Innovation all for the patients

CHUGAI PHARMACEUTICAL CO., LTD.

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CHUGAI PHARMACEUTICAL CO., LTD.

Conference on FY 2024.12 Q1 Financial Results

April 24, 2024

Event Summary

[Company Name]	CHUGAI PHARMACEUTICAL CO., LTD.
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[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Conference on FY 2024.12 Q1 Financial Results
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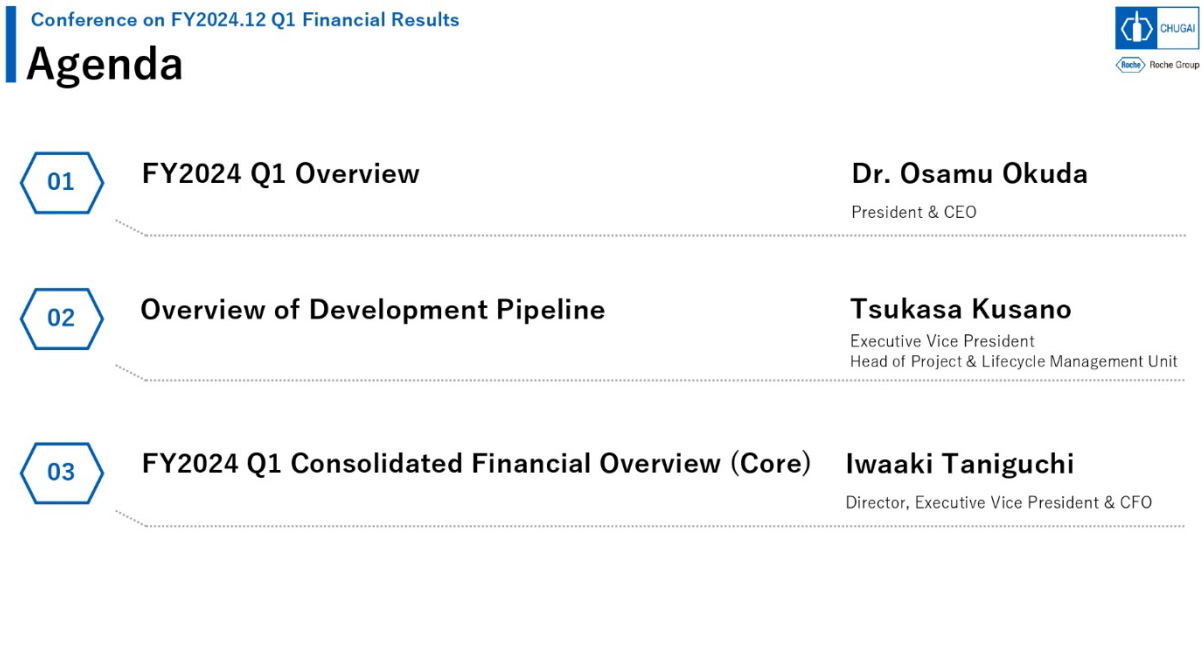
[Venue]	Webcast
[Venue Size]	
[Participants]	

[Number of Speakers]	5	
	Dr. Osamu Okuda	President & CEO
	Iwaaki Taniguchi	Director, Executive Vice President & CFO
	Tsukasa Kusano	Senior Vice President, Head of Project & Lifecycle Management Unit
	Junichi Takano	Head of Marketing & Sales Div
	Kae Miyata	Head of Corporate Communications Department
[Analyst Names]*	Shinichiro Muraoka	Morgan Stanley MUFG Securities Co., Ltd.
	Seiji Wakao	J.P. Morgan Securities plc
	Hidemaru Yamaguchi	Citigroup Global Markets Japan Inc
	Kazuaki Hashiguchi	Daiwa Securities Co., Ltd.
	Miki Sogi	AllianceBernstein Japan Ltd.
	Akinori Ueda	Goldman Sachs Japan Co., Ltd.

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Miyata: My name is Miyata. I will be facilitating today's session, and this session is held using Zoom's webinar platform.



As page three of the presentation material shows, we would like to go through today's proceeding per the agenda.

We will take questions after the presentation. We plan to spend about 30 minutes on the Q&A session.

Now, I would like to invite Dr. Okuda to give us the review of the Q1 result of 2024.

Okuda: My name is Okuda. I am the president and CEO of Chugai. I would like to explain about the results of the Q1 of 2024.

FY2024 Q1 Overview

Financial Overview

- **Significantly decreased in revenue due to the completion of supply of Ronapreve to the government and the NHI drug price revisions etc.**
- **Achieved high profitability, significantly surpassing last year, resulting in a slight decrease in profit**
- **Earnings forecast remain unchanged for record high core operating profit and core net income**

Core (billions of JPY)	2023 Jan -Mar actual	2024 Jan -Mar actual	Growth		2024 Jan - Dec forecast	Progress (%)
Revenue	**312.2**	**236.9**	**-75.3**	**-24.1%**	**1,070.0**	**22.1%**
Domestic sales*	192.7	103.2	-89.5	-46.4%	454.9	22.7%
Overseas sales	98.8	101.3	+2.5	+2.5%	467.1	21.7%
Other revenue	20.7	32.5	+11.8	+57.0%	148.0	22.0%
Operating profit	**105.4**	**102.1**	**-3.3**	**-3.1%**	**460.0**	**22.2%**
Operating margin	33.8%	43.1%	+9.3%pts	-	43.0%	-
Net income	**78.4**	**76.0**	**-2.4**	**-3.1%**	**335.5**	**22.7%**
EPS (yen)	**47.66**	**46.16**	**-1.50**	**-3.1%**	**204.00**	**22.6%**

* Recorded sales of ￥81.2 billion for the supply of Ronapreve to the government in the same period of previous year

- Domestic sales declined due to the impact of the decrease in Ronapreve* sales, the NHI drug price revisions, and the market penetration of generic drugs, despite the growth of new and mainstay products. As expected
- Regarding overseas sales, the increase in Hemlibra exports to Roche exceeded the decrease in Actemra exports. Mostly as expected
- Other revenue increased mainly due to the increase in one-time incomes. Mostly as expected
- With the completion of supply of Ronapreve to the government, profitability significantly improved, securing an operating profit margin of 43.1% as a core business. Mostly as expected

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Please refer to the slide on page five.

Q1 made a strong start for the core business as expected. Revenue dropped by 24.1% YoY. This was because last year, in the same period, we had a supply of Ronapreve to the government worth JPY81.2 billion. Net income and operating profit, despite the revenue drop, dropped only 3.1%, respectively. Because we do not have income coming from Ronapreve anymore, product mix improved. OP margin was 43.1%, which was high.

As you can tell, the core business domestically and globally made a good start. On a full-year basis, we are aiming to achieve a record-high number for both operating profit and net income as scheduled.

FY2024 Q1 Overview

Summary of Chugai Originated Global Products

- **Despite the BS impact on Actemra, we expect continued growth in overseas sales, primarily driven by Hemlibra**
- **We are dedicated to delivering the value that patients truly need through our unique, proprietary medicines**

Product (Billions of yen)	FY2024 Q1 Results		Year on Year	Full Year Forecast	Comments
Hemlibra®	Domestic:	12.5	+0.8%	56.5	・Japan: Sales are flat YoY due to last year's drug price revision*1. Domestic market share steadily increased
	Export:	57.8	+25.7%	267.3	・Overseas: Increased overseas sales, especially in the EU and International. No change in export forecast
	Overseas local:	961mCHF	+9%	-	・We provide value to patients worldwide through convenience and accumulated clinical evidence
Actemra®	Domestic:	10.2	+3.0%	45.9	・Japan: Continued to obtain new prescriptions for rheumatoid arthritis. Other indications also penetrated
	Export:	23.4	-26.4%	109.8	・Overseas: Overseas sales decreased slightly due to biosimilars impact. No change in export forecast
	Overseas local:	550mCHF	-3%	-	・We provide value to patients through the established evidence as an orginator of IL-6 inhibitors
Alecensa®	Domestic:	6.6	+0.0%	31.3	・Japan: Competitors entered first-line therapy since 2021, but maintained a high market share (78.3%*2)
	Export:	14.0	-16.2%	58.9	・Overseas: Continued market penetration in all regions. No change in export forecast
	Overseas local:	311mCHF	+5%	-	・We anticipate that the expanded indication for NSCLC adj. will further contribute to the treatment of patients
Enspryng®	Domestic:	5.8	+23.4%	22.4	・Japan: De-steroidization treatment is gaining ground. Sales are increasing due to its earlier introduction
	Export:	2.1	+200.0%	6.4	・Overseas: Sales are growing in the US and international. No change in export forecast at this point
	Overseas local:	31mCHF	+55%	-	・We provide a convenient treatment option for patients who wish to avoid steroids

＊"Export" in the table includes Taiwan local sales in the Chugai territory. 'Overseas local' refers to overseas local sales by Roche, and Year on Year (%) is on a constant exchange rate basis.

*1 Market expansion re-pricing in November 2023 (-9.4%)
*2 Drug price-based share (lung cancer: ALK TKI) IQVIA JPM 2024 March

[Hemlibra] Domestic Hemophilia A Patient Share Trends

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
30.0%	30.8%	31.7%	32.5%	33.2%

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Moving on to the next slide, this shows our global product performance in Japan and overseas.

As for Hemlibra, we see growth momentum for the overseas local sales, and in this fiscal year, we expect that export revenue will grow on a full-year basis. In the domestic market, due to the NHI price revision last year, revenue was flat. However, we are gaining market share.

Now, for Actemra, export was negative. This was due to the timing of the shipment. Overseas local sales, due to some impact of biosimilars, dropped slightly, but this was within our expectations, and we will not change our full-year forecast for export.

Alecensa export was negative compared to the previous year. However, this was due to the shipment timing, and we have not changed the export full-year guidance.

In the US, early NSCLC indication has been added, and we have good expectations for future growth. In Japan and Europe, we are expecting to receive approval within this year.

For Enspryng, we see strong growth domestically and globally. The results of gMG was unfortunately below our expectation. However, Enspryng has several ongoing studies targeting, for example, at TED, and we have big hopes for the success of those ongoing studies.

Starting this April, we have a new management team. As you can see on the slide, we have 10 team members with supervisory responsibility. They are going to utilize their expertise, knowledge, and experience. We are going to exchange various opinions. In order to achieve “TOP I2030,” this team is going to lead the business management.

With this, I would like to conclude my presentation.

Miyata: Next, I would like to invite Kusano to explain about the development pipeline.

Kusano: I am Kusano from Project Lifecycle Management. I would like to explain about the development pipeline.

