CHUGAI PHARMACEUTICAL

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CHUGAI PHARMACEUTICAL CO., LTD.

Conference on FY2026.12 Q2 Financial Results

July 24, 2026

Event Summary

[Company Name]	CHUGAI PHARMACEUTICAL CO., LTD.
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[Event Type]	Earnings Announcement
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[Venue]	Webcast
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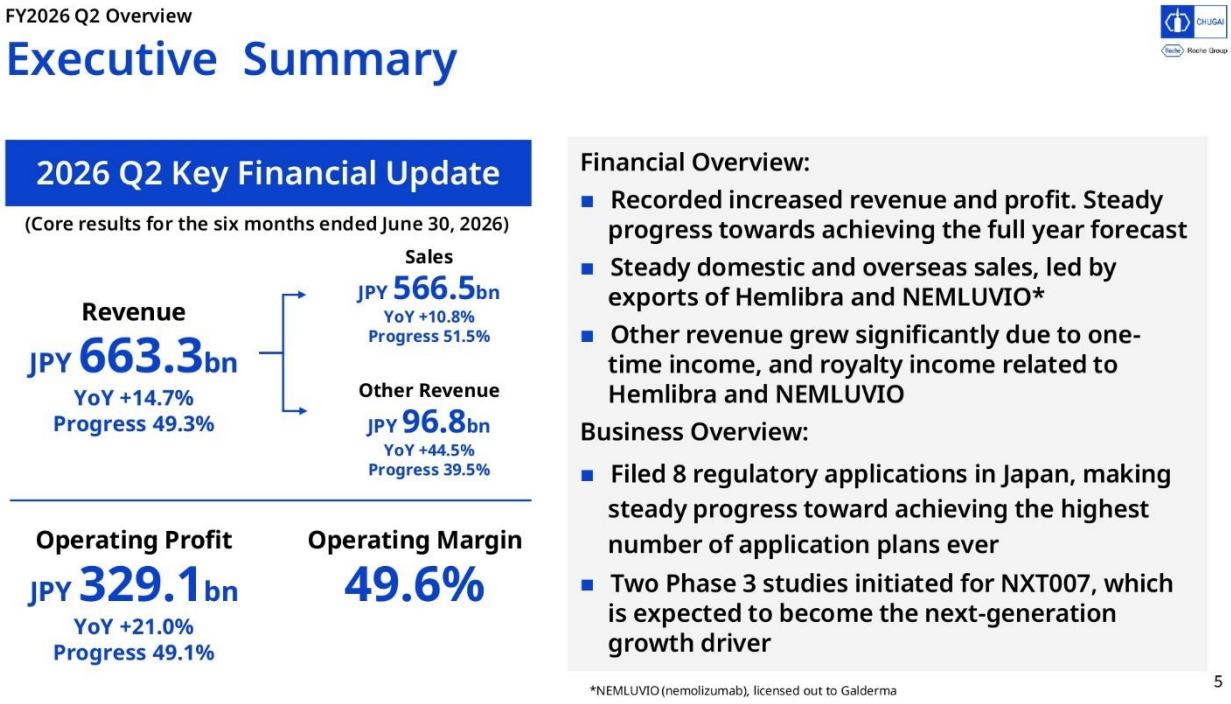
[Participants]	

[Number of Speakers]	5	
	Osamu Okuda	President & CEO
	Iwaaki Taniguchi	Director, Executive Vice President & CFO
	Tsukasa Kusano	Executive Vice President, Head of Project & Lifecycle Management Unit
	Kae Miyata	Head of Corporate Communications Dept.
	Shinji Hidaka	Executive Vice President, Head of Marketing & Sales Div.
[Analyst Names]*	Hidemaru Yamaguchi	Citigroup Global Markets
	Kazuaki Hashiguchi	Daiwa Securities
	Seiji Wakao	JPMorgan Securities
	Shinichiro Muraoka	Morgan Stanley MUFG Securities
	Atsushi Seki	UBS Securities
	Tony Ren	Macquarie Capital Securities

Hiroshi Wada	SMBC Nikko Securities
Akinori Ueda	Goldman Sachs
Miki Sogi	Sanford C. Bernstein

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

Presentation



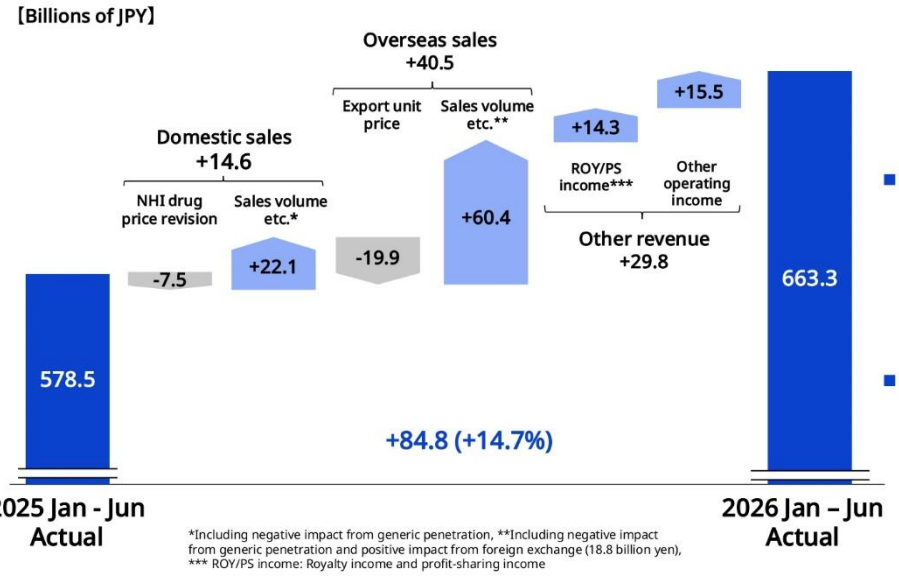
Okuda: This is Okuda, President and CEO. I will provide an overview of Q2 of FY2026. Please turn to slide five of the presentation materials.

For H1 of FY2026, we recorded increases in both revenue and profit. This was driven by steady domestic and overseas product sales as well as a significant increase in other revenue. Given the steady progress made in H1, we expect to achieve our full-year forecast.

On the business front, we filed eight regulatory applications in Japan, making steady progress towards achieving our plan for the highest number of regulatory filings ever. We also initiated two Phase III studies for NXT007, which we expect to become a next-generation growth driver. Overall, both our financial performance and business activities progressed steadily during H1.

FY2026 Q2 Overview

Topline Overview



*Including negative impact from generic penetration, **Including negative impact from generic penetration and positive impact from foreign exchange (18.8 billion yen), *** ROY/PS income: Royalty income and profit-sharing income

- **Domestic sales**
  Increased YoY. Mainstay products (Vabysmo, Polivy, Enspryng, Phesgo) and new products (Elevidys, Lunsumio) performed favorably, despite the effects of the NHI drug price revisions and penetration of generic drugs
- **Overseas sales**
  Increased YoY mainly due to the volume increase in the export of Hemlibra to Roche and NEMLUVIO to Galderma, and positive foreign exchange impact, despite the decline in the export unit price
- **Other revenue**
  Increased significantly YoY mainly due to a significant increase in one-time income, and increase in royalty income related to Hemlibra and NEMLUVIO

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This graph shows the changes in revenue compared with the same period last year.

Revenue increased by JPY84.8 billion, or 14.7%. I will walk you through the items from left to right. Domestic sales increased by JPY14.6 billion as growth in mainstay and new products more than offset the negative impact of the NHI drug price revisions and generic penetration. Overseas sales increased by JPY40.5 billion as increases in export volumes and the positive foreign exchange impact more than offset the decline in export unit prices. In particular, exports of Hemlibra for Roche and NEMLUVIO to Galderma increased. Other revenue increased by JPY29.8 billion due to a significant increase in one-time income as well as higher royalty income mainly related to Hemlibra and NEMLUVIO. Domestic sales, overseas sales, and other revenue all increased, resulting in overall revenue growth.

FY2026 Q2 Overview

Update on Chugai-Originated Global New Products

- **Market penetration advancing for two Chugai-originated global new products important to short- and medium-term growth**

Licensed out to Galderma

NEMLUVIO: Penetration advancing mainly in the U.S. and across other countries

*The approved indications, dosage forms, etc. differ from those of the product in Japan (Mitchga).

- Export sales and royalty income driving Chugai's revenue growth
- Net sales for Galderma for the first half of 2026 totaled USD 433 M, maintaining strong momentum
- US NBRx[1] share reached ~42% for prurigo nodularis and ~9% for atopic dermatitis
- Strong launch outside the U.S. as well. In addition, regulatory reviews progressing in various countries, and further growth is expected

Licensed out to Eli Lilly

FOUNDAYO: Expanding insurance coverage

*Not approved in Japan

- Commenced accrual of royalty income in Q2
- Prescriptions driven primarily by GLP-1-naïve patients, and the oral anti-obesity drug market is expanding
- In addition to Eli Lilly's direct-to-consumer channel, access is expanding through commercial insurance and Medicare
- Label expansion for type 2 diabetes in the U.S. this year, as well as launches outside the U.S. expected

1. NBRx: New-to-brand prescriptions from mid-June to early July 2026 Note: Unauthorized reproduction of product image is prohibited.

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Next, I will discuss two Chugai-originated global new products that are important to our revenue growth over the short to midterm.

NEMLUVIO is driving our revenue growth through export sales and royalty income. As announced in Galderma's financial results yesterday, global sales for H1 totaled USD433 million. Its share of new-to-brand prescriptions was approximately 42% for prurigo nodularis and approximately 9% for atopic dermatitis, indicating continued strong momentum. We understand that in the US, NEMLUVIO is valued by doctors not only for its efficacy to reduce pruritus, but also for improving skin symptoms, leading to prescription. Other than the US, for each of the European countries in which NEMLUVIO has been launched, we see strong growth in the initial sales. In other countries, regulatory reviews are progressing, and we expect further growth.

For Foundayo, this product was launched back in April in the US for the indication of obesity. We started to recognize the royalty revenue based on the local sales in Q2 of this year. Prescription was driven primarily by patients who are naive to GLP-1 products, and the oral anti-obesity drug market is expanding.

For access, it is available not only through direct sales but also via commercial insurance, and Medicare. Label expansion for type 2 diabetes in the US this year, and launches outside the US are expected, and we expect further growth of the product.

FY2026 Q2 Overview

Progress on Early Development of Chugai Originated Projects

■ **Steady advancement in the early development of Chugai originated projects expected to drive mid- to long-term growth**

Small molecule project

REVN24 : Met the Go criteria for P2 study

Project status :

- **Confirmed bPoC*** in the P1 study in healthy volunteers
- **Started preparation for the P2 study** for **postoperative complications after cardiac surgery**

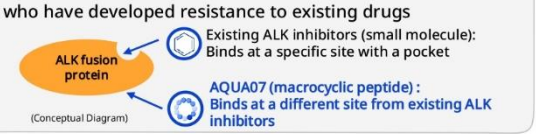
About postoperative complications after cardiac surgery :

- Complications occur in approximately 2/3 of patients who underwent cardiac surgery[1]
- Unmet needs are high, however, there are no approved medicines

Macrocyclic peptide project

AQUA07 : The third macrocyclic peptide project entering clinical-stage

- **Granted Fast Track designation by the U.S. FDA** in May 2026, recognizing the potential of AQUA07 based on pre-clinical data
- Dosing for **P1 study in ALK-positive non-small cell lung cancer is expected to start shortly**
- **An allosteric inhibitor**, leveraging the feature of Chugai's macrocyclic peptides, which can bind with high specificity even to sites where conventional small molecules have difficulty binding
- Efficacy expected in 1st line treatment in combination with existing treatments, and also in 2nd line treatment for patients who have developed resistance to existing drugs



*biological PoC: Proof that the expected mechanism of action for a drug actually functions within the patient's body. As for REVN24, its mechanism of action is not disclosed
1. J Card Surg. 2021;36(6):2045–2052.

