CHUGAI

Roche Group

Annual Report 2024

Fiscal year ended December 2024

INNOVATION BEYOND IMAGINATION

CHUGAI PHARMACEUTICAL CO., LTD.

Contents

Editorial Policy

We have issued this integrated report (annual report) with the aim of communicating to stakeholders, such as our shareholders and investors, our efforts to increase our corporate value, both in financial and non-financial terms, and to create a catalyst for engagement with them. In light of their importance in terms of Chugai's short-, medium-, and long-term value creation and their impact on our stakeholders, we have presented Chugai's value creation process and review of material issues for sustainable growth, the specific growth strategies of TOP I 2030 and our progress on them, as well as our initiatives and structures for sustainable value creation.

Scope of This Report

Chugai Pharmaceutical Co., Ltd. and the Chugai Group

Timeframe

January 1, 2024 to December 31, 2024 (The financial reporting period)

Note: In view of the importance of providing the latest information available, some information relating to activities that occurred in 2025 is included, mainly in research and clinical development data.

Reference Guidelines:

- IFRS Foundation "International Integrated Reporting Framework"
- Ministry of Economy, Trade and Industry "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation"

Forward-Looking Statements

This report may include forward-looking statements pertaining to the business and prospects of Chugai Pharmaceutical Co., Ltd. (the "Company"). These statements reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company's businesses.

Disclaimer

In this report, information on pharmaceutical products or drug candidates under development may be included, but such information is not intended for promotional or advertising purposes, or as medical advice, etc. The trademarks appearing in the report are protected by trademark rights, copyright, and other intellectual property (IP) rights.

Mission Statement

At Chugai, our Mission Statement is the basis of everything we do. It is Chugai's most enduring and important concept, and represents our adherence to the Company's founding spirit and our founder's vow to "create drugs that benefit the world" in response to a medicine shortage following a major natural disaster. Our Core Values are the values that employees share and embody. They represent our commitment to maintaining the highest standards in all we do to meet the expectations and requirements of society as we pursue innovation with a pioneering spirit for the benefit of patients. In our Envisioned Future, we have set the goal of becoming a top innovator in the healthcare industry by going beyond the conventional scope of the pharmaceutical business in anticipation of future changes in the healthcare landscape. Chugai's vision of value creation is to fulfill its Mission Statement by creating shared value.

Mission

Dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world

Core Values

1. **Patient Centric**
   Make each patient's wellbeing our highest priority
2. **Pioneering Spirit**
   Pursue innovation by improving ourselves and thinking differently
3. **Integrity**
   Maintain the highest standards in all we do to create shared value with society

Envisioned Future

Become a top innovator for advanced and sustainable patient-centric healthcare, powered by our unique strengths in science and technology and the alliance with Roche

Message from the CEO

Ensuring another hundred years of Chugai innovation based on the power of connection, integrity and a pioneering spirit, firmly grounded in our founding value of patient centricity

Dr. Osamu Okuda
Representative Director,
President & CEO

Centennial Celebration Renews Our Founding Spirit

Chugai celebrated its 100th anniversary on March 10, 2025. Our ongoing centennial project is reacquainting us with the founder's passion, carried forward to today, and the efforts of all our predecessors to pass the baton of this legacy and vision for the future to the coming generations. It has given me many opportunities to consider the challenges and struggles of our founder, Juzo Ueno. Facing acute shortages of medicines after the Great Kanto Earthquake, Ueno established Chugai with a commitment to "create drugs that benefit the world" and a vision to deliver excellent made-in-Japan pharmaceuticals to the people of the world. Originally an importer, Chugai began developing its own products around 1930. With international operations in mind, Ueno took trips abroad seeking business partners, and when he visited Roche in Switzerland, he saw it as a model for excellence. I feel that story connects us with our destiny.

Over the past century, Chugai has been boldly updating its business model while overcoming complex challenges, including management crises caused by wartime conditions and rapid market change. Following our early successes developing over-the-counter drugs and pursuing a diversification strategy, we shifted our focus to prescription drugs and later to biopharmaceuticals, and then building a strong strategic alliance with Roche. I think these advances would not have been possible without the innovation-oriented corporate culture that drives us to take on new challenges, and the core value that propels us to pursue what is truly valuable to patients.

That founding spirit has been handed down to us through the many changes in our business environment. Firmly rooted in our Core Values—patient centric, pioneering spirit and integrity—we dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world. Recently, I have been feeling that many of our employees are motivated by the phrase "unique to Chugai." I see them loving the challenge of doing things that no one has done before.

Legacy for the Next Century: Creating Value to Share with Society

I am proud to be taking the management reins for our centennial, and am embracing the legacy of our management forebears, particularly the two most recent chief executives who established today's unique business model under our strategic alliance with Roche: Osamu Nagayama and Tatsuro Kosaka. My responsibility is to raise Chugai's value creation capabilities to world-class levels for our next hundred years. Our goal is to achieve "advanced and sustainable patient-centric healthcare," as laid out in our Mission Statement, and I am determined to create and deliver shared value that contributes to good health and happiness for patients worldwide. In particular, I believe that Chugai's mission demands that we take the initiative in addressing global healthcare issues including extending healthy life expectancy and improving overall wellbeing.

TOP I 2030 is our 10-year growth strategy for creating this kind of value. It defines our Envisioned Future for 2030 of becoming a top innovator in the healthcare industry worldwide, and outlines a backcasting strategy to realize it. Specifically, it entails doubling R&D output and launching global in-house products every year, and to achieve these high targets, we are accelerating internal reforms with two strategic pillars: realizing global first-class drug discovery and building a futuristic business model.

In 2024, with sustainability at the heart of our business activities, we reviewed our material issues, which form the guiding principle of our value creation story. The expectations and needs of society and capital markets regarding material issues are continually evolving. We aimed to refine our materiality framework as the previous approach was broad and generic, not clearly highlighting our unique strengths and core focus areas. Therefore, in our review we examined and assessed each material issue from a double-materiality viewpoint and created opportunities to gather input from our diverse stakeholders. I personally focused on building a story line on our sources for value creation, material issues, strategies, output and impact on society. By shaping that story around the three "C"s—challenges, co-creation and commitments—I believe we succeeded in more clearly expressing our intended direction. We have spent considerable time discussing material issues among the Board of Directors and Executive Committee, and continue to refine them with advice from independent outside directors, such as "we should include Chugai's unique features." Looking forward, we will continue to review and update these new material issues regularly, and work to explain them in detail, linking them with individual indicators to promote understanding both within and outside the Company.

2024: Another Year of Steady Progress with Major Strides in Drug Discovery

Our financial results for 2024 show continuing steady growth. Both revenue and profit (on a Core basis) reached new record highs, with revenue exceeding ¥1 trillion for three years running, and Core operating profit of over ¥500 billion for the first time. Core net income set an eighth consecutive record high. On the R&D front, we launched our fifth global product, PiaSky, and our sixth, NEMLUVIO, was approved in the U.S. We made progress with the development of several projects from Chugai research. We also filed a regulatory application for delandistrogene moxeparvovec, our first gene therapy product, in-licensed from Roche.

In the four years since we formulated TOP I 2030, I think our progress has been smooth overall. Let me explain the three key drivers. The first is RED SHIFT, designed to enhance RED[1] functions, our value creation engine. By concentrating management resources on priority areas, this initiative has substantially increased the number of in-house products entering the preclinical phase and phase I clinical trials. We established a drug discovery platform for mid-size molecules, confirmed oral absorption of its first project, LUNA18, and amassed an abundance of new projects, with about 30 currently progressing. We have completed the construction of a production facility for highly active and difficult-to-handle mid-size molecule drugs. On the antibody front, we

Growth Strategy: TOP I 2030

100th anniversary event at Roche
(Left: Roche Group CEO Thomas Schinecker)

100th anniversary of founding panel discussion at the Head Office “Envisioning the future of patient-centric healthcare with pioneers”
Announced My Action Declaration (see pages 12-13)

are seeing important progress with new technologies like Switch Antibody™ and multispecific antibodies, and many projects applying our proprietary antibody-engineering technologies have entered clinical trials.

With our second driver, digital transformation (DX), which seeks to enhance drug discovery and improve Company-wide productivity, we are beginning to see results from efforts such as AI utilization in drug discovery, next-generation laboratory automation using robots, and smart factory[2] initiatives for productivity improvement. ASPIRE[3], a next-generation ERP-implementation program we are promoting jointly with Roche, is moving forward, and our use of generative AI is increasing.

Using Open Innovation, we work to expedite the discovery of innovative drugs through active collaboration with outside organizations, including universities and startups, and leveraging the R&D strengths of our alliance with Roche. Chugai Venture Fund, LLC, our corporate venture capital arm for investing in drug discovery startups, has been in full operation in the U.S. since 2024 and has already invested in three targets.

1. Research & Early Development: Research, early clinical development, and pharmaceutical technology functions related to early product development
2. Applying digital technologies on our pharmaceutical production floors, we use IoT sensors to gather data and AI for preventive maintenance, and promote automation and robotics
3. A business and digital transformation program to implement cutting-edge, global standardization processes and next-generation enterprise resource planning across Chugai

First-Stage Engine Jettison, Second-Stage Engine Ignition

In 2024, one-third of the way along our TOP I 2030 journey, we reexamined the changes in our external environment and progress with our reforms. While the analytical results, which we shared both within and outside the Company, showed no need to adjust our core strategies or targets, reaching our goals will be difficult if we stick with our old practices.

In addition to doubling R&D output and launching global in-house products every year, we set very ambitious goals for 2030 such as a global product target about three times higher than 10 years before TOP I 2030. Having said that, we must go beyond simply pursuing quantitative goals and maintain our commitment to ultimate quality. While our drug discovery projects are growing, we acknowledge that early clinical development is taking more time than we would like. Therefore, we have to accelerate those projects by making high-precision Go/No-Go decisions in the earlier stages and strategically allocating resources.

With the implementation of RED SHIFT, we have been expanding our freedom to innovate through bold resource investment, spending about twice as much on R&D than we did a decade ago. This has established a fresh employee mindset to pursue new, challenging ideas outside conventional frameworks, resulting in one new drug discovery project after another. Since we have been able to expand the seeds of innovation in previous phases, we must now select high-probability projects and high-value operations, and focus on them thoroughly. To achieve our goals, we will boldly discontinue projects that should be stopped and accelerate the promotion of valuable endeavors. If we compare TOP I 2030 to a space rocket, after 2025, we will enter a phase where we jettison the first-stage engine and ignite the second-stage engine.

Five Reforms for Building Momentum

According to our projections, containment measures to reduce healthcare and drug costs are accelerating worldwide, so greater importance will be placed on responding appropriately to new business restrictions, which will likely tighten with new regulations and rising geopolitical risk. In step, we will increasingly have to choose only those drugs and healthcare solutions that are truly worthy of their cost. With the increasing diversity of modalities, including gene and cell therapies, and technological progress with drug discovery and digital applications, open innovation will be more important than ever.

With these factors in mind, we will double our drug discovery output by applying Chugai’s scientific strengths and cutting-edge technologies and maintaining a tight focus on discovery of the highest-quality candidate molecules for development. To maintain our competitive advantage, while working on further technological development, we will combine external innovation with our Company's strengths to reach targets that other companies cannot and pursue mechanisms of action that only we can achieve.

In development, we will accelerate early clinical development according to strategic prioritization. From the preclinical stage, we will determine the optimal development route of each project, apply more precise Go/No-Go decision criteria and development plans, and assess drug potential in the shortest time possible. In this way, we can better focus our investment resources and speed up the execution cycle so we can increase output without compromising quality.

In terms of pharmaceutical technology, we will accelerate development using a technological platform for mid-size molecules. At the same time, to build a robust supply system, we will increase quality, speed and cost-competitiveness, and implement a dual-site strategy with attention to geopolitical risk.

In value delivery, we will work on early generation of evidence useful for treatment selection and building an information provision system that is efficient and responsive to the changing needs of customers, thereby achieving high productivity.

Regarding our foundation for growth, we will advance the development of a foundation befitting a top innovator, including the realization of talent management that supports the discovery, growth and self-actualization of diverse individuals.

By expanding global in-house products and launching new products, we are ensuring short- and medium-term profit growth, bucking the effects of our unpredictable external environment, NHI drug price revisions and generic products. For the long term, we see doubling R&D output and launching global in-house products every year, the goals of TOP I 2030, directly connecting to greater profit. We are building and enhancing systems that allow us to continuously provide solutions to the world’s unmet medical needs.

People, the Key to Value Creation: Building an Organization that Innovates Using the Power of Connection

I think that ultimately the key to the kind of value creation we seek is our people.

For most people, work takes up an enormous amount of time. For a fulfilling life, I think it is important for employees to be able to choose their own jobs and find personal growth in them. Since our 2020 implementation of job-specific hiring for management personnel, I have been proposing that position requirements be open to everyone, but the process has been difficult. I also raised a question about the mandatory retirement age, because I believe it should be up to each employee to determine when to make that transition. After much discussion, we finally introduced our new HR management system in 2025, in which the job-based HR system has been expanded to general employees as well, requirements for all positions are disclosed within the Company, and promotions and internal reassignments are made principally based on employee applications. We plan to abolish mandatory retirement in 2026 and expand advanced specialist positions by a factor of 2.5 to accelerate the hiring and development of world-class personnel.

Building up the employee mindset and corporate culture remains important in the new HR management system. We have to move away from company-led reassignments and career designs and undertake a reform of consciousness, allowing each employee to envision a desirable future and make career choices accordingly. It may take time, but we are working to build a company where employees can grow continuously and meet new challenges on their own initiative.

To offer more value to society, it is becoming more important than ever for each employee to not just hone their strengths, but also cultivate the power of connection with others. Regardless of skills and knowledge, what one can do alone is limited, so connecting with people who have different knowledge, experience and values can broaden our perspective on innovation. By connecting with players outside the Company in particular, we can eventually involve all of society and collaborate to address increasingly complex healthcare and social issues. We are also emphasizing dialogue and collaboration with other organizations, just as we do with Open Innovation, to incorporate new values.

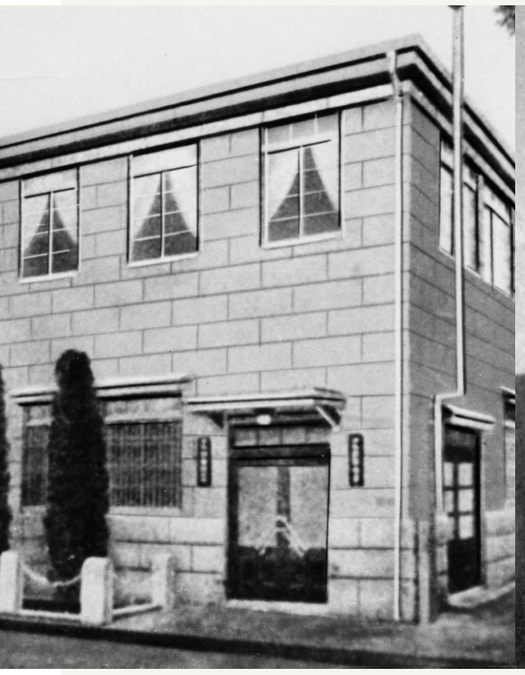
Our Envisioned Future for 2030 of becoming a top innovator in the healthcare industry is an extremely ambitious goal. I strongly believe that simply aiming high can shift the consciousness of employees, driving innovation and delivering greater value to the world. Chugai will continue to develop human resources who have initiative and push forward with its reforms.

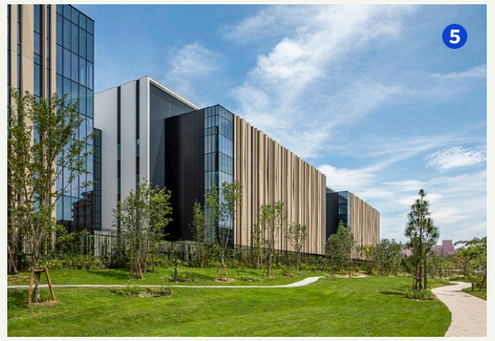
INTRODUCTION

100th Anniversary Feature:

Continuing to Contribute to Patients Worldwide through Innovation Only We Can Create

Chugai — Past and Future





100th ANNIVERSARY

1925 Establishment of Chugai Shinyaku Shokai 1

1932 Establishment of Nippon Roche K.K. 2

1946 Construction of Kagamiishi Plant after the World War II

1951 Launched Guronsan, treatment for promoting detoxification and improving liver function 3

1975 Succeeded in development and launch of Picibanil, an anti-cancer agent that stimulates immunity

1984 Succeeded in world-first purification of G-CSF*

1990 Launched Epogin, our first biopharmaceutical product

2002 Embarked on a strategic alliance with Roche 4

2005 Launched Actemra, the first antibody drug produced in Japan

2017 Launched Hemlibra, the world's first full-length IgG bispecific antibody

2023 Started operation of Chugai Life Science Park Yokohama 5

2025 100th anniversary

* Granulocyte colony-stimulating factor

A History of Finding Solutions

Creating our future from a century of taking on challenges

Key Challenges and Solutions over the Years

Embarked on a strategic alliance with Roche in 2002

Will
1925
Founded in response to shortages of medicine in Japan
- Named the company Chugai, meaning “inside and outside,” from the desire to one day see Japanese drugs also distributed overseas

R&D
1970s
Focus on creation of new proprietary drugs from Chugai’s own research
- Expanded research facilities and conducted organizational structure changes, with an emphasis on R&D and aiming for the development of new proprietary drugs

Biopharma
1980s
Outpaced other companies to lead the way in biopharmaceuticals
- Emergence of major biopharmaceuticals, including Epogin and Neutrogin

Contribution to the development of prescription pharmaceuticals

Contribution to therapies in the renal and oncology areas

Antibody
2000s
Launched first therapeutic antibody created in Japan
- Early market launch of Roche products
- Launch of Actemra (approved in 116 countries)

Focus
2000s
Acceleration of R&D investment
- Transition to a system enabling concentrated investment in innovative technology and drug discovery through partnership with Roche

World-class
2010s
Breakthrough Therapy designation
- Total of 9 designations so far, reflecting Chugai’s own innovative drug discovery technology

First-class
2020s
Establishment of modality platforms
- Mid-size molecule drugs enter clinical trials
- Establishment of platforms for creation of antibody, small molecule and mid-size molecule drugs for unexplored targets

Improved effectiveness for treatment of cancer and rheumatoid arthritis

Addressing new unmet medical needs

Expectations for disease control, improved QoL

Expanding our contribution to the benefits of the medical community and human health around the world

One hundred years ago, after witnessing the serious shortage of medicines caused by the Great Kanto Earthquake, Juzo Ueno set a mission of “creating drugs that benefit the world.” This sentiment culminated in the founding of Chugai’s forerunner, Chugai Shinyaku Shokai in 1925. Embedded in the company’s name was a commitment to not only diffusing outstanding foreign pharmaceuticals in Japan, but one day delivering drugs made in Japan overseas.

Since then, Chugai has continued to take on the challenge of offering solutions to medical and social issues, all while retaining the same spirit from its founding. With the establishment of Japan’s universal health insurance system in 1961, and subsequent calls for a robust lineup of therapeutic drugs, management shifted from over-the-counter drugs to a focus on prescription pharmaceuticals. On the R&D side as well, the 1970s saw Chugai strengthen initiatives for the in-house production of new drugs to deliver the medications that patients were seeking.

Early in the 1980s, while chemosynthesis was the norm, Chugai, with sights on the medium- to long-term future of medicine and drug discovery, became one of the first to tackle the challenge of using biotechnology for drug discovery. Together with the joint development of an erythropoietin drug (Epogin) with a U.S.-based venture firm, Chugai launched Neutrogin, the world’s first successful refining of G-CSF, in collaboration with universities and specialized institutions in Japan. Both drugs would become major contributors to treatment in the renal and oncology fields.

The biotechnology platform that Chugai outpaced other companies in developing led to it taking up the challenge to create therapeutic antibodies. Although drug discovery in the unexplored field of therapeutic antibodies required massive investment, Chugai, confident in both the potential of the antibody modality and its global reach, made the decision to conduct large-scale capital investment. The Company continued to focus on R&D and search for approaches to advance globally.

During this period of major transition, Chugai met Roche. One of the world’s premier pharmaceutical companies, Roche shared Chugai’s commitment to resolving unmet medical needs, and had great expectations with respect to Chugai’s drug discovery capabilities and its presence in Japan. Chugai and Nippon Roche integrated in 2002. While managing themselves as listed companies with independence and autonomy, this marked the start of a strategic alliance mutually leveraging the strengths of both companies.

While many opinions in the capital markets at the time were skeptical, this strategic alliance gave Chugai a stable earnings base through the in-licensing of Roche products and those under development, while also developing a system enabling the concentrated investment of resources into the Company’s own innovative technology and drug discovery. This made the enhancement of small molecule technology, even-faster antibody drug discovery, and the further advancement of proprietary antibody engineering technology a reality. In 2005, Chugai launched Japan’s first therapeutic antibody product, Actemra, and has since created a stream of innovative pharmaceuticals, contributing significantly to improved therapeutic effectiveness in the fields of rheumatoid arthritis, cancer and hemophilia. In 2025, Actemra is celebrating 20 years since its launch as the world’s first IL-6 inhibitor originated in Japan. The drug has since been approved in 116 countries, reaching over 690,000 patients in Japan since its market release. With the U.S. FDA designating six items as Breakthrough Therapies nine times, Chugai’s drug discovery capabilities have come to earn high recognition worldwide.

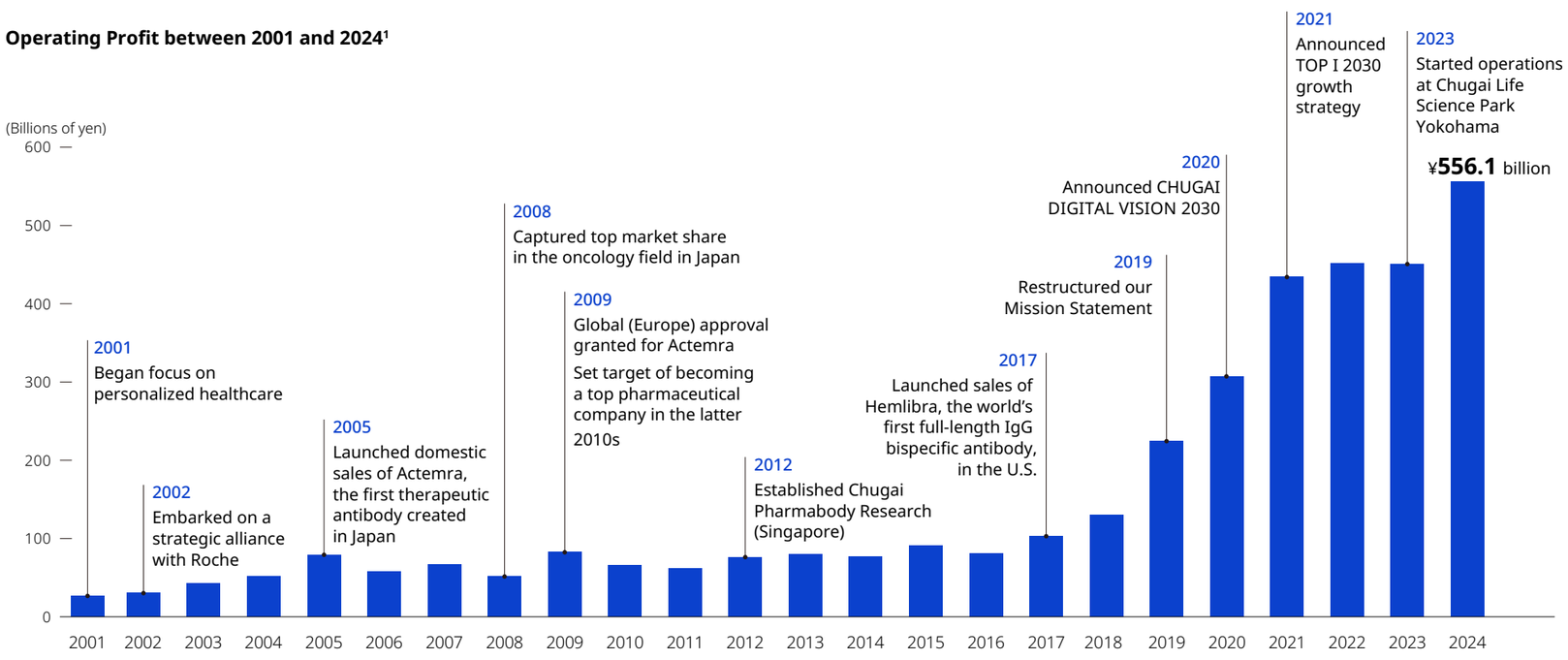
More recently, Chugai has sought to bolster a drug discovery platform built on AI and digital technology utilization, while initiating in 2021 the clinical development of mid-size molecule as a third modality behind small molecule and antibody modalities. Leveraging knowledge and technology gained from small molecules and antibodies, Chugai is establishing a technology platform for mid-size molecule drug discovery, building a foundation for making continuous drug discovery possible.

This effort to bring science and technology to bear in tackling challenges is the cornerstone to moving forward into the future. Driven by a desire embedded in the phrase “INNOVATION BEYOND IMAGINATION,” Chugai will continue to take on challenges as long as unmet medical needs exist anywhere in the world.

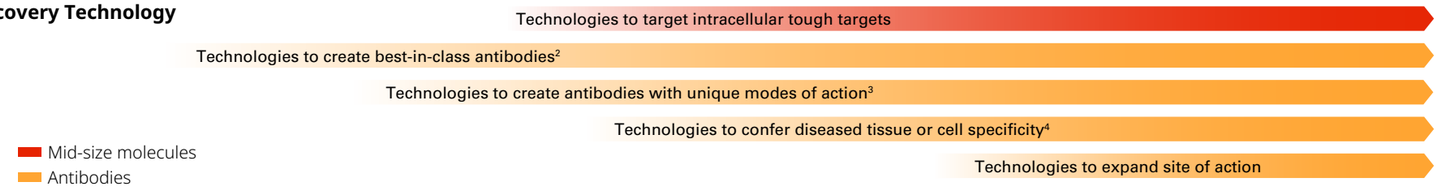
Growth delivered by innovation rooted in science and technology

2000s | 2010s | 2020s

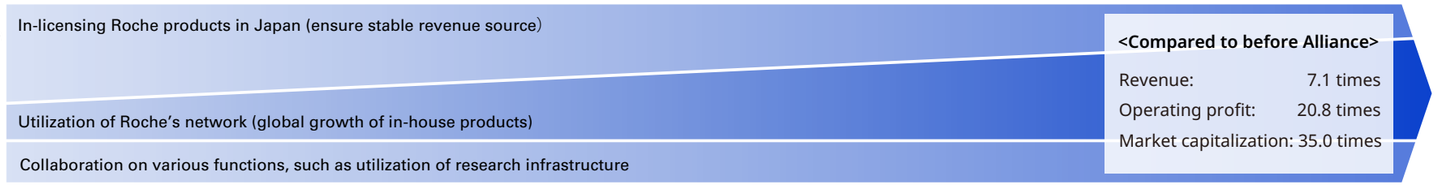
Operating Profit between 2001 and 2024[1]



Evolution of Discovery Technology



Effect of Strategic Alliance with Roche



Growth since the Alliance

The alliance with Roche was a major turning point, with dramatic growth and advancement emerging from innovation rooted in Chugai's proprietary technology and science. In 2009, the Company declared the goal of becoming a top pharmaceutical company in aiming to establish an undeniable market position. Upon achieving this in 2019, Chugai revamped its Mission Statement, and from 2021, initiated TOP I 2030, seeking to become a top innovator in the global healthcare industry.

Even considering enterprise scale, growth over the past 20-odd years has been remarkable; compared to before the alliance, revenue is 7.1 times greater, operating profit is 20.8 times greater, and market capitalization has grown 35.0 times overall.

Standing behind this growth is Chugai's distinctive business model, backed by collaboration with Roche. First, Chugai secures stable earnings through the exclusive development and sale in Japan of Roche in-licensed products, which holds R&D expenses down. This allows for concentrated investment in innovation focused on drug discovery. From here, Chugai generates highly innovative in-house products which, when out-licensed to Roche, enable it to secure funds for the next round of investment.

Looking chronologically, at the start of the alliance with Roche, Chugai established a solid presence in the field of cancer and in personalized healthcare in Japan, centered on the expansion of Roche in-licensed products. Following global approval of Actemra, Chugai's in-house product, the global advancement of other such products moved into full swing, with growth now led mainly by Actemra, Alecensa, Hemlibra and Enspryng.

In terms of our investment of management resources during this period, starting with the establishment of a platform for antibody drug discovery, the focus has been on achieving greater progress particularly in technologies for creating antibodies with unique modes of action and technologies for conferring specificity. In parallel, Chugai has emphasized technologies for mid-size molecule drug discovery that take aim at tough targets within cells. Similarly, on the capital investment side, Chugai has invested in Chugai Pharmabody Research (Singapore) to accelerate antibody drug discovery, as well as aggressively investing in antibody and small and mid-size molecule production sites. Also, in 2022, we integrated our research bases in Japan, establishing Chugai Life Science Park Yokohama, which started operations in 2023.

Growth of this kind, built by concentrating on innovation and based on a unique business model, will continue to be the main source of growth for Chugai going forward.

1. The fiscal year ended December 31, 2003 represents financial results for a nine-month period. For 2012 and earlier years, the Company applied JGAAP, and from 2013 onward, it has applied IFRS on a Core basis.
2. With such attributes as improved stability and pharmacokinetic profiles, or reduced immunogenicity
3. Such as bispecific antibodies, recycling antibodies, sweeping antibodies, or T-cell redirecting antibodies (TRABs)
4. Such as switch antibodies, next-generation TRABs, LINC-Ig, or PAC-Ig

For Core basis results, please refer to "Financial and Pre-Financial Highlights (IFRS)" on page 80.

03

Value Provided

Once again, we declare our mission for the future

My Action Declaration

I aim to deliver therapeutic drugs to all patients

I want to realize a world where no patient is left without a treatment option, where access to therapeutic drugs is provided to all patients who have not had access before. In this way, I aim to bring hope and joy to patients, their families, and those involved in their treatment.

Morihiko Hayashi
Oncology Clinical Development 1 Group 1
Oncology Clinical Development Dept.
Clinical Development Div.

Enjoying my work leads to patients feeling positive about the future

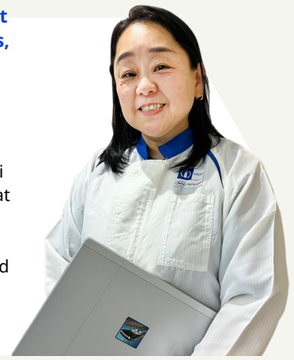
By enjoying my work, even in difficult times, I hope to transmit a positive feeling to those around me and to help my team. The innovation that such a team creates should help patients to feel positive about the future.

Hitomi Tsubamoto
PV Process Management Group
Drug Safety Coordination Dept.
Drug Safety Div.

Through drug discovery, I want to make myself, my colleagues, and everyone in the world happy

I would like to provide medicines that bring happiness to people throughout the world from Chugai Life Science Park Yokohama. To that end, I want to make our company a place where everyone can be themselves and enjoy working, and where individuality is valued, both my own and that of others.

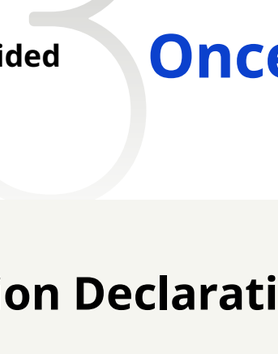
Masami Uematsu
in vitro Research Technology Group 1
Experimental Technology Dept. 1
Chugai Research Institute for
Medical Science, Inc.



I want all patients to enjoy normal lives

Whatever condition a patient may have, be it cancer or an intractable disease, I want to enable them to realize their own aspirations and goals, just as they were doing before becoming ill. I aim to work together with my colleagues at Chugai to create healthcare that will make this possible.

Shinobu Kumamoto
Project Force Management Group
Marketing & Sales Coordination Dept.
Marketing & Sales Div.



I want to enable each individual to pursue and realize their own happiness

Happiness differs depending on the person. I want to help create a society and an environment where everyone can achieve happiness in whatever form it may take. The first step is with Chugai.

Sooyoung Kim
HR Planning Group
Human Resources Management Dept.

Protecting the happiness and futures of children

I want to contribute to the future of children and to healthcare in the future society those children will make through new drugs created using the production processes we have created.

Yui Kaneta
Late Stage Cell Culture Process
Development Group
API Process Development Dept.
Pharmaceutical Technology Div.

Making the innovation of Chugai a new normal for patients

I want to create a new normal for patients by surprising them with Chugai's innovative drugs and services. I want to be close to the heart of patients' and medical professionals' concerns, issues, and aspirations. With my colleagues in the Chugai Group, I am confident that we can achieve this.

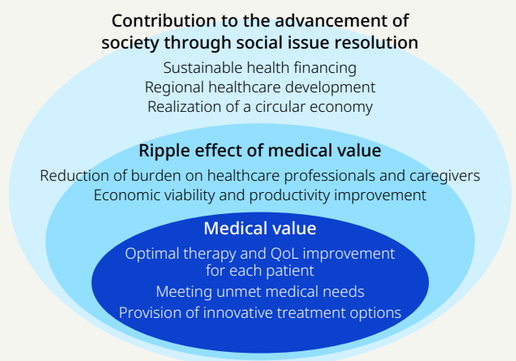
Daiki Mikamo
Saitama Oncology Sect. 1
Kanto-Kita and Koshinetsu
Oncology Branch 1
Kanto-Kita and Koshinetsu
Regional Management Office
Marketing & Sales Div.

Realization of Advanced and Sustainable Patient-Centric Healthcare

As we mark Chugai's 100th anniversary, we have reaffirmed our commitment to contributing to patients and medicine through innovation now and in the future. Our aim is to realize advanced and sustainable patient-centric healthcare, which is the goal of our management policy of creating shared value.

Moreover, we have identified three frameworks for the value provided (impact on society) toward realizing this goal. The first is our core value provided, which is medical value generated through the provision of innovative drugs and services, which contributes to aspects such as optimal treatment and improved quality of life for each individual. As a ripple effect from this, the second value provided includes reduction of burden on healthcare professionals and caregivers and improvement of the economic viability and productivity of treatment. Finally, the third value provided through these activities is the resolution of social issues, such as sustainable health financing and regional healthcare development.

Going forward, as part of an internal centennial project, all employees have created a My Action Declaration, drawing on the vision that has been passed down through the Company since its foundation to express their own individual aspirations for the future. These declarations are being shared throughout the Company. A few of these declarations have been presented here. Chugai values the aspirations of each individual employee as it advances towards the future by working to realize advanced and sustainable patient-centric healthcare.



Source: Modified from the "Image of value of pharmaceuticals" by the Office of Pharmaceutical Industry Research, OPIR News No.68 issued in March 2023

Value Creation Axes
— New Material Issues

Reassessing material issues along three axes to realize our goals, starting with Challenges

Challenges

Co-creation Commitments

Challenge to create innovative drugs and services, powered by new ideas and unique strengths in science and technology.

Realization of advanced and sustainable patient-centric healthcare

Highly Relevant Material Issues

- Creation of innovative drugs and services, powered by unique strengths in science and technology
- Provision of individualized and optimal solutions to patients
- Access to healthcare
- Quality assurance and stable supply of products and services
- Safety of patients and clinical trial participants

Please see “Material Issues” on page 30 for details.

Materiality Story Overview

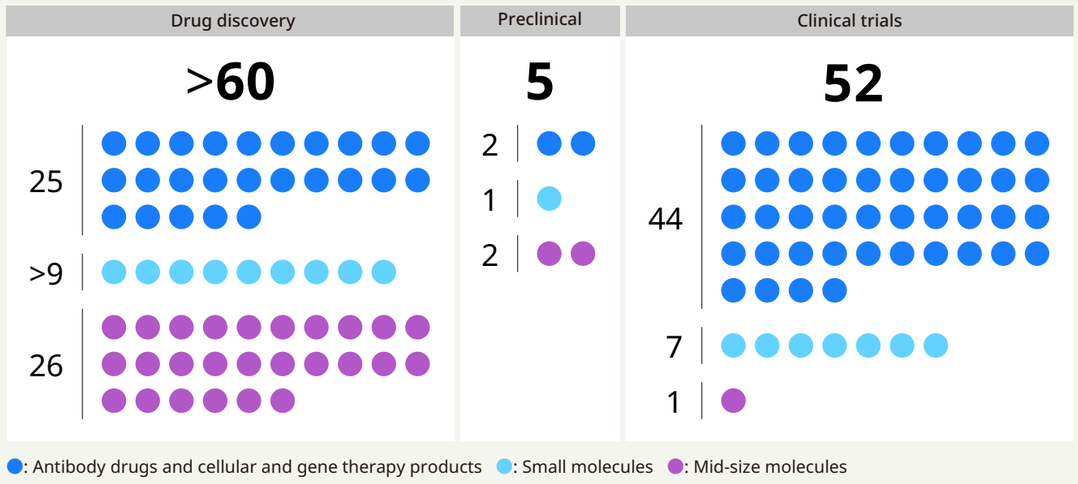
Chugai revised its material issues in 2024 with a view to achieving its value creation target: the realization of advanced and sustainable patient-centric healthcare. The new material issues have been organized into a format that makes it easy to share our value creation story with internal and external stakeholders, as a story comprising three axes.