Overview of Development Pipeline

Q1 Topics (1/2)

As of April 24, 2024

Approved	Piasky	Paroxysmal nocturnal hemoglobinuria (PNH)	February 2024 (China) March 2024 (Japan)
	Alecensa	ALK-positive early-stage NSCLC (adjuvant)	April 2024 (U.S.)
	Mitchga	Pruritus associated with atopic dermatitis (children aged ≧6 and <13 years), Prurigo nodularis*1	March 2024 (Japan)
	Vabysmo	Macular edema associated with retinal vein occlusion (RVO)	March 2024
	FoundationOne Liquid CDx	Talazoparib for *BRCA* gene mutation-positive castration-resistant prostate cancer with distant metastases	February 2024
	FoundationOne Liquid CDx	Selpercatinib for *RET* fusion-positive solid tumors	February 2024
	FoundationOne Liquid CDx	Capivasertib for advanced HR-positive, HER2-negative breast cancer with *PIK3CA*, *AKT1* or *PTEN* alterations	March 2024
Filed	nemolizumab	Prurigo nodularis, Atopic dermatitis*2	February 2024 (filing accepted in U.S./EU)
	CellCept	Systemic sclerosis with interstitial lung disease (SSc-ILD)	February 2024
	Evrysdi	Pre-symptomatic spinal muscular atrophy (SMA)	February 2024
	mosunetuzumab	FL (3rd line)	March 2024
	Tecentriq	Alveolar soft part sarcoma	March 2024

Letters in orange : in-house projects (global development) Letters in blue : in-licensed from Roche (development and distribution in Japan)

*1 Conducted by Maruho, a domestic licensee, *2 Conducted by Galderma, an overseas licensee

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Please refer to page nine of the presentation. This is the list of the topics for Q1.

For those approved and filed, except for CellCept, it's public knowledge-based sNDA filing. That information has already been published.

For Piasky, this is the fifth Chugai- originated global product. Piasky was approved for PNH in Japan and China, and reviews are going on in EU and the U.S.. This brings great convenience through subcutaneous dosing once in four weeks. We would like to contribute to patients around the world.

Alecensa was approved in the U.S. this year in April for the additional indication of ALK-positive early-stage NSCLC. This is the very first adjuvant therapy for that indication. There is no other ALK inhibitor for this same indication. We are bringing a new therapy to the patients. A review is going on in Japan and EU.

Nemolizumab received filing acceptance for prurigo nodularis and atopic dermatitis this year in February in EU and the U.S.

Overview of Development Pipeline

Q1 Topics (2/2)

As of April 24, 2024

Initiation of study	RG6299(ASO Factor B)	IgA nephropathy	P1 study (February 2024)
	RG6356/SRP-9001	Duchenne muscular dystrophy (Non-ambulatory)	P3 study (March 2024)
	glofitamab+Polivy	Previously untreated large B-cell lymphoma	P3 study (April 2024)
Readout	Enspryng	Luminesce study (gMG) met its primary endpoint (the results did not reach our expectations on the degree of clinical benefit)	March 2024
	mosunetuzumab	Domestic phase I study in expansion cohort for FL (3rd line) met its primary endpoint	February 2024
	Vabysmo	NIHONBASHI study (AS) met its primary endpoint	April 2024
Removed from pipeline	Enspryng	Luminesce study (gMG): Development discontinued	
Medical conference	nemolizumab	OLYMPIA LTE study(Prurigo nodularis), ARCADIA 1&2 maintenance study (Atopic dermatitis)*: American Academy of Dermatology (AAD)	March 2024
	Vabysmo	BALATON study, COMINO study (RVO): Angiogenesis Exudation and Degeneration 2024	February 2024
Priority review designation	nemolizumab	Prurigo nodularis*	February 2024 (U.S.)
License-in agreement	zilebesiran (RNAi Therapeutic)	Hypertension (created by Alnylam Pharmaceuticals, Inc. and license-in from Roche)	April 2024

Letters in orange : in-house projects (global development) Letters in blue : in-licensed from Roche (development and distribution in Japan) *Conducted by Galderma, an overseas licensee LTE: long-term extension

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Please move on to page 10.

In terms of the initiation of study, we have three Roche products. RG6299 (ASO Factor B) will be explained later on. SRP-9001 is targeting non-ambulatory use in Duchenne muscular dystrophy. We started a global Phase III study. Glofitamab is targeted at previously untreated large B-cell lymphoma. Global Phase III study was initiated.

Readouts have already been published. In the Enspryng gMG global Phase III study, we have achieved the primary endpoint. However, the results were below our expectations. As a reference, we have detailed information on the study on slide 20. Based on this time's results, we've discontinued the development. This time, the study results do not impact the risk/benefit profile of long-term use of Enspryng for NMOSD. We have other ongoing development effort for Enspryng in MOGAD, AIE and TED, etc so that we can offer new value to the global patients.

And below that line of medical conference, we have already published the all information. Nemolizumab's medical conference presentation and zilebesiran, where we signed a licensing agreement with Roche, will be explained later on.

Overview of Development Pipeline

2024: Key R&D Milestones

Underlined and bolded are new progress since February 1, 2024

	Product	Indication/Study name	Progress
Projects to be approved	crovalimab	Paroxysmal nocturnal hemoglobinuria (Japan/EU/U.S.)	Approved (Japan)
	Alecensa	NSCLC (adjuvant) (U.S./EU/Japan)	Approved (U.S.)
	Vabysmo	Retinal vein occlusion	Approved
P3/Pivotal readouts	Enspryng	Luminesce study: generalized myasthenia gravis	Achieved PE (the results did not reach our expectations on the degree of clinical benefit) /Development discontinued
	Tecentriq＋tiragolumab	SKYSCRAPER-01 study: NSCLC (1st Line)	
	mosunetuzumab	Domestic P1 (Expansion cohort): Follicular lymphoma (3rd Line)	Achieved PE
	mosunetuzumab＋Polivy	SUNMO study: r/r aggressive B-cell non-Hodgkin's lymphoma	
	Vabysmo	NIHONBASHI study: Angioid streaks	Achieved PE
P2 readouts	GYM329＋Evrysdi	MANATEE study: Spinal muscular atrophy (SMA)	

Letters in orange : in-house projects (development in global) Letters in blue : in-licensed from Roche (development and distribution in Japan)

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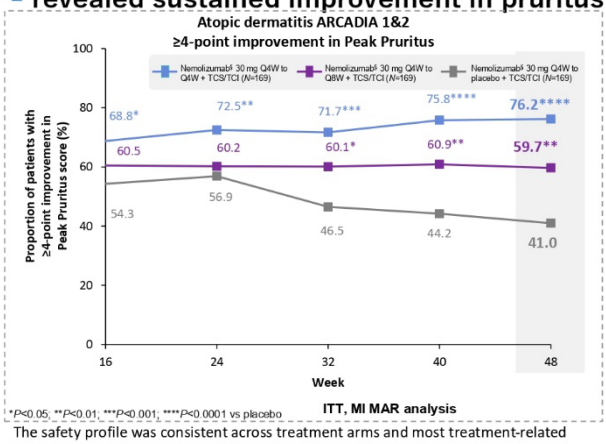
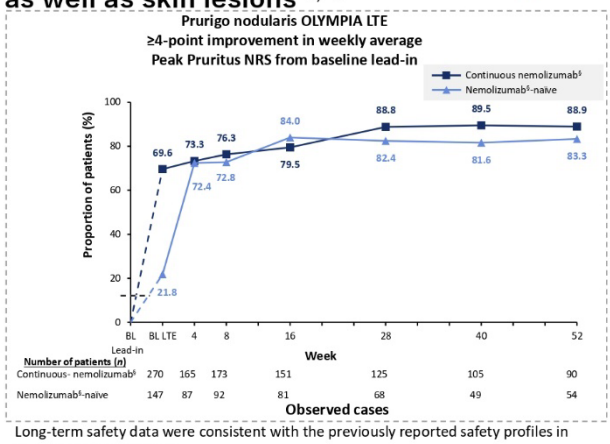
Please move on to page 11.

The major R&D events in 2024 are summarized here and have already been explained in the earlier earnings. This time, we have highlighted the progress in bold and underlined.

Overview of Development Pipeline

Nemolizumab: Global Ph3 ARCADIA 1&2 maintenance and OLYMPIA LTE studies revealed sustained improvement in pruritus as well as skin lesions*1, *2





The safety profile was consistent across treatment arms and most treatment-related adverse events were non-serious and mild/moderate in intensity.

Long-term safety data were consistent with the previously reported safety profiles in the Phase 3 pivotal trials.

*1 IGA0/1 and EASI-75 success rates in ARCADIA1&2 at 48wk were, IGA0/1: 49.7% (placebo), 60.4% (Q8W, P<0.05) and 61.5% (Q4W, P<0.05), and EASI-75: 63.9% (placebo), 75.7% (Q8W, P<0.05) and 76.3% (Q4W, P<0.05)
*2 IGA0/1 success rates in OLYMPIA LTE at 52wk were 69.2% (Continuous nemolizumab) and 64.5% (Nemolizumab-naïve)

ITT, intent-to-treat; MAR, missing at random; MI, multiple imputation; N, total number of patients in the treatment group; NRS, Numerical Rating Scale; Q4/8W, every 4/8 weeks; TCI, topical calcineurin inhibitors; TCS, topical corticosteroids
Weekly PP NRS score was calculated using 7 consecutive days' diary data and set to missing if less than 4 days' data were available. Percentage (%) was calculated using the number of patients with available data (n) at the analysis visit as the denominator. Week 16 measurements serve as maintenance baseline measurements. Strata adjusted P values were from Cochran-Mantel-Haenszel test adjusting for the stratification variable study. The estimates were from 50 complete datasets by MI with MAR assumption.
§Week 16 data were from non-responder imputation.
§Galderma is investigating the use of nemolizumab and has not received approval for any indication in any country.
Nemolizumab or corresponding placebo onto background TCS/TCI. Nemolizumab responder at 16wk were rerandomized to placebo, nemolizumab Q4W or Q8W arms.

Source: Jonathan I. Silverberg, et al. American Academy of Dermatology 2024 All rights reserved

BL, baseline; LTE, long-term extension; n, number of patients with available data based on observed cases for each cohort at the respective visit; NRS, Peak Pruritus Numerical Rating Scale
Weekly values were calculated as average of 7 consecutive days data up to the actual visit day or target study day (excluding) and set to missing, if <4 days data were available. Baseline Lead-in is defined as the last non-missing value before the first dose of study drug in Lead-in study. Baseline/Day 1 (Baseline LTE) is the last non-missing value prior to first dose of study drug in this study. Observed cases are presented where all observed data even after use of rescue therapy are included. No imputations for missing data. Continuous nemolizumab§: Patients with a ≤12-week interval between the last nemolizumab§ dose in the lead-in study and the first dose in LTE. (Patients could have different exposure duration before entering LTE). Nemolizumab§-naive: Patients who never received nemolizumab§ before LTE
§Galderma is investigating the use of nemolizumab and has not received approval for any indication in any country.

Source: Shawn G Kwatra, et al. American Academy of Dermatology 2024 All rights reserved

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Please turn to slide 12.

