

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 third quarter of the fiscal year 2024)

Name of Company: Chugai Pharmaceutical Co., Ltd. October 25, 2024
 Stock Listing: Tokyo Stock Exchange
 Security Code No.: 4519 (URL <https://www.chugai-pharm.co.jp/english>)
 Representative: Osamu Okuda, Representative Director, President & CEO
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 Date on which Dividend Payments to Commence: —
 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 third quarter of FY 2024 (January 1, 2024–September 30, 2024)

(1) Consolidated operating results

	Revenue	% change	Operating profit	% change	Net income	% change
First nine months of FY 2024	¥868,538 million	3.7	¥418,602 million	31.8	¥295,758 million	26.2
First nine months of FY 2023	¥837,555 million	2.0	¥317,598 million	(17.3)	¥234,266 million	(13.9)

	Net income attributable to Chugai shareholders	% change	Total comprehensive income	% change
First nine months of FY 2024	¥295,758 million	26.2	¥308,636 million	27.6
First nine months of FY 2023	¥234,266 million	(13.9)	¥241,810 million	(6.4)

	Earnings per share (Basic)	Earnings per share (Diluted)
First nine months of FY 2024	¥179.75	¥179.72
First nine months of FY 2023	¥142.40	¥142.37

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
As of Sep. 30, 2024	¥2,069,736 million	¥1,801,367 million	¥1,801,367 million	87.0%
As of Dec. 31, 2023	¥1,932,547 million	¥1,625,580 million	¥1,625,580 million	84.1%

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. 2023	—	¥40.00	—	¥40.00	¥80.00
FY ending Dec. 2024	—	¥41.00	—		

Notes: 1. Whether the most recent dividend forecast has been revised: Yes

2. The dividend forecast for the fiscal year ending December 31, 2024 is not determined at this time.

Reference: Regarding the revised dividend forecast, please refer to “Notice of Revisions to Dividend Forecast for Fiscal Year Ending December 31, 2024” announced today October 25, 2024 and “Consolidated forecasts and other forward-looking statements” on page 8 of the attachment.

3. Consolidated forecasts for FY 2024 (January 1, 2024–December 31, 2024)

	Revenue	% change	Core operating profit	% change	Core net income	% change
First nine months of FY 2024 (Results)	¥868,538 million	+75.5	¥426,563 million	+79.0	¥301,294 million	+77.7
FY ending Dec. 2024 (Revised forecast)	¥1,150,000 million	+3.5	¥540,000 million	+19.8	¥388,000 million	+16.3
FY ending Dec. 2024 (Original forecast)	¥1,070,000 million	(3.7)	¥460,000 million	+2.1	¥335,500 million	+0.6

	Core earnings per share	% change	Core dividend payout ratio %
First nine months of FY 2024 (Results)	¥183.09	+77.6	—
FY ending Dec. 2024 (Revised forecast)	¥236.00	+16.4	Undecided
FY ending Dec. 2024 (Original forecast)	¥204.00	+0.6	40.2

Notes: 1. Except for Core dividend payout ratio, percentages represent changes compared with the same period of the previous fiscal year for the forecasts, and the percentage for results represent the percentage of revised forecast levels that have been achieved to date.

2. Whether the most recent forecasts for consolidated figures have been revised: Yes

3. 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.

Reference: Regarding the revisions to consolidated forecasts, please refer to “Notice of Revisions to Financial Forecasts,” announced today October 25, 2024 and “Consolidated forecasts and other forward-looking statements” on page 8 of the attachment.

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)
(b) Number of treasury stock at the end of the period
(c) Average number of shares issued during the period (nine months)

As of Sep. 30, 2024	1,679,057,667	As of Dec. 31, 2023	1,679,057,667
As of Sep. 30, 2024	33,543,534	As of Dec. 31, 2023	33,743,712
First nine months of FY 2024	1,645,422,103	First nine months of FY 2023	1,645,184,254

Notes:

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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 "Consolidated forecasts and other forward-looking statements" on page 8 of the attachment.

