CONSOLIDATED FINANCIAL REPORT [IFRS]
for the Nine-Month Period Ended December 31, 2021

February 3, 2022
Eisai Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange (TSE)
TSE Code: 4523
URL: https://www.eisai.com

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Expected date of quarterly report submission: February 14, 2022
Expected date of dividend payment commencement: —
Preparation of quarterly supplementary explanatory material: Yes
Quarterly results briefing held: Yes

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the Nine-Month Period Ended December 31, 2021

(1) Consolidated Operating Results

(Percentage figures show year on year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit for the period attributable to owners of the parent		Comprehensive income for the period	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Nine-month period ended December 31, 2021	565,325	13.4	74,553	29.2	75,237	28.9	59,589	30.0	60,358	33.6	76,618	89.5
Nine-month period ended December 31, 2020	498,332	2.5	57,691	-21.3	58,356	-23.0	45,853	-37.9	45,166	-38.3	40,433	-35.6

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	(¥)	(¥)
Nine-month period ended December 31, 2021	210.54	210.50
Nine-month period ended December 31, 2020	157.59	157.53

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of December 31, 2021	1,167,356	758,669	734,789	62.9	2,563.01
As of March 31, 2021	1,090,009	727,942	703,183	64.5	2,452.97

2. Dividends

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2020	—	80.00	—	80.00	160.00
FY 2021	—	80.00	—		
FY 2021 (Forecast)				80.00	160.00

(Note) Revisions to the latest dividend forecast: No

3. Consolidated Financial Forecast for Fiscal 2021 (April 1, 2021 – March 31, 2022)

(Percentage figures show year on year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal Year	730,000	13.0	78,000	50.7	78,500	49.4	61,000	43.6	60,500	43.6	211.00

(Note) Revisions to the latest financial forecast: No

* Explanatory Notes

(1) Changes in number of significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates:
1) Changes in accounting policies required by IFRS: Yes
2) Changes in accounting policies other than 1): No
3) Changes in accounting estimates: No

(3) Number of shares issued (common shares):

1) Number of shares issued (including treasury shares)	As of December 31, 2021	296,566,949	As of March 31, 2021	296,566,949
2) Number of treasury shares	As of December 31, 2021	9,816,017	As of March 31, 2021	9,839,021
3) Weighted average number of shares outstanding	For the nine-month period ended December 31, 2021	286,681,533	For the nine-month period ended December 31, 2020	286,603,864

The Company's shares held through a trust (61,510 shares) are not included in the number of treasury shares as of the end of the period, but are included in the average number of shares outstanding as treasury shares that are deducted from the calculation of earnings per share.

* This financial report is not subject to the quarterly review procedures by independent auditors.

* Explanation concerning the appropriate use of results forecast and other special instructions:

(Caution concerning forward-looking statements)
Materials and information provided in this financial disclosure may contain "forward-looking statements" based on expectations, business goals, estimates, forecasts and assumptions that are subject to risks and uncertainties as of the publication date of these materials. Accordingly, actual outcomes and results may differ materially from these statements depending on a number of important factors. Please refer to pages 11-12 for details with regard to the assumptions and other related matters concerning the consolidated financial forecast.

(Methods for obtaining supplementary materials and content of financial results disclosure meeting)
Supplementary materials are attached to this financial report. The Company plans to hold a financial results disclosure meeting for institutional investors and securities analysts on Thursday, February 3, 2022. The handouts from the disclosure meeting will be made available on the Company's website after the event.

Supplemental Materials: Table of Contents

1. Qualitative Information regarding Financial Results for the Period

(1) Operating Results

[Revenue and Profit]

○ Eisai Co., Ltd. (“the Company”) and its affiliates (collectively referred to as “the Group”) recorded the following consolidated financial results for the nine-month period ended December 31, 2021.

(¥billion)

	Nine-month period ended December 31, 2020	**Nine-month period ended December 31, 2021**	Year on year change (%)
Revenue	498.3	**565.3**	113.4
Cost of sales	120.2	**124.1**	103.3
Gross profit	378.2	**441.2**	116.7
Selling, general and administrative expenses	211.4	**255.9**	121.1
Research and development expenses	108.2	**123.3**	114.0
Other income	0.7	**14.1**	1956.6
Operating profit	57.7	**74.6**	129.2
Profit before income taxes	58.4	**75.2**	128.9
Profit for the period	45.9	**59.6**	130.0
Profit for the period attributable to owners of the parent	45.2	**60.4**	133.6

○ The Group’s revenue increased significantly primarily due to the continuous growth of global brands such as anticancer agent Lenvima and an upfront payment of ¥49.6 billion from Bristol Myers Squibb (the U.S.) under strategic collaboration for antibody drug conjugate MORAb-202. The Group recorded ¥34.5 billion (¥20.7 billion in the same period of the previous fiscal year) as sales milestone payments from Merck & Co., Inc., Kenilworth, N.J., U.S.A.

○ Regarding revenue from global brands, revenue for Lenvima, anticancer agent Halaven, antiepileptic agent Fycompa and insomnia treatment Dayvigo was ¥141.1 billion (136.0% year on year), ¥29.7 billion (105.5% year on year), ¥23.5 billion (117.3% year on year) and ¥11.3 billion (¥1.8 billion in the same period of the previous fiscal year), respectively.

○ Selling, general and administrative expenses increased significantly mainly due to the increase in shared profit paid to Merck & Co., Inc., Kenilworth, N.J., U.S.A. following Lenvima’s revenue growth and recording of cost related to Alzheimer’s disease treatment ADUHELM (aducanumab), jointly developed and commercialized with Biogen Inc. (the U.S., hereinafter “Biogen”).

○ Although research and development expenses were controlled through the partnership model including recording of a regulatory milestone payment for Lenvima from Merck & Co., Inc., Kenilworth, N.J., U.S.A. as reimbursement, research and development expenses increased significantly mainly due to aggressive resource investment in anti-amyloid beta protofibril antibody lecanemab and ADUHELM which are jointly developed with Biogen, as well as Lenvima's combination therapy with anti-PD-1 therapy pembrolizumab of Merck & Co., Inc., Kenilworth, N.J., U.S.A.
○ Other income increased significantly due to divestiture of rights for antiepileptic agent Zonegran in Europe, the Middle East, Russia and Australia to Advanz Pharma (U.K.).
○ As a result of the above, operating profit increased significantly.