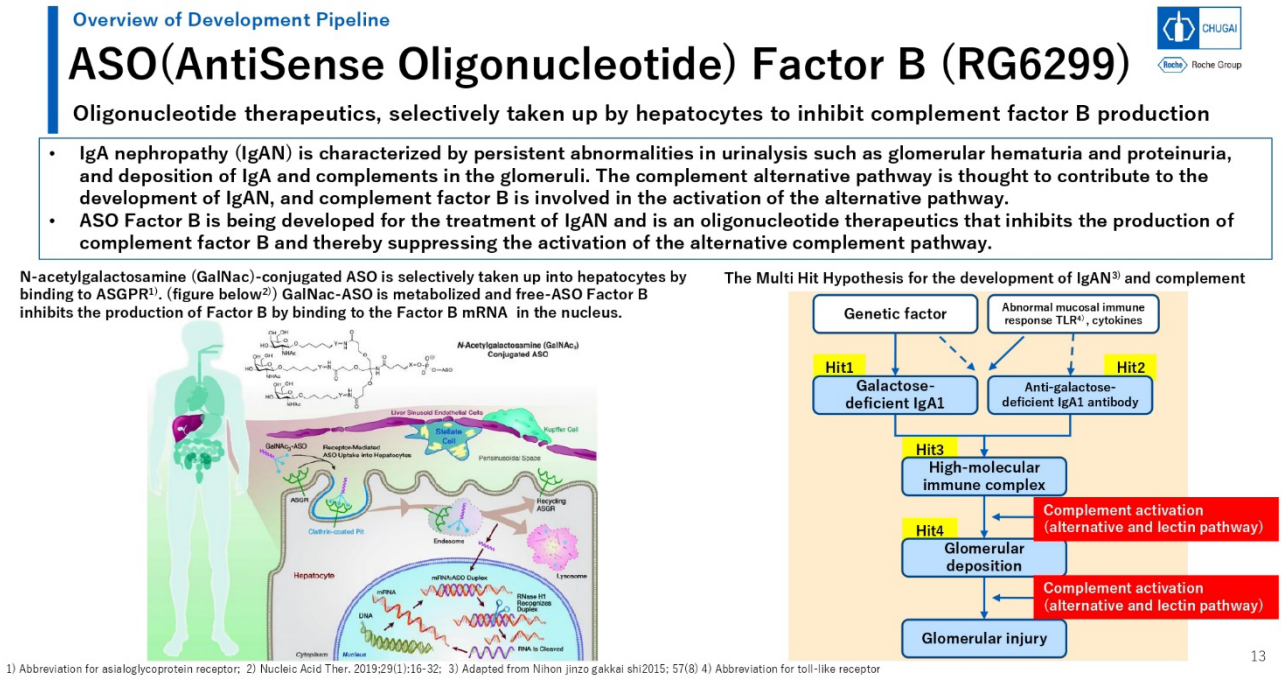
For nemolizumab at the AAD Annual Meeting, the long-term data for atopic dermatitis and prurigo nodularis was published.

The lefthand side is the atopic dermatitis Phase III study results. The improvement of itchiness at week 16 with nemolizumab continue to week 48. As you see on the purple line, even when the dosing interval is extended from once every four weeks to once every eight weeks, the efficacy was maintained.

The righthand side is the Phase III study for prurigo nodularis. With the dosing of nemolizumab, the percentage of patients who saw improvement in itchiness for 52 weeks has increased, and in close to 90% of the patients, the itchiness was eliminated or almost eliminated. As you see on the blue line, for patients switching from placebo to nemolizumab, a similar result was seen in each study.

As you see in asterisk 1 and 2, we saw improvement in skin lesions and sleep disorders. In each study for the safety, the results were the same as we have seen in the past.

For both diseases in the United States and EU, the submission was accepted in February of this year. And in the United States for prurigo nodularis, Priority Review designation was made.



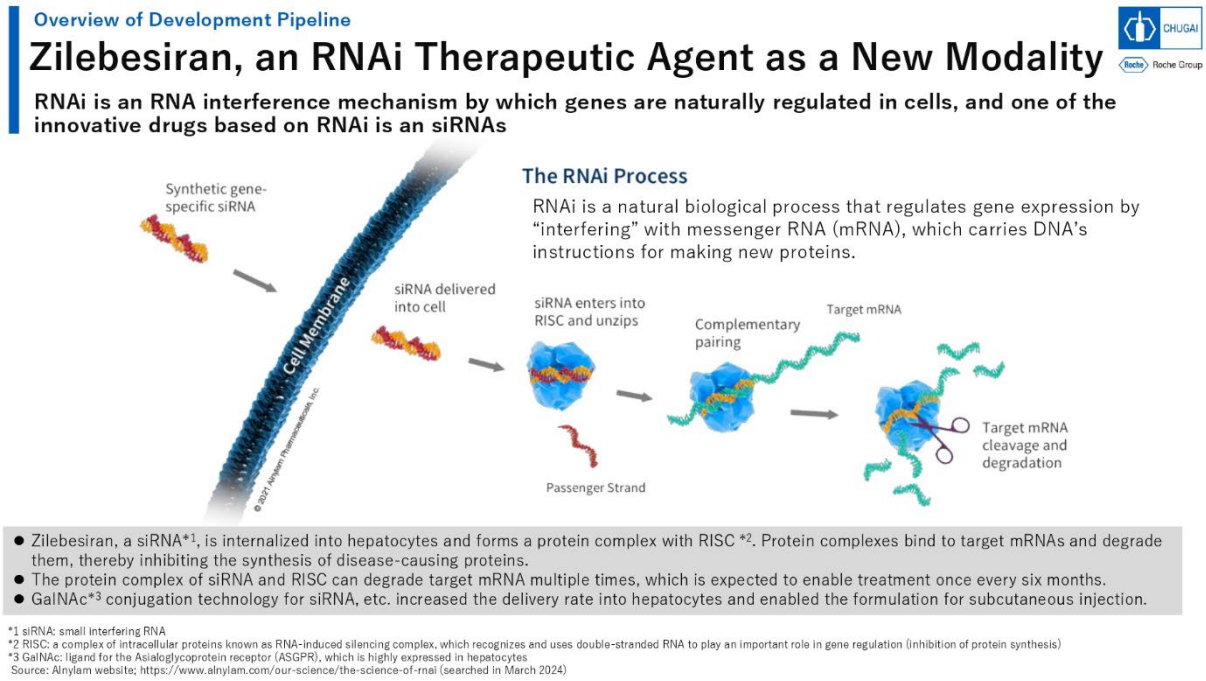
Please turn to the next page, which is for newly developed ASO Factor B.

ASO Factor B is uptaken selectively by hepatocytes. It is a nucleic acid drug that inhibits complement factor B productions.

The target disease, IgA nephropathy, is one of the designated intractable diseases. It is a chronic condition characterized by the deposition of IgA complement components in the glomeruli, leading to persistent symptoms such as hematuria and proteinuria. As the disease progresses, kidney function deteriorates, resulting in high blood pressure and signs of kidney failure.

As illustrated in the left figure, ASO Factor B is selectively taken up by hepatocytes by repairing a sugar chain called N-acetylgalactosamine. Once inside the cell, ASO Factor B is released from the N-acetylgalactosamine, and binds complementarily to mRNA involved in the production of disease-causing proteins, forming a double-stranded structure. This double-strand is then degraded by a specific enzyme, inhibiting the production of Complement factor B.

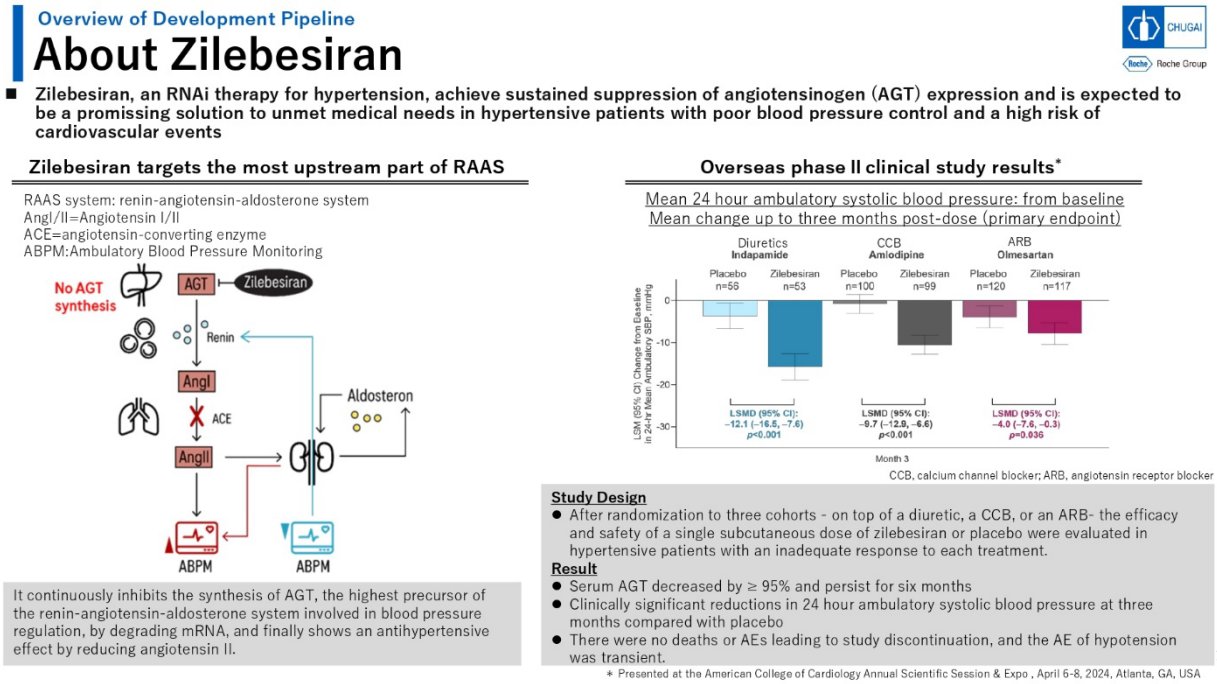
The right figure depicts the onset mechanism of IgA nephropathy. It is believed that the activation of the alternative complement pathway by complement factor B is a contributing factor to the onset of the disease. It is expected that by inhibiting the production of complement factor B with ASO Factor B, the activity of the alternative complement pathway can be suppressed. This in turn is anticipated to slow the progression of IgA nephropathy and maintain and improve renal function.



Next is the licensed-in contract concluded with Roche, which is an RNAi therapeutic agent, zilebesiran.

RNAi is a mechanism naturally present in living organisms, which controls the expression of genes by interfering with mRNA, the molecule that carries DNA's instructions to make proteins. RNAi therapeutics are a new modality that artificially utilizes this mechanism.

One such RNAi therapeutic, siRNA, forms a complex with a protein called RISC, which is essential for RNA interference, after it enters hepatocytes. This protein complex binds to the disease-causing mRNA and breaks it down. Because this protein complex can break down mRNA multiple times, it is expected that zilebesiran can be administered once every six months.



Please turn to slide 15.

zilebesiran is an RNAi therapeutic currently under development for hypertension.

As indicated in the figure on the left, zilebesiran persistently inhibits the synthesis of angiotensinogen, which is at the very top of the renin-angiotensin-aldosterone system involved in blood pressure regulation. As a result, it is expected to demonstrate a long-term blood pressure-lowering effect.

As shown in the figure on the right, in an overseas phase 2 study, when zilebesiran was administered in addition to standard treatment in hypertensive patients who were not responding adequately, a clinically significant reduction in blood pressure was observed at 3 months after administration compared to the group that received a placebo. Furthermore, there were no adverse events leading to death or study discontinuation, and any incidents of low blood pressure were temporary.

