Eisai Value Creation Report **2021**

hhc

human health care

Eisai Co., Ltd.

Materiality

Eisai's corporate philosophy is to give first thought to patients and their families. Likewise, Eisai provides employees, who are responsible for making a positive contribution to patients, with opportunities to develop their talents so as to enrich their careers and cultivate work satisfaction. Eisai's mission is the enhancement of patient satisfaction, then revenue and earnings will be generated as a consequence. We attach great importance to this sequence of placing the mission before the ensuing results.

At the same time, in order to sustainably maximize corporate value in a way that satisfies all stakeholders, and taking into account our corporate philosophy's concept of "mission and the results," it can be seen as more efficient to focus on long-term investors, who are beneficiaries of residual income, as the most important stakeholders*1. While taking the long-term interests of all stakeholders including patients and employees taken into account, we believe that identifying the concerns relating to the interests of long-term investors and then implementing related initiatives on a priority basis, is the fast track to the maximization of corporate value.

The process for establishing materiality and Eisai's Materiality Matrix are shown below. Reviews and updates are undertaken as needed.

*1 Concept derived from Enlightened Value Maximization Theory (Michael C. Jensen, 2001)

Process for establishing materiality

Process 1: Identification of issues

In identifying guidelines, we taking into account various types of guidelines (e.g., Sustainability Accounting Standards for Pharmaceuticals by SASB*2, GRI Guidelines), the Sustainable Development Goals (SDGs)*3, communication with stakeholders, and socially responsible investment (SRI) indices (e.g., Dow Jones Sustainability Index).

Process 2: Prioritization of issues and creation of Materiality Matrix

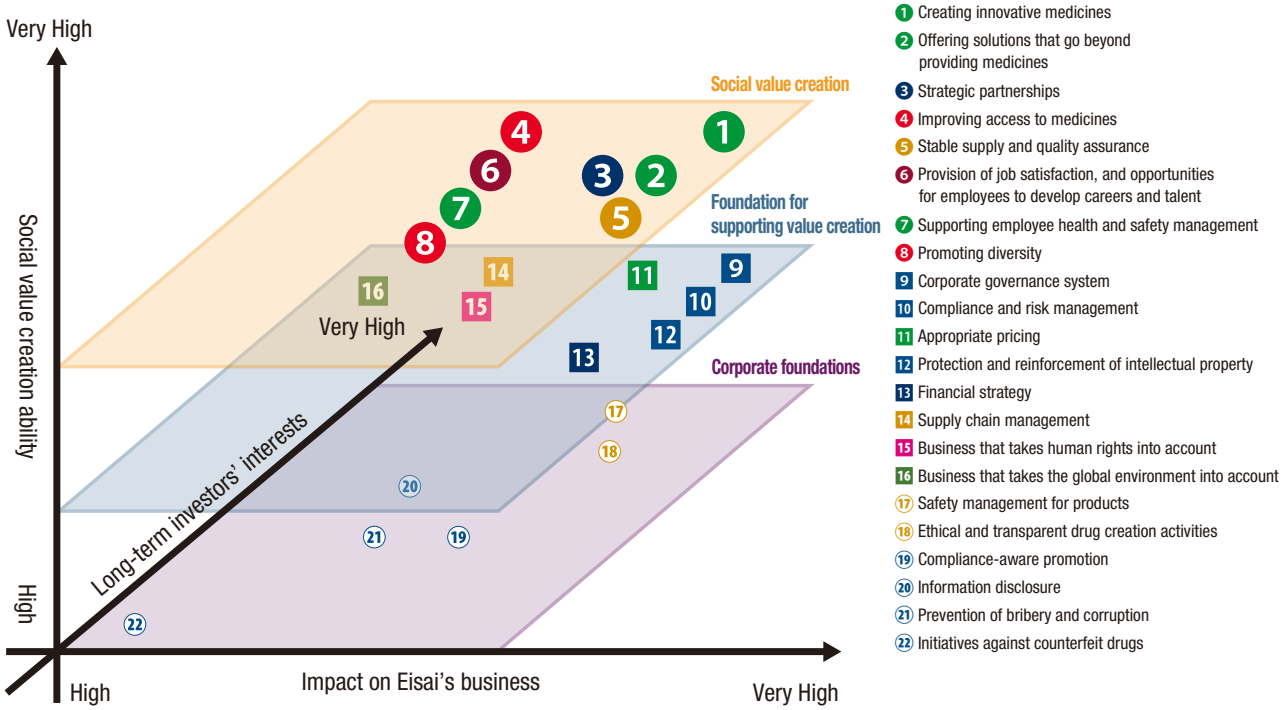
We prioritize issues that have a particularly high degree of importance, and then create a matrix, from the perspectives of "impact on Eisai's business" considering the corporate philosophy and impact on finances, and of "interest to long-term investors," which includes financial reporting, opportunities to create innovation, and the impact of legal restrictions and industry norms.

Process 3: Reviews and updates

Reviews and updates are undertaken as needed, taking into account the progress made in initiatives relating to relevant issues and changes in the business environment.

*2 SASB (Sustainability Accounting Standards Board) is a U.S.-based non-profit organization that identifies materiality by industry for reasonable investors and develops sustainability disclosure standards.
*3 Sustainable Development Goals (SDGs) are a set of international goals established under the 2030 Agenda for Sustainable Development adopted at the United Nations. Sustainable Development Summit in September 2015.

Eisai's Materiality Matrix



1 Creating innovative medicines
2 Offering solutions that go beyond providing medicines
3 Strategic partnerships
4 Improving access to medicines
5 Stable supply and quality assurance
6 Provision of job satisfaction, and opportunities for employees to develop careers and talent
7 Supporting employee health and safety management
8 Promoting diversity
9 Corporate governance system
10 Compliance and risk management
11 Appropriate pricing
12 Protection and reinforcement of intellectual property
13 Financial strategy
14 Supply chain management
15 Business that takes human rights into account
16 Business that takes the global environment into account
17 Safety management for products
18 Ethical and transparent drug creation activities
19 Compliance-aware promotion
20 Information disclosure
21 Prevention of bribery and corruption
22 Initiatives against counterfeit drugs

hhc

Contents *human health care*

Major External Evaluations As of July 2021

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

MSCI ESG RATINGS AA (CCC B BB BBB A AA AAA)

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

FTSE4Good

FTSE Blossom Japan

DIVERSITY MANAGEMENT SELECTION 100 2021

プラチナくるみん 子育てサポートしています

Platinum Career Award 2021

MORNINGSTAR GenDi Developed Markets Gender Diversity Index TOP CONSTITUENT 2020

2021 健康経営優良法人 Health and productivity ホワイト500

S&P/JPX Carbon Efficient Index

CDP DISCLOSURE INSIGHT ACTION

2021 Sompo Sustainability Index

access to medicine index

Institutional Investor 2020 ALL-JAPAN EXECUTIVE TEAM MOST HONORED COMPANY EISAI

2018 IR Prime Business Award 優良企業大賞 member of Japan Investor Relations Association

The Driving Force of Eisai: "*human health care* (*hhc*)"

500 Number of global *hhc* activities per year

Eisai's corporate philosophy, established in 1992, is understood and internalized as our core value by our global employees

Eisai's corporate philosophy reflects our commitment to business activities aiming at increasing the benefits to patients, their families, and consumers, who we clearly recognize as the key players in healthcare.

This corporate philosophy is summarized by the term "human health care (*hhc*)." We believe that, it is important for each employee to first develop proximity to patients and see the situation from their perspectives in order to learn to empathize with their thoughts and feelings that they might not always express in words. Accordingly, **all employees are encouraged to spend at least 1% of their total business hours interacting with patients.**

To share our values and goals with shareholders and to operate our business more effectively, **we incorporated the corporate philosophy into the Company's Articles of Incorporation, upon receiving approval at the Annual General Shareholders' Meeting in June 2005.**

Articles of Incorporation Article 2

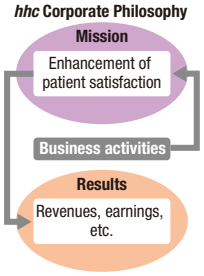
(1) **The Company's Corporate Philosophy is to give first thought to patients and their families, and increase the benefits that health care provides them. Under this Philosophy, the Company endeavors to become a *human health care* (*hhc*) company.**

(2) **The Company's mission is the enhancement of patient satisfaction. The Company believes that revenues and earnings will be generated by fulfilling this mission. The Company places importance on this sequence of placing the mission before the ensuing results.**

(3) The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.

(4) The Company's principal stakeholders are patients, customers, shareholders and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value of their stake through:
1. Satisfying unmet medical needs, ensuring a stable supply of high-quality products, and providing useful information on subjects including drug safety and efficacy;
2. Timely disclosure of corporate management information, enhancement of corporate value, and a positive return to shareholders; and
3. Ensuring stable employment, offering challenging and fulfilling duties, and providing full opportunities for the development of employees' capabilities.

Sequence of Mission and Results Based on the *hhc* Corporate Philosophy



Announcement of the Concept of Eisai Innovation in 1990 as the Origin of the Corporate Philosophy "*hhc*"

Haruo Naito, the current Representative Corporate Officer and CEO, was appointed President of Eisai in 1988. He began transforming Eisai's corporate image and challenging employees to adopt new mindsets and attitudes as soon as he began his tenure, by identifying changes in the times, in society, and in people's attitudes. Then, in 1990, clearly recognizing patients, their families, and the customers as key players in healthcare activities, the company announced the concept of Eisai Innovation. This advocated taking pride in achieving business results through improving the benefits to these stakeholders, and urged each individual employee to transform themselves with the message "The world is changing. Let us change along with it." The spirit of this new concept was summarized as "*human health care* (*hhc*)" and incorporated into the company's Corporate Mission in 1992.

Business Model Based on "*hhc*"

Eisai's "*hhc*" is different from corporate social responsibility (CSR), which mainly involves social contribution activities such as acts of charity that do not directly contribute to business or corporate value. It is relatively close to Creating Shared Value (CSV), a business model that aims to pursue both social value and economic value. Eisai's mission is to create social value by enhancing patient satisfaction, and economic value in the form of revenue and profit is generated as a result. Eisai places importance on this sequence of placing the mission before the ensuing results.

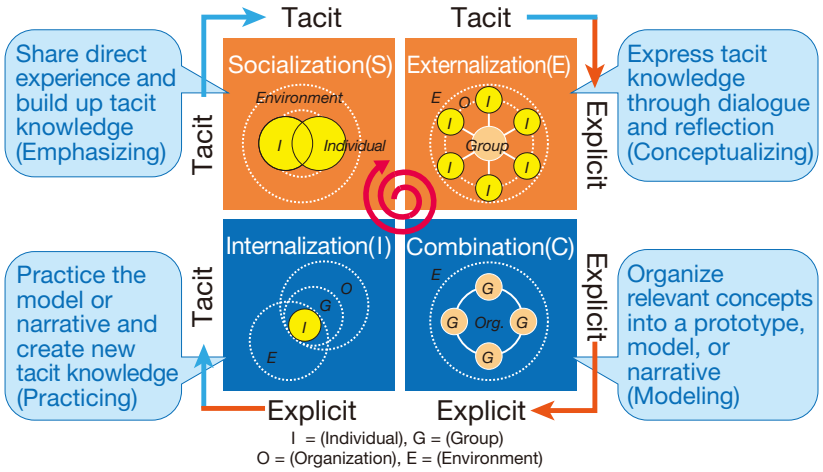
CSR Corporate Social Responsibility	CSV Creating Shared Value	*hhc* *human health care*
• Value: Doing good	• Value: Economic and social benefits relative to cost	• Value: The common good
• Citizenship, philanthropy, sustainability	• Joint company and community value creation	• Companies together create value in tune with community needs
• Discretionary or in response to external pressure	• Integral to competition	• No fixation on competition
• Separate from profit maximization	• Integral to profit maximization	• Profits are gained as the result of striving for the common good
• Agenda is determined by external reporting and personal preferences	• Agenda is company specific and internally generated	• Agenda is shared by each company
• Impact is limited by corporate footprint and CSR budget	• Realigns the entire corporate budget	• Included in the company's regular operating budget
• Example: Fair trade purchasing	• Example: Transforming procurement to increase quality and yields	• Example: Input of customer needs into value chain

*Compiled by Deloitte Tohmatsu Consulting based on Michael E. Porter, "Creating Shared Value," *Harvard Business Review*, and other resources and revised by Eisai. Supervised by Ikujiro Nonaka, Professor Emeritus of Hitotsubashi University.

Initiatives to Realize Innovation Based on the Theory of Knowledge Creation

Each employee of Eisai is aiming to realize our corporate philosophy "*hhc*" through their daily work by exercising ingenuity based on the theory of knowledge creation. There are 2 types of knowledge: "tacit knowledge" and "explicit knowledge." The former is subjective and not easily expressible, while the latter is expressible. The "SECI model" is the core framework of knowledge creation, which creates organizational innovation through the repeated and mutual conversion of tacit and explicit knowledge. In this model, knowledge creation is captured in 4 phases: (1) "Socialization (S)," a process of building up tacit knowledge through directly sharing experience with others. (2) "Externalization (E)," a process of expressing tacit knowledge through dialogue between individuals and articulation into concepts or iconography. (3) "Combination (C)," a process for combining explicit knowledge of an organizational level into a model, or narrative. (4) "Internalization (I)," a process of creating new tacit knowledge through practicing explicit knowledge. It is important to repeat this spiral of four phases for strategic knowledge creation. Eisai places particular importance on socialization in understanding the reality of patients (i.e., emotions), and encourages all employees around the world to spend at least 1% of their total business hours interacting with patients.

SECI Model Knowledge Creation Spiral

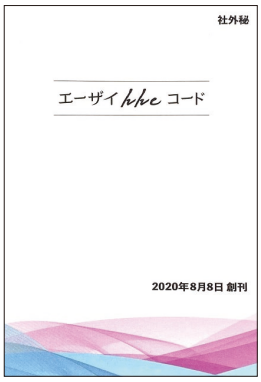


Issuance of Eisai "*hhc*" Code

COVID-19 is believed to cause mental anxiety, and induce prejudice and discrimination in human relationships, besides the physical effects of infection. The Eisai *hhc* Code was issued internally for all employees in the Eisai group on August 8, 2020, to serve as the basis of all business activities and business execution, because we think it is important to fully consider the value and significance of empathy, be considerate of other people, and learn to coexist while being in close proximity to each other in this unprecedented situation.

This code consists of the Main part and the Side story. CEO Haruo Naito wrote all of the Main part, which comprises 23 chapters about the background of corporate actions based on "*hhc*" philosophy, purpose, and results. The topics include the issuance of the Eisai Innovation Declaration in 1990, the medium-term business plan 'EWAY Future & Beyond,' the steps from the emergence of the "*hhc*" philosophy to its realization, corporate behavior, the preparedness required of those who aspire to achieve results in business, and so on.

The Side story includes contributions from Ikujiro Nonaka, professor emeritus of Hitotsubashi University and Akihiro Okumura, Professor emeritus of Keio University. They guided and encouraged us while we had been establishing and implementing Eisai's "*hhc*" philosophy, and we have received guidance from high places every time we need it. The Code is a guidepost showing the history, present, and future of "*hhc*."



Eisai Received the Corporate Philanthropy Award for Its Efforts to Realize the "*hhc*" Philosophy

We received the 18th (fiscal 2020) Corporate Philanthropy Award from the Japan Philanthropic Association.

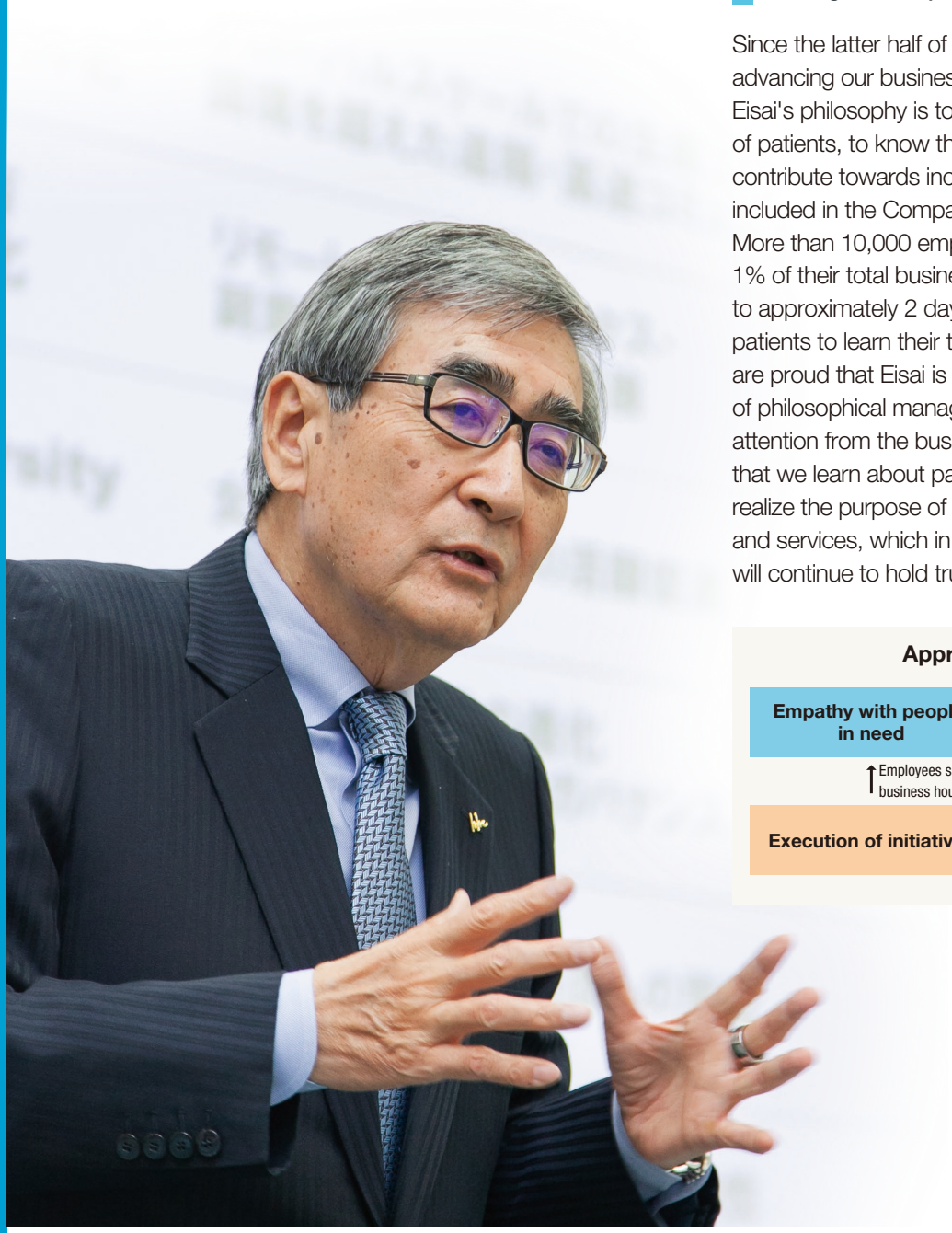
Eisai's corporate philosophy of "*hhc*" and the activities to realize it were evaluated as activities embodying preparedness based on a corporate culture in which employees can demonstrate their true value in working toward the realization of a society where people can live happily.

Presentation ceremony
Left: Yoko Takahashi, Chair of the Japan Philanthropic Association,
Right: Keigo Kato, Head of the Knowledge Creation Department, Eisai Co., Ltd.

Message from the CEO

To Our Stakeholders

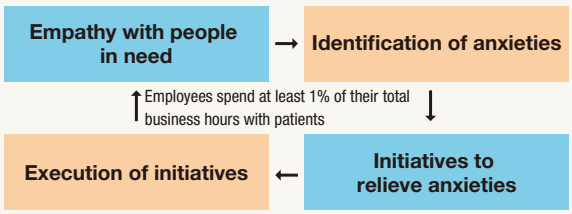
Fiscal 2020 was a year in which the COVID-19 pandemic affected us in various ways. We would like to extend our deepest sympathies to those who have been infected with the virus, and to express our appreciation for all the healthcare professionals who have devoted themselves to working on the front line every day. We hope that the pandemic will end as soon as possible. Under these difficult circumstances, we focused on maintaining the quality and stable supply of our products. Since medicines are directly linked to patients' lives, disruption of supply is unacceptable under any circumstances. Although the operation of our Vizag Plant (India) was suspended for 3 days, and our Bogor Site (Indonesia) for 10 days, other sites maintained full operation. Overall, we were able to maintain a smooth and stable supply.



Putting Our Corporate Philosophy Into Practice

Since the latter half of the 1980s, we have been advancing our business with the "*hhc*" philosophy. Eisai's philosophy is to give first thought to the well-being of patients, to know their thoughts and feelings, and to contribute towards increasing their benefits. This is also included in the Company's Articles of Incorporation. More than 10,000 employees worldwide spend at least 1% of their total business hours, which is equivalent to approximately 2 days per year interacting with patients to learn their true thoughts and feelings. We are proud that Eisai is in a leading position in the area of philosophical management, which is now attracting attention from the business sector, based on the idea that we learn about patients' anxieties first, and then realize the purpose of relieving them with our technology and services, which in turn will benefit our company. We will continue to hold true to our philosophy in the future.

Approach to anxiety



Creation of Social Value Through Next-Generation Alzheimer's Disease Treatments

On June 7, 2021, the U.S. Food and Drug Administration (FDA) granted ADUHELM™ (generic name: aducanumab*1) accelerated approval for the indication of Alzheimer's disease*2 (AD). The first thing that came into my mind at that moment was the FDA approval of Aricept® on November 25, 1996. Roughly a quarter of a century has passed since then before we finally achieved the approval of the first treatment to act on the pathology of AD, which is thought to be the cause of the disease, on June 7, 2021. For me, this is a very meaningful achievement.

Since the launch of Aricept®, we have globally interacted with patients and implemented a wide range of Socialization activities, totaling 1,800 globally. We strive to build close relations with people with AD and their families, understand their anxieties and needs, and win their trust. We believe that we have been leading the development of new treatments for AD in the world. In addition to ADUHELM™, we have been developing candidate disease modifiers that are involved in different stages of the pathophysiology of AD, such as the anti-Aβ protofibrils antibody lecanemab*3, the new anti-MTBR tau antibody E2814*4, and the new synapse regenerant E2511. We believe that appropriate use of these drugs based on the biomarker information of each individual patient will lead to a radical transformation of treatment for AD. Eisai will continue to take on the challenge, and contribute to building the trust of patients, their families, and people in general by relieving the anxieties related to AD.

*1 Co-development with Biogen Inc.
*2 The latest indication is for mild cognitive impairment or mild dementia stage of AD
*3 Licensed-in from BioArctic AB
*4 Co-research with University College London

Maximizing the Value of Lenvima® and the Creation of Social Value in the Oncology Area

In fiscal 2020, the product revenue for the anticancer agent Lenvima® was JPY 133.9 billion, 120% of fiscal 2019. Currently, 3 monotherapies and 2 combination therapies have been approved for a total of 5 cancer types. Lenvima® was approved in more than 75 countries, and the number of patients prescribed was over 130,000, as of the end of fiscal 2020. In fiscal 2021, we aim to increase the sales to JPY 172 billion, 128% of fiscal 2019. The first line (1L) therapy for renal cell carcinoma (RCC) in combination with KEYTRUDA® will be the key growth driver. Currently, the indication for the second line therapy for RCC in combination with everolimus has been approved. The first line treatment in combination with KEYTRUDA® for RCC is already recommended as a treatment with evidence in the NCCN (National Comprehensive Cancer Network) guidelines, and we aim to obtain this indication, which is currently under review in the United States, EU, and Japan. We already obtained conditional approval in some countries for the indication of endometrial carcinoma (EC)*1, and this was fully approved by the FDA on July 22, 2021. In the LEAP Study, which is an ongoing clinical study for combination therapy with KEYTRUDA®, the clinical studies for 13 cancers are ongoing. We aim to achieve sales at the JPY 500 billion level for Lenvima® in fiscal 2025 through succeeding in this study.

*1 Advanced endometrial carcinoma that is not Microsatellite Instability-High (MSI-H) or Mismatch Repair Deficient (dMMR), and progressed following prior systemic therapy in any setting in patients who are not candidates for curative surgery or radiation

Lenvima®: LEAP Study

Aim to expand as backbone therapy to contribute to patients all over the world

5 approved cancer types

- Unresectable differentiated thyroid cancer
- Unresectable hepatocellular carcinoma
- Unresectable thymic carcinoma (approved in Japan only)
- In combination with everolimus, for the treatment of patients with advanced renal cell carcinoma following one prior antiangiogenic therapy
- Treatment of patients with advanced endometrial carcinoma that is not microsatellite instability-high (MSI-H) or mismatch repair deficient (dMMR), who have disease progression following prior systemic therapy and are not candidates for curative surgery or radiation

Number of prescribed patients: over 135,000
Number of countries with approval: more than 75

13 cancer types under development

- Renal cell carcinoma (1L)
- Endometrial carcinoma (1L, FPST*2)
- Hepatocellular carcinoma (1L)
- Non-small cell lung cancer (1L, 2L)
- Melanoma (1L, 2L)
- Head and neck cancer (1L, 2L)
- Bladder cancer (1L)
- Gastric cancer (1L, 3L)
- Colorectal cancer (3L)
- Biliary tract cancer (2L)
- Glioblastoma (2L)
- Pancreatic cancer (2L/3L)
- Esophageal carcinoma(1L)

Blue: monotherapy
Pink: combination therapy

*2 Following Prior Systemic Treatment

The progression of cancer is classified as ultra-early cancer, early cancer, advanced cancer, and drug resistant cancer. We aim to understand the mutation status of the oncogenes and provide a treatment that suits each patient by ctDNA (circulating tumor DNA), so-called liquid biopsy. We are developing treatment modality not only for small molecule compounds and antibodies, but also for the most effective modality for the target. One of them is MORAb-202. It is our first antibody drug conjugate (ADC), and we entered into an exclusive global strategic collaboration agreement for the co-development and co-commercialization with Bristol Myers Squibb (BMS, U.S.) in June 2021. MORAb-202 is characterized by its payload of Halaven® (generic name:eribulin), which is our modern synthetic organic chemistry that has already made contributions to patients with breast cancer and soft tissue sarcoma. It is a potential best-in-class folate receptor alpha (FRα) ADC with a favorable pharmacology profile. Our collaboration with BMS will accelerate the development of MORAb-202, with the goal of bringing a new treatment option to patients globally.

From "The Patient" to "The People"

We have been implementing the mid-term plan 'Plan EWAY' since fiscal 2016. We adopted the name 'EWAY Current' for the period up to fiscal 2020, and 'EWAY Future & Beyond' for the following 10 years or more in this plan.

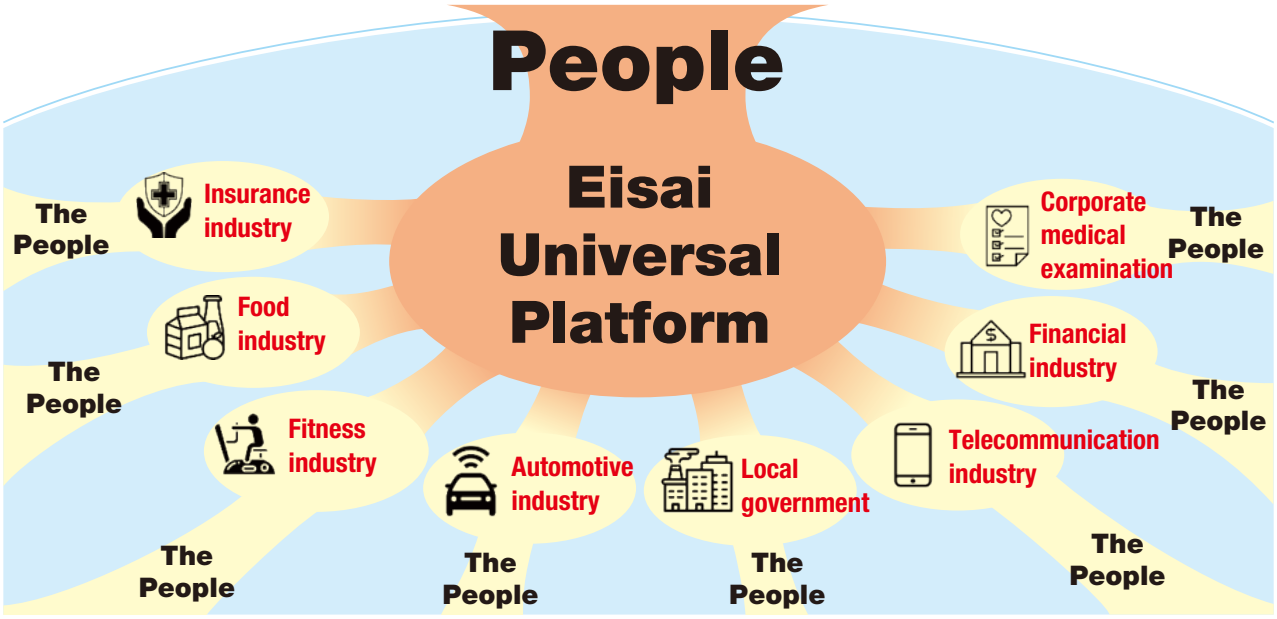
The big difference between the 'EWAY Current' and the ongoing 'EWAY Future & Beyond' is the expansion of the field of vision, specifically the change of perspective from "The Patient" to "The People." Although the word "families" was clearly written in the "*hhc*" philosophy of 'EWAY Current,' it was actually difficult to approach this effectively. However, because of the progress of digital transformation (DX) in recent years, we believe that it has become possible to communicate with "The People," which is the broader meaning of "families." We aim to change our perspective from "The Patient" to "The People" in this "*hhc*" philosophy, and we call the new ambitious system the *hhc* philosophy + ecosystem (that is, *hhc*eco), based on the idea of empowering everyone to live their lives to the fullest.

The core of this ecosystem is the Eisai Universal Platform, which advances solutions that include drugs that rely on a variety of data. The platform seeks to deliver them in the most appropriate way to "The People" who may live healthy daily lives or have illness. Furthermore, we aim to realize such *hhc*eco by inviting other industries to utilize the solutions and information generated by Eisai Universal Platform and increase the contribution from each industry to "The People."

To build up this platform, we will start by promoting the creation of solutions based on scientific evidence in our areas of expertise, neurology and oncology. In addition, because we have long been implementing measures to understand customers' anxieties, proposing solutions, and sincerely empathizing with them, we hope to evolve our business structure to support and enable "The People" to live their lives to the fullest from a healthy state to the end. This is the core philosophy of Eisai in 'EWAY Future & Beyond.'

"*hhc*" philosophy + ecosystem (*hhc*eco)

Ecosystem to accelerate the relieving of various anxieties through collaboration with other industries and groups, setting Eisai Universal Platform as the core element



Working Toward the Achievement of the SDGs

I believe that the top priority of the Sustainable Development Goals (SDGs) adopted by the United Nations for the pharmaceutical industry is the correction of medical disparities, and our efforts in the area of Neglected Tropical Diseases (NTDs) are most important in that sense.

Eisai has been providing diethylcarbamazine (DEC) tablets, a treatment for lymphatic filariasis* (LF), which is one of the NTDs, free of charge to endemic countries through the World Health Organization (WHO) elimination program. We hope to achieve the goals of "Leave No One Behind" and "PARTNERSHIPS FOR THE GOALS" of the SDGs by continuing this activity.

We decided to collaborate on this initiative in 2010, when I was Chairman of the International Pharmaceutical Federation of Pharmaceutical Manufacturers & Associations (IFPMA). Dr. Margaret Chan, the Director-General of the WHO at that time, asked us to cooperate with them to help the many people who were suffering from LF for financial reasons. More specifically, the aim was to manufacture and supply DEC tablets, which were one of the therapeutic drugs for LF, in our Vizag Plant (India) and make them available free of charge to the WHO. The DEC tablets are very high quality and have WHO prequalification. Following the issuing of the London Declaration in 2012, the WHO, the World Bank, governments of major countries, the Gates Foundation, and 13 pharmaceutical companies formed a Public Private Partnership (PPP) and launched initiatives to eliminate 10 tropical diseases. At that time, Eisai was the only Japanese company among these 13 firms. This was the largest PPP in the international health environment. To our regret, these 10 NTDs could not be eliminated as quickly as had been hoped, so the coverage period was extended to 2030 in 2020, and the WHO's NTD Roadmap 2030 was approved. This type of partnership has also been accelerated for development of vaccines for COVID-19.

Regarding tropical diseases and infections, just manufacturing and delivering medicines is not enough. Mass drug administration (MDA) is essential, because we see desirable results only when the drugs are actually taken. Eisai Group employees are also closely involved in MDA and are continuing to study measures to eliminate LF.

Thanks to Eisai's provision of more than 2 billion DEC tablets to 28 countries, we eliminated LF in 17 out of the 72 endemic countries. To eliminate LF by 2030, we will continue to dedicate all our efforts to delivering DEC tablets.

* A disease caused by thread-like worms (helminths) of a pathogen, known as filarial. It is transmitted to humans by mosquitoes. Infection can cause serious damage to the lymphatic system and may cause physical impairment such as elephantiasis, which swells and enlarges the foot so that it resembles that of an elephant. Statistics show that more than 120 million people in 73 tropical and subtropical countries are infected with this disease.

Management Based on Long-Termism

Jomon cedars are about 2,000 years old, with huge trunks which can reach 15 meters around. However, the width of the growth rings is only about 1mm. By contrast, *Honshu* cedars have growth rings that are 1cm wide, 10 times wider than those of *Jomon* cedars and grow faster. The *Jomon* cedar is, so to speak, a symbol of long-termism or sustainability. It coexists with various other plants, which in turn attracts insects and small animals to create symbiotic communities. Its root is covered with rich moss, which is a symbol of long-term prosperity. This shows that *Jomon* cedar is a platformer that forms an ecosystem realizing long-term growth, both on and under trees. Eisai would like to be a sustainable platformer like the *Jomon* cedar. This is one of our goals in the ongoing 'EWAY Future & Beyond.'

A forest of *Jomon* cedars

We aim to fulfill our stakeholder's mandate by increasing sustainable corporate value under the concepts of "*hhc*" philosophy and compliance. We ask all our stakeholders for their continued support.

August 2021
Representative Corporate Officer and CEO

Haruo Naito

Empowering everyone to live their lives to the fullest

Social value

The Patient
Medicines

2021

Socialization with patients

New employee training with people with dementia (China)

Initiatives against neglected tropical diseases

Socializing with lymphatic filariasis patients (India)

Contribution to communities

Discussion with the Bunkyo-ward local authority based on a regional agreement (Japan)

Experience
1941

human health care
(hhc)

Trust

The Patient
Medicines

The People
Solutions

Beyond

2025

hhceco

Dementia area

Oncology area

Working with partners to relieve anxieties

Time

Our Mission for People with Dementia and Their Families

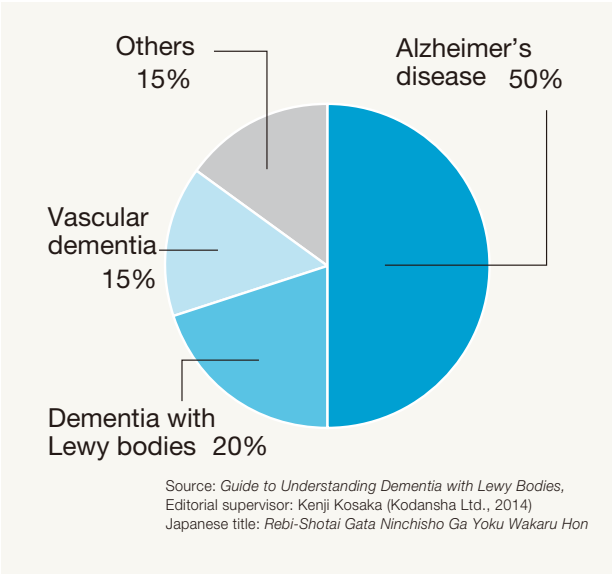
Ivan Cheung
Senior Vice President
President, Neurology Business Group
Chairman, Eisai Inc.

What Is Dementia?

Symptoms such as finding it hard to remember new things or not being able to remember the names of acquaintances become more noticeable with aging.

However, this ordinary "forgetting" is due to the aging of the brain. By contrast, dementia is completely different from "forgetting" due to aging, and refers to a symptom or condition that occurs due to the death of brain cells resulting from various causes and diseases, or an extreme worsening of cognitive functions. There are various types of dementia. While symptoms of Alzheimer's disease (AD), the most prevalent type of dementia, are mainly related to memory impairment (core symptoms), behavioral and psychological symptoms (BPSD), such as delusions and hallucinations, violence, wandering, and depression are also observed. In addition to AD, dementia with Lewy bodies and vascular dementia are well-known, and as the disease progress, the comprehension and judgement abilities of people living with dementia deteriorate, which may impair social life and daily living.

●Types of dementia



Source: *Guide to Understanding Dementia with Lewy Bodies,*
Editorial supervisor: Kenji Kosaka (Kodansha Ltd., 2014)
Japanese title: *Rebi-Shotai Gata Ninchisho Ga Yoku Wakaru Hon*

Current Situation and Social Cost of Dementia

AD is the only disease that has no established preventive action or treatment, and the number of patients is increasing, with AD ranking among the top 10 causes of death globally. As the aging of the global population gathers pace, the number of people with dementia is expected to continue showing an upward trend. It was estimated to be 50 million worldwide in 2018 and will reach 82 million by 2030, and 152 million by 2050. Nearly 60% of people with dementia are living in low- and middle-income countries, and this ratio will increase to 71% by 2050. The total annual cost for dementia is approximately 1 trillion USD worldwide now, and this is forecast to double to 2 trillion USD in 10 years. AD, which accounts for more than half of dementia cases, is a disease with extremely high unmet medical needs, and the World Health Organization (WHO) says that it is one of the world's most serious public health issues.

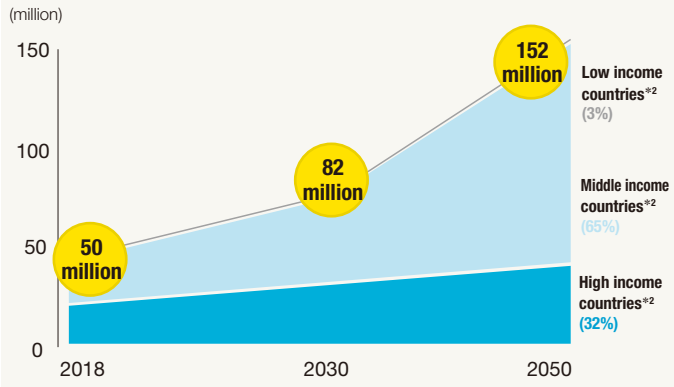
New Achievements in Regard to Alzheimer's Disease

Based on Eisai's corporate philosophy of "*human health care,*" which means "to give first thought to patients and their families, and to increase the benefits that health care provides to them," Eisai Group employees have spent time with people with AD. We have learned about the anxiety of the people concerned and have generated motivation for the creation of drugs for the treatment of AD.

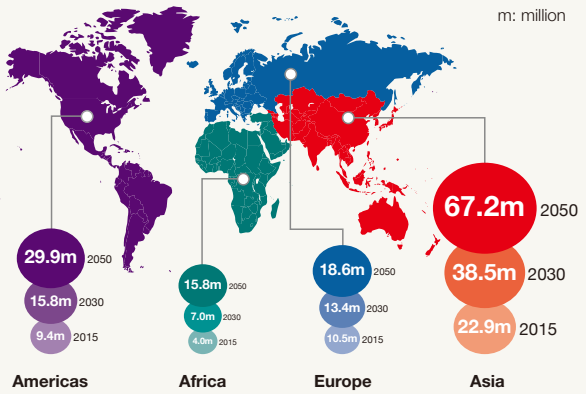
The monthly visits, together with my 2 children, to a memory care facility near our house in Westchester in New York prior to the COVID-19 pandemic were always filled with heartwarming lessons about the realities of the residents living there with various forms of dementias. We did puzzles with them, got to know them, talked with their family members visiting them, and saw how their days would be brightened up by the presence of children. During the COVID-19 pandemic, we wrote cards and made origami for them.