(4) Chugai is scheduled to hold a presentation of the financial statements as noted below. The presentation materials will be posted on Chugai's website at the time of third quarter results announcement.

Presentation for institutional investors, securities analysts and the media (Online conference with simultaneous interpretation): October 25, 2024, Friday (Japan time).

English translation of the scripts including Q&A will be posted on the website within two business days.

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1. Qualitative Information

(1) Consolidated operating results in billions of yen

	First nine months of FY 2024.12 (Jan. 1, 2024–Sep. 30, 2024)	First nine months of FY 2023.12 (Jan. 1, 2023–Sep. 30, 2023)	% change
Core results			
Revenue	868.5	837.6	+3.7
Sales	750.3	742.1	+1.1
Other revenue	118.2	95.5	+23.8
Cost of sales	(244.1)	(320.2)	(23.8)
Gross profit	624.4	517.3	+20.7
Research and development	(127.9)	(121.7)	+5.1
Selling, general and administration	(72.5)	(71.4)	+1.5
Other operating income (expense)	2.4	16.3	(85.3)
Operating profit	426.6	340.5	+25.3
Net income	301.3	250.3	+20.4
IFRS results			
Revenue	868.5	837.6	+3.7
Operating profit	418.6	317.6	+31.8
Net income	295.8	234.3	+26.2

Consolidated financial highlights (IFRS results)

Revenue for the nine months under review was ¥868.5 billion (an increase of 3.7% year on year), operating profit for the nine months under review was ¥418.6 billion (an increase of 31.8% year on year), and net income for the nine months under review was ¥295.8 billion (an increase of 26.2% 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 ¥1.2 billion, impairment loss of intangible assets of ¥1.0 billion, business rebuilding expenses of ¥5.2 billion, and restructuring expenses of ¥0.5 billion.

Consolidated financial highlights (Core results)

Revenue for the nine months under review was ¥868.5 billion (an increase of 3.7% year on year), due to an increase in other revenue, despite sales remaining on levels comparable to the previous fiscal year.

Of revenue, sales were ¥750.3 billion (an increase of 1.1% year on year). In domestic sales, sales of new products Phesgo and Vabysmo grew, and the mainstay products, such as Actemra, performed favorably. However, due to the effects of the supply of Ronapreve to the government, which was recognized in the same period of the previous fiscal year, and the impact of the market penetration of generic drugs on the sales of Avastin, domestic sales declined significantly from the same period of the previous fiscal year. Overseas sales increased significantly compared to the same period of the previous fiscal year, due to the significant increase in the export of Hemlibra to Roche, etc. Other revenue was ¥118.2 billion (an increase of 23.8% year on year) due to the increase in income related to Hemlibra, etc., in addition to the increase in one-time income. Furthermore, cost to sales ratio was 32.5%, a 10.6 percentage point improvement year on year, reflecting a change in product mix and other factors. As a result, gross profit amounted to ¥624.4 billion (an increase of 20.7% year on year).

Research and development expenses amounted to ¥127.9 billion (an increase of 5.1% year on year) due to investments into drug discovery/early development and increases associated with the progress of development projects, etc. Selling, general and administration expenses amounted to ¥72.5 billion (an increase of 1.5% year on year) due mainly to foreign exchange rate fluctuations and an increase in the enterprise tax (pro forma standard taxation). Other operating income (expense) was income of ¥2.4 billion (¥16.3 billion of income for the same period of the previous fiscal year due to the recognition of income from disposal of product rights, gain on sale of property, plant and equipment, and others) due to income from disposal of products rights, etc. As a result, core operating profit was ¥426.6 billion (an increase of 25.3% year on year) and core net income was ¥301.3 billion (an increase of 20.4% year on year).

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 third quarter of the Fiscal Year 2024. 12 (IFRS), dated October 25, 2024 on page 1, entitled "Reconciliation of IFRS results to Core results."