[Performance by Segment]

(Revenue for each segment indicates revenue from external customers)

The Group's business is comprised of pharmaceutical business and other business. The pharmaceutical business is organized into the following six reporting segments in this report: Japan, Americas (North America), China, EMEA (Europe, the Middle East, Africa, Russia and Oceania), Asia and Latin America (primarily South Korea, Taiwan, Hong Kong, India, ASEAN, Central and South America) and OTC and others (Japan).

<Japan pharmaceutical business>

○ Total revenue came to ¥163.4 billion (90.3% year on year), with a segment profit of ¥47.4 billion (67.4% year on year). Revenue and profit decreased mainly due to impact of launch of generics for Lyrica, a pain treatment being co-promoted with Pfizer Japan Inc., transfer of rights for anticancer agent Treakisym which took place in December 2020 due to expiration of the business alliance and drug price revision.
○ Regarding revenue by products, from neurology products, revenue for Dayvigo and insomnia treatment Lunesta came to ¥8.6 billion (¥1.2 billion in the same period of the previous fiscal year) and ¥5.8 billion (55.3% year on year), respectively. While revenue for Aricept, a treatment for Alzheimer's disease dementia, totaled ¥5.6 billion (75.3% year on year) and co-promotion revenue for Lyrica totaled ¥4.6 billion (22.6% year on year), revenue for Fycompa was ¥4.1 billion (105.6% year on year). Among oncology products, revenue for Lenvima and Halaven came to ¥7.7 billion (79.5% year on year) and ¥6.3 billion (101.5% year on year), respectively. Fully human anti-TNF-α monoclonal antibody Humira earned revenue of ¥38.7 billion (100.6% year on year).
○ Anticancer agent Remitoro was launched in May 2021.
○ Anticancer agent Tazverik was launched in August 2021.

<Americas pharmaceutical business>

○ Total revenue came to ¥125.2 billion (112.9% year on year), with a segment profit of ¥58.1 billion (110.8% year on year).
○ Regarding revenue by products, from neurology products, revenue for Fycompa came to ¥10.8 billion (115.9% year on year) achieving growth. Revenue for antiepileptic agent

Banzel was ¥6.2 billion (41.2% year on year). Among oncology products, Lenvima and Halaven both achieved growth earning revenue of ¥82.6 billion (132.9% year on year) and ¥10.4 billion (110.2% year on year), respectively. In July 2021, an upfront payment was recorded in revenue due to divestiture of rights in the U.S. for proton pump inhibitor Aciphex.

<China pharmaceutical business>

○ Revenue totaled ¥83.1 billion (125.1% year on year), with a segment profit of ¥46.8 billion (138.0% year on year).

○ Regarding revenue by products, revenue for Lenvima totaled ¥27.8 billion (183.7% year on year) achieving significant growth following expansion of access to medicine due to listing on the National Reimbursement Drug List. Revenue for peripheral neuropathy treatment Methycobal was ¥9.8 billion (69.7% year on year) due to sales price reduction as a result of application of the government's centralized procurement system. Liver disease and anti-allergy agents Stronger Neo-Minophagen C and Glycyron Tablets together recorded ¥7.3 billion (91.7% year on year). Proton pump inhibitor Pariet earned ¥6.7 billion (140.4% year on year) achieving significant growth. In September 2021, an upfront payment was recorded in revenue due to divestiture of rights in China for metabolic cardiotonic agent Neuquinon.

<EMEA pharmaceutical business>

○ Revenue totaled ¥44.3 billion (106.7% year on year). A segment profit totaled ¥34.9 billion (174.9% year on year) due to divestiture of rights for Zonegran.

○ Regarding revenue by products from neurology products, revenue for Fycompa came to ¥6.8 billion (122.3% year on year) achieving growth. Among oncology products, Lenvima/Kisplyx and Halaven both achieved growth earning revenue of ¥16.3 billion (137.9% year on year) and ¥9.9 billion (107.2% year on year), respectively.

○ Dayvigo was launched in Australia in September 2021.

<Asia and Latin America pharmaceutical business>

○ Revenue totaled ¥38.0 billion (109.5% year on year), with a segment profit of ¥16.0 billion (108.0% year on year).

○ Regarding revenue by products, Lenvima achieved significant growth, recording revenue of ¥6.8 billion (136.7% year on year). Revenue for Aricept came to ¥9.0 billion (110.2% year on year). Revenue for Humira came to ¥5.7 billion (90.3% year on year).

○ Dayvigo was launched in Hong Kong in June 2021.

○ Bile acid transporter inhibitor Goofice was launched in Thailand in July 2021.

○ Halaven was launched in Vietnam in November 2021.

< OTC and others business>

○ Revenue totaled ¥18.7 billion (94.0% year on year), with a segment profit of ¥4.3 billion (92.2% year on year).

○ Revenue for Chocola BB Group came to ¥11.3 billion (107.8% year on year) achieving growth, while revenue for Etak Group including Etak Antimicrobial Spray α decreased.

(2) Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the period amounted to ¥1,167.4 billion (up ¥77.3 billion from the end of the previous fiscal year). Trade and other receivables increased due to recording of sales milestone payments from Merck & Co., Inc., Kenilworth, N.J., U.S.A. Also, cash and cash equivalents increased due to receiving of an upfront payment and reimbursement for research and development payment from Bristol Myers Squibb.

○ Total liabilities as of the end of the period amounted to ¥408.7 billion (up ¥46.6 billion from the end of the previous fiscal year). Other financial liabilities increased due to recording of reimbursement for research and development payment from Bristol Myers Squibb as deposits received.

○ Total equity as of the end of the period amounted to ¥758.7 billion (up ¥30.7 billion from the end of the previous fiscal year), increasing due to recording of profit for the period exceeding dividends paid. In addition, exchange differences on translation of foreign operations increased due to depreciation of yen.

○ As a result of the above, the ratio of equity attributable to owners of the parent was 62.9% (down 1.6 percentage points from the end of the previous fiscal year).

[Cash Flows]

○ Net cash from operating activities amounted to an inflow of ¥73.2 billion (up ¥51.1 billion from the same period of the previous fiscal year). In addition to increase in profit before income taxes, reimbursement for research and development payment was received from Bristol Myers Squibb.

