CONSOLIDATED FINANCIAL REPORT [IFRS]
for Fiscal 2021 (Year Ended March 31, 2022)

May 13, 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 ordinary general meeting of shareholders: June 17, 2022
Expected date of annual report submission: June 17, 2022
Expected date of dividend payment commencement: May 25, 2022
Preparation of annual supplementary explanatory material: Yes
Annual results briefing held: Yes

(Figures are rounded to the nearest million yen)

1. Consolidated Annual Financial Results (April 1, 2021 – March 31, 2022)

(1) Consolidated Operating Results

(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		Comprehensive income for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2021	756,226	17.1	53,750	4.3	54,458	4.1	45,717	8.1	47,954	14.3	90,777	28.1
FY 2020	645,942	-7.1	51,511	-59.0	52,296	-59.2	42,306	-65.5	41,942	-65.6	70,853	-26.3

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)	Profit ratio to equity attributable to owners of the parent	Profit before income taxes ratio to total assets	Operating profit ratio to revenue
	(¥)	(¥)	(%)	(%)	(%)
FY 2021	167.27	167.25	6.6	4.7	7.1
FY 2020	146.34	146.29	6.1	4.9	8.0

(Reference) Equity in earnings of affiliates: for FY 2021: -¥160 million, for FY 2020: -¥203 million

(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 March 31, 2022	1,239,315	771,534	748,821	60.4	2,611.82
As of March 31, 2021	1,088,427	726,360	701,601	64.5	2,447.45

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
FY 2021	117,590	-28,848	-48,967	309,633
FY 2020	73,067	-36,086	-55,908	248,740

2. Dividends

	Annual dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity attributable to owners of the parent ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
FY 2020	—	80.00	—	80.00	160.00	45,873	109.3	6.6
FY 2021	—	80.00	—	80.00	160.00	45,881	95.7	6.3
FY 2022 (Forecast)	—	80.00	—	80.00	160.00		100.7	

3. Consolidated Financial Forecast for Fiscal 2022 (April 1, 2022 – March 31, 2023)

(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	700,000	-7.4	55,000	2.3	55,500	1.9	46,500	1.7	45,500	-5.1	158.85

* Explanatory Notes

(1) Changes in number of significant subsidiaries during the year (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): Yes
3) Changes in accounting estimates: No

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

1) Number of shares issued (including treasury shares)	As of March 31, 2022	296,566,949	As of March 31, 2021	296,566,949
2) Number of treasury shares	As of March 31, 2022	9,801,133	As of March 31, 2021	9,839,021
3) Weighted average number of shares outstanding	For FY 2021	286,685,347	For FY 2020	286,616,063

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 this fiscal year, but are included in the average number of shares outstanding as treasury shares that are deducted from the calculation of earnings per share.

(Reference) Non-consolidated Annual Financial Results (April 1, 2021 – March 31, 2022)

(1) Non-consolidated Operating Results

(Percentage figures show year on year change)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2021	417,134	20.7	14,588	104.5	14,074	67.6	6,741	-4.4
FY 2020	345,726	-24.8	7,135	-93.4	8,398	-93.1	7,049	-94.0

	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
FY 2021	23.51	23.51
FY 2020	24.59	24.59

(2) Non-consolidated Financial Positions

	Total assets	Equity	Shareholders' equity ratio	Shareholders' equity per share
	(¥ million)	(¥ million)	(%)	(¥)
As of March 31, 2022	822,250	465,938	56.7	1,625.06
As of March 31, 2021	746,603	507,021	67.9	1,768.50

(Reference) Shareholders' equity:

As of March 31, 2022 ¥465,911 million March 31, 2021 ¥506,968 million

* This financial report is not subject to audit 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 16, 53-63 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 Friday, May 13, 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. Overview of Operating Results and Other Information

1) Overview of Operating Results and Financial Position for Fiscal 2021

(1) Overview of Operations

○ Based on a medium-term “EWAY Future & Beyond” which started in April 2021, Eisai Co., Ltd. (“the Company”) and its affiliates (collectively referred to as “the Group”) expand the perspective from “patients and their families” to “patients and the general public” and aim to build an ecosystem by collaborating with other industries in order to provide solutions for relieving anxiety over health.

○ In the neurology area, regarding anti-amyloid beta protofibril antibody lecanemab, a rolling submission to the U.S. Food and Drug Administration (FDA) of a Biologics License Application (BLA) has been completed in May 2022 and we are aiming to obtain accelerated approval in 2022. We are aiming to obtain the primary endpoint data from Clarity AD (Phase III study) for the treatment of early Alzheimer’s disease (AD) in the fall of 2022. Patient enrollment in AHEAD 3-45 (Phase III study) for preclinical (asymptomatic) AD is progressing steadily. Regarding insomnia treatment Dayvigo, we are expanding the launch countries. For antiepileptic agent Fycompa, we are adding new indications. In addition, we are aiming to provide high-quality drugs and medical services throughout China via one-stop online health platform for dementia which has been established in collaboration with JD Health in China.

○ In the oncology area, revenue for anticancer agent Lenvima became ¥192.3 billion, increasing significantly compared to revenue in the previous fiscal year as a result of enhanced patient contribution through obtaining approvals in combination with the anti-PD-1 antibody pembrolizumab of Merck & Co., Inc., Rahway, NJ, USA for renal cell carcinoma and endometrial carcinoma in Japan, the United States, Europe, Asia and others. Also, we have entered into an exclusive global strategic collaboration agreement with Bristol Myers Squibb (the U.S.) for MORAb-202, an antibody drug conjugate developed by Eisai, and are conducting co-development.

(2) Overview of Operating Results

[Revenue and Profit]

○ The Group recorded the following consolidated financial results for the fiscal year from April 1, 2021 to March 31, 2022.

(¥billion)

	FY 2020	**FY 2021**	Year on year change (%)
Revenue	645.9	**756.2**	117.1
Cost of sales	161.3	**174.8**	108.4
Gross profit	484.6	**581.4**	120.0
Selling, general and administrative expenses	281.6	**366.4**	130.1
Research and development expenses	150.3	**171.7**	114.2
Other income	1.5	**14.6**	1009.8
Operating profit	51.5	**53.7**	104.3
Profit before income taxes	52.3	**54.5**	104.1
Profit for the year	42.3	**45.7**	108.1
Profit for the year attributable to owners of the parent	41.9	**48.0**	114.3
Comprehensive income for the year	70.9	**90.8**	128.1
Earnings per share attributable to owners of the parent (basic) (yen)	¥146.34	**¥167.27**	114.3

○ The Group's revenue increased significantly primarily due to the continuous growth of global brands such as Lenvima and an upfront payment of ¥49.6 billion from Bristol Myers Squibb under strategic collaboration for MORAb-202 as well as increase in sales milestone payments from Merck & Co., Inc., Rahway, NJ, USA (¥69.2 billion in this fiscal year and ¥20.7 billion in the previous fiscal year).

○ Regarding revenue from global brands, revenue for Lenvima, anticancer agent Halaven, Fycompa and Dayvigo was ¥192.3 billion (143.6% year on year), ¥39.4 billion (104.8% year on year), ¥31.9 billion (119.2% year on year) and ¥16.4 billion (¥3.1 billion in the previous fiscal year), respectively.

○ While cost of sales increased mainly due to recording of impairment losses related to sales rights of Alzheimer's disease treatment ADUHELM (aducanumab) reflecting revision of demand forecast following business circumstance changes, cost of sales ratio decreased due to increase in license revenue and improvement in product mix.

○ Selling, general and administrative expenses increased significantly mainly due to the shared profit paid to Merck & Co., Inc., Rahway, NJ, USA following Lenvima's revenue growth as well as increase in launch cost of ADUHELM and recording of cost reflecting revision of demand forecast for ADUHELM.

○ Although research and development (R&D) expenses were controlled through the partnership model including recording of regulatory milestone payments for Lenvima from Merck & Co., Inc., Rahway, NJ, USA as reimbursement, R&D expenses increased significantly mainly due to revision of R&D pipeline by EA Pharma Co., Ltd. (Tokyo, hereinafter "EA Pharma"), a consolidated subsidiary of the Company, as well as aggressive resource investment mainly in lecanemab and Lenvima.

○ Other income increased significantly due to divestiture of rights for antiepileptic agent Zonegran in Europe, the Middle East, Russia and Australia.

○ As a result of the above, operating profit and profit for the year increased.

[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 ¥214.0 billion (92.3% year on year), with a segment profit of ¥61.2 billion (73.0% 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 Aricept, a treatment for Alzheimer's disease dementia, came to ¥12.7 billion (¥2.0 billion in the previous fiscal year) and ¥6.9 billion (74.1% year on year), respectively. Revenue for insomnia treatment Lunesta totaled ¥6.9 billion (49.2% year on year) and co-promotion revenue for Lyrica totaled ¥5.7 billion (26.6% year on year), while revenue for Fycompa was ¥5.4 billion (105.2% year on year). Among oncology products, revenue for Lenvima and Halaven came to ¥10.3 billion (84.9% year on year) and ¥8.3 billion (98.3% year on year), respectively. Fully human anti-TNF-α monoclonal antibody Humira earned revenue of ¥50.6 billion (97.5% 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 ¥172.0 billion (120.5% year on year), with a segment profit of ¥79.2 billion (122.5% year on year).

○ Regarding revenue by products, from neurology products, revenue for Fycompa came to ¥14.6 billion (119.4% year on year) achieving growth. Revenue for antiepileptic agent Banzel was ¥7.0 billion (36.9% year on year). Among oncology products, Lenvima and Halaven both achieved growth earning revenue of ¥116.5 billion (143.8% year on year) and ¥14.3 billion (113.5% 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 ¥106.4 billion (125.1% year on year), with a segment profit of ¥55.4 billion (137.3% year on year).

○ Regarding revenue by products, revenue for Lenvima totaled ¥35.0 billion (189.6% 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 ¥12.5 billion (71.4% 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 ¥9.5 billion (94.1% year on year). Proton pump inhibitor Pariet earned ¥8.9 billion (132.5% 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 ¥59.3 billion (107.4% year on year). A segment profit totaled ¥40.9 billion (159.3% year on year) due to divestiture of rights for Zonegran.

○ Regarding revenue by products from neurology products, revenue for Fycompa came to ¥9.2 billion (121.1% year on year) achieving growth. Among oncology products, Lenvima/Kisplyx and Halaven both achieved growth earning revenue of ¥21.8 billion (137.6% year on year) and ¥12.8 billion (103.8% year on year), respectively.

○ Dayvigo was launched in Australia in September 2021.

<Asia and Latin America pharmaceutical business>

○ Revenue totaled ¥50.6 billion (110.3% year on year), with a segment profit of ¥20.8 billion (111.6% year on year).

○ Regarding revenue by products, Lenvima achieved significant growth, recording revenue of ¥8.8 billion (135.4% year on year). Revenue for Aricept came to ¥11.9 billion (110.1% year on year). Revenue for Humira came to ¥7.5 billion (88.1% 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 ¥23.8 billion (94.7% year on year), with a segment profit of ¥4.7 billion (92.7% year on year).

○ Revenue for Chocola BB Group came to ¥14.3 billion (106.4% year on year) achieving growth, while revenue for Etak Group including Etak Antimicrobial Spray α decreased.

(3) Overview of Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the year amounted to ¥1,239.3 billion (up ¥150.9 billion from the end of the previous fiscal year). Cash and cash equivalents increased due to receiving of an upfront payment, reimbursement for R&D payment under strategic collaboration with Bristol Myers Squibb as well as receiving of sales milestone payments from Merck & Co., Inc., Rahway, NJ, USA. Also, trade and other receivables increased due to recording of a sales milestone payment from Merck & Co., Inc., Rahway, NJ, USA.

○ Total liabilities as of the end of the year amounted to ¥467.8 billion (up ¥105.7 billion from the end of the previous fiscal year). Accrued expenses to Biogen Inc. (the U.S., hereinafter “Biogen”) and Merck & Co., Inc., Rahway, NJ, USA increased. Also, other financial liabilities increased due to recording of reimbursement for R&D payment from Bristol Myers Squibb as deposits received.

○ Total equity as of the end of the year amounted to ¥771.5 billion (up ¥45.2 billion from the end of the previous fiscal year). 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 60.4% (down 4.0 percentage points from the end of the previous fiscal year).

[Cash Flows]

○ Net cash from operating activities amounted to an inflow of ¥117.6 billion (up ¥44.5 billion from the previous fiscal year) mainly due to receiving of an upfront payment and reimbursement for R&D payment under strategic collaboration with Bristol Myers Squibb.

○ Net cash used in investing activities amounted to an outflow of ¥28.8 billion (down ¥7.2 billion from 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 ¥49.0 billion (down ¥6.9 billion from the previous fiscal year), mainly due to dividends paid.

○ As a result of the above, cash and cash equivalents as of the end of the year stood at ¥309.6 billion (up ¥60.9 billion from the end of the previous fiscal year). Free cash flow (cash flow from operating activities less capital expenditures) for the year was inflow of ¥88.7 billion and cash generated exceeded the amount of dividend significantly.

(4) 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., Rahway, NJ, USA)

- ✧ Approved for use in the treatment of thyroid cancer (monotherapy) in over 80 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 75 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.
- ✧ The agent obtained approval (including conditional approval) in combination with the anti-PD-1 therapy pembrolizumab from Merck & Co., Inc., Rahway, NJ, USA for use in the treatment of endometrial carcinoma (following prior systemic therapy) in over 45 countries including Japan, the United States, in Europe and in Asia. In July 2021, the combination therapy was approved 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. In February 2022, the combination therapy was approved in Taiwan for the treatment of patients with advanced endometrial carcinoma who have disease progression following prior systemic therapy in any setting and are not candidates for curative surgery or radiation.
- ✧ Approved in combination with pembrolizumab for use in the treatment of renal cell carcinoma (first-line) in over 35 countries, including Japan, the United States, in Europe and in Asia. The combination therapy 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 and in Taiwan in January 2022. The combination therapy was also approved for the treatment of radically unresectable or metastatic renal cell carcinoma in Japan in February 2022.
- ✧ 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 80 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 80 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 10 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.

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

- ✧ The agent was granted Breakthrough Therapy designation for Alzheimer's disease (AD) treatment in June 2021 and Fast Track designation in December 2021 in the United States.
- ✧ 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) was initiated in the United States in September 2021 by utilizing the accelerated approval pathway based on Study 201 (Phase II study) and has been completed in May 2022.
- ✧ In March 2022, a submission of application data to the Pharmaceuticals and Medical Devices Agency (PMDA) under the prior assessment consultation system has been initiated in Japan.
- ✧ 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 countries including Japan, the United States and in Europe. In this study, the agent has been selected by the Alzheimer's Clinical Trials Consortium (ACTC) as a treatment to be evaluated.

○ Alzheimer's disease (AD) treatment ADUHELM (aducanumab, jointly developed based on sole decision making rights of Biogen)

- ✧ In June 2021, the agent was granted accelerated approval as AD treatment in the United States. Biogen will conduct confirmatory trial necessary for the continued approval for this indication.
- ✧ 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.
- ✧ In April 2022, Biogen withdrew Marketing Authorization Application in Europe.

○ 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 March 2022, Carogra (carotegrast methyl, development code: AJM300) has obtained manufacturing and marketing approval for treatment of ulcerative colitis in Japan. The agent has been jointly developed by EA Pharma 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.
○ A Phase I/II study of Toll-Like Receptor (TLR) 7/8 inhibitor E6742 for systemic lupus erythematosus has been initiated in Japan.

○ 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.
○ Due to business priorities, EA Pharma is no longer progressing the development at Phase II stage in Japan of E6007 as ulcerative colitis treatment.
○ Due to business priorities, EA Pharma is no longer progressing the Phase II study in Japan and Europe of E6011 as treatment for Crohn’s disease.