The first axis is Challenges, reflecting the progress of the Company over its 100-year history. This axis embodies the heart of Chugai’s businesses.

There are still large numbers of diseases around the world for which there is no treatment, and diseases for which treatment satisfaction is poor. With the intention of meeting these unmet medical needs one by one, Chugai strives repeatedly to create innovative drugs and services, powered by new ideas and unique strengths in science and technology. These efforts lead directly to solving social issues. We produce innovative drugs which are provided as optimal solutions to individual patients with different disease characteristics and values, and at different life stages. By contributing to coordinated local healthcare services and better healthcare access, we believe we can deliver real value. At the same time, increasing the quality of products and services, promoting proper usage, and ensuring stable supplies and product safety are also part of our Challenges.

Currently, we are promoting efforts at each step in our value chain, including drug discovery, development, pharmaceutical technology, and value delivery, as well as the foundation for growth supporting each of these areas. In particular, in drug discovery, where Chugai has a worldwide reputation for excellence, we are taking on challenges with completely new tough targets, mechanisms of action, and modalities, and expanding our R&D portfolio as well (figure to the right). Looking ahead, we will focus on our progress with these initiatives while working to further accelerate them.

R&D Portfolio (As of January 30, 2025)



Value Creation Axes
— New Material Issues

The second axis, Co-creation that enables us to meet our Challenges

Challenges
Co-creation
Commitments

Co-create new value that is truly needed, together with Roche and other diverse partners.

Realization of advanced and sustainable patient-centric healthcare

Highly Relevant Material Issues

- Co-creation of a healthcare ecosystem with society and community
- Human capital development
- Diversity, equity and inclusion
- Employee well-being
- Privacy protection and responsible use of digital technology
- Respect for human rights

Please see “Material Issues” on page 30 for details.

Materiality Story Overview

Essential to meeting the challenges of creating innovative drugs and services is the second axis: Co-creation.

Chugai aims to generate new value for patients, medicine, and society, through the creation of therapeutic drugs and services. To achieve this, we have co-created with various partners, including our strategic alliance partner Roche, patients and patient groups, medical institutions, academia and researchers, governments, and payers.[1] In doing so, we have contributed to addressing unmet medical needs, expanding treatment options, and the development of local healthcare.

Looking ahead, in drug discovery, we need not only to engage in open innovation and collaboration with companies specializing in digital technology, but also to make even greater efforts to combine diverse science, technology, knowledge, and capabilities. We also need to establish a healthcare ecosystem with a broader scope that encompasses all relevant stakeholders, and generate a collective impact that emphasizes respect for human rights and individuality.

Internally, we will look to encourage further innovation by driving career development for individual employees in order to maximize their potential as well as evolving human resource management. At the same time, we will accelerate diversity, equity and inclusion initiatives and provide working environments that enable each employee to excel, working with accountability and independently with a sense of job satisfaction and fulfillment. We will also strive to prepare our digital and IT infrastructure, including the development of a robust management system for the utilization of digital technology and data.

1. Organizations that provide funds to cover healthcare costs based on fixed contracts and using revenue from insurance premiums

Main Examples of External Collaboration and Open Innovation

Roche	¥503.5 billion Annual export amount of in-house products to the Roche Group (2024 results)	CHF 7,989 million Global sales of in-house products (Roche)[2] 2. Excluding Japan (2024 results)
Open Innovation	36 Number of joint research projects between academia and the Research Division (under way with agreements concluded as of December 2024)	¥10.0 billion Amount of funding to IFReC[3] based on comprehensive collaboration agreement (April 2017 to March 2027) 3. The University of Osaka Immunology Frontier Research Center
Foundation for Growth	6 Number of companies collaborating to strengthen digital foundation (providing added value other than increased efficiency; as of January 2025)	13 times Participation in major industry-academia-government meetings regarding policy proposals with a focus on Japan Business Federation activities (2024 results)

The third axis, our Commitments which support our Challenges and Co-creation

Challenges Co-creation Commitments

We lead in solving social issues with a focus on healthcare and act with integrity and forward thinking, toward realizing a sustainable society.

Realization of advanced and sustainable patient-centric healthcare

Highly Relevant Material Issues

- Corporate governance and stakeholder engagement
- Ethics, compliance and risk management
- Climate change and energy countermeasures
- Contribution to circularity and water management
- Protection of biodiversity

Please see “Material Issues” on page 30 for details.

Materiality Story Overview

The third axis, Commitments, expresses our determination to realize a sustainable society.

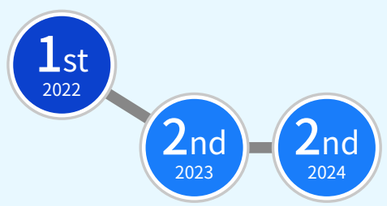
Sustainability is a worldwide agenda and a key theme for management and business. In this environment, Chugai has a role to play in contributing to the sustainability of society by working to resolve social issues related to healthcare. In addition, in order to sustain both innovation and partnerships, it is essential that we achieve the sustainability of both society and ourselves as we promote Challenges and Co-creation.

Chugai always conducts sincere business activities based on high ethical standards, and is committed to contributing to the realization of a sustainable society through the resolution of social issues, including initiatives related to the global environment and human rights. For example, in the area of the environment, which is drawing increasing attention, we contribute to climate change countermeasures by working with suppliers to reduce GHG emissions and use sustainable energy. We also focus on protecting biodiversity through measures such as resource recycling and water management for a circular economy, including zero waste emissions, management of chemical substances, and air and soil pollution prevention.

To promote these activities, we also need to have sustainable frameworks and systems for our own management. We aim to sustainably increase our corporate value by incorporating feedback from society and the capital markets through dialogue with stakeholders, and by striving to strengthen our governance system to a high level of transparency and effectiveness, while taking risks appropriately through integrated, effective, and efficient risk management.

External Evaluation and Analysis (Gap Analysis)

World Ranking in DJSI, Pharmaceutical Sector



Social expectations and demands around sustainability continue to change. In the evaluation of our own activities, this creates a gap between our internal measurement and objective external perspectives. Chugai uses the evaluation results from sustainability indexes to grasp and examine such gaps. We measure from three perspectives: external demands, calculated from scores; level within the industry, calculated from a comparison of the industry average with the Company’s evaluation; and progress on initiatives, based on the index ranking. The result of this measurement is reflected in the Company’s activities. Currently, we continue to be selected for major indexes, and to hold a high ranking in the pharmaceutical sector of the global sustainability investment index, DJSI.

Strategic Targets

Defining goals for 2030 as targets for value creation

Top Innovator in the Healthcare Industry

Expectation from Patients all over the World
With world-class drug discovery capabilities, patients around the world expect that “Chugai will surely create new treatments.”

Attracting Talent and Players from around the World
Attract passionate talent from all over the world, and inspire players globally to think they can create something new by partnering with Chugai.

Role Model for the World
With sustainability at the heart of its business activities, Chugai will become a global role model as a leader in resolving social issues.

A company that overcomes an unmet medical need each year

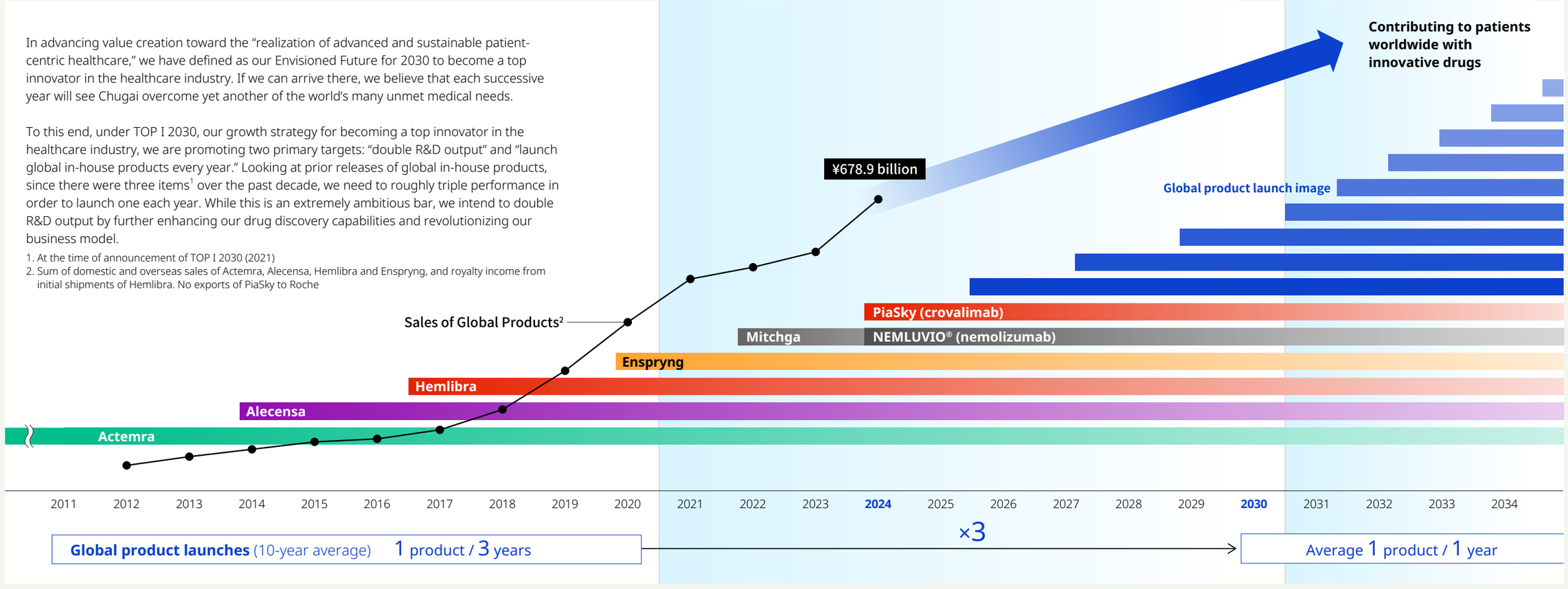
Double R&D output

Launch global in-house products every year

In advancing value creation toward the “realization of advanced and sustainable patient-centric healthcare,” we have defined as our Envisioned Future for 2030 to become a top innovator in the healthcare industry. If we can arrive there, we believe that each successive year will see Chugai overcome yet another of the world’s many unmet medical needs.

To this end, under TOP I 2030, our growth strategy for becoming a top innovator in the healthcare industry, we are promoting two primary targets: “double R&D output” and “launch global in-house products every year.” Looking at prior releases of global in-house products, since there were three items[1] over the past decade, we need to roughly triple performance in order to launch one each year. While this is an extremely ambitious bar, we intend to double R&D output by further enhancing our drug discovery capabilities and revolutionizing our business model.

1. At the time of announcement of TOP I 2030 (2021)
2. Sum of domestic and overseas sales of Actemra, Alecensa, Hemlibra and Enspryng, and royalty income from initial shipments of Hemlibra. No exports of PiaSky to Roche



06

Strategic Structure

Enhancing corporate value based on two pillars and three key drivers

TOP INNOVATOR TOP I 2030 Two Pillars

Global First-Class Drug Discovery
Concentrated investment
Cash flow generation

Futuristic Business Model
Improved profitability
Investment resource planning

Key Drivers

DX | **RED SHIFT** | **Open Innovation**

TOP INNOVATOR TOP I 2030 How It Connects to Corporate Value

Chugai's financial and capital characteristics

Highly profitable structure
Ratio of Core operating profit to revenue (2024 result) 47.5%

High capital efficiency
Core ROIC spread (2024 result) 35.9%

Priority ranking for increase in economic corporate value

EPS growth
Maintain high level of ROIC
Maintain financial soundness

The following targets are directly connected to increase in corporate value

Double R&D output

Launch global in-house products every year

Our growth strategy, TOP I 2030, is based on two pillars: global first-class drug discovery and a futuristic business model.

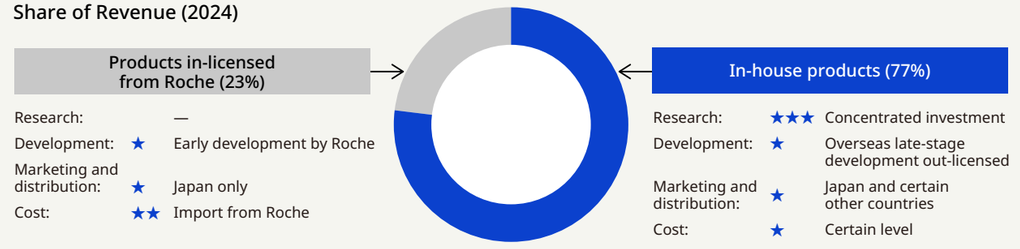
Chugai's drug discovery capabilities have a strong global reputation, as evidenced by the innovative quality of its in-house products to date and its creation of a unique technology platform. Nevertheless, even further innovation is needed to achieve the Company's ambitious targets of doubling R&D output and launching global in-house products every year. To achieve global first-class drug discovery, we plan to concentrate management resources into Research & Early Development (RED),[1] and accelerate collaboration with academia and other external partners, while promoting the integration of clinical development capabilities and human prediction capabilities[2] with a view to shortening development times and increasing the probability of success. Innovative drugs and services created in this way need to be delivered quickly and appropriately to patients. At the same time, it is also important to retain resources for reinvestment in future innovation as part of establishing a cycle of investment and growth. Aiming to build a futuristic business model, we will rebuild our business model utilizing digital technologies to increase productivity across the entire value chain and maximize product and patient value.

In this way, by achieving the objectives of TOP I 2030, we will also drive an increase in financial corporate value. Under Chugai's unique business model, the revenue structure includes two effectively functioning revenue bases: in-house products and products in-licensed from Roche. The ratio of Core operating profit to revenue was 47.5% in 2024, a high level, reflecting the global market penetration of in-house products in particular. Moreover, over the past few years, we have maintained high capital efficiency, with the ROIC spread at the 20%–30% level due to ROIC trending at around the 30%–40% range and cost of capital at around 7%. To increase corporate value over the medium to long term, we will maintain and enhance a sound financial base, while aiming to realize the TOP I 2030 targets of doubling R&D output and launching global in-house products every year, and thereby drive growth in EPS. Through the execution of TOP I 2030 in this way, Chugai will realize value creation and increase in financial corporate value.

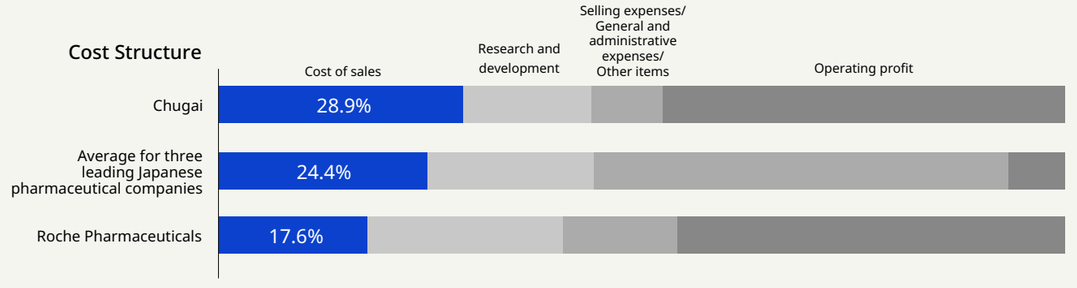
1. Includes the process of pharmaceutical technology functions related to early development
2. Predicting the pharmacokinetics and biological responses of drugs within the human body using modeling and simulation technology that integrates mathematical simulation by a computer and biology.

Revenue Structure Characteristics

Share of Revenue (2024)



Cost Structure



Themes of the Year

R&D Results (January 1, 2024 - December 31, 2024)

Phase I	Phase II	Phase III	Filed	Number of pipeline projects (As of December 31, 2024)
21	6	29	4	60
Phase I clinical studies started: 4	Phase II clinical studies started: 2	Phase III clinical studies started: 4	Approval/Launch: 13	In-house products: 22 In-licensed products: 38

Financial Performance

Revenue
(Billions of yen)

2024	1,170.6
2023	1,111.4

Core EPS
(Yen)

2024	241.31
2023	202.71

Core Operating Profit
(Billions of yen)

2024	556.1
2023	450.7

Market Capitalization
(Billions of yen)

2024	11,751.7
2023	8,969.5

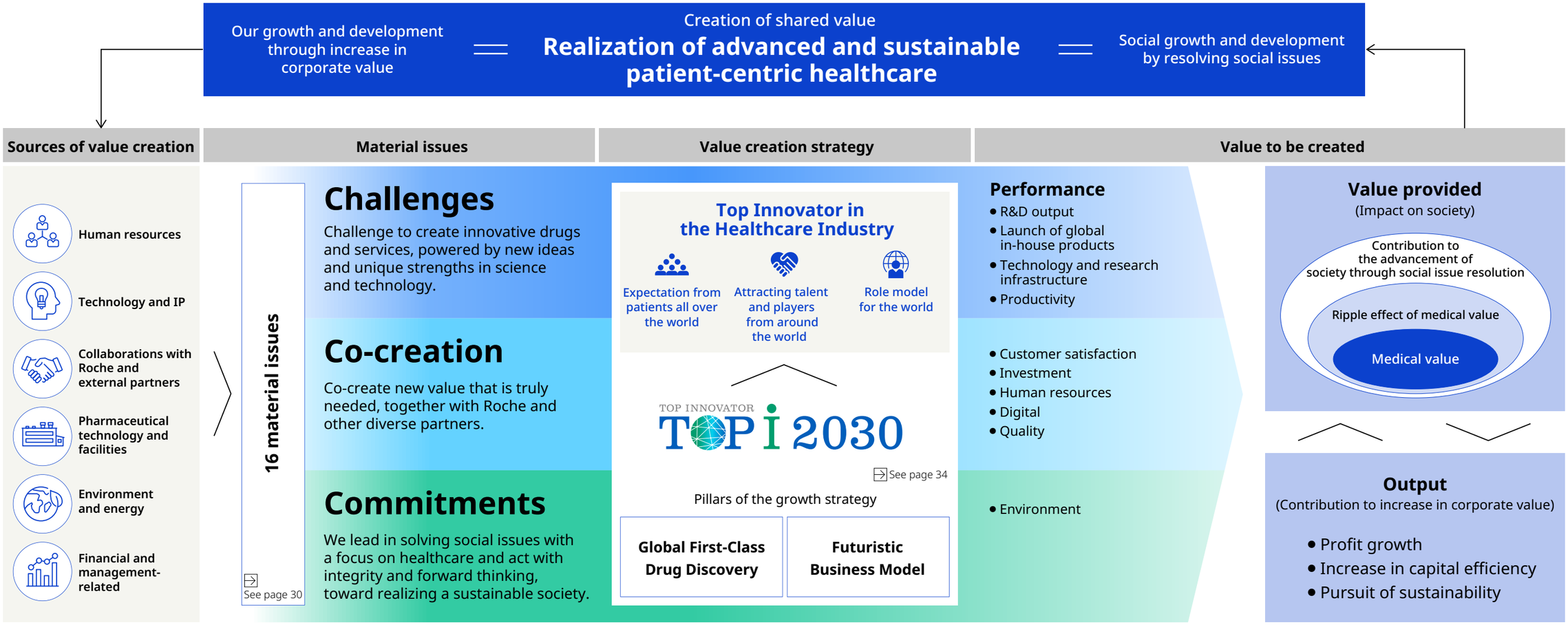
Activity Themes

R&D	• In early-stage development, in-house antibody projects took a major leap forward despite discontinuations resulting from Go/No-Go decisions in addition to delays caused by changes in plans. Specifically, NXT007 and AMY109 both moved to Phase II clinical trials, together with the start of new clinical trials for GYM329, DONQ52 and RAY121. In addition, Chugai saw the start of clinical trial development for BRY10, the first entry from a project driven by Chugai's proprietary AI-based antibody drug discovery support technology, MALEXA™ • As seen in the global approval of drugs such as PiaSky, Alecensa and NEMLUVIO, in-house products are making steady inroads. Avutometinib, meanwhile, was accepted for review as a New Drug Application seeking accelerated approval, and has been granted Priority Review in the United States • In Japan, along with the acquisition of approval for Lunsumio, Chugai filed a regulatory application for delandistrogene moxeparvovec, its first gene therapy product • In a bid to accelerate opportunities for innovation with drug discovery startups, the corporate venture capital established in Boston, USA, began full-scale operations in 2024, and executed 3 investments
Pharmaceutical technology	• UK4, a new manufacturing building for biopharmaceutical active pharmaceutical ingredients (APIs) for early clinical trials, began full-scale operations in January 2024. By moving fastest to the start of First-in-Human (FIH) clinical trials, the first stage in clinical development, this will lead to rapidly achieving early PoC (Proof of Concept)[1] • Completed construction of FJ3, a facility for the manufacture of APIs of small and mid-size molecule drugs for late-stage clinical development and early commercial production • Digital infrastructure to support operations of production functions (project name: SPIRITS) in operation at all production sites (Ukima, Fujieda, and Utsunomiya)
Foundation for growth	• Strengthening business foundation progressed well, despite challenges in acquiring and developing highly specialized human resources to bolster human resource strategies and business foundations to enable continuous innovation • Reviewed material issues based on external requests and the external environment, and drafting of a new value creation model • Established an implementation structure for the continuous creation of PHC solutions[2] contributing to the maximization of product value for pharmaceuticals

1. In addition to safety, signs of efficacy or pharmacological effect has been confirmed in a limited number of patients.
2. Products and services such as SaMD (Software as a Medical Device) and biomarkers that enable optimal therapy for individual patients by precisely diagnosing pathologies and measuring therapeutic effects

INITIATIVES

Value Creation Model (Sustainability at Chugai)



Toward the Realization of Advanced and Sustainable Patient-Centric Healthcare

Having reviewed and discussed the Company's sustainability vision and strategies in Chugai's Sustainability Committee, Executive Committee, and Board of Directors, we have clearly placed sustainability at the heart of our business activities in our basic management policy. Moreover, we also reviewed our material issues and redesigned our value creation model.

With sustainability at the heart of our business activities, our basic management policy is to lead the way in resolving social issues, creating shared value through our activities with various stakeholders, and develop together with society. Our mission is to "Dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world." Based on that mission, we will create shared value by realizing advanced and sustainable patient-centric healthcare through innovation that we can create. The external environment that we are focused on as the precondition for value creation is the common global issue of realizing sustainable healthcare systems. Dramatic advances in life sciences and digital technology are expanding business opportunities, but governments are implementing more and more stringent policies to curb medical expenditures. Given the limited resources available, we expect the medical community to converge even faster on value-based healthcare (VBHC), where only those solutions that deliver true value are adopted. In this environment, we have determined a policy for investing management resources by organizing sources that contribute to value creation, namely human resources, technology and intellectual property, collaborations with Roche and external partners, pharmaceutical technology and facilities, environment and energy, and financial and management-related sources.

See "Business Environment Recognition" on page 28 and "Sources of Shared Value Creation" on page 29.

Material issues are positioned as a guiding principle (key element) for organizing important management issues, including sustainability, and for determining management direction and policies, while using sources of value creation. We conducted an impact assessment of stakeholders and the Company in 2024 and identified 16 material issues, which are organized along three axes—Challenges, Co-creation, and Commitments—to create a story.

See "Material Issues" on page 30.

In our value creation strategy for implementing these, we have defined our vision of becoming a top innovator in the healthcare industry in 2030. Chugai needs to be a company that generates expectations from patients all over the world, attracts healthcare-related talent and players, and is a global role model that takes the lead on resolving social issues. TOP I 2030 establishes two growth strategy pillars to achieve this vision: "global world-class drug discovery" and "futuristic business model." Through these pillars, we aim to become a business entity enabling high productivity and reinvestment, targeting "doubling R&D output" and "launching global in-house products every year."

See "Overview of TOP I 2030 and Refinement of Five Reforms" on page 34.

Through these strategies, Chugai aims to increase its corporate value by generating outputs in the form of profit growth, increase in capital efficiency, and the pursuit of sustainability. By continuing to create and provide innovative drugs, we aim to achieve global growth while also maintaining and strengthening our earnings structure to secure investment resources and realizing powerful profit growth. Furthermore, in terms of value provided, or impact on society, we aim to contribute not only from a medical perspective by offering optimal treatment and improved QoL for each patient, but also by reducing the burden on healthcare professionals and caregivers, and by helping solve social issues through sustainable health financing and the realization of a circular economy.

See "Value Creation Indicators" on page 36.

Business Environment Recognition

Change in the Market

- Increasing fiscal pressures around the world, acceleration of controls on drug costs, and continued shift to value-based healthcare (VBHC)
- United States is a market driver, with China becoming increasingly important

Change in Science & Technology

- New modalities will not compete against existing modalities but play a complementary role
- Digital technologies will become a key requirement for business model evolution and competitive advantage

Change in Customers

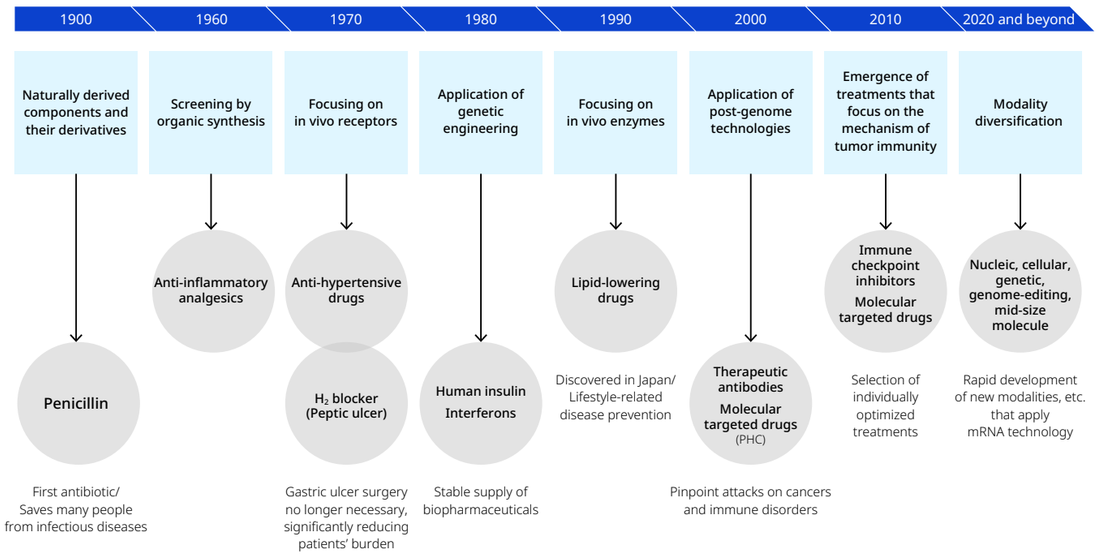
- Increased influence of informed patients and payers
- Evolution of DX at customers
- Difficulties in transforming healthcare into an information-based industry

At Chugai, we have conducted medium- to long-term scenario analyses as a prerequisite to our value creation strategy, with changes anticipated in the market, science and technology, and customers through 2030, as well as business possibilities based on these changes, summarized in the diagram above.

Until now, drug treatment worldwide has typically progressed in step with scientific progress itself. In particular, the elucidation of disease mechanisms within the body and the advancement of recombinant technology and genomic analysis have led to the discovery of numerous innovative drugs, including molecular targeted drugs and immune checkpoint inhibitors. Nevertheless, measures to contain drug costs are likely to accelerate around the world because of the impact of population growth, demographic aging, and fiscal pressures. Consequently, in the healthcare industry going forward, we are entering an era when only products or solutions that offer true value will succeed. In addition, informed patients and payers will have an increasingly important presence, as we are starting to see already through payers moving to merge and expand business scope. More than ever, it is critical that we demonstrate value to patients in terms of QoL and lifetime value. We also need to address business model innovation based on the evolution of digital technology and digital compliance in the use of human-derived data.

In light of this outlook, we believe that our core business at Chugai remains unchanged—it is still the discovery of innovative drugs. We are confident that Chugai must continue providing value across society and meeting the expectations of patients and other stakeholders through innovation and technology that create new treatments and the continued evolution of platforms.

Evolution of Drug Therapy



Sources of Shared Value Creation

To realize advanced and sustainable patient-centric healthcare, Chugai has organized its key management resources (capitals) as well as the strategic direction for utilizing and investing them (inputs) and its recognition of issues and policy for responding to them as follows.

For example, the sources of our most valuable resource, human resources, are employees and a corporate culture distinguished by diversity and global top-level employee engagement. To drive continuous innovation, we recognize the need to continuously acquire highly competent specialists and create an environment where each employee can play an active role.

Category	Key themes	Sources of shared value creation[1]	Recognition of issues and countermeasures
Human resources (Human capital)	• Increase employees' job satisfaction, improve sense of fulfillment • Acquire and develop human resources who will contribute to innovation • Continuously pursue DE&I	• **Employees** (Consolidated: 7,778) • **Organizational culture** (Environment for engagement and employee enablement)	• Acquisition and development of highly competent specialists • Creation of an environment where each employee can exercise autonomy and be enabled • Building of environment and systems for innovation, maintaining and enhancing corporate culture
Technology and IP (Intellectual capital)	• Advance multi-modality approach • Expand patents for world-leading drug discovery technology and platforms • Strengthen drug discovery platforms leveraging digital technology • Deepen our understanding of biology research	• **Antibody engineering technology and small molecule and mid-size molecule drug discovery technology** • **Research process library** • **IP related to research and pharmaceutical technology**	• Concentration on R&D investment • Complementation of multi-modality technology and enhancement of IP strategy • Deepening of understanding of disease biology and external collaboration
Collaborations with Roche and external partners (Social capital)	• Develop in-house products globally via the Roche Group and other networks • Collaborate with external parties on technology, science, and DX • Engage in dialogue with stakeholders	• **Exclusive marketing rights to Roche products and infrastructure** (Number of products in-licensed from Roche in the pipeline[2]: 34) • **Networks with academia and investment in start-ups** (IFReC, the University of Tokyo, National Cancer Center Japan, and overseas research institutions) • **Dialogue with patient groups, patients, investors, and others**	• Ongoing substantial contribution to collaboration with Roche • Collaboration with academia, start-ups, and others • Initiatives for creation of shared value with patient groups, etc.
Pharmaceutical technology and facilities (Manufacturing capital)	• Evolve modalities and technologies, and advance research and production suited to DX • Develop systems for flexible and rapid development and next-generation production • Ensure stable supply and rigorous quality assurance	• **Research sites** (Yokohama, Ukima, and Singapore) • **Production sites** (Ukima, Fujieda, and Utsunomiya) • **Quality management system**	• Establishment of systems to keep pace with increasing R&D output • Continuous response to quality and supply risks, and risk reduction
Environment and energy (Natural capital)	• Contribute to climate change countermeasures and protection of biodiversity • Recycle resources consistent with a circular economy	• **CO_2 reduction** • **Environmental investment** • **Initiatives to abolish use of SVHC** • **Environmental management system**	• Promotion of best mix of environmental impact and cost • Development of manufacturing processes with low EHS risk
Financial and management-related (Financial capital)	• Continuously evolve revenue structures • Increase cash flows to ensure strategic investment	• **Earnings structure** (Core ROIC: 42.9%, ratio of Core operating profit to revenue: 47.5%)	• Continuous reinvestment • Continuous build-up of reputation in capital markets

1. Apart from certain exceptions, figures are as of December 31, 2024
2. As of January 30, 2025

Material Issues

	Material issues[1]	Main positioning in management strategy[2]			Relevant performance indicators	
		Growth strategy	Enhancement of foundation for growth	Continuous promotion		
Challenges	Creation of innovative drugs and services, powered by unique strengths in science and technology	●			● In-house projects that progressed to preclinical phase ● In-house projects that acquired PoC ● Projects that advanced to phase III clinical trials ● Applications filed or approved ● New products launched and new indications ● In-house global products out-licensed ● In-house products launched globally	● Academic papers and presentations on research findings at scientific conferences ● Patents acquired ● Projects from Chugai research ● Operating profit per employee ● Customer satisfaction evaluation ● R&D expenses ● Capital investment
	Provision of individualized and optimal solutions to patients	●				
	Access to healthcare	●				
	Quality assurance and stable supply of products and services	●				
	Safety of patients and clinical trial participants		●			
Co-creation	Co-creation of a healthcare ecosystem with society and community		●		● Excellent employee ratio and engagement score ● Employee enablement score ● Job-fill rate for highly specialized human resources ● Ratio of female managers with subordinates ● In-house digital human resources	
	Human capital development	●	●			
	Diversity, equity and inclusion		●			
	Employee well-being		●	●		
	Privacy protection and responsible use of digital technology	●	●			
	Respect for human rights			●		
Commitments	Corporate governance and stakeholder engagement			●	● Scope 1 + 2 CO_2 emissions ● Scope 3 CO_2 emissions	
	Ethics, compliance and risk management		●	●		
	Climate change and energy countermeasures		●	●		
	Contribution to circularity and water management		●	●		
	Protection of biodiversity		●	●		

1. Classified by highly relevant story elements
2. Growth strategy: (1)-(4) of the five areas of reform in TOP I 2030; Enhancement of foundation for growth: (5) of the five areas of reform in TOP I 2030 and medium- to long-term sustainability focus points; Continuous promotion: Areas where initiatives for continuous reinforcement and advancement are already in place Company-wide and in each division

Materiality Positioning and Review

Chugai first identified its materiality (material issues) in 2019 by making reference to the environmental outlook and various global initiatives and obtaining verification from external observers. Since then, the Company has utilized dialogue inside and outside the Company to constantly update its materiality based on its understanding of external expectations and demands, as well as progress on strategies. In this way, we have used materiality as a foundation for our value creation strategy.

In the 2024 review, we actively incorporated perspectives from a wide range of external stakeholders, including healthcare professionals, patient organizations, academia, financial market participants, public interest foundations, and NGOs. Additionally, considering future environmental trends and risks surrounding business activities, we comprehensively identified issues expected and required by society. Furthermore, we carefully examined and incorporated areas where Chugai may not be sufficiently meeting expectations, repositioned materiality as a guiding principle for formulating our value creation policy, and identified 16 material issues. We integrated and condensed our original 26 issues into issues of higher importance that are more amenable to designing strategies and taking action. We have also organized these into a distinctive story that is easy to share with employees and external stakeholders.

Direction of Reform

Formulation

Increase accuracy of analysis and evaluation

- Need to include feedback from external stakeholders even more than before
- Clarify opportunities/risks for society and the environment

Operation

Accelerate activity on the front lines

- Align activities across the Company based on materiality
- Enhance internal recognition of materiality and accelerate activities on the frontline level

Evaluation and review

Align with strategic KPIs

- Make the relationship between materiality, strategic KPIs, and nonfinancial indicators clearer
- Integrate with ERM and verify annually

Changes in society and the capital markets

- Information disclosure standards are advancing, such as CSRD (ESRS) and ISSB (SSBJ)
- Increased expectations for disclosure of materiality

CSRD: Corporate Sustainability Reporting Directive
ESRS: European Sustainability Reporting Standards
ISSB: International Sustainability Standards Board
SSBJ: Sustainability Standards Board of Japan
ERM: Enterprise Risk Management

Overview of Material Issues

The revised 16 material issues are organized along three axes—Challenges, Co-creation, and Commitments—to create a story.

The Challenges axis includes our challenge to create innovative drugs and services, powered by new ideas and unique strengths in science and technology. Supporting this challenge, the Co-creation axis refers to our co-creation of new value that is truly needed, together with Roche and other diverse partners. Finally, the Commitments axis represents our commitment to taking the lead in solving social issues with a focus on healthcare and acting with integrity and forward thinking, toward realizing a sustainable society. By promoting value creation along these three axes, we will realize advanced and sustainable patient-centric healthcare.

Furthermore, to show the relationship between each material issue and our management strategies, we have organized those with higher relevance into three categories: "growth strategy," which corresponds to reforms (1)-(4) of the five reforms under TOP I 2030; "enhancement of foundation for growth," which is reform (5) under TOP I 2030 and a priority for medium- to long-term sustainability; and "continuous promotion," which covers initiatives for continuous reinforcement and advancement that are already in place Company-wide and in each division.

We have also identified the value creation indicator that is a particular focus for us and indicated its relationship with our material issues. Chugai's value creation indicators are classified into performance, output, and value provided, with performance being linked to materiality as it is directly connected to business activities.

Materiality Review Process

In our materiality review, we repositioned materiality as a guiding principle for formulating our value creation policy, refined our materiality evaluation, and focused on incorporating a wider range of stakeholder views, finalizing the review through the following process.

