

CONSOLIDATED FINANCIAL REPORT [IFRS] for the Six-Month Period Ended September 30, 2023

November 7, 2023
Eisai Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange (TSE)

TSE Code: 4523

URL: <https://www.eisai.com>

Representative: Haruo Naito, Representative Corporate Officer & CEO

Contact: Sayoko Sasaki, Vice President, Corporate Communications

Telephone: +81-3-3817-5120

Expected date of quarterly report submission: November 7, 2023

Expected date of dividend payment commencement: November 17, 2023

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 Six-Month Period Ended September 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)	(%)
Six-month period ended September 30, 2023	373,553	4.2	31,427	498.3	35,658	338.4	24,170	-24.0	23,129	-24.1	85,661	-16.1
Six-month period ended September 30, 2022	358,626	-1.0	5,253	-91.3	8,134	-86.7	31,802	-31.5	30,465	-33.8	102,058	103.2

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	(¥)	(¥)
Six-month period ended September 30, 2023	80.64	80.64
Six-month period ended September 30, 2022	106.25	106.25

(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 September 30, 2023	1,333,993	884,845	861,669	64.6	3,004.36
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	—	80.00			
FY 2023 (Forecast)			—	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)

Fiscal Year	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)	(%)	(¥)
	741,000	-0.5	51,000	27.4	57,500	27.7	43,000	-24.3	41,500	-25.1	145.30

(Note) Revisions to the latest financial forecast: Yes

* 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 September 30, 2023	296,566,949	As of March 31, 2023	296,566,949
2) Number of treasury shares	As of September 30, 2023	9,530,211	As of March 31, 2023	9,667,799
3) Weighted average number of shares outstanding	For the six-month period ended September 30, 2023	286,800,185	For the six-month period ended September 30, 2022	286,725,040

The Company's shares held through a trust (230,257 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 pages 9-10 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 Tuesday, November 7, 2023. The handouts from the disclosure meeting will be made available on the Company's website after the event.

Supplemental Materials: Table of Contents

	(Page)
1. Qualitative Information regarding Financial Results for the Period	
(1) Operating Results	2
(2) Financial Position	4
(3) Research & Development Pipeline, Alliances, and Other Events	5
(4) Information on Outlook for the Future including Financial Forecast	9
(5) Basic Policy on Profit Appropriation and Interim Dividend for the End of the Second Quarter of Fiscal 2023	10
2. Condensed Interim Consolidated Financial Statements and Major Notes	
(1) Condensed Interim Consolidated Statement of Income	11
(2) Condensed Interim Consolidated Statement of Comprehensive Income	12
(3) Condensed Interim Consolidated Statement of Financial Position	13
(4) Condensed Interim Consolidated Statement of Changes in Equity	15
(5) Condensed Interim Consolidated Statement of Cash Flows	17
(6) Notes to Condensed Interim Consolidated Financial Statements	
(Going Concern)	18
(Changes in Accounting Policies)	18
(Segment Information)	19
(Consolidated Statement of Income)	20
(Significant Subsequent Events)	21

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 six-month period ended September 30, 2023.

	Six-month period ended September 30, 2022	Six-month period ended September 30, 2023	(¥billion) Year on year change (%)
Revenue	358.6	373.6	104.2
Cost of sales	92.5	80.3	86.8
Gross profit	266.1	293.2	110.2
Selling, general and administrative expenses	180.4	178.9	99.2
Research and development expenses	81.5	82.8	101.5
Operating profit	5.3	31.4	598.3
Profit before income taxes	8.1	35.7	438.4
Income taxes	(23.7)	11.5	—
Profit for the period	31.8	24.2	76.0
Profit for the period attributable to owners of the parent	30.5	23.1	75.9

- 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 ¥355.6 billion (100.9% year on year).
- Regarding revenue from global brands, revenue for Lenvima, Dayvigo, anticancer agent Halaven and antiepileptic agent Fycompa was ¥151.4 billion (118.1% year on year), ¥19.4 billion (142.6% year on year), ¥18.8 billion (87.7% year on year) and ¥13.6 billion (67.5% year on year), respectively. The commercial rights for Fycompa in the United States were transferred in January 2023.
- Selling, general and administrative expenses stood at the same level as in the same period of previous fiscal year mainly due to no longer incurring expenses related to Alzheimer’s disease (AD) treatment ADUHELM, and Fycompa in the United States, 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, recording of impairment losses related to the research facilities at the U.S. consolidated subsidiary, as well as the depreciation of the Japanese yen.