The accelerated approval of ADUHELM™ (generic name: aducanumab*) in the U.S. on June 7, 2021 drew me back to those memories, as I ponder who among the residents there might be appropriate AD patients

Change in the number of people with dementia worldwide*1

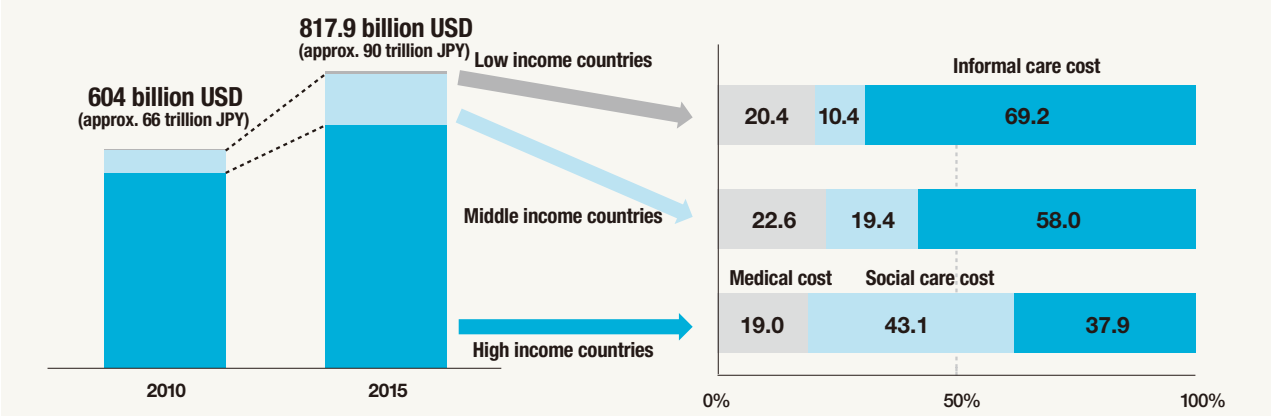


Estimated number of people with dementia in each region*3



*1 World Alzheimer Report 2018
*2 High income countries are defined as those with a GNI (Gross National Income) per capita of $12,736 or more, Middle income countries are defined as those with a GNI per capita of more than $1,046 but less than $12,736 and Low income countries are defined as those with a GNI per capita of $1,045 or less (World Alzheimer Report 2015)
*3 World Alzheimer Report 2015

Estimated annual cost of dementia worldwide *



* High income countries are defined as those with a GNI (Gross National Income) per capita of $12,736 or more, Middle income countries are defined as those with a GNI per capita of more than $1,046 but less than $12,736 and Low income countries are defined as those with a GNI per capita of $1,045 or less (World Alzheimer Report 2015)

to receive ADUHELM™ and how they and their families might be helped. This historic and humbling moment, which occurred almost 25 years after the U.S. approval of Aricept®, exemplified Eisai's unwavering commitment to addressing the fundamental concerns and needs of AD patients. It was a long and winding road from Aricept® to ADUHELM™, but we never gave up on our mission to turn the remarkable evolution of the science about the AD continuum into real-world contributions to patients and their families.

* Co-development with Biogen Inc.

Working to Make a Further Contribution to People with Dementia

Prior to ADUHELM™, no drug had been approved by the U.S. Food and Drug Administration (FDA) for the treatment of dementia since 2003, which indicates the extreme difficulty in drug discovery in this area. There are several reasons for this. Firstly, it is extremely difficult to reproduce high-order brain functions, such as cognitive function, that are unique to humans when using experimental animals. In addition, the necessity of large-scale and long-term clinical studies, which substantially increase R&D expenses makes the lead time before the delivery of new treatments to patients even longer. COVID-19 hindered interaction with patients and made us understand that drug development may be delayed due to external factors. To realize not only clinical benefits but also long-term value for patients, families, caregivers, and society, we have been carrying out clinical studies steadily by taking measures to facilitate home infusion of drugs and remote assessment.

We will not stop here because we have so much more work to do, not only to bring ADUHELM™ to as many appropriate patients as possible in the world, but also to one day defeat and prevent this disease altogether through our continuous work with precision medicines such as lecanemab*1, E2814*2, and E2511 as well as ecosystem solutions such as the brain health panel, which makes quantitative and continuous measurements of pathophysiological biomarkers. We are not afraid to go down another long and winding road, because that is who Eisai is.

*1 Co-development with Biogen Inc. Licensed-in from BioArctic AB
*2 Co-research with University College London

Actions To Make the World Free From Fear of Cancer

Terushige Iike
Senior Vice President
President, Oncology Business Group
Japan and Asia Medical

Eisai's involvement in the development of anticancer agents began relatively recently. We launched Halaven® and Lenvima® with a passionate commitment to supporting patients who had no effective treatment at that time, so that they could have the hope of upcoming new drugs with superior efficacy. Our clinical studies have successfully presented statistically effective data on groups of patients who received newly developed anticancer agents that make cancer cells smaller and enable patients to live longer.

"I had been shocked at first when diagnosed with cancer, but was relieved by the success of the resection surgery. Unfortunately, the cancer recurred. When my doctor recommended that I take an anticancer agent, I was upset burst into tears. I had a very hard time from the adverse effects of the anticancer agent. Now, I have survived and returned to work, but I cannot be free from the fear of recurrence of cancer even for a moment." A young woman who overcame breast cancer told us this.

Although she was still suffering from anxiety, she encouraged us by saying, "An anticancer agent saved my life. Development of new treatments is what all cancer patients are hoping for." Listening to her, we sensed the anxiety that was deeply rooted in her mind. Anxiety resulting from treatment with unforeseeable results, adverse effects, and having insufficient information how cancer might affect her in the future.

Why is it that nobody can tell how their cancer might develop in the future? It is because various genetic mutations occur in cancer cells, which accumulate over time, and their characteristics change with treatments such as drugs and radiation. Diagnostic imaging or tumor markers cannot detect them. It is necessary to know the cancer status of each patient at the genetic and molecular levels.

The technology to detect the future progression of cancer is developing. Genome analysis by next-generation sequencing*1 and technology for analyzing DNA derived from cancer cells in blood are the examples. The clinical studies we conduct every day to develop new drugs are the most suitable way to observe the cancer status of patients over a long period. Information from clinical studies can help doctors to select the best-fit treatment for cancer patients, and give scientists the hypothesis and targets needed to develop new treatments. We have established a dedicated group of researchers specializing in new technologies. Furthermore, we seek to collaborate with entities that have outstanding skills in the area of genome analysis.

According to statistics from the National Cancer Center, Japanese people have a 50% or higher chance of having cancer over their lifetime, and the crude cancer mortality rate in 2019*2 was 366.0 men and 245.7 women per 100,000 population. By comparison, the highest mortality rate for tuberculosis, once feared to be an incurable disease, stood at 257 per 100,000 population in 1918. Of course, the impact of cancers cannot be compared to that of a pandemic, but their burden on modern society is still obvious. Our Lenvima® is becoming the first-line treatment for many types of cancers. We have been accumulating valuable data on cancer patients in many clinical studies. Eisai is committed to contributing to society by providing information and new treatment methods for diagnosing cancer at the genomic level, diagnosing the status of individual cancers, and selecting the optimal treatment method. We hope to help all cancer survivors to live free from fear.

*1 An experimental method for determining the base sequences of between tens of millions and hundreds of millions of randomly fragmented DNA in parallel
*2 Simple calculation performed by dividing the number of people who died by the size of the whole population in that period without adjustment for age

Event to support breast cancer patients (Thailand)

Empowering “The People” To Live Their Lives to the Fullest in the Future

Keisuke Naito
Vice President
Chief Ecosystem Officer

Our Future Written by DX

Eisai has been constantly challenging itself to develop proximity to patients and relieve their anxieties by developing innovative medicines. Our leveraging of digital transformation (DX) will eliminate the need to use placebo arms as comparison with developing medicines in clinical studies, and we can meet the expectations of patients to the fullest. We will be able to deliver new medicines or non-pharmacologic therapies to patients faster by making the research and development period shorter. Furthermore, DX is accelerating realization of drug discovery by genome data analysis and custom-made medical care with individual prediction of treatment effect. We believe that Eisai’s mission is to provide the value generated by the combination of prediction, prevention, medical supplies, and certain non-pharmacologic therapies for all people.

What the ‘EWAY Future & Beyond’ Aims for

COVID-19 brought social loneliness and changes in communication methods, and we recognize that the current situation, in which each person thinks for themselves about how medical care and society should be, represents a turning point in our values. We have formulated our longest ever management plan, ‘EWAY Future & Beyond,’ which targets a period of more than 10 years starting from fiscal 2021 in the midst of this changing environment and awareness. We have designed our business model not only to maximize customer satisfaction through treatments for patients, but also to change the perspective from “The Patient” to “The People” and deliver solution packages universally. This is because we found that there might be limits to the creation of innovative medicines based on our existing value chain model that consisted of exploratory research, drug discovery research, development, regulatory affairs, production, logistics, marketing, monitoring, and stably supply of the products to patients. It is difficult for Eisai to do everything alone when changing perspectives from “The Patient” to “The People.” Taking as a foundation the understanding our limits and the need to work with partners, we are expanding cooperation with various organizations such as startups, utilizing the R&D capabilities that we have built up over the years.

In addition, since the creation of the Alzheimer's disease (AD) treatment Aricept®, we have been socializing with patients for more than a quarter of a century. I myself touched on various anxieties while I spent time playing games with the patients, worked outdoors with people with early AD, or held a brain activation program at our HQ building. Approval of ADUHELM™ (generic name: aducanumab*) has great implications for society. Furthermore, in order to realize symbiosis and prevention in the relationship between dementia and society, it is important for patients to participate in the dementia ecosystem. We believe that the success or failure in building relationships depends on whether Eisai is seen as a trustworthy company by society and individuals. We aim to build trust that empowers “The People” to live their lives to the fullest by continuing the spirit of altruism, sending out reliable and specific solution packages to the world, and forming a huge ecosystem surrounding them.

* Co-development with Biogen Inc.

Awareness-raising activities for early detection of dementia (China)

Our Brand History and Expectations for a Major Leap Forward

Toshihiko Yusa
Executive Director (Group Officer)
Head of Integrated Dementia Strategy and Planning Department

The Success of Aricept® Made Eisai a Top Company in Dementia Treatments

We believe that we have contributed to raising recognition and understanding, and have increased social acceptance of dementia through our overall disease awareness activities since Eisai launched its Alzheimer's disease treatment Aricept® in 1999.

I myself recognized not only the suffering of the patient but also the standpoint of the family through the Socialization process of spending time with them. That led me to feel a strong sense of mission to generate innovation that would change the social infrastructure. We promoted every related mission with colleagues who share the feelings throughout the country. We built mutual trust with the community through an approach that involved providing a pathway for access to institutions which could accept patients having problems relating to early detection, early diagnosis and peripheral symptoms of dementia under the slogan of "build communities where people can live safely even with dementia." Our activities went beyond what pharmaceutical companies normally do to relieve the anxiety of patients, their families, and caregivers, and we have solved various issues affecting dementia treatment through close contact with the community. We believe that our passion helped to secure support and cooperation from various people concerned with dementia and is also now seen by the public as an embodiment of our corporate value.

Dementia is a disease that afflicts not only patients but also the families providing care for them, and what medicines can do is limited. We hope to keep our position as a pioneer for this disease. We aim to break away from the business model of traditional pharmaceutical companies and continue to exist as a Societal Innovator, a company that changes society with solutions.

From "Building Communities" to Construction and Proposal for a Dementia Medical Care System

Our idea of Societal Innovator is naturally rooted in our employees, while engaging with dementia in an in-depth way. In 2008, Eisai started activities in earnest throughout Japan to support "building communities" to help people live with dementia. Through the holding of lectures and supporting multi-occupational collaboration, we strove to set up "communities" which are patient-friendly, in cooperation with specialist in medical care, senior care and administration, the local government and local residents. Since 2010, we have been collaborating with local governments, medical associations, pharmacist associations, and others all over the country. Currently, we have concluded cooperation agreements to encourage early consultation for dementia with 45 prefectures, and 167 local governments and organizations. We continue to participate in "building communities" where dementia patients and their families can live in peace.

However, we experienced many challenges at the beginning of this project. First of all, the phrase "building communities" took time to take root among healthcare workers, local residents, and even in Eisai. I remember having shared small success stories with employees to boost motivation. In the university hospital where I worked as a medical representative (MR) in those days, we held small meetings to build the relationship between the visiting outpatient service recipients of medical office doctors and the doctors of surrounding facilities. We helped doctors to realize the importance of early consultation for dementia, through the discussion of cases in general practice where it would be difficult to make a determination, encouraged them to participate in public lectures.

We are still actively carrying out these grassroots activities throughout the whole country. We envisioned a dementia ecosystem based on the idea of "building communities," and now, we are developing diagnostic technologies such as biomarkers to diagnose disease progression, and we are promoting cognitive function tests in order to bring about further changes in the area of "pre-illness and prevention."

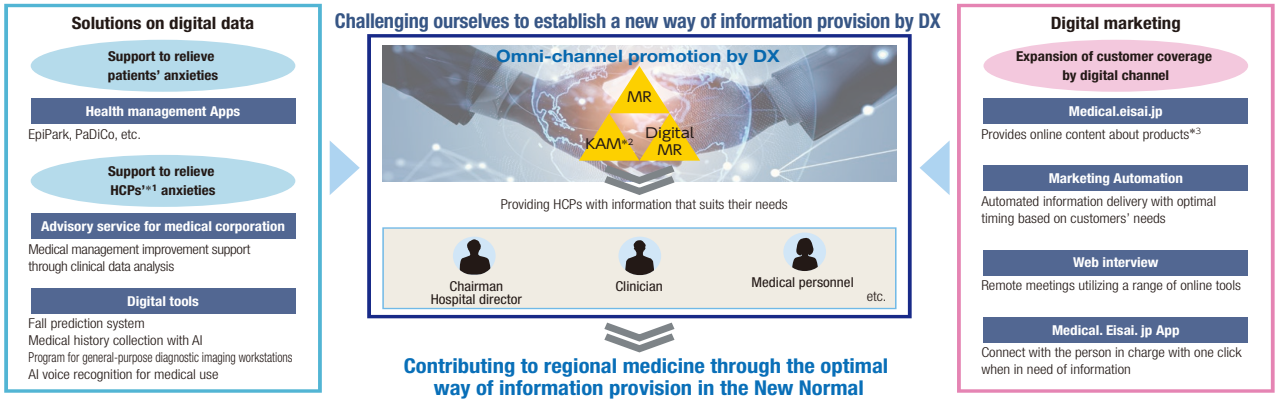
In addition, our goal of relieving dementia anxiety and our past achievements not only enhance the brand value of Eisai but also help to attract promising human resources who share our vision. We believe that the historical background has made Eisai a prominent player in the dementia area, and that we will make a further leap forward through the launch of next-generation dementia treatments.

Medical Expansion with DX

Kazuto Omomo
Executive Director
Healthcare Professional Engagement Transformation Department (HX), Integrated Strategy HQs

Information Delivery to Connect People

I joined Eisai when activities related to "building communities" were getting into full swing. We engaged with activities that expand the circle of cooperation through connecting people such as medical personnel, patient associations, and support groups. When I was working as a Medical Representative (MR) to provide information on pharmaceutical products in Hokkaido, we were developing disease awareness and community system development as social contribution activities in collaboration with governments, medical institutions, patient associations, support groups, community-based companies, and people in general to solve social issues relating to dementia, breast cancer, and Helicobacter pylori infection in the local area. Once a face-to-face relationship was built, the sense of ownership and the division of roles were clarified in the region. The way to support and develop communities was discussed, and information on what kind of medical care and related support was available and where to access it was put in place. I myself felt rewarded and delighted to be recognized as a peer, a coordinator in connecting community issues with medical care. Currently, as a Company, we are also initiating efforts to measure brain performance and other items from the viewpoint of "pre-illness and prevention" in order to relieve anxieties about dementia.



*1 Health care professionals, medical personnel *2 Key Account Managers *3 Product introduction videos, brochures, guidance sheets, etc.

What We See in the Medical Field Now

In my HX department, we actively propose digital solutions that contribute toward improving medical management, the working styles of medical personnel, and disease management of patients. We offer solutions that include provision of advisory services to medical corporations by analyzing medical data, systems that help facilitate communication between medical personnel and improve the efficiency of medical care, and applications that lead to improved safety by predicting the patients' risk of falling. In addition, we have developed and delivered to medical settings applications which assist in the provision of appropriate medical care by recording patients' living support data and symptoms and visualizing their daily life. Regarding the Apps that we have already released, such as "EpiPark" which supports epilepsy patients, and "PaDiCo" for Parkinson's disease patients, we are updating functionality of these Apps to help relieve the anxieties of patients and their families.

During the COVID-19 pandemic, we have started using online interviews to build relationships between doctors and MRs. We also aim to contribute to the realization of one of the SDGs, "GOOD HEALTH AND WELL-BEING," by contributing to the improvement of medical standards in Asia. By leveraging online meeting tools, we can connect medical personnel and people supporting patients by implementing high-level activities in Japan, with people supporting dementia in rapidly aging China and Southeast Asia online. We believe that this idea is feasible because Eisai, which has sales subsidiaries all over the world, has established and disseminated a corporate culture that emphasizes connecting people through regional medicine activities.

We are making progress towards the realization of a future in which the effective utilization of digital technology makes it possible to strengthen the ties between medical settings and Eisai, not only in Japan but also in Asia and other countries.

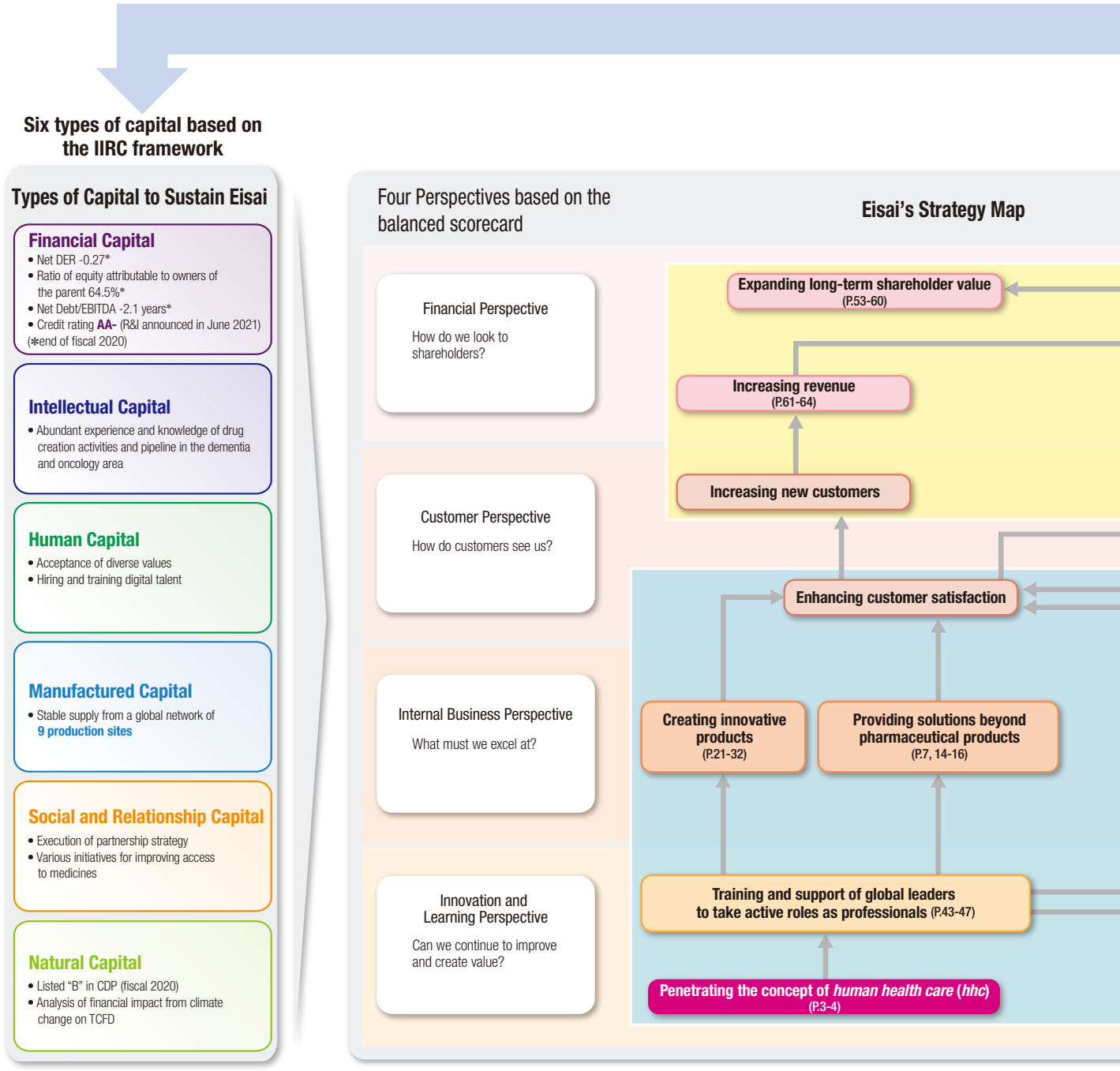
Value Creation Process and Flow

Eisai seeks to increase corporate value by putting its corporate philosophy into practice. Accordingly, Eisai considers it a top priority to: work to build relationships of trust with a wide range of stakeholders including customers, shareholders and local communities; maximize value for patients, shareholders and employees; and strive to be a socially responsible company.

Value generated through corporate activities is built up as "capital," which is increased, decreased and converted through the business model. In this report, based on the framework*1 released by the International Integrated Reporting Council (IIRC), the process of investing capital to engage in business and create added value, wherein the increase in capital exceeds the inputs, is considered to be the "value creation process."

Meanwhile, "value creation flow," or how value is generated through business activities, is ultimately an

●Eisai's value creation process and strategy map

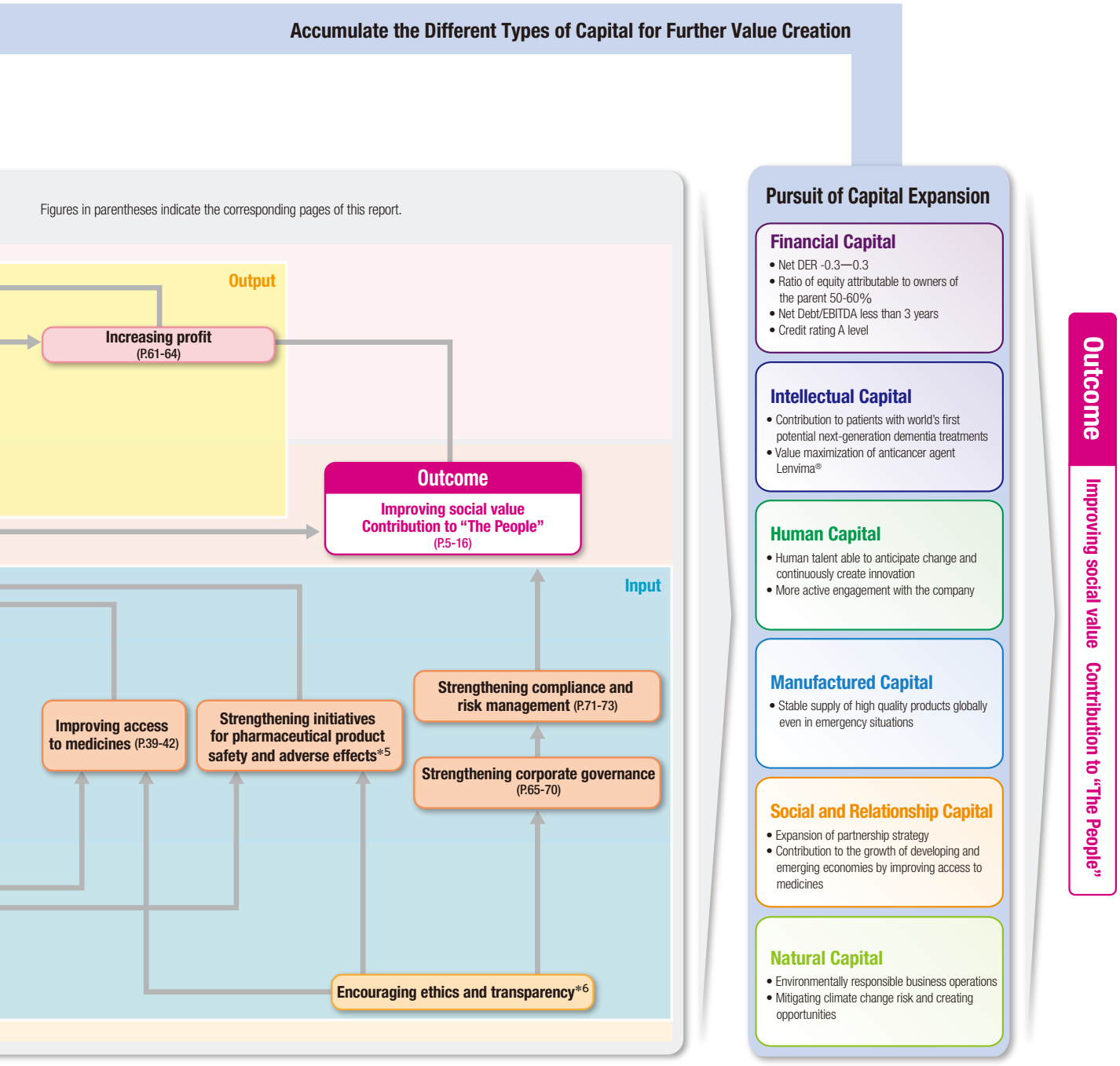


*5,6 Please refer to Eisai's Corporate Website
*5 Safety Management for Products ▶ https://www.eisai.com/sustainability/atm/pharmacovigilance.html
*6 Ethical and Transparent Drug Creation Activities ▶ https://www.eisai.com/company/business/research/discovery/index.html

assessment focused on the financial perspective based on the balanced scorecard's*2 four perspectives*3, 4. This is also consistent with the thinking (sequence of goals and outcomes) that is based on Eisai's corporate philosophy of creating social value by enhancing patient satisfaction, our overriding objective, and thereby generating economic value in the form of sales and profit.

This report expresses Eisai's continuous value generation as a value creation process and flow model based on a new model that incorporates the IIRC framework and balanced scorecard.

∗1 IIRC, "The International IR Framework," International Integrated Reporting Council, 2013
∗2 Kaplan, Robert S. and Norton, David P., "Using The Balanced Scorecard as a Strategic Management System," Boston, MA: *Harvard Business Review*, January-February, 1996
∗3 Jensen, Michael C., "Value Maximization, Stakeholder Theory, and The Corporate Objective Function," *Business Ethics Quarterly* 12(2), 2002
∗4 Porter, Michael E. and Kramer, Mark R., "Creating Shared Value," *Harvard Business Review*, June 2011, pages 8-31



Source: Created by Eisai based on Kazunori Ito and Toshiaki Nishihara, "Disclosure and Usability of Information on Integrated Report of Eisai", The KAIKEIGAKU KENKYU (The Annual bulletin of accounting study) No.43, 2017 and advice by Professor Kazunori Ito

Medium-Term Business Plan 'Plan EWAY'

More than 20 years Our longest business plan ever

Empowering everyone to live their lives to the fullest in 'EWAY Future & Beyond'

EWAY Current

Consolidated targets	Fiscal 2020 targets	Fiscal 2019 results
Operating profit	¥102 billion or more	¥125.5 billion
Profit for the year (attributable to owners of the parent)	¥74 billion or more	¥121.8 billion
ROE	15% (Fiscal 2025)	18.6%

Eisai launched 'EWAY 2025' in fiscal 2016 as a 10-year medium-term business plan. In 'EWAY Current,' covering the period until fiscal 2020, we achieved our operating profit target for fiscal 2020 and our ROE target for fiscal 2025 ahead of schedule.

Our in-house developed anticancer agent Lenvima® has been growing as a flagship drug through a strategic partnership with Merck & Co., Inc., Kenilworth, N.J., U.S.A. and we plan to obtain further indications and expand contributions to patients with the progress of the LEAP Study which are clinical studies regarding combination therapy with KEYTRUDA®.

EWAY Future & Beyond

Eisai has launched a new medium-term business plan 'EWAY Future & Beyond,' which anticipates environmental changes in the healthcare industry. In the new medium-term business plan, covering a period of more than 10 years from fiscal 2021, we intend to make a contribution that extends beyond "The Patient," broadening our perspective to include the general public, "The People." In June 2021, the first year of implementation of the business plan, the U.S. Food and Drug Administration (FDA) granted accelerated approval for ADUHELM™ (generic name: aducanumab*) as the first Alzheimer's disease treatment in the world.

Based on the "*hhc*" philosophy, Eisai has achieved proximity to each person's life through refining the "*hhc*" process of understanding people's anxieties, and developing strategies to get rid of or relieve them. As a result, we now aim to evolve ourselves into an *hhc* philosophy + ecosystem (*hhc*eco) that empowers everyone to live their lives to the fullest from a healthy state to the last moment.

The backbone of the realization of *hhc*eco is the Eisai Universal Platform. This platform coexists with various industries and local governments, and collaborates to remove various anxieties of "The People." We combine the technologies of various external partners with the research results of Eisai, and aim to deliver them in the best way, bundling any range of solutions led by medicines.

With the realization of *hhc*eco, Eisai will develop cross-industry social value, in the same way that *Jomon* cedar trees form symbiotic groups with various living organisms in nature. We are pursuing with passion our goal of empowering everyone to live their lives to the fullest by relieving anxieties.

* Co-development with Biogen Inc.

●The vision of 'EWAY Future & Beyond'

"Empowering everyone to live their lives to the fullest by enhancing and supporting their total health through our medicines and digital solutions."

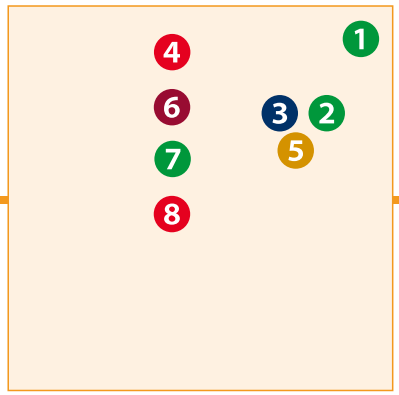
We will promote drug development activities based on scientific evidence, especially in the areas of our expertise, Neurology and Oncology.

In addition, we will improve our long established and recognized strength, the "*hhc*" process, which is to understand and relieve anxieties by being together with people throughout their lives.

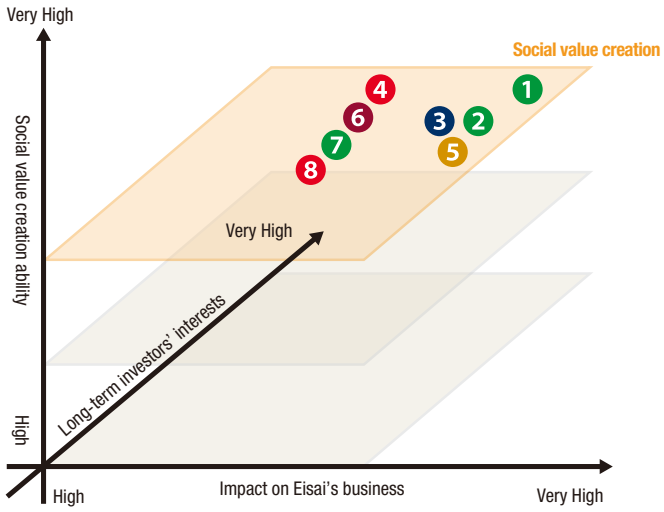
We will promote digital transformation (DX) in all aspects of our operations to connect the thoughts of each stakeholder, provide quick solutions, and facilitate data driven business management.

As a result, we will evolve into a healthcare platformer that assists and empowers everyone to live their lives to the fullest from a healthy state to the last moment.

Eisai's Social Value Creation



1. Creating innovative medicines
2. Offering solutions that go beyond providing medicines
3. Strategic partnerships
4. Improving access to medicines
5. Stable supply and quality assurance
6. Provision of job satisfaction, and opportunities for employees to develop careers and talent
7. Supporting employee health and safety management
8. Promoting diversity



Intellectual Capital **Progress in Development of Next-Generation Dementia Treatments**

152 million Estimated number of people with dementia worldwide as of 2050

Expanding our contribution in the dementia area with the launch of new treatments and extensive pipeline

The World's First Alzheimer's Disease Modifying Treatment, and an Extensive Pipeline

Eisai has one of the industry's most extensive pipelines in the area of dementia. ADUHELM™ (generic name: aducanumab), jointly developed by Eisai and Biogen Inc., was granted accelerated approval in the U.S. in June 2021. In fiscal 2021, clinical studies are scheduled to proceed in 5 other projects, and preclinical trials are underway in multiple projects.

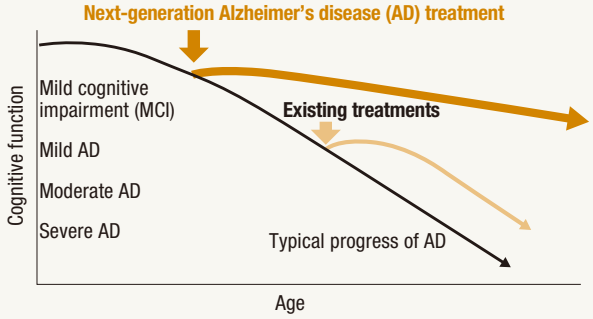
Sought-After Next-Generation Disease Modifying Treatments

Causes of dementia and expectations for new treatments

There are various factors leading to dementia, which is caused by a decrease in the nerve cells. With Alzheimer's disease (AD), the most prevalent type of dementia, the aggregation and accumulation of a peptide called amyloid beta (Aβ) in the brain occur 10 to 20 years before symptoms, such as memory impairment, appear. It is believed that the aggregation and accumulation of Aβ in the brain triggers the formation of tau protein that resides in neurons and accumulates in the cells, leading to neuronal cell death. This is the Aβ hypothesis, upon which Eisai's research for next-generation AD treatments is based. The current AD treatments are indicated for people with clinical symptoms of AD. By contrast, next-generation dementia treatments based on the Aβ hypothesis target early AD (mild cognitive impairment due to AD [MCI due to AD] and mild AD) where Aβ accumulation in the brain is observed, and preclinical AD, where earlier cognitive impairment has not been confirmed.

Regarding dementia treatments, symptomatic treatments including our in-house developed Aricept® have over 20 years of history in the market, and their efficacy and safety have been established. However, worsening of cognitive functions is unavoidable after a certain period of administration, and these treatments cannot be expected to have the effect of stopping the progression of the disease. Therefore, the development of next-generation dementia treatments, which could potentially delay the onset of dementia or suppress the worsening of cognitive functions over a longer period of time, has been highly anticipated.

Illustration of Treatment Efficacy Expected from Next-Generation Alzheimer's Disease Treatment



The world's first Alzheimer's disease modifier: ADUHELM™

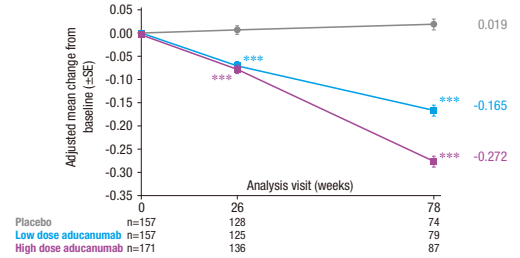
ADUHELM™ is an anti-Aβ monoclonal antibody jointly developed by Eisai and Biogen Inc. A Biologics License Application (BLA) for the treatment of AD was submitted to the U.S. Food and Drug Administration (FDA), and was accepted in August 2020. In June 2021, ATUHELM™ was granted accelerated approval as the first and only AD treatment to address a defining pathology of the disease. The accelerated approval has been granted based on data from clinical trials demonstrating the effect of ADUHELM™ on reducing Aβ plaques, a biomarker that is reasonably likely to predict clinical benefit, in this case a reduction in clinical decline. Continued approval for ADUHELM™'s indication as a treatment for AD may be contingent upon verification of clinical benefit in confirmatory trials. In EU, the European Medicines Agency (EMA) has accepted for review a Marketing Authorization Application (MAA) in October 2020. In Japan, Biogen Inc. submitted a Japanese New Drug Application (J-NDA) to the Ministry of Health, Labour and Welfare (MHLW) in December 2020. In addition, new drug applications are getting underway in other countries and regions.

Background to approval of new drug ADUHELM™ in the United States

The Phase Ⅲ studies (ENGAGE and EMERGE) of aducanumab in individuals with early AD (mild cognitive impairment [MCI due to AD] and mild AD) were initiated in August 2015 and September 2015, respectively. While the study protocol was changed multiple times based on the latest findings at that time, it was decided to discontinue both trials in March 2019 on the recommendation of an independent data monitoring committee based on the result of interim data analysis as of December 2018, when the number of patients who completed treatment reached half of the planned number. The result indicated that the trials were unlikely to meet their primary endpoint upon completion.

A larger-scale data set containing additional data from December 2018 to March 2019 was used in the final analysis. As a result, the EMERGE study showed reductions of amyloid in the brain (Fig.1) and reduction of clinical decline in the high-dose group of aducanumab (primary endpoint was CDR-SB [Clinical Dementia Rating-Sum of Boxes], main secondary endpoint was MMSE [Mini-Mental State Examination], ADAS-Cog13 [AD Assessment Scale-Cognitive Subscale], and ADCS-ADL-MCI [AD Cooperative Study-Activities of Daily Living Inventory]) (Table1). Moreover, additional biomarker* data of tau levels in the cerebrospinal fluid also supported these clinical findings (Fig.2). In the ENGAGE study, although it did not meet its primary endpoint, the data from the subset of ENGAGE that received high doses of aducanumab supported the findings from the EMERGE study, by confirming reductions of brain amyloid and clinical decline. It is considered that the difference between the results of the new analysis of the larger dataset and the outcome predicted by the futility analysis, which was announced in March 2019, was largely due to a protocol revision made during the clinical trial that increased the number of patients receiving high dose aducanumab. The cause of difference between the results of both studies was thought to be that, since the ENGAGE study started about a month earlier, the increase in the number of patients receiving high dose aducanumab due to the protocol change was smaller in the ENGAGE study than in the EMERGE study. In addition, biomarkers involved in tau proteins other than Aβ and neurodegeneration also supported the improvement of AD pathology. Biogen Inc. continued to have an engagement with the FDA regarding this result. Then in October 2019, Biogen Inc. announced that they will pursue a BLA of aducanumab for AD based on clinical data from the EMERGE, ENGAGE and the Phase Ib study

Fig.1 EMERGE: Longitudinal change from baseline in amyloid PET SUVR



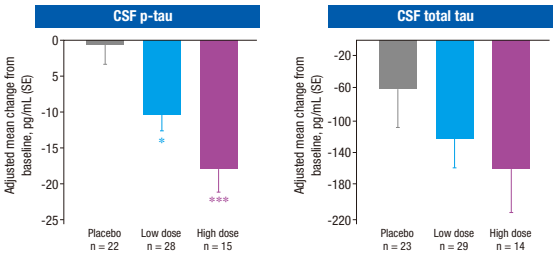
18F-florbetapir amyloid PET analysis population. ***p<0.0001 compared with placebo (nominal). Values at each time point were based on an MMRM model, with change from baseline in MMSE as the dependent variable and with fixed effects of treatment group, categorical visit, treatment-by-visit interaction, baseline SUVR, baseline SUVR by visit interaction, baseline MMSE. Alzheimer's disease symptomatic medication use at baseline, region, and laboratory ApoE ε4 status. ApoE, apolipoprotein E; MMRM, mixed model for repeated measure; MMSE, Mini Mental State Examination; PET, positron emission tomography; SE, standard error; SUVR, standardized uptake value ratio.

Table 1 EMERGE: Primary and secondary endpoints from final data set at Week 78

	Placebo decline (n=548)	Difference vs. placebo (%)[a] p-value	
		Low dose (n=543)	High dose (n=547)
CDR-SB	1.74	-0.26 (-15%) 0.0901	-0.39 (-22%) 0.0120
MMSE	-3.3	-0.1 (3%) 0.7578	0.6 (-18%) 0.0493
ADAS-Cog 13	5.162	-0.701 (-14%) 0.1962	-1.400 (-27%) 0.0097
ADCS-ADL-MCI	-4.3	0.7 (-16%) 0.1515	1.7 (-40%) 0.0006

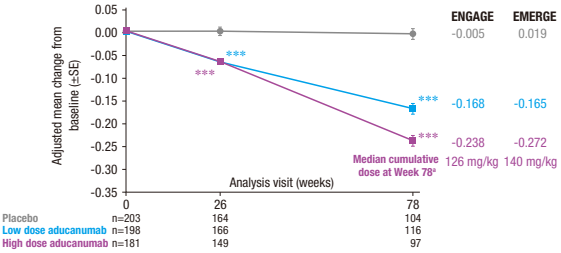
ITT population. [a]Difference vs placebo at Week 78. Negative percentage means less progression in the treated arm. [b]Nominal for MMSE, ADAS-Cog 13, and ADCS-ADL-MCI.
ADAS-Cog 13, Alzheimer's Disease Assessment Scale–Cognitive Subscale (13-item); ADCS-ADL-MCI, Alzheimer's Disease Cooperative Study–Activities of Daily Living Inventory (mild cognitive impairment version); CDR-SB, Clinical Dementia Rating–Sum of Boxes; ITT, intent to treat; MCI, mild cognitive impairment; MMSE, Mini-Mental State Examination.

Fig.2 EMERGE: CSF biomarkers of tau pathology and neurodegeneration



CSF modified analysis population (patients with both baseline and post-baseline CSF assessments). *p<0.05, ***p<0.001 compared with placebo (nominal). Values were based on an ANCOVA model at Week 78, fitted with change from baseline as the dependent variable, and with categorical treatment, baseline biomarker value, baseline age, and laboratory ApoE ε4 status (carrier and non-carrier) as the independent variables.
ANCOVA, analysis of covariance; ApoE, apolipoprotein; CSF, cerebrospinal fluid; SE, standard error.

Fig.3 ENGAGE: Longitudinal change from baseline in amyloid PET SUVR



[a]Calculated from patients with Week 78 PET assessment.18F-florbetapir amyloid PET analysis population. ***p <0.0001 compared with placebo (nominal). Values at each time point were based on an MMRM model, with change from baseline in MMSE as the dependent variable and with fixed effects of treatment group, categorical visit, treatment-by-visit interaction, baseline SUVR, baseline SUVR by visit interaction, baseline MMSE. Alzheimer's disease symptomatic medication use at baseline, region, and laboratory ApoE ε4 status. ApoE, apolipoprotein E; MMRM, mixed model for repeated measure; MMSE, Mini Mental State Examination; PET, positron emission tomography; SE, standard error; SUVR, standardized uptake value ratio.

