



Securities Code: 4523

May 26, 2023

hvc
human health care

Notice of Convocation of the 111th Ordinary General Meeting of Shareholders

Date and Time June 21, 2023 (Wednesday)
10 A.M. (Reception opens at 9 A.M.)

Venue Bellesalle Takadanobaba

Resolutions

Proposal: Appointment of 11 Directors

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

5 P.M. on June 20, 2023 (Tuesday)

To Our Shareholders

As the concept of ESG permeates society and becomes one of its prevailing norms, companies are also expected to bring their commitment to social issues to the forefront of their business. When assessing the value of a company, it has become necessary to consider not only the usual risks and returns, but also a third factor, namely the impact. On our end, we also passed a resolution at the FY2022 General Shareholders' Meeting to amend our articles of incorporation to incorporate our commitment to efficiently realizing the social good. We have tasked ourselves with aiming to achieve the social goods of "relieving anxiety over health" and "reducing health disparities."

In addition, the new Alzheimer's drug lecanemab (U.S. brand name LEQEMBI) proved its efficacy with high statistical significance in the Phase 3 study, received accelerated approval from the U.S. FDA, and was launched in the U.S. market on January 18 of this year. We expect to receive full approval from the FDA in July. We will also work to quantitatively demonstrate the impact this drug will have on society and make its value apparent. Now that almost 25 years have passed since the launch of Aricept, we are determined to make a concerted effort to develop a new drug that will eliminate one of the causes of this disease and control the progression of its symptoms.

We ask our shareholders for their ongoing support and cooperation going forward.

May 2023

Representative Corporate Officer and CEO



Corporate Concept

We give first thought to patients and the people in the daily living domain, and increase the benefits that healthcare provides to them as well as meet their diversified healthcare needs worldwide.



hvc
human health care

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



Notice of Convocation of the 111th Ordinary General Meeting of Shareholders

Date and Time

June 21, 2023 (Wednesday) 10 A.M.
Reception opens at 9 A.M.

Venue

Bellesalle Takadanobaba
3-8-2 Okubo, Shinjuku-ku, Tokyo

Purpose of the Meeting

Reports

1. The contents of the business report, consolidated financial statements, and audits of the consolidated financial statements conducted by the Accounting Auditor and the Audit Committee for the 111th Fiscal Year (from April 1, 2022, to March 31, 2023)
2. The contents of the financial statements for the 111th Fiscal Year (from April 1, 2022, to March 31, 2023)

Resolutions

Proposal: Appointment of 11 Directors
▶ Please refer to pages 12 through 37.

- The Company has adopted measures for electronic provision in convening this General Meeting of Shareholders, and the following website on the Internet contains a “Notice of Convocation of the 111th Ordinary General Meeting of Shareholders” with the matters for electronic provision.
- Some of the matters in the measures for electronic provision are not included in the documents delivered to shareholders who have requested delivery of documents (hereinafter referred to as “delivered documents”). The relevant matters are described in “Matters omitted from the delivered documents” on page 3, the contents of which are posted on the website below.
- In the event of any corrections to the measures for electronic provision, they will be posted on the website below.
- This Notice of Convocation of the General Meeting of Shareholders including the English version is posted on the website below.
- Any costs incurred in accessing the Notice of Convocation provided electronically (such as Internet connection fees) shall be borne by the shareholder.



The Company's website

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



The Tokyo Stock Exchange website (The Tokyo Stock Exchange Listed Company Search)

<https://www.jpx.co.jp/english/listing/co-search/index.html>

In “Issue name (company name),” enter “Eisai,” or in “Code,” enter “4523,” and search. In “Basic information,” select “Documents for public inspection/PR information.”



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Q & A

Frequently Asked Shareholder Questions!

Things that shareholders want to know, such as performance and the Corporate Concept, are shown in Q&A form.

Dear Shareholders, The method of providing the Notice of Convocation has changed

Due to the revision of the Companies Act, it has become mandatory to adopt the electronic provision system from this Notice of Convocation, and the method of providing the Notice of Convocation has been changed.

As a rule, the full-text printed materials for the General Meeting of Shareholders are not sent out, and shareholders are requested to read the materials posted on the website. This change in principle of providing information to shareholders from “written” to “electronic” is not intended to limit the amount of information.

Please refer to the table of contents above for the information contained in this Notice of Convocation.

Materials for the General Meeting of Shareholders sent by the Company



Voting Rights
Exercise Form



Date and Time/Venue/
URL/Reference
Documents, etc.



Detailed information is
available on the website.

Detailed Information



Business Report for the 111th Fiscal Year

I. Current Status of the Group

- 1 Management Policy
 - Governance
 - Environment
 - Social
- 2 Business Progress and Results
- 3 Status of Major Subsidiaries
- 4 Major Affiliated Companies and Sites
- 5 Other Significant Items

II. Status of Shares and Stock Acquisition Rights

- 1 Status of Shares
- 2 Stock Price Trends
- 3 Status of Stock Acquisition Rights

III. Status of Officers

- 1 Items Pertaining to Directors
- 2 Items Pertaining to Corporate Officers
- 3 Overview of Directors and Officers Liability Insurance Contract Content

IV. Status of Accounting Auditor

Consolidated Financial Statements for the 111th Fiscal Year

Financial Statements for the 111th Fiscal Year

Appendix

To shareholders who have requested the delivery of written documents



Detailed information is also provided in a booklet, with the exception of some items.



We will provide a booklet for the range of information you will find on our website. However, some of the matters are not included in the documents delivered to shareholders who have requested delivery of documents.

Please also check the links provided on each page on the website.

Matters omitted from the delivered documents (other measures for electronic provision)

Of the matters for measures for electronic provision, the following matters are not included in the documents delivered to shareholders who have requested the delivery of documents in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company.

Accordingly, documents delivered to shareholders who requested the delivery of documents are part of the documents audited by the Audit Committee when preparing audit reports.

Business Report

- Board of Directors Evaluation
- Status of Establishment and Operation of Systems for Ensuring Proper Business Operations
- Basic Policy Regarding Individuals Who Control Decisions on Financial and Business Policies
- Risk Factors
- Status of Major Contracts

Consolidated Financial Statements

- Consolidated Statement of Changes in Equity
- Notes to Consolidated Financial Statements

Financial Statements

- Statement of Changes in Equity
- Notes to Nonconsolidated Financial Statements

Audit Reports



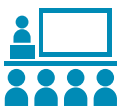

Appendix

- Corporate Governance Principles
- Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee
- Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers

Guide to Exercising Voting Rights

The right to vote at the General Meeting of Shareholders is an important right that allows shareholders to participate in the management of the Company.

We encourage shareholders to exercise their voting rights.

When exercising voting rights in advance		When attending the General Meeting of Shareholders	
Exercising voting rights over the Internet	Exercising voting rights by mail	Exercising voting rights by attending at the venue	Exercising voting rights through virtual attendance
			
▶ Details on page 5	▶ Details on page 6	▶ Details on page 8	▶ Details on page 8
Exercise deadline		Date and time of the General Meeting of Shareholders	
June 20, 2023 (Tuesday) Received by 5 P.M.	June 20, 2023 (Tuesday) Received by 5 P.M.	June 21, 2023 (Wednesday) 10 A.M. (Reception opens at 9 A.M.)	

[Handling of voting rights exercised more than once]

- In the event that voting rights are exercised both over the Internet and by mail, the vote exercised over the Internet will be treated as valid.
- In the event that voting rights are exercised more than once over the Internet and the votes on the same proposal are different, the last vote will be treated as valid.
- In the event that a shareholder who attends the meeting at the venue also exercises his/her voting rights in virtual attendance, the vote exercised through virtual attendance will be treated as valid.

[Proxy attendance at the venue]

If you wish to exercise your voting rights by proxy, you may appoint 1 other shareholder holding voting rights in the Company as your proxy. However, it is necessary to submit at the reception a letter of proxy signed or stamped with the name and seal of the shareholder who has given the proxy, together with the Voting Rights Exercise Form and a document that enables identification (a copy of the seal registration certificate, driver's license, etc.).



Exercising Voting Rights over the Internet

To exercise voting rights over the Internet, access the **voting website**, and follow the on-screen instructions to exercise your rights.

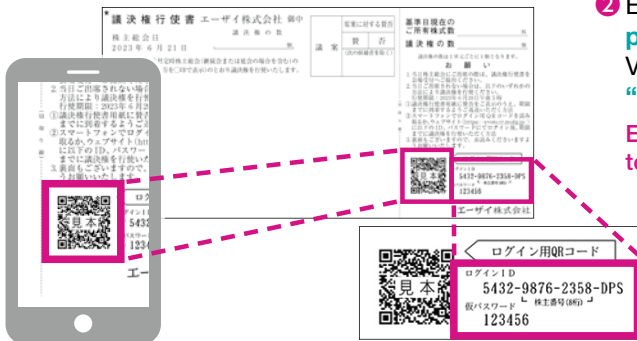
Exercise deadline

Valid if received by **5 P.M.** on **June 20**, 2023 (Tuesday)

When reading the QR Code

- Using your smartphone or tablet, read **the QR Code** shown in the lower right of the Voting Rights Exercise Form.

It is easy to log in without the need to enter a login ID and temporary password.



* QR Code is a registered trademark of Denso Wave Incorporated.

- From here on, enter your vote following the on-screen instructions.



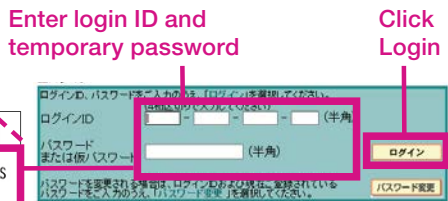
When entering your login ID and password

- Access the **voting website** from your PC, etc., and click on **“Next.”**

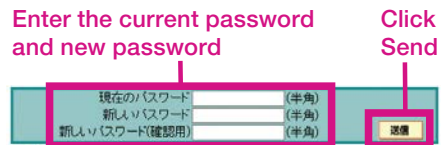
<https://evote.tr.mufg.jp/> (Japanese only)

Exercising voting rights Mitsubishi UFJ Trust

- Enter the **“login ID”** and **“temporary password”** shown in the lower right of the Voting Rights Exercise Form, and click **“Login.”**



- Register a **new password** and click **“Send.”**



- From here on, enter your vote following the on-screen instructions.

Precautions for exercising voting rights over the Internet

- Service will be unavailable from 2 A.M. to 5 A.M. daily.
- Any costs incurred in accessing the website for exercising voting rights (such as Internet connection fees) shall be borne by the shareholder.
- Depending on the shareholder's Internet environment, the website for exercising voting rights may not be available.

Stamps are not needed



Exercising Voting Rights by Mail

Please indicate your approval or disapproval of the proposal on the enclosed Voting Rights Exercise Form, and mail it to us.

Exercise deadline Valid if received by **5 P.M.** on **June 20, 2023** (Tuesday)

Please indicate your vote in the “Vote for or against the Proposal” section of the Voting Rights Exercise Form.

Voting Rights Exercise Form



- To vote for all candidates
 - ▶ Place a circle in the “**For**” column
 - To vote against all candidates
 - ▶ Place a circle in the “**Against**” column
- * If you wish to cast a different vote for certain candidates, please indicate the number of such candidate(s).

Please cut along the perforated lines and mail this part.

! Precautions

If no vote for or against a proposal is indicated when exercising voting rights by mail, it will be treated as an indication of approval.

To institutional investors

If you have applied in advance to use the voting platform operated by ICJ Inc., you may exercise your rights using the platform.

Inquiries regarding the Exercise of Voting Rights

If you have any questions about how to use the voting website on your computer or smartphone, please contact the following toll-free number.

Mitsubishi UFJ Trust and Banking Corporation
Stock Agent Department (Help Desk)

0120-173-027 (Hours: 9 A.M. to 9 P.M.)



Receipt of Notice of Convocation by Email

Shareholders who wish to receive the Notice of Convocation by email from the next General Meeting of Shareholders are requested to complete the procedures on the website for exercising voting rights.

<https://evote.tr.mufg.jp/> (Japanese only)

Exercising voting rights Mitsubishi UFJ Trust



“Online Convocation”

Please take advantage of the “Online Convocation,” which is available on PCs, smartphones, and tablet devices and offers a compact layout of the contents of the Notice of Convocation and smooth screen transitions.

<https://s.srdb.jp/4523/>
(Japanese only)



Hybrid Attendance Virtual Shareholders' Meeting

Shareholders who are unable to visit the venue for the General Meeting of Shareholders may attend by "virtual attendance" over the Internet (shareholder website). We will ensure convenience and fairness, expand opportunities for dialogue and information sharing, and provide a forum for shareholder confidence and confirmation.

At the General Meeting of Shareholders

Attending at the Venue



▶ [Details on page 8](#)

NEW

Virtual Attendance



- Asking questions at the meeting
- Exercising voting rights

▶ [Details on page 8](#)

What You Can Do Through Virtual Attendance

Attend from the comfort of your home or any other location

Use your time efficiently

Attend from a distant location

Ask questions in real time at the meeting

Exercise your rights just like at the venue

[Receipt of Motions]

Motions, including those relating to the procedures and proposals for the General Meeting of Shareholders, will only be accepted from shareholders present at the venue and will not be accepted from shareholders attending virtually. Shareholders who wish to submit a motion are asked to consider attending the meeting in person.

Guide to Attending the General Meeting of Shareholders



Attending at the Venue

Date and Time

June 21, 2023 (Wednesday) **10** A.M. (Reception starts at 9 A.M.)

Venue

Bellesalle Takadanobaba

Please submit the enclosed Voting Rights Exercise Form at the reception.

- Each person will receive 1 souvenir gift.
- Please bring this Notice of Convocation with you.
- Simultaneous translation in English is available through a receiver at the venue.



Virtual Attendance

Date and Time

June 21, 2023 (Wednesday) **10** A.M. Accessible from 30 minutes before

Please log in from a PC, smartphone or tablet device to access the shareholder website (“Engagement Portal” of Mitsubishi UFJ Trust and Banking Corporation).

Shareholder website URL: <https://engagement-portal.tr.mufg.jp/> (Japanese only)



Access to the Shareholder Website

- 1 Log in to the shareholder website.
- 2 Enter the **Login ID** and **temporary password** shown on the right of the Voting Rights Exercise Form.
- 3 Please read the Terms of Use, and check “I agree to the Terms of Use”.
- 4 Click the **“Login”** button.



* Please note that it will be necessary to change your temporary password for the voting website when you log in for the first time, but you can continue to use your “temporary password” to access the shareholder website.

Attending Virtually



5 Click the “Live Viewing” button.



6 Please read the Terms of Use, and check “I agree to the Terms of Use”.

7 Click the “View” button.



8 Please watch on this screen.

9 Function tab “Question” For details, please see page 10 “How to Ask Questions During the Meeting.”

10 Function tab “Viewer survey” Please complete the survey after the Meeting.

11 Applaud button Please see page 10 “How to Vote on Proposals.”

Operation Instructions for Virtual Attendance

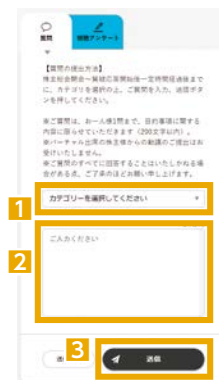
How to Ask Questions During the Meeting

Shareholders attending virtually can ask questions during the meeting through the shareholder website. Please ask questions by following these procedures. Please note that questions must be limited to matters that relate to the purpose of the General Meeting of Shareholders.

How to Ask Questions

Available time: From the opening of the General Meeting of Shareholders to a certain time after the start of questions and answers

- 1 Log in to the shareholder website during the General Meeting of Shareholders.
- 2 Participate in the live viewing by pressing the “Live Viewing” button.
- 3 Send a text message from the “Question” function tab in the live viewing screen.
 - 1 Select the question/category
 - 2 Enter the question/message
 - 3 Click the “Send” button



* Questions from the shareholder website are limited to 1 question per person (200 characters or less). Please understand that we may not be able to answer all questions during the meeting.



How to Vote on Proposals

As with the shareholders present at the meeting, we ask that you express your approval of the proposal on the day of the meeting by applauding if you approve of the proposal. Please follow the following procedures.

- 1 Log in to the shareholder website during the General Meeting of Shareholders.
- 2 Participate in the live viewing by pressing the “Live Viewing” button.
- 3 Shareholders who approve of the proposal are asked to follow the guidance of the Chair, and click the “Applaud” button at the bottom of the live screen.



拍手



Precautions on Attending Virtually

1 System requirements

	PC		Mobile		
	Windows	Macintosh	iPad	iPhone	Android
OS	Windows 10 and above	macOS X 10.13 (High Sierra) and above	iPad OS 14.0 and above	iOS 14.0 and above	Android 9.0 and above
Browser * Latest versions	Google Chrome, Microsoft Edge (Chromium)	Safari, Google Chrome	Safari	Safari	Google Chrome

- Internet Explorer is not supported, so please use the above browsers.
- Even in the environment described above, it may not work properly depending on your communication environment and device.
- Please note that there may be cases in which shareholders are unable to attend the meeting virtually or exercise their voting rights due to problems with their PCs, smartphones, or Internet environment or the shareholders' communication environment.

2 Virtual attendance by proxy

Please note that virtual attendance is limited to the shareholders themselves and that attendance by proxies or others is not permitted.

3 Other precautions

- The only language supported for virtual attendance is Japanese.
- We will take measures against communication outages due to the influence of the communication environment. However, please understand that we cannot be held responsible for any disadvantages incurred by shareholders who attend the meeting virtually due to reasons such as communication problems.
- The sharing of Login IDs and passwords for virtual attendance with third parties, as well as the audio/video recording or public disclosure of the General Meeting of Shareholders, is strictly prohibited.
- The Company reserves the right to change or cancel any portion of the virtual attendance if it is judged to be unavoidable.
- Should there be any changes in the operation of virtual attendance in response to system outages or other emergencies, or changes in circumstances, there will be announcements on our website, so please check it as necessary.
- If you have lost the enclosed Voting Rights Exercise Form, please contact the following to request its reissue. However, please note that we may not be able to reissue the form depending on the timing of your inquiry, for example, if it is received approximately less than 1 week prior to the date of the General Meeting of Shareholders.

Inquiries regarding the Shareholder Website

Mitsubishi UFJ Trust and Banking Corporation
Dedicated Support Line for General Meeting of Shareholders Website

TEL **0120-676-808**

(Toll free, 9 A.M. to 5 P.M. weekdays except Saturdays, Sundays, and holidays)

111th Ordinary General Meeting of Shareholders

Reference Documents

Proposal: Appointment of 11 Directors

The terms of office of all 11 current directors will expire as of the close of this Ordinary General Meeting of Shareholders. Shareholders are therefore requested to elect 11 directors based on the decision of the Nomination Committee.

The following is a list of the candidates for the position of director. For your reference, information about each of the candidates is provided on pages 13 through 37.

Candidate No./ Name		Current position and primary area of responsibility in the Company
1	Haruo Naito Reappointment	Director, Representative Corporate Officer and CEO
2	Hideyo Uchiyama Reappointment Outside Independent	Director <ul style="list-style-type: none"> ■ Chair of the Audit Committee ■ Member of the <i>hhc</i> Governance Committee
3	Hideki Hayashi Reappointment	Director <ul style="list-style-type: none"> ■ Member of the Audit Committee
4	Yumiko Miwa Reappointment Outside Independent	Director <ul style="list-style-type: none"> ■ Member of the Audit Committee ■ Member of the <i>hhc</i> Governance Committee
5	Fumihiko Ike Reappointment Outside Independent	Director <ul style="list-style-type: none"> ■ Member of the Nomination Committee ■ Chair of the Compensation Committee ■ Member of the <i>hhc</i> Governance Committee
6	Yoshiteru Kato Reappointment	Director <ul style="list-style-type: none"> ■ Member of the Audit Committee
7	Ryota Miura Reappointment Outside Independent	Director <ul style="list-style-type: none"> ■ Member of the Audit Committee ■ Member of the <i>hhc</i> Governance Committee
8	Hiroyuki Kato Reappointment	Director
9	Richard Thornley Reappointment Outside Independent	Director <ul style="list-style-type: none"> ■ Member of the Nomination Committee ■ Member of the Compensation Committee ■ Member of the <i>hhc</i> Governance Committee
10	Toru Moriyama New Outside Independent	— New director candidate
11	Yuko Yasuda New Outside Independent	— New director candidate

(Notes) 1 See pages 64, 65, and 74 through 81 of the electronic version for the activities of the Board of Directors and each committee.

2 Only Candidate 1 is serving as an executive director.

Reappointment

Director candidate for reappointment

New

New director candidate

Outside

Outside director candidate


Independent



























Independent officer for notification to stock exchanges

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

Diversity of Director Candidates

The Company ensures its Board of Directors is made up of diverse members with various expertise, experience, and backgrounds.

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

Candidate No./Name	Corporate management	Global	Finance & accounting	Legal	Academic background (discipline)	Gender & nationality	Age
1 Haruo Naito							75
2 Hideyo Uchiyama							70
3 Hideki Hayashi							65
4 Yumiko Miwa					 (ESG, Corporate Governance)	 (Female)	57
5 Fumihiko Ike							71
6 Yoshiteru Kato							63
7 Ryota Miura							49
8 Hiroyuki Kato							65
9 Richard Thornley						 (Foreign Nationality)	58
10 Toru Moriyama							68
11 Yuko Yasuda						 (Female)	61

Independence and Neutrality of Outside Directors

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

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

Candidate

1

Haruo Naito

Reappointment

December 27, 1947 (75 years of age) * as of June 21, 2023

Current position and primary area of responsibility in the Company**Director, Representative Corporate Officer and CEO****No. of years served as director****40** * as of the close of this Ordinary General Meeting of Shareholders**No. of the Company's shares held by the candidate****660,573** * as of March 31, 2023

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

 Yes*

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

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

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

For the above reasons, and based on stipulations in the Company's Corporate Governance Principles that the representative corporate officer and CEO serves concurrently as a director, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.

◆ Dear Shareholders, ◆

DEC tablets are used to combat lymphatic filariasis, and in treating DEC tablets as a “price zero business,” we are having an impact on the societies where the disease is widespread. With regard to the new Alzheimer’s drug lecanemab (U.S. brand name LEQEMBI), we are planning to calculate its annual value, to be shown in quantitative terms. Through these efforts, we will demonstrate how Eisai efficiently accomplishes the social good. In addition to gaining full approval for lecanemab in the U.S., we also plan to gain approval in Japan this year. We are committed to delivering value to our stakeholders around the world, including people living with Alzheimer’s disease, their care-giving families, medical personnel, care-givers, and payers.

We look forward to the understanding and support of our shareholders.



Personal history and concurrent employment, etc.

* The notation “(current)” is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

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

Activity on the Board of Directors and Committees

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

Attendance (FY2022)

■ Board of Directors	10/10 (100%)
■ Nomination Committee	—
■ Audit Committee	—
■ Compensation Committee	—
■ <i>hhc</i> Governance Committee	—

Candidate

2

Hideyo Uchiyama

Reappointment

Outside

Independent

March 30, 1953 (70 years of age) * as of June 21, 2023



Current position and primary area of responsibility in the Company

Director

- Chair of the Audit Committee
- Member of the *hhc* Governance Committee

No. of years served as director

5 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

776 * as of March 31, 2023

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

▶ None

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

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

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

Independence and neutrality

The candidate has experience serving as an officer of KPMG Japan. Although there is a history of transactions between the Company and KPMG AZSA LLC, KPMG Consulting, and KPMG Tax Corporation, which are all group companies of KPMG Japan, the amount was negligible (less than 2% of the consolidated sales of KPMG Japan). The candidate currently serves as advisor to Asahi Tax Corporation. However, there is no transactional relationship between said company and the Company.

The candidate serves as an outside director of Sompo Holdings, Inc. The Company has insurance policy transactions with an insurance company affiliated with said company. However, the value of said transactions is negligible (less than 2% of said insurance company's net premium income). The candidate also serves as an outside audit & supervisory board member of OMRON Corporation. However, there is no regular transactional relationship between said company and the Company.

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

◆ Dear Shareholders, ◆

With the U.S. FDA's accelerated approval of lecanemab (U.S. brand name LEQEMBI) at the start of January this year, we have embarked on a new stage in resolving an important social issue of overcoming dementia. While this achievement is the fruit of many years of drug discovery research in neurology, which is one of the Group's strengths, it will also further increase society's expectations of the Company. How well we can live up to those expectations will be an issue going forward.

On the other hand, to improve shareholder value, the Group's management revolves around (1) medium- to long- term Return on Equity (ROE) management, (2) stable and sustainable shareholder returns, and (3) value-creative investment criteria, upon securing financial soundness. In this business climate, I intend to continue fulfilling my duties as a director, from the perspectives of how well the Group can balance uninterrupted investment activities to create the social value of new drug development with measures to increase shareholder value, and of steadily engaging in efforts to become an *hhcoco* company we aim to be in the future and whether those efforts are steadily increasing shareholder value.

内山英世

Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

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

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

Activity on the Board of Directors and Committees

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

Attendance (FY2022)

■ Board of Directors	10/10 (100%)
■ Nomination Committee	—
■ Audit Committee	13/13 (100%)
■ Compensation Committee	—
■ <i>hhc</i> Governance Committee	9/9 (100%)

Candidate

3

Hideki Hayashi

Reappointment

November 22, 1957 (65 years of age) * as of June 21, 2023

Current position and primary area of responsibility in the CompanyDirector ■ Member of the Audit Committee**No. of years served as director**

4 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

37,849 * as of March 31, 2023



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

▶ None

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

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

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

◆ Dear Shareholders, ◆

The long-awaited dementia treatment drug lecanemab (U.S. brand name LEQEMBI) received accelerated approval in the U.S. in January of this year, and this fiscal year we also embark on the critical phase of preparing to deliver this drug to Japan, Europe, China, and other countries around the world. In addition to treatments for dementia, Eisai will also aim to create and provide diverse dementia-related solutions going forward, including prevention and early diagnosis and care tailored to the degree of severity and to alleviate anxiety over health and create an *hbc* ecosystem. Based on the wide range of experience I have gained through my duties as an inside director and Audit Committee member, I will perform audits and oversight to make sure the Company's activities and efforts are carried out appropriately and our corporate value is enhanced even further. It is my desire to respond to the expectations of our shareholders and many other stakeholders through these activities.



Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

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

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Hayashi utilizes his abundant experience within the Company and high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions and advice, as needed. As a member of the Audit Committee, he also directs the daily operations of the Management Audit Department, works to enhance the quality of audit activities, and has attended important meetings and audited subsidiaries. At meetings of the Audit Committee, Mr. Hayashi not only provides explanations on his own audit activities but also offers his own opinions on resolutions and report items, as needed, thereby fulfilling his expected role on the Committee.

Attendance (FY2022)

■ Board of Directors	10/10 (100%)
■ Nomination Committee	—
■ Audit Committee	13/13 (100%)
■ Compensation Committee	—
■ <i>hbc</i> Governance Committee	—

Candidate

4

Yumiko Miwa

Reappointment

Outside

Independent

October 12, 1965 (57 years of age) * as of June 21, 2023



Current position and primary area of responsibility in the Company

Director

- Member of the Audit Committee
- Member of the *hhc* Governance Committee

No. of years served as director

3 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

911 * as of March 31, 2023

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

▶ None

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

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

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

Independence and neutrality

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

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

◆ Dear Shareholders, ◆

We live in an age in which sustainability and business operations can no longer be thought of separately. In the oversight by the Board of Directors, I consider monitoring from the perspective of ESG (E=Environment, S=Society, G=Governance) to be highly important. In the amendments to the Articles of Incorporation last year, the Company added “effectively achieving the social good” based on the *human health care (hhc)* Corporate Concept. In essence, I believe this means working to increase corporate value and the common interests of shareholders, and to deliver greater value for consumers with ESG as the foundation.

I have conducted research focused on institutional investors, corporate governance, and ESG. As an independent outside director, I will utilize the findings of such research to fulfill my oversight and supervisory duties, so that the Company can steadily carry out its management strategies based on the Corporate Concept of *hhc*. In particular, I would like to contribute to the advancement of the Company’s DE&I (Diversity, Equity, and Inclusion) through my perspective as a woman, and engage proactively in dialogue with shareholders and other stakeholders while at the same time contributing to the improvement of the Company’s corporate value.

三和 裕美子

Personal history and concurrent employment, etc.

* The notation “(current)” is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

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

Activity on the Board of Directors and Committees

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

Attendance (FY2022)

■ Board of Directors	10/10 (100%)
■ Nomination Committee	—
■ Audit Committee	13/13 (100%)
■ Compensation Committee	—
■ <i>hhc</i> Governance Committee	9/9 (100%)

Candidate

5

Fumihiko Ike

Reappointment

Outside

Independent

May 26, 1952 (71 years of age) * as of June 21, 2023



Current position and primary area of responsibility in the Company

Director

- Member of the Nomination Committee
- Chair of the Compensation Committee
- Member of the *hhc* Governance Committee

No. of years served as director

2 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

1,000 * as of March 31, 2023

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

▶ **None**

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

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

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

Independence and neutrality

The candidate has experience serving as an officer of Honda Motor Co., Ltd. While the Company has concluded a collaborative research agreement with this company, there is no history of transactions or other dealings which could influence the independence or neutrality of the candidate as an outside director.

The candidate currently serves as outside director of NTT DATA Corporation. Although there is a history of transaction between the Company and said company, the amount was negligible (less than 2% of the consolidated sales of said company). Furthermore, the candidate currently serves as outside director of Resona Holdings, Inc. Although there is a history of transaction between the Company and a group bank of said company, the amount was negligible (less than 2% of the consolidated sales of said company). Furthermore, although the Company also has borrowings from a group bank of said company, the amount is negligible (less than 2% of the consolidated net assets of the Group).

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

◆ Dear Shareholders, ◆

For many years the Company has been continuously engaged in discovery research on the underlying causes of the disease that causes the Alzheimer's disease and pharmaceutical formulations to treat it—paving the way for the release of Aricept in the 1990s, and now the long-awaited arrival of lecanemab (U.S. brand name LEQEMBI) this year. After receiving accelerated approval in the U.S. in January of this year, full approvals are expected this fiscal year in the U.S., Europe, Japan, China, and elsewhere, as we now stand on the precipice of a historical moment in the modern history of drug discovery. Thirty years of the Company's tireless efforts are now bearing fruit, but many issues still must be addressed before this drug can be made widely available to patients. Several of these issues cannot be resolved by Eisai acting on its own. The most important matter over the next few years will be for the Board of Directors to diligently see things through together with various interested parties to accelerate the resolution of these issues as much as possible. And while successfully achieving the commercialization of lecanemab, we will be carefully monitoring other drug discovery pipelines to make sure they lead to commercialization.

As a director, I will fulfill my responsibility by doing my best to bolster the Company's Board of Directors as a highly effective institution that can be a world-class model of corporate governance.



Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

Feb. 1982	Joined Honda Motor Co., Ltd.
Jun. 2003	Director and Chief Director of Multi-purpose Business, Honda Motor Co., Ltd.
Apr. 2006	Director and Chief Director of Business Administration, Honda Motor Co., Ltd.
Jun. 2007	Managing Director and Chief Director of Business Administration, Honda Motor Co., Ltd.
Apr. 2008	Managing Director and Chief Director of Asia and Pacific, Honda Motor Co., Ltd.; President and Director of Asian Honda Motor Co., Ltd. (resigned in Mar. 2011)
Apr. 2011	Director, Senior Managing Officer, and Chief Director of Business Administration concurrently serving as Risk Management Officer and General Supervisor of Information Systems, Honda Motor Co., Ltd.
Apr. 2012	Director, Senior Managing Officer, and Chief Director of Business Administration concurrently serving as Chief Director of IT, Risk Management Officer, and Liaison Manager, Honda Motor Co., Ltd.
Apr. 2013	Chairman and Representative Director of Honda Motor Co., Ltd. (resigned in June 2016)
May 2014	Chairman of Japan Automobile Manufacturers Association (resigned in May 2016)
Jun. 2020	Outside Director, NTT DATA Corporation (current)
Jun. 2021	Director of the Company (current), Member of the Nomination Committee (current), Member of the Compensation Committee, Member of the <i>hhc</i> Governance Committee (current), and Member of the Independent Committee of Outside Directors
Jun. 2021	Outside Director, Resona Holdings, Inc.(current)
Jun. 2022	Chair of the Compensation Committee of the Company (current)

Activity on the Board of Directors and Committees

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

Attendance (FY2022)

■ Board of Directors	10/10 (100%)
■ Nomination Committee	7/7 (100%)
■ Audit Committee	—
■ Compensation Committee	13/13 (100%)
■ <i>hhc</i> Governance Committee	9/9 (100%)

Candidate

6

Yoshiteru Kato

Reappointment

February 8, 1960 (63 years of age) * as of June 21, 2023

Current position and primary area of responsibility in the Company

Director ■ Member of the Audit Committee

No. of years served as director

2 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

10,681 * as of March 31, 2023



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

▶ None

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

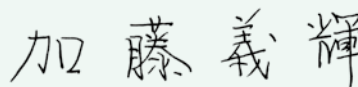
The Company's corporate governance principles call for appointing inside directors who have abundant experience working within the Company to serve as members of the Audit Committee. The candidate has abundant experience and knowledge acquired through his work in pharmaceutical manufacturing, quality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

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

◆ Dear Shareholders, ◆

Last fiscal year, the new Alzheimer's disease treatment lecanemab (U.S. brand name LEQEMBI) received accelerated approval in the U.S., and we filed full approval applications in the U.S., Europe, Japan, and China. Reviews are currently proceeding smoothly, and we are working together throughout the Company to deliver lecanemab to patients all over the world as soon as possible. The Company will pursue greater value for patients and the people in the daily living domain, shareholders, and employees by efficiently achieving the social good of relieving people's anxiety over health and reducing health disparities through the *hhc* ecosystem focused on the areas of dementia and oncology.

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



Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

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

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Kato utilizes his abundant experience within the Company and high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions and advice as needed. As a member of the Audit Committee, he also directs the daily operation of the Management Audit Department, works to enhance the quality of audit activities, and has himself attended important meetings and audited subsidiaries. At meetings of the Audit Committee, Mr. Kato not only provides explanations on his own audit activities but also offers his own opinions on resolutions and report items as needed, fulfilling his expected role on the Committee.

Attendance (FY2022)

■ Board of Directors	10/10 (100%)
■ Nomination Committee	—
■ Audit Committee	13/13 (100%)
■ Compensation Committee	—
■ <i>hhc</i> Governance Committee	—

Candidate

7

Ryota Miura

Reappointment

Outside

Independent

May 14, 1974 (49 years of age) * as of June 21, 2023



Current position and primary area of responsibility in the Company

Director ■ Member of the Audit Committee
■ Member of the *hhc* Governance Committee

No. of years served as director

2 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

608 * as of March 31, 2023

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

▶ None

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

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

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

Independence and neutrality

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

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

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

◆ Dear Shareholders, ◆

The COVID-19 pandemic that has continued dragging on since my appointment as an outside director of the Company in June 2021 is now showing signs of containment. As a result, we are now able to actually interact with patients who have suffered from cancer, interview institutional investors and employees, tour the Tsukuba Research Laboratories, and do many other things in person rather than online. Based on the knowledge gained from those opportunities, I endeavored in the Board of Directors, Audit Committee, *hhc* Governance Committee, and other activities to increase the Company's corporate value.

At last year's General Meeting of Shareholders, the Company passed resolution on "empowering people in the daily living and medical domains to realize their fullest life" through the *hhc* ecosystem in collaboration with other industries," and entered it into the Articles of Incorporation as Corporate Concept. With the launch of lecanemab (U.S. brand name LEQEMBI) we now embark upon a new stage in empowering people in the daily living and medical domains to realize their fullest life. As the Company faces this challenge, I intend to contribute toward increasing the Company's corporate value in the areas of corporate governance, compliance, and internal control, which are my areas of expertise.

三浦亮太

Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

Apr. 2000	Admitted to the bar association Joined Mori Sogo (Law Firm) (currently Mori Hamada & Matsumoto)
Jan. 2007	Partner, Mori Hamada & Matsumoto (resigned in Oct. 2018)
Jun. 2008	Corporate Auditor, TechMatrix Corporation (current)
Jan. 2019	Established law firm Miura & Partners (current)
Jun. 2020	Outside Audit & Supervisory Board Member, Tokyo Electron Ltd. (current)
Jun. 2021	Director of the Company (current), Member of the Audit Committee (current), Member of the <i>hhc</i> Governance Committee (current), and Chair of the Independent Committee of Outside Directors

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Miura utilizes his specialized knowledge as an attorney as well as his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions and advice, etc., as appropriate. Also, as a member of the Audit Committee, he formulates audit plans, requests explanations regarding the results of investigations and subsequent follow-up actions, while also presenting his opinions and advice at meetings of the Audit Committee as needed, fulfilling his expected role.

Attendance (FY2022)

■ Board of Directors	10/10 (100%)
■ Nomination Committee	—
■ Audit Committee	13/13 (100%)
■ Compensation Committee	—
■ <i>hhc</i> Governance Committee	9/9 (100%)

Candidate

8

Hiroyuki Kato

Reappointment

September 8, 1957 (65 years of age) * as of June 21, 2023

Current position and primary
area of responsibility in the
Company

Director

No. of years served as director

1 * as of the close of this Ordinary
General Meeting of Shareholders

No. of the Company's shares
held by the candidate

8,462 * as of March 31, 2023



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

▶ None

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

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

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

◆ Dear Shareholders, ◆

In January of this year, the Company received accelerated approval for long-awaited Alzheimer's disease treatment lecanemab (U.S. brand name LEQEMBI) in the U.S., and is proceeding determinedly toward full approval there in addition to receiving approvals in Japan, Europe, and China. While providing society with the social value that this treatment creates, I am also working to hammer out a highly transparent, comprehensive pricing approach for lecanemab that places importance on returns to shareholders and employees. Through this approach, I believe that this innovation created by the Company can be converted into maximum value for all stakeholders.

As an inside director, I will strive to meet the expectations of many stakeholders by leveraging the experience I have gained through my duties at the Company in management oversight, and by working to improve our governance and contribute to further increasing our corporate value over the long term through the pursuit of further innovation in the fields of neurology and oncology.

Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

Apr. 1982	Joined the Company
Jun. 2010	Executive Director, Special Associate to Chief Product Creation Officer of the Company
Jun. 2011	Officer of the Company
Apr. 2012	Executive Director, Strategic Operations Department, Product Creation Headquarters of the Company
Jun. 2012	Group Officer of the Company
Jun. 2012	Executive Director, Portfolio Strategy & Strategic Operations Department, Product Creation Headquarters of the Company
Apr. 2016	Vice President of the Company
Apr. 2016	Head of Medicine Development Center of the Company
Jun. 2017	Head of Medicine Development Center, <i>hhc</i> Data Creation, and Global Product Emergency Management of the Company
Jan. 2018	Chief Quality Officer and Global Product Management of the Company
Jun. 2019	Senior Vice President of the Company
Jun. 2019	Chief Clinical Quality Officer, Chief Product Quality Officer, Global Product Emergency Management, and Pharmaceutical Affairs of the Company
Jun. 2022	Director of the Company (current)

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Kato utilizes his abundant experience within the Company and high level of knowledge of corporate governance and supervisory capabilities as he requests explanations and presents his opinions and advice as needed. In addition, he presents proposals, provides his opinions, and makes other contributions regarding corporate governance matters and the proceedings of the Board of Directors, fulfilling his expected role.

Attendance (FY2022)

■ Board of Directors	8/8 (100%)
■ Nomination Committee	—
■ Audit Committee	—
■ Compensation Committee	—
■ <i>hhc</i> Governance Committee	—

* Because Hiroyuki Kato was newly appointed to be a director and assumed his post at the 110th Ordinary General Meeting of Shareholders held on June 17, 2022, his attendance at meetings of the Board of Directors indicates attendance at meetings beginning on June 17, 2022.

Candidate

9

Richard Thornley

Reappointment

Outside

Independent

November 25, 1964 (58 years of age) * as of June 21, 2023



Current position and primary area of responsibility in the Company

Director

- Member of the Nomination Committee
- Member of the Compensation Committee
- Member of the *hhc* Governance Committee

No. of years served as director

1 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

0 * as of March 31, 2023

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

▶ None

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

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

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

Independence and neutrality

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

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

◆ Dear Shareholders, ◆

During my first year on the Board I have invested time learning deeply about the pharmaceutical industry, Eisai's position and potential within it, and its operations and functions. As I received detailed presentations from the Heads of Departments and Regions and visited factories and laboratories at home and abroad, I have been extremely impressed by Eisai's valuable intellectual property, advanced technology tools and passionate people, who are working tirelessly to meet our corporate goals.

These components have placed Eisai in the enviable position of bringing the new generation Alzheimer's drug lecanemab (U.S. brand name LEQEMBI) to market on time and with transparency in the communication of progress. I believe that patients awaiting a treatment, Shareholders, the Government agencies and global Alzheimer's Societies' trust in Eisai has been enhanced.

Inevitably, there will be risks and challenges along the road to full production and stable supply of lecanemab (and other Eisai drugs), but from what I have witnessed in my first year, the Board is well functioning to support, govern and guide our experienced and highly motivated Executive Team.

I commit to perform my role as a member of the board, utilising my experience of international business and risk to help steer Eisai success for all of our stakeholders.



Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

Sep. 1983	Joined Westland Helicopters Inc.
Dec. 1997	General Manager – Japan, AgustaWestland
Jan. 2003	Regional Director – NE Asia (Japan, South Korea and Taiwan), AgustaWestland
Jan. 2004	President, Rolls-Royce Japan and Regional Director, Rolls-Royce Korea
Jan. 2014	Representative Managing Director – Japan, Bell Helicopter Co., Ltd. (resigned in Mar. 2018)
Mar. 2018	Chief Executive Officer, Thornley International (current)
Jun. 2019	Member Of The Supervisory Board, International Security Industry Council of Japan (current)
Jun. 2022	Director (current), member of the Nomination Committee (current), member of the Compensation Committee (current), member of the <i>hhc</i> Governance Committee (current), member of the Independent Committee of Outside Directors of the Company

Activity on the Board of Directors and Committees

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

Attendance (FY2022)

■ Board of Directors	8/8 (100%)
■ Nomination Committee	6/6 (100%)
■ Audit Committee	—
■ Compensation Committee	10/10 (100%)
■ <i>hhc</i> Governance Committee	9/9 (100%)

* Because Richard Thornley was newly appointed to be a director and assumed his post at the 110th Ordinary General Meeting of Shareholders held on June 17, 2022, his attendance at meetings of the Board of Directors and each Committee indicates attendance at meetings beginning on June 17, 2022.

Candidate

10

Toru Moriyama

August 9, 1954 (68 years of age) * as of June 21, 2023

New

Outside

Independent



Current position and primary area of responsibility in the Company

—

No. of years served as director

0 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

0 * as of March 31, 2023

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

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

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

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

Independence and neutrality

The candidate has experience serving as an officer of Mitsubishi Shokuhin Co., Ltd. Although there is a history of transaction between the Company and said company, the amount was negligible (less than 2% of the consolidated sales of said company).

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

◆ Dear Shareholders, ◆

Although I do not have experience in the pharmaceutical industry, I intend to use my experience being involved in corporate management including as a director of a food and consumables distribution company and make devoted effort to enhance the effectiveness of the Board of Directors' oversight functions.

Social changes and reforms in the following 3 areas have been accelerating due to the COVID-19 pandemic. First is employee workstyles, second is lifestyles of the people in the daily living domain, and third is the shift to digital in every facet of life. In this modern age, I believe all stakeholders have increasingly higher expectations for the further evolution of Eisai.

Eisai is recognized as a company that implements an advanced system of corporate governance. As an independent outside director, I will strive to fulfill my oversight and supervision responsibilities and contribute to the further enhancement of the Company's corporate value in order to ensure that the Company's business strategy based on the Corporate Concept of *human health care* is steadily implemented not only from a shareholder perspective, but also from the perspectives of patients and the people in the daily living domain.



Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

- Apr. 1977 Joined Mitsubishi Corporation
- Apr. 2001 Unit Manager, Marine Products Unit, Foods Division, Mitsubishi Corporation
- Apr. 2004 General Manager, Living Essentials Group of Chubu Branch, Mitsubishi Corporation
- Sep. 2005 Senior Vice President, Lawson, Inc.
- May 2006 Director, Senior Executive Managing Officer, Lawson, Inc.
- Apr. 2008 Senior Vice President, Mitsubishi Corporation
- Apr. 2009 Deputy Group CEO (Next Generation Business Development) of Living Essentials Group, Mitsubishi Corporation
- Apr. 2010 Executive Vice President, Group COO of Living Essentials Group, Mitsubishi Corporation
- Apr. 2011 Executive Vice President, Group CEO of Living Essentials Group, Mitsubishi Corporation
- Jun. 2011 Outside Director, Mitsubishi Shokuhin Co., Ltd.
- Mar. 2013 Resigned as Outside Director, Mitsubishi Shokuhin Co., Ltd.
- Apr. 2013 Executive Vice President, Regional Chief Executive Officer of Asia & Oceania, Mitsubishi Corporation
- Apr. 2016 President and Chief Executive Officer, Mitsubishi Shokuhin Co., Ltd.
- Jun. 2016 President and Representative Director, Mitsubishi Shokuhin Co., Ltd.
- Jun. 2021 Senior Advisor, Mitsubishi Shokuhin Co., Ltd. (resigned in June 2022)

Candidate

11

Yuko Yasuda

New

Outside

Independent

September 16, 1961 (61 years of age) * as of June 21, 2023



Current position and primary area of responsibility in the Company

—

No. of years served as director

0 * as of the close of this Ordinary General Meeting of Shareholders

No. of the Company's shares held by the candidate

0 * as of March 31, 2023

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

▶ None

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

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

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

Independence and neutrality

The candidate currently serves as a senior partner of Board Advisors Japan, Inc. However, there is no transactional partnership between said company and the Company.

The candidate serves as an outside director of Murata Ltd., Ltd. and Nissui Corporation. However, there is no transactional partnership between said companies and the Company.

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

◆ Dear Shareholders, ◆

In order to continuously increase corporate value, it is important for corporate activities to operate soundly based on the corporate concept, and the mission of the Board of Directors is to oversee and support these processes. As the Company has been presenting a clear concept of its *hhc* concept, giving first thought to the satisfaction level of patients and their family members, and delivering best practices that boost its corporate value through the creation of social value, I feel a great sense of responsibility upon assuming my role as director at this Company.

My work is to support the Company in the areas of leadership development and corporate governance. I wish to deeply understand the state of how next-generation leaders are being matured and developed in order to further develop high-engagement organizations here on an ongoing basis. I will also strive to make our formidable executive team and the oversight function of the Board of Directors into 2 wheels that drive the Company's growth.

安田 結子

Personal history and concurrent employment, etc.

* The notation "(current)" is shown for positions held as officers, etc., as of May 15, 2023. The date of retirement is shown if the individual has already retired as an officer, etc.

- 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 of 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 of SCSK Corporation
- Mar. 2017 Outside Director, Showa Shell Sekiyu K. K.
- 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. (current)
- Jun. 2020 Outside Director, Murata Manufacturing Co., Ltd. (current)
- Jul. 2020 Senior Partner, Board Advisors Japan, Inc. (current)

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

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

Conclusion of Directors and Officers Liability Insurance Contracts

The Company has concluded directors and officers liability insurance contracts, the general outline of which is as follows, and is scheduled to renew said contracts during FY2023. Director candidates for re-election are already insured under this contract and will likewise be insured after re-election. The director candidates who are scheduled to be newly elected at this Ordinary General Meeting of Shareholders will be insured under this contract after election as directors.