Sales breakdown in billions of yen

	First nine months of FY 2024.12 (Jan. 1, 2024–Sep. 30, 2024)	First nine months of FY 2023.12 (Jan. 1, 2023–Sep. 30, 2023)	% change
Sales	750.3	742.1	+1.1
Domestic sales	331.7	429.2	(22.7)
Oncology	180.3	191.4	(5.8)
Specialty	151.3	237.9	(36.4)
Overseas sales	418.7	312.9	+33.8

Domestic sales

Domestic sales were ¥331.7 billion (a decrease of 22.7% year on year) due to the effects of the supply of Ronapreve to the government, which was recognized in the same period of the previous fiscal year, the NHI drug price revisions, and the market penetration of generic drugs, despite the sales growth of new products and mainstay products.

Oncology products sales were ¥180.3 billion (a decrease of 5.8% year on year). While sales of the new product Phesgo (antineoplastic agent/anti-HER2 humanized monoclonal antibody/hyaluronan-degradation enzyme combination drug) were favorable, sales of mainstay products including Avastin (an anti-VEGF humanized monoclonal antibody, anti-cancer agent) decreased due to the effects of the NHI drug price revisions and the market penetration of generic drugs. In addition, sales of Perjeta (an anti-HER2 humanized monoclonal antibody, anti-cancer agent) decreased compared to the same period of the previous fiscal year mainly due to the effects of the market penetration of Phesgo, a subcutaneous combination drug containing Perjeta.

Specialty products sales were ¥151.3 billion (a decrease of 36.4% year on year). This was primarily due to the impact of the supply of Ronapreve (an anti-SARS-CoV-2 monoclonal antibody) to the government (¥81.2 billion), which was recognized in the same period of the previous fiscal year, and the decline in sales of Tamiflu (an anti-influenza agent) to the government stockpiles. In addition, sales of mainstay products decreased due to the effects of NHI drug price revisions and market penetration of generic drugs. Meanwhile, in addition to the increased sales of the new product Vabysmo (an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody) and the favorable market launch of PiaSky (a pH-dependent binding humanized anti-complement (C5) monoclonal antibody), sales of mainstay product Actemra (a humanized anti-human IL-6 receptor monoclonal antibody) remained favorable.

Overseas sales

Overseas sales amounted to ¥418.7 billion (an increase of 33.8% year on year). In terms of exports to Roche, the export of Hemlibra (a blood coagulation factor VIII substitute/anti-coagulation factor IXa/X humanized bispecific monoclonal antibody) significantly grew, and the export of Alecensa (an antineoplastic agent/ALK inhibitor) and Actemra also increased.

R&D activities

R&D expenses on a Core basis for the first nine months under review totaled ¥ 127.9 billion (an increase of 5.1% year on year), and the ratio of R&D expenses to revenue was 14.7%.

Progress made in R&D activities during the period from January 1, 2024 to September 30, 2024 was as follows.

Oncology

- We obtained approval for an antineoplastic agent/ALK inhibitor AF802/RG7853 (Product name: Alecensa) for an additional indication of postoperative adjuvant therapy for *ALK* fusion gene-positive non-small cell lung cancer in the U.S. in April, in the EU and China in June, and in Japan in August 2024, respectively.
- We filed for an anti-CD20/CD3 bispecific antibody RG7828 for the treatment of follicular lymphoma (3rd Line) in March 2024.
- We filed for an antineoplastic agent/humanized anti-PD-L1 monoclonal antibody RG7446 (Product name: Tecentriq) for the treatment of alveolar soft part sarcoma in March 2024. We decided to discontinue the development for head and neck carcinoma (adjuvant) in consideration of the results of global Phase III study IMvoke010.
- We started global Phase III study SKYGLO for an anti-CD20/CD3 bispecific antibody RG6026 for the treatment of previously untreated large B-cell lymphoma in April 2024.
- We decided to discontinue the development of an antineoplastic agent/humanized anti-PD-L1 monoclonal antibody RG7446 (Product name: Tecentriq) and an anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody RG435 (Product name: Avastin) for hepatocellular carcinoma (adjuvant) in consideration of the results of global Phase III study IMbrave050.
- We decided to discontinue the development of an anti-TIGIT human monoclonal antibody RG6058 for non-squamous non-small cell lung cancer (1st Line) in combination with RG7446 in consideration of the results of global Phase III study SKYSCRAPER-06.
- We decided to discontinue the development of a RET inhibitor RG6396 following the termination of the global collaboration agreement between Roche and Blueprint Medicines for its development and commercialization.
- We decided to discontinue the development of a SHP2 inhibitor RG6433 following the termination of the collaboration and license agreement between Roche and Relay Therapeutics.
- We decided to discontinue the development of an anti-PD-1/LAG-3 bispecific antibody RG6139 in consideration of the results of the overseas clinical study conducted by Roche.
- We decided to discontinue in-house development and to start out-licensing activities for a RAF-MEK molecular glue SPYK04.

