CONSOLIDATED FINANCIAL REPORT [IFRS]
for Fiscal 2018 (Year Ended March 31, 2019)

May 13, 2019
Eisai Co., Ltd.

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

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Expected date of ordinary general meeting of shareholders: June 20, 2019
Expected date of annual report submission: June 20, 2019
Expected date of dividend payment commencement: May 22, 2019
Preparation of annual supplementary explanatory material: Yes
Annual results briefing held: Yes

(Figures are rounded to the nearest million yen.)

1. Consolidated Annual Financial Results (April 1, 2018 – March 31, 2019)

(1) Consolidated Operating Results

(Percentage figures show year on year change.)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Comprehensive income for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2018	642,834	7.1	86,154	11.6	89,454	16.5	66,484	22.2	63,386	22.3	79,489	47.7
FY 2017	600,054	11.3	77,212	30.7	76,803	33.2	54,424	28.8	51,845	31.7	53,801	46.1

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)	Profit ratio to equity attributable to owners of the parent	Profit before income taxes ratio to total assets	Operating profit ratio to revenue
	(¥)	(¥)	(%)	(%)	(%)
FY 2018	221.34	221.12	10.4	8.4	13.4
FY 2017	181.18	180.97	8.8	7.4	12.9

(Reference) Equity in earnings of affiliates: for FY2018: -¥59 million, for FY2017: ¥46 million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of March 31, 2019	1,071,520	651,981	628,120	58.6	2,192.60
As of March 31, 2018	1,049,031	614,098	593,582	56.6	2,073.50

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
FY 2018	103,714	-7,918	-79,180	291,924
FY 2017	149,649	17,040	-81,850	270,525

2. Dividends

	Annual dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity attributable to owners of the parent ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
FY 2017	—	70.00	—	80.00	150.00	42,943	82.8	7.3
FY 2018	—	70.00	—	80.00	150.00	42,972	67.8	7.0
FY 2019 (Forecast)	—	70.00	—	80.00	150.00		59.7	

3. Consolidated Financial Forecast for Fiscal 2019 (April 1, 2019 – March 31, 2020)

(Percentage figures show year on year change.)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal Year	680,000	5.8	103,000	19.6	104,500	16.8	72,500	9.0	72,000	13.6	251.33

* Explanatory Notes

(1) Changes in number of significant subsidiaries during the year (changes in specified subsidiaries resulting in a change in scope of consolidation): Yes
Decrease: 1 subsidiary (subsidiary name: Morphotek, Inc.)

(2) Changes in accounting policies and accounting estimates:
1) Changes in accounting policies required by IFRS: Yes
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None

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

1) Number of shares issued (including treasury shares)	As of March 31, 2019	296,566,949	As of March 31, 2018	296,566,949
2) Number of treasury shares	As of March 31, 2019	10,046,253	As of March 31, 2018	10,228,499
3) Weighted average number of shares outstanding	For FY 2018	286,372,059	For FY 2017	286,155,208

The Company's shares held through a trust (48,286 shares) are not included in the number of treasury shares as of the end of this fiscal year, but are included in the average number of shares outstanding as treasury shares that are deducted from the calculation of earnings per share.

(Reference) Non-consolidated Annual Financial Results (April 1, 2018 – March 31, 2019)

(1) Non-consolidated Operating Results

(Percentage figures show year-on-year change.)

	Net sales		Operating income		Ordinary Income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY 2018	375,725	12.5	60,176	44.0	59,583	43.5	46,756	39.9
FY 2017	334,051	17.8	41,794	97.7	41,515	57.4	33,431	64.1

	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
FY 2018	163.27	163.10
FY 2017	116.83	116.69

(2) Non-consolidated Financial Positions

	Total assets	Equity	Shareholders' equity ratio	Shareholders' equity per share
	(¥ million)	(¥ million)	(%)	(¥)
As of March 31, 2019	797,888	479,691	60.1	1,673.94
As of March 31, 2018	757,756	464,245	61.2	1,620.71

(Reference) Shareholders' equity:

As of March 31, 2019 ¥ 479,539 million As of March 31, 2018 ¥ 463,964 million

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

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

(Caution concerning forward-looking statements)
Materials and information provided in this financial disclosure may contain "forward-looking statements" based on expectations, business goals, estimates, forecasts and assumptions that are subject to risks and uncertainties as of the publication date of these materials. Accordingly, actual outcomes and results may differ materially from these statements depending on a number of important factors. Please refer to pages 12, 50-53 for details with regard to the assumptions and other related matters concerning consolidated financial results forecasts.

(Methods for obtaining supplementary materials and content of financial results disclosure meeting)
Supplementary materials are attached to this financial report. The Company plans to hold a financial results disclosure meeting for institutional investors and securities analysts on Monday, May 13, 2019. The handouts from the disclosure meeting will be made available on the Company's website after the event.

Supplemental Materials: Table of Contents

1. Overview of Operating Results and Other Information

1) Overview of Operating Results and Financial Position for Fiscal 2018

(1) Overview of Operating Results

[Revenue and Profit]

○ Eisai Co., Ltd. (“the Company”) and its affiliates (collectively referred to as “the Group”) recorded the following consolidated financial results for the fiscal year from April 1, 2018 to March 31, 2019.

Revenue:	¥642,834 million	(up 7.1% year on year)
Operating profit:	¥86,154 million	(up 11.6% year on year)
Profit before income taxes:	¥89,454 million	(up 16.5% year on year)
Profit for the year:	¥66,484 million	(up 22.2% year on year)
Profit for the year attributable to owners of the parent:	¥63,386 million	(up 22.3% year on year)
Comprehensive income for the year:	¥79,489 million	(up 47.7% year on year)
Earnings per share attributable to owners of the parent (basic):	¥221.34	(up 22.2% year on year)

○ The Group’s revenue increased overall due to the significant growth of the anticancer agent Lenvima mainly accompanying the approval for use in the treatment of hepatocellular carcinoma, as well as the steady growth of fully human anti-TNF-α monoclonal antibody Humira and antiepileptic agent Fycompa, absorbing the impact of drug pricing revision in Japan as well as the return of marketing rights for antiemetic agent Aloxi in the United States. Regarding the Group’s strategic collaboration with Merck & Co., Inc., Kenilworth, N.J., U.S.A. for Lenvima, the Group recorded a cumulative total of ¥65,541 million as one-time payments for certain option rights and several milestone payments associated with the achievement of certain development milestones and a sales-based milestone.

○ In terms of revenue by segment, revenue in all segments, excluding the Americas pharmaceutical business which was impacted by the decrease in revenue for Aloxi, increased mainly due to the growth of four global brands. In particular, China, EMEA, and Asia and Latin America pharmaceutical businesses each achieved double-digit growth, and as a result, an increase in revenue was achieved for pharmaceutical business segments in total. The above-mentioned one-time payments for Lenvima are not included in revenue for pharmaceutical business segments.

○ Combined revenue from all four global brands increased by 40.6% year on year to ¥128,752 million. This included ¥62,557 million from Lenvima, ¥41,289 million from anticancer agent Halaven, ¥19,273 million from Fycompa, and ¥5,633 million from antiobesity agent BELVIQ.

○ Regarding research and development expenses, despite the aggressive resource investment in research and development mainly for Lenvima as monotherapy and in combination with Merck & Co., Inc., Kenilworth, N.J., U.S.A.’s anti-PD-1 antibody KEYTRUDA as well as Alzheimer’s disease projects such as the beta secretase cleaving enzyme (BACE) inhibitor E2609 (elenbecestat), the expenses were controlled by using the

partnership model. Selling, general and administrative expenses increased in part due to commercialization activities for fostering and growing global brands as well as shared profit under the strategic collaboration with Merck & Co., Inc., Kenilworth, N.J., U.S.A. for Lenvima being recorded as expenses.

○ As a result of the above, operating profit increased significantly by 11.6% year on year.

[Performance by Segment]

(Revenue for each segment indicates revenue from external customers)

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

<Japan pharmaceutical business>

○ Total revenue came to ¥301,076 million (up 1.7% year on year) and segment profit was ¥104,741 million (up 0.3% year on year). Of this amount, revenue from Prescription Medicines, Generics, and OTC and others amounted to ¥251,561 million (up 2.0% year on year), ¥25,156 million (down 9.6% year on year), and ¥24,325 million (up 12.3% year on year), respectively.

○ Regarding revenue from neurology products, co-promotion revenue from Lyrica, a pain treatment being co-promoted with Pfizer Japan Inc., totaled ¥28,331 million (up 6.8% year on year), revenue for insomnia treatment Lunesta totaled ¥11,211 million (up 10.1% year on year), and revenue for Fycompa totaled ¥2,953 million (up 72.1% year on year), each achieving growth. Aricept, a treatment for Alzheimer's disease, recorded revenue of ¥17,925 million (down 26.4% year on year). Among oncology products, Lenvima achieved significant growth with revenue of ¥9,952 million (up 233.0% year on year), and Halaven also achieved growth, earning revenue of ¥9,426 million (up 1.7% year on year). Humira also showed growth, earning revenue of ¥46,913 million (up 8.2% year on year).

The Group returned the marketing rights to pancreatic digestive enzyme replacement drug Lipacreon in Japan in April 2018.

○ Humira Pen, an auto-injector formulation for Humira, was launched in May 2018.

○ Humira for Subcutaneous Injection 20 mg Syringe 0.2 mL, a new pediatric formulation of Humira, was launched in June 2018.

<Americas pharmaceutical business>

○ Total revenue came to ¥97,859 million (down 14.1% year on year), while segment profit amounted to ¥46,346 million (up 6.3% year on year).

○ Regarding revenue from neurology products, Fycompa achieved significant growth, recording revenue of ¥9,294 million (up 34.6% year on year). Revenue for antiepileptic agent Banzel was ¥17,476 million (up 5.5% year on year) and revenue for BELVIQ came

to ¥3,910 million (up 9.9% year on year), each achieving growth. Among oncology products, Lenvima achieved significant growth, recording ¥37,518 million (up 71.1% year on year), and Halaven achieved growth earning ¥16,446 million (up 4.6% year on year). Revenue from Aloxi decreased due to the return of marketing rights in June 2018.

<China pharmaceutical business>

○ Revenue totaled ¥66,299 million (up 17.9% year on year), while segment profit was ¥24,409 million (up 57.8% year on year).

○ By product, revenue for peripheral neuropathy treatment Methycobal was ¥19,964 million (up 6.4% year on year), liver disease and anti-allergy agents Stronger Neo-Minophagen C and Glycyron Tablets together recorded ¥10,726 million (up 5.3% year on year), and Aricept earned ¥9,346 million (up 24.4% year on year), all demonstrating continued growth. Revenue for Lenvima, which was launched in November 2018 for use in the treatment of hepatocellular carcinoma, totaled ¥3,117 million in 5 months of period after its launch and sales for Lenvima is expanding steadily.

<EMEA pharmaceutical business>

○ Revenue totaled ¥49,793 million (up 12.4% year on year), with segment profit of ¥19,743 million (up 27.9% year on year).

○ Revenue from neurology products saw growth for Fycompa and antiepileptic agent Zebinix at ¥6,135 million (up 13.8% year on year) and ¥5,764 million (up 17.9% year on year), respectively. Revenue for antiepileptic agent Zonegran came to ¥4,093 million (down 6.9% year on year). Among oncology products, both Halaven and Lenvima/Kisplyx achieved growth, recording revenue of ¥12,675 million (up 4.6% year on year) and ¥7,977 million (up 37.0% year on year), respectively.

<Asia and Latin America pharmaceutical business>

○ Revenue totaled ¥48,717 million (up 14.3% year on year), with segment profit of ¥15,296 million (up 23.1% year on year).

○ By product, revenue from Humira and Aricept came to ¥12,986 million (up 12.3% year on year) and ¥11,810 million (up 5.2% year on year) respectively, each showing high growth, while Lenvima demonstrated significant growth with revenue amounting to ¥3,993 million (up 167.8% year on year).

○ Lenvima was launched in Indonesia in July 2018.

(2) Overview of Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the fiscal year amounted to ¥1,071,520 million (up ¥22,489 million from the end of the previous fiscal year), in part due to an increase in cash and cash equivalents accompanying an increase in free cash flow, in addition to an increase in trade

and other receivables due to an increase in revenue, as well as an increase in assets denominated in U.S. dollars following the depreciation of the yen.

- ○ Total liabilities as of the end of the fiscal year decreased to ¥419,538 million (down ¥15,394 million from the end of the previous fiscal year) due to the repayment of borrowings.
- ○ Total equity as of the end of the fiscal year amounted to ¥651,981 million (up ¥37,883 million from the end of the previous fiscal year), due to recording profit for the year in significant excess of the payments for dividends, as well as an increase in exchange differences on translation of foreign operations resulting from depreciation of the yen.
- ○ As a result of the above, the ratio of equity attributable to owners of the parent was 58.6% (up 2.0 percentage points from the end of the previous fiscal year), reflecting the further reinforcement of the Group's financial integrity.

[Cash Flows]

- ○ Net cash from operating activities amounted to ¥103,714 million (down ¥45,935 million from the previous fiscal year) due to the receipt of an upfront payment and reimbursement for research and development payment from Merck & Co., Inc., Kenilworth, N.J., U.S.A. in the previous fiscal year, despite an increase in profit before income taxes for the year accompanying an increase in revenue.
- ○ Net cash used in investing activities amounted to an outflow of ¥7,918 million (inflow of ¥17,040 million in the previous fiscal year). Capital expenditures totaled ¥18,653 million (up ¥5,677 million from the previous fiscal year) due to proactive investment. Net proceeds from payment/redemption of time deposits exceeding 3 months were ¥10,770 million (down ¥19,311 million from the previous fiscal year).
- ○ Net cash used in financing activities amounted to ¥79,180 million (down ¥2,670 million from the previous fiscal year). The amount of dividends paid was ¥42,957 million and repayment of long-term borrowings was ¥38,270 million.
- ○ As a result, cash and cash equivalents as of the end of the year stood at ¥291,924 million (up ¥21,399 million from the end of the previous fiscal year).
- ○ Free cash flows (cash flow from operating activities less capital expenditures) for the year was ¥85,061 million and cash generated significantly exceeded the planned amount of total dividend for the fiscal year.

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

[Status of Ongoing Research & Development Pipelines]

- ○ Anticancer agent Lenvima (lenvatinib, product name for renal cell carcinoma indication in Europe: Kisplyx)
  - ✧ Approved for use in the treatment of thyroid cancer in over 55 countries including Japan, the United States, in Europe and Asia. A Phase III study of the agent in thyroid cancer is underway in China.
  - ✧ Approved in combination with everolimus for use in the treatment of renal cell carcinoma (second-line) in over 45 countries, including the United States and in Europe.
  - ✧ Approved for use in the treatment of hepatocellular carcinoma (first-line) in over 45

countries. Approved in Japan in March 2018, the United States, Europe and South Korea in August 2018, and in China in September 2018.

