CONSOLIDATED FINANCIAL REPORT [IFRS]
for the Three-Month Period Ended June 30, 2023

August 2, 2023
Eisai Co., Ltd.

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

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Expected date of quarterly report submission: August 9, 2023
Expected date of dividend payment commencement: —
Preparation of quarterly supplementary explanatory material: Yes
Quarterly results briefing held: Yes

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three-Month Period Ended June 30, 2023

(1) Consolidated Operating Results

(Percentage figures show year on year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit for the period attributable to owners of the parent		Comprehensive income for the period	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Three-month period ended June 30, 2023	196,935	6.9	26,027	250.1	28,285	191.0	20,901	-25.3	20,339	-24.4	68,423	-14.2
Three-month period ended June 30, 2022	184,262	-7.4	7,434	-86.6	9,722	-82.6	27,970	-33.8	26,897	-36.1	79,702	88.1

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	(¥)	(¥)
Three-month period ended June 30, 2023	70.92	70.92
Three-month period ended June 30, 2022	93.81	93.81

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of June 30, 2023	1,305,093	867,662	844,869	64.7	2,945.85
As of March 31, 2023	1,263,350	822,571	799,959	63.3	2,789.32

2. Dividends

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2022	—	80.00	—	80.00	160.00
FY 2023	—				
FY 2023 (Forecast)		80.00	—	80.00	160.00

(Note) Revisions to the latest dividend forecast: No

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

(Percentage figures show year on year change)

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

(Note) Revisions to the latest financial forecast: No

* Explanatory Notes

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

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

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

1) Number of shares issued (including treasury shares)	As of June 30, 2023	296,566,949	As of March 31, 2023	296,566,949
2) Number of treasury shares	As of June 30, 2023	9,529,671	As of March 31, 2023	9,667,799
3) Weighted average number of shares outstanding	For the three-month period ended June 30, 2023	286,795,349	For the three-month period ended June 30, 2022	286,707,490

The Company's shares held through a trust (237,210 shares) are not included in the number of treasury shares as of the end of the period, but are included in the average number of shares outstanding as treasury shares that are deducted from the calculation of earnings per share.

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

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

(Caution concerning forward-looking statements)
Materials and information provided in this financial disclosure may contain "forward-looking statements" based on expectations, business goals, estimates, forecasts and assumptions that are subject to risks and uncertainties as of the publication date of these materials. Accordingly, actual outcomes and results may differ materially from these statements depending on a number of important factors. Please refer to the page 8 for details with regard to the assumptions and other related matters concerning the consolidated financial forecast.

(Methods for obtaining supplementary materials and content of financial results disclosure meeting)
Supplementary materials are attached to this financial report. The Company plans to hold a financial results disclosure meeting for institutional investors and securities analysts on Wednesday, August 2, 2023. The handouts from the disclosure meeting will be made available on the Company's website after the event.

Supplemental Materials: Table of Contents

1. Qualitative Information regarding Financial Results for the Period

(1) Operating Results

[Revenue and Profit]

○ Eisai Co., Ltd. (“the Company”) and its affiliates (collectively referred to as “the Group”) recorded the following consolidated financial results for the three-month period ended June 30, 2023.

(¥billion)

	Three-month period ended June 30, 2022	**Three-month period ended June 30, 2023**	Year on year change (%)
Revenue	184.3	**196.9**	106.9
Cost of sales	47.4	**43.9**	92.7
Gross profit	136.9	**153.0**	111.8
Selling, general and administrative expenses	92.3	**86.1**	93.3
Research and development expenses	38.5	**41.1**	106.9
Operating profit	7.4	**26.0**	350.1
Profit before income taxes	9.7	**28.3**	291.0
Income taxes	(18.2)	**7.4**	—
Profit for the period	28.0	**20.9**	74.7
Profit for the period attributable to owners of the parent	26.9	**20.3**	75.6

○ Revenue increased mainly due to receipt of an upfront payment for transfer of future economic rights for elacestrant, a selective estrogen receptor degrader, in addition to continued growth of anticancer agent Lenvima and insomnia treatment Dayvigo. Revenue of pharmaceutical business came to ¥181.7 billion (100.2% year on year).

○ Regarding revenue from global brands, revenue for Lenvima, anticancer agent Halaven, Dayvigo and antiepileptic agent Fycompa was ¥70.8 billion (106.7% year on year), ¥9.5 billion (85.1% year on year), ¥9.4 billion (144.6% year on year) and ¥8.1 billion (81.7% year on year), respectively. The commercial rights for Fycompa in the United States were transferred in January 2023.

