CONSOLIDATED FINANCIAL REPORT [IFRS]
for the Nine-Month Period Ended December 31, 2023

February 6, 2024
Eisai Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange (TSE)
TSE Code: 4523
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Expected date of quarterly report submission: February 13, 2024
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 Nine-Month Period Ended December 31, 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)	(%)
Nine-month period ended December 31, 2023	551,255	0.9	37,537	171.6	43,690	148.4	30,800	-24.7	29,098	-25.6	66,497	-6.9
Nine-month period ended December 31, 2022	546,197	-3.4	13,823	-81.4	17,590	-76.6	40,925	-31.1	39,109	-35.0	71,389	-6.6

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	(¥)	(¥)
Nine-month period ended December 31, 2023	101.46	101.46
Nine-month period ended December 31, 2022	136.39	136.39

(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 December 31, 2023	1,311,234	842,715	818,893	62.5	2,855.22
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)

	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	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: 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 December 31, 2023	296,566,949	As of March 31, 2023	296,566,949
2) Number of treasury shares	As of December 31, 2023	9,530,708	As of March 31, 2023	9,667,799
3) Weighted average number of shares outstanding	For the nine-month period ended December 31, 2023	286,801,992	For the nine-month period ended December 31, 2022	286,746,028

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, February 6, 2024. The handouts for the disclosure meeting will be made available on the Company's website.

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 nine-month period ended December 31, 2023.

(¥billion)

	Nine-month period ended December 31, 2022	**Nine-month period ended December 31, 2023**	Year on year change (%)
Revenue	546.2	**551.3**	100.9
Cost of sales	139.3	**119.2**	85.6
Gross profit	406.9	**432.0**	106.2
Selling, general and administrative expenses	273.0	**271.0**	99.3
Research and development expenses	121.4	**124.5**	102.5
Operating profit	13.8	**37.5**	271.6
Profit before income taxes	17.6	**43.7**	248.4
Income taxes	(23.3)	**12.9**	—
Profit for the period	40.9	**30.8**	75.3
Profit for the period attributable to owners of the parent	39.1	**29.1**	74.4

○ 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 ¥528.1 billion (99.3% year on year).

○ Regarding revenue from global brands, revenue for Lenvima, Dayvigo, anticancer agent Halaven and antiepileptic agent Fycompa was ¥223.2 billion (116.7% year on year), ¥31.2 billion (141.9% year on year), ¥28.7 billion (90.4% year on year) and ¥19.7 billion (64.4% 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 and 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 ¥269.6 billion (105.2% 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 the fiscal year ending March 31, 2024, 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 ¥172.0 billion (91.4 % year on year), with a segment profit of ¥60.1 billion (98.4% year on year). Breakdown of revenue was ¥154.2 billion (91.0% year on year) from prescription medicines and ¥17.9 billion (95.5% 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 ¥26.6 billion (146.8% year on year) and ¥5.4 billion (114.1% year on year), respectively. Among oncology products, revenue for Lenvima came to ¥12.2 billion (115.4% year on year) achieving significant growth. Revenue for Halaven came to ¥6.1 billion (94.3% year on year). Revenue for fully human anti-TNF-α monoclonal antibody Humira came to ¥13.4 billion (35.8% year on year) due to the expiration of the co-promotion agreement with AbbVie GK (Tokyo) in June 2023. Revenue for Jyseleca, a Janus kinase inhibitor, came to ¥9.6 billion (180.4% year on year) achieving significant growth. Chronic constipation treatment Goofice achieved growth coming to ¥5.6 billion (108.2% year on year). In OTC and others, revenue for Chocola BB Group came to ¥11.5 billion (104.1% year on year) achieving growth.
○ Leqembi was launched in December 2023.

<Americas pharmaceutical business>

○ Total revenue came to ¥172.1 billion (106.3% year on year), with a segment profit of ¥111.8 billion (113.1% year on year).
○ Regarding revenue by products, from neurology products, revenue for Dayvigo came to ¥3.8 billion (106.5% year on year). Among oncology products, Lenvima earned ¥152.1 billion (123.5% year on year) achieving significant growth. Revenue for Halaven came to ¥9.3 billion (84.2% year on year).