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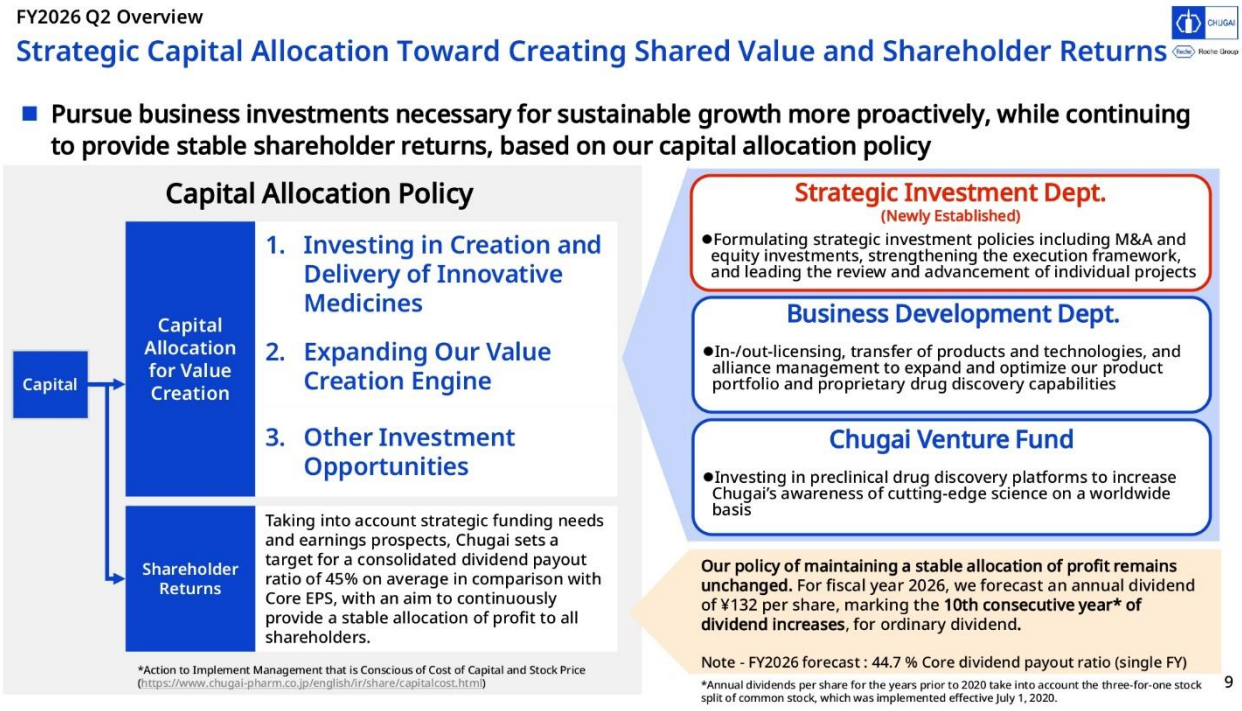
Next, I will share the progress on early development of our in-house projects that will contribute to mid- to long-term growth.

For REVN24, we confirmed biological POC among healthy adults in P1, and it has met the go criteria for Phase II. We are now preparing for P2, targeting postoperative complications after cardiac surgery. There is no treatment available, and there is a high unmet medical need, so we will continue to work hard to provide this treatment to patients as soon as possible.

Then AQUA07, this is the third macrocyclic peptide project entering the clinical phase. We received a fast-track designation by the US FDA in May. This is an allosteric inhibitor utilizing our macrocyclic peptide technology, and binds to the ALK fusion protein at a different site from existing treatments. We expect efficacy in first-line usage of AQUA07 as a combination therapy with an existing agent and also in patients who have developed resistance to existing agents.



Lastly, let me once again share basic policy for capital allocation.

We will pursue business investment for sustainable growth even more actively than before. In order to do that, we established the Strategic Investment Department as of July 1, to formulate strategic investment policies, and to lead the review and advancement of individual projects. This department will drive strategic investment based on the mid- to long-term growth strategy and R&D strategy, collaborating with related departments.

Also, we aim to continue a stable dividend payout ratio of 45% on average in comparison with Core EPS, to shareholders. For this year, our expected yearly dividend is JPY132 per share. This will mark the 10th consecutive year of increase in the ordinary dividend.

That is all from me.

FY2026 Q2 Overview of Development Pipeline

Q2 Topics (1/2)

Approved	Alecensa	Advanced or recurrent *ALK* fusion gene-positive solid tumors (Japan)	May 2026
	Avastin	Neurofibromatosis type 2	June 2026
	Rituxan	Adult-onset frequently relapsing or steroid-dependent nephrotic syndrome	June 2026
Filed	Enspryng	Thyroid eye disease (TED): Priority Review designation (U.S.)	June 2026
	Gazyva	Idiopathic nephrotic syndrome	May 2026
	giredestrant	Hormone receptor-positive, HER2-negative unresectable or recurrent breast cancer	May 2026
		Adjuvant therapy for hormone receptor-positive, HER2-negative breast cancer	May 2026
	Tecentriq	Maintenance therapy following definitive chemoradiotherapy in locally advanced esophageal cancer	June 2026
	ranibizumab (Port Delivery Platform with ranibizumab)*	Neovascular age-related macular degeneration (nAMD)	June 2026
		Diabetic macular edema (DME) (both as drug solution for ocular implant)	June 2026
	sparsentan	IgA nephropathy	June 2026
Initiation of Study	NXT007/zemocimig	Hemophilia A (ZEBRHA2 study: vs. Hemlibra; ZEBRHA1 study: vs. coagulation factor VIII products) (P3)	April, May 2026
	enicepatide	Obesity (Enith2 study: with type 2 diabetes) (P3)	May 2026

Orange: In-house projects (global development), Blue: In-licensed from Roche (development and distribution in Japan),
Purple: In-licensed from third parties (development and distribution in Japan)

*Medical device portion filed in March 2026.

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Kusano:

I am Kusano, Head of the Project & Lifecycle Management Unit. I will provide an update on the status of our development pipeline for the second quarter of FY2026.

These are the key topics for Q2.

Regarding approvals, Alecensa received approval for an additional indication for advanced and recurrent *ALK* fusion gene-positive solid tumors. Avastin was also approved for neurofibromatosis type 2, while Rituxan was approved for adult-onset frequently relapsing or steroid-dependent nephrotic syndrome.

Regarding regulatory filings, Enspryng was filed in the United States for thyroid eye disease and was granted a priority review designation. The FDA has set the PDUFA target action date for October 15. In Japan, we filed Gazyva for idiopathic nephrotic syndrome, giredestrant for unresectable or recurrent breast cancer and for adjuvant therapy in breast cancer, Tecentriq for maintenance therapy following definitive chemoradiotherapy in locally advanced esophageal cancer, and sparsentan for IgA nephropathy. We also filed the drug component of the Port Delivery Platform with ranibizumab for neovascular age-related macular degeneration and diabetic macular edema. The medical device component had already been filed in March of this year.

Regarding study initiations for our in-house product, NXT007, generic name zemocimig, we initiated two Phase III studies in hemophilia A. For the Roche-originated product, CT-388, generic name enicepatide, following the previously reported Phase III study in obesity without type 2 diabetes, a Phase III study was initiated in patients with obesity and type 2 diabetes.

FY2026 Q2 Overview of Development Pipeline

Q2 Topics (2/2)

Removed from Pipeline	tominersen	Huntington's disease: Discontinuation of development	–
Readout	AVMAPKI*	P1b/2a RAMP205 study (metastatic pancreatic ductal adenocarcinoma)	June 2026
	divarasib	P3 Krascendo 1 study (non-small cell lung cancer (2nd Line)): PE was met	July 2026
Medical Conference	PiaSky	ERA: P3 COMMUNTE-a, and COMMUTE-p studies (atypical hemolytic uremic syndrome (aHUS))	June 2026
	emugrobart	Cure SMA: P2 MANATEE study Part 1 (spinal muscular atrophy (SMA))	June 2026
		IRC on FSHD: P2 MANOEUVRE study (facioscapulohumeral muscular dystrophy (FSHD))	June 2026
ODD	NXT007/zemocimig	Suppression of bleeding tendency in patients with congenital hemophilia A	May 2026
	vamikibart	Noninfectious uveitic macular edema	June 2026
	Gazyva	Lupus nephritis	June 2026

Orange: In-house projects (global development), Blue: In-licensed from Roche (development and distribution in Japan)
*Conducted by Verastem Oncology, a global licensee
PE: primary endpoint, ERA: European Renal Association, Cure SMA: Annual SMA Conference, IRC on FSHD: International Research Congress on FSHD

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Next, tominersen was removed from the pipeline following Roche's decision to discontinue its development for Huntington's disease.

Regarding readouts of AVMAPKI in metastatic pancreatic ductal adenocarcinoma in the Phase Ib/IIa study, the overall response rate was 52% among 29 evaluable patients. In addition, the Phase III study of divarasib in second-line non-small cell lung cancer met its primary endpoint.

At medical conferences, we presented Phase III data for PiaSky in atypical hemolytic uremic syndrome, or aHUS, as well as Phase II data for emugrobart in spinal muscular atrophy, SMA, and FSHD.

Zemocimig, vamikibart, and Gazyva received orphan drug designation.

FY2026 Q2 Overview of Development Pipeline

2026: Key R&D Milestones

Underlined and bolded: Changes since April 24, 2026

	Product	Indication / Study name	Progress	
Projects to be Approved	Alecensa	Advanced or recurrent *ALK* fusion gene-positive solid tumors（Japan）	**Approved**	✓
	Lunsumio + Polivy	Relapsed or refractory large B-cell lymphoma	Approved	✓
P3/Pivotal Readouts	Enspryng	METEOROID study: myelin oligodendrocyte glycoprotein antibody–associated disease (MOGAD)	Met PE	✓
	divarasib	Krascendo 1 study: non-small cell lung cancer (2nd line)	**Met PE**	✓
	giredestrant	persevERA study: ER positive breast cancer (1st line)	Not met PE	×
	Lunsumio	CELESTIMO study: follicular lymphoma (2nd line)		
	sefaxersen	IMAGINATION study: IgA nephropathy		
P2 Readouts	emugrobart + Evrysdi	MANATEE study: spinal muscular atrophy (SMA)	Discontinuation of development	×
	emugrobart	MANOEUVRE study: facioscapulohumeral muscular dystrophy (FSHD)	Discontinuation of development	×
		GYMINDA study: obesity		
Initiation of study	NXT007/zemocimig	**ZEBRHA1 study (P3): Hemophilia A (vs. coagulation factor VIII products)**	**Study initiated**	✓
		ZEBRHA2 study (P3): Hemophilia A (vs. Hemlibra)	**Study initiated**	✓
		P3 study: Hemophilia A (pediatric)		
	DONQ52	P2 study: Celiac disease	Study initiated	✓

Orange: In-house projects (global development) Blue: In-licensed from Roche (development and distribution in Japan), PE: primary endpoint, ER: estrogen receptor

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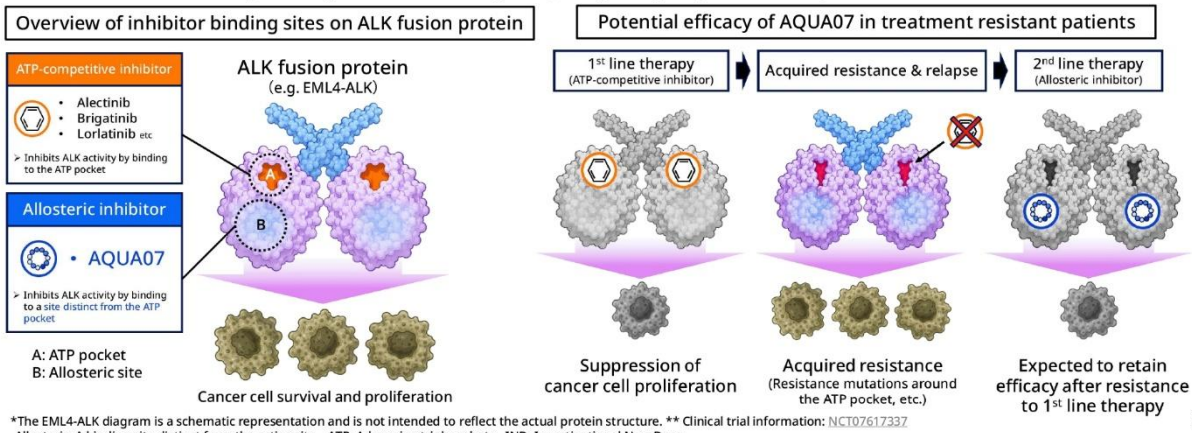
This slide shows the key R&D milestones for 2026.