[Major Alliances, Agreements and Other Events]

○ 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 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, a JAK (Janus kinase) inhibitor, 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 March 2022, the existing collaboration agreement on aducanumab with Biogen has been amended. Effective as of January 1, 2023, Eisai will receive a tiered royalty based on net sales of ADUHELM rather than sharing global profits and losses. Eisai’s share of expenses capped at an agreed amount for the costs related to development, commercialization and manufacturing of ADUHELM for the period from January 1, 2022, to December 31, 2022. Effective immediately Biogen’s existing final decision-making rights on ADUHELM have converted to sole decision making and commercialization rights worldwide. Regarding lecanemab, Eisai continues to serve as the lead of development and regulatory submissions globally with both two companies co-promoting the product based on Eisai’s final decision-making authority while supply agreement was extended to 10 years from 5 years for commercial manufacturing by Biogen.

○ In March 2022, Gilead Sciences K.K. (Tokyo) obtained an approval of Jyseleca (filgotinib), a JAK inhibitor, for the treatment of patients with active moderate-to-severe ulcerative colitis with an inadequate response to conventional therapies. Gilead Sciences K.K. and EA Pharma, which has been commissioned by Eisai, will co-promote the product.

○ In March 2022, Eisai acquired majority of the shares issued by Arteryex Inc. (Tokyo), a company that plans and develops software related to digital solutions such as provision of medical information platforms, through purchase of shares and subscription of a third-party allocation of common shares, and made it a subsidiary.

○ In March 2022, Eisai revised business alliance and ended marketing of the vascular embolization device DC Bead (specially controlled medical device).

○ In April 2022, Centers for Medicare and Medicaid Services (CMS) has announced the finalized National Coverage Determination (NCD) for monoclonal antibodies directed

against amyloid for the treatment of Alzheimer's disease (AD) and decided to cover treatments receiving accelerated approval based upon evidence of efficacy from a change in a surrogate endpoint only if patients are enrolled in a CMS-approved randomized controlled clinical trials. At the same time, CMS has committed to quickly reconsider the NCD for treatments which have obtained full approval with quality evidence on clinical benefit.

2) Outlook for the Future (April 1, 2022 – March 31, 2023)

[Consolidated Financial Forecast]

(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	700,000	-7.4	55,000	2.3	55,500	1.9	46,500	1.7	45,500	-5.1	158.85

* Assumptions: 1 USD = ¥125.0, 1 EUR = ¥130.0, 1 GBP = ¥151.5, 1 RMB = ¥19.0

<Revenue>

○ In pharmaceutical business, revenue is expected to be same level as that of in the previous fiscal year by absorbing the impact of drug price revision in Japan and expiration of the business alliance for Lyrica, through steady growth of global brands Lenvima, Fycompa and Dayvigo. On the other hand, in other business, license revenue such as milestone payments to be received from partners will decrease compared to that of in the previous fiscal year. As a result, revenue is expected to be ¥700.0 billion (down 7.4% year on year).

○ Revenue for Lenvima, Halaven, Fycompa and Dayvigo is expected to be ¥218.0 billion (up 13.3% year on year), ¥38.0 billion (down 3.5% year on year), ¥37.5 billion (up 17.7% year on year), and ¥27.0 billion (up 64.2% year on year), respectively.

<Profit>

○ Regarding expenses, the Company will ensure efficiency based on financial discipline and thoroughly allocate resources for medium- to long-term growth. In terms of R&D expenses, the Company will further focus its resources on dementia area which includes lecanemab, and oncology area by revising its R&D structure and development themes. In terms of selling, general and administrative expenses, the Company will efficiently invest resources into global brands such as Lenvima and Dayvigo. Also, the Company will continue to promote preparation of market environment aiming to contribute to patients with lecanemab. Operating profit is expected to come to ¥55.0 billion (up 2.3% year on year) through implementation of above-mentioned efficient operations and decrease in shared cost related to aducanumab following the amendment of collaboration agreement on Alzheimer's disease treatments.

○ Profit for the year attributable to owners of the parent is expected to come to ¥45.5 billion (down 5.1% year on year) and five-year average ROE (Return on Equity) of 10% level is expected to be achieved.

3) Basic Policy on Profit Appropriation and Dividend for Fiscal 2021 and 2022

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 has set the year-end dividend for FY 2021 at ¥80 per share as previously projected. With the interim dividend of ¥80 per share, the Company intends to pay the total dividend of ¥160 per share for the year (the same amount as the previous fiscal year). In this context, the Dividends on Equity (DOE) ratio is 6.3%. The annual dividend for FY 2022 (the fiscal year ending March 31, 2023) is expected to be ¥160 per share (¥80 for interim and ¥80 for year-end dividend), the same amount as FY 2021.

For further information on the Company's dividend policy, please refer to "2. Management Policy 3) Basic Policy for Capital Strategy (2) Sustainable and Stable Shareholder Returns" on pages 20-21.

2. Management Policy

1) Corporate Mission

The Group defines its corporate philosophy as "Giving first thought to patients and their families, and to increasing the benefits that health care provides." Guided by this philosophy, all directors, corporate officers and employees aspire to meet the various needs of global health care as representatives of a "*human health care* (*hhc*) company" that is capable of making a meaningful contribution under any health care system. The Group's mission is the enhancement of patient satisfaction. The Group believes that revenues and earnings will be generated by fulfilling this mission. The Group places importance on this sequence of placing the mission before the ensuing results.

Translating this *hhc* philosophy into action, the Group is committed to deepening the relationships built on trust with its principal stakeholders, namely patients and customers, shareholders, and employees, while continuously ensuring compliance with applicable laws and ethical standards, thereby enhancing corporate value. The Company codified this corporate philosophy into its Articles of Incorporation and endeavors to share its basic concept with shareholders.

Based on *hhc* philosophy, the Group seeks to effectively realize social good in the form of relieving anxiety over health and reducing health disparities through partnership leveraging one another's strengths.

2) Medium- to Long-term Corporate Management Strategy and Issues that Need to be Addressed

As the super-aging of society progresses not only in industrialized nations but also globally, the structure of the healthcare industry, including pharmaceutical companies, is undergoing significant changes under the innovation taking place in AI and other digital and network technologies. It is shifting from the conventional model with a coherent supply chain to a horizontal division of roles among various players that include start-up companies. To deal with such changes, the Group launched "EWAY Future & Beyond" in April 2021 - a new medium-term business plan that follows "EWAY Current", which commenced in FY 2016.

(1) Medium-Term Business Plan “EWAY Future & Beyond”

In “EWAY Future & Beyond”, the first five years starting in FY 2021 is “EWAY Future”, while FY 2026 onward is “EWAY Beyond”. The most important stakeholders to whom Eisai contributes will be expanded from “patients and their families” to “patients and the general public”. In line with our desire to empower patients and the general public to “realize their fullest life,” we will promote creating solutions based on scientific evidence in the areas of our expertise: neurology and oncology. Through these activities, the Group will effectively realize social good in the form of relieving anxiety over health and reducing health disparities.

In May 2022, Eisai issued the *hhc*eco Declaration aiming to evolve into the “*hhc*eco" (*hhc* philosophy + ecosystem) company that empowers people to “realize their fullest life,” from time that they are in good health up to the final moments of their lives.

It is the Eisai Universal Platform (EUP) which will be the core for the achievement of *hhc*eco. The EUP consists of two layers − R&D&I (Research & Development & Incubation) and SP&D (Solution Package & Delivery). R&D&I has roles of creating new medicines through inclusion of C&I (Collaboration & Incubation), which is collaboration with academia and venture companies, and generating data that brings clinical data and biomarker data. The various solutions created based on this data are packaged according to people's anxieties, and delivered to people whom Eisai is contributing to through its unique apps, sales activities and networks of other industries. Solutions created by EUP will bring significant synergies to other industries and by utilizing EUP, it will be possible to improve the sophistication of products and the quality of services provided by other industries and we will continue to provide new value to people whom each industry contributes to.

(2) Major Progress and Initiatives under Medium-Term Business Plan “EWAY Future & Beyond”

As for R&D under “EWAY Future & Beyond”, through the evolution of biomarkers, we will shift from diagnosis based on symptoms and/or tumors to disease continuum analysis based on pathophysiology, and we will aim for the provision of precision medicine. Specifically, in regard to Alzheimer’s disease (AD), we will realize continuous brain health panel diagnosis, which makes quantitative and over time measurements of pathophysiological biomarkers for a precise diagnosis of each person’s stage within the disease continuum and aim to realize appropriate treatment in which drugs are determined based on precise diagnosis. Meanwhile, in the area of oncology, we aim to achieve early diagnosis based on genome information and realize individualized medicine that enables selection of the optimal treatment method for each patient by obtaining an even deeper understanding of cancer evolution through the continuous DNA analysis of the circulating tumor cells in the bloodstream, and next-generation DNA sequence analysis.

(a) Neurology Area

In the area of neurology, new drug development targeting the AD continuum is currently underway. Regarding the anti-amyloid β antibody aducanumab, following the amendment to the collaboration agreement on aducanumab with Biogen in March 2022, effective as of January 1, 2023, Eisai will receive a tiered royalty based on net sales of ADUHELM rather than sharing global profits and losses. As for the anti-amyloid β protofibril antibody lecanemab, Eisai

continues to serve as the lead of development and regulatory submissions globally and will co-develop lecanemab with Biogen under the final decision-making authority by Eisai. With the new alliance scheme, we aim to maximize the value of both ADUHELM and lecanemab by more effectively focusing the resources of Biogen and Eisai.

In the United States, based on the results of Study 201 (Phase II study), a rolling submission to the U.S. Food and Drug Administration (FDA) of a Biologics License Application (BLA) for lecanemab for the treatment of early AD was initiated in September 2021. The application has been completed in May 2022 and we are aiming to obtain accelerated approval in 2022. The primary endpoint data from ongoing Clarity AD (Phase III study) for the treatment of early AD is expected in the fall of 2022 and Eisai positions the Clarity AD study as a confirmatory trial, and expects to submit for full approval of lecanemab in the United States during FY 2022. In Japan, Eisai has initiated a submission to the Pharmaceuticals and Medical Devices Agency (PMDA) of application data under the prior assessment consultation system for leacanemab in March 2022. Based on the results of the Clarity AD study, Eisai aims to file for the manufacturing and marketing approval in Japan during FY 2022. AHEAD 3-45, a Phase III clinical study for preclinical (asymptomatic) AD is also currently underway. In addition, joint development with Sysmex Corporation (Hyogo, Japan) is in progress for amyloid β blood tests that enable a simpler diagnosis of AD.

Development of other projects based on the AD continuum are also in progress. The Tau NexGen Study (Phase II / III), conducted by the Dominantly Inherited Alzheimer Network Trials Unit (DIAN-TU) to evaluate the efficacy of anti-microtubule binding region (MTBR) tau antibody, is ongoing in the United States. E2814 was selected in the clinical study for Dominantly Inherited AD as the first investigational medicine among anti-tau drugs, and lecanemab was selected as the background anti-amyloid agent in the same study. A Phase II clinical study of E2814 targeting sporadic AD is being planned. Phase I clinical study for E2511, the selective Tropomyosin receptor kinase A (TrkA) synapse binding regenerant which is expected to help the restoration of damaged cholinergic nerves to functional neuron and prevent the degeneration of cholinergic nerves, is underway. In Japan, the Eisai-Keio Innovation Lab for Dementia (EKID) research focuses on discovery of novel drug targets related to maintenance and enhancement of the brain’s robustness and protective mechanisms.

(b) Oncology Area

Approvals have been obtained globally for the anticancer agent Lenvima for the treatment of thyroid cancer, hepatocellular carcinoma, thymic carcinoma, renal cell carcinoma and endometrial carcinoma. Of these, Lenvima in combination with the anti-PD-1 antibody pembrolizumab from Merck & Co., Inc., Rahway, NJ, USA has been approved for the treatment of renal cell carcinoma and endometrial carcinoma in Japan, the United States, Europe, Asia and others. Thus, efforts to maximize the value of Lenvima are progressing steadily. Currently, clinical studies (LEAP studies) for the combination therapy of Lenvima and pembrolizumab are underway for obtaining additional indications in more than 10 different tumor types. Development of novel fibroblast growth factor (FGF) receptor selective tyrosine kinase inhibitor E7090 is progressing, as an agent against resistivity related to the combination therapy of Lenvima and pembrolizumab. Furthermore, the CBP/β-catenin inhibitor E7386, which is expected to inhibit Wnt signaling pathway that is involved in the development of cancer, has

achieved the clinical POC (Proof of Concept). Phase I/II clinical trials of E7386 plus pembrolizumabs are currently underway. Regarding MORAb-202, the next-generation antibody drug conjugate (ADC) which conjugates the approved anticancer agent eribulin, Eisai entered into an exclusive global strategic collaboration agreement with Bristol-Myers Squibb in June 2021 for the co-development and co-commercialization of the agent as a treatment for low sensitivity related to cancer immunotherapy, and co-development of the agent is underway. Development of selective estrogen receptor antagonist H3B-6545 is also underway. Furthermore, we are proceeding with the development of new next-generation pipelines, such as protein degradation inducing agents and neoantigen inducers, through joint R&D that is merged with external technologies.

(c) Eisai Universal Platform (EUP)

Based on the Disease Continuum concept, we pursue creating a variety of solutions to empower people in the daily living and medical domains to “realize their fullest life”. Expected solutions include the followings: in the areas of daily living (before the onset of disease), solutions for maintaining and supporting good health, disease awareness and prevention, checkups and hospital searches; in the medical field (at the onset of disease, during treatment, and after the prognosis), solutions for accurate diagnosis and confirmation of the effectiveness of treatments (drug and non-drug treatments) as well as measures that will contribute to improving quality of life. As the specific initiatives, we are collaborating with other companies for expanding contents of dementia-related services in the tele-communication industry and the food industry, developing insurance products in the insurance industry, providing disease risk information and alerts that potentially contribute to solving financial gerontology issues in the financial industry, predicting the risk of Mild Cognitive Impairment (MCI) and alerting based on driving recorder data in the automobile industry, and promoting projects by local governments for disease prevention.

3) Basic Policy for Capital Strategy

The Group’s capital strategy policy is to improve shareholder value based on “medium- to long-term Return on Equity (ROE*1) management”, “sustainable and stable shareholder returns” and “value-creative investment criteria for growth”, while maintaining the integrity of its finances.

(1) Medium- to Long-term ROE Management

The Group believes that ROE is an important indicator of the sustainable creation of value for shareholders. In terms of medium- to long-term ROE management, the Company aims for an ROE that exceeds the cost of capital (creation of a positive equity spread*2) by constantly improving profit margins, financial leverage and asset turnover in the medium- to long-term.

(2) Sustainable and Stable Shareholder Returns

In terms of shareholder returns, profits are returned 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*3) 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.

(3) Value-Creative Investment Criteria for Growth

To ensure that strategic investments create shareholder value, the Group invests selectively using its Value-Creative Investment Criteria based on Net Present Value and the Internal Rate of Return spread using a risk-adjusted hurdle rate.

*1 ROE = Profit attributable to owners of the parent / equity attributable to owners of the parent

*2 Equity spread = ROE – Cost of shareholder capital

*3 DOE = Dividends paid / equity attributable to owners of the parent

4) Enhancing Non-Financial Value including ESG and Information Disclosure

Eisai believes that the value of a company is a combination of financial value and non-financial value, including environment, society, and governance (ESG). While engaging in business with the *hhc* philosophy at the core, the Group has been strengthening its ESG-related efforts such as reducing the impact on the global environment (environment), improving access to medicines, respecting of human rights and developing human resources (society), and ensuring fairness and transparency of management (governance). In addition, the Group positions these efforts as consistent with the Sustainable Development Goals (SDGs), which are international goals adopted by the United Nations (UN) Summit.

