**	¥10 (Weakening of yen)

Change from beginning to end of period	FY2021	**FY2022**
US$/¥	¥11 (Weakening of yen)	**¥11 (Weakening of yen)**
€/¥	¥5 (Weakening of yen)	**¥9 (Weakening of yen)**

<Consolidated financial results (full basis)>

Consolidated financial results on a full basis in FY2022 are shown in the table below. Revenue increased, while operating profit and profit for the year decreased.

The full basis financial results include "Other income" and "Other expenses" which are excluded from the core basis financial results. In FY2022, "Other income" was ¥3.6 billion (¥15.3 billion in the previous business year).

As "Other expenses" in the fourth quarter of FY2022, the Company recorded an increase in the fair value of contingent consideration for zolbetuximab (¥38.6 billion), an impairment loss of intangible assets in relation to a revision of the future plan for Evrenzo (¥47.1 billion), an impairment loss of intangible assets in relation to the termination of development of FX-322 (¥8.6 billion), and an impairment loss of intangible assets in relation to the termination of an agreement with Adaptimmune Limited (U.K.) (¥4.6 billion). In addition, the Company recorded an impairment losses of intangible assets in relation to the termination of research and development of gene therapy programs AT702, AT751 and AT753 (¥23.0 billion) and an increase in the fair value of contingent consideration arising in relation to an application for approval of fezolinetant in the United States (¥13.2 billion), in the first quarter of FY2022. In total, "Other expenses" was ¥157.5 billion in the business year under review (¥104.3 billion in the previous business year).

Consolidated financial results (full basis)

	Business results of the business year under review (FY2022)	Fluctuation year-on-year (Increase/decrease ratio)
Revenue	¥1,518.6 billion	¥222.5 billion increase (17.2% increase)
Operating profit	¥133.0 billion	¥22.7 billion decrease (14.6% decrease)
Profit before tax	¥132.4 billion	¥24.5 billion decrease (15.6% decrease)
Profit	¥98.7 billion	¥25.4 billion decrease (20.4% decrease)

Sales of main products

	Business results of the business year under review (FY2022)	Fluctuation year-on-year (Increase/decrease ratio)
XTANDI	¥661.1 billion	¥126.8 billion increase (23.7% increase)
PADCEV	¥44.4 billion	¥22.7 billion increase (104.4% increase)
XOSPATA	¥46.6 billion	¥12.5 billion increase (36.7% increase)
Evrenzo	¥3.2 billion	¥0.6 billion increase (23.0% increase)
Betanis / Myrbetriq / BETMIGA	¥188.6 billion	¥16.3 billion increase (9.5% increase)
Prograf*	¥198.8 billion	¥13.4 billion increase (7.2% increase)

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

<Revenue by region>

Revenue by region is shown in the table below. Revenue increased in all regions.

	Business results of the business year under review (FY2022)	Fluctuation year-on-year (Increase/decrease ratio)
Japan	¥262.3 billion	¥3.5 billion increase (1.4% increase)
United States	¥652.4 billion	¥115.0 billion increase (21.4% increase)
Established Markets*1	¥358.4 billion	¥51.9 billion increase (16.9% increase)
Greater China*2	¥80.0 billion	¥13.7 billion increase (20.7% increase)
International Markets*3	¥144.7 billion	¥26.0 billion increase (21.9% increase)

(Note) Effective from the business year under review, the commercial segment of Australia was changed from Established Markets to International Markets. Figures of fluctuation year-on-year reflects this change.

*1 Established Markets: Europe, Canada.

*2 Greater China: China, Hong Kong, Taiwan.

*3 International Markets: Russia, Latin America, Middle East, Africa, South East Asia, South Asia, Korea, Australia, Export sales, etc.

2) Progress of initiatives for sustainable growth

In the Corporate Strategic Plan 2021, announced in May 2021, the Company has set four Strategic Goals (SGs); “Enable patients to achieve better outcomes,” “Translate innovative science into proven VALUE,” “Advance the Rx+ business,” and “Deepen our engagement in sustainability,” to create and deliver VALUE*4. See also “Issues to be Addressed by the Astellas Group” (page 52) for details of the Corporate Strategic Plan 2021 and each of Strategic Goals.

*4 The result of dividing Outcomes that really matter to patients (clinical outcomes from treatment, etc.) by Cost to the healthcare system of delivering those outcomes

<Reference> For details of the Corporate Strategic Plan 2021, please visit the following Company's website.
https://www.astellas.com/en/investors/strategic-plan

The following are the main initiatives during the FY2022:

SG1: Enable patients to achieve better outcomes

The Company is preferentially allocating management resources to XTANDI for the treatment of prostate cancer and strategic products[*5] that will support sustainable growth over the mid- to long-term. With regard to products that have already been launched, the Company has been developing and maximizing the product value of the Company's growth drivers such as PADCEV for the treatment of urothelial cancer, XOSPATA for the treatment of acute myeloid leukemia and Evrenzo for the treatment of renal anemia, etc. In the later stages of development, much progress was made, including the filing for approval of fezolinetant in the United States and Europe, the achievement of the primary endpoint in two Phase 3 clinical trials of zolbetuximab, etc.

*5 PADCEV, XOSPATA, zolbetuximab, Evrenzo, fezolinetant, AT132

The following are the sales and the main progress of XTANDI and strategic products for the FY2022.

- **XTANDI (generic name: enzalutamide) for the treatment of prostate cancer**
  FY2022 Sales: ¥661.1 billion (increased by 23.7% YoY)

Sales increased in all regions, and global sales increased compared to the previous business year. In particular, prescriptions expanded in the established markets, Japan and the International Markets, contributing to sales growth. The following are the major progress in development of the additional indication.

March 2023: The Company announced that the Phase 3 China ARCHES clinical trial in patients with metastatic hormone-sensitive prostate cancer met its primary endpoint (time to prostate specific antigen progression).

March 2023: The Company announced that the Phase 3 EMBARK clinical trial in patients with non-metastatic hormone-sensitive prostate cancer met its primary endpoint (metastasis-free survival).

- **PADCEV (generic name: enfortumab vedotin) for the treatment of urothelial cancer**
  FY2022 Sales: ¥44.4 billion (increased by 104.4% YoY)

In the United States, sales increased as it established a position as a preferred treatment option for patients with conditions for which indications that had been approved so far. In Japan as well, PADCEV achieved penetration as a preferred treatment option with a large increase in the number of new patients causing growth in sales. In Europe, after obtaining approval in April 2022, the total number of countries where it was launched increased steadily, contributing to sales growth. The following are the major progress in obtaining approval for the additional indication and development.

April 2022: In Europe, the Company obtained approval of the sales of PADCEV as a treatment for patients with locally advanced or metastatic urothelial cancer, who had previously received a platinum-containing chemotherapy and PD-1 or PD-L1 inhibitors.

March 2023: In China, the Biologics License Application was accepted that the Company had submitted based on the results of the Phase 2 EV-203 clinical trial for the treatment of patients with locally advanced or metastatic urothelial cancer, who had previously received PD-1 or PD-L1 inhibitors and a platinum-containing chemotherapy.

April 2023: In the United States, PADCEV with KEYTRUDA (generic name: pembrolizumab), a PD-1 inhibitor of Merck & Co., Inc. (U.S.), was granted accelerated approval as a combination therapy, for the first-line treatment of patients with locally advanced or metastatic urothelial cancer who are not eligible for cisplatin.

- **XOSPATA (generic name: gilteritinib fumarate) for the treatment of acute myeloid leukemia**
  FY2022 Sales: ¥46.6 billion (increased by 36.7% YoY)

Sales increased in all regions. In addition to continual growth in the United States, Europe, and Japan, where it secured a high market share, the number of countries in which it was sold increased in the International Markets. The following are the major progress in development related to the additional indication.

March 2023: The Company announced that the Phase 3 MORPHO clinical trial for the maintenance therapy following allogeneic hematopoietic stem cell transplantation patients with acute myeloid leukemia with *FLT3* mutation did not meet the primary endpoint (relapse-free survival).

- **Evrenzo (generic name: roxadustat) for the treatment of renal anemia**
  FY2022 Sales: ¥3.2 billion (increased by 23.0% YoY)

While sales grew in Europe with an increase in the number of countries where it was newly launched, sales decreased in Japan due to the strong competition in markets. The following is the progress in development.

October 2022: The Company announced the discontinuation of development for chemotherapy-induced anemia, which was under the Phase 2 clinical trial stage, within the scope of Company's rights.

The following are the major progress in the development of other strategic products.

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

August 2022: In the United States, the application for approval of its sales to patients with moderate-to-severe vasomotor symptoms associated with menopause was accepted. The target date for completion of the review was set at February 22, 2023.

September 2022: The Company announced that the Phase 3 MOONLIGHT 3 clinical trial for the treatment of vasomotor symptoms associated with menopause in women in Asia provided 52-week data supporting the long-term safety.

September 2022: In Europe, the application for approval of its sales to patients with moderate-to-severe vasomotor symptoms associated with menopause was accepted.

February 2023: The Company received a notice from the United States Food and Drug Administration (FDA) extending the target date for completion of the review. The new target date for completion of the review was set at May 22, 2023.

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

  November 2022: The Company announced that the Phase 3 SPOTLIGHT clinical trial for gastric and gastroesophageal junction adenocarcinoma met the primary endpoint (progression-free survival).

  December 2022: The Company announced that the Phase 3 GLOW clinical trial for gastric and gastroesophageal junction adenocarcinoma met the primary endpoint (progression-free survival).

- **AT132 (generic name: resamirigene bilparvovec) for patients with X-linked myotubular myopathy**

  The Company is in discussions with FDA to lift the clinical trial suspension notice issued by FDA in September 2021.

In addition, the following are sales of other major products.

- **Overactive Bladder treatment Betanis/Myrbetriq/BETMIGA (generic name: mirabegron)**
  FY2022 Sales: ¥188.6 billion (increased by 9.5% YoY)
  Global sales increased, although there were regional differences.

- **Imunosuppressant agent Prograf (generic name: tacrolimus hydrate)**
  FY2022 Sales: ¥198.8 billion (increased by 7.2% YoY)
  Global sales increased.

Other than the above, the Company also took the following initiative related to the prescription pharmaceutical business.

January 2023: The Company signed an asset transfer agreement for FUNGUARD (generic name: micafungin sodium), an echinocandin antifungal agent, to transfer the worldwide (including Japan) product rights for the agent to Sandoz AG (Switzerland).

SG2: Translate innovative science into proven VALUE

Under its R&D strategy of Focus Area Approach, the Company is working to create innovative products through a new approach to narrowing down medicine targets from multiple perspectives. As of March 2023, we have selected five Primary Focuses[*1]: "Genetic Regulation," "Immuno-Oncology," "Blindness and Regeneration," and "Mitochondria[*2]," and "Targeted Protein Degradation." See also "Issues to be Addressed by the Astellas Group" (page 52) for details of Focus Area Approach and each of Primary Focuses.

<Reference> For details of Focus Area Approach and each of Primary Focuses, please visit the following Company's website.

https://www.astellas.com/en/innovation/areas-of-interest

*1 Primary Focus: A priority investment target selected from within a Focus Area representing a specific combination of factors in terms of scientific validity, feasibility of R&D and commercialization, enhancement level and progress of projects, among others.

*2 During the business year under review, the name of this primary focus was changed from "Mitochondrial Biology" to "Mitochondria."

The following are the main progress of each of Primary Focus during the FY2022:

- **Primary Focus: Genetic Regulation**

  October 2022: The Company entered into an agreement with Taysha Gene Therapies, Inc. (U.S.) for a strategic collaboration on a gene therapy program utilizing adeno-associated virus (AAV).

  January 2023: The Company entered into an exclusive licensing and development agreement with Selecta Bioscience, Inc. (U.S.) for IdeXork, as a potential next generation immunoglobulin G protease for use with AT845 in patients with Late-Onset Pompe Disease.

  January 2023: The clinical trial suspension received from FDA in June 2022 was lifted, for the Phase 1/2 FORTIS clinical trial evaluating AT845.

- **Primary Focus: Immuno-Oncology**

  May 2022: The Company entered into a strategic research collaboration and licensing agreement with GO Therapeutics, Inc. (U.S.) for the development of novel antibodies for immuno-oncology.

  June 2022: The Company entered into a worldwide, strategic collaboration and licensing agreement with Sutro Biopharma, Inc. (U.S.) focused on the discovery and development of novel immunostimulatory antibody-drug conjugates.

  June 2022: ASP2138, an anti-Claudin 18.2 and anti-CD3 bispecific antibody for patients with gastric and gastroesophageal junction adenocarcinoma and pancreatic adenocarcinoma, has been administered to the first patient in the Phase 1 clinical development stage.

  March 2023: The bispecific antibody ASP2074 for patients with cancer has been administered to the first patient in the phase 1 clinical development stage.

March 2023: The bispecific antibody ASP1002 for patients with cancer has been administered to the first patient in the phase 1 clinical development stage.

April 2023: The Company announced the discontinuation of development of ASP9801, an oncolytic virus, which was in the phase 1 clinical development stage for the treatment of cancer.

April 2023: The Company announced the discontinuation of development of the artificial adjuvant vector cell ASP7517, which was in the phase 2 clinical development stage for acute myeloid leukemia and myelodysplastic syndrome and in the phase 1 clinical development stage for solid tumors.

April 2023: The Company announced the discontinuation of development of the artificial adjuvant vector cell ASP0739, which was in the phase 1 clinical development stage for the treatment of cancer.

- **Primary Focus: Blindness and Regeneration**

  August 2022: The Company resumed case screening in the Phase 1b clinical development of cell therapy ASP7317 for patients with geographic atrophy secondary to age-related macular degeneration.

- **Primary Focus: Mitochondria**

  April 2023: The Company announced the discontinuation of development of ASP8731/ML-0207, a BACH1 inhibitor, which was in the phase 1 clinical development stage for the treatment of sickle cell disease.

- **Primary Focus: Targeted Protein Degradation**

  June 2022: The KRAS G12D degrader ASP3082 for patients with cancer has been administered to the first patient in the phase 1 clinical development stage.

  February 2023: ASP3082 was granted Fast Track designation by FDA for development for patients with pancreatic adenocarcinoma harboring a KRAS G12D mutation.

The following are major developments in R&D activities other than Primary Focus for the FY2022.

April 2022: The Company entered into strategic partnership with the University of Tokyo to collaborate for co-creation of innovative new drugs and medical solutions.

June 2022: The Company entered into a collaborative research agreement with Mogrify Limited (U.K.) on regenerative medicine approaches to address sensorineural hearing loss.

July 2022: The Company announced plans to create a new integrated biotechnology campus equipped with state-of-the-art research labs, office spaces, etc., in the State of California, the United States.

August 2022: In China, the Company filed an application for approval of peficitinib

(generic name), a JAK inhibitor, for the treatment of rheumatoid arthritis.

August 2022: The Company announced the discontinuation of development of the $GABA_B$ receptor positive allosteric modulator ASP8062, which was in the Phase 2 clinical development stage for the treatment of opioid use disorder.

October 2022: The Company entered into a new technology evaluation agreement with Pantherna Therapeutics GmbH (Germany) for research to generate mRNA-based innovative regenerative medicine programs using direct reprogramming.

April 2023: The Company announced the discontinuation of development of FX-322, which was in the phase 2 clinical development stage for the treatment of sensorineural hearing loss.

SG3: Advance the Rx+ business

The Company aims to contribute and provide VALUE to patients in various ways, not limited to treatment with drugs but across the whole patient journey (overall medical care, including diagnostic, preventive, therapeutic and prognostic care). This non-pharma activity is referred to as Rx+ business. The Company is focused on commercialization of Rx+ programs 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."

<Reference> For more information on Rx+ programs, please visit the following Company's website.
https://www.astellas.com/en/innovation/rx-plus

Below are the key initiatives in FY2022.

- Investigational near-infrared fluorescence imaging agent

  September 2022: An optical contrast agent ASP5354 (generic name: pudexacianinium chloride), for visualization and identification of lymph nodes in breast cancer and melanoma patients undergoing lymph node mapping, has been administered to the first patient in the phase 2 clinical development stage.

- Innovation of chronic heart failure patient management

  June 2022: The Company began pilot sales of the disposable Holter ECG device "EG Holter™" through an e-commerce site in accordance with an agreement signed with Nitto Denko Corporation and M.Heart Co. Ltd. for pilot sales of the device.

