CONSOLIDATED FINANCIAL REPORT [IFRS]
for Fiscal 2022 (Year Ended March 31, 2023)

May 15, 2023
Eisai Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange (TSE)
TSE Code: 4523
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Expected date of ordinary general meeting of shareholders: June 21, 2023
Expected date of annual report submission: June 21, 2023
Expected date of dividend payment commencement: May 29, 2023
Preparation of annual supplementary explanatory material: Yes
Annual results briefing held: Yes

(Figures are rounded to the nearest million yen)

1. Consolidated Annual Financial Results (April 1, 2022 – March 31, 2023)

(1) Consolidated Operating Results

(Percentage figures show year on year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Comprehensive income for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2022	744,402	-1.6	40,040	-25.5	45,012	-17.3	56,836	24.3	55,432	15.6	96,893	6.7
FY 2021	756,226	17.1	53,750	4.3	54,458	4.1	45,717	8.1	47,954	14.3	90,777	28.1

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)	Profit ratio to equity attributable to owners of the parent	Profit before income taxes ratio to total assets	Operating profit ratio to revenue
	(¥)	(¥)	(%)	(%)	(%)
FY 2022	193.31	193.31	7.2	3.6	5.4
FY 2021	167.27	167.25	6.6	4.7	7.1

(Reference) Equity in earnings of affiliates: for FY 2022: ¥7 million, for FY 2021: -¥160 million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of March 31, 2023	1,263,350	822,571	799,959	63.3	2,789.32
As of March 31, 2022	1,239,315	771,534	748,821	60.4	2,611.82

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
FY 2022	-1,772	-22,723	-24,522	267,350
FY 2021	117,590	-28,848	-48,967	309,633

2. Dividends

	Annual dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity attributable to owners of the parent ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
FY 2021	—	80.00	—	80.00	160.00	45,881	95.7	6.3
FY 2022	—	80.00	—	80.00	160.00	45,904	82.8	5.9
FY 2023 (Forecast)	—	80.00	—	80.00	160.00		120.7	

3. Consolidated Financial Forecast for Fiscal 2023 (April 1, 2023 – March 31, 2024)

(Percentage figures show year on year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal Year	712,000	-4.4	50,000	24.9	52,000	15.5	39,000	-31.4	38,000	-31.4	132.60

* Explanatory Notes

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

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

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

1) Number of shares issued (including treasury shares)	As of March 31, 2023	296,566,949	As of March 31, 2022	296,566,949
2) Number of treasury shares	As of March 31, 2023	9,667,799	As of March 31, 2022	9,801,133
3) Weighted average number of shares outstanding	For FY 2022	286,757,124	For FY 2021	286,685,347

The Company's shares held through a trust (105,164 shares) are not included in the number of treasury shares as of the end of this fiscal year, but are included in the average number of shares outstanding as treasury shares that are deducted from the calculation of earnings per share.

(Reference) Non-consolidated Annual Financial Results (April 1, 2022 – March 31, 2023)

(1) Non-consolidated Operating Results

(Percentage figures show year on year change)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2022	359,949	-13.7	-3,884	—	-206	—	30,520	352.7
FY 2021	417,134	20.7	14,588	104.5	14,074	67.6	6,741	-4.4

	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
FY 2022	106.43	106.43
FY 2021	23.51	23.51

(2) Non-consolidated Financial Positions

	Total assets	Equity	Shareholders' equity ratio	Shareholders' equity per share
	(¥ million)	(¥ million)	(%)	(¥)
As of March 31, 2023	742,147	454,547	61.2	1,584.92
As of March 31, 2022	822,250	465,938	56.7	1,625.06

(Reference) Shareholders' equity:

As of March 31, 2023 ¥454,547 million March 31, 2022 ¥465,911 million

* This financial report is not subject to audit procedures by independent auditors.

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

(Caution concerning forward-looking statements)

Materials and information provided in this financial disclosure may contain "forward-looking statements" based on expectations, business goals, estimates, forecasts and assumptions that are subject to risks and uncertainties as of the publication date of these materials. Accordingly, actual outcomes and results may differ materially from these statements depending on a number of important factors. Please refer to pages 16-17, 55-64 for details with regard to the assumptions and other related matters concerning the consolidated financial forecast.

(Methods for obtaining supplementary materials and content of financial results disclosure meeting)

Supplementary materials are attached to this financial report. The Company plans to hold a financial results disclosure meeting for institutional investors and securities analysts on Monday, May 15, 2023. The handouts from the disclosure meeting will be made available on the Company's website after the event.

Supplemental Materials: Table of Contents

		(Page)
1. Overview of Operating Results and Other Information		
1) Overview of Operating Results and Financial Position for Fiscal 2022		
(1) Overview of Operations	·····	5
(2) Overview of Operating Results	·····	6
(3) Overview of Financial Position	·····	9
(4) Research & Development Pipeline, Alliances, and Other Events	·····	9
2) Outlook for the Future	·····	16
3) Basic Policy on Profit Appropriation and Dividend for Fiscal 2022/23	·····	17
2. Management Policy		
1) Corporate Concept	·····	17
2) Medium- to Long-Term Corporate Management Strategy and Issues that Need to be Addressed	·····	17
3) Basic Policy for Capital Strategy	·····	20
4) Enhancing Non-Financial Value including ESG and Information Disclosure	·····	21
5) Compliance and Risk Management	·····	22
3. Basic Approach to the Selection of Accounting Standards	·····	22
4. Consolidated Financial Statements and Major Notes		
1) Consolidated Statement of Income	·····	23
2) Consolidated Statement of Comprehensive Income	·····	24
3) Consolidated Statement of Financial Position	·····	25
4) Consolidated Statement of Changes in Equity	·····	27
5) Consolidated Statement of Cash Flows	·····	29
6) Notes to Consolidated Financial Statements		
(Going Concern)	·····	30
(Basis of Preparing Consolidated Financial Statements)	·····	30
(Significant Accounting Policies)	·····	31
(Significant Accounting Estimates and Judgments)	·····	44
(Segment Information)	·····	45
(Consolidated Statement of Income)	·····	48
(Earnings Per Share)	·····	52
(Consolidated Statement of Cash Flows)	·····	53
(Sale of Subsidiaries)	·····	54
(Significant Subsequent Events)	·····	54
5. Other		
1) Forecasts and Risk Factors	·····	55
2) Overview of the Eisai Group	·····	65
3) Proposed Changes in Directors and Corporate Officers	·····	69

1. Overview of Operating Results and Other Information

1) Overview of Operating Results and Financial Position for Fiscal 2022

(1) Overview of Operations

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

○ Alzheimer’s disease (AD) treatment Leqembi (lecanemab) obtained accelerated approval in the United States in January 2023, and we are expediting efforts to obtain regulatory approval and expand access in other countries around the world. By providing Leqembi as a new treatment option to eligible people living with AD, we are aiming to create social impact, including not only the clinical value of the drug, but also the economic value of improving patients’ and caregivers’ quality of life (QOL) and productivity, and reducing the financial burden of medical and long-term care. In addition, to contribute to relieving anxieties over health and reducing health disparities for all people living with dementia, we are building an ecosystem with solutions including a one-stop online health platform for dementia in China, and collaboration with other industries and non-profit organizations in Asia.

○ The Deep Human Biology Learning (DHBL) drug discovery and development system, which is based on the genomic and pathophysiological information associated with the underlying causes of disease, is now in operation. Based on our unique knowledge of human biology and genomic information obtained from high quality clinical samples, we focus on drug discovery for Eisai’s focus fields of neurodegenerative diseases and refractory cancers, as well as the global health field including neglected tropical diseases (NTDs).

(2) Overview of Operating Results

[Revenue and Profit]

○ The Group recorded the following consolidated financial results for the fiscal year from April 1, 2022 to March 31, 2023.

(¥billion)

	FY 2021	**FY 2022**	Year on year change (%)
Revenue	756.2	**744.4**	98.4
Cost of sales	174.8	**177.8**	101.7
Gross profit	581.4	**566.6**	97.4
Selling, general and administrative expenses	366.4	**358.3**	97.8
Research and development expenses	171.7	**173.0**	100.7
Operating profit	53.7	**40.0**	74.5
Profit before income taxes	54.5	**45.0**	82.7
Income taxes	8.7	**(11.8)**	―
Profit for the year	45.7	**56.8**	124.3
Profit for the year attributable to owners of the parent	48.0	**55.4**	115.6
Comprehensive income for the year	90.8	**96.9**	106.7
Earnings per share attributable to owners of the parent (basic) (yen)	¥167.27	**¥193.31**	115.6

○ While global brands such as anticancer agent Lenvima continued to grow, revenue decreased mainly due to decrease in sales milestone payments from Merck & Co., Inc., Rahway, NJ, USA (¥16.7 billion in this fiscal year and ¥69.2 billion in the previous fiscal year) as well as the recording of an upfront payment (¥49.6 billion) from Bristol Myers Squibb (the U.S.) under strategic collaboration for antibody drug conjugate MORAb-202 in the previous fiscal year. Revenue of pharmaceutical business increased significantly to ¥684.4 billion (110.9% year on year).

○ Regarding revenue from global brands, revenue for Lenvima, anticancer agent Halaven, antiepileptic agent Fycompa and insomnia treatment Dayvigo was ¥249.6 billion (129.8% year on year), ¥41.3 billion (104.9% year on year), ¥37.1 billion (116.5% year on year) and ¥29.4 billion (178.7% year on year), respectively.

○ Selling, general and administrative expenses decreased due to significant decrease in expenses related to AD treatment ADUHELM following the amendment of collaboration

agreements, despite increase in shared profit paid to Merck & Co., Inc., Rahway, NJ, USA following Lenvima's revenue growth.

○ While efficiency was enhanced through the partnership model, research and development expenses stood at the same level as in the previous fiscal year due to factors such as aggressive resource investment with good progress of clinical trials for Leqembi and the depreciation of the Japanese yen.

○ As a result of the above, although operating profit decreased, segment profit of pharmaceutical business increased significantly achieving ¥325.6 billion (125.3% year on year).

○ Profit for the year increased compared to profit before income taxes following recording of a credit of income taxes due to the Company's recognition of losses on transferring of investments in subsidiaries for tax purposes following a repayment of paid-in capital from a consolidated U.S. subsidiary to the Company in order to collect capital from the consolidated U.S. subsidiary as part of the Group's capital policy to optimize the global allocation of cash in the Group.

[Performance by Segment]

(Revenue for each segment indicates revenue from external customers)

The Group's business is comprised of pharmaceutical business and other business. The pharmaceutical business is organized into the following six reporting segments in this report: Japan, Americas (North America), China, EMEA (Europe, the Middle East, Africa, Russia and Oceania), Asia and Latin America (primarily South Korea, Taiwan, India, ASEAN, Central and South America), and OTC and others (Japan). Effective from this fiscal year, Hong Kong has been changed from the "Asia and Latin America" segment to the "China" segment. Also, as the co-development and co-promotion agreements with Biogen Inc. (the U.S., hereinafter "Biogen") regarding ADUHELM were amended in March 2022, expenses related to ADUHELM (selling, general and administrative expenses) which the Company should share have been included in the "Group headquarters' management costs and other expenses". In addition, gains and losses on sale of non-current assets have been included in the "Group headquarters' management costs and other expenses" and upfront payments and other factors received as consideration for the grant of license have been included in "other business". The year on year changes in the segment performance for this report are based on this new segmentation.

<Japan pharmaceutical business>

○ Total revenue came to ¥215.4 billion (100.6 % year on year), with a segment profit of ¥67.8 billion (111.1% year on year).

○ Regarding revenue by products, from neurology products, revenue for Dayvigo and Fycompa both achieved significant growth coming to ¥24.2 billion (190.3% year on year) and ¥6.1 billion (112.6% year on year), respectively. Among oncology products, revenue for Lenvima came to ¥13.7 billion (132.6% year on year) achieving significant growth due to the impact of additional indications. Revenue for Halaven came to ¥8.5 billion (101.8% year on year). Fully human anti-TNF-α monoclonal antibody Humira earned revenue of

¥47.2 billion (93.2% year on year). Revenue for chronic constipation treatment Goofice came to ¥6.5 billion (107.3% year on year). Revenue for Jyseleca, a JAK (Janus kinase) inhibitor, came to ¥7.3 billion (¥1.5 billion in the previous fiscal year) achieving significant growth.

○ Anti-rheumatic agent Metoject was launched in November 2022.

<Americas pharmaceutical business>

○ Total revenue came to ¥212.7 billion (126.9% year on year), with a segment profit of ¥133.4 billion (146.3% year on year).

○ Regarding revenue by products, from neurology products, revenue for Fycompa came to ¥15.2 billion (104.1% year on year). Revenue for Dayvigo achieved growth coming to ¥4.8 billion (129.9% year on year). Among oncology products, Lenvima earned ¥161.6 billion (138.8% year on year) achieving significant growth due to the impact of additional indications. Revenue for Halaven came to ¥13.9 billion (97.3% year on year).

○ Leqembi was launched in the United States in January 2023.

<China pharmaceutical business>

○ Revenue totaled ¥110.8 billion (106.7% year on year), with a segment profit of ¥55.6 billion (106.1% year on year).

○ Regarding revenue by products, revenue for Lenvima came to ¥32.2 billion (89.9% year on year) mainly due to the impact of generic pharmaceuticals. Revenue for peripheral neuropathy treatment Methycobal achieved growth coming to ¥14.5 billion (114.7% year on year). Proton pump inhibitor Pariet earned ¥8.4 billion (92.4% year on year). Liver disease and anti-allergy agents Stronger Neo-Minophagen C and Glycyron Tablets together recorded ¥7.9 billion (83.0% year on year).

<EMEA pharmaceutical business>

○ Revenue totaled ¥72.2 billion (121.6% year on year). A segment profit totaled ¥41.6 billion (137.9% year on year).

○ Regarding revenue by products, from neurology products, revenue for Fycompa came to ¥11.7 billion (127.2% year on year) achieving significant growth. Among oncology products, revenue for Lenvima/Kisplyx achieved significant growth recording ¥30.9 billion (142.2% year on year). Revenue for Halaven came to ¥13.6 billion (106.2% year on year).