Table 2 ENGAGE: Primary and secondary endpoints from final data set at Week 78

	Placebo decline (n=545)	Difference vs. placebo (%)[a] p-value[b]	
		Low dose (n=547)	High dose (n=555)
CDR-SB	1.56	-0.18 (-12%) 0.2250	0.03 (2%) 0.8330
MMSE	-3.5	0.2 (-6%) 0.4795	-0.1 (3%) 0.8106
ADAS-Cog 13	5.140	-0.583 (-11%) 0.2536	-0.588 (-11%) 0.2578
ADCS-ADL-MCI	-3.8	0.7 (-18%) 0.1225	0.7 (-18%) 0.1506

ITT population. [a]Difference vs placebo at Week 78. Negative percentage means less progression in the treated arm. [b]Nominal for MMSE, ADAS-Cog 13, and ADCS-ADL-MCI.
ADAS-Cog 13, Alzheimer's Disease Assessment Scale–Cognitive Subscale (13-item); ADCS-ADL-MCI, Alzheimer's Disease Cooperative Study–Activities of Daily Living Inventory (mild cognitive impairment version); CDR-SB, Clinical Dementia Rating–Sum of Boxes; ITT, intent to treat; MCI, mild cognitive impairment; MMSE, Mini-Mental State Examination.

• Figures and tables are quoted from materials from Biogen Inc.
https://investors.biogen.com/static-files/928e1511-6d2c-46ec-98ca-74e3de792fb6

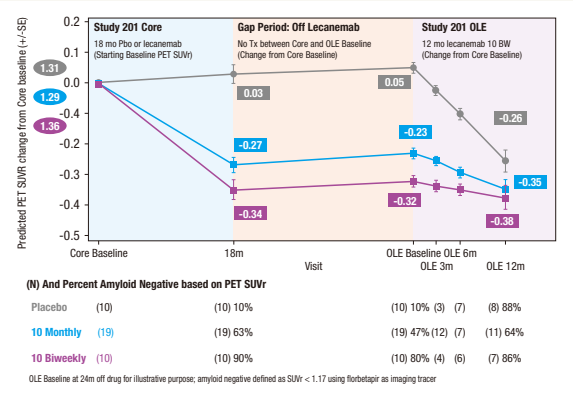
(PRIME). The BLA was then completed with the FDA in July 2020, and in August the BLA was accepted by the FDA and designated for priority review. Following the FDA Advisory Committees in November 2020, Biogen Inc. responded to the FDA's request for additional information and submitted additional analysis and clinical data as part of the review process in January 2021. The FDA extended the review period for this additional material, and the Prescription Drugs User Fee Act (PDUFA) action date (target date for completion of review) was set to June 7, 2021.

Investigational anti-Aβ protofibril antibody lecanemab (BAN2401)

This accelerated approval of ADUHELM™ in the U.S. is believed to have increased the success probability for lecanemab as an AD therapeutic drug based on the same Aβ hypothesis. Lecanemab is an anti-Aβ protofibril antibody obtained through collaborative research with BioArctic AB (Sweden), and has the unique features of binding and reducing Aβ protofibrils, which are the most toxic in the formulations of Aβ. Following discussion with regulatory authorities based on the results of a Phase Ⅱ study (Study 201) that showed suppression of clinical decline as well as dose-dependent reduction of Aβ accumulation in the brain, a single Phase Ⅲ study (Clarity AD) targeting individuals with early AD, which was required in order to submit an application for approval for lecanemab, was initiated in March 2019. During the first wave of the COVID-19 pandemic in early 2020, we decided, in consultation with the FDA, to supplement data for cases in which participants had temporary loss of dosing opportunity due to difficulty in visiting the hospital. We finally succeeded in making this study the fastest Phase Ⅲ study in early AD to achieve Last Patient In (1,795 cases). Currently, clinical studies are ongoing while ensuring the safety of participants by utilizing home infusion and telemedicine, with the aim of obtaining results of the primary endpoints in the second quarter of fiscal 2022. The 201 Open-Label Extension (OLE) study is also ongoing, demonstrating various clinical features of lecanemab. In June 2021, lecanemab was designated as a breakthrough therapy by the FDA for the treatment of AD.

Potential Disease Modifying Effect Suggested by the lecanemab 201 OLE Study

Study 201 (18-month core study) of lecanemab demonstrated reduction in the accumulation of Aβ plaques in the brain. The degree of brain Aβ accumulation in participants was measured at the time of initiation of the 201 OLE study. In the lecanemab administration group of Core-study 201, accumulated brain amyloid remained low during the Gap Period (non-administration period), with an average of 2 years from the end of lecanemab administration to the initiation of OLE. Also, regarding disease progression, the difference between the placebo group and the lecanemab administration group was maintained for an average of two years following the end of Core-study 201, suggesting that lecanemab may have a disease-modifying effect. In addition, accumulated brain amyloid in the participants receiving placebo in Core-study 201 declined rapidly after starting administration of lecanemab 10 mg/kg once every two weeks at OLE, leading to a more than 80 % reduction after 12 months of treatment. Also, reduction of accumulated brain amyloid continued to be observed in participants receiving high doses (10 mg/kg) of lecanemab in Core-study 201.



Furthermore, in collaboration with the Alzheimer's Clinical Trials Consortium (ACTC), a network of 35 major clinical trial facilities in the U.S., a Phase Ⅲ study (AHEAD 3-45 study) was initiated in people with preclinical (asymptomatic) AD, whose accumulated brain amyloid is even lower than people with early AD, in July 2020 in the U.S. We also initiated registering participants in Japan in November 2020. The purpose of this study is to verify whether lecanemab can delay the progression of pathological conditions in the brain, such as amyloid accumulation, as well as the onset of clinical symptoms, by administration of lecanemab to people who are considered to be at risk of cognitive impairment due to amyloid accumulation in the brain despite showing no signs of cognitive impairment. In this study, a total of 1,400 participants will be enrolled in either of two trials (A45 trial and A3 trial) based on the level of amyloid in the brain, and treated with lecanemab for approximately 4 years. The A45 trial will enroll cognitively unimpaired participants who have elevated levels of amyloid in the brain, and aims to prevent cognitive decline and suppress the progression of brain AD pathology with lecanemab administration. The A3 trial will enroll cognitively unimpaired participants who have an intermediate amount of amyloid in the brain, and who are at high risk for further Aβ accumulation. This population are in an earlier stage than A45 trial participants. The primary endpoint for A3 is change in brain amyloid levels. Both trials include additional clinical assessment scales, imaging, blood biomarkers and cerebrospinal fluid in a subset, as exploratory endpoints and therapeutic effects on the progression of AD pathophysiologic changes will be evaluated.

The value of next-generation dementia treatments

In the U.S., it is estimated that if a treatment to delay by 5 years the onset of AD, the most prevalent type of dementia, is introduced in 2025, it would decrease the number of people living with the disease by 42% (5.7 million people), and total costs to all payers would decrease by 33% (367 billion USD) compared to the current trajectory. Similarly, in Japan, if a new intervention method that delays the onset of the disease by 5 years is introduced, it is estimated that the medical and nursing care costs in fiscal 2025 will decrease by approximately 1.9 trillion JPY per year (with a decrease in medical expenses of approximately 1 trillion JPY and a decrease in nursing care costs of approximately 0.9 trillion JPY).

The next-generation dementia treatments could contribute not only by suppressing the decline of cognitive function of people with dementia, but also by controlling costs such as medical expenses and nursing care costs, and reducing the disease burden by extending the healthy life period. It can be anticipated that this would be of great benefit to society.

Development of new diagnostic methods

AD has been the only disease in the world's top 10 causes of death for which no preventive or curative method has been established. However, the ability to suppress the progression of AD with anti-Aβ treatment is expected to bring about a completely different medical environment.

Traditional diagnostic methods for dementia are based on symptomatological diagnosis, based on the International Classification of Diseases 10th Edition (ICD-10) by World Health Organization (WHO), the revised 3rd (DSM-III-R) and the 4th (DSM-IV-TR) editions of the American Psychiatric Association's Manual for Diagnosis and Statistics of Mental Illness, and the Dementia Disease Treatment Guidelines 2017, etc. The essential diagnostic requirement of dementia is memory loss, and thus dementia is diagnosed when daily life is disturbed by cognitive decline.

Accumulation of Aβ in the brain in the diagnosis of AD is currently confirmed by amyloid positron emission tomography (Positron Emission Tomography: PET) or by a cerebrospinal fluid (CSF) test. Amyloid PET, which has already been granted regulatory approval, is an extremely useful technology that can directly visualize the inside of the brain, but there are issues such as an insufficient number of facilities and high costs. In addition to Aβ, the accuracy of diagnosis of disease progression by CSF test has been improved, which further deepens the understanding of the disease progression of AD, with confirmation using various biomarker changes.

There is a real need for the development of diagnostic methods such as blood diagnosis so that people with early AD that is eligible to be treated with next-generation dementia therapeutic agents can be identified by a minimally invasive test method.

Research on blood biomarkers for AD has developed a variety of techniques to predict amyloid accumulation in the brain by measuring plasma Aβ. Dr. Koichi Tanaka, a Nobel laureate employed at Shimadzu Corporation, and his colleagues have developed a technology to detect Aβ in plasma with high accuracy using MALDI (Matrix Assisted Laser Desorption Ionization) technology, and posted an article about it in the journal *Nature* in February 2018. It has also been approved as a medical device. Since then, various blood AD biomarkers such

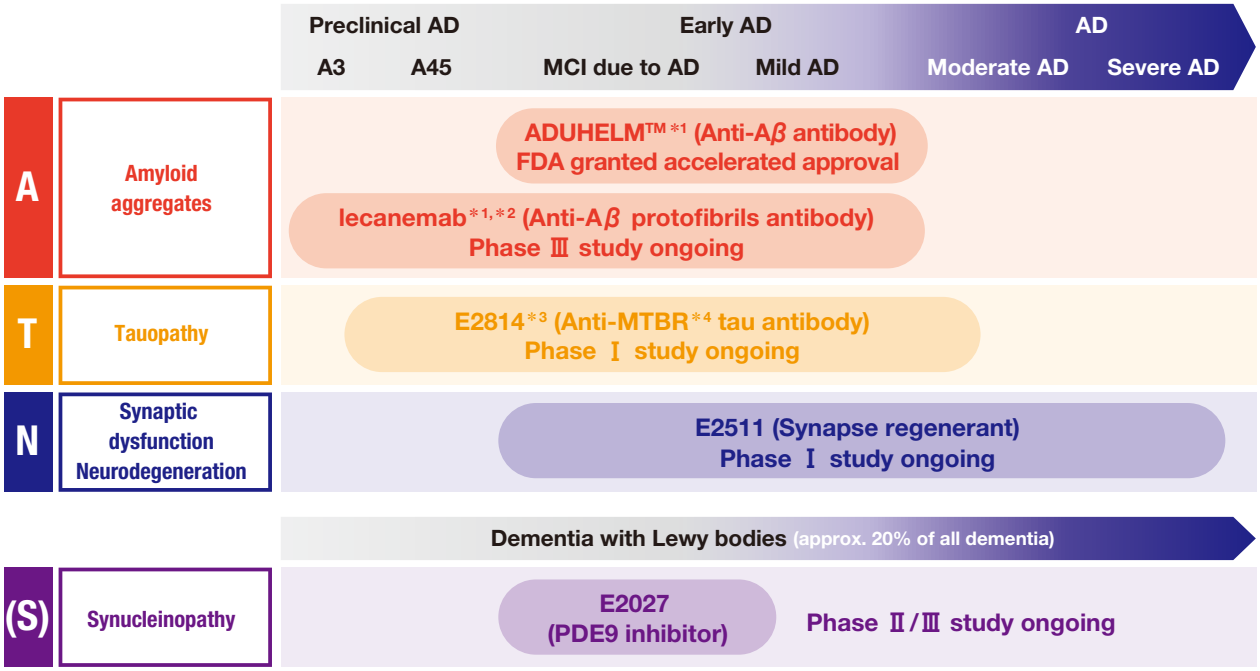
as phosphorylated tau in plasma have been reported on, and the development of simple and minimally invasive AD diagnostic agents using blood is progressing.

Since February 2016, Eisai has been collaborating with Sysmex Corporation on research and development of new diagnostic agents for dementia through blood testing, taking advantage of the special features of both companies. Sysmex Corporation's fully-automated immunoassay system HISCL™ is a device that can measure extremely small amounts of blood components; furthermore, it can easily and accurately quantify Aβ in plasma, which has been difficult to measure until now. Verifying the prediction of the Aβ1-42/Aβ1-40 ratio in blood plasma with mild cognitive impairment and mild AD using the HISCL™ series, with added information on ApoE4, which is the main gene indicating susceptibility to AD, and amyloid PET determination by the Centiloid method, yielded a sensitivity of 94%, a specificity of 71%, and an AUC (area under the ROC curve) of 0.87. This strongly suggests that measuring the plasma Aβ 1-42/Aβ1-40 ratio using HISCL™ Series may help to understand the amyloid pathology in the brain. This HISCL™ series has the characteristics of a multiplex that can process multiple samples and measure multiple biomarkers at the same time. Eisai is working with Sysmex Corporation to put blood diagnostic technology to practical use as soon as possible.

Full-automated immunoassay system HISCL™ Series

Searching for Solutions to All Factors, for the Future Conquering of Dementia

Pipeline based on AD continuum and ATN+ for clinical trials at Eisai



All projects are investigational. *1: Co-development with Biogen Inc. *2: Generic name for BAN2401, an investigational antibody for Alzheimer's disease produced as the result of a strategic research alliance between Eisai and BioArctic *3: Co-research with University College London *4: microtubule binding region

We aim to eliminate the diverse anxieties of each individual ("The People") regarding neurodegenerative diseases by aiming for Precision Medicine based on pathophysiological biomarkers and gene profiles. The accumulation of knowledge about changes in the intracerebral pathology of AD over time has led to the development of various biomarkers and the understanding of the AD Continuum. AD is defined as the AD Continuum classified by pathophysiological biomarkers such as A (amyloid), T (tau), and N (neurodegeneration). In addition, biomarkers can be used to make more detailed assessments of neuropathological changes. Moreover, the development and verification of new biomarkers are progressing. Hence, we believe that in the near future, the pathophysiology of individual parties will be more accurately understood, and the optimal timing of intervention by each drug will be clarified.

With the accelerated approval of ADUHELM™, we believe that the probability of developing a therapeutic treatment for AD by a new approach in line with the AD Continuum, in addition to treatments targeting Aβ such as lecanemab, has increased. Eisai has multiple therapeutic drug candidates based on the AD Continuum.

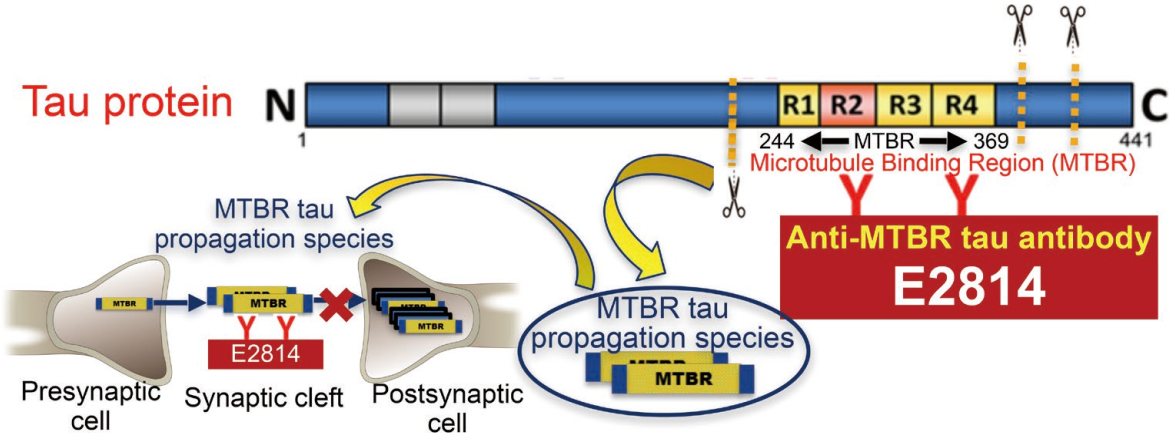
Investigational anti-microtubule binding region (MTBR) tau antibody E2814

Tau protein was discovered as a Microtubule-associated protein, mostly present in nerve cells and some in glial cells*. The main function of tau protein is the stabilization of microtubules in nerve cell axons. It is also known as an important molecule involved in axonal transport, regulation of signal transduction, and brain maturation. This tau protein is the main component of neurofibrils, which are one of the pathological changes in AD, and it is known that the spread of neurofibrils and the severity of cognitive dysfunction in AD are closely correlated.

An investigational anti-tau antibody, E2814 was discovered as part of the research collaboration between Eisai and University College London. E2814 targets tau seeds (tau transmission species), which are known to propagate to different areas of the brain as the disease progresses, and cause tau lesions. It is expected to prevent further accumulation of neurofibrils in the brain and suppress disease progression. Eisai has confirmed an increase in MTBR tau in the AD brain and believes that the target for E2814 has been properly determined. The Phase I study is currently ongoing, and preparations are underway to initiate the Phase Ⅱ study.

In addition, people with a gene mutation (dominantly inherited Alzheimer's disease: DIAD) have a tendency to develop AD at about the same age as their parents did. Less than 1% of the total AD population falls under this DIAD classification. The Dominantly Inherited Alzheimer Network Trials Unit (DIAN-TU) for DIAD is planning a clinical trial to evaluate three types of anti-tau drugs as a next-generation program targeting tau. E2814 has been selected as the first anti-tau therapy and Phase Ⅱ studies are scheduled. Dominantly inherited AD is expected to have a higher degree of homogeneity among people with the disease than sporadic AD; on the other hand, it is believed to be clinically similar to sporadic AD except for the early age of onset. The clinical trial of DIAN-TU aims to investigate the effects of these investigational drugs on the phosphorylation and agglutination of tau and the onset and progression of AD, including the reduction of nerve damage.

* A general term for cells that maintain the brain environment and provide metabolic support for the survival of nerve cells and the expression of developmental functions, and are not nerve cells among the cells that make up the nervous system.

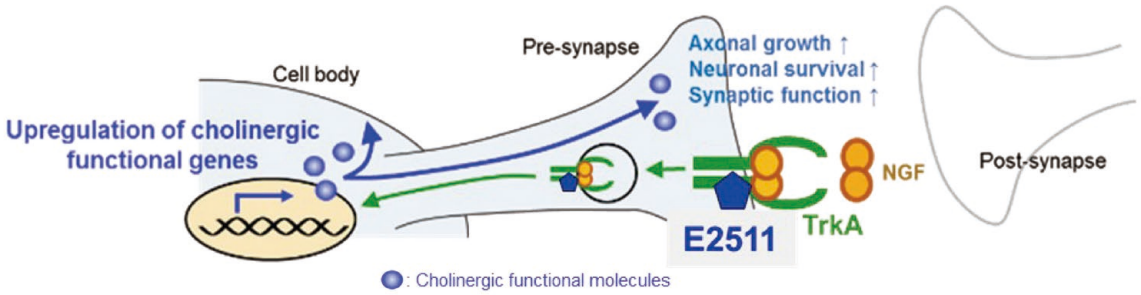


TrkA binding synaptic regenerating agent investigational E2511

It is thought that in the brain of people with dementia, synapse dysfunction occurs and neural networks are reduced. Eisai is also working on projects to restore synaptic function and reactivate neurons in the brain.

Cholinergic neurons are known to be extremely vulnerable in the AD brain. TrkA (tropomyosin receptor kinase A) is a cell membrane receptor for NGF (Neuro growth factor), and its expression is localized to acetylcholine-active neurons in the basal forebrain. The binding of NGF to TrkA keeps acetylcholine-active neurons alive.

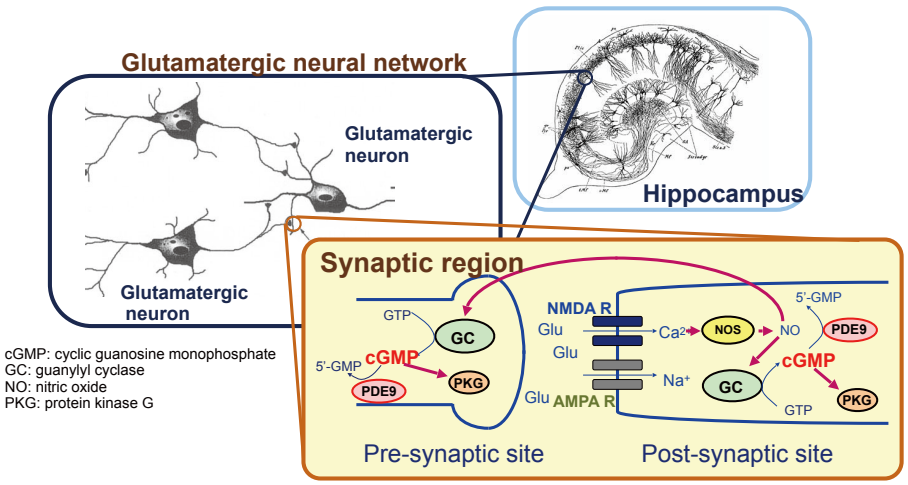
Decreased expression of TrkA is observed in mild cognitive impairment due to AD, but it has not led to significant neuronal loss. Eisai's low-molecular-weight compound, E2511, binds to TrkA and activates cholinergic nerve survival and synaptic regeneration signals. It is expected to activate damaged cholinergic neurons and to promote synaptic remodeling and neural networks reconstruction. A Phase I study is currently ongoing.



PDE9 inhibitor investigational E2027

Intracellular cGMP (Cyclic guanosine monophosphate) is known as an intracellular second messenger* that plays a significant role in plasticity and cognitive function at synapses. PDE9 is an enzyme that breaks down cGMP. Its small molecule inhibitor, E2027, is expected to have a therapeutic effect on behavioral disorders and cognitive disorders associated with dementia with Lewy bodies by increasing cGMP in nerve cells. Currently, a Phase Ⅱ study is underway.

* A substance that is newly created after a signal transmitter binds to a receptor and affects cell metabolism and changes



- PDE9 is a principal enzyme to regulate metabolism of cGMP as a second messenger.
- E2027 would provide therapeutic benefits in cognitive impairment and neuropsychiatric symptoms by inhibiting PDE9.

Progress of Innovative Medicine Creation in Oncology Area

500 billion JPY level (Revenue target of Lenvima® for fiscal 2025)

Progress toward expansion of Lenvima® revenue and development of post-Lenvima® products

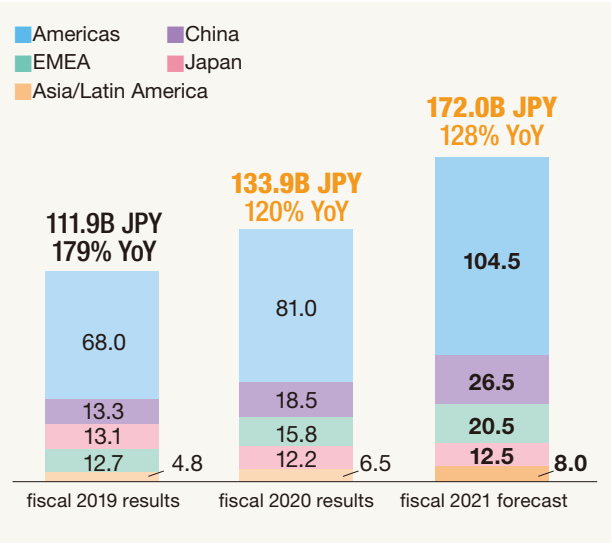
Lenvima®: Progress in the Partnership Model

1. Steady progress on collaboration and expansion of revenue

Eisai and Merck & Co., Inc., Kenilworth, N.J., U.S.A. agreed upon a global strategic collaboration for Lenvima® in March 2018. The co-commercialization is currently progressing smoothly in 20 countries as of March 2021, and Lenvima®'s revenue forecast for fiscal 2021 is set at over 170 billion JPY.

Since the initiation of this collaboration, Eisai has recognized a total of 1,960 million USD payment from Merck & Co., Inc., Kenilworth, N.J., U.S.A. as up-front, one-time option, milestone payments and reversal of R&D expenses. In addition, 450 million USD was received as reimbursement for R&D expenses in fiscal 2017.

Revenue from Lenvima® (Billions of yen)



Recognition of payments under agreement with Merck & Co., Inc., Kenilworth, N.J., U.S.A.

Maximum of up to 5,760 million USD in total (approx. 611.0 billion JPY*)

▶ One-time payment: 950 million USD (approx. 101.0 billion JPY)

- Upfront payment: 300 million USD (approx. 32.0 billion JPY)
- One-time option payments associated with Merck & Co., Inc., Kenilworth, N.J., U.S.A. exercising certain option rights: 650 million USD (approx. 69.0 billion JPY)

▶ Reimbursement for R&D expenses: 450 million USD (approx. 48.0 billion JPY)

The deposits will be withdrawn as Eisai's share of the R&D expenses concerning Lenvima® occurs, and then booked as the reversal of R&D expenses.

▶ Milestone payments: Maximum of up to 4,360 million USD in total (approx. 462.0 billion JPY)

- Clinical and regulatory milestones: Up to 385 million USD (approx. 41.0 billion JPY)
  Regulatory approval of indications in hepatocellular carcinoma or renal cell carcinoma, etc.
- Milestones associated with sales of Lenvima®: Maximum of up to 3,970 million USD (approx. 421.0 billion JPY)

*1 USD=106 JPY (Exchange rate at the time of contract conclusion)

Recognized milestone payments as of March 31, 2021

One-time payments (Total 950 million USD)		Clinical and regulatory milestones (Maximum of up to 385 million USD)		Sales-based milestones (Maximum of up to 3,970 million USD)	
Up-front payment (Fiscal 2017)	300 million USD	Approval of hepatocellular carcinoma indication in Japan (Fiscal 2017)	25 million USD	When revenue of 500 million USD was achieved in fiscal 2018	50 million USD
One-time option payment (Fiscal 2018)	325 million USD	Approval of hepatocellular carcinoma indication in the U.S. (Fiscal 2018)	125 million USD	When revenue of 800 million USD was achieved from January to December 2019	150 million USD
One-time option payment (Fiscal 2019)	200 million USD	Approval of hepatocellular carcinoma indication in Europe (Fiscal 2018)	50 million USD	When revenue of 750 million USD was achieved in fiscal 2019	150 million USD
One-time option payment (Fiscal 2020)	125 million USD	Approval of reimbursement for hepatocellular carcinoma indication in Europe (Fiscal 2018)	25 million USD	When revenue of 1,000 million USD was achieved in fiscal 2019	200 million USD
		Approval of hepatocellular carcinoma indication in China (Fiscal 2018)	25 million USD	When revenue of 1,200 million USD was achieved from January to December 2020	200 million USD
		Approval of thyroid cancer indication in China (Fiscal 2020)	10 million USD (Reversal of R&D expenses)		
Total receipts 1,960 million USD (of which 10 million USD is the reversal of R&D expenses)					

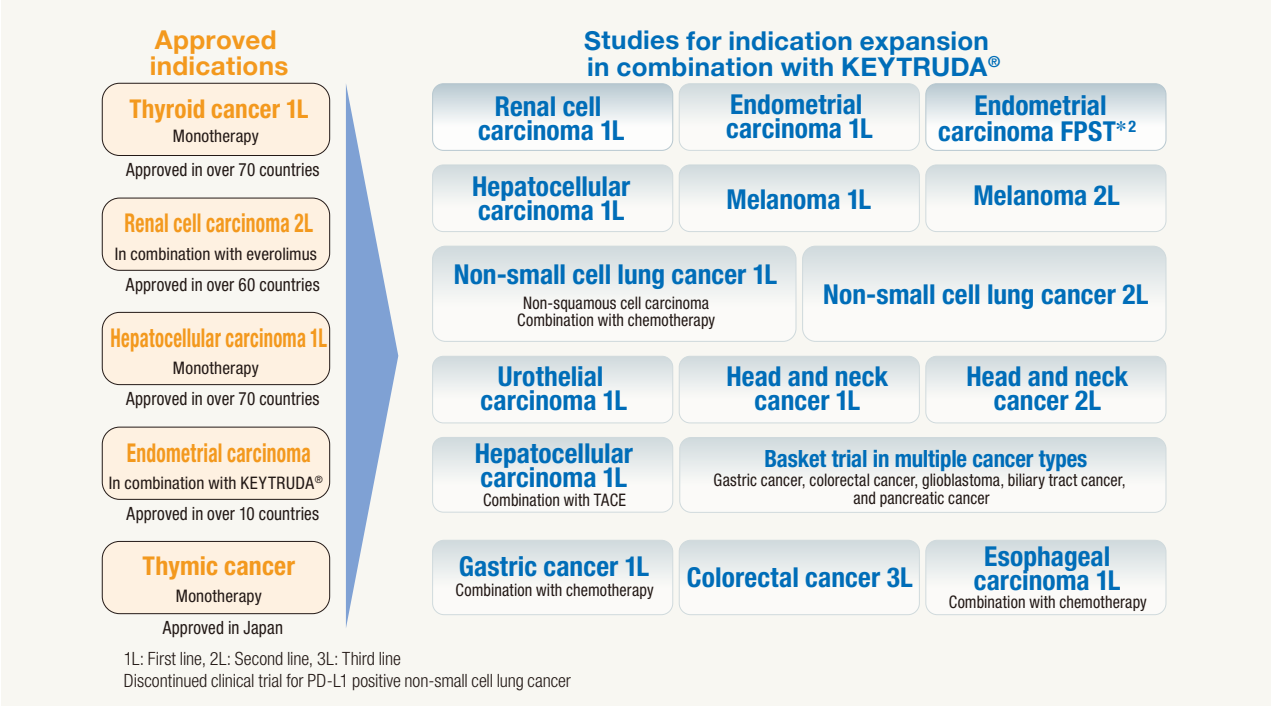
450 million USD was received in fiscal 2017 as a reimbursement for research and development expenses

2. Clinical studies aimed at extending indications are progressing steadily (LEAP Study)

Clinical studies for combination therapies of Lenvima® and KEYTRUDA® are ongoing with 13 types of cancer. In addition to 13 studies that were originally planned at the time of the strategic partnership agreement with Merck & Co., Inc., Kenilworth, N.J., U.S.A., new studies aimed at further expansion of indication, such as hepatocellular carcinoma in combination with TACE*1, gastric cancer, colorectal cancer, and esophageal carcinoma, are underway. By obtaining indication in multiple types of cancer, we aim to position this combination as a core therapy in cancer treatment. Furthermore, we plan to accelerate development of a basket trial targeting multiple types of cancer, now in the Phase Ⅱ study, once promising results are obtained, and aim for an earlier submission.

*1 Transcatheter Arterial Chemoembolization: A therapy that selectively obstructs blood circulation to induce necrosis in hepatocellular carcinoma (HCC) by injecting embolization material into the hepatic artery that supplies nutrient blood to the tumor

●Approved indications for Lenvima® and further expansion of indications in combination with KEYTRUDA®



1L: First line, 2L: Second line, 3L: Third line
Discontinued clinical trial for PD-L1 positive non-small cell lung cancer

*2 Following Prior Systemic Treatment

3. Progress in clinical development of the combination therapy of Lenvima® and KEYTRUDA® in renal cell carcinoma and endometrial carcinoma

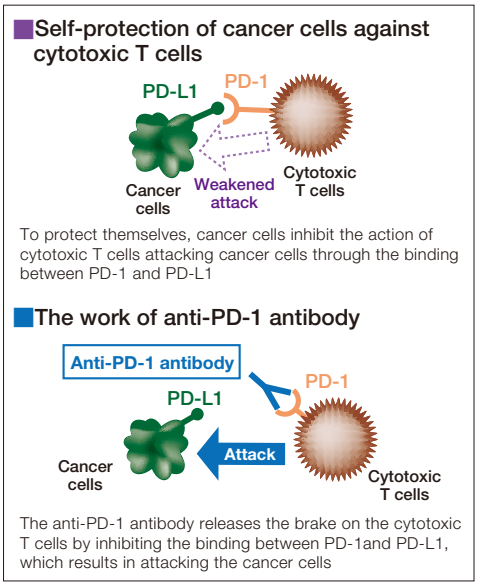
The Phase Ⅲ study of Lenvima® and KEYTRUDA® combination in first-line therapy for patients with advanced renal cell carcinoma demonstrated statistically significant improvements in the primary endpoint of progression-free survival (PFS), and in the key secondary endpoints of overall survival (OS) and objective response rate (ORR) versus sunitinib. Based on the outcomes of the study, applications for advanced renal cell carcinoma indication have been submitted in Japan, the United States, and the EU. In the United States, priority review was granted with a Prescription Drug User Fee Act (PDUFA) action date on August 25, 2021.

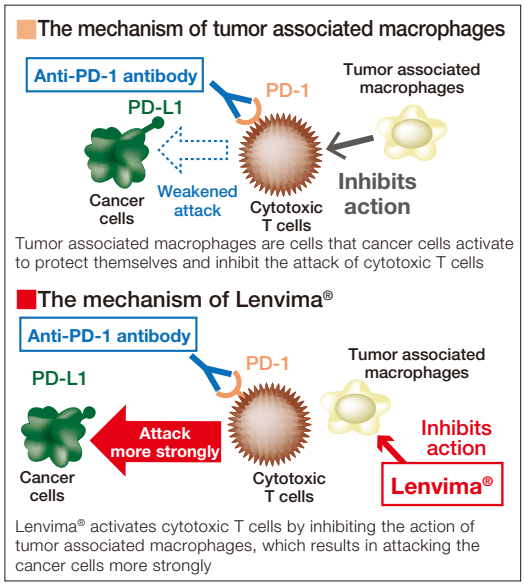
In the Phase Ⅲ study in patients with advanced endometrial carcinoma who had previously been treated with at least one prior platinum-based chemotherapy regimen in any setting, regardless of treatment line, Lenvima® in combination with KEYTRUDA® demonstrated statistically significant improvements in the primary endpoint of PFS as well as OS, and in the secondary endpoints of ORR versus chemotherapy (investigator's choice of doxorubicin or paclitaxel). Based on the results of the study, applications for advanced endometrial carcinoma have been submitted in Japan, the United States, and the EU. In the United States, the FDA approved it for the treatment of patients with advanced endometrial carcinoma* on July 22, 2021.

* Advanced endometrial carcinoma that is not microsatellite instability-high (MSI-H) or mismatch repair deficient (dMMR), and progressed following prior systemic therapy in any setting in patients who are not candidates for curative surgery or radiation.

Major mechanism of efficacy of anti-PD-1 antibody enhanced by Lenvima® (Non-clinical studies)

Lenvima® is a dual inhibitor that exerts its anti-tumor effect by inhibiting VEGFR, which is involved in angiogenesis, and FGFR, which is involved in resistance to anti-VEGFR therapy. Recent non-clinical studies have shown that VEGFR not only inhibits angiogenesis, but also regulates the immune system. Studies showed that antitumor activity of the anti-PD-1 antibody was enhanced with Lenvima® by reducing tumor-associated macrophages (TAM) which are cells that cancer cells activate to protect themselves and inhibit the attack of cytotoxic T cells and increasing activated cytotoxic T cells, which attack cancer cells.





Merck & Co., Inc., Kenilworth, N.J., U.S.A.'s Statement on Collaboration with Eisai

Our strategic collaboration with Eisai is grounded in our shared goals of improving outcomes for cancer patients and arming physicians with new treatments in their fight against cancer. Over the past year, we have further demonstrated the breadth of the KEYTRUDA® and Lenvima® combination's potential through our joint clinical development program, which continues to accelerate following the first FDA approval for the combination in advanced endometrial carcinoma (EC) in 2019. Our collaborative efforts have yielded practice-changing data, including from two pivotal Phase Ⅲ studies demonstrating improved survival outcomes in the first-line treatment of patients with advanced renal cell carcinoma and in previously treated patients with advanced EC, resulting in the FDA's acceptance of our submission of applications in May 2021, and the FDA approved for the treatment of patients with advanced EC* in July 2021. We are also expecting additional Phase Ⅲ data to read out this year. Together, we look forward to continuing to advance research exploring the KEYTRUDA® and Lenvima® combination to help even more people facing difficult-to-treat cancers.

* Advanced endometrial carcinoma that is not Microsatellite Instability-High (MSI-H) or Mismatch Repair Deficient (dMMR), and progressed following prior systemic therapy in any setting in patients who are not candidates for curative surgery or radiation.

Dr. Vicki Goodman
Vice President,
Therapeutic Area Head,
Late Stage Oncology
Merck & Co., Inc., Kenilworth, N.J., U.S.A.

Medicine Creation Strategy Based on the Cancer Evolution in Cancer Continuum

Progression of cancer is classified as ultra-early cancer, early cancer, advanced cancer, and drug resistant cancer. At each stage, cancer gene mutation that correspond to canceration, proliferation, infiltration, recurrence, metastasis, drug resistance and so on, exists. Our next-generation medicine creation strategy is aimed at curing cancer by identifying these mutations through liquid biopsy (a biological test using blood as a sample), finding the appropriate target for medicine creation, offering cancer treatment suitable for each patient, and leading to the development of precision medicine.

In January 2020, Eisai entered into a joint research and development agreement with Personal Genome Diagnostics Inc. (U.S.) for a cancer genetics panel test. In this joint research and development project, we utilize liquid biopsy to create a cancer gene panel test kit that enables comprehensive analysis of mutations in more than 500 cancer genes. Based on these strategies, we will use various analysis methods such as AI algorithms based on the vast amount of human biology obtained from the clinical trials we are currently working on, and will utilize most of Eisai's own data for medicine creation.

1. Medicine creation for ultra-early cancer/early cancer stage

Induction of neoantigen*1

H3 Biomedicine Inc. (H3B), our research and development subsidiary based in Boston, U.S., and Bristol-Myers Squibb (U.S.) are collaborating on research to advance novel therapeutics leveraging H3B's RNA splicing*2 platform. The two companies are conducting research to induce neoantigens in specific cancer cells, and increase the reactivity of immuno-checkpoint inhibitors.

*1 A mutant antigen born along with cancer cell-specific genetic information and editing abnormalities. It is not expressed in normal cells, but only found in cancer cells. The more neoantigens cancer cells contain, the more immunogenicity is observed, and the greater the likelihood of becoming a target of immune cell attacks.
*2 Molecular editing to remove unnecessary parts from genetic information

WNT/beta-catenin inhibitor investigational E7386*

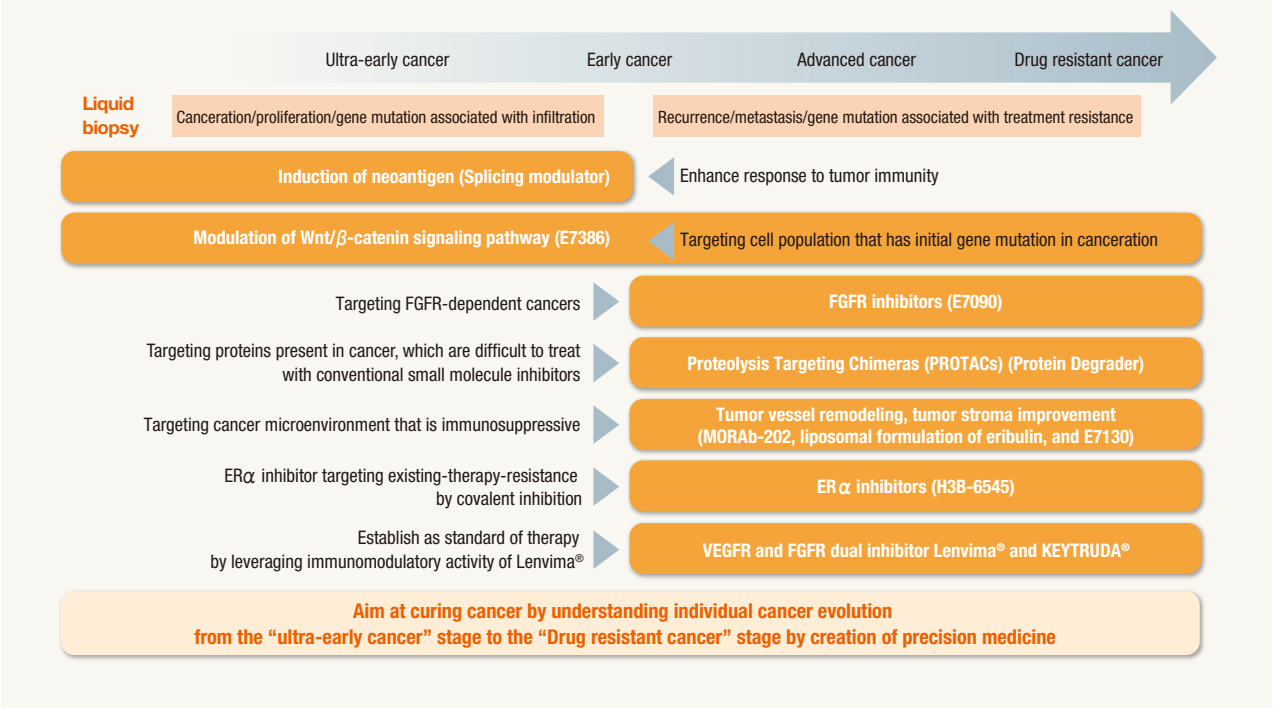
Beta-catenin has long been known to be a factor that rapidly accelerates the malignancy of cancer. Due to the high difficulty of drug discovery, which requires drug design to inhibit protein-protein interactions, it was made a part of the drug discovery target known as Cancer Big 4, along with K-RAS variants, MYC, and p53 variants. In collaboration with PRSIM BioLab Co., Ltd., Eisai has utilized the drug discovery chemical capability accumulated through experience to date, and successfully developed an orally available E7386, which inhibits WNT-signal dependent canceration and cancer cell proliferation, by blocking transcription through inhibiting protein interactions of CBP and β-catenin.

