[Translation: Please note that the following purports to be a translation from the Japanese original Notice of Convocation of the 112th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2022 of Chugai Pharmaceutical Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

Notice of Convocation of the 112th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2022

Please consider exercising voting rights in writing or via the Internet to prevent the spread of COVID-19. Shareholders can view the Annual General Meeting of Shareholders online in real time.

Date and Time

10:00 a.m. on March 30, 2023 (Thursday)

Venue

Palace Hotel Tokyo – 2F Aoi
1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Matters for Resolution

First Proposal	Appropriation of Surplus
Second Proposal	Election of Five (5) Directors
Third Proposal	Election of Two (2) Audit & Supervisory Board Members

You are kindly requested to exercise your voting rights in advance.

Deadline for exercising your voting rights in writing or via the Internet
No later than 5:30 p.m. on March 29, 2023 (Wednesday)

Internet Live stream of the Annual General Meeting of Shareholders
The meeting will be delivered on the Internet.
For details, see page 5.

Deadline for submitting advance questions
March 29, 2023 (Wednesday)

Innovation all for the patients

CHUGAI PHARMACEUTICAL CO., LTD.

Securities Code: 4519

To the Shareholders

The Chugai Group's mission is to dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world. We undertake actions that give the highest priority to patients and consumers.

Healthcare expectations and needs are increasing more and more worldwide against the backdrop of factors including population growth, progressive demographic graying in each country, and dramatic progress in technology. At the same time, the realization of sustainable medical care with limited resources and funds has become a global issue. In such circumstances, we pharmaceutical companies aim to provide treatment and improve QOL for patients through the provision of pharmaceutical products, while facing increasing demands to help solve social issues such as the realization of sustainable medical care.

Based on the philosophy of "Innovation all for the patients," the Chugai Group aims to contribute to the resolution of social issues and the sound development of society by focusing on innovations centered on innovative drug discovery, and providing optimal medical care for each and every patient, while at the same time striving to sustainably increase corporate value. We ask for the further support of our shareholders in our endeavors.

Representative Director
President & CEO

Notice of Convocation of the 112th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2022

Table of Contents

Mission Statement

The Chugai Group upholds its Mission Statement—which consists of its mission, its Core Values and its Envisioned Future—in order to meet a diverse array of stakeholder expectations as it realizes its corporate responsibility to society. It is on the basis of this Mission Statement that the Chugai Group conducts its business operations.

Mission

Our mission is to dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of 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 strength in science and technology and the alliance with Roche

Our Basic Policy

Striving for the mutual development of Chugai & Society by solving social issues through the creation of innovative pharmaceutical products

Chugai growth & development
Increased corporate value

=

Creation of shared value by Chugai and Society

Realize advanced and sustainable patient-centric healthcare

=

Social growth & development
Resolution of social issues

Chugai business model adopted

Focus on innovation

Creation of innovative drugs and services

Unique strengths in science and technology

Strategic alliance with Roche

Key issues selected by Chugai

Sustainable Healthcare | Human Rights | Supply Chain Management | Human Resources | Social Contribution | Global Environment | Governance | Ethics & Compliance

[Translation: Please note that the following purports to be a translation from the Japanese original Notice of Convocation of the 112th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2022 of Chugai Pharmaceutical Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

Securities Code: 4519

March 1, 2023

(Start date of measures for electronic provision: February 28, 2023)

To the Shareholders:

NOTICE OF CONVOCATION OF THE 112th ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE BUSINESS TERM ENDED DECEMBER 31, 2022

Chugai Pharmaceutical Co., Ltd. (the "Company") is pleased to announce that its 112th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2022 will be held as described below.

The Company has taken measures for electronic provision when convening the meeting and the matters subject to the measures for electronic provision are posted on the Company's website below on the Internet under "Notice of Convocation of the 112th Annual General Meeting of Shareholders (2022)."

The Company's website: https://www.chugai-pharm.co.jp/english/ir/share/agm.html

The matters subject to the measures for electronic provision are also posted on the website of the Tokyo Stock Exchange ("TSE"), in addition to the website above. Accordingly, please confirm details by accessing the TSE's website (Listed Company Search) below, conducting a search with the issue name (company name) or the securities code, and selecting "Basic information" and "Documents for public inspection/PR information."

TSE's website (Listed Company Search)

https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

In addition to attending the meeting, you can exercise your voting rights via the Internet or in writing. Please review the reference documents concerning the General Meeting of Shareholders, and exercise your voting rights no later than 5:30 p.m. on March 29, 2023 (Wednesday) upon referring to the Guide on How to Exercise Your Voting Rights below.

Osamu Okuda
Representative Director,
President & CEO
CHUGAI PHARMACEUTICAL CO., LTD.

1 Date and Time

10:00 a.m. on March 30, 2023 (Thursday)

2 Venue

Palace Hotel Tokyo - 2F Aoi 1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

3 Purpose

Matters for Report

The Business Report for the Business Term (January 1, 2022 to December 31, 2022), Non-Consolidated Financial Statements for the Business Term, Consolidated Financial Statements for the Business Term, and the Report on the Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and Audit & Supervisory Board

Matters for Resolution

First Proposal	**Appropriation of Surplus**
Second Proposal	**Election of Five (5) Directors**
Third Proposal	**Election of Two (2) Audit & Supervisory Board Members**

– End –

Notes

- Among the matters subject to the measures for electronic provision, the following matters are not included in the paper copy to be sent to shareholders in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of the Company.
  - Company's Stock Acquisition Rights, etc., Accounting Auditor and Framework to Ensure Operational Adequacy in the Business Report
  - Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
  - Non-Consolidated Statement of Changes in Shareholders' Equity and Notes to the Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements

  Accordingly, the paper copy to be sent to shareholders are some of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor when the Audit Report is prepared.
- In cases where the matters subject to the measures for electronic provision are amended, the Company will post the amendments on the respective websites on which such matters are posted.

Handling of voting rights exercised multiple times:

If you exercised your voting right both in writing and via the Internet, the voting right exercised via the Internet shall be treated as the valid vote.

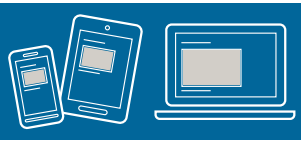
If you exercised your voting right for multiple times via the Internet, the last vote shall be treated as the valid vote.

[Only available in Japanese]

Internet Live stream of the Annual General Meeting of Shareholders and Acceptance of Advance Questions

The Company will **live stream** the Annual General Meeting of Shareholders on the Engagement Portal, a website exclusively for shareholders, so that you will be able to view the meeting at home or another remote location of your convenience. The Company also accepts **advance questions** from shareholders. We hope you will find it useful.
Please note that you cannot exercise your voting rights on this portal site. We ask you to exercise your voting rights in accordance with the instructions set forth in page 4 of this Notice of Convocation as early as possible.

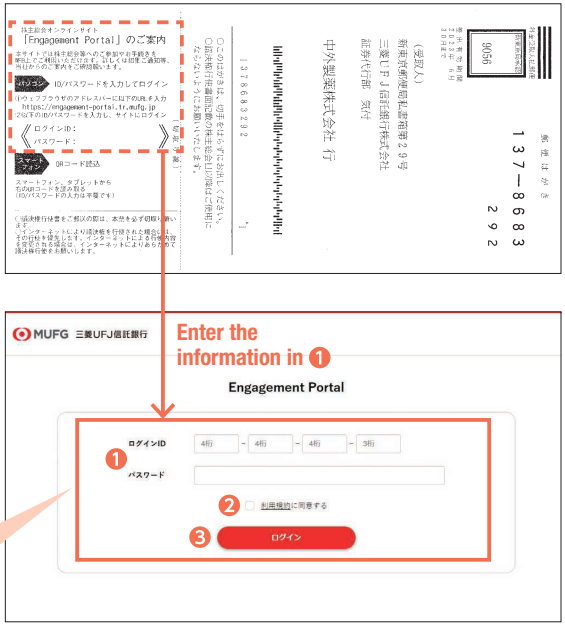
How to log in to the "Engagement Portal," a website exclusively for shareholders



Please scan the login QR code with your smartphone, etc., or access the following URL and enter your login ID and password in case of using your laptop.

[URL for the online site for the Annual General Meeting of Shareholders]
https://engagement-portal.tr.mufg.jp/

If you use a smartphone, etc., you can login the site by only scanning the QR code appeared on the form specified above without entering the login ID and password.



❶ Enter the login ID and password specified in the "'Engagement Portal,' an online site for the Annual General Meeting of Shareholders," provided on the back of the enclosed Voting Rights Exercise Form.
❷ Check the "Agree to Terms and Conditions" check box after confirming the terms and conditions.
❸ Click the "Login" button.

[Only available in Japanese]

Acceptance of advance questions

We accept questions concerning the agenda items for the General Meeting of Shareholders prior to the meeting.
Matters of high interest to shareholders will be addressed at the meeting. Please note that we will not be able to answer questions individually.

Deadline for submitting advance questions **March 22, 2023 (Wednesday)**

Internet Live Streaming

The General Meeting of Shareholders will be available on live streaming. In consideration of the privacy of the shareholders attending the meeting, filming will be limited to the area around the Chairman and board members' seats. However, please note that there may be cases in which shareholders in attendance are unavoidably filmed.

Date and Time of Delivery **March 30, 2023 (Thursday)**
from 10:00 a.m. until the end of the meeting

* The related website will be accessible at **around 9:30 a.m., 30 minutes before the start time**.
* Please note that there is a possibility that we may not be able to provide the Internet delivery of the meeting due to a natural disaster or other circumstances beyond our reasonable control.

Notes

- ☑ Viewing of the Internet broadcast to participate in the meeting does not constitute attendance at the Annual General Meeting of Shareholders for the purposes of the Companies Act. Therefore, **you will not be able to ask questions, exercise your voting rights or make motions as shareholders are permitted to do at the Annual General Meeting of Shareholders, through Internet participation. Please exercise your voting rights by attending the meeting in person, or by paying attention to the deadline for exercising your voting rights and using the postal voting form or the advance exercise via the Internet, or by attending the meeting by a proxy who has been granted the right of representation by power of attorney or otherwise.**
- ☑ Internet participation of the meeting is limited to shareholders.
- ☑ It is strictly prohibited to film, record, or save the live broadcast, or to publish it on social network or other media.
- ☑ Please note that video and audio may be affected by your computer environment (model, performance, or others) and Internet connection (network conditions, connection speed, or others).
- ☑ Each shareholder is responsible for all communication charges and other costs associated with the viewing of the meeting.

Reference Documents for General Meeting of Shareholders

Proposals and Matters for Reference

First Proposal: Appropriation of Surplus

Regarding income distribution, Chugai (the "Company") endeavors to continuously provide a stable allocation of profit to all shareholders, taking into account the changes in strategic funding needs and earnings prospects, and aims for a consolidated dividend payout ratio of 45% on average in comparison with Core EPS(*). In addition, internal reserves will be used to increase corporate value through investments to attain further growth in existing strategic domains and to identify future business.

In the fiscal year ended December 31, 2022, the Company achieved the highest results in the past and increased Core EPS by 2.0% year on year.

Reflecting the favorable results and based on our principles of "stable allocation of profit" and "aiming for a consolidated dividend payout ratio of 45% on average in comparison with Core EPS," the Company would like to declare appropriation of surplus for the fiscal year under review as described below:

(*) Core EPS is diluted earnings per share attributable to the Company's shareholders after deduction of non-Core profit or loss items determined by the Company.

Matters concerning Year-End Dividends

(1) Type of dividend assets:
Cash

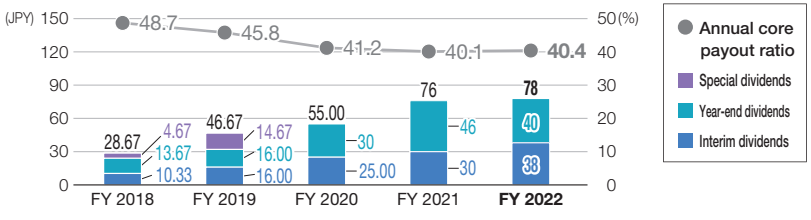
(2) Allotment of dividend assets to the shareholders and the amount thereof:

JPY40 per share of common stock of the Company
Total: JPY65,800,822,760

Since the interim dividends of **JPY38** per share were paid, the total dividends for the fiscal year under review are **JPY78** per share, and the Core dividend payout ratio is 40.4% (an average of 42.0% for the past five years).

(3) Date when dividends of surplus become effective:
March 31, 2023

Reference | **Dividends* and Dividend payout ratio**



* Effective July 1, 2020, the Company implemented a three-for-one stock split of its common stock. The dividends are calculated based on the assumption that the stock split was implemented at the beginning of the fiscal year 2018.

Second Proposal: Election of Five (5) Directors

Out of all the nine (9) Directors, the term of office of five (5) Directors, Masayuki Oku, Yoichiro Ichimaru, Christoph Franz, William N. Anderson and James H. Sabry, will expire at the closing of this Annual General Meeting of Shareholders. Therefore, it is proposed that five (5) candidates, Fumio Tateishi, Hideo Teramoto, Christoph Franz, James H. Sabry and Teresa A. Graham, be elected.
The election of candidates for Directors is deliberated at the Appointment Committee, a voluntary advisory board, and determined at the Board of Directors.
The candidates for Directors and the composition of the Board of Directors after the election (planned) are as follows:

Composition of the Board of Directors after the election (planned)

	No.	Name	Gender	Age**	Attribute	Current Position and Responsibility	Attendance at the meetings of the Board of Directors
Executive Directors	—*	Osamu Okuda	Male	59		Representative Director, President & CEO	100% (10 out of 10)
	—*	Hisafumi Yamada	Male	65		Director, Executive Vice President	100% (7 out of 7)***
	—*	Toshiaki Itagaki	Male	62		Director, Executive Vice President, CFO	100% (7 out of 7)***
Non-Executive Directors	—*	Mariko Y Momoi	Female	75	Outside Independent	Outside Director	100% (10 out of 10)
	①	Fumio Tateishi	Male	73	New appointment Outside Independent	—	—
	②	Hideo Teramoto	Male	62	New appointment Outside Independent	—	—
	③	Christoph Franz	Male	62	Reappointment	Director	100% (10 out of 10)
	④	James H. Sabry	Male	64	Reappointment	Director	100% (10 out of 10)
	⑤	Teresa A. Graham	Female	49	New appointment	—	—

Reappointment Candidate for reappointment as Director
New appointment Candidate for new appointment as Director
Outside Outside Director or candidate for Outside Director
Independent Independent officer who has been registered with Tokyo Stock Exchange, Inc.

* The term of office of Directors of the Company is two (2) years. Osamu Okuda, Hisafumi Yamada, Toshiaki Itagaki and Mariko Y Momoi were elected and assumed office as Directors at the 111th Annual General Meeting of Shareholders held in March 2022.

** The ages of the candidates are as of this Annual General Meeting of Shareholders.

*** The number of meetings attended by Director Hisafumi Yamada and Director Toshiaki Itagaki stated above refers to the number of the Board of Directors meetings they attended after their assumption of office on March 29, 2022.

Reference | Expertise and Experience Expected for Directors and Audit & Supervisory Board Members

	Positions and responsibilities at the Company	Name	Roles	Expertise and experience expected of the Company's Directors and Audit & Supervisory Board Members						
				Corporate management	R&D	Sales, Marketing	Finance, Accounting, Tax affairs	Legal affairs, Intellectual property, Risk management	Medical science, Pharma-ceutical science	International experience
Executive Directors	Representative Director, President & CEO	Osamu Okuda	Appointment Committee member	●	●	●			●	●
	Director, Executive Vice President	Hisafumi Yamada		●	●				●	●
	Director, Executive Vice President & CFO	Toshiaki Itagaki		●		●	●			●
Non-Executive Directors / Independent Outside Directors	Outside Director*	Mariko Y Momoi	Appointment Committee member						●	●
	Outside Director*	Fumio Tateishi		●		●		●		●
	Outside Director*	Hideo Teramoto		●		●	●	●		
	Director	Christoph Franz	Compensation Committee member	●						●
	Director	James H. Sabry		●	●				●	●
	Director	Teresa A. Graham		●	●	●				●
Audit & Supervisory Board Members	Full-time Audit & Supervisory Board Member	Yoshiaki Ohashi			●			●	●	●
	Full-time Audit & Supervisory Board Member	Shigehiro Yamada			●			●		●
	Outside Audit & Supervisory Board Member*	Takaaki Nimura					●			●
	Outside Audit & Supervisory Board Member*	Kenichi Masuda	Special Committee member					●		●
	Outside Audit & Supervisory Board Member*	Yumiko Waseda						●		

* Designated as Independent Officers as stipulated under the Tokyo Stock Exchange guideline and registered them as such at the exchange.

1

Fumio Tateishi

New appointment

Outside Independent

Date of birth:	July 6,1949 (73 years old)
Shares of the Company owned:	0 shares

Reasons for nominating the candidate for Outside Director and expected roles

· Mr. Fumio Tateishi has long engaged in global corporate management and has a high level of insight into sustainability and ESG. Therefore, the Company is of the judgment that he will be able to provide appropriate advice and supervision concerning the management of the Company.

●Summary of career and positions at the Company

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

●Important concurrent positions

· Chairman of the Board of Omron Corporation

●Other special notes

· He satisfies the requirements for an Independent Officer stipulated by the Tokyo Stock Exchange, Inc. and Independence Standards established by the Company. The Company plans to designate him as an Independent Officer to the Tokyo Stock Exchange, Inc. The Independence Standards established by the Company are stated in page 24.

· The Company has no special interests with him. He is scheduled to step down as Chairman of the Board of OMRON Corporation in June 2023.

2

Hideo Teramoto

New appointment

Outside | Independent

Date of birth:	May 20, 1960 (62 years old)
Shares of the Company owned:	0 shares

Reasons for nominating the candidate for Outside Director

· Mr. Hideo Teramoto has extensive experience and knowledge concerning corporate management and is familiar with finance and accounting, etc. Therefore, the Company is of the judgment that he will be able to provide appropriate advice and supervision concerning the management of the Company.

●Summary of career and positions at the Company

Apr. 1983	Joined The Dai-ichi Mutual Life Insurance Company
Jun. 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”)
Apr. 2013	Director, Managing Executive Officer, and Deputy Chief General Manager of Group Management Headquarters of DLI
Apr. 2015	Director, Senior Managing Executive Officer, and General Manager of Marketing Promotion of DLI
Oct. 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
Apr. 2017	Director of DLH Representative Director and Vice Chairman of DLI
Apr. 2020	Director, Vice Chairman, and General Manager of Innovation Strategy Unit of DLH
Apr. 2021	Representative Director, Vice Chairman, and Executive Officer of DLH
Apr. 2022	Director of DLH
Jun. 2022	President of Dai-ichi Life Research Institute, Inc. (to present)

●Important concurrent positions

· President of Dai-ichi Life Research Institute, Inc.