○ Lenvima and other products were launched in Israel in January 2023.

<Asia and Latin America pharmaceutical business>

○ Revenue totaled ¥49.8 billion (102.5% year on year), with a segment profit of ¥22.1 billion (108.4% year on year).

○ Regarding revenue by products, Lenvima achieved significant growth, recording revenue of ¥11.1 billion (140.1% year on year). Revenue for Aricept, a treatment for Alzheimer's disease dementia, came to ¥13.0 billion (109.8% year on year).

○ Dayvigo was launched in India and Singapore in April 2022, in Taiwan in May 2022, in

Philippines and Thailand in November 2022, in Indonesia in December 2022, and in Malaysia in February 2023.

< OTC and others business>

○ Revenue totaled ¥23.5 billion (98.6% year on year), with a segment profit of ¥5.1 billion (108.6% year on year).

○ Revenue for Chocola BB Group came to ¥14.1 billion (98.8% year on year).

(3) Overview of Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the period amounted to ¥1,263.4 billion (up ¥24.0 billion from the end of the previous fiscal year). While cash and cash equivalents decreased, assets of overseas consolidated subsidiaries increased due to the depreciation of the Japanese yen. In addition, deferred tax assets of the Company increased. Also, inventories increased due to proceeding the production of Leqembi following the launch in the United States.

○ Total liabilities as of the end of the period amounted to ¥440.8 billion (down ¥27.0 billion from the end of the previous fiscal year). While short-term borrowings increased, accounts payable-other to partners decreased.

○ Total equity as of the end of the period amounted to ¥822.6 billion (up ¥51.0 billion from the end of the previous fiscal year). Exchange differences on translation of foreign operations increased following the depreciation of the Japanese yen.

○ As a result of the above, the ratio of equity attributable to owners of the parent was 63.3% (up 2.9 percentage points from the end of the previous fiscal year).

[Cash Flows]

○ Net cash from operating activities amounted to an outflow of ¥1.8 billion (inflow of ¥117.6 billion in the previous fiscal year). The working capital increased mainly due to increase in inventories as a result of proceeding the production of Leqembi following the launch in the United States, and payment of accounts payable-other to partners.

○ Net cash used in investing activities amounted to an outflow of ¥22.7 billion (down ¥6.1 billion from the previous fiscal year). There were capital expenditures following the expansion of research facilities and production facilities.

○ Net cash used in financing activities amounted to an outflow of ¥24.5 billion (down ¥24.4 billion from the previous fiscal year). Dividends were paid, while short-term borrowings were increased.

○ As a result of the above, cash and cash equivalents as of the end of the year stood at ¥267.4 billion (down ¥42.3 billion from the end of the previous fiscal year). Free cash flow (cash flow from operating activities excluding capital expenditures) for the year was an outflow of ¥24.3 billion.

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

[Status of Ongoing Research & Development Pipelines]

○ Anticancer agent Lenvima (product name for renal cell carcinoma indication in Europe: Kisplyx, lenvatinib, jointly developed with Merck & Co., Inc., Rahway, NJ, USA)

- ✧ Approved for use in the treatment of thyroid cancer (monotherapy) in over 80 countries including Japan, the United States, in Europe, China and in Asia.
- ✧ Approved for use in the treatment of hepatocellular carcinoma (first-line, monotherapy) in over 80 countries including Japan, the United States, in Europe, China and in Asia.
- ✧ Approved for use in the treatment of unresectable thymic carcinoma (monotherapy) in Japan.
- ✧ Approved in combination with everolimus for use in the treatment of renal cell carcinoma (second-line) in over 65 countries, including the United States and in Europe.
- ✧ Approved in combination with pembrolizumab, Merck & Co., Inc., Rahway, NJ, USA's anti-PD-1 therapy, for use in the treatment of renal cell carcinoma (first-line) in over 45 countries including Japan, the United States, in Europe and in Asia.
- ✧ Approved (including conditional approval) in combination with pembrolizumab for use in the treatment of endometrial carcinoma (following prior systemic therapy) in over 45 countries including Japan, the United States, in Europe and in Asia.
- ✧ In August 2022, a Phase III trial investigating the combination therapy with pembrolizumab versus Lenvima monotherapy as a first-line treatment in patients with hepatocellular carcinoma did not meet its dual primary endpoints of overall survival (OS) and progression-free survival (PFS). There were trends toward improvement in OS and PFS for patients who received the combination therapy versus Lenvima monotherapy; however, these results did not meet statistical significance per the pre-specified statistical plan. Therefore, the development was finished. The median OS of the Lenvima monotherapy arm in the trial was longer than that observed in previously reported clinical trials evaluating Lenvima monotherapy in hepatocellular carcinoma. The safety profile of Lenvima plus pembrolizumab was consistent with previously reported data on the combination.
- ✧ In April 2023, a Phase III trial investigating the combination therapy with pembrolizumab for colorectal cancer (non-microsatellite instability-high [MSI-H] / mismatch repair proficient [pMMR], third-line) did not meet its primary endpoint of OS. A trend toward improvement in OS was observed compared to regorafenib or TAS-102 (trifluridine and tipiracil hydrochloride); however, these results did not meet statistical significance per the pre-specified statistical plan. Additionally, a Phase III trial investigating the combination therapy for melanoma (first-line) was discontinued based on the recommendation of an independent Data Monitoring Committee which reviewed data from a planned interim analysis and determined the combination therapy did not demonstrate an improvement in OS, one of the study's dual primary endpoints. In both trials, the safety profile was consistent with previously reported data on the combination. A full evaluation of the data from these studies including pre-planned key subgroup analyses is ongoing and the results will be shared with the scientific community in cooperation with the investigators.
- ✧ Regarding studies of the agent in combination with pembrolizumab, respective Phase III studies for endometrial carcinoma (first-line), nonsquamous non-small cell lung cancer (first-line, in combination with chemotherapy), non-small cell lung cancer (second-line), head and neck cancer (first-line), hepatocellular carcinoma (first-line, in combination with transcatheter arterial chemoembolization), esophageal carcinoma (first-line, in

combination with chemotherapy), and gastric cancer (first-line, in combination with chemotherapy) are underway in the United States, Europe and other countries.

- ✧ Regarding studies of the agent in combination with pembrolizumab, Phase II studies for melanoma (second-line) and head and neck cancer (second-line), as well as a Phase II basket trial in multiple cancer types are underway in the United States and Europe.

○ Anticancer agent Halaven (eribulin)

- ✧ Approved for use in the treatment of breast cancer in over 85 countries including Japan, the United States, in Europe, China and in Asia.
- ✧ Approved for use in the treatment of liposarcoma (soft tissue sarcoma in Japan) in over 80 countries, including Japan, the United States, in Europe and in Asia.
- ✧ A Phase I/II study for the combination therapy of the liposomal formulation of Halaven and anti-PD-1 antibody nivolumab of Ono Pharmaceutical Co., Ltd. (Osaka, Japan) is underway in Japan.

○ Antiepileptic agent Fycompa (perampanel)

- ✧ Approved as an adjunctive therapy for use in the treatment of partial-onset seizures in patients with epilepsy 12 years of age and older in over 75 countries including Japan, the United States, in Europe, China and in Asia. The agent was approved for monotherapy and adjunctive use in the treatment of partial-onset seizures in patients with epilepsy 4 years of age and older in Japan, the United States and China. The agent was approved for adjunctive use in the treatment of partial-onset seizures in patients with epilepsy 4 years of age and older in Europe.
- ✧ Approved as an adjunctive therapy for use in the treatment of primary generalized tonic-clonic seizures in patients with epilepsy 12 years of age and older in over 70 countries including Japan, the United States, in Europe and in Asia. The agent was approved as an adjunctive therapy for primary generalized tonic-clonic seizures in pediatric patients with epilepsy 7 years of age and older in Europe.
- ✧ In August 2022, an application was filed in Japan seeking approval for an injection formulation as a new route of administration.
- ✧ A Phase III study for Lennox-Gastaut syndrome is underway in Japan, the United States and Europe.

○ Orexin receptor antagonist Dayvigo (lemborexant)

- ✧ Approved for the treatment of insomnia in more than 15 countries including Japan, the United States and in Asia.
- ✧ A Phase III study for insomnia is underway in China.
- ✧ A Phase II study for irregular sleep-wake rhythm disorder associated with Alzheimer's disease dementia has finished and consideration for future development is underway.

○ Alzheimer’s disease (AD) treatment Leqembi (lecanemab, development code: BAN2401, jointly developed with Biogen)

- ✧ In September 2022, the primary endpoint and all key secondary endpoints of the Clarity AD study (Phase III study) in early-stage AD were met with highly statistically significant

results. The amyloid-related imaging abnormality (ARIA) expression profile was within expectations.

- ✧ In December 2022, submission of data was initiated for a Biologics License Application (BLA) to the National Medical Products Administration (NMPA) in China and has been designated for Priority Review in February 2023.
- ✧ In January 2023, based on the Study 201 (Phase II) data that demonstrated that Leqembi reduced the accumulation of Aβ plaque in the brain, a defining feature of AD, the U.S. Food and Drug Administration (FDA) approved the agent under the Accelerated Approval Pathway for the treatment of AD. Treatment with Leqembi should be initiated in patients with mild cognitive impairment or mild dementia stage of disease, the population in which treatment was initiated in clinical trials.
- ✧ In January 2023, following the accelerated approval in the United States, a supplemental Biologics License Application (sBLA) was submitted to the FDA for traditional approval based on the data from the Phase III confirmatory Clarity AD clinical trial. In March 2023, the sBLA was accepted by the FDA and has been designated for Priority Review with a Prescription Drug User Fee Act (PDUFA) date of July 6, 2023. The FDA is planning to hold an Advisory Committee on June 9, 2023 to discuss this application. The agent was granted Breakthrough Therapy designation and Fast Track designation for AD treatment in the United States.
- ✧ In January 2023, a marketing authorization application was submitted and accepted by the European Medicines Agency (EMA).
- ✧ In January 2023, a marketing authorization application was submitted to the Pharmaceuticals and Medical Devices Agency (PMDA), and has been designated for Priority Review by the Ministry of Health, Labour and Welfare (MHLW) in Japan.
- ✧ AHEAD 3-45 (Phase III study) for preclinical (asymptomatic) AD is underway in countries including Japan, the United States and in Europe. In this study, the agent has been selected by the Alzheimer's Clinical Trials Consortium (ACTC) as a treatment to be evaluated.
- ✧ Development of a subcutaneous injection formulation is underway to enhance convenience for patients. In addition, a study to determine a new dosing regimen for maintenance treatment after removal of brain Aβ is also underway.

○ In May 2022, ultrahigh-dose mecobalamin received orphan drug designation with a prospective indication for delaying the progression of disease and functional impairment of amyotrophic lateral sclerosis (ALS), by the MHLW in Japan. With the result of an investigator-initiated Phase III trial, Eisai plans to submit a new drug application during the fiscal year 2023.

○ In November 2022, Aricept (donepezil hydrochloride), a treatment for Alzheimer’s disease and dementia with Lewy bodies, was approved for its application for a partial change to label regarding dosage and administration based on the results of a reexamination for dementia with Lewy bodies. The indication for dementia with Lewy bodies remains unchanged.

○ In November 2022, Eisai received notification from Japan’s MHLW that the “all-case study” specified post-marketing observational study condition required at the time of approval of

anti-epileptic agent Inovelon (rufinamide) as an adjunctive therapy to other antiepileptic drugs for Lennox-Gastaut syndrome, had been lifted in Japan.

○ A Phase II part of Phase I/II clinical trial of anticancer agent E7386 in combination with pembrolizumab for solid tumors has been initiated and is underway in Japan, the United States and Europe.
○ Regarding folate receptor α targeted antibody drug conjugate MORAb-202, a Phase II study for non-small cell lung cancer has been initiated and is underway in the United States and Europe. A Phase II study for ovarian cancer, peritoneal cancer and fallopian tube cancer has been initiated and is underway in Japan, the United States and Europe.

○ A Phase III REMAP-COVID study of eritoran, a Toll-Like Receptor (TLR) 4 antagonist, for suppression of increasing severity of COVID-19 in Japan and the United States was discontinued.
○ Development of E2730 (a treatment for neurological diseases) for epilepsy at the Phase II stage in the United States has finished.

[Major Alliances, Agreements and Other Events]

○ In April 2022, Centers for Medicare and Medicaid Services (CMS) announced the finalized National Coverage Determination (NCD) for monoclonal antibodies directed against amyloid for the treatment of AD and decided to cover treatments receiving accelerated approval based upon evidence of efficacy from a change in a surrogate endpoint only if patients are enrolled in CMS-approved randomized controlled clinical trials. At the same time, CMS has committed to reconsider the NCD for treatments which have obtained full approval with quality evidence on clinical benefit.
○ In May 2022, Eisai established pharmaceutical sales company Eisai Pharmaceuticals Africa (Pty) Ltd as its subsidiary in Republic of South Africa.
○ In May 2022, EA Pharma launched a high dose formulation which is a new dosage form of Movicol in Japan. Eisai co-promotes the product with EA Pharma.
○ In June 2022, Eisai announced that a brain health check utilizing “NouKNOW”, a digital tool (non-medical device) for self-assessment of brain performance (brain health) developed by Eisai, will be promoted as part of the FY2022 dementia examination project conducted by Bunkyo City, Tokyo.
○ In June 2022, Eisai signed the Kigali Declaration on neglected tropical diseases (NTDs) and expressed its continued support for the elimination of NTDs towards the achievement of the road map for NTDs 2021-2030 launched by the World Health Organization (WHO).
○ In June 2022, Eisai entered into a business alliance agreement with E.design Insurance Co., Ltd. (Tokyo), a direct non-life insurance company of the Tokio Marine Group, aiming to realize a society where people can safely enjoy driving for a longer period of their lives under the theme of “Improving Brain Health for Safe Driving”.
○ In July 2022, partnership with Pfizer Inc. (the U.S.) for Lyrica, a pain treatment, was ended due to expiration of the co-promotion agreement in Japan.
○ In July 2022, under the concept of Deep Human Biology Learning (DHBL), Eisai transitioned to a new DHBL drug discovery that is based on Eisai’s R&D with creating synergy of “C&I”

(Collaboration & Incubation) and “A&I” (Academia/ Industry Alliance). The functions for clinical development and establishment of a solid launch structure for next-generation AD treatments and dementia-related disease treatments were reorganized as Alzheimer's Disease and Brain Health (ADBH) under the Global AD Officer. Eisai integrated H3 Biomedicine Inc., an R&D subsidiary in the United States, into its parent company, Eisai Inc. (the U.S.) in December 2022.