Among ESGs, in particular, Eisai considers making efforts to resolve the global issue of access to medicines to be its duty as well as a long-term investment for the future. Eisai is promoting such efforts proactively under public-private partnerships with governments, international organizations, private non-profit organizations and others. For the elimination of lymphatic filariasis, one of the NTDs endemic in developing and emerging countries, the Group is providing lymphatic filariasis treatment diethylcarbamazine (DEC) tablets to the World Health Organization (WHO) for price zero (free of charge). These DEC tablets are manufactured at the Group's Vizag Plant in India. The Group will continue to supply DEC tablets until lymphatic filariasis is eliminated in all endemic countries that need DEC tablets. As of the end of March 2022, 2.05 billion tablets had been supplied to 29 countries. Furthermore, the Group is carrying out new drug development and generation of new evidence to eliminate tuberculosis, malaria and NTDs such as mycetoma under the partnership with the Japan-based Global Health Innovative Technology (GHIT) Fund, and NPOs and NGOs with extensive experience in drug discovery related to NTDs. The Group is also supporting activities to raise awareness and enable early detection of non-infectious diseases, such as dementia and cancer. Affordable pricing, which makes it easier for patients to purchase medication, and tiered pricing, which sets prices according to income levels, are also being implemented as part of activities carried out by the Group to improve access to medicines around the world.

Regarding the environment, Eisai has set a scientific-based greenhouse gas reduction target for FY 2030 and obtained approval from the Science Based Targets (SBT) initiative. In addition, the entire Group is actively working for the formation of a low-carbon society with initiatives such as systematically increasing the rate of renewable energy. Also, Eisai set a medium-term goal of switching all electricity used by the entire the Group to renewable energy in 2030 and a long-term goal of aiming to achieve carbon neutrality which results in no net release of carbon dioxide into the atmosphere by balancing greenhouse gas emissions and its absorption in 2040, and created a road map to achieve these goals. Furthermore, the Group is analyzing based on the TCFD (Task Force on Climate-related Financial Disclosure), an international framework for analyzing the risks and opportunities of climate change impacts on companies and seeking information disclosure, and is constantly investigating how to strengthen the Group's climate strategy.

Regarding human rights, the Group has been working on further to improve non-financial value by creating a human rights policy and constructing a human right due diligence mechanism based on the United Nations "Guiding Principles on Business and Human Rights", which is internationally recognized as a guideline. Information regarding non-financial value of the Group, including ESG, is disclosed in the Value Creation Report (former Integrated Report) and Environmental Report, based on the framework of the IIRC (International Integrated Reporting Council).

https://www.eisai.com/ir/library/annual/index.html

The Company is always aiming for the best corporate governance and strives continually for its enhancement. The Company's corporate governance initiatives, including the Corporate Governance Report, are posted on its website.

https://www.eisai.com/company/governance/index.html

5) Compliance and Risk Management

The Group defines "compliance" as the observance of the highest legal and ethical standards and positions it at the core of its management activities. In addition, the Group defines "internal control" as the systems and processes that are constructed and operated within the company in order to carry out its business activities properly and efficiently and shares the "Internal Control Policy" with all its officers and employees. At the same time, the Group has appointed a Corporate Officer to take the role of Chief Compliance Officer & Internal Control to further enhance compliance and internal control globally. These compliance activities periodically undergo objective reviews by the Compliance Committee that consists of external experts for further improvement.

3. Basic Approach to the Selection of Accounting Standards

In order to make it more convenient for various stakeholders including shareholders and investors in Japan and overseas by improving disclosure and comparability of financial information on an international basis, the Company voluntarily adopted IFRS from the fiscal year ended March 31, 2014 and has disclosed its consolidated financial statements in accordance with IFRS from the first three-month period ended March 31, 2015.

4. Consolidated Financial Statements and Major Notes
1) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
Revenue	756,226	645,942
Cost of sales	(174,831)	(161,310)
Gross profit	581,395	484,632
Selling, general and administrative expenses	(366,430)	(281,630)
Research and development expenses	(171,738)	(150,319)
Other income	14,645	1,450
Other expenses	(4,122)	(2,621)
Operating profit	53,750	51,511
Financial income	2,401	2,145
Financial costs	(1,692)	(1,360)
Profit before income taxes	54,458	52,296
Income taxes	(8,741)	(9,990)
Profit for the year	45,717	42,306
Profit for the year attributable to		
Owners of the parent	47,954	41,942
Non-controlling interests	(2,237)	364
Earnings per share		
Basic (yen)	167.27	146.34
Diluted (yen)	167.25	146.29

2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
Profit for the year	45,717	42,306
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)	(847)	3,216
Remeasurements of defined benefit plans	(1,059)	3,185
Subtotal	(1,906)	6,401
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	46,897	22,023
Cash flow hedges	69	124
Subtotal	46,965	22,146
Total other comprehensive income (loss), net of tax	45,059	28,547
Comprehensive income (loss) for the year	90,777	70,853
Comprehensive income (loss) for the year attributable to		
Owners of the parent	93,002	70,422
Non-controlling interests	(2,225)	431

3) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2022	As of March 31, 2021
Assets		
Non-current assets		
Property, plant and equipment	169,926	160,933
Goodwill	191,758	171,783
Intangible assets	95,451	106,419
Other financial assets	44,033	43,817
Other assets	20,919	19,567
Deferred tax assets	76,622	67,563
Total non-current assets	598,709	570,083
Current assets		
Inventories	99,008	85,118
Trade and other receivables	207,950	160,310
Other financial assets	432	267
Other assets	23,584	23,909
Cash and cash equivalents	309,633	248,740
Total current assets	640,606	518,344
Total assets	1,239,315	1,088,427

(Millions of yen)

	As of March 31, 2022	As of March 31, 2021
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	77,605	77,628
Treasury shares	(33,936)	(34,049)
Retained earnings	506,583	506,403
Other components of equity	153,584	106,633
Total equity attributable to owners of the parent	748,821	701,601
Non-controlling interests	22,712	24,759
Total equity	771,534	726,360
Liabilities		
Non-current liabilities		
Borrowings	94,893	49,908
Other financial liabilities	39,213	39,825
Provisions	1,473	1,386
Other liabilities	18,386	14,420
Deferred tax liabilities	483	511
Total non-current liabilities	154,449	106,050
Current liabilities		
Borrowings	—	39,985
Trade and other payables	108,065	94,548
Other financial liabilities	40,865	16,992
Income taxes payable	6,877	2,522
Provisions	17,949	17,850
Other liabilities	139,576	84,119
Total current liabilities	313,333	256,017
Total liabilities	467,782	362,067
Total equity and liabilities	1,239,315	1,088,427

4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

(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)	Remeasurements of defined benefit plans
As of April 1, 2021	44,986	77,628	(34,049)	506,403	—	—
Profit for the year	—	—	—	47,954	—	—
Other comprehensive income (loss)	—	—	—	—	(847)	(1,057)
Comprehensive income (loss) for the year	—	—	—	47,954	(847)	(1,057)
Dividends	—	—	—	(45,878)	—	—
Share-based payments	—	(26)	—	—	—	—
Acquisition of treasury shares	—	—	(29)	—	—	—
Disposal of treasury shares	—	18	142	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Reclassification	—	—	—	(1,904)	847	1,057
Other changes	—	(16)	—	8	—	—
Total transactions with owners	—	(24)	113	(47,774)	847	1,057
As of March 31, 2022	44,986	77,605	(33,936)	506,583	—	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	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		
As of April 1, 2021	106,702	(69)	106,633	701,601	24,759	726,360
Profit for the year	—	—	—	47,954	(2,237)	45,717
Other comprehensive income (loss)	46,882	69	45,047	45,047	12	45,059
Comprehensive income (loss) for the year	46,882	69	45,047	93,002	(2,225)	90,777
Dividends	—	—	—	(45,878)	(144)	(46,023)
Share-based payments	—	—	—	(26)	—	(26)
Acquisition of treasury shares	—	—	—	(29)	—	(29)
Disposal of treasury shares	—	—	—	160	—	160
Acquisition of subsidiaries	—	—	—	—	280	280
Reclassification	—	—	1,904	—	—	—
Other changes	—	—	—	(8)	42	34
Total transactions with owners	—	—	1,904	(45,781)	178	(45,603)
As of March 31, 2022	153,584	—	153,584	748,821	22,712	771,534

Fiscal year ended March 31, 2021

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)	Remeasurements of defined benefit plans
As of April 1, 2020	44,986	77,609	(34,338)	505,359	—	—
Changes in accounting policies	—	—	—	(1,397)	—	—
As of April 1, 2020 (Restated)	44,986	77,609	(34,338)	503,963	—	—
Profit for the year	—	—	—	41,942	—	—
Other comprehensive income (loss)	—	—	—	—	3,216	3,143
Comprehensive income (loss) for the year	—	—	—	41,942	3,216	3,143
Dividends	—	—	—	(45,868)	—	—
Share-based payments	—	(37)	—	—	—	—
Acquisition of treasury shares	—	—	(22)	—	—	—
Disposal of treasury shares	—	84	312	—	—	—
Reclassification	—	—	—	6,359	(3,216)	(3,143)
Other changes	—	(28)	—	8	—	—
Total transactions with owners	—	20	290	(39,502)	(3,216)	(3,143)
As of March 31, 2021	44,986	77,628	(34,049)	506,403	—	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	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		
As of April 1, 2020	84,704	(192)	84,511	678,127	24,503	702,630
Changes in accounting policies	—	—	—	(1,397)	—	(1,397)
As of April 1, 2020 (Restated)	84,704	(192)	84,511	676,730	24,503	701,233
Profit for the year	—	—	—	41,942	364	42,306
Other comprehensive income (loss)	21,998	124	28,480	28,480	67	28,547
Comprehensive income (loss) for the year	21,998	124	28,480	70,422	431	70,853
Dividends	—	—	—	(45,868)	(214)	(46,082)
Share-based payments	—	—	—	(37)	—	(37)
Acquisition of treasury shares	—	—	—	(22)	—	(22)
Disposal of treasury shares	—	—	—	396	—	396
Reclassification	—	—	(6,359)	—	—	—
Other changes	—	—	—	(21)	39	18
Total transactions with owners	—	—	(6,359)	(45,551)	(175)	(45,726)
As of March 31, 2021	106,702	(69)	106,633	701,601	24,759	726,360

5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
Operating activities		
Profit before income taxes	54,458	52,296
Depreciation and amortization	38,398	35,767
Impairment losses	11,429	213
(Increase) decrease in working capital	34,135	264
Interest and dividends received	1,876	1,855
Interest paid	(1,286)	(1,026)
Income taxes paid	(10,593)	(17,889)
Income taxes refund	3,484	1,067
Other	(14,312)	518
Net cash from (used in) operating activities	117,590	73,067
Investing activities		
Purchases of property, plant and equipment	(29,031)	(19,148)
Purchases of intangible assets	(11,436)	(18,210)
Proceeds from sale of property, plant and equipment and intangible assets	13,445	37
Net cash outflow on acquisition of subsidiaries	(1,217)	—
Payments on investments in joint ventures	—	(227)
Purchases of financial assets	(3,131)	(2,650)
Proceeds from sale and redemption of financial assets	2,489	3,548
Payments of time deposits exceeding three months	(0)	(5)
Proceeds from redemption of time deposits exceeding three months	1	201
Other	31	367
Net cash from (used in) investing activities	(28,848)	(36,086)
Financing activities		
Proceeds from long-term borrowings	44,874	34,918
Repayments of long-term borrowings	(40,000)	(35,000)
Repayments of lease liabilities	(10,280)	(9,960)
Dividends paid	(45,878)	(45,868)
Other	2,317	1
Net cash from (used in) financing activities	(48,967)	(55,908)
Effect of exchange rate change on cash and cash equivalents	21,118	13,424
Net increase (decrease) in cash and cash equivalents	60,892	(5,503)
Cash and cash equivalents at beginning of year	248,740	254,244
Cash and cash equivalents at end of year	309,633	248,740

6) Notes to Consolidated Financial Statements

(Going Concern)

Not applicable

(Basis of Preparing Consolidated Financial Statements)

(1) Compliance

As the Company meets the requirements of a “Specified Company,” pursuant to Article 1-2 of the Consolidated Financial Statement Ordinance, the consolidated financial statements of the Group have been prepared in accordance with IFRS subject to the provisions of Article 93 of said Ordinance.

(2) Basis of measurement

The consolidated financial statements are prepared on an acquisition cost basis except for the financial instruments that are measured at fair value, assets (liabilities) of post-employment benefit plans and other factors.

(3) Presentation currency and unit

The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency, and figures less than 1 million yen are rounded to the nearest million yen.

(4) Changes in accounting policies

Below are the accounting policies and interpretations the Group applied from the fiscal year ended March 31, 2022. None of the following accounting standards and interpretations applied by Hedge has any major impact on the consolidated financial statements for the fiscal year ended March 31, 2022.

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 Measurement	January 1, 2021	Fiscal year ended 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 ended March 31, 2022	Amendments to the extension of the application period concerning rent concessions related to COVID-19

Based on the agenda decision related to "Configuration or customization costs in a cloud computing agreement (related to IAS 38)", the Group has changed its accounting policies as follows:

(Configuration or customization costs in a cloud computing agreement)

In April 2021, the IFRS Interpretations Committee published the agenda decision for "Configuration or customization costs in a cloud computing agreement (related to IAS 38)". This agenda decision clarifies accounting treatment of upfront costs by a customer to receive cloud computing services in a cloud service.

Based on the discussion leading up to the agenda decision published by the IFRS Interpretation Committee, the Group has changed its accounting policies involving configuration or customization costs in a cloud computing arrangement to a method whereby costs will be recognized upon receiving services of configuration or customization in a cloud

computing. The changes in accounting policies are applied retroactively. The consolidated financial statements for the fiscal year ended March 31, 2021 have been restated to reflect the changes.

As a result, compared to the amounts prior to the retroactive application, in the consolidated statement of income for the fiscal year ended March 31, 2021, selling, general and administrative expenses increased by ¥234 million, research and development expenses increased by ¥20 million, operating profit and profit before income taxes decreased by ¥254 million and ¥254 million, respectively, and profit for the year decreased by ¥176 million. In the consolidated statement of financial position for the fiscal year ended March 31, 2021, intangible assets decreased by ¥2,222 million and deferred tax assets increased by ¥640 million. As the cumulative impact of the changes in accounting policies were reflected on equity at the beginning of the fiscal year ended March 31, 2021, the beginning balance of the retained earnings for the fiscal year ended March 31, 2021 decreased by ¥1,397 million. In the consolidated statement of cash flows for the fiscal year ended March 31, 2021, profit before income taxes, depreciation and amortization, and purchases of intangible assets decreased by ¥254 million, ¥533 million and ¥787 million, respectively. Both basic earnings per share and diluted earnings per share for the fiscal year ended March 31, 2021 decreased by ¥0.62.

(5) New accounting standards and interpretations not yet applied by the Group

As of the date of approval of the consolidated financial statements by the Group, main new accounting standards and interpretations that have been issued are as follows:

Accounting standards and interpretations		Mandatory application (Date of commencement)	To be applied by the Group	Description
IAS 16	Property, Plant and Equipment	January 1, 2022	Fiscal year ending March 31, 2023	Amendments to proceeds before intended use of property, plant and equipment
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022	Fiscal year ending March 31, 2023	Clarifying cost of fulfilling onerous contracts
IFRS 3	Business Combinations	January 1, 2022	Fiscal year ending March 31, 2023	Amendments to reference to the Conceptual Framework
IAS 1	Presentation of Financial Statements	January 1, 2023	Fiscal year ending March 31, 2024	Clarifying of the classification of liabilities as current or non-current
IAS 1	Presentation of Financial Statements	January 1, 2023	Fiscal year ending March 31, 2024	Amendments to disclosure of material accounting policy information
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2023	Fiscal year ending March 31, 2024	Clarifying the distinction between changes in accounting policies and changes in accounting estimates
IAS 12	Income Taxes	January 1, 2023	Fiscal year ending March 31, 2024	Clarifying the accounting treatments of recognizing deferred tax assets and deferred tax liabilities
IFRS 10 IAS 28	Consolidated Financial Statements Investments in Associates and Joint Ventures	Not decided	Not decided	Amendments to accounting for selling assets to associates

As of the reporting date, the Group has not yet applied these accounting standards and interpretations. The impact on the consolidated financial statements by these standards and interpretations which are to be applied by the Group is under evaluation.

(Significant Accounting Policies)

The Group's significant accounting policies described below are applied to the consolidated financial statements throughout the period.