- ✧ A Phase III study of the agent in separate combinations with everolimus and the anti-PD-1 antibody pembrolizumab from Merck & Co., Inc., Kenilworth, N.J., U.S.A. in renal cell carcinoma (first-line) is underway in Japan, the United States and Europe.
- ✧ The combination therapy of the agent with pembrolizumab was granted Breakthrough Therapy Designation for advanced and/or metastatic renal cell carcinoma in the United States.
- ✧ A Phase III study of the agent in combination with pembrolizumab for endometrial carcinoma (second-line) has been initiated and is underway in Japan, the United States, Europe, and other countries. In July 2018, the combination therapy of the agent with pembrolizumab was granted Breakthrough Therapy Designation in the United States for the potential treatment of patients with advanced and/or metastatic non-microsatellite instability high / proficient mismatch repair endometrial carcinoma who have progressed following at least one prior systemic therapy.
- ✧ A Phase III study of the agent in combination with pembrolizumab for hepatocellular carcinoma (first-line) was initiated and is underway in Japan, the United States, Europe and China. In addition, a Phase II study of the agent in combination with pembrolizumab for melanoma (second-line) was initiated and is underway in the United States and Europe. In addition, respective Phase III studies of the agent in combination with pembrolizumab for endometrial carcinoma (first-line), melanoma (first-line), nonsquamous non-small cell lung cancer (first-line), PD-L1 positive non-small cell lung cancer (first-line) and bladder cancer (first-line) have been initiated in the United States, Europe and other countries. Furthermore, a Phase II basket trial in multiple cancer types (second-line) have been initiated in the United States and Europe.
- ✧ A Phase II study for biliary tract cancer is underway in Japan.
- ✧ A Phase II study for non-small cell lung cancer with RET translocations is underway in Japan, the United States, Europe and Asia.

○ Anticancer agent Halaven (eribulin)

- ✧ Approved for use in the treatment of breast cancer in over 65 countries including Japan, the United States, in Europe and Asia. A new drug application seeking approval of the agent as a treatment for breast cancer has been submitted in China.
- ✧ Approved for use in the treatment of liposarcoma (soft tissue sarcoma in Japan) in over 55 countries, including Japan, the United States, in Europe and Asia.
- ✧ A Phase I/II study of the agent in combination with pembrolizumab in triple-negative breast cancer is underway in the United States.
- ✧ A Phase I/II study of the agent in combination with PEGPH20 (a PEGylated recombinant human hyaluronidase being developed by Halozyme Therapeutics, Inc., U.S.) in HER2-negative breast cancer is underway in the United States.

○ Antiepileptic agent Fycompa (perampanel)

- ✧ Approved in over 55 countries including Japan, the United States, in Europe and Asia, as an adjunctive therapy for use in the treatment of partial-onset seizures in adult and adolescent patients from 12 years of age with epilepsy.
- ✧ Approved in over 50 countries including Japan, the United States, in Europe and Asia,

as an adjunctive therapy for use in the treatment of primary generalized tonic-clonic seizures in adult and adolescent patients from 12 years of age with epilepsy.

- ✧ Approved as monotherapy use for the treatment of partial-onset seizures in the United States.
- ✧ In September 2018, the agent was approved for monotherapy and adjunctive use in the treatment of partial-onset seizures in pediatric patients from 4 years of age with epilepsy in the United States.
- ✧ In October 2018, a new drug application seeking approval of the agent for adjunctive use in the treatment of partial-onset seizures was accepted for review in China, and the application was designated for Priority Review in January 2019.
- ✧ In January 2019, a supplemental new drug application seeking approval of the agent for monotherapy use for partial-onset seizures, treatment for partial-onset seizures in pediatric patients (aged 4 and older), as well as a new fine granule formulation, was submitted in Japan.
- ✧ In February 2019, an application seeking approval for use in pediatric patients with epilepsy was submitted in Europe.
- ✧ A Phase III study for Lennox-Gastaut syndrome is underway in Japan, the United States and Europe.

○ In February 2019, HUMIRA was approved for the additional indication of hidradenitis suppurativa in Japan.

○ In October 2018, the primary endpoints were achieved in the second Phase III clinical study of the dual orexin receptor antagonist E2006 (lemborexant) in patients with insomnia disorder. In December 2018 and March 2019, new drug applications seeking approval of E2006 for use in the treatment of insomnia disorder were submitted in the United States and Japan, respectively.

○ In June 2018, the topline analysis at 18 months of the Phase II clinical study of the BACE inhibitor E2609 (elenbecestat) in patients with mild cognitive impairment (MCI) due to Alzheimer's disease, or mild to moderate dementia due to Alzheimer's disease, confirmed safety and acceptable tolerability for elenbecestat, and demonstrated a statistically significant difference in amyloid accumulated in the brain as measured by amyloid PET (positron emission tomography). In addition, a numerical slowing of decline in functional clinical scales of a potentially clinically important difference was also observed. Furthermore, regarding the ongoing Phase III study (MISSION AD) of elenbecestat in patients with MCI due to Alzheimer's disease or mild Alzheimer's disease dementia (collectively known as early Alzheimer's disease), safety data including the potential for decline in cognition was reviewed at the eighth meeting of the Data Safety Monitoring Board in March 2019, and the continuation of the studies was recommended.

○ In July 2018, the final analysis at 18 months of the Phase II clinical study of anti-amyloid beta protofibril antibody BAN2401 in patients with early Alzheimer's disease achieved statistical significance in both endpoints of slowing in clinical decline and reduction of amyloid accumulated in the brain, demonstrating potential disease-modifying effects of

BAN2401. In March 2019, a Phase III study of BAN2401 in patients with early Alzheimer's disease was initiated.

○ In July 2018, in a cardiovascular outcomes trial of the antiobesity agent BELVIQ (lorcaserin), a post-marketing clinical trial evaluating safety as the primary objective, it was confirmed that BELVIQ did not increase the incidence of major adverse cardiovascular events (MACE: defined as cardiovascular death, non-fatal myocardial infarction or non-fatal stroke) compared to placebo, and the primary safety objective was met. Regarding the primary efficacy endpoint of incidence of MACE+ (consisting of cardiovascular death, non-fatal myocardial infarction, non-fatal stroke, hospitalization due to unstable angina, heart failure or coronary revascularization), statistical non-inferiority compared to placebo was confirmed for BELVIQ.

○ Regarding the vascular embolization device DC Bead (specially controlled medical device), an application for a partial label change was approved in September 2018, and the purpose of use of the product is now for "Transcatheter arterial embolization in patients with hypervascular tumors (excluding uterine fibroids)."

○ In April 2019, the fibroblast growth factor receptor (FGFR) tyrosine kinase inhibitor E7090, which selectively inhibits FGFR1, FGFR2 and FGFR3, was granted the SAKIGAKE designation by Japan's Ministry of Health, Labour and Welfare for the treatment of unresectable biliary tract cancer with FGFR2 gene fusion. A Phase I clinical study of E7090 is underway in Japan.

○ A Phase II clinical study of E2730, a neurological disease treatment, in patients with epilepsy has been initiated and is underway in the United States.

○ A Phase II clinical study of E2082, a neurological disease treatment, in patients with epilepsy has been initiated and is underway in the United States.

○ A Phase II clinical study of the anti-fractalkine antibody E6011 in patients with Crohn's disease has been initiated and is underway in Japan and Europe. A Phase II study in patients with rheumatoid arthritis conducted in Japan was completed, and the next step for development is currently under consideration based on the results obtained from the study. Development for primary biliary cholangitis has been discontinued at the Phase II stage in Japan.

○ In March 2019, Biogen Inc. and Eisai decided to discontinue the global Phase III trials, ENGAGE and EMERGE, of anti-amyloid beta antibody aducanumab which was being co-developed by both companies in patients with MCI due to Alzheimer's disease or mild Alzheimer's disease dementia, based on results of a futility analysis conducted by an independent data monitoring committee, which indicated the trials were unlikely to meet their primary endpoint upon completion.

○ Development of the branched-chain amino acid formula Livact for hypoalbuminemia was discontinued at the Phase III stage in China.

[Major Alliances, Agreements and Other Events]

- ○ Based on the strategic alliance agreement and share transfer agreement for a capital and business alliance with Nichi-Iko Pharmaceutical Co., Ltd. (Toyama) in Japan to revolutionize the generic business model, Eisai transferred 20% of the outstanding shares issued in Eisai's generic pharmaceutical subsidiary Elmed Eisai Co., Ltd. (Tokyo) to Nichi-Iko Pharmaceutical Co., Ltd. in April 2018. In October 2018, an additional 13.4% was transferred under the same share transfer agreement, and in April 2019, the remaining 66.6% of shares were transferred, making Elmed Eisai Co., Ltd. a wholly-owned subsidiary (name: Elmed Co., Ltd. (Toyama)) of Nichi-Iko Pharmaceutical Co., Ltd.
- ○ In April 2018, Eisai's gastrointestinal disease subsidiary EA Pharma Co., Ltd. (Tokyo) and Mochida Pharmaceutical Co., Ltd. (Tokyo) launched the bile acid transporter inhibitor GOOFICE in Japan. Eisai and EA Pharma Co., Ltd. are jointly conducting marketing activities.
- ○ In June 2018, Eisai decided to establish the Eisai Center for Genetics Guided Dementia Discovery (G2D2), a new exploratory research facility focused on immuno-dementia based on human genetics aimed at innovative drug discovery in the field of dementia, in Cambridge, Massachusetts, the United States.
- ○ In June 2018, Eisai's research subsidiary KAN Research Institute, Inc. (Hyogo) entered into an industry-academia-government joint research agreement with six joint research organizations in Japan concerning nucleic drug discovery research using novel nucleic acid synthesis and delivery technologies, and research activities commenced.
- ○ In June 2018, Eisai's U.S. subsidiary Eisai Inc. returned the marketing rights to the antiemetic agent Aloxi (palonosetron) in the United States to Helsinn Healthcare S.A. (Switzerland).
- ○ Co-promotion of Lenvima commenced in the United States in June 2018 based on the strategic oncology collaboration for Lenvima with Merck & Co., Inc., Kenilworth, N.J., U.S.A. Co-promotion activities are commencing sequentially in China and Japan, as well as Europe, and other countries in Asia.
- ○ In July 2018, the oral antifungal agent NAILIN (fosravuconazole) was launched in Japan. The agent is marketed by Sato Pharmaceutical Co., Ltd. (Tokyo). Eisai will conduct marketing activities jointly with Sato Pharmaceutical Co., Ltd.
- ○ In July 2018, Eisai entered into an agreement to grant exclusive development and marketing rights for antiobesity agent lorcaserin in China (including Hong Kong and Macao) to CY Biotech Company Ltd. (Taiwan).
- ○ In September 2018, EA Pharma Co., Ltd. and Mochida Pharmaceutical Co., Ltd. obtained marketing and manufacturing approval for the polyethylene glycol preparation MOVICOL (development code: AJG555) for use in the treatment of chronic constipation (excluding structural disease-induced constipation) in Japan. MOVICOL was launched in November 2018. Eisai and EA Pharma Co., Ltd. subsequently commenced co-promotion activities.
- ○ In October 2018, Eisai entered into an agreement to grant exclusive development and marketing rights for lorcaserin in 17 countries in Latin America and the Caribbean, excluding Brazil, to Eurofarma Laboratórios S.A. (Brazil). In December 2018, an agreement granting exclusive development and marketing rights for lorcaserin in Brazil was signed with the same company.

○ In October 2018, a new drug application seeking approval for the Parkinson's disease treatment ME2125 (safinamide) was submitted in Japan by the licensor Meiji Seika Pharma Co., Ltd. (Tokyo).

○ In November 2018, EA Pharma Co., Ltd. entered into an industry-academia-government joint research agreement for the development of E6011 for Crohn's disease in Japan with six related joint research organizations, and research activities commenced.

○ In November 2018, the new Suzhou plant located within the Suzhou Industrial Park in Jiangsu, China commenced full-scale operation. The new Suzhou plant has a production capacity (formulation of approximately 3 billion tablets / packaging for approximately 5 billion tablets per year) which is approximately double that of the former Suzhou plant. Accordingly, the former Suzhou plant has been closed down.

○ In December 2018, preparations commenced for Phase I clinical studies on the novel anti-tau antibody E2814, the first clinical candidate from the drug discovery collaboration with University College London (United Kingdom), in Alzheimer's disease patients. In addition, the research collaboration with University College London was extended to 2023.

○ In December 2018, Eisai signed an agreement with the Global Antibiotic Research and Development Partnership (Switzerland) and Takeda Pharmaceutical Co., Ltd. (Osaka) for the Global Antibiotic Research and Development Partnership to access and screen components of Eisai and Takeda Pharmaceutical Co., Ltd.'s chemical libraries with the aim of discovering novel compounds with antibacterial activity.

○ In December 2018, Eisai and its research subsidiary H3 Biomedicine Inc. (United States) signed an agreement for a research collaboration with Bristol-Myers Squibb Company (United States) focused on evaluating whether novel therapeutics leveraging H3 Biomedicine Inc.'s RNA splicing platform can provide a more powerful response against cancer.

○ In January 2019, aiming to strengthen cooperation and enhance productivity within the Eisai Group, Eisai Inc. conducted an absorption-type merger with its research subsidiary Morphotek Inc. (United States).

○ In March 2019, Eisai Inc. transferred manufacturing and marketing rights for the two oncology-related products Salagen (pilocarpine) and Panretin (alitretinoin) to ADVANZ PHARMA Corp. (Canada).

○ In April 2019, Eisai Inc. bought out Purdue Pharma L.P.'s rights in the worldwide collaboration for the development and commercialization of E2006 (lemborexant). Eisai Group will solely conduct the development and the commercialization of lemborexant globally.

○ In April 2019, Eisai and the UK Dementia Research Institute (United Kingdom) launched a joint post-doctoral programme in the United Kingdom to support the advancement of novel dementia research.

○ In May 2019, Eisai commenced a venture investment business for the purpose of excavating innovative technologies, supporting venture businesses with such technologies, and partnering with those businesses in the future, so as to accelerate innovation in drug creation as well as the establishment of ecosystem platform.

○ In May 2019, Eisai and Allm Inc. (Tokyo) entered into a capital and business alliance agreement for ICT digital health solutions in various areas as well as regional medical treatment and care.

○ In May 2019, Eisai obtained rights for the commercialization of an anti-rheumatic agent methotrexate subcutaneous injection (pre-filled syringe) in Japan from medac Gesellschaft für klinische Spezialpräparate mbH (Germany).

○ In May 2019, BAN2401 and E2609 were selected by the Alzheimer's Clinical Trials Consortium as treatments to be evaluated in upcoming clinical studies targeting primary prevention (A3 Study) and secondary prevention (A45 Study) of Alzheimer's disease.

2) Outlook for the Future (April 1, 2019 – March 31, 2020)

[Consolidated Forecasts]

(Percentage figures show year on year change.)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal Year	680,000	5.8	103,000	19.6	104,500	16.8	72,500	9.0	72,000	13.6	251.33

* Assumptions: 1 USD = ¥110, 1 EUR = ¥125, 1 GBP = ¥139, 1 RMB = ¥16

<Revenue>

○ Revenue is expected to increase to ¥680,000 million (up 5.8% year on year) primarily due to further growth of global brands Lenvima, Halaven and Fycompa in addition to the receipt of milestone payments accompanying the Group's strategic collaboration with Merck & Co., Inc., Kenilworth, N.J., U.S.A.

○ Revenue for Lenvima, Halaven and Fycompa is expected to increase to ¥116,000 million (up 85.4% year on year), ¥43,000 million (up 4.1% year on year) and ¥25,000 million (up 29.7% year on year), respectively.

<Profit>

○ Despite the proactive investment in R&D projects in strategic focus areas of neurology and oncology as well as in commercial activities for Lenvima and Fycompa, profit is expected to increase primarily due to increased revenue from global brands as well as the receipt of milestone payments from Merck & Co., Inc., Kenilworth, N.J., U.S.A. Operating profit is expected to come to ¥103,000 million (up 19.6% year on year).

