



Securities Code: 4523

May 24, 2022

*hvc*  
human health care

# Notice of Convocation of the **110th** Ordinary General Meeting of Shareholders

**Date and Time** June 17, 2022 (Friday)  
10 A.M. (Reception opens at 9 A.M.)

**Venue** Bellesalle Takadanobaba

## Resolutions

**1st Proposal: Partial Amendment of the  
Articles of Incorporation**

**2nd Proposal: Appointment of 11 Directors**

Deadline for exercising voting rights by postal mail or via the Internet

**5 P.M. on June 16, 2022 (Thursday)**

Eisai Co., Ltd.



Eisai supports the WHO's lymphatic filariasis  
elimination program.

## To Our Shareholders

Circumstances that shake the world continue today—the COVID-19 pandemic and a geopolitical dispute—and we are in times that require a reinspection of our supply chain as well as conventional business mechanisms. Based on the *hhc* philosophy, we have been undertaking our business amid such conditions while giving utmost priority to the securement of a stable supply of quality products. As for research and development, we obtained swift approval in the U.S. for Aduhelm, the next-generation treatment for Alzheimer’s disease. However, at present, we have been unable to achieve the desired results due to a debate concerning the consistency of Phase III clinical studies and restrictions related to insurance reimbursements. On the other hand, the development of lecanemab is progressing smoothly, and we expect to achieve the swift filing of an application for approval in the U.S. Meanwhile, the registration of patients for the Clarity AD clinical study was completed. It will provide the only full dataset for filing the application for the drug. We plan to be able to obtain the results around October this year.

In regard to the business model, which is the core issue within the EWAY Future & Beyond medium-term business plan, we are undertaking the *hhceco* model. The *hhc* philosophy has evolved in this model. Central to it are “people in the daily living and medical domains,” and the aim is “empowering The People to realize their fullest life.” We are seeing progress in the implementation of the Eisai Universal Platform (EUP). It will be through the EUP that solutions will be created on the basis of drugs and data generated through research and development carried out in collaboration with venture firms and academia. These solutions will be delivered through various means to The People. What is more, with the EUP at the core, the ecosystem in which collaboration is undertaken with other industries – such as telecommunications and food – is also becoming reality.

This year again, we will continue our efforts as a group that realizes the social good, including ‘relieving anxiety over health’ and ‘reducing health disparities’ in the most efficient way. We ask our shareholders for their ongoing support and cooperation going forward.

May 2022

Representative Corporate Officer and CEO



### Corporate Philosophy

**We give first thought to patients and their families, and increase the benefits that health care provides to them**



*hhc*  
human health care

The Philosophy Logomark combines the spirit of Florence Nightingale (1820-1910), who made an enormous contribution to the development of the nursing profession and public health, with the “*human health care*” philosophy. This logomark is modeled on the signature of this prominent figure in the history of modern-day nursing.



## Notice of Convocation of the 110th Ordinary General Meeting of Shareholders

**Date and Time** June 17, 2022 (Friday) 10 A.M.  
Reception opens at 9 A.M.

**Venue** **Bellesalle Takadanobaba**  
3-8-2 Okubo, Shinjuku-ku, Tokyo  
**Please note that the venue has changed from the previous meeting.**

### Purpose of the meeting

- Reports**
1. The contents of the business report, consolidated financial statements, and audits of the consolidated financial statements conducted by the Accounting Auditor and the Audit Committee for the 110th Fiscal Year (from April 1, 2021, to March 31, 2022)
  2. The contents of the financial statements for the 110th Fiscal Year (from April 1, 2021, to March 31, 2022)

### Resolutions **Proposal 1: Partial Amendment of the Articles of Incorporation**

▶ See pages 9 through 11.

### **Proposal 2: Appointment of 11 Directors**

▶ See pages 12 through 38.

- **Some of the documents and information that should be provided with this Notice of Convocation are posted on the Company's website shown below. Please see the contents on the next page for details.**
- Any changes that may arise in the Reference Documents for the 110th Ordinary General Meeting of Shareholders and Attachments to the Notice of Convocation will be announced on the Company's website shown below.
- The Japanese and English versions of this Notice of Convocation are posted on the Company's website.

### Requests concerning Protection of the Health and Safety of Shareholders

- To prevent the spread of COVID-19, we ask shareholders to **exercise voting rights in advance as much as possible**, either by post or via the Internet.
- **A live video stream** from the General Meeting of Shareholders will be available for viewing via the Internet.
- **We will not provide gifts** to attending shareholders this year.

Any major changes to the logistics of the General Meeting of Shareholders that may be necessitated by change of circumstances, and any precautions regarding the General Meeting of Shareholders will be announced on the Company's website.



The Company's website <https://www.eisai.com/ir/stock/meeting/index.html>

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### In regard to those matters published on the Company's website

<https://www.eisai.com/ir/stock/meeting/index.html>

The items listed below are published on the Company's Internet website based on laws and regulations and Article 15 of the Company's Articles of Incorporation and are not included in the Attachments to this Notice of Convocation. For this reason, the Attachments to the Notice of Convocation are part of the materials audited by the Audit Committee and the Accounting Auditor when preparing their Audit Reports.

- 1 Business Report
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	108 FY2021 Performance (Consolidated Performance)	<ul style="list-style-type: none"> <li>Latest Financial Reports ▶ <a href="https://www.eisai.com/ir/library/settlement/index.html">https://www.eisai.com/ir/library/settlement/index.html</a></li> </ul>
	114 Status of Major R&D Pipeline	<ul style="list-style-type: none"> <li>R&amp;D ▶ <a href="https://www.eisai.com/company/business/research/index.html">https://www.eisai.com/company/business/research/index.html</a></li> </ul>
150 Q&A Frequently Asked Shareholder Questions!	<ul style="list-style-type: none"> <li>Eisai’s Key Corporate Activities (Eisai at a Glance) ▶ <a href="https://www.eisai.com/company/glance/index.html">https://www.eisai.com/company/glance/index.html</a></li> </ul>	
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	66 Activities of the Board of Directors and Committees	<ul style="list-style-type: none"> <li>Our Corporate Governance System ▶ <a href="https://www.eisai.com/company/governance/cgsystem/index.html">https://www.eisai.com/company/governance/cgsystem/index.html</a></li> </ul>
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	91 Reduction of Greenhouse Gas Emissions	<ul style="list-style-type: none"> <li>Statement of Commitment for Carbon Neutrality by 2040 ▶ <a href="https://www.eisai.com/sustainability/environment/carbon-neutral/index.html">https://www.eisai.com/sustainability/environment/carbon-neutral/index.html</a></li> </ul>
	92 Initiatives for the Formation of a Recycling-oriented Society	<ul style="list-style-type: none"> <li>Initiatives for the Formation of a Recycling-oriented Society ▶ <a href="https://www.eisai.com/sustainability/environment/circulation-type/index.html">https://www.eisai.com/sustainability/environment/circulation-type/index.html</a></li> </ul>
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	101 Support for Achieving Balance Between Work and Childcare, Nursing Care, Medical Treatment and Other Needs	<ul style="list-style-type: none"> <li>Positive Work Environment ▶ <a href="https://www.eisai.com/sustainability/employee/environment/index.html">https://www.eisai.com/sustainability/employee/environment/index.html</a></li> </ul>

Notice of Convocation

Reference Documents

Business Report

Consolidated Financial Statements

Financial Statements

Audit Reports

Appendix

Q&amp;A



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# The 110th Ordinary General Meeting of Shareholders Reference Documents

## Proposal 1: Partial Amendment of the Articles of Incorporation

### I. Reasons for the Changes

The following is an overview of the reasons for the changes.

1. Eisai will regard “people in the daily living and medical domains” as the main figures in its Corporate Philosophy, the *human health care (hhc)* concept, and expand the target of its contribution from the current “patients and their families” to “patients and the general public.” While firmly maintaining the *hhc* Philosophy, we will create an ecosystem model of collaboration with other industries to further increase the satisfaction of patients and the general public, and strive to evolve into a company that supports people’s entire lives by achieving social good in the form of relieving anxiety over health and reducing health disparities. In conjunction with this, the Company will amend Article 2 of its Articles of Incorporation in order to share with our shareholders and other stakeholders the nature of Eisai toward which we strive.
2. From the perspective of securing a venue in the event that natural disasters (typhoons, earthquakes, etc.), pandemics, or other special circumstances prevent the General Meeting of Shareholders from being held in Tokyo, we will amend Article 13, Paragraph 3 of the Articles of Incorporation, which places limitations on venues for the General Meeting of Shareholders.
3. The revisions stipulated in the proviso to Supplementary Provisions Article 1 of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced beginning on September 1, 2022. Accordingly, we will amend Article 15 of the Articles of Incorporation as follows in order to prepare for implementation of a system to provide General Meeting of Shareholders materials electronically.
  - (1) Proposed amendment establishing Article 15, Paragraph 1: Establish the intention to implement measures to provide the information contained in General Meeting of Shareholders Reference Materials, etc., electronically.
  - (2) Proposed amendment establishing Article 15, Paragraph 2: Establish provisions to limit the scope of matters included in written documents provided to shareholders who have requested them.
  - (3) Remove provisions for disclosure through the Internet and deemed delivery of General Meeting of Shareholders Reference Materials, etc. (Article 15 of the current Articles of Incorporation), because they will no longer be required.
  - (4) In conjunction with the new establishment and removal of contents, establish Supplementary Provisions regarding the effective date, etc., of the changes.

## II. The content of the changes

The following is an overview of the reasons for the change.

(Changes are underlined.)

Existing Articles of Incorporation	Proposed change
<p><b>(Corporate Philosophy)</b></p>	<p><b>(Corporate Philosophy)</b></p>
<p>Article 2. (1) The Company's Corporate Philosophy is to give first thought to patients and <u>their families</u>, and to increase the benefits that health care provides to them. Under this Philosophy, the Company endeavors to become a <i>human health care (hhc)</i> company.</p>	<p>Article 2. (1) The Company's Corporate Philosophy is to give first thought to patients and <u>the general public</u>, and to increase the benefits that health care provides to them. Under this Philosophy, the Company endeavors to become a <i>human health care (hhc)</i> company.</p>
<New>	<p>(2) <u>The Company seeks to effectively achieve social good in the form of relieving anxiety over health and reducing health disparities as a Japanese innovation company.</u></p>
<p>(2) The Company's mission is the <u>enhancement of patient satisfaction</u>. The Company believes that revenues and earnings will be generated by fulfilling this mission. The Company places importance on this sequence of placing the mission before the ensuing results.</p>	<p>(3) <u>The Company's mission is to increase the satisfaction of patients and the general public, and to empower people in the daily living and medical domains to realize their fullest life through an hhc ecosystem based on collaboration with other industries.</u> The Company believes that revenues and earnings will be generated by fulfilling this mission. The Company places importance on this sequence of placing the mission before the ensuing results.</p>
<p>(3) The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.</p>	<p>(4) The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.</p>
<p>(4) The Company's principal stakeholders are patients, customers, shareholders and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value of their stake through:</p> <ol style="list-style-type: none"> <li>1. Satisfying unmet medical needs, ensuring a stable supply of high-quality products, and providing useful information on subjects including drug safety and efficacy;</li> </ol>	<p>(5) The Company's principal stakeholders are patients and the general public, shareholders and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value of their stake through:</p> <ol style="list-style-type: none"> <li>1. Satisfying unmet medical needs, <u>raising awareness of illnesses and providing information and services that help prevent them</u>, ensuring a stable supply of high-quality products, and providing useful information on subjects including drug safety and efficacy;</li> </ol>
<New>	<p>2. <u>Contributing to a sustainable society with a long-term perspective;</u></p>
<p>2. <u>Timely disclosure of corporate management information</u>, enhancement of corporate value, and a positive return to shareholders; and</p>	<p>3. <u>Enhancement of common interests of shareholders and long-term corporate value, a positive return to shareholders and timely disclosure of corporate management information;</u> and</p>
<p>3. <u>Ensuring stable employment, offering challenging and fulfilling duties, and providing full opportunities for the development of employees' capabilities.</u></p>	<p>4. <u>Ensuring stable employment, respecting human rights and diversity, providing full opportunities for growth to support self-fulfillment, and creating an employee-friendly environment.</u></p>

Existing Articles of Incorporation	Proposed change
<p>(Convocation)            Article 13. (1) (Omitted)                      (2) (Omitted)                      (3) General Meetings of Shareholders shall be held at a place located in Tokyo.</p>	<p>(Convocation)            Article 13. (1) (Current)                      (2) (Current)                      (3) General Meetings of Shareholders shall be held at a place located in Tokyo. <u>However, it shall be possible to change the location of the venue if it is deemed to be difficult to hold the meeting in Tokyo.</u></p>
<p><u>(Internet disclosure of reference documents, etc. and deemed provision thereof)</u>            Article 15. In convening a General Meeting of Shareholders, the Company shall be <u>deemed to have provided the shareholders with the information that must be mentioned or displayed in the reference documents of a General Meeting of Shareholders, business reports, financial statements and consolidated financial documents by disclosing such information via the Internet pursuant to the regulations issued by the Ministry of Justice.</u></p>	<p>&lt;Delete&gt;</p>
<p>&lt;New&gt;</p>	<p><u>(Electronic Provision Measures, etc.)</u>            Article 15. (1) <u>When convening a General Meeting of Shareholders, the Company shall implement measures to provide the information contained in General Meeting of Shareholders Reference Materials, etc., electronically.</u>                      (2) <u>The Company may choose not to include all or part of the matters for which electronic provision measures are implemented, which have been stipulated by Ordinance of the Ministry of Justice, in written documents provided to shareholders who have requested them by the record date for voting rights.</u></p>
<p>&lt;New&gt;</p>	<p><u>(Supplementary Provisions)</u>            1 <u>Removal of Article 15 of the current Articles of Incorporation (Internet disclosure of reference materials, etc., and deemed provision thereof) and proposed amendments establishing Article 15 (Electronic Provision Measures, etc.) shall take effect as of September 1, 2022.</u>            2 <u>Notwithstanding the stipulations of the preceding Paragraph, the stipulations of Article 15 of the current Articles of Incorporation shall remain in effect for General Meetings of Shareholders held on or before the final day of February 2023.</u>            3 <u>These Supplementary Provisions shall be removed after March 1, 2023 or after the day on which three months have passed following the General Meeting of Shareholders indicated in the preceding Paragraph, whichever is later.</u></p>

## Proposal 2: Appointment of 11 Directors

The terms of office of all 12 current directors will expire as of the close of this Ordinary General Meeting of Shareholders. We therefore ask shareholders to elect 11 directors.

The following is a list of the candidates for the position of director based on the decision of the Nomination Committee. Information about each of the candidates can be found on pages 13 through 38.

Candidate No./ Name		Current position and primary area of responsibility in the Company
1	Haruo Naito <span>Reappointment</span>	Director, Representative Corporate Officer and CEO
2	Yasuhiko Katoh <span>Reappointment</span> <span>Outside</span> <span>Independent</span>	Director Chair <ul style="list-style-type: none"> <li>Chair of the <i>hhc</i> Governance Committee</li> <li>Member of the Independent Committee of Outside Directors</li> </ul>
3	Shuzo Kaihori <span>Reappointment</span> <span>Outside</span> <span>Independent</span>	Director <ul style="list-style-type: none"> <li>Chair of the Nomination Committee</li> <li>Member of the Compensation Committee</li> <li>Member of the <i>hhc</i> Governance Committee</li> <li>Member of the Independent Committee of Outside Directors</li> </ul>
4	Hideyo Uchiyama <span>Reappointment</span> <span>Outside</span> <span>Independent</span>	Director <ul style="list-style-type: none"> <li>Chair of the Audit Committee</li> <li>Member of the <i>hhc</i> Governance Committee</li> <li>Member of the Independent Committee of Outside Directors</li> </ul>
5	Hideki Hayashi <span>Reappointment</span>	Director <ul style="list-style-type: none"> <li>Member of the Audit Committee</li> </ul>
6	Yumiko Miwa <span>Reappointment</span> <span>Outside</span> <span>Independent</span>	Director <ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the <i>hhc</i> Governance Committee</li> <li>Member of the Independent Committee of Outside Directors</li> </ul>
7	Fumihiko Ike <span>Reappointment</span> <span>Outside</span> <span>Independent</span>	Director <ul style="list-style-type: none"> <li>Member of the Nomination Committee</li> <li>Member of the Compensation Committee</li> <li>Member of the <i>hhc</i> Governance Committee</li> <li>Member of the Independent Committee of Outside Directors</li> </ul>
8	Yoshiteru Kato <span>Reappointment</span>	Director <ul style="list-style-type: none"> <li>Member of the Audit Committee</li> </ul>
9	Ryota Miura <span>Reappointment</span> <span>Outside</span> <span>Independent</span>	Director <ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the <i>hhc</i> Governance Committee</li> <li>Chair of the Independent Committee of Outside Directors</li> </ul>
10	Hiroyuki Kato <span>New</span>	Senior Vice President Chief Clinical Quality Officer, Chief Product Quality Officer, Global Product Emergency Management, and Pharmaceutical Affairs (New director candidate)
11	Richard Thornley <span>New</span> <span>Outside</span> <span>Independent</span>	New director candidate

(Notes) 1 See pages 56 and 57 and pages 66 through 75 for details regarding the status of the activities of the Board of Directors and each committee.

2 Only Candidate 1 is serving as an executive director.

Reappointment

Director candidate for reappointment

New

New director candidate

Outside


Outside director candidate


























Independent

Independent officer for notification to stock exchanges

The Company is a company with a nomination committee, etc., system. The Nomination Committee determines director candidates. The emphasis of the Nomination Committee is that management oversight be carried out by the Board of Directors from a multifaceted perspective and with advanced knowledge. Each year, it looks into the composition and number of board members from a medium- to long-term perspective and reviews the diversity of each director in terms of expertise, experience, and other aspects.

### Diversity of Director Candidates

The expertise, experience, and backgrounds of the 11 director candidates are summarized below. The  mark indicates the primary reason the Nomination Committee selected the director candidate.

Candidate No./Name	Corporate management	Global	Finance & accounting	Legal	Academic background (discipline)	Gender & nationality	Age
1 Haruo Naito							74
2 Yasuhiko Katoh							75
3 Shuzo Kaihori							74
4 Hideyo Uchiyama							69
5 Hideki Hayashi							64
6 Yumiko Miwa					 (ESG, Corporate Governance)	 (Female)	56
7 Fumihiko Ike							70
8 Yoshiteru Kato							62
9 Ryota Miura							48
10 Hiroyuki Kato							64
11 Richard Thornley						 (Foreign Nationality)	57

### Independence and Neutrality of Outside Directors

Outside director candidates nominated by the Company's Nomination Committee satisfy the "Requirements for the Independence and Neutrality of Outside Directors" set forth by the Nomination Committee. (Please see page 37 for more on the Requirements.)

In regard to outside director candidates, the Nomination Committee has determined the "independence and neutrality" of each candidate by checking matters related to the requirements based on interviews of the individuals in question as well as investigations of the transactional relationships between the Company and the companies and organizations with which they are affiliated. In addition, the Nomination Committee has selected candidates based on the "selection criteria for outside directors" established by the Nomination Committee. All 7 outside director candidates fulfill the requisites for outside director candidates as specified in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act and the criteria for independent officers as established by the Tokyo Stock Exchange.

Candidate

1

# Haruo Naito

Reappointment

December 27, 1947 (74 years of age) \* as of June 17, 2022



<b>Current position and primary area of responsibility in the Company</b>	Director, Representative Corporate Officer and CEO
<b>No. of years served as director</b>	39 * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	656,777 * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ Yes \*

\* Haruo Naito serves as the chair of the Naito Foundation, to which the Company makes donations. The purpose of the Foundation is to promote basic research in natural sciences related to the prevention and treatment of human diseases and thereby contribute to academic promotion and human welfare. Accordingly, the Board of Directors has deemed these donations to be appropriate transactions that invest in the purpose of the Foundation, and granted their approval. In addition, Haruo Naito does not receive any remuneration whatsoever from the Naito Foundation, and the Foundation does not employ any of his close relatives as officers or employees.

## Reasons for nomination as a director candidate and summary of expected roles

The Nomination Committee has determined that the candidate has appropriately explained resolution items and report items in meetings of the Board of Directors as the only director with concurrent duties as a corporate officer and has sufficiently fulfilled the role of overseeing important management decisions and the execution of business, and has nominated the candidate to continue from the previous year serving as director.

The Company's Corporate Governance Principles call for the Representative Corporate Officer and CEO to serve concurrently as director.



## Dear Shareholders,

We aim to become a group that realizes the social good, including ‘relieving anxiety over health’ and ‘reducing health disparities’ in the most efficient way. In this sense, we are engaged in the provision of not only treatments but also information and services for the prevention of disease as well as the implementation of Internet hospitals and other remote medicine in widespread economic zones without sufficient medical infrastructures. In regard to alleviating anxieties about one’s health, we will particularly provide information concerning Alzheimer’s disease and the situation related to means for its diagnosis and treatment, and give recommendations for the improvement of daily life habits and the making of periodic visits to see physicians.

In relation to the discovery of new drugs, which are most powerful as solutions, the whole company is working toward achievement of the filing of applications of lecanemab for approval around the world. Our desire is to enable its delivery as soon as possible to patients in need of the treatment. We are currently injecting our resources to these activities on a priority basis and look forward to the understanding and support of our shareholders.



### Personal history and concurrent employment, etc.

\* The notation “(current)” is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

- Oct. 1975 Joined the Company
- Apr. 1983 Senior Director, R&D Promotion Department of the Company
- Jun. 1983 Director of the Company
- Apr. 1985 General Manager, R&D of the Company
- Jun. 1985 Managing Director of the Company
- Jun. 1986 Representative Director and Senior Managing Director of the Company
- Jun. 1987 Representative Director and Deputy President of the Company
- Apr. 1988 Representative Director and President of the Company
- Jun. 2003 Representative Director, President and Chief Executive Officer (CEO) of the Company
- Jun. 2004 Director, President (Representative Corporate Officer) and CEO of the Company
- Jan. 2006 Chair, The Naito Foundation (current)
- Jun. 2014 Director, Representative Corporate Officer and CEO of the Company (current)

#### Activity on the Board of Directors and Committees

In his capacity as Director, Representative Corporate Officer and CEO, Mr. Naito explains the details of relevant proposals that are submitted at meetings of the Board of Directors, and also provides sufficient explanations of proposals related to report items. Furthermore, he responds carefully and clearly to questions from other directors while presenting his own views as appropriate. Mr. Naito is not a member of any of the committees.

#### Attendance (FY2021)

● Board of Directors	11/11 (100%)
● Nomination Committee	—
● Audit Committee	—
● Compensation Committee	—
● hhc Governance Committee	—
● Independent Committee of Outside Directors	—

Candidate

2

Yasuhiko Katoh

May 19, 1947 (75 years of age) \* as of June 17, 2022

Reappointment

Outside

Independent



<b>Current position and primary area of responsibility in the Company</b>	Chair of the Board of Directors ● Chair of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors
<b>No. of years served as director</b>	6 * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	1,478 * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

None

### Reasons for nomination as a director candidate and summary of expected roles

As can be seen from his personal history, the candidate has abundant experience as a manager of a global corporation in the shipping and marine industries, etc., as well as a high level of insight into management and excellent supervisory ability. The Nomination Committee expects that the candidate will use his experience and abilities to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director, chair of the Board of Directors, and chair of the *hhc* Governance Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as outside director.

### Independence and neutrality

The candidate has experience serving as an officer of Mitsui Engineering & Shipbuilding Co., Ltd. (currently Mitsui E&S Holdings Co., Ltd.). However, there is no transactional relationship between said company and the Company.

The Nomination Committee has confirmed that the candidate meets the conditions for outside directors stipulated by the Companies Act and the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair the candidate's ability to execute his duties as an outside director.

## Dear Shareholders,

Last fiscal year, the Company set out on the remaining 5 years of the “EWAY 2025” medium-term business plan.

As stated in the plan, we are committed to operating our business in a super-aged society with the aim of reducing health disparities, and relieving the worries and anxieties of patients who suffer from diseases like cancer and dementia. We also seek to contribute in the field of preventive care and by raising awareness of diseases so that the general public can take concrete steps to maintain good health and prevent illnesses.

To achieve these goals, we must take on many challenges, including promotion of digital transformation (DX) to realize the concept of *hceco* let alone drug discovery research. We must thereby strive to minimize any accompanying risks.

Eisai’s directors thoroughly discuss these matters that concern the foundation of management, strive to ensure the transparency of management, and fulfill our responsibility toward management oversight and supervision and the further betterment of the Company’s corporate governance. By doing so, we will contribute to the enhancement of Eisai’s medium- to long-term corporate value. We will commit ourselves to meeting the expectations of stakeholders, including shareholders, patients, and employees.



## Personal history and concurrent employment, etc.

\* The notation “(current)” is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

Apr. 1973	Joined Mitsui Engineering & Shipbuilding Co., Ltd.
Jun. 2001	President, Mitsui Zosen Europe Ltd.
Apr. 2004	CEO, Mitsui Babcock Energy Limited
Jun. 2004	Director, Mitsui Engineering & Shipbuilding Co., Ltd., assigned to Mitsui Babcock Energy Limited (stationed in the United Kingdom)
Dec. 2006	Director, Mitsui Engineering & Shipbuilding Co., Ltd., assigned to Special Mission by President
Jun. 2007	Representative Director and President, Mitsui Engineering & Shipbuilding Co., Ltd.
Jun. 2013	Chairman and Representative Director, Mitsui Engineering & Shipbuilding Co., Ltd.
Jun. 2016	Director of the Company, Member of the Independent Committee of Outside Directors (current), Member of the Nomination Committee, and Member of the Compensation Committee
Apr. 2017	Director and Senior Advisor, Mitsui Engineering & Shipbuilding Co., Ltd.
Jun. 2017	Chair of the Compensation Committee of the Company
Jun. 2017	Senior Advisor, Mitsui Engineering & Shipbuilding Co., Ltd. (currently Mitsui E&S Holdings Co., Ltd.)
Jun. 2018	Chair of the Board of Directors of the Company (current)
May 2020	Chair of the <i>hhc</i> Governance Committee of the Company (current)
Jul. 2020	Special Advisor, Mitsui E&S Holdings Co., Ltd. (current)

### Activity on the Board of Directors and Committees

As the chair of the Board of Directors, Mr. Katoh carries out active and efficient leadership, selecting proposals to be presented at meetings of the Board of Directors and presiding over the proceedings of those meetings while explaining the agenda, encouraging input from members, requesting explanations from the corporate officers, and summarizing the opinions of the Board of Directors. Mr. Katoh utilizes his abundant experience and knowledge as a corporate manager and his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions, etc., as appropriate at meetings of the Board of Directors. In addition, as the chair of the *hhc* Governance Committee, he directs the secretariat of the Committee, makes preparations for meetings of the Committee, and presides over its proceedings in an effort to continually enhance corporate governance. He reports to the Board of Directors on the results of the proceedings, makes proposals, and responds to questions and comments at meetings of the Board of Directors, fulfilling his expected role.

### Attendance (FY2021)

● Board of Directors	11/11 (100%)
● Nomination Committee	—
● Audit Committee	—
● Compensation Committee	—
● <i>hhc</i> Governance Committee	13/13 (100%)
● Independent Committee of Outside Directors	8/8 (100%)

Candidate

3

**Shuzo Kaihori**

January 31, 1948 (74 years of age) \* as of June 17, 2022

Reappointment  
Outside  
Independent



<b>Current position and primary area of responsibility in the Company</b>	Director	<ul style="list-style-type: none"> <li>● Chair of the Nomination Committee</li> <li>● Member of the Compensation Committee</li> <li>● Member of the <i>hhc</i> Governance Committee</li> <li>● Member of the Independent Committee of Outside Directors</li> </ul>
<b>No. of years served as director</b>	4	* as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	591	* as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

As can be seen from his personal history, the candidate has abundant experience as the top executive of a global corporation in industrial instruments and process control equipment businesses. He has a high level of insight into management and excellent supervisory capabilities. The Nomination Committee expects that the candidate will use his experience and capabilities to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director, chair of the Nomination Committee, and member of the Compensation Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as an outside director.

### Independence and neutrality

The candidate has experience serving as an officer of Yokogawa Electric Corporation. Although there is a history of transaction between the Company and Yokogawa Solution Service Corporation, which is a subsidiary of said company, the amount was negligible (less than 0.01% of the consolidated sales of said subsidiary). The candidate serves as an outside director of HOYA Corporation. There is no steady transactional partnership between said company and the Company.

As explained above, the Nomination Committee has confirmed that the candidate meets the conditions for outside directors stipulated by the Companies Act and the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair the candidate's ability to execute his duties as an outside director.

## Dear Shareholders,

As the world undergoes rapid and irreversible changes, the future has become increasingly difficult to foresee. In this context, management from a medium- to long-term perspective is more important than ever. The Company seeks to realize our Corporate Philosophy with priority given to the security and peace of mind of all stakeholders. While our *hhc* philosophy sets forth giving first thought to delivering increased benefits to patients and the general public, the “EWAY Future & Beyond” medium-term business plan seeks to expand the scope of value provision to include presymptomatic care and The People’s entire life. To empower The People to realize their fullest life with dignity, the Company is in the process of expanding the areas of contribution made to each individual and society, based on our strength in pharmaceuticals as the value we provide. Personally, I will strive to meet the expectations of stakeholders by overseeing the management team’s execution of duties from the independent standpoint of an outside director.

海堀周造

### Personal history and concurrent employment, etc.

\* The notation “(current)” is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

Apr. 1973	Joined Yokogawa Electric Works Ltd. (currently Yokogawa Electric Corporation)
Apr. 2005	Vice President, Head of IA Business Headquarters, Yokogawa Electric Corporation
Apr. 2006	Senior Vice President, Head of IA Business Headquarters, Yokogawa Electric Corporation
Jun. 2006	Director and Senior Vice President, Head of IA Business Headquarters, Yokogawa Electric Corporation
Apr. 2007	President and Chief Operating Officer, Yokogawa Electric Corporation
Apr. 2013	Chairman and Chief Executive Officer, Yokogawa Electric Corporation
Apr. 2015	Chairman, Yokogawa Electric Corporation
Jun. 2015	Outside Director, HOYA Corporation (current)
Jun. 2016	Director and Chairman of the Board, Yokogawa Electric Corporation
Jun. 2018	Director of the Company (current), Chair of the Nomination Committee (current), Member of the Compensation Committee (current), and Member of the Independent Committee of Outside Directors (current)
Jun. 2018	Advisor, Yokogawa Electric Corporation (resigned in June 2020)
May 2020	Member of the <i>hhc</i> Governance Committee of the Company (current)

#### Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Kaihori utilizes his abundant experience and knowledge as a corporate manager and his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions, etc., as needed. In addition, as the chair of the Nomination Committee, he directs the secretariat of the Committee, makes preparations for meetings of the Committee and presides over its proceedings. He reports to the Board of Directors on the results of the proceedings and responds to questions and comments at meetings of the Board of Directors. As a member of the Compensation Committee, he presents a variety of proposals to the Committee and responds to questions from other Committee members. He also requests explanations regarding the opinions of other members, and presents his own opinions and advice as needed, fulfilling his expected role.

#### Attendance (FY2021)

● Board of Directors	<b>11/11</b> (100%)
● Nomination Committee	<b>10/10</b> (100%)
● Audit Committee	—
● Compensation Committee	<b>7/7</b> (100%)
● <i>hhc</i> Governance Committee	<b>13/13</b> (100%)
● Independent Committee of Outside Directors	<b>8/8</b> (100%)

Candidate

4

Hideyo Uchiyama

March 30, 1953 (69 years of age) \* as of June 17, 2022

Reappointment

Outside

Independent



<b>Current position and primary area of responsibility in the Company</b>	Director	<ul style="list-style-type: none"> <li>● Chair of the Audit Committee</li> <li>● Member of the <i>hhc</i> Governance Committee</li> <li>● Member of the Independent Committee of Outside Directors</li> </ul>
<b>No. of years served as director</b>	4	* as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	591	* as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

As can be seen from his personal history, the candidate has expertise and experience as a certified public accountant. At the same time, he has abundant experience as the head of an audit firm and top executive of a global consulting firm. He also has a high level of insight into management as well as excellent supervisory ability. The Nomination Committee expects that the candidate will use his experience and abilities to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and chair of the Audit Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as an outside director.

### Independence and neutrality

The candidate has experience serving as an officer of KPMG Japan. Although there is a history of transaction between the Company and KPMG AZSA LLC and KPMG Tax Corporation, both group companies of KPMG Japan, the amount was negligible (less than 0.01% of the consolidated sales of said subsidiary). The candidate currently serves as advisor to Asahi Tax Corporation. However, there is no transactional relationship between said company and the Company.

The candidate serves as outside director of Sompo Holdings, Inc. The Company has insurance policy transactions with an insurance company affiliated with said company. However, the value of said transactions is negligible (less than 0.01% of said insurance company's net premium income). The candidate also serves as an outside audit & supervisory board member of OMRON Corporation. However, there is no transactional partnership between said company and the Company.

As explained above, the Nomination Committee has confirmed that the candidate meets the conditions for outside directors stipulated by the Companies Act and the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair the candidate's ability to execute his duties as an outside director.



## Dear Shareholders,

Workstyle reforms accelerated by the pandemic necessitated considerable adjustments to the way we perform internal and external audits as well. We now mostly use the Internet and other means to replace face-to-face audits, and we have introduced various measures to improve the efficiency and productivity of our operations. In FY2021 I worked closely with the Corporate Internal Audit Department and the Accounting Auditor to ensure audit activities were carried out effectively and appropriately in this environment. In recent years, stakeholders are increasingly looking to the disclosure of non-financial information in integrated reports and elsewhere, in addition to the more traditional financial information, for insight in assessing corporate value. As a basis for such disclosures, companies must formulate and practice an appropriate risk management policy aligned with changes in internal and external environments.

As an outside director, I intend to fulfill my duties by maintaining a broad view that encompasses these areas as well.

内山英世

## Personal history and concurrent employment, etc.

\* The notation "(current)" is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

Nov. 1975	Joined Arthur Young & Company
Dec. 1979	Joined Asahi Accounting Company (currently KPMG AZSA LLC)
Mar. 1980	Registered as Certified Public Accountant
Jul. 1999	Representative Partner, KPMG AZSA LLC
May 2002	Board Member, KPMG AZSA LLC
Jun. 2006	Executive Board Member, KPMG AZSA LLC
Jun. 2010	Managing Partner, KPMG AZSA LLC, Chairman, KPMG Japan
Sep. 2011	Chairman, KPMG Asia Pacific
Oct. 2013	CEO, KPMG Japan (resigned in June 2015)
Sep. 2015	Executive Advisor, ASAHI Tax Corporation (current)
Jun. 2016	Audit & Supervisory Board Member (Outside), OMRON Corporation (current)
Jun. 2017	Audit & Supervisory Board Member (Outside), Sompo Holdings, Inc.
Jun. 2018	Director of the Company (current), Chair of the Audit Committee (current), and Member of the Independent Committee of Outside Directors (current)
Jun. 2019	Outside Director, Sompo Holdings, Inc. (current)
May 2020	Member of the <i>hhc</i> Governance Committee of the Company (current)

\* Hideyo Uchiyama, as a certified public accountant, has considerable knowledge and experience related to financial accounting and auditing.

### Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Uchiyama utilizes his specialized knowledge as a certified public accountant as well as his high level of management expertise and supervisory capabilities as the top leader of an audit firm, as he requests explanations and presents his opinions and advice as appropriate. In addition, as the chair of the Audit Committee, he directs the secretariat of the Committee, makes preparations for meetings of the Committee and presides over its proceedings. He reports to the Board of Directors on the results of the proceedings and responds to questions and comments at meetings of the Board of Directors, fulfilling his expected role. Furthermore, he observes audits of the independence and appropriateness of the Accounting Auditor.

### Attendance (FY2021)

● Board of Directors	11/11 (100%)
● Nomination Committee	—
● Audit Committee	12/12 (100%)
● Compensation Committee	—
● <i>hhc</i> Governance Committee	13/13 (100%)
● Independent Committee of Outside Directors	8/8 (100%)

Candidate

5

**Hideki Hayashi**

Reappointment

November 22, 1957 (64 years of age) \* as of June 17, 2022



<b>Current position and primary area of responsibility in the Company</b>	Director	● Member of the Audit Committee
<b>No. of years served as director</b>	3	* as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	37,849	* as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

The Company's corporate governance principles call for appointing inside directors who have abundant experience working within the Company to serve as members of the Audit Committee. The candidate has a wealth of experience and knowledge acquired through work related to business development, R&D, corporate planning, information systems, Japan business, etc., and through duties as a corporate officer. The Nomination Committee expects that the candidate will use his experience and knowledge to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) in-house experience, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.



## Dear Shareholders,

The spread of COVID-19 necessitated various responses around the world, including mass vaccination, mandatory use of facial masks and hand sanitizers, physical distancing, and temporary blockage and closure of traffic and facilities. On the other hand, these measures have introduced new changes in the world as by-products, such as the spread of telecommuting, web conferencing, and telemedicine enabled by the use of digital technology, as well as the advancement of home and office renovation. In the future, the way people think about illnesses will change from treatment to presymptomatic care and prevention, leading to greater needs for increasing one's health span. Under our corporate mission of *human health care*, we are working to create and provide various solutions tailored to each individual and realize an *hhc* ecosystem that will remove the anxieties of The People. Based on the wide range of experience I have gained through my duties as an inside director and Audit Committee member, I will perform audits and oversight to make sure the Company's activities and efforts are carried out appropriately, and our corporate value is enhanced even further. It is my desire to respond to the expectations of our shareholders and many other stakeholders through these activities.



## Personal history and concurrent employment, etc.

\* The notation "(current)" is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

Apr. 1981	Joined the Company
Apr. 2004	Senior Director, Business Development Department of the Company
Jun. 2005	Vice President of the Company
Jun. 2006	Assigned to Business Development of the Company
Jun. 2007	Senior Vice President of the Company
Jul. 2009	Chief Product Creation Officer, Eisai Product Creation Systems of the Company
Jun. 2010	Executive Vice President of the Company
Jun. 2011	Assigned to IR of the Company
Jun. 2012	Representative Corporate Officer and Deputy President of the Company
Jun. 2012	Assigned to Global Business Development of the Company
Jun. 2012	President, Eisai R&D Management Co., Ltd.
Jun. 2014	Representative Corporate Officer, CPCO, and CIO of the Company
Jun. 2014	Chief Information Officer of the Company
Oct. 2014	Representative Corporate Officer, Corporate Planning & Strategy and CIO of the Company
Oct. 2014	Assigned to Corporate Planning & Strategy of the Company
Apr. 2016	Representative Corporate Officer, Japan Business, and CIO of the Company
Apr. 2016	Assigned to Japan Business of the Company
Apr. 2016	Assigned to Dementia Solution Headquarters of the Company
Apr. 2017	Assigned to <i>hhc</i> Solution Headquarters of the Company
Jun. 2019	Director of the Company (current) and Member of the Audit Committee (current)

### Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Hayashi utilizes his abundant experience within the Company and high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions and advice as needed. As a member of the Audit Committee, he also directs the daily operation of the Management Audit Department, works to enhance the quality of audit activities, and has attended important meetings and audited subsidiaries. In addition to explaining audit activities he had conducted, at meetings of the Audit Committee, he presented his own opinions regarding agenda items and report items as needed, fulfilling his expected role.

### Attendance (FY2021)

● Board of Directors	11/11 (100%)
● Nomination Committee	—
● Audit Committee	12/12 (100%)
● Compensation Committee	—
● <i>hhc</i> Governance Committee	—
● Independent Committee of Outside Directors	—

Candidate

6

Yumiko Miwa

October 12, 1965 (56 years of age) \* as of June 17, 2022

Reappointment

Outside

Independent



<b>Current position and primary area of responsibility in the Company</b>	Director <ul style="list-style-type: none"> <li>● Member of the Audit Committee</li> <li>● Member of the <i>hhc</i> Governance Committee</li> <li>● Member of the Independent Committee of Outside Directors</li> </ul>
<b>No. of years served as director</b>	2 * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	554 * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

As can be seen from her personal history, the candidate is a specialist in ESG and corporate governance. Although she has not been directly involved with management, her field of research has given her deep knowledge of ESG, corporate governance, and socially responsible investment, that gives her a high level of insight into management and excellent supervisory capabilities. The Nomination Committee expects that the candidate will use her knowledge and abilities to objectively execute her management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing her management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as an outside director.

### Independence and neutrality

The candidate is not concurrently employed by any company or organization with a relationship of interest with the Company or its subsidiaries and associated companies.

The candidate serves as an outside director of Pigeon Corporation. However, there is no transactional partnership between said company and the Company.

The Nomination Committee has confirmed that the candidate meets the conditions for outside directors stipulated by the Companies Act and the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair the candidate's ability to execute her duties as an outside director.

## Dear Shareholders,

As corporate activities grow in scope, negative externalities affecting society and the global environment increase as well. Monitoring such externalities is an important theme today in the oversight of boards of directors. Under the Corporate Philosophy of *human health care (hhc)*, Eisai has worked to increase the Company's corporate value and the common interests of shareholders, as well as patient value. Eisai's corporate governance reform has garnered high praise. The Company also undertakes various initiatives that take into consideration negative externalities as a global company.

I have conducted research focused on institutional investors, corporate governance, and ESG investment. As an independent outside director, I will utilize the findings of that research to fulfill my oversight and supervision duties in this age when companies are expected to live up to its sustainability and diversity promises, so that the Company can steadily carry out its management strategies based on the Corporate Philosophy of *hhc*. In particular, I would like to contribute to the growth of diversity in the Board of Directors through my perspective as a woman, engage proactively in dialogue with shareholders and other stakeholders, while at the same time contributing to the improvement of the Company's corporate value.

三和 裕美子

## Personal history and concurrent employment, etc.

\* The notation "(current)" is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

Apr. 1988	Joined Nomura Securities Co., Ltd.
Apr. 1996	Full-time Research Associate, School of Commerce, Meiji University
Apr. 1997	Full-time Lecturer, School of Commerce, Meiji University
Apr. 2000	Associate Professor, School of Commerce, Meiji University
Apr. 2002	Member of Fund Management Committee, Pension Fund Association for Local Government Officials
Oct. 2005	Professor, School of Commerce, Meiji University (current)
Apr. 2006	Visiting Scholar, Ross School of Business, University of Michigan
Apr. 2013	Part-time Lecturer, School of Economics, Rikkyo University
Apr. 2020	Part-time Lecturer, College of Commerce, Nihon University
Apr. 2020	Member of Fund Management Committee, National Federation of Mutual Aid Associations for Municipal Personnel (current)
Jun. 2020	Director of the Company (current), Member of the Audit Committee (current), Member of the <i>hhc</i> Governance Committee (current), and Member of the Independent Committee of Outside Directors (current)
Apr. 2021	Member, Pension Asset Management Review Committee, The Mutual Aid Association of Prefectural Government Personnel (current)
Mar. 2022	Outside Director, Pigeon Corporation (current)

### Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Ms. Miwa utilizes her expert knowledge in the fields of ESG and corporate governance as well as her high level of management expertise and supervisory capabilities as she requests explanations and presents her opinions and advice as appropriate. Also, as a member of the Audit Committee, she formulates audit plans, requests explanations regarding the results of investigations and subsequent follow-up actions, and presents her opinions at meetings of the Audit Committee as needed, fulfilling her expected role.

### Attendance (FY2021)

● Board of Directors	11/11 (100%)
● Nomination Committee	—
● Audit Committee	12/12 (100%)
● Compensation Committee	—
● <i>hhc</i> Governance Committee	13/13 (100%)
● Independent Committee of Outside Directors	8/8 (100%)

Candidate

7

Fumihiko Ike

May 26, 1952 (70 years of age) \* as of June 17, 2022

 Reappointment  
 Outside  
 Independent


<b>Current position and primary area of responsibility in the Company</b>	<b>Director</b> <ul style="list-style-type: none"> <li>● Member of the Nomination Committee</li> <li>● Member of the Compensation Committee</li> <li>● Member of the <i>hbc</i> Governance Committee</li> <li>● Member of the Independent Committee of Outside Directors</li> </ul>
<b>No. of years served as director</b>	<b>1</b> * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	<b>1,000</b> * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

As can be seen from his personal history, the candidate has a wealth of experience as the top executive of a global corporation in the automobile industry, as well as a high level of insight into management and excellent supervisory ability. The Nomination Committee expects that the candidate will use his experience and abilities to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Nomination Committee and the Compensation Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as an outside director.

### Independence and neutrality

The candidate has experience serving as an officer of Honda Motor Co., Ltd., but there is no transactional relationship between said company and the Company.

The candidate currently serves as outside director of NTT DATA Corporation. Although there is a history of transaction between the Company and said company, the amount was negligible (less than 0.01% of the consolidated sales of said company).

Furthermore, the candidate currently serves as outside director of Resona Holdings, Inc. Although the Company has borrowings from a group bank of said company, the amount is negligible (less than 0.01% of the consolidated net assets of the Group).

As explained above, the Nomination Committee has confirmed that the candidate meets the conditions for outside directors stipulated by the Companies Act and the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair the candidate's ability to execute his duties as an outside director.

## Dear Shareholders,

The Company is working against all odds this year, which marks the 80th anniversary of its founding. Last fiscal year, the new Alzheimer's disease drug Aduhelm, developed jointly with Biogen, failed to gain approval from European and Japanese regulators, despite an accelerated approval in the United States. Aduhelm is a drug that is much awaited by patients, their families, and healthcare professionals. Currently, the Company is focusing its efforts on lecanemab, whose development is led by Eisai, and planning to regroup for another attempt at approval in the next fiscal year or later. Eisai is boldly taking on the challenge of developing a new Alzheimer's disease drug, something no pharmaceutical company has ever accomplished. To ensure the stability of business so that these efforts can be continued, it is extremely important to build a solid foundation. In that sense, efforts to advance and commercialize projects currently underway in oncology support the Company's operations as it navigates through this challenging situation. As a member of the monitoring board, I will endeavor to meet the expectations of shareholders and fully exercise oversight functions as the Company seeks to return to growth in the next fiscal year and beyond, keeping a close watch on the work of corporate officers as they steer the Company through these trying times by practicing appropriate and rational management.



## Personal history and concurrent employment, etc.

\* The notation "(current)" is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

Feb. 1982	Joined Honda Motor Co., Ltd.
Jun. 2003	Chief Operating Officer for Power Products Operation and Director of Honda Motor Co., Ltd.
Apr. 2006	Chief Financial Officer and Director of Honda Motor Co., Ltd.
Jun. 2007	Chief Financial Officer and Managing Director of Honda Motor Co., Ltd.
Apr. 2008	Chief Operating Officer for Asia and Oceania Region and Managing Director of Honda Motor Co., Ltd.;
	President and Director of Asian Honda Motor Co., Ltd. (resigned in Mar. 2011)
Apr. 2011	Chief Financial Officer, Risk Management Officer, Chief Office for Information Systems and Senior Managing Director of Honda Motor Co., Ltd.
Apr. 2012	Chief Financial Officer, Chief Information Officer, Risk Management Officer and Senior Managing Director of Honda Motor Co., Ltd.
Apr. 2013	Chairman and Representative Director of Honda Motor Co., Ltd. (resigned in June 2016)
May 2014	President of Japan Automobile Manufacturers Association (resigned in May 2016)
Jun. 2020	Outside director, NTT DATA Corporation (current)
Jun. 2021	Director of the Company (current), Member of the Nomination Committee (current), Member of the Compensation Committee (current), Member of the <i>hhc</i> Governance Committee (current), and Member of the Independent Committee of Outside Directors (current)
Jun. 2021	Outside Director, Resona Holdings, Inc. (current)

### Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Ike utilizes his abundant experience and knowledge as a corporate manager and his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions, etc., as needed. As a member of the Nomination Committee and Compensation Committee, he presents a variety of proposals to the Committees and responds to questions from other Committee members. He also requests explanations regarding the opinions of other members, and presents his own opinions and advice as needed, fulfilling his expected role.

### Attendance (FY2021)

● Board of Directors	<b>9/9</b> (100%)
● Nomination Committee	<b>8/8</b> (100%)
● Audit Committee	—
● Compensation Committee	<b>5/5</b> (100%)
● <i>hhc</i> Governance Committee	<b>10/10</b> (100%)
● Independent Committee of Outside Directors	<b>7/7</b> (100%)

\* Because Fumihiko Ike was newly appointed to be a director and assumed his post at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, his attendance at meetings of the Board of Directors and each Committee indicates attendance at meetings beginning on June 18, 2021.

Candidate

8

**Yoshiteru Kato**

Reappointment

February 8, 1960 (62 years of age) \* as of June 17, 2022



<b>Current position and primary area of responsibility in the Company</b>	Director ● Member of the Audit Committee
<b>No. of years served as director</b>	1 * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	10,681 * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

The Company's corporate governance principles call for appointing inside directors who have abundant experience working within the Company to serve as members of the Audit Committee. The candidate has abundant experience and knowledge acquired through his work in pharmaceutical manufacturing, quality control, production site management in Japan and the U.K., and other responsibilities, as well as his duties as a corporate officer. The Nomination Committee expects that the candidate will use his experience and knowledge to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) in-house experience, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.



## Dear Shareholders,

The end of the COVID-19 pandemic is still nowhere in sight. The environment surrounding businesses has changed dramatically over the past few years, and companies are faced with the need to adapt to changing social values and transform in order to grow sustainably.

To realize the *hhc* philosophy, the Company is pursuing various activities, ranging from the research, development, production, and sales of pharmaceuticals with a focus on oncology and neurology, to the provision of digital technology solutions for predicting and preventing diseases. We will also reorganize our business structure as part of our initiatives to “empower each and every member of the general public to realize their fullest life,” from times of good health until the very end.

Based on the experience I have gained through my duties at the Company, I will devote myself to management oversight and audit activities as an inside director and a member of the Audit Committee. I will strive to meet the expectations of many stakeholders, including our shareholders, by further enhancing our governance and corporate value through the realization of the *hhc* philosophy.

加藤義輝

## Personal history and concurrent employment, etc.

\* The notation “(current)” is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

Apr. 1988	Joined the Company
Jun. 2009	Head of Manufacturing Department, Kawashima Plant, Demand Chain Headquarters
Jun. 2010	Officer of the Company
Oct. 2012	President, New Chemical Entity Demand Chain Unit, Eisai Demand Chain Systems
Oct. 2012	Managing Director, Eisai Manufacturing Ltd.
Apr. 2014	Group officer of the Company
Apr. 2014	Head of Kawashima Industrial Park and Kawashima Plant, Eisai Demand Chain Systems
Apr. 2016	President, Neurology Demand Chain Unit, Eisai Demand Chain Systems
May 2017	Deputy President, Eisai Demand Chain Systems
Jun. 2017	Vice President of the Company
Jun. 2017	President, Eisai Demand Chain Systems
Jun. 2020	Senior Vice President of the Company
Jun. 2021	Director of the Company (current) and Member of the Audit Committee (current)

### Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Kato utilizes his abundant experience within the Company and high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions and advice as needed. As a member of the Audit Committee, he also directs the daily operation of the Management Audit Department, works to enhance the quality of audit activities, and has attended important meetings and audited subsidiaries. In addition to explaining audit activities he had conducted, at meetings of the Audit Committee, he presented his own opinions regarding agenda items and report items as needed, fulfilling his expected role.

### Attendance (FY2021)

● Board of Directors	9/9 (100%)
● Nomination Committee	—
● Audit Committee	8/8 (100%)
● Compensation Committee	—
● <i>hhc</i> Governance Committee	—
● Independent Committee of Outside Directors	—

\* Because Yoshiteru Kato was newly appointed to be a director and assumed his post at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, his attendance at meetings of the Board of Directors and the Audit Committee indicates attendance at meetings beginning on June 18, 2021.

Candidate

9

Ryota Miura

May 14, 1974 (48 years of age) \* as of June 17, 2022

 Reappointment  
 Outside  
 Independent


<b>Current position and primary area of responsibility in the Company</b>	Director <ul style="list-style-type: none"> <li>● Member of the Audit Committee</li> <li>● Member of the <i>hhc</i> Governance Committee</li> <li>● Chair of the Independent Committee of Outside Directors</li> </ul>
<b>No. of years served as director</b>	1 * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	256 * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

As can be seen from his personal history, the candidate is a legal expert and a specialist in the Companies Act. Although he has not been directly involved with management, he has served as an outside officer for another company and has abundant experience related to corporate law, giving him a high level of insight into management and excellent supervisory ability. The Nomination Committee expects that the candidate will use his experience and abilities to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director, member of the Audit Committee, and chair of the Independent Committee of Outside Directors, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as an outside director.

### Independence and neutrality

The candidate is a partner at the law firm Miura & Partners, but there is no transactional relationship between said firm and the Company.

He also serves as an outside director and corporate auditor of TechMatrix Corporation and an outside audit & supervisory board member of Tokyo Electron Limited, but there is no steady transactional partnership between either company and the Company.

The Nomination Committee has confirmed that the candidate meets the conditions for outside directors stipulated by the Companies Act and the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair the candidate's ability to execute his duties as an outside director.



## Dear Shareholders,

It has been a year since I assumed the post of outside director at the Company. As a member of the Board of Directors, the Audit Committee, the *hhc* Governance Committee, and the Independent Committee of Outside Directors, I endeavored to increase the Company's corporate value while listening to the opinions of our shareholders, employees, and other stakeholders. Recently, the Company won the Tokyo Governor Prize for Corporate Governance of the Year 2021, which gives testimony to the excellent reviews that Eisai's corporate governance earns.

The Company faces a crucial juncture this year. In these circumstances, I vow to contribute to increasing the Company's corporate value by continuing to fully leverage my expertise in corporate governance and corporate legal affairs in general, and creating an environment where the management team can take risks effectively, under the Corporate Philosophy of *human health care*.

三浦亮太

## Personal history and concurrent employment, etc.

\* The notation "(current)" is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

- Apr. 2000 Registered as an attorney-at-law  
Joined Mori Sogo (Law Firm) (currently Mori Hamada & Matsumoto)
- Jan. 2007 Partner, Mori Hamada & Matsumoto (resigned in Oct. 2018)
- Jun. 2008 Outside Director and Corporate Auditor, TechMatrix Corporation (current)
- Jan. 2019 Established Miura & Partners (current)
- Jun. 2020 Outside Audit & Supervisory Board Member, Tokyo Electron Ltd. (current)
- Jun. 2021 Director of the Company (current), Member of the Audit Committee (current), Member of the *hhc* Governance Committee (current), and Chair of the Independent Committee of Outside Directors (current)

### Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Miura utilizes his specialized knowledge as an attorney as well as his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions and advice, etc., as appropriate. Also, as a member of the Audit Committee, he formulates audit plans, requests explanations regarding the results of investigations and subsequent follow-up actions, and presents his opinions and advice at meetings of the Audit Committee as needed, fulfilling his expected role. In addition, as the chair of the Independent Committee of Outside Directors, he directs the secretariat of the Committee, makes preparations for meetings of the Committee and presides over the proceedings of the Committee. He makes reports and proposals to the Board of Directors on the results of the proceedings, and responds to questions and comments at meetings of the Board of Directors.

### Attendance (FY2021)

● Board of Directors	9/9 (100%)
● Nomination Committee	—
● Audit Committee	8/8 (100%)
● Compensation Committee	—
● <i>hhc</i> Governance Committee	10/10 (100%)
● Independent Committee of Outside Directors	7/7 (100%)

\* Because Ryota Miura was newly appointed to be a director and assumed his post at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, his attendance at meetings of the Board of Directors and each Committee indicates attendance at meetings beginning on June 18, 2021.

Candidate

10

# Hiroyuki Kato

September 8, 1957 (64 years of age) \* as of June 17, 2022

New



<b>Current position and primary area of responsibility in the Company</b>	Senior Vice President; Chief Clinical Quality Officer, Chief Product Quality Officer, Global Product Emergency Management, and Pharmaceutical Affairs
<b>No. of years served as director</b>	0 * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	5,086 * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

## Reasons for nomination as a director candidate and summary of expected roles

The Company aims to ensure optimum decision-making and the fairness of management through a clear separation of functions between management oversight and business execution, with the Board of Directors dedicated to management oversight. To achieve these aims, the Company appoints inside directors, who are familiar with the Company, to provide support for the management of the Board of Directors. The candidate has abundant experience and knowledge acquired through his work in R&D, manufacturing quality control of pharmaceuticals, quality control of clinical development and trials, pharmaceutical affairs, and other responsibilities, as well as his duties as a corporate officer. The Nomination Committee expects that the candidate will use his experience and knowledge to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) qualifications and capabilities as a director and (2) in-house experience, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate as a new director.

## Dear Shareholders,

As countries shift course in the fight against COVID-19 toward co-existence with the virus, new geopolitical risks have materialized, impacting the entire world and increasing the uncertainties in our business environment.

To effectively move forward amid such a volatile environment in pursuit of the social good, relieving anxiety over health and reducing health disparities, I believe it is important to build even stronger trust between the directors and operational divisions, as well as shareholders and other stakeholders.

Ever since I joined Eisai, I have engaged in the research and development of new drugs, quality control, and company-wide enhancement of data integrity. Based on this experience, I will work even more diligently to strengthen our corporate governance and the relationship of trust with the stakeholders, contributing to increasing corporate value through the realization of the *hhc* philosophy.



## Personal history and concurrent employment, etc.

\* The notation "(current)" is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

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

Candidate

11

**Richard Thornley**

November 25, 1964 (57 years of age) \* as of June 17, 2022

New

Outside

Independent



<b>Current position and primary area of responsibility in the Company</b>	—
<b>No. of years served as director</b>	0 * as of the close of this Ordinary General Meeting of Shareholders
<b>No. of the Company's shares held by the candidate</b>	0 * as of March 31, 2022

**Special conflicts of interest** between the candidate and the Company or any of its subsidiaries, associated companies, or major business partners:

▶ None

### Reasons for nomination as a director candidate and summary of expected roles

As can be seen from his personal history, the candidate has abundant global experience as a corporate manager, primarily in the aerospace industry, as well as a high level of insight into management and excellent supervisory ability. The Nomination Committee expects that the candidate will use his experience and knowledge to objectively execute his management oversight duties.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) qualifications and capabilities as a director and (2) career background, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate as a new outside director.

### Independence and neutrality

The candidate is not concurrently employed by any company or organization with a relationship of interest with the Company or its subsidiaries and associated companies.

The Nomination Committee has confirmed that the candidate meets the conditions for outside directors stipulated by the Companies Act and the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair the candidate's ability to execute his duties as an outside director.

## Dear Shareholders,

Although I do not have a background in the pharmaceutical industry, I intend to use my experience in corporate management in another highly-regulated, global industry, aerospace, and my best endeavours, to objectively execute my management oversight duties.

As Eisai seeks to digitise and create an ecosystem to spread its '*hhc*' philosophy around the world, it must successfully navigate increasingly unforeseen risks, ranging from security and trade challenges, to supply chain disruption and personal data protection.

As I join this progressive and well-managed company, I believe my experience can help to mitigate these new risks, whilst contributing to the further enhancement of corporate value for all stakeholders.