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

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

- Outline of covered insured events**

The insurance, inclusive of the special provisions, covers liabilities related to the execution of duties by the insured officer, etc., or claims for damages that may arise in the pursuit of said liability.

Provided, however, that there are certain exemptions from obligation, such as that the acts were performed with an awareness that they were in violation of law.

Expected Appointment of Director Candidates

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

Name	Expected appointment and primary area of responsibility at the Company	Nomination Committee	Audit Committee	Compensation Committee	hmc Governance Committee
Haruo Naito	Director, Representative Corporate Officer and CEO				
Hideyo Uchiyama	Director (outside)		Chair		Member
Hideki Hayashi	Director		Member		
Yumiko Miwa	Director (outside)		Member		Member
Fumihiko Ike	Chair of the Board of Directors (outside)				Member
Yoshiteru Kato	Director		Member		
Ryota Miura	Director (outside)		Member		Member
Hiroyuki Kato	Director				
Richard Thornley	Director (outside)	Member		Chair	Member
Toru Moriyama	Director (outside)	Chair		Member	Member
Yuko Yasuda	Director (outside)	Member		Member	Member

(Notes) This list does not show the chair of the hmc Governance Committee as he/she will be determined through mutual vote at committee meetings scheduled to be held after the close of this Ordinary General Meeting of Shareholders.

Requirements for the Independence and Neutrality of Outside Directors

(Revised: August 2, 2017)

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

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

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

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

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

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

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

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

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

Q & A

Frequently Asked Shareholder Questions!

Q How was Eisai's **performance in FY2022?**

A 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 as well as the recording of an upfront payment from Bristol Myers Squibb (the U.S.) under strategic collaboration for antibody drug conjugate MORAb-202 in the previous fiscal year. 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 Alzheimer's disease (AD) treatment lecanemab (U.S. brand name 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.

[> Details are available here](#)



Overview of Consolidated Income (Billions of yen)	FY2021	FY2022	Change from previous year (%)
Revenue	756.2	744.4	98.4
Cost of sales	174.8	177.8	101.7
Selling, general and administrative expenses	366.4	358.3	97.8
R&D 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
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

Q What is Eisai's **Corporate Concept**?

The *hhc* Concept

To give first thought to patients and the people in the daily living domain, and increase the benefits that healthcare provides to them as well as meet their diversified healthcare needs worldwide.

A The Company develops its business based on the *human health care (hhc)* concept, which understands that patients and the people in the daily living domain are the key players in health care and has the increase of benefits provided to them as its objective. The *hhc* concept is deeply ingrained throughout the Group and is the source of our business activities.

As we incorporate this corporate concept in our Articles of Incorporation—having gained the approval of our shareholders at the general meeting of shareholders—and share the concept with our shareholders, we will advance our evolution into an *hhæeco* (*hhc* concept + ecosystem) company, thereby progressing the efficient realization of the social goods of “relieving anxiety over health” and “reducing health disparities.”

[> Details are available here](#)



Q What is the future outlook **of dividends**?

A The Company returns dividends to our shareholders in a stable and sustainable way through maintaining a healthy balance sheet and comprehensive consideration of the consolidated financial results, dividends on equity attributable to owners of the parent ratio (DOE), and free cash flow.

The Group has set the year-end dividend to ¥80 per share. Totaled with the interim dividend of ¥80 per share, the Group intends to pay a total dividend of ¥160 per share for the year (same amount as the previous year). Regarding the annual dividend for FY2023, we are forecasting a dividend of ¥160 per share.

[> Details are available here](#)



Q Can you give us a progress update on the **Medium-Term Business Plan “EWAY Future & Beyond”**?

A In addition to our desire of “empowering The People to realize their fullest life,” we will aim to create science- and data-based solutions focused around the Group’s strengths in the areas of neurology and oncology while aiming to evolve to an *hhæco* (*hhc* concept + ecosystem) model through the construction of an ecosystem via collaboration with other industries and groups. R&D plays an important, value-creating role in the *hhæco* model. Under the Deep Human Biology Learning (DHBL) system, which regards disease as a continuum and carries out drug discovery research in accordance with human biology evidence, we aim to develop pharmaceuticals and predictive models of disease, and seek to provide solutions for people at all stages of life, from the everyday to the medical field. Furthermore, through collaboration with a variety of partners such as other industries, local governments, and startups, and the mutual interaction of data generation and solution provision, we will deliver social impact to key stakeholders.

[> Details are available here](#)



Q How is lecanemab progressing as a **drug for the treatment of Alzheimer’s disease**?

A “Lecanemab” (U.S. brand name LEQEMBI) acquired accelerated approval in the U.S. in January 2023. Following the acquisition of the accelerated approval, treatment using lecanemab has begun with people living with early Alzheimer’s disease, the intended target group. In addition, on the day we acquired accelerated approval, we also filed an application for full approval. The review is currently underway, with the target date for the end of the review set for July 6, 2023. We filed an application for approval as a new drug in Japan in January 2023, and the review is currently underway as an item for priority review. In addition, the marketing authorization application for Europe was completed in January 2023, and the review is currently underway according to the standard schedule. In China we began submitting the filing data in December 2022. It was designated for priority review in February 2023, and review is currently underway.

[> Details are available here](#)



What can you tell us about the expanded indications of the anticancer agent **Lenvima** and the development situation of any other anticancer agents?

A Regarding the development of the adjunctive therapy with the anti-PD-1 antibody pembrolizumab (generic name), more than 10 clinical trials are currently underway in collaboration with Merck & Co., Inc., Rahway, NJ, USA (“MSD” outside North America). Multiple clinical trials are scheduled to end within FY2023, including trials targeting endometrial cancer and non-small cell lung cancer. We plan to file applications for approval based on the results.

We are moving forward with development with a focus on projects targeting refractory cancers that are difficult to treat with cancer immunotherapy, including E7386, an inhibitor of the CBP/ β -catenin interaction, and MORAb-202 (generic name: farletuzumab ecteribulin), an antibody-drug conjugate (ADC) combining 2 compounds developed in-house: the folate receptor α antibody farletuzumab (generic name), and the anticancer agent Halaven.

[> Details are available here](#)



Do you have any **concrete examples of using AI**?

A The Group aims to create solutions utilizing AI and digital technologies. Specifically, we will apply AI and digital technologies to improve quality of life (QOL) in the everyday and medical fields, such as maintaining and supporting health status, disease awareness and prevention, finding examinations and hospitals, accurate diagnosis, and confirming the effectiveness of treatment. We use our big data for purposes such as genome information in drug discovery research, the development of highly useful pharmaceuticals through AI, and “NouKnow” (non-medical device), the digital tool for the self-assessment of brain health. In addition, we are collaborating with various other industries to construct a dementia ecosystem, including the telecommunications industry, food, insurance, finance, automobiles, and fitness, by using smartphones equipped with “NouKnow” to monitor cognitive functions and encourage actions that lead to prevention.

[> Details are available here](#)



Q What **countermeasures** are you taking against **climate change**?

A After announcing its endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the Group conducted a climate scenario analysis as recommended by the TCFD, and evaluated the impact that climate change would have on the Group, and is undertaking countermeasures. In addition, we formulated the “Eisai Environmental Management Vision” in 2022 and are now making concerted efforts to steadily protect the environment. Based on these ideas, we are also accelerating our “reduction of greenhouse gas emissions” and “promotion of the introduction of renewable energy.”

> Details are available here 



Q What is the status of your initiatives to create a **recycling-oriented society**?

A In order to contribute to the formation of a recycling-oriented society, the Group aims for sustainable use of resources, including water. We are working on proper waste disposal and effective use of resources, and expect to achieve zero emissions* in Japan for the 15th consecutive year in FY2022. In addition, in pursuit of the sustainable use of water resources, we are also engaged in efficient use of water resources (including recycling) and high-quality wastewater treatment that contributes to the preservation of water quality.


* To reduce the percentage of waste sent to landfill to less than 0.5%.

> Details are available here 



Q Do you practice **socially and environmentally conscious procurement**?

A In order to fulfill our responsibility to develop socially and environmentally conscious business activities along the entire length of our supply chain, we promote sustainable procurement by raising awareness among our business partners about human rights, labor, health and safety, the environment, ethics, and other sustainability issues, and by helping them improve their sustainability efforts. In concrete terms, we endeavor to explain our policies, obtain consent to our code of conduct (which outlines the conduct we expect from our business partners), and engage in dialogue that leads to sustainability evaluations and efforts to make improvements based on the evaluation results. From a risk management perspective, our sustainability evaluations primarily target direct material manufacturing suppliers at domestic plants, including manufacturing subcontractors.

> Details are available here 



Q What initiatives are you taking to **improve access to medicines?**

A The problem of access to medicines refers to the fact that necessary pharmaceuticals and medical services are not reaching the people who need them, especially those in low income countries and emergent nations. In order to eliminate lymphatic filariasis (LF), one of the neglected tropical diseases, the Group manufactures diethylcarbamazine (DEC) tablets, a treatment for LF, at the Group's Vizag Plant in India, and provides them to the World Health Organization (WHO) at "price zero" (free of charge) until the disease has been eliminated in all countries in which it is endemic. As of the end of March, 2023, we had supplied 2.13 billion tablets to 29 countries. In addition, we are engaged on several fronts to improve access to medicines, such as by working with outside parties on new drug development for malaria and neglected tropical diseases including mycetoma, as well as by offering products at affordable prices and income-based tiered pricing schemes.

> Details are available here 



Q What are you doing to ensure the **stable supply of products?**

A We are working to build a sustainable and robust manufacturing system to deliver pharmaceuticals to patients in all environments. Through automation and remote operation of manufacturing and analytical procedures at our own plants, we aim to shift to a production system that is unaffected by restrictions on in-person work in the event of an emergency. Moreover, we have formulated a business continuity plan (BCP) and maintain a structure that ensures stable supply even in the case of a pandemic, serious disaster, or sudden, sharp fluctuation in demand.



Q What measures are you focusing on in terms of the **management of human assets?**

A In order to enable our diverse human assets to maximize their individual strengths and characteristics, we are designing systems and organizations, allocating human assets, developing human assets, managing health, and reforming workstyles from the 4 perspectives of health, workstyles, growth, and organization. With the goal of increasing high quality dialogue within the organization, we are cultivating the organizational culture and conducting a monthly employee engagement survey. In addition, we have put in place a program for employees to independently design their own careers. As part of expanding our business perspective from "patients and their families" to "patients and the people in the daily living domain," we are promoting DE&I (Diversity, Equity & Inclusion) to ensure diversity that meets the needs of patients and the people in the daily living domain.

> Details are available here 



Q What are the **features of your corporate governance**?

A One of the defining characteristics of the Company's corporate governance is that we make the most of being a company with a nomination committee, etc., system, clearly separating management oversight and business execution, and ensuring fairness and transparency in management.

The greatest characteristic of the Company's corporate governance is that the Company has established and is operating a mechanism to enhance sustained, autonomous corporate governance centered on outside directors, including (1) a system of electing neutral and independent outside directors by a Nomination Committee, (2) operating the Board of Directors, etc., through the leadership of a chair who is an outside director, (3) establishing an *hbc* Governance Committee for broad discussion of corporate governance, including dialogues with stakeholders and the consideration of succession plans, etc., and (4) conducting corporate governance evaluations through Plan-Do-Check-Act (PDCA) cycles of the Board of Directors and each committee.

[> Details are available here](#)



Q Does the Board of Directors discuss **sustainability**?

A In addition to being a key management issue, efforts toward sustainability constitute a risk that could affect corporate value. In accordance with Article 9 (Working on Realization of a Sustainable Society) of the "Corporate Governance Principles," the Board of Directors receives reports from the assigned corporate officers regarding individual themes, in addition to regular reports related to ESG, and monitors the efforts. In addition, in FY2022 we established a subcommittee within the *hbc* Governance Committee to inspect the status of efforts toward sustainability of ESG, etc., and shared information and engaged in discussion with related corporate officers.

[> Details are available here](#)



Q What is the **compensation system for corporate officers**?

A The Compensation Committee decided to implement a new corporate officer compensation system that will go into effect as of FY2023. In determining compensations, the Committee focuses on its role in ensuring fairness, transparency, and accountability to shareholders and other stakeholders.

Regarding the compensation, etc., of corporate officers, we have established a basic policy, and the compensation consists of the base compensation (fixed amount), performance-based compensation (variable amount) in the form of bonuses, and stock-based compensation. We will aim for performance-based compensation to constitute at least 50% of total compensation, using a mechanism that sufficiently reflects company-wide performance as management team compensation. Bonuses are composed of a bonus determined on basis of the degree of attainment of Company-wide performance targets and a bonus determined on basis of the degree of attainment of individual performance targets based on an evaluation of the individual performance targets, including objectives related to achievement of the corporate image stipulated in the Articles of Incorporation, as represented by the achievement of social good.

[> Details are available here](#)



Q How is the **CEO's successor** decided?

A The Company considers the selection of the CEO to be one of the most important decisions to be made by the Board of Directors. The CEO's duty is to exhibit strong leadership while also nurturing a successor. The Company believes that having outside directors participate in this process with such recognition and having them offer advice increases the objectivity of the selection of successor candidates. It rationally ensures the fairness of the CEO selection process. The *hmc* Governance Committee shares information on and considers the succession plan proposed by the CEO twice a year, based on the rules that stipulate that stipulate preparations for unexpected situations and how information on the succession plan, etc., should be shared.

[> Details are available here](#)



Q What can you tell us about **compliance promotion and risk management**?

A The Company has established a department specializing in compliance and risk management under the supervision of the corporate officer assigned to compliance and internal control. The Company works toward being thoroughly compliant through various efforts, including (1) distributing a Compliance Handbook containing the ENW* Charter of Business Conduct and the Code of Conduct to all employees, and cultivating a compliance-focused corporate culture through rigorous, thorough training, and (2) promoting the creation of global risk management and whistle-blowing systems.

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

[> Details are available here](#)



The full text of the latest Articles of Incorporation approved at the 110th Ordinary General Meeting of Shareholders is given below to be shared with all shareholders.

ARTICLES OF INCORPORATION

(Revised on June 17, 2022)

Chapter I General Provisions

(Corporate name)

Article 1. The trade name of the Company shall be "Eisai Kabushiki Kaisha". In English translation, it shall be "Eisai Co., Ltd."

(Corporate Concept)

- Article 2. (1) 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. Under this Concept, the Company endeavors to become a human health care (*hhc*) company.
- (2) The Company seeks to effectively achieve social good in the form of relieving anxiety over health and reducing health disparities as an innovative Japanese company.
- (3) The Company'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 developed through collaboration with other industries and groups. The Company believes that revenues and earnings will be generated by first fulfilling this mission. The Company places importance on this sequence.
- (4) The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.
- (5) The Company's principal stakeholders are patients and the people in the daily living domain, shareholders, and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value thereof through:
1. Satisfying unmet medical needs, providing information and services that contribute to the awareness and prevention of diseases, ensuring a stable supply of high-quality products, and providing useful information on a range of topics, such as drug safety and effectiveness;
 2. Contributing to a sustainable society with a long-term perspective;
 3. Enhancing the common interests of shareholders, improving long-term corporate value, providing a positive return to shareholders, and disclosing corporate management information in a timely manner; and
 4. Ensuring stable employment, respecting human rights and diversity, providing full opportunities for growth in support of self-fulfillment, and creating an employee- friendly environment.

(Object)

- Article 3. The object of the Company shall be to carry on the following business activities:
1. Research and development, manufacture, sale and import and export of pharmaceuticals.
 2. Any other legally authorized businesses.

(Location of head office)

Article 4. The Company shall have its head office in Bunkyo-ku, Tokyo.

(Method of public notice)

Article 5. Public notices of the Company shall be given as electronic ones. In the event an electronic public notice is unavailable due to a communication failure or any unavoidable circumstances, the public notice shall be published in the *Nihon Keizai Shimbun*.

(Company with a nomination committee, etc., system)

Article 6. The Company shall be a company that adopts the "Company with a Nomination Committee, etc., System," as defined in Article 2, Item 12, of the Companies Act.

Chapter II Shares

(Total number of issuable shares)

Article 7. The total number of issuable shares of the Company shall be eleven hundred million (1,100,000,000) shares.

(Number of shares constituting one round lot)

Article 8. The number of shares constituting one round lot shall be one hundred (100) shares.

(Rights to odd-lot shares)

- Article 9. The shareholders of the Company cannot exercise any rights other than those stipulated below.
1. Rights as set forth in Article 189, Paragraph 2, of the Companies Act; and
 2. Rights for receiving allotment of subscribed shares and share options, in proportion to the number of shares held by each shareholder.
 3. Rights for making demands as set forth in the following Article

(Share increase for odd-lot shares)

Article 10. Pursuant to share handling regulations, Shareholders of the Company may demand that the Company sell the number of shares required to make, together with the odd-lot shares held by the shareholder, a single share unit.

(Custodian of shareholders' register)

- Article 11. (1) The Company shall have a custodian of shareholders' register.
- (2) The custodian of shareholders' register and its business office shall be determined by the Board of Directors or by (a) Corporate Officer(s) delegated by resolution of the Board of Directors and public notice shall be given of such matters.
- (3) The Company shall not handle the office work including the preparation and maintenance of the register of shareholders and the register of share options, and all these administrative services shall be delegated to the custodian of the shareholders' register.

(Share Handling Regulations)

Article 12. Regarding the handling of shares and new share options (warrants), handling charges and procedure for exercising shareholder rights therefor, the Board of Directors or (a) Corporate Officer(s) delegated by resolution of the Board of Directors shall determine in the Share Handling Regulations unless otherwise provided by law or these Articles of Incorporation.

Chapter III General Meetings of Shareholders**(Convocation)**

Article 13. (1) The Ordinary General Meeting of Shareholders shall be convened within three (3) months from the end of each fiscal year, and Extraordinary General Meetings of Shareholders shall be convened at whenever necessary.
 (2) General Meetings of Shareholders shall be convened by a Director previously appointed by the Board of Directors, unless otherwise provided by law. In case that Director is prevented from so doing, another Director shall act in that Director's place in accordance with an order previously determined by the Board of Directors.
 (3) General Meetings of Shareholders shall be held at a place located in Tokyo. However, it shall be possible to change the location of the venue if it is deemed to be difficult to hold the meeting in Tokyo.

(Reference date of an Ordinary General Meeting of Shareholders)

Article 14. The reference date for the voting rights at an Ordinary General Meeting of Shareholders shall be March 31 of every year.

(Electronic Provision Measures, etc.)

Article 15. (1) When convening a General Meeting of Shareholders, the Company shall implement measures to provide the information contained in General Meeting of Shareholders Reference Materials, etc., electronically.
 (2) The Company may choose not to include all or part of the matters for which electronic provision measures are implemented, which have been stipulated by Ordinance of the Ministry of Justice, in written documents provided to shareholders who have requested them by the record date for voting rights.

(Chairman)

Article 16. The Chairman of a General Meetings of Shareholders shall be the Director or the Corporate Officer(s) predetermined by the Board of Directors. In case the Director or the Corporate Officer(s) is prevented from so doing, another Director or Corporate Officer shall act in his or her place in accordance with an order previously determined by the Board of Directors.

(Method of adopting resolutions)

Article 17. (1) Unless otherwise provided by law or these Articles of Incorporation, resolutions of a General Meeting of Shareholders shall be adopted by a majority of the voting rights of those shareholders with exercisable voting rights(s) present at the meeting.
 (2) The resolutions as per Article 309, Paragraph 2, of the Companies Act shall be adopted by an affirmative vote of two-thirds (2/3) or more of the voting rights held by shareholders present, where such shareholders present shall hold shares representing one-third (1/3) or more of the exercisable voting rights of the shareholders.

(Exercise of voting rights by proxy)

Article 18. (1) A shareholder of the Company may exercise his or her voting rights by appointing one proxy having voting rights who is a shareholder of the Company.
 (2) The shareholder of the Company or his/her proxy shall submit a document evidencing a power of attorney to the Company at each General Meeting of Shareholders.

(Minutes)

Article 19. The minutes shall be prepared and kept with respect to the substance of proceedings of a General Meeting of Shareholders in compliance with law.

Chapter IV Directors and Board of Directors**(Number)**

Article 20. The Company shall have not more than fifteen (15) Directors.

(Election)

Article 21. (1) Directors shall be elected by resolution at a General Meeting of Shareholders.
 (2) The resolution for the election of Directors shall be adopted by an affirmative vote of a majority of the voting rights held by shareholders present, where such shareholders present shall hold shares representing one-third (1/3) or more of the exercisable voting rights of the shareholders.
 (3) Cumulative voting shall not be used for a resolution of electing Directors.

(Term of office)

Article 22. The term of office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders relating to the fiscal year ending within one (1) year after their election.

(Establishment of the Board of Directors)

Article 23. The Company shall have the Board of Directors.

(Chairman)

Article 24. One (1) Director shall be designated as Chair of the Board of Directors by a resolution of the Board of Directors.

(Convocation)

Article 25. (1) Except as otherwise provided by law, a meeting of the Board of Directors shall be convened by the Chair of the Board of Director. In case the Chair is prevented from so doing, another Director shall act in his place in accordance with an order previously determined by the Board of Directors.
 (2) Notice for convening a meeting of the Board of Directors shall be dispatched to each Director three (3) days prior to the date of the meeting. Such period of notice may, however, be shortened in case of urgency.

(Omission of resolution)

Article 26. In case all the Directors with exercisable voting rights have given unanimous consent for any matter to be resolved at the Board of Directors in writing or via an electromagnetic method, a resolution of the Board of Directors to pass the matter to be resolved shall be deemed to have been adopted to that effect.

(Regulations of the Board of Directors)

Article 27. In addition to those provided by law or by these Articles of Incorporation, any matters with respect to the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors.

(Minutes)

Article 28. The minutes shall be prepared and kept with respect to the substance of proceedings of the Board of Directors meeting in compliance with law.

Chapter V Nomination Committee, etc.**(Establishment of a nomination committee, etc.)**

Article 29. The Company shall have a Nomination Committee, an Audit Committee and a Compensation Committee.

(Appointment)

Article 30. The Directors constituting the aforementioned Nomination Committee, etc., shall be elected by resolution of the Board of Directors.

Chapter VI Independent Auditors**(Establishment of independent auditors)**

Article 31. The Company shall have Independent Auditors.

(Election)

Article 32. The Independent Auditors shall be elected by a resolution at a General Meeting of Shareholders.

Chapter VII Corporate Officers**(Establishment of Corporate Officers)**

Article 33. The Company shall have Corporate Officers.

(Election)

Article 34. Corporate Officers shall be elected by a resolution of the Board of Directors.

(Term of office)

Article 35. The term of office of Corporate Officers shall expire at the close of the first meeting of the Board of Directors convened following the close of the Ordinary General Meeting of Shareholders relating to the fiscal year ending within one (1) year after their election.

(Representative Corporate Officers)

Article 36. At least one (1) Corporate Officers shall be elected as Representative Corporate Officer, by a resolution of the Board of Directors.

(Corporate Officer with Title)

Article 37. A Corporate Officer can be designated as Corporate Officer with Title, by a resolution of the Board of Directors.

Chapter VIII Exemption from Liability**(Exemption from liability)**

- Article 38. (1) The Company may, by a resolution of the Board of Directors, exempt the Directors (including former Directors) and Corporate Officers (including former Corporate Officers) from liabilities for damages due to negligence of their duties, as per Article 426, Paragraph 1, of the Companies Act, to the legally authorized extent
- (2) The Company may enter into a contract with each Director to limit each Director's (excluding Executive Directors, etc.) liability for damages to a minimum amount that is stipulated by law, as per Article 427, Paragraph 1, of the Companies Act.

Chapter IX Accounts**(Business year)**

Article 39. The business year of the Company shall be one (1) year from the 1st day of April of each year and end on the 31st day of March of the following year, and the last day of such business year shall be the date of closing of accounts.

(Organization to determine distribution of retained earnings, etc.)

Article 40. The Company shall determine the matters listed in each item of Article 459, Paragraph 1, of the Companies Act, including distribution of retained earnings, by the Board of Directors, without a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

(Reference date for distribution of retained earnings)

- Article 41. (1) The reference date for the Company's distribution of year-end dividends shall be the 31st day of March every year.
- (2) The reference date for the Company's distribution of interim dividends shall be the 30th day of September every year.

(Statute of limitation for dividends)

Article 42. In the event that the dividend in money has not been received after an elapse of three (3) years from the date of commencement of payments, the Company shall not be liable for such payments.

Details

Business Report for the 111th Fiscal Year

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Business Report for the 111th Fiscal Year

(from April 1, 2022, to March 31, 2023)

I. Current Status of the Group

1 Management Policy

1. Corporate Concept

(1) Evolution to an *hhceco* Company



We give first thought to patients and the people in the daily living domain, and increase the benefits that healthcare provides to them as well as meet their diversified healthcare needs worldwide.



In light of the SDGs and from the aspects of purpose-driven and visionary management, there is a need today for companies to merge their business activities with the resolution of social issues. Executing the Company's business based on a clear understanding that patients and the people in the daily living domain are the key players in health care, and increasing the benefits provided to them, is the Company's *human health care (hhc)* concept. This *hhc* concept is deeply ingrained throughout the Group and is the source of our business activities. By significantly expanding the key players of the health care to which we should contribute from "patients and their families" to "people in the daily living and medical domains," we have declared our evolution to an *hhceco* (*hhc* + ecosystem) company, a platform business in which we are now energetically engaged. We have included this in our Articles of Incorporation and shared our vision for the Group with our shareholders and other stakeholders.

Evolution to an *hhceco* Company based on the *hhc* Concept

"An *hhceco* Company"

Empower people in the daily living and medical domains to realize their fullest life based on the *hhc* concept
Build the Eisai Universal Platform (EUP)
Create an ecosystem with EUP at the core



Corporate Concept

> Details are available here

(2) *hhc* Activities

Our Corporate Concept guides us in our decision-making. It expresses whom we value and why we do our work. In other words, it indicates the reason we have come together as a company, and the Company's purpose. For each employee to implement the Corporate Concept to "give first thought to patients and the people in the daily living domain, and increase the benefits that healthcare provides to them as well as meet their diversified healthcare needs worldwide," we believe it is important that each employee first gets close to patients and sees the situation through their eyes.

That is why the Group recommends that all of its employees carry out socialization* and spend 1% of their working hours (or about 2.5 days per year) with patients. Although the COVID-19 pandemic makes it difficult to speak and interact directly with patients, such activities (*hhc* activities) through which employees pick up on the thoughts and feelings of patients that might not necessarily be expressed in words continue to be carried out around the world in various creative ways under 500 or more themes each year. Here is just a sampling of such activities.

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

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

hhc Activities

Interacting with Aphasia Patients (U.S.A.)

In the U.S., employees in the Clinical Development Division hold weekly one-on-one remote conversations with people living with aphasia. Through a series of dialogues with patients discussing their past experiences and struggles, employees were able to deepen their empathy for those suffering from aphasia. Before engaging in the dialogues, employees made sure to gain an understanding of each patient's living environment, hobbies, and interests. The continuously repeated chats of 15 minutes to 1 hour each week improved patients' speech and communication skills, leading to a reduction in anxiety. In this way, participants learned that even during the COVID-19 pandemic—when it is difficult to engage in direct, face-to-face socialization—it is possible to create bonds through continuous online interaction and find ways to help each other grow. Going forward, we will continue this activity in the U.S.



U.S. employees and people from the Adler Aphasia Center

hhc Activities to Achieve a Dementia-Inclusive Society (Japan)

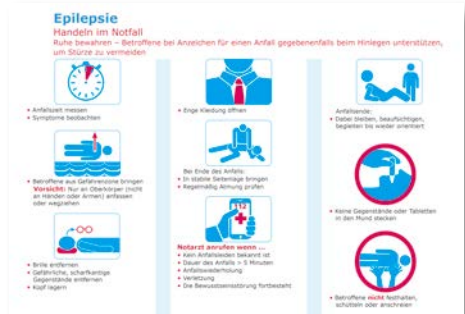
The Company is continuously working with local governments and residents of local communities to create a dementia-inclusive society. A “dementia-inclusive society” is about more than just early diagnoses and awareness of the disease. It is important to address each resident’s thoughts and lifestyle, consider how the local community should be, and think what kind of life the individual should lead in terms of a story. Employees interacted with residents at a health checkup in Kokonoe Town, Oita Prefecture, where they learned about residents’ thoughts and health needs in their daily lives. Moreover, in Taketa City, where transportation by private car is indispensable for daily life due to the mountainous and forested terrain, we held driving classes to support the elderly so that they can continue driving as long as possible. The content and background of these pioneering efforts to coexist with dementia are contained in Docolabo, a pamphlet that we produce, together with the results of the efforts and the sentiments of local government officials. Using online seminars that connect municipalities to each other, we disseminate information to a total of 915 municipalities. Going forward, we aspire to work in many more municipalities with the aim of creating local communities that match the characteristics of their regions, and to bring about a seamless dementia-inclusive society through collaboration with communities of patient groups.



A company employee listening closely to a local resident

hhc Activities Geared toward Improving the Educational Environment of Pediatric Epilepsy Patients (Germany)

Employees spent time with pediatric epilepsy patients and their families in Germany, where employees learned about the lack of understanding and prejudice among people around them regarding epilepsy, as well as the difficulty of dealing with sudden seizures, which forces patients to attend special needs facilities. Out of a strong desire to ease the fear and anxiety of surrounding people about epilepsy and to “provide an educational environment in which children living with epilepsy and their families can live with peace of mind,” we conducted online awareness training to promote understanding of epilepsy in educational settings and created an emergency response manual to be used in the event of seizures. These activities have led to a better understanding of epilepsy and have equipped teaching staff with the ability to respond to sudden seizures, creating a safe environment for pediatric patients with epilepsy to attend kindergartens and schools.



Emergency response manual

Care Living Lab. Connecting Communities through Music (South Korea)

Since 2015, employees in South Korea have been using music workshops to support the socialization of people living with various ailments or disabilities and their families.

Employees had encountered patients who were isolated, anxious, and troubled because they were unable to talk to their families or the people around them about their illnesses.

To resolve these anxieties, employees realized that it is necessary to create an inclusive society in which all residents respect, connect with, and help each other, and embrace

each other's diversity, regardless of the illnesses or disabilities. As a result, they began collaborating with local public organizations and other groups to use music in carrying out activities to connect with local residents all over South Korea. With the aim of creating communities where people can work with local residents and public organizations to help each other and live with peace of mind, employees reflect on local issues under the theme of "revitalizing care communities where people empathize, connect with, and support each other," put forth ideas to solve the issues, and run various workshops and other activities. These activities have helped to shape communities by raising residents' interest in community care and their sense of self-efficacy (the recognition that they can do it themselves) and creating a sense of solidarity among residents.



Members of the community participating in a music workshop

Dementia Care “The Journey of Memory” (Malaysia)

Despite COVID-19 restrictions, local employees in Malaysia continued to interact remotely with people with dementia, their care-givers, and patient groups. Although Malaysia's population is aging and dementia is on the rise, education to raise dementia awareness is insufficient for the society as a whole. In addition, in Malaysia, where people often live with and care for their aging parents, dementia is simply considered a part of the aging process and therefore

overlooked. Employees recognized that there is an urgent need to improve understanding of dementia. In order to alleviate fears and anxieties about life changes caused by the progression of dementia, employees worked with geriatric specialists to build “LIVING WITH DEMENTIA,” a dementia website accessible to everyone. The site describes the progression of the condition and symptoms of dementia from the early to the terminal stages, as well as changes in daily life, to help the people living with dementia and their care-givers understand how the transition will occur in the future. In addition, they created a guide that provides details of possible suffering and symptoms that may occur to people with dementia at the end of life, spelling out support that is considerate to people living with dementia. These activities gave emotional support to care-givers and led to a progressive step forward in activities to raise awareness of the condition within society.



The Malaysian dementia website created in this activity



The Latest *hnc* Activities

> Details are available here 

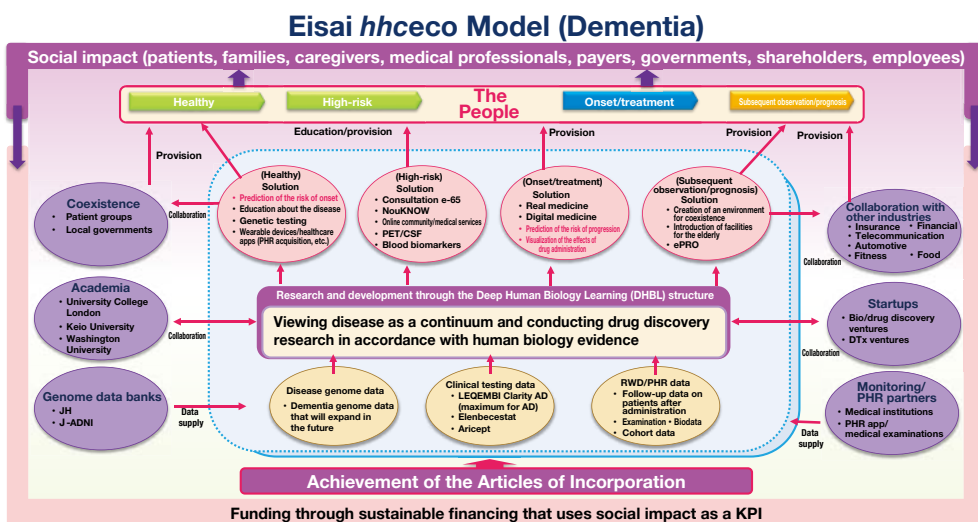
2. Issues that Need to be Addressed

The Group launched the new medium-term management plan “EWAY Future & Beyond” in April 2021 with the aim of increasing its long-term corporate value by efficiently realizing the social goods of “relieving anxiety over health” and “reducing health disparities” and creating social impact, based on the *hhc* concept.

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

Under “EWAY Future & Beyond,” the 5 years from FY2021 are “EWAY Future,” while the term from FY2026 is “EWAY Beyond.” At the same time, the key players to whom the Group should make a contribution have been expanded from “patients and their families” to “patients and the people in the daily living domain.” In addition to the desire of empowering them to realize their fullest life, we will aim to evolve into an *hhceco* (*hhc* concept + ecosystem) company through the construction of an ecosystem by collaborating with other industries and groups and the creation of solutions based on science and data, focusing around the Group’s biggest strengths in the areas of neurology and oncology, where unmet medical needs are extremely high.

The basis for realizing the *hhceco* model is clinical trial results that are the exclusive property of the Group, disease-related genomes, and data that can be obtained from the real world, personal health records, and other sources. Within the *hhceco* model, R&D plays a major role in the creation of value based on data inputs. Under the Deep Human Biology Learning (DHBL) system, which regards disease as a continuum and carries out drug discovery research in accordance with human biology evidence, we aim to develop pharmaceuticals, digital medicine, and predictive models of disease, and seek to provide solutions for people at all stages of life, from the everyday to the medical field. In addition, through collaboration with various partners in other industries, local governments, academia, and startups, the *hhceco* model will be enhanced by the mutual interaction of data generation and solution provision to deliver social impact to key stakeholders.



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

We reformed our R&D framework in October 2022, and the DHBL system became fully operational. Under the DHBL system, we will regard disease as a continuum based on pathophysiology, taking into account the evolution of biomarkers. We will practice drug discovery research in accordance with human biology evidence. Focusing on 5 drug discovery areas (domains) in which the Group can gain the earliest and deepest access to the human biology of the relevant area, we promote research from the formation and validation of drug discovery hypotheses to obtaining regulatory approval. More specifically, the drug discovery areas comprise “microenvironments,” “proteostasis disruption,” “cell lineage and cell differentiation,” “inflammation, hypoxia, and oxidative stress associated with cellular senescence,” and “elimination of neglected tropical diseases and pandemics.” We aim to become a leader in the fields of neurodegenerative diseases such as Alzheimer’s disease (AD) and incurable cancers, while also making ongoing contributions in the area of global health.

① Efforts to Maximize the Value of Lecanemab (U.S. brand name LEQEMBI) and Progress in the Field of AD

Regarding the AD treatment lecanemab, in September 2022, we obtained statistically highly significant results for primary endpoints and all key secondary endpoints in the Clarity AD study (Phase III study), which targets early AD. In the U.S., based on the results of Study 201 (Phase II study), which showed that the drug was effective in reducing the accumulation of amyloid- β plaque in the brain, a distinctive marker of AD, the drug received accelerated approval from the U.S. Food and Drug Administration (FDA) for the treatment of AD. In the U.S., a supplemental Biologics License Application (sBLA) for a change to full approval was also processed and designated for priority review. The Prescription Drugs User Fee Act (PDUFA) action date (the target date for the completion of review) has been set for July 6, 2023. Applications have also been completed in Japan, Europe, and China, respectively, and 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, we are working with several partners on the joint development of a blood-based amyloid- β test as well as joint research aimed at the development of a dementia diagnostic workflow using blood biomarkers.

We believe that the price of an innovative drug should be set based on the social value that the drug delivers, and that this value should be returned to all stakeholders. The price of lecanemab in the U.S. was set based on the concept of returning its social value to all of the public stakeholders, namely the people living with dementia, their families, caregivers, healthcare professionals, payers, and the government, as well as the private stakeholders, namely the shareholders and employees.

Development of other projects based on the AD continuum is also in progress. Tau NexGen (Phase II/III clinical study), being executed by the Dominantly Inherited Alzheimer Network Trials Unit (DIAN-TU), is currently underway in Japan, the U.S., and Europe to evaluate the effect of E2814, the anti-microtubule binding region (MTBR) tau antibody. E2814 is the first investigational medicine in a clinical study among anti-tau drugs for Dominantly-inherited AD. Lecanemab has been selected for the anti-amyloid therapy, which is the basic treatment method of this study. A Phase II clinical study of E2814 targeting sporadic AD is also planned. As for E2511, the selective tropomyosin receptor kinase A (TrkA) synapse binding regenerant, a Phase I clinical study, is underway in the U.S. E2511 is expected to help the restoration of damaged cholinergic nerves to functional neuron, and prevent the degeneration of cholinergic nerves. In Japan, the Eisai-Keio Innovation Lab for Dementia (EKID), the industry-medicine collaborative base established jointly with Keio University, is carrying out

exploratory research on a drug discovery target related to the protective mechanism inherent in a brain and the maintenance and strengthening of the brain's robustness.

2 Oncology

Approval has been obtained around the world for the anticancer agent Lenvima for the treatment of diseases such as thyroid cancer, hepatocellular carcinoma, renal cell carcinoma, and endometrial carcinoma. Of these cancers, approval has been obtained in Japan, the U.S., Europe, Asia, and elsewhere for the use of Lenvima in combination with the U.S. company Merck's anti-PD-1 antibody pembrolizumab for the treatment of renal cell carcinoma and endometrial carcinoma. Efforts to maximize the value of Lenvima are progressing steadily in such ways. A clinical study (LEAP study) is currently underway that aims to add indications for 10 or more types of cancer through its use in combination with pembrolizumab. Furthermore, we are developing CBP/ β -catenin inhibitor E7386 as a drug aiming to overcome resistance to this adjunctive therapy, as it is expected to inhibit the Wnt signaling pathway involved in the development of cancer. The drug has achieved clinical proof of concept (POC), and the Phase I/II studies for its use in combination with pembrolizumab are also underway. We are collaborating with Bristol-Myers Squibb on the development of MORAb-202, a next-generation antibody drug conjugate (ADC) which uses the approved agent eribulin as payload, as a treatment agent for low sensitivity related to cancer immunotherapy, with 2 Phase II studies underway. Furthermore, we are also proceeding with the development of new next-generation pipelines, such as protein degradation inducing agents and neoantigen inducers, through joint research and development that is merged with external technologies.

3 Dementia Ecosystem

We are working to create various solutions that are based on the disease continuum with the objective of empowering the people in the daily living and medical domains to realize their fullest life. In the area of daily life (preclinical phase), we assume solutions such as those for the maintenance and support of good health, building disease awareness and prevention, and test and hospital searches. In the area of medicine (disease onset, treatment, and prognosis phases), we assume solutions such as those for accurate diagnosis, the confirmation of the effectiveness of treatment (drugs, non-drugs), and measures that will contribute to the enhancement of quality of life (QOL).

In Japan, we are promoting various collaborations with other industries such as telecommunications, food, insurance, finance, automotive, and fitness to expand the dementia ecosystem, including through the use of smartphones equipped with the digital tool "NouKNOW" (a non-medical device) to promote the monitoring of cognitive function. In China, we are working to reduce health disparities through the use of digital technology, offering online medical services through Yin Fa Tong, a one-stop online health platform that covers everything from daily life to medical care. In Asia, we are expanding our ecosystem creation with other industries and non-profit organizations to increase dementia recognition rates and facilitate early detection, early diagnosis, and expanded access to dementia treatments.

3. Basic Policy for Capital Strategy

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

(1) Medium- to Long-term ROE Management

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

(2) Stable and Sustainable Shareholder Returns

The Company stipulates under its Articles of Incorporation that matters related to dividends of surplus will be resolved by the Board of Directors. Based on factors such as a healthy balance sheet and comprehensive consideration of the consolidated financial results, Dividends on Equity (DOE*³), and free cash flow, as well as taking into consideration the signaling effect, the Group implements the stable and sustainable return of profits to its shareholders. Because DOE indicates the ratio of dividends to consolidated net assets, the Group has positioned it as an indicator that reflects balance sheet management and, consequently, capital policy. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. The Group uses the ratio of equity attributable to owners of the parent and net debt ratio (Net DER) as indicators to measure a healthy balance sheet.

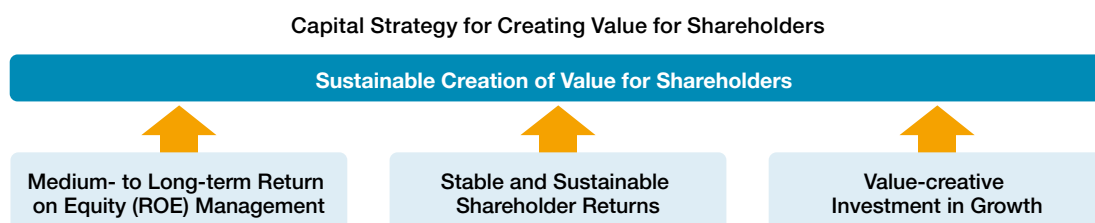
(3) Value-creative Investment Criteria

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

*1 ROE (Profit ratio to equity attributable to owners of the parent) = Profit attributable to owners of the parent/ Equity attributable to owners of the parent

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

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



4. Dividends

Based on the basic policy described above aiming to provide sustainable and stable dividends to its shareholders, the Group has set the year-end dividend for FY2022 at ¥80 per share. With the interim dividend of ¥80 per share, the Group intends to pay the total dividend of ¥160 per share for the year (same amount as the previous year).

Governance

5. Corporate Governance

(1) Basic Approach to Corporate Governance

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

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



Corporate Governance Principles

> Details are available here 

① Co-creating Value with Stakeholders

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

② Corporate Governance System

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

(2) Features of the Company's Corporate Governance

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

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

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

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

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

Meanwhile, the Board of Directors passes resolutions on rules related to "systems for ensuring proper business operations," and establishes the specific rules for internal controls that should be put in place and operated by corporate officers, in accordance with the stipulations of the Companies Act. In addition to the matters stipulated in those rules, corporate officers ensure independence by establishing and operating internal control in their assigned duties, thereby increasing the speed and flexibility of business execution.

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

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

② Diversity of Directors

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

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

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

a Selection and Assignment of Corporate Officers

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

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

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

General Meeting of Shareholders

Foreign Nationality, Female, (): Age

Board of Directors (Chair: outside director, 11 directors (7 outside, 4 inside))

Outside Director						Inside Director					
Chair	Yasuhiko Katoh (75)	Shuzo Kaihori (75)	Hideyo Uchiyama (70)	Yumiko Miwa (57)	Fumihiko Ike (70)	Ryota Miura (48)	Richard Thomley (58)	Haruo Naito (75)	Hideki Hayashi (65)	Yoshiteru Kato (63)	Hiroyuki Kato (65)
	Corporate management	Corporate management	Finance accounting	ESG & corporate governance	Corporate management	Legal	Corporate management	CEO	Pharmaceutical business	Products & quality	R&D & quality

Main background

Reporting & proposals / Management oversight

Nomination Committee (3 outside)	Audit Committee (3 outside, 2 inside)
Compensation Committee (3 outside)	hhc Governance Committee (7 outside)

Advisory boards comprised of outside experts

Eisai Scientific Advisory Board	Risk Management Committee
Sustainability Advisory Board	Company-Wide Environment and Safety Committee
Compliance Committee	Human Rights Awareness Committee

Haruo Naito
CEO

Executive Board (22 corporate officers)

R&D	Medical	Production	Quality
Takashi Owa (59) Science Medical Safety	L. Kramer (72) Clinical	Akiko Nakahama (54) Portfolio Quality	Kazuhiko Tamura (58) Demand Chain

Business

EMEA	China	Japan	Americas	Asia and Latin America
G. Hendler (56) President	Y. Feng (50) President	Terushige Iike (59) President, Eisai Japan	Eriko Naito (55) President, Consumer hhc Business Division	I. Cheung (46) President
				Shohei Kanazawa (58) President

Corporate										
Yasushi Okada (64) COO	Kenta Takahashi (63) General Counsel	Tatsuyuki Yasuno (54) CFO	Masatomi Akana (56) Healthcare Policy	Sayoko Sasaki (54) Corporate Communications	Masayuki Miyajima (60) General Affairs, Environmental Affairs	Yosuke Akita (58) Compliance	Keisuke Naito (34) Ecosystem	Teruyuki Masaka (45) CHRO	Mitsuo Kosaka (45) Strategy	Shin Ujiie (43) Planning

as of March 31, 2023



Officer Profile

> Details are available here

Diversity of Officers (Directors, Corporate Officers)

(Number of officers)

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

b The Executive Board, Advisory Boards, Etc.

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

c Building and Operating a Global Internal Control System

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

d Instilling Management with Accountability and Stakeholder Consciousness

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

4 Management Oversight by the Board of Directors

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

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

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

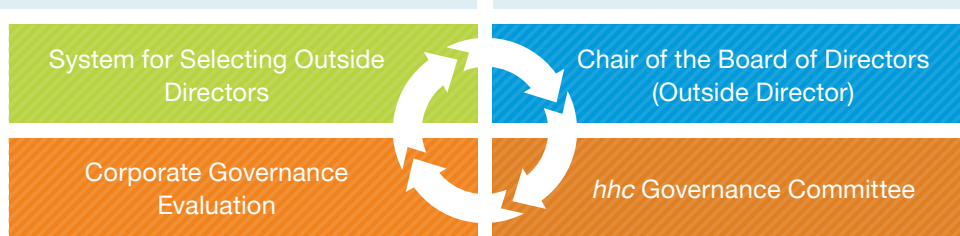
5 A Sustained, Autonomous Mechanism for Enhancement of Corporate Governance Centered on Outside Directors

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

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

- ① The Nomination Committee consists of outside directors.
- ② Information on candidates is also collected from members of the Nomination Committee and all other directors and former outside directors of the Company.
- ③ Candidates for outside directors are narrowed down after screening for independence and neutrality and the presence of any competitive activities, etc.
- ④ After the order of priority of requests for appointment has been set, the Chair of the Nomination Committee (outside director) submits assignment requests to the candidates.

- ① The Chair of the Board of Directors is appointed from among outside directors.
- ② The Chair of the Board of Directors proposes the Board of Directors agenda items for the year, annual themes, etc.
- ③ A week before meetings of the Board of Directors, there is a meeting with the secretariat and Head Office staff regarding the content of agenda items, materials, etc.
- ④ The Chair of the Board of Directors draws out knowledge from directors with diverse backgrounds, enhances the quality of the discussions among members of the Board of Directors, and manages Board meetings effectively and efficiently.