First, we examined our risks and opportunities based on medium- to long-term environmental analysis, composing a long list of candidates through dialogue with outside directors, sustainability experts, investors, and others. We conducted an analysis and evaluation of the candidates to narrow the list down to the material issues. The axes for this evaluation were defined based on changes in the capital markets and the concept of double materiality as "importance to stakeholders (impact materiality)" and "importance to business (financial materiality)." Specifically, based on the CSRD, ISSB, and other standards, we adopted the standards of "probability of occurrence multiplied by the average score for scale, impact scope, and restorability" for impact materiality and "probability of occurrence multiplied by the scale" for financial materiality. We also conducted dialogues with 21 groups of stakeholders, including patient organizations, medical institutions, business partners, academia, social organizations, and investors, to revise and refine our material issues.

In each of these steps, multiple discussions were held by the secretariat, the Sustainability Committee, the Executive Committee, and the Board of Directors. At the Board of Directors discussion in particular, a number of opinions were expressed regarding the utilization and application of material issues, and regarding sharing them internally and externally. The discussion was particularly active around their alignment with Chugai's unique story.

Process of Identifying and Finalizing Material Issues

Step 1 — Medium- to long-term environmental analysis and extraction of initial hypothesis
- Analysis of medium- to long-term environment to organize opportunities and risks in accordance with the Mission Statement and basic management policy
- Set the principle on double materiality as evaluation axes

Step 2 — Selection of candidate material issues
- Conduct dialogue with outside directors, experts, investors, etc.
- Compose candidate material issues from the insights and environmental analysis results

Step 3-1 — Assessment of impact materiality
- Assess the impact on the environment and society due to business activities
- Establish assessment criteria based on **"probability of occurrence multiplied by the average score for scale, impact scope, and restorability" making reference to the concept of CSRD, etc.**

Step 3-2 — Assessment of financial materiality
- Evaluate the impact of environmental and social influences on significant financial effects on business performance and future cash flows
- Using the evaluation criteria of "probability of occurrence multiplied by the scale" establish scoring standards for scale that align with the Company's own risk assessment criteria

Step 4 — Dialogue with stakeholders
- **Conduct dialogue with patient organizations, medical institutions, business partners, academia, investors, and others (21 groups in total)** regarding the proposed material issues
- Revise and refine based on the insights obtained

Step 5 — Finalization
- Finalize the material issues, including the associated stories
- Discuss and resolve the final proposal at the Executive Committee and the Board of Directors

Process of Discussion and Decision-Making

I. Consideration and discussion by the project team

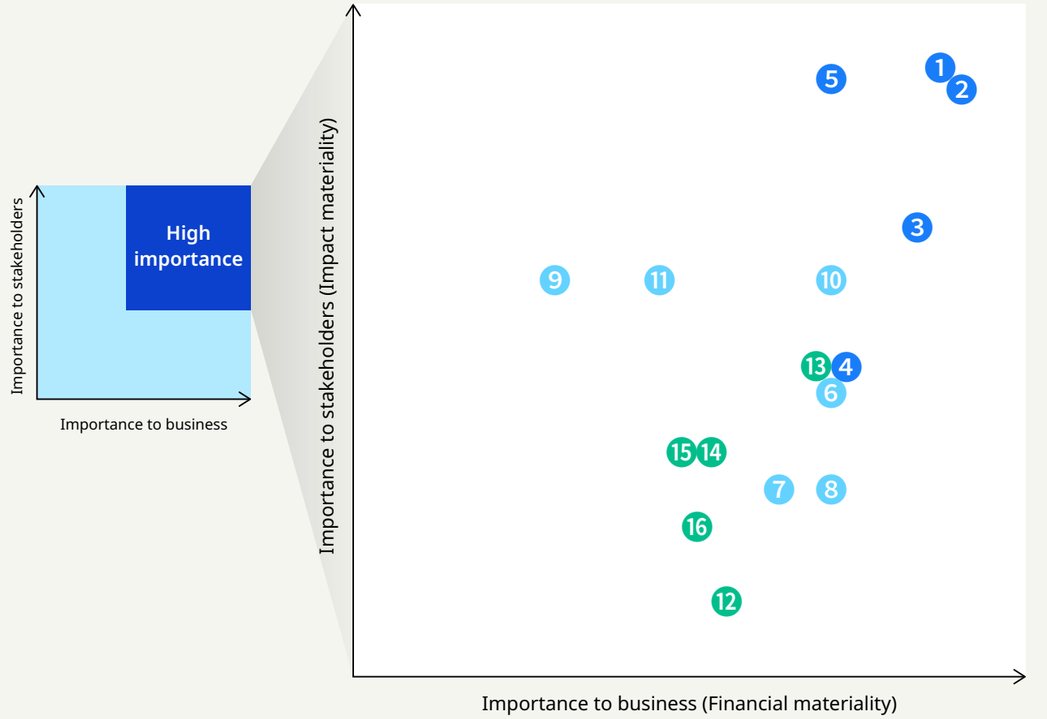
II. Discussion at the Sustainability Committee — Six times in total

III. Dialogue with stakeholders — 21 groups in total

IV. Discussion at the Executive Committee — Three times in total

V. Discussion and resolution at the Board of Directors — Twice in total

Materiality Matrix



1. Creation of innovative drugs and services, powered by unique strengths in science and technology
2. Provision of individualized and optimal solutions to patients
3. Access to healthcare
4. Quality assurance and stable supply of products and services
5. Safety of patients and clinical trial participants
6. Co-creation of a healthcare ecosystem with society and community
7. Human capital development
8. Diversity, equity and inclusion
9. Employee well-being
10. Privacy protection and responsible use of digital technology
11. Respect for human rights
12. Corporate governance and stakeholder engagement
13. Ethics, compliance and risk management
14. Climate change and energy countermeasures
15. Contribution to circularity and water management
16. Protection of biodiversity

Note: Classified by highly relevant story elements.

Based on the principle of double materiality, candidate material issues were evaluated along two axes: importance to stakeholders and importance to business. The figure above shows the mapping of the 16 material issues that were identified as being of higher importance.

The materiality story is organized along three axes—Challenges, Co-creation, and Commitments—and it can be clearly seen that the material issues related to Challenges are of particularly high importance. The issues positioned as Challenges can be considered central to shared value creation.

We review our material issues every year, and update them as appropriate, based on changes in the management environment and insights gained through our dialogues with stakeholders and so forth.

Overview of TOP I 2030 and Refinement of Five Reforms

TOP INNOVATOR TOP i 2030

"Double R&D output" & "Launch global in-house products every year"

Global First-Class Drug Discovery

- Expansion of existing technological bases and building a new technological foundation to materialize unique drug discovery ideas
- Maximization of the value of development projects by pursuing translational research and pharmaceutical technologies
- Accelerating innovation opportunities by strengthening collaboration with leading global players and leveraging digital technologies

Futuristic Business Model

- Dramatic improvement in product/patient value by restructuring business model, having digital utilization as a core
- Improve productivity of entire value chain by leveraging digital technologies
- Development of PHC solutions* to maximize the value of pharmaceuticals

* Products and services such as SaMD (Software as a Medical Device) and biomarkers that enable optimal therapy for individual patients by precisely diagnosing pathologies and measuring therapeutic effects

Key Drivers

DX | RED SHIFT | Open Innovation

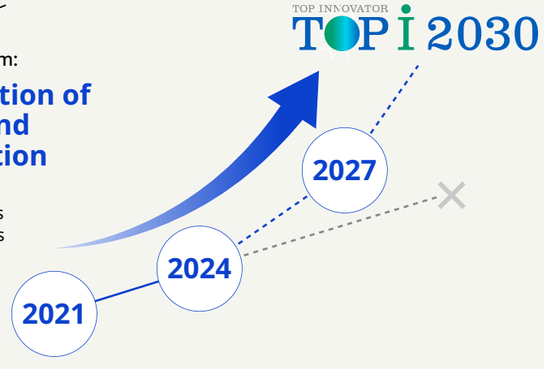
Background to the Refinement of the Five Reforms

Changes in the external environment	Changes in the internal environment	2021–2023 results
• The value that pharmaceutical innovation brings to society remains unchanged • VBHC is implemented as expected, and the proof of value for patients continues to be important • Generative AI and digital technology are making significant progress • The importance of open innovation is becoming more pronounced	• Steady progress in both business and the Five Reforms • Development of mid-size molecule technologies nearly completed; however, clinical proof of its value is still in the process of being obtained • Key issues requiring action to be defined more clearly for each of the reforms	• Number of projects advanced to PC stage: 7 • Number of projects advanced to Phase I: 8 • Number of PoCs obtained: 1 • Number of product launch (NMEs): 1

Direction of Reform:

Further acceleration of RED SHIFT and Open Innovation

Research	Continuous creation of drug candidates evidencing a high level of completeness
Development	Shortening clinical development time and maximizing project value
Pharmaceutical Technology	Accelerating mid-size molecule drug development and reducing cost



The growth strategy TOP I 2030 was formulated by defining our vision of becoming a top innovator in the healthcare industry in 2030, then backcasting from there in order to realize it. Treating our global first-class drug discovery and futuristic business model as two pillars of our strategy, we aim to double R&D output and launch global in-house products every year. At the same time, we have identified three key drivers: RED SHIFT, which refers to concentrating management resources on the steps from drug discovery through early development; DX, which aims to advance the RED areas through improved productivity and use of digital systems; and Open Innovation, where we will focus even more than before on collaborations with external partners. In addition, we have set out five reforms that correspond to our tactics.

In 2024, three years after launch, we reassessed the external environment and the progress of our strategies, and examined the necessary steps forward for achieving our targets over the remaining seven years. The outlook for the external environment remains the same as before; however, technological progress is moving at an accelerating pace. Looking at our strategies, we have made steady progress on the Five Reforms, and R&D output is also increasing through RED SHIFT. Nevertheless, a gap has emerged between our initial efforts and our targets. In response, we have sought to refine the Five Reforms in order to plot a clearer course to achieving our goals. In our RED functions especially, there are several issues that we should focus on.

In drug discovery, we should focus on continuous creation of drug candidates evidencing a high level of completeness; in development, on shortening clinical development time maximizing project value; and in pharmaceutical technology, on improving speed and lowering cost in mid-size molecule drug development. Given the above, we see the need to further accelerate RED SHIFT and Open Innovation as the direction for our reforms. Furthermore, we also reset our mid-term milestones, which are our medium-term targets.

For details, see the progress of each strategy from page 50 onward.

In addition, we also set out a new basic policy on capital allocation (for details, see page 45). Chugai is committed to prioritizing the provision of value to patients, while also emphasizing stable returns to shareholders. To realize this, we aim to achieve an optimal allocation of capital between growth investment for the generation of shared value, such as the creation and delivery of innovative medicine and the expansion of the value creation engine by strengthening drug discovery platforms, and shareholder returns such as dividends.

For shareholder returns, we aim as before to continually provide stable dividends with a dividend payout ratio of 45% on average based on Core EPS, taking into account the balance between shareholder returns and the internal reserves necessary for strategic investments aimed at increasing corporate value.

Summary of Five Reforms (Revised)

1. Drug Discovery

- Expansion of existing technological bases and building a new technological foundation to materialize unique drug discovery ideas
- Accelerating innovation opportunities by strengthening collaboration with leading global players and leveraging digital technologies

2. Development

- Enhancement of Go/No-Go decision-making and maximization of project value by integrating clinical development and human prediction capabilities
- Realization of advanced and efficient clinical development operations using digital technologies

3. Pharmaceutical Technology

- Establishment of world-class pharmaceutical technologies for antibodies and mid-size molecules and acceleration of development
- Applying manufacturing technology to achieve world-class productivity and quality
- Establishment of supply systems that ensure both stable supply and high quality

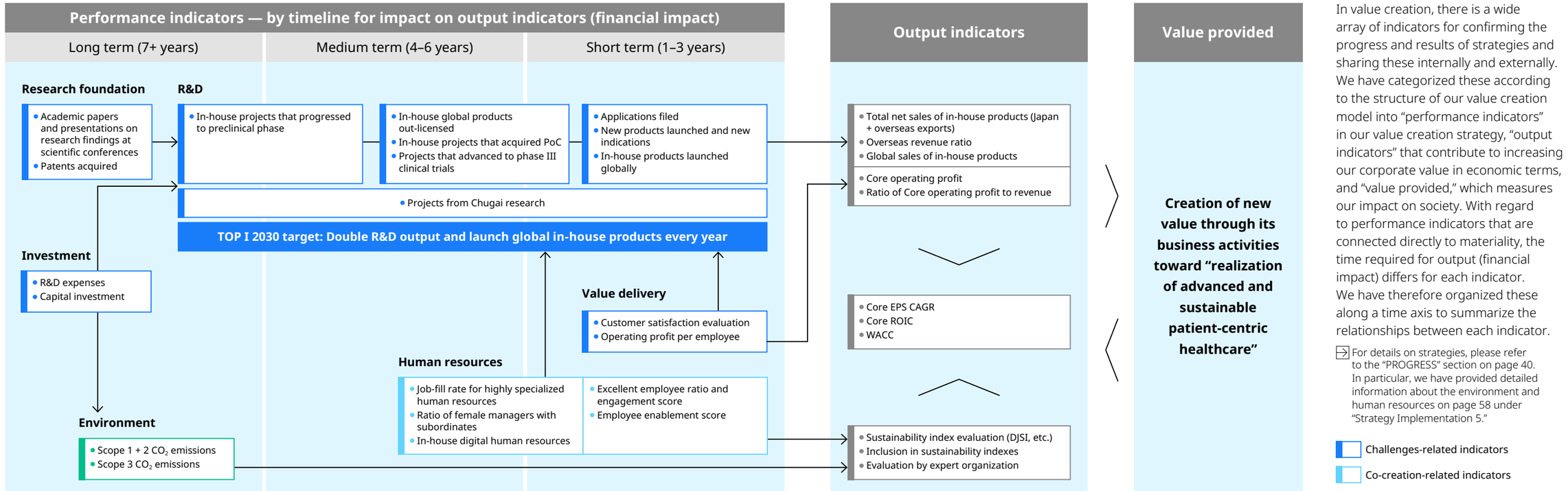
4. Value Delivery

- Realization of further personalized medical care by the creation of unique evidence that addresses unmet healthcare needs in actual clinical practice
- Maximizing customer value by an innovative digital-based customer engagement model

5. Foundation for Growth

- Realization of human resource management that encourages discovery, growth, and exercise of diverse individuals; acquisition, retention, and development of highly specialized human resources
- Realization of Mid-Term Environment Goals 2030; enhancement of sustainability platform
- Provision of advanced proof and maximum value of pharmaceuticals through PHC solutions
- Realization of CHUGAI DIGITAL VISION 2030
- Achievement of QUALITY VISION 2030

Value Creation Indicators



In value creation, there is a wide array of indicators for confirming the progress and results of strategies and sharing these internally and externally. We have categorized these according to the structure of our value creation model into “performance indicators” in our value creation strategy, “output indicators” that contribute to increasing our corporate value in economic terms, and “value provided,” which measures our impact on society. With regard to performance indicators that are connected directly to materiality, the time required for output (financial impact) differs for each indicator. We have therefore organized these along a time axis to summarize the relationships between each indicator.

For details on strategies, please refer to the “PROGRESS” section on page 40. In particular, we have provided detailed information about the environment and human resources on page 58 under “Strategy Implementation 5.”

Challenges-related indicators
Co-creation-related indicators
Commitments-related indicators

Performance indicators		2022 results	2023 results	2024 results
R&D	**TOP I 2030 target: Double R&D output and launch global in-house products every year**			
	In-house projects that progressed to preclinical phase	0	4	1
	In-house projects that acquired PoC	0	0	2
	In-house global products out-licensed	1	1	0
	Projects that advanced to phase III clinical trials	7	7	4
	Applications filed	4	9	7
	New products launched and new indications	12	4	10
	In-house products launched globally	0	0	2
	Projects from Chugai research	85 and above	95 and above	94 and above
Research foundation	Academic papers and presentations on research findings at scientific conferences	82	90	133
	Patent applications filed (antibody/mid-size molecule)	16/16	19/12	19/11
Value delivery	Customer satisfaction evaluation[1]	No. 1	No. 1	No. 1
	Operating profit per employee (Core)	¥58.13 million	¥59.27 million	¥71.50 million
Human resources	Excellent employee ratio and engagement score[2]	89/100	Not conducted	72/94
	Employee enablement score[3]	89	Not conducted	83
	Job-fill rate for highly specialized human resources	68%	69%	88%
	Ratio of female managers with subordinates	15.9%	17.2%	17.6%
	In-house digital human resources	423[4]	426[4]	—[5]
Environment	Scope 1 + 2 CO_2 emissions	61.3 thousand tons	50.8 thousand tons	53.9 thousand tons
	Scope 3 CO_2 emissions[6]	2,232.7 thousand tons	1,141.6 thousand tons	981.3 thousand tons
Investment	R&D expenses (Core)	¥143.7 billion	¥162.8 billion	¥176.9 billion
	Capital investment	¥61.8 billion	¥68.3 billion	¥52.8 billion

Output indicators		2022 results	2023 results	2024 results
Profit growth	Total net sales of in-house products (Japan + overseas exports)	¥555.8 billion	¥598.5 billion	¥725.2 billion
	Overseas revenue ratio	43.7%	49.7%	60.4%
	Global sales of in-house products	¥1,183.0 billion	¥1,380.0 billion	¥1,596.0 billion
	Core operating profit	¥451.7 billion	¥450.7 billion	¥556.1 billion
	Ratio of Core operating profit to revenue	38.7%	40.6%	47.5%
Increase in capital efficiency	Core EPS CAGR	2.0%	5.0%	19.0%
	Core ROIC	36.1%	34.6%	42.9%
	WACC (next year’s estimate)	6% level	Approx. 7%	7%
Pursuit of sustainability	Sustainability index evaluation	DJSI Pharmaceutical Sector		
		Selected as global No. 1	Selected as global No. 2	Selected as global No. 2
	Inclusion in sustainability indexes	GPIF Japanese Equities		
		Selected for five ESG indexes	Selected for five ESG indexes	Selected for six ESG indexes
	Evaluation by expert organization	CDP A List	CDP A List	CDP A List[7]

1. INTAGE Healthcare “Rep-i August 2022 Survey,” “Rep-i August 2023 Survey,” and “Rep-i August 2024 Survey” (reprint prohibited); based on survey results for an overall company assessment targeting only physicians according to Chugai’s definition
2. Chugai’s status where the score of companies with strong global performance is 100 (positive response in the employee awareness survey); the excellent employee ratio is a ratio of human resources who can take the initiative and maximize their potential to realize and achieve the Company’s vision and targets; the engagement score was renamed from the employee engagement indicator
3. Chugai’s status where the score of companies with strong global performance is 100 (positive response in the employee awareness survey); the employee enablement score was renamed from the employee enablement indicator
4. Number of resources specified based on Chugai’s definition of the skills of digital project leaders and data scientists (Definition changed from 2023. 2022 results re-calculated based on the new definition)
5. New methods for visualizing digital human resources are currently under consideration
6. Calculated based on the method certified by SBTi
7. Climate change field

Executive Officers (As of April 1, 2025)

Top Executives and Executive Officers in Their Area of Responsibility

Dr. Osamu Okuda
Representative Director, President & CEO
Supervisory responsibility for External Affairs and Audit
In charge of Audit Dept.

Iwaaki Taniguchi
Director, Executive Vice President & CFO
Supervisory responsibility for Finance & Accounting, Corporate Communications, and Procurement
Head of Finance Supervisory Div.

Dr. Hitoshi Iikura
Director, Executive Vice President
Supervisory responsibility for Research, Translational Research, Clinical Development and Special Mission for CVF
Head of Translational Research Div.

Shinji Hidaka
Executive Vice President
Supervisory responsibility for Marketing & Sales, Drug Safety, Medical Affairs, PHC Solution and Special Mission for Overseas Marketing

Yoshiyuki Yano
Executive Vice President
Supervisory responsibility for Human Resources Management and ESG
In charge of Human Resources Management Dept. and ESG Dept.

Tsukasa Kusano
Executive Vice President
Supervisory responsibility for Project & Lifecycle Management and Partnering
Head of Project & Lifecycle Management Unit
In charge of Partnering Dept.

Dr. Kaori Ouchi
Executive Vice President
Supervisory responsibility for Risk Management, Compliance, Quality & Regulatory Compliance, Pharmaceutical Technology, and Manufacturing Technology
In charge of Risk & Compliance Dept.

Norihisa Onozawa
Executive Vice President
Supervisory responsibility for Corporate Planning, ASPIRE Transformation, and Digital Transformation
Head of Corporate Planning Dept.
In charge of ASPIRE Transformation Dept.

Shoko Kimijima
Executive Vice President
Supervisory responsibility for Legal and Intellectual Property
In charge of Legal Dept. and Intellectual Property Dept.

Shinya Takuma
Vice President
Head of Manufacturing Technology Div.

Naoya Fujihara
Vice President
In charge of External Affairs Dept.

Dr. Tomoyuki Igawa
Vice President
Head of Research Div.

Takanori Muto
Associate Vice President
Head of Pharmaceutical Technology Div.

Kazuhiko Nishi
Associate Vice President
Head of Medical Affairs Div.

Takao Suzuki
Associate Vice President
Head of Digital Transformation Unit

Takahiro Mizui
Head of Clinical Development Div.

Tatsuya Kamiuchi
Head of Drug Safety Div.

Junichi Takano
Head of Marketing & Sales Div.

Shin Yoshida
Head of Quality & Regulatory Compliance Unit

Takuya Nakagawa
Head of PHC Solution Unit

Membership of Committees

Name	Committees (● Chair, Participating member)									
	Executive Committee	Enlarged Executive Committee[1]	Corporate Management Committees: Corporate Communications Committee[2]	Corporate Management Committees: Risk Management Committee[3]	Corporate Management Committees: Compliance Committee[4]	Corporate Management Committees: Sustainability Committee	RDPM Committees: Portfolio Management Committee[5]	RDPM Committees: Strategic Marketing Committee[6]	RDPM Committees: Digital Strategy Committee[7]
Dr. Osamu Okuda	●	●							
Iwaaki Taniguchi			●						
Dr. Hitoshi Iikura							●		
Shinji Hidaka								●	
Yoshiyuki Yano						●			
Tsukasa Kusano									
Dr. Kaori Ouchi				●	●				
Norihisa Onozawa									●
Shoko Kimijima									
Shinya Takuma									
Naoya Fujihara									
Dr. Tomoyuki Igawa									
Takanori Muto									
Kazuhiko Nishi									
Takao Suzuki									
Takahiro Mizui									
Tatsuya Kamiuchi									
Junichi Takano									
Shin Yoshida									
Takuya Nakagawa									

1. Committee members also include full-time Audit & Supervisory Board members and the heads of the following departments: Partnering, Human Resources Management, and Finance & Accounting.
2. Committee members also include the heads of the following departments: Corporate Communications, Finance & Accounting, Risk & Compliance, Human Resources Management, and ESG. Committees that handle financial disclosures also include the CEO, and the head of the Project & Lifecycle Management Unit.
3. Committee members also include the heads of the following departments: Finance & Accounting, Corporate Communications, Human Resources Management, Risk & Compliance, Legal, Procurement, ESG, and Digital Solution.
4. Committee members also include the heads of the following departments: Finance & Accounting, Corporate Communications, Human Resources Management, Risk & Compliance, Legal, Procurement, ESG and Digital Solution.
5. Committee members also include the heads of the following departments: R&D Portfolio Management, Partnering, Regulatory Affairs, and External Affairs.
6. Committee members also include the heads of the following departments: Regulatory Affairs, Partnering, Marketing & Sales Planning, and External Affairs.
7. Committee members also include the heads of the following departments: Digital Strategy Planning and Digital Solution.

Areas of Supervisory Responsibility and Areas in Charge of

Name	Areas of supervisory responsibility (●) and areas in charge of ( )										
	Research	Clinical Development / TR	Pharmaceutical / Manufacturing Technology	Marketing & Sales / MA / Drug Safety	Cross-divisional functions: Human Resources / ESG	Cross-divisional functions: Digital Transformation	Cross-divisional functions: Quality & Regulatory Compliance	Cross-divisional functions: PLCM[8]	Cross-divisional functions: PHC Solution	Cross-divisional functions: Partnering	Other Corporate Functions[9]
Dr. Osamu Okuda											●
Iwaaki Taniguchi											●
Dr. Hitoshi Iikura	●	●[10,11]									●
Shinji Hidaka				●[14,15,16,17]					●		
Yoshiyuki Yano					●						
Tsukasa Kusano								●		●	
Dr. Kaori Ouchi			●[12,13]				●				●
Norihisa Onozawa						●					●
Shoko Kimijima											●
Shinya Takuma			13								
Naoya Fujihara											
Dr. Tomoyuki Igawa											
Takanori Muto			12								
Kazuhiko Nishi				15							
Takao Suzuki											
Takahiro Mizui		10									
Tatsuya Kamiuchi				16							
Junichi Takano				14							
Shin Yoshida											
Takuya Nakagawa											

8. PLCM: Project & Lifecycle Management
9. Corporate Planning, Risk Management, Compliance, Audit, Legal, Intellectual Property, External Affairs, Finance & Accounting, Corporate Communications, Procurement, Chugai Venture Fund, ASPIRE Transformation
10. Clinical Development
11. TR: Translational Research
12. Pharmaceutical Technology
13. Manufacturing Technology
14. Marketing & Sales
15. MA: Medical Affairs
16. Drug Safety
17. Overseas Marketing

PROGRESS

Executive Summary

Review of Strategic Policies for 2024

- Steady progress in drug discovery and open innovation. Discontinuation or plan change in some in-house early development
- Progressing smoothly including global approvals for in-house products and growth of key drivers
- Strengthening of business foundation progressing well, despite challenges in talent acquisition

Strengthening of RED functions	• **Progress development of mid-size molecule projects** → The number of projects transferring to PC achieved initial goals: one project. Steady progress in establishing mid-size molecule manufacturing technology • **Continuously create new projects and construct technological platforms** → Both small molecule and antibody projects progressed as planned • **Prove the value of in-house pre-PoC projects and strengthen infrastructure** → Some discontinuations resulting from Go/No-Go decisions in addition to delays caused by changes in plans. Human prediction improved through accumulation of experience in each project • **Reinforce the framework to promote open innovation** → Established CVF[1] implementation structure and executed 3 investments. Evaluation of new business partners is progressing smoothly
Maximize the value of growth drivers	• **Enhance value of post-PoC projects** → Obtained approval for in-house products (Alecensa, PiaSky, NEMLUVIO (nemolizumab)) • **Maximize value of new products and growth drivers** → PiaSky and Phesgo are progressing smoothly and exceeded expectations, while some products are behind target due to competitor impact • **Evolve operating models to build an advanced business model** → Decided to introduce disease area-based branches to strengthen and unify the head office functions with the regional management offices functions
Strengthen business foundation	• **Strengthen HR strategies and business foundations to enable continuous innovation** → Issues in acquiring and developing highly specialized human resources remain • **Further promote sustainability** → Reviewed the Material Issues based on external requests and the external environment • **Organize related systems and reform business processes in preparation for introducing ASPIRE** → The ASPIRE project moved as planned. On the other hand, including the effects of inflation, the overall budget is expected to exceed the initial plan • **Establish new policy for insight business** → Implementation structure for the continuous creation of PHC solutions[2] established

1. Chugai Venture Fund, LLC, a corporate venture capital
2. Products and services such as SaMD (Software as a Medical Device) and biomarkers that enable optimal therapy for individual patients by precisely diagnosing pathologies and measuring therapeutic effects

Management Policies for 2025

- Addressing “Enhance RED functions and creation of value,” “Maximize value of LCM[3] projects,” and “Strengthen business foundation”

Enhance RED functions and creation of value	Maximize value of LCM projects	Strengthen business foundation
• Construct mid-size molecule platform and develop pharmaceutical technologies • Continuously create new projects and construct drug discovery infrastructure • Early value judgment and promotion of in-house pre-PoC projects • Establish a system to promote further utilization of open innovation	• Enhance value of post-PoC projects • Maximize value of new products and growth drivers • Evolve operating models to build an efficient and advanced business model	• Strengthen HR strategies and business foundations to enable continuous innovation • Further promote sustainability management • Promote activities for ASPIRE operations • Implement measures aimed at expansion of non-pharmaceutical business • Promote Company-wide digital utilization through co-creation to create value

Priority items	Maximize value of DONQ52	Strengthen hemophilia franchise	Establish supply system for and promote proper use of gene therapy product delandistrogene moxeparvovec	Proper operation of new HR management system and strengthen HR functions

3. Lifecycle Management

Message from the CFO

To help achieve our TOP I 2030 goals, I make optimal allocations of management resources and capital, and through that, create shared value related to material issues we've identified.

Iwaaki Taniguchi
Director, Executive Vice President & CFO
Head of Finance Supervisory Division

I'm Iwaaki Taniguchi, the CFO of Chugai. A year has already flown by since I took office in March 2024. In that year alone, the Company has made major progress in both financial and non-financial areas, overcoming challenges brought about by the changing pharmaceutical business environment at home and abroad.

I am resolved to rise to every challenge as we work to achieve our TOP I 2030 goals, and appreciate your continued support and understanding.

Review of Strategic Policies for 2024

In 2024, Chugai reported new historic records for Core revenue and profit. Revenue grew by 5.3% year on year to ¥1,170.6 billion, enough to offset the ¥81.2 billion decline in sales of the anti-COVID-19 drug Ronapreve as deliveries to the government ended. We attribute this growth to major increases in export and royalty income as our in-house product Hemlibra maintained high sales growth abroad, and sales of newly introduced Phesgo and Vabysmo increased in Japan. It's clear to me that the product groups we offer are highly competitive, fulfilling patients' previously unmet medical needs for both safety and efficacy, with greater convenience in terms of administration route and frequency. In the expense column, cost of sales fell by 17.9% year on year to ¥338.1 billion, due to the conclusion of sales of Ronapreve, which has a relatively high cost ratio. We're showing a small year-on-year increase in R&D expenses of 8.7% to ¥176.9 billion, due mainly to progress in clinical trials of drugs in the development pipeline. SG&A expenses stood at ¥102.2 billion, up 0.2% year on year, holding their 2023 level. Consequently, operating profit was ¥556.1 billion, up 23.4% year on year, and net income was ¥397.1 billion, up 19.0%, marking an eighth consecutive year of profit growth.

Our initial projections for the year were ¥1,070.0 billion in revenue and ¥460.0 billion in operating profit. Based on the positive sales trend, we upwardly revised both at the end of the third quarter, to ¥1,150.0 billion and ¥540.0 billion, respectively. We ended the fiscal year with figures much higher than even these adjusted projections.

These results led to the 2024 dividend increasing from our initially projected ¥82 per share (¥41 each for interim and year-end) to ¥98 per share (¥41 and ¥57).

Responding to external changes in Japan and abroad, an overall review of the material issues we have been updating annually was conducted in 2024. We reorganized our 26 material issues down to 16, emphasizing the standpoints of our diverse stakeholders, to address social issues through the creation of shared value. In value creation, Chugai uses groups of indicators classified according to performance, output and impact on society in terms of value created. We reorganized our performance indicators relative to our material issues and along timelines related to their financial impact. We believe these will provide us with important guidelines for financial management and capital allocation, and I will give you precise explanations on our progress.

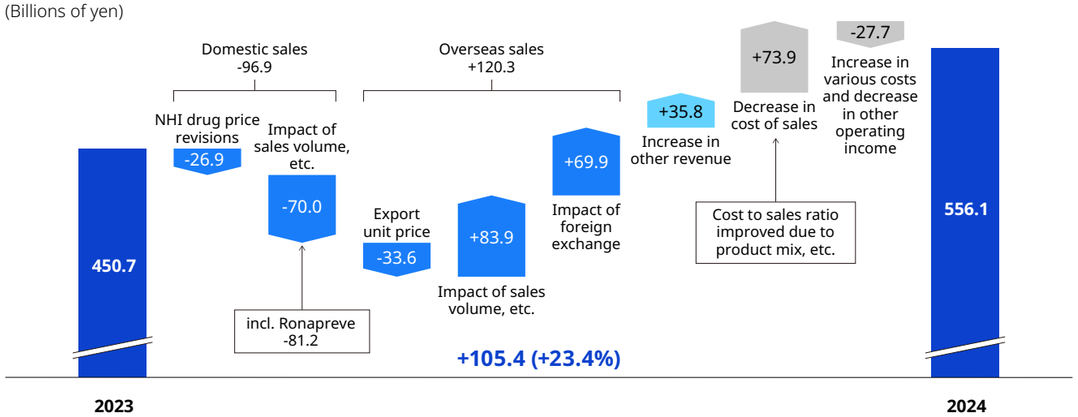
2025 Financial Prospects

At the end of the fiscal year, we expect Core revenue of ¥1,190.0 billion, up 1.7% year on year, and operating profit of ¥570.0 billion, up 2.5%, both projected all-time highs. Despite the NHI drug price revisions and spread of generics, domestic sales are expected to grow by ¥1.4 billion thanks to volume gains for new products, namely Phesgo and PiaSky, on top of mainstay products. We also project that overseas sales will increase by ¥18.7 billion on the growth of Hemlibra, Alecensa and NEMLUVIO, despite Actemra declining. We project other revenue on a par with that in 2024 with growing income from Hemlibra, despite a decrease in one-time income. We predict our cost to sales ratio to be 33.5%, an improvement of 0.4 percentage points year on year, due mainly to changes in the product mix. We project R&D and SG&A expenses at about the same as in 2024, which will boost operating profit by ¥13.9 billion.

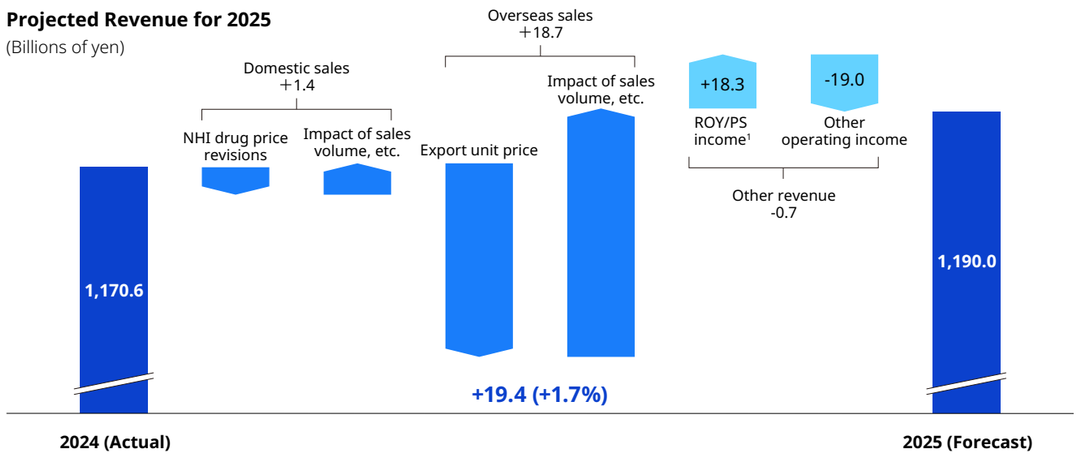
Considering all these factors, we project our 2025 dividend at ¥100 per share (¥50 each for interim and year-end), up from ¥98 (¥41 and ¥57) in 2024. As 2025 is the 100th anniversary of Chugai's founding, we also project a centennial anniversary commemorative dividend of ¥150 per share for the year (¥75 each for interim and year-end) as a token of appreciation to our shareholders for years of support.

2025 is the halfway point on the road to our TOP I 2030 goals, reminding us of the importance of maintaining steady financial growth.

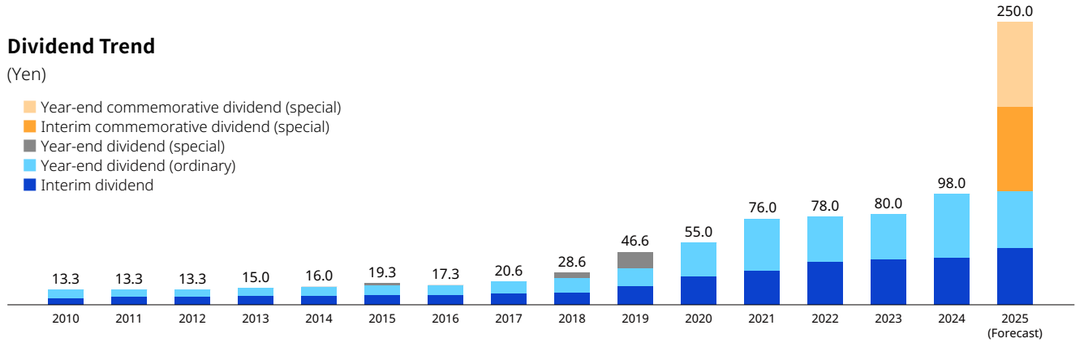
2024 Operating Profit
(Billions of yen)



Projected Revenue for 2025
(Billions of yen)



1. Royalty income and profit-sharing income



Note: Effective July 1, 2020, Chugai has implemented a three-for-one stock split of its common stock. Dividends are calculated assuming the stock split was implemented at the beginning of 2010.