Immunology

- We filed for an immunosuppressant (Product name: CellCept) for the treatment of systemic sclerosis associated interstitial lung disease based on public knowledge in February, and obtained approval in June 2024.
- We started Phase I study for an antisense oligonucleotide targeting complement factor B mRNA RG6299 for the treatment of IgA nephropathy in February, and started global Phase III study IMAGINATION in May 2024.
- We decided to remove a pH-dependent binding humanized anti-complement (C5) monoclonal antibody SKY59/RG6107 (Product name: PiaSky) for the treatment of lupus nephritis from the pipeline following the decision made by Roche to discontinue the development, considering its development portfolio.

Neuroscience

- We filed for a therapeutic agent for spinal muscular atrophy RG7916 (Product name: Evrysdi) for the additional indication for pre-symptomatic spinal muscular atrophy in February, and obtained approval in September 2024.
- We filed for a microdystrophin gene therapy RG6356/SRP-9001 for the treatment of Duchenne muscular dystrophy (DMD) in August 2024.
- We decided to discontinue the development of an engineered anti-tau humanized monoclonal antibody RG6100 for Alzheimer's disease in consideration of the results of overseas clinical studies conducted by Roche.
- We decided to discontinue the development of a pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody SA237/RG6168 (Product name: Enspryng) for the treatment of generalized myasthenia gravis in consideration of the results of global Phase III study Luminesce.

Hematology

- A pH-dependent binding humanized anti-complement (C5) monoclonal antibody SKY59/RG6107 (Product name: PiaSky) was approved in China by the National Medical Products Administration (NMPA) of People's Republic of China for the treatment of adults and adolescents (12 years of age and above) with paroxysmal nocturnal hemoglobinuria (PNH) who have not been previously treated with complement inhibitors in February 2024. In addition, we obtained approval for the treatment of PNH in Japan in March, and launched in May 2024. Also, the U.S. Food and Drug Administration approved for the treatment of adult and pediatric patients 13 years and older with PNH and body weight of at least 40 kg in June, and the European Commission approved for the treatment of adults and adolescents (12 years of age or older with a weight of 40 kg and above) with PNH who are either new to, or have been previously treated with C5 inhibitors in August 2024, respectively.

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 macular edema associated with retinal vein occlusion in March 2024. We filed for an additional indication of the treatment of angioid streaks associated with neovascularization in September 2024.

Other Diseases

- An anti-CD20 monoclonal antibody Rituxan was approved by the Ministry of Health, Labour and Welfare (MHLW) for the additional indication of the treatment of refractory steroid-resistant nephrotic syndrome in September 2024.
- We started Phase II study for an anti-IL-8 recycling antibody AMY109 for the treatment of endometriosis in January 2024.
- A therapeutic agent for unstable angina SG-75 (Product name: Sigmart Injection) was approved by the NMPA of People's Republic of China for the treatment of unstable angina in April 2024.
- We started Phase I study for an anti-latent myostatin sweeping antibody GYM329/RG6237 for the treatment of obesity in May 2024.
- We started Phase I/II study for an RNAi therapeutic targeting angiotensinogen RG6615 for the treatment of hypertension in June 2024.
- We started Phase I study for BRY10 for the treatment of chronic diseases in September 2024.