A Phase Ⅰ study is ongoing for this agent. Since abnormalities in WNT/β-catenin signaling pathways have been observed in various types of cancer, particularly from the early stage of occurrence of cancer, E7386 is expected to be a treatment not only for advanced cancer but also for early stages of cancer. Also, in non-clinical studies, combination activities of Lenvima® have been confirmed, and a Phase I clinical trial in combination with Lenvima® is ongoing.

Furthermore, preclinical studies suggest that the Wnt/β-catenin signaling pathway is also involved in the resistance to immune checkpoint inhibitors.

* Co-development with PRISM BioLab Co., Ltd.

Medicine creation strategy based on progression of cancer (Cancer Continuum) and gene mutation



2. Medicine creation for Cancer Continuum from early to drug resistance stage

Eisai's in-house discovered novel FGFR inhibitor E7090

Discovered in-house by Eisai's Tsukuba Research Laboratories, E7090 is an orally available novel tyrosine kinase inhibitor that demonstrates selective inhibitory activity against fibroblast growth factor receptors (FGFR) FGFR1, FGFR2, and FGFR3. In a kinetic interaction analysis, it was observed that E7090 demonstrates antitumor activities due to the inhibition of kinase activity with a novel binding mode (Type V) that exhibits rapid and potent binding as well as high selectivity to FGFR.

A Phase Ⅱ clinical trial of E7090 is ongoing in Japan and China to evaluate efficacy and safety in patients with cholangio carcinoma harboring FGFR2 gene fusion. A Phase I clinical trial of E7090 is also ongoing in Japan in patients with estrogen receptor-positive and HER2-negative breast cancer.

Proteolysis Targeting Chimeras (PROTACs) (Protein Degrader)

Eisai has entered into a collaborative research agreement with the University of Dundee in Scotland, UK, in July 2019, and with Tokyo University in October 2020, regarding protein degraders. Protein Degraders consist of two covalently linked protein-binding molecules: one capable of engaging a ubiquitin ligase (E3 ligase) and another that binds to a target protein meant for degradation. Protein Degraders work by recruiting an E3 ligase to tag the target protein for ubiquitination for degradation through the intracellular degradation system. It is hoped that research into Protein Degraders will lead to new medicine creations for proteins present in cancer, which are difficult to treat with conventional small molecule inhibitors.

Platform originated from in-house developed Halaven®

Halaven® (generic name: eribulin) is an in-house microtubule dynamics inhibitor, which was developed as a result of Eisai's remarkable capability in synthetic chemistry. The origin of medicine creation of Halaven® is halichondrin B, which is a strong antitumor substance, extracted from the marine organism Halichondria okadai. Development of new drugs is underway utilizing assets obtained from development of this innovative product, Halaven®.

1. MORAb-202

MORAb-202 is Eisai's unique ADC, which conjugated the in-house developed anti-folate receptor α antibody farletuzumab and eribulin, which acts on the tumor microenvironment. Currently, a Phase Ⅰ study is ongoing in Japan and a Phase Ⅰ / Ⅱ study is ongoing in the United States. This agent is expected to show efficacy in cancers such as ovarian cancer that overexpresses folate receptor α, and in the tumor microenvironment to demonstrate antitumor activity.

In June 2021, Eisai entered into an exclusive strategic alliance agreement with Bristol Myers Squibb (BMS, U.S.) for MORAb-202. Under this agreement, the two companies will jointly develop and commercialize MORAb-202 in the collaboration territories, i.e., Japan, China, Asia-Pacific countries*, the United States, Canada, Europe (such as the European Union and the United Kingdom) and Russia. 650 million USD was paid by BMS to Eisai at the time of signing of the contract. Of this amount, 200 million USD will be used for future research and development of this drug at Eisai. Eisai will also receive up to 2,450 million USD in development, regulatory and sales milestones.

With the formation of this partnership, MORAb-202 development will be accelerated, and it is expected that it will be possible to make a greater contribution to patients.

* South Korea, Taiwan, Hong Kong, Macau, Philippines, Vietnam, Laos, Thailand, Cambodia, Malaysia, Singapore, Indonesia, India, Australia, New Zealand

2. Eribulin liposomal formulation and E7130

Eisai is developing a liposomal formulation designed to increase the accumulation inside cancer cells by encapsulating eribulin in lipids, and E7130, a total synthetic medium molecular compound of halichondrin B. The eribulin liposomal formulation is under Phase Ⅰ study in Japan and Europe, and E7130 is under Phase Ⅰ study in Japan.

Selective estrogen receptor (ER) alpha covalent antagonist H3B-6545

Investigational H3B-6545 is an orally available covalent antagonistic ER inhibitor antagonist developed by H3B, and a Phase Ⅱ study is ongoing for this agent. Hormone receptor positive breast cancer accounts for about 70% of all breast cancers. Through the long-term usage of aromatase inhibitors, one of the hormone treatments, a drug-resistant ERα gene mutation occurs in about 30% of hormone-positive breast cancer.

Investigational H3B-6545 has a new drug profile different from existing profiles, that covalently binds to both wild-type and mutant ERα, to inhibit downstream signals and suppress the growth of breast cancer cells. Therefore, this agent is expected to become an agent that can be administrated to patients with hormone receptor positive tumors for a longer period. Currently, Phase Ⅰ / Ⅱ clinical studies in patients with breast cancer are ongoing.

Manufactured Capital | Social and Relationship Capital

Stable Supply and Quality Assurance

8.1 billion Total number of tablets, capsules, and vials supplied in fiscal 2020

Fulfilling our mission and responsibility to consistently supply high quality products for patients around the world

Initiatives to Achieve Stable Supply

Eisai has been making an effort to maintain a stable supply of medicines despite the turmoil in society under the impact of the COVID-19 pandemic, as a "*human health care* (*hhc*)" company. At all 9 of our medicine production sites in Japan and overseas, we give top priority to employee safety, and we have been implementing various infection prevention measures. In addition to temperature measurement before coming to work, washing hands/disinfecting fingers and gargling, prohibition of unnecessary or non-urgent business trips and going outside the office, and restriction of visitors, we are also taking the following actions; changing from face-to-face meetings to remote meetings, staggered lunchtimes, and unified seating directions during meals in order to avoid having people too close together in confined spaces. We also recommend working from home to employees who are able to do that, and we are continuing production activities while minimizing the risk of infection. In addition, we are carrying out a wide range of inspections regarding the operating status of our medicine production sites, manufacturing contractors, and raw material suppliers, as well as regarding the distribution status, and we are strengthening production and distribution management so that patients do not feel anxious about the supply of medicines. Due to the prolonged COVID-19 pandemic, there is a possibility that stable supply, including transportation from overseas, will see some disruption. For this reason, we are striving to maintain a stable supply through accelerated procurement of overseas products and raw materials.

●Stable supply under COVID-19

Plant	Country	Number of days closed due to COVID-19	FY2020 working days	Manufacturing sites utilization rate
Kashima	Japan	0	239	100.0
Kawashima		0	238	100.0
Fukushima (EA Pharma)		0	240	100.0
Suzhou	China	0	244	100.0
Benxi		0	244	100.0
Hatfield	U.K.	0	253	100.0
Baltimore	U.S.	0	252	100.0
Vizag	India	3	247	98.8
Bogor	Indonesia	10	250	96.0

Sustainable Production and Quality

Eisai has formulated a BCP (Business Continuity Plan) as a disaster or pandemic countermeasure, and regularly reviews it, in order to stably produce medicines and deliver them to patients. In our BCP, we aim to minimize damage in the event of a disaster or a pandemic, and be able to promptly start activities for business continuity. We maintain a system that allows us to continue supplying medicines by securing a backup production system.

From our experience of COVID-19, we think that it is necessary to transform the current production system, which requires employees to perform manual machine operation at the sites. We are aiming to convert the system by automation or remote operation so as not to be affected by restrictions on employees' attendance in the event of an emergency.

Strengthening the Production and Quality Assurance System by Constructing New Buildings in Kawashima and Kashima

The construction of a new building (the 5th) to manufacture anticancer agents at the Kawashima Industrial Park (Gifu, Japan) was completed in December 2020. Since the 5th manufacturing building handles highly active substances, it is designed to make it possible to manufacture anticancer agents more safely with various preventive features for controlling highly active substances, such as controlling exposure to workers. We will increase the production capacity of the in-house discovered and developed anticancer agent Lenvima® there, and further contribute to improving the benefits to patients and their families in Japan and overseas.

The construction of the F5 building, which is a multi-purpose plant that can handle a wide range of manufacturing conditions, was completed at Kashima (Ibaraki, Japan) in May 2020. We will continue to contribute to patients' well-being by manufacturing the drug substance of the anti-insomnia drug Dayvigo® that we plan to manufacture there, and by introducing new technologies.

The 5th manufacturing building in Kawashima

The F5 building in Kashima

Quality Assurance Initiatives

We have built a system to ensure quality that can be utilized with confidence in any country and region of the world. We can deliver to patients medicines that not only meet national regulatory requirements but are also manufactured and inspected according to approved methods, and are of the intended quality. Recently, scandals such as discrepancies in approval documents have become issues at some generic drug manufacturers, which represents a serious problem for society. At Eisai, in addition to continuous self-inspection of quality control systems, we also carry out risk assessments, taking quality issues at other companies into account, and strive to build a quality assurance system that can even detect unexpected series of incidents. Securing data integrity (integrity, consistency, and accuracy) in manufacturing and quality inspection of medicines is also extremely important. We conduct training regularly to further reinforce data integrity, automate the calculation and recording of important data, and separate the governance of the manufacturing department from that of the quality control and quality assurance department. For our contract manufacturing companies, we dispatch engineers to check the manufacturing sites to secure data integrity and carry out continuous inspections of the quality control system, in addition to implementing regular Good Manufacturing Practice (GMP) audits for manufacturing control and quality control of medicines.

●List of the functions of each plant, and major manufactured items

Plant	Country	APIs	Formulation	Packaging	Major manufactured items
Kashima	Japan	○			Lenvima®, Dayvigo®, Halaven®, Fycompa®
Kawashima			○	○	Lenvima®, Dayvigo®, Fycompa®, Lunesta®
Fukushima (EA Pharma)			○	○	Elental®, Goofice®, Moviprep®
Suzhou	China		○	○	Methycobal®, Merislon®, Aricept®
Benxi		○	○	○	Transfer factor *, loxoprofen sodium
Hatfield	U.K.		○	○	Lenvima®, Dayvigo®, Halaven®, Fycompa®
Baltimore	U.S.		○	○	Gliadel®
Vizag	India	○	○	○	Warfarin®, diethylcarbamazine (DEC) tablets, API for generics
Bogor	Indonesia		○	○	Pariet®, Aricept®, Methycobal®

* Product name in Chinese : 转移因子口服溶液

Global Marketing Activities

75 The number of countries and areas where we conduct marketing activities

Maximizing the meeting of needs while taking regional characteristics into account

Based on the "*hhc*" corporate philosophy, Eisai aims to elucidate the true needs that are latent in patients, their families, and medical personnel, and to bring about the meeting of unmet medical needs by marketing activities that take account of regional characteristics.

Americas

Oncology business group growth, pipeline advancements, and ongoing innovation in patient/ medical community support

Teresa Cronin
Senior Director,
Corporate Advocacy and Americas Region *hhc* Administrator,
Eisai Inc.

Oncology's commitment to the "*hhc*" mission has never been stronger as we continue innovating on behalf of patients.

The growth versus prior year was driven by Lenvima®, with a total of 20,000 patients treated in the U.S. Total demand for Lenvima® and KEYTRUDA® combination therapy continues to increase significantly, with its administration to over 7,000 new patients, including patients with certain types of advanced endometrial cancer* (EC). We are confident in the continued growth of our existing indications and have begun preparations for new approvals based on positive pivotal trial results presented at major medical congresses such as Genitourinary Cancers Symposium (ASCO-GU) about renal cell carcinoma and Society of Gynecologic Oncology (SGO) about EC, and potentially hepatocellular, melanoma, and lung cancers in addition. Through Eisai's commercial activities, we seek to keep the patient at the center and to increase impact through innovation and partnerships.

* Advanced endometrial carcinoma that is not Microsatellite Instability-High (MSI-H) or Mismatch Repair Deficient (dMMR), and progressed following prior systemic therapy in any setting in patients who are not candidates for curative surgery or radiation

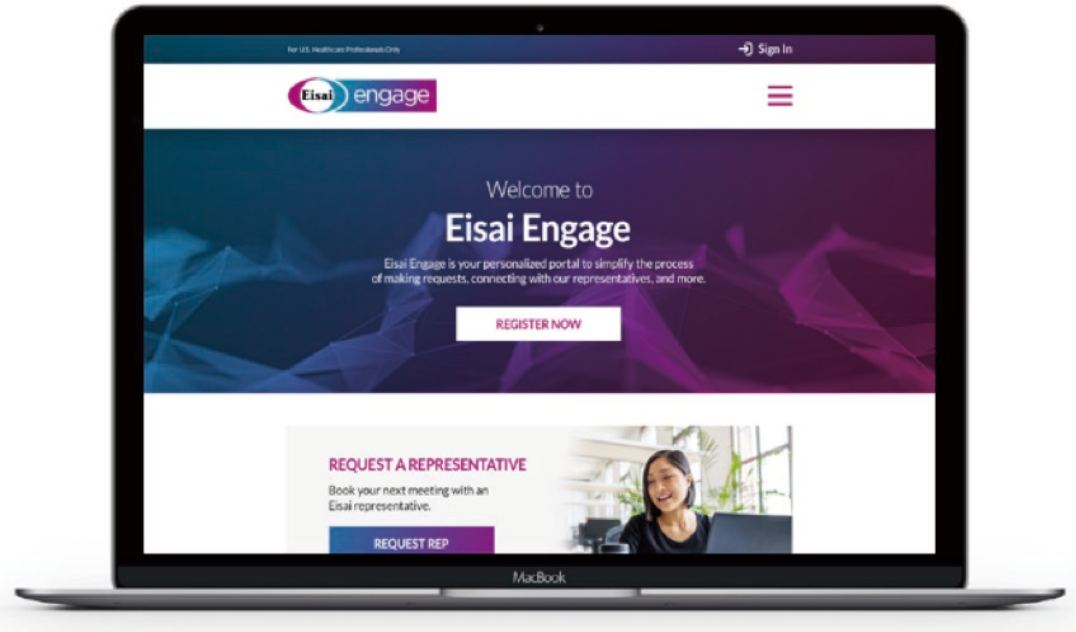
The Eisai Oncology Business Group has recently launched two high impact patient support initiatives in the U.S., focused on driving disease awareness and providing educational support in hepatocellular carcinoma (HCC) and EC. In HCC, the "Culture of Care" campaign was launched to address disparities of healthcare in Asian American and Latinx communities. This campaign was developed with input from patient advocates within each of these communities, and consists of unbranded education with a focus on overall liver health and liver cancer risk. It includes non-verbal resources and live educational events.

A second initiative is "Spot Her," an initiative to drive awareness of the signs and symptoms of EC, which is the 4th most common women's cancer with 65,000 cases per year. The initiative was launched in partnership with SHARE Cancer Support (SHARE), Facing Our Risk of Cancer Empowered (FORCE) and Black Health Matters to raise awareness of this common, yet under-recognized, women's cancer. The Spot Her initiative aims to embrace the power of every woman's voice to take a stand on this important women's health issue, and provide support,

education and community.

In addition to patient outreach, the extended oncology team quickly adapted to the new ways of working to maintain high engagement with health care professionals (HCPs) across multiple channels in fiscal 2020 amid COVID-19. The team's agile efforts included the development of new digital connectivity platforms, remote peer-to-peer forums programs, and improving connectivity initiatives to ensure that valuable collaboration with the medical community was not lost. In addition, as a company, we have continued to invest in our team's skills and development, including ensuring that our sales associates are equipped to be successful in a hybrid live and digital interaction environment. We have rolled out new field playbooks and well-received virtual coaching and training summits.

Our collective team, comprised of our field-based associates and home office colleagues in marketing, legal, compliance, and information technology, developed strategies for digital engagement solutions to further optimize how we connect with HCPs. We are rolling out a new platform "Eisai Engage" in early fiscal 2021, offering HCPs a virtual option to connect with Eisai sales associates, medical science liaisons, and medical information. We designed a digital destination that will facilitate our engagement with customers on an on-demand basis by providing easy access to critical tools and resources about Lenvima® and other brands. We are planning to add digital tools to support patients, caregivers, and HCPs in their journey with Lenvima®. Our strategy is aligned with the medium-term business plan 'EWAY Future & Beyond' to create solutions based on scientific evidence, including digital therapeutics to support prevention, management, and treatment of diseases.



Our new Eisai Engage platform

The Eisai Oncology Business Group has an exciting runway ahead of it, with a robust pipeline and multiple forecasted near-term launches. The collaboration with Merck & Co., Inc., Kenilworth, N.J., U.S.A. for Lenvima® and KEYTRUDA® combination therapy currently has over 20 clinical studies underway, across 13 tumor types.

We remain committed to scientific innovation, as well as providing innovative solutions to support the medical community and oncology patients.

China

Growth based on approximately 30 years of doing business in China

Yanhui Feng
Senior Vice President
President, Eisai China Holdings Ltd.
President, Eisai China Inc.

Eisai's business in China commenced when a collaborative company was established in Shenyang in 1991, and thus has a history dating back approximately 30 years. During that time, products such as Alzheimer's disease treatment Aricept®, and peripheral neuropathies treatment Methycobal® led the growth of the business. Since 2018, institutional reforms led by the government have been progressing in China, including acceleration of new drug approvals and early inclusion of innovative drugs in the reimbursement lists. With these reforms as a tailwind, Eisai China has launched 3 global brand products, which are new drugs, starting with anticancer agent Lenvima®, which was approved in 2018 for the indication of hepatocellular carcinoma (HCC), followed by anticancer agent Halaven® and antiepileptic treatment Fycompa®. It is estimated that the number of patients with HCC in China accounts for approximately half of the patients with liver cancer in the world. In the 3 years since its launch, Lenvima® has grown to be the largest product of Eisai China in terms of revenue.

As soon as we launched Lenvima®, a Patient Assistance Program (PAP) was introduced as an effort to reduce the burden that treatment imposes on patients. At the same time, Eisai China kept negotiating with the Chinse government for patient access. After almost half a year of preparation, Lenvima® and Fycompa® were listed on the 2020 National Reimbursement Drug List (NRDL). Now that insurance coverage has been initiated, patient access is expected to expand dramatically, and we will be able to deliver this drug to vast numbers of patients who are in need.

At the same time, measures to improve the quality of generic drugs and promote generic drugs' dissemination are also ongoing in China. In December 2018, the National Centralized Drug Procurement (NCDP) was introduced, mainly for the drugs used at national hospitals, and standard drugs, as well as generic drugs that have passed the Generic Quality Consistency Evaluation (GQCE) in comparison to the standard drug, have become eligible to join the bidding. In August 2020, Methycobal® tablets successfully won the bidding for the NCDP, which was a first for a Japanese pharmaceutical company. This has enabled us to continue to deliver Methycobal® tablets manufactured by Eisai to patients throughout China. An anti-inflammatory drug Loxoprofen, manufactured by Liaoning Pharmaceutical Co., Ltd., a generic drug manufacturing company which we acquired in December 2015, has also passed the GQCE by the authorities in comparison to the standard drug, and in February 2021, it successfully won the bidding for the NCDP. With high-quality generic drugs such as these, we will deliver the value of drugs to small and medium-sized cities and hospitals in inland and rural areas, where market growth is expected.

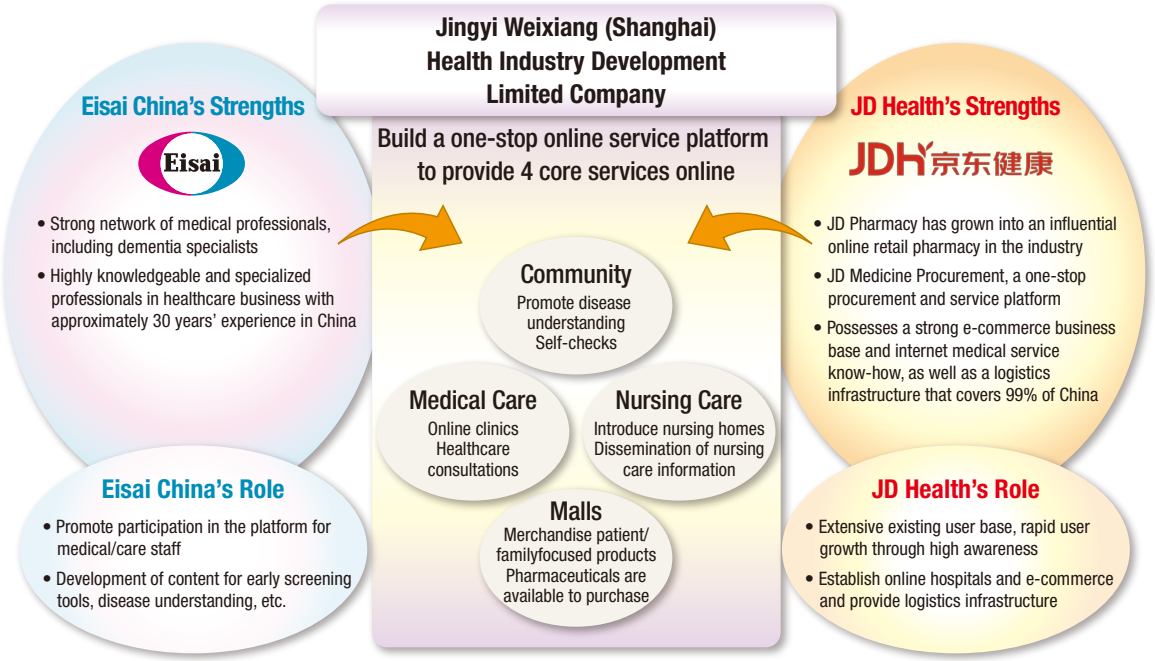
Due to the aging population, the elderly population over the age of 60 was 253.88 million, which accounted for 18.1% of the total population of China as of the end of 2019*[1]. With the rapid aging of the population, there is an increasing need for high-quality medical and nursing care for elderly people. The adoption of digital technology in the medical field is rapidly developing in China; for example, the ban on online hospitals under private medical insurance was lifted in 2012*[2].

In October 2020, Eisai China established a joint venture company, Jingyi Weixiang (Shanghai) Health Industry Development Limited Company, with JD Health, a group company of JD.com, which is a health management platform covering all health management scenarios throughout the entire life cycle of users, providing medical services based on an effective

supply chain and driven by digital technology. By leveraging the strengths of each company, the two companies will first build a platform with a special feature for dementia, with the aim of building a new One-Stop Health Service Platform for elderly people in China, so that users can select and use the most suitable individual service from a variety of information and medical services. In the future, we plan to continue to expand the business in order to contribute towards the meeting of needs in medical and nursing care in China. We aim to create value by contributing to "The People" from the medical field to daily life, utilizing "Internet +"*3 and digital transformation.

*1 National Bureau of Statistics of China: http://www.stats.gov.cn/english/PressRelease/202002/t20200228_1728917.html
*2 Description of an online hospital platform, China Bulletin of the World Health Organization 2019; 97:578-579. http://dx.doi.org/10.2471/BLT.18.226936
*3 The core policy on IT in China enacted in 2015 in order to solve the issues and revitalize the economy by combining internet technology with existing industry and social life, including manufacturing industry, finance, energy, health, education, smart life and so on.

Aiming to build an ecosystem through a joint venture company leveraging the strengths of Eisai China and JD Health



Business expansion in Vietnam, where economic growth has been remarkable

In September 2020, Eisai established a new pharmaceutical sales subsidiary, Eisai Vietnam Co., Ltd. (Eisai Vietnam), in Vietnam, a country with a population of approximately 97.62 million.

The pharmaceutical market in Vietnam is surpassed in size only by those of Thailand and the Philippines within the Association of South East Asian Nations (ASEAN), and the Vietnamese pharmaceutical market has maintained double-digit growth for over five years. Also, it is expected that the Vietnamese pharmaceutical market will continue to grow strongly due to expansion of the middle-income group based on Vietnam's economic growth and an increase in the number of patients with non-communicable diseases, etc.

Eisai opened a representative office in Vietnam in the early 1990s, and has mainly marketed the proton-pump inhibitor Pariet®, muscle relaxant Myonal®, peripheral neuropathy treatment Methycobal®, and other products through a local agency. Most recently, the antiepileptic drug Fycompa® was launched in October 2019, and the anticancer agent Lenvima® was also launched in September 2020. With the establishment of Eisai Vietnam, Eisai aims to enhance its own drug sales system in Vietnam, deliver innovative new drugs to more patients in Vietnam, and contribute to enhancing the benefits to patients and their families.

Social and Relationship Capital

Improving Access to Medicines (ATM)

28 countries
2.02 billion tablets

Number of countries supplied with lymphatic filariasis treatment DEC tablets and volume supplied (as of the end of fiscal 2020)

Striving to tackle global health issues by utilizing partnerships

"We want to deliver as many necessary medicines as possible and nurture hope in as many people as possible." Putting this wish into practice, Eisai is engaged in activities for improving Access to Medicines (ATM) in developing and emerging countries.

Contributing Towards the Achievement of the SDGs Through Initiatives for ATM

Eisai is engaged in activities for improving ATM, with the aim of ensuring that people in developing and emerging countries receive the medicines they need. ATM is a basic need for all people regardless of nationality, economic status, or social standing. Today, approximately 2 billion* people around the world do not have adequate ATM, most of whom are the poor in developing and emerging countries who also lack proper information about health and diseases.

Eisai believes that improving ATM in developing and emerging countries is a long-term investment that will support the health of the people living in these countries and ultimately lead to the future growth of these nations as a whole. Eisai utilizes many methods, including the supply of products at affordable prices as well as public-private partnerships, as it continues to implement various ATM initiatives through its unique business models.

* Source: Access to Medicine Index
▶ https://accesstomedicinefoundation.org/

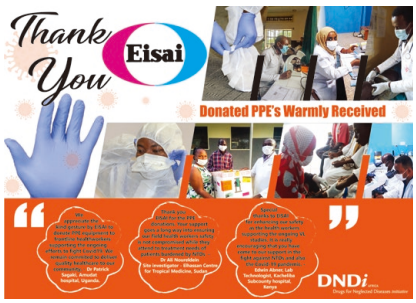
Efforts to Eliminate Neglected Tropical Diseases amid COVID-19: Collaboration with Partners

Lymphatic filariasis (LF) is a neglected tropical disease (NTD) transmitted to humans via carrier mosquitoes. It is estimated that approximately 893 million people worldwide, mainly those in developing countries, are exposed to the risk of LF. The World Health Organization (WHO) conducts mass drug administrations (MDAs) in endemic areas in order to eliminate LF. Eisai is committed to supplying diethylcarbamazine (DEC) tablets, one of the three types of LF medicines used in the MDAs, to LF endemic countries that need DEC until LF is eliminated in these countries.

In 2013, Eisai obtained WHO prequalification for DEC tablets and commenced production at its Vizag Plant in India. Since then, Eisai has been providing DEC tablets. However, due to the WHO's recommendation for avoiding crowds during MDA amid the global spread of COVID-19, NTD elimination activities were postponed. As a result, the number of DEC tablets provided free of charge via the WHO to 28 LF endemic countries was 2.02 billion (as of the end of fiscal 2020) and could not reach the 2.2 billion tablets target that was agreed on in November 2010. Despite the challenging circumstances, each country was very eager to eliminate NTDs, and Eisai supported implementation of MDAs in Kenya and Myanmar in fiscal 2020. In Kenya, Eisai contributed to resumption of elimination activities by providing masks and disinfectants for the infection prevention measures of local staff who implement MDA. Also, masks and Personal Protection Equipment were provided via Drugs for Neglected Diseases *initiative* (DNDi), Eisai's research and development partner, to infectious disease research institutions in 6 African countries.

Eisai employees at Vizag Plant socializing with LF patient

MDA support in Myanmar



Thank you letter for provision of masks and Personal Protection Equipment

Installation of Water Tanks in Kenya for Supplying Clean Water

In addition to the free provision of DEC tablets and support for MDAs, Eisai has also provided water tanks in collaboration with Merck KGaA (Germany) to supply clean water. The tanks were installed in the NTD-endemic areas, designated by the Ministry of Health of Kenya, where it is difficult to secure clean water.

When LF becomes severe, it causes lymphatic dysfunction that leads to swelling of body parts such as legs, and affected body parts become susceptible to bacteria. In order to make water tanks easily accessible for local residents, the tanks were installed next to local schools, and both residents and schools are able to access clean water. Also, having a clean water supply helped to make hand washing a habit and contributed to COVID-19 prevention measures.

The tanks installed next to local schools

Children lining up at the water tanks

10 Years of Progress Toward LF Elimination

After agreeing to provide DEC tablets free of charge to the WHO in November 2010, Eisai became the only Japanese company to participate in the London Declaration on Neglected Tropical Diseases, the largest public-private partnership in the field of global health, to eliminate 10 NTDs. Eisai started the development of DEC tablets in 2010 and received prequalification from the WHO in 2013. Since obtaining prequalification, Eisai has been manufacturing and supplying the DEC tablets from its Vizag Plant in India. At the 5th anniversary event of the London Declaration in April 2017, Eisai announced that it would continue to provide DEC tablets to endemic countries that need DEC until LF is eliminated in these countries.

In addition, to commemorate the 5th Anniversary of the London Declaration, efforts by donor companies were officially acknowledged in the form of a Guinness World Record for “Most medication donated in 24 hours.” The total number of treatments was 207 million. This was accomplished thanks to the combined efforts of donor company drug production facilities, including Eisai’s Vizag Plant, as well as various NTD elimination partners. Eisai will continue to work with partners for LF patients and their families.

Eisai has created videos to commemorate the 10th anniversary of LF elimination activities. “Leave No One Behind—Diseases of Neglected People,” an animation video created in 2020, won the Animation Award at the International Society for Neglected Tropical Diseases (ISNTD) Festival 2021.

Please visit the following link to watch the award-winning animation

▶ https://www.eisai.com/sustainability/movie/index.html

Please visit the following link to watch Eisai’s LF elimination activities over the past 10 years

▶ https://www.eisai.com/sustainability/atm/lymphaticfilariasis.html

R&D through Partnership

Eisai proactively undertakes research on pharmaceuticals for treating NTDs and for the three major infectious diseases (acquired immunodeficiency syndrome [HIV/AIDS], tuberculosis, and malaria). These diseases strike people with low incomes in developing countries, preventing them from working. This in turn leads to a negative cycle of poverty in which people become incapacitated due to disease and become even poorer, and international efforts are needed to tackle this significant global health issue. In response, Eisai is currently conducting various projects aimed at developing new treatments for mycetoma, filariasis, Chagas disease and leishmaniasis as well as malaria and tuberculosis. Undertaking research activities for these diseases requires specific expertise, technologies and clinical study experience, in addition to networks with clinical facilities in endemic regions. For these reasons, Eisai is actively engaged in external collaborations, such as partnerships with global research organizations, and is participating in international consortiums to share compound libraries across all projects.

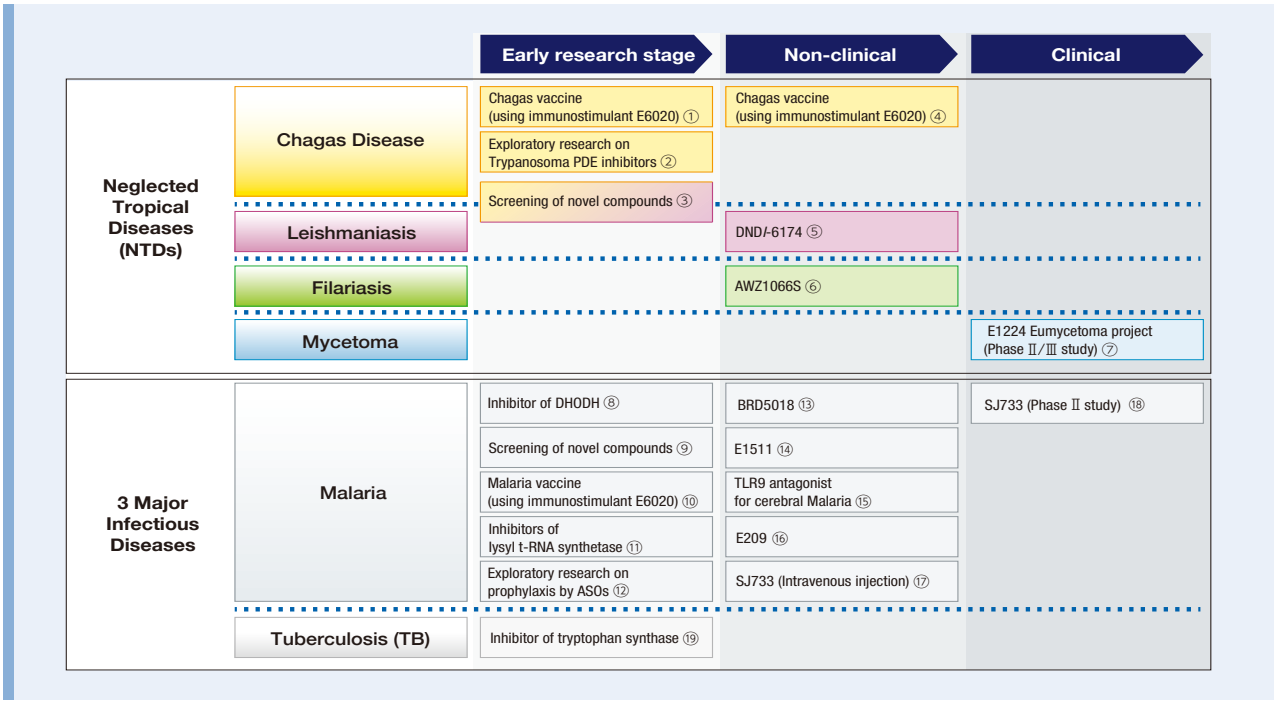
In collaboration with DND*i*, Eisai carried out the BENDITA study (a combination study of fosravuconazole [E1224] and benznidazole) in Bolivia to study its in-house discovered antifungal agent E1224 as a candidate for a new treatment for Chagas disease. Although the clinical trial could not verify combination therapy’s efficacy compared to monotherapy of benznidazole, it contributed to evidence creation for a potential new standard of treatment as incidence of

side effects, an issue associated with monotherapy of benznidazole, decreased. It is expected that the treatment access will be improved by significantly shortening the administration period, and the results of the study were published in the *Lancet,* one of the world's 5 leading medical journals.

Eisai is also aiming to develop E1224 as a new drug for fungal mycetoma, one of the most neglected diseases. Mycetoma is transmitted through pricks in the skin and causes large lesions. Currently, Eisai is conducting a Phase Ⅱ/Ⅲ study in partnership with the DND*i* in Sudan, one of the countries where the disease is most prevalent, and is engaging in disease awareness activities. Since February 2019, in cooperation with the international non-governmental organization Association for Aid and Relief, Japan (AAR Japan), Eisai has been implementing awareness activities in relation to knowledge of mycetoma and the importance of early treatment, as well as initiatives that promote patients' early diagnosis and treatment at medical institutions in Sudan. Eisai also commissioned AAR Japan to conduct a patient medical awareness survey.

Malaria, which infects approximately 230 million people and kills more than 400 thousand people per year, is still a serious infectious disease. In recent years, resistance to existing drugs has been reported, and the development of new drugs has become an urgent task. Eisai is pursuing a Phase Ⅱ study with the aim of developing a new drug against malaria in partnership with the University of Kentucky in the United States and the Swiss non-profit Medicines for Malaria Venture (MMV).

●NTDs/Infectious diseases research project portfolio (as of July 2021)



R&D Consortium for NTDs and 3 major infectious diseases	WIPO Re:Search ⑳ Macrofilaricide Drug Accelerator ㉒	NTD Drug Discovery Booster ㉑ TB Drug Accelerator ⑳
R&D Consortium for Pandemic and Antimicrobial Resistance (AMR)	COVID-19 Therapeutics Accelerator ㉔	AMR Screening Consortium ㉕

■Main partners of the projects
①,⑩,⑮ Fundação Oswaldo Cruz (Fiocruz) (Brazil)
② Universidad Nacional de La Plata (UNLP) (Argentina)
③,⑤,⑦,㉑ Drugs for Neglected Disease *initiative* (DND*i*) (Switzerland)
④ Sabin Vaccine Institute (U.S.)
⑥,⑯ Liverpool School of Tropical Medicine (U.K.), University of Liverpool (U.K.)
⑧,⑬ Broad Institute (U.S.), Medicines for Malaria Venture (MMV) (Switzerland)
⑨,⑭ Medicines for Malaria Venture (MMV) (Switzerland)
⑪ University of Dundee (U.K.), Medicines for Malaria Venture (MMV) (Switzerland)
⑫ University of California, San Diego (U.S.)
⑰,⑱ University of Kentucky (U.S.), Medicines for Malaria Venture (MMV) (Switzerland)
⑲ Broad Institute (U.S.), Colorado State University (U.S.), University of Chicago (U.S.)
⑳ World Intellectual Property Organization (WIPO) (Switzerland), BIO Ventures for Global Health BVGH) (U.S.)
㉒,㉓,㉔ Bill & Melinda Gates Foundation (U.S.)
㉕ Global Antibiotic Research and Development Partnership (GARDP) (Switzerland)

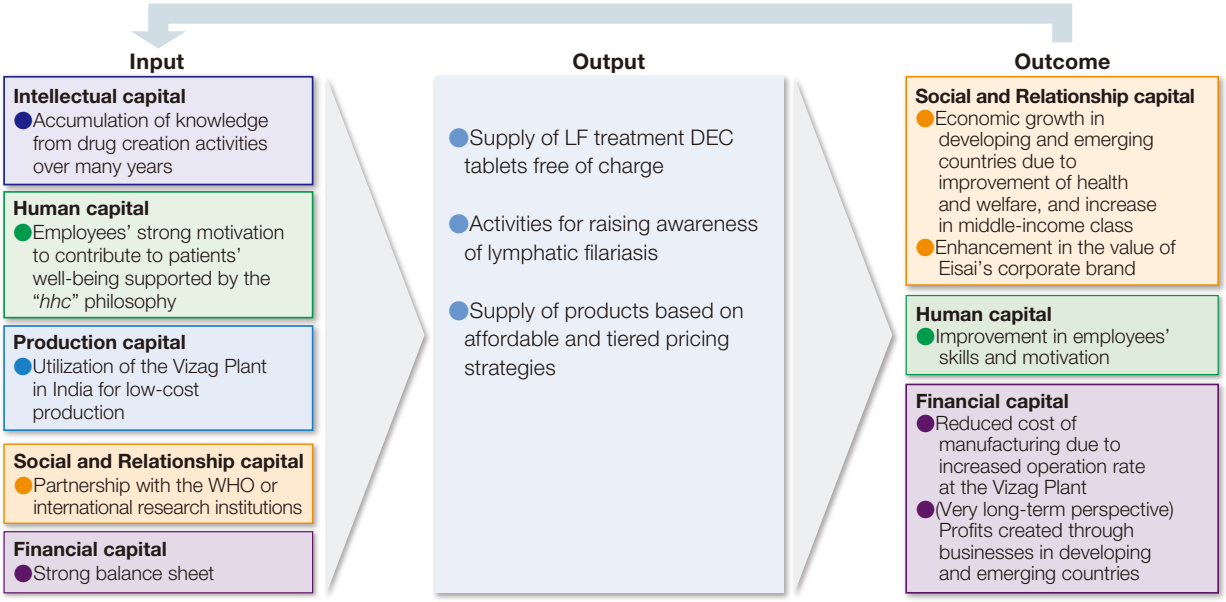
Please visit the following link for details on projects ▶ https://www.eisai.com/sustainability/atm/research.html

■ Pricing Policy That Emphasizes Affordability

Eisai has formulated various flexible pricing policies that enable patients in developing and emerging countries to purchase Eisai's products at affordable prices. For anticancer agents Lenvima® and Halaven®, Eisai has introduced tiered pricing in India. In this model, cost of treatment is set at several tiers, including free provision, in accordance with the income level of the patients and availability of health insurance. Furthermore, Eisai is

supporting patients who are economically disadvantaged to help them access treatments by introducing Patient Access Programs for Lenvima® in 8 Asian countries, Halaven® in 7 countries and Fycompa® in Indonesia.