## Personal history and concurrent employment, etc.

\* The notation "(current)" is shown for positions held as officers, etc., as of May 13, 2022. The date of retirement is shown if the individual has already retired as an officer, etc.

- 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)

## Conclusion of Limitation of Liability Contracts with Director Candidates (Overview of Contract Content)

The Company has limitation of liability contracts in force with 8 candidates for re-election as director (excluding those serving as executive directors, etc.), as per Article 38, Paragraph 2, of the Company's Articles of Incorporation, which is stipulated based on Article 427 of the Companies Act. Upon appointment at this Ordinary General Meeting of Shareholders, the Company intends to enter into said contract with the 2 new candidates for director as well. In the event that any of the Company's directors (excluding those serving as executive directors) cause damage to the Company despite performing his/her duties in good faith and without gross negligence, the maximum liability for damages is the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

## Conclusion of Directors and Officers Liability Insurance Contracts

The Company has concluded directors and officers liability insurance contracts, the general outline of which is as follows, and is scheduled to renew said contracts during FY2022. Director candidates for re-election are already insured under this contract and will likewise be insured after re-election. Upon appointment at this Ordinary General Meeting of Shareholders, the Company intends to enter into said contract with the new candidates for director as well.

- Practical proportion of insurance premiums to be borne by the insured persons**

The insurance premium, inclusive of its special provisions, is borne by the Company, and there is no practical insurance premium payment to be borne by the insured person.

- Outline of covered insured events**

The insurance, inclusive of the special provisions, covers liabilities related to the execution of duties by the insured officer, etc., or claims for damages that may arise in the pursuit of said liability, provided, however, that there are certain exemptions from obligation, such as that the acts were performed with an awareness that they were in violation of law.

## Expected Appointment of Director Candidates

The 11 director candidates are expected to assume their posts following election at this Ordinary General Meeting of Shareholders, as indicated below.

Name	Expected appointment and primary area of responsibility at the Company	Nomination Committee	Audit Committee	Compensation Committee	hbc Governance Committee	Independent Committee of Outside Directors
Haruo Naito	Director, Representative Corporate Officer and CEO					
Yasuhiko Katoh	Chair of the Board of Directors (outside)				Member	Member
Shuzo Kaihori	Director (outside)	Chair		Member	Member	Member
Hideyo Uchiyama	Director (outside)		Chair		Member	Member
Hideki Hayashi	Director		Member			
Yumiko Miwa	Director (outside)		Member		Member	Member
Fumihiko Ike	Director (outside)	Member		Chair	Member	Member
Yoshiteru Kato	Director		Member			
Ryota Miura	Director (outside)		Member		Member	Member
Hiroyuki Kato	Director					
Richard Thornley	Director (outside)	Member		Member	Member	Member

(Notes) 1 This list does not show the chairs of the hbc Governance Committee and the Independent Committee of Outside Directors as they will be determined through mutual vote at the committee meetings scheduled to be held after the close of this Ordinary General Meeting of Shareholders.

2 The Independent Committee of Outside Directors will be discontinued in conjunction with the discontinuation (abolishment) of the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders" as of June 30, 2022, when the policy expires.

## Requirements for the Independence and Neutrality of Outside Directors

(Revised: Revised August 2, 2017)

1. An Outside Director must neither currently be nor in the past have been an Officer (see Note 1 below) or an employee of Eisai or any of its affiliated companies (“Eisai Group”).
2. An Outside Director’s economic independence and neutrality from Eisai Group and specified enterprises, etc., is ensured by satisfying the following requirements:
  - 1) None of the following shall be applicable to the Outside Director within the past five years:
    - a. Having been an Officer or employee of an enterprise, etc., of a Major Business Partner (see Note 2 below) of Eisai Group, or otherwise an Officer or employee of an enterprise, etc., conducted by a Major Business Partner of Eisai Group;
    - b. Regardless of the value of the transaction, having been an Officer or employee of an enterprise, etc., with whom Eisai conducts necessary transactions, Eisai’s audit corporation, or any other enterprise, etc., that has a relationship of substantive interest with Eisai Group;
    - c. Having been an Officer or employee of a person or an enterprise, etc., who is a Major Shareholder (see Note 3 below) of Eisai or of an enterprise, etc., in which Eisai Group is a Major Shareholder;
    - d. Excluding Officer compensation from Eisai Group, having directly received a Large Amount (see Note 4 below) of money or other property as a provider of professional services, etc. (i.e., a consultant, a lawyer, an accountant, etc.);
    - e. Having received a Large Amount of money or other property from Eisai Group as a contribution or having been an Officer or employee of an entity, organization, etc., that has received such a contribution; or
    - f. Having been an Officer or employee of an enterprise, etc., which enterprise, etc., had an Officer, etc., who was at the same time an Officer, etc., of Eisai Group;
  - 2) Even if more than five years has passed, the Nomination Committee must evaluate (see Note 5 below) the relationship with the enterprise, etc., in each item of the preceding clause 2(1) and determine that independence and neutrality is ensured; and
  - 3) In addition, from the perspectives of independence and neutrality, there must not be any other reason that would impede the performance of the duties as an Outside Director.
3. An Outside Director must not be a close relative of, or have a similar relationship to (see Note 6 below), or otherwise derive such person’s sole livelihood through a relationship with, any of the following persons:
  - 1) An Officer or Important Employee (see Note 7 below) of Eisai Group; or
  - 2) Based on the requirements of paragraph 2 of this Article above, those as determined by the Nomination Committee whose independence and neutrality from Eisai Group or from specified enterprises, etc., are not ensured.
4. An Outside Director must not have reason for the threat arising of a significant conflict of interest in the performance of the duties as a Director, and the judgment of an Outside Director must not be threatened to be affected by a relationship of interest.
5. The requirements for the independence and neutrality of Outside Directors provided in this Article continue to apply after the appointment as Director.

Note 1: “Officer” means Director, Corporate Officer, Statutory Auditor and other officers, etc.

Note 2: “Major Business Partner” means (i) an enterprise, etc., for which 2% or more of its or the Eisai Group’s sales in any of the past five fiscal years have been sales, or compensation for work or transactions, to or from, as applicable, the Eisai Group, and (ii) a financial institution which has outstanding loans to the Eisai Group whose principal aggregate amount equals or exceeds 2% of the Eisai Group’s consolidated total assets.

Note 3: “Major Shareholder” means a person who, or an enterprise, etc., that, directly or indirectly holds the voting rights to 10% or more of the general voting rights in any of the past five fiscal years.

Note 4: “Large Amount” means, in any of the past five fiscal years: ¥10 million in the case of remuneration for professional services or compensation for work or transactions, ¥10 million in the case of contributions, or the greater of 2% of the total income or operating income of entities or organizations receiving contributions.

Note 5: “Evaluate” means the Nomination Committee’s evaluation regarding the Outside Director’s relationship with the relevant enterprise, etc., based on the following factors:

- 1) Shareholding or stock options ownership in the relevant enterprise, etc.;
- 2) Post-retirement remuneration, company pension, etc., from the relevant enterprise, etc.; and
- 3) Human interaction between the Eisai Group and the relevant enterprise, etc.

Note 6: “A close relative of, or have a similar relationship to” means a relative within two degrees of kinship or having a human relationship that can be reasonably recognized as that which would impede the execution of the individual’s duties as an Outside Director, such as a personally interested individual.

Note 7: “An Important Employee” means an employee with a title of at least the head of a section.

# MEMO

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# Business Report for the 110th Fiscal Year

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# Business Report for the 110th Fiscal Year

(from April 1, 2021, to March 31, 2022)

## I. Current Status of the Group

### 1 Management Policy

#### 1. Corporate Philosophy

##### (1) Evolution to an *hhceco* Company

To give first thought to patients and their families,  
increase the benefits that health care provides to them,  
and satisfy the diverse health care needs of the world

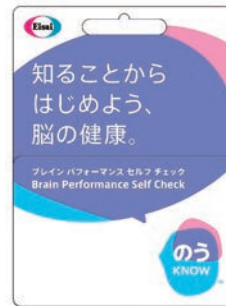
In light of the SDGs and from the aspects of purpose-driven and visionary management, there is a need today for companies to merge their business activities with the resolution of social issues. Executing the Company's business based on a clear understanding that patients and their families are the key players in health care is the Company's *human health care (hhc)* Philosophy. This *hhc* Philosophy is deeply ingrained throughout the Group and is the source of the Company's business activities. We recently declared our evolution to an *hhceco* (*hhc* + ecosystem) company that adds a digital ecosystem – the platform business in which we are now energetically engaged – to the *hhc* philosophy. We have greatly expanded our perspective of central participants from “patients and their families” of the past to “people in the daily living and medical domains” (The People). We will contribute to enhancing the benefits to The People and evolve into a *human health care eco “hhceco”* (*hhc* Philosophy + ecosystem) company that empowers The People to realize their fullest life.



Example of collaboration with FCNT Limited  
Bundling the Company's NouKnow on the Raku Raku Smartphone

At its core is the Eisai Universal Platform (EUP). Over the years, the Group has accumulated experience, expertise, clinical data, and other knowledge through activities as a pharmaceutical company. To build the EUP, external data will also be utilized in addition to collaboration with others, including government bodies, medical facilities, nursing care facilities, developers of diagnostics, IT companies, and insurance companies. Examples of past collaboration with other industries include the following efforts for coexistence with or prevention of dementia. Bundling NouKnow, a digital tool for the self-assessment of brain health, on Raku Raku (accessible) Smartphones manufactured by FCNT Limited, which are widely used by seniors, educational activities related to dementia carried out in a business alliance with Ito En, Ltd., and the provision of each solution as a set with a product. Our aim is to contribute to the resolution of social issues in the area of dementia.

As part of the EUP, we are also engaged in helping to trigger changes in people's behavior toward the prognostication and prevention of dementia, such as through the provision of Brain Performance Exercises, which help activate the brain.



Example of collaboration with Ito En, Ltd.  
Provision of the Company's Brain Performance Self-check as a set with matcha (powdered green tea)



## Evolving into an *hhceco* company

### EWAY Current Until 2020

#### “*hhc* Philosophy”

To give first thought to patients and their families, and increase the benefits that health care provides to them as well as satisfy diverse healthcare needs of the world.

### EWAY Future & Beyond Starting in 2021

#### “*hhc* Philosophy + Ecosystem” (*hhceco*)

To give first thought to patients and the general public, increase the benefits that health care provides to them, and build the Eisai Universal Platform to empower them to achieve their fullest life from the time that they are in good health up to the final moments of their lives, thereby serving as the core of an ecosystem of collaboration with other industries.

Such initiatives are beginning to create a foundation for digitalization. Our hope is that in the future, they will lead to disease prediction services and visualization of the prediction of the effectiveness of treatment in relation to lecanemab, a new treatment for dementia that is currently under development. In March 2022, we acquired Arteryx Inc., a company that plans and develops software. We will further strengthen the creation and delivery of solution packages related to health maintenance and improvement as well as disease prevention and education, including digitizing health-related data and the provision of health management apps.

Going forward, the Company will use the shift of our perspective from that focused on patients and their families to people in the daily living and medical domains as the cornerstone. We will uphold *hhceco* (*hhc* + ecosystem) and aim to become a new *hhceco* company, which is a Japanese innovative company that empowers The People to realize their fullest life through activities to get to know their feelings.

## (2) *hhc* Activities

Our Corporate Philosophy guides us in our decision-making. It expresses who we value and why we do our work. In other words, it indicates the reason we have come together as a company, and the Company's purpose. For each employee to implement the Corporate Philosophy to give first thought to patients and their families, increase the benefits health care provides to them, and satisfy the diverse health care needs of the world, we believe it is important that each employee first gets close to patients and sees the situation through their eyes. That is why the Group recommends that all of its employees carry out socialization\* and spend 1% of their working hours (or about 2.5 days per year) with patients. Although the COVID-19 pandemic makes it difficult to speak and interact directly with patients, such activities (*hhc* activities), through which employees pick up on the thoughts and feelings of patients that might not necessarily be expressed in words, continue to be carried out around the world in various creative ways under 500 or more themes each year. A sampling of such activities follows on the next page.

\* An activity implemented in compliance with the laws and regulations of each country to pick up on the true *hhc* needs of patients, their families, and the general public (such as their dreams, hopes, yearning, and issues requiring solving). This is done by spending time with patients, their families, and the general public, sharing experiences with them, and empathizing with their tacit knowledge (such as their emotions, thoughts and feelings that cannot necessarily be expressed, and the actual environment in which they spend their daily lives).



Please refer to "Corporate Philosophy" on the Company website.

▶ <https://www.eisai.com/company/philosophy/index.html>

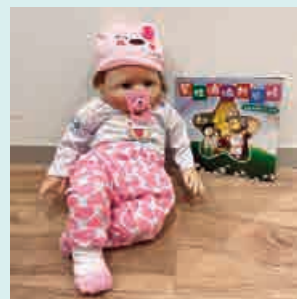
Activities that take the patient's point of view, pick up on their thoughts and feelings, which might not necessarily be expressed in words

## hhc Activities

### Hong Kong

#### Grandmother's Baby Doll

We learned through socialization with dementia patients in Hong Kong that under the COVID-19 pandemic, many patients are feeling anxiety due to the lack of face-to-face interaction with people. To allay such anxiety, we conducted doll therapy toward dementia patients using baby dolls made by employees. As a result, we were able to observe smiles return to the faces of dementia patients as they talked happily or sang to the baby dolls. Going forward, we will continue such activities that enable dementia patients to regain their self-identity by expressing their true feelings and feeling needed, which are important when caring for dementia patients.



A baby doll used for doll therapy

### Japan

#### Job Support at the Naito Museum of Pharmaceutical Science and Industry for a Person with Early-onset Dementia

In Japan, employees empathized with the desire to work of a person with early-onset dementia. In the past, the individual had been forced to leave his job due to the disability. A proposal was made to provide him with an opportunity to work at the Naito Museum of Pharmaceutical Science and Industry. He is engaging actively in the management of plants and trees at the Medicinal Herbal Garden, carrying out such tasks as weeding. He is finding the work rewarding and was able to obtain a sense of accomplishment. His family was also overjoyed seeing the vibrant expression on his face. Going forward, we will continue to work closely with dementia patients, promote the preparation of an environment where they can work with peace of mind, and aim to resolve the misunderstanding and prejudice of society toward dementia.



The individual with dementia busy at work

### U.K.

#### Achievement of the At-home Administration of Anticancer Agents

When a switch to a different treatment method was recommended in the U.K. in an effort to reduce the risk of COVID-19 infection through hospital visits, local employees discovered through socialization with cancer patients that the patients were feeling anxiety toward the treatment. Local employees proposed to the authorities and received approval for an amendment to the medication package insert (SmPC). This enabled the administration of the anticancer agent at a patient's home by a nurse without the presence of a physician. This made it possible for patients to receive treatment of their own choosing. By preparing an environment for at-home treatment that enables the continuation of an optimal treatment method, this activity promoted empowering patients to realize their fullest life.



From materials related to at-home treatment



Please refer to Recent *hhc* Activities on the Company website.

▶ <https://www.eisai.com/hhc/activity/index.html>

## 2. 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 FY2016.

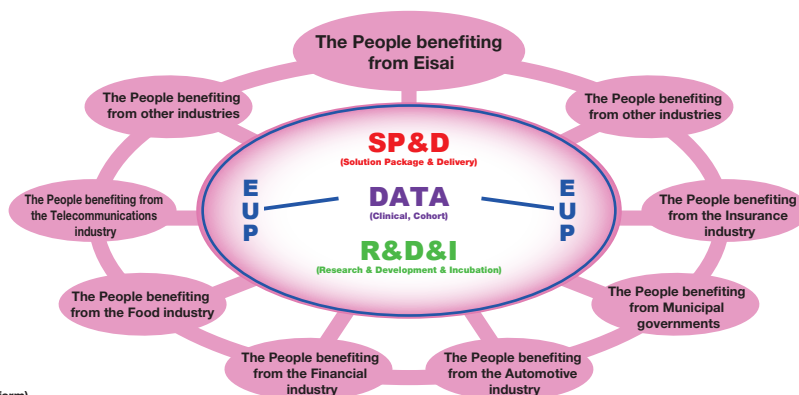
### (1) Medium-Term Business Plan “EWAY Future & Beyond”

Under “EWAY Future & Beyond,” the 5 years from FY2021 are “EWAY Future,” while the term from FY2026 is “EWAY Beyond.” At the same time, the main participants to whom the Company should make a contribution have been expanded from “patients and their families” to “patients and the general public.” In addition to the desire of “empowering The People to realize their fullest life,” we will promote the creation of science-based solutions focused around the Group’s biggest strengths in the areas of neurology and oncology. Through these activities, we will efficiently achieve the social good—to relieve people’s anxiety over health and reduce health disparities.

Aiming to evolve into an *hhceco* (*hhc* philosophy + ecosystem) company, which empowers The People to realize their fullest life from the time that they are in good health up to the final moments of their lives, we released the *hhceco* Declaration anew in April 2022.

The Eisai Universal Platform (EUP) is at the core of the achievement of *hhceco*. The EUP comprises 2 layers. They are Research & Development & Incubation (R&D&I) and Solution Package and Delivery (SP&D). R&D&I contains Collaboration and Incubation (C&I), or collaboration with academia and venture firms, and not only creates new drugs but also fulfills the role of generating data, including clinical data and information on biomarkers. The various solutions that are created on the basis of such data are packaged in accordance with the anxieties held by people. They are delivered to The People benefiting from the Company through applications unique to the Company, our sales activities, and networks possessed by other industries. The solutions created by the EUP also have a major synergistic effect on other industries. Utilization of the EUP enables sophistication of products provided by other industries or enhancement of the quality of their services. As such, it provides value to The People benefiting from each of the other industries.

#### Overview of *hhceco*



(EUP: Eisai Universal Platform)



This business model – in which value is provided to The People benefiting from Eisai and The People benefiting from other industries – is a business vision in which construction of the EUP core has been added to *hhc*—the corporate philosophy that the Company has undertaken since the late 1980s. We will use the shift of our perspective from that focused on “patients and their families” to “people in the daily living and medical domains” as the cornerstone. We will firmly uphold our *hhc* activities for getting to know the feelings of people, and we will evolve into a new *hhceco* company that supports people throughout the whole of their lives.

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

In regard to research and development 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. 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. It will make quantitative and over-time measurements of pathophysiological biomarkers and enable a precise diagnosis of each person’s stage within the disease continuum. We will aim to realize appropriate treatment in which drugs are determined based on precise diagnosis. Meanwhile, in oncology, we will aim to achieve early diagnosis based on genome information and realize individualized medicine that enables selection of the optimal treatment method for each patient. This will be done by obtaining an even deeper understanding of cancer evolution through continuous DNA analysis of the circulating tumor cells in the bloodstream, and next-generation DNA sequence analysis.

### ① Neurology

In neurology, new drug development targeting the AD continuum is underway. As for the anti-amyloid beta ( $A\beta$ ) protofibril antibody aducanumab, a change was made in March 2022 to the collaboration agreement with Biogen. From January 1, 2023, the Company will be receiving tiered royalties in accordance with sales in place of the global profit/loss distribution model. In regard to the anti-amyloid beta ( $A\beta$ ) protofibril antibody lecanemab, as in the past, joint development will be carried out with Biogen. The Company will serve as the lead of the development and regulatory submissions globally, and will have the final decision-making authority. Under the new alliance scheme, we will aim to more effectively concentrate the resources of the 2 companies and maximize the value of the 2 drugs. In September 2021, the Company initiated a rolling submission in the U.S. of a Biologics License Application (BLA) for lecanemab for the treatment of early Alzheimer’s disease. The application was based on the results of Study 201 (Phase II clinical study), and submission was completed in May 2022. We will aim to obtain accelerated approval before the end of 2022. In the autumn of 2022, we expect to obtain topline results for the ongoing Clarity AD study (Phase III clinical study), which targets early Alzheimer’s disease. We plan to make a full submission of an application during FY2022 in the U.S. while positioning Clarity AD as a confirmatory clinical study. In Japan, the submission of application data to the Pharmaceuticals and Medical Devices Agency (PMDA), based on the prior assessment consultation system, commenced in March 2022. Based on the results of the Clarity AD study, we are aiming to file a manufacturing and marketing approval application before the end of FY2022. 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  $\beta$  blood tests that enable a simpler diagnosis of AD.

Development of other projects based on the AD continuum is also in progress. Tau NexGen (Phase II/III clinical study), being executed by the Dominantly Inherited Alzheimer Network Trials Unit (DIAN-TU), is currently underway in the U.S. to evaluate the effect of the anti-microtubule binding region (MTBR) tau antibody. E2814 is the first investigational medicine in a clinical study among anti-tau drugs

for Dominantly-inherited AD. Lecanemab has been selected for the anti-amyloid therapy, which is the basic treatment method of this study. A Phase II clinical study of E2814 targeting sporadic AD is also planned. As for E2511, the selective Tropomyosin receptor kinase A (TrkA) synapse binding regenerant, a Phase I clinical study, is underway. E2511 is expected to help the restoration of damaged cholinergic nerves to functional neuron, and prevent the degeneration of cholinergic nerves.

In Japan, the Eisai-Keio Innovation Lab for Dementia (EKID), the industry-medicine collaborative base established jointly with Keio University, is carrying out exploratory research on a drug discovery target related to the protective mechanism inherent in a brain and the maintenance and strengthening of the brain's robustness.

## 2 Oncology

Approval has been obtained around the world for the anticancer agent Lenvima for the treatment of thyroid cancer, hepatocellular carcinoma, thymic carcinoma, renal cell carcinoma, and endometrial carcinoma. Of these cancers, approval has been obtained in Japan, the U.S., Europe, Asia, and elsewhere for the use of Lenvima in combination with Merck & Co., Inc., Rahway, NJ, USA's, ("U.S. Merck") anti-PD-1 antibody pembrolizumab for the treatment of renal cell carcinoma and endometrial carcinoma. Efforts to maximize the value of Lenvima are progressing steadily in such ways. A clinical study (LEAP study) is currently underway that aims to add indications for 10 or more types of cancer through its use in combination with pembrolizumab. The development of fibroblast growth factor (FGF) receptor selective tyrosine kinase inhibitor E7090 is currently underway as agents against cancers with resistivity related to the combination therapy of Lenvima and pembrolizumab. Furthermore, we have achieved clinical proof of concept (POC) for CBP/ $\beta$ -catenin inhibitor E7386, which is expected to inhibit the Wnt signaling pathway that is involved in the development of cancer. Phase I/II studies for its use in combination with pembrolizumab are also underway. In June 2021, we concluded an exclusive global strategic collaboration agreement with Bristol-Myers Squibb Company (of the U.S., hereafter "BMS"). The agreement is for the co-development and co-commercialization of the Company's MORAb-202, which conjugated the approved agent eribuline to a next-generation antibody drug conjugate (ADC), as treatment agents for low sensitivity related to cancer immunotherapy, and co-development is currently in progress. Development is also currently underway for estrogen receptor inhibitor H3B-6545. With the aim of filing applications for this drug, preparations are underway toward the commencement of clinical studies before the end of 2022. Development is also currently underway for estrogen receptor inhibitor H3B-6545. Furthermore, we are also proceeding with the development of new next-generation pipelines, such as protein degradation inducing agents and neoantigen inducers, through joint research and development that is merged with external technologies.

## 3 Eisai Universal Platform (EUP)

We are undertaking the creation of various solutions that are based on the disease continuum with the objective of "empowering The People to realize their fullest life." In the area of daily life (preclinical phase), we assume solutions such as those for the maintenance and support of good health, building disease awareness and prevention, and test and hospital searches. In the area of medicine (disease onset, treatment, and prognosis phases), we assume solutions such as those for accurate diagnosis, the confirmation of the effectiveness of treatment (drugs, non-drugs), and measures that will contribute to the enhancement of quality of life (QOL). Specifically, we are advancing such items as expansion of the content of the dementia-related services offered by the telecommunications and food industries, development of insurance products of the insurance industry, the provision of information and calls for attention by the financial industry toward resolution of gerontology-related problems, dashboard-camera-based risk prediction and call-for-attention solutions for the automobile industry, and disease prevention projects of local governments.



### 3. Basic Policy for Capital Strategy

Aiming to improve shareholder value, the Group's capital policy revolves around "medium- to long-term Return on Equity (ROE)\*<sup>1</sup> management," "stable and sustainable shareholder returns," and "value-creative investment criteria," on a foundation of ensuring financial soundness.

#### (1) Medium- to Long-term ROE Management

The Group views ROE as an important indicator related to the creation of sustained shareholder value. In terms of medium- to long-term ROE management, the Group aims for an ROE that exceeds the cost of capital to create a truly positive equity spread\*<sup>2</sup> by continually improving profit margins, financial leverage, and asset turnover in the medium to long term.

#### (2) Stable and Sustainable Shareholder Returns

The Company stipulates under its Articles of Incorporation that matters related to dividends of surplus will be resolved by the Board of Directors. Based on factors such as a healthy balance sheet and comprehensive consideration of the consolidated financial results, Dividends on Equity (DOE\*<sup>3</sup>), and free cash flow, as well as taking into consideration the signaling effect, the Company implements the stable and sustainable return of profits to its shareholders. 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 ratio (Net DER) as indicators to measure a healthy balance sheet.

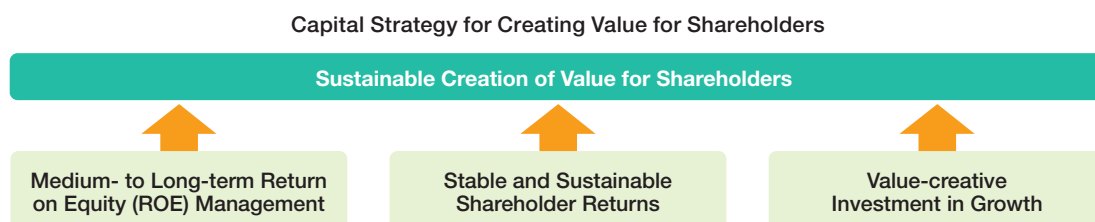
#### (3) Value-creative Investment Criteria

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 ratio to equity attributable to owners of the parent) = Profit attributable to owners of the parent/ Equity attributable to owners of the parent

\*2 Equity spread = ROE - Cost of owners' equity

\*3 DOE (Dividend on equity attributable to owners of the parent ratio) = Total amount of dividends/ Total equity attributable to owners of the parent



### 4. Dividends

Based on the basic policy described above aiming to provide sustainable and stable dividends to its shareholders, the Group has set the year-end dividend for FY2021 at ¥80 per share. With the interim dividend of ¥80 per share, the Group intends to pay the total dividend of ¥160 per share for the year (same amount as the previous year).

## 5. Efforts Against COVID-19

As a *human health care (hhc)* company, we are engaged in various activities in the fight against COVID-19, including the stable supply of pharmaceuticals, contributing to the development of therapeutic drugs and anti-infection technologies, and prevention of the spread of infections. Furthermore, we have taken measures at all of the Company's facilities toward prevention of the spread of infections.

### (1) Stable Supply of Pharmaceuticals

To ensure the stable supply of pharmaceuticals, we stock sufficient levels of inventory during normal times while taking steps to maintain stable production. In anticipation of a possible further spread of COVID-19, we continue to increase our product inventory and reinforce arrangements for stable supply. We are keeping up our efforts to maintain these arrangements at all 9 manufacturing sites around the world, ensuring a sufficient stock of raw materials, drug substances, and products.

### (2) Contribution to the Development of Therapeutic Drugs and Anti-infection Technologies

- 1 We participate in international joint clinical studies aimed at developing a therapeutic drug for treating COVID-19 using eritoran (E5564), an in-house discovered Toll-Like Receptor 4 (TLR4) antagonist that was under development as a therapeutic drug for the treatment of severe sepsis. The studies target COVID-19 patients who are hospitalized and show advanced symptoms.
- 2 We participate in the COVID-19 Therapeutics Accelerator, which was launched by Bill & Melinda Gates Foundation with collaboration from Wellcome and Mastercard to accelerate the development of new therapeutics within the ACT-Accelerator framework led by WHO and other international organizations. We provided our unique collection of about 2,650 natural product compounds to the Scripps Research Institute in the United States for constructing a compound library for screening. For vaccine development within the same ACT-Accelerator framework, we also provided our E6020 adjuvant as a drug substance to be added to vaccine candidates of VBI in the United States.
- 3 In response to a request made to the Federation of Pharmaceutical Manufacturers' Associations of Japan and Japan Pharmaceutical Manufacturers Association through the Japanese Ministry of Health, Labour and Welfare for "drug substances to be used for the screening of pharmaceuticals for the treatment of COVID-19," we provided drug substances to the National Institute of Infectious Diseases.
- 4 We collaborate with academic partners and outside organizations in an effort to develop new therapeutic drugs using the Company's assets and technologies.

### (3) Prevention of the Spread of Infections and Ensuring the Safety of Employees

We have formulated a crisis management policy and business continuity plan (BCP) and review them periodically to minimize human suffering and enhance the ability to continue business operations in the event of disasters and emergencies. In the COVID-19 pandemic, we provide information including national and local government policies in a timely and appropriate manner, and take various measures to prevent the spread of infections and reduce the risk of internal clusters, giving top priority to the safety of all our employees.

### (4) Vaccination Efforts at the Company

While we recommend vaccination to our employees, we respect the wishes of each individual. To ensure employees who wish to receive vaccination can do so smoothly and with peace of mind, we support vaccination during working hours.

Starting in August, we have also provided government-funded workplace vaccination at the Head Office, Tsukuba Research Laboratories, Kashima Business Office, and Kawashima Plant to employees and family members who wish to be vaccinated. At the Kawashima Plant, we also offered vaccination to employees of neighboring companies and local residents.



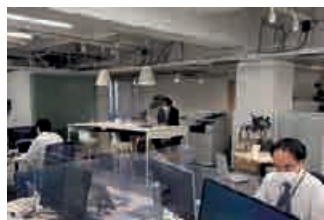
Workplace vaccination at the Kawashima Plant

### (5) Offices in a World With/After COVID-19

The Company's Head Office redefined the concept of an office as "a place that offers value" to employees, "a place of co-creation" with team members and partner companies, and "a place of empathy" through socialization as part of our *hhc* activities. All head office functions have been brought together at our office in Koishikawa. To meet the diverse needs of employees and in pursuit of work-life best practices, we also implemented various measures based on a concept of activity-based working. These include changing the office layout and enhancing office functions by installing box rooms where employees can focus on their work and introducing a system that visualizes the congestion levels of office floors.



Co-creation lounge



Office space in the Head Office



Please see "Our Response to the Novel Coronavirus Infection" on the Company's website.

▶ <https://www.eisai.com/sustainability/support/antivirus.html>

## 6. Corporate Governance

### (1) Basic Approach to Corporate Governance

Always aiming for the best corporate governance, the Company strives continually to enhance it as well. The Company believes that the focus of corporate governance is to ensure fairness and transparency of management through clear separation of functions between management oversight and business execution, while enhancing corporate vitality. In order to enhance corporate governance, the Company also fully utilizes the functions of outside directors including management oversight.

The Company strives to enhance corporate governance by stipulating the following basic points of view and code of conduct in its “Corporate Governance Principles” and implementing these principles accordingly.

▶ The “Corporate Governance Principles” can be viewed on the Eisai website (<https://www.eisai.com/company/governance/cgregulations/cguideline/index.html>).

#### 1 Co-creating Value with Stakeholders

1. The Company respects the rights of stakeholders.
2. The Company strives to expand and create value together with stakeholders.
3. The Company maintains positive and smooth relations and builds trust through dialogues with stakeholders.
4. The Company ensures transparency by properly disclosing company information in a timely manner.
5. The Company actively contributes to the achievement of a sustainable society.

#### 2 Corporate Governance System

1. The Company has adopted the system of being a company with a nomination committee, etc.
2. The Board of Directors (“the Board”) shall delegate to the corporate officers broad power of decision-making for business execution to the extent permitted by laws and regulations, and it shall exercise the function of management oversight.
3. The majority of the Board shall be independent and neutral outside directors.
4. The Representative Corporate Officer and CEO shall be the only director who is concurrently a corporate officer.
5. To clarify the management oversight function, the positions of the Chair of the Board and the Representative Corporate Officer and CEO shall be separated and performed by different individuals.
6. The Nomination Committee and the Compensation Committee shall be entirely composed of outside directors, and the majority of the Audit Committee shall consist of outside directors.
7. The Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be outside directors.
8. The Company shall have an *h/c* Governance Committee consisting solely of outside directors.
9. The internal control system and its operation shall be enhanced to ensure the credibility of financial reports.

## (2) Features of the Company's Corporate Governance

### ① Clear Separation of the Functions between Oversight of Management and the Execution of Business

The Company fully leverages its system of being a company with a nomination committee, etc., with the Board of Directors entrusting a large portion of the decision-making authority over business execution to corporate officers to the extent permitted by laws and regulations in order to devote its attention to the oversight of management.

This enables prompt, flexible decision-making and business execution by corporate officers even in environments undergoing turbulent changes. Additionally, in order to achieve a clear separation between the oversight of management and the execution of business, the Company has established that the chair of the Company's Board of Directors be an outside director and that the Representative Corporate Officer and CEO shall be the only individual to concurrently serve as a corporate officer and a director.

Clearly separating the oversight of management and the execution of business enhances corporate vitality.

The Board of Directors exercises the function of oversight from the perspective of stakeholders to ensure fairness and transparency in management.

Meanwhile, the Board of Directors passes resolutions on rules related to "systems for ensuring proper business operations," and establishes the specific rules for internal controls that should be put in place and operated by corporate officers, in accordance with the stipulations of the Companies Act. (See "Status of Establishment and Operation of Systems for Ensuring Proper Business Operations" on pages 76 through 78.) In addition to the matters stipulated in those rules, corporate officers ensure autonomy by establishing and operating internal control in their assigned duties, thereby increasing the speed and flexibility of business execution.

Under this structure, the Board of Directors also checks the status of execution of duties by corporate officers and inspects the appropriateness of the status of internal controls such as the business execution and decision-making processes from the perspective of shareholders and society.

Directors and corporate officers communicate with each other and build trust in executing their respective duties and fulfilling their responsibilities, working together to increase corporate value and contribute to the creation of social value. Mechanisms such as these are the characteristics of the Company's corporate governance.

### ② Diversity of Directors

The Company selects directors who have various different backgrounds so that the Board of Directors can meet the expectations of stakeholders and exercise the function of management oversight.

For outside directors in particular, we aim to ensure diversity over the medium to long term. This includes diversity in terms of tasks from those experienced in corporate management and global business to experts in law and financial accounting, such as nationality, gender, and age.

### ③ System of Operational Divisions for Flexible, Optimal Decision-Making and Business Execution

#### a Selection and Assignment of Corporate Officers

The Board of Directors takes a global perspective in selecting the corporate officers who will implement our Corporate Philosophy and improve our corporate value, and assigns them in ways that allow them to effectively, efficiently harness their capabilities.

People who are well-versed in the operations in each field of administration, including those with advanced expertise in R&D, science, and the production, quality, safety, and other aspects of pharmaceuticals, as well as those with extensive knowledge in the medical systems and health care markets in particular regions of the world, are selected as corporate officers.

Global Governance Structure to Enhance Corporate Vitality and Exercise Highly Effective Oversight

General Meeting of Shareholders

(  : Foreign Nationals,  : Female, ( ) : Age)

Board of Directors (Chair: outside director, 12 directors (8 outside, 4 inside))



Nomination Committee (4 outside)

Compensation Committee (4 outside)

Advisory boards comprised of outside experts

- Eisai Scientific Advisory Board
- Sustainability Advisory Board
- Compliance Committee



Haruo Naito  
CEO

Audit Committee (3 outside, 2 inside)

hhc Governance Committee (8 outside)

- Risk Management Committee
- Company-Wide Environment and Safety Committee
- Human Rights Awareness Committee

Executive Board (29 Corporate Officers)



See the Eisai website for the official names and titles, etc., of officers.  
 ▶ <https://www.eisai.com/company/profile/officer/index.html>

as of March 31, 2022



**Diversity of Officers (Directors, Corporate Officers)**

(Number of officers)

	Total	Directors	Corporate Officers
Management	8	6	2
R&D	5	—	5
Manufacturing, quality, safety, etc.	4	1	3
Marketing	9	—	9
Female	5	1	4
Foreign nationals	7	1	6

**b The Executive Board, Advisory Boards, etc.**

The Company has established mechanisms to support the decision-making of the CEO, including the Executive Board as the highest decision-making body of business execution, the Scientific Advisory Board (comprised of professors and researchers from world-renowned research institutions) for consideration of medium- to long-term R&D planning and general portfolio strategies and tactics, and the Sustainability Advisory Board (comprised of outside specialists from Japan and abroad who are well-versed in international policies) in order to improve our non-financial capital initiatives focused mainly on ESG and the Sustainable Development Goals (SDGs). Based on authority delegated from the Board of Directors, other meeting bodies include the Compliance Committee, the Risk Management Committee, the Company-Wide Environment and Safety Committee, and the Human Rights Awareness Committee.

**c Building and Operating a Global Internal Control System**

The Board of Directors has established the “Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers.” The corporate officers implement, maintain, and operate internal control systems in their assigned duties in accordance with the Rules. The Company also assigns global corporate officers, with the corporate officers who are in charge directly building and operating internal control systems at overseas subsidiaries.

**d Instilling Management with Accountability and Stakeholder Consciousness**

Once every 3 months, all corporate officers attend a Board of Directors meeting and report to the Board of Directors on decisions made in operational divisions, as well as the status of their business execution. Corporate officers having accountability and reporting to the Board of Directors improve the rationality and transparency of decision-making policies, and initiatives of operational divisions, while instilling stakeholder consciousness in management.

**4 Management Oversight by the Board of Directors**

The Board of Directors delegates a large portion of the decision-making authority over business execution to corporate officers, and corporate officers are responsible for reporting to the Board of Directors in a timely, appropriate fashion.

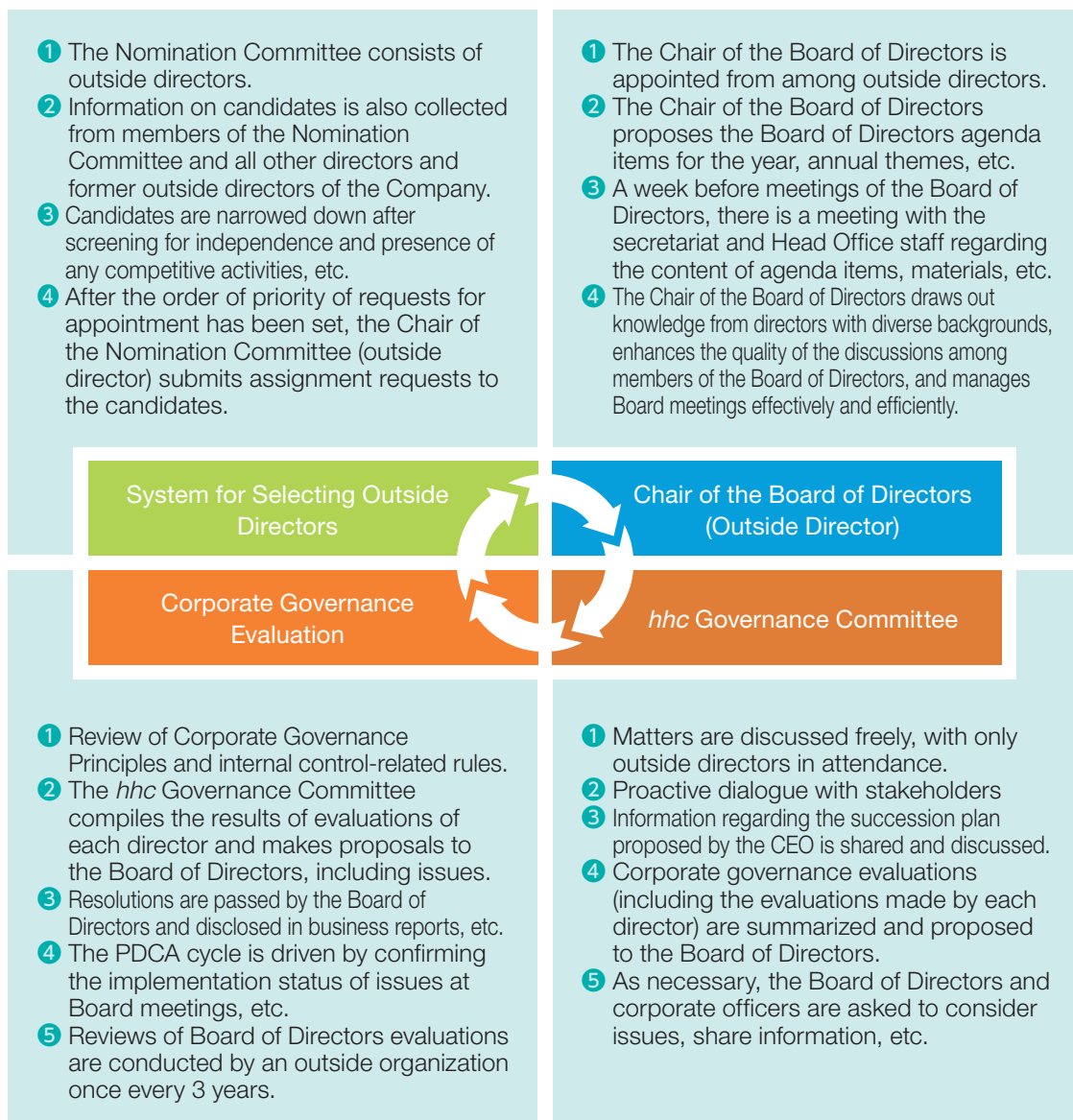
The Board of Directors has the authority to select and dismiss corporate officers, and confides in corporate officers by verifying the appropriateness and efficiency of business execution processes based on their reports while also evaluating the performance results of the business execution, thus fulfilling the role of management oversight by ensuring the appropriateness and efficiency of management.

The Board of Directors also delegates important management oversight functions of the Board of Directors to the Nomination Committee, Audit Committee and Compensation Committee, and oversees the execution of duties of these committees based on their respective reports. The fairness and transparency of the Board of Directors are also ensured through oversight of each individual director to verify whether they are making fair judgments, exercising their authority in a way that satisfies the confidence placed in them by all shareholders, and executing their business functions appropriately.

### 5 A Sustained, Autonomous Mechanism for Enhancement of Corporate Governance Centered on Outside Directors

The presence of independent outside directors, who account for the majority of the Board of Directors, supports the effectiveness of the Company's corporate governance structure. As indicated in the diagram below, the Company has established and is operating a mechanism to enhance sustained, autonomous corporate governance centered on outside directors, including (1) a system of electing neutral and independent outside directors by a Nomination Committee, (2) operating the Board of Directors, etc., through the leadership of a chair who is an outside director, (3) an *hnc* Governance Committee for broad discussion of corporate governance, including dialogues with stakeholders and the consideration of succession plans, etc., and (4) corporate governance evaluations through Plan-Do-Check-Act (PDCA) cycles of the Board of Directors and each committee. We will continue to work to enhance the content of each of those efforts.

#### A Sustained, Autonomous Mechanism for Enhancement of Corporate Governance Centered on Outside Directors





# MEMO

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### (3) FY2021 Efforts Related to Corporate Governance

#### ① Operation of the *hhc* Governance Committee

Members	8 directors (8 outside directors) Chair: Outside director
Duties, etc.	<ol style="list-style-type: none"> <li>1. Actively engage in dialogue with stakeholders and use the knowledge gained to improve discussions in the Board of Directors.</li> <li>2. Share information and provide advice and other recommendations regarding the Representative Corporate Officer and CEO's proposed plans for grooming candidates to fill the role of Representative Corporate Officer and CEO in the future.</li> <li>3. Evaluate the effectiveness of the management oversight function of the Board of Directors. If any issues emerge in the operations of the Board of Directors or other boards or committees, propose the relevant improvements to the Board of Directors.</li> <li>4. Carry out broad discussions on the Company's corporate governance and business matters, and work to make continuing improvements to the Company's corporate governance.</li> </ol>
Status of holding meetings	FY2021: Held 13 times Attendance*: 100% for 7 directors, 92% for 1 director (12/13 meetings)

\* The attendance rate of the 2 individuals who were newly appointed as directors at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, and were subsequently appointed to serve on the *hhc* Governance Committee, was calculated based on their rate of attendance at the 10 meetings of the *hhc* Governance Committee subsequent to that date.

#### FY2021 Activity Status of the *hhc* Governance Committee

1. Sharing of information related to efforts toward sustainability
  - Sharing and discussion of the background leading to production of the “Value Creation Report” (the Company's integrated report on sustained corporate growth through the enhancement of non-financial capital) and information regarding changes in the ESG-related environment
  - Sharing and discussion of information regarding promotion of active participation by women, human rights due diligence, the results of recent outside ESG evaluation, and efforts toward eradicating lymphatic filariasis
2. Dialogues with stakeholders
  - Dialogue with early-onset dementia patients
  - Hosting lectures from guest institutional investors (analysts) and holding discussions
  - Hosting (large) meetings to engage in dialogue with institutional investors, etc., and engaging in dialogue with individual institutional investors
  - Participation of outside directors in online briefings for individual shareholders
  - Hosting of dialogues between labor union representatives and outside directors
3. CEO succession
  - Sharing and consideration of information related to the succession plan
  - Interviews and discussions with outside third parties regarding objective evaluations of candidates
4. Evaluation of the effectiveness of the Board of Directors
  - The *hhc* Governance Committee conducted a corporate governance evaluation (a self-review of the Corporate Governance Principles and the Internal Control Regulations, as well as a Board of Directors evaluation by individual directors)
5. Other
  - Consideration of Board of Directors agenda items
  - Free discussion
  - Discussion of trends in the results of the exercise of voting rights, anti-takeover measures, and shareholder proposals
  - Sharing and discussion of the latest information related to corporate governance, led by outside instructors
  - Sharing and discussion of information regarding issues in the Nomination Committee (diversity and skill matrix of directors, continued securing of outside director candidates, etc.)
  - Sharing and discussion of information related to “the ideal nature of management oversight” that is the responsibility of the Board of Directors
  - Sharing of information with the assigned corporate officers about Americas business and platform business
  - Consideration of exceptional implementation of performance-based compensation for corporate officers and disclosure of the compensation of directors and corporate officers in securities reports

## Message from the Chair of the *hhc* Governance Committee

The *hhc* Governance Committee is a subcommittee of the Board of Directors, and is composed exclusively of outside directors. It works to enhance corporate governance.

In FY2021, we exchanged information with the assigned corporate officers on multiple themes that involve sustainability, so that the Board of Directors could monitor the various issues related to sustainability, ESG, and other non-financial capital. In addition, the agenda was diverse, including matters such as dialogue with stakeholders (patients, shareholders, employees), consideration of the CEO succession plan, gathering the latest corporate governance information, and consideration of the various issues addressed by the Nomination Committee, the Audit Committee, and the Independent Committee of Outside Directors. Lively discussions were held each time.

Although the COVID-19 pandemic limited our ability to host face-to-face meetings to share information with stakeholders, we utilized online video-conferencing to create opportunities when circumstances allowed it.

In addition, we set up opportunities to reflect on dialogue with stakeholders at the end of the fiscal year, as a new initiative. In this way, we reconfirmed the issues that we should continue to address, and exchanged opinions on how we should leverage the knowledge we gained through dialogue in management oversight in the next fiscal year. In regard to dialogue with stakeholders, we will continue in the future to respond to the expectations of our stakeholders through a cycle of implementing dialogue, reviewing and reexamining relevant matters, sharing knowledge and identifying issues, and reflecting what we learn in management oversight.

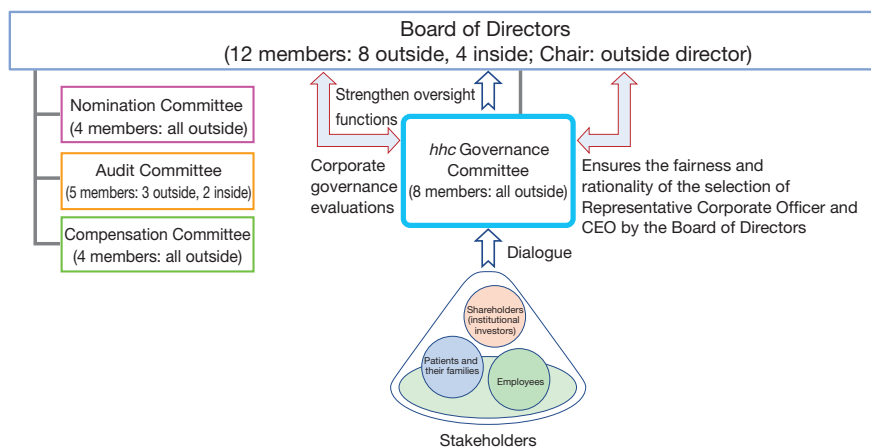
We will continue our efforts to expand the activities of the *hhc* Governance Committee, while elevating our management oversight function and striving to maintain and improve the Company's corporate value.

Chair of the *hhc* Governance Committee (outside director)

**Yasuhiko Katoh**



### The framework of the *hhc* Governance Committee



## ② Sharing of Information Related to Efforts toward Sustainability

In addition to being a key management issue, efforts toward sustainability constitute a risk that could affect corporate value. In accordance with Article 9 (Working on Realization of a Sustainable Society) of the “Corporate Governance Principles,” the Board of Directors receives reports from the assigned corporate officers regarding individual themes, in addition to regular reports related to ESG, and monitors the efforts. In order to enhance the Board of Directors’ discussions regarding sustainability, the *hmc* Governance Committee shared and discussed information on the following themes in FY2021.

- a The background leading to the production of the “Value Creation Report,” which was revamped around the theme of “sustained corporate growth through the enhancement of non-financial capital,” and changes in the ESG-related environment
- b The current status and issues of the promotion of the active participation of women based on “Eisai Diversity & Inclusion 2021”
- c The international situation related to demands on companies regarding human rights, the structure of the “Business and Human Rights” project, a human rights due diligence plan directed at the supply chain
- d Consideration and implementation of sustainability strategy and tactics to address the results of evaluation of the Company by the Dow Jones Sustainability Index (an outside evaluation related to ESG) and the results of outside evaluation
- e Reports on the progress of activities aimed at eradicating neglected tropical diseases (NTDs)

## ③ Dialogues with Stakeholders

The Company engaged in dialogue with patients and the general public, shareholders and institutional investors, and employees, who together constitute Eisai’s main stakeholders, as follows. Further, in FY2021, we reflected on and discussed such dialogues in order to apply the results in the oversight function of the Board of Directors.

### a Dialogues with Patients

- Talking with early-onset dementia patients, learning about the way they face the disease and the stern realities of the impact of dementia on their lives provided a renewed recognition of the Company’s social mission. Such dialogue provided a deeper understanding of the importance of empathy with the patient’s emotions, as well as the *hmc* Corporate Philosophy and its practical application.

### b Dialogues with Institutional Investors

- Institutional investors (analysts) were invited to give lectures on “What I want to tell outside directors as an institutional investor,” followed by a question and answer session and the exchange of opinions.
- An opinion exchange session was held with approximately 70 institutional investors and others through an online conferencing system, featuring roughly 2 hours of questions and answers, as well as discussions.
- Individual dialogues with institutional investors were held via online and telephone conferencing. Eleven of these sessions were held, sharing information and exchanging opinions with about 8 companies overall.
- Discussions with institutional investors offered the opportunity to hear candid opinions from various perspectives. The matters pointed out and knowledge gained from these dialogues are now being utilized in discussions and management oversight by the Board of Directors.



Dialogue session with institutional investors and others held using an online conferencing system

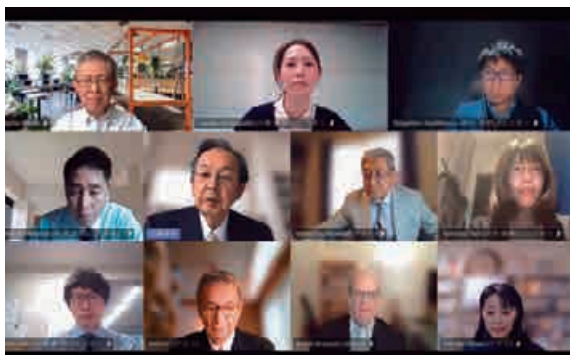


Participation in dialogue with patients planned internally

### c Dialogues with Employees

Dialogues were held (February 2022) with labor union representatives on behalf of employees, and information related to the following matters was shared.

- Fostering job satisfaction among employees and providing opportunities to develop skills
- Supporting the good health of employees and managing safety and health
- Promoting diversity
- Corporate culture
- The impact of implementing voluntary early retirement 3 years in a row
- Requests to executives related to diversity and promotion of the active participation of women
- The degree of permeation of the EWAY Future & Beyond medium-term business plan among employees



Dialogue held with labor union members online

#### 4 Information Sharing and Discussion Regarding the Succession Plan

##### 1. View Regarding Selection of the Chief Executive Officer (CEO)

The Company considers the selection of the CEO as one of the most important decisions to be made by the Board of Directors. The CEO's duty is to exhibit strong leadership while also nurturing the next CEO. The Company believes that having outside directors participate in this process with such recognition and having them offer advice, etc., increases the objectivity of the CEO's proposal of successor candidates. It rationally ensures the fairness of the CEO selection process as the Board of Directors.

##### 2. Procedures Regarding CEO Selection

Even after becoming a company with a nomination committee, etc., system in 2004, discussions had been repeated under a consistently optimal corporate governance system regarding the CEO succession process. In FY2016, with consideration given to developments up to that point, discussions were held in the Outside Directors Meeting (now the *hhc* Governance Committee) on how information should be shared by the Board of Directors in relation to a succession plan formulated by the CEO and how to prepare for unexpected situations. These procedures and other considerations were set out as rules. The outline of the procedures is as follows.

###### 1) Sharing of Information about the Succession Plan

- (1) Information about the succession plan proposal by the CEO is shared in the *hhc* Governance Committee twice each year.
- (2) The CEO and inside directors also participate in the *hhc* Governance Committee, and information on the succession plan is shared among all directors.

###### 2) Discussion on the Succession Plan

- (1) Criteria for evaluating candidates are expected to change in accordance with the business environment and other factors. For this reason, criteria will be set appropriately when the CEO proposes candidates.
- (2) The CEO evaluates candidates on the criteria that have been set, and presents evaluation results in the succession plan.
- (3) Directors provide advice on the succession plan. The CEO considers the advice provided by the directors, and reflects it in the succession plan as appropriate.

##### 3. Preparations for Unexpected Situations

Circumstances, such as unforeseen accidents, that necessitate the sudden selection of a new CEO by the Board of Directors are also possible. Contingency plans for such unexpected situations are also confirmed when considering the aforementioned succession plan.

## 5 Implementation of Other Various Training Sessions, etc.

In order to deepen the understanding of the Company's business activities and business environment further, enhance deliberations by the Board of Directors, and fully utilize the oversight function, outside directors plan and carry out various training sessions as well as opportunities to interact with operational divisions (corporate officers, employees, etc.).

### 1. Training Sessions for Outside Directors

- Before beginning their terms as newly appointed outside directors, these directors were provided with an overview of the Company and explanations of the Company's Corporate Philosophy, state of business, important matters concerning corporate governance, various stipulations related to officers, and more.
- After the new directors began their terms, the assigned corporate officers and secretariats held briefing sessions (15 times total) in order to deepen the new directors' understanding of the Company. Subject matters included the Company's business activities, trends in the pharmaceutical industry, the current business environment, and the status of activities of each committee, etc. Directors other than those just beginning their terms also voluntarily joined these briefing sessions to get the latest information.
- Sessions were conducted by outside experts to share and discuss the latest information about corporate governance.
- Compliance training for inside directors and corporate officers was carried out once in the first half and again in the second half of the year, and outside directors also voluntarily participated in this training.

### 2. Communication with Corporate Officers

In regard to communication with corporate officers in FY2021, information on multiple themes related to the status of efforts toward sustainability ((1) the background leading to production of the "Value Creation Report" and information regarding changes in the ESG-related environment, (2) the current status of promotion of active participation by women and related issues, (3) human rights due diligence, (4) the results of recent outside ESG evaluation, and (5) efforts toward eradicating lymphatic filariasis) was shared and discussed.

Further, in addition to an overview of the business, the corporate officer assigned to the Americas Region explained the FY2021 business plan, the latest business circumstances, and issues for FY2022. Moreover, the assigned corporate officers explained, under the title "the overall picture and manner of implementation of business targeting The People," matters currently under consideration, and the directors gave their opinions from a variety of perspectives.

## 6 Implementation of Corporate Governance Evaluation

The effectiveness of the Board of Directors' management oversight function is evaluated each year by the *hhc* Governance Committee. If any issues related to the operation of the Board of Directors, etc., are identified, a request and proposal for improvement are submitted to the Board of Directors and operational divisions. In the corporate governance evaluation, the status of the activities of the Board of Directors and other management councils is inspected and evaluated based on the recognition of issues in the previous fiscal year, issues are identified for the next fiscal year, and improvement measures are presented, thereby implementing the Plan-Do-Check-Act (PDCA) cycle.

### FY2021 Corporate Governance Evaluation

On April 27, 2022 the Board of Directors deliberated on the Board of Directors evaluation, Self-Review of the Corporate Governance Principles, and Self-Review of Internal Control Regulations\* compiled by the *hhc* Governance Committee, and approved the FY2021 Corporate Governance Evaluation.

\* The Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee and the Rules for Preparing Necessary Systems for Ensuring the Suitability of the Performance of Duties by Corporate Officers can be viewed on the Eisai website (<https://www.eisai.com/ir/stock/meeting/index.html>).

#### Board of Directors Evaluation

1. The Board of Directors evaluation assesses the Board's overall effectiveness, etc., in performing its management oversight functions.
2. The scope of the Board of Directors evaluation also includes the Nomination Committee, Audit Committee, Compensation Committee, and *hhc* Governance Committee.
3. The Board of Directors evaluation is based on the self-assessments of individual directors.
  - \* Each director evaluates and records the discussions, operations, etc., of the Board of Directors at each of its meetings, and the Board of Directors Secretariat compiles the records.
4. The results of the Board of Directors evaluation are compiled and summarized by the *hhc* Governance Committee to ensure the objectivity of the evaluation, and the evaluation is determined in a meeting of the Board of Directors.

#### Self-Review of the Corporate Governance Principles

1. The Corporate Governance Principles are a code of conduct for corporate governance established by the Board of Directors.
2. The Board of Directors conducts reviews each year to evaluate whether the execution of duties by the Board of Directors, etc., is maintained and operated in accordance with these principles.