- ① Review of Corporate Governance Principles and internal control-related rules
- ② The *hhc* Governance Committee compiles the results of evaluations of each director and makes proposals to the Board of Directors, including issues.
- ③ Resolutions are passed by the Board of Directors and disclosed in business reports, etc.
- ④ The PDCA cycle is driven by confirming the implementation status of issues at Board meetings, etc.
- ⑤ Reviews of Board of Directors evaluations are conducted by an outside organization once every 3 years.

- ① Matters are discussed freely, with only outside directors in attendance.
- ② Proactive dialogue with stakeholders
- ③ Information regarding the succession plan proposed by the CEO is shared and discussed.
- ④ Corporate governance evaluations (including the evaluations made by each director) are summarized and proposed to the Board of Directors.
- ⑤ As necessary, the Board of Directors and corporate officers are asked to consider issues, share information, etc.

(3) FY2022 Efforts Related to Corporate Governance

① Operation of the *hhc* Governance Committee

Members	7 directors (7 outside directors) Chair: Outside director
Duties, etc.	<ol style="list-style-type: none"> 1. Actively engage in dialogue with stakeholders and use the knowledge gained to improve discussions in the Board of Directors. 2. Share information and provide advice and other recommendations regarding the Representative Corporate Officer and CEO's proposed plans for grooming candidates to fill the role of Representative Corporate Officer and CEO in the future. 3. Evaluate the effectiveness of the management oversight function of the Board of Directors. If any issues emerge in the operations of the Board of Directors or other boards or committees, propose the relevant improvements to the Board of Directors. 4. Carry out broad discussions on the Company's corporate governance and business matters, and work to make continuing improvements to the Company's corporate governance.
Status of holding of meetings	<p>FY2022: Held 9 times</p> <p>Attendance rate: 100%, 7 committee members (directors appointed on June 17, 2022)</p> <p>No committee meetings held before June 17, 2022</p>

FY2022 Activity status of the *hhc* Governance Committee

1. Dialogues with stakeholders
Once each year, the *hhc* Governance Committee reflects on its implementation of dialogue with stakeholders and deliberates on and confirms measures for the next fiscal year and items for consideration, etc., in preparation for implementation. We implemented the following efforts in FY2022.
 - Hosting of dialogue with cancer survivors
 - Hosting (large) meetings for the exchange of opinions between institutional investors (approximately 60), etc., and outside directors, and to engage in dialogue between individual institutional investors and outside directors
 - Sharing of information and engaging in discussions between labor union representatives and outside directors
 - Visits to plants and laboratories to share information and engage in discussions between young and middle-ranking employees and outside directors
2. Consideration of the CEO succession plan
 - Sharing and consideration of information related to the succession plan (twice)
3. Evaluation of the effectiveness of the Board of Directors
 - The *hhc* Governance Committee conducted a corporate governance evaluation (a self-review of the Corporate Governance Principles and the Internal Control Regulations, as well as a Board of Directors evaluation by individual directors)
4. Consideration and implementation of efficient operation of the *hhc* Governance Committee
In regard to the increasing frequency of meetings and the time required for them, we considered efficient operation in order to ensure sufficient time for more important deliberation. Specifically, we implemented the following measures.
 - We ensured that there was sufficient time for important deliberation items (CEO succession plan, evaluation of the effectiveness of the Board of Directors, reflection on dialogue with stakeholders, etc.).
 - We established a subcommittee to inspect the status of efforts toward sustainability of ESG, etc., and shared information and engaged in discussion with related corporate officers.
 - In regard to the sharing of each type of information required to deepen discussions by the Board of Directors, we made it possible to catch up on audio/video recordings and materials on demand as well, and otherwise enhanced services.
5. Other
 - Selection of agenda items for the Board of Directors and the *hhc* Governance Committee
 - Implementation of free discussion without any set themes
 - Sharing of information and discussion regarding issues in the Nomination Committee (consideration of the basic thinking regarding the election of candidates for directorships, the results of investigations related to the election of directors at listed companies and other matters related to officers, etc.)

- Sharing of information and discussion regarding issues in the Compensation Committee (revision of the compensation system for corporate officers, etc.)
- Sharing of information on each type of theme by operational divisions (medium- to long-term business outlook, employee human resources systems and other measures, information related to trends in activism and the exercise of voting rights by institutional investors, etc., efforts related to quality control at manufacturing subcontractors, etc.)
- Invitation of outside lecturers for the sharing of information and discussion regarding the most recent themes related to corporate governance (benefit corporations)

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

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

In FY2022, we were able to implement opportunities for dialogue with stakeholders (patients, shareholders, institutional investors, employees) that had been suspended due to the impact of COVID-19. In addition, the *hhc* Governance Committee discussed diverse matters, including matters such as consideration of the CEO succession plan, gathering the latest corporate governance information, and consideration of the various issues addressed by the Nomination Committee, the Audit Committee, and the Compensation Committee. Lively discussions were held each time.

Further, beginning this fiscal year, we established a subcommittee in the Committee in order to ensure sufficient time to discuss important themes, to enhance discussions, and to operate the Committee efficiently, in a context of the yearly expansion of the role of the *hhc* Governance Committee, an increase in the number of themes that are addressed, and expansion of the range of outside director activities. The subcommittee includes a mechanism in which it receives information and reports from each assigned corporate officer regarding themes related to sustainability and ESG, etc., and after considering the information and reports, provides the *hhc* Governance Committee with a report of the important points.

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

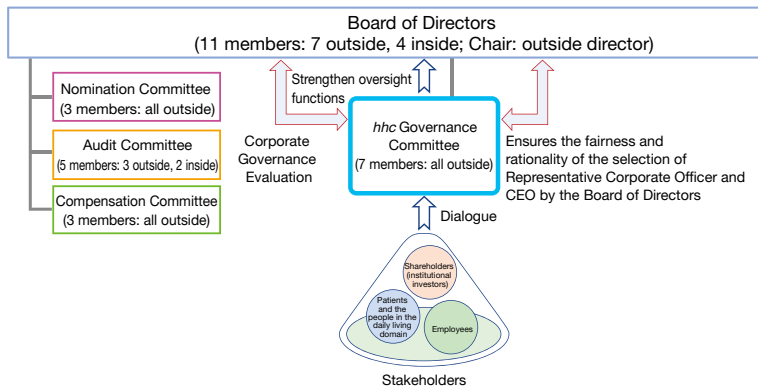
We will continue our efforts to revitalize the activities of the *hhc* Governance Committee, while elevating the management oversight function of the Board of Directors and striving to maintain and improve the Company's corporate value.



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

Yasuhiko Katoh

The framework of the *hhc* Governance Committee



2 Dialogues with Stakeholders

In FY2022, the Company engaged in dialogue with patients and the people in the daily living domain, shareholders and institutional investors, and employees, who together constitute Eisai's main stakeholders, as follows. Further, in the *hhc* Governance Committee meeting held at the end of the year, we reflected on and discussed such dialogues in order to apply the results in the oversight function of the Board of Directors.

a Dialogues with Patients

- Cancer survivors shared their real-life experiences of fighting cancer and the thoughts and feelings they gained through the experience. Through the dialogue, employees learned about the great impact that cancer has on the body and mind, reaffirming the Company's mission for society. Such dialogue provided a deeper understanding of the importance of empathy with the patient's emotions, as well as the *hhc* Corporate Concept and its practical application.



Dialogue with cancer survivors

b Dialogues with Institutional Investors

- An opinion exchange session was held with approximately 60 institutional investors etc. and others through an online conferencing system, featuring 2 hours of questions and answers, as well as discussions.
- Individual dialogues with institutional investors were held via online conferencing and in person. Twelve of these sessions were held, sharing information and exchanging opinions with about 8 companies overall.
- Discussions with institutional investors offered the opportunity to hear candid opinions from various perspectives. The matters pointed out and knowledge gained from these dialogues are now being utilized in discussions and management oversight by the Board of Directors.

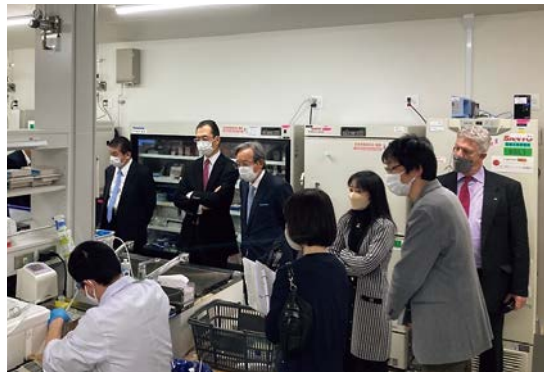
c Dialogues with Employees

- Dialogues were held with labor union representatives on behalf of employees for the third time, and face-to-face for the first time, sharing information and exchanging opinions on “compensation (wages) and investing in human assets,” “strengthening and reinforcing policies and human resources systems regarding employees, workstyles, and health,” and more.



Dialogue with labor union representatives

- Directors visited Tsukuba Research Laboratories to view the facilities and receive a briefing of the new research and development system Deep Human Biology Learning (DHBL), deepening their understanding of the concept of drug discovery and the organizational system. A dialogue session was held with the domain heads and young department managers in positions of responsibility in the execution of drug discovery, from the development of the drug discovery hypothesis to its approval. Directors commented on their expectations for the organization and its employees, offering advice based on their own experience, which led to a lively discussion.



Tour inside the facilities at Tsukuba Research Laboratories

- Directors visited the Kawashima Plant and received an overview of the plant and the Formulation Research Department, as well as a briefing on the latest topics from the Analytical Technology Section and Formulation Research Department. A question and answer session was held, and opinions were exchanged. In addition to viewing the Naito Museum of Pharmaceutical Science and Industry and formulation and packaging processes, directors visited the state-of-the-art injection and research buildings of Eisai Medicine Innovation Technology Solutions (EMITS), deepening their understanding of the Company’s production environment and production system.



Tour of the formulation and packaging processes at Kawashima Plant

- Director Yumiko Miwa participated in a gathering of (young and middle-ranking) female employees of Eisai Japan (Japan pharmaceuticals business), engaging in lively exchanges of opinions. She discussed the environment, culture, systems, and workstyles with middle-ranking employees, while touching on the themes of balancing work with family life, careers, and mindsets (values) with the young employees.

3 Information Sharing and Discussion Regarding the Succession Plan

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

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

2. Procedures Regarding CEO Selection

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

1) Sharing of Information about the Succession Plan

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

2) Discussion on the Succession Plan

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

3. Preparations for Unexpected Situations

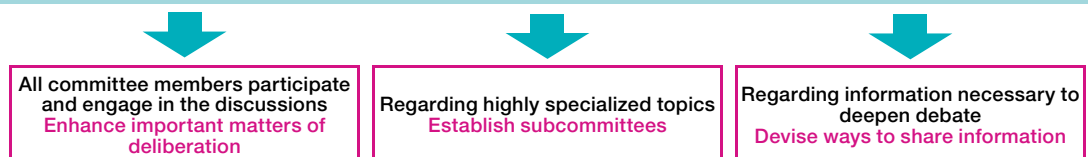
Situations, such as unforeseen accidents, that necessitate the sudden selection of a new CEO by the Board of Directors are also possible. Contingency plans for such unexpected situations are also confirmed when considering the aforementioned succession plan.

4 Consideration and Implementation of Efficient Operation of the *hhc* Governance Committee

As the role of the *hhc* Governance Committee continues to expand in its efforts to improve the Company's corporate governance, the number of themes it addresses, the frequency of its meetings, and the time required by its activities have increased over the years, while the scope of activities of the outside directors has also grown. We therefore considered efficient operation of the Committee in order to ensure sufficient time for more important deliberation.

Expanded Roles	More Topics with Fuller Content	Greater Scope of Activity for Outside Directors
<p>A setting for mutual understanding of outside directors +</p> <ol style="list-style-type: none"> 1 Consideration of the succession plan 2 Evaluation of the effectiveness of the Board of Directors 3 Deepening mutual understanding with corporate officers 4 Information collection that contributes to management oversight <ul style="list-style-type: none"> · Information sharing, etc., on each corporate officer's business execution 5 Mutual sharing of information and issues among committees 6 Reflecting on dialogues with stakeholders 	<ol style="list-style-type: none"> 1 Outside directors listening directly to investors' expectations 2 Collection of the latest information related to governance 3 Understanding trends in the exercise of voting rights and shareholder proposals 4 Discussion on how the Board of Directors should conduct its management oversight 5 Making the Board of Directors paperless 6 Items related to the execution of business <ul style="list-style-type: none"> · Business for The People, Value Creation Report · ESG-related information sharing 	<ol style="list-style-type: none"> 1 Socialization with patients 2 Dialogues with institutional investors and shareholders 3 Exchanging opinions with employees and unions 4 Free discussion 5 Office visits (laboratories, manufacturing plants, sales offices) 6 Participation in various training sessions

Efficient operation is required to ensure sufficient time for important deliberations



1. Securing Sufficient Time for the Deliberation of Important Matters

As the business environment changes, there will be more opportunities for outside directors to communicate closely and deliberate important matters with all members in attendance. The challenge will be how to secure sufficient time for deliberation. In order to ensure the efficient operation of the *hhc* Governance Committee, our top priority was to ensure sufficient time for deliberation.

2. Establishment of a Subcommittee to Inspect the Status of Sustainability Initiatives

In addition to being a key management issue, sustainability initiatives present a risk that could affect corporate value. Therefore, in addition to regular reports related to ESG, the Board of Directors receives reports from the assigned corporate officers regarding individual topics and monitors the efforts. The *hhc* Governance Committee has established a subcommittee to inspect the status of sustainability initiatives in order to enhance discussions on sustainability at meetings of the Board of Directors.

This subcommittee has shared information and held discussions on the following topics, led by the committee members delegated to operate them.

- 1) Policy and Issues Related to TCFD* Disclosure and the Orientation Toward Enhanced Disclosure
 - * Task Force on Climate-related Financial Disclosures
- 2) Eco-friendly business activities (evaluation results of water security reports, systems for promoting environmental management, the status of CO₂ reductions [Scopes 1, 2, and 3], the status of the introduction and operation of internal carbon pricing, etc.)
- 3) Reports related to general sustainability disclosures (CSRD*¹, DJSI*², ATM*³ Index, human rights and sustainable procurement, etc.)

*1 Corporate Sustainability Reporting Directive

*2 The Dow Jones Sustainability Indices

*3 Access to Medicine

- 4) Reports on Women's Participation and Advancement

The status of the subcommittee discussions was promptly reported to the *hhc* Governance Committee.

3. Information-Sharing Measures to Deepen Discussions at Meetings of the Board of Directors

In preparing the agenda for meetings of the Board of Directors and the *hhc* Governance Committee in FY2022, we divided and organized the topics into 3 categories, namely, (1) discussion with the participation of all members, (2) action by subcommittees, and (3) information necessary to Deepen. Regarding (3), we also considered how to share the information.

As a result, efforts were made to improve the convenience of information sharing through a new measure that makes it possible to record or film the exchanges of opinions on the Value Creation Report, subcommittee meetings, and training sessions for new outside directors, and make both the sessions and documents available for later viewing on-demand.

5 Implementation of Other Various Training Sessions, Etc.

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

1. Training Sessions for Outside Directors

- Before beginning their terms as newly appointed outside directors, these directors were provided with an overview of the Company and explanations of the Company's Corporate Concept, state of business, important matters concerning corporate governance, various stipulations related to officers, and more.
- After the new directors began their terms, the assigned corporate officers and department managers held briefing sessions (17 times in total) in order to deepen the new directors' understanding of the Company. Subject matters included the Company's business activities, trends in the pharmaceutical industry, the current business environment, and concrete examples of *hhc* activities, etc. Directors other than those just beginning their terms also voluntarily joined these briefing sessions to get the latest information.
- Sessions were conducted by outside experts to share and discuss the latest information about benefit corporations.
- Compliance training for inside directors and corporate officers was carried out. Outside directors also voluntarily participated in this training.

2. Communication with Corporate Officers

- Training for newly appointed outside directors was based on in-person briefings, with corporate officers providing individual explanations of their areas of responsibility and sharing information on the Company's business contents and activities. Lively discussions were also held.
- In addition to the in-person briefings, these training sessions utilized online conferences. Outside directors besides the newly appointed ones also voluntarily participated. In addition, by filming the corporate officers' briefings and Q&A sessions, we have made the sessions available for on-demand viewing by directors.
- The corporate officer in charge of the China region visited Japan together with the local top management team to share information and hold discussions on the risks present in the region, such as government-concentrated purchasing.
- Director Richard Thornley paid a visit to Eisai Europe Ltd. in Hatfield, U.K., where in addition to viewing the facilities, he also held a dialogue with the corporate officer in charge of the EMEA region.

6 Implementation of Corporate Governance Evaluation

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

FY2022 Corporate Governance Evaluation

On April 27, 2023, the Board of Directors deliberated on the Board of Directors evaluation, Self-review of the Corporate Governance Principles, and Self-review of Internal Control Regulations* compiled by the *hhc* Governance Committee, and approved the FY2022 Corporate Governance Evaluation.

* Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee and Rules for Preparing Necessary Systems for Ensuring Suitability in the Performance of Duties by Corporate Officers (See pages 198 through 202 of the electronic version for the full text of the Rules.)

Board of Directors Evaluation

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

Self-Review of the Corporate Governance Principles

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

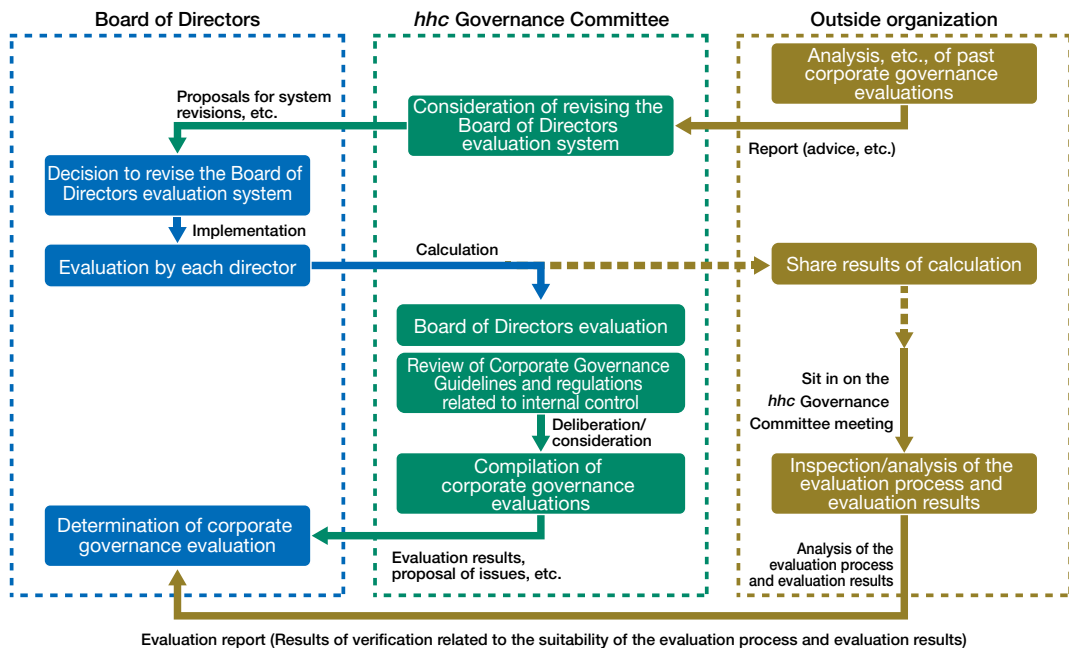
Self-Review of the Internal Control Regulations

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

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

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

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



FY2022 Corporate Governance Evaluation Results

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

In regard to the Board of Directors evaluation, the state of response in FY2022 to the issues identified in the FY2021 Board of Directors evaluation as issues for FY2022 was checked and evaluated, and the issues, etc., for the next fiscal year were recognized. See pages 146 through 151 of the electronic version for the Board of Directors evaluation.

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

1 Board of Directors

The Board of Directors Secretariat has been established as a department to support the Board of Directors. As the administrative office of the Board of Directors, the Board of Directors Secretariat carries out the following duties.

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

2 Nomination Committee, Compensation Committee, *hbc* Governance Committee

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

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

3 Audit Committee

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

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

Independence of the Management Audit Department from the Operational Divisions

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

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

(5) Activities of the Board of Directors and Committees

① Board of Directors Proceedings

Members	11 (7 outside directors/4 inside directors Chair: Outside director)
Duties, etc.	<ol style="list-style-type: none"> 1. Determine the important matters required by law, the Articles of Incorporation, and the Regulations of the Board of Directors, including basic management policies, the appointment of corporate officers, and determination of dividends, etc. 2. Oversee the execution of duties by directors and corporate officers on the basis of reports from corporate officers, as well as reports from the Nomination Committee, the Audit Committee, the Compensation Committee, and the <i>hhc</i> Governance Committee.
Status of holding of meetings	<p>FY2022: Held 10 times</p> <p>Attendance rate: 100%, 11 directors (directors appointed on June 17, 2022)</p> <p>Of the 3 directors who retired on June 17, 2022, 2 attended twice out of 2 meetings and 1 attended once in 2 meetings.</p>

Status of Board of Directors Activities in FY2022

1. The Board of Directors was presented with detailed reports from the operational divisions on the Alzheimer's disease treatment lecanemab (U.S. brand name LEQEMBI) throughout the year and on an as-needed basis from time to time.
2. At its April 2022 meeting, the Board of Directors was presented with a report on the *hhcæco* Declaration (the declaration to evolve into an *hhcæco* company), the capital strategy, including the status of strategically held shares, and the status of establishment, maintenance, and operation of internal control.
3. At the Board of Directors meeting held in April 2022, it was resolved to abolish the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders" effective June 30, 2022, when the Policy expires.
4. At its April 2022 meeting, the Board of Directors deliberated on the results of the Self-Review of the Corporate Governance Principles and the Internal Control Regulations, as well as the Board of Directors evaluation, as proposed by the *hhc* Governance Committee, and passed a resolution on the Results of Evaluation of Corporate Governance in FY2021.
5. At its September 2022 meeting, the Board of Directors analyzed the results of the exercise of voting rights at the 110th Ordinary General Meeting of Shareholders and deliberated on the nature of the General Meeting of Shareholders in the future and the Company's response to the electronic provision system of the convocation notice, and discussed the topics.
6. At its September 2022 meeting, the Board of Directors was presented with a report on the "Medium- to Long-Term Business Outlook" and discussed the future vision and value creation system that the Company is aiming for.
7. The Board of Directors was presented with reports from the corporate officers in charge of "Efforts to Strengthen Cybersecurity" and "China Business Risk Related to Economic Security," respectively, which were requested based on the free discussion at the *hhc* Governance Committee, and discussed these topics.
8. At its March 2023 meeting, the Board of Directors was presented with a report on the review of the progress of the medium- to long-term plan "EWAY Future & Beyond," and discussed the topic.
9. At its meeting on March 29, 2023, the Board of Directors passed a resolution on the FY2023 business plan outline.

◆ **Message from the Chair of the Board of Directors** ◆

In FY2022, the Board of Directors spent sufficient time discussing our key issue, the next-generation Alzheimer’s disease treatment lecanemab (U.S. brand name LEQEMBI), with detailed reports presented by corporate officers as needed, ranging from the status of preparations for its launch to the progress of measures to expand the market after its launch. Pricing, which was a subject of particular attention, had many active discussions from the perspective of social value.

In addition, the Board of Directors was presented with a report on the review of the progress of the medium-term business plan “EWAY Future & Beyond,” and worked to oversee management from a diverse and broad perspective, from urgent issues to the medium- to long-term business outlook.

Furthermore, from the free discussions at the *hbc* Governance Committee meetings held exclusively by outside directors, the Board requested reports from operational divisions on several themes regarding risks that should be addressed by the Board of Directors, etc., and was presented with reports by the corporate officer in charge of each theme, and was discussed.

In the future as well, the outside directors will lead the way in always striving for the best and most current governance, while aiming to improve corporate value and meet the expectations of stakeholders.



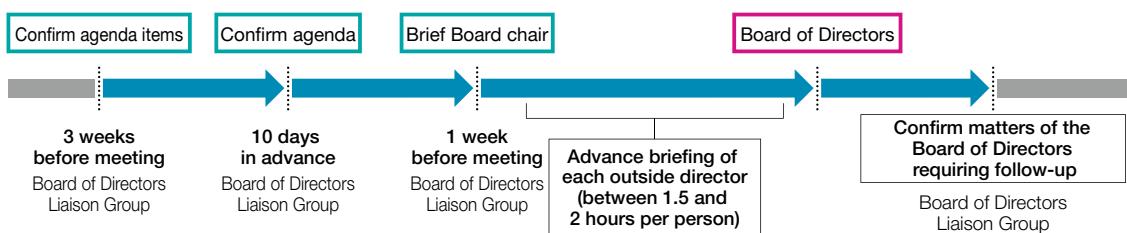
Chair of the Board of Directors (Outside Director)
Yasuhiko Katoh

The Support Structure for Board of Directors Operations

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

Board of Directors Liaison Group (10 members)

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



② Nomination Committee

Members	3 directors (3 outside directors) Chair: Outside director
Duties, etc.	<ol style="list-style-type: none"> 1. Determine the content of the proposals related to the selection or retirement of directors made to the General Meeting of Shareholders. 2. Based on the awareness that the viability of the Company's corporate governance system is supported by the presence of outside directors who constitute a majority of the Board of Directors, establish the "Requirements for the Independence and Neutrality of Outside Directors" for the selection of independent and neutral outside directors. 3. Decide on director candidates with diverse backgrounds to enable the Board of Directors to meet the expectations of various stakeholders as well as demonstrate oversight functions. 4. Establish basic policies, rules, and procedures necessary for the execution of duties by the Nomination Committee.
Status of holding of meetings	<p>FY2022: Held 7 times</p> <p>Attendance rate: 100%, 3 committee members (directors appointed on June 17, 2022)</p> <p>Of the 2 committee members who retired on June 17, 2022, both attended 1 out of 1 meeting held.</p>

Status of Nomination Committee Activities in FY2022

1. As part of the various issues related to the selection of director candidates, the *hhc* Governance Committee shared information and held discussions on requirements for the independence and neutrality of outside directors, diversity of directors, and means and methods for the Board of Directors to obtain pharmaceutical and healthcare-related knowledge. The Nomination Committee then discussed the same issues.
2. The Nomination Committee conducted simulations of the appointment and resignation of outside directors with an eye toward the future. In conducting the simulations, we considered such aspects as ensuring that the succession of the Chair of the Board of Directors will be smooth in the future, that not too many outside directors will be replaced at the same time from the perspective of continuity of the Board of Directors and committees, and that multiple female outside directors should be appointed on an ongoing basis.
3. The Nomination Committee held reviews on the independence and neutrality of the 5 outside director candidates for reappointment and 2 new outside director candidates and confirmed that there were no issues with any of the candidates.
4. The Nomination Committee decided on the 11 director candidates including 2 new appointments, and the proposed composition of the Board for FY2023.
5. The Nomination Committee also held concrete discussions and deliberations and decided on outside director candidates for FY2024 and beyond.

◆ Message from the Chair of the Nomination Committee ◆

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

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

In FY2022, the *hhc* Governance Committee shared information and conducted discussions on various issues related to the Nomination Committee, such as the composition of the Board of Directors, the basic approach to the selection of director candidates, and the disclosure of the skills matrix, etc., with reference to the status of selection of director candidates at other companies and outside survey results. The Nomination Committee then deliberated on these topics.

In the Nomination Committee, increasing the ratio of female directors in the Board of Directors was recognized as a priority, and it was decided to select multiple female director candidates in FY2023. In addition, the Committee decided to have an ongoing discussion on the selection of director candidates who have experience in medical ethics, etc., including the use of the knowledge and expertise of non-executive inside directors.

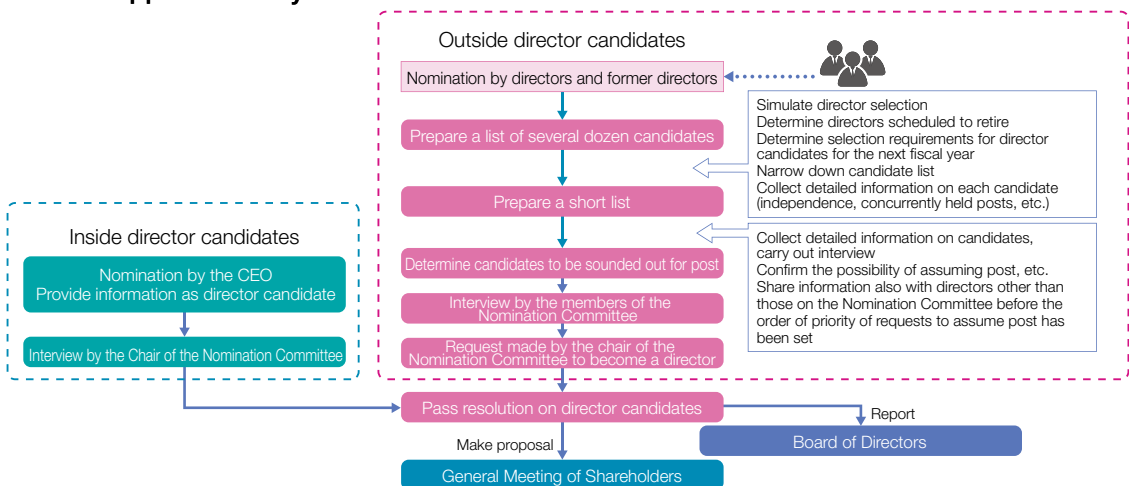
Aiming to better the Company’s corporate governance structure, the Nomination Committee will continue to perform medium- to long-term simulations of terms for outside directors, discuss the composition and diversity of the Board of Directors, etc., and select director candidates with the right qualities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



Chair of the Nomination Committee (Outside Director)

Shuzo Kaihori

Director Appointment System



3 Audit Committee Proceedings

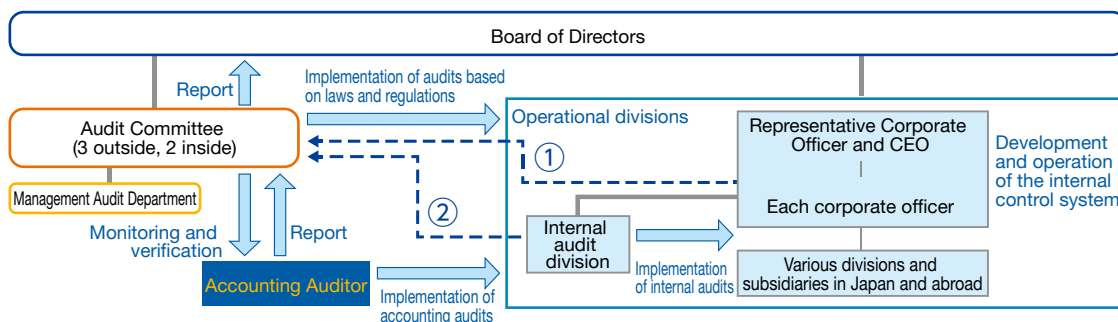
Members	5 directors (3 outside directors/2 inside directors) Chair: Outside director
Duties, etc.	<ol style="list-style-type: none"> 1. Conduct audits in accordance with laws and regulations, the Articles of Incorporation, and rules established by the Board of Directors and the Audit Committee. 2. Primarily conduct the following audits and create audit reports. <ol style="list-style-type: none"> (1) Audits of the execution of duties by directors and corporate officers (2) Audits of business reports and annexed detailed statements (3) Accounting audits of financial statements (including confirmation of the appropriateness of audit methods and results by monitoring and verifying the activities of the Accounting Auditor) (4) Audits of the status of the maintenance and operation of internal controls conducted by corporate officers in accordance with the rules adopted by the Board of Directors (5) Audits of the adequacy of internal audit activities performed by the internal audit departments (6) Audits of the status of business, operations, and assets of Group companies other than the Company (Audit of the corporate officer in charge) 3. Determine proposals related to the selection, dismissal, and non-reappointment of accounting auditors to be submitted to the General Meeting of Shareholders. In addition, give consent to the amount of compensation and other conditions for the Accounting Auditor. 4. Conduct audits in accordance with the audit plan established for each fiscal year by directing the Management Audit Department, an organization independent from corporate officers.
Status of holding of meetings	FY2022: Held 13 times Attendance rate: 100%, all 5 committee members

Status of Audit Committee Activities in FY2022

1. Audit Activities in Relation to the Execution of Duties by Directors and Corporate Officers

- Monitored and verified the status of the execution of duties by the directors through deliberation of proposals at the Board of Directors meetings and other means.
- Received reports from corporate officers on a monthly and ad hoc basis in accordance with the rules established by the Board of Directors. In addition, requested reports from corporate officers by requesting them to attend the Audit Committee meetings as necessary.
- Attended meetings hosted by corporate officers, such as the Executive Board meetings, to observe their deliberations and other aspects of the meetings.
- Monitored and verified the status of preparation, maintenance, and operation of internal control by corporate officers through annual and semi-annual reports from corporate officers regarding risk management and other systems based on rules established by the Board of Directors, as well as audit activities related to the status of the execution of duties by corporate officers as described above.
- Received business reports and annexed detailed statements, and the financial statements from the corporate officers in charge, received explanations from them, and confirmed the appropriateness of the contents of the reports.

Structure of the Audit Committee



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

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

◆ Message from the Chair of the Audit Committee ◆

The Audit Committee reviews the significant risks for each fiscal year, establishes an audit plan for the risks, and conducts audits in accordance with the plan. Major audits and other activities during the current fiscal year are as follows:

1. As part of the audit of the corporate officers' execution of their duties, received monthly reports based on the rules established by the Board of Directors. In addition, we received reports on the following 3 priority audit themes that are set each fiscal year from the corporate officers in charge of each of the following 3 issues, and conducted audits: (1) Ensuring data integrity of clinical trial data, (2) Status of business continuity plans (BCP) at overseas subsidiaries in light of the impact of COVID-19 and other factors, and (3) Internal controls at business units such as over-the-counter (OTC) products. 2. Monitored and verified the activities of the Accounting Auditor to confirm the implementation status of mechanisms to ensure the independence and quality of the Accounting Auditor, and shared necessary information with the Accounting Auditor. 3. Periodic reports on the activities of the Group's internal audit departments were presented on a regular basis to confirm the appropriateness of such activities.

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

Furthermore, in FY2022, the Audit Committee continued to strengthen its efforts to contribute to the improvement of governance by sharing with the Board of Directors as necessary matters that were recognized as particularly important from reports and other information from operational divisions.

Chair of the Audit Committee (Outside Director)

Hideyo Uchiyama



2. Monitoring and Verification Activities in Relation to the Accounting Auditor

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

3. Auditing Activities in Relation to Internal Audit Departments, etc.

The Audit Committee conducted the following audit activities in relation to the corporate officer responsible for internal audits and the internal audit department (see page 91 of the electronic version), as well as the corporate officer responsible for internal control and the Risk Management and Corporate Internal Control Departments (see pages 88 through 90 of the electronic version).

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

4 Compensation Committee

Members	3 directors (3 outside directors) Chair: Outside director
Duties, etc.	<ol style="list-style-type: none"> 1. Determine the policy related to deciding the content of the compensation, etc., of directors and corporate officers and the content of the compensation, etc., for each individual with fairness and transparency. 2. Make the compensation, etc., of directors those that are deserving of directors who can sufficiently exhibit the oversight functions of management, and determine the content of the compensation, etc., of corporate officers by making it that which will strongly motivate corporate officers in the performance of their duties and by giving consideration to the degree of attainment of performance indexes. 3. Actively utilize outside research data, etc., as well as examine the adequacy of the process for determining compensation, etc., in order to ensure objectivity in the compensation, etc., of directors and corporate officers. 4. Establish basic policies, rules, procedures, etc., necessary for the execution of the duties of the Compensation Committee.
Status of holding of meetings	<p>FY2022: Held 13 times</p> <p>Attendance rate: 100%, 3 committee members (directors appointed on June 17, 2022)</p> <p>Of the 2 committee members who retired on June 17, 2022, 1 attended 3 out of 3 meetings and 1 attended 1 out of 3 meetings.</p>

Status of Compensation Committee Activities in FY2022

1. In FY2022, the Compensation Committee reviewed and discussed the revision of the compensation system for directors and corporate officers, and at its meeting held on March 29, 2023, the Compensation Committee decided on a new compensation system for officers to be effective from FY2023.
 - 1) Director compensation
 - Determined the basic policy, structure and level of compensation, etc., for directors. The compensation of directors shall be fixed, but a portion shall be paid in the form of shares.
 - The compensation system for directors for FY2023 was determined.
 - 2) Compensation for corporate officers
 - Determined the basic policy and the basic concept of the revision of the compensation system for corporate officers, and proceeded with the study.
 - Determined the structure and level of compensation for corporate officers. The level of compensation was designed to reflect the importance and weight of responsibility of the duties assumed by the corporate officer, rather than his/her position.
 - Determined the performance-based compensation (bonuses and stock-based compensation) for corporate officers. The ratio of performance-based compensation to total compensation was set at 50% or more, and a new system was adopted to evaluate performance-based compensation by adopting new indicators from the perspectives of risk (active investment of resources in R&D, etc.), returns (Company-wide financial performance indicators), and impact (the social impact of business activities).
 - A new stock-based compensation system was introduced as a performance-based compensation that rewards the enhancement of medium- to long-term corporate value and is determined based on the achievement of ESG EBIT*, relative P/B ratio, and non-financial targets.
 - The compensation system for corporate officers for FY2023 was determined.

* An important indicator for measuring corporate value, which incorporates ESG value (non-financial capital)

2. At the Compensation Committee meeting held in May 2022, the Compensation Committee deliberated and discussed the continuation of the performance-related stock-based compensation system for corporate officers, and decided to continue the system as a performance-related stock-based compensation system using stock trust.
3. At the Compensation Committee meeting held in May 2022, the Committee discussed the Company-wide performance for FY2021 and the appropriateness of each corporate officer's evaluation, and determined the bonus and stock-based compensation on an individual basis, which constitute the performance-based compensation for corporate officers. The Committee also discussed and decided on the evaluation and payout amount of the Special LTI (Long Term Incentive) for corporate officers who have been appointed from overseas subsidiaries, which was established for the 3-year period from FY2019 to FY2021.
4. At the Compensation Committee meeting held in June 2022, the Committee determined the individual compensation and other matters for directors and corporate officers in FY2022.
5. The Committee approved individual performance targets for FY2022 to determine performance-based compensation for corporate officers. At its September 2022 meeting, the Compensation Committee determined the Company-wide performance targets for FY2022 and the calculation method for performance-based compensation (bonuses and stock-based compensation), as well as partial changes to the goal setting and evaluation method, including the introduction of non-financial KPIs for the stock-based compensation system.
6. With the establishment of a subcommittee in the *hbc* Governance Committee, it was decided to set additional duties for the members assigned to manage the subcommittee.

◆ Message from the Chair of the Compensation Committee ◆

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

The Compensation Committee has repeatedly discussed the compensation system for directors and corporate officers, which has been under continuous review, and with the cooperation of outside specialized organizations, has identified and reviewed issues in the Company's officer compensation system, surveyed and reviewed compensation levels, and considered the formulation of a new performance-based compensation system that is unique to the Company. As a result, at the Compensation Committee meeting held on March 29, 2023, the Committee determined the new compensation system for directors and corporate officers.

However, the Committee recognizes that the resolution to revise the system is a starting point, and that the implementation of the system going forward is precisely the real work of compensation system reform.

In FY2023, the Committee will continue to implement and improve the compensation system for completion so that each and every director and corporate officer can strive to enhance the Company's corporate value.

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

Chair of the Compensation Committee (Outside Director)

Fumihiko Ike



(6) Compensation Paid to Directors and Corporate Officers

① Determination of Compensation, etc.

Compensation paid to directors and corporate officers is determined by the Compensation Committee. All 3 members of the Company's Compensation Committee, including the chair, are outside directors, and the Compensation Committee places emphasis on an objective perspective and transparency. The Compensation Committee has the authority to determine the content of compensation of individual directors and corporate officers of the Company. It determines (1) policy concerning decisions on the content of compensation of individual directors and corporate officers, (2) the content of compensation of individual directors and corporate officers, and (3) the evaluation of the degree of attainment of Company-wide performance targets and the individual performance targets of each corporate officer for the performance-based compensation of corporate officers. The Compensation Committee may also deliberate on compensation, etc., for directors and corporate officers separately and take exceptional measures in cases where it deems such action necessary.

Part of the formula for calculation of bonuses in the FY2022 corporate officer compensation system was changed and non-financial targets (KPI) were added to the stock-based compensation system. In addition, in FY2022, the Compensation Committee made fundamental revisions to the director and corporate officer compensation system, and decided to implement it beginning in FY2023.

② Basic Policy Regarding the Determination of Compensation

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

Basic Policy Concerning Compensation Paid to Directors and Corporate Officers

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

③ Process of Determining the Compensation System

The Compensation Committee examines various issues concerning the compensation paid to directors and corporate officers, confirms the level of compensation each year, and determines the compensation system for the following year. In regard to consideration of issues related to compensation, etc., and the level of compensation, etc., the Compensation Committee shares information during meetings of the *hbc* Governance Committee, which consists of all outside directors, considers the issues in light of the discussions held in that setting. In addition, the Committee proactively incorporates and utilizes data, etc., from outside specialized organizations.

④ Compensation System for Directors

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

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

5 Compensation System for Corporate Officers

Compensation paid to corporate officers is determined in accordance with these basic policies by the Compensation Committee with an aim to enable the Company to attract excellent personnel to the Company's management cadre and to strongly motivate corporate officers in the performance of their duties, thereby contributing substantially to the Company, and with a recognition of the differences in the levels and mechanisms of compensation, etc., in each country or region. Compensation paid to corporate officers is composed of base compensation, bonuses, and stock-based compensation. The level of compensation paid to corporate officers is intended to be set at the upper middle range for the industry.

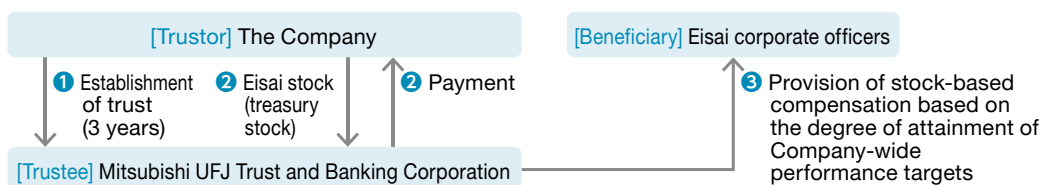
- a. Base compensation is a fixed amount by position and is paid on a monthly basis.
- b. Bonuses are paid within the range of 0% to 225% of the base amount of bonus according to the degree of attainment of Company-wide performance targets (financial) and the individual performance targets of corporate officers. Bonuses consist of bonuses that are determined based on the degree of attainment of Company-wide performance objectives and bonuses that are calculated based on the degree of attainment of individual performance targets. The ratio of the base amount for calculation of the 2 types of bonus shall be 5:5.
- c. Stock-based compensation is paid within the range of 0% to 150% of the base number of shares granted according to the degree of attainment of Company-wide performance targets (non-financial).

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

In the case of compensation, etc., for corporate officers who have been appointed from an overseas subsidiary and corporate officers who have advanced specializations or qualifications, etc., the compensation paid is deliberated on and determined on an individual basis considering differences in local compensation systems, compensation levels, and specializations of duties, although the process of determining compensation is the same. In particular, the performance-based compensation of corporate officers who have been appointed from an overseas subsidiary adopts a medium- to long-term incentive system instead of a stock-based compensation system. The Company's stock-based compensation system is a medium- to long-term incentive plan that provides stock-based compensation to corporate officers through a trust in accordance with the degree of attainment of Company-wide performance targets (non-financial). It is designed to motivate the Company's corporate officers to share the profit-consciousness of shareholders, and to perform duties from a medium- to long-term perspective on performance and stock prices.

Stock-based Compensation System for Corporate Officers

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



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

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

Process of Determining Performance-based Compensation

The Compensation Committee deliberates on and determines the performance evaluations of corporate officers and the amount and number of shares granted to each person as performance-based compensation (bonuses and stock-based compensation). The bonuses of corporate officers are calculated in accordance with the degree of attainment of Company-wide performance targets (financial)^{*1} and the degree of attainment of the performance targets of each corporate officer, and stock-based compensation is determined in accordance with the degree of attainment of Company-wide performance targets (non-financial)^{*2}.

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

*2 Calculated in accordance with the degree of attainment of targets for relative PBR, R&D metrics, access to medicines, and employee engagement.

The degree of attainment of Company-wide performance targets (financial) used in calculation of bonuses is determined in accordance with an evaluation of consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE. Each fiscal year, the Compensation Committee evaluates the degree of attainment of Company-wide performance targets in a range of 0% to 300%, based on the degree of attainment of each item. The Company decided to adopt these 4 evaluation indicators because first of all, they represent management indicators to share with shareholders as published numerical targets for achieving the business plan for the corresponding fiscal year, and because the Company considers consolidated ROE an important indicator of the sustained creation of value for shareholders. The Compensation Committee has deemed that the 4 indicators are appropriate for evaluating the performance of duties in relation to the calculation of bonuses. As for the degree of attainment of individual performance targets, the Compensation Committee examines the individual evaluations proposed by the Representative Corporate Officer and CEO, in accordance with the degree of attainment of the individual performance targets of each corporate officer, and evaluates the degree of attainment in a range of 0% to 150%. Further, each corporate officer sets concrete performance targets and weighted points are assigned to the targets in accordance with their priority, and after deliberation with the Representative Corporate Officer and CEO, the individual performance targets are proposed to the Compensation Committee. The targets are determined by the Compensation Committee after evaluation of their suitability. Bonuses consist of bonuses that are determined based on the degree of attainment of Company-wide performance objectives and bonuses that are calculated based on the degree of attainment of individual performance targets. The ratio of the base amount for calculation of the 2 types of bonus shall be 5:5. As a result, bonuses are paid to corporate officers in a range of 0% to 225% of the base amount of bonus.

The degree of attainment of the Company-wide performance targets (non-financial) used for the calculation of stock-based compensation is determined in accordance with the evaluation of relative PBR, R&D metrics, access to medicines, and employee engagement. Each fiscal year, the Compensation Committee evaluates the attainment of Company-wide performance targets (non-financial) in a range of 0% to 150%, in accordance with the degree of attainment of each item. The reason that Company-wide performance targets (non-financial) were adopted for calculation of stock-based compensation is that stock prices are an indicator of the improvement of the interests of shareholders, R&D metrics and access to medicines are directly connected to the social good of the Company, and as for employee engagement, each employee is a major stakeholder as stipulated in the Articles of Incorporation and enhancement of human capital leads to the creation of corporate value. Accordingly, it is viewed as an important indicator related to medium- to long-term improvement of corporate value. The Compensation Committee has deemed that the 4 non-financial indicators are appropriate for evaluating the performance of duties in relation to stock-based compensation. As a result, stock-based compensation of corporate officers is provided in the range of 0% to 150% of the base number of shares to be delivered.

6 Total Amount of Compensation Paid to Directors and Corporate Officers

The grand total of compensation paid to directors and corporate officers in FY2022 (from April 1, 2022, to March 31, 2023) was as indicated below.