(1) Basis of consolidation

The Group's consolidated financial statements are prepared based on the financial statements of the Company, its subsidiaries, its associate and its equity in joint ventures (associated companies accounted for using the equity method) under uniform accounting policies. In cases where accounting policies applied by a subsidiary or associated companies accounted for using the equity method are different from those applied by the Group, adjustments are made to their financial statements as needed. In addition, all inter-company transactions, balances and unrealized gains/losses from inter-company transactions are eliminated in the consolidated financial statements.

a) Subsidiary

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when the Group has the power over the investee, is exposed to variable returns from involvement with the investee, and has the ability to use power over the investee to affect the investor's return.

A subsidiary's financial statements are included in the consolidated statements from the date the Group obtains control of the subsidiary until the date the Group loses control of it. Changes in the Group's interest in a subsidiary that do not result in losing control of the subsidiary are accounted for as equity transactions in which the difference between the adjustment amount of non-controlling interests and fair value of the consideration is directly recognized as retained earnings and made attributable to the owners of the parent.

b) Associate

An associate is an entity over which the Group has significant influence on their management policies but does not have control. An investment in an associate is accounted for using the equity method on all associates from the date the Group obtains significant influence until the date the Group loses significant influence.

c) Joint arrangements

A joint arrangement is an arrangement in which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

The Group classifies its involvement in joint arrangements, depending on the rights and obligations of the parties involved in the arrangements, into joint operations (where the Group has rights to the assets and obligations to the liabilities in relation to the arrangements) and joint ventures (where the Group has only rights to the net assets in the arrangements).

The Group recognizes its share of the assets, liabilities, income and expenses related to joint operations.

The Group accounts for its equity in joint ventures using the equity method.

(2) Business combinations

Business combinations are accounted for using the acquisition method.

Based on the acquisition method, acquisition costs are the sum of the considerations measured at fair value at the acquisition date and the amount of non-controlling interest in the acquiree. Non-controlling interests are measured at either fair value or the proportionate share in the recognized net amount of the acquiree's identifiable assets and liabilities. Acquisition-related costs are recognized as expenses in the period during which the costs are incurred.

In the case that the sum of fair value of the consideration, non-controlling interests in the acquiree and the fair value of the proportionate share that the Group has held before at the date the Group obtains control of the acquiree exceeds the net amount of identifiable assets and liabilities, the difference is recognized as goodwill. On the other hand, if the sum of the considerations of acquisition is lower than the net amount of identifiable assets and liabilities, the difference is recognized as profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported in the consolidated financial statements. The provisional amounts recognized at the acquisition date are retrospectively adjusted during the measurement period. The measurement period is the period starting from the acquisition date and lasting up to a maximum of one year, during which the Group obtains comprehensive information about facts and circumstances that existed at the acquisition date.

(3) Foreign currency translation

Each company in the Group determines its own functional currency for its separate financial statements, and transactions of these companies are presented in their functional currency. However, the consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

Foreign currency transactions are translated into the Company's functional currency using exchange rates at the date of transactions or approximations of rates at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot exchange rates at the consolidated fiscal year-end date. Exchange differences arising from translation or settlement are recognized in profit or loss.

For the purpose of recording operating results and financial positions of foreign operations in the consolidated financial statements, assets and liabilities of foreign operations are presented in Japanese yen translated at spot exchange rates at the consolidated fiscal year-end date. Income and expense items of foreign operations are translated at average exchange rates. The resulting translation differences are recognized as other comprehensive income, while the cumulative amounts are recognized as other components of equity. In addition, accumulated translation differences are recognized as profit or loss when the foreign operations are disposed of.

(4) Revenue

The Group recognizes revenue from contracts with customers based on the following five-step approach. Considerations of revenue recognized by the Group are usually received within one year from satisfaction of performance obligations and do not include any significant financing component.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

a) Revenue from pharmaceutical goods sales

The Group usually recognizes revenue from pharmaceutical goods sales on delivery of the goods as the Group judges that its performance obligations are satisfied when the customer obtains control of the goods on delivery. The amount of revenue is measured as the promised considerations in a contract with the customer less discounts,

rebates and returned goods estimated by the most likely amount method, based on the contract conditions and past results.

b) License revenue

The Group recognizes license revenue such as upfront payments, milestone payments and sales-based royalties for its developing or developed products.

For revenue related to upfront payments and milestone payments, in case that the Group judges that the performance obligations are satisfied when the customer obtains control of the license at the point in time that the license is granted, the Group recognizes the revenue at that point in time.

The Group recognizes revenue from sales-based royalties when subsequent sales occur or the performance obligations allocated to sales-based royalties are satisfied, whichever is later.

c) Co-promotion revenue (provision of services)

The Group recognizes co-promotion revenue when it provides co-promotion activities to the customer as the Group judges that its performance obligations are satisfied at the point in time. The Group recognizes its portion of the expenses incurred from the co-promotion activities as selling, general and administrative expenses.

(5) 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 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 selling, general and administrative expenses as co-promotion expenses.

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

a) License grant

In accordance with the above "(4) Revenue: b) License revenue", license grant is recognized as revenue. 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 selling, general and administrative expenses) according to the progress and results of co-promotion activity.

Global Strategic Collaboration for anticancer agent Lenvima between Eisai Co., Ltd. and Merck & Co., Inc., Rahway, NJ, USA

In March 2018, the Company entered into Global Strategic Collaboration for anticancer agent Lenvima with Merck & Co., Inc., Rahway, NJ, USA focusing on the oncology field. Under the agreement, the Company and Merck & Co., Inc., Rahway, NJ, USA are co-developing and co-promoting Lenvima, both as monotherapy and in combination with Merck & Co., Inc., Rahway, NJ, USA's anti-PD-1 therapy, pembrolizumab.

Merck & Co., Inc., Rahway, NJ, USA paid the Group an upfront payment of $300 million. In addition, Merck & Co., Inc., Rahway, NJ, USA paid up to a maximum payment of $650 million for certain option rights before the fiscal year ended March 31, 2021. Besides, Merck & Co., Inc., Rahway, NJ, USA paid the Group $450 million as reimbursement for R&D expenses when the agreement was conducted. Furthermore, the Group is eligible to receive up to $385 million associated with the achievements of certain clinical and regulatory milestones and a maximum of up to $3,975 million for the achievements of milestones associated with sales.

Accounting procedures regarding the agreement are as follows:

- Since establishment of the collaboration, revenue and cost of sales for Lenvima are recorded by the Group. Selling, general and administrative expenses related to Lenvima in the Group as well as shared profit for Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA are recorded on selling, general and administrative expenses.
- R&D expenses related to Lenvima in connection with monotherapy and in combination with pembrolizumab are also shared equally between the two companies. When the agreement was conducted, the Group received $450 million as reimbursement for R&D expenses from Merck & Co., Inc., Rahway, NJ, USA and recorded it as deposits received. On each occasion that R&D expenses related to Lenvima occur in the Group, the Group withdraw these deposits received and record as reversal of R&D expenses. By the end of the fiscal year ended March 31, 2021, all deposits received from Merck & Co., Inc., Rahway, NJ, USA had been fully withdrawn.
- Under this agreement, the Group allocates the upfront payment, certain option rights and sales milestone payments to the consideration of the license grant. According to the regulatory milestone payments applied, the Group allocates them to the considerations of the licensing and co-development activity, respectively.

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 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 in the period prior to December 31, 2022, 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.

The co-development and co-promotion agreements were changed in March 2022. Effective as of January 1, 2023, the Company will receive a tiered royalty based on net sales of ADUHELM rather than above-mentioned sharing global profits and losses .

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 incurred after the time of agreement. 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.

(6) Research and development expenses

a) Research expenses

Expenditures on research activities (including collaborative research and contract research) are recognized as R&D expenses.

b) Development expenses

Expenditures on development activities are recognized as intangible assets only if they meet the conditions of internally generated intangible assets. Internally incurred development expenses in the Group do not meet these conditions as there are risks that developing products may not get marketing authorization and developing activities may be delayed or discontinued. Therefore, these are recognized as R&D expenses.

Acquired in-process research and development investments from external entities are recognized as intangible assets.

In case that the Group receives contributions for developments from alliance partners in accordance with the collaborative research and development agreement, the contributions are deducted from R&D expenses according to the progress of development activities.

(7) Employee benefits

a) Post-employment benefits

The Group has adopted defined benefit plans and defined contribution plans.

Regarding defined benefit plans, current service costs are recognized as expenses using the projected unit credit method in actuarial calculations made at each consolidated fiscal year-end date. All of the actuarial gains/losses incurred in the period are recognized as other comprehensive income, while the cumulative amounts are reclassified to retained earnings after they are recognized as other components of equity. Retirement benefit liabilities recognized in the consolidated financial statements are the net defined benefit plan obligations that the present value of the defined benefit obligations less the fair value of the plan assets, while retirement benefit assets will be recognized if the fair value of the plan assets exceeds the present value of the defined benefit plan obligations. Regarding defined contribution plans, contributions of the Group are recognized as expenses at the time employees render services that give pension rights to them.

b) Termination benefits

Termination benefits are provided in case that the Group decides to terminate an employee's employment before the normal retirement date, or an employee voluntarily decides to accept an offer of benefits in exchange for the termination of employment. The termination benefits are recognized as expenses upon termination of employment when the Group can no longer withdraw the offer of the benefits or the restructuring costs related to termination benefits are recognized, whichever comes first. Termination benefits are measured based on the number of employees expected to accept the offer if the Group offers incentives to early voluntary retirement to employees.

(8) Share-based payments

a) Stock option system

The Company had granted a part of directors, corporate officers and employees equity-settled share-based payments (stock options) until the fiscal year ended March 31, 2013.

Services received as considerations of stock options are recognized as expenses, while corresponding amounts are recognized as an increase in equity. These expenses are the fair value of stock options that are evaluated by using appropriate price models at the grant date, and recognized as expenses using the straight-line method over the vesting period. Expired rates at the time of final vesting are considered when the Company makes estimations for evaluation. In case that the estimation is revised, adjustments are made over the remaining vesting period.

b) Performance-related share-based compensation system

The Company has introduced a performance-related share-based compensation system that distributes the Company's shares to corporate officers every year based on performance from the fiscal year ended March 31, 2014. The Group measures considerations of services rendered referring to the fair value of the Company's shares granted. Considerations of services calculated are recognized as expenses while the corresponding amount is recognized as an increase in equity.

(9) Income taxes

Income taxes are presented as the sum of current income taxes and deferred income taxes.

a) Current income taxes

Current income taxes are calculated based on current taxable income. Tax rates that have been enacted or substantively enacted at the consolidated fiscal year-end date are used for tax calculation. Income taxes receivable and payable are measured at the amount expected to be paid to or refunded from the taxation authorities.

b) Deferred income taxes

Deferred income taxes are calculated based on temporary differences between the tax base and the carrying amount for assets and liabilities using the balance sheet liability method. In principle, deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized only when it is probable that taxable income will be available against which the deductible temporary differences can be utilized. However, the following deferred tax assets and liabilities on temporary differences are not recognized.

(i) Temporary differences arising from goodwill

(ii) Temporary differences arising from the initial recognition of assets or liabilities in transactions which affect neither accounting profit nor taxable income (except for a business combination).

Regarding taxable temporary differences arising from investments in subsidiaries and associates, deferred tax liabilities are not recognized if the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

Furthermore, regarding deductible temporary differences arising from investments in subsidiaries and associates, deferred tax assets are recognized only when sufficient taxable income in order to realize benefits from the temporary differences will be available, and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated using tax rates that will be expected to be applied when the deferred tax assets will be recovered or the deferred tax liabilities will be settled based on acts that have been enacted or substantively enacted by the consolidated fiscal year-end date.

Deferred tax assets and liabilities are offset when the Company or its subsidiaries have legally enforceable rights to offset income tax receivables and payables, and they intend to settle them as offset amounts.

(10) Property, plant and equipment

Property, plant and equipment is measured using the cost model and is presented at acquisition cost less accumulated depreciation and accumulated impairment loss.

The acquisition cost includes any costs directly attributable to purchase of assets and present value of removal and restoration costs. In case that certain conditions are met, borrowing costs that are directly attributable to the acquisition and construction of assets are included in the acquisition costs of the assets.

Depreciation is recognized by reducing acquisition cost of assets less residual value using the straight-line method over the estimated useful lives of the assets. Estimated useful lives, residual value and depreciation methods are reviewed at each consolidated fiscal year-end date, and the effects of any changes in estimation are reflected on a prospective basis.

The estimated useful lives of significant property, plant and equipment are as follows. Details of Right-of-use assets are described in “(18) Leases”.

(i) Buildings	15 to 50 years
(ii) Machinery and equipment	5 to 20 years
(iii) Right-of-use assets	3 to 20 years

Gains/losses arising from sales or disposal of property, plant and equipment are presented as other income or other expenses.

(11) Intangible assets

Intangible assets are measured using the cost model and are presented at acquisition cost less accumulated amortization and accumulated impairment loss.

Intangible assets acquired separately are measured at the acquisition costs upon initial recognition. Those acquired through business combinations are measured at fair value at the acquisition date.

Amortization is recognized by using the straight-line method over the estimated useful lives of the intangible assets. Estimated useful lives, residual value and amortization methods are reviewed at each consolidated fiscal year-end date, and the effects of any changes in estimation are reflected on a prospective basis.

The estimated useful lives of significant intangible assets are as follows:

(i) Sales rights	5 to 15 years
(ii) Core technology	20 years
(iii) Software	5 years

Accounting treatments for in-process research and development investments are as follows:

a) In-process research and development investments (IPR&D assets) acquired separately

Intangible assets acquired separately that meet the following conditions are recognized as assets:

(i) It is probable that the expected future economic benefits attributable to the asset will flow to the Group

(ii) The cost of the asset can be measured reliably

Expenditures of acquiring IPR&D investments from external entities (upfront payments and milestone payments) are recognized as IPR&D assets as they meet these conditions.

Subsequent internal development expenses on IPR&D assets are recognized as R&D expenses.

IPR&D assets are reclassified to sales rights when their products become available for sale, and are amortized using the straight-line method over their estimated useful lives. Estimated useful lives are determined by the projected cash flow period, which is based on the period of legal protection granted by patents.

b) IPR&D investments acquired through business combinations

IPR&D investments acquired through business combinations and recognized separately from goodwill meet the conditions listed in a) above. Therefore, these are measured at fair value at the acquisition date and recognized as IPR&D assets.

IPR&D assets are reclassified to sales rights when their products become available for sale, and are amortized using the straight-line method over the estimated useful lives. Estimated useful lives are determined by the projected cash flow period, which is based on the period of legal protection granted by patents.

(12) Impairment of property, plant and equipment and intangible assets

At the end of each fiscal year, the Group assesses whether there is any indication that property, plant and equipment and intangible assets are impaired, and if any such indication exists, an impairment test is performed. Intangible assets with indefinite useful lives or not yet available for use are tested for impairment at the same time every year or when there is an indication that the assets might be impaired.

As an impairment test, a recoverable amount is estimated and compared with a carrying amount. The recoverable amount is the higher of fair value less expenses for sales or value in use. Value in use is calculated as the present value of estimated future cash flows. In case that a recoverable amount of the asset is lower than the carrying amount, an impairment loss is recognized, and the carrying amount is reduced to the recoverable amount.

(13) Goodwill

Goodwill arising from business combinations is recognized as an asset at the date the Group obtains control of the entity (acquisition date). Goodwill is measured as the amount by which the sum of the fair value of the consideration, non-controlling interests in the acquiree and fair value of the proportionate share that the Group holds at the date the Group obtains control of the acquiree exceeds the net amount of identifiable assets and liabilities. On the other hand, if the sum of the acquisition costs is lower than the net amount of identifiable assets and liabilities, the difference is directly recognized as profit or loss.

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Goodwill is not amortized; however, an impairment test is performed for cash-generating units or groups of cash-generating units to which goodwill is allocated at the same time every year or when there is an indication that the assets might be impaired. In case that a recoverable amount of cash-generating units or groups of cash-generating units is lower than the carrying amount, the reduction is recognized as an impairment loss.

