CHUGAI

Roche Group

Annual Report 2025

Fiscal year ended December 2025

INNOVATION
BEYOND
IMAGINATION

CHUGAI PHARMACEUTICAL CO., LTD.

Contents

Editorial Policy

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

Scope of This Report

Chugai Pharmaceutical Co., Ltd. and the Chugai Group

Timeframe

January 1, 2025 to December 31, 2025 (financial reporting period)

Note: In view of the importance of providing the latest information available, some information relating to activities that occurred in 2026 is included, mainly in research and clinical development data.

Reference Guidelines:

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

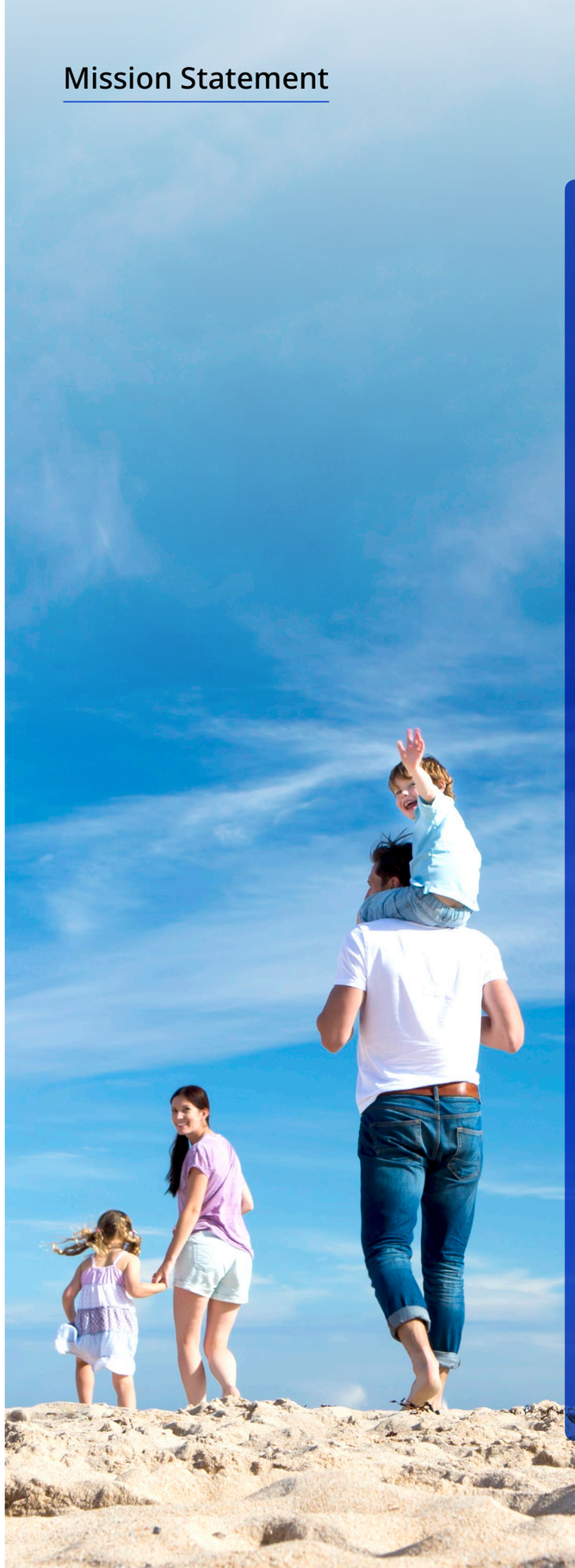
Forward-Looking Statements

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

Disclaimer

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

Mission Statement



Mission

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

Core Values

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

Envisioned Future

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

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

Message from the CEO

Midpoint of TOP I 2030—Defining targets and faithfully executing on them in our aim of becoming a top innovator in the healthcare industry

Dr. Osamu Okuda

Representative Director,
President & CEO

Record-High Performance in 2025 Driven by the Success of Past Initiatives

2025 was a year in which we further accelerated our growth momentum. In terms of business performance, revenue, operating profit, and net income all reached record highs on a Core basis. Operating profit marked its ninth consecutive year of growth, while the ratio of operating profit to revenue remained at a high level of 49.5%; revenue reached ¥1,257.9 billion, surpassing the ¥1 trillion mark for the fourth consecutive year.

Last year, we also achieved several significant accomplishments regarding projects and products expected to contribute to earnings over the medium to long term. One such achievement was obtaining PoC[1] for NXT007, the successor to Hemlibra. Having shown the potential of NXT007 to achieve normal coagulation levels in Phase I/II trials for hemophilia A, we are highly encouraged as we head into the Phase III trials scheduled to start this year. With regard to orforglipron—which was out-licensed to Eli Lilly—all Phase III trials conducted to date for the treatment of obesity and type 2 diabetes have been successful. Regulatory submissions for the treatment of obesity and diabetes have already been filed in multiple countries and regions, including the United States.[2] Furthermore, multiple Phase III trials are underway for conditions such as hypertension to further expand its indications. Additionally, NEMLUVIO (nemolizumab), which was out-licensed to Galderma, is demonstrating market uptake exceeding expectations for both atopic dermatitis and prurigo nodularis (PN).

Regarding early-stage R&D, we have implemented thorough selection and concentration. This was necessitated by the fact that, while the number of new in-house discovery projects in the early development stage had increased due to RED SHIFT[3] since the launch of our TOP I 2030, some projects had been taking longer to progress. Therefore, based on a comprehensive review of all available data and the priority of our entire portfolio, we made a management decision to simultaneously discontinue the in-house development of five projects. In addition, we conducted Go/No-Go evaluations for another six projects to accelerate our focus on those with a higher probability of success. Furthermore, regarding macrocyclic peptides—our third modality of focus—clinical data from LUNA18 has confirmed oral absorption, a critical concept for our macrocyclic peptide platform, while also suggesting successful intracellular delivery. I believe this has deepened our confidence in Chugai's proprietary drug discovery technology, "SnipeTide."[4] With our macrocyclic peptide portfolio becoming more robust, led by the follow-up project AUBE00, we will continue to take on the challenge of tough targets that could not be addressed by either small molecules or antibodies.

Significant progress was also made in open innovation. Opportunities to combine our internal strengths with external knowledge are steadily expanding, as evidenced by a cumulative total of investments in seven companies made by Chugai Venture Fund, LLC (CVF), as well as the initiation of 12 new research and technology partnerships with external partners, including Gero and Rani Therapeutics. Furthermore, as an in-licensing initiative from a third party, we converted Renalys Pharma into a wholly owned subsidiary, thereby securing exclusive development and commercialization rights in Japan, South Korea, and Taiwan for sparsentan, a drug with IgA nephropathy as its primary indication. IgA nephropathy is designated as an intractable disease in Japan, and there is strong demand from both patients and healthcare professionals for new treatment options. Striving to develop a first-in-class treatment, we plan to file for regulatory approval of sparsentan in Japan in 2026.