(2) Consolidated financial position**Assets, liabilities and net assets** in billions of yen

	September 30, 2024	December 31, 2023	Change in amount
Net operating assets (NOA) and Net assets			
Net working capital	472.5	422.6	49.9
Long-term net operating assets	499.0	478.3	20.7
Net operating assets (NOA)	971.4	900.9	70.5
Net cash	845.3	739.0	106.3
Other non-operating assets – net	(15.4)	(14.3)	(1.1)
Total net assets	1,801.4	1,625.6	175.8
Consolidated balance sheet (IFRS basis)			
Total assets	2,069.7	1,932.5	137.2
Total liabilities	(268.4)	(307.0)	38.6
Total net assets	1,801.4	1,625.6	175.8

Net operating assets (NOA) at September 30, 2024 were ¥971.4 billion, an increase of ¥70.5 billion since the end of the previous fiscal year. Of NOA, net working capital was ¥472.5 billion, an increase of ¥49.9 billion from the end of the previous fiscal year, due mainly to an increase in accounts receivable and a decrease in accounts payable purchase of property, plant and equipment. Long-term net operating assets increased by ¥20.7 billion to ¥499.0 billion since the end of the previous fiscal year, mainly due to the investments in the manufacturing building for bio drug substance (UT3) in the Utsunomiya Plant and the manufacturing building for active pharmaceutical ingredients (FJ3) in the Fujieda Plant.

As indicated in “Cash flows” on the next page, net cash, including marketable securities and interest-bearing debt, increased by ¥106.3 billion since the end of the previous fiscal year to ¥845.3 billion. Other non-operating assets – net decreased by ¥1.1 billion since the end of the previous fiscal year to ¥(15.4) billion due mainly to an increase in current income tax liabilities.

As a consequence, total net assets were ¥1,801.4 billion (an increase of ¥175.8 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.

Cash flows in billions of yen

	First nine months of FY 2024.12 (Jan. 1, 2024–Sep. 30, 2024)	First nine months of FY 2023.12 (Jan. 1, 2023–Sep. 30, 2023)	% change
Free cash flows			
Operating profit - IFRS basis	418.6	317.6	+31.8
Operating profit, net of operating cash adjustments	444.5	357.7	+24.3
Operating free cash flows	347.4	413.6	(16.0)
Free cash flows	238.2	242.0	(1.6)
Net change in net cash	106.3	115.7	(8.1)
Consolidated statement of cash flows (IFRS basis)			
Cash flows from operating activities	295.2	285.7	+3.3
Cash flows from investing activities	(210.5)	(42.9)	+390.7
Cash flows from financing activities	(139.0)	(137.0)	+1.5
Net change in cash and cash equivalents	(54.7)	109.1	–
Cash and cash equivalents at September 30	404.0	331.3	+21.9

Operating profit, net of operating cash adjustments, amounted to ¥444.5 billion (an increase of 24.3% 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 nine months under review amounted to a net inflow of ¥347.4 billion (a decrease of 16.0% year on year) mainly due to expenditures of ¥50.2 billion for the purchase of property, plant and equipment and an increase in net working capital of ¥38.0 billion, etc. Factors accounting for the increase in net working capital, etc. are as indicated in “Assets, liabilities and net assets” on the previous page.

Free cash flows were a net cash inflow of ¥238.2 billion (a decrease of 1.6% year on year) due mainly to income taxes paid of ¥100.4 billion from operating free cash flows.

The net change in net cash calculated by adjusting for dividends paid of ¥133.0 billion, etc. from free cash flows was an increase of ¥106.3 billion.

The net change in cash and cash equivalents, excluding changes in marketable securities and interest-bearing debt, was a net cash outflow of ¥54.7 billion. The cash and cash equivalents balance at the end of this period amounted to ¥404.0 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.”

(3) Consolidated forecasts and other forward-looking statements**(a) Consolidated full-year forecasts for FY 2024 (January 1, 2024–December 31, 2024)**

The consolidated forecasts have been revised from the forecasts announced on February 1, 2024.