Total FY2022 Officer Compensation

	Base compensation		Performance-based compensation				Total (Millions of yen)	Portion of the figures to the left that consists of non-monetary compensation, etc. (Millions of yen)
			Bonuses		Stock-based compensation			
	Number of recipients (No. of officers)	Amount (Millions of yen)	Number of recipients (No. of officers)	Amount (Millions of yen)	Number of recipients (No. of officers)	Amount (Millions of yen)		
Directors (inside)	4	113	—	—	—	—	113	—
Directors (outside)	9	97	—	—	—	—	97	—
Corporate officers	27	600	27	318	27	87	1,004	43
Total	40	810	27	318	27	87	1,215	43

- (Notes) 1 As the compensation of directors also serving as corporate officers is only the compensation for corporate officers, the compensation of the Director, Representative Corporate Officer and CEO is included in the amount for corporate officers.
- 2 Figures for base compensation are the total figures for base compensation paid to each applicable director and corporate officer for the respective terms in FY2022.
- 3 Figures for bonus payments to corporate officers are the total figures representing the total value of planned accrued bonuses to be paid in July 2023 to eligible corporate officers for the period from April 2022 to March 2023, together with the total value of bonus payments paid in July 2022 to eligible corporate officers for the period from April 2021 to March 2022, less the value of the reserve for bonus payments disclosed in the business report for FY2021.
- 4 Figures for stock-based compensation paid to corporate officers are the total figures representing the total value of planned stock-based compensation payments to be paid in July 2023 to eligible corporate officers for the period from April 2022 to March 2023, together with the total value of stock-based compensation and other amounts paid in July 2022 for the period from April 2021 to March 2022, less the value of the reserve for stock-based compensation disclosed in the business report for FY2021. The stock-based compensation of corporate officers indicated is based on the total amount obtained by multiplying the total number of the Company's common stock granted or scheduled to be granted to the relevant corporate officer by the unit price of the Company's shares held by a trust.
- 5 Stock options have been abolished since the transition to the stock-based compensation system in June 2013, and no necessary expenses for accounting were recorded beginning in FY2015, and are therefore not shown in the table.
- 6 A total of 8,666 shares of the Company's stock were granted during the fiscal year to 22 corporate officers as compensation for the execution of duties during the period from April 2021 to March 2022, in accordance with the decision of the Compensation Committee. In regard to the stock-based compensation of corporate officers, half of the shares granted based on the decision of the Compensation Committee according to the degree of attainment of Company-wide performance targets (non-financial) is granted as stock, and half is converted within the trust then paid as a monetary amount equivalent to the shares converted to cash.
- 7 See the tables on page 110 and page 111 of the digital version for the performance indicators (consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE) used to calculate performance-based compensation during this fiscal year.
- 8 Three outside directors who are members of the Compensation Committee examined and reviewed the contents of the individual compensation, etc., for directors and corporate officers related to the current fiscal year and confirmed that they conform to the basic policy for compensation, etc., determined by the Committee.

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

The officers for whom consolidated compensation, etc., was ¥100 million or more in FY2022 are the following 4 individuals. The amounts for each are given below.

- Haruo Naito, Representative Corporate Officer and CEO ¥157 million
- Gary Hendler, Senior Vice President ¥159 million
- Yanhui Feng, Senior Vice President ¥198 million
- Lynn Kramer, Vice President ¥211 million

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

Revision of the System for Compensation, etc., Paid to Directors and Corporate Officers (in effect beginning in FY2023)

At its meeting held on March 29, 2023, the Compensation Committee decided to make comprehensive revisions to the director and corporate officer compensation system, and to put the revisions into effect beginning in FY2023.

◆ Compensation System for Directors

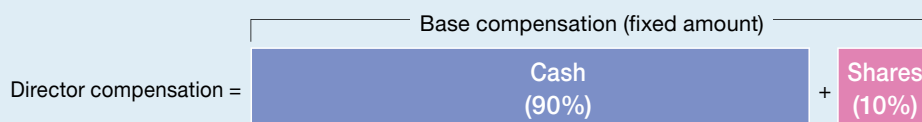
- 1) Basic policy concerning compensation, etc., paid to directors

The basic policy concerning compensation, etc., paid to directors shall be as follows.

Set the compensation, etc., of directors so that the contents are suitable to motivate them to fully carry out their management oversight function, which is their duty, in order to improve the common interests of stakeholders and increase long-term corporate value. Pay compensation, etc., to directors with a portion of it consisting of stock, from the perspective of sharing profit-consciousness that is the same as shareholders.

- 2) Overview of the new compensation system for directors

(1) Although it is only a fixed amount base compensation, pay compensation, etc., to directors in the form of cash for 90% of the base compensation and 10% as stock (granted at the time of resignation).



- (2) Aim to set the level of base compensation of outside directors and inside directors at the upper middle range for the industry.
- (3) The chair of the Board of Directors and each Committee chair receive additional compensation for their service as chair.

◆ Compensation System for Corporate Officers

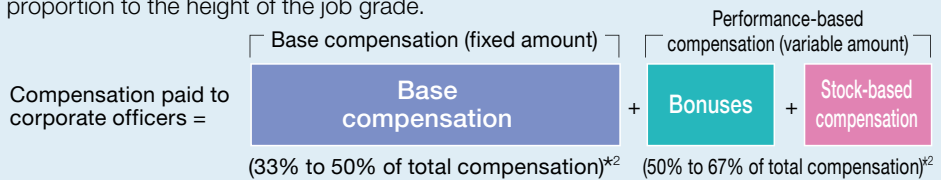
- 1) Basic policy concerning compensation, etc., paid to corporate officers

The basic policy concerning compensation, etc., paid to corporate officers shall be as follows.

1. Set the contents of the compensation, etc., of corporate officers to be competitive, with the importance and heaviness of the duties assigned to the corporate officer sufficiently reflected. This will make it possible to contribute to achievement of the *hhc* concept, attract excellent human resources that can play an active role globally, and improve the morale of corporate officers regarding execution of business.
2. Determine the compensation, etc., of corporate officers with weight placed on performance/outcomes obtained as a result of fulfilling the Company's Charter of Business Conduct as an *hnceco* company as stipulated in the Articles of Incorporation. This will increase the convincingness of the compensation of members of the management team.
3. Set the contents of the compensation, etc., of corporate officers so that they are strongly motivated to contribute not only to short-term performance based on the results of each fiscal year, but also to improvement of the Company's medium- to long-term corporate value, achievement of social good, and the sustainability of society. This will respond broadly to the expectations of stakeholders and contribute to achievement of the Corporate Concept.
4. Determine compensation, etc., of corporate officers using objective and suitable evaluation criteria and a fair and transparent process, after setting appropriate performance targets and incentives that strike a balance between "risk, return, and impact."* Through this, set fair and convincing contents of compensation and motivate corporate officers to take on challenges, while being accountable to stakeholders.

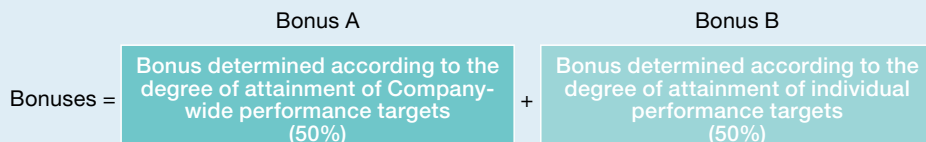
* Risk (aggressive investment of resources, etc., in research and development, etc.), return (Company-wide financial performance indicators), and impact (the social impact of business activities)

- 2) Overview of the new compensation system for corporate officers
- (1) Compose the compensation, etc., of corporate officers with base compensation (fixed amount), performance-based compensation (variable amount) in the form of bonuses, and stock-based compensation.
 - (2) Set the contents of the compensation, etc., of corporate officers by global job grade*¹ and at a level intended to be in the upper middle range for the industry, in order to make the contents of compensation, etc., competitive, with the importance of corporate officers' duties and the size of their responsibilities reflected.
- *1 An indicator of the size of the required duties and the standard for determining compensation, etc.
- (3) Performance-based compensation is set to be a higher ratio of total compensation in proportion to the height of the job grade.

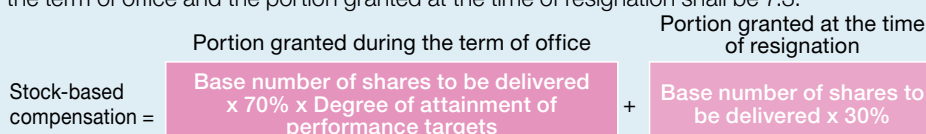


*2 The ratio of the base compensation and performance-based compensation of corporate officers from overseas subsidiaries is set in accordance with the market data for each country, so actual amounts may differ from those given in the figure.

- (4) Aim for performance-based compensation that constitutes at least 50% of total compensation, using a mechanism that sufficiently reflects company-wide performance as management team compensation. In the case of performance-based compensation, we will adopt a system in which the results of the performance of duties by corporate officers are evaluated using new indicators, in accordance with the concept of evaluating those results from the perspectives of risk, return, and impact.
- (5) Bonuses consist of bonuses that are determined based on the degree of attainment of Company-wide performance targets (Bonus A) and bonuses that are calculated based on the degree of attainment of individual performance targets (Bonus B). The ratio of the base amount for calculation of Bonus A and Bonus B shall be 5:5.



- a. The degree of attainment of Company-wide performance targets for Bonus A is determined based on an evaluation of risk, return, and impact, and the bonus is paid in a range of 0% to 250%.
 - b. The degree of attainment of individual performance targets for Bonus B is determined based on an evaluation of the individual performance targets, including targets related to achievement of the corporate image stipulated in the Articles of Incorporation, as represented by the achievement of social good, and the bonus is paid in the range of 0% to 150%.
 - c. In accordance with the above, bonuses will be paid to corporate officers in the range of 0% to 200%.
- (6) We will implement a stock-based compensation system in which stock-based compensation consists of a portion that is linked to medium- to long-term performance and paid during the individual's term of office and a portion that is paid at the time of the individual's resignation. The ratio of the portion of the base number of shares to be delivered that are granted during the term of office and the portion granted at the time of resignation shall be 7:3.



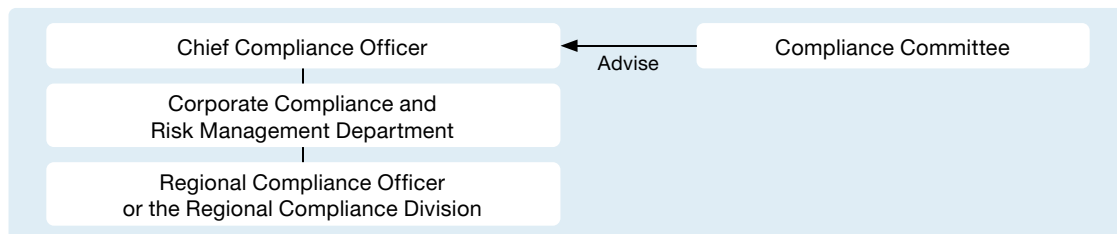
The number of shares in the portion granted during the term of office shall be determined based on ESG EBIT*³, relative PBR, and non-financial Company-wide performance targets, and will be paid in the range of 0% to 150%.

*3 An important indicator for measuring corporate value, which incorporates ESG value (non-financial capital)

6. Compliance Risk Management

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

■ Compliance Promotion Structure Chart



(1) Promoting Compliance

Eisai defines compliance as the “observance of legal and ethical standards” and positions it at the core of management activities. We implement the Group’s compliance program, delivering the message of top management, developing a code of conduct and rules, running educational activities, and establishing and operating a training structure and consultation and whistleblowing hotline services.

This compliance program periodically undergoes objective reviews by a Compliance Committee made up of external experts.

① Development of a Code of Conduct and Rules and Implementation of Educational Activities to Foster an Awareness of Compliance

In order to foster an awareness of compliance, we have published a “Compliance Handbook” (including the Eisai Charter of Business Conduct and the Code of Conduct) in 16 languages and distributed it to all officers and employees.

Further, in order to improve awareness of compliance and prevent incidents from occurring, we continue to provide education and training in various formats, including diverse workshops, such as compliance workshops designed for officers, e-learning, and provision of training materials to each department.



② Utilization of the Compliance Counter and the Business Partner

Compliance Whistleblowing Hotline and Reports to the Audit Committee

The Compliance Counter serves as a point of contact for the Whistleblowing Compliance Management System in ENW. In Japan, it has been set up at Eisai’s Head Office and at each of the other ENW companies, and it is also possible for employees of each ENW company to contact the Head Office directly. The Company has also established outside consultation desks staffed by independent outside attorneys and outside consultation desks operated by neutral ombudspersons to handle problems related to work and the workplace in an environment that makes it easy to promote compliance.

The Compliance Counter receives not only internal reports but also questions about the interpretation of laws, regulations, and rules, concerns about daily activities, and other types of consultation related to compliance. In FY2022, the Head Office Compliance Counter received over 340 inquiries for the year.

Globally as well, whistleblowing hotlines were established in each region. In addition, a direct whistleblowing hotline to the Head Office was established for Asia, and related matters are being handled in accordance with the laws and regulations, etc., of each country.

Compliance hotlines have also been set up for business partners, their officers, and their employees to consult regarding or report misconduct and violations of laws and regulations by parties related to Eisai, as well as misconduct and violations of laws and regulations related to Eisai’s

business occurring at the business partner's company. Individuals who staff the hotlines and counters are placed under a duty to observe confidentiality regarding information that could be used to identify the whistleblower, in accordance with the stipulations of the Whistleblower Protection Act.

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

3 Implementation of an Employee Awareness Survey to Understand the Status of Compliance and Organizational Climate

Every other year, the Company conducts a "Compliance Awareness Survey" of all employees at Group companies inside Japan and overseas, in order to gain an understanding of the status of compliance and the organizational climate, and to determine whether or not there are individual issues. Based on the results of the survey, we identify issues for the entire Company and the individual issues of each department, and consider efforts to cultivate an awareness of compliance. Further, we share those issues with the management and administrative teams of each company and each division, leading to self-initiated action to resolve issues.

4 Anti-Bribery and Anti-Corruption Measures

We established the "Anti-Bribery and Anti-Corruption Policy of Eisai Network Companies" in January 2012 (comprehensively revised in October 2018) based on our strong desire to conduct our business activities with integrity. This is a rule that is common to all ENW companies for interaction with people outside the company, and business activities free from bribery and corruption are being promoted at all ENW companies. In addition, we newly established rules related to the prevention of bribery globally based on that policy in 2022, and have strengthened the due diligence function toward business partners.

One concrete example of such efforts is that we have implemented an Anti-Bribery and Anti-Corruption (ABAC) due diligence system. Using a web-based system, Eisai receives, in advance, responses to a questionnaire regarding the globally shared possibility of bribery/corruption, from companies with which Eisai plans to newly engage in transactions. This has led to a certain degree of success in reducing risks related to new transactions. Under the risk approach concept, the system has been put into operation in the Americas, including Mexico, Brazil, and Canada, in Europe, including Russia and Eastern Europe, and in the countries of Asia, including China and India. As a result of due diligence, we ask that our business partners implement a level of efforts to prevent bribery/corruption similar to that of Eisai in their own business as well. If these standards are not met, we will not engage in the transaction, or we will devise measures, such as beginning transactions after the necessary measures have been implemented by the business partner. Eisai's employees are required to undergo training related to the prevention of bribery/corruption each year, and we are increasing awareness of the prevention of bribery/corruption in business.

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

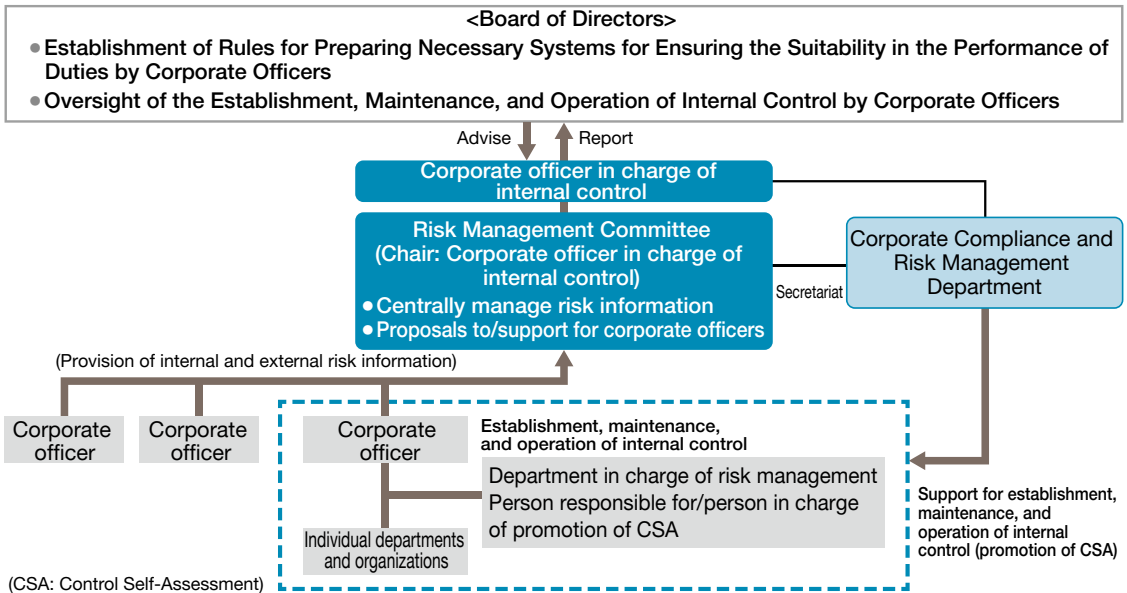
5 Promotions that Follow Compliance

We conduct promotional activities that follow compliance globally. Further, in order to gain the broad understanding of society that our corporate activities are conducted according to the highest ethical standards, we disclose payments to medical institutions, etc., and patient groups in accordance with laws and regulations and guidelines stipulated by the Japan Pharmaceutical Manufacturers Association (JPMA) and each country.

(2) Promoting Risk Management

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

Eisai Risk Management Structure



The Risk Management Committee is chaired by the corporate officer responsible for internal control, receives advice from the Board of Directors, and centrally manages risks in Eisai that are particularly important. Further, in addition to identifying new risks and addressing risks quickly and efficiently, the Committee strives to detect potential risks to the Company at an early stage, in light of outside corporate scandals, etc., and implements measures to prevent those risks from being actualized.

In addition, we conduct a Control Self-Assessment (CSA) as one of the tools for risk management. As for CSA activities, each year, department managers at ENW companies identify and evaluate risks in their own organizations and take action to address those risks. Moreover, we are increasing the effectiveness of risk management by having all corporate officers identify and evaluate risks to understand key risks for the entire Company, and confirming the status of implementation of measures to deal with those risks.



Charter of Business Conduct

[> Details are available here](#)



Compliance Risk Management

[> Details are available here](#)

7. Internal Audit Activities

In order to strengthen independence, the Company has assigned executive internal auditors who manage the internal auditing of the Group, overseen by the corporate officer responsible for internal audits. These auditors work with the Corporate Internal Audit Department, as well as internal audit departments in each region including the United States, Europe, and China to perform internal audits globally. In regard to global audits, the manner in which key risks to achievement of the Corporate Concept are being managed for the Group and the locations of issues are being managed centrally, efforts are being made to encourage improvements, and the results are reported to the Board of Directors, the Audit Committee, and the Executive Board. Further, in addition to being responsible for evaluating the establishment and operation of internal control related to financial reports required by the Financial Instruments and Exchange Act of Japan, we conduct environment and safety audits at laboratories, plants, and other facilities from the perspective of compliance with the Industrial Safety and Health Act and other various laws and regulations.

Moreover, in order to improve the quality of the Group's audits, we have established opportunities to share information with the independent auditor on a regular basis and are striving to collaborate toward accurate and efficient internal audits. In addition, an external evaluation committee composed of outside experts meets regularly for wide-ranging evaluation of major internal audit reports and the results of self-evaluation of internal audit activities, etc.

Further, we have published the mission statement and characteristics, etc., of the Company's internal audit departments on the Eisai website.



Internal Audit

> Details are available here 

Environment

Environment

8. Consideration for the Environment SDGs Activities



As a *human health care (hhc)* company, the Group strives to accomplish the social goods of “relieving anxiety over health” and “reducing health disparities.” We view the global environment as the foundation of business activities aimed at achieving social good. There is a relationship between the global environment and people’s health. Based on these ideas, the Group has established the “Eisai Network Companies (ENW) Environmental Protection Policy,” and has made concerted efforts to protect the environment.

And so in April 2022, because it is our responsibility as an *hhc* company to simultaneously address social good and environmental protection, we established the “Eisai Environmental Management Vision.” Based on this Vision, in addition to climate change countermeasures aimed at achieving carbon neutrality* by FY2040, we have established medium-term targets to address the environmental issues established as major activities in the “ENW Environmental Protection Policy” including sustainable use of water, recycling of resources, preservation of biodiversity, and proper management of chemical substances. We are systematically advancing our efforts in these areas in our aim to efficiently meet the Company’s target of achieving social good.



**ENW Environmental Protection Policy and
Eisai Environmental Management Vision**

[> Details are available here](#)

Eisai Environmental Management Vision

Two social goods we hope to achieve

- ◆ Relieving anxiety over health
- ◆ Reducing health disparities

Global environmental protection we hope to achieve

- Prevent climate change due to global warming
- Prevent marine pollution from marine plastics and other sources
- Maintaining ecosystems ● Securing water resources, etc.

**Achieving social good and global environmental protection is our responsibility as an
hhc (human health care) company**

<Eisai Environmental Management Vision>

- (1) We will work sincerely to realize the Company’s 2 goals for social good, and at the same time to protect the global environment as set forth in the basic policy and action guidelines of the Eisai Network Companies (ENW) Environmental Protection Policy.
- (2) We will become a leader in environmental protection activities, clearly demonstrating our significance to society.
- (3) As leaders in environmental protection activities, each of us will pursue the most efficient ways of achieving social good by changing the way we work and the structure of our business.
- (4) We will contribute to society’s sustainability through our environmental protection efforts, which will also lead to increased non-financial value.

<Promotional Slogan>

“Eisai Environmental Activities for Sustainable Society 2040”
⇒ “Better future 2040”

* A state in which emissions of carbon dioxide (CO₂), methane, fluorocarbons, and other greenhouse gases that promote global warming are offset by absorption.

(1) Activities Addressing the Problem of Climate Change

① Information Disclosures Based on TCFD Recommendations

In June 2019, the Group declared support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD)*1, carried out the recommended analysis of climate scenarios, and disclosed the results in FY2020. With the purpose of reassessing the potential impact of climate change-related risks and opportunities on the Group, we carried out another analysis considering multiple climate scenarios in FY2022. This table presents an overview of the climate-related risks and opportunities we identified. Based on our risk management system, we are striving to prevent these risks from materializing while working to realize opportunities through our business activities.

Overview of Climate-Related Risks and Opportunities

Category	Risks and Opportunities
Physical risks	Production stoppages
	Damage from natural disasters
	Increased health risks
Transition risks	Increased costs from carbon taxes
	Additional capital expenditures
	Responding to the demand for low-carbon products
Opportunities	Reduced trust
	Responding to health care needs resulting from climate change

*1 The Task Force on Climate-related Financial Disclosures (TCFD) is a working group of the Financial Stability Board (FSB) made up of central bank governors and finance ministers from various countries. Led by the private sector, the task force encourages the efficient disclosure of climate-related financial information in order to promote appropriate investment decisions by investors and others.



Information disclosures based on TCFD recommendations

> Details are available here

② Reduction of Greenhouse Gas Emissions

Climate change caused by greenhouse gas emissions is a pressing issue shared by all humankind, and addressing it has become indispensable for the achievement of a sustainable society. Until now, the Group has made concerted efforts to reduce CO₂ emissions, having set its Science Based Targets (SBT: science-based medium- to long-term targets for the reduction of greenhouse gas emissions) of 2.0°C (reducing CO₂ emissions by 30% from FY2016 levels by FY2030)*2. In May 2021, the Group issued a “Statement of Commitment for Carbon Neutrality by 2040” and has been engaged in efforts to achieve the following medium- to long-term targets.

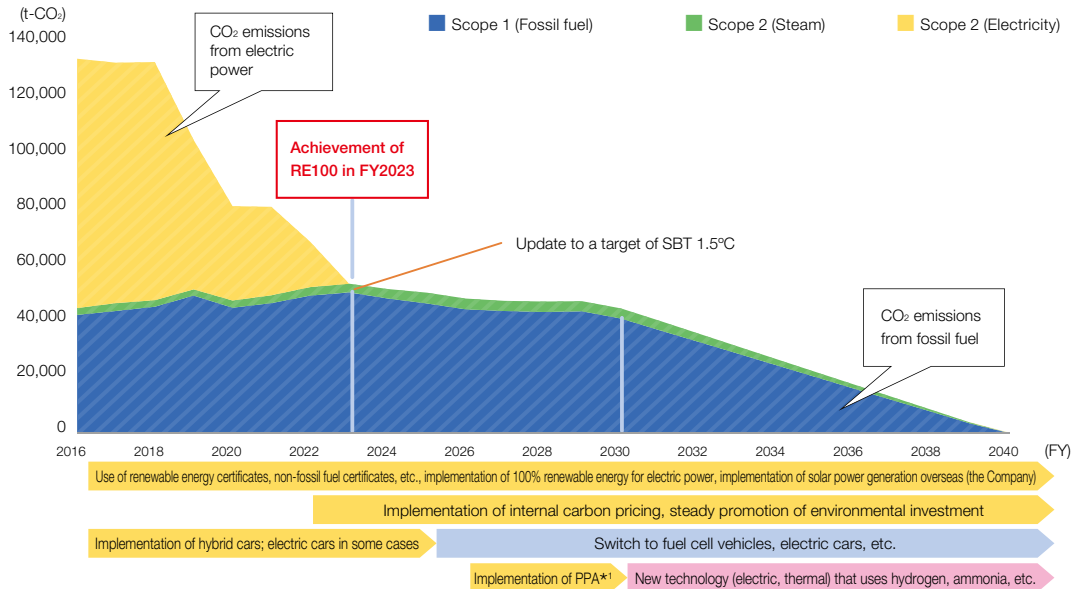
- Medium-term target: Achieving RE100 (100% renewable energy usage) by 2030
Eisai will switch all electrical energy used for business activities across the entire Eisai Group to renewable energy.
- Long-term target: Achieving carbon neutrality by 2040
Eisai will achieve state in which CO₂ emissions are offset by absorption across the entire Eisai Group.

We have also created a roadmap outlining the measures and plans for achieving carbon neutrality by 2040. In addition to continuing efforts to save energy, we are increasing the use of renewable energy, reducing and eliminating carbon emissions from sales vehicles, and actively promoting the introduction of advanced technology through active investment in decarbonization. With regard to investments, we introduced Internal Carbon Pricing (ICP: a method to promote effective investments in CO₂ emission reductions) in FY2022 by converting the volume of CO₂ emission reductions into monetary amounts and incorporating this information in investment judgment criteria as a way to show the impact that investments can have.

Through these efforts, CO₂ emissions for FY2022 are expected to have been reduced by around 50% (compared to FY2016), significantly exceeding our target for SBT 2.0°C. Therefore, in March 2023 we filed an application to transition to the even more ambitious target of SBT 1.5°C (reducing CO₂ emissions by 55% by FY2030 compared to FY2019). In addition, we are making steady progress with reducing CO₂ emissions in our supply chains by strengthening cooperation with our business partners to better understand emission volumes and set appropriate targets.

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

A roadmap for achieving carbon neutrality



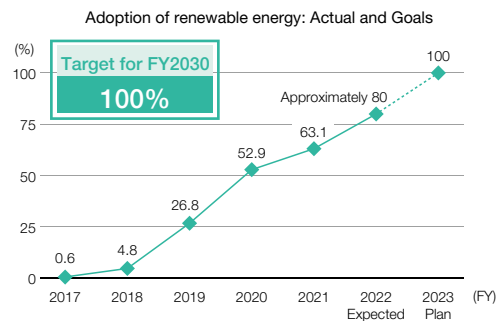
*1 Power Purchase Agreement (PPA) refers to contracts to purchase power through the grid in which the consumer purchases renewable electricity for their own consumption generated by facilities owned by a third party.

3 Promotion of the Introduction of Renewable Energy

The Group is actively introducing renewable energy and engaging in efforts to reduce CO₂ emissions. We switched part of our electricity supply to green power*2 at the Head Office, Kawashima Plant, Tsukuba Research Laboratories, Sunplanet, EA Pharma, and Eisai Distribution, while at Kashima Business Office, we have installed small-scale solar power generation equipment. Overseas, we purchase solar power at the Vizag site (India), and generate solar energy for captive consumption and source green power at the Exxon site (U.S.). We also use green power at the European Knowledge Centre (U.K.). These are some of our main overseas business sites where we have achieved 100% renewable energy usage.

Through these initiatives, we expect renewable energy to constitute approximately 80% of total power consumption in FY2022 and CO₂ emissions to be reduced by approximately 50% (compared to FY2016). In FY2023, we plan to switch all electrical energy used for business activities to renewable energy and achieve RE100.

The Company has joined RE100, an international initiative that leads efforts by companies to switch electricity used in business activities to 100% renewable energy. In August 2022, the Company was nominated as a finalist in the RE100 Leadership Awards (Best Newcomer Category) that recognizes excellent initiatives by member companies.



*2 Electric power generated from sunlight, wind power, hydraulic power, and other renewable energy sources.

(2) Initiatives for the Sustainable Use of Water

We aim to contribute to the formation of a recycling-oriented society through the sustainable use of resources, including water. As a medium-term target, we seek to reduce the use of water by 7% (by revenue intensity) by FY2030 compared to FY2023 levels by promoting the reduction of water usage through recycling and other efficient ways of using water resources. In addition, as another medium-term target, we aim to maintain high-quality wastewater treatment that contributes to the preservation of water quality, thereby complying with environmental standards related to water and continuing our record of zero legal violations by FY2030.



The Japanese Garden in Kawashima Plant
A Japanese garden consisting of 3 ponds filled with purified wastewater flowing in from treatment plants, surrounded by beautiful greenery

(3) Initiatives to Protect Biodiversity

We aim to contribute to the realization of a society coexisting with nature in accordance with harmony with the global environment through the sustainable use of biological resources and the preservation of biodiversity. Having established the “Biodiversity Guidelines” in August 2020, we are striving to not only comply with laws and regulations, but also to monitor and improve the impact of our business activities on biodiversity at all stages. Each business site is making efforts for the environmental conservation of forests, woodlands, rivers, oceans, etc. As a medium-term target by FY2030, almost all of the business sites are aiming to identify an important species and engage in activities to preserve it.

On the grounds of the Kawashima Plant (Gifu Prefecture), we maintain a Japanese garden, rich with nature, and we cultivate and conserve about 700 types of medicinal and otherwise beneficial plants in the Medicinal Herbal Garden at the Naito Museum of Pharmaceutical Science and Industry. These plants include 38 endangered species (including near-endangered species) included on the Ministry of the Environment’s Red List, all of which we are making efforts to preserve. Since FY2020, the Vizag site (India) has undertaken a tree-planting program to promote environmental awareness. In FY2022, about 2,000 trees were planted in the state of Andhra Pradesh, where the office is located, bringing the total number of trees planted through this program to about 9,000.



Medicinal Herbal Garden, where endangered plant species are cultivated and conserved

(4) Information Disclosure related to Environmental Activities

① Environmental Report 2022

Eisai actively discloses information and detailed data on its environmental activities and their performance, including the recycling of resources and efforts to properly manage chemical substances, on the Company’s website.



Environmental Report 2022



Environmental Report 2022

> Details are available here



Environment

> Details are available here

② CDP Climate Change Report 2022, CDP Water Security Report 2022

CDP is an international NGO that evaluates the “efforts of companies related to environmental risks” (climate change, water security, forests) and discloses the information at the request of institutional investors around the world. Since 2015, the Group has responded to the CDP Climate Change Report. In CDP Climate Change Report 2022 and CDP Water Security Report 2022, the Company received a score of A- (the second highest on an 8-rank scale from A, A-, etc., to D and D-).



CDP Report 2022

Social

Social

9. Improvement of Non-financial Value



(1) SDGs Activities

We consider it necessary to execute corporate measures based on a long-term perspective under enhanced corporate governance in order to achieve the *human health care (hhc)* concept. Thus, we are identifying material issues and engaging in activities that prioritize them. These activities are also connected to achieving the 17 Sustainable Development Goals (SDGs) of the United Nations, and additionally, we believe the non-financial value of these activities will also increase our corporate value.

Activities for Achieving SDGs and Creation of Corporate Value

Commitment to creating corporate value	Material issues	Pertinent SDGs
Corporate value (matters that bring it about directly)	<ul style="list-style-type: none"> Discovery of innovative drugs Offering solutions that go beyond the supply of pharmaceutical products 	
	<ul style="list-style-type: none"> Strategic partnerships 	
	<ul style="list-style-type: none"> Improving access to medicines 	
	<ul style="list-style-type: none"> Stable supply and quality assurance of products 	
	<ul style="list-style-type: none"> Creating work environments and health support to enable self-fulfillment Human assets management that supports business strategy 	
Value creation (matters that support it)	<ul style="list-style-type: none"> Corporate governance system Compliance and risk management Protection and strengthening of intellectual property Information disclosure 	
	<ul style="list-style-type: none"> Achievement of appropriate prices Financial strategy 	
	<ul style="list-style-type: none"> Supply chain management Business activities that give consideration to human rights 	
	<ul style="list-style-type: none"> Business activities that give consideration to the global environment 	
Corporate value (matters that become a foundation for its creation)	<ul style="list-style-type: none"> Product safety management Ethical and transparent drug discovery activities 	
	<ul style="list-style-type: none"> Promotions that follow compliance Prevention of bribery and corruption Initiatives against counterfeit medicines 	

(2) Initiatives to Improve Access to Medicines

The Group considers making efforts to resolve the global issue of access to medicines to be its duty as well as a long-term investment for the future. It is promoting such undertakings proactively under public-private partnerships with governments, international organs, private non-profit organizations and others.

The Group's main achievements in the past 10 years

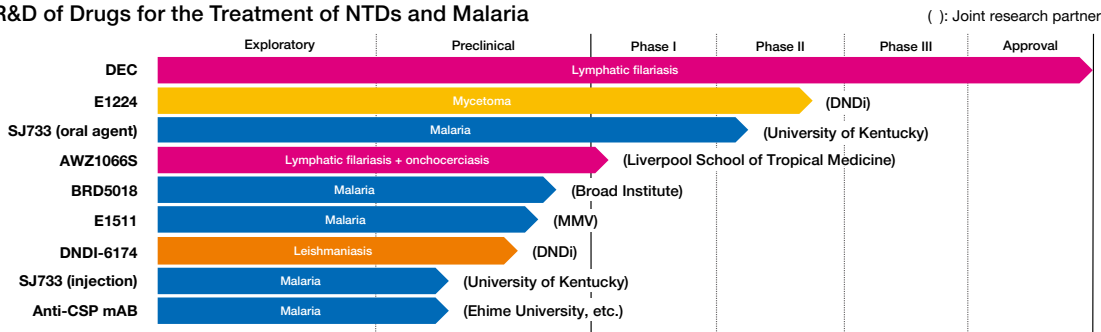
- **Elimination of lymphatic filariasis (LF)**

LF is one of the neglected tropical diseases (NTDs) that is endemic in developing and emergent nations. We manufacture its treatment, diethylcarbamazine (DEC) tablets, at our Vizag Plant in India. Until LF is eliminated in all endemic countries requiring DEC, we will continue to provide the tablet to the World Health Organization (WHO) free of charge. As of the end of March, 2023, we had supplied 2.13 billion tablets to 29 countries. Through the WHO “Global programme to eliminate lymphatic filariasis,” LF has been eliminated in 17 out of 72 endemic countries (of the 17, we have been providing DEC tablets to 4 countries). From 2000 to 2018, the number of patients infected with LF globally fell by 74%.

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

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

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



About our R&D on NTDs & the World's 3 Major Infectious Diseases

> Details are available here

◆ Message from Corporate Officer ◆

The Company aims to achieve the social good of “relieving anxiety over health” and “correcting health disparities,” in an efficient manner. We consider our long-term initiatives for the improvement of access to medicines, including the free-of-charge provision of lymphatic filariasis (LF) drugs, to be foremost in such efforts. In R&D for drugs to treat neglected tropical diseases (NTDs), we have built a flourishing pipeline through partnerships with the Global Health Innovative Technology (GHIT) Fund, DNDi, and academia, and we are actively pushing forward with more development. Our activities for the elimination of NTDs are just as important a business domain as cancer and Alzheimer’s disease under our concept, and these activities are steadily bearing fruit through joint efforts with diverse stakeholders. We will continue striving to be a close presence for The People and bring them hope along with our products.



Corporate Officer
Corporate Communications & ESG
Sayoko Sasaki

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

Starting in 2019, we engaged in activities to combat mycetoma through cooperation with the Association for Aid and Relief, Japan (AAR Japan) an international NGO based in Japan. In addition to efforts such as building awareness about the illness and offering treatment and surgeries, we are also working to provide even more comprehensive and sustainable solutions that include offering psychological care after surgeries and building the capabilities of local groups and communities. In 2022, the project “Capacity Building and Awareness Raising Project for Mycetoma Infection Control in Sudan” which we are working on in collaboration with AAR Japan, was selected for “Projects for global growth of medical technologies, systems and services through human resource development” in 2022 by the Ministry of Health, Labour and Welfare, Japan. As part of this project, we are conducting online training for cooperative organizations and healthcare professionals involved in efforts to combat mycetoma in Sudan with the cooperation of the Institute of Tropical Medicine, Nagasaki University.



Nineteen participants from local cooperative organizations in Sudan attended the online training



Participants discussing the establishment of a network to combat NTDs in Sudan

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

● **Ongoing support to tackle NTDs**

The “Kigali Declaration*” on the elimination of NTDs was announced at the Kigali Summit held on June 23, 2022 in Kigali, the capital of the Republic of Rwanda, as a step on the path to achieving the UN’s SDGs and the WHO’s road map for NTDs 2021-2030. Eisai signed on to the declaration, and announced that its efforts to support the elimination of NTDs will continue going forward.

▶ <https://www.eisai.com/news/2022/news202250.html>

* The Kigali Declaration is the successor to the London Declaration international public-private partnership announced in 2012, representing a stronger collective commitment from stakeholders to eliminating NTDs. It aims to eradicate 2 NTDs, eliminate at least 1 NTD in 100 countries, and decrease the number of people requiring interventions for NTDs by 90% by 2030.



Signing the Kigali Declaration



The Kigali Declaration



Commitment by senior managers of global pharmaceutical companies to eliminating neglected tropical diseases (video)



Neglected No More: A historic partnership in the battle against neglected tropical diseases (video)



Video Library: Improving Access to Medicines

[▶ Details are available here](#)

● **Achieving social good in Africa through initiatives for global health: Official side event of the 8th Tokyo International Conference on African Development (TICAD8)**

Prior to TICAD8, the Business Leaders’ Coalition for Global Health in which Eisai participates held an official side event “Global Health Action Japan - Japanese Companies’ Activities to Raise the Level of Global Health” in August 2022 in Tokyo. Special guest Bill Gates (co-chair of the Bill & Melinda Gates Foundation) was a speaker at the event, as was Eisai’s Vice President in charge of ESG Sayoko Sasaki.



At a presentation about global health issues together with Bill Gates

▶ <https://www.eisai.com/sustainability/atm/improvingatm/activity/014.html>

“Global Health: Trip to India”

Eisai has participated since 2022 in the Business Leaders' Coalition for Global Health, a volunteer group of Japanese companies and other entities, and is engaged in global health activities through collaboration with private companies and others in a wide range of fields. In March 2023, Eisai organized “Global Health: Trip to India” for members of the Japanese press and participants in the “Reach Out Project” implemented by PoliPoli Inc., which aims to nurture the next generation of leaders in global health. This trip introduced various activities by the Company including the free-of-charge provision of drugs to eliminate LF, educate about diseases, and improve sanitation. Participants socialized with Lymphatic Filariasis (LF) patients in Yarada village in the state of Andhra Pradesh in the center of India’s eastern region, took plant tours of the Company’s Vizag Plant in India, engaged in dialogues with the employees there, and more. The trip improved awareness levels pertaining to global health, while also contributing to the development of the next generation of human assets in the field.



Socializing with patients at their homes

Message from a Partner

● AAR Japan’s program to tackle Mycetoma

The Company concluded an agreement in 2019 to support a project by AAR Japan to tackle mycetoma. We recently interviewed Tomomi Awamura of AAR Japan about collaboration with Eisai.

◆ Message from Tomomi Awamura ◆

When we provide assistance, we are always considering what we can do to help local people change their behavior to improve their own lives. When we think about promoting behavior change for mycetoma, it is difficult for us to tackle this challenge alone. However, in partnership with Eisai, now we are able to tell patients that “there is hope for development of a treatment.” This is tremendously helpful in moving forward with our activities.

▶ <https://www.eisai.com/sustainability/atm/ntds/activity/029.html>



Ms. Tomomi Awamura of
AAR Japan

● Drug development for NTDs with DNDi Japan

In 2009, Eisai and DNDi entered into a collaboration and concluded a licensing agreement for the development of a new drug for Chagas disease. Since then, we have collaborated on other tropical diseases including mycetoma, and signed a long-term partnership agreement in 2021. We interviewed Tatsuro Kuzuki of DNDi Japan about his thoughts on the collaboration with Eisai.

◆ Message from Tatsuro Kuzuki ◆

I believe that trusting relationships with partners hold the key to therapeutic drug development for NTDs. As trusting relationships evolve, we can envision a future in which nobody dies from treatable infectious diseases. Ultimately, we can probably even build robust health systems capable of dealing with any new infectious diseases that arise in the regions where they arise. I am truly hoping that in the near future, our drug for the treatment of mycetoma E1224 will be approved in Sudan and become the first step on this future path. Hopefully we can have discussions about the best way to bring it to patients.

▶ <https://www.eisai.com/sustainability/atm/innovation/activity/016.html>



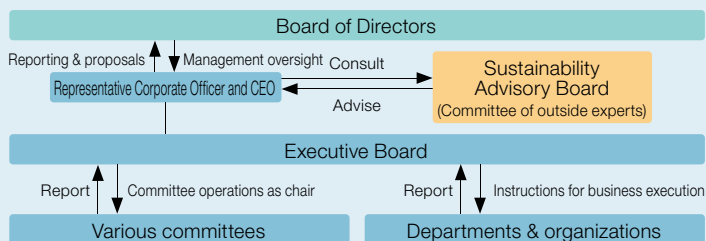
Mr. Tatsuro Kuzuki of
DNDi Japan

System for Promoting Sustainability

Under the clear separation of management oversight and the execution of business, the Company has established several committees which deal with themes related to environmental and social sustainability in operational divisions. Relevant issues pertaining to management are considered by a committee chaired by the corporate officer responsible for the topics concerned. These are reflected in Executive Committee discussions and reports to the Board of Directors as needed.

Specialized departments have also been established to formulate ESG (Environmental, Social, Governance) and SDGs-related strategies for the entire Company and promote them. For ESG initiatives, we have an advisory board that discusses ideal visions and receives recommendations and advice from outside experts.

▶ https://www.eisai.com/sustainability/management/promoting_sustainability/index.html



What is the Sustainability Advisory Board?

- Once each year, the CEO and other officers, employees, and outside advisors involved in ESG gather together in one place.
- Topics discussed in FY2022 included dementia ecosystems and securing access to lecanemab lecanemab (U.S. brand name LEQEMBI).

(3) Human Rights Initiatives

In 2019, the Company formulated the ENW Human Rights Policy which complies with international standards. On this basis, we have identified risks within our business and supply chain wherein the Group's business activities may have a negative impact on the human rights of our stakeholders, and we carry out human rights due diligence on an ongoing basis to avoid or minimize these risks, monitor them, and disclose the results. Within the Company, we conduct training sessions, offer e-learning, and make calls for slogans. Through these and other awareness-building activities, we endeavor to prevent any kind of discrimination or harassment as well as ensure the thorough enforcement of personal information management. In regard to our supply chain, we try to understand through sustainable procurement, any human rights-related issues that may be present through the state of human rights-related initiatives being undertaken by our business partners.



Respect for Human Rights

> [Details are available here](#)



ENW Human Rights Policy

> [Details are available here](#)

(4) Sustainable Procurement

Companies are required to carry out procurement activities that emphasize sustainability (sustainable procurement) throughout their supply chain. This includes the sustainability of such matters as human rights, labor and safety, the environment and ethics. Sustainable procurement preemptively prevents, in the supply chain, the occurrence of human rights violations as well as issues related to the environment. It also enables the building of a robust and sustainable supply chain. We explain sustainable procurement to our business partners and urge them to comply with our Code of Conduct for Business Partners which lists our expectations. We also conduct sustainability evaluations through self-assessment questionnaires and provide the evaluation results as feedback. Explanations of the Company's policy to primary business partners supplying direct materials to plants in Japan have almost entirely been completed (over 98% of total transaction volume), and in FY2022 this will be expanded to direct materials business partners of the Vizag Plant in India and the Suzhou Plant in China.



Sustainable Procurement

> [Details are available here](#)

10. Utilization of Human Assets



Eisai is striving with all its might to be a company in which employees feel attracted to the Corporate Concept and growth strategy, and a desire to work in the Company. We are moving forward with efforts to enable employees to work with health and efficiency, by designing and operating systems and organizations that enable employees to maximize their performance, as well as by allocating human resources, developing human resources, managing health, and reforming workstyles. We desire to build mutually sound and equal relationships so that, by working at Eisai, employees can take the initiative to take on challenges and achieve self-fulfillment.

◆ Message from the Chief HR Officer ◆

Since 2020, the “management of human capital” with human capital at the core has garnered attention. Not only is attention being paid to the strong link between management strategy and human resource strategy, but a demand has grown to expand the disclosure of information related to human capital. The Group believes that, as the cornerstone of its “management of human capital,” human resource strategy is important for the strengthening of corporate competitiveness. Further, at the annual shareholders meeting held in 2022, we added “respecting human rights and diversity,” “providing full opportunities for growth to support self-fulfillment,” and “creating an employee-friendly environment” to “ensuring stable employment” that was already stipulated in the Articles of Incorporation. In light of these internal and external changes, we formulated “integrated human resource strategy” on the foundation of diversity, equity, and inclusion (DE&I), with the pillars of “the health and well-being of employees,” “diverse workstyles,” “growth of employees,” and “organizational and business growth.” Through this, we will ensure an environment in which the diverse human resources who gather in the Group can work in health, with a sense that their efforts are worthwhile. In addition, we will implement a mechanism that enables employees to take the initiative to strive for growth and reskilling, and to give full play to their individual strengths and traits as an organization. We will aim to achieve the sustainable growth of the Group, and have an effect not only on shareholders, but also on customers, the community, and diverse other stakeholders throughout society, as a result of contribution to patients and the people in the daily living domain through *hnceco*.