●Other special notes

· He satisfies the requirements for an Independent Officer stipulated by the Tokyo Stock Exchange, Inc. and Independence Standards established by the Company. The Company plans to designate him as an Independent Officer to the Tokyo Stock Exchange, Inc. The Independence Standards established by the Company are stated in page 24.

· The Company has no special interests with him.

3

Christoph Franz

Reappointment

Date of birth:	May 2, 1960 (62 years old)
Shares of the Company owned:	0 shares
Number of years served as Director (as at the closing of this Annual General Meeting of Shareholders):	6 years
Attendance at the meetings of the Board of Directors:	100% (10 out of 10)

Reasons for nominating the candidate for Director

· Dr. Christoph Franz provides advice to and supervises the Company concerning management based on his extensive knowledge and experience, etc. as a corporate manager of global companies. Therefore, the Company is of the judgment that he will be able to continue to execute his duties as Director appropriately in the future as well.

Summary of career and positions at the Company

Jan. 1990	Joined Deutsche Lufthansa AG
Jul. 1994	Member of the Executive Board and CEO of Passenger Transport Division of Deutsche Bahn AG
Jul. 2004	CEO of Swiss International Air Lines AG
Jun. 2009	Deputy Chairman of the Executive Board of Deutsche Lufthansa AG
Jan. 2011	Chairman of the Executive Board and CEO of Deutsche Lufthansa AG
Mar. 2014	Chairman of the Board of Directors of Roche Holding Ltd. (to present)
Mar. 2017	Director of the Company (to present)

Important concurrent positions

· Chairman of the Board of Directors of Roche Holding Ltd.
· Vice Chairman of the Board of Zurich Insurance Group Ltd (Switzerland)
· Member of the Board of Directors of Stadler Rail (Switzerland)

Other special notes

· The relationship between the Company and the Roche Group, where he serves as a member of the Board of Directors, is as stated in “1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries” of the Business Report. In addition, he is scheduled to step down as Chairman of the Board of Directors of Roche Holding Ltd. as of March 14, 2023.

4

James H. Sabry

Reappointment

Date of birth:	December 19, 1958 (64 years old)
Shares of the Company owned:	0 shares
Number of years served as Director (as at the closing of this Annual General Meeting of Shareholders):	4 years
Attendance at the meetings of the Board of Directors:	100% (10 out of 10)

Reasons for nominating the candidate for Director

· Dr. James H. Sabry provides advice and supervises the Company concerning management from a global perspective as a member of the management of the Roche Group. Therefore, the Company is of the judgment that he will be able to continue to execute his duties as Director appropriately in the future as well.

●Summary of career and positions at the Company

Aug. 1997	Co-founder, President and CEO of Cytokinetics
Jun. 2008	President and CEO of Arete Therapeutics
Mar. 2010	Global Head and Vice President of Genentech Partnering
Jan. 2013	Global Head and Senior Vice President of Genentech Partnering
Aug. 2018	Global Head of Roche Pharma Partnering and Member of the Roche Enlarged Corporate Executive Committee (to present)
Mar. 2019	Director of the Company (to present)

●Important concurrent positions

· Global Head of Roche Pharma Partnering and Member of the Roche Enlarged Corporate Executive Committee

●Other special notes

· The relationship between the Company and the Roche Group, where he serves as a member of the Board of Directors, is as stated in “1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries” of the Business Report.

5

Teresa A. Graham

New appointment

Date of birth:	December 30, 1973 (49 years)
Shares of the Company owned:	0 shares

Reasons for nominating the candidate for Director

· The Company recommends Ms. Teresa A. Graham with the belief that she will be able to execute her duties as a Director appropriately through giving advice and supervising the Company about its management and business from a global perspective as a member of the management of the Roche Group.

●Summary of career and positions at the Company

2005	Entered Genentech as Product Manager
2010	Genentech Sales Manager
2011	Genentech Marketing Director, Rituxan Immunology
2012	Genentech Marketing Director, Actemra
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 (to present)

●Important concurrent positions

· Roche Pharma Head of Global Product Strategy

●Other special notes

· The relationship between the Company and the Roche Group, where she serves as a member of the Board of Directors, is as stated in “1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries” of the Business Report. Also, she will be appointed as CEO of Roche Pharmaceuticals and Member of the Roche Corporate Executive Committee in March, 2023.

Notes related to Second Proposal

1. Conclusion of a limited liability agreement
   The Company has provided in its Articles of Incorporation that it may enter into a limited liability agreement (the "Agreement") with a Director ("Director (excluding Executive Director, etc.)," as provided in Article 423, Paragraph 1 of the Japanese Companies Act, and the limit of liability in the Agreement shall be equal to the minimum liability limit stipulated by laws and regulations. The Company has entered into the Agreement with Dr. Christoph Franz and Dr. James H. Sabry and plans to sustain such Agreement with them if they are elected as Directors. In addition, the Company plans to enter into the Agreement with Mr. Fumio Tateishi, Mr. Hideo Teramoto and Ms. Teresa A. Graham if they are elected as Directors.
2. Overview of the contents of the directors' and officers' liability insurance
   To secure excellent human resources and to prevent contraction in the execution of duties, the Company has concluded a directors' and officers' liability insurance agreement with the following conditions and plans to renew such agreement in July 2023. Dr. Christoph Franz and Dr. James H. Sabry, the candidates who are being proposed for reelection as Director under this proposal, are already covered by this insurance agreement and will continue to be covered after their reelection. If Mr. Fumio Tateishi, Mr. Hideo Teramoto and Ms. Teresa A. Graham, the candidates who are being proposed for election as Director, are elected as Director, they will newly be covered by this insurance agreement.
   [Overview of the insurance]
   1) The ratio of premiums to be actually borne by the insured individuals
      The premiums, including the portion for riders, will be borne by the Company. There are no actual premiums to be borne by the insured individuals.
   2) Overview of the insurance accidents covered
      The insurance, including riders, covers damage that may be incurred by the insured directors and officers as a result of assuming responsibilities relating to the execution of duties or receiving claims relating to the pursuit of such responsibilities. However, there are certain exemptions such as in cases where violation of laws and regulations were knowingly committed.
3. Overview of the contents of the corporate indemnity agreement
   The Company has entered into a corporate indemnity agreement with each of the Directors and Audit & Supervisory Board Members, as provided for in Article 430-2, Paragraph 1 of the Companies Act, pursuant to the resolution of the Board of Directors meeting. Under such agreement, the Company shall indemnify them for the expenses provided for in Item 1 and the losses provided for in Item 2 of the said Paragraph to the extent prescribed by laws and regulations. Dr. Christoph Franz and Dr. James H. Sabry, the candidates who are being proposed for reelection as Director under this proposal, have already entered into such agreement, and the Company plans to sustain such agreement with them if they are elected as Director. In addition, the Company plans to enter into such agreement with Mr. Fumio Tateishi, Mr. Hideo Teramoto and Ms. Teresa A. Graham, the candidates who are being proposed for election as Director, if they are elected as Director.
4. The ages of the candidates are as of this Annual General Meeting of Shareholders.

Third Proposal: Election of Two (2) Audit & Supervisory Board Members

Out of all the five (5) Audit & Supervisory Board Members, the term of office of two (2) Audit & Supervisory Board Members, Atsushi Sato and Yuko Maeda, will expire at the closing of this Annual General Meeting of Shareholders. Therefore, it is proposed that two (2) candidates, Shigehiro Yamada and Yumiko Waseda, be elected.

The election of candidates for Audit & Supervisory Board Members is determined at the Board of Directors with the consent of the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members and the composition of the Audit & Supervisory Board after the election (planned) are as follows:

Composition of the Audit & Supervisory Board after the election (planned)

No.	Name	Gender	Age**	Attribute	Current Position and Responsibility	Attendance at the meetings of the Board of Directors	Attendance at the meetings of the Audit & Supervisory Board
—*	Yoshiaki Ohashi	Male	63		Full-time Audit & Supervisory Board Member	100% (10 out of 10)	100% (11 out of 11)
①	Shigehiro Yamada	Male	58	New appointment	Exective Director of Human Resources Management Dept.	—	—
—*	Takaaki Nimura	Male	73	Outside Independent	Outside Audit & Supervisory Board Member	100% (10 out of 10)	100% (11 out of 11)
—*	Kenichi Masuda	Male	60	Outside Independent	Outside Audit & Supervisory Board Member	100% (10 out of 10)	100% (11 out of 11)
②	Yumiko Waseda	Female	63	New appointment Outside Independent	—	—	—

New appointment Candidate for new appointment as Audit & Supervisory Board Member Outside Outside Audit & Supervisory Board Member

Independent Independent Officer who has been registered with Tokyo Stock Exchange, Inc.

* The term of office of Audit & Supervisory Board Members of the Company is four (4) years. Takaaki Nimura and Kenichi Masuda were elected and assumed office as Audit & Supervisory Board Members at the 109th Annual General Meeting of Shareholders held in March 2020, and Yoshiaki Ohashi was elected and assumed office as Audit & Supervisory Board Member at the 110th Annual General Meeting of Shareholders held in March 2021, respectively.

** The ages of the candidates are as of this Annual General Meeting of Shareholders.

1

Shigehiro Yamada

New appointment

Date of birth:	August 5, 1964 (58 years old)
Shares of the Company owned:	1,900 shares

Reasons for nominating the candidate for Audit & Supervisory Board Member

· Dr. Shigehiro Yamada is familiar with the fields of pharmaceutical technology and manufacturing technology and has extensive experience in corporate ethics, compliance, environment, health & safety and social contribution from his work experience. As he has abundant knowledge and experience with the Company to conduct appropriate audits regarding management decision making and status of business execution, the Company is of the judgment that he will be able to perform his roles and duties as Audit & Supervisory Board Member appropriately.

●Summary of career and positions at the Company

Mar. 2005	Joined the Company
Jan. 2016	Head of PT Planning Dept. of the Company
Apr. 2018	Head of Corporate Planning Dept. of Chugai Pharma Manufacturing Co., Ltd.
Jan. 2019	Head of Corporate Social Responsibility Dept. of the Company
Apr. 2019	Head of Sustainability Dept. of the Company
Jan. 2023	Exective Director of Human Resources Management Dept. of the Company (to present)

●Other special notes

· The Company has no special interests with him.

2

Yumiko Waseda

New appointment

Outside Independent

Date of birth:	January 29, 1960 (63 years old)
Shares of the Company owned:	0 shares

Reasons for nominating the candidate for Outside Audit & Supervisory Board Member

· Although Ms. Yumiko Waseda has no experience in corporate management in the past, she has abundant knowledge and experience as an attorney-at-law, in addition to abundant experience as an Outside Audit & Supervisory Board Member. Therefore, the Company is of the judgment that she will be able to execute her duties as Outside Audit & Supervisory Board Member appropriately based on such experience and knowledge.

●Summary of career and positions at the Company

Apr. 1985	Joined Matsuda Masayuki Law & Patent Office (currently Mori Hamada & Matsumoto)
Apr. 2004	Vice President of Daini Tokyo Bar Association
Apr. 2005	Executive Governor of Japan Federation of Bar Associations
Apr. 2013	Joined Tokyo Roppongi Law & Patent Office
Mar. 2014	Outside Audit & Supervisory Board Member of Kao Corporation
Mar. 2015	Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd. (to present)
Apr. 2016	President of Daini Tokyo Bar Association Vice President of Japan Federation of Bar Associations
Jun. 2021	Outside Audit & Supervisory Board Member of IHI Corporation (to present)

●Important concurrent positions

· Partner Attorney-at-Law/Partner Patent Attorney, Tokyo Roppongi Law and Patent Office
· Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd.
· Outside Audit & Supervisory Board Member of IHI Corporation

●Other special notes

· She satisfies the requirements for an Independent Officer stipulated by Tokyo Stock Exchange, Inc. and Independence Standards established by the Company. The Company plans to designate her as an Independent Officer as provided by Tokyo Stock Exchange, Inc. and to register her as such with Tokyo Stock Exchange, Inc. The Independence Standards established by the Company are stated in page 24.
· The Company has no special interests with her.

Notes related to Third Proposal

1. Conclusion of a limited liability agreement
   The Company has provided in its Articles of Incorporation that it may enter into a limited liability agreement (the "Agreement") with an Audit & Supervisory Board Member, as provided in Article 423, Paragraph 1 of the Japanese Companies Act, and the limit of liability in the Agreement shall be equal to the minimum liability limit stipulated by laws and regulations. The Company plans to enter into the Agreement with Dr. Shigehiro Yamada and Ms. Yumiko Waseda if they are elected as Audit & Supervisory Board Members.
2. Overview of the directors' and officers' liability insurance
   To secure excellent human resources and to prevent contraction in the execution of duties, the Company has concluded a directors' and officers' liability insurance agreement with the following conditions, and plans to renew such agreement in July 2023. The candidates who are being proposed for election as Audit & Supervisory Board Members under this proposal will also be covered by this insurance after they are elected.
   [Overview of the insurance]
   1) The ratio of premiums to be actually borne by the insured individuals
      The premiums, including the portion for riders, will be borne by the Company. There are no actual premiums to be borne by the insured individuals.
   2) Overview of the insurance accidents covered
      The insurance, including riders, covers damage that may be incurred by the insured directors and officers as a result of assuming responsibilities relating to the execution of duties or receiving claims relating to the pursuit of such responsibilities. However, there are certain exemptions such as in cases where violation of laws and regulations were knowingly committed.
3. Overview of the contents of the corporate indemnity agreement
   The Company has entered into a corporate indemnity agreement with each of the Directors and Audit & Supervisory Board Members, as provided for in Article 430-2, Paragraph 1 of the Companies Act, pursuant to the resolution of the Board of Directors meeting. Under such agreement, the Company shall indemnify them for the expenses provided for in Item 1 and the losses provided for in Item 2 of the said Paragraph to the extent prescribed by laws and regulations. If Dr. Shigehiro Yamada and Ms. Yumiko Waseda are elected as Audit & Supervisory Board Members, such agreement will be concluded with each of them.
4. The ages of the candidates are as of this Annual General Meeting of Shareholders.

Fundamental Views Relating to Corporate Governance

In line with its strategic alliance with the world-leading pharmaceutical company Roche, the Company has established "dedicating itself to creating new values through the provision of innovative medical products and services for the benefit of the medical community and human health around the world" as its mission and "becoming a top innovator in the healthcare industry that realizes sophisticated and sustainable patient-centered medical care, powered by our unique strength in science and technology and the alliance with Roche" as its fundamental management objective.

While being a member of the Roche Group, the Company maintains its managerial autonomy and independence as a publicly listed company and will constantly strive to perfect its corporate governance as established in the "Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy" in order to fulfil the mandate of its many stakeholders appropriately and fairly for the achievement of its basic management objective.

Corporate Governance System

Organizational structure

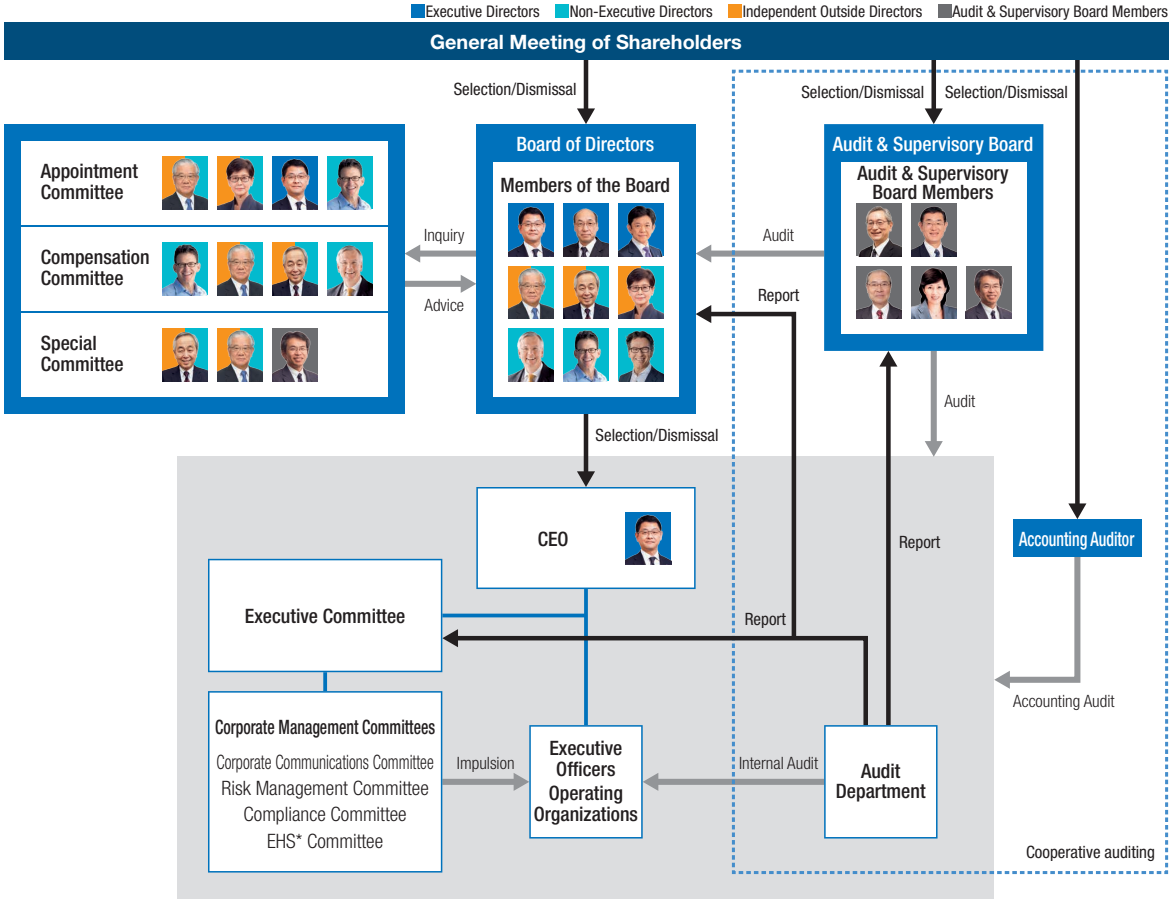
The Company adopted "Company with an Audit & Supervisory Board" as its corporate organizational structure under the Companies Act in order to ensure effective oversight of Directors from an independent and objective standpoint.

The Company performs important managerial decision-making and supervises the execution of business through the Board of Directors, and audits the Directors' performance of duties and other matters through the Audit & Supervisory Board and its Members, who are independent of the Board of Directors.

In addition, the Company adopted the executive officer system in order to separate managerial decision- making and supervision from the execution of business and work towards swifter executive decision-making. The Board of Directors delegates to the Executive Committee, which is to consist of Executive Directors and Executive Officers, the decision-making and execution of all business not determined by the Board of Directors itself.

Furthermore, the Company established the Appointment Committee, the Compensation Committee and the Special Committee as advisory boards to the Board of Directors, so as to secure managerial transparency.