○ Net cash used in investing activities amounted to an outflow of ¥18.7 billion (down ¥12.4 billion from the same period of the previous fiscal year). While there were capital expenditures following the expansion of research facilities and production facilities, proceeds from sale of property, plant and equipment and intangible assets were recorded due to divestiture of rights for Zonegran.

○ Net cash used in financing activities amounted to an outflow of ¥53.4 billion (down ¥0.2 billion from the same period of previous fiscal year), mainly due to dividends paid.

○ As a result of the above, cash and cash equivalents as of the end of the period stood at ¥258.4 billion (up ¥9.7 billion from the end of the previous fiscal year). Free cash flow (cash flow from operating activities less capital expenditures) for the period was inflow of ¥54.6 billion and cash generated exceeded the amount of dividend.

(3) Research & Development Pipeline, Alliances, and Other Events

[Status of Ongoing Research & Development Pipeline]

○ Anticancer agent Lenvima (product name for renal cell carcinoma indication in Europe: Kisplyx, lenvatinib, jointly developed with Merck & Co., Inc., Kenilworth, N.J., U.S.A.)

✧ Approved for use in the treatment of thyroid cancer (monotherapy) in over 75 countries including Japan, the United States, in Europe, China and in Asia.

- ✧ Approved for use in the (first-line) treatment of hepatocellular carcinoma (monotherapy) in over 70 countries including Japan, the United States, in Europe, China and in Asia.
- ✧ Approved for use in the treatment of unresectable thymic carcinoma (monotherapy) in Japan.
- ✧ Approved in combination with everolimus for use in the treatment of renal cell carcinoma (second-line) in over 60 countries, including the United States and in Europe.
- ✧ In July 2021, the agent was approved in combination with the anti-PD-1 therapy pembrolizumab from Merck & Co., Inc., Kenilworth, N.J., U.S.A. in the United States for the treatment of patients with advanced endometrial carcinoma that is not microsatellite instability-high (MSI-H) or mismatch repair deficient (dMMR), who have disease progression following prior systemic therapy in any setting and are not candidates for curative surgery or radiation, based on Study 309/KEYNOTE-775 (Phase III study). In Europe, the combination therapy with pembrolizumab was approved in November 2021 for the treatment of adult patients with advanced or recurrent endometrial carcinoma who have disease progression on or following prior treatment with a platinum-containing therapy in any setting and are not candidates for curative surgery or radiation. In Japan, the combination therapy with pembrolizumab was approved in December 2021 for the treatment of unresectable, advanced or recurrent endometrial carcinoma that progressed after cancer chemotherapy. The combination therapy with pembrolizumab has obtained approval (including conditional approval) for the similar indication approved in the United States in more than 10 countries such as Canada and Australia based on Study 111/KEYNOTE-146 (Phase I/II study).
- ✧ The combination therapy with pembrolizumab was approved for the first-line treatment of adult patients with advanced renal cell carcinoma in the United States in August 2021, in Europe in November 2021. The combination therapy was also approved for the treatment of advanced renal cell carcinoma in Taiwan in January 2022 and an application was submitted in Japan for the similar indication of the combination therapy.
- ✧ Regarding studies of the agent in combination with pembrolizumab, respective Phase III studies for endometrial carcinoma (first-line), hepatocellular carcinoma (first-line), melanoma (first-line), nonsquamous non-small cell lung cancer (first-line, in combination with chemotherapy), non-small cell lung cancer (second-line), head and neck cancer (first-line), hepatocellular carcinoma (first-line, in combination with transcatheter arterial chemoembolization), gastric cancer (first-line, in combination with chemotherapy), colorectal cancer (non-MSI-H / mismatch repair proficient [pMMR], third-line) are underway in the United States, Europe and other countries. A Phase III study for esophageal carcinoma (first-line, in combination with chemotherapy) has been initiated and is underway in Japan, the United States, Europe and China. Regarding two Phase III studies for PD-L1 positive non-small cell lung cancer (first-line) and cisplatin-ineligible bladder cancer (first-line), the studies were discontinued following the recommendation of the external Data Monitoring Committee.
- ✧ Regarding studies of the agent in combination with pembrolizumab, Phase II studies for melanoma (second-line) and head and neck cancer (second-line), as well as a Phase II basket trial in multiple cancer types are underway in the United States, Europe and other countries.

- ✧ The company received a notification in the United States from the U.S. Food and Drug Administration (FDA) regarding rescindment of Breakthrough Therapy designation to lenvatinib in combination with pembrolizumab, for the first-line treatment of patients with advanced hepatocellular carcinoma not amenable to locoregional treatment, following availability of another combination therapy for the same indication.

○ Anticancer agent Halaven (eribulin)

- ✧ Approved for use in the treatment of breast cancer in over 75 countries including Japan, the United States, in Europe, China and in Asia.
- ✧ Approved for use in the treatment of liposarcoma (soft tissue sarcoma in Japan) in over 75 countries, including Japan, the United States, in Europe and in Asia.
- ✧ A Phase I/II study for the combination therapy of the liposomal formulation of Halaven and anti-PD-1 antibody nivolumab of Ono Pharmaceutical Co., Ltd. (Osaka, Japan) is underway in Japan.

○ Antiepileptic agent Fycompa (perampanel)

- ✧ Approved in over 70 countries including Japan, the United States, in Europe, China and in Asia, as an adjunctive therapy for use in the treatment of partial-onset seizures in patients with epilepsy 12 years of age and older. The agent was approved for monotherapy and adjunctive use in the treatment of partial-onset seizures in patients with epilepsy 4 years of age and older in Japan and the United States. The agent was approved for adjunctive use in the treatment of partial-onset seizures in patients with epilepsy 4 years of age and older in Europe.
- ✧ Approved in over 70 countries including Japan, the United States, in Europe and in Asia, as an adjunctive therapy for use in the treatment of primary generalized tonic-clonic seizures in patients with epilepsy 12 years of age and older. The agent was approved an adjunctive therapy for primary generalized tonic-clonic seizures in pediatric patients with epilepsy 7 years of age and older in Europe.
- ✧ Approved in China in July 2021 for two indications as a monotherapy for partial-onset seizures and an adjunctive treatment / a monotherapy for pediatric indication for partial onset seizures in patients with epilepsy 4 years of age and older.
- ✧ A Phase III study for Lennox-Gastaut syndrome is underway in Japan, the United States and Europe.