○ Profit for the year attributable to owners of the parent is expected to increase to ¥72,000 million (up 13.6% year on year)

3) Basic Policy on Profit Appropriation and Dividend for Fiscal 2018 and 2019

At the Company, the dividend payments are determined by a resolution of the Board of Directors as specified in the Company's Articles of Incorporation. The Company has set the year-end dividend for fiscal 2018 at ¥80 per share as previously projected. With the interim dividend of ¥70 per share, the Company intends to pay the total dividend of ¥150 per share for the year (same amount as the previous year). In this context, the Dividends on Equity (DOE) ratio is 7.0%.

The annual dividend for fiscal 2019 (the fiscal year ending March 31, 2020) is expected to be ¥150 per share (¥70 for interim and ¥80 for year-end dividend), unchanged from fiscal 2018.

For further information on the Company's dividend policy, please refer to "2. Management Policy 3) Basic Policy for Capital Strategy (2) Sustainable and Stable Shareholder Returns" on page 16.

2. Management Policy

1) Corporate Mission

The Group defines its corporate philosophy as “Giving first thought to patients and their families, and to increasing the benefits that health care provides.” Guided by this philosophy, all directors, corporate officers and employees aspire to meet the various needs of global health care as representatives of a “*human health care* (*hhc*) company” that is capable of making a meaningful contribution under any health care system. The Group’s mission is the enhancement of patient satisfaction. The Group believes that revenues and earnings will be generated by fulfilling this mission. The Group places importance on this sequence of placing the mission before the ensuing results.

Translating this *hhc* philosophy into action, the Group is committed to deepening the relationships built on trust with its principal stakeholders, namely patients and their families, shareholders, and employees, while continuously ensuring compliance with applicable laws and ethical standards, thereby enhancing corporate value.

The Company codified this corporate philosophy into its Articles of Incorporation and endeavors to share its basic concept with shareholders.

2) Medium- to Long-term Corporate Management Strategy and Issues that Need to be Addressed

With the strengthening trend toward controlling healthcare expenditure around the world, including the Fundamental Drug Pricing Revision in Japan, the environment surrounding the pharmaceutical business is undergoing significant changes. In addition, the Group is committed to the United Nations’ Sustainable Development Goals (SDGs), and is aware that Goal 3 “to ensure healthy lives and promote well-being for all at all ages” in particular is a central issue that pharmaceutical companies ought to address. By promoting the medium-term business plan EWAY 2025, the Group is aiming to respond to these changes in the pharmaceutical business environment and solve social issues.

(1) Medium-term Business Plan EWAY 2025

Launched in fiscal 2016, EWAY 2025 aims to achieve the following strategic intents.

1) Aim to support patients’ thought: “I do not want to get sick. I want to know if I get sick, and I want to be cured.”
2) Aim to support patients’ thought: “I want to control my disease in my neighborhood and safely spend the rest of my life with peace of mind.”
3) Focus on a business domain where Eisai can find out “Ricchi” based on *human health care* (*hhc)* needs and fulfill them with Eisai innovation.

The foundation of these strategic intents is the *hhc* philosophy of the Group. Spending time with patients and understanding their true needs motivates employees, and this becomes the source of the Group’s innovation. The Group positions “Neurology” and “Oncology” as strategically important areas, and is aiming to accelerate new drug discovery and maximize value of new drugs through strategic partnerships. The Group is also working to establish the ecosystem platform.

(2) EWAY 2025 Major Progress and Initiatives

a) Neurology Area

In the Neurology Business Group (NBG), research and development is advancing in fields such as dementia and epilepsy through a comprehensive approach from the patient's perspective. In the primary focus area of Alzheimer's disease / dementia, disease modifying agents for early Alzheimer's disease and novel treatments for the improvement of symptoms are under development. Respective Phase III studies are underway for two investigational treatments being jointly developed as disease modifying agents with Biogen Inc., namely beta secretase cleaving enzyme (BACE) inhibitor elenbecestat (generic name), and anti-Aβ protofibril antibody BAN2401. In addition, the Group discovered the anti-tau antibody E2814 through joint research with University College of London, and preparation for clinical studies is underway. Furthermore, joint research is being conducted with Sysmex Corporation to establish a blood test for the detection of early Alzheimer's disease. At the same time, several projects aimed at discovering drugs that reinnervate neuronal damage for middle- and late-stage Alzheimer's disease are being advanced by the Company and its subsidiary KAN Research Institute, Inc. toward introduction into clinical trials.

In recent years, it has been reported that first sleep disorders and then behavioral disorders precede the occurrence of dementia's main symptom, cognitive disorder. Regarding sleep disorders, development is progressing on the orexin receptor antagonist lemborexant (generic name), and applications for approval for the treatment of insomnia disorder are under review in the United States and Japan. Together with E2730 and E2082 to potentially treat neurological diseases such as epilepsy which is a type of behavioral disorder, as well as PDE9 inhibitor E2027 to improve symptoms of dementia with Lewy bodies, the Group is developing its portfolio to provide total care for dementia patients.

In addition, as a new approach, the Group established a new exploratory research facility (Eisai Center for Genetics Guided Dementia Discovery: G2D2) focusing on immuno-dementia in the United States. In Japan, exploratory research is being conducted into discovery of drug targets concerning robustness and regeneration of the brain at the Eisai-Keio Innovation Lab for Dementia (EKID), which is an industry-academia collaboration site jointly established with Keio University.

b) Oncology Area

In the Oncology Business Group (OBG), progress is being made in efforts to maximize the value of in-house discovered anticancer agents Lenvima and Halaven. The Company entered into a global strategic oncology collaboration with Merck & Co., Inc., Kenilworth, N.J., U.S.A. for Lenvima, which is being jointly developed and commercialized as monotherapy and in combination with Merck & Co., Inc., Kenilworth, N.J., U.S.A.'s anti-PD-1 antibody KEYTRUDA (pembrolizumab). The high efficacy of Lenvima observed in clinical studies in hepatocellular carcinoma has also been confirmed in clinical settings, and Lenvima is contributing to a revolution in the treatment of hepatocellular carcinoma. Regarding the combination with KEYTRUDA, clinical studies including an ongoing Phase Ib/II clinical study (Study 111) investigating the combination in six types of cancer have suggested remarkable antitumor

activity surpassing either treatment alone. Development of the combination is accelerating with a total of 13 (by indication) Phase II and Phase III studies including ongoing clinical trials to be initiated by the first half of fiscal 2019. Starting with Lenvima monotherapy for the treatment of hepatocellular carcinoma, joint medical and marketing activities with Merck & Co., Inc., Kenilworth, N.J., U.S.A. are being initiated sequentially in countries all around the world. The two companies are working together to expedite maximization of patient access to Lenvima worldwide.

Halaven is currently being investigated in clinical studies in combination with KEYTRUDA for the treatment of metastatic triple-negative breast cancer.

Utilizing knowledge gained from the translational studies of Lenvima and Halaven, clinical trials for candidates such as E7090, H3B-6527 and E7386 are underway to develop them as new drug candidates with different targets and different mechanisms of action from existing molecular targeted therapies and tumor immunotherapies. In addition, the Group's first antibody drug conjugate (ADC) MORAb-202 and the novel middle molecule E7130 have both been introduced into clinical development. MORAb-202 combines Halaven and the investigational anti-folate receptor α antibody farletuzumab (generic name), while E7130 was discovered from the Company's halichondrin research like Halaven. Furthermore, regarding research for immuno-enhancers that activate tumor immunity, new initiatives are being promoted, such as the STING (stimulator of interferon genes) agonist E7766 as well as the joint research conducted by H3 Biomedicine Inc. and Bristol-Myers Squibb Company leveraging H3 Biomedicine Inc.'s splicing platform for the development of novel neoantigen therapies which increase the efficacy of cancer immunotherapies.

c) Establishment of the Ecosystem Platform

Under the medium-term business plan EWAY 2025, the Group is working on various digitalization initiatives such as the analysis of big data which includes real world data. In particular, in order to deliver new benefits to dementia patients and their families, the Group is aiming to utilize various external data such as big data and genome data in addition to various assets including the Group's experience, know-how, and clinical data on dementia to establish the platform, as well as partner with pharmaceutical companies, government, medical institutions, nursing care facilities, diagnostic developing companies, IT companies, fitness gyms, insurance companies and other stakeholders to build the "Ecosystem". Furthermore, the Group is primarily developing algorithms for Prediction and Prevention of dementia. By providing advice, recommendations and proposals for Prediction and Prevention to the participants of Ecosystem, the Group hopes to bring about a delay in the onset of dementia and a reduction in financial burden, and thus contribute to the realization of well-being. In the future, the Group will also consider expanding this ecosystem platform to cover other areas.

(3) Initiatives to Improve Access to Medicines

The Group considers its activities for improving access to medicine in developing and emerging countries as its duty as well as a form of long-term investment for future growth, and is currently running various proactive, sustainable initiatives under public-private partnerships primarily with governments, international organizations, non-profit organizations and others.

To help eliminate lymphatic filariasis, a neglected tropical disease, in developing and emerging nations, the Group is providing the World Health Organization (WHO) with diethylcarbamazine (DEC) tablets, a medicine for lymphatic filariasis, free of charge to all endemic countries that need them, until complete elimination is achieved. These DEC tablets are manufactured at the Group's Vizag Plant in India. As of the end of March 2019, 1.66 billion tablets have been supplied to 28 countries. And, in addition to advancing the development of new drugs for the treatment of other neglected tropical diseases as well as tuberculosis and malaria, the Group is also working on various activities to improve access to medicines in each country such as support for disease awareness and early diagnosis of non-communicable diseases like dementia and cancer, as well as provision of medicines at prices that patients can easily afford (affordable pricing) or at prices set in accordance with income levels (tiered pricing).

3) Basic Policy for Capital Strategy

The Company's capital policy is to improve shareholder value based on "medium- to long-term Return on Equity (ROE*[1]) management", "sustainable and stable shareholder returns" and "value-creative investment criteria for growth", while maintaining the integrity of its finances.

(1) Medium- to Long-term ROE Management

The Company believes that ROE is an important indicator of the sustainable creation of value for shareholders. In terms of medium- to long-term ROE management, the Company aims for an ROE that exceeds the cost of capital (creation of a positive equity spread*[2]) by constantly improving profit margins, financial leverage and asset turnover in the medium- to long-term.

(2) Sustainable and Stable Shareholder Returns

In terms of shareholder returns, profits are returned to all shareholders in a sustainable and stable way based on factors such as a healthy balance sheet and comprehensive consideration of the consolidated financial results, Dividends on Equity (DOE*[3]) and free cash flow, as well as taking into consideration the signaling effect. Because DOE indicates the ratio of dividends to consolidated net assets, the Company has positioned it as an indicator that reflects balance sheet management, and, consequently, capital policy. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. The Company uses the ratio of equity attributable to owners of the parent and net debt ratio as indicators to measure a healthy balance sheet.

(3) Value-Creative Investment Criteria for Growth

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

*1 ROE = Profit attributable to owners of the parent / equity attributable to owners of the parent

*2 Equity spread = ROE – Cost of shareholder capital

*3 DOE = Dividends paid / equity attributable to owners of the parent

4) Corporate Governance

Always aiming for the best corporate governance, the Company strives continually to enhance it as well. The Company believes that the focus of corporate governance is to respect the rights of all our shareholders, ensure the fairness and transparency of management, and enhance corporate vitality. The Company strives to enhance corporate governance by stipulating the following basic points of view.

[Shareholder Relations]

The Company shall:

- Respect the rights of all shareholders;
- Ensure the equality of all shareholders;
- Develop positive and smooth relations with the Company's stakeholders including all shareholders; and
- Ensure transparency by timely and properly disclosing Company information.

[Corporate Governance System]

- The Company has adopted a Company with a Nomination Committee, etc. system.
- The Board of Directors (“the Board”) shall delegate to the Corporate Officers broad powers of decision-making for business execution, to the extent permitted by the laws and regulations, and it shall exercise the function of management oversight.
- The majority of the Board shall be independent and neutral Outside Directors.
- The Representative Corporate Officer and CEO shall be the only Director who is concurrently a Corporate Officer.
- To clarify the management oversight function, the positions of Chair of the Board and of Representative Corporate Officer and CEO shall be separated and performed by different people.
- The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall consist of Outside Directors.
- Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be Outside Directors.
- The Outside Directors Meeting shall be established to effectively facilitate the roles of the Outside Directors.
- The internal control system and its operation shall be enhanced to ensure the credibility of financial reports.

Detailed information on the Company's Corporate Governance Guidelines, Rules of the Board of Directors, Rules of the Nomination Committee, Rules of the Audit Committee, Rules of the Compensation Committee and the Company's corporate governance system is available on the Eisai corporate website.
(https://www.eisai.com/company/governance/index.html)

The Corporate Governance Report submitted to the Tokyo Stock Exchange (TSE) is available on the website of the TSE as well as on the Eisai corporate website.
(https://www.eisai.com/company/governance/cgregulations/index.html)

5) Enhancing Non-Financial Value including ESG and Information Disclosure

Non-financial value, such as ESG (Environment, Social and Governance) must be taken into account in addition to financial value when determining a company's value. As the Group expands business based on the *hhc* philosophy, it has been strengthening its ESG initiatives, such as reducing the burden on the global environment (Environment), improving access to medicines and developing human resources of the Company (Social), and ensuring fairness and transparency of management (Governance). In addition, the Company positions initiatives for ESG as consistent with the SDGs (Sustainable Development Goals) which are international goals adopted at the United Nations summit. In fiscal 2018, the Company established the Policy, Advocacy & Sustainability Department which is responsible for company-wide strategies for ESG and SDGs as well as their advancement. The Group applied for the accreditation of Science Based Targets initiative, an international initiative to keep global temperature increase below 2 degrees Celsius compared to pre-industrial revolution in order to transition to the low-carbon economy, and then obtained approval. In addition, a human rights policy for the Group was formulated in line with the United Nations Guiding Principles on Business and Human Rights, which are internationally recognized as guidelines on human rights. With these initiatives, the Group is striving to further enhance non-financial value.

The Group discloses information relating to non-financial value, including ESG, in integrated reports and environmental reports based on the IIRC's (International Integrated Reporting Council) framework.
(https://www.eisai.com/ir/library/annual/index.html)

6) Compliance and Risk Management

The Group defines compliance as "the observance of the highest legal and ethical standards" and positions it at the core of management activities. In addition, the Group defines internal control as "the systems and processes established and managed internally to ensure proper and efficient operations," and shares the Policy for Internal Control with all officers and employees. The Group has appointed a Chief Compliance Officer / Corporate Officer responsible for internal control, who works to enhance compliance and internal control on a global scale in hope of raising awareness of compliance and risks and strengthening the Group's ability to respond to such issues.

3. Basic Approach to the Selection of Accounting Standards

In order to make it more convenient for various stakeholders including shareholders and investors in Japan and overseas by improving disclosure and comparability of financial information on an international basis, the Company voluntarily adopted IFRS from the fiscal year ended March 31, 2014 and has disclosed its consolidated financial statements in accordance with IFRS from the first three-month period ended March 31, 2015.