○ Selling, general and administrative expenses decreased mainly due to no longer incurring expenses related to Alzheimer’s disease (AD) treatment ADUHELM, despite increase in selling expenses for AD treatment Leqembi following the launch in the United States as well as 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 increased due to factors such as aggressive resource investment in Leqembi and recording of impairment losses related to the research facilities at the U.S. consolidated subsidiary.

○ As a result of the above, operating profit increased significantly. In addition, segment profit of pharmaceutical business came to ¥93.2 billion (102.8% year on year).
○ While profit before income taxes increased significantly, profit for the period decreased due to the impact of income taxes reduction owing to temporary factors in the same period of the previous fiscal year.

[Performance by Segment]

(Revenue for each segment indicates revenue from external customers)

The Group's business is comprised of pharmaceutical business and other business. The pharmaceutical business is organized into the following five reporting segments in this report: Japan, Americas (North America), China, EMEA (Europe, the Middle East, Africa, Russia and Oceania), and Asia and Latin America (primarily South Korea, Taiwan, India, ASEAN, Central and South America). In line with the reorganization of Japan business in FY 2023, OTC and others business (Japan) has been integrated into Japan pharmaceutical business. This change has been reflected in Segment Information for the fiscal year ended March 31, 2023.

<Japan pharmaceutical business>

○ Total revenue came to ¥64.5 billion (101.6 % year on year), with a segment profit of ¥22.8 billion (98.9% year on year). Breakdown of revenue was ¥58.7 billion (102.2% year on year) from prescription medicines and ¥5.7 billion (95.3% year on year) from OTC and others.
○ Regarding revenue by products, from neurology products, revenue for Dayvigo and Fycompa both achieved significant growth coming to ¥8.1 billion (154.1% year on year) and ¥1.8 billion (115.7% year on year), respectively. Among oncology products, revenue for Lenvima came to ¥4.1 billion (114.4% year on year) achieving significant growth. Revenue for Halaven came to ¥2.1 billion (96.1% year on year). Revenue for fully human anti-TNF-α monoclonal antibody Humira achieved growth coming to ¥13.3 billion (105.8% year on year). Revenue for Jyseleca, a JAK (Janus kinase) inhibitor, came to ¥3.0 billion (227.8% year on year) achieving significant growth. Chronic constipation treatment Goofice achieved growth coming to ¥1.8 billion (106.5% year on year). In OTC and others, revenue for Chocola BB Group came to ¥3.7 billion (96.6% year on year).

<Americas pharmaceutical business>

○ Total revenue came to ¥54.3 billion (102.4% year on year), with a segment profit of ¥35.8 billion (114.4% year on year).
○ Regarding revenue by products, from neurology products, revenue for Dayvigo came to ¥1.0 billion (91.3% year on year). Among oncology products, Lenvima earned ¥48.1 billion (125.1% year on year) achieving significant growth. Revenue for Halaven came to ¥2.9 billion (71.7% year on year).

<China pharmaceutical business>

○ Revenue totaled ¥31.6 billion (90.6% year on year), with a segment profit of ¥18.6 billion (89.8% year on year).

○ Regarding revenue by products, revenue for Lenvima came to ¥6.9 billion (49.8% year on year) mainly due to the impact of generic pharmaceuticals. Revenue for peripheral neuropathy treatment Methycobal came to ¥3.8 billion (87.2% year on year). Vertigo and equilibrium disturbance treatment Merislon earned ¥3.7 billion (147.5% year on year) achieving significant growth mainly due to impact of sales channel expansion through collaboration with external partners. Proton pump inhibitor Pariet earned ¥2.6 billion (109.9% year on year).

<EMEA pharmaceutical business>

○ Revenue totaled ¥18.7 billion (103.4% year on year), with a segment profit of ¥10.1 billion (98.4% year on year).

○ Regarding revenue by products, from neurology products, revenue for Fycompa came to ¥3.1 billion (108.8% year on year) achieving growth. Among oncology products, revenue for Lenvima/Kisplyx achieved growth recording ¥9.0 billion (111.7% year on year). Revenue for Halaven came to ¥3.0 billion (84.2% year on year).

<Asia and Latin America pharmaceutical business>

○ Revenue totaled ¥12.7 billion (106.3% year on year), with a segment profit of ¥5.9 billion (110.8% year on year).

