NOTICE: For the convenience of capital market participants, Chugai makes efforts to provide English translations of the information disclosed in Japanese, provided that the Japanese original prevails over its English translation in the case of any discrepancy found between documentation.

CHUGAI PHARMACEUTICAL CO., LTD.

A member of the Roche group

CONSOLIDATED FINANCIAL STATEMENTS (IFRS) (Non-Audited)

(for the year ended December 31, 2025)

Name of Company: Chugai Pharmaceutical Co., Ltd. January 29, 2026
Stock Listing: Tokyo Stock Exchange
Security Code No.: 4519 (URL https://www.chugai-pharm.co.jp/english)
Representative: Osamu Okuda, President & CEO
Contact: Kae Miyata, Head of Corporate Communications Department
Phone: +81-(0)3-3273-0554
Date of Annual General Meeting of Shareholders: March 26, 2026
Date of Submission of Marketable Securities Filings: March 25, 2026
Date on which Dividend Payments to Commence: March 27, 2026
Supplementary Materials Prepared for the Financial Statements: Yes
Presentation Held to Explain the Financial Statements: Yes (for institutional investors, securities analysts and the media)

(Note: Amounts of less than one million yen are rounded.)

1. Consolidated results for the year ended December 31, 2025

(1) Consolidated operating results

	Revenues	% change	Operating profit	% change	Net income	% change
FY ended Dec. 2025	¥1,257,941 million	7.5	¥598,833 million	10.5	¥434,012 million	12.1
FY ended Dec. 2024	¥1,170,611 million	5.3	¥542,002 million	23.4	¥387,317 million	19.0

	Net income attributable to Chugai shareholders	% change	Total comprehensive income	% change
FY ended Dec. 2025	¥434,012 million	12.1	¥423,122 million	3.5
FY ended Dec. 2024	¥387,317 million	19.0	¥408,655 million	23.0

	Earnings per share (Basic)	Earnings per share (Diluted)
FY ended Dec. 2025	¥263.73	¥263.72
FY ended Dec. 2024	¥235.39	¥235.36

	Ratio of net income to equity attributable to Chugai shareholders	Ratio of operating profit to revenues
FY ended Dec. 2025	22.1%	47.6%
FY ended Dec. 2024	22.0%	46.3%

Note: Percentages represent changes compared with the same period of the previous fiscal year.

(2) Consolidated results (balance sheet)

	Total assets	Total equity	Equity attributable to Chugai shareholders	Ratio of equity attributable to Chugai shareholders	Equity per share attributable to Chugai shareholders
As of Dec. 31, 2025	¥2,468,595 million	¥2,025,732 million	¥2,025,732 million	82.1%	¥1,230.91
As of Dec. 31, 2024	¥2,208,373 million	¥1,901,499 million	¥1,901,499 million	86.1%	¥1,155.56

(3) Consolidated results (cash flow)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
FY ended Dec. 31, 2025	¥386,280 million	¥(201,273) million	¥(307,886) million	¥426,602 million
FY ended Dec. 31, 2024	¥447,600 million	¥(227,365) million	¥(141,006) million	¥540,202 million

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
FY ended Dec. 2024	—	¥41.00	—	¥57.00	¥98.00
FY ended Dec. 2025	—	¥125.00	—	¥147.00	¥272.00
FY ending Dec. 2026 (Forecast)	—	¥66.00	—	¥66.00	¥132.00

	Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to equity attributable to Chugai shareholders (consolidated)
FY ended Dec. 2024	¥161,259 million	41.6%	9.1%
FY ended Dec. 2025	¥447,633 million	103.1%	22.8%
FY ending Dec. 2026 (Forecast)		—%	

Notes: Breakdown of dividends per share for the end of the second quarter of FY ending Dec. 2025:
regular dividend, ¥50.00; special dividend, ¥75.00 (Special dividend for the company's 100th Anniversary)
Breakdown of dividends per share for the end of FY ending Dec. 2025:
regular dividend, ¥72.00; special dividend, ¥75.00 (Special dividend for the company's 100th Anniversary)
Breakdown of annual dividends per share for FY ending Dec. 2025:
regular dividend, ¥122.00; special dividend, ¥150.00 (Special dividend for the company's 100th Anniversary)

3. Consolidated forecasts for the year ending December 31, 2026

	Revenues	% change	Core operating profit	% change	Core net income	% change
FY ending Dec. 2026 (Forecast)	¥1,345,000 million	+6.9	¥670,000 million	+7.5	¥485,000 million	+7.5
FY ended Dec. 2025 (Results)	¥1,257,941 million	+7.5	¥623,213 million	+12.1	¥450,964 million	+13.6

	Core earnings per share		Core dividend payout ratio %
FY ending Dec. 2026 (Forecast)	¥295.00	+7.7	44.7
FY ended Dec. 2025 (Results)	¥274.02	+13.6	99.3

Notes: 1. Percentages shown for Revenues, Core operating profit, Core net income and Core EPS represent changes from the same period of the previous fiscal year.
2. The figures for the consolidated forecasts and actuals are calculated based on Core basis indicators established by Chugai and used on a consistent basis. Core EPS is diluted earnings per share attributable to Chugai shareholders on a Core basis.

4. Others

(1) Material changes in scope of consolidation during the period: None
(2) Changes in accounting policies and changes in accounting estimates
  (a) Changes in accounting policies required by IFRS: None
  (b) Changes in accounting policies other than those in (a) above: None
  (c) Changes in accounting estimates: None

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

(a) Number of shares issued at the end of the period (including treasury stock)	As of Dec. 31, 2025	1,679,057,667	As of Dec. 31, 2024	1,679,057,667
(b) Number of treasury stock at the end of the period	As of Dec. 31, 2025	33,344,248	As of Dec. 31, 2024	33,531,864
(c) Average number of shares issued during the period	FY ended Dec. 31, 2025	1,645,661,614	FY ended Dec. 31, 2024	1,645,446,014

Note: For an explanation of the number of shares used for computing earnings per share (consolidated), please refer to "Earnings per share" on page 27 of the attached document.

Notes:
The consolidated financial statements are not subject to audits.

Explanation of the appropriate use of performance forecasts and other related items

(1) Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual results may differ from these forecasts due to potential risks and uncertainties.
(2) The forecast which is published for shareholders and investors is based on the internal management indicator Core basis under International Financial Reporting Standards ("IFRS"). Core results are the results after adjusting non-recurring items recognized by Chugai to IFRS results. Chugai's recognition of non-recurring items may differ from that of Roche due to the difference in the scale of operations, the scope of business and other factors. Core results are used by Chugai as an indicator for managing internal business performance, explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results such as shareholder returns. The difference between IFRS results and Core results will be explained at each event and presentation for the period.
(3) For the specifics of the forecasts, please refer to "Future outlook" on page 10, "Basic capital allocation principles and dividends for the fiscal year under review and the following fiscal year" on page 11, and "Management Principles and Goals" on page 12- 19 of the attached document.
(4) Chugai is scheduled to hold a conference to explain the financial results as noted below. The presentation materials will be posted on the Chugai's website at the time of full year results announcement.
Presentation for institutional investors, securities analysts and the media (Onsite/online conference with simultaneous interpretation): January 29, 2026, Thursday (Japan time)
The English-translated scripts of the presentation and the Q&A will be posted on the website within two business days.

Index of the Attachment

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year under review in billions of yen

	Year ended December 31		% change
	2025	2024	
Core results			
Revenue	**1,257.9**	**1,170.6**	**+7.5**
Sales	1,077.8	997.9	+8.0
Other revenue	180.1	172.7	+4.3
Cost of sales	(351.5)	(338.1)	+4.0
Gross profit	**906.5**	**832.5**	**+8.9**
Research and development	(180.1)	(176.9)	+1.8
Selling, general and administration	(103.2)	(102.2)	+1.0
Other operating income (expense)	0.0	2.7	―
Operating profit	**623.2**	**556.1**	**+12.1**
Net income	**451.0**	**397.1**	**+13.6**
IFRS results			
Revenue	1,257.9	1,170.6	+7.5
Operating profit	598.8	542.0	+10.5
Net income	434.0	387.3	+12.1

Consolidated financial highlights (IFRS results)
Revenue for the fiscal year under review was ¥1,257.9 billion (an increase of 7.5% year on year), operating profit for the fiscal year under review was ¥598.8 billion (an increase of 10.5% year on year), and net income for the fiscal year under review was ¥434.0 billion (an increase of 12.1% year on year). These results include non-Core items, which are excluded from the Core results that Chugai adopts to manage recurring business activities, such as amortization of intangible assets of ¥1.4 billion, impairment loss of intangible assets of ¥1.7 billion, business rebuilding expenses of ¥13.3 billion, expenses relating to the management decision to collectively discontinue in-house development projects, etc. of ¥16.4 billion, and restructuring expenses of ¥8.4 billion (income), including gain on sales of non-current assets in conjunction with the closing of a business office.

Consolidated financial highlights (Core results)
Revenue for the fiscal year under review was ¥1,257.9 billion (an increase of 7.5% year on year), due to an increase in sales.

Of revenue, sales were ¥1,077.8 billion (an increase of 8.0% year on year). Domestic sales exceeded the levels of the same period of the previous fiscal year due to the increase in the sales of new products Phesgo and PiaSky, and the mainstay products Vabysmo, Enspryng, and Hemlibra, despite the market penetration of generic drugs and the effects of the NHI drug price revisions. Overseas sales increased compared to the same period of the previous fiscal year due to the increase in the export of Hemlibra and Actemra to Roche. Other revenue was ¥180.1 billion (an increase of 4.3% year on year), due to the increase in income related to Hemlibra, despite a decrease in one-time income. Furthermore, cost to sales ratio was 32.6%, an improvement of 1.3 percentage points year on year, reflecting the effects of foreign exchange, a change in product mix, and other factors. As a result, gross profit amounted to ¥906.5 billion (an increase of 8.9% year on year).

Research and development expenses were ¥180.1 billion (an increase of 1.8% year on year) due to increases associated with investments into drug discovery/early development and the progress of development projects, etc., and selling, general and administration expenses were ¥103.2 billion (an increase of 1.0% year on year) due to an increase in various expenses. Other operating income (expense) was income of ¥0.0 billion (¥2.7 billion of income for the same period of the previous fiscal year). As a result, core operating profit was ¥623.2 billion (an increase of 12.1% year on year), and core net income has increased for a ninth consecutive fiscal year to ¥451.0 billion (an increase of 13.6% year on year).