	Revenue	Core operating profit	Core EPS	Core dividend payout ratio %
FY ending Dec. 2024 Original forecast (A)	¥1,070.0 billion	¥460.0 billion	¥204.00	40.2%
FY ending Dec. 2024 Revised forecast (B)	¥1,150.0 billion	¥540.0 billion	¥236.00	Undecided
Difference (B – A)	+ ¥80.0 billion	+ ¥80.0 billion	+¥32.00	—
Change (%)	+7.5%	+17.4%	+15.7%	—
FY ended Dec. 2023 (Results)	¥1,111.4 billion	¥450.7 billion	¥202.71	39.5%

The forecast for revenue has been revised to ¥1,150.0 billion, an increase of ¥80.0 billion from the original forecast. For domestic sales, the forecasted sales amount reflects the progress and revised assumptions for each product including Phesgo, Polivy, Vabysmo, and Perjeta, etc. For overseas sales, exports mainly of Hemlibra and Actemra to Roche have been forecasted to be higher than the original forecast. Additionally, for other revenue, the forecasts for one-time income and royalties, etc have also been updated.

The forecast for core operating profit has also been revised to ¥540.0 billion, an increase of ¥80.0 billion from the original forecast. In addition to the above-mentioned revision of the forecast for revenue, a lower cost to sales ratio due to a change in the product mix from the original assumption, etc., foreign exchange effects, and increases in some expenses attributable to increased sales and profits have been included.

Core EPS is forecasted to be ¥236.00, an increase of ¥32.00 from the original forecast.

Year-end dividend forecast and the forecast for the Core dividend payout ratio have not been determined at this time.

The revised consolidated full-year forecasts are based on updated exchange rate assumptions: ¥161/CHF, ¥163/EUR, ¥138/USD, ¥113/SGD.

(b) Revision of Dividend Forecast

Year-end dividend forecast has been revised to undecided as shown in the table below due to the business environment which has been changing significantly.

Year-end dividend will be decided after the fiscal year end based on basic profit distribution principles*.

*Regarding income distribution, taking into account changes in the strategic funding needs and earning prospects, Chugai aims for a consolidated dividend payout ratio of 45% on average in comparison with Core EPS to continue to provide a stable allocation of profit to all shareholders.

	Dividend per share		
	End of second quarter	End of fiscal year	Total
FY ending Dec. 2024 Original forecast (A)	¥41.00	¥41.00	¥82.00
FY ending Dec. 2024 Revised forecast (B)	—	Undecided	Undecided
FY ending Dec. 2024	¥41.00	—	—
FY ended Dec. 2023	¥40.00	¥40.00	¥80.00

(4) Significant management agreements

No significant management agreements were decided on or concluded during the third quarter of the fiscal year 2024.

Note: In “1. Qualitative Information,” 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. Interim Condensed Consolidated Financial Statements and Major Notes

(1) Interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income

1) Interim condensed consolidated income statement in millions of yen

	First nine months ended September 30	
	2024	2023
Revenue	868,538	837,555
Sales	750,326	742,076
Other revenue	118,212	95,479
Cost of sales	(245,108)	(321,246)
Gross profit	623,430	516,309
Research and development	(129,212)	(133,012)
Selling, general and administration	(77,680)	(81,821)
Other operating income (expense)	2,064	16,122
Operating profit	418,602	317,598
Financing costs	5	(19)
Other financial income (expense)	(1,080)	3,552
Profit before taxes	417,527	321,131
Income taxes	(121,769)	(86,865)
Net income	295,758	234,266
Attributable to:		
Chugai shareholders	295,758	234,266
Earnings per share		
Basic (yen)	179.75	142.40
Diluted (yen)	179.72	142.37

2) Interim condensed consolidated statement of comprehensive income in millions of yen

	First nine months ended September 30	
	2024	2023
Net income recognized in income statement	295,758	234,266
Other comprehensive income		
Remeasurements of defined benefit plans	37	—
Financial assets measured at fair value through OCI	(23)	(158)
Items that will never be reclassified to the income statement	14	(158)
Financial assets measured at fair value through OCI	6	8
Cash flow hedges	11,737	(369)
Currency translation of foreign operations	1,122	8,062
Items that are or may be reclassified to the income statement	12,864	7,702
Other comprehensive income, net of tax	12,878	7,544
Total comprehensive income	308,636	241,810
Attributable to:		
Chugai shareholders	308,636	241,810