<China pharmaceutical business>

○ Revenue totaled ¥86.4 billion (94.3% year on year), with a segment profit of ¥46.7 billion (95.0% year on year).

○ Regarding revenue by products, revenue for Lenvima came to ¥21.1 billion (77.0% year on year) mainly due to the impact of generic pharmaceuticals. Vertigo and equilibrium disturbance treatment Merislon earned ¥10.2 billion (125.5% year on year) achieving significant growth mainly due to impact of sales channel expansion through collaboration with external partners. Revenue for peripheral neuropathy treatment Methycobal came to ¥9.9 billion (81.9% year on year). Proton pump inhibitor Pariet earned ¥6.3 billion (88.6% year on year).

○ Parkinson's disease treatment Equfina was launched in Hong Kong in October 2023.

<EMEA pharmaceutical business>

○ Revenue totaled ¥56.2 billion (106.9% year on year), with a segment profit of ¥31.4 billion (106.2% year on year).

○ Regarding revenue by products, from neurology products, revenue for Fycompa came to ¥9.4 billion (110.5% year on year) achieving growth. Among oncology products, Lenvima/Kisplyx earned ¥27.7 billion (125.7% year on year) achieving significant growth. Revenue for Halaven came to ¥9.1 billion (88.6% year on year).

<Asia and Latin America pharmaceutical business>

○ Revenue totaled ¥41.4 billion (109.5% year on year), with a segment profit of ¥19.7 billion (111.6% year on year).

○ Regarding revenue by products, Lenvima earned ¥10.0 billion (123.8% year on year) achieving significant growth. Revenue for Aricept, a treatment for Alzheimer's disease dementia, came to ¥10.1 billion (101.5% year on year) achieving growth.

○ Jyseleca was launched in Taiwan and South Korea in October 2023 and November 2023, respectively.

(2) Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the period amounted to ¥1,311.2 billion (up ¥47.9 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 ¥468.5 billion (up ¥27.7 billion from the end of the previous fiscal year). While trade and other payables decreased, borrowings increased due to implementation of a sustainability-linked loan.

○ Total equity as of the end of the period amounted to ¥842.7 billion (up ¥20.1 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 62.5% (down 0.9 percentage points from the end of the previous fiscal year).

[Cash Flows]

○ Net cash from operating activities amounted to an inflow of ¥37.9 billion (outflow of ¥25.8 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 ¥22.3 billion (up ¥2.2 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 ¥13.4 billion (inflow of ¥1.9 billion in 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 ¥284.8 billion (up ¥17.4 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 ¥15.5 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 50 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 it was decided to close the study.

- ✧ 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.
- ✧ In December 2023, a Phase III trial evaluating the combination therapy with pembrolizumab for the first-line treatment of advanced or recurrent endometrial carcinoma did not meet the pre-specified criteria for statistical significance in the dual primary endpoints of OS and PFS compared to platinum-based chemotherapy doublet.
- ✧ Regarding studies of the agent in combination with pembrolizumab, respective Phase III studies for 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 85 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 MCI and mild dementia due to AD.
- ✧ In January 2024, the agent was approved in China as a treatment of MCI due to AD and mild AD dementia.
- ✧ Applications have been filed for use in the treatment of early AD in Europe, Canada, Great Britain, Australia, Switzerland, South Korea, Israel, Taiwan, Singapore, Brazil, Hong Kong, Russia, Saudi Arabia and India. The applications have been designated for priority review in 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.
- ✧ In January 2024, an application seeking approval for the treatment of insomnia was accepted 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.
- ✧ In January 2024, an injection formulation of the agent was approved in Japan as a new route of administration.
- ✧ A Phase III study for Lennox-Gastaut syndrome is underway in Japan, the United States and Europe.

○ In December 2023, an application was filed in Japan seeking approval for anticancer agent tasurgratinib (development code: E7090) for biliary tract cancer with FGFR2 gene fusion.

○ In January 2024, an application seeking approval for dotinurad for the treatment of gout was submitted and accepted in China. Applications seeking approval for the agent for the

treatment of hyperuricemia and gout were filed in the Philippines, Malaysia, Thailand and Indonesia.

○ In January 2024, an application was filed in Japan seeking approval for mecobalamin ultrahigh-dose formulation (development code: E0302) for amyotrophic lateral sclerosis (ALS).