(14) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs are determined using the weighted-average cost method. The net realizable value is determined as the estimated selling price less the estimated costs necessary to complete goods and expenses necessary to sell.

(15) Financial assets

a) Classification of financial assets

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

1) Financial assets measured at amortized cost

Debt financial assets that meet the conditions below are classified as financial assets measured at amortized cost.

(i) The assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows

(ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely related to payments of principal and interest on the principal amount outstanding

The financial assets measured at amortized cost are initially recognized as the sum of the fair value and transaction costs, and recognized at amortized cost calculated by the effective interest method less impairment loss after initial recognition.

2) FVTOCI financial assets (Debt financial assets)

Debt financial assets that meet the conditions below are classified as FVTOCI financial assets.

(i) The assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

(ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely related to payments of principal and interest on the principal amount outstanding

The financial assets are initially recognized as the sum of fair value and transaction costs. Movements of fair value as well as gains/losses on derecognition are recognized in other comprehensive income.

3) FVTOCI financial assets (Equity financial assets)

All equity instruments are classified as FVTOCI financial assets.

The financial assets are initially recognized as the sum of fair value and transaction costs. Movements of fair value as well as gains/losses on derecognition are recognized in other comprehensive income, while the cumulative amounts are reclassified to retained earnings after they are recognized as other components of equity.

Dividends on the financial assets are recognized as financial income when a right to receive dividends is vested except for the case that the dividend obviously indicates the collection of acquisition cost of investment.

4) FVTPL financial assets

Debt financial assets that are not classified as financial assets measured at amortized cost or FVTOCI financial assets are classified as FVTPL financial assets.

FVTPL financial assets are initially recognized at fair value, and any movements of fair value as well as gains/losses on derecognition are recognized as financial income/expenses after initial recognition.

b) Impairment of financial assets

The Group estimates expected credit losses on financial assets measured at amortized cost as well as FVTOCI financial assets (debt financial assets) and recognizes the loss allowance. The loss allowance for these financial assets is measured at an amount equal to 12-month expected credit losses if the credit risk of a financial asset has not increased significantly since initial recognition. As for trade receivables that do not contain a significant financing component, the allowance is measured at an amount equal to lifetime expected credit losses, regardless of whether the credit risk of a financial asset has not increased significantly since initial recognition.

The allowance is recognized as profit or loss. The reversal of loss allowance is recognized in profit or loss when a certain event occurs to reduce the allowance amount in latter periods. Previously recognized impairment loss is reversed by adjusting an allowance account when a certain event occurs to reduce the allowance amount in later periods.

c) Derecognition

The Group derecognizes financial assets only when the contractual right to the cash flows from the financial assets expire or the Group transfers the financial assets and almost all the risks and rewards of ownership of the asset to counterparty. Gains/losses on derecognition relating to financial assets measured at amortized cost and FVTPL

financial assets are recognized as financial income/expenses. Gains/losses on derecognition relating to FVTOCI financial assets are recognized as a component of other comprehensive income.

(16) Hedge accounting

The Group reduces the risks related to changes in interest and exchange rates by utilizing derivatives including interest rate swap contracts and forward foreign exchange contracts and other factors. These derivatives are measured at fair value and recognized as assets or liabilities at the contract date.

Change in fair value after initial recognition are recognized as profit or loss if the hedged items and hedging instruments do not meet the conditions of hedge accounting. The accounting treatments that meet the conditions of hedge accounting are as follows:

a) Fair value hedges

Regarding derivatives for the purpose of hedging risks of changes in fair value of hedged items, these changes in fair value are immediately recognized in profit or loss. At the same time, the changes in fair value on the hedged items attributable to the hedged risk adjust the carrying amount of the hedged items, and are recognized in profit or loss.

b) Cash flow hedges

Regarding derivatives for the purpose of hedging risks of changes in fair value of hedged cash flows, the change in fair value of derivative assets or liabilities are recognized in other comprehensive income, while cumulative amounts are recognized as other components of equity until the changes in fair value of hedged items are recognized as profit or loss. The amounts recognized as other components of equity are reclassified to profit or loss when the change in fair value of hedged items are recognized as profit or loss, in order to offset the effects.

(17) Provisions

Provisions are recognized when the Group has a legal or constructive obligation arising from a past event that can be measured with sufficient reliability as a present obligation, and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the consolidated fiscal year-end date, considering risks and uncertainties. The carrying amount of a provision is measured at estimated cash flows that are discounted to be the present value when the effect of the time value of money is material. When discounting is used, the increase in carrying amount of a provision in each period to reflect the passage of time is recognized as a financial cost.

a) Provision for sales rebates

To account for possible sales rebates for finished goods and merchandise sold that may be incurred after the consolidated fiscal year-end date, provision for sales rebates is provided by multiplying the amount of revenue by the estimated sales rebate ratio. It is expected to be mainly settled within one year from the consolidated fiscal year-end date.

b) Provision for asset retirement obligations

To account for the obligation of restoring the rental buildings and lands on which the Group is located and removing harmful materials related to property, plant and equipment which the Group is using, a provision for asset retirement obligations is estimated and recognized depending on individual circumstances that is based on an estimated usage period determined by past results of restoration and the useful lives of additional fixtures in the rental buildings. It is expected to be mainly settled over one year from the consolidated fiscal year-end date.

c) Provision for restructuring costs

Provision for restructuring costs is mainly related to restructuring of the business organization and expected to be mainly settled within one year from the consolidated fiscal year-end date. Provision for restructuring costs is recognized when the Group has a detailed formal plan for restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement that plan or announcing its scheme.

(18) Leases

a) Lessee accounting

Right-of-use assets and lease liabilities are recognized by the Group at the lease commencement date.

Right-of-use assets are measured applying a cost model and the amount shown in the consolidated statement of financial position equals the cost less accumulated depreciation and accumulated impairment losses. The cost comprises the amount of the initial measurement of the lease liabilities, plus any initial direct costs incurred, and the present value of an estimate of costs to be incurred in removing and restoring the underlying assets, less any lease incentives received. Depreciation is recognized on a straight-line basis over the period from the lease commencement date to the end of the estimated useful life of the right-of-use asset or the end of the lease term, whichever comes first.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the Group generally uses the Group's incremental borrowing rate as the discount rate. After the initial measurement, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. In case that lease contracts are modified or renewed, the lease liabilities are subsequently reassessed by remeasuring to reflect changes to the lease conditions. Following the remeasurement of lease liabilities, a revision to the carrying amount of right-of-use assets is recognized.

The Group elects not to recognize right-of-use assets and lease liabilities for those leases with a short term of no more than 12 months and those with small amount of assets, but recognizes the lease payments related to aforementioned leases as expenses by applying a straight-line method over the lease terms.

b) Lessor accounting

Leases that transfer substantially all the risks and rewards incidental to ownership of underlying assets are classified as a finance lease. Assets held as a finance lease are recognized and presented as a receivable at an amount equal to the net investment in the lease.

Leases that do not transfer substantially all the risks and rewards incidental to ownership of underlying assets are classified as an operating lease. Lease payments from operating leases are recognized as income by applying a straight-line method over the lease terms.

(Significant Accounting Estimates and Judgments)

Preparation of the consolidated financial statements of the Group requires management estimates and judgments.

(1) Significant accounting estimates and assumptions

Significant items that require management estimates and assumptions are as follows. Underlying assumptions for estimation are continuously reviewed. Effects of changes in estimates are recognized in that period and future periods. Furthermore, significant revisions to carrying amounts of assets and liabilities may be required in the future as a result of uncertainties related to these estimates and assumptions.

a) Impairment test of goodwill and intangible assets

Impairment test of goodwill and intangible assets is performed based on the method of estimating future cash flows expected to arise from cash-generating units or groups of cash-generating units, growth rates and discount rates for measuring present value.

b) Estimates of useful lives of property, plant and equipment and intangible assets

Useful lives of property, plant and equipment and intangible assets are reviewed at the consolidated fiscal year-end date.

c) Evaluation of fair value of financial instruments

Evaluation methods including input that are not based on observable market data are used in order to estimate the fair value of specific financial assets.

d) Post-employment benefits

Defined benefit obligations are affected by assumptions used for actuarial calculation. Discount rate, future payroll level, turnover and mortality rates and other factors used for assumptions are determined based on the latest market data and statistics.

e) Income taxes

Current income taxes are recognized as the amount expected to be paid to each tax authority by reasonable estimates in accordance with tax laws and regulations.

Deferred tax liabilities are recognized based on the estimates of revised current income taxes as a result of the tax audit. The Group offsets deferred tax assets and deferred tax liabilities levied on the same taxable entity. If the actual amount settled by the tax audit is different from the estimated amount, the difference is recognized in the period in which the actual amount is settled.

Furthermore, deferred tax assets are recognized only when it is probable that taxable profit will be available against which the deductible temporary differences and tax loss carryforwards can be utilized. Based on its business plan and other factors, the Group makes reasonable estimates of the period and the amount of taxable profit will be available in future period, and evaluates the potential taxable profit.

(2) Significant accounting judgments

Significant judgements of recognizing the date and the amount of revenue generated from the contracts with customers is described in the above “(Significant Accounting Policies) (4) Revenue and (5) Co-development and co-promotion”.

(Segment Information)

(1) General 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).

(2) Reporting segments

(Millions of yen)

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2021	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan	214,046	61,225	231,899	83,869
Americas	172,016	79,201	142,801	64,679
China	106,420	55,445	85,080	40,396
EMEA	59,339	40,931	55,240	25,695
Asia and Latin America	50,632	20,800	45,889	18,639
OTC and others	23,829	4,702	25,150	5,075
Reporting segment total	626,281	262,305	586,060	238,354
Other business (Note 1)	129,945	121,649	59,881	51,485
Total	756,226	383,954	645,942	289,838
R&D expenses (Note 2) (Note 3)	—	(171,738)	—	(150,319)
Group headquarters' management costs and other expenses (Note 3) (Note 4)	—	(158,466)	—	(88,007)
Operating profit in the consolidated statement of income	—	53,750	—	51,511

(Note 1) "Other business" mainly includes the license revenue and pharmaceutical ingredient business of the parent company. For the fiscal year ended March 31, 2022, both revenue and segment profit (loss) included 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 ¥69,171 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima. For the fiscal year ended March 31, 2021, both revenue and segment profit (loss) included one-time option payment of ¥12,885 million and milestone payments of ¥20,700 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima.

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

(Note 3) As a result of applying the changes in accounting policies related to "Configuration or customization costs in a cloud computing agreement (related to IAS 38)" retroactively, segment profit (loss) of R&D expenses increased

by ¥20 million, and segment profit (loss) of Group headquarters' management costs and other expenses increased by ¥234 million, compared to the amounts prior to the retroactive application.

(Note 4) "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 fiscal year ended March 31, 2022, shared profit of ¥90,705 million (¥60,219 million for the fiscal year ended March 31, 2021) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA was included in Group headquarters' management costs and other expenses.

(3) Information on major products

Revenue from external customers

(Millions of yen)

	Neurology products	Oncology products	Others	Total
Fiscal year ended March 31, 2022	135,613	238,540	382,073	756,226
Fiscal year ended March 31, 2021	161,384	183,293	301,265	645,942

(4) Information on major customers

Major customers (including group companies) in the consolidated statement of income are as follows:

Fiscal year ended March 31, 2022

(Millions of yen)

Name of customer	Revenue	Related segment
Merck & Co., Inc., Rahway, NJ, USA	69,171	Other business
Medipal Holdings Corporation	56,113	Japan pharmaceutical business, etc.
Alfresa Holdings Corporation	53,919	Japan pharmaceutical business, etc.

Fiscal year ended March 31, 2021

(Millions of yen)

Name of customer	Revenue	Related segment
Alfresa Holdings Corporation	57,738	Japan pharmaceutical business, etc.
Medipal Holdings Corporation	50,674	Japan pharmaceutical business, etc.
Suzuken Co., Ltd.	49,893	Japan pharmaceutical business, etc.

(5) Information on major regions

Revenue from external customers (Note 1)

(Millions of yen)

	Japan	Americas (Note 2) (Note 3)	Europe (Note 4)	China	Others	Total
Fiscal year ended March 31, 2022	243,385	226,719	126,745	106,592	52,784	756,226
Fiscal year ended March 31, 2021	263,520	160,433	87,562	84,883	49,544	645,942

(Note 1) Revenue from external customers are categorized by country or region based on the location of the customer. Major areas and countries included in this category other than Japan and China are as follows:

a) Americas: North America, Central and South America

b) Europe: United Kingdom, France, Germany, Spain

c) Others: Asia, Middle East, Oceania

(Note 2) Revenue for the fiscal year ended March 31, 2022, in the U.S., which is included in Americas, was ¥172,496 million (¥157,646 million for the fiscal year ended March 31, 2021).

(Note 3) For the fiscal year ended March 31, 2022, revenue included an upfront payment of ¥49,649 million from Bristol Myers Squibb under the strategic collaboration for antibody drug conjugate MORAb-202.

(Note 4) For the fiscal year ended March 31, 2022, revenue included milestone payments of ¥69,171 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima. For the fiscal year ended March 31, 2021, revenue included one-time option payment of ¥12,885 million and milestone payments of ¥20,700 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima.

Non-current assets (Note 1)

(Millions of yen)

	Japan	Americas (Note 2)	Europe	China	Others	Total
As of March 31, 2022	179,114	240,843	16,290	17,381	7,014	460,643
As of March 31, 2021	185,933	217,710	15,341	17,484	6,792	443,259

(Note 1) Non-current assets are categorized by country or region based on the location of assets.
Major areas and countries included in this category other than Japan and China are as follows:
a) Americas: North America, Central and South America
b) Europe: United Kingdom, France, Germany, Spain
c) Others: Asia, Middle East, Oceania
Non-current assets are mainly composed of property, plant and equipment, goodwill and intangible assets, excluding financial assets, deferred tax assets and retirement benefit assets.

(Note 2) The carrying amount of non-current assets as of March 31, 2022, in the U.S., which is included in Americas, was ¥240,677 million (¥217,539 million as of March 31, 2021).

(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 fiscal years ended March 31, 2022 and March 31, 2021 was recognized based on contracts with customers.

Fiscal year ended March 31, 2022

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	202,554	2,972	8,520	214,046
Americas	167,198	4,683	134	172,016
China	101,830	4,590	—	106,420
EMEA	59,339	—	—	59,339
Asia and Latin America	50,281	351	—	50,632
OTC and others	23,829	—	—	23,829
Reporting segment total	605,032	12,595	8,654	626,281
Other business (Note 1)	—	121,075	8,870	129,945
Total	605,032	133,670	17,524	756,226

(Note 1) “Other business” mainly includes the license revenue and pharmaceutical ingredient business of the parent company. For the fiscal year ended March 31, 2022, license revenue included 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 ¥69,171 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima.

Fiscal year ended March 31, 2021

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	205,859	2,067	23,974	231,899
Americas	132,854	9,864	84	142,801
China	85,072	8	—	85,080
EMEA	55,240	—	—	55,240
Asia and Latin America	45,765	124	—	45,889
OTC and others	25,150	—	—	25,150
Reporting segment total	549,940	12,062	24,058	586,060
Other business (Note 1)	—	50,009	9,872	59,881
Total	549,940	62,071	33,930	645,942

(Note 1) “Other business” mainly includes the license revenue and pharmaceutical ingredient business of the parent company. For the fiscal year ended March 31, 2021, one-time option payment of ¥12,885 million and milestone payments of ¥20,700 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima were included in license revenue.

(2) Cost of sales

For the fiscal year ended March 31, 2022, estimated future cash flows related to Alzheimer’s disease treatment ADUHELM decreased due to changes in business environment and other factors. As the recoverable amount of the associated sales rights is lower than the carrying amount, the Group recorded total carrying amount of ¥7,989 million related to sales rights as impairment losses in cost of sales. The impairment losses were not allocated to any particular segment but were included in Group headquarters’ management costs and other expenses.

(3) Employee benefits

For the fiscal year ended March 31, 2022, 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 fiscal year ended March 31, 2021, 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.