- Chronic diseases progression prevention

  October 2022: The Company partnered with both Hokkaido and Aomori Prefectures on acquiring and analyzing data on walking habits and behavior through Moomin Move, a game application for smartphones developed by Tribered Oy (Finland).

  October 2022: The Company announced the discontinuation of development of an exercise support game application that had been jointly developed with BANDAI NAMCO Entertainment Inc.

- Implantable medical devices

  Pre-clinical trials are underway at the Company's wholly owned subsidiary, Iota Biosciences, Inc. with the goal of starting clinical trials in FY2023.

- Clinically relevant holistic solutions mobile healthcare application

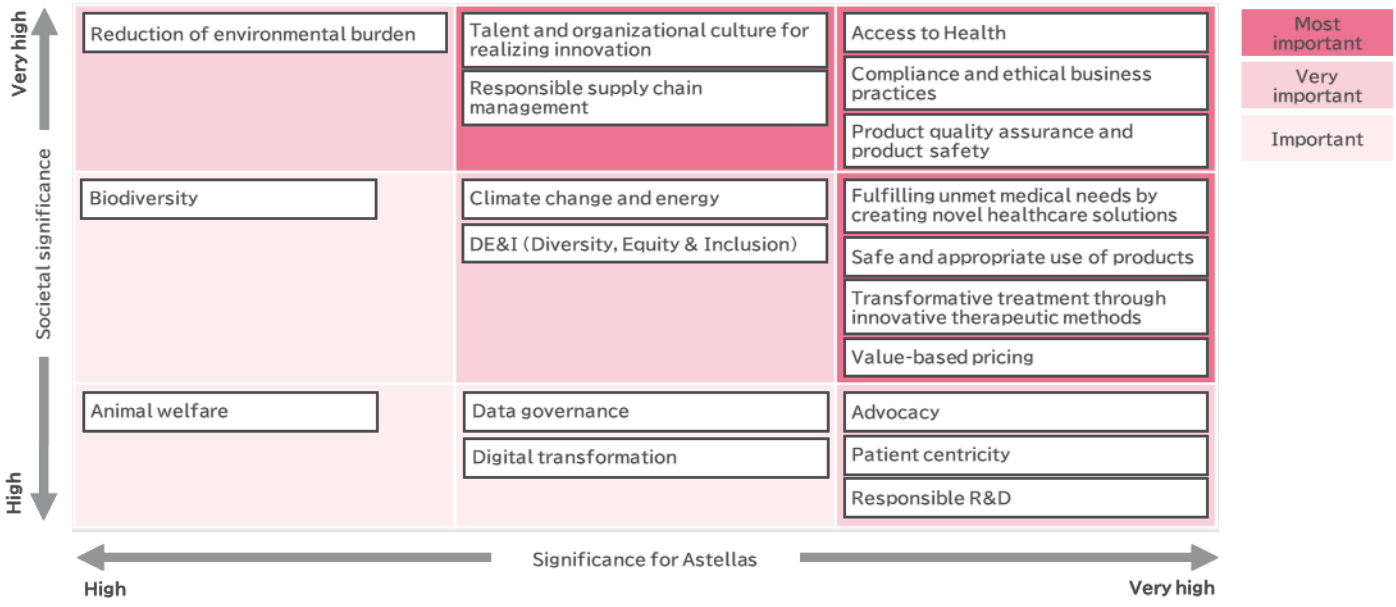
  March 2023: The Company announced that it entered into an agreement with Roche Diabetes Care Japan Co., Ltd. for the development and commercialization in Japan of the company's blood glucose monitoring system, as a combined medical product*, combined with BlueStar, a diabetes treatment app that the Company is jointly working with Welldoc, Inc. (U.S.) to commercialize in Japan.

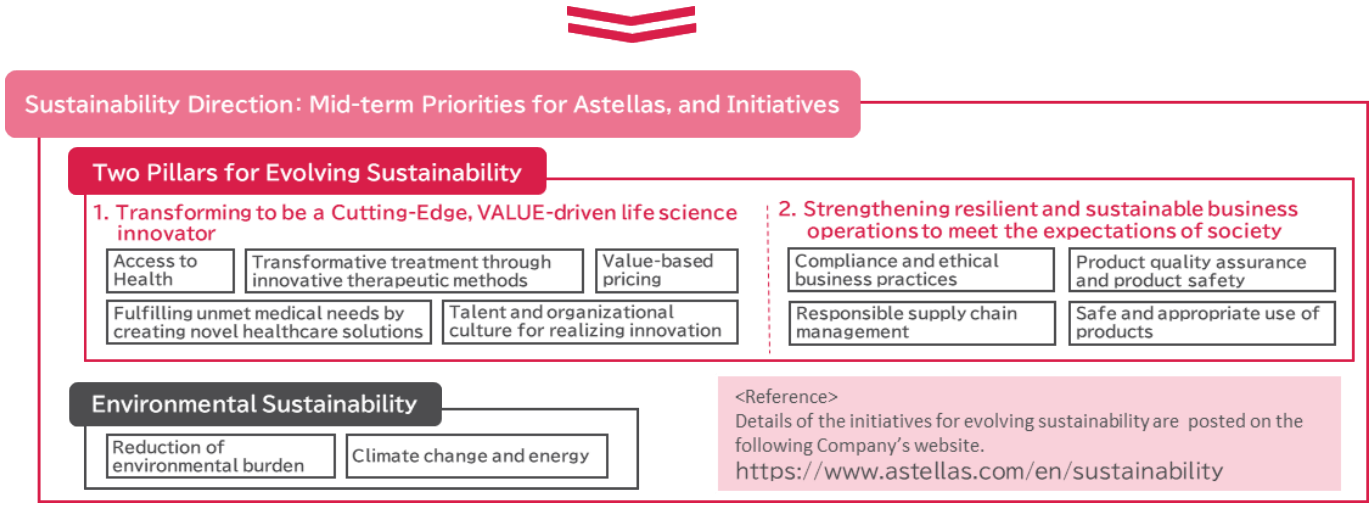
* Combined medical product: Combination of medical equipment needed for diagnosis or treatment, which is subject to regulatory oversight.

SG4: Deepen our engagement in sustainability

- **Formulation of Sustainability Direction**

In FY2021, we revised the materiality matrix to select 19 key issues for both the Company and society, and prioritized nine of them as the most important issues (materiality). In FY2022, we have formulated our Sustainability Direction, in which we specify the nine most important issues as "two pillars for evolving sustainability" and further add two environment-related key issues that are highly demanded by society. Our Sustainability Direction sets out the mid-term priorities for the Company and specific initiatives through FY2025.




Sustainability Direction: Mid-term Priorities for Astellas, and Initiatives
Two Pillars for Evolving Sustainability
1. Transforming to be a Cutting-Edge, VALUE-driven life science innovator
Access to Health
Transformative treatment through innovative therapeutic methods
Value-based pricing
Fulfilling unmet medical needs by creating novel healthcare solutions
Talent and organizational culture for realizing innovation
2. Strengthening resilient and sustainable business operations to meet the expectations of society
Compliance and ethical business practices
Product quality assurance and product safety
Responsible supply chain management
Safe and appropriate use of products
Environmental Sustainability
Reduction of environmental burden
Climate change and energy
<Reference>
Details of the initiatives for evolving sustainability are posted on the following Company's website.
https://www.astellas.com/en/sustainability

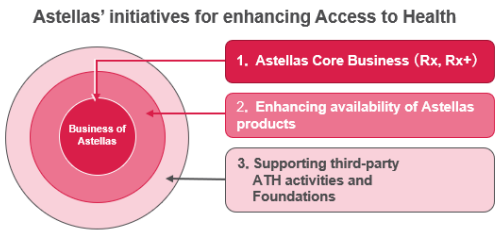
- **Sustainability Improvement Initiatives**

Typical sustainability improvement initiatives and their results in FY2022 are described below.

Two Pillars for Evolving Sustainability

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

Access to Health The Company considers Access to Health (ATH) to be one of the most important issues, and is actively pursuing a comprehensive three-prong approach.



1. Astellas Core Business (Rx, Rx+): We will continue to contribute to the health of patients by researching, developing and delivering innovative healthcare solutions to overcome diseases with high unmet medical needs.

2. Enhancing availability of Astellas products: We strategically study and implement activities to improve ATH, from the development stage to post-launch of our pharmaceutical products. For example, the Early Access Program*1 allowed XOSPATA and PADCEV to reach more than 550 patients in 40 countries by the first half of FY2022.

3. Collaboration and support for third-party ATH activities: We provide support through donations to organizations and foundations working to improve ATH. For example, in support of the Health System Strengthening Program*2, we have donated to four organizations up until now and have decided to donate to two additional organizations in FY2022.

   Organizations to which the Company provides support: 1) National Cancer Society Malaysia, and Asia Cancer Forum; 2) City Cancer Challenge Foundation; 3) The Fred Hollows Foundation; 4) World Vision

   Additional organizations to which the Company provides support: 1) The University of Texas Foundation; 2) MAP International

*1 Early Access Program: A program that provides treatment in the period before manufacturing and marketing approval until market introduction for patients suffering from serious, life-threatening diseases who have exhausted all available therapeutic options and are still unable to participate in clinical trials.

*2 Health System Strengthening Program: A program that supports external organizations in areas connected to the sustainability of society and the Company, with the aim of strengthening healthcare systems and improving knowledge and understanding of health.

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

Reinforcement of business continuity plans in response to geopolitical risks and natural disasters The Company is reinforcing its business continuity plans in response to unpredictable risks, such as regional conflicts and natural disasters, and is preparing for supply chain disruptions, energy shortages, and energy cost escalation. Specifically, in

preparation for supply chain disruptions, the Company adjusts inventory volumes to maintain a stable supply, depending on the level of risk. The Company has also secured alternative suppliers and manufacturing sites for many of our global products. To mitigate energy-related risks, the Company is considering the introduction of solar power generation, installing backup power supplies at its manufacturing sites and laboratories, and increasing emergency power supplies.

Environmental Sustainability

Environmental Initiatives The Company recognises that climate change is a limiting factor for sustainable corporate activities, and is working to address it as one of our key management issues. The Company has adopted the reduction target setting methodology recommended by the SBT (Science Based Targets) initiative and sets its 2030 target by backcasting, with the goal of net zero greenhouse gas emissions in 2050. The 2°C target for which SBT certification was obtained in 2018 was achieved ahead of schedule in FY2021, and SBT certification was again obtained in FY2022 for the newly set targets (1.5°C target and well-below 2°C target). Currently, the Company is considering the active use of renewable energy sources, including the installation of solar panels at the Toyama Technology Center and Tsukuba Research Center in Japan, and overseas at the Kerry Plant in Ireland, as well as the replacement of wind power generation equipment. The Company is also working to reduce greenhouse gas emissions in its supply chain.

- **HR Priorities**

The Company has identified selected HR priorities that will directly lead to the achievement of the Corporate Strategic Plan 2021 and ultimately to the realization of the VISION. There are three core priorities: firstly (A) the transformation of organizational culture and mindset, secondly (B) the establishment of HR policy and system that support global talent and organization, and thirdly (C) the strategic reforms to become an organization where innovation thrives. These priorities are supported through a reliable and data-driven approach.

(A) Transformation of organizational culture and mindset

Ensuring psychological safety and promoting a culture of feedback

The Company focuses on ensuring psychological safety and promoting a culture of feedback to encourage employees to grow through intelligent risk-taking and learning. To create an organization that continues to generate innovation, it is important to have a psychologically safe environment where everyone can speak openly and give feedback to each other, as well as a mindset that allows feedback from others to contribute to personal growth. With this in mind, we have introduced tools for providing feedback in both directions to foster the development of a culture of feedback.

An organization that ensures psychological safety is one where:

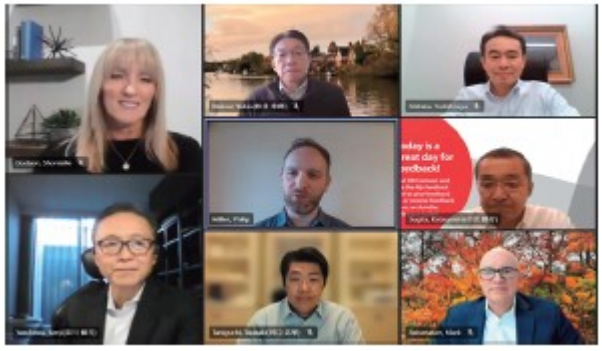
- People can trust and openly communicate with each other
- People can share bold ideas without fear of consequences
- People can challenge the status quo and take intelligent risks

Promotion of mutual communication

The "Ask Me Anything" and "Live Stream" sessions are interactive sessions designed to promote two-way communication between Top Management and employees.

Ask Me Anything is an interactive communication session in which members of Top Management and division heads answer questions from participating employees, fostering a deeper understanding of specific themes throughout the group.

"Live Stream" is a live session that involves the participation of all members of top management. It serves as a platform for top management to openly share their own ideas and experiences on a theme determined for each session. These experiences are not limited



to outstanding success stories but also include past failures, reflections, and lessons learned. Top management actively shares these experiences with the participants.

Talent management through global program

The Company emphasizes the development of management-level skills and prioritizes on training. Below are some of leadership and manager capability development initiatives for FY2022.

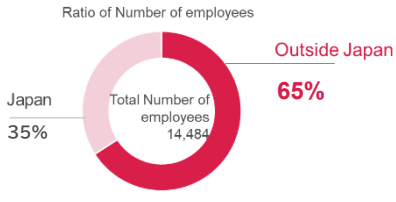
The Astellas Leaders' Summit aims to foster a shared understanding of current business challenges and opportunities among members of Top Management and division heads. It also serves as a platform to discuss strategies for achieving the FY2023 business goals and Corporate Strategic Plan 2021. In FY2022, the summit was held in Tokyo, bringing together all members of top management and global division heads.

The Quarterly Leader Forum aims to develop leaders and encourage them to cultivate a corporate culture that fosters new skills and ideas in line with organizational culture changes. The forum was conducted three times in FY2022, targeting senior leaders from around the world.

(B) Establishment of HR policy and system that support global talent and organization

Building up a diverse workforce through the global deployment of succession plans in a consistent approach

With the globalization of our business, the composition of employees is also becoming more diverse, with foreign nationals accounting for 65% of the workforce in FY2022. This trend is also reflected in the management and division heads groups.



	Total	Japan	Outside Japan
Top Management	8	5	3
Division Head	70	33	37

As of Apr 1, 2023 (person)

The Company is implementing initiatives to promote the appointment of diverse talents based on the principle of having right person in the right place. This includes a focus on creating succession plans for key positions at the senior director level and above.

Establishment of HR policy and system that support global talent and organization

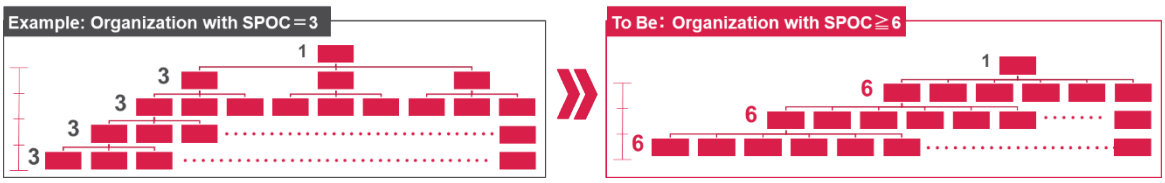
The Company is pursuing a globalization in its HR policy and system in alignment with its business strategy and organization globalization. For example, the Company has established a global job grade structure, ensuring that employees with similar roles and responsibilities are assigned the same job grades worldwide.

In FY2022, the Company continued to enhance its performance management and evaluation system. The shared objective process was introduced across all divisions to foster cross-functional collaboration. An ambitious objective-setting process was also implemented for all employees, encouraging them to set challenging goal that extend beyond their comfort zones to drive innovation. Additionally, the calculation factor for the bonus payment amount was changed from divisional performance to company-wide* performance in the incentive scheme.

In addition, as the foundational element for the integration of all HR policies and processes on a global basis, the Company is implementing a cutting-edge HR system across its global operations.

* The Astellas Group as a whole

(C) Strategic reforms to become an organization where innovation thrives



Flattening of the organization

To create an environment that encourage fast decision-making and drive innovation, the Company is promoting a “flatter organization” with fewer layers of management, with the following goals.

- The number of hierarchical levels from the president and CEO will be six (6) or less, in principle.
- The number of subordinates per manager (span of control (SPOC)) will be six (6) or more, in principle.