○ 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.

○ Regarding BB-1701, an antibody drug conjugate being jointly developed by Bliss Biopharmaceutical (Hangzhou) Co., Ltd. (China), a Phase II study for breast cancer was initiated in the United States.

[Major Alliances, Agreements and Other Events]

○ In April 2023, Eisai entered into a joint development agreement with Bliss Biopharmaceutical (Hangzhou) Co., Ltd., for BB-1701 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).

○ 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.

○ In November 2023, Eisai (Thailand) Marketing Co., Ltd., Eisai’s Thai sales subsidiary, made an agreement to collaborate with the Department of Medical Services, Ministry of Public

Health of Thailand to further enhance the access to treatments for dementia including AD in Thailand.

○ In December 2023, Eisai and Mizuho Bank, Ltd. (Tokyo) signed a sustainability-linked syndicated loan agreement which came into effect.

○ In January 2024, Eisai Pharmaceuticals Africa (Pty) Ltd, Eisai's sales subsidiary in South Africa, commenced fully-fledged operations.

(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 November 7, 2023.

	FY2022	**FY2023 Forecast**	Year on year change
Revenue	¥744.4 billion	**¥741.0 billion**	99.5%
Operating profit	¥40.0 billion	**¥51.0 billion**	127.4%
Profit before income taxes	¥45.0 billion	**¥57.5 billion**	127.7%
Profit for the year	¥56.8 billion	**¥43.0 billion**	75.7%
Profit for the year attributable to owners of the parent	¥55.4 billion	**¥41.5 billion**	74.9%
Earnings per share attributable to owners of the parent (basic)	¥193.31	**¥145.30**	75.2%

(Assumptions: 1 USD = ¥148.0, 1 EUR = ¥157.0, 1 GBP = ¥177.5, 1 RMB = ¥20.1)

[Forecasts and Risk Factors]

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

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

○ These are judgments as of the time of the announcement, and statements in the text regarding the future are not guarantees that they will occur or be achieved.

○ 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 Year-End Dividend Forecast

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 intends to set the fiscal year-end dividend at ¥80 per share (same amount as the previous fiscal year) as previously forecasted. With an interim dividend of ¥80 per share paid at the end of the second quarter, the Company intends to set the total dividend for the fiscal year at ¥160 per share (same amount as the previous fiscal year).

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

(Millions of yen)

	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Revenue	551,255	546,197
Cost of sales	(119,227)	(139,272)
Gross profit	432,028	406,925
Selling, general and administrative expenses	(271,039)	(272,970)
Research and development expenses	(124,474)	(121,403)
Other income	1,386	3,398
Other expenses	(364)	(2,127)
Operating profit	37,537	13,823
Financial income	7,696	5,240
Financial costs	(1,543)	(1,473)
Profit before income taxes	43,690	17,590
Income taxes	(12,891)	23,334
Profit for the period	30,800	40,925
Profit for the period attributable to		
Owners of the parent	29,098	39,109
Non-controlling interests	1,702	1,816
Earnings per share		
Basic (yen)	101.46	136.39
Diluted (yen)	101.46	136.39

(2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Profit for the period	30,800	40,925
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)	1,773	5,122
Subtotal	1,773	5,122
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations (loss)	34,139	25,520
Cash flow hedges	(214)	(179)
Subtotal	33,925	25,342
Total other comprehensive income (loss), net of tax	35,698	30,464
Comprehensive income (loss) for the period	66,497	71,389
Comprehensive income (loss) for the period attributable to		
Owners of the parent	64,767	69,570
Non-controlling interests	1,730	1,819

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2023	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment	159,943	166,633
Goodwill	221,584	208,817
Intangible assets	86,229	89,230
Other financial assets	58,551	52,463
Other assets	21,524	21,412
Deferred tax assets	102,406	102,592
Total non-current assets	650,236	641,148
Current assets		
Inventories	163,246	140,417
Trade and other receivables	186,182	187,256
Other financial assets	401	540
Other assets	26,378	26,639
Cash and cash equivalents	284,791	267,350
Total current assets	660,998	622,202
Total assets	1,311,234	1,263,350