(4) Selling, general and administrative expenses

For the fiscal year ended March 31, 2022, the Group recognized shared profit of ¥90,705 million (¥60,219 million for the fiscal year ended March 31, 2021) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA as SG&A expenses.

(5) R&D expenses

For the fiscal year ended March 31, 2022, 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 ¥2,026 million related to IPR&D assets as R&D expenses. In addition, the Group recorded ¥5,262 million in R&D expenses due to the return of subsidies received in the previous fiscal year regarding some developing products that had been discontinued due to revaluation of its R&D pipeline.

(6) Details regarding expenses

Information on the nature of cost of sales, selling, general and administrative expenses (SG&A expenses), and R&D expenses is as follows:

Fiscal year ended March 31, 2022

(Millions of yen)

	Cost of sales	SG&A expenses	R&D expenses	Total
Depreciation and amortization	17,326	9,583	11,490	38,398
Impairment losses (Note 1)	9,228	175	2,026	11,429
Short-term employee benefits	15,240	93,120	51,968	160,328
Post-employment benefits	690	3,572	1,937	6,199
Termination benefits (Note 2)	240	4,534	192	4,967

(Note 1) The impairment losses recognized in "China pharmaceutical business" and "Other business" are ¥1,329 million and ¥85 million, respectively. Impairment losses of ¥7,989 million related to sales rights of Alzheimer's disease treatment ADUHELM and impairment losses of ¥2,026 million recognized as R&D expenses were not allocated to any particular segment.

(Note 2) The termination benefits are described in "(Consolidated Statement of Income) (3) Employee benefits".

Fiscal year ended March 31, 2021

(Millions of yen)

	Cost of sales	SG&A expenses	R&D expenses	Total
Depreciation and amortization	16,500	8,379	10,888	35,767
Impairment losses (Note 1)	213	—	—	213
Reversal of impairment losses (Note 2)	(160)	—	—	(160)
Short-term employee benefits	13,213	84,880	45,191	143,284
Post-employment benefits	654	3,475	1,727	5,857
Termination benefits (Note 3)	300	2,747	505	3,553

(Note 1) The impairment losses recognized in “Japan pharmaceutical business” and “China pharmaceutical business” were ¥110 million and ¥102 million, respectively.

(Note 2) The reversal of impairment losses recognized in “Asia and Latin America pharmaceutical business” were ¥160 million.

(Note 3) The termination benefits are described in “(Consolidated Statement of Income) (3) Employee benefits”.

(7) Other income

For the fiscal year ended March 31, 2022, the Group recognized gains on sale of non-current assets of ¥13,398 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.

(8) Other expenses

For the fiscal year ended March 31, 2022, the Group recorded exchange loss of ¥2,083 million (¥1,453 million for the fiscal year ended March 31, 2021)

(Earnings Per Share)

(1) Earnings per share attributable to owners of the parent (basic)

The basis for calculating earnings per share attributable to owners of the parent (basic) for the fiscal years ended March 31, 2022 and March 31, 2021, respectively, is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
Profit for the year attributable to owners of the parent (Millions of yen)	47,954	41,942
Weighted average number of common shares during the year (Thousands of shares)	286,685	286,616
Earnings per share attributable to owners of the parent (basic) (Yen)	167.27	146.34

(2) Earnings per share attributable to owners of the parent (diluted)

The basis for calculating earnings per share attributable to owners of the parent (diluted) for the fiscal years ended March 31, 2022 and March 31, 2021, respectively, is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
Profit for the year attributable to owners of the parent (Millions of yen)	47,954	41,942
Adjustment of profit for the year attributable to owners of the parent (Millions of yen)	—	—
Profit for the year used for calculating diluted earnings per share (Millions of yen)	47,954	41,942
Weighted average number of common shares during the year (Thousands of shares)	286,685	286,616
Increase in number of common shares under stock options (Thousands of shares) (Note 1)	43	97
Weighted average number of diluted common shares during the year (Thousands of shares)	286,729	286,713
Earnings per share attributable to owners of the parent (diluted) (Yen)	167.25	146.29

(Note 1) There are no common shares reserved under the stock option plan that are excluded from the calculation of earnings per share attributable to owners of the parent (diluted) due to antidilutive effects for the fiscal years ended March 31, 2022 and March 31, 2021.

(Consolidated Statement of Cash Flows)

(1) The breakdown of the (increase) decrease in working capital for the fiscal years ended March 31, 2022 and March 31, 2021, respectively, is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
(Increase) decrease in trade receivables	(40,140)	25,647
(Increase) decrease in inventories	(6,337)	(13,983)
(Increase) decrease in other receivables	504	(2,122)
Increase (decrease) in trade payables	1,033	(1,367)
Increase (decrease) in deposits received	21,516	(10,673)
Increase (decrease) in other payables	57,558	2,764
(Increase) decrease in working capital	34,135	264

(2) Proceeds from sale of property, plant and equipment and intangible assets

For the fiscal year ended March 31, 2022, proceeds from sale of property, plant and equipment and intangible assets of ¥13,445 million consisted mainly of proceeds from the divestiture of the Group's rights for the antiepileptic agent Zonegran in Europe and other regions

(3) Net cash outflow on acquisition of subsidiaries

It is described in "(Business Combinations) (7) Net cash outflow on acquisition of subsidiaries".

(Business Combinations)

Fiscal year ended March 31, 2022

Fiscal year ended March 31, 2022, the Company acquired a majority of the shares issued by Arteryex Inc. and made it a subsidiary.

(1) Name of the acquiree

Arteryex Inc.

(2) Acquisition date

March 31, 2022

(3) Method for acquiring shares

Acquisition of shares by cash

(4) Percentage of voting rights for the acquisition

64.4%

(5) Primary reasons for the business combination

In medium-term business plan “EWAY Future & Beyond” which has been commenced from April 2021, the Company has a vision of “empowering patients and the general public to realize their fullest life” and aims to relieve anxiety over health via delivering not only pharmaceutical products but also solutions by utilizing the latest digital technology such as AI.

Arteryex Inc. has excellent software development capabilities and has developed its own PHR-related product services, including apps for storing and converting health-related information of patients undergoing treatment and a wide range of users into data, as well as apps for companies for employee health management. The Company aims to strengthen and rapidly expand its digital solution business base by acquiring Arteryex's development capabilities and quality PHR products through the subsidiary acquisition. Furthermore, the Company will advance the utilization of data acquired through PHR-related products, as the entire Group, leveraging the data management know-how that the Company has practiced in its medicine creation activities and disease awareness activities.

(6) Fair value of consideration transferred, assets acquired and liabilities assumed, and gain from a bargain purchase

(Millions of yen)

	As of acquisition date (March 31, 2022)
Acquisition costs	2,264
Non-controlling interests of acquired subsidiary (Note 1)	280
Assets acquired and liabilities assumed	
Cash and cash equivalents	827
Other assets	52
Liabilities	91
Goodwill	1,757

(Note 1) Non-controlling interests are measured as the ratio of non-controlling interests to the fair value of the acquired company's identifiable net assets.

(7) Net cash outflow on acquisition of subsidiaries

Net cash outflow on acquisition of subsidiaries was ¥1,217 million after deduction of the subsidiary’s cash and cash equivalents of ¥827 million from the already paid amount of ¥2,044 million which was included in acquisition costs of ¥2,264 million.

(Significant Subsequent Events)

Not applicable

5. Other

1) Forecasts and Risk Factors

The 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.

(1) Corporate Philosophy

Management based on the Corporate Philosophy	The Company has adopted the Corporate Philosophy of giving first thought to patients and their families, and to increasing the benefits health care provides, as well as stipulated these in its Articles of Incorporation and shared with stakeholders. Furthermore, the Company has expanded its perspective from “patients and their families” to “patients and the general public.” The Company regards these as its “Purpose.” We believe that the increased benefit to patients and the general public resulting from achievement of these aims will lead to improved performance of the Group and increased corporate value in the long term. The strategic intent of the medium-term business plan “EWAY Future & Beyond” that has started in April 2021 as well as a business model in *hhc*eco (*hhc* Philosophy + ecosystem) Declaration that has been announced in May 2022 are also based on the Corporate Philosophy of *hhc*. The powerful motivation generated by understanding the true needs of patients as a company that efficiently achieves the social good in the form of relieving anxiety over health and reducing health disparities is the source of the Group’s innovation. In addition, we view the importance of promoting the information management/ provision, etc., needed to promote further the R&D of new drugs, produce and sell high-quality products, and achieve safe use of pharmaceuticals, on a foundation of controls, aimed at creating patient value, as “Integrity.” This Philosophy is also the building block of our ESG efforts, such as provision of a lymphatic filariasis treatment free of charge, improvement of access to medicines, and building of a community that coexists with dementia. Accordingly, insufficient permeation of the Corporate Philosophy throughout the Group, stagnation of the implementation of management aimed at implementing the Philosophy, and other factors that hinder the full increase of benefit to patients and the general public may have significant impact not only on the Group’s business performance, but also on the improvement of corporate value, including non-financial value.

(2) Business Strategy

Maximizing the value of next-generation Alzheimer's Disease (AD) treatments	The Group has established maximizing the value of next-generation Alzheimer's disease (AD) treatments as one of the most important strategies in the medium-term business plan "EWAY Future & Beyond." In the process of executing that strategy, the Group aims to build a platform (Eisai Universal Platform: EUP) through permeation of awareness on illness that is aligned with patient journey which consists of new recognition of the illness to diagnosis, treatment, and subsequent daily living, establishment of diagnosis methods that utilize cognitive function testing, positron emission tomography (PET), and cerebrospinal fluid (CSF), etc., and establishment of a follow-up structure to ensure safety. If these cannot be completed, next-generation Alzheimer's disease (AD) treatments might not sufficiently reach patients and it may not be possible to earn the revenue anticipated in the future. If patients' access to next-generation AD treatments is restricted due to various external factors, it might also not be possible to earn the revenue anticipated in the future. For example, in April 2022, the U.S. Centers for Medicare and Medicaid Services (CMS) announced its decision to restrict its coverage of AD treatment ADUHELM (aducanumab), aligned with Biogen, in the United States to only some patients who participated in clinical trials. If the anti-amyloid β protofibril antibody lecanemab, for which the Group leads development, does not meet the CMS' requirements for National Coverage Determination (NCD) with quality evidence, coverage for it could similarly be restricted and patient access thereby could be restricted.
Maximizing the value of Lenvima	The Group and Merck & Co., Inc., Rahway, NJ, USA currently have over 20 clinical trials in progress for combination therapy of anticancer agent Lenvima and anti-PD-1 antibody pembrolizumab, in more than 10 different tumor types. However, it is possible that we will not be able to achieve the sales plan for Lenvima due to changes in positioning resulting from unanticipated trial results for competing products or approval timing, preventing the acquisition of approval of additional indications for Lenvima at the originally expected timing, and weakening the competitiveness of the product. Regulatory milestones, sales milestones, and other targets have been set as consideration in the revenue obtained through the Lenvima partnership model, and if these are not achieved due to a failure to achieve sales targets or acquire approval, it may not be possible to earn the revenue anticipated in the future.

Partnership model	The Group considers partnerships to be an effective means of improving business efficiency and productivity. Partnerships may be established with the aim of accelerating new drug development through utilization of the latest science and technology, or for efficient resource usage, maximization of business value, and co-development of new solutions with collaborative partners in each region. If differences of opinion arise with partners in pharmaceutical R&D, production, and sales activities that utilize partnerships to deliver pharmaceuticals as well as new solutions for people in the daily living and medical domains, the aforementioned activities may be delayed or become inefficient. It is also possible that unanticipated partnership expenses will be generated, thereby reducing the planned and anticipated profits, or otherwise hindering maximization of business value. In addition, in the event of differences in interpretation of contracts, it is possible that such differences will develop into litigation or mediation between the Group and partners, ultimately leading to dissolution of the partnership. In such cases, business performance may be significantly affected, including the prevention of the creation of new drugs or achievement of revenue in the future as expected.
Digital transformation	The Group has incorporated the major theme of implementing a digital transformation in all activities in the medium-term business plan “EWAY Future & Beyond,” with the aim of linking the thoughts and feelings of all stakeholders, accelerating problem solving, and executing solid management efficiently based on data. As the “Fourth Industrial Revolution” moves steadily forward, one of our key challenges will be to cause a paradigm shift in all aspects, from dramatically improving the speed of drug discovery and the probability of success through new technologies to providing people in the daily living and medical domains with drugs and other solutions, and achieve a digital transformation by building collaborative ecosystem (*hhc*eco) that pool our special capabilities with those of other industries. The Company will accelerate the Group-wide digital strategy, with the Chief Ecosystem Officer taking the lead. The changes in the business environment caused by the outbreak of the novel coronavirus (COVID-19) make the need for a digital transformation clear. Any delays in efforts to achieve it or factors that hinder achievement may have significant impact not only on the Group’s business performance, but also on the improvement of corporate value, including non-financial value.

(3) Pharmaceutical R&D, Production, and Sales Activities

New drug development	The Group is developing candidates for the next-generation AD treatments and many other new drugs. In regard to candidates for the next-generation AD treatments, the Group is taking the lead in the Phase III trial of lecanemab. In addition, the Group's partner Biogen has taken the lead in the Phase III trials of ADUHELM. Drug development requires long periods of time and large investments of capital. Further, it is possible that development of a drug candidate compound will be discontinued or interrupted from the perspective of efficacy or safety. For example, in 2019, Biogen and the Company announced the discontinuation of Phase III trials to verify the efficacy and safety of the beta-secretase cleaving enzyme inhibitor elenbecestat that was being developed to combat early AD. Moreover, even if clinical trials yield expected results, it is possible that the new drug approval may not be granted due to stringent regulatory processes of a country, or it may be delayed by requests for additional data. Or, even if approval is granted, it could still be revoked later if safety and efficacy cannot be proved in additional clinical trials requested as conditions for approval. With the uncertainty inherent to this type of new drug development, it may not be possible to obtain the anticipated future profit if the originally envisioned development plan is discontinued or delayed.
Side effects	Even when pharmaceuticals have been approved and sold, subsequent data and events may cause the benefit and risk profiles of the pharmaceuticals to differ from those at the time when they were approved. Changes to product package inserts, suspension of sales, recall of products, or implementation of other measures in response to the discovery and collection of serious side effects, may significantly impact business performance. The Group has established a Safety Executive Committee consisting of the safety administrators, etc., of all regions, and a Global Safety Board consisting of the persons responsible for medical evaluation of safety for each product, etc., as a structure for scientific and medical evaluation of information on all adverse events and safety related to products, and to report on such to the regulatory authorities. The Group has established a global product safety monitoring structure with these structures at the center, and is working to thoroughly ensure proper use of products.

Product quality and stable supply	It is necessary to provide patients with high-quality pharmaceutical products in a stable manner. However, if problems arise with product quality due to the raw materials used in products, the manufacturing process at the Company's plants or a manufacturing subcontractor or other factors, or if plant operations cease or supply chain issues arise due to disturbances such as suspended supply of those raw materials, technical problems in the manufacturing process, a pandemic, conflict between countries, serious disasters, or economic security problems, it is possible that not only the health of patients will be adversely affected, but also business performance will be impacted due to product shortage, product recalls, suspension of sales, or other events. In addition, it is possible that sudden, sharp fluctuations in demand due to some cause could impact the stable supply of products. Compliance with the economic security legislation that the Japanese government is currently pursuing could also impose legal obligations requiring reinforcements to the stable supply systems of the Company's products. The Group is working to build a stable supply system and a quality assurance system that make it possible to provide high-quality pharmaceuticals that can be used without worry, and implements manufacturing control and quality control that comply with the GMP global standards (related to manufacturing control and quality control). For manufacturing subcontractors as well, we conduct activities such as verifying their stable supply and quality control systems, and dispatching technicians to inspect their manufacturing sites in addition to periodic GMP audits. At the same time, we also require our raw materials suppliers to observe the same level of respect for human rights as the Group by requesting that they adhere to the Code of Conduct for Eisai Global Business Partners. We are also working to ensure quality at the distribution stage. In addition, the Group has its own plants in major regions around the world and supplies products from each plant in a stable manner. Moreover, we have established a business continuity plan (BCP), and are striving to maintain a structure that ensures stable supply even in the case of a pandemic, serious disaster, or sudden, sharp fluctuation in demand.