The underlined and bolded items indicate changes since the previous earnings announcement, as I've explained so far. We'll also continue to make steady progress on the remaining milestones.

FY2026 Q2 Overview of Development Pipeline

AQUA07 (Allosteric ALK inhibitor)

- The third clinical-stage project applying our macrocyclic peptide drug discovery platform technology "SnipeTide." Patient dosing for ALK-positive non-small cell lung cancer (NSCLC) is expected to commence shortly.
- Unlike conventional ATP-competitive inhibitors, AQUA07 inhibits ALK activity by engaging an allosteric site outside the ATP pocket — a binding mode uniquely enabled by its macrocyclic peptide nature.
- Due to its distinct MoA, AQUA07 is expected to demonstrate efficacy in patients with acquired resistance to existing therapies, as well as to enhance therapeutic effects in combination with existing 1st line treatments.
- Granted Fast Track designation by the U.S. FDA in May 2026, recognizing the potential of AQUA07



*The EML4-ALK diagram is a schematic representation and is not intended to reflect the actual protein structure. ** Clinical trial information: NCT07617337
Allosteric: A binding site distinct from the active site ATP: Adenosine triphosphate IND: Investigational New Drug

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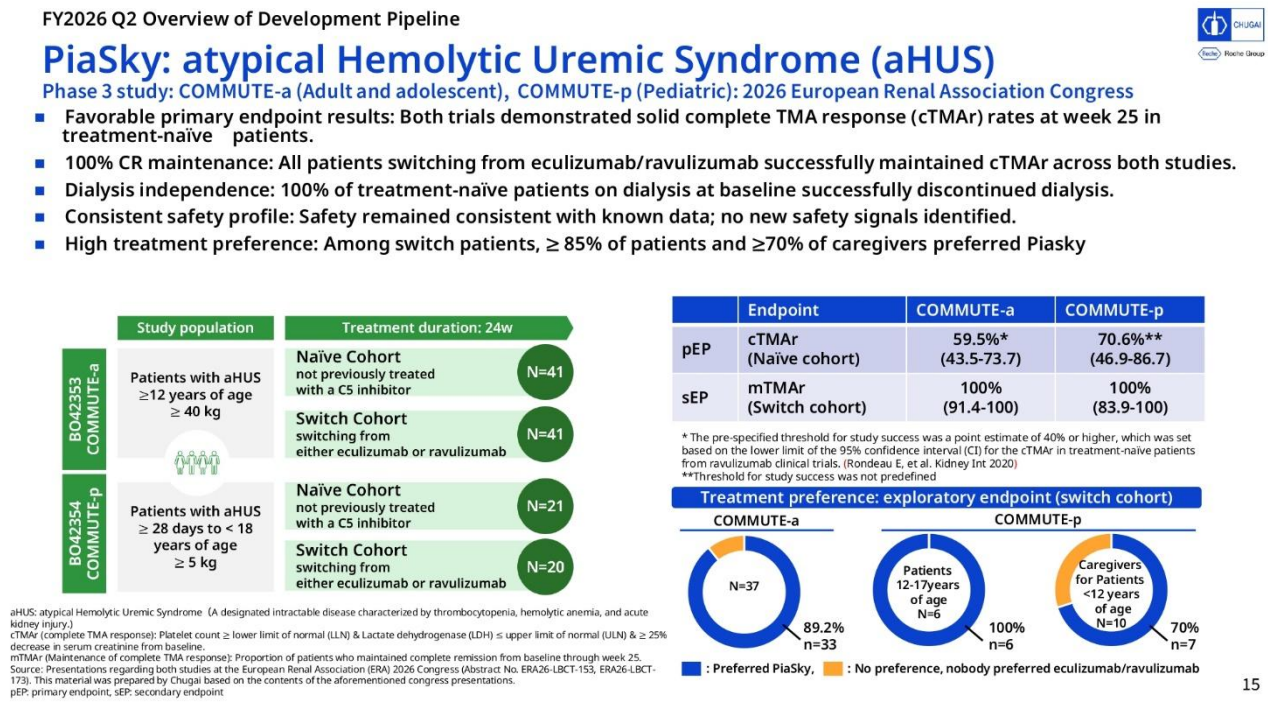
Next, I would like to introduce AQUA07, our in-house discovered allosteric ALK inhibitor. AQUA07 is the third clinical-stage project leveraging SnipeTide, our proprietary macrocyclic peptide drug discovery platform. We have just received confirmation that the first patient was dosed earlier today in a clinical trial for ALK-positive non-small cell lung cancer.

First, please look at the diagram on the left. All currently approved ALK inhibitors are small-molecule, ATP-competitive inhibitors. They bind to the ATP pocket labeled "A" in the diagram and inhibit ALK activity involved in cancer cell proliferation. In contrast, AQUA07 binds not to the ATP pocket, but to the allosteric site labeled "B." By capturing the protein surface as a broader interface—a binding mechanism unique to macrocyclic peptide—AQUA07 can target a site that has been difficult to access with conventional small molecules, thereby inhibiting ALK activity through a novel mechanism distinct from existing drugs.

Next, please refer to the diagram on the right. Treatments with existing ALK inhibitors often lead to resistance mutations around the ATP pocket, reducing drug efficacy. Because AQUA07 binds to a completely different site, it is expected to show efficacy even in cases harboring these resistance mutations. Furthermore, in the first-line setting, we anticipate enhanced therapeutic efficacy when AQUA07 is used in combination with existing ALK inhibitors.

AQUA07 was granted Fast Track designation by the U.S. FDA in May 2026. We will continue driving the development of AQUA07 forward to overcome drug resistance, improve outcomes for patients who have developed resistance, and deliver a first-in-class treatment option to patients.



Next, I would like to update you on the development status of PiaSky for atypical hemolytic uremic syndrome (aHUS).

Recently, we presented the results from two Phase III studies—the COMMUTE-a study in adults and adolescents, and the COMMUTE-p study in pediatric patients—at the European Renal Association Congress in June 2026.

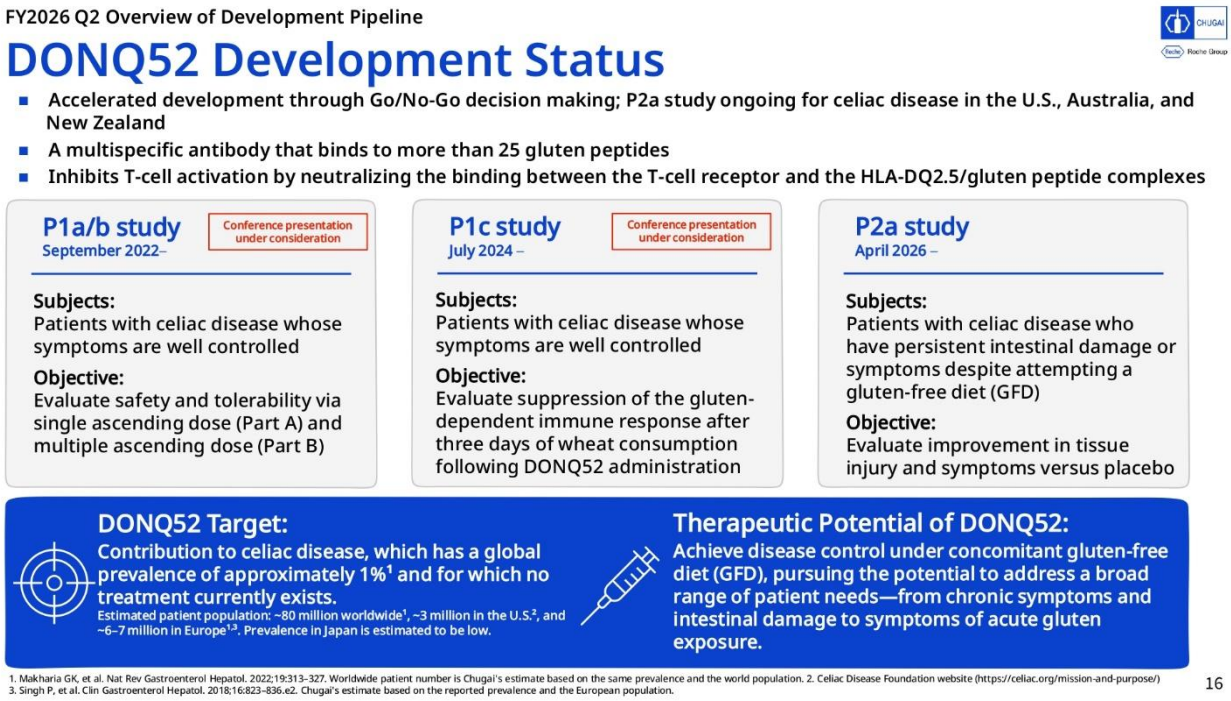
The primary endpoint in both studies was the complete remission rate at Week 25 in complement inhibitor-naive patients. Excellent results were achieved, with complete remission rates of 59.5% in the COMMUTE-a study and 70.6% in the COMMUTE-p study. The 59.5% rate observed in COMMUTE-a exceeded our predefined success threshold of 40%.

Regarding the secondary endpoint—the maintenance rate of complete remission in patients who switched from eculizumab or ravulizumab—both studies achieved 100%, confirming that disease control was successfully maintained after switching to PiaSky. In addition, 100% of treatment-naive patients who were receiving dialysis at baseline were able to discontinue dialysis.

The safety profile was consistent with previously reported data, and no new safety concerns were identified.

Furthermore, an exploratory endpoint assessing treatment preference among switched patients showed that over 85% of patients and over 70% of caregivers of pediatric patients preferred PiaSky over their previous treatments. We believe this reflects high appreciation for the convenience and reduced treatment burden provided by subcutaneous administration.