Corporate Officer
Chief HR Officer
Teruyuki Masaka

(1) Integrated Human Resource Strategy That Supports Business Strategy



- Businesses/Organizations** (Achievement of a corporate culture/organizational structure that embraces change and praises the taking on of challenges)
Eisai is striving to improve employee engagement aimed at the growth of employees, development of a sense that their efforts are worthwhile, and the creation of value. The Group implemented a yearly survey of all employees globally in FY2021. As was the case the previous year, the FY2022 survey indicated that employees with a high level of engagement constituted 85%, which exceeded the benchmark. Further, in Japan, we have continued to conduct monthly surveys since FY2020, and are promoting discussion based on the results of the survey. In addition, we have strengthened side-by-side support through one-on-one meetings with supervisors, etc. In the future as well, we will recognize and respect the dreams and values of each employee, learn together and continue efforts that cultivate an organizational climate that facilitates the continued pursuit of better results through successes and failures as a result of taking on challenges. In addition, we will implement human resource strategy that leads to maximization of the human resources infrastructure that promotes management strategy through conducting multifaceted analysis of the results of each type of survey and human resources data, verifying the measures and making the issues that the Company face visible.
- Health** (Pursuit of an environment that makes it possible for employees to work in a healthy, safe, and secure manner)
For the Company to maximize its contribution to patients on a global scale, maintaining the good health of employees, who will be responsible for this, and their families is paramount. The Company carries out activities to drive the maintenance and promotion of the good health of employees. We work to raise the health awareness of each employee, such as by promoting efforts to have 100% of employees undergo annual health checkups and by achieving no-smoking at all offices as well as no-smoking during work hours. Further, currently, we are considering measures such as implementing simulations to forecast the results of medical exams, expanding subsidies for comprehensive medical checkups, and utilizing the new service “Cradle”^{*} to respond to diverse healthcare needs, in collaboration with the Eisai Health Insurance Society. We aim to make it possible for employees and their families to live with peace of mind, by enhancing measures related to annual health checkups, strengthening/enhancing the prevention of dementia, and early discovery of the risk of cancer, etc.
- Workstyle** (Pursuit of productivity/efficiency through achieving diverse workstyles)
In order to pursue the maximization of performance through flexible workstyles that are not restricted by time or location, pursue the best work-life balance, and further accelerate autonomy of workstyles and careers, we began implementation of 3 measures in April 2023.



* A service that provides seminars and healthcare support, etc., for employees

Side-job System

In addition to support for achievement of the diverse values and workstyles of each employee and of careers that employees thought of themselves, we created a side-job system that assumes the creation of careers, in order to broaden and expand the range of searching for knowledge aimed at the creation of innovation.

Workcation System

As part of measures to promote the acquisition of paid vacation in multiple continuous days, this system makes it possible to engage in remote work at a vacation destination on a trip, etc., while using paid vacation.

Discretionary Work System

In order to increase the self-reliance and self-discretion of each employee, we have transitioned from a flex-time system that is limited to time-discretion to a discretionary work system in which decisions regarding time and the execution of business are delegated to self-reliant individuals, on a foundation of orderly ownership, and the production of results is encouraged.

- **Growth** (Provision of opportunities for growth aimed at the self-fulfillment of employees)

Eisai places importance on each employee taking the initiative to think about his or her own career. Accordingly, we have assembled a diverse lineup of career design opportunities and are putting effort into establishing an environment in which employees can engage in the program at their desired time and in their desired manner. As measures to support the achievement of the careers employees are aiming for, we provide learning style reform programs, inter-regional programs, and other on-demand learning tools. It is a system of training in which employees themselves create opportunities and take on the challenges, with the aim of acquiring new knowledge and skills and cultivating a mindset.

In addition, we are preparing the environment in terms of systems, such as enhancing the Job Challenge system to achieve personnel changes for which employees themselves volunteer and introducing the special paid vacation system that can be used when carrying out self-development or social contribution activities.

Career Design Training

We implement career design e-learning, career workshops, and individual career consulting according to a variety of generational needs.

Inter-regional Experience

We are enhancing opportunities both inside and outside the Company, such as the EKKYO Program that enables employees to experience work in other organizations inside the Company and outside programs in which employees learn with individuals in other industries and job types.

Learning Style Reform

We began this in FY2021 as an opportunity for “improvement” through making choices, challenging themselves, and mutual learning based on their own volition and responsibilities. Approximately 500 people have participated up to this point.

Training lineup				
DX	Career	CX/ customer value	Management	Leadership
Setting targets		KPI		
Resilience		Time management		
Communication		Engagement		
Lateral thinking		Critical thinking		Strategic thinking
Design thinking	Creativity	New business	Ability to empathize	
Unconscious bias		Anger management		
Coaching	Power to entrust	Facilitation		

- **Promotion of diversity that maximizes the strengths of diverse human assets**

In order to respond to the increasingly diverse needs of patients and the people in the daily living domain, we are further strengthening the efforts of the entire Company to promote diversity, equity, and inclusion (DE&I) by positioning DE&I as the one and only strategy that makes it possible to share the strength of capable individuals and the overall organization. We are striving to support organizational management and cultivate an organizational climate that can generate a synergistic effect through the sincere exchange of opinions by diverse individuals and through constructive dialogue and collaboration, in addition to supporting employees in continued self-directed growth aimed at achievement of *hhc* and self-fulfillment, as they keep a clear eye toward their own future. In Japan, we have adopted the promotion of the active participation of women as the first step in promoting diversity, and are working to resolve issues related to the recruitment, hiring, retention, and promotion, etc., of female employees. In addition, we are putting effort into the promotion of the active participation of middle- and senior-generation employees.

Further, overseas (U.S., Europe, China, etc.), we are engaged in a broad range of efforts suited to the circumstances in each country, such as creating a governance structure, conducting training, and implementing new policies.

2023 J-Win Diversity Award

Reception of the “Basic Achievement Grand Prize” in the “Basic Category”

Eisai received the “Basic Achievement Grand Prize” in the Basic Category of the Company Prize of the 2023 J-Win Diversity Award hosted by the Specified Non-profit Corporation Japan Women’s Innovative Network (NPO J-Win), the highest award given to advanced companies that continue to produce female leaders. We are also putting effort into fostering the career awareness of female employees, and the ratio of female management-level employees has reached 12%.



Presentation ceremony

Establishment of the E-papa E-mama Community

We launched a community mainly for parents, individuals soon to be parents, and individuals on childcare leave. Get-togethers are held regularly (monthly) online to enable individuals to discuss things that “veteran” parents have done to balance work and childcare, and preparation for male employees to take childcare leave, etc. The rate of acquisition of childcare leave by male employees (including time off for a spouse giving birth and childcare leave when the child is born) in FY2022 was 88.7%.



(2) Status of Employees

① The Group

(People)

	End of FY2021	End of FY2022
Japan	4,591	4,490
Americas	1,982	1,755
China	2,044	2,002
EMEA	1,200	1,234
Asia and Latin America	1,505	1,595
Total	11,322	11,076

② The Company

	End of FY2021	End of FY2022
Number of employees	3,034	3,043
Average age (Years old)	43.0	43.6
Average years of service (years)	17.4	17.9

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

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

(3) Promotion of Appropriate Investment of Pension Funds

The Company’s corporate pension is operated by the Eisai Corporate Pension Fund, which is independent of the Company; it monitors the asset balance for the pursuit of stable assets and profits to support the stable lives of employees in their retirement years. As the owner of the assets, the Fund announced its acceptance of the Japanese version of the Stewardship Code* in February 2018. In December 2019, the Fund became a signatory to the United Nations Principles for Responsible Investment (PRI), and is making ESG investments that are based on global standards.

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



Relationship with Our Employees

> Details are available here 

11. Ties with Shareholders and Investors

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

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

The notice is content rich and presents information, including non-financial items such as ESG initiatives, in an easily comprehensible manner. The notice is sent about 4 weeks prior to the General Meeting of Shareholders to allow plenty of time for shareholders to consider the proposals. Furthermore, it can be viewed online at the Tokyo Stock Exchange website and the Company's website, from about a week before the notice is sent out.



Japanese-language version



English-language version

(2) Briefing for Individual Shareholders (January)

The Company holds briefings every year to enable as many shareholders as possible to better understand the current state of the Company and its initiatives, and provide a forum for responding to shareholders' questions through dialogue.

As was done last year, online briefings were held for individual shareholders, and in-person briefings were also held both in Nagoya and Osaka for the first time in 3 years. From across Japan, 505 individual shareholders viewed the online briefings (held January 14). After the explanation of the Company's current state and outlook going forward by Senior Vice President & CFO Tatsuyuki Yasuno, a specialist physician gave a lecture on lifestyles and dementia. The Nagoya briefing (held January 19) and Osaka briefing (held January 20) had 91 and 81 attendees respectively, and the Senior Vice President & CFO gave explanations of the Company's current state and outlook going forward. Lively Q&A sessions focusing primarily on the future of lecanemab (U.S. brand name LEQEMBI) took place at each of the briefings.



Online briefing



Briefing in Nagoya

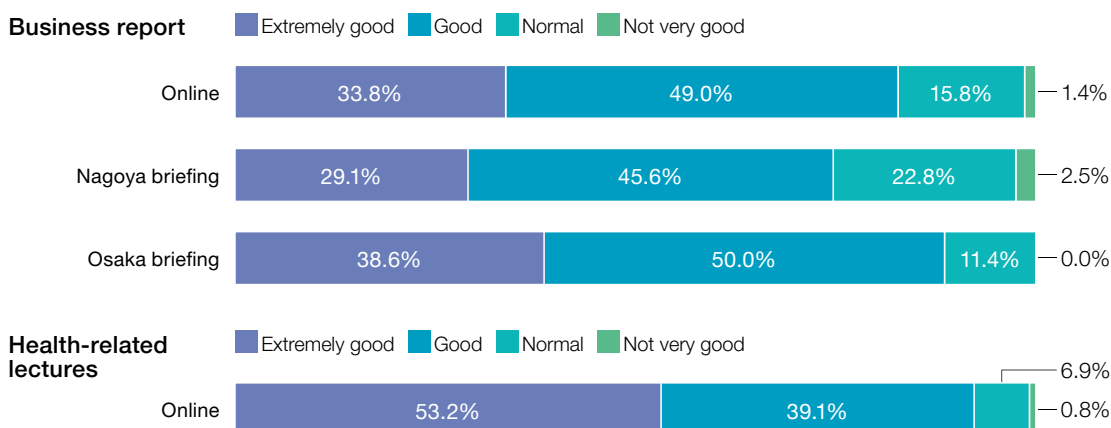


Briefing in Osaka

(3) Results of the Individual Shareholder Briefing Questionnaire Survey

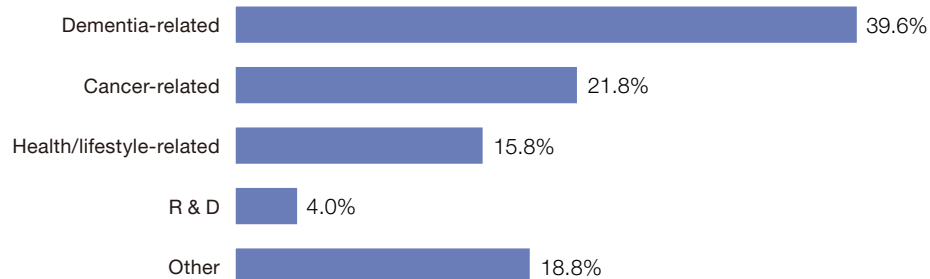
These are some of the results of the questionnaire survey conducted after the briefing for individual shareholders. The opinions and requests that we received will be utilized in future plans and operations. Thank you very much for your cooperation.

● Overall evaluation (Respondents Online: 361, Nagoya briefing: 79, Osaka briefing 70)



● Health-related themes that respondents would like to see covered in future lectures

(Respondents Online: 101)



● These are some comments received in the free comment section.

- This was my first time watching. I feel like I understand more about Eisai now. The part about seeing free provision of pharmaceuticals in developing countries as Eisai's social responsibility and at the same time as an investment, in particular, impressed me as very forward-thinking management. Overall, it was a good briefing with a balance of discussion about shareholder returns and products, and also what the company is trying to achieve. (man in his 60s, online)
- I understood Eisai's corporate concept quite well, and I'm happy to continue being a shareholder. (woman in her 70s, online)
- I also joined the online briefing. This time I gained an even more detailed understanding of Eisai.(woman in her 60s, Osaka briefing)
- It was a very meaningful briefing. The explanations very thorough and easy to understand. I hope they continue to hold these regularly. The responses to questions were excellent. (man in his 70s, Osaka briefing)
- I was impressed at the management philosophy of support for neglected diseases and providing medication free of charge. I hope that Eisai continues its research on intractable diseases. (woman in her 70s, Nagoya briefing)

(4) Dialogue with Institutional Investors

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

- **Financial results presentation**

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

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

Outside directors deepened mutual understanding with persons in charge of the exercise of voting rights at 8 institutional investment companies over 12 telephone and web conferencing meetings.

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

Corporate officers and general managers in charge provided explanations in a panel discussion format about Eisai's material issues, human asset strategy, workstyle reforms, and sustainability activities such as efforts to improve access to medicines and global environmental initiatives.

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

Dialogues, centered on question-and-answer session were carried out with all 7 of the Company's outside directors in attendance. The purpose was to deepen understanding related to the Company's corporate governance initiatives.

- **Information Meeting (March)**

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



Briefing materials & videos

[> Details are available here](#)

Aside from the above, the IR Department actively engaged in dialogues with investors from Japan and other countries. In regard to dialogue with our institutional investors, information is fed back regularly to the Board of Directors.

(5) Value Creation Report 2022 (August)

Value Creation Report 2022 was issued in August as a communication tool with a focus on creation of the Group's value. It introduces information to a broad range of stakeholders on the Group's medium- to long-term corporate value as well as financial and non-financial capital to provide a deeper understanding of the Group's value creation.



Value Creation Report 2022



Value Creation Report 2022

[> Details are available here](#)

12. Ties with People throughout Society

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

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

Since 2010, the Company has been promoting the conclusion of regional collaborative agreements with local governments, medical associations, pharmaceutical associations, etc., throughout Japan (167 organizations in 45 prefectures as of March 31, 2023). The Company proactively participates in the promotion of the understanding of dementia, its early discovery and treatment, and other community-building efforts that allow those with dementia and their families to live with peace of mind. Here is a sampling of such activities.

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

The Company and Bunkyo City, Tokyo, where our Head Office is located, have a “Community-Building Partnership Agreement to Promote Local Dementia Support Initiatives for Dementia Patients and Their Families” in place. To achieve its goals, we are engaged in the following ongoing activities for residents of Bunkyo City.

- “Mind and Body Exercises” for city residents (held monthly)
- “Lecture on Dementia” (held annually)
- “Health Workshop” for community residents (held once every 2 months)



Mind and Body Exercises organized by the Company



“Health Workshop” in Bunkyo City

(2) Eisai *hhc* Hotline

Since its launch in April 1990, the Hotline has been responding to inquiries 365 days a year under the belief that “there are no days off for the environment surrounding patients.” It receives an average of about 300 inquiries per day on weekdays. The questions and comments it receives are shared within the Company as important information. We use them in product development, making improvements, and for the provision of information and services.

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



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



Video Library Considering the Feelings of Patients and Their Families

> Details are available here

Hands-on Learning at Workplaces & School Visit Classes for Junior High Students



Hands-on learning at workplaces
(Meidai Junior High School, Bunkyo City, Tokyo)



School visit classes
(Daiichi Junior High School, Bunkyo City, Tokyo)

Head office employees engaged in an activity in which they talked directly with local junior high school students and answered their questions. In January 2023, the Company cooperated with local junior high schools to offer hands-on learning at workplaces, giving students an opportunity to think about their future careers by welcoming them at Head office, explaining the pharmaceutical industry including Eisai itself, and through dialogues with Eisai employees in R&D, manufacturing technology, and on the front lines of sales. Additionally, in a continuation of an activity last year, the Company visited local junior high schools in March 2023 and provided school visit classes for students to accurately understand about dementia and learn proper ways to interact with people suffering from it. Through these activities, junior high school students who represent the future are learning about the Company, while progress is also being made in creating communities where those with dementia can live safely with peace of mind. The Company will continue engaging in activities that emphasize its relationships with people of the community.

(3) Naito Museum of Pharmaceutical Science and Industry

The Museum continues to carry out activities to spread knowledge on the history of medical science and pharmacology as well as the health sciences, with a special focus on gaining society's understanding of the proper use of medicine. Established in 1971 as Japan's first comprehensive museum of medicine, it houses approximately 65,000 historical materials and about 62,000 related documents. The Medicinal Herbal Garden, located within museum grounds, grows and manages roughly 700 species of medicinal herbs and other useful plants, including endangered and threatened species.

In May 2022, His Imperial Highnesses Crown Prince Akishino recently visited the Naito Museum of Pharmaceutical Science and Industry, the venue for the 57th general meeting of the Japan Association of Botanical Gardens of which he is a patron, and observed the Medicinal Herbal Garden there.

Before visiting, please confirm the latest information on the museum website.



Naito Museum of Pharmaceutical Science and Industry

> Details are available here 

(4) Naito Foundation

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

(5) The Health Care Science Institute

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

2 Business Progress and Results

1. Consolidated Performance (International Financial Reporting Standards)

(1) Revenue and Income

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 Alzheimer's disease (AD) treatment aducanumab (U.S. brand name 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 AD treatment lecanemab (U.S. brand name 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.

Overview of Consolidated Income

(Billions of yen)

	FY2021	FY2022	Change from previous year (%)	Value change
Revenue	756.2	744.4	98.4	(11.8)
Cost of sales	174.8	177.8	101.7	3.0
Selling, general and administrative expenses	366.4	358.3	97.8	(8.1)
R&D expenses	171.7	173.0	100.7	1.3
Operating profit	53.7	40.0	74.5	(13.7)
Profit before income taxes	54.5	45.0	82.7	(9.4)
Profit for the year	45.7	56.8	124.3	11.1
Profit for the year attributable to owners of the parent	48.0	55.4	115.6	7.5


[Financial statements/quarterly performance](#)
[> Details are available here](#)

Consolidated Performance Indicators

		FY2021	FY2022	Change from previous year (%)
Dividend on equity attributable to owners of the parent ratio (DOE)	(%)	6.3	5.9	93.7
Profit ratio to equity attributable to owners of the parent (ROE)	(%)	6.6	7.2	108.3
Dividend payout ratio (DPR)	(%)	95.7	82.8	86.5
Dividend per share (DPS)	(Yen)	160.0	160.0	100.0
Earnings per share attributable to owners of the parent (basic) (EPS)*	(Yen)	167.3	193.3	115.6

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

(2) Assets, etc.

Total assets as of the end of the 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 lecanemab (U.S. brand name 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).

Consolidated Statement of Financial Position

(Billions of yen)

	End of FY2021	Ratio (%)	End of FY2022	Ratio (%)	Value change
Total assets	1,239.3	100.0	1,263.4	100.0	24.0
Total liabilities	467.8	37.7	440.8	34.9	(27.0)
Borrowings	94.9	7.7	126.1	10.0	31.2
Total equity	771.5	62.3	822.6	65.1	51.0
Equity attributable to owners of the parent	748.8	60.4	800.0	63.3	51.1

(3) Capital Expenditures

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

Capital expenditures in FY2022 amounted to ¥25.3 billion (down ¥2.3 billion year on year) following the expansion of research facilities and production facilities.

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

Borrowings ended the fiscal year at ¥126.1 billion (up ¥31.2 billion year on year). The main suppliers of loans to the Group are as follows.

Long-term Borrowings

(Billions of yen)

Company name	Lender	End of FY2022
Eisai Co., Ltd.	Syndicate Loan	80.0
	Saitama Resona Bank, Limited	5.0
	Mizuho Bank, Ltd.	5.0
	MUFG Bank, Ltd.	5.0

(5) Cash Flows

Net cash from operating activities amounted to an 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 lecanemab (U.S. brand name 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.

Highlights from Consolidated Cash Flow

(Billions of yen)

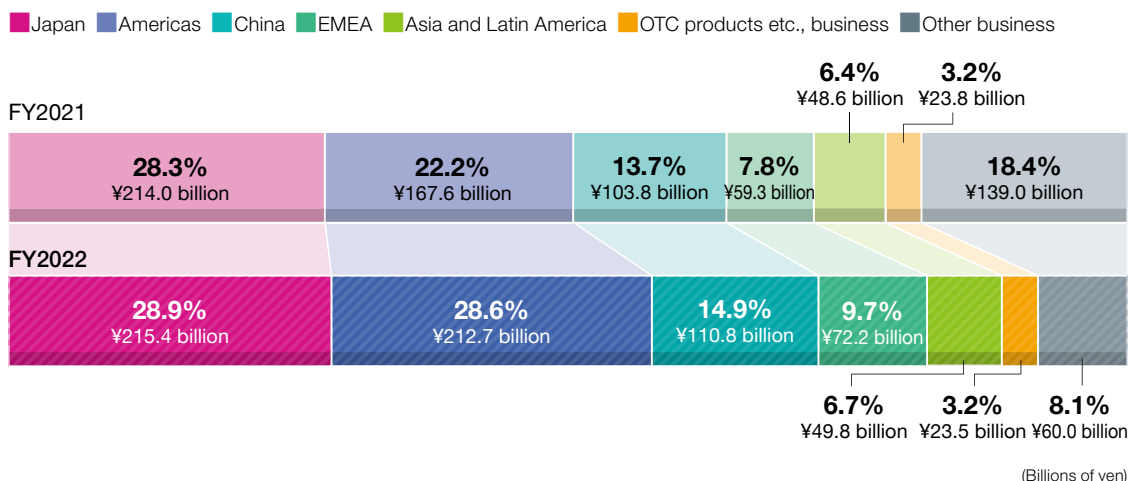
	FY2021	FY2022	Value change
Net cash provided by operating activities	117.6	(1.8)	(119.4)
Net cash used in investing activities	(28.8)	(22.7)	6.1
Net cash used in financing activities	(49.0)	(24.5)	24.4
Cash and cash equivalents at end of year	309.6	267.4	(42.3)
Free cash flow*	88.7	(24.3)	(113.0)

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

(6) Segment Information

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).

Sales Revenue by Segment

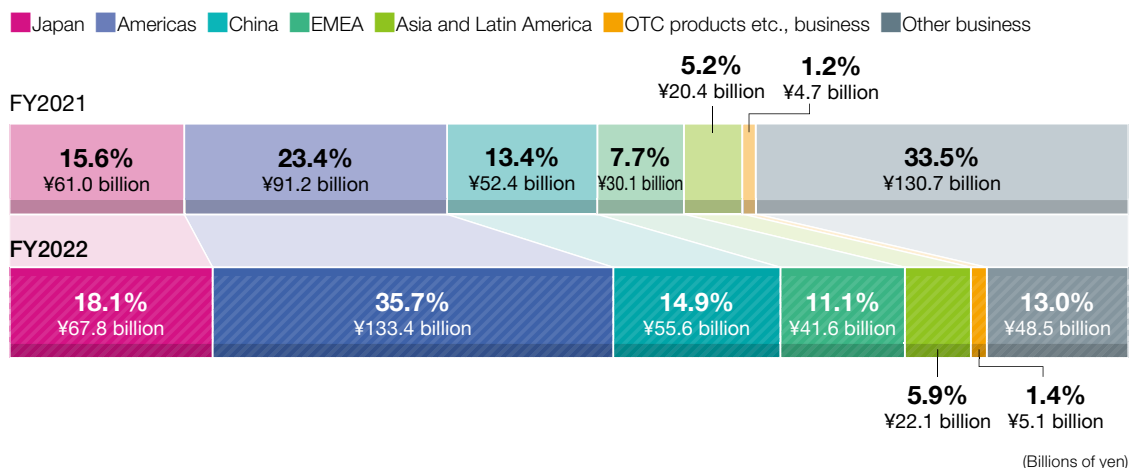


	FY2021	Ratio (%)	FY2022	Ratio (%)	Change from previous year (%)	Value change
Pharmaceutical businesses (reporting segments)	617.3	81.6	684.4	91.9	110.9	67.2
■ Japan pharmaceutical business	214.0	28.3	215.4	28.9	100.6	1.4
■ Americas pharmaceutical business	167.6	22.2	212.7	28.6	126.9	45.1
U.S.A. pharmaceutical business	165.1	21.8	209.0	28.1	126.6	43.9
■ China pharmaceutical business*	103.8	13.7	110.8	14.9	106.7	6.9
■ EMEA pharmaceutical business	59.3	7.8	72.2	9.7	121.6	12.8
■ Asia and Latin America pharmaceutical business	48.6	6.4	49.8	6.7	102.5	1.2
■ OTC products etc., business	23.8	3.2	23.5	3.2	98.6	(0.3)
■ Other businesses	139.0	18.4	60.0	8.1	43.2	(79.0)
Consolidated revenue	756.2	100.0	744.4	100.0	98.4	(11.8)
Overseas sales ratio (%)	67.8		66.4		97.9	(1.4)

(Note) Revenues by segment are to external customers

* Effective from FY2022, Hong Kong has been changed from the "Asia and Latin America" segment to the "China" segment. Hong Kong has been changed from Asia and Latin America pharmaceutical business to China pharmaceutical business. This change has been reflected in the segment information for FY2021.

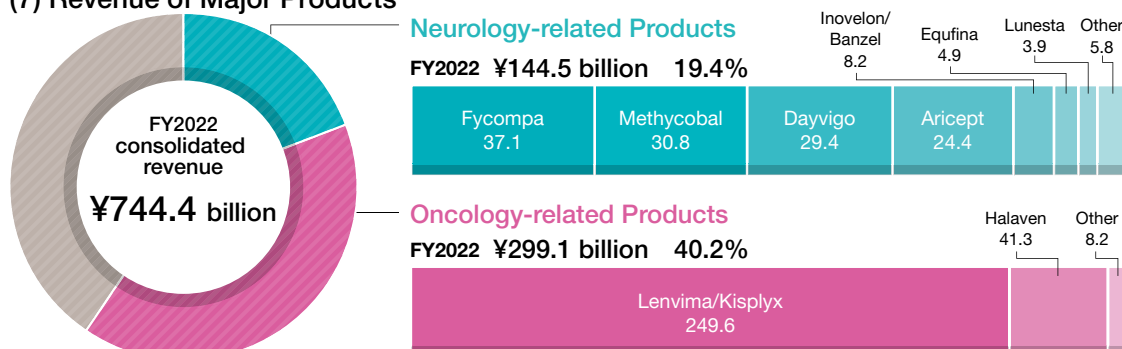
Income by Segment



	FY2021	Ratio (%)	FY2022	Ratio (%)	Change from previous year (%)	Value change
Pharmaceutical businesses (reporting segments)	259.9	66.5	325.6	87.0	125.3	65.7
Japan pharmaceutical business	61.0	15.6	67.8	18.1	111.1	6.8
Americas pharmaceutical business	91.2	23.4	133.4	35.7	146.3	42.2
China pharmaceutical business	52.4	13.4	55.6	14.9	106.1	3.2
EMEA pharmaceutical business	30.1	7.7	41.6	11.1	137.9	11.4
Asia and Latin America pharmaceutical business	20.4	5.2	22.1	5.9	108.4	1.7
OTC products etc., business	4.7	1.2	5.1	1.4	108.6	0.4
Other businesses	130.7	33.5	48.5	13.0	37.1	(82.2)
R&D expenses	(171.7)		(173.0)		100.7	(1.3)
Head office management expenses of parent company*	(165.0)		(161.0)		97.6	4.0
Consolidated operating income	53.7		40.0		74.5	(13.7)

* As the co-development and co-promotion agreements for AD treatment aducanumab (U.S. brand name ADUHELM) with Biogen Inc. were changed in March 2022, all relevant expenses (selling, general and administrative expenses) that the Company should share have been included in the "Head office management expenses of parent company" since the beginning of FY2022. In addition, gains and losses on sale of non-current assets have been included in the "Head office management expenses of parent company". As a result, these changes for the FY2021 have been reflected in Segment Information.

(7) Revenue of Major Products



2. Financial Position and Profit/Loss Status

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

Consolidated Management Indicators

Category		FY2019	FY2020	FY2021	FY2022
Revenue	(Billions of yen)	695.6	645.9	756.2	744.4
Operating profit	(Billions of yen)	125.5	51.5	53.7	40.0
Profit for the year	(Billions of yen)	122.5	42.3	45.7	56.8
Profit for the year attributable to owners of the parent	(Billions of yen)	121.8	41.9	48.0	55.4
Total equity	(Billions of yen)	702.6	726.4	771.5	822.6
Total assets	(Billions of yen)	1,062.1	1,088.4	1,239.3	1,263.4
Equity per share attributable to owners of the parent*1	(Yen)	2,366.29	2,447.45	2,611.82	2,789.32
Dividend per share (DPS) (of which, interim dividends per share)	(Yen) (Yen)	160 (80)	160 (80)	160 (80)	160 (80)
Earnings per share (basic)*2 (EPS)	(Yen)	425.01	146.34	167.27	193.31
Earnings per share (diluted)*2	(Yen)	424.80	146.29	167.25	193.31
Ratio of equity attributable to owners of the parent	(%)	63.8	64.5	60.4	63.3
Profit ratio to equity attributable to owners of the parent (ROE)	(%)	18.6	6.1	6.6	7.2
Price-to-earnings ratio (PER)	(Times)	18.66	50.70	33.90	38.82
Dividend payout ratio (DPR)	(%)	37.6	109.3	95.7	82.8
Ratio of dividend to equity attributable to owners of the parent (DOE)	(%)	7.0	6.6	6.3	5.9
Net debt equity ratio*3 (Net DER)	(Times)	(0.29)	(0.27)	(0.32)	(0.21)
Net cash provided by operating activities	(Billions of yen)	102.8	73.1	117.6	(1.8)
Net cash used in investing activities	(Billions of yen)	(27.6)	(36.1)	(28.8)	(22.7)
Net cash used in financing activities	(Billions of yen)	(103.5)	(55.9)	(49.0)	(24.5)
Cash and cash equivalents at end of year	(Billions of yen)	254.2	248.7	309.6	267.4
Free cash flows	(Billions of yen)	68.2	36.4	88.7	(24.3)

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

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

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

*3 The Company uses the following formula to calculate the debt-to-equity ratio.

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

3. Status of Major R&D Pipeline

An overview of the main progress from April 2022 to the end of April 2023 in regard to products under development by the Group and in Phase II or later phase is given below by area.

Neurology

Development product code: **E2007**

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

Fycompa is a selective antagonist against the activation of AMPA-type glutamate receptors by glutamate. It is approved as combination therapy for partial-onset seizures in over 75 countries, including Japan, the United States, China, and countries in Europe and Asia.

Furthermore, in Japan, the United States, and China, it is approved as a monotherapy and as combination therapy for partial-onset seizures (including secondary generalized seizures) in children ages 4 and older. In Europe, it is approved as combination therapy for partial-onset seizures (including secondary generalized seizures) in children ages 4 and older. It is also approved as a combination therapy for primary generalized tonic-clonic seizures in over 70 countries, including Japan, the United States, and countries in Europe and Asia. In Europe, it is approved for children ages 7 and older, and in Japan and the United States, for children ages 12 and older as combination therapy for primary generalized tonic-clonic seizures. It is approved as an oral suspension formulation in the United States and Europe. In Japan, it is approved as fine granules. Rights in the U.S. were transferred January 2023.



Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Injection (Additional formulation)	JP			2022.08 ▶	
Lennox-Gastaut syndrome (Additional indication)	JP/US/EU		▶		

Development product code: **E2006**

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

By antagonizing the orexin receptors that are involved in the regulation of sleep and wakefulness, Dayvigo is expected to alleviate wakefulness, thereby facilitating onset and maintenance of sleep. It is approved in more than 15 countries including Japan, the United States, and countries in Asia for use in the treatment of insomnia. In addition, it is under development for the treatment of irregular sleep-wake rhythm disorder associated with Alzheimer's disease / dementia.



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

Development product code: **BAN2401**

Product name	LEQEMBI (U.S.)
Generic name	lecanemab
Indication and mechanism of action	Treatment for Alzheimer's disease / Anti-A β protofibril antibody Injection



LEQEMBI is an IgG1 antibody against amyloid beta (A β) protofibrils. By eliminating A β protofibrils, which have been reported to exhibit neurotoxicity, we hope to slow the progression of Alzheimer's disease (AD). It has been designated as a breakthrough therapy and set on the fast track for approval by the U.S. Food and Drug Administration.

In September 2022, we obtained statistically highly significant results for primary endpoints and all of the important secondary endpoints in the Phase III Clarity AD study on mild cognitive impairment and mild dementia due to AD (collectively, early-stage AD). The incidence profile of amyloid-related imaging abnormalities (ARIA), an adverse event associated with anti-amyloid antibodies, was within projections. All of the results of this study were presented at the Clinical Trials on Alzheimer's Disease (CTAD) conference in November 2022 and published in *the New England Journal of Medicine*. We obtained accelerated approval for the drug as a treatment for Alzheimer's disease in the U.S. in January 2023, and we filed an application for full approval on the same day. In January 2023, in Europe, we submitted a marketing authorization application to the European Medicines Agency (EMA), which was accepted. In Japan, we filed an application for marketing approval with the Pharmaceuticals and Medical Devices Agency (PMDA) in January 2023, and the Ministry of Health, Labour and Welfare (MHLW) has designated the application for priority review. In December 2022, we began submitting application data to the National Medical Products Administration (NMPA) in China, and, in February 2023, the NMPA designated our application for priority review.

We are proceeding with the development of subcutaneous injections in order to increase convenience. In addition, we are advancing a trial to confirm a new dosing regimen for maintenance treatment after the removal of A β from the brain. Furthermore, we are collaborating with the Alzheimer's Clinical Trials Consortium (ACTC) to advance the Phase III trials of AHEAD3-45 for preclinical AD. We are co-developing with Biogen Inc.

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Early Alzheimer's disease	US				2023.01
	US			2023.01	
	EU			2023.01	
	JP			2023.01	
	CN			2022.12	
Preclinical Alzheimer's disease	JP/US/EU				

Development product code:

E2023

Product name	—
Generic name	lorcaserin
Indication and mechanism of action	Treatment for Dravet syndrome / Serotonin 2C receptor antagonist Oral

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

Development product code:

E2027

Product name	—
Generic name	—
Indication and mechanism of action	Dementia with Lewy bodies, Parkinson's disease dementia treatment / PDE 9 inhibitor Oral

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

Development product code:

E2814

Product name	—
Generic name	—
Indication and mechanism of action	Anti-microtubule binding region (MTBR) tau antibody Injection

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

(Note) Regarding E2730, development for the treatment of epilepsy, which was in Phase II in the United States, has finished.

Oncology

Development product code: **E7080**

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



Developed in-house, the agent is an orally administered multi-kinase inhibitor that selectively inhibits the activities of vascular endothelial growth factor receptors (VEGFRs)--VEGFR1, VEGFR2, and VEGFR3--and fibroblast growth factor receptors (FGFRs)--FGFR1, FGFR2, FGFR3, and FGFR4--in addition to other proangiogenic and oncogenic pathway-related receptor tyrosine kinases (including the platelet-derived growth factor receptor alpha (PDGFR α), KIT, and RET). It is approved as a monotherapy in the treatment of thyroid cancer in over 80 countries, including Japan, the United States, China, and countries in Europe and Asia. It is approved for use in the treatment of hepatocellular carcinoma in over 80 countries, including Japan, the United States, China, and countries in Europe and Asia, and approved in Japan for use in the treatment of thymic carcinoma. It is also approved in combination with everolimus for use in the treatment of renal cell carcinoma in over 65 countries, including the United States and countries in Europe and Asia. It is approved for use in combination with pembrolizumab for renal cell carcinoma in more than 45 countries, including Japan, the United States, and countries in Europe and Asia, and for endometrial cancer in more than 45 countries, including Japan, the United States, and countries in Europe and Asia (including some countries with conditional approval). The agent is marketed under the product name Kisplyx for the treatment of renal cell carcinoma in Europe.

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Endometrial carcinoma / First-line (Additional indication) ^{*1, *5}	JP/US/EU/CN		▶		
Non-small cell lung cancer (non squamous) / First-line (Additional indication) ^{*2, *5}	JP/US/EU/CN		▶		
Non-small cell lung cancer / Second-line (Additional indication) ^{*1, *5}	JP/US/EU		▶		
Head and neck cancer / First-line (Additional indication) ^{*1, *5}	JP/US/EU/CN		▶		
Hepatocellular carcinoma / First-line (Additional indication) ^{*3, *5}	JP/US/EU/CN		▶		
Esophageal carcinoma / First-line (Additional indication) ^{*2, *5}	JP/US/EU/CN		▶		
Gastric cancer / First-line (Additional indication) ^{*2, *5}	JP/US/EU/CN		▶		
Colorectal cancer (Non MSI-H / pMMR) / Third-line (Additional indication) ^{*1, *5}	US/EU		▶		
Melanoma / Second-line (Additional indication) ^{*1, *5}	US/EU	▶			
Solid tumors (Additional indication) ^{*1, *5} (Gastric cancer, colorectal cancer, glioblastoma, biliary tract cancer, and pancreatic cancer)	US/EU	▶			
Head and neck cancer / Second-line (Additional indication) ^{*1, *5}	US/EU	▶			
Renal cell carcinoma / First-line (Additional indication) ^{*4, *5}	JP/US/EU		▶		

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

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

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

*4 In combination with anticancer agent everolimus.

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

(Note) 1. The LEAP-002 study for the treatment of hepatocellular carcinoma (first-line), which was in Phase III in Japan, the United States, Europe, and China, has finished development.

2. Regarding the LEAP-003 study for the treatment of melanoma (first-line), which was in Phase III in the United States, Europe, and China, the decision to discontinue the clinical study was made in accordance with the recommendation of the Independent Data Monitoring Committee.

3. Study 111 for the treatment of solid tumors, which was in Phase I/II in the United States and Europe and Phase I in Japan, has finished development.

Development product code: **E7389**

Product name	Halaven
Generic name	eribulin
Indication and mechanism of action	Anticancer agent / microtubule dynamics inhibitor Injection

A synthetic analog of *halichondrin B*, derived from the marine sponge *Halichondria okadai*, shows an antitumor effect by arresting the cell cycle through inhibition of the growth of microtubules. Approved in over 80 countries, including Japan, the United States, China, and countries in Europe and Asia, for use in the treatment of breast cancer. Approved in over 85 countries, including Japan, the United States, and countries in Europe and Asia, for use in the treatment of liposarcoma (soft tissue sarcoma in Japan).



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

Development product code:

H3B-6545

Product name	—	Generic name	—
Indication and mechanism of action	Anticancer agent / ER α inhibitor		Oral

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

Development product code:

E7090

Product name	—	Generic name	tasurgratinib
Indication and mechanism of action	Anticancer agent / FGFR1, FGFR2, FGFR3 inhibitor		Oral

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

Development product code:

MORAb-202

Product name	—	Generic name	farletuzumab ecteribulin (FZEC)
Indication and mechanism of action	Anticancer agent / antibody-drug conjugate targeting the folic acid receptor α		Injection

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Non-small cell lung cancer	US/EU	I/II			
Ovarian cancer, peritoneal cancer, fallopian tube cancer	JP/US/EU	I/II			
Solid tumors	US	I/II			

Development product code:

E7386

Product name	—	Generic name	—
Indication and mechanism of action	Anticancer agent / CBP / β -catenin interaction inhibitor		Oral

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

Other Disorders

Development product code:

FYU-981

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

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

Development product code:

E6742

Product name	—	Generic name	—
Indication and mechanism of action	Treatment for Systemic erythematodes / TLR7/8 inhibitor		Oral

Condition	Region	Development status			
		Phase II	Phase III	Application	Approval
Systemic erythematodes	JP	I/II			

(Note) Regarding eritoran, the REMAP-COVID study for the prevention of severe COVID-19, which was in Phase III in Japan and the United States, was discontinued.



R&D

[> Details are available here](#)

Intellectual Property: Investing in Areas where the Group Has Strengths

The legal protection and effective utilization of the proprietary technologies and products we have developed through our investments in R&D and business activities are indispensable to the sustainable growth and development of Eisai Co., Ltd. and the stable delivery of pharmaceuticals to patients. For this reason, we are strategically pursuing various activities related to intellectual property, such as patent acquisition.

Under our medium-term business plan “EWAY Future & Beyond,” the key players to whom the Company should make a contribution have been expanded from “patients and their families” to “patients and consumers.” In addition to the desire of “supporting patients and consumers to live their lives to fullest,” we will promote the creation of science-based solutions focused around the Group’s biggest strengths in the areas of neurology and oncology. Through these activities, we will efficiently achieve the social good of relieving people’s anxieties over health and reducing health disparities.

- Neurology
Aim to realize the development of optimal treatments for neurodegenerative diseases (such as Alzheimer’s disease) based on pathophysiology.
- Oncology
Aim to realize the development of a cure for cancer through individualized medicine based on cancer evolution and genome information.



Tsukuba Research Laboratories after the completion of major renovations

4. Major Topics

To Make Available Necessary Medicine to as Many Patients as Possible

Accelerated Approval in the U.S. of a New Treatment for Alzheimer's Disease

Lecanemab (U.S. brand name LEQEMBI), an Anti-Amyloid Beta ($A\beta$) Protofibril Antibody

In May 2022, we completed the rolling submission of the biologics license application for lecanemab for early Alzheimer's disease (AD) in the U.S. under the accelerated approval system. In July, the U.S. FDA accepted the biologics license application under the accelerated approval system, designated it for priority review, and gave it accelerated approval in January 2023. In the same month, we filed an additional application for full approval. The large-scale global Phase III Clarity AD study of 1,795 early Alzheimer's disease patients used in the application demonstrated a statistically highly significant reduction in clinical symptoms worsening and met its primary endpoint.

Strengthen Research and Development Capabilities for Injection Formulations

New Injection/Research Building Completed at the Kawashima Plant

In October 2022, construction was completed on a new injection/research building (named Eisai Medicine Innovation Technology Solutions, or EMITS) at the Kawashima Plant (Gifu Prefecture). EMITS will be Eisai's global base for formulation and modality* research. Eisai's drug discovery targets have expanded to include modalities such as antibodies, antibody drug conjugates (ADCs), and nucleic acid drugs, in addition to conventional small molecule compounds. At EMITS, Eisai will strengthen its injectable drug formulation development research function and drug delivery system (DDS) development function, including liposomal and lipid nanoparticle formulations, and address the development of various modalities.

* Modalities: Low molecular weight compounds, peptide (mid-molecular weight) drugs, protein drugs including antibody drugs, nucleic acid drugs, cellular drugs, and treatment methods such as regenerative medicine.



External view of EMITS

Commencement of Collaborative Research to Develop a New Diagnostic Method for Dementia

Industry-Academia Collaboration to Establish Japan's First Dementia Diagnosis Workflow Using Blood Biomarkers



Press conference in November 2022

In order to establish a pre-screening function for blood biomarker tests and to find a central role in the diagnosis of dementia to replace PET/CSF in the future, we announced the commencement of collaborative research with Shimadzu Corporation, Oita University, and the Usuki City Medical Association in November 2022. This research aims to establish a workflow based on blood biomarkers and to construct a new AD diagnostic pathway.

Expansion of Overseas Sites

Grand Opening of Eisai US *hhceco* Center

U.S. subsidiary Eisai Inc. held a grand opening ceremony in August 2022 at the newly opened Eisai US *hhceco* Center in Nutley, New Jersey, USA.



External view of US *hhceco* Center

Eisai Vietnam and Eisai Israel Begin Full-scale Operations

Eisai Vietnam, our sales subsidiary, started full-scale business operations in a new office in April 2022. In addition, Eisai Israel took over the manufacturing and marketing approval of our products from the local distributor in January 2023, and started its own sales operations. By developing our own pharmaceutical sales network, we will deliver Lenvima and other innovative new drugs to as many patients as possible, as quickly as possible, thereby contributing to increasing the benefits to patients and their families.

Corporate Activities to Reduce Environmental Impact

Launch of Collaboration Among Companies to Reduce Environmental Burden in the Field of Pharmaceutical Packaging

In December 2022, together with Astellas Pharma Inc., Daiichi Sankyo Company, Limited, and Takeda Pharmaceutical Company Limited, we agreed to an inter-company collaboration to reduce the environmental impact in the field of pharmaceutical packaging. With the aim of promoting more environmentally-friendly pharmaceutical packaging, we will promote the sharing of knowledge on packaging technologies for reducing environmental impact, such as PTP (Press Through Pack) sheets made of biomass materials instead of petroleum-derived plastics, compact packaging, recycled packaging materials, and recyclable packaging materials. In the future, the 4 companies expect to expand this collaboration by calling on other companies, in order to reduce further environmental impact.

3 Status of Major Subsidiaries (as of March 31, 2023)

Company name	Location	Common stock	Percentage of voting rights held (%)	Main business lines
KAN Research Institute, Inc.	Chuo-ku, Kobe City	¥70 million	100.00	Pharmaceutical research and development
Sunplanet Co., Ltd.*	Bunkyo-ku, Tokyo	¥455 million	100.00	Business services, etc.
EA Pharma Co., Ltd.	Chuo-ku, Tokyo	¥9,145 million	60.00	Pharmaceutical research and development/production/sales
Eisai Corporation of North America	New Jersey, U.S.A.	US\$1,767 million	100.00	U.S. holding company
Eisai Inc.	New Jersey, U.S.A.	US\$152 million	100.00 (100.00)	Pharmaceutical research and development/production/sales
Eisai China Holdings Ltd.	Jiangsu Province, China	RMB 664 million	100.00 (100.00)	China headquarters and holding company
Eisai China Inc.	Jiangsu Province, China	RMB 576 million	100.00 (100.00)	Pharmaceutical production/sales
Eisai (Suzhou) Trading Co., Ltd.	Jiangsu Province, China	RMB 70 million	100.00 (100.00)	Pharmaceutical sales
Eisai Europe Ltd.	Hertfordshire, U.K.	GBP 184 million	100.00	European regional headquarters/holding company, pharmaceutical sales
Eisai Ltd.	Hertfordshire, U.K.	GBP 46 million	100.00 (100.00)	Pharmaceutical research and development/sales
Eisai Manufacturing Ltd.	Hertfordshire, U.K.	GBP 39 million	100.00 (100.00)	Pharmaceutical research and development/production
Eisai GmbH	Frankfurt, Germany	EUR 8 million	100.00 (100.00)	Pharmaceutical sales
Eisai S.A.S.	Paris, France	EUR 20 million	100.00 (100.00)	Pharmaceutical sales
Eisai Farmacéutica S.A.	Madrid, Spain	EUR 4 million	100.00 (100.00)	Pharmaceutical sales
Eisai S.r.l	Milan, Italy	EUR 4 million	100.00 (100.00)	Pharmaceutical sales
Eisai Asia Regional Services Pte. Ltd.	Singapore	S\$34 million	100.00	Asia holding company
Eisai Taiwan Inc.	Taipei, Taiwan	T\$270 million	100.00	Pharmaceutical sales
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	THB 103 million	100.00 (100.00)	Pharmaceutical sales
Eisai Korea Inc.	Seoul, South Korea	KRW 3,512 million	100.00	Pharmaceutical sales
Eisai Pharmaceuticals India Pvt. Ltd.	Andhra Pradesh, India	INR 2,708 million	100.00 (11.08)	Pharmaceutical research and development/production/sales

(Note) Numbers shown in parentheses in the "Percentage of voting rights held" column represent indirect percentages.

* In September 2022, the Company's consolidated subsidiary Sunplanet Co., Ltd. became a fully-owned subsidiary through an exchange of shares.

4 Major Affiliated Companies and Sites (as of March 31, 2023)

The Group is made up of the Company, 47 consolidated subsidiaries, and 1 equity-method affiliate. An outline of businesses segment, major affiliated companies, and sites is given below.