○ Orexin receptor antagonist Dayvigo (lemborexant)

- ✧ The agent was approved for the treatment of insomnia in more than 5 countries including Japan, the United States and countries in Asia.
- ✧ A Phase III study for insomnia is underway in China.
- ✧ A Phase II study for irregular sleep-wake rhythm disorder associated with Alzheimer's disease dementia is finished and consideration for future development is underway.

○ Alzheimer’s disease (AD) treatment ADUHELM (aducanumab, jointly developed with Biogen)

- ✧ In June 2021, the agent was granted accelerated approval as AD treatment in the United

States. Continued approval for this indication may be contingent upon verification of clinical benefit in confirmatory trial(s). Regarding the confirmatory trial, the patient screening will be initiated in May 2022 and the primary completion date is expected to be approximately four years after the study begins.

- ✧ In December 2021, a negative opinion on Marketing Authorization Application of the agent was received from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA). Process for seeking a re-examination of the opinion by the CHMP is underway.
- ✧ In December 2021, additional data were requested on the application for the manufacturing and marketing approval and the application needed to be deliberated continuously in Japan. Eisai and Biogen will continue to engage with the regulatory authority to agree on additional data requirements.

○ Anti-amyloid beta protofibril antibody lecanemab (development code: BAN2401, jointly developed with Biogen)

- ✧ The agent was granted Breakthrough Therapy designation for AD treatment in June 2021 and Fast Track designation in December 2021 in the United States.
- ✧ In September 2021, a rolling submission to the FDA of a Biologics License Application (BLA) for the treatment of early AD (mild cognitive impairment due to AD or mild AD) has been initiated in the United States by utilizing the accelerated approval pathway based on Study 201 (Phase II study).
- ✧ Clarity AD (Phase III study) in patients with early AD is underway in Japan, the United States, Europe and China.
- ✧ AHEAD 3-45 (Phase III study) for preclinical (asymptomatic) AD is underway in Japan, the United States and Europe. In this study, the agent has been selected by the Alzheimer's Clinical Trials Consortium (ACTC) as a treatment to be evaluated.

○ In June 2021, anticancer agent Tazverik (tazemetostat, development code: E7438) obtained manufacturing and marketing approval for the treatment of *EZH2* gene mutation-positive follicular lymphoma in Japan.

○ In September 2021, fully human anti-TNFα monoclonal antibody Humira (adalimumab) obtained additional approvals in Japan for high-dose regimen of ulcerative colitis in adult patients and a new regimen in pediatric patients.

○ In May 2021, a new drug application for ulcerative colitis treatment AJM300 (carotegrast methyl) was submitted in Japan. The agent has been jointly developed by EA Pharma Co., Ltd. (Tokyo, hereinafter “EA Pharma”), a subsidiary of the Company, and Kissei Pharmaceutical Co., Ltd. (Nagano, Japan).

○ A Phase III study of dotinurad, a selective urate transporter (URAT1) inhibitor, for gout has been initiated in China.

○ The Tau NexGen study (Phase II/III study) assessing the effect of anti-microtubule binding region (MTBR) tau antibody E2814 in dominantly inherited AD has been initiated in the United States by the Dominantly Inherited Alzheimer Network Trials Unit (DIAN-TU) which

is led by Washington University School of Medicine in St. Louis (U.S.). Lecanemab has been selected as the background anti-amyloid agent in this study.

○ A Phase I/II study of anticancer agent E7386 in combination with pembrolizumab for solid tumors has been initiated in Japan and the United States.

○ The development of anticancer agent MORAb-009 for mesothelioma which was at Phase I/II stage in the United States and Europe has been finished.

○ Due to business priorities, EA Pharma is no longer progressing the development at Phase I/II stage in Japan of EA4000 as bowel cleansing agent.

[Major Alliances, Agreements and Other Events]

○ In April 2021, Gilead K.K. (Tokyo) submitted an application for an additional indication of Jyseleca (filgotinib), a JAK (Janus kinase) inhibitor, for the treatment of ulcerative colitis with an inadequate response to conventional therapies.

○ In April 2021, Eisai entered into a business alliance agreement with Saitama Resona Bank, Limited (Saitama, Japan) for building an ecosystem with the aim of supporting people living with and preventing dementia in Saitama Prefecture.

○ In May 2021, Eisai entered into a joint research and development (R&D) agreement with the National Cancer Center Japan (Tokyo) concerning “Basic research on the drug discovery and development to accelerate development of anticancer drugs in treatment of patients with rare cancers and refractory cancers” and commenced research activities.

○ In May 2021, Eisai entered into a business alliance agreement with ITO EN, LTD. (Tokyo) concerning the initiatives for supporting people living with and preventing dementia with the aim of realizing a healthy and long-lived society.

○ In June 2021, Eisai entered into an agreement to divest its rights for antiepileptic agent Zonegran in Europe, the Middle East, Russia and Australia to Advanz Pharma (U.K.).

○ In June 2021, Eisai entered into an exclusive global strategic collaboration agreement with Bristol Myers Squibb for the co-development and co-commercialization of MORAb-202, an antibody drug conjugate developed by Eisai.

○ In August 2021, Eisai established Eisai Israel Ltd. in Tel Aviv, Israel as a pharmaceutical sales subsidiary of Eisai Europe Ltd., Eisai’s subsidiary in the United Kingdom.

○ In August 2021, Eisai entered into a license agreement with FUJI YAKUHIN CO., LTD. (Saitama, Japan) for development and distribution of dotinurad which was discovered by FUJI YAKUHIN in Indonesia, Malaysia, Myanmar, the Philippines, and Thailand.

○ In September 2021, Eisai joined “RE100”, the global environmental initiative that aims to shift the electricity used in business activities to 100% renewable electricity.

○ In November 2021, Eisai launched a collaborative cultivation program with dementia-related startup with Digital Garage, Inc. (Tokyo).

○ In November 2021, Eisai entered into a License Agreement granting the exclusive rights for global research, development, manufacture and sale of the investigational anticancer agent H3B-8800, which is being developed as a splicing modulator compound, to a subsidiary of Roivant Sciences Ltd. (U.K.).

○ In November 2021, Eisai entered into a business alliance agreement with FCNT LIMITED (Kanagawa) aiming to support people living with dementia and to prevent dementia through

developing solutions for maintaining brain performance.