Global engagement survey

The Company conducts a company-wide survey to assess employee engagement levels, utilizing technology to visualize scores for each questionnaire and perform trend analysis of comments using advanced AI.

The results of the survey conducted in October 2022 showed that 82% of all employees responded, and 75% of the questions demonstrated improvement compared to the previous business year. Based on the survey results, we have identified our strengths and areas for improvement. We are implementing specific measures to address each of those areas, with the aim of creating a better work environment. The impact of these initiatives will be measured in the next survey, thus continuing the cycle of improvement.

(2) Changes in Assets and Income and Loss:

Items	15th term business year (FY2019)	16th term business year (FY2020)	17th term business year (FY2021) (Previous business year)	18th term business year (FY2022) (Business year under review)
Revenue	¥1,300.8 bil.	¥1,249.5 bil.	¥1,296.2 bil.	¥1,518.6 bil.
Operating profit	¥244.0 bil.	¥136.1 bil.	¥155.7 bil.	¥133.0 bil.
Profit before tax	¥245.4 bil.	¥145.3 bil.	¥156.9 bil.	¥132.4 bil.
Profit	¥195.4 bil.	¥120.6 bil.	¥124.1 bil.	¥98.7 bil.
Basic earnings per share	¥104.15	¥64.93	¥67.08	¥54.24
ROE attributable to owners of the parent	15.3%	9.0%	8.7%	6.7%
Total assets	¥2,315.2 bil.	¥2,273.6 bil.	¥2,332.4 bil.	¥2,456.5 bil.
Equity attributable to owners of the parent	¥1,289.2 bil.	¥1,386.1 bil.	¥1,460.3 bil.	¥1,508.0 bil.
R&D expenses	¥224.2 bil.	¥224.5 bil.	¥246.0 bil.	¥276.1 bil.
R&D cost-to-revenue ratio	17.2%	18.0%	19.0%	18.2%

(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

The following are the main progress of capital expenditures during the business year under review.

- Completed the construction of a plant at Audentes Therapeutics, Inc.* (US)
- The construction of a new building (active pharmaceutical ingredients production facility) at the Toyama Technology Center, which is a production site in Japan, was completed. In addition, the new construction of an investigational drug production line at the Yaizu Technology Center was completed.
- In the United States, preparations for the opening of the biotechnology campus progressed.

* On April 1, 2023, the name of Audentes Therapeutics, Inc. was changed to Astellas Gene Therapies, Inc.

<Capital Expenditures>

17th term business year (Previous business year)	18th term business year (Business year under review)	Fluctuation year-on-year (increase/decrease ratio)
¥30.2 billion	¥36.6 billion	¥6.4 billion increase (21.2% increase)

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

(4) Financing of the Astellas Group

The outstanding balances as of March 31, 2022 were short-term bonds of ¥90.0 billion and current portion of long-term borrowings of ¥50.0 billion. During the business year under review, the Astellas Group redeemed short-term bonds of ¥15.0 billion and raised funds of ¥50.0 billion by unsecured corporate bonds while repaying the current portion of long-term borrowings of ¥50.0 billion. As a result, the outstanding balances as of March 31, 2023 are short-term bonds of ¥75.0 billion and unsecured corporate bonds of ¥50.0 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. By flexibly adapting to these changes and developing a strategy that contributes to the sustainability of society and, in turn, the sustainability of Company, the Company will continue to deliver innovative medical solutions to patients, thereby continuously increasing our corporate value.

1) Corporate Strategic Plan 2021

To realize our VISION to stand "On the forefront of healthcare change to turn innovative science into VALUE for patients," we have formulated Corporate Strategic Plan 2021 that will cover a five-year period through FY2025. In order to realize steady growth and achieve results by FY2025, Corporate Strategic Plan 2021 sets four Strategic Goals, three Organizational Health Goals that will serve as "roadmaps" for fostering a corporate culture that promotes these goals, and three Performance Goals that are expected to be attained when all of these goals are achieved.

Four Strategic Goals

The Strategic Goals provide roadmaps for the next five years to realize our VISION, as well as our priorities.

SG1: Enable patients to achieve better outcomes

The Company will work to maximize (i) sustainable patient access to our portfolio and (ii) outcomes that those patients achieve as a consequence.

SG2: Translate innovative science into proven VALUE

We will enhance its pipeline value by giving priority to the investment of management resources into its Primary Focuses, a key strategic area in R&D.

Primary Focus	Genetic regulation, Immuno-Oncology, Blindness & Regeneration, Mitochondria, Targeted Protein Degradation

SG3: Advance the Rx+ business

Through the commercialization of Rx+ programs, we will move closer to achieving our vision 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."

SG4: Deepen our engagement in sustainability

We recognise the importance of efforts to improve sustainability, and we are promoting a variety of social and environmental activities and working to strengthen governance as the foundation for these activities. We believe that the trust of our stakeholders gained through activities that have a positive impact on society will enhance the sustainability of Astellas.

<Reference> New Primary Focus: Targeted Protein Degradation

It is considered that 80% of disease-related proteins are unlikely targets because they have shallow active binding sites suitable for inhibition by conventional small-molecule compounds and drugs cannot adequately control their function. Such proteins are referred to as undruggable (unapproachable) targets. The advantages of protein degraders, in addition to their ability to access undruggable targets, includes their permeability (they can penetrate the cell membrane and blood brain barrier), and their high levels of specificity to the target. We are confident that this Targeted Protein Degradation technology will bring innovative clinical benefits to patients.

Three Organizational Health Goals

We have adopted three Organizational Health Goals (OHGs) to foster an internal environment where exceptional execution and performance are cultivated and sustained over time. Our commitment to OHG will enable us to maximize our organization's potential, thereby creating an internal environment that drives superior execution and generates innovation as One Astellas.

OHG1: Brave ideas pursue ambitious outcomes

People are empowered to take appropriate risks and supported to be 'outcome-driven' and 'innovation-focused.'

OHG2: Talent and leadership thrives

Purposeful talent management with a consistent leadership style that enables the desired mindset and behaviors.

OHG3: We excel as One Astellas

People co-operate effectively, with robust and coordinated execution, to achieve common goals.

Performance Goals

The performance goals are numerical targets that represent what we believe we will have achieved by 2025, when we have approached our ideal organization and ensured the implementation of the strategic goals.

- Revenue: At least 1.2 trillion yen in sales of XTANDI and key strategic products in business year 2025
- Pipeline Value: Expected sales from Focus Area assets of more than 500 billion yen in business year 2030
- Core Operating Profit Margin: More than 30% core operating profit margin in business year 2025

By achieving three Performance Goals, we aim to become a company with a market capitalization valued at more than 7 trillion yen in business year 2025.

2) 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.

(6) Principal Business (as of March 31, 2023)

Research, development, manufacture and sale of pharmaceuticals

(7) Principal Offices and Plants (as of March 31, 2023)

Headquarters (Head Office)	2-5-1, Nihonbashi-Honcho, Chuo-ku, Tokyo
Commercial	54 communication offices*1 nationwide
Research & Development*2	Tsukuba Research Center (Ibaraki Prefecture), Tsukuba Biotechnology Research Center (Ibaraki Prefecture), Yaizu Pharmaceutical Research Center (Shizuoka Prefecture)
Manufacturing	Takahagi Technology Center (Ibaraki Prefecture), Toyama Technology Center (Toyama Prefecture), Takaoka Plant (Toyama Prefecture), Yaizu Technology Center (Shizuoka Prefecture)

*1. On April 1, 2022, the Company abolished all 119 sales offices and established 54 communication offices nationwide.
*2. In June 2022, the research functions of the Takahagi Chemistry & Technology Development Center were transferred to the Tsukuba Research Center.

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

(8) Principal Subsidiaries (as of March 31, 2023)

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)
Iota Biosciences, Inc.	United States	US$ 1	100.0*	Rx+ business
Astellas Pharma Global Development, Inc.	United States	US$ 10	100.0*	Pharmaceutical business (development)
Astellas Ireland Co., Ltd.	Ireland	€ in millions 3	100.0*	Pharmaceutical business (manufacture)
Astellas Pharma Europe B.V.	Netherlands	€ in millions 34	100.0*	Pharmaceutical business (manufacture)
Astellas Pharma China, Inc.	China	CNY in millions 299	100.0*	Pharmaceutical business (manufacture)
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)
Beijing Astellas Medical Co., Ltd.	China	CNY in millions 20	100.0*	Pharmaceutical business (sales)

* Including the shares owned indirectly

(Notes) 1. The number of consolidated subsidiaries including twelve (12) principal subsidiaries stated in the table above totals seventy-seven (77) and that of affiliated companies accounted for by the equity method is three (3).
2. On April 1, 2023, the name of Audentes Therapeutics, Inc. was changed to Astellas Gene Therapies, Inc.
3. There are no subsidiaries applicable to specified wholly owned subsidiaries.

(9) Important Business Reorganizations

- The Company absorbed and merged the Company's wholly owned subsidiaries, Astellas Pharma Tech Co., Ltd. and Astellas Green Supply, Inc. effective in April 2022.
- The Company entered into a definitive agreement with IVERIC bio, Inc. (U.S.), a biopharmaceutical company focused on the discovery and development of novel treatments in the field of ophthalmology, in April 2023, under which the Company through its wholly-owned subsidiary in the United States has agreed to acquire 100% of the outstanding shares of IVERIC bio, Inc. in cash. The closing of the proposed acquisition is subject to approval by IVERIC bio's stockholders and other customary closing conditions, including receipt of required regulatory approvals.

(10) Major Litigations, etc.

Nothing applicable exists.

(11) Employees (as of March 31, 2023)

Number of employees	Year-on-year increase or decrease
14,484	38 decrease

(12) Principal Lenders (as of March 31, 2023)

Nothing applicable exists.

(13) 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, 2023)

(1) Matters Concerning Shares of Common Stock*

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

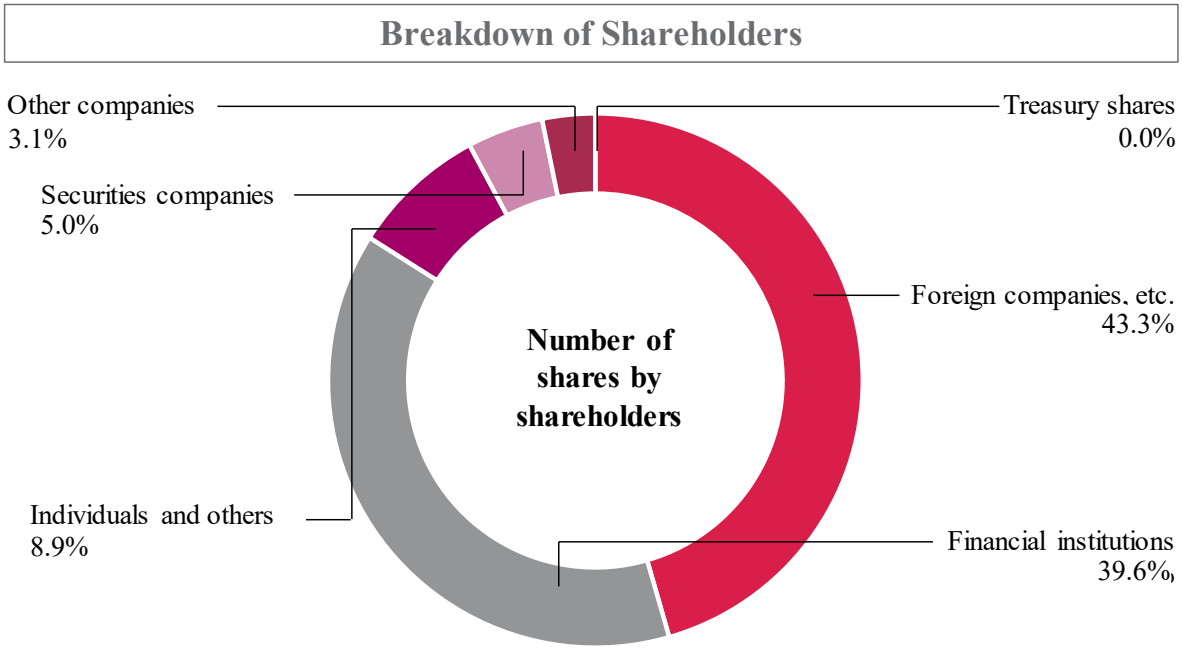
2) Total number of shares issued:
1,809,663,075 shares (including 789,938 treasury shares)

3) Number of shareholders: 140,246

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)	408,021	22.55
Custody Bank of Japan, Ltd. (trust account)	156,046	8.62
Nippon Life Insurance Company	51,588	2.85
STATE STREET BANK WEST CLIENT -TREATY 505234	34,286	1.89
JP MORGAN CHASE BANK 385781	24,793	1.37
SSBTC CLIENT OMNIBUS ACCOUNT	22,810	1.26
STATE STREET BANK AND TRUST COMPANY 505103	22,137	1.22
JPMorgan Securities Japan Co., Ltd.	19,213	1.06
GOLDMAN, SACKS & CO. REG	17,290	0.95
STATE STREET BANK AND TRUST COMPANY 505001	16,570	0.91

(Note) The percentage of shares held are calculated to the total number of issued shares excluding treasury shares (1,808,873,137 shares) and presented by discarding the numbers down to the third decimal.



(Note) 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)	201,900 shares	3

(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

The acquisition and cancellation of treasury shares through market purchases conducted during the business year under review were as follows:

Number of shares acquired: 26,188 thousand shares (total acquisition price: 50 billion yen)

Number of shares cancelled: 26,188 thousand shares (Date of cancellation: March 29, 2023)

(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/en/about/governance

2. Summary of the Company's corporate governance system

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

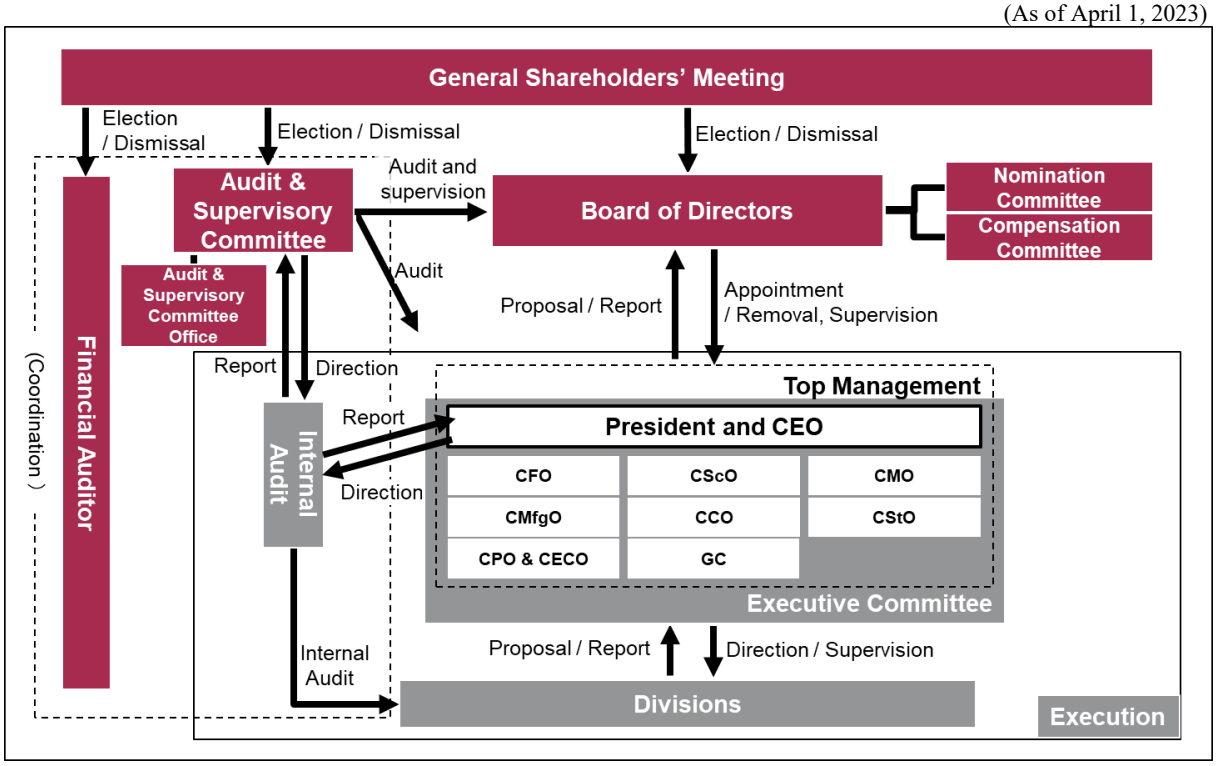
- The Company adopts the organizational structure of "Company with Audit & Supervisory Committee." Outside Directors constitute the majority of the Board of Directors and the Audit & Supervisory Committee, respectively.