Meanwhile, compared to the full year forecast announced on January 30, 2025, revenue exceeded the full year forecast by 5.7% to ¥1,257.9 billion, due to the favorable performance of both domestic and overseas sales. Furthermore, the cost to sales ratio improved 0.9 percentage points over the full year forecast to 32.6%, due to a change in product mix, etc., but research and development expenses of ¥180.1 billion (an increase of 1.2% over the full year forecast) and selling, general and administration expenses of ¥103.2 billion (an increase of 2.2% over the full year forecast) were almost par with the forecasts. As a result, core operating profit surpassed the full year forecast by 9.3% to reach ¥623.2 billion, and core net income increased by 10.0% to reach ¥451.0 billion.

Note: Core results
Chugai discloses its results on a Core basis from 2013 in conjunction with its transition to IFRS. Core results are the results after adjusting non-recurring items recognized by Chugai to IFRS results. Chugai's recognition of non-recurring items may differ from that of Roche due to the difference in the scale of operations, the scope of business and other factors. Core results are used by Chugai as an internal performance indicator, for explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results.

For further details regarding the adjustment to IFRS results, please refer to the Supplementary Materials for Consolidated Financial Statements for the year ended December 31, 2025 (IFRS) ("Supplementary Materials"), dated January 29, 2026, on page 1, entitled "Reconciliation of IFRS results to Core results."

Sales breakdown in billions of yen

	Year ended December 31		% change
	2025	2024	
Sales	**1,077.8**	**997.9**	**+8.0**
Domestic sales	**472.4**	**461.1**	**+2.5**
Oncology	246.5	247.7	(0.5)
Specialty	225.8	213.4	+5.8
Overseas sales	**605.4**	**536.8**	**+12.8**

Domestic sales
Domestic sales were ¥472.4 billion (an increase of 2.5% year on year) due to the sales growth of new products and mainstay products, despite the market penetration of generic drugs and the effects of the NHI drug price revisions.

Oncology products sales were ¥246.5 billion (a decrease of 0.5% year on year). Sales of the mainstay product Avastin (an anti-VEGF humanized monoclonal antibody, anti-cancer agent) decreased due to the market penetration of generic drugs and the effects of the NHI drug price revisions. In addition, sales of Perjeta (an anti-HER2 humanized monoclonal antibody, anti-cancer agent) decreased significantly, mainly due to the ongoing replacement of Perjeta with the new product Phesgo (antineoplastic agent/anti-HER2 humanized monoclonal antibody/hyaluronan-degradation enzyme combination drug), a subcutaneous combination drug containing Perjeta. Meanwhile, in addition to the significant increase in sales of Phesgo, the market penetration of Lunsumio (antineoplastic agent/anti-CD20/CD3 humanized bispecific monoclonal antibody), launched in March 2025, was also favorable, and the mainstay product Polivy (an antimicrotubule binding anti-CD79b monoclonal antibody, anti-cancer agent) performed strongly.

Specialty product sales were ¥225.8 billion (an increase of 5.8% year on year). This was primarily due to the strong sales of the mainstay product Vabysmo (an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody), Enspryng (pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody), and Hemlibra (a blood coagulation factor VIII substitute/anti-coagulation factor IXa/X humanized bispecific monoclonal antibody), as well as the favorable market penetration of the new product PiaSky (a pH-dependent binding humanized anti-complement (C5) monoclonal antibody), despite the market penetration of generic drugs and the effects of the NHI drug price revisions.

Meanwhile, compared to the full year forecast announced on January 30, 2025, domestic sales increased by 2.1% to ¥472.4 billion, due to the increased sales of Hemlibra, Enspryng, Vabysmo, etc.

Overseas sales
Overseas sales amounted to ¥605.4 billion (an increase of 12.8% year on year). In terms of exports to Roche, sales of Hemlibra and Actemra (a humanized anti-human IL-6 receptor monoclonal antibody) grew from the same period of the previous fiscal year.

Meanwhile, compared to the full year forecast announced on January 30, 2025, overseas sales increased by 9.0% to ¥605.4 billion, due to the increase in exports of Actemra and Hemlibra to Roche and other factors.

R&D activities

In Japan and overseas, the Chugai Group ("the Group") is actively engaged in prescription pharmaceutical R&D activities and is working to develop innovative products with global application. In Japan, Chugai Life Science Park Yokohama is conducting drug discovery research, and Ukima Research Laboratories are conducting industrialization research. Overseas, Chugai Pharma USA, Inc. (United States); Chugai Pharma Europe Ltd. (United Kingdom); Chugai Pharma China Co., Ltd. (China); and Chugai Pharma Taiwan Ltd. (Taiwan) are engaged in clinical development and submission of applications in their respective countries and areas. Chugai Pharmabody Research Pte. Ltd. (Singapore) is engaged in drug discovery research.

In the fiscal year under review, R&D expenses on a Core basis totaled ¥180.1 billion (an increase of 1.8% year on year), and the ratio of R&D expenses to revenue was 14.3%.

Progress made in R&D activities during the period from January 1, 2025 to December 31, 2025 was as follows.

Oncology

- We obtained approval for an antineoplastic agent/humanized anti-PD-L1 monoclonal antibody RG7446 (Product name: Tecentriq) for an additional indication of unresectable alveolar soft part sarcoma in February 2025 and relapsed or refractory extranodal NK/T-cell lymphoma, nasal type in September 2025, respectively. Additionally, we filed for RG7446 for an additional indication of the treatment of unresectable thymic carcinoma in May 2025 and obtained approval in December 2025. Furthermore, we decided to discontinue the domestic development of RG7446 for prostate cancer (2nd Line) (in combination with cabozantinib) in consideration of the results of global Phase III study CONTACT-02. We also decided to discontinue the development for early breast cancer (perioperative) and non-small cell lung cancer (perioperative), in consideration of the results of prior clinical studies and global Phase III study IMpower030, respectively.
- We filed for an antineoplastic agent/ALK inhibitor AF802/RG7853 (Product name: Alecensa) for an additional indication of the treatment of *ALK* fusion/rearrangement gene-positive unresectable advanced or recurrent solid tumors in June 2025.
- We filed for an antineoplastic agent/humanized anti-CD20/CD3 bispecific antibody RG7828 (Product name: Lunsumio) for an additional indication of the treatment of relapsed or refractory aggressive B-cell non-Hodgkin's lymphoma, in combination with Polivy in May 2025.
- We filed for an anti-cancer agent/humanized anti-VEGF monoclonal antibody RG435 (Product name: Avastin) for an additional indication of the treatment of neurofibromatosis type 2 in August 2025. We decided to discontinue the development of RG435 for small cell lung cancer (1st Line) in combination with Tecentriq, considering the results of Phase III study BEAT-SC.
- We started domestic Phase II studies for an anti-CD20/CD3 bispecific antibody RG6026 for the treatment of relapsed or refractory diffuse large B-cell lymphoma, and relapsed or refractory mantle cell lymphoma in August 2025.
- We started Phase Ib/II study for a KRAS G12C inhibitor RG6330 for the treatment of non-small cell lung cancer (1st Line) in October 2025.
- We started domestic Phase I/II study for a PI3Kα inhibitor RG6114 for the treatment of *PIK3CA*-mutated breast cancer in combination with palbociclib and fulvestrant in July 2025.
- We started Phase I study for MINT91 for the treatment of solid tumors in April 2025.
- We started Phase I study for a pan-KRAS inhibitor AUBE00 for the treatment of solid tumors in June 2025.
- We decided to discontinue the development of an anti-TIGIT human monoclonal antibody RG6058 for non-small cell lung cancer (1st Line), non-small cell lung cancer (stage III), esophageal cancer, all in combination with Tecentriq, and hepatocellular carcinoma (1st Line) in combination with Tecentriq and Avastin, considering the results of global Phase III studies SKYSCRAPER-01, SKYSCRAPER-03, SKYSCRAPER-07, and SKYSCRAPER-14, respectively.
- We decided to discontinue the development of an anti-HER2/CD3 bispecific antibody RG6194 for solid tumors in consideration of business strategy.
- We made a management decision to discontinue the in-house development of a RAS inhibitor LUNA18, considering obtained data up to date and the portfolio status.
- We made a management decision to discontinue the in-house development of an anti-CD137 agonistic switch antibody STA551, considering obtained data up to date and the portfolio status.
- We made a management decision to discontinue the in-house development of an anti-latent TGF-β1 monoclonal antibody SOF10, considering obtained data up to date and the portfolio status.
- We made a management decision to discontinue the in-house development of an anti-CLDN6/CD3/CD137 trispecific antibody SAIL66, considering obtained data up to date and the portfolio status.

Immunology
- We filed for an immunosuppressant (Product name: CellCept) based on public knowledge in March 2025 and obtained approval for an additional indication of refractory nephrotic syndrome (frequently relapsing or steroid-dependent nephrotic syndrome) in September 2025.
- We started global Phase III study for an anti-TL1A antibody RG6631 for the treatment of ulcerative colitis in April 2025 and Crohn's disease in September 2025.
- We acquired the exclusive development and commercialization rights in Japan, South Korea, and Taiwan for sparsentan, an endothelin/angiotensin II receptor dual antagonist currently undergoing a domestic Phase III study for IgA nephropathy, by making Renalys Pharma, Inc. a wholly-owned subsidiary in November 2025.

Neuroscience
- We obtained approval for a viral vector product RG6356/SRP-9001 (Product name: Elevidys) as a regenerative medicine product for the treatment of Duchenne muscular dystrophy (DMD) (ambulatory patients with DMD who do not have a deletion of any portion or the entirety of exon 8 and/or exon 9 in the *DMD* gene, are negative for anti-AAVrh74 antibodies, and are 3 years to less than 8 years of age) under the conditional and time-limited approval pathway in Japan in May 2025.
- We started global Phase III study for an anti-amyloid beta/TfR1 fusion protein RG6102 for the treatment of Alzheimer's disease in November 2025.
- We started Phase II study for a pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody SA237/RG6168 (Product name: Enspryng) for the treatment of Duchenne muscular dystrophy (DMD) in April 2025.