- ○ In December 2021, Eisai entered into an agreement with Gilead Sciences, Inc. (U.S.) for the commercialization and distribution of filgotinib for indications of rheumatoid arthritis, ulcerative colitis, and Crohn's disease in South Korea, Taiwan, Hong Kong and Singapore.
- ○ In December 2021, Eisai launched “CogMate” (product name in Japan: “NouKNOW”, non-medical device), a digital tool for self-assessment of brain performance (brain health), in Taiwan and Hong Kong.
- ○ In January 2022, Eisai issued a statement regarding the draft National Coverage Determination (NCD) from the Centers for Medicare and Medicaid Services (CMS) which proposes to apply Coverage with Evidence Development (CED) to monoclonal antibodies directed against amyloid for the treatment of AD. Eisai will submit an open comment to CMS to encourage reconsideration of the proposed draft for final decision in April 2022.

(4) Information on Outlook for the Future including Financial Forecast (April 1, 2021 – March 31, 2022)

[Consolidated Financial Forecast]

○ There are no changes to the consolidated financial forecast announced on November 1, 2021.

	FY2020	FY2021 Forecast	Year on year change (%)
Revenue	¥645.9 billion	¥730.0 billion	113.0
Operating profit	¥51.8 billion	¥78.0 billion	150.7
Profit before income taxes	¥52.6 billion	¥78.5 billion	149.4
Profit for the year	¥42.5 billion	¥61.0 billion	143.6
Profit for the year attributable to owners of the parent	¥42.1 billion	¥60.5 billion	143.6
Earnings per share attributable to owners of the parent (basic)	¥146.95	¥211.00	143.6

* Assumptions for fourth quarter: 1 USD = ¥110.0, 1 EUR = ¥130.0, 1 GBP = ¥151.5, 1 RMB = ¥17.1

[Forecasts and Risk Factors]

○ Materials and information provided in this announcement include current forecasts, targets, evaluations, estimates, assumptions that are accompanied by risks, and other matters that are based on uncertain factors. Accordingly, it is possible that actual results will deviate significantly from forecasts, etc., due to changes to a variety of factors. These risks and uncertainties include general industry and market conditions, fluctuation of interest rates and currency exchange rates, and other aspects of economic conditions in Japan and internationally.

○ Risks and uncertainties that could cause significant fluctuations in the results of the Group or have a material effect on investment decisions are as follows. However, these do not cover all of the risks and uncertainties faced by the Group, and it is possible that they will be affected in the future by other factors that cannot be foreseen, or are not deemed to be important, at this point in time.

○ These are judgments as of the time of the announcement, and statements in the text regarding the future are not guarantees that they will occur or be achieved.

○ Risks factors include risks related to management based on the Corporate Philosophy, risks related to establishment of AD franchise, risks related to maximization of the value of Lenvima, risks related to partnership model, risks related to digital transformation, risks related to uncertainties in new drug development, risks related to occurrences of side effects, risks related to product quality and stable supply, risks related to intellectual property, risks related to litigations, risks related to data reliability, risks related to medical cost containment measures, risks related to succession, risks related to information security, risks related to COVID-19, risks related to climate change, risks related to impairment of goodwill and intangible assets.

○ For further details on the above-mentioned risks, please refer to the “Risk Factors” section of the Annual Securities Report.

(5) Basic Policy on Profit Appropriation and Year-End Dividend Forecast

The Company pays dividends to all shareholders in a sustainable and stable way based on factors such as a healthy balance sheet and comprehensive consideration of the consolidated financial results, Dividends on Equity (DOE) and free cash flow, as well as taking into consideration the signaling effect. Because DOE indicates the ratio of dividends to consolidated net assets, the Group has positioned it as an indicator that reflects balance sheet management, and, consequently, capital policy. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. The Group uses the ratio of equity attributable to owners of the parent and net debt equity ratio as indicators to measure a healthy balance sheet.

At the Company, the dividend payments are determined by a resolution of the Board of Directors as specified in the Company’s Articles of Incorporation. The Company intends to set the fiscal year-end dividend at ¥80 per share (same amount as the previous fiscal year) as previously forecasted. With an interim dividend of ¥80 per share paid at the end of the second quarter, the Company intends to set the total dividend for the fiscal year at ¥160 per share (same amount as the previous fiscal year).

2. Condensed Interim Consolidated Financial Statements and Major Notes
(1) Condensed Interim Consolidated Statement of Income

(Millions of yen)

	For the nine-month period ended December 31, 2021	For the nine-month period ended December 31, 2020
Revenue	565,325	498,332
Cost of sales	(124,093)	(120,161)
Gross profit	441,231	378,171
Selling, general and administrative expenses	(255,942)	(211,360)
Research and development expenses	(123,293)	(108,174)
Other income	14,111	721
Other expenses	(1,553)	(1,667)
Operating profit	74,553	57,691
Financial income	1,867	1,594
Financial costs	(1,183)	(928)
Profit before income taxes	75,237	58,356
Income taxes	(15,649)	(12,503)
Profit for the period	59,589	45,853
Profit for the period attributable to		
Owners of the parent	60,358	45,166
Non-controlling interests	(769)	687
Earnings per share		
Basic (yen)	210.54	157.59
Diluted (yen)	210.50	157.53

(2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the nine-month period ended December 31, 2021	For the nine-month period ended December 31, 2020
Profit for the period	59,589	45,853
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income (loss)	(1,398)	975
Subtotal	(1,398)	975
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations (loss)	18,370	(6,468)
Cash flow hedges	57	72
Subtotal	18,427	(6,395)
Total other comprehensive income (loss), net of tax	17,029	(5,421)
Comprehensive income (loss) for the period	76,618	40,433
Comprehensive income (loss) for the period attributable to		
Owners of the parent	77,438	39,742
Non-controlling interests	(820)	691

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2021	As of March 31, 2021
Assets		
Non-current assets		
Property, plant and equipment	162,411	160,933
Goodwill	178,555	171,783
Intangible assets	105,314	108,641
Other financial assets	41,972	43,817
Other assets	19,242	19,567
Deferred tax assets	72,806	66,923
Total non-current assets	580,299	571,665
Current assets		
Inventories	92,511	85,118
Trade and other receivables	214,600	160,310
Other financial assets	921	267
Other assets	20,605	23,909
Cash and cash equivalents	258,420	248,740
Total current assets	587,057	518,344
Total assets	1,167,356	1,090,009

(Millions of yen)