(Millions of yen)

	As of December 31, 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	(33,607)	(33,638)
Retained earnings	507,730	522,774
Other components of equity	220,921	187,024
Total equity attributable to owners of the parent	818,893	799,959
Non-controlling interests	23,822	22,612
Total equity	842,715	822,571
Liabilities		
Non-current liabilities		
Borrowings	134,758	84,904
Other financial liabilities	37,347	36,989
Provisions	1,342	1,299
Other liabilities	16,803	17,978
Deferred tax liabilities	489	664
Total non-current liabilities	190,738	141,834
Current liabilities		
Borrowings	31,502	41,201
Trade and other payables	56,063	86,826
Other financial liabilities	35,355	34,668
Income taxes payable	6,477	2,223
Provisions	29,816	22,994
Other liabilities	118,568	111,033
Total current liabilities	277,781	298,945
Total liabilities	468,519	440,779
Total equity and liabilities	1,311,234	1,263,350

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent				
					Other components of equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)
As of April 1, 2023	44,986	78,813	(33,638)	522,774	—
Profit for the period	—	—	—	29,098	—
Total other comprehensive income (loss)	—	—	—	—	1,773
Comprehensive income (loss) for the period	—	—	—	29,098	1,773
Dividends	—	—	—	(45,915)	—
Acquisition of treasury shares	—	—	(16)	—	—
Disposal of treasury shares	—	50	48	—	—
Reclassification	—	—	—	1,773	(1,773)
Total transactions with owners (loss)	—	50	31	(44,142)	(1,773)
As of December 31, 2023	44,986	78,863	(33,607)	507,730	—

	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	—	—	—	29,098	1,702	30,800
Total other comprehensive income (loss)	34,110	(214)	35,670	35,670	28	35,698
Comprehensive income (loss) for the period	34,110	(214)	35,670	64,767	1,730	66,497
Dividends	—	—	—	(45,915)	(520)	(46,435)
Acquisition of treasury shares	—	—	—	(16)	—	(16)
Disposal of treasury shares	—	—	—	98	—	98
Reclassification	—	—	(1,773)	—	—	—
Total transactions with owners (loss)	—	—	(1,773)	(45,833)	(520)	(46,354)
As of December 31, 2023	221,098	(177)	220,921	818,893	23,822	842,715

For the nine-month period ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of the parent				
					Other components of equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)
As of April 1, 2022	44,986	77,605	(33,936)	506,583	—
Profit for the period	—	—	—	39,109	—
Total other comprehensive income (loss)	—	—	—	—	5,122
Comprehensive income (loss) for the period	—	—	—	39,109	5,122
Dividends	—	—	—	(45,893)	—
Share-based payments	—	(27)	—	—	—
Acquisition of treasury shares	—	—	(15)	—	—
Disposal of treasury shares	—	43	73	—	—
Changes in equity in existing subsidiaries	—	1,192	244	—	—
Reclassification	—	—	—	5,122	(5,122)
Other changes	—	—	—	25	—
Total transactions with owners (loss)	—	1,208	302	(40,746)	(5,122)
As of December 31, 2022	44,986	78,813	(33,634)	504,946	—

	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	—	—	—	39,109	1,816	40,925
Total other comprehensive income (loss)	25,517	(179)	30,461	30,461	3	30,464
Comprehensive income (loss) for the period	25,517	(179)	30,461	69,570	1,819	71,389
Dividends	—	—	—	(45,893)	(44)	(45,937)
Share-based payments	—	—	—	(27)	—	(27)
Acquisition of treasury shares	—	—	—	(15)	—	(15)
Disposal of treasury shares	—	—	—	116	—	116
Changes in equity in existing subsidiaries	—	—	—	1,437	(1,449)	(13)
Reclassification	—	—	(5,122)	—	—	—
Other changes	—	—	—	25	—	25
Total transactions with owners (loss)	—	—	(5,122)	(44,358)	(1,493)	(45,851)
As of December 31, 2022	179,101	(179)	178,922	774,034	23,038	797,072