Our Business Model

Here, I'd like to introduce Chugai's business model and discuss how we have been achieving both high financial performance and the faithful pursuit of our mission.

Let me talk about our mission first. It begins with a question: "What can we do for suffering patients?" This notion remains strong regardless of the changing times. An important achievement for us along this line is our work focused on revolutionary drug discoveries, mobilizing original technologies and advanced science, and embracing extremely difficult technological challenges in fields very few people have ever entered.

As a result, over the past 23 years, we have increased revenue by a factor of roughly seven and operating profit 21-fold. I have no doubt this is a result of management policy built on a long-term view, consistently valuing research and development.

In the value chain, RED functions are the most important key to technology-backed drug discoveries that differentiate us from the rest of the industry. Through focused allocation of management resources to RED functions, Chugai has built a technology base all its own.

The highest priority in that context is to address important social challenges, and meet the previously unmet medical needs of patients suffering from intractable ailments. It's obvious that drugs that can do this will carry higher prices, indicating their added value over ordinary drugs. For us, this will be the ultimate source of our high profit rate.

How can we succeed in focusing management resources on RED functions, our core competence?

The most important clue to this question can be found in our strategic alliance with Roche that started in 2002.

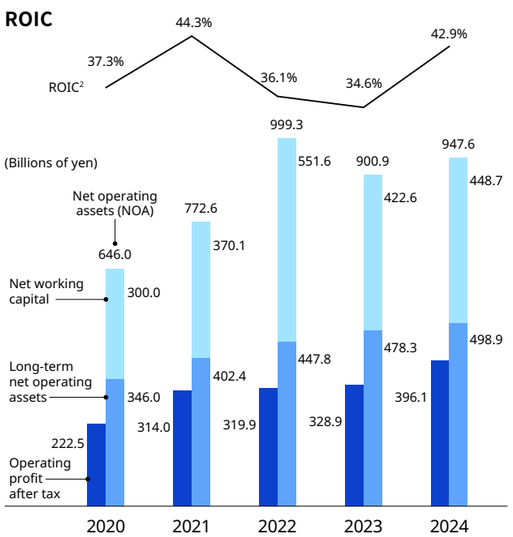
Through this alliance, Chugai acquired the exclusive rights to sell Roche products in Japan, a source of reliable profit and cash flow. In this way, we established the financial foundation necessary to actively undertake R&D initiatives and begin building a technological base for revolutionary drug discovery, which takes many years to accomplish. With each entity having clearly defined roles in the value chain, the arrangement with Roche has significant effects on Chugai's earnings structure.

Relationship between Profit Rate and Capital Efficiency

Chugai has been maintaining relatively high rates of profit and capital efficiency for many years.

As I noted, the basis for our high profit rate is continuous generation of highly competitive, technology-backed products, maintaining a favorable cycle and high capital efficiency.

In other words, we've been able to achieve our desired capital efficiency as a result of dogged effort to follow through on our management strategy, rather than laser-focused attention to it as the only goal.



2. ROIC = Operating profit after tax / Average of opening and ending NOA balances

The graph on P44 illustrates our trend in ROIC, which is often defined differently by corporations, and as a consequence lacks uniformity, but nonetheless remains an indicator expressing important aspects of return in relation to the balance of operating assets.

Capital and Financial Strategies

In our Envisioned Future, we commit to "becoming a top innovator for advanced and sustainable patient-centric healthcare."

To follow through on this, we announced our long-term TOP I 2030 strategy in 2021. In July 2024, we updated the mid-term milestones and explained specific measures for achieving our goal of launching at least one new global in-house product every year. With the understanding that finances play a vitally important role in promoting these measures, I work to keep capital efficiency high and earnings per share growing founded on a healthy, expansive financial base.

This year, we set a basic policy for capital allocation.

Chugai anticipates steadily increasing cash holding levels. I believe the most important thing here, on the path to securing our competitive advantage, is to undertake active, focused investments of cash and capital in R&D projects as well as the digital technologies needed to continuously discover revolutionary drugs.

To that end, I know that greater effort in open innovation with outside partners is necessary, and strategic investment, including capital participation in or acquisition of good prospects, is especially important.

Returning to our shareholders, we will conduct appropriate benchmarking, with an eye on competitive trends, and expect to continuously pay reliable dividends.

To ensure achievement of our TOP I 2030 goals, I will work to achieve optimal allocation of our management resources and capital, in close communication with our stakeholders, and accept the responsibility of strong leadership in finance to further raise our productivity. I appreciate your continued support.

Capital Allocation Policy

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

Capital → **Capital Allocation for Value Creation**

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

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

Capital Allocation Policy https://www.chugai-pharm.co.jp/english/profile/strategy/growth_strategy.html#capital

Accelerating TOP I 2030 — Message from the R&D Director

To achieve our TOP I 2030 goals,

we will accelerate R&D by pursuing rationality

beyond the confines of conventional thinking.

Dr. Hitoshi Iikura

Director, Executive Vice President
Supervisory responsibility for Research, Translational Research, Clinical Development and Special Mission for CVF
Head of Translational Research Div.

TOP I 2030: R&D Progress and Future Challenges

I personally vouch for the accomplishments we've made under TOP I 2030 in its fourth year. Our portfolio shows that steady progress is being achieved in each project. Chugai has introduced in-house products PiaSky and NEMLUVIO to the global market. Nine projects have entered the clinical development stage, and NXT007 and AMY109 have moved forward to phase II clinical studies, further illustrating that many of our product groups are potential growth drivers. In drug discovery, we have established a platform for mid-size molecules, and have confirmed the transition to the bloodstream through oral administration in humans, which is a deeply encouraging result. We have made progress with our out-licensing strategy for development of groups of in-house products such as orforglipron and NEMLUVIO by firms other than Roche.

On the other hand, after close examination of our progress and future prospects, we discovered that further acceleration of R&D is needed to achieve our extremely ambitious goals for TOP I 2030: doubling R&D output and launching global in-house products every year. Our most important takeaway from this is that ample room for acceleration remains, and we can pinpoint strategic approaches. Self-assessment shows that Chugai's R&D investment efficiency far exceeds that of its leading global competitors, and its success rate for clinical development far surpasses the industry average. However, we cannot achieve our goals through reforms in only areas where we already have competitive advantages. In terms of speed, there is much to be desired regarding our operations, and we can further accelerate TOP I 2030 by taking appropriate risks and reducing development time.

From here, let me explain our progress so far and our plan for future prospects in terms of important challenges and themes.

Acceleration of Drug Discovery with Greater Efficiency

In drug discovery, we will continue to follow through on our R&D Principles. We will develop our unique technology-driven drug discovery approach, and continue to create the highest-quality drug candidates achievable using the latest technologies, without compromise. Over the past four years, we have demonstrated progress, including the addition of eight such candidates to our portfolio. Looking back over a decade, we've seen a constant flow of projects into the preclinical phase each year. Going forward, we expect that number to increase with the addition of mid-size molecule projects. This comes as a result of increasing the number of researchers assigned to mid-size molecule drug discovery since the late 2010s while raising efficiency in antibody and small molecule drug discovery projects. In addition to continuous technological refinement in the three modalities, because we have assigned as many researchers to the projects as those to antibody projects, we have especially high hopes for our growing output volume in mid-size molecule drug discovery.

To raise the efficiency of research, our efforts for overall optimization in "wet" research (focused on the biosciences) are demonstrating progress. We examined the influences and risks each division or process places on others and made the drug discovery process clearly visible, reducing excess work and time spent inefficiently searching for lead compounds, and resulting in higher productivity based on output. In "dry" research (focused on the application of digital technology), in addition to three-dimensional structural analysis realized through cryo-electron microscopy, AI-leveraging drug discovery is advancing with BRY10 marking the first project to enter the clinical development stage, which utilized Chugai's proprietary AI-based antibody drug discovery support technology, MALEXA™. By expanding "dry" research in all fields, we hope to increase our productivity by about 25% by 2030.

Open Innovation and Development of New Modalities

Initiatives to increase diversity and boost growth for the coming generations are important to open innovation. While further enhancing joint research with academic and research organizations, we are putting effort into combining our strengths with technologies available outside the Company to establish new modalities in addition to antibodies, small molecules and mid-size molecules under our multi-modality strategy. Various trial and error has revealed analyses of possible failure factors as well as paths to success. Our Chugai Venture Fund (CVF) has set three investment targets, and through that initiative, we have been stimulated by the work of drug discovery ventures all over the world. Researchers are naturally curious, excited by ventures into uncharted waters. I hope to bring their very active initiatives to the harvest phase quickly.

In exploring for new target molecules, open innovation will be more important going forward, on top of self-reliant drug discovery. It is anticipated that drug discovery methods will change with the application of digital technology and single-cell analysis, which provides cellular-level, across-the-board genetic information. Through collaboration with other companies including Roche and Genentech, we will accelerate exploration for target molecules.

Reform of Early Clinical Development to Accelerate TOP I 2030: Strengthen Go/No-Go Decision-Making

Since our strategic alliance with Roche began in 2002, we have been in-licensing its innovative products, driving the evolution of our late-stage clinical development and sales. Over that time, we have also established new strengths in drug discovery by investing significant management resources in research. Now that our drug discovery outputs are secure, we have the opportunity to build a competitive advantage in early clinical development.

In terms of development speed and global operations, we can't yet say that we are on a par with the world's leading pharmaceutical companies in early clinical development, but as a result of repeated trial and error over the decade since we established the Translational Research Division, we have built a fund of knowledge large enough to drive evolution. We have also gained valuable experience with clinical development in fields outside our core strengths and overseas operations. Based on these, we will be gearing up TOP I 2030 going forward by expediting early clinical development and maximizing the value of each project from the early stages.

An important theme in the reform of early clinical development has been strengthening our Go/No-Go decision-making to determine the potential of a given drug in the shortest time. We set development routes based on science and data from the preclinical stage, assess which projects to continue in the early stages, and focus our resources on them. This is our new concept for early clinical development. Previously, we would design an early clinical development model involving a wide range of populations and thoroughly assess the potential of a given drug based on the science. This conventional model is time-consuming and lacks a resource focus. Through a range of data analyses and investigations, we have deepened our understanding of the drug discovery phases, especially their connection to preclinical testing, indices to be evaluated first and the kinds of data that are necessary for them. From this, I believe we can enter a phase that makes identifying optimal routes for each development project without exhaustive analysis and swift Go/No-Go decisions based on science possible. The relational information we obtain will improve data gathering in the preclinical stage and test design. In addition, we have evolved the use of human organoids and modeling and simulation to strengthen human predictability. We have been gathering test data with high predictive accuracy that will be useful in deciding dosages for Switch Antibody™ and combination therapies. Going forward, we will combine this sort of data and available technologies in early clinical development to determine optimal development routes from the preclinical stages, and pursue early development strategies that better assist precise Go/No-Go decisions.

Approach to Human Resources and Organizational Ideals

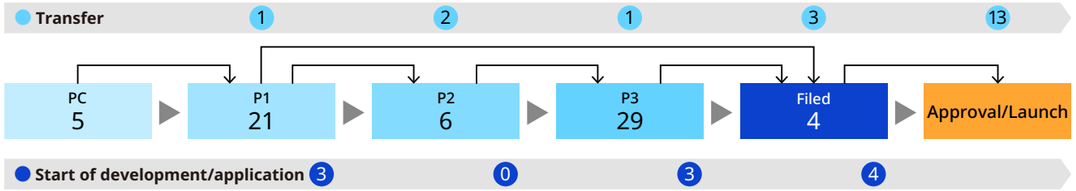
In managing human resources, networking will become the leading keyword. Since we have decided to continue in-house development of DONQ52, it will be essential that we enlist people with extensive knowledge of celiac disease, a new field to us, and specialists in overseas marketing, pharmaceutical regulations and the like. For that purpose, active and timely hiring of experienced people in specialized fields will be more crucial than ever as in-house drug candidates increase. This transplants external capabilities into our organization, which we recognize as a new form of open innovation.

Fortunately, our hiring potential is growing with the world's acclaim for Chugai's technology in drug discovery. We are still developing our global profile in clinical drug development, but by highlighting more successful cases, we hope to better attract a broadly diverse group of people.

With innovative people on board, Chugai seeks to be a company in which all divisions are innovating. I believe innovation is born when unconventional ideas that other companies avoid result in success. Being unconventional for its own sake will not lead to success, of course, so rational thinking is just as essential. I hope to cultivate a corporate organization and human resources that continually embrace challenging initiatives that defy old conventions, and pursue rationality regardless of the changes that come with technological and social progress.

Progress in R&D

Changes in the Number of R&D Projects (from January 1 to December 31, 2024)

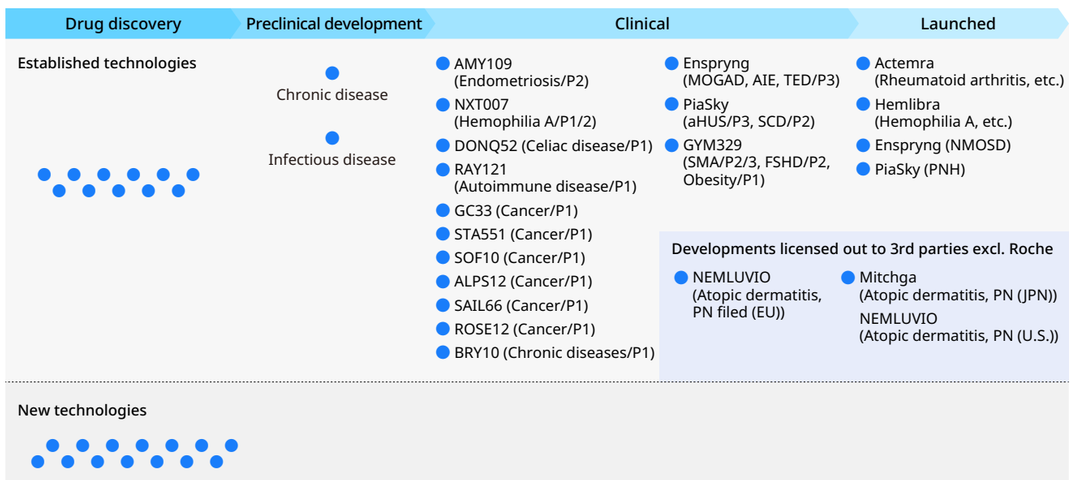


Note: Development discontinued: 12 projects, In-house development discontinued and out-licensing activities initiated: 1 project

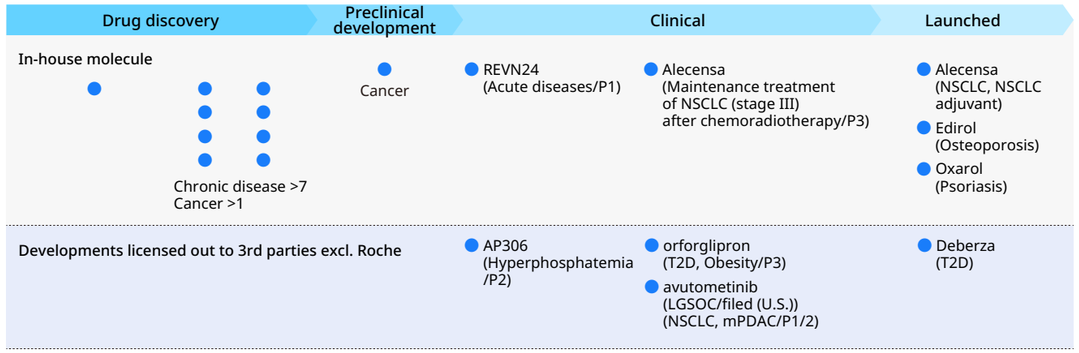
	Number of projects	Main progress
Start of phase I studies	In-house products……2 Products in-licensed from Roche…2	Started studies of BRY10 for chronic diseases applying Recycling Antibody® technology and GYM329 for obesity
Start of phase II studies	In-house products……2 Products in-licensed from Roche…0	Started studies of NXT007 (hemophilia A) and AMY109 (endometriosis)
Start of phase III studies	In-house products……0 Products in-licensed from Roche…4	Started trials of RG6299 (IgA nephropathy), divarasib (non-small cell lung cancer (2L)), glofitamab (previously untreated large B-cell lymphoma), etc.
Filed (including public knowledge-based applications)	In-house products……0 Products in-licensed from Roche…7	Applications filed for Vabysmo (neovascular angioid streaks), delandistrogene moxeparvovec, etc.
Approvals (including additional indications and public knowledge-based applications) and launches	In-house products……9 Products in-licensed from Roche…4	Approval of Alecensa and PiaSky in Japan, U.S., EU and China, and approval of Lunsumio (follicular lymphoma (3L))
Terminations	In-house products……4 Products in-licensed from Roche…9	Terminated development in a total of 12 projects including Enspryng, Tecentriq and tiragolumab In-house development discontinued and out-licensing activities initiated for SPYK04

Portfolio in Each Modality (As of January 30, 2025)

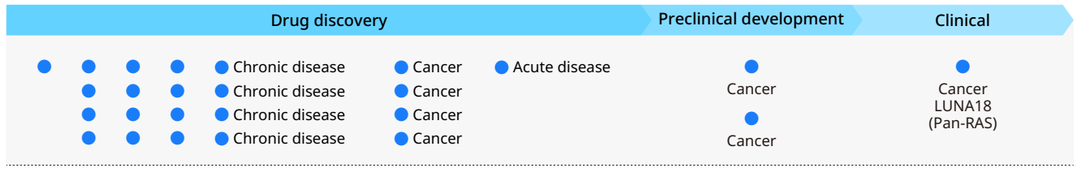
Antibody Drug, Cellular and Gene Therapy: Portfolio



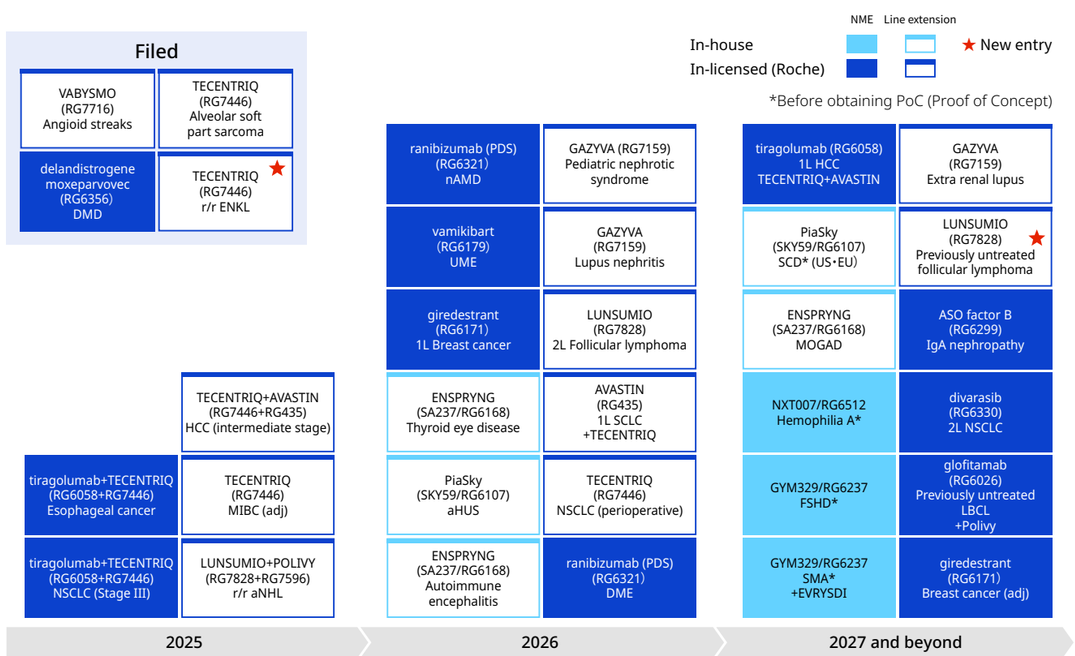
Small Molecule Drug Discovery: Portfolio



Mid-Size Molecule Drug Discovery: Portfolio



Projected Submissions (Post PoC NMEs and Products) (As of January 30, 2025)



[Abbreviations: Diseases]

aHUS: atypical hemolytic uremic syndrome
r/r aNHL: relapsed or refractory aggressive B-cell non-Hodgkin lymphoma
DMD: Duchenne muscular dystrophy
r/r ENKL: relapsed or refractory extranodal natural killer/T-cell lymphoma, nasal type
FSHD: facioscapulohumeral muscular dystrophy
HCC: hepatocellular carcinoma
LBCL: large B-cell lymphoma
MIBC: muscle-invasive bladder cancer
MOGAD: myelin oligodendrocyte glycoprotein antibody–associated disease
NSCLC: non-small cell lung cancer
nAMD: neovascular age-related macular degeneration
PNH: paroxysmal nocturnal hemoglobinuria
SCD: sickle cell disease
SMA: spinal muscular atrophy

[Abbreviations: Others]

1L: first-line treatment
2L: second-line treatment
3L: third-line treatment
P2: phase II
P3: phase III

Drug Discovery

Pursue drug discovery based on the R&D Principles, and establish unique technologies and produce output by strengthening open innovation

Progress

- Steady progress in building drug discovery technologies for mid-size molecules and antibodies
- Smooth progress in utilizing digital and robotics technologies

Challenges

- Continuous creation of high-quality development candidates
  - Refinement of mid-size molecule and new antibody engineering technologies
  - Further deepening of non-clinical research and fundamental technologies
  - Promotion of open innovation

Direction of Reform

Technology-driven drug discoveries

Sustainable drug discoveries that could not be achieved with previous technologies, regardless of disease area, by enhancing and building on existing and new modality technologies

Quality-centric drug discoveries

Realization of (i) development molecules evidencing a high level of completeness, (ii) high probability of clinical success, and (iii) high productivity, by enhancing and building up non-clinical research, basic technologies, and biological research

Open innovation

Expansion of the scope and output of in-house drug discovery by moving away from purely self-reliant drug discovery and incorporating external strengths

Goal

- Commit to drug discovery that only Chugai can achieve and double R&D output
- Establish new proprietary technologies to enable growth for 2030 and beyond
- Expand drug discovery opportunities by shifting from purely self-reliant research
- Maintain high productivity

Mid-Term Milestones

	Milestones	Year
Research	**1. Expansion of output and maximization of project value through biological research** ・Number of projects to transfer to PC / P1 stages between 2025 and 2027	2027
	2. Development of existing and new modality technologies with competitive advantages	2027
	3. Project creation through Open Innovation ・Acquire technologies that expand the scope and value of in-house drug discovery	2027
	4. Pursuit of productivity to realize sustainable drug discovery ・Save labor and time through utilizing digital technology ・Increase efficiency through developing a platform of drug discovery process	2027 2027

In drug discovery, based on the R&D Principles, we aim to reform existing technologies, including small molecule and antibody technologies, while also realizing approaches to targets that had traditionally been considered difficult and mechanisms of action that had been unattainable with current technologies by pursuing new modalities such as mid-size molecules. Additionally, we will ensure a high clinical trial success rate by attempting to create high-quality development candidate molecules that are uncompromising in every aspect including efficacy, safety, DMPK[1], and physical properties. In addition to our first mid-size molecule project, LUNA18, which moved into the clinical phases in 2021, two projects in the preclinical development phase and 26 projects in the discovery phase were progressing as of January 30, 2025. In antibody drugs, we are making steady progress in terms of both quality and quantity on continuous drug discovery of in-house products, including the start of Phase I clinical trials for BRY10, our first project using proprietary antibody drug discovery support technology with AI.

Chugai has a strong track record of collaborating with academia in Japan to create numerous commercial products, and we are currently focusing on collaborating with academia and start-ups both in Japan and overseas. In January 2024, Chugai Venture Fund (CVF), headquartered in Boston, United States, commenced activities as a corporate venture capital. As of December 2024, it had invested in three projects. In January 2025, we signed a collaboration agreement with GSK's Global Health Unit for the development of AID351, an antibody drug for dengue fever. AID351 was discovered through a project[2] for promoting R&D in collaboration with Chugai Pharmabody Research and others, with support from the GHIT Fund. Looking ahead, we will aspire not only to standalone drug discovery but also to proactively seeking out outside technology and targets, combining them with our proprietary strengths to expand drug discovery opportunities. We will address unresolved medical needs, pursue innovative drug discoveries that will lead to cures, early intervention, and prevention, and continue to contribute to the improvement of patients' quality of life.

1. The process by which a candidate is absorbed, distributed, metabolized and excreted by the body (drug metabolism and pharmacokinetics)
2. R&D has been advancing through collaboration between Chugai Pharmabody Research (CPR), which is Chugai's research base in Singapore, and the A*STAR Singapore Immunology Network (A*STAR SIgN), which is a research institution under Singapore's Agency for Science, Technology and Research (A*STAR), with an antibody derived from A*STAR SIgN and the National University of Singapore as the lead. During this period, the project has received grant funding twice from the Global Health Innovative Technology (GHIT) Fund.

Pick Up Overview and Development Status of GYM329

GYM329 is a sweeping antibody that targets latent myostatin, created using Chugai's proprietary antibody engineering technology. Myostatin is a factor that suppresses muscle growth, and by inhibiting this pathway, GYM329 is expected to increase muscle mass and strength, and thereby improve motor and metabolic functions.

Key attributes of GYM329 are that it is expected to be more effective than anti-myostatin antibodies that also act on GDF11[3], that it efficiently degrades latent myostatin through sweeping technology[4], and that it is being developed for subcutaneous administration at four-week intervals.

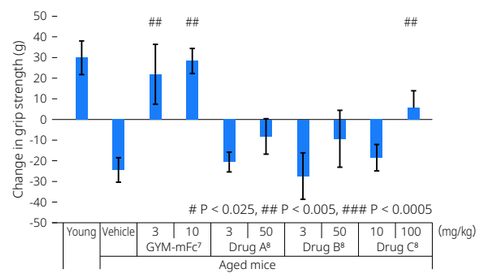
In preclinical trials, it was found to increase muscle mass and strength in a mouse model of muscular dystrophy and an aged mouse model (partial data is presented on the right).

If a drug candidate is expected to contribute to unmet medical needs, Chugai will pursue development regardless of market scale. GYM329 is expected to show potential for a wide range of indications. Currently, it is in phase II and III clinical trials for spinal muscular atrophy and phase II clinical trials for facioscapulohumeral muscular dystrophy.

In addition, given that approximately 2.5 billion people[5] among the global adult population are currently estimated to be overweight, we are also conducting phase I clinical trials for obesity. GYM329 is expected to help a broad range of patients as a new treatment option.

3. A protein that was reported to have the exact opposite effect in terms of increasing muscle strength, despite being structurally similar to myostatin (Muramatsu et al., Scientific Reports, 2021 Jan 25;11(1):2160.)
4. Source: Muramatsu et al., Scientific Reports, 2021 Jan 25;11(1):2160. (The authors are employees of Chugai Pharmaceutical.)
5. Source: World Health Organization
   https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight

Evaluation Using an Aged Mouse Model[6]



6. Four-limb grip strength evaluation in aged mouse model four weeks after antibody administration (Each group n = 9–10). Data represent mean±SEM. #P < 0.025, ##P < 0.005, ###P < 0.0005, Williams' test. Muramatsu et al., Scientific Reports, 2021 Jan 25;11(1):2160. (The authors are employees of Chugai Pharmaceutical.) partially modified
7. GYM329 with a mouse-derived constant region
8. Conventional anti-myostatin antibody

Development

Pursue strengthening Go/No-Go decision-making, maximizing project value and increasing productivity by continuous transformation of the operational model

Progress

- Success in confirming absorption of mid-size molecule
- Increase in development pipeline, and initiation of simultaneous development for multiple diseases
- Progress in transforming the operational model, including the use of RWD

Challenges

- Shortening development periods and improving success rates
  - Accurate assessment of project potential and strategic prioritization
  - Advancement of human predictive models
- Thorough utilization of digital technologies and RWD for efficiency

Direction of Reform

Early stage

Appropriate and rapid Go/No-Go decisions by integrating clinical development and human predictive capabilities
- Focus on improving detection and intricate understanding of biological responses and modeling and simulation
- Strategic planning and implementation of development options by utilizing internal/external insights

Creation of unprecedented added value resulting from early-stage clinical trials
- Setting true endpoint[1] hypotheses
- Simultaneous development of multiple indications through early identification of candidate disease targets

Late stage

Transformation of operational model
- Pursuit of innovative clinical development model by utilizing digital and RWD
- Maximizing global product value through close collaboration with Roche

Goal

- Set highly reliable standards for Go/No-Go decisions and rapid execution
- Early estimation of overall project value
- Maximize project value and increase productivity

1. The true value that contributes to improving patients' quality of life

Mid-Term Milestones

	Milestones	Year
Early Stage	**1. Appropriate and rapid Go/No-Go decisions by integrating clinical development and human predictive capabilities**	
	・Efforts to maximize the speed of clinical trials from the perspectives of both science and operation	2026
	・Establish clinical development plans and clinical trials according to project characteristics based on benchmarking activities and internal non-clinical data	2026
	・Implement human prediction technology through modeling and simulation, use of digital biomarkers, etc.	2027
	2. Value maximization of early-stage projects	
	・Realize a master protocol that allows studies for multiple drugs to be conducted under a single protocol	2026
	・Establish true endpoint hypotheses primarily using digital technology	2028
	3. Establishment of new technology	
	・Assess the possibility that human PK prediction can replace animal in vivo PK tests by utilizing organoids	2026
	・Practical application of technology to predict human hepatotoxicity of small and mid-size molecules	2028
Late Stage	**1. Realization of a clinical development platform utilizing new technologies**	
	・Start using Direct Data Capture System	2027

As we advance TOP I 2030, an increasing number of projects will move to clinical development. Swift Go/No-Go decisions based on science will be made by integrating clinical development and human predictive capabilities, and for projects that are deemed to have a high potential from the non-clinical stage, we will proceed with simultaneous development for multiple indications to maximize the overall project value as early as possible. In addition, we will maximize the value provided to patients by pursuing the true endpoint at an earlier stage, leading to late-stage development. In 2024, in-house projects NXT007 and AMY109 proceeded to phase II clinical trials, while GYM329 started phase I clinical trials for obesity, and RAY121 initiated a basket trial (phase Ib) targeting six autoimmune diseases.

In late-stage development, we are using digital technology with real-world data (RWD) to achieve new value creation and further operation model reforms to lead the industry. These include linking electronic medical records and EDC[2] and encouraging patient registrations. Furthermore, in our collaboration with Roche, by providing input into development strategies and study plans, we will also contribute to maximizing global product value by improving the success rate.

Through these initiatives, we will seek to maximize project value and improve productivity.

In 2024, we obtained global approval for three in-house products. PiaSky is the second drug that applies Chugai's proprietary Recycling Antibody® technology to be approved. It is expected to offer improved convenience with a once every four-week subcutaneous injection for patients with paroxysmal nocturnal hemoglobinuria (PNH), a designated intractable disease. For NEMLUVIO, an antibody that blocks IL-31, a cause of itching, the licensee Galderma S.A. obtained approval in the United States for treatment of patients with prurigo nodularis and atopic dermatitis. The drug is expected to rapidly eliminate itching and improve inflammation. Alecensa, which is widely used to treat advanced ALK-positive non-small cell lung cancer (NSCLC), received approval for the first time as an adjuvant treatment for patients with ALK-positive early-stage NSCLC. This development is expected to lead to new treatment opportunities that could lead to a cure.

2. Electronic Data Capture: A mechanism or its system to collect clinical data electronically

Pick Up

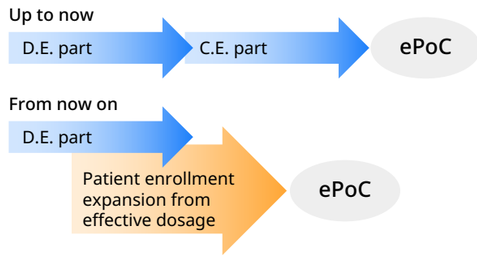
Early Clinical Development Strategy to Evaluate Drug Potential in the Shortest Time

—From the preclinical stage, determine the optimal development route and precise Go/No-Go criteria—

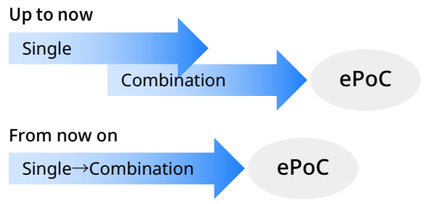
In traditional early clinical development, Chugai thoroughly evaluated the potential of a drug over a broad patient group based on clinical trial data and science, and made a decision to continue or halt development (Go/No-Go decision) based on ePoC acquisition. These initiatives have been central to Chugai's extremely high success rate in phase III clinical trials.

Now, as the number of in-house products advancing to the clinical phase increases, it is essential to further accelerate early-stage development, and we will achieve this using a strategy for evaluating the potential of drugs in the shortest possible time. We will draw on our accumulated knowledge and data to determine potential from the preclinical development stage, identifying the indicators that should be evaluated and the data that should be used for optimal development route design for each project. By rapidly evaluating the potential of each drug, and realizing earlier and more precise Go/No-Go decisions, we will be able to selectively invest resources in promising projects. Specifically, the evolution of these development plans and modeling and simulation technologies will enable activities such as simultaneous development targeting multiple diseases, while increasing efficiency through accurate, effective dosage prediction and accelerating the evaluation of combination therapy in phase I clinical trials.

Increasing Efficiency through Precise, Effective Dosage Prediction



Acceleration of Combination Therapy Evaluation



Pharmaceutical Technology

Pursue world-class technologies to deliver drug discovery ideas to patients as pharmaceutical products, and realize highly competitive pharmaceutical technologies in terms of quality, speed, and cost

Progress

- Success in manufacturing high-difficulty mid-size molecules and high-potency substances
- Established supply system through expansion of mid-size molecule manufacturing facilities
- Progress in building digital infrastructure to support new production functions and improving efficiency

Challenges

- Improving speed in mid-size molecule pharmaceutical development
  - Platforming of pharmaceutical technologies
- Increasing geopolitical risks
  - Building a robust supply system

Direction of Reform

Pursuit of world-class technologies

- Manufacture highly unique compounds by strengthening collaboration with drug discovery and making full use of state-of-the-art technology
- Evolution of the world's most advanced antibody / mid-size molecule technology and realization of world-class development speed

Establishment of robust and competitive supply systems

- Further efficiency gains by strengthening the manufacturing technology function, including the use of digital technologies and robotics
- Pursuing stable supply and global standard quality through implementation of dual-site strategy

Goal

- Establish competitive pharmaceutical technologies
- World-class development speed
- Apply production technologies and achieve world-class productivity and quality
- Establish supply systems that ensure both stable supply and high quality

Mid-Term Milestones

	Milestones	Year
Pharmaceutical Technology	**1. Establish competitive pharmaceutical technologies**	
	・Start application of mid-size molecule platform technology to development projects	2027
	・Establish production technology and production infrastructure for mid-size molecule drug substances/formulations	2027
	・Start application of next-generation antibody platform technology to development projects	2027
	2. World-class development speed	
	・Shorten development period of mid-size molecules and antibodies through technology development	2027
Manufacturing	**1. Establish a supply system that ensures both stable supply and high quality**	
	・Engage contract manufacturing partners for a robust and flexible antibody production system	2027

Along with the goal of "doubling R&D output," we will pursue world-leading pharmaceutical technologies to deliver new drug discovery ideas including mid-size molecules as commercial products to our patients. We will strengthen collaboration between the drug discovery/early development and pharmaceutical functions even further, and establish cutting-edge technologies in active pharmaceutical ingredients (APIs), formulation, and analysis for highly active compounds that are extremely difficult to turn into drugs. Moreover, by applying these technologies to our projects, we will shorten the period from selection of projects for clinical development to application for regulatory approval and speed up the development process.

In production, we will improve efficiency by bolstering our production technology including the utilization of digital and robotics technologies. At the same time, we will prepare for disasters and geopolitical risks as we focus on building a robust and competitive supply system. We will pursue various initiatives toward realizing smart factories as well as promoting the construction of an integrated in-house production system up to the point of initial commercialization to enable the fastest product launch. Moreover, we will proactively make the required capital investments to realize this strategy, and work to increase our competitive advantage through these activities. In addition, we will pursue a dual-site strategy based on collaboration with third-party partners such as contract manufacturing organizations after product launch, also striving to increase quality, as we aim to realize stable supply and global quality standards.

Looking at the current status of our capital investments, at our Fujieda Plant we have completed the FJ2 building, a facility for ultra-high-potency compounds with world-class containment technologies for manufacturing APIs for small/mid-size molecules used in early-stage development. This was followed in 2024 by the completion of the FJ3 building, which covers manufacturing from late-stage development to initial commercial production. At the Ukima Plant, we will start operations at UK4, a specialized building for manufacturing biopharmaceutical drug substances for early-stage development intended to accelerate the start of clinical development. We will also conduct modifications of the UK3 building, which handles late-stage development through to initial commercial production, aimed at tripling the production capacity and eliminating fluorocarbons. At the Utsunomiya Plant, we are proceeding with the construction of the UT3 building, which will be equipped with continuous production functions and undertake biopharmaceutical drug substance manufacturing from middle-stage clinical development to initial commercial production, as well as a new injection building, UTA, which will leverage robotics technologies to manufacture sterile injectables for initial commercial use.