#### Self-Review of the Internal Control Regulations

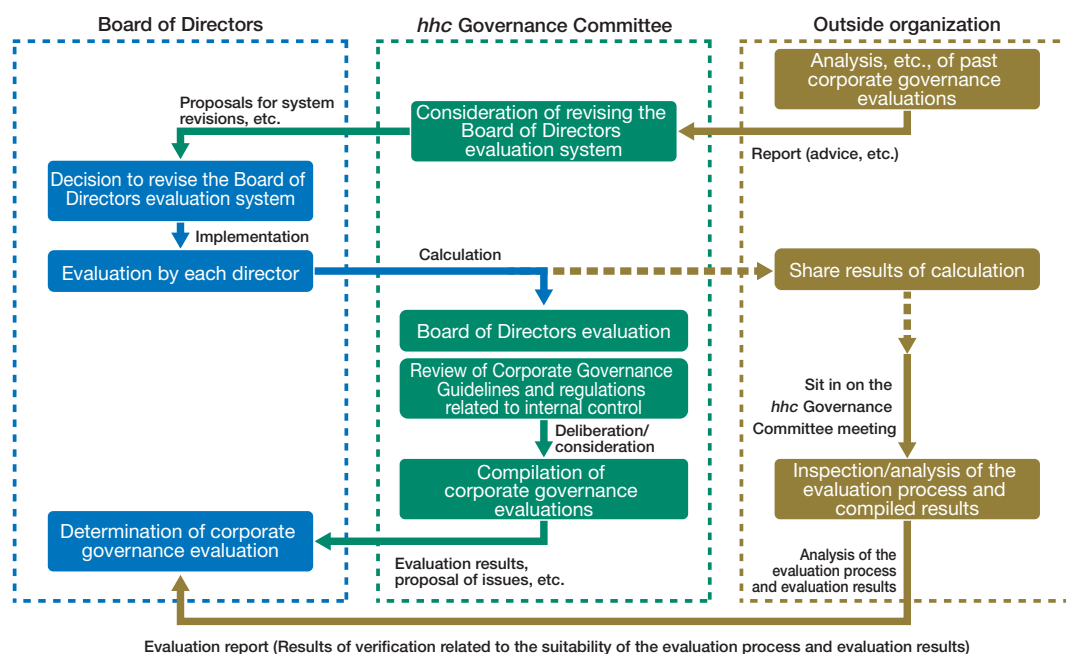
1. The Internal Control Regulations were established by the Board of Directors to stipulate matters required for the execution of duties by the Audit Committee and ensure the suitable execution of duties by corporate officers.
2. The Board of Directors conducts reviews each year to evaluate whether systems are maintained and operated in accordance with these rules.



## Mechanism for Utilizing Outside Organizations to Improve and Ensure Suitability of the Board of Directors Evaluation

1. The Company has implemented a mechanism in which an outside organization examines the evaluation process, evaluates it, proposes improvements, and inspects the evaluation results, etc., once every 3 years, with the aim of ensuring the suitability of the Board of Directors evaluation and improving the evaluation.
2. After analyzing the Company's past evaluation methods, evaluation decision process, evaluations of each director, and final evaluation, etc., the outside organization points out issues and makes recommendations regarding the systems and their operation.
3. Based on the recommendations and what was pointed out by the outside organization, the *hmc* Governance Committee and Board of Directors work on improving the systems and their operations.
4. The outside organization inspects the evaluation process, evaluation results, and other aspects of the Board of Directors evaluation compiled by the *hmc* Governance Committee, and submits a report to the Board of Directors.
5. The Board of Directors decides the corporate governance evaluation for the applicable fiscal year based on the evaluation compiled by the *hmc* Governance Committee and the report by the outside organization.

\* The next review by an outside organization is scheduled for FY2023.



## FY2021 Corporate Governance Evaluation Results

In regard to the Corporate Governance Principles and Internal Control Regulations, no evidence was found of any operation, etc., that deviates from the rules. It was confirmed that the directors and corporate officers, etc., are executing their duties appropriately to improve corporate governance.

In regard to the Board of Directors evaluation, the state of response in FY2021 to the issues identified in the FY2020 Board of Directors evaluation as issues for FY2021 was checked and evaluated, and the issues, etc., for the next fiscal year were recognized. More information on the Board of Directors evaluation is available in the Online Disclosures (see page 3).

## (4) Support Structure for the Board of Directors and Committees

### ① Board of Directors

The Board of Directors Secretariat has been established as a department to support the Board of Directors and carry out the following duties.

- Preparing agenda items and related materials for the Board of Directors and holding prior discussions with the Chair of the Board of Directors
- Providing information to directors in a prompt manner and explaining agenda items in advance

### ② Nomination Committee, Compensation Committee, *hmc* Governance Committee, and Independent Committee of Outside Directors

The Board of Directors Secretariat carries out the following administrative duties for the Nomination Committee, Compensation Committee, *hmc* Governance Committee, and Independent Committee of Outside Directors.

- Preparing agenda items and related materials for the Committees holding prior discussions with the Chairs of the Committees
- Explaining agenda items to committees members and meeting attendees in advance

### ③ Audit Committee

The Management Audit Department, which is independent from operational divisions, has been established as the department that supports the Audit Committee. The Management Audit Department handles the following roles as the administrative office of the Audit Committee.

- Preparing agenda items and related materials for the Audit Committee and holding prior discussions with the chair of the committee
- Providing information to members of the Audit Committee in a prompt manner and explaining agenda items to them in advance
- Providing the necessary information on matters for deliberation by the Audit Committee to directors not on the Audit Committee

## Independence of the Management Audit Department from the operational divisions

- The Management Audit Department shall be organized independent of the Corporate Officers of the Company.
- The director and staff of the Management Audit Department shall perform their duties under the direction of the Audit Committee and Audit Committee Members of the Company.
- The director and staff of the Management Audit Department shall be appointed, reassigned and disciplined by the Representative Corporate Officer and CEO of the Company with the consent of the Audit Committee of the Company.
- The decision on personnel evaluation of the director and staff of the Management Audit Department will be conducted by the Audit Committee of the Company.

Excerpt from the "Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee"

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## (5) Activities of the Board of Directors and Committees

### ① Board of Directors Proceedings

<b>Members</b>	12 directors (8 outside directors/4 inside directors) Chair: Outside director)
<b>Duties, etc.</b>	<ol style="list-style-type: none"> <li>1. Determine the important matters required by law, the Articles of Incorporation, and the Regulations of the Board of Directors, including basic management policies, the appointment of corporate officers, and determination of dividends, etc.</li> <li>2. Oversee the execution of duties by directors and corporate officers on the basis of reports from corporate officers, as well as reports from the Nomination Committee, the Audit Committee, the Compensation Committee, the <i>hhc</i> Governance Committee, and the Independent Committee of Outside Directors.</li> </ol>
<b>Status of holding of meetings</b>	FY2021: Held 11 times Attendance*: 100% for 11 directors, 82% for 1 director (9/11 meetings)

\* The attendance rate of the 3 individuals who were newly appointed as directors at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021 was calculated based on their rate of attendance at the 9 meetings of the Board of Directors subsequent to that date.

### Status of Board of Directors Activities in FY2021

1. At its April 2021 meeting, the Board of Directors received a report on the risk map based on capital strategy, including the status of strategically held shares, the pledge to become carbon neutral (setting of a medium- to long-term target of achieving it in 2040), and the status of establishment and operation of an internal control system, as well as the degree of possibility of occurrence of the risk and the amount of impact it would have.
2. At its April 2021 meeting, the Board of Directors deliberated on the results of the Self-Review of the Corporate Governance Principles and the Internal Control Regulations, as well as the Board of Directors evaluation, as proposed by the *hhc* Governance Committee, and passed a resolution on the Results of Evaluation of Corporate Governance in FY2020.
3. At its June 2021 meeting, the Board of Directors resolved to continue the “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders” based on a proposal from the Independent Committee of Outside Directors.
4. At its September 2021 meeting, the Board of Directors analyzed the results of the exercise of voting rights at the 109th Ordinary General Meeting of Shareholders and deliberated on the nature of the General Meeting of Shareholders in the future.
5. At its September 2021 meeting, the Board of Directors chose to move to the Prime Market in conjunction with changes to the market segments at the Tokyo Stock Exchange and passed a resolution to apply for such listing. In addition, at its November 2021 meeting, the Board of Directors received the Corporate Governance Report (with contents in full compliance with the revised Corporate Governance Code).
6. As for the Board of Directors agenda items for FY2021, the Board received reports on patent strategy and other intellectual property (December), efforts to ensure quality at manufacturing subcontractors, and environmental management and the carbon neutrality roadmap (March) from the respective assigned corporate officers. The Board of Directors then discussed each of the reports.
7. At its second meeting in March 2022, the Board of Directors passed a resolution on the FY2022 business plan outline.

## Message from the Chair of the Board of Directors

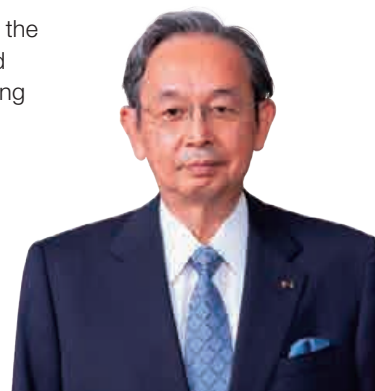
In FY2021, the Board of Directors received reports, as needed, on matters ranging from the status of preparations to place the next-generation treatment for Alzheimer’s disease on the market (one of the Company’s key issues) to the post-marketing status, from corporate officers, and deliberated on the issues on multiple occasions. The accelerated approval process for Aduhelm, which was approved first in the U.S., garnered attention, giving us a sense of the high expectations people around the world have for the development of Alzheimer’s disease treatments. We also strove to provide oversight to ensure steady management of operations in order to respond to such expectations from society.

In addition, in FY2021, each operational division set targets and formulated activity plans based on the Company’s key issues related to “the status of efforts on issues related to sustainability.” The Board of Directors received reports on the progress regularly, and the directors gave their opinions and pointed things out from diverse perspectives, and otherwise began monitoring the activities.

The level of corporate governance demanded by society is continuously evolving. In the future as well, the outside directors will lead the way in always striving for the best and most current governance, while aiming to improve corporate value and meet the expectations of stakeholders.

Chair of the Board of Directors (Outside Director)

Yasuhiko Katoh

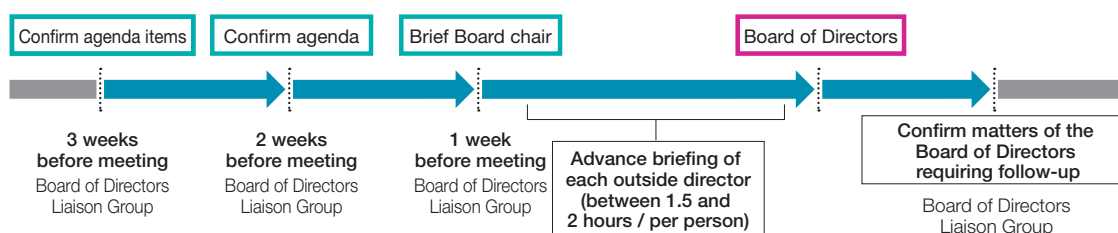


## The Support Structure for Board of Directors Operations

The Board of Directors Secretariat plays a central role in confirming agenda items for the Board of Directors, creating the final drafts of proposals, explaining matters to relevant parties in advance, overseeing proceedings, and providing other forms of operational support, as well as compiling the minutes of Board of Directors meetings and handling follow-up procedures. The basic schedule for these various tasks and responsibilities is as follows. In addition to the Board of Directors Secretariat, the corporate officers responsible for each organization or their respective department managers have formed the Board of Directors Liaison Group, which provides support on a project basis.

### Board of Directors Liaison Group (10 members)

- Corporate Planning • Finance & Accounting • Legal • Human Resources • General Affairs
- Compliance • Internal Audit • PR • Audit Committee Secretariat • Lawyer
- Inside director in charge of governance



## ② Nomination Committee

Members	4 directors (4 outside directors) Chair: Outside director
Duties, etc.	<ol style="list-style-type: none"> <li>1. Determine the content of the proposals related to the selection or retirement of directors made to the General Meeting of Shareholders.</li> <li>2. Based on the awareness that the viability of the Company's corporate governance system is supported by the presence of outside directors who constitute a majority of the Board of Directors, establish the "Requirements for the Independence and Neutrality of Outside Directors" for the selection of independent and neutral outside directors.</li> <li>3. Decide on director candidates with diverse backgrounds to enable the Board of Directors to meet the expectations of various stakeholders as well as demonstrate oversight functions.</li> <li>4. Establish basic policies, rules, and procedures necessary for the execution of duties by the Nomination Committee.</li> </ol>
Status of holding of meetings	FY2021: Held 10 times Attendance*: 100% for 3 directors, 90% for 1 director (9/10 meetings)

\* The attendance rate of the individual who was newly appointed as a director at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, and was subsequently appointed to serve on the Nomination Committee, was calculated based on the rate of attendance at the 8 meetings of the Nomination Committee subsequent to that date.

### Status of Nomination Committee Activities in FY2021

1. The *hhc* Governance Committee shared information on and discussed issues relating to the selection of director candidates, including the composition of the Board of Directors, director diversity, and the skill matrix for directors. The Nomination Committee then discussed the same issues.
2. In addition, the Nomination Committee conducted simulations of the appointment and resignation of outside directors with an eye toward the future.
3. In accordance with the above considerations, the Committee partially revised its internal regulations to enable flexible response to the terms of service of outside directors from the perspective of continuity of the Board of Directors.
4. The Nomination Committee held reviews on the independence and neutrality of the 6 outside director candidates for reappointment and 1 new outside director candidate and confirmed that there were no problems with any of the candidates.
5. The Nomination Committee decided on the 11 director candidates and the proposed composition of the Board, including 1 candidate for new appointment as an outside director and 1 candidate for new appointment as an inside director for FY2022.
6. The Nomination Committee also held concrete discussions and deliberations and decided on outside director candidates for FY2023 and beyond.

## Message from the Chair of the Nomination Committee

Independent outside directors, who account for the majority of the Board of Directors, support the effectiveness of the Company's corporate governance structure. In selecting nominees for those crucial director positions, the Nomination Committee has 2 key missions: selecting outside director candidates with rigorous independence and neutrality and, in order to meet the expectations of a wide variety of stakeholders and enhance management oversight functionality, making sure that the composition of the Board of Directors reflects a diverse range of backgrounds.

The Company's Nomination Committee operates under established procedures and rules for selecting outside directors who are independent of Company management. In creating lists of outside director candidates, the Committee gathers information not only from the Company's outside directors but also from the Company's directors, former directors, and a broad range of other resources—a process that Committee members are always working to enhance. The Committee then narrows down the lists and provides the selected candidates with information on the Company's Corporate Philosophy, stance on corporate governance, and other items. At an early stage, the Committee also begins identifying the potential for the candidates' appointment to director positions. Management has no involvement in any part of the entire outside director selection process.

In FY2021, in light of the circumstances at other companies and the results of outside evaluation organizations, the *hmc* Governance Committee also discussed issues relating to the ideal composition of the Board of Directors, director diversity, and the skill matrix for directors, in order to more deeply understand and oversee management of the Company.

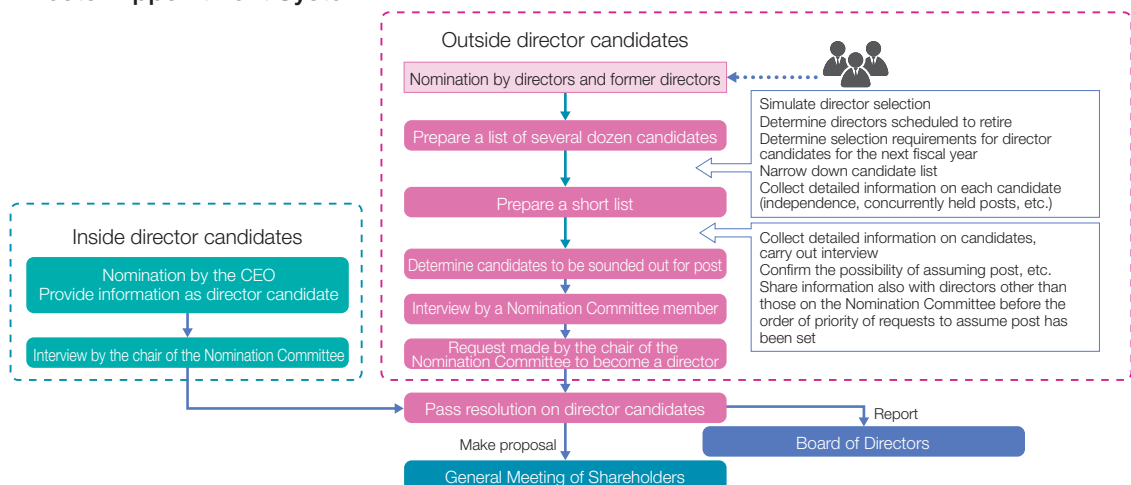
In FY2022, we will work to achieve our ideals, including increasing the ratio of female directors, appointing experts in medical fields, and considering measures to incorporate knowledge in such areas into the Board of Directors, etc.

Aiming to better the Company's corporate governance structure, the Nomination Committee will continue to perform medium- to long-term simulations of terms for outside directors, discuss the composition and diversity of the Board of Directors, etc., and select director candidates with the right qualities for enhancing the Board's functions.



Chair of the Nomination Committee (Outside Director)  
**Shuzo Kaihori**

## Director Appointment System



### 3 Audit Committee Proceedings

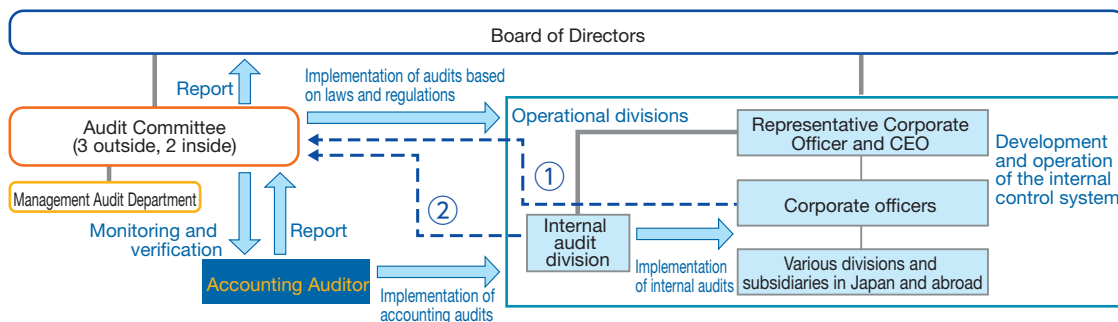
<b>Members</b>	5 directors (3 outside directors/2 inside directors) Chair: Outside director
<b>Duties, etc.</b>	<ol style="list-style-type: none"> <li>1. Audit the execution of duties by directors and corporate officers, create audit reports, and execute accounting audits and other matters stipulated by applicable laws.</li> <li>2. Determine proposals related to the selection, dismissal, and non-reappointment of accounting auditors to be submitted to the General Meeting of Shareholders.</li> <li>3. Confirm that the Accounting Auditor's independence is assured, and that the quality control of audits is managed systematically, and make effort to collect relevant information regarding an audit corporation other than the Company's Accounting Auditor.</li> <li>4. Endeavor to achieve efficient and higher quality auditing, e.g., by receiving timely and appropriate reports from the officers and employees of the Company and Group companies and the Accounting Auditor of the Company related to the execution of their duties, as well as by investigating the business and assets of the Company and Group companies and sharing necessary information with the Accounting Auditor and internal audit department.</li> <li>5. Establish basic policies, rules, and procedures, etc., necessary for the execution of its duties, and review them each year.</li> <li>6. Ensure the objectivity of audits by guaranteeing the independence of the Management Audit Department, which executes duties under the resolution of the Audit Committee and the direction of members of the Committee, from corporate officers in relation to directions related to the execution of their duties, personnel evaluations, etc.</li> </ol>
<b>Status of holding of meetings</b>	FY2021: Held 12 times Attendance*: All members 100%

\* The attendance rate of the 2 individuals who were newly appointed as directors at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, and were subsequently appointed to serve on the Audit Committee, was calculated based on their rate of attendance at the 8 meetings of the Audit Committee subsequent to that date.

#### Status of Audit Committee Activities in FY2021

1. The Audit Committee devised an audit plan and conducted audits accordingly.
2. The Committee also conducted audits required by the Companies Act and monitored the preparation, maintenance, and operation of internal control regarding financial reports as required under the Financial Instruments and Exchange Act of Japan.
3. The Committee conducted audit activities on the Accounting Auditor, as well as the Group's internal audit departments, etc.
4. The Committee shared the necessary information with the Company's Accounting Auditor and the corporate auditors, etc., of Japanese subsidiaries.
5. The main matters resolved and reported at meetings of the Committee are as follows.
  - Resolutions: Division of duties among members of the Audit Committee, the Audit Committee audit plan, regulations relating to the Audit Committee, agreement on compensation for the Accounting Auditor, the reappointment or non-reappointment of the Accounting Auditor, personnel evaluations for the Management Audit Department, audit reports, etc.
  - Report items: Reports from the CFO and Accounting Auditor on quarterly/year-end financial statements, the Business Report and corresponding Annexed Detailed Statement, reports from corporate officers (3 officers) on their respective execution of duties, etc.

#### Structure of the Audit Committee



① Matters for reporting based on the regulations established by the Board of Directors reported to the Audit Committee (monthly or as needed)

② Results of implementing the internal audit are reported to the Audit Committee (monthly)



## Message from the Chair of the Audit Committee

The Audit Committee conducts audits in accordance with an audit plan formulated each fiscal year and the auditing standards set forth by the Audit Committee. This fiscal year's audit plan included audits of the execution of duties by directors and corporate officers, audits of business reports and annexed detailed statements, and audits of financial statements, etc., as items stipulated by laws and regulations. In addition, the Audit Committee set (1) audits related to efforts toward ESG/SDGs, (2) audits related to human resource-related measures (accommodation of workstyle reform, etc.) in light of the impact of COVID-19, and (3) audits of internal control to prevent misconduct by top management at subsidiaries, as the priority audit themes that are set each fiscal year, and implemented those audits.

After conducting its activities, the Audit Committee found no problems in any of the audits.

Further, in FY2021, the Audit Committee strengthened its efforts to contribute to the improvement of governance by sharing information, etc., with the Board of Directors as necessary, related to risks that were brought to the attention of the Committee via reports, etc., from operational divisions, and that were recognized as particularly important.

Chair of the Audit Committee (Outside Director)

Hideyo Uchiyama



### Auditing Activities of the Audit Committee in Relation to the Accounting Auditor

- The Audit Committee received the yearly accounting audit plans of the Accounting Auditor, confirmed the contents, and deliberated on whether to approve audit compensation, etc.
- The Audit Committee received explanations of the results of audits, etc., conducted by the Accounting Auditor regarding quarterly and year-end financial statements, and confirmed the contents. In addition, the Audit Committee obtained information concerning internal control audits.
- As necessary, the Audit Committee attended the individual audits conducted by the Accounting Auditor and confirmed the status of implementation of the audit.
- The Audit Committee received reports on matters related to the execution of duties of accounting auditors as stipulated in Article 131 of the Rules of Company Accounting, and confirmed the contents.
- In accordance with the stipulations of Auditing Standards Committee Statement 260, a document issued by the Japanese Institute of Certified Public Accountants, the Audit Committee obtained regular reports from the Accounting Auditor and exchanged opinions regarding important findings concerning auditing matters. The Audit Committee also discussed "Key Audit Matters" (KAM) listed as required by the Financial Instruments and Exchange Act of Japan, and requested explanations of the contents as necessary.
- The Audit Committee evaluated the auditing firm to which the Accounting Auditor belongs, as well as the quality of the audits conducted by the Company's engagement partners and the audit team, etc., in light of the various activities of the Accounting Auditor, the results of investigations by regulatory authorities, and other information.

### Auditing Activities of the Audit Committee in Relation to Internal Audit Departments, etc.

The Audit Committee conducted the following audit activities in relation to the corporate officer responsible for internal audits and the internal audit department (see page 89), as well as the corporate officer responsible for internal control and the Risk Management and Corporate Internal Control Departments (see page 85).

- The Audit Committee obtained annual audit plans and reports on the results of individual audits carried out by the internal audit departments of the Company and Group companies, confirmed their suitability, and shared information related to Audit Committee activities through monthly meetings with the corporate officer responsible for internal audits and the Corporate Internal Audit Department. Individual audits include evaluation of internal control over financial reporting under the Financial Instruments and Exchange Act of Japan.
- The Audit Committee obtained information on risk-management activities and efforts to promote internal controls through regular meetings with the corporate officer responsible for internal control and the Corporate Compliance and Risk Management Department. In addition, the Audit Committee received monthly reports on the state of operation of the Compliance Counter.

#### 4 Compensation Committee

Members	4 directors (4 outside directors) Chair: Outside director
Duties, etc.	<ol style="list-style-type: none"> <li>1. Determine the policy related to deciding the content of the compensation, etc., of directors and corporate officers and the content of the compensation, etc., for each individual with fairness and transparency.</li> <li>2. Make the compensation, etc., of directors those that are deserving of directors who can sufficiently exhibit the oversight functions of management, and determine the content of the compensation, etc., of corporate officers by making it that which will strongly motivate corporate officers in the performance of their duties and by giving consideration to the degree of attainment of performance indexes.</li> <li>3. Actively utilize outside research data, etc., as well as examine the adequacy of the process for determining compensation, etc., in order to ensure objectivity in the compensation, etc., of directors and corporate officers.</li> <li>4. Establish basic policies, rules, procedures, etc., necessary for the execution of the duties of the Compensation Committee.</li> </ol>
Status of holding of meetings	FY2021: Held 7 times Attendance*: 100% for 3 directors 86% for 1 director (6/7 meetings)

\* The attendance rate of the individual who was newly appointed as a director at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, and was subsequently appointed to serve on the Compensation Committee, was calculated based on the rate of attendance at the 5 meetings of the Compensation Committee subsequent to that date.

#### Status of Compensation Committee Activities in FY2021

1. The Compensation Committee held deliberations regarding Company-wide performance in FY2020 and the appropriateness of the evaluation of the corporate officers proposed by the Representative Corporate Officer and CEO, and found that the degree of attainment of Company-wide performance objectives for FY2020 did not reach the level for payment of performance-based compensation. After repeated careful consideration, the Compensation Committee decided to pay an exceptional bonus at the minimum level required to reflect the individual performance of corporate officers, as an exceptional measure based on internal rules.
2. The Committee determined the individual compensation, etc., for directors and corporate officers who assumed their positions in June 2021.
3. The Committee received proposals from the Representative Corporate Officer and CEO regarding performance objectives and evaluation criteria for FY2021 for determining performance-based compensation for corporate officers. The Committee deliberated on the appropriateness of these proposals and approved the Company-wide performance objectives and evaluation criteria. The Committee confirmed that measures had been implemented to avoid repeated implementation of the exceptional measures that were implemented this time.
4. The Committee conducted research related to compensation systems and levels for directors and corporate officers by examining the compensation systems, levels, and related matters at other companies, identified relevant issues, and held discussions.
5. As a result of these discussions, the Committee confirmed that the FY2021 compensation levels for directors and corporate officers were problematic in some cases, and that the Committee would continue examining the matter.
6. No concrete proposal for revision of the compensation system for corporate officers, which is currently under review, was reached, and it was confirmed that the Compensation Committee will continue examining the matter in FY2022.

## Message from the Chair of the Compensation Committee

The Compensation Committee focuses on its role in ensuring fairness, transparency, and accountability to shareholders and other stakeholders in determining the compensation, etc., of the Company's directors and corporate officers, which represents a vital supervisory authority in corporate management.

The Compensation Committee deliberates on and determines the Company-wide performance objectives and the individual performance objectives of corporate officers each year. Because exceptional measures were implemented for the performance-based compensation of corporate officers based on FY2020 performance, in accordance with internal rules, as indicated under Status of Compensation Committee Activities, when deliberating on performance objectives for FY2021, the objectives were determined after confirming that measures had been implemented to avoid repeated implementation of exceptional measures.

In addition, every year, the Compensation Committee studies, compares, and discusses the compensation systems and compensation levels for the Company's directors and corporate officers with the cooperation of trusted outside specialized organizations. The Committee also deliberates on any relevant issues that come to light. As a result of its investigations in FY2021, the Committee confirmed that the compensation levels for the Company's directors and corporate officers were generally appropriate and that no revisions would be necessary, although there were some issues that should be addressed.

Meanwhile, unfortunately, no proposal was achieved regarding revision of the compensation system for corporate officers, which had continued to be under examination. The Compensation Committee will continue to consider revision of the compensation system to enable every corporate officer to work with even more motivation toward bringing the *hbc* vision to fruition. Although we were not able to revise the compensation system for corporate officers, we aim to incorporate ESG and other non-financial key performance indicators (KPI) into the KPI used to determine performance-based compensation in FY2022.

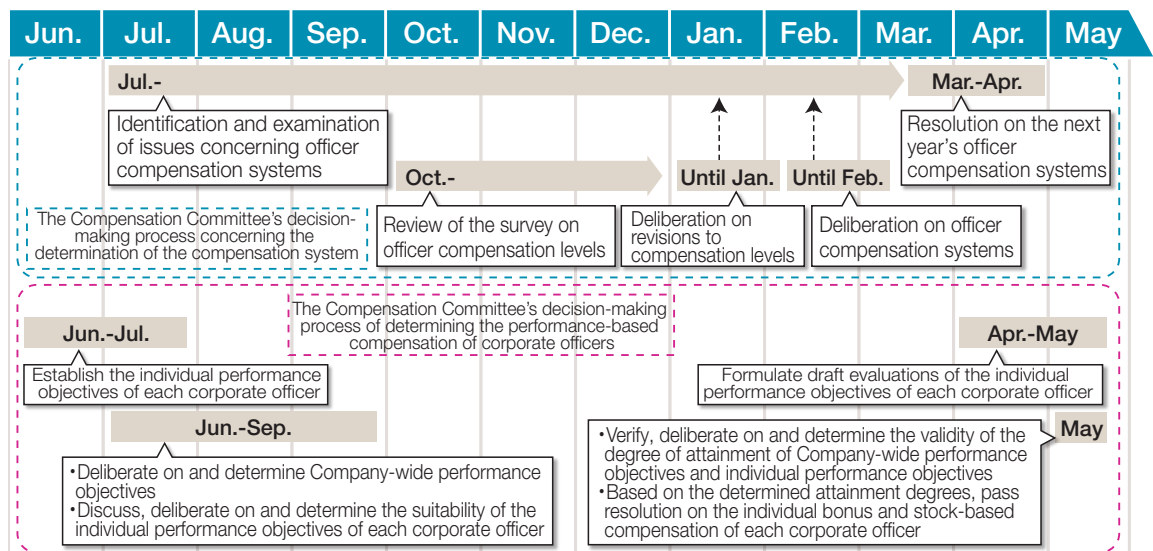
The Compensation Committee will continue to ensure the fairness and transparency of its compensation-related decisions by deliberating thoroughly on the relevant issues and further enhancing its disclosure activities, thereby fulfilling its accountability to Company shareholders and other stakeholders.



Chair of the Compensation Committee (Outside Director)

**Bruce Aronson**

## The Process for Determining Compensation



## 5 Independent Committee of Outside Directors

Members	8 directors (8 outside directors) Chair: Outside director
Duties, etc.	Regarding the “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders” (hereinafter “the Policy”), the Independent Committee of Outside Directors gathers objective information, etc., from outside advisors on acquisitions of companies, shares the latest information on legal systems and other cases, etc., in Japan and overseas, and shares information related to the opinions obtained through discussions between outside directors and institutional investors, as well as the status of the exercise of voting rights, and deliberates on and considers whether to maintain, revise, or abolish the Policy accordingly.
Status of holding of meetings	FY2021: Held 8 times Attendance*: 100% for 7 directors, 88% for 1 director (7/8 meetings)

\* The attendance rate of the 2 individuals who were newly appointed as directors at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021, and were subsequently appointed to serve on the Independent Committee of Outside Directors, was calculated based on their rate of attendance at the 7 meetings of the Independent Committee of Outside Directors subsequent to that date.

### Status of Independent Committee of Outside Directors Activities in FY2021

1. At its May 2021 meeting, the Independent Committee of Outside Directors discussed the drafting of a letter to institutional investors exercising their voting rights in opposition to the Policy in regard to the proposal for the election of directors at the Ordinary General Meeting of Shareholders so as to obtain their understanding of the Company’s response.
2. At its June 2021 meeting, the Independent Committee of Outside Directors selected the Chair of the Independent Committee of Outside Directors and discussed the maintenance, revision, or abolishment of the Policy, eventually resolving to maintain the Policy.
3. At its September 2021 meeting, the Independent Committee of Outside Directors analyzed the results of the exercise of voting rights at the General Meeting of Shareholders, shared information on and discussed trends in global activism and hostile takeovers.
4. At its November 2021 meeting, the Independent Committee of Outside Directors shared information on and discussed recent cases of implementation of takeover defense measures and the opinions, etc., of stakeholders regarding the Policy.
5. At its December 2021 meeting, the Independent Committee of Outside Directors shared information on and discussed response items in the event that the Policy is abolished.
6. At its February 2022 meeting, the Independent Committee of Outside Directors considered the direction of maintaining/revising/abolishing the Policy, in light of discussions related to the Policy that were held on the same day by the Board of Directors.
7. At its March 2022 meeting, the Independent Committee of Outside Directors shared information on and discussed thinking of domestic and overseas institutional investors and proxy advisory firms regarding takeover defense measures, the status of the exercise of voting rights, and things that should be kept in mind in the event that the Policy is abolished, etc.
8. At its second meeting in March 2022, the Independent Committee of Outside Directors passed a resolution to submit a proposal to the Board of Directors that the Policy not be continued (abolition of the Policy).

## Message from the Chair of the Independent Committee of Outside Directors

Since it was implemented on February 28, 2006, we have continued the Policy while reviewing and revising the effective period and the applicable acquisition criteria in light of the exchange of opinions with institutional investors.

Based on the Company's business environment and industry trends, it cannot be said at this point in time that the risk of an acquisition that could harm the Company's corporate value and the common interests of shareholders has decreased. We believe that it is necessary to continue thorough preparation against such risks in accordance with the Company's Corporate Philosophy of increasing the common interests of the Company's main stakeholders and the long-term value of the Company.

However, many institutional investors have exercised their voting rights in opposition to the proposal for the election of directors at the Ordinary General Meeting of Shareholders, because the Company has the Policy, despite the fact that they hold the Company's management philosophy and corporate governance in high regard.

Moreover, if we consider recent trends related to takeover defense measures, we can see that the need to establish measures such as the Policy in advance has decreased.

Because of these circumstances, the Independent Committee of Outside Directors considered the maintenance, abolition, and revision of the Policy from scratch in FY2021, and decided to recommend discontinuation (abolition) of the Policy in a proposal to the Board of Directors.

In the event that an aggressor or purchaser that may damage the Company's corporate value or the common interests of shareholders actually appears, we believe that it would be suitable to formulate whatever measures (including so-called takeover defense measures) are considered to be viable and appropriate at that point in time in order to ensure the Company's corporate value and the common interests of shareholders within the scope allowed by relevant laws and regulations, while continuing dialogue with the stakeholders.

Chair of the Independent Committee of Outside Directors (Outside Director)

**Ryota Miura**



## (6) Status of Establishment and Operation of Systems for Ensuring Proper Business Operations

In accordance with Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act, the Company's Board of Directors has passed a resolution on the "Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee" and "Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers." For the full text of both rules, see Internet Disclosures on pages 29 through 33.

### ① Status of Operation of the "Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee" (hereinafter the "Rules")

#### a Items regarding the directors and employees of the Company who assist in the duties of the Audit Committee of the Company

The Company has established the Management Audit Department as a department with responsibilities to aid the duties of the Audit Committee. Staff of the Management Audit Department perform their duties under the direction of the Audit Committee and according to the rules established by the Audit Committee and the audit plan for the individual fiscal year. Their service is governed by the provisions of work regulations. Note that there is no director in place to aid the duties of the Audit Committee.

#### b Items regarding the independence of the Management Audit Department from the corporate officers of the Company and items regarding ensuring the effectiveness of the instructions of the Audit Committee of the Company to the Management Audit Department

The director and staff of the Management Audit Department have performed their duties under the direction and orders of the Audit Committee, in accordance with the Rules. Evaluations of the director and staff of the Management Audit Department have all been conducted by the Audit Committee. Management Audit Department staff have been appointed and reassigned with the consent of the Audit Committee.

#### c System for officers and employees of ENW\* companies to report to the Audit Committee

All corporate officers report monthly to the Audit Committee regarding items stipulated in the Rules. Important matters have been reported as needed. In addition, important internal meetings have been established in the audit plan of the Audit Committee to monitor the status of discussions and resolutions.

A system is established to ensure highly important compliance-related matters reported to the Chief Compliance Officer and/or the Compliance Counter are immediately reported to the Audit Committee (see pages 85 through 88). In addition, matters related to the Company's corporate officers can be reported directly to the whistleblowing hotline that has been established by the Audit Committee. In addition, the Audit Committee obtains information related to the internal control of ENW companies from their corporate auditors.

#### d Systems for ensuring that the person making a report in the preceding paragraph does not receive disadvantageous treatment on the grounds of having made such report

The Compliance Handbook requires ENW executives and employees to report any concerns related to compliance, and prohibits retaliation against the person making the report. The Compliance Counter has established and implements operational rules, including the protection of persons making a report. Retaliatory and other similar acts toward persons making a report are also strictly prohibited in work regulations. The Audit Committee carries out monthly confirmations of the state of operation of the Compliance Counter, including the presence of prejudicial treatment.

#### e Items regarding policies for the processing of expenses and obligations that arise with respect to the execution of duties of Audit Committee members

All expenses for the execution of duties of the Audit Committee are processed without any restrictions being placed by operational divisions.



**f Other systems for ensuring the effective performance of audits of the Audit Committee**

The Audit Committee obtains audit plans and audit results from the Accounting Auditor and the internal audit departments to ensure audits by the Audit Committee are effectively performed. Through these audit activities, the Audit Committee also shares necessary information with the Accounting Auditor, internal audit departments, and other related parties.

**2 Status of Operation of the “Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers”**

**a System for storage and management of information related to the performance of duties of corporate officers**

A corporate officer in charge of the storage and management of information has been appointed. Said corporate officer has taken steps to ensure confidential information is handled correctly. Rules for the Protection of Personal Information and the Company-wide Standard Work Procedures and other rules for the storage and management of information related to the performance of duties by corporate officers have been prepared and workshops are held on an ongoing basis. The status of these measures is reported to the Board of Directors and Audit Committee.

**b Rules and other systems regarding management of the risks of loss in ENW\***

The corporate officer responsible for internal control has introduced a system called control self-assessment (CSA), in which risks of loss in ENW are managed and self-assessed, thereby supporting risk management at all organizational levels including corporate officers, and the establishment and evaluation of internal control. Corporate officers use CSA and other means to identify important risks of loss (important risks) in duties to which they have been assigned (in Japan and abroad) and important risks at subsidiaries (in Japan and abroad). An appropriate system of management has thus been prepared and is under operation.

In particular, with regard to the risks of loss related to a number of departments that may result in significant loss to the Company, the Chief Financial Officer (finance), General Counsel (legal affairs), corporate officer assigned to general affairs and environmental affairs (environment, disasters), Chief Product Quality Officer (product quality), and Global Safety Officer (side effects) bear the responsibility. Accordingly, they have created and operate necessary documents and rules, including rules concerning consolidated accounting, rules for the prevention of insider trading, a business continuity plan, a procedure manual for guaranteeing product quality, and rules relating to the management of side-effect information. By posting them on the Company’s internal website and holding workshops for the relevant parties, they take countermeasures, operate the rules, and ensure that the appropriate parties are thoroughly familiar with the rules.

In addition, the Risk Management Committee, chaired by the corporate officer responsible for internal control, centrally manages the status of risks of loss by ENW and the response to those risks, and promotes the establishment and maintenance of internal control.

**c System for ensuring that the duties of ENW are conducted efficiently**

The Company’s Board of Directors delegates a significant amount of the decision-making related to the execution of business to corporate officers. At the same time, the Board appropriately establishes the division of duties and mutual relationships between corporate officers. The Chief Talent Officer has established and thoroughly implemented decision-making

\* ENW (Eisai Network companies) refers to the corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.

procedures for important matters at ENW\*. These procedures define the drafter, parties to be consulted, person responsible for implementation, person responsible for the outcome, etc., related to important matters at ENW to establish a system that enables such decision-making to be conducted efficiently. The procedures are reviewed and revised as needed. Further, the corporate officers establish decision-making procedures for their assigned duties so that such duties are conducted efficiently. The status of important decision-making by corporate officers is reported to the Board of Directors as needed.

**d System for ensuring that performance of duties by directors of ENW other than the Company and corporate officers and employees of ENW companies is in accordance with laws and Articles of Incorporation**

The Chief Compliance Officer, who is also a corporate officer responsible for internal control, promotes compliance and the establishment of internal control.

Compliance is promoted by establishing and putting into practice a compliance program. The Company lists its policies of opposing anti-social forces in its Charter of Business Conduct and Compliance Handbook and ensures that ENW is familiar with the policies through compliance training and other measures.

With regard to internal control, all corporate officers establish, develop, and operate internal controls within the scope of their responsibilities in accordance with the Internal Control Policy established by the corporate officer responsible for internal control.

Aiming to support the internal controls established, developed, and operated by corporate officers, the Corporate Compliance and Risk Management Department works to reduce everyday operational risks (1) by assessing important company-wide risks through interviews with all corporate officers and (2) by implementing CSA for all ENW department managers. For CSA, Eisai has established a regional management organization or appointed a regional manager in each of the Japan, Americas, Europe, Asia, and China regions to globally promote internal control through support for risk management.

Internal audits are conducted by the Corporate Internal Audit Department and the internal audit departments of each region from an objective point of view and independently of the audited organization. The results of all internal audits are periodically reported to the Board of Directors, Audit Committee, and Executive Board. (For more on internal audits, see page 89.)

A corporate officer who confirms that ENW are in compliance with laws, regulations, and the Articles of Incorporation in regards to specialized areas specific to a pharmaceutical company is appropriately appointed.

**e System for reporting to the Company about matters related to execution of duties of officers and employees of ENW companies other than the Company**

The Company determines the corporate officer to be assigned to oversee, supervise, or manage ENW companies through the division of duties. The corporate officer assigned to be in charge of ENW companies has established a system for receiving reports from ENW, through decision-making procedures provided for each ENW company, attendance at important meetings, periodic reports, etc. The corporate officer in charge reports the status of ENW companies to the Board of Directors and the Audit Committee as needed.

\* ENW (Eisai Network companies) refers to the corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.



## (7) Compensation Paid to Directors and Corporate Officers

### ① Determination of Compensation, etc.

Compensation paid to directors and corporate officers is determined by the Compensation Committee. All 4 members of the Company's Compensation Committee, including the chair, are outside directors, and the Compensation Committee places emphasis on an objective perspective and transparency. The Compensation Committee has the authority to determine the content of compensation of individual directors and corporate officers of the Company. It determines (1) policy concerning decisions on the content of compensation of individual directors and corporate officers, (2) the content of compensation of individual directors and corporate officers, and (3) the evaluation of the level of attainment of Company-wide performance targets and the individual performance targets of each corporate officer for the performance-based compensation of corporate officers.

The Compensation Committee may also deliberate on compensation, etc., for directors and corporate officers separately and take exceptional measures in cases where it deems such action necessary.

### ② Basic Policy Regarding the Determination of Compensation

The Compensation Committee has established the following Basic Policy concerning compensation paid to directors and corporate officers in the Rules for the Operation of the Compensation Committee.

#### Basic Policy Concerning Compensation Paid to Directors and Corporate Officers

1. Compensation shall be such that it enables the Company to globally attract excellent personnel to the Company's management cadre.
2. Compensation shall be reasonable and have a high level of fairness, and shall be such that it can be explained to shareholders and employees as fulfilling those requirements.
3. A different system shall be used for compensation for directors who perform management oversight functions and corporate officers who perform duties.
4. Compensation paid to directors shall be at a level suitable to enable them to perform their management oversight function, which is their duty.
5. Compensation paid to corporate officers shall be at a level that will strongly motivate them in the performance of their duties, thereby contributing substantially to the Company.
6. Directors who serve concurrently as corporate officers shall receive only the compensation designated for corporate officers.
7. Corporate officers who serve concurrently as employees shall receive only the compensation designated for corporate officers.

### ③ Process of Determining the Compensation System

The Compensation Committee examines various issues concerning the compensation paid to directors and corporate officers, confirms the level of compensation each year, and determines the compensation system for the following year.

The Compensation Committee actively incorporates and utilizes data, etc., from outside specialized organizations when examining various issues related to compensation and investigating and examining the level of compensation.

### ④ Compensation System for Directors



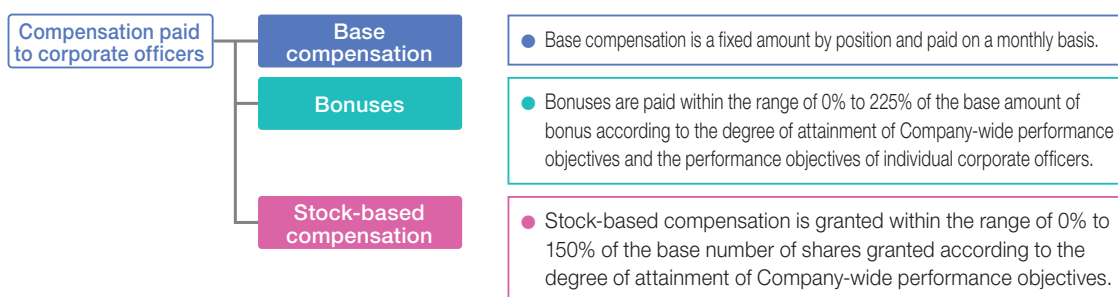
- Base compensation is a fixed amount and paid on a monthly basis.
- The chair of the Board of Directors and each Committee chair receive additional compensation for his or her service as chair.
- Inside directors receive additional compensation for their service as full-time directors.

Compensation paid to directors is only a fixed base compensation. The duty of directors is to supervise management, and a fixed rate not incorporating performance-based compensation is used to ensure that directors are able to properly perform their oversight functions. The level of compensation is intended to be set at the upper middle range for the industry.

### 5 Compensation System for Corporate Officers

Compensation paid to corporate officers is determined in accordance with these basic policies by the Compensation Committee with an aim to enable the Company to attract excellent personnel to the Company’s management cadre and to strongly motivate corporate officers in the performance of their duties, thereby contributing substantially to the Company, and with a recognition of the differences in the levels and mechanisms of compensation, etc., in each country or region.

Compensation paid to corporate officers is composed of base compensation, bonuses, and stock-based compensation, as shown in the following figure. The level of compensation paid to corporate officers is intended to be set at the upper middle range for the industry.



The compensation paid to corporate officers is composed of base compensation, bonuses, and stock-based compensation at a ratio of 6:3:1, and performance-based compensation accounts for 40% of total compensation.

Fixed compensation	Performance-based compensation	
<b>Base compensation</b> (60%)	<b>Bonuses</b> (30%)	<b>Stock-based compensation</b> (10%)

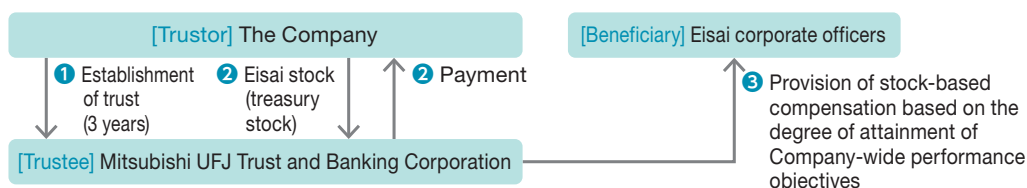
In the case of compensation, etc., for corporate officers who have been appointed from an overseas subsidiary and corporate officers who have advanced specializations or qualifications, etc., the compensation paid is deliberated on and determined on an individual basis considering differences in local compensation systems, compensation levels, and specializations of duties, although the process of determining compensation is the same. In particular, the performance-based compensation of corporate officers who have been appointed from an overseas subsidiary adopts a medium- to long-term incentive system instead of a stock-based compensation system.

The Company’s stock-based compensation system is a medium- to long-term incentive plan that provides stock-based compensation to corporate officers through a trust based on the degree of attainment of Company-wide performance objectives.

It is designed to motivate the Company’s corporate officers to share the profit-consciousness of shareholders, and to perform duties from a medium- to long-term perspective on performance and stock prices.

## Stock-based Compensation System for Corporate Officers

### Mechanism of the stock-based compensation system (conceptual diagram)



Stock-based compensation provided to corporate officers increases or decreases each year according to Company-wide performance. In addition, in the medium and long term, when stock prices fluctuate, the actual value of the compensation fluctuates accordingly. The Company believes that maintaining this mechanism will strengthen the motivation of corporate officers to take the perspective of shareholders and strive to increase corporate value.

Company regulations prohibit corporate officers from selling Eisai stock while in office and until at least 1 year after the individual has left that position.

### Process of Determining Performance-based Compensation

<b>Bonuses</b>	=	<b>Base amount of bonus</b>	x	<b>Degree of attainment of Company-wide performance objectives*</b>	x	<b>Degree of attainment of individual performance objectives</b>
Payout rate: 0% to 225%				Evaluation: 0% to 150%		Evaluation: 0% to 150%

<b>Stock-based compensation</b>	=	<b>Number of shares granted</b>	x	<b>Degree of attainment of Company-wide performance objectives*</b>
Payout rate: 0% to 150%				Evaluation: 0% to 150%

\* Calculated in accordance with the degree of achievement of the targets for consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE.

The Compensation Committee deliberates on and determines the performance evaluations of corporate officers and the amount and number of shares granted to each person as performance-based compensation (bonuses and stock-based compensation). The bonuses and stock-based compensation of corporate officers are calculated based on the degree of attainment of Company-wide performance objectives and the degree of attainment of individual performance objectives using the above formula.

The degree of attainment of Company-wide performance objectives is determined based on an evaluation of consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE. Each fiscal year, the Compensation Committee evaluates the achievement of Company-wide performance objectives in a range of 0% to 150%, based on the degree of achievement of each item.

The Company decided to adopt these 4 evaluation indicators because first of all, they represent management indicators to share with shareholders as published numerical targets for achieving the business plan for the corresponding fiscal year, and because the Company considers consolidated ROE an important indicator of the sustained creation of value for shareholders. The Compensation Committee has deemed the 4 indicators appropriate for evaluating the performance of duties.

As for the degree of attainment of individual performance objectives, the Compensation Committee determines the individual evaluations proposed by the Representative Corporate Officer and CEO after evaluation, in accordance with the degree of achievement of the specific individual performance objectives given by each corporate officer. Further, weighted points are assigned to the performance objectives in accordance with the priority of the objectives, and after deliberation with the Representative Corporate Officer and CEO, the individual performance objectives are proposed to the Compensation Committee. The objectives are determined by the Compensation Committee after evaluation of their suitability.

As a result, bonus payments to corporate officers are paid in the range of 0% to 225% of the bonus base value, and stock-based compensation is provided in the range of 0% to 150% of the base number of granted shares.

## 6 Total Amount of Compensation Paid to Directors and Corporate Officers

The grand total of compensation paid by the Company to its directors and corporate officers in FY2021 (from April 1, 2021, to March 31, 2022) was as indicated below.

### Total FY2021 Officer Compensation

	Base compensation		Performance-based compensation				Total (Millions of yen)	Portion of the figures to the left that consists of non-monetary compensation, etc. (Millions of yen)
			Bonuses		Stock-based compensation			
	Number of recipients (No. of officers)	Amount (Millions of yen)	Number of recipients (No. of officers)	Amount (Millions of yen)	Number of recipients (No. of officers)	Amount (Millions of yen)		
Directors (inside)	4	113	—	—	—	—	113	—
Directors (outside)	9	103	—	—	—	—	103	—
Corporate officers	28	765	28	348	28	67	1,180	33
<b>Total</b>	<b>41</b>	<b>981</b>	<b>28</b>	<b>348</b>	<b>28</b>	<b>67</b>	<b>1,396</b>	<b>33</b>

- (Notes) 1 As the compensation of directors also serving as corporate officers is only the compensation for corporate officers, the compensation of the Director, Representative Corporate Officer and CEO is included in the amount for corporate officers.
- 2 Figures for base compensation are the total figures for base compensation paid to each applicable director and corporate officer for the respective terms in FY2021.
- 3 Figures for bonus payments to corporate officers are the total figures representing the total value of planned accrued bonuses to be paid in July 2022 to eligible corporate officers for the period from April 2021 through March 2022, together with the total value of bonus payments\* paid in July 2021 to eligible corporate officers for the period from April 2020 through March 2021, less the value of the reserve for bonus payments disclosed in the business report for FY2020.
- \* Because it was found that the degree of attainment of Company-wide performance objectives for FY2020 did not reach the level for payment of performance-based compensation, the Compensation Committee formulated exceptional measures in accordance with internal rules and paid an exceptional bonus.
- 4 Figures for stock-based compensation of corporate officers are the total figures representing the total value of planned accrued stock-based compensation to be granted in July 2022 to eligible corporate officers for the period from April 2021 through March 2022, together with the total value of stock-based compensation, etc., granted in July 2021 for the period from April 2020 through March 2021, less the value of the reserve for stock-based compensation disclosed in the business report for FY2020. The stock-based compensation of corporate officers indicated is based on the total amount obtained by multiplying the total number of the Company's common stock granted or scheduled to be granted to the relevant corporate officer by the unit price of the Company's shares held by a trust.
- 5 Stock options have been abolished since the transition to the stock-based compensation system in June 2013, and no necessary expenses for accounting were recorded beginning in FY2015, and are therefore not shown in the table.
- 6 In regard to the stock-based compensation of corporate officers, half of the shares granted based on the decision of the Compensation Committee according to the degree of attainment of Company-wide performance objectives is granted as stock, and half is converted within the trust then paid as a monetary amount equivalent to the shares converted to cash. No shares were granted for the period from April 2020 through March 2021 during the fiscal year in question in accordance with the decision of the Compensation Committee.
- 7 See the tables on pages 108 and 109 for the performance indicators (consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE) used to calculate performance-based compensation during this fiscal year.
- 8 Three outside directors who are members of the Compensation Committee examined and reviewed the contents of the individual compensation, etc., for directors and corporate officers related to the current fiscal year and confirmed that they conform to the basic policy for compensation, etc., determined by the Committee.

## 7 Total Amount of Consolidated Compensation for Each Officer (¥100 million or more)

The officers for whom consolidated compensation, etc., was ¥100 million or more in FY2021 are the following 5 individuals. The amounts for each are given below.

● Haruo Naito, Representative Corporate Officer and CEO	¥123 million
● Gary Hendler, Senior Vice President	¥114 million
● Yanhui Feng, Senior Vice President	¥125 million
● Lynn Kramer, Vice President	¥173 million
● Alexander Scott, Vice President	¥138 million

\* Gary Hendler receives compensation from Eisai Europe Ltd. (U.K.), while Lynn Kramer and Alexander Scott each receive compensation from Eisai Inc. (U.S.A.). Yanhui Feng receives compensation from Eisai China Inc. (China). The compensation for each is based on the decision of the Compensation Committee. The total amount of compensation received is shown for these individuals.

## (8) Basic Policies related to the Way a Person Is to Control Decisions on Financial and Business Policies

In regard to that stipulated by the content of Article 118, Paragraph 3 of the Companies Act (“Basic Policies related to the Way a Person Is to Control Decisions on Financial and Business Policies”) the matter is addressed on page 34 of Internet Disclosures: “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders.”

In regard to the “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders,” at its meeting of April 27, 2022, the Board of Directors passed a resolution to not continue the Policy, abolishing the Policy effective the expiration of its term on June 30, 2022.

Accordingly, the “Basic Policies related to the Way a Person Is to Control Decisions on Financial and Business Policies” was decided to be as follows.

### ① Eisai’s Basic Policy Regarding Individuals Who Control Decisions on Financial and Business Policies

The Company had previously stipulated a corporate philosophy “to give first thought to patients and their families, and increase the benefits that health care provides to them” (*hhc* philosophy: human health care), and we shared this philosophy with our stakeholders.

In our “EWAY Future & Beyond” medium-term business plan launched in April 2021, the Company shifted perspectives to greatly expand the scope of the beneficiaries of our social contributions, from “patients and their families” to “patients and the general public.” As such, we are striving to create solutions that help people, with our vision of “empowering The People to realize their fullest life.”

We see the ecosystem model as our business model to put this philosophy and approach into practice. An ecosystem is a framework in which various living organisms coexist in a set environment and develop by cooperating with each other. As the nucleus of ecosystems such as these, we collaborate with academia and startups on drug discovery, and we are also building the Eisai Universal Platform (EUP) on which many different solutions can be created and provided based on clinical data as well as data on biomarkers and more.

The solutions generated by EUP are also producing major synergy effects with other industries. We believe that by greatly expanding the scope of people to whom we contribute by providing value directly and building an ecosystem, we can help increase the sophistication of products and improve services offered not only by the Company but in other industries as well, leading to even more contributions by providing value. Our ambition is to be an *hnceco* company, which operates on a business model that integrates our Corporate Philosophy of *hhc* with these ecosystems.

Furthermore, the Company focuses on the reduction of health disparities and continues to engage in initiatives to improve access to medicines, including the free-of-charge provision of drugs for the treatment of lymphatic filariasis. In research and development of drugs for the treatment of tropical diseases as well, we are building rich pipelines through various partnerships. The Company will not spare any efforts to deliver hope and our products to people in the daily living and medical domains.

However, considering the escalating competition surrounding the Company, and the changes and transformations in the Japanese legal system and corporate culture relating to M&A in Japan, we can anticipate the potential for acquisitions of the Company’s shares that will materially affect the Company’s management policy.

The Company does not necessarily reject acquisitions that are intended to obtain a large volume of our shares or that permit a third party to participate in the management of our business, if such acquisitions will substantially increase the corporate value of the Company.

Based on this perspective, as a company generating made-in-Japan innovation the Company considers the sources of our corporate value to include our *hhc* philosophy and the employees motivated to deliver it, as well as our knowledge creation activities (*hhc* activities) that put our philosophy into practice, and business operations to efficiently achieve the social good (to relieve anxiety over health and reduce health disparities). Individuals who control decisions on the

Company's financial and business policies must therefore sufficiently understand these sources of value in order to strive toward securing and increasing the Company's corporate value and the common interests of our shareholders over the medium to long term.

## ② Initiatives Contributing to Implementation of the Basic Policy and to Prevent Decisions on the Applicable Company's Financial and Business Policies from Being Controlled by Individuals Who are Improper in Light of the Basic Policy

### a Initiatives Contributing to Implementation of the Basic Policy

As stated in ① above, we are moving forward with initiatives based on our "EWAY Future & Beyond" medium-term business plan. For specific details, please see "2. Medium- to Long-Term Corporate Management Strategy and Issues that Need to be Addressed" on pages 44 through 46.

Additionally, in 2004 the Company adopted a "Company with Committees System" (currently "Company with a Nomination Committee, etc. System") and believes that the focus of corporate governance is to ensure fairness and transparency of management through clear separation of functions between management oversight and business execution, while also increasing the vitality of business. The Company always aims to exercise the best corporate governance and strives continually to enhance it as well.