○ In August 2022, Eisai entered into a capital and business alliance agreement with LIFENET INSURANCE COMPANY (Tokyo), aimed at building an ecosystem to reduce the burden of medical and nursing care for people.

○ In August 2022, Eisai entered into a joint research agreement with Honda Motor Co., Ltd. (Tokyo), Oita University (Oita, Japan) and the Usuki City Medical Association (Oita, Japan) to verify the relationship between changes in cognitive function and daily physical condition, and driving ability, with the aim of realizing a society in which elderly drivers can maintain their safety and health.

○ In August 2022, U.S. subsidiary Eisai Inc. entered into a memorandum of understanding with C_2N Diagnostics (the U.S.) to build awareness and real-world evidence for blood-based assays in the diagnosis of people living with cognitive impairment in clinical practice in the United States outside of clinical trial settings.

○ In September 2022, Eisai’s subsidiary Sunplanet Co., Ltd. (Tokyo) was made a wholly owned subsidiary through a share exchange.

○ In September 2022, nippon medac Co., Ltd. (Tokyo), a subsidiary of medac GmbH (Germany) obtained an approval in Japan for the indication of the anti-rheumatic agent Metoject (methotrexate) for the treatment of rheumatoid arthritis. Based on the license agreement with medac GmbH, Eisai is responsible for product distribution in Japan.

○ In September 2022, Eisai completed construction of the new injection/research building at the Kawashima Industrial Park located in Gifu Prefecture, Japan, with aim of strengthening its injectable drug formulation development research function and drug delivery system development function.

○ In November 2022, Eisai (Thailand) Marketing Co. Ltd., Eisai’s Thai sales subsidiary, made an agreement with Thai Life Insurance Public Company Limited, a leading life insurance company in Thailand, to collaborate in supporting access to treatments for dementia, including AD, in Thailand.

○ In November 2022, Eisai entered into an agreement to divest its rights for muscle relaxant Myonal (eperisone hydrochloride) and vertigo and equilibrium disturbance treatment Merislon (betahistine mesilate) in 9 countries/regions in Asia (excluding Japan, China, South Korea and others) to a subsidiary of DKSH Holding Ltd. (Switzerland).

○ In November 2022, Eisai commenced joint research with Shimadzu Corporation (Kyoto, Japan), Oita University, and Usuki City Medical Association to develop Japan’s first blood biomarker-based diagnostic workflow for dementia.

○ In December 2022, Eisai and Washington University School of Medicine in St. Louis (the U.S.) entered into a comprehensive research collaboration agreement aiming to create potential novel treatments for neurodegenerative disorders, including AD and Parkinson’s disease.

○ In December 2022, Eisai entered into an agreement to transfer the United States commercial rights for Fycompa to Catalyst Pharmaceuticals, Inc. (the U.S.), as well as to provide Catalyst Pharmaceuticals, Inc. with an exclusive negotiation period for an asset in Eisai's epilepsy pipeline. Closing of the transaction took place in January 2023.

○ In December 2022, Eisai and Astellas Pharma Inc. (Tokyo), Daiichi Sankyo Company, Limited (Tokyo), and Takeda Pharmaceutical Company Limited (Osaka, Japan) agreed to collaborate to reduce environmental burden in the field of pharmaceutical packaging.

○ In December 2022, Eisai entered into a share purchase agreement concerning the transfer of all shares of Eisai's wholly-owned subsidiary Eisai Distribution Co., Ltd. (Kanagawa, Japan) to Yasuda Logistics Corporation (Tokyo). The share transfer was completed in March 2023.

○ In January 2023, fully-fledged operations and business activities began at Eisai Israel Ltd., a pharmaceutical sales subsidiary.

○ In February 2023, Eisai completed a major renovation of its Tsukuba Research Laboratories (Ibaraki, Japan), which is a part of strategic investment to execute the Group's medium-term business plan "EWAY Future & Beyond".

○ In March 2023, Eisai transferred all shares in Bracco-Eisai Co., Ltd. (Tokyo), the joint venture between Eisai and Bracco Imaging S.p.A. (Milan, Italy, "Bracco") to Bracco, and the company name was changed to Bracco Japan, Co., Ltd. (Tokyo, "Bracco Japan"). Regarding non-ionic contrast agent Iomeron (iomeprol) and macrocyclic non-ionic contrast agent ProHance (gadoteridol) for MRI, Eisai and Bracco-Japan will continue to co-promote these products between April 1, 2023 and March 31, 2024, with Bracco-Japan as the domestic manufacturer and Eisai as the distributor.

○ In March 2023, the co-promotion agreement with Biogen Japan (Tokyo) for multiple sclerosis (MS) treatments was terminated.

○ In March 2023, the U.S. Veteran's Health Administration (VHA) began providing coverage of AD treatment Leqembi to veterans living with early stages of Alzheimer's disease (AD).

○ In March 2023, Eisai entered into an agreement with the National Cancer Center (Tokyo) to collaborate on investigator-initiated clinical research for the anticancer agent Tazverik (tazemetostat) based on the Japanese "Patient-Proposed Healthcare Services" system.

○ In March 2023, partnership with Nobelpharma Co., Ltd. (Tokyo) for anticancer agent Gliadel (carmustine) was ended and Eisai continues to exclusively commercialize it as a manufacturer and distributor.

○ In April 2023, Eisai entered into a joint development agreement with Bliss Biopharmaceutical (Hangzhou) Co., Ltd. (China), for BB-1701, an antibody drug conjugate, with option rights to develop and commercialize globally, excluding China, Hong Kong, Macau and Taiwan.

2) Outlook for the Future (April 1, 2023 – March 31, 2024)

[Consolidated Financial Forecast]

(Percentage figures show year on year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal Year	712,000	-4.4	50,000	24.9	52,000	15.5	39,000	-31.4	38,000	-31.4	132.60

*Assumptions: 1 USD = ¥130.0, 1 EUR = ¥140.0, 1 GBP = ¥159.0, 1 RMB = ¥19.2

<Revenue>

○ Global brands of Lenvima and Dayvigo are expected to continue to grow steadily. On the other hand, mainly due to impacts of expiration of the development and marketing agreement for Humira in Japan (June 2023), decrease of upfront payments mainly from strategic options, and exchange rate effects following appreciation of the Japanese yen, revenue is expected to be ¥712.0 billion (down 4.4% year on year).

○ Revenue for Lenvima, Dayvigo and Halaven is expected to be ¥261.0 billion (up 4.6% year on year), ¥42.5 billion (up 44.7% year on year), and ¥34.5 billion (down 16.5% year on year), respectively. Although revenue for Fycompa is expected to be ¥25.5 billion (down 31.3% year on year), the growth is expected in regions excluding the United States in which the rights were transferred in FY 2022.

<Profit>

○ Regarding expenses, the Group will thoroughly ensure efficiency based on financial discipline and allocate resources for medium- to long-term growth. While the Group will continue to invest resources proactively on important projects in the dementia area including lecanemab, and the oncology area, which will support the Group's future growth, research and development expenses are expected to be ¥152.0 billion (down 12.1% year on year, ratio to revenue: 21.3%) due to revision of development themes and optimization of expenses following the transition to the DHBL drug discovery and development system, as well as no longer incurring Eisai's share of expenses for aducanumab. While the Group will continue to invest resources for the launch of lecanemab and growth of Lenvima and Dayvigo, and shared profit paid to Merck & Co., Inc., Rahway, NJ, USA following Lenvima's revenue growth will continue to increase, selling, general and administrative expenses are expected to be ¥353.0 billion (down 1.5% year on year) due to the implementation of efficient marketing through enhancing digitalization, and efficiency mainly through optimization of global procurement costs, as well as no longer incurring Eisai's share of expenses for aducanumab. As a result, operating profit is expected to come to ¥50.0 billion (up 24.9% year on year).

○ Profit for the year attributable to owners of the parent is expected to come to ¥38.0 billion (down 31.4% year on year) in response to the transient decrease in income taxes due to

capital loss for tax purposes at the Company in the previous fiscal year. Return on equity (ROE) is expected to be 4.9%, with an expected five-year average of 8.7%.

3) Basic Policy on Profit Appropriation and Dividend for Fiscal 2022 and 2023

At the Company, the dividend payments are determined by a resolution of the Board of Directors as specified in the Company's Articles of Incorporation. The Company has set the year-end dividend for FY 2022 at ¥80 per share as previously projected. With the interim dividend of ¥80 per share, the Company intends to pay the total dividend of ¥160 per share for the year (the same amount as the previous fiscal year). In this context, the Dividends on Equity (DOE) ratio is 5.9%. The annual dividend for FY 2023 (the fiscal year ending March 31, 2024) is expected to be ¥160 per share (¥80 for interim and ¥80 for year-end dividend), the same amount as in FY 2022.

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

2. Management Policy

1) Corporate Concept

The Group defines its corporate concept as "to give first thought to patients and the people in the daily living domain, and to increase the benefits that health care provides to them." Guided by this concept, all directors, corporate officers and employees aspire to meet the various needs of global health care as representatives of a "*human health care* (*hhc*) company" that is capable of making a meaningful contribution under any health care system. The Group's mission is to increase the satisfaction of patients and the people in the daily living domain, and to empower them to realize their fullest life through an *hhc* ecosystem based on collaboration with other industries and groups. The Group believes that revenues and earnings will be generated by fulfilling this mission. The Group places importance on this sequence of placing the mission before the ensuing results.

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

Based on *hhc* concept, the Group seeks to increase long-term corporate value by creating social impact through efficient realization of social good in the form of relieving anxiety over health and reducing health disparities.

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

The Group launched "EWAY Future & Beyond", a new medium-term business plan, in April 2021.

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

In "EWAY Future & Beyond", the first five years starting in FY 2021 is "EWAY Future", while FY 2026 onward is "EWAY Beyond". The most important stakeholders to whom the Group

contributes were expanded from “patients and their families” to “patients and the people in the daily living domain”. In line with our desire to empower patients and the people in the daily living domain to “realize their fullest life,” we aim to evolve into an *hhc*eco (*hhc* concept + ecosystem) company by creating solutions based on science and data in the neurology and oncology fields, where we have our greatest strength and unmet medical needs are extremely high, through an ecosystem developed in collaboration with other industries.

The basis for the *hhc*eco model is data mainly obtained from clinical trial results that are proprietary to the Group, genome data for disease, and real-world and personal health records. In the *hhc*eco model, research and development based on data input plays a key role in creating value. Under the Deep Human Biology Learning (DHBL) structure, which implements drug discovery research based on human biology evidence by viewing diseases as a Disease Continuum, we aim to create pharmaceuticals, digital medicines, predictive models for diseases and more, and provide them as solutions for people at all stages of life, from the daily living domain to the medical domain. In addition, through collaboration with various partners such as other industries, local governments, academia, and startups, the *hhc*eco model will be enhanced by the interaction of data generation and solution provision to deliver social impact to key stakeholders.

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

In October 2022, Eisai reformed its R&D organization, and fully launched the DHBL drug discovery and development structure. In the DHBL structure, based on the evolution of biomarkers, we will view diseases as Disease Continuum based on pathophysiology, and practice drug discovery research based on human biology evidence. We are promoting research, from the establishment and validation of drug discovery hypotheses to obtaining regulatory approval, focusing on the five drug discovery domains in which the Group can most quickly and deeply access the relevant human biology. Specifically, the drug discovery domains consist of “microenvironment”, “proteostasis disruption”, “cell lineage and cell differentiation”, “inflammation, hypoxia, oxidative stress with cell senescence” and “elimination of neglected tropical diseases and pandemics”. We aim to be a frontrunner in the fields of neurodegenerative diseases, such as Alzheimer’s disease (AD), and refractory cancer, while also to making ongoing contributions to global health.

(a) Initiatives to Maximize the Value of Lecanemab (brand name in the United States: Leqembi) and Progress in the AD Area

Regarding AD treatment lecanemab, in September 2022, the Clarity AD study (Phase III study) in early-stage AD met its primary endpoint and all key secondary endpoints with highly statistically significant results. In the United States, lecanemab received accelerated approval from the U.S. Food and Drug Administration (FDA) for the treatment of AD based on the results of Study 201 (Phase II study) that demonstrated that lecanemab reduced the accumulation of Aβ plaque in the brain, a defining feature of AD. Eisai submitted a supplemental Biologics License Application (sBLA) to the FDA for approval under the traditional pathway, which was accepted and has been designated for Priority Review, with a Prescription Drug User Fee Act (PDUFA) action date of July 6, 2023. Submissions have been completed in Japan, Europe and China, and have been designated for Priority Review in Japan and China.

AHEAD 3-45, a Phase III clinical study for preclinical (asymptomatic) AD is also currently underway. In addition, in Japan, joint developments of amyloid β blood tests and joint researches of a blood biomarker-based diagnostic workflow for dementia are in progress with several partner companies.

The Group believes that the price of innovative drugs should reflect the societal value they bring, and that this value should be returned to all stakeholders. In the United States, lecanemab was priced based on the thought that the societal value will be returned to both public (people living with AD, their families, caregivers, healthcare professionals, payers and governments) and private (Eisai's shareholders and employees).