Construction of the API Supply System

	Phase I to phase II	Phase III to initial commercial production	Full-scale commercial production
Small/mid-size molecules	FJ1 FJ2	Small molecules: Outsourcing to CMOs Mid-size molecules: FJ3	FJ3 Outsourcing to CMOs
Antibodies	UK4 / UK1 UK2 UT3	UK3 UT3	UT1 Outsourcing to CMOs

Pick Up

Operation of FJ3, the World's Most Advanced Ultra-Highly Active Facility

—Mid-size molecules: Establishing an integrated supply system through to initial commercial production—

In November 2024, we completed the FJ3 building at our Fujieda Plant, which covers late-stage clinical development and initial commercial production of small and mid-size molecule drugs. With the addition of FJ3 to the existing FJ1 and FJ2 (completed in August 2022), we have established an integrated in-house supply system from clinical development through to initial commercial production. This will enable the rapid, flexible supply of investigational drugs and accelerate the market launch of new drugs.

The mid-size molecule drugs discovered by Chugai are highly pharmacologically active and difficult to manufacture, and their production requires extremely highly sealed containment performance. At FJ2, we have achieved world-class containment levels through meticulous isolator design and performance testing. We have pursued further advancement at FJ3, which will undertake larger-scale production. We have achieved world-leading containment performance with air concentrations of 0.03 μg/m³ or lower on multiple API manufacturing lines. This air concentration is equivalent to one sugar cube dispersed in a volume 33 times that of the Tokyo Dome stadium (20 times for FJ2). In formulation, we have also succeeded in high-level containment of spray dryers, which are notoriously difficult to contain. In addition, since we have emphasized production automation and comfortable working environments, we expect high levels of productivity and efficiency. We have also introduced environmental measures such as non-fluorocarbon designs and recycling of used solvents, as well as the latest safety countermeasures for earthquakes and other risks, creating a truly state-of-the-art production facility.

Strategy Implementation 4

Value Delivery

Pursue rapid evidence generation that contributes to optimal patient-centric treatment selection, and provide advanced value with high productivity through the establishment of a new customer engagement model

Progress

- Achieved industry-leading MR productivity
- Acquired high customer satisfaction
- Progress in building evidence generation foundation utilizing RWD

Challenges

- Early creation of useful data for treatment selection after product launch
- Building an efficient information provision system that addresses changing customer needs

Direction of Reform

Achieving personalized medical & safety care

- Generation of evidence to offer the best treatment option for each patient

Establishing a new customer engagement model

- Quick and accurate information provision through optimized use of in-person, remote, and digital means
- Evolution of new customer database and information platforms

Resource shift / digital utilization

- Priority allocation of resources to strategic areas
- Field force optimization
- Back-office function reform
- Continuous optimization of distribution functions

Goal

- Early generation of high-value evidence after product launch
- Risk prediction and prevention of aggravation in actual clinical practice
- Highest global market share* for the strategic products
- Industry-leading activities for patient-centric information provision
- Maintaining and improving industry-leading productivity

* Within the Roche Group

Mid-Term Milestones

	Milestones	Year
Medical Affairs / Safety	**1. Early generation of high-value evidence after product launch** ・Start of clinical research with new efficacy evaluation indices as endpoint	2027
	2. Risk prediction and prevention of aggravation in actual clinical practice ・Establish research infrastructure for risk prediction in clinical practice Note: Safety biomarker exploratory studies, etc. — Conducted risk study from Roche/academia collaboration	2027
Marketing & Sales	**1. Industry-leading activities for patient-centric information provision** ・No. 1 in customer satisfaction in priority areas (oncology and hemophilia) ・Top 3 in customer satisfaction in strategic areas (ophthalmology, PNH, NMOSD, SMA, etc.)	2027 2027
	2. Maintaining industry-leading productivity ・MR productivity	2027

In terms of the value delivery function, we will pursue more than ever before rapid evidence generation that contributes to optimal patient-centric treatment selection and provision of advanced value through the establishment of an innovative customer engagement model. Specific measures include collaborating with Roche and academia to implement high-quality clinical studies and post-marketing surveillance to provide high-value evidence at the earliest possible post-marketing stage. In addition, we will utilize non-clinical and translational research findings to predict the risk of adverse effects and avoid their increased severity in clinical trials, thereby promoting efforts for appropriate use aligned with individual patients.

As for the establishment of a new customer engagement model, in an environment where customer interactions have changed dramatically, we are rolling out multi-channel strategies combining in-person, remote, and digital channels. Chugai will continue to build a system that allows for selection of a flexible approach that is responsive to the increasingly diverse needs of customers going forward as we work to optimize the provision of value. Moreover, in February 2023, we launched a training program aimed at increasing the awareness and skills of our medical representatives (MRs) in response to environmental changes in terms of changes in the medical treatment provision system and increased diversity and sophistication of patient needs. To improve the organization's efficiency, we have been identifying operations in which investments should be prioritized and further promoting the shift of resources to growth and new areas. To this end, we will also continue to consider streamlining our operations, such as transferring mature products to third parties. We will also promote fundamental reforms that are not bound by conventional practices and processes, such as digitalization, outsourcing, and business consolidation, to achieve high productivity.

Pick Up

Becoming Medical Partners:
Proposing Treatments Closely Targeting Individual Patient Needs through the Evolution of MRs

Akiko Fukasawa
Tokyo Specialty Branch 2,
Marketing & Sales Div.

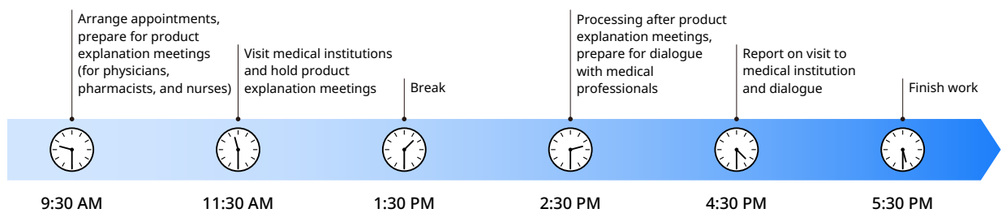
Chugai's unique training program trains medical partners for patients. The program includes role plays, case-based learning, marketing training, and dialogue with patients to enable participants to talk to medical professionals from a common perspective. The first program had 634 applicants, with 38 receiving certification as the first group of graduates.

My reason for applying to the program was because the concept resonated with me. When I joined the Company in 2007, Chugai had a reputation for a good character but weak sales capabilities. Recently, I had been thinking that the Company would be able to contribute as a medical partner on the front lines, given its emphasis on cooperating with patients and its value of being patient-centric.

Since I work shortened hours due to childcare, it was very difficult for me to manage ordinary MR duties during the course, but I learned so much, particularly about structured marketing skills and the real experience and actual needs of patients. Now, placing patients first and foremost, I am able to engage in discussions with medical professionals with confidence, and I feel that my activities have become more productive through the use of various analyses. Moreover, the productivity of Chugai's MRs is on a whole new level compared to other companies. I believe this is due to their marketing approach with a focus on major hospitals and highly innovative therapeutic drugs, as well as their successful incorporation of these changes and practical implementation of activities that are always focused on the patient through active discussion among the entire team.

As the market launches of new products accelerate going forward, MR team members will be able to make a considerable contribution to regional healthcare by clarifying medical issues and listening to patients, then working quickly to propose better treatments. As the number of team members who have completed the program like I have increases, we aim to ensure that Chugai's reputation as a good medical partner organization will also be widely recognized.

Reference: A Day in the Life of an MR (Short Working Hours)



Foundation for Growth

New challenges for PHC solutions and building a foundation worthy of a top innovator

Progress

- **People and Organization**
  - Successfully introduced new HR management system and transitioned to new work styles
- **Digital**
  - Created value through promotion of CHUGAI DIGITAL VISION 2030, received external recognition such as DX Grand Prix and DX Platinum Enterprise
- **Sustainability / Environment**
  - Continued selection for DJSI World. Steady progress on Mid-Term Environmental Goals
- **Quality**
  - Formulated QUALITY VISION 2030, setting more specific quality goals
- **PHC Solutions**
  - Newly established PHC Solution Unit to demonstrate and maximize the value of pharmaceuticals

Challenges

- **Strengthening foundations for sustainable growth**
  - Promoting proactive career development and securing specialized talent, promoting diversity
  - Co-creation with business divisions and accumulation of in-house know-how
  - Various initiatives to achieve goals
  - Permeation of quality culture
  - Establishing PHC solution promotion system and business development capabilities in and outside Japan

Direction of Reform

Drug Discovery	Development	Pharmaceutical Technology	Value Delivery

Foundation for Growth

People and Organization
- Thorough execution of new HR management policy
- Acquisition, retention and development of highly specialized talent
- Acceleration and expansion of DE&I
- Employee health

Digital
- Realization of CHUGAI DIGITAL VISION 2030
  - Advance RED with digital technologies
  - Improve productivity in overall value chain
  - Establish Company-wide infrastructure to support innovation

Sustainability / Environment
- Enhance sustainability platform
- Realize Mid-Term Environmental Goals 2030
  - Conduct climate change countermeasures, recycling-oriented resource usage, and protection of biodiversity

Quality
- Realize QUALITY VISION 2030
  - Provide products and services that meet patient expectations
  - Gain advanced methods to maintain both quality and efficiency
  - Promote the quality culture across overall value chain

PHC Solutions
- Establish a global delivery system for PHC solutions to provide advanced proof and maximum value of pharmaceuticals

People and Organization

In January 2025, we introduced a new human resource management system that facilitates employees' growth by encouraging them to take on new challenges regardless of their age or other attributes. We will support each employee's autonomous learning and growth, including career development, and focus on the acquisition and development of highly specialized human resources in areas such as digital technology and science, who will be key in implementing our business strategies. Moreover, we will also foster an organizational culture that generates innovation through the promotion of DE&I and aim for a higher level of measures and policies to promote the health of all employees.

Digital

Under CHUGAI DIGITAL VISION 2030, we are working together on co-creation to resolve the most important issues with each organization in order to create innovative new drugs and optimize all value chains through the use of various digital technologies. Additionally, we will continue to promote the development of digital human resources and the enhancement of IT infrastructure that will lead to increased business value, with the aim of building a Company-wide infrastructure that supports the creation of innovation.

Sustainability / Environment

With sustainability at the heart of our business activities, we aim to reduce our environmental impact through the achievement of the challenging targets of Chugai's Mid-Term Environmental Goals 2030. Specifically, we will engage in 1) climate change countermeasures through the reduction of CO_2 emissions and energy consumption, as well as halogenated hydrocarbons; 2) recycling-oriented resource usage through the reduction of waste emissions and water consumption; and 3) protection of biodiversity through the reduction of harmful waste emissions, among other measures. We will also strengthen governance, enhancing information disclosure as part of this.

Quality

We will lead the world with the quality of our products, information, and processes, as well as the human resources who realize them, and we will promote and spread Chugai quality outside the Company. To this end, we will ensure that our products and services meet the expectations of patients, acquire advanced methods that combine quality and efficiency, and promote collaboration with our partners. Additionally, we will instill a "quality culture," which is the basis for all of these activities, in all of our value chains.

PHC Solutions

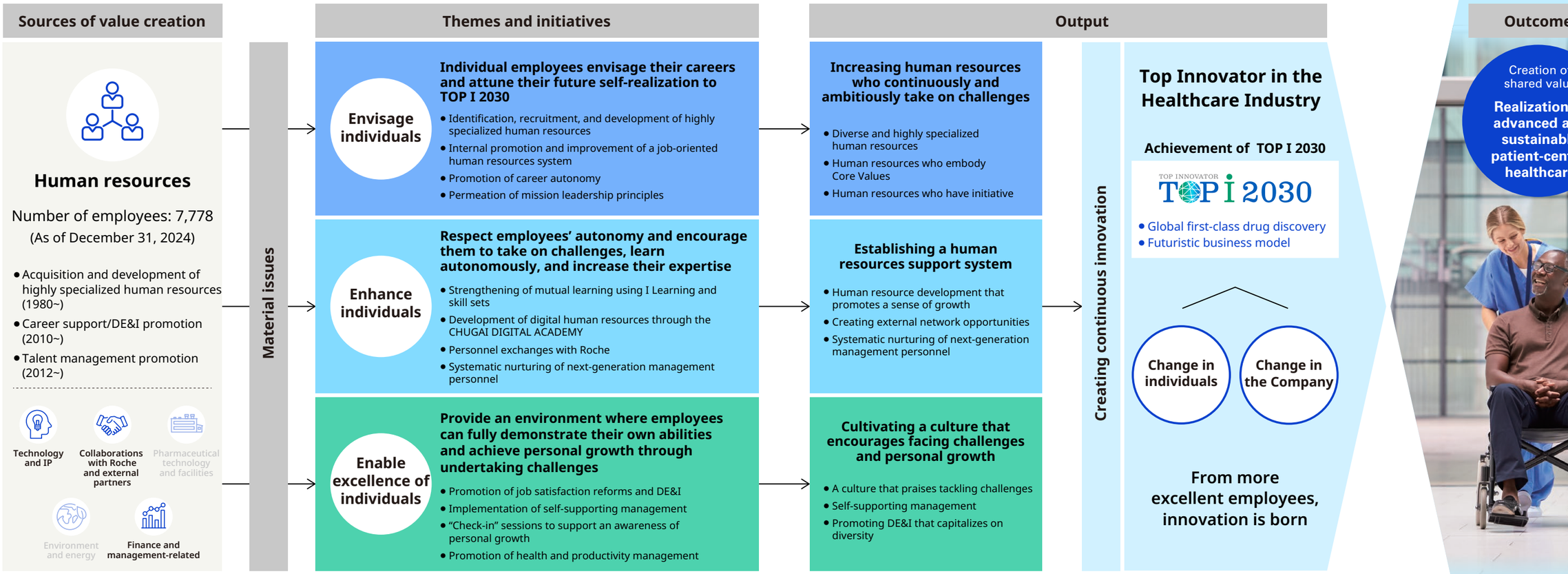
As patient needs become increasingly diverse and complex, we will strive to ensure that each patient can receive the optimal treatment through efforts to precisely diagnose pathologies and measure therapeutic effects with a view to demonstrating the value and maximizing the efficacy of innovative drugs. Based on the knowledge gained through the Insight Business initiative, we aim to establish a global delivery system that will provide advanced proof and maximum value of pharmaceuticals.

Mid-Term Milestones

	Milestones	Year
People and Organization	**1. Employee enablement and engagement**	
	• Employee enablement score: 71% positive response	2026
	• Engagement score: 79% positive response	2026
	2. Acquisition, retention, and development of highly specialized talent	
	• Job-fill rate for highly specialized human resources: 85%	2027
	3. Acceleration and expansion of DE&I	
	• Ratio of female managers: 25%	2026
	4. Employee health	
	• Cancer retest rate: 88%	2027
	• Percentage of smokers	2027
	• Interview request rate for high-stress individuals	2026
Digital	**1. Accelerate Company-wide RED SHIFT through IT / digital utilization: Double the number of DX implementations in RED area**	
	• Double the number of DX PoC in RED area	2026
Sustainability / Environment	**1. Strengthening world-class sustainability platform**	
	• Continued inclusion in the Dow Jones Sustainability World Index	2027
	2. Achievement of Mid-Term Environmental Goals 2030 (Climate change countermeasures / recycling-oriented resource usage / protection of biodiversity)	
	• Scope 1 + 2 CO_2 emissions (compared to 2019): 50% reduction	2027
	• Halogenated hydrocarbons (compared to 2020): 35% reduction	2027
	• Obtaining suppliers' commitment to achieve Scope 3 CO_2 emissions reduction targets	2027
	• Execution of plan to introduce natural refrigerant heat pumps to achieve both CO_2 reduction and energy reduction	2027
	• Establish various waste reduction methods	2027
Quality	**1. Promotion of the quality culture across overall value chain**	
	• Affirmation rate of "Quality and Customer Orientation" in the employee awareness survey (at the level of global high-performing companies)	2026
PHC Solutions	**1. Establishment of promotion system and capabilities; start of clinical implementation**	
	• Establish the development process and project promotion and management system; promote projects end-to-end from technology exploration and alliance building to development and launch	2026
	• Start use of PHC solutions in clinical trials for in-house projects / products	2027

Main Progress: Human Resources

Value Creation Model from the Perspective of Human Capital



In order to deliver innovative pharmaceuticals to patients around the world, Chugai has consistently valued the pursuit of innovation and creativity. We continue to maintain our belief that "innovation is created from diverse values and expertise," and have long been committed to promoting HR strategies that are integrated with our business growth strategy. When recruiting and acquiring new human capital, we have focused on creating innovation based on our distinctive technologies by employing specialists for in-house drug discovery and development who pursue science that emphasizes a shared understanding of our Core Values. This innovation, in turn, has made it possible to attract outstanding talent. Further, in terms of evaluation and development, in addition to investing in skill development based on our management philosophy, we have also promoted human resource development by proactively placing our people both inside and outside of the Company. This includes human resource exchanges with Roche. Further, with "human resources are irreplaceable assets that generate a company's growth and development" as part of our organizational culture, we have been promoting an environment in which all employees can thrive by advancing career support and DE&I, and have worked to foster a culture that encourages independent growth and taking on challenges.

Nevertheless, in order to achieve the ambitious goals of doubling R&D output and launching global in-house products every year raised under TOP I 2030, we need to further strengthen the individual power of our employees—the source of our value creation—more than ever before. Based on this thinking, the human resource management policy outlined in TOP I 2030 focuses more on individual growth and the willingness to face challenges, and from January 2025, we adopted a new human resource management system that will change the Company into one where every employee can maximally showcase their independence based on envisaging, enhancing, and enabling the excellence of individuals ("the three approaches to individuals").

Especially, the following are indispensable to continuously generate the kind of innovation for which Chugai is known: (1) Envisage individuals—increase human resources who continuously and ambitiously take on challenges; (2) Enhance individuals—establish a system to support human resources; and (3) Enable excellence of individuals—cultivate a culture that encourages facing challenges and personal growth.

Our diverse and highly specialized human resources[1] embody our Core Values by taking initiative and taking on challenges. In order to raise the number of these human resources who continue to face challenges with ambition higher than ever before, we are working on the theme "Each employee envisions their career and aligns their future self-realization to TOP I 2030."

Elsewhere, we will support human resources in having the ambition to continue to face challenges through initiatives respecting employees' autonomy, and encouraging them to take on challenges, learn independently, and increase their expertise, all as part of "Enhance individuals," essentially, "human resource development that promotes a sense of growth, creation of external network opportunities, and systematic nurturing of next-generation management."

To cultivate a culture that encourages facing challenges and personal growth, in order to provide an environment where employees can maximize their potential and grow through facing challenges—the key theme of "Enable excellence of individuals," we are seeking to foster a culture that praises tackling challenges, switch to self-supporting management, and promote DE&I that capitalizes on diversity.

We believe that the very acts of generating continuous innovation and increasing corporate value through collaboration between individuals and the Company enabled by individual growth will culminate in the creation of a virtuous cycle in which better human resources come together, leading to further innovation and improved individuals.

1. Science specialists, digital specialists, and medical doctors

Main Initiatives by Theme

Envisage individuals

One of our themes is “Recruitment of highly specialized human resources.” In addition to introducing a job-based human resource system that allows employees to take the initiative in designing their own careers by clarifying job content and desired credentials, and diversifying recruitment channels (such as alumni referral and group recruitment), we are also introducing top skill sets for RED positions. The aim here is to become a company that human capital will choose more than ever before. In addition to highly specialized human resources, we will focus on recruiting and training global human resources and those that embody our Core Values.

Enhance individuals

We are focused on creating interactive opportunities, such as the I Learning training management system, in-house internships and side businesses, and cross-boundary programs, both inside and outside of the Company that will support human resources who take on challenges and learn autonomously, and continue to hone their expertise. Since partnering with Roche, the Roche Human Resources Exchange Program has presented valuable opportunities for forming a network of global knowledge and experience. We also continue to invest in employee education to develop global and digital human resources.

Enable excellence of individuals

We are putting an environment in place to achieve an organization that can enable all employees to thrive, and where tangible growth can be felt. In addition to the promotion of job satisfaction reforms and DE&I, health and productivity management promotion, and one-on-one (supervisor and subordinate) “check-in” sessions, under the new human resource management system, we are adopting a job posting system, and pushing employees to take on challenges and toward growth as a mechanism for enabling them to design and independently enact their own careers. We also position health and productivity management as the foundation for job satisfaction reforms, as we focus on employees’ autonomous management of their own health and proactive work on the part of the Company to support this. Accordingly, we are taking measures to enable everyone to continue to do work they find fulfilling.

Monitoring Indicators

	Theme	Indicators	2030 target value	2024 results	
Envisage individuals	Diverse and highly specialized human resources	Job-fill rate for highly specialized human resources (Job-fill rate for science specialists/digital specialists/medical doctors)	90%	88% (84%/90%/100%)	1
		Job-fill rate for global human resources in key positions	100%	Division head: 85%, Department head: 45%	
	Human resources who embody our values	Degree of shared understanding of our Core Values	100%	77%	
		Patient-centric awareness	—	86%	
	Human resources with initiative	Excellent employee ratio and engagement score (compared to companies with strong global performance)	100	Excellent employee ratio: 72, engagement score: 94	
		Number of participants in Career Design Training and Career Fair	—	822	
Enhance individuals	Human resource development that promotes a sense of growth	Human resource development investment (per person)	¥300,000	¥270,000	
		Number of employees participating in the Roche Human Resources Exchange Program	Approximately 10% of employees	278	
	Creation of external network opportunities	Number of employees sent to external specialist organizations	100	32	
	Systematic nurturing of next-generation management	Successor preparation rate	300% (3 people/position)	289%	2
		Number of educational programs for LCL, GPL and BL[2]	—	11	
Enable excellence of individuals	A culture that praises challenges	Challenge climate index	100%	76%	
		Application rate for higher positions[3]	50% (Application rate)	22% (Appointment ratio)	
	Self-supporting management	Rate of “check-in” (supervisor and subordinate 1-on-1) sessions conducted	100%	81%	
	Promoting DE&I that capitalizes on diversity	Employee enablement score (compared to companies with strong global performance)	100	83	
		Percentage of female managers	Equal to the percentage of female employees (estimate 38%)	17.6%	3
		Inclusion put into practice	75% or higher	59%	4

2. Life Cycle Leader (LCL), Global Project Leader (GPL) and Business Leader (BL)
3. Percentage of new appointments assigned through the challenge assignment system and internal recruitment system. Measure the percentage of those who applied after adoption of the posting system

Key points toward progress

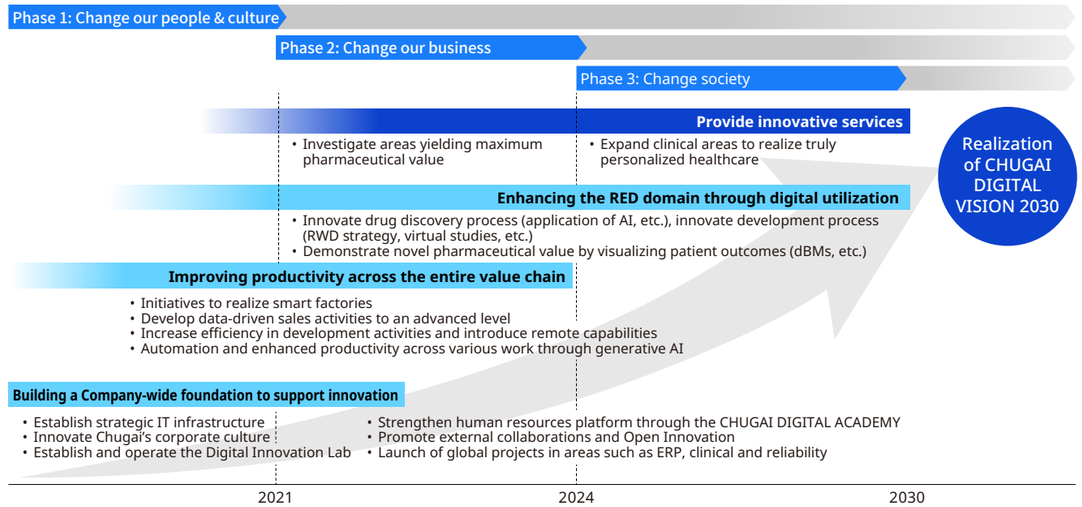
1. Sufficiency levels with respect to highly specialized human resources are steadily growing. Thanks to the success of measures to attract human resources for medical doctors, which had been an issue, the sufficiency level for medical doctors is 100%. We will continue to raise this level, while reviewing highly specialized human resources in line with business needs, promoting human resources and organizational creation that will spark innovation.
2. Company-wide identification and training of successor candidates for key positions is progressing, and the number of candidates is expanding. To raise succession plan effectiveness, we will conduct multifaceted training that combines strategic human resource allocation, OJT and OFF-JT, mentoring and personnel department follow-up.
3. While the number of female managers is growing yearly, accelerating the speed at which candidates (across all levels) are identified, trained and appointed is an urgent matter in order to meet ambitious targets for 2030. Particularly for candidates to head fundamental organizations, directors are directly involved in training support, and we are looking to identify positions to hire from a Company-wide perspective.
4. With the number of entering career-track employees rising, so too is the importance of both fostering an organizational climate where diverse human resources can continue thriving and the employee mindset. Through the adoption of the new human resource management system in 2025, we are strengthening the establishment of an environment that pushes the independent tackling of challenges and growth by employees. We will also provide learning opportunities that encourage employee self-understanding and behavioral changes with respect to unconscious bias, which can fuel barriers to inclusion efforts.

Main Progress: Digital

CHUGAI DIGITAL VISION 2030

Transform our business by using digital technologies to make Chugai a top innovator in the provision of society-changing healthcare solutions

Three Basic Strategies and Roadmap



Digital Transformation https://www.chugai-pharm.co.jp/english/innovation/digital/index.html

With sights set on 2030 under CHUGAI DIGITAL VISION 2030, Chugai has promoted three basic strategies to realize its vision to “Transform our business by using digital technologies to make Chugai a top innovator in the provision of society-changing healthcare solutions.”

In pushing from 2024 to spur the further evolution of past initiatives, Chugai is focusing on generating value through greater sophistication in the RED domain via digital technology utilization and enhanced productivity across all value chains. By promoting co-creation with each function, shifting DXU (Digital Transformation Unit) resources to the value creation engine that is the RED domain, an insistence on focusing not only on our output but also our impact on society, and both improving internal production and responding agilely to needs, we are strengthening competitiveness and accelerating the move toward vision realization. In January, we enacted organizational reforms designed to spur greater sophistication in strategic and promotion functions, a step to further forcefully advance the shift to value-generating digitalization through digitally driven business reforms and the achievement of improved value for our human capital.

2024 also saw ongoing advancement in both the business processes of each function and DX for the value creation process. As part of enhancing the RED domain through digital utilization, we have seen major success most notably as BRY10 marked the first project to enter the clinical development stage, which utilized Chugai’s proprietary AI-based antibody drug discovery support technology, MALEXA™. Progress made in the penetration and utilization of generative AI Company-wide is not only substantially boosting productivity but also making the possibility of new value creation visible.

We will continue with DX-driven productivity improvement and value creation going forward, marking definitive progress in DX toward making TOP I 2030 reality.

Progress of Main Strategies

Enhancing the RED domain through digital utilization	• Start of clinical trial for BRY10, adopting antibody sequencing proposed by MALEXA™ • Support for indication expansion through real-world data (RWD) utilization (public knowledge-based application: CellCept)
Improving productivity across the entire value chain	• Phase I trial implementation in the oncology field via a new DCT[1] implementation system leveraging satellite medical institutions • Progress on smart factory initiatives from proliferation to all domestic production sites, namely project proposal and required personnel assignment automation, as well as remote work functionality installation
Building a Company-wide foundation to support innovation	• Full-scale multi-cloud infrastructure utilization • Company-wide utilization of Chugai-developed generative AI Chugai AI Assistant (accessed by over 6,000 employees; used daily by more than 1,500[2])

1. Decentralized clinical trial
2. Daily active users

Main Progress: Environment

Mid-Term Environmental Goals 2030

Material issue	Item	KPI (Base year 2019)		
Climate change countermeasures (Prevention of global warming)	Scope 1+2[1] CO_2 emissions	40% reduction by 2025	60-75% reduction by 2030	Zero emissions by 2050
	Scope 1+2[1] energy consumption	5% reduction[3] by 2025	15% reduction[3] by 2030	
	Sustainable electricity ratio	100% by 2025		
	Halogenated hydrocarbons (Base year 2020)	25% reduction by 2025	100% reduction by 2030	
	Scope 3[2] CO_2 emissions		30% reduction by 2030	
Recycling-oriented resource usage (Resource conservation, waste management)	Industrial waste reduction	5% reduction[3] by 2025	10% reduction[3] by 2030	
	Plastic waste reduction	5% reduction[3] by 2025	10% reduction[3] by 2030	
	Water resource conservation (water withdrawal)		15% reduction[3] by 2030	
Protection of biodiversity (Environmental burden mitigation)	Hazardous waste reduction	5% reduction[3] by 2025	10% reduction[3] by 2030	

1. Scope 1: Direct emissions from fuel combustion, Scope 2: Indirect emissions from the generation of purchased energy
2. Scope 3: Indirect emissions not included in Scope 1+2 3. Per total floor area (excluding leased properties)

Viewing environmental preservation as an important underpinning supporting all business activities, Chugai has unveiled its challenging Mid-Term Environmental Goals 2030, developed based on global environmental consensus.

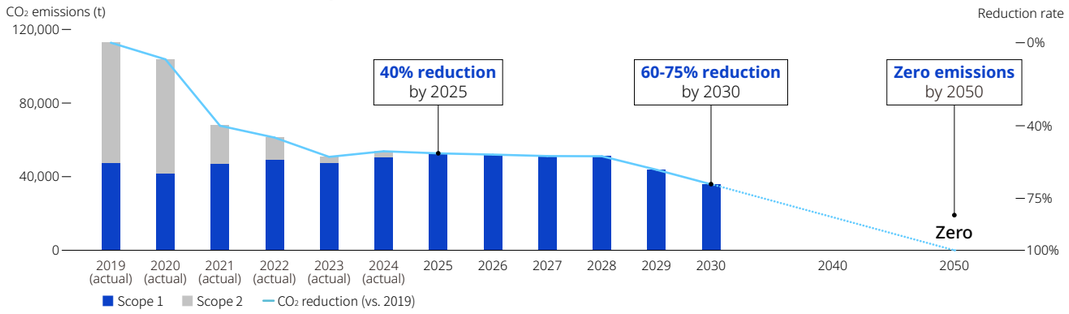
As climate change countermeasures in 2024, in a follow-up to the adoption of 100% sustainable electricity in Japan and Europe, we promoted adoption of the same at other overseas bases. As a result, electricity used at all Group bases has been derived from sustainable electricity sources[4] from January 2025. As a further countermeasure, in 2024 we launched the operation of a biopharmaceutical drug substance manufacturing facility (UK4) at the Ukima Plant based on the "three-zero concept for a sustainable society." In fact, based on its "zero fluorocarbons" approach from adopting the use of natural refrigerants, and "zero gas" and "zero CO_2" status from the shift to all-electric equipment, UK4 was awarded the "Facility of the Year Award 2024" in the Social Impact category by the ISPE[5]. While maintaining our 100% sustainable electricity ratio at all Group bases going forward, we are promoting reductions in energy consumption, the adoption of environmental systems, improved production processes, and joint development of natural refrigerants.

Where recycling-oriented resource usage is concerned, we are further promoting reuse and recycling in working to achieve zero waste emissions, as well as reducing water consumption. For protection of biodiversity, meanwhile, we are pursuing stricter management of hazardous chemical substances and designing more appropriate manufacturing processes. Further, to reduce the use of hazardous chemical substances, Chugai, in the development of in-house products, has defined guidelines that it continues to promulgate for the development of manufacturing processes that avoid the use of SVHC[6] list compounds pursuant to REACH regulations through to commercial production.

4. Includes the portion based on the renewable energy certificates and non-fossil certificates purchased
5. International Society for Pharmaceutical Engineering
6. Substances of Very High Concern

Mid-Term Environmental Goals 2030 categories	Main progress and initiatives in 2023-2024
Scope 1+2 CO_2 emissions Energy consumption	• Biopharmaceutical drug substance manufacturing facility (UK4) recognized in the "Facility of the Year Awards 2024" by the ISPE in the Social Impact category • Introduced solar panels and non-distillation/membrane industrial water treatment facilities at new pharmaceutical manufacturing facilities
Sustainable electricity ratio	• Decided the procurement route for sustainable electricity for all Group bases, including overseas bases, in 2024
Halogenated hydrocarbons	• Introduced new HCFO-1233zd(E) refrigerant in some existing equipment • Planned to adopt centralized systems for some HVAC equipment • Developed small-scale trial devices for use with natural refrigerant

CO_2 Emissions Reduction Roadmap



Main Progress: PHC Solutions

PHC Solutions:

Products and services such as SaMD[1] and biomarkers that enable optimal therapy for individual patients by precisely diagnosing pathologies and measuring therapeutic effects

Chugai's innovative drugs × PHC solutions = Optimal therapy for individual patients

Value Created

1 **Enhanced demonstration of value in the R&D stage of drug discovery**

2 **Maximization of clinical value of drugs**

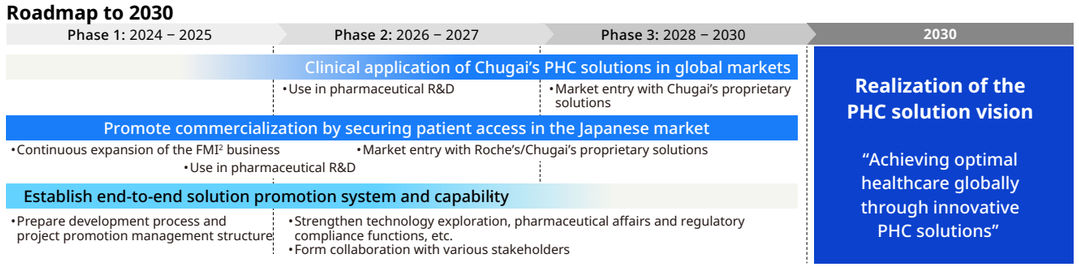
3 **Creation of economic value as a solution business**

1. Software as a Medical Device

To provide optimal value to each individual patient, Chugai has focused on the uptake and advancement of "personalized healthcare" specifically tailored to the physical makeup of individual patients and disease type as a pioneer in the field. In 2019, we launched FoundationOne® CDx Cancer Genomic Profile, a comprehensive cancer genomic profiling test, as a service and have contributed to cancer genomic medicine. More recently, thanks to rapid changes in the treatment environment and the advancement of science and digital technology, patients' expectations and needs with respect to healthcare have spread beyond pharmaceuticals into peripheral treatment. Given this context, Chugai aims to create PHC solutions that demonstrate and maximize the value of pharmaceuticals, driving the next generation of personalized healthcare. In April 2024, we established the PHC Solution Unit to develop strategies and promote the development and implementation of PHC solutions.

Chugai's PHC solutions refer to Software as a Medical Device (SaMD) programs and services that precisely measure disease conditions and therapeutic effects. We believe that by combining these with our innovative in-house pharmaceuticals, we can provide optimal treatment for individual patients. In terms of value created, we have established the three points shown in the figure above, but from a revenue perspective, we believe these will primarily contribute to expanding pharmaceutical revenue and reducing development costs. Specifically, we aim to develop new metrics for precisely measuring therapeutic effects, narrowing down target patients through precise disease diagnosis, and supporting image-based diagnostics. These efforts are expected to improve the success rates and value assessments of development projects, increase clinical trial efficiency, and accelerate time to market.

Roadmap to 2030



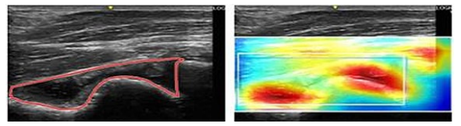
2. Foundation Medicine, Inc.

Column

Specific examples of PHC solutions including the field of hemophilia

In the field of hemophilia today, the most serious factor undermining quality of life (QoL) is hemophilic arthropathy. On the one hand, ultrasound (echo) exams, which use images to evaluate joints, require high-level expertise for both imaging and interpretation, limiting the widespread use of arthropathy diagnosis. Using AI, Chugai is pursuing the development of interpretation support solutions that visualize bleeding, synovitis and other areas of pathological changes. Presently, we are aiming for the early commercialization of an AI algorithm (patent pending) with high detection accuracy. Additionally, we are also developing solutions that include pain visualization for endometriosis and MRI image diagnosis support. Going forward, we will expand our activities by developing our own solutions, introducing Roche-developed solutions, promoting external collaborations, and also expanding products and introducing new assays in cancer genomic medicine.