Enhancement of Corporate Value and Solutions to Social Issues Through Initiatives for Improving ATM



For the purpose of facilitating the improvement of ATM, Eisai utilizes many different types of capital as inputs and converts them into many different forms of output (products and services), such as DEC tablets, through business activities. As a result, we pursue the creation of positive outcomes such as the improvement of health, welfare and economic growth by increasing the size of the middle-income populations in developing countries and emerging countries. Eisai also seeks to enhance the value of its corporate brand, improve employees' skills and motivation, and reduce costs by increasing the operation rate of the Vizag Plant, as positive internal outcomes. Eisai believes that efforts to improve ATM will increase capital to an extent that is greater than the amount of input, through the creation of added value. Eisai's initiatives for improving ATM go beyond the framework of CSR activities and aim at creating long-term value. Supplying DEC tablets free of charge will initially be a loss, and will thus negatively affect profits and ROE in the short term. However, from a very long-term perspective, we anticipate that it will boost our net present value (NPV) to a positive level through the creation of the outcomes described above.

Highly Evaluated Eisai's Initiatives for Improving ATM

The Access to Medicine Foundation, an international non-profit organization which analyses how the world's largest pharmaceutical companies are addressing access to medicine, biennially researches and publishes the Access to Medicine Index. In 2021, Eisai was ranked 11th. Eisai has been participating in the Instrumental Access initiative by Seeding Labs, a non-profit organization, since 2015. Instrumental Access donates equipment, a powerful means for R&D, to support capacity building in developing countries where resources are in short supply. Eisai became a Gold level equipment donor by providing equipment to 38,000 scientists and students in 46 universities in 19 countries. The Instrumental Access initiative was featured as a Best Practice for R&D Capacity Building in the 2021 Access to Medicine Index. The collaboration of pharmaceutical companies including Eisai, received very positive evaluation. Eisai's activities for the SDGs including efforts to control NTDs are featured in numerous mass media, and are attracting attention from outside the company.

In addition, Eisai has been selected for inclusion in the MSCI Japan ESG Select Leaders Index as a company with outstanding ESG ratings, and has maintained an AA ranking in the ESG Index for 8 consecutive years since 2014. In this Index, the area of Access to Health Care was highlighted as one of Eisai's strengths.

access to medicine index

D&I

Diversified human resources to build trust and enhance social value

Formulated Eisai Diversity and Inclusion 2021, covering the period up to fiscal 2030

External Evaluations for Human Capital

Japan's Ministry of Economy, Trade and Industry (METI) selected Eisai for inclusion in the New Diversity Management Selection 100, particularly for its active participation by diverse human resources such as women and employees of foreign nationalities, realization of diverse career paths, and reform of work styles and management. We are also certified as a Child-rearing Support Company by the Tokyo Labor Bureau of the Ministry of Health, Labor and Welfare (MHLW). With regard to female workers' empowerment, we have been continuously selected over several years for inclusion in the MSCI Japan Empowering Women Index (WIN), which the Government Pension Investment Fund (GPIF) has adopted, and Morningstar Inc. ranked Eisai in the top quintile of companies included in global and Japanese Gender Diversity Indices (GenDi). In addition, Eisai received a special prize for implementing new working styles in response to the COVID-19 pandemic at the Platinum Career Award 2021, which was initially established with the aim of commending companies that aspire to provide opportunities for employees to develop their careers and play active roles.

With the aim of protecting the health of our employees, Eisai and the Eisai Health Insurance Society have established the Collaborative Health Project, and support employees' health in cooperation with occupational health physicians, medical staff and other relevant parties. The Ministry of Economy, Trade and Industry selected Eisai for inclusion in the "White 500" (Top 500 Health and Productivity Management Organizations) in the large enterprise category based on its initiatives in line with local health issues and initiatives to improve employees' health. In June 2019, we issued the Eisai Health Declaration, and achieved no smoking at all offices by October 2020, as key strategies to improve employees' healthcare literacy.

* Morningstar Inc. provides various services in Japan through Ibbotson Associates Japan, Inc. and Morningstar Japan K.K.

Talent Strategy

Eisai's talent strategy is to develop human resources who cultivate confidence and pride through proactive and challenging work, and voluntarily contribute to the creation of new value with a strong appreciation of Eisai's corporate philosophy. We aim to form borderless talent groups that can actively engage with people regardless of time or place, build trust, and continue to create innovation while adapting to changes.

Toward this end, we promote our talent strategy from a global viewpoint.

Establishment of a Global Talent Management System

Eisai formulated Eisai Global Talent Management Policy in 2016, and it has instilled this policy, which proactively embraces diversity and inclusion, and leads to full understanding of patients' needs and to the Company's innovation. Incorporating in the policy the idea of acquiring talented people who sympathize with the "*hhc*" mindset, and finding and cultivating talent who can develop new business opportunities, Eisai clarified globally that the collaboration by diverse human resources who demonstrate their individual strengths is essential to realizing the "*hhc*" philosophy.

Eisai Global Talent Management Policy

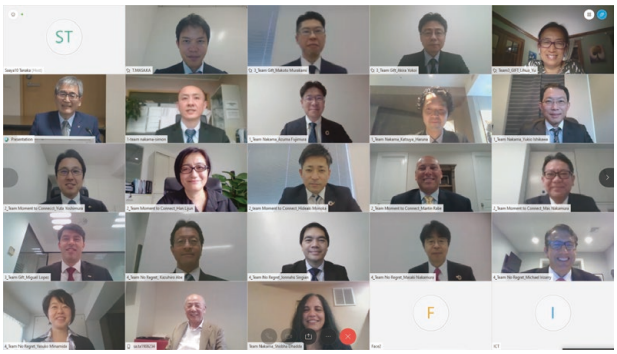
- Eisai employees understand patients' true needs through a process of "Socialization", giving them a strong driving force for innovation; they then think about where and how to put this innovation into practice in order to meet these needs
- We endeavor to provide meaningful work that offers innovation and development opportunities
- We foster the development of a corporate culture free from discrimination or harassment, which embraces diversity & inclusion, and encourages taking on challenges and achieving success through trial and error
- We attract and recruit outstanding human talent from around the world who identify with the "*hhc*" mindset to maximize the satisfaction of patients and consumers
- We find and develop talent who can observe the current real world (in terms of trends, presentations at academic conferences, etc.) and identify new business opportunities (including timing) rather than adhering to the status quo

Cultivation of Global Talent

Our greatest strength is the successful instilling of our corporate philosophy, which ensures that management policy and corporate strategies are fully understood by our global employees. The basis for our human resource development is understanding and appreciation of the "*hhc*" philosophy, and the company creates various opportunities for "Socialization" where employees spend time with patients in training programs at different levels. We are carrying out more than 500 contribution activities globally with the aim of instilling the "*hhc*" philosophy.

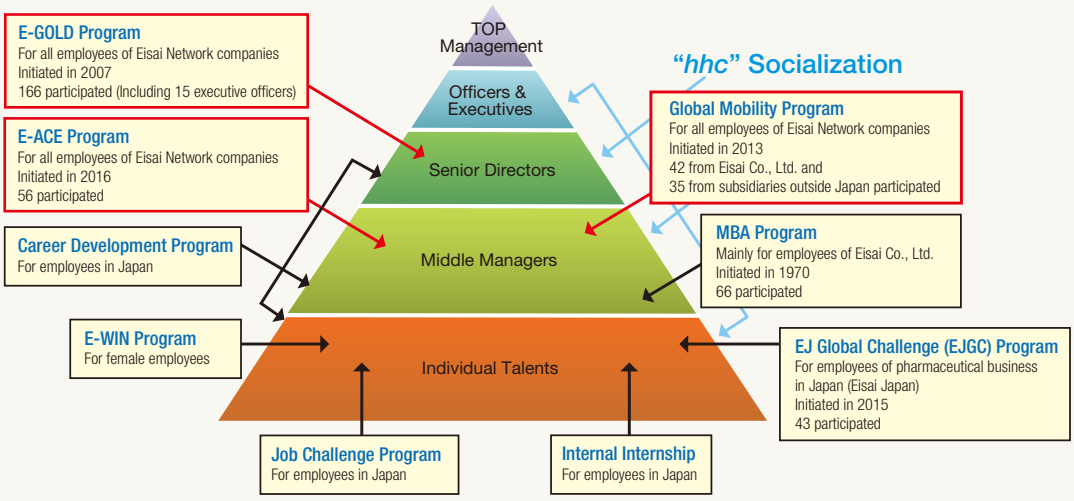
In addition, Eisai implements selective human resource development programs called the E-GOLD Program, led by the CEO, and the E-ACE Program, led by the CTO (Chief Talent Officer), every year to cultivate global leaders.

We also support employee exchange and foster a sense of unity within the Eisai group through the Global Mobility Program. Approximately 80 employees who have already experienced the program have developed their capabilities and have now become active as global business leaders. As approximately half of the participants are from foreign countries, the program helps to strengthen awareness of the importance of diversity among our employees in Japan.



Scene from the E-GOLD Program held online

Global leadership development programs



Diversity & Inclusion (D&I) Strategy to Achieve Diverse Human Resources

Acceleration of diversity & inclusion (D&I) is one of the most important themes for our company in order to realize the "*hhc*" philosophy. Since the CEO issued the Eisai Diversity Declaration in 2012, we have developed a work environment that allows employees with a wide range of values to play active roles regardless of their nationality, gender, age, or other characteristics. Furthermore, we have established a compliance policy that provides an equal and non-discriminatory work environment for all employees, and we have made it known to more than 10,000 employees globally.

However, there are still more diversity-related issues, such as gender issues, in Japan compared to other countries. There is an urgent need for measures to address these issues from various perspectives. We have formulated, and been working on the following goals and action plans, which are collectively referred to as Diversity & Inclusion 2021, and which cover the period up to fiscal 2030. Our target is to form autonomous professional groups, realize the spiral of knowledge generated by diversity, and lead to the global advancement of innovation, regardless of differences in nationality, gender, age, etc.

1. Increase the ratio of female employees and managers to 30% or more

We will become an organization that enables decision-making and human resource development based on a wide range of values and leadership, and develop an environment in which the individuality and strength of each employee is reflected in management and daily operations (As of the end of April 2021, the ratio of female employees is 24%, and the ratio of female employees in management positions is 11%).

2. Increase opportunities for employees to challenge themselves in ways appropriate to veteran employees

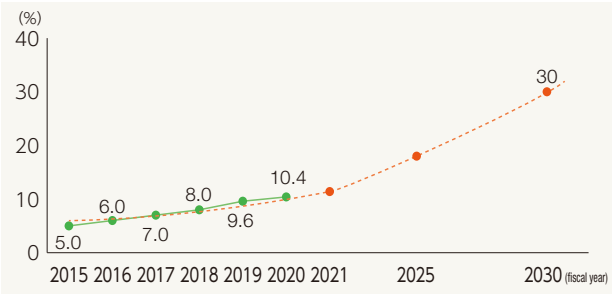
Not only to convey the experience and knowledge accumulated over many years to young people, but also to fulfill the roles expected from inside and outside the company, we will produce veteran employees who contribute to the revitalization of organizations and the realization of a spiral of knowledge as a "shining TAKUMI*."

* Veteran employees who find their own significance in taking on the challenge of creating new value and developing next-generation human resources as a front runner to embody the "*hhc*" philosophy

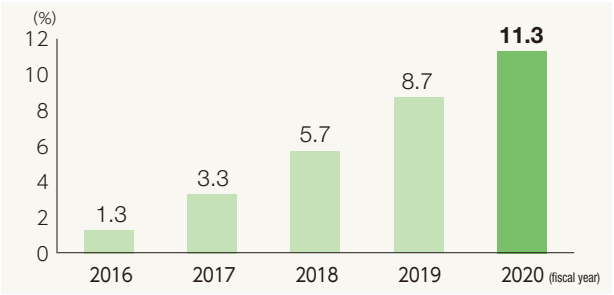
3. Increase the ratio of managers in their 30s or younger to 20% or more

We will realize management diversity more effectively and accelerate the development of an environment where new ideas can be utilized in decision-making.

Ratio of female employees in management positions



Ratio of section leaders in their 30s or younger



Initiatives for D&I in regions overseas

1. Initiatives in the United States

At the Town Hall Meeting for Employees in August 2020, the top management of Eisai Inc., Eisai's US subsidiary, introduced our D&I plans and key aspects. Eisai has been recruiting human talent with diverse backgrounds, and African-Americans and Indian-Americans have been appointed to senior management positions. We will accelerate the hiring of minority employees through measures such as cooperation with African-American communities.

Regarding employee development and training, we are holding lectures given by African-American experts. We will hold a D&I training program about unconscious bias in 2021.

2. Initiatives in Europe

In line with the corporate Equality Policy shared with all employees globally, we aim to realize D&I with regard to equality, well-being, and elimination of bias for minority employees such as LGBTQI or people with African ethnicity. With our focus on diversity, our hiring managers receive various types of training to understand how to overcome bias. We also regularly analyze the gender pay gap, and try to minimize it when it exists. In addition, we carry out data collection and insight gathering from experts, and conduct pulse surveys about diversity, targeting all employees.

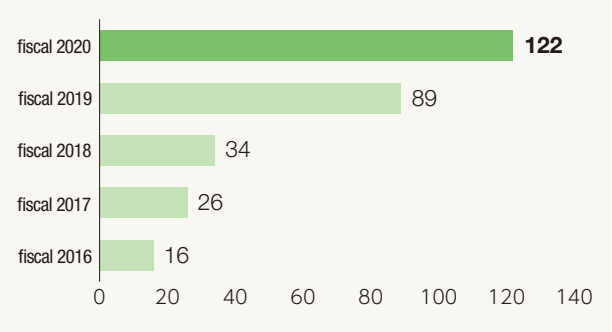
Strengthening the Human Resources Portfolio under the Mid-term Business Plan 'EWAY Future & Beyond'

To maximize the human resources base for executing management strategies, we will use People Analytics* to visualize employee engagement, in addition to qualitative information utilization. Moreover, we provide opportunities for each employee to maximize their performance by executing effective personnel strategies backed by human resources portfolio analysis and an optimum arrangement analysis based on the quantitative information obtained.

To realize the digital transformation (DX) strategy, which is the core of our new business model, we have been actively hiring specialists such as data scientists and engineers to strengthen our human resources base. Furthermore, with a focus on developing leaders who can promote our DX strategy, we conducted DX training for all executive officers in fiscal 2020. We will further enhance the development of leaders and specialists to lead our DX.

* Data collection and analysis of employees and organizations

●The number of mid-career hires

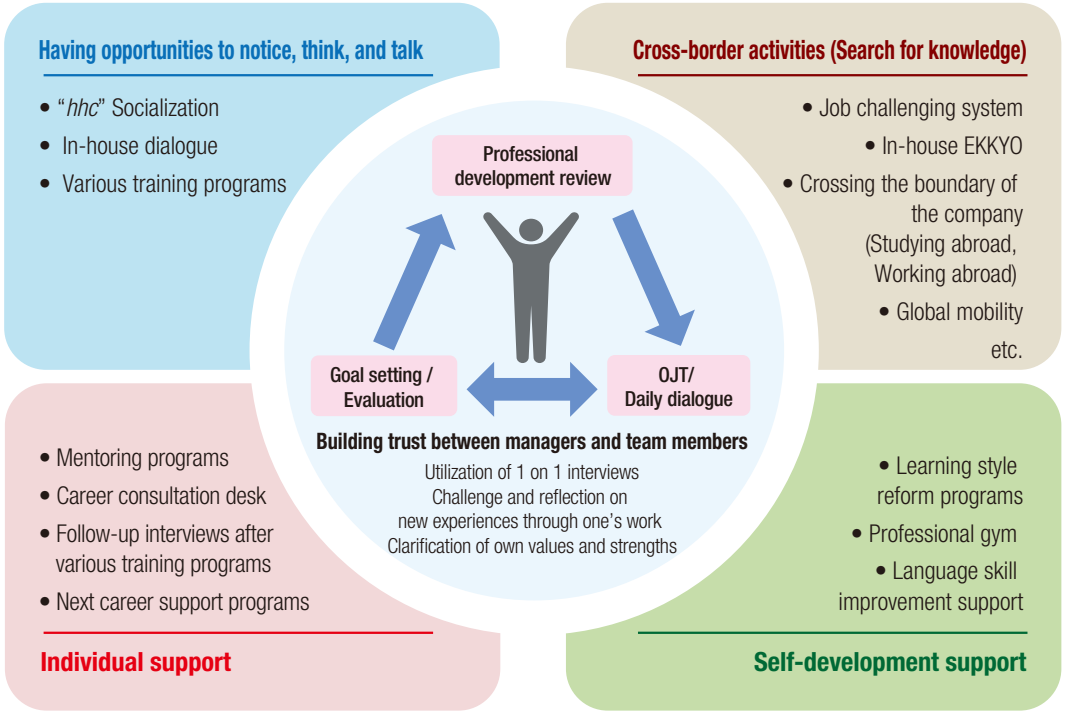


Realization of Diverse Career Paths and Human Resource Development

We aim to create an environment in which human resources who can build trust with their surroundings develop, take on challenges, and continue to provide value to society. For that purpose, we have started learning style reform to enable employees to select, challenge, and self-improve based on their own will and responsibilities. Our training is shifting to an opportunity-providing style in which the employee chooses what to learn according to their personal characteristics, preferences, and needs, and takes on the challenge actively. We have prepared a lot of alternatives in regard to training curriculum, time, and place. We are also providing a wide range of career development opportunities through cross-border programs both inside and outside the company.

We are attempting to transit from company-led career development to a proactive approach based on the diversity of individual values and willingness to take on challenges by enhancing career development and training using e-learning, etc.

●Efforts to strengthen employees' career autonomy



Work Style Reform that Accelerates the Success of Diverse Individuals and the Search for Knowledge

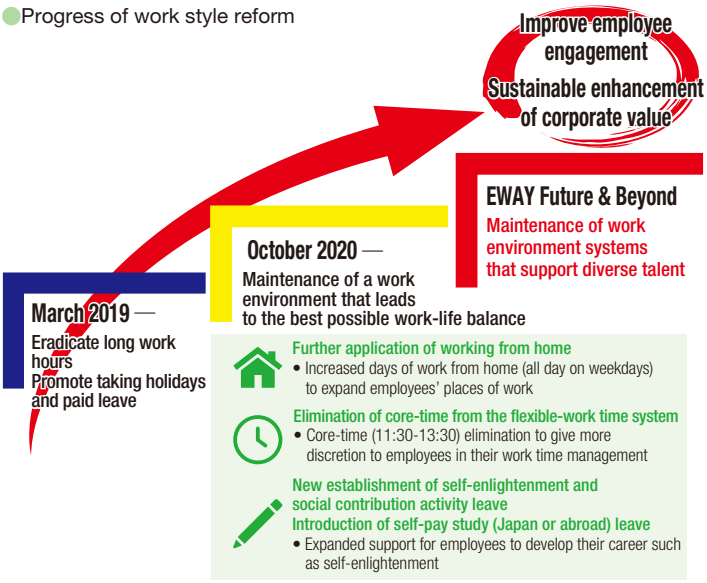
We set the goals of work style reform as maximizing output by improving employee independence and engagement, and we are promoting various initiatives to realize this. We are developing an environment in which employees adopt work styles that balance work and personal life, and in which each employee's life events and diverse values are accepted. We have introduced systems that offer a wider choice of work styles from the perspective of supporting employees to maximize their performance by balancing work and childcare, nursing care, and personal illness.

Furthermore, for the purpose of work style reform, we aim not only to correct long working hours, but also to expand individual discretion in regard to the place and time of work, and transition to a self-creative work style, based on the lessons from the COVID-19 pandemic. Specifically, we expanded the working-from-home system and eliminated core time from the flextime system. In addition, we are aiming to have male employees to take spousal maternity leave* for at least 5 days as a general rule, and achieve a rate of having at least 50% of eligible employees take such leave. We support employees to help them achieve their best in both their work and their private life by establishing new leave systems for privately funded study abroad, self-development, and social contribution. With regard to childcare and nursing care leave, we provide information on nursery schools, etc. and support self-development during leave, so that employees can return to work smoothly. Emphasizing the perspectives of work-life balance, business efficiency, and human resources retention, we started renovation of our HQ buildings in the first half of fiscal 2021 in order to establish a more efficient and effective work style through activity based working (ABW), to maximize intellectual productivity. Mutual trust between the company and the employees is more important than ever in order to maximize outcomes while satisfying various work style preferences. We will continue to work on establishing a truly comfortable working environment, effective personnel systems, and a new human resources management policy to support the further success of diverse individuals.

* Spousal maternity leave: Up to 5 days of special paid leave given to spouse within 8 weeks after childbirth

Please see the link below for details on creating a positive working environment.
https://www.eisai.com/sustainability/employee/environment/index.html

Progress of work style reform



Monthly trend in percentage of employees working from home (HQ)

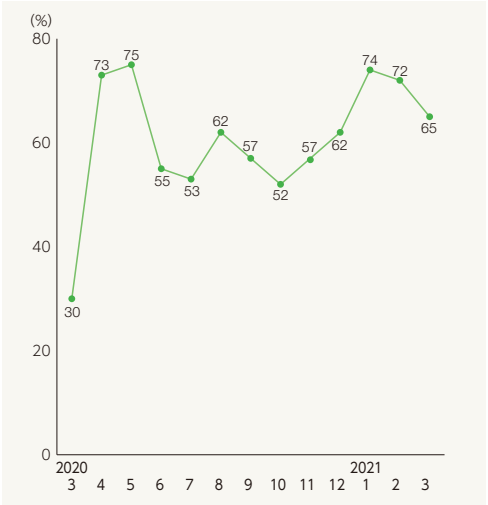
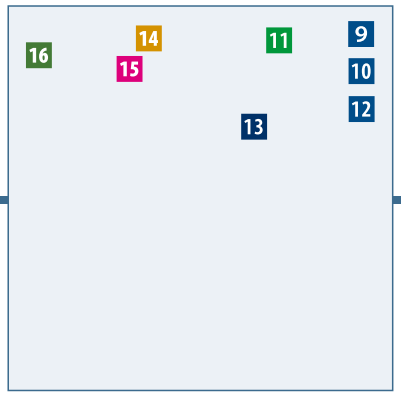


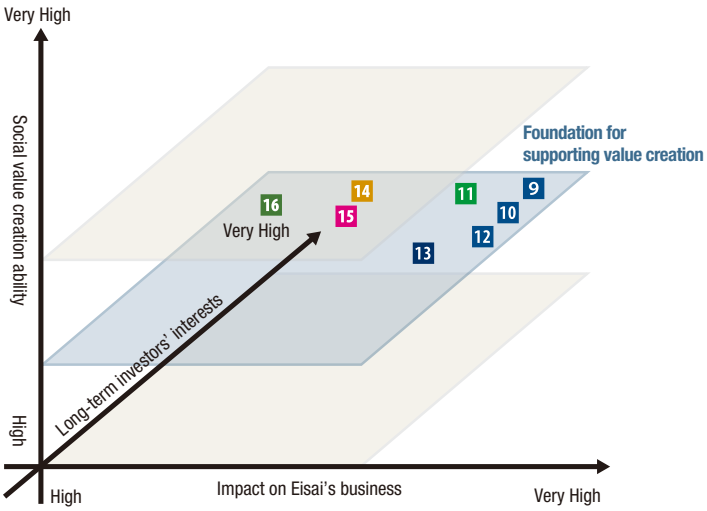
Illustration of the new layout of the HQ building

Designed by Taisei Corporation

Foundation for Supporting Value Creation



- 9 Corporate governance system
- 10 Compliance and risk management
- 11 Appropriate pricing
- 12 Protection and reinforcement of intellectual property
- 13 Financial strategy
- 14 Supply chain management
- 15 Business that takes human rights into account
- 16 Business that takes the global environment into account



Natural Capital | Social and Relationship Capital

Taking the Global Environment Into Account in Our Business Activities

2040 Carbon neutral achievement target year

Ensuring the sustainability of the global environment and building a solid foundation for enhancing corporate value

Eisai has been developing corporate activities as a global "*human health care* (*hhc*)" company. In the new medium-term business plan 'EWAY Future & Beyond' starting from fiscal 2021, Eisai aims to deliver not only pharmaceutical products but also solutions to "The People" including both patients and the public, under the "*hhc*" philosophy. In order to contribute to "The People," it is important for Eisai to strengthen its activities to ensure the sustainability of the global environment, which is the basis of its business activities. In particular, efforts aiming at reducing greenhouse gas emissions, realizing sustainable use of resources such as water, and safeguarding biodiversity, will reduce not only the burden on the environment but also the risk of natural disasters in society as a whole, and alleviate water stress. We believe that this will contribute to a more stable product supply, meet the needs of future patients and the public, and lead to the continuous realization of the "*hhc*" philosophy.

Our efforts in this area have received external evaluations such as a "B" in the CDP*1 Climate Change Report 2020, selection for inclusion in the "Carbon Clean 200*2" ranking of the top 200 listed companies in the world in 2021 that are contributing most to the reduction of fossil fuel energy consumption, and inclusion in the S&P/JPX Carbon Efficient Index.

*1 A non-profit organization that requests top ranking market capitalization companies and municipalities in major countries to disclose information on climate change, water, and forests, and discloses it to investors, companies, and governments after analyzing and evaluating the information

*2 Selected by media and research firm Corporate Knights (Canada) and NGO As You Sow (U.S.)

Efforts to Reduce Greenhouse Gas Emissions

Eisai's statement of commitment to achieving carbon neutrality by 2040 – Setting a new medium- to long-term target

We have established the Eisai Network Company (ENW) Environmental Policy and developed corporate activities that emphasize the conservation of the global environment. The entire company has been working together to reduce greenhouse gas (GHG) emissions.

We proceeded with the examination of medium- to long-term goals in the cross-organizational Carbon Neutral Project, which was launched as a countermeasure against climate-related risks, and set the medium- to long-term targets outlined below in the 2040 Carbon Neutral Declaration in May 2021. The new target was set to respond to the initiatives of governments intending to solve the issues of climate changes by realizing a carbon-free society, and in response to global demands for solving social challenges. Eisai declared that we would accelerate our efforts to protect the environment more than ever with the new target. We will create a company-wide roadmap and promote concrete actions to achieve our goals, such as further introduction of renewable energy. As part of this, in June 2021, we applied for membership in RE100, an international initiative that aims to have companies use renewable energy for 100% of the electricity used in their businesses, and will officially join in September 2021.

In December 2020, Eisai announced our support for the Japan Climate Initiative, a network of companies, local governments, and NGOs that are actively working on climate change countermeasures, and we have been actively working with more than 600 stakeholders, including companies, local governments and NPOs, to realize a carbon-free society.

- **Medium-term target: Achieving 100% usage of renewable energy by 2030**

Eisai will switch over to renewable energy for all electric power, which accounts for 65.3% (as of fiscal 2019) of the total energy used by the entire Group (Aiming for zero CO_2 emissions from the use of electric power classified in Scope 2).

- **Long-term goal: Achieving carbon neutrality by 2040**

Eisai will balance out CO_2 emissions and absorption across the entire Group (Aiming for zero CO_2 emissions from the consumption of fossil fuels classified in Scope 1 following the achievement of the target of Scope 2).

Progress towards achievement of the SBT (Science Based Targets: Targets for reducing greenhouse gas emissions based on scientific grounds)

Having set a target of reducing CO_2 emissions by 30% by fiscal 2030 (compared to fiscal 2016), the entire Group has been working on to reduce the emissions. Eisai received approval from the Science Based Targets (SBT) Initiative* for the reduction targets in 2019. In addition, as a result of promoting the use of renewable energy at

plants in China and India, greenhouse gas emissions (Scope 1 + Scope 2) decreased significantly in fiscal 2020, and these efforts enabled us to make great progress in our plan for achieving our SBT. We will also work with our suppliers on reducing Scope 3 CO_2 emissions.

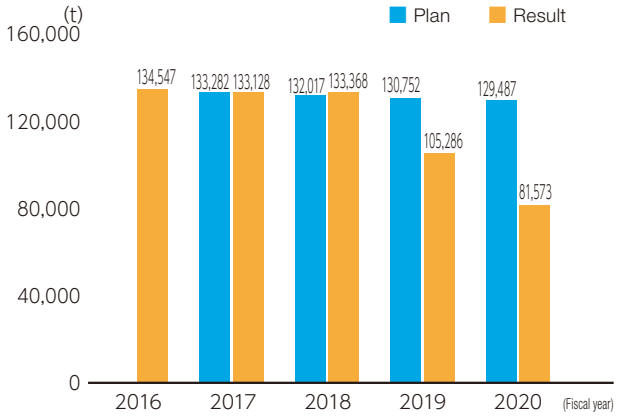
* An international joint initiative by CDP, which is an international NGO operating an information disclosure program related to the environmental field, the UN Global Compact (UNGC), the World Wildlife Fund (WWF), and the World Resources Institute (WRI).

1. 30% reduction of GHG emissions (Scope 1 and 2) by fiscal 2030 (compared to fiscal 2016)
2. 30% reduction of GHG emissions (emission based on purchased products and services in Scope 3) by fiscal 2030 (compared to fiscal 2016)

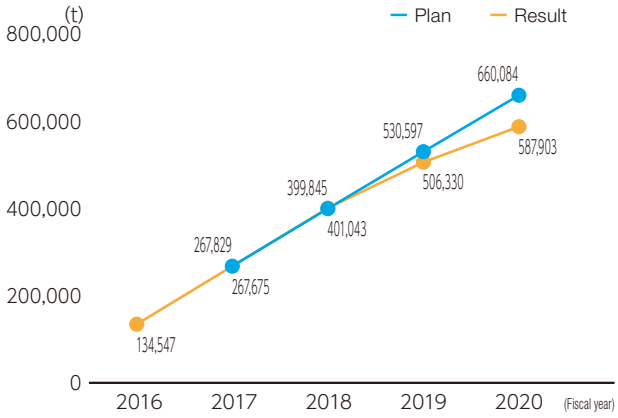
Scope 1: Direct emissions of GHG released into the air by the use of fossil fuels
Scope 2: Indirect emissions of GHG through the use of electricity and steam purchased from others
Scope 3: Indirect emissions of GHG through the supply chain, excluding Eisai itself

●Progress in SBT

Scope (1+2) CO_2 emission results*



Scope (1+2) CO_2 emission results (accumulation)*



* Historical data was revised by recalculation.

Utilization of Renewable Energy

The Eisai Group conducts R&D and manufacturing activities in compliance with GLP (Good Laboratory Practices) and GMP (Good Manufacturing Practices) standards. We consume a considerable amount of electricity by operating air conditioners, because we have to operate at certain temperature and humidity levels following these standards. The Vizag Plant (India) has procured solar electricity and the Exton Site (U.S.) has generated solar power and uses it onsite. We will continue to introduce renewable energy and reduce CO_2 emissions even more in a systematic manner.

●Photovoltaic panel


Electricity supplier of Vizag Plant (India)


Exton Site (U.S.)

Efforts To Address Climate-Related Risks

In June 2019, we announced our support for the Task Force on Climate-related Financial Information Disclosure (TCFD), and performed climate scenario analysis. Critical risks including those that are climate-related are managed at the Risk Management Committee, which is chaired by the corporate officer responsible for internal control, and are reported to the Board of Directors. The corporate officer responsible for the environment and safety identifies and evaluates environment-related risks, including those relating to climate change, and reports them to the Risk Management Committee to integrate climate-related risks into the company-wide risk management system.

For further details of scenario analysis, please refer to pages 62-63 of Integrated Report 2020.
▶ https://www.eisai.com/ir/library/annual/pdf/epdf2020ir.pdf

Efforts Aimed at Sustainable Use of Water

In April 2021, we revised the Eisai Network Company (ENW) Environmental Policy to include a clear statement that Eisai would contribute to the building of a recycling-oriented society through the sustainable use of resources, including water, as one of the environmental action guidelines. In addition, we have conventionally promoted efforts to ensure the quality of water discharged from our production sites and research facilities, and to use water efficiently both in Japan and overseas (including offices in areas with an inadequate water supply). In the future, we will consider setting quantitative goals for sustainable use of water.

For further information regarding environmental protection activities, please refer to the "Environmental Report".
▶ https://www.eisai.com/ir/library/annual/index.html

Natural Capital | Social and Relationship Capital

Taking Human Rights and Sustainable Procurement Into Account in Our Business Activities

Joining PSCI (Pharmaceutical Supply Chain Initiative)

Working on human rights due diligence both internally and in the supply chain by promoting responsible procurement

■ Respect for Human Rights

Eisai believes that human rights constitute the most universal and fundamental requirement for our business activities, and we have clearly stipulated respect for human rights as one of our standards in the Eisai Network Companies (ENW) Charter of Business Conduct. We formulated the ENW Human Rights Policy, which complies with international regulations, and continue to promote efforts to respect all stakeholders' human rights.

During the COVID-19 pandemic, we focused on protecting employees from infection and on providing global support for medical facilities and endemic areas, in addition to our existing activities.

●Human rights initiatives in relation to major stakeholders

Stakeholders	Priority Issues	Actions
Patients and consumers	• Initiatives for COVID-19 • Improving access to medicines*1	– Supporting activities by providing in-house products, protective equipment, and funding to NPOs, local governments, and medical institutions that are working to prevent the spread of infection in Japan and overseas – Providing protective equipment to the Africa region for the restart of mass administration to eliminate neglected tropical diseases – Provision of DEC tablets and disease awareness activities to countries where lymphatic filariasis is endemic
Employees*2	• Initiatives for COVID-19 • Harassment prevention • Acceleration of health maintenance and improvement activities • Labor-management cooperation	– Promoting measures to prevent the spread of COVID-19, such as recommending that employees work from home and promoting off-peak commuting – Implementation of compliance training*3 – Monitoring and correction of long working hours, putting the Eisai Health Declaration into effect, achievings a 100% health checkup rate, eliminating smoking at all business sites and improving health literacy – Continued holding of labor-management consultations (16 times in fiscal 2020)
Business partners	• Respect for human rights and improvement of the working environment in the supply chain	– Establishment of the Sustainable Procurement Policy, and revision of the Code of Conduct for Eisai Global Business Partners – Implementation of sustainability evaluation for human rights, labor, and environment of business partners using the EcoVadis platform*4 – Improvement of human rights, working environment, and so on through engagement with business partners

*1 Please refer to pages 39-42 *2 Please refer to pages 43-47 *3 Please refer to the page 71
*4 Global platform to provide enterprises with accountability assessments by EcoVadis SAS (France)

●Internal penetration of respect for human rights

Eisai has focused on human rights awareness training in order to implement business activities thoroughly based on respect for human rights. We conducted human rights awareness trainings (with 5,145 ENW participants) on the Web and e-learnings for the purpose of understanding and practicing the ENW Human Rights Policy in fiscal 2020. Regarding harassment prevention, we implement compliance training to ensure that employees thoroughly understand the policy.

■ Sustainable Procurement

When undertaking business, companies need to pay attention to social and environmental matters throughout the supply chain. After evaluating our business partners' efforts in the area of sustainability, including human rights, labor, health and safety, environment, and ethics, we initiated sustainable procurement with the aim of improving our business through engagement with our business partners.

In fiscal 2020, we have laid the foundation for implementing sustainable procurement by revising the Code of Conduct for Business Partners in conjunction with the formulation of the ENW Sustainable Procurement Policy, and adopting the EcoVadis platform as a sustainability evaluation tool for business partners. In addition, we joined the Pharmaceutical Industry Supply Chain Initiative (PSCI), a non-profit organization in the pharmaceutical and healthcare sectors aimed at building sustainable supply chains, with recognition of the importance of under taking these activities industry-wide. Our Code of Conduct for Business Partners complies with the PSCI principles.

To help our business partners to understand our initiatives for sustainable procurement, we held the first briefing sessions. We are in the process of asking our business partners to sign undertakings to abide by the Code of Conduct, and have received signed agreement forms from 43 direct material manufacturers, 48 trading companies and wholesalers. We use EcoVadis evaluation results to understand risks in the supply chain, and engage with business partners based on the results. We exchanged opinions with 10 business partners regarding initiatives for improving sustainability. Going forward, we will expand the sustainability evaluation of our business partners in Japan and overseas, and promote responsible procurement in the supply chain.

Scope of data: Eisai Group (Eisai Co., Ltd. and Group companies in and outside Japan)
Eisai Co., Ltd. Eisai Group in Japan (Eisai Co., Ltd. and Group companies in Japan)
* Data for subsidiaries and transferred businesses are included until the date of the event.

ESG Indices ▲Items for improvement in future

Corporate Governance and Compliance Indices		Period	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Ratio of outside directors to directors		At fiscal year end	63.6% 7/11	63.6% 7/11	63.6% 7/11	63.6% 7/11	63.6% 7/11	63.6% 7/11	63.6% 7/11	63.6% 7/11	63.6% 7/11	63.6% 7/11
Ratio of female directors to directors		At fiscal year end	9.1% 1/11	9.1% 1/11	9.1% 1/11	9.1% 1/11	9.1% 1/11	9.1% 1/11	9.1% 1/11	9.1% 1/11	9.1% 1/11	9.1% 1/11
Ratio of female corporate officers to corporate officers		At fiscal year end	0% 0/18	0% 0/18	4.3% 1/23	9.1% 2/22	8.0% 2/25	14.8% 4/27	11.1% 3/27	13.8% 4/29	10.0% 3/30	13.3% 4/30
Average age of corporate officers		At fiscal year end	52.9	52.9	53.0	53.1	53.6	52.9	52.9	53.2	54.2	54.4
Number of times compliance training offered	Number of times offered	Annually	84	120	65	56	47	62	65	92	172	83
	Number of executive training courses	Annually	2	2	2	2	2	2	2	3	2	2
	Total participants (approx.)	Annually	6,000	8,500	5,800	5,000	4,600	5,800	4,800	6,200	7,200	5,000
Submission rate of ENW compliance oath		At fiscal year end	–	–	–	–	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Number of times human rights training offered	Number of times offered	Annually	15	28	23	28	30	34	34	34	29	16
	Participants	Annually	5,096	3,123	2,452	2,405	5,001	5,457	5,477	5,686	6,220	5,145

Involvement with Society	Period	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Quantity of DEC tablets supplied (billion tablets)	Annually	–	–	0.01	0.26	0.32	0.37	0.37	0.32	0.32	0.03
Cumulative quantity of DEC tablets supplied (billion tablets)	Annually	–	–	0.01	0.28	0.60	0.97	1.35	1.66	1.99	2.02
Donation amount (Millions of yen)	Annually	2,185	1,988	2,377	2,073	2,602	2,118	2,505	2,765	3,502	2,355

Involvement with Employees		Period	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	
Number of employees by region	Total	At fiscal year end	10,730	10,495	10,419	10,183	9,877	10,452	10,456	10,683	10,998	11,237	
	Japan		5,472	5,320	5,200	4,712	4,523	5,009	4,914	4,888	4,593	4,613	
	Americas (North America)		1,843	1,815	1,763	1,719	1,290	1,296	1,240	1,261	1,682	1,820	
	EMEA (Europe, Middle East, Africa, Russia and Oceania)		873	831	811	893	913	983	1,022	1,046	1,113	1,166	
	China		1,498	1,454	1,559	1,607	1,875	1,909	1,906	2,069	2,087	2,060	
	Asia and Latin America		1,044	1,075	1,086	1,252	1,276	1,255	1,374	1,419	1,523	1,578	
Number of employees of Eisai Co., Ltd.	Total	At fiscal year end	4,305	4,163	4,130	3,583	3,577	3,508	3,436	3,411	3,212	3,212	*1
	Male		3,331	3,228	3,202	2,845	2,838	2,775	2,708	2,679	2,479	2,435	*1
	▲ Female		974 22.6%	935 22.5%	928 22.5%	738 20.6%	739 20.7%	733 20.9%	728 21.2%	732 21.5%	733 22.8%	777 24.2%	*1
Number of managers	Total	At fiscal year end	1,376	1,369	1,370	1,282	1,292	1,206	1,228	1,250	1,203	1,198	*2
	▲ Female		43	53	59	61	65	72	86	100	116	125	*2
Ratio of women in management	▲ Total		3.1%	3.9%	4.3%	4.8%	5.0%	6.0%	7.0%	8.0%	9.6%	10.4%	*2
	Newly appointed managers		6.5% 3/46	16.3% 8/49	17.4% 8/46	15.4% 6/39	11.6% 5/43	17.6% 9/51	21.3% 13/61	23.9% 17/71	23.1% 15/65	18.3% 11/60	*2
Average age		At fiscal year end	42.8	43.4	42.5	43.7	44.1	44.8	45.3	45.3	45.0	44.4	*1
Average years of employment	Total	At fiscal year end	19.0	19.5	20	19.4	19.9	20.4	20.8	21.2	19.9	18.9	*1
	Male		19.7	20.1	20.7	20.3	20.8	21.4	21.9	22.3	21.3	20.4	*1
	▲ Female		16.8	17.3	17.8	15.9	16.2	16.9	16.9	17.3	15.4	14.3	*1
Turnover rate (voluntary termination)		Annually	2.4%	1.7%	1.8%	1.4%	2.6%	3.1%	2.5%	2.2%	2.1%	2.0%	*1,3
Total turnover rate		Annually	4.8%	2.8%	14.2%	1.9%	3.0%	3.8%	3.4%	11.4%	7.5%	7.6%	*1,4
Number of users of childcare leave program	Total	Annually	76	78	78	90	95	89	97	105	91	110	*1,5
	▲ Male	Annually	0	1	1	1	2	0	5	6	8	20	*1,5
	Female	Annually	76	77	77	89	93	89	92	99	83	90	*1,5
Number of users of spousal maternity leave program		Annually	–	–	–	–	–	–	–	58	78	49	*1,6
Number of users of short working hours program for childcare		Annually	79	82	86	73	93	80	75	90	69	61	*1
Personal development expenses (thousands of yen)(per employee)		Annually	157	162	177	176	198	210	214	221	259	213	*1,7
Percentage of handicapped employees		Annually	2.03%	2.37%	2.39%	2.56%	2.53%	2.65%	2.84%	2.88%	2.62%	2.63%	
Share of annual female hires (Female/Total)		Annually	28.3% 17/60	50.0% 14/28	36.9% 31/84	14.3% 2/14	33.3% 35/105	38.2% 21/55	44.3% 31/70	36.3% 33/91	39.8% 74/186	39.7% 100/252	*1
Number of hired new graduates	Total	Annually	56	21	76	3	100	39	43	57	97	130	*1,8
	Male	Annually	39	12	46	2	66	20	23	32	50	67	*1,8
	Female	Annually	17	9	30	1	34	19	20	25	47	63	*1,8
Average monthly overtime hours (per non-management employee) ▲		Annually	11h 1m	10 h 27m	10h 46m	12h 11m	9h 11m	8h 34m	9h 44m	10h 28m	11h 10m	12h 32m	
Number of work-related accidents ▲		Annually	31	42	16	9	16	23	19	17	11	21	
Frequency of work-related injuries that resulted in more than 4 days of work lost (per million hours of actual work)	Employee	Annually	0.27	0.19	0.10	0	0	0.10	0.10	0.20	0.15	0	
	Contractor	Annually	0	0	0	0	0	0	0	0	0	0	
Number of work-related fatalities ▲	Employee	Annually	0	0	0	0	0	1	0	0	0	0	
	Contractor	Annually	0	0	0	0	0	0	0	0	0	0	
Number of cases of work-related occupational illness ▲	Employee	Annually	0	0	0	0	0	1	0	0	0	0	
	Contractor	Annually	0	0	0	0	0	0	0	0	0	0	
Average days of paid holidays taken (per non-management employee) ▲		Annually	13.9	12.7	12.3	12.1	12.1	12.4	12.9	13.5	12.5	11.5	

*1 Based on the number of fulltime Eisai Co., Ltd. employees including employees dispatched to Eisai Network Companies (ENW) *2 Based on the number of employees disclosed in the Annual Securities Report (Eisai Co., Ltd. employees include those dispatched from ENW and exclude those dispatched to ENW) *3 Voluntary termination only, not including mandatory retirement due to age, voluntary retirement, etc. *4 Covering all forms of leaving the Company, such as voluntary termination, mandatory retirement due to age, voluntary retirement, etc.
*5 Childcare leave program Entitlement: Workers who have served the company for 1 year or more and requested childcare leave for child/children under the age of 3 Period: Until the day specified by the employee, provided that this is before the child's 3rd birthday
*6 Spousal maternity leave program (Launched in April 2018) Entitlement: Workers whose partner has given birth Period: Up to 5 days of special paid holiday *7 Personal development expenses include training, studying abroad, and participation in academic conferences *8 Not including employees who joined the company midway through the year

For further details of ESG indices, please refer to Eisai's Corporate Website. ▶ https://www.eisai.com/sustainability/management/pdf/esg_index.pdf

CFO Dialogue: ESG Management AND Creation of Social Value

Ryohei Yanagi (Left)
Executive Vice President
Chief Financial Officer

Ken Shibusawa (Right)
Founder and Chairman, and Chief ESG Officer
Commons Asset Management, Inc.