### b Initiatives to Prevent Decisions on the Applicable Company's Financial and Business Policies from Being Controlled by Individuals Who are Improper in Light of the Basic Policy

At its April 27, 2022 meeting, the Board of Directors resolved to discontinue the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders" effective June 30, 2022, when the Policy expires. However, when there are acquisition proposals or share purchases that risk damaging the Company's corporate value and the common interests of shareholders, we secure sufficient time and information for examination by shareholders, and when necessary, we take any available measures (so-called takeover defense measures) deemed appropriate at that point in time in order to secure the Company's corporate value and the common interests of shareholders.

## ③ Decisions by Our Board of Directors on Initiatives in ② and the Reasons

As indicated in ① above, we believe that improving our corporate value and the common interests of shareholders is achieved by increasing the benefits to patients and the general public, and that the initiatives indicated in ② above contribute to increasing these benefits to patients and the general public.

There are acquisitions that are inappropriate, including those that do not give sufficient time and information to the Company and shareholders to examine the substance of the proposed acquisition and consider alternatives. There are also acquisitions that obstruct bold long-term business measures, including research and development systems for new drugs essential for the Company to deliver increased benefits for patients and the general public, provision of information and services that aid awareness and prevention of diseases, stable supply of high-quality products, and ensuring the management and provision of information on the safety and efficacy of drugs. Such acquisitions will damage the Company's corporate value and the common interests of our shareholders. For this reason, we consider it appropriate from the perspectives of our corporate value and the common interests of shareholders to take the measures indicated in ② above to prevent such acquisitions.

Based on this reasoning, the Company's Board of Directors concluded that the initiatives indicated in ② above are aligned with the basic policy indicated in ① above, serve the purpose of securing our corporate value and the common interests of our shareholders, and are not intended to maintain the position of our directors and corporate officers.



## 7. Compliance Risk Management

The Chief Compliance Officer, who is also the corporate officer responsible for internal control, heads the Corporate Compliance and Risk Management Department and promotes compliance and risk management.

### (1) Promoting Compliance

Eisai defines compliance as the “observance of legal and ethical standards” and positions it at the core of management activities. We implement the Group’s compliance program, delivering the message of the top management, establishing a system for promoting compliance, developing a code of conduct and rules, running educational activities, and providing consultation and whistle-blowing hotline services.

Compliance promotion activities periodically undergo objective reviews by a Compliance Committee made up of 4 outside lawyers with substantial professional experience in the United States, Europe, Japan, and Asia. The process makes the promotion activities more effective by reflecting changes in the global business environment, issues that come to light upon closer examination, and advice rooted in risk assessment.

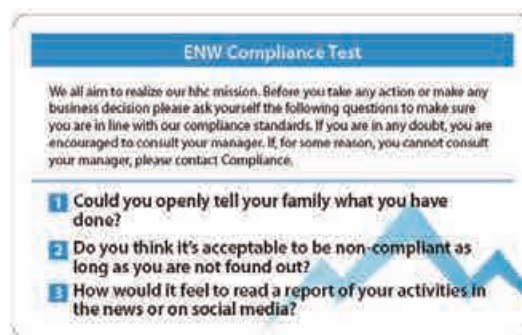
#### ① Learning Activities to Foster a Corporate Culture with a Focus on Compliance

We have issued a “Compliance Handbook,” available in 16 languages, which includes a message from top management on compliance, provides an overview of the Company’s approach to compliance, outlines the Eisai Charter of Business Conduct and the code of conduct, and stipulates the operational rules pertaining to the whistle-blowing hotline. We provide training to all officers and employees to help them understand the contents, and each year, all officers and employees commit to adhering to the contents.

In addition, ENW\* companies in Japan have created a “Compliance Card” for all officers and employees to carry with them. The card contains contact details for the Compliance Counter (whistle-blowing hotline) and other information.

We are also working to cultivate a corporate culture with a focus on compliance. Educational initiatives include compliance training for officers and other regular workshops, e-learning, making case studies available online, and online distribution of information aimed at raising compliance awareness and encouraging use of the Compliance Counter which gives top priority to protecting whistle-blowers.

\* ENW (Eisai Network companies) refers to the corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.



Compliance Card

## 2 Reinforcing the Compliance Promotion System in the Sales Department

In October 2021, Area Compliance Departments directly under control of the Chief Compliance Officer were installed in 8 locations throughout Japan to reinforce the compliance promotion system of our sales department. The Area Compliance Departments work closely with the front lines of sales, working to ensure observance of in-house rules and codes for promotional activities such as speeches at conferences, advance initiatives including measures to prevent violations of laws and regulations, and provide support for carrying out business activities correctly.

## 3 Operation of the Compliance Counter and Reports to the Audit Committee

The Compliance Counter serves as a point of contact for whistle-blowing in ENW\*. It has been set up regionally, including in Japan, the United States, Europe, China, and Asia, in addition to being a global contact point for consultation and whistle-blowing that allows parties around the world to contact Japan directly in their local languages. The Company has also established outside consultation desks staffed by independent outside attorneys and outside consultation desks operated by neutral ombudspersons to handle problems related to work and the workplace (GUIDEA), fostering an environment that makes whistle-blowing easier.

### Business Partner Compliance Whistle-blowing Hotlines Established

In December 2021, we established “Business Partner Compliance Whistle-blowing Hotlines” that officers and employees of our business partners can use with peace of mind. Through these hotlines, we receive reports about improper acts and legal or regulatory violations by people involved with ENW and those involved with the Company at our business partners, making it possible to quickly detect compliance violations and concerns that could impact the Company to resolve and improve these issues quickly.

The numbers of consultations and notifications received by the Compliance Counter and Business Partner Compliance Whistle-blowing Hotlines are reported to the Audit Committee each month. We are also building a system to ensure that information of high importance which is reported to the Chief Compliance Officer and/or the Compliance Counter is immediately and anonymously reported to the Audit Committee.

Additionally, our Audit Committee has established a whistle-blowing hotline to report cases that involve officers (directors or corporate officers) of the Company.

## 4 Compliance Awareness Survey

In FY2021, we conducted the All-ENW Compliance Awareness Survey. The survey analyzed and evaluated ENW officers and employees on their awareness and activities concerning compliance. We are utilizing the results of the survey to further improve our compliance programs.

## 5 Transactions between Related Parties

In order to prevent interested parties of the Company, including officers and employees, from abusing their position to harm the interests of the Company or the common interests of shareholders, the Company’s “Anti-Bribery and Anti-Corruption Policy of Eisai Network Companies (ENW)” contains provisions prohibiting conflict-of-interest transactions, giving of benefits to shareholders, and bribery. The Company works to ensure that all officers and employees are familiar with the content of the policy.

\* ENW (Eisai Network companies) refers to the corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.

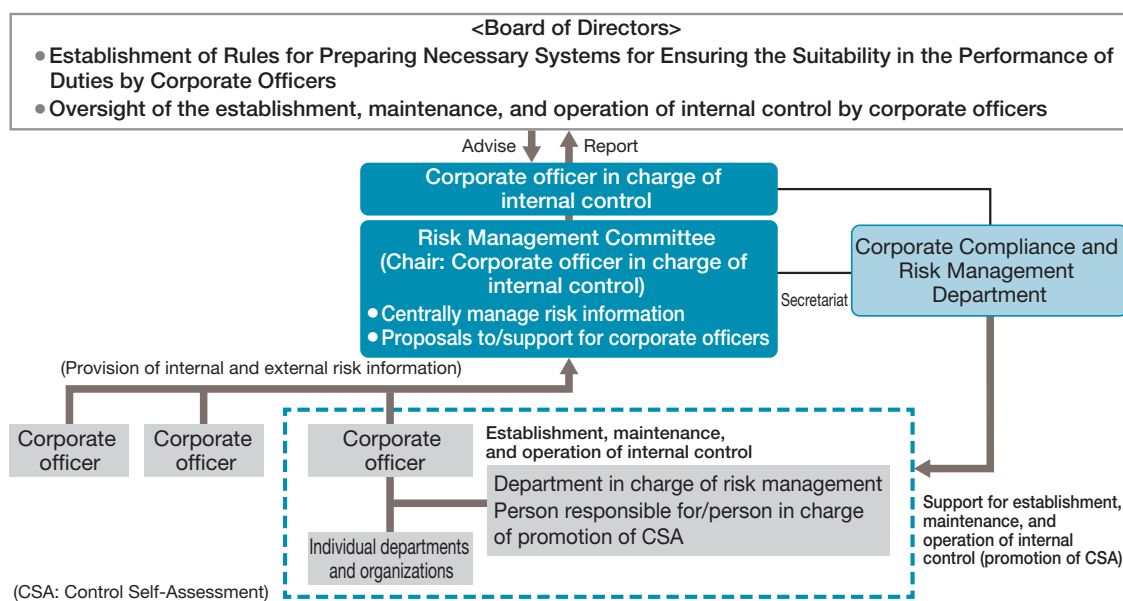


The existence of transactions between the Company and its major shareholders as well as the nature of such transactions are appropriately supervised by the Company's Board of Directors, and subjected to periodic audits by the Audit Committee. Furthermore, in an effort to prevent conduct that runs counter to the interests of the Company and its shareholders, the Company's Board of Directors stipulates and discloses in the Detailed Rules of the Board of Directors that self-dealing and transactions that conflict with the interests of the Company by officers require the approval of the Board of Directors. Material facts related to such transactions must also be reported appropriately to the Board of Directors.

## (2) Promoting Risk Management

Eisai's Board of Directors has established the "Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers" in accordance with the stipulations of the Companies Act. The Rules stipulate that all corporate officers are to identify risks in their assigned duties and build, maintain, and operate internal controls. The corporate officer responsible for internal control has established globally common "ENW internal control policies," promotes the creation, maintenance, and operation of internal controls throughout the Group, and works to manage risks within the allowable range.

### Eisai Risk Management Structure



The Risk Management Committee holds regular meetings, with the corporate officer responsible for internal control as the chair, to centrally manage the risks that, based on recommendations from the Board of Directors, are deemed to be particularly important out of all of the risks identified by corporate officers and department managers, including risks concerning the impact of COVID-19 and digital transformation (DX), and to promote identification of risks and prompt, efficient risk response. In addition, the Committee strives to detect potential risks to the Company at an early stage, in light of outside corporate scandals, etc., and implements measures to prevent those risks from being actualized.

## Eisai Charter of Business Conduct

Established: March 2000

Revised: March 2021

We give first thoughts to patients and their families. We strive to increase the benefits that healthcare provides them and we conduct our business to meet their diversified healthcare needs worldwide. As a *human health care ('hhc')* company, we develop and provide products and services that contribute to the well-being of patients and customers under any healthcare system.

In order to realise our corporate philosophy, we develop business activities that contribute to sustainable economic growth and the resolution of social issues, as well as make decisions and act appropriately and in a timely manner, in compliance with all relevant laws and ethical standards.

We hereby establish our Charter of Business Conduct as a statement of our commitment to compliance. Compliance is essential to the company's existence and is given top priority in all corporate activities. Corporate executives recognise that it is their role to lead the employees by implementing the content and spirit of this Charter in all the work they do and in supervising those who work with them. By adhering to this Charter, they will inspire and encourage everyone to apply these standards in all their activities.

Everyone is expected to abide by the content and spirit of this Charter.

1. We promote mutual respect and trust in our business relationships with our stakeholders including patients, customers, shareholders, investors, employees, healthcare providers, business partners and communities.
2. We compete fairly, and do not tolerate bribery or any other form of corrupt business behaviour.
3. We appropriately manage information and ensure our records are accurate, complete, fair and secure.
4. We appropriately disclose corporate information in a timely manner, and communicate with stakeholders transparently.
5. We act in the workplace in accordance with the principles of fairness, respect, and non-discrimination with respect for diversity.
6. We provide a work environment that takes health and safety into consideration.
7. We comply with all relevant laws and regulations of each jurisdiction in which we do business and we conduct ourselves with the highest sense of ethics.
8. We respect human rights and do not tolerate, within the scope of our business and in our supply chain, modern slavery such as child labour, forced labour and human trafficking.
9. As a 'good corporate citizen', we contribute to the resolution of social issues and the development of society.
10. We maintain fair and transparent relations with political and government entities.
11. We shall not enter into, or to the extent we become aware we shall sever, relations with organised crime groups.
12. We place global environmental protection as an important component of business operations and strive to maintain the environment.

## 8. Internal Audit Activities

In order to strengthen independence, the Company has assigned executive internal auditors who manage the internal auditing of the Company as a whole, overseen by the corporate officer responsible for internal audits. These auditors work with the Corporate Internal Audit Department, as well as internal audit departments in each region including Japan, the United States, Europe, China, and Asia to perform internal audits globally. These internal audits are intended to evaluate objectively from an independent standpoint whether the duties conducted under the direction of each corporate officer are executed properly and efficiently. The audit results are regularly reported to the Board of Directors, Audit Committee, and Executive Board. Further, in addition to evaluating the establishment and operation of internal control related to financial reports required by the Financial Instruments and Exchange Act of Japan, we conduct environment and safety audits at laboratories, plants, and other facilities from the perspective of compliance with the Industrial Safety and Health Act and other various laws and regulations. COVID-19 also impacted FY2021, but we were able to conduct internal audit activities according to plan by implementing remote audits using video and utilizing local outside specialized organizations overseas. In addition, we have established opportunities to share information with the Accounting Auditor on a regular basis and are striving to collaborate toward accurate and efficient internal audits.

The internal audit departments receive evaluations by an external evaluation committee composed of outside experts. These evaluations found that the departments were conducting high-quality internal audit activities compatible with the global standards developed by The Institute of Internal Auditors (IIA), which is headquartered in the United States.



Please see Compliance, Risk Management and Internal Audit on our website.

▶ <https://www.eisai.com/sustainability/management/compliance/index.html>

# Environment

## Environment

### 9. Consideration for the Environment SDGs Activities ▶



Under the *hhc* philosophy, the Group strives to deliver not just pharmaceuticals but also solutions to “people in the daily living and medical domains (The People).” We believe strengthening activities to ensure the sustainability of the global environment, which provides the foundation for our business activities, is essential to contributing to The People. With this belief, we renewed the “ENW<sup>\*1</sup> Environmental Protection Policy,” which offers guidelines for our environmental activities, in FY2021. The updated policy clearly states (1) contributing to the creation of a carbon-free society by reducing greenhouse gas<sup>\*2</sup> emissions, (2) contributing to the creation of a recycling-oriented society through proper disposal of waste and efficient use of resources including water, and (3) contributing to the creation of a symbiotic society through efforts to preserve biodiversity.

Amid increasing societal demands for protection of the global environment, we will fulfill our corporate social responsibility as a participant in the UN Global Compact by pursuing company-wide efforts to reduce environmental impact in every stage of our business operations, and by working to achieve the Sustainable Development Goals (SDGs) adopted by the UN General Assembly.

## ENW Environmental Protection Policy

### Fundamental Environmental Protection Policy

ENW places global environmental protection as an important component of business operations and strive to maintain the environment.

### Environmental Protection Guidelines

1. ENW is aware of the “dignity and importance of nature” and adopts measures to maintain the global environment in all business operations.
2. ENW places environmental protection as a top priority at all stages of corporate activities, from research and development, production, distribution, and sales, to product usage and disposal.
3. ENW constructs and operates an environmental management system and promotes environmentally protective operations.
4. ENW complies with all applicable laws, regulations, and agreements concerning environmental protection, and each company implements voluntary standards that exceed the minimum standards set forth in the applicable laws, regulations, and agreements.
5. ENW actively introduces advanced environmental technology to be at the forefront of reducing environmental impacts.
6. ENW reduces usage of resources and energy as well as reduces or recycles waste products in all business operations.
7. ENW reduces usage and promotes the removal of chemical substances that cause environmental pollutant emissions, and prevents environmental pollution.
8. ENW shares the fundamental policy on environmental protection and implements educational training to strengthen specialties at each workplace progressively and continuously.
9. ENW actively discloses information on policies, objectives, programs, and results concerning environmental protection.

\*1 ENW (Eisai Network companies) refers to the corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.

\*2 Carbon dioxide (CO<sub>2</sub>), methane, fluorocarbons, and other gasses that promote global warming

## Message from Corporate Officer

The Group undertakes business activities with a focus on fulfilling its corporate social responsibility as a participant in the UN Global Compact. Specifically, we have formulated the ENW Environmental Protection Policy, declared our commitment to carbon neutrality, and launched efforts to achieve 100% renewable energy usage and zero waste emissions. In these and other ways, we pursue environmental protection activities aimed at achieving harmony with the global environment.

SDGs activities are part of our day-to-day operations, and how businesses handle their responsibilities will come under increasing scrutiny and assume greater importance. At Eisai, we will continue to make concerted efforts to protect the environment and help create a sustainable society.



Corporate Officer  
General Affairs, Environmental  
and Safety Affairs  
Masayuki Miyajima

## (1) Climate Change-related Activities

### ① Reduction of greenhouse gas emissions

Climate change caused by greenhouse gas emissions is a pressing issue shared by all humankind. To date, more than 120 countries around the world have pledged to become carbon neutral\*<sup>1</sup> by 2050. The Japanese government made the pledge in October 2020. Efforts by companies to become carbon neutral are also accelerating.

The Group has set the target\*<sup>2</sup> of “reducing CO<sub>2</sub> emissions by 30% from FY2016 levels by FY2030” as a science-based medium- to long-term target for the reduction of greenhouse gas emissions, and has made concerted efforts to reduce CO<sub>2</sub> emissions. To further accelerate these efforts, the Group issued a “Statement of Commitment for Carbon Neutrality by 2040” in May 2021 and set new targets.

### Statement of Commitment for Carbon Neutrality by 2040

- Medium-term target: Achieving 100% renewable energy usage by 2030  
Eisai will switch all electric energy, which accounts for 65.3% (as of FY2019) of the total energy usage used by the entire corporate group, to renewable energy.
- Long-term goal: Achieving carbon neutrality by 2040  
Eisai will ensure the ratio of CO<sub>2</sub> emission to absorption across the entire Group is to come out even.

We have also created a roadmap outlining the measures and plans for achieving carbon neutrality by 2040, which we update each year according to our progress and changes in the external environment. In addition to continuing efforts to save energy, we will increase the use of renewable energy, switch sales vehicles to hybrid and electric cars, and actively introduce advanced technology. We will also collaborate with suppliers to boost efforts to reduce greenhouse gas emissions in our supply chains.

\*1 A state in which greenhouse gas emissions are offset by absorption

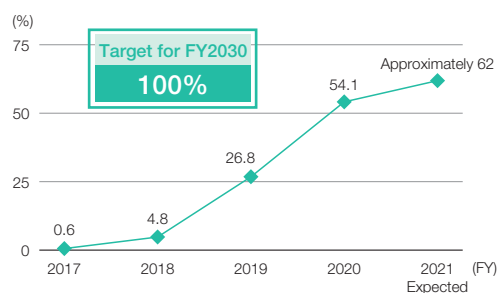
\*2 This target was approved by the Science Based Targets initiative (SBTi) as a reduction target based on scientific evidence.

## 2 Promotion of the introduction of renewable energy

The Group is actively introducing renewable energy. We switched part of our electricity supply to green power\*1 at the Head Office, Kawashima Plant, Tsukuba Research Laboratories, and Eisai Distribution. Overseas, we purchase solar power at the Vizag Plant (India), and generate solar energy for captive consumption and source green power at the Exton site (U.S.). We also use green power at the European Knowledge Centre (U.K.). These are some of our main overseas business sites where we have achieved 100% renewable energy usage. Through these initiatives, we expect renewable energy to constitute approximately 62% of total power consumption in FY2021. We will continue systematic introduction of renewable energy in the future as well, and strive to reduce CO<sub>2</sub> emissions further.

\*1 Electric power generated from sunlight, wind power, hydraulic power, and other renewable energy sources

Adoption of renewable energy: Actual and Goals



Solar Panels



Vizag Plant's (India) power source



Exton site (U.S.A.)

### Eisai Joined the Global Environmental Initiative “RE100 (U.K.)”

“RE100” is an initiative that leads efforts by companies to switch electricity used in business activities to 100% renewable energy with the aim of realizing a carbon-free society. About 300 leading companies have joined worldwide. The Company joined it in September 2021. Going forward, we will accelerate efforts toward achieving our medium-term target of “100% renewable energy usage by 2030.”



## 3 Efforts related to sales vehicles (domestic group)

The Company’s domestic group is steadily switching sales vehicles to hybrid cars in order to reduce CO<sub>2</sub> emissions from sales activities. In FY2021, the introduction rate exceeded 70%. We also began introducing electric cars in the second half of FY2019, in an effort to reduce CO<sub>2</sub> emissions by transitioning to vehicles with high fuel efficiency.

## (2) Initiatives for the Formation of a Recycling-oriented Society

The Company’s domestic group strives to dispose of waste properly and use resources efficiently in order to protect the environment. Aiming to reduce the amount of waste generated, increase the amount of recycled waste, and decrease the amount of waste sent to landfills, we are making an effort to enhance our waste-disposal measures. FY2021 will mark the 14th consecutive year that we have attained zero emissions.\*2

\*2 To reduce the percentage of waste sent to landfill to less than 1%.

### Main Measures

- Reduction of paper use by digitizing meeting materials, etc.
- Reuse of devices and sale of waste paper to promote recycling
- Recycling of scrap metal, glass bottles, waste oil, etc.
- Recycling/use of organic solvents used in the pharmaceutical research and production process

### (3) Initiatives to Protect Biodiversity

As the Group develops and sells pharmaceuticals derived from natural products, we consider the protection of biodiversity a critical issue in conducting business activities sustainably. For this reason, we strive to monitor the impact of our business activities on biodiversity at each stage, and to protect the natural environment at each business site. On the grounds of the Kawashima Plant (Gifu Prefecture), we maintain a Japanese garden, rich with nature, and we cultivate and conserve about 600 types of medicinal and otherwise beneficial plants, including endangered species, in the Medicinal Herbal Garden at the Naito Museum of Pharmaceutical Science and Industry. Eisai Pharmaceuticals India Pvt. Ltd. (India) has undertaken a tree-planting program to promote environmental awareness. In FY2021, about 3,000 trees were planted in the state of Andhra Pradesh, where the office is located, bringing the total number of trees planted through this program to about 8,000.



Medicinal Herbal Garden, where endangered plant species are cultivated and conserved (Naito Museum of Pharmaceutical Science and Industry)

### (4) Information Disclosure related to Environmental Activities

#### ① Environmental Report 2021

Eisai actively discloses information on its efforts to reduce its environmental impact, on the Company's website.

<https://www.eisai.com/ir/library/annual/pdf/epdf2021er.pdf>



#### ② CDP Climate Change Report 2021, CDP Water Security Report 2021

CDP is an international NGO that evaluates the “efforts of companies related to environmental risks” (climate change, water security, forests) and discloses the information at the request of institutional investors around the world. Since 2015, the Group has responded to the CDP Climate Change Report. In CDP Climate Change Report 2021 and CDP Water Security Report 2021, the Company received a score of “A-” (the second highest on an 8-rank scale from A, A-, etc., to D and D-). Scores “A” and “A-” are given to companies that are engaged in environmental activities considered best practices in environmental risk management. The Group will further accelerate environmental activities and continue to disclose relevant information.



Please see the “Environmental Activities” page on the Company's website.

▶ <https://www.eisai.com/sustainability/environment/index.html>



# Social

## Social

### 10. Improvement of Non-financial Value

SDGs Activities ▶





The Company has established a department dedicated to the formulation and promotion of company-wide strategies related to ESG (the environment, social, and governance) initiatives and the Sustainable Development Goals (SDGs). Sustainability advisory board meetings are held to discuss the vision of the Company's ESG as well as receiving the recommendations and advice of external specialists. Once a year, the CEO and other officers and employees involved in ESG initiatives come together and discuss sustainability, receiving advice from external advisors. In FY2021, discussions were carried out on economic security and the business strategy for Africa as the main agenda. The whole Company engages proactively in efforts to improve the Company's non-financial value, raise corporate value, and fulfill the commitment to make contributions to patients.

#### (1) ESG and SDGs-related Initiatives

##### Activities for Achieving SDGs and Creation of Corporate Value

Commitment to creating corporate Value	Material issues	Pertinent SDGs
<b>Corporate value (matters that bring it about directly)</b>	<ul style="list-style-type: none"> <li>● Discovery of innovative drugs</li> <li>● Offering solutions that go beyond the supply of pharmaceutical products</li> </ul>	
	<ul style="list-style-type: none"> <li>● Strategic partnerships</li> </ul>	
	<ul style="list-style-type: none"> <li>● Improving access to medicines</li> </ul>	
	<ul style="list-style-type: none"> <li>● Stable supply and quality assurance of products</li> </ul>	
	<ul style="list-style-type: none"> <li>● Increasing job satisfaction among employees, and providing opportunities to develop skills</li> <li>● Supporting the good health of employees, and managing safety and health</li> <li>● Promoting diversity</li> </ul>	
<b>Value creation (matters that support it)</b>	<ul style="list-style-type: none"> <li>● Corporate governance system</li> <li>● Compliance and risk management</li> <li>● Protection and strengthening of intellectual property</li> </ul>	
	<ul style="list-style-type: none"> <li>● Achievement of appropriate prices</li> <li>● Financial strategy</li> </ul>	
	<ul style="list-style-type: none"> <li>● Supply chain management</li> <li>● Business activities that give consideration to human rights</li> </ul>	
	<ul style="list-style-type: none"> <li>● Business activities that give consideration to the global environment</li> </ul>	



Commitment to creating corporate Value	Material issues	Pertinent SDGs
<b>Corporate value (matters that become a foundation for its creation)</b>	<ul style="list-style-type: none"> <li>● Product safety management</li> <li>● Ethical and transparent drug discovery activities</li> </ul>	
	<ul style="list-style-type: none"> <li>● Promotions that follow compliance</li> <li>● Information disclosure</li> <li>● Prevention of bribery and corruption</li> <li>● Initiatives against counterfeit medicines</li> </ul>	

Under fulfilling corporate governance, we are aiming to contribute to the achievement of a sustainable society by engaging proactively in initiatives for the resolution of challenges concerning the global environment and society. At the same time, we are working to raise corporate value. Furthermore, under the “EWAY Future & Beyond” medium-term business plan, we are engaged in efforts that aim for empowering people in the daily living and medical domains to realize their fullest life. From issues related to poverty and hunger, health and welfare to those related to job satisfaction, economic growth, gender equality, and the environment, we believe that our initiatives going forward will help solve the challenges faced by the world of the 21st century, and contribute to the achievement of the 17 SDGs adopted in September 2015 at the United Nations summit.

## (2) Human Rights Initiatives

In 2019, the Company formulated the ENW\* Human Rights Policy that is in compliance with international rules. On this basis, we have identified risks within our business and supply chain wherein the Company’s business activities may have a negative impact on the human rights of our stakeholders. We have implemented measures to avoid or minimize these risks, and carry out human rights due diligence on an ongoing basis to monitor and disclose the results. Within the Company, we conduct training sessions, offer e-learning, and make calls for slogans. Through these and other awareness-building activities, we endeavor to prevent any kind of discrimination or harassment as well as ensure the thorough enforcement of personal information management. In regard to our supply chain, we try to understand through sustainable procurement, any human rights-related issues that may be present through the state of human rights-related initiatives being undertaken by our business partners. In addition to such activities, in FY2021 we also focused, from the perspective of respecting human rights, on providing support for COVID-19 infection prevention measures, both here in Japan and abroad.



Please see “Respect for Human Rights” on the Company’s website for more.

▶ [https://www.eisai.com/sustainability/employee/human\\_rights/index.html](https://www.eisai.com/sustainability/employee/human_rights/index.html)

See “ENW Human Rights Policy” on the Company’s website.

▶ [https://www.eisai.com/sustainability/employee/human\\_rights/pdf/Human%20Rights%20Policy\\_en.pdf](https://www.eisai.com/sustainability/employee/human_rights/pdf/Human%20Rights%20Policy_en.pdf)

\* ENW (Eisai Network companies) refers to the corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.

## (3) Sustainable Procurement

Companies are required to carry out procurement activities that emphasize sustainability (sustainable procurement) throughout their supply chain. This includes the sustainability of such matters as human rights, labor and safety, the environment and ethics. Sustainable procurement prevents, in the supply chain, the occurrence of human rights violations as well as issues related to the environment. It also enables the building of a robust and sustainable supply chain. Such activities are efficient and effective when carried out together with others in the industry. For this reason, the Company joined the Pharmaceutical Supply Chain Initiative (PSCI), which is a global non-profit organization promoting efforts in the pharmaceutical and healthcare sector. We incorporated PSCI’s supplier standards of conduct, which is adopted by PSCI member companies, into the Company’s Code of Conduct for Business Partners. At the same time, we share information on human rights and environment-related issues in the supply chains of our industry. In FY2021, we held a business partners briefing for the suppliers of our plants in Japan. We asked for their understanding of the importance of engaging in sustainability efforts. Additionally, we obtained their written consent to comply with our Code of Conduct for Business Partners. We also implemented sustainability assessments of our business partners, which were carried out by a third party.



Please see “Sustainable Procurement” on the Company’s website for more.

▶ <https://www.eisai.com/sustainability/partner/sustainableprocurement/index.html>

#### (4) Initiatives to Improve Access to Medicines

The Group 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. It is promoting such undertakings proactively under public-private partnerships with governments, international organs, private non-profit organizations and others.

##### Message from Corporate Officer

Among the SDGs, the Company is particularly focused on correcting health disparities. We consider our long-term initiatives for the improvement of access to medicines, including the free-of-charge provision of a lymphatic filariasis (LF) treatment agent, to be foremost in such efforts. What is more, in relation to research and development for drugs to treat neglected tropical diseases (NTDs), we have concluded partnerships with the Global Health Innovative Technology (GHIT) Fund\*, non-profit research organizations, and academia, and we are promoting development by creating a rich pipeline. As the elimination of NTDs is delayed on a global scale due to the COVID-19 pandemic, we are working with our local partners for the proactive provision of support needed for safely carrying out NTDs elimination activities, including supplying face masks and sanitizers. The NTDs elimination activities are steadily bearing fruit through the joint efforts being carried out with diverse stakeholders. We will continue to undertake efforts to deliver hope and our products to the world's people in the daily living and medical domains.



Corporate Officer  
Chief IR Officer  
Sayoko Sasaki

#### The Results of Addressing Social (Global Health) Issues for the Past 10 Years through Partnerships

##### ● Elimination of lymphatic filariasis (LF)

LF is one of the neglected tropical diseases (NTD) that is endemic in developing and emergent nations. We manufacture its treatment, diethylcarbamazine (DEC) tablets, at our Vizag Plant in India. Until LF is eliminated in all endemic countries requiring DEC, we will continue to provide the tablet to the World Health Organization (WHO) free of charge at price zero. As of the end of March, 2022, we had supplied 2.05 billion tablets to 29 countries. Through the WHO "Global programme to eliminate lymphatic filariasis," LF has been eliminated in 17 out of 72 endemic countries (of the 17, we have been providing DEC tablets to 4 countries). The number of patients infected with LF fell by 74% from 2000.

\* GHIT Fund: Global Health Innovative Technology Fund

● **Ongoing support toward the elimination of NTDs**

The Company was the only Japanese firm to participate in the London Declaration on Neglected Tropical Diseases, announced in 2012. It is an international public-private sector partnership working toward the elimination of 10 NTDs. As such, we have been engaged in efforts to eliminate NTDs, including LF. A 10th anniversary event of the London Declaration was held on January 27, 2022. The Company's Representative Corporate Officer and CEO, Haruo Naito, took the podium at the event as a representative of pharmaceutical companies. There, he honored the results to date of the activities by the pharmaceutical industry and the partnerships for the elimination of NTDs, and he indicated that support for the elimination of NTDs would be continued going forward toward achievement of the WHO's new road map for NTDs, 2021-2030. The objective of the event was to confirm the progress made in the 10 years since the London Declaration as well as the strong, ongoing commitment of stakeholders toward elimination of NTDs. At the same time, it was to gather the support of involved parties toward announcement of the Kigali Declaration. This declaration will succeed the London Declaration and will be announced at the Commonwealth Heads of Government Meeting to be held in Kigali, the capital city of the Republic of Rwanda, in June 2022. There was strong response expressed over social media following the event. The importance of eliminating NTDs and the commitment of a wide range of stakeholders toward 2030 were confirmed.



Scenes from the London Declaration 10th anniversary event

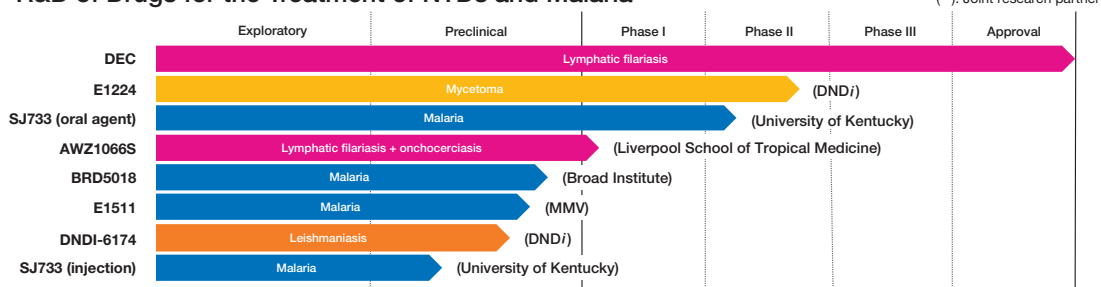
● **Awareness-building in Sudan for mycetoma**

We are supporting and cooperating with the Association for Aid and Relief, Japan (AAR Japan), an international NGO that offers aid to refugees, which is based in Japan. AAR Japan has been working actively in Sudan since 2019. Local contributions, including the provision of treatment and surgery to about 100 mycetoma patients, and disease awareness-building toward more than 2,400 residents, have been made since commencing the activities. Going forward, we will undertake the provision of more comprehensive and sustainable solutions, including providing psychological support for patients following surgery, and building the capabilities of local organizations and communities.

● **The development of new drugs for the treatment of NTDs and malaria**

Through partnerships with international research agencies and others, we are proactively undertaking the development of new drugs for the treatment of NTDs and malaria. We are continuing the development of new drugs for the treatment of NTDs through partnerships that make the most of the respective strengths of those involved. In joint efforts with non-profit research organizations, including Drugs for Neglected Diseases initiative (DNDi) and Medicines for Malaria Venture (MMV), investments by the GHIT Fund and others are being used in addition to ideas input by researchers from academia, etc.

**R&D of Drugs for the Treatment of NTDs and Malaria**



Please see "Research & Development" on the Company's website.  
 ▶ <https://www.eisai.com/sustainability/atm/research.html>

● **Participation in the Light Up the World campaign on World NTD Day**

Following a similar event held last year, landmarks around the world were lit up on World NTD Day in symbolic colors, orange and purple. More than 100 landmarks around the world, including Tokyo Tower, the lighting of which the Company co-sponsored, were lit up on the day. The aim of this event is to raise society’s awareness of NTDs. Toward achievement of the UN’s Sustainable Development Goals (SDGs) and the WHO’s new road map for NTDs, 2021-2030, we will continue to collaborate with our domestic and overseas partners to undertake improvement of access to medicines, including the elimination of NTDs.



Landmarks around the world lit up for the event



Lit up Tokyo Tower

**Mycetoma, the Most Neglected Tropical Disease – The Challenge to Develop New Drugs –**

Efforts for mycetoma treatments is an issue that is not easily handled by a single company. In the hope that the successful development of a new drug will be achieved through partnerships so that it will become available as soon as possible to local patients, we produced a short video on the current situation regarding mycetoma, the development of a new drug being carried out through partnerships, and awareness-building activities.

<https://www.eisai.com/company/video/index.html>



● **Provision of personal protective equipment (PPE) under the COVID-19 pandemic**

Due to COVID-19, delays are starting to arise in the elimination activities taking place in NTDs endemic countries. In Papua New Guinea, where DEC tablets are being provided free of charge for the elimination of LF, we worked with the Japan International Cooperation Agency (JICA) toward the resumption of mass drug administration (MDA). Face masks and gloves were sent for use as measures against COVID-19 infection. These supplies were used for an MDA carried out in Papua New Guinea’s East New Britain Province. We received a certificate of appreciation from the Papua New Guinea Department of Health for the donation of supplies and our ongoing support of the LF elimination program through the free-of-charge provision of DEC tablets.



Staff at the JICA Papua New Guinea Office, which received the supplies, members of the Papua New Guinea Health Department, and local WHO staff



Please see “Initiatives for Lymphatic Filariasis” on the Company’s website.

▶ <https://www.eisai.com/sustainability/atm/medicines/index.html>

## 11. Utilization of Human Assets

SDGs  
Activities



In the Articles of Incorporation, the Company positions employees as important stakeholders and strives to ensure stable employment, provide worthwhile work, and improve opportunities for developing skills. In the global COVID-19 pandemic, diverse human assets are collaborating to engage in business with high engagement,<sup>\*1</sup> and the Company is promoting human resource measures to achieve innovation and contribute to customers.

<sup>\*1</sup> An index that expresses whether employees understand a company's philosophy and vision, as well as whether they feel trust toward the company or are working with a desire to contribute to the company

### Message from Corporate Officer

In this unpredictable age, which is said to be the Fourth Industrial Revolution and a VUCA<sup>\*2</sup> society, the younger generation's values regarding work are increasingly diversifying as demand for individual uniqueness and independence strengthens. Diversity goes beyond differences in gender and nationality; it refers to differences in the inherent values of individual people. When these differences in values merge, innovation that no-one ever imagined is realized. From now on, further diversity merging will be essential, and we will implement a global human asset strategy for human asset development, organizational development, and the creation of a working environment to realize this.



Corporate Officer  
Chief Talent Officer  
Yosuke Akita

<sup>\*2</sup> A state of affairs in which the future is unclear and it is hard to predict what lies ahead

### (1) Promotion of Self-Improvement by Autonomous Individuals

#### ① Improvement of Employee Engagement

At the root of our human asset strategy lies the idea that employees love both their work and our company, and will increase their productivity based on fulfillment and job satisfaction, which will lead to patient and customer satisfaction and enhanced performance. The Company introduced a monthly survey of employee engagement in May 2020, and is holding discussions and continuing to make improvements in the workplace based on the scores. In 2022, we introduced a global engagement survey, and are promoting contribution to customers by enhancing job satisfaction across all our global companies. In the first survey, which took place in March 2022, 85% of employees had high engagement.

#### ② Transformation of Workstyles

As the move to remote work progresses, the Company is redefining the office as “a place that offers employees value that they cannot obtain remotely,” “a place for joint team creation,” and “a place of empathy through *hbc* socialization.” We are harnessing communication tools to implement a stage-by-stage office reform based on the concept of a work style that allows employees to choose their working environment and location (activity-based working (ABW)), with consideration for the times when/places where each employee is most productive as they carry out their work, and which contribute to realizing creative results. We are also implementing office reforms based on this concept for the Head Office and Head Office functions in the U.S. and the U.K., and are promoting communications reform using digital tools.



### ③ “Learning Style Reform” That Supports Proactive Career Formation

The Company aims to realize an environment that allows the dynamic growth of human assets who will build trust with people inside and outside the Company, take on challenges, and continue to provide value to society. To accomplish this, we have started “learning style reform” that enables employees to make choices, challenge themselves, and improve themselves, based on their own volition and responsibilities. We are moving from a training program style in which the Company stipulates program content and its participants to a style that broadens employees’ choices, including curricula, times, and locations, allowing them to make selections according to their personal characteristics, preferences, and needs, and to voluntarily challenge themselves. We are also expanding opportunities that cross the border between inside and outside the Company, and promoting the provision of opportunities for broader career development. We are implementing a shift from company-led career formation to proactive career formation based on each employee’s diverse values and motivation by working to enhance career development and education using e-learning and other resources. Thus, we are encouraging one-to-one meetings between employees and their supervisors, to enable accelerated personal growth through personal career formation and work. We are engaging in new measures, both concrete and virtual, including the introduction of the special paid vacation system that can be used when carrying out self-development and social contribution activities, and the promotion of online dialogue with members inside and outside of organizations.

#### Receiving a Prize at the Platinum Career Award

The Platinum Career Award (held with sponsorship from Mitsubishi Research Institute, Inc. and support from the Ministry of Health, Labour and Welfare, Japan) was established with the aim of commending companies that aspire to provide opportunities for employees to develop their career and play an active role. The Company received a special prize as a company that is implementing “new workstyles initiated to adjust with the era of Corona (COVID-19 Pandemic).”



## (2) The Playing of Active Roles by Highly Diverse Human Assets

### ① Promotion of Diversity & Inclusion (D&I) That Will Create Innovation Through Diverse Human Assets

Since the CEO announced the Eisai Diversity Declaration in 2012, we have promoted the development of a culture that enables human assets with diverse values to play active roles, regardless of their nationality, gender, age, or other characteristics. Furthermore, we have set out a compliance policy that provides an equal and non-discriminatory work environment for all employees, and have made this known to more than 10,000 employees globally.

#### Initiatives in the U.S.

We are implementing a D&I training program that also covers unconscious bias. Minority employment is being accelerated even further.

#### Initiatives in Europe

We are engaged in training and other activities to eliminate bias regarding equality, wellbeing, and LGBTQ I (sexual and gender minorities), as well as to eliminate bias in recruitment, as we work toward achieving D&I for all employees of African descent.

#### Initiatives in China

Our D&I policy is being shared among all employees, and we are conducting D&I-related education through online learning. We have set the target of having 10% of upper management positions filled by women by 2025, and are focused on improving the gender gap.

## Initiatives in Japan

Under “Eisai Diversity & Inclusion 2021,” we are pushing forward with a variety of initiatives to realize the following goals by March 31, 2031.

### The Eisai Diversity & Inclusion 2021 Goals

- Increase the ratio of female employees and managers to 30% or more
- Encourage men to participate in childcare (more than 50% taking childcare leave of 5 days or more)
- Increase opportunities for senior employees to play active roles
- Increase the ratio of young people in their 30s or younger in management positions to 20% or more
- Expand the range of individual discretion in choosing work locations and working hours, and promote workstyle reform

## ② Promotion of Active Participation by Women (Japan)

In Japan, there are still major issues with the active participation of women when compared to other countries, and so we strive to transform workplace culture, cultivate career awareness in female employees, and develop leaders.

The Company is engaged in the expedient and proactive recruitment of female leaders. We are also focusing our efforts on career development seminars for middle- and senior-generation employees.

### E-Win (Eisai Women’s Innovative Network) Program

The Company is continuously implementing career/ leadership development programs for female employees, with the aim of developing autonomy, independence, and leadership that will foster a career vision that is suited to them from a long-term perspective, and we are seeing improvements in female employees’ motivation and career ambitions.



Online training

## ③ Support for Achieving Balance Between Work and Childcare, Nursing Care, Medical Treatment and Other Needs

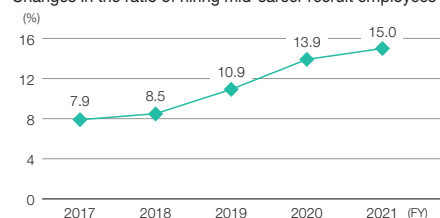
When it comes to employees who are constrained due to childcare, nursing care, and similar needs, the Company has adopted a system that provides greater support than that set as legal standards. We have prepared an environment that provides support as employees try to balance work and childcare/nursing care/ medical treatment, and so on, enabling them to exhibit their full potential. From the perspective of promoting the participation of male employees in childcare, we have adopted a special 5-day paid vacation that serves as time off when a spouse gives birth. In FY2021, this paid vacation was taken by 59 men, or 61.5% of those eligible.



#### ④ Expansion of Mid-Career Recruitment (Japan)

We have been proactively recruiting human assets who have diverse management experience, and human assets who have advanced knowledge in various fields focused around digital transformation (DX), in order to build the Eisai Universal Platform (EUP) and *hhceco*, which are the Company's aims. The ratio of mid-career recruits among Company employees is approximately 15%, and we are advancing the diversification of our human assets.

Changes in the ratio of hiring mid-career recruit employees



#### (3) Enhancement of the Health-Consciousness of Employees

For the Company to maximize its contribution to patients on a global scale, maintaining the good health of employees, who will be responsible for this, and their families is paramount. The Company carries out activities to drive the maintenance and promotion of the good health of employees. We work to raise the health awareness of each employee, such as by promoting efforts to have 100% of employees undergo annual health checkups and by achieving no-smoking at all offices as well as no-smoking during work hours.



#### (4) Status of Employees

##### ① The Group

(People)

	End of FY2020	End of FY2021
Japan	4,613	<b>4,591</b>
Americas	1,820	<b>1,982</b>
China	2,060	<b>2,044</b>
EMEA	1,166	<b>1,200</b>
Asia and Latin America	1,578	<b>1,505</b>
Total	11,237	<b>11,322</b>

##### ② The Company

	End of FY2020	End of FY2021
Number of employees	3,005	<b>3,034</b>
Average age (years)	43.9	<b>43.0</b>
Average years of service (years)	18.5	<b>17.4</b>

(Notes) 1 The number of Group employees refers to the number of regular staff members (excluding employees seconded from the Group to outside the Group, and including those seconded from outside the Group to the Group).

2 The number of Company employees refers to the number of regular staff members (excluding employees seconded from the Company to outside the Company, and including those seconded from outside the Company to the Company).



Please see "Relationship with Our Employees" on the Company website.

▶ <https://www.eisai.com/sustainability/employee/index.html>

#### (5) Promotion of Appropriate Investment of Pension Funds

The Company's corporate pension is operated by the Eisai Corporate Pension Fund, which is independent of the Company; it also monitors the asset balance for the pursuit of stable assets and profits to support the stable lives of employees in their retirement years.

As the owner of the assets, the Fund announced its acceptance of the Japanese version of the Stewardship Code\* in February 2018. In December 2019, the Fund became a signatory to the United Nations Principles for Responsible Investment (PRI), and is making ESG investments that are based on global standards.

\* Principles of behavior required of institutional investors to fulfill their responsibility as asset management trustees.



## 12. Ties with Shareholders and Investors

The Company seeks to disclose important management-related information in a proactive, fair, equitable, timely, and easy-to-understand manner. At the same time, the Company also endeavors to increase its communications with all shareholders and investors.

### (1) Notice of Convocation of the Ordinary General Meeting of Shareholders (May)

The notice is content rich and presents information, including non-financial items such as ESG initiatives, in an easily comprehensible manner. The notice is sent about 4 weeks prior to the General Meeting of Shareholders to allow plenty of time for shareholders to consider the proposals. Furthermore, it can be viewed online at the Tokyo Stock Exchange website and the Company's website, from about a week before the notice is sent out. Beginning with the present notice of convocation, a portion of the content is being published on the Company website (the Internet disclosure of items deemed to be provided in accordance with laws and regulations). In light of the near-future introduction of a system for the electronic provision of notices of convocation and other materials related to the general meeting of shareholders, we have adopted the use of QR codes that link to the Company website as well as the adoption of "Net de Shoshu (use of smartphones, including for the online exercise of voting rights using QR codes)."



Japanese-language version



<https://www.eisai.co.jp/ir/stock/meeting/index.html>



English-language version



<https://www.eisai.com/ir/stock/meeting/index.html>

### (2) Dialogue with Individual Shareholders

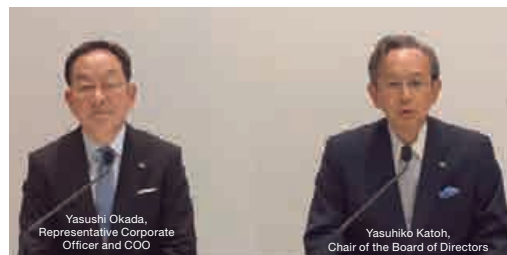
#### ● Online briefing for individual shareholders (January)

We again held an online briefing following last year's online briefing for shareholders. The objective was to provide a forum for dialogue, respond to shareholder questions, and enable as many shareholders as possible to better understand the current state of the Company and its initiatives. We received applications to participate in the briefing from more than 2,100 shareholders. In Part 1 of the briefing, the Representative Corporate Officer and COO provided participants with an explanation of the Company's business strategy and future outlook. In Part 2, a specialist physician gave a lecture on dementia and frailty\*. During the Q&A, response was given not only to questions received in advance but also to questions received online on the spot.

\* Frailty: An intermediate state between good health and the state requiring nursing care.



The briefing was streamed live from the Head Office

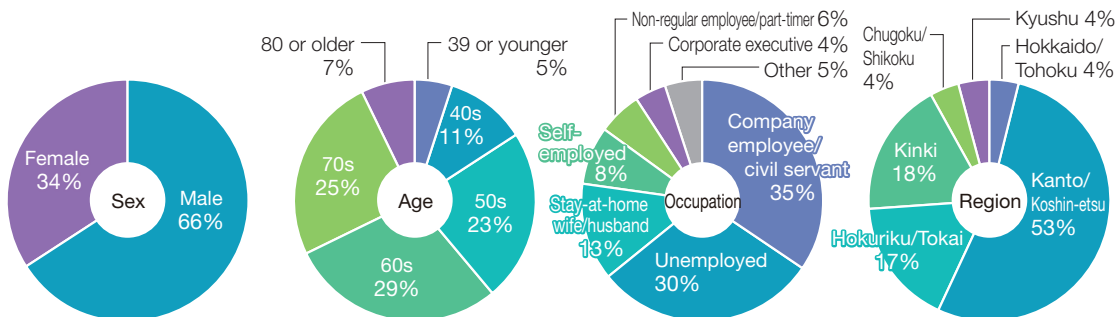


Part 1 Participants

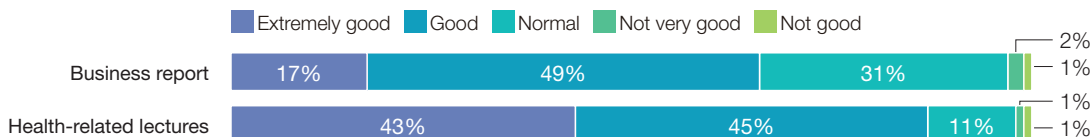
### (3) Results of the Individual Shareholder Briefing Questionnaire Survey

The results of the questionnaire survey conducted in relation to the online briefing for individual shareholders, mentioned in the previous page, are as follows. The valuable opinions and requests that we received will be utilized in future operations. Thank you very much for your cooperation.

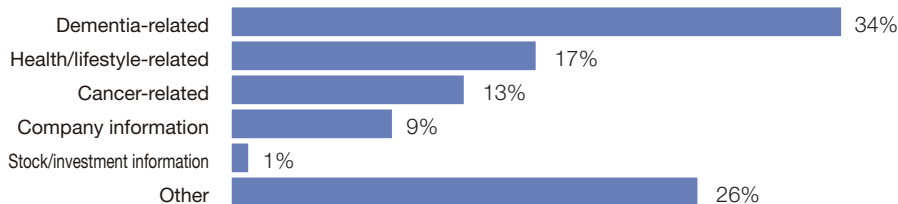
● Response data (Number of responding persons: 1,255)



● Overall evaluation



● Lecture themes that respondents would like to see picked up in the future



● These are some comments received in the free comment section

- I am grateful for having had the opportunity to participate in the briefing on an online basis. I am caring for my elderly mother at home. I would like to participate again in the future. (woman in her 50s)
- My daughter, who works as a care manager, and my grandchild, who is in 5th grade, were both able to watch. They were also impressed by such aspirations of your company. I sensed the benefits of online shareholder briefings. (man in his 80s+)
- I am glad that I was able to hear the real voices of management. I was particularly surprised to see an outside director responding to questions. (man in his 50s)
- I was impressed by Eisai's sincere efforts in relation to drugs for the treatment of dementia. (man in his 60s)
- While I think that undertaking efforts related to drugs for the treatment of dementia is a long and bumpy road, I am rooting for you. Please don't give up. (woman in her 50s)
- I watched intending to hear about future business deployment and the business forecast, and I found Part 2 very informative. Going forward, I am going to try to do moderate exercise and participate in society so that I can grow older in good health. (man in his 50s)
- I found the lecture in Part 2 very interesting. I took it to heart that these were things that could happen to me and that they weren't somebody else's problem. Going forward, I would like to hear the thoughts of doctors of various other specialties. (man in his 60s)

#### (4) Dialogue with Institutional Investors

The Company provides appropriate information on its management policy and initiatives toward sustainable growth and the medium- to long-term enhancement of its corporate value as well as gives easy-to-understand explanations on a continual basis. Furthermore, the Company's basic policy is to carry out constructive dialogue with institutional investors through reports and reflection on management. Although in-person activities have also resumed, we will make use of online means, including streaming, to carry out proactive and ongoing dialogue.

- **Financial results presentation**

The Company holds briefings every quarter through conference calls and live streaming on such matters as the state of progress regarding products under development, and future outlook.

<https://www.eisai.com/ir/library/presentations/index.html>

- **Individual interviews by outside directors (May and January)**

Outside directors deepened mutual understanding with persons in charge of the exercise of voting rights at 8 institutional investment companies over 11 telephone and web conferencing meetings.

- **Exchange of opinions on the Value Creation Report and ESG (October)**

The assigned corporate officer and assigned group officer provided explanations using a panel discussion format on the social value that the Company has been providing in the dementia area and the value that the Company should provide going forward to patients and society. Furthermore, explanations on the Company's ESG-related initiatives and the creation of the Company's social value were provided based on the Value Creation Report.

- **Meeting for the exchange of opinions between outside directors and institutional investors, etc. (December)**

Dialogues, centered on questions, were carried out with all 8 of the Company's outside directors in attendance. The purpose was to deepen understanding related to the Company's corporate governance initiatives.



▲ Meeting for the exchange of opinions between outside directors and institutional investors, etc.

- **Information Meeting (March)**

Haruo Naito, Representative Corporate Officer and CEO, gave an explanation on the Company's business strategy.

[https://www.eisai.com/ir/library/presentations/pdf/e4523\\_220316.pdf](https://www.eisai.com/ir/library/presentations/pdf/e4523_220316.pdf)

Additionally, 800 individual IR interviews are carried out each year both in Japan and abroad. In regard to dialogue with our institutional investors, information is fed back regularly to the Board of Directors.

#### (5) Value Creation Report 2021 (August)

What was formerly known as the Integrated Report was issued in August as the Value Creation Report, which is a communication tool with a focus on more constructive creation of the Company's value. It introduces information on corporate value as well as financial and non-financial capital to a broad range of stakeholders from a medium- to long-term perspective. The Report took the form of interviews of the assigned officer, including Ryohei Yanagi, CFO. We focused on building a consistent story so that readers could trace an overview of value creation by the Company.



<https://www.eisai.com/ir/library/annual/pdf/epdf2021vcr.pdf>

## 13. Ties with People throughout Society

As a company with a far-reaching involvement in the field of medicine and health, the Company not only provides pharmaceuticals but also conducts a variety of activities that place value on forging stronger ties with patients, the general public, medical professionals, and local communities.

### (1) Community Network Building That Enables Dementia Patients to Live with Peace of Mind

Since 2010, the Company has been promoting the conclusion of regional collaborative agreements with local governments, medical associations, pharmaceutical associations, etc., throughout Japan (167 organizations in 45 prefectures as of March 31, 2022). The Company proactively participates in the promotion of the understanding of dementia, its early discovery and treatment, and other community-building efforts that allow dementia patients and their families to live with peace of mind. Here is a sampling of such activities.

#### Being of Service to Society and Building a Dementia Ecosystem Based on the *hhc* Philosophy (Bunkyo City, Tokyo)

The Company and Bunkyo City, Tokyo, where our Head Office is located, have a “Community-Building Partnership Agreement to Promote Local Dementia Support Initiatives for Dementia Patients and Their Families” in place. To achieve its goals, we regularly hold events for residents of Bunkyo City. It includes hosting lectures given by physicians and Brain Performance Exercises to help boost brain performance. Furthermore, we cooperate with the Advisory Center for Senior Citizens, Bunkyo City Advisory Council for Social Welfare, and others. Various efforts for learning by being directly connected to the community are implemented on an ongoing basis. They include the operation of Hikawashita Tsuyukusa So, a community center that enables people of different generations to interact.



Lecture on dementia held for residents of Bunkyo City

### (2) Eisai *hhc* Hotline

Since its launch in April 1990, the Hotline has been responding to inquiries 365 days a year under the belief that “there are no days off for the environment supporting patients.” It receives an average of about 340 inquiries per day on weekdays. The questions and comments it receives are shared within the Company as important information. We use them in product development, making improvements, and for the provision of information and services.

Please see this video about the Eisai *hhc* Hotline, which expresses our thoughts.



A 1-minute 25-second video describing the Company's thoughts

<https://www.eisai.com/company/video/index.html>

## School Visit Classes, an Activity Toward the Realization of a Sustainable Society



Chiba Municipal Makuhari Elementary School



Meidai Junior High School  
(Bunkyo City, Tokyo)

Eisai employees visited elementary and junior high schools to speak directly to students and answer their questions.

Easily comprehensible descriptions of the Company's SDGs-related efforts and accurate information on dementia were provided in the classes. In addition to having students get to know Eisai, the objective was to achieve a sustainable society as well as promote the building of communities where people can live feeling safe even if they should develop dementia.

Students asked many questions about the SDGs – in fact more than could be answered within the allotted time. The students also expressed various comments, including the desire to interact with compassion toward people with dementia.

The Company will continue engaging in activities that value its relationships with people of the community.

### (3) Naito Museum of Pharmaceutical Science and Industry

The Museum continues to carry out activities to spread knowledge on the history of medical science and pharmacology as well as the health sciences, with a special focus on gaining society's understanding of the proper use of medicine. As Japan's first comprehensive museum of medicine, it houses approximately 65,000 historical materials and about 62,000 related documents.

The museum celebrated its 50th anniversary in June 2021. The Medicinal Herbal Garden, located within museum grounds, grows and manages roughly 700 species of medicinal herbs and other useful plants, including endangered and threatened species.

Hours and days of operation have been changed as part of efforts to prevent the spread of COVID-19. Before visiting, please confirm the latest information on the museum website.



<http://www.eisai.co.jp/museum/english/index.html>

### (4) Naito Foundation

The purpose of the Foundation is to promote basic natural sciences research related to the prevention and treatment of disease, and thereby contribute to the promotion of science and human welfare. The Foundation's activities include hosting workshops and providing subsidies for research and overseas study.

### (5) The Health Care Science Institute

The purpose of the Institute is to conduct interdisciplinary research related to medical issues, with a focus on research in medical economics, and thereby contribute to the development of welfare and medical fields in Japan. The Institute's activities include hosting workshops and symposia, and providing young researchers with a place to conduct research.

## 2 Business Progress and Results

### 1. Consolidated Performance (International Financial Reporting Standards)

#### (1) Revenue and Income

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.

#### Overview of Consolidated Income

(Billions of yen)

	Overview FY2020*	FY2021	Change from previous year (%)	Value change
Revenue	645.9	756.2	117.1	110.3
Cost of sales	161.3	174.8	108.4	13.5
SG&A	281.6	366.4	130.1	84.8
R&D expenses	150.3	171.7	114.2	21.4
Operating profit	51.5	53.7	104.3	2.2
Profit before income taxes	52.3	54.5	104.1	2.2
Profit for the year	42.3	45.7	108.1	3.4
Profit for the year attributable to owners of the parent	41.9	48.0	114.3	6.0

\* With the changes in accounting policies, figures for FY2020 have been retroactively adjusted. Figures in tables that follow have also been similarly adjusted.