Hematology
- We started global Phase III study for a blood coagulation factor VIII substitute/anti-coagulation factor IXa/X humanized bispecific monoclonal antibody ACE910/RG6013 (Product name: Hemlibra) for the treatment of type 3 von Willebrand disease in June 2025.
- We decided to remove a pH-dependent binding humanized anti-complement (C5) monoclonal antibody SKY59/RG6107 (Product name: PiaSky) for the treatment of sickle cell disease from the pipeline following the decision made by Roche to discontinue the development, considering the results of overseas study.

Ophthalmology
- We obtained approval for an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody RG7716 (Product name: Vabysmo) for an additional indication of the treatment of choroidal neovascularization associated with angioid streaks in May 2025. We started domestic Phase III study for the treatment of non-proliferative diabetic retinopathy in May 2025.

Other Diseases
- We started global Phase III study for an RNAi therapeutic targeting angiotensinogen RG6615 for the treatment of hypertension in November 2025.
- We started Phase II study for an anti-latent myostatin sweeping antibody GYM329/RG6237 for the treatment of obesity in May 2025.
- We started Phase I study for an anti-C1s recycling antibody RAY121 in March 2025.
- We made a management decision to discontinue the in-house development of an anti-IL-8 recycling antibody AMY109, considering obtained data up to date and the portfolio status.
- We decided to discontinue the development of BRY10 for chronic diseases, considering obtained data up to date.

Note: In (1), amounts less than ¥0.1 billion have been rounded to the nearest ¥0.1 billion. Figures for changes in amounts and percentages have been calculated using data denominated in ¥0.1 billion units.

(2) Overview of financial position for the fiscal year under review in billions of yen

	December 31, 2025	December 31, 2024	Change in amount
Net operating assets (NOA) and Net assets			
Net working capital	527.0	448.7	78.3
Long-term net operating assets	583.3	498.9	84.4
Net operating assets (NOA)	**1,110.3**	**947.6**	**162.7**
Net cash	979.7	996.3	(16.6)
Other non-operating assets – net	(64.3)	(42.5)	(21.8)
Total net assets	**2,025.7**	**1,901.5**	**124.2**
Consolidated balance sheet (IFRS basis)			
Total assets	2,468.6	2,208.4	260.2
Total liabilities	(442.9)	(306.9)	(136.0)
Total net assets	2,025.7	1,901.5	124.2

Net operating assets (NOA) at December 31, 2025 were ¥1,110.3 billion, an increase of ¥162.7 billion from the end of the previous fiscal year. Of NOA, net working capital was ¥527.0 billion, an increase of ¥78.3 billion from the end of the previous fiscal year, due mainly to an increase in trade accounts receivable and an increase in other accounts receivable, etc., despite an increase in trade accounts payable. Long-term net operating assets increased by ¥84.4 billion to ¥583.3 billion since the end of the previous fiscal year, mainly due to the investments in the manufacturing building for bio drug substance (UT3) and the injection building (UTA) in the Utsunomiya Plant, and an increase in intangible assets.

As indicated in "(3) Overview of cash flows for the fiscal year under review" on the next page, net cash, including marketable securities and interest-bearing debt decreased by ¥16.6 billion from the end of the previous fiscal year to ¥979.7 billion. Other non-operating assets – net decreased by ¥21.8 billion from the end of the previous fiscal year to ¥(64.3) billion due mainly to an increase in lease liabilities.

As a consequence, total net assets were ¥2,025.7 billion (an increase of ¥124.2 billion since the end of the previous fiscal year).

Note: Net operating assets (NOA) and Net assets
The consolidated balance sheet has been prepared in accordance with International Accounting Standards (IAS) No. 1, "Presentation of Financial Statements." On the other hand, Net operating assets (NOA) and Net assets are a reconfiguration of the consolidated balance sheet as internal indicators and are identical to the indicators disclosed by Roche. Furthermore, no items from Net operating assets (NOA) and Net assets have been excluded, as the Core results concept only applies to the income statement.

For further details, please refer to the Supplementary Materials on page 8, entitled "Financial position."

Note: Net operating assets (NOA)
Net operating assets allow for an assessment of the Group's operating performance of the business independently from financing and tax activities. Net operating assets are calculated as net working capital, long-term net operating assets that includes property, plant and equipment, intangible assets etc. minus provisions.

Note: In (2), amounts less than ¥0.1 billion have been rounded to the nearest ¥0.1 billion. Figures for changes in amounts have been calculated using data denominated in ¥0.1 billion units.

(3) Overview of cash flows for the fiscal year under review in billions of yen

	Year ended December 31		
	2025	2024	% change
Free cash flows			
Operating profit - IFRS basis	598.8	542.0	+10.5
Operating profit, net of operating cash adjustments	651.5	584.8	+11.4
Operating free cash flows	452.1	493.4	(8.4)
Free cash flows	**273.3**	**386.8**	**(29.3)**
Net change in net cash	(16.6)	257.3	―
Consolidated statement of cash flows (IFRS basis)			
Cash flows from operating activities	386.3	447.6	(13.7)
Cash flows from investing activities	(201.3)	(227.4)	(11.5)
Cash flows from financing activities	(307.9)	(141.0)	+118.4
Net change in cash and cash equivalents	(113.6)	81.5	―
Cash and cash equivalents at December 31	426.6	540.2	(21.0)

Operating profit, net of operating cash adjustments, amounted to ¥651.5 billion (an increase of 11.4% year on year), which was calculated by adjusting for depreciation and other items that are included in operating profit but are not accompanied by cash inflows or outflows and all inflows and outflows related to NOA that are not accompanied by profit and loss.

Operating free cash flows for the fiscal year under review amounted to a net inflow of ¥452.1 billion (a decrease of 8.4% year on year), reflecting adjusted operating profit, net of operating cash adjustments after deducting an increase in net working capital of ¥79.7 billion and an expenditure of ¥76.3 billion for the purchase of property, plant and equipment. Factors accounting for the increase in net working capital, etc. are as indicated in "(2) Overview of financial position for the fiscal year under review" on the previous page.

Free cash flows were a net cash inflow of ¥273.3 billion (a decrease of 29.3% year on year) due mainly to income taxes paid of ¥191.1 billion from operating free cash flows.

The net change in net cash calculated by subtracting dividends paid of ¥299.4 billion, etc. from free cash flows was a decrease of ¥16.6 billion.

The net change in cash and cash equivalents, excluding changes in marketable securities and interest-bearing debt, was a net cash outflow of ¥113.6 billion. The cash and cash equivalents balance on December 31, 2025 amounted to ¥426.6 billion.

Note: Free cash flows (FCF)
The consolidated statement of cash flows has been prepared in accordance with International Accounting Standard (IAS) No. 7, "Statement of Cash Flows." FCF is a reconfiguration of the consolidated statement of cash flows as internal indicators and is identical to the indicators disclosed by Roche. Furthermore, no items from FCF have been excluded, as the Core results concept only applies to the income statement.

For further details, please refer to the Supplementary Materials on page 9, entitled "Cash flows."

Cash flow related indicators

	Year ended December 31			
	2025	2024	2023	2022
Ratio of equity attributable to Chugai shareholders (%)	82.1	86.1	84.1	76.2
Ratio of equity attributable to Chugai shareholders on a market basis (%)	549.5	521.5	454.8	296.3
Interest-coverage ratio (times)	900.8	4,769.6	5,029.9	4,171.1

Ratio of equity attributable to Chugai shareholders: Equity attributable to Chugai shareholders / Total assets
Ratio of equity attributable to Chugai shareholders on a market basis: Total market capitalization / Total assets
Interest-coverage ratio: Cash flows / Interest payments

Notes:
1. All of the figures in the aforementioned indicators were calculated on a consolidated basis.
2. Total market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of outstanding shares at the end of the period (excluding treasury stock).
3. Cash flows from operating activities in the consolidated statement of cash flows were used as cash flows in the calculations above.
4. Interest paid in the consolidated statement of cash flows was used as interest payment in the calculations above.

Note: In (3), amounts less than ¥0.1 billion have been rounded to the nearest ¥0.1 billion. Figures for changes in amounts and percentages have been calculated using data denominated in ¥0.1 billion units.

(4) Future outlook

Forecast assumptions for the next fiscal year (FY2026)

In preparing Chugai performance outlook, Chugai has assumed exchange rates of ¥184/CHF, ¥179/EUR, ¥151/USD, and ¥119/SGD.

Outlook for the fiscal year

Revenue

Revenue is expected to increase to ¥1,345.0 billion (an increase of 6.9% year on year).

Of revenue, domestic sales are expected to increase to ¥498.0 billion (an increase of 5.4% year on year), due to an increase in sales volume of the new product Lunsumio as well as mainstay products, despite the decrease in sales caused by the effects of the NHI drug price revisions and the market penetration of generic drugs.

Overseas sales are expected to be at levels similar to the same period of the previous fiscal year at ¥602.0 billion (a decrease of 0.6% year on year), due to factors such as a decrease in Actemra despite the growth in sales of NEMLUVIO and Hemlibra.

Other revenue is expected to be ¥245.0 billion (an increase of 36.0% year on year). Royalty and profit-sharing income are forecasted to increase to ¥217.2 billion (an increase of 25.8% year on year), due to increases in out-licensed products to third parties and income related to Hemlibra. Other operating income is expected to be ¥27.8 billion (an increase of 270.7% year on year) due to the increase in one-time income.

Core Operating Profit / Core EPS

Gross profit is expected to be ¥961.5 billion (an increase of 6.1% year on year), with the assumption that the cost to sales ratio is 34.9%, which is a 2.3 percentage point improvement year on year, due to a change in the product mix, etc., in addition to the above outlook on revenue.

Due to investments into drug discovery/early development and increases associated with the progress of development projects, etc., research and development expenses are expected to be ¥190.0 billion (an increase of 5.5% year on year), and selling, general and administration expenses are expected to be ¥102.0 billion (a decrease of 1.2% year on year,) which is at the same level as the previous year.

As a result, Core operating profit is expected to reach ¥670.0 billion (an increase of 7.5% year on year) and Core net income is expected to increase to ¥485.0 billion (an increase of 7.5% year on year). Core EPS of ¥295.00 (an increase of 7.7% year on year) is also expected.

(Billions of yen)

	Outlook for FY 2026	% change
Revenue	1,345.0	+6.9
Sales	1,100.0	+2.1
Core operating profit	670.0	+7.5
Core net income	485.0	+7.5

Note: In (4), amounts less than ¥0.1 billion have been rounded to the nearest ¥0.1 billion. Figures for changes in amounts and percentages have been calculated using data denominated in ¥0.1 billion units.