- As a result of the above, operating profit increased significantly. In addition, segment profit of pharmaceutical business came to ¥185.1 billion (107.0% 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 ¥116.0 billion (94.2 % year on year), with a segment profit of ¥39.6 billion (96.7% year on year). Breakdown of revenue was ¥104.2 billion (94.2% year on year) from prescription medicines and ¥11.9 billion (93.9% 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 ¥16.7 billion (150.6% year on year) and ¥3.5 billion (116.1% year on year), respectively. Among oncology products, revenue for Lenvima came to ¥8.2 billion (118.8% year on year) achieving significant growth. Revenue for Halaven came to ¥4.1 billion (96.8% year on year). Revenue for fully human anti-TNF- α monoclonal antibody Humira came to ¥13.4 billion (54.3% year on year) due to expiration of the co-promotion agreement with AbbVie GK (Tokyo) in June 2023. Revenue for Jyseleca, a Janus kinase inhibitor, came to ¥6.2 billion (203.0% year on year) achieving significant growth. Chronic constipation treatment Goofice achieved growth coming to ¥3.5 billion (106.8% year on year). In OTC and others, revenue for Chocolate BB Group came to ¥8.0 billion (103.2% year on year) achieving growth.

<Americas pharmaceutical business>

- Total revenue came to ¥110.9 billion (104.2% year on year), with a segment profit of ¥72.3 billion (112.2% year on year).
- Regarding revenue by products, from neurology products, revenue for Dayvigo came to ¥2.2 billion (95.1% year on year). Among oncology products, Lenvima earned ¥98.8 billion (123.3% year on year) achieving significant growth. Revenue for Halaven came to ¥6.0 billion (77.6% year on year).

<China pharmaceutical business>

- Revenue totaled ¥63.3 billion (100.0% year on year), with a segment profit of ¥38.2 billion (108.2% year on year).

- Regarding revenue by products, revenue for Lenvima came to ¥18.4 billion (88.7% year on year) mainly due to the impact of generic pharmaceuticals. Revenue for peripheral neuropathy treatment Methycobal came to ¥7.1 billion (84.6% year on year). Vertigo and equilibrium disturbance treatment Merislon earned ¥7.0 billion (137.5% year on year) achieving significant growth mainly due to impact of sales channel expansion through collaboration with external partners. Proton pump inhibitor Pariet earned ¥4.8 billion (98.9% year on year).

<EMEA pharmaceutical business>

- Revenue totaled ¥37.7 billion (108.0% year on year), with a segment profit of ¥21.4 billion (104.4% year on year).
- Regarding revenue by products, from neurology products, revenue for Fycompa came to ¥6.1 billion (110.4% year on year) achieving growth. Among oncology products, Lenvima/Kispplx earned ¥19.2 billion (127.9% year on year) achieving significant growth. Revenue for Halaven came to ¥5.8 billion (84.4% year on year).

<Asia and Latin America pharmaceutical business>

- Revenue totaled ¥27.8 billion (112.0% year on year), with a segment profit of ¥13.5 billion (114.7% year on year).
- Regarding revenue by products, Lenvima earned ¥6.9 billion (126.1% year on year) achieving significant growth. Revenue for Aricept, a treatment for Alzheimer's disease dementia, came to ¥6.7 billion (99.5% year on year).

(2) Financial Position

[Assets, Liabilities, and Equity]

- Total assets as of the end of the period amounted to ¥1,334.0 billion (up ¥70.6 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 ¥449.1 billion (up ¥8.4 billion from the end of the previous fiscal year). While trade and other payables decreased, short-term borrowings and accrued expenses increased.
- Total equity as of the end of the period amounted to ¥884.8 billion (up ¥62.3 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 64.6% (up 1.3 percentage points from the end of the previous fiscal year).