Chugai's Corporate Governance System (as of January 1, 2023)



* Environment, Health and Safety (EHS)

Board of Directors

The Board of Directors consists of persons with diverse knowledge, experience and skills, and it must be ensured that the Board as a whole has the necessary expertise and skills and is of appropriate diversity, including in terms of gender, international experience, work experience, age and size, while the Board of Directors established and disclosed Independence Standards aimed at ensuring effective independence of Independent Directors, taking into consideration the independence criteria set by the Tokyo Stock Exchange, and appoints one-third of the Directors or more as Independent Outside Directors.

Appointment and dismissal of Directors

The Board of Directors selects as Executive Director candidates individuals with the knowledge and experience to manage the Company properly, fairly and efficiently, and sufficient public trust.

The Board of Directors selects Non-Executive Director candidates from among the managers of other companies, medical experts and others with academic experience, and similar persons, taking into account experience, knowledge, and expertise, so that the Outside Directors may appropriately give advice on the management of the Company and carry out the supervisory function.

If the Board of Directors determines that it is difficult to achieve sustainable growth and the increase of corporate value over the mid- to long-term (such as if Chugai continually fails to achieve business plans and performance is not expected to improve, or if material misconduct or a material compliance violation occurs), it will consider dismissing the Executive Directors, including the CEO.

The selection of Director candidates and dismissal of Directors will be deliberated by the Appointment Committee and determined at a Board of Directors meeting, and the reasons for the selection or dismissal will be disclosed.

Audit & Supervisory Board

The Audit & Supervisory Board consists of members with the necessary knowledge, experience, and specialist skills, and ensures the balance of expertise of that Board as a whole. One of the outside Audit & Supervisory Board Members must possess significant knowledge, experience and expertise in finance and accounting. The Office of Audit & Supervisory Board Members ensures the independence and enhances the auditing functions of Audit & Supervisory Board Members.

Appointment of Audit & Supervisory Board Members

The Board of Directors selects as candidates for the Audit & Supervisory Board Members persons with the knowledge and experience to appropriately audit managerial decision-making and the execution of business. The candidates for the Outside Audit & Supervisory Board Members are selected from among experts with rich knowledge and experience in accounting, law and similar fields.

The Office of Audit & Supervisory Board Members ensures the independence and enhances the auditing functions of Audit & Supervisory Board Members.

Appointment Committee

As an advisory board to the Board of Directors, the Appointment Committee deliberates on the selection of Director candidates, succession plan for Executive Directors, including the CEO, and dismissal of Directors.

The Appointment Committee consists of one internal committee member and three or more outside committee members, including at least one Independent Outside Director. The Board of Directors appoints the internal committee member from Representative Directors and / or persons with past experience as such Representative Directors, and outside committee members from Non-Executive Directors including Independent Outside Directors, and / or persons with past experience as such Non-Executive Directors.

Compensation Committee

As an advisory board to the Board of Directors, the Compensation Committee deliberates on remuneration policy and the remuneration of individual Directors.

The Compensation Committee consists of three or more outside committee members, including at least one Independent Outside Director, and the outside committee members are appointed by the Board of Directors from Non-Executive Directors including Independent Outside Directors, and / or persons with past experience as such Non-Executive Directors.

Special Committee

As an advisory board to the Board of Directors, the Special Committee deliberates and reviews significant transactions and conducts, etc. that may generate a conflict of interests between the parent company Roche Group and minority shareholders.

The Special Committee consists of only Independent Directors or Audit & Supervisory Board Members including one Independent Outside Director who is also serving as an outside committee member of the Compensation Committee.

Coordination between Outside Directors and Audit & Supervisory Board Members

The Company holds regular information-sharing meetings between Independent Outside Directors and Audit & Supervisory Board Members for the purpose of providing the information necessary for active discussion at Board of Directors meetings, and enhancing mutual coordination.

Cooperative auditing

Audit & Supervisory Board Members, the internal audit function and the Accounting Auditor cooperate closely by regularly exchanging information to improve the effectiveness of their respective audits. Audit & Supervisory Board Members and the Accounting Auditor confirm each other's audit plans and hold regular meetings to exchange opinions on matters including the results of quarterly audit reports. They coordinate with Audit & Supervisory Board Members at subsidiaries on quarterly reports, fiscal year-end reports and other matters.

Evaluation of effectiveness of Chugai Board of Directors

The Board of Directors is subject to the analysis and evaluation of its activities by an external third-party in each financial year, in addition to the self-evaluation of the Directors and Audit & Supervisory Board Members, to secure the effectiveness of its decision-making and supervision, and discloses a summary of the results.

The Company's Board of Directors retained a third-party law firm ("outside experts") to conduct a third-party evaluation and analysis on the effectiveness of the Board. The outside experts served as the Secretariat and conducted from February to March 2022 a self-evaluation questionnaire on the Directors and Audit & Supervisory Board Members who were on the Board as of the end of fiscal year 2021.

Furthermore, from the standpoint of objectively and rationally verifying whether the results of the self-evaluation questionnaire were valid and truly reflect the reality of the Board and its related activities, the outside experts conducted a two-step process of: (1) viewing and carefully examining relevant materials, and (2) conducting interviews, as necessary, of the Directors and the Audit & Supervisory Board Members who were on the Board as of the end of fiscal year 2021.

Almost all of the responses with respect to these matters in the self-evaluation questionnaire were "Yes," and the materials examined and the interviews conducted by the outside experts indicated that these responses truly reflect the reality of the Board and its related activities. Thus, the outside experts confirmed that, from the standpoint of all evaluations, the effectiveness of the Board is secured.

The Board received the outside experts' reports with respect the results of the self-evaluation questionnaire and the results of analysis and evaluation. It also deliberated on the matters pointed out by the outside experts as issues to be considered for further securing and improving the effectiveness and decided to undertake the following initiatives.

In accordance with Supplementary Principle 4-8-3 of the Corporate Governance Code, the Board of Directors established the Special Committee as an advisory board to the Board of Directors pursuant to the resolution of the Board of Directors meeting held on March 29, 2022. The Special Committee's role is to receive reports from each department concerning significant transactions and conduct, etc., that may generate conflicts of interest between the parent company Roche Group and minority shareholders, deliberate on and review the reports, and provide advice to the Board of Directors.

Going forward, the Special Committee will reorganize the framework and factors to consider for judging the fairness of the business conditions with the Roche Group, and the Board of Directors will undertake sufficient deliberations based on the advice reported to the Board of Directors by the Special Committee.

Based on the evaluation results as described above, the Board of Directors will endeavor to further improve its effectiveness.

Independence Standards

Chugai will judge outside officers (Outside Directors and Outside Audit & Supervisory Board Members) that do not fall under any of the following to be Independent Officers (Independent Outside Directors and Independent Outside Audit & Supervisory Board Members) with no risk of a conflict of interests with Chugai's general shareholders:

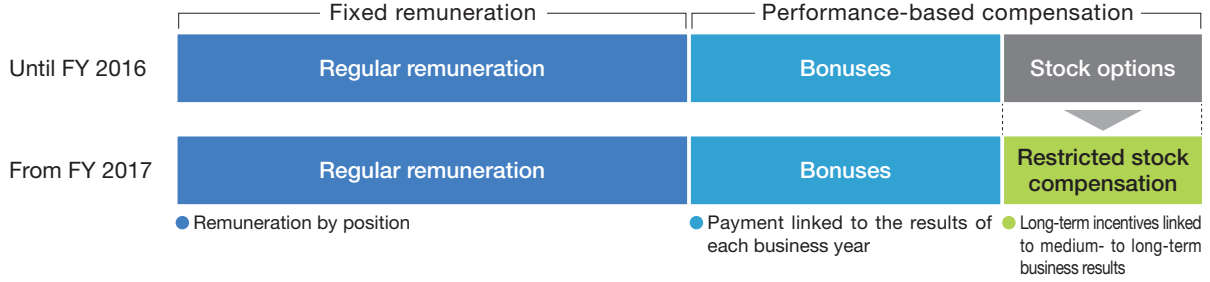
(1) a person who is currently or has been in the past ten years an executive (see note 1) of Chugai or any of its subsidiaries (collectively, the "Chugai Group");
(2) a person who is currently or has been in the past five years an executive of the parent company or any sister company of Chugai;
(3) a person for whom the Chugai Group is a major business partner (see note 2) or an executive of that person;
(4) a major business partner (see note 2) of the Chugai Group or an executive of that business partner;
(5) a major lender (see note 3) of the Chugai Group or an executive of that lender;
(6) a consultant, accounting professional, or legal professional who receives a large amount of money or other such assets (see note 4) other than officer remuneration from the Chugai Group (including any person belonging to a corporation, partnership, or other such organization that receives such assets);
(7) a major shareholder (see note 5) of Chugai or an executive of that shareholder;
(8) an executive of a company for which the Chugai Group is a major shareholder
(9) an executive of a company that engages a director or Audit & Supervisory Board Member (regardless of whether full or part time) from the Chugai Group or an executive of the parent company or any subsidiary of such company;
(10) a director or other executive of a corporation, partnership, or other such organization that receives contributions or aid exceeding a certain amount (see note 6) from the Chugai Group;
(11) an accounting auditor of the Chugai Group or any person belonging to an auditing corporation that is an accounting auditor of the Chugai Group; and
(12) a close relative (see note 7) of any person (limited to those in material positions (see note 8)) who falls under any of (1) through (11) above.

Note 1: "Executive" means an executive director, executive officer, corporate officer, or other such employee or the like.
Note 2: "Major business partner" means a business partner whose transactions with the Chugai Group in any business year within the past five years total 2% or more of the consolidated sales of that business partner or the Chugai Group.
Note 3: "Major lender" means a lender from whom the Chugai Group's borrowings at the end of the business year exceed 2% of the Chugai Group's consolidated total assets at the end of that business year.
Note 4: "Large amount of money or other such assets" means, in any business year within the past five years, money or other such assets in excess of the greater of (a) ten million yen annually or (b) 2% of the total annual income of the person receiving the money or other such assets.
Note 5: "Major shareholder" means a shareholder directly or indirectly holding 10% or more of total voting rights in any business year within the past five years.
Note 6: "Contributions or aid exceeding a certain amount" means, in any business year within the past five years, contributions or aid exceeding the greater of (a) ten million yen annually or (b) 2% of the total annual income of the person receiving the contributions or aid.
Note 7: "Close relative" means a spouse or a relative within the second degree of kinship.
Note 8: "Those in material positions" means directors (excluding outside directors), corporate officers, and executive officers, or any person with authority equivalent to any of these.

Remuneration System for the Company's Directors and Audit & Supervisory Board Members

	Fixed remuneration	Performance-based compensation		
	Regular remuneration	Bonuses	Long-term incentive (stock compensation)	
			Tenure-based restricted stock compensation	Performance-based restricted stock compensation
Executive Directors	●	●	●	●
Non-Executive Directors (including Outside Directors)	●	—	—	—
Audit & Supervisory Board Members	●	—	—	—

Structure of remuneration for Executive Directors

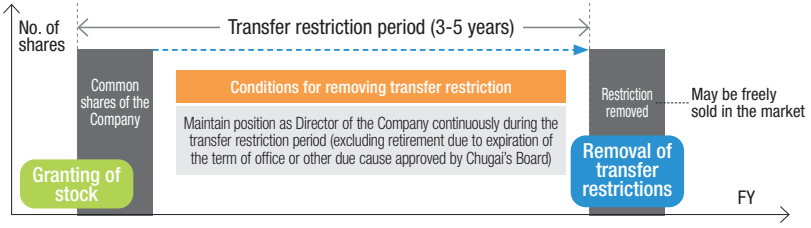


The Company's Restricted Stock Compensation System

A resolution was passed at the 106th Annual General Meeting of Shareholders held in March 2017 to introduce a new remuneration system that uses two types of restricted stock as a replacement for the stock option compensation for the purpose of further promoting shared value with shareholders, and providing an incentive for the Company's Executive Directors to sustainably increase the Company's corporate value, strengthening linkage between their remuneration and the Company's mid- and long-term business performance.

Tenure-based restricted stock compensation

On the condition that the eligible Directors maintain their positions as the Company's Directors continuously during the transfer restriction period, the Company shall remove the transfer restriction for the allotted shares at the expiration of the transfer restriction period.



Performance-based restricted stock compensation

Regarding the eligible Directors, in addition to fulfilling the above conditions for tenure-based restricted stock compensation, the Company shall remove the transfer restriction with respect to the number of the allotted shares to be decided according to the achievement level of the performance targets, at the expiry of the transfer restriction period.

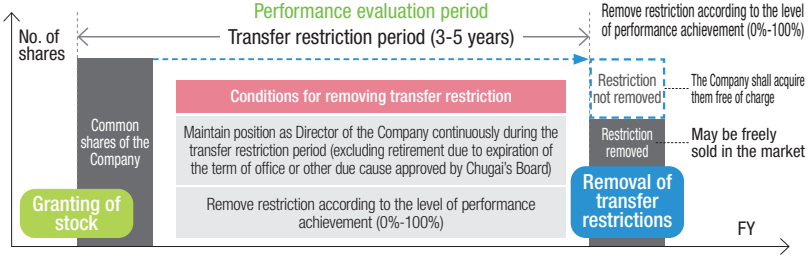
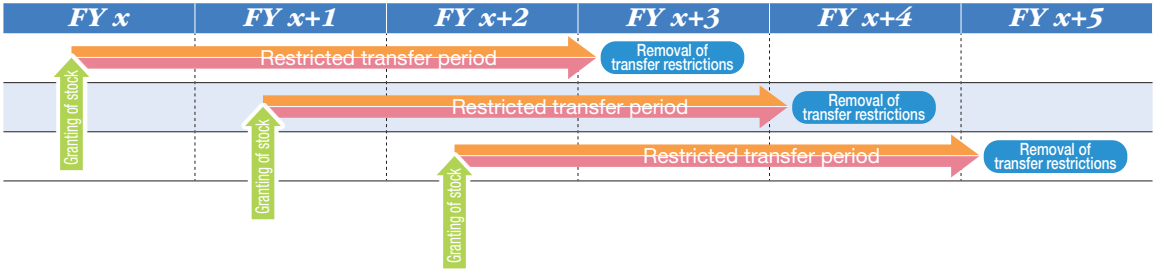


Image of granting remuneration over multiple years (in the case of a 3-year transfer restriction period)



End of Reference Documents

Business Report

(January 1, 2022 to December 31, 2022)

1 Overview of Consolidated Business Activities

(1) Asset and Income Status, etc.

a) Asset and Income Status

Item	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues (JPY billion)	579.8	686.2	786.9	999.8	1,259.9
Operating profit (JPY billion)	124.3	210.6	301.2	421.9	533.3
Net income (JPY billion)	93.1	157.6	214.7	303.0	374.4
Net income attributable to Chugai shareholders (JPY billion)	92.5	157.6	214.7	303.0	374.4
Total assets (JPY billion)	919.5	1,058.9	1,235.5	1,538.7	1,869.8
Total equity (JPY billion)	756.5	854.0	980.0	1,188.0	1,424.4
Basic earnings per share (JPY)	56.36	95.95	130.66	184.29	227.64
Equity per share attributable to Chugai shareholders (JPY)	460.42	519.91	596.16	722.50	865.88

(Note) 1. Effective July 1, 2020, the Company has implemented a three-for-one stock split of its common stock. “Basic earnings per share” and “Equity per share attributable to Chugai shareholders” are calculated based on the assumption that the stock split was implemented at the beginning of the fiscal year 2018.

b) Core Results Status

Item	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Gross profit (JPY billion)	317.9	421.1	514.7	664.3	693.0
Operating profit (JPY billion)	130.3	224.9	307.9	434.1	451.7
Net income (JPY billion)	97.3	167.6	219.4	311.5	317.7
Net income attributable to Chugai shareholders (JPY billion)	96.7	167.6	219.4	311.5	317.7
Core EPS (JPY)	176.42	305.80	133.39	189.35	193.11
Research and development (JPY billion)	94.2	102.1	113.5	129.8	143.7

(Notes) 1. The Company discloses its results on a Core basis from 2013 in conjunction with its transition to IFRS. Core results are the results after adjusting non-recurring items recognized by the Company to IFRS results. The Company’s recognition of non-recurring items may differ from that of Roche due to the difference in the scale of operations, the scope of business and other factors. Core results are used by the Company as an internal performance indicator, for explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results such as a return to shareholders.
2. Core EPS is diluted earnings per share attributable to Chugai shareholders after deduction of non-Core profit or loss items determined by the Company.

c) Other Significant Performance Indicators

Item	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Ratio of equity attributable to Chugai shareholders (%)	82.2	80.6	79.3	77.2	76.2
Ratio of net income to equity attributable to Chugai shareholders (ROE) (%)	12.8	19.6	23.4	28.0	28.7
Price-earnings ratio (times)	37.73	35.02	42.12	20.27	14.80
Dividends per share (JPY)	86.00	140.00	55.00	76.00	78.00
Core dividend payout ratio (%)	48.7	45.8	41.2	40.1	40.4
Total shareholders return (TSR) (%)	112.1	178.6	292.9	204.9	189.9

(Notes) 1. Effective July 1, 2020, the Company has implemented a three-for-one stock split of its common stock. Dividends per share and Core dividend payout ratio for the fiscal year 2020 are calculated based on the assumption that the stock split was implemented at the beginning of the fiscal year 2020.
2. "Core dividend payout ratio" stated above represents dividend per share against Core EPS.

Reference | Adoption of Core Results

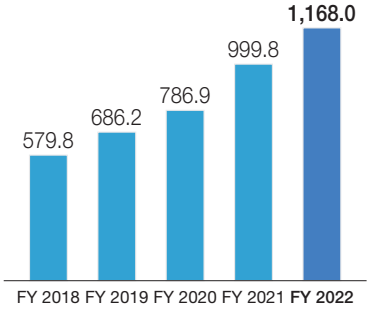
Starting from the fiscal year 2013, the Company adopts Core results as indicators to manage recurring profits generated from the pharmaceutical business, the Company's core business. Core results are the results after deducting gains or losses related to non-Core events of the Company from IFRS results. The Company uses Core results for explaining the status of recurring profits both internally and externally, and also as the basis for payment-by-results such as a return to shareholders.

Core results are determined from the IFRS results by adjusting the following items.

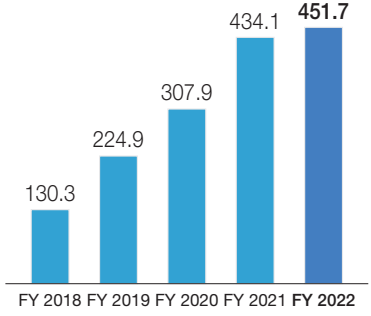
- Amortization and impairment of intangible assets (for example, lump-sum and milestone payments pertaining to products under development in-licensed from third parties)
- Merger impacts attributable to acquisitions of companies or businesses
- Non-recurring items such as expenses for restructuring, environmental measures and litigation, and disasters
- Tax effect for the above items and income attributable to non-controlling interests

Reference | Key Performance Indicators (Core Results)

Revenues (JPY billion)



Operating Profit (JPY billion)



(2) Developments and Results of Business Activities

a) Revenues

(Unit: JPY billion)

Item	Actual performance for the fiscal year under review	Actual performance for the previous fiscal year	Year-on-year difference for the same period (%)
Product sales	**1,039.2**	**802.8**	**up 29.4%**
Japan	654.7	518.9	up 26.2%
Oncology field	256.0	261.5	down 2.1%
Specialty field *	398.6	257.4	up 54.9%
Overseas	384.6	283.9	up 35.5%
Royalties and other operating income	**128.8**	**196.9**	**down 34.6%**
Revenues	**1,168.0**	**999.8**	**up 16.8%**

* "Primary" used as the name of disease area is replaced with "Specialty" from July 2022.