(5) Capital allocation policy and dividends for the fiscal year under review and the following fiscal year

1) Capital allocation policy

Chugai is committed to appropriately allocating capital to provide solutions that create value for patients and deliver stable returns to shareholders. This commitment aligns with its mission: "Dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world."

Capital Allocation for "Value Creation"

1. Investment for Creation and Delivery of Innovative Medicine
   We will appropriately allocate capital to create and deliver innovative drugs, by investing in our research and development powered by our unique strength in science and technology, as well as through investments such as in manufacturing facilities for stable supply of high-quality products & investigational drugs.
2. Expanding "Value Creation Engine"
   We will pursue opportunities of strategic investments including Open Innovation to strengthen drug discovery platforms.
3. Other Investment Opportunities
   We will appropriately evaluate other investment opportunities which support sustainable growth of Chugai and solutions of social issues such as environmental preservation.

Shareholder Returns

Taking into account strategic funding needs and earnings prospects, Chugai sets a target for consolidated dividend payout ratio of 45% on average in comparison with Core EPS, with an aim to continuously provide a stable allocation of profit to all shareholders.

2) Dividends for the fiscal year under review and the following fiscal year

In the fiscal year ended December 31, 2025, Chugai achieved an increase in Core net income for the ninth consecutive fiscal year, which resulted in Core EPS increasing by 13.6% year on year.

Reflecting the favorable results and based on our principles of "a stable allocation of profit" and "aiming for a consolidated dividend payout ratio of 45% on average in comparison with Core EPS," the year-end dividends for the fiscal year ended December 31, 2025 are planned to be ¥147 per share (a regular dividend of ¥72 per share and a special dividend for the company's 100th Anniversary of ¥75). As a result, the annual dividend per share will be ¥272 per share (a regular dividend of ¥122 per share and a special dividend for the company's 100th Anniversary of ¥150), and the Core dividend payout ratio is 99.3% (an average of 54.9% for the past five years).

For the following fiscal year ending December 31, 2026, Chugai expects annual dividends of ¥132, including interim dividends of ¥66. As a result, the Core dividend payout ratio for 2026 is expected to be 44.7% (54.7% on a five-year average basis).

	Amount decided	Latest forecast for dividend (January 30, 2025)	Actual in the previous fiscal year (ended December 31, 2024)
Record date	December 31, 2025	December 31, 2025	December 31, 2024
Year-end dividends per share	¥147.00	¥125.00	¥57.00
Total dividends	¥241,920 million	—	¥93,795 million
Effective date	March 27, 2026	—	March 28, 2025
Dividend resource	Retained earnings	—	Retained earnings

2. Management Principles and Goals

(1) Basic management principles

In line with its strategic alliance with the world-leading pharmaceutical company Roche, the Group upholds its Mission of "dedicating ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world" and its Envisioned Future of "becoming a top innovator for advanced and sustainable patient-centric healthcare." The Group promotes its business activities by aligning itself to its Core Values of "Patient Centric," "Pioneering Spirit" and "Integrity."

The basic management principles are to create shared value and develop hand in hand with society. Under these basic management principles, the Group has formulated a value-creation model to bring about the realization of advanced and sustainable patient-centric healthcare, and in 2024, it conducted a comprehensive revision of its materiality. As a result, we identified 16 material issues that should be given priority, and in our assessment, we closely examined the aspects of both "the impact of the environment and society on the company (financial materiality)" and "the impact of the company on the environment and society (impact materiality)."

By leveraging our unique strength in science and technology in addition to our strategic alliance with Roche, we will focus on innovation underpinned by innovative drug discovery and aim to become a global role model that leads the way in solving social issues encapsulated by ESG and the SDGs. The Group is convinced that these activities will contribute to enhancing the sustainability of society as a whole, while laying a foundation for the long-term development of the Group.

(2) Target management indicators

The Group places emphasis on increasing corporate value by generating innovation, and prioritizes the allocation of management resources to the development of innovative new drugs. The Group works to conduct flexible and agile business operations, in order to achieve stable profit growth over the short- to medium-term, while focusing on Core ROIC as an indicator of investment efficiency over the long term. Moreover, the Group considers ROE, which measures profitability against equity provided by shareholders, to be an important indicator. While using Core ROIC as its foundation, the Group also emphasizes ROE, thereby pursuing the maximization of both business value and shareholder value. In addition, whenever making investment decisions such as individual development projects, the Group carries out an evaluation of investment value based on capital costs, and makes decisions with emphasis on profitability and efficiency.

Chugai formulated a growth strategy toward 2030, "TOP I 2030" (described later) in 2021, and has been working to achieve the goals of "Double R&D output" and "Launch global in-house products every year." In promoting "TOP I 2030," Chugai has determined to stop formulating medium-term (three years) management plans, and instead it has set and manages goals (in three to five years) as medium-term milestones so that it can fill the gap between the current state and goals by backcasting from the long-term goals. In this way, Chugai aims to achieve its long-term goals while modifying plans in an agile and flexible manner in accordance with the progress of the plans and changes in the environment. Chugai will disclose the status of progress of its medium- to long-term business activities, by explaining the progress of medium-term milestones and the outlook for R&D pipelines, and indicate the path for achieving these objectives. Chugai also plans to continue disclosing single-year earnings forecasts and providing explanation on the management status at briefing sessions and other meetings, in order to report the progress of the business strategies set forth by Chugai in a timely manner.

(3) Management environment and issues to be addressed

The world abounds with diseases that currently have no cure. Moreover, there are growing expectations and needs for pharmaceuticals due to an increase in the world population and progressive demographic graying in each country. In addition, dramatic advances in life sciences, generative AI, and other digital technologies are expanding opportunities to create innovations to solve healthcare issues, including those in other industries. Meanwhile, more and more stringent policies to curb medical expenditures, including drug costs, are being implemented amid the strain on budgets in each country due to an increase in social security costs such as medical expenditures. The realization of sustainable medical care has become a common issue in the world. As such, in order to realize advanced and sustainable medical care with limited resources, the trend toward VBHC (Value Based Healthcare) is steadily gaining momentum, in which only solutions that offer true value are pursued. Additionally, digital companies as well as various other players are now entering the healthcare area, which has given rise to intensification more than ever before of competition beyond the scope of existing industries. Furthermore, with the increasing uncertainty surrounding business operations due to mounting geopolitical risks arising from international political instability, energy prices, inflation, and other factors, we are faced with a wide range of issues that need to be addressed in operating businesses including the protection of the earth environment, information security measures, and responses to accelerating technological innovations such as AI (artificial general intelligence).

Under these circumstances, “the pursuit of innovation” is the most important challenge in order to fulfill the Group’s mission of providing innovative drugs. In order to realize optimal medical care for each and every patient, there is a need for the development of new drugs that respond to unmet medical needs through the search for new therapy targets and further innovation in drug discovery technologies. The key to securing a competitive advantage is to acquire and enhance capabilities that break through conventional drug discovery abilities, while flexibly incorporating new technologies that leverage advances in life sciences as well as the evolution of digital technologies such as big data and AI. In addition, amid an increasingly severe business environment for pharmaceutical companies due to increased financial pressure on a worldwide scale, there is even greater need of transformation to a structure that enables concentrated investment of limited resources on innovation.

The Group achieved top-class growth in Japan based on its unique strength in science and technology and its strategic alliance with Roche. The Group concentrates resources on in-house drug discovery and continuously generates innovative R&D projects, through the business model that leverages the Roche global platform and achieves a high level of productivity in the late-stage development and sales of its own products, while securing a stable revenue foundation on the Japanese market through Roche’s fully stocked pipeline. As a result, the Group’s drug discovery capabilities have been highly evaluated worldwide, with six drugs and nine projects in which the drugs discovered by Chugai (including Actemra, Alecensa, Hemlibra, Enspryng and Nemolizumab) are designated as Breakthrough Therapy* by the U.S. Food and Drug Administration (FDA).

Going forward, the Group will continue to strive to enhance our corporate value and solve social issues through the swift development and delivery of innovative new drugs to patients.

* Breakthrough Therapy: Drug candidates that are expected to be more effective than existing therapies for treating serious or life-threatening diseases or conditions.

(4) Growth strategy for 2030 “TOP I 2030”

With a view toward realizing the Envisioned Future set out in its Mission Statement, the Group has formulated and implemented “TOP I 2030,” a growth strategy to achieve this goal since 2021, while materializing the vision of what it means to be a top innovator by 2030. In July 2024, the Group reviewed the progress and outcomes so far and further refined its strategy.

Our envisioned Top Innovator in 2030:

1. “Expectation from patients all over the world”
   A company with drug discovery capabilities that meet the world’s highest standards, and which offers hope to patients around the world, that “Chugai will surely create new treatments”

2. “Attracting talent and players from around the world”
   A company that attracts passionate talent from all over the world, and inspire players involved in healthcare around the world to think they can create something new by partnering with Chugai

3. “Role model for the world”
   A company that places sustainability at the core of its business activities and serves as a global role model by playing a leading role in solving social issues