Actual example of area of pathological change visualization (internal bleeding in elbow/joint)



Judgment by expert physician (red frame)

AI prediction (color map)

Photo source: Nagao A, Inagaki Y, Nogami K, et al. Artificial intelligence-assisted ultrasound imaging in hemophilia: research, development, and evaluation of hemarthrosis and synovitis detection. Res Pract Thromb Haemost. 2024;8(4):102439. Published 2024 May 9. doi:10.1016/j.rpth.2024.102439

GOVERNANCE

Message from an Independent Outside Director

Dr. Fumio Tateishi

Independent Outside Director,
Chair of the Appointment Committee,
Compensation Committee Member,
Special Committee Member

How I Became a Chugai Outside Director

I came in as an outside director of Chugai in 2023 with a sense of firm conviction. I lost my mother to an illness shortly after I was born, and I fell ill myself before starting my career, so I have always had strong feelings about life and health. I accepted the proposal to join the Chugai board representing minority shareholders because the Company shares important values with OMRON, where I had long been part of management, resolving to help serve society through a commitment to quality manufacturing. I also thought my management experience and years of working abroad could be of particular help.

The strategic alliance with Roche gives Chugai a unique board structure, with Chugai, outside directors, and Roche each making up one-third, and in my view, this improves the functioning of our governance. We directors are in constant pursuit of optimal governance leveraging the strength of this board structure. In following through on initiatives to improve the effectiveness of the board, we will continually examine and improve our own governance, to ensure that we maintain a structure capable of coping properly with any environmental change we may face.

Review of 2024 Priorities and Challenges

Our priorities for 2024 were refinement of the TOP I 2030 initiatives and a review of our material issues. The former has been very meaningful, helping us move faster, apply digital and AI technologies to all worksites, and evolve our HR strategy, all essential to achieving our ambitious goals. At an executive meeting I attended in February 2024, I felt that every employee should take initiative in leading reform more proactively, adding to their already existing attribute of being positive and sincere character. President Okuda designates spreading and maintaining a sense of ownership as an important challenge for us all. Under the new HR management system starting in 2025, I hope all employees will help accelerate TOP I 2030 with a sense of ownership.

In reviewing our material issues, we outside directors have also been engaged in active exchange of opinions and in-depth discussions to determine new ones. Based on our Envisioned Future, we consolidated 26 material issues into 16 and organized them into 3 groups according to the kind of stories they tell. I rate this reform as excellent. Of the three kinds of stories, I personally put the highest value on “Co-creation.” I will appropriately monitor this group as I believe collaboration with outside organizations is essential to our digital shift and the acceleration of drug discovery, alongside human resources and co-creation with Roche.

Three Committees and Ambitions

The Compensation Committee is working to create a pay structure that is compelling to investors and stakeholders globally, on top of being fair, transparent and compatible with our corporate strategy. We have already incorporated ESG-related assessment indices, but would like to place higher priority on social aspects. The Special Committee is examining and discussing our agreements and transactions with Roche from the standpoint of protecting the interests of minority shareholders. Naturally, the fairness of transactions must be guaranteed, and we would like to find a good balance between strategy (offense) and risk management (defense) in building corporate value. The Appointment Committee, which I chair, has been discussing executive candidates with a long-term view. Going forward, we plan to build ideal images of the executives we will need in the long term and an assessment regime, backcasting from our envisioned future for Chugai and society. Based on those images, we will discuss succession plans and coordinate with executive officers to select executive candidates to whom we can entrust our Group’s future.

Promoting this kind of future-based thinking is my core ambition as an outside director. To create a better future, I am resolved to find any gaps in our resources as we backcast from our envisioned future, work to address management issues, and help increase value for both the Company and society.

Directors / Audit & Supervisory Board Members (As of April 1, 2025)

Executive Directors

Dr. Osamu Okuda
Representative Director, President & CEO

Executive Director

(Shares of the Company owned: 191.4 thousand shares)

1987 Joined the Company
2008 General Manager of Lifecycle Management Dept. II
2009 General Manager of Lifecycle Management Dept. II and Head of Lifecycle
2011 President of Roche Products (Ireland) Limited
2013 General Manager of Oncology Unit, Marketing & Sales Div.
2014 Vice President, General Manager of Oncology Unit, Marketing & Sales Div.
2015 Vice President, General Manager of Corporate Planning Dept.
2017 Executive Vice President, General Manager of Corporate Planning Dept.
2018 Executive Vice President, Co-Head of Project & Lifecycle Management Unit
2020 Representative Director, President & COO
2021 Representative Director, President & CEO (to present)

Iwaaki Taniguchi
Director, Executive Vice President & CFO

Executive Director

(Shares of the Company owned: 6.8 thousand shares)

1989 Joined The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited)
2004 Joined Takeda Pharmaceutical Company Limited ("Takeda")
2013 General Manager of Corporate Finance Dept. of Takeda
2015 General Manager of Finance Management Dept. of Takeda
2017 Joined Recruit Holdings Co., Ltd.
Corporate Executive Officer (Responsible for Finance) of Recruit Holdings Co., Ltd.
2022 Joined the Company
Senior Vice President, Head of Finance & Accounting Dept.
2023 Senior Vice President, Head of Finance Supervisory Div. and Head of Finance & Accounting Dept.
2024 Director, Executive Vice President & CFO, and Head of Finance Supervisory Div. (to present)

Dr. Hitoshi Iikura
Director, Executive Vice President

Executive Director

(Shares of the Company owned: 7.2 thousand shares)

2000 Joined the Company
2017 Head of Medicinal Chemistry Research Dept.
2021 Head of Research Div.
2022 Vice President, Head of Research Div.
2024 Vice President, Head of Translational Research Div.
Director, Executive Vice President, and Head of Translational Research Div. (to present)

Non-Executive Directors

Audit & Supervisory Board Members

Non-Executive Directors

1 Dr. Mariko Y Momoi Outside Independent
Professor Emeritus of Jichi Medical University
Invited Professor of School of Medicine, Shinshu University
Regent of Tokyo Medical University (part-time)

1994 Head of Department of Pediatrics, Jichi Medical University
2006 Director of Jichi Children's Medical Center Tochigi
2010 Dean of School of Medicine, Jichi Medical University
2012 Visiting Professor of School of Medicine, Shinshu University
2013 Professor Emeritus of Jichi Medical University (to present)
Vice President of International University of Health and Welfare
2014 Director of Japanese Medical Specialty Board (part-time)
2015 Vice President of International University of Health and Welfare and Head of IUHW Hospital
2017 Chief Medical Officer of Ryoumou Seishi Ryogoen, Kiryu Ryoiku Futabakai Social Welfare Corporation
2018 Regent of Tokyo Medical University (part-time) (to present)
2020 Director of the Company (to present)
2024 Invited Professor of School of Medicine, Shinshu University (to present)

2 Dr. Fumio Tateishi Outside Independent
Honorary Advisor of OMRON Corporation

1975 Joined Tateisi Electronics Co. (currently OMRON Corporation)
1997 Director of OMRON Corporation ("OMRON")
1999 Managing Executive Officer of OMRON
2001 Senior General Manager, Corporate Strategic Planning HQ of OMRON
2003 Executive Officer and Executive Vice President of OMRON, President, Industrial Automation Business Company of OMRON
2008 Director and Executive Vice Chairman of OMRON
2013 Chairman of the Board of OMRON
2023 Director of the Company (to present)
Honorary Advisor of OMRON (to present)

3 Hideo Teramoto Outside Independent
President of Dai-ichi Life Research Institute, Inc.
Outside Director of Imperial Hotel, Ltd.

1983 Joined The Dai-ichi Mutual Life Insurance Company
2012 Director, Managing Executive Officer, Deputy Chief General Manager of Group Management Headquarters, and General Manager of Corporate Planning Department of The Dai-ichi Life Insurance Company, Limited ("DLI")
2013 Director, Managing Executive Officer, and Deputy Chief General Manager of Group Management Headquarters of DLI
2015 Director, Senior Managing Executive Officer, and General Manager of Marketing Promotion of DLI
2016 Director, Senior Managing Executive Officer, and General Manager of Marketing Promotion of Dai-ichi Life Holdings, Inc. ("DLH")
Director and Senior Managing Executive Officer of DLI
2017 Director of DLH
Representative Director and Vice Chairman of DLI
2020 Director, Vice Chairman, and General Manager of Innovation Strategy Unit of DLH
2021 Representative Director, Vice Chairman, and Executive Officer of DLH
2022 Director of DLH
President of Dai-ichi Life Research Institute, Inc. (to present)
2023 Director of the Company (to present)
Outside Director of Imperial Hotel, Ltd. (to present)

4 Dr. Thomas Schinecker
Roche Group, CEO

2003 Joined Roche Group
2005 Roche Diagnostics Austria, Head of Marketing and Sales
2008 Roche Diagnostics Sweden, General Manager
2011 Roche Diagnostics, Lifecycle Leader Sequencing Solutions
2013 Roche Diagnostics Germany, General Manager
2018 Roche Diagnostics, Global Head of Roche Diagnostics Centralised and Point of Care Solutions
2019 Roche Diagnostics, CEO, Member of the Corporate Executive Committee
2023 Roche Pharma, CEO ad interim
Roche Group, CEO (to present)
2025 Director of the Company (to present)

5 Teresa A. Graham
CEO of Roche Pharmaceuticals,
Member of the Roche Corporate Executive Committee

2005 Joined Genentech as Product Manager
2010 Genentech Sales Manager
2011 Genentech Marketing Director
2013 Genentech Sr. Dir. Field Reimbursement Management
2015 Roche Lifecycle Leader Actemra
2017 Genentech Vice President Rheumatology/Nephrology
2018 Genentech Vice President AATE & LGI Sales
2019 Roche Pharma Head of Global Product Strategy
2023 CEO of Roche Pharmaceuticals, Member of the Roche Corporate Executive Committee (to present)
Director of the Company (to present)

6 Boris L. Zaïtra
Roche, Head of Corporate Business Development, Member of the enlarged Corporate Executive Committee

1995 JP Morgan, Mergers & Acquisitions, Associate
1999 Duke Street Capital, Partner
2005 Airbus Group, Head of Mergers & Acquisitions, Corporate Vice-President
2012 Roche, Head of Group Business Development/M&A
2024 Roche, Head of Corporate Business Development, Member of the enlarged Corporate Executive Committee (to present)
2025 Director of the Company (to present)

Audit & Supervisory Board Members

7 Dr. Shigehiro Yamada (Full-time)
(Shares of the Company owned: 1.9 thousand shares)

2005 Joined the Company
2016 Head of Pharmaceutical Technology Planning Dept.
2018 Head of Corporate Planning Dept. of Chugai Pharma Manufacturing Co., Ltd.
2019 Head of Corporate Social Responsibility Dept. of the Company
Head of Sustainability Dept. of the Company
2023 Full-Time Audit & Supervisory Board Member (to present)

8 Masayoshi Higuchi (Full-time)
(Shares of the Company owned: 6.4 thousand shares)

1992 Joined the Company
2013 Head of Regulatory Affairs Dept.
2019 Head of Quality & Regulatory Compliance Strategy Dept.
2021 Head of Quality & Regulatory Compliance Unit
2022 Vice President, Head of Quality & Regulatory Compliance Unit
2023 Vice President, Head of Quality & Regulatory Compliance Unit, In charge of Risk & Compliance Dept.
2025 Vice President
Full-Time Audit & Supervisory Board Member (to present)

9 Kenichi Masuda Outside Independent
Partner of Anderson Mori & Tomotsune
Outside Director of Bridgestone Corporation
Outside Director (Audit & Supervisory Committee Member) of Mercuria Holdings Co., Ltd.

1988 Registered as an attorney-at-law (Daini Tokyo Bar Association)
Joined Anderson Mori & Rabinowitz (currently Anderson Mori & Tomotsune)
1993 Registered as an attorney-at-law in the state of New York
1997 Partner of Anderson Mori (currently Anderson Mori & Tomotsune) (to present)
2007 Outside Corporate Auditor of LIFENET INSURANCE COMPANY
2010 Part-Time Lecturer at School of Law, The University of Tokyo
2011 Outside Corporate Auditor of Bridgestone Corporation
2016 Outside Director of Bridgestone Corporation (to present)
Outside Audit & Supervisory Board Member of Mercuria Investment Co., Ltd. (currently Mercuria Holdings Co., Ltd.)
2019 Visiting Professor of School of Law, The University of Tokyo
2020 Outside Audit & Supervisory Board Member of the Company (to present)
2025 Outside Director (Audit & Supervisory Committee Member) of Mercuria Holdings Co., Ltd. (to present)

10 Yumiko Waseda Outside Independent
Partner Attorney-at-Law/Partner Patent Attorney, Tokyo Roppongi Law and Patent Office
Outside Audit & Supervisory Board Member of IHI Corporation
Outside Director (Audit and Supervisory Committee Member) of SCSK Corporation

1985 Joined Matsuda Masayuki Law and Patent Office (currently Mori Hamada & Matsumoto)
2004 Vice President of Daini Tokyo Bar Association
2005 Executive Governor of Japan Federation of Bar Associations
2013 Joined Tokyo Roppongi Law & Patent Office
2014 Partner of Tokyo Roppongi Law & Patent Office (to present)
Outside Audit & Supervisory Board Member of KAO Corporation
2015 Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd.
2016 President of Daini Tokyo Bar Association
Vice President of Japan Federation of Bar Associations
2021 Outside Audit & Supervisory Board Member of IHI Corporation (to present)
2023 Outside Audit & Supervisory Board Member of the Company (to present)
Outside Director (Audit and Supervisory Committee Member) of SCSK Corporation (to present)

11 Mami Yunoki Outside Independent
Representative of Mami Yunoki Certified Public Accountant Office
Outside Director of Daiwa Securities Group Inc.

1985 Joined Aoyama Audit Corporation
2006 Joined Arata Audit Corporation (currently PricewaterhouseCoopers Japan LLC)
2008 Partner of PricewaterhouseCoopers Arata ("Arata")
2016 Member of the firm management committee and Executive Officer in charge of the manufacturing, distribution, and services division of Arata
2023 Representative of Mami Yunoki Certified Public Accountant Office (to present)
2024 Outside Audit & Supervisory Board Member of the Company (to present)
Outside Director of Daiwa Securities Group Inc. (to present)

Independent Independent director or Audit & Supervisory Board member pursuant to Article 436-2 of the regulations of Tokyo Stock Exchange, Inc.
Note: Outside Audit & Supervisory Board members do not own Company shares.

Towards Realizing Our Mission

Chugai's mission is to dedicate itself to adding value by creating and delivering innovative products and services for the medical community and human health around the world. Under this mission, Chugai aims to achieve the advanced and sustainable patient-centric healthcare set forth in its Envisioned Future through the creation of shared value with its various stakeholders.

To create this value, under its strategic alliance with Roche, Chugai maintains its managerial autonomy and independence as a publicly listed company while being a member of the Roche Group. Chugai pursues management that fulfills the mandate of its diverse stakeholders appropriately and fairly. The composition of the Board of Directors and the associated monitoring mechanisms are also based on this approach, which is designed to generate innovation by leveraging the essential value of our unique business model with its emphasis on diversity.

We have verified our compliance with each principle of the Corporate Governance Code of the Tokyo Stock Exchange. In the case of non-compliance, the item and the reason are indicated below as well as in our Corporate Governance Report.

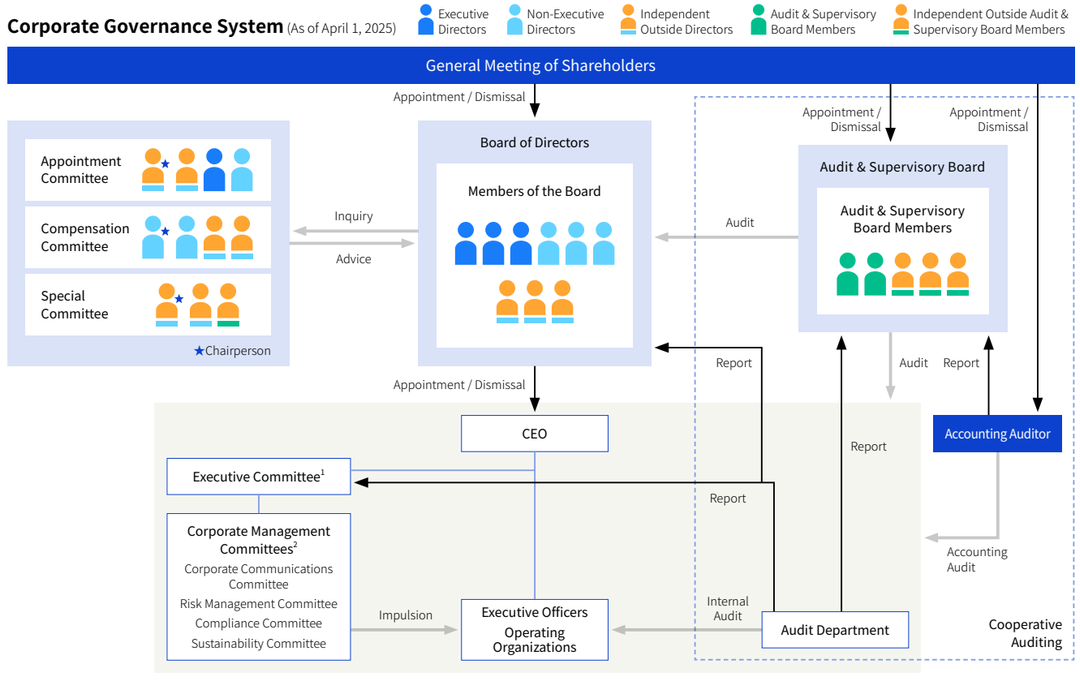
Reasons for Not Implementing the Respective Principles of the Corporate Governance Code
Supplementary Principle 4-10-1 Establishment of independent advisory committees

Although the Company's Compensation Committee is not comprised of a majority of independent outside directors, all four of the committee members are non-executive directors, including at least two independent outside directors. At least one of the independent outside directors also serves as a Special Committee* member. In the deliberation by the Compensation Committee, if the deliberation by the Special Committee is considered appropriate by the member who also serves as a Special Committee member, the committee will deliberate and consider it, and report it to the Board of Directors. Therefore, in view of the purpose of the Corporate Governance Code, we believe that deliberations on remuneration are conducted with transparency and objectivity in the current structure.

* **Special Committee:** The Company has established the Special Committee as a permanent advisory body to the Board of Directors to create a structure for protecting the interests of minority shareholders. The Special Committee deliberates and reviews significant transactions and conduct, etc. that may generate a conflict of interest between Roche and minority shareholders, from the perspectives of necessity and rationality of the transaction, as well as the appropriateness and fairness of the transaction conditions and other aspects, and provides an answer and report to the Board of Directors. Depending on the importance of a transaction, the Special Committee deliberates matters to be placed on the board agenda for a resolution before the Board of Directors meeting, and receives regular reports on matters decided by the Executive Committee. To ensure the independence and objectivity of the Special Committee, it has a composition of at least three members, comprising independent outside directors or independent outside Audit & Supervisory Board members, with the members being selected by the Board of Directors.

Corporate Governance Report and Related Materials
https://www.chugai-pharm.co.jp/english/ir/governance/report.html

Corporate Governance System (As of April 1, 2025)

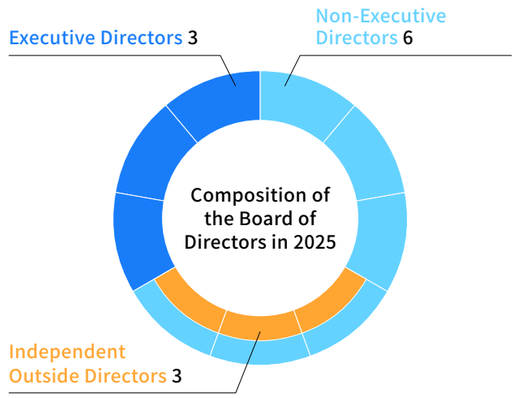


1. Executive Committee: Performs important decision-making related to Company-wide business strategies and execution of business.
2. Corporate Management Committees: Subcommittees of the Executive Committee. The Corporate Communications Committee makes decisions and oversees promotion of activities regarding information disclosure and dialogue with stakeholders; the Risk Management Committee oversees risk management and promotes activities to identify and measure risks; the Compliance Committee reinforces the PDCA cycle for compliance activities and monitors the implementation of countermeasures and the status for particular items; the Sustainability Committee is responsible for formulating and promoting the implementation of the Chugai Group's sustainability strategies.

A Governance Structure Supporting Chugai's Unique Business Model

While a member of the Roche Group, Chugai ensures the autonomy and independence of its management. To promote the Company's unique business model, the Board of Directors comprises three types of directors: executive directors, independent outside directors, and non-executive directors (excluding independent outside directors), each comprising one-third of the board, respectively. The basic intention of this board composition is to secure their respective diversity and skills.

Executive directors are responsible for business execution and supervision. They report on and explain business execution matters and execute the strategies decided in Board of Directors meetings. Independent outside directors are appointed based on their experience, knowledge, and expertise as outside corporate executives or as medical, academic, and other professionals. They participate in discussions and decision-making at Board of Directors meetings from an objective standpoint, as well as oversee business execution. Other non-executive directors (excluding independent outside directors) are appointed from among management members of Roche. They provide an objective, expert perspective from a standpoint that is independent from business execution and engage in discussion and offer recommendations and advice regarding strategies and management at Board of Directors meetings. These directors are essential to the Company as they possess world-leading skills and experience in the healthcare field, and also because Chugai shares Roche's mission of "providing solutions to patients" even as it pursues autonomous and independent management.



Expertise and Experience Expected of Directors and Audit & Supervisory Board Members (As of April 1, 2025)

	Positions	Name	Roles	Expertise and experience expected of directors and Audit & Supervisory Board members						
				Corporate management	R&D	Sales, marketing	Finance, accounting, tax affairs	Legal affairs, intellectual property, risk management	Medical science, pharmaceutical sciences	International experience
Executive directors	Representative Director, President & CEO	Dr. Osamu Okuda	Chair of the Board of Directors Appointment Committee member	●	●	●			●	●
	Director Executive Vice President & CFO	Iwaaki Taniguchi		●			●	●		●
	Director Executive Vice President	Dr. Hitoshi Iikura		●	●				●	●
Non-executive directors	Outside Director Independent	Dr. Mariko Y Momoi	Appointment Committee member						●	●
	Outside Director Independent	Dr. Fumio Tateishi	Chair of the Appointment Committee Compensation Committee member Special Committee member	●		●		●		●
	Outside Director Independent	Hideo Teramoto	Chair of the Special Committee Compensation Committee member	●		●	●	●		
	Director	Dr. Thomas Schinecker	Compensation Committee member	●	●	●				●
	Director	Teresa A. Graham	Chair of the Compensation Committee Appointment Committee member	●	●	●				●
	Director	Boris L. Zaïtra		●			●			●
Audit & Supervisory Board members	Full-Time Audit & Supervisory Board Member	Dr. Shigehiro Yamada			●			●		●
	Full-Time Audit & Supervisory Board Member	Masayoshi Higuchi			●			●	●	●
	Outside Audit & Supervisory Board Member Independent	Kenichi Masuda	Special Committee member					●		●
	Outside Audit & Supervisory Board Member Independent	Yumiko Waseda						●		
	Outside Audit & Supervisory Board Member Independent	Mami Yunoki					●			●

Independent Independent director or Audit & Supervisory Board member who has been registered with the Tokyo Stock Exchange

Initiatives for Improving the Effectiveness of the Board of Directors

Chugai has focused on evaluation of the effectiveness of the Board of Directors and responses based on evaluation results since 2016.

Effectiveness evaluation is carried out through a self-assessment survey of currently serving directors and Audit & Supervisory Board members who were in office during the evaluation period. The Board of Directors discusses the survey results after receiving a relevant report from the Secretariat. Starting with the 2019 effectiveness evaluation, we made changes to further enhance outside perspectives and objectivity. Under the new system, external experts formulate the survey items and, based on the survey results, analyze the grounds for the respective self-assessments and the logical basis for reaching the self-assessment results, as well as other matters. Then, they make a comprehensive evaluation after conducting individual interviews if necessary, and report issues and propose effective countermeasures to the Board of Directors. In addition to the existing liaison meetings for outside directors and outside Audit & Supervisory Board members,* from 2023, we have conducted a Board of Directors' meeting review by outside directors and outside Audit & Supervisory Board members, which meets immediately after a Board of Directors' meeting. This meeting is comprised only of independent outside directors and independent outside Audit & Supervisory Board members and examines issues in the Board of Directors' meeting and improvement measures. The content of the meeting is shared with the chair of the Board of Directors, along with any proposals if necessary. From 2024, we have used the results of the effectiveness evaluation in Board of Directors meetings to discuss measures to help increase the effectiveness of the Board of Directors.

* A meeting held to share information necessary to invigorate the discussion in the Board of Directors and to further develop mutual connections between outside directors and outside Audit & Supervisory Board members

Initiatives for Improving the Effectiveness of the Board of Directors

Initiatives to improve effectiveness based on issues extracted in the effectiveness evaluation are classified into two categories: 1. Identification of the priority theme for the next fiscal year and 2. Design of focused measures for the next fiscal year. By continuously working through a PDCA cycle, we will effectively enhance the board's effectiveness.

1. Identification of the priority theme for the next fiscal year
We determine the theme that the Board of Directors should focus on in the next fiscal year, and formulate a policy on what kind of discussion should take place in Board of Directors meetings.

2. Design of focused measures for the next fiscal year
We organize a program through participation in liaison meetings for outside directors and outside Audit & Supervisory Board members and in-house events, ensuring that the program considers the priority theme for the next fiscal year and the needs of outside directors, and formulate an annual plan. Moreover, we aim to further improve the operation of the Board of Directors to facilitate more in-depth discussion, through preparation of materials, as well as information to be shared beforehand and explanation points for the people providing explanations on the day.

Initiatives in 2024

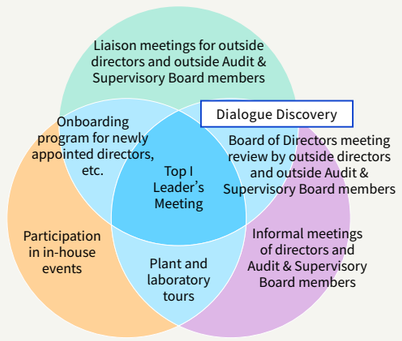
Priority theme

Medium- to long-term strategy
The Board of Directors discussed the refinement of our TOP I 2030 growth strategy, which bolstered the resolution of our medium- to long-term strategy. Through the report of the Chugai Venture Fund, we confirmed the progress on our initiatives related to open innovation, one of the three key drivers for realizing TOP I 2030, and expanded opportunities for discussion.

Focused measures

To promote understanding regarding the medium- to long-term strategy as our priority theme, and stimulate discussion in the Board of Directors, we organized programs outside of the Board of Directors together with existing programs already being implemented. These were established systematically by objective, as shown in the figure on the right. Based on these, we provided detailed explanations of our business plans at the liaison meeting for outside directors and outside Audit & Supervisory Board members, and held a discussion forum called "Dialogue Discovery," in which all directors, including those who live abroad and usually attend board meetings remotely, met together in person. Furthermore, we increased the provision of information to outside directors to promote deeper understanding of items for discussion at Board of Directors meetings, including enhancement of the prior explanation of discussion topics for the meetings and sharing of the minutes of Executive Committee meetings.

Overview of Annual Programs Outside of Board of Directors Meetings



Status of Improvements Identified through Evaluation of the Effectiveness of the Board of Directors to Date (2021–2023)

Year of evaluation	Main issues	Main new initiatives implemented after analysis and evaluation
2021	・Compliance with the revised Corporate Governance Code	・Revised our Basic Corporate Governance Policy
2022	・Conducting deliberations regarding transactions with Roche based on review and examination in the Special Committee ・Operation of the Board of Directors, information provision and information sharing during the COVID-19 pandemic	・The Special Committee examined the framework for determining fairness of transaction conditions with Roche and reported the results to the Board of Directors ・Conducted Board of Directors meetings at Chugai's overseas research laboratories
2023	・Operation of the Board of Directors with consciousness of the cost of capital and profitability based on the request of the Tokyo Stock Exchange ・Comprehensive efforts on investments in human capital and assessment of appropriateness of those efforts ・Comprehensive assessment regarding the progress toward environmental targets ・Further improvement of the effectiveness of Board of Directors meetings by expanding opportunities for information sharing and exchange of opinions for outside directors and outside Audit & Supervisory Board members, including outside of Board of Directors meetings	・As a response to "management with consciousness of cost of capital and share prices," conducted deliberations and disclosed relevant information in the Corporate Governance Report ・Visualized initiatives on human resources and deliberated regarding the policy on disclosure of the Company's approach to human capital ・Discussed progress and initiatives on targets related mainly to the environment and Kenko Investment for Health ・In addition to the liaison meetings for outside directors and outside Audit & Supervisory Board members that are already being held, a new Board of Directors' meeting review, held directly after a Board of Directors' meeting, was established as a forum for sharing information and exchanging opinions only between outside directors and outside Audit & Supervisory Board members.

Evaluation Results of Effectiveness of the Board of Directors
https://www.chugai-pharm.co.jp/english/ir/policy/governance/files/eBoardEffectivenessResults.pdf?20250425

Major Matters Deliberated by Advisory Committees and Reported to the Board of Directors (2024)

Appointment Committee	・The proposal of director candidates submitted to the General Meeting of Shareholders for resolution ・The proposal of executive director candidates and the proposal of a representative director candidate ・The proposal of the appointment of an Honorary Advisor ・Major executive officers list in 2025 ・CEO successor candidates
Compensation Committee	・Individual bonus amounts for 2023. The Company's remuneration levels, proportion of remuneration, and verification of the appropriateness of remuneration benchmark companies for 2023 ・Individual remuneration levels and proportion of remuneration for directors for 2024 ・Release rate of the transfer restriction for performance-based restricted stock compensation based on the comparison results of total shareholders returns
Special Committee	・Report on transactions related to Roche for the second half of 2023 (continually since the December 2023 Committee meeting) ・Report on measures taken to address the issues raised at the December 2023 Committee meeting ・Pre-board meeting deliberation on the transactions related to Roche that are subject to resolution by the Board of Directors ・Report on transactions related to Roche for 2024 (conducted by first half and second half)

Relationship with Roche and Securing the Rights and Equality of Shareholders

In accordance with our strategic alliance, Chugai's parent company Roche and Chugai have agreed to cooperate to maintain Chugai's common stock listing on the Prime Market of the Tokyo Stock Exchange (TSE). Chugai conducts autonomous management as an independently listed company. Autonomy and diversity are key to generating innovation, and we believe that maintaining this kind of independent management brings diversity to the Roche Group, and that the pharmaceuticals we create as a result contribute to all stakeholders, including patients and minority shareholders. Chugai recognizes that the various benefits from being listed—such as its solid credit rating, flexible fund procurement, name recognition, and social presence—are supported by the understanding of shareholders other than Roche, i.e., minority shareholders and investors who are potential shareholders. That is why in its business dealings with Roche, Chugai conducts all transactions fairly using third-party prices. Furthermore, the Special Committee was established in March 2022 to deliberate and review significant transactions and conduct, etc. that may generate a conflict of interest between Roche and minority shareholders. Chugai is working to gain the latter's trust by ensuring due consideration of their interests. In the six meetings of the Special Committee held in 2024, the committee did not recognize any transactions for harming the interests of minority shareholders.

Overview of the Strategic Alliance with Roche

Management of Chugai Pharmaceutical	Shareholdings:	・Roche holds 59.89% of the Company's shares ・Roche has an obligation to hold at least 25% of the total number of Chugai's issued shares ・Roche may not sell Chugai's shares to a competitor without prior approval of Chugai's Board of Directors ・Chugai shall have the right of first refusal when Roche sells Chugai's shares
	Share issuance:	・Share issuances, etc., under certain conditions require prior approval of Roche ・When issuing shares, etc., Roche shall have preferential subscription rights to maintain its shareholding ratio
	Stock market listing:	・Roche has an obligation to cooperate on maintaining Chugai's listing on the Tokyo Stock Exchange Prime Market
	Decision-making process:	・Based on the principle of self-governance
	Board members:	・Roche has the right to nominate less than half of the candidates for director and Audit & Supervisory Board member ・Currently, we judge a composition of 1/3 each of inside directors/Roche members/and independent outside directors to be optimal - In principle, three candidates nominated by Roche are selected - Three independent outside directors are selected upon deliberation by the Appointment Committee (1/3 of the directors)
Business Activities	Business model:	・Ensure stable revenue base by in-licensing Roche products for the Japanese market ・Chugai products are sold globally through the Roche Group's network (To increase the corporate value of the Roche Group, the Company is responsible for important drug discovery and development functions, and for Japanese market development and marketing functions)
	Licensing:	・Right of first refusal on the development and marketing of development compounds - Chugai holds the right of first refusal in the Japanese market for Roche development compounds - Roche holds the right of first refusal overseas (except for South Korea and Taiwan) for Chugai's development compounds
	R&D:	・Research collaboration agreement for biopharmaceuticals and small molecule synthetic pharmaceuticals
	Cash management:	・Chugai does not participate in the Roche Group's cash management system
Protection of Minority Shareholders	Protection system:	・Establishment of a permanent Special Committee comprised of independent directors and Audit & Supervisory Board members
	Transactions with the parent company:	・Deliberation by the Special Committee of transactions and behavior that could incur a conflict of interest

Introduction of Outside Perspectives

Having "creation of shared value" as our basic management policy means that we consider it important to reflect a wider range of stakeholder perspectives in our management decisions. In addition to the appointment of outside directors and outside Audit & Supervisory Board members, we also actively promote the introduction of outside perspectives by listening to feedback from patients concerning our overall management and business activities, engaging in dialogue with shareholders and investors and analyzing their expectations and demands, and taking advice from experts in Japan and overseas. The opinions, issues, and other matters that we obtain through these activities are discussed by the Board of Directors, the Executive Committee, and other bodies, to assist in management decision-making. In 2024, we renewed the membership of the Chugai International Council (CIC), which we had operated up to 2021, to resume its activities. The council helps us to respond effectively to changes in the global business environment so that we can take the right corporate approach to global business development. The CIC is made up of five global experts in the pharmaceutical and regulatory industries, with an 80% ratio of overseas members.

Examples of Introducing Outside Perspectives in Management

- Implementing PHARMONY activities aimed at fostering mutual understanding by incorporating the opinions of patients and families across the entire value chain
- Conducting dialogue with 21 groups including patient organizations, medical institutions, business partners, academia, investors, and others in revising our material issues
- Interviewing shareholders and investors regarding sustainability and measurement of impacts
- Discussion in CIC regarding the outlook for the global healthcare business

Column Dialogue with Independent Outside Directors and Investors

As Roche owns the majority of the Company's shares, we recognize that dialogue with independent outside directors is essential to protect the interests of minority shareholders. To meet this need, at our IR Day in October 2024, we provided an opportunity for direct dialogue between two of our independent outside directors (Dr. Fumio Tateishi and Mr. Hideo Teramoto) and institutional investors. The dialogue was held without executive directors, which enabled the participants to have an open and direct exchange of opinions that was highly satisfactory. It provided an opportunity to explain the Company's governance initiatives aimed at creating shared value, including topics such as the governance system, discussions at Board of Directors meetings, and the Company's relationship with Roche. We will continue to provide opportunities for dialogue going forward as we strive to build relationships of trust with our shareholders and investors.

Mr. Teramoto (left) and Dr. Tateishi (right) in dialogue with investors at IR Day (October 2024)

Succession Plan

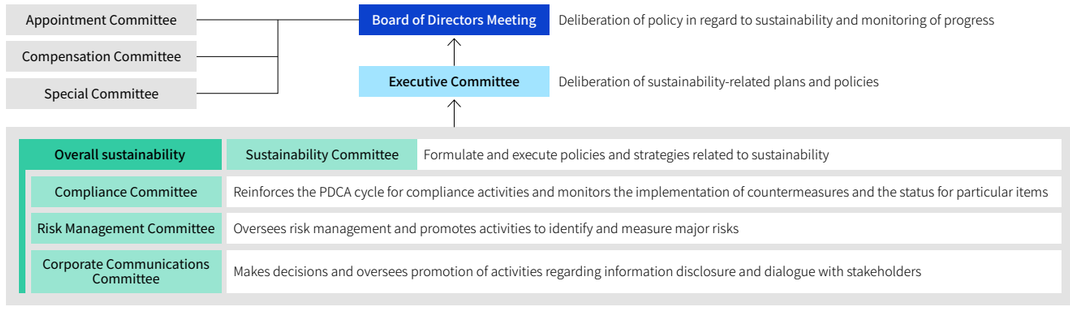
In its succession planning, the Company seeks to promote the sustainable increase of its corporate value by emphasizing the experience and ability to continue and evolve its unique business model and the diversity required for global management. The basic idea is to identify, select, and develop at an early stage talent with the potential to succeed to key management positions. With this in mind, we select candidate personnel through internal and external assessment using multiple evaluation metrics based on the Company's Envisioned Future and requirements for ideal management personnel. Successor candidates are grouped into three levels (ready/next/future), then individual personal development plans are created for each successor through a clear system of responsibility, and they are given priority training.