○ Regarding revenue by products, Lenvima achieved growth, recording revenue of ¥2.6 billion (112.2% year on year). Revenue for Aricept, a treatment for Alzheimer's disease dementia, came to ¥3.2 billion (96.7% year on year).

(2) Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the period amounted to ¥1,305.1 billion (up ¥41.7 billion from the end of the previous fiscal year). Assets of overseas consolidated subsidiaries increased due to the depreciation of the Japanese yen. In addition, inventories increased mainly due to proceeding the production of Leqembi.

○ Total liabilities as of the end of the period amounted to ¥437.4 billion (down ¥3.3 billion from the end of the previous fiscal year). While short-term borrowings increased, trade and other payables decreased.

○ Total equity as of the end of the period amounted to ¥867.7 billion (up ¥45.1 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 64.7% (up 1.4 percentage points from the end of the previous fiscal year).

[Cash Flows]

○ Net cash from operating activities amounted to an inflow of ¥12.6 billion (up ¥8.7 billion from the same period of previous fiscal year). Working capital increased mainly due to increase in inventories for Leqembi and decrease in accounts payable-other.

○ Net cash used in investing activities amounted to an outflow of ¥11.6 billion (down ¥5.2 billion from the same period of 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 ¥15.5 billion (down ¥9.8 billion from the same period of previous fiscal year) mainly due to payment of dividends.

○ As a result of the above, cash and cash equivalents as of the end of the period stood at ¥269.3 billion (up ¥2.0 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 inflow of ¥1.0 billion.

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

[Status of Ongoing Research & Development Pipelines]

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

- ✧ Approved for use in the treatment of thyroid cancer (monotherapy) in over 80 countries including Japan, the United States, in Europe, China and in Asia.
- ✧ Approved for use in the treatment of hepatocellular carcinoma (first-line, monotherapy) in over 80 countries including Japan, the United States, in Europe, China and in Asia.
- ✧ Approved for use in the treatment of unresectable thymic carcinoma (monotherapy) in Japan.
- ✧ Approved in combination with everolimus for use in the treatment of renal cell carcinoma (second-line) in over 65 countries, including the United States, in Europe and in Asia.
- ✧ Approved in combination with pembrolizumab, Merck & Co., Inc., Rahway, NJ, USA's anti-PD-1 therapy, for use in the treatment of renal cell carcinoma (first-line) in over 45 countries including Japan, the United States, in Europe and in Asia.
- ✧ Approved (including conditional approval) in combination with pembrolizumab for use in the treatment of endometrial carcinoma (following prior systemic therapy) in over 50 countries including Japan, the United States, in Europe and in Asia.
- ✧ In April 2023, a Phase III trial investigating the combination therapy with pembrolizumab for colorectal cancer (non-microsatellite instability-high [MSI-H] / mismatch repair proficient [pMMR], third-line) did not meet its primary endpoint of OS. A trend toward improvement in OS was observed compared to regorafenib or TAS-102 (trifluridine and tipiracil hydrochloride); however, these results did not meet statistical significance per the pre-specified statistical plan. Additionally, a Phase III trial investigating the combination therapy for melanoma (first-line) was discontinued based on the recommendation of an independent Data Monitoring Committee which reviewed data from a planned interim analysis and determined the combination therapy did not demonstrate an improvement in OS, one of the study's dual primary endpoints. In both trials, the safety profile was consistent with previously reported data on the combination. A full evaluation of the data from these studies including pre-planned key subgroup analyses is ongoing and the results will be shared with the scientific community in cooperation with the investigators.
- ✧ Regarding studies of the agent in combination with pembrolizumab, respective Phase III studies for endometrial carcinoma (first-line), nonsquamous non-small cell lung cancer

(first-line, in combination with chemotherapy), non-small cell lung cancer (second-line), head and neck cancer (first-line), hepatocellular carcinoma (first-line, in combination with transcatheter arterial chemoembolization), esophageal carcinoma (first-line, in combination with chemotherapy), and gastric cancer (first-line, in combination with chemotherapy) are underway in the United States, Europe and other countries.

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

○ Anticancer agent Halaven (eribulin)

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

○ Alzheimer's disease (AD) treatment Leqembi (lecanemab, development code: BAN2401, jointly developed with Biogen Inc. (U.S.))