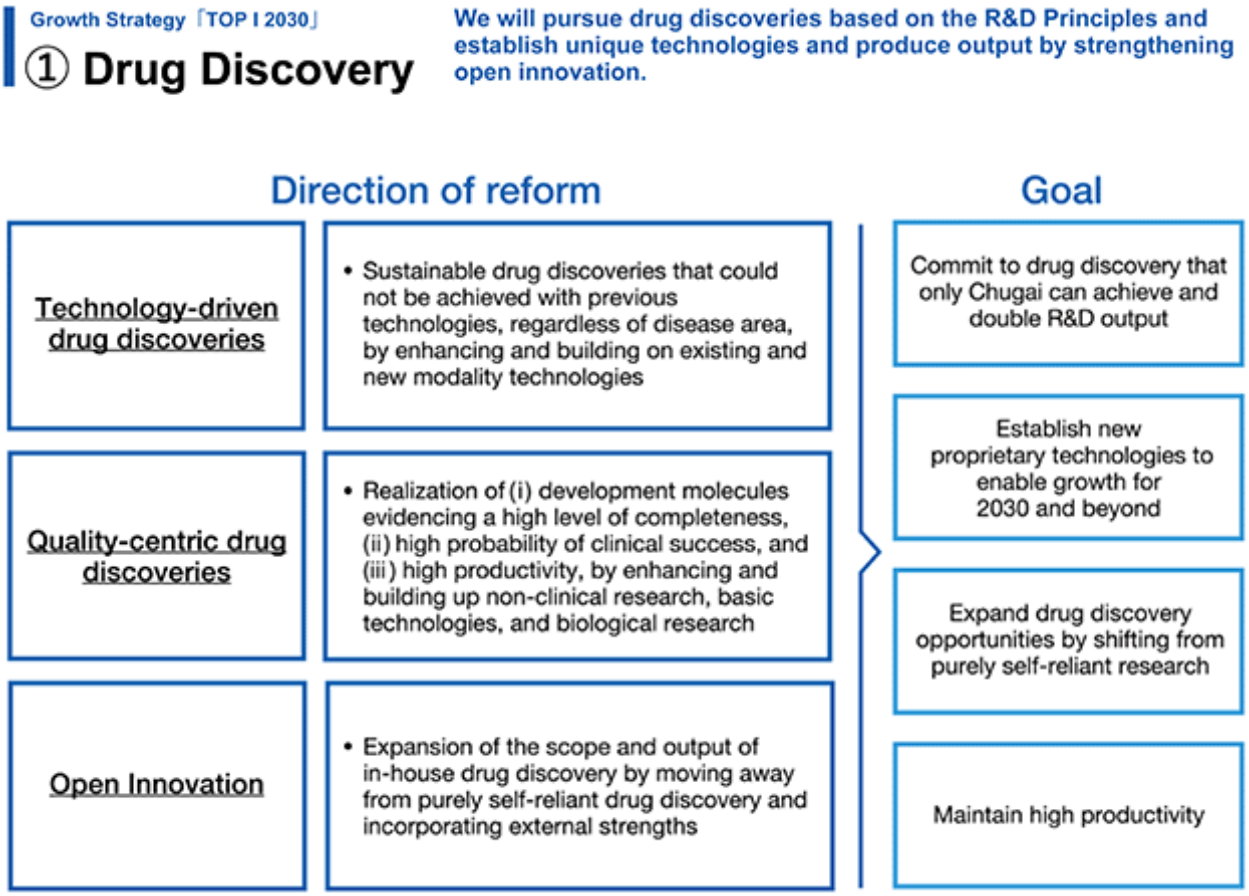
The twin pillars of “TOP I 2030” consist of “Global First-Class Drug Discovery” and “Futuristic Business Model.”

By making use of its unique strength in science and technology, Chugai has successfully created numerous innovative new drugs. Going forward, the Group will seek to build and strengthen its system for continuously delivering solutions that respond to the unmet medical needs of the world, while making substantial improvements to its drug discovery capabilities. Specifically, the Group aims to double its current R&D output over the ten years leading up to 2030, in order to become a company that is capable of launching innovative in-house developed global products every year.

The Group will also work on creating an advanced business model that takes into account changes in the environment and technological evolution. In particular, the Group aims to dramatically improve productivity throughout its value chain, and to expand value and product value for each and every patient, by fundamentally restructuring our processes and the value creation model through the utilization of digital technology in all value chains.

As specific initiatives, the Group has set forth in “TOP I 2030” “five reforms” to realize the twin pillars of the strategy. These reforms comprise “Drug Discovery,” “Development,” “Pharmaceutical Technology,” and “Value Delivery” in line with each value chain and “Foundation for Growth” that serves as support.

1) Drug Discovery



In drug discovery, Chugai, based on the R&D Principles, aims to reform existing technologies including small molecule and antibody technologies while also achieving approaches to targets, which had traditionally been considered difficult as well as mechanisms of actions that had been unattainable under current technologies by pursuing new modalities such as mid-size molecules. Additionally, we will ensure a high clinical trial success rate by attempting to create high-quality development candidate molecules that are uncompromising in every aspect including efficacy, safety, DMPK[*1], and physical properties.
We have always prided ourselves in our strong track record of collaborating with academia in Japan to create numerous commercial products and we are currently focusing on collaborating with academia and start-ups both in Japan and overseas. In January 2024, Chugai Venture Fund, LLC, headquartered in the US, commenced activities as a corporate venture capital, which aspires not only to standalone drug discovery but also to proactively seek out third-party technology and targets, combine them with its proprietary strengths, and expand drug discovery opportunities. We will address unresolved medical needs, pursue innovative drug discoveries that will lead to cures, early intervention, and prevention, and continue to contribute to the improvement of patients' quality of life (QOL).

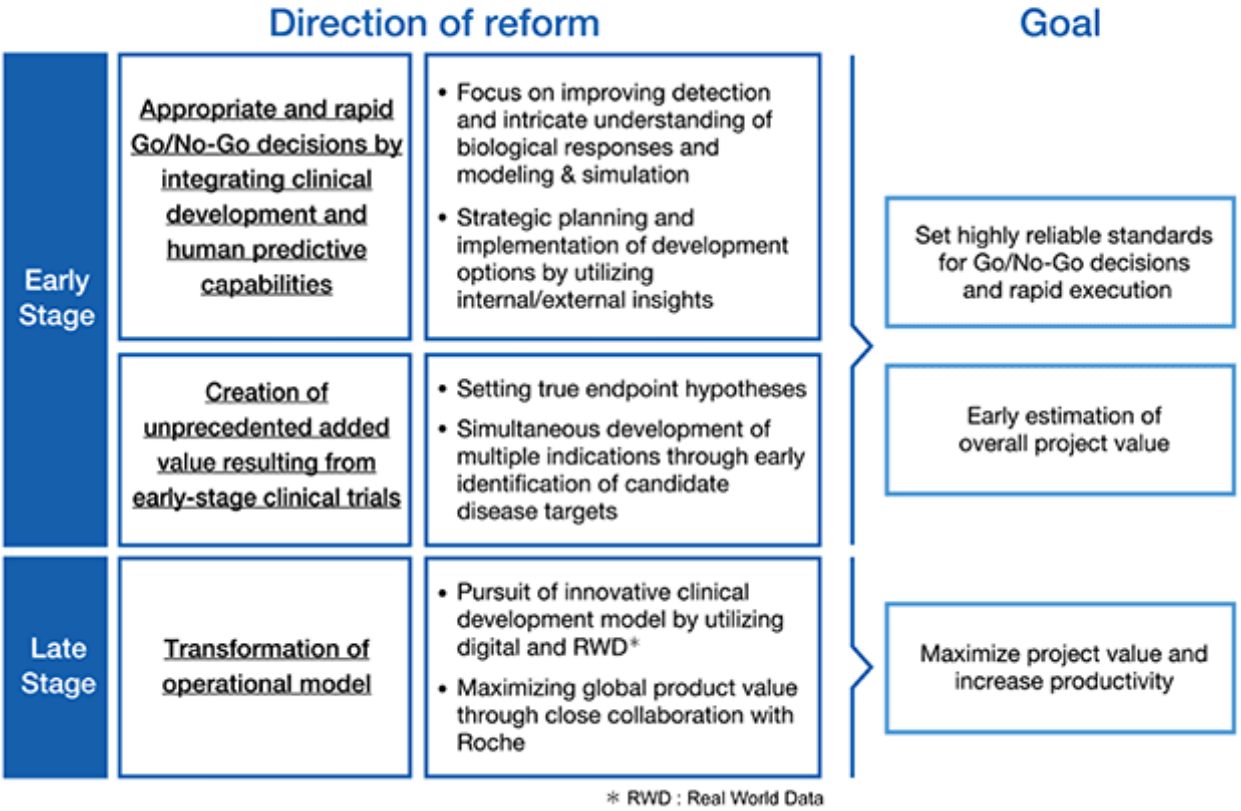
*1: The process by which a candidate is absorbed, distributed, metabolized and excreted by the body (Drug Metabolism and Pharmacokinetics)

2) Development

Growth Strategy「TOP I 2030」

② Development

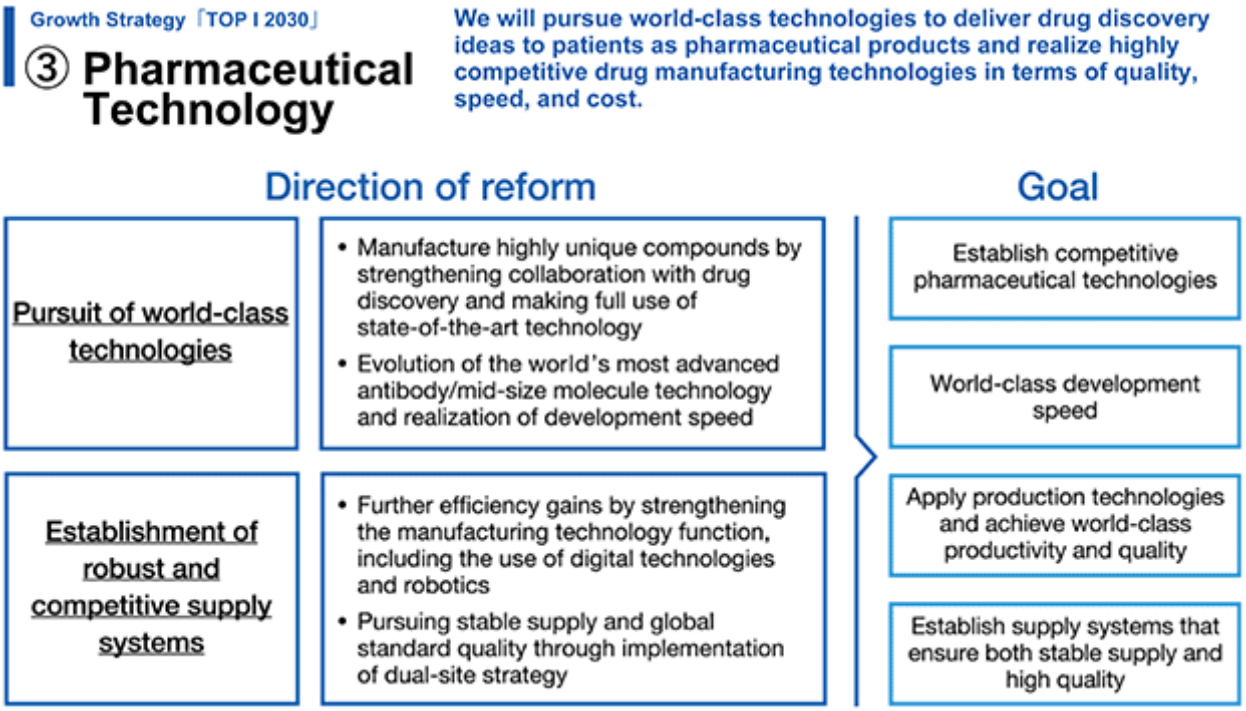
Especially in early development, we will pursue strengthened Go/No-Go decision-making and early maximization of project value, along with continuous transformation of our operational model.