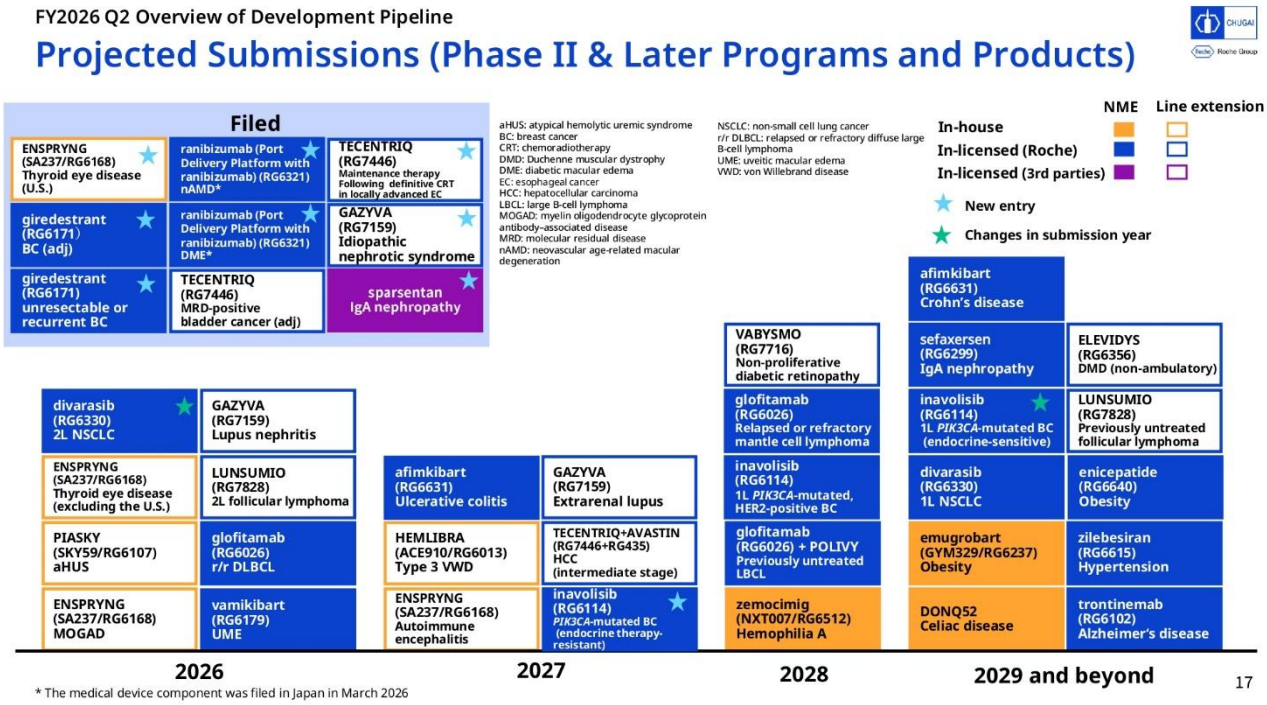
Based on these positive results, we plan to file for regulatory approval in Japan, the U.S., and Europe within this year. We will continue to steadily advance development to deliver PiaSky as a new treatment option for patients suffering from aHUS, a rare and severe disease.



This slide summarizes the progress of DONQ52 to date.

DONQ52 is our in-house discovered multispecific antibody targeting celiac disease. By leveraging our Go/No-Go decision-making process to accelerate development, we are currently conducting a Phase IIa study in the U.S., Australia, and New Zealand. With a global prevalence of approximately 1% and no approved treatments currently available, celiac disease represents a high unmet medical need that we hope to address with DONQ52.

Regarding the Phase Ia/b and Phase Ic studies, we are currently evaluating opportunities to present the data at upcoming medical congresses.



Lastly, this slide shows our upcoming regulatory submission schedule. Projects marked with a blue star are newly added, while those with a green star indicate a revised submission timeline. Based on project progress, the planned filing for divarasib in second-line non-small cell lung cancer has been moved forward from 2027 to 2026. Regarding inavolisib, we have established a clear timeline and newly disclosed a planned 2027 filing for endocrine therapy-resistant breast cancer. For endocrine therapy-sensitive breast cancer, based on project progress, we have revised the target filing timing from 2028 to 2029 or later. In 2026, we target a record number of regulatory submissions, and progress remains on track. We look forward to delivering these new treatment options to patients as quickly as possible. The subsequent slides are provided for your reference, so please review them at your convenience. That concludes my presentation. Thank you.

FY2026 Q2 Consolidated Financial Overview (Core)

P/L Jan – Jun (Year on Year)

(Billions of JPY)	2025	2026	Growth	
Revenue	**578.5**	**663.3**	**+ 84.8**	**+ 14.7%**
Sales	511.4	566.5	+ 55.1	+ 10.8%
Domestic	223.3	237.9	+ 14.6	+ 6.5%
Overseas	288.1	328.6	+ 40.5	+ 14.1%
Other revenue	67.0	96.8	+ 29.8	+ 44.5%
Cost of sales	-175.2	-195.9	- 20.7	+ 11.8%
(cost to sales ratio)	34.3%	34.6%	+0.3%p	-
Research and development	-86.3	-90.2	- 3.9	+ 4.5%
Selling, general and administration	-45.4	-49.0	- 3.6	+ 7.9%
Other operating income (expense)	0.4	0.9	+ 0.5	+ 125.0%
Operating profit	**272.0**	**329.1**	**+ 57.1**	**+ 21.0%**
(operating margin)	47.0%	49.6%	+2.6%p	-
Financial account balance	-1.5	9.6	+ 11.1	-
Income taxes	-77.0	-100.4	- 23.4	+ 30.4%
Net income	**193.5**	**238.4**	**+ 44.9**	**+ 23.2%**
EPS (JPY)	**117.57**	**144.84**	**+27.27**	**+ 23.2%**

- **Domestic sales**
  Increase due to growth of mainstay products and new products, despite decrease due to the NHI drug price revisions and the market penetration of generic drugs, etc.
- **Overseas sales**
  Increase in Hemlibra and NEMLUVIO
- **Other revenue**
  Significant increase in the one-time income, as well as in the royalty income mainly related to Hemlibra and NEMLUVIO
- **Cost of sales**
  Increase in cost to sales ratio due to a change in product mix, etc.
- **Research and development expenses**
  Increase due to investments into drug discovery/early development, and the progress of development projects, etc.
- **Selling, general and administration expenses**
  Increase due to increase in corporate enterprise tax (factor-based tax) and temporary increase in various expenses

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Taniguchi: This is Taniguchi speaking. Now, I want to discuss the financial results for Q2 of FY2026.

First, I'd like to report that the revenue for H1 came to JPY663.3 billion, an increase of JPY84.8 billion, or 14.7%, YoY. Core operating profit was JPY329.1 billion, an increase of JPY57.1 billion, or 21%, YoY.

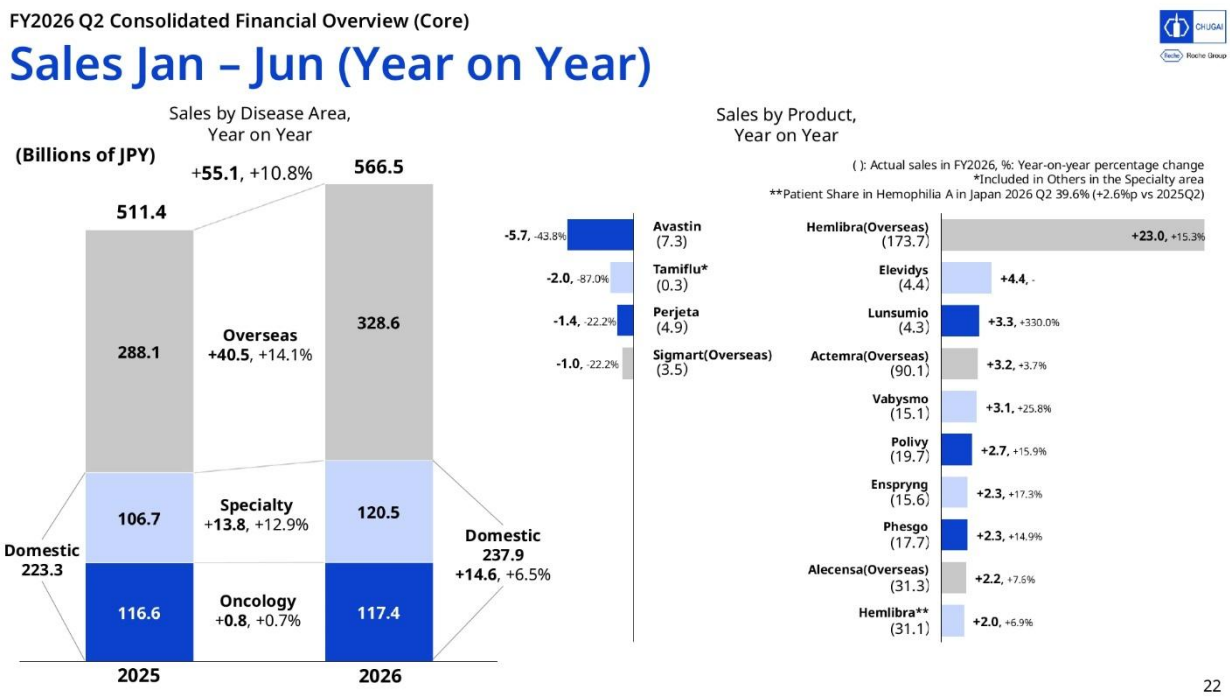
Now, I'll walk you through the details in sequence. Sales came to JPY566.5 billion, an increase of JPY55.1 billion, or 10.8%, YoY. By region, domestic sales came to JPY237.9 billion, an increase of JPY14.6 billion, or 6.5%, YoY. Strong performance by new and mainstay products more than offset the impact of NHI drug price revisions and generic penetration.

Overseas sales were JPY328.6 billion, an increase of JPY40.5 billion, or 14.1%, YoY, reflecting continued strong exports of mainstay products to Roche. Other revenue came to JPY96.8 billion, an increase of JPY29.8 billion YoY. This significant increase reflected higher one-time income and royalty income from Roche and third parties.

I will now move on to the cost items. Cost of sales came to JPY195.9 billion, an increase of JPY20.7 billion, or 11.8%, YoY. The increase in absolute terms mainly reflected the significant growth in product sales. The cost-to-sales ratio increased by 0.3 percentage points YoY to 34.6%, mainly due to changes in the product mix. R&D expenses increased by JPY3.9 billion YoY to JPY90.2 billion, reflecting steady progress in drug discovery and early-stage development projects.

SG&A expenses increased by JPY3.6 billion YoY to JPY49 billion. This was mainly due to higher promotional expenses for new products such as Lunsumio and Elevidys in Q1, as well as increases in enterprise taxes and bonus accruals linked to profit levels. As a result, operating profit increased by JPY57.1 billion, or 21%, YoY to JPY329.1 billion, while the operating margin rose by 2.6 percentage points to 49.6%.

Finally, net income after tax came to JPY238.4 billion, an increase of JPY44.9 billion, or 23.2%, YoY, partly reflecting higher net financial income on the back of rising interest rates.