- ✧ In July 2023, the agent was granted traditional approval in the United States as a treatment for AD by the U.S. Food and Drug Administration (FDA) after an application supporting the conversion of the accelerated approval to a traditional approval based on the Phase III clinical study Clarity AD. At the same time, broader coverage by Medicare became available. The agent is the first and only approved treatment shown to reduce the rate of disease progression and to slow cognitive and functional decline in adults with AD. Treatment with the agent should be initiated in patients with mild cognitive impairment (MCI) or mild dementia stage of disease, the population in which treatment was initiated in clinical trials.
- ✧ Applications have been filed for use in the treatment of early AD in Japan, Europe, China, Canada, Great Britain, Australia, Switzerland, South Korea and Israel. The applications have been designated for priority review in Japan, China and Israel, as well as the Innovative Licensing and Access Pathway in Great Britain.
- ✧ AHEAD 3-45 (Phase III study) for preclinical (asymptomatic) AD is underway in countries including Japan, the United States and in Europe. In this study, the agent has been selected by the Alzheimer's Clinical Trials Consortium (ACTC) as a treatment to be evaluated.
- ✧ Development of a subcutaneous injection formulation is underway to enhance convenience for patients. In addition, a study to determine a new dosing regimen for maintenance treatment after removal of brain Aβ is also underway.

○ Orexin receptor antagonist Dayvigo (lemborexant)

- ✧ Approved for the treatment of insomnia in more than 15 countries including Japan, the United States and in Asia.

- ✧ A Phase III study for insomnia is underway in China.
- ✧ A Phase II study for irregular sleep-wake rhythm disorder and Alzheimer's disease dementia has finished and consideration for future development is underway.

○ Antiepileptic agent Fycompa (perampanel)

- ✧ Approved as an adjunctive therapy for use in the treatment of partial-onset seizures in over 75 countries including Japan, in Europe, China and in Asia. Approved for monotherapy in Japan and China.
- ✧ Approved as an adjunctive therapy for use in the treatment of primary generalized tonic-clonic seizures in over 70 countries including Japan, in Europe and in Asia. An application has been filed in China.
- ✧ An application has been filed in Japan seeking approval for an injection formulation as a new route of administration.
- ✧ A Phase III study for Lennox-Gastaut syndrome is underway in Japan, the United States and Europe.

○ Regarding chronic constipation treatment MOVICOL, EA Pharma Co., Ltd. (Tokyo) initiated a Phase III study for chronic constipation in children under 2 years of age.

[Major Alliances, Agreements and Other Events]

- ○ In April 2023, Eisai entered into a joint development agreement with Bliss Biopharmaceutical (Hangzhou) Co., Ltd. (China), for BB-1701, an antibody drug conjugate, with option rights to develop and commercialize globally, excluding China, Hong Kong, Macau and Taiwan.
- ○ In June 2023, partnership with AbbVie GK (Tokyo) for fully human anti-TNFα monoclonal antibody HUMIRA was ended due to expiration of the co-promotion agreement in Japan.
- ○ In June 2023, it was announced that brain health checks utilizing “NouKNOW” (non-medical device), a digital tool developed by Eisai for self-assessment of cognitive function, will continue to be promoted as part of the FY2023 dementia examination project conducted by Bunkyo City, Tokyo.
- ○ In June 2023, Eisai announced a collaborative research agreement with Gates Ventures (U.S.), Health Data Research UK (UK), LifeArc (UK) and the University of Edinburgh (UK) to develop data and digital solutions to complement approved treatment options for patients and solve issues related to the prediction, prevention, management, and treatment of dementia related disorders.
- ○ In June 2023, Eisai entered into an agreement to transfer all future economic rights for elacestrant, a selective estrogen receptor degrader discovered by Eisai, to DRI Healthcare Trust (Canada).

(4) Information on Outlook for the Future including Financial Forecast (April 1, 2023 – March 31, 2024)

[Consolidated Financial Forecast]

○ There are no changes to the consolidated financial forecast announced on May 15, 2023.

	FY2022	**FY2023 Forecast**	Year on year change
Revenue	¥744.4 billion	**¥712.0 billion**	95.6%
Operating profit	¥40.0 billion	**¥50.0 billion**	124.9%
Profit before income taxes	¥45.0 billion	**¥52.0 billion**	115.5%
Profit for the year	¥56.8 billion	**¥39.0 billion**	68.6%
Profit for the year attributable to owners of the parent	¥55.4 billion	**¥38.0 billion**	68.6%
Earnings per share attributable to owners of the parent (basic)	¥193.31	**¥132.60**	68.6%

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

[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.