[Cash Flows]

- Net cash from operating activities amounted to an inflow of ¥29.3 billion (outflow of ¥18.8 billion in 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 ¥15.9 billion (down ¥0.5 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 ¥21.0 billion (down ¥6.8 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 ¥281.5 billion (up ¥14.1 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 ¥13.3 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 overall survival (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 August 2023, a Phase III trial evaluating the combination therapy with pembrolizumab for recurrent or metastatic head and neck squamous cell carcinoma expressing PD-L1 (first-line), showed a statistically significant improvement in primary endpoints of progression-free survival (PFS) and objective response rate versus placebo plus pembrolizumab. However, it did not demonstrate an improvement in OS, the other primary endpoint, and the likelihood of reaching the protocol-specified threshold for

statistical significance was deemed to be low, and so the study will be closed.

- ✧ In September 2023, a Phase III trial evaluating the combination therapy with pembrolizumab with pemetrexed and platinum-containing chemotherapy for metastatic, non-squamous non-small cell lung cancer (first-line) did not meet the pre-specified criteria for statistical significance in the dual primary endpoints of OS and PFS compared to pembrolizumab with pemetrexed and platinum-containing chemotherapy. A Phase III trial evaluating the combination therapy with pembrolizumab for metastatic non-small cell lung cancer (second-line) did not meet the pre-specified criteria for statistical significance in the dual primary endpoints of OS and PFS compared to docetaxel.
 - ✧ Regarding studies of the agent in combination with pembrolizumab, respective Phase III studies for endometrial carcinoma (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.
 - ✧ In September 2023, the agent was approved in Japan as a treatment for slowing progression of mild cognitive impairment (MCI) and mild dementia due to AD.
 - ✧ Applications have been filed for use in the treatment of early AD in Europe, China, Canada, Great Britain, Australia, Switzerland, South Korea, Israel, Taiwan, Singapore, Brazil and Hong Kong. The applications have been designated for priority review in

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 A β 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.

- In September 2023, applications have been filed in countries, including the Philippines, seeking approval for dotinurad, a treatment for hyperuricemia and gout.
- Regarding chronic constipation treatment MOVICOL, a Phase III study for chronic constipation in children under 2 years of age was initiated by EA Pharma Co., Ltd. (Tokyo) and is underway.

[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-TNF α 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).
- In September 2023, Eisai established a digital business company Theoria technologies Co., Ltd. (Tokyo) as a wholly-owned subsidiary, aiming to accelerate the development of a dementia ecosystem.
- In September 2023, EA Pharma Co., Ltd. entered into a strategic research collaboration with TransThera Sciences (Nanjing), Inc. (China) to develop innovative therapeutics for novel targets in inflammatory diseases of the gastrointestinal system and liver.
- In September 2023, Eisai and Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tokyo) announced the co-development of “Dementia Care Support Insurance” as a part of their business alliance for the realization of a Dementia Inclusive Society.
- In October 2023, Eisai announced that it will absorb and merge with its wholly-owned subsidiary KAN Research Institute, Inc. (Hyogo, Japan) on April 1, 2024.

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

[Consolidated Financial Forecast]

- The consolidated financial forecast for fiscal 2023 (April 1, 2023 - March 31, 2024) has been revised from the forecasts previously announced on May 15, 2023, as follows:

	Revised forecast		Previous forecast		Increase/ Decrease	Rate of change
	(A)	YOY	(B)	YOY	(A-B)	
Revenue	¥741.0 billion	99.5%	¥712.0 billion	95.6%	up ¥29.0 billion	up 4.1%
Operating profit	¥51.0 billion	127.4%	¥50.0 billion	124.9%	up ¥1.0 billion	up 2.0%
Profit before income taxes	¥57.5 billion	127.7%	¥52.0 billion	115.5%	up ¥5.5 billion	up 10.6%
Profit for the year	¥43.0 billion	75.7%	¥39.0 billion	68.6%	up ¥4.0 billion	up 10.3%
Profit for the year attributable to owners of the parent	¥41.5 billion	74.9%	¥38.0 billion	68.6%	up ¥3.5 billion	up 9.2%
Earnings per share attributable to owners of the parent (basic)	¥145.30	75.2%	¥132.60	68.6%	up ¥12.70	up 9.6%