1. Proof of Concept: Confirmation that the therapeutic effects envisioned during the research phase are also effective in humans
2. Approved in the U.S. as a treatment for obesity in April 2026 (Product name: Foundayo)
3. An acronym for Research and Early Development. RED encompasses research, early clinical development, and the components of pharmaceutical technology functions related to early-stage development
4. "Snipe" embodies the concept of precisely targeting intracellular targets via oral administration, while "Tide" conveys the meaning of peptides and a new "tide" in the field of peptide drug discovery

TOP I 2030: A Review of the First Five Years—Marking the Midpoint

2025 marked the fifth year of Chugai's 10-year growth strategy, TOP I 2030. In reaching this midpoint, we conducted a comprehensive review of the first five years to assess the progress made toward our ambitious targets of doubling R&D output and launching global in-house products every year.

For the first pillar of TOP I 2030—global first-class drug discovery—drug discovery projects prioritizing both technology and quality have advanced through the promotion of RED SHIFT. Elsewhere, steady progress is being made in establishing the foundation for pharmaceutical technologies, particularly those involving macrocyclic peptides, and in leveraging AI-based drug discovery. As for our second pillar—building a futuristic business model—we have not only strengthened our Value Delivery capabilities across sales and marketing, medical affairs, and safety, but have also successfully ensured a stable supply capable of meeting sudden demand fluctuations. Furthermore, we have steadily implemented initiatives such as the development of an in-house production infrastructure for the future, Company-wide DX promotion, and the introduction of a new HR management system. Overall, we believe that our progress is firmly on track with our plans.

In fact, over the five-year period from 2021, when TOP I 2030 was first launched, through 2025, we successfully launched three products globally, representing an annual average of 0.6. This marks a steady increase when viewed against the annual average of 0.3 launches recorded during the 10-year period up until 2020. Moreover, if we take into account the progress of our R&D pipeline to date and development success rates, the feasibility of achieving our goal of launching global in-house products every year from 2030 onward has significantly increased.

I view these achievements as the result of a virtuous cycle: value creation through R&D is bolstered by our production and Value Delivery functions, and the resulting profits are reinvested into our next phase of growth. In particular, our production function's contribution to profit through exports has grown exponentially, fueled by the expanding global reach of Chugai's in-house products in recent years. When we first introduced the concept of RED SHIFT, while RED was strongly emphasized as the core of value creation, there were cases where our other functions were, at times, perceived as playing secondary roles. However, that air was

quickly dispelled as each function independently redefined its own role and value. Today, a sense of pride has taken root across the entire organization—a collective ownership in supporting RED. This is achieved as our production function ensures a stable supply of high-quality medicines to patients worldwide, while our three Value Delivery divisions help each patient select their optimal treatment. We believe that this profound sense of unity, with all departments working toward a common purpose, and the corporate culture we have built together, form the very foundation for our future growth.

Please see "Overview of TOP I 2030" on page 24 for details.

Strategic Targets Toward Achieving TOP I 2030 Goals Now Firmly Within Reach Based on Accomplishments in the First Five Years

While the goals set forth in TOP I 2030 remain highly ambitious, the steady progress made during the first five years has built a solid foundation. I now feel that a clear path toward their achievement is coming into view. This is precisely why we have pinpointed our targets on key strategic priorities during the remaining five years. Specifically, these are "enhancing early-stage development capabilities," "strengthening partnering capabilities," "strengthening the global supply chain," "building a foundation for CVM[5] business entry," and "transforming Company-wide business by leveraging AI."

Of particular importance is "enhancing early-stage development capabilities." To maximize the value of the various innovative projects emerging from research—and to validate them clinically as rapidly as possible—it is critical that we elevate our early-stage clinical development capabilities to a global standard. In parallel, we will proceed with strengthening our pharmaceutical technology functions to enable the rapid advancement of the development of molecules with high manufacturing complexity, such as macrocyclic peptides. As for "strengthening partnering capabilities," we are pushing the strengthening of our global partnering functions, in collaboration with our sites in Japan, the U.S., Europe, and Singapore, to further accelerate drug discovery innovation. As part of this, we decided to establish the Chugai Partnering US Office in San Francisco, U.S.A., which launched operations in January 2026.

Achieving the goals of TOP I 2030 hinges on how effectively we fully execute on these five "targets." Currently, within Chugai, each division is identifying the key priorities that truly warrant their focus, based on the gap between their current state and the one they envision for five years from now. At the same time, they are refining the specific milestones to be achieved each year, along with the corresponding action plans. With this approach, I am confident that we will reliably execute on our defined targets and pave the way for achieving our 2030 goals.

Please see "Midpoint Review of TOP I 2030" on page 34 for details.

5. Cardiovascular and metabolic: Cardiovascular and metabolic therapeutic area (e.g., heart disease, diabetes, and obesity)

People Remain the Key to Value Creation Even as AI Advances

It is each and every individual working at Chugai—our human capital—who will execute on the initiatives we have laid out to achieve TOP I 2030. I am convinced that human assets are the actual source of a company's strength, and that the key to value creation is, ultimately, people. Seeking to build an organization capable of driving continuous innovation by drawing out the initiative of every employee, in 2025, we launched a new HR management system, including a job posting system that allows for voluntary applications for internal transfers. The new system is off to a smooth start with its launch having resulted in over 20% of all employees applying for transfers and the share of job postings within annual personnel reassignments reaching over 60%, exceeding the initial target. Moving forward, we will continue bolstering the readiness of our system and various initiatives to empower employees to exercise their own initiative.

On a related note, in recent years, the rapid evolution of AI has emerged as a force that is fundamentally transforming the roles and skills required of human resources. We no longer view AI merely as a convenient tool, but as an essential instrument for our very survival. In light of these changes, we formulated the Chugai AI Strategy at the end of 2025 to redefine the ideal state of AI utilization and our governance framework, while driving a transformation toward business processes and a lean organizational structure optimized for the AI era. Digital technologies, particularly AI, are advancing at a pace far exceeding our expectations. Precisely for this reason, we believe it is crucial to respond with an agile "thinking while running" mindset, without allowing our underlying assumptions to become rigid. Furthermore, the advancement of AI challenges not only work methods and required skills, but also the very meaning of work and the role of human resources itself. Our goal is not simply to boost AI adoption rates and Company-wide productivity. Rather, we will clearly define what is expected of employees, and how to articulate the fundamental value of human resources in the AI era, while advancing reskilling and organizational development as an integrated, cohesive process.

Please see "Strategy Implementation 5 Foundation for Growth—Main Progress: Human Resources" on page 56 and "Progress on DX" on page 44 for details.