Domestic sales

Domestic sales were JPY654.7 billion (an increase of 26.2% year on year) due to the favorable market penetration of mainstay products and new products, while sales were significantly affected by the NHI drug price revisions and the market penetration of generic drugs.

Oncology products sales were JPY256.0 billion (a decrease of 2.1% year on year). Thanks to the favorable market penetration of the new product Polivy (an antimicrotubule binding anti-CD79b monoclonal antibody, anti-cancer agent) due to an additional indication, the strong sales of Kadcyla (an anti-HER2 antibody-tubulin polymerization inhibitor conjugate), and the increase in the number of tests provided by the Foundation Medicine genomic mutation analysis program*, sales increased. Meanwhile, sales of Avastin (an anti-VEGF humanized monoclonal antibody, anti-cancer agent) and Herceptin (an anti-HER2 humanized monoclonal antibody, anti-cancer agent) declined affected by the NHI drug price revisions and market penetration of generic drugs, and sales of Tecentriq (an anti-PD-L1 humanized monoclonal antibody, anti-cancer agent) also declined, primarily due to a re-pricing for market expansion in August 2021.

Specialty products sales were JPY398.6 billion (an increase of 54.9% year on year). Despite a sales decline of products including Edirol (an osteoporosis agent) and Mircera (a long-acting erythropoiesis stimulating agent) due to NHI drug price revisions and market penetration of generic drugs, sales of the mainstay product Hemlibra (blood coagulation factor VIII substitute) were favorable. As for the new products, recognizing a significant increase in sales from the supply of Ronapreve (anti-SARS-CoV-2 monoclonal antibody) to the government, which received the special approval for emergency in July 2021, contributed to sales, as did the favorable market penetration of Evrysdi (spinal muscular atrophy agent), Enspryng (a pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody) and Vabysmo (an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody). In addition, regarding Mitchga (an anti-IL-31 receptor A humanized monoclonal antibody), a new product launched in August 2022 by Maruho Co., Ltd. ("Maruho") for the indication of itching associated with atopic dermatitis, sales were recognized for offering this product to Maruho.

* "FoundationOne Liquid CDx Cancer Genomic Profiling" and "FoundationOne CDx Cancer Genomic Profiling"

Overseas sales

Overseas sales amounted to JPY384.6 billion (an increase of 35.5% year on year), far exceeding that of the previous fiscal year. The export of Hemlibra to Roche significantly increased to JPY191.1 billion (an increase of 70.6% year on year), as export at a regular shipping price got underway, despite a decrease in the export of Alecensa (an ALK inhibitor, anti-cancer agent) to Roche compared to the previous fiscal year. In addition, sales of Actemra (a humanized anti-human IL-6 receptor monoclonal antibody), which was approved in Europe to treat patients with severe COVID-19 and in the US as a treatment for COVID-19 in hospitalized adults were favorable, increasing to JPY126.2 billion (an increase of 26.1% year on year). Furthermore, sales of Edirol launched in China in July 2022 were JPY0.1 billion.

b) Financial Results

Consolidated financial highlights (IFRS results)

Revenues for the fiscal year under review were JPY1,259.9 billion (an increase of 26.0% year on year), operating profit for the fiscal year under review was JPY533.3 billion (an increase of 26.4% year on year), and net income for the fiscal year under review was JPY374.4 billion (an increase of 23.6% year on year). These results include non-Core items, such as amortization of intangible assets of JPY1.7 billion, impairment loss of intangible assets of JPY0.6 billion, and restructuring expenses, etc. of JPY6.8 billion, as well as the income and other related items which totaled JPY90.7 billion associated with the settlement agreement between Chugai and Alexion Pharmaceuticals, Inc., which are excluded from the Core results that Chugai adopts to manage recurring business activities.

Consolidated financial highlights (Core results)

(Unit: JPY billion)

Item	Actual performance for the fiscal year under review	Actual performance for the previous fiscal year	Year-on-year difference for the same period (%)
Revenues	1,168.0	999.8	up 16.8%
Gross profit	693.0	664.3	up 4.3%
Operating income	451.7	434.1	up 4.1%
Net income	317.7	311.5	up 2.0%

Enspryng®

Revenues for the fiscal year under review were JPY1,168.0 billion (an increase of 16.8% year on year), due to a significant increase in sales, despite major decreases in royalties and other operating income.

Of revenues, sales were JPY1,039.2 billion (an increase of 29.4% year on year). Domestic sales grew over the previous fiscal year primarily due to the steady market penetration of the new products Evrysdi, Polivy, Enspryng and Vabysmo, the favorable sales of the mainstay products Hemlibra and Kadcyla, and the supply of Ronapreve to the government, while sales were affected by the NHI drug price revisions and market penetration of generic drugs. Overseas sales increased significantly compared to the previous fiscal year due to the major increase in the exports of Hemlibra and Actemra, despite a decrease in the export of Alecensa to Roche. Royalties and other operating income amounted to JPY128.8 billion (a decrease of 34.6% year on year), due to a significant decrease in royalty income from initial shipments of Hemlibra. Furthermore, cost to sales ratio was 45.7%, a 3.9 percentage point rise year on year, reflecting a change in the product mix and other factors. As a result, gross profit amounted to JPY693.0 billion (an increase of 4.3% year on year).

Operating expenses were JPY241.3 billion (an increase of 4.8% year on year). Marketing and distribution expenses were JPY76.7 billion (an increase of 1.2% year on year) due to the effects of foreign exchange and other factors. Research and development expenses amounted to JPY143.7 billion (an increase of 10.7% year on year) due to an increase in expenses associated with the progress of development projects, the effects of foreign exchange and other factors. General and administration expenses amounted to JPY20.9 billion (a decrease of 15.0% year on year) due to decreases in various expenses, as well as recognizing gain on sale of property, plant and equipment. As a result, operating profit was JPY451.7 billion (an increase of 4.1% year on year) and net income was JPY317.7 billion (an increase of 2.0% year on year).

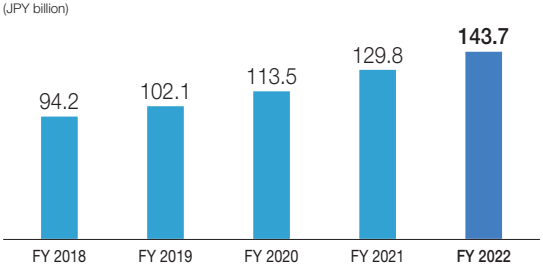
With regard to the effects of the changing situation in Russia and Ukraine on operating performance for the fiscal year under review, while Chugai is not directly engaged in any business activities and has no contract manufacturers or suppliers of raw materials in the countries concerned, certain costs and

expenses have increased due to soaring energy and other prices stemming from the changing situation in these countries. Furthermore, while there have been some impacts on the progress of certain trials led by Roche in these countries and their neighboring countries, the impact on research and development activities as a whole has been limited.

c) R&D Activities

In Japan and overseas, the Chugai Group ("the Group") is actively engaged in prescription pharmaceutical R&D activities and is working to develop innovative products with global application. In Japan, the Group has established research bases in Fuji Gotemba and Kamakura, which are collaborating to develop new pharmaceuticals, and its research facilities in Ukima are conducting industrialization research. Overseas, Chugai Pharma USA, Inc. (United States); Chugai Pharma Europe Ltd. (United Kingdom); Chugai Pharma China Co., Ltd. (China); and Chugai Pharma Taiwan Ltd. (Taiwan) are engaged in clinical development and submission of applications in their respective countries. Chugai Pharmabody Research Pte. Ltd. (Singapore) is engaged in pharmaceutical research and development.

Reference | **R&D Expenses**



As for clinical development activities, the Group saw progress as described below.

(i) Oncology

- We obtained approval in March for the combination therapy of HER2 dimerization inhibitory humanized monoclonal antibody RG1273 (Product name: Perjeta) and anti-HER2 humanized monoclonal antibody RG597 (Product name: Herceptin) for the additional indication of advanced or recurrent HER2-positive colon cancer or rectal cancer not amenable to curative resection that has progressed after cancer chemotherapy.
- We obtained approval for an engineered anti-PD-L1 monoclonal antibody RG7446 (Product name: Tecentriq) for the additional indication of non-small cell lung cancer (NSCLC) (adjuvant) in May. We decided to discontinue the development for ovarian cancer (1st Line) and renal cell carcinoma (adjuvant) in consideration of the results of global Phase III studies IMagyn050 and IMmotion010, respectively.
- Based on public knowledge-based applications, we obtained the partial change approval for a recombinant human G-CSF Neutrogin for the indication of relapsed or refractory acute myeloid leukemia in combination with anticancer agents in June.
- We obtained approval for an anti-CD79b antibody-drug conjugate RG7596 (Product name: Polivy) for the additional indication of previously untreated diffuse large B-cell lymphoma (DLBCL) in August.
- We filed for a glycoengineered type II anti-CD20 monoclonal antibody RG7159 (Product name: Gazyva) for the treatment of chronic lymphocytic leukemia in March, and obtained approval for the additional indication of CD20-positive chronic lymphocytic leukemia (including small lymphocytic lymphoma) in December.
- We filed for anti-HER2 humanized monoclonal antibody / HER2 dimerization inhibitory humanized monoclonal antibody RG6264 (fixed-dose subcutaneous combination) for the treatment of HER2-positive breast cancer, and HER2-positive colorectal cancer that has progressed after chemotherapy in September.
- We started global Phase III study for an ALK inhibitor AF802/RG7853 (Product name: Alecensa) for the maintenance treatment of NSCLC (stage III) after chemoradiotherapy in November.
- We started global Phase III study for an anti-TIGIT human monoclonal antibody RG6058 for the treatment of non-squamous NSCLC (1st Line), in combination with RG7446 in November. We decided to discontinue the development for small cell lung cancer (SCLC) (1st Line) in combination with RG7446, in consideration of the results of global Phase III study SKYSCRAPER-02.
- We started domestic Phase II study for a RET inhibitor RG6396 for the treatment of NSCLC (2nd Line) in June. We also started global Phase II study for the treatment of solid tumors in October.
- We started Phase I study for an anti-CD20/CD3 bispecific antibody RG7828 for the treatment of follicular lymphoma (3rd Line) in March. We also started global Phase III study for the treatment of relapsed or refractory aggressive B-cell non-Hodgkin's lymphoma, in combination with Polivy in October.
- We started Phase I study for a KRAS G12C inhibitor RG6330 and a SHP2 inhibitor RG6433 for the treatment of solid tumors in September.
- We started Phase I study for an anti-FcRH5/CD3 bispecific antibody RG6160 for the treatment of relapsed or refractory multiple myeloma in November.

- We decided to discontinue the development of AMY109 for solid tumors in consideration of the results of the Phase I study.

(ii) Immunology

- We obtained approval for a humanized anti-human IL-6 receptor monoclonal antibody MRA/RG1569 (Product name: Actemra) for the additional indication of SARS-CoV-2 pneumonia (limited to patients requiring oxygen intervention) in January. The U.S. Food and Drug Administration (FDA) accepted the supplemental Biologics License Application (sBLA) for the treatment of COVID-19 in hospitalized adults who are receiving systemic corticosteroids and require supplemental oxygen, non-invasive or invasive mechanical ventilation, or extracorporeal membrane oxygenation (ECMO) in April and approved for the above indication in December. An application for regulatory approval for systemic sclerosis-associated interstitial lung disease was submitted to the European Medicines Agency (EMA) in August.
- We started domestic Phase III study for a glycoengineered type II anti-CD20 monoclonal antibody RG7159 (Product name: Gazyva) for the treatment of lupus nephritis in June.
- We started Phase I study for an anti-HLA-DQ2.5/gluten peptides multispecific antibody DONQ52 for the treatment of celiac disease in September.
- We started Phase I study for RAY121 for the treatment of autoimmune diseases in October.
- We decided to discontinue the development of a human IL-22 fusion protein RG7880 for inflammatory bowel disease in consideration of the results of overseas study conducted by Roche.

(iii) Neuroscience

- We obtained approval for an anti-CD20 monoclonal antibody Rituxan for the additional indication of the prevention of recurrence of neuromyelitis optica spectrum disorder (including neuromyelitis optica) in June.
- We started global Phase III studies for a pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody SA237/RG6168 (Product name: Enspryng) for the treatment of myelin oligodendrocyte glycoprotein antibody-associated disease (MOGAD) and autoimmune encephalitis (AIE) in August and September, respectively.
- We started global Phase II/III study for an anti-latent myostatin sweeping antibody GYM329/RG6237 for the treatment of spinal muscular atrophy, in combination with RG7916 in June.

(iv) Hematology

- We obtained approval for an anti-factor IXa/X bispecific antibody ACE910/RG6013 (Product name: Hemlibra) for the additional indication of acquired hemophilia A in June.
- We started Phase II study for an anti-C5 recycling antibody SKY59/RG6107 for the treatment of sickle cell disease in March. The National Medical Products Administration (NMPA) of People's Republic of China accepted an application for regulatory approval for paroxysmal nocturnal hemoglobinuria (PNH) and granted priority review in the third quarter of 2022.

(v) Ophthalmology

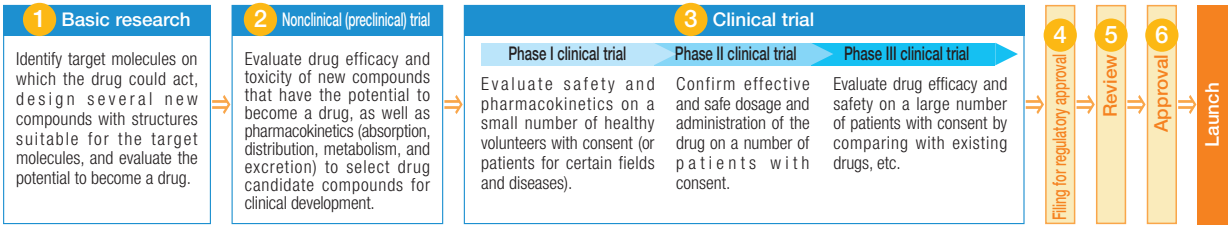
- We obtained approval for an anti-VEGF/anti Ang-2 bispecific antibody RG7716 (Product name: Vabysmo) for the indications of age-related macular degeneration associated with subfoveal choroidal neovascularization and diabetic macular edema in March and launched in May.
- We started domestic Phase I/II study for a humanized anti-VEGF monoclonal antibody fragment (Fab) RG6321 [PDS (Port Delivery System with ranibizumab)] for the treatment of neovascular age-related macular degeneration and diabetic macular edema in March.

(vi) Other diseases

- We launched activated vitamin D3 agent ED-71 (Product name: Edirol) in China for the treatment of postmenopausal osteoporosis in July.
- We decided to discontinue the development of an anti-FGFR1/KLB bispecific antibody RG7992 for non-alcoholic steatohepatitis in consideration of the results of overseas study conducted by Roche.

Reference | **Process of new drug development**

It takes as long as 9 to 17 years to develop a new drug, from the discovery of candidate compounds to the launch as a pharmaceutical product.



Status of clinical development (as of December 31, 2022)

Development code	Generic name / Product name (Scheduled) / Dosage form	Expected indication	Stage (Time)
			Phase I / Phase II / Phase III / Filing / Approval / Launch
Oncology field			
RG7596	polatuzumab vedotin Polivy / Injection	Diffuse large B-cell lymphoma [first line] #	(in combination with Rituxan + chemotherapy)
RG7159	obinutuzumab Gazyva / Injection	Chronic lymphocytic leukemia #	(in combination with acalabrutinib)
AF802 / RG7853	alectinib Alecensa / Oral	Non-small cell lung cancer (NSCLC) (adjuvant) #	
		NSCLC (stage III) maintenance treatment after chemoradiotherapy #	
RG7446	atezolizumab Tecentriq / Injection	NSCLC (adjuvant) #	
		NSCLC (neoadjuvant) #	
		Muscle-invasive bladder cancer (adjuvant) #	
		Renal cell carcinoma [second line] #	(in combination with cabozantinib)
		Early breast cancer (adjuvant) #	
		Early breast cancer (neoadjuvant) #	
		Hepatocellular carcinoma (adjuvant) #	(in combination with Avastin)
		Hepatocellular carcinoma (intermediate stage) #	(in combination with Avastin)
		Hepatocellular carcinoma [second line] #	(in combination with. lenvatinib or sorafenib)
		Head and neck carcinoma (maintenance therapy) #	
		Prostate cancer [second line] #	(in combination with cabozantinib)
RG435	bevacizumab Avastin / Injection	Small cell lung cancer [first line] #	(in combination with Tecentriq)
RG7440	ipatasertib Product name undetermined / Oral	Prostate cancer [first line]	(in combination with abiraterone)
RG6264	trastuzumab / pertuzumab Product name undetermined / Injection	Breast cancer / colorectal cancer	
RG6058	tiragolumab Product name undetermined / Injection	NSCLC [first line]	(in combination with Tecentriq)
		NSCLC (stage III)	(in combination with Tecentriq)
		Non-squamous NSCLC [first line]	(in combination with Tecentriq)
		Esophageal cancer	(in combination with Tecentriq)
RG6171	giredestrant Product name undetermined / Oral	Breast cancer (adjuvant)	
		Breast cancer [first line]	(in combination with palbociclib and letrozole)
RG7828	mosunetuzumab Product name undetermined / Injection	Follicular lymphoma [second line]	(in combination with lenalidomide)
		Follicular lymphoma [third line]	
		Relapsed or refractory aggressive B-cell non-Hodgkin's lymphoma #	(in combination with Polivy)
RG6396	pralsetinib Product name undetermined / Oral	NSCLC [first line]	(in combination with pembrolizumab)
		NSCLC [second line]	
		Solid tumors	
LUNA18	Generic name undetermined Product name undetermined / Oral	Solid tumors	
GC33	codrituzumab Product name undetermined / Injection	Hepatocellular carcinoma	
ERY974	Generic name undetermined Product name undetermined / Injection	Solid tumors	
STA551	Generic name undetermined Product name undetermined / Injection	Solid tumors	
SOF10 / RG6440	Generic name undetermined Product name undetermined / Injection	Solid tumors	

