April 27, 2017

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Financial Results of Astellas for Fiscal Year 2016

Japan, April 27, 2017 – Astellas Pharma Inc. (TSE: 4503, President and CEO: Yoshihiko Hatanaka, "the Company") today announced the financial results for fiscal year 2016 (FY2016) ended March 31, 2017.

Consolidated financial results for FY2016 (April 1, 2016 – March 31, 2017) (core basis)

(Millions of yen)

	FY2015	**FY2016**	Change (%)
Sales	1,372,706	**1,311,665**	-61,041 (-4.4%)
Core operating profit	267,456	**274,554**	+7,098 (+2.7%)
Core profit for the year	198,802	**213,343**	+14,541 (+7.3%)
Basic core earnings per share (yen)	92.12	**101.15**	+9.03 (+9.8%)

Cautionary Notes

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

Information about pharmaceutical products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice.

1. Overview of business performance and others

(1) Overview of business performance and financial position for FY2016

1) Overview of consolidated financial results for FY2016

<Consolidated financial results (core basis [(Note)])>

Consolidated financial results (core basis) in FY2016 showed a decrease in sales and increases in core operating profit and core profit for the year, as follows.

(Millions of yen)

	FY2015	**FY2016**	Change (%)
Sales	1,372,706	**1,311,665**	-61,041 (-4.4%)
Core operating profit	267,456	**274,554**	+7,098 (+2.7%)
Core profit for the year	198,802	**213,343**	+14,541 (+7.3%)
Basic core earnings per share (yen)	92.12	**101.15**	+9.03 (+9.8%)

Research and development (R&D) expenses

(Millions of yen)

	FY2015	**FY2016**
R&D expenses	225,665	**208,129**

(Note) The Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis. These adjusted items include impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and other items that are deemed to be excluded based on the Company's judgment. A reconciliation table between results on a full basis and results on a core basis is provided on page 3 of the "Supplementary Documents for FY2016 Financial Results."

Impact of exchange rate on financial results

The exchange rates for the yen in FY2016 are shown in the table below. The resulting impacts were a ¥94.7 billion decrease in sales and a ¥36.3 billion decrease in core operating profit compared with if the exchange rates of FY2015 were applied.

Average rate	FY2015	**FY2016**	Change
US$/¥	120	**108**	¥12 (Strengthening of yen)
€/¥	133	**119**	¥14 (Strengthening of yen)

Change from beginning to end of period	FY2015	**FY2016**
US$/¥	¥7 (Strengthening of yen)	**¥0 (Strengthening of yen)**
€/¥	¥3 (Strengthening of yen)	**¥8 (Strengthening of yen)**

Sales

Consolidated sales in FY2016 decreased by 4.4% compared to those in the previous fiscal year (“year-on-year”) to ¥1,311.7 billion.

- Sales of the mainstay products showed steady expansion, but consolidated sales decreased due to the impact of foreign exchange as well as the negative impacts such as a National Health Insurance (“NHI”) drug price revision in Japan enforced in April 2016.
- In terms of global products, sales of XTANDI for the treatment of prostate cancer marginally increased and sales of overall overactive bladder (“OAB”) treatments Vesicare and Betanis / Myrbetriq / BETMIGA decreased due to the impact of foreign exchange, but sales of each product steadily increased on a local currency basis. Sales of Prograf, an immunosuppressant, decreased.

Sales by region

*Sales by region calculated according to locations of sellers.

<Japan>

Sales in Japan decreased by 3.3% year-on-year to ¥480.8 billion. Sales in the Japanese

market decreased by 6.3% year-on-year to ¥452.7 billion.

- There was growth in sales of products including overall OAB treatments Vesicare and Betanis, the anti-inflammatory and anti-pain treatment Celecox, Symbicort for the treatment of bronchial asthma and Suglat for the treatment of type 2 diabetes.
- Sales of XTANDI decreased due to the NHI drug price revision.
- Sales of vaccines declined mainly due to the continued impact of the restraints of shipment by the manufacturer in FY2015 (shipments of a part of products have already been recommenced), in addition, sales of products including Lipitor for the treatment of hypercholesterolemia and Gaster for the treatment of peptic ulcer and gastritis declined, mainly due to the impact of generics.

<The Americas>

Sales in the Americas decreased by 9.4% year-on-year to ¥412.4 billion. The sales on a U.S. dollar basis increased by 0.5% year-on-year to US$3,805 million.

- Sales of XTANDI, products including overall OAB treatments VESIcare and Myrbetriq, and the pharmacologic stress agent Lexiscan increased on a U.S. dollar basis, while the sales of each product decreased due to the impact of foreign exchange.
- Sales of Prograf decreased.
- Azole antifungal CRESEMBA contributed to sales.

<EMEA*>

Sales in EMEA increased by 0.5% year-on-year to ¥330.8 billion. The sales on a euro basis increased by 12.1% year-on-year to €2,785 million.

- Sales of XTANDI grew.
- Sales of overall OAB treatments Vesicare and BETMIGA and Prograf declined mainly due to the impact of foreign exchange.

* EMEA: Europe, the Middle East and Africa.

<Asia and Oceania>

Sales in Asia and Oceania decreased by 3.8% year-on-year to ¥87.7 billion.

- XTANDI and overall OAB treatments Vesicare and BETMIGA showed growth in sales.
- Sales of Prograf and Harnal for the treatment of functional symptoms of benign prostatic hyperplasia declined due to the impact of foreign exchange.

Core operating profit / Core profit for the year

- Gross profit decreased by 4.4% year-on-year to ¥991.2 billion along with a decrease in sales. The cost-to-sales ratio remained largely unchanged year-on-year at 24.4%.
- Selling, general and administrative expenses and research and development

("R&D") expenses decreased by 5.9% year-on-year to ¥470.8 billion and by 7.8% year-on-year to ¥208.1 billion respectively partly due to the foreign exchange rate impact. The R&D cost-to-sales ratio was down 0.6 percentage points year-on-year to 15.9%.

- Amortisation of intangible assets decreased by 15.5% year-on-year to ¥35.8 billion.

As a result of the above, core operating profit increased by 2.7% year-on-year to ¥274.6 billion.
Consequently, core profit for the year increased by 7.3% year-on-year to ¥213.3 billion and basic core earnings per share increased by 9.8% year-on-year to ¥101.15.