- 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 Financial Officer; the Chief Scientific Officer; the Chief Medical Officer; the Chief Manufacturing Officer; the Chief Commercial Officer; the Chief Strategy Officer; the Chief People Officer and Chief Ethics & Compliance Officer; and the General Counsel are collectively referred to as "Top Management") to take responsibility for business execution. The responsibility and authority for the execution of business of the organ described above and the Top Management are clearly stipulated in the Corporate Decision Authority Policy.

- As advisory bodies to the Board of Directors, the Company establishes the Nomination Committee and the Compensation Committee, each of which are composed of a majority of outside Directors.

(As of April 1, 2023)



<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 at least once every three (3) months, and additionally as necessary, and are chaired by the Director and Chairman of the Board in principle. Fourteen Board of Directors meetings were held during the business year.

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. At least one person with management experience at other companies is to be appointed as an outside director. As of March 31, 2023, the Board of Directors comprises 10 Directors (7 males and 3 females), among whom a majority of seven are highly independent outside Directors.

<Analysis and evaluation of the effectiveness of the Board of Directors>

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

For the analysis and evaluation of the effectiveness of the Board of Directors during the business year under review, the Chairman of the Board of Directors conducted a survey based on questionnaires to Directors, and based on the results of this survey, the Board of Directors performed its analysis and evaluation.

[Conclusion]

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

[Reasons for the evaluation]

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

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

* Succession planning: planning for future successors

[Initiatives to raise the effectiveness]

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

<Specific matters considered by the Board of Directors during the business year ended March 31, 2023>

Corporate Strategy	・Quarterly review of the progress of the corporate strategic plan ・Revision of Focus Area strategy ・Formulation and revision of Primary Focus strategy ・Determination of FY2023 Corporate Annual Plan
Risk Management	・Review of enterprise risks and the management status thereof ・Review of audit results obtained by the Audit & Supervisory Committee and

	Internal Audit ・Review of status of compliance activities
Stakeholder Engagement	・Approval of matters related to financial results ・Review of status of dialogue with investment community ・Review of results of employee engagement survey ・Revision of sustainability policy ・Review of status of sustainability activities
Corporate Governance	・Evaluation of Board of Directors effectiveness analysis results ・Deliberations and decisions on Directors & Officers appointment/ remuneration ・Review of status of succession planning

4. Audit & Supervisory Committee

The Audit & Supervisory Committee meetings are held once a month in principle, and 19 Audit & Supervisory Committee meetings were held during the business year under review.

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, 2023, the Audit & Supervisory Committee comprises 4 members (2 males and 2 females), 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.

<Specific matters considered by the Audit & Supervisory Committee during the business year ended March 31, 2023>

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

During the business year under review, the Audit & Supervisory Committee focused on the following key audit items.

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

5. Nomination Committee / Compensation Committee

In order to ensure 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. As of March 31, 2023, each Committee comprises 4 members (3 males and 1 female), all of whom are highly independent outside Directors.

<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. Seven meetings were held during the business year under review.

<Specific matters considered by the Nomination Committee during the business year ended March 31, 2023>

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

* This includes the method of searching for and selecting new candidates for outside 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. Seven meetings were held during the business year under review.

<Specific matters considered by the Compensation Committee during the business year ended March 31, 2023>

Executive remuneration	・Establishment of remuneration levels by position and by individual

level, remuneration system, etc. for FY2023	・Revision of incentive-based remuneration system (introduction of clawback clause, adoption of a sustainability performance indicator in company-wide performance assessment for bonuses and design of assessment system, revision of performance assessment system for Top Management, etc.)
Bonuses for FY2021	Company-wide performance assessment results and amount paid by individual
Bonuses for FY2022	Company-wide performance targets and assessment table
FY2019 stock compensation*1	Achievement of performance targets and number of shares delivered by individual
FY2022 stock compensation*2	Trust setup and TSR Peer Group*3 setup

*1 FY2019 is the first business year of the assessment period for stock compensation, and FY2021 is the last business year of the assessment period for stock compensation.

*2 FY2022 is the first business year of the assessment period for stock compensation, and FY2024 is the last business year of the assessment period for stock compensation.

*3 See page 74 for details.

(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 research, development, pharmaceutical technology, and administrative functions, and appoints Top Management to take charge of such activities.

- On October 1, 2022, the name of a position of Top Management, Chief Administrative Officer and Chief Ethics & Compliance Officer (CAO & CECO), was changed to Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO) in order to clarify that this role is to drive transformation related to human resources and organization. Along with this change, the divisions in charge of CPO &CECO were reorganized.

- 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.

- As a framework for contributing to sustainability, the Company has established the Sustainability Advisory Panel and the Environmental (E), Society (S), and Governance (G) Working Groups (E, S, G Working Group), consisting of members from across divisions, led by Sustainability division, to promote activities to improve sustainability by each division from a long-term, strategic, and Group-wide perspective.

- In order to build more efficient and effective systems toward achieving the goals of the Corporate Strategic Plan 2021, the Company continually adjusts its organizational structure. As part of this, the following organizational changes were implemented.

  ✧ Organizational changes in line with setting of new Primary Focus

  In October 2022, Targeted Protein Degradation, which had been a Primary Focus candidate, was newly positioned as a Primary Focus. Accordingly, two new divisions were established: Primary Focus Lead (Targeted Protein Degradation) under the Chief Strategy Officer, and Protein Degrader under the Chief Scientific Officer.

  ✧ Reorganization of Finance division

  In October 2022, the Finance division under the control of the Chief Finance officer was reorganized by dividing its main functions into four new independent divisions,

with the aim of making the business more responsive and agile, and enhancing the quality of each function.

✧ Renewal of R&D operating model and reorganization of Development division

In April 2023, in order to improve the speed and quality of achieving a PoC (proof of concept) with VALUE, we established a cross-functional R&D operating model structure centered on Primary Focuses. In line with this reorganization, the Development division under the control of the Chief Medical Officer was reorganized into eight divisions, with respective organizations with expertise in Primary Focuses separated from cross-Primary Focus organizations including a specialized division for early-stage clinical development, to create an organizational structure that enables more effective development.

✧ Reorganization of Pharmaceutical Technology-related divisions

In April 2023, with the aim of strengthening the capability of manufacturing technology, and realizing early launch of new products and stable supply of products through the integration of cross-modality know-how as One Astellas, Pharmaceutical Technology under the control of the Chief Manufacturing Officer and the GMP manufacturing function under the control of the Chief Scientific Officer were reorganized together, and eight divisions were established under the Chief Manufacturing Officer.

✧ Establishment of Chief Digital Officer

In April 2023, in order to promote digital transformation even more strongly, two divisions under the Chief Strategy Officer, Information Systems, and Advanced Informatics and Analytics, were merged to create a new Digital Analytics & Technology division under the Chief Strategy Officer, and the position of Chief Digital Officer was created as the head of this division.

<Group Management Structure>

(As of April 1, 2023)

Top Management		Divisions in-charge
Representative Director, President and CEO	Naoki Okamura*	External Relations; Healthcare Policy; Internal Audit; Quality Assurance; Sustainability; CFO Office; Corporate Accounting & Global Business Services; Corporate Advocacy & Relations; Corporate Finance & Control; Procurement; Treasury & Tax
Chief Scientific Officer (CScO)	Yoshitsugu Shitaka	Affiliate Engagement; Applied Research & Operations; Discovery Accelerator; Gene Therapy Research & Technical Operations; Immuno-Oncology; Institute for Regenerative Medicine; Mitobridge; Research Strategy & Communications; Targeted Protein Degradation; Universal Cells; Xyphos Biosciences
Chief Medical Officer (CMO)	Tadaaki Taniguchi	Biopharma Development; Cell and Gene Therapy Development; Clinical Operations; Data Science; Development Project Management; Early Development; Immuno-Oncology Development; Medical Affairs; M&D Strategy & Operations; Oncology Development; Pharmacovigilance; Regulatory Affairs
Chief Manufacturing Officer (CMfgO)	Hideki Shima	BioPharma Manufacturing; CMC Development; CMC Product Management; CMC Research; CMfgO Office; Pharma Manufacturing; Supply Chain Management; Technology & Manufacturing Capability and Compliance
Chief Commercial Officer (CCO)	Claus Zieler	Established Markets Commercial; Gene Therapy Commercial; Greater China Commercial; International Markets Commercial; Japan Commercial; United States Commercial; Commercial Capabilities; Commercial Strategy; Market Access & Pricing; Strategic Brand Marketing Medical Specialties; Strategic Brand Marketing Oncology
Chief Strategy Officer (CStO)	Adam Pearson	Business Development; Corporate Strategy; Digital, Analytics & Technology; iota Biosciences; Patient Centricity; Primary Focus Lead, Blindness & Beyond; Primary Focus Lead, Genetic Regulation; Primary Focus Lead, Immune Homeostasis; Primary Focus Lead, Immuno-Oncology; Primary Focus Lead, Mitochondria; Primary Focus

Top Management		Divisions in-charge
		Lead, Targeted Protein Degradation; Rx+ Business Accelerator; Transformation Office
Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)	Katsuyoshi Sugita	Ethics & Compliance; Human Resources
General Counsel (GC)	Catherine Levitt	Legal

* Mr. Naoki Okamura, President and CEO, concurrently serves as Chief Financial Officer (CFO).

(4) Matters Concerning Directors:

1) Names and other information:

Position	Name	Advisory Committee	Responsibility and status of significant concurrent positions
Representative Director, President and CEO (Chairman of the Board)	Kenji Yasukawa		
Representative Director, Executive Vice President	Naoki Okamura		Chief Strategy Officer (CStO)
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.
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	Takashi Tanaka	Member of the Nomination Committee Member of the Compensation Committee	Representative Director, Chairman of the Board, KDDI CORPORATION Director, Okinawa Cellular Telephone Company
Outside Director	Eriko Sakurai	Member of the Nomination Committee Member of the Compensation Committee	President and Representative Director, Dow Chemical Japan Limited (retired in June 2022) Outside Director, Sumitomo Mitsui Financial Group, Inc. Outside Director, Kao Corporation
Director (Full-time Audit & Supervisory Committee Member) (Chair of the Audit & Supervisory Committee)	Toru Yoshimitsu		
Outside Director (Audit & Supervisory Committee Member)	Haruko Shibumura		Partner Lawyer, Homma & Partners Outside Director, TAMURA Corporation Outside Director, NICHIREKI CO., LTD.
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.

Position	Name	Advisory Committee	Responsibility and status of significant concurrent positions
Outside Director (Audit & Supervisory Committee Member)	Mika Nakayama		

(Notes) 1. On April 1, 2023, Mr. Kenji Yasukawa was appointed Representative Director, Chairman of the Board, and Mr. Naoki Okamura was appointed Representative Director, President and CEO.

2. On April 1, 2023, the Group management structure was changed, the details of which are described on pages 67 to 68.

3. Mr. Mamoru Sekiyama, Dr. Hiroshi Kawabe, Mr. Takashi Tanaka, Ms. Eriko Sakurai, Ms. Haruko Shibumura, Mr. Raita Takahashi and Ms. Mika Nakayama are outside Directors and are registered as independent directors with Tokyo Stock Exchange, Inc.

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

5. 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.

6. 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.

7. 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.

8. Mr. Yoshihiko Hatanaka, Mr. Tatsuro Ishizuka and Dr. Hiroo Sasaki retired from office of Director during the business year under review (retired on June 20, 2022).

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 75 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)	706	229	255	222	484	477	3
Outside Directors who are not Audit & Supervisory Committee Members	97	97	–	–	97	–	5
Total	802	326	255	222	581	477	8
Directors who are Audit & Supervisory Committee Members (excluding outside Directors)	67	67	–	–	67	–	1
Outside Directors who are Audit & Supervisory Committee Members	70	70	–	–	70	–	4
Total	137	137	–	–	137	–	5

(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 two (2) Directors (including one outside Director) who are not Audit & Supervisory Committee Members and one (1) outside Director who is an Audit & Supervisory Committee Member who retired at the close of the 17th Term Annual Shareholders Meeting held on June 20, 2022.

4. The 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 79 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 57.

<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)
Kenji Yasukawa (Representative Director, President and CEO)	452	133	179	140	313	319
Naoki Okamura (Representative Director, Executive Vice President)	204	70	76	58	146	133

(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 18th term business year>

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Targets	Actual results	Assessment coefficient
Revenue	25%	0% to 200%	Maximum: ¥1,515.2 billion Target: ¥1,443.0 billion Minimum: ¥1,370.9 billion	¥1,518.6 billion	200.0%
Core operating profit ratio	25%	0% to 200%	Maximum: 22.1% Target: 20.1% Minimum: 18.1%	18.9%	40.0%
Core EPS*1	25%	0% to 200%	Maximum: ¥140.36 Target: ¥122.05 Minimum: ¥103.74	¥123.42	107.5%
R&D performance *2	25%	0% to 200%	(1) Research: Number of new drug candidates (2) Development: Amount of increase in pipeline value	–	83.1%
(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	107.6%

<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 18th term business year>

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Targets	Actual results	Assessment coefficient
TSR[*1] (1) (Comparison with TOPIX growth rate)	50%	0% to 200%	Maximum: 200% Target: 100% (= TOPIX growth rate) Minimum: 50%	TOPIX growth rate: 154.3% Growth rate of the Company's TSR: 127.0%	82.3%
TSR (2) (Comparison with TSR of global pharmaceutical companies[*2])	50%	0% to 200%	Maximum: 100 percentile (top ranking) Target: 50 percentile (midrange) Minimum: 25 percentile (lower quartile)	The Company's ranking: 16th out of 31 companies	100.0%
*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 Global pharmaceutical companies: This refers to a grouping of global pharmaceutical companies whose revenue is at least 0.5 times that of the Company at the time of selection (TSR Peer Group). The selection of companies may be changed by resolution of the Board of Directors after deliberation at the Compensation Committee in cases where it has been deemed that such a company is inappropriate for inclusion as a selected company when calculating the assessment results due to circumstances that include restructuring of the company during the applicable period (three consecutive business years) or changes to the content of its business.				Share delivery rate	91.2%

(Note) The above Actual results, Assessment coefficient, and Share delivery rate are estimates at the time of preparation of this business report. They are to be determined by the Board of Directors after deliberation at the Compensation Committee.

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	18th term business year	19th term business year
1) 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	44 companies	43 companies
2) 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	17 companies	22 companies

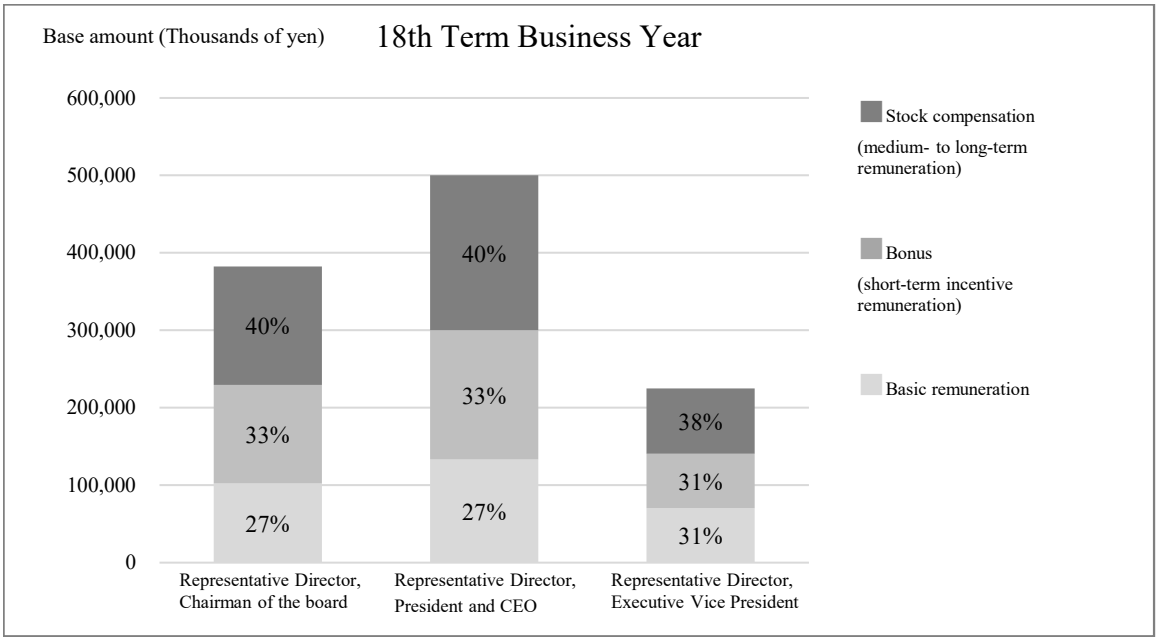
(Note) Remuneration for Directors of the Company (base amount) is decided making reference to remuneration survey data of the remuneration benchmark company grouping excluding the Company.