Development code	Generic name / Product name (Scheduled) / Dosage form	Expected indication	Stage (Time)
Oncology field			
SPYK04	Generic name undetermined Product name undetermined / Oral	Solid tumors	Phase I
RG7421	cobimetinib Product name undetermined / Oral	Solid tumors	Phase I
RG7802	cibisatamab Product name undetermined / Injection	Solid tumors	Phase I
RG6026	glofitamab Product name undetermined / Injection	Hematologic tumors	Phase I
RG6194	runimotamab Product name undetermined / Injection	Solid tumors	Phase I
RG6160	cevostamab Product name undetermined / Injection	Relapsed or refractory multiple myeloma	Phase I
RG6330	Generic name undetermined Product name undetermined / Oral	Solid tumors	Phase I
RG6433	Generic name undetermined Product name undetermined / Oral	Solid tumors	Phase I
Immunology field			
MRA／RG1569	tocilizumab Actemra / Injection	COVID-19 pneumonia #	Launch
		COVID-19 pneumonia #	Launch (US)
		Systemic sclerosis with interstitial lung disease (SSc-ILD) #	Approval (EU)
RG7159	obinutuzumab Gazyva / Injection	Lupus nephritis #	Phase III
DONQ52	Generic name undetermined Product name undetermined / Injection	Celiac disease	Phase I
RAY121	Generic name undetermined Product name undetermined / Dosage form undetermined	Autoimmune diseases	Phase I
Neuroscience field			
SA237 / RG6168	satralizumab Enspryng / Injection	Generalized myasthenia gravis (gMG) #	Phase III
		Myelin oligodendrocyte glycoprotein antibody-associated disease (MOGAD) #	Phase III
		Autoimmune encephalitis (AIE) #	Phase III
RG6042	tominersen Product name undetermined / Injection	Huntington's disease	Phase III
RG6356 / SRP-9001	delandistrogene moxeparvovec / Injection	Duchenne muscular dystrophy (DMD)	Phase III
GYM329 / RG6237	Generic name undetermined Product name undetermined / Injection	Spinal muscular atrophy (SMA)	(II / III) (in combination with Evrysdi)
		Neuromuscular disease	Phase I
RG7906	ralmitaront Product name undetermined / Oral	Schizophrenia	Phase II
RG7935	prasinezumab Product name undetermined / Injection	Parkinson's disease	Phase I
RG6100	semorinemab Product name undetermined / Injection	Alzheimer's disease	Phase I
RG6102	Undetermined Product name undetermined / Injection	Alzheimer's disease	Phase I
Hematology field			
ACE910 / RG6013	emicizumab Hemlibra / Injection	Acquired hemophilia A #	Launch
		Hemophilia A (mild-moderate) # EU	Approval
SKY59 / RG6107	crovalimab Product name undetermined / Injection	Paroxysmal nocturnal hemoglobinuria (PNH)	Approval (China)
		Paroxysmal nocturnal hemoglobinuria (PNH)	Filing (Global)
		Atypical hemolytic uremic syndrome (aHUS)	Phase III
		Sickle cell disease (SCD)	Phase II
NXT007 / RG6512	Generic name undetermined Product name undetermined / Injection	Hemophilia A	(I / II)

Development code	Generic name Product name (Scheduled) / Dosage form	Expected indication	Stage (Time) Phase I / Phase II / Phase III / Filing / Approval / Launch
Ophthalmology field			
RG7716	faricimab Vabysmo / Injection	Diabetic macular edema	
		Age-related macular degeneration associated with subfoveal choroidal neovascularization (nAMD)	
		Retinal vein occlusion #	
RG6321	ranibizumab (Port delivery system) Product name undetermined / Injection via implant	Neovascular age-related macular degeneration	(I / II)
		Diabetic macular edema	(I / II)
Other fields			
AMY109	Generic name undetermined Product name undetermined / Injection	Endometriosis	

In principle, completion of first dose is regarded as the start of clinical studies in each phase. : Change in status in January 2022 and thereafter
#: Additional indication

Reference | Main Products by Therapeutic Field

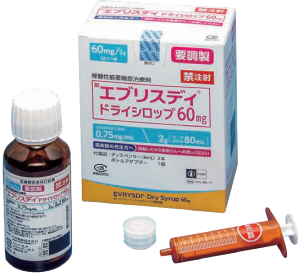
Oncology field

Avastin®	Anti-cancer agent
Tecentriq®	Anti-cancer agent
Perjeta®	Anti-cancer agent
Alecensa®	Anti-cancer agent
Kadcyla®	Anti-cancer agent
Polivy®	Anti-cancer agent
Herceptin®	Anti-cancer agent
Rituxan®	Anti-cancer agent
Gazyva®	Anti-cancer agent
Foundation Medicine	Genomic mutation analysis program

Alecensa®

Specialty field

Ronapreve®	Anti-SARS-CoV-2 monoclonal antibody
Hemlibra®	Coagulation factor VIII substitute
Actemra®	Anti-human IL-6 receptor monoclonal antibody
Enspryng®	PH-dependent binding humanized anti-IL-6 receptor monoclonal antibody
Evrysdi®	Spinal muscular atrophy agent
Edirol®	Osteoporosis agent
Mircera®	A longacting erythropoiesis stimulating agent
CellCept®	Immunosuppressant
Bonviva®	Osteoporosis agent
Vabysmo®	Anti-VEGF/anti Ang-2 bispecific antibody
Oxarol®	Agent for secondary hyperparathyroidism in hemodialysis patients



Evrysdi®

(3) Capital Expenditures

The Group continuously undertakes capital investments to improve and streamline its manufacturing facilities, as well as to enhance and strengthen R&D capabilities. Capital expenditures during the fiscal year under review were JPY61.8 billion. Such expenditures mainly consisted of investments for the construction of Chugai Life Science Park Yokohama, the production of small and mid-size molecule APIs (construction of a new production building for synthetic APIs) and the production of synthetic APIs used for the production of study drugs for late-stage development to early-stage commercial production of small and mid-size molecule drugs (construction of a production building for synthetic APIs) in Fujieda Plant, as well as the production of study drugs for early-stage development (construction of a production building for bio APIs) in Ukima Plant.

(4) Financing

The Group did not raise any capital through the issuance of corporate bonds nor capital increase, etc. during the fiscal year under review.

(5) Transfer of Business, etc.

In the fiscal year under review, the Group conducted none of such undertakings as transfer of business, absorption-type company split, incorporation-type company split, acceptance of assignment of business of another company, succession to rights and obligations in connection with business of another juridical person by absorption-type merger or absorption-type company split, or acquisition/disposition of shares, other equity or stock option of another company.

(6) Future Tasks

a) Basic management principles

In line with its strategic alliance with the world-leading pharmaceutical company Roche, the Group's basic management principles are to develop hand in hand with society under its mission of "dedicating ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world" and its Envisioned Future of "becoming a top innovator for advanced and sustainable patient-centric healthcare."

As the Group works to achieve these goals, it will carry out its business activities in line with its core values of "Patient Centric," "Pioneering Spirit" and "Integrity."

Under these basic management principles, the Group focuses on innovation based on innovative drug discovery, with the aim of resolving social issues through the provision of optimal medical care for each and every patient, while also expanding corporate value in a sustainable manner.

To create shared value for Chugai and society, the Group identifies material issues that should be given priority. The Group will proactively work on social issues including those in ESG and SDGs, for example, "sustainable healthcare," which is also stated in its Envisioned Future. The Group is convinced that these activities will contribute to enhancing the sustainability of society as a whole, while laying a foundation for the long-term development of the Group.

b) Target management indicators

The Group places emphasis on increasing corporate value by generating innovation, and prioritizes the allocation of management resources to the development of innovative new drugs. The Group works to conduct flexible and agile business operations, in order to achieve stable profit growth over the short- to medium-term, while focusing on Core ROIC as an indicator of investment efficiency over the long term. In addition, whenever making investment decisions such as individual development projects, the Group carries out an evaluation of investment value based on capital costs, and makes decisions with emphasis on profitability and efficiency.

Chugai has formulated a growth strategy toward 2030, "TOP I 2030" (described later), and is working to achieve the goals of "Double R&D output" and "Launch global in-house products every year." In promoting "TOP I 2030," Chugai has determined to stop formulating medium-term (three years) management plans, and instead it sets and manages goals (in three to five years) as medium-term milestones so that it can fill the gap between the current state and goals by backcasting from the long-term goals. In this way, Chugai aims to achieve its long-term goals while modifying plans in an agile and flexible manner in accordance with the progress of the plans and changes in the environment. Chugai will disclose the status of progress of its medium- to long-term business activities, by explaining the progress of medium-term milestones and the

outlook for R&D pipelines, and indicate the path for achieving these objectives. Chugai also plans to continue disclosing single-year earnings forecasts and providing explanation on the management status at briefing sessions and other meetings, in order to report the progress of the business strategies set forth by Chugai in a timely manner.

c) Management environment and issues to be addressed

There are growing expectations and needs for pharmaceuticals due to an increase in the world population, progressive demographic graying in each country and the global COVID-19 pandemic continuing from 2020. There are also many diseases that currently have no cure. Meanwhile, more and more stringent policies to curb medical expenditures, including drug costs, are being implemented amid the strain on budgets in each country due to an increase in social security costs such as medical expenditures. The realization of sustainable medical care has become a common issue in the world. As such, in order to realize advanced and sustainable medical care with limited resources, the trend toward VBHC (Value Based Healthcare) is steadily gaining momentum, in which only solutions that offer true value are pursued.

As the dramatic progress of life science and digital technologies has resulted in expanded opportunities to generate innovation for solving medical issues, digital companies as well as various other players are now entering the healthcare area. As a result, competition beyond the scope of existing industries is intensifying more than ever.

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

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

The Group will steadily maximize value for these growth drivers in the global market, while generating the next innovative new drugs ahead of competitors through swift development and demonstrating high patient value, in an aim for sustainable profit growth.

In addition to the above-mentioned challenges to realize sustainable medical care, Chugai has designated the global environment, human rights, social contribution, governance, ethics and compliance, and supply chain management as material issues to be addressed and will continue to strive for their resolution.

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

d) Growth strategy for 2030 "TOP I 2030"

With a view toward realizing the Envisioned Future set out in its Mission Statement, the Group has formulated and implemented "TOP I 2030," a growth strategy to achieve this goal since 2021, while materializing the vision of what it means to be a top innovator by 2030.

Our envisioned Top Innovator in 2030:

1. “Expectation from patients all over the world”
   A company with drug discovery capabilities that meet the world’s highest standards, and which offers hope to patients around the world, that “Chugai will surely create new treatments”
2. “Attracting talent and players from around the world”
   A company that attracts passionate talent from all over the world, and inspire players involved in healthcare around the world to think they can create something new by partnering with Chugai
3. “Role model for the world”
   A company that serves as a global role model, due to recognition for its ESG initiatives through its business activities, and by playing a leading role in solving social issues

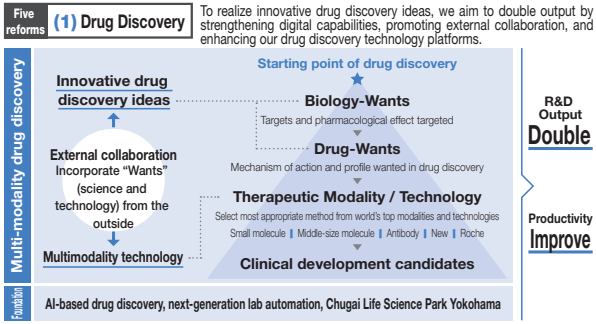
The twin pillars of “TOP I 2030” consist of “Global First-Class Drug Discovery” and “Futuristic Business Model.”

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

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

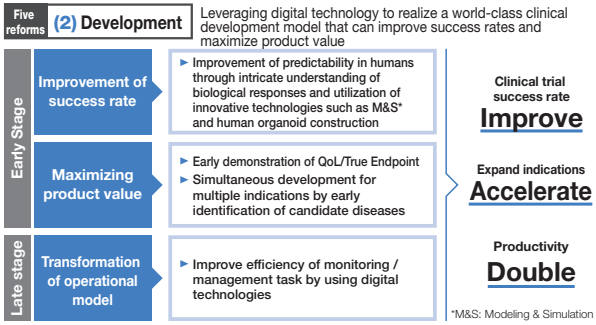
As specific initiatives, the Group has set forth “five reforms” in line with its value chain to realize the twin pillars of the strategy. These reforms comprise “Drug Discovery,” “Development,” “Pharmaceutical Technology,” “Value Delivery” and “Foundation for Growth.”

(i) Drug Discovery



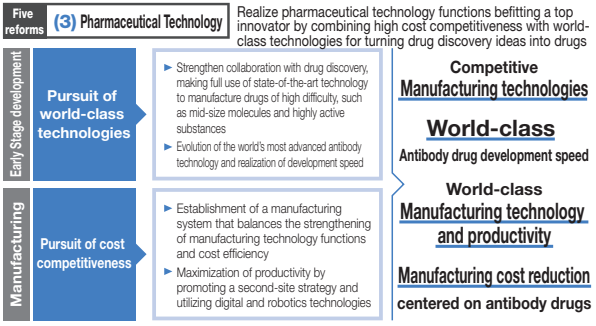
In “TOP I 2030,” the Group will aim to further strengthen its drug discovery technology foundation, in order to materialize original drug discovery ideas based on its accumulated strengths in drug discovery, including protein engineering technology. In addition, the Group will concentrate resources on a company-wide basis, on drug discovery and early development, in order to create maximum value and produce results with adequate investment. In particular, in mid-size molecule drugs, which are expected to drive the Group’s medium- to long-term growth, the Group will give priority to investing resources in technology development and clinical projects for early commercialization. The Group will also strive to diversify and accelerate drug discovery technologies, through the effective utilization of digital technologies including AI, as well as proactive external collaboration.

(ii) Development



In order to deliver ground-breaking projects, as quickly as possible to as many patients as possible, the Group will build a top-class clinical development model in the industry that makes maximum use of mathematical models and digital technologies. The Group will enhance the predictability of dosing options, efficacy, and safety by precisely understanding biological reactions and thoroughly utilizing various disease and treatment data accumulated in-house, as well as real-world data (RWD). At the same time, the Group will utilize digital biomarkers and digital devices to demonstrate the QoL of patients at an early stage. In addition, the Group will work on a fundamental reform of its operations model, such as enhancing operational efficiency of late-stage clinical development and reducing the size and duration of studies through the use of RWD and other data.

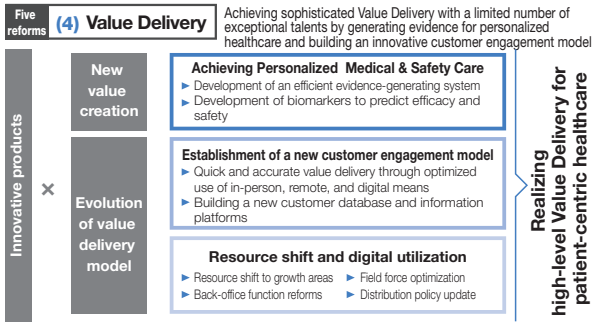
(iii) Pharmaceutical Technology



When aiming to substantially expand our R&D output, the pursuit of world-class pharmaceutical technologies that steadily commercialize innovative drug discovery will also represent an important challenge. The Group will further strengthen the collaboration between the drug discovery/early development and pharmaceutical functions, in order to advance the development of pharmaceutical technologies for drugs with a high degree of difficulty, such as mid-size molecules, through the application of leading-edge technologies. With regard to antibody drugs, which are expected to continue evolving as a core technology, the Group will continue to work to further promote technological development and to improve the speed of development.

Meanwhile, the Group will also pursue world-class cost competitiveness and cost reduction, by building next-generation plants that dramatically improve productivity by means of digital and robotics technologies, and by optimizing insourcing and outsourcing.

(iv) Value Delivery

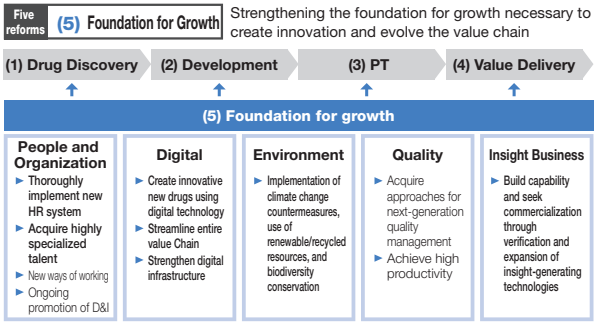


The customer contact points of pharmaceutical companies have also changed significantly owing to the development of digital tools and the impact of the spread of COVID-19. By also taking such changes into account, the Group will aim to establish an innovative customer engagement model, in order to deliver the information required by healthcare professionals and patients accurately and promptly, while ensuring a high level of expertise. Specifically, the Group will strengthen a system that is capable of providing valuable information to customers promptly and optimally, through the appropriate utilization of face-to-face, remote and digital systems, as well as suitable collaboration among the specialized functions of sales, safety and medical functions.

In line with changes in its product portfolio, the Group will also work on shifting resources by intensively allocating resources to new and growth areas.

In addition, the Group will advance the generation of evidence that promotes personalized healthcare, and also accelerate the development of biomarkers that accurately predict efficacy and safety for each patient, through the comprehensive analysis and utilization of various databases accumulated through drug discovery and development, as well as real-world data.

(v) Foundation for Growth



In parallel with the reforms of each value chain, the Group will work to strengthen its company-wide foundation, which supports the generation of innovation and the realization of its growth strategy. To this end, the Group has specifically set out the following five themes, as priority areas.

"People and Organization": Through operation of the personnel system, which commenced in 2020, the Group will promote the assignment of the right personnel to the right positions through further advances in position management and talent management, enhance the corporate culture to encourage personnel to boldly take on challenges and engage in dialogues, and focus on the acquisition, nurturing and provision of a sufficient number of highly specialized human resources, who will be the key in implementing business strategies, such as those in the fields of digital technology and science, including data scientists. At the same time, the Group will strive to foster a culture that creates innovation through ongoing promotion of diversity and inclusion (D&I).

"Digital": Under "CHUGAI DIGITAL VISION 2030," the Group will focus on innovative drug discovery by applying digital technologies, while promoting DX in each part of the value chain to improve efficiency. To this end, the Group will build a digital platform for both software and hardware, while establishing a global-level IT infrastructure by integrating various in-house data and building an analysis platform in collaboration with the Roche Group.

"Environment": The Group will contribute to the realization of a sustainable global environment by setting Mid-Term Environmental Goals 2030 for the three issues identified as material: climate change countermeasures, use of renewable/recycled resources, and protection of biodiversity, and implementing advanced initiatives to achieve them. For climate change countermeasures in particular, the Group will work on long-term programs aimed at achieving the goal of zero CO_2 emissions by 2050.

"Quality": In addition to measures implemented thus far to ensure product quality, the Group is also working to advance quality management across all business processes and in our responses to pharmaceutical affairs. Furthermore, the Group will also step up the development and implementation of quality management methods that balance both quality and efficiency suited to changing business processes, including responding to regulatory affairs matters that address challenges brought about by new modalities and diverse technological evolution, enhancing digital compliance, and developing a quality assurance system in anticipation of expanded collaboration with external parties.