As we advance TOP I 2030, an increasing number of projects will move to clinical development. Appropriate and rapid Go/No-Go decisions will be made by integrating clinical development and human predictive capabilities[*2] and when it is determined that there is a high probability of commercialization as a pharmaceutical, we will proceed with simultaneous development for multiple indications to maximize the overall project value as early as possible. In addition, we will maximize the value provided to patients by demonstrating the True Endpoint[*3] at an earlier stage, leading to late-stage development.
In late-stage development, we leverage digital technology and Real World Data (RWD) to re-evaluate the very nature of clinical tests, to create new value that will lead the industry as a whole and further reform the operational model. Furthermore, in our collaboration with Roche, by providing input into development strategies and study plans, we will also contribute to maximizing global product value by improving the success rate.
Through these initiatives, Chugai will seek to maximize project value and improve productivity.

*2: Modeling and stimulating the pharmacokinetics and biological responses of drugs within the human body
*3: The true value that contributes to improving patients' quality of life (QOL)

3) Pharmaceutical Technology



Along with the goal of "doubling the R&D output," we will pursue world-class pharmaceutical technologies to deliver new drug discovery ideas including mid-size molecules as commercial products to our patients. We will strengthen the collaboration between the drug discovery/early development and pharmaceutical functions more than ever before and establish technologies in API, formulation, and analysis for highly active compounds that are extremely difficult to turn into drugs and establish a production system. In the field of antibodies, also, by pursuing further technological development, we will shorten the period from the selection of projects for clinical development to the application for clinical trials and speed up the development process.
In production, we will improve efficiency by bolstering our production technology including the utilization of digital and robotics technologies while at the same time prepare for disasters and geopolitical risks and focus on building a robust and competitive supply system. We will pursue various initiatives toward realizing smart factories as well as a dual-site strategy based on collaboration with third-party partners such as CMOs[*4] after product launch, and proactively make the required capital investments to ensure a stable supply and global quality standards.

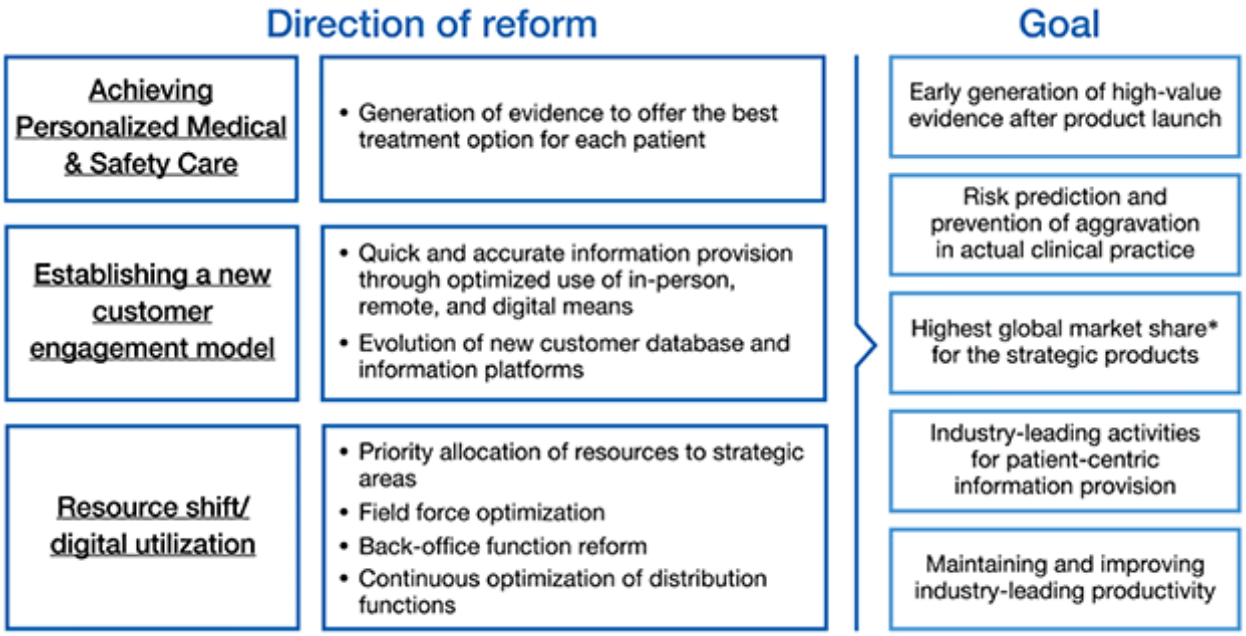
*4: Contract Manufacturing Organization (CMO)

4) Value Delivery

Growth Strategy「TOP I 2030」

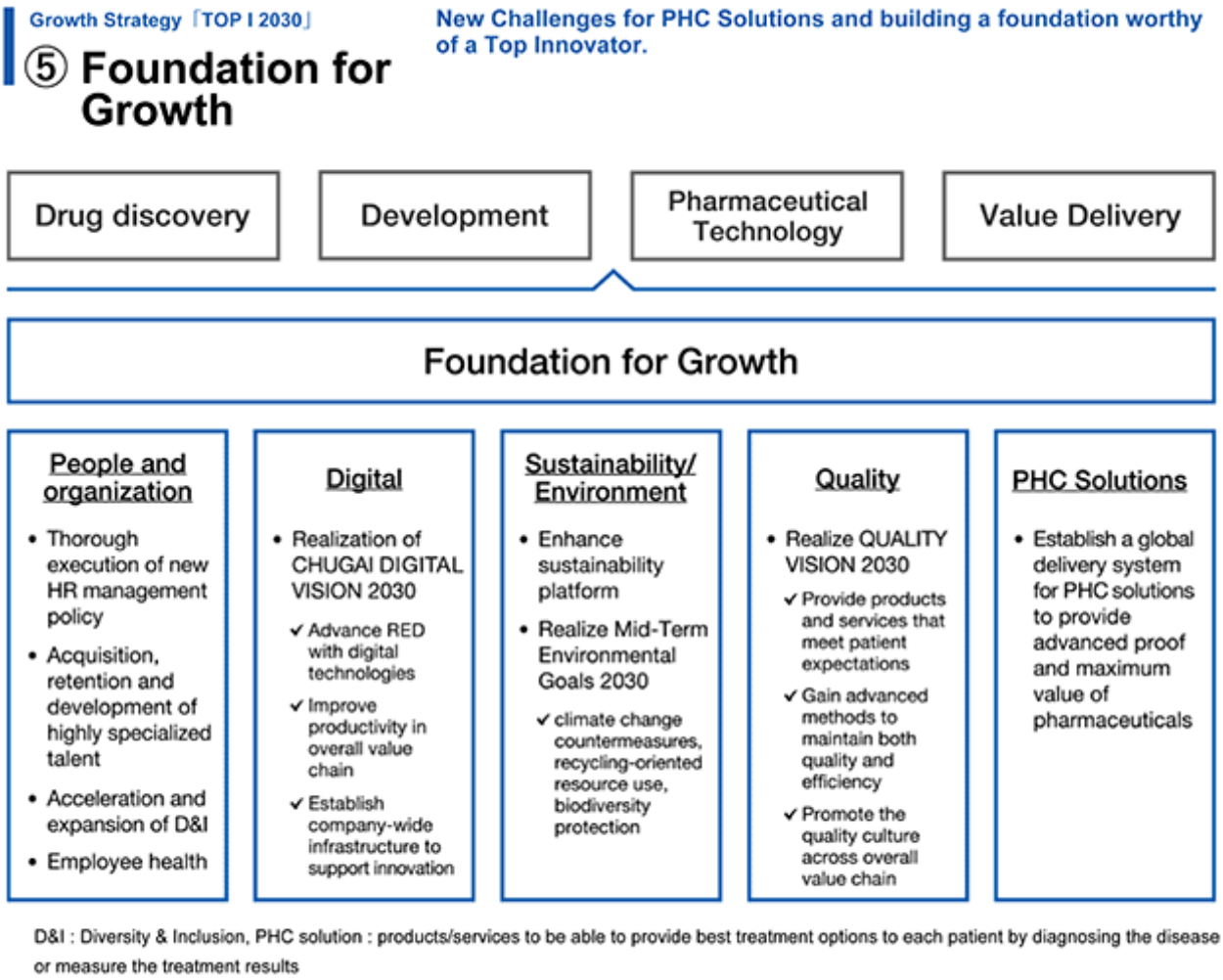
④ Value Delivery

We will pursue rapid evidence generation that contributes to optimal patient-centric treatment selection and provide advanced value with high productivity through the establishment of a customer engagement model.



In terms of the Value Delivery function, we will pursue more than ever before “rapid evidence generation that contributes to optimal patient-centric treatment selection” and provide “advanced value with high productivity through the establishment of a customer engagement model.” Specific measures include collaborating with Roche and academia to implement high-quality clinical studies and post-marketing surveillance to provide high-value evidence at the earliest possible post-marketing stage. In addition, we will utilize clinical and translational research findings to predict adverse effects and avoid their increased severity in clinical trials, thereby promoting efforts for appropriate use aligned with individual patients.
As for the establishment of a new customer engagement model, in an environment where customer interactions have changed dramatically, we are rolling out multi-channel strategies combining real, remote, and digital channels. Chugai will continue to build a system that allows for a flexible system that is responsive to the increasingly diverse needs of customers to optimize the provision of value.
To improve the organization’s efficiency, we have been identifying operations in which investments should be prioritized and further promoting the shift of resources to growth and new areas. To this end, we will also continue to consider streamlining our operations, such as transferring mature products to third parties. We will also promote fundamental reforms that are not bound by conventional practices and processes, such as digitalization, outsourcing, and business consolidation.

5) Foundation for Growth



In parallel with the reforms of each value chain, the Group will continue to strengthen the following five areas, in particular, as the company-wide foundation that supports the generation of innovation and the realization of its growth strategy.