	As of December 31, 2021	As of March 31, 2021
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	77,603	77,628
Treasury shares	(33,985)	(34,049)
Retained earnings	521,066	507,976
Other components of equity	125,119	106,641
Total equity attributable to owners of the parent	734,789	703,183
Non-controlling interests	23,881	24,759
Total equity	758,669	727,942
Liabilities		
Non-current liabilities		
Borrowings	49,924	49,908
Other financial liabilities	36,643	39,825
Provisions	1,462	1,386
Other liabilities	15,349	14,420
Deferred tax liabilities	316	511
Total non-current liabilities	103,694	106,050
Current liabilities		
Borrowings	39,997	39,985
Trade and other payables	90,642	94,548
Other financial liabilities	39,873	16,992
Income taxes payable	14,368	2,522
Provisions	16,385	17,850
Other liabilities	103,728	84,119
Total current liabilities	304,993	256,017
Total liabilities	408,686	362,067
Total equity and liabilities	1,167,356	1,090,009

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 2021

(Millions of yen)

	Equity attributable to owners of the parent				
					Other components of equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)
As of April 1, 2021	44,986	77,628	(34,049)	507,976	—
Profit for the period	—	—	—	60,358	—
Other comprehensive income (loss)	—	—	—	—	(1,397)
Comprehensive income (loss) for the period	—	—	—	60,358	(1,397)
Dividends	—	—	—	(45,878)	—
Share-based payments	—	(19)	—	—	—
Acquisition of treasury shares	—	—	(25)	—	—
Disposal of treasury shares	—	10	88	—	—
Reclassification	—	—	—	(1,397)	1,397
Other changes	—	(16)	—	8	—
Total transactions with owners (loss)	—	(25)	64	(47,268)	1,397
As of December 31, 2021	44,986	77,603	(33,985)	521,066	—

	Equity attributable to owners of the parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As of April 1, 2021	106,710	(69)	106,641	703,183	24,759	727,942
Profit for the period	—	—	—	60,358	(769)	59,589
Other comprehensive income (loss)	18,421	57	17,080	17,080	(51)	17,029
Comprehensive income (loss) for the period	18,421	57	17,080	77,438	(820)	76,618
Dividends	—	—	—	(45,878)	(101)	(45,980)
Share-based payments	—	—	—	(19)	—	(19)
Acquisition of treasury shares	—	—	—	(25)	—	(25)
Disposal of treasury shares	—	—	—	98	—	98
Reclassification	—	—	1,397	—	—	—
Other changes	—	—	—	(8)	43	34
Total transactions with owners (loss)	—	—	1,397	(45,832)	(58)	(45,891)
As of December 31, 2021	125,131	(12)	125,119	734,789	23,881	758,669

For the nine-month period ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of the parent				
					Other components of equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)
As of April 1, 2020	44,986	77,609	(34,338)	505,359	—
Profit for the period	—	—	—	45,166	—
Other comprehensive income (loss)	—	—	—	—	975
Comprehensive income (loss) for the period	—	—	—	45,166	975
Dividends	—	—	—	(45,868)	—
Share-based payments	—	(17)	—	—	—
Acquisition of treasury shares	—	—	(19)	—	—
Disposal of treasury shares	—	67	167	—	—
Reclassification	—	—	—	975	(975)
Other changes	—	(28)	—	6	—
Total transactions with owners (loss)	—	22	149	(44,887)	(975)
As of December 31, 2020	44,986	77,631	(34,190)	505,639	—

	Equity attributable to owners of the parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As of April 1, 2020	84,704	(192)	84,511	678,127	24,503	702,630
Profit for the period	—	—	—	45,166	687	45,853
Other comprehensive income (loss)	(6,471)	72	(5,424)	(5,424)	4	(5,421)
Comprehensive income (loss) for the period	(6,471)	72	(5,424)	39,742	691	40,433
Dividends	—	—	—	(45,868)	(214)	(46,082)
Share-based payments	—	—	—	(17)	—	(17)
Acquisition of treasury shares	—	—	—	(19)	—	(19)
Disposal of treasury shares	—	—	—	235	—	235
Reclassification	—	—	(975)	—	—	—
Other changes	—	—	—	(22)	39	17
Total transactions with owners (loss)	—	—	(975)	(45,691)	(175)	(45,866)
As of December 31, 2020	78,233	(120)	78,112	672,178	25,019	697,197

(5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the nine-month period ended December 31, 2021	For the nine-month period ended December 31, 2020
Operating activities		
Profit before income taxes	75,237	58,356
Depreciation and amortization	29,193	26,831
Impairment losses	1,915	211
(Increase) decrease in working capital	(13,205)	(48,287)
Interest and dividends received	1,520	1,572
Interest paid	(876)	(719)
Income taxes paid	(8,458)	(16,649)
Income taxes refund	3,466	1,068
Other	(15,614)	(280)
Net cash from (used in) operating activities	73,179	22,105
Investing activities		
Purchases of property, plant and equipment	(22,018)	(14,465)
Purchases of intangible assets	(10,514)	(16,412)
Proceeds from sale of property, plant and equipment and intangible assets	13,311	27
Payments on investments in joint ventures	—	(227)
Purchases of financial assets	(1,823)	(1,447)
Proceeds from sale and redemption of financial assets	2,443	1,152
Payments of time deposits exceeding three months	(0)	(4)
Proceeds from redemption of time deposits exceeding three months	0	199
Other	(59)	113
Net cash from (used in) investing activities	(18,660)	(31,064)
Financing activities		
Proceeds from long-term borrowings	—	34,918
Repayments of long-term borrowings	—	(35,000)
Repayments of lease liabilities	(7,766)	(7,637)
Dividends paid	(45,878)	(45,868)
Other	200	(52)
Net cash from (used in) financing activities	(53,445)	(53,639)
Effect of exchange rate change on cash and cash equivalents	8,606	2,133
Net increase (decrease) in cash and cash equivalents	9,680	(60,465)
Cash and cash equivalents at beginning of period	248,740	254,244
Cash and cash equivalents at end of period	258,420	193,779

(6) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern)

Not applicable

(Changes in Accounting Policies)

With the exception of the following, all significant accounting policies that are applied to these condensed interim consolidated financial statements for this period are the same as those that were applied to the consolidated financial statements for the previous fiscal year.