Resulting from the transfer of the global dermatology business in April 2016, the sales and the expenses of the transferred products were not included in FY2016. On the other hand, the consideration for the business transfer was recognized as revenue over certain periods. As a result, there were certain positive impacts on sales and profit for FY2016.

<Consolidated financial results (full basis)>

Consolidated financial results on a full basis in FY2016 are shown in the table below. Sales decreased while operating profit, profit before tax and profit for the year increased.

The full basis financial results include “other income” (including net foreign exchange gains), “other expense” (including impairment losses, loss on sales of property, plant and equipment, restructuring costs, and net foreign exchange losses), and gain on sales of available-for-sale financial assets (included in “finance income”) which are excluded from the core basis financial results.

“Other income” in FY2016 was ¥9.6 billion (¥1.7 billion in the previous fiscal year). “Other expense” in FY2016 was ¥23.3 billion (¥20.2 billion in the previous fiscal year). Gain on sales of available-for-sale financial assets in FY2016 was ¥21.3 billion (¥12.3 in the previous fiscal year).

(Millions of yen)

	FY2015	**FY2016**	Change (%)
Sales	1,372,706	**1,311,665**	-61,041 (-4.4%)
Operating profit	248,986	**260,830**	+11,844 (+4.8%)
Profit before tax	261,770	**281,769**	+20,000 (+7.6%)
Profit for the year	193,687	**218,701**	+25,014 (+12.9%)
Basic earnings per share (yen)	89.75	**103.69**	+13.94 (+15.5%)
Comprehensive income	130,881	**174,644**	+43,764 (+33.4%)

2) Other

The Company has been pursuing initiatives geared towards achieving sustainable growth over the mid to long term, and in May 2015 accordingly released its three-year Strategic Plan 2015–2017 which sets forth three main strategies geared toward: “Maximizing the Product Value,” “Creating Innovation” and “Pursuing Operational Excellence.”

<Initiatives for Maximizing the Product Value>

The Company has been taking steps toward maximizing the Company’s oncology franchise centered on XTANDI and OAB franchise comprised of Vesicare and Betanis / Myrbetriq / BETMIGA. The Company launched such products, including the aforementioned in various countries. Number of countries/areas where XTANDI and Betanis / Myrbetriq / BETMIGA launched are approx. 70 and approx. 50, respectively, as of March 31, 2017.
With respect to the update of product label for XTANDI including the data from the head-to-head TERRAIN trial of enzalutamide versus bicalutamide, the Company obtained approval and the product label was updated in April 2016 in Europe, and in October 2016 in the U.S. as well.

The following are main newly launched products in FY2016.

- Repatha*, a PCSK9-inhibitor, for the treatment of hypercholesterolemia was launched in April 2016 in Japan.
  *Indication: Familial Hypercholesterolemia, Hypercholesterolemia. Only when patients who have high risk in cardiovascular events and do not adequately respond to HMG-CoA Reductase Inhibitors.
  *The official guidance for points of consideration regarding Repatha under the coverage of NHI is issued by Medical Affairs Division of Ministry of Health, Labour and Welfare.

- Micatrio Combination Tablets*, a combination drug of Micardis Tablets (AT1 receptor blocker), long-acting calcium channel blocker amlodipine besylate and the thiazide diuretic hydrochlorothiazide was launched in November 2016 in Japan.
  *The official guidance for points of consideration regarding Micatrio under the coverage of NHI is issued by Medical Affairs Division of Ministry of Health, Labour and Welfare.

- Kiklin Granules for the treatment of hyperphosphatemia was launched in December 2016 in Japan.

- Guanylate cyclase-C receptor agonist, LINZESS for the treatment of the irritable bowel syndrome with predominant constipation was launched in March 2017 in Japan.

<Initiatives for Creating Innovation>

With respect to our strategy of creating innovation, the wellspring of our sustainable growth,

we have been further enhancing our capabilities to deliver innovative medicine while actively advancing into new opportunities.
We have completed the acquisition of Ganymed Pharmaceuticals AG, a biopharmaceutical company located in Germany and developing antibodies against cancer, and Ganymed Pharmaceuticals AG has become our wholly owned subsidiary in December 2016. Through the acquisition of antibody program in the late-stage, Astellas will further enhance its leading oncology franchise as a platform for sustainable growth.
Furthermore, in an effort to further expand our development pipeline, we have agreed to acquire Ogeda SA, a drug discovery company located in Belgium, and entered into a definitive agreement with Ogeda's shareholders in March 2017. Ogeda SA has multiple small molecule programs, including those in Phase2 clinical development. The procedures required for this acquisition are still in progress (as of April 2017).

In addition to the existing focus therapeutic areas, the Company is actively taking on challenges in new therapeutic areas including muscle diseases and ophthalmology as well as new technologies and modalities including next-generation vaccines and cell therapies. While utilizing alliance opportunities with external partners that have strong expertize, the Company is striving to achieve long-term growth through investments in new innovation. The following are the alliances with external partners made during the FY2016:

- Entered into a collaborative research agreement with the National Institute of Advanced Industrial Science and Technology to discover anti-protozoan parasite drugs for the treatment of Chagas' disease, a neglected tropical disease in April 2016.
- Announced the conclusion of a joint research agreement with Daiichi Sankyo Company, Limited and Takeda Pharmaceutical Company Limited to comprehensively acquire and analyze fundamental biomarker data on healthy adult volunteers in order to optimize and accelerate the development of innovative medicines in May 2016.
- Entered into a collaborative development agreement with the Institute of Medical Science, the University of Tokyo, to develop the rice-based oral vaccine "MucoRice-CTB" against cholera and enterotoxigenic *Escherichia coli* (*E. coli*) caused diarrheal diseases in June 2016.
- Amended its collaboration agreement in skeletal muscle activators with Cytokinetics, Inc. (USA) ("Cytokinetics") to expand the agreement to include amyotrophic lateral sclerosis ("ALS") in July 2016. Through this amendment, the development of fast skeletal troponin activation, CK-2127107 for the potential treatment of ALS will be conducted. In addition, Cytokinetics has granted Astellas an option right for the development and commercialization of tirasemtiv, an investigational skeletal muscle activator. Furthermore, the joint research focused on the discovery of additional next generation skeletal muscle activators was extended to 2017.