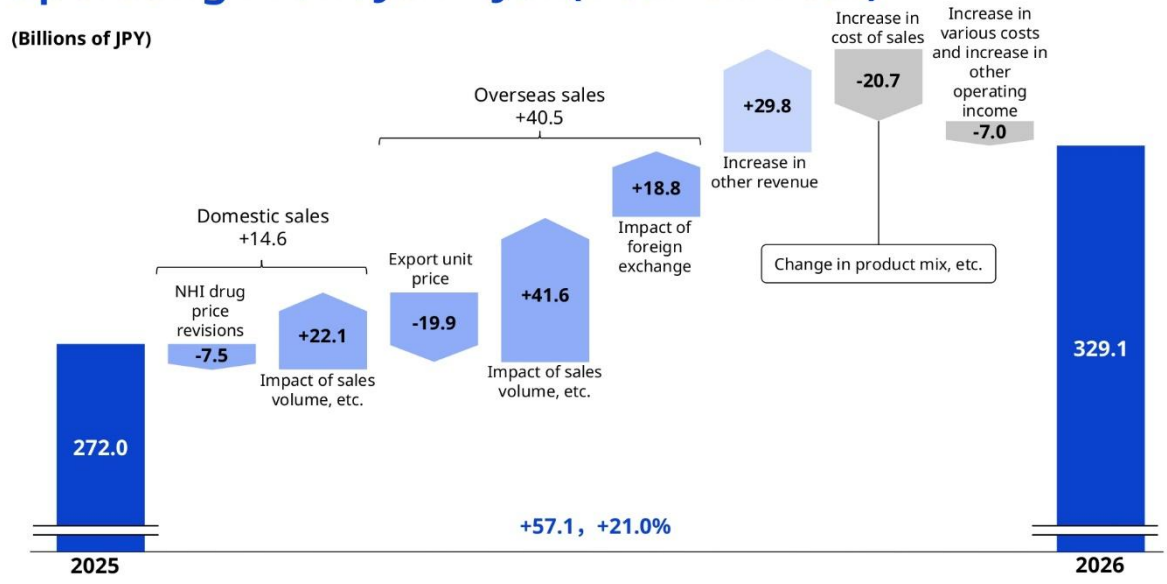


This slide shows the breakdown of changes in product sales.

First, at the bottom, domestic sales, which is in dark blue, in the oncology area came to JPY117.4 billion, an increase of JPY0.8 billion, or 0.7%, YoY. In terms of breakdown, the new product, Lunsumio, recorded higher sales, while Polivy also increased following the approval in March of its combination therapy with Lunsumio. Sales of Phesgo also increased steadily, more than offsetting the decline in Perjeta. Meanwhile, Avastin continued to decline due to the impact of NHI drug price revisions and generic penetration. Sales in the specialty area came to JPY120.5 billion, an increase of JPY13.8 billion, or 12.9%, YoY. In addition to the mainstay products such as Hemlibra and Vabysmo, the new product, Elevidys, also continued to grow steadily. Overseas product sales came to JPY328.6 billion, an increase of JPY40.5 billion, or 14.1%, YoY, driven by a significant increase in Hemlibra sales.

FY2026 Q2 Consolidated Financial Overview (Core)

Operating Profit Jan – Jun(Year on Year)



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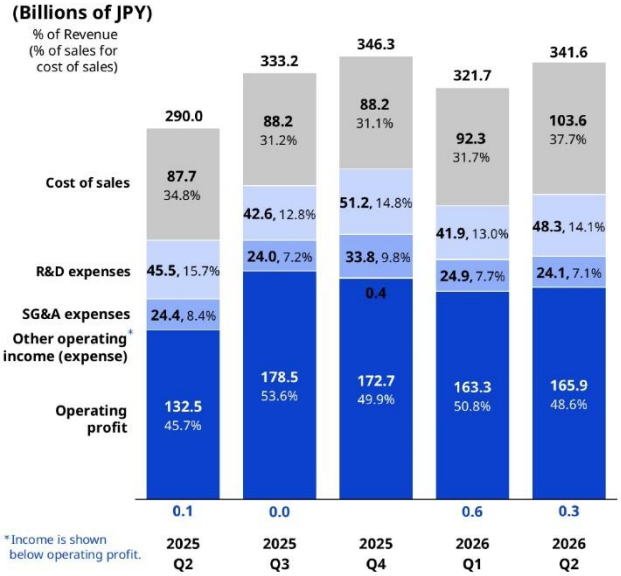
This slide shows the breakdown of the changes in operating profit.

Starting from the left, for domestic sales, the significant increase in sales volume more than offset the impact of NHI drug price revisions and contributed positively to operating profit. For overseas sales as well, unit prices declined slightly in line with the increase in sales volume in emerging markets; however, the increase in volume outweighed this decline. Together with the positive foreign exchange impact, this contributed to the increase in operating profit. Other revenue also contributed positively to profit, reflecting an increase in royalty income from NEMLUVIO. We also began recognizing royalty income from Foundayo. Cost of sales, as I mentioned earlier, increased to some extent, reflecting the increase in product sales.

FY2026 Q2 Consolidated Financial Overview (Core)

Structure of Costs and Profit by Quarter



- **Year on Year (vs. 2025 Q2)**

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

  R&D: increase due to investments into drug discovery/early development, and the progress of development projects, etc.

  SG&A: same level as the same period of the previous year

  Other operating income (expense): same level as the same period of the previous year

  Operating profit: +33.4 billion JPY, +25.2%

- **Quarter on Quarter (vs. 2026 Q1)**

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

  R&D: increase due to investments into drug discovery/early development, and the progress of development projects, etc.

  SG&A: same level as the previous quarter

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

  Operating profit: +2.6 billion JPY, +1.6%

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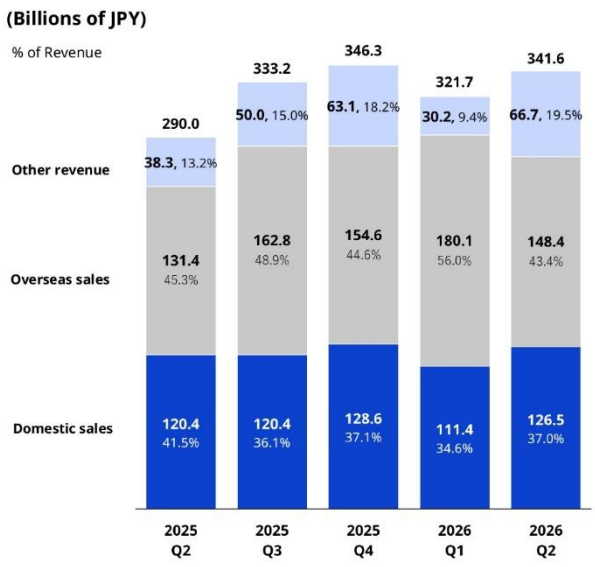
Just for your reference, this slide shows the quarterly trends in cost items and operating profit, the trends for every three months.

FY2026 Q2 Consolidated Financial Overview (Core)

Structure of Revenue by Quarter



- **Year on Year (vs. 2025 Q2)**

  Domestic sales: increase due to sales growth of new products

  Overseas sales: increase in sales of Actemra due to the timing of shipment

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

- **Quarter on Quarter (vs. 2026 Q1)**

  Domestic sales: increase due to growth of mainstay and new products

  Overseas sales: significant decrease in sales of Hemlibra due to the timing of shipment

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

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This slide shows the quarterly trend in revenue, allowing comparison with Q2 of the previous year and with the most recent Q1 of FY2026.

As for overseas sales, the timing of export shipments is not necessarily evenly distributed, so we think that there tends to be some unevenness in results from one fiscal period or quarter to the next.

FY2026 Q2 Consolidated Financial Overview (Core)

P/L Jan – Jun (vs. Forecast)

(Billions of JPY)	Actual 2026 Jan - Jun	Forecast 2026 Jan - Dec	Progress	2025 Progress*
Revenue	**663.3**	**1,345.0**	**49.3%**	**46.0%**
Sales	566.5	1,100.0	51.5%	47.4%
Domestic	237.9	498.0	47.8%	47.3%
Overseas	328.6	602.0	54.6%	47.6%
Other revenue	96.8	245.0	39.5%	37.2%
Cost of sales	- 195.9	- 383.5	51.1%	49.8%
(cost to sales ratio)	34.6%	34.9%	-	-
Research and development	- 90.2	- 190.0	47.5%	47.9%
Selling, general and administration	- 49.0	- 102.0	48.0%	44.0%
Other operating income (expense)	0.9	0.5	180.0%	-
Operating profit	**329.1**	**670.0**	**49.1%**	**43.6%**
(operating margin)	49.6%	49.8%	-	-
Net Income	**238.4**	**485.0**	**49.2%**	**42.9%**
EPS (JPY)	**144.84**	**295.00**	**49.1%**	**42.9%**

- **Domestic sales**
  Mostly in line with the forecast
- **Overseas sales**
  Mostly in line with the forecast
- **Other revenue**
  Mostly in line with the forecast
- **Cost of sales**
  Cost to sales ratio mostly in line with Jan-Jun forecast
- **Research and development**
  Mostly in line with the forecast
- **Selling, general and administration expenses**
  Mostly in line with the forecast

* Jan - Jun 2025 progress versus Jan – Dec 2025 actual

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On this slide, we are showing our progress as of the end of Q2 against the full-year forecast announced with the financial results in January 2026.

Both revenue and profit are showing higher progress rates than in the same period last year. For the pharmaceutical business, we tend to see bigger sales to come in the latter half of the year in general. At this point, we are getting close to a 50% progress rate for both sales and operating profit, so we are going quite strong this year compared to last year.

FY2026 Q2 Consolidated Financial Overview (Core)

Sales Jan – Jun (vs. Forecast)

(Billions of JPY)	Actual 2026 Jan - Jun	Forecast 2026 Jan - Dec	Progress	2025 Progress *
Sales	**566.5**	**1,100.0**	**51.5%**	**47.4%**
Domestic	**237.9**	**498.0**	**47.8%**	**47.3%**
Oncology	**117.4**	**259.2**	**45.3%**	**47.3%**
Tecentriq	29.3	61.1	48.0%	47.6%
Polivy	19.7	42.5	46.4%	45.7%
Phesgo	17.7	35.1	50.4%	45.4%
Alecensa	17.1	32.8	52.1%	47.2%
Lunsumio	4.3	28.4	15.1%	30.3%
Kadcyla	7.9	16.5	47.9%	47.9%
Avastin	7.3	13.7	53.3%	49.8%
Perjeta	4.9	11.1	44.1%	50.4%
Foundation Medicine	3.6	7.8	46.2%	49.4%
Other	5.7	10.1	56.4%	50.0%

(Billions of JPY)	Actual 2026 Jan - Jun	Forecast 2026 Jan - Dec	Progress	2025 Progress *
Specialty	**120.5**	**238.8**	**50.5%**	**47.3%**
Hemlibra	31.1	66.6	46.7%	46.4%
Actemra	25.4	46.2	55.0%	47.1%
Enspryng	15.6	31.9	48.9%	45.5%
Vabysmo	15.1	30.1	50.2%	45.8%
Evrysdi	7.8	15.2	51.3%	48.8%
Elevidys	4.4	12.0	36.7%	-
PiaSky	4.3	8.3	51.8%	43.5%
CellCept	3.4	7.1	47.9%	52.5%
Other	13.4	21.3	62.9%	51.3%
Overseas	**328.6**	**602.0**	**54.6%**	**47.6%**
Hemlibra	173.7	354.0	49.1%	43.7%
Actemra	90.1	136.3	66.1%	54.9%
Alecensa	31.3	60.4	51.8%	49.2%
Enspryng	6.1	9.2	66.3%	54.0%
Neutrogin	4.2	7.0	60.0%	51.7%
Sigmart	3.5	2.4	145.8%	52.9%
Other	19.6	32.6	60.1%	41.3%

* Jan - Jun 2025 progress versus Jan – Dec 2025 actual

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Next, this slide demonstrates progress against the initial forecast by segment and products.

Compared to the previous year, as you can see, sales progress is higher in most of the main products.