Please see "Latest Financial Reports" on the Company's website.

▶ <https://www.eisai.com/ir/library/index.html>



## Consolidated Performance Indicators

		FY2020	FY2021	Change from previous year (%)
Dividend on equity attributable to owners of the parent ratio (DOE)	(%)	6.6	6.3	95.1
Profit ratio to equity attributable to owners of the parent (ROE)	(%)	6.1	6.6	108.8
Dividend payout ratio (DPR)	(%)	109.3	95.7	87.5
Dividend per share (DPS)	(Yen)	160.0	160.0	100.0
Earnings per share attributable to owners of the parent (basic) (EPS)*	(Yen)	146.3	167.3	114.3

\* In the calculation of earnings per share attributable to owners of the parent, treasury stock (which is deducted from the calculation of the average number of shares during the fiscal year) includes shares of Company stock held in a trust account.

## (2) Assets, etc.

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 from 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 the 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).

## Consolidated Statement of Financial Position

(Billions of yen)

	At end of FY2020	Ratio (%)	At end of FY2021	Ratio (%)	Value change
<b>Total assets</b>	1,088.4	100.0	1,239.3	100.0	150.9
<b>Total liabilities</b>	362.1	33.3	467.8	37.7	105.7
<b>Borrowings</b>	89.9	8.3	94.9	7.7	5.0
<b>Total equity</b>	726.4	66.7	771.5	62.3	45.2
<b>Equity attributable to owners of the parent</b>	701.6	64.5	748.8	60.4	47.2

## (3) Capital Expenditures

The Group is continually making capital investments to strengthen and streamline production facilities in order to increase product quality and reduce manufacturing costs as well as to strengthen research and development capabilities.

Capital expenditures in FY2021 amounted to ¥27.5 billion (down ¥4.3 billion year on year), with major expenditures being upgrades and expansion of production and research facilities in Japan and capital expenditures related to the new offices of U.S. subsidiaries.



#### (4) Financing and Main Suppliers of Loans to the Group

Borrowings ended the fiscal year at ¥94.9 billion (up ¥5.0 billion year on year). The main suppliers of loans to the Group are as follows.

##### Long-term Borrowings

(Billions of yen)

Company name	Lender	At end of FY2021
Eisai Co., Ltd.	Syndicate Loan	80.0
	Saitama Resona Bank, Limited	5.0
	Mizuho Bank, Ltd.	5.0
	MUFG Bank, Ltd.	5.0

#### (5) 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 from 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 an inflow of ¥88.7 billion and cash generated exceeded the amount of dividend significantly.

##### Highlights from Consolidated Cash Flow

(Billions of yen)

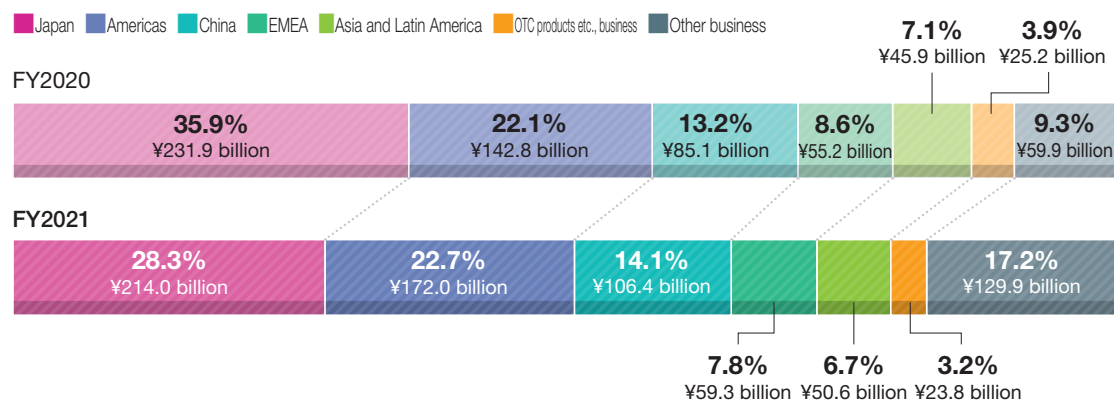
	FY2020	FY2021	Value change
Net cash provided by operating activities	73.1	117.6	44.5
Net cash used in investing activities	(36.1)	(28.8)	7.2
Net cash used in financing activities	(55.9)	(49.0)	6.9
Cash and cash equivalents at end of year	248.7	309.6	60.9
Free cash flow*	36.4	88.7	52.3

\* Free cash flow = (Net cash provided by operating activities) - (capital expenditure, etc. (cash base))

## (6) Segment Information

The Group's business is comprised of the pharmaceutical business and other businesses. The pharmaceutical business is organized into the following 6 reporting segments in this report: Japan, Americas (North America), China, EMEA (Europe, the Middle East, Africa, Russia, and Oceania), Asia and Latin America (South Korea, Taiwan, Hong Kong, India, ASEAN, and Central/South America, etc.), and over-the-counter (OTC) products, etc. (Japan).

### Sales Revenue by Segment



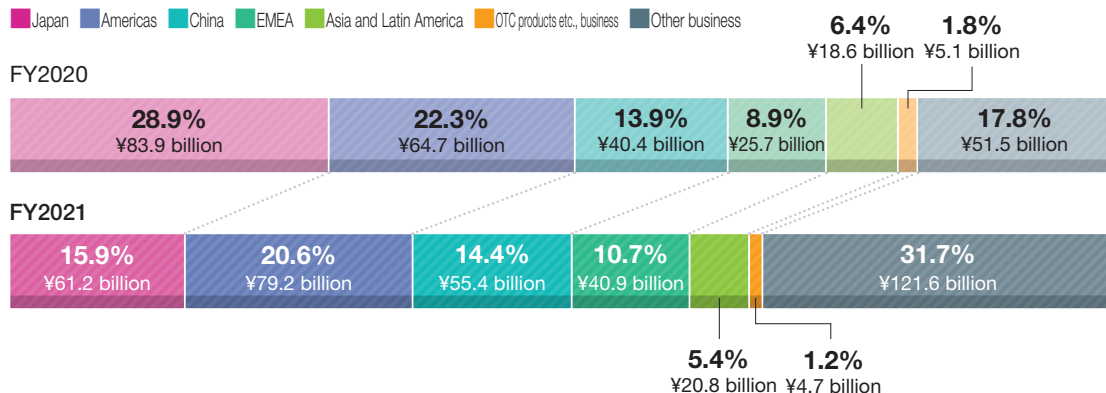
### Sales Revenue by Segment

(Billions of yen)

	FY2020	Ratio (%)	FY2021	Ratio (%)	Change from previous year (%)	Value change
<b>Pharmaceutical businesses (reporting segments)</b>	586.1	90.7	<b>626.3</b>	82.8	106.9	40.2
<b>Japan pharmaceutical business</b>	231.9	35.9	<b>214.0</b>	28.3	92.3	(17.9)
<b>Americas pharmaceutical business</b>	142.8	22.1	<b>172.0</b>	22.7	120.5	29.2
U.S.A. pharmaceutical business	140.9	21.8	<b>169.5</b>	22.4	120.3	28.6
<b>China pharmaceutical business</b>	85.1	13.2	<b>106.4</b>	14.1	125.1	21.3
<b>EMEA pharmaceutical business</b>	55.2	8.6	<b>59.3</b>	7.8	107.4	4.1
<b>Asia and Latin America pharmaceutical business</b>	45.9	7.1	<b>50.6</b>	6.7	110.3	4.7
<b>OTC products etc., business</b>	25.2	3.9	<b>23.8</b>	3.2	94.7	(1.3)
<b>Other businesses</b>	59.9	9.3	<b>129.9</b>	17.2	217.0	70.1
<b>Consolidated revenue</b>	645.9	100.0	<b>756.2</b>	100.0	117.1	110.3
<b>Overseas sales ratio (%)</b>	59.2		<b>67.8</b>		114.5	8.6

(Note) Revenues by segment are to external customers

## Income by Segment



## Income by Segment

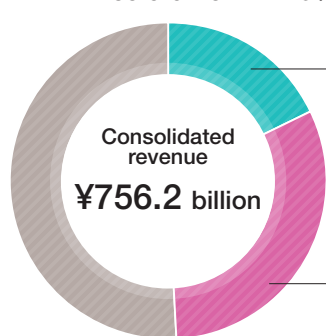
(Billions of yen)

	FY2020	Ratio (%)	FY2021	Ratio (%)	Change from previous year (%)	Value change
Pharmaceutical businesses (reporting segments)	238.4	82.2	262.3	68.3	110.0	24.0
Japan pharmaceutical business	83.9	28.9	61.2	15.9	73.0	(22.6)
Americas pharmaceutical business	64.7	22.3	79.2	20.6	122.5	14.5
China pharmaceutical business	40.4	13.9	55.4	14.4	137.3	15.0
EMEA pharmaceutical business	25.7	8.9	40.9	10.7	159.3	15.2
Asia and Latin America pharmaceutical business	18.6	6.4	20.8	5.4	111.6	2.2
OTC products etc., business	5.1	1.8	4.7	1.2	92.7	(0.4)
Other businesses	51.5	17.8	121.6	31.7	236.3	70.2
R&D expenses	(150.3)		(171.7)		114.2	(21.4)
Head office management expenses of parent company	(88.0)		(158.5)		180.1	(70.5)
Consolidated operating income	51.5		53.7		104.3	2.2

## (7) Revenue of Major Products

### Neurology-related Products

¥135.6 billion 17.9%



### Oncology-related Products

¥238.5 billion 31.5%

### Neurology-related Products

FY2021 ¥135.6 billion

	Fycompa	Methycobal	Aricept	Dayvigo	Inovelon/ Banzel	Lunesta	Lyrica	Other
Revenue (¥ billion)	31.9	28.1	24.4	16.4	10.3	6.9	5.7	11.9

### Oncology-related Products

FY2021 ¥238.5 billion

	Lenvima/Kisplyx	Halaven	Other
Revenue (¥ billion)	192.3	39.4	6.8

## 2. Financial Position and Profit/Loss Status

The Company prepares its consolidated financial statements under International Financial Reporting Standards (IFRS). The table below uses IFRS-based accounting terms. (Note)

### Consolidated Management Indicators

Result		FY2018	FY2019	FY2020	FY2021
Revenue	(Billions of yen)	642.8	695.6	645.9	756.2
Operating profit	(Billions of yen)	86.2	125.5	51.5	53.7
Profit for the year	(Billions of yen)	66.5	122.5	42.3	45.7
Profit for the year attributable to owners of the parent	(Billions of yen)	63.4	121.8	41.9	48.0
Total equity	(Billions of yen)	652.0	702.6	726.4	771.5
Total assets	(Billions of yen)	1,071.5	1,062.1	1,088.4	1,239.3
Equity per share attributable to owners of the parent* <sup>1</sup>	(Yen)	2,192.60	2,366.29	2,447.45	2,611.82
Dividend per share (DPS) (of which, interim dividends per share)	(Yen) (Yen)	150 (70)	160 (80)	160 (80)	160 (80)
Earnings per share (basic)* <sup>2</sup> (EPS)	(Yen)	221.34	425.01	146.34	167.27
Earnings per share (diluted)* <sup>2</sup>	(Yen)	221.12	424.80	146.29	167.25
Ratio of equity attributable to owners of the parent	(%)	58.6	63.8	64.5	60.4
Profit ratio to equity attributable to owners of the parent (ROE)	(%)	10.4	18.6	6.1	6.6
Price-to-earnings ratio (PER)	(Times)	28.07	18.66	50.70	33.90
Dividend payout ratio (DPR)	(%)	67.8	37.6	109.3	95.7
Ratio of dividend to equity attributable to owners of the parent (DOE)	(%)	7.0	7.0	6.6	6.3
Net debt equity ratio* <sup>3</sup> (Net DER)	(Times)	(0.32)	(0.29)	(0.27)	(0.32)
Net cash provided by operating activities	(Billions of yen)	103.7	102.8	73.1	117.6
Net cash used in investing activities	(Billions of yen)	(7.9)	(27.6)	(36.1)	(28.8)
Net cash used in financing activities	(Billions of yen)	(79.2)	(103.5)	(55.9)	(49.0)
Cash and cash equivalents at end of year	(Billions of yen)	291.9	254.2	248.7	309.6
Free cash flows	(Billions of yen)	85.1	68.2	36.4	88.7

(Note) The equivalents of IFRS-based terms under accounting principles generally accepted in Japan are as follows: Revenue = Net Sales; Profit for the year = Net income; Total equity = Total net assets; Earnings per share (basic) = Earnings per share; and Equity attributable to owners of the parent = Shareholder's equity

\*<sup>1</sup> In the calculation of equity attributable to owners of parent per share, treasury shares (which are deducted from the number of outstanding shares at the end of the period) include Company shares held in a trust account.

\*<sup>2</sup> In the calculation of basic earnings per share attributable to owners of the parent and diluted earnings per share, treasury shares (which are deducted from the calculation of the average number of shares during the fiscal year) include Company shares held in a trust account.

\*<sup>3</sup> The Company uses the following formula to calculate the debt-to-equity ratio.

Net debt equity ratio (Net DER) = {interest-bearing debt (borrowings) - cash and cash equivalents - time deposits exceeding 3 months, etc. - investment securities held by the parent} ÷ Total equity attributable to owners of the parent

### 3. Status of Major R&D Pipeline

An overview of the main progress from April 2021 through the end of April 2022 in regard to products under development by the Group and in Phase II or later phase is given below by area.

#### Neurology-related Products

Development product code: **E2007**

<b>Product name</b>	Fycompa
<b>Generic name</b>	perampanel
<b>Indication and mechanism of action</b>	Antiepileptic agent / AMPA receptor antagonist <b>Oral</b>

A selective antagonist against the AMPA receptor, a glutamate receptor subtype. Approved as combination therapy for partial-onset seizures in over 70 countries, including Japan, the United States, China, and other countries in Europe and Asia. Furthermore, in Japan, the United States, and China, approved as a monotherapy and as combination therapy for partial-onset seizures (including secondary generalized seizures) in children over the age of 4. In Europe, has been approved as combination therapy for partial-onset seizures (including secondary generalized seizures) in children over the age of 4. Also approved as a combination therapy for primary generalized tonic-clonic seizures in over 70 countries, including Japan, the United States, and countries in Europe and Asia. In Europe, approved for children over the age of 7, and in Japan and the United States, for children over the age of 12 as combination therapy for primary generalized tonic-clonic seizures. Approved as an oral suspension formulation in the United States and Europe. Approved in Japan as fine granules.



Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Pediatric epilepsy (Additional dosage and administration)	CN				2021.07
Monotherapy for partial-onset seizures (Additional indication)	CN				2021.07
Lennox-Gastaut syndrome (Additional indication)	JP/US/EU				

Development product code: **E2006**




<b>Product name</b>	Dayvigo
<b>Generic name</b>	lemborexant
<b>Indication and mechanism of action</b>	Insomnia treatment / Orexin receptor antagonist <b>Oral</b>

By antagonizing the orexin receptors that are involved in the regulation of sleep and wakefulness, it is expected to alleviate wakefulness, thereby facilitating onset and maintenance of sleep. Approved in more than 10 countries including Japan, the United States, and countries in Asia for use in the treatment of insomnia. In addition, it is under development for the treatment of irregular sleep-wake rhythm disorder associated with Alzheimer's disease / dementia.



Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Insomnia	CN				
Irregular sleep-wake rhythm disorder associated with Alzheimer's disease / dementia (Additional indication)	JP/US				

Development product code: <b>BAN2401</b>	<b>Product name</b>	—	<b>Generic name</b>	lecanemab
	<b>Indication and mechanism of action</b>	Disease-modifying treatment for Alzheimer's disease / Anti-A $\beta$ protofibril antibody		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Early Alzheimer's disease	US				
	JP/US/EU/CN				
Preclinical Alzheimer's disease	JP/US/EU				

Development product code: <b>E2023</b>	<b>Product name</b>	—	<b>Generic name</b>	lorcaserin
	<b>Indication and mechanism of action</b>	Treatment for Dravet syndrome / Serotonin 2C receptor agonist		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Dravet syndrome	US				

Development product code: <b>E2027</b>	<b>Product name</b>	—	<b>Generic name</b>	—
	<b>Indication and mechanism of action</b>	Dementia with Lewy bodies, Parkinson's disease dementia treatment / PDE 9 inhibitor		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Dementia with Lewy bodies / Parkinson's disease dementia	US				

Development product code: <b>E2730</b>	<b>Product name</b>	—	<b>Generic name</b>	—
	<b>Indication and mechanism of action</b>	Antiepileptic agent, treatment for neurological diseases / Synapse function modulator		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Epilepsy	US				

Development product code: <b>E2814</b>	<b>Product name</b>	—	<b>Generic name</b>	—
	<b>Indication and mechanism of action</b>	Anti-microtubule binding region (MTBR) tau antibody		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Alzheimer's disease	US				
	US/EU				

(Note) The Alzheimer's disease treatment aducanumab has been removed from this list due to a change made to the collaboration agreement with Biogen.

## Oncology-related Products

 Development product code: **E7080**

Product name	Lenvima
Generic name	lenvatinib
Indication and mechanism of action	Anticancer agent / Kinase inhibitor

**Oral**


Discovered and developed in-house, the agent is an orally administered multiple receptor tyrosine kinase (RTK) inhibitor that selectively inhibits the kinase activities of vascular endothelial growth factor receptors (VEGFR) and fibroblast growth factor receptors (FGFR) in addition to other proangiogenic and oncogenic pathway-related RTKs (including the platelet-derived growth factor receptor (PDGFR), KIT and RET) involved in angiogenesis and tumor proliferation. Approved for use in the treatment of thyroid cancer in over 80 countries including Japan, the United States, China, and other countries in Europe and Asia. Approved for use in the treatment of hepatocellular carcinoma (first-line) in over 75 countries including Japan, the United States, China and countries in Europe and Asia. Furthermore, approved in Japan for the treatment of thymic carcinoma. Also 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 countries in Europe. Approved in over 45 countries including Japan, the United States, and countries in Europe and Asia as combination therapy with pembrolizumab for the treatment of endometrial carcinoma (uterine corpus cancer in Japan) (after systemic therapy). Also approved for use in the treatment of renal cell carcinoma (first-line) in over 35 countries including Japan, the United States and countries in Europe and Asia. The agent is marketed under the product name Kisplyx only for the treatment of renal cell carcinoma in Europe.

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Endometrial carcinoma (after systemic therapy) (Additional indication) <sup>*1, *5</sup>	US				2021.07
	EU				2021.11
	JP				2021.12
	Asia (Taiwan)				2022.02
Renal cell carcinoma / First-line (Additional indication) <sup>*1, *5</sup>	US				2021.08
	EU				2021.11
	Asia (Taiwan)				2022.01
	JP				2022.02
Endometrial carcinoma / First-line (Additional indication) <sup>*1, *5</sup>	JP/US/EU/CN				
Hepatocellular carcinoma / First-line (Additional indication) <sup>*1, *5</sup>	JP/US/EU/CN				
Melanoma / First-line (Additional indication) <sup>*1, *5</sup>	US/EU/CN				
Non-small cell lung cancer (non squamous) / First-line (Additional indication) <sup>*2, *5</sup>	JP/US/EU/CN				
Non-small cell lung cancer / Second-line (Additional indication) <sup>*1, *5</sup>	JP/US/EU				
Head and neck cancer / First-line (Additional indication) <sup>*1, *5</sup>	JP/US/EU/CN				
Hepatocellular carcinoma / First-line (Additional indication) <sup>*3, *5</sup>	JP/US/EU/CN				
Esophageal carcinoma / First-line (Additional indication) <sup>*2, *5</sup>	JP/US/EU/CN				
Gastric cancer / First-line (Additional indication) <sup>*2, *5</sup>	JP/US/EU/CN				
Colorectal cancer (Non MSI-H / pMMR) / Third-line (Additional indication) <sup>*1, *5</sup>	US/EU				
Melanoma / Second-line (Additional indication) <sup>*1, *5</sup>	US/EU				



Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Solid tumors (Additional indication) <sup>*1, *5</sup> (Gastric cancer, colorectal cancer, glioblastoma, biliary tract cancer, and pancreatic cancer)	US/EU	▶			
Head and neck cancer / Second-line (Additional indication) <sup>*1, *5</sup>	US/EU	▶			
Solid tumors (Additional indication) <sup>*1, *5</sup> (Endometrial carcinoma, renal cell carcinoma, head and neck cancer, bladder cancer, non-small cell lung cancer, melanoma)	US/EU	I/II			
Renal cell carcinoma / First-line (Additional indication) <sup>*4, *5</sup>	JP/US/EU		▶		

\*1 In combination with anti-PD-1 antibody pembrolizumab.

\*2 In combination with anti-PD-1 antibody pembrolizumab and chemotherapy.

\*3 In combination with anti-PD-1 antibody pembrolizumab and transcatheter arterial chemoembolization.

\*4 In combination with anticancer agent everolimus.

\*5 Co-development with U.S. Merck.

(Notes) 1 The LEAP-007 study (Phase III) for the treatment of non-small cell lung cancer with PD-L1 expression was removed from this list as a decision to discontinue the clinical study was made in accordance with the recommendation of the Independent Data Monitoring Committee.

2 The LEAP-011 study (Phase III) for first line treatment of cisplatin-ineligible bladder cancer was removed from this list as a decision to discontinue the clinical study was made in accordance with the recommendation of the Independent Data Monitoring Committee.

Development product code: **E7389**

Product name	Halaven
Generic name	eribulin
Indication and mechanism of action	Anticancer agent / microtubule dynamics inhibitor <span style="float: right;">Injection</span>

A synthetic analog of *halichondrin B*, derived from the marine sponge *Halichondria okadai*, shows an antitumor effect by arresting the cell cycle through inhibition of the growth of microtubules. Approved in over 80 countries including Japan, the United States, China, and countries in Europe and Asia, for use in the treatment of breast cancer.

Approved in over 80 countries including Japan, the United States, and countries in Europe and Asia, for use in the treatment of liposarcoma (soft tissue sarcoma in Japan).



Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Liposome formulation (Additional formulation) (in combination with anti-PD-1 antibody nivolumab) [Co-development with Ono Pharmaceutical]	JP	I/II			

Development product code: **E7438**

Product name	Tazverik
Generic name	tazemetostat
Indication and mechanism of action	Anticancer agent / EZH2 inhibitor <span style="float: right;">Oral</span>

EZH2 is one of the proteins of histone methyltransferases. As an epigenetic enzyme, it is thought to be playing an important role in the carcinogenesis process. Tazverik, which can be administered orally, is a first-in-class low-molecular compound created using Epizyme, Inc.'s drug discovery platform. There are expectations for its antitumor action through EZH2 inhibition. The Company holds the development and commercialization rights for this anticancer agent.



Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Non-Hodgkin B-cell lymphoma	JP				2021.06

 Development product code: **H3B-6545**

Product name	—	Generic name	—
Indication and mechanism of action	Anticancer agent / ER $\alpha$ inhibitor <span style="float: right;">Oral</span>		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Breast cancer	US/EU	I/II			

 Development product code: **E7090**

Product name	—	Generic name	—
Indication and mechanism of action	Anticancer agent / FGFR1, FGFR2, FGFR3 inhibitor <span style="float: right;">Oral</span>		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Biliary tract cancer	JP/CN				

 Development product code: **MORAb-202**

Product name	—	Generic name	—
Indication and mechanism of action	Anticancer agent / eribulin conjugated to farletuzumab <span style="float: right;">Injection</span>		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Solid tumors	US	I/II			

 Development product code: **E7386**

Product name	—	Generic name	—
Indication and mechanism of action	— <span style="float: right;">Oral</span>		

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Solid tumors (combination therapy with pembrolizumab)	JP/US	I/II			

(Note) Anticancer agent MORAb-009 was removed from this list because development for the treatment of mesothelioma, which was in Phase I/II in the United States and Europe, has finished.

## Gastrointestinal and Other Disorders

Development product code: **AJM300**

<b>Product name</b>	Carogra	<b>Generic name</b>	carotegrast methyl
<b>Indication and mechanism of action</b>	Ulcerative colitis treatment / $\alpha 4$ integrin antagonist		Oral

An  $\alpha 4$  integrin antagonist with a novel mechanism of action believed to suppress adhesion and infiltration of lymphocytes. In March 2022, EA Pharma obtained, in Japan, manufacturing and marketing approval for Carogra as treatment for ulcerative colitis. It became the first  $\alpha 4$  integrin antagonist drug for ulcerative colitis in the world approved as an orally available dosage form.

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Ulcerative colitis [Co-development by EA Pharma and Kissei Pharmaceutical]	JP				2022.03

Development product code: **D2E7**

<b>Product name</b>	Humira	<b>Generic name</b>	adalimumab
<b>Indication and mechanism of action</b>	Fully human anti-TNF $\alpha$ monoclonal antibody		Injection

A fully human anti-TNF $\alpha$  monoclonal antibody, which neutralizes tumor necrosis factor alpha (TNF $\alpha$ ), a type of cytokine that plays a central role in inflammatory reactions in patients with autoimmune diseases. Approved in Japan for the treatment of rheumatoid arthritis (including inhibition of the progression of structural damage in the joints), psoriasis, Crohn's disease, ankylosing spondylitis, polyarticular juvenile idiopathic arthritis, intestinal Behçet's disease, ulcerative colitis, non-infectious uveitis, hidradenitis suppurativa, and pyoderma gangrenosum.



Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Ulcerative colitis (Adults, high dose / children)	JP				2021.09

Development product code: **E5564**

<b>Product name</b>	—	<b>Generic name</b>	eritoran
<b>Indication and mechanism of action</b>	Prevention of the aggravation of COVID-19 / TLR4 antagonist		Injection

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Prevention of the aggravation of COVID-19 [Joint research with the Global Coalition for Adaptive Research (GCAR)]	JP/US				

Development product code: **FYU-981**

<b>Product name</b>	—	<b>Generic name</b>	dotinurad
<b>Indication and mechanism of action</b>	Treatment for Hyperuricemia and Gout / Selective URAT1 inhibitor		Oral

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Gout	CN				

Development product code: **E6742**

<b>Product name</b>	—	<b>Generic name</b>	—
<b>Indication and mechanism of action</b>	Treatment for Systemic erythematodes / TLR7/8 inhibitor		Oral

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Systemic erythematodes	JP	I/II			

(Notes) 1 Due to business priorities, EA Pharma is no longer progressing the development at Phase I/II study in Japan of EA4000 as a bowel cleansing agent and therefore EA4000 was removed from this list.

2 Due to business priorities, EA Pharma is no longer progressing the development at Phase II study in Japan of E6007 as a treatment for ulcerous colitis and therefore EA6007 was removed from this list.

3 Due to business priorities, EA Pharma is no longer progressing the development at Phase II study in Japan and Europe of E6011 as a Crohn's disease agent and therefore E6011 was removed from this list.



Please see "Research & Development" on the Company's website.

▶ <https://www.eisai.com/company/business/research/index.html>

## 4. Major Topics

2021

Apr.

**An animation featuring elimination activities for lymphatic filariasis receives the Animation Award at the International Society for Neglected Tropical Diseases Festival 2021**

<https://www.eisai.com/news/2021/news202126.html>



**Resona and Eisai enter into business alliance aiming to support people living with dementia and to prevent dementia in Saitama Prefecture, Japan**

<https://www.eisai.com/news/2021/news202132.html>



May

**Eisai establishes new medium- to long-term goal for the achievement of carbon neutrality in 2040 to reduce greenhouse gas emissions that cause global warming**

<https://www.eisai.com/news/2021/news202134.html>



Jul.

**Eisai completes the new quality wing (Q3 Wing) at Kashima Business Office**



Aug.

**Eisai receives Award for Excellence in Corporate Communications at the 37th Corporate Communications Awards hosted by the Japan Institute for Social and Economic Affairs**

<https://www.eisai.com/news/2021/news202168.html>



**Anticancer agent Tazverik Tablets 200 mg launched in Japan for EZH2 gene mutation-positive follicular lymphoma**

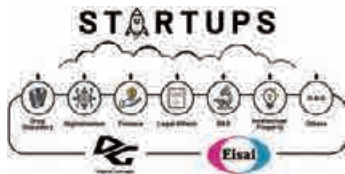
<https://www.eisai.com/news/2021/news202170.html>



Nov.

Eisai and Digital Garage launch a collaborative cultivation program aiming to achieve a dementia inclusive society

<https://www.eisai.com/news/2021/news202183.html>



Eisai receives the “Most Liked!” IR Award at the 2021 IR Award

<https://www.eisai.com/news/2021/news202190.html>



2022  
Jan.

Eisai receives a certificate of appreciation from Bunkyo City for the provision of supplies for the prevention of the spread of COVID-19



Representative Corporate Officer and CEO Haruo Naito speaks on behalf of the pharmaceutical industry at the 10-Year Anniversary Event of the “London Declaration,” an international public-private partnership for the elimination of neglected tropical diseases

<https://www.eisai.com/news/2022/news202209.html>



Feb.

Eisai receives the Tokyo Governor Prize for Corporate Governance of the Year 2021, which recognizes companies with excellent corporate governance and proactively implements ESG activities

<https://www.eisai.com/news/2022/news202211.html>



Mar.

Eisai publishes Brain Performance Exercises, a physical exercise program that helps people address cognitive issues by moving limbs to music



Please see “News Releases” on the Company’s website for details.  
 ▶ <https://www.eisai.com/news/index.html>

### 3 Status of Major Subsidiaries (as of March 31, 2022)

Company name	Location	Common stock	Percentage of voting rights held (%)	Main business lines
KAN Research Institute, Inc.	Chuo-ku, Kobe	¥70 million	100.00	Pharmaceutical research and development
Sunplanet Co., Ltd.	Bunkyo-ku, Tokyo	¥455 million	85.07	Business services, etc.
EA Pharma Co., Ltd.	Chuo-ku, Tokyo	¥9,145 million	60.00	Pharmaceutical research and development/production/sales
Eisai Corporation of North America, Inc.	New Jersey, U.S.A.	US\$2,267 million	100.00	U.S. holding company
Eisai Inc.	New Jersey, U.S.A.	US\$152 million	100.00 (100.00)	Pharmaceutical research and development/production/sales
H3 Biomedicine Inc.	Massachusetts, U.S.A.	US\$8,000	100.00 (100.00)	Pharmaceutical research and development
Eisai China Holdings Ltd.	Jiangsu, China	RMB 664 million	100.00 (100.00)	China headquarters and holding company
Eisai China Inc.	Jiangsu, China	RMB 576 million	100.00 (100.00)	Pharmaceutical production/sales
Eisai (Suzhou) Trading Co., Ltd.	Jiangsu, China	RMB 70 million	100.00 (100.00)	Pharmaceutical sales
Eisai Europe Ltd.	Hertfordshire, U.K.	GBP 184 million	100.00	European regional headquarters/holding company, pharmaceutical sales
Eisai Ltd.	Hertfordshire, U.K.	GBP 46 million	100.00 (100.00)	Pharmaceutical research and development/sales
Eisai Manufacturing Ltd.	Hertfordshire, U.K.	GBP 39 million	100.00 (100.00)	Pharmaceutical research and development/production
Eisai GmbH	Frankfurt, Germany	EUR 8 million	100.00 (100.00)	Pharmaceutical sales
Eisai S.A.S.	Paris, France	EUR 20 million	100.00 (100.00)	Pharmaceutical sales
Eisai Farmaceutica S.A.	Madrid, Spain	EUR 4 million	100.00 (100.00)	Pharmaceutical sales
Eisai Asia Regional Services Pte. Ltd.	Singapore	S\$34 million	100.00	Asia holding company
Eisai Taiwan Inc.	Taipei, Taiwan	T\$270 million	100.00	Pharmaceutical sales
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	THB 103 million	100.00 (100.00)	Pharmaceutical sales
Eisai Korea Inc.	Seoul, South Korea	KRW 3,512 million	100.00	Pharmaceutical sales
Eisai Pharmaceuticals India Pvt. Ltd.	Andhra Pradesh, India	INR 2,708 million	100.00 (11.08)	Pharmaceutical research and development/production/sales

(Note) Numbers shown in parentheses in the "Percentage of voting rights held" column represent indirect percentages.

#### 4 Major Affiliated Companies and Sites (as of March 31, 2022)

The Group is made up of the Company, 48 consolidated subsidiaries, and 2 equity-method affiliates. An outline of businesses segment, major affiliated companies, and sites is given below.

Business segment (Primary products)	Region	Function	Major affiliated companies and sites
Pharmaceutical business (Prescription medicines) (OTC products)	Japan	S	Eisai Co., Ltd.  (Communication Offices) Sapporo, Sendai, Tokyo, Nagoya, Osaka, Hiroshima, Fukuoka, etc.
		P R	Kawashima Plant (Gifu Prefecture)
		P R	Kashima Business Office (Ibaraki Prefecture)
		R	Tsukuba Research Laboratories (Ibaraki Prefecture)
	Japan	R	KAN Research Institute, Inc. (Kobe)
		S P R	EA Pharma Co., Ltd. (Tokyo)
	Americas	H	Eisai Corporation of North America, Inc. (U.S.A.)
		S P R	Eisai Inc. (U.S.A.)
		R	H3 Biomedicine Inc. (U.S.A.)
	China	H	Eisai China Holdings Ltd. (China)
S P		Eisai China Inc. (China)	
S		Eisai (Suzhou) Trading Co., Ltd. (China)	
Europe	S H	Eisai Europe Ltd. (U.K.)	
	S R	Eisai Ltd. (U.K.)	
	P R	Eisai Manufacturing Ltd. (U.K.)	
	S	Eisai GmbH (Germany)	
	S	Eisai S.A.S. (France)	
	S	Eisai Farmaceutica S.A. (Spain)	
Asia	H	Eisai Asia Regional Services Pte. Ltd. (Singapore)	
	S	Eisai Taiwan Inc. (Taiwan)	
	S	Eisai (Thailand) Marketing Co., Ltd. (Thailand)	
	S	Eisai Korea Inc. (South Korea)	
	S P R	Eisai Pharmaceuticals India Pvt. Ltd. (India)	
Other businesses	Japan		Eisai Co., Ltd.  Sunplanet Co., Ltd. (Tokyo)

S...Sales office P...Production plant R...Research and development site H...Headquarters company

#### 5 Other Significant Items

None



## II. Status of Shares

### 1 Status of Shares (as of March 31, 2022)

<b>1. Authorized (common stock)</b> .....	1,100,000,000 shares
<b>2. Issued</b> .....	296,566,949 shares (including 9,801,133 shares of treasury stock)
<b>3. Number of shareholders</b> .....	74,737

#### Trends in Number of Shareholders over the Past 5 Years

Fiscal year	FY2017	FY2018	FY2019	FY2020	FY2021
Number of shareholders	60,948	53,041	53,282	61,040	74,737

### 4. Status of Shareholders

#### (1) Principal Shareholders

Shareholders	Number of shares held (Thousands of shares)	Percentage held of all shareholder voting rights (%)
The Master Trust Bank of Japan, Ltd. (trust account)	57,367	20.02
Custody Bank of Japan, Ltd. (trust account)	32,906	11.48
State Street Bank and Trust Company 505001	18,568	6.48
Nippon Life Insurance Company	9,781	3.41
Saitama Resona Bank, Limited	6,300	2.19
The Naito Foundation	4,212	1.47
State Street Bank West Client - Treaty 505234	3,965	1.38
JPMorgan Securities Japan Co., Ltd.	3,663	1.27
Government of Norway	3,429	1.19
JPMorgan Chase Bank 385781	3,429	1.19
Total	143,624	50.14

(Notes) 1 Numbers of shares are rounded down to the nearest thousand.

2 Indicates the top 10 shareholders in terms of percentage of the total number of outstanding shares (excluding treasury stock).

3 The 9,801,000 shares (3.30%) of treasury stock are not included in this table as they do not have voting rights.

4 Although the following Large Shareholding Report (revised report) was submitted before the end of the fiscal year, cases in which it is impossible to make confirmation with the shareholder registry for the end of the fiscal year, or in which the number of shares held is not ranked among the top 10, are not included in the table. Further, the holding percentage enclosed in parentheses is the percentage of the total number of outstanding shares (rounded down) including treasury stock.

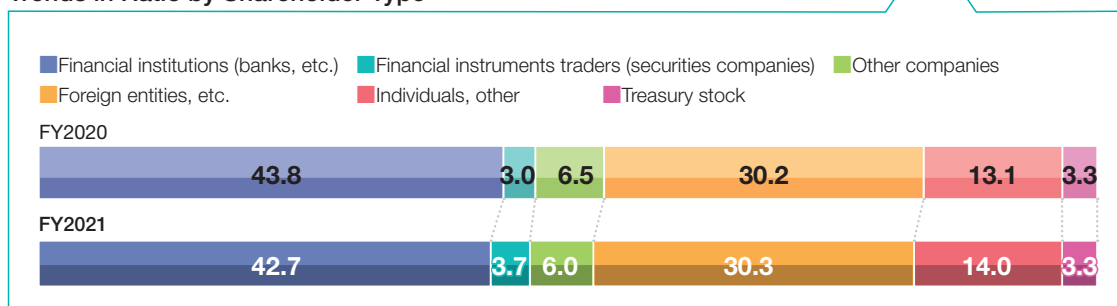
- Including the Mitsubishi UFJ Financial Group, Inc., all 4 companies jointly held 16,113,000 shares (5.43%) as of July 13, 2015 (July 21, 2015, Revised Report)
- Including BlackRock Japan Co., Ltd., all 11 companies jointly held 18,308,000 shares (6.17%) as of August 15, 2017 (August 21, 2017, Revised Report)
- Including Nomura Securities Co., Ltd., all 3 companies jointly held 18,380,000 shares (6.20%) as of July 15, 2020 (July 21, 2020, Revised Report)
- Banks' Shareholdings Purchase Corporation held 14,945,000 shares (5.04%) as of September 15, 2020 (September 23, 2020, Large Shareholding Report)
- Including Sumitomo Mitsui Trust Bank, Limited, all 3 companies jointly held 19,442,000 shares (6.56%) as of October 29, 2021 (November 5, 2021, Revised Report)
- The Wellington Management Company, LLP held 23,761,000 shares (8.01%) as of March 15, 2022 (March 22, 2022, Revised Report)

## (2) Shareholder Composition

	Number of shareholders			Number of shares		
	(No. of shareholders)	(%)	Change from the previous year (Shareholders)	(Thousands of shares)	(%)	Change from the previous year (Thousands of shares)
Financial institutions (banks, etc.)	95	0.1	(15)	126,539	42.7	(3,452)
Financial instruments traders (securities companies)	66	0.1	(6)	10,987	3.7	2,115
Other companies	949	1.3	117	17,770	6.0	(1,610)
Foreign entities, etc.	929	1.2	13	89,937	30.3	442
Individuals, other	72,697	97.3	13,588	41,529	14.0	2,543
Treasury stock	1	0.0	—	9,801	3.3	(37)
Total	74,737	100.0	13,697	296,566	100.0	—

(Note) Numbers of shares are rounded down to the nearest thousand.

### Trends in Ratio by Shareholder Type (%)



## (3) Status of Treasury Stock

### ① Trends in Treasury Stock Holdings over the Past 5 Years

Fiscal year	FY2017	FY2018	FY2019	FY2020	FY2021
Treasury stock (shares)	10,228,499	10,046,253	9,903,184	9,839,021	9,801,133

### ② Acquisition, Disposal, and Holding of Treasury Stock

		Number of shares	Total acquisition cost/ total disposal value (Millions of yen)
Shares held at the end of the preceding fiscal year	a	9,839,021	—
Acquired shares	Acquisition of odd-lot shares	b	29
Disposed shares	Exercise of stock options (stock acquisition rights)	c	141
	Third party allocation in connection with the continuation of performance-related stock-based compensation system	d	—
	Share increase for odd-lot shares	e	1
Shares held at the end of the fiscal year (a + b - c - d - e)		9,801,133	—

(Note) During the fiscal year under review, there was no “treasury stock acquired as a result of a resolution of the Board of Directors as stipulated under the provisions of Article 459-1-1 of the Companies Act.”

## (4) Status of Stock Issued to Executives as Compensation for the Execution of Duties

For details about stock issued to executives as compensation for the execution of duties during this fiscal year, see “Total FY2021 Officer Compensation” (Note) 6 on page 82.

## (5) Status of the Company's Cross-shareholdings with Other Companies

### ① Fundamental Policy Regarding Strategic Shareholding

Our fundamental policy regarding strategic shareholding is to use cross-shareholdings only as a means of enhancing cooperation with other companies in ways that promote an increase in its own corporate value. Shareholdings are kept to the minimum necessary, and the benefits of shareholding are weighed against the corresponding risks via estimates of Net Present Value (NPV), etc. Such verification will be carried out every year, and from the perspective of corporate governance, the balance of shares held will be decreased as a general rule. In addition, when exercising voting rights related to strategically held shares, the Company will vote in favor of proposals it judges will contribute to the increase of the value of shares held by the Company, and vote against proposals it judges will damage the value. In cases where companies holding strategically held Company stock (strategically holding shareholders) express an intention to sell, etc., said Company stock, the Company does not, as a general rule, prohibit said sale, etc.

In FY2021, the Company sold a portion of its strategically held shares in 1 listed stock and all its shares of 2 unlisted stocks. In addition, the Company sold a portion of its deemed shareholding in 1 stock and all of its deemed shareholding in another. Aside from these, the Company sold all of its shares held in 1 listed stock among its corporate venture investment (CVC) and other shareholdings.

### ② Status of the Company's Cross-shareholdings with Other Listed Companies

As of March 31, 2022, the Company had cross-shareholding relationships with 12 listed companies, with those companies holding a total of 6,087,000 shares in the Company (2.05% of outstanding shares).

The breakdown by industry and principal corporate shareholders of Eisai stock are as follows. No shares are held for net investment purposes.

#### Principal Corporate Shareholders of Eisai Stock

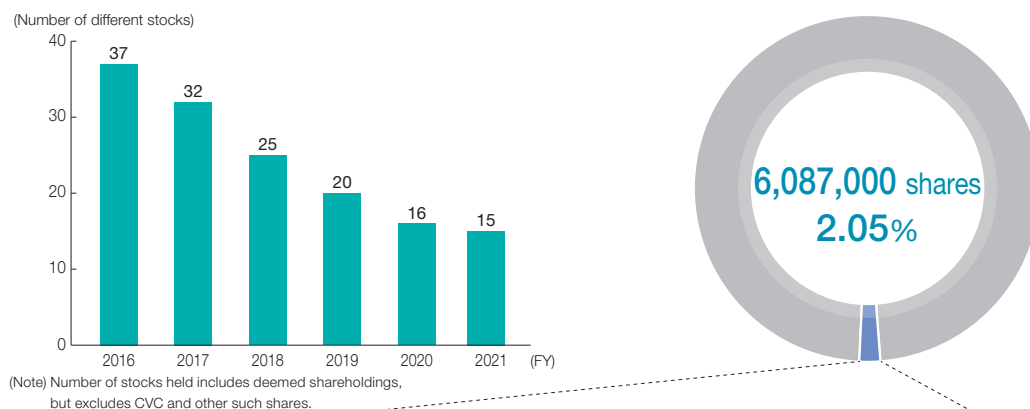
Shareholders	Industry	Shareholding		The Company's holdings of the corporate shareholder's stock		Purpose of holding shares
		Number of shares held (Thousands of shares)	Percentage of shares (%)	Number of shares held (Thousands of shares)	Percentage of shares (%)	
Kissei Pharmaceutical Co., Ltd.	Pharmaceuticals	294	0.10	474	0.91	To strengthen business partnerships
Santen Pharmaceutical Co., Ltd.	Pharmaceuticals	949	0.32	6,862	1.71	To strengthen business partnerships
Suzuken Co., Ltd.	Wholesale	630	0.21	1,040	1.01	To strengthen transactional partnerships
Nihon Kohden Corporation	Electronic medical equipment	231	0.08	815	0.92	To strengthen business partnerships
Hisamitsu Pharmaceutical Co., Inc.	Pharmaceuticals	251	0.08	390	0.46	To strengthen business partnerships
Matsukiyo Cocokara & Co.	Retail	819	0.28	2,815	1.97	To strengthen transactional partnerships
Medipal Holdings Corporation	Wholesale	1,461	0.49	4,475	1.83	To strengthen transactional partnerships
Total		4,638	1.56	—	—	

(Notes) 1 Percentages of shares are calculated as a percentage of the total number of outstanding shares, including treasury stock.

2 The above 7 companies consented to disclosure of this information.

3 The shares of companies held by the Company include deemed shareholdings for retirement benefit trust purposes.

## Trends in Number of Strategic Shareholding Stocks (Listed) Held by the Company    Status of the Company's Shares Held by the 12 Listed Companies

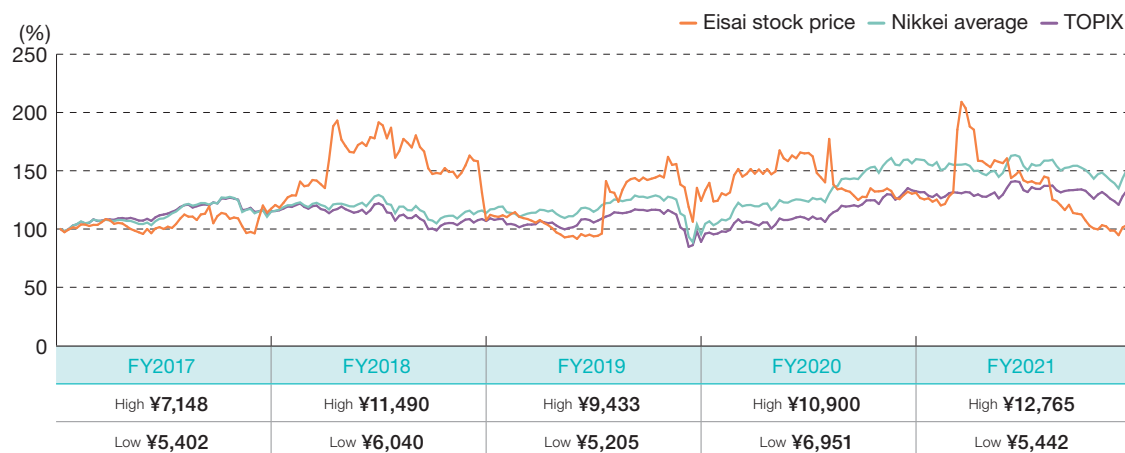


Industry	Number of shares held	Ratio
Wholesale	2,731,000	44.9%
Pharmaceuticals	1,495,000	24.6%
Electronic medical equipment	231,000	3.8%
Retail	819,000	13.5%
Other business corporations	808,000	13.3%

(Note) Ratio is the percentage out of total number of outstanding shares.

## 2 Stock Price Trends

The Company's Stock Price Trends over the Past 5 Years and Comparison with the Nikkei Average and TOPIX



(Note) The 100 (%) shown in the vertical axis of the line graph above represents the March 31, 2017, closing prices of the Company's stock price, Nikkei Average, and TOPIX, respectively.

### TSR (Total Shareholder Return, %)

Holding period	1 year	2 years	3 years	4 years	5 years
Eisai Co., Ltd.	120.2	113.0	145.4	139.3	111.7
Nikkei average	115.2	115.8	105.1	164.2	159.0
TOPIX	115.9	110.0	99.6	141.5	144.3

(Note) Holding period reference date: March 31, 2017

### III. Status of Officers

#### 1 Items Pertaining to Directors

Of the 12 directors, 8 are outside directors as stipulated in Article 2, Item 15, of the Companies Act. The Representative Corporate Officer and CEO is the only director who is concurrently a corporate officer.

#### 1. Directors

(as of March 31, 2022)

Name	Position and primary area of responsibility	Main concurrent employment, etc.
Haruo Naito	Director, Representative Corporate Officer and CEO	Chair, The Naito Foundation
Yasuhiko Katoh	Outside Director Chair of the Board of Directors ● Chair of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors	Special Advisor, Mitsui E&S Holdings Co., Ltd.
Bruce Aronson	Outside Director ● Member of the Nomination Committee ● Chair of the Compensation Committee ● Member of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors	Research Associate, School of Oriental and African Studies (SOAS) Japan Research Centre, University of London Research Associate, Musashino Institute of Global Affairs (MIGA), Musashino University Affiliated Scholar, U.S.-Asia Law Institute, New York University School of Law
Yutaka Tsuchiya	Director	
Shuzo Kaihori	Outside Director ● Chair of the Nomination Committee ● Member of the Compensation Committee ● Member of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors	Outside Director, HOYA Corporation
Ryuichi Murata	Outside Director ● Member of the Nomination Committee ● Member of the Compensation Committee ● Member of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors	Special Advisor, Mitsubishi HC Capital Inc. Audit & Supervisory Board Member (Outside), Noritake Co., Ltd. External Director, Kintetsu Group Holdings Co., Ltd. Outside Director, T.RAD Co., Ltd.
Hideyo Uchiyama	Outside Director ● Chair of the Audit Committee ● Member of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors	Executive Advisor, Asahi Tax Corporation Audit & Supervisory Board Member (Outside), OMRON Corporation Outside Director, Sampo Holdings, Inc. * Hideyo Uchiyama, as a certified public accountant, has considerable knowledge and experience related to financial accounting and auditing.
Hideki Hayashi	Director ● Member of the Audit Committee	
Yumiko Miwa	Outside Director ● Member of the Audit Committee ● Member of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors	Professor, School of Commerce, Meiji University Member, Fund Management Committee, National Federation of Mutual Aid Associations for Municipal Personnel Member, Pension Asset Management Review Committee, The Mutual Aid Association of Prefectural Government Personnel Outside Director, Pigeon Corporation
Fumihiko Ike	Outside Director ● Member of the Nomination Committee ● Member of the Compensation Committee ● Member of the <i>hhc</i> Governance Committee ● Member of the Independent Committee of Outside Directors	Outside Director, NTT Data Corporation Outside Director, Resona Holdings, Inc.
Yoshiteru Kato	Director ● Member of the Audit Committee	
Ryota Miura	Outside Director ● Member of the Audit Committee ● Member of the <i>hhc</i> Governance Committee ● Chair of the Independent Committee of Outside Directors	Founding Partner of Miura & Partners (Law Firm) Outside Director and Corporate Auditor, TechMatrix Corporation Outside Audit & Supervisory Board Member, Tokyo Electron Limited

(Note) There is no particular conflict of interest between the Company and the concurrent employer of each outside director that would be a problem or obstacle that would impair his/her ability to execute his/her duties as an outside director. Each outside director fulfills all "Requirements for the Independence and Neutrality of Outside Directors" established by the Company's Nomination Committee (Please see page 37).

## 2. Activities of Directors

Name	Primary Activities	Attendance
Bruce Aronson	At meetings of the Board of Directors, Mr. Aronson utilizes his knowledge as a legal scholar specializing in the field of corporate governance as well as his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions and advice, etc., as appropriate. In addition, as the chair of the Compensation Committee he directs the secretariat of the Committee, makes preparations for meetings of the Committee and presides over its proceedings. He reports to the Board of Directors on the results of the proceedings and responds to questions and comments at meetings of the Board of Directors. As a member of the Nomination Committee, he presents a variety of proposals to the Committee and responds to questions from other Committee members. He also requests explanations regarding the opinions of other members, and presents his own opinions and advice as needed, fulfilling his expected role.	Board of Directors 100% (11/11) Nomination Committee 100% (10/10) Compensation Committee 100% (7/7) hhc Governance Committee 100% (13/13) Independent Committee of Outside Directors 100% (8/8)
Yutaka Tsuchiya	At meetings of the Board of Directors, Mr. Tsuchiya utilizes his abundant experience within the Company and high level of knowledge of corporate governance and supervisory capabilities as he requests explanations and presents his opinions and advice as needed. In addition, he presents proposals and provides his opinions and makes other contributions regarding corporate governance matters and the proceedings of the Board of Directors, fulfilling his expected role.	Board of Directors 100% (11/11)
Ryuichi Murata	At meetings of the Board of Directors, Mr. Murata utilizes his abundant experience and knowledge as a corporate manager and his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions, etc., as needed. As a member of the Nomination Committee and Compensation Committee, he presents a variety of proposals to the Committees and responds to questions from other Committee members. He also requests explanations regarding the opinions of other members, and presents his own opinions and advice as needed, fulfilling his expected role.	Board of Directors 82% (9/11) Nomination Committee 90% (9/10) Compensation Committee 86% (6/7) hhc Governance Committee 92% (12/13) Independent Committee of Outside Directors 88% (7/8)

(Note) Details on the primary activities and attendance at the Board of Directors and at committee meetings of Haruo Naito, Yasuhiko Katoh, Shuzo Kaihori, Hideyo Uchiyama, Hideki Hayashi, Yumiko Miwa, Fumihiko Ike, Yoshiteru Kato, and Ryota Miura (9 individuals) are listed on the individuals' corresponding candidate pages in the Reference Documents.

## 3. Changes in Directors

- (1) Fumihiko Ike, Yoshiteru Kato, and Ryota Miura were newly appointed as directors and assumed their posts at the 109th Ordinary General Meeting of Shareholders held on June 18, 2021.
- (2) Hirokazu Kanai and Daiken Tsunoda retired from their director posts upon expiration of their terms of office at the end of the 109th Ordinary General Meeting of Shareholders held on June 18, 2021.

## 4. Selection of Full-Time Audit Committee Members and Reason for Selection

The Company has appointed 3 outside directors and 2 inside directors to be Audit Committee members, and the 2 inside directors serve as full-time members.

Highly effective audits are achieved by appointing directors who possess expertise in fields that are unique to pharmaceutical companies and who are familiar with the Company's internal organizations and operations as full-time Audit Committee members.

## 5. Submittal of "Independent Directors/Auditors Notifications" to Stock Exchanges

The 8 outside directors meet the standards for independent directors, as stipulated by the Tokyo Stock Exchange, and the Company has submitted the names of all the outside directors as independent directors.

## 6. Overview of Liability Limitation Contracts with Directors (excluding those serving as executive directors, etc.)

The Company has limitation of liability contracts in force with 11 directors (excluding those serving as executive directors, etc.), as per Article 38, Paragraph 2, of the Company's Articles of Incorporation, which is stipulated based on Article 427 of the Companies Act. In the event that any of the Company's directors cause damage to the Company despite performing his/her duties in good faith and without gross negligence, the maximum liability for damages is the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

## 2 Items Pertaining to Corporate Officers

### 1. Corporate Officers

The following is a list of the Company's 29 corporate officers (of whom 4 are women) as of March 31, 2022.

(as of March 31, 2022)

Name	Age	Position and primary area of responsibility	Shares of Company stock owned
Haruo Naito	74	<b>Director, Representative Corporate Officer and CEO</b>	656,777
Yasushi Okada	63	<b>Representative Corporate Officer, COO and Industry Affairs</b> Industry Affairs, China Business, and Data Integrity	29,307
Kenta Takahashi	62	<b>Executive Vice President</b> General Counsel, Intellectual Property, and Internal Audit	10,081
Ryohei Yanagi	59	<b>Executive Vice President</b> Chief Financial Officer	10,399
Edward Stewart Geary	59	<b>Senior Vice President</b> Global Safety Officer; and Director, Global Safety Headquarters	45,858
Gary Hendler	55	<b>Senior Vice President</b> President, EMEA Region; and Chairman & CEO, Eisai Europe Ltd.	0
Terushige Iike	58	<b>Senior Vice President</b> President, Eisai Japan	14,290
Ivan Cheung	45	<b>Senior Vice President</b> President, Neurology Business Group; Global Alzheimer's Disease Officer; and Chairman, Eisai Inc.	8,674
Hiroyuki Kato	64	<b>Senior Vice President</b> Chief Clinical Quality Officer, Chief Product Quality Officer, Global Product Emergency Management, and Pharmaceutical Affairs	5,086
Tatsuyuki Yasuno	53	<b>Senior Vice President</b> President, Americas Region and President, Eisai Inc.	6,419
Yanhui Feng	49	<b>Senior Vice President</b> President, Eisai China Holdings Ltd. and President, Eisai China Inc.	0
Masatomi Akana	55	<b>Senior Vice President</b> Chief Government Relations Officer and Global Value & Access	1,668
Kazumasa Nagayama	42	<b>Senior Vice President</b> Chief Strategy Officer	1,042



Name	Age	Position and primary area of responsibility	Shares of Company stock owned
Takashi Owa	58	<b>Senior Vice President</b> President and Chief Discovery Officer, Oncology Business Group; Japan and Asia Medical	10,000
Lynn Kramer	71	<b>Vice President</b> Chief Clinical Officer, Neurology Business Group	0
Sayoko Sasaki	53	<b>Vice President</b> Chief IR Officer and Stakeholder Communications	7,857
Teiji Kimura	59	<b>Vice President</b> Chief Discovery Officer, Neurology Business Group	7,063
Masayuki Miyajima	59	<b>Vice President</b> General Affairs, Environmental and Safety Affairs; and Japan Subsidiaries	3,589
Alexander Scott	57	<b>Vice President</b> Executive Vice President, Integrity, Eisai Inc.	0
Mitsuaki Tanaka	59	<b>Vice President</b> Chief Compliance Officer, Internal Control, and Chief Information Security Officer	2,130
Shohei Kanazawa	57	<b>Vice President</b> President, Asia and Latin America Region; and API Solutions	8,193
Akiko Nakahama	53	<b>Vice President</b> Head of Medicine Development Center; AD Filing and Registration Japan / Asia Lead	1,063
Yosuke Akita	57	<b>Vice President</b> Chief Talent Officer	1,569
Kappei Tsukahara	57	<b>Vice President</b> Chief Data Officer, Head of Tsukuba Research Laboratories, and Head of the <i>hmc</i> Data Center	2,325
Hiroyuki Murayama	54	<b>Vice President</b> Deputy President and Head of Integrated Strategy Headquarters, Eisai Japan Assignment was changed to Deputy President of Eisai Japan on April 1, 2022.	1,081
Keisuke Naito	33	<b>Vice President</b> Chief Ecosystem Officer Assignment was changed to Chief Ecosystem Officer and Head of Global IT HQs on April 1, 2022.	375

Name	Age	Position and primary area of responsibility	Shares of Company stock owned
Eriko Naito	54	<b>Vice President</b> President, Consumer <i>hhc</i> Business Division Assignment was changed to President, Consumer <i>hhc</i> Business Division and Customer Joy on April 1, 2022.	589
Kazuhiko Tamura	57	<b>Vice President</b> President, Eisai Demand Chain Systems	9,966
Teruyuki Masaka	44	<b>Vice President</b> Chief Planning Officer	1,595

## 2. Changes to Corporate Officers

- (1) Yoshiteru Kato retired from his senior vice president post and assumed his post as director on June 18, 2021.
- (2) Junichi Asatani retired from his vice president post on June 18, 2021.
- (3) The promotion of Vice President Kazumasa Nagayama to senior vice president was approved at the meeting of the Board of Directors held on June 18, 2021.
- (4) Kazuhiko Tamura and Teruyuki Masaka were newly appointed to be vice presidents and assumed their posts at the meeting of the Board of Directors held on June 18, 2021.
- (5) The promotion of Vice President Takashi Owa to senior vice president as of October 1, 2021 was approved at the meeting of the Board of Directors held on September 15, 2021.
- (6) Hidenori Yabune retired from his senior vice president post as of September 30, 2021.
- (7) Kazumasa Nagayama retired from his senior vice president post as of April 24, 2022.