Business segment (Primary products)	Region	Function	Major affiliated companies and sites
Pharmaceutical business (Prescription medicines) (OTC products)	Japan	S	The Company (Communication Offices) Sapporo, Sendai, Tokyo, Nagoya, Osaka, Hiroshima, Fukuoka, etc. Kawashima Plant (Gifu Prefecture)
		P R	Kashima Business Office (Ibaraki Prefecture)
		P R	Kashima Business Office (Ibaraki Prefecture)
		R	Tsukuba Research Laboratories (Ibaraki Prefecture)
	Japan	R	KAN Research Institute, Inc. (Kobe)
		S P R	EA Pharma Co., Ltd. (Tokyo)
	Americas	H	Eisai Corporation of North America (U.S.A.)
S P R		Eisai Inc. (U.S.A.)	
China	H	Eisai China Holdings Ltd. (China)	
	S P	Eisai China Inc. (China)	
	S	Eisai (Suzhou) Trading Co., Ltd. (China)	
Europe	S H	Eisai Europe Ltd. (U.K.)	
	S R	Eisai Ltd. (U.K.)	
	P R	Eisai Manufacturing Ltd. (U.K.)	
	S	Eisai GmbH (Germany)	
	S	Eisai S.A.S. (France)	
	S	Eisai Farmacéutica S.A. (Spain)	
	S	Eisai S.r.l (Italy)	
Asia	H	Eisai Asia Regional Services Pte. Ltd. (Singapore)	
	S	Eisai Taiwan Inc. (Taiwan)	
	S	Eisai (Thailand) Marketing Co., Ltd. (Thailand)	
	S	Eisai Korea Inc. (South Korea)	
	S P R	Eisai Pharmaceuticals India Pvt. Ltd. (India)	
Other businesses	Japan		The Company Sunplanet Co., Ltd. (Tokyo)

S...Sales office P...Production plant R...Research and development site H...Headquarters company

5 Other Significant Items

In December 2022, our U.S. subsidiary H3 Biomedicine Inc. was dissolved through an absorption-type merger with Eisai Inc., our U.S. subsidiary, as the surviving company.

In March 2023, all shares of Eisai Distribution Co., Ltd., a wholly owned subsidiary of the Company, were transferred to Yasuda Logistics Corporation. In March 2023, Bracco Imaging S.p.A. and the Company's joint venture, Bracco-Eisai Co., Ltd. dissolved the joint venture after Bracco Imaging S.p.A. acquired all shares of Bracco-Eisai Co., Ltd. held by the Company.

II. Status of Shares and Stock Acquisition Rights

1 Status of Shares (as of March 31, 2023)

1. Authorized (common stock)	1,100,000,000 shares
2. Issued	296,566,949 shares (including 9,667,799 shares of treasury stock)
3. Number of shareholders	80,531

Trends in Number of Shareholders over the Past 5 Years

Fiscal year	FY2018	FY2019	FY2020	FY2021	FY2022
Number of shareholders	53,041	53,282	61,040	74,737	80,531

4. Status of Shareholders

(1) Principal Shareholders

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	55,397	19.31
Custody Bank of Japan, Ltd. (trust account)	36,175	12.61
State Street Bank and Trust Company 505001	20,512	7.15
Nippon Life Insurance Company	8,597	3.00
Saitama Resona Bank, Limited	5,300	1.85
State Street Bank West Client - Treaty 505234	4,606	1.61
Goldman, Sachs & Co. REG	4,269	1.49
The Naito Foundation	4,212	1.47
MSCO Customer Securities	3,968	1.38
JPMorgan Chase Bank 385781	3,480	1.21

(Notes) 1 Numbers of shares are rounded down to the nearest thousand.

2 The shareholding ratio is the percentage of the total number of shares issued (excluding treasury shares).

3 Treasury shares amounted to 9,667,000 shares (3.26% of the total number of shares issued) and are not shown in the table because they have no voting rights.

4 The following large shareholding reports (change reports) were submitted by the end of the current fiscal year, but are not shown in the table if they cannot be confirmed in the shareholders' register as of the end of the current fiscal year, or if the number of shares held does not fall into the top 10 shareholders. The holding percentage enclosed in parentheses is the percentage of the total number of issued shares including treasury stock (rounded down).

(1) 18,308,000 shares (6.17%) held jointly by 11 companies including BlackRock Japan K.K. as of August 15, 2017 (Change report dated August 21, 2017)

(2) 18,380,000 shares (6.20%) jointly held by 3 companies including Nomura Securities Co., Ltd. as of July 15, 2020 (Change report dated July 21, 2020)

(3) 14,945,000 shares (5.04%) held as Banks' Shareholdings Purchase Corporation as of September 15, 2020 (Large shareholding report dated September 23, 2020)

(4) 19,442,000 shares (6.56%) held jointly by 3 companies including Sumitomo Mitsui Trust Bank, Limited as of October 29, 2021 (Change report dated November 5, 2021)

(5) 20,752,000 shares (7.00%) held as Wellington Management Company, LLP as of August 31, 2022 (Change report dated September 5, 2022)

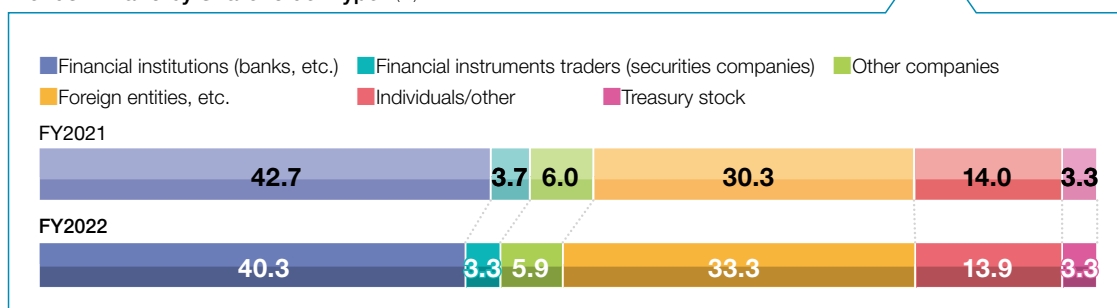
(6) 13,073,000 shares (4.41%) held jointly by 2 companies including Mitsubishi UFJ Trust and Banking Corporation as of October 31, 2022 (Change report dated November 8, 2022)

(2) Shareholder Composition

	Number of shareholders			Number of shares		
	(Shareholders)	(%)	Change from the previous year (Shareholders)	(Thousands of shares)	(%)	Change from the previous year (Thousands of shares)
Financial institutions (banks, etc.)	86	0.1	(9)	119,634	40.3	(6,904)
Financial instruments traders (securities companies)	70	0.1	4	9,730	3.3	(1,257)
Other companies	980	1.2	31	17,388	5.9	(382)
Foreign entities, etc.	910	1.1	(19)	98,821	33.3	8,883
Individuals, other	78,484	97.5	5,787	41,323	13.9	(206)
Treasury stock	1	0.0	—	9,667	3.3	(133)
Total	80,531	100.0	5,794	296,566	100.0	—

(Note) Numbers of shares are rounded down to the nearest thousand.

Trends in Ratio by Shareholder Type (%)



(3) Status of Treasury Stock

1 Trends in Treasury Stock Holdings over the Past 5 Years

Fiscal year	FY2018	FY2019	FY2020	FY2021	FY2022
Treasury stock (shares)	10,046,253	9,903,184	9,839,021	9,801,133	9,667,799

2 Acquisition, Disposal, and Holding of Treasury Stock

			Number of shares	Total acquisition cost/ total disposal value (Millions of yen)
Shares held at the end of the preceding fiscal year	a		9,801,133	—
Acquired shares	Acquisition of odd-lot shares	b	2,534	20
Disposed shares	Exercise of stock options (stock acquisition rights)	c	3,700	13
	Change in equity in controlled subsidiaries*	d	71,035	244
	Third party allocation in connection with the continuation of performance-related share-based compensation system	e	61,000	210
	Share increase for odd-lot shares	f	133	0
Shares held at the end of the fiscal year (a + b - c - d - e - f)			9,667,799	—

(Note) During the fiscal year under review, there was no “treasury stock acquired as a result of a resolution of the Board of Directors as stipulated under the provisions of Article 459, Paragraph 1, Item 1 of the Companies Act.”

* Share exchange to make Sunplanet Co., Ltd. A wholly owned subsidiary.

(4) Status of Stock Issued to Executives as Compensation for the Execution of Duties

For details about stock issued to executives as compensation for the execution of duties during this fiscal year, see “Total FY2022 Officer Compensation” (Note) 6 on page 85.

(5) Status of the Company's Cross-shareholdings with Other Companies

① Fundamental Policy Regarding Strategic Shareholding

Our fundamental policy regarding strategic shareholding is to use cross-shareholdings only as a means of enhancing cooperation with other companies in ways that promote an increase in corporate value. Shareholdings are kept to the minimum necessary, and the benefits of shareholding are weighed against the corresponding risks via estimates of Net Present Value (NPV), etc. Such verification will be carried out every year, and from the perspective of corporate governance, the balance of shares held will be decreased as a general rule. In addition, when exercising voting rights related to strategically held shares, the Company will vote in favor of proposals it judges will contribute to an increase in the value of shares held by the Company, and vote against proposals it judges will damage the value. In cases where companies holding strategically held Company stock (strategically holding shareholders) express an intention to sell, etc., said Company stock, the Company does not, as a general rule, prohibit said sale, etc.

In FY2022, the Company sold its strategic shareholding shares in 2 listed stocks (of which all its shares of 1 of the stocks). In addition, the Company sold all of its shares in 3 unlisted stocks, and all of its deemed shareholding in 2 stocks.

② Status of the Company's Cross-shareholdings with Other Listed Companies

As of March 31, 2023, the Company had cross-shareholding relationships with 12 listed companies, with those companies holding a total of 4,906,000 shares in the Company (1.65% of outstanding shares).

The breakdown by industry and principal corporate shareholders of Eisai stock are as follows. No shares are held for net investment purposes.

Principal Corporate Shareholders of Eisai Stock

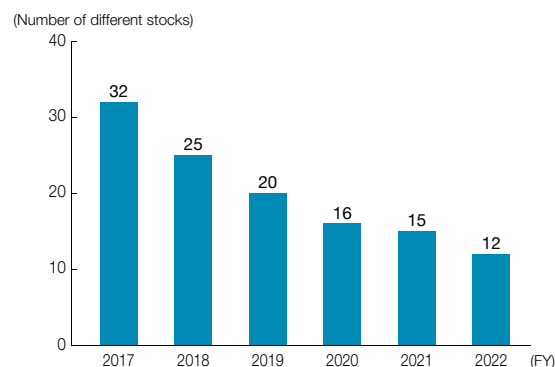
Shareholders	Industry	Shareholding		The Company's holdings of the corporate shareholder's stock		Purpose of holding shares
		Number of shares held (Thousands of shares)	Percentage of shares (%)	Number of shares held (Thousands of shares)	Percentage of shares (%)	
Kissei Pharmaceutical Co., Ltd.	Pharmaceuticals	294	0.10	474	0.91	To strengthen business partnerships
Santen Pharmaceutical Co., Ltd.	Pharmaceuticals	949	0.32	6,862	1.83	To strengthen business partnerships
Nihon Kohden Corporation	Electronic medical equipment	231	0.08	815	0.92	To strengthen business partnerships
Hisamitsu Pharmaceutical Co., Inc.	Pharmaceuticals	251	0.08	390	0.46	To strengthen business partnerships
MatsukiyoCocokara & Co.	Retail	819	0.28	2,815	1.97	To strengthen transactional partnerships
Medipal Holdings Corporation	Wholesale	701	0.24	4,480	1.83	To strengthen transactional partnerships
Total		3,249	1.10	—	—	

(Notes) 1 Percentages of shares are calculated as a percentage of the total number of outstanding shares, including treasury stock.

2 The above 6 companies consented to disclosure of this information.

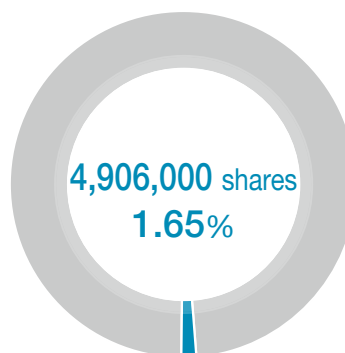
3 The shares of companies held by the Company include deemed shareholdings for retirement benefit trust purposes.

Trends in Number of Strategic Shareholding Stocks (Listed) Held by the Company



(Note) Number of stocks held includes deemed shareholdings, but excludes CVC and other such shares.

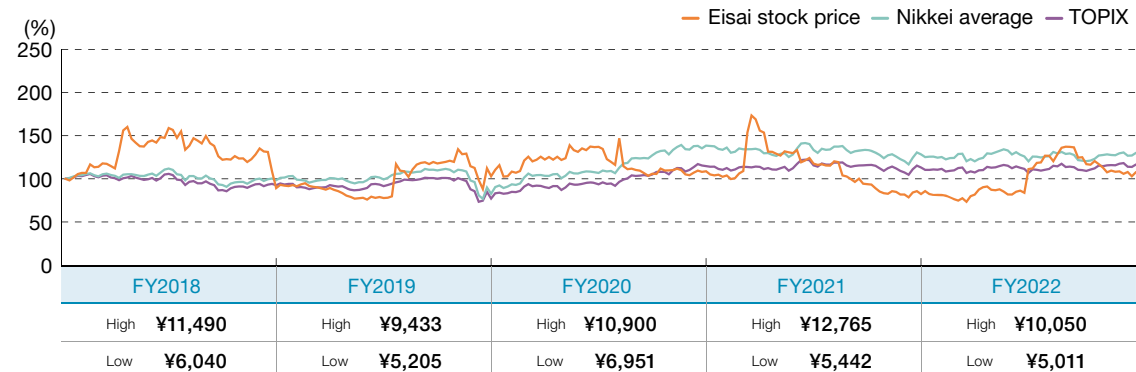
Status of the Company's Shares Held by the 12 Listed Companies



Industry	Number of shares held	Ratio
Wholesale	2,188,000	44.6%
Pharmaceuticals	1,495,000	30.5%
Electronic medical equipment	231,000	4.7%
Retail	819,000	16.7%
Other business corporations	170,000	3.5%

2 Stock Price Trends

The Company's Stock Price Trends over the Past 5 Years and Comparison with the Nikkei Average and TOPIX



(Note) The 100 (%) shown in the vertical axis of the line graph above represents the March 31, 2018, closing prices of the Company's stock price, Nikkei Stock Average, and TOPIX, respectively.

TSR (Total Shareholder Return, %)

Holding period	1 year	2 years	3 years	4 years	5 years
The Company	93.8	121.5	116.3	92.9	122.3
Nikkei average	100.5	91.3	142.5	138.0	141.7
TOPIX	95.0	85.9	122.1	124.6	131.8

(Note) Holding period reference date: March 31, 2018

3 Status of Stock Acquisition Rights

None

III. Status of Officers

1 Items Pertaining to Directors

Of the 11 directors, 7 are outside directors as stipulated in Article 2, Item 15 of the Companies Act. The Representative Corporate Officer and CEO is the only director who is concurrently a corporate officer.

1. Directors

(as of March 31, 2023)

Name	Position and primary area of responsibility	Main concurrent employment, etc.
Haruo Naito	Director, Representative Corporate Officer and CEO	Chair, The Naito Foundation
Yasuhiko Katoh	Outside Director Chair of the Board of Directors ■ Chair of the <i>hhc</i> Governance Committee	Special Advisor, Mitsui E&S Holdings Co., Ltd.
Shuzo Kaihori	Outside Director ■ Chair of the Nomination Committee ■ Member of the Compensation Committee ■ Member of the <i>hhc</i> Governance Committee	Outside Director, HOYA Corporation
Hideyo Uchiyama	Outside Director ■ Chair of the Audit Committee ■ Member of the <i>hhc</i> Governance Committee	Executive Advisor, Asahi Tax Corporation Audit & Supervisory Board Member (Outside), OMRON Corporation Outside Director, Sompo Holdings, Inc. * Hideyo Uchiyama, as a certified public accountant, has considerable knowledge and experience related to financial accounting and auditing.
Hideki Hayashi	Director ■ Member of the Audit Committee	
Yumiko Miwa	Outside Director ■ Member of the Audit Committee ■ Member of the <i>hhc</i> Governance Committee	Professor, School of Commerce, Meiji University Member, Fund Management Committee, National Federation of Mutual Aid Associations for Municipal Personnel Member, Pension Asset Management Review Committee, The Mutual Aid Association of Prefectural Government Personnel Outside Director, Pigeon Corporation
Fumihiko Ike	Outside Director ■ Member of the Nomination Committee ■ Chair of the Compensation Committee ■ Member of the <i>hhc</i> Governance Committee	Outside Director, NTT Data Corporation Outside Director, Resona Holdings, Inc.
Yoshiteru Kato	Director ■ Member of the Audit Committee	
Ryota Miura	Outside Director ■ Member of the Audit Committee ■ Member of the <i>hhc</i> Governance Committee	Founding Partner of Miura & Partners (Law Firm) Outside Director and Corporate Auditor, TechMatrix Corporation Outside Audit & Supervisory Board Member, Tokyo Electron Limited
Hiroyuki Kato	Director	
Richard Thornley	Outside Director ■ Member of the Nomination Committee ■ Member of the Compensation Committee ■ Member of the <i>hhc</i> Governance Committee	Chief Executive Officer, Thornley International Member of the Supervisory Board, International Security Industry Council of Japan

* Mitsui E&S Holdings, Inc. changed its name to Mitsui E&S Co. on April 1, 2023.

(Note) There is no particular conflict of interest between the Company and the concurrent employer of each outside director that would be a problem or obstacle that would impair his/her ability to execute his/her duties as an outside director. Each outside director fulfills all "Requirements for the Independence and Neutrality of Outside Directors" established by the Company's Nomination Committee (page 37).

2. Activities of Directors

Name	Primary Activities	Attendance
Yasuhiko Katoh	As the chair of the Board of Directors, Mr. Katoh carries out active and efficient leadership, selecting proposals to be presented at meetings of the Board of Directors and presiding over the proceedings of those meetings while explaining the agenda, encouraging input from members, requesting explanations from the corporate officers, and summarizing the opinions of the Board of Directors. Mr. Katoh utilizes his abundant experience and knowledge as a corporate manager and his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions, etc., as appropriate at meetings of the Board of Directors. In addition, as the chair of the <i>hhc</i> Governance Committee, he directs the secretariat of the Committee, makes preparations for meetings of the Committee, and presides over its proceedings in an effort to continually enhance corporate governance. He reports to the Board of Directors on the results of the proceedings, makes proposals, and responds to questions and comments at meetings of the Board of Directors, fulfilling his expected role.	Board of Directors 100% (10/10) <i>hhc</i> Governance Committee 100% (9/9)
Shuzo Kaihori	At meetings of the Board of Directors, Mr. Kaihori utilizes his abundant experience and knowledge as a corporate manager and his high level of management expertise and supervisory capabilities as he requests explanations and presents his opinions, etc., as needed. In addition, as the chair of the Nomination Committee, he directs the secretariat of the Committee, makes preparations for meetings of the Committee and presides over its proceedings. He reports to the Board of Directors on the results of the proceedings and responds to questions and comments at meetings of the Board of Directors. As a member of the Compensation Committee, he presents a variety of proposals to the Committee and responds to questions from other Committee members. He requests explanations regarding the opinions of other members, and presents his own opinions and advice as needed, fulfilling his expected role.	Board of Directors 100% (10/10) Nomination Committee 100% (7/7) Compensation Committee 100% (13/13) <i>hhc</i> Governance Committee 100% (9/9)

(Note) 1 The Independent Committee of Outside Directors was held in June 2022, but the number of meetings and attendance at such meetings are not shown because the committee was dissolved following the termination of the “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders” on June 30, 2022.

2 Details on the primary activities and attendance at the Board of Directors and at committee meetings of Haruo Naito, Hideyo Uchiyama, Hideki Hayashi, Yumiko Miwa, Fumihiko Ike, Yoshiteru Kato, Ryota Miura, Hiroyuki Kato, and Richard Thornley (9 individuals) are listed on the individuals’ corresponding candidate pages in the Reference Documents.

3. Changes in Directors

(1)...Hiroyuki Kato and Richard Thornley were newly appointed as directors and assumed their posts at the 110th Ordinary General Meeting of Shareholders held on June 17, 2022.

(2)...Bruce Aronson, Yutaka Tsuchiya, and Ryuichi Murata retired from their director posts upon expiration of their terms of office at the end of the 110th Ordinary General Meeting of Shareholders held on June 17, 2022.

4. Selection of Full-Time Audit Committee Members and Reason for Selection

The Company has appointed 3 outside directors and 2 inside directors to be Audit Committee members, and the 2 inside directors serve as full-time members.

Highly effective audits are achieved by appointing directors who possess expertise in fields that are unique to pharmaceutical companies and who are familiar with the Company’s internal organizations and operations as full-time Audit Committee members.

5. Submittal of “Independent Directors/Auditors Notifications” to Stock Exchanges

The 7 outside directors meet the standards for independent directors, as stipulated by the Tokyo Stock Exchange, and the Company has submitted the names of all the outside directors as independent directors.

6. Overview of Liability Limitation Contracts with Directors (excluding those serving as executive directors, etc.)

The Company has limitation of liability contracts in force with 10 directors (excluding those serving as executive directors, etc.), as per Article 38, Paragraph 2 of the Company’s Articles of Incorporation, which is stipulated based on Article 427 of the Companies Act. In the event that any of the Company’s directors cause damage to the Company despite performing his/her duties in good faith and without gross negligence, the maximum liability for damages is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

2 Items Pertaining to Corporate Officers

1. Corporate Officers The number of corporate officers of the Company at the end of March 2023 is 22, including 4 female corporate officers. (as of March 31, 2023)

Name	Age	Position and primary area of responsibility	Shares of Company stock owned
Haruo Naito	75	Director, Representative Corporate Officer and CEO	660,573
Yasushi Okada	64	Representative Corporate Officer, COO and Industry Affairs Industry Affairs, China Business, and Data Integrity	30,059
Kenta Takahashi	63	Executive Vice President General Counsel, Intellectual Property, and Internal Audit	10,544
Gary Hendler	56	Senior Vice President President, EMEA Region; and Chairman & CEO, Eisai Europe Ltd.	0
Terushige Iike	59	Senior Vice President President, Eisai Japan	14,666
Ivan Cheung	46	Senior Vice President Global AD Officer and President, Americas Region; Chairman & CEO, Eisai Inc.	8,674
Tatsuyuki Yasuno	54	Senior Vice President Chief Financial Officer and Chief IR Officer	6,795
Yanhui Feng	50	Senior Vice President President, Eisai China Holdings Ltd. and President, Eisai China Inc.	0
Masatomi Akana	56	Senior Vice President Chief Government Relations Officer and Global Value & Access Effective April 1, 2023, the responsibilities were changed to Chief Government Relations Officer, Global Value & Access, General Affairs, Environmental and Safety Affairs, and Japan Subsidiaries.	2,155
Takashi Owa	59	Senior Vice President Chief Scientific Officer, Japan and Asia Medical and Safety	10,000
Lynn Kramer	72	Vice President Chief Clinical Officer, Alzheimer's Disease and Brain Health	0
Sayoko Sasaki	54	Vice President Corporate Communications and ESG	8,148
Masayuki Miyajima	60	Vice President General Affairs, Environmental and Safety Affairs; and Japan Subsidiaries	3,880

Name	Age	Position and primary area of responsibility	Shares of Company stock owned
Shohei Kanazawa	58	Vice President President, Asia and Latin America Region; and API Solutions	8,511
Akiko Nakahama	54	Vice President Chief Portfolio Officer, AD Filing and Registration Japan/Asia Lead Quality	1,481
Yosuke Akita	58	Vice President Chief Compliance Officer, Internal Control, and Chief Information Security Officer	1,860
Keisuke Naito	34	Vice President Chief Ecosystem Officer and General Manager, Global IT Headquarters Effective April 1, 2023, he was relieved of his concurrent position as General Manager of the Global IT HQs, and his responsibilities were changed to Chief Ecosystem Officer.	666
Eriko Naito	55	Vice President President, Consumer <i>hbc</i> Business Division and Customer Joy	958
Kazuhiko Tamura	58	Vice President President, Eisai Demand Chain Systems	10,345
Teruyuki Masaka	45	Vice President Chief HR Officer	1,886
Mitsuo Kosaka	45	Vice President Chief Strategy Officer and Global Alliance	5,062
Shin Ujiie	43	Vice President Chief Planning Officer	1,044

2. Changes to Corporate Officers

- (1) Effective June 17, 2022, Senior Vice President Hiroyuki Kato resigned and assumed the position of Director.
- (2) Effective June 17, 2022, Executive Vice President Ryohei Yanagi, Senior Vice President Edward Stewart Geary, Vice Presidents Teiji Kimura, Alexander Scott, Mitsuaki Tanaka, Kappei Tsukahara, and Hiroyuki Murayama resigned.
- (3) Mitsuo Kosaka and Shin Ujiie were newly appointed as corporate officers and assumed office at the Company's Board of Directors meeting held on June 17, 2022.
- (4) Effective March 31, 2023, Vice President Masayuki Miyajima resigned.

3 Overview of Directors and Officers Liability Insurance Contract Content

At the meeting of the Board of Directors held in August 2022, the Company passed resolution on directors and officers liability insurance contracts, the general outline of which is as follows.

(1) Scope of the insured

Officers, group officers, and all employees (including retired officers) who have general management or oversight responsibilities in the Company or its applicable subsidiaries.

(2) Overview of the insurance contract content

If a claim for damage compensation arises from an insured person as the result of actions performed (including omissions) in their duties as officers of the companies indicated in (1) above, we shall compensate the insured person for the damages suffered and related administrative expenses. However, the Company will take measures to ensure that officers and others in position of authority maintain propriety in the performance of their duties by not providing compensation for damages or other loss suffered by officers themselves resulting from their own criminal conduct or willful legal or regulatory violations. The entire amount of the insurance premiums is borne by the Company.

IV. Status of Accounting Auditor

1 Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC (Continuous audit period: 32 years)

The accounting audit operations of the Company have been performed by the following 3 certified public accountants, with the assistance of 16 certified public accountants and 50 others.

Name	Position	No. of years as auditor for the Company
Yasuteru Miura	Designated limited liability partner, engagement partner	3 years
Hajime Yoshizaki	Designated limited liability partner, engagement partner	5 years
Tepei Yamamoto	Designated limited liability partner, engagement partner	2 years

2 Amount of Compensation Paid to Accounting Auditor

(Millions of yen)

	Previous fiscal year			Current fiscal year		
	The Company	Consolidated subsidiary	Total	The Company	Consolidated subsidiary	Total
Amount of compensation paid to Accounting Auditor	154	30	183	153	29	182
(1) Compensation to be paid to the Accounting Auditor for audit work as set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act*	154	30	183	148	29	177
(2) Compensation, etc., to be paid to the Accounting Auditor for work besides that set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit work)	—	—	—	5	—	5

* This includes compensation for audits under the Financial Instruments and Exchange Act of Japan.

All but a few of the Status of Major Subsidiaries (see page 124 of the electronic version), with the exception of some overseas subsidiaries, are audited by audit firms belonging to the Deloitte Tohmatsu Group, which is part of the same network as the Company's accounting auditors. The Group pays compensation, etc., as shown below for the audit work and non-audit work conducted by the Deloitte Tohmatsu Group (excluding the "Amount of compensation paid to Accounting Auditor" shown above).

(Millions of yen)

	Previous fiscal year			Current fiscal year		
	The Company	Consolidated subsidiary	Total	The Company	Consolidated subsidiary	Total
Amount of compensation paid to those belonging to the same network as Accounting Auditor	35	492	526	3	562	564
(1) Compensation, etc., paid for audit work	—	405	405	—	465	465
(2) Compensation, etc., paid for non-audit work	35	87	121	3	97	99

The non-audit services provided to the Company and its consolidated subsidiaries mainly consist of tax-related advisory and other services, and the Audit Committee has confirmed that the provision of non-audit services does not affect the independence of the Accounting Auditor

3 The Audit Committee’s Rationale for Agreeing to the Amount of Compensation, etc., for Accounting Auditor

Three Audit Committee members (selected by the Audit Committee) finalized the Accounting Auditor’s audit plan (including the labor requirements for the audits) after receiving explanations from the Accounting Auditor and confirming the content accordingly. With Audit Committee members present, operational divisions negotiated with the Accounting Auditor on the corresponding unit labor costs and calculated a proposed audit fee.

In addition to assessing the reasonableness of the above process and the content thereof, the Audit Committee also evaluated past trends in audit fee amounts and the audit fees at other companies from a comprehensive perspective to determine whether the compensation and other conditions for the Accounting Auditor are appropriate. After completing its assessments, the Audit Committee approved the amount of compensation and other conditions for the Accounting Auditor.

4 Policy on Decisions to Dismiss or not to Re-elect Accounting Auditor

The Audit Committee considers the “Policy on Decisions to Dismiss or not to Re-elect Accounting Auditor” to be a regulation governing Audit Committee operations and reviews the Policy on a yearly basis. The following resolutions were approved at the April 2022 meeting of the Audit Committee.

In order to ensure the appropriateness and reliability of accounting audits, the Audit Committee of the Company monitors the Accounting Auditor to verify that its independence is maintained and that it is performing its auditing duties properly. The monitoring and verification involve examining the content of the Accounting Auditor’s audit plan, the audit fees and other considerations paid to the Accounting Auditor, the suitability of the individuals conducting the audit, the appropriateness of the contents of the audit agreement, notifications from the Accounting Auditor regarding the “structure for ensuring that the Accounting Auditor’s duties are being carried out properly” (provisions set forth in each item of Article 131 of the Rules of Company Accounting), and past audit performance, among other factors. The Accounting Auditor is additionally required to report, in a timely fashion, any obstacle to the performance of its duties, including orders received from regulatory authorities to suspend audit work.

As a result of the Audit Committee’s monitoring and verification, in the event that the Accounting Auditor is reasonably expected to fall under Article 337, Paragraph 3, Item 1 or is deemed to fall under the provisions set forth in the Items in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor will be dismissed upon unanimous agreement of all members of the Audit Committee. In such cases, a member of the Audit Committee assigned by the Committee will report the dismissal and the reason therefor at the first General Meeting of Shareholders convened following the dismissal.

Through the aforementioned monitoring and verification, the Audit Committee evaluates each year the quality of the Accounting Auditor’s audits and the effectiveness and efficiency with which it performs its auditing duties, and considers whether to re-elect or withhold the re-election of the Accounting Auditor. In the event that a motion to withhold re-election of the Accounting Auditor is to be put forth in a proposal at the General Meeting of Shareholders, a member of the Audit Committee assigned by the Committee will present all necessary explanations concerning the proposal at the General Meeting of Shareholders.

If a new Accounting Auditor needs to be elected following the decision to dismiss or withhold re-election of the Accounting Auditor, the Audit Committee will first confirm that the applicable independent public accountants do not fall under each item of Article 337, Paragraph 3 and of Article 340, Paragraph 1 of the Companies Act. Then it will evaluate a number of independent public accountants with regard to the status on provisions set forth in each item of Article 131 of the Rules of Company Accounting, past audit performance and audit fees with global corporations, and other matters, and select a candidate to be proposed at the General Meeting of Shareholders.

5 Evaluations of Accounting Auditor by the Audit Committee

The Audit Committee evaluates independent public accountants and certified public accountants in charge of audits from different perspectives. In evaluating independent public accountants, the Committee focuses on examining the various internal controls that are put in place and operated by the target accountants from the perspective of evaluating the organization, and obtaining the results of independent public accountant evaluations by government bodies.

On the other hand, in the evaluation of certified public accountants, the independence and expertise of the engagement partners in charge are confirmed by the Audit Committee through “Monitoring and Verification Activities in Relation to the Accounting Auditor” (please refer to page 79 of the electronic version).

6 Measures for Enabling High-quality Accounting Audits

Before concluding audit agreements, the Audit Committee receives audit plans from the Accounting Auditor on a yearly basis and confirms that the contents of the corresponding audits are reasonable and that the plans provide sufficient time for the audits. The Committee also takes steps to ensure that the Accounting Auditor is able to conduct interviews with the CEO and other corporate officers.

In addition to receiving quarterly account review reports from the Accounting Auditor, the Audit Committee also holds 4 meetings each year with its engagement partners in accordance with the “Auditing Standards Statement 260” issued by the Japanese Institute of Certified Public Accountants. The Management Audit Department, which provides the Audit Committee with assistance, holds meetings with members of the management class, who assist engagement partners, every 2 months. The Corporate Internal Audit Department, which oversees internal audits, shares information with the Accounting Auditor in an appropriate fashion and reports to the Audit Committee on the corresponding results.

The Company also has a process for addressing improprieties. Should the Accounting Auditor discover an impropriety, etc., the Accounting Auditor immediately reports to the Audit Committee on the corresponding finding. The Audit Committee then promptly reports to the Board of Directors, which issues instructions to operational divisions on the appropriate responses.

7 Provision Concerning the Suspension of Audit Operations of Accounting Auditor

None

8 Provision Concerning Limitation of Liability Contracts with Accounting Auditor

Liability limitation contracts between the Company and the Accounting Auditor are not admitted under the Articles of Incorporation.

Consolidated Financial Statements for the 11th Fiscal Year

Consolidated Statement of Financial Position (as of March 31, 2023)

(Millions of yen)

Account Items	As of March 31, 2023 (The 111th Fiscal Year)	(Reference) As of March 31, 2022 (The 110th Fiscal Year)	Account Items	As of March 31, 2023 (The 111th Fiscal Year)	(Reference) As of March 31, 2022 (The 110th Fiscal Year)
(Assets)			(Equity)		
Non-current assets			Equity attributable to owners of the parent		
Property, plant and equipment	166,633	169,926	Share capital	44,986	44,986
Goodwill	208,817	191,758	Capital surplus	78,813	77,605
Intangible assets	89,230	95,451	Treasury shares	(33,638)	(33,936)
Other financial assets	52,463	44,033	Retained earnings	522,774	506,583
Other assets	21,412	20,919	Other components of equity	187,024	153,584
Deferred tax assets	102,592	76,622	Total equity attributable to owners of the parent	799,959	748,821
Total non-current assets	641,148	598,709	Non-controlling interests	22,612	22,712
Current assets			Total equity	822,571	771,534
Inventories	140,417	99,008	(Liabilities)		
Trade and other receivables	187,256	207,950	Non-current liabilities		
Other financial assets	540	432	Borrowings	84,904	94,893
Other assets	26,639	23,584	Other financial liabilities	36,989	39,213
Cash and cash equivalents	267,350	309,633	Provisions	1,299	1,473
Total current assets	622,202	640,606	Other liabilities	17,978	18,386
Total assets	1,263,350	1,239,315	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

(Note) FY2021 (110th fiscal period) is included for reference (not audited).

Consolidated Statement of Income from April 1, 2022 to March 31, 2023 (Millions of yen)

Account Items	As of March 31, 2023 (The 111th Fiscal Year)	(Reference) As of March 31, 2022 (The 110th Fiscal Year)
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 income	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)

(Note) FY2021 (110th fiscal period) is included for reference (not audited).

Financial Statements for the 111th Fiscal Year

Nonconsolidated Balance Sheet (as of March 31, 2023)

(Millions of Yen)

Account Items	Amount
(Assets)	
Current assets	258,052
Cash and deposits	31,344
Notes receivable-trade	99
Accounts receivable-trade	117,775
Merchandise and finished goods	35,580
Work-in-process	18,373
Raw materials and supplies	19,571
Other	35,310
Non-current assets	484,095
Property, plant and equipment	77,308
Buildings	43,376
Structures	1,332
Machinery and equipment	8,542
Vehicles and delivery equipment	25
Tools, furniture and fixtures	8,255
Land	8,492
Leased assets	429
Construction in progress	6,858
Intangible assets	41,622
Software	16,583
Sales rights	24,911
Other	128
Investments and other assets	365,165
Investment securities	31,405
Investments in subsidiaries and associated companies	252,954
Capital contribution	5,092
Long-term loans receivable	1
Long-term prepaid expenses	1,288
Deferred tax assets	53,188
Other	21,537
Allowance for doubtful accounts	(301)
Total assets	742,147

Account Items	Amount
(Liabilities)	
Current liabilities	196,854
Accounts payable-trade	29,410
Short-term borrowings	31,201
Current portion of long-term loans payable	10,000
Lease obligations	172
Accounts payable-other	52,184
Accrued expenses	8,588
Deposits received	63,146
Refund liabilities	1,901
Other	252
Non-current liabilities	90,746
Long-term borrowings	85,000
Lease obligations	257
Liability for retirement benefits	4,034
Asset retirement obligations	653
Other	802
Total liabilities	287,600
(Equity)	
Shareholders' equity	440,438
Common stock	44,986
Capital surplus	58,532
Capital reserve	55,223
Other capital surplus	3,309
Retained earnings	370,808
Legal reserve	7,900
Other	362,908
Reserve for advanced depreciation of non-current assets	141
Reserve for specified asset acquisition	75
General reserve	337,880
Unappropriated retained earnings	24,811
Treasury stock	(33,887)
Valuation difference and translation adjustments	14,108
Valuation difference on available-for-sale securities	14,072
Deferred gain (loss) on derivatives under hedge accounting	37
Total equity	454,547
Total liabilities and equity	742,147

Nonconsolidated Statement of Income (from April 1, 2022 to March 31, 2023)

(Millions of Yen)

Account Items	Amount	
Net sales		359,949
Cost of sales		143,944
Gross profit		216,004
Selling, general and administrative expenses		219,889
Operating loss		3,884
Non-operating income		
Interest income	511	
Dividend income	6,656	
Entrusted research income	1,209	
Other	152	8,527
Non-operating expenses		
Interest expense	323	
Foreign exchange loss	2,395	
Entrusted research expense	1,174	
Loss on investments in capital	504	
Other	453	4,849
Ordinary loss		206
Extraordinary gains		
Gain on sales of fixed assets	1	
Gain on sales of investment securities	4,263	
Gain on sales of investments in subsidiaries and associates	5,448	
Gain on reversal of stock options	25	
Settlement income	2,244	11,981
Extraordinary losses		
Loss on disposal of fixed assets	236	
Loss on sales of investment securities	14	
Loss on devaluation of investment securities	39	288
Income before income taxes		11,487
Income taxes-current	1,305	
Income taxes-deferred	(20,339)	(19,034)
Net income		30,520

Major Consumer Healthcare Products

The Group sells consumer healthcare products* targeting general consumers at pharmacies, drug shops, drugstores, convenience stores, and other retailers. In addition, the Group also sells its products online.

* The Company refers to over-the-counter (OTC) products, quasi-drug products, foods for specified health uses, and foods with nutrient function claims collectively as "consumer healthcare products."

Chocola BB

Fatigue, rough skin, stomatitis



Chocola BB Plus

Class III drug

Mouth ulcers, sore throat



Chocola BB Pure

Class III drug

Blotches, freckles



Chocola BB Mouth Ulcer Repair Shot

Class III drug



Chocola BB Lucent C

Class III drug

Increases the moisture retention of skin



Chocola BB Rich Ceramide

Food with function claims

For iron supplement



Chocola BB Fe Charge

Food with nutrient function claims (Iron)

Fatigue recovery and prevention



Chocola BB Light

Designated quasi-drug product



Chocola BB Royal 2

Designated quasi-drug product



Chocola BB Hyper

Designated quasi-drug product



Chocola BB Gold Rich

Designated quasi-drug product

For refreshment



Chocola BB Sparkling
Grapefruit and peach flavor

Food with nutrient function claims (Niacin)



Chocola BB Sparkling
Muscat flavor [New on sale April 3]

Food with nutrient function claims (Niacin)

Travelmin

Prevention and alleviation of dizziness, nausea, and headaches associated with motion sickness



Travelmin

Class II drug



Travelmin R

Class II drug



Travelmin Family

Class II drug



Travelmin Churup Grape Flavor

Class II drug



Travelmin Support
Marketing name: Deofrenz

Quasi-drug product Oral refreshment

Selbelle

Upset stomach, over-eating, heartburn



Selbelle Stomach Medicine (tablet)

Class II drug



New Selbelle Stomach Medicine Premium (tablet)

Class II drug

Saclon

Heartburn, over-drinking



Saclon

Class II drug

Nausea, stomach pain



Saclon Q

Class II drug

Sacloph

Eliminates bad breath, hangover



Sacloph tablets

Class III drug

Nabolin

Stiff shoulders, numbness in the hands and feet



Nabolin EB tablets

Class III drug

Eye fatigue, stiff shoulders



Nabolin S

Class III drug

Juvelux

Cold hands and feet, stiff shoulders



Juvelux

Class III drug



Juvelux alpha 2

Class III drug

Sahne

Rough, dry or chapped skin



Sahne Cream

Marketing name: Sahne Cream E

Quasi-drug product

Veraris

Conditions skin



Veraris

Marketing name: Medicated Veraris

Quasi-drug product

Seabond

Sheet-type denture adhesive



Seabond (For upper teeth)

Controlled medical device



Seabond (For lower teeth)

Controlled medical device

Etak

One week lasting antimicrobial action



Etak Antimicrobial Spray (for face masks)



Etak Antimicrobial Spray alpha Alcohol-free



Etak Antimicrobial Wet Wipes Alcohol-free



Etak Antimicrobial Spray alpha Alcohol-type



Etak Antimicrobial Wet Wipes Alcohol-type

Online Products

Bi Chocola Series

A rich beauty supplement which combines 5-ALA and the 3 major beauty ingredients



Bi Chocola Enrich

Food with nutrient function claims (Vitamin C/Vitamin B₂/Niacin)

A combination of the 3 major beauty ingredients (Vitamin C, collagen, peptides, coenzyme Q10)



Bi Chocola

Food with nutrient function claims (Vitamin C/Vitamin B₂/Niacin)

Domestically produced young barley leaves + low-molecular collagen compound



Bi Chocola Collagen Green Juice*

Food with nutrient function claims (Vitamin C)

Lifestyle Support Series

For high blood pressure



Helcare

Food for specified health uses

For those concerned about postprandial blood sugar and triglycerides



Blocks sugar and fat

Food with function claims

For those concerned about uric acid levels



Uric acid guard

Food with function claims

* This and other green juice products contain a large amount of Vitamin K. Please do not drink this product if you are taking Warfarin K (Warfarin, etc.).

Online shop direct phone number (for inquiries)

0120-831-260 (toll free in Japan)

Calls accepted between 9:00 A.M. - 6:00 P.M.

* Open daily except between Dec. 30 and Jan. 3

Online shop website

<https://shop.eisai.jp> (Japanese)

Eisai Online Shop

Search



About the Website

Information about our business operations is regularly posted on our official website. The most up-to-date information such as press releases and ESG information is available there. Please visit the website for details.



▶ To Our Shareholders and Investors

▶ Sustainability

▶ About Eisai

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

Eisai



Major Outside Assessments



2022 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

2022 CONSTITUENT MSCIジャパン
ESGセレクト・リーダーズ指数



2023
健康経営優良法人
ホワイト500

FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) verifies that Eisai has fulfilled the requirements for inclusion in the FTSE Blossom Japan Index according to the results of a third-party survey and has become a constituent stock in this index. The FTSE Blossom Japan Index is created by global index provider FTSE Russell, designed to measure the performance of Japanese companies that demonstrate outstanding environmental, social and governance (ESG) practices. The FTSE Blossom Japan Index is widely used in sustainable investment funds and in creating and evaluating financial instruments. <http://www.ftserussell.com/products/indices/ftse4good>

FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) verifies that Eisai has fulfilled the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index according to the results of a third-party survey and has become a constituent stock in this index. The FTSE Blossom Japan Sector Relative Index is widely used in sustainable investment funds and in creating and evaluating financial instruments.

In 2022, Eisai Co., Ltd. received a rating of AA (on a scale of AAACC) in the MSCI ESG Ratings assessment. THE USE BY Eisai Co., Ltd. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Eisai Co., Ltd. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

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Memo on Stocks

Fiscal year	From April 1 to March 31 of following year
Notice of Convocation	June
Dividend record date (twice a year)	Year-end dividend: March 31, Interim dividend: September 30
Administrator of shareholder registry Special Account Management Institution	Mitsubishi UFJ Trust and Banking Corporation (Contact) Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation 0120-232-711 (Toll free) (Operator service weekdays 9:00 A.M. - 5:00 P.M.) (Mailing address) P.O. Box No. 29, New Tokyo Post Office, 137-8081 Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Listed Exchange	Tokyo Stock Exchange (Securities Code: 4523)
Method of Public Notice	Electronic Public Notice (https://www.eisai.com/ir/index.html) (In the event of unavoidable circumstances, the information will be published in the Nihon Keizai Shimbun)

Contact List for Inquiries

Inquiries about shares of the Company stock and shareholder meetings

Stock Administration Group, General Affairs and Environment & Safety Department

0120-501-217

Weekdays 9:00 A.M. - 5:00 P.M. (toll free)

For inquiries about products sold online

0120-831-260

Daily 9:00 A.M. - 6:00 P.M.

*Except for year-end and New Year holidays (December 30 - January 3) (toll free)

For inquiries about products (Eisai hhc Hotline)

For inquiries about drugs prescribed by hospitals or clinics

0120-151-454

For inquiries about products purchased at drug stores and pharmacies

0120-161-454

Weekdays 9:00 A.M. - 6:00 P.M. Weekends and holidays 9:00 A.M. - 5:00 P.M. 365 days a year (toll free)

[Forward-looking statements and risk factors]

The information contained in this Notice of Convocation contains forward-looking statements that are based on current expectations, goals, assessments, forecasts, assumptions involving risks, and other uncertainties. Therefore, changes in various factors may cause actual results to differ significantly from future forecasts and other statements.

Risks and uncertainties that could cause significant fluctuations in the results of the Group or have a material effect on investment decisions are described in the business risks (see pages 157-165 of the electronic version). However, these do not cover all of the risks and uncertainties faced by the Group, and it is possible that they will be affected in the future by other factors that cannot be foreseen, or are not deemed to be important, at this point in time.

The information provided here is what has been determined at the present point in time, and the Group does not assure that what is indicated pertaining to the future will actually occur or be achieved.

Other Measures for Electronic Provision

(Items Omitted from Delivered Documents)

1 Business Report

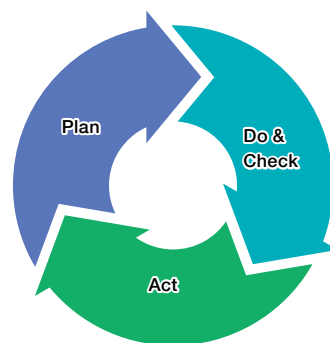
Board of Directors Evaluation

The Role and Operations, Etc., of the Board of Directors

Plan

Issues in FY2022

1. In its deliberations on important resolutions such as the business plan outline for the fiscal year and capital strategy including dividends, the Board of Directors is provided with the necessary information and takes sufficient time for deliberation.
2. The Board of Directors agenda items and content of business execution reports are established after considering the priorities based on issues and matters deemed necessary by reflecting on key issues (materiality), risk maps, and dialogues carried out with stakeholders.
3. The Board of Directors continues seeking to improve the quality and efficiency of its deliberations this policy, which will be seeking early submission of proposals and materials, better prior explanations, and clear, concise supplemental explanations and other information on the day of Board of Directors meetings. Additionally, effort must be made to create the proposals and materials for the Board of Directors and other management meetings to present the key points accurately and communicate the information in a highly effective, visual, clear, concise and easy-to-understand manner.
4. Establish paperless operations in the Board of Directors and other management meetings. Board of Directors and other management meetings can be held either online or in-person by choice depending on the circumstances. Consistent efforts are being made in particular to run online meetings more efficiently with smoother communication.



Act

Issues for FY2023

1. In its deliberations on important resolutions, the Board of Directors is provided with the necessary information at an early stage and takes sufficient time for deliberation.
 - When examining important matters, the Board of Directors will implement measures to conduct management oversight, which is the role of a monitoring board, effectively and efficiently.
2. We will achieve improved early submittal of agenda items/materials and advance explanations particularly for important matters, in order to strengthen discussions and make deliberation more efficient in meetings of the Board of Directors.
 - In regard to reports in meetings of the Board of Directors, we will request explanations that are concise and to-the-point.