FY2026 Q2 Consolidated Financial Overview (Core)

Impact from Foreign Exchange Jan – Jun

(Billions of JPY)	vs.2025 Actual rate 【C】vs.【A】	vs.2026 Forecast rate 【C】vs.【B】
Revenue	**+26.9**	**+0.3**
Sales	+18.8	-0.4
Other revenue	+8.1	+0.7
Cost of sales	**-4.3**	**-0.0**
Other than above*	**-2.8**	**-1.5**
Operating profit	**+19.8**	**-1.2**

Exchange Rate (JPY)	2025 Actual rate** Jan - Jun 【A】	2026 Forecast rate Jan - Jun 【B】	2026 Actual rate** Jan –Jun 【C】	2026 Market average rate*** Jan – Jun	2026 Forecast rate Jan - Dec
1CHF	171.31	185.20	183.37	200.94	184.00
1EUR	162.19	179.00	184.09	184.46	179.00
1USD	146.56	148.82	150.86	158.09	151.00

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

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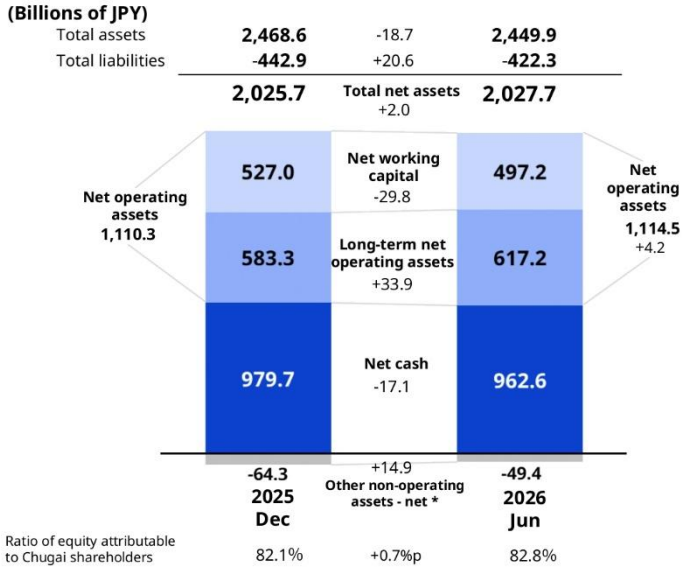
This page demonstrates the impact from the foreign exchange rate, as usual.

Comparing with last year's actual rate, there was a positive impact of JPY26.9 billion on revenue and JPY19.8 billion on operating profit. Looking at the Swiss franc, which is our largest transaction currency, the actual conversion rate shifted from JPY171.31 to JPY183.37, meaning the yen weakened by about JPY12. I believe this yen depreciation effect is reflected as a positive impact, particularly on revenue.

FY2026 Q2 Consolidated Financial Overview (Core)

Financial Position as of June 30 (vs. 2025 Year End)



- **Decrease in net working capital**

  Decrease due to decrease in other account receivable and increase in accounts payable, etc., despite increase in inventories

- **Increase in long-term net operating assets**

  Increase in property, plant and equipment mainly due to the investment in:

  - ✓ the research building for small and mid-size molecule drugs and biopharmaceuticals (UKX) at Ukima Site
  - ✓ the modification of the manufacturing building for bio drug substance (UK3) at Ukima Plant

- **Decrease in net cash**

  (See next slide)

- **Increase in other non-operating assets – net**

  Decrease mainly in foreign exchange contract liability

* E.g., deferred income tax assets, accrued corporate tax, etc.

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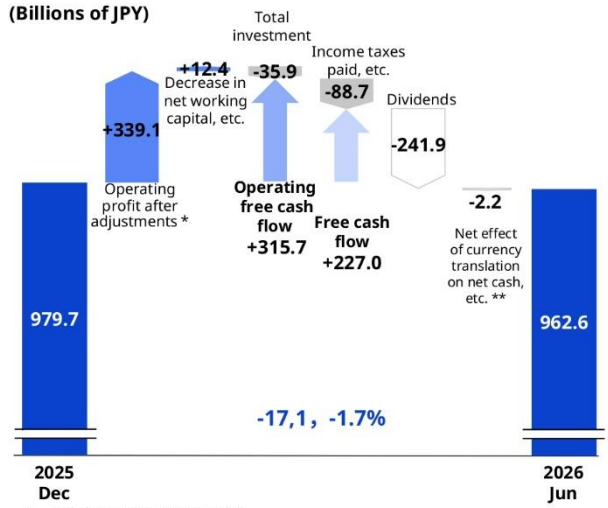
Next, this is our financial position.

Total assets stood at JPY2,449.9 billion, down JPY18.7 billion from the end of last year. This is due to reduced net working capital associated with the collection of accounts receivable. Also, there was a special payout of a special dividend, so that reduced cash. That decreased total assets slightly. On the other hand, in terms of net assets, there was an accumulation of equity that exceeded the payment of this special dividend. Since this accumulation of equity was driven by profit, net assets increased by about JPY2.0 billion on a net basis. As a result, the shareholders' equity ratio stood at 82.8%.

FY2026 Q2 Consolidated Financial Overview (Core)

Net Cash (vs. 2025 Year End)



Operating profit after adjustment *	**+339.1**
Operating profit *	+319.6
Depreciation, amortization and impairment *	+18.7
Decrease in net working capital, etc.	**+12.4**
Total investment	**-35.9**
Property, plant and equipment	-21.2
Payment for lease liabilities	-4.8
Intangible assets	-9.9
Operating free cash flows	**+315.7**
Income taxes paid, etc.	**-88.7**
Income taxes paid	-89.5
Free cash flows	**+227.0**
Dividends paid	**-241.9**
Net effect of currency transaction on net cash, etc. **	**-2.2**

* Including Non-Core (IFRS results)
** Net effect of currency translation on net cash, etc. = Transaction in own equity instruments + Net effect of currency translation on net cash (***)
*** Results from using different types of exchange rates when consolidating overseas subsidiaries in financial statements, i.e. net cash using end of period exchange rate and free cash flows using average exchange rate. (Chugai defines this term based on International Accounting Standard (IAS) 7 and IAS 21)

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This page explains net cash. It decreased by JPY17.1 billion from JPY979.7 billion at the end of December 2025 to JPY962.6 billion at the end of June. While operating free cash flow has been accumulating steadily, there was a relatively large amount of tax payments and dividend payments this period, resulting in a net decrease of JPY17.1 billion.

FY2026 Q2 Consolidated Financial Overview (Core)

P/L Jan – Jun (Non-core adjustment)

(Billions of JPY)	IFRS results	Non-core items		Core results
		Intangible assets	Others	
Revenue	**663.3**			**663.3**
Sales	566.5			566.5
Other revenue	96.8			96.8
Cost of sales	-197.0	+1.1	+0.0	-195.9
Research and development	-89.6	+0.1	-0.6	-90.2
Selling, general and administration	-57.9		+8.9	-49.0
Other operating income (expense)	0.9			0.9
Operating profit	**319.6**	**+1.2**	**+8.3**	**329.1**
Financial account balance	9.6			9.6
Income taxes	-97.5	-0.4	-2.5	-100.4
Net income	**231.7**	**+0.8**	**+5.8**	**238.4**
EPS (JPY)	**140.82**			**144.84**

Non-core items

Factors affected operating profit

- **Intangible assets**
  - Amortization +1.2
- **Others**
  - Business rebuilding expenses, etc. +8.3

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Up to this point, I have explained the results on a Core basis. This is a reconciliation table between the Core results and the results on an IFRS basis. As usual, items such as amortization of intangible assets and business restructuring costs associated with the ERP system replacement are recorded here as adjustment items.

FY2026 Q2 Consolidated Financial Overview (Core)

Current Status / Plan for Major Investments

		~2025	2026	2027	2028	2029	2030	2031~	Planned investment			Period*	
									Total amount	Investment to-date	Unit		
Manufacturing	Utsunomiya plant	UT3: Manufacture bio drug substance for middle to later- stage clinical development and early commercial use							37.4	34.7	billion JPY	2023	2026 (Completed)
	Ukima plant	UK3(modification): Manufacture bio drug substance							20.3	12.5	billion JPY	2024	2027
Research and development	CPR	Move and renovate facilities to enhance research functions							60	44	million SGD	2024	2026
	IFReC	Funding to IFReC per comprehensive collaboration agreement							10.0	9.3	billion JPY	2017	2027
	Ukima Site	UKX: Strengthening the process development function of small and mid-size molecule drugs and biopharmaceuticals							80.0	19.4	billion JPY	2026	2028
Environment	Environmental investment**	Equipment upgrade to achieve Mid-Term Environmental Goals 2030							136.2 (Estimated total amount)	17.2	billion JPY	2022	2032

* For capital investments, the period indicates the years from project start to planned completion

** Incl. part of investments described in the schedule above

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This is the last page. Here, we present the status of the major capital investment projects that have been formally approved internally at this point.

That's all from me. Thank you very much.

Question & Answer

Yamaguchi [Q]: This is Yamaguchi from Citi. Thank you for today. My first question, maybe you don't have an answer to this question, but I need to ask you this about the Foundayo. The sales are not disclosed, but I'm sure revenues are included from Q2. I'm sure you had your original prediction or forecast for the full-year. So far, compared to your forecast, is there anything you can comment on the progress or the current status?

Okuda [A]: Thank you very much for your question, Yamaguchi-san. Foundayo sales will be basically handled by Eli Lilly, so I hope you can ask them about the sales status. Overall, not just Foundayo, but as explained earlier, during this H1, looking at the status during H1, we are making a good progress, pretty good progress. That means, for this fiscal year forecast, we believe we are able to accomplish the full-year forecast for the overall company. Anything to be added?

Taniguchi [M]: I think that answers the question.

Yamaguchi [Q]: My second question: I know this is a specific question. Sparsentan, the one for IgA nephropathy was filed for approval, so I think this is preceding others in domestic IgA nephropathy. I think you had a very high expectation. Can you comment on its potential in the domestic market on this?

Kusano [A]: Thank you very much for the question. For Sparsentan, currently, in IgA nephropathy, there are many different drugs under development. Endothelin receptor antagonists like atrasentan, complement inhibitors like iptacopan, and B-cell modulating APRIL antibodies, as well as multiple new treatment drugs are under development right now. Sparsentan is a drug that you can take once a day in an oral format, and showed a very high reduction in proteinuria, which is a very superior point. In addition, through dual antagonism of endothelin and angiotensin receptors, it can act to protect renal function, such as suppressing nephritis and reducing the burden on the kidneys, even for patients with insufficient response to existing treatments. It is quite convenient and has great effectiveness, which is why we evaluate that there is a higher expectation for this drug compared to others.

Yamaguchi [Q]: I think you come in earlier than the others, so you should be able to maybe get much bigger share in the market, though this might sound a bit commercial.

Kusano [A]: Well, we have already filed for approval, so we aim to get this delivered to the patients as early as possible, and to achieve penetration in the market.

Hidaka [A]: This is Hidaka from sales. This is in the renal area, which we haven't really been in the market for a while. And as explained by Kusano, it has a very high potential, so we can achieve strong market penetration. I hope you can look forward to and stay tuned for this drug.

Yamaguchi [M]: Yes, thank you very much.

Hashiguchi [Q]: This is Hashiguchi from Daiwa Securities. The first question is on royalty and profit sharing income. In the supplementary materials, the revenue from Roche is disclosed separately. So, the Q1 revenue, excluding Roche revenue, was JPY4.1 billion. In Q2, it was also JPY4.1 billion. The sales for NEMLUVIO were announced by Galderma, and compared to Q1, there was an increase in Q2. For Foundayo, you started to recognize the revenue from Q2. Despite that, there was no change in the numbers between Q1 and Q2. Could you share reasons behind this?