○ Risks factors include risks related to management based on the Corporate Concept, risks related to maximization of the value of lecanemab and next-generation AD treatments, risks related to maximization of the value of Lenvima, risks related to partnership model, risks related to digital transformation, risks related to new drug development, risks related to side effects, risks related to product quality and stable supply, risks related to intellectual property, risks related to litigations, risks related to data reliability, risks related to trends to contain medical costs, risks related to succession, risks related to acquiring and developing human resources, risks related to information security, risks related to COVID-19, risks related to climate change, risks related to impairment of goodwill and intangible assets.

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

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

(Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Revenue	196,935	184,262
Cost of sales	(43,920)	(47,404)
Gross profit	153,015	136,857
Selling, general and administrative expenses	(86,083)	(92,306)
Research and development expenses	(41,147)	(38,499)
Other income	642	2,460
Other expenses	(400)	(1,077)
Operating profit	26,027	7,434
Financial income	2,788	2,694
Financial costs	(530)	(407)
Profit before income taxes	28,285	9,722
Income taxes	(7,385)	18,248
Profit for the period	20,901	27,970
Profit for the period attributable to		
Owners of the parent	20,339	26,897
Non-controlling interests	561	1,072
Earnings per share		
Basic (yen)	70.92	93.81
Diluted (yen)	70.92	93.81

(2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Profit for the period	20,901	27,970
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income (loss)	3,470	2,746
Subtotal	3,470	2,746
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations (loss)	43,889	48,988
Cash flow hedges	163	(2)
Subtotal	44,052	48,986
Total other comprehensive income (loss), net of tax	47,522	51,732
Comprehensive income (loss) for the period	68,423	79,702
Comprehensive income (loss) for the period attributable to		
Owners of the parent	67,820	78,603
Non-controlling interests	602	1,098

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2023	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment	166,000	166,633
Goodwill	226,417	208,817
Intangible assets	87,555	89,230
Other financial assets	61,560	52,463
Other assets	21,055	21,412
Deferred tax assets	102,432	102,592
Total non-current assets	665,020	641,148
Current assets		
Inventories	149,935	140,417
Trade and other receivables	189,206	187,256
Other financial assets	1,813	540
Other assets	29,814	26,639
Cash and cash equivalents	269,305	267,350
Total current assets	640,074	622,202
Total assets	1,305,093	1,263,350

(Millions of yen)

	As of June 30, 2023	As of March 31, 2023
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	78,838	78,813
Treasury shares	(33,622)	(33,638)
Retained earnings	523,632	522,774
Other components of equity	231,035	187,024
Total equity attributable to owners of the parent	844,869	799,959
Non-controlling interests	22,793	22,612
Total equity	867,662	822,571
Liabilities		
Non-current liabilities		
Borrowings	84,913	84,904
Other financial liabilities	38,769	36,989
Provisions	1,346	1,299
Other liabilities	15,766	17,978
Deferred tax liabilities	768	664
Total non-current liabilities	141,562	141,834
Current liabilities		
Borrowings	51,302	41,201
Trade and other payables	61,434	86,826
Other financial liabilities	37,269	34,668
Income taxes payable	6,637	2,223
Provisions	25,434	22,994
Other liabilities	113,794	111,033
Total current liabilities	295,869	298,945
Total liabilities	437,431	440,779
Total equity and liabilities	1,305,093	1,263,350

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2023

(Millions of yen)

	Equity attributable to owners of the parent				
					Other components of equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)
As of April 1, 2023	44,986	78,813	(33,638)	522,774	—
Profit for the period	—	—	—	20,339	—
Total other comprehensive income (loss)	—	—	—	—	3,471
Comprehensive income (loss) for the period	—	—	—	20,339	3,471
Dividends	—	—	—	(22,952)	—
Acquisition of treasury shares	—	—	(8)	—	—
Disposal of treasury shares	—	25	24	—	—
Reclassification	—	—	—	3,471	(3,471)
Total transactions with owners (loss)	—	25	16	(19,481)	(3,471)
As of June 30, 2023	44,986	78,838	(33,622)	523,632	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity	Total equity attributable to owners of the parent		
As of April 1, 2023	186,988	37	187,024	799,959	22,612	822,571
Profit for the period	—	—	—	20,339	561	20,901
Total other comprehensive income (loss)	43,848	163	47,481	47,481	41	47,522
Comprehensive income (loss) for the period	43,848	163	47,481	67,820	602	68,423
Dividends	—	—	—	(22,952)	(421)	(23,373)
Acquisition of treasury shares	—	—	—	(8)	—	(8)
Disposal of treasury shares	—	—	—	49	—	49
Reclassification	—	—	(3,471)	—	—	—
Total transactions with owners (loss)	—	—	(3,471)	(22,911)	(421)	(23,332)
As of June 30, 2023	230,835	200	231,035	844,869	22,793	867,662

