

# Chugai R&D Principles

- ✓ "Technology-Driven" drug discovery
  - ✓ "Quality-Centric" clinical candidates
  - ✓ "Molecule-Centric/Biology-Driven" indication selection
  - ✓ "Value Maximization" clinical development
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- Chugai R&D has fostered a unique company culture and mindset over a long period of time.
  - Chugai R&D principles reflect this culture and mindset.
  - We will contentiously follow these principles and achieve higher R&D productivity.

# Chugai R&D Principles

## “Technology-Driven” drug discovery

- We develop unique and innovative modality technologies to make undruggable targets or MOAs druggable, and pursue drug discoveries that can only be accomplished by Chugai
- We apply proprietary technologies to a variety of targets or MOAs in any disease area where the idea can achieve a differentiated product and fulfill patients’ unmet medical needs
- We conduct forward and reverse translational research into proprietary modality technologies, to improve the efficiency and success rate of our drug discoveries and clinical developments

## “Quality-Centric” clinical candidates

- We identify the highest quality drug candidates (in terms of activity, selectivity, DMPK, safety, stability, etc.) that are achievable using the latest technologies, without compromise
- We demonstrate clear differentiation points from competitors based on non-clinical experimental data and scientific evidence
- We persevere even for a decade until we succeed in achieving the highest quality possible, if the idea, when realized, is game-changing for patients
- We pursue the highest prediction accuracy for DMPK properties and safety, from non-clinical to human settings

# Chugai R&D Principles

## "Molecule-Centric/ Biology-Driven" indication selection

- We select the right indications for each drug molecule based on the MOA of the molecule and the biology of the target, not restricted to a specific disease area
- We select indications that are based on the value that the product can potentially deliver to patients, rather than drug price and market size estimated prematurely at the early stage of clinical development
- We improve Go/No go decision accuracy by obtaining biological PoC data for our non-clinical hypotheses at the early stage of clinical development, to increase success rates in the later stage of clinical development.

## "Value Maximization" clinical development

- We maximize the value of each product across multiple disease areas, rather than its value in a single disease area, and seek a wide variety of opportunities beyond the focused disease area, through concurrent development in multiple indications from the early stage of clinical development
- We focus on generating key data in clinical studies and do not make prioritization or Go/No go decision of a project in the absence of scientific evidence, and continue the project as long as the science-based non-clinical/clinical data supports fulfilling patients' unmet medical needs
- We collaborate with partners or out-license to them when we lack our own expertise or resources to develop a project, and generate data to demonstrate the value of the product