- Established DigiTx Partners LLC (USA), a digital health investment company in partnership with MPM Capital, Inc. (USA) in July 2016. DigiTx Partners LLC will invest in the digital health space broadly, with a special focus on companies which create solutions that improve patient outcomes and provide substantial synergy with a broader pharma business. Investments will be made in both start-ups and growth stage companies.
- Signed a memorandum of understanding to create a method for analyzing circulating tumor cells, with Sysmex Corporation and Daiichi Sankyo Company, Limited in December 2016
- Executed a license agreement with respect to an exclusive worldwide license for an AU-935 program for the treatment of chronic tympanic membrane perforation with Auration Biotech, Inc. (USA) in January 2017.
- Entered into an exclusive worldwide license agreement to develop and commercialize a vaccine targeting *Streptococcus pneumoniae* (*pneumococcus*) with Affinivax, Inc. in February 2017. The partnership will utilize Affinivax, Inc.'s proprietary vaccine technology platform – Multiple Antigen Presenting System (MAPS) – to advance a novel MAPS vaccine targeted to prevent and reduce the spread of pneumococcal disease.

With respect to clinical development, we have been accelerating the speed by concentrating management resources on high-priority projects. The following are the main development advances made during the FY2016.

- Submitted an application for approval of extended-release tablets of quetiapine fumarate (generic name, development code: FK949E) for the indication of improvement of depressive symptoms associated with bipolar disorder in August 2016 in Japan.
- Obtained approval of Kiklin Granules (generic name: bixalomer, development code: ASP1585) in September 2016 in Japan.
- Submitted an application for approval of XTANDI (generic name: enzalutamide) tablets in September 2016 in Japan.
- Obtained a marketing approval for a guanylate cyclase-C receptor agonist, LINZESS (generic name: linaclotide, development code: ASP0456) for the indication of irritable bowel syndrome with predominant constipation in December 2016 in Japan.
- Amgen Astellas BioPharma K.K. submitted an application seeking marketing approval of romosozumab (generic name, development code: AMG 785) for the treatment of osteoporosis for those at high risk of fracture in December 2016 in Japan. Amgen Astellas BioPharma and the Company are co-developing romosozumab.

In March 2017, we terminated the agreement executed as of September 2010 between the Company and UMN Pharma Inc. for the co-development and the Company's exclusive commercialization of ASP7374 and ASP7373, the cell culture based influenza vaccine programs in Japan. Accordingly, the Company returned to UMN Pharma all rights granted to the Company under the agreement, and withdrew the application for approval of ASP7374 and discontinued the development of ASP7373.

<Initiatives for Pursuing Operational Excellence>

We have been continuing to engage in initiatives in anticipation of changing environments from various perspectives with the aims of creating organizations and systems capable of resiliently responding to changing environments and further improving quality and efficiency of operations. The following are the main initiatives during the FY2016.

- Transferred its global dermatology business to LEO Pharma A/S (Denmark) in April 2016. The both companies are currently working together for the transition of business while continuing supply of products.
- Began operations for Malaysia-based subsidiary, Astellas Pharma Malaysia Sdn. Bhd. in April 2016. In addition, SESA Umbrella Organization that is responsible for overseeing operations in the South East and South Asia regions was established and began operation also in April 2016. These efforts were carried out to increase both the quality and efficiency of operations in the regions.
- Transferred the Company's wholly owned U.S. manufacturing subsidiary Astellas Pharma Technologies, Inc., which owns the Norman plant used for the formulation and packaging of certain Astellas pharmaceutical products, to Avara Norman Pharmaceutical Services, Inc. (USA) in August 2016.
- Executed a memorandum of understanding for outsourcing of the facility and equipment management support of the Company and each Group company in Japan, with Kajima Corporation and Kajima Tatemono Sogo Kanri Co., Ltd. in November 2016. In addition to the outsourcing, as a result of re-assessment of the organizational operation structure, the Company decided that its subsidiary, Astellas Business Service Company Limited, which performs the shared administrative support works, would be dissolved as of the end of September 2017.
- Astellas Pharma Europe Ltd. has entered into a definitive agreement with Grünenthal (in Germany) under which Astellas Pharma Europe will transfer the exclusive rights for Qutenza, for the treatment of peripheral neuropathic pain, in Europe, Middle East and Africa to Grünenthal in December 2016.
- The Company, Takeda Pharmaceutical Company Limited, Teva Takeda Pharma Ltd. and Teva Takeda Yakuhin Ltd. have concluded a memorandum of understanding concerning the establishment of a new structure in Hokkaido for the joint storage and distribution of products of these four companies as well as a jointly-operated logistics center to be located in Sapporo, with the objective of further ensuring

stable supplies, qualities and efficient transportation of pharmaceuticals in emergency situations, such as a natural disaster, in February 2017.

- The Company and Kyowa Pharmaceutical Industry Co., Ltd. have entered into an agreement providing Kyowa the exclusive right to distribute and promote extended-release tablets of quetiapine fumarate in Japan in February 2017. The Company submitted a new drug application to the Ministry of Health, Labour and Welfare in Japan for extended-release tablets of quetiapine fumarate for the indication of improvement of depressive symptoms associated with bipolar disorder.
- The Company and LTL Pharma Co., Ltd. have entered into an Asset Purchase Agreement, under which the Company will transfer its marketing authorization of 16 long-listed products (the “Products”) in Japan, supply business of active pharmaceutical ingredients/bulk of the Products to third parties in Japan and outside of Japan and royalty business of the Products to LTL Pharma, in March 2017.

3) Overview of financial position

i. Assets, equity and liabilities

An overview of the consolidated statement of financial position as of March 31, 2017 and the main changes from the end of the previous fiscal year are shown below.

Assets

Total assets saw an increase of ¥21.6 billion compared to the end of the previous fiscal year to ¥1,820.9 billion.

<Non-current assets> ¥944.2 billion (an increase of ¥42.4 billion)

- Goodwill and other intangible asset increased by ¥22.9 billion and ¥84.5 billion respectively due to the completion of the acquisition of Ganymed Pharmaceuticals AG in FY2016.
- As a result, total goodwill increased by ¥22.2 billion compared to the end of the previous fiscal year to ¥175.3 billion, and other intangible assets increased by ¥51.2 billion compared to the end of the previous fiscal year to ¥387.4 billion.

<Current assets> ¥876.7 billion (a decrease of ¥20.9 billion)

- Cash and cash equivalents decreased by ¥19.1 billion compared to the end of the previous fiscal year to ¥340.9 billion.