The Role and Operations, Etc., of the Board of Directors

Do and Check

Confirmation and Evaluation of the Status of Response in FY2022

1. Regarding deliberations on important resolutions such as the business plan outline for the fiscal year and capital strategy including dividends, the Board of Directors was provided with the necessary information and took sufficient time for deliberation.
2. The major agenda items of the Board of Directors were decided through discussion in the *hhc* Governance Committee.
 - Reports were given on (1) the *hhceco* Declaration, (2) the medium- to long-term outlook for business, and (3) lecanemab (U.S. brand name LEQEMBI).
 - In regard to reports on the status of creation/establishment and operation of internal control by corporate officers, we implemented measures to make it possible to compare and confirm matters in an easy-to-understand manner, such as showing the changes to key risks over time, using risk maps and charts that gave a visualization of an overview of key risks and the status of addressing them.
 - Utilizing the Board of Directors, the *hhc* Governance Committee and the subcommittee of the *hhc* Governance Committee, we received and discussed reports regarding (1) investment efficiency of research and development, (2) the long-term product development pipeline, (3) portfolio strategy, and (4) the human resources systems and degree of satisfaction, etc., of employees, as matters deemed necessary based on reflection on dialogue with stakeholders, etc.
3. In some important agenda items, there were cases in which the drafting and submittal of proposals were delayed and no advance explanation was given. In regard to quarterly business execution reports, efforts have been made each year toward improvement, but in order to enhance discussions and improve the efficiency of deliberations by the Board of Directors, it is necessary to indicate precisely the main points of reports, as well as to implement measures to ensure that explanations on the day of meetings of the Board of Directors are more concise and to-the-point in the future as well.
4. Beginning in April 2022, we implemented a transition to paperless proposals and materials for agenda items for meetings of the Board of Directors, etc., and since August 2022, minutes of meetings of the Board of Directors and each committee have been kept digitally, and we switched from written signatures to digital signatures.
 - Meetings of the Board of Directors, etc., were conducted in an efficient and stable manner, through entrenchment of a hybrid format combining face-to-face and remote meetings, as well as the use of a simultaneous interpreting function using teleconferencing tools, etc.

Act

Issues for FY2023

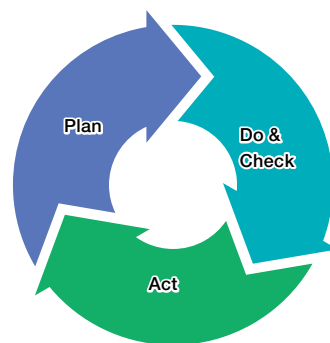
3. The Board of Directors agenda items will continue to be established in light of the order of priority, after consideration of legally stipulated items as well as timely important issues, matters requested by the *hhc* Governance Committee, and matters deemed necessary based on reflection on dialogue with stakeholders, etc., in order to enable the Board of Directors to increase the effectiveness of its management oversight. Even in cases in which discussions by the Board of Directors extend into the details of business execution, the Board of Directors will strive to engage in discussions that contribute to management oversight.
4. As for reports regarding the execution of business, we will precisely show the important points and make the content concise and easy to understand, in order to enable the Board of Directors to exercise its management oversight function.

Outside Directors & the *hhc* Governance Committee

Plan

Issues in FY2022

1. Forums will be provided for dialogues between stakeholders (patients, shareholders, and employees) and outside directors, while also continuing the cycle of reflecting on forums for engagement and leveraging these for the oversight function of the Board of Directors.
2. Free discussions with no set topics will be regularly held in the *hhc* Governance Committee with the aim of making our corporate governance more effective through closer communication from outside directors and frank exchanges of opinions.
3. Regarding issues related to non-financial capital such as sustainability and ESG, key issues such as promoting active participation by women will continue to be addressed and forums will be provided for sharing information about these issues and discussing them. Measures for improving the value of human capital, which were not implemented the previous fiscal year, and actions to address the status of compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) will be prioritized.
4. Information sharing and consideration of the succession plan proposal by the CEO will continue to take place in the *hhc* Governance Committee. Directors will be given more opportunities to engage with candidates so they can gather information about candidates themselves, while ingenuity will also be exercised as in the previous fiscal year to ensure and improve the transparency and objectivity of the process as the *hhc* Governance Committee is continuously involved in grooming candidates for the next CEO.



Act

Issues for FY2023

1. Information sharing and consideration of the succession plan proposal by the CEO will continue to take place in the *hhc* Governance Committee with all directors participating in the discussion.
 - Outside directors will play the central role in being deeply involved in developing members of the management team, including candidates for the next period's CEO.
 - We will establish more opportunities for face-to-face interaction, such as exchanging opinions with candidates. In addition, we will consider objective and transparent ways to evaluate candidates.
2. Forums will continue to be provided for dialogues between stakeholders (patients, shareholders, and employees) and outside directors, while also continuing the cycle of reflecting on forums for engagement and leveraging these for the oversight function of the Board of Directors.

Outside Directors & the *hhc* Governance Committee

Do and Check

Confirmation and Evaluation of the Status of Response in FY2022

1. We provided forums for dialogue between stakeholders and outside directors in order to apply the results in management oversight.
 - We invited breast cancer survivors and discussed with them how to face the disease and treatment, etc., and conducted Q&A.
 - We conducted individual dialogue on a total of 12 occasions at 8 companies, including institutional investors, and shared information and exchanged opinions regarding Eisai's corporate governance and other matters. There was also a large meeting in December 2022, with approximately 60 institutional investors participating, who engaged in discussions with outside directors to exchange opinions.
 - As for dialogue with employees, we exchanged opinions with labor union representatives, created opportunities to visit Kawashima Plant and Tsukuba Research Laboratories for dialogue with the site's management team, middle-ranking employees, and young employees, and engaged in other related efforts. In addition, we held get-togethers with female directors and female employees in domestic sales divisions.
 - We confirmed that it was necessary to reflect on dialogue with stakeholders (patients, shareholders, employees), discuss the matters, and utilize the knowledge gained through that dialogue to continue improving the management oversight function of the Board of Directors.
2. We established a forum for free discussion without any set themes. As a result, we requested reports from the operational division regarding (1) initiatives to bolster our cyber defense systems, (2) China business risk related to economic security, and (3) the review of the status of progress of the medium-term business plan EWAY Future & Beyond. The reports were given by the assigned corporate officer in a meeting of the Board of Directors.
3. Due to the diversity and increased number of themes discussed by the *hhc* Governance Committee as well as the increasing length of meetings of the Committee, we established a subcommittee to efficiently and effectively gather information related to major themes and inspect the status of efforts related to the sustainability of ESG, etc., in order to enhance the contents of discussions by the *hhc* Governance Committee.
 - The subcommittee received reports from each assigned corporate officer, including (1) reports related to business activities that take into consideration the global environment, including TCFD, (2) reports related to disclosure of sustainability overall, and (3) reports related to promotion of the active participation of women and employee engagement. The reports were discussed and an overview was reported to the *hhc* Governance Committee.
 - Efforts were made to improve convenience using the recording function of teleconferencing to make events such as exchanges of opinions on the Value Creation Report, subcommittee meetings, and the training sessions for new outside directors available for viewing on-demand.
4. Discussions on the CEO succession plan took place in December 2022 and March 2023. Information about the succession plan submitted by the CEO was shared with all directors and discussions took place in the *hhc* Governance Committee.
 - We established a variety of opportunities to interact with potential future leaders, such as explanations of assigned business in training meetings and meetings of the Board of Directors and face-to-face discussion.

Act

Issues for FY2023

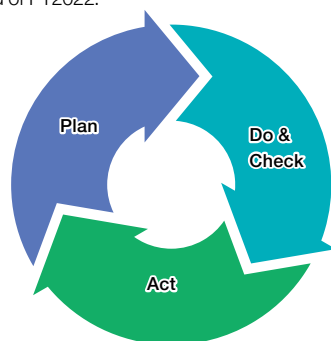
3. We will systematically establish multiple opportunities for free discussion without set themes in meetings of the *hhc* Governance Committee.
 - We will proactively request reports from operational divisions to the Board of Directors and the *hhc* Governance Committee, etc., regarding important matters necessary for the oversight of management, based on the things discussed in free discussions.
4. The subcommittee of the *hhc* Governance Committee will not only gather information, but will also examine the contents of reports from operational divisions, identify issues, etc., and monitor progress, thereby contributing to enhancement of discussions regarding the themes that are handled. Moreover, we will establish a process that leads effectively to better discussions in meetings of the *hhc* Governance Committee and monitoring of business by the Board of Directors.

Nomination, Audit, and Compensation Committees

Plan

Issues in FY2022

1. To continuously secure outstanding outside director candidates suitable for the management oversight of the Company, the Nomination Committee will continue its considerations on various issues in director candidate selection. From the perspective of diversity of directors in particular, considerations will also proceed on increasing the ratio of female directors and devising methods and other means for selecting director candidates who are knowledgeable in the medical field and for the Board of Directors to acquire knowledge in pharmaceuticals and healthcare.
2. The Audit Committee will continue efforts to make substantial improvements in the contents of reports to the Board of Directors and will provide reports in a timely manner, in order to contribute to improving further the management oversight function of the Board of Directors.
3. The Compensation Committee will incorporate non-financial KPIs such as for ESG in performance metrics (KPIs) for determining FY2022 performance-based compensation, while also proceeding with considerations to revise the corporate officer compensation system for FY2023 and onward, with the aim of developing a concrete proposal by the end of FY2022.



Do and Check

Confirmation and Evaluation of the Status of Response in FY2022

1. The *hhc* Governance Committee shared information and held discussions related to disclosure of the basic thinking and skill matrix related to the composition of the Board of Directors and election of candidates for directorships, etc., and other issues related to the election of candidates for directorships, and those issues were considered by the Nomination Committee in light of those discussions.
 - In the Nomination Committee, improving the ratio of female directors was recognized as a priority and it was decided to select multiple female director candidates.
 - In addition to continued discussion regarding the election of outside director candidates who are familiar with medical ethics, etc., we discussed the proactive utilization of the knowledge and insight of non-executive inside directors regarding the medical and pharmaceutical industries in the oversight of management.
2. For its report to the Board of Directors, the Audit Committee continued to clarify the main points in its deliberation and strived to provide better supplemental information. Further, after approval of important audit working papers, etc., by the Audit Committee, information was shared with all directors, and risk-related information obtained through reports from operational divisions, etc., that was judged to be important, was shared with the Board of Directors as occasion arose, and other efforts were strengthened.
3. The *hhc* Governance Committee shared and discussed information related to reforming the officer compensation system, which is one of the issues of the Compensation Committee, and the Compensation Committee considered reforming the system in light of that discussion. As a result, the Compensation Committee decided to implement a new director compensation system and corporate officer compensation system as of FY2023.
 - The Compensation Committee decided to use 4 indicators--relative PBR, R&D metrics, access to medicines, and employee engagement--as performance indicators (KPIs) for Company-wide performance targets (non-financial) in stock-based compensation, which is one type of performance-related compensation, and to pay stock-based compensation to corporate officers based on the degree of attainment (0% to 150%) of those KPIs.

Act

Issues for FY2023

1. The Nomination Committee will again make the roles expected of outside directors and inside directors clear, and otherwise continue considering the basic thinking related to the election of candidates for directorships in Eisai, which is a company with a nomination committee, etc., system. In the future as well, the Committee will strive to ensure diverse candidates for outside directorships who have a variety of experience and backgrounds.
2. The Audit Committee will continue efforts to make substantial improvements in the contents of reports to the Board of Directors and will provide reports in a timely manner, and will request separate reports according to theme in meetings of the Board of Directors, etc., in order to improve further the management oversight function of the Board of Directors.
3. The Compensation Committee will strive to operate the new director compensation system and corporate officer compensation system appropriately, and will inspect issues related to operation, which will be to further improve and enhance the system.

Internal Controls, Risks and Other Matters Related to Corporate Governance

Plan

Issues in FY2022

1. In addition to compliance and quality control, methodologies and other means for evaluating vulnerability to cyberattacks are also considered in oversight and auditing of manufacturing and other subcontractor companies.
2. Opportunities are continuously provided for information sharing and discussion in order to facilitate communication between directors and corporate officers and establish deeper mutual understanding, and attendance by outside directors as observers at meetings and committees held in operational divisions is also being considered. Information will continuously be shared with corporate officers assigned to the Company's various regions, with a focus on risk and establishing and operating internal control systems.
3. Experts were invited to the *hhc* Governance Committee in FY2021 to gather the latest information on corporate governance. With active conversation taking place on the topic of corporate governance around the world in recent years, opportunities such as these will be continuously provided, the latest information will regularly be acquired, and revisions and improvements pertaining to corporate governance will be ongoing.
4. Efforts will be made to engage in dialogues with employees, who are principal stakeholders as advocated in the Company's Corporate Concept. Employee-oriented measures will be reviewed and supervised based on the Company's HR strategies and systems.

Do and Check

Confirmation and Evaluation of the Status of Response in FY2022

1. Reports on key risks in the execution of business were received from the assigned corporate officers in meetings of the Board of Directors or the *hhc* Governance Committee.
 - The Report on the Status of Efforts to Strengthen Cybersecurity was received from the assigned corporate officer at a meeting of the Board of Directors, and it was recognized that it was necessary to consider methods of assessing vulnerabilities.
 - The *hhc* Governance Committee received a report on the "Status of Compliance and Quality Control at Contractor Companies Handling Operations such as Manufacturing and Related Issues" from the assigned corporate officer and the matter was discussed.
2. We established opportunities for information sharing and discussion in order to facilitate communication between directors and corporate officers and to establish deeper mutual understanding.
 - Directors other than new directors were also able to attend training for new outside directors if they desired to, and received explanations of the status of business in all regions (Japan, Americas, EMEA, China, Asia and Latin America) and the risks faced by each region, from the presidents.
 - Outside directors attended, as observers, a meeting of the Sustainability Advisory Board comprised of outside specialists, from Japan and overseas, who are familiar with international policy.
 - We held a face-to-face meeting with the top management team in China to exchange opinions, and received a report on risks present in the region, such as government-centralized purchasing of pharmaceuticals.
3. The *hhc* Governance Committee invited an outside expert and received a lecture on public benefit corporations.
4. We engaged in dialogue with employees, who are major stakeholders.
 - We established a forum for dialogue with representative members of the labor union, and mutually shared candid opinions.
 - We visited Kawashima Plant and Tsukuba Research Laboratories for dialogue with the site's management team, middle-ranking employees, and young employees.
 - We held a get-together with female outside directors and female employees in domestic sales divisions.
 - The *hhc* Governance Committee received a report on reforms to the employee human resources systems from the assigned corporate officer and discussed the matter.

Act

Issues for FY2023

1. We will continue requesting reports on issues related to cybersecurity and the handling of those issues.
2. We will establish many opportunities for face-to-face dialogue, including not only meetings of the Board of Directors and each Committee, but also training meetings and onsite visits, etc., to facilitate communication between directors and corporate officers and to establish deeper mutual understanding.
3. We will continue to request that assigned corporate officers share information regarding efforts related to human capital, including the active participation of women.
 - We will continue to establish opportunities for dialogue with employees.
 - We will gain a sufficient understanding of the status of employee engagement in meetings of the Board of Directors or the *hhc* Governance Committee.
4. In regard to the oversight of management by outside directors, the Board of Directors will, as necessary, consider holding lectures, etc., on individual themes by outside experts.

Status of Establishment and Operation of Systems for Ensuring Proper Business Operations

In accordance with Article 416 of the Companies Act and Article 112 of the Regulations for Enforcement of the Companies Act, the Company's Board of Directors has passed a resolution on the "Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee" and "Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers." See pages 198 through 202 of the digital version for both Rules documents.

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

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

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

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

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

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

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

A system is established to ensure highly important compliance-related matters reported to the Chief Compliance Officer and/or the Compliance Counter are immediately reported to the Audit Committee (see pages 88 through 90 of the digital version). In addition, matters related to the Company's corporate officers can be reported directly to the whistleblowing hotline that has been established by the Audit Committee. In addition, the Audit Committee obtains information related to the internal control of ENW companies from their corporate auditors.

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

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

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

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

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

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

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

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

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

A corporate officer in charge of the storage and management of information has been appointed. Said corporate officer has taken steps to ensure that information is handled correctly. The “ENW Confidential Information Security Policy,” “Information Security Regulations,” and other rules for the storage and management of information related to the performance of duties by corporate officers have been prepared and workshops are held on an ongoing basis. The status of these measures is reported to the Board of Directors and Audit Committee.

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

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

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

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

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

The Company's Board of Directors delegates a significant amount of the decision-making related to the execution of business to corporate officers. At the same time, the Board appropriately establishes the division of duties and mutual relationships between corporate officers. The Chief HR Officer has established and thoroughly implemented decision-making procedures for important matters at ENW. These procedures define the drafter, parties to be consulted, person responsible for implementation, person responsible for the outcome, etc., related to important matters at ENW to establish a system that enables such decision-making to be conducted efficiently. The procedures are reviewed and revised as needed. Further, the corporate officers establish decision-making procedures for their assigned duties so that such duties are conducted efficiently. The status of important decision-making by corporate officers is reported to the Board of Directors as needed.

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

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

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

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

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

Internal audits are conducted by the Corporate Internal Audit Department and the internal audit departments of each region from an objective point of view and independently of the audited organization. The results of all internal audits are periodically reported to the Board of Directors, Audit Committee, and Executive Board (for more on internal audits, see page 91 of the digital version).

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

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

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

Basic Policies related to the Way a Person Is to Control Decisions on Financial and Business Policies

At its meeting held on April 27, 2022, the Company's Board of Directors resolved to discontinue the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders," and the Policy was abolished as of the end of its effective period on June 30, 2022. In conjunction with the abolishment of the Policy, the content stipulated in Article 118, Item 3 of the Regulations for Enforcement of the Companies Act ("basic policies related to the way a person is to control decisions on financial and business policies") is as follows.

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

The Company had previously stipulated a corporate concept "to give first thought to patients and their families, other natural benefits that health care provides to them" (*hhc* concept: *human health care*), and we shared this concept with our stakeholders.

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

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

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

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

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

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

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

to strive toward securing and increasing the Company's corporate value and the common interests of our shareholders over the medium to long term.

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

a Initiatives Contributing to Implementation of the Basic Policy

As stated in ① above, we are moving forward with initiatives based on our "EWAY Future & Beyond" medium-term business plan. For specific details, please see "2. Issues that Need to be Addressed" on pages 54 through 56 of the digital version.

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

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

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

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

As indicated in ① above, we believe that improving our corporate value and the common interests of shareholders is achieved by increasing the benefits to patients and the people in the daily living domain, and that the initiatives indicated in ②a above contribute to increasing these benefits to patients and the people in the daily living domain. There are acquisitions that are inappropriate, including those that do not give sufficient time and information to the Company and shareholders to examine the substance of the proposed acquisition and consider alternatives.

There are also acquisitions that obstruct bold long-term business measures, including research and development systems for new drugs essential for the Company to deliver increased benefits for patients and the people in the daily living domain, provision of information and services that aid awareness and prevention of diseases, stable supply of high-quality products, and ensuring the management and provision of information on the safety and efficacy of drugs. Such acquisitions will damage the Company's corporate value and the common interests of our shareholders. For this reason, we consider it appropriate from the perspectives of our corporate value and the common interests of shareholders to take the measures indicated in ②b above to prevent such acquisitions.

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

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.

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 *hhceco (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.

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 (*hhceco*) 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.

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.

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.

Status of Major Contracts

As of March 31, 2023, major contracts are as follows. The product names indicated are those under which the products are sold in major countries.

Strategic Collaboration

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd.	Biogen Inc. (U.S.A.)	Mar. 4 2014	Co-development/co-promotion of the anti-amyloid beta (A β) protofibril antibody BAN2401 (generic name: lecanemab) developed by Eisai	On a product-by-product/country-by-country basis as follows, whichever is the later of 1) or 2) 1) 12 years from the date of the first commercial sales 2) The earlier of the patent expiration date or the launch date of a generic product	Upfront payments, etc.
	U.S. Merck	Mar. 7 2018	Co-development/co-promotion of Eisai's anticancer agent Lenvima as monotherapy and in combination with U.S. Merck's anti-PD-1 antibody pembrolizumab (generic name) for a number of cancer types	From conclusion of the contract until March 31, 2036	Upfront payments, development and sales milestone payments, etc.
	Nichi-Iko Pharmaceutical Co., Ltd.	Mar. 28 2018	1. Collaboration in building the Company's Total Inclusive Ecosystem 2. Partnership in the active pharmaceutical ingredient business	1. From conclusion of the contract until September 30, 2023 2. From conclusion of the contract until September 30, 2028	—
	Bristol Myers Squibb (U.S.A.)	Jun. 17 2021	Co-development/co-promotion, etc., for anticancer agent MORAb-202 developed by Eisai	From conclusion of the contract until co-development/co-promotion activities are completed	Upfront payments, development and sales milestone payments, etc.

Licensing

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd.	AbbVie Deutschland (Germany)	Jun. 16 1999	Development and sale of the fully human anti-TNF α monoclonal antibody Humira (generic name: adalimumab) in Japan	From conclusion of the contract until 15 years following receipt of marketing authorization (ended in Taiwan and South Korea)	Upfront payments, etc.
	Novartis (Switzerland)	Feb. 6 2004	License for worldwide development, manufacturing, and sale of the antiepileptic agent Inovelon (generic name: rufinamide)	In each country, from conclusion of the contract until the patent expiration date or until 10 years from the start of marketing, whichever is later	Upfront payments, etc. Flat-rate royalties

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd.	Sunovion (U.S.A.)	Jul. 26 2007	Exclusive license for the development and marketing of the insomnia treatment Lunesta (generic name: eszopiclone) in Japan	From conclusion of the contract until 15 years following receipt of marketing authorization or until 15 years following NHI price listing, whichever is later	Upfront payments, etc. Flat-rate royalties
	BioArctic AB (Sweden)	Dec. 3 2007	Exclusive license for worldwide research and development, manufacturing and sales involving lecanemab (generic name) for Alzheimer's disease	From conclusion of the contract until 15 years following the commencement of sales in each country	Upfront payments, etc. Flat-rate royalties
	Prism BioLab Co., Ltd.	Apr. 1 2011	Exclusive license for worldwide development, manufacturing, and sale of the anticancer agent E7386	From conclusion of the contract until the day on which the patent expires or until the day on which 10 years have passed following the commencement of sales in each country	Development milestone payments, flat-rate sales royalties
	University College London (U.K.)	Oct. 16 2015	Collaborative research and co-development of the anti-tau antibody E2814	Until December 5, 2023	Development milestone payments, sales royalties
	Meiji Seika Pharma Co., Ltd.	Mar. 31 2017	Licenses related to exclusive sales rights in Japan and exclusive development and sales rights in 7 Asian countries for the anti-Parkinson's disease agent Equfina (generic name: safinamide)	From conclusion of the contract until 15 years following the commencement of sales in each country	Upfront payments, development milestone payments, flat-rate sales royalties
	Harvard University (U.S.A.)	Jun. 15 2018	Exclusive license for worldwide development, manufacturing, and sale of anticancer agent E7130	From conclusion of the contract until the day on which the patent expires or until the day on which 15 years have passed following the commencement of sales, whichever is later	Upfront payments, development milestone payments, flat-rate sales royalties
	1. Gilead Sciences Inc. 2. Gilead Sciences Inc. (U.S.A.)	Dec. 24 2019	1. Sales partnership contract for JAK inhibitor Jyseleca (generic name: filgotinib) in Japan 2. Sales partnership contract for Jyseleca (named above) in South Korea, Taiwan, Hong Kong, and Singapore	From conclusion of the contract until 12 years following the first NHI price listing	Upfront payments, development and sales milestone payments

Company name	Party to contract	Date of conclusion	Contract content	Contract period	Considerations
Eisai Co., Ltd., EA Pharma Co., Ltd.	Minophagen Pharmaceutical Co., Ltd.	Feb. 29 2016	1. Exclusive development and sales rights for the liver disease/allergic disease agents Stronger Neo-Minophagen C (glycyrrhizic acid, compound formulation) and Glycyron Tablets (glycyrrhizic acid, compound tablet) in China and other parts of Asia 2. License for exclusive sales rights to Stronger Neo-Minophagen C (named above) and Glycyron Tablets (named above) in Japan	1. From conclusion of the contract until March 31, 2033 2. From conclusion of the contract until March 31, 2025*	Upfront payments, etc.

* In January 2023, the exclusive marketing rights license agreement in Japan concluded with EA Pharma Co., Ltd. and Minophagen Pharmaceutical Co., Ltd. for Stronger Neo-Minophagen C (named above) and Glycyron Tablets (named above) was extended until March 31, 2025.

(Note 1) In July 2022, the Company ended the agreement it had concluded with Pfizer Inc. (U.S.A.) for co-promotion of the pain treatment agent Lyrica (generic name: pregabalin) in Japan.

(Note 2) In September 2022, the Company ended the agreement it had concluded with Fujifilm Toyama Chemical Co., Ltd. regarding joint development and marketing alliance for the rheumatoid arthritis agent Careram (generic name: iguratimod) in Japan. The Company will also continue to receive exclusive supply of bulk pharmaceuticals from Fujifilm Toyama Chemical Co., Ltd., and will continue selling Careram.

Joint Venture

Company name	Party to contract	Date of conclusion	Contract content	Contract period
Eisai Co., Ltd.	Ajinomoto Co., Inc.	Oct. 15 2015	Integration contract concerning the splitting off of a portion of Eisai's business and its subsequent succession by Ajinomoto Pharmaceuticals Co., Ltd. via an absorption-type split, etc.	—

Other Contracts Important for Business

Company name	Party to contract	Date of conclusion	Contract content	Contract period
Eisai Co., Ltd.	World Health Organization (WHO) (Switzerland)	Jan. 30 2012	Provision of DEC (generic name: diethylcarbamazine) tablets to the WHO free of charge to support its program to eliminate lymphatic filariasis	Until December 31, 2025

Company name	Party to contract	Date of conclusion	Contract content	Considerations
Eisai Co., Ltd.	Catalyst Pharmaceuticals, Inc. (U.S.)	Dec. 17 2022	Transfer of U.S. rights for the antiepileptic agent Fycompa (generic name: perampanel)	Upfront payments, etc. flat-rate royalties

(Note 3) In December 2022, the Company concluded the above agreement, and completed the transfer procedures in January 2023.

2 Consolidated Financial Statements

Consolidated Statement of Changes in Equity From April 1, 2022 To March 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Financial assets measured at fair value through other comprehensive income (loss)	Remeasurements of defined benefit plans
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				Equity attributable to owners of the parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity				
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	

Notes to Consolidated Financial Statements

SIGNIFICANT BASIC ITEMS FOR CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparing Consolidated Financial Statements

Consolidated financial statements of Eisai Co., Ltd. ("the Company") and its affiliates (collectively referred to as "the Group") are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") based on Article 120, paragraph 1 of the Ordinance on Company Accounting. The consolidated financial statements omit certain disclosures, which are required by IFRS, based on Article 120, the latter part of paragraph 1 of the Ordinance on Company Accounting.

2. Scope of consolidation

(1) Number of consolidated subsidiaries and names of significant subsidiaries

Subsidiaries: 47 companies

Major subsidiaries:

EA Pharma Co., Ltd.

Eisai Inc.

Eisai China Inc.

(2) Change in scope of consolidation

Increase: 1 company (due to new establishment)

Decrease: 2 companies (due to merger and transfer of share)

3. Equity method

The number of the associated companies accounted for using the equity method (associated company and equity in joint ventures): 1 company

Names of the associated companies accounted for using the equity method

Unlimit Health Limited

4. Fiscal year-end of subsidiaries

The fiscal year-end for Eisai China Inc. and six other subsidiaries is December 31. The fiscal year-end for Arteryx Inc. is February 28. The provisional financial statements available at the consolidated fiscal year-end date are used when preparing the consolidated financial statements.

5. Accounting policies and methods

(1) Measurement and valuation of significant assets

① Financial assets

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

(a) Financial assets measured at amortized cost

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

- The assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows
 - The contractual terms of the financial assets give rise to cash flows on specified dates that are solely related to payments of principal and interest on the principal amount outstanding
- The financial assets measured at amortized cost are initially recognized as the sum of the fair value and transaction costs, and recognized at amortized cost calculated by the effective interest method less impairment loss after initial recognition.

(b) FVTOCI financial assets (Debt financial assets)

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

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

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

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

(c) FVTOCI financial assets (Equity financial assets)

All equity instruments are classified as FVTOCI financial assets.

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

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

(d) FVTPL financial assets

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

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

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

The allowance is recognized as profit or loss. The reversal of loss allowance is recognized in profit or loss when a certain event occurs to reduce the allowance amount in latter periods.

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

② Inventories

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

(2) Depreciation and amortization of significant depreciable assets

① Property, plant and equipment

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

The estimated useful lives of significant property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 20 years
Right-of-use assets	3 to 20 years

2 Intangible assets

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

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

Sales rights	5 to 15 years
Core technology	20 years
Software	5 years

Intangible assets with indefinite useful lives or not yet available for use are not amortized, but an impairment test for those assets is performed at the same time every year or when there is an indication that the assets might be impaired.

(3) Accounting for significant allowances and provisions

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

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

1 Provision for sales rebates

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

2 Provision for asset retirement obligations

To account for the obligation of restoring the rental buildings and lands on which the Group is located and removing harmful materials related to property, plant and equipment which the Group is using, a provision for asset retirement obligations is estimated and recognized depending on individual circumstances, and is based on an estimated usage period determined by past results of restoration and the useful lives of additional fixtures in the rental buildings.

3 Provision for restructuring costs

Provision for restructuring costs is mainly related to restructuring of the business organization. Provision for restructuring costs is recognized when the Group has a detailed formal plan for restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement that plan or announcing its scheme.

(4) Accounting for employee benefits**1 Post-employment benefits**

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

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

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

② Termination benefits

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

(5) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

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

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

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

(6) Significant hedge accounting

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

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

① Fair value hedges

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

② Cash flow hedges

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

(7) Goodwill

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

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

(8) Revenue

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

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

① Revenue from pharmaceutical goods sales

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

② License revenue

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

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

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

③ Co-promotion revenue (provision of services)

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

(9) Other significant basic items for preparation of consolidated financial statements

① Presentation currency and unit

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

6. Changes in accounting policies

Below are the accounting policies and interpretations the Group applied from the fiscal year ended March 31, 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		Description
IAS 16	Property, Plant and Equipment	Amendments to proceeds before intended use of property, plant and equipment
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Clarifying cost of fulfilling onerous contracts
IFRS 3	Business Combinations	Amendments to reference to the Conceptual Framework

7. Notes on accounting estimates

Significant items that require management estimates and assumptions are as follows. Underlying assumptions for estimation are continuously reviewed. Effects of changes in estimates are recognized in that period and future periods.

Furthermore, significant revisions to carrying amounts of assets and liabilities may be required in the future as a result of uncertainties related to these estimates and assumptions.

(1) Impairment test of goodwill and intangible assets

The amounts of goodwill and intangible assets recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2023 were ¥208,817 million and ¥89,230 million, respectively.

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

(2) Evaluation of fair value of financial instruments

The amount of financial assets measured at fair value recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2023 was ¥46,480 million.

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

(3) Post-employment benefits

The amounts of assets related to post-employment benefits and liabilities related to post-employment benefits recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2023 were ¥18,872 million and ¥11,089 million, respectively.

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

(4) Income taxes

The amounts of deferred tax assets and deferred tax liabilities recognized in the consolidated financial statements at the end of the fiscal year ended March 31, 2023 were ¥102,592 million and ¥664 million, respectively.

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

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

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

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Loss allowance directly reducing the carrying amount of the assets

Trade and other receivables	¥701 million
Other financial assets	¥269 million

2. Accumulated depreciation of assets (including accumulated loss on impairment)

Accumulated depreciation of property, plant and equipment	¥233,416 million
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NOTES TO CONSOLIDATED STATEMENT OF INCOME

1. Revenue

(1) Disaggregation of revenue

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

(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.

(2) Contract balances

Receivables arising from contracts with customers and contract liabilities at the end of the fiscal year ended March 31, 2023 were as follows. The Group does not have any significant contract assets.

(Millions of yen)

	As of March 31, 2023	As of April 1, 2022
Receivables arising from contracts with customers	161,164	194,048
Contract liabilities (Note 1)	—	189

(Note 1) Revenue recognized for the fiscal year ended March 31, 2023 that was included in the contract liabilities at the beginning of the period was ¥189 million.

For variable consideration such as milestone payments, the Group judges the performance obligations are satisfied when a customer obtains control of the license at the point in time that the license is granted. The Group recognizes the revenue when the performance obligations are satisfied and the uncertainty associated with the variable consideration is subsequently resolved.

For the fiscal year ended March 31, 2023, revenue recognized from performance obligations satisfied in prior periods was ¥18,923 million.

(3) Transaction price allocated to remaining performance obligations

The Group does not have any significant contracts with an expected term of more than one year. In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

2. 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 "4. Research and development expenses".

3. Selling, general and administrative expenses

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

4. Research and Development 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. (Tokyo) 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.

5. 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).

6. Income taxes

For the fiscal year ended March 31, 2023, as part of the Company'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.

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Total number of shares issued and outstanding at the end of the fiscal year ended March 31, 2023

Common shares 296,566,949 shares

2. Dividends

(1) Dividends paid in the fiscal year ended March 31, 2023

- ① The following was resolved by the Board of Directors on May 13, 2022.

Items related to dividends on common shares

a) Total amount of dividends paid	¥22,941 million
b) Cash dividends per share	¥80.00
c) Record date	March 31, 2022
d) Effective date	May 25, 2022

- ② The following was resolved by the Board of Directors on November 7, 2022.

Items related to dividends on common shares

a) Total amount of dividends paid	¥22,952 million
b) Cash dividends per share	¥80.00
c) Record date	September 30, 2022
d) Effective date	November 18, 2022

(2) Dividends to be paid in the following fiscal year, for which the record date is within the fiscal year ended March 31, 2023

- ① The following will be resolved at the Board of Directors' meeting on May 15, 2023.

Items related to dividends on common shares

a) Total amount of dividends to be paid	¥22,952 million
b) Source of dividends to be paid	Retained earnings
c) Cash dividends per share	¥80.00

d) Record date	March 31, 2023
e) Effective date	May 29, 2023

3. Type and number of treasury shares owned as of the end of the fiscal year ended March 31, 2023

Common shares 9,772,963 shares

(Note) Of the Company's treasury shares, 105,164 shares are held through a trust.

4. Class and number of shares to be issued for stock options as of the end of the fiscal year ended March 31, 2023

Common shares 0 shares

FINANCIAL INSTRUMENTS

1. Financial instruments – Overview

The Group holds surplus funds in safe and highly liquid financial assets and finances itself by borrowing from financial institutions and issuing bonds and debentures.

Credit risks of trade and other receivables are reduced in accordance with credit management based on the Group's credit control procedures.

Foreign currency exchange risks of trade and other receivables in foreign currencies are reduced through the use of forward exchange contracts. Interest rate risks in relation to long-term borrowings are reduced through the use of interest rate swap transactions. Derivative transactions are used in order to avoid the risk related to currency exchange or change in interest rate, and the Group does not intend to enter into these transactions for speculative purposes.

Market price fluctuation risk for equity securities is reduced by regularly monitoring the market value and financial conditions of the issuers (business partners).

2. Fair value of financial instruments

(1) Fair value measurement

Fair value measurement of the Group's significant financial assets and liabilities is as follows:

① Securities

Securities are consisted mainly of listed securities. The fair value of listed securities is measured based on market values. The fair value of non-listed securities is measured by using the book value net asset method, multiple method and profit return method. In the multiple method, similar listed companies of the target company are selected and the fair value of the target company is calculated using the stock index of the similar listed companies. In the profit return method, the cost of shareholders' equity of the target company is used as the profit return rate, and the fair value is calculated from the profit amount of the target company. However, for investment in venture companies, the fair value is calculated based on the latest independent third-party transaction prices and the information on finance prices.

② Derivative assets and liabilities

Derivative assets and liabilities are measured using price information provided by correspondent financial institutions.

③ Borrowings

The carrying amount of variable interest rate borrowings is deemed to be the fair value as the interest rate approximates the market rate.

The fair value of fixed interest rate borrowings is calculated by discounting the total amount of principal and interest payments by the interest rates that would presumably apply if similar borrowings were newly made.

(2) Carrying amount and fair value

The carrying amount of financial instruments as of the end of the fiscal year ended March 31, 2023, corresponds to or approximates the fair value.

3. Breakdown of Financial instruments

The level of fair value measurement in the Group is divided into the following three levels according to the observability in the market.

Level 1: Fair value is measured by quoted prices in active markets

Level 2: Fair value is measured by using inputs other than Level 1 that are observable, either directly or indirectly

Level 3: Fair value is measured by using unobservable inputs

Breakdown of the fair value by level within the fair value hierarchy of financial instruments for the fiscal year ended March 31, 2023 is as follows.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Securities	—	714	6,944	7,658
Guarantee deposits	—	2,988	—	2,988
Other	—	499	—	499
Financial assets measured at fair value through other comprehensive income				
Securities	25,025	—	10,310	35,335
Total	25,025	4,202	17,254	46,480
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	497	—	497
Total	—	497	—	497

PER SHARE INFORMATION

Equity per share attributable to owners of the parent	¥2,789.32
Earnings per share attributable to owners of the parent (basic)	¥193.31
Earnings per share attributable to owners of the parent (diluted)	¥193.31

(Note) The Company's shares held through a trust are included in the treasury shares that are deducted from the calculation of per share information above.

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

3 Financial Statements

Nonconsolidated Statement of Changes in Equity From April 1, 2022 To March 31, 2023

(Millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings				
		Capital reserve	Other capital surplus	Subtotal		Other retained earnings				Total retained earnings
						Reserve for advanced depreciation of non-current assets	Reserve for specified asset acquisition	General reserve	Unappropriated retained earnings	
As of April 1, 2022	44,986	55,223	3,017	58,240	7,900	141	200	337,880	40,060	386,180
Changes in the year										
Reversal of reserve for specified asset acquisition	—	—	—	—	—	—	(125)	—	125	—
Dividends	—	—	—	—	—	—	—	—	(45,893)	(45,893)
Net income	—	—	—	—	—	—	—	—	30,520	30,520
Disposal of treasury stock	—	—	292	292	—	—	—	—	—	—
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—	—
Changes in items other than shareholders' equity-net	—	—	—	—	—	—	—	—	—	—
Net changes in the year	—	—	292	292	—	—	(125)	—	(15,248)	(15,373)
As of March 31, 2023	44,986	55,223	3,309	58,532	7,900	141	75	337,880	24,811	370,808

	Shareholders' equity		Valuation difference and translation adjustments			Stock options	Total equity
	Treasury stock	Subtotal	Valuation difference on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Subtotal		
As of April 1, 2022	(34,091)	455,315	10,595	—	10,595	27	465,938
Changes in the year							
Reversal of reserve for specified asset acquisition	—	—	—	—	—	—	—
Dividends	—	(45,893)	—	—	—	—	(45,893)
Net income	—	30,520	—	—	—	—	30,520
Disposal of treasury stock	568	860	—	—	—	—	860
Acquisition of treasury stock	(364)	(364)	—	—	—	—	(364)
Changes in items other than shareholders' equity-net	—	—	3,476	37	3,513	(27)	3,486
Net changes in the year	204	(14,877)	3,476	37	3,513	(27)	(11,391)
As of March 31, 2023	(33,887)	440,438	14,072	37	14,108	—	454,547

Notes to Nonconsolidated Financial Statements

NOTES ON MATTERS RELATED TO SIGNIFICANT ACCOUNTING POLICIES

1. Measurement and cost basis for marketable and investment securities

(1) Investment in subsidiaries and associated companies

Measured at cost determined by the moving-average method

(2) Available-for-sale securities

Securities except ones without market price

Measured at fair value as of the fiscal year-end date (Unrealized gains/losses, net of applicable taxes, are reported in a separate component of equity. The cost of securities sold is determined by the moving-average method.)

Securities without market price

Measured at cost determined by the moving-average method.

Investments in partnership considered as securities in accordance with Article 2, paragraph 2 of the Financial Instruments and Exchange Act of Japan are stated at the amount of net shares based on their financial statements at reporting dates designated by partnership agreements.

2. Measurement and cost formula for derivatives

Measured at fair value

3. Measurement and cost formula for inventories

Merchandise, finished goods, work-in-process, raw materials and supplies

The Company records inventories at cost determined by the weighted-average cost method. (The carrying amount of inventories is written down in cases of a decrease in net realizable value.)

4. Depreciation and amortization

(1) Property, plant and equipment (excluding leased assets)

The straight-line method is applied. The estimated main useful lives of the significant property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	6 to 7 years

(2) Intangible assets (excluding leased assets)

The straight-line method is applied. The main amortization periods of the significant intangible assets are as follows:

Software for internal use	5 years
Sales rights	5 to 15 years

(3) Leased assets

Finance lease transactions that do not transfer ownership

Leased assets are depreciated by the straight-line method over the useful life of the lease period and with a residual value of zero.

5. Accounting for allowances and provisions

(1) Allowance for doubtful accounts

To account for potential losses on notes and accounts receivable, loans receivable and other items, estimated uncollectable amounts are provided. For general accounts, allowances are calculated based on past credit loss experience. For specific accounts, such as those with the possibility of default, uncollectable allowances are calculated based on respective collectability.

(2) Liability for retirement benefits

For employee retirement benefits, the Company provides a liability for retirement benefits to be determined at the fiscal year-end date, which is derived from the projected benefit obligations and estimated plan assets at the fiscal year-end date.

Projected retirement and severance benefit obligations attributed to the fiscal year-end date are calculated on a benefit formula basis.

Prior service costs are amortized over five years by the straight-line method and recognized as operating expenses starting from the revision date.

Actuarial gains/losses are amortized over five years by the straight-line method and recognized as operating expenses starting from the fiscal year subsequent to the fiscal year during which each gain/loss was incurred.

6. Translation of assets and liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the fiscal year-end date. Foreign exchange gains/losses from translation are recognized in profit or loss.

7. Accounting for revenue and costs

(Accounting for revenue)

The Company applies Accounting Standards Board of Japan (“ASBJ”) statement No. 29 “Accounting Standard for Revenue Recognition” (March 31, 2020) and ASBJ Guidance No. 30 “Implementation Guidance on Accounting Standard for Revenue Recognition” (March 26, 2021). Revenue from contracts with customers is recognized based on the following five-step approach. Considerations of revenue recognized by the Company are usually received within one year from satisfaction of performance obligations and do not include any important financing component.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

1 Revenue from pharmaceutical goods sales

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

2 License revenue

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

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

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

3 Co-promotion revenue (provision of services)

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

8. Hedge accounting**(1) Hedge accounting**

The Company defers gains/losses from measurement of derivatives until maturity of the hedging transactions.

(2) Hedging instruments and hedged items**1 Hedging instruments**

Forward exchange contracts, currency options and interest rate swaps

2 Hedged items

Receivables and payables for ordinary business, including committed transactions denominated in foreign currencies and borrowings

(3) Hedge policy

The Company uses hedging transactions in the ordinary course of business under its internal rules to reduce the exposure of fluctuations in foreign currency exchange rates (securement of fixed cash flows).

The Company uses hedging transactions, in the ordinary course of business under its internal rules, to reduce the exposure of fluctuations in interest rates on its borrowings (securement of fixed cash flows).

(4) Evaluation of effectiveness of hedges

The hedge effectiveness of forward exchange contracts assigned to receivables and payables in foreign currencies is evaluated by comparing market fluctuations of the hedging instruments with those of the hedged items.

The effectiveness of derivatives used for hedged borrowings is evaluated by comparing the cumulative cash flow fluctuations of the hedged items or market fluctuations with cumulative cash flow fluctuations of the hedging instruments or market fluctuations.

9. Other significant accounting policies for nonconsolidated financial statements**(1) Application of the group tax sharing system**

The Company has applied the group tax sharing system from the fiscal year ended March 31, 2023.

The Company has complied with ASBJ the Practical Solution No.42 "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (August 12, 2021) that stipulates the accounting treatment of corporate tax, local corporate tax, and tax effect accounting.

(2) Presentation unit

Figures less than ¥1 million are rounded to the nearest million yen.

NOTES ON ACCOUNTING ESTIMATES

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

1. Impairment test of Sales rights

The amount of sales rights recorded in the financial statements at the end of the fiscal year ended March 31, 2023 was ¥24,911 million.

If the impairment indicator exists, the asset and asset group are reviewed for impairment. If the carrying value of the asset and asset group exceed its estimated undiscounted future cash flows, the asset and asset group are considered impaired. The impairment loss is recorded for the amount by which the carrying value of the asset exceeds its recoverable amount that is the present value of estimated net cash flows.

2. Liability for retirement benefits

The amount of liability for retirement benefits and prepaid pension costs recorded in the financial statements at the end of the fiscal year ended March 31, 2023 were ¥4,034 million and ¥18,579 million, respectively.

Liability for retirement benefit and prepaid pension costs are affected by assumptions used for actuarial calculation. Discount rate, future payroll level, turnover and mortality rates used for assumptions are determined based on the latest market data and statistics.

3. Recoverability of deferred tax assets

The amount of deferred tax assets recorded in the financial statements at the end of the fiscal year ended March 31, 2023 was ¥53,188 million. Deferred tax assets are recognized only when it is probable that taxable profit will be available against which the deductible temporary differences, tax loss carryforwards can be utilized. Based on its business plan and other factors, the Company makes reasonable estimates of the period and the amount of taxable profit will be available in future period, and evaluates the potential taxable profit.

NOTES TO NONCONSOLIDATED BALANCE SHEET

1. The amount of accumulated depreciation of property, plant and equipment (including accumulated loss on impairment)

¥145,573 million

2. Guarantee obligations

(Millions of yen)

Guarantee	Details	Amount
Eisai Manufacturing Ltd.	Commitment to guarantee payables relating to the strategic collaboration with Merck & Co., Inc., Rahway, NJ, USA	32,554

3. Monetary receivables/payables from/to subsidiaries and associated companies

Short-term monetary receivables

¥52,433 million

Short-term monetary payables

¥75,512 million

4. Monetary payables to directors and executive officers

¥802 million

(Note) The monetary payables represent the unpaid provision for retirement allowances for directors and executive officers, which was abolished in June 2010.

NOTES TO NONCONSOLIDATED STATEMENT OF INCOME

1. Related-party transactions with subsidiaries and associated companies

Operating transactions

Net sales

¥113,897 Million

Purchases

¥52,990 Million

Other operating transactions

¥134,069 Million

Non-operating transactions

¥73,397 Million

2. Main components of selling, general and administrative expenses

Research and development (R&D) expenses

¥139,400 Million

3. Income Taxes

For the fiscal year ended March 31, 2023, as part of the Company'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.

NOTES TO NONCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Type and number of shares of treasury stock owned at the end of the fiscal year ended March 31, 2023:

Common stock 9,772,963 Shares

(Note) Of the Company's treasury shares, 105,164 shares are held through a trust.