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 19th term business year. The Company will change the remuneration level (base amount) for the Representative Director, President and CEO and allocated ratios of remuneration for the 19th 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	133,200 (137,520)	166,800 (171,820)	1.25 (1.25)	200,000 (240,660)	1.5 (1.75)	500,000 (550,000)
Representative Director, Executive Vice President	70,308	70,316	1.00	84,376	1.2	225,000

(Note) The figures shown in parentheses indicate the remuneration levels (base amount) and allocated ratios of remuneration for the 19th 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.

Starting from the 19th term business year, sustainability performance will be newly included in the key performance indicators of bonus (short-term incentive remuneration). A sustainability performance target is set for each of the four evaluation items: (1) Initiatives for Access to Health, (2) Initiatives for Talent and Organization, (3) Initiatives for Stable Products Supply, and (4) Initiatives for Environment Sustainability. The assessment coefficient (bonus payment rate) calculated based on the conventional key performance indicators will be increased or decreased within a range of ±10% depending on the degree of achievement of the sustainability performance targets. The assessment coefficient (bonus payment rate) shall not exceed the range of 0% to 200%.

[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 • 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 • 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 • 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

Indicator introduced from the 19th term business year onward

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

(Note) Performance targets and achievement assessment are determined by the Board of Directors after discussion by the Compensation Committee.

[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

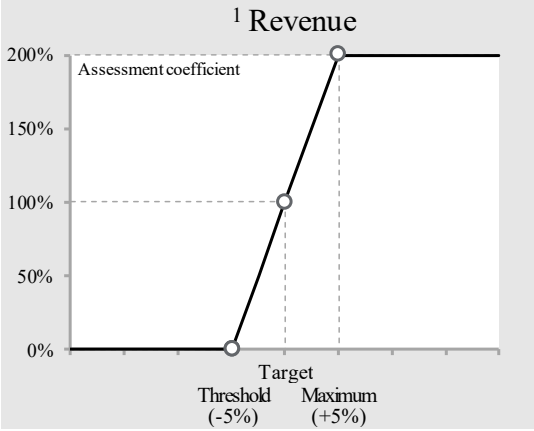
(a) Refer to Chart 2 on page 78

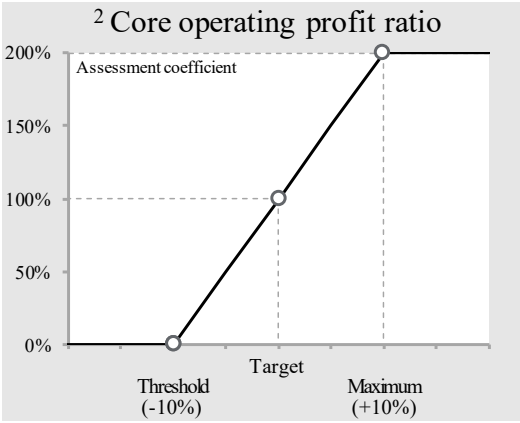
(b) Assessment coefficient = Revenue assessment coefficient[1] × 25% + core operating profit ratio assessment coefficient[2] × 25% + Core EPS assessment coefficient[3] × 25% + R&D performance assessment coefficient × 25%

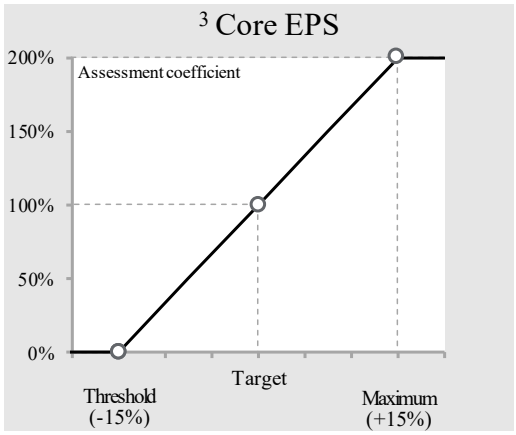
<19th term business year>

(a) Refer to Chart 2 on page 78

(b) Assessment coefficient = (Revenue assessment coefficient × 25% + core operating profit ratio assessment coefficient × 25% + Core EPS assessment coefficient × 25% + R&D performance assessment coefficient × 25%) + sustainability performance assessment coefficient (±10%)






[3] Core EPS
200%
150%
100%
50%
0%
Assessment coefficient
Threshold
(-15%)
Target
Maximum
(+15%)

[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. The selection of companies may be changed by resolution of the Board of Directors after deliberation at the Compensation Committee in cases where it has been deemed that such a company is inappropriate for inclusion as a selected company when calculating the assessment results due to circumstances that include restructuring of the company during the applicable period or changes to the content of its business.

[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 78

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

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

(i) TSR assessment coefficient (1)

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

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

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 (100 percentile), the assessment coefficient (2) is set to 200%. If it ranks in the lower quartile, the assessment coefficient (2) is 50%. If it is below the lower quartile, the assessment coefficient (2) is set to zero.

* TSR of the Company and the TSR Peer Group companies is to be calculated using the formula shown below.

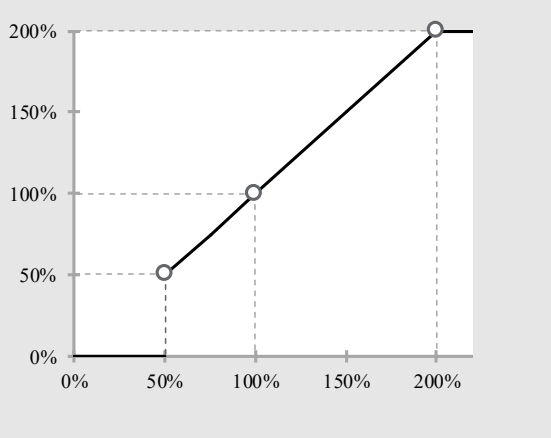
TSR = {(B - A) + C} / A

A: Simple average closing price of respective companies' share on the stock exchanges of the respective companies' primary listings in the month prior to start of the Applicable Period

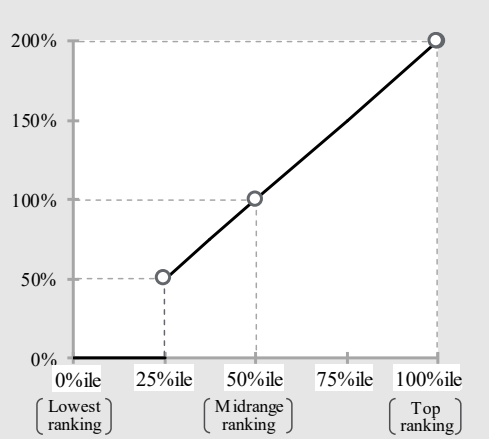
B: Simple average closing price of respective companies' share on the relevant stock exchanges as pertains to 'A' for the final month of the Applicable Period

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

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



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.

Malus clause and Clawback clause

Malus clause

With regard to incentive remunerations (bonuses and stock compensation), the Company stipulates in its rules regarding remunerations for Directors a malus clause that allows the Company to take measures to reduce or deny incentive remunerations (bonuses and stock compensation) to Directors, by resolution of the Board of Directors in the event of misconduct, etc. by Directors.

Clawback clause

From the 19th term business year, with regard to incentive remunerations (bonuses and stock compensation), the Company has stipulated in the rules regarding remunerations for Directors a clawback clause that allows the Company to demand the return of incentive remunerations (bonuses and stock compensation) from Directors, by resolution of the Board of Directors in the event of post-financial restatement due to material accounting errors or fraud, or in the event of misconduct, etc. by Directors. The remunerations that may be subject to reimbursement are all or part of the incentive remunerations (bonuses and stock compensation) for the assessment period including the business year in which the event occurred and the three preceding business years.

(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 directors and officers liability insurance agreement:

The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company for Directors (including Directors who are Audit & Supervisory Committee Members), Audit & Supervisory Board Members, Corporate Executives, etc. of the Company and its subsidiaries in Japan, Asia, and Oceania as the insured persons. In the event of a claim for damages submitted by a shareholder or a third party, etc., the said insurance agreement shall compensate for damages and legal expenses, etc. to be borne by the insured persons in connection with their performance of duties. The Company and the related subsidiaries bear the entire insurance premium. The insurance policy does not cover damages arising from the insured persons' criminal acts and acts in violation of laws or regulations that were carried out with full knowledge of their illegality.

5) 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	14/14 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	Hiroshi Kawabe	14/14 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	Takashi Tanaka	14/14 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	Eriko Sakurai	10/11 meetings of the Board of Directors 6/6 meetings of the Nomination Committee 5/5 meetings of the Compensation Committee	Provided opinions based on her 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)	Haruko Shibumura	14/14 meetings of the Board of Directors 19/19 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	13/14 meetings of the Board of Directors 19/19 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.
Outside Director (Audit & Supervisory Committee Member)	Mika Nakayama	11/11 meetings of the Board of Directors 14/14 meetings of the Audit & Supervisory Committee	Provided opinions based on her abundant experience as a 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.

* For new Directors who assumed office on June 20, 2022, the number of meetings held by each of the Board of Directors and the Committees is the number of meetings held during the business year under review after their assumption of office.

6) Other important matters:
Nothing applicable exists.

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

(As of April 1, 2023)

Position	Name	Responsibility or major occupation
Senmu Tantou-Yakuin	Yoshitsugu Shitaka	Chief Scientific Officer (CScO)
	Tadaaki Taniguchi	Chief Medical Officer (CMO)
	Hideki Shima	Chief Manufacturing Officer (CMfgO)
	Katsuyoshi Sugita	Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)
Joumu Tantou-Yakuin	Yasuhiro Tsutsui	President, Japan Commercial
Tantou-Yakuin	Eisuke Nozawa	Vice President, Regulatory Affairs
	Yuusuke Kumagai	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:	¥254 million
2. Total amount of cash and other material benefits payable to Financial Auditor by the Company and its subsidiaries:	¥257 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. The principal subsidiaries of the Company (see page 55) have been audited by financial auditor other than the Company's Financial Auditor.

4. The Company has commissioned the Financial Auditor to prepare comfort letters in connection with the issuance of corporate bonds, which are services other than the services set forth in Article 2 (1) of the Certified Public Accountants Act. The Company paid consideration for such service to the 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.

(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. Some tables, graphs, and pictures in the Business Report are presented only for shareholder reference purposes.
3. In the Business Report, statements made with respect to current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of the Company. These statements are based on management's current

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(As of March 31, 2023)

(Millions of yen)

Accounts	(Reference) 17th term business year As of March 31, 2022	18th term business year As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment	269,044	286,459
Goodwill	303,030	328,411
Intangible assets	623,431	562,496
Trade and other receivables	29,796	24,173
Investments accounted for using equity method	10,035	12,689
Deferred tax assets	72,331	84,169
Other financial assets	91,844	97,886
Other non-current assets	9,531	10,280
Total non-current assets	1,409,041	1,406,564
Current assets		
Inventories	153,072	174,386
Trade and other receivables	382,462	427,965
Income tax receivable	21,539	17,813
Other financial assets	21,297	19,784
Other current assets	28,997	32,428
Cash and cash equivalents	315,986	376,840
Subtotal	923,354	1,049,216
Assets held for sale	–	738
Total current assets	923,354	1,049,954
Total assets	2,332,395	2,456,518

(Millions of yen)

Accounts	(Reference) 17th term business year As of March 31, 2022	18th term business year As of March 31, 2023
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	179,467	181,280
Treasury shares	(13,934)	(25,123)
Retained earnings	944,261	908,158
Other components of equity	247,512	340,640
Total equity attributable to owners of the parent	1,460,308	1,507,954
Total equity	1,460,308	1,507,954
Liabilities		
Non-current liabilities		
Trade and other payables	676	4,217
Deferred tax liabilities	5,823	6,048
Retirement benefit liabilities	37,226	24,818
Provisions	5,831	6,537
Other financial liabilities	95,886	139,924
Other non-current liabilities	39,234	40,987
Total non-current liabilities	184,676	222,530
Current liabilities		
Trade and other payables	130,739	140,236
Income tax payable	32,388	5,137
Provisions	16,570	17,855
Other financial liabilities	184,964	180,131
Other current liabilities	322,751	382,675
Total current liabilities	687,411	726,034
Total liabilities	872,087	948,564
Total equity and liabilities	2,332,395	2,456,518

CONSOLIDATED STATEMENTS OF INCOME

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounts	(Reference) 17th term business year From April 1, 2021 to March 31, 2022	18th term business year From April 1, 2022 to March 31, 2023
Revenue	1,296,163	1,518,619
Cost of sales	(253,009)	(288,353)
Gross profit	1,043,154	1,230,266
Selling, general and administrative expenses	(548,840)	(630,272)
Research and development expenses	(246,010)	(276,128)
Amortisation of intangible assets	(28,283)	(38,436)
Gain on divestiture of intangible assets	24,234	212
Share of profit (loss) of investments accounted for using equity method	489	1,260
Other income	15,256	3,642
Other expense	(104,314)	(157,515)
Operating profit	155,686	133,029
Finance income	6,149	8,110
Finance expense	(4,949)	(8,779)
Profit before tax	156,886	132,361
Income tax expense	(32,800)	(33,647)
Profit	124,086	98,714
Profit attributable to:		
Owners of the parent	124,086	98,714

BALANCE SHEETS

(As of March 31, 2023)

(Millions of yen)

Accounts	(Reference) 17th term business year As of March 31, 2022	18th term business year As of March 31, 2023
Assets		
Current assets		
Cash on hand and in banks	184,045	216,974
Trade accounts receivable	146,239	148,687
Merchandise and finished goods	28,458	50,747
Work in process	–	1,787
Raw materials	22,024	27,598
Other	65,500	138,495
Allowance for doubtful receivables	(51)	(38)
Total current assets	446,215	584,250
Fixed assets		
Property, plant and equipment		
Buildings	38,758	70,336
Structures	1,542	4,815
Machinery	427	20,439
Equipment, furniture and fixtures	6,564	9,342
Land	9,189	13,479
Lease assets	799	462
Construction in progress	2,383	7,730
Other	0	591
Total property, plant and equipment	59,662	127,195
Intangible fixed assets	83,682	66,758
Investments and other assets		
Investment securities	40,112	32,438
Investment in subsidiaries and affiliates	648,723	591,212
Long-term loans receivable	41	43
Deferred tax assets	66,385	47,901
Other	43,737	39,130
Allowance for doubtful receivables	(3)	(2)
Total investments and other assets	798,996	710,722
Total fixed assets	942,341	904,675
Total assets	1,388,556	1,488,925

(Millions of yen)

Accounts	(Reference) 17th term business year As of March 31, 2022	18th term business year As of March 31, 2023
Liabilities		
Current liabilities		
Trade accounts payable	29,150	30,721
Short-term loans payable	223,617	207,779
Lease obligations	357	228
Other accounts payable	43,590	53,891
Accrued expenses	30,646	32,537
Accrued income taxes	32,201	564
Other	145,840	79,871
Total current liabilities	505,402	405,590
Long-term liabilities		
Bonds payable	–	50,000
Lease obligations	441	234
Accrued retirement benefits for employees	2,180	–
Other	6,911	10,267
Total long-term liabilities	9,532	60,501
Total liabilities	514,934	466,091
Net assets		
Shareholders' equity		
Share capital	103,001	103,001
Capital surplus		
Additional paid-in capital	176,822	176,822
Total capital surplus	176,822	176,822
Retained earnings		
Legal reserve	16,827	16,827
Other retained earnings		
Reserve for advanced depreciation of fixed assets	1,185	1,185
Retained earnings carried forward	573,801	739,391
Total retained earnings	591,813	757,403
Treasury shares	(13,934)	(25,123)
Total shareholders' equity	857,702	1,012,102
Valuation, translation adjustments and others		
Unrealised holding gains on securities	15,290	10,196
Total valuation, translation adjustments and others	15,290	10,196
Subscription rights to shares	630	536
Total net assets	873,622	1,022,834
Total liabilities and net assets	1,388,556	1,488,925

STATEMENTS OF INCOME

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounts	(Reference) 17th term business year From April 1, 2021 to March 31, 2022	18th term business year From April 1, 2022 to March 31, 2023
Net Sales	542,568	613,566
Cost of sales	96,723	108,161
Gross profit	445,845	505,404
Selling, general and administrative expenses	339,916	374,765
Operating income	105,929	130,639
Non-operating income		
Interest income and dividend income	141,960	211,716
Other	23,706	4,480
Total non-operating income	165,666	216,196
Non-operating expenses		
Interest expense	571	2,662
Other	480	5,932
Total non-operating expenses	1,051	8,594
Ordinary income	270,544	338,241
Special gains		
Gain on sales of fixed assets	12	3
Other	5,139	33,755
Total special gains	5,150	33,758
Special losses		
Loss on sales and disposal of fixed assets	95	575
Impairment loss	1,231	20,344
Other	20,234	2,957
Total special losses	21,561	23,876
Income before income taxes	254,133	348,123
Income taxes — current	35,204	10,719
Income taxes — deferred	(6,166)	23,193
Total income taxes	29,039	33,913
Net income	225,095	314,210

Translation

Independent Auditor's Report

May 15, 2023

The Board of Directors
Astellas Pharma Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Hiroaki Kosugi
Designated Engagement Partner
Certified Public Accountant

Masayuki Nakamura
Designated Engagement Partner
Certified Public Accountant

Kohei Koyama
Designated Engagement Partner
Certified Public Accountant

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 notes to the consolidated financial statements of Astellas Pharma Inc. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with accounting standards that omit certain disclosure items under the designated International Financial Reporting Standards, which were established in accordance with the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting.