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

(b) Oncology Area

Approvals have been obtained globally for the anticancer agent Lenvima mainly for the treatment of thyroid cancer, hepatocellular carcinoma, renal cell carcinoma and endometrial carcinoma. Of these, Lenvima in combination with the anti-PD-1 antibody pembrolizumab from Merck & Co., Inc., Rahway, NJ, USA has been approved for the treatment of renal cell carcinoma and endometrial carcinoma in Japan, the United States, Europe, Asia and others. Thus, efforts to maximize the value of Lenvima are progressing steadily. Currently, clinical studies (LEAP studies) for the combination therapy of Lenvima and pembrolizumab are underway for obtaining additional indications in more than 10 different tumor types. In addition, as an agent against resistivity related to the combination therapy of Lenvima and pembrolizumab, development of the CBP/β-catenin inhibitor E7386, which is expected to inhibit Wnt signaling pathway that is involved in the development of cancer, has achieved the clinical POC (Proof of Concept), and the Phase I/II clinical trial of E7386 plus pembrolizumab is currently underway. Regarding MORAb-202, the next-generation antibody drug conjugate (ADC) which conjugates the approved anticancer agent eribulin, the co-development with Bristol-Myers Squibb of the agent as a treatment for low sensitivity related to cancer immunotherapy is progressing, with two Phase II clinical trials underway. Furthermore, we are proceeding with the development of new next-generation pipelines, such as protein degradation inducing agents and neoantigen inducers, through joint R&D that is merged with external technologies.

(c) Dementia Ecosystem

Based on the Disease Continuum concept, we pursue creating a variety of solutions to empower people in the daily living and medical domains to “realize their fullest life”. Expected solutions include the following: in the areas of daily living (before the onset of disease), solutions for maintaining good health, disease awareness and prevention, checkups and hospital searches; in the medical field (at the onset of disease, during treatment, and after the prognosis), solutions for accurate diagnosis and confirmation of the effectiveness of treatments (drug and non-drug treatments) as well as measures that will contribute to improving quality of life.

In Japan, Eisai is progressing with various collaborations with other industries, such as communications, food, insurance, financial, automobile and fitness to expand the dementia ecosystem, including the use of digital tool “NouKNOW” (non-medical device) on smartphones to monitor cognitive function. In China, we offer online medical consultations through Yin Fa Tong, a one-stop online health platform from daily life to medical treatment, and are working to reduce health care disparities through the use of digital technology. In Asia, we are also expanding our ecosystem with other industries and non-profit organizations to increase disease awareness, early detection, early diagnosis, and access to dementia drugs.

3) Basic Policy for Capital Strategy

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

(1) Medium- to Long-term ROE Management

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

(2) Sustainable and Stable Shareholder Returns

In terms of shareholder returns, profits are returned to all shareholders in a sustainable and stable way based on factors such as a healthy balance sheet and comprehensive consideration of the consolidated financial results, DOE*3 and free cash flow, as well as taking into consideration the signaling effect. Because DOE indicates the ratio of dividends to consolidated net assets, the Group has positioned it as an indicator that reflects balance sheet management, and, consequently, capital policy. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. The Group uses the ratio of equity attributable to owners of the parent and net debt equity ratio as indicators to measure a healthy balance sheet.

(3) Value-Creative Investment Criteria for Growth

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

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

*2 Equity spread = ROE – Cost of shareholder capital

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

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

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

Among ESGs, in particular, 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. The Group is promoting such efforts proactively under public-private partnerships with governments, international organizations, private non-profit organizations and others. For the elimination of lymphatic filariasis, one of the NTDs endemic in developing and emerging countries, we are providing lymphatic filariasis treatment diethylcarbamazine (DEC) tablets to the World Health Organization (WHO) for price zero (free of charge). These DEC tablets are manufactured at the Group's Vizag Plant in India. The Group will continue to supply DEC tablets until lymphatic filariasis is eliminated in all endemic countries that need DEC tablets. As of the end of March 2023, 2.13 billion tablets have been supplied to 29 countries. Furthermore, the Group is carrying out new drug development and generation of new evidence to eliminate tuberculosis, malaria and NTDs such as mycetoma under the partnership with the Japan-based Global Health Innovative Technology (GHIT) Fund, and non-profit organizations and non-governmental organizations with extensive experience in drug discovery related to NTDs. We are also involved in disease awareness activities. In June 2022, the Group signed the Kigali Declaration for eliminating NTDs announced at the Kigali Summit on Malaria and NTDs held in Kigali, the capital of the Republic of Rwanda, and expressed our continued support for the elimination of NTDs.

Regarding the environment, the "Eisai Environmental Management Vision" was established in April 2022. In addition to climate change countermeasures aimed at achieving carbon neutrality by fiscal 2040, we have formed a medium- to long-term plan for environmental issues including efficient use of water, recycling of resources, preservation of biodiversity, and proper management of chemical substances, and will work to advance these efforts. As one of the measures to combat climate change, the entire Group is actively working for the formation of a low-carbon society with initiatives such as systematically increasing the rate of renewable energy. Regarding water resources, we also aim to achieve sustainable use through efficient use of water including recycling, and high-quality wastewater treatment that contributes to water quality preservation, and are working on proper waste disposal and effective use of resources. The Group

is analyzing based on the TCFD (Task Force on Climate-related Financial Disclosure), an international framework for analyzing the risks and opportunities of climate change impacts on companies and seeking information disclosure, and is constantly investigating how to strengthen the Group's climate strategy.

Regarding human rights, the Group has been working on further to improve non-financial value by creating a human rights policy and conducting human rights due diligence based on the United Nations "Guiding Principles on Business and Human Rights", which is internationally recognized as a guideline. In order to promote procurement activities that emphasize human rights, labor and safety, the environment, ethics, and other aspects of sustainability throughout the supply chain (sustainable procurement), we have joined the Pharmaceutical Supply Chain Initiative (PSCI), an international non-profit organization for the pharmaceutical and healthcare sectors.
Information regarding non-financial value of the Group, including ESG, is disclosed in the Value Creation Report (former Integrated Report) and Environmental Report, based on the framework of the IIRC (International Integrated Reporting Council).
https://www.eisai.com/ir/library/annual/index.html
https://www.eisai.com/sustainability/index.html
The Company is always aiming for the best corporate governance and strives continually for its enhancement. The Company's corporate governance initiatives, including the Corporate Governance Report, are posted on our corporate website.
https://www.eisai.com/company/governance/index.html

5) Compliance and Risk Management

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

3. Basic Approach to the Selection of Accounting Standards

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

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Revenue	744,402	756,226
Cost of sales	(177,837)	(174,831)
Gross profit	566,566	581,395
Selling, general and administrative expenses	(358,292)	(366,430)
Research and development expenses	(172,999)	(171,738)
Other income	8,313	14,645
Other expenses	(3,548)	(4,122)
Operating profit	40,040	53,750
Financial income	7,239	2,401
Financial costs	(2,266)	(1,692)
Profit before income taxes	45,012	54,458
Income taxes	11,824	(8,741)
Profit for the year	56,836	45,717
Profit for the year attributable to		
Owners of the parent	55,432	47,954
Non-controlling interests	1,404	(2,237)
Earnings per share		
Basic (yen)	193.31	167.27
Diluted (yen)	193.31	167.25

2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Profit for the year	56,836	45,717
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income (loss)	5,541	(847)
Remeasurements of defined benefit plans	1,055	(1,059)
Subtotal	6,596	(1,906)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	33,424	46,897
Cash flow hedges	37	69
Subtotal	33,461	46,965
Total other comprehensive income (loss), net of tax	40,057	45,059
Comprehensive income (loss) for the year	96,893	90,777
Comprehensive income (loss) for the year attributable to		
Owners of the parent	95,500	93,002
Non-controlling interests	1,393	(2,225)

3) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of March 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	166,633	169,926
Goodwill	208,817	191,758
Intangible assets	89,230	95,451
Other financial assets	52,463	44,033
Other assets	21,412	20,919
Deferred tax assets	102,592	76,622
Total non-current assets	641,148	598,709
Current assets		
Inventories	140,417	99,008
Trade and other receivables	187,256	207,950
Other financial assets	540	432
Other assets	26,639	23,584
Cash and cash equivalents	267,350	309,633
Total current assets	622,202	640,606
Total assets	1,263,350	1,239,315

(Millions of yen)

	As of March 31, 2023	As of March 31, 2022
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	78,813	77,605
Treasury shares	(33,638)	(33,936)
Retained earnings	522,774	506,583
Other components of equity	187,024	153,584
Total equity attributable to owners of the parent	799,959	748,821
Non-controlling interests	22,612	22,712
Total equity	822,571	771,534
Liabilities		
Non-current liabilities		
Borrowings	84,904	94,893
Other financial liabilities	36,989	39,213
Provisions	1,299	1,473
Other liabilities	17,978	18,386
Deferred tax liabilities	664	483
Total non-current liabilities	141,834	154,449
Current liabilities		
Borrowings	41,201	—
Trade and other payables	86,826	108,065
Other financial liabilities	34,668	40,865
Income taxes payable	2,223	6,877
Provisions	22,994	17,949
Other liabilities	111,033	139,576
Total current liabilities	298,945	313,333
Total liabilities	440,779	467,782
Total equity and liabilities	1,263,350	1,239,315

4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)	Remeasurements of defined benefit plans
As of April 1, 2022	44,986	77,605	(33,936)	506,583	—	—
Profit for the year	—	—	—	55,432	—	—
Other comprehensive income (loss)	—	—	—	—	5,541	1,086
Comprehensive income (loss) for the year	—	—	—	55,432	5,541	1,086
Dividends	—	—	—	(45,893)	—	—
Share-based payments	—	(27)	—	—	—	—
Acquisition of treasury shares	—	—	(20)	—	—	—
Disposal of treasury shares	—	43	73	—	—	—
Changes in equity in existing subsidiaries	—	1,192	244	—	—	—
Reclassification	—	—	—	6,627	(5,541)	(1,086)
Other changes	—	—	—	25	—	—
Total transactions with owners	—	1,208	298	(39,241)	(5,541)	(1,086)
As of March 31, 2023	44,986	78,813	(33,638)	522,774	—	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity	Equity attributable to owners of the parent		
As of April 1, 2022	153,584	—	153,584	748,821	22,712	771,534
Profit for the year	—	—	—	55,432	1,404	56,836
Other comprehensive income (loss)	33,404	37	40,068	40,068	(11)	40,057
Comprehensive income (loss) for the year	33,404	37	40,068	95,500	1,393	96,893
Dividends	—	—	—	(45,893)	(44)	(45,937)
Share-based payments	—	—	—	(27)	—	(27)
Acquisition of treasury shares	—	—	—	(20)	—	(20)
Disposal of treasury shares	—	—	—	116	—	116
Changes in equity in existing subsidiaries	—	—	—	1,437	(1,449)	(13)
Reclassification	—	—	(6,627)	—	—	—
Other changes	—	—	—	25	—	25
Total transactions with owners	—	—	(6,627)	(44,362)	(1,493)	(45,855)
As of March 31, 2023	186,988	37	187,024	799,959	22,612	822,571

Fiscal year ended March 31, 2022

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)	Remeasurements of defined benefit plans
As of April 1, 2021	44,986	77,628	(34,049)	506,403	—	—
Profit for the year	—	—	—	47,954	—	—
Other comprehensive income (loss)	—	—	—	—	(847)	(1,057)
Comprehensive income (loss) for the year	—	—	—	47,954	(847)	(1,057)
Dividends	—	—	—	(45,878)	—	—
Share-based payments	—	(26)	—	—	—	—
Acquisition of treasury shares	—	—	(29)	—	—	—
Disposal of treasury shares	—	18	142	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Reclassification	—	—	—	(1,904)	847	1,057
Other changes	—	(16)	—	8	—	—
Total transactions with owners	—	(24)	113	(47,774)	847	1,057
As of March 31, 2022	44,986	77,605	(33,936)	506,583	—	—

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

5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Operating activities		
Profit before income taxes	45,012	54,458
Depreciation and amortization	39,981	38,398
Impairment losses	2,019	11,429
(Increase) decrease in working capital	(61,514)	34,135
Interest and dividends received	4,561	1,876
Interest paid	(1,484)	(1,286)
Income taxes paid	(22,612)	(10,593)
Income taxes refund	―	3,484
Other	(7,735)	(14,312)
Net cash from (used in) operating activities	(1,772)	117,590
Investing activities		
Purchases of property, plant and equipment	(22,576)	(29,031)
Purchases of intangible assets	(11,983)	(11,436)
Proceeds from sale of property, plant and equipment and intangible assets	576	13,445
Net cash outflow on acquisition of subsidiaries	―	(1,217)
Proceeds from sale of subsidiaries	5,035	―
Proceeds from sale of investments in associates	175	―
Purchases of financial assets	(3,701)	(3,131)
Proceeds from sale and redemption of financial assets	9,907	2,489
Payments of time deposits exceeding three months	(0)	(0)
Proceeds from redemption of time deposits exceeding three months	139	1
Other	(295)	31
Net cash from (used in) investing activities	(22,723)	(28,848)
Financing activities		
Increase (decrease) in short-term borrowings	31,201	―
Proceeds from long-term borrowings	―	44,874
Repayments of long-term borrowings	(29)	(40,000)
Repayments of lease liabilities	(9,884)	(10,280)
Dividends paid	(45,893)	(45,878)
Other	83	2,317
Net cash from (used in) financing activities	(24,522)	(48,967)
Effect of exchange rate change on cash and cash equivalents	6,735	21,118
Net increase (decrease) in cash and cash equivalents	(42,282)	60,892
Cash and cash equivalents at beginning of year	309,633	248,740
Cash and cash equivalents at end of year	267,350	309,633

6) Notes to Consolidated Financial Statements

(Going Concern)

Not applicable

(Basis of Preparing Consolidated Financial Statements)

(1) Compliance

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

(2) Basis of measurement

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

(3) Presentation currency and unit

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

(4) Changes in accounting policies

Below are the accounting policies and interpretations the Group applied from the fiscal year ended March 31, 2023. 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, 2023.