For the three-month period ended June 30, 2022

(Millions of yen)

	Equity attributable to owners of the parent				
					Other components of equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)
As of April 1, 2022	44,986	77,605	(33,936)	506,583	—
Profit for the period	—	—	—	26,897	—
Total other comprehensive income (loss)	—	—	—	—	2,746
Comprehensive income (loss) for the period	—	—	—	26,897	2,746
Dividends	—	—	—	(22,941)	—
Share-based payments	—	(27)	—	—	—
Acquisition of treasury shares	—	—	(1)	—	—
Disposal of treasury shares	—	23	43	—	—
Reclassification	—	—	—	2,746	(2,746)
Other changes	—	—	—	25	—
Total transactions with owners (loss)	—	(4)	41	(20,169)	(2,746)
As of June 30, 2022	44,986	77,600	(33,894)	513,310	—

	Equity attributable to owners of the parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
As of April 1, 2022	153,584	—	153,584	748,821	22,712	771,534
Profit for the period	—	—	—	26,897	1,072	27,970
Total other comprehensive income (loss)	48,962	(2)	51,706	51,706	26	51,732
Comprehensive income (loss) for the period	48,962	(2)	51,706	78,603	1,098	79,702
Dividends	—	—	—	(22,941)	(7)	(22,948)
Share-based payments	—	—	—	(27)	—	(27)
Acquisition of treasury shares	—	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	—	65	—	65
Reclassification	—	—	(2,746)	—	—	—
Other changes	—	—	—	25	—	25
Total transactions with owners (loss)	—	—	(2,746)	(22,879)	(7)	(22,886)
As of June 30, 2022	202,545	(2)	202,544	804,545	23,804	828,349

(5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Operating activities		
Profit before income taxes	28,285	9,722
Depreciation and amortization	9,756	9,803
Impairment losses	2,135	—
(Increase) decrease in working capital	(22,346)	(1,065)
Interest and dividends received	2,195	663
Interest paid	(345)	(296)
Income taxes paid	(2,382)	(4,542)
Other	(4,658)	(10,339)
Net cash from (used in) operating activities	12,641	3,945
Investing activities		
Purchases of property, plant and equipment	(6,973)	(11,614)
Purchases of intangible assets	(1,594)	(4,275)
Proceeds from sale of property, plant and equipment and intangible assets	16	215
Purchases of financial assets	(3,427)	(889)
Proceeds from sale and redemption of financial assets	331	4
Payments of time deposits exceeding three months	(1)	(0)
Proceeds from redemption of time deposits exceeding three months	0	—
Other	52	(272)
Net cash from (used in) investing activities	(11,596)	(16,832)
Financing activities		
Net increase (decrease) in short-term borrowings	20,100	—
Repayments of long-term borrowings	(10,000)	(1)
Repayments of lease liabilities	(2,238)	(2,372)
Dividends paid	(22,952)	(22,941)
Other	(370)	74
Net cash from (used in) financing activities	(15,460)	(25,240)
Effect of exchange rate change on cash and cash equivalents	16,369	16,309
Net increase (decrease) in cash and cash equivalents	1,954	(21,818)
Cash and cash equivalents at beginning of period	267,350	309,633
Cash and cash equivalents at end of period	269,305	287,815

(6) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern)

Not applicable

(Changes in Accounting Policies)

With the exception of the following, all material accounting policies that are applied to these condensed interim consolidated financial statements for this period are the same as those that were applied to the consolidated financial statements for the previous fiscal year. None of the following accounting standards and interpretations applied by the Group has any major impact on the condensed interim consolidated financial statements for this period.