The Path Taken Together

Yanagi: I've known you, Mr. Shibusawa, for 15 years. We worked together on various projects to improve capital markets in Japan—on governance reform, the Ito Review, Environment, Social, and Governance (ESG), and corporate value. Thank you for supporting Eisai ever since you launched Commons Asset Management, Inc. with the philosophy of "30 years of dialogues with 30 companies."

Shibusawa: At the time, it was an overwhelmingly novel concept of corporate governance in Japan.

Yanagi: Eisai was recognized for being the first company in the world to define its corporate philosophy in its Articles of Incorporation at its General Meeting of Shareholders. I told Haruo Naito, our CEO, that I found your conversation stimulating, which is why our CEO and I visited you frequently. However, a company is a living thing, so we had many twists and turns along the way.

Shibusawa: Yes, it has been a really long story.

Yanagi: Immediately after you incorporated Eisai in the Commons 30 Fund, the patent for Aricept® expired, ushering in decreased revenues and profits. That was on Valentine's Day in 2014, and I distinctly remember your question when we met on that cold, snowy morning. You asked me, "Do you still believe in your policy? Aren't you sacrificing personnel expenses and research and development (R&D) investment by being shortsighted and overemphasizing shareholders? Aren't you going to try excessively to increase short-term earnings per share (EPS) and dividends?" That shocked me. I was impressed by this focus on that 30-year timeline and felt the pride of a long-term investor. That was the instant when your lesson really struck me.

Shibusawa: I just wanted a data point to see whether your thinking and approach had been shaken by those extreme circumstances. But you appeared to be steady on course with confidence, which was noted.

Yanagi: We had confidence that even if return on equity (ROE) fell below 10% through active investments in personnel and R&D expenses, we could regain over 10% and remain as we were if we looked at a 10-year average. Besides, dividends were based on free cash flow and our financial soundness was secured with an equity ratio of over 50%.

Shibusawa: At Commons Asset Management, our investment thesis has always emphasized the tangible and intangible values of a corporation.

Tangible values can be measured financially, whereas intangible values are non-financial, or to put it simply, it's the people working at the company. Although it is the greatest asset of a company, it does not show up anywhere on the balance sheet (B/S). It is listed as an expense on the profit and loss statement (P/L) instead. I think downsizing the people who are a corporation's most valued asset just to increase stock prices in the short-term is in no way a sustainable strategy. I asked those questions regarding people, especially because Eisai advocates for "*human health care (hhc)*."

Yanagi: Even in that downturn due to the patent expiration, we paid a higher-than-average salary across all industries and put money into R&D expenses. Our sound B/S enabled it. I believe that's the way we created non-financial intangible value calmly.

Shibusawa: In equity investments, the rule of thumb is buying when the stock prices are cheap compared to the value of the investment and selling when they are higher. Therefore, you need to have an assessment regarding the value. If your assessment is that the long-term value of that company is higher than its current value, then you can continue to buy. This is different from speculation where assessment is based on the price level.

Yanagi: I think, at that time, your company was one of the few asset management companies considering non-financial value and intangible value. This conversation hasn't changed since 10 years ago, but you had foresight then that the times are catching up with.

Rongo to Soroban

Yanagi: As Eiichi Shibusawa's descendant, how would you interpret in a modern way the *Rongo to Soroban* (The Analects of Confucius and the Abacus) that he advocated in the midst of the recent ESG boom and stakeholder capitalism?

Shibusawa: Eiichi Shibusawa, the "the father of Japanese capitalism" has been brought back to light with his image on the upcoming 10,000 yen note and a popular TV drama. This is relevant because Eiichi lived during an age of rapid transformation from a feudal state to a modern society. Japan today is also faced with rapid change. His message is from the past, but his pioneering spirit and not being complacent can and should be applied to the present day in Japan. *Rongo* represents morality and *Soroban* represents business. He believed that these two should be integrated.

In my opinion, what he said then is what we call sustainability and inclusion today. Using the *Soroban*, the cost-benefit calculation, is absolutely necessary as a CFO, but if that is the only thing one is looking at, he may trip over. On the other hand, just reading *Rongo* and having distaste for money certainly does not lead to sustainability. Eiichi was a realist, he says "Even if a given executive can accumulate wealth, if most of society is left behind, then his own well-being will not endure the test of time." This is the concept of inclusion in our present-day language. If the 1% accumulates extreme wealth, while the 99% are left behind, the well-being of that 1% also cannot endure.

If I were to express the spirit of Eiichi Shibusawa in one word, that would be the concept of "AND." Of course, the concept of "OR" is also very important. Distinguishing between left or right, zero or one is essential for running an organization. However, "OR" is the comparative analysis of what already exists, and by itself, is not creating new value. On the other hand, "AND" may seem inconsistent. How can one combine *Rongo* and *Soroban* together? Is it reasonable for "*hhc*" to coexist with making profits? These are the questions. Finding the solutions to questions creates new value. It might be trial and error. It might be trying to find that right angle for a fit. Perseverance leads to new value creation. "OR" divides, so it is easier to understand. But in a divided state, there's no chemical reaction. On the other hand, "AND" tries to merge. Maybe nothing will happen. But if certain conditions are met, if there is a catalyst, then there might be a chemical reaction that creates a new compound, a new creation. I think imagination is an important feature which is vital for the concept of "AND." I believe the human spirit is about making what seems to be impossible and imaginary, possible and real.

Yanagi: I see. Under the philosophy of "*hhc*," Eisai provided for free 2.02 billion tablets (as of the end of fiscal 2020) of a treatment for lymphatic filariasis (LF), a neglected tropical disease. This is *Rongo*, and a social contribution. However, if we ignore the numbers and profit in the ethos of this "OR," our activity is not sustainable. It is made sustainable by linking what seems to be impossible with our corporate value through imagination. The power of the Eisai brand is bolstered through these activities and the potential growth of our future products steadily expands. This also has the effect of improving utilization rates at plants in India and boosting employee motivation, which resulted in a lower turnover rate and consolidated costs due to the shift of production to the optimized plants in India. In fact, if the calculation is performed based on the management accounting P/L, then this project to provide LF treatment

for free has been in the black since 2018. Therefore, we can proceed sustainably until LF is eliminated.

Shibusawa: When considering the management structure of a company, choosing between left or right, zero or one fits the role of the organization. However, any company, large or small, requires top management. Their role is not simply choosing, but making a commitment to connect future value into the present value of the company. Also, the demands of stakeholders are often disconnected. Customers want you to lower prices, employees want you to raise their salaries, and shareholders want you to raise the stock price. But it is the role of top management to connect what appears to be disconnected contradictions. That certainly takes some imagination. I believe that this concept of "AND" is the essence of management capability, as well as that of human capabilities.

Yanagi: I see. I remember one of the reasons why Commons Asset Management paid attention to Eisai was that we were a corporate philosophy oriented company. Protecting patients' lives is our mission, and creating a profit as a result of that certainly equals to the concept of "AND." Normally, this would end with "OR" by saying our company contributes to society. At Eisai, our corporate philosophy isn't "OR," it's "AND," which sets us apart from other companies. Nevertheless, I would say this order—mission and then results—is important, and we have to be mindful not to fall into short-termism by reversing it.

Investor Trends

Yanagi: How do you view investor trends within the current stock market, ESG boom, and stakeholder capitalism?

Shibusawa: The word "investor" covers the spectrum from high-frequency trading (HFT) to long-term investments, and it is difficult to say exactly what is the trend. Nevertheless, at the time I launched Commons Asset Management, the term ESG existed only on the margins of the consciousness of management or capital markets. Today, however, ESG is on center stage, attracting attention from corporate managers as well as the capital markets.

Yanagi: While it is hard to be sure what the actual situation is, currently 3,000 trillion JPY is said to be ESG money.

When investors were asked what they expected from Japanese companies in terms of ESG and from the descriptions in integrated reports, and what their general thoughts were on this, surprisingly, over three-quarters responded that they wanted them to balance capital efficiency and ESG and indicate the value relationship [Figure 1]. Very few people were either demanding an unconditional focus on ESG or were indifferent to it. You can sense that perhaps long-term investors believe in the concept of "AND."

Shibusawa: That's quite interesting. The awareness of foreign investors has changed quite significantly. For the 2020 survey, the majority of the responses were that Japan was lagging behind, so capital efficiency should be prioritized, but the 2021 survey shows this sentiment has significantly decreased.

Yanagi: Fewer overseas investors want Japanese companies to focus on improving ROE rather than ESG, and opinions that these should coexist have increased. Looking at the bottom of this chronological graph [Figure 2], it's interesting to note that one quarter of people had no interest in ESG in 2016, but in the present that ratio is almost zero.

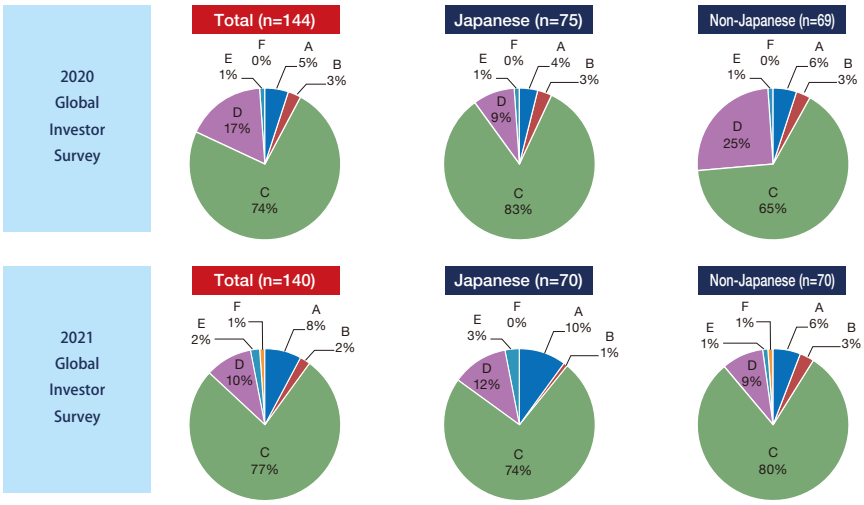
Shibusawa: The chronological trend is certainly noteworthy.

Yanagi: Among long-term investors, the viewpoint that takes ESG and ROE apart, let me say "OR," is decreasing and those that take it as "AND" is increasing. When long-term investors were asked if they would incorporate ESG in corporate value if it were properly explained by Japanese companies, the response was that they wanted to incorporate everything or the majority of it [Figure 3]. That is where we see the bright future—that Japanese companies and their corporate value can double by incorporating the value of ESG by this concept of "AND."

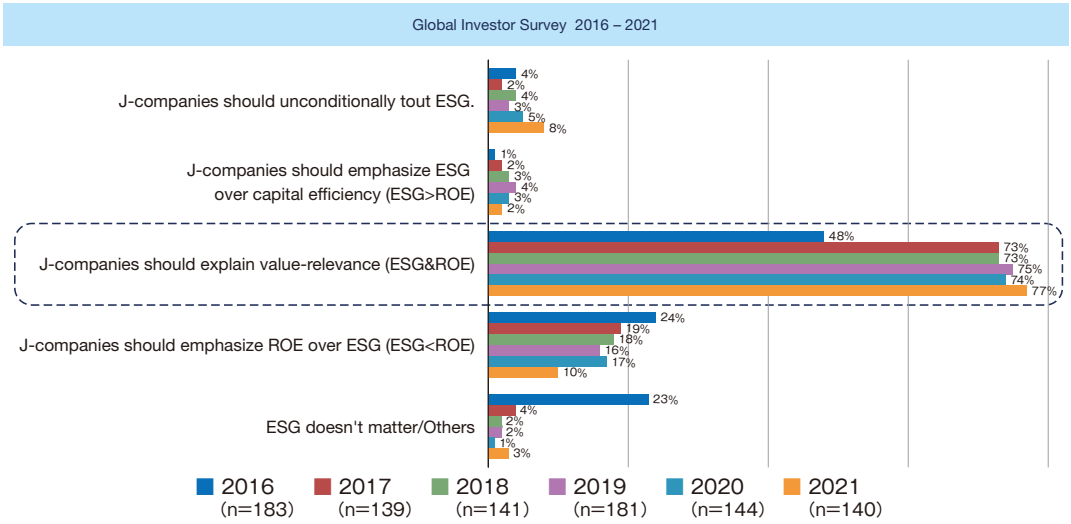
Shibusawa: Companies should focus on expressing their intangible value. If they are successful, the state of a Price Book-value Ratio (PBR) that is less than 1X which is a norm for many companies in Japan, should be alleviated. PBR of less than 1X is implying that the people working for the company are destroying the financial value of a company. This is a really harsh reality

[Figure 1] What do you think about Japanese companies' ESG (non-financials) and its disclosure (by integrated report)?

- A. The value of ESG should be 100% factored into PBR (part of above 1X).
- B. The value of ESG should be mostly factored into PBR.
- C. Some value of ESG should be should be factored into PBR.
- D. The value of ESG should NOT be factored into PBR.
- E. Not interested in the relationship between ESG and valuation at all.
- F. N/A

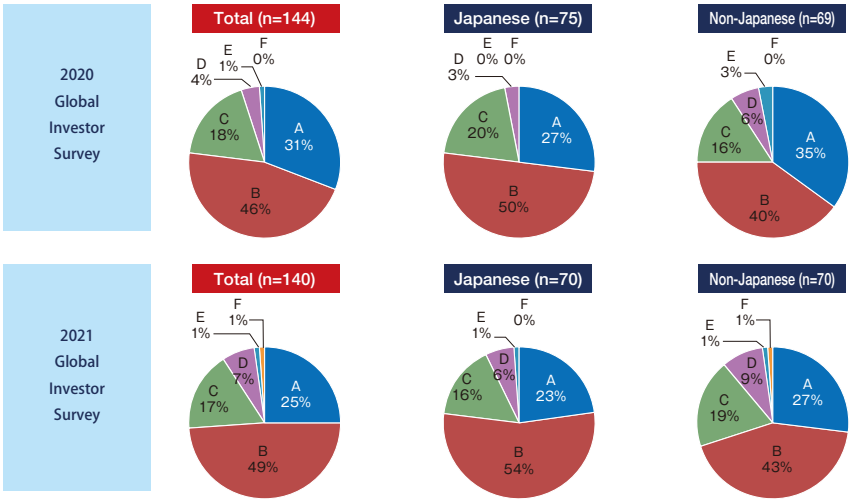


[Figure 2] What do you think about Japanese companies' ESG (non-financials) and its disclosure (by integrated report)?



[Figure 3] What do you think about the long-term relationship between ESG (non-financials) value and VALUATION?

- A. J-companies should unconditionally tout ESG.
- B. J-companies should emphasize ESG over capital efficiency (ROE<ESG).
- C. J-companies should explain value relevance (ROE&ESG).
- D. J-companies should emphasize ROE over ESG (ROE>ESG).
- E. Disclosure of ESG is unnecessary.
- F. N/A



check from the market. These companies are likely to insist on the value of their human resources, but from the markets' viewpoint, they can't see that value. The day-to-day contributions of the people working at the company are mostly hidden from the markets and cannot be seen. The faces of the president and IR department head are seen, but investors don't know the faces of researchers or assistants, all whom contribute to creation of corporate value. I believe we should find solutions to this problem.

Yanagi: It's just as you say. Comparing PBR over the last 10 years in Japan, the United Kingdom, and the United States, it's taken for granted in the United Kingdom that PBR is 2X and in the United States, it's 3X, whereas in Japan it's just barely higher than 1X. As you said, I think it's an inconvenient truth that the value of human resources is rarely acknowledged. This may be caused by a lack of visualization and explanation, but I think the problem also lies in policy.

Shibusawa: Compared to Europe and the United States, Japanese corporations advocate attaching importance to people. The fact that this doesn't appear in value is really a shame.

Quantitative Analysis of Non-Financial Value

Yanagi: Here is a case study I did last year with the cooperation of ABeam Consulting Ltd. We analyzed the positive correlation that ESG has with PBR based on Eisai data using multiple regression analysis and, as far as I know, we are the first in the world to disclose this as an individual company [Figure 4].

We accumulated data samples on somewhat fewer than 100 Key Performance Indicators (KPIs) for ESG going back about 10 years and adopted techniques to analyze what effects this had on PBR, taking delayed penetration effects into account. As a result, we could interpret that by increasing investment in personnel expenses by 10%, PBR improved 13.8% after five years. By increasing investment in R&D by 10%, PBR expanded 8.2% in over 10 years. By improving the percentage of female managers by 10% (e.g., from 8% to 8.8%), PBR rose 2.4% after seven years. Finally, by increasing usage of the system to offer parents shortened work hours by 10%, PBR improved 3.3% after nine years. This suggested that between 50 billion JPY to more 300 billion JPY of corporate value was created with a delayed penetration effect of every 5 to 10 years [Figure 5].

By analyzing the same model applied to the TOPIX100 constituents, we found that a 10% increase in today's personnel and R&D expenses would improve PBR by 3% after seven years. At Eisai, the PBR gain was about 10%, which indicated that our investment efficiency was extraordinarily high. Still, the TOPIX100 average resulted in a gain of 3%, so I think this indicated

[Figure 4] Positive Correlation between Eisai's ESG KPIs and PBR

Multiple regression analysis (logarithmic transformation)*1: $\ln(PBR_i)=\alpha+\beta_1\cdot\ln(ROE_i)+\beta_2\cdot\ln(\text{ESG KPI}_{i-t})+\gamma_{i-t}$

	ESG KPIs	How many years to correlate	Regression coefficient*2	t-value*3	p-value	Adjusted R2 *4	Number of observations	
Social and Relationship Capital	No. of client dispensing pharmacies (non-consolidated)	0	3.30	4.55	0.001	0.70	12	
Human Capital	Employment rate of people with disabilities (non-consolidated)	10+	3.35	4.25	0.003	0.72	11	p <0.01
Human Capital	Labor costs (consolidated)	5	1.38	4.40	0.003	0.75	10	
Human Capital	Employee health checkup rate (non-consolidated)	10	38.57	3.26	0.012	0.61	11	
Intellectual Capital	Approved ethical drugs in Japan	4	0.25	3.13	0.017	0.61	10	
Human Capital	Female managers rate (non-consolidated)	7	0.24	2.96	0.018	0.56	11	
Human Capital	Management position rate (non-consolidated)	10+	3.14	2.94	0.019	0.56	11	
Social and Relationship Capital	No. of client pharmacies and others*5 (non-consolidated)	4	0.48	2.93	0.019	0.56	11	
Intellectual Capital	R&D expenses (consolidated)	10+	0.82	2.90	0.020	0.55	11	p <0.05
Social and Relationship Capital	No. of *hhc* Hotline*6 inquiries (non-consolidated)	5	1.08	2.88	0.021	0.55	11	
Human Capital	No. of employees using the childcare short-time work system (non-consolidated)*7	9	0.33	2.89	0.023	0.57	10	
Intellectual Capital	R&D expenses (non-consolidated)	10+	0.88	2.78	0.024	0.53	11	
Human Capital	No. of employees in EMEA*8	9	0.33	2.75	0.025	0.53	11	
Human Capital	No. of employees in Americas*9	10	0.29	2.70	0.027	0.52	11	

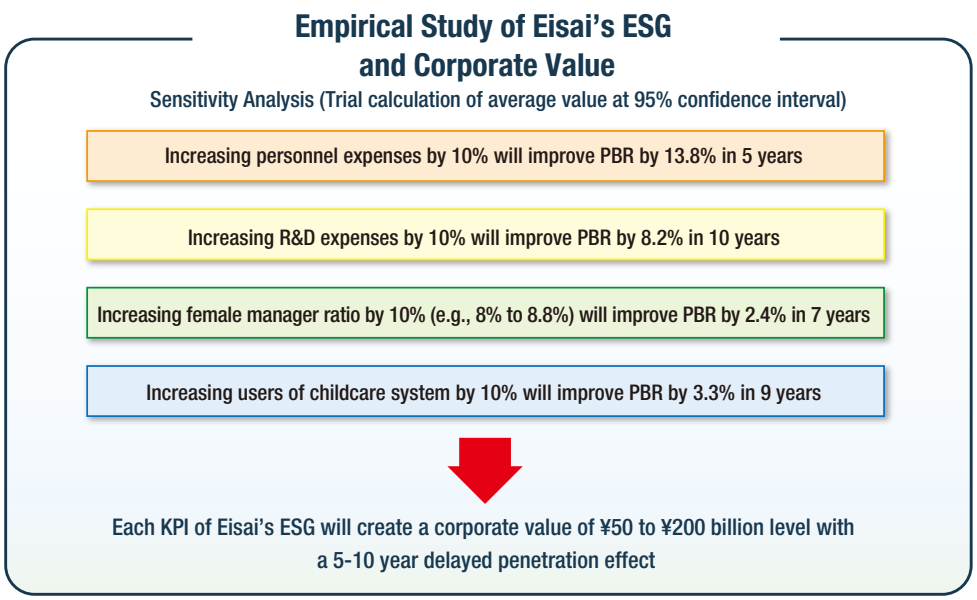
✻ KPIs that have a significant positive relationship with PBR (consolidated) from multiple regression analysis results (logarithmic basis) with ESG KPIs (excluding inverse correlation) are extracted. ESG KPIs with 10 or more data observations, adjusted R2 of 0.5 or more, t-value of 2 or more, and p-value of 0.05 or less (with the cooperation of Abeam Consulting) are extracted.
✻1 α: Factors affecting PBR increase which cannot be explained with ROE or ESG. β1 indicates the strength of the relationship between ROE and PBR. β2 indicates the strength of the relationship between ESG KPIs and PBR. γi-t: Difference between PBR estimated by regression equation and actual PBR. i: Fiscal year to be analyzed. ✻2 An indicator of the strength of the relationship between explanatory variables (ROE or ESG KPIs) and explained variable (PBR) ✻3 A numerical value that indicates whether the ROE or ESG KPIs are statistically correlated with PBR ✻4 Indicating how well terms fit a curve or line with adjustments for the number of terms in a model ✻5 Including food business partners ✻6 The *hhc* Hotline is a toll-free service that handles inquiries and suggestions from customers ✻7 For items with multiple significant results, only the more significant results were listed. ✻8 Europe, the Middle East, Africa, Russia and Oceania. ✻9 North America

Source: *CFO policy* (CHUOKEIZAI-SHA, 2020), partially re-edited

evidence of ESG's investment efficiency. Therefore, I'd like to believe that the corporate value of Japanese companies will gradually improve as they devise their own approaches by striving to truly visualize value, demonstrating the strength of "AND" i.e., imagination, and measuring engagement with investors rather than drafting superficial integrated reports that tick off boxes.

I define the numbers with ESG EBIT by adding personnel and R&D expenses to normal operating profit and focus on these numbers [Figure 6]. If you look back at the last five years, Eisai's operating profit has varied widely from 50 billion JPY to about 120 billion JPY, but ESG EBIT doesn't vary greatly at above 300 billion yen. The decline in operating profit of over 50% in the fiscal 2020 is a decline of under 17% with ESG EBIT. The main reason for this is that profit declined primarily due to increases in R&D and personnel expenses. Currently, we are at the stage of proactively investing resources into a disease modifying treatment for Alzheimer's disease. To promote its intangible value, we have to appraise the long-term investment in patients and human resources without falling into short-termism. That's why I consider this by adding it to operating profit.

[Figure 5]



[Figure 6] ESG Value-Based P/L

(Unit: Billion yen)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 Forecast
Revenue	539.1	600.1	642.8	695.6	645.9	701.0
Cost of sales	195.9	201.3	184.5	175.7	161.3	158.0
Personnel expenses for production Human capital	12.9	12.9	13.6	14.2	14.2	
Conventional gross profit	343.2	398.8	458.3	519.9	484.6	543.0
ESG gross profit*1	356.1	411.7	471.9	534.1	498.8	
R&D expenses	112.5	139.6	144.8	140.1	150.3	159.0
R&D expenses Intellectual capital	112.5	139.6	144.8	140.1	150.3	159.0
(of which, personnel expenses)	40.4	45.6	45.6	46.4	47.4	
SG&A expenses	179.7	183.9	228.2	256.3	281.4	321.5
Personnel expenses for sales Human capital	783	799	871	880	905	
Other income & expenses	8.0	1.8	0.9	2.0	(1.2)	13.5
Conventional operating profit	59.1	77.2	86.2	125.5	51.8	76.0
ESG EBIT*2	262.7	309.6	331.6	367.8	306.7	360 level

*1 Revenue − Cost of sales + Personnel expenses for production (Human capital)
*2 Operating profit + R&D expenses (Intellectual capital) + Personnel expenses for production and sales (Human capital)

Newest Research with Harvard Business School

Yanagi: Research found something fascinating about personnel expenses if you don't mind my explaining it. Since your introduction and our interview via Zoom, I've become acquainted with George Serafeim, a professor at Harvard Business School. After getting to know him, I worked with his team to estimate the Employment Impact Statement from Eisai's non-consolidated figures in the fiscal 2019 as the first case study of Impact-Weighted Accounts Initiative (IWAI) Japan.

In this, wage quality isn't the total salary but is adjusted for the marginal utility based on the annual income and wage differences between men and women. Employee opportunity is adjusted for the gender gap in promotions and salary increases. Diversity is adjusted simply for the gender ratio in Japan compared to Eisai's workforce. Contributions to local communities are calculated by multiplying the local unemployment rate by the number of Eisai employees, and by the difference between Eisai's annual salary and the available social security such as unemployment insurance and public assistance. This resulted in our calculating that Eisai created value worth 26.9 billion JPY [Figure 7]. The results suggested that the Eisai ESG EBITDA increased up to 144% in EBITDA in financial terms, after aligning with the concept of ESG EBIT as previously mentioned and adding this to EBITDA.

[Figure 7]

Employment Impact Statement Eisai generated JPY 26.9 billion positive value in 2019

Eisai Employment Impact Statement (on a stand-alone basis)				Unit: 100 million yen
Fiscal Year	2019			
Number of Employees	3,207			
Revenue*1	JPY 2,469			
EBITDA*1	JPY 611			
Total Salaries Paid	JPY 358			
Employee Impact	Impact	% of EBITDA	% of Revenue	% of Salaries
Wage Quality*2	343	55.99%	13.87%	95.83%
Opportunity*3	(7)	-1.17%	-0.29%	-2.00%
Subtotal	335	**54.82%**	**13.59%**	**93.83%**
Labor Community Impact				
Diversity*4	(78)	-12.70%	-3.15%	-21.73%
Location*5	11	1.81%	0.45%	3.09%
Subtotal	(67)	**-10.89%**	**-2.70%**	**-18.64%**
Total Impact	**269**	**43.93%**	**10.89%**	**75.19%**

*1: Revenue and EBITDA have been allocated from segment information *2: Marginal utility and wage gender gap adjusted *3: Gender gap in promotion/salary increase adjusted
*4: Gender gap in employment against average demography adjusted *5: Local unemployment rate ×number of employees × (annual salary – minimum safety net)

Shibusawa: It's good that these results also visualize the issues as well. From reading this table, you need to promote diversity more.

Yanagi: It's clear that even with attractive average salaries, we need to promote diversity with the representation of women from hiring, promotions, and advancements. This is the power of visualization. We will be sharing the results with our labor unions and explaining this to CFOs at our overseas subsidiaries. We're going to proactively disclose the results of this research with IWAI, and I would appreciate your support in this.

Shibusawa: It's a first in Japan, right? How did Eisai's results compare to companies around the world?

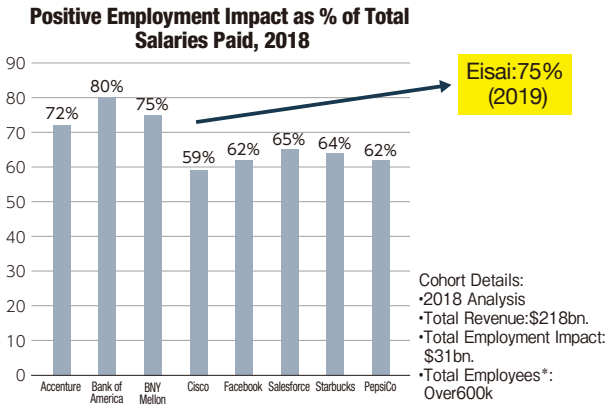
Yanagi: From what Harvard told me, since Eisai invested 35.8 billion JPY in personnel expenses and created a social impact of 26.9 billion JPY, to be frank, the human resource investment efficiency at Eisai (i.e., impact / total salary) is 75%, which means we're leading the pack. I felt uneasy about this until the results came out, but we compared favorably with Accenture PLC and The Bank of New York Mellon Corporation [Figure 8].

Shibusawa: I hope you can extend this analysis to your group companies as well, and eventually include the extensive value chain that your company creates. I am looking forward to learning more.

[Figure 8]

Employment impact with cohort High human capital investment efficiency

Trends are present despite geographic and industry distinctions



Note: Due to insufficient data, certain analyses were excluded from this company cohort that are important to understanding organizational employment impact. These dimensions are illuminated in "Accounting for Organizational Employment Impact" (Freiberg et al, 2020), and include: Wage Equity, Career Advancement, Safety, Culture, and Workplace Wellness.
*Number of employees as reported in company-filed EEO-1 disclosure. All employees assumed to be Full Time. Future analyses will incorporate Part Time and supply chain workers to depict more comprehensive workforce.
** EBIT is used in place of EBITDA for Bank of America and BNY Mellon.

Source: Harvard Business School for IWAI

Striving for the Sustainable Growth of Japanese Companies

Yanagi: Finally, could you please give your general advice on what steps Japanese companies should take to visualize intangible value and enhance their value sustainably with the concept of "AND"?

Shibusawa: I think Japan is now at the tipping point for a new era. In other word, the speed and scale of change in the next 10, 20, or 30 years will be completely different from that of the past 10, 20, or 30 years. This can be seen clearly from Japan's demographic trends. The Showa period (1926–1989) was a pyramid-shaped demography, the Heisei period (1989–2019) was double-barreled shaped with the baby boomers and the juniors. Now, beyond 2020, it will be rapidly transforming into an inverted pyramid. It is crystal clear that we cannot extrapolate the past success stories in Showa, when the large generation of baby boomers started to make money and spent that money to drive consumption. In those days, "Made in Japan" became the brand for Japan, driven primarily by answering mass consumption needs, mostly from the developed world, with mass production. Japan became so successful that trade frictions arose with the United States, and Japan changed its model. During the Heisei period, Japan adopted "Made by Japan" in other countries. This may be an overstatement, but the Heisei period started with Japan "bashing" and ended up with Japan "passing." So, I am looking forward to a new success model for Japan in the present Reiwa period (2019–). This period isn't just a digital transformation but about demographic transformation in scale unprecedented in Japanese history. For this new era, rather than "Made in Japan" or "Made by Japan," I am looking forward to "Made with Japan." "WITH" is quite a similar concept to "AND." The population of the world is still young, most of them living in developing countries, where there is still the demographic dividend for economic growth. However, developing countries are burdened with many global issues like healthcare and environment. That's why achieving the SDGs is so important, not only for large enterprises, but also for small and medium enterprises or startups to provide solutions to these issues. If Japan is able to establish this kind of relationships with billions of people in the world, then the door to a new age of prosperity will open.

I think everyone will probably generally agree with this concept of Made with Japan, but there are certainly impediments. However, if we could restrict the usage of three phrases from all public and private sector organizations in Japan, I think we can overcome many of these impediments. Just three. "There is no precedent," "That won't be accepted by the organization," "Who's going to take responsibility?" It is absolutely ludicrous if we look back from 30 years from now, and absolutely no precedent was made because the organization would not accept it or no one would take responsibility. The reason why these kinds of impediments are still in place is that the seniority-based employment system and lifetime employment, the success model for the Showa era, is still in place.

Yanagi: Conventions and hierarchy getting in the way of the strength of "AND" and imagination are a serious hindrance, aren't they? It's important to take risks. That's because we should be trailblazers or the "first penguin"—in other words, pioneers. I understand that Japanese companies feel that they can't do the somewhat painstaking quantitative analysis for ESG, but they should be able to devise a way to visualize and explain it with as many references and practical applications as possible.

Shibusawa: We hear that Japanese culture values people, yet this point hasn't been expressed very well so far.

Yanagi: I think it's fine if each company has its own methods. If companies make an effort to actively engage with investors and valuation is improved as a result, Japan's future should be bright. Since the average PBR of developed countries is higher than 2X, evaluation for non-financial capital of Japanese companies is very low.

Shibusawa: If 40% of listed companies in Japan have PBR of less than 1X, that is like the capital markets are sending a message that the Japanese companies only create negative value.

Yanagi: That sort of reputation would be devastating. I believe it's important to strive for and engage with the visualization of ESG indicated as sustainability and inclusion, namely the strength of "AND," which you mention and advocate for, or perhaps the Eisai case study you indicated. Let's keep bringing attention to this, as kindred spirits on the capital market. Thank you for speaking with me.

Shibusawa: Thank you very much.

10.1% Average ROE from fiscal 2011 to fiscal 2020

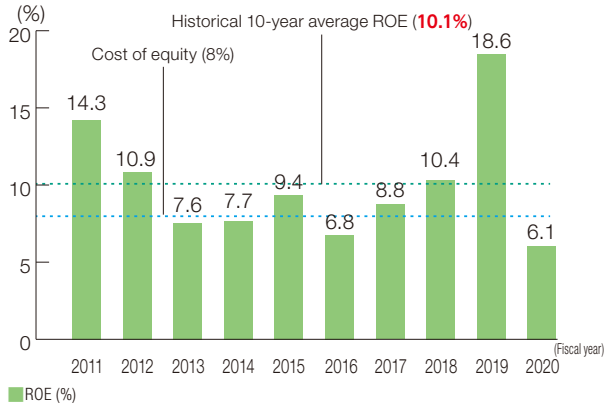
Aiming to continuously maximize shareholder value based on "Medium- to Long-Term ROE Management," "Sustainable and Stable Shareholder Returns," and "Value-Creative Investment Criteria for Growth"

Eisai has set out a financial strategy map as its CFO policy to continuously maximize shareholder value. This strategy consists of three key themes: **"ROE management," "Dividend policy,"** and **"Value-Creative Investment Criteria (VCIC)."**

■ ROE Management —Targeting a positive equity spread over the medium- to long-term

Eisai has been working to improve its medium- to long-term ROE since the beginning of the 2000s. **Eisai aims to avoid short-termism and to achieve ROE above cost of equity over the medium- to long-term (e.g., 10-year average).** In other words, Eisai aims to create a "positive equity spread (ROE – Cost of shareholders' equity)." Cost of shareholders' equity is the return demanded by shareholders, and Eisai has conservatively assumed a cost of shareholders' equity of 8%. Eisai is generating a historical 10-year average ROE of 10.1% and a positive equity spread of 2.1%.

●Trends in ROE by fiscal year and medium- to long-term value creation



Equity spread: ROE – Cost of equity (CoE)
The key indicator of shareholder value creation based on the residual income model *
Eisai conservatively assumes cost of equity of 8% (risk-free rate of 2% + risk premium of 6%)

* *CFO policy* (CHUOKEIZAI-SHA, 2020)

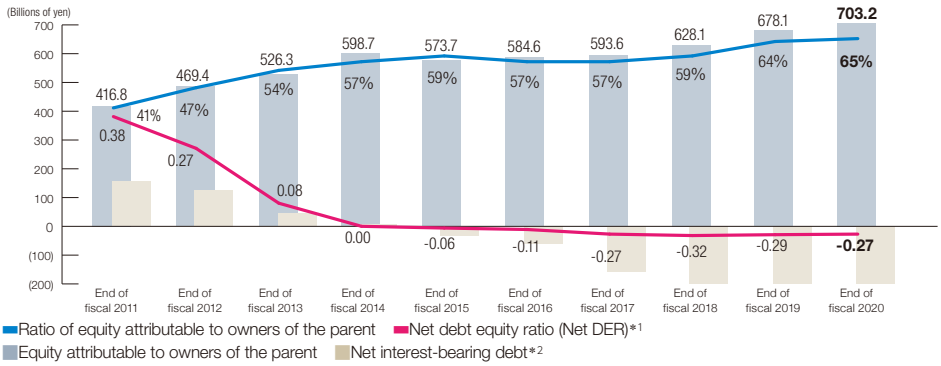
Historical 10-year equity spread
Historical 10-year average ROE: 10.1% – CoE 8% = **2.1%**

*Results up to fiscal 2012 were calculated pursuant to generally accepted accounting principles in Japan (J-GAAP), while results from fiscal 2013 onward were calculated pursuant to International Financial Reporting Standards (IFRS).

Using financial leverage

Eisai has pursued an optimal capital structure while maintaining financial integrity. Aiming to maintain a single A level credit rating as a general rule, we have set the KPIs of **Net DER*1 of -0.3 to 0.3, a ratio of equity attributable to owners of the parent of 50%-60% and Net Debt*2/EBITDA*3 of less than 3 years.** By undertaking business activities based on financial discipline, we are steadily reducing interest-bearing debt, and we secured a satisfactory net cash position as of the end of fiscal 2020. Net DER was -0.27, the ratio of equity attributable to owners of the parent was 64.5% and Net Debt/EBITDA was -2.1 years. We have secured not only sufficient financial integrity and liquidity on hand to absorb the impact of COVID-19 but also sufficient achievement of KPIs in this period of proactive investment.

●Strong balance sheet —Dividend sustainability by maintaining optimal capital structure—



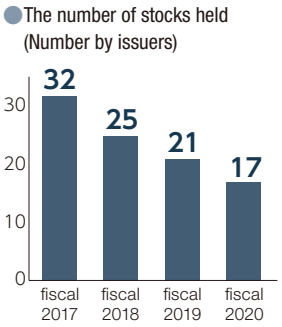
* Results up to end of fiscal 2012 were calculated pursuant to J-GAAP, while results from end of fiscal 2013 onward were calculated pursuant to IFRS.
*1 Net debt equity ratio (Net DER) = (Interest-bearing debt (borrowings) - Cash and cash equivalents - Time deposits exceeding three months – Investment securities held by the parent company*4) / Equity attributable to owners of the parent
*2 Net interest-bearing debt = Interest-bearing debt (borrowings) - Cash and cash equivalents - Time deposits exceeding three months, etc. - Investment securities held by the parent company*4
*3 Earnings Before Interest, Taxes, Depreciation and Amortization
*4 Investment securities held by the parent company except corporate venture investment (CVI) executed by the CVI department are included in the formula since fiscal 2013 under IFRS.