Accounting standards and interpretations		Mandatory application (Date of commencement)	To be applied by the Group	Description
IAS 16	Property, Plant and Equipment	January 1, 2022	Fiscal year ended March 31, 2023	Amendments to proceeds before intended use of property, plant and equipment
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022	Fiscal year ended March 31, 2023	Clarifying cost of fulfilling onerous contracts
IFRS 3	Business Combinations	January 1, 2022	Fiscal year ended March 31, 2023	Amendments to reference to the Conceptual Framework

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

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

Accounting standards and interpretations		Mandatory application (Date of commencement)	To be applied by the Group	Description
IAS 1	Presentation of Financial Statements	January 1, 2023	Fiscal year ending March 31, 2024	Amendments to disclosure of material accounting policy information
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2023	Fiscal year ending March 31, 2024	Clarifying the distinction between changes in accounting policies and changes in accounting estimates
IAS 12	Income Taxes	January 1, 2023	Fiscal year ending March 31, 2024	Clarifying the accounting treatments of recognizing deferred tax assets and deferred tax liabilities
IAS 1	Presentation of Financial Statements	January 1, 2024	Fiscal year ending March 31, 2025	Clarifying of the classification of liabilities as current or non-current
IFRS 16	Leases	January 1, 2024	Fiscal year ending March 31, 2025	Clarifying the accounting treatments of lease liabilities in a sale-and-leaseback
IFRS 10 IAS 28	Consolidated Financial Statements Investments in Associates and Joint Ventures	Not decided	Not decided	Amendments to accounting for selling assets to associates

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

(Significant Accounting Policies)

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

(1) Basis of consolidation

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

a) Subsidiary

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

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

b) Associate

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

c) Joint arrangements

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

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

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

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

(2) Business combinations

Business combinations are accounted for using the acquisition method.

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

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

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

(3) Foreign currency translation

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

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

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

(4) Revenue

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

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

a) Revenue from pharmaceutical goods sales

The Group usually recognizes revenue from pharmaceutical goods sales on delivery of the goods as the Group judges that its performance obligations are satisfied when the customer obtains control of the goods on delivery. The amount of revenue is measured as the promised considerations in a contract with the customer less discounts, rebates and returned goods estimated by the most likely amount method, based on the contract conditions and past results.

b) License revenue

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

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

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

c) Co-promotion revenue (provision of services)

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

(5) Co-development and co-promotion

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

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

a) License grant

In accordance with the above "(4) Revenue: b) License revenue", license grant is recognized as revenue. Based on the above agreements and the economic conditions, revenue, which does not fall under the category of revenue from contracts with customers, is classified as revenue arising from other sources.

b) Co-development activity

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

c) Co-promotion activity

Considerations allocated as co-promotion activity are recorded as reversal of other income or the relevant expenses (cost of sales and selling, general and administrative expenses) according to the progress and results of co-promotion activity.

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

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

Accounting procedures regarding the agreement are as follows:

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

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

In January 2023, the U.S. Food and Drug Administration granted accelerated approval for Alzheimer's disease treatment Leqembi (lecanemab) in the United States. Based on the co-development and co-promotion agreements on Alzheimer's disease treatment Leqembi with Biogen Inc. (hereinafter "Biogen"), the Company

serves as the lead of development and regulatory submissions globally with both companies co-commercializing and co-promoting the product based on the Company's final decision-making authority.

Accounting procedures regarding the agreement are as follows:

- Since establishment of the collaboration, revenue and cost of sales for Leqembi in the regions after obtaining approval are recorded by the Group. Selling, general and administrative expenses related to Leqembi in the Group as well as shared profit for Leqembi paid by the Group to Biogen are recorded as selling, general and administrative expenses. If the shared profit is negative and the Group receives the profit share from Biogen, it is recognized as the reversal of selling, general and administrative expenses.
- R&D expenses related to Leqembi are shared equally between the Group and Biogen, and the Group recognizes its portion of expenses incurred in the Group as R&D expenses. The expenses for the co-commercialization in the regions before obtaining approval are shared equally between the two companies, and the Group recognizes its portion of the expenses incurred in the Group as selling, general and administrative expenses.
- The Group also incurs the milestones paid to BioArctic AB (Sweden), which out-licensed the rights for Leqembi to the Company. The milestones are also shared equally with Biogen, and the Group recognizes its portion of the milestones incurred as intangible assets. Amortization of the intangible assets is recognized as cost of sales.

Global Strategic Collaboration for Alzheimer's disease treatment ADUHELM between Eisai Co., Ltd. and Biogen

Although the Company and Biogen had been co-developing and co-promoting Alzheimer's disease treatment ADUHELM (aducanumab) based on the co-development and co-promotion agreements on Alzheimer's disease treatment between two companies, the co-development and co-promotion agreements for ADUHELM were changed in March 2022. Effective as of January 1, 2023, a new scheme has commenced where the Company receives a tiered royalty based on net sales of ADUHELM.

As a result, effective as of January 1, 2023, the Company records a tiered royalty based on net sales of ADUHELM as revenue.

The Group's accounting procedures in the period on or prior to December 31, 2022, are as follows:

- The profit or loss related to ADUHELM generated by the Group and Biogen is aggregated, and the aggregated profit or loss is shared between the Group and Biogen in proportion to the profit-sharing ratio by region. The following profit or loss is shared with the Group: 45% share of potential profit or loss in the United States, 31.5% share of potential profit or loss in Europe, 80% share of potential profit or loss in Japan and Asia (excluding China and South Korea), and 50% share of potential profit or loss in the rest of the world.
- Biogen recognizes revenue on sales of ADUHELM in the United States, where Biogen started to market ADUHELM. The Group recognizes the amount of the expenses recognized by the Group in co-promotion activities (selling, general and administrative expenses) plus its portion of operating profit or loss (excluding R&D expenses) as revenue. If this amount is negative, it is recognized as selling, general and administrative expenses.
- The Group recognizes its 45% portion of R&D expenses on ADUHELM as R&D expenses. Regarding the expenses on the co-commercialization in the regions before obtaining approval, the Group recognizes its portion of the expenses based on the above-mentioned profit-sharing ratio by region as selling, general and administrative expenses .
- The Group also incurs the milestones paid by Biogen to Neurimmune (Switzerland), which out-licensed the rights for ADUHELM to Biogen, in proportion to the above-mentioned profit-sharing ratio by region, and the

Group recognizes its portion of the milestones incurred as intangible assets. Amortization of the intangible assets is recognized as cost of sales.

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

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

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

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

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

(6) Research and development expenses

a) Research expenses

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

b) Development expenses

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

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

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

(7) Employee benefits

a) Post-employment benefits

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

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

Regarding defined contribution plans, contributions of the Group are recognized as expenses at the time employees render services that give pension rights to them.

b) Termination benefits

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

(8) Share-based payments

a) Stock option system

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

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

b) Performance-related share-based compensation system

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

(9) Income taxes

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

a) Current income taxes

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

b) Deferred income taxes

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

(i) Temporary differences arising from goodwill

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

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

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

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

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

(10) Property, plant and equipment

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

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

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

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

(i) Buildings 15 to 50 years

(ii) Machinery and equipment 5 to 20 years

(iii) Right-of-use assets 3 to 20 years

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

(11) Intangible assets

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

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

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

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

(i) Sales rights 5 to 15 years

(ii) Core technology 20 years

(iii) Software 5 years

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

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

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

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

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

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

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

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

b) IPR&D investments acquired through business combinations

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

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

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

At the end of each fiscal year, the Group assesses whether there is any indication that property, plant and equipment and intangible assets are impaired, and if any such indication exists, an impairment test is performed. Intangible assets

with indefinite useful lives or not yet available for use are tested for impairment at the same time every year or when there is an indication that the assets might be impaired.

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

(13) Goodwill

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

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

(14) Inventories

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

(15) Financial assets

a) Classification of financial assets

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

1) Financial assets measured at amortized cost

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

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

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

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

2) FVTOCI financial assets (Debt financial assets)

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

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

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

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

3) FVTOCI financial assets (Equity financial assets)

All equity instruments are classified as FVTOCI financial assets.

The financial assets are initially recognized as the sum of fair value and transaction costs. Movements of fair value as well as gains/losses on derecognition are recognized in other comprehensive income, while the cumulative amounts are reclassified to retained earnings after they are recognized as other components of equity. Dividends on the financial assets are recognized as financial income when a right to receive dividends is vested except for the case that the dividend obviously indicates the collection of acquisition cost of investment.

4) FVTPL financial assets

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

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

b) Impairment of financial assets

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

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

c) Derecognition

The Group derecognizes financial assets only when the contractual right to the cash flows from the financial assets expire or the Group transfers the financial assets and almost all the risks and rewards of ownership of the asset to counterparty. Gains/losses on derecognition relating to financial assets measured at amortized cost and FVTPL financial assets are recognized as financial income/expenses. Gains/losses on derecognition relating to FVTOCI financial assets are recognized as a component of other comprehensive income.

(16) Hedge accounting

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

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

a) Fair value hedges

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

b) Cash flow hedges

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

(17) Provisions

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

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

a) Provision for sales rebates

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

b) Provision for asset retirement obligations

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

c) Provision for restructuring costs

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

(18) Leases

a) Lessee accounting

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

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

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

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

b) Lessor accounting

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

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

(Significant Accounting Estimates and Judgments)

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

(1) Significant accounting estimates and assumptions

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

a) Impairment test of goodwill and intangible assets

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

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

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

c) Evaluation of fair value of financial instruments

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

d) Post-employment benefits

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

e) Income taxes

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

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

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

(2) Significant accounting judgments

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

(Segment Information)

(1) General information

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

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

Hong Kong has been changed from the "Asia and Latin America pharmaceutical business" to the "China pharmaceutical business" since April 1, 2022. This change has been reflected on "Revenue" and "Segment profit (loss)" for the fiscal year ended March 31, 2022 provided in Segment Information.

As the co-development and co-promotion agreements on Alzheimer's disease treatment ADUHELM with Biogen were amended in March 2022, expenses related to ADUHELM (selling, general and administrative expenses) which the Company should share based on the agreements have been included in the "Group headquarters' management costs and other expenses" since April 1, 2022. In addition, in order to more accurately reflect the condition of the business, gains and losses on sale of non-current assets have been included in the "Group headquarters' management costs and other expenses" and upfront payments and other factors received as consideration for the grant of license have been included in "Other business". For the fiscal year ended March 31, 2022, the above changes have been reflected in Segment Information.

(2) Reporting segments

(Millions of yen)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2022	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan	215,422	67,775	214,046	60,980
Americas	212,742	133,420	167,592	91,216
China	110,768	55,623	103,825	52,433
EMEA	72,159	41,553	59,339	30,137
Asia and Latin America	49,839	22,119	48,637	20,402
OTC and others	23,505	5,106	23,829	4,702
Reporting segment total	684,434	325,595	617,268	259,870
Other business (Note 1)	59,969	48,484	138,958	130,662
Total	744,402	374,079	756,226	390,532
R&D expenses (Note 2)	—	(172,999)	—	(171,738)
Group headquarters' management costs and other expenses (Note 3)	—	(161,040)	—	(165,045)
Operating profit in the consolidated statement of income	—	40,040	—	53,750

(Note 1) “Other business” mainly includes the license revenue and pharmaceutical ingredient business of the parent company and other factors. For the fiscal year ended March 31, 2023, milestone payment of ¥16,691 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima is included in “Revenue” and “Segment profit (loss)”. 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 “Revenue” and “Segment profit (loss)”.

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

(Note 3) “Group headquarters’ management costs and other expenses” are the costs and expenses covering Group-wide operations which include the amount of other income and expenses, and the amount of profits and expenses shared under strategic collaborations with partners. For the fiscal year ended March 31, 2023, shared profit of ¥121,279 million (¥90,705 million for the fiscal year ended March 31, 2022) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA was included in Group headquarters’ management costs and other expenses.

(3) Information on major products

Revenue from external customers

(Millions of yen)

	Neurology products	Oncology products	Others	Total
Fiscal year ended March 31, 2023	144,502	299,074	300,827	744,402
Fiscal year ended March 31, 2022	135,613	238,540	382,073	756,226

(4) Information on major customers

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

Fiscal year ended March 31, 2023

(Millions of yen)

Name of customer	Revenue	Related segment
Medipal Holdings Corporation	56,025	Japan pharmaceutical business, etc.
McKesson Corporation	52,968	Americas pharmaceutical business, etc.
Alfresa Holdings Corporation	51,046	Japan pharmaceutical business, etc.

Fiscal year ended March 31, 2022

(Millions of yen)

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

(5) Information on major regions

Revenue from external customers (Note 1)

(Millions of yen)

	Japan	Americas (Note 2) (Note 3)	Europe (Note 4)	China	Others	Total
Fiscal year ended March 31, 2023	250,327	239,293	86,026	108,562	60,195	744,402
Fiscal year ended March 31, 2022	243,385	226,719	126,745	106,592	52,784	756,226

(Note 1) Revenue from external customers are categorized by country or region based on the location of the customer.
Major areas and countries included in this category other than Japan and China are as follows:
a) Americas: North America, Central and South America
b) Europe: United Kingdom, France, Germany, Spain
c) Others: Asia, Middle East, Oceania

(Note 2) Revenue for the fiscal year ended March 31, 2023, in the U.S., which is included in Americas, was ¥231,356 million (¥172,496 million for the fiscal year ended March 31, 2022).

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

(Note 4) For the fiscal year ended March 31, 2023, revenue included milestone payments of ¥16,691 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima (¥69,171 million for the fiscal year ended March 31, 2022).

Non-current assets (Note 1)

(Millions of yen)

	Japan	Americas (Note 2)	Europe	China	Others	Total
As of March 31, 2023	172,418	254,734	16,839	16,043	7,187	467,220
As of March 31, 2022	179,114	240,843	16,290	17,381	7,014	460,643

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

(Note 2) The carrying amount of non-current assets as of March 31, 2023, in the U.S., which is included in Americas, was ¥254,587 million (¥240,677 million as of March 31, 2022).

(Consolidated Statement of Income)

(1) Revenue

The Group disaggregates revenue by type of goods or services. Disaggregation of revenue by reporting segment is as follows.

