

Eisai Co., Ltd. (“the Company”) and its affiliates (collectively referred to as “the Group”)

Fiscal year ended March 31, 2025

Notes to Consolidated financial statements (Income taxes)

Income Taxes

(1) Income taxes

The breakdown of income taxes for the fiscal years ended March 31, 2025, and March 31, 2024, respectively, is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024
Income taxes – current (Note 1) (Note 2)	14,619	14,502
Income taxes – deferred	(1,612)	3,537
Total	13,007	18,040

(Note 1) Changes in liabilities due to valuation of uncertain tax positions are included in “income taxes – current” in the fiscal years ended March 31, 2025, and March 31, 2024, respectively.

(Note 2) On March 28, 2023, the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 3 of 2023) was enacted in Japan, to introduce a global minimum tax system based on the Pillar Two model rules. The Act is effective for the Company on or after the fiscal year ended March 31, 2025. Additionally, a global minimum taxation system has been enacted in some countries where the Group conducts business activities and has been applied starting the fiscal year ended March 31, 2025 for subsidiaries located in those countries. However, since the impact on our consolidated financial statements is not material, we are not disclosing them in separate categories.

Reconciliation between the statutory tax rate and the effective income tax rate

The effective tax rate represents ratio of income taxes to profit before income taxes.

The Company has been mainly imposed corporate income taxes, resident taxes and business taxes, thus the statutory tax rate based on these items is 30.5%. Overseas subsidiaries have corporate income taxes imposed in each jurisdiction.

(%)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024
Statutory tax rate	30.5	30.5
Tax credit for experiment and research expenses	(8.8)	(2.7)
Repayment of paid-in capital from U.S. subsidiary	(3.3)	—
Unrecognized deferred tax assets	(1.3)	0.9
Effect of tax rate changes	(1.1)	—
Tax credit	(1.1)	(1.2)
Tax rate differences in subsidiaries	(0.3)	(2.3)
Incomes taxes in the past	0.6	0.0
Uncertain tax positions	0.8	0.3
Size-based business tax (Added value component)	1.7	1.1
Expenses not permanently deductible for income tax purposes, such as entertainment expenses	1.9	1.3
Others	1.7	1.1
Effective tax rate	21.3	29.2

(2) Deferred tax assets and deferred tax liabilities

The breakdown of deferred tax assets and deferred tax liabilities for the fiscal years ended March 31, 2025, and March 31, 2024, respectively, is as follows:

Fiscal year ended March 31, 2025

(Millions of yen)

	As of April 1, 2024	Recognized through P&L	Recognized through OCI	As of March 31, 2025
Deferred tax assets				
Entrusted R&D expenses	15,085	(918)	—	14,167
Tax credit for experiment and research expenses	33,963	1,545	—	35,508
Retirement benefits liabilities	3,568	2,115	88	5,771
Depreciation and amortization	2,200	(82)	—	2,118
Accrued bonuses	4,334	334	—	4,668
Deferred charges for tax purposes	7,814	(2,557)	—	5,257
Unrealized gain on inventories	15,447	1,203	—	16,650
Net operating loss carryforward	27,713	(6,115)	—	21,598
Others	20,108	10,114	—	30,222
Sub-total	130,232	5,638	88	135,958
Deferred tax liabilities				
Intangible assets	12,571	(666)	—	11,906
Depreciation and amortization	5,490	(635)	—	4,855
Financial assets measured at fair value through OCI	7,912	—	585	8,497
Others	4,137	5,985	—	10,123
Sub-total	30,110	4,685	585	35,380
Balance (Note 1)	100,122	953	(496)	100,578

(Note 1) The difference between the balance recognized through P&L and income taxes – deferred is mainly due to changes in liabilities due to valuation of uncertain tax positions which are offset with deferred tax assets in consolidated statement of financial position and included in income taxes – current in consolidated statement of income, and changes in foreign currencies.

Fiscal year ended March 31, 2024

(Millions of yen)

	April 1, 2023	Recognized through P&L	Recognized through OCI	March 31, 2024
Deferred tax assets				
Entrusted R&D expenses	14,733	352	—	15,085
Tax credit for experiment and research expenses	23,605	10,358	—	33,963
Retirement benefits liabilities	3,223	2,705	(2,360)	3,568
Depreciation and amortization	2,394	(194)	—	2,200
Accrued bonuses	4,160	174	—	4,334
Deferred charges for tax purposes	17,977	(10,163)	—	7,814
Unrealized gain on inventories	15,678	(231)	—	15,447
Net operating loss carryforward	30,340	(2,627)	—	27,713
Others	19,179	929	—	20,108
Sub-total	131,290	1,303	(2,360)	130,232
Deferred tax liabilities				
Intangible assets	12,862	(291)	—	12,571
Depreciation and amortization	4,926	564	—	5,490
Financial assets measured at fair value through OCI	7,368	—	544	7,912
Others	4,205	(68)	—	4,137
Sub-total	29,361	205	544	30,110
Balance (Note 1)	101,928	1,098	(2,904)	100,122

(Note 1) The difference between the balance recognized through P&L and income taxes – deferred is mainly due to changes in liabilities due to valuation of uncertain tax positions which are offset with deferred tax assets in consolidated statement of financial position and included in income taxes – current in consolidated statement of income, and changes in foreign currencies.

Deferred tax assets and deferred tax liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2024
Deferred tax assets	101,311	100,826
Deferred tax liabilities	732	704
Net	100,578	100,122

(3) Deferred tax assets not recognized in the consolidated financial statements

The Group does not recognize deferred tax assets when it is not likely to arise sufficient taxable income in the future period to utilize the benefit. Breakdown of deferred tax assets not recognized in the consolidated financial statements

(Millions of yen)

	As of March 31, 2025	As of March 31, 2024
Deductible temporary differences	6,100	5,552
Net operating loss carryforward (Note 1)	12,884	12,924
Tax credit carryovers (Note 2)	6,707	6,440
Total	25,690	24,916

(Note 1) Breakdown by timing of expiration of net operating loss carryforward on which deferred tax assets are not recognized in the consolidated statements.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2024
Within one year	—	—
Over one year, within five years	—	—
Over five years	12,884	12,924
Total	12,884	12,924

(Note 2) Breakdown by timing of expiration of tax credit carryforward on which deferred tax assets are not recognized in the consolidated statements.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2024
Within one year	—	—
Over one year, within five years	—	—
Over five years	6,707	6,440
Total	6,707	6,440

(4) Temporary differences regarding investments in subsidiaries on which deferred tax liabilities are not recognized in the consolidated statement

For the fiscal year ended March 31, 2025, the amount of temporary differences regarding investments in subsidiaries on which deferred tax liabilities are not recognized in the consolidated statements is ¥630,533 million (¥625,059 million for the fiscal year ended March 31, 2024). The Group does not recognize deferred tax liabilities on the temporary differences when the Company can control the timing of dissolution of the temporary differences and it is likely not to be dissolved within foreseeable period.