The Company's Appointment Committee has one internal member, and at least three outside members, including at least one independent outside director. It deliberates on the creation of plans for the selection and development of successors for executive directors, including the CEO, and monitors the successor preparation rate, with the objective of ensuring objectivity, transparency, and accountability in succession planning. Looking ahead, we will enhance succession planning by continuing to discuss the future of the Company's management and management team, giving consideration to internal and external viewpoints.

Framework for Promoting Sustainability

With sustainability at the heart of our business activities, our basic management policy is to lead the way in resolving social issues, creating value through our activities that is shared with various stakeholders, and develop together with society. The CEO, who is the chair of the Board of Directors and the Executive Committee, is responsible for promoting our overall sustainability. Executive responsibility is assumed by all members of the Executive Committee. Individual specialized matters are discussed at the Corporate Management Committee, after which plans and policies are deliberated and approved by the Executive Committee.

Starting from February 1, 2024, in response to the accelerated changes and increasing sophistication of societal demands, including those related to information disclosure, Chugai has established a new Sustainability Committee. This scheme allows us to discuss sustainability in a more specialized and comprehensive manner. Chugai will continue to proactively promote sustainable development for both our Company and society.



Officer Remuneration Emphasizing Linkage with Performance and Stock Price

Chugai has designed its remuneration plan for directors and Audit & Supervisory Board members to attract outstanding people and appropriately motivate them in order to continuously increase the Chugai Group's corporate value.

In order to further clarify the link between remuneration and the Company's business performance and shareholder value, and to raise directors' ambition and motivate them to improve performance, executive director remuneration consists of fixed regular compensation, bonuses paid according to performance and other factors in each fiscal year as a short-term incentive, and restricted stock compensation linked to medium- and long-term performance (tenure-based and performance-based) as a long-term incentive. The guidelines for remuneration composition by type are as follows: CEO remuneration consists of 35% regular compensation, 30% bonuses, and 35% restricted stock compensation; remuneration for other executive directors is determined in consideration of duties and other factors.

Bonuses are determined by multiplying the standard amount set for each position by an evaluation coefficient reflecting an overall assessment based on Company and individual performance set with reference to the published forecasts for the relevant fiscal year. For restricted stock compensation, 50% is tenure-based restricted stock with a transfer restriction period of three to five years, and 50% is performance-based restricted stock.

Remuneration of non-executive directors, including outside directors, and Audit & Supervisory Board members consists solely of fixed regular compensation.

Individual remuneration is determined by the following process within the scope of the total amount decided by the General Meeting of Shareholders.
- Executive directors: determined by the Board of Directors after deliberation by the Compensation Committee
- Non-executive directors (including outside directors): decided by the CEO having been designated by the Board of Directors, based on the advice of the Compensation Committee
- Audit & Supervisory Board members: decided through discussion by the Audit & Supervisory Board members

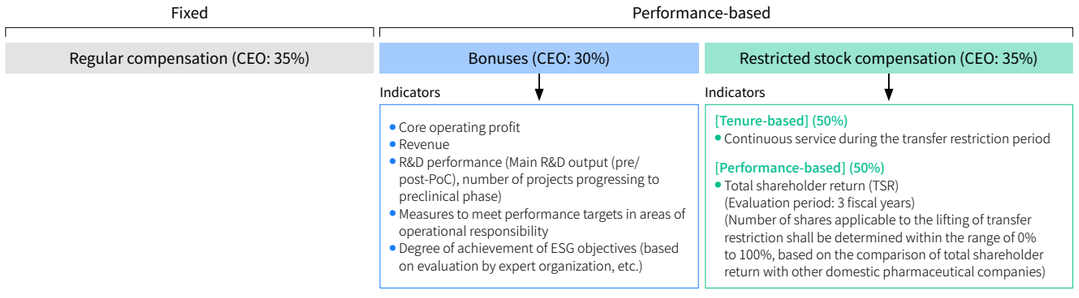
Furthermore, so that the relevant deliberations take place with expert input on officer remuneration systems and with due consideration of other factors, including the wider changes affecting corporate executive remuneration, the Compensation Committee—which is appointed by the Board of Directors and consists of three or more external members, at least one of whom is an independent outside director— bases its discussion on the results of a survey by an external expert organization, thus ensuring the transparency and objectivity of the decision-making process so that it can uphold accountability to stakeholders.

Notice of Convocation of the 114th Annual General Meeting of Shareholders (Pages 22-25)
https://www.chugai-pharm.co.jp/english/ir/share/agm/files/250227eChugai_114thAGM_Business_report.pdf#page=23

System for Remuneration of Directors and Audit & Supervisory Board Members

Type of remuneration			Eligible officers: Executive directors	Eligible officers: Non-executive directors (including outside directors)	Eligible officers: Audit & Supervisory Board members	Payment criteria	Payment method
Fixed regular compensation	Regular compensation		●	●	●	Position, duties, and other factors	Monthly (Cash)
Performance-based remuneration	Bonuses		●	—	—	Performance in each fiscal year	Yearly (Cash)
	Long-term incentive (Stock-based compensation)	Tenure-based restricted stock	●	—	—	Fixed length of service	Yearly (Common stock)
		Performance-based restricted stock	●	—	—	Performance over fixed period in addition to above	Yearly (Common stock)

Reference Indicators for Performance-Based Remuneration of Executive Directors



Risk Management

Risk Management / Compliance Promotion System

Chugai has established the Risk Management Committee and the Compliance Committee under the Executive Committee. The Risk Management Committee discusses topics such as Company-wide risk management policy, important risks and measures to address them. Meanwhile, the Compliance Committee discusses topics such as understanding the compliance situation within the Group and measures to address compliance issues. The activities of both committees are reported regularly to the Executive Committee and Board of Directors.

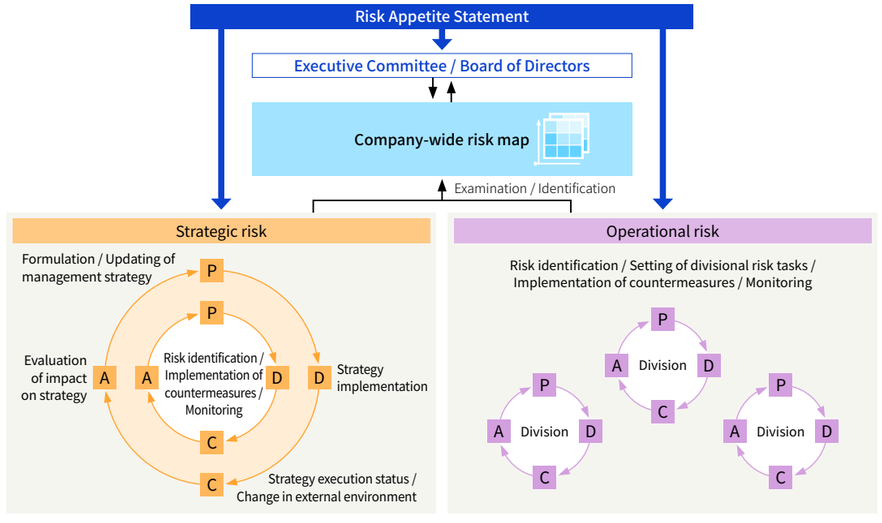
Risk Management

To maximize corporate value, Chugai has implemented and operates a framework for enterprise risk management (ERM) based on visualization and integrated management of risk. We have clarified our policy on risk preferences as a Risk Appetite Statement, and aim to conduct effective and efficient risk management by dividing the risks to be addressed into strategic risks and operational risks, and identifying, classifying, and visualizing them in a centralized fashion. In tandem with this, we have strengthened our accountability to external stakeholders. To perform Company-wide gathering, analysis, and feedback of risk information, we have developed and implemented our own risk management system. This system records risk maps and annual risk response plans created through discussion by the Division Risk and Compliance Committees established in each division and unit, as well as BCP manuals, incident reports, and other relevant information. The information is databased and centrally managed to enable risk analysis for the Group as a whole and monitoring of countermeasures at each division.

Compliance Promotion

Rooted in its belief that corporate ethics take priority over profit, Chugai places paramount importance on respect for life, and strives for fair and transparent corporate activities based on high ethical standards, along with sincere scientific initiatives. In addition to complying with various laws and regulations and industry self-regulatory standards, we view compliance as meeting the expectations of society, and all employees in Japan and overseas are practicing compliance based on the Chugai Group Code of Conduct. In terms of our internal structure, we implement a Three Line Model, in which the second-line functions are responsible for monitoring compliance across the entire Group, as well as supporting the business activities of our first line (business divisions) by formulating Company-wide policies and guidelines, conducting awareness-raising and educational activities, and so forth. For example, in order to ensure the appropriate handling of confidential and personal information in our efforts to transform business and create value through the active use of generative AI, we are working to raise awareness and provide education across the entire company, and in individual cases, we are also working with the relevant departments to achieve agile business activities. In the first line, we aim to promote autonomous compliance in each workplace through the compliance manager and a compliance officer appointed in each division and the Division Risk and Compliance Committees established in each division and unit. Moreover, internal and external consultation desks have been established to receive inquiries and reports from all Chugai employees concerning violations of laws, Company rules, the Chugai Group Code of Conduct, and other related matters. We have also established a consultation desk to receive reports from outside the Company in June 2022 in accordance with the revised Whistleblower Protection Act.

Operational Outline of ERM



Main Risks and Countermeasures in the Chugai Group's Business Development (Strategic Risk and Operational Risk)

Major risks[1]			Main countermeasures
Strategic risk	Technology and innovation	Delay or failure in in-house drug discovery or technology development	• Explore the latest science and technologies • Diversify by strengthening external collaborations • Proactively allocate resources
		Failure in development of mid-size molecule drugs	• Concentrate investment of management resources and strengthen alliances for drug discovery, development, and pharmaceutical technology • Make efficient use of production facilities for mid-size molecules
		Emergence of innovative products and solutions by competition	• Take steps to expand patient value of in-house products • Strengthen understanding of competition trends • Pursue a multi-modality strategy
		Emergence of disruptive new technologies and solutions	• Explore the latest science and technologies • Strengthen external collaboration, including CVF investment
		Infringement of IP rights (Chugai's or competitors')	• Further strengthen IP strategy and collaboration with external experts and licensees • Conduct ongoing monitoring and analysis of trends in relevant laws, etc., and implement a proactive IP response
	Systems, regulations, and policies	Changes in pharmaceutical regulations, systems, and policies in Japan and overseas	• Demonstrate high patient value • Strengthen project and product portfolio management • Continuously develop next-generation products and take IP measures • Enhance overseas intelligence functions • Strengthen dialogue with academic associations and policy decision-makers
		Further tightening of environmental regulations	• Timely understanding of regulatory trends • Understand and accurately incorporate the latest technology trends
	Markets and customers	Market changes or decrease in market presence	• Allocate sales resources appropriately • Strengthen customer engagement • Diversify product range • Create a flexible organizational structure able to respond rapidly to efficiency gains from DX and environmental changes
		Restrictions on business due to increase in geopolitical risk	• Prepare business continuity plans (BCPs) and manuals, etc. to ensure business continuity and executive and employee safety • Visualize the entire supply chain, identify risks, and take proactive measures • Strengthen supply back-up system (establishment of dual sites)
	Platforms	Failure of development or market penetration for products in-licensed from Roche/out-licensed to Roche	• Support formulation and execution of Roche's global development and marketing plan • Execute out-licensing strategy that contributes to maximizing the overall value of the Roche Group • Execute optimal in-licensing strategy based on Roche's strategy and explore in-licensing from third parties
		Failure to attract, retain, develop, or promote the active careers of human resources	• Define and renew strategic human resources and strengthen their plan-based securing, retention and development measures • Secure access to diverse sources of human resources • Strengthen retraining of human resources • Build organizational structure and recruitment plans based on careful monitoring of trends in the business environment • Execute personnel strategies and corporate culture reforms to promote innovation
		Impediment to DX promotion	• Enhance antenna functions for grasping technology trends • Continuously strengthen capabilities through enhancement of specialist departments and utilization of competent external human resources • Promote Company-wide use of generative AI and enhance compliance risk assessment system
Operational risk	Quality and side effects ⏩	• Emergence of product quality issues • Emergence of serious side effects exceeding expectations	• Strengthen quality assurance activities, including risk assessment and cooperation with partner companies, and ensure comprehensive rollout • Strengthen pharmacovigilance activities and ensure comprehensive rollout • Expand safety information provision activities to promote proper use
	IT security and information control ⏩⏩	Operational impairment, suspension of external service delivery, interference with the content of information provided, leakage of trade secrets relating to research and development or other areas, or of personal or other information, as a result of cyberattack or incident in-house or in supply chain	• Strengthen security governance system • Establish privacy governance system • Strengthen system resilience and versatility • Strengthen security supervision system (SOC) • Strengthen incident response system (CSIRT) • Formulate cyber BCPs • Enhance security training for employees and implement ongoing training such as drills
	Large-scale disasters ⏩	Damage to business site or supplier from earthquake, typhoon, fire, or other large-scale disaster	• Implement earthquake countermeasures and BCPs • Strengthen systems such as ensuring safety stock • Take out property and casualty insurance
	Human rights ⏩	• Human rights infringement in-house or at suppliers • Occupational safety and health issues	• Strengthen Group governance systems for respecting human rights, identify important human rights issues, and strengthen due diligence including risk assessment, countermeasures and information disclosure • Promote health and productivity management, continuously conduct in-house training, and provide a consultation desk
	Supply chain ⏩⏩	• Delay or slowing of delivery from suppliers • EHS[2] risks at business partners	• Visualize entire supply chain, introduce business partner risk assessment system, maintain stable drug supply system, such as ensuring safety stock and alternative suppliers, and strengthen EHS activities
	Global environmental issues ⏩	• Delay in technology- and facility-related response to climate change • Unexpected environmental contamination or damage by harmful substances • Insufficient response to social expectations and requirements relating to environmental protection	• Strengthen access to latest environmental technology • Enhance dialogue with external experts and evaluation organizations • Ongoing monitoring and analysis of latest trends
	Pandemics ⏩	National or global pandemic of new infectious disease	• Ensure safety stock and maintain operation of BCPs • Utilize highly flexible "new work styles" such as telecommuting • Stockpiling of masks and liquid sanitizer

1. Operational risks are classified into the two following types
⏩⏩ Risks whose probability of materializing and degree of impact have increased rapidly ⏩ Important long-standing risks

2. Environment, Health and Safety

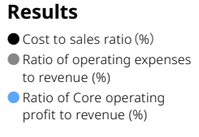
PERFORMANCE DATA

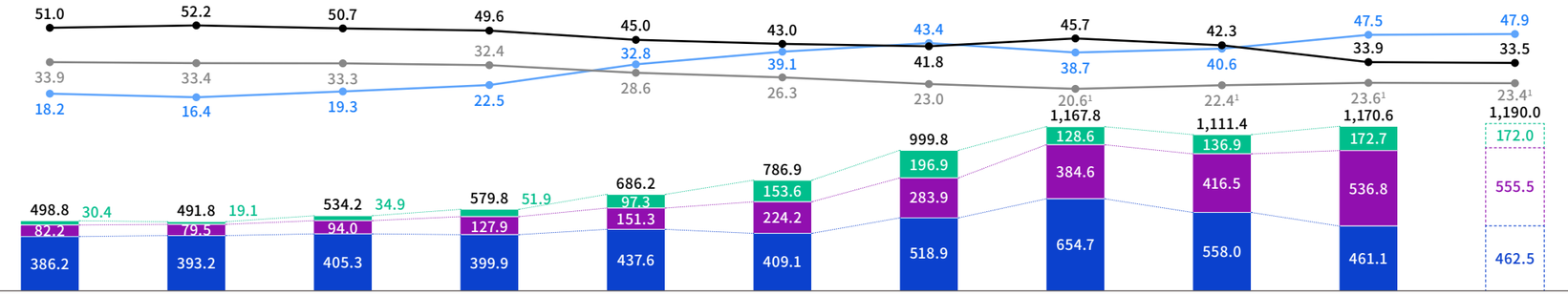
Financial and Pre-Financial Highlights (IFRS)

Chugai Pharmaceutical Co., Ltd. and Consolidated Subsidiaries / Years ended December 31

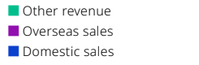
Financial Indicators [Core Basis]

Results





Revenue (Billions of yen)



Productivity improvement — **Global sales of in-house products**

Launch of main products in Japan	Zelboraf	Alaglio	★Hemlibra (with/without inhibitors) Tecentriq Gazyva	FoundationOne CDx Cancer Genomic Profile Rozlytrek	★Enspryng	Polivy Evrysdi Ronapreve FoundationOne Liquid CDx Cancer Genomic Profile	Vabysmo	Phesgo	PiaSky	delandistrogene moxeparvovec (planned) Lunsumio
Approval of main products overseas	★Alecensa (US)	★Hemlibra (with inhibitors / US) ★Alecensa (EU)	★Hemlibra (with inhibitors / EU) ★Hemlibra (without inhibitors / US)	★Hemlibra (without inhibitors / EU)	★Enspryng (US) ★Edirol (China)	★Enspryng (EU)			PiaSky (US / EU) NEMLUVIO[3] (US)	NEMLUVIO[3] (EU)

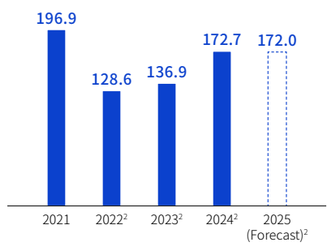
★ In-house product

1. Calculated by (R&D expenses + SG&A expenses + Other operating income (expense)) ÷ Revenue
2. The Company has partially amended the financial statements from fiscal 2023 as follows. In connection with this, the results for fiscal 2022 are also represented with the same amendments.
   - The item "royalties and other operating income" previously reported under "revenue" has been changed to "other revenue," while income from disposal of product rights has been excluded therefrom.
   - "Other operating income (expense)" has been established as a new category equivalent to R&D expenses, marketing and distribution expenses, and general and administration expenses. "Other operating income (expense)" includes the income from disposal of product rights, which has been excluded from "revenue" as described above, and income and expenses associated with operating activities that were previously included in "general and administration" but could not be classified into functional expense categories, such as gain (loss) on sale of land and buildings, etc.
   - Marketing and distribution expenses and general and administration expenses have been integrated and presented as "SG&A expenses."
3. Galderma holds the development and marketing rights for all countries except Japan and Taiwan.

Chugai has substantially improved its cost structure in view of the increase in the cost to sales ratio due to the increase in products in-licensed from Roche following the signing of the strategic alliance between the two companies. As a result, we have now secured high profitability by continuously achieving a profit margin of a level that compares favorably with the world's leading pharmaceutical companies. In addition, global in-house products, which have a low cost to sales ratio, have performed solidly in recent years and become a revenue base driving growth partially due to the impact of exchange rates. In 2024, revenue exceeded ¥1 trillion for the third consecutive year, and the ratio of operating profit to revenue was 47.5%, indicating high profitability. Although new products Phesgo and Vabysmo grew steadily and mainstay products such as Hemlibra and Actemra performed well, domestic sales decreased mainly due to the end of the supply of Ronapreve to the government, which was recorded in the previous year, NHI drug price revisions and market penetration of generics. Overseas, there was a major increase in the exports of Hemlibra for Roche. In 2025, although the impact of the NHI drug price revisions and the penetration of generics in Japan, as well as a decrease in Actemra exports due to the penetration of biosimilars overseas are expected, both revenue and operating profit are expected to reach record levels due to an increase in exports of Hemlibra, Alecensa and NEMLUVIO.

Other Revenue (Royalties and Other Operating Income)

(Billions of yen)

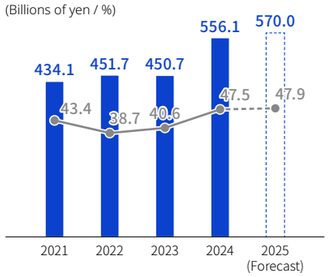


■ Other revenue

Other revenue increased in 2024, mainly due to royalty income associated with increased global sales of Hemlibra by Roche, as well as an increase in one-time income. In 2025, although one-time income is expected to decrease, other revenue is expected to be at the same level as the previous year due to an increase of Hemlibra-related revenue.

Core Operating Profit / Ratio of Core Operating Profit to Revenue

(Billions of yen / %)

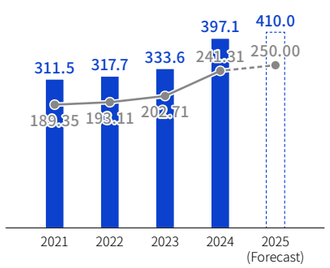


■ Core operating profit
● Ratio of Core operating profit to revenue

Core operating profit for 2024 exceeded ¥500 billion for the first time. The ratio of Core operating profit to revenue increased significantly due to factors such as a change in the product mix, and continued to have high profitability at 47.5%. In 2025, Core operating profit is expected to reach a record high, mainly due to the growth of Hemlibra, including growth in volume and the impact of foreign exchange rates.

Core Net Income / Core EPS

(Billions of yen / Yen)

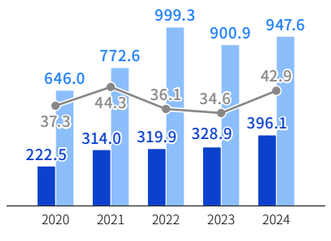


■ Core net income
● Core EPS

In 2024, the record-high profit level we achieved resulted in Core EPS rising by 19.0% from the previous year to ¥241.31. In 2025, net income, like operating profit, is forecast to reach a record high, with Core EPS of ¥250.00 expected.

Core Operating Profit after Taxes / NOA / Core ROIC

(Billions of yen / %)

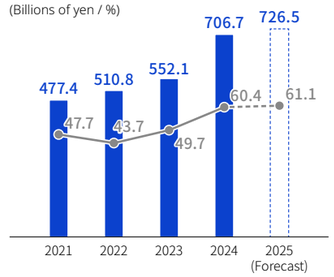


■ Core operating profit (after taxes) ■ NOA
● Core ROIC

Chugai has been using Core ROIC[4] as a long-term financial KPI since 2019 to give greater consideration to long-term investment efficiency. Core operating profit (after taxes) (1) increased significantly in 2024 due to exports related to Hemlibra and an increase in royalty income. Although net operating assets (NOA) (average)[5] (2) grew with the increase in long-term NOA resulting from active capital investment, Core ROIC (1)/(2) increased significantly to 42.9%, and a high level of capital efficiency is being maintained.

Overseas Revenue / Overseas Revenue Ratio

(Billions of yen / %)

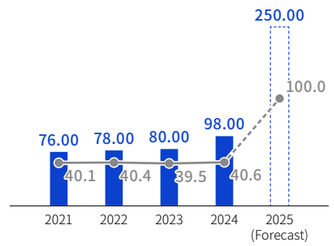


■ Overseas revenue
● Overseas revenue ratio

Overseas revenue increased significantly in 2024 due to factors such as exports related to Hemlibra and an increase in royalty income. In addition, the overseas revenue ratio rose significantly year on year due to the end of the supply of Ronapreve to the government in the domestic market. Although the launch of Actemra biosimilars is expected to have an impact in 2025, overseas revenue is expected to increase due to contributions from in-house products such as Hemlibra.

Dividends per Share / Core Payout Ratio

(Yen / %)



■ Annual dividends per share
● Core payout ratio (Core EPS basis)

With regard to shareholder returns, taking into account strategic funding needs and earnings prospects, a target for the consolidated dividend payout ratio has been set at 45% on average in comparison with Core EPS, with an aim to continuously provide stable dividends to all shareholders. The dividend forecast for 2025 is ¥250 per share, consisting of a regular dividend of ¥100 per share and a 100th anniversary dividend of ¥150. As a result, the Core payout ratio for 2025 is expected to be 100.0%.

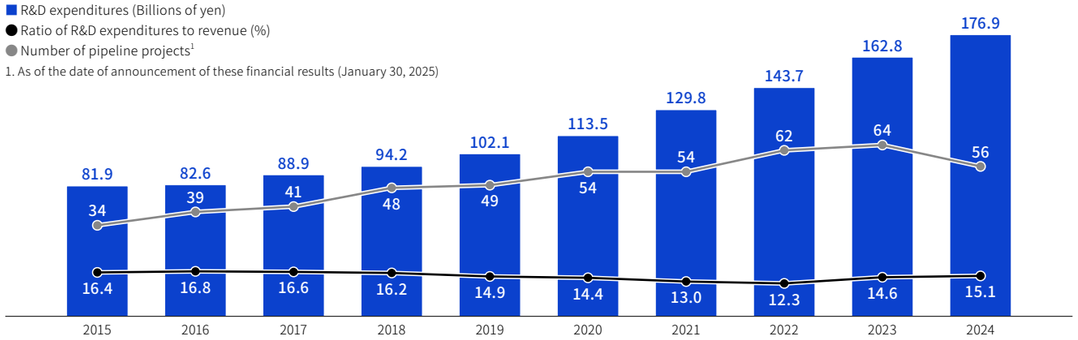
About Core Basis Results

Chugai reports its results on a Core basis from 2013 in conjunction with its decision to adopt IFRS. Core basis results are the IFRS basis results adjusted by excluding non-Core items. The items regarded as non-Core by Chugai may differ from those considered as such by Roche due to differences in business scale and range as well as other factors. Core basis results are used by Chugai as internal performance indicators for representing recurring profit trends both internally and externally, and as indices for establishing profit distributions such as returns to shareholders. No items have been excluded from the IFRS balance sheets and cash flows, as the Core basis results concept only applies to the income statement.

4. Return on invested capital: Indicates how efficiently a company uses capital invested for business activities (invested capital) to generate profit
5. Core ROIC is calculated using average NOA.

R&D [Core Basis]

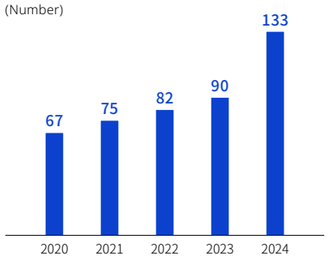
R&D Expenditures / Ratio of R&D Expenditures to Revenue / Pipeline Projects



With growing revenue, Chugai has increased R&D investment, generating research findings that have created innovative drugs and contributed to the development of healthcare and the pharmaceutical industry worldwide. A number of in-house projects based on next-generation antibody engineering technology and mid-size molecule technology have progressed to the clinical phase in recent years, helping to maintain a robust pipeline in terms of both quality and quantity. Moreover, we have been promoting efficient development of new drugs under our strategic alliance with Roche, which enables us, for instance, to consider and decide on in-licensing Roche products on the basis of early-stage clinical trial results. Going forward, in addition to concentrating Company-wide management resources in Research & Early Development (RED) as a source of value creation, we will also seek to rapidly expand our drug discovery output by applying AI-leveraging drug discovery and other digital technologies and actively driving Open Innovation.

Academic Papers and Presentations on Research Findings at Scientific Conferences[2]

(Number)

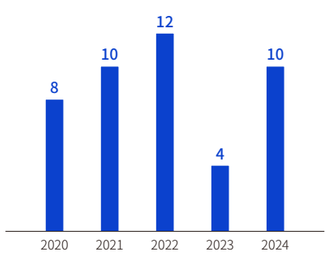


Chugai develops innovative medicines that allow it to differentiate itself from competitors with competitive speed by continuously establishing proprietary drug discovery technologies and applying them to development candidates while simultaneously developing pharmaceutical technology for mid-size molecules, next-generation antibodies, and other drug types where there are strong challenges to overcome. We will continue to successively generate research findings that may contribute to the overall advancement of healthcare, presenting those findings at scientific conferences and publishing them in academic papers.

2. Total of drug discovery and pharmaceutical technology

New Products Launched and New Indications

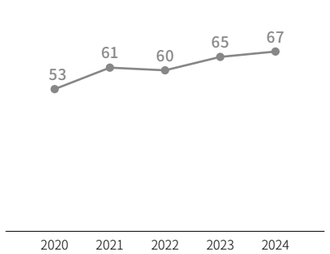
(Number)



In 2024, PiaSky was launched in Japan, the United States, and Europe for paroxysmal nocturnal hemoglobinuria, and approval was obtained in these countries and region for an additional indication for Alecensa as a postoperative adjuvant therapy for non-small cell lung cancer. In 2025, domestic approval is expected to be received for Chugai's first gene therapy product, delandistrogene moxeparvovec, for the treatment of Duchenne muscular dystrophy.

Percentage of Product Sales Qualifying for Premium Pricing

(%)



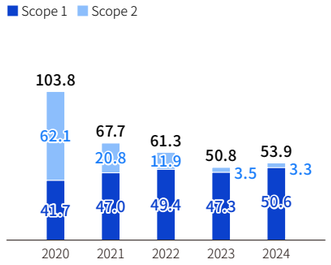
The sales share of products qualifying for premium pricing was maintained at a high level due to the strong performance of mainstay products such as Hemlibra and Actemra, in addition to steady spread and growth of new products such as PiaSky.

Notes: 1. Ronapreve was excluded from the calculation of sales share for 2021, 2022 and 2023 due to its not yet being listed in the NHI drug price standard (supply to government).
2. Products subject to special market-expansion repricing (2024: Enspryng) and products subject to quarterly repricing (2023: Hemlibra, 2024: Polivy) are counted as products qualifying for premium pricing because they were assumed to meet the conditions for such pricing in the relevant fiscal years.

Environment and Social

Scope 1+2 CO_2 Emissions

(Thousands of tons)

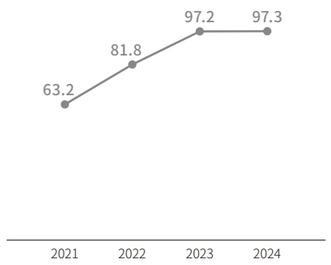


In 2024, according to the market-based method[1], we reduced Scope 1+2[2] emissions by 52.2%[3] compared to the base year of 2019 due mainly to promoting the introduction of sustainable power in business locations including overseas locations. We expect to achieve our target of 40% reduction by 2025 by continuing to aggressively install equipment utilizing renewable energy sources. The target for Scope 1+2 emissions is a 60-75% reduction in 2030 and zero emissions by 2050.

1. Calculation method based on the CO_2 emissions coefficient of the electric power supply specifically contracted by the Company
2. Scope 1: Direct emissions from fuel combustion, Scope 2: Indirect emissions from the generation of purchased energy
3. From 2022, this includes the portion based on the renewable energy certificates and non-fossil certificates purchased.

Sustainable Electricity Ratio

(%)

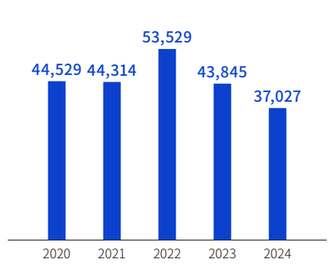


We began introducing sustainable electricity in 2021 to achieve a 100% sustainable electricity ratio by 2025. By 2024, the sustainable electricity ratio of Chugai as a whole was 97.3%[4] due to establishing the sustainable electricity procurement route for all Group sites including overseas sites. From January 2025, all electricity used will be derived from sustainable sources[4]. We will continue to promote the sourcing of sustainable electricity.

4. From 2022, this includes the portion based on the renewable energy certificates and non-fossil certificates purchased.

Fluorocarbon[5] Usage

(kg)

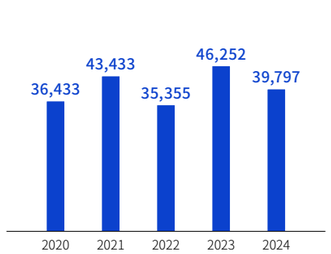


In 2024, we reduced our fluorocarbon usage by 15.6% compared to the previous year, due to the operation of the biopharmaceutical API manufacturing facility (UK4) using equipment with natural refrigerants. We are updating production and air conditioning facilities according to characteristics and introducing natural refrigerant facilities in new facilities, while also engaging with manufacturers in an effort to develop equipment using natural refrigerants. We will apply facility renewal plans to business plans and aim to achieve 25% reductions in 2025 and 100% reductions in 2030 compared to 2020.

5. While making natural refrigerants the first choice, effectively select new refrigerants (green refrigerants)

Number of Inquiries to Medical Information (Non-Consolidated)

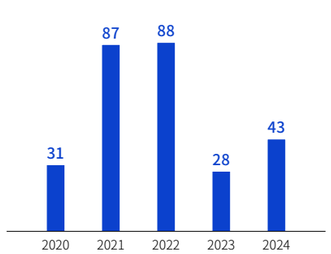
(Number)



In 2024, there were approximately 40,000 telephone and e-mail inquiries, a decrease of approximately 6,000 from the previous year because inquiries in the area of infectious diseases decreased during the period. Around 70% of the inquiries were from pharmacists at hospitals or pharmacies. By type of treatment, there were many inquiries about humanized anti-human IL-6 receptor monoclonal antibody drugs, anti-influenza virus agents, osteoporosis agents and anti-cancer agents.

Number of Supplier Evaluations Conducted

(Number)

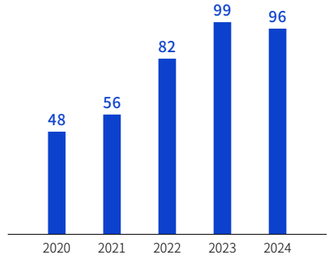


All suppliers are required to respect and comply with ethics, labor, safety and health, environmental and other relevant management systems based on the Principles for Responsible Supply Chain Management established by the PSCI (Pharmaceutical Supply Chain Initiative) for the realization of sustainable transactions in the supply chain. Furthermore, we also evaluate suppliers such as contract pharmaceutical manufacturing organizations, raw material suppliers and contract research organizations.

Note: Since this evaluation started in 2020 and the evaluation for existing suppliers was almost completed by 2022, most of the evaluations conducted in and after 2023 are for new suppliers.

Number of Consultations and Reports to the CCC Hotline

(Number)

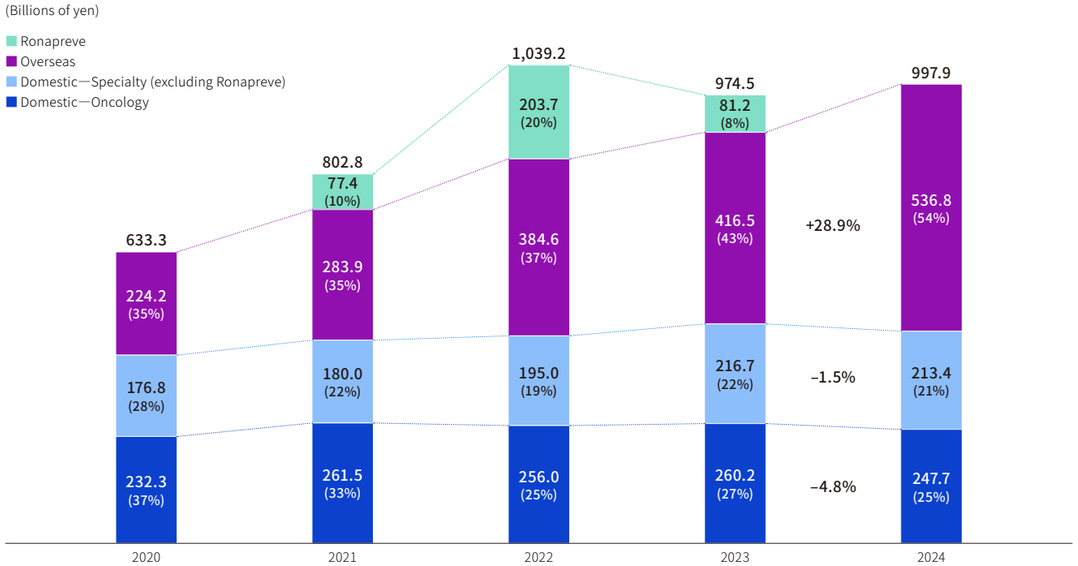


The CCC Hotline and Chugai Speak-Up Line have been set up as consultation and reporting contact points regarding laws and regulations, Company rules, and the Chugai Group Code of Conduct (CCC). In 2024, consultations and reports included power harassment, HR systems and working environments, harassment, and sexual harassment. In addition to providing training for all employees to reaffirm CCC's positioning and the nine standards of conduct, we are also aiming to create a workplace environment where employees, etc. can work with peace of mind through training for new managers and training for each department.

Review by Product

Sales

Although sales have been impacted in the domestic market by the NHI drug price revisions and the market penetration of generics, growth across all areas in both new and mainstay products, combined with a major increase in exports of Chugai products, has resulted in overall sales growth of approximately 50% over the last five years, even when the temporary factors caused by Ronapreve are excluded.



Review by Disease Area

Domestic—Oncology

Opportunities
- Disease areas with high UMN*
- Advances in personalized healthcare (PHC) based on analysis of gene mutations

Risks
- Intensified global competition in cancer immunotherapy
- Market entry of competitor drugs and biosimilars

Review of 2024 Performance

In the oncology area, sales decreased 4.8% year on year to ¥247.7 billion.
Despite strong sales of the new product Phesgo, sales of mainstay products such as Avastin decreased due to the impact of NHI drug price revisions and the penetration of generics. In addition, sales of Perjeta were down year on year, mainly caused by the impact of market penetration of Phesgo, a subcutaneous fixed-dose combination containing the same compound.