TAX EFFECT ACCOUNTING**1. Main items included in deferred tax assets and liabilities**

Deferred tax assets	
Tax loss carryforwards	¥27,948 Million
Entrusted R&D expenses	13,348
Deferred charges for tax purposes	8,250
Others	11,158
Subtotal	60,704
Valuation allowance	(1,052)
Total deferred tax assets	59,652
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(6,175)
Others	(289)
Total deferred tax liabilities	(6,465)
Net deferred tax assets	¥53,188

2. Reconciliation between the statutory tax rate and the effective income tax rate

Statutory tax rate	30.5 %
(Reconciliation)	
Expenses not permanently deductible for income tax purposes, such as entertainment expenses	2.5
Income not permanently taxable for income tax purposes, such as dividend income	(21.3)
Repayment of paid-in capital from U.S. subsidiary	(187.9)
Foreign tax deductible adjustment	5.4
Valuation allowances	2.0
Others	3.2
Effective income tax rate	(165.7)%

RELATED-PARTY TRANSACTIONS**1. Subsidiaries and associated companies**

Association	Company name	Voting rights (or ownership) (%)	Relationship with related party	Transaction details	Transaction amount (Millions of yen)	Account item	Balance at the end of period (Millions of yen)
Subsidiary	Eisai Inc.	Indirect 100.00	Entrusting R&D and selling products	Product sales and receiving royalties	11,392	Accounts receivable-trade	8,297
				Payments of entrusted R&D expenses (Note 1)	97,679	Accounts payable-other	20,755
	Eisai Manufacturing Ltd.	Indirect 100.00	Selling and Purchasing products	Product sales and receiving royalties	34,645	Accounts receivable-trade	22,727
				Pharmaceutical purchasing	35,782	Accounts payable-trade	9,876
				Guarantee obligations (Note 2)	32,554	—	—
	EA Pharma Co., Ltd.	Direct 60.00	Selling products	Deposits of cash	27,721	Deposits received	28,623
				Payments of interests (Note 3)	16	—	—
	Eisai Corporation of North America	Direct 100.00	Holding company of America's region	Repayment of paid-in capital (Note 4)	63,622	—	—

(Note 1) The terms and conditions of the transaction for pharmaceutical selling and receiving royalties are negotiated with reference to the market price, and other factors. Transaction prices for entrusting pharmaceutical product research and development with Eisai Inc. are actual expenses related to clinical research by marking up the amounts based on the contract between the Company and Eisai Inc.

(Note 2) The terms and conditions of the transaction for pharmaceutical selling, purchasing, and receiving royalties are negotiated with reference to the market price, and other factors. Payables relating to the strategic collaboration with Merck & Co., Inc., Rahway, NJ, USA are guaranteed.

(Note 3) The borrowing and lending of cash is processed through CMS (Cash Management System), and the amount is represented by an average balance during the fiscal year. Interests on deposits are decided reasonably, considering the market interest rate.

(Note 4) The amount of repayment of paid-in capital is from the subsidiary.

PER SHARE INFORMATION

Shareholders' equity per share	¥1,584.92
Basic earnings per share	¥106.43
Diluted earnings per share	¥106.43

(Note) The Company's stock held through a trust is included in treasury stock, which is deducted from the number of shares outstanding in the calculation of this per share information.

REVENUE RECOGNITION**1. Information to enable users of financial statements to understand revenue**

The note is stated on "7. Accounting for revenue and costs" under [NOTES ON MATTERS RELATED TO SIGNIFICANT ACCOUNTING POLICIES].

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

Audit Reports

Independent Auditor's Report (Consolidated)

INDEPENDENT AUDITOR'S REPORT

May 11, 2023

To Mr. Haruo Naito
Representative Corporate Officer and CEO of Eisai Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: **Yasuteru Miura**

Designated Engagement Partner,
Certified Public Accountant: **Hajime Yoshizaki**

Designated Engagement Partner,
Certified Public Accountant: **Teppei Yamamoto**

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Eisai Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2022 to March 31, 2023, and the related notes.

In our opinion, the accompanying consolidated financial statements prepared with the omission of a part of the disclosures required under International Financial Reporting Standards ("IFRS") pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplementary schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report (Nonconsolidated)**INDEPENDENT AUDITOR'S REPORT**

May 11, 2023

To Mr. Haruo Naito
Representative Corporate Officer and CEO of Eisai Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
 Certified Public Accountant: **Yasuteru Miura**

Designated Engagement Partner,
 Certified Public Accountant: **Hajime Yoshizaki**

Designated Engagement Partner,
 Certified Public Accountant: **Teppei Yamamoto**

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Eisai Co., Ltd. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2023, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 111th fiscal year from April 1, 2022 to March 31, 2023, and the related notes and the accompanying supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplementary schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Committee Report

Audit Report

The Audit Committee has audited the execution of duties by Directors and Executive Officers for the 111th fiscal year from April 1, 2022 to March 31, 2023. We report the methods and results of the audit as follows.

1. Methods and Content of Audits

The Audit Committee periodically received reports on the content of resolutions of the Board of Directors regarding matters set forth in Article 416, Paragraph (1), Item (i), Parts (b) and (e) of the Companies Act, and reports on the status of the internal control system established and operated under such resolution, and monitored and verified the internal control system. In addition to that, the Audit Committee conducted audits with the methods described below.

- i) The Audit Committee supervised the Management Audit Department which is the exclusive staff organization for the Audit Committee, in accordance with the auditing policies and the division of duties, etc., designated by the Audit Committee; received reports from the internal audit division, etc., of the Company; attended important meetings; received reports, from Directors and Executive Officers, etc., on matters relating to the execution of their duties, and sought further explanation as necessary; inspected important approval documents, etc.; and investigated the status of operations and assets at the headquarters and principal places of business. With respect to the subsidiary companies, the Audit Committee took steps to facilitate communication and the exchange of information with Directors and Company Statutory Auditors, etc., of the subsidiary companies, received reports from the subsidiary companies on the status of their operations, as necessary.
- ii) Regarding the Company's basic policy and approaches described in the Business Report based on Article 118, Item (iii), Parts (a) and (b) of the Ordinance for Enforcement of the Companies Act, the Audit Committee considered contents of them taking into consideration the status, etc., of deliberations of the Board of Directors, etc.
- iii) While observing and verifying whether the external accounting auditor was maintaining its independence and was conducting audits in an appropriate manner, the Audit Committee received reports from the external accounting auditor on the execution of its duties and, when necessary, requested further explanation. The Audit Committee also received notification from the external accounting auditor that it was taking steps to prepare the "system for ensuring proper execution of duties" (as enumerated in Article 131 of the Rules of Company Accounting) in compliance with the "Quality Control Standards for Audit" (adopted by the Business Accounting Council on October 28, 2005), etc., requesting further explanation when necessary.

Based on the foregoing methods, the Audit Committee examined the Business Report and the Annexed Detailed Statement, and the Consolidated Financial Statements (consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements), as well as the Financial Statements (nonconsolidated balance sheet, nonconsolidated statement of income, nonconsolidated statement of changes in equity, and notes to nonconsolidated financial statements) and the Annexed Detailed Statement, for the fiscal year under review.

2. Results of the Audit

- (1) Results of the audit of the Business Report, etc.

In our opinion:

- i) The Business Report and the Annexed Detailed Statement accurately present the state of the Company, in compliance with the provisions of applicable laws, regulations, and the Articles of Incorporation.
- ii) Neither improper actions in the execution of duties by Directors and Executive Officers, nor any material facts in violation of the provisions of applicable laws, regulations, or the Articles of Incorporation, were found.
- iii) The resolutions adopted by the Board of Directors regarding internal control systems were appropriate. Description of the Business Report and all actions taken by Directors and Executive Officers regarding the execution of duties related to such internal control systems were appropriate.
- iv) "Basic Policies regarding the Way a Person is to Control the Decisions on Financial and Business Policies of the Company" described in the Business Report is appropriate. Further, the approaches based on Article 118, Item (iii), Part (b) of the Ordinance for Enforcement of the Companies Act listed in the Business Report are in accordance with this policy, and does not damage the shared benefit of Company shareholders, and further, is not for the purpose of maintaining the position of Directors and Executive Officers.

- (2) Results of the audit of the Consolidated Financial Statements

In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the external accounting auditor, are appropriate and reasonable.

- (3) Results of the audit of the Financial Statements and the Annexed Detailed Statement

In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the external accounting auditor, are appropriate and reasonable.

May 12, 2023

Audit Committee, Eisai Co., Ltd.

Audit Committee Member: **Hideyo Uchiyama**

Audit Committee Member: **Hideki Hayashi**

Audit Committee Member: **Yoshiteru Kato**

Audit Committee Member: **Yumiko Miwa**

Audit Committee Member: **Ryota Miura**

Note: Audit Committee members Hideyo Uchiyama, Yumiko Miwa and Ryota Miura are Outside Directors, as prescribed in Article 2, Item (xv) and Article 400, Paragraph (3) of the Companies Act.

The above represents a translation, for reference purposes only, of the original report issued in the Japanese language.

Appendix

Corporate Governance Principles

Chapter 1 General Provisions

Article 1 (Purpose)

These Principles provide for the good corporate governance of Eisai Co., Ltd. (“the Company”), in order to increase its corporate value and to increase the common interest and long-term value of stakeholders, and thereby to contribute to the creation of social value through the realization of the following “Corporate Concept” set forth by the Company in its Articles of Incorporation.

(Corporate Concept)

1. 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. Under this Concept, the Company endeavors to become a *human health care (hhc)* company.
2. The Company seeks to effectively achieve social good in the form of relieving anxiety over health and reducing health disparities as an innovative Japanese company.
3. The Company’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 developed through collaboration with other industries and groups. The Company believes that revenues and earnings will be generated by first fulfilling this mission. The Company places importance on this sequence.
4. The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.
5. The Company’s principal stakeholders are patients and the people in the daily living domain, shareholders, and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value thereof through:
 - (1) Satisfying unmet medical needs, providing information and services that contribute to the awareness and prevention of diseases, ensuring a stable supply of high-quality products, and providing useful information on a range of topics, such as drug safety and effectiveness;
 - (2) Contributing to a sustainable society with a long-term perspective;
 - (3) Enhancing the common interests of shareholders, improving long-term corporate value, providing a positive return to shareholders, and disclosing corporate management information in a timely manner; and
 - (4) Ensuring stable employment, respecting human rights and diversity, providing full opportunities for growth in support of self-fulfillment, and creating an employee-friendly environment.

Article 2 (Basic Framework of Corporate Governance)

The Company is always aiming for good corporate governance, and strives continually to achieve it.

2. The core of the Company’s corporate governance is to ensure fair and transparent management and to enhance corporate vitality by clearly separating the supervision of management and the execution of business.
3. The Company will maximize the role of its Outside Directors, starting with their supervision of management and aiming at good corporate governance.
4. The Company aims to achieve good corporate governance on the following bases:
 - (1) Joint Creation of Value with Stakeholder Relations
The Company shall:
 - (i) Respect the rights of all stakeholders;
 - (ii) Work on increasing and creating corporate value with stakeholders;
 - (iii) Keep positive and smooth relations and develop trust with the Company’s stakeholders through dialogue;
 - (iv) Ensure transparency by timely and properly disclosing Company information; and
 - (v) Proactively contribute to realize a sustainable society.
 - (2) Corporate Governance System
 - (i) The Company has adopted a Company with a Nomination Committee, etc. System.
 - (ii) The Board of Directors (“the Board”) shall delegate to the Corporate Officers broad powers of decision-making for business execution, to the extent permitted by the laws and regulations, and it shall exercise the function of management oversight.

- (iii) The majority of the Board shall be independent and neutral Outside Directors.
- (iv) The Representative Corporate Officer and CEO shall be the only Director who is concurrently a Corporate Officer.
- (v) To clarify the management oversight function, the positions of the Chair of the Board and the Representative Corporate Officer and CEO shall be separated and performed by different people.
- (vi) The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall consist of Outside Directors.
- (vii) Each of the Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be appointed from the Outside Directors.
- (viii) The *hbc* Governance Committee entirely composed of Outside Directors shall be established.
- (ix) The internal control system and its operation shall be implemented to ensure the credibility of financial reports.

Article 3 (Establishment of These Principles)

These Principles are subject to the Companies Act and the related laws and regulations, as well as the Articles of Incorporation, and apply in priority to the other rules of the Company.

Chapter 2 Joint Creation of Value with Stakeholders

Article 4 (Relations with Principal Stakeholders)

With respect to the relations with major stakeholders, the Company will utilize the following basic tenets:

- (1) Relations with Patients and Customers
 - (i) The Company will respect the various rights of patients and customers.
 - (ii) The Company will give first thought to improvement of the benefits to patients and customers and make efforts to provide high quality solutions matching their needs.
 - (iii) Directors and Corporate Officers will make use of “knowledge” obtained from “empathy” with patients and customers in executing their duties and making decisions.
- (2) Relations with Shareholders
 - (i) The Company will protect shareholders’ rights guaranteed by law and the Articles of Incorporation and ensure equality of treatment.
 - (ii) The Company will take measures to increase the common interests of shareholders on a long-term basis to make it possible for shareholders to hold the Company’s shares with a sense of assurance for the long term.
 - (iii) The Company will make efforts to obtain trust from shareholders through dialogue. The Board will properly reflect the voice of shareholders to management and the Directors will respond to shareholders’ expectations as a fiduciary.
- (3) Relations with Employees
 - (i) The Company will recognize the dignity and value of each employee and respect human rights and diversity.
 - (ii) The Company will make efforts to enrich the opportunities of employees’ human resource development and demonstration of ability, and to facilitate sound management based on the recognition that employees are stakeholders who can proactively create corporate value.
 - (iii) The Company will respect proposals and opinions from employees working together and handle them properly and fairly. The Board will proactively work on dialogue with employees and reflect the results of such interaction in supervising management.

Article 5 (General Meeting of Shareholders and Respect for Voting Rights)

1. The General Meeting of Shareholders is the supreme decision-making body, which consists of shareholders with voting rights, and must appropriately reflect their views.
2. The Company shall determine the method, date and venue so that as many shareholders as possible will be able to vote their rights on matters brought before the General Meeting of Shareholders, so that resolutions adopted by the General Meeting of Shareholders will reflect the views of shareholders.
3. Exercising voting rights at the General Meeting of Shareholders is a fundamental shareholder right and the Company will establish an environment where not only shareholders present at the General Meeting of Shareholders but all other shareholders can exercise their voting rights properly.

4. In order to enable shareholders to exercise their voting rights appropriately, the Company shall include sufficient information in the Notices of Convocation of the General Meeting of Shareholders and reference documents and other materials, and will send such information to shareholders at an early stage, so as to ensure that there is enough time for shareholders to consider the information.
5. In order to develop a relationship of trust with shareholders, Directors and Corporate Officers shall provide sufficient explanations and a question and answer session at the General Meeting of Shareholders.

Article 6 (Protection of Shareholders' Rights and Interests)

1. The Company will treat each shareholder equally based on each shareholder's equity stake and not provide any special benefits, including profits from assets, to any particular shareholder.
2. The Company will give sufficient consideration to the rights of minority shareholders, including rights related to the enjoinder of illegal acts, derivative actions and similar matters.
3. In order to protect shareholders' interests, the Company will endeavor to prevent any Company-related persons, such as Directors, Corporate Officers and employees, from abusing their position or conducting any transaction in conflict with the interests of the Company and the shareholders.
4. Directors and Corporate Officers shall not engage in any transactions that have a conflict of interest or are in competition with the Company unless approval of the Board pursuant to the Companies Act has been obtained. Material facts concerning said transactions approved by the Board shall be appropriately disclosed.
5. In order to prevent insider transactions by Company-related persons, the Company will adopt rules relating to the treatment of material facts that have not yet been publicly announced, and will strictly apply such rules.

Article 7 (Capital Policy)

1. The Company will decide on and announce its basic guidelines for capital policy, including shareholder returns.
2. Decisions on distribution of retained earnings will be the subject of resolutions at Board Meetings in accordance with the Articles of Incorporation, and such decisions are to be implemented efficiently.
3. When the Company (i) allocates new shares to particular third parties and changes the Company's shareholder composition or (ii) implements a capital policy which will affect corporate value, such as issuing stock acquisition rights, the Company will have the Board oversee such actions appropriately and disclose relevant information in order not to unfairly harm shareholders.

Article 8 (Disclosure and Transparency)

1. The Company will actively, and in a timely and appropriate manner, disclose material information related to management, regardless of whether the content is positive or negative.
2. The Company will determine its policy for disclosing material information related to management, etc. and create a structure to implement it.
3. The Company shall disclose information in a way that is easy to understand and through a variety of methods that are easy to access it.
4. The Company will make efforts to communicate with stakeholders by establishing an inquiries contact system for shareholders and patients and through other methods.
5. The Company recognizes that dialogue with stakeholders is an opportunity for creative mutual understanding which will mutually produce empathy and changes in consciousness and behavior, and the Directors and Corporate Officers will proactively engage in this dialogue and contribute to ensure the gaining of trust and the transparency of management.

Article 9 (Working on Realization of a Sustainable Society)

1. The Company will consistently pursue the best corporate governance and proactively work on solving issues related to the environment and society.
2. The Company will carefully monitor trends of global activities which aim at the realization of a sustainable society, and will strengthen the effectiveness of the Company's efforts and endeavor to disclose information proactively.
3. The Company will respect various stakeholders worldwide and make efforts to maintain positive and smooth relations with them, and will contribute to the creation of social value with stakeholders through the Company's business.
4. The Directors and Corporate Officers will respect stakeholders' rights and provide leadership to develop a corporate culture of creating value together with its stakeholders based on the Corporate Concept of the Company.

Chapter 3 Corporate Governance System

Article 10 (Structure of the Board and Committees)

1. The Company has chosen to be a Company with a Nomination Committee, etc. System. The function of management oversight shall be carried out by the Board, and the function of business execution shall be carried out by the Corporate Officers. Through this, the Company will clearly separate the functions of management oversight and business execution, increase the vitality of its management and ensure the fairness and transparency of its management.
2. The Board will be composed of diverse Directors with differing backgrounds of specialized knowledge, experience, etc. and an appropriate number of Directors shall be maintained so that the Board can exercise its functions most effectively and efficiently.
3. The majority of the Board shall be composed of independent and neutral Outside Directors.
4. The Representative Corporate Officer and CEO shall be the only Director who is concurrently a Corporate Officer.
5. To thoroughly separate the functions of management oversight and business execution, the positions of the Chair of the Board and the Representative Corporate Officer and CEO shall be separated and performed by different people.
6. The Company will establish the Nomination, Audit and Compensation Committees in accordance with the Companies Act. In addition, the Board will establish, as needed, Committees of the Board other than the Nomination, Audit and Compensation Committees.
7. The Company shall establish an *hbc* Governance Committee comprised of Outside Directors only for continued enhancement of corporate governance.
8. The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall be composed of Outside Directors.
9. The Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be Outside Directors.
10. Outside Directors who are the Audit Committee members shall be appointed from those with expertise in finance, accounting, legal affairs, management, etc., and Internal Directors shall be appointed from those with abundant experience within the Company.
11. In order to ensure the independence of audits, members of the Audit Committee shall not concurrently be members of the Nomination Committee or the Compensation Committee.
12. A Board of Directors Secretariat shall be established to act as the secretariat of the Board, the Nomination Committee and the Compensation Committee. A Management Audit Department shall be established to act as the secretariat of the Audit Committee.

Article 11 (Duties of the Board)

1. Through developing good corporate governance, the Board shall fulfill its oversight functions, take the best possible decisions by exercising fair judgment and aim to realize the Corporate Concept.
2. The Board shall determine the material matters required by law, the Articles of Incorporation and the Rules of the Board, including basic management policies, the appointment and dismissal of Corporate Officers and surplus dividends.
3. In order to accelerate the speed and increase the flexibility of business execution and to enhance the vitality of management, the Board shall delegate the decision-making function on business execution, except for items provided for in the preceding clause, to the Corporate Officers.
4. The Board will make efforts to apply a multi-dimensional risk management approach to the business execution by the Corporate Officers, and will oversee the system design and operation of internal control measures by the Corporate Officers.
5. The Board shall oversee the execution of duties by the Directors and Corporate Officers on the basis of reports from the Nomination Committee, Audit Committee, the Compensation Committee and the Corporate Officers.
6. The Board will strive to realize the Corporate Concept, to increase the Company's corporate value and to enhance the long-term interests of the shareholders. It shall have the duty of judging fairly any conduct that may damage these goals and of taking appropriate action.
7. In order for the Representative Corporate Officer and CEO to be appointed by the Board, all of the Directors shall share information related to the succession plan for the future Representative Corporate Officer and CEO.

8. The Board, together with the Nomination, Audit and Compensation Committees, shall not violate or interfere with their respective authorities when executing their duties and shall maintain mutual understanding.
9. The Board and the Corporate Officers shall maintain mutual understanding while fulfilling their respective responsibilities of executing duties.

Article 12 (Chair of the Board)

1. The Chair of the Board shall be appointed from the Outside Directors.
2. In addition to determining the annual agenda to be deliberated by the Board, the chair of the Board shall specify the date, location, and agenda and convene the Board Meeting.
3. The chair of the Board shall provide the Directors with the information necessary to consider the items for deliberation prior to the holding of the Board Meeting.
4. The Chair of the Board shall enhance the quality of the discussions among the Directors and manage the Board Meetings effectively and efficiently.

Article 13 (Directors)

1. The term of office of Directors shall be one (1) year. Directors shall be elected every year at the General Meeting of Shareholders.
2. Directors shall assume the duty of care and the duty of loyalty.
3. Directors shall request explanations at Board Meetings, actively express their opinions, conduct thorough discussions, and exercise their voting rights, as well as collect sufficient information to execute their duties.
4. Through the timely and appropriate exercise of their right to propose agenda items and to call for Board Meetings to be convened, the Directors shall seek solutions to issues concerning the management of the Company of which they become aware.
5. In responding to the trust placed in them by all shareholders, Directors shall spend sufficient time on the execution of their duties and demonstrate the competence expected of them.
6. The Directors will receive sufficient information and request additional information if necessary concerning the status of adherence to the Corporate Concept of the Company and the current management environment in order to fully perform their duties. The Company will provide the Directors with various training and opportunities for information sharing which will aid in the Board's duty of oversight of management.

Article 14 (Outside Directors)

1. Outside Directors shall be personally and financially independent from the Company.
2. Outside Directors must not only meet the requirements for Outside Directors stipulated in the Companies Act, but must also satisfy the "Requirements for the Independence and Neutrality of Outside Directors" established by the Nomination Committee, and must continue to satisfy those requirements after their appointment as Outside Directors.
3. Outside Directors shall take the initiative to increase the fairness of the decisions and actions of the Board and of each Committee and to achieve good corporate governance.

Article 15 (Nomination Committee)

1. The Nomination Committee shall determine the content of the proposals to be submitted to the General Meetings of Shareholders related to the nomination and dismissal of Directors.
2. The Nomination Committee shall determine the "Requirements for the Independence and Neutrality of Outside Directors" in order to appoint independent and neutral Outside Directors based on the recognition that it is the fact that Outside Directors hold a majority of the Board representation that supports the effectiveness of the Company's corporate governance.
3. The Nomination Committee shall select Director candidates with diverse backgrounds in order for the Board to meet the various expectations of stakeholders and to fully perform its oversight function.
4. The Nomination Committee shall establish the basic policies, rules, procedures, etc., necessary for the execution of its duties.
5. The Nomination Committee shall report on the status of execution of its duties to the Board.

Article 16 (Audit Committee)

1. The Audit Committee shall audit the execution of the Directors' and Corporate Officers' duties, prepare audit reports, and conduct accounting audits and other matters required by laws and regulations.
2. The Audit Committee shall determine the contents of proposals related to the election, dismissal and non-reappointment of the Accounting Auditors to be submitted to the General Meeting of Shareholders.
3. The Audit Committee shall confirm that the Accounting Auditors' independence is assured and the quality control of audits is managed systematically, and shall make efforts to collect relevant information regarding an audit corporation other than the Company's Accounting Auditors.
4. The Audit Committee shall endeavor to achieve efficient and higher quality auditing, e.g., (i) by receiving timely and appropriate reports from the officers and employees of the Company and the ENW Entities and the Accounting Auditors of the Company related to the execution of their duties, (ii) by conducting relevant research on the status of the business and assets of the Company and the ENW Entities and (iii) by sharing necessary information with the Accounting Auditors and internal audit department.
5. The Audit Committee shall establish the basic policies, rules, procedures, etc., necessary for the execution of its duties.
6. The Management Audit Department executes its duties based on the resolutions of the Audit Committee and the instructions of the members of the Audit Committee, and its independence from the Corporate Officers regarding work instructions and orders, personnel evaluations, etc. shall be secured in order to ensure the objectivity of audits.
7. The Audit Committee shall report on the status of execution of its duties to the Board.

Article 17 (Compensation Committee)

1. The Compensation Committee shall determine both the policies for deciding the compensation of Directors and Corporate Officers, and their individual compensation, with fairness and transparency.
2. The Compensation Committee shall determine the remuneration of Directors, to appropriately compensate them for their performance of management oversight, and the remuneration of Corporate Officers, to provide them with strong motivation for their responsibilities of business execution and which takes into consideration the level of achievement measured against their performance benchmark(s).
3. When deciding the compensation of the Directors and Corporate Officers, the Compensation Committee shall make decisions after making active use of external research data in order to ensure the objectivity of its decisions and deliberating the appropriateness of the decision-making process on compensation.
4. The Compensation Committee shall establish the basic policies, rules, procedures, etc. necessary for the execution of its duties.
5. The Compensation Committee shall report on the status of execution of its duties to the Board.

Article 18 (hhc Governance Committee)

1. The *hhc* Governance Committee shall be composed of all of the Outside Directors.
2. The *hhc* Governance Committee shall engage in proactive dialogue with the Company's stakeholders and use the insights gained to enhance discussions by the Board.
3. The *hhc* Governance Committee shall share information about the succession plan for a future Representative Corporate Officer and CEO proposed by the Representative Corporate Officer and CEO, and provide relevant advice. The *hhc* Governance Committee shall reasonably ensure impartiality in the selection of the CEO by the Board by having Outside Directors take part in the process.
4. The *hhc* Governance Committee shall evaluate the effectiveness of the supervision function of the management of the Board every year. If there are issues related to the operation of the Board, etc., the *hhc* Governance Committee may make proposals to the Board for addressing such issues.
5. The *hhc* Governance Committee is held to discuss a broad range of matters related to the Company's corporate governance and business, and thereby strive for continued enhancement of corporate governance.
6. The matters discussed at the *hhc* Governance Committee shall be reported to the Board or notified to the Corporate Officers as necessary.

Article 19 (Evaluation of Corporate Governance)

1. Every year, the Board shall evaluate the state of the Company's corporate governance and shall seek to enhance the effectiveness of corporate governance in accordance with the Board's review of Board resolutions relating to these Principles, the Board's review of the internal control system, and the evaluation by each Director of the Board of Directors.
2. The Board will ensure the appropriateness of the results of the annual evaluation of corporate governance, and will maintain and seek to improve the objectiveness and reasonableness of its evaluation methods by implementing a periodic review by an outside organization.

Article 20 (Representative Corporate Officer and CEO)

1. The Representative Corporate Officer and CEO is the Chief Executive Officer and shall hold the powers delegated by the Board in relation to business execution. The Representative Corporate Officer and CEO shall make decisions concerning the best execution of business and shall implement measures with the aim of realizing the Company's Corporate Concept, increasing corporate value, and enhancing the long-term interests of the shareholders.
2. The Representative Corporate Officer and CEO shall provide sufficient explanation to the Board regarding business execution, and shall concurrently be a Director for this purpose.
3. The Representative Corporate Officer and CEO shall establish a succession plan for the Representative Corporate Officer and CEO and develop relevant candidates.
4. The Representative Corporate Officer and CEO shall establish, prepare and operate an internal control system, including a legal compliance system and risk management system, and continually evaluate its effectiveness and strive to improve it.
5. The Representative Corporate Officer and CEO shall in a timely and appropriately provide to the Audit Committee sufficient information for the Audit Committee's audits.

Article 21 (Corporate Officers)

1. The term of office of Corporate Officers shall be one (1) year. The Representative Corporate Officer and CEO shall propose candidates for Corporate Officers by providing a sufficient explanation, and Corporate Officers shall be appointed by the Board.
2. Corporate Officers shall assume the duty of care and the duty of loyalty.
3. Corporate Officers shall undertake the important responsibility of managing the business with the aim of realizing the Corporate Concept, increasing corporate value and enhancing the long-term interests of shareholders.
4. Corporate Officers shall be delegated from the Representative Corporate Officer and CEO the authority to decide on the specific execution of business in the assigned business/area, and establish, prepare and operate an internal control system within the scope of their assigned division of duties, and take responsibility to execute business with the aim of achieving the targets in addition to developing capable human resources who will manage the Company in the future.
5. Corporate Officers shall make efforts to obtain necessary knowledge and to enhance their skills continuously in order to perform their duties. The Company will provide relevant knowledge related to compliance and risk management as well as educational opportunities for Corporate Officers so that they may efficiently execute their duties in compliance with applicable laws, regulations and the Articles of Incorporation.
6. Corporate Officers shall, on the basis of the Companies Act, report to the Board at least once every three months on the overall state of the execution of their business based on their assigned division of duties, and at the same time, they shall also provide as required information on those matters requested by the Board or Director(s).
7. An appropriate number of Corporate Officers shall be maintained so that their duties concerning business execution with which they have been entrusted by the Board can be performed most effectively/efficiently.

Article 22 (Internal Control)

1. The achievement of thorough internal control of the whole Company group is an important element in The achievement of thorough internal control of the whole Company group is an important element in obtaining the trust of shareholders. Based on the Companies Act, the Board shall determine the "Rules Concerning Items Necessary for the Execution of Duties by the Audit Committee" and the "Rules for Preparing Necessary Systems for Ensuring the Suitability of the Execution of Duties by Corporate Officers."

2. In order to ensure the compliance with applicable laws, regulations and ethical standards, the Company shall establish and maintain an internal whistle blowing reporting system, and will develop this system to ensure that it appropriately and fairly handles information from whistle blowers and that a whistle blower will never be subject to unfair treatment.
3. Based on the resolutions of the Board related to internal control, the Corporate Officers shall maintain a system that is necessary for compliance with laws and ethics, the efficacy and efficiency of business and the reliability of financial reports, and shall make such a system work effectively, and shall report the operative situation to the Board.

Article 23 (Accounting Auditors)

1. The Accounting Auditors shall ensure the reliability of financial statements through their audits of such statements, and they bear an important role in realizing better corporate governance.
2. The independence of the Accounting Auditors from the Company shall be ensured.
3. The Accounting Auditors shall conduct systematic management for the quality control of audits.

Article 24 (Exceptional Measures)

In case it is necessary to make exceptions to these Principles, the Board shall clarify the reason for the exception, and make it clear that the purpose of these Principles was taken into account and that reasonable measures were taken.

Article 25 (Revisions)

These Principles may be revised only by resolution of the Board.

Supplementary Provisions

(Enforcement)

Article 1 The Principles were established on March 23, 2001 as the Corporate Governance Regulations of the Company and were revised into and became the Corporate Governance Guidelines of the Company, and were then subsequently revised thereafter. The revision history of these Principles is as follows:

- March 23, 2001: Established (Corporate Governance Regulations)
- September 21, 2001: Revision made
- April 25, 2002: Revision made
- June 27, 2002: Revision made
- June 24, 2003: Revision made
- May 11, 2004: Revision made
- October 29, 2004: Revision made (Corporate Governance Guidelines)
- July 29, 2005: Revision made
- April 26, 2007: Revision made
- February 27, 2012: Revision made
- June 20, 2014: Revision made
- June 19, 2015: Revision made
- March 31, 2016: Revision made
- June 21, 2017: Revision made
- June 20, 2018: Revision made
- April 24, 2020: Revision made
- March 1, 2021: Revision made (Corporate Governance Principles)
- June 17, 2022: Revision made

(End)

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

(Objective)

- Article 1 The purpose of these rules is to establish items necessary for the performance of duties by the Audit Committee of the Company, in accordance with Companies Act Article 416 Section 1 Part 1 Subparagraph b), as well as the Ordinance for Enforcement of the Companies Act Article 112 Section 1.
- 2 In these rules, "ENW" means a group of corporate entities consisting of the Company and its subsidiaries and affiliates, and "ENW Entity" means each entity within ENW.

(Items regarding the Directors and employees of the Company who assist in the duties of the Audit Committee of the Company)

- Article 2 The Company shall establish a Management Audit Department to assist in the duties of the Audit Committee of the Company. The Directors of the Company shall not be assigned to assist in the duties of the Audit Committee of the Company.
- 2 The director and staff of the Management Audit Department shall follow employment and work regulations for items not established by these rules.

(Items regarding the independence of the employees in the preceding Article from the Corporate Officers of the Company and items regarding ensuring the effectiveness of the instructions of the Audit Committee of the Company to such employees)

- Article 3 The Management Audit Department shall be organized independent of the Corporate Officers of the Company.
- 2 The director and staff of the Management Audit Department shall perform their duties under the direction of the Audit Committee and Audit Committee Members of the Company.
- 3 The director and staff of the Management Audit Department shall be appointed, reassigned and disciplined by the Representative Corporate Officer and CEO of the Company with the consent of the Audit Committee of the Company.
- 4 The decision on personnel evaluation of the director and staff of the Management Audit Department will be conducted by the Audit Committee of the Company.

(The system for Officers and employees of the ENW Entity to report to the Audit Committee)

- Article 4 The Corporate Officers of the Company shall report monthly to the Audit Committee of the Company regarding the following items related to their assignments and organization under their oversight^{*1}, supervision^{*2} or management^{*3}, including whether or not such relevant items exist, and shall report immediately highly important matters of the items such as incidents that cause or may cause ENW significant damage, or that violate or may violate laws or the Articles of Incorporation to the Audit Committee.
- (1) Disasters and accidents related to operations;
 - (2) The fact that operations have been stopped for a half day or longer;
 - (3) The fact that a lawsuit has been brought, and its status;
 - (4) Cases that violate compliance policies (including facts subject to investigation);
 - (5) Requests for cooperation in an investigation, investigation, summons, visits (excluding regular investigations), warnings, guidance, orders, recommendations, suspension of operation, or other measure taken by public officials;
 - (6) Infringement or the danger of infringement of assets or rights by a third party;
 - (7) Bankruptcy, the danger of bankruptcy, or termination of a contract, by a major customer;
 - (8) Matters or information other than the above (1) through (7) that may cause the ENW Entity serious damage or have significant effect ;
 - (9) Facts that Officers and employees of the ENW Entity, who made reports or provided information pursuant to Sections through 2 to 6 of this Article, were treated disadvantageously because they made the reports or provided the information; and
 - (10) Other matters to be reported as stipulated by the Audit Committee of the Company.
 - *1 "oversight" shall mean having the general oversight responsibility as the head of the reporting line.
 - *2 "supervision" shall mean having supervision of the relevant organization or business not as the head of the reporting line.
 - *3 "management" shall mean having a grasp of the situation by receiving report(s) from the relevant business or organization.

- 2 If the Officers and employees of the ENW Entity become aware of any item provided in each item of Section 1 of this Article, they shall immediately report to the Corporate Officer of the Company who oversees, supervises or manages such item. In the case where it would be inappropriate to report to the Corporate Officer of the Company because the Corporate Officer himself/herself is concerned in the event, for example, the Officers and employees of the ENW Entity shall report to (i) the Corporate Officer of the Company other than the Corporate Officer at issue or (ii) the Compliance Counter.
- 3 The Corporate Officer who supervises the promotion of ENW's compliance shall immediately make a report to the Audit Committee of the Company in the case of highly important matters, out of the matters which are reported to the Compliance Counter, such as incidents that cause or may cause ENW significant damage, or that violate or may violate laws or the Articles of Incorporation.
- 4 The Officers and employees of the ENW Entity may report to the Audit Committee of the Company concerning the above item (4) of Section 1 of this Article, which is related to the Corporate Officers of the Company.
- 5 The Auditors or the Audit Committee of the ENW Entity in Japan, the People's Republic of China, Korea and Taiwan, except for the Company, shall periodically report information regarding audit results by the auditors, etc. in such ENW Entity to the Audit Committee of the Company.
- 6 The Officers and employees of the ENW Entity shall promptly make a proper report when a report on items regarding the execution of business is requested by the Audit Committee of the Company.
- 7 The Corporate Officers and employees of the Company shall inform the Audit Committee of the Company of the schedules of important meetings.

(Systems for ensuring that the person making a report in the preceding Article does not receive disadvantageous treatment on the grounds of having made such report)

Article 5 The Representative Corporate Officer and CEO of the Company shall prepare and operate a system in order to ensure that the Officers and employees of the ENW Entity who make a report to the Audit Committee or Corporate Officer of the Company or contact the Compliance Counter under the preceding Article do not receive disadvantageous treatment on the grounds of having made such report or contact.

(Items regarding policies for the processing of expenses and obligations that arise with respect to the execution of duties of the Audit Committee Members of the Company)

Article 6 The Company shall process such expenses or obligations for the execution of duties of the Audit Committee Members of the Company which are recognized as necessary by the Audit Committee of the Company under the Companies Act Article 404 Section 4.

(Other systems for ensuring the effective performance of audits of the Audit Committee of the Company)

- Article 7 The Representative Corporate Officer and CEO of the Company shall prepare a system between the ENW Entity under which the Audit Committee of the Company enables the investigation, etc., of the accounting and operations of the ENW Entity.
- 2 Departments and officers in charge of audits, including the internal audits of the ENW Entity, shall share necessary information regarding audit activities with the Audit Committee, Audit Committee Members, and the Management Audit Department of the Company through regular meetings, etc., in order to operate an efficient and suitable auditing system.
 - 3 The Company's accounting auditor shall report to the Audit Committee regarding audits by the accounting auditor, as well as other investigations, on a regular basis or as requested by the Audit Committee.

(Familiarization with these rules)

Article 8 The Representative Corporate Officer and CEO of the Company shall take measures to familiarize the Officers and employees of the ENW Entity with the content of these rules.

(Revisions)

Article 9 These rules can be revised through resolution by the Board of Directors.

Supplementary Provisions

(Revision history)

- Article 1 These rules shall enter into force on June 24, 2004.
 Article 2 These rules shall be revised June 24, 2005.
 Article 3 These rules shall be revised April 27, 2006.
 Article 4 These rules shall be revised June 20, 2014.
 Article 5 These rules shall be revised May 1, 2015.
 Article 6 These rules shall be revised June 21, 2017.
 Article 7 These rules shall enter into force on June 19, 2020.

Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers

(Objective)

Article 1 The purpose of these Rules is to establish items necessary for establishment and operation of a system for ensuring that execution of duties at ENW by Corporate Officers of the Company is in accordance with laws and the Articles of Incorporation, and to establish other systems necessary to maintain the suitability of operations, in accordance with the Companies Act Article 416 Section 1 Part 1 Subparagraph e), as well as the Ordinance for Enforcement of the Companies Act Article 112 Section 2.

- 2 In these Rules, "ENW" means a group of corporate entities, consisting of the Company and the subsidiaries and affiliates of the Company. "ENW Entity" means each entity within ENW; "Corporate Officer in Charge of ENW Entities" means a Corporate Officer who has been appointed by the Representative Corporate Officer and CEO of the Company to oversee*¹, supervise*² and manage*³ each ENW Entity other than the Company; and "Officers of ENW Entities, who execute business operations" shall mean Corporate Officers of the Company and directors of the ENW Entities other than the Company.

*1 "oversee" shall mean having the general oversight responsibility as the head of the reporting line.

*2 "supervise" shall mean having supervision of the relevant organization or business not as the head of the reporting line.

*3 "manage" shall mean having a grasp of the situation by receiving report(s) from the relevant business or organization.

(Authority)

Article 2 The Board of Directors of the Company receives reports, regarding establishment and operation of the systems set forth in these Rules, from the Corporate Officers or the Audit Committee of the Company in order to supervise the performance of duties of the Corporate Officers pursuant to these Rules.

- 2 The Representative Corporate Officer and CEO of the Company shall assign the particular duties set forth in these Rules to a Corporate Officer of the Company who will be responsible for such assigned duties.
- 3 The Corporate Officer of the Company shall perform such duties that have been assigned to him/her in compliance with these Rules and provide reports, regarding establishment and operation of the systems set forth in these Rules, to the Board of Directors and the Audit Committee of the Company.

(The system for storage and management of information related to the performance of duties of Corporate Officers)

Article 3 The Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, who shall supervise ENW with respect to and be in charge of storage and management of information related to the performance of duties of Corporate Officers of the Company, and shall have such Corporate Officer establish a system and necessary rules on storage and management of information.

- 2 The Corporate Officer of the Company, who has been appointed pursuant to the previous section, shall establish and operate the storage and management rules for prepared information, and report the status thereof to the Board of Directors and the Audit Committee of the Company.

(The rules and other systems regarding management of the risks of loss in ENW)

Article 4 The Corporate Officers of the Company shall be responsible for managing risk of loss in ENW in his or her area of assignment. A Corporate Officer in Charge of ENW Entities shall establish and operate a management system of risk of loss in ENW depending on the type, size, significance and other aspects of businesses of ENW Entities which he/she has been assigned to oversee, supervise and manage.

- 2 With respect to management of risks of loss that may possibly result in significant loss to ENW, the Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, for each area of risk of loss (financial, legal, environmental, disaster, product quality and adverse effect, etc.), and such appointed Corporate Officer shall establish and operate rules, etc. regarding the risk.
- 3 The Corporate Officers, who have been assigned to be in charge of promoting establishment and operation of an internal control system set forth in Article 6, shall establish and promote the operation of a system for the Corporate Officers and employees of the Company to self- evaluate risks related to their assigned duties.

(The system for ensuring that the duties of Directors, Corporate Officers and employees of ENW are conducted efficiently)

- Article 5 The Board of Directors of the Company shall delegate to the Representative Corporate Officer and CEO of the Company decision- making for the performance of the Directors' duties, excluding those matters to be resolved by the Board of Directors pursuant to the laws, the Articles of Incorporation and the Rules of the Board of Directors.
- 2 The Board of Directors of the Company shall appropriately establish division of duties and mutual relationships among the Corporate Officers of the Company.
 - 3 The Representative Corporate Officer and CEO of the Company shall establish decision-making procedures for important matters at ENW and establish and operate a system under which duties are conducted appropriately and efficiently.
 - 4 With respect to matters other than those set forth in the previous section, the Corporate Officers of the Company shall establish decision-making procedures for their assigned duties and establish and operate a system so that such duties are conducted appropriately and efficiently.
 - 5 The Corporate Officer, who has been assigned to be in charge of promoting establishment and operation of the internal control system set forth in Article 6, shall monitor the establishment and operation of the systems pursuant to the previous two sections. The Corporate Officer, who has been assigned to oversee the execution of internal audit, shall audit the establishment and operation of such systems.

(The system for ensuring that performance of duties by Officers of ENW Entities, who execute business operations, and employees of ENW Entities is in accordance with laws and the Articles of Incorporation)

- Article 6 The Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, to be in charge of promoting compliance, including the system for ensuring that the execution of duties by Officers of ENW Entities, who execute business operations, and employees of ENW Entities is in accordance with laws and the Articles of Incorporation, and shall establish a department, etc. to support such Corporate Officer in the performance of his or her duties.
- 2 The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall establish a Compliance Handbook and a business behavior charter applicable to ENW, clarify norms and behavioral standards so that Officers of ENW Entities, who execute business operations, and employees of ENW Entities take actions in compliance with laws and the Articles of Incorporation, and promote compliance by taking necessary measures such as training of Officers of ENW Entities, who execute business operations, and employees of ENW Entities.
 - 3 The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall establish and operate a compliance counter as a point of contact for consulting about compliance and reporting of compliance matters both inside and outside the Company to strive for the prevention and early resolution of risks related to compliance, and shall cooperate and perform the foregoing with each Corporate Officer in Charge of ENW Entities, each Officer in charge of compliance at each ENW Entity and the department in charge of compliance with respect to ENW Entities other than the Company.
 - 4 The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall demonstrate a policy of opposing anti- social forces in the ENW business behavior charter, and shall take necessary measures so that Officers of ENW Entities, who execute business operations, and employees of ENW Entities strictly observe such policy and use their best efforts on a daily basis in their conduct in this regard.
 - 5 The Representative Corporate Officer and CEO of the Company shall appoint Corporate Officers, from among the Corporate Officers of the Company, to be in charge of promoting establishment and operation of an internal control system and to be in charge of executing internal audits, respectively, and shall establish a department, etc. to support such Corporate Officers in the performance of his or her duties.
 - 6 The Corporate Officers, who have been assigned to be in charge of promoting establishment and operation of an internal control system, shall establish policies regarding internal controls applicable to ENW, and shall have Corporate Officers and employees of the Company develop a deeper understanding for internal controls by taking necessary measures such as training, and shall promote the establishment and operation of an internal control system, and shall cooperate and perform the foregoing with each Corporate Officer in Charge of ENW Entities, each Officer in charge of internal control at each ENW Entity and the department in charge of internal control with respect to ENW Entities other than the Company.

- 7 The Corporate Officers, who have been assigned to be in charge of executing internal audits, shall establish rules for internal audits applicable to ENW, devise a plan for internal audits, and execute appropriate and efficient internal audits, and shall have each Corporate Officer in Charge of ENW Entities, each Officer in charge of internal audit at each ENW Entity and the department in charge of internal audit to perform the audit of each ENW Entities and receive reports with respect to ENW Entities other than the Company.
- 8 With respect to professional fields, the Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, to be in charge, as necessary, of ensuring compliance with laws and the Articles of Incorporation in such field, and shall establish a department, etc. to support such Corporate Officer in the performance of his or her duties.

(The system for reporting to the Company about matters related to execution of duties of Officers and employees of ENW Entities other than the Company)

Article 7 The Corporate Officer in Charge of ENW Entities shall establish a system under which the Company receives reports from ENW Entities about managerial important matters and matters set forth in Articles 4, 5 and 6 of these Rules depending on the type, size, significance and other aspects of businesses of ENW Entities, with respect for the autonomy and the independency of ENW Entities which the Corporate Officer has been assigned to oversee, supervise and manage.

- 2 The Corporate Officer in Charge of ENW Entities shall report important matters out of the report received from ENW Entities to the Board of Directors and the Audit Committee of the Company.

(Familiarization with these Rules)

Article 8 The Representative Corporate Officer and CEO of the Company shall take measures to familiarize the Officers and employees of ENW Entities with the content of these Rules.

(Revisions)

Article 9 These Rules may be revised only by resolution by the Board of Directors.

Supplementary Provisions

(History of Revisions)

Article 1 These rules shall come into effect April 27, 2006.

Article 2 These rules shall come into effect on June 20, 2014.

Article 3 These rules shall come into effect on May 1, 2015.

Article 4 These rules shall come into effect on June 21, 2017.

Article 5 These rules shall come into effect on June 19, 2020.

Article 6 These rules shall take effect on June 18, 2021.

(End)

Map of the General Meeting of Shareholders Venue



Bellesalle
Takadanobaba
Map of Surrounding
Area




Scan the 2D code below from your
smartphone or tablet to access Google
Maps.



Souvenir gifts On the day of the General Meeting of Shareholders, each attendee will receive 1 souvenir gift at the reception.

 This General Meeting of Shareholders will be held with virtually zero CO₂ emissions by utilizing the Green Power Certificate System and replacing electricity used at the venue with renewable energy.

Electronic Provisioning System

   Access the website

Due to amendments to the Companies Act, we are providing a simplified version of the Notice of Convocation. Please refer to the website shown on page 1 for the materials for the General Meeting of Shareholders.
(For shareholders who have requested the delivery of written documents, the materials for the General Meeting of Shareholders on the website are enclosed in written form as required by law and the Articles of Incorporation.)

Inquiries about shares of Company stock and shareholder meetings

Eisai Stock Administration Group, General Affairs and Environmental & Safety Affairs Department
0120-501-217 (Hours: Weekdays 9:00 A.M. - 5:00 P.M.)
Toll Free in Japan