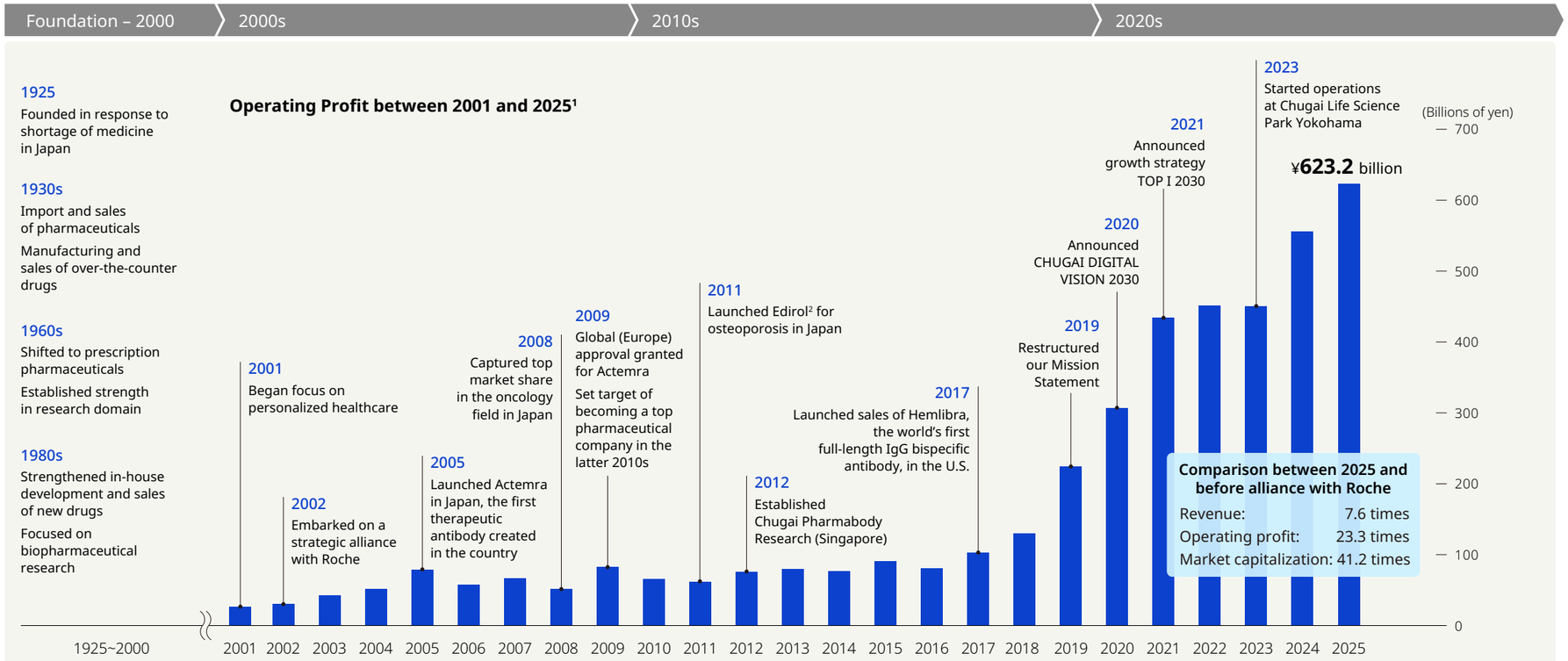
A Century of Aspirations Passed Down Since Our Founding

The aspiration of founder Juzo Ueno, "creating drugs that benefit the world," has been handed down to this day, enduring countless shifts in our business environment. Having celebrated our 100th anniversary last year, I have personally had many opportunities to reflect on the journey we have taken thus far. In doing so, I have come to deeply realize that the innovative drugs we provide to patients today—and the strong business performance that has resulted from them—exist truly because of the pioneering initiatives and bold challenges undertaken by our predecessors. At the same time, I believe it is the responsibility of today's management to leave behind a legacy of decisions and initiatives such that, when future generations look back on the present, they can affirm: "Decisions made back then made the innovation and value we provide to patients possible." We remain committed to steadily advancing our efforts to realize the shared value between Chugai and society—the "realization of advanced and sustainable patient-centric healthcare."

Setting targets and promoting selection and concentration (scenes from an internal meeting held in February 2026)

VALUE CREATION

Our Value Creation Journey



Main In-House Products Launched Globally Since 2001

Actemra	Alecensa	Hemlibra	Enspryng	Mitchga (Japan)[3] / NEMLUVIO (Rest of the world)[4]	PiaSky	AVMAPKI[5]	Product
2005/Japan	2014/Japan	2017/United States	2020/Canada	2022/Japan	2024/China	2025/United States	Year/country or region of first approval
Antibody	Small molecule	Antibody	Antibody	Antibody	Antibody	Small molecule	Modality
Rheumatoid arthritis, etc.	*ALK*-positive non-small cell lung cancer, etc.	Hemophilia A	Neuromyelitis optica spectrum disorder	Atopic dermatitis, prurigo nodularis	Paroxysmal nocturnal hemoglobinuria	*KRAS*-mutated recurrent low-grade serous ovarian cancer	Main indication
2 times	2 times	2 times	1 time	1 time	—	1 time	Breakthrough Therapy designation[6]
The first antibody drug produced in Japan, Actemra inhibits the activity of IL-6, an inflammatory cytokine. Used by a cumulative total of over 4 million patients worldwide.[7]	Alecensa is a molecular targeted drug that inhibits the action of proteins activated by the *ALK* fusion gene. In addition to advanced or recurrent non-small cell lung cancer, the indication for adjuvant therapy was also approved in Japan, the United States, Europe, and China in 2024. Used by a cumulative total of over 137,000 patients worldwide.[7]	Hemlibra is a bispecific antibody created using antibody engineering technologies. Unaffected by the presence of inhibitors and able to be administered by subcutaneous injection, it is used by a cumulative total of over 30,000 people worldwide.[7]	Enspryng is Chugai's first recycling antibody to successfully extend the dosing interval, a long-standing challenge for antibody drugs. Used by a cumulative total of over 9,000 patients worldwide.[7]	Mitchga/NEMLUVIO is the first antibody drug that inhibits the action of IL-31, a cytokine known to contribute to itching and inflammation in multiple skin conditions. Approval was obtained in the United States in 2024.	PiaSky is Chugai's second recycling antibody. It is expected to alleviate patients' therapeutic burden by subcutaneous injection once every four weeks during the maintenance treatment period.	Combination therapy of AVMAPKI with defactinib is expected to suppress multiple resistance mechanisms in the RAS/MAPK pathway. It is a new treatment option for a rare type of ovarian cancer with limited treatments.	Value provided (impact on society)

Chugai's forerunner, Chugai Shinyaku Shokai, was founded in 1925 by Juzo Ueno, who had undertaken a mission of "creating drugs that benefit the world," inspired by his concern about the shortage of medicines caused by the Great Kanto Earthquake. Since then, Chugai has continued to take on the challenge of offering solutions to medical and social issues, while retaining this founding spirit. In the 1960s, with the establishment of Japan's universal health insurance system, the Company focused on prescription drugs. Early in the 1980s, Chugai became one of the first to pursue drug discovery using biotechnology. Chugai jointly developed Epogin, an erythropoietin drug for treating renal anemia, with a U.S.-based venture firm. In addition, the Company launched Neutrogin, a supportive agent in cancer chemotherapy, as a result of the world's first successful purification of G-CSF,[8] in collaboration with universities and specialized institutions in Japan. Both products became major contributors to treatment in the renal and oncology fields, laying the foundations for subsequent antibody drug discovery.