Intellectual property	Ordinarily, it is possible for generic manufacturers to launch generics upon the expiration of the patent and data protection period of the originator drug. However, if an acquired patent cannot be properly protected due to dismissal of a patent application or as a result of an invalidation trial after the patent has been issued, generics and biosimilar products may enter the market earlier than expected, which could potentially lead to a decrease in revenue. For example, a judgment of partial invalidation was handed down in the patent invalidation trial regarding the Japanese method-of-use patent for the pain treatment agent Lyrica being co-promoted with Pfizer Japan Inc., and generics were launched in December 2020. In addition, an invalidation trial is currently being requested regarding Lenvima patents in China. In addition, there are some countries such as the United States in which drug applications for generics and biosimilar products can be submitted even during the patent period. In such countries, it is possible that there will be patent infringement lawsuits against companies that submit drug applications for generics or biosimilar products. Depending on the results of such patent infringement lawsuits, it is possible that generics or biosimilar products will be placed on the market prior to the end of the patent period, thereby significantly and rapidly shrinking the Group's share of the market in that country. For example, in 2018, a federal court of appeals in the United States finalized the ruling that the patent for the antiemetic Aloxi was invalid, and generic versions were placed on the market. In addition, if a substance patent that protects the Group's pharmaceuticals is judged to be invalid, the product's market value in that country may be lost, resulting in a significant impact on the Group's business performance. Meanwhile, although the Group always uses caution to avoid infringing upon the intellectual property rights of third parties, in the unlikely event that the Group's business activities do violate the intellectual property rights of a third party, it is possible that the third party will request termination of those business activities or demand compensation for damage.

Litigations	In the ordinary course of the Group's business activities, the Group is and may be, from time to time, involved in litigations, arbitrations or any other legal, regulatory, or administrative proceedings in connection with various matters, including product liability and other product-related matters (e.g., personal injury), consumer protection, regulation of trade, securities law, data protection, breach of contract, violation of laws and regulations and environmental regulation that arise through claims, investigations, or other actions by third parties, including governments. Litigation and other legal proceedings are inherently unpredictable. Although the Group believes that its defenses and counterclaims in matters in which it is or may become a defendant are substantial, it could in the future be the subject of judgments or enter into settlements, and such developments could have a material adverse effect on the Group's business, financial condition, results of operations or reputation. For example, with regard to the proton pump inhibitor Pariet/Aciphex, claims for personal injury have been filed against the Group as well as other claims against other manufacturers of other types of proton pump inhibitors. Cases filed in U.S. federal courts have been consolidated as a multi- district litigation in the U.S. District Court for the District of New Jersey. The number of pending lawsuits is expected to fluctuate significantly because certain lawsuits against the Group may be consolidated with other lawsuits that have been brought in federal and state courts in the United States involving multiple plaintiffs against multiple pharmaceutical companies claiming that they have been diagnosed with various injuries following treatment with various types of proton pump inhibitors and because certain lawsuits may be settled or dismissed, or additional lawsuits may be filed. The antiobesity agent BELVIQ (not approved and not sold in Japan) had more than 40 product-liability suits pending in the U.S., claiming damage to health, as of April 2022. It is not currently possible to estimate potential liability in connection with claims concerning Aciphex and BELVIQ.
Data reliability	One of the most critical concerns for a pharmaceutical company is ensuring the integrity (completeness, consistency, and accuracy) of its research data, production data, and data related to post-marketing surveillance and drug safety monitoring, etc., which establishes a basis for the safety and reliability of the company's products. If the Company cannot guarantee the integrity of those key data sets, it could find itself grappling with delays and stoppages in new drug development, product recalls, suspensions of product sales, and other circumstances with the potential to devastate business performance. The Group has created a Data Integrity Promotion Committee and a Data Integrity Planning and Coordination organization, and is setting up a systematic framework for the recording, verification, approval, and storage of data. By also establishing, maintaining, and operating appropriate internal controls, the Group is bolstering the integrity of its data that supports product quality, data on clinical trials, and data related to post-marketing surveillance and other drug safety monitoring, in addition to conducting ongoing training programs for employees in Japan and overseas who work with important data.

Trend to contain medical costs	Governments around the world are exploring and implementing a variety of measures to contain drug costs in hopes of controlling rising medical expenses. In Japan, the government has taken steps to reduce prices of prescription drugs and promote the use of generics. In China as well, significant price reductions accompanying placement on the National Reimbursement Drug List and the use of inexpensive generics in the centralized procurement system are being encouraged. For example, we adjusted the sales price of Lenvima lower when it was placed on the National Reimbursement Drug List. In addition, the peripheral neuropathy treatment Methycobal became subject to the government's centralized procurement, so we adjusted the sales price lower. In some cases, a product that has already secured new-drug approval may not be eligible for health insurance reimbursement at the expected price in Europe. The promotion of these types of policies and implementation of new measures may prevent the Group from earning the revenue that it originally anticipated for certain products. While it continues to track changes in governmental systems and policy trends worldwide, the Group is exploring ways not only to ensure that its new drugs are effective and safe but also to demonstrate that they offer unique forms of value such as alleviating nursing-care needs and addressing the severity of target diseases. Together with the entire pharmaceuticals industry, the Group is also appealing to governmental organizations and other relevant parties to ensure that drug prices reflect those levels of quality and value.

(4) Other Risks

Succession	For over 30 years, the Group's current Representative Corporate Officer and CEO has used his strong leadership skills to help the Group develop its business activities and grow on a global scale. In addition to the Representative Corporate Officer and CEO formulating a plan and grooming a future successor, it will also be important to prepare as thoroughly as possible for any disruptions that may occur and ensure that the Board of Directors selects the future Representative Corporate Officer and CEO from an objective and fair perspective. Failing to take these steps may significantly impede the Group in its quest to fulfill its Corporate Philosophy and could deal a serious blow to Group management. For this reason, the Board of Directors identifies the selection of the Representative Corporate Officer and CEO as one of the most important decisions and has thus established rules and procedures relating to the Group's succession plan. The Group's independent outside directors are also involved in processes such as grooming the future Representative Corporate Officer and CEO. As such, the Company believes it can reasonably ensure the objectivity and fairness of the CEO selection process. Specifically, the *hhc* Governance Committee receives a proposal for a succession plan from the Representative Corporate Officer and CEO twice a year, shares information on the succession plan with all directors, and engages in discussions on the proposal. In addition to the above initiatives for succession process for the Representative Corporate Officer and CEO, the Company's HR Department also engages in succession planning on a yearly basis to facilitate the transfer of leadership for corporate officer posts and other global positions throughout the Group by selecting candidates for positions, helping those potential future leaders develop their skills, monitoring the progress of retention measures, and carrying out other relevant tasks.

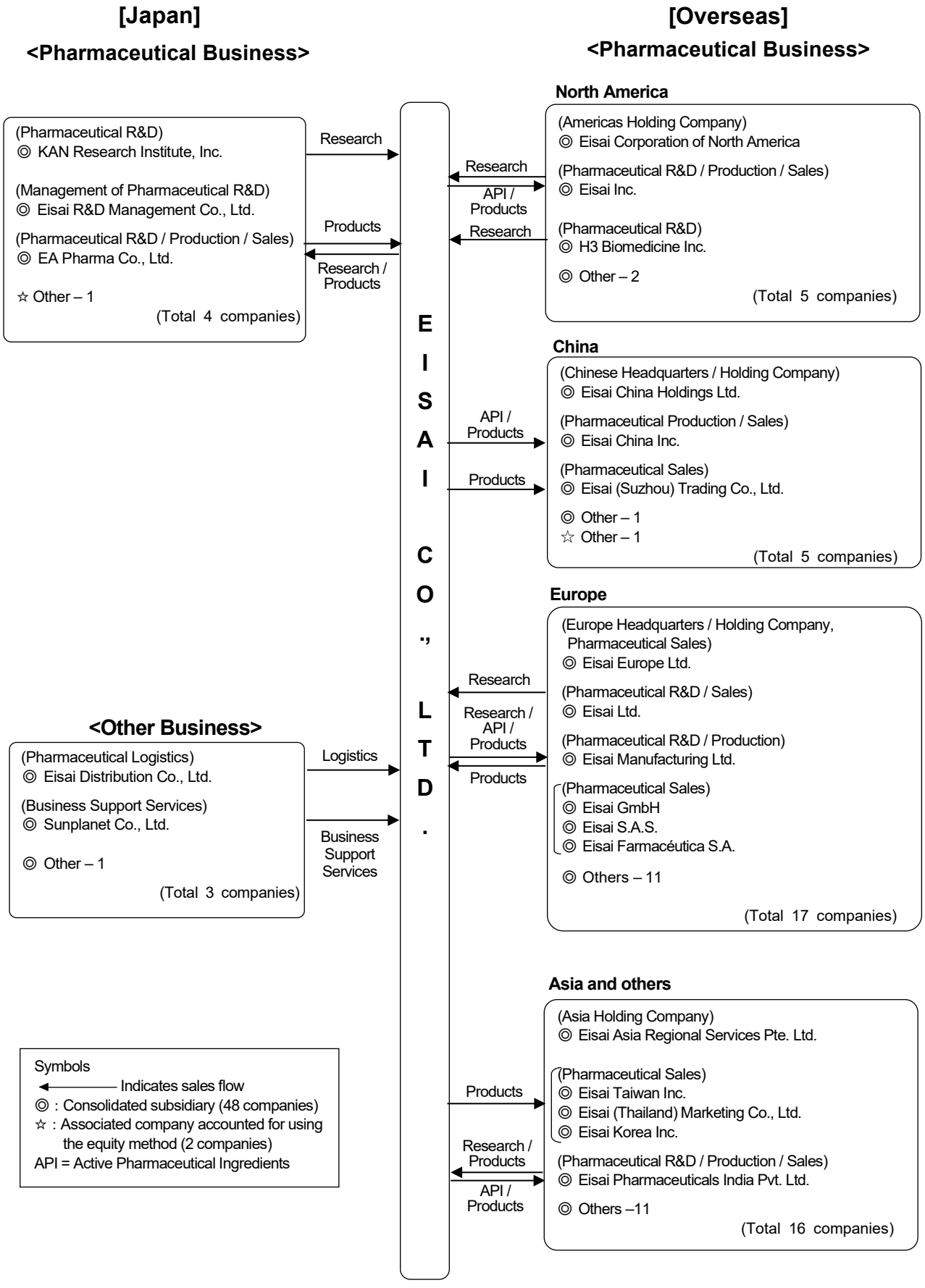
Acquiring and developing human resources	The strength of the Company lies in its Corporate Philosophy being deeply instilled. With understanding and empathy for the Corporate Philosophy as a foundation, the Company aims for all its employees to succeed as self-reliant professionals. If diverse human resources who empathize with the *hhc* philosophy cannot be acquired and medium- to long-term efforts toward achieving *hhc* cannot be undertaken by each employee, the impact on generating innovation and fulfilling the Corporate Philosophy could be serious. Human resources development at Eisai is based on each employee's understanding of patients' true needs through socialization which is spending time with them. In turn, this socialization becomes a source of motivation for each employee. The Company is bolstering its human resources development by instilling the *hhc* philosophy through incorporating socialization sessions with patients into various in-house training programs such as development programs for global leaders. Efforts are also under way to establish systems and workplace environments that support diverse work styles as part of efforts to secure human resources by working to be a more attractive company.
Information security	The Group, whose digital-platform strategy, 5D (Data Driven Drug Discovery & Development) strategy, Eisai Data Lake vision, and other forward-looking initiatives are ushering business forward, now has more and more opportunities to utilize elements of IT infrastructure such as AI, big data, and the cloud. As business in cyberspace makes strides forward, however, the Group is also confronting progressively sophisticated cyber attacks and grappling with increasingly serious security threats. The current circumstances thus elevate the possibility of a cyber attack triggering a suspension of operations or other outcome that would impact business activity. As a result, the need for an even stronger information-security framework is growing. Considering the personal information, undisclosed information, and other types of important information in its possession, the Group could also see its credibility and competitive advantages suffer if a data breach were to result in a leak of sensitive information. In recent years, the corporate community is also dealing with the growing need to respond appropriately to global demands for the protection of personal information. The Group is also fully aware that leaks of unreleased structural formulas for projects in the drug discovery phase would have a negative impact on the processes for filing and acquiring patents. For the Group, a loss of credibility in the public eye or competitive advantages in the business sphere could have a major impact on business results. This fiscal year, under the leadership of the Chief Information Security Officer, we confirmed the status of implementation of security measures in the Group and are implementing security measures regarding each identified issue, in order to prevent cyber attacks and other threats from interfering with important business, as well as safeguard against leaks of personal or other confidential information. Further, in addition to strengthening system infrastructure security, we have established regulations and other guidelines related to information management, provided officers and employees with education on management of information in daily work and learning opportunities such as training on cyber security, and are working to continually enhance governance related to global information security and implement related measures.

COVID-19	Treatments have been released and multi-dose vaccinations have been administered around the world to contain COVID-19. However, outbreaks caused by the emergence of new virus variants could impact the Group's business activities. For example, R&D may see delays in the registration of patients for clinical trials and slower progress in actual testing processes. COVID-19 could also disrupt the Group's production activities, as suspensions of plant operations (both within the Group and at its suppliers) and logistics delays have the potential to interfere with supply chains and thereby endanger stable product supplies. Another area that stands to feel the effects of the pandemic is sales, as medical representatives may find themselves unable to collect information from and provide information to health care professionals in a timely, appropriate fashion. The Company has thus established a Crisis Countermeasure Team to handle the Company's response to the COVID-19 outbreak. Working with its subsidiaries around the world, the Company is also continuing to gather accurate information, work to keep its employees safe, and actively encourage the use of ICT technologies and other resources in hopes of minimizing the disease's impact on business activity. The Group's plants, which consistently stock the necessary inventory levels for ensuring stable product supplies, are also adapting frameworks and operating under the predetermined business continuity plans (BCP).
Climate change	The Group recognizes that climate change is a crucial issue with a substantial impact on corporate activities. The Group announced its endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD) in June 2019 and used the TCFD framework to perform scenario analyses on the long-term effects of climate change. As a result, physical risks such as health risks increased, as did the need for access to medicines in developing countries in particular, and it was judged that expenditures for improvement of those issues would have the most impact. In addition, it was judged that continued investment related to damage and the loss of fixed assets resulting from production impediments caused by natural disasters, as well as a production backup systems, would be high, and also that the decrease in revenue resulting from delays in product supply caused by production or logistics stoppages would also be significant. As for transition risks, it was judged that the reputation risk would have significant impact in the event that reduction of greenhouse gas emissions and related disclosures are insufficient, and sharp increases in costs resulting from increased carbon taxes in carbon pricing would have significant impact as well. To address these risks, the Company is working on initiatives such as reduction of greenhouse gas emissions based on the Science Based Targets initiative (SBTi). Also, the Company has joined the "RE100" global environmental initiative and seta statement of commitment and a roadmap for the medium-term target of achieving 100% renewable energy usage by 2030 and a long-term goal of achieving carbon neutrality by 2040. The Company will be accelerating its medium- to long-term initiatives according to the carbon neutrality roadmap.

Impairment of goodwill and intangible assets	The Group records goodwill and intangible assets obtained as a result of mergers and acquisitions and the licensing-in of products and pipelines. If the recoverable amounts of these types of asset fall below their corresponding carrying amounts due to deviations between plans and actual performance, market changes, or other factors, the Group needs to book impairment losses accordingly. Such circumstances may have a negative impact on the Group's financial results and financial positions. For example, the Group's goodwill (¥191.8 billion as of the end of FY2021) is mainly allocated to the Americas pharmaceutical business. Recoverable amounts are calculated using a variety of assumptions such as projected cash flows and growth rates for the Americas pharmaceutical business, determined based on management-approved business plans. These assumptions are affected by factors ranging from the possibility of future approvals and additional indications for new drugs to the timing of those changes, as well as post-marketing drug prices, sales volumes, competing products, and interest-rate fluctuations.