Basis for 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 Group 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.

Emphasis of Matter

We draw attention to Note 9. Notes to Significant Subsequent Events to the consolidated financial statements, which describes the Group has entered into a definitive agreement to acquire IVERIC bio, Inc. in April 2023.

Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards that omit certain disclosure items under the designated International Financial Reporting Standards, which were established in accordance with the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting, and for such internal control as management determines is necessary to enable the preparation 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 assessing the Group's ability to continue as a going concern and disclosing, as required by accounting standards that omit certain disclosure items under the designated International Financial Reporting Standards, which were established in accordance with the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives 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. 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 economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting standards that omit certain disclosure items under the designated International Financial Reporting Standards, which were established in accordance with the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, 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.

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Translation

Independent Auditor's Report

May 15, 2023

The Board of Directors
Astellas Pharma Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Hiroaki Kosugi
Designated Engagement Partner
Certified Public Accountant

Masayuki Nakamura
Designated Engagement Partner
Certified Public Accountant

Kohei Koyama
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, paragraph 2, item 1 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, notes to the financial statements and the related supplementary schedules (the "Financial Statements and Others") of Astellas Pharma Inc. (the Company) applicable to the 18th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying Financial Statements and Others present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

Basis for 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 and Others 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.

Emphasis of Matter

We draw attention to Note 11. Notes to Significant Subsequent Events to the financial statements, which describes the Company has entered into a definitive agreement to acquire IVERIC bio, Inc. in April 2023. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the Financial Statements and Others does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements and Others, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements and Others or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and 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 such internal control as management determines is necessary to enable the preparation of 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 assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives 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. Misstatements can arise from fraud or error and are material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements and Others.

As part of an audit 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the Financial Statements and Others is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 disclosures in the Financial Statements and Others or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements and Others, including the disclosures, and whether the Financial Statements and Others represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the components within the Company to express an opinion on the Financial Statements and Others. We are responsible for the direction, supervision and performance of the audit of the components. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, 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.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the Financial Statements and Others in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

[Translation]

AUDIT REPORT

The Audit & Supervisory Committee conducted an audit regarding the performance of duties of Directors of the Company during the 18th term business year from April 1, 2022 to March 31, 2023. The Committee hereby reports the method and result thereof as follows.

1. Method and Contents of Audit

With respect to the content of 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, employees and others, requested additional explanations as necessary, and expressed opinions on the establishment and operation of the systems. In addition, the Committee conducted an 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 Council, 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 an 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 the internal control system.

(2) Results of an 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 an 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 15, 2023

The Audit & Supervisory Committee of Astellas Pharma Inc.

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

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

- End -

The 18th Term Annual Shareholders Meeting

Items that are not included in the documents to be delivered, pursuant to the relevant laws and regulations and the Articles of Incorporation

Matters concerning Subscription Rights to Shares
Important Alliance for Technology
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 18th Term Business Year (April 1, 2022 – March 31, 2023)

Astellas Pharma Inc.

The matters listed above are not provided in the paper-based documents to be delivered to shareholders who have requested the delivery of such documents, pursuant to laws and regulations as well as Article 16 of the Articles of Incorporation.

Matters Concerning Subscription Rights to Shares

1) Present status of subscription rights to shares as of March 31, 2023:

- Total number of subscription rights to shares: 2,332 (Notes) 1
- Type and number of shares to be issued upon exercise of subscription rights to shares:

664,800 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 (Note) 1:	20	17	21
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)	10,500 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 (Note) 2	¥463,900 per subscription right to shares (Note) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Note) 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:	(Note) 3	(Note) 3	(Note) 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 (Note) 1:	27	59	93
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	13,500 shares of common stock (500 shares per subscription right to shares)	29,500 shares of common stock (500 shares per subscription right to shares)	46,500 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 (Note) 2	¥294,200 per subscription right to shares (Note) 2	¥244,000 per subscription right to shares (Note) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Note) 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:	(Note) 3	(Note) 3	(Note) 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 (Note) 1:	232	315	295
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	116,000 shares of common stock (500 shares per subscription right to shares)	157,500 shares of common stock (500 shares per subscription right to shares)	147,500 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 (Note) 2	¥304,800 per subscription right to shares (Note) 2	¥505,300 per subscription right to shares (Note) 2
Amount of cash to be contributed upon exercise of subscription rights to shares: (Note) 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:	(Note) 3	(Note) 3	(Note) 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 (Note) 1:	1,253
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	125,300 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 (Note) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Note) 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:	(Note) 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, 2023.

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, 2023, 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 July 2010	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	33 units	16,500 shares of common stock
Subscription rights to shares issued in July 2011	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	30 units	15,000 shares of common stock
Subscription rights to shares issued in July 2012	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	50 units	25,000 shares of common stock
Subscription rights to shares issued in July 2013	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	30 units	15,000 shares of common stock
Subscription rights to shares issued in July 2014	Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	1	108 units	10,800 shares of common stock
Total			251 units	82,300 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.

Important Alliance for Technology (as of March 31, 2023)

1) License agreements – license in

Counterparty	Country	Type of technologies
FibroGen, Inc.	United States	Technology for YM311 (FG-2216), Roxadustat (Evrenzo) and other oral anemia treatments with similar mode of action
FUJIFILM Toyama Chemical Co., Ltd.	Japan	Technology for garenoxacin (Geninax)
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)
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)

(Notes)

1. The following license agreement has been terminated:
   - License agreement for “degarelix (Gonax)” with Ferring Group (Switzerland)
   - License agreement for “creation/development of stem-cell derived allogeneic T-cell therapies” with Adaptimmune Limited (U.K.)
2. With regard to the license agreement for “fidaxomicin (Dafclir)” with Merck & Co., Inc. (U.S.), the agreement to transfer the rights to Zeria Pharmaceutical Co., Ltd. was concluded in April 2023.

2) License agreements – license out

Counterparty	Country	Type of technologies
Boehringer Ingelheim International GmbH	Germany	Technology for tamsulosin- OCAS

3) Distribution and other agreements

Counterparty	Country	Contents of contracts
Sanofi K.K.	Japan	Distribution of “Myslee” of Sanofi K.K.
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

Systems to Ensure the Appropriate Execution of Business for FY2023 (English Translation)

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

(1) System concerning the Performance of Duties

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

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

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

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

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

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

- With respect to measures dealing with risks relating to business opportunities, each responsible division and unit will implement appropriate measures to mitigate risks

within their respective scope of responsibility and roles according to internal processes and policies for decision making. Among these risks, matters concerning material risks will be decided upon deliberation by the Executive Committee and/or the Board of Directors depending on the level of materiality.

- With respect to measures dealing with risks relating to the performance of business activities, the Company has established "Global" and "Divisional" Risk and Resilience Management Committees to manage comprehensively 1) identification and optimal management activities of risks, and 2) preparedness and status of crisis response plan and business continuity plan. Policies relating to such system will be decided upon deliberation by the Executive Committee and the Board of Directors. Significant risks identified under the system and responses to them will be decided upon deliberation by the Executive Committee and reported to the Board of Directors.
- In order to enhance the effectiveness of risk management operations, the Company will formulate separate policies and manuals for matters such as disaster control, information security, and personal information protection based on the nature of these risks.

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

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

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

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

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

(4) System for Disclosure and Management of Information

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

(5) System to Ensure the Reliability of Financial Report

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

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

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

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

(7) Internal Audit System

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

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

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

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

1) Matters concerning Employees Assisting the Audit & Supervisory Committee

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

2) Matters concerning Independence of the Employees Assisting the Audit & Supervisory Committee from the Directors Who Are Not the Committee Members, and Effectiveness of Directions Given to Such Employees

- The staff of the Audit & Supervisory Committee Office are independent from the Directors who are not the Committee Members and carries out his or her duties under the direct control of the Audit & Supervisory Committee.
- The appointment, evaluation, transfer, and other matters concerning such staff will require the prior consent of the Audit & Supervisory Committee.

3) System concerning Report of the Directors Who Are Not the Committee Members and Employees to the Audit & Supervisory Committee, and Other Systems concerning Report to the Audit & Supervisory Committee

- The Company has established a system to ensure that the Audit & Supervisory Committee, at any time, can access monthly reports and quarterly reports regarding the execution of duties by the Directors of the Company and the Astellas Group companies.
- Regarding each of the divisions, Top Management decides reporting matters, persons giving report and methods of reporting by mutual agreement with Audit & Supervisory Committee.
- The divisions responsible for internal audits, legal matters, compliance and risk management will each develop a system to report to the Audit & Supervisory Committee on a regular basis and will report their current statuses and provide the necessary information with respect the Company and the Astellas Group companies.

4) System to Ensure that Informants Do Not Risk Unfavorable Treatments due to Their Reporting to the Audit & Supervisory Committee

- The Company prohibits any unfavorable treatment of officers or employees of the Company and the Astellas Group companies who report to the Audit & Supervisory Committee of the Company or the Audit & Supervisory Board Members of the Astellas Group companies, because of their reporting.

5) Matters concerning Policies to Treat Costs Incurred by the Audit & Supervisory Committee for the Execution of Duties

- The Company has established a system that the Audit & Supervisory Committee Office prepares budgets and performs payment of costs incurred by the Audit & Supervisory Committee for the execution of their duties.

6) Other Systems to Ensure Effective Audits by the Audit & Supervisory Committee

- The appointment, evaluation, transfer, and other matters concerning the head of the Internal Audit division will require the prior consent of the Audit & Supervisory Committee.
- The Internal Audit division will obtain endorsement from the Audit & Supervisory Committee on the annual plan of the internal audit.
- The Audit & Supervisory Committee will receive the report from the Internal Audit division on the results of the internal audit, and be able to give guidance to Internal Audit division as needed. In the case where a direction from President and CEO conflicts with one from the Audit & Supervisory Committee, both parties will discuss and try to coordinate.
- The Audit & Supervisory Committee Members appointed by Audit & Supervisory Committee may attend the Executive Committee meetings where execution of the Company's important business will be discussed, and also attend other meetings that the Audit & Supervisory Committee considers as important. In case that such Audit & Supervisory Committee Members are not available to attend these meetings, the staff of the Audit & Supervisory Committee Office may attend as observers by order of the Audit & Supervisory Committee.

- The persons (divisions) of the Company and the Astellas Group companies subject to be audited will cooperate so that the Audit & Supervisory Committee may perform the audits in an appropriate manner.

(9) System to Exclude Anti-social Forces

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

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

Summary of the operational status for the Systems to Ensure the Appropriate Execution of Business (English Translation)

A summary of the Company's operational status during the business year ended March 31, 2023 is as follows.

(1) System concerning the Performance of Duties

Following the basic policy, the Company in principle holds Board of Directors meetings at least once every three (3) months and additionally as necessary. 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, 2022, 14 Board of Directors meetings were held and, 34 Executive Committee meetings were held.

(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. Furthermore, in response to the global spread of the Coronavirus Disease (COVID-19), the Company has set up the Global Crisis Management Team and started its activities since January 2020. However, crisis activities were closed in July 2022 as the situation had settled down worldwide.
In response to the situation in Ukraine, the Company has set up the Global Crisis Management Team and started its activities since February 2022 to ensure the safety of local employees and their families, monitor the impact on business activities such as supply chain, and take necessary measures in a swift manner.

(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)

Following the basic policy, the Company holds meetings of the Global Compliance Committee and the regional Compliance Committees 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 whistle-blowing 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, 2022, 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.
The Company announced the progress of Corporate Strategic Plan 2021 at earnings calls and IR events, and strove to expand opportunities for dialogue with stakeholders. The Company also held its second Sustainability Meeting for external with outside directors being on the stage in February 2023.

(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 design of internal control and its operation by control owners and process owners, update of internal control-related documentation, and Internal Audit department's evaluation of design 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 updated a global auditing structure from regional basis to global basis and designated Business Partners wherein the Operational Audit Team Lead who supervises Business Partners reports 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 whistle-blowing hotline reports and litigation / in-house investigation projects which is superintended by the Legal

department.
The company supported the Audit & Supervisory Committee Office so that practical support to Audit & Supervisory Committee is well enhanced and audit by Audit & Supervisory Committee is performed more appropriately.

(9) System to Exclude Anti-social Forces

Following the basic policy, the Company conducts due diligence assessment of business partners of the Company, 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, 2022 to March 31, 2023)

(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, 2022	103,001	179,467	(13,934)	944,261	630	233,621
Comprehensive income						
Profit	–	–	–	98,714	–	–
Other comprehensive income	–	–	–	–	–	90,655
Total comprehensive income	–	–	–	98,714	–	90,655
Transactions with owners						
Acquisition of treasury shares	–	–	(60,556)	–	–	–
Disposals of treasury shares	–	(1,442)	1,680	(118)	(94)	–
Cancellation of treasury shares	–	–	47,686	(47,686)	–	–
Dividends	–	–	–	(100,355)	–	–
Share-based payments	–	3,254	–	–	–	–
Transfers	–	–	–	13,342	–	–
Total transactions with owners	–	1,812	(11,190)	(134,817)	(94)	–
As of March 31, 2023	103,001	181,280	(25,123)	908,158	536	324,276

	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	Remeasure-ments of defined benefit plans	Total		
As of April 1, 2022	13,261	–	247,512	1,460,308	1,460,308
Comprehensive income					
Profit	–	–	–	98,714	98,714
Other comprehensive income	8,733	7,175	106,563	106,563	106,563
Total comprehensive income	8,733	7,175	106,563	205,277	205,277
Transactions with owners					
Acquisition of treasury shares	–	–	–	(60,556)	(60,556)
Disposals of treasury shares	–	–	(94)	27	27
Cancellation of treasury shares	–	–	–	–	–
Dividends	–	–	–	(100,355)	(100,355)
Share-based payments	–	–	–	3,254	3,254
Transfers	(6,167)	(7,175)	(13,342)	–	–
Total transactions with owners	(6,167)	(7,175)	(13,435)	(157,630)	(157,630)
As of March 31, 2023	15,827	–	340,640	1,507,954	1,507,954

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: 77

Name of principal consolidated subsidiaries:
Astellas Pharma Global Development, Inc.,
Astellas Institute for Regenerative Medicine,
Audentes Therapeutics, Inc., 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., Beijing Astellas Medical Co., Ltd.,
Astellas Pharma Korea, Inc.

(Note) Audentes Therapeutics, Inc. changed its name to Astellas Gene Therapies, Inc. on April 1, 2023.

(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:

Changes in scope of consolidation
Inclusion: one company (included due to establishment of a company)
Exclusion: two companies (excluded due to merger)

(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 recognised 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 of financial assets or issuance of financial liabilities 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 recognised in profit or loss.