4. Consolidated Financial Statements and Major Notes
1) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Revenue	642,834	600,054
Cost of sales	(184,494)	(201,254)
Gross profit	458,340	398,800
Selling, general and administrative expenses	(228,208)	(183,857)
Research and development expenses	(144,844)	(139,579)
Other income	2,591	2,995
Other expenses	(1,725)	(1,147)
Operating profit	86,154	77,212
Financial income	4,859	2,555
Financial costs	(1,558)	(2,965)
Profit before income taxes	89,454	76,803
Income taxes	(22,971)	(22,378)
Profit for the year	66,484	54,424
Profit for the year attributable to		
Owners of the parent	63,386	51,845
Non-controlling interests	3,098	2,579
Earnings per share		
Basic (yen)	221.34	181.18
Diluted (yen)	221.12	180.97

2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Profit for the year	66,484	54,424
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income (loss)	3,412	6,749
Remeasurements of defined benefit plans	(803)	4,212
Subtotal	2,609	10,960
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	10,365	(11,771)
Cash flow hedges	32	187
Subtotal	10,397	(11,584)
Total other comprehensive income (loss), net of tax	13,006	(624)
Comprehensive income (loss) for the year	79,489	53,801
Comprehensive income (loss) for the year attributable to		
Owners of the parent	76,403	51,208
Non-controlling interests	3,087	2,593

3) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2019	As of March 31, 2018
Assets		
Non-current assets		
Property, plant and equipment	105,172	103,060
Goodwill	172,157	164,960
Intangible assets	98,144	107,440
Other financial assets	53,005	47,789
Other assets	12,741	14,614
Deferred tax assets	68,623	75,262
Total non-current assets	509,842	513,125
Current assets		
Inventories	67,890	80,932
Trade and other receivables	156,641	151,472
Other financial assets	7,543	18,663
Other assets	16,797	14,314
Cash and cash equivalents	286,434	270,525
Subtotal	535,304	535,905
Assets held for sale	26,373	—
Total current assets	561,677	535,905
Total assets	1,071,520	1,049,031

(Millions of yen)

	As of March 31, 2019	As of March 31, 2018
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	77,590	77,563
Treasury shares	(34,671)	(35,271)
Retained earnings	438,489	414,966
Other components of equity	101,726	91,338
Total equity attributable to owners of the parent	628,120	593,582
Non-controlling interests	23,862	20,516
Total equity	651,981	614,098
Liabilities		
Non-current liabilities		
Borrowings	89,905	156,738
Other financial liabilities	4,492	3,040
Retirement benefit liabilities	5,517	11,060
Provisions	1,337	1,356
Other liabilities	22,271	20,574
Deferred tax liabilities	282	496
Total non-current liabilities	123,803	193,263
Current liabilities		
Borrowings	48,993	16,403
Trade and other payables	77,526	68,096
Other financial liabilities	41,643	51,640
Income taxes payable	8,167	9,029
Provisions	17,899	16,031
Other liabilities	91,099	80,470
Subtotal	285,328	241,670
Liabilities directly associated with assets held for sale	10,407	—
Total current liabilities	295,735	241,670
Total liabilities	419,538	434,932
Total equity and liabilities	1,071,520	1,049,031

4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)	Remeasurements of defined benefit plans
As of April 1, 2018	44,986	77,563	(35,271)	414,966	—	—
Changes in accounting policies	—	—	—	424	—	—
As of April 1, 2018 (Restated)	44,986	77,563	(35,271)	415,390	—	—
Profit for the year	—	—	—	63,386	—	—
Other comprehensive income (loss)	—	—	—	—	3,412	(782)
Comprehensive income (loss) for the year	—	—	—	63,386	3,412	(782)
Dividends	—	—	—	(42,957)	—	—
Share-based payments	—	(129)	—	—	—	—
Acquisition of treasury shares	—	—	(144)	—	—	—
Disposal of treasury shares	—	108	745	—	—	—
Reclassification	—	—	—	2,629	(3,412)	782
Other changes	—	49	—	40	—	—
Total transactions with owners	—	27	600	(40,288)	(3,412)	782
As of March 31, 2019	44,986	77,590	(34,671)	438,489	—	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Equity attributable to owners of the parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity			
As of April 1, 2018	91,788	(450)	91,338	593,582	20,516	614,098
Changes in accounting policies	—	—	—	424	370	794
As of April 1, 2018 (Restated)	91,788	(450)	91,338	594,006	20,886	614,892
Profit for the year	—	—	—	63,386	3,098	66,484
Other comprehensive income (loss)	10,356	32	13,017	13,017	(11)	13,006
Comprehensive income (loss) for the year	10,356	32	13,017	76,403	3,087	79,489
Dividends	—	—	—	(42,957)	(43)	(43,000)
Share-based payments	—	—	—	(129)	—	(129)
Acquisition of treasury shares	—	—	—	(144)	—	(144)
Disposal of treasury shares	—	—	—	852	—	852
Reclassification	—	—	(2,629)	—	—	—
Other changes	—	—	—	90	(68)	22
Total transactions with owners	—	—	(2,629)	(42,289)	(111)	(42,400)
As of March 31, 2019	102,144	(418)	101,726	628,120	23,862	651,981

Fiscal year ended March 31, 2018

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income (loss)	Remeasurements of defined benefit plans
As of April 1, 2017	44,986	77,652	(35,888)	394,981	—	—
Profit for the year	—	—	—	51,845	—	—
Other comprehensive income (loss)	—	—	—	—	6,749	4,175
Comprehensive income (loss) for the year	—	—	—	51,845	6,749	4,175
Dividends	—	—	—	(42,929)	—	—
Share-based payments	—	(236)	—	—	—	—
Acquisition of treasury shares	—	—	(38)	—	—	—
Disposal of treasury shares	—	150	655	—	—	—
Reclassification	—	—	—	10,924	(6,749)	(4,175)
Other changes	—	(4)	—	146	—	—
Total transactions with owners	—	(90)	617	(31,860)	(6,749)	(4,175)
As of March 31, 2018	44,986	77,563	(35,271)	414,966	—	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity	Equity attributable to owners of the parent		
As of April 1, 2017	103,536	(637)	102,899	584,630	17,961	602,591
Profit for the year	—	—	—	51,845	2,579	54,424
Other comprehensive income (loss)	(11,748)	187	(637)	(637)	13	(624)
Comprehensive income (loss) for the year	(11,748)	187	(637)	51,208	2,593	53,801
Dividends	—	—	—	(42,929)	(41)	(42,970)
Share-based payments	—	—	—	(236)	—	(236)
Acquisition of treasury shares	—	—	—	(38)	—	(38)
Disposal of treasury shares	—	—	—	805	—	805
Reclassification	—	—	(10,924)	—	—	—
Other changes	—	—	—	142	4	146
Total transactions with owners	—	—	(10,924)	(42,256)	(37)	(42,293)
As of March 31, 2018	91,788	(450)	91,338	593,582	20,516	614,098

5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Operating activities		
Profit before income taxes	89,454	76,803
Depreciation and amortization	26,841	26,183
Impairment losses	7,330	231
(Increase) decrease in working capital	4,046	62,966
Interest and dividends received	4,510	2,234
Interest paid	(1,419)	(2,680)
Income taxes paid	(18,258)	(15,346)
Income taxes refund	1,690	2,113
Other	(10,479)	(2,854)
Net cash from operating activities	103,714	149,649
Investing activities		
Purchases of property, plant and equipment	(18,168)	(10,498)
Proceeds from sale of property, plant and equipment	1,656	1,912
Purchases of intangible assets	(9,454)	(14,235)
Advances received for sales of investments in subsidiaries	5,678	—
Purchases of financial assets	(47)	(4,650)
Proceeds from sale and redemption of financial assets	1,682	14,495
Payments of time deposits exceeding three months	(6,163)	(36,442)
Proceeds from redemption of time deposits exceeding three months	16,933	66,523
Other	(35)	(64)
Net cash from (used in) investing activities	(7,918)	17,040
Financing activities		
Net increase (decrease) in short-term borrowings	(2,382)	11,394
Proceeds from long-term borrowings	4,981	—
Repayment of long-term borrowings	(38,270)	(50,000)
Dividends paid	(42,957)	(42,929)
Other	(552)	(315)
Net cash from (used in) financing activities	(79,180)	(81,850)
Effect of exchange rate change on cash and cash equivalents	4,783	(1,089)
Net increase (decrease) in cash and cash equivalents	21,399	83,750
Cash and cash equivalents at beginning of year	270,525	186,775
Cash and cash equivalents at end of year	291,924	270,525

6) Notes to Consolidated Financial Statements

(Going Concern)

Not applicable

(Basis of Preparing Consolidated Financial Statements)

(1) Compliance

As the Company meets the requirements of a “Specified Company,” pursuant to Article 1-2 of the Consolidated Financial Statement Ordinance, the consolidated financial statements of the Group have been prepared in accordance with IFRS subject to the provisions of Article 93 of said Ordinance.

(2) Basis of measurement

The consolidated financial statements are prepared on an acquisition cost basis except for the financial instruments that are measured at fair value and assets (liabilities) of post-employment benefit plans.

(3) Presentation currency and unit

The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency, and figures less than 1 million yen are rounded to the nearest million yen.

(4) Changes in accounting policies

The Group has adopted the following main accounting standards and interpretations from the fiscal year ended March 31, 2019. With the exception of IFRS 15 "Revenue from Contracts with Customers", none of the following accounting standards and interpretations applied by the Group has any major impact on the condensed consolidated financial statements.

Accounting standards and interpretations		Mandatory application (Date of commencement)	Date applied by the Group	Description
IFRS 2	Share-based Payment	January 1, 2018	Fiscal year ended March 31, 2019	Clarifying accounting treatment for the effects of vesting conditions on cash-settled share-based payment transactions
IFRS 9	Financial Instruments (Revised in July 2014)	January 1, 2018	Fiscal year ended March 31, 2019	Amendments of financial instrument classification and measurement, impairment and hedge accounting
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Fiscal year ended March 31, 2019	Amendment of accounting for revenue recognition
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018	Fiscal year ended March 31, 2019	Clarifying accounting treatment for the transactions that include payment/receipt of advance consideration in a foreign currency

Application method and major changes associated with the application of IFRS 15 "Revenue from Contracts with Customers" (“this Standard”) are as follows.

In accordance with the transition method of this Standard, the Group elects to apply this Standard retrospectively to contracts with customers that have not been completed at the date of initial application (April 1, 2018), and applies the

method to recognize the cumulative effect of the initial application of this Standard as an adjustment to the opening balance of retained earnings of the fiscal year ended March 31, 2019.

Previously, in case that the contractual performance obligations other than licensing exist over the licensing period, the Group had recognized revenue over the period based on a reasonable basis. Following the application of this Standard, the Group re-examined when its performance obligations should be satisfied based on the five-step approach described in the “Significant Accounting Policies (4) Revenue”. As a result, the Group changed the timing of revenue recognition to when its performance obligations are satisfied upon a customer’s obtaining control of the license. The effects of applying this Standard compared with the results of applying previous standards are as follows:

a) Opening balance of the fiscal year ended March 31, 2019

Other liabilities including both non-current and current portion (deferred revenue) and deferred tax assets decreased by ¥1,144 million and ¥350 million, respectively. Retained earnings and non-controlling interests increased by ¥424 million and ¥370 million, respectively.

b) Consolidated statement of income

For the fiscal year ended March 31, 2019, revenue, operating profit and profit before income taxes increased by ¥382 million and profit for the year increased by ¥265 million in the consolidated statement of income.

c) Consolidated statement of financial position

As of the fiscal year ended March 31, 2019, other liabilities including both non-current and current portion (deferred revenue) and deferred tax assets decreased by ¥1,526 million and ¥467 million, respectively, while retained earnings and non-controlling interests increased by ¥460 million and ¥504 million, respectively.

(5) New accounting standards and interpretations not yet applied by the Group

As of the date of approval of the consolidated financial statements by the Group, main new accounting standards and interpretations that have been issued are as follows:

Accounting standards and interpretations		Mandatory application (Date of commencement)	To be applied by the Group	Description
IFRS 9	Financial Instruments (Revised in October 2017)	January 1, 2019	Fiscal year ending March 31, 2020	Revision for certain premature redeemable financial instruments
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	Amendments to recognition and accounting methods for leases
IAS 19	Employee Benefits	January 1, 2019	Fiscal year ending March 31, 2020	Clarifying the calculation method of pension expenses in case that the defined benefits pension plan is amended
IAS 28	Investments in Associates and Joint Ventures	January 1, 2019	Fiscal year ending March 31, 2020	Clarifying that a long-term investment in associates and joint ventures (on which the equity method is not applied) is treated under IFRS 9 in accounting
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019	Fiscal year ending March 31, 2020	Clarifying the method to reflect uncertainty on accounting treatment of income taxes
IFRS 3	Business Combinations	January 1, 2020	Fiscal year ending March 31, 2021	Amendment of definition of “business”
IAS 1 IAS 8	Presentation of Financial Statements Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020	Fiscal year ending March 31, 2021	Amendment of definition of “material”
IFRS 10 IAS 28	Consolidated Financial Statements Investments in Associates and Joint Ventures	Not decided	Not decided	Amendments to accounting for selling assets to associates

As of the reporting date, the Group has not yet applied these accounting standards and interpretations. The impact on the consolidated financial statements by these standards and interpretations which are to be applied by the Group is under evaluation.

(Significant Accounting Policies)

The Group's significant accounting policies described below are applied to the consolidated financial statements throughout the period.

(1) Basis of consolidation

The Group's consolidated financial statements are prepared based on the financial statements of the Company, its subsidiaries and its associate under uniform accounting policies. In case where accounting policies applied by a subsidiary or associate are different from those applied by the Group, adjustments are made to their financial statements as needed. In addition, all inter-company transactions, balances and unrealized gains/losses from inter-company transactions are eliminated on consolidation.

a) Subsidiary

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when the Group has the power over the investee, is exposed to variable returns from involvement with the investee, and has the ability to use power over the investee to affect the investor's return.

A subsidiary's financial statements are included in the consolidated statements from the date the Group obtains control of the subsidiary until the date the Group loses control of it. Changes in the Group's interest in a subsidiary that do not result in losing control of the subsidiary are accounted for as equity transactions in which the difference between the adjustment amount of non-controlling interests and fair value of the consideration is directly recognized as retained earnings and made attributable to the owners of the parent.

b) Associate

An associate is an entity over which the Group has significant influence on their management policies but does not have control. An investment in an associate is accounted for using the equity method on all of associates from the date the Group obtains significant influence until the date the Group loses significant influence.

c) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognizes its share of the assets, liabilities, income and expenses related to joint operation.

(2) Business combinations

Business combinations are accounted for using the acquisition method.

Based on the acquisition method, acquisition costs are sum of the considerations measured at fair value at the acquisition date and the amount of non-controlling interest in the acquiree. Non-controlling interests are measured at either fair value or the proportionate share in the recognized net amount of the acquiree's identifiable assets and liabilities. Acquisition-related costs are recognized as expenses in the period which the costs are incurred.

In case that the sum of fair value of the consideration, non-controlling interests in the acquiree and the fair value of the proportionate share that the Group has held before at the date the Group obtains control of the acquiree exceeds from net amount of identifiable assets and liabilities, the difference is recognized as goodwill. On the other hand, if the sum of the considerations of acquisition is lower than net amount of identifiable assets and liabilities, the difference is recognized as profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported in the consolidated financial statements. The provisional amounts recognized at the acquisition date are retrospectively

adjusted during the measurement period. The measurement period is the period starting from the acquisition date and lasting up to a maximum of one year, during which the Group obtains the whole information about facts and circumstances that existed at the acquisition date.

(3) Foreign currency translation

Each company in the Group determines its own functional currency for its separate financial statements, and transactions of these companies are presented in their functional currency. On the other hand, the consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using exchange rates at the date of transactions or approximations of rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot exchange rates at the consolidated fiscal year-end date. Exchange differences arising from translation or settlement are recognized in profit or loss.