Taniguchi [A]: Well, breakdown of the revenue is not to be disclosed. We don't disclose the split. I ask for your understanding. This is royalty income, as you know, and so we have a tiered agreement with partners, and then the rate might change quarter-by-quarter. NEMLUVIO relatively progressed really well, according to our original plan.

Hashiguchi [Q]: So the rate might change on a tiered basis. If that's the case, that might increase the number in Q2 compared to Q1.

Taniguchi [A]: Well, from Q1 to Q2, excluding Roche revenue, you said January to March was JPY4 billion, and then in Q2, it's about JPY8.2 billion. Since details and calculation formulas are not disclosed, I ask for your understanding.

Hashiguchi [Q]: Well, I asked this question, comparing three months to three months: JPY4.1 billion and JPY4.1 billion. I wonder if there was no difference between them.

Taniguchi [A]: Due to various factors, this has not changed.

Hashiguchi [Q]: I understand. The second question is about your capital allocation policy and also reorganization, the establishment of the Strategic Investment Department. As you explained, I think the capital allocation policy stayed the same, but this new establishment, why did you think the establishment of this new department, the Strategic Investment Department, was necessary? Based on what kind of problem awareness did you implement this reform? Also, what kind of new developments or movements that didn't exist at Chugai before can we expect to see from this?

Okuda [A]: Thank you for the question. Well, TOP I 2030 started in 2021, and in TOP I 2030, there were three key drivers. One of them is open innovation. Open innovation—originally, Chugai had a self-reliance or "in-house only" principle, where we tried to build drug discovery modality platforms internally to create innovative pharmaceuticals within Chugai—though of course we collaborate with academia. We believe this has achieved a certain level of success.

However, looking around us, science, technology, and digital fields have developed significantly. We have been working to broaden our scope to collaborate with third parties outside—not only academia, but also bioventures and various companies—to generate new value.

As part of this, we established a CVC called Chugai Venture Fund, and from the beginning of this year, Chugai Partnering Office was set up in the US and has started its activities. As we advance open innovation in this way, in the past it was about in-licensing, collaboration, joint development, and joint research, but one background is that the need arose to take this one step further.

For example, as written here, by conducting M&A, we can bring technology itself into Chugai and combine it with our existing technologies to create something new. Or, we can make investments for deeper collaboration with companies that have technology to search for or identify target molecules.

The other aspect is the change in our financial positioning. As mentioned by the CFO, cash has been accumulating significantly. How to effectively utilize this has become a major theme. By leveraging this accumulated cash effectively, we aim to enhance Chugai's capabilities or accelerate growth by introducing assets. Therefore, we established this new Strategic Investment Department to strengthen these functions.

Hashiguchi [M]: Thank you very much. That’s all from me.

Ozaki [Q]: Ozaki from Nikkei. I think you mentioned at the beginning, the number of filings for approval, you are planning to have the highest number of applications being filed this year. Since the end of last fiscal year, looking at your presentation materials, the number has been changing slightly. According to the latest number, how many are you planning for this year?

Kusano [A]: Ozaki-san, thank you very much for your question. Can you please take a look at the Projected Submissions slide? Where it says Filing, there are nine items. The first one left top that is filing in the United States. It's not us who filed this. We exclude them, so currently eight are filed. In 2026, going down, we are expecting eight more being prepared. Looking at the domestic market, I think we can go up to 16. At the beginning of the year, we mentioned 15, I think, but now we are adding this green item, divarasib, in second-line non-small cell lung cancer. We actually accelerated this into this year instead of next year. At the beginning of the year, we mentioned 15, but now it's 16.

Ozaki [Q]: Let me confirm. Tecentriq, at the end of last year, I think it was already filed, wasn't it?

Kusano [M]: Tecentriq for the bladder cancer?

Ozaki [Q]: It may be a different indication, I guess. Let me check then. Another question is regarding the planned introduction of MFN drug pricing to Medicare in the future. How do you view the impact of this?

Okuda [M]: Can you repeat the question? It was difficult to listen to your question.

Ozaki [Q]: Regarding the US MFN drug pricing—specifically, the planned introduction of mandatory participation in MFN for Medicare—how do you view its impact?

Okuda [A]: I believe you are referring to International Reference Pricing promoted by the US. The future outlook for this is extremely uncertain. Even under such circumstances, Chugai Pharmaceutical aims to continuously deliver innovative pharmaceuticals to patients.

Since the situation is not yet settled, there are various stakeholders accordingly—of course including the Ministry of Health, Labour and Welfare (MHLW), as well as patient advocacy groups. While engaging in dialogue with these various parties, we intend to continue our efforts to deliver innovative pharmaceuticals to Japan.

Ozaki [M]: Thank you for your answer.

Ueda [Q]: My name is Ueda from Goldman Sachs Securities. My first question is on NXT007 and its Phase III study. In the global Phase III study, there was a head-to-head comparison with Hemlibra. Are you aiming to achieve superiority with this, or is it something that can sufficiently promote switching in terms of dosing frequency or device? Could you share more background behind the design of the Phase 3 study?

Kusano [A]: NXT007, yes, thank you very much for your question. In two Phase 3 studies, we started dosing. One is in comparison with Hemlibra. The other is in comparison with Factor VIII. What was announced about this Phase III study is that the number of cases, 360 for the comparison with Hemlibra and 126 for comparison with Factor VIII. Well, for superiority or non-inferiority, at this moment, we have not disclosed this information. And also dosing frequency and other aspects, since they pertain to strategy, we keep them undisclosed at this moment.

Ueda [Q]: By the way, about the device, it says drug-device combination. Are you considering something like an auto-injector?

Kusano [A]: We have started the study with a highly convenient auto-injector.

Ueda [Q]: Thank you. My second question is if you could tell us about the trend in the cost of sales ratio. Looking at the quarterly numbers alone, it seems that the cost of sales ratio has increased. Is this due to changes in the product mix, such as exports of Hemlibra, or are temporary factors or exchange rate fluctuations also having an impact?

Taniguchi [A]: Thank you for the question. To put it simply, it is a matter of the product mix. Also, generally speaking, as the proportion from emerging markets increases, basically the unit price or cost ratio moves in an unfavorable direction, so there are factors like that as well. Both product mix and geographic mix. But it is only 0.3 percentage points, so I think it would be best to make your judgment by looking at it averaged over the full year.

Ueda [M]: That's all for me.

Wakao [Q]: Wakao from JPMorgan. My first question is about export sales. Everything is going pretty much in line with the plan, as you mentioned. Hemlibra, Actemra, and also NEMLUVIO are included in others. This is according to the results by Roche and Galderma. I think we were able to confirm very strong progress so far. You're also showing a good progress rate in your performance. It seems like somewhat stronger than expected, but what is the actual situation?

Taniguchi [A]: Wakao-san, thank you for the question. In a nutshell, we are making very smooth progress. For exports, as I mentioned earlier, the amount is not leveled out on a monthly basis, so we receive order forecasts for six months towards the end of the year. Factoring those in, it has been progressing smoothly and very solidly. However, we judge that currently it is not the timing to revise our performance forecast, though indeed I think the progress rate is smooth.

Wakao [Q]: Since your company does not often revise plans, I think it is natural not to do so, but can we assume that performance is progressing above the plan? The nuance of "smooth" is a bit unclear to me.

Taniguchi [A]: In H1, the first six months are going as expected, slightly better than expected.

Wakao [Q]: The second question is about AQUA07. Since nonclinical data received Fast Track designation, I thought it was quite rare. What kind of data enabled you to get Fast Track? Also, regarding the Phase I trial design, it is a combination with lorlatinib. What is the reason behind selecting lorlatinib? Looking at the data so far, using lorlatinib seems reasonable, but on the other hand, since it wasn't Alecensa, I wondered why. I would appreciate it if you could tell us**.**

Kusano [A]: Wakao-san, thank you for the question on AQUA07. First of all, we are very delighted that it received Fast Track designation based on nonclinical data. The data we submitted were nonclinical trial data showing AQUA07's efficacy on ALK-resistant cell lines, as well as its combination effect with existing ALK inhibitors. As for the results of the nonclinical trials, we intend to disclose them appropriately in due course. Another point is, as explained today, we feel that the new mechanism of action (MoA) was positively evaluated.

Next, regarding the Phase I clinical trial and why Alecensa was not used: this is also due to a strategic reason, but we started with the combination with lorlatinib first. However, of course, our plan going forward is to generate more and more data aiming for combination with ATP-competitive ALK-TKIs, including Alecensa.

Wakao [M]: Thank you very much.

Miyuki [Q]: My name is Miyuki from Iyaku Keizai-sha. I have a question about page 17, projects under filing and then projects you plan to file. Sparsentan, which was acquired from Renalys Pharma, is in Purple. Well, this is a third-party product, and then I think it's rare for you to file an application for those in-licensed products. Is it a special case for you, or do you plan to increase those types of filings?

Okuda [A]: Let me answer this question. I talked about capital allocation policy earlier. Introducing assets and also acquiring assets for the Japanese market is one of our strategies. Therefore, if there are pipeline assets or products that follow Sparsentan, our policy is to in-license them. I hope you can understand this as part of the resource allocation policy mentioned earlier.

Miyuki [Q]: Understood. One more question. Sorry, I didn't study much. On page 27, the Sigmart progress is 145%. Why do you think this is? Could you share the reason for this?

Taniguchi [A]: Thank you. With various movements in China regarding reimbursement systems and such, price changes that we had initially incorporated relatively conservatively appear to be somewhat delayed. As a result, the numbers for the first six months are significantly exceeding our initial forecast. However, since changes in price reimbursement systems will naturally occur somewhere, I think it will probably converge in the long term. But for now, we see a significant positive variance at this point.

Miyuki [M]: I understand. Thank you very much.

Shimomura [Q]: This is Shimomura from Nikkan Yakugyo. Thank you for your time. Regarding the progress of Elevidys, I would like to ask how you view or evaluate the current situation?

Hidaka [A]: This is Hidaka. Let me answer your question. Thank you for the question. Regarding Elevidys, in total, we believe things are currently progressing according to plan. Especially since there is an age restriction, we are prioritizing those who will reach eight years old this year so that they will not miss treatment opportunities, and we are moving forward with prioritizing dosing for them. By the end of the year, we expect things to proceed largely as planned, and at facilities, first cases are starting one after another, so we think it can be considered smooth progress so far.

Shimomura [Q]: Another question about the Elevidys R&D. I believe the application for non-ambulatory patients was mentioned to be in 2029. Is it correct to understand that there is no change to that schedule?

Kusano [A]: Shimomura-san, thank you for your question. Regarding the non-ambulatory indication, as you pointed out, it currently remains on hold while considerations continue. Including those aspects. Therefore, filing timing is disclosed as 2029 and beyond.

On the other hand, regarding the ambulatory indication, since approval has not yet been obtained in the EU, we are continuing discussions with the regulatory authorities. We are currently at the stage of advancing plans to start a new global Phase III study for ambulatory patients.

Shimomura [M]: Thank you very much.

Muraoka [Q]: This is Muraoka from Morgan Stanley. Thank you. I have a question about NEMLUVIO. I'm not asking for fine details on the economic terms, but I just can't quite get my head around these numbers. As mentioned earlier, there is the question of why the royalty amount was flat, but also for export sales,

comparing the 3 months of Q1 and 3 months of Q2—since exports are under "others," various items are mixed in—they are down Q-on-Q. If you could tell me that there was some special, slightly unusual transaction, I would be convinced, but if you could elaborate a little on why this is happening, it would be helpful because otherwise it will make it difficult to project numbers going forward.