(Assumptions for third and fourth quarters: 1 USD = ¥148.0, 1 EUR = ¥157.0, 1 GBP = ¥177.5, 1 RMB = ¥20.1)

<Revenue and profit>

- Revenue is estimated to be ¥741.0 billion, up ¥29.0 billion from the previously announced forecasts, mainly based on consideration of recent exchange trends and continuous high growth of Lenvima.
- Operating profit is estimated to be ¥51.0 billion, up ¥1.0 billion from the previously announced forecasts, due to the exchange rate effects as well as continuous proactive resource investment in R&D in the dementia and oncology areas, and for early adoption and expansion of Leqembi, which has been approved in the United States and Japan.
- Profit for the year is estimated to be ¥43.0 billion, up ¥4.0 billion from the previously announced forecasts, due to the increase in operating profit and financial income based on recent changes in interest rates.
- The annual dividend forecast remains unchanged at ¥160 per share (the same amount as the previous fiscal year).

[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 in the previous fiscal year and the second quarter report of this fiscal year.

(5) Basic Policy on Profit Appropriation and Interim Dividend for the End of the Second Quarter of Fiscal 2023

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

At the Company, the dividend payments are determined by a resolution of the Board of Directors as specified in the Company’s Articles of Incorporation. The Company has set the interim dividend for the end of the second quarter of fiscal 2023 at ¥80 per share (the same amount as in fiscal 2022) as previously projected.

2. Condensed Interim Consolidated Financial Statements and Major Notes

(1) Condensed Interim Consolidated Statement of Income

(Millions of yen)

	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Revenue	373,553	358,626
Cost of sales	(80,347)	(92,536)
Gross profit	293,206	266,089
Selling, general and administrative expenses	(178,869)	(180,389)
Research and development expenses	(82,775)	(81,517)
Other income	782	3,029
Other expenses	(916)	(1,960)
Operating profit	31,427	5,253
Financial income	5,371	3,736
Financial costs	(1,140)	(855)
Profit before income taxes	35,658	8,134
Income taxes	(11,488)	23,668
Profit for the period	24,170	31,802
Profit for the period attributable to		
Owners of the parent	23,129	30,465
Non-controlling interests	1,041	1,337
Earnings per share		
Basic (yen)	80.64	106.25
Diluted (yen)	80.64	106.25

(2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Profit for the period	24,170	31,802
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)	3,711	4,054
Subtotal	3,711	4,054
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations (loss)	57,903	66,173
Cash flow hedges	(124)	29
Subtotal	57,779	66,202
Total other comprehensive income (loss), net of tax	61,491	70,256
Comprehensive income (loss) for the period	85,661	102,058
Comprehensive income (loss) for the period attributable to		
Owners of the parent	84,576	100,702
Non-controlling interests	1,084	1,356

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of September 30, 2023	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment	165,291	166,633
Goodwill	233,513	208,817
Intangible assets	86,033	89,230
Other financial assets	63,090	52,463
Other assets	20,925	21,412
Deferred tax assets	105,871	102,592
Total non-current assets	674,723	641,148
Current assets		
Inventories	159,973	140,417
Trade and other receivables	191,910	187,256
Other financial assets	501	540
Other assets	25,432	26,639
Cash and cash equivalents	281,452	267,350
Total current assets	659,269	622,202
Total assets	1,333,993	1,263,350

(Millions of yen)