Accounting standards and interpretations		Mandatory application (Date of commencement)	To be applied by the Group	Description
IAS 1	Presentation of Financial Statements	January 1, 2023	Fiscal year ending March 31, 2024	Amendments to disclosure of material accounting policy information
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2023	Fiscal year ending March 31, 2024	Clarifying the distinction between changes in accounting policies and changes in accounting estimates
IAS 12	Income Taxes	January 1, 2023	Fiscal year ending March 31, 2024	Clarifying the accounting treatments of recognizing deferred tax assets and deferred tax liabilities
IAS 12	Income Taxes	January 1, 2023	Fiscal year ending March 31, 2024	Disclosure of income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development

(Segment Information)

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

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

In line with the reorganization of Japan pharmaceutical business in the fiscal year ending March 31, 2024, OTC and others has been integrated into Japan pharmaceutical business. This change has been reflected in Segment Information for the fiscal year ended March 31, 2023.

(Millions of yen)

	Three-month period ended June 30, 2023		Three-month period ended June 30, 2022	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan	64,453	22,792	63,455	23,046
Americas	54,343	35,762	53,069	31,273
China	31,554	18,646	34,810	20,753
EMEA	18,663	10,074	18,058	10,240
Asia and Latin America	12,705	5,894	11,952	5,319
Reporting segment total	181,718	93,166	181,343	90,631
Other business (Note 1)	15,217	13,155	2,918	514
Total	196,935	106,321	184,262	91,145
R&D expenses (Note 2)	―	(41,147)	―	(38,499)
Group headquarters' management costs and other expenses (Note 3)	―	(39,148)	―	(45,212)
Operating profit in the condensed interim consolidated statement of income	―	26,027	―	7,434

(Note 1) "Other business" mainly includes the license revenue and pharmaceutical ingredient business of the parent company.

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

(Note 3) "Group headquarters' management costs and other expenses" are the costs and expenses covering Group-wide operations which include the amount of other income and expenses, and the amount of profits and expenses shared under strategic collaborations with partners. For the three-month period ended June 30, 2023, shared profit of ¥32,312 million (¥31,728 million for the three-month period ended June 30, 2022) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA was included in Group headquarters' management costs and other expenses.

(Consolidated Statement of Income)

(1) Revenue

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

Three-month period ended June 30, 2023

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	63,591	439	423	64,453
Americas	53,922	420	－	54,343
China	31,552	2	－	31,554
EMEA	18,663	－	－	18,663
Asia and Latin America	12,677	28	－	12,705
Reporting segment total	180,405	889	423	181,718
Other business (Note 1)	－	12,544	2,673	15,217
Total	180,405	13,434	3,097	196,935

(Note 1) “Other business” mainly includes the license revenue and pharmaceutical ingredient business of the parent company.

(Note 2) All revenue for the three-month period ended June 30, 2023 is recognized from contracts with customers.

Three-month period ended June 30, 2022

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	60,195	1,431	1,829	63,455
Americas	52,942	127	－	53,069
China	34,810	－	－	34,810
EMEA	18,058	－	－	18,058
Asia and Latin America	11,644	307	－	11,952
Reporting segment total	177,649	1,865	1,829	181,343
Other business (Note 1)	－	383	2,536	2,918
Total	177,649	2,248	4,365	184,262
Revenue recognized from contracts with customers	177,649	1,248	4,365	183,262
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.

(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) Selling, general and administrative expenses

For the three-month period ended June 30, 2023, the Group recognized shared profit of ¥32,312 million (¥31,728 million for the three-month period ended June 30, 2022) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA as SG&A expenses.

(3) Research and development expenses

For the three-month period ended June 30, 2023, due to the idle operation of some parts of the research facilities at the Company’s consolidated U.S. subsidiary Eisai Inc.’s former headquarters, for which a lease agreement was concluded, the Group estimated the recoverable amount of right-of-use assets for those facilities zero, and recorded impairment losses of ¥2,135 million related to right-of-use assets as R&D expenses.

(4) Income taxes

For the three-month period ended June 30, 2022, as part of the Group’s capital policy to optimize the global allocation of cash in the Group, the Company received a repayment of paid-in capital of ¥63,622 million from its consolidated U.S. subsidiary, Eisai Corporation of North America. As a result, the Company recognized losses on transferring of investments in subsidiaries for tax purposes and income taxes decreased by ¥21,287 million. The final decrease in income taxes was ¥21,588 million due to the review of repayment of paid-in capital’s impact on taxable income at the end of the fiscal year ended March 31, 2023.

(Significant Subsequent Events)

Not applicable