Equity

Total equity as of March 31, 2017 saw an increase of ¥12.6 billion compared to the end of the previous fiscal year to ¥1,271.8 billion, making the ratio of owners' equity to gross assets 69.8%.

- While profit for the year stood at ¥218.7 billion, the Company paid ¥70.1 billion of dividends of surplus and executed a ¥92.2 billion acquisition of own shares.
- Cancellation of treasury shares totaling ¥110.2 billion (68 million shares) was carried out in June 2016.

Liabilities

Total liabilities increased by ¥9.0 billion compared to the end of the previous fiscal year to ¥549.1 billion.

<Non-current liabilities> ¥149.2 billion (an increase of ¥22.5 billion)
<Current liabilities> ¥399.9 billion (a decrease of ¥13.5 billion)

ii. Cash flow

Cash flows from operating activities

Net cash flows from operating activities decreased year-on-year by ¥78.1 billion to ¥235.6 billion.

- Income tax paid was ¥72.0 billion.

Cash flows from investing activities

Net cash flows used in investing activities was ¥73.4 billion, a decrease in outflow of ¥73.7 billion year-on-year.

- The main outflows included cash of ¥50.9 billion used for the purchase of shares of subsidiaries due to the acquisition of Ganymed Pharmaceuticals AG, cash of ¥29.0 billion used for the purchases of property, plant and equipment, and cash of ¥19.6 billion used for the purchase of intangible assets.
- On the other hand, proceeds from sales of available-for-sale financial assets provided cash of ¥28.6 billion.

Cash flows from financing activities

Net cash flows used in financing activities was ¥166.2 billion, a decrease in outflow of ¥27.3 billion year-on-year.

- Dividends paid totaled ¥70.1 billion. Other outflow included cash of ¥92.2 billion used for the acquisition of own shares.

As a result of the above, cash and cash equivalents totaled ¥340.9 billion as of March 31, 2017, a decrease of ¥19.1 billion compared to the end of the previous fiscal year.

Cash flow indicators

	FY2014	FY2015	FY2016
Ratio of owners' equity to gross assets (%)	73.5	70.0	69.8
Ratio of owners' equity to gross assets on a fair market value basis (%)	240.6	176.7	166.3
Cash flows to interest-bearing liabilities ratio (%)	0.0	0.0	0.0
Interest coverage ratio (times)	–	–	–

- Ratio of owners' equity to gross assets: equity attributable to owners of parent / total assets
- Ratio of owners' equity to gross assets on a fair market value basis: market capitalization / total assets
- Cash flows to interest-bearing liabilities ratio: interest-bearing liabilities / cash flows
- Interest coverage ratio: cash flows / interest payment

(Notes)

1. Each indicator is calculated using financial data on a consolidated basis.

2. Market capitalization is calculated based on the total number of issued shares (after eliminating treasury share).
3. Cash flows from operating activities are used as cash flows.
4. Of all liabilities included in the consolidated statement of financial position, those on which the Company pays interest are computed as interest-bearing liabilities.

(2) Future Outlook

1) Consolidated business forecasts for FY2017

<Consolidated business forecasts (core basis)>

The definitions of core basis financial results are provided on page 2 of this financial results report.

(Millions of yen)

	FY2016 Results	**FY2017 Forecasts**	Change (%)
Sales	1,311,665	**1,279,000**	-32,665 (-2.5%)
Core operating profit	274,554	**254,000**	-20,554 (-7.5%)
Core profit for the year	213,343	**195,000**	-18,343 (-8.6%)
Basic core earnings per share (yen)	101.15	**94.43**	-6.72 (-6.6%)

(Note) The forecast of the basic core earnings per share is calculated based on the number of issued shares (excluding treasury shares) at the end of FY2016.

Expected exchange rate for FY2017	**¥110/US$**	**¥120/€**
Exchange rate for FY2016	¥108/US$	¥119/€

The forecasts for the fiscal year ending March 31, 2018 (FY2017) (core basis) are shown in the table above.
Sales, core operating profit and core profit for the year are anticipated to decrease compared with FY2016.
In FY2017, we expect negative impact on sales and profit from the transfer of the global dermatology business implemented in April 2016 and the transfer of long-listed products in Japan for which an agreement was concluded in March 2017. We are forecasting core operating profit excluding the factors associated with these business transfers and the impact of the foreign exchange to be higher year-on-year.
The yen is anticipated to weaken against the U.S. dollar and the euro compared with FY2016, and the fluctuations in the exchange rate is anticipated to cause a ¥10.8 billion increase in sales and a ¥1.3 billion increase in core operating profit compared with if the exchange rates of FY2016 were applied.

Sales

The sales forecast is ¥1,279.0 billion (down 2.5% year-on-year).

While we anticipate continuous sales growth for XTANDI and overall OAB treatments Vesicare and Betanis / Myrbetriq / BETMIGA, we also anticipate a negative impact on sales from the transfer of the dermatology business and the transfer of long-listed products in Japan. We also forecast a decrease in sales of Micardis (including Micombi and Micamlo), whose patent period expired in Japan in January 2017.

Sales by region

In the Japanese market, we forecast a decrease in sales.

In addition to sales of XTANDI and the OAB treatments Vesicare and Betanis, sales of the mainstay products such as Suglat and Symbicort are anticipated to grow continuously. However, sales in the Japanese market are forecasted to decrease mainly due to the expiration of the patent period for Micardis (including Micombi and Micamlo) and the impact of the transfer of long-listed products in Japan.

In the Americas, we forecast an increase in sales due to the expansion of mainstay products.

Although sales of XTANDI are forecasted to be steady in the U.S., the sales are forecasted to increase in the Americas as a whole due to expansion in sales outside of the U.S. In addition, sales of OAB treatments VESIcare and Myrbetriq, and CRESEMBA are forecasted to increase. On the other hand, sales of the Candin-type antifungal agent Mycamine are forecasted to decrease.

In EMEA*, we expect negative impact on sales from the transfer of the dermatology business, while we forecast an increase in sales excluding the impact. Sales of XTANDI and OAB treatments Vesicare and BETMIGA are forecasted to expand. On the other hand, sales of Mycamine are forecasted to decrease.

* EMEA: Europe, Middle East and Africa.

In Asia and Oceania, we forecast an increase in sales.

Sales of XTANDI, as well as sales of OAB treatments Vesicare and BETMIGA, Mycamine are forecasted to continue growing. In addition, sales of Prograf and Harnal are anticipated to increase.