"Insight Business": Working in partnership with other Roche Group companies, the Group will collect external data, including real-world data (RWD) and data obtained at each stage of drug discovery, development, pharmaceutical technology, and value delivery, and perform advanced analysis to extract and utilize various insights that contribute to in-house drug discovery and development and maximizing the value of pharmaceuticals.

As stated above, there are currently a large number of unmet medical needs worldwide, for which no treatments yet exist or treatment satisfaction is low, and patients around the world are eagerly awaiting the emergence of effective treatments. Solving each of these unmet medical needs is the need of society, and this is also the mission of the Chugai Group, as well as an opportunity for growth as a company. With the aim of becoming "a top innovator in the healthcare industry," as set out in the Mission Statement, the Group will continue to pursue the development of society and its own growth through innovation, by steadily implementing the five reforms formulated in the growth strategy, "TOP I 2030."

Reference

Sustainability at Chugai

Under the Growth Strategy “TOP I 2030,” the Company will, in parallel with the reforms of each value chain, work to strengthen its company-wide foundation, which supports the generation of innovation and the realization of its growth strategy.
Below is a report on just some of the efforts carried out in fiscal year 2022.

Human Resources Initiatives

Steadily Furthering Goals Set Out in “TOP I 2030”

The Company has visualized the required human resources profile, working on the acquisition and nurturing of highly specialized human resources. Specifically, we have been promoting the acquisition of highly specialized human resources including in the fields of DX and science interlinked with RED SHIFT, one of the key drivers of our TOP I 2030. CHUGAI DIGITAL ACADEMY, an initiative created in April 2021 to systematically nurture and enhance human resources in the DX field, has resulted in nurturing more than 100 personnel in the field of digital technology, while increasing investment in human resource development in the DX field.

In human resources development, we concentrate on “growth through self-directed learning.” It aims to develop the “learning cycle” in which employees connect the purposes of the Company with what they want to do, present their envisioned future, recognize knowledge, experience, and skills necessary to realize such future, learn in a self-directed manner, and gain feedback from their supervisors and surrounding persons. For that purpose, we support employees’ career planning by utilizing a wide range of strategies and programs to deepen and expand employee expertise and enhance their skills. We additionally utilize an online learning platform, “I Learning,” to promote self-directed learning and employees’ mutual development.

In a 1-on-1 manager-subordinate meeting held regularly, a dialogue focusing on the training is realized as we recommended.

As “employees” take initiatives in executing strategies, it is absolutely necessary to increase self-directed human resources who can act in a voluntary and active manner in order to realize the strategies. So, we work on the “reform of job satisfaction” from the standpoint of “employee engagement” and “environment in which employees work effectively” so that employees can make full use of their capabilities while having “job satisfaction” and feeling growth.

We position diversity and inclusion (D&I) as one of our priority management issues based on the shared understanding that “diverse values and expertise can generate innovation.”

In order to promote women’s active participation in the workplace, we have set a target of achieving a female manager ratio of 17% by the end of 2023 (company-wide) as well as having KPIs set by each department and have promoted achieving the target (15.9% at the end of 2022). Furthermore, we have a new goal of having the ratio of female managers reach the female employee ratio at the end of 2030. We provide training and other opportunities for managers who play key roles in the implementation of D&I on the subject of unconscious bias affecting D&I and task management that will lead to subordinates’ career development and growth in their life events.

We strive to enhance flexible work styles toward supporting active participation of diverse human resources in the workplace and to promote employees’ literacy and develop expert counseling functions toward balancing their work and nursing care as well as childcare.

In addition, we recommend the three actions, “communicate, discuss, accept,” toward the creation of innovation utilizing D&I. Aiming at promoting the understanding thereof, we hold Chugai Diversity Days every year as an opportunity for management and employees to come together and reflect on D&I.

Examples of initiatives to promote women’s active participation in the workplace

Messages from senior management on the importance and significance of D&I and women’s active participation in the workplace delivered in the annual New Year’s address and at diversity-related events.

Commitment to activities for promoting women’s active participation in the workplace, with KPIs established to drive the appointment of women to managerial positions, and set up an annual meeting of senior management, executives with supervisory responsibility, and all departmental managers to check progress of women appointment and discuss issues, career development plans and other relevant measures for achieving the KPIs.

Nomination of women as successor candidates for all key positions (division head or equivalent) in conducting talent management.

Construction of Chugai Life Science Park Yokohama Completed

A research laboratory with state-of-the art equipment and a harmonious relationship with the community completed in Totsuka-ku, Yokohama

The construction of Chugai Life Science Park Yokohama, as a core research facility built on the Company-owned commercial land in Yokohama City, Kanagawa, was completed in October 2022.

The Chugai Life Science Park Yokohama has state-of-the-art equipment utilizing robotics, artificial intelligence, and other digital infrastructure, including a Cryo-electron microscopy system as the first introduction in the pharmaceutical industry in Japan, and furthermore, it has taken measures for waste gas and wastewater treatment, waste management, and safety/security/anti-disaster. It is has obtained the "S" Rank (the highest rank) under the CASBEE Yokohama Certification System, the system under which the Yokohama City Government evaluates and rates the environmental performance of buildings.

It also has sport grounds for soccer and rugby and tennis courts available for public use, and the facility Bio Lab to be used for next-generation development. Thus, serving as a research facility having a harmonious relationship with the community and measurements in pursuit of coexistence with the environment, sustainability, and safety, the Chugai Life Science Park Yokohama will start operations in April 2023.

Overview of Facility

- Name: Chugai Life Science Park Yokohama
- Address: 216 Totsukacho, Totsuka-ku, Yokohama
- Site area: 158,600 m²
- Floor area: 119,500 m²
- Future site area: 31,770 m²
- Building structure: 16 buildings in total (west site: 7, east site: 9), 6 floors above ground / 1 floor below ground (maximum)
- Completion of construction: October 2022
- Start of operation: April 2023 (scheduled)
- Number of employees: approximately 1,000

Environmental Initiatives

Initiatives and progress in 2022

The Company has set environmental goals in 2021 for the three issues identified as materiality: climate change countermeasures, use of renewable/recycled resources, and protection of biodiversity, for promoting the "creation of shared value" adopted as our basic management policy. In order to solve the challenges such as renewal of facilities and equipment, design of an energy conservation plan, increase of sustainable electricity ratio, technological challenges in the reduction of direct CO2 emissions due to fuel use (Scope 1), and investigation and testing of alternative technologies for the elimination of fluorocarbons, we continued to advance initiatives in 2022.

In June 2022, the Company newly expressed its support as a member company of the Japan Climate Initiative (JCI) for JCI's statement calling on the Japanese government to improve the rate of deployment of renewable energies, such as wind and solar power, to 40%-50% by 2030, and four major offices, including Chugai Life Science Park Yokohama, and the head office plan to adopt 100% sustainable electricity from 2023. Furthermore, in July 2022, the Company has been continuously included as a constituent stock in all indices of the Japanese equities that take into account environmental, social and governance (ESG) factors, which were selected by the Government Pension Investment Fund (GPIF) of Japan. In addition, the Company received the highest rating in the pharmaceutical sector in the "DJSI World," a global ESG investment index in December 2022. Thus, the progress of our initiatives for each of the environmental goals is highly acclaimed.

Communication with Stakeholders, including Investors and Shareholders

To fulfill its basic management policy of creating shared value, the Company believes that dialogue with shareholders, investors, and other stakeholders is essential. As well as promoting active information disclosure and extensive dialogue, we analyze insights emerging from the dialogue and take care to incorporate them in management decision-making and other processes.

We strived to secure opportunities for dialogue with shareholders and investors by holding a number of meetings and interviews online, amid the restrictions due to COVID-19 as in the last year. We held financial results briefings, briefings providing specific information on research and development and new products addressing areas of high need, and an ESG meeting, the fourth in the series, which served as opportunities for timely disclosure and dialogue on themes including the strategies and progress of TOP I 2030, sustainability-related initiatives, and development and supply of in-house developed products powered by our unique strength in drug discovery technologies.

With the aim of realizing advanced and sustainable patient-centric healthcare for patients, one of our important stakeholders, we created the new scheme “PHARMONY” to understand their real needs from an earlier stage in research and development and started activities to make maximum use of our drug discovery capabilities, leading to drug discovery research that satisfies patients’ true endpoints.

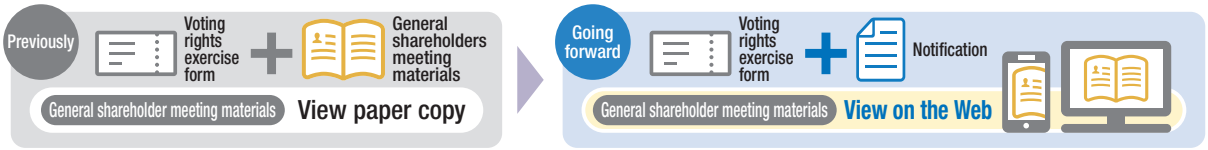
We actively engaged in communication activities (media relations) with the media by issuing press releases, cooperating in interviews and coverage activities, providing briefings, and holding meetings with executives. At the same time, we use diverse tools such as our website and make special efforts to share information regarding our contribution to healthcare through our business activities as well as our broad-ranging efforts in areas such as the environment, human rights, social contributions, and human resource development.

The Company will continue to advance initiatives for creating innovation and addressing social issues, with emphasis on continuous dialogue with a broad range of stakeholders.

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

Notice on Electronic Provision System for Shareholders Meeting Materials

The revised Companies Act has introduced an electronic provision system for shareholders meeting materials. We have sent this Notice of Convocation to you in a paper copy format as before; however, going forward, in principle, we will not send a paper copy but ask you to view the materials on the website. The paper copy to be sent to you will be a simple one that only shows the date and time, venue, purpose of the general meeting of shareholders, and how to access Website, etc.



If you would like to continue to receive general shareholders meeting materials in a paper copy format, you need to complete the procedure for “request for paper copy” by the record date of the shareholders meeting through the securities company where you have an account or Mitsubishi UFJ Trust and Banking. For the procedure, please contact the point of contact shown on the right.

[Inquiries about the electronic provision system]
Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division
0120-232-711
(Toll-free / Weekdays 9:00 a.m. – 5:00 p.m., excluding Saturdays, Sundays, and Public Holidays)
https://www.tr.mufg.jp/daikou/shomenkoufu.html

(7) Main Businesses (as of December 31, 2022)

The main businesses of the Group include research, development, manufacturing, sale, importation and exportation of pharmaceuticals.

(8) Principal Sales Offices, Plants and Research Laboratories (as of December 31, 2022)

[Domestic]

❶ Registered office (5-1 Ukima 5-Chome, Kita-ku, Tokyo)
❷ Headquarters' office (1-1 Nihonbashi-Muromachi 2-Chome, Chuo-ku, Tokyo)

<Sales branches>
❸ Kita-Nihon RMO* (Miyagi Pref.)
❹ Kanto-Kita and Koshinetsu RMO (Saitama Pref.)
❺ Kanto-Minami RMO (Tokyo)
❻ Tokai and Hokuriku RMO (Aichi Pref.)
❼ Kansai RMO (Osaka)
❽ Chugoku and Shikoku RMO (Hiroshima Pref.)
❾ Kyushu RMO (Fukuoka Pref.)

<Research & Development>
❿ Fuji-Gotemba Research Laboratories (Shizuoka Pref.)
⓫ Kamakura Research Laboratories (Kanagawa Pref.)
⓬ Ukima Research Laboratories (Tokyo)

<Production> * Bases of Chugai Pharma Manufacturing Co., Ltd.
⓭ Utsunomiya Plant (Tochigi Pref.)
⓮ Ukima Plant (Tokyo)
⓯ Fujieda Plant (Shizuoka Pref.)

* Regional Management Office (RMO)

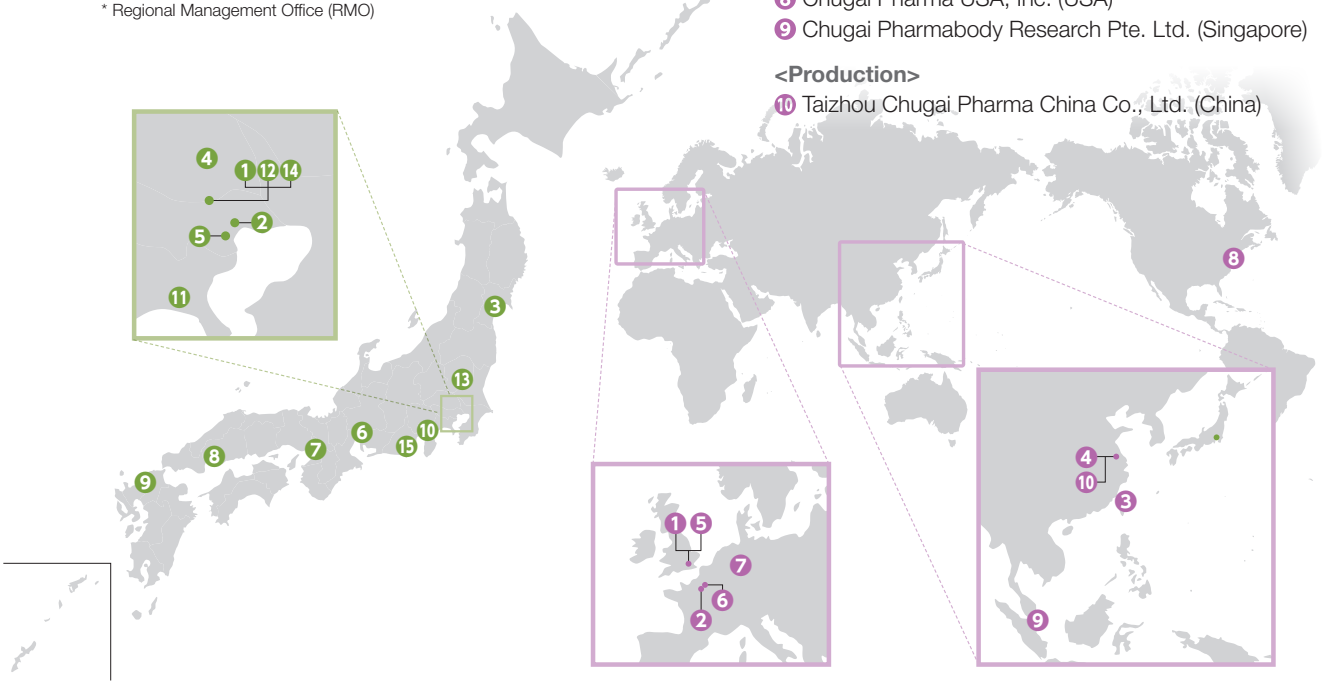
[Overseas]

<Sales, Research & Development>
❶ Chugai Pharma Europe Ltd. (UK)
❷ Chugai Pharma Europe Logistics S.A.S. (France)
❸ Chugai Pharma R&D Taiwan Ltd. (Taiwan)
❹ Chugai Pharma China Co., Ltd. (China)

<Sales>
❺ Chugai Pharma U.K. Ltd. (UK)
❻ Chugai Pharma France S.A.S. (France)
❼ Chugai Pharma Germany Gmbh (Germany)

<Research & Development>
❽ Chugai Pharma USA, Inc. (USA)
❾ Chugai Pharmabody Research Pte. Ltd. (Singapore)

<Production>
❿ Taizhou Chugai Pharma China Co., Ltd. (China)



(9) Employees (as of December 31, 2022)

Number of employees	Increase/decrease since end of previous fiscal year
7,771 persons	107 persons (Increase)

(Note) The number of employees above represents the number of persons in employment, which excludes individuals seconded from the Group to outside the Group, but includes individuals seconded to the Group from outside the Group.

(10) Parent Company and Principal Subsidiaries

a) Parent Company

Chugai belongs to a corporate group (Roche Group) centering on Roche Holding Ltd. (Head Office: Switzerland), which is its parent company.

Based on the Basic Alliance Agreement concluded in December 2001, Roche Holding Ltd. holds 1,005,670,935 shares of the Company (shareholding percentage against total number of issued shares: 59.89%, or 61.13% when calculated based on the total number of issued shares excluding the number of treasury stock). However, as Chugai and Roche have agreed to cooperate in maintaining the listing of Chugai common stock on the Prime Market of the Tokyo Stock Exchange, it maintains its managerial autonomy and independence as a publicly listed company.

As such, the aim of this strategic alliance is to establish a new business model that differs from conventional practices in corporate acquisitions and the formation of joint ventures.

Out of the 9 Directors of the Company, 3 Directors concurrently holds a position at the Roche Group. However, these members comprise less than half of management, and thus the Company recognizes that its management independence is ensured.

b) Transactions with Parent Company, etc.

Under the Japan Umbrella Rights Agreement concluded in December 2001, the Company became the sole pharmaceutical business company of the Roche Group in Japan. The Company also has the preoption for the development and marketing in Japan of all development compounds advanced by Roche.

The Rest of the World Umbrella Rights Agreement (excluding Japan and South Korea) concluded in May 2002 was revised and the Amended and Restated Rest of the World Umbrella Rights Agreement (excluding Japan, South Korea and Taiwan) was concluded in August 2014. Under this Agreement, Roche has the preoption for the development and marketing of the Company's development compounds in overseas markets, excluding South Korea and Taiwan.

These umbrella agreements were concluded with the approval of the Board of Directors.

In addition to these agreements, Roche and the Company have concluded a series of separate agreements for certain specific products. Depending on the specific circumstances and the terms of the agreement, this may result in payments on an arm's length basis between Roche and the Company, for any or all of the following matters:

- Upfront payments, if a preoption to license a product is exercised
- Milestone payments, dependent upon the achievement of agreed performance targets
- Royalties on future product sales

In its business dealings with the Roche Group, the Company conducts fair transactions on an arm's length basis, and the Directors of the Company are of the judgment that it will not harm the interests of the Company and minority shareholders. The Special Committee was established as an advisory board to the Board of Directors in March 2022 and discusses and reports significant transactions and conducts, etc., with the Roche Group (The Committee was held four times during fiscal year 2022 (in March, June, November, and December)).

From the perspective of ensuring independence from the parent company, although Roche Holding Ltd. includes the Company in its consolidated accounts, the Company functions as an independent listed company and makes all of its own management decisions based on the principle of self-governance. Important decisions on the management of the Company are made by the Board of Directors, and each Director considers and makes decisions in the best interest of the Company and all of its shareholders including minority shareholders.

c) Principal Subsidiaries

Name of Company	Capital	The Company's Shareholding Percentage	Main Business Activities
Chugai Pharma Manufacturing Co., Ltd.	JPY80 million	100%	Manufacturing of pharmaceuticals
Chugai Pharma Europe Ltd. (UK)	GBP8,677,808	100%	Marketing & Development of pharmaceuticals

There are 15 consolidated subsidiaries including the aforementioned two principal subsidiaries.

(11) Other Important Matters of the Group

There is no applicable information.