There are many unmet medical needs in patients with poorly controlled hypertension, such as an increased risk of cardiovascular events. We aim to provide value to patients through this new modality, in collaboration with Roche and Alnylam.

Overview of Development Pipeline

Potential Market Sales of Main Projects

as of April 24, 2024

Domestic Sales

In-house Products	Indications	Domestic Sale*1
Hemlibra	Hemophilia A, Acquired Hemophilia A	50 bn+ JPY
Alecensa	NSCLC, ALCL	30 bn+ JPY
Enspryng	NMOSD, AIE, MOGAD, TED	20 bn+ JPY
Piasky	PNH, aHUS	10 bn+ JPY
GYM329	SMA	< 10 bn JPY

*1 without considering the development success rate

*2 Changes associated with the revision of the amount category

Roche products	Indications	Domestics Sales*1	Peak Sales Year		Changes from previous disclosure
Tecentriq	LC, BC, HCC, Urological cancer, and others	100 bn+ JPY	~2030		Reschedule of the filing timing for multiple indications and discontinuation of development
Polivy	DLBCL, aNHL	50 bn+ JPY		2031 and beyond	Added SKYGLO study
Vabysmo	nAMD, DME, RVO, AS	30 bn+ JPY		2031 and beyond	Changes of disclosure policy*2
Phesgo	BC, Colorectal cancer	20 bn+ JPY	~2030		Changes of disclosure policy*2
Evrysdi	SMA	15 bn+ JPY	~2030		Changes of disclosure policy*2
mosunetuzumab	FL, aNHL	20 bn+ JPY		2031 and beyond	–
glofitamab	LBCL	20 bn+ JPY		2031 and beyond	–
tiragolumab	NSCLC, Esophageal cancer	15 bn+ JPY		2031 and beyond	Changes of disclosure policy*2
giredestrant	BC	10 bn+ JPY		2031 and beyond	Changes in competitive landscape
ranibizumab(PDS)	nAMD, DME	< 10 bn JPY		2031 and beyond	–

Overseas Sales

[Products out-licensed to Roche] based on the forecast by Roche

- **Enspryng** (NMOSD, AIE, MOGAD, TED) : 1bn+ CHF
- **crovalimab** (PNH, aHUS, SCD, LN) : 1bn+ CHF
- **GYM329** (FSHD, SMA) : 1bn+ CHF

[Out-Licensed to 3rd Parties]

- **nemolizumab***3 (AD, PN) : 2bn+ USD

*3 based on the forecast by Galderma without considering the development success rate

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On page 16 are the market sales of main projects.

At the top, you see the domestic sales. On the lefthand side is Chugai originated products. On the righthand side is products in-licensed from Roche. At the bottom, you see overseas sales of in-house products that are under development or in the process of multiple developments. Therefore, Hemlibra and Alecensa, which we introduced to you last year, are not included.

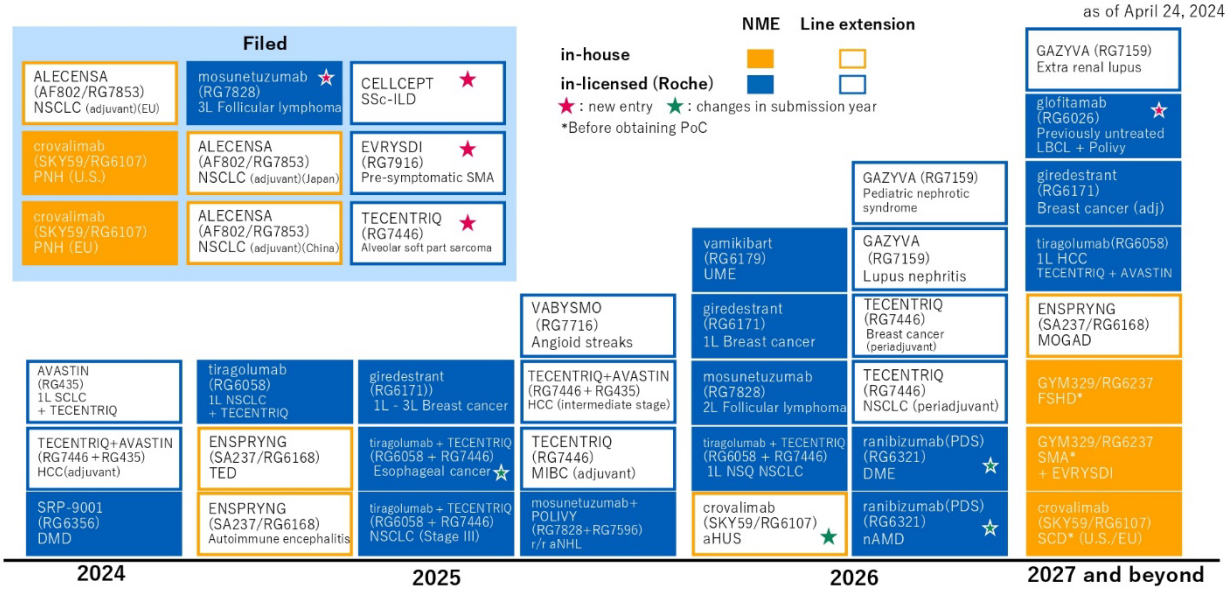
For Roche products that were disclosed last year in February, the reasons for changes are showing. Enspring has been removed for gMG, but we expect the potential to exceed CHF 1 billion.

Although not included in the table, Hemlibra is expected to achieve further growth and gain more market share amidst intensifying competition. For Alecensa, NSCLC adjuvant treatment, additional indication, increasing sales is expected.

Overview of Development Pipeline

Projected Submissions (Post PoC NMEs and Products)

as of April 24, 2024



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Next page, please. This is a submission schedule.

The red stars are for new entry and the green is the change in submission year. With the progress of—just the submission year was changed for some. Please refer to the following slides for your reference.

FY2024 Q1 Consolidated Financial Overview (Core)

P/L Jan – Mar (Year on Year)

(Billions of JPY)	2023	2024	Growth	
Revenue	**312.2**	**236.9**	**- 75.3**	**- 24.1%**
Sales	291.5	204.5	- 87.0	- 29.8%
Domestic	192.7	103.2	- 89.5	- 46.4%
Overseas	98.8	101.3	+ 2.5	+ 2.5%
Other revenue	20.7	32.5	+ 11.8	+ 57.0%
Cost of sales	-151.0	-72.6	+ 78.4	- 51.9%
(cost to sales ratio)	51.8%	35.5%	-16.3%p	-
Research and development	-36.1	-41.2	- 5.1	+ 14.1%
Selling, general and administration	-21.0	-21.2	- 0.2	+ 1.0%
Other operating income (expense)	1.3	0.2	- 1.1	- 84.6%
Operating profit	**105.4**	**102.1**	**- 3.3**	**- 3.1%**
(operating margin)	33.8%	43.1%	+9.3%p	-
Financial account balance	1.4	0.0	- 1.4	-
Income taxes	-28.3	-26.2	+ 2.1	- 7.4%
Net income	**78.4**	**76.0**	**- 2.4**	**- 3.1%**
EPS (JPY)	**47.66**	**46.16**	**-1.50**	**- 3.1%**

Domestic sales
Decrease due to the absence of supply of Ronapreve to the government recorded in the same period of the previous year, the NHI drug price revision and market penetration of generic drugs

Overseas sales
Decrease in sales of Actemra and significant increase in sales of Hemlibra

Other revenue
Increase mainly in one-time income

Cost of sales
Cost to sales ratio improved due to product mix, etc.

Research and development expenses
Increase due to investments in research and early development, and progress of development projects

Selling, general and administration expenses
Same level as the same period of the previous year

Other operating income (expense)
Decrease due to the absence of gain on sales of property, plant and equipment, etc. recorded in the same period of the previous year

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Taniguchi: This is Taniguchi speaking. I am CFO of the Company. Now I would like to explain about the core base, the Q1 result.

Please turn to page 26. The revenue dropped by JPY75.3 billion YoY, and it was JPY236.9 billion. Operating profit dropped by JPY3.3 billion, and it was JPY102.1 billion. The major reason for the drop was because last year in Q1, we had revenue of COVID-19 treatment, Ronapreve, which we do not have any more, so except for the Ronapreve impact, the revenue actually increased.

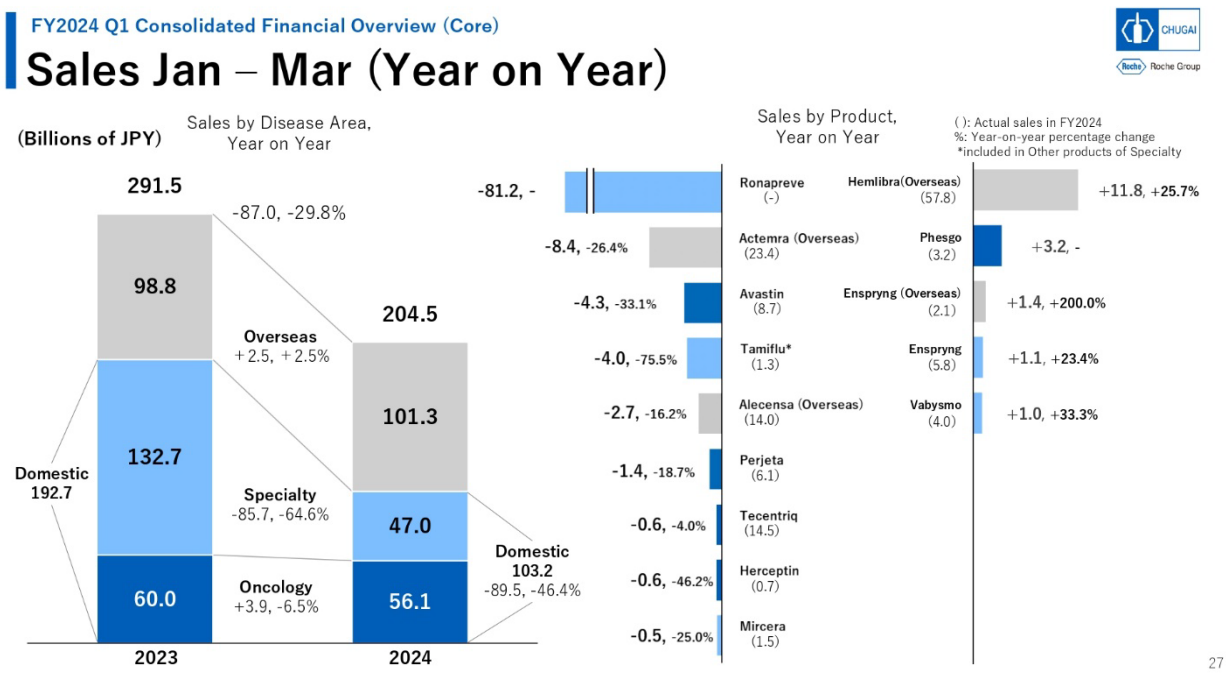
Now out of the revenue, the product sales were JPY204.5 billion, dropped by 29.8%, which is JPY87 billion. Domestically, revenue dropped by JPY89.5 billion, including Ronapreve, but if we exclude Ronapreve, the drop range was JPY8.3 billion. The main factors are the impact of the NHI drug price reduction and the penetration of generics.