Core operating profit/ Core profit for the year

Although we forecast a fall in the cost-to-sales ratio as a result of changes in product mix and other factors, gross profit is anticipated to decrease owing to a decrease in sales.

Concerning selling, general and administrative (SG&A) expenses, although the SG&A expenses to sales ratio is forecasted to increase, by considering our continuous efforts to achieve expense efficiency, we forecast the amount to stay about level.

We project R&D expenses of ¥218.0 billion (up 4.7% year-on-year) due to the investment in late-stage development programs and the development expenses of the acquired companies, and a R&D expenses to sales ratio of 17.0% (compared with 15.9% in FY2016).

As a result, we project a core operating profit of ¥254.0 billion (down 7.5% year-on-year). However, we forecast core operating profit excluding the factors associated with the transfers of the dermatology business and long-listed products in Japan as stated above and the impact of the foreign exchange to be higher year-on-year.
Core profit for the year is forecasted at ¥195.0 billion (down 8.6% year-on-year) and basic core earnings per share is forecasted at ¥94.43 (down 6.6 % year-on-year).

<Consolidated business forecasts (full basis)>

(Millions of yen)

	FY2016 Results	**FY2017 Forecasts**	Change (%)
Sales	1,311,665	**1,279,000**	-32,665 (-2.5%)
Operating profit	260,830	**254,000**	-6,830 (-2.6%)
Profit before tax	281,769	**260,000**	-21,769 (-7.7%)
Profit for the year	218,701	**198,000**	-20,701 (-9.5%)
Basic earnings per share (yen)	103.69	**95.88**	-7.81 (-7.5%)

(Note) The forecast of the basic earnings per share is calculated based on the number of issued shares (excluding treasury shares) at the end of FY2016.

Expected exchange rate for FY2017	**¥110/US$**	**¥120/€**
Exchange rate for FY2016	¥108/US$	¥119/€

(3) Profit distribution policy and dividends for FY2016 and FY2017

The Company is working aggressively towards increasing corporate 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 will strive to increase dividend payments stably and continuously, taking into consideration the dividend on equity attributable to owners of parent (DOE) and other factors based on medium- to long-term profit growth on a consolidated basis. Further, the Company will flexibly acquire its own shares whenever necessary to further increase capital efficiency and shareholder return.

The annual dividend for FY2016 is planned to be ¥34 per share (including a year-end dividend of ¥17 per share) to shareholders, yielding a DOE of 5.6%.

As a part of profit distribution to its shareholders and as measures of its capital policy, the Company implemented acquisition of own shares from the stock market of 60 million shares, which amounted to ¥91.4 billion, during FY2016.
Further, the Company decided to cancel 85 million shares of its treasury share.

The Company anticipates that the annual dividend in FY2017 will be ¥36 per share (composed of interim dividend of ¥18 per share and a year-end dividend of ¥18 per share).

(4) Risk factors

The main risks that could significantly impact the business results and financial position of the Astellas Group are outlined below.

Inherent Uncertainties in Pharmaceutical R&D

In general, the probability of discovering a promising compound through drug discovery research is not high. Further, it takes a large amount of investment and a great deal of time to successfully launch a new product after discovery of a new compound. However, it may be necessary to discontinue clinical development if the effectiveness of a drug is not proven as initially expected, or if safety issues arise. In addition, pharmaceuticals are subject to legal restrictions in each country, thus authorization from local regulatory authorities is a prerequisite for a product launch in each country. It is difficult to accurately foresee if and when approvals for new products can be obtained.

The Astellas Group's research and development activities are subject to these inherent risks.

Sales-related Risk

The pharmaceutical industry operates in a highly competitive environment characterized by rapid technological innovation. The launch of competitive products by rivals could impact the Astellas Group's business results significantly.

Intellectual Property (IP) Risk

The Astellas Group's business benefits from the protection of many patents. Although the Astellas Group manages intellectual property rights properly and is vigilant against third-party violation of such rights, the adverse impact on the Astellas Group's business results of actual IP violations may still be substantial. The Astellas Group's business results are also subject to the outcome of litigation undertaken by the Astellas Group to protect patents where infringement has occurred.

While the Astellas Group strives to ensure that its actions do not infringe the IP rights of other parties, there is a risk of litigation in the event of any inadvertent violations. Such litigation could also impact the Astellas Group's business results significantly.

Risks Relating to Product Side Effects and Safety

Any problems arising due to serious side effects or other safety issues that are caused by the Astellas Group's products could impact the Astellas Group's business results significantly.

Pharmaceutical Regulatory Risk

The ethical pharmaceutical business is governed by a wide variety of regulations in each country. In Japan, for example, the authorities periodically revise the NHI drug prices. Governments in developed countries in particular continue to adopt measures aimed at

containing medical expenditures. Any trend toward stricter regulations governing the development, production and distribution of pharmaceuticals is a factor that could impact business results.

Environment-related Risks

The Astellas Group is careful to observe laws and regulations relating to environmental or health and safety issues, and has instituted internal standards that aim to exceed most statutory requirements. Despite such precautions, the costs involved in the unlikely event of a business-related incident causing a serious breach of compliance in this area could impact the Astellas Group's business results significantly.

Foreign Exchange Rate Fluctuations

The Astellas Group's business results and financial position are subject to the impact of exchange rate fluctuations due to the Astellas Group's extensive international operations.

In addition to the risks outlined above, the Astellas Group is exposed to a wide range of business-related risks, including but not limited to (1) general commercial litigation, (2) delays or suspension of manufacturing activities due to natural disasters or other factors, and (3) partial dependence on licensing or sales agreements relating to pharmaceuticals developed by other companies.

2. Basic rationale for selecting accounting standard

Since the consolidated financial statements for the fiscal year ended March 31, 2014, the Astellas Group adopts the International Financial Reporting Standards (“IFRS”), as a means of enabling capital market participants to more readily compare the financial information on an international basis.