“People and Organization”:
We will strengthen our human capital by thoroughly implementing a human resources management policy based on our management strategy. In addition to fully operating an HR system that encourages employees to take on new challenges regardless of their age or other attributes, we will support each employee’s autonomous learning and growth, including career development, and focus on the acquisition and development of highly specialized human resources who will be key in implementing our business strategies. We will also foster an organizational culture that generates innovation through the promotion of DE&I and aim for a higher level of measures and policies to promote the health of all employees.

“Digital”:
Under CHUGAI DIGITAL VISION 2030, we aim to transform our business by using digital technologies to make Chugai a Top Innovator in the provision of society-changing healthcare solutions. Specifically, we are working together with each organization to create innovative new drugs and optimize all value chains through the use of various digital technologies. Additionally, we will continue to promote the development of digital human resources and the enhancement of IT infrastructure that will lead to increased business value, with the aim of building a company-wide infrastructure that supports the creation of innovation.

“Sustainability/Environment”:
With sustainability at the core of our business activities, we aim to reduce our environmental impact on society through the continuation of our initiatives to achieve the challenging targets of Chugai’s Mid-Term Environmental Goals 2030. Specifically, we will continue to work on climate change countermeasures by reducing CO_2 emissions, energy consumption and fluorocarbons consumption, use of renewable and recycled resources along with reduce waste and water consumption, and protection biodiversity by reducing the use of hazardous waste. In addition to environmental initiatives, we will improve governance and enhance transparency through increased information disclosure.

“Quality”:
In terms of quality, we will lead the world with the quality of our products, information, and processes and the human resources to realize them, and we will promote and spread Chugai quality outside the company. To this end, we will ensure that our products and services meet the expectations of patients, acquire advanced methods that combine quality and efficiency, and promote collaboration with our partners. Additionally, we will instill a “quality culture,” which is the basis for all of these activities, in all of our value chains.

“PHC Solutions[*5]”:
Patient needs are becoming increasingly diverse and complex. In the creation and provision of innovative drugs, efforts to precisely diagnose pathologies and measure therapeutic effects will become increasingly important in order to show proof of value and maximize their efficacy. Based on the knowledge gained through the Insight Business initiative, PHC Solutions aims to establish a global delivery system that will advance and maximize the verification of values of pharmaceuticals.

*5: Products and services such as SaMD (Software as a Medical Device) and biomarkers for which precise diagnosis and measurement of pathology and treatment effectiveness have been conducted, thereby enabling optimal treatment for individual patients.

3. Basic Approach to the Selection of Accounting Standards

The Group engages actively in international business with the aim of providing a continuous flow of innovative medical products domestically and internationally. These activities include sales of pharmaceuticals and research and development overseas. In light of this, International Financial Reporting Standards (IFRS) has been adopted from the first quarter of the fiscal year ended December 31, 2013 to improve the international comparability of financial information for investors and other users of the financial statements.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated income statement and consolidated statement of comprehensive income

1) Consolidated income statement in millions of yen

	Year ended December 31	
	2025	2024
Revenue	**1,257,941**	**1,170,611**
Sales	1,077,803	997,901
Other revenue	180,138	172,710
Cost of sales	(363,690)	(339,409)
Gross profit	**894,251**	**831,201**
Research and development	(187,598)	(181,440)
Selling, general and administration	(116,461)	(110,098)
Other operating income (expense)	8,641	2,339
Operating profit	**598,833**	**542,002**
Financing costs	(207)	5
Other financial income (expense)	(819)	1,027
Profit before taxes	**597,807**	**543,034**
Income taxes	(163,794)	(155,717)
Net income	**434,012**	**387,317**
Attributable to:		
Chugai shareholders	434,012	387,317
Earnings per share		
Basic (yen)	263.73	235.39
Diluted (yen)	263.72	235.36

2) Consolidated statement of comprehensive income in millions of yen

	Year ended December 31	
	2025	2024
Net income recognized in income statement	**434,012**	**387,317**
Other comprehensive income		
Remeasurements of defined benefit plans	8,603	4,170
Financial assets measured at fair value through OCI	213	(330)
Items that will never be reclassified to the income statement	**8,816**	**3,840**
Financial assets measured at fair value through OCI	(3)	5
Cash flow hedges	(29,841)	12,906
Currency translation of foreign operations	10,137	4,587
Items that are or may be reclassified to the income statement	**(19,707)**	**17,499**
Other comprehensive income, net of tax	**(10,891)**	**21,338**
Total comprehensive income	**423,122**	**408,655**
Attributable to:		
Chugai shareholders	423,122	408,655

(2) Consolidated balance sheet in millions of yen

	December 31, 2025	December 31, 2024
Assets		
Non-current assets:		
Property, plant and equipment	456,578	433,129
Right-of-use assets	22,903	8,425
Intangible assets	54,539	17,868
Deferred tax assets	88,304	69,835
Defined benefit plan assets	26,249	13,978
Other non-current assets	79,263	59,094
Total non-current assets	**727,837**	**602,330**
Current assets:		
Inventories	276,848	240,067
Accounts receivable	442,876	334,256
Current income tax assets	236	896
Marketable securities	553,094	456,143
Cash and cash equivalents	426,602	540,202
Other current assets	41,104	34,479
Total current assets	**1,740,758**	**1,606,043**
Total assets	**2,468,595**	**2,208,373**
Liabilities		
Non-current liabilities:		
Deferred tax liabilities	(4,015)	(5,076)
Defined benefit plan liabilities	(4,245)	(3,935)
Long-term provisions	(4,610)	(2,188)
Other non-current liabilities	(18,914)	(5,319)
Total non-current liabilities	**(31,785)**	**(16,516)**
Current liabilities:		
Current income tax liabilities	(91,004)	(108,732)
Short-term provisions	(3,356)	(2,974)
Accounts payable	(127,247)	(65,353)
Other current liabilities	(189,469)	(113,298)
Total current liabilities	**(411,077)**	**(290,357)**
Total liabilities	**(442,862)**	**(306,873)**
Total net assets	**2,025,732**	**1,901,499**
Equity:		
Capital and reserves attributable to Chugai shareholders	2,025,732	1,901,499
Total equity	**2,025,732**	**1,901,499**
Total liabilities and equity	**2,468,595**	**2,208,373**

(3) Consolidated statement of cash flows in millions of yen

	Year ended December 31	
	2025	2024
Cash flows from operating activities		
Cash generated from operations	650,935	589,546
(Increase) decrease in working capital	(79,651)	(28,843)
Payments made for defined benefit plans	(2,254)	(2,680)
Utilization of provisions	(3,881)	(3,524)
Other operating cash flows	12,235	(6,422)
Cash flows from operating activities, before income taxes paid	**577,384**	**548,078**
Income taxes paid	(191,104)	(100,477)
Total cash flows from operating activities	**386,280**	**447,600**
Cash flows from investing activities		
Purchase of property, plant and equipment	(76,273)	(50,415)
Purchase of intangible assets	(35,334)	(3,974)
Disposal of property, plant and equipment	7,509	(510)
Disposal of intangible assets	28	2,289
Interest and dividends received	3,600	2,784
Purchases of marketable securities	(1,227,509)	(945,462)
Sales of marketable securities	1,130,645	771,015
Purchases of investment securities	(4,258)	(3,092)
Sales of investment securities	318	—
Total cash flows from investing activities	**(201,273)**	**(227,365)**
Cash flows from financing activities		
Interest paid	(429)	(94)
Lease liabilities paid	(8,176)	(8,148)
Dividends paid to Chugai shareholders	(299,419)	(133,249)
Exercise of equity compensation plans	142	168
(Increase) decrease in own equity instruments	(6)	(10)
Other financing activities	—	328
Total cash flows from financing activities	**(307,886)**	**(141,006)**
Net effect of currency translation on cash and cash equivalents	9,279	2,299
Increase (decrease) in cash and cash equivalents	**(113,600)**	**81,528**
Cash and cash equivalents at January 1	540,202	458,674
Cash and cash equivalents at December 31	**426,602**	**540,202**

(4) Consolidated statement of changes in equity in millions of yen

	Attributable to Chugai shareholders					
	Share capital	Capital surplus	Retained earnings	Other reserves	Subtotal	Total equity
Year ended December 31, 2024						
At January 1, 2024	**73,202**	**69,355**	**1,488,738**	**(5,715)**	**1,625,580**	**1,625,580**
Net income	—	—	387,317	—	387,317	387,317
Financial assets measured at fair value through OCI	—	—	—	(325)	(325)	(325)
Cash flow hedges	—	—	—	12,906	12,906	12,906
Currency translation of foreign operations	—	—	—	4,587	4,587	4,587
Remeasurements of defined benefit plans	—	—	4,170	—	4,170	4,170
Total comprehensive income	**—**	**—**	**391,487**	**17,168**	**408,655**	**408,655**
Dividends	—	—	(133,277)	—	(133,277)	(133,277)
Equity compensation plans	—	31	—	—	31	31
Own equity instruments	—	509	—	—	509	509
Transfer from other reserves to retained earnings	—	—	(14)	14	—	—
At December 31, 2024	**73,202**	**69,896**	**1,746,934**	**11,468**	**1,901,499**	**1,901,499**
Year ended December 31, 2025						
At January 1, 2025	**73,202**	**69,896**	**1,746,934**	**11,468**	**1,901,499**	**1,901,499**
Net income	—	—	434,012	—	434,012	434,012
Financial assets measured at fair value through OCI	—	—	—	210	210	210
Cash flow hedges	—	—	—	(29,841)	(29,841)	(29,841)
Currency translation of foreign operations	—	—	—	10,137	10,137	10,137
Remeasurements of defined benefit plans	—	—	8,603	—	8,603	8,603
Total comprehensive income	**—**	**—**	**442,615**	**(19,494)**	**423,122**	**423,122**
Dividends	—	—	(299,508)	—	(299,508)	(299,508)
Equity compensation plans	—	104	—	—	104	104
Own equity instruments	—	515	—	—	515	515
At December 31, 2025	**73,202**	**70,515**	**1,890,042**	**(8,026)**	**2,025,732**	**2,025,732**

(5) Notes regarding the going concern assumption
None

(6) Notes regarding the consolidated financial statements
1) General accounting principles and significant accounting policies
a. Basis of preparation of the consolidated financial statements
These financial statements are the annual consolidated financial statements ("Consolidated Financial Statements") of Chugai, a company registered in Japan, and its subsidiaries ("the Group"). The common stock of Chugai is publicly traded and listed on the Tokyo Stock Exchange under the stock code "TSE: 4519." The Consolidated Financial Statements were approved by Board of Directors on January 29, 2026.