Overseas, Hemlibra is doing well, up by JPY2.5 billion YoY, growth of 2.5%. The other revenue saw increase in Hemlibra royalty income and onetime income, and it was JPY32.5 billion, increased by 57% YoY, which is JPY11.8 billion.

The cost of sales ratio was high with Ronapreve, but we don't have this anymore, so the cost to sales ratio improved by 16.3 percentage points and became 35.5%.

On the expense side, we improved the efficiency. SG&A increased only by JPY200 million. For R&D expense under the RED SHIFT, drug discovery and early development project progressed quite well and R&D expense increased by JPY5.1 billion.

As a result, operating profit was JPY102.1 billion; OP margin, 43.1%, up by 9.3 percentage points; and net income was JPY76 billion and dropped by 3.1%.

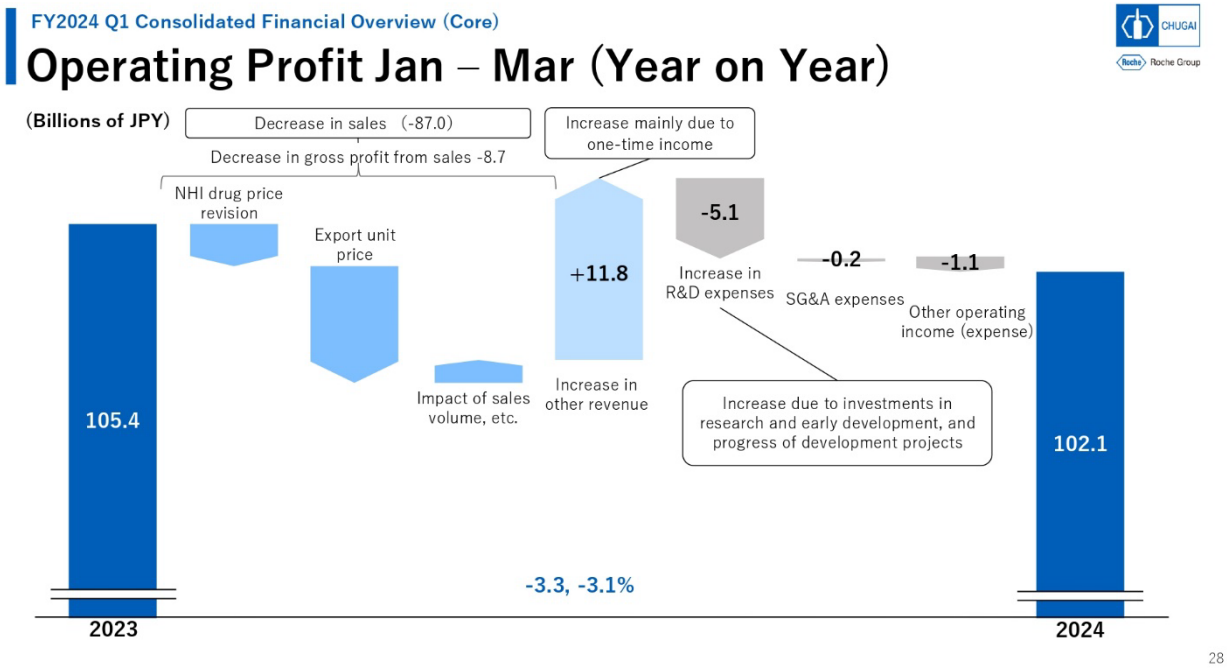


Next is the change in product sales.

Domestic oncology area, revenue dropped by 6.5%, equivalent to JPY3.9 billion. Due to the impact of generics penetration, Avastin revenue dropped. And the growth of Phesgo, a combination drug containing the Perjeta and Herceptin, sales exceeded the drop of each drug.

For the specialty, revenue dropped by 64.6%, which is JPY85.7 billion. But the Ronapreve JPY81.2 billion and Tamiflu JPY4 billion revenue drop impacted quite largely. Except for those two, the revenue was in part with the previous year's level.

We have seen the NHI drug price revision impact. However, Vabysmo and Enspryng sales grew nicely. Overseas sales grew by 2.5%, equivalent to JPY2.5 billion. Actemra is seeing the impact of biosimilar. However, Hemlibra and Enspryng grew their export sales.



Moving on to the next page. This shows the change in operating profit.

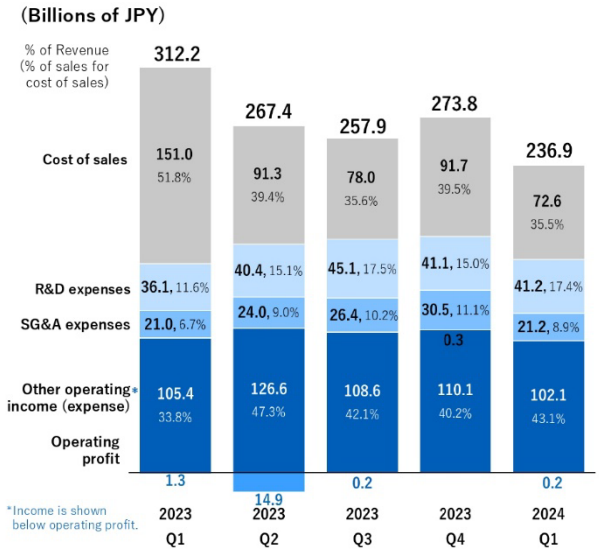
From the left, you can see gross profit. This dropped by JPY8.7 billion. As you can see, we had a negative impact from the NHI price decrease and export unit price. However, we complemented that with the increase of exports. However, we were not fully able to absorb that.

On the other hand, other revenues increased JPY11.8 billion. This was due to an increase in Hemlibra royalties and lump-sum income such as milestone.

Expenses are as described above. This is the change in operating profit.

FY2024 Q1 Consolidated Financial Overview (Core)

Structure of Costs and Profit by Quarter



Year on Year (vs. 2023 Q1)

See the page "P/L Jan – Mar (Year on Year)"

Quarter on Quarter (vs. 2023 Q4)

Cost of sales ratio: improve due to a change in product mix, etc.

R&D: same level as the previous quarter

SG&A: decrease due to seasonal factors, etc.

Other operating income (expense): same level as the previous quarter

Operating profit: -8.0 billion JPY, -7.3%

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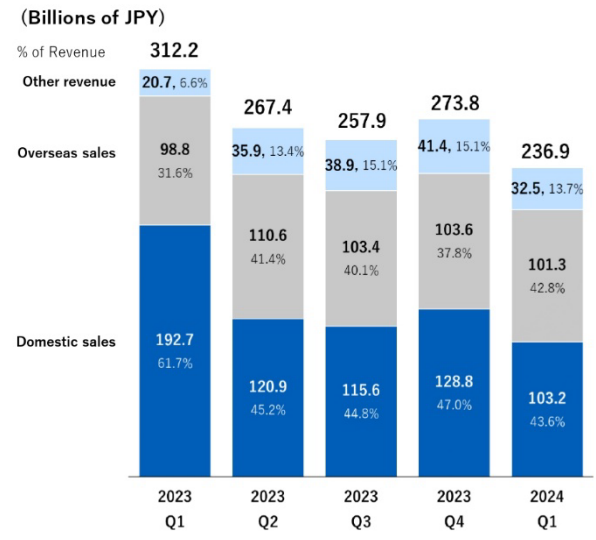
This is the quarterly change in cost and profit.

This shows basically the quarterly trend. To your left, you can see Q1 of last year. The size of the bar is quite big, but this is due to the Ronapreve. But since then, the profit level has been normalized. There are some changes in the timing of export. Sales recognition timing as a result varies, thus quarterly profit can move.

FY2024 Q1 Consolidated Financial Overview (Core)

Structure of Revenue by Quarter



Year on Year (vs. 2023 Q1)

See the page "P/L Jan – Mar (Year on Year)"

Quarter on Quarter (vs. 2023 Q4)

Domestic sales: decrease due to the difference of number of business days, the NHI drug price revision and decrease in sales of Tamiflu

Overseas sales: increase in sales of Hemlibra and decrease in sales of Actemra and Alecensa

Other revenue: increase in one-time income and decrease in royalty income of Hemlibra

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Next page shows the structure of revenue on a quarter basis.

In Q1 of 2023, we recognized the sales of Ronapreve to be supplied to the government. As a result, domestic product sales were boosted. Regarding overseas product sales, I would like to explain about this later in more detail, but the revenue drop in Actemra was somewhat compensated by Hemlibra.

FY2024 Q1 Consolidated Financial Overview (Core)

P/L Jan – Mar (vs. Forecast)

(Billions of JPY)	Actual 2024 Jan - Mar	Forecast 2024 Jan - Dec	Progress	2023 Progress*
Revenue	**236.9**	**1,070.0**	**22.1%**	**28.1%**
Sales	204.5	922.0	22.2%	29.9%
Domestic	103.2	454.9	22.7%	34.5%
Overseas	101.3	467.1	21.7%	23.7%
Other revenue	32.5	148.0	22.0%	15.1%
Cost of sales	- 72.6	- 337.5	21.5%	36.7%
(cost to sales ratio)	35.5%	36.6%	-	-
Research and development	- 41.2	- 171.0	24.1%	22.2%
Selling, general and administration	- 21.2	- 102.0	20.8%	20.6%
Other operating income (expense)	0.2	0.5	40.0%	8.1%
Operating profit	**102.1**	**460.0**	**22.2%**	**23.4%**
(operating margin)	43.1%	43.0%	-	-
Net income	**76.0**	**335.5**	**22.7%**	**23.5%**
EPS (JPY)	**46.16**	**204.00**	**22.6%**	**23.5%**

Domestic sales
Progress in line with forecast of domestic sales (2023 progress excluding Ronapreve: 24.2%)

Overseas sales
Progress nearly in line with forecast

Other revenue
Progress nearly in line with forecast

Cost of sales
Cost to sales ratio nearly in line with Q1 forecast

Research and development expenses
Progress nearly in line with forecast

Selling, general and administration expenses
Progress nearly in line with forecast

Other operating income (expense)
Progress nearly in line with forecast

* Jan - Mar progress versus Jan – Dec actual

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Next page. This shows the progress against the full-year guidance published at the beginning of the year.

Last year, due to the impact of Ronapreve, Q1 number was looking quite high. This year's Q1, both sales and expense items are trending as per our expectation. The Q1 domestic product sales are impacted by the lesser number of business days, meaning that sales volume tends to be low in Q1 compared to the other quarters. And in overseas product sales, the export to Roche due to the production and exporting schedule can move by product on a quarterly basis. But just like domestic sales, the number in Q1 tends to be lower compared to the other quarters from April and beyond.

Regarding Hemlibra royalties, the rate increases against full-year cumulative sales, meaning that we have a tiered structure, meaning that the royalty tends to go up towards the end of the year.

For the expenses, the expenses are expected to fall under our full-year expectations. And based on those situations, in general, things are moving as per our expectations, as per our full-year guidance announced at the beginning of the year.