Domestic—Specialty (excluding Ronapreve)

Opportunities
- There are still diseases with high UMN in ophthalmology
- There is a complex range of pathologies and syndromes with high UMN in neurology and immunology

Risks
- Individual neurological and immunological treatments may have a small number of target patients

Review of 2024 Performance

In the specialty area, sales decreased 1.5% year on year to ¥213.4 billion.
In addition to the growth of the new product Vabysmo and the strong market penetration of PiaSky, which was launched in May 2024, the mainstay products Hemlibra and Actemra also performed well. Meanwhile, sales of Tamiflu were down year on year due to the impact of lower sales for government stockpiles.

Overseas

Opportunities
- There is room for expansion of share of hemophilia A with non-inhibitors

Risks
- Market entry of competitor drugs to Hemlibra and biosimilars to Actemra
- Off-label use and expanded indications of existing drugs

Review of 2024 Performance

Overseas sales totaled ¥536.8 billion, a year-on-year increase of 28.9%.
Local sales of Hemlibra grew in all regions where it is sold by Roche. The increase in export volume due to heightened global demand, combined with the impact of foreign exchange rates, drove growth in overall overseas sales.

* Unmet medical needs: Medical treatment needs that are not adequately met on account of a lack of effective therapies

Sales of Major Products

★In-house products	Domestic—Oncology / Domestic—Specialty / Overseas (Billions of yen)	
★Hemlibra (Overseas)	2024 307.7 2023 212.3	+44.9%
★Actemra (Overseas)	2024 131.9 2023 127.5	+3.5%
Tecentriq	2024 65.4 2023 65.5	–0.2%
★Alecensa (Overseas)	2024 62.8 2023 55.7	+12.7%
★Hemlibra (Domestic)	2024 59.0 2023 54.8	+7.7%
★Actemra (Domestic)	2024 48.0 2023 44.3	+8.4%
Polivy	2024 34.1 2023 35.5	–3.9%
Avastin	2024 33.8 2023 49.8	–32.1%
★Alecensa (Domestic)	2024 31.0 2023 30.3	+2.3%
★Enspryng (Domestic)	2024 24.7 2023 23.9	+3.3%
Phesgo	2024 23.5 2023 0.7	34 times
Vabysmo	2024 21.5 2023 15.3	+40.5%
Perjeta	2024 20.0 2023 33.6	–40.5%
Kadcyla	2024 16.8 2023 16.0	+5.0%
Evrysdi	2024 15.9 2023 14.5	+9.7%
★Enspryng (Overseas)	2024 13.8 2023 4.2	+228.6%
★Neutrogin (Overseas)	2024 8.6 2023 8.1	+6.2%
★Sigmart (Overseas)	2024 8.0 2023 8.0	0.0%
Foundation Medicine	2024 7.6 2023 7.4	+2.7%
CellCept	2024 6.8 2023 7.0	–2.9%
Mircera	2024 6.5 2023 8.4	–22.6%
★Edirol (Domestic)	2024 5.0 2023 7.5	–33.3%
Tamiflu	2024 4.5 2023 9.9	–54.5%
★PiaSky (Domestic)	2024 2.6 2023 —	—
Herceptin	2024 2.4 2023 4.8	–50.0%

Hemlibra (Overseas)
Local sales increased in all regions, with a particularly notable increase of approximately 40% in regions other than Europe and the U.S. Export sales increased by ¥95.4 billion (44.9%) year on year to ¥307.7 billion as a result of increased sales due to the weaker yen and an increase in export volume.

Actemra (Overseas)
In Europe, local sales decreased by roughly 10% owing to the impact of biosimilars, but sales in the U.S. and other regions remained strong. Although there was a decrease in export unit prices and a decrease in volume for some specifications, export sales increased by ¥4.4 billion (3.5%) year on year to ¥131.9 billion partially due to increased sales resulting from the weaker yen.

Tecentriq
In addition to the fact that NSCLC adjuvant was affected by the penetration of competing pre- and post-operative therapies, the growth of the hepatocellular carcinoma market has also slowed, and sales decreased by ¥100 million (0.2%) year on year to ¥65.4 billion.

Alecensa (Overseas)
In Europe, local sales were around the same level as the previous year, but sales in the U.S. and other regions were strong. Although the decrease in export unit prices had an impact, export sales increased by ¥7.1 billion (12.7%) year on year to ¥62.8 billion due to the positive impact of the weaker yen and an increase in export volume.

Hemlibra (Domestic)
Switching prescriptions to Hemlibra progressed thanks to factors such as opportunities to review the drug in line with the launch of competitor drugs, and its positioning for untreated infants being established through the HAVEN 7 study. Sales increased by ¥4.2 billion (7.7%) year on year to ¥59 billion, despite the NHI drug price revisions in November 2023 due to special market-expansion repricing.

Actemra (Domestic)
Although there has been an increase in the activities of competitor drugs centered on JAK inhibitors, new prescriptions for rheumatoid arthritis, which accounts for 90% of overall sales, were able to be obtained at a level exceeding the previous year, and sales increased by ¥3.7 billion (8.4%) year on year to ¥48 billion.

Development Pipeline

(As of February 1, 2025)

Disease Area	Development Code	Origin	Generic Name [Product Name]	Indication◆Additional Indication / (Combination Drug)	Status	Country / Region	Projected Submission	Partner	Mode of Action [Modality (Dosage Form)]
Oncology	RG7446	Roche	atezolizumab [Tecentriq]	Alveolar soft part of sarcoma◆	Filed	Japan	March 2024	—	Engineered anti-PD-L1 monoclonal antibody [Antibody (IV)]
				Relapsed or refractory extranodal natural killer / T-cell lymphoma, nasal type◆	Filed	Japan	October 2024	—	
				NSCLC [perioperative]◆	Phase III	Japan	2026	Roche	
				Muscle-invasive bladder cancer [adjuvant]◆	Phase III	Japan	2025	Roche	
				HCC [intermediate stage]◆ / (Avastin)◆	Phase III	Japan	2025	Roche	
				HCC [2nd line]◆ / (lenvatinib or sorafenib)	Phase III	Japan	—	Roche	
	AF802 / RG7853	In-house	alectinib [Alecensa]	Maintenance treatment of NSCLC (stage III) after chemoradiotherapy◆	Phase III	Global	—	Roche	ALK inhibitor [Small molecule (Oral)]
	RG435	Roche	bevacizumab [Avastin]	Small cell lung cancer (SCLC) [1st line]◆ / (Tecentriq)	Phase III	Japan / China	2026	Roche (China)	Anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody [Antibody (IV)]
	RG6058	Roche	tiragolumab [Product name undetermined]	NSCLC [Stage III] / (Tecentriq)◆	Phase III	Japan	2025	Roche	Anti-TIGIT human monoclonal antibody [Antibody (IV)]
				Esophageal cancer / (Tecentriq)◆	Phase III	Japan	2025	Roche	
				HCC [1st line] / (Tecentriq/Avastin)	Phase III	Japan	2027 and beyond	Roche	
	RG6171	Roche	giredestrant [Product name undetermined]	Breast cancer [adjuvant]	Phase III	Japan	2027 and beyond	Roche	SERD (Selective Estrogen Receptor Degrader) [Small molecule (Oral)]
				Breast cancer [1st line] / (palbociclib + letrozole)	Phase III	Japan	2026	Roche	
				Breast cancer [1st Line-3rd Line] / (everolimus)	Phase III	Japan	—	Roche	
	RG7828	Roche	mosunetuzumab [Lunsumio]	Follicular lymphoma [2nd line]◆ / (lenalidomide)	Phase III	Japan	2026	Roche	Anti-CD20 / CD3 bispecific antibody [Antibody (IV)]
				Relapsed or refractory aggressive B-cell non-Hodgkin's lymphoma◆ / (Polivy)◆	Phase III	Japan	2025	Roche	Anti-CD20 / CD3 bispecific antibody [Antibody (SC)]
				Previously untreated follicular lymphoma◆	Phase III	Japan	2027 and beyond	Roche	Anti-CD20 / CD3 bispecific antibody [Antibody (IV)]
	RG6026	Roche	glofitamab [Product name undetermined]	Previously untreated large B-cell lymphoma / (Polivy)	Phase III	Japan	2027 and beyond	Roche	Anti-CD20 / CD3 bispecific antibody [Antibody (IV)]
				Hematologic tumors	Phase I	Japan	—	—	
	RG6330	Roche	divarasib [Product name undetermined]	NSCLC [2nd line]	Phase III	Japan	2027 and beyond	Roche	KRAS G12C inhibitor [Small molecule (Oral)]
	LUNA18	In-house	paluratide [Product name undetermined]	Solid tumors	Phase I	Global	—	—	RAS inhibitor [Mid-size molecule (Oral)]
	GC33	In-house	codrituzumab [Product name undetermined]	HCC	Phase I	Global	—	—	Anti-Glypican-3 humanized monoclonal antibody [Antibody (IV)]
	STA551	In-house	—	Solid tumors	Phase I	Global	—	—	Anti-CD137 agonistic switch antibody [Antibody (IV)]
	SOF10 / RG6440	In-house	—	Solid tumors	Phase I	Global	—	Roche	Anti-latent TGF-β1 monoclonal antibody [Antibody (IV)]
	ALPS12 / RG6524	In-house	—	Solid tumors	Phase I	Global	—	Roche	Anti-DLL3 / CD3 / CD137 trispecific antibody [Antibody (IV)]
	SAIL66	In-house	—	CLDN6 positive solid tumors	Phase I	Global	—	—	Anti-CLDN6 / CD3 / CD137 trispecific antibody [Antibody (IV)]
	ROSE12	In-house	—	Solid tumors	Phase I	Global	—	—	Anti-CTLA-4 switch antibody [Antibody (IV)]
	RG7421	Exelixis	cobimetinib [Product name undetermined]	Solid tumors	Phase I	Japan	—	—	MEK inhibitor [Small molecule (Oral)]
	RG6160	Roche	cevostamab [Product name undetermined]	Relapsed or refractory multiple myeloma	Phase I	Japan	—	—	Anti-FcRH5 / CD3 bispecific antibody [Antibody (IV)]
Immunology	RG7159	GlycArt Biotechnology	obinutuzumab [Gazyva]	Lupus nephritis◆	Phase III	Japan	2026	Nippon Shinyaku	Glycoengineered type II anti-CD20 monoclonal antibody [Antibody (IV)]
				Pediatric nephrotic syndrome◆	Phase III	Japan	2026	Nippon Shinyaku	
				Extra renal lupus◆	Phase III	Japan	2027 and beyond	Nippon Shinyaku	
	RG6299 / ASO factor B	Ionis Pharmaceuticals	—	IgA nephropathy	Phase III	Japan	2027 and beyond	Roche	Antisense oligonucleotide targeting *complement factor B* mRNA [Nucleic acid (SC)]
	DONQ52	In-house	—	Celiac disease	Phase I	Global	—	—	Anti-HLA-DQ2.5 / gluten peptides multispecific antibody [Antibody (SC)]
	RAY121	In-house	—	Autoimmune disease	Phase I	Global	—	—	Anti-C1s recycling antibody [Antibody (—)]
Neuroscience	RG6356 / SRP-9001	Sarepta	delandistrogene moxeparvovec [Product name undetermined]	Duchenne muscular dystrophy (DMD)	Filed	Japan	August 2024	Sarepta*	Micro-dystrophin gene therapy [Gene therapy (IV)]
	SA237 / RG6168	In-house	satralizumab [Enspryng]	Myelin oligodendrocyte glycoprotein antibody–associated disease (MOGAD)◆	Phase III	Global	2027 and beyond	Roche	pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody [Antibody (SC)]
				Autoimmune encephalitis (AIE)◆	Phase III	Global	2026	Roche	
	GYM329 / RG6237	In-house	—	Spinal muscular atrophy (SMA) / (Evrysdi)	(II/III)	Global	2027 and beyond	Roche	Anti-latent myostatin sweeping antibody [Antibody (SC)]
				Facioscapulohumeral muscular dystrophy (FSHD)	Phase II	Global	2027 and beyond	Roche	
	RG6042	Ionis Pharmaceuticals	tominersen [Product name undetermined]	Huntington's disease	Phase II	Japan	—	Roche	Antisense oligonucleotide targeting *HTT* mRNA [Nucleic acid (IV)]
	RG6102	MorphoSys	trontinemab [Product name undetermined]	Alzheimer's disease	(I/II)	Japan	—	Roche	Anti-amyloid beta / TfR1 fusion protein [Antibody (IV)]
	RG7935	Prothena	prasinezumab [Product name undetermined]	Parkinson's disease	Phase I	Japan	—	—	Anti-α-synuclein monoclonal antibody [Antibody (IV)]
Hematology	SKY59 / RG6107	In-house	crovalimab [PiaSky]	Atypical hemolytic uremic syndrome (aHUS)◆	Phase III	Global	2026	Roche	Anti-C5 recycling antibody [Antibody (SC)]
				Sickle cell disease (SCD)◆	Phase II	US / EU	2027 and beyond	Roche	
	NXT007 / RG6512	In-house	—	Hemophilia A	(I/II)	Global	2027 and beyond	Roche	Anti-coagulation factor Ixa / X bispecific antibody [Antibody (SC)]
Ophthalmology	RG7716	Roche	faricimab [Vabysmo]	Angioid streaks◆	Filed	Japan	September 2024	—	Anti-VEGF/Anti-Ang-2 bispecific antibody [Antibody (vitreous injection)]
	RG6179	Roche	vamikibart [Product name undetermined]	Noninfectious uveitic macular edema (UME)	Phase III	Japan	2026	Roche	Anti-IL-6 monoclonal antibody [Antibody (vitreous injection)]
	SA237 / RG6168	In-house	satralizumab [Enspryng]	Thyroid eye disease (TED)◆	Phase III	Global	2026	Roche	pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody [Antibody (SC)]
	RG6321	Roche	ranibizumab (Port delivery system) [Product name undetermined]	Neovascular age-related macular degeneration	(I/II)	Japan	2026	—	Humanized anti-VEGF monoclonal antibody Fragment Fab [Antibody (injection via implant)]
				Diabetic macular edema	(I/II)	Japan	2026	—	
Other Diseases	AMY109	In-house	—	Endometriosis	Phase II	Global	—	—	Anti-IL-8 recycling antibody [Antibody (SC)]
	RG6615	Alnylam Pharmaceuticals	zilebesiran [Product name undetermined]	Hypertension	(I/II)	Japan	—	Alnylam Pharmaceuticals	RNAi therapeutic targeting angiotensinogen (AGT) [RNAi (SC)]
	REVN24	In-house	—	Acute diseases	Phase I	Global	—	—	— [Small molecule (IV)]
	GYM329 / RG6237	In-house	—	Obesity	Phase I	Global	—	Roche	Anti-latent myostatin sweeping antibody [Antibody (SC)]
	BRY10	In-house	—	Chronic diseases	Phase I	Global	—	—	— [Antibody (SC)]

Designates change in status since January 1, 2024

* Sarepta manages the global clinical study, including Japan.

Note: In principle, completion of first dose is regarded as the start of clinical studies in each phase.

Consolidated Financial Indicators

Chugai Pharmaceutical Co., Ltd. and Consolidated Subsidiaries / Years ended December 31

(Billions of yen)

	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]	IFRS	Core[1]
Results																				
Revenue[2]	**1,170.6**		1,111.4		1,259.7	1,167.8	999.8		786.9		686.2		579.8		534.2		491.8		498.8	
Sales	**997.9**		974.5		1,039.2	1,039.2	802.8		633.3		588.9		527.8		499.3		472.7		468.4	
Other revenue[3]	**172.7**		136.9		220.5	128.6	—		—		—		—		—		—		—	
Royalties and other operating income	—	—	—	—	128.8		196.9		153.6		97.3		51.9		34.9		19.1		30.4	
Cost of sales	**(339.4)**	**(338.1)**	(413.3)	(412.0)	(476.3)	(475.0)	(338.1)	(335.5)	(273.5)	(272.3)	(266.1)	(265.1)	(262.8)	(261.9)	(254.2)	(252.9)	(247.9)	(246.7)	(240.2)	(238.9)
Research and development	**(181.4)**	**(176.9)**	(174.9)	(162.8)	(149.6)	(143.7)	(137.3)	(129.8)	(117.9)	(113.5)	(107.9)	(102.1)	(99.2)	(94.2)	(92.9)	(88.9)	(85.0)	(82.6)	(83.8)	(81.9)
Selling, general and administration	**(110.1)**	**(102.2)**	(112.6)	(102.0)	(100.5)	(98.8)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other operating income (expense)[3]	**2.3**	**2.7**	28.6	16.1	(0.1)	1.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Marketing and distribution	—	—	—	—	(77.1)	(76.7)	(76.6)	(75.8)	(72.6)	(71.5)	(77.2)	(73.5)	(73.7)	(73.7)	(72.8)	(72.8)	(69.8)	(69.8)	(74.8)	(74.7)
General and administration	—	—	—	—	(23.6)	(20.9)	(25.8)	(24.6)	(21.8)	(21.7)	(24.4)	(20.6)	(19.7)	(19.7)	(15.3)	(16.3)	(12.2)	(12.1)	(13.2)	(12.8)
Operating profit	**542.0**	**556.1**	439.2	450.7	533.3	451.7	421.9	434.1	301.2	307.9	210.6	224.9	124.3	130.3	98.9	103.2	76.9	80.6	86.8	90.7
Profit before taxes	**543.0**	**557.1**	443.8	455.3	531.2	449.5	419.4	431.6	298.2	304.9	207.9	222.2	121.4	127.5	97.0	101.3	74.4	78.1	87.3	91.2
Net income	**387.3**	**397.1**	325.5	333.6	374.4	317.7	303.0	311.5	214.7	219.4	157.6	167.6	93.1	97.3	73.5	76.7	54.4	56.8	62.4	64.9
Attributable to Chugai shareholders	**387.3**	**397.1**	325.5	333.6	374.4	317.7	303.0	311.5	214.7	219.4	157.6	167.6	92.5	96.7	72.7	75.9	53.6	56.1	61.1	63.7
Core EPS (Yen)[4]	—	**241.31**	—	202.71	—	193.11	—	189.35	—	133.39	—	101.93	—	58.81	—	46.23	—	34.17	—	38.81
Cash dividends per share (Yen)[4]	**98.00**		80.00		78.00		76.00		55.00		46.67		28.67		20.67		17.33		19.33	
Core payout ratio	—	**40.6%**	—	39.5%	—	40.4%	—	40.1%	—	41.2%	—	45.8%	—	48.7%	—	44.7%	—	50.7%	—	49.8%
Financial Position																				
Net operating assets (NOA)	**947.6**		900.9		999.3		772.6		646.0		547.0		505.3		440.2		431.1		380.4	
Total assets	**2,208.4**		1,932.5		1,869.8		1,538.7		1,235.5		1,058.9		919.5		852.5		806.3		787.4	
Total liabilities	**(306.9)**		(307.0)		(445.4)		(350.7)		(255.5)		(204.9)		(163.0)		(159.6)		(159.8)		(160.1)	
Total net assets	**1,901.5**		1,625.6		1,424.4		1,188.0		980.0		854.0		756.5		692.9		646.5		627.3	
Investments in property, plant and equipment	**52.8**		68.3		61.8		72.0		75.2		54.0		71.8		34.3		19.4		28.7	
Depreciation	**24.2**		24.3		23.7		21.0		22.0		17.8		14.6		14.5		14.8		14.0	
Main Indicators																				
Cost to sales ratio	**34.0%**	**33.9%**	42.4%	42.3%	45.8%	45.7%	42.1%	41.8%	43.2%	43.0%	45.2%	45.0%	49.8%	49.6%	50.9%	50.7%	52.4%	52.2%	51.3%	51.0%
Ratio of operating profit to revenue	**46.3%**	**47.5%**	39.5%	40.6%	42.3%	38.7%	42.2%	43.4%	38.3%	39.1%	30.7%	32.8%	21.4%	22.5%	18.5%	19.3%	15.6%	16.4%	17.4%	18.2%
Ratio of R&D expenditures to revenue	**15.5%**	**15.1%**	15.7%	14.6%	11.9%	12.3%	13.7%	13.0%	15.0%	14.4%	15.7%	14.9%	17.1%	16.2%	17.4%	16.6%	17.3%	16.8%	16.8%	16.4%
Return on invested capital (ROIC)[5,6]	**41.8%**	**42.9%**	33.8%	34.6%	42.5%	36.1%	43.1%	44.3%	36.5%	37.3%	30.1%	31.9%	20.3%	21.2%	17.3%	18.1%	—	14.6%	—	—
Ratio of net income to equity attributable to Chugai shareholders (ROE)[7]	**22.0%**	—	21.3%	—	28.7%	—	28.0%	—	23.4%	—	19.6%	—	12.8%	—	10.9%	—	8.4%	—	10.0%	—
Ratio of profit to total assets (ROA)[8]	**18.7%**	—	17.1%	—	22.0%	—	21.8%	—	18.7%	—	15.8%	—	10.5%	—	8.9%	—	6.8%	—	8.2%	—
Equity per share attributable to Chugai shareholders (BPS) (Yen)[4]	**1,155.56**	—	988.01	—	865.88	—	722.50	—	596.16	—	519.91	—	460.42	—	421.82	—	393.89	—	382.06	—
Ratio of equity attributable to Chugai shareholders	**86.1%**	—	84.1%	—	76.2%	—	77.2%	—	79.3%	—	80.6%	—	82.2%	—	81.2%	—	80.1%	—	79.5%	—
Number of employees	**7,778**		7,604		7,771		7,664		7,555		7,394		7,432		7,372		7,245		7,169	

1. Core basis results are the IFRS basis results adjusted for items recognized by Chugai as atypical-recurring.
   Core basis results are used by Chugai as internal performance indicators for representing recurring profit trends both internally and externally, and as indices for establishing profit distributions such as returns to shareholders.
2. Revenue does not include consumption tax.
3. The method of presentation of consolidated results has been changed from the fiscal year ended December 31, 2023. In connection with this, the results for the fiscal year ended December 31, 2022 are also represented with the same changes. These changes have no effect on the items from operating profit through net income, earnings per share and the concept of the Core basis.
   "Royalties and other operating income" and "other revenue," which had previously been reported under "revenue" have been changed to "other revenue," while income from disposal of product rights has been excluded therefrom and included in "other operating income (expense)."
   Revenue and expenses for operating activities that have previously been included and presented under "general and administration," such as gain (loss) on sale of land and buildings, etc., which could not be classified in any of the functional expense categories, are included in the new classification of "other operating income (expense)."
4. Effective July 1, 2020, Chugai has implemented a three-for-one stock split of its common stock. Calculated based on the assumption that the stock split was implemented at the beginning of 2015.
5. ROIC = Net operating profit after taxes / Average NOA balances
6. Core ROIC = Core net operating profit after taxes / Average NOA balances
7. ROE = Net income attributable to Chugai shareholders / Capital and reserves attributable to Chugai shareholders (average of beginning and end of fiscal year)
8. ROA = Net income attributable to Chugai shareholders / Total assets

Dialogue with Multiple Stakeholders and External Evaluations

Approach to Disclosure and Engagement

To fulfill its basic management policy of creating shared value for Chugai and society, Chugai believes that dialogue with multiple stakeholders including shareholders and investors is essential. Furthermore, in order to achieve the ambitious goal of "realization of advanced and sustainable patient-centric healthcare," it is important to collaborate with external partners able to share values and philosophy with Chugai. In addition to working to promote active information disclosure and meaningful dialogue, we also analyze the opinions and requests we receive through dialogue, and place importance on incorporating them into management decisions and other processes. With regard to information disclosure, we also focus on providing timely, appropriate, and fair disclosure in accordance with relevant laws and regulations, and on actively communicating using various tools.

Activity Performance

In 2024, we held meetings with institutional investors, securities analysts, and journalists to provide information on financial results and new products, as well as briefing sessions on highly visible areas, such as R&D and sustainability, and IR Day events, continuing from the previous year. We continue to hold IR Day in a format in which institutional investors and securities analysts can engage in direct dialogue with the Company's CEO and other members of management in a setting with a small number of people. With regard to direct dialogue with independent outside directors, for which there is particularly high demand, we held a discussion between participants and Dr. Fumio Tateishi and Mr. Hideo Teramoto for the first time without the attendance of executive directors, with the aim of having an open dialogue.

Furthermore, we held an online company briefing for individual investors, in which two institutional investors who have been analyzing the pharmaceutical industry and Chugai for many years, and our CEO, held a three-way discussion.

We believe that patients are not only important stakeholders but also partners in solving issues together. With the aim of realizing patient-centric, advanced and sustainable healthcare, we engage in communication to enhance mutual understanding throughout the entire company, including top management. In 2024, we held CHUGAI PHARMONY DAY 2024 as an event to share our initiatives related to patient-centric healthcare both internally and externally, and invited 17 guests from patient organizations and patient-support organizations. We held a lecture based on patients' own experiences of fighting diseases, shared specific examples of Chugai's PHARMONY[1] initiatives, and held dialogue between our CEO and patient organizations that has continued since 2020.

1. A term coined by Chugai combining the words "Patients," "Pharma" and "Harmony." It refers collectively to activities conducted by Chugai to elicit the opinions of patients and their families with the aim of achieving mutual understanding and working toward shared value creation

Please refer to the following for details.

Presentation Materials
https://www.chugai-pharm.co.jp/english/ir/reports_downloads/presentations.html

Collaboration with Patient Organizations (in Japanese only)
https://www.chugai-pharm.co.jp/sustainability/patient/collaboration/

Report on CHUGAI PHARMONY DAY 2024 (in Japanese only)
https://www.chugai-pharm.co.jp/sustainability/activity/detail/20241216150000_166.html

CHUGAI PHARMONY DAY 2024 Highlights (YouTube, in Japanese only)
https://youtu.be/h4A7w7pvGjI

Company briefing for individual investors (November)
Three-way discussion between institutional investors Junko Yatsunami and You Mizuno and Chugai's CEO

CHUGAI PHARMONY DAY 2024 (October)
The event was held to share Chugai's initiatives for patient-centric healthcare with people inside and outside the Company

Main Initiatives and Progress (Last 3 years)

	2022	2023	2024
Number of media and IR information events	28	30	30
Total number of institutional investors and securities analysts attending meetings worldwide (Of which, number interviewed by executive team/executive officers at road shows overseas)	582 (99)	663 (84)	819 (108)
Number of briefings for individual investors and shareholders (Number of on-demand video views)	3 (4,670)	3 (3,762)	1[2] (1,283)
Attendance at the Annual General Meeting of Shareholders	86	119	116

2. Published on November 20, 2024

External Evaluations

Chugai ascertains expectations and demands from society and objectively examines its own initiatives based on analysis of the results of its selection for sustainability indices and the results of external evaluations of its ESG and IR activities, and uses its findings to improve and develop its own activities. As a result of continuously working through this PDCA cycle matching the rapidly changing external environment, we have continued to obtain high external evaluations for our ESG and IR activities. Especially in ESG, we were selected for the fifth consecutive year for the DJSI World, which is composed of the top companies of each industry in the world, and we were also ranked No. 2 in the world in the pharmaceutical sector. In IR activities, we ranked No. 1 for the first time in 2024 in the pharmaceutical sector for the "Selection of Excellent Companies in Corporate Disclosure by Securities Analysts" conducted by the Securities Analysts Association of Japan (SAAJ), a public interest incorporated association. We were also particularly highly evaluated for our management's IR attitude and efforts in voluntary information disclosure.

Main External Evaluations for ESG Activities

		2022	2023	2024
ESG (DJSI, Pharmaceutical Sector)	Global ranking	1st (Among 47 companies)	2nd (Among 48 companies)	2nd (Among 49 companies)
	Asia Pacific ranking	1st (Among 15 companies)	1st (Among 14 companies)	1st (Among 16 companies)

Selected for five consecutive years in the DJSI World, a global ESG investment index
Received the world's second highest rating in the pharmaceutical sector in the DJSI 2024

Selected as a constituent in the FTSE4Good Index Series for the 22nd consecutive year

FTSE4Good

Continued to be listed in all six ESG indices covering Japanese equities selected by GPIF[3]

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

NADESHIKO BRAND 2025

DIVERSITY MANAGEMENT SELECTION 100 2018

CDP A List 2024

プラチナくるみん 子育てサポートしています

2025 健康経営銘柄 KENKO Investment for Health

女性が活躍しています！

work with Pride PRIDE Gold 2024

3. Government Pension Investment Fund

As the result of a third-party audit, FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby attests that Chugai satisfies the conditions of listing on the FTSE Blossom Japan Index and has been made a constituent stock of such index. The FTSE Blossom Japan Index was created by FTSE Russell, a global index provider, and has been designed to measure the performance of Japanese companies demonstrating excellent environmental, social, and governance (ESG) practices. The FTSE Blossom Japan Index is widely used in the creation and evaluation of sustainable investment funds and other financial products. As the result of a third-party audit, FTSE Russel (a registered trademark of FTSE International Limited and Frank Russell Company) hereby attests that Chugai satisfies the conditions of listing on the FTSE Blossom Japan Sector Relative Index and has been made a constituent stock of such index. The FTSE Blossom Japan Sector Relative Index is widely used in the creation and evaluation of sustainable investment funds and other financial products.
The inclusion of Chugai Pharmaceutical Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Chugai Pharmaceutical Co., Ltd. by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Please refer to the following for details.

External Evaluations
https://www.chugai-pharm.co.jp/english/sustainability/evaluation/

Shareholder Information

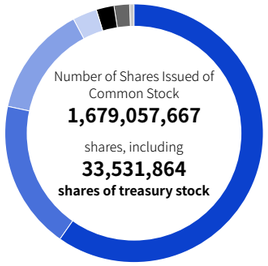
(As of December 31, 2024)

Top 10 Largest Shareholders

Name	Number of shares held (Thousand)	Percentage of voting rights (%)
Roche Holding Ltd.	1,005,670	61.11
The Master Trust Bank of Japan, Ltd. (Trust Account)	143,365	8.71
Custody Bank of Japan, Ltd. (Trust Account)	56,749	3.44
STATE STREET BANK AND TRUST COMPANY 505001	29,340	1.78
STATE STREET BANK WEST CLIENT - TREATY 505234	15,034	0.91
JP MORGAN CHASE BANK 385632	14,452	0.87
JP Morgan Securities Japan Co., Ltd.	9,987	0.60
NORTHERN TRUST CO.(AVFC) SUB A/C AMERICAN CLIENTS	9,334	0.56
JP MORGAN CHASE BANK 385781	9,240	0.56
SUMITOMO LIFE INSURANCE COMPANY	9,000	0.54

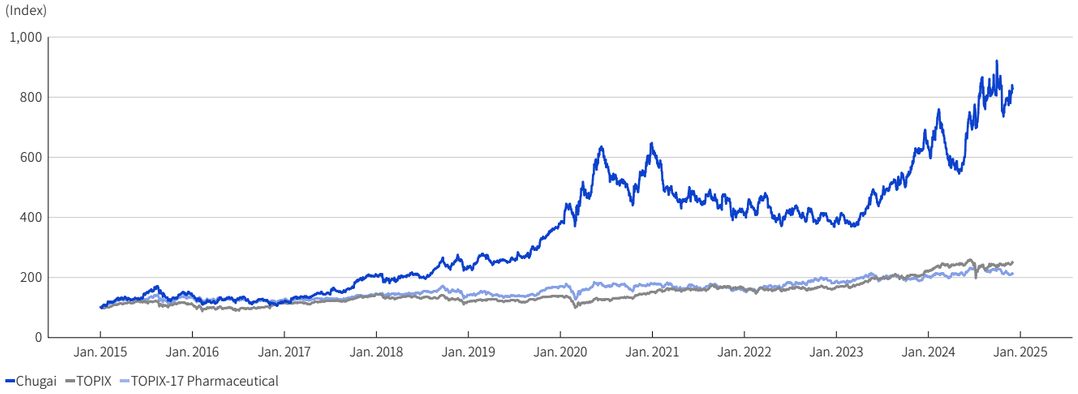
Note: The Company holds 33,531,864 shares of treasury stock, but is excluded from the ten major shareholders listed in the table above.

Classification of Shareholders



- Roche Holding Ltd.
- Foreign corporations except Roche
- Financial institutions
- Individuals and other
- Financial instruments firms
- Treasury stock
- Other corporations

10-Year Total Shareholder Return (TSR)



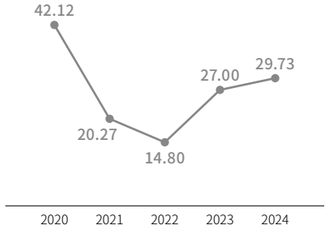
	Last 1 year	Last 3 years		Last 5 years		Last 10 years	
	TSR	TSR	Annualized TSR	TSR	Annualized TSR	TSR	Annualized TSR
Chugai	33.0%	97.9%	25.5%	126.4%	17.8%	726.3%	23.5%
TOPIX	20.4%	50.7%	14.6%	82.5%	12.8%	148.8%	9.5%
TOPIX-17 Pharmaceutical	11.2%	31.6%	9.6%	27.1%	4.9%	111.5%	7.8%

Note: In the above graphs and tables, Chugai's closing price and benchmark indexes as of Wednesday, January 1, 2015, are fixed at 100 and the figures for ROI assume re-investment of the dividends. The benchmark indexes used are the Tokyo Stock Price Index (TOPIX) and TOPIX-17 Pharmaceutical.

Share Price Indicators

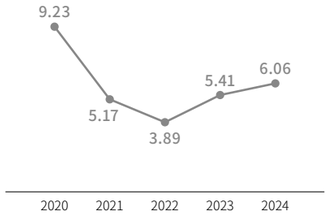
Price / Earnings Ratio

Year-end share price / Basic net income per share
(Times)



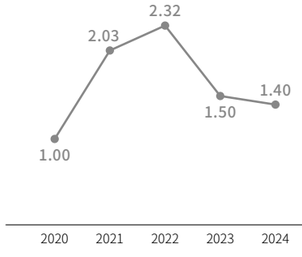
Price / Book Ratio

Year-end share price / Equity per share attributable to Chugai shareholders
(Times)



Dividend Yield

Dividends per share / Year-end share price
(%)



Corporate Profile

(As of December 31, 2024)

Corporate Overview

Company name	Chugai Pharmaceutical Co., Ltd.
Date of foundation	March 10, 1925
Date of establishment	March 8, 1943
Head Office	2-1-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-8324, Japan Tel: +81-(0)3-3281-6611 (Main switchboard)
Stated capital	¥73,202 million
Number of employees	7,778 (Consolidated)

Number of shares issued of common stock	1,679,057,667 shares
Number of shareholders	44,636
Stock listing	Prime Market of Tokyo Stock Exchange
Fiscal year-end	December 31
General Meeting of Shareholders	March
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation

About the Information Shown

Annual Report (Integrated Report)

Aims to share information on the progress of our medium- to long-term value creation strategy with a focus on information content of key importance, and a stronger emphasis on effective presentation and reader-friendliness.

Website

Sustainability
https://www.chugai-pharm.co.jp/english/sustainability/

Investor Relations
https://www.chugai-pharm.co.jp/english/ir/

About Chugai
https://www.chugai-pharm.co.jp/english/profile/

The annual report and websites report Chugai's efforts utilizing their respective characteristics. Please refer to the websites because they contain the information in the annual report in addition to more detailed information.

Production Process and Structure for this Report

August-September	October-November	December-January	February-March	April-May
Secretariat Planning and Design • Set up production systems • Create outline of planned structure	**Draft Plan Review** • Discussion with management team • Interview with relevant parties • Sustainability Meeting • Interview with investors	**Content Production** • Review of composition with CFO • Confirmation of planned content by the Corporate Communications Committee • Coordination with internal divisions • Progress update on short-, medium-, and long-term plans	**Specific Layout of the Booklet** • Develop messaging, structure composition, data • Create messaging from management team (CEO, CFO, R&D Director) • Content confirmation by relevant executives • Checking and approval by the Corporate Communications Committee	**Finalization** • Overall checks, finetuning by production department • Third-party review • Final confirmation by top management

The underlined stages in the production processes listed above show the steps that involve the management team. In particular, the main executive responsible, the chair of the Corporate Communications Committee (director in charge of corporate communications activities) engaged in discussions on its concept, structure, content, and design through a number of meetings and took responsibility up to its completion. In addition, Representative Director, President & CEO Dr. Osamu Okuda, along with executives in charge of governance, environmental and social issues, also engaged in discussions and verification of the composition and content as appropriate.
The production structure included the Corporate Communications Department as the secretariat with an extended team including members from the Corporate Planning Department, Human Resources Management Department, ESG Department, and Risk & Compliance Department. In the approval process, the report was discussed by the Corporate Communications Committee, which made a report to the Executive Committee.

CHUGAI PHARMACEUTICAL

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