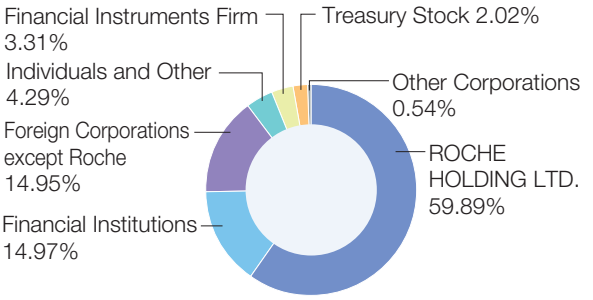
2 Company's Shares (as of December 31, 2022)

(1) Total Number of Authorized Shares 2,399,415,150 shares

(2) Total Number of the Issued Shares 1,679,057,667 shares
(Includes 34,037,098 shares of treasury stock)

(3) Number of Shareholders 83,575 shareholders

Reference | **Ownership Profile**



(4) Major Shareholders (Top Ten)

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding percentage (%)
ROCHE HOLDING LTD.	1,005,670	61.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	148,700	9.03
Custody Bank of Japan, Ltd. (Trust Account)	61,476	3.73
SMBC Nikko Securities Inc.	19,524	1.18
JPMorgan Securities Japan Co., Ltd.	15,441	0.93
STATE STREET BANK WEST CLIENT - TREATY 505234	14,445	0.87
STATE STREET BANK AND TRUST COMPANY 505001	14,111	0.85
NORTHERN TRUST CO.(AVFC) SUB A/C AMERICAN CLIENTS	11,266	0.68
SUMITOMO LIFE INSURANCE COMPANY	9,000	0.54
JP MORGAN CHASE BANK 385781	8,755	0.53

(Notes) 1. The Company is excluded from the top ten major shareholders listed in the table above, although the Company holds 34,037 thousand shares of treasury stock.
2. Shareholding percentage indicated above was calculated based on the total number of the issued shares excluding the number of treasury stock.
3. Names of the shareholders indicated above is based on the General Shareholder Notifications of the Japan Securities Depository Center, Incorporated.

(5) Shares Granted to the Company's Officers as Compensation for the Execution of Duties in the Fiscal Year under Review

The Company has introduced a restricted stock compensation system for Executive Directors in order to realize a remuneration system with a strong linkage with the Company's medium- and long-term business performance as well as with a high degree of transparency and objectivity.

During the fiscal year under review, 46,600 shares were granted to three Executive Directors.

(6) Other Important Matters Concerning Shares

There is no applicable information.

3 Company's Stock Acquisition Rights, etc.

Not included in the paper copy to be sent to shareholders, but posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir/share/agm.html) on the Internet, in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

A resolution was passed at the 106th Annual General Meeting of Shareholders held in March 2017 to introduce a restricted stock compensation system and abolish the compensation system in the form of stock options. For this reason, the Company has not issued new stock acquisition rights as stock options during the fiscal year under review.

4 Company's Officers

(1) Directors and Audit & Supervisory Board Members (as of December 31, 2022)

	Name	Position and Responsibility in the Company	Important Concurrent Positions
Executive Directors	Osamu Okuda	Representative Director, President & CEO	
	Hisafumi Yamada	Director, Executive Vice President	
	Toshiaki Itagaki	Director, Executive Vice President & CFO	
Non-Executive Directors	Masayuki Oku	Outside Director	Outside Director of TV TOKYO Holdings Corporation Outside Director of Rengo Co., Ltd. Outside Director of The Royal Hotel, Ltd. Non-Executive Director of The Bank of East Asia
	Yoichiro Ichimaru	Outside Director	Outside Director of Seino Holdings Co., Ltd.
	Mariko Y Momoi	Outside Director	Professor Emeritus of Jichi Medical University Visiting Professor of School of Medicine, Shinshu University Regent of Tokyo Medical University (part-time)
	Christoph Franz	Director	Chairman of the Board of Directors of Roche Holding Ltd. Vice Chairman of the Board of Directors of Zurich Insurance Group Ltd (Switzerland) Member of the Board of Directors of Stadler Rail (Switzerland)
	William N. Anderson	Director	CEO of Roche Pharmaceuticals and Member of the Roche Corporate Executive Committee
	James H. Sabry	Director	Global Head of Roche Pharma Partnering and Member of the Roche Enlarged Corporate Executive Committee
Audit & Supervisory Board Members	Atsushi Sato	Full-time Audit & Supervisory Board Member	
	Yoshiaki Ohashi	Full-time Audit & Supervisory Board Member	
	Takaaki Nimura	Outside Audit & Supervisory Board Member	Representative of Nimura Certified Public Accountant Office
	Yuko Maeda	Outside Audit & Supervisory Board Member	Director of CellBank Corp. Outside Director of KOSÉ Corporation Outside Director of Asahi Kasei Corporation Executive Vice President (part-time) of Kyushu University
	Kenichi Masuda	Outside Audit & Supervisory Board Member	Partner of Anderson Mōri & Tomotsune Outside Director of Bridgestone Corporation Outside Audit & Supervisory Board Member of Mercuria Holdings Co., Ltd.

(Notes) 1. Directors who retired or were newly appointed during the fiscal year under review are as follows:
<Retired>
Director Tatsuro Kosaka (retirement due to expiration of term in office on March 29, 2022)
Director Motoo Ueno (retirement due to expiration of term in office on March 29, 2022)
<Newly appointed>
Director Hisafumi Yamada (assumed office on March 29, 2022)
Director Toshiaki Itagaki (assumed office on March 29, 2022)
2. Directors Christoph Franz, William N. Anderson and James H. Sabry are members of the executive committee of the Roche Group and are Non-Executive Directors of the Company. The relationship between the Company and the Roche Group is as stated in "1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries." William N. Anderson retired as CEO of Roche Pharmaceuticals and Member of the Roche Corporate Executive Committee as of December 31, 2022.
3. Audit & Supervisory Board Member Takaaki Nimura is a Certified Public Accountant and has considerable expertise in finance and accounting.
4. The Company designated Directors Masayuki Oku, Yoichiro Ichimaru and Mariko Y Momoi and Audit & Supervisory Board Members Takaaki Nimura, Yuko Maeda and Kenichi Masuda as Independent Officers as stipulated under the Tokyo Stock Exchange guideline, and registered them as such at the exchange.
5. The Company established the Appointment Committee, the Compensation Committee and the Special Committee as advisory boards to the Board of Directors, so as to secure managerial transparency.

Committee Name	Role	Member Structure
Appointment Committee	The Appointment Committee deliberates on the selection of Director candidates, succession plan for Executive Directors, including the CEO, and dismissal of Directors.	Chairman: Masayuki Oku Members: Osamu Okuda, Mariko Y Momoi, William N. Anderson
Compensation Committee	The Compensation Committee deliberates on remuneration policy and the remuneration of individual Directors.	Chairman: William N. Anderson Members: Masayuki Oku, Yoichiro Ichimaru, Christoph Franz
Special Committee	The Special Committee deliberates and reports significant transactions and conducts, etc., that may generate a conflict of interests between Roche and minority shareholders.	Chairman: Yoichiro Ichimaru Members: Masayuki Oku, Kenichi Masuda

(2) Overview of Limited Liability Agreement

With all Non-Executive Directors and all Audit & Supervisory Board Members, the Company has entered into an agreement that limits their liability if the liability for compensation of damages provided in Article 423, Paragraph 1 of the Companies Act fulfills the requirements set forth in laws and regulations. The limit of the liability for compensation of damages under such agreement is the minimum liability limit stipulated by laws and regulations.

(3) Overview of Indemnity Agreement

The Company has entered into an indemnity agreement with each of Directors and Audit & Supervisory Board Members of the Company, as provided for in Article 430-2, Paragraph 1 of the Companies Act. Under such agreement, the Company shall indemnify them for the expenses provided for in item 1 and the losses provided for in item 2 of the said paragraph to the extent provided in laws and regulations.

(4) Overview of Directors' and Officers' Liability Insurance

To secure excellent human resources and to prevent contraction in the execution of duties, the Company has concluded a directors' and officers' liability insurance agreement with the following conditions.

a) Scope of Insured Persons

All Directors and all Audit & Supervisory Board Members of the Company

b) The Ratio of Premiums to Be Actually Borne by the Insured Individuals

The premiums, including the portion for riders, will be borne by the Company. There are no actual premiums to be borne by the insured individuals.

c) Overview of the Insurance Accidents Covered

The insurance, including riders, covers damage that may be incurred by the insured directors and officers as a result of assuming responsibilities relating to the execution of duties or receiving claims relating to the pursuit of such responsibilities. However, there are certain exemptions such as in cases where violation of laws and regulations were knowingly committed.

(5) Outside Corporate Officers

a) Company's Relationship with Companies Where Important Concurrent Positions Are Held

· There is no relationship to be disclosed between the Company and entities where its Outside Corporate Officers hold concurrent positions.

b) Major Activities during the Fiscal Year under Review

	Name	Attendance at Meetings		Major Activities at Meetings of Board of Directors and Audit & Supervisory Board
		Board of Directors	Audit & Supervisory Board	
Outside Directors	Masayuki Oku	10 out of 10 meetings (100%)	—	Attended all meetings of the Board of Directors held during the fiscal year under review, made suggestions and advice, etc. on the Company's management as necessary based on his extensive experience, knowledge, etc. as a corporate manager. As the chairman of the Appointment Committee and a member of the Compensation Committee and the Special Committee, attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.
Outside Directors	Yoichiro Ichimaru	10 out of 10 meetings (100%)	—	Attended all meetings of the Board of Directors held during the fiscal year under review, made suggestions and advice, etc. on the Company's management as necessary based on his extensive experience, knowledge, etc. as a corporate manager. As the chairman of the Special Committee and a member of the Compensation Committee, attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.
Outside Directors	Mariko Y Momoi	10 out of 10 meetings (100%)	—	Attended all meetings of the Board of Directors held during the fiscal year under review, made suggestions and advice, etc. on the Company's management as necessary based on her experience in managing organizations such as universities and hospitals, in addition to her extensive experience, knowledge, etc. as a physician and university professor. As a member of the Appointment Committee, she attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.
Outside Audit & Supervisory Board Members	Takaaki Nimura	10 out of 10 meetings (100%)	11 out of 11 meetings (100%)	Attended all meetings of the Board of Directors and the Audit & Supervisory Board held during the fiscal year under review, made comments, etc. on the Company's management as necessary based on his extensive experience, knowledge, etc. as an expert in corporate accounting (certified public accountant).
Outside Audit & Supervisory Board Members	Yuko Maeda	10 out of 10 meetings (100%)	11 out of 11 meetings (100%)	Attended all meetings of the Board of Directors and the Audit & Supervisory Board held during the fiscal year under review, made comments, etc. on the Company's management as necessary based on her extensive experience, knowledge, etc., including management experiences and audit experiences as an auditor of independent administrative corporation, along with her extensive experiences and knowledge on the application of intellectual properties of companies and academia and on collaboration between industry and academia, etc.
Outside Audit & Supervisory Board Members	Kenichi Masuda	10 out of 10 meetings (100%)	11 out of 11 meetings (100%)	Attended all meetings of the Board of Directors and the Audit & Supervisory Board held during the fiscal year under review, made comments, etc. on the Company's management as necessary based on his extensive experience, knowledge, etc. as an expert in corporate legal affairs (attorney at law). As a member of the Special Committee, he attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.

(Note) The major activities of Outside Directors include the duties they performed related to their expected roles.

(6) Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

Total amount of remuneration, etc. paid to officers for the fiscal year under review is as outlined below:

Position	Total Remuneration, etc. (JPY millions)	Total Amount by Type of Remuneration, etc. (JPY millions)				Number of Eligible Officers
		Regular Remuneration	Bonuses	Restricted Stock Compensation		
				Tenure-based	Performance-based	
Directors (excluding Outside Directors)	467	195	140	65	68	5
Outside Directors	48	48	—	—	—	3
Total	516	383		133		8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	63	63	—	—	—	2
Outside Audit & Supervisory Board Members	38	38	—	—	—	3
Total	101	101		—		5

(Notes) 1. The table above includes two Directors who retired during the fiscal year under review.
2. The amounts of bonuses shown in the table above are the amount of provision for reserve for bonuses to Directors for the fiscal year under review.
3. The amounts of "restricted stock compensation (tenure-based and performance-based)" shown in the table above are the amounts that were posted as expenses for the fiscal year under review as each respective restricted stock compensation. Issue status of the restricted stock compensation is as outlined in "2. Company's Shares."
4. Apart from the JPY169 million in provision for reserve for bonuses to Directors noted in the Business Report for the previous fiscal year as bonuses for Directors for the previous fiscal year, JPY28 million was paid to three Executive Directors during the fiscal year under review.

<Overview of the Amount of Officer's Remuneration, etc., Policy Details Concerning Its Calculation Method and the Method to Determine Its Amount>

The Company has designed the remuneration for Directors and Audit & Supervisory Board Members with the intention of realizing sustainable increase of the Company's corporate value by securing superior human resources and giving appropriate motivation. The Company, after deliberation at the Compensation Committee, has defined the amount of remuneration, etc. for Directors or details of the policy for determining its calculation method, and the method to determine its amount under the Directors' Remuneration Rules and the Remuneration Standard for Directors established by the resolution of the Board of Directors. Each item is stated as below:

In order to further clarify the link among remuneration, the Company's business performance and shareholders' value and enhance the Directors' motivation and morale leading to the growth of the business results, remuneration for Executive Directors from Chugai consists of bonuses payable as a short-term incentive based on performance, etc., for each fiscal year and restricted stock compensation as a long-term incentive linked to mid-and long-term performance (tenure-based and performance-based), in addition to regular remuneration as fixed remuneration. The Board of Directors determines the details of such individual remuneration (total remuneration and the proportion of each remuneration) after deliberating at the Compensation Committee.

Further, remuneration for Non-Executive Directors including Outside Directors consists solely of regular remuneration as fixed remuneration. CEO (Osamu Okuda), delegated by the Board of Directors, determines individual remuneration amount to set a remuneration level that enables the Company to secure market competitiveness in acquiring talents according to the report of the Compensation Committee. Transparency and objectivity are secured by setting a procedure in which the Compensation Committee excluding Executive Directors deliberates and reviews the remuneration level and such advice is respected in determining the remuneration level.

The Board of Directors, through deliberation, reporting, etc. at the Board of Directors and the Compensation Committee, has confirmed that the details of the remuneration, etc. of individual Directors for the fiscal year under review conform to the policy to determine the remuneration amount.

Further, remuneration for Audit & Supervisory Board Members consists solely of regular remuneration as fixed remuneration.

<Standard of Remuneration>
The Company aims to materialize a market competitive remuneration standard that enables to secure superior human resources and give appropriate motivation. The remuneration standard is determined for each fiscal year in reference to the remuneration benchmark of a group of companies comprising large corporations and pharmaceutical companies in Japan, based on the results of a survey conducted by an external specialist organization, after deliberation by the Compensation Committee in consideration of roles and duties, etc. of each Director.
<Structure of Remuneration>
For the fiscal year under review, the proportion of performance-based remuneration (bonuses plus restricted stock compensation calculated assuming full payment) for CEO shall be based on a guideline of "basic remuneration at 35%, bonuses at 30% and stock compensation at 35%" and the proportion of each remuneration for other Executive Directors is determined based on the proportion for the CEO, in consideration of their responsibilities, etc.

Composition of remuneration for the Company's Directors and Audit & Supervisory Board Members for the fiscal year under review

	Fixed Remuneration	Performance-based Compensation		
			Long-term Incentive (Stock Compensation)	
	Regular Remuneration	Bonuses	Tenure-based Restricted Stock Compensation	Performance-based Restricted Stock Compensation
Executive Directors	●	●	●	●
Non-Executive Directors (including Outside Directors)	●	—	—	—
Audit & Supervisory Board Members	●	—	—	—

<Criteria for Performance-Based Remuneration and the Method to Determine Its Amount>
(i) Bonuses
Bonuses paid as a short-term incentive are determined by multiplying the base amount set according to individual positions, by the evaluation coefficient based on the comprehensive evaluation of company-wide performance and individual performance in the respective fiscal years in comparison to announced forecasts. Evaluation criteria for company-wide performance shall be the degree of achievement of factors including Core operating profit, revenues, R&D performance and company-wide tasks in the respective fiscal years. Evaluation criteria for individual performance shall be based on the achievement status of measures to meet performance targets for in-charge operations and ESG initiatives, etc. The Board determines the payment amount, within the range of 0%–200% of the base amount, after deliberating at the Compensation Committee. The reason for selecting the evaluation criteria and targets/actuals of main evaluation criteria are as shown in the following table.
(ii) Restricted Stock Compensation
Restricted stock compensation is a long-term incentive granting tenure-based restricted stock and performance-based restricted stock, which are subject to a three- to five-year transfer restriction period, at a ratio of 50:50. The number of shares to be granted shall be calculated by dividing the base amount set according to individual positions, duties, etc., by the closing price of the Company's shares in regular trading on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the date of the resolution by the Board of Directors. The transfer restriction on the granted shares shall be lifted at the expiry of the transfer restriction period, subject to the applicable Director continuously remaining in office during the transfer restriction period. Furthermore, as for the performance-based restricted stock compensation, the number of shares applicable to the lifting of transfer restriction shall be determined within the range of 0% to 100%, based on the comparison results of total shareholders returns between domestic pharmaceutical companies and the Company (evaluation period: three fiscal years). The release rate of the performance-based restricted stock compensation for the fiscal year under review is set at 63% based on the results that total shareholders return of the Company for the evaluation period between fiscal year 2020 and fiscal year 2022 is +22% and

being ranked No. 6 out of 11 domestic pharmaceutical companies. Shares for which transfer restrictions have not been lifted will be acquired by the Company free of charge. The reason for selecting the evaluation criteria and targets/actuals of main evaluation criteria are as shown in the following table.

		Criteria	Reason for selection	Targets at the beginning of fiscal year	Actuals
Bonuses		Core operating profit	Linkage with fiscal year plans, sustainable and reliable increase of financial and social values	JPY 440.0 billion	JPY451.7 billion
		Revenues		JPY 1,150.0 billion	JPY1,168.0 billion
		R&D performance		(i) Achieved Key R&D output targets (Post-PoC) (ii) Achieved Key R&D output targets (Pre-PoC) (iii) Number of projects transitioned to PC	Achieved targets set by the Company
		Measures for achieving performance targets for in-charge operations		Per Director	Per Director
		Achievement status of ESG initiatives, etc.		ESG evaluation (evaluation by professional institutions, etc.)	Achieved targets set by the Company
Restricted stock compensation	Tenure-based	—	Sharing value with shareholders, respecting the linkage between officers' remuneration and the Company's mid-and long-term business performance, and sustainably increasing corporate value	—	—
	Performance-based	Total shareholders return (TSR)		—	63% release rate as the Company was ranked No. 6 among 11 companies

<Overview of Compensation Committee>
The Compensation Committee deliberates on remuneration for individual Directors with a full understanding of expertise on officers' remuneration systems and changes in the environment surrounding executive compensation. Transparency and objectivity of the decision-making process that enables the Company to fulfill accountability to stakeholders is secured by deliberating at the Compensation Committee consisting of at least three outside committee members, including one or more Independent Outside Director appointed by the Board of Directors based on the results of the survey conducted by an external specialist organization.