- Financial assets

  At initial recognition, all financial assets are classified as "financial assets measured at amortised 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 amortised cost

  Financial assets are classified as financial assets measured at amortised 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 amortised cost using the effective interest method, less any impairment loss. Interest revenue using the effective interest method is recognised 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 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 recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. When the financial asset is derecognised, the cumulative gain or loss recognised 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 recognised in other

comprehensive income. When the financial asset is derecognised or the fair value has significantly decreased, the cumulative gain or loss recognised in other component of equity is transferred to retained earnings. Dividends on such financial assets are recognised 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 amortised 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 in fair value recognised in profit or loss.

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

(a) Financial liabilities at FVTPL
Derivative financial liabilities, financial liabilities designated as financial liabilities at FVTPL and contingent consideration recognised 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 in fair value recognised in profit or loss.

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

- Derecognition
Financial assets are derecognised 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 derecognised when a financial liability is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expired.

(ii) Valuation standards and methods for inventories

Inventories are measured at the lower of cost and net realisable value, and if net realisable value is less than the cost, a write-down is recognised. 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 realisable 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. Write-downs are recognised for inventories associated with products for which marketing approval has not yet been obtained from regulatory bodies. These write-downs are reversed when marketing approval becomes highly probable to be obtained. Cost of inventories is calculated mainly using the first-in, first-out (FIFO) method.

(iii) Depreciation method of property, plant and equipment and amortisation 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 amortised over their estimated useful lives (2 to 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
Right-of-use assets are measured at cost, which comprises the amount of the initial measurement of the corresponding lease liability at the commencement date, adjusted for initial direct costs, etc. Right-of-use assets are depreciated on

a straight-line basis after the commencement date over the shorter of the useful life of the right-of-use asset or the end of the lease term (2 to 40 years).

(iv) Basis for provisions

Provisions are recognised 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

The Group generates revenue from the sale of pharmaceuticals and royalty income from agreements under which third parties have been granted rights to manufacture or market pharmaceutical products or rights to use technologies.

- Sales of pharmaceutical products
Revenue from sales of pharmaceuticals is recognised 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.
There are no contracts for which the payment terms of consideration are longer than one year, in principle, and thus no significant financing component is included. If the transaction price in a contract includes variable amounts such as rebates, discounts, the variable consideration is estimated by using either of the expected value method or the most likely amount method, and is reduced from the consideration received from the customer. The variable consideration is recognised only when it is probable that a significant reversal will not occur.
In certain transactions, the Group may be deemed to be contracted by other companies to sell pharmaceuticals on their behalf. For such transactions in which the Group acts as an agent, the Group recognises revenue as the net amount of the remuneration or fees for which it expects to obtain rights.

- Royalty income
Royalty income includes upfront payments, milestone payments received when certain contractual conditions are fulfilled, and running royalties based on net sales and other factors.
For upfront payments, revenue is recognised at a point in time when each performance obligation is satisfied or over time as the performance obligation is satisfied. For performance obligations satisfied at a point in time, revenue is recognised when control of the promised right is transferred to the customer by the Group in accordance with the contract. For performance obligations satisfied over time, revenue is recognised based on the ratio between the elapsed period and the remaining period available to provide the promised services in the contract.

Receipt of milestone payments is subject to uncertainty and such uncertainty is not eliminated until conditions have been fulfilled. As such, revenue is recognised for milestone payments at a point in time when the conditions for the milestone payments have been fulfilled, in principle.
Running royalties based on net sales and other factors are recognised at a point in time when the later of either of the following events occurs: subsequent sales, etc. are realised, or performance obligations with allocated running royalties based on net sales and other factors are satisfied.
Revenue is recognised for upfront payments and milestone payments at the amounts stipulated by the contracts, in principle. Revenue from running royalties is calculated as the amount of net sales, etc. for the calculation period reported by the customer, multiplied by the contractual fee rate. In almost all the contracts, a payment deadline has been set within a short period after the conclusion of contracts, fulfilment of conditions or the final day of the calculation period for running royalties.

(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 recognised in the consolidated statement 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 recognised in profit or loss.
Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest expense, and any change in the effect of the asset ceiling are recognised 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 dates of the transactions or an approximation of the rate.
  Monetary assets and liabilities denominated in foreign currencies at the end of business year are translated into the functional currency using the exchange

rates at the end of business year and exchange differences arising from translation are recognised 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 recognised 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 at the same time each year and whenever there is an indication of impairment. If, at the time of the impairment test, the recoverable amount of a cash-generating unit or a group of cash-generating units is less than its carrying amount, the carrying amount of the cash-generating unit or the group of cash-generating units is reduced to its recoverable amount, and the reduction is recognised in profit or loss as an impairment loss.
Impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the 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 recognised for goodwill is not reversed in a subsequent period.

2. Notes on accounting estimates

(1) Revenue recognition and recording of estimated refund liabilities

(i) Amount recorded in the consolidated financial statements for the business year ended March 31, 2023
Refund Liabilities: ¥228,277 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, such as rebates and discounts, 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 recognised 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 product sales forecasts, etc.

(c) Impact on the consolidated financial statements for the next business year
Due to the high estimation uncertainty, changes in product sales forecasts, etc. as major assumptions may affect the amounts of revenue and refund liabilities for the next business year.

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

(i) Amount recorded in the consolidated financial statements for the business year ended March 31, 2023
Goodwill: ¥328,411 million
In-process research and development (IPR&D): ¥291,094 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 business 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 business year.

(3) Recoverability of deferred tax assets
(i) Amount recorded in the consolidated financial statements for the business year ended March 31, 2023
Deferred tax assets: ¥84,169 million

(ii) Information on the details of accounting estimates for identified items
(a) Method for estimation
Deferred tax assets are recognised 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 the probability of obtaining marketing approval from regulatory bodies.

(c) Impact on the consolidated financial statements for the next business year
Due to the high estimation uncertainty, changes in the major assumptions, such as trends in pharmaceutical markets in various countries and the probability of obtaining marketing approval from regulatory bodies, may affect the amount of deferred tax assets for the next business year.

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

(i) Amount recorded in the consolidated financial statements for the business year ended March 31, 2023
Contingent consideration: ¥118,688 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 business year
One of the major assumptions, the success probability of clinical program, depends on the level of challenges in new drug development, etc. Accordingly, due to the high estimation uncertainty, changes in the assumptions, including discount rates, may affect the amount of contingent consideration for the next business year.

3. Notes to Consolidated Statement of Financial Position

(1) Loss allowance directly deducted from assets:

Other financial assets (non-current)	¥2 million
Trade and other receivables (current)	¥1,991 million

(2) Accumulated depreciation of property, plant and equipment (including accumulated impairment losses): ¥374,379 million

(3) Guarantee obligations:

Guarantee is provided for borrowings obtained by employees from financial institutions.

Employees	¥30 million

4. 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:

Ordinary shares 1,809,663,075 shares

(2) Matters concerning dividends:

(i) Dividends paid:

Resolution	Class of shares	Amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 27, 2022	Ordinary shares	45,873	25.00	March 31, 2022	June 1, 2022
Board of Directors meeting held on October 31, 2022	Ordinary shares	55,049	30.00	September 30, 2022	December 1, 2022

(Notes) 1. The amount of dividends approved by resolution of the Board of Directors meeting on April 27, 2022 included dividends of ¥197 million corresponding to the Company's shares held in the executive remuneration BIP trust and the stock-delivery ESOP trust.

2. The amount of dividends approved by resolution of the Board of Directors meeting on October 31, 2022 included dividends of ¥370 million corresponding to the Company's shares held in the executive remuneration BIP trust and the stock-delivery ESOP trust.

(ii) Dividends whose record date is in the business year ended March 31, 2023, but whose effective date is in the following business year are as follows:

Resolution	Class of shares	Amount of dividends (Millions of yen)	Source of dividend	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 27, 2023	Ordinary shares	54,266	Retained earnings	30.00	March 31, 2023	June 1, 2023

(Note) The amount of dividends above includes dividends of ¥363 million corresponding to the Company's shares held in 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):

Ordinary shares 664,800 shares

5. Notes to Financial Instruments

(1) Capital management

The Group's capital management principle is to maintain an optimal capital structure by improving capital efficiency and ensuring sound and flexible financial conditions in order to achieve sustained improvement in the enterprise value, which will lead to improved return to shareholders.

The Group monitors financial indicators in order to maintain an optimal capital structure. Credit ratings are monitored for financial soundness and flexibility, and so is return on equity attributable to owners of the parent (ROE) for capital efficiency. The Group is not subject to material capital regulation.

(2) Financial risk management policy

The Group is exposed to financial risks such as credit risk, liquidity risk, foreign exchange risk and interest rate risk in operating businesses. To mitigate them, it manages risks in accordance with certain policies and procedures.

The Group uses derivatives only for the purpose of hedging financial risks and does not use them for speculative purposes.

(i) Credit risk management

Receivables, such as trade receivables, resulting from the business activities of the Group are exposed to the customer's credit risk. This risk is managed by grasping the financial condition of the customer and monitoring the trade receivables balance. Also, the Group reviews collectability of trade receivables depending on the credit conditions of customers and recognises loss allowances as necessary.

Securities held by the Group are exposed to the issuer's credit risk, and deposits are exposed to the credit risk of banks. Also, derivative transactions that the Group conducts in order to hedge financial risks are exposed to the credit risk of the financial institutions which are counterparties of those transactions. In regard to securities transactions and deposit transactions in fund management, the Group only deals with banks and issuers with certain credit ratings and manages investments within the defined period and credit limit, in accordance with Global Cash Investment Policy and Global Treasury Policy. In addition, regarding derivative transactions, the Group only deals with financial institutions with certain credit ratings in accordance with Global Treasury Policy.

(ii) Liquidity risk management

The Group is exposed to liquidity risk that the Group might have difficulty settling financial obligations. However, the Group is maintaining the liquidity on hand that enables the Group to meet the assumed repayment of financial obligations and respond flexibly to strategic investment opportunities. Also, the balance is reported monthly to Representative Director, President and CEO.

(iii) Foreign exchange risk management

The Group operates its business in many countries and regions, and the Group's business results and financial position are exposed to foreign exchange risks.

The Group considers necessity of using derivatives to mitigate foreign exchange risk on each transaction. In regard to the intercompany loan in foreign currencies, the Group has used forward foreign exchange contracts to mitigate the impact of exchange rate fluctuations on business results in the business year ended March 31, 2023. The status of the hedge against foreign exchange risk by currency and the balance of derivative transactions are reported monthly to Representative Director, President and CEO.

(iv) Interest rate risk management

The Group's interest-bearing liabilities are exposed to interest rate fluctuation risk. However, in order to mitigate such risk, the Group strives to optimise the

fund procurement by combining fixed and floating interest rates and determines the amount, term, method, etc. of fund procurement considering the details of demand for funds, financial position and financing environment.

(3) Fair value of financial instruments

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

- Financial assets measured at amortised cost
  Financial assets measured at amortised cost comprise trade and other receivables, loans 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 (equity instruments)
  The fair value of marketable securities is based on quoted market prices at the end of the period. The fair value of unquoted equity shares is calculated based on metrics such as the most recent available balance of the investee's net assets or projections of its future profitability.
- Financial assets at FVTPL
  Financial assets at FVTPL comprise insurance funds, forward foreign exchange contracts and investments in funds. The fair value of insurance funds is measured based on cash surrender values provided by counterparty insurance companies. The fair value of forward foreign exchange contracts is measured based on prices provided by counterparty financial institutions. The fair value of investments in funds is measured based on the Group’s interest in a fund after estimating the fair value of the fund based on the latest available information.

- Financial liabilities at FVTPL
  Financial liabilities at FVTPL comprise contingent consideration for business combinations and forward foreign exchange contracts. The fair value of contingent consideration for business combinations is measured based on the estimated success probability of development activities and the time value of money. The fair value of forward foreign exchange contracts is measured based on prices provided by counterparty financial institutions.

- Financial liabilities measured at amortised cost
  Financial liabilities measured at amortised cost comprise trade and other payables, lease liabilities, bonds and borrowings and other financial liabilities. The carrying amount approximates the fair value due to the short period of settlement terms, except for lease liabilities. The fair value of bonds categorized within Level 2 of the fair value hierarchy is based on quoted market prices at the end of the period. For the business year ended March 31, 2023, the carrying amount approximates the fair value.

The breakdown of bonds and loans payable included in “Other financial liabilities” in the consolidated statement of financial position is as follows:

(Millions of yen)

	18th term business year As of March 31, 2023
Other financial liabilities (non-current)	
Bonds	50,000
Other financial liabilities (current)	
Commercial papers	75,000

(ii) Financial instruments measured at fair value on a recurring basis

The levels of the fair value hierarchy are as follows:

Level 1: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measured using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: Fair value measured using significant unobservable inputs for the assets or liabilities.

The level of the fair value hierarchy is determined based on the lowest level of significant input used for the measurement of fair value.

The Group accounts for transfers between levels of the fair value hierarchy as if they occurred at the end of each quarter.

The breakdown of financial assets and liabilities measured at fair value on a recurring basis, including their levels in the fair value hierarchy, is as follows:

18th term business year (As of March 31, 2023)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Insurance funds	–	18,808	–	18,808
Forward foreign exchange contracts	–	106	–	106
Investment in funds	–	–	28,769	28,769
Subtotal	–	18,914	28,769	47,683
Financial assets at FVTOCI (equity instruments)				
Quoted equity shares	13,495	–	–	13,495
Unquoted equity shares	–	–	28,194	28,194
Subtotal	13,495	–	28,194	41,690
Total financial assets	13,495	18,914	56,963	89,372
Financial liabilities				
Financial liabilities at FVTPL				
Forward foreign exchange contracts	–	55	–	55
Contingent consideration	–	–	118,688	118,688
Subtotal	–	55	118,688	118,743
Total financial liabilities	–	55	118,688	118,743

(Note) Financial assets at FVTPL, financial assets at FVTOCI (equity instruments) and financial liabilities at FVTPL are included in "Other financial assets" and "Other financial liabilities" in the consolidated statement of financial position, respectively.

The movement of fair value of financial instruments categorised within Level 3 of the fair value hierarchy is as follows:

18th term business year (From April 1, 2022 to March 31, 2023)

(a) Financial assets

(Millions of yen)

	Financial assets at FVTPL	Financial assets at FVTOCI (equity instruments)	Total
Balance at April 1, 2022	25,441	19,173	44,615
Realised or unrealised gains (losses)			
Recognised in profit or loss(Note)	(5,007)	–	(5,007)
Recognised in other comprehensive income	–	4,869	4,869
Purchases, issues, sales, and settlements			
Purchases	8,101	3,419	11,520
Other	234	732	966
Balance at March 31, 2023	28,769	28,194	56,963
Gains or losses recognised in profit or loss attributable to the change in unrealised gains or losses relating to those assets held at the end of the reporting period (Note)	(5,007)	–	(5,007)

(Note) This is included in "Finance income" and "Finance expenses" in the consolidated statements of income.

(b) Financial Liabilities

(Millions of yen)

	Financial liabilities at FVTPL
Balance at April 1, 2022	66,569
Realised or unrealised gains (losses)	
Recognised in profit or loss(Note)	50,723
Other	1,396
Balance at March 31, 2023	118,688
Gains or losses recognised in profit or loss attributable to the change in unrealised gains or losses relating to those liabilities held at the end of the reporting period (Note)	50,723

(Note) This is included in "Other income" and "Other expenses" in the consolidated statements of income.

The financial assets categorised within Level 2 are composed mainly of insurance funds.
The Group possesses the insurance funds to provide for the expected payment of a deferred remuneration system adopted by U.S. subsidiaries. The fair value of an insurance fund is measured based on cash surrender value provided by the counterparty insurance company.

The financial assets categorised within Level 3 are composed of investment in funds and unquoted equity shares.
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 information available.
The fair value of an unquoted equity share is calculated based on metrics such as the most recent available balance of the investee's net assets or projections of its future profitability.
The fair value of investment in funds and unquoted equity shares is measured quarterly by the division in charge at the Company and each Group company in accordance with the Group's accounting policies, etc. It is reported to a superior in conjunction with grounds for the changes in fair value.

The financial liabilities categorised within Level 3 are composed of contingent considerations arising from business combinations.
Contingent considerations represent certain milestone payments based on progress, etc. in the development of the clinical programs possessed by the acquirees. The fair value of the contingent consideration is estimated based on the success probability of the program related to the difficulty of new drug development, etc. and the time value of money, etc. As these estimates involve uncertainties there is an impact such as increase in the fair value of contingent considerations, if the success probability of the clinical program, which is a significant unobservable input, is raised.