Roche Holding Ltd. is a public company registered in Switzerland and the parent company of the Roche Group, which discloses its results in accordance with International Financial Reporting Standards ("IFRS"). The shareholding percentage of Roche Holding Ltd. in Chugai is 59.89% (61.10% of the total number of shares issued excluding treasury stock). The Group became principal members of the Roche Group after entering into a strategic alliance in October 2002.

The Group meets all of the requirements for a "Specified Company under Designated International Financial Reporting Standards" as stipulated under Article 1-2, Item (i) of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance of Japan Ordinance No. 28, 1976, "the Ordinance"). Hence, in accordance with Article 312 of the Ordinance, the Consolidated Financial Statements have been prepared in accordance with IFRS.

The Consolidated Financial Statements are presented in Japanese yen, which is Chugai's functional currency and amounts are rounded to the nearest ¥1 million. They have been prepared using the historical cost convention except for items that are required to be accounted for at fair value.

b. Key accounting judgments, estimates and assumptions
The preparation of the Consolidated Financial Statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and contingent amounts. Actual outcomes could differ from those management estimates. The estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and various other factors. Revisions to estimates are recognized in the period in which the estimate is revised.

The information for judgment, estimates, and assumptions that have a material impact on the amount recognized in the Consolidated Financial Statements of the Group is principally the same for the prior fiscal year.

c. Changes in accounting policies
The Group applies the same significant accounting policies that were applied to the Consolidated Financial Statements of the previous fiscal year.
Although minor changes have been made to certain accounting standards, they do not have a material impact on the Group's overall results and financial position.

d. Future new and revised standards
Of the material standards and interpretations newly issued or revised in the period up to the date of approval of the consolidated financial statements, those that have not been early adopted by the Group are as follows:
IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 introduces three new categories – operating, investing, and financing – to the income statement, and requires the presentation of operating profit, profit before financing and income taxes, and net income.
In addition, concerning management-defined performance measures, IFRS 18 requires the disclosure of the calculation method applied, the reason for its selection, and reconciliation.
This standard is mandatory for fiscal years beginning on or after January 1, 2027. The Group plans to adopt this standard from fiscal year 2027 but is currently assessing the potential impacts of this standard.
The Group is also currently assessing the potential impacts of other new standards and interpretations that will be effective from January 1, 2026 and beyond. Based on the analysis to date, the Group does not anticipate that these will have a material impact on the Group's overall results and financial position.

2) Operating segment information

The Group has a single business of pharmaceuticals and does not have multiple operating segments. The Group's pharmaceuticals business consists of research and development of new prescription medicines and subsequent manufacturing, marketing and distribution activities. These functional activities are integrated and managed effectively.

Information on revenue by geographical area in millions of yen

	2025		2024	
	Sales	Other revenue	Sales	Other revenue
Japan	472,365	1,426	461,125	2,790
Overseas	605,437	178,712	536,776	169,920
of which Switzerland	573,130	175,461	506,336	168,491
Total	**1,077,803**	**180,138**	**997,901**	**172,710**

Information on revenue by major customer in millions of yen

	2025	2024
F. Hoffmann-La Roche Ltd.	724,053	652,725
Alfresa Holdings Corporation and its affiliates	152,292	141,981

3) Other operating income (expense)

The breakdown of other operating income (expense) is as follows.

	2025	2024
Other operating income (expenses) (millions of yen)		
Other operating income	9,230	2,839
Other operating expenses	(589)	(500)
Total	**8,641**	**2,339**

Among other operating income for the fiscal year under review, the major component was ¥8,708 million of gain on sales of non-current assets in conjunction with the closing of a business office.

Among other operating income for the previous fiscal year, the major components were ¥2,289 million of income from disposal of product rights.

4) Earnings per share

Basic earnings per share

	2025	2024
Net income attributable to Chugai shareholders (millions of yen)	**434,012**	**387,317**
Weighted average number of common stock	1,679,057,667	1,679,057,667
Weighted average number of treasury stock	(33,396,053)	(33,611,653)
Weighted average number of shares in issue	**1,645,661,614**	**1,645,446,014**
Basic earnings per share (yen)	**263.73**	**235.39**

Diluted earnings per share

	2025	2024
Net income attributable to Chugai shareholders (millions of yen)	**434,012**	**387,317**
Weighted average number of shares in issue	1,645,661,614	1,645,446,014
Adjustment for assumed exercise of equity compensation plans, where dilutive	65,383	191,133
Weighted average number of shares in issue used to calculate diluted earnings per share	**1,645,726,997**	**1,645,637,147**
Diluted earnings per share (yen)	**263.72**	**235.36**

There were no stock options that were eliminated from the weighted average number of shares in issue used to calculate diluted earnings per share since they do not have dilutive effects.

5) Statement of cash flows

Cash flows from operating activities

Cash flows from operating activities arise from the Group's primary activities including research and development, manufacturing and sales in the Pharmaceuticals business. These are calculated by the indirect method by adjusting the Group's operating profit for any operating income and expenses that are not cash flows (for example depreciation, amortization and impairment) in order to derive the cash generated from operations. Operating cash flows also include income taxes paid on all activities.

Cash generated from operations in millions of yen

	2025	2024
Net income	434,012	387,317
Financing costs	207	(5)
Other financial income (expense)	819	(1,027)
Income taxes	163,794	155,717
Operating profit	**598,833**	**542,002**
Depreciation of property, plant and equipment	24,959	24,240
Depreciation of right-of-use assets	5,999	5,280
Amortization of intangible assets	1,577	2,145
Impairment of property, plant and equipment	10,839	1,555
Impairment of intangible assets	1,715	4,243
Operating expense for defined benefit plans	3,064	3,011
Operating expense for equity-settled equity compensation plans	483	383
Net (income) expense for provisions	6,338	2,615
Inventory write-downs	3,342	3,650
Net (gain) loss on disposal of property, plant and equipment	(7,999)	868
Net (gain) loss on disposal of intangible assets	(28)	(2,289)
Other adjustments	1,814	1,844
Cash generated from operations	**650,935**	**589,546**

Cash flows from investing activities

Cash flows from investing activities are principally those arising from the Group's investments in property, plant and equipment and intangible assets. Cash flows connected with the Group's portfolio of marketable securities and other investments are also included, as are any interest and dividend payments received in respect of these securities and investments.

Interest and dividends received in millions of yen

	2025	2024
Interest received	3,599	2,783
Dividends received	1	1
Total	**3,600**	**2,784**

Cash flows from financing activities

Cash flows from financing activities are primarily dividend payments to Chugai shareholders and lease liabilities paid.

Significant non-cash transactions
There were no significant non-cash transactions (2024: none).

6) Related parties

a. Controlling shareholder

Effective from October 2002, Chugai concluded a strategic alliance with Roche to become a leading research-based Japanese pharmaceutical company, which was formed by the merger of Chugai and Roche's Japanese pharmaceuticals subsidiary, Nippon Roche. Through the merger, Chugai became a principal member of the Roche Group as the surviving company.

Chugai has entered into key agreements with Roche related to the strategic alliance, which are discussed below.

Basic Alliance Agreement: As part of the Basic Alliance Agreement signed in December 2001 and amended in 2022, Roche and Chugai entered into certain arrangements covering the fundamental principles of the alliance. Amongst other matters these cover the following areas:

- The structuring of the alliance.
- Right of First Refusal on Products.
- Roche's Right to Nominate Directors and Audit & Supervisory Board Members of Chugai.
- Roche's Obligation to Cooperate in Maintaining Chugai's Listing.
- Restrictions on Disposition of Shares held by Roche.
- Restrictions on Issuance or Disposition of Shares and Roche's Pre-emptive Right.

Licensing Agreements: Under the Japan Umbrella Rights Agreement signed in December 2001, Chugai has exclusive rights to market Roche Group's pharmaceutical products in Japan. Chugai also has right of first refusal on the development and marketing in Japan of all development compounds advanced by Roche.

The Rest of the World Umbrella Rights Agreement (excluding Japan and South Korea) signed in May 2002 was revised and the Amended and Restated Rest of the World Umbrella Rights Agreement (excluding Japan, South Korea and Taiwan) was signed in August 2014. Under this Agreement, Roche has the right of first refusal on the development and marketing of Chugai's development compounds in markets outside Japan, excluding South Korea and Taiwan.

Further to these agreements, Roche and Chugai have signed a series of separate agreements for each development compound. Depending on the specific circumstances and the terms of the agreement, this may result in payments on an arm's length basis between Roche and Chugai, for any or all of the following matters:

- Upfront payments, if a right of first refusal to license development compounds is exercised.
- Milestone payments, dependent upon the achievement of agreed performance targets.
- Royalties on future product sales.

These specific product agreements may also cover the manufacture and supply etc. of the respective products to meet the other party's clinical and/or commercial requirements on an arm's length basis.

Research Collaboration Agreements: Roche and Chugai have entered into research collaboration agreements in the areas of small-molecule synthetic drug research and biotechnology-based drug discovery.

Dividends: The dividends distributed to Roche by Chugai in respect to its holdings of Chugai shares totaled ¥183,032 million (2024: ¥81,459 million).

b. Material transactions and balances with related parties

Transactions with F. Hoffmann-La Roche in millions of yen

	2025	2024
Revenue	724,053	652,725
Purchases	258,731	164,608

Balances with F. Hoffmann-La Roche in millions of yen

	December 31, 2025	December 31, 2024
Accounts receivable	247,468	201,957
Trade accounts payable	35,177	7,327

c. Remuneration of key management personnel

Remuneration to the members of Board of Directors and Audit & Supervisory board in millions of yen

	2025	2024
Board of Directors		
－ Regular remuneration	271	286
－ Bonuses	179	165
－ Tenure-based restricted stock compensation	106	100
－ Performance-based restricted stock compensation	99	74
Total	**654**	**624**
Audit & Supervisory Board		
－ Regular remuneration	131	120
Total	**131**	**120**

7) Subsequent events

There were no subsequent events in the fiscal year under review.