For the purpose of recording operating results and financial positions of foreign operations in the consolidated financial statements, assets and liabilities of foreign operations are presented in Japanese yen translated at spot exchange rates at the consolidated fiscal year-end date. Income and expense items of foreign operations are translated at average exchange rates. The resulting translation differences are recognized as other comprehensive income, while the cumulative amounts are recognized as other components of equity. In addition, accumulated translation differences are recognized as profit or loss when the foreign operations are disposed of.

(4) Revenue

The Group recognizes revenue from contracts with customers based on the following five-step approach. Considerations of revenue recognized by the Group are usually received within one year from satisfaction of performance obligations and do not include any significant financing component.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

a) Revenue from pharmaceutical goods sales

The Group usually recognizes revenue from pharmaceutical goods sales on delivery of the goods as the Group judges that its performance obligations are satisfied when the customer obtains control of the goods on delivery. The amount of revenue is measured as the promised considerations in a contract with the customer less discounts, rebates and returned goods estimated by the most likely amount method, based on the contract conditions and past results.

b) License revenue

The Group recognizes license revenue such as upfront payments, milestone payments and sales-based royalties for its developing or developed products.

For revenues related to upfront payments and milestone payments, in case that the Group judges the performance obligations are satisfied when a customer obtains control of the license at the point in time that the license is granted, the Group recognizes the revenue at that point in time.

The Group recognizes revenue from sales-based royalties when the subsequent sales occur or the performance obligations allocated to sales-based royalties are satisfied, whichever is later.

c) Co-promotion revenue (provision of services)

The Group recognizes co-promotion revenue when it provides co-promotion activities to a customer, because the Group judges that its performance obligations are satisfied at the point in time. The Group recognizes its portion of the expenses incurred from the co-promotion activities as selling, general and administrative expenses.

(5) Co-development and co-promotion

The Group has signed co-development and co-promotion agreements on its developing or developed products with its alliance partners. Pharmaceutical goods sales (goods sales) are recorded on revenue and the relevant expenses are recorded in total on cost of sales and selling, general and administrative expenses, respectively. The Group records the partners' proportionate share of revenue generated from its pharmaceutical goods sales on selling, general and administrative expenses as co-promotion expenses.

Based on the above agreements and the economic conditions, the Group allocates the received considerations (upfront payments, milestone payments) from the alliance partners to license grant, co-development activity, and co-promotion activity.

a) License grant

In accordance with the above "(4) Revenue: b) License revenue", license grant is recognized as revenue.

b) Co-development activity

Considerations allocated as co-development activity are recorded as reversal of R&D expenses according to its progress.

c) Co-promotion activity

Considerations allocated as co-promotion activity are recorded as reversal of other income or the relevant expenses (cost of sales and selling, general and administrative expenses) according to its progress and efforts.

Global Strategic Collaboration for anticancer agent Lenvima between Eisai Co., Ltd. and Merck & Co., Inc., Kenilworth, N.J., U.S.A.

In March 2018, the Company entered into Global Strategic Collaboration for anticancer agent Lenvima with Merck & Co., Inc., Kenilworth, N.J., U.S.A. focusing on the oncology field. Under the agreement, the Company and Merck & Co., Inc., Kenilworth, N.J., U.S.A. are co-developing and co-promoting Lenvima, both as monotherapy and in combination with Merck & Co., Inc., Kenilworth, N.J., U.S.A.'s anti-PD-1 therapy, KEYTRUDA (pembrolizumab).

Merck & Co., Inc., Kenilworth, N.J., U.S.A. paid the Group an upfront payment of $300 million. In addition, Merck & Co., Inc., Kenilworth, N.J., U.S.A. will pay up to $650 million for certain option rights before the fiscal year ending March 31, 2021. Besides, Merck & Co., Inc., Kenilworth, N.J., U.S.A. paid the Group $450 million as reimbursement for R&D expenses when the agreement was conducted. Furthermore, the Group is eligible to receive up to $385 million associated with the achievements of certain clinical and regulatory milestones and a maximum of up to $3,975 million for the achievements of milestones associated with sales.

Accounting procedures regarding the agreement are as follows:

- Since the collaboration, revenue and cost of sales for Lenvima are recorded by the Group. Selling, general and administrative expenses related to Lenvima in the Group as well as shared profit for Lenvima paid by the Group to Merck & Co., Inc., Kenilworth, N.J., U.S.A. are recorded on selling, general and administrative expenses.

- R&D expenses related to Lenvima in connection with monotherapy and in combination with KEYTRUDA are also shared equally between the two companies. When the agreement was conducted, the Group received $450 million as reimbursement for R&D expenses from Merck & Co., Inc., Kenilworth, N.J., U.S.A. and recorded it as deposits received. On each occasion that the R&D expenses related to Lenvima occur in the Group, the Group withdraw these deposits received and record as reversal of the research and development expenses.
- Under this agreement, the Group allocates the upfront payment, certain option rights and sales milestone payments to the consideration of the license grant. According to the regulatory milestone payments applied, the Group allocates them to the considerations of the licensing and co-development activity, respectively.

(6) Research and development expenses

a) Research expenses

Expenditures on research activities (including collaborative research and contract research) are recognized as R&D expenses.

b) Development expenses

Expenditures on development activities are recognized as intangible assets only if they meet the conditions of internally generated intangible assets. Internally incurred development expenses in the Group do not meet these conditions as there are risks that developing products may not get marketing authorization and developing activities may be delayed or discontinued. Therefore, these are recognized as R&D expenses.

Acquired in-process research and development investments from external entities are recognized as intangible assets.

In case that the Group receives contributions for developments from alliance partners in accordance with collaborative research and development agreement, the contributions are deducted from R&D expenses.

(7) Employee benefits

a) Post-employment benefits

The Group has adopted defined benefit plans and defined contribution plans.

Regarding defined benefit plans, current service costs are recognized as expenses using the projected unit credit method in actuarial calculations made at the consolidated fiscal year-end date. All of the actuarial gains/losses incurred in the period are recognized as other comprehensive income, while the cumulative amount is reclassified to retained earnings after it is recognized as other components of equity. Retirement benefit liabilities are the present value of defined benefit obligations less fair value of plan assets.

Regarding defined contribution plans, contributions of the Group are recognized as expenses at the time employees render services that give pension rights to them.

b) Termination benefits

Termination benefits are provided in case that the Group decides to terminate an employee's employment before the normal retirement date, or an employee voluntarily decides to accept an offer of benefits in exchange for the termination of employment. The termination benefits are recognized as expenses upon termination of employment if the Group has detailed official plans related to termination of an employee's employment and can no longer withdraw the offer of the benefits.

(8) Share-based payments

a) Stock option system

The Company had granted a part of directors, corporate officers and employees equity-settled share-based payments (stock options) until the fiscal year ended March 31, 2013.

Services received as considerations of stock options are recognized as expenses, while corresponding amounts are recognized as an increase in equity. These expenses are the fair value of stock options that are evaluated by using appropriate price models at the grant date, and recognized as expenses using the straight-line method over the vesting period. Expired rates at the time of final vesting are considered when the Company makes estimations for evaluation. In case that the estimation is revised, adjustments are made over the remaining vesting period.

b) Performance-related share-based compensation system

The Company has introduced a performance-related share-based compensation system that distributes the Company's shares to corporate officers every year based on performance from the fiscal year ended March 31, 2014. The Group measures considerations of services rendered referring to the fair value of the Company's shares granted. Considerations of services calculated are recognized as expenses while the corresponding amount is recognized as an increase in equity.

(9) Income taxes

Income taxes are presented as the sum of current income taxes and deferred income taxes.

a) Current income taxes

Current income taxes are calculated based on current taxable income. Tax rates that have been enacted or substantively enacted at the consolidated fiscal year-end date are used for tax calculation. Income taxes receivable and payable are measured at the amount expected to be paid to or refunded from the taxation authorities.

b) Deferred income taxes

Deferred income taxes are calculated based on temporary differences between the tax base and the carrying amount for assets and liabilities using the balance sheet liability method. In principle, deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized only when it is probable that taxable income will be available against which the deductible temporary differences can be utilized. However, the following deferred tax assets and liabilities on temporary differences are not recognized.

(i) Temporary differences arising from goodwill

(ii) Temporary differences arising from the initial recognition of assets or liabilities in transactions which affect neither accounting profit nor taxable income (except for a business combination).

Regarding taxable temporary differences arising from investments in subsidiaries and associates, deferred tax liabilities are not recognized if the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

Furthermore, regarding deductible temporary differences arising from investments in subsidiaries and associates, deferred tax assets are recognized only when sufficient taxable income in order to realize benefits from the temporary differences will be available, and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated using tax rates that will be expected to be applied when the deferred tax assets will be recovered or the deferred tax liabilities will be settled based on acts that have been enacted or substantively enacted by the consolidated fiscal year-end date.

Deferred tax assets and liabilities are offset when the Company or its subsidiaries have legally enforceable rights to offset income tax receivables and payables, and they intend to settle them as offset amounts.

(10) Property, plant and equipment

Property, plant and equipment is measured using the cost model and is presented at acquisition cost less accumulated depreciation and accumulated impairment loss.

The acquisition cost includes any costs directly attributable to purchase of assets and present value of removal and restoration costs. In case that certain conditions are met, borrowing costs that are directly attributable to the acquisition and construction of assets are included in the acquisition costs of the assets.

Depreciation is recognized by reducing acquisition cost of assets less residual value using the straight-line method over the estimated useful lives of the assets. Estimated useful lives, residual value and depreciation methods are reviewed at each fiscal year-end date, and the effects of any changes in estimation are reflected on a prospective basis.

The estimated useful lives of significant property, plant and equipment are as follows:

(i) Buildings	15 to 50 years
(ii) Machinery and equipment	5 to 20 years

Gains/losses arising from sales or disposal of property, plant and equipment are presented as other income or other expenses.

(11) Intangible assets

Intangible assets are measured using the cost model and are presented at acquisition cost less accumulated amortization and accumulated impairment loss.

Intangible assets acquired separately are measured at the acquisition costs at the initial recognition. Those acquired through business combinations are measured at fair value at the acquisition date.

Amortization is recognized using the straight-line method over the estimated useful lives of the intangible assets. Estimated useful lives, residual value and amortization methods are reviewed at each fiscal year-end date, and the effects of any changes in estimation are reflected on a prospective basis.

The estimated useful lives of significant intangible assets are as follows:

(i) Sales rights	10 to 15 years
(ii) Core technology	20 years
(iii) Software	5 years

Accounting treatments for in-process research and development investments are as follows:

a) In-process research and development investments (IPR&D assets) acquired separately

Intangible assets acquired separately that meet the following conditions are recognized as assets:

(i) It is probable that the expected future economic benefits attributable to the asset will flow to the Group

(ii) The cost of the asset can be measured reliably

Expenditures of acquiring IPR&D investments from external entities (upfront payments and milestone payments) are recognized as IPR&D assets as they meet these conditions.

Subsequent internal development expenses on IPR&D assets are recognized as R&D expenses.

IPR&D assets are reclassified to sales rights when their products become available for sale, and are amortized using the straight-line method over their estimated useful lives. Estimated useful lives are determined by the projected cash flow period, which is based on the period of legal protection granted by patents.

b) IPR&D investments acquired through business combinations

IPR&D investments acquired through business combinations and recognized separately from goodwill meet the conditions listed in a) above. Therefore, these are measured at fair value at the acquisition date and recognized as IPR&D assets.

IPR&D assets are reclassified to sales rights when their products become available for sale, and are amortized using the straight-line method over the estimated useful lives. Estimated useful lives are determined by the projected cash flow period, which is based on the period of legal protection granted by patents.

(12) Impairment of property, plant and equipment and intangible assets

The Group assesses whether there is any indication that property, plant and equipment and intangible assets are impaired at the fiscal year-end date, and if any such indication exists, an impairment test is performed. Intangible assets with indefinite useful lives or not yet available for use are tested for impairment at the same time every year or when there is an indication that the assets might be impaired.

As an impairment test, a recoverable amount is estimated and compared with a carrying amount. The recoverable amount is the higher of fair value less expenses for sales or value in use. Value in use is calculated as the present value of estimated future cash flows. In case that a recoverable amount of the asset is lower than the carrying amount, an impairment loss is recognized, and the carrying amount is reduced to the recoverable amount.

(13) Goodwill

Goodwill arising from business combinations is recognized as an asset at the date the Group obtains control of the entity (acquisition date). Goodwill is measured as the amount by which the sum of the fair value of the consideration, non-controlling interests in the acquiree and fair value of the proportionate share that the Group held at the date the Group obtains control of the acquiree exceeds the net amount of identifiable assets and liabilities. On the other hand, if the sum of the acquisition costs is lower than the net amount of identifiable assets and liabilities, the difference is directly recognized as profit or loss.

Goodwill is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination. Goodwill is not amortized; however, a test of impairment is performed for groups of cash-generating units to which goodwill is allocated at the same time every year or when there is an indication that the assets might be impaired. In case that a recoverable amount of groups of cash-generating units is lower than the carrying amount, the reduction is recognized as an impairment loss.

(14) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs are determined using the weighted-average cost method. The net realizable value is determined as the estimated selling price less the estimated costs necessary to complete goods and expenses necessary to sell.

(15) Financial assets

a) Classification of financial assets

All financial assets are classified at initial recognition as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI financial assets) or financial assets measured at fair value through profit or loss (FVTPL financial assets).

1) Financial assets measured at amortized cost

Debt financial assets that meet the conditions below are classified as financial assets measured at amortized cost.

(i) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely related to payments of principal and interest on the principal amount outstanding

The financial assets measured at amortized cost are initially recognized as the sum of the fair value and transaction costs, and recognized at amortized cost calculated by the effective interest method less impairment loss after initial recognition.

2) FVTOCI financial assets (Debt financial assets)

Debt financial assets that meet the conditions below are classified as FVTOCI financial assets.

(i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely related to payments of principal and interest on the principal amount outstanding

The financial assets are initially recognized as the sum of fair value and transaction costs. Movement of fair value as well as gains/losses on their sale are recognized as other comprehensive income.

3) FVTOCI financial assets (Equity financial assets)

All equity instruments are classified as FVTOCI financial assets.

The financial assets are initially recognized as the sum of fair value and transaction costs. Movement of fair value as well as gains/losses on their sale are recognized as other comprehensive income, while the cumulative amount is reclassified to retained earnings after it is recognized as other components of equity.

Dividends on the financial assets are recognized as financial income when a right to receive dividends is vested except for the case that the dividend obviously indicates the collection of acquisition cost of investment.

4) FVTPL financial assets

Debt financial assets that are not classified as financial assets measured at amortized cost or FVTOCI financial assets are classified as FVTPL financial assets.

FVTPL financial assets are initially recognized at fair value, and any movement of fair value as well as gains/losses on their sale are recognized as financial income/expenses after initial recognition.

b) Impairment of financial assets

The Group estimates expected credit losses on financial assets measured at amortized cost as well as FVTOCI financial assets (debt financial assets) and recognizes the loss allowance. The loss allowance for these financial assets is measured at an amount equal to 12-month expected losses if the credit risk of a financial asset has not increased significantly since initial recognition.

The allowance is recognized as profit or loss. Previously recognized impairment loss is reversed by adjusting an allowance account when a certain event occurs to reduce the allowance amount in later periods.

c) Derecognition

The Group derecognizes a financial asset only when the contractual right to the cash flows from the financial asset expires or the Group transfers the financial asset and almost all the risks and rewards of ownership of the asset to counterparty.