(1) Accounting standards and interpretations the Group applied from the fiscal year ending March 31, 2022

None of the following accounting standards and interpretations applied by the Group has any major impact on the condensed interim consolidated financial statements for this period.

Accounting standards and interpretations		Mandatory application (Date of commencement)	To be applied by the Group	Description
IFRS 4 IFRS 7 IFRS 9 IFRS 16 IAS 39	Insurance Contracts Financial Instruments: Disclosures Financial Instruments Leases Financial Instruments: Recognition and Measurements	January 1, 2021	Fiscal year ending March 31, 2022	Amendments to the effects on financial statements when replacing the old interest rate benchmark with an alternative benchmark rate as a result of IBOR reform
IFRS 16	Leases	April 1, 2021	Fiscal year ending March 31, 2022	Amendments to the extension of the application period concerning rent concessions related to COVID-19

(2) Co-development and co-promotion

The Group has signed co-development and co-promotion agreements on its developing or developed products with its alliance partners. Pharmaceutical goods sales (goods sales) are recorded on revenue and the relevant expenses are recorded in total on cost of sales, selling, general and administrative expenses (SG&A expenses) and research and development expenses (R&D expenses), respectively. The Group records the partners' proportionate share of revenue generated from its pharmaceutical goods sales on SG&A expenses as co-promotion expenses.

Based on the above agreements and the economic conditions, the Group allocates the received considerations (upfront payments, milestone payments, etc.) from the alliance partners to license grant, co-development activity and co-promotion activity.

a) License grant

License grant is recognized as revenue in accordance with "5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 3. Significant Accounting Policies, (4) Revenue, b) License revenue" described in the Group's securities report for the fiscal year ended March 31, 2021. Based on the above agreements and the economic conditions, revenue, which does not fall under the category of revenue from contracts with customers, is classified as revenue arising from other sources.

b) Co-development activity

Considerations allocated as co-development activity are recorded as reversal of R&D expenses according to the progress of co-development activity.

c) Co-promotion activity

Considerations allocated as co-promotion activity are recorded as reversal of other income or the relevant expenses (cost of sales and SG&A expenses) according to the progress and results of co-promotion activity.

Global Strategic Collaboration for Alzheimer's disease treatment ADUHELM between Eisai Co., Ltd. and Biogen Inc. (the U.S.)

In June 2021, the U.S. Food and Drug Administration granted accelerated approval for Alzheimer's disease treatment ADUHELM (aducanumab) in the United States. The Company has signed co-development and co-promotion agreements on Alzheimer's disease treatment with Biogen Inc. (hereinafter "Biogen"), and the Company and Biogen co-develop and co-promote ADUHELM based on the agreements. The Group markets ADUHELM in Japan and Asia (excluding China and South Korea), while Biogen markets ADUHELM in the United States, Europe and the rest of the world. The profit or loss related to ADUHELM generated by the Group and Biogen is aggregated, and the aggregated profit or loss is shared between the Group and Biogen in proportion to the profit-sharing ratio by region. The following profit or loss is shared with the Group: 45% share of potential profit or loss in the United States, 31.5% share of potential profit or loss in Europe, 80% share of potential profit or loss in Japan and Asia (excluding China and South Korea), and 50% share of potential profit or loss in the rest of the world. The Group also incurs the milestones paid by Biogen to Neurimmune (Switzerland), which out-licensed the rights for ADUHELM to Biogen, in proportion to the above-mentioned profit-sharing ratio by region. The Group also reimburses Biogen for 45% of R&D expenses of ADUHELM.

The Group's accounting procedures regarding the agreement are as follows:

- Biogen recognizes revenue on sales of ADUHELM in the United States, where Biogen started to market ADUHELM, and in the other regions where Biogen markets ADUHELM. The Group recognizes the amount of the expenses recognized by the Group in co-promotion activities (SG&A expenses) plus its portion of operating profit or loss (excluding R&D expenses) as revenue. If this amount is negative, it is recognized as SG&A expenses.
- Regarding R&D expenses on ADUHELM, the Group recognizes its portion of the incurred R&D expenses based on the agreement as R&D expenses. Regarding the expenses on the co-commercialization in the regions before obtaining approval, the Group recognizes its portion of the expenses incurred from the co-commercialization as SG&A expenses.
- Regarding the milestones which Biogen pays to Neurimmune, the Group recognizes its portion of the milestones incurred as intangible assets. Amortization of the intangible assets is recognized as cost of sales.

Global Strategic Collaboration for antibody drug conjugate MORAb-202 between Eisai Co., Ltd. and Bristol Myers Squibb (the U.S.)

In June 2021, the Company entered into an exclusive global strategic collaboration agreement for the co-development and co-commercialization of antibody drug conjugate MORAb-202 (development code) with Bristol Myers Squibb. Under this agreement, the Company and Bristol Myers Squibb will co-develop and co-commercialize MORAb-202 in collaboration territories. Bristol Myers Squibb will be solely responsible for developing and commercializing MORAb-202 in regions outside of the collaboration territories.

Bristol Myers Squibb paid the Group an upfront payment of $650 million including $200 million as payment toward R&D expenses of the Group. In addition, the Group will receive a maximum of up to $2,450 million for the achievements of development, regulatory and sales milestones. Assuming the achievement of all development, regulatory and sales milestones, the total amount of payments to the Group, including the upfront payment at the time of agreement, has the potential to reach up to $3,100 million.

The Group's accounting procedures regarding the agreement are as follows:

- After the time of agreement, R&D expenses on MORAb-202 are jointly shared between the Group and Bristol Myers Squibb. Based on the agreement, the Group recognizes its portion of the incurred R&D expenses on MORAb-202 as R&D expenses.
- At the time of agreement, the Group received $200 million as reimbursement for R&D expenses from Bristol Myers Squibb and recognized it as deposits received. On each occasion that R&D expenses related to MORAb-202 occur in the Group, the Group withdraws these deposits received and recognizes them as reversal of R&D expenses.
- Under this agreement, the Group allocates the upfront payment (excluding reimbursement for R&D expenses) and sales milestone payments to the consideration of the license grant. According to the development and regulatory milestone payments applied, the Group allocates them to the considerations of the license grant and co-development activity, respectively.

(Segment Information)

Reporting segments are units for which the Group can obtain independent financial information and for which top management undertakes periodic reviews in order to determine the allocation of management resources and evaluate performance.