In 2002, Chugai embarked on a strategic alliance with Roche, a leading global pharmaceutical company. By in-licensing Roche products and development projects, Chugai obtained a stable revenue base while building a structure that enabled it to focus on innovative drug discovery research, thereby establishing a unique business model that delivers its in-house products to patients worldwide via Roche's global network. In 2005, Chugai launched Japan's first therapeutic antibody product, Actemra, contributing significantly to improved therapeutic effectiveness in the field of rheumatoid arthritis.

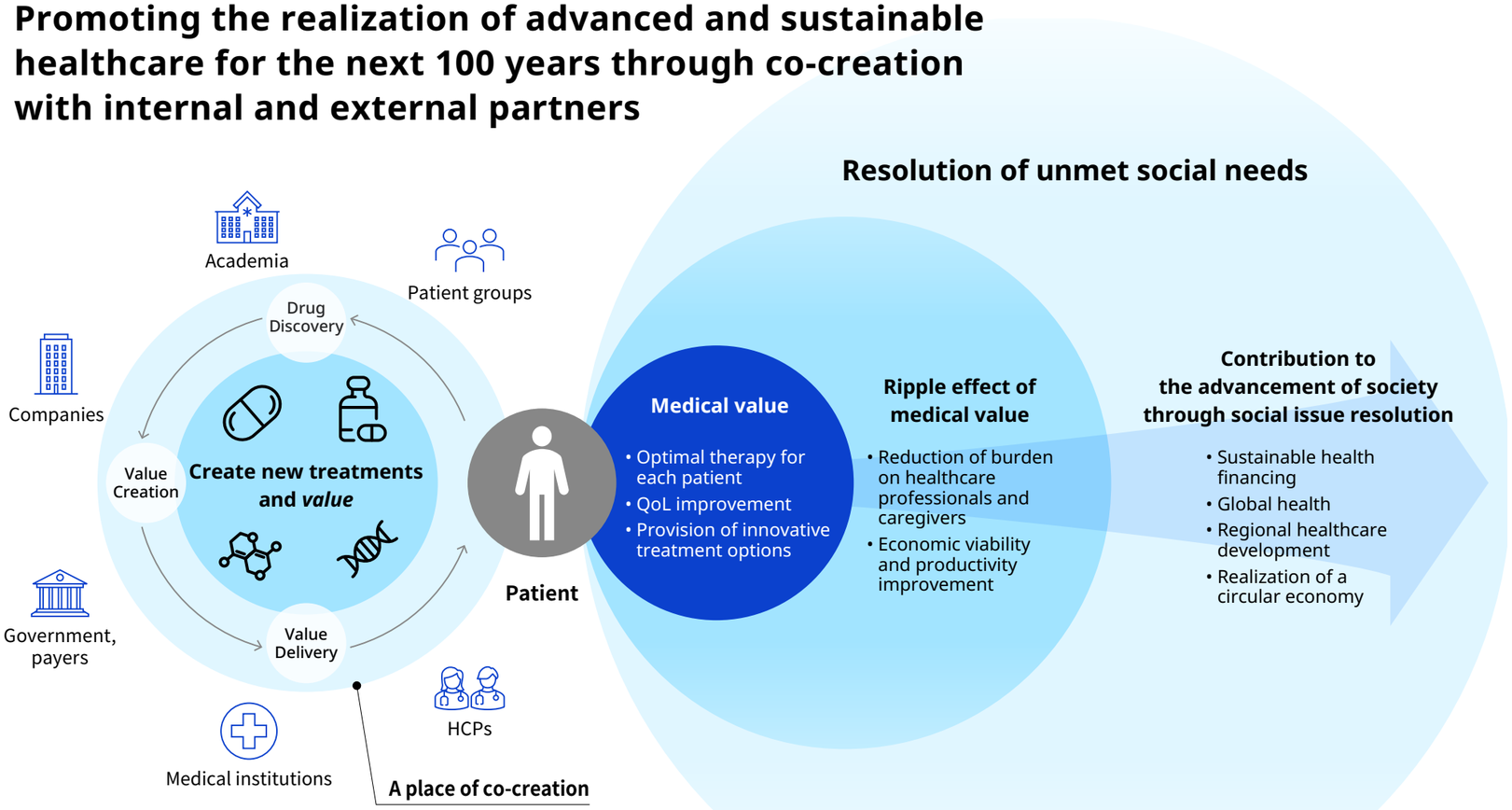
The Company continued to drive innovative drug discovery, with the U.S. FDA designating six items as Breakthrough Therapies a total of nine times. Chugai's drug discovery capabilities have earned high recognition worldwide. These capabilities continue to evolve, with the establishment of an antibody drug discovery platform and the development of macrocyclic peptide drug discovery technologies targeting tough intracellular targets.

The strategic alliance with Roche was a major turning point in Chugai's growth story, leading to impressive growth over the past 20 years or so, including the Company's scale. Compared to before the alliance, revenue has increased by 7.6 times, operating profit by 23.3 times, and market capitalization by 41.2 times.

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

1. The fiscal year ended December 31, 2003 represents financial results for a nine-month period. For 2012 and earlier years, the Company applied JGAAP, and from 2013 onward, it has applied IFRS on a Core basis.
2. Sales in Japan and China
3. Licensed out to Maruho
4. Licensed out to Galderma
5. Licensed out to Verastem Oncology
6. Breakthrough Therapy designation by the U.S. Food and Drug Administration (FDA)
7. Based on internal data and other sources
8. Human granulocyte colony-stimulating factor

Promoting the realization of advanced and sustainable healthcare for the next 100 years through co-creation with internal and external partners



Chugai celebrated its 100th anniversary in 2025. Over the next 100 years, we will continue to prioritize our patient-centric values while creating new value through innovation that leverages our unique strengths, as we take on the challenge of resolving healthcare and social issues.

Chugai aims to achieve the "realization of advanced and sustainable patient-centric healthcare." This starts with the treatment of individual patients through the provision of innovative products and services. Medical value, such as the realization of optimal therapies, quality of life (QoL) improvement, and the provision of innovative treatment options, is the source of new value that we will provide to society. The ripple effects of this medical value include a reduction in the burden on healthcare professionals and caregivers including families. This enables not only patients themselves but also the people close to them to expand their activities in society, helping to increase economic and social vitality. As a result, the quality of the overall healthcare system increases, leading to the resolution of social issues through the development of sustainable health financing and regional healthcare.