Fiscal year ended March 31, 2023

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	209,276	2,819	3,327	215,422
Americas	212,232	509	―	212,742
China	110,748	20	―	110,768
EMEA	72,159	―	―	72,159
Asia and Latin America	49,454	384	―	49,839
OTC and others	23,505	―	―	23,505
Reporting segment total	677,374	3,732	3,327	684,434
Other business (Note 1)	―	49,525	10,443	59,969
Total	677,374	53,258	13,771	744,402
Revenue recognized from contracts with customers	677,374	52,258	13,771	743,402
Revenue recognized from other sources (Note 2)	―	1,000	―	1,000

(Note 1) “Other business” mainly includes the license revenue and pharmaceutical ingredient business of the parent company. For the fiscal year ended March 31, 2023, license revenue included milestone payments of ¥16,691 million from Merck & Co., Inc., Rahway, NJ, USA under the strategic collaboration for anticancer agent Lenvima.

(Note 2) Revenues recognized from other sources are not from contracts with customers, but from partner companies that share the risks and benefits of co-promotion activities.

Fiscal year ended March 31, 2022

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	202,554	2,972	8,520	214,046
Americas	167,198	260	134	167,592
China	103,825	―	―	103,825
EMEA	59,339	―	―	59,339
Asia and Latin America	48,286	351	―	48,637
OTC and others	23,829	―	―	23,829
Reporting segment total	605,032	3,582	8,654	617,268
Other business (Note 1)	―	130,088	8,870	138,958
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".

(Note 2) All revenue for the fiscal year ended March 31, 2022 was recognized from contracts with customers.

(2) Cost of sales

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

(3) Employee benefits

For the fiscal year ended March 31, 2023, the Group recognized termination benefits of ¥1,367 million due to office and research laboratory closure of H3 Biomedicine Inc. (hereinafter "H3"), a U.S. consolidated subsidiary of the Company. The details are described in "(5) Research and development expenses".

For the fiscal year ended March 31, 2022, the Company's consolidated subsidiary EA Pharma Co., Ltd. (Tokyo) decided to implement a special second career program (voluntary retirement program) so as to make further contributions to patients through strengthening its solid corporate foundation. Accordingly, termination benefits (premium retirement payments) of ¥2,894 million were recorded. Breakdown of the termination benefits by item was cost of sales of ¥240 million, selling, general and administrative expenses of ¥2,461 million and R&D expenses of ¥192 million.

(4) Selling, general and administrative expenses

For the fiscal year ended March 31, 2023, the Group recognized shared profit of ¥121,279 million (¥90,705 million for the fiscal year ended March 31, 2022) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA as selling, general and administrative expenses.

(5) R&D expenses

For the fiscal year ended March 31, 2023, H3 was integrated into Eisai Inc. (the U.S.). H3's research functions and assets such as drug discovery platform and investigational products were transferred to the Group, and H3's office and research laboratory were closed. Following this closure of office and research laboratory, the Group recognized termination benefits of ¥1,367 million as research and development expenses. For the fiscal year ended March 31, 2023, the Company's consolidated subsidiary EA Pharma Co., Ltd. discontinued development of some medical devices. As a result, the Group made the recoverable amount of those discontinued devices zero, and recorded its impairment losses of ¥1,410 million related to IPR&D assets as R&D expenses.

For the fiscal year ended March 31, 2022, the Company's consolidated subsidiary EA Pharma Co., Ltd. revaluated its R&D pipeline so as to make further contributions to patients through strengthening its solid corporate foundation. Since the development of some new drug candidates has been discontinued as a consequence of the above, the Group made the recoverable amount of those discontinued new drug candidates zero, and recorded its impairment losses of ¥2,026 million related to IPR&D assets as R&D expenses. In addition, the Group recorded ¥5,262 million in R&D expenses due to the return of subsidies received in the previous fiscal year regarding some developing products that had been discontinued due to revaluation of its R&D pipeline.

(6) Details regarding expenses

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Cost of sales	SG&A expenses	R&D expenses	Total
Depreciation and amortization	16,830	10,153	12,998	39,981
Impairment losses (Note 1)	75	1	1,943	2,019
Reversal of impairment losses (Note 2)	(14)	—	—	(14)
Short-term employee benefits	15,857	95,705	61,051	172,612
Post-employment benefits	739	3,893	2,268	6,899
Termination benefits (Note 3)	—	574	1,367	1,940

(Note 1) The impairment losses recognized in "Japan pharmaceutical business" and "EMEA pharmaceutical business" are ¥62 million and ¥13 million respectively. Impairment losses recognized as R&D expenses were not allocated to any particular segment. The impairment losses are described in "(Consolidated Statement of Income) (5) R&D expenses".

(Note 2) The reversal of impairment losses recognized in "China pharmaceutical business" was ¥14 million.

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

Fiscal year ended March 31, 2022

(Millions of yen)

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

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

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

(7) Other income

For the fiscal year ended March 31**,** 2023, the Group recognized gain on sale of subsidiaries of ¥3,803 million for the transfer of all shares of the Company’s consolidated subsidiary Eisai Distribution Co., Ltd. (Kanagawa, Japan). This transfer of subsidiary is described in (Sale of Subsidiaries).

For the fiscal year ended March 31, 2022, the Group recognized gains on sale of non-current assets of ¥13,398 million as other income. The gains on sale of non-current assets consisted mainly of the gains arising from the divestiture of its rights for the antiepileptic agent Zonegran in Europe and other regions.

(8) Other expenses

For the fiscal year ended March 31, 2023, the Group recorded exchange loss of ¥2,199 million (¥2,083 million for the fiscal year ended March 31, 2022).

(9) Income taxes

For the fiscal year ended March 31, 2023, as part of the Group’s capital policy to optimize the global allocation of cash in the Group, the Company received a repayment of paid-in capital of ¥63,622 million from its consolidated U.S. subsidiary, Eisai Corporation of North America. As a result, the Company recognized losses on transferring of investments in subsidiaries for tax purposes and income taxes decreased by ¥21,588 million.

(Earnings Per Share)

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

The basis for calculating earnings per share attributable to owners of the parent (basic) for the fiscal years ended March 31, 2023 and March 31, 2022, respectively, is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Profit for the year attributable to owners of the parent (Millions of yen)	55,432	47,954
Weighted average number of common shares during the year (Thousands of shares) (Note 1)	286,757	286,685
Earnings per share attributable to owners of the parent (basic) (Yen)	193.31	167.27

(Note 1) Treasury shares that are excluded from the calculation of earnings per share include ones held as a trust.

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

The basis for calculating earnings per share attributable to owners of the parent (diluted) for the fiscal years ended March 31, 2023 and March 31, 2022, respectively, is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Profit for the year attributable to owners of the parent (Millions of yen)	55,432	47,954
Adjustment of profit for the year attributable to owners of the parent (Millions of yen)	—	—
Profit for the year used for calculating diluted earnings per share (Millions of yen)	55,432	47,954
Weighted average number of common shares during the year (Thousands of shares) (Note 1)	286,757	286,685
Increase in number of common shares under stock options (Thousands of shares) (Note 2)	4	43
Weighted average number of diluted common shares during the year (Thousands of shares)	286,761	286,729
Earnings per share attributable to owners of the parent (diluted) (Yen)	193.31	167.25

(Note 1) Treasury shares that are excluded from the calculation of earnings per share include ones held as a trust.

(Note 2) There are no common shares reserved under the stock option plan that are excluded from the calculation of earnings per share attributable to owners of the parent (diluted) due to antidilutive effects for the fiscal years ended March 31, 2023 and March 31, 2022.

(Consolidated Statement of Cash Flows)

(1) The breakdown of the (increase) decrease in working capital for the fiscal years ended March 31, 2023 and March 31, 2022, respectively, is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
(Increase) decrease in trade receivables	37,386	(40,140)
(Increase) decrease in inventories	(36,885)	(6,337)
(Increase) decrease in other receivables	(8,842)	504
Increase (decrease) in trade payables	4,571	1,033
Increase (decrease) in deposits received	(1,911)	21,516
Increase (decrease) in other payables	(55,834)	57,558
(Increase) decrease in working capital	(61,514)	34,135

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

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

(3) Net cash outflow on acquisition of subsidiaries

For the fiscal year ended March 31, 2022, the Company acquired shares of Arteryex Inc. (Tokyo) and spent ¥1,217 million as net cash outflow on acquisition of subsidiaries.

(4) Proceeds from sale of subsidiaries

It is described in "(Sale of Subsidiaries) (2) Proceeds from sale of subsidiaries".

(Sale of Subsidiaries)

In accordance with the share transfer agreement signed with Yasuda Logistics Corporation (Tokyo) in December 2022, the Company transferred all of the shares (100% of the number of shares issued) of Eisai Distribution Co., Ltd. in March 2023. As a result, the Company has lost control of Eisai Distribution Co., Ltd.

(1) Consideration received, assets and liabilities with the loss of control

(Millions of yen)

	As of the date of the share transfer of investments in subsidiaries (March 31, 2023)
Consideration received	5,500
Assets and Liabilities with the loss of control	
Property, plant and equipment	2,823
Cash and cash equivalents	416
Other non-current assets	465
Other current assets	618
Non-current liabilities and current liabilities	(2,626)
Gain on sales of subsidiaries	3,803

(2) Proceeds from sale of subsidiaries

(Millions of yen)

	As of the date of the share transfer of investments in subsidiaries (March 31, 2023)
Consideration received in cash	5,500
Cash and cash equivalents owned by the subsidiary sold	465
Proceeds from sale of subsidiaries	5,035

(Significant Subsequent Events)

Not applicable

5. Other

1) Forecasts and Risk Factors

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

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

(1) Corporate Concept

Management based on the Corporate Concept	The Company has redefined the key players in our corporate concept of *human health care* (*hhc*) as “people in the daily living and medical domains” and expanded the key players we should contribute to from “patients and their families” to “patients and the people in the daily living domain.” In June 2022, the Articles of Incorporation were partially amended to stipulate that the Company’s corporate concept is to give first thought to patients and the people in the daily living domain, and to increase the benefits that health care provides to them. These aims are shared with stakeholders and considered as our “Purpose.” We also believe that the increased benefit to patients and the people in the daily living domain 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,” which started in April 2021, and the establishment of a business model that promotes collaboration with other industries in the *hhc*eco (*hhc* concept + ecosystem) Declaration issued in May 2022, are also based on the *hhc* corporate concept. As a company that seeks to effectively achieve social good in the form of relieving anxiety over health and reducing health disparities, our strong motivation based on our understanding of the true needs of patients becomes 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 concept is also the building block of our ESG efforts, such as activities for improving access to medicines including free provision of a lymphatic filariasis treatment, and building of a community that coexists with dementia. Accordingly, insufficient permeation of the corporate concept throughout the Group, stagnation of the implementation of management aimed at implementing the concept, and other factors that hinder the full increase of benefit to patients and the people in the daily living domain may have significant impact not only on the Group’s business performance, but also on the improvement of corporate value, including non-financial value.

(2) Business Strategy

Maximizing the value of lecanemab and next-generation Alzheimer's disease (AD) treatments	The Group has determined that maximizing the value of next-generation Alzheimer's disease (AD) treatments including the anti-amyloid-β protofibril antibody lecanemab is 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 develop a simple patient journey through disease awareness and dissemination, establishment of diagnostic methods using cognitive function tests, amyloid-β tests (positron emission tomography (PET), cerebrospinal fluid (CSF), blood biomarkers, etc.) as well as a follow-up system to ensure safety, in accordance with the journey that patients follow from the recognition of the disease to diagnosis, treatment, and subsequent life. If these cannot be completed, next-generation AD treatments might not sufficiently reach patients and it may not be possible to earn the revenue anticipated in the future. In the United States, the Group also aims to promote access for a wider range of parties, reduce financial burdens, and contribute to the sustainability of the healthcare system by setting prices with transparent explanations based on the concept of social value. However, if patients' access to lecanemab is limited by various factors, we may not be able to earn revenue anticipated in the future. For example, in April 2022, the U.S. Centers for Medicare & Medicaid Services made the decision to limit insurance coverage of anti-amyloid-β antibodies in the United States to participants in limited clinical trials. Similarly, if the National Coverage Determination requirements cannot be met for lecanemab with the results of the Clarity AD study (Phase III study), insurance coverage may be similarly limited and access for patients may be restricted.
Maximizing the value of Lenvima	The Group and Merck & Co., Inc., Rahway, NJ, USA are conducting multiple clinical trials for the combined treatment of the anticancer agent Lenvima and the anti-PD-1 antibody pembrolizumab for multiple cancer types. However, it is possible that we will not be able to achieve the sales plan for Lenvima due to changes in positioning resulting from unanticipated trial results for competing products or approval timing, preventing the acquisition of approval of additional indications for Lenvima at the originally expected timing, and weakening the competitiveness of the product. Sales milestones have been established for the revenue obtained through the partnership model for Lenvima, and if these are not achieved due to a failure to achieve sales targets, 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 are 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 or changes in the business environment make it difficult for partners to continue their business or to collaborate 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 due to the impact of foreign exchange fluctuations or other factors, 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. 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 (*hhc*eco) that pool our special capabilities with those of other industries. The Company will accelerate the Group-wide digital strategy, with Chief Ecosystem Officer taking the lead. The changes in the business environment caused by the COVID-19 pandemic has made the need for digital transformation clear. Any delays in efforts to achieve digital transformation or factors that hinder its achievement may have significant impact not only on the Group’s business performance, but also on the improvement of corporate value, including non-financial value.

(3) Pharmaceutical Research and Development, Production, and Sales Activities

New drug development	The Group is developing a host of new drugs, including those in the neurology and oncology fields. 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 2022, a Phase III study verifying the efficacy and safety of the combination treatment of Lenvima and pembrolizumab (co-developed by the Group and Merck & Co., Inc., Rahway, NJ, USA) for the treatment of unresectable hepatocellular carcinoma did not meet the pre-specified efficacy criteria for statistical significance. 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 Company 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 are 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 Group'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 and other geopolitical issues, serious disasters, or economic security problems, not only it is 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 Group'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 concern, and implementing manufacturing control and quality control that comply with the GMP global standards (related to manufacturing control and quality control). The Group also conducts activities with its contract manufacturers, including confirmation of stable supply and quality assurance systems at contract manufacturers, periodic GMP audits, and dispatch of technicians to check manufacturing sites. In addition, the Group conducts sustainability assessments of its raw material suppliers and asks them to comply with the "Eisai's Global Code of Conduct for Business Partners," thereby requiring the same respect for human rights and anti-corruption initiatives as our Group. The Group is 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, the Group is striving to maintain a structure that ensures stable supply even in the case of a pandemic, serious disaster, conflict, or sudden, sharp fluctuation in demand by ensuring adequate inventories of critical raw materials and finished products as stipulated in the business continuity plan (BCP), as well as establishing a multiple-sourcing system for raw materials and a multiple-factory manufacturing system for products in consideration of geopolitical risks.