	As of September 30, 2023	As of March 31, 2023
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	78,863	78,813
Treasury shares	(33,603)	(33,638)
Retained earnings	526,663	522,774
Other components of equity	244,760	187,024
Total equity attributable to owners of the parent	861,669	799,959
Non-controlling interests	23,176	22,612
Total equity	884,845	822,571
Liabilities		
Non-current liabilities		
Borrowings	84,922	84,904
Other financial liabilities	38,839	36,989
Provisions	1,339	1,299
Other liabilities	16,262	17,978
Deferred tax liabilities	480	664
Total non-current liabilities	141,841	141,834
Current liabilities		
Borrowings	48,305	41,201
Trade and other payables	61,089	86,826
Other financial liabilities	36,042	34,668
Income taxes payable	8,173	2,223
Provisions	28,374	22,994
Other liabilities	125,324	111,033
Total current liabilities	307,306	298,945
Total liabilities	449,148	440,779
Total equity and liabilities	1,333,993	1,263,350

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 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	—	—	—	23,129	—
Total other comprehensive income (loss)	—	—	—	—	3,712
Comprehensive income (loss) for the period	—	—	—	23,129	3,712
Dividends	—	—	—	(22,952)	—
Acquisition of treasury shares	—	—	(13)	—	—
Disposal of treasury shares	—	50	48	—	—
Reclassification	—	—	—	3,712	(3,712)
Total transactions with owners (loss)	—	50	35	(19,240)	(3,712)
As of September 30, 2023	44,986	78,863	(33,603)	526,663	—

	Equity attributable to owners of the parent			Total 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			
As of April 1, 2023	186,988	37	187,024	799,959	22,612	822,571
Profit for the period	—	—	—	23,129	1,041	24,170
Total other comprehensive income (loss)	57,860	(124)	61,448	61,448	43	61,491
Comprehensive income (loss) for the period	57,860	(124)	61,448	84,576	1,084	85,661
Dividends	—	—	—	(22,952)	(520)	(23,472)
Acquisition of treasury shares	—	—	—	(13)	—	(13)
Disposal of treasury shares	—	—	—	98	—	98
Reclassification	—	—	(3,712)	—	—	—
Total transactions with owners (loss)	—	—	(3,712)	(22,867)	(520)	(23,387)
As of September 30, 2023	244,847	(87)	244,760	861,669	23,176	884,845

For the six-month period ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of the parent					Other components of equity Financial assets measured at fair value through other comprehensive income (loss)
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
As of April 1, 2022	44,986	77,605	(33,936)	506,583		—
Profit for the period	—	—	—	30,465		—
Total other comprehensive income (loss)	—	—	—	—		4,054
Comprehensive income (loss) for the period	—	—	—	30,465		4,054
Dividends	—	—	—	(22,941)		—
Share-based payments	—	(27)	—	—		—
Acquisition of treasury shares	—	—	(5)	—		—
Disposal of treasury shares	—	43	73	—		—
Changes in equity in existing subsidiaries	—	1,192	244	—		—
Reclassification	—	—	—	4,054		(4,054)
Other changes	—	—	—	25		—
Total transactions with owners (loss)	—	1,208	312	(18,862)		(4,054)
As of September 30, 2022	44,986	78,813	(33,623)	518,186		—

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Total 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 period	—	—	—	30,465	1,337	31,802	
Total other comprehensive income (loss)	66,153	29	70,237	70,237	19	70,256	
Comprehensive income (loss) for the period	66,153	29	70,237	100,702	1,356	102,058	
Dividends	—	—	—	(22,941)	(44)	(22,985)	
Share-based payments	—	—	—	(27)	—	(27)	
Acquisition of treasury shares	—	—	—	(5)	—	(5)	
Disposal of treasury shares	—	—	—	116	—	116	
Changes in equity in existing subsidiaries	—	—	—	1,437	(1,449)	(13)	
Reclassification	—	—	(4,054)	—	—	—	
Other changes	—	—	—	25	—	25	
Total transactions with owners (loss)	—	—	(4,054)	(21,395)	(1,493)	(22,888)	
As of September 30, 2022	219,737	29	219,766	828,128	22,576	850,703	