The Group's business is comprised of pharmaceutical business and other business. The pharmaceutical business is organized into the following six reporting segments in this report: Japan, Americas (North America), China, EMEA (Europe, the Middle East, Africa, Russia and Oceania), Asia and Latin America (primarily South Korea, Taiwan, Hong Kong, India, ASEAN, Central and South America), and OTC and others (Japan).

(Millions of yen)

	For the nine-month period ended December 31, 2021		For the nine-month period ended December 31, 2020	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan	163,365	47,398	180,944	70,346
Americas	125,189	58,129	110,898	52,480
China	83,140	46,818	66,433	33,919
EMEA	44,339	34,940	41,564	19,982
Asia and Latin America	38,035	16,020	34,727	14,832
OTC and others	18,715	4,309	19,920	4,674
Reporting segment total	472,784	207,613	454,486	196,232
Other business (Note 1)	92,541	86,734	43,846	37,904
Total	565,325	294,347	498,332	234,136
R&D expenses (Note 2)	―	(123,293)	―	(108,174)
Group headquarters' management costs and other expenses (Note 3)	―	(96,501)	―	(68,272)
Operating profit in the condensed interim consolidated statement of income	―	74,553	―	57,691

(Note 1) "Other business" mainly includes the license revenue and pharmaceutical ingredient business of the parent company. For the nine-month period ended December 31, 2021, an upfront payment of ¥49,649 million from Bristol Myers Squibb under the strategic collaboration for antibody drug conjugate MORAb-202 and milestone payments of ¥34,506 million (¥20,700 million for the nine-month period ended December 31, 2020) from Merck & Co., Inc., Kenilworth, N.J., U.S.A. under the strategic collaboration for anticancer agent Lenvima were included in "Revenue" and "Segment profit (loss)".

(Note 2) "R&D expenses" are not allocated to any particular segment as the Group manages such expenses on a global basis.

(Note 3) "Group headquarters' management costs and other expenses" are the costs and expenses covering Group-wide operations which include the amount of profits and expenses shared under strategic collaborations with partners. For the nine-month period ended December 31, 2021, shared profit of ¥65,581 million (¥46,989 million for the nine-month period ended December 31, 2020) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Kenilworth, N.J., U.S.A. was included in Group headquarters' management costs and other expenses.

(Consolidated Statement of Income)

(1) Revenue

The Group disaggregates revenue by type of goods or services. Disaggregation of revenue by reporting segment is as follows. All revenue for the nine-month periods ended December 31, 2021 and December 31, 2020 is recognized based on contracts with customers.

For the nine-month period ended December 31, 2021

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	154,385	2,124	6,856	163,365
Americas	120,618	4,438	133	125,189
China	78,550	4,590	―	83,140
EMEA	44,339	―	―	44,339
Asia and Latin America	37,838	197	―	38,035
OTC and others	18,715	―	―	18,715
Reporting segment total	454,445	11,349	6,989	472,784
Other business (Note 1)	―	86,205	6,336	92,541
Total	454,445	97,555	13,324	565,325

(Note 1) “Other business” mainly includes the license revenue and pharmaceutical ingredient business of the parent company. For the nine-month period ended December 31, 2021, an upfront payment of ¥49,649 million from Bristol Myers Squibb under the strategic collaboration for antibody drug conjugate MORAb-202 and milestone payments of ¥34,506 million from Merck & Co., Inc., Kenilworth, N.J., U.S.A. under the strategic collaboration for anticancer agent Lenvima were included in “License revenue”.

For the nine-month period ended December 31, 2020

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	157,231	1,300	22,413	180,944
Americas	100,987	9,868	42	110,898
China	66,433	―	―	66,433
EMEA	41,564	―	―	41,564
Asia and Latin America	34,646	81	―	34,727
OTC and others	19,920	―	―	19,920
Reporting segment total	420,782	11,250	22,455	454,486
Other business (Note 1)	―	36,654	7,192	43,846
Total	420,782	47,903	29,647	498,332

(Note 1) “Other business” mainly includes the license revenue and pharmaceutical ingredient business of the parent company. For the nine-month period ended December 31, 2020, milestone payments of ¥20,700 million from Merck & Co., Inc., Kenilworth, N.J., U.S.A. under the strategic collaboration for anticancer agent Lenvima were included in “License revenue”.

(2) Employee benefits

For the nine-month period ended December 31, 2021, the Company’s consolidated subsidiary EA Pharma Co., Ltd. (Tokyo) decided to implement a special second career program (voluntary retirement program) so as to make further contributions to patients through strengthening its solid corporate foundation. Accordingly, termination benefits (premium retirement payments) of ¥2,894 million was recorded. Breakdown of the termination benefits by item was cost of sales of ¥240 million, selling, general and administrative expenses of ¥2,461 million and R&D expenses of ¥192 million.

For the nine-month period ended December 31, 2020, the Group recorded termination benefits (premium retirement payments) of ¥2,965 million due to a voluntary retirement program. Breakdown of the termination benefits by item was cost of sales of ¥300 million, selling, general and administrative expenses of ¥2,160 million and R&D expenses of ¥505 million.

(3) Selling, general and administrative expenses

For the nine-month period ended December 31, 2021, the Group recognized shared profit of ¥65,581 million (¥46,989 million for the nine-month period ended December 31, 2020) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Kenilworth, N.J., U.S.A. as SG&A expenses.

(4) R&D expenses

For the nine-month period ended December 31, 2021, the Company’s consolidated subsidiary EA Pharma Co., Ltd. revaluated its R&D pipeline so as to make further contributions to patients through strengthening its solid corporate foundation. Since the development of some new drug candidates has been discontinued as a consequence of the above, the Group made the recoverable amount of those discontinued new drug candidates zero, and recorded its impairment losses of ¥1,915 million related to IPR&D assets as R&D expenses.

(5) Other income

For the nine-month period ended December 31, 2021, the Group recognized gains on sale of non-current assets of ¥13,293 million as other income. The gains on sale of non-current assets consisted mainly of the gains arising from the divestiture of its rights for the antiepileptic agent Zonegran in Europe and other regions.

(Consolidated Statement of Cash Flows)

For the nine-month period ended December 31, 2021, proceeds from sale of property, plant and equipment and intangible assets of ¥13,311 million consisted mainly of the proceeds from the divestiture of the Group’s rights for the antiepileptic agent Zonegran in Europe and other regions.

(Significant Subsequent Events)

Not applicable