(5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Operating activities		
Profit before income taxes	43,690	17,590
Depreciation and amortization	29,416	29,847
Impairment losses	2,377	272
(Increase) decrease in working capital	(27,957)	(54,806)
Interest and dividends received	6,960	2,757
Interest paid	(1,102)	(993)
Income taxes paid	(10,577)	(18,089)
Income taxes refund	3,045	—
Other	(7,919)	(2,341)
Net cash from (used in) operating activities	37,934	(25,763)
Investing activities		
Purchases of property, plant and equipment	(10,964)	(19,579)
Purchases of intangible assets	(8,563)	(8,283)
Proceeds from sale of property, plant and equipment and intangible assets	364	409
Purchases of financial assets	(5,308)	(2,588)
Proceeds from sale and redemption of financial assets	2,076	9,832
Payments of time deposits exceeding three months	(3)	(0)
Proceeds from redemption of time deposits exceeding three months	0	1
Other	58	25
Net cash from (used in) investing activities	(22,339)	(20,183)
Financing activities		
Net increase (decrease) in short-term borrowings	301	55,201
Proceeds from long-term borrowings	49,825	—
Repayments of long-term borrowings	(10,000)	(4)
Repayments of lease liabilities	(7,088)	(7,377)
Dividends paid	(45,915)	(45,893)
Other	(499)	(9)
Net cash from (used in) financing activities	(13,376)	1,918
Effect of exchange rate change on cash and cash equivalents	15,221	2,398
Net increase (decrease) in cash and cash equivalents	17,441	(41,630)
Cash and cash equivalents at beginning of period	267,350	309,633
Cash and cash equivalents at end of period	284,791	268,002

(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 nine-month period ended December 31, 2023		For the nine-month period ended December 31, 2022	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan	172,022	60,086	188,124	61,071
Americas	172,108	111,837	161,880	98,876
China	86,361	46,673	91,537	49,121
EMEA	56,167	31,366	52,524	29,539
Asia and Latin America	41,407	19,667	37,817	17,626
Reporting segment total	528,065	269,630	531,882	256,233
Other business (Note 1)	23,190	15,559	14,316	7,061
Total	551,255	285,188	546,197	263,294
R&D expenses (Note 2)	―	(124,474)	―	(121,403)
Group headquarters' management costs and other expenses (Note 3)	―	(123,178)	―	(128,068)
Operating profit in the condensed interim consolidated statement of income	―	37,537	―	13,823

(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 nine-month period ended December 31, 2023, shared profit of ¥103,433 million (¥91,412 million for the nine-month period ended December 31, 2022) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Rahway, NJ, USA was included in Group headquarters' management costs and other expenses.

(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 nine-month period ended December 31, 2023

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	169,123	1,441	1,458	172,022
Americas	171,743	365	―	172,108
China	86,354	6	―	86,361
EMEA	56,167	―	―	56,167
Asia and Latin America	41,297	111	―	41,407
Reporting segment total	524,684	1,923	1,458	528,065
Other business (Note 1)	―	14,826	8,364	23,190
Total	524,684	16,749	9,822	551,255

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

(Note 2) All revenue for the nine-month period ended December 31, 2023 is recognized from contracts with customers.

For the nine-month period ended December 31, 2022

(Millions of yen)

	Revenue from pharmaceutical goods sales	License revenue	Other revenue	Total
Pharmaceutical business				
Japan	182,917	2,388	2,818	188,124
Americas	161,516	364	―	161,880
China	91,517	20	―	91,537
EMEA	52,524	―	―	52,524
Asia and Latin America	37,425	391	―	37,817
Reporting segment total	525,900	3,163	2,818	531,882
Other business (Note 1)	―	6,354	7,962	14,316
Total	525,900	9,517	10,780	546,197
Revenue recognized from contracts with customers	525,900	8,517	10,780	545,197
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 nine-month period ended December 31, 2022, 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 nine-month period ended December 31, 2023, the Group recognized shared profit of ¥103,433 million (¥91,412 million for the nine-month period ended December 31, 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 nine-month period ended December 31, 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 ¥2,227 million related to right-of-use assets as R&D expenses.

For the nine-month period ended December 31, 2022, H3 was integrated into Eisai Inc. 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. Following this closure of office and research laboratory, the Group recognized termination benefits of ¥1,367 million as research and development expenses.

(5) Income taxes

For the nine-month period ended December 31, 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