(16) Hedge accounting

The Group utilizes derivatives, including interest rate swap contracts and forward foreign exchange contracts in order to reduce the risks related to changes in interest and exchange rates. These derivatives are measured at fair value and recognized as assets or liabilities at the contract date.

Movements of fair value after initial recognition are recognized as profit or loss if the hedged items and hedging instruments do not meet the conditions of hedge accounting. The accounting treatments that meet the conditions of hedge accounting are as follows:

a) Fair value hedges

Regarding derivatives for the purpose of hedging risks of changes in fair value of hedged items, these changes in fair value are immediately recognized in profit or loss. At the same time, the changes in fair value on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item, and is recognized in profit or loss.

b) Cash flow hedges

Regarding derivatives for the purpose of hedging risks of cash flow movements on hedged items, the movements of derivative assets or liabilities are recognized in other comprehensive income, while cumulative amounts are recognized as other components of equity until the fair value movements of hedged items are recognized as profit or loss. The amount recognized as other components of equity is reclassified to profit or loss when the fair value movements of hedged items are recognized as profit or loss, in order to offset the effects.

(17) Provisions

Provisions are recognized when the Group has a legal or constructive obligation arising from a past event that can be measured with sufficient reliability as a present obligation, and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the consolidated fiscal year-end date, considering risks and uncertainties. The carrying amount of a provision is measured at estimated cash flows that are discounted to be the present value when the effect of the time value of money is material. When discounting is used, the increase in carrying amount of a provision in each period to reflect the passage of time is recognized as a financial cost.

a) Provision for sales rebates

To account for possible sales rebates for finished goods and merchandise sold that may be incurred after the consolidated fiscal year-end date, provision for sales rebates is provided by multiplying the amount of revenue by the estimated sales rebate ratio. It is expected to be mainly settled within one year from the fiscal year-end date.

b) Provision for asset retirement obligation

To account for the obligation of restoring the rental buildings and lands on which the Group is located and removing harmful materials related to property, plant and equipment which the Group is using, provision for asset retirement obligation is estimated and recognized depending on individual circumstances that is based on an estimated usage

period determined by past results of restoration and the useful lives of additional fixtures in the rental buildings. It is expected to be mainly settled over one year from the fiscal year-end date.

c) Provision for restructuring costs

Provision for restructuring costs is mainly related to restructuring of the business organization. Provision for restructuring costs is recognized when the Group has a detailed formal plan for the restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement that plan or announcing its main scheme to those affected by it.

(18) Leases

a) Finance leases

Regarding finance lease transactions, leased assets and lease obligations are measured at the lower of either fair value of leased assets at the lease inception date or present value of the minimum lease payments. Lease payments are allocated to financial expenses and repayments of lease obligations using the interest method. Leased assets are depreciated over the lower of either estimated useful lives or lease period using the straight-line method.

b) Operating leases

Regarding operating lease transactions, lease payments are recognized as expenses over the lease period using the straight-line method.

(Significant Accounting Estimates and Judgments)

Preparation of the consolidated financial statements of the Group requires management estimates and judgments.

(1) Significant accounting estimates and assumptions

Significant items that require management estimates and assumptions are as follows. Underlying assumptions for estimation are continuously reviewed. Effects of changes in estimations are recognized in that period and future periods. Furthermore, significant revisions to carrying amounts of assets and liabilities may be required in the future as a result of uncertainties related to these estimates and assumptions.

a) Impairment test of goodwill and intangible assets

Impairment test of goodwill and intangible assets is performed based on the method of estimating future cash flows expected to arise from groups of cash-generating units and discount rates for measuring present value.

b) Estimates of useful lives of property, plant and equipment and intangible assets

Useful lives of property, plant and equipment and intangible assets are reviewed at the fiscal year-end date.

c) Evaluation of fair value of financial instruments

Evaluation methods including input that are not based on observable market data are used in order to estimate the fair value of specific financial assets.

d) Post-employment benefits

Defined benefit obligations are affected by assumptions used for actuarial calculation. Discount rate, future payroll level, turnover and mortality rates used for assumptions are determined based on the latest market data and statistics.

e) Income taxes

Current income taxes are recognized as the amount expected to be paid to each tax authority by reasonable estimates in accordance with tax laws and regulations.

Liabilities are recognized based on the estimates of revised current income taxes and their possibilities as a result of the tax audit. If the actual amount settled by the tax audit is different from the estimated amount, the difference is recognized in the period in which the actual amount is settled.

Furthermore, deferred tax assets are recognized only when it is probable that taxable profit will be available against which the deductible temporary differences and tax carryforwards can be utilized. Based on its business plan and other factors, the Group makes reasonable estimates of the period and amount of taxable profit will be available in future period, and evaluates the potential taxable profit.

(2) Significant accounting judgments

Significant judgements of recognizing the date and the amount of revenue generated from the contracts with customers is described in the above “Significant Accounting Policies (4) Revenue”.

(Segment Information)

(1) General information

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

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

(2) Reporting segments

(Millions of yen)

	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2018	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan	301,076	104,741	296,170	104,422
Americas	97,859	46,346	113,923	43,601
China	66,299	24,409	56,231	15,468
EMEA	49,793	19,743	44,298	15,442
Asia and Latin America	48,717	15,296	42,611	12,427
Reporting segment total	563,745	210,535	553,234	191,361
Other business (Note 1)	79,090	70,817	46,821	38,015
Total	642,834	281,352	600,054	229,376
R&D expenses (Note 2)	―	(144,844)	―	(139,579)
Group headquarters' management costs and other expenses (Note 3)	―	(50,354)	―	(12,585)
Operating profit in the consolidated statement of income	―	86,154	―	77,212

(Note 1) "Other business" mainly includes the license revenue and pharmaceutical ingredient business of the parent company. Both revenue and segment profit (loss) included the following from Merck & Co., Inc., Kenilworth, N.J., U.S.A. under the strategic collaboration for anticancer agent Lenvima: one-time option payment of ¥34,990 million and milestone payments of ¥30,552 million for the fiscal year ended March 31, 2019. For the fiscal year ended March 31, 2018, revenue and segment profit (loss) included upfront payment of ¥31,836 million and milestone payment of ¥2,684 million.

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

(Note 3) "Group headquarters' management costs and other expenses" are the costs and expenses covering Group-wide operations which include the amount of profits and expenses shared under strategic collaborations with partners. For the fiscal year ended March 31, 2019, shared profit of ¥23,889 million (¥739 million for the fiscal year ended March 31, 2018) for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Kenilworth, N.J., U.S.A. was included in Group headquarters' management costs and other expenses.

(3) Information on major products

Revenue from external customers

(Millions of yen)

	Neurology products	Oncology products	Others	Total
Fiscal year ended March 31, 2019	177,383	120,918	344,533	642,834
Fiscal year ended March 31, 2018	170,795	126,356	302,904	600,054

(4) Information on major customers

Fiscal year ended March 31, 2019

(Millions of yen)

Name of customer	Revenue	Related segment
Alfresa Holdings Corporation	65,944	Japan pharmaceutical business
Suzuken Co., Ltd.	56,183	Japan pharmaceutical business
Medipal Holdings Corporation	52,998	Japan pharmaceutical business

Fiscal year ended March 31, 2018

(Millions of yen)

Name of customer	Revenue	Related segment
Alfresa Holdings Corporation	68,599	Japan pharmaceutical business
Suzuken Co., Ltd.	59,515	Japan pharmaceutical business
Medipal Holdings Corporation	54,210	Japan pharmaceutical business

(5) Information on major regions

Revenue from external customers (Note 1)

(Millions of yen)

	Japan	Americas (Note 2)	Europe (Note 3)	China	Others	Total
Fiscal year ended March 31, 2019	296,799	99,899	125,405	66,432	54,298	642,834
Fiscal year ended March 31, 2018	302,544	115,085	79,066	56,646	46,713	600,054

(Note 1) Revenue from external customers are categorized by country or region based on the location of the customer. Major areas and countries included in this category other than Japan and China are as follows:

a) Americas: North America, Central and South America

b) Europe: United Kingdom, France, Germany

c) Others: Asia, Middle East, Oceania

(Note 2) Revenue for the fiscal year ended March 31, 2019, in the United States, which is included in Americas, was ¥94,408 million (¥112,712 million for the fiscal year ended March 31, 2018).

(Note 3) Revenue included the following from Merck & Co., Inc., Kenilworth, N.J., U.S.A. under the strategic collaboration for anticancer agent Lenvima: one-time option payment of ¥34,990 million and milestone payments of ¥30,552 million for the fiscal year ended March 31, 2019. For the fiscal year ended March 31, 2018, revenue contained upfront payment of ¥31,836 million and milestone payment of ¥2,684 million.

Non-current assets (Note 1)

(Millions of yen)

	Japan	Americas (Note 2)	Europe	China	Others	Total
As of March 31, 2019	127,717	215,613	16,152	15,194	5,542	380,218
As of March 31, 2018	124,288	215,333	18,866	16,758	5,246	380,491

(Note 1) Non-current assets are categorized by country or region based on the assets location.
Major areas and countries included in this category other than Japan and China are as follows:
a) Americas: North America, Central and South America
b) Europe: United Kingdom, France, Germany
c) Others: Asia, Middle East, Oceania
Non-current assets are mainly composed of property, plant and equipment, goodwill and intangible assets, excluding financial assets, deferred tax assets and retirement benefit assets.

(Note 2) The carrying amount of non-current assets as of March 31, 2019, in the United States, which is included in Americas, was ¥215,537 million (¥215,212 million as of March 31, 2018).

(Consolidated Statement of Income)

(1) Revenue

Revenue included the following from Merck & Co., Inc., Kenilworth, N.J., U.S.A. under the strategic collaboration for anticancer agent Lenvima: one-time option payment of ¥34,990 million and milestone payments of ¥30,552 million for the fiscal year ended March 31, 2019. For the fiscal year ended March 31, 2018, revenue contained upfront payment of ¥31,836 million and milestone payment of ¥2,684 million.

(2) Employee benefits

For the fiscal year ended March 31, 2019, the Company recorded termination benefits (premium retirement payments) of ¥6,621 million due to a voluntary retirement program. Breakdown of termination benefits by item is cost of sales of ¥610 million, selling, general and administrative expenses of ¥4,908 million and R&D expenses of ¥1,104 million.

(3) Selling, general and administrative expenses

For the fiscal year ended March 31, 2019, the Group recorded shared profit of ¥23,889 million for anticancer agent Lenvima paid by the Group to Merck & Co., Inc., Kenilworth, N.J., U.S.A. as selling, general and administrative expenses.

(4) R&D expenses

a) Closure of the Andover innovative Medicines Institute

For the fiscal year ended March 31, 2019, restructuring costs of ¥5,154 million were recorded as R&D expenses following the closure of the Andover innovative Medicines Institute owned by the Company's U.S. consolidated subsidiary Eisai Inc. The major items of restructuring costs are as follows:

・Termination benefits of ¥683 million following the closure of the institute were recorded.

・¥4,472 million was recorded as an impairment loss on property, plant and equipment and intangible assets of the institute following the reduction of the carrying amount of the assets to the recoverable amount. The recoverable amount is based on expected salable amount and is calculated at fair value less disposal costs. This fair value is fair value calculated by using mainly observable market price, therefore, the hierarchy is level two.

b) Impairment loss

In the fiscal year ended March 31, 2019, the Group terminated development of antiobesity agent lorcaserin (product name in the United States: BELVIQ) for obesity in Japan. As a result, the estimated future cash flows decreased and the value in use of the relevant IPR&D assets became lower than the book value, the Group recorded its impairment loss of ¥2,527 million as R&D expenses.

(5) Details regarding expenses

Information on the nature of cost of sales, selling, general and administrative expenses (SG&A expenses), and R&D expenses is as follows:

Fiscal year ended March 31, 2019

(Millions of yen)

	Cost of sales	SG&A expenses	R&D expenses	Total
Depreciation and amortization	14,078	4,410	8,352	26,841
Impairment losses	249	―	7,081	7,330
Short-term employee benefits	12,290	78,930	41,933	133,153
Post-employment benefits	660	3,255	1,910	5,825
Termination benefits	610	4,908	1,786	7,303

Fiscal year ended March 31, 2018

(Millions of yen)

	Cost of sales	SG&A expenses	R&D expenses	Total
Depreciation and amortization	13,896	3,942	8,345	26,183
Impairment losses	86	―	145	231
Short-term employee benefits	12,561	76,128	43,081	131,770
Post-employment benefits	329	3,783	2,554	6,666

(6) Other income

The breakdown of other income for the fiscal years ended March 31, 2019 and March 31, 2018, respectively, is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Gain on sales of non-current assets (Note 1)	975	1,439
Income related to joint development	614	―
Subsidy income	249	167
Entrusted research income	137	713
Investment benefits due to equity method	―	46
Others	615	630
Total	2,591	2,995

(Note 1) In the fiscal year ended March 31, 2019, Eisai China Inc., a Chinese subsidiary, commenced full-scale operation of its new Suzhou plant (Suzhou, China) in order to strengthen the stable supply chain of high-quality pharmaceuticals as well as improve production efficiency in China, while the former Suzhou plant (Suzhou, China) was closed down. Accordingly, the Group recorded ¥897 million as other income, which was the consideration for the sale of the former Suzhou plant less its carrying amount in property, plant and equipment and other non-current assets as well as transfer-related expenses.

In the fiscal year ended March 31, 2018, gain on sales of non-current assets of ¥1,318 million was recorded due to the transfer of the Company's welfare facilities.

(7) Other expenses

The breakdown of other expenses for the fiscal years ended March 31, 2019 and March 31, 2018, respectively, is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Exchange loss	563	136
Loss on sales and disposal of non-current assets	433	257
Entrusted research expense	199	512
Investment loss due to equity method	59	―
Other	470	242
Total	1,725	1,147

(Earnings Per Share)

(1) Earnings per share attributable to owners of the parent (basic)

The basis for calculating earnings per share attributable to owners of the parent (basic) for the fiscal years ended March 31, 2019 and March 31, 2018, respectively, is as follows.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Profit for the year attributable to owners of the parent (Millions of yen)	63,386	51,845
Weighted average number of common shares during the year (Thousands of shares)	286,372	286,155
Earnings per share attributable to owners of the parent (basic) (Yen)	221.34	181.18

(2) Earnings per share attributable to owners of the parent (diluted)

The basis for calculating earnings per share attributable to owners of the parent (diluted) for the fiscal years ended March 31, 2019 and March 31, 2018, respectively, is as follows.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Profit for the year attributable to owners of the parent (Millions of yen)	63,386	51,845
Adjustment of profit for the year attributable to owners of the parent (Millions of yen)	—	—
Profit for the year used for calculating diluted earnings per share (Millions of yen)	63,386	51,845
Weighted average number of common shares during the year (Thousands of shares)	286,372	286,155
Increase in number of common shares under stock options (Thousands of shares) (Note 1)	292	325
Weighted average number of diluted common shares during the year (Thousands of shares)	286,664	286,480
Earnings per share attributable to owners of the parent (diluted) (Yen)	221.12	180.97

(Note 1) There are no common shares reserved under the stock option plan that are excluded from the calculation of diluted earnings per share due to antidilutive effects for the fiscal years ended March 31, 2019 and March 31, 2018.