## 3 Overview of Directors and Officers Liability Insurance Contract Content

At the meeting of the Board of Directors held in August 2021, the Company passed resolution on directors and officers liability insurance contracts, the general outline of which is as follows.

### (1) Scope of the insured

Officers, group officers, and all employees (including retired officers) who have general management or oversight responsibilities in the Company or its applicable subsidiaries.

### (2) Overview of the insurance contract content

If a claim for damage compensation arises from an insured person as the result of actions performed (including omissions) in their duties as officers of the companies indicated in (1) above, we shall compensate the insured person for the damages suffered and related administrative expenses. However, we will take measures to ensure that officers and others in position of authority maintain propriety in the performance of their duties by not providing compensation for damages or other loss suffered by officers themselves resulting from their own criminal conduct or willful legal or regulatory violations. The entire amount of the insurance premiums is borne by the Company.

## IV. Status of Accounting Auditor

### 1 Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC (Continuous audit period: 31 years)

The accounting audit operations of the Company have been performed by the following 3 certified public accountants, with the assistance of 10 certified public accountants and 27 others.

Name	Position	No. of years as auditor for the Company
Yasuaki Miura	Designated limited liability partner, engagement partner	2 years
Hajime Yoshizaki	Designated limited liability partner, engagement partner	4 years
Teppei Yamamoto	Designated limited liability partner, engagement partner	1 year

### 2 Amount of Compensation Paid to Accounting Auditor

(Millions of yen)

	Previous fiscal year			Current fiscal year		
	The Company	Consolidated subsidiary	Total	The Company	Consolidated subsidiary	Total
Amount of compensation paid to Accounting Auditor	155	31	186	154	30	183
(1) Compensation to be paid to the Accounting Auditor for audit work as set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act*	155	31	186	154	30	183
(2) Compensation, etc., to be paid to the Accounting Auditor for work besides that set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit work)	—	—	—	—	—	—

\* This includes compensation for audits under the Financial Instruments and Exchange Act of Japan.

Most of the major overseas subsidiaries of the Company (see page 122) are audited by independent public accountants affiliated with the Deloitte Tohmatsu Group, the same network to which the Company's Accounting Auditor belongs. The Group pays compensation, etc., as shown below for the audit work and non-audit work conducted by the Deloitte Tohmatsu Group (excluding the "Amount of compensation paid to Accounting Auditor" shown above).

(Millions of yen)

	Previous fiscal year			Current fiscal year		
	The Company	Consolidated subsidiary	Total	The Company	Consolidated subsidiary	Total
Amount of compensation paid to those belonging to the same network as Accounting Auditor	142	477	619	35	492	526
(1) Compensation, etc., paid for audit work	—	374	374	—	405	405
(2) Compensation, etc., paid for non-audit work	142	102	244	35	87	121

The Audit Committee has confirmed that the main content of non-audit work at the Company and its consolidated subsidiaries is tax advisory work related to transfer price taxation, etc., and as such the non-audit work for the first half of the year has no impact on the independence of the Accounting Auditor.

### **3** The Audit Committee's Rationale for Agreeing to the Amount of Compensation, etc., for Accounting Auditor

Three Audit Committee members (selected by the Audit Committee) finalized the Accounting Auditor's audit plan (including the labor requirements for the audits) after receiving explanations from the Accounting Auditor and confirming the content accordingly. With Audit Committee members present, operational divisions negotiated with the Accounting Auditor on the corresponding unit labor costs and calculated a proposed audit fee.

In addition to assessing the reasonableness of the above process and the content thereof, the Audit Committee also evaluated past trends in audit fee amounts and the audit fees at other companies from a comprehensive perspective to determine whether the compensation and other conditions for the Accounting Auditor are appropriate. After completing its assessments, the Audit Committee approved the amount of compensation and other conditions for the Accounting Auditor.

### **4** Policy on Decisions to Dismiss or not to Re-elect Accounting Auditor

The Audit Committee considers the "Policy on Decisions to Dismiss or not to Re-elect Accounting Auditor" to be a regulation governing Audit Committee operations and reviews the Policy on a yearly basis. The following resolutions were approved at the April 2021 meeting of the Audit Committee.

In order to ensure the appropriateness and reliability of accounting audits, the Audit Committee of the Company monitors the Accounting Auditor to verify that its independence is maintained and that it is performing its auditing duties properly. The monitoring and verification involve examining the content of the Accounting Auditor's audit plan, the audit fees and other considerations paid to the Accounting Auditor, the suitability of the individuals conducting the audit, the appropriateness of the contents of the audit agreement, notifications from the Accounting Auditor regarding the "structure for ensuring that the Accounting Auditor's duties are being carried out properly" (provisions set forth in each item of Article 131 of the Rules of Company Accounting), and past audit performance, among other factors. The Accounting Auditor is additionally required to report, in a timely fashion, any obstacle to the performance of its duties, including orders received from regulatory authorities to suspend audit work.

As a result of the Audit Committee's monitoring and verification, in the event that the Accounting Auditor is reasonably expected to fall under Article 337, Paragraph 3, Item 1 or is deemed to fall under the provisions set forth in the Items in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor will be dismissed upon unanimous agreement of all members of the Audit Committee. In such cases, a member of the Audit Committee assigned by the Committee will report the dismissal and the reason therefor at the first General Meeting of Shareholders convened following the dismissal.

Through the aforementioned monitoring and verification, the Audit Committee evaluates each year the quality of the Accounting Auditor's audits and the effectiveness and efficiency with which it performs its auditing duties, and considers whether to re-elect or withhold the re-election of the Accounting Auditor. In the event that a motion to withhold re-election of the Accounting Auditor is to be put forth in a proposal at the General Meeting of Shareholders, a member of the Audit Committee assigned by the Committee will present all necessary explanations concerning the proposal at the General Meeting of Shareholders.

If a new Accounting Auditor needs to be elected following the decision to dismiss or withhold re-election of the Accounting Auditor, the Audit Committee will first confirm that the applicable independent public accountants do not fall under each item of Article 337, Paragraph 3 and of Article 340, Paragraph 1 of the Companies Act. Then it will evaluate a number of independent public accountants with regard to the status on provisions set forth in each item of Article 131 of the Rules of Company Accounting, past audit performance and audit fees with global corporations, and other matters, and select a candidate to be proposed at the General Meeting of Shareholders.

## 5 Evaluations of Accounting Auditor by the Audit Committee

The Audit Committee evaluates independent public accountants and certified public accountants in charge of audits from different perspectives. In evaluating independent public accountants, the Committee focuses on examining the various internal controls that are put in place and operated by the target accountants from the perspective of evaluating the organization, and obtaining the results of independent public accountant evaluations by government bodies.

For its evaluations of certified public accountants, on the other hand, the Committee examines the independence and expertise of the corresponding engagement partner through the “Auditing Activities of the Audit Committee in Relation to the Accounting Auditor” (see page 71).

## 6 Measures for Enabling High-quality Accounting Audits

Before concluding audit agreements, the Audit Committee receives audit plans from the Accounting Auditor on a yearly basis and confirms that the contents of the corresponding audits are reasonable and that the plans provide sufficient time for the audits. The Committee also takes steps to ensure that the Accounting Auditor is able to conduct interviews with the CEO and other corporate officers.

In addition to receiving quarterly account review reports from the Accounting Auditor, the Audit Committee also holds 4 meetings each year with its engagement partners in accordance with the “Auditing Standards Committee Statement 260” issued by the Japanese Institute of Certified Public Accountants. The Management Audit Department, which provides the Audit Committee with assistance, holds meetings with members of the management class, who assist engagement partners, every 2 months. The Corporate Internal Audit Department, which oversees internal audits, shares information with the Accounting Auditor in an appropriate fashion and reports to the Audit Committee on the corresponding results.

The Company also has a process for addressing improprieties. Should the Accounting Auditor discover an impropriety, etc., the Accounting Auditor immediately reports to the Audit Committee on the corresponding finding. The Audit Committee then promptly reports to the Board of Directors, which issues instructions to operational divisions on the appropriate responses.

## 7 Provision Concerning the Suspension of Audit Operations of Accounting Auditor

None

## 8 Provision Concerning Limitation of Liability Contracts with Accounting Auditor

Liability limitation contracts between the Company and the Accounting Auditor are not admitted under the Articles of Incorporation.

# Consolidated Financial Statements for the 110th Fiscal Year

## Consolidated Statement of Financial Position (as of March 31, 2022)

(Millions of yen)

Account Items	As of March 31, 2022 (The 110th Fiscal Year)	(Reference) As of March 31, 2021 (The 109th Fiscal Year)	Account Items	As of March 31, 2022 (The 110th Fiscal Year)	(Reference) As of March 31, 2021 (The 109th Fiscal Year)
<b>(Assets)</b>			<b>(Equity)</b>		
<b>Non-current assets</b>			<b>Equity attributable to owners of the parent</b>		
Property, plant and equipment	169,926	160,933	Share capital	44,986	44,986
Goodwill	191,758	171,783	Capital surplus	77,605	77,628
Intangible assets	95,451	106,419	Treasury shares	(33,936)	(34,049)
Other financial assets	44,033	43,817	Retained earnings	506,583	506,403
Other assets	20,919	19,567	Other components of equity	153,584	106,633
Deferred tax assets	76,622	67,563	<b>Total equity attributable to owners of the parent</b>	<b>748,821</b>	<b>701,601</b>
<b>Total non-current assets</b>	<b>598,709</b>	<b>570,083</b>	<b>Non-controlling interests</b>	<b>22,712</b>	<b>24,759</b>
<b>Current assets</b>			<b>Total equity</b>	<b>771,534</b>	<b>726,360</b>
Inventories	99,008	85,118	<b>(Liabilities)</b>		
Trade and other receivables	207,950	160,310	<b>Non-current liabilities</b>		
Other financial assets	432	267	Borrowings	94,893	49,908
Other assets	23,584	23,909	Other financial liabilities	39,213	39,825
Cash and cash equivalents	309,633	248,740	Provisions	1,473	1,386
<b>Total current assets</b>	<b>640,606</b>	<b>518,344</b>	Other liabilities	18,386	14,420
<b>Total assets</b>	<b>1,239,315</b>	<b>1,088,427</b>	Deferred tax liabilities	483	511
			<b>Total non-current liabilities</b>	<b>154,449</b>	<b>106,050</b>
			<b>Current liabilities</b>		
			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
			<b>Total current liabilities</b>	<b>313,333</b>	<b>256,017</b>
			<b>Total liabilities</b>	<b>467,782</b>	<b>362,067</b>
			<b>Total equity and liabilities</b>	<b>1,239,315</b>	<b>1,088,427</b>

(Note) FY2020 (109th fiscal period) is included for reference (not audited).

**Consolidated Statement of Income** from April 1, 2021 to March 31, 2022 (Millions of yen)

Account Items	<b>As of March 31, 2022</b> (The 110th Fiscal Year)	(Reference) <b>As of March 31, 2021</b> (The 109th Fiscal Year)
Revenue	756,226	645,942
Cost of sales	(174,831)	(161,310)
<b>Gross profit</b>	<b>581,395</b>	<b>484,632</b>
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)
<b>Operating income</b>	<b>53,750</b>	<b>51,511</b>
Financial income	2,401	2,145
Financial costs	(1,692)	(1,360)
<b>Profit before income taxes</b>	<b>54,458</b>	<b>52,296</b>
Income taxes	(8,741)	(9,990)
<b>Profit for the year</b>	<b>45,717</b>	<b>42,306</b>
<b>Profit for the year attributable to</b>		
Owners of the parent	47,954	41,942
Non-controlling interests	(2,237)	364

(Note) FY2020 (109th fiscal period) is included for reference (not audited).



The Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements can be found on the Company's Internet website (<https://www.eisai.com/ir/stock/meeting/index.html>)



# Financial Statements for the 110th Fiscal Year

## Nonconsolidated Balance Sheet (as of March 31, 2022)

(Millions of Yen)

Account Items	Amount
<b>(Assets)</b>	
<b>Current assets</b>	<b>300,153</b>
Cash and deposits	83,785
Notes receivable-trade	44
Accounts receivable-trade	130,334
Merchandise and finished goods	26,894
Work-in-process	18,069
Raw materials and supplies	16,158
Other	24,869
<b>Non-current assets</b>	<b>522,097</b>
<b>Property, plant and equipment</b>	<b>70,032</b>
Buildings	32,771
Structures	1,218
Machinery and equipment	8,180
Vehicles and delivery equipment	28
Tools, furniture and fixtures	8,570
Land	8,492
Leased assets	629
Construction in progress	10,144
<b>Intangible assets</b>	<b>44,630</b>
Software	16,046
Sales rights	28,456
Other	128
<b>Investments and other assets</b>	<b>407,436</b>
Investment securities	30,772
Investments in subsidiaries and associated companies	316,194
Capital contribution	3,374
Long-term loans receivable	1
Long-term prepaid expenses	1,806
Deferred tax assets	34,390
Other	21,183
Allowance for doubtful accounts	(284)
<b>Total assets</b>	<b>822,250</b>

Account Items	Amount
<b>(Liabilities)</b>	
<b>Current liabilities</b>	<b>255,393</b>
Accounts payable-trade	24,765
Lease obligations	282
Accounts payable-other	121,887
Accrued expenses	36,648
Accrued income tax	3,201
Deposits received	63,018
Refund liabilities	2,196
Other	3,397
<b>Non-current liabilities</b>	<b>100,919</b>
Long-term borrowings	95,000
Lease obligations	347
Liability for retirement benefits	3,798
Asset retirement obligations	641
Other	1,134
<b>Total liabilities</b>	<b>356,312</b>
<b>(Equity)</b>	
<b>Shareholders' equity</b>	<b>455,315</b>
<b>Common stock</b>	<b>44,986</b>
<b>Capital surplus</b>	<b>58,240</b>
Capital reserve	55,223
Other capital surplus	3,017
<b>Retained earnings</b>	<b>386,180</b>
Legal reserve	7,900
Other	378,281
Reserve for advanced depreciation of non-current assets	141
Reserve for specified asset acquisition	200
General reserve	337,880
Unappropriated retained earnings	40,060
<b>Treasury stock</b>	<b>(34,091)</b>
<b>Valuation difference and translation adjustments</b>	<b>10,595</b>
Valuation difference on available-for-sale securities	10,595
<b>Stock options</b>	<b>27</b>
<b>Total equity</b>	<b>465,938</b>
<b>Total liabilities and equity</b>	<b>822,250</b>

## Nonconsolidated Statement of Income (from April 1, 2021 to March 31, 2022)

(Millions of Yen)

Account Items	Amount	
Net sales		417,134
Cost of sales		147,736
<b>Gross profit</b>		<b>269,399</b>
Selling, general and administrative expenses		254,811
<b>Operating income</b>		<b>14,588</b>
Non-operating income		
Interest income	174	
Dividend income	748	
Entrusted research income	2,867	
Other	224	4,013
Non-operating expenses		
Interest expense	298	
Foreign exchange loss	862	
Entrusted research expense	2,791	
Other	577	4,528
<b>Ordinary income</b>		<b>14,074</b>
Extraordinary gains		
Gain on sales of fixed assets	13,499	
Gain on sales of investment securities	1,220	
Gain on reversal of stock options	8	14,727
Extraordinary losses		
Loss on disposal of fixed assets	557	
Impairment loss	4,730	
Loss on devaluation of investment securities	40	
Loss on adjustment for intercompany cost allocation of ADUHELM	18,742	24,069
<b>Income before income taxes</b>		<b>4,732</b>
Income taxes-current	4,162	
Income taxes-deferred	(6,171)	(2,010)
<b>Net income</b>		<b>6,741</b>



The Statement of Changes in Equity and the Notes to Nonconsolidated Financial Statements can be found on the Company's Internet website  
(<https://www.eisai.com/ir/stock/meeting/index.html>)

# Audit Reports

## Independent Auditor's Report (Consolidated)

### INDEPENDENT AUDITOR'S REPORT

May 11, 2022

To Mr. Haruo Naito  
 Representative Corporate Officer and CEO of Eisai Co., Ltd.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
 Certified Public Accountant: **Yasuteru Miura**

Designated Engagement Partner,  
 Certified Public Accountant: **Hajime Yoshizaki**

Designated Engagement Partner,  
 Certified Public Accountant: **Teppei Yamamoto**

#### Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Eisai Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2022, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2021 to March 31, 2022, and the related notes.

In our opinion, the accompanying consolidated financial statements prepared with the omission of a part of the disclosures required under International Financial Reporting Standards ("IFRS") pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

## Independent Auditor's Report (Nonconsolidated)

## INDEPENDENT AUDITOR'S REPORT

May 11, 2022

To Mr. Haruo Naito  
Representative Corporate Officer and CEO of Eisai Co., Ltd.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant: **Yasuteru Miura**

Designated Engagement Partner,  
Certified Public Accountant: **Hajime Yoshizaki**

Designated Engagement Partner,  
Certified Public Accountant: **Teppei Yamamoto**

**Opinion**

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Eisai Co., Ltd. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2022, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 110th fiscal year from April 1, 2021 to March 31, 2022, and the related notes and the accompanying supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplementary schedules.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Audit Committee for the Nonconsolidated Financial Statements**

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

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

## Audit Committee Report

## Audit Report

The Audit Committee has audited the execution of duties by Directors and Executive Officers for the 110th fiscal year from April 1, 2021 to March 31, 2022. We report the methods and results of the audit as follows.

### 1. Methods and Content of Audits

The Audit Committee periodically received reports on the content of resolutions of the Board of Directors regarding matters set forth in Article 416, Paragraph (1), Item (i), Parts (b) and (e) of the Companies Act, and reports on the status of the internal control system established and operated under such resolution, and monitored and verified the internal control system. In addition to that, the Audit Committee conducted audits with the methods described below.

- i) The Audit Committee supervised the Management Audit Department which is the exclusive staff organization for the Audit Committee, in accordance with the auditing policies and the division of duties, etc., designated by the Audit Committee; received reports from the internal audit division, etc., of the Company; attended important meetings; received reports, from Directors and Executive Officers, etc., on matters relating to the execution of their duties, and sought further explanation as necessary; inspected important approval documents, etc.; and investigated the status of operations and assets at the headquarters and principal places of business. With respect to the subsidiary companies, the Audit Committee took steps to facilitate communication and the exchange of information with Directors and Company Statutory Auditors, etc., of the subsidiary companies, received reports from the subsidiary companies on the status of their operations, as necessary.
- ii) Regarding the Company's basic policy and approaches described in the Business Report based on Article 118, Item (iii), Parts (a) and (b) of the Ordinance for Enforcement of the Companies Act, the Audit Committee considered contents of them taking into consideration the status, etc., of deliberations of the Board of Directors, etc.
- iii) While observing and verifying whether the external accounting auditor was maintaining its independence and was conducting audits in an appropriate manner, the Audit Committee received reports from the external accounting auditor on the execution of its duties and, when necessary, requested further explanation. The Audit Committee also received notification from the external accounting auditor that it was taking steps to prepare the "system for ensuring proper execution of duties" (as enumerated in Article 131 of the Rules of Company Accounting) in compliance with the "Quality Control Standards for Audit" (adopted by the Business Accounting Council on October 28, 2005), etc., requesting further explanation when necessary.

Based on the foregoing methods, the Audit Committee examined the Business Report and the Annexed Detailed Statement, and the Consolidated Financial Statements (consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements), as well as the Financial Statements (nonconsolidated balance sheet, nonconsolidated statement of income, nonconsolidated statement of changes in equity, and notes to nonconsolidated financial statements) and the Annexed Detailed Statement, for the fiscal year under review.

### 2. Results of the Audit

#### (1) Results of the audit of the Business Report, etc.

In our opinion:

- i) The Business Report and the Annexed Detailed Statement accurately present the state of the Company, in compliance with the provisions of applicable laws, regulations, and the Articles of Incorporation.
- ii) Neither improper actions in the execution of duties by Directors and Executive Officers, nor any material facts in violation of the provisions of applicable laws, regulations, or the Articles of Incorporation, were found.
- iii) The resolutions adopted by the Board of Directors regarding internal control systems were appropriate. Description of the Business Report and all actions taken by Directors and Executive Officers regarding the execution of duties related to such internal control systems were appropriate.
- iv) "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders" described in the Business Report is appropriate. Further, the approaches based on Article 118, Item (iii), Part (b) of the Ordinance for Enforcement of the Companies Act listed in the Business Report are in accordance with this policy, and does not damage the shared benefit of Company shareholders, and further, is not for the purpose of maintaining the position of Directors and Executive Officers.

#### (2) Results of the audit of the Consolidated Financial Statements

In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the external accounting auditor, are appropriate and reasonable.

#### (3) Results of the audit of the Financial Statements and the Annexed Detailed Statement

In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the external accounting auditor, are appropriate and reasonable.

May 12, 2022

### Audit Committee, Eisai Co., Ltd.

Audit Committee Member: **Hideyo Uchiyama**

Audit Committee Member: **Hideki Hayashi**

Audit Committee Member: **Yoshiteru Kato**

Audit Committee Member: **Yumiko Miwa**

Audit Committee Member: **Ryota Miura**

Note: Audit Committee members Hideyo Uchiyama, Yumiko Miwa and Ryota Miura are Outside Directors, as prescribed in Article 2, Item (xv) and Article 400, Paragraph (3) of the Companies Act.

The above represents a translation, for reference purposes only, of the original report issued in the Japanese language.



# MEMO

A series of horizontal dashed lines for writing a memo.

# Appendix

## ARTICLES OF INCORPORATION (Revised on June 19, 2015)

### Chapter I General Provisions

#### (Corporate name)

Article 1. The trade name of the Company shall be “Eisai Kabushiki Kaisha”. In English translation, it shall be “Eisai Co., Ltd.”

#### (Corporate Philosophy)

- Article 2. (1) The Company’s Corporate Philosophy is to give first thought to patients and their families, and to increase the benefits that health care provides to them. Under this Philosophy, the Company endeavors to become a *human health care (hhc)* company.
- (2) The Company’s mission is the enhancement of patient satisfaction. The Company believes that revenues and earnings will be generated by fulfilling this mission. The Company places importance on this sequence of placing the mission before the ensuing results.
- (3) The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.
- (4) The Company’s principal stakeholders are patients, customers, shareholders and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value of their stake through:
1. Satisfying unmet medical needs, ensuring a stable supply of high-quality products, and providing useful information on subjects including drug safety and efficacy;
  2. Timely disclosure of corporate management information, enhancement of corporate value, and a positive return to shareholders; and
  3. Ensuring stable employment, offering challenging and fulfilling duties, and providing full opportunities for the development of employees’ capabilities.

#### (Object)

- Article 3. The object of the Company shall be to carry on the following business activities:
1. Research and development, manufacture, sale and import and export of pharmaceuticals.
  2. Any other legally authorized businesses.

#### (Location of head office)

Article 4. The Company shall have its head office in Bunkyo-ku, Tokyo.

#### (Method of public notice)

Article 5. Public notices of the Company shall be given as electronic ones. In the event an electronic public notice is unavailable due to a communication failure or any unavoidable circumstances, the public notice shall be published in the *Nihon Keizai Shimbun*.

#### (Company with a nomination committee, etc., system)

Article 6. The Company shall be a company that adopts the “Company with a Nomination Committee, etc., System,” as defined in Article 2, Item 12, of the Companies Act.

### Chapter II Shares

#### (Total number of issuable shares)

Article 7. The total number of issuable shares of the Company shall be eleven hundred million (1,100,000,000) shares.

#### (Number of shares constituting one round lot)

Article 8. The number of shares constituting one round lot shall be one hundred (100) shares.

#### (Rights to odd-lot shares)

- Article 9. The shareholders of the Company cannot exercise any rights other than those stipulated below.
1. Rights as set forth in Article 189, Paragraph 2, of the Companies Act; and
  2. Rights for receiving allotment of subscribed shares and share options, in proportion to the number of shares held by each shareholder.
  3. Rights for making demands as set forth in the following Article.

**(Share increase for odd-lot shares)**

Article 10. Pursuant to share handling regulations, Shareholders of the Company may demand that the Company sell the number of shares required to make, together with the odd-lot shares held by the shareholder, a single share unit.

**(Custodian of shareholders' register)**

Article 11. (1) The Company shall have a custodian of shareholders' register.  
 (2) The custodian of shareholders' register and its business office shall be determined by the Board of Directors or by (a) Corporate Officer(s) delegated by resolution of the Board of Directors and public notice shall be given of such matters.  
 (3) The Company shall not handle the office work including the preparation and maintenance of the register of shareholders and the register of share options, and all these administrative services shall be delegated to the custodian of the shareholders' register.

**(Share Handling Regulations)**

Article 12. Regarding the handling of shares and new share options (warrants), handling charges and procedure for exercising shareholder rights therefor, the Board of Directors or (a) Corporate Officer(s) delegated by resolution of the Board of Directors shall determine in the Share Handling Regulations unless otherwise provided by law or these Articles of Incorporation.

**Chapter III General Meetings of Shareholders****(Convocation)**

Article 13. (1) The Ordinary General Meeting of Shareholders shall be convened within three (3) months from the end of each fiscal year, and Extraordinary General Meetings of Shareholders shall be convened at whenever necessary.  
 (2) General Meetings of Shareholders shall be convened by a Director previously appointed by the Board of Directors, unless otherwise provided by law. In case that Director is prevented from so doing, another Director shall act in that Director's place in accordance with an order previously determined by the Board of Directors.  
 (3) General Meetings of Shareholders shall be held at a place located in Tokyo.

**(Reference date of an Ordinary General Meeting of Shareholders)**

Article 14. The reference date for the voting rights at an Ordinary General Meeting of Shareholders shall be March 31 of every year.

**(Internet disclosure of reference documents, etc. and deemed provision thereof)**

Article 15. In convening a General Meeting of Shareholders, the Company shall be deemed to have provided the shareholders with the information that must be mentioned or displayed in the reference documents of a General Meeting of Shareholders, business reports, financial statements and consolidated financial documents by disclosing such information via the Internet pursuant to the regulations issued by the Ministry of Justice.

**(Chairman)**

Article 16. The Chairman of a General Meetings of Shareholders shall be the Director or the Corporate Officer(s) predetermined by the Board of Directors. In case the Director or the Corporate Officer(s) is prevented from so doing, another Director or an Corporate Officer shall act in his or her place in accordance with an order previously determined by the Board of Directors.

**(Method of adopting resolutions)**

Article 17. (1) Unless otherwise provided by law or these Articles of Incorporation, resolutions of a General Meeting of Shareholders shall be adopted by a majority of the voting rights of those shareholders with exercisable voting rights(s) present at the meeting.  
 (2) The resolutions as per Article 309, Paragraph 2, of the Companies Act shall be adopted by an affirmative vote of two-thirds (2/3) or more of the voting rights held by shareholders present, where such shareholders present shall hold shares representing one-third (1/3) or more of the exercisable voting rights of the shareholders.

**(Exercise of voting rights by proxy)**

Article 18. (1) A shareholder of the Company may exercise his or her voting rights by appointing one (1) proxy having voting rights who is a shareholder of the Company.  
 (2) The shareholder of the Company or his/her proxy shall submit a document evidencing a power of attorney to the Company at each General Meeting of Shareholders.

**(Minutes)**

Article 19. The minutes shall be prepared and kept with respect to the substance of proceedings of a General Meeting of Shareholders in compliance with law.

**Chapter IV Directors and Board of Directors**

**(Number)**

Article 20. The Company shall have not more than fifteen (15) Directors.

**(Election)**

Article 21. (1) Directors shall be elected by resolution at a General Meeting of Shareholders.  
(2) The resolution for the election of Directors shall be adopted by an affirmative vote of a majority of the voting rights held by shareholders present, where such shareholders present shall hold shares representing one-third (1/3) or more of the exercisable voting rights of the shareholders.  
(3) Cumulative voting shall not be used for a resolution of electing Directors.

**(Term of office)**

Article 22. The term of office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders relating to the fiscal year ending within one (1) year after their election.

**(Establishment of the Board of Directors)**

Article 23. The Company shall have the Board of Directors.

**(Chairman)**

Article 24. One (1) Director shall be designated as Chair of the Board of Directors by a resolution of the Board of Directors.

**(Convocation)**

Article 25. (1) Except as otherwise provided by law, a meeting of the Board of Directors shall be convened by the Chair of the Board of Director. In case the Chair is prevented from so doing, another Director shall act in his place in accordance with an order previously determined by the Board of Directors.  
(2) Notice for convening a meeting of the Board of Directors shall be dispatched to each Director three (3) days prior to the date of the meeting. Such period of notice may, however, be shortened in case of urgency.

**(Omission of resolution)**

Article 26. In case all the Directors with exercisable voting rights have given unanimous consent for any matter to be resolved at the Board of Directors in writing or via an electromagnetic method, a resolution of the Board of Directors to pass the matter to be resolved shall be deemed to have been adopted to that effect.

**(Regulations of the Board of Directors)**

Article 27. In addition to those provided by law or by these Articles of Incorporation, any matters with respect to the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors.

**(Minutes)**

Article 28. The minutes shall be prepared and kept with respect to the substance of proceedings of the Board of Directors meeting in compliance with law.

**Chapter V Nomination Committee, etc.**

**(Establishment of a nomination committee, etc.)**

Article 29. The Company shall have a Nomination Committee, an Audit Committee and a Compensation Committee.

**(Appointment)**

Article 30. The Directors constituting the aforementioned Nomination Committee, etc., shall be elected by resolution of the Board of Directors.

**Chapter VI Independent Auditors**

**(Establishment of independent auditors)**

Article 31. The Company shall have Independent Auditors.

**(Election)**

Article 32. The Independent Auditors shall be elected by a resolution at a General Meeting of Shareholders.

**Chapter VII Corporate Officers****(Establishment of Corporate Officers)**

Article 33. The Company shall have Corporate Officers.

**(Election)**

Article 34. Corporate Officers shall be elected by a resolution of the Board of Directors.

**(Term of office)**

Article 35. The term of office of Corporate Officers shall expire at the close of the first meeting of the Board of Directors convened following the close of the Ordinary General Meeting of Shareholders relating to the fiscal year ending within one (1) year after their election.

**(Representative Corporate Officers)**

Article 36. At least one (1) Corporate Officers shall be elected as Representative Corporate Officer, by a resolution of the Board of Directors.

**(Corporate Officer with Title)**

Article 37. A Corporate Officer can be designated as Corporate Officer with Title, by a resolution of the Board of Directors.

**Chapter VIII Exemption from Liability****(Exemption from liability)**

- Article 38. (1) The Company may, by a resolution of the Board of Directors, exempt the Directors (including former Directors) and Corporate Officers (including former Corporate Officers) from liabilities for damages due to negligence of their duties, as per Article 426, Paragraph 1, of the Companies Act, to the legally authorized extent
- (2) The Company may enter into a contract with each Director to limit each Director's (excluding Executive Directors, etc.) liability for damages to a minimum amount that is stipulated by law, as per Article 427, Paragraph 1, of the Companies Act.

**Chapter IX Accounts****(Business year)**

Article 39. The business year of the Company shall be one (1) year from the 1st day of April of each year and end on the 31st day of March of the following year, and the last day of such business year shall be the date of closing of accounts.

**(Organization to determine distribution of retained earnings, etc.)**

Article 40. The Company shall determine the matters listed in each item of Article 459, Paragraph 1, of the Companies Act, including distribution of retained earnings, by the Board of Directors, without a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

**(Reference date for distribution of retained earnings)**

- Article 41. (1) The reference date for the Company's distribution of year-end dividends shall be the 31st day of March every year.
- (2) The reference date for the Company's distribution of interim dividends shall be the 30th day of September every year.

**(Statute of limitation for dividends)**

Article 42. In the event that the dividend in money has not been received after an elapse of three (3) years from the date of commencement of payments, the Company shall not be liable for such payments.

# Q&A Frequently Asked Shareholder Questions!

## Q How was Eisai's performance in FY2021?

# A

We ended the year with a significant increase in revenue due to such reasons as the receipt of a one-time payment of ¥49.6 billion through the strategic collaborative agreement with Bristol-Myers Squibb Company, in addition to growth of our global brands, including the anticancer agent Lenvima.

Revenue from the global brands was ¥192.3 billion for Lenvima, ¥39.4 billion for the anticancer agent Halaven, ¥31.9 billion for the antiepileptic agent

Fycopma, and ¥16.4 billion for the insomnia treatment Dayvigo.

In regard to research and development expenses, on the one hand, we used partnership models to contain expenses, such as by posting the development mile stone payment for Lenvima received from U.S. Merck as reversals. However, there was a significant increase due to the aggressive investment of resources. Investment targets included Lenvima, for which combination therapy with anti-A $\beta$  protofibril antibody lecanemab (generic name) or with U.S. Merck's anti-PD-1 antibody pembrolizumab (generic name) is currently under development. As a result of the above, there was a significant increase in research and development expenses.

▶ Please see 1. Consolidated Performance on pages 108 through 112.

### Overview of Consolidated Income

(Billions of yen)

	FY2020	FY2021	Change from previous year (%)
Revenue	645.9	756.2	117.1
Cost of sales	161.3	174.8	108.4
Selling, general and administrative expenses	281.6	366.4	130.1
R&D expenses	150.3	171.7	114.2
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

## Q What is the future outlook of **dividends**?

The Company's dividend policy is to strive to return profits to our shareholders in a stable and sustainable way, through maintaining a healthy balance sheet and comprehensive consideration of the consolidated financial results, dividends on equity attributable to owners of the parent ratio (DOE), and free cash flow. In addition, acquisition of treasury stock may be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. In accordance with this basic policy, the Group has set year-end dividend to ¥80 per share. Totaled with the interim dividend of ¥80 per share, the Group intends to pay a total dividend of ¥160 per share for the year (same amount as the previous year).

# A

▶ Please refer to 3. Basic Policy for Capital Strategy and 4. Dividends on page 47.

## Q Can you tell us about “**EWAY Future & Beyond?**”

# A

Under “EWAY Future & Beyond,” the 5 years from FY2021 are “EWAY Future,” while the term from FY2026 is “EWAY Beyond.” At the same time, the main participants to whom the Company should make a contribution have been expanded from “patients and their families” to “patients and the general public.” In addition to the desire of “empowering The People to realize their fullest life,” we will aim to evolve to *hhc* philosophy + ecosystem (*hceco*). We will promote the creation of science-based solutions focused around the Group's biggest strengths in neurology and oncology.

▶ Please refer to Main Progress and Initiatives under (1) Medium-Term Business Plan “EWAY Future & Beyond” on pages 44 to 46.



## Q What is the outlook for **lecanemab (generic name), the treatment for Alzheimer's disease that is currently under development?**

# A

Based on the U.S. Food and Drug Administration (FDA) accelerated approval system, we completed the rolling submission of FDA applications for lecanemab (generic name) in May 2022. Furthermore, we expect to obtain topline results for the ongoing Clarity AD study\* (Phase III) in the autumn of 2022.

In Japan in March 2022, we commenced the submission of application data to the Pharmaceuticals and Medical Devices Agency (PMDA), based on the prior assessment consultation system.

\* Clarity AD: The generic expression referring to mild cognitive impairment due to Alzheimer's disease (MCI due to AD) and mild AD for which the accumulation of amyloid in the brain has been confirmed

▶ Please see ① Neurology on page 45.

## Q **Alzheimer's Disease Treatment** What is the current state of **Aduhelm**?

# A

Aduhelm obtained accelerated approval in the U.S. in June 2021 as an Alzheimer's disease treatment. The confirmatory clinical study, which is a requirement of the accelerated approval, is scheduled to be carried out by Biogen. However, the U.S. Centers for Medicare & Medicaid Services (CMS) made the decision that it would only cover Aduhelm for patients

participating in CMS approved studies or specified clinical studies. In Japan, the submission of additional data for the manufacturing and marketing application was demanded, and approval of the drug remains under deliberation. Meanwhile in Europe, Biogen dropped its application for marketing approval.

Based on such circumstances, the Company and Biogen have reconsidered their collaboration agreement. A decision was made that Biogen would take the lead in regard to this product and take efficient and expeditious response.

**Q** What is the state of approval of **anticancer agent Lenvima** in various regions?

**A**

Approval was obtained in the U.S. in July 2021 as combination therapy with anti-PD-1 antibody pembrolizumab (product name: Keytruda) for the treatment of endometrial carcinoma (after systemic therapy). Approval was also obtained in Europe in November 2021. Approval (including conditional approval) has now been obtained in more than 10 countries including Canada and Australia for the same treatment. Approval was also obtained in December 2021 in Japan for the treatment of uterine corpus cancer. Approval for use in combination therapy with pembrolizumab for the treatment of renal cell carcinoma (first line) was obtained in August 2021 in the U.S., November 2021 in Europe, January 2022 in Taiwan, and February 2022 in Japan.

▶ Please see 2 Oncology on page 46.

**Q** What are your efforts toward **carbon neutrality**?

**A**

In May 2021, the Company made a Statement of Commitment for Carbon Neutrality. A road map that established the plan and measures for the reduction of greenhouse gas emissions by 2040 was prepared, and we are promoting the proactive adoption, etc., of low carbon and decarbonization technology.

As an *h/c* company, the Company will strongly move forward with broad measures to achieve 100% renewable energy usage for the Group's electric power in FY2030, and carbon-neutrality in FY2040.

▶ For details on the Statement of Commitment for Carbon Neutrality by 2040, please see page 91.

**Q** What is the promotion structure for the **ESG**?

**A**

The Company has established a department dedicated to the formulation and promotion of company-wide strategies related to ESG and SDGs. Furthermore, Sustainability Advisory Board meetings are held to discuss the ideal state of the Company's ESG initiatives. We receive the recommendations and advice of external specialists. Once a year, officers and employees involved in ESG (environment, society and governance) initiatives, including the CEO, gather to discuss sustainability.

▶ Please see 10. Improvement of Non-financial Value on pages 94 through 98.

**Q** Do you have a **checking system to prevent the occurrence of improprieties** in place?

The Company has established a department specializing in compliance and risk management under the supervision of the corporate officer assigned to compliance and internal control. The Company works toward being thoroughly compliant through various efforts, including (1) distributing a Compliance Handbook containing the ENW Charter of Business Conduct and the Code of Conduct to all employees, and cultivating a compliance-focused corporate culture through rigorous, thorough training, and (2) promoting the creation of global risk management and whistle-blowing systems. Furthermore, to strengthen the checking mechanism for these activities, an Executive Internal Auditor, who carries out audits based on international standards, has been placed under the corporate officer assigned to internal audits.

**A**

▶ Please see 7. Compliance Risk Management on pages 85 through 88, and 8. Internal Audit Activities on page 89.

## Q What initiatives have you taken for the **promotion of employee workstyle reform**?

**A** While taking action that prioritizes preventing the spread of COVID-19 among employees, the Company is promoting a fundamental overhaul of the arrangements and roles of office spaces and employee workstyles. New workstyles, including remote work, which utilize communication tools are being promoted. In activity-based working (ABW), the environment and location for working can be selected. With ABW as the central concept, we are taking into consideration healthy and safe workstyles that do not lead to long working hours.

▶ Please see 11. Utilization of Human Assets on pages 99 through 102.

## Q Are you promoting **active participation by women**?

We implement various training to increase the motivation of women to take on the challenge of becoming female leaders and managers. As a result of these efforts, the Company's ratio of female management-level employees reached 11.9% as of April 1, 2022.

The Company also promotes the development of a corporate culture that enables human assets with different values to play active roles regardless of their nationality, gender, age, and other underlying attributes. The Company has established regulations for the provision of equal, discrimination-free workplace environments to all employees, which will be instilled globally in the Company's 10,000+ employees as part of the Compliance Policy.

▶ Please see (2) The Playing of Active Roles by Highly Diverse Human Assets on pages 100 through 102.

## Q What will change by choosing the **Prime Market**?

**A** In April 2022, the Tokyo Stock Exchange executed restructuring of market segments. The Company was listed on the Prime Market segment. Companies listed on the Prime Market are required to engage actively in efforts toward sustainable growth and the medium- to long-term enhancement of its corporate value, fulfill higher-level governance, and execute constructive dialogue with investors. Making the most of the Company being a company with a nomination committee, etc., system, and clearly separating management oversight and business execution in this manner empowers our management in areas such as the business execution of corporate officers, while the Board of Directors exercises the function of oversight from the perspective of stakeholders to ensure fairness and transparency in management. Furthermore, independent outside directors engage proactively in dialogue with investors to listen to various opinions.

**Q** Do you have any plans to revise the **takeover defense measures**?

**A**

A resolution was passed at the meeting of the Company's Board of Directors held on April 27, 2022, to abolish the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders" upon the expiration of the term of the Policy on June 30, 2022. This has been disclosed on the Company's website as a news release.

▶ Please also refer to (8) Basic Policies related to the Way a Person Is to Control Decisions on Financial and Business Policies on page 83 through page 84.

**Q** How are **outside directors** selected?

Candidates for outside director are selected by the Nomination Committee that is comprised solely of outside directors. The Nomination Committee sees as its important mission the selection of outside director candidates with independence and neutrality, and to compose the Board of Directors of directors with diverse backgrounds.

Information on outside director candidates is collected from broad ranging resources. Candidates who are independent of the management team are selected. The mechanism of the process of selecting outside directors is one that ensures there is no involvement by management.

**A**

▶ Please see Status of Nomination Committee Activities in FY2021 on pages 68 through 69.

**Q** How are **officer's compensations** determined?

**A**

The compensations of directors and corporate officers are determined by the Compensation Committee, composed solely of outside directors.

In determining compensations, the Committee focuses on its role in ensuring fairness, transparency, and accountability to shareholders and other stakeholders.

The compensation of directors consists only of a fixed compensation, while the compensation of corporate officers is composed of a fixed compensation and a performance-based compensation. The performance-based compensation of corporate officers is determined by the Compensation Committee on the basis of the degrees of attainment of Company-wide performance objectives and the corporate officer's individual performance objectives.

▶ Please see Compensation Paid to Directors and Corporate Officers on pages 79 through 82.

**Q** Are responses to **disasters, pandemics, etc.,** in place?

The Company has formulated a business continuity plan (BCP) to ensure the stable manufacture of pharmaceuticals and their supply to patients even in the case of disasters and pandemics. Aiming to minimize disasters and to embark promptly on activities for the continuation of business, we not only periodically review our countermeasures but also maintain a system that can continually supply products, such as by ensuring a back-up manufacturing framework.

**A**

**Q** Why did you disclose a portion of the Notice of Convocation **on your website?**

**A**

The electronic provision of notices of convocation will commence in 2023. In anticipation of this change, we published information permissible by the Companies Act on our website. Pursuant to the Company's Articles of Incorporation, a portion of the documents related to the general meeting of shareholders can be deemed as provided to shareholders through its publication on our website.

▶ Please see Contents on page 2 for a list of information disclosed online on the website.

**Q** Can the Notice of Convocation **be viewed on a smartphone?**

We newly adopted use of “Net de Shoshu,” which are online notices of convocation that can be viewed anywhere at any time using smartphones, tablets, and other electronic means. In addition to viewing the Notice of Convocation, shareholders can also directly access the site for online exercise of voting rights. We hope that you will utilize this and exercise your voting rights in advance.

**A**

▶ See page 8 to learn how to access the information.

# Major Consumer Healthcare Products

The Group sells consumer healthcare products\* targeting general consumers at pharmacies, drug shops, drugstores, convenience stores, and other retailers. In addition, the Group also conducts a mail-order business.

\* The Company refers to over-the-counter (OTC) products, quasi-drug products, foods for specified health uses, and foods with nutrient function claims collectively as "consumer healthcare products."

## Chocola BB

Fatigue, rough skin, stomatitis



**Chocola BB Plus**

Class III drug

Mouth ulcers, scratchy throat



**Chocola BB Pure**

Class III drug



**Chocola BB Mouth Ulcer Repair Shot**

Class III drug

Blotches, freckles



**Chocola BB Lucent C**

Class III drug

Increases the moisture retention of skin



**Chocola BB Rich Ceramide**

Food with function claims

For iron supplement



**Chocola BB Fe Charge**

Food with nutrient function claims (Iron)

Fatigue recovery and prevention



**Chocola BB Light**

Designated quasi-drug product



**Chocola BB Royal 2**

Designated quasi-drug product



**Chocola BB Hyper**

Designated quasi-drug product



**Chocola BB Gold Rich**

Designated quasi-drug product

For refreshment



**Chocola BB Sparkling**  
Grapefruit and peach flavor

Food with nutrient function claims (Niacin)



**Chocola BB Sparkling**  
Kiwi and lemon flavor

Food with nutrient function claims (Niacin)

## Travelmin

Prevention and alleviation of dizziness, nausea, and headaches associated with motion sickness



**Travelmin**

Class II drug



**Travelmin R**

Class II drug



**Travelmin Family**

Class II drug



**Travelmin Churop Grape Flavor**

Class II drug



**Travelmin Support**  
Marketing name: Deofrenz

Quasi-drug product Oral refreshment

For motion sickness, nausea

## Selbelle

Upset stomach, over-eating, heartburn



**Selbelle Stomach Medicine (tablet)**

Class II drug



**New Selbelle Stomach Medicine Premium (tablet)**

Class II drug

## Saclon

Heartburn, over-drinking



**Saclon**

Class II drug

Nausea, stomach pain



**Saclon Q**

Class II drug



**Sacloph**

Eliminates bad breath, hangover



**Sacloph tablets**

Class III drug

**Nabolin**

Stiff shoulders, numbness in the hands and feet



**Nabolin EB tablets**

Class III drug

Eye fatigue, stiff shoulders



**Nabolin S**

Class III drug

**Juvelux**

Cold hands and feet, stiff shoulders



**Juvelux**

Class III drug



**Juvelux α2**

Class III drug

**Onji-no-Megumi**

Improves forgetfulness in middle age and beyond



**Onji-no-Megumi**

Class III drug

**Sahne**

Rough, dry or chapped skin



**Sahne Cream**

Marketing name: Sahne Cream E

Quasi-drug product



**Sahne Medical Spray**

Class II drug



**Sahne Medical Cream**

Class II drug

**Veraris**

Conditions skin



**Veraris**

Marketing name: Medicated Veraris

Quasi-drug product

**Seabond**

Sheet-type denture adhesive



**Seabond (For upper teeth)**

Controlled medical device



**Seabond (For lower teeth)**

Controlled medical device

**Etak**

One week lasting antimicrobial action



**Etak Antimicrobial Spray (for face masks)**



**Etak Antimicrobial Spray α Alcohol-free**



**Etak Antimicrobial Wet Wipes Alcohol-free**



**Etak Antimicrobial Spray α Alcohol-type**



**Etak Antimicrobial Wet Wipes Alcohol-type**

**Mail-order Products**

Helcare	Bi Chocola	Juvela
For high blood pressure	A combination of the 3 major beauty ingredients (Vitamin C, collagen, peptides, coenzyme Q10)	Natural vitamin E and 8 types of polyphenol
<b>Helcare</b>	<b>Bi Chocola</b>	<b>Juvela Zeitaku Polyphenol</b>
Food for specified health uses	Food with nutrient function claims (Vitamin C/Vitamin B <sub>2</sub> /Niacin)	Food with nutrient function claims (Vitamin E)
	Domestically produced young barley leaves + low-molecular collagen compound	Natural vitamin E and 8 types of polyphenol + EPA/DHA compound
	<b>Bi Chocola Collagen Green Juice*</b>	<b>Juvela Zeitaku Polyphenol Kiwami</b>
	Food with nutrient function claims (Vitamin C)	Food with nutrient function claims (Vitamin E)
		Nutritional supplement for muscle fatigue, nutritional fortification
		<b>Juvela Zeitaku Royal</b>
		Marketing name: Juvela Royal
		Designated quasi-drug product

\* This and other green juice products contain a large amount of Vitamin K. Please do not drink this product if you are taking Warfarin K (Warfarin, etc.).

○ Mail-order sales direct phone number (for inquiries)

**0120-831-260** (toll free in Japan)

Calls accepted between 9:00 A.M. - 6:00 P.M.

\* Open daily except between Dec. 30 and Jan. 3

○ Mail-order sales website

<https://shop.eisai.jp> (Japanese)

Eisai Mail-order Sales

Search

## About the Website

Information about our business operations is regularly posted on our official website. The most up-to-date information such as press releases and ESG information is available there. Please visit the website for details.



- ▶ Investors
- ▶ Sustainability
- ▶ About Eisai

<https://www.eisai.com/index.html>

Eisai



## Major Outside Assessments

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



2021 CONSTITUENT MSCIジャパン  
ESGセレクト・リーダーズ指数

2021 CONSTITUENT MSCI日本株  
女性活躍指数 (WIN)



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# Online Disclosures Accompanying Notice of Convocation of the **110th** Ordinary General Meeting of Shareholders

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The items above are information which, based on laws and regulations and Article 15 of the Company's Articles of Incorporation, is deemed to have been provided to our shareholders through publication on the Company's Internet website (<https://www.eisai.com/ir/stock/meeting/index.html>).

## 1 Business Report

### Status of Stock Acquisition Rights

#### 1. Status of Stock Options (Stock Acquisition Rights) at the End of the Fiscal Year

Date of resolution at the Board of Directors meeting (Deadline for exercising voting rights)	No. of eligible recipients Recipient's position when granted (No. of shareholders)				Exercise price (Yen)	No. of shares granted (Thousands of shares)	No. of shares for which rights exercised (cumulative) (Thousands of shares)	Exercise rate (%)	No. of shares for which rights not exercised*1 (Thousands of shares)
	Directors (outside)	Corporate officers	Employees	Total					
<b>June 21, 2012</b> (June 21, 2022)	10 (7)	18*2	51*2	79	3,510	303*2	233	77.0	58

- (Notes)
- 1 Numbers of shares are rounded down to the nearest thousand.
  - 2 All the above stock acquisition rights are issued at no cost.
  - 3 The intended share type for all the above stock acquisition rights is common stock.
  - 4 The granting of stock options (stock acquisition rights) was discontinued in FY2013.
  - 5 The Director, Representative Corporate Officer and CEO was granted stock acquisition rights as a corporate officer.
  - 6 Group officers are handled as employees in accordance with the new group officer system introduced in June 2010.
  - 7 Rights are exercised through the conversion of treasury stock.
  - 8 The exercise period for stock options granted in FY2012 will end as of June 21, 2022.

\*1 Due to the expiration or waiving of rights, there are fiscal years in which the number of shares of unexercised stock options does not match the difference between the number of shares granted as stock options and the number of shares for which rights are exercised.

\*2 The number of shares of stock acquisition rights granted is diminished due to the retirement or resignation of eligible recipients during the applicable term of service.

(%)

Rate of dilution through stock options	At end of FY2021
Ratio of granted stock options (cumulative)	0.11
Ratio of total shares for which rights have not been exercised (cumulative)	0.02

(Note) The above are ratios to shares issued as of the end of March 2022, excluding treasury stock.

## 2. Status of Stock Acquisition Rights Delivered to Company Executives as Compensation for the Execution of Duties (as of March 31, 2022)

### (1) Holdings Status of Company Executives

Date of resolution at the Board of Directors meeting		Directors		Corporate officers		Total officers
June 21, 2012	No. of stock acquisition rights (Rights)	0	(0)	377	(90)	377
	No. of holders (Shareholders)	0	(0)	9	(3)	9

- (Notes)
- 1 The number of intended shares for stock acquisition rights is 100 shares of common stock.
  - 2 The Director, Representative Corporate Officer and CEO was granted stock acquisition rights as a corporate officer.
  - 3 The number of stock acquisition rights and number of holders shown for corporate officers include those rights that were granted while serving as employees. Figures in parentheses indicate items associated with stock acquisition rights granted while corporate officers were serving as employees.

### (2) Overview of Stock Acquisition Rights in Accordance with a Resolution of the Board of Directors

Date of resolution at the Board of Directors meeting (Allocation date)	No. of stock acquisition rights (Rights)	No. and type of shares (Shares)	Value of assets to be contributed upon exercise of stock acquisition rights (Yen/rights)	Allocation of capital for share issuance upon exercise (Yen/shares)	Exercise period	Appraisal value (Yen/shares)
June 21, 2012 (July 9, 2012)	1,470*	147,000 common shares	351,000	1,755	from June 22, 2014, to June 21, 2022	459

- (Notes)
- 1 The value of assets to be contributed at the exercise of 1 stock acquisition right will be recalculated according to a formula established in advance only in cases specified in the issuance guidelines, such as following stock splits, a combination of shares, etc.
  - 2 No monetary consideration is required in exchange for the transfer of stock acquisition rights.

\* Decreased due to the resignation or retirement of eligible recipients during the applicable service period.

### (3) Other Important Items Regarding Stock Acquisition Rights

The Company records the issuance of stock acquisition rights in accordance with the “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders” (resolved by the Board of Directors on February 28, 2006).



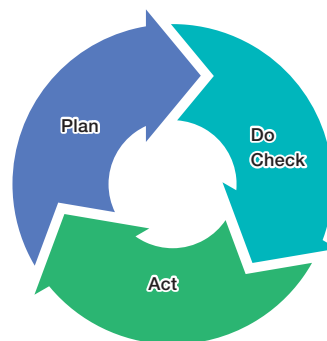
## Board of Directors Evaluation

### The Role and Operations, etc., of the Board of Directors

#### Plan

##### Challenges in FY2021

1. The Board of Directors will exercise ingenuity in setting appropriate agendas with priorities in mind, creating easy-to-understand proposals and materials, and providing better prior explanations and clear, concise supplemental explanations and other information on the day of Board of Directors meetings so that these can proceed more efficiently, and strive to secure sufficient time for deliberating important agenda items.
2. The Board of Directors will use risk maps and other tools to visualize risks, and strive to monitor them such as by identifying risks that could potentially impact corporate value when they arise, such as sustainability which is a key management issue, and mobilizing corporate officers to address them.
3. More opportunities will be provided for directors and corporate officers to communicate more closely and establish mutual understanding through discussion and the sharing of information.
4. Efforts will be made to run stable, highly convenient online video conferences and teleconferences, and to make meetings and related operations more efficient while moving away from paper-based operations.



#### Act

##### Challenges for FY2022

1. In its deliberations on important resolutions such as the business plan outline for the fiscal year and capital strategy including dividends, the Board of Directors is provided with the necessary information and takes sufficient time for deliberation.
2. The Board of Directors agenda items and content of business execution reports are established after considering the priorities based on issues and matters deemed necessary by reflecting on key issues (materiality), risk maps, and dialogues carried out with stakeholders.
3. The Board of Directors continues seeking to improve the quality and efficiency of its deliberations by seeking early submission of proposals and materials, better prior explanations, and clear, concise supplemental explanations and other information on the day of Board of Directors meetings. Additionally, effort must be made to create the proposals and materials for the Board of Directors and other management meetings to present the key points accurately and communicate the information in a highly effective, visual, clear, concise and easy-to-understand manner.

## The Role and Operations, etc., of the Board of Directors

### Do and Check

#### Confirmation and Evaluation of the Status of Response in FY2021

1. • The agenda items of the Board of Directors were decided through discussion in the *hhc* Governance Committee. Based on issues identified in the Corporate Governance evaluation of the previous fiscal year, the agenda addressed how oversight and internal audits should be done for the compliance, quality control, and other matters at contractor companies that handle manufacturing and related operations.
  - Regarding other high-priority topics, reports were provided on (1) future initiatives to implement business for The People, (2) intellectual property initiatives focused on patent strategy, and (3) medium- to long-term carbon neutrality goals.
  - Timely information provision using cloud services was established for the Board of Directors agenda items, and proper advance explanations were provided.
  - Reports were received and sufficient time was secured to deliberate the status and issues pertaining to Lenvima, aducanumab/lecanemab and products under development.
  - In order to secure sufficient time for deliberating important issues, proposals and materials for the Board of Directors and other management meetings will need to be created to present the key points accurately in a way that is clear, concise, and easy to understand, while explanations on the days of the meetings must also be devised to be more to-the-point.
2. • Risks were visualized using risk maps and other tools, while improvements were also made including classification of risks identified by corporate officers according to the level of importance and categories.
  - Sustainability initiatives (FY2021 targets and quarterly progress) throughout the company were compiled into a list, while separate reports were received from the respective corporate officers in charge about the issues and status of initiatives such as promoting active participation by women and addressing results of outside ESG evaluations, and these were monitored.
  - Timely reports on key issues in business execution and how they are being handled were received in the quarterly business execution reports and other reports.
3. • Opportunities for dialogue including to hear explanations from corporate officers about initiatives and issues in business execution were secured in the Board of Directors and *hhc* Governance Committee.
  - At training sessions for outside directors beginning their terms, directors other than those newly appointed also had the option to participate. Briefing sessions to deepen understanding of the Company were provided by corporate officers in charge (11 times total) about subject matters including the Company's business activities, trends in the pharmaceutical industry, and the current business environment.
  - Since opportunities for dialogue with corporate officers have been limited during the COVID-19 pandemic, more opportunities for dialogue both directly and through online conferencing systems are under consideration.
4. • Directors and other officers have been able to run more stable and efficient meetings by utilizing online conferencing systems to establish a hybrid pattern of in-person and remote attendance.
  - Distribution of proposals and materials in paper form for Board of Directors and other management meetings has been abolished starting in April 2022, and it was confirmed that continued logging of the minutes digitally will be considered.

### Act

#### Challenges for FY2022

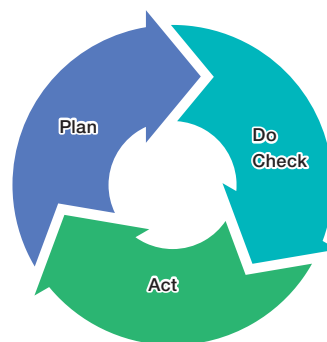
4. Establish paperless operations in the Board of Directors and other management meetings. Board of Directors and other management meetings can be held either online or in-person by choice depending on the circumstances. Consistent efforts are being made in particular to run online meetings more efficiently with smoother communication.

## Outside Directors & the *hmc* Governance Committee

### Plan

#### Challenges in FY2021

1. Opportunities will continue to be provided for engagement between principal stakeholders (patients, shareholders, employees) and outside directors. Reflecting on dialogues that have taken place, places for discussions will be designated and efforts will be made to utilize the results of dialogues in the oversight function of the Board of Directors.
2. Free discussions with no set topics will continue to be held in the *hmc* Governance Committee to make it easier for outside directors to identify new issues and perspectives that contribute to management oversight.
3. Places for information sharing and discussion with corporate officers on issues related to non-financial capital such as sustainability and ESG are arranged within the *hmc* Governance Committee so that these issues may be monitored by the Board of Directors.
4. Regarding the CEO succession plan, there will be more opportunities for directors to connect with candidates. Directors will be more involved with the grooming and evaluation of candidates, and there will be more in-depth discussions on what will be required for the succession process and related matters going forward.