Looking across society overall, medical and health issues are increasing in complexity and becoming more intractable year by year. They include the aging of society, advances in medical technology, increases in medical expenses, uneven distribution of regional healthcare services, and issues with healthcare access. These social issues cannot be resolved by a single company or organization alone. They require unprecedented innovation through combining the expertise, perspectives, and experience of diverse stakeholders, and engaging in continuous dialogue with them. Chugai is working to realize its own development and that of society through the resolution of such social issues. We emphasize co-creation with various stakeholders, including healthcare providers, researchers, government institutions, and patients themselves. We aim to resolve unmet social needs through our contribution to wider society, beyond treatment and healthcare, by integrating the clinical frontline knowledge of healthcare professionals, the scientific exploration of researchers, the policy perspectives of governments, and the needs experienced by patients in their own daily lives.

To make the new value that we create and the contribution that it provides more concrete and meaningful, we will continue to measure the impact on society in disease areas where we have products and pipeline assets, such as hemophilia, neuromyelitis optica spectrum disorders (NMOSD), and paroxysmal nocturnal hemoglobinuria (PNH).

Case Study

Building the Japanese Bleeding Disorders Registry

Social Issue to Be Resolved
People who suffer from blood coagulation disorders such as hemophilia are of various age groups and have different conditions and lifestyles. Recently, incredible advances in therapy have resulted from R&D efforts on multiple treatment drugs, leading to greater diversity of treatment options. The potential for selecting the optimal therapy for each individual has increased. In the area of blood coagulation disorders, which are rare diseases that require treatment and monitoring over a long period, there was a need to build the Japanese Bleeding Disorders Registry to compile nationwide real-world data (RWD), enabling optimal treatment for individuals and accurate and continuous monitoring of treatment status.

Co-Creation with Stakeholders
In building a registry to compile data for individual patients, including their illness, treatment, and daily status, there were multiple factors to consider, including regulatory compliance with personal information protection and pharmaceutical use, as well as operational and data use structures. These issues were overcome one by one through collaboration with patient groups, companies, academia, healthcare professionals, and other stakeholders, and the recording of information in the registry started in April 2025.
- Based on exchanges of opinions with patient groups,[1] implemented joint research with academic societies[2]
- Collaborated with diverse players to formulate system design and operating policy
- Developed an app to record patient's daily dosage and status of bleeding

Value Provided
Progress on accurate collection and analysis of medical information that was previously not collected is expected to lead to the provision of optimal treatments, improved patient QoL, and advances in healthcare.
- Provision of optimal treatment and selection of treatment by patients
- Advances in basic research, drug discovery research, and healthcare economics research, and creation of new drugs
- Regional healthcare coordination and accurate decisions regarding insurance and medical subsidies

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We are currently proceeding with building the foundation of the registry as a joint research project with an academic society.[2] Management of the registry is being handled by Japan Bleeding Disorder Registry Organization (JBDRO). The period of the joint research is limited. During this time, we will build a foundation that enables JBDRO to autonomously and permanently manage the registry, drawing on further cooperation from stakeholders such as patient groups, healthcare professionals, companies, and governments. Each stakeholder's continued and active use of the registry will produce a body of various evidence and information. In the future, this is expected to be used for purposes such as new drug development, generation of drug evidence, and post marketing surveys (PMS).
1. Hemophilia patient group "National Hemophilia Network of Japan"
2. The Japanese Society on Thrombosis and Hemostasis (JSTH)

Yoshimasa Sugao
Specialty Medical Science Dept., Medical Affairs Div.

Carrying Patient Voices Into the Future: Japan's Bleeding Disorders Registry
https://www.chugai-pharm.co.jp/english/story/detail/20260507000000_98.html

Case Study

A Patient with Paroxysmal Nocturnal Hemoglobinuria (PNH)

“Living fully and authentically without losing agency, even while bearing invisible hardships”

Ms. Ogawa (pseudonym), in her 50s

A Changing Series of Diagnoses and a Sense of Isolation
My first illness was acute hepatitis. After that came fulminant hepatitis, then aplastic anemia, and finally, 15 years ago, I was diagnosed with PNH. As my diagnosis kept changing one after another, I desperately researched each condition while asking my doctors for explanations. Meanwhile, my family struggled with these unfamiliar disease names, and I believe they bore a great deal of emotional stress—not only regarding my symptoms and future, but also the cost of treatment.

Because of my illness, it became difficult to continue working. I lost the sense I once had through my job that “I am moving forward,” and I felt a deep loneliness, as though I had been left behind by society.

Struggles and Decisions Around Starting Treatment
Even after being diagnosed with PNH, I could not readily decide to begin treatment. The fact that I would have to continue treatment once every few weeks for the rest of my life weighed heavily on me. However, after experiencing an indescribably intense fatigue, along with growing anxiety about complications such as pulmonary hypertension and chronic kidney disease, I finally made the decision to begin treatment about a year after my diagnosis.

Life Centered Around Treatment
In my case, it takes two and a half hours each way to visit my primary physician. In addition, I experience headaches from the treatment that last for several days, making it difficult to function as usual. During that time, I cannot schedule other activities; my life truly revolves around treatment. That is why any reduction in the physical and mental burden associated with treatment is extremely meaningful to me. Currently, I have returned to work with a schedule adjusted to my physical condition. Although I sometimes have to rest due to fatigue, I have regained enough energy and peace of mind to enjoy hobbies such as traveling and visiting museums. Another important point is that, since this is a lifelong condition requiring continuous treatment, having multiple treatment options suited to different circumstances provides a sense of reassurance, especially in emergencies such as natural disasters.

Maintaining Agency Despite Illness
In recent years, a variety of treatments for PNH have become available. Because the optimal treatment differs from person to person, I have made it a priority to research thoroughly, listen to different perspectives, and discuss options carefully with my doctor before making my own decisions. Information from patient groups of people with the same condition has also been a great source of support. Because I feel that I have chosen my treatment myself, I am able to continue it with confidence and acceptance.

The Hidden Burden Behind an Apparently Healthy Appearance
Because PNH is a rare disease, diagnosis itself can be difficult. In addition, its main symptoms, fatigue and anemia, are not easily understood by others. It is also hard for people to understand from these symptoms alone that the disease can be life-threatening. Furthermore, I feel that coordination between specialized hospitals and local clinics in times of emergency is critically important.

By helping others understand the current reality of people affected by PNH and working hand in hand with those involved in healthcare and pharmaceuticals, I hope to contribute to a future where awareness continues to expand.

Important Notes
- This case is based on the experience of a specific patient and may not apply to all patients.
- The interviews on this page were conducted as part of Chugai’s annual report production, and prescribed honoraria were provided to the patient group and the healthcare professional.

