[For Investors]

Summary of the Chugai IR Day

(October 8, 2024)

- This material contains information on pharmaceutical products (including products under development), which are not intended as promotional/advertisement materials and/or medical advice.
- 36 institutional investors and securities analysts attended Chugai IR Day on October 1, 2024. This document is a summary of the responses to the main questions raised at the meeting.
- The meeting was conducted in two separate groups:
  1. Executive Directors:
     Dr. Osamu Okuda, Representative Director, President & CEO
     Dr. Hitoshi Iikura, Director, Executive Vice President, Supervisory responsibility for Research, Translational Research, and Clinical Development
  2. Independent Outside Directors:
     Dr. Fumio Tateishi (Chair of the Appointment Committee)
     Hideo Teramoto (Chair of the Special Committee)

1. Discussion with Executive Directors

[TOP I 2030 Related Topics]

Accelerating the speed to enter clinical trials

- While we aim to speed up the process from research stage to entry into clinical development, creating the highest quality development candidates possible with Chugai's technologies remains our top priority.
- Initiatives aimed at accelerating entry into clinical stage can be broadly categorized into two types:
  - De-siloing: Visualizing the work of each department in the drug discovery research flow. Aiming for overall optimization, we prioritize resource allocation derived from RED SHIFT based on the impact on time reduction. Development speed has improved mainly in mid-size molecules where we had been establishing the framework.
  - Utilizing digital technology: Using our in-house developed AI technology "MALEXA®" for antibody design, we obtained antibodies of higher quality than those designed by researchers. By enhancing the continuity of digital technologies like MALEXA®, we can potentially shorten antibody development time by about 25%.

Go/No-Go Decisions in Early Development

- Following our acquisition of competitiveness in technology-driven research and ability to continuously advance in-house products to clinical stage, we established the Translational Research* (TR) Division in 2015 to handle early development.
- Since then, based on clinical data, we have focused on strengthening our scientific capability to make decisions on advancing to the next phase or discontinuing development. We prioritize obtaining necessary data for clear conclusions, even if it takes time. In-house products that have entered Phase 3 so far have reached the market with a high success rate.
- We will maintain our stance of making decisions based on science. Leveraging the knowledge accumulated over about 10 years, we will enhance our ability to conduct clinical trials effectively according to the characteristics of development molecules and determine drug potential in shortcut possible. This will help us move forward on a clear path towards realizing TOP I 2030.

* Research aimed at "bridging" results from basic research and non-clinical studies to clinical trials

Approach to Disease Areas

- While we say we don't have specific disease areas due to our technology-driven approach, looking at our discovery and early clinical stage portfolio, about 50% is in oncology where we have considerable expertise and a strong franchise. Additionally, about 20% is in immune diseases, another area where we have expertise. In other words, about 70% can be advanced based on our very strong expertise.

[Organizational culture that supports innovation]

- One of the distinctive features of Chugai's research organization is that it doesn't suppress "mavericks" who say outlandish or unconventional things. As with mid-size molecules and antibodies, there's a culture of allowing research even in the face of significant opposition. Moreover, if researchers are serious about their work, they gradually gain more collaborators. There is respect for serious researchers, and many researchers are willing to devote time to obtaining basic data even when the likelihood of developing a drug is low. We want to continue this culture that respects the desire to achieve something through one's own thinking and tolerates and supports ideas that may seem outlandish at first glance.

[Capital Policy]

- We are aware that cash may accumulate due to the success of new products, and how to use this cash is a major issue for management, which is also being discussed at the Board of Directors meetings.
- Regularly, we have investments in manufacturing facilities for production functions and environmental investments. Furthermore, we want to strengthen our R&D engine that creates value and capabilities.
- We are receiving information about new technologies from the Chugai Venture Fund (CVF) established in Boston last year. Collaboration with startups or venture companies where synergies with our strengths can be expected, or potentially M&A in the future, are options.
- We will maintain a dividend payout ratio of 45% and aim to progressively increase the dividend amount. Share buybacks are not an effective measure for Chugai due to Roche holding 60% of shares and the 35% free float ratio requirement for the TSE Prime Market.

2. Discussion with Independent Outside Directors

[Innovation and Risk]

- For future sustainable growth, we understand that continuing to create innovation in drug discovery is a key, especially the success of mid-size molecules. While mid-size molecules are challenging, we don't think the investment risk is too high judging from the proportion of R&D expenses allocated to them.
- As a foundation for innovation, psychological safety is maintained in the organization, and there is a free and open culture. When talking with technical executives, we sense they have a long-term perspective and patience.
- At Chugai, there is an ingrained awareness that they create their own value. They are conscious that if they can't innovate, they lose value. There is always an awareness of increasing their value within the Roche Group.

[Relationship with Roche]

- Technology-driven drug discovery is Chugai's strength, and efficient development is progressing in collaboration with Roche. We haven't observed any delays in the development of Chugai's out-licensed products due to strategic misalignment with Roche, but we will continue to monitor this.

[Financial Strategy]

- We have had a high interest in the use of ample cash even before appointment and have discussed it at Board meetings and in individual exchanges. We understand that allocation to R&D that contributes to sustainable growth is prioritized. In addition to accelerating research and development through RED SHIFT, investments through CVF and M&A are also considered.
- Compared to M&A in the financial industry, in pharmaceuticals, as it is the R&D activity itself, we have come to understand that it is difficult to determine the probability of success and value. Chugai is trying to identify good investment opportunities, but strikes are rare.

[Governance]

- Regarding the composition ratio of the Board of Directors, we believe the current balance is appropriate from the perspective of maximizing the value of the strategic alliance for both Chugai and Roche, with a certain number of appointments from Roche management or those with such experience. Also, the

directors have various skills and experiences, ensuring diversity and deepening discussions at Board meetings.

- For the CEO succession plan, alignment with Roche's strategy and how to enhance Chugai's position are important, with the premise of leading with awareness of the mission statement. Considering the time frame, we always pool a certain number of talents divided into three categories.
- Regarding discussions in the Special Committee, while scientific and specialized contents can be challenging, the important thing is how to proceed with discussions. We believe these can be dealt with reasonably to some extent based on legal, management, and business experience, and we think checks and balances are ensured through discussions.

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