Increasing margins

Eisai has focused on expanding high-profit global brands discovered and developed in-house, such as Lenvima®, Halaven®, and Fycompa®. Eisai is aiming to improve its margin by effective operation through utilizing partnerships and emphasizing careful selection of and concentration on priority projects.

Improving turnover

Eisai has managed the cash conversion cycle (CCC) effectively to control working capital, and has strived to improve asset efficiency through steps including selling assets including investment securities, and so on. The Corporate Governance Code, which was revised in June 2018, calls for the validation of benefits and risks of strategically held shares. Before the revision of the Code, Eisai had sold strategically held shares. In fiscal 2020, Eisai sold strategically held shares in 5 stocks (selling all shares of 4 stocks out of the 5) and part of 2 deemed holding shares.



Dividend Policy

Eisai returns profits to all shareholders in a stable and sustainable manner based on factors such as a strong balance sheet and comprehensive consideration of consolidated financial results, dividend on equity (DOE, ratio of equity attributable to owners of the parent) and free cash flow*1, as well as consideration of the signaling effect. We strive for an "optimal dividend policy based on an optimal capital structure" that depends on long-term balance sheet management, rather than a dividend payout ratio based on short-term performance. As a main KPI for dividends, from the perspective of balance sheet management, Eisai has adopted DOE, which indicates the ratio of dividends to consolidated net assets.

In principle, Eisai strives to maintain dividends within the range of free cash flow over multiple years, while the current payout ratio is increasing. Eisai maintains a healthy balance sheet under present conditions. Therefore, **we intend to maintain a dividend of 160 yen per share in fiscal 2021*2** with an intention to balance stable dividend payment and investment for corporate growth. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment, theoretical share price, and capital efficiency (ROE) are taken into account.

*1 "Net cash from operating activities"-"Capital expenditures (cash basis)"
*2 Dividends per share subject to approval of Board of Directors

VCIC (Value-Creative Investment Criteria)

In the future, prioritization and selection of investments will become even more important for companies to achieve growth. Therefore, Eisai has determined Value-Creative Investment Criteria (VCIC) for its strategic investments to ensure value creation. When making investments, we use Net Present Value (NPV) and the Internal Rate of Return (IRR) spread using a risk-adjusted hurdle rate as KPIs. In principle, we select only those investments with a positive NPV and set a certain spread for IRR to assure value creation.

In setting hurdle rates, we factor in all risk elements, such as the particular investment project, the investee country and liquidity. We have approximately 200 types of hurdle rates, and apply the risk-adjusted hurdle rate appropriate for each respective investment project.

The Corporate Governance Code, which was revised in June 2018, calls for the allocation of management resources in a manner that takes into account the cost of shareholders' equity. Eisai introduced VCIC in 2013 to ensure corporate value creation.

Formula of risk-adjusted hurdle rate

Risk-adjusted hurdle rate = Risk free rate + β × Risk premium (+ liquidity premium)

- Risk free rate: 10-year average yield of 10-year government bond
- β: Defined by investment categories (risk profile)

Funding Policy

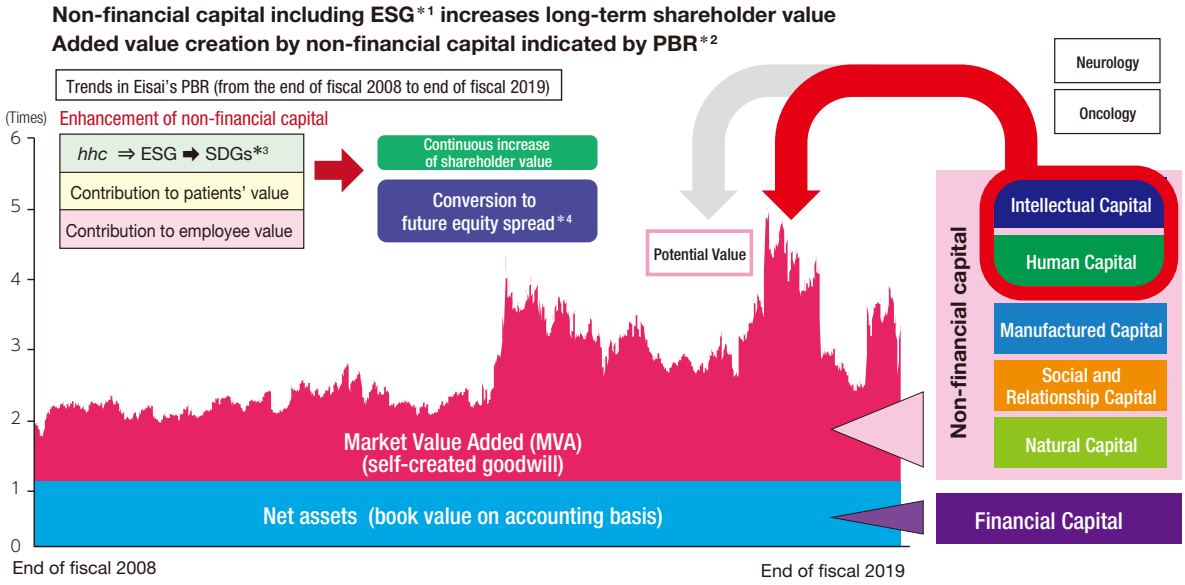
Eisai's funding policy is based on the pecking order theory. Eisai prioritizes cash on hand over debt, and equity financing is the last option.

As an efficient funding measure, Eisai has adopted a Global Cash Management System (GCMS) for the effective cash utilization among group companies.

Financial Strategy based on the ESG-Value Relevance Model

In order to realize the value of ESG and non-financial information and link it to corporate value, it is necessary to synchronize ESG and ROE (return on equity). Eisai proposed a synchronization model (IIRC-PBR Model) regarding financial capital and non-financial capital value relevance based on Eisai's corporate philosophy (*human health care*, or *hhc*) at the same time as the announcement of the International Integrated Reporting Council (IIRC) framework, taking into account longer-term capital efficiency (ROE and equity spread) and sustainability (importance of non-financial capital), and has accelerated the synchronization. Technically, shareholders' equity is the sum of the book value of shareholders' equity (BV) and market value added (MVA) that exceeds BV. The portion that exceeds PBR of 1X is related to ESG value, or "non-financial capital" related. First, under the ① Intrinsic Value Model, MVA was defined as ESG/CSR value (cost of capital reduction effects), customer value, human value, and organizational value. In contrast to this, the ② IIRC-PBR Model explains the relevance of six capitals under the IIRC framework, by positioning Book Value of Shareholders' Equity (BV) as financial capital, and relating MVA to non-financial capital consisting of intellectual capital, human capital, manufactured capital, social and relationship capital and natural capital, based on the assumption that shareholder value equals long-term total market capitalization and also equals BV plus MVA. In the ③ Residual Income Model (RIM), it is held that MVA converges in the sum of present value of equity spread. Therefore, it can be considered that future financial value creation based on equity spread over the long term does not conflict with non-financial capital value such as ESG and MVA creation and is not mutually contradictory, and can be synchronized as part of stakeholder capitalism.

●IIRC-PBR model (Value relevance of the six types of capital that compose corporate value)
—Net assets (book value on accounting basis) are related to financial capital and market value added (MVA) is related to non-financial capital—



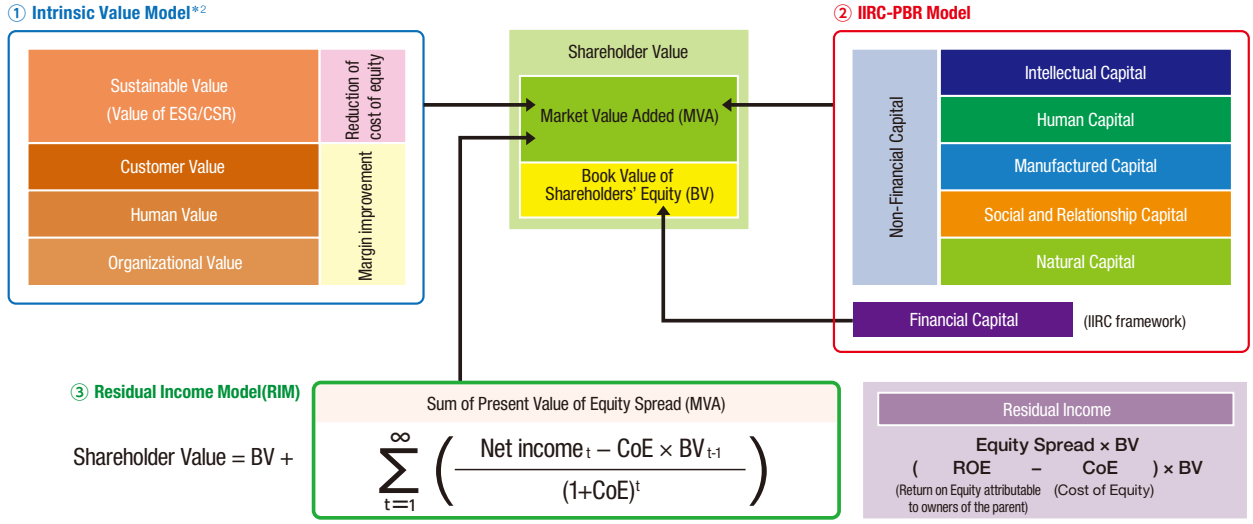
*1 Environment, Social, and Governance
*2 Price Book-value Ratio
*3 Sustainable Development Goals
*4 ROE-Cost of Equity (CoE) (Eisai conservatively assumes cost of equity of 8%)

Source: *CFO policy* (CHUOKEIZAI-SHA, 2020), partially re-edited

In conjunction with the Non-Financial Capital and equity spread Value Relevance Model, the Intrinsic Value Model which relates non-financial capital to MVA, the IIRC-PBR Model, and the Residual Income Model (RIM) which posits a relationship between MVA and equity spread, are mutually complementary through the creation of MVA.

In the Residual Income Model, it is proven mathematically that the present value of residual income is a function of equity spread (ROE). This suggests that the portion corresponding to PBR above 1X is the ESG value-added recognized by investors, and that this should move into line with the relative strength of ROE over the ultra-long term. However, short-termism destroys this balance. For example, an attempt to reduce R&D and personnel expenses in the short term and buy back shares aggressively would undermine long-term sustainability. For that reason, Eisai promotes sustainable management that aims to increase ROE in the long term, looking at the average of 10 years via investment in R&D, and in people, with a long-term perspective.

●Non-financial capital and equity spread value relevance model*1



*1 *CFO policy* (CHUOKEIZAI-SHA, 2020), partially reedited *2 *Financial Strategies for Maximizing Corporate Value* (Doyukan, 2009)

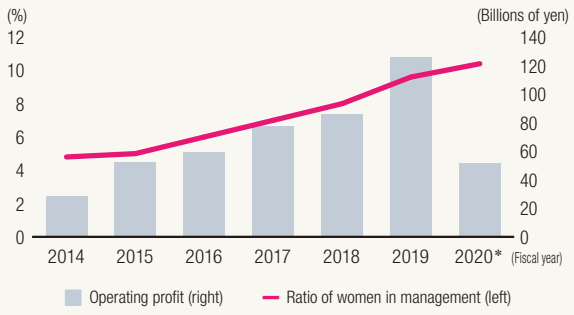
Enhancement of Non-Financial Capital for Corporate Strategy Purposes

Practicing ESG management by visualizing the relationship between non-financial capital and financial capital

Eisai has been developing studies on the relationship between non-financial capital, financial capital, and enhancement of corporate value, which many stakeholders have asked us to substantiate, and we are aiming to foster sustainable management with digital tools. The multi regression analysis of Eisai's ESG KPIs indicated that its corporate value correlates not only with personnel expenses and R&D expenses, but also with the female manager ratio and the number of the users of the childcare system.

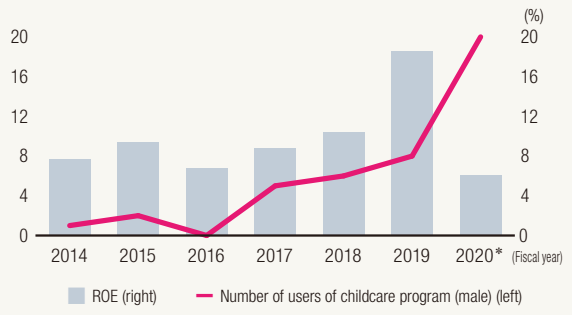
For details about the study, we ask readers to refer to "Quantitative Analysis of Non-Financial Value" on pages 57 to 58, and "Newest Research with Harvard Business School" on page59.

●Correlation between Female manager ratio and Operating profit



* We positioned fiscal 2020 as a year of upfront investment for future growth.

●Correlation between Number of male users of childcare leave program and ROE



Source: Arranged from "Cockpit," digital ESG platform designed by ABeam Consulting Ltd.

66.7% Ratio of outside directors on the board of directors

Striving continually to achieve the best corporate governance

■ Features of the Company's Corporate Governance

❶ Clear Separation of Functions Between the Oversight of Management and the Execution of Business

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

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

Clearly separating management oversight and business execution in this manner enhances corporate vitality, including business execution by corporate officers, while the Board of Directors exercises the function of oversight from the perspective of stakeholders to ensure fairness and transparency in management. At the same time, directors and corporate officers communicate with each other and build trust in executing their respective duties and fulfilling their responsibilities, working together to increase corporate value and contribute to the creation of social value. Mechanisms such as these are important characteristics of the Company's corporate governance.

❷ Diversity of Directors

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

For outside directors in particular, we aim to secure a significant level of diversity over the medium to long term. This includes diversity in terms of tasks, with outside directors who are experienced in corporate management and global business, and others who are experts in law or financial accounting, as well as diversity in terms of characteristics such as nationality, gender, and age. Reflecting the efforts to ensure excellent outside director candidates on an ongoing basis, the Nomination Committee resolved to increase the number of outside director candidates for fiscal year 2021 to 8, an increase of 1.

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

a. Selection and Assignment of Corporate Officers

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

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

●Diversity of Officers (Directors, Corporate Officers) (Number of officers)

	Total	Directors	Corporate Officers
Management	8	6	2
R&D	6	–	6
Manufacturing, quality, safety, etc.	4	1	3
Marketing	8	–	8
Female	5	1	4
Foreign nationality	7	1	6

b. The Executive Board, Advisory Boards, etc.

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

(□ : Foreign Nationality, □ : Female)

● : Nomination Committee, ● : Compensation Committee, ● : Audit Committee, ● : *hhc* Governance Committee, (◉ : Chair of the committee)

General Meeting of Shareholders

12 Directors (8 outside, 4 inside)

Outside Director								Inside Director			
 Chair											
Yasuhiko Katoh (74)	B. Aronson (69)	Shuzo Kaihori (73)	Ryuichi Murata (73)	Hideyo Uchiyama (68)	Yumiko Miwa (55)	Fumihiko Ike (69)	Ryota Miura (47)	Haruo Naito (73)	Yutaka Tsuchiya (69)	Hideki Hayashi (63)	Yoshiteru Kato (61)
Corporate management	Governance, legal	Corporate management	Corporate management	Finance accounting	ESG & governance	Corporate management	Legal	CEO	Overseas business	Pharmaceutical business	Production, quality

Main background

	Board of Directors	Nomination Committee	Audit Committee	Compensation Committee	*hhc* Governance Committee
Number of meetings held in fiscal 2020	11 times	11 times	11 times	6 times	12 times
Attendance in fiscal 2020	99%*	100%	100%	100%	100%

* Out of 11 Board of Directors in fiscal 2020, 100% for 10, 91% for 1 (Attended 10 times out of 11)

Advisory boards comprised of outside experts

- Eisai Scientific Advisory Board
- Sustainability Advisory Board
- Compliance Committee

Reporting & proposals

Haruo Naito
CEO

Management oversight

- Risk Management Committee
- Company-Wide Environment and Safety Committee
- Human Rights Awareness Committee

30 Corporate Officers

R&D

Neurology Business Group

I. Cheung (44) President

Oncology Business Group

Terushige Iike (54) President


L. Kramer (70) Clinical


Takashi Owa (57) Medicine Creation Discovery


Teiji Kimura (58) Discovery


Kappei Tsukahara (56) *hhc* Data Creation Center


Akiko Nakahama (52) Medicine Development Center

Business

EMEA

G. Hendler (54) President

China

Y. Feng (49) President

Japan

Hidenori Yabune (50) Eisai Japan President


Eriko Naito (54) Consumer *hhc* Business Division President


Hiroyuki Murayama (53) Eisai Japan Deputy President

Americas

Tatsuyuki Yasuno (53) President


A. Scott (56) Vice President

Asia and Latin America

Shohei Kanazawa (56) President

Safety Medical Production Quality


S. Geary (58) Global Safety


Kazuhiko Tamura (57) Demand Chain


Hiroyuki Kato (63) Quality

Corporate


Yasushi Okada (62) COO


Kenta Takahashi (61) General Counsel


Ryohei Yanagi (58) CFO


Masatomi Akana (54) Healthcare Policy


Kazumasa Nagayama (41) Strategy


Sayoko Sasaki (52) IR, PR, ESG


Masayuki Miyajima (59) General Affairs, Environmental Affairs


Mitsuaki Tanaka (59) Compliance


Yosuke Akita (56) Talent Management

Keisuke Naito (32) Ecosystem

Teruyuki Masaka (43) Planning

For the official notation of the job title, please refer to Eisai's Corporate Website
https://www.eisai.com/company/profile/officer/index.html

c. Building and Operating a Global Internal Control System

The Board of Directors determined the rules for internal controls that should be put in place and operated by corporate officers, based on which corporate officers ensure independence by establishing, preparing and operating an internal control system within the scope of their assigned allocation of duties. The Company also assigns global corporate officers, with the corporate officers who are in charge directly building and operating internal control systems at overseas subsidiaries.

d. Instilling Management with Accountability and Stakeholder Consciousness

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

❹ Management Oversight by the Board of Directors

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

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

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

■ Formulation of the Corporate Governance Principles

Based on recent developments in awareness and discussions on sustainability, including corporate governance, ESG, and the SDGs, the *hhc* Governance Committee deliberated extensively and at a meeting of the Board of Directors on March 1, 2021 changed the title of the Corporate Governance Guidelines to the Corporate Governance Principles, while also making a significant revision to the content therein. By stipulating the Corporate Governance Principles, which are the code of conduct for corporate governance, the Board of Directors will firmly supervise efforts to create value with stakeholders and realize a sustainable society.

The outline of this revision is as follows.

1) Revised stipulations to include relationships not only with shareholders but also with principal stakeholders stipulated in the Articles of Incorporation.
2) Chapter 2 “Shareholder Relations” was revised to “Joint Creation of Value with Stakeholders” and value creation together with various types of stakeholders was stipulated.
3) Stipulations were added to Chapter 3 “Corporate Governance System” based on the state of initiatives of the Company to improve governance as well as on various related codes including the Tokyo Stock Exchange Corporate Governance Code.

The key stipulations of this revision are Article 4 (Relations with Principal Stakeholders) and Article 9 (Working on Realization of a Sustainable Society), which are outlined below.

(Relations with Principal Stakeholders)

Article 4 With respect to the relations with major stakeholders, the Company will utilize the following basic tenets:

① Relations with Patients and Customers

1. The Company will respect the various rights of patients and customers.
2. The Company will give first thought to improvement of the benefits to patients and customers and make efforts to provide high quality solutions matching their needs.
3. Directors and Corporate Officers will make use of “knowledge” obtained from “empathy” with patients and customers in executing their duties and making decisions.

② Relations with Shareholders

1. The Company will protect shareholders’ rights guaranteed by law and the Articles of Incorporation and ensure equality of treatment.
2. The Company will take measures to increase the common interests of shareholders on a long-term basis to make it possible for shareholders to hold the Company’s shares with a sense of assurance for the long term.

3. The Company will make efforts to obtain trust from shareholders through dialogue. The Board will properly reflect the voice of shareholders to management and the Directors will respond to shareholders' expectations as a fiduciary.

③ Relations with Employees

1. The Company will recognize the dignity and value of each employee and respect human rights and diversity.
2. The Company will make efforts to enrich the opportunities of employees' human resource development and demonstration of ability, and to facilitate sound management.
3. The Company will respect proposals and opinions from employees working together and handle them properly and fairly. The Board will proactively work on dialogue with employees and reflect the results of such interaction in supervising management.

(Working on Realization of a Sustainable Society)

Article 9 The Company will consistently pursue the best corporate governance and proactively work on solving issues related to the environment and society.

2. The Company will carefully monitor trends of global activities which aim at the realization of a sustainable society, and will strengthen the effectiveness of the Company's efforts and endeavor to disclose information proactively.
3. The Company will respect various stakeholders worldwide and make efforts to maintain positive and smooth relations with them, and will contribute to the creation of social value with stakeholders through the Company's business.
4. The Directors and Corporate Officers will respect stakeholders' rights and provide leadership to develop a corporate culture of creating value together with its stakeholders based on the Corporate Philosophy of the Company.

■ Dialogues with Stakeholders

We proceeded with the following initiatives for stakeholders in fiscal 2020, in accordance with provisions that have been expanded in the revision of the Corporate Governance Principles.

❶ Dialogues with Patients

The Outside Directors participated in dialogue with a patient who is a breast cancer survivor and also has experience helping care for her mother who was suffering from dementia, and in so doing gained a deeper understanding of the importance of empathy with the patient's emotions, as well as the "*hhc*" corporate philosophy and its practical application.

❷ Dialogues with Institutional Investors

The Outside Directors had a discussion with approximately 70 institutional investors that lasted roughly 2 hours, and other discussions for sharing information and exchanging opinions with about 7 companies that are major shareholders in a total of 10 sessions via video and telephone conferencing. The opportunity to hear candid opinions from various perspectives and the matters pointed out and knowledge gained from these dialogues are now being utilized in discussions and management oversight by the Board of Directors.

Dialogue session with institutional investors and others held using an online conferencing system

❸ Dialogues with Employees

There was an active discussion between the outside directors and young and middle-ranking employees and researchers about efforts in designing formulations, product quality assurance, and the state of the most recent research activities.

At the exchanges of opinions with labor union representatives on behalf of employees, there were discussion on the following topics:

- The state of labor negotiations and communication with the Company
- Discussions regarding the issues and expectations regarding workstyles during and after COVID-19
- Challenges faced by female employees who want to continue working after having children, and what systems are in place for these
- Issues and impact caused in the workplace by requests for voluntary retirement
- What employees expect of outside directors and the assessment from outside the company of the Board of Directors, more than half of the members of which are outside directors
- Discussions regarding the challenges and future outlook in personnel development at the Board of Directors
- The gap between the ideal and actual situation at worksites in terms of promoting digital transformation

■ Information Sharing and Discussion Regarding the Succession Plan

❶ View Regarding Selection of the Chief Executive Officer (CEO)

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

❷ Procedures Regarding CEO Selection

After Eisai transformed to a company with a nomination committee, etc., system in 2004, discussions continued to be held under a consistently optimal corporate governance system regarding the CEO succession process. In fiscal 2016, taking developments up to that point into account, discussions were held in the Outside Directors Meeting (now the *hhc* Governance Committee) on how information should be shared by the Board of Directors in relation to a succession plan formulated by the CEO, and how to prepare for unexpected situations. These procedures and other considerations were set out as rules. The outline of the procedures is as follows.

1) Sharing of Information about the Succession Plan

① Information about the succession plan proposal by the CEO is shared in the *hhc* Governance Committee twice each year.

② The CEO and inside directors also participate in the *hhc* Governance Committee, and information on the succession plan is shared among all directors.

2) Discussion on the Succession Plan

① Criteria for evaluating candidates are expected to change in accordance with the business environment and other factors. For this reason, criteria will be set appropriately when the CEO proposes candidates.

② The CEO evaluates candidates based on the criteria that have been set, and presents evaluation results in the succession plan.

③ Outside directors provide advice on the succession plan. The CEO considers the advice provided by outside directors, and reflects it in the succession plan as appropriate.

❸ Preparations for Unexpected Situations

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

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

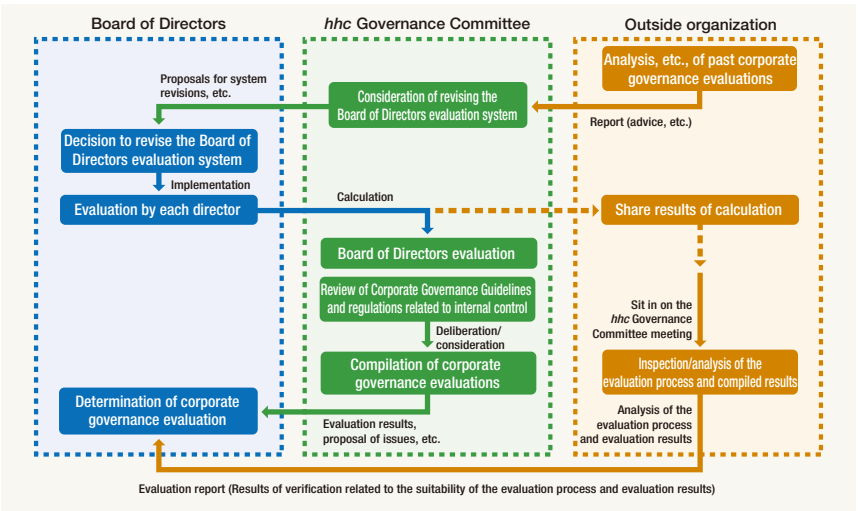
❶ Aiming to "ensure the suitability of the Board of Directors evaluation," a mechanism to improve and ensure the suitability of the Board of Directors evaluation through an outside organization was adopted in fiscal 2017. This process by which the outside organization examines the evaluation process, evaluates it, proposes improvements and inspects its evaluation results takes place once every 3 years.

❷ After analyzing the Company's past evaluation methods, evaluation decision process, evaluations of each director, and final evaluation, etc., the outside organization points out issues and makes recommendations regarding the systems and their operations.

❸ Based on the recommendations and what was pointed out by the outside organization, the *hhc* Governance Committee and Board of Directors work on improving the systems and their operations.

❹ The outside organization inspects the evaluation process, evaluation results, and other aspects of the Board of Directors evaluation compiled by the *hhc* Governance Committee, and submits a report to the Board of Directors.

❺ The Board of Directors determines the corporate governance evaluation for the applicable fiscal year based on the evaluation compiled by the *hhc* Governance Committee and the report by the outside organization.



We have been conducting process and result reviews by external organizations once every three years to ensure the appropriateness and validity of corporate governance evaluations on a continuous and regular basis since fiscal 2017. The inspection results for fiscal 2020 were as follows.

The Board of Directors Evaluation Third Party Review Report (overview)

Eisai Co., Ltd. performed a review on the Board of Directors evaluation that was conducted in-house from the following perspectives.

- Verifying the comprehensiveness of the items in the Board of Directors evaluation survey
- Verifying the fairness and appropriateness of the evaluation methods
- Verifying the fairness and appropriateness of discussions in the *hhc* Governance Committee
- Verifying the fairness and appropriateness of Board of Directors evaluation results disclosures

When conducting this review, documents and disclosure materials provided by Eisai Co., Ltd. pertaining to the previous 2 years' worth of Board of Directors evaluations were analyzed, while information needed for the review was also obtained by sitting in on *hhc* Governance Committee meetings.

Results of the Review

- Tireless efforts are clearly being dedicated to making the governance system more in-depth through use of the risk map and stronger monitoring that can identify risks whenever they arise.
- Sincere efforts are clearly being made to improve governance in a way that boosts corporate value, as regular checks by (outside) third parties are included in the evaluation methodology, and ways to create greater transparency are being devised.
- It was determined that the fiscal 2020 Board of Directors evaluation overall had been performed properly from the perspectives of comprehensiveness, fairness, and appropriateness.
- It was suggested that it was effective for increasing support from stakeholders to explicitly re-confirm the items in the Board of Directors evaluation survey that people are important to institutional investors, etc. More effective corporate governance could thus be achieved.

Compensation Paid to Directors and Corporate Officers

❶ Compensation System for Directors

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

❷ Compensation System for Corporate Officers

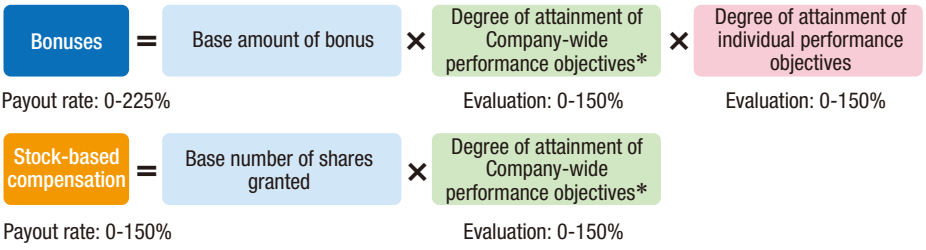
Compensation paid to corporate officers is determined in accordance with basic policies by the Compensation Committee with the aim of enabling the Company to attract excellent personnel to the Company's management cadre and to strongly motivate corporate officers in the performance of their duties, thereby contributing substantially to the Company, and with a recognition of the differences in the levels and mechanisms of compensation, etc., in each country or region.

The level of compensation paid to corporate officers is intended to be set at the upper middle range for the industry. The compensation paid to corporate officers is composed of base compensation, bonuses, and stock-based compensation at a ratio of 6:3:1, and performance-based compensation accounts for 40% of total compensation.

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

The Compensation Committee has recognized that the compensation system should be drastically revised due to changes in the business environment, business and profit structure of the Company. From fiscal 2020, we have begun to revise the executive officer compensation system.

●Process of determining performance-based compensation



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

The 8th The number of revisions of the Compliance Handbook

Global systems and initiatives at the heart of our business activities

■ Compliance Promotion

The Chief Compliance Officer and Executive Officer in charge of Internal Control has jurisdiction over the Corporate Compliance and Risk Management Department, and promotes compliance and risk management by defining compliance as the observance of the highest legal and ethical standards and setting it at the heart of our business activities. We carry out various compliance programs, such as delivering the message from top management, developing the Code of Conduct and other relevant rules, running training programs, establishing a training and consultation systems, and so on.

The United States Department of Justice prosecuted Eisai in 1999 for being involved in a cartel for synthetic vitamin E bulk products and imposed fines and surcharges even outside the United States. Based on the lessons learned from this, Eisai started to promote fully-fledged compliance activities in fiscal 2000, and those have undergone periodic objective reviews by a Compliance Committee that consists of outside experts.

❶ Establishment of the Code of Conduct and Other Relevant Rules, and Activities for Cultivating Compliance Awareness

Eisai issued a Compliance Handbook in 16 types of language and outlined the Eisai Network Companies (ENW) Charter of Business Conduct and the Code of Conduct to cultivate compliance awareness. Each officer or employee recognizes the matters to be complied with, and takes them as the basis for day-to-day work.

The latest 8th edition, which was issued on March 31, 2021, was the first revision in 4 years. It reflected the initiatives of the United Nations Global Compact (UNGC), the growing social demands that are reflected in the United Nations Sustainable Development Goals (SDGs), and the revision of the Charter of Business Conduct by the Federation of Economic Organizations and the Japan Pharmaceutical Manufacturers Association (JPMA). Details on how to prevent fraud and scandals have also been expanded.

In addition, we are working to promote corporate activities that emphasize compliance through various training programs which are held on an ongoing basis utilizing different formats, such as a compliance workshop for Corporate Officers, e-learning, and special training materials delivered to each department.

Compliance Handbooks
(Issued in 16 types of language; Japanese, English [US, UK], French, Spanish, Italian, German, Portuguese, Chinese [simplified, traditional], Korean, Thai, Vietnamese, Indonesian, Russian, and Telugu)

●Major revised points in the 8th edition

1 Revision of the Charter of Business Conduct

Reflected the revision of the Charter of Business Conduct by the Federation of Economic Organizations and the Japan Pharmaceutical Manufacturers Association (JPMA) accompanied by the initiatives of the United Nations Global Compact (UNGC) and the growing social demands embodied by the Sustainable Development Goals (SDGs)

2 Addition of content relating to pandemic response

In response to the COVID-19 pandemic, added a perspective on pandemics regarding the ideal approach to crisis management

3 Reflection of UNGC's perspective on articles regarding human rights

Specified the needs to work harder on issues relating to human rights reflecting UNGC's perspective

4 Articulation of the importance of First in Human studies

Specified the importance of ensuring safety in First in Human clinical studies

5 Additional emphasis on quality assurance

Specified to recognize anew the importance to supply high quality medicines stably, which is our mission

6 New article about data fraud

Added article about data fraud to recognize anew the importance of data integrity

7 New chapter about fraud prevention

Added chapter about the risk of fraud and the importance of preventive measures, and revised the contents so that employees can refer to it immediately in practice

❷ Use of the Compliance Counter

The Compliance Counter serves as a point of contact for the whistleblowing system in Eisai. It is set up in our company and other Eisai network companies (ENW) in Japan and overseas, and employees of subsidiaries can contact the Compliance Counter at Eisai Headquarters directly.

The Eisai Headquarters compliance counter was registered as a Whistleblowing Compliance Management System by the Consumer Affairs Agency, and we are working on the appropriate maintenance and operation of the system. The Compliance Counter accepts not only whistleblowing reports but also all sorts of consultations, such as interpretation of laws and rules, as well as daily activities regarding compliance. In fiscal 2020, more than 370 inquiries were received at the Compliance Counter at Eisai Headquarters alone. In addition, the Company also provides resources, such as contact with independent lawyers and outside contact windows operated by the ombudsperson who handles issues at workplaces, and works to improve the environment for compliance promotion. In addition, the Audit Committee has set up a contact point for reporting matters related to the officers of the Company.

Whistleblowing Compliance Management System

■ Risk Management Promotion

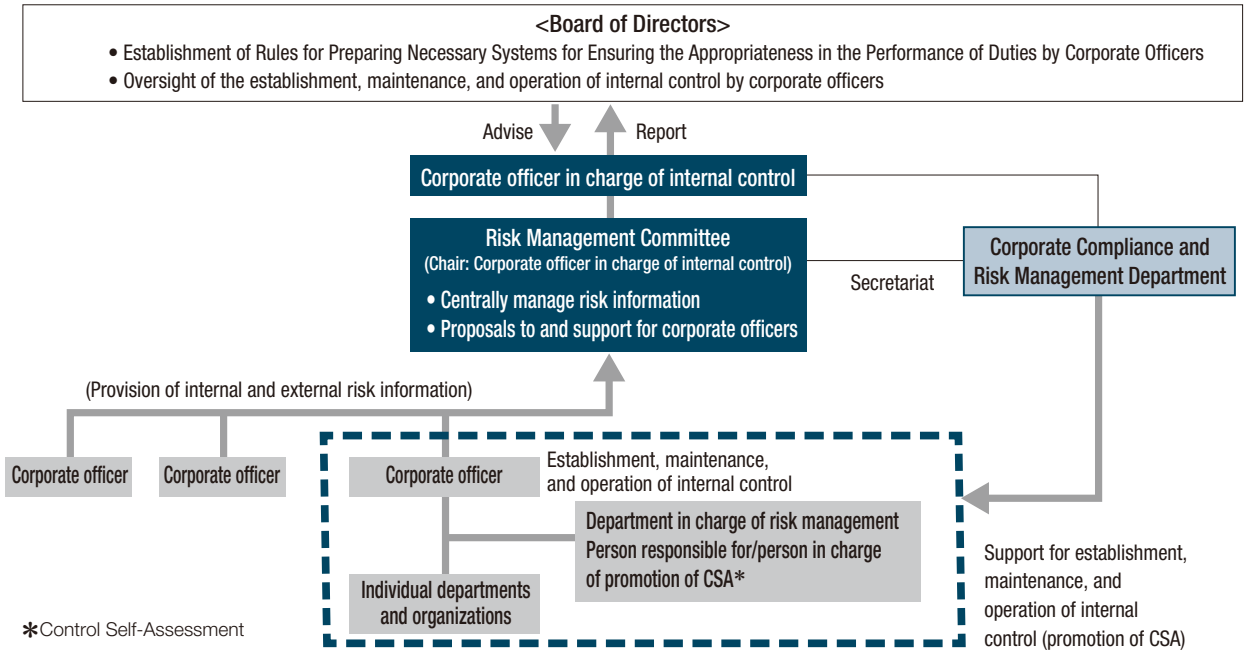
Regarding risk management, Eisai defines risks as the threat or probability that an action or event will adversely affect the achievement of corporate and/or organizational objectives. In order to avoid risks or keep risks within acceptable levels, Eisai is carrying out various initiatives including the establishment, development, and operation of internal control systems.

In accordance with the Companies Act, Eisai's Board of Directors formulated the Rules for Preparing Necessary Systems for Ensuring the Appropriateness in the Performance of Duties by Corporate Officers. These rules stipulate that all corporate officers should identify and evaluate the risks in their duties and establish, develop, and operate internal control systems. Based on the ENW Internal Control Policy developed in response to the rules, we promote various initiatives including establishment, development, and operation of internal control systems throughout ENW, and are working to avoid risks or keep risks within acceptable levels.

❶ Promoting Risk Management System and Risk Response

At the Risk Management Committee, critical risks are managed in a unified manner by the Corporate Officer responsible for internal control, acting as chair. In addition, Eisai quickly detects its own potential similar risks through continuous monitoring of external corporate scandals and responds to risks promptly by risk avoidance and elicitation prevention activity.

●Eisai risk management structure



❷ CSA (Control Self-Assessment)

One of the tools on risk management in Eisai is CSA. In CSA activity, department managers in ENW identify and evaluate risks on their own every year, and then address these risks.

In addition, Eisai enhances the effectiveness of risk management by developing an understanding of critical risks and through the following up of risk response status by corporate officers.

■ Internal Audit Activities Based on International Standards

Internal audit is a voluntary audit that is different from audits by the audit committee and from accounting audits. Eisai has established the Corporate Internal Audit Department under the Executive Officer in charge of internal audit, and conducts global internal audits in cooperation with the internal audit departments in Japan, the United States, Europe, China, Asia, and other regions. The results of internal audits assessed objectively and evaluated from an independent standpoint are reported to the Board of Directors and to the Audit Committee.

To assure the quality of audits, the Corporate Internal Audit Department undergoes assessment by an external assessment committee composed of outside experts in accordance with the standards of the Institute of Internal Auditors (an international professional association for internal auditors based in the U.S.).

■ Risk Factors

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

The Group's Executive Board and other decision-making bodies regularly discuss the risks and uncertainties that the Group faces, and consider measures to turn these risks and uncertainties into opportunities, or to mitigate them. The results of such consideration are reported to the Board of Directors, which in turn discusses them. Accordingly, the risks and uncertainties indicated below do not only include the input from the Executive Board, but also reflect the discussions of the Board of Directors.

(1) Corporate Philosophy

Management based on the corporate philosophy

Insufficient permeation of the corporate philosophy throughout the Group, stagnation of the implementation of management aimed at implementing the philosophy, and other factors that hinder the full increase of benefit to patients and their families may have significant impact

(2) Business Strategy

Establishment of Alzheimer's disease franchise
Maximization of the value of Lenvima®
Partnership model
Digital transformation

Any delays in efforts to execute our important business strategies or factors that hinder the achievement

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

New drug development
Side effects
Product quality and stable supply
Intellectual property
Litigation and other proceedings
Data reliability
Trend toward containing medical costs

(4) Others

Succession
Information security
COVID-19
Climate change
Impairment of goodwill and intangible assets

For details of Risk Factors, please refer to pages 140-147 of the Notice of Convocation of the 109th Ordinary General Meeting of Shareholders
▶ https://www.eisai.com/ir/stock/meeting/pdf/einv109_all.pdf

Company Introduction

Neurology Area Revenue in fiscal 2020: ¥161.4 billion (accounting for 25.0% of consolidated revenue, and 88.1% of fiscal 2019)

FDA granted accelerated approval for ADUHELM™ in June 2021

ADUHELM™ (generic name: aducanumab) — Co-development

Treatment for Alzheimer's disease/Anti-Aβ Antibody

Treatment for Alzheimer's disease which has been co-developed with Biogen Inc. It is thought that the treatment targets amyloid β (Aβ) in a form in which soluble oligomers and insoluble fibers can aggregate to form amyloid plaque. FDA granted accelerated approval for ADUHELM™ as the first and only Alzheimer's disease treatment to address a defining pathology of the disease by reducing Aβ plaques in the brain. Marketing Authorization Application was accepted by European Medicines Agent in October 2020, followed by a new drug application submitted in Japan in December 2020, and both are currently under review.

Fycompa® (generic name: perampanel) — In-house

Antiepileptic agent

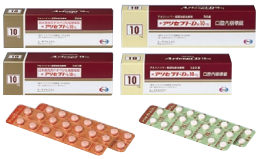
Revenue in fiscal 2020: ¥26.7 billion (105.8% of fiscal 2019)

An AMPA receptor antagonist discovered and developed in-house by Eisai. Fycompa® has been approved in more than 70 countries such as Japan, the U.S., and countries in Europe and Asia for the adjunctive treatment of both partial-onset seizures and primary generalized tonic-clonic seizures. The oral suspension was approved in the U.S. and Europe, and the fine granule was approved in Japan. Revenue is currently increasing worldwide.