FY2024 Q1 Consolidated Financial Overview (Core)

Sales Jan – Mar (vs. Forecast)

(Billions of JPY)	Actual 2024 Jan - Mar	Forecast 2024 Jan - Dec	Forecast Progress	2023 Progress *
Sales	**204.5**	**922.0**	**22.2%**	**29.9%**
Domestic	**103.2**	**454.9**	**22.7%**	**34.5%**
Oncology	**56.1**	**246.5**	**22.8%**	**23.1%**
Tecentriq	14.5	66.2	21.9%	23.1%
Polivy	7.4	37.3	19.8%	20.3%
Avastin	8.7	33.9	25.7%	26.1%
Alecensa	6.6	31.3	21.1%	21.8%
Perjeta	6.1	22.0	27.7%	22.3%
Kadcyla	3.6	16.2	22.2%	23.8%
Phesgo	3.2	15.5	20.6%	0.0%
Herceptin	0.7	2.2	31.8%	27.1%
Foundation Medicine	1.8	7.1	25.4%	25.7%
Other	3.4	14.8	23.0%	21.7%

(Billions of JPY)	Actual 2024 Jan - Mar	Forecast 2024 Jan - Dec	Forecast Progress	2023 Progress *
Specialty	**47.0**	**208.4**	**22.6%**	**44.6%**
Hemlibra	12.5	56.5	22.1%	22.6%
Actemra	10.2	45.9	22.2%	22.3%
Vabysmo	4.0	22.8	17.5%	19.6%
Enspryng	5.8	22.4	25.9%	19.7%
Evrysdi	3.4	16.5	20.6%	20.7%
Mircera	1.5	6.8	22.1%	23.8%
CellCept	1.5	6.3	23.8%	22.9%
Edirol	1.4	5.6	25.0%	24.0%
Ronapreve	-	-	-	100.0%
Other	6.7	25.7	26.1%	32.0%
Overseas	**101.3**	**467.1**	**21.7%**	**23.7%**
Hemlibra	57.8	267.3	21.6%	21.7%
Actemra	23.4	109.8	21.3%	24.9%
Alecensa	14.0	58.9	23.8%	30.0%
Enspryng	2.1	6.4	32.8%	16.7%
Neutrogin	2.1	6.8	30.9%	23.5%
Edirol	0.1	1.8	5.6%	0.0%
Other	1.8	16.1	11.2%	21.2%

* Jan - Mar progress versus Jan – Dec actual

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To the next page to more details. Sales by product, progress against the full-year forecast of sales.

There are some variations, but roughly speaking, things are progressing as expected. Like Vabysmo, there are products where the progress seems to be slow. However, overall, we are expecting an increase in sales. For the full-year estimate, there will be basically no change.

FY2024 Q1 Consolidated Financial Overview (Core)

Impact from Foreign Exchange Jan – Mar

(Billions of JPY)	vs.2023 Actual rate 【C】vs.【A】	vs.2024 Forecast rate 【C】vs.【B】
Revenue	**+19.8**	**+1.2**
Sales	+15.2	+1.3
Other revenue	+4.6	-0.1
Cost of sales	**-1.0**	**-0.0**
Other than above*1	**-1.1**	**-0.1**
Operating profit	**+17.7**	**+1.1**

Exchange Rate (JPY)	2023 Actual rate*2 Jan - Mar 【A】	2024 Forecast rate Jan - Mar 【B】	2024 Forecast rate Jan - Dec	2024 Actual rate*2 Jan -Mar 【C】
1CHF	137.05	160.57	159.00	162.70
1EUR	141.96	157.00	157.00	161.10
1USD	132.79	137.46	136.00	131.49

*1 Total of R&D, SG&A and other operating income (expense)
*2 Weighted average of the exchange rates used to record foreign currency transactions included in categories from revenue to operating profit

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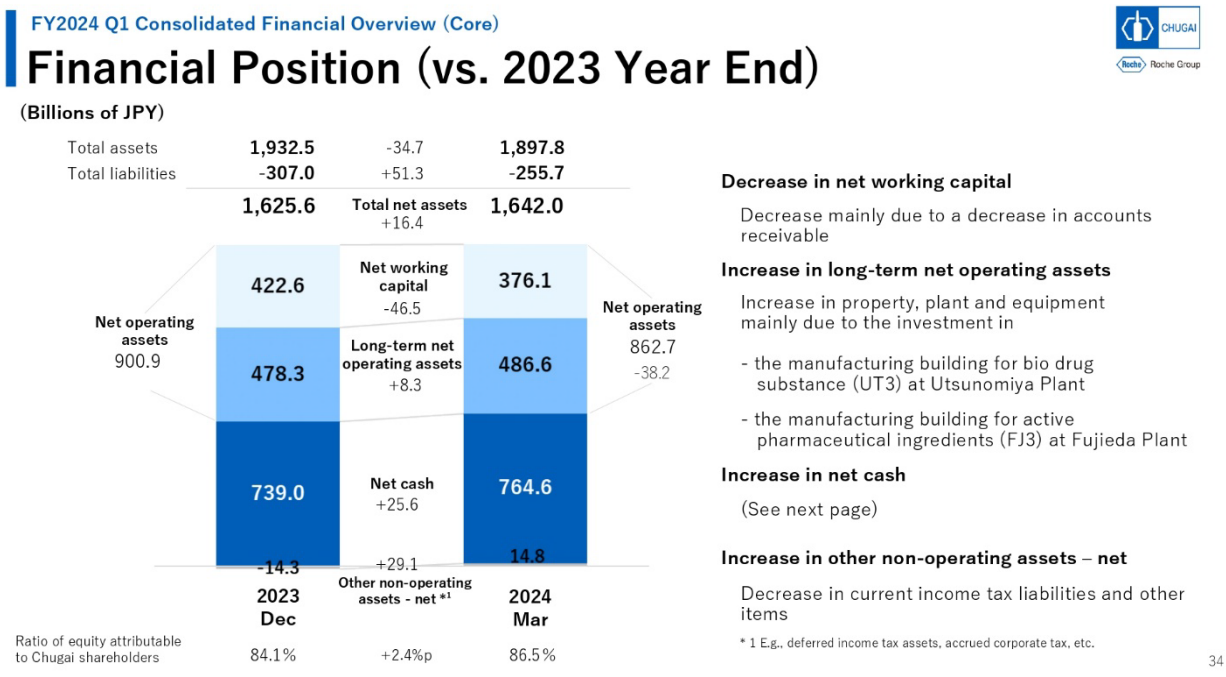
Next is the impact of the foreign exchange rate.

For exports to Roche, royalty income from Roche and purchase transactions affecting product costs in foreign currency, approximately 80% of scheduled transactions are hedged with forward foreign exchange contracts in the previous year. However, due to the application of hedge accounting, the remaining 20% will be in an open position and exchanged at the spot rate in the unit in which transactions are executed. This part is the exposure to changes in currency, which is one of the major factors for the difference from the initial assumption..

First, let me explain the comparison with the original forecast rate in the first quarter. As a result, we gained JPY1.1 billion on an operating profit basis. This means that, mainly on the revenue side, there was a slight difference between the forecast of hedging at the beginning of the term and the actual amount of transactions in foreign currency for each month, and the revenue was recorded at the yen's depreciation rate, which is more favorable than the forecast rate for the entire full year.

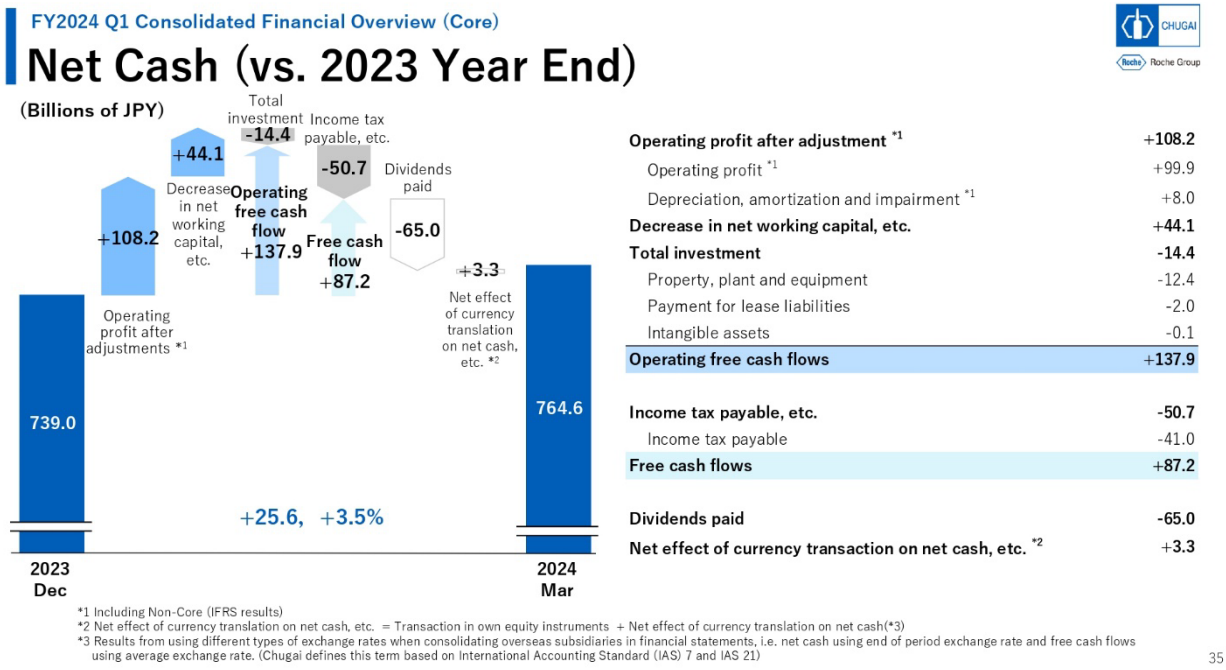
In addition, the assumed rates differ each quarter and for the entire year because the underlying forward foreign exchange contracts are implemented throughout the year of the previous year, resulting in a slight difference between the annual average rate and the rate for each quarter at which the actual allocation to hedged transactions occurs.

For the comparison against the previous year, if you look at the far lefthand side, the exchange rate has had yen's depreciation since last year. In terms of Chugai's business, yen's depreciation tend to be positive for the revenue side, but it tends to be negative for the expense side. As for the net position, in the case of our company, there is a strong portion on the revenue side, and in terms of operating profit, there was a profit contribution of JPY17.7 billion compared to last year as the difference in the actual rate based on exchange rates.



So far, I have talked about the profit and loss statement. But from the next page on, I will talk about the balance sheet.

Total asset was JPY1,897.8 billion, compared to the end of last year, minus JPY34.7 billion. As of end of year, the account receivables were received and because of that, the numbers went down. But net own capital has increased because of profits, so shareholders' equity ratio has increased 2.4 percentage points to 86.5%. And for net cash, since year-end of last year, we've seen an increase of JPY25.6 billion. As of the end of March, JPY764.6 billion.