3. Consolidated Financial Statements and Notes to Consolidated Financial Statements
(1) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended 31 March 2016	Fiscal year ended 31 March 2017
Sales	1,372,706	1,311,665
Cost of sales	(335,596)	(320,503)
Gross profit	1,037,110	991,162
Selling, general and administrative expenses	(500,359)	(470,777)
Research and development expenses	(225,665)	(208,129)
Amortisation of intangible assets	(42,387)	(35,837)
Share of losses of associates and joint ventures	(1,243)	(1,864)
Other income	1,689	9,594
Other expense	(20,159)	(23,318)
Operating profit	248,986	260,830
Finance income	14,411	22,916
Finance expense	(1,627)	(1,976)
Profit before tax	261,770	281,769
Income tax expense	(68,083)	(63,069)
Profit for the year	193,687	218,701
Profit attributable to:		
Owners of the parent	193,687	218,701
Earnings per share		
Basic (Yen)	89.75	103.69
Diluted (Yen)	89.62	103.55

(2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended 31 March 2016	Fiscal year ended 31 March 2017
Profit for the year	193,687	218,701
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	(6,276)	2,962
Subtotal	(6,276)	2,962
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	(45,172)	(32,544)
Fair value movements on available-for-sale financial assets	(11,358)	(14,474)
Subtotal	(56,529)	(47,018)
Other comprehensive income, net of tax	(62,806)	(44,056)
Total comprehensive income	130,881	174,644
Total comprehensive income attributable to:		
Owners of the parent	130,881	174,644

(3) Consolidated Statement of Financial Position

(Millions of yen)

	As of 31 March 2016	As of 31 March 2017
Assets		
Non-current assets		
Property, plant and equipment	200,955	191,115
Goodwill	153,121	175,350
Other intangible assets	336,261	387,419
Trade and other receivables	24,103	22,263
Investments in associates and joint ventures	2,435	2,988
Deferred tax assets	80,733	90,349
Other financial assets	89,424	61,597
Other non-current assets	14,769	13,154
Total non-current assets	901,801	944,235
Current assets		
Inventories	161,691	182,537
Trade and other receivables	327,599	309,817
Income tax receivable	16,403	10,986
Other financial assets	14,394	13,554
Other current assets	17,221	18,849
Cash and cash equivalents	360,030	340,923
Subtotal	897,337	876,665
Assets held for sale	200	—
Total current assets	897,537	876,665
Total assets	1,799,338	1,820,901

(Millions of yen)

	As of 31 March 2016	As of 31 March 2017
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	176,903	177,091
Treasury shares	(157,111)	(138,207)
Retained earnings	973,054	1,013,923
Other components of equity	163,363	116,002
Total equity attributable to owners of the parent	1,259,209	1,271,810
Total equity	1,259,209	1,271,810
Liabilities		
Non-current liabilities		
Trade and other payables	1,599	440
Deferred tax liabilities	—	25,343
Retirement benefit liabilities	39,797	36,614
Provisions	7,083	4,921
Other financial liabilities	722	28,389
Other non-current liabilities	77,569	53,528
Total non-current liabilities	126,769	149,235
Current liabilities		
Trade and other payables	181,559	182,826
Income tax payable	19,312	10,900
Provisions	89,858	96,589
Other financial liabilities	1,505	2,992
Other current liabilities	121,126	106,548
Total current liabilities	413,359	399,856
Total liabilities	540,129	549,091
Total equity and liabilities	1,799,338	1,820,901

(4) Consolidated Statement of Changes in Equity

(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	Foreign currency translation adjustments
As of 1 April 2015	103,001	176,822	(86,997)	905,083	2,241	177,306
Comprehensive income						
Profit for the year	—	—	—	193,687	—	—
Other comprehensive income	—	—	—	—	—	(45,172)
Total comprehensive income	—	—	—	193,687	—	(45,172)
Transactions with owners of the parent						
Acquisition of treasury shares	—	—	(120,127)	—	—	—
Disposals of treasury shares	—	—	436	(248)	(187)	—
Cancellation of treasury shares	—	—	49,577	(49,577)	—	—
Dividends	—	—	—	(69,615)	—	—
Share-based payments	—	81	—	—	73	—
Transfers	—	—	—	(6,276)	—	—
Total transactions with owners of the parent	—	81	(70,114)	(125,717)	(115)	—
As of 31 March 2016	103,001	176,903	(157,111)	973,054	2,126	132,134

As of 1 April 2016	103,001	176,903	(157,111)	973,054	2,126	132,134
Comprehensive income						
Profit for the year	—	—	—	218,701	—	—
Other comprehensive income	—	—	—	—	—	(32,544)
Total comprehensive income	—	—	—	218,701	—	(32,544)
Transactions with owners of the parent						
Acquisition of treasury shares	—	—	(92,193)	—	—	—
Disposals of treasury shares	—	(78)	877	(456)	(342)	—
Cancellation of treasury shares	—	—	110,219	(110,219)	—	—
Dividends	—	—	—	(70,119)	—	—
Share-based payments	—	266	—	—	—	—
Transfers	—	—	—	2,962	—	—
Total transactions with owners of the parent	—	188	18,903	(177,831)	(342)	—
As of 31 March 2017	103,001	177,091	(138,207)	1,013,923	1,784	99,590

(Millions of yen)

	Equity attributable to owners of the parent				Total equity
	Other components of equity			Total	
	Fair value movements on available-for-sale financial assets	Remeasurements of defined benefit plans	Total		
As of 1 April 2015	40,461	—	220,007	1,317,916	1,317,916
Comprehensive income					
Profit for the year	—	—	—	193,687	193,687
Other comprehensive income	(11,358)	(6,276)	(62,806)	(62,806)	(62,806)
Total comprehensive income	(11,358)	(6,276)	(62,806)	130,881	130,881
Transactions with owners of the parent					
Acquisition of treasury shares	—	—	—	(120,127)	(120,127)
Disposals of treasury shares	—	—	(187)	1	1
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	—	(69,615)	(69,615)
Share-based payments	—	—	73	154	154
Transfers	—	6,276	6,276	—	—
Total transactions with owners of the parent	—	6,276	6,161	(189,588)	(189,588)
As of 31 March 2016	29,103	—	163,363	1,259,209	1,259,209

As of 1 April 2016	29,103	—	163,363	1,259,209	1,259,209
Comprehensive income					
Profit for the year	—	—	—	218,701	218,701
Other comprehensive income	(14,474)	2,962	(44,056)	(44,056)	(44,056)
Total comprehensive income	(14,474)	2,962	(44,056)	174,644	174,644
Transactions with owners of the parent					
Acquisition of treasury shares	—	—	—	(92,193)	(92,193)
Disposals of treasury shares	—	—	(342)	1	1
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	—	(70,119)	(70,119)
Share-based payments	—	—	—	266	266
Transfers	—	(2,962)	(2,962)	—	—
Total transactions with owners of the parent	—	(2,962)	(3,304)	(162,044)	(162,044)
As of 31 March 2017	14,629	—	116,002	1,271,810	1,271,810