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, 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. In addition, if a substance patent that protects the Group's pharmaceuticals is judged to be invalid, the product's market value in that country may be lost, resulting in a significant impact on the Group's business performance. Meanwhile, although the Group always uses caution to avoid infringing upon the intellectual property rights of third parties, in the unlikely event that the Group's business activities do violate the intellectual property rights of a third party, it is possible that the third party will request termination of those business activities or demand compensation for damage.
Litigations	In the ordinary course of the Group's business activities, the Group is and may be, from time to time, involved in litigations, arbitrations or other legal, regulatory, or administrative proceedings in connection with various matters, including product liability and other product-related matters (e.g., personal injury), consumer protection, regulation of trade, securities law, data protection, breach of contract, violation of laws and regulations and environmental regulation that arise through claims, investigations, or other actions by third parties, including governments. Litigation and other legal proceedings are inherently unpredictable. Although the Group believes that its defenses and counterclaims in matters in which it is or may become a defendant are substantial, it could in the future be the subject of judgments or enter into settlements, and such developments could have a material adverse effect on the Group's business, financial condition, results of operations or reputation. For example, with regard to the proton pump inhibitor Pariet/Aciphex, a product liability lawsuit is pending in the United States, along with other manufacturers of other types of proton pump inhibitors. In addition, a lawsuit alleging health hazards is pending in the United States for BELVIQ (unapproved and not yet marketed in Japan), an antiobesity agent. It is not currently possible to estimate the 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 suspensions 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 who work with important data. In addition, to ensure data integrity, the level of cyber security at potential new contractors is verified prior to the start of transactions.
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 generic drugs. 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 Europe, a product that has already obtained a new drug approval may not be eligible for health insurance reimbursement at the expected price in some cases. The promotion of these types of policies and implementation of new measures may prevent the Group from earning the revenue that it originally anticipated. While the Group continues to track changes in governmental systems and policy trends worldwide, it is advancing efforts to conduct appropriate evaluation of innovation based on an assessment of the societal value of drugs, such as alleviating nursing-care needs and addressing the severity of target diseases, in addition to ensuring their efficacy and safety.

(4) Other Risks

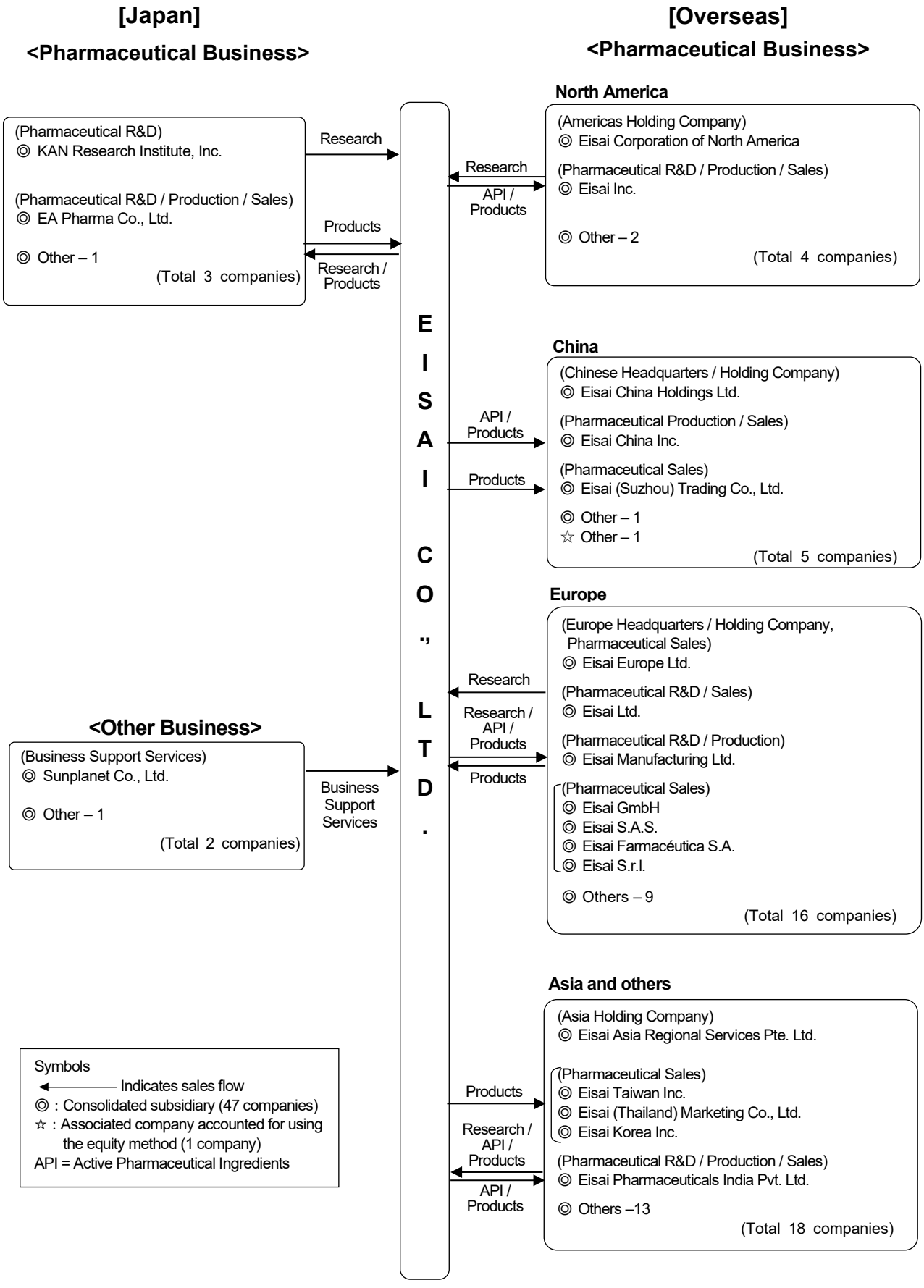
Succession	For over 30 years, the Group's current Representative Corporate Officer and CEO has used his strong leadership skills to help the Group develop its business activities and grow on a global scale. In addition to the Representative Corporate Officer and CEO formulating a succession plan and 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. Failure to do so may have a significant impact on the management of the Group and the realization of the Group's corporate concept. For this reason, the Board of Directors has positioned the selection of the Representative Corporate Officer and CEO as one of the most important decision-making matters of the Board of Directors, and has established rules and procedures for the succession plan, and believes that the objectivity and fairness of the CEO selection process can be reasonably ensured through the involvement of independent outside directors in the process, including the development of the future CEO. The *hhc* Governance Committee shares information twice a year with all directors on the succession plan proposed by the Representative Corporate Officer and CEO, and confirms the preparedness for unexpected situations. If the Company is unable to appoint the most suitable talent as corporate officers and to key global positions, it may have a significant impact on the management of the Group. In addition to pursuing the initiatives for succession of the CEO, the Group also engages in succession planning once a year to facilitate the transfer of leadership for corporate officer posts and other important positions around the world by selecting candidates for positions, helping those potential future leaders develop their skills, monitoring the progress of retention measures, and carrying out other relevant tasks.
Acquiring and developing human resources	The strength of the Company lies in its corporate concept being deeply instilled. With understanding and empathy for the corporate concept (*hhc* concept) as the core, the Company aims for all its employees to succeed as autonomous professionals who take initiative in their work. The Company's Articles of Incorporation also define employees as important stakeholders in the realization of the *hhc* concept, and state that the Company will "ensure stable employment," "respect human rights and diversity," "provide full opportunities for growth in support of self-fulfillment," and "create an employee-friendly environment." If the Company is unable to acquire diverse talent who share the *hhc* concept, and if each employee is unable to demonstrate his or her individuality and strengths in a variety of environments and work toward the realization of *hhc* over the medium- to long-term, the creation of innovation and the realization of the corporate concept may be significantly impacted. The basis of the Company's talent development is to understand the true needs of patients through socialization, in which each employee spends time with patients, and this socialization motivates each employee. The Company is strengthening its talent development by promoting the *hhc* concept through sessions that include socialization with patients in various internal training programs, such as the Global Leader Development Program. In addition, based on the concept of "Work Life Best" for employees, the Company promotes employee health management, time management, and reduction of long working hours, and provides a working environment where diverse employees can work productively, healthily, and in their own way even under various environments. The Company is introducing various systems to support employee health and diverse work styles and improving the workplace environment to become a more attractive company, thereby securing talent.

Information security	While the use of IT and digital technology is advancing, cyber attacks are becoming more sophisticated and devious year by year, increasing the possibility of shutdowns and other disruptions to business activities. As a result, the need for an even stronger information-security framework is increasing. 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 or competitive advantage could have a major impact on business results. Under the leadership of the Chief Information Security Officer, we are working to continually enhance governance related to global information security and implement related measures, with the aim of preventing the interruption of important business operations and the leakage of personal and confidential information due to cyber attacks and other incidents. To this end, we have established regulations and other guidelines related to information management, and provided officers and employees with education on management of information in daily work and learning opportunities such as training on cyber security, in addition to strengthening the security of system infrastructure.
COVID-19	Approximately 3 years have passed since the spread of COVID-19 infections, and the current risk of serious illness has been greatly reduced due to widespread vaccination, the introduction of therapeutic drugs, and the weakening of the virus. However, outbreaks caused by the emergence of new virus variants could likely impact the Group's business activities. R&D, for example, may see delays in the registration of patients for clinical trials and slower progress in actual testing processes. COVID-19 could also disrupt the Group's production activities, as suspensions of plant operations (both within the Group and at its suppliers), 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 established a response plan for the spread of COVID-19 infections at the headquarters and at each region and business site, and will collect accurate information in cooperation with subsidiaries in each country to ensure the safety of employees and to minimize the impact on our business activities. 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. After declaring support for the recommendations made by the Task Force on Climate-Related Financial Disclosures (TCFD) in June 2019, the Group conducted a scenario analysis as recommended by the TCFD and disclosed the results in FY2020. In FY2022, the Group conducted a reassessment of the potential impact of climate change-related risks and opportunities on the Group by conducting another analysis that considered multiple climate scenarios. As a result, we reaffirmed that physical risks include the possibility of increased investments and costs required to maintain and improve access to drugs due to the increased risk of infectious diseases associated with climate change, as well as the possibility of natural disasters resulting in the slowdown of production activities and damage to assets and employees. To address these risks, the Company is striving to maintain and improve access to drugs by developing drugs against tropical infectious diseases and supplying drugs to endemic areas. In addition, the Company is taking measures such as introducing backup systems for production sites, securing inventories of products and raw materials, and identifying natural disaster risks and implementing preventive measures at production sites and warehouses. In terms of transition risks, the Company reaffirmed that if greenhouse gas emission reductions and their disclosure are inadequate, stakeholders will lose trust in the Company, and that there is a risk of higher energy and procurement costs due to higher carbon tax prices. The Company also identified as a risk the possibility of incurring additional costs for additional capital investment to reduce greenhouse gas emissions or for switching packaging and other materials to products with lower greenhouse gas emissions. To address these risks, in accordance with the Company's roadmap for achieving carbon neutrality, we are actively introducing renewable energy electricity with a view to achieving our 2030 RE100 goal ahead of schedule, promoting investments to reduce greenhouse gas emissions through the introduction of internal carbon pricing, adopting bioplastics for packaging for some of our products, and considering the introduction of low-environmental-impact packaging materials for other products. The Company has also completed its application to change the goal from the current SBT 2°C to SBT 1.5°C by the end of FY2022. The financial impact of these risks on the Group and the status of countermeasures are posted on the Company's website. (https://www.eisai.com/sustainability/environment/climate-countermeasure/tcfd-disclosure/index.html)
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 amount of these types of assets fall below the corresponding carrying amounts due to deviations in 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 (¥208.8 billion as of the end of FY2022) is mainly allocated to the Americas pharmaceutical business. Recoverable amounts are calculated using a variety of assumptions such as projected cash flows and growth rates for the Americas pharmaceutical business, determined based on management-approved business plans. These assumptions are affected by factors ranging from the possibility of future approvals and additional indications for new drugs to the timing of those changes, as well as post-marketing drug prices, sales volumes, competing products, and interest-rate fluctuations.