### Act

#### Challenges for FY2022

1. Forums will be provided for dialogues between stakeholders (patients, shareholders, and employees) and outside directors, while also continuing the cycle of reflecting on forums for engagement and leveraging these for the oversight function of the Board of Directors.
2. Free discussions with no set topics will be regularly held in the *hmc* Governance Committee with the aim of making our corporate governance more effective through closer communication from outside directors and frank exchanges of opinions.
3. Regarding issues related to non-financial capital such as sustainability and ESG, key issues such as promoting active participation by women will continue to be addressed and forums will be provided for sharing information about these issues and discussing them. Measures for improving the value of human capital, which were not implemented the previous fiscal year, and actions to address the status of compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) will be prioritized.

## Outside Directors & the *hhc* Governance Committee

### Do and Check

#### Confirmation and Evaluation of the Status of Response in FY2021

1.
  - For dialogues with patients, group work was conducted after hearing speeches by early-onset dementia patients invited to speak about their experience such as how they face their illness.
  - For dialogues with institutional investors, speeches were given by institutional investors (analysts) invited to speak on the topic of “what we want to communicate to outside directors as institutional investors,” after which a question and answer session was held and opinions were exchanged. There was also a large meeting in December 2021 in which discussions took place between around 70 institutional investors and outside directors to exchange opinions. As for individual discussions, as many as 11 discussions took place to share information and exchange opinions with 8 institutional investment firms and other companies.
  - For dialogues with employees, exchanges of opinions were held with representative members of labor unions. Due to COVID-19, visits to the front lines at worksites (sales, production, laboratories) and opportunities for dialogues with young and middle-ranking employees could not be arranged.
  - Forums were arranged for reflection and discussion about dialogues with stakeholders (patients, stakeholders, employees). Knowledge gained from the dialogues must be utilized to improve the management oversight function of the Board of Directors more than ever.
2. • Free discussions were held at the *hhc* Governance Committee meeting on August 4, 2021. Priorities of proposals to be taken up in the *hhc* Governance Committee must be made clearer, and time needs to be set aside to provide opportunities for free discussions with no set topics.
3. As issues related to non-financial capital such as sustainability and ESG, explanations on (1) changes in the environment surrounding ESG and an overview of the value creation report, (2) the status of promoting active participation by women and issues faced, (3) the status of human rights due diligence and issues faced, and (4) the latest outside ESG evaluation results were provided by the respective corporate officers in charge.
4. • Discussions for the CEO succession plan took place in September 2021 and March 2022. Information about the succession plan submitted by the CEO was shared with all directors and discussions took place in the *hhc* Governance Committee.
  - In addition to gathering information about CEO candidates, efforts were also made to improve objectivity including outside directors increasing their own touch points with candidates, and interviewing third parties outside the company for their objective evaluation of the candidates.

### Act

#### Challenges for FY2022

4. Information sharing and considerations about the succession plan proposal by the CEO will continue to take place in the *hhc* Governance Committee. Directors will be given more opportunities to engage with candidates so they can gather information about candidates themselves, while ingenuity will also be exercised as in the previous fiscal year to ensure and improve the transparency and objectivity of the process as the *hhc* Governance Committee is continuously involved in grooming candidates for the next CEO.

## Nomination, Audit, and Compensation Committees

### Plan

#### Challenges in FY2021

1. The Nomination Committee will proceed with tangible considerations on the diversity of directors and initiatives to secure superior outside director candidates on an ongoing basis, based on discussions held in the *hhc* Governance Committee.
2. The Audit Committee will find ways to raise the quality of the content of reports to the Board of Directors in order to enable the Board of Directors to exercise its function of management oversight. The format of audits of international and domestic subsidiaries during the COVID-19 pandemic will also be considered.
3. The Compensation Committee will proceed with specific considerations based on discussion in the *hhc* Governance Committee about revisions to the compensation system for corporate officers.

### Do and Check

#### Confirmation and Evaluation of the Status of Response in FY2021

1. Information sharing and discussion took place at the *hhc* Governance Committee meeting in November 2021 on issues relating to the selection of director candidates, including the composition of the board of directors at other companies and disclosure of the circumstances and skill matrices of officers, after which considerations were made in the Nomination Committee. In the Nomination Committee, improving the ratio of female directors was recognized as a priority, and it was decided to select multiple female director candidates in the future as considerations for candidates proceeded.
2. For its report to the Board of Directors, the Audit Committee clarified the main points in its deliberation and made effort to provide better supplemental information. Regarding how subsidiary audits are performed in the challenging environment of the COVID-19 pandemic, the process to conduct interviews after prior verification of documents, logs, and other information has continued as the audits can still only be conducted remotely. In-person interviews and other actions were taken flexibly during periods in which a state of emergency and pre-emergency measures were not in place.
3. No fundamental direction could be established for revising the corporate officer compensation system. As a result, no specific proposal was made. In FY2022, inclusion of non-financial KPIs such as for ESG is desired for the KPIs that determine performance-based compensation.

### Act

#### Challenges for FY2022

1. To continuously secure outstanding outside director candidates suitable for the management oversight of the Company, the Nomination Committee will continue its considerations on various issues in director candidate selection. From the perspective of diversity of directors in particular, considerations will also proceed on increasing the ratio of female directors and devising methods and other means for selecting director candidates who are knowledgeable in the medical field and for the board of directors to acquire knowledge in pharmaceuticals and healthcare.
2. The Audit Committee will continue seeking ways to raise the quality of the content of its reports to the Board of Directors in order to enable the Board of Directors to exercise its function of management oversight while considering ways to report to the Board of Directors in a timely manner.
3. The Compensation Committee will incorporate non-financial KPIs such as for ESG in performance metrics (KPIs) for determining FY2022 performance-based compensation, while also proceeding with considerations to revise the corporate officer compensation system for FY2023 and onward, with the aim of developing a concrete proposal by the end of FY2022.

## Internal Controls, Risks and Other Matters Related to Corporate Governance

### Plan

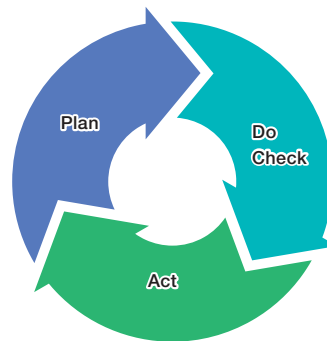
#### Challenges in FY2021

1. Opportunities will be provided on an ongoing basis for information sharing and discussion about internal control and risk with the corporate officers assigned to the Company's various regions.
2. In order to strengthen quality assurance systems for the products that the Company sells, discussions will continue about how oversight and internal audits should be done for the compliance, quality control, and other matters at contractor companies that handle manufacturing, etc.

### Do and Check

#### Confirmation and Evaluation of the Status of Response in FY2021

1. In the *hmc* Governance Committee, the corporate officer in charge of the Americas region provided a business overview and explained business plan progress as well as recent business circumstances and issues going forward including internal control. It was confirmed that opportunities will continue to be arranged for information sharing and discussion with corporate officers in charge of each region.
2. The Board of Directors received a report on initiatives for quality control at manufacturing subcontractors, provided by the corporate officer in charge.



### Act

#### Challenges for FY2022

1. In addition to compliance and quality control, methodologies and other means for evaluating vulnerability to cyberattacks are also considered in oversight and auditing of manufacturing and other subcontractor companies.
2. Opportunities are continuously provided for information sharing and discussion in order to facilitate communication between directors and corporate officers and establish deeper mutual understanding, and attendance by outside directors as observers at meetings and committees held in operational divisions is also being considered. Information will continuously be shared with corporate officers assigned to the Company's various regions, with a focus on risk and establishing and operating internal control systems.
3. Experts were invited to the *hmc* Governance Committee in FY2021 to gather the latest information on corporate governance. With active conversation taking place on the topic of corporate governance around the world in recent years, opportunities such as these will be continuously provided, the latest information will regularly be acquired, and revisions and improvements pertaining to corporate governance will be ongoing.
4. Efforts will be made to engage in dialogues with employees, who are principal stakeholders as advocated in the Company's Corporate Philosophy. Employee-oriented measures will be reviewed and supervised based on the Company's HR strategies and systems.

## Risk Factors

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.

The Group's Executive Board and other decision-making bodies regularly discuss the risks and uncertainties faced by the Group, and consider measures to utilize these risks and uncertainties as opportunities, or to mitigate them. The results of such consideration are reported to the Board of Directors, which in turn discusses them. Accordingly, the risks and uncertainties indicated below do not only include the input from the Executive Board, but also reflect the discussions of the Board of Directors.

### Corporate Philosophy

#### Management based on our 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. These aims are stipulated in our Articles of Incorporation as well, and have been shared with stakeholders. We have also expanded the scope to include the general public. Collectively, they constitute our "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 started in April 2021 and the business model in the *hhæco* (*hhc* Philosophy + ecosystem) Declaration, which was made 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 of relieving The People's anxiety over health as well as 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 research and development 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.

### 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) by establishing diagnosis methods utilizing tools such as cognitive function testing, positron emission tomography (PET), and cerebrospinal fluid (CSF), according to the Alzheimer's patient journey from new recognition of the illness to diagnosis, treatment, and subsequent daily living, and by preparing a follow-up system that ensures 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 Alzheimer's disease (AD) treatments is limited 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 & Medicaid Services (CMS) announced its decision to limit its U.S. coverage of AD treatment Aduhelm, produced collaboratively with Biogen, to only some participants of clinical trials. If the anti-amyloid  $\beta$  protofibril antibody lecanemab, for which the Group leads development, does not meet the requirements for a national coverage determination (NCD) with good evidence, insurance coverage for it could similarly be limited and patient access thereby restricted.

### Maximizing the value of Lenvima

The Group and U.S. Merck are implementing over 20 clinical studies for combination therapy with the anticancer agent Lenvima and the anti-PD-1 antibody pembrolizumab (generic name), on at least 10 different types of cancer. 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. Development milestones, sales milestones, and other targets have been established 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, maximizing business value, and co-developing new solutions with collaborative partners in each region.

If differences of opinion arise with partners in pharmaceutical research and development, 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 ecosystems (*hhceco*) 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.

## Pharmaceutical Research and Development, 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 the anti-amyloid  $\beta$  protofibril antibody 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-onset 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 verified 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, not only is it possible that the health of patients may be adversely affected, but product recalls, suspension of sales, or other events may also impact business performance. 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 Action Guidelines for 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 on the market 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.

### Litigation and other proceedings

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 obligating the Group to pay compensation, 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 yet approved or 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.

### Trends 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 lowered the sales price of Lenvima 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 lowered the sales price. 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.

## 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, 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 it makes as an official body 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 promising candidates for the position. 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 pursuing the above initiatives for ensuring an optimal 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 company 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 assets

The strength of the Company lies in its Corporate Philosophy being deeply instilled. With understanding and empathy for the Corporate Philosophy as a nucleus, the Company aims for all its employees to succeed as autonomous professionals. If diverse human assets who empathize with the *hhc* philosophy cannot be acquired and medium- to long-term efforts toward achieving *hhc* cannot be undertaken, the impact on generating innovation and fulfilling the Corporate Philosophy could be significant.

Human resources development at Eisai is based on each individual employee understanding the true needs of patients through socialization: actually 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 incorporating socialization sessions with patients into various in-house training programs including the Global Leader Development Program, and by instilling the *hhc* philosophy. 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 administered around the world to contain COVID-19. However, there is a possibility that the Group's business activities may be impacted in the case of outbreaks caused by the emergence of new virus variants. COVID-19 could also disrupt the Group's production activities, as suspensions of plant operations (both within the Group and at its suppliers), logistics delays, and other developments 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 Task Force 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 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 toward greenhouse gas emissions reductions based on the Science Based Targets initiative (SBTi) and has joined the “RE100” global environmental initiative and has set a path that aims to shift the electricity used in business activities to 100% renewable electricity and released a statement of commitment and roadmap for the medium-term target of 100% renewable energy usage by 2030 and 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.



## Status of Major Contracts

As of March 31, 2022, major contracts are as follows. The product names indicated are those under which the products are sold in major countries.

### Strategic Collaboration

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd.	Biogen Inc. (U.S.A.)	Mar. 4 2014	1. Co-development/co-promotion <sup>*1</sup> of the anti-amyloid beta (A $\beta$ ) protofibril antibody BAN2401 (generic name: lecanemab) and the BACE inhibitor E2609 (generic name: elenbecestat) <sup>*2</sup> developed by Eisai 2. Co-development/co-promotion of the anti-A $\beta$ antibody BIIB037 (generic name: aducanumab) <sup>*3</sup> developed by Biogen	On a product-by-product/country-by-country basis as follows, whichever is the later of 1) or 2) 1) 12 years from the date of the first commercial sales 2) The earlier of the patent expiration date or the launch date of a generic product	1. Upfront payments, etc. 2. Flat-rate sales royalties
	U.S. Merck	Mar. 7 2018	Co-development/co-promotion of Eisai's anticancer agent Lenvima as monotherapy and in combination with U.S. Merck's anti-PD-1 antibody Keytruda for a number of cancer types	From conclusion of the contract until March 31, 2036	Upfront payments, development and sales milestone payments, etc.
	Nichi-Iko Pharmaceutical Co., Ltd.	Mar. 28 2018	1. Collaboration in building the Company's Total Inclusive Ecosystem 2. Partnership in the active pharmaceutical ingredient business	1. From conclusion of the contract until September 30, 2023 2. From conclusion of the contract until September 30, 2028	—
	Bristol Myers Squibb (U.S.A.)	Jun. 17 2021	Co-development/co-promotion, etc., for anticancer agent MORAb-202 developed by Eisai	From conclusion of the contract until co-development/co-promotion activities are completed	Upfront payments, development and sales milestone payments, etc.

\*1. In September 2019, Biogen Inc. and the Company discontinued Phase III studies to verify the efficacy and safety of E2609 (named above).

\*2. On March 13, 2022, the Company renounced its option rights related to the co-development and co-promotion of the anti-tau antibody being developed by Biogen Inc.

\*3. On March 13, 2022, changed to a co-development/co-promotion contract for BIIB037 (named above) (entered into on October 22, 2017 based on an original contract with Biogen dated March 4, 2014), revised to a global royalties contract starting January 1, 2023.

### Licensing

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd.	Fujifilm Toyama Chemical Co., Ltd.	Sep. 30 1998	Joint development of and marketing alliance for the rheumatoid arthritis agent Careram (generic name: iguratimod)	From conclusion of the contract until September 11, 2022	Upfront payments, etc.

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd.	AbbVie Deutschland (Germany)	Jun. 16 1999	Development and sale of the anti-TNF- $\alpha$ monoclonal antibody Humira (generic name: adalimumab) in Japan	From conclusion of the contract until 15 years following receipt of marketing authorization (ended in Taiwan and South Korea) <sup>*)</sup>	Upfront payments, etc.
	Novartis (Switzerland)	Feb. 6 2004	License for worldwide development, manufacturing, and sale of the antiepileptic agent Inovelon (generic name: rufinamide)	In each country, from conclusion of the contract until the patent expiration date or until 10 years from the start of marketing, whichever is later	Upfront payments, etc. Flat-rate royalties
	Sunovion (U.S.A.)	Jul. 26 2007	Exclusive license for the development and marketing of the insomnia treatment Lunesta (generic name: eszopiclone) in Japan	From conclusion of the contract until 15 years following receipt of marketing authorization or until 15 years following NHI price listing, whichever is later	Upfront payments, etc. Flat-rate royalties
	BioArctic AB (Sweden)	Dec. 3 2007	Exclusive license for worldwide research and development, manufacturing and sales involving Lecanemab (generic name) for Alzheimer's disease	From conclusion of the contract until 15 years following the commencement of sales in each country	Upfront payments, etc. Flat-rate royalties
	Pfizer Inc. (U.S.A.)	Sep. 24 2009	Co-promotion contract in Japan for the pain treatment agent Lyrica (generic name: pregabalin)	From conclusion of the contract until July 17, 2022	—
	Prism BioLab Co., Ltd.	Apr. 1 2011	Exclusive license for worldwide development, manufacturing, and sale of the anticancer agent E7386	From conclusion of the contract until the day on which the patent expires or until the day on which 10 years have passed following the commencement of sales in each country	Development milestone payments, flat-rate sales royalties
	University of London (U.K.)	Oct. 16 2015	Collaborative research and co-development of the anti-tau antibody E2814	Until December 5, 2023	Development milestone payments, sales royalties
	Meiji Seika Pharma Co., Ltd.	Mar. 31 2017	Licenses related to exclusive sales rights in Japan and exclusive development and sales rights in 7 Asian countries for the anti-Parkinson's disease agent Equfina (generic name: safinamide)	From conclusion of the contract until 15 years following the commencement of sales in each country	Upfront payments, development milestone payments, flat-rate sales royalties
Harvard University (U.S.A.)	Jun. 15 2018	Exclusive license for worldwide development, manufacturing, and sale of the anticancer agent E7130	From conclusion of the contract until the day on which the patent expires or until the day on which 15 years have passed following the commencement of sales, whichever is later	Upfront payments, development milestone payments, flat-rate sales royalties	

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd.	1. Gilead Sciences Inc. 2. Gilead Sciences Inc. (U.S.A.)*5	Dec. 24 2019	1. Sales partnership contract for JAK inhibitor Jyseleca (generic name: filgotinib) in Japan 2. Sales partnership contract for Jyseleca (named above) in South Korea, Taiwan, Hong Kong, and Singapore	From conclusion of the contract until 12 years following the first NHI price listing	Upfront payments, development and sales milestone payments

\*4 On March 31, 2022, the Company terminated a development and sales contract concluded with AbbVie Deutschland for Humira (named above) in South Korea.

\*5 On December 16, 2021, the Company concluded a new sales partnership contract with Gilead Sciences (U.S.A.).

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd., EA Pharma Co., Ltd.	Minophagen Pharmaceutical Co., Ltd.	Feb. 29 2016	1. Exclusive development and sales rights for the liver disease/allergic disease agents Stronger Neo- Minophagen C (glycyrrhizic acid, compound formulation) and Glycyron Tablets (glycyrrhizic acid, compound tablet) in China and other parts of Asia 2. License for exclusive sales rights to Stronger Neo- Minophagen C (named above) and Glycyron Tablets (named above) in Japan	1. From conclusion of the contract until March 31, 2033 2. From conclusion of the contract until March 31, 2023	Upfront payments, etc.

#### Joint Venture

Company name	Party to contract	Date of conclusion	Contract content	Contract period
Eisai Co., Ltd.	Ajinomoto Co., Inc.	Oct. 15 2015	Integration contract concerning the splitting off of a portion of Eisai's business and its subsequent succession by Ajinomoto Pharmaceuticals Co., Ltd. via an absorption-type split, etc.	—

#### Other Contracts Important for Business

Company name	Party to contract	Date of conclusion	Contract content	Contract period
Eisai Co., Ltd.	World Health Organization (WHO) (Switzerland)	Jan. 30 2012	Provision of DEC (generic name: diethylcarbamazine) tablets to the WHO free of charge to support its program to eliminate lymphatic filariasis	Twelve years from 2013 or the date of WHO's completion of the preliminary review of DEC, whichever is later*6

\*6 On January 28, 2022, Eisai Co., Ltd. extended its contract to provide diethylcarbamazine (DEC) tablets free of charge to the WHO through December 31, 2025.

# Corporate Governance Principles

## Chapter 1 General Provisions

### Article 1 (Purpose)

These Principles provide for the good corporate governance of Eisai Co., Ltd. (“the Company”), in order to increase its corporate value and to increase the common interest and long-term value of stakeholders, and thereby to contribute to the creation of social value through the realization of the following “Corporate Philosophy” set forth by the Company in its Articles of Incorporation.

(Corporate Philosophy)

1. The Company’s Corporate Philosophy is to give first thought to patients and their families, and to increase the benefits that health care provides to them. Under this Philosophy, the Company endeavors to become a *human health care (hhc)* company.
2. The Company’s mission is the enhancement of patient satisfaction. The Company believes that revenues and earnings will be generated by fulfilling this mission. The Company places importance on this sequence of placing the mission before the ensuing results.
3. The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.
4. The Company’s principal stakeholders are patients, customers, shareholders and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value of their stake through:
  - (1) Satisfying unmet medical needs, ensuring a stable supply of high-quality products, and providing useful information on subjects including drug safety and efficacy;
  - (2) Timely disclosure of corporate management information, enhancement of corporate value, and a positive return to shareholders; and
  - (3) Ensuring stable employment, offering challenging and fulfilling duties, and providing full opportunities for the development of employees’ capabilities.

### Article 2 (Basic Framework of Corporate Governance)

1. The Company is always aiming for good corporate governance, and strives continually to achieve it.
2. The core of the Company’s corporate governance is to ensure fair and transparent management and to enhance corporate vitality by clearly separating the supervision of management and the execution of business.
3. The Company will maximize the role of its Outside Directors, starting with their supervision of management and aiming at good corporate governance.
4. The Company aims to achieve good corporate governance on the following bases:
  - (1) Joint Creation of Value with Stakeholder Relations
 

The Company shall:

    - (i) Respect the rights of all stakeholders;
    - (ii) Work on increasing and creating corporate value with stakeholders;
    - (iii) Keep positive and smooth relations and develop trust with the Company’s stakeholders through dialogue;
    - (iv) Ensure transparency by timely and properly disclosing Company information; and
    - (v) Proactively contribute to realize a sustainable society.
  - (2) Corporate Governance System
    - (i) The Company has adopted a Company with a Nomination Committee, etc. System.
    - (ii) The Board of Directors (“the Board”) shall delegate to the Corporate Officers broad powers of decision-making for business execution, to the extent permitted by the laws and regulations, and it shall exercise the function of management oversight.
    - (iii) The majority of the Board shall be independent and neutral Outside Directors.
    - (iv) The Representative Corporate Officer and CEO shall be the only Director who is concurrently a Corporate Officer.
    - (v) To clarify the management oversight function, the positions of the Chair of the Board and the Representative Corporate Officer and CEO shall be separated and performed by different people.

- (vi) The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall consist of Outside Directors.
- (vii) Each of the Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be appointed from the Outside Directors.
- (viii) The *hhc* Governance Committee entirely composed of Outside Directors shall be established.
- (ix) The internal control system and its operation shall be implemented to ensure the credibility of financial reports.

### Article 3 (Establishment of These Principles)

These Principles are subject to the Companies Act and the related laws and regulations, as well as the Articles of Incorporation, and apply in priority to the other rules of the Company.

## Chapter 2 Joint Creation of Value with Stakeholders

### Article 4 (Relations with Principal Stakeholders)

With respect to the relations with major stakeholders, the Company will utilize the following basic tenets:

- (1) Relations with Patients and Customers
  - (i) The Company will respect the various rights of patients and customers.
  - (ii) The Company will give first thought to improvement of the benefits to patients and customers and make efforts to provide high quality solutions matching their needs.
  - (iii) Directors and Corporate Officers will make use of “knowledge” obtained from “empathy” with patients and customers in executing their duties and making decisions.
- (2) Relations with Shareholders
  - (i) The Company will protect shareholders’ rights guaranteed by law and the Articles of Incorporation and ensure equality of treatment.
  - (ii) The Company will take measures to increase the common interests of shareholders on a long-term basis to make it possible for shareholders to hold the Company’s shares with a sense of assurance for the long term.
  - (iii) The Company will make efforts to obtain trust from shareholders through dialogue. The Board will properly reflect the voice of shareholders to management and the Directors will respond to shareholders’ expectations as a fiduciary.
- (3) Relations with Employees
  - (i) The Company will recognize the dignity and value of each employee and respect human rights and diversity.
  - (ii) The Company will make efforts to enrich the opportunities of employees’ human resource development and demonstration of ability, and to facilitate sound management based on the recognition that employees are stakeholders who can proactively create corporate value.
  - (iii) The Company will respect proposals and opinions from employees working together and handle them properly and fairly. The Board will proactively work on dialogue with employees and reflect the results of such interaction in supervising management.

### Article 5 (General Meeting of Shareholders and Respect for Voting Rights)

1. The General Meeting of Shareholders is the supreme decision-making body, which consists of shareholders with voting rights, and must appropriately reflect their views.
2. The Company shall determine the method, date and venue so that as many shareholders as possible will be able to vote their rights on matters brought before the General Meeting of Shareholders, so that resolutions adopted by the General Meeting of Shareholders will reflect the views of shareholders.
3. Exercising voting rights at the General Meeting of Shareholders is a fundamental shareholder right and the Company will establish an environment where not only shareholders present at the General Meeting of Shareholders but all other shareholders can exercise their voting rights properly.
4. In order to enable shareholders to exercise their voting rights appropriately, the Company shall include sufficient information in the Notices of Convocation of the General Meeting of Shareholders and reference documents and other materials, and will send such information to shareholders at an early stage, so as to ensure that there is enough time for shareholders to consider the information.
5. In order to develop a relationship of trust with shareholders, Directors and Corporate Officers shall provide sufficient explanations and a question and answer session at the General Meeting of Shareholders.

**Article 6 (Protection of Shareholders' Rights and Interests)**

1. The Company will treat each shareholder equally based on each shareholder's equity stake and not provide any special benefits, including profits from assets, to any particular shareholder.
2. The Company will give sufficient consideration to the rights of minority shareholders, including rights related to the enjoinder of illegal acts, derivative actions and similar matters.
3. In order to protect shareholders' interests, the Company will endeavor to prevent any Company-related persons, such as Directors, Corporate Officers and employees, from abusing their position or conducting any transaction in conflict with the interests of the Company and the shareholders.
4. Directors and Corporate Officers shall not engage in any transactions that have a conflict of interest or are in competition with the Company unless approval of the Board pursuant to the Companies Act has been obtained. Material facts concerning said transactions approved by the Board shall be appropriately disclosed.
5. In order to prevent insider transactions by Company-related persons, the Company will adopt rules relating to the treatment of material facts that have not yet been publicly announced, and will strictly apply such rules.

**Article 7 (Capital Policy)**

1. The Company will decide on and announce its basic guidelines for capital policy, including shareholder returns.
2. Decisions on distribution of retained earnings will be the subject of resolutions at Board Meetings in accordance with the Articles of Incorporation, and such decisions are to be implemented efficiently.
3. When the Company (i) allocates new shares to particular third parties and changes the Company's shareholder composition or (ii) implements a capital policy which will affect corporate value, such as issuing stock acquisition rights, the Company will have the Board oversee such actions appropriately and disclose relevant information in order not to unfairly harm shareholders.

**Article 8 (Disclosure and Transparency)**

1. The Company will actively, and in a timely and appropriate manner, disclose material information related to management, regardless of whether the content is positive or negative.
2. The Company will determine its policy for disclosing material information related to management, etc. and create a structure to implement it.
3. The Company shall disclose information in a way that is easy to understand and through a variety of methods that are easy to access it.
4. The Company will make efforts to communicate with stakeholders by establishing an inquiries contact system for shareholders and patients and through other methods.
5. The Company recognizes that dialogue with stakeholders is an opportunity for creative mutual understanding which will mutually produce empathy and changes in consciousness and behavior, and the Directors and Corporate Officers will proactively engage in this dialogue and contribute to ensure the gaining of trust and the transparency of management.

**Article 9 (Working on Realization of a Sustainable Society)**

1. The Company will consistently pursue the best corporate governance and proactively work on solving issues related to the environment and society.
2. The Company will carefully monitor trends of global activities which aim at the realization of a sustainable society, and will strengthen the effectiveness of the Company's efforts and endeavor to disclose information proactively.
3. The Company will respect various stakeholders worldwide and make efforts to maintain positive and smooth relations with them, and will contribute to the creation of social value with stakeholders through the Company's business.
4. The Directors and Corporate Officers will respect stakeholders' rights and provide leadership to develop a corporate culture of creating value together with its stakeholders based on the Corporate Philosophy of the Company.

### Chapter 3 Corporate Governance System

#### Article 10 (Structure of the Board and Committees)

1. The Company has chosen to be a Company with a Nomination Committee, etc. System. The function of management oversight shall be carried out by the Board, and the function of business execution shall be carried out by the Corporate Officers. Through this, the Company will clearly separate the functions of management oversight and business execution, increase the vitality of its management and ensure the fairness and transparency of its management.
2. The Board will be composed of diverse Directors with differing backgrounds of specialized knowledge, experience, etc. and an appropriate number of Directors shall be maintained so that the Board can exercise its functions most effectively and efficiently.
3. The majority of the Board shall be composed of independent and neutral Outside Directors.
4. The Representative Corporate Officer and CEO shall be the only Director who is concurrently a Corporate Officer.
5. To thoroughly separate the functions of management oversight and business execution, the positions of the Chair of the Board and the Representative Corporate Officer and CEO shall be separated and performed by different people.
6. The Company will establish the Nomination, Audit and Compensation Committees in accordance with the Companies Act. In addition, the Board will establish, as needed, Committees of the Board other than the Nomination, Audit and Compensation Committees.
7. The Company shall establish an *hbc* Governance Committee comprised of Outside Directors only for continued enhancement of corporate governance.
8. The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall be composed of Outside Directors.
9. The Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be Outside Directors.
10. Outside Directors who are members of the Audit Committee shall be appointed from those with expertise in finance, accounting, legal affairs, management, etc., and Internal Directors shall be appointed from those with abundant experience within the Company.
11. In order to ensure the independence of audits, members of the Audit Committee shall not concurrently be members of the Nomination Committee or the Compensation Committee.
12. A Board of Directors Secretariat shall be established to act as the secretariat of the Board, the Nomination Committee and the Compensation Committee. A Management Audit Department shall be established to act as the secretariat of the Audit Committee.

#### Article 11 (Duties of the Board)

1. Through developing good corporate governance, the Board shall fulfill its oversight functions, take the best possible decisions by exercising fair judgment and aim to realize the Corporate Philosophy.
2. The Board shall determine the material matters required by law, the Articles of Incorporation and the Rules of the Board, including basic management policies, the appointment and dismissal of Corporate Officers and surplus dividends.
3. In order to accelerate the speed and increase the flexibility of business execution and to enhance the vitality of management, the Board shall delegate the decision-making function on business execution, except for items provided for in the preceding clause, to the Corporate Officers.
4. The Board will make efforts to apply a multi-dimensional risk management approach to the business execution by the Corporate Officers, and will oversee the system design and operation of internal control measures by the Corporate Officers.
5. The Board shall oversee the execution of duties by the Directors and Corporate Officers on the basis of reports from the Nomination Committee, Audit Committee, the Compensation Committee and the Corporate Officers.
6. The Board will strive to realize the Corporate Philosophy, to increase the Company's corporate value and to enhance the long-term interests of the shareholders. It shall have the duty of judging fairly any conduct that may damage these goals and of taking appropriate action.
7. In order for the Representative Corporate Officer and CEO to be appointed by the Board, all of the Directors shall share information related to the succession plan for the future Representative Corporate Officer and CEO.



8. The Board, together with the Nomination, Audit and Compensation Committees, shall not violate or interfere with their respective authorities when executing their duties and shall maintain mutual understanding.
9. The Board and the Corporate Officers shall maintain mutual understanding while fulfilling their respective responsibilities of executing duties.

**Article 12 (Chair of the Board)**

1. The Chair of the Board shall be appointed from the Outside Directors.
2. In addition to determining the annual agenda to be deliberated by the Board, the chair of the Board shall specify the date, location, and agenda and convene the Board Meeting.
3. The chair of the Board shall provide the Directors with the information necessary to consider the items for deliberation prior to the holding of the Board Meeting.
4. The Chair of the Board shall enhance the quality of the discussions among the Directors and manage the Board Meetings effectively and efficiently.

**Article 13 (Directors)**

1. The term of office of Directors shall be one (1) year. Directors shall be elected every year at the General Meeting of Shareholders.
2. Directors shall assume the duty of care and the duty of loyalty.
3. Directors shall request explanations at Board Meetings, actively express their opinions, conduct thorough discussions, and exercise their voting rights, as well as collect sufficient information to execute their duties.
4. Through the timely and appropriate exercise of their right to propose agenda items and to call for Board Meetings to be convened, the Directors shall seek solutions to issues concerning the management of the Company of which they become aware.
5. In responding to the trust placed in them by all shareholders, Directors shall spend sufficient time on the execution of their duties and demonstrate the competence expected of them.
6. The Directors will receive sufficient information and request additional information if necessary concerning the status of adherence to the Corporate Philosophy of the Company and the current management environment in order to fully perform their duties. The Company will provide the Directors with various training and opportunities for information sharing which will aid in the Board's duty of oversight of management.

**Article 14 (Outside Directors)**

1. Outside Directors shall be personally and financially independent from the Company.
2. Outside Directors must not only meet the requirements for Outside Directors stipulated in the Companies Act, but must also satisfy the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and must continue to satisfy those requirements after their appointment as Outside Directors.
3. Outside Directors shall take the initiative to increase the fairness of the decisions and actions of the Board and of each Committee and to achieve good corporate governance.

**Article 15 (Nomination Committee)**

1. The Nomination Committee shall determine the content of the proposals to be submitted to the General Meetings of Shareholders related to the nomination and dismissal of Directors.
2. The Nomination Committee shall determine the "Requirements for the Independence and Neutrality of Outside Directors" in order to appoint independent and neutral Outside Directors based on the recognition that it is the fact that Outside Directors hold a majority of the Board representation that supports the effectiveness of the Company's corporate governance.
3. The Nomination Committee shall select Director candidates with diverse backgrounds in order for the Board to meet the various expectations of stakeholders and to fully perform its oversight function.
4. The Nomination Committee shall establish the basic policies, rules, procedures, etc., necessary for the execution of its duties.
5. The Nomination Committee shall report on the status of execution of its duties to the Board.

**Article 16 (Audit Committee)**

1. The Audit Committee shall audit the execution of the Directors' and Corporate Officers' duties, prepare audit reports, and conduct accounting audits and other matters required by laws and regulations.
2. The Audit Committee shall determine the contents of proposals related to the election, dismissal and non-reappointment of the Accounting Auditors to be submitted to the General Meeting of Shareholders.



3. The Audit Committee shall confirm that the Accounting Auditors' independence is assured and the quality control of audits is managed systematically, and shall make efforts to collect relevant information regarding an audit corporation other than the Company's Accounting Auditors.
4. The Audit Committee shall endeavor to achieve efficient and higher quality auditing, e.g., (i) by receiving timely and appropriate reports from the officers and employees of the Company and the ENW Entities and the Accounting Auditors of the Company related to the execution of their duties, (ii) by conducting relevant research on the status of the business and assets of the Company and the ENW Entities and (iii) by sharing necessary information with the Accounting Auditors and internal audit department.
5. The Audit Committee shall establish the basic policies, rules, procedures, etc., necessary for the execution of its duties.
6. The Management Audit Department executes its duties based on the resolutions of the Audit Committee and the instructions of the members of the Audit Committee, and its independence from the Corporate Officers regarding work instructions and orders, personnel evaluations, etc. shall be secured in order to ensure the objectivity of audits.
7. The Audit Committee shall report on the status of execution of its duties to the Board.

#### Article 17 (Compensation Committee)

1. The Compensation Committee shall determine both the policies for deciding the compensation of Directors and Corporate Officers, and their individual compensation, with fairness and transparency.
2. The Compensation Committee shall determine the remuneration of Directors, to appropriately compensate them for their performance of management oversight, and the remuneration of Corporate Officers, to provide them with strong motivation for their responsibilities of business execution and which takes into consideration the level of achievement measured against their performance benchmark(s).
3. When deciding the compensation of the Directors and Corporate Officers, the Compensation Committee shall make decisions after making active use of external research data in order to ensure the objectivity of its decisions and deliberating the appropriateness of the decision-making process on compensation.
4. The Compensation Committee shall establish the basic policies, rules, procedures, etc. necessary for the execution of its duties.
5. The Compensation Committee shall report on the status of execution of its duties to the Board.

#### Article 18 (hhc Governance Committee)

1. The *hhc* Governance Committee shall be composed of all of the Outside Directors.
2. The *hhc* Governance Committee shall engage in proactive dialogue with the Company's stakeholders and use the insights gained to enhance discussions by the Board.
3. The *hhc* Governance Committee shall share information about the succession plan for a future Representative Corporate Officer and CEO proposed by the Representative Corporate Officer and CEO, and provide relevant advice. The *hhc* Governance Committee shall reasonably ensure impartiality in the selection of the CEO by the Board by having Outside Directors take part in the process.
4. The *hhc* Governance Committee shall evaluate the effectiveness of the supervision function of the management of the Board every year. If there are issues related to the operation of the Board, etc., the *hhc* Governance Committee may make proposals to the Board for addressing such issues.
5. The *hhc* Governance Committee is held to discuss a broad range of matters related to the Company's corporate governance and business, and thereby strive for continued enhancement of corporate governance.
6. The matters discussed at the *hhc* Governance Committee shall be reported to the Board or notified to the Corporate Officers as necessary.

#### Article 19 (Evaluation of Corporate Governance)

1. Every year, the Board shall evaluate the state of the Company's corporate governance and shall seek to enhance the effectiveness of corporate governance in accordance with the Board's review of Board resolutions relating to these Principles, the Board's review of the internal control system, and the evaluation by each Director of the Board of Directors.
2. The Board will ensure the appropriateness of the results of the annual evaluation of corporate governance, and will maintain and seek to improve the objectiveness and reasonableness of its evaluation methods by implementing a periodic review by an outside organization.

**Article 20 (Representative Corporate Officer and CEO)**

1. The Representative Corporate Officer and CEO is the Chief Executive Officer and shall hold the powers delegated by the Board in relation to business execution. The Representative Corporate Officer and CEO shall make decisions concerning the best execution of business and shall implement measures with the aim of realizing the Company's Corporate Philosophy, increasing corporate value, and enhancing the long-term interests of the shareholders.
2. The Representative Corporate Officer and CEO shall provide sufficient explanation to the Board regarding business execution, and shall concurrently be a Director for this purpose.
3. The Representative Corporate Officer and CEO shall establish a succession plan for the Representative Corporate Officer and CEO and develop relevant candidates.
4. The Representative Corporate Officer and CEO shall establish, prepare and operate an internal control system, including a legal compliance system and risk management system, and continually evaluate its effectiveness and strive to improve it.
5. The Representative Corporate Officer and CEO shall in a timely and appropriately provide to the Audit Committee sufficient information for the Audit Committee's audits.

**Article 21 (Corporate Officers)**

1. The term of office of Corporate Officers shall be one (1) year. The Representative Corporate Officer and CEO shall propose candidates for Corporate Officers by providing a sufficient explanation, and Corporate Officers shall be appointed by the Board.
2. Corporate Officers shall assume the duty of care and the duty of loyalty.
3. Corporate Officers shall undertake the important responsibility of managing the business with the aim of realizing the Corporate Philosophy, increasing corporate value and enhancing the long-term interests of shareholders.
4. Corporate Officers shall be delegated from the Representative Corporate Officer and CEO the authority to decide on the specific execution of business in the assigned business/area, and establish, prepare and operate an internal control system within the scope of their assigned division of duties, and take responsibility to execute business with the aim of achieving the targets in addition to developing capable human resources who will manage the Company in the future.
5. Corporate Officers shall make efforts to obtain necessary knowledge and to enhance their skills continuously in order to perform their duties. The Company will provide relevant knowledge related to compliance and risk management as well as educational opportunities for Corporate Officers so that they may efficiently execute their duties in compliance with applicable laws, regulations and the Articles of Incorporation.
6. Corporate Officers shall, on the basis of the Companies Act, report to the Board at least once every three months on the overall state of the execution of their business based on their assigned division of duties, and at the same time, they shall also provide as required information on those matters requested by the Board or Director(s).
7. An appropriate number of Corporate Officers shall be maintained so that their duties concerning business execution with which they have been entrusted by the Board can be performed most effectively/efficiently.

**Article 22 (Internal Control)**

1. The achievement of thorough internal control of the whole Company group is an important element in obtaining the trust of shareholders. Based on the Companies Act, the Board shall determine the "Rules Concerning Items Necessary for the Execution of Duties by the Audit Committee" and the "Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers."
2. In order to ensure the compliance with applicable laws, regulations and ethical standards, the Company shall establish and maintain an internal whistle blowing reporting system, and will develop this system to ensure that it appropriately and fairly handles information from whistle blowers and that a whistle blower will never be subject to unfair treatment.
3. Based on the resolutions of the Board related to internal control, the Corporate Officers shall maintain a system that is necessary for compliance with laws and ethics, the efficacy and efficiency of business and the reliability of financial reports, and shall make such a system work effectively, and shall report the operative situation to the Board.

**Article 23 (Accounting Auditors)**

1. The Accounting Auditors shall ensure the reliability of financial statements through their audits of such statements, and they bear an important role in realizing better corporate governance.
2. The independence of the Accounting Auditors from the Company shall be ensured.
3. The Accounting Auditors shall conduct systematic management for the quality control of audits.

**Article 24 (Exceptional Measures)**

In case it is necessary to make exceptions to these Principles, the Board shall clarify the reason for the exception, and make it clear that the purpose of these Principles was taken into account and that reasonable measures were taken.

**Article 25 (Revisions)**

These Principles may be revised only by resolution of the Board.

**Supplementary Provisions  
(Enforcement)**

**Article 1** The Principles were established on March 23, 2001 as the Corporate Governance Regulations of the Company and were revised into and became the Corporate Governance Guidelines of the Company, and were then subsequently revised thereafter. The revision history of these Principles is as follows:

- March 23, 2001: Established (Corporate Governance Regulations)
- September 21, 2001: Revision made
- April 25, 2002: Revision made
- June 27, 2002: Revision made
- June 24, 2003: Revision made
- May 11, 2004: Revision made
- October 29, 2004: Revision made (Corporate Governance Guidelines)
- July 29, 2005: Revision made
- April 26, 2007: Revision made
- February 27, 2012: Revision made
- June 20, 2014: Revision made
- June 19, 2015: Revision made
- March 31, 2016: Revision made
- June 21, 2017: Revision made
- June 20, 2018: Revision made
- April 24, 2020: Revision made
- March 1, 2021: Revision made (Corporate Governance Principles)

(End)

## Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee

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### Article 1 (Objective)

1. The purpose of these rules is to establish items necessary for the performance of duties by the Audit Committee of the Company, in accordance with Companies Act Article 416 Section 1 Part 1 Subparagraph b), as well as the Ordinance for Enforcement of the Companies Act Article 112 Section 1.
2. In these rules, “ENW” means a group of corporate entities consisting of the Company and its subsidiaries and affiliates, and “ENW Entity” means each entity within ENW.

### Article 2 (Items regarding the Directors and employees of the Company who assist in the duties of the Audit Committee of the Company)

1. The Company shall establish a Management Audit Department to assist in the duties of the Audit Committee of the Company. The Directors of the Company shall not be assigned to assist in the duties of the Audit Committee of the Company.
2. The director and staff of the Management Audit Department shall follow employment and work regulations for items not established by these rules.

### Article 3 (Items regarding the independence of the employees in the preceding Article from the Corporate Officers of the Company and items regarding ensuring the effectiveness of the instructions of the Audit Committee of the Company to such employees)

1. The Management Audit Department shall be organized independent of the Corporate Officers of the Company.
2. The director and staff of the Management Audit Department shall perform their duties under the direction of the Audit Committee and Audit Committee Members of the Company.
3. The director and staff of the Management Audit Department shall be appointed, reassigned and disciplined by the Representative Corporate Officer and CEO of the Company with the consent of the Audit Committee of the Company.
4. The decision on personnel evaluation of the director and staff of the Management Audit Department will be conducted by the Audit Committee of the Company.

### Article 4 (The system for Officers and employees of the ENW Entity to report to the Audit Committee)

1. The Corporate Officers of the Company shall report monthly to the Audit Committee of the Company regarding the following items related to their assignments and organization under their oversight, supervision or management, including whether or not such relevant items exist, and shall report immediately highly important matters of the items such as incidents that cause or may cause ENW significant damage, or that violate or may violate laws or the Articles of Incorporation to the Audit Committee.
  - (1) Disasters and accidents related to operations;
  - (2) The fact that operations have been stopped for a half day or longer;
  - (3) The fact that a lawsuit has been brought, and its status;
  - (4) Cases that violate compliance policies (including facts subject to investigation);
  - (5) Requests for cooperation in an investigation, investigation, summons, visits (excluding regular investigations), warnings, guidance, orders, recommendations, suspension of operation, or other measure taken by public officials;
  - (6) Infringement or the danger of infringement of assets or rights by a third party;
  - (7) Bankruptcy, the danger of bankruptcy, or termination of a contract, by a major customer;
  - (8) Matters or information other than the above (1) through (7) that may cause the ENW Entity serious damage or have significant effect;
  - (9) Facts that Officers and employees of the ENW Entity, who made reports or provided information pursuant to Sections through 2 to 6 of this Article, were treated disadvantageously because they made the reports or provided the information; and
  - (10) Other matters to be reported as stipulated by the Audit Committee of the Company.
    - \*1 “oversight” shall mean having the general oversight responsibility as the head of the reporting line.
    - \*2 “supervision” shall mean having supervision of the relevant organization or business not as the head of the reporting line.
    - \*3 “management” shall mean having a grasp of the situation by receiving report(s) from the relevant business or organization.

2. If the Officers and employees of the ENW Entity become aware of any item provided in each item of Section 1 of this Article, they shall immediately report to the Corporate Officer of the Company who oversees, supervises or manages such item. In the case where it would be inappropriate to report to the Corporate Officer of the Company because the Corporate Officer himself/herself is concerned in the event, for example, the Officers and employees of the ENW Entity shall report to (i) the Corporate Officer of the Company other than the Corporate Officer at issue or (ii) the Compliance Counter.
3. The Corporate Officer who supervises the promotion of ENW's compliance shall immediately make a report to the Audit Committee of the Company in the case of highly important matters, out of the matters which are reported to the Compliance Counter, such as incidents that cause or may cause ENW significant damage, or that violate or may violate laws or the Articles of Incorporation.
4. The Officers and employees of the ENW Entity may report to the Audit Committee of the Company concerning the above item (4) of Section 1 of this Article, which is related to the Corporate Officers of the Company.
5. The Auditors or the Audit Committee of the ENW Entity in Japan, the People's Republic of China, Korea and Taiwan, except for the Company, shall periodically report information regarding audit results by the auditors, etc. in such ENW Entity to the Audit Committee of the Company.
6. The Officers and employees of the ENW Entity shall promptly make a proper report when a report on items regarding the execution of business is requested by the Audit Committee of the Company.
7. The Corporate Officers and employees of the Company shall inform the Audit Committee of the Company of the schedules of important meetings.

**Article 5 (Systems for ensuring that the person making a report in the preceding Article does not receive disadvantageous treatment on the grounds of having made such report)**

The Representative Corporate Officer and CEO of the Company shall prepare and operate a system in order to ensure that the Officers and employees of the ENW Entity who make a report to the Audit Committee or Corporate Officer of the Company or contact the Compliance Counter under the preceding Article do not receive disadvantageous treatment on the grounds of having made such report or contact.

**Article 6 (Items regarding policies for the processing of expenses and obligations that arise with respect to the execution of duties of the Audit Committee Members of the Company)**

The Company shall process such expenses or obligations for the execution of duties of the Audit Committee Members of the Company which are recognized as necessary by the Audit Committee of the Company under the Companies Act Article 404 Section 4.

**Article 7 (Other systems for ensuring the effective performance of audits of the Audit Committee of the Company)**

1. The Representative Corporate Officer and CEO of the Company shall prepare a system between the ENW Entity under which the Audit Committee of the Company enables the investigation, etc., of the accounting and operations of the ENW Entity.
2. Departments and officers in charge of audits, including the internal audits of the ENW Entity, shall share necessary information regarding audit activities with the Audit Committee, Audit Committee Members, and the Management Audit Department of the Company through regular meetings, etc., in order to operate an efficient and suitable auditing system.
3. The Company's accounting auditor shall report to the Audit Committee regarding audits by the accounting auditor, as well as other investigations, on a regular basis or as requested by the Audit Committee.

**Article 8 (Familiarization with these rules)**

The Representative Corporate Officer and CEO of the Company shall take measures to familiarize the Officers and employees of the ENW Entity with the content of these rules.

**Article 9 (Revisions)**

These rules can be revised through resolution by the Board of Directors.

**Supplementary Provisions**

**(Revision history)**

- Article 1 These rules shall enter into force on June 24, 2004.  
 Article 2 These rules shall be revised June 24, 2005.  
 Article 3 These rules shall be revised April 27, 2006.  
 Article 4 These rules shall be revised June 20, 2014.  
 Article 5 These rules shall be revised May 1, 2015.  
 Article 6 These rules shall be revised June 21, 2017.  
 Article 7 These rules shall enter into force on June 19, 2020.

(End)

## Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers

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### Article 1 (Objective)

1. The purpose of these Rules is to establish items necessary for establishment and operation of a system for ensuring that execution of duties at ENW by Corporate Officers of the Company is in accordance with laws and the Articles of Incorporation, and to establish other systems necessary to maintain the suitability of operations, in accordance with the Companies Act Article 416 Section 1 Part 1 Subparagraph e), as well as the Ordinance for Enforcement of the Companies Act Article 112 Section 2.
2. In these Rules, “ENW” means a group of corporate entities, consisting of the Company and the subsidiaries and affiliates of the Company. “ENW Entity” means each entity within ENW; “Corporate Officer in Charge of ENW Entities” means a Corporate Officer who has been appointed by the Representative Corporate Officer and CEO of the Company to oversee\*<sup>1</sup>, supervise\*<sup>2</sup> and manage\*<sup>3</sup> each ENW Entity other than the Company; and “Officers of ENW Entities, who execute business operations” shall mean Corporate Officers of the Company and directors of the ENW Entities other than the Company.
  - \*1 “oversee” shall mean having the general oversight responsibility as the head of the reporting line.
  - \*2 “supervise” shall mean having supervision of the relevant organization or business not as the head of the reporting line.
  - \*3 “manage” shall mean having a grasp of the situation by receiving report(s) from the relevant business or organization.

### Article 2 (Authority)

1. The Board of Directors of the Company receives reports, regarding establishment and operation of the systems set forth in these Rules, from the Corporate Officers or the Audit Committee of the Company in order to supervise the performance of duties of the Corporate Officers pursuant to these Rules.
2. The Representative Corporate Officer and CEO of the Company shall assign the particular duties set forth in these Rules to a Corporate Officer of the Company who will be responsible for such assigned duties.
3. The Corporate Officer of the Company shall perform such duties that have been assigned to him/her in compliance with these Rules and provide reports, regarding establishment and operation of the systems set forth in these Rules, to the Board of Directors and the Audit Committee of the Company.

### Article 3 (The system for storage and management of information related to the performance of duties of Corporate Officers)

1. The Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, who shall supervise ENW with respect to and be in charge of storage and management of information related to the performance of duties of Corporate Officers of the Company, and shall have such Corporate Officer establish a system and necessary rules on storage and management of information.
2. The Corporate Officer of the Company, who has been appointed pursuant to the previous section, shall establish and operate the storage and management rules for prepared information, and report the status thereof to the Board of Directors and the Audit Committee of the Company.

### Article 4 (The rules and other systems regarding management of the risks of loss in ENW)

1. The Corporate Officers of the Company shall be responsible for managing risk of loss in ENW in his or her area of assignment. A Corporate Officer in Charge of ENW Entities shall establish and operate a management system of risk of loss in ENW depending on the type, size, significance and other aspects of businesses of ENW Entities which he/she has been assigned to oversee, supervise and manage.
2. With respect to management of risks of loss that may possibly result in significant loss to ENW, the Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, for each area of risk of loss (financial, legal, environmental, disaster, product quality and adverse effect, etc.), and such appointed Corporate Officer shall establish and operate rules, etc. regarding the risk.
3. The Corporate Officers, who have been assigned to be in charge of promoting establishment and operation of an internal control system set forth in Article 6, shall establish and promote the operation of a system for the Corporate Officers and employees of the Company to self- evaluate risks related to their assigned duties.

**Article 5 (The system for ensuring that the duties of Directors, Corporate Officers and employees of ENW are conducted efficiently)**

1. The Board of Directors of the Company shall delegate to the Representative Corporate Officer and CEO of the Company decision-making for the performance of the Directors' duties, excluding those matters to be resolved by the Board of Directors pursuant to the laws, the Articles of Incorporation and the Rules of the Board of Directors.
2. The Board of Directors of the Company shall appropriately establish division of duties and mutual relationships among the Corporate Officers of the Company.
3. The Representative Corporate Officer and CEO of the Company shall establish decision-making procedures for important matters at ENW and establish and operate a system under which duties are conducted appropriately and efficiently.
4. With respect to matters other than those set forth in the previous section, the Corporate Officers of the Company shall establish decision-making procedures for their assigned duties and establish and operate a system so that such duties are conducted appropriately and efficiently.
5. The Corporate Officer, who has been assigned to be in charge of promoting establishment and operation of the internal control system set forth in Article 6, shall monitor the establishment and operation of the systems pursuant to the previous two sections. The Corporate Officer, who has been assigned to oversee the execution of internal audit, shall audit the establishment and operation of such systems.

**Article 6 (The system for ensuring that performance of duties by Officers of ENW Entities, who execute business operations, and employees of ENW Entities is in accordance with laws and the Articles of Incorporation)**

1. The Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, to be in charge of promoting compliance, including the system for ensuring that the execution of duties by Officers of ENW Entities, who execute business operations, and employees of ENW Entities is in accordance with laws and the Articles of Incorporation, and shall establish a department, etc. to support such Corporate Officer in the performance of his or her duties.
2. The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall establish a Compliance Handbook and a business behavior charter applicable to ENW, clarify norms and behavioral standards so that Officers of ENW Entities, who execute business operations, and employees of ENW Entities take actions in compliance with laws and the Articles of Incorporation, and promote compliance by taking necessary measures such as training of Officers of ENW Entities, who execute business operations, and employees of ENW Entities.
3. The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall establish and operate a compliance counter as a point of contact for consulting about compliance and reporting of compliance matters both inside and outside the Company to strive for the prevention and early resolution of risks related to compliance, and shall cooperate and perform the foregoing with each Corporate Officer in Charge of ENW Entities, each Officer in charge of compliance at each ENW Entity and the department in charge of compliance with respect to ENW Entities other than the Company.
4. The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall demonstrate a policy of opposing anti-social forces in the ENW business behavior charter, and shall take necessary measures so that Officers of ENW Entities, who execute business operations, and employees of ENW Entities strictly observe such policy and use their best efforts on a daily basis in their conduct in this regard.
5. The Representative Corporate Officer and CEO of the Company shall appoint Corporate Officers, from among the Corporate Officers of the Company, to be in charge of promoting establishment and operation of an internal control system and to be in charge of executing internal audits, respectively, and shall establish a department, etc. to support such Corporate Officers in the performance of his or her duties.
6. The Corporate Officers, who have been assigned to be in charge of promoting establishment and operation of an internal control system, shall establish policies regarding internal controls applicable to ENW, and shall have Corporate Officers and employees of the Company develop a deeper understanding for internal controls by taking necessary measures such as training, and shall promote the establishment and operation of an internal control system, and shall cooperate and perform the foregoing with each Corporate Officer in Charge of ENW Entities, each Officer in charge of internal control at each ENW Entity and the department in charge of internal control with respect to ENW Entities other than the Company.



7. The Corporate Officers, who have been assigned to be in charge of executing internal audits, shall establish rules for internal audits applicable to ENW, devise a plan for internal audits, and execute appropriate and efficient internal audits, and shall have each Corporate Officer in Charge of ENW Entities, each Officer in charge of internal audit at each ENW Entity and the department in charge of internal audit to perform the audit of each ENW Entities and receive reports with respect to ENW Entities other than the Company.
8. With respect to professional fields, the Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, to be in charge, as necessary, of ensuring compliance with laws and the Articles of Incorporation in such field, and shall establish a department, etc. to support such Corporate Officer in the performance of his or her duties.

**Article 7 (The system for reporting to the Company about matters related to execution of duties of Officers and employees of ENW Entities other than the Company)**

1. The Corporate Officer in Charge of ENW Entities shall establish a system under which the Company receives reports from ENW Entities about managerial important matters and matters set forth in Articles 4, 5 and 6 of these Rules depending on the type, size, significance and other aspects of businesses of ENW Entities, with respect for the autonomy and the independency of ENW Entities which the Corporate Officer has been assigned to oversee, supervise and manage.
2. The Corporate Officer in Charge of ENW Entities shall report important matters out of the report received from ENW Entities to the Board of Directors and the Audit Committee of the Company.

**Article 8 (Familiarization with these Rules)**

The Representative Corporate Officer and CEO of the Company shall take measures to familiarize the Officers and employees of ENW Entities with the content of these Rules.

**Article 9 (Revisions)**

These Rules may be revised only by resolution by the Board of Directors.

**Supplementary Provisions**

**(History of Revisions)**

- Article 1 These rules shall come into effect April 27, 2006.  
Article 2 These rules shall come into effect on June 20, 2014.  
Article 3 These rules shall come into effect on May 1, 2015.  
Article 4 These rules shall come into effect on June 21, 2017.  
Article 5 These rules shall come into effect on June 19, 2020.  
Article 6 These rules shall take effect on June 18, 2021.

(End)



## Policy for Protection of Company's Corporate Value and Common Interests of Shareholders

### 1. Background of Adoption and Continuation

As a *human health care (hhc)* company, the Company believes that its mission of highest priority, securing and enhancing our corporate value and the common interests of our shareholders, will be achieved by creating value for patients. To create value for patients, it is necessary to undertake research and development of new drugs, to manufacture and distribute high quality products, and to manage and provide information to achieve the safe use of pharmaceutical products. To do this the Company must implement long-term corporate measures. To strengthen shareholder value, it is essential that the Company grows steadily and continuously. Furthermore, to fulfill its corporate social responsibility and accomplish the mission set out above, the Company, in 2004, adopted a "Company with Committees System" (currently "Company with a Nomination Committee, etc. System") and established a highly transparent governance structure.

In order to realize the above mission, the Company plans to increase its corporate value and strengthen shareholder value by introducing and implementing a variety of long-term measures such as the Medium-term Strategic Plan. However, considering the escalating competition surrounding the Company, and the changes, content, etc. in the Japanese legal system and corporate culture relating to M&A in Japan, we can anticipate the potential for acquisitions of the Company's shares that will materially affect the Company's management policy.

The Company does not reject any and all acquisitions that are intended to obtain a large volume of shares of the Company or that permit a third party to participate in the Company's business management, if such acquisitions will substantially increase the corporate value of the Company. However, among acquisitions of large shareholding positions, there are acquisitions that are inappropriate, in view of their purpose and the business policy after such acquisitions, such as those that cause obvious and irreparable damage to the shareholders' common interests, that are structured to coerce other shareholders to sell their shares under unfavorable conditions, that do not give sufficient time and information to the Company and shareholders for their examination of the substance of the proposed acquisition and consideration of alternatives, or that offer terms and conditions that are insufficient or inappropriate from the perspective of protecting the Company's corporate value and the common interests of the shareholders. Furthermore, in order to realize value for patients, and thereby to increase the corporate value and the common interests of the shareholders, research and development systems of new drugs, a stable supply of high quality products, and proper management and provision of information on safety and efficacy of drugs are essential. If the Company fails to secure these processes, the Company's corporate value and the common interests of the shareholders will be harmed.

Therefore, the Company has determined that the adoption of this Policy for Protection of Company's Corporate Value and Common Interests of Shareholders (the "Policy") is essential to deter acquisitions, including the above types of acquisitions, that are inconsistent with the Company's corporate value and the common interests of the shareholders, and at a meeting of the Independent Committee of Outside Directors, which consists solely of seven outside directors, held in February 2006, it was decided to adopt this Policy.