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended 31 March 2016	Fiscal year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	261,770	281,769
Depreciation and amortisation	69,188	63,791
Impairment losses and reversal of impairment losses	9,310	16,340
Finance income and expense	(12,784)	(20,940)
(Increase) decrease in inventories	(11,873)	(26,644)
(Increase) decrease in trade and other receivables	(15,649)	5,057
Increase (decrease) in trade and other payables	(32,391)	15,651
Other	136,578	(27,409)
Cash generated from operations	404,149	307,616
Income tax paid	(90,412)	(72,004)
Net cash flows from operating activities	313,737	235,612
Cash flows from investing activities		
Purchases of property, plant and equipment	(33,512)	(29,010)
Proceeds from sales of property, plant and equipment	1,753	1,262
Purchase of intangible assets	(84,605)	(19,638)
Purchase of available-for-sale financial assets	(749)	(484)
Proceeds from sales of available-for-sale financial assets	16,747	28,642
Acquisition of subsidiaries, net of cash acquired	(42,653)	(50,915)
Interest and dividends received	2,797	1,618
Other	(6,827)	(4,858)
Net cash flows used in investing activities	(147,050)	(73,383)
Cash flows from financing activities		
Acquisition of treasury shares	(120,127)	(92,193)
Dividends paid to owners of the parent	(69,615)	(70,119)
Other	(3,736)	(3,841)
Net cash flows used in financing activities	(193,478)	(166,153)
Effect of exchange rate changes on cash and cash equivalents	(9,609)	(15,183)
Net increase (decrease) in cash and cash equivalents	(36,401)	(19,107)
Cash and cash equivalents at the beginning of the year	396,430	360,030
Cash and cash equivalents at the end of the year	360,030	340,923

(6) Notes to Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Basis of preparation

(1) Compliance with IFRS

The consolidated financial statements of Astellas Pharma Inc. and its subsidiaries (collectively, the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

(2) Basis of measurement

The Group's consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

(3) Presentation currency

The Group's consolidated financial statements are presented in Japanese yen, which is also functional currency of Astellas Pharma Inc. (the "Company"), and figures are rounded to the nearest million yen, except as otherwise indicated.

Business Combinations

For the year ended 31 March 2016

(1) Outline of business combination

(i) Name and business description of the acquiree

Name of the acquiree: Ocata Therapeutics, Inc. ("Ocata") (The company name was changed to Astellas Institute for Regenerative Medicine in May 2016.)

Business description: Research and development of new therapies for ophthalmic diseases in the field of regenerative medicine

(ii) Acquisition date

10 February 2016

(iii) Percentage of voting equity interests acquired

100%

(iv) Acquisition method

Tender offer to purchase all issued and outstanding shares of common stock in cash

(v) Primary reasons for the business combination

The Group strives to create a solid and resilient continuity of growth over the mid- to long-term through the pursuit of three main strategies of Strategic Plan 2015-2017 ("the Strategic Plan") - "Maximizing Product Value," "Creating Innovation" and "Pursuing Operational Excellence." Especially in "Creating Innovation," the Group recognises the importance of advancing into new opportunities in addition to enhancing capabilities to deliver innovative medicines. The Group added muscle diseases and ophthalmology to its focus disease areas for research and is promoting drug discovery research in those areas. Further, the Group invests proactively in regenerative medicine, particularly in cell therapy and next-generation vaccines as initiatives involving new technologies and new modalities.

Ocata is a clinical stage biotechnology company focused on the development and commercialization of new therapies in the field of regenerative medicine. Ocata has an advanced technology that can establish fully-differentiated cells from pluripotent stem cells. Ocata also has strengths in clinical studies for cell therapy.

The acquisition of Ocata represents the coming together of two companies with significant accomplishments and a shared commitment to develop innovative therapies that address the unmet medical needs of patients suffering from severe ophthalmic diseases. The acquisition also represents a step toward achieving the Strategic Plan. Further, acquiring Ocata will enable the Group to establish a presence in ophthalmology and a leading position in cell therapy.

Strategic rationale behind the acquisition:

- Establish presence in ophthalmology
- Establish a leading position in cell therapy by obtaining Ocata's world-class capability

(2) The fair values of assets acquired, liabilities assumed and purchase consideration transferred as at the date of the acquisition are as follows:

	(Millions of yen)
Property, plant and equipment	151
Other intangible assets	14,321
Deferred tax assets	3,679
Cash and cash equivalents	1,084
Other assets	41
Other liabilities	(2,494)
Fair value of assets acquired and liabilities assumed (net)	16,782
Goodwill	26,955
Total	43,737
Fair value of purchase consideration transferred (cash)	43,737

Certain items had reflected provisional amounts as of 31 March 2016, however, the Group completed the purchase price allocation during the fiscal year ended 31 March 2017. Along with this, the Group retrospectively revised the corresponding balances in the consolidated statement of financial position as of 31 March 2016. As a result, "Goodwill" and "Deferred tax assets" increased by 2,460 million yen and 481 million yen, respectively, while "Other intangible assets" decreased by 2,941 million yen.

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

(3) Cash flow information

(Millions of yen)

Fair value of purchase consideration transferred	43,737
Cash and cash equivalents held by the acquiree	(1,084)
Acquisition of subsidiaries, net of cash acquired	42,653

(4) Acquisition-related costs

Acquisition-related costs: 939 million yen

Acquisition-related costs were recognised in selling, general and administrative expenses in the consolidated statement of income.

(5) Effect on the consolidated statement of income

(i) Profit (loss) before tax of the acquiree since the acquisition date included in the consolidated statement of income: (638) millions yen

(ii) Profit (loss) before tax of the combined entity for the fiscal year ended 31 March 2016 assuming the acquisition date had been at the beginning of the fiscal year (Unaudited): (5,357) million yen

(Note) This effect is calculated based on the business results of Ocata from 1 April 2015 to the acquisition date.

For the year ended 31 March 2017

(1) Outline of business combination

(i) Name and business description of the acquiree

Name of the acquiree: Ganymed Pharmaceuticals AG (“Ganymed”)

Business description: Development of antibodies against cancer

(ii) Acquisition date

20 December 2016

(iii) Percentage of voting equity interests acquired

100%

(iv) Acquisition method

Acquisition of all shares of common stock in cash with contingent consideration to be paid when certain milestones are achieved in the future.