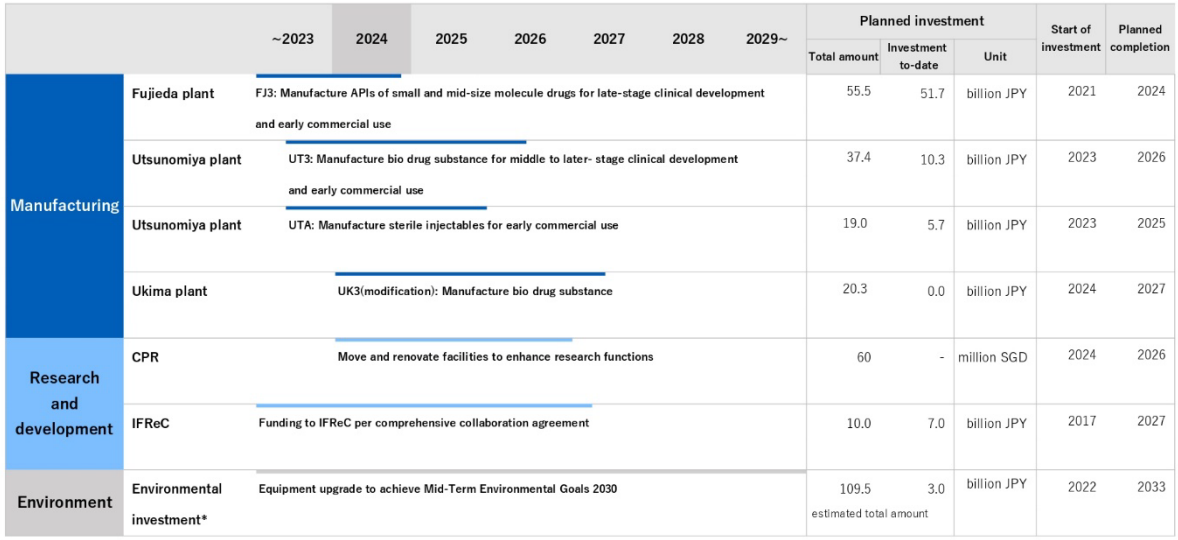


Here, we look at the net cash changes.

Basically, cash in from operating activities and a decrease in net working capital are included in operating cash flow and free cash flow, and this is the balance remaining after the payment of corporate taxes and dividends paid, and we still received JPY25.6 billion in positive cash flow.

FY2024 Q1 Consolidated Financial Overview (Core)

Current Status / Plan for Major Investments



		~2023	2024	2025	2026	2027	2028	2029~	Planned investment: Total amount	Planned investment: Investment to-date	Planned investment: Unit	Start of investment	Planned completion
Manufacturing	Fujieda plant	FJ3: Manufacture APIs of small and mid-size molecule drugs for late-stage clinical development and early commercial use							55.5	51.7	billion JPY	2021	2024
	Utsunomiya plant	UT3: Manufacture bio drug substance for middle to later- stage clinical development and early commercial use							37.4	10.3	billion JPY	2023	2026
	Utsunomiya plant	UTA: Manufacture sterile injectables for early commercial use							19.0	5.7	billion JPY	2023	2025
	Ukima plant		UK3(modification): Manufacture bio drug substance						20.3	0.0	billion JPY	2024	2027
Research and development	CPR		Move and renovate facilities to enhance research functions						60	-	million SGD	2024	2026
	IFReC	Funding to IFReC per comprehensive collaboration agreement							10.0	7.0	billion JPY	2017	2027
Environment	Environmental investment*	Equipment upgrade to achieve Mid-Term Environmental Goals 2030							109.5 estimated total amount	3.0	billion JPY	2022	2033

* incl. part of investments described in the schedule above

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The next page is about the situation of investments. This has not changed significantly from the announcement in previous results earning call.

As this overlaps with what I mentioned last time, for an important point for manufacturing, at the bottom, Ukima factory, UK3 We have planned to allocate JPY20.3 billion to UK3 at the Ukima Plant, a manufacturing building for biological APIs that is already operating, and this includes investment in improvement and expansion, as well as countermeasures of CFCs and HCFCs.

As for R&D, CPR in Singapore will be expanded. The facilities are to be moved and with it, a SGD60 million investment is expected.

For the medium-term environmental targets, JPY109.5 billion for capital expenditure regarding environmental countermeasures is expected.

FY2024 Q1 Consolidated Financial Overview (Core)

P/L Jan – Mar (Non-core adjustment)

(Billions of JPY)	IFRS results	Non-core items		Core results
		Intangible assets	Others	
Revenue	**236.9**			**236.9**
Sales	204.5			204.5
Other revenue	32.5			32.5
Cost of sales	-72.9	+0.3		-72.6
Research and development	-41.4	+0.2	+0.0	-41.2
Selling, general and administration	-22.6		+1.4	-21.2
Other operating income (expense)	-0.2		+0.4	0.2
Operating profit	**99.9**	**+0.5**	**+1.8**	**102.1**
Financial account balance	0.0			0.0
Income taxes	-25.5	-0.1	-0.5	-26.2
Net income	**74.4**	**+0.3**	**+1.2**	**76.0**
EPS (JPY)	**45.21**			**46.16**

Non-core items (Billions of JPY)

Factors affected operating profit

Intangible assets

Amortization	+0.4
Impairment	+0.1

Others

Business rebuilding expenses	+1.4
Restructuring expenses	+0.4

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The next slide is noncore adjustments. I have talked so far on a Core basis. This shows how this can be bridged to figures based on international financial reporting standards.

The intangible assets of amortization was JPY400 million. Also for restructuring expenses was JPY400 million. The old research centers in Kamakura have moved. And after the movement, costs were incurred. In addition, business rebuilding expenses was JPY1.4 billion due to ongoing project related to ERP. With the project, temporary business rebuilding expenses are incurred.

That is all from my side. We are looking forward to your questions.

Question & Answer

Miyata [M]: Now we would like to move on to the Q&A session. Takano, the Head of Marketing &Sales Div., will be joining the Q&A session.

Muraoka [Q]: Hello. I am Shinichiro Muraoka speaking from Morgan Stanley. Thank you. I would like to ask you questions regarding the pipeline. Maybe you will tell me to ask this question to Eli Lilly, but this year, in March/April, oral product such as amycretin showed a good result and data. Some foreign investors are worried that orfroglipron doesn't seem to be so efficacious compared to amycretin. But I don't necessarily agree with them due to a small amount of data. But the current oral drugs data, when you compare those with orforglipron data, if any, what do you see any disadvantages of orforglipron against the other competitor's product being developed ?

Kusano [A]: Muraoka-san, thank you very much for your question. We have licensed out this compound to the Eli Lilly and for type two diabetes, there are six studies going on. And then three studies going on for obesity. We have heard that first patient dosing was made. Detailed questions should be directed to the Eli Lilly. I'm afraid that I have to tell you that we should refrain from commenting on any evaluations for this compound.

Muraoka [Q]: What about the competitor's data? Were you surprised to see their data? Was their data within your expectation?

Kusano [A]: Thank you for your question. Once again, we cannot comment on the competitors' drugs. We are not in a position to make any comment. Please allow me to refrain from responding to your question.

Muraoka [Q]: Understood. Maybe I'm going to receive the same answer again. For GYM329, I would like to ask about the thinking behind the study for obesity. I believe GYM329 is designed to increase muscles rather than decrease it. As for clinical trial for weight reduction, the curve of weight reduction will show very different curve compared to in the trial with GLP-1? Is that your assumption at the moment? Or does it start to decline very suddenly or rapidly?

For the Phase I results to come out, what should we be expecting? If you can briefly talk about that.

Kusano [A]: Thank you very much, Mr. Muraoka, for your question. For obesity, GLP-1 receptor agonist is attracting attention. Using it with incretin seems to be a possible option for treatment. Incretin does cause a reduction of weight, but with that, muscles also are decreased in addition to fat. GYM329, as you know, increases muscles, so if it is used with incretin, the muscles come down, but that muscle may be recovered. As a result, if fat alone will be reduced, it will have a positive impact on health and daily life of the patient. However, at what speed will the muscles come back? We have not seen the data yet, and therefore, we cannot comment.

Muraoka [Q]: Currently, you are in Phase Ib. This is monotherapy. So the message is, don't worry if the weight does not come down that much or if you noticed an increase in muscles. The weight might go up, that may be a concern, but it is very difficult to identify how much expectations we should have for this drug. Can you share with us the profile or image of the results you have with this drug?

Kusano [A]: Thank you very much. This is a Roche-led Phase I study. And the purpose of this study is to examine PK/PD and safety. With regards to the content, after we get the data, if there is something that we

can share, we would like to see it. But currently, it is a Roche-led study and, therefore, at this moment, we are not in a position to make any comments. We would like to refrain from making any comments.

Muraoka [M]: Thank you very much. I would like to wait for the results to come out.

Wakao [Q]: This is Seiji Wakao speaking from JPMorgan. Nice to talk to you today. My first question is related to Hemlibra sales in US. Can you comment on that, please? Based on your presentation, international and Europe, the sales have been expanding. However, you didn't really comment on the sales in US.

When I look at the Roche number this time, YoY, it is minus 1%. I wonder how you see the future of US performance. As far as I remember, YoY US has never really shown this kind of YoY trend. And the prescription, I guess, is growing. I was surprised to see this number. Volume, price, can you comment on any change on volume and sales price, if there are any?

Taniguchi [A]: This is Taniguchi speaking. Thank you for your question. The information was disclosed just today. We don't have any additional information. For international, Europe, it's still growing, but for US, minus 1%, probably there are some seasonality impacts, but I don't think it's appropriate to make a comment based on our guess and speculation. We do not disclose share, but we understand that share is still growing, so we are not really worried.

Wakao [Q]: Thank you very much. So even when we look at US performance only, there is no major change from your previous thinking?

Taniguchi [A]: Right.

Wakao [Q]: Thank you. The second point, on Enspryng gMG results, what is your take on the result? This project is discontinued because the results did not achieve the number you and Roche had set. But why do you think you were not able to meet the expectations? You didn't have a Phase II study. And because of that, is that the reason for not being successful? Or if you look at the current data, it seems like the placebo is quite strong and maybe that had an impact. Or is it simply that for both Enspryng and placebo, the results were too strong? Can you tell us why this was not successful?

For Phase III, in your case, you have always been successful. You were not able to be successful this time. Why is that? I'm not sure if this is the first, but—well, actually, I was surprised that you were not able to meet the expectations. Can you tell us about the background?

Kusano [A]: Thank you very much for your question. Just one point before I answer that question. Well, 100% success for ourselves, that is in case of first indication, we have always been able to meet the primary endpoint. With the expansion of indications, there are some failure cases in the past.

Now for the results that we see now, for the gMG Phase III study, if you look at the primary endpoint, the activities of daily life of patients are looked at. From the start of treatment to week 24, we look at the average change. The Enspryng group versus placebo, statistically, there was a difference. However, between Roche and ourselves, we have predetermined and assumed results and were not able to meet that endpoint. We've looked at various subgroup analyzes. But with Enspryng, large clinical benefits may be seen with some patients. That was our expectation. But consistently, we saw similar results.

As you know, multiple bioproducts are already being launched. A meaningful benefit may not be able to be provided to the patients in addition to those. We decided not to file in Japan, and Roche's decision is the same. The cause is difficult to identify. And so other companies have done clinical trials, and it's very difficult to do a direct comparison. But a primary endpoint is activities of daily life and that was slightly different from other companies' clinical trials.