(2) Interim condensed consolidated balance sheet in millions of yen

	September 30, 2024	December 31, 2023
Assets		
Non-current assets:		
Property, plant and equipment	426,268	409,939
Right-of-use assets	9,418	10,762
Intangible assets	20,824	19,860
Deferred tax assets	64,243	64,474
Defined benefit plan assets	7,991	7,481
Other non-current assets	59,933	53,605
Total non-current assets	588,676	566,121
Current assets:		
Inventories	273,197	273,480
Accounts receivable	326,651	318,892
Current income tax assets	1,203	1,456
Marketable securities	441,360	280,308
Cash and cash equivalents	403,958	458,674
Other current assets	34,692	33,616
Total current assets	1,481,060	1,366,426
Total assets	2,069,736	1,932,547
Liabilities		
Non-current liabilities:		
Deferred tax liabilities	(4,831)	(5,787)
Defined benefit plan liabilities	(3,875)	(3,146)
Long-term provisions	(2,308)	(2,593)
Other non-current liabilities	(5,908)	(7,224)
Total non-current liabilities	(16,922)	(18,750)
Current liabilities:		
Current income tax liabilities	(67,655)	(40,798)
Short-term provisions	(2,518)	(3,442)
Accounts payable	(76,294)	(112,468)
Other current liabilities	(104,979)	(131,510)
Total current liabilities	(251,446)	(288,217)
Total liabilities	(268,368)	(306,967)
Total net assets	1,801,367	1,625,580
Equity:		
Capital and reserves attributable to Chugai shareholders	1,801,367	1,625,580
Total equity	1,801,367	1,625,580
Total liabilities and equity	2,069,736	1,932,547

(3) Interim condensed consolidated statement of cash flows in millions of yen

	First nine months ended September 30	
	2024	2023
Cash flows from operating activities		
Cash generated from operations	448,943	345,003
(Increase) decrease in working capital	(38,011)	117,878
Payments made for defined benefit plans	(2,311)	(2,241)
Utilization of provisions	(3,090)	(1,876)
Other operating cash flows	(9,903)	2,711
Cash flows from operating activities, before income taxes paid	395,629	461,476
Income taxes paid	(100,423)	(175,761)
Total cash flows from operating activities	295,206	285,715
Cash flows from investing activities		
Purchase of property, plant and equipment	(50,159)	(54,150)
Purchase of intangible assets	(2,862)	(1,890)
Disposal of property, plant and equipment	(450)	1,988
Disposal of intangible assets	1,707	15,160
Interest and dividends received	2,189	1,047
Purchases of marketable securities	(725,000)	(419,923)
Sales of marketable securities	565,390	414,752
Purchases of investment securities	(1,277)	(256)
Sales of investment securities	—	340
Total cash flows from investing activities	(210,462)	(42,934)
Cash flows from financing activities		
Interest paid	(70)	(60)
Lease liabilities paid	(6,089)	(5,908)
Dividends paid to Chugai shareholders	(132,959)	(131,226)
Exercise of equity compensation plans	152	167
(Increase) decrease in own equity instruments	(9)	(3)
Total cash flows from financing activities	(138,975)	(137,031)
Net effect of currency translation on cash and cash equivalents	(486)	3,422
Increase (decrease) in cash and cash equivalents	(54,716)	109,172
Cash and cash equivalents at January 1	458,674	222,169
Cash and cash equivalents at September 30	403,958	331,341

(4) Interim condensed consolidated statement of changes in equity in millions of yen**For the first nine months ended September 30, 2023 (Jan. 1, 2023–Sep. 30, 2023)**