Aricept® (generic name: donepezil) — In-house

Treatment for Alzheimer's disease/dementia with Lewy bodies

Revenue in fiscal 2020: ¥26.3 billion (75.4% of fiscal 2019)



A dementia treatment discovered and developed in-house by Eisai that is believed to slow the overall progression of symptoms associated with Alzheimer's disease by inhibiting acetylcholinesterase enzyme, which breaks down the neurotransmitter acetylcholine. Currently approved in more than 100 countries worldwide. The agent received additional approval for an indication for the treatment of dementia with Lewy bodies in Japan, the Philippines, and Thailand.

Dayvigo® (generic name: lemborexant) — In-house

Anti-insomnia drug (New product)

Revenue in fiscal 2020: ¥3.1 billion

Dayvigo® is an in-house developed dual orexin receptor antagonist, which inhibits orexin neurotransmission regulating sleep-wake rhythm by binding competitively to the 2 subtypes of orexin receptors. It acts on the orexin neurotransmitter system and is believed to facilitate sleep onset, sleep maintenance, and better waking by regulating sleep-wake rhythm. Launched for the treatment of adults with insomnia, characterized by difficulties with sleep onset and/or sleep maintenance in the U.S. in June 2020, and for the treatment of insomnia in Japan in July 2020.

Methycobal® (generic name: mecobalamin) — In-house

Peripheral neuropathy treatment

Revenue in fiscal 2020: ¥34.2 billion (90.0% of fiscal 2019)

A mecobalamin (Vitamin B12 coenzyme) product originally discovered and developed by Eisai. Restores damaged peripheral nerves and is widely used for the treatment of peripheral neuropathy in Japan and other Asian countries.

Lyrica® (generic name: pregabalin) — In-license

Pain treatment

Revenue in fiscal 2020: ¥21.5 billion (75.2% of fiscal 2019) (Co-promotion income)

A pain treatment originally developed by Pfizer Inc. (U.S.). Currently approved in more than 100 countries and regions globally*. Co-promoted in Japan by Pfizer Japan Inc. and Eisai Co., Ltd., with both companies working to provide information on its proper use.

* As of July 2021

Oncology Area Revenue in fiscal 2020: ¥183.3 billion (accounting for 28.4% of consolidated revenue, and 110.5% of fiscal 2019)

Lenvima® (generic name: lenvatinib) In-house

Anticancer agent/molecular targeted medicine

Revenue in fiscal 2020: ¥133.9 billion (119.7% of fiscal 2019)

A selective tyrosine kinase inhibitor (TKI) with a novel binding mode originally discovered and developed in-house by Eisai. Indications for refractory thyroid cancer and unresectable hepatocellular carcinoma are approved in over 70 countries for each. Also, approved as a treatment for renal cell carcinoma (RCC) in combination with everolimus in over 60 countries (product name for treatment of RCC in Europe: Kisplyx®). Approved for combination therapy with KEYTRUDA® for advanced endometrial carcinoma in more than 10 countries. In Japan, approved for thymic cancer as monotherapy.

Halaven® (generic name: eribulin) In-house

Anticancer agent/microtubule dynamics inhibitor

Revenue in fiscal 2020: ¥37.6 billion (93.5% of fiscal 2019)

An anticancer agent discovered and developed in-house by Eisai. A synthetic analog of halichondrin B derived from the marine sponge Halichondria okadai. Shows an antitumor effect by arresting the cell cycle through inhibition of the growth of microtubules. Approved in more than 75 countries for the treatment of breast cancer (liposarcoma soft tissue sarcoma in Japan).

Remitoro® (generic name: denileukin diftitox [genetical recombination]) In-house

Anticancer agent/a fusion protein consisting of IL-2 and partial sequence of diphtheria toxin

New product

An anticancer agent discovered and developed in-house by Eisai. The agent is a fusion protein consisting of interleukin-2 (IL-2) and partial sequence of diphtheria toxin, and specifically binds to the IL-2 receptor on the surface of tumoral lymphocytes. The antitumor efficacy of denileukin diftitox is believed to depend on the intracellular delivery of diphtheria toxin fragment which inhibits protein synthesis and induce cell death. Remitoro® was launched in Japan with the indication of relapsed or refractory Peripheral T-Cell Lymphoma (PTCL) or Cutaneous T-Cell Lymphoma (CTCL) in May 2021.

Tazverik® (generic name: tazemetostat) In-license

Anticancer agent/EZH2 inhibitor

New product

Tazverik® is a first-in-class, oral EZH2 inhibitor discovered by Epizyme, Inc. and is known to selectively inhibit EZH2, an epigenetic enzyme which belongs to the histone methyltransferase family and may have an important role in carcinogenesis. Approval for the EZH2 inhibitor was obtained in Japan with the indication of relapsed or refractory EZH2 gene mutation-positive follicular lymphoma in June 2021.

Others Revenue in fiscal 2020: ¥216.2 billion (accounting for 33.5% of consolidated revenue, and 106.4% of fiscal 2019)

Jyseleca® (generic name: filgotinib) In-license

Treatment of rheumatoid arthritis (RA)/JAK (Janus kinase) inhibitor

New product

Jyseleca® is indicated for RA (including prevention of structural joint damage) in patients who have had an inadequate response to conventional therapies. Gilead Sciences K.K. received approval for the therapy as treatment of rheumatoid arthritis (RA) in Japan in November 2020, and Eisai is responsible for product distribution. Gilead applied for approval as treatment for patients with moderate to severe active ulcerative colitis in April 2021.

Goofice® (generic name: elobixibat) In-license

Bile acid transporter inhibitor

Revenue in fiscal 2020: ¥5.0 billion (139.0% of fiscal 2019)

Goofice® is a once-daily, orally available constipation treatment with a novel action mechanism which EA Pharma in-licensed from Albireo AB (Sweden). It is believed that Goofice® increases the flow of bile acids to the large intestine and the action of moisture soften the stool, and the activation movement of the intestines promotes defecation.

Consumer Healthcare Business Revenue in fiscal 2020: ¥25.2 billion (accounting for 3.9% of consolidated revenue, and 101.0% of fiscal 2019)

Chocola BB® Products

Revenue in fiscal 2020: ¥13.4 billion (86.7% of fiscal 2019)

Including the signature product Chocola BB® Plus, a Vitamin B2 preparation for rough skin and stomatitis, a variety of products such as class 3 OTC drugs, designated quasi-drugs and food with nutrient function claims are available.

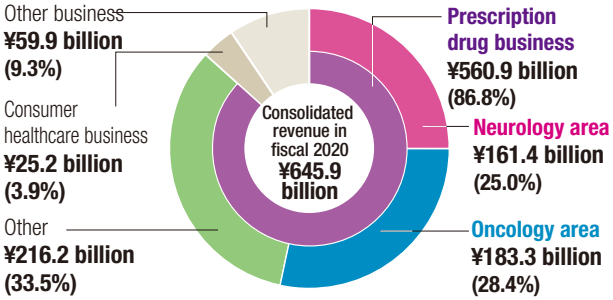
Chocola BB® Plus: Class 3 OTC drug

Chocola BB® Royal 2: Designated quasi-drug

Chocola.com

▶ https://www.chocola.com/index.html (Only in Japanese)

Revenue of prescription drug business, consumer healthcare business and others



1941 Eisai was founded

The founder Toyoji Naito established Eisai and focused on drug creation activities, because he was dissatisfied with how Japan's drug industry at the time remained overly reliant on imports.

Founder: Toyoji Naito

1941 Established Nihon Eisai Co., Ltd.
1955 Changed corporate name from Nihon Eisai Co., Ltd. to Eisai Co., Ltd.

Late 1960s Commenced full-fledged overseas expansion

Yuji Naito was appointed as the second President of Eisai in 1966, and proactively promoted overseas expansion.

Yuji Naito

Late 1960s to early 1970s
Local subsidiaries established in Southeast Asia

1980s — Established a foundation for global business expansion

Three-hub R&D network established

1982 Tsukuba Research Laboratories (Japan)
1989 Eisai Research Institute of Boston, Inc. (U.S.)
1992 Eisai London Research Laboratories, Ltd. (U.K.)

Tsukuba Research Laboratories

Eisai Research Institute of Boston, Inc.

Eisai London Research Laboratories, Ltd.

Entry into dementia and oncology areas

1983 Commenced drug discovery research on dementia at Tsukuba Research Laboratories
1987 Launched R&D group to develop anticancer agents at Tsukuba Research Laboratories

1988 Appointment of Haruo Naito, the Present CEO
1992 **Adopted the corporate philosophy of "*human health care (hhc)*"**

hhc human health care

Late 1990s — Growth of two major brands accelerated global business expansion

Launched Alzheimer's disease (AD) treatment Aricept®

1997 in the U.S. and Europe (U.K.)
1999 in Japan

Launched proton-pump inhibitor Pariet®

1997 in Japan
1998 in Europe (U.K.)
1999 in the U.S. (brand name: AcipHex®)

FY2002 to FY2005 Millennium Plan

Outcomes
Achievement of major KPIs a year ahead of schedule (Revenue ¥600 billion, Operating profit ¥100 billion)
Enhancement of corporate governance

2004 Transitioned to become a company with committees
2005 Incorporated the corporate philosophy into the Company's Articles of Incorporation

Issues
Dispersion of R&D resources
Unable to launch in-house developed products

FY2006 to FY2010 Dramatic Leap Plan

Outcomes
Strengthened foundations in oncology area

2007 : Acquired Morphotek, Inc. in the U.S.
2008 : Acquired MGI Pharma, Inc. in the U.S.
2010 : Established H3 Biomedicine Inc. in the U.S.
Launched anticancer agent Halaven®

Establishment of product supply system based on affordable pricing
Completion of Vizag Plant in India

Vizag Plant (India)

Reached peak sales of 2 major brands

Aricept®	¥322.8 billion (FY2009)
Pariet®	¥175.9 billion (FY2007)
Total	¥470.8 billion (FY2009)

Achievement of record revenue (FY2009)

Issues
Under-achievement of performance targets (Revenue ¥1 trillion, Operating profit ¥200 billion)
Dispersion of R&D resources

Major in-house products

1997 Aricept®
Aricept® Donezepil Hydrochlorid

1997 Pariet®
Pariet®

Absence of launch of products developed in-house

2010 Halaven®
Halaven® (eribulin mesylate) Injection

Concentration of resources in the neurology and oncology areas

2010s Value creation through new products developed in-house and through the partnership model

Formulated partnerships in the neurology and oncology areas

2014: Entered into a collaboration agreement with Biogen Inc. for the development and commercialization of AD treatments

2018: Entered into global strategic oncology collaboration for Lenvima® with Merck & Co., Inc., Kenilworth, N.J., U.S.A.

- Neurology area: Biogen Inc.
- Oncology area: Merck & Co., Inc., Kenilworth, N.J., U.S.A.

2012 Fycompa®

2015 Lenvima®

2020 Dayvigo®

2021 ADUHELM™

FY2011 to FY2015 Plan Hayabusa

Outcomes

Enhancement of business in China and Asia
Strengthened efforts to improve access to medicines

Launched new products developed in-house

2012: Launched antiepileptic agent Fycompa®

2015: Launched anticancer agent Lenvima® in the U.S., Japan, and Europe

Issues

Under achievement of performance targets (Revenue over ¥800 billion, Operating Profit over ¥200 billion)
Lack of capability to respond to changes in the business environment due to LOE in 2 major brands

Loss of exclusivity (LOE) in 2 major brands

Aricept®		Pariet®	
2010	in the U.S.	2010	in Japan
2011	in Japan	2012	in Europe
2012	in Europe	2013	in the U.S.

FY2016 and after Plan EWAY

FY2016 to FY2020 EWAY Current

Outcomes

Achieved operating profit target for FY2020 and ROE target for FY2025 ahead of schedule
Expansion of contribution to patients with Lenvima®

Issues

Discontinued development of AD treatment investigational elenbecestat*

*Co-development with Biogen Inc.

FY2021 and after EWAY Future & Beyond

Change our viewpoint from "The Patient" to "The People"

Evolution into cross-industry *hhc* ecosystem (*hhc*eco)

Empowering everyone to live their lives to the fullest

Major Topics from FY2020 to FY2021

June 2020	Launched anti-insomnia drug Dayvigo® (lemborexant) in the U.S. (Japan in July)
July	Biogen Inc. completed submission of Biologics License Application (BLA) to the FDA for the approval of aducanumab*1 (EMEA in October, Japan in December)
	Initiated new Phase Ⅲ study (AHEAD 3-45) of investigational lecanemab (BAN2401) *1,2 preclinical (asymptomatic) AD
	Commenced provision of the "Easiit" smartphone App
September	Established Eisai Vietnam Co., Ltd. ("Eisai Vietnam")
October	Established joint venture aimed toward the construction of a health service platform in China with JD Health
November	Launched JAK inhibitor Jyseleca® (filgotinib) in Japan
March 2021	Fycompa® (perampanel) honored with The Pharmaceutical Society of Japan (PSJ) Award for Drug Research and Development 2021
	Submitted an application in Japan, and was accepted for review by the European Medicines Agency (EMA) for the additional indication of Lenvima® (lenvatinib) in combination with KEYTRUDA® (pembrolizmab) as a treatment for patients with advanced renal cell carcinoma
	EMA accepted for review applications for the additional indication of Lenvima® in combination with KEYTRUDA® as a treatment for patients with advanced endometrial carcinoma (Submission in Japan and EU in April, received priority review from FDA in May)
May	Announced the statement of commitment to achieving carbon neutrality by 2040
June	FDA granted accelerated approval for ADUHELM™ (aducanumab)
	Anticancer agent Tazverik® (tazemetostat) approved in Japan for EZH2 gene mutation-positive follicular lymphoma
	Entered into an exclusive global strategic collaboration agreement for the co-development and co-commercialization of MORAb-202 with Bristol-Myers Squibb (U.S.)
	FDA granted Breakthrough Therapy designation for lecanemab (BAN2401) for the treatment of AD
July	FDA approved the combination of Lenvima® plus KEYTRUDA® for the treatment of patients with advanced endometrial carcinoma*3

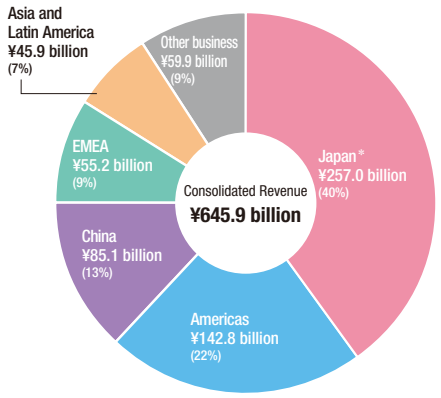
*1 Co-development with Biogen Inc. *2 Licensed-in from BioArctic AB
*3 Advanced endometrial carcinoma that is not microsatellite instability-high (MSI-H) or mismatch repair deficient (dMMR), and progressed following prior systemic therapy in any setting in patients who are not candidates for curative surgery or radiation

Global Business Outlook

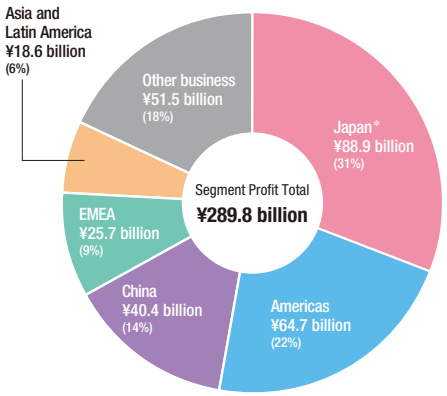
Eisai is reinforcing its robust business foundations globally, not only through its own business base but also through marketing activities tailored to each area's characteristics in Japan, Americas, China, EMEA, Asia and Latin America, utilizing partnerships.

Fiscal 2020 Results

Segment Revenue



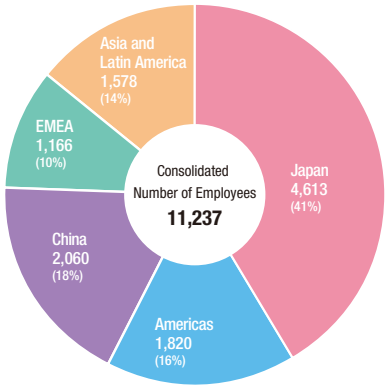
Segment Profit



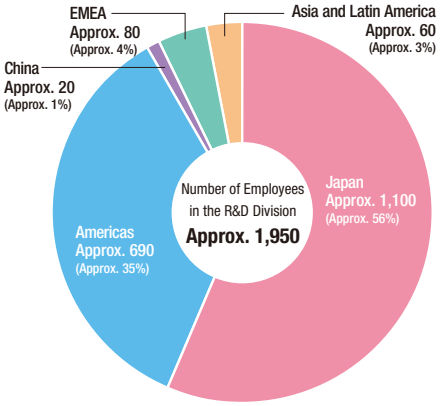
* Includes revenue of consumer healthcare business

Number of Employees (As of the End of Fiscal 2020)

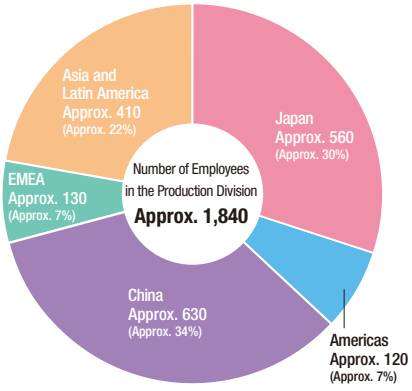
Employees by Region



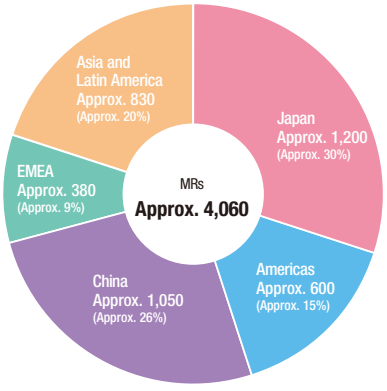
R&D Division



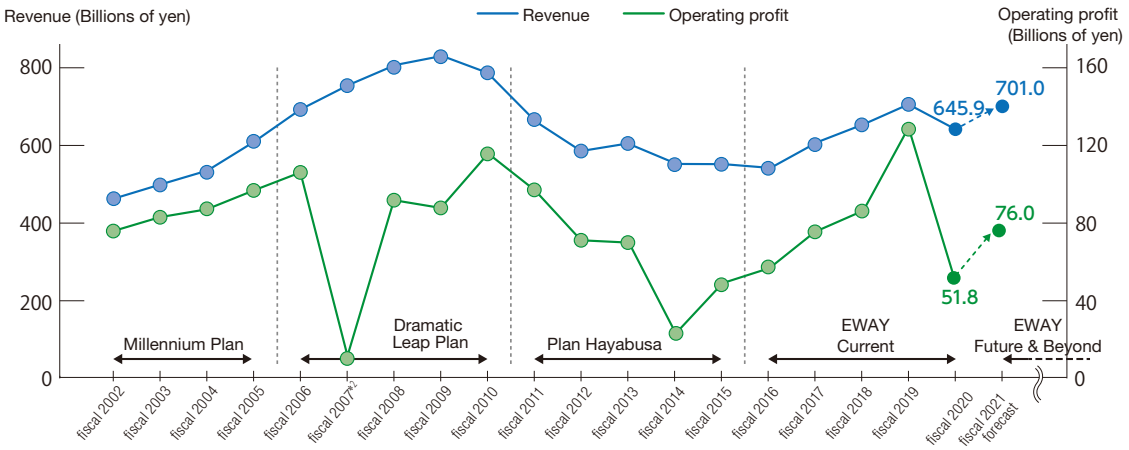
Production Division



Number of Medical Representatives (MRs)



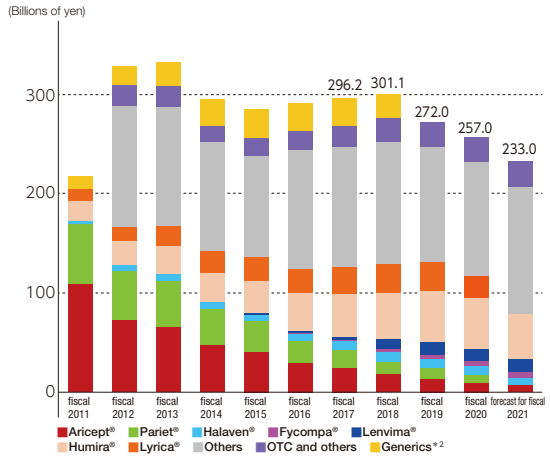
Trends in Sales Revenue and Operating Profit*1



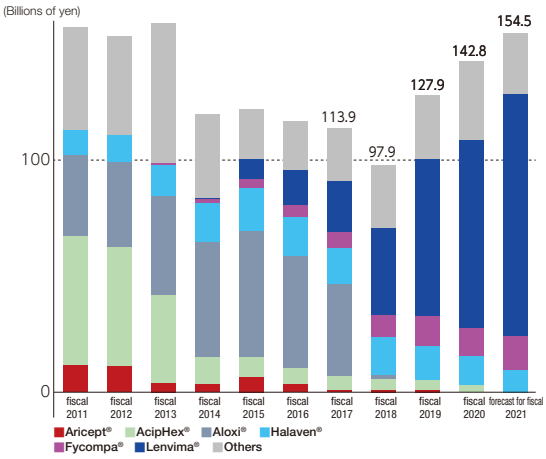
*1 Results up to fiscal 2013 were calculated pursuant to J-GAAP, while results for fiscal 2014 and beyond were calculated pursuant to IFRS.
*2 The reduction in operating profit in fiscal 2007 reflected the acquisition of MGI Pharma, Inc.

Trends in Sales Revenue by Region*1

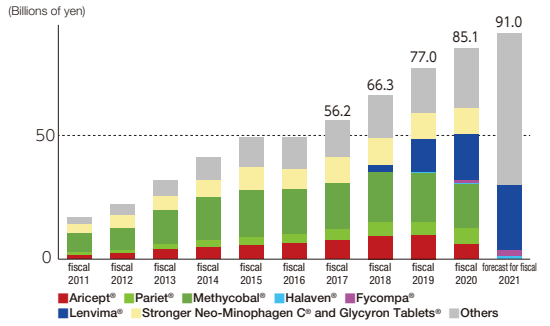
Japan



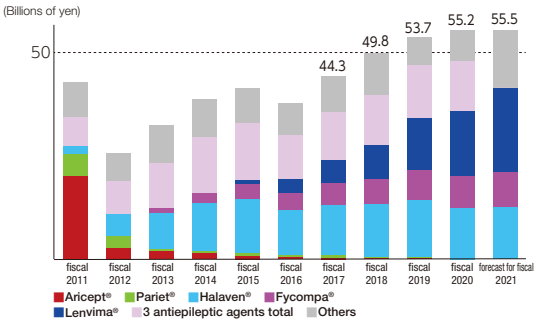
Americas



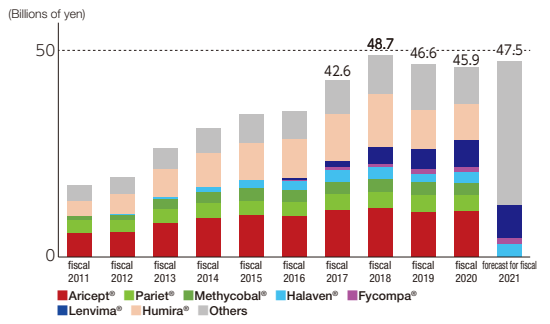
China



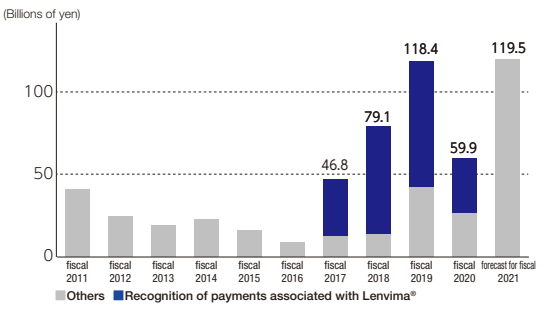
EMEA



Asia and Latin America



Other business



*1 Each product's revenue not disclosed in fiscal 2021 forecasts and recognition of payments associated with Lenvima® expected in fiscal 2021 are included in forecasts for "Others."
*2 Generic business was fully transferred to Nichi-Iko Pharmaceutical Co., Ltd. in April 2019.

Financial Indicators

(Unit: Billion yen)

Financial Indicators (IFRS)	fiscal 2013	fiscal 2014	fiscal 2015	fiscal 2016	fiscal 2017	fiscal 2018	fiscal 2019	fiscal 2020
〈Income Statement Items〉								
Revenue	599.5	548.5	547.9	539.1	600.1	642.8	695.6	645.9
Cost of sales	194.7	193.6	194.5	195.9	201.3	184.5	175.7	161.3
Ratio to revenue (%)	32.5	35.3	35.5	36.3	33.5	28.7	25.3	25.0
Gross profit	404.8	354.9	353.5	343.2	398.8	458.3	519.9	484.6
Ratio to revenue (%)	67.5	64.7	64.5	63.7	66.5	71.3	74.7	75.0
Research and development expenses	136.3	131.9	122.3	117.2	139.6	144.8	140.1	150.3
Ratio to revenue (%)	22.7	24.1	22.3	21.7	23.3	22.5	20.1	23.3
Selling, general and administrative expenses	203.3	194.5	192.8	174.9	183.9	228.2	256.3	281.4
Ratio to revenue (%)	33.9	35.5	35.2	32.5	30.6	35.5	36.8	43.6
Other income	4.1	1.0	17.7	13.6	3.0	2.6	6.4	1.5
Ratio to revenue (%)	0.7	0.2	3.2	2.5	0.5	0.4	0.9	0.2
Other expenses	2.8	1.1	4.1	5.6	1.1	1.7	4.4	2.6
Ratio to revenue (%)	0.5	0.2	0.7	1.0	0.2	0.3	0.6	0.4
Operating profit	66.4	28.3	51.9	59.1	77.2	86.2	125.5	51.8
Ratio to revenue (%)	11.1	5.2	9.5	11.0	12.9	13.4	18.0	8.0
Profit for the year	38.5	43.5	55.0	42.2	54.4	66.5	122.5	42.5
Ratio to revenue (%)	6.4	7.9	10.0	7.8	9.1	10.3	17.6	6.6
Profit for the year attributable to owners of the parent	38.3	43.3	54.9	39.4	51.8	63.4	121.8	42.1
Ratio to revenue (%)	6.4	7.9	10.0	7.3	8.6	9.9	17.5	6.5
Comprehensive income for the year	84.5	114.2	16.5	36.8	53.8	79.5	96.2	71.0
〈Cash Flow Statement Items〉								
Net cash from operating activities	91.3	76.0	95.6	75.9	149.6	103.7	102.8	73.9
Net cash from investing activities	20.9	(18.8)	(6.7)	(28.6)	17.0	(7.9)	(27.6)	(36.9)
Net cash from financing activities	(115.1)	(59.7)	(72.9)	(35.4)	(81.9)	(79.2)	(103.5)	(55.9)
Free cash flow	87.3	61.3	81.2	81.7	136.7	85.1	68.2	36.4
〈Financial Position Items〉								
Total assets	973.8	1,053.8	974.0	1,030.8	1,049.0	1,071.5	1,062.1	1,090.0
Equity attributable to owners of the parent	526.3	598.7	573.7	584.6	593.6	628.1	678.1	703.2
Non-controlling interests	3.1	3.3	3.2	18.0	20.5	23.9	24.5	24.8
Total liabilities	444.4	451.8	397.2	428.2	434.9	419.5	359.5	362.1
Return on equity attributable to owners of the parent (ROE) (%)	7.6	7.7	9.4	6.8	8.8	10.4	18.6	6.1
Return on sales ratio (%)	6.4	7.9	10.0	7.8	9.1	10.3	17.6	6.6
Leverage (times)	1.9	1.8	1.7	1.8	1.8	1.7	1.6	1.6
Total assets turnover ratio (no. of times)	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6
Ratio of equity attributable to owners of the parent (%)	54.0	56.8	58.9	56.7	56.6	58.6	63.8	64.5
Net debt equity ratio (Net DER)(times)*1	0.08	0.00	(0.06)	(0.11)	(0.27)	(0.32)	(0.29)	(0.27)
Dividend on equity attributable to owners of the parent (DOE)(%)*2	8.5	7.6	7.3	7.4	7.3	7.0	7.0	6.6
Dividend payout ratio (DPR) (%)	111.8	99.0	78.0	109.0	82.8	67.8	37.6	108.9
Earnings per share (basic) (EPS) (yen)	134.13	151.57	192.23	137.63	181.18	221.34	425.01	146.95
Dividend per share (DPS) (yen)	150	150	150	150	150	150	160	160

(Reference data)

(Unit: Billion yen)

Financial Indicators (J-GAAP)	fiscal 2011	fiscal 2012	fiscal 2013
〈Income Statement Items〉			
Net sales	648.0	573.7	600.4
Cost of sales	173.4	174.1	188.2
	26.8	30.3	31.3
Gross profit	474.6	399.6	412.2
	73.2	69.7	68.7
Research and development expenses	125.1	120.4	130.5
	19.3	21.0	21.7
Selling, general and administrative expenses	253.7	208.7	210.5
	39.1	36.4	35.1
Operating income	95.7	70.5	71.1
	14.8	12.3	11.8
Ordinary income	90.0	65.6	64.9
	13.9	11.4	10.8
Net income	58.5	48.3	33.0
	9.0	8.4	5.5
〈Cash Flow Statement Items〉			
Net cash from operating activities	90.6	73.2	85.7
Net cash from investing activities	(2.6)	21.7	26.2
Net cash from financing activities	(78.0)	(81.8)	(114.8)
Free cash flow	71.4	54.5	66.4
〈Balance Sheet Items〉			
Total assets	1,004.7	990.2	945.5
Shareholder's equity	416.8	469.4	506.8
Return on equity (ROE) (%)	14.3	10.9	6.8
Return on sales ratio (%)	9.0	8.4	5.5
Leverage (times)	2.4	2.1	1.9
Total assets turnover ratio (no. of times)	0.6	0.6	0.6
Shareholders' equity ratio (%)	41.5	47.4	53.6
Net debt equity ratio (Net DER) (times)	0.38	0.27	0.14
Dividend on equity (DOE) (%)	10.4	9.6	8.8
Dividend payout ratio (DPR) (%)	73.1	88.6	129.8
Earnings per share (EPS) (yen)	205.33	169.38	115.56
Dividend per share (DPS) (yen)	150	150	150

*1 Net debt equity ratio (Net DER) = (Interest-bearing debt (Bonds and borrowings) – Cash and cash equivalents – Time deposits exceeding three months, etc. – Investment securities held by the parent company*3) / Equity attributable to owners of the parent

*2 Dividend on equity attributable to owners of the parent (DOE) = Dividend payout ratio (DPR) x Return on equity attributable to owners of the parent (ROE)

*3 Investment securities held by the parent company are included in the formula used to calculate the liabilities ratio.

Status of Shares (As of March 31, 2021)

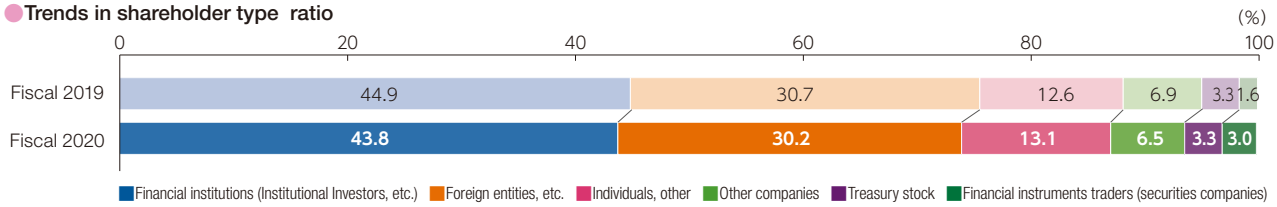
Authorized (common stock) 1,100,000,000 shares
Issued 296,566,949 shares (including 9,839,021 shares of treasury stock)
Number of shareholders 61,040
Transfer agent Mitsubishi UFJ Trust and Banking Corporation

Principal shareholders

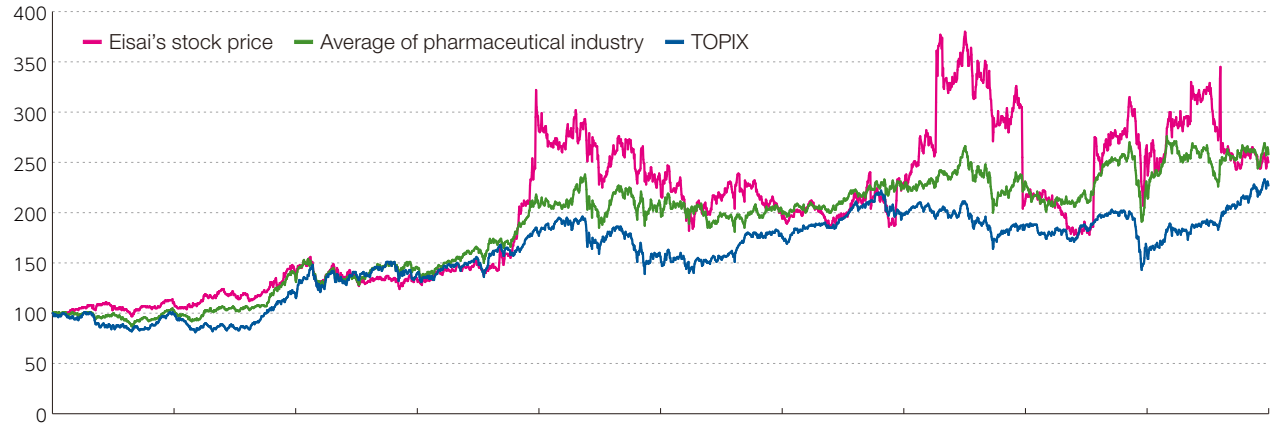
Shareholders	Number of shares held (in thousands)	Percentage held of all shareholder voting rights (%)
The Master Trust Bank of Japan, Ltd. (trust account)	36,843	12.86
Custody Bank of Japan, Ltd. (trust account)	33,119	11.56
State Street Bank and Trust Company 505001	18,974	6.62
Nippon Life Insurance Company	11,781	4.11
Custody Bank of Japan, Ltd. (trust account 7)	6,913	2.41
Saitama Resona Bank, Limited	6,300	2.19
Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. Re-entrusted to Custody Bank of Japan, Ltd.	4,437	1.54
State Street Bank West Client - Treaty 505234	4,259	1.48
The Naito Foundation	4,207	1.46
Government of Norway	3,980	1.38
Total	**130,817**	**45.67**

(Notes)
1 Numbers of shares are rounded down to the nearest thousand.
2 Indicates the top 10 shareholders in terms of the percentage of the total number of outstanding shares (excluding treasury stock).
3 The 9,839,000 shares (3.32%) of treasury stock are not included in this table as they do not have voting rights.
4 Although the following Large Shareholding Report (revised report) was submitted before the end of the fiscal year, cases in which it was impossible to make confirmation with the shareholder registry for the end of the fiscal year, or in which the number of shares held is not ranked among the top 10, are not included in the table. Further, the holding percentage enclosed in parentheses is the percentage of the total number of outstanding shares (rounded down) including treasury stock.
(1) Including the Mitsubishi UFJ Financial Group, Inc., all 4 companies jointly held 16,113,000 shares (5.43%) as of July 13, 2015 (July 21, 2015, Revised Report)
(2) Including the Wellington Management Company, LLP, both companies jointly held 27,087,000 shares (9.13%) as of July 31, 2015 (August 7, 2015, Revised Report)
(3) Including BlackRock Japan Co., Ltd., all 11 companies jointly held 18,308,000 shares (6.17%) as of August 15, 2017 (August 21, 2017, Revised Report)
(4) Including Sumitomo Mitsui Trust Bank, Limited, all 3 companies jointly held 15,967,000 shares (5.38%) as of December 14, 2018 (December 21, 2018, Revised Report)
(5) Including Mizuho Bank, Ltd., both companies jointly held 15,777,000 shares (5.32%) as of January 15, 2020 (January 22, 2020, Revised Report)
(6) Including Nomura Securities Co., Ltd., all 3 companies jointly held 18,380,000 shares (6.20%) as of July 15, 2020 (July 21, 2020, Revised Report)
(7) Banks' Shareholdings Purchase Corporation held 14,945,000 shares (5.04%) as of September 15, 2020 (September 23, 2020, Large Shareholding Report)

Trends in shareholder type ratio



Stock price trends (from April 1, 2011 to March 31, 2021)*



	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Highest	3,385 yen	4,405 yen	4,675 yen	9,756 yen	9,024 yen	7,338 yen	7,148 yen	11,490 yen	9,433 yen	10,900 yen
Lowest	2,832 yen	3,070 yen	3,600 yen	3,800 yen	6,633 yen	5,366 yen	5,402 yen	6,040 yen	5,205 yen	6,951 yen
Closing price	3,290 yen	4,200 yen	4,018 yen	8,535 yen	6,770 yen	5,764 yen	6,781 yen	6,213 yen	7,931 yen	7,419 yen

* The April 1, 2011, closing prices of Eisai's stock price, Average of pharmaceutical industry, and TOPIX respectively represent the 100 shown in the line graph.

TSR (Total Shareholder Return, %)*1

Holding period	1 year	3 years	5 years	10 years
Eisai	115.3	149.7	252.0	299.6
Nikkei Stock Average*2	105.3	160.0	185.9	349.6
TOPIX*3	100.6	147.7	172.1	279.4

*1 TSR is based on investment conducted at the closing price on March 31, 2011
*2 Source: Nikkei 225 Total Return Index
https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225tr
*3 Source: JAPAN EXCHANGE GROUP Monthly Statistics Report
https://www.jpx.co.jp/english/markets/statistics-equities/monthly/index.html

Please refer to the Notice of Resolution of the 109th Ordinary General Meeting of Shareholders for the status of shares
▶ https://www.eisai.com/ir/stock/meeting/pdf/einv109_all.pdf

Corporate Data (As of March 31, 2021)

Corporate Name
Eisai Co., Ltd.

Date Founded
December 6, 1941

Head Office Address
4-6-10, Koishikawa, Bunkyo-ku,
Tokyo 112-8088, Japan

Paid-in Capital
¥44,986 million

Stock Exchange Listings
Eisai common stock is listed on the Tokyo Stock Exchange.
(Securities Code Number: 4523)

Date for Settlement of Accounts
March 31

Annual Shareholders' Meeting
Held in June

Independent Public Accountants
Deloitte Touche Tohmatsu LLC

Period Covered
This Value Creation Report covers business performance from April 1, 2020 to March 31, 2021. Some sections may include information on activities as recent as fiscal 2021.

Reporting Organizations
Eisai Co., Ltd. and domestic and overseas consolidated subsidiaries

Forward-Looking Statements and Risk Factors
Materials and information provided in this Integrated Report may contain "forward-looking statements" based on current expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements. Moreover, the target values contained in this report merely express medium-term strategies, intended directions and visions and are not an official earnings forecast. For the official earnings forecast, please refer to the annual financial report (Consolidated Financial Statement) in accordance with the rules set by the Tokyo Stock Exchange. Factors that could have a material impact on the future outlook include, but are not limited to, changes in the economic environment and competitive pressures surrounding Eisai's business environment, revisions to laws and regulations, fluctuations in currency exchange rates, uncertainties associated with new drug development, and infringements of intellectual property rights by third parties. Although this report contains information on pharmaceuticals (including those under development), the content is not intended for advertising or medical advice purposes. In addition, further details about business risks stated above are described in the Annual Security Report.

This English Report was translated from the original Japanese version. In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.

We maintained proper social distance in interviews and dialogs for this Value Creation Report 2021.

Note to Description
•Generic names for drugs are given omitting the base or hydrate.

Notes to Icons on Each Page
•Pages that are strongly related to the 6 types of capital which comprise Eisai's corporate value (intellectual capital, human capital, manufactured capital, social and relationship capital, natural capital and financial capital) are marked with corresponding icons.
•Pages that are strongly related to the 17 Sustainable Development Goals (SDGs) are marked with SDGs icons.

On the Issuance of the Value Creation Report 2021

Eisai has been advocating "*human health care* (*hhc*)" as our unwavering corporate philosophy for 30 years. The output from a pharmaceutical company is to deliver breakthrough new drugs to patients. However, we believe that social value that comprehensively enriches the lives of patients and their families is an even more desirable outcome than the above output, and that Eisai should strive to create this value as its mission. We are focusing our resources on two key areas, neurology and oncology. Diseases with high unmet needs such as dementia and cancer make it difficult for people to maintain a healthy daily life. We aim to deliver medicines and services that bring cures and prevention to all people in need with regard to such diseases, and to empower everyone to live their lives to the fullest from a healthy state to the end. We are committed to realizing our ideas through effective collaboration among our employees who share our passion.

As the healthcare industry continues to undergo major changes with the advancement of digital technology, we are developing products and services that empower everyone to live their lives to the fullest by collaborating with various partners while building an ecosystem that provides these products and services stably around the world. With the purpose of explaining these unique medium- to long-term outcome goals, we transformed our former integrated report into this Value Creation Report.

We hope that this report will help you to develop a better understanding of our initiatives for creating social value.

Sayoko Sasaki
Vice President
Chief IR Officer
Stakeholder Communications

For further information

Investor Relations
Eisai Co., Ltd.
4-6-10, Koishikawa, Bunkyo-ku, Tokyo 112-8088, Japan
TEL : 0120-745-040