2) Overview of the Eisai Group

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



As of March 31, 2023

List of Group Companies

(As of March 31, 2023)

Company Name	Location	Share Capital		Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
(Consolidated Subsidiaries)							
Unit=million							
KAN Research Institute, Inc.	Kobe, Japan	70	JPY	Pharmaceutical R&D	100.00%	The Company commissions pharmaceutical R&D	
Eisai R&D Management Co., Ltd.	Tokyo, Japan	16	JPY	Management of pharmaceutical R&D	100.00%	The Company commissions a part of management and other functions related to R&D	
Sunplanet Co., Ltd.	Tokyo, Japan	455	JPY	Business support services, etc.	100.00%	The Company purchases business support services, etc.	
EA Pharma Co., Ltd.	Tokyo, Japan	9,145	JPY	Pharmaceutical R&D / production / sales	60.00%	The Company commissions pharmaceutical R&D and production / purchases pharmaceutical products	*3
Arteryex Inc.	Tokyo, Japan	434	JPY	Software planning and development	64.42%	The Company commissions system development	
Unit=thousand							
Eisai Corporation of North America	New Jersey, USA	1,766,700	USD	Americas holding company	100.00%	-	*3
Eisai Inc.	New Jersey, USA	151,600	USD	Pharmaceutical R&D / production / sales	100.00% (100.00%)	The Company commissions pharmaceutical R&D and production / sells pharmaceutical products and API	*3 *5 *7
Eisai Innovation, Inc.	Massachusetts, USA	1	USD	Management of pharmaceutical investment	100.00% (100.00%)	The Company commissions management of investment in the U.S. and Europe	
Eisai Ltd.	Ontario, Canada	30,000	CAD	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai China Holdings Ltd.	Jiangsu, China	664,465	RMB	Chinese headquarters / holding company	100.00% (100.00%)	-	*3
Eisai China Inc.	Jiangsu, China	576,125	RMB	Pharmaceutical production / sales	100.00% (100.00%)	The Company sells pharmaceutical products and API	*3
Eisai (Suzhou) Trading Co., Ltd.	Jiangsu, China	70,000	RMB	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	*3
Eisai (Liaoning) Pharmaceutical Co., Ltd.	Liaoning, China	50,000	RMB	Pharmaceutical production / sales	100.00% (100.00%)	-	
Eisai Europe Ltd.	Hertfordshire, UK	184,138	GBP	Europe headquarters / holding company, pharmaceutical sales	100.00%	The Company commissions management and administration of pharmaceutical business	*3
Eisai Ltd.	Hertfordshire, UK	46,009	GBP	Pharmaceutical R&D / sales	100.00% (100.00%)	The Company commissions pharmaceutical R&D	*3
Eisai Manufacturing Ltd.	Hertfordshire, UK	38,807	GBP	Pharmaceutical R&D / production	100.00% (100.00%)	The Company sells pharmaceutical products and API / is commissioned pharmaceutical R&D	*3
Eisai GmbH	Frankfurt, Germany	7,669	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai S.A.S.	Paris, France	19,500	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai B.V.	Amsterdam, Netherlands	540	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Farmacéutica S.A.	Madrid, Spain	4,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	

Company Name	Location	Share Capital		Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
Unit= thousand							
Eisai S.r.l.	Milan, Italy	3,500	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Pharma AG	Zurich, Switzerland	3,000	CHF	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai AB	Stockholm, Sweden	10,000	SEK	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Farmacêutica, Unipessoal Lda.	Lisbon, Portugal	1,250	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai SA/NV	Brussels, Belgium	2,001	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai GesmbH	Vienna, Austria	2,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Limited Liability Company Eisai	Moscow, Russia	4,000	RUB	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Asia Regional Services Pte. Ltd.	Singapore	34,469	SGD	Asia holding company	100.00%	-	
Eisai (Singapore) Pte. Ltd.	Singapore	300	SGD	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	
Eisai Clinical Research Singapore Pte. Ltd.	Singapore	10	SGD	Pharmaceutical R&D	100.00% (100.00%)	The Company commissions pharmaceutical R&D	
Eisai Taiwan Inc.	Taipei, Taiwan	270,000	TWD	Pharmaceutical sales	100.00%	The Company sells pharmaceutical products	
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	103,000	THB	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	
PT Eisai Indonesia	Jakarta, Indonesia	1,630,000	IDR	Pharmaceutical production / sales	100.00%	The Company sells pharmaceutical products and API	
Eisai (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	470	MYR	Pharmaceutical sales	100.00% (5.74%)	The Company sells pharmaceutical products	
HI-Eisai Pharmaceutical Inc.	Manila, Philippines	122,000	PHP	Pharmaceutical sales	50.00% (1.45%)	The Company sells pharmaceutical products	*4
Eisai (Hong Kong) Co., Ltd.	Hong Kong	500	HKD	Pharmaceutical sales	100.00% (10.00%)	The Company sells pharmaceutical products	
Eisai Korea Inc.	Seoul, South Korea	3,512,000	KRW	Pharmaceutical sales	100.00%	The Company sells pharmaceutical products	
Eisai Pharmaceuticals India Pvt. Ltd.	Andhra Pradesh, India	2,708,324	INR	Pharmaceutical R&D / production / sales	100.00% (11.08%)	The Company commissions pharmaceutical R&D and production / sells pharmaceutical products and API / purchases pharmaceutical products and API	*3
Eisai Australia Pty. Ltd.	Sydney, Australia	4,000	AUD	Pharmaceutical sales	100.00%	-	
Eisai Laboratórios Ltda.	São Paulo, Brazil	87,899	BRL	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Laboratorios S. de R.L. de C.V.	Mexico City, Mexico	3	MXN	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai New Zealand Ltd.	Auckland, New Zealand	2,050	NZD	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Vietnam Co., Ltd.	Ho Chi Minh, Viet Nam	20,781,000	VND	Pharmaceutical sales	100.00%	-	
Eisai Israel Ltd.	Tel Aviv, Israel	5,000	ILS	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Pharmaceuticals Africa (Pty) Ltd	Johannesburg, South Africa	24,000	ZAR	Pharmaceutical business	100.00%	-	*6
Other – 2 companies	-	-	-	-	-	-	
(Associated Companies Accounted for Using the Equity Method)							
Unit=million							
Unlimit Health Limited	Shanghai, China	30	RMB	Provision of medical services	49.00% (49.00%)	-	

Notes:
*1. "Description of Operations" indicates the segment applicable to the respective entity.
*2. Voting rights (%): Figures in parentheses show percentage indirectly owned by the Company.
*3. Significant subsidiaries.
*4. HI-Eisai Pharmaceutical Inc. is considered to be a consolidated subsidiary as the Company holds effective control over its operation even though the Company's voting rights do not exceed 50%.
*5. Eisai Inc. is the only subsidiary whose revenue to external customers exceeds 10% of consolidated revenue reported in the consolidated financial statements for the fiscal year ended March 31, 2023. Key financial results (in Japanese yen) of Eisai Inc. are as follows:

Revenue	¥327,720 mil.
Operating Profit	¥16,963 mil.
Profit for the year	¥17,819 mil.
Total Equity	¥330,051 mil.
Total Assets	¥489,960 mil.

*6. In May 2022, the Company established Eisai Pharmaceuticals Africa (Pty) Ltd.
*7. In December 2022, H3 Biomedicine Inc. was integrated into Eisai Inc.
*8. In March 2023, the Company transferred all shares (100.0% of the number of shares issued) of Eisai Distribution Co., Ltd. to Yasuda Logistics Corporation (Tokyo).
*9. In March 2023, the Company transferred all shares (49.0% of the number of shares issued) of Bracco-Eisai Co., Ltd. to Bracco Imaging S.p.A. (Italy).

3) Proposed Changes in Directors and Corporate Officers (effective June 21, 2023)

(1) Changes in Representative Corporate Officers

None

(2) Changes in Directors / Corporate Officers

a) Nominees for New Director

Toru Moriyama (Outside Director)	
Yuko Yasuda (Outside Director)	currently, Senior Partner, Board Advisors Japan, Inc.

b) Retiring Director

Yasuhiko Katoh (Outside Director and Chair)	(Honorary Advisor, MITSUI E&S Co., Ltd.)
Shuzo Kaihori (Outside Director)	(Outside Director, HOYA Corporation)

c) Nominees for New Corporate Officers

None

d) Corporate Officers Scheduled for Promotion

Executive Vice President	Terushige Iike	currently, Senior Vice President President, Eisai Japan
Senior Vice President	Keisuke Naito	currently, Vice President Chief Ecosystem Officer

e) Retiring Corporate Officers

Vice President	Yosuke Akita	To be appointed as Senior Group Officer
Vice President	Eriko Naito	To be appointed as Senior Group Officer

(3) Nominees for Directors

Haruo Naito	currently, Director Representative Corporate Officer and CEO
Hideyo Uchiyama	currently, Outside Director, Certified Public Accountant and Executive Advisor, ASAHI Tax Corporation
Hideki Hayashi	currently, Director
Yumiko Miwa	currently, Outside Director, Professor, School of Commerce, Meiji University
Fumihiko Ike (Chair)	currently, Outside Director, Outside Director, NTT DATA
Yoshiteru Kato	currently, Director
Ryota Miura	currently, Outside Director, Partner, Miura & Partners Profession Corporation
Hiroyuki Kato	currently, Director
Richard Thornley	currently, Outside Director, Chief Executive Officer, Thornley International
Toru Moriyama	
Yuko Yasuda	currently, Senior Partner, Board Advisors Japan, Inc.

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

(4) Selected Candidates for Appointment as Members of Committees

a) Nomination Committee

Chair:	Toru Moriyama
Members:	Richard Thornley
	Yuko Yasuda

b) Audit Committee

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

c) Compensation Committee

Chair:	Richard Thornley
Members:	Toru Moriyama
	Yuko Yasuda

hhc Governance Committee is composed of all Outside Directors.

(5) Career Summary of Nominees for New Director

Name: Toru Moriyama

Date of Birth: August 9, 1954 (Age: 68)

Career Summary:

Apr. 1977	Joined Mitsubishi Corporation
Apr. 2001	Unit Manager, Marine Products Unit, Foods (Products) Division, Mitsubishi Corporation
Apr. 2004	General Manager, Living Essentials Group of Chubu Branch, Mitsubishi Corporation
Sep. 2005	Executive Officer, Lawson, Inc.
May 2006	Director, Senior Executive Vice President, Lawson, Inc.
Apr. 2008	Senior Vice President, Mitsubishi Corporation
Apr. 2009	Senior Vice President, Senior Assistant to Group CEO, Living Essentials Group (Next Generation Business Development Charge), Mitsubishi Corporation
Apr. 2010	Executive Vice President, Group COO, Living Essentials Group, Mitsubishi Corporation
Apr. 2011	Executive Vice President, Group CEO, Living Essentials Group, Mitsubishi Corporation
Jun. 2011	Outside Director, Mitsubishi Shokuhin Co., Ltd.
Mar. 2013	Resigned from Outside Director, Mitsubishi Shokuhin Co., Ltd.

Apr. 2013	Executive Vice President, Regional CEO, Asia & Oceania, Mitsubishi Corporation
Apr. 2016	President and Chief Executive Officer, Mitsubishi Shokuhin Co., Ltd.
Jun. 2016	Representative Director, President and Chief Executive Officer, Mitsubishi Shokuhin Co., Ltd.
Jun. 2021	Senior Adviser, Mitsubishi Shokuhin Co., Ltd. (resigned in June 2022)

Name: Yuko Yasuda
Date of Birth: September 16, 1961 (Age:61)
Career Summary:

Apr. 1985	Joined IBM Japan Ltd
Sep. 1991	Joined Booz Allen Hamilton Inc.
Sep. 1993	Joined Russell Reynolds Associates Japan Inc.
Jun. 1996	Managing Director, Russell Reynolds Associates Japan Inc.
Apr. 2003	Country Manager, Japan, Russell Reynolds Associates Japan Inc. Executive Committee Member, Russell Reynolds Associates Inc.
Apr. 2013	Executive Committee Member, Russell Reynolds Associates Inc.
Jun. 2015	Outside Director, SCSK Corporation
Jun. 2016	Outside Director and Audit and Supervisory Committee Member, SCSK Corporation
Mar. 2017	Outside Director, Showa Shell Sekiyu K.K. (currently Idemitsu Kosan Co., Ltd.)
Jun. 2018	Outside Director and Audit and Supervisory Committee Member, Murata Manufacturing Co., Ltd.
Apr. 2019	Outside Director, Idemitsu Kosan Co., Ltd.
Jun. 2020	Outside Director, Nippon Suisan Kaisha, Ltd. (currently Nissui Corporation) (current)
Jun. 2020	Outside Director, Murata Manufacturing Co., Ltd. (current)
Jul. 2020	Senior Partner, Board Advisors Japan, Inc. (current)

(6) Nominees for Corporate Officers

Representative Corporate Officer and CEO	Haruo Naito	currently, Representative Corporate Officer and CEO
Representative Corporate Officer and COO	Yasushi Okada	currently, Representative Corporate Officer and COO Industry Affairs China Business Data Integrity

Executive Vice President	Kenta Takahashi	currently, Executive Vice President General Counsel Intellectual Property Internal Audit
Executive Vice President	Terushige Iike	currently, Senior Vice President President, Eisai Japan
Senior Vice President	Gary Hendler	currently, Senior Vice President President, EMEA Region Chairman & CEO, Eisai Europe Ltd.
Senior Vice President	Ivan Cheung	currently, Senior Vice President Global Alzheimer's Disease Officer President, Americas Region Chairman & CEO, Eisai Inc.
Senior Vice President	Tatsuyuki Yasuno	currently, Senior Vice President Chief Financial Officer Chief IR Officer
Senior Vice President	Yanhui Feng	currently, Senior Vice President President, Eisai China Holdings Ltd. President, Eisai China Inc.
Senior Vice President	Masatomi Akana	currently, Senior Vice President Chief Government Relations Officer Global Value & Access General Affairs, Environmental and Safety Affairs Japan Subsidiaries
Senior Vice President	Takashi Owa	currently, Senior Vice President Chief Scientific Officer Japan and Asia Medical Safety
Senior Vice President	Keisuke Naito	currently, Vice President Chief Ecosystem Officer
Vice President	Lynn Kramer	currently, Vice President Chief Clinical Officer, Alzheimer's Disease and Brain Health
Vice President	Sayoko Sasaki	currently, Vice President Corporate Communications ESG
Vice President	Shohei Kanazawa	currently, Vice President President, Asia and Latin America Region API Solutions
Vice President	Akiko Nakahama	currently, Vice President Chief Portfolio Officer AD Filing and Registration Japan / Asia Lead Quality
Vice President	Kazuhiko Tamura	currently, Vice President President, Eisai Demand Chain Systems
Vice President	Teruyuki Masaka	currently, Vice President Chief HR Officer

Vice President	Mitsuo Kosaka	currently, Vice President Chief Strategy Officer Global Alliance
Vice President	Shin Ujiie	currently, Vice President Chief Planning Officer

NOTE 1: Representative Corporate Officer and CEO Haruo Naito will also serve concurrently as a Director.

NOTE 2: There will be no changes in the corporate compliance and internal control structure and the Consumer hhc Business structure along with the retirement of Yosuke Akita and Eriko Naito as Corporate Officer.