	Attributable to Chugai shareholders				Subtotal	Total equity
	Share capital	Capital surplus	Retained earnings	Other reserves		
At January 1, 2023	73,202	68,806	1,293,352	(10,973)	1,424,387	1,424,387
Net income	—	—	234,266	—	234,266	234,266
Financial assets measured at fair value through OCI	—	—	—	(149)	(149)	(149)
Cash flow hedges	—	—	—	(369)	(369)	(369)
Currency translation of foreign operations	—	—	—	8,062	8,062	8,062
Total comprehensive income	—	—	234,266	7,544	241,810	241,810
Dividends	—	—	(131,612)	—	(131,612)	(131,612)
Equity compensation plans	—	(50)	—	—	(50)	(50)
Own equity instruments	—	456	—	—	456	456
Transfer from other reserves to retained earnings	—	—	(320)	320	—	—
At September 30, 2023	73,202	69,212	1,395,687	(3,109)	1,534,992	1,534,992

For the first nine months ended September 30, 2024 (Jan. 1, 2024–Sep. 30, 2024)

	Attributable to Chugai shareholders				Subtotal	Total equity
	Share capital	Capital surplus	Retained earnings	Other reserves		
At January 1, 2024	73,202	69,355	1,488,738	(5,715)	1,625,580	1,625,580
Net income	—	—	295,758	—	295,758	295,758
Financial assets measured at fair value through OCI	—	—	—	(17)	(17)	(17)
Cash flow hedges	—	—	—	11,737	11,737	11,737
Currency translation of foreign operations	—	—	—	1,122	1,122	1,122
Remeasurements of defined benefit plans	—	—	37	—	37	37
Total comprehensive income	—	—	295,795	12,842	308,636	308,636
Dividends	—	—	(133,277)	—	(133,277)	(133,277)
Equity compensation plans	—	(58)	—	—	(58)	(58)
Own equity instruments	—	486	—	—	486	486
At September 30, 2024	73,202	69,783	1,651,256	7,127	1,801,367	1,801,367

(5) Notes regarding the going concern assumption

None

(6) Notes regarding the interim condensed 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 interim condensed consolidated financial statements (“Interim 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 Interim Financial Statements were approved by the Board of Directors on October 25, 2024.

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 IFRS. The shareholding percentage of Roche Holding Ltd. in Chugai is 59.89% (61.11% 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 has prepared the Interim Financial Statements in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. However, in accordance with Article 5, Paragraph 5 of the Standards for the Preparation of Quarterly Financial Statements, etc., some disclosures in International Accounting Standard(IAS) No.34 “Interim Financial Reporting” have been omitted.

The Interim Financial Statements should be used with the consolidated financial statements for the year ended December 31, 2023 as they do not include all the information as required for the consolidated financial statements for the full fiscal year.

The Interim 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 Interim Financial Statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenue, 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 Interim Condensed Financial Statements of the Group is principally the same for the prior fiscal year.

However, should the situation persist, it could result in such risks as major revisions of the carrying amounts of assets and liabilities in the following fiscal year and beyond.

c. Changes in accounting policies

The Group applies the same significant accounting policies that were applied to the Interim 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.

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

	First nine months ended September 30			
	2024		2023	
	Sales	Other revenue	Sales	Other revenue
Japan	331,665	1,346	429,210	882
Overseas	418,661	116,866	312,865	94,597
of which Switzerland	395,668	115,906	292,873	86,669
Total	750,326	118,212	742,076	95,479

Information on revenue by major customers in millions of yen

	First nine months ended September 30	
	2024	2023
F. Hoffmann-La Roche Ltd.	490,162	379,542
Alfresa Corporation	52,719	63,194

3) Related parties

Dividends

The dividends distributed to Roche by Chugai in respect to its holdings of Chugai shares totaled ¥81,459 million as of September 30, 2024 (2023:¥80,454 million).

Material transactions and balances with related parties

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

	First nine months ended September 30	
	2024	2023
Revenues	490,162	379,542
Purchases	125,139	214,164

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

	September 30, 2024	December 31, 2023
Accounts receivable	195,528	164,696
Trade accounts receivable	17,193	40,491

4) Others

Significant legal cases

There were no new significant legal cases arising during the third quarter of the fiscal year 2024. There are also no significant changes from the statements made in the Securities Report of the previous fiscal year.