(v) Primary reasons for the business combination

Ganymed is a formerly privately-held biopharmaceutical company founded in 2001 and focuses on the development of a new class of cancer drugs. Ganymed has several oncology pipeline assets in pre-clinical and clinical stages including IMAB362. Through the acquisition, Astellas will expand its oncology pipeline with antibody program in the late-stage to build upon its leading oncology franchise as a platform for sustainable growth.

(2) The fair values of assets acquired, liabilities assumed and purchase consideration transferred as at the date of the acquisition are as follows:

(Millions of yen)

	Provisional fair value	Fair value adjustments	Provisional fair value (as adjusted)
Property, plant and equipment	272	－	272
Other intangible assets	62,275	23,758	86,033
Cash and cash equivalents	629	－	629
Other assets	1,103	－	1,103
Deferred tax liabilities	(18,679)	(7,127)	(25,806)
Other liabilities	(5,066)	－	(5,066)
Fair value of assets acquired and liabilities assumed (net)	40,534	16,631	57,164
Goodwill	28,799	(5,486)	23,313
Total	69,333	11,145	80,478
Cash	51,544	－	51,544
Contingent consideration	17,789	11,145	28,934
Total fair value of purchase consideration transferred	69,333	11,145	80,478

During the fiscal year ended 31 March 2017, further facts came to light and additional analysis was performed on the fair value measurement of the assets acquired and liabilities assumed at the acquisition date. As a result, the provisional fair values were adjusted as above. The initial accounting for the business combination is incomplete as of 31 March 2017 as the Group is still in the process of finalizing the fair value measurement.

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

(3) Contingent consideration

The contingent consideration relates to certain milestones based on progress in the development of IMAB362, Ganymed's clinical program. Potential future cash outflows associated with the contingent consideration total 860 million euros (103,019 million yen). The fair value of the contingent consideration is calculated based on the success probability of the clinical program adjusted for the time value of money.

The movement of the contingent consideration for the fiscal year ended 31 March 2017 is as follows:

(Millions of yen)

Balance at 1 April 2016	―
Business combination	28,934
Settlements	―
Movement of fair value	35
Exchange differences	(519)
Balance at 31 March 2017	28,450

(4) Cash flow information

(Millions of yen)

Total fair value of purchase consideration transferred	80,478
Fair value of contingent consideration included in purchase consideration transferred	(28,934)
Cash and cash equivalents held by the acquiree	(629)
Acquisition of subsidiaries, net of cash acquired	50,915

(5) Acquisition-related costs

Acquisition-related costs: 101 million yen

Acquisition-related costs were recognised in selling, general and administrative expenses in the consolidated statement of income.

(6) Effect on the consolidated statement of income

(i) Profit (loss) before tax of the acquiree since the acquisition date included in the consolidated statement of income: (1,151) million yen

(ii) Profit (loss) before tax of the combined entity for the fiscal year ended 31 March 2017 assuming the acquisition date had been at the beginning of the fiscal year (unaudited): (3,825) million yen

(Note) This effect is calculated based on the business results of Ganymed from 1 April 2016 to the acquisition date.

Segment information

The main activities of the Group are the manufacture and sale of pharmaceutical products, and there are no separate operating segments. Therefore, the Group has a single reporting segment, “Pharmaceutical”.

Information about products and services

Sales by type of product and service are as follows:

(Millions of yen)

	Fiscal year ended 31 March 2016	Fiscal year ended 31 March 2017
XTANDI	252,075	252,078
Prograf	203,556	186,156
Vesicare	135,638	116,075
Other	781,438	757,356
Total	1,372,706	1,311,665

Information about geographical areas

Sales and non-current assets by geographical areas are as follows:

Sales by geographical areas

(Millions of yen)

	Fiscal year ended 31 March 2016	Fiscal year ended 31 March 2017
Japan	489,969	464,082
Americas	452,697	412,625
U.S.A. (included in Americas)	429,518	388,539
EMEA	334,572	343,401
Asia and Oceania	95,467	91,558
Total	1,372,706	1,311,665

(Note) Sales by geographical areas are categorised by country or areas based on the geographical location of customers.

Non-current assets by geographical areas (Property, plant and equipment, goodwill and other intangible assets)

(Millions of yen)

	As of 31 March 2016	As of 31 March 2017
Japan	370,894	356,907
Americas	281,063	253,277
U.S.A. (included in Americas)	280,831	252,943
EMEA	34,505	139,544
Asia and Oceania	3,874	4,155
Total	690,336	753,883

(Note) Due to the completion of the purchase price allocation for the acquisition of Ocata Therepeutics, Inc. (The company name was changed to Astellas Institute for Regenerative Medicine in May 2016.), the Group retrospectively revised the corresponding balances in the above non-current assets by geographical areas table as of 31 March, 2016. For details, please refer to the previouse note, “Business Combinations”.

Information about major customers

External customer that accounts for 10% or more of consolidated sales of the Group is as follows:

(Millions of yen)

	Segment	Fiscal year ended 31 March 2016	Fiscal year ended 31 March 2017
McKesson Corporation	Pharmaceutical	156,245	150,184

Earnings per share

The basis of calculation of basic earnings per share and diluted earnings per share is as follows:

(Millions of yen, except as otherwise indicated)

	Fiscal year ended 31 March 2016	Fiscal year ended 31 March 2017
Basis of calculating basic earnings per share		
Profit attributable to owners of the parent	193,687	218,701
Profit not attributable to ordinary shareholders of the parent	—	—
Profit used to calculate basic earnings per share	193,687	218,701
Weighted average number of shares during the year (Thousands of shares)	2,158,131	2,109,149
Basis of calculating diluted earnings per share		
Profit used to calculate basic earnings per share	193,687	218,701
Adjustment	—	—
Profit used to calculate diluted earnings per share	193,687	218,701
Weighted average number of shares during the year (Thousands of shares)	2,158,131	2,109,149
Subscription rights to shares (Thousands of shares)	3,175	2,830
Weighted average number of diluted ordinary shares during the year (Thousands of shares)	2,161,306	2,111,979
Earnings per share (attributable to owners of the parent):		
Basic (Yen)	89.75	103.69
Diluted (Yen)	89.62	103.55

Significant subsequent events

Not applicable.