(Consolidated Statement of Financial Position)

(1) Property, plant and equipment

For the fiscal year ended March 31, 2019, Eisai China Inc., a Chinese subsidiary, commenced full-scale operation of its new Suzhou plant (Suzhou, China) in order to strengthen the stable supply chain of high-quality pharmaceuticals as well as improve production efficiency in China, while the former Suzhou plant (Suzhou, China) was closed down. Accordingly, property, plant and equipment of ¥499 million, which consisted of buildings and structures of ¥431 million, machinery, equipment and vehicles of ¥65 million and others of ¥4 million, and other non-current assets of ¥120 million decreased, respectively.

(2) Assets held for sale and liabilities directly associated with these assets held for sale

As of March 31, 2019, the carrying amount of non-current assets or disposal groups classified as held for sale because the sales are highly probable and these assets are planned to be sold within one year are as follows.

Non-current assets classified as held for sale

As of March 31, 2019, the Group classified property, plant and equipment of ¥3,261 million as assets held for sale following the closure of the Andover innovative Medicines Institute held by the Company's U.S. consolidated subsidiary Eisai Inc.

Disposal groups classified as held for sale

In March 2018, the Company entered into a strategic alliance agreement as well as a share transfer agreement with Nichi-Iko Pharmaceutical Co., Ltd. (Toyama) in Japan for a capital and business alliance, aiming to transform the generic pharmaceutical business model. Upon condition that certain progress has been achieved through the strategic alliance agreement, the Company would transfer shares of its wholly-owned subsidiary Elmed Eisai Co., Ltd. (Tokyo) incrementally and the transfer of all of the remaining shares was scheduled to complete in April, 2019.

In accordance with the above, the assets and liabilities of Elmed Eisai Co., Ltd. as of March 31, 2019 have been classified to assets held for sale, and liabilities directly associated with assets held for sale. The breakdown are as follows.

(Millions of yen)

	As of March 31, 2019
Assets held for sale	
Trade and other receivables	11,339
Cash and cash equivalents	5,490
Other	6,282
Total	23,111
Liabilities directly associated with assets held for sale	
Trade and other payables	9,972
Other	434
Total	10,407

The Company transferred all of the remaining shares (66.6% of the number of shares issued) of Elmed Eisai Co., Ltd. in April, 2019.

(Consolidated Statement of Cash Flows)

(1) The breakdown of the (increase) decrease in working capital for the fiscal years ended March 31, 2019 and March 31, 2018, respectively, is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
(Increase) decrease in trade receivables	(5,134)	(1,077)
(Increase) decrease in inventories	6,508	2,594
(Increase) decrease in other receivables	(12,313)	8,159
Increase (decrease) in trade payables	3,325	1,874
Increase (decrease) in deposits received	(9,081)	46,963
Increase (decrease) in other payables	20,741	4,454
(Increase) decrease in working capital	4,046	62,966

(2) Advances received for sale of investments in subsidiaries

For the fiscal year ended March 31, 2019, the Company transferred a part of its shares (33.4% of the number of shares issued) of Elmed Eisai Co., Ltd. to Nichi-Iko Pharmaceutical Co., Ltd. and received the consideration for the share transfer of ¥5,678 million.

(3) Cash and cash equivalents at the end of the fiscal year

Cash and cash equivalents at the end of the fiscal year ended March 31, 2019 include cash and cash equivalents of ¥286,434 million and cash and cash equivalents which are classified to assets held for sale of ¥5,490 million in the consolidated Statement of Financial Position.

(Significant Subsequent Events)

In accordance with the share transfer agreement entered into Nichi-Iko Pharmaceutical Co., Ltd.(Toyama), in March 2018, the Company transferred all of the remaining shares (66.6% of the number of shares issued) of Elmed Eisai Co., Ltd. in April 2019. As a result, in which the Company has ceased to have a controlling financial interest.

Under the share transfer agreement entered into Nichi-Iko Pharmaceutical Co., Ltd., the Company would transfer the share incrementally upon the condition that certain progress has been achieved through the strategic alliance, with the aim of transforming the generic pharmaceutical business model. The Company judged that these incremental share transfer transactions are intended to achieve the objective of the strategic alliance above, thus it is appropriate that these transactions should be treated as a single transaction.

Therefore, the consideration for the transfer of the shares (33.4% of the number of shares issued) is recorded as current portion of other liabilities (advances received) in the fiscal year ended March 31, 2019 and treated as a single transaction with all of the remaining shares (66.6% of the number of shares issued) transferred in April 2019.

(1) Considerations, assets and liabilities with the loss of control

(Millions of yen)

	As of the date of the share transfer of investments in subsidiaries (April 1, 2019)
Considerations (Note 1)	17,000
Assets and Liabilities with the loss of control	
Non-current assets	619
Trade and other receivables	11,339
Cash and cash equivalents	5,490
Other current assets	5,663
Non-current liabilities and current liabilities	(10,486)
Gain on sales of investments in subsidiaries	4,374

(Note 1) Considerations include the transfer of the shares of Elmed Eisai Co., Ltd. (66.6% of the number of shares issued) of ¥11,322 million as well as (33.4% of the number of shares issued) ¥5,678 million in the fiscal year ended March 31, 2019.

(2) Proceeds from sales of investments in subsidiaries

(Millions of yen)

	As of the date of the share transfer of investments in subsidiaries (April 1, 2019)
Consideration in cash	11,322
Cash and cash equivalents owned by the sold subsidiary	(5,490)
Proceeds from sales of investments in subsidiaries	5,832

5. Other

1) Forecasts and Risk Factors

(1) Materials and information provided in this financial disclosure may contain “forward-looking statements” based on current expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties, and actual outcomes and results could differ materially from these statements depending on changes in important factors. Risks and uncertainties include general industry and market conditions, as well as general domestic and international economic conditions such as interest rate and currency exchange fluctuations.

(2) Risks that could cause significant fluctuations in the consolidated results of the Group or have a material effect on investment decisions are described below. These risks, however, have been evaluated and forecasted as of the disclosure date of the Financial Report.

○ Risks related to product safety and quality

If any concerns arise over the safety and quality of products due to raw materials used, the manufacturing process or other factors, it may have an impact on patients’ health, the stable supply of products, as well as an impact on business results associated with recall of products, suspension of sales or other countermeasures.

○ Risks related to occurrences of side effects

If a product is found to have any serious side effects, there may be a serious impact on performance due to the Group taking measures such as suspending product sales or conducting a product recall.

○ Risks related to lawsuits

Results of pending or future lawsuits may have a significant impact on the Group’s business results.

○ Risks regarding laws and regulations

As the Group’s pharmaceutical business is subject to various laws and regulations, including pharmaceutical regulations and product liability, enactment of a law or changes in the regulations may have a significant impact on business results. In the event regulatory nonconformity is found in a product, the Group may issue a product recall, have the product’s marketing approval revoked, have the product excluded from insurance reimbursement, or face liability claims.

○ Risks related to intellectual property

If a patent application is dismissed, a patent is found to be invalid after issue, or if there is a failure to properly protect a patent, competitors may enter the market earlier than expected, which could potentially lead to a decrease in revenues. Additionally, if the business activities of the Group infringe on the intellectual property rights of a third party, the Group may face liability claims as a result of the third party in question exercising its rights.

○ Uncertainties in new drug development

The Eisai Group is developing candidates for the next-generation anti-Alzheimer’s agent and many other new drugs. In terms of candidates for the next-generation anti-Alzheimer’s agent, the Eisai Group takes the initiative in conducting Phase III clinical trials for BAN2401

and elenbecestat, and Biogen, our collaboration partner, was taking the initiative in conducting Phase III clinical trials for aducanumab.

Drug development requires a long period of time and a large investment of capital. Development of a drug candidate substance may be discontinued due to shortcomings in its effectiveness or safety profile. As an example, on March 21, 2019, Biogen and Eisai announced the decision to discontinue the Phase III clinical trials designed to evaluate the efficacy and safety of aducanumab in patients with mild cognitive impairment due to Alzheimer's disease and mild Alzheimer's disease dementia.

Moreover, even if clinical trials yield favorable results, it is possible that the new drug approval may not be granted as a result of the country's stringent regulatory process. Further, due to the delay or discontinuation of development of a new drug or other reasons, revenue expected of a new drug may not be realized.

○ Impact of medical cost containment measures

In Japan, the government enacts price revisions for prescription drugs and is adopting measures such as the promotion of generic drugs as part of its efforts to control medical costs. Efforts to reduce drug costs are intensifying year after year in the United States as well as in countries in both Europe and Asia. These kinds of measures aimed at controlling medical costs may lead to a drop in revenues. Especially in Europe, even if marketing approval is obtained for a product, the product may not be eligible for health insurance reimbursement at the expected price and so there is a possibility that original projected earnings may not be achieved.

○ Risks related to generic products

Originator drugs have a limited patent and data protection period. It is common for generic makers to launch generic products upon the expiration of the patent and data protection period of the originator drug. Additionally, in countries such as the United States, an application for a generic product is accepted even during the patent term. Generic products may have a significant impact on market share because of their low price.

Regarding antiemetic agent Aloxi in the United States, United States Court of Appeals for the Federal Circuit made its final decision that the formulation patents for Aloxi are not valid, and generic versions of Aloxi have been launched.

○ Risks related to overseas operations

The Group conducts production/sales activities for products on a global basis. However, in conducting global business activities, there are risks such as legal restrictions, socio-political uncertainty and business environment uncertainty in its global business activities. In the event the Group faces such risks, there is a possibility that original projected earnings may not be achieved.

○ Risks in alliances with other companies

The Group considers partnerships to be an effective means of improving efficiency and productivity. Partnerships may be established with the aim of utilizing the latest science and technology, or with the aim of efficient resource usage and maximization of product value in each region. In the event of changes to these partnerships, there is a possibility that it

will have a significant impact on business results, including new drug discovery and revenues.

○ Risks associated with acquisitions of companies and product lines

The Group uses acquisitions of companies and products as a means to expand its business operations. However, changes in the business environment or the status of rival companies may lead to setbacks in the business plan, and there is a possibility that the originally intended synergistic effect may not be realized.

○ Risks associated with outsourcing

The Group outsources part of its operations, including research and production, to other companies. Business operations and business results of the Group may be significantly impacted if, for any reason, a subcontractor ceases operations, or if there is a problem with the research results, manufactured products or other goods and services provided.

○ Risks concerning IT security and information management

Since the Group makes full use of various IT systems for business, its operations may be disrupted due to external factors such as inadequate system infrastructure and computer viruses. In addition, the Group faces the risk of technical accidents that involve personal information leakage outside of the Group, which may considerably damage the Group's social reputation and significantly impact business results.

○ Risks concerning internal control systems for financial reporting

In accordance with assessment and audit standards as well as implementation standards for internal controls pertaining to financial reporting as mandated by the Financial Instruments and Exchange Law of Japan, the Group establishes effective internal control systems related to financial reporting and strives to appropriately manage those systems. However, major losses that arise due to the malfunction of internal control systems or occurrence of unexpected problems related to internal control systems may have a significant impact on business results.

○ Risks related to financial market conditions and currency movement

The effect of foreign exchange fluctuations on the yen conversion of sales of overseas consolidated subsidiaries as well as export, import and other transactions denominated in foreign currencies may also impact business results. Furthermore, as the Group holds stocks and other marketable securities, a decline in the stock market could result in losses on sales or devaluation of stocks and other securities. In addition, an increase in projected benefit obligations due to changes in the interest rate may have an impact on business results.

○ Risks related to plant closure or shutdown

The Group's plants may be closed or shut down due to technical problems, raw material shortages, influenza and other pandemics, fire, earthquakes and other natural disasters. In such cases, the supply of products may become difficult and can significantly impact business results.

○ Environmental risks

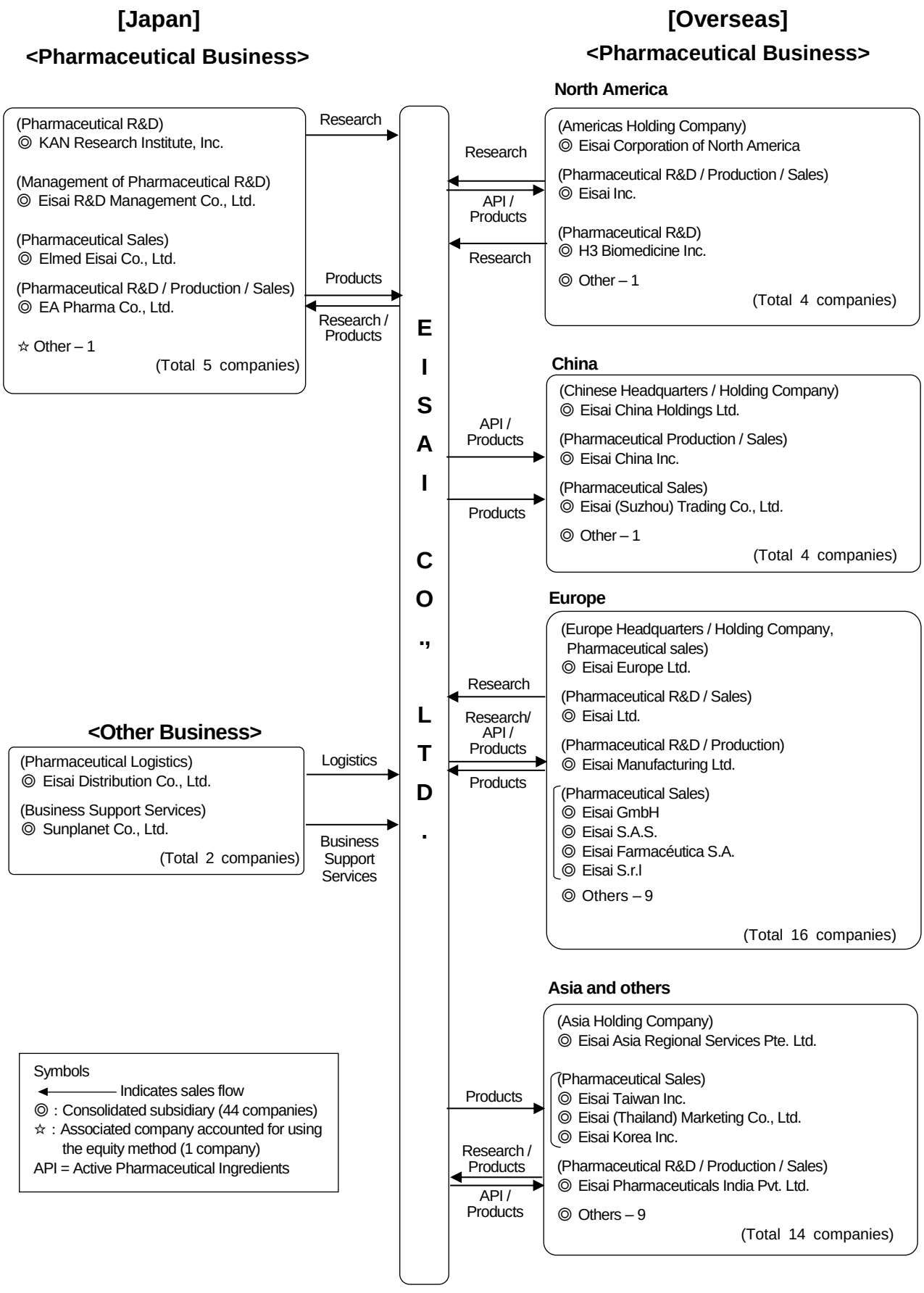
If an environmental pollution event is reported at any business office owned by the Group, in addition to significantly affecting the surrounding community and environment, the Group may be required to close the office in question or be subject to other proceedings required by law. Furthermore, the costs necessary to assume liability for payment of compensation to neighboring regions and improve the environment may significantly affect business results.