In regard to financial instruments categorised within Level 3, there would be no significant change in fair value when one or more of the unobservable inputs is changed to reflect reasonably possible alternative assumptions.

6. Notes to Per-Share Data

(1) Equity attributable to owners of the parent per share: ¥839.26
(2) Basic earnings per share: ¥54.24

7. Notes to Revenue Recognition

(1) Breakdown of revenue
The breakdown of revenue is as follows:

18th term business year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Japan	United States	Estab-lished Markets	Greater China	Inter-national Markets	Other	Total
Sales of pharmaceutical products							
XTANDI	54,720	341,793	197,898	11,062	55,645	–	661,118
Prograf	35,604	10,737	69,290	46,823	36,324	–	198,777
Betanis / Myrbetriq / BETMIGA	33,533	96,471	42,822	3,945	11,804	–	188,575
Other	137,273	174,242	48,391	18,181	39,508	3,841	421,436
Subtotal	261,131	623,242	358,401	80,011	143,281	3,841	1,469,906
Royalty income	1,172	–	6	–	1,454	16,359	18,991
Other	–	29,199	–	–	–	522	29,721
Total	262,303	652,441	358,407	80,011	144,735	20,722	1,518,619

(Note) Revenue is categorised based on the organizational grouping of business management in the commercial division.

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

(2) Contract balances
The breakdown of contract balances is as follows:

(Millions of yen)

	As of April 1, 2022	18th term business year As of March 31, 2023
Receivables from contracts with customers		
Trade and notes receivables	368,038	408,792
Loss allowance	(2,063)	(1,991)
Total	365,975	406,801
Contract liabilities	3,752	2,677

(Notes) 1. With regard to upfront payments mainly related to licensing contracts, the Group recognises the portion as contract liabilities for which it has received consideration from customers but has not yet satisfied the corresponding performance obligations. Of the revenue recognised in the business year ended March 31, 2023, the amount included in the balance of contract liabilities as of the beginning of the business year was ¥1,158 million.
2. The amount of revenue recognised in the business year ended March 31, 2023, from performance obligations satisfied or partially satisfied during past periods was not material.

(3) Transaction price allocated to remaining performance obligations
Transaction price allocated to remaining performance obligations has been omitted and the practical expedient has been adopted as there are no material contracts with an original expected period exceeding one year.

8. Other Notes

Notes to other expenses

For the business year ended March 31, 2023, impairment losses recognised for intangible assets were ¥83,964 million, and mainly composed of impairment losses of ¥23,005 million resulting from the termination of development for AT702, AT751, AT753 and impairment losses of ¥47,077 million resulting from the revision of future plans for Evrenzo.
For the business year ended March 31, 2023, the changes in fair value of contingent consideration recognised based on factors such as progress in the development of clinical programs were ¥53,059 million, and mainly composed of the changes in fair value of contingent consideration of ¥38,608 million resulting from a decision relating to the application for approval of zolbetuximab.

9. Notes to Significant Subsequent Events

Entering into Definitive Agreement to Acquire IVERIC bio, Inc.

(1) Overview of IVERIC bio, Inc.

Company	IVERIC bio, Inc. (“Iveric Bio”)
Business Description	R&D of pharmaceuticals

(2) Schedule

Date of Definitive Agreement	April 29, 2023 (Japan time)
Date of shareholder meeting to be held by Iveric Bio	Second quarter (July-September) of the Company’s fiscal year 2023 (estimated)
Date of Closing (Note)	Second quarter (July-September) of the Company’s fiscal year 2023 (estimated)

(Note) The closing of the proposed acquisition is subject to approval by Iveric Bio’s shareholders and other customary closing conditions, including receipt of required anti-trust regulatory approvals.

(3) Acquisition amount
Approximately US$5.9 billion
(Note) The amount was calculated by multiplying approximately 148.2 million outstanding shares of Iveric Bio’s common stock on a fully diluted basis by the per-share acquisition price of US$40.00.

(4) Objectives of the acquisition of Iveric Bio
The Company aims to become a cutting-edge, VALUE-driven life science innovator to realize its VISION to be “on the forefront of healthcare change to turn innovative science into VALUE for patients.” Through the Company’s R&D strategy, Focus Area Approach, it is working to create innovative drugs for diseases with high unmet medical need by identifying unique combinations of biology and therapeutic modality / technology from multiple perspectives. Currently, the Company has identified five Primary Focuses, including “Blindness & Regeneration,” and is prioritizing investment resources in these areas. As such, the acquisition of Iveric Bio (the “Acquisition”) is a key step in building the Company’s product portfolio in this important area.

Iveric Bio focuses on the discovery and development of novel treatments in the field of ophthalmology. The New Drug Application ("NDA") filing for Avacincaptad Pegol ("ACP") for the treatment of Geographic Atrophy ("GA") secondary to Age-related Macular Degeneration ("AMD") has been accepted and is currently being evaluated by the U.S. Food and Drug Administration ("FDA"). The filing has been granted Priority Review with a Prescription Drug User Fee Act (PDUFA) goal date of August 19, 2023.

ACP, a complement C5 inhibitor, is an investigational drug for GA secondary to AMD and has significant potential to deliver value to a large and underserved patient base. ACP met its primary efficacy endpoint (reduction of the rate of GA progression) with statistical significance across two pivotal clinical trials, (GATHER 1 and 2 Clinical Trials) and has received breakthrough therapy designation from the FDA for this indication.

The Company expects not only that the acquisition of ACP, the lead program of Iveric Bio will contribute to the Company's FY2025 revenue targets set in its Corporate Strategic Plan 2021, but also that, ACP in conjunction with fezolinetant and PADCEV, will be a revenue-generating pillar to help compensate for the decline in sales of XTANDI due to anticipated loss of exclusivity later this decade.

In addition, the acquisition of Iveric Bio will provide a foundation of ophthalmology focused capabilities, including a multi-faceted commercial team, expansive network of experts in the ophthalmology field, and established relationships with medical institutions. Furthermore, through acquired capabilities, the Company will accelerate clinical development and commercialization activities to positively contribute to the goals of Primary Focus, "Blindness & Regeneration."

(5) Method for obtaining funds for the acquisition

Funds for the acquisition will consist of newly procured funds from bank loans and issuing of commercial paper totaling approximately 800 billion yen in addition to existing cash on hand.

STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2022 to March 31, 2023)

(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, 2022	103,001	176,822	176,822	16,827	1,185	573,801	591,813
Change during the business year under review							
Dividends of surplus	–	–	–	–	–	(100,922)	(100,922)
Net income	–	–	–	–	–	314,210	314,210
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposals of treasury shares	–	–	–	–	–	(13)	(13)
Cancellation of treasury shares	–	–	–	–	–	(47,686)	(47,686)
Net change of items other than shareholders' equity during the business year under review	–	–	–	–	–	–	–
Total change during the business year under review	–	–	–	–	–	165,590	165,590
Balance as of March 31, 2023	103,001	176,822	176,822	16,827	1,185	739,391	757,403

(Millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Unrealised holding gains on securities	Total valuation, translation adjustments and others		
Balance as of April 1, 2022	(13,934)	857,702	15,290	15,290	630	873,622
Change during the business year under review						
Dividends of surplus	–	(100,922)	–	–	–	(100,922)
Net income	–	314,210	–	–	–	314,210
Acquisition of treasury shares	(60,556)	(60,556)	–	–	–	(60,556)
Disposals of treasury shares	1,680	1,667	–	–	–	1,667
Cancellation of treasury shares	47,686	–	–	–	–	–
Net change of items other than shareholders' equity during the business year under review	–	–	(5,094)	(5,094)	(94)	(5,188)
Total change during the business year under review	(11,190)	154,400	(5,094)	(5,094)	(94)	149,212
Balance as of March 31, 2023	(25,123)	1,012,102	10,196	10,196	536	1,022,834

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 amortised 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 unrealised 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 amortisation 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 amortised 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 unrecognised actuarial gain or loss and unrecognised prior service cost as of the end of the business year.

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

(4) Basis for revenue:

The Company generates revenue from the sale of pharmaceuticals and royalty income from agreements under which third parties have been granted rights to manufacture or market pharmaceutical products or rights to use technologies.

(i) Sales of pharmaceutical products
Revenue from sales of pharmaceuticals is recognised when control of the promised pharmaceutical product is transferred to the customer by the Company. The Company determines that control of a pharmaceutical product is usually transferred to the customer upon delivery.
There are no contracts for which the payment terms of consideration are longer than one year, in principle, and thus no significant financing component is included. If the transaction price in a contract includes variable amounts such as rebates, discounts, the variable consideration is estimated by using either of the expected value method or the most likely amount method, and is reduced from the consideration received from the customer. The variable consideration is recognised only when it is probable that a significant reversal will not occur.
In certain transactions, the Company may be deemed to be contracted by other companies to sell pharmaceuticals on their behalf. For such transactions in which the Company acts as an agent, the Company recognises revenue as the

net amount of the remuneration or fees for which it expects to obtain rights.

(ii) Royalty income

Royalty income includes upfront payments, milestone payments received when certain contractual conditions are fulfilled, and running royalties based on net sales and other factors.

For upfront payments, revenue is recognised at a point in time when each performance obligation is satisfied or over time as the performance obligation is satisfied. For performance obligations satisfied at a point in time, revenue is recognised when control of the promised right is transferred to the customer by the Company in accordance with the contract. For performance obligations satisfied over time, revenue is recognised based on the ratio between the elapsed period and the remaining period available to provide the promised services in the contract.

Receipt of milestone payments is subject to uncertainty and such uncertainty is not eliminated until conditions have been fulfilled. As such, revenue is recognised for milestone payments at a point in time when the conditions for the milestone payments have been fulfilled, in principle.

Running royalties based on net sales and other factors are recognised at a point in time when the later of either of the following events occurs: subsequent sales, etc. are realised, or performance obligations with allocated running royalties based on net sales and other factors are satisfied.

Revenue is recognised for upfront payments and milestone payments at the amounts stipulated by the contracts, in principle. Revenue from running royalties is calculated as the amount of net sales, etc. for the calculation period reported by the customer, multiplied by the contractual fee rate. In almost all the contracts, a payment deadline has been set within a short period after the conclusion of contracts, fulfilment of conditions or the final day of the calculation period for running royalties.

(5) 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.

2. Notes on Changes in Presentation

Balance sheet

"Deposit" under current liabilities, which was separately presented for the previous business year, has now been included in "Other" under current liabilities as the amount became immaterial.

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

As a result, ¥690 million which was presented as "Deposit" under current liabilities on the balance sheet for the previous business year are now reclassified to "Other" under current liabilities.

3. Notes on Accounting Estimates

Recoverability of deferred tax assets

(1) Amount recorded in the financial statements for the business year ended March 31, 2023

Deferred tax assets: ¥47,901 million

(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 2. Notes on Accounting Estimates."

4. Notes to Balance Sheet

(1) Accumulated depreciation of property, plant and equipment (including accumulated impairment losses): ¥271,615 million

(2) Guarantee obligations:

Guarantee is provided against employees' borrowings from financial institutions.

Employees	¥30 million

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

Short-term receivables:	¥186,974 million
Short-term payables:	¥235,502 million

5. Notes to Statement of Income

Volume of transaction with subsidiaries and affiliates:

Sales:	¥328,722 million
Purchases:	¥18,101 million
Non-operating transactions:	¥213,369 million

6. Notes to Statement of Changes in Net Assets

Type and number of treasury shares at the end of the business year under review:
Shares of common stock 12,900,609 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:	¥1,285 million
Accrued retirement benefits for employees:	¥3,258 million
Property, plant and equipment:	¥1,434 million
Intangible fixed assets:	¥18,985 million
Accrued expenses:	¥3,815 million
Inventories:	¥11,495 million
Investment in subsidiaries and affiliates:	¥8,105 million
Other:	¥14,825 million
Subtotal:	¥63,202 million
Valuation allowance:	¥(10,449) million
Total:	¥52,754 million
Deferred tax liabilities:	
Investment securities:	¥(2,785) million
Prepaid pension cost:	¥(936) million
Property, plant and equipment:	¥(520) million
Other:	¥(611) million
Total:	¥(4,852) million
Net deferred tax assets:	¥47,901 million

8. Notes to Transaction With Related Parties

Subsidiaries and affiliates

Type	Name of Company, etc.	Ownership of voting rights, etc.	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	173,705	Short-term loans payable	197,184
				Repayment of borrowed funds	158,284		
Subsidiary	Astellas US Holding, Inc.	Direct ownership 100%	Lending of funds, sharing of concurrent positions by Directors	Lending of funds (Note) 1	76,886	Other current assets	79,674
Subsidiary	Astellas Pharma Global Development, Inc.	Indirect ownership 100%	Consignment of development, sharing of concurrent positions by Directors	Consignment of development (Note) 2	59,719	Other accounts payable	10,958
Subsidiary	Ogeda SA	Direct ownership 100%	Borrowing of funds, sharing of concurrent positions by Directors	Repayment of borrowed funds	46,782	Short-term loans payable	8,880
Subsidiary	Astellas Pharma Europe Ltd.	Indirect ownership 100%	Sales of products, etc., receipt of royalties, sharing of concurrent positions by Directors	Sales of products, etc., receipt of royalties (Note) 2	126,669	Trade accounts receivable	30,688
Subsidiary	Astellas US LLC	Indirect ownership 100%	Receipt of royalties, sharing of concurrent positions by Directors	Receipt of royalties (Note) 2	136,884	Trade accounts receivable	30,326

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. 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: ¥568.97
(2) Net income per share: ¥172.64

10. Notes to Business Combinations

Transaction under common control, etc.

The Company made a decision to absorb and merge its wholly owned subsidiaries Astellas Pharma Tech Co., Ltd. and Astellas Green Supply, Inc. at a meeting of its Executive Committee held on November 11, 2020. The merger was carried out on April 1, 2022, the date of business combination.

(1) Transaction overview

(i) Companies subject to business combination and business description

(a) Companies subject to business combination
The Company and its wholly owned subsidiaries, Astellas Pharma Tech Co., Ltd. and Astellas Green Supply, Inc.

(b) Business description
Astellas Pharma Inc. (the Company): Manufacturing, marketing and import/export of pharmaceuticals
Astellas Pharma Tech Co., Ltd.: Manufacturing of pharmaceuticals, clinical trial materials and active ingredient
Astellas Green Supply, Inc.: Environmental greening and resource recycling at Astellas Group offices

(ii) Date of business combination

April 1, 2022

(iii) Legal form of business combination

Absorption merger whereby the Company is the surviving company, while Astellas Pharma Tech Co., Ltd. and Astellas Green Supply, Inc. are the absorbed companies

(iv) Name of company after combination

Astellas Pharma Inc.

(v) Matters concerning overview of other transactions

(a) Astellas Pharma Tech Co., Ltd.
Astellas Pharma Tech Co., Ltd. manufactures the Company's prescription pharmaceuticals and clinical trial materials. Going forward, it is vital that we conduct research and development in consideration of production and supply from an early stage in order to realise swift launches and a stable supply of new medicines that utilize new modalities such as antibody approaches, cell therapy, and gene therapy based on the Astellas Focus Area approach. With

the merger, the two organizations are able to come together and work closer as one company and accelerate the fusion of process development and production technology up to commercialization.

(b) Astellas Green Supply, Inc.
Astellas Green Supply, Inc. conducts operations such as environmental greening and resource recycling, in addition to promoting the employment of people with disabilities. The Company executes operations more efficiently with the merger and continues to fulfill its social responsibilities with regards to the employment of people with disabilities.

(2) Overview of accounting treatment applied

The business combination has been accounted for as a transaction under common control, pursuant to the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures." The Company recorded gain on extinguishment of tie-in shares of ¥23,208 million in other under special gains associated with the merger.

11. Notes to Significant Subsequent Events

The Company entered into a definitive agreement with IVERIC bio, Inc., a biopharmaceutical company in the United States, in April 2023, under which the Company through Berry Merger Sub, Inc., a wholly-owned subsidiary of Astellas US Holding, Inc., has agreed to acquire 100% of the outstanding shares of IVERIC bio, Inc. for US$40.00 per share in cash for a total equity value of approximately US$5.9 billion. For details about the aforementioned agreement, please refer to "Notes to Consolidated Financial Statements 9. Notes to Significant Subsequent Events."