Helping Patients to Live Their Lives: The Future of PNH Patients Enabled by Expanding Treatment Options

Naoshi Obara, M.D., Ph.D.
Professor, Department of Medical Sciences, Faculty of Medicine, University of Tsukuba

PNH is a rare disease, and most patients first learn its name at the time of diagnosis. Anemia, one of its representative symptoms, may appear to be a common and familiar condition, but in this disease, it can lead to serious complications. We therefore take care to explain the disease thoroughly, including such risks, while presenting a range of treatment options to help alleviate patient anxiety. PNH can be life-threatening if appropriate treatment is not continued, and treatment carries on for a long time. For this reason, we place great importance on the process of identifying preferred treatment options through dialogue. These options allow patients to continue treatment without giving up what they want to do in life.

Treatment for PNH has advanced significantly over the past decade or so, with multiple options now available including intravenous infusions, subcutaneous formulations, and oral therapies. As a result, it has become possible to select treatments that take into account daily life considerations, such as balancing work or minimizing the burden on accompanying family members.

Looking ahead, it is important to further strengthen coordination between specialists and community-based healthcare providers, as well as to deepen understanding across society as a whole. This sense of reassurance will support patients in living more positively and actively in society.

PNH and PiaSky

PNH is a disease caused by acquired genetic mutations in hematopoietic stem cells. These mutations result in the production of red blood cells vulnerable to destruction (hemolysis) as they lack mechanisms to protect against the complement system, a component of the immune system that clears foreign and damaged cells. Hemolysis can cause symptoms such as anemia and dark, cola-colored urine, and may also lead to complications such as thrombosis and chronic kidney disease.

Key Features of PiaSky
- Targets C5, which functions at the terminal stage of the complement system, thereby inhibiting complement activation
- Applies the Company’s proprietary recycling antibody technology, enabling subcutaneous administration once every four weeks during the maintenance phase*

* Approved dosage and administration: The usual Day 1 dose is 1000 or 1500 mg of crovalimab (genetical recombination) once by intravenous infusion, and subsequently, 340 mg is subcutaneously administered once on Days 2, 8, 15, and 22, and 680 or 1020 mg is subcutaneously administered once every 4 weeks from Day 29 onward, taking the patient’s body weight into account.

Growth to Drive Value Creation

Top Innovator in the Healthcare Industry

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

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

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

Double R&D output

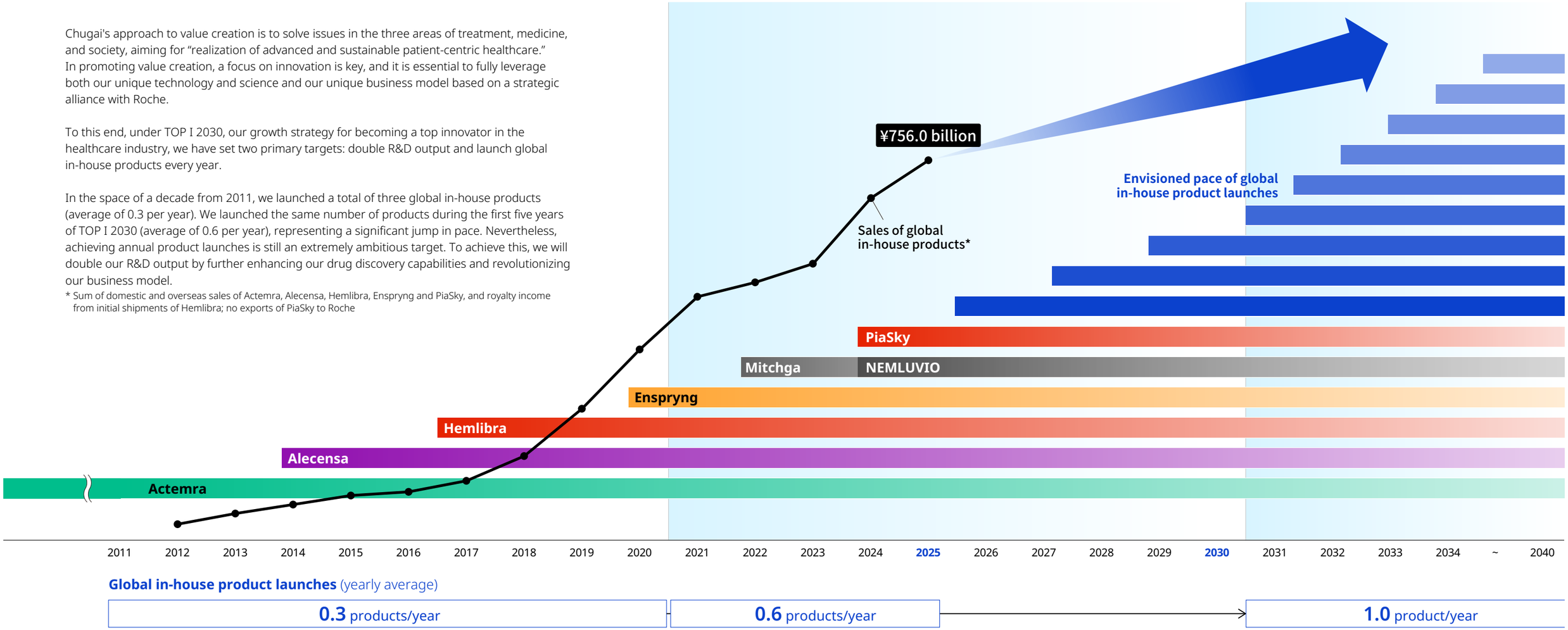
Launch global in-house products every year

Chugai's approach to value creation is to solve issues in the three areas of treatment, medicine, and society, aiming for “realization of advanced and sustainable patient-centric healthcare.” In promoting value creation, a focus on innovation is key, and it is essential to fully leverage both our unique technology and science and our unique business model based on a strategic alliance with Roche.

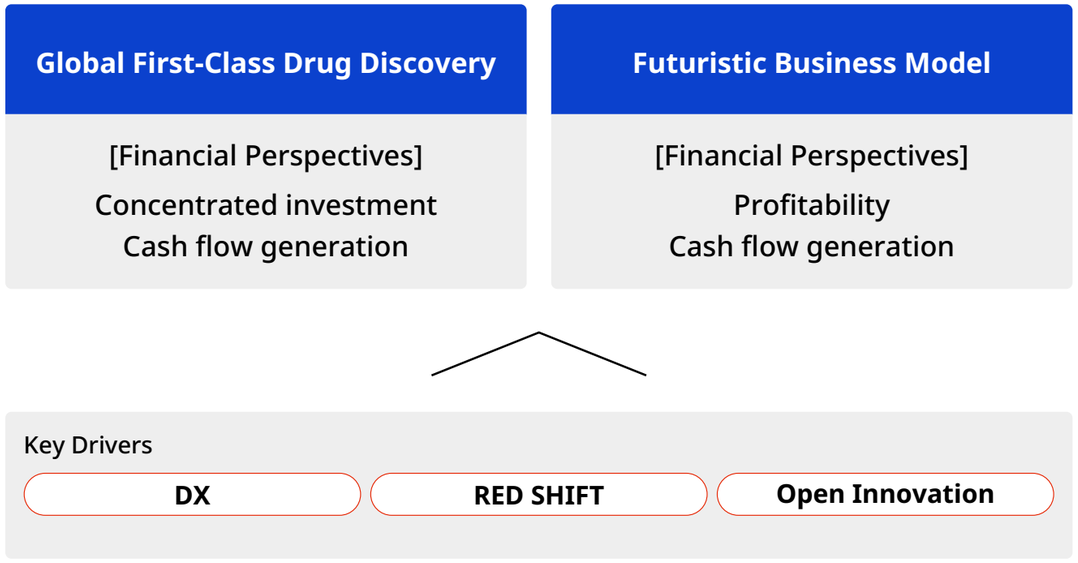
To this end, under TOP I 2030, our growth strategy for becoming a top innovator in the healthcare industry, we have set two primary targets: double R&D output and launch global in-house products every year.