(5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Operating activities		
Profit before income taxes	35,658	8,134
Depreciation and amortization	19,524	19,693
Impairment losses	2,342	272
(Increase) decrease in working capital	(20,880)	(26,595)
Interest and dividends received	4,261	1,310
Interest paid	(793)	(710)
Income taxes paid	(6,909)	(12,962)
Income taxes refund	3,035	—
Other	(6,976)	(7,987)
Net cash from (used in) operating activities	29,261	(18,846)
Investing activities		
Purchases of property, plant and equipment	(9,420)	(14,171)
Purchases of intangible assets	(2,507)	(6,549)
Proceeds from sale of property, plant and equipment and intangible assets	55	347
Purchases of financial assets	(4,687)	(1,904)
Proceeds from sale and redemption of financial assets	565	5,850
Payments of time deposits exceeding three months	(2)	(0)
Proceeds from redemption of time deposits exceeding three months	0	0
Other	62	18
Net cash from (used in) investing activities	(15,935)	(16,408)
Financing activities		
Net increase (decrease) in short-term borrowings	17,101	—
Repayments of long-term borrowings	(10,000)	(2)
Repayments of lease liabilities	(4,652)	(4,882)
Dividends paid	(22,952)	(22,941)
Other	(475)	26
Net cash from (used in) financing activities	(20,979)	(27,800)
Effect of exchange rate change on cash and cash equivalents	21,754	17,948
Net increase (decrease) in cash and cash equivalents	14,102	(45,106)
Cash and cash equivalents at beginning of period	267,350	309,633
Cash and cash equivalents at end of period	281,452	264,527

(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)

	For the six-month period ended September 30, 2023		For the six-month period ended September 30, 2022	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan	116,017	39,588	123,179	40,941
Americas	110,873	72,304	106,390	64,441
China	63,260	38,217	63,277	35,331
EMEA	37,736	21,407	34,952	20,501
Asia and Latin America	27,755	13,548	24,772	11,807
Reporting segment total	355,641	185,063	352,570	173,021
Other business (Note 1)	17,911	13,352	6,055	1,266
Total	373,553	198,416	358,626	174,287
R&D expenses (Note 2)	—	(82,775)	—	(81,517)
Group headquarters' management costs and other expenses (Note 3)	—	(84,214)	—	(87,517)
Operating profit in the condensed interim consolidated statement of income	—	31,427	—	5,253

(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 six-month period ended September 30, 2023, shared profit of ¥69,947 million (¥60,976 million for the six-month period ended September 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.

For the six-month period ended September 30, 2023

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	114,108	943	966	116,017
Americas	110,394	479	—	110,873
China	63,256	4	—	63,260
EMEA	37,736	—	—	37,736
Asia and Latin America	27,685	70	—	27,755
Reporting segment total	353,179	1,496	966	355,641
Other business (Note 1)	—	12,693	5,218	17,911
Total	353,179	14,189	6,184	373,553

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

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

For the six-month period ended September 30, 2022

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	118,295	1,881	3,003	123,179
Americas	106,118	272	—	106,390
China	63,277	—	—	63,277
EMEA	34,952	—	—	34,952
Asia and Latin America	24,432	340	—	24,772
Reporting segment total	347,074	2,493	3,003	352,570
Other business (Note 1)	—	723	5,332	6,055
Total	347,074	3,216	8,335	358,626
Revenue recognized from contracts with customers	347,074	2,216	8,335	357,626
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) Employee benefits

For the six-month period ended September 30, 2022, the Group recognized termination benefits of ¥1,404 million due to office and research laboratory closure of H3 Biomedicine Inc., 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 six-month period ended September 30, 2023, the Group recognized shared profit of ¥69,947 million (¥60,976 million for the six-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.

(4) Research and development expenses

For the six-month period ended September 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 ¥2,192 million related to right-of-use assets as R&D expenses.

For the six-month period ended September 30, 2022, the Group decided to integrate its U.S. subsidiary H3 Biomedicine Inc. into Eisai Inc. and recognized termination benefits of ¥1,404 million as R&D expenses following this closure of office and research laboratory. During the nine-month period ended December 31, 2022, H3's research functions and assets such as the drug discovery platform and investigational products were transferred to the Group, and H3's office and research laboratory were closed.

(5) Income taxes

For the six-month period ended September 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