2) Overview of the Eisai Group

The diagram below shows the principal operations and business flows within the Group.



As of March 31, 2022

List of Group Companies

(As of March 31, 2022)

Company Name	Location	Share Capital		Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
(Consolidated Subsidiaries)							
Unit=million							
KAN Research Institute, Inc.	Kobe, Japan	70	JPY	Pharmaceutical R&D	100.00%	The Company commissions pharmaceutical R&D	
Eisai Distribution Co., Ltd.	Kanagawa, Japan	60	JPY	Pharmaceutical logistics	100.00%	The Company commissions pharmaceutical logistics	
Eisai R&D Management Co., Ltd.	Tokyo, Japan	16	JPY	Management of pharmaceutical R&D	100.00%	The Company commissions a part of management and other functions related to R&D	
Sunplanet Co., Ltd.	Tokyo, Japan	455	JPY	Business support services, etc.	85.07%	The Company purchases business support services, etc.	
EA Pharma Co., Ltd.	Tokyo, Japan	9,145	JPY	Pharmaceutical R&D / production / sales	60.00%	The Company commissions pharmaceutical R&D and production / purchases pharmaceutical products	*3
Arteryex Inc.	Tokyo, Japan	434	JPY	Software planning and development	64.42%	-	*7
Unit=thousand							
Eisai Corporation of North America	New Jersey, USA	2,266,700	USD	Americas holding company	100.00%	-	*3
Eisai Inc.	New Jersey, USA	151,600	USD	Pharmaceutical R&D / production / sales	100.00% (100.00%)	The Company commissions pharmaceutical R&D and production / sells pharmaceutical products and API	*3 *5
H3 Biomedicine Inc.	Massachusetts, USA	8	USD	Pharmaceutical R&D	100.00% (100.00%)	The Company commissions pharmaceutical R&D	
Eisai Innovation, Inc.	Massachusetts, USA	1	USD	Management of pharmaceutical investment	100.00% (100.00%)	The Company commissions management of investment in the U.S. and Europe	
Eisai Ltd.	Ontario, Canada	30,000	CAD	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai China Holdings Ltd.	Jiangsu, China	664,465	RMB	Chinese headquarters / holding company	100.00% (100.00%)	-	*3
Eisai China Inc.	Jiangsu, China	576,125	RMB	Pharmaceutical production / sales	100.00% (100.00%)	The Company sells pharmaceutical products and API	*3
Eisai (Suzhou) Trading Co., Ltd.	Jiangsu, China	70,000	RMB	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	*3
Eisai (Liaoning) Pharmaceutical Co., Ltd.	Liaoning, China	50,000	RMB	Pharmaceutical production / sales	100.00% (100.00%)	-	
Eisai Europe Ltd.	Hertfordshire, UK	184,138	GBP	Europe headquarters / holding company, pharmaceutical sales	100.00%	The Company commissions management and administration of pharmaceutical business	*3
Eisai Ltd.	Hertfordshire, UK	46,009	GBP	Pharmaceutical R&D / sales	100.00% (100.00%)	The Company commissions pharmaceutical R&D	*3
Eisai Manufacturing Ltd.	Hertfordshire, UK	38,807	GBP	Pharmaceutical R&D / production	100.00% (100.00%)	The Company sells pharmaceutical products and API / is commissioned pharmaceutical R&D	*3
Eisai GmbH	Frankfurt, Germany	7,669	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai S.A.S.	Paris, France	19,500	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai B.V.	Amsterdam, Netherlands	540	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Farmacéutica S.A.	Madrid, Spain	4,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai S.r.l.	Milan, Italy	3,500	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Pharma AG	Zurich, Switzerland	3,000	CHF	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai AB	Stockholm, Sweden	10,000	SEK	Pharmaceutical sales	100.00% (100.00%)	-	

Company Name	Location	Share Capital		Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
Unit= thousand							
Eisai Farmacêutica, Unipessoal Lda.	Lisbon, Portugal	1,250	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai SA/NV	Brussels, Belgium	2,001	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai GesmbH	Vienna, Austria	2,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Limited Liability Company Eisai	Moscow, Russia	4,000	RUB	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Israel Ltd.	Tel Aviv, Israel	5,000	ILS	Pharmaceutical business	100.00% (100.00%)	-	*6
Eisai Asia Regional Services Pte. Ltd.	Singapore	34,469	SGD	Asia holding company	100.00%	-	
Eisai (Singapore) Pte. Ltd.	Singapore	300	SGD	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	
Eisai Clinical Research Singapore Pte. Ltd.	Singapore	10	SGD	Pharmaceutical R&D	100.00% (100.00%)	The Company commissions pharmaceutical R&D	
Eisai Taiwan Inc.	Taipei, Taiwan	270,000	TWD	Pharmaceutical sales	100.00%	The Company sells pharmaceutical products	
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	103,000	THB	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	
PT Eisai Indonesia	Jakarta, Indonesia	1,630,000	IDR	Pharmaceutical production / sales	100.00%	The Company sells pharmaceutical products and API	
Eisai (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	470	MYR	Pharmaceutical sales	100.00% (5.74%)	The Company sells pharmaceutical products	
HI-Eisai Pharmaceutical Inc.	Manila, Philippines	122,000	PHP	Pharmaceutical sales	50.00% (1.45%)	The Company sells pharmaceutical products	*4
Eisai (Hong Kong) Co., Ltd.	Hong Kong	500	HKD	Pharmaceutical sales	100.00% (10.00%)	The Company sells pharmaceutical products	
Eisai Korea Inc.	Seoul, South Korea	3,512,000	KRW	Pharmaceutical sales	100.00%	The Company sells pharmaceutical products	
Eisai Pharmaceuticals India Pvt. Ltd.	Andhra Pradesh, India	2,708,324	INR	Pharmaceutical R&D / production / sales	100.00% (11.08%)	The Company commissions pharmaceutical R&D and production / sells API / purchases pharmaceutical products	*3
Eisai Australia Pty. Ltd.	Sydney, Australia	4,000	AUD	Pharmaceutical sales	100.00%	-	
Eisai Laboratórios Ltda.	São Paulo, Brazil	87,899	BRL	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Laboratorios S. de R.L. de C.V.	Mexico City, Mexico	3	MXN	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai New Zealand Ltd.	Auckland, New Zealand	2,050	NZD	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Vietnam Co., Ltd.	Ho Chi Minh, Viet Nam	20,781,000	VND	Pharmaceutical business	100.00%	-	
Other—2 companies	-	-	-	-	-	-	
(Associated Companies Accounted for Using the Equity Method)							
Unit=million							
Bracco-Eisai Co., Ltd.	Tokyo, Japan	340	JPY	Contrast media imports / production / sales	49.00%	The Company purchases pharmaceutical products	
Unlimit Health Limited	Shanghai, China	30	RMB	Provision of medical services	49.00% (49.00%)	-	

Notes:

*1. "Description of Operations" indicates the segment applicable to the respective entity.

*2. Voting rights (%): Figures in parentheses show percentage indirectly owned by the Company.

*3. Significant subsidiaries.

*4. HI-Eisai Pharmaceutical Inc. is considered to be a consolidated subsidiary as the Company holds effective control over its operation even though the Company's voting rights do not exceed 50%.

*5. Eisai Inc. is the only subsidiary whose revenue to external customers exceeds 10% of consolidated revenue reported in the consolidated financial statements for the fiscal year ended March 31, 2022. Key financial results (in Japanese yen) of Eisai Inc. are as follows:

Revenue	¥252,657 mil.
Operating Profit	¥30,006 mil.
Profit for the year	¥25,361 mil.
Total Equity	¥341,855 mil.
Total Assets	¥471,433 mil.

*6. In August 2021, Eisai Europe Ltd. established Eisai Israel Ltd.

*7. In March 2022, the Company acquired shares of Arteryex Inc. and made it a consolidated subsidiary in order to strengthen and rapidly expand its digital solution business base.

3) Proposed Changes in Directors and Corporate Officers (effective June 17, 2022)

(1) Changes in Representative Corporate Officers

None

(2) Changes in Directors/Corporate Officers

a) Nominees for New Director

Hiroyuki Kato	currently, Chief Clinical Quality Officer, Chief Product Quality Officer, Global Product Emergency Management and Japan Regulatory Affairs
Richard Thornley (Outside Director)	currently, Chief Executive Officer, Thornley International

b) Retiring Director

Bruce Aronson (Outside Director)	(Affiliated Scholar, US-Asia Law Institute, New York University School of Law)
Yutaka Tsuchiya	To be appointed as Senior Advisor
Ryuichi Murata (Outside Director)	(Senior Advisor, Mitsubishi HC Capital Inc.)

c) Nominees for New Corporate Officers

Vice President	Mitsuo Kosaka	currently, Senior Group Officer Chief Strategy Officer
Vice President	Shin Ujiie	currently, Senior Group Officer Deputy Chief Planning Officer Head of Corporate Planning Department Global Partnership Development Head of Lenvima Partnership & Operation Strategy Department

d) Corporate Officers Scheduled for Promotion

None

e) Retiring Corporate Officers

Executive Vice President	Ryohei Yanagi	To be appointed as Special Advisor
Senior Vice President	Edward Stewart Geary	To be appointed as Senior Group Officer
Senior Vice President	Hiroyuki Kato	Nominee for New Director
Vice President	Teiji Kimura	To be appointed as Senior Group Officer
Vice President	Alexander Scott	To be appointed as Executive Officer of Eisai Inc.
Vice President	Mitsuaki Tanaka	To be appointed as Corporate Advisor
Vice President	Kappei Tsukahara	To be appointed as Senior Group Officer
Vice President	Hiroyuki Murayama	To be appointed as Senior Group Officer

(3) Nominees for Directors

Haruo Naito	currently, Director Representative Corporate Officer and CEO
Yasuhiko Katoh (Chair)	currently, Outside Director and Chair, Special Adviser, Mitsui E&S Holdings Co., Ltd.
Shuzo Kaihori	currently, Outside Director, Outside Director, HOYA CORPORATION
Hideyo Uchiyama	currently, Outside Director, Certified Public Accountant and Executive Advisor, ASAHI Tax Corporation
Hideki Hayashi	currently, Director
Yumiko Miwa	currently, Outside Director, Professor, School of Commerce, Meiji University
Fumihiko Ike	currently, Outside Director, Outside Director, NTT DATA
Yoshiteru Kato	currently, Director
Ryota Miura	currently, Outside Director, Partner, Miura & Partners Profession Corporation
Hiroyuki Kato	currently, Chief Clinical Quality Officer, Chief Product Quality Officer, Global Product Emergency Management and Japan Regulatory Affairs
Richard Thornley	currently, Chief Executive Officer, Thornley International

NOTE: Yasuhiko Katoh, Shuzo Kaihori, Hideyo Uchiyama, Yumiko Miwa, Fumihiko Ike, Ryota Miura and Richard Thornley are nominees who meet the requirements of an Outside Director set forth in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act of Japan.

(4) Selected Candidates for Appointment as Members of Committees

a) Nomination Committee

Chair:	Shuzo Kaihori
Members:	Fumihiko Ike
	Richard Thornley

b) Audit Committee

Chair:	Hideyo Uchiyama
Members:	Hideki Hayashi
	Yumiko Miwa
	Yoshiteru Kato
	Ryota Miura

c) Compensation Committee

Chair:	Fumihiko Ike
Members:	Shuzo Kaihori
	Richard Thornley

hhc Governance Committee and Independent Committee of Outside Directors are composed of all Outside Directors. Independent Committee of Outside Directors will be abolished following the discontinuation and abolishment of the Policy for Protection of the Company's Corporate Value and Common Interest of Shareholders as of June 30, 2022, when it expires.

(5) Career Summary of Nominees for New Director

Name: Hiroyuki Kato

Date of Birth: September 8, 1957 (Age: 64)

Career Summary:

Apr. 1982	Joined the Company
Jun. 2010	Executive Director, Special Associate to Chief Product Creation Officer
Jun. 2011	Officer
Apr. 2012	Executive Director, Strategic Operations Department, Product Creation HQs
Jun. 2012	Group Officer
Jun. 2012	Executive Director, Portfolio Strategy & Strategic Operations Department, Product Creation HQs
Apr. 2016	Vice President
Apr. 2016	Head of Medicine Development Center
Jun. 2017	Head of Medicine Development Center, hhc Data Creation and Global Product Emergency Management
Jan. 2018	Chief Quality Officer and Global Product Emergency Management Senior Vice President (Current)
Jun. 2019	Chief Clinical Quality Officer, Chief Product Quality Officer, Global
Jun. 2019	Product Emergency Management and Japan Regulatory Affairs (Current)

Name: Richard Thornley

Date of Birth: November 25, 1964 (Age:57)

Career Summary:

Sep. 1983	Joined Westland Helicopters Inc.
Dec. 1997	General Manager – Japan, AgustaWestland
Jan. 2003	Regional Director – NE Asia (Japan, South Korea and Taiwan), AgustaWestland
Jan. 2004	President, Rolls-Royce Japan and Regional Director, Rolls-Royce Korea
Jan. 2014	Representative Managing Director – Japan, Bell Helicopter Co., Ltd. (resigned in Mar. 2018)
Mar. 2018	Chief Executive Officer, Thornley International (current)
Jun. 2019	Member of The Supervisory Board, International Security Industry Council of Japan (current)

(6) Nominees for Corporate Officers

Representative Corporate Officer and CEO	Haruo Naito	currently, Representative Corporate Officer and CEO
Representative Corporate Officer and COO	Yasushi Okada	currently, Representative Corporate Officer and COO Industry Affairs China Business Data Integrity
Executive Vice President	Kenta Takahashi	currently, Executive Vice President General Counsel Intellectual Property Internal Audit
Senior Vice President	Gary Hendler	currently, Senior Vice President President, EMEA Region Chairman & CEO, Eisai Europe Ltd.
Senior Vice President	Terushige Iike	currently, Senior Vice President President, Eisai Japan
Senior Vice President	Ivan Cheung	currently, Senior Vice President President, Neurology Business Group Global Alzheimer's Disease Officer Chairman, Eisai Inc.
Senior Vice President	Tatsuyuki Yasuno	currently, Senior Vice President President, Americas Region President, Eisai Inc.
Senior Vice President	Yanhui Feng	currently, Senior Vice President President, Eisai China Holdings Ltd. President, Eisai China Inc.
Senior Vice President	Masatomi Akana	currently, Senior Vice President Chief Government Relations Officer Global Value & Access
Senior Vice President	Takashi Owa	currently, Senior Vice President President, Oncology Business Group Chief Discovery Officer, Oncology Business Group Japan and Asia Medical
Vice President	Lynn Kramer	currently, Vice President Chief Clinical Officer, Neurology Business Group
Vice President	Sayoko Sasaki	currently, Vice President Chief IR Officer Stakeholder Communications
Vice President	Masayuki Miyajima	currently, Vice President General Affairs, Environmental and Safety Affairs Japan Subsidiaries
Vice President	Shohei Kanazawa	currently, Vice President President, Asia and Latin America Region API Solutions

Vice President	Akiko Nakahama	currently, Vice President Head of Medicine Development Center AD Filing and Registration Japan / Asia Lead
Vice President	Yosuke Akita	currently, Vice President Chief Talent Officer
Vice President	Keisuke Naito	currently, Vice President Chief Ecosystem Officer Head of Global IT HQs
Vice President	Eriko Naito	currently, Vice President President, Consumer hhc Business Division Customer Joy
Vice President	Kazuhiko Tamura	currently, Vice President President, Eisai Demand Chain Systems
Vice President	Teruyuki Masaka	currently, Vice President Chief Planning Officer
Vice President	Mitsuo Kosaka	currently, Senior Group Officer Chief Strategy Officer
Vice President	Shin Ujiie	currently, Senior Group Officer Deputy Chief Planning Officer Head of Corporate Planning Department Global Partnership Development Head of Lenvima Partnership & Operation Strategy Department

NOTE: Representative Corporate Officer and CEO Haruo Naito will also serve concurrently as a Director.