As you know, interleukin-6 is controlled with Enspryng in the upstream, so it was stopped at an early stage and the observation period was 24 weeks. Maybe if we observe for a bit longer, a better result will be seen. This is just imagination. At least with this study, statistically, there was a difference, but we were not able to go beyond what we had assumed in the beginning.

Wakao [M]: Thank you very much. That is all from my side.

Miyata [M]: Next, from Citigroup Securities, we have Yamaguchi-san, please.

Yamaguchi [Q]: This is Hidemaru Yamaguchi speaking. Thank you. My first question is related to the analysis of operating income. You talked about the decrease of the export unit price. I think this was due to Alecensa. But do you have any breakdown by product?

Taniguchi [A]: This is Taniguchi speaking. Thank you for your question. Details are not disclosed. Actemra has a big volume. Hemlibra, the percentage of international is growing. The pricing is different from EU and US. These are two major change factors. In light of volume, these two factors are big impact. No further information can be disclosed other than them.

Yamaguchi [Q]: So Actemra was reduced, that was the impact of biosimilars?

Taniguchi [A]: There was not much impact on Roche's disclosed numbers, but we export beforehand. And we are starting to see some impact there.

Yamaguchi [Q]: Thank you very much. The second question, market sales update. With the revision of value, I wasn't able to understand this disclosure policy of change with annotation two.

Taniguchi [A]: This is Taniguchi speaking. Last year, at this time, a similar slide was presented. Since then, we did some alignment with Roche, so a common template or format is to be used, we decided.

Basically, for global peak sales, as you see here, it is more than CHF1 billion. This kind of template will be used on a global basis. We've aligned ourselves. For domestic sales, this is the sales in Japan. Over JPY5 billion or JPY10 billion is the interval of the threshold we have. We've talked with Roche so that we can show the numbers in a unified way like this.

Yamaguchi [Q]: And you already mentioned to Hemlibra and Alecensa. Hemlibra, I think you talked about competitors, but I think the numbers were somewhere between 4,000 to 8,000 in the previous slide. Did this range change in this time? And for Alecensa, I think you now it includes an early line indication. Did you assume this early line indication from the beginning? Or have you included this new indication and turn out to be increased or decreased compared to the previous number?

Taniguchi [A]: This is Taniguchi speaking again. For Hemlibra, it is very difficult to show an outlook. Starting this time, we are not showing those numbers. For Alecensa, this is different from an adjuvant discussion. Somewhere between 500 million to 1 billion is the number that we are assuming.

Yamaguchi [Q]: For Alecensa, you don't disclose a number, but it's a positive?

Taniguchi [A]: That's for adjuvant, yes.

Yamaguchi [M]: Thank you very much.

Miyata [M]: Next is Hashiguchi-san from Daiwa Securities.

Hashiguchi [Q]: This is Kazuaki Hashiguchi speaking. Thank you. My first question is related to zilebesiran, target of licensing and the impact of future business. Segment-wise is oncology and specialty, and I think sales has been categorized as such. zilebesiran is targeted at hypertension, so it's not associated with oncology and specialty. But amongst the hypertension, unlike ARB, this is like a special pharmaceuticals. Is that how you position zilebesiran? Or is there a different concept of licensing? With this licensing, are you going to change your sales structure? If that is the case what is your approach to the product licensing going forward? Is there going to be any change?

Kusano [A]: Hashiguchi-san, thank you very much for your question. This is Kusano speaking. First of all, the reason why we licensed-in zilebesiran this time was because regardless of the therapeutic area, we are trying to overcome unmet medical needs. We would also like to offer innovative pharmaceuticals. And this time, we have licensed-in zilebesiran from Roche. At a poor control with the conventional drugs and unmet needs for patients with high risk of cerebrovascular, we thought can be met by this new modality drug. That's why we have decided to license-in zilebesiran this time.

And in terms of the sales structure, as you know, Roche Group will be actively licensing in diabetes drugs. So cardiovascular or metabolic diseases oftentimes are associated with many complications, so we expect big synergies.

Roche, Chugai, our target drugs are the one to see high unmet needs, yet conventional drugs cannot address those unmet needs. We are basically focusing on the promotion of the specialty area in hospitals. Regarding the commercial structure, we would like to consider it in the future in cooperation with multiple division including Sales and Marketing, Drug Safety, and MA..

Hashiguchi [Q]: Depending on how the clinical development goes, is there a potential of replacing existing drugs? And if so, will you be teaming up with companies that are strong in those areas for sales? Or at this moment, there is almost no possibility or you haven't thought about that?

Kusano [A]: Thank you very much for your question. At this moment, we are not thinking about that possibility. But later on, when we see the data, we would like to consider what is best.

Hashiguchi [Q]: Thank you very much. The second point, this is related to the answer you gave to a previous question. The export unit price is coming down was the question, and you talked about the volume in your answer. After the biosimilar is launched, the impact on volume was seen beforehand, but the impact on unit price is not seen yet. It will be seen at a later stage. Is that correct?

Taniguchi [A]: The unit price impact, when the biosimilars are more widely used, we will see more impact. Yes, that is correct.

Hashiguchi [Q]: After you see an impact on Roche's sales price, there will be an impact on the sales price from Chugai to Roche. Is that correct? Chugai's sales price will not come down in expectation of Roche's prices coming down. Is that correct?

Taniguchi [A]: This is Taniguchi speaking. The price strategy of Roche or biosimilar launch, it depends on the market penetration. I cannot say that there is a correlation at this point in time.

Hashiguchi [M]: Thank you very much.

Miyata [M]: Thank you. Next is from AllianceBernstein Securities, Miki Sogi-san, please.

Sogi [Q]: I have questions on overseas sales of Actemra and Alecensa. As for Actemra, the penetration of biosimilar is expected. That's why the Roche orders started to decline compared to last year. As a result,

overseas sales are dropping. That's how I interpret it. But for Actemra, Is there a possibility that Roche will reduce the inventory?? And for Alecensa, Alecensa is not really impacted by a biosimilar or generics. But in the international market, I understand that if sales grow, then unit price drops. But with that factor alone, can we explain the downward impact fully?

Taniguchi [A]: For Actemra, the penetration of biosimilar is very difficult for us to grasp accurately. And if biosimilar penetration goes up, then our brand product export will drop. But at this point of time, it's very difficult for us to forecast. Our forecast is set in a conservative manner, assuming that biosimilar penetration will happen early. But if biosimilar penetration comes in slower than our expectation, then we don't need to see that drop in export sales so much. Is that okay?

Sogi [M]: Yes.

Taniguchi [A]: And Alecensa, I talked about Hemlibra earlier, but Hemlibra, outside of Japan, not in EU and US, as we sell more to the international market, then the unit price tends to drop. So I think your question was about Alecensa?

Sogi [Q]: Yes, I was talking about Alecensa. Alecensa is not really impacted by generic entry, but compared to last year, exports dropped by 16% this time. And this year, your company's export full-year guidance about Alecensa is almost the same as last year's actual. I wonder what is behind this.

Taniguchi [A]: For Alecensa, when we export Alecensa, we export in a certain lot in bulk. Based on the inventory situation, export volume can change every time. Roche global sales and our export volume are not aligned fully. Depending on the inventory situation, our shipment timing and shipment volume are adjusted. Sometimes our export sales don't look big, but for Alecensa, we have an expectation on adjuvant therapy, so sales can grow in the long term, but when we look at this year on a single-year basis, it may not be necessarily the case.

Sogi [M]: Thank you very much. I see. In terms of phasing, I think it will match a major trend in about a year. According to what you have just said, for Alecensa, it will be changed even by a year.

Taniguchi [A]: If you do a phasing, in one year, you will come back to the major trend. But in the case of Alecensa, every year, there will be a shift, not on a quarterly basis but on an annual basis, well, the volume itself is not very large. So that can happen.

Sogi [Q]: Thank you very much. I have another question about Hemlibra royalties. The Swiss franc was very strong at the end of 2023. And now it has come down against the euro or dollar, and that situation is expected to continue. But for the Hemlibra royalty forecast, Swiss francs against euro and US dollar, what is your FX assumption of the Swiss francs? In other words, if the Swiss franc continues to be strong and if that is your assumption, currently, the Swiss franc has come down. So the Hemlibra royalties that you will be receiving may go up. Is that correct?

Taniguchi [A]: The basis of royalty is global sales. A lot of those sales come in other currencies like US dollars. If you look at the currency relationship, the non-Swiss franc currencies will be converted into Swiss francs and then you calculate. If the Swiss franc becomes stronger against the yen, for example, it doesn't necessarily mean that it is advantageous.

Sogi [Q]: Sorry. What I want to say is that the Swiss franc, when it becomes weaker compared to US dollars and euros. If the Swiss franc is too strong, US dollar-based and euro in Hemlibra in Swiss francs will be discounted. So the royalty for you will be discounted on a calculation basis. So with the weaker Swiss franc,

Swiss franc-based ex-Japan, Hemlibra sales may be higher than you had expected. And the Hemlibra royalty that you will be receiving may go up. Is that a possibility?

Taniguchi [A]: It depends on the currency. And when the Swiss franc becomes stronger against the Japanese yen, that is a possibility. But when you exchange from Swiss francs to Japan, it is hedged in the previous year in 80% cases. In terms of difference with the planned rates, there is not much impact.

Sogi [M]: Thank you very much.

Miyata [M]: Next is from Goldman Sachs, Ueda-san.

Ueda [Q]: This is Akinori Ueda speaking from Goldman Sachs. First of all, with regard to Hemlibra, new dosage form. This time, based on the Roche presentation, they talked about the new vial option and dosing kit. And I guess we need to wait until the presentation at the medical conference. But I think you are receiving feedback from the clinical field.

What kind of improvement can we expect? For example, dosing adjustment per body weight or injection site reaction, would there be any improvement?

Takano [A]: Thank you very much for your question. I am Takano from Sales & Marketing Div. With regard to the dosage form, we cannot talk about the details related to disclosure of Roche, but here in Japan, we have a similar form. Going forward, including a new device, there has been some options planned. Currently dosing kits are appreciated well by the physicians.

Ueda [Q]: Next is about the NXT007 development status. At last year's ISTH, the healthy subject data was disclosed. When will the patient part data be disclosed? And for this study, I think you increased the number of cases. Why did you increase the number of cases?

Kusano [A]: Thank you very much, Ueda-san, for your question. This is Kusano speaking. For detailed development plans, I am not able to talk about that. For Asia, including Japan and in EU and US, healthy subjects and hemophilia A patients are included. And safety, PK, PD, and efficacy are being evaluated in the Phase I /II study, which are ongoing.

With regards to the results, at the moment, I would like to refrain from disclosing any information. As you mentioned, we have added cohorts. This is related to the development plan, so at this moment, we cannot disclose information. But once we have the results, I hope we can have an opportunity to introduce those results to you.

Ueda [M]: Thank you very much.

Miyata [M]: We are afraid that time has already passed. With this, we would like to conclude today's session. With this, we would like to conclude the Conference on FY2024 Q1 Financial Results.

There are some questions, unfortunately, which we were not able to respond to. For those of you whose questions are not answered, please let our IR team know, and this is the contact information.

Once again, thank you very much for your participation despite your busy schedule. This is the end of the conference.

[END]

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