Main issues deliberated at the Compensation Committee and resolved at the Board of Directors during fiscal year 2022 are as outlined below:

- Individual bonus amount for fiscal year 2021 (paid in March 2022)
- The Company's standard of remuneration, proportion of remuneration, and verification of the appropriateness of the remuneration benchmark of a group of companies for fiscal year 2021
- Standard of remuneration by position (base amount set by individual position), proportion of remuneration for fiscal year 2022
- Release rate of the transfer restriction for performance-based restricted stock compensation based on the comparison results of total shareholders returns

[Date of Resolution at the General Meeting of Shareholders Related to Officers' Remuneration and its Details]

	Type of Remuneration	Limit of Remuneration	Date of Resolution at the General Meeting of Shareholders	Number of Officers at the Time of Resolution
Directors	Regular remuneration	No more than JPY750 million per year	The 96th Annual General Meeting of Shareholders held on March 23, 2007	13 Directors (including seven Outside Directors)
	Bonuses			
	Restricted stock compensation	No more than JPY345 million per year	The 106th Annual General Meeting of Shareholders held on March 23, 2017	Four Executive Directors
Audit & Supervisory Board Members	Regular remuneration	No more than JPY120 million per year	The 109th Annual General Meeting of Shareholders held on March 30, 2020	Five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members)

(Notes) 1. Based on the resolution made at the 98th Annual General Meeting of Shareholders for the year ended December 31, 2008 held on March 25, 2009, the Company abolished the retirement benefits system for Executive Directors and decided to pay retirement benefits corresponding to their residual term up to the abolishment of the system to each concerned Director remaining in office after the closing of the 98th Annual General Meeting of Shareholders for the year ended December 31, 2008, at the respective time of their retirement.
2. The retirement benefits system for Non-Executive Directors and Audit & Supervisory Board Members has been abolished by the resolution passed at the 95th Annual General Meeting of Shareholders for the year ended December 31, 2005 held on March 23, 2006.

(7) Other Important Matters Concerning Company's Officers

There is no applicable information.

5 Accounting Auditor

Not included in the paper copy to be sent to shareholders, but posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir/share/agm.html) on the Internet, in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

6 Framework to Ensure Operational Adequacy

Not included in the paper copy to be sent to shareholders, but posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir/share/agm.html) on the Internet, in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

(Notes) 1. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to Article 120, Paragraph 1 of Ordinance of Company Accounting.
2. With regard to figures indicated in the Business Report, amounts less than the unit have been rounded off, whereas number of shares and shareholding percentages less than the unit have been rounded down.

Consolidated Financial Statements

Consolidated balance sheet (IFRS*) (As of December 31, 2022)

(Millions of yen)

Item	FY2022	FY2021(Reference)
Assets		
Non-current assets:		
Property, plant and equipment	375,340	338,841
Right-of-use assets	11,311	13,266
Intangible assets	25,141	21,974
Financial non-current assets	1,837	2,393
Deferred tax assets	65,244	56,287
Defined benefit plan assets	5,172	1,327
Other non-current assets	49,176	40,944
Total non-current assets	**533,221**	**475,033**
Current assets:		
Inventories	292,206	208,838
Accounts receivable	512,538	355,081
Current income tax assets	1,745	928
Marketable securities	280,938	204,217
Cash and cash equivalents	222,169	267,753
Other current assets	26,941	26,844
Total current assets	**1,336,537**	**1,063,661**
Total assets	**1,869,758**	**1,538,694**

Item	FY2022	FY2021(Reference)
Liabilities		
Non-current liabilities:		
Deferred tax liabilities	(7,086)	(7,614)
Defined benefit plan liabilities	(3,311)	(2,945)
Long-term provisions	(2,756)	(2,101)
Other non-current liabilities	(8,489)	(10,595)
Total non-current liabilities	**(21,641)**	**(23,255)**
Current liabilities:		
Current income tax liabilities	(98,543)	(86,312)
Short-term provisions	(1,980)	(2,695)
Accounts payable	(209,835)	(152,266)
Other current liabilities	(113,372)	(86,149)
Total current liabilities	**(423,730)**	**(327,422)**
Total liabilities	**(445,372)**	**(350,677)**
Total net assets	**1,424,387**	**1,188,017**
Equity:		
Capital and reserves attributable to Chugai shareholders	1,424,387	1,188,017
Total equity	**1,424,387**	**1,188,017**
Total liabilities and equity	**1,869,758**	**1,538,694**

*International Financial Reporting Standards

Consolidated income statement (IFRS) (January 1, 2022 to December 31, 2022)

(Millions of yen)

Item	FY2022	FY2021(Reference)
Revenues	1,259,946	999,759
Sales	1,039,247	802,836
Royalties and other operating income	128,784	196,922
Other revenue	91,915	—
Cost of sales	(476,251)	(338,147)
Gross profit	783,695	661,612
Marketing and distribution	(77,149)	(76,592)
Research and development	(149,626)	(137,299)
General and administration	(23,611)	(25,824)
Operating profit	533,309	421,897
Financing costs	(61)	(48)
Other financial income (expense)	52	76
Other expense	(2,134)	(2,540)
Profit before taxes	531,166	419,385
Income taxes	(156,737)	(116,390)
Net income	374,429	302,995
Attributable to:		
Chugai shareholders	374,429	302,995

Consolidated statement of changes in equity and notes to the consolidated financial statements have been posted on the not included in the paper copy to be sent to shareholders, but posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir/share/agm.html) on the Internet, in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

Non-Consolidated Financial Statements

Non-consolidated balance sheet (JGAAP*) (As of December 31, 2022)

(Millions of yen)

Item	FY2022	FY2021(Reference)
Assets		
Total current assets:	1,310,789	1,027,388
Cash and deposits	210,806	245,237
Accounts receivable-trade	481,231	344,906
Marketable securities	254,986	199,989
Merchandise and finished goods	104,084	91,990
Raw materials and supplies	100,485	31,922
Prepaid expenses	8,416	7,443
Short-term loans receivable from subsidiaries and affiliates	81,200	5,400
Accounts receivable-other	53,470	83,693
Other	16,112	16,807
Allowance for doubtful accounts	(1)	(0)
Total non-current assets:	415,225	367,530
Total property, plant and equipment:	218,023	190,044
Buildings (net)	126,353	15,811
Structures (net)	9,169	465
Machinery and equipment (net)	9,353	1,363
Vehicles (net)	24	2
Tool, furniture and fixtures (net)	14,617	7,680
Land	51,705	51,421
Construction in progress	6,803	113,303
Total intangible assets:	1,778	3,096
Software	1,724	3,073
Other	54	23
Total investments and other assets:	195,424	174,390
Investment securities	10,310	11,534
Stocks of subsidiaries and affiliates	54,998	54,998
Investments in capital of subsidiaries and affiliates	3,309	3,309
Long-term prepaid expenses	33,263	24,147
Deferred tax assets	83,388	70,547
Lease and guarantee deposits	3,259	4,250
Other	6,915	5,622
Allowance for doubtful accounts	(18)	(18)
Total assets	1,726,014	1,394,918

Item	FY2022	FY2021(Reference)
Liabilities		
Total current liabilities:	435,321	325,256
Accounts payable-trade	148,665	100,345
Accounts payable-other	122	1,885
Accrued expenses	52,000	46,848
Income taxes payable	102,362	88,758
Accrued consumption taxes	—	2,474
Deposits received	33,379	30,263
Provision for bonuses to employees	13,174	13,089
Provision for bonuses to directors	140	170
Provision for business restructuring	717	—
Provision for sales rebates	—	2,292
Accrued payables - facilities	31,840	13,913
Asset retirement obligations	8	140
Other	52,913	25,078
Total non-current liabilities:	4,238	3,071
Provision for employees' retirement benefits	2,280	1,530
Provision for business restructuring	717	—
Provision for environmental matters	61	—
Provision for directors' retirement benefits	—	100
Asset retirement obligations	1,050	1,232
Other	131	209
Total liabilities	439,559	328,328
Net assets		
Total shareholders' equity:	1,300,984	1,070,834
Capital stock	73,202	73,202
Total capital surplus	95,888	95,489
Legal capital surplus	93,050	93,050
Other capital surplus	2,838	2,439
Total retained earnings	1,158,504	929,305
Legal retained earnings	6,480	6,480
Other retained earnings	1,152,024	922,825
Reserve for advanced depreciation of non-current assets	631	646
General reserve	149,220	149,220
Retained earnings carried forward	1,002,173	772,958
Own equity instruments, at cost	(26,610)	(27,161)
Total valuation and translation adjustments:	(14,720)	(4,772)
Net unrealised gain on available-for-sale securities	(1,336)	(147)
Deferred gains or losses on hedges	(13,383)	(4,624)
Stock acquisition rights	190	528
Total net assets	1,286,454	1,066,590
Total liabilities and net assets	1,726,014	1,394,918

* Generally Accepted Accounting Principles in Japan

Non-consolidated income statement (JGAAP) (January 1, 2022 to December 31, 2022) (Millions of yen)

Item	FY2022	FY2021(Reference)
Revenues	1,250,901	993,350
Cost of sales	472,843	335,057
Gross profit	778,058	658,292
Total selling, general and administrative expenses	260,242	247,979
Operating income	517,816	410,313
Non-operating income:	8,622	5,362
Interest and dividend income	2,385	1,213
Other	6,237	4,149
Non-operating expenses:	1,428	1,559
Interest expenses	185	3
Other	1,243	1,556
Ordinary income	525,010	414,116
Extraordinary gain:	1,151	707
Gain on sales of non-current assets	1,151	624
Gain on sales of investment securities	0	28
Gain on liquidation of subsidiaries	—	55
Extraordinary loss:	7,009	6,871
Loss on sales of non-current assets	0	492
Impairment loss	12	1,812
Loss on valuation of investment securities	20	559
Provision for environmental matters	61	—
Adjustment from transfer pricing taxation	2,134	2,540
Additional payment on employment transfer	1,360	—
Restructuring expenses	3,420	1,468
Income before income taxes	519,152	407,952
Income taxes - current	160,898	122,497
Income taxes - deferred	(8,473)	(9,258)
Net income	366,728	294,713

Non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements have been posted on the not included in the paper copy to be sent to shareholders, but posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir/share/agm.html) on the Internet, in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

With regard to figures indicated in the Consolidated Financial Statements and the Non-Consolidated Financial Statements, amounts less than one million yen have been rounded.

Audit Report

Copy of the Accounting Auditors' Report on Consolidated Financial Statements (TRANSLATION)

Independent Auditor's Report

January 31, 2023

To the Board of Directors
Chugai Pharmaceutical Co., Ltd.

KPMG AZSA LLC
Tokyo Office
Akihiro Otani
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Terukazu Nagamine
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Yujiro Kitamura
Designated and Engagement Partner with Limited Liability
Certified Public Accountant

Opinion
Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Chugai Pharmaceutical Co., Ltd. (the "Company") for the fiscal year from January 1, 2022 through December 31, 2022.
In our opinion, the above consolidated financial statements, in accordance with the accounting standards omitting some disclosure items required under the International Financial Reporting Standards as prescribed in the provisions of the latter part of Article 120, Paragraph 1 of the Ordinance of Company Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

Basis for the Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor.
We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information
Other information is comprised of the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of the duties of Directors related to designing and operating the reporting process of the other information.
Our audit opinion on the consolidated financial statements does not cover the other information and we do not express an opinion on the other information.
Our responsibility for the audit of the consolidated financial statements is to read the other information and consider, while reading, whether or not there is a material inconsistency between the other information and the consolidated financial statements or the knowledge that we obtained in the audit process, and to pay attention as to whether, other than such material inconsistency, there are any indications of material misstatements in the other information.
If we determine, based on the work we performed, that a material misstatement is included in the other information, we are required to report that fact.
We have nothing to report in relation to the other information.

Responsibilities of Management as Well as the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting standards omitting some disclosure items required under International Financial Reporting Standards as prescribed in the provisions of the latter part of Article 120, Paragraph 1 of the Ordinance of Company Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the accounting standards omitting some disclosure items required under the International Financial Reporting Standards as prescribed in the provisions of the latter part of Article 120, Paragraph 1 of the Ordinance of Company.
The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of the duties of Directors related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements
Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.
We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the accounting standards omitting some disclosure items required under International Financial Reporting Standards as prescribed in the provisions of the latter part of Article 120, Paragraph 1 of the Ordinance of Company Accounting, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.
The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest
Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Law of Japan.

Copy of the Accounting Auditors' Report (TRANSLATION)

Independent Auditor's Report

January 31, 2023

To the Board of Directors
Chugai Pharmaceutical Co., Ltd.

KPMG AZSA LLC
Tokyo Office
Akihiro Otani
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Terukazu Nagamine
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Yujiro Kitamura
Designated and Engagement Partner with Limited Liability
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated income statement, the non-consolidated statement of changes in shareholders' equity and the notes to the non-consolidated financial statements and the supplementary schedules (collectively, the "non-consolidated financial statements, etc.") of Chugai Pharmaceutical Co., Ltd. (the "Company") for the fiscal year from January 1, 2022 through December 31, 2022.

In our opinion, the above non-consolidated financial statements, etc. present fairly, in all material respects, the financial position and results of operations for the period covered by the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements, etc." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information is comprised of the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of the duties of Directors related to designing and operating the reporting process of the other information.

Our audit opinion on the financial statements, etc. does not cover the other information and we do not express an opinion on the other information.

Our responsibility for the audit of the financial statements, etc. is to read the other information and consider, while reading, whether or not there is a material inconsistency between the other information and the financial statements, etc. or the knowledge that we obtained in the audit process, and to pay attention as to whether, other than such material inconsistency, there are any indications of material misstatements in the other information.

If we determine, based on the work we performed, that a material misstatement is included in the other information, we are required to report that fact.

We have nothing to report in relation to the other information.

Responsibilities of Management as Well as the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc. management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of the duties of Directors related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements, etc.

Our responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements, etc. from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements, etc. on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the non-consolidated financial statements, etc. in the audit report, or if the notes to the non-consolidated financial statements, etc. pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements, etc. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the non-consolidated financial statements, etc. are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements, etc. including related notes, and whether the non-consolidated financial statements, etc. fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Law of Japan.

Copy of the Audit Report by the Audit & Supervisory Board (TRANSLATION)

Audit Report

We, the Audit & Supervisory Board, hereby present this Audit Report compiled after deliberating on the respective audit reports prepared by the Audit & Supervisory Board Members regarding the execution of duties by Directors for the fiscal year from January 1, 2022 to December 31, 2022:

1. Method and Description of Audits Conducted by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board determined the auditing policies, auditing plans, etc. for the fiscal year under review and received reports on the execution status and results of audits from each Audit & Supervisory Board Member, in addition to receiving reports from Directors, etc. and the Accounting Auditor regarding the execution status of their duties and demanding an explanation from them if necessary.

(2) Pursuant to the Standards for Audits conducted by Audit & Supervisory Board Members established by the Audit & Supervisory Board, and in accordance with the auditing policies, auditing plans, etc. for the fiscal year under review, each Audit & Supervisory Board Member sought to communicate with Directors, the Audit Department and other employees, etc., endeavored to gather information and make improvements to the auditing environment and conducted audits in the following ways.

1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings; received reports from Directors and employees, etc. regarding the execution status of their duties, and if necessary, demanded an explanation from them; reviewed documents regarding the approval of material matters, etc.; and investigated the status of the business operations and assets of the head office and major offices. In regards to subsidiaries, each Audit & Supervisory Board Member sought to communicate and exchange information with Directors and Audit & Supervisory Board Members of the subsidiaries, and if necessary, received reports on business operations from the subsidiaries.

2) Each Audit & Supervisory Board Member also received reports from Directors and employees, etc. on a regular basis, requested explanation on a necessary basis and represented his/her opinion on: (a) the nature of the Board of Directors' resolutions set forth in the business report to develop (i) a system to ensure that the Directors' duties are executed in compliance with laws, regulations and the Articles of Incorporation of the Company, and (ii) other systems required for ensuring the appropriateness of business operations of a corporate group, comprising its subsidiaries and other companies, as provided in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act; and (b) the status of construction and operation of systems (internal control systems) developed based on such resolutions.

3) Based on the status of deliberations by the Board of Directors and others, each Audit & Supervisory Board Member reviewed the contents of matters that were noted as stipulated in Article 118, Item 5 (a) of the Ordinance for Enforcement of the Companies Act, which are described in the business report, as well as judgment and reasons, which are set forth in (b) of the same item.

4) The Audit & Supervisory Board monitored and verified as to whether the Accounting Auditor conducted audits in an appropriate manner while maintaining an independent positioning, received reports from the Accounting Auditor on the execution status of its duties, and if necessary, demanded an explanation from the Accounting Auditor. We also received a notice from the Accounting Auditor that systems for ensuring the appropriate execution of duties by the accounting auditor set forth in each item of Article 131 of the Corporate Calculation Regulations have been developed in accordance with the Standards on Quality Control for Audits (Business Accounting Council), etc., and if necessary, demanded an explanation from the Accounting Auditor.

Based on the aforementioned methods, we reviewed the business report, its supplementary schedules and non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) together with the supplementary schedules for the same year as well as the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and notes to the consolidated financial statements) for the fiscal year under review.

2. Audit Results

(1) Results of Audit of Business Report, etc.

1) The business report and its supplementary schedules present fairly the Company's current position in compliance with laws, regulations and the Articles of Incorporation of the Company.

2) With respect to the execution of duties by Directors, there were no instances of misconduct or material matters in violation of the laws, regulations, or the Articles of Incorporation of the Company.

3) The resolutions of the Board of Directors regarding internal control systems are fair and reasonable in content. There are no matters to be pointed out in relation to the contents and Business Report and the execution of duties by Directors regarding the internal control systems.

4) In regards to transactions with the parent company, etc., stated in the business report, there are no matters to be pointed out in relation to the matters that were noted in order to prevent the said transactions from harming the interests of the Company and the judgment of the Board of Directors on said issue as well as the reason for said judgment.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

The methods and results of audits conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

The methods and results of audits conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

February 1, 2023

Audit & Supervisory Board of Chugai Pharmaceutical Co., Ltd.
Full-time Audit & Supervisory Board Member
Atsushi Sato
Full-time Audit & Supervisory Board Member
Yoshiaki Ohashi
Audit & Supervisory Board Member
Takaaki Nimura
Audit & Supervisory Board Member
Yuko Maeda
Audit & Supervisory Board Member
Kenichi Masuda

(Note) Audit & Supervisory Board Members Takaaki Nimura, Yuko Maeda and Kenichi Masuda are Outside Audit & Supervisory Board Members stipulated in Article 2, Item 16 and Article 335, Paragraph 3, of the Companies Act.

End