○ Risks concerning disasters

The occurrence of disasters, including natural disasters, such as earthquakes and typhoons, as well as accidents, such as fires, could result in large-scale damage to business facilities and impact the business activities of the Group. In addition, repairs to facilities damaged by these disasters may cause the Company to incur significant expenses and have a major impact on business results.

2) Overview of the Eisai Group

The diagram below shows the principal operations and business flows within the Group.



As of March 31, 2019

List of Group Companies

(As of March 31, 2019)

Company Name	Location	Share Capital		Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
(Consolidated Subsidiaries)							
Unit=million							
KAN Research Institute, Inc.	Kobe, Japan	70	JPY	Pharmaceutical R&D	100.00%	The Company commissions pharmaceutical R&D	
Eisai Distribution Co., Ltd.	Kanagawa, Japan	60	JPY	Pharmaceutical logistics	100.00%	The Company commissions pharmaceutical logistics	
Eisai R&D Management Co., Ltd.	Tokyo, Japan	16	JPY	Management of pharmaceutical R&D	100.00%	The Company commissions a part of management and other functions related to R&D	
Sunplanet Co., Ltd.	Tokyo, Japan	455	JPY	Business support services, etc.	85.53%	The Company purchases business support services, etc.	
Elmed Eisai Co., Ltd.	Tokyo, Japan	150	JPY	Pharmaceutical sales	66.60%	-	*7
EA Pharma Co., Ltd.	Tokyo, Japan	9,145	JPY	Pharmaceutical R&D / production / sales	60.00%	The Company commissions pharmaceutical R&D and production / purchases pharmaceutical products	*3
Unit=thousand							
Eisai Corporation of North America	New Jersey, USA	2,766,700	USD	Americas holding company	100.00%	-	*3
Eisai Inc.	New Jersey, USA	151,600	USD	Pharmaceutical R&D / production / sales	100.00% (100.00%)	The Company commissions pharmaceutical R&D and production / sells pharmaceutical products and API	*3 *5 *6
H3 Biomedicine Inc.	Massachusetts, USA	8	USD	Pharmaceutical R&D	100.00% (100.00%)	The Company commissions pharmaceutical R&D	
Eisai Ltd.	Ontario, Canada	30,000	CAD	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai China Holdings Ltd.	Jiangsu, China	664,465	RMB	Chinese headquarters / holding company	100.00% (100.00%)	-	*3
Eisai China Inc.	Jiangsu, China	576,125	RMB	Pharmaceutical production/ sales	100.00% (100.00%)	The Company sells pharmaceutical products and API	*3
Eisai (Suzhou) Trading Co., Ltd.	Jiangsu, China	70,000	RMB	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	
Eisai (Liaoning) Pharmaceutical Co., Ltd.	Liaoning, China	50,000	RMB	Pharmaceutical production / sales	100.00% (100.00%)	-	
Eisai Europe Ltd.	Hertfordshire, UK	184,138	GBP	Europe headquarters / holding company, pharmaceutical sales	100.00%	The Company commissions management and administration of pharmaceutical business	*3
Eisai Ltd.	Hertfordshire, UK	46,009	GBP	Pharmaceutical R&D / sales	100.00% (100.00%)	The Company commissions pharmaceutical R&D	*3
Eisai Manufacturing Ltd.	Hertfordshire, UK	38,807	GBP	Pharmaceutical R&D / production	100.00% (100.00%)	The Company sells pharmaceutical products and API / is commissioned pharmaceutical R&D	*3
Eisai GmbH	Frankfurt, Germany	7,669	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai S.A.S.	Paris, France	19,500	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai B.V.	Amsterdam, Netherlands	540	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Farmacéutica S.A.	Madrid, Spain	4,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai S.r.l.	Milan, Italy	3,500	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Pharma AG	Zurich, Switzerland	3,000	CHF	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai AB	Stockholm, Sweden	10,000	SEK	Pharmaceutical sales	100.00% (100.00%)	-	

Company Name	Location	Share Capital		Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
Unit= thousand							
Eisai Farmacêutica, Unipessoal Lda.	Lisbon, Portugal	4,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai SA/NV	Brussels, Belgium	2,001	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai GesmbH	Vienna, Austria	2,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Limited Liability Company Eisai	Moscow, Russia	4,000	RUB	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Asia Regional Services Pte. Ltd.	Singapore	34,469	SGD	Asia holding company	100.00%	-	
Eisai (Singapore) Pte. Ltd.	Singapore	300	SGD	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	
Eisai Clinical Research Singapore Pte. Ltd.	Singapore	10	SGD	Pharmaceutical R&D	100.00% (100.00%)	The Company commissions pharmaceutical R&D	
Eisai Taiwan Inc.	Taipei, Taiwan	270,000	TWD	Pharmaceutical sales	100.00%	The Company sells pharmaceutical products	
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	103,000	THB	Pharmaceutical sales	100.00% (100.00%)	The Company sells pharmaceutical products	
PT Eisai Indonesia	Jakarta, Indonesia	1,630,000	IDR	Pharmaceutical production / sales	100.00%	The Company sells pharmaceutical products and API	
Eisai (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	470	MYR	Pharmaceutical sales	100.00% (5.74%)	The Company sells pharmaceutical products	
HI-Eisai Pharmaceutical Inc.	Manila, Philippines	62,000	PHP	Pharmaceutical sales	50.00% (1.45%)	The Company sells pharmaceutical products	*4
Eisai (Hong Kong) Co., Ltd.	Hong Kong	500	HKD	Pharmaceutical sales	100.00% (10.00%)	The Company sells pharmaceutical products	
Eisai Korea Inc.	Seoul, South Korea	3,512,000	KRW	Pharmaceutical sales	100.00%	The Company sells pharmaceutical products	
Eisai Pharmaceuticals India Pvt. Ltd.	Andhra Pradesh, India	2,708,324	INR	Pharmaceutical R&D / production / sales	100.00% (11.08%)	The Company commissions pharmaceutical R&D and production / sells API / purchases pharmaceutical products	*3
Eisai Australia Pty. Ltd.	Sydney, Australia	4,000	AUD	Pharmaceutical sales	100.00%	-	
Eisai Laboratórios Ltda.	São Paulo, Brazil	87,899	BRL	Pharmaceutical sales	100.00% (100.00%)	-	
Eisai Laboratorios S. de R.L. de C.V.	Mexico City, Mexico	3	MXN	Pharmaceutical sales	100.00% (100.00%)	-	
Other—2 companies	-	-	-	-	-	-	
(Associated Companies Accounted for Using the Equity Method)							
Unit=million							
Bracco-Eisai Co., Ltd.	Tokyo, Japan	340	JPY	Contrast media imports / production / sales	49.00%	The Company purchases pharmaceutical products	

Notes:

*1. "Description of Operations" indicates the segment applicable to the respective entity.

*2. Voting rights (%): Figures in parentheses show percentage indirectly owned by the Company.

*3. Significant subsidiaries.

*4. HI-Eisai Pharmaceutical Inc. is considered to be a consolidated subsidiary as the Company holds effective control over its operation even though the Company's voting rights do not exceed 50%.

*5. Eisai Inc. is the only subsidiary whose revenue to external customers exceeds 10% of consolidated revenue reported in the consolidated financial statements for the fiscal year ended March 31, 2019. Key financial results (in Japanese yen) of Eisai Inc. are as follows:

Revenue	¥184,359 mil.
Operating Profit	¥6,279 mil.
Profit for the year	¥9,027 mil.
Total Equity	¥329,010 mil.
Total Assets	¥431,360 mil.

*6. In January 2019, Eisai Inc. conducted an absorption-type merger with its research subsidiary Morphotek Inc.

*7. In April 2019, all shares were transferred, making Elmed Eisai Co., Ltd. a wholly-owned subsidiary of Nichi-Iko Pharmaceutical Co., Ltd.

3) Proposed Changes in Directors and Corporate Officers (effective June 20, 2019)

(1) Changes in Representative Corporate Officers

a) Retiring Representative Corporate Officer

Representative Corporate Officer	Hideki Hayashi	To be appointed as Director

(2) Changes in Directors/Corporate Officers

a) Nominees for New Director

Hideki Hayashi	currently, Representative Corporate Officer, Japan Business and CIO

b) Retiring Director

Noboru Naoe	currently, Director

c) Nominees for New Corporate Officers

Vice President	Yosuke Akita	currently, Senior Group Officer Deputy Chief Talent Officer Head of Talent Innovation Headquarters
Vice President	Kappei Tsukahara	currently, Senior Group Officer Head of hhc Data Creation Center Head of Tsukuba Research Laboratories
Vice President	Hiroyuki Murayama	currently, Senior Group Officer Head of Lenvima Special Marketing, Eisai Japan
Vice President	Keisuke Naito	currently, Officer Head of Dementia Total Inclusive Ecosystems

d) Corporate Officers Scheduled for Promotion

Executive Vice President	Kenta Takahashi	currently, Senior Vice President General Counsel Intellectual Property
Executive Vice President	Ryohei Yanagi	currently, Senior Vice President Chief Financial Officer Chief IR Officer
Senior Vice President	Hidenori Yabune	currently, Vice President Head of Regional Cooperation Shuto-Ken Headquarters, Eisai Japan China and Asia Coordination, Eisai Japan
Senior Vice President	Hiroyuki Kato	currently, Vice President Chief Quality Officer Global Product Emergency Management

e) Retiring Corporate Officers

Vice President	Yasunobu Kai	To be appointed as Senior Group Officer of Eisai Co., Ltd.
Vice President	Alexander Scott	To be appointed as Executive Officer of Eisai Inc.

(3) Nominees for Directors

Haruo Naito	currently, Director Representative Corporate Officer and CEO
Yasuhiko Katoh	currently, Outside Director and Chair, Senior Adviser, Mitsui E&S Holdings Co., Ltd.
Hirokazu Kanai	currently, Director
Tamaki Kakizaki	currently, Outside Director, Professor, School of Law, Meiji University
Daiken Tsunoda	currently, Outside Director, Partner, Nakamura Tsunoda & Matsumoto
Bruce Aronson	currently, Outside Director, Affiliated Researcher, US-Asia Law Institute, New York University School of Law
Yutaka Tsuchiya	currently, Director
Shuzo Kaihori	currently, Outside Director, Adviser, Yokogawa Electric Corporation
Ryuichi Murata	currently, Outside Director, Senior Advisor, Mitsubishi UFJ Lease & Finance Company Limited
Hideyo Uchiyama	currently, Outside Director, Certified Public Accountant and Executive Advisor, ASAHI Tax Corporation
Hideki Hayashi	currently, Representative Corporate Officer, Japan Business and CIO

NOTE: Yasuhiko Katoh, Tamaki Kakizaki, Daiken Tsunoda, Bruce Aronson, Shuzo Kaihori, Ryuichi Murata and Hideyo Uchiyama are nominees who meet the requirements of an Outside Director set forth in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act of Japan.

(4) Selected Candidates for Appointment as Members of Committees

a) Nomination Committee

Chair:	Shuzo Kaihori
Members:	Bruce Aronson
	Ryuichi Murata

b) Audit Committee

Chair:	Hideyo Uchiyama
Members:	Hirokazu Kanai
	Tamaki Kakizaki
	Daiken Tsunoda
	Hideki Hayashi

c) Compensation Committee

Chair:	Bruce Aronson
Members:	Shuzo Kaihori
	Ryuichi Murata

Outside Directors Meeting and Independent Committee of Outside Directors are composed of all Outside Directors.

(5) Career Summary of Nominees for New Outside Director

Name: Hideki Hayashi
Date of Birth: Nov. 22, 1957
Career Summary:

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

(6) Nominees for Corporate Officers

Representative Corporate Officer and CEO	Haruo Naito	currently, Representative Corporate Officer and CEO
Representative Corporate Officer and COO	Yasushi Okada	currently, Representative Corporate Officer, CTO, Industry Affairs and China Business Chief Talent Officer Industry Affairs China Business General Affairs, Environmental and Safety Affairs Data Integrity

Executive Vice President	Kenta Takahashi	currently, Senior Vice President General Counsel Intellectual Property
Executive Vice President	Ryohei Yanagi	currently, Senior Vice President Chief Financial Officer Chief IR Officer
Senior Vice President	Edward Stewart Geary	currently, Senior Vice President Chief Medical Officer Head of Corporate Medical Affairs Headquarters Global Safety Board Chair
Senior Vice President	Gary Hendler	currently, Senior Vice President President, EMEA Region Chairman & CEO, Eisai Europe Ltd.
Senior Vice President	Terushige Iike	currently, Senior Vice President President, Oncology Business Group
Senior Vice President	Ivan Cheung	currently, Senior Vice President President, Neurology Business Group President, Americas Region Chairman & CEO, Eisai Inc.
Senior Vice President	Hidenori Yabune	currently, Vice President Head of Regional Cooperation Shuto-Ken Headquarters, Eisai Japan China and Asia Coordination, Eisai Japan
Senior Vice President	Hiroyuki Kato	currently, Vice President Chief Quality Officer Global Product Emergency Management
Vice President	Takashi Owa	currently, Vice President Chief Medicine Creation Officer, Oncology Business Group Chief Discovery Officer, Oncology Business Group
Vice President	Lynn Kramer	currently, Vice President Chief Clinical Officer, Neurology Business Group Chief Medical Officer, Neurology Business Group
Vice President	Sayoko Sasaki	currently, Vice President President, Asia and Latin America Region
Vice President	Junichi Asatani	currently, Vice President Chief Compliance Officer Internal Control
Vice President	Shaji Procida	currently, Vice President President & COO, Eisai Inc.
Vice President	Teiji Kimura	currently, Vice President Chief Discovery Officer, Neurology Business Group

Vice President	Masayuki Miyajima	currently, Vice President President, Eisai Japan
Vice President	Tatsuyuki Yasuno	currently, Vice President Global Partnership Development
Vice President	Yanhui Feng	currently, Vice President President, Eisai China Holdings Ltd. President, Eisai China Inc.
Vice President	Yoshiteru Kato	currently, Vice President President, Eisai Demand Chain Systems
Vice President	Mitsuaki Tanaka	currently, Vice President Chief Planning Officer
Vice President	Shohei Kanazawa	currently, Vice President Japan Business Strategy President, Consumer hhc Business Division API Solutions
Vice President	Masatomi Akana	currently, Vice President Corporate Affairs Global Value & Access
Vice President	Hiroyuki Kobayashi	currently, Vice President Chief Medical Officer Japan and Asia Head of Medical Headquarters Head of Medical Department, Medical Headquarters
Vice President	Akiko Nakahama	currently, Vice President Head of Medicine Development Center hhc Data Creation Center
Vice President	Kazumasa Nagayama	currently, Vice President Chief Strategy Officer Head of Corporate Strategy Department
Vice President	Yosuke Akita	currently, Senior Group Officer Deputy Chief Talent Officer Head of Talent Innovation Headquarters
Vice President	Kappei Tsukahara	currently, Senior Group Officer Head of hhc Data Creation Center Head of Tsukuba Research Laboratories
Vice President	Hiroyuki Murayama	currently, Senior Group Officer Head of Lenvima Special Marketing, Eisai Japan
Vice President	Keisuke Naito	currently, Officer Head of Dementia Total Inclusive Ecosystems

NOTE: Representative Corporate Officer and CEO Haruo Naito will also serve concurrently as a Director.