Taniguchi [A]: Muraoka-san, this is Taniguchi. Thank you very much. Basically, local sales reported by Galderma and our export sales do not link. Based on Galderma's inventory plan, we conduct export sales based on a binding commitment for a certain period to some extent, but this is not necessarily in parallel with the growth of local sales of the product. Taking into account the inventory status, they are probably issuing order plans from a medium- to long-term perspective based on various considerations such as optimal inventory, so we operate according to that. I ask for your understanding that these are not necessarily in parallel.

Muraoka [Q]: I understand. As a result, is their inventory currently tight, or in such a situation?

Taniguchi [A]: We haven't heard anything like that in particular, but we are steadily exporting and recognizing revenue based on the shipment plans and export request plans provided by them. We haven't specifically asked about their inventory status.

Muraoka [Q]: I understand. Then the other thing is DONQ52. Now, you entered Phase IIa, which is good news. It's been four years since you started Phase I. I think this project is taking a long time. I think everybody thinks so. Can you explain why it took as long as four years? On the other hand, since it is solidly included in the filing plans for 2029 and beyond, can we assume it will proceed at a tremendous speed from now on? Let me understand how to interpret this trial.

Kusano [A]: Muraoka-san, thank you for your question on DONQ52. As you know, we are at a stage where no drug has been approved for celiac disease. Since we entered a very new disease area, we thoroughly conducted Phase I. Furthermore, as reported the other day, we also conducted a difficult trial called a gluten challenge, where gluten is intentionally administered. Because it is our first time in this disease area and the trial is conducted overseas, it may have taken some time, but as reported today, we have entered Phase IIa. From here on, we believe we can accelerate significantly.

Specifically, we newly invited Dr. Dan Leffler to this project, who is a world-renowned authority on celiac disease and immune disorders. He is also a practicing gastroenterologist, and since he can advance this trial from the perspective of clinical practice, we hope you will look forward to future acceleration.

Muraoka [Q]: Thank you. On the next page, DONQ is listed in 2029 and beyond. Does that mean that you expect to enter Phase III in 2028? What's your expected timeline?

Kusano [A]: Thank you for the question. At this moment, it depends on the result of Phase IIa currently ongoing. We are not aggressive when we make this plan, but once we see the data results, I'm sure that the subsequent study will be accelerated. We would like to make sure that we confirm proof of concept as soon as possible.

Muraoka [M]: Thank you very much. That’s all from me.

Seki [Q]: This is Seki from UBS. Thank you for the presentation. Regarding capital allocation, I have two questions. The first question: since the stock price has dropped slightly recently, is it possible for you to conduct share buybacks? It's not whether you intend to do so or not; I am asking if it is possible. Although

there are such restrictions, for example, is it possible to buy back from both the market and Roche to keep the ratio constant? Have you assessed that possibility? I would like to ask about that point first.

Taniguchi [A]: Thank you for your question, Seki-san. This is Taniguchi speaking. When it comes to whether it is possible or not possible, I believe it is possible. However, with various stakeholders, after comprehensively considering what is the best method of shareholder returns, we recently took the form of a special dividend, and for ordinary dividends, we have been stating a payout ratio of 45%.

Physically it is possible, but as was pointed out earlier, there is also the issue of the floating stock ratio on the TSE, so taking such circumstances into account, providing an extra return in the form of a special dividend is currently our most realistic option.

Seki [Q]: Thank you. Also, regarding the newly established Strategic Investment Department, in your company's case, it is a bit hard to imagine purchasing pipeline assets as is, so I think it will be technology-related assets. In that case, what kind of investment scale should we be prepared for? For example, if it is an extremely good technology, would several hundred billion yen or something like that also be possible?

Okuda [A]: Regarding the amount, considering the cash accumulation as well as the cash necessary to sustain business operations, we do have a certain assumption regarding the investment amount. However, we have nothing to share regarding detailed numbers at this stage.

Seki [M] : Thank you very much. That is all from me.

Ren [Q]*: Tony Ren from Macquarie. My first question is about your Vabysmo sales. Yesterday, Roche reported fairly, I would say, modest Vabysmo sales, right? In Japan, your Vabysmo sales grew 25.8% in H1 of this year. Can you explain why this drug is doing so much better in Japan compared to what Roche reported? That's my first question.

Okuda [A]: Domestic Vabysmo sales: I will have Mr. Hidaka explain about that. Outside of Japan sales, which is under Roche's responsibility, we would like to refrain from commenting.

Hidaka [A]: Let me make a comment about the Japanese market. It's been three years since the product was launched. Last year, in May, prefilled syringes were launched, and then that really accelerated the sales. Especially, for the indication of RVO, Vabysmo is used much more than we had initially expected, so that's why domestic sales has been going quite well. At this moment, as of June, we have a market share of over 30%. Leveraging the fact that this feature of Vabysmo—Ang-2 inhibition—is firmly penetrating among doctors, we would like to further advance market penetration.

Ren [Q]*: Then I would like to ask you about your AQUA07 again, the allosteric ALK inhibitor. My understanding is that, in the front line, you are looking to combine it with lorlatinib, right? Can you comment on the toxicity profile? Lorlatinib has a bit of toxicity: higher cholesterol levels, some CNS toxicity. Have you seen any toxicity of your AQUA07 that you think would contribute to additive toxicity?

Kusano [A]: Tony Ren-san, thank you very much for your question about AQUA07. At this moment, looking at the nonclinical study results, both as a single therapy or as a combination therapy, we haven't identified any serious side effects. However, we need to administer this drug to humans to see what really might be a risk. Since this is a new macrocyclic peptide drug discovery for us, we will conduct monotherapy and combination trials in Phase I, through which we intend to thoroughly investigate and evaluate toxicity.

Ren [M]*: I understand. Thank you very much.

Sogi [Q]: Thank you. First, I would like to ask about NXT007. This time, NXT007 was introduced as a future growth driver. Could you tell us what you consider to be the source of business for this growth driver?

Okuda [M]： Sorry, I couldn't hear the very last part of your question.

Sogi [Q]： Sorry, the source of business. By business coming from where do you expect growth to occur? Let me explain the background of this question...

Okuda [A]: Understood. This is speculation, but since Hemlibra already occupies a very large share, if the Phase III for NXT007 is successful and it is approved and launched, what positioning will NXT007 hold, and whether overall sales will increase—I believe that is your question. Depending on the patient, some patients who cannot achieve sufficient hemostasis with Hemlibra, or highly active patients who require a stronger drug, may switch from Hemlibra. On the other hand, as is already the case now, there are many patients who are fully satisfied with Hemlibra. Taking all of this into account, while some sales may switch from Hemlibra, we expect incremental sales from NXT007 on top of that, which is why we consider it a growth driver. Does this answer your question?

Sogi [Q]: Yes, that's what I meant. But regarding the switching from Hemlibra, can we think that switching from Hemlibra happens because NXT007 is ultimately priced a bit higher?

Okuda [A]: First, to explain a bit more clearly, since Hemlibra holds a very large share, there will be those who switch from it, those who continue on Hemlibra, and those patients who have not used Hemlibra yet and are using several types of Factor VIII preparations who will either start using Hemlibra or use NXT007. These will be the options, and in any case, we view that both new patients and switches from Hemlibra will increase in total.

Sogi [Q]: Understood. Switching to NXT007 from Hemlibra, can that be considered as a growth?

Okuda [A]: At this point, it's very difficult to make any comment about the price. If this can be a growth or not, we don't know yet, but at least the sales would not be declining. That's what we are forecasting right now.

Sogi [Q]: I see. My second question is on AQUA07. For ALK-positive non-small cell lung cancer, there are pretty good drugs available which are providing clinical benefits to patients right now. Now, we are talking about this ALK inhibitor, allosteric inhibitor that’s going to be introduced, which is different from what's available right now. What is the strategy? As a strategy, when Alecensa is used in the adjuvant setting or 1st line, and Lorbrena is used in the 2nd line, by combining AQUA07 with Lorbrena to significantly extend the treatment duration in the 2nd line, is it correct to understand that the commercial value of this product will be maximized?

Kusano [A]: Sogi-san, thank you very much for your question on AQUA07. For AQUA07, we expect that better efficacy can be anticipated than current treatments in both the 1st line and 2nd line. As for the reason, first, in the 1st line, we are considering combination therapy. By combining inhibitors that bind to different binding sites, we can expect to effectively suppress the emergence of resistance mutations in each other. Therefore, PFS will probably be longer than with existing drugs. That is one point where a significantly longer PFS than current 1st line can be expected.

In the 2nd line and beyond, we plan to go with monotherapy. While there are indeed very good ALK inhibitors available today, it is undeniable that resistance strains or resistance will inevitably emerge. Since AQUA07 acts on a site other than the ATP pocket for the first time, if this theory holds true, AQUA07 alone should be

sufficiently effective even in patients who have developed resistance to existing drugs. Therefore, we expect that efficacy can be improved in both the 1st line and 2nd line.

Sogi [M]: I understand very well. Thank you very much.

Nakada [Q]: From NIKKEI, my name is Nakada. Your performance, the impact of foreign currency exchange rate, I would like to ask about impact, so the yen has been weakening significantly against the dollar. I would appreciate it if you could tell us about the impact, including the Swiss franc and other currencies, as well as what level of yen weakness you consider appropriate.

Taniguchi [A]: Thank you. Structurally, a weaker yen has a positive impact on our company both in terms of revenue and profit, which is a fact. As explained in the slide, the yen has been consistently weak against the Swiss franc recently, so that is a positive factor for our business performance. However, regarding what will happen in the long term, or whether there is an ideal exchange rate level for us, I think that is a question that is difficult to answer. Does this clarify your question?

Nakada [M] : I understand. Thank you very much.

Wada [Q]: This is Wada from SMBC Nikko Securities. Thank you. I would like to ask about AQUA07 once again. Regarding allosteric inhibitors, I believe there are drugs like Scemblix, asciminib for BCR-ABL, which started in 2nd line as monotherapy and were then applied as monotherapy in 1st line and are currently being used. I would like to ask about the strategy of doing combination therapy first in 1st line, and whether a monotherapy approach beyond that could also be possible.

Kusano [A]: Wada-san, thank you for your question on AQUA07 again. For the 1st line, although monotherapy would of course be effective as well, as I mentioned earlier, we think combination therapy would be better. Since we can approach a different binding site, we believe we can synergistically weaken the mechanism of generating resistance to each other. Therefore, we believe combination therapy with a different approach is the best way. Of course, monotherapy is fine too, but we have formed a hypothesis that combination therapy will probably lead to a longer PFS.

Wada [Q]: I believe there are various findings that mutations easily occur at the ATP binding site, but do you have any findings on whether mutations are likely to occur at the binding site of your allosteric drug AQUA07?

Kusano [A]: Wada-san, thank you. We do believe that resistance could possibly emerge at that site. However, as to what degree resistance might occur, we do not have clinical trial data yet, so we intend to verify this in clinical trials.

Wada [Q]: Another question, DONQ52: if it's possible, I think you were looking at licensing this out. What is the possibility? What is the current status of negotiation of licensing out this drug?

Kusano [A]: Wada-san, thank you for the continued question on DONQ52. Regarding licensing in or out for individual projects, we would like to refrain from commenting. However, first, we will firmly complete the Phase IIa study currently underway, and based on those results, we plan to consider future out-licensing partners.

Wada [M] : I understand very well. Thank you very much.

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