For any acquisition of a 20% or greater stake, this Policy will first require the acquirer or the person proposing the acquisition (hereinafter, together with a tender offer bidder (TOB) or one proposing a TOB, collectively referred to as an "Acquirer") to provide information to the Company about the intended acquisition in advance of such acquisition. By doing this, the Company will be able to secure a period to collect and review information regarding the purchase, explain the business plan to the shareholders, and, if necessary, propose alternatives to and negotiate with the Acquirer. On the contrary, if an Acquirer enters into an acquisition without providing information in advance, or if the acquisition is not determined to be an acquisition that will not substantially harm the Company's corporate value and the common interests of the shareholders, as mentioned below, the Company will issue, as necessary, by allocation to all shareholders at that time, new share subscription rights conditioned such that the Acquirer and certain related parties may not exercise such rights (collectively the "Rights," pertaining to any single share a "Right"). This Policy will decrease the relative percentage of voting rights held by the Acquirer by issuing the Rights and will aim to prevent any acquisition that will substantially harm the Company's corporate value and the common interests of the shareholders.

The adoption of this Policy, and the process for the evaluation of a proposed acquisition of a 20% or greater stake, any discussions and negotiations with the Acquirer, and the judgment of whether or not the issuance of the Rights is required based on the results of said discussions and negotiations, are required to be objective and reasonable to prevent the possibility that management could manipulate this Policy to protect its own interests. The Board of Directors of this Company consists of directors, the majority of whom are outside directors. These outside directors, who are independent from the Company Management, include a corporate manager, an academic expert, a CPA, an attorney, etc., with abundant experience and excellent records of achievement. Of the four (4) other directors who are not outside directors only one (1) is engaged in day-to-day business operations. Therefore, the Company believes that

the Board of Directors will be able to make an objective and reasonable decision for the shareholders' interests.

In the adoption of this Policy, a "Special Committee" consisting of three (3) outside directors was first established. The Special Committee received opinions from independent outside advisors and examined whether or not this Policy should be adopted. As a result of the examination, the Special Committee determined that the adoption of a policy was essential to prevent acquisitions that could substantially harm the Company's corporate value and the common interests of the shareholders. This Policy was proposed to the Independent Committee of Outside Directors, which consists of all seven (7) outside directors (please see Attachment No. 1, "Outline of the Independent Committee of Outside Directors," regarding requirements for resolutions and matters to be resolved), and the Independent Committee of Outside Directors examined whether or not it should be adopted. As a result of the examination, the Independent Committee of Outside Directors decided that this Policy was essential and appropriate to prevent acquisitions that could substantially harm the Company's corporate value and the common interests of the shareholders, and recommended to the Board of Directors to adopt this Policy. The Board of Directors, after examination of this Policy, resolved to adopt it. Thus, this Policy has been adopted for the common interests of the shareholders by the initiative of the Independent Committee of Outside Directors.

In addition, in order to ensure that the operation of the Policy is objective and reasonable, the Independent Committee of Outside Directors will be primarily responsible for the operation of this Policy. In case of an actual proposed acquisition of a 20% or greater shareholding, the Independent Committee of Outside Directors will, acting on their own initiative, determine whether or not all the criteria set forth in Article 4 below have been satisfied

Unless the Independent Committee of Outside Directors determines that the acquisition satisfies all the criteria set forth in Article 4 below, in principle, it will propose that the Board of Directors issue the Rights. The Board of Directors will then determine ultimately whether or not the issuance of the Rights will be necessary. If the Independent Committee of Outside Directors decides that the Rights are not to be issued, the Board of Directors will make neither an examination nor a determination of the issuance of the Rights. By adopting this system, this Policy will prevent arbitrary decisions by Management with respect to the judgment of whether the Rights should be issued, and make it difficult to issue the Rights.

Since the adoption of the Policy, the Independent Committee of Outside Directors has considered whether to maintain, revise, or abolish the Policy each year. Based on the Independent Committee of Outside Director's recommendation, the Board of Directors determines to continue the Policy.

## 2. Acquisitions Subject to This Policy

Under this Policy, the Rights may be issued in accordance with the procedures stipulated in this Policy in the event of an acquisition or proposal of acquisition as set forth below in 2.1) or 2.2) below (hereinafter collectively referred to as an "Acquisition"):

- 1) A purchase or other acquisition, that, if completed, would make a person's<sup>1</sup> shareholding percentage<sup>2</sup> of shares issued by the Company<sup>3</sup> 20% or more; or
- 2) A TOB<sup>4</sup> that, if successful, will make a TOB Acquirer's, plus its special affiliated persons<sup>5</sup> shareholding percentages<sup>6</sup> of shares<sup>7</sup> issued by the Company<sup>8</sup>, 20% or more in total.

## 3. Process for the Issuance of the Rights

1) Submission of Information in Advance from Acquirer to the Independent Committee of Outside Directors  
The Acquirer, who proposes to make an Acquisition set forth in Article 2 above, shall prior to publicly announcing any proposed Acquisition or launching a TOB, submit in writing to the Independent Committee of Outside Directors the information set forth in Appendix 2 which is necessary to examine the content of the Acquisition (the "Necessary Information") and a declaration that the Acquirer will comply with the procedures stipulated in this Policy (together with the Necessary Information, the "Acquisition Description").

If the Independent Committee of Outside Directors determines that the content of the relevant Acquisition Description is insufficient to meet the requirements set forth for the Necessary Information, the Independent

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<sup>1</sup> Including holders under the Financial Instruments and Exchange Act, Article 27-23(3)

<sup>2</sup> Defined in the Financial Instruments and Exchange Act, Article 27-23(4), the same applies below unless otherwise specified

<sup>3</sup> Defined in the Financial Instruments and Exchange Act, Article 27-23(1), the same applies below unless otherwise specified

<sup>4</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(6)

<sup>5</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(7), provided that the persons stipulated in item 1 of such Article 27-2(7) are excluded except for those persons provided for under the Cabinet Order Article 3(2) regarding disclosure of the TOB by persons other than the issuer

<sup>6</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(8), the same applies below unless otherwise specified

<sup>7</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(1)

<sup>8</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(1)

Committee of Outside Directors may request the Acquirer to submit additional Necessary Information, setting a specific deadline if appropriate. In this circumstance, the Acquirer will submit the remaining Necessary Information by the deadline.

If the Independent Committee of Outside Directors believes that the Acquirer started the Acquisition without complying with the procedures stipulated in this Policy, the Independent Committee of Outside Directors, in principle, will propose to the Board of Directors to issue the Rights in accordance with 3.3)(1) below, unless there is a special situation in which the Independent Committee of Outside Directors may continue to discuss and negotiate with the Acquirer who is requested to submit the Acquisition Description (including the Necessary Information).

2) Examination of the Acquisition Content of the Relevant Acquirer, Negotiation with Acquirer, and Presentation of an Alternative Proposal to All of the Shareholders by the Independent Committee of Outside Directors

If the Acquirer submits an Acquisition Description and sufficient Necessary Information including additional Necessary Information requested by the Independent Committee of Outside Directors, the Independent Committee of Outside Directors of the Company may, as necessary, also request the Representative Corporate Officer and CEO of the Company to submit, within thirty (30) days, opinions on the content of the Acquisition by the Acquirer and materials that show the grounds for such opinions, alternatives and other necessary information, and materials that the Independent Committee of Outside Directors appropriately regards as necessary.

The Independent Committee of Outside Directors will collect, compare, etc., the information related to the investigation and examination of the content of the Acquisition of the Acquirer, the investigation and examination of any alternative proposal submitted by the Representative Corporate Officer and CEO of the Company, and the business plans, etc., of the Acquirer and the Representative Corporate Officer and CEO of the Company, in principle, for sixty (60) days (however, the Independent Committee of Outside Directors can extend the period up to ninety (90) days in accordance with 3.3)(3) below) after the receipt of the Necessary Information and materials from the Acquirer and the Representative Corporate Officer and CEO (the "Examination Period"). The Independent Committee of Outside Directors will, if necessary, directly or indirectly, negotiate with the Acquirer, and present to all of the shareholders of the Company the alternative proposal submitted by the Representative Corporate Officer and CEO of the Company.

The Independent Committee of Outside Directors can, at its discretion, obtain advice from third parties independent from the Company Management (including financial advisors, CPAs, lawyers, consultants and other specialists) at the Company's expense in order to ensure that the decision of the Independent Committee of Outside Directors is reasonable.

The Acquirer shall not initiate an Acquisition before the end of the Examination Period.

3) Resolution of the Independent Committee of Outside Directors

The Independent Committee of Outside Directors will take the following procedures:

(1) In such case that an Acquirer has not complied with the procedures set forth in 3.1) and 2) above, unless the Independent Committee of Outside Directors determines that 3.3)(2) or (3) below is applicable, the Independent Committee of Outside Directors will, in principle, propose to the Board of Directors to issue the Rights without regard to whether it is during or after the Examination Period.

However, if there is a change in the facts relating, etc., to the premises of the decision, the Independent Committee of Outside Directors may revise its decision including the cancellation of the issuance of the Rights.

(2) If the Independent Committee of Outside Directors finds, as a result of the examination of the Acquisition content of the Acquirer and negotiation with the Acquirer, that the purchase by the Acquirer will meet all of the criteria stipulated in 4.1) through 9) below, the Independent Committee of Outside Directors will resolve not to issue the Rights without regard to whether it is during or after the Examination Period. In connection with such resolution of non-issuance of the Rights, the Board of Directors will not examine whether or not the Rights are to be issued.

If the facts underlying the determination change, the Independent Committee of Outside Directors may revise its decision including proposing to issue the Rights.

(3) If the Independent Committee of Outside Directors does not advise the Board of Directors either to issue or not to issue the Rights by the end of the original Examination Period, the Independent Committee of Outside Directors may resolve that the Examination Period will be extended to the extent necessary to examine the content of the Acquisition of the Acquirer, negotiate with the Acquirer, request the submission of and examine an alternative proposal, etc. (after such extension, the same procedure will apply to subsequent extensions).

If the Examination Period is extended based on the above resolution, the Independent Committee of Outside Directors will continue to examine the content of the Acquisition of the Acquirer, and, if necessary, negotiate with the Acquirer, request the submission of and examine an alternative proposal, etc., and will endeavor to propose to issue the Rights or determine not to issue them, or present to all of the shareholders of the Company an alternative proposal, etc., during the extended period.

4) Resolution of the Board of Directors

If the Board of Directors receives the above-mentioned proposal from the Independent Committee of Outside Directors to issue the Rights, it shall make such resolution without delay.

However, if the facts underlying the determination change, the Board of Directors may make another determination.

If the Independent Committee of Outside Directors resolves to not issue the Rights, as stated in 3.3)(2) above, the Board of Directors will not examine whether or not the Rights are to be issued.

5) Disclosure of Information

In adopting this Policy, the Company will disclose on a timely basis the information with respect to the following items relating to the status of the progress of each of the procedures of this Policy as well as to matters the Independent Committee of Outside Directors and the Board of Directors of the Company think to be appropriate, in accordance with the laws and regulations or the financial instruments exchanges' rules, regulations, etc.

- (1) The relevant acquisition under the above 2.1) or 2.2);
- (2) The submission of the Acquisition Description from the Acquirer, and matters within the Necessary Information and other information that the Independent Committee of Outside Directors determine as appropriate;
- (3) The commencement of the examination by the Independent Committee of Outside Directors, and the extension of the Examination Period (including the period and the reason);
- (4) The proposal of the Independent Committee of Outside Directors to issue the Rights, the summary thereof, the reasons for the decision that the Rights should be issued, and other items determined as appropriate by the Independent Committee of Outside Directors;
- (5) The Board of Directors' resolution to issue the Rights, the summary thereof, the reasons for such decision, and other items determined as appropriate by the Board of Directors;
- (6) The Independent Committee of Outside Directors' resolution that the rights would not be issued, the summary thereof, the reasons for the decision that the Rights should not be issued, and other items determined as appropriate by the Independent Committee of Outside Directors;
- (7) The items recognized as necessary by the Independent Committee of Outside Directors in the event of the occurrence of changes to the facts related, etc., to the premises of the decision for the resolution in the above (4) or (6) and the Independent Committee of Outside Directors revises its decision, including the cancellation of the issuance of the Rights or the proposal to issue the Rights; and
- (8) The items recognized as necessary by the Board of Directors in the event of the occurrence of changes to the facts related, etc., to the premises of the decision for the resolution in the above (5) and the Board of Directors revises its decision.

#### 4. Criteria for Advice on the Issuance of the Rights

The Independent Committee of Outside Directors will, in principle, advise the Board of Directors to issue the Rights unless the Independent Committee of Outside Directors decides that the Acquisition subject to this Policy satisfies all the criteria described below:

- 1) The Acquisition is conducted in accordance with procedures stipulated in this Policy;
- 2) The Acquisition will not cause damage to the Company's corporate value and the common interests of the shareholders by the following:
  - (1) Accumulating shares with the intent of requiring the Company to buy them back at a higher price;
  - (2) Temporarily taking control of the management of the Company and running the Company in the interests of the Acquirer at the expense of the Company, such as acquiring the Company's important assets at low prices;
  - (3) Pledging assets of the Company as collateral for debts of the Acquirer or its group companies or using the Company's funds to repay such debts; or
  - (4) Temporarily taking control of management of the Company and selling valuable assets that are currently not related to the Company's businesses and declaring temporarily high dividends with profits from the disposition, or selling the shares at a higher price after the share price rose due to temporarily high dividends;
- 3) The Acquisition would not coerce shareholders into selling their shares in situations such as two-tiered takeovers (takeovers that coerce shareholders into accepting a higher priced front-end tender offer by setting unfavorable terms or not specifically indicating terms for the back end of the transaction, without offering to buy all shares at the front end);
- 4) The Acquisition gives the Company a reasonable period of time to make proposals for alternatives to the subject Acquisition;
- 5) The Acquisition provides, or sufficiently provides, in light of the current or future shareholding rate or other relevant information of such Acquirer, the shareholders of the Company with information to examine the substance of the Acquisition, such as summary information of the Acquirer (including the information set forth in Appendix 2, Section 1), how the price for the Acquisition was calculated (including the information set forth in Appendix 2,

Section 3), evidence of the funds for the Acquisition (including the information set forth in Appendix 2, Section 4), and management policy, business plan, capital policy and dividend policy after the Acquisition (including the information set forth in Appendix 2, Section 5);

- 6) The conditions of the Acquisition (including the information set forth in Appendix 2, Sections 2 and 6) are not insufficient or inadequate, taking into consideration the intrinsic value of the Company;
- 7) The Acquisition will not violate the applicable laws and the Company's articles of incorporation;
- 8) The acts of the Acquirer as shareholder will not adversely affect the management of the Company and will not materially harm the Company's corporate value and the common interests of the shareholders; and
- 9) The Acquisition will not materially harm the Company's corporate value and the common interests of the shareholders in accordance with the applicable laws, administrative advice, court decisions or rules of the stock exchanges.

## 5. Effective Period of This Policy

The effective period of the Policy will be one year, starting on July 1, 2020 and ending on June 30, 2021.

The Independent Committee of Outside Directors will review the continuation, revision, or abolishment of the Policy each year, in March and after the Ordinary General Meeting of Shareholders. The Independent Committee of Outside Directors will propose the result of that review to the Board of Directors, who will accordingly determine to continue, revise or abolish the Policy. The term of each Company director is one (1) year. Each director is appointed at the ordinary shareholders meeting held every June. Since the Company does not have a staggered board or restrictions on dismissing directors, any director may be appointed or dismissed at a shareholders meeting, and the Board of Directors made up of the directors appointed at such shareholders meeting will receive proposals of the Independent Committee of Outside Directors, and it will be possible for the Board of Directors to resolve to abolish this Policy that the Rights will not be issued.

In this regard, the Company believes that this Policy can fully reflect the shareholders' intentions with regard to adopting, maintaining, continuing or abolishing this Policy.

Even during the effective period of this Policy, if necessary, the Company may review or abolish this Policy, or adopt different measures based on the Independent Committee of Outside Directors' examination.

## 6. Major Terms of the Rights

The major terms of the Rights to be issued based on this Policy are as stated below. The Company registers the issuance of Rights in advance to expedite the issuance.

### 1) Shareholders Subject to the Allocation

The Company will allocate one (1) Right per share held by the shareholders (excluding those held by the Company) who are described or recorded on the last shareholders' list as of the date that the Board of Directors designates as the allocation date (the "Allocation Date") in the issuance resolution for the Rights (the "Issuance Resolution").

### 2) Type and Number of the Shares to Be the Object of the Rights

The type of the shares to be the object of the Rights will be common shares of the Company. The number of the shares to be the object of one (1) Right will be one (1) share or a number of shares that the Board of Directors designates in the Issuance Resolution.

### 3) Total Number of the Rights

The maximum number of the Rights will be the same as the total number of the last outstanding shares as of the Allocation Date (excluding the number of common shares held by the Company).

### 4) Price of Issuing the Rights

Free of charge

### 5) Amount Payable upon the Exercise of Rights

The amount payable per Right will be one (1) Japanese Yen.

### 6) Exercise Period of the Rights

The exercise period of the Rights will start on the issuance date of the Rights, as designated by the Board of Directors in the Issuance Resolution, and last for a period between one (1) month and two (2) months as designated by the Board of Directors in the Issuance Resolution.

### 7) Conditions to Exercise the Rights

- (1) (i) Specific large volume holders [i.e., (A) the holders<sup>9</sup> of shares issued by the Company<sup>10</sup> whose shareholding ratio<sup>11</sup> exceeds 20% or more or who are approved to be the holders of 20% or more by the Board of Directors,

<sup>9</sup> Including holders under the Financial Instruments and Exchange Act, Article 27-23(3)

<sup>10</sup> Defined in the Financial Instruments and Exchange Act, Article 27-23(1), the same applies below unless otherwise specified

<sup>11</sup> Defined in the Financial Instruments and Exchange Act, Article 27-23(4)

or (B) the persons who purchase<sup>12</sup> the shares issued by the Company<sup>13</sup> by TOB<sup>14</sup> and whose shareholding<sup>15</sup> ratio<sup>16</sup> after the purchase plus the shareholding ratio of his/her special interested persons<sup>17</sup> will be 20% or more; but excluding persons defined in any of the items (a) through (d) below] as of the date that the Rights are exercised or the Allocation Date; (ii) his or her co-owner<sup>18</sup> (when stipulated in item (A) above); (iii) his or her special interested persons (when stipulated in item (B) above); (iv) persons who succeeded to the Rights from the persons under (i) through (iii) above without the approval of the Board of Directors; or (v) persons deemed by the Board of Directors to be substantially the same as the persons under (i) through (iv) above, or controlled by such persons, or under the same control of such persons (hereinafter (i) through (v), collectively called "Specific Large Volume Holders"), are not allowed to exercise the Rights.

- (a) The Company, the subsidiaries of the Company (defined in Article 8(3) of the Regulations for the Terminology, Format and Method of Preparation of Financial Statements) or the affiliated companies of the Company (defined in Article 8(5) of the Regulations for the Terminology, Format and Method of Preparation of Financial Statements);
  - (b) A person who has acquired a 20% or greater shareholding without the intent to control the business activities of the Company and is deemed by the Board of Directors to be subject to item (A) or (B) above, and who has become not subject to item (A) or (B) above by disposing of shares of the Company within ten (10) days after becoming subject to item (A) or (B) above (which period may be extended by the Board of Directors);
  - (c) A person who is deemed by the Board of Directors to be subject to item (A) or (B) above for a reason not attributable to the person, such as a purchase of that person's own shares by the Company (excluding such person who additionally and intentionally purchased shares afterward); and
  - (d) A person whose position as a shareholder, according to the Board of Directors, will not be against the interests of the Company (provided that when a certain requirement that deems the person not to be against the interests of the Company is established by the Company, such requirement is fulfilled).
- (2) In addition to the provisions stipulated in (1) above, the Rights may not be exercised by those who do not represent that they are not Specific Large Volume Holders or who fail to submit documents that pledge the matters designated by the Board of Directors.

#### 8) Cancellation of the Rights

There are no provisions for reasons or conditions for cancelling the Rights.

#### 9) Assignment of the Rights

The assignment of the Rights will require the approval of the Board of Directors.

Based on 6.7) above, Specific Large Volume Holders may not exercise the Rights. If Specific Large Volume Holders are able to freely assign the Rights to third parties, the Company would not be able to achieve the purpose of preventing any purchase that will harm the Company's corporate value and the common interests of the shareholders. Therefore, the transfer of the Rights under this Policy is restricted. However, Specific Large Volume Holders may assign the Rights to a third party approved by the Board of Directors.

## 7. Impact on Shareholders

### 1) Impact on Shareholders at the Adoption of This Policy

Since the Rights will not be issued at the adoption of this Policy, there will be no specific direct impact on the shareholders' rights and interests.

### 2) Impact on Shareholders upon the Issuance of the Rights

If the Rights are issued, one (1) Right per share of the Company's common stock will be allocated, free of charge, to the shareholders as of the Allocation Date that will be separately stipulated in the Board of Directors' Issuance Resolution. If a shareholder fails to make the relevant payment or to take other relevant procedures regarding the exercise of the Rights during the exercise period, that shareholder's percentage of shares will be diluted by the other shareholders' exercise of the Rights.

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<sup>12</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(1), the same applies below

<sup>13</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(1)

<sup>14</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(6)

<sup>15</sup> Including those stipulated in the Order for Enforcement of the Financial Instruments and Exchange Act, Article 7(1)

<sup>16</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(8), the same applies below

<sup>17</sup> Defined in the Financial Instruments and Exchange Act, Article 27-2(7), provided that the persons stipulated in item 1 of such Article 27-2(7) are excluded except for those persons provided for under the Cabinet Order Article 3(2) regarding disclosure of the TOB by persons other than the issuer, the same applies below

<sup>18</sup> Defined in the Financial Instruments and Exchange Act, Article 27-23(5), including the persons deemed to be a co-owner under Article 27-23(6) of the Law



Further, the issuance of the Rights will become non-cancellable as of four (4) business days prior to the Allocation Date (including the Allocation Date). The reason for making the Rights non-cancellable as of the Allocation Date is to avoid any loss to shareholders besides the Acquirer due to confusion in the markets or loss of liquidity of the stock. By making the issuance of Rights non-cancellable there is no substantial doubt as to the amount and timing of the dilution of each share. Each share will be diluted but each shareholder will receive at least enough additional shares to offset such dilution. The shareholding percentage of each individual shareholder will either not change or slightly increase.

Even after the Independent Committee of Outside Directors decide on the issuance of the Rights, as mentioned in 3.3(1) above, if changes occur to the facts related, etc., that were the premises for the decision on the offer from the Acquirer, the Independent Committee of Outside Directors may revise its decision, including the cancellation of the issuance of the Rights. If the issuance of the Rights is cancelled, since there would then be no dilution of the value of each of the Company's shares, investors who purchased or sold shares on the assumption that there would be such a dilution may incur losses depending on the change of the value of the shares.

### 3) Necessary Procedures for Shareholders after the Issuance of the Rights

#### (1) Recording or Describing in the List of Shareholders

If the Board of Directors resolves that the Rights will be issued, the Company will publish the Allocation Date of the Rights. The Rights will be allocated to all shareholders who are described or recorded on the final list of shareholders as of the Allocation Date.

#### (2) Procedure of Application for the Rights

The Company will send the allocation notification of the Rights and the application form for the Rights to the shareholders who are described or recorded on the final list of shareholders as of the Allocation Date. The shareholders will be required to apply for the subscription of the Rights by properly filling in the form, placing a seal and submitting the form to the application-handling agent during the application period that was separately decided by the resolution of the Board of Directors. If the shareholders fail to make an application during the application period, they will lose the application rights and will not be able to subscribe for the Rights.

#### (3) Procedure for Exercise of the Rights

The Company will send the Rights exercise document (its form will be as specified by the Company and will contain the pledge by the shareholder that the shareholder is not a Specific Large Volume Holder) and other documents that are necessary to exercise the Rights to the shareholders who applied for the Rights during the application period. After exercising the Rights, one (1) common share or another number of common shares that is separately designated by the Issuance Resolution per Right will be issued, on the condition that during the exercise period, the shareholders will submit the Rights exercise document designated by the Company and pay one (1) Japanese Yen per Right to the payment-handling agent.

In addition to the above, the details of the methods for the application, the transfer of the registration of shares, payment, etc., will be published or notified to the shareholders after the resolution to issue the Rights. Please confirm the contents of such publication or notification.

The procedures of issuance and exercise of the Rights are, in principle, as stated above. However, the Board of Directors may take other procedures for issuance and exercise to the extent permitted by the laws and regulations at the time of issuance or exercise in order to avoid disadvantages to shareholders who do not subscribe to or exercise the Rights. In this case, the details of the necessary items will be also published or notified to the shareholders. Please confirm the contents of such publication or notification.

## 8. Satisfaction of the Requirements of Guidelines related to Takeover Defense Measures

This Policy is in accordance with the three (3) principles ((i) the principle of the protection and enhancement of the common interests of shareholders, (ii) the principle of prior disclosure and shareholder intent, and (iii) the principle of ensuring necessity and appropriateness) established by the "Guidelines related to Takeover Defense Measures to Protect and Enhance Corporate Value and the Common Interests of Shareholders" promulgated by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. This Policy is also based on "Regarding the Existence of Takeover Defense Measures based on Various Recent Changes in the Environment" announced in the Corporate Value Conference held on June 30, 2008.

End

## Outline of the Independent Committee of Outside Directors

### 1. Members

All outside directors of the Company

### 2. Resolution Requirements

Resolutions of the Independent Committee of Outside Directors shall be made, in principle, by the majority of all members, who are all required to attend the meeting of the Independent Committee of Outside Directors. In the event that any of the members cannot attend the meeting of the Independent Committee of Outside Directors, resolutions of the Independent Committee of Outside Directors can be made by the majority of present members whose number shall be a majority of all members.

### 3. Matters to Be Resolved, etc.

The Independent Committee of Outside Directors, in principle, shall decide the following matters and advise the Board of Directors on the content of the resolution together with its reason. However, with respect to the resolution for the non-issuance of the Rights and the extension of the Examination Period, the Independent Committee of Outside Directors will not give any advice to the Board of Directors, and the Independent Committee of Outside Directors will decide those matters. Each member of the Independent Committee of Outside Directors shall make their decision from the viewpoint of whether or not the matter will achieve the Company's corporate value and the common interests of the shareholders, and shall not take into consideration the member's personal interests or the interests of other directors or Corporate Officers of the Company:

- (i) Determination of whether an Acquisition is subject to this Policy;
- (ii) The information to be provided by the Acquirer and the Representative Corporate Officer and CEO to the Independent Committee of Outside Directors;
- (iii) Investigation and examination of the content of the Acquisition of the Acquirer;
- (iv) Negotiation with the Acquirer;
- (v) Examination of a proposed alternative to the Acquisition of the Acquirer submitted by the Representative Corporate Officer and CEO and presentation thereof to all of the shareholders;
- (vi) Issuance or non-issuance of the Rights, or an extension of the Examination Period by the Independent Committee of Outside Directors;
- (vii) Adoption, continuance, review, or abolition of this Policy;
- (viii) Examination and adoption of defense measures against share purchases other than under this Policy; and
- (ix) Other matters to be determined by the Board of Directors relating to this Policy or the Rights.

In making judgments regarding the above matters, the Independent Committee of Outside Directors will make efforts to sufficiently collect the necessary information in order to ensure appropriate judgments. Furthermore, the Independent Committee of Outside Directors may obtain advice from third parties independent from the Company Management, including without limitation financial advisors, CPAs, lawyers, consultants and other experts at the Company's expense.



## The Necessary Information

- (1) A profile of the Acquirer and its group (including its joint holders, its special affiliated persons, cooperators or other members of the partner if the Acquirer is a fund) including its specific name, capital relationship and financial details.

For Acquirers who are natural persons, provide such persons' principal occupation or employment for the past five years through the present, including the principal business and address of any corporation or other organization ("Entity") in which the occupation or employment is or was conducted, giving the applicable starting and ending dates for each employment, and the age and citizenship of such persons.

For Acquirers which are Entities, provide the following for such Entity and each of its significant subsidiaries: principal business of such Entity, the jurisdiction of organization, description of its capital stock and long-term debt financial statements for the past three years, description of any material pending legal proceedings to which such Entity or any of its properties is subject, a brief description of the business conducted, names of all directors and officers.

For all Acquirers, disclose if they have been (i) charged or convicted in a criminal proceeding in the past five years (excluding traffic violations or similar misdemeanors), and if any, the crime committed, the penalty (or other disposition) imposed, and the court involved, or (ii) a party to a judicial or administrative proceeding in the past five years that resulted in, or where the relief sought is, a judgment, decree or final order finding such person in violation of, or enjoining future violations or prohibiting activities related to, the Financial Instruments and Exchange Act or the Commercial Code of Japan, and shall disclose the terms of any such judgment, decree or order;

- (2) The purpose, method and terms of the Acquisition (including the type and amount of consideration to be offered, the expected timing of the Acquisition, any related transactions, legality of the Acquisition, and the Acquirer's belief as to the probability of success of the Acquisition);
- (3) The basis of the calculation for the price of the Acquisition (including the facts and assumptions that underlie the calculation, the calculation method, the numerical information which was used for the calculation, the amount of the synergy to be expected from any series of transactions relating to the Acquisition and the basis for such calculations);
- (4) The evidence of the funds for the Acquisition (including the specific name of the provider of the funds (including the substantial provider), the manner in which funds will be raised, and the terms of related transactions);
- (5) The proposed business policy, business plan, capital policy and dividend policy for the Company after the Acquisition (including a share transfer, transfer of business, merger, demerger, stock-for-stock exchange or stock-for-stock transfer, a sale of assets, a reorganization or liquidation, any change in present capital, dividend rates or policy, indebtedness or capitalization, any change in the present management of the Company, any change in the Company's corporate structure, business, business policy or business plan, the acquisition or deposition of securities of the Company, any delisting from a stock exchange, or any change in the Company's constituent documents or any extraordinary transaction);
- (6) The proposed policies regarding employees, business partners, customers, local communities in which the Company operates, and other stakeholders after the Acquisition;
- (7) Situation regarding necessary government approvals, business approvals, and regulatory compliance measures, consents, agreements and approvals necessary to be obtained from third parties, the potential application of anti-trust and/or other competition law and other material laws of jurisdictions in which the Company operates or sells products related to the Acquisition; and
- (8) Other information that the Independent Committee of Outside Directors reasonably deems necessary.

## 2 Consolidated Financial Statements

## Consolidated Statement of Changes in Equity From April 1, 2021 To March 31, 2022

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Financial assets measured at fair value through other comprehensive income (loss)	Remeasurements of defined benefit plans
<b>As of April 1, 2021</b>	44,986	77,628	(34,049)	507,976	—	—
Changes in accounting policies	—	—	—	(1,573)	—	—
<b>As of April 1, 2021 (Restated)</b>	44,986	77,628	(34,049)	506,403	—	—
Profit for the year	—	—	—	47,954	—	—
Other comprehensive income (loss)	—	—	—	—	(847)	(1,057)
<b>Comprehensive income (loss) for the year</b>	—	—	—	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	—	—
<b>Total transactions with owners</b>	—	(24)	113	(47,774)	847	1,057
<b>As of March 31, 2022</b>	44,986	77,605	(33,936)	506,583	—	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Equity attributable to owners of the parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity			
<b>As of April 1, 2021</b>	106,710	(69)	106,641	703,183	24,759	727,942
Changes in accounting policies	(9)	—	(9)	(1,582)	—	(1,582)
<b>As of April 1, 2021 (Restated)</b>	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
<b>Comprehensive income (loss) for the year</b>	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
<b>Total transactions with owners</b>	—	—	1,904	(45,781)	178	(45,603)
<b>As of March 31, 2022</b>	153,584	—	153,584	748,821	22,712	771,534

## Notes to Consolidated Financial Statements

### SIGNIFICANT BASIC ITEMS FOR CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Basis of preparing Consolidated Financial Statements

Consolidated financial statements of Eisai Co., Ltd. (“the Company”) and its affiliates (collectively referred to as “the Group”) are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) based on Article 120, paragraph 1 of the Ordinance on Company Accounting. The consolidated financial statements omit certain disclosures, which are required by IFRS, based on Article 120, the latter part of paragraph 1 of the Ordinance on Company Accounting.

#### 2. Scope of consolidation

##### (1) Number of consolidated subsidiaries and names of significant subsidiaries

Subsidiaries: 48 companies

Major subsidiaries:

EA Pharma Co., Ltd.

Eisai Inc.

Eisai China Inc.

##### (2) Change in scope of consolidation

Increase: 2 companies (due to acquisition of shares and new establishment)

#### 3. Equity method

The number of the associated companies accounted for using the equity method (associated company and equity in joint ventures): 2 companies

Names of the associated companies accounted for using the equity method

Bracco-Eisai Co., Ltd.

Unlimit Health Limited

#### 4. Fiscal year-end of subsidiaries

The fiscal year-end for Eisai China Inc. and six other subsidiaries is December 31. The fiscal year-end for Arteryx Inc. is February 28. The provisional financial statements available at the consolidated fiscal year-end date are used when preparing the consolidated financial statements.

#### 5. Accounting policies and methods

##### (1) Measurement and valuation of significant assets

###### ① 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).

###### (a) Financial assets measured at amortized cost

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

- The assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows
- 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.

###### (b) FVTOCI financial assets (Debt financial assets)

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

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

- 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 their sale are recognized in other comprehensive income.

(c) 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 their sale 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.

(d) 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 their sale are recognized as financial income/expenses after initial recognition.

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

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 assets 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.

2 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.

(2) Depreciation and amortization of significant depreciable assets

1 Property, plant and equipment

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:

Buildings	15 to 50 years
Machinery and equipment	5 to 20 years
Right-of-use assets	3 to 20 years

**2 Intangible assets**

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:

Sales rights	5 to 15 years
Core technology	20 years
Software	5 years

Intangible assets with indefinite useful lives or not yet available for use are not amortized, but an impairment test for those assets is performed at the same time every year or when there is an indication that the assets might be impaired.

**(3) Accounting for significant allowances and 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 probable 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.

**1 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.

**2 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, and is based on an estimated usage period determined by past results of restoration and the useful lives of additional fixtures in the rental buildings.

**3 Provision for restructuring costs**

Provision for restructuring costs is mainly related to restructuring of the business organization. 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.

**(4) Accounting for employee benefits****1 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 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.

**② Termination benefits**

Termination benefits are provided in case that the Group decides to terminate an employee 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.

**(5) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen**

Each company in the Group determines its own functional currency for its separate financial statements, and transactions in 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 the transactions or approximations of rates at the date of the 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.

**(6) Significant 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.

Movements of 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:

**① 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.

**② Cash flow hedges**

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

**(7) 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 business combinations. 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 the 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.

## (8) 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

### ① 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 the 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.

### ② 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 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 the subsequent sales occur or the performance obligations allocated to sales-based royalties are satisfied, whichever is later.

### ③ 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.

## (9) Other significant basic items for preparation of consolidated financial statements

### ① 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 are rounded to the nearest million yen.

## 6. 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 the Group has any major impact on the consolidated financial statements for the fiscal year ended March 31, 2022.

Accounting standards and interpretations		Description
IFRS 4	Insurance Contracts	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 7	Financial Instruments: Disclosures	
IFRS 9	Financial Instruments	
IFRS 16	Leases	
IAS 39	Financial Instruments: Recognition and Measurement	
IFRS 16	Leases	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.

As a result, compared to the amounts prior to the retroactive application, the beginning balance of the retained earnings for the fiscal year ended March 31, 2022 decreased by ¥1,573 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, 2022.

## 7. Notes on accounting estimates

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.

### (1) Impairment test of goodwill and intangible assets

The amounts of goodwill and intangible assets recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2022 were ¥191,758 million and ¥95,451 million, respectively.

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.

### (2) Evaluation of fair value of financial instruments

The amount of financial assets measured at fair value recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2022 was ¥42,698 million.

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.

### (3) Post-employment benefits

The amounts of assets related to post-employment benefits and liabilities related to post-employment benefits recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2022 were ¥17,411 million and ¥10,832 million, respectively.

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.

### (4) Income taxes

The amounts of deferred tax assets and deferred tax liabilities recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2022 were ¥76,622 million and ¥483 million, respectively.

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.

#### [NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION]

##### 1. Loss allowance directly reducing the carrying amount of the assets

Trade and other receivables	¥575 million
Other financial assets	¥250 million

##### 2. Accumulated depreciation of assets (including accumulated loss on impairment)

Accumulated depreciation of property, plant and equipment	¥229,155 million
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#### [NOTES TO CONSOLIDATED STATEMENT OF INCOME]

##### 1. Revenue

###### (1) Disaggregation of 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 year ended March 31, 2022 was recognized based on contracts with customers.

(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, 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 were included in license revenue.

###### (2) Contract balances

Receivables arising from contracts with customers and contract liabilities at the end of the fiscal year ended March 31, 2022 were as follows. The Group does not have any significant contract assets.

(Millions of yen)

	As of March 31, 2022	As of April 1, 2021
Receivables arising from contracts with customers	194,048	147,389
Contract liabilities (Note 1)	189	573

(Note 1) Revenue recognized for the fiscal year ended March 31, 2022 that was included in the contract liabilities at the beginning of the period was ¥384 million.

For variable consideration such as milestone payments, the Group judges the performance obligations are satisfied when a customer obtains control of the license at the point in time that the license is granted. The Group recognizes the revenue when the performance obligations are satisfied and the uncertainty associated with the variable consideration is subsequently resolved.

For the fiscal year ended March 31, 2022, revenue recognized from performance obligations satisfied in prior periods was ¥70,518 million.

### (3) Transaction price allocated to remaining performance obligations

The Group does not have any significant contracts with an expected term of more than one year. In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

## 2. Cost of Sales

For the fiscal year ended March 31, 2022, estimated projected cash flows related to AD treatment Aduhelm decreased due to changes in the business environment and other factors. As the recoverable amount of the associated sales rights is less than the carrying amount, the Group recorded the total carrying amount of ¥7,989 million for sales rights as impairment losses in cost of sales.

## 3. Employee benefits

For the fiscal year ended March 31, 2022, the Company recorded termination benefits (premium retirement payments) of ¥2,894 million due to a voluntary retirement program. Breakdown of the termination benefits by item was cost of sales of ¥240 million, selling, general and administrative expenses of ¥2,461 million and research and development expenses of ¥192 million.

## 4. Selling, general and administrative expenses

For the fiscal year ended March 31, 2022, the Group recorded shared profit of ¥90,705 million for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA as selling, general and administrative expenses.

## 5. Research and Development expenses

For the 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. Other income

For the 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.

## [NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY]

### 1. Total number of shares issued and outstanding at the end of the fiscal year ended March 31, 2022

Common shares 296,566,949 shares

### 2. Dividends

#### (1) Dividends paid in the fiscal year ended March 31, 2022

- ① The following was resolved by the Board of Directors on May 12, 2021.

Items related to dividends on common shares

a) Total amount of dividends paid	¥22,933 million
b) Cash dividends per share	¥80.00
c) Record date	March 31, 2021
d) Effective date	May 21, 2021

- ② The following was resolved by the Board of Directors on November 1, 2021.

Items related to dividends on common shares

a) Total amount of dividends paid	¥22,940 million
b) Cash dividends per share	¥80.00

c) Record date	September 30, 2021
d) Effective date	November 19, 2021

(2) Dividends to be paid in the following fiscal year, for which the record date is within the fiscal year ended March 31, 2022

① The following will be resolved at the Board of Directors' meeting on May 13, 2022.

Items related to dividends on common shares

a) Total amount of dividends to be paid	¥22,941 million
b) Source of dividends to be paid	Retained earnings
c) Cash dividends per share	¥80.00
d) Record date	March 31, 2022
e) Effective date	May 25, 2022

**3. Type and number of treasury shares owned as of the end of the fiscal year ended March 31, 2022**

Common shares 9,862,643 shares

(Note) Of the Company's treasury shares, 61,510 shares are held through a trust.

**4. Class and number of shares to be issued for stock options as of the end of the fiscal year ended March 31, 2022**

Common shares 58,900 shares

**[FINANCIAL INSTRUMENTS]**

**1. Financial instruments – Overview**

The Group holds surplus funds in safe and highly liquid financial assets and finances itself by borrowing from financial institutions and issuing bonds and debentures.

Credit risks of trade and other receivables are reduced in accordance with credit management based on the Group's credit control procedures.

Foreign currency exchange risks of trade and other receivables in foreign currencies are reduced through the use of forward exchange contracts. Interest rate risks in relation to long-term borrowings are reduced through the use of interest rate swap transactions. Derivative transactions are used in order to avoid the risk related to currency exchange or change in interest rate, and the Group does not intend to enter into these transactions for speculative purposes.

Market price fluctuation risk for equity securities is reduced by regularly monitoring the market value and financial conditions of the issuers (business partners).

**2. Fair value of financial instruments**

**(1) Fair value measurement**

Fair value measurement of the Group's significant financial assets and liabilities is as follows:

**① Securities**

Securities are consisted mainly of listed securities. The fair value of listed securities is measured based on market values. The fair value of non-listed securities is measured by using the book value net asset method, multiple method and profit return method. In the multiple method, similar listed companies of the target company are selected and the fair value of the target company is calculated using the stock index of the similar listed companies. In the profit return method, the cost of shareholders' equity of the target company is used as the profit return rate, and the fair value is calculated from the profit amount of the target company. However, for investment in venture companies, the fair value is calculated based on the latest independent third-party transaction prices and the information on finance prices.

**② Derivative assets and liabilities**

Derivative assets and liabilities are measured using price information provided by correspondent financial institutions.

**③ Borrowings**

The carrying amount of variable interest rate borrowings is deemed to be the fair value as the interest rate approximates the market rate.

The fair value of fixed interest rate borrowings is calculated by discounting the total amount of principal and interest payments by the interest rates that would presumably apply if similar borrowings were newly made.

**(2) Carrying amount and fair value**

The carrying amount of financial instruments as of the end of the fiscal year ended March 31, 2022, corresponds to or approximates the fair value.

**3. Breakdown of Financial instruments**

The level of fair value measurement in the Group is divided into the following three levels according to the observability in the market.

Level 1: Fair value is measured by quoted prices in active markets

Level 2: Fair value is measured by using inputs other than Level 1 that are observable, either directly or indirectly

Level 3: Fair value is measured by using unobservable inputs

Breakdown of the fair value by level within the fair value hierarchy of financial instruments for the fiscal year ended March 31, 2022 is as follows.

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Securities	—	579	5,460	6,039
Guarantee deposits	—	2,959	—	2,959
Other	—	411	—	411
Financial assets measured at fair value through other comprehensive income				
Securities	25,236	—	8,052	33,288
Total	25,236	3,949	13,512	42,698
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	3,694	—	3,694
Total	—	3,694	—	3,694

**[PER SHARE INFORMATION]**

Equity per share attributable to owners of the parent	¥2,611.82
Earnings per share attributable to owners of the parent (basic)	167.27
Earnings per share attributable to owners of the parent (diluted)	167.25

(Note) The Company's shares held through a trust are included in the treasury shares that are deducted from the calculation of per share information above.

**[SIGNIFICANT SUBSEQUENT EVENTS]**

Not applicable

### 3 Financial Statements

## Nonconsolidated Statement of Changes in Equity (From April 1, 2021 To March 31, 2022)

(Millions of Yen)

	Shareholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings				Total retained earnings
		Capital reserve	Other capital surplus	Subtotal		Other retained earnings				
						Reserve for advanced depreciation of non-current assets	Reserve for specified asset acquisition	General reserve	Unappropriated retained earnings	
<b>As of April 1, 2021</b>	44,986	55,223	2,999	58,222	7,900	141	—	337,880	80,469	426,390
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	(1,073)	(1,073)
<b>Balance at beginning of year after changes in accounting policies</b>	<b>44,986</b>	<b>55,223</b>	<b>2,999</b>	<b>58,222</b>	<b>7,900</b>	<b>141</b>	<b>—</b>	<b>337,880</b>	<b>79,396</b>	<b>425,318</b>
Changes in the year										
Dividends	—	—	—	—	—	—	—	—	(45,878)	(45,878)
Net income	—	—	—	—	—	—	—	—	6,741	6,741
Provision of reserve for specified asset acquisition	—	—	—	—	—	—	200	—	(200)	—
Disposal of treasury stock	—	—	18	18	—	—	—	—	—	—
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—	—
Changes in items other than shareholders' equity-net	—	—	—	—	—	—	—	—	—	—
Net changes in the year	—	—	18	18	—	—	200	—	(39,337)	(39,137)
<b>As of March 31, 2022</b>	<b>44,986</b>	<b>55,223</b>	<b>3,017</b>	<b>58,240</b>	<b>7,900</b>	<b>141</b>	<b>200</b>	<b>337,880</b>	<b>40,060</b>	<b>386,180</b>

	Shareholders' equity		Valuation difference and translation adjustments			Stock options	Total equity
	Treasury stock	Subtotal	Valuation difference on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Subtotal		
<b>As of April 1, 2021</b>	(34,204)	495,394	12,716	(69)	12,647	53	508,094
Cumulative effects of changes in accounting policies	—	(1,073)	—	—	—	—	(1,073)
<b>Balance at beginning of year after changes in accounting policies</b>	<b>(34,204)</b>	<b>494,321</b>	<b>12,716</b>	<b>(69)</b>	<b>12,647</b>	<b>53</b>	<b>507,021</b>
Changes in the year							
Dividends	—	(45,878)	—	—	—	—	(45,878)
Net income	—	6,741	—	—	—	—	6,741
Provision of reserve for specified asset acquisition	—	—	—	—	—	—	—
Disposal of treasury stock	141	159	—	—	—	—	159
Acquisition of treasury stock	(28)	(28)	—	—	—	—	(28)
Changes in items other than shareholders' equity-net	—	—	(2,121)	69	(2,052)	(26)	(2,078)
Net changes in the year	113	(39,006)	(2,121)	69	(2,052)	(26)	(41,084)
<b>As of March 31, 2022</b>	<b>(34,091)</b>	<b>455,315</b>	<b>10,595</b>	<b>—</b>	<b>10,595</b>	<b>27</b>	<b>465,938</b>

Consolidated Financial Statements  
Financial Statements

## Notes to Nonconsolidated Financial Statements

### [NOTES ON MATTERS RELATED TO SIGNIFICANT ACCOUNTING POLICIES]

#### 1. Measurement and cost basis for marketable and investment securities

##### (1) Investment in subsidiaries and associated companies

Measured at cost determined by the moving-average method

##### (2) Available-for-sale securities

Securities except ones without market price

Measured at fair value as of the fiscal year-end date (Unrealized gains/losses, net of applicable taxes, are reported in a separate component of equity. The cost of securities sold is determined by the moving-average method.)

Securities without market price

Measured at cost determined by the moving-average method.

Investments in partnership considered as securities in accordance with Article 2, paragraph 2 of the Financial Instruments and Exchange Act of Japan are stated at the amount of net shares based on their financial statements at reporting dates designated by partnership agreements.

#### 2. Measurement and cost formula for derivatives

Measured at fair value

#### 3. Measurement and cost formula for inventories

Merchandise, finished goods, work-in-process, raw materials and supplies

The Company records inventories at cost determined by the weighted-average cost method. (The carrying amount of inventories is written down in cases of a decrease in net realizable value.)

#### 4. Depreciation and amortization

##### (1) Property, plant and equipment (excluding leased assets)

The straight-line method is applied. The estimated main useful lives of the significant property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	6 to 7 years

##### (2) Intangible assets (excluding leased assets)

The straight-line method is applied. The main amortization periods of the significant intangible assets are as follows:

Software for internal use	5 years
Sales rights	5 to 15 years

##### (3) Leased assets

Finance lease transactions that do not transfer ownership

Leased assets are depreciated by the straight-line method over the useful life of the lease period and with a residual value of zero.

#### 5. Accounting for allowances and provisions

##### (1) Allowance for doubtful accounts

To account for potential losses on notes and accounts receivable, loans receivable and other items, estimated uncollectable amounts are provided. For general accounts, allowances are calculated based on past credit loss experience. For specific accounts, such as those with the possibility of default, uncollectable allowances are calculated based on respective collectability.

##### (2) Liability for retirement benefits

For employee retirement benefits, the Company provides a liability for retirement benefits to be determined at the fiscal year-end date, which is derived from the projected benefit obligations and estimated plan assets at the fiscal year-end date.

Projected retirement and severance benefit obligations attributed to the fiscal year-end date are calculated on a benefit formula basis.

Prior service costs are amortized over five years by the straight-line method and recognized as operating expenses starting from the revision date.

Actuarial gains/losses are amortized over five years by the straight-line method and recognized as operating expenses starting from the fiscal year subsequent to the fiscal year during which each gain/loss was incurred.

#### 6. Translation of assets and liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the fiscal year-end date. Foreign exchange gains/losses from translation are recognized in profit or loss.

#### 7. Accounting for revenue and costs

(Accounting for revenue)

The Company applies Accounting Standards Board of Japan ("ASBJ") statement No. 29 "Accounting Standard for Revenue Recognition" (March 31, 2020) and ASBJ Guidance No. 30 "Implementation Guidance on Accounting Standard for Revenue Recognition" (March 26, 2021). Revenue from contracts with customers is recognized based on the following five-step approach. Considerations of revenue recognized by the Company are usually received within one year from satisfaction of performance obligations and do not include any important 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



**1 Revenue from pharmaceutical goods sales**

The Company usually recognizes revenue from pharmaceutical goods sales on delivery of the goods as the Company 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 the 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.

**2 License revenue**

The Company 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, the Company judges the performance obligations are satisfied when the customer obtains control of the license at the point in time that the license is granted, and the Company recognizes the revenue at that point in time.

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

**3 Co-promotion revenue (provision of services)**

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

**8. Hedge accounting****(1) Hedge accounting**

The Company defers gains/losses from measurement of derivatives until maturity of the hedging transactions.

**(2) Hedging instruments and hedged items****1 Hedging instruments**

Forward exchange contracts, currency options and interest rate swaps

**2 Hedged items**

Receivables and payables for ordinary business, including committed transactions denominated in foreign currencies and borrowings

**(3) Hedge policy**

The Company uses hedging transactions in the ordinary course of business under its internal rules to reduce the exposure of fluctuations in foreign currency exchange rates (securement of fixed cash flows).

The Company uses hedging transactions, in the ordinary course of business under its internal rules, to reduce the exposure of fluctuations in interest rates on its borrowings (securement of fixed cash flows).

**(4) Evaluation of effectiveness of hedges**

The hedge effectiveness of forward exchange contracts assigned to receivables and payables in foreign currencies is evaluated by comparing market fluctuations of the hedging instruments with those of the hedged items.

The effectiveness of derivatives used for hedged borrowings is evaluated by comparing the cumulative cash flow fluctuations of the hedged items or market fluctuations with cumulative cash flow fluctuations of the hedging instruments or market fluctuations.

**9. Other significant accounting policies for nonconsolidated financial statements****(1) Application of the consolidated tax payment system**

The Company has applied the consolidated tax payment system.

**(2) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System**

From the next fiscal year, the Company will shift from the consolidated taxation system to the group tax sharing system. However, the Company has applied the provision of the tax law before the amendment for deferred tax assets and deferred tax liabilities, regarding the items of the transition to the group tax sharing system established in Partial Amendment of the Income Tax Act, etc. (Act No.8 of 2020) and the reform of the single tax payment system. The Company has not applied paragraph 44 of Accounting Standards Board of Japan ("ASBJ") Guidance No. 28 "Accounting Standard for Tax Effect Accounting" (February 16, 2018), according to paragraph 3 of ASBJ PITF No. 39 "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (March 31, 2020).

From the beginning of the next fiscal year, the Company will apply ASBJ PITF No.42 "Practical Solution on the Treatment of Accounting and Disclosure when applying the Group Tax Sharing System" (August 12, 2021) that stipulates the accounting treatment and disclosure of corporate tax, local corporate tax, and tax effect accounting when the group tax sharing system is applied.

**(3) Presentation unit**

Figures less than ¥1 million are rounded to the nearest million yen.

**[NOTES ON ACCOUNTING ESTIMATES]**

Items that required management estimates and assumptions were as follows. Underlying assumptions for estimation were continuously reviewed. Effects of changes in estimates were 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.

**1. Impairment test of Sales rights**

The amount of sales rights recorded in the financial statements at the end of the fiscal year ended March 31, 2022 was ¥28,456 million.

If the impairment indicator exists, the asset and asset group are reviewed for impairment. If the carrying value of the asset and asset group exceed its estimated undiscounted future cash flows, the asset and asset group are considered impaired. The impairment loss is recorded for the amount by which the carrying value of the asset exceeds its recoverable amount that is the present value of estimated net cash flows.

**2. Liability for retirement benefits**

The amount of liability for retirement benefits and prepaid pension costs recorded in the financial statements at the end of the fiscal year ended March 31, 2022 were ¥3,798 million and ¥18,055 million, respectively.

Liability for retirement benefit and prepaid pension costs are affected by assumptions used for actuarial calculation. Discount rate, future payroll level, turnover and mortality rates used for assumptions are determined based on the latest market data and statistics.

**3. Recoverability of deferred tax assets**

The amount of deferred tax assets recorded in the financial statements at the end of the fiscal year ended March 31, 2022 was ¥34,390 million. Deferred tax assets are recognized only when it is probable that taxable profit will be available against which the deductible temporary differences, tax loss carryforwards can be utilized. Based on its business plan and other factors, the Company makes reasonable estimates of the period and the amount of taxable profit will be available in future period, and evaluates the potential taxable profit.

**[NOTES TO CHANGES IN ACCOUNTING POLICY]**

As described in paragraph "6. Changes in accounting policies" of Notes to Consolidated Financial Statements, the Company 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 configurations or customization in a cloud computing. The changes are applied retroactively.

As a result, compared to the amounts prior to the retroactive application, in the statement of shareholders' equity, the balance of retained earnings at the beginning of the current fiscal year decreased by ¥1,073 million due to the cumulative impact of the changes in accounting policies.

**[NOTES TO NONCONSOLIDATED BALANCE SHEET]****1. The amount of accumulated depreciation of property, plant and equipment (including accumulated loss on impairment)**

¥141,492 million

**2. Guarantee obligations**

(Millions of yen)

Guarantee	Details	Amount
Eisai Manufacturing Ltd.	Commitment to guarantee payables relating to the strategic collaboration with Merck & Co., Inc., Rahway, NJ, USA	29,697

**3. Monetary receivables/payables from/to subsidiaries and associated companies**

Short-term monetary receivables

¥38,873 million

Short-term monetary payables

¥131,200 million

**4. Monetary payables to directors and executive officers**

¥850 million

(Note) The monetary payables represent the unpaid provision for retirement allowances for directors and executive officers, which was abolished in June 2010.

**[NOTES TO NONCONSOLIDATED STATEMENT OF INCOME]****1. Related-party transactions with subsidiaries and associated companies**

Operating transactions

Net sales

¥94,217 million

Purchases

¥61,502 million

Other operating transactions

¥154,699 million

Non-operating transactions

¥10,522 million

**2. Main components of selling, general and administrative expenses**

Research and development (R&amp;D) expenses

¥125,095 million

**[NOTES TO NONCONSOLIDATED STATEMENT OF CHANGES IN EQUITY]****1. Type and number of shares of treasury stock owned at the end of the fiscal year ended March 31, 2022:**

Common stock 9,862,643 shares

(Note) Of the Company's treasury shares, 61,510 shares are held through a trust.

**[TAX EFFECT ACCOUNTING]****1. Main items included in deferred tax assets and liabilities**

Deferred tax assets	
Entrusted R&D expenses	¥14,226 Million
Deferred charges for tax purposes	9,293
Advanced payment	4,899
Bonus provisions	2,503
Excess depreciation of noncurrent assets	2,275
Others	6,727
Subtotal	39,923
Valuation allowance	(821)
Total deferred tax assets	39,102
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(4,650)
Others	(62)
Total deferred tax liabilities	(4,712)
Net deferred tax assets	34,390

**2. Reconciliation between the statutory tax rate and the effective income tax rate**

Statutory tax rate	30.5 %
(Reconciliation)	
Expenses not permanently deductible for income tax purposes, such as entertainment	2.3
Income not permanently taxable for income tax purposes, such as dividend income	(8.2)
Foreign tax credits	(14.4)
Tax credit for experiment and research expenses	(56.4)
Valuation allowances	6.0
Others	(2.2)
Effective income tax rate	(42.5) %

**[RELATED-PARTY TRANSACTIONS]****1. Subsidiaries and associated companies**

Association	Company name	Voting rights (or ownership) (%)	Relationship with related party	Transaction details	Transaction amount (Millions of yen)	Account item	Balance at the end of period (Millions of yen)
	Eisai Inc.	Indirect 100.00	Entrusting R&D and selling products	Payments of entrusted R&D expenses	69,171	Accounts payable-other	68,118
				Payments of adjustment for intercompany cost allocation of ADUHELM and others (Note 1)	47,964		
Subsidiary	Eisai Manufacturing Ltd.	Indirect 100.00	Selling and Purchasing products	Product sales and receiving royalties	14,047	Accounts receivable-trade	8,586
				Pharmaceutical purchasing	44,541	Accounts payable-other	9,548
				Guarantee obligations (Note 2)	29,697	Accounts payable-trade	4,737
				Deposits of cash	30,640	Deposits received	26,487
	EA Pharma Co., Ltd.	Direct 60.00	Selling products	Payments of interests (Note 3)	19	—	—
	Eisai (Suzhou) Trading Co., Ltd.	Indirect 100.00	Selling products	Product sales (Note 4)	36,813	Accounts receivable-trade	10,353

(Note 1) Transaction prices for entrusting pharmaceutical product research and development with Eisai Inc. are actual expenses related to clinical research by marking up the amounts based on the contract between the Company and Eisai Inc. The amounts of adjustment for intercompany cost allocation of ADUHELM are decided based on the contract between the Company and Eisai Inc.

(Note 2) The terms and conditions of the transaction for pharmaceutical selling and purchasing are negotiated with reference to the market price, and other factors. Payables relating to the strategic collaboration with Merck & Co., Inc., Rahway, NJ, USA are guaranteed.

(Note 3) The borrowing and lending of cash is processed through CMS (Cash Management System), and the amount is represented by an average balance during the fiscal year. Interests on deposits are decided reasonably, considering the market interest rate.

(Note 4) The terms and conditions of the transaction for pharmaceutical selling are negotiated with reference to the market price, and other factors.

**[PER SHARE INFORMATION]**

Shareholders' equity per share	¥1,625.06
Basic earnings per share	¥23.51
Diluted earnings per share	¥23.51

(Note) The Company's stock held through a trust is included in treasury stock, which is deducted from the number of shares outstanding in the calculation of this per share information.

**[REVENUE RECOGNITION]****1. Information to enable users of financial statements to understand revenue**

The note is stated on "7. Accounting for revenue and costs" under [NOTES ON MATTERS RELATED TO SIGNIFICANT ACCOUNTING POLICIES].

**[SIGNIFICANT SUBSEQUENT EVENTS]**

Not applicable.