In the space of a decade from 2011, we launched a total of three global in-house products (average of 0.3 per year). We launched the same number of products during the first five years of TOP I 2030 (average of 0.6 per year), representing a significant jump in pace. Nevertheless, achieving annual product launches is still an extremely ambitious target. To achieve this, we will double our R&D output by further enhancing our drug discovery capabilities and revolutionizing our business model.

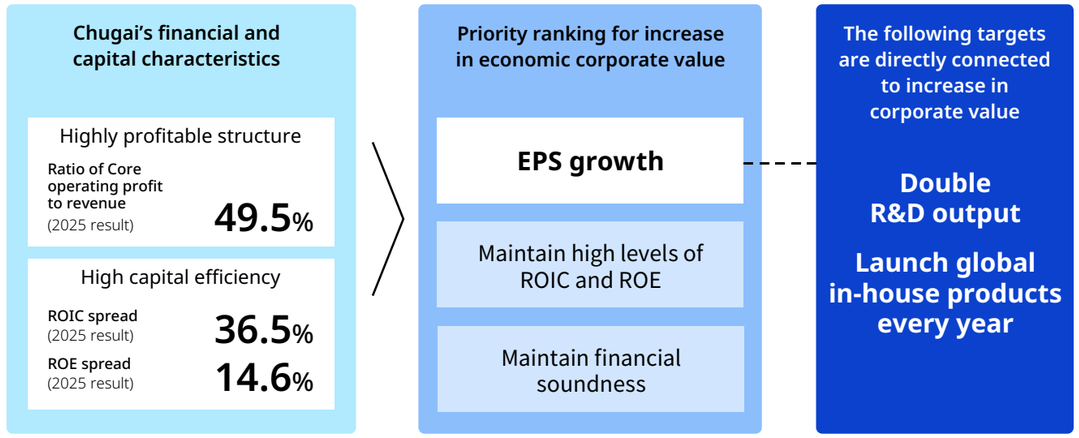
* Sum of domestic and overseas sales of Actemra, Alecensa, Hemlibra, Enspryng and PiaSky, and royalty income from initial shipments of Hemlibra; no exports of PiaSky to Roche



Two Pillars of TOP I 2030



How TOP I 2030 Connects to Corporate Value



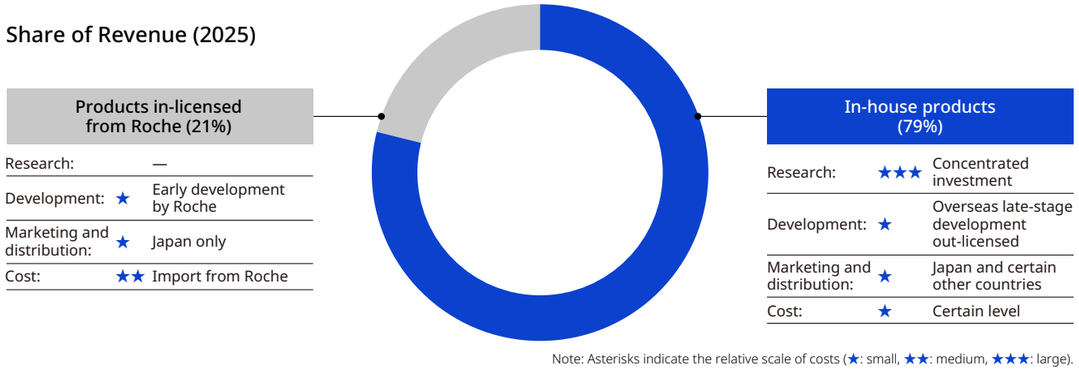
Our growth strategy, TOP I 2030, is based on two pillars: global first-class drug discovery and a futuristic business model.

Chugai's drug discovery capabilities have a strong global reputation, as evidenced by the innovative nature of its in-house products to date and its creation of a unique technology platform. Nevertheless, continuous innovation is indispensable for achieving the Company's ambitious targets of doubling R&D output and launching global in-house products every year. To achieve global first-class drug discovery, we plan to concentrate management resources into Research & Early Development (RED),[1] and accelerate collaboration with academia and other external partners in Japan and elsewhere, while promoting the integration of clinical development capabilities and human prediction capabilities[2] with a view to shortening development times and maintaining our high probability of success. Delivering innovative drugs and services created in this way quickly and appropriately to patients contributes to their well-being, while enabling us to secure resources for reinvestment in future innovation. Aiming to build a futuristic business model, we will rebuild our business model utilizing digital technologies to increase productivity across the entire value chain and maximize product and patient value.

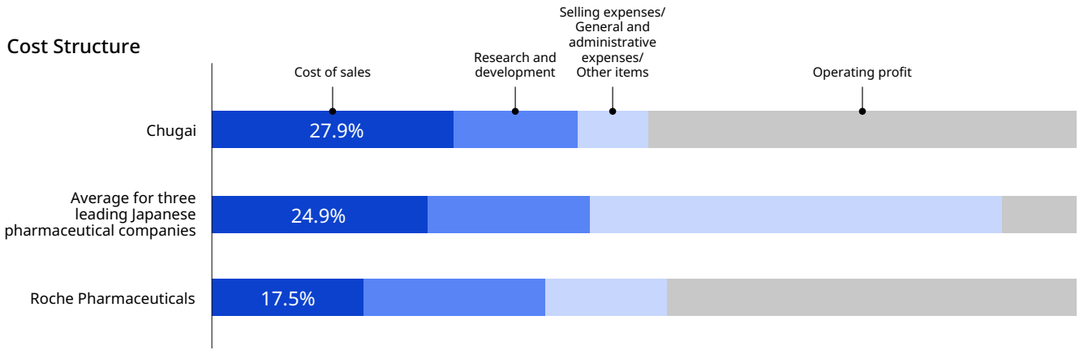
In this way, by executing TOP I 2030, we will create value in the areas of treatment, medicine, and society, while also driving an increase in financial corporate value. Under Chugai's unique business model, the revenue structure includes two effectively functioning revenue bases: in-house products and products in-licensed from Roche. The ratio of Core operating profit to revenue was 49.5% in 2025, a high level, reflecting the global market growth of in-house products in particular. Moreover, over the past few years, we have maintained high capital efficiency, with ROIC trending at around the 30%–40% range and ROE at around the 20% range, far surpassing the cost of capital of 7.5%. To increase corporate value over the medium to long term, we will maintain and enhance a sound financial base, while aiming to realize the TOP I 2030 targets of doubling R&D output and launching global in-house products every year, and thereby drive growth in EPS.

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

Revenue Structure Characteristics



Note: Asterisks indicate the relative scale of costs (★: small, ★★: medium, ★★★: large).



Themes of the Year

R&D Results (January 1, 2025 - December 31, 2025)

Phase I	Phase II	Phase III	Filed
15	9	28	3
→ Phase I clinical studies started: 4	→ Phase II clinical studies started: 5	→ Phase III clinical studies started: 7	→ Approval/Launch: 6

Number of pipeline projects
(As of December 31, 2025)
55
In-house projects: 21
In-licensed projects: 34

Financial Performance

Revenue
(Billions of yen)

2025	1,257.9
2024	1,170.6

Core EPS
(Yen)

2025	274.02
2024	241.31

Core Operating Profit
(Billions of yen)

2025	623.2
2024	556.1

Market Capitalization
(Billions of yen)

2025	13,840.4
2024	11,751.7

Main Themes

R&D	• Made important progress on in-house projects, such as obtaining PoC for NXT007 and FDA regulatory filing for orforglipron* for the treatment of obesity • Decided to collectively discontinue in-house development of five projects, including LUNA18, and started a clinical trial for new macrocyclic peptide project AUBE00 • Obtained conditional and time-limited approval for Elevidys, the Company's first gene therapy product • Acquired sparsentan, a development project for the primary indication of IgA nephropathy, by making Renalys Pharma a wholly owned subsidiary • Concluded 12 new research and technology partnerships, including with Gero and Rani Therapeutics
Pharmaceutical technology	• Started operation of FJ3, an API manufacturing building at the Fujieda Plant, which handles the late-stage clinical development and initial commercial production of APIs of small molecule and macrocyclic peptide drugs • Decided to make new investment of ¥80.0 billion in a new research building, UKX. Aiming to strengthen pharmaceutical manufacturing process development functions
Value Delivery	• Formulated Chugai Value Delivery Principles (See the "Pick Up" article of "Strategy Implementation 4 Value Delivery" on page 53.) • Launched Lunsumio and promoted market penetration
Foundation for growth	• Launched new HR management system. Initiated Company-wide rollout of job-based HR system and full-scale shift to job posting • Formulated Chugai AI Strategy (See "Progress on DX" on page 44.)

* Licensed out to Eli Lilly

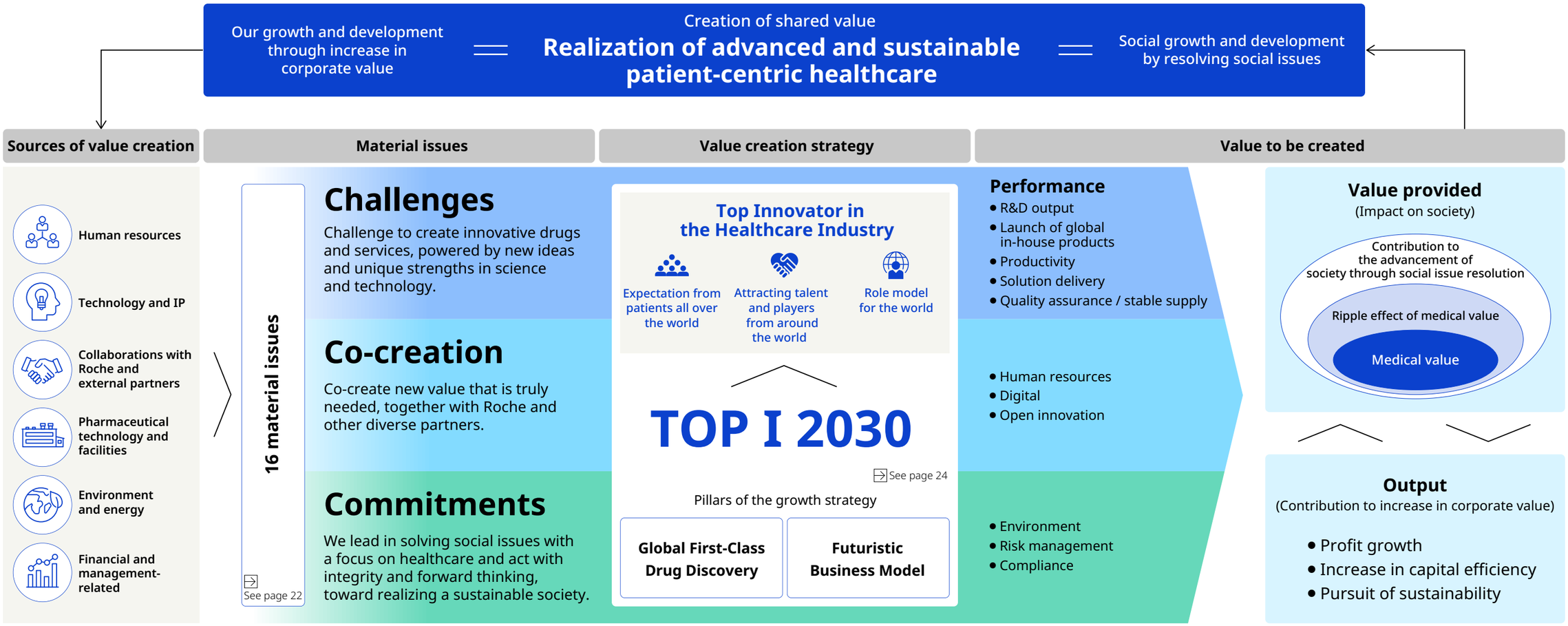
INITIATIVES

Story of Chugai

The "Stories" section of Chugai's website presents stories of challenges our employees face as they press ahead on uncharted paths — driven by a vision of advanced and sustainable patient-centric healthcare, and the patient happiness that lies beyond it. In Annual Report 2025, we will introduce our initiatives on the theme of "co-creation" highlighted in these stories.

Passing the Baton of Passion: The "My Action Declaration" 100th Anniversary Project
https://www.chugai-pharm.co.jp/english/story/detail/20260511000000_93.html

Value Creation Model (Sustainability at Chugai)



In 2024, Chugai reviewed its material issues in light of the recent business environment, and redesigned its value creation model as well.

Our basic policy is to create shared value by leading the way in resolving social issues with sustainability at the heart of our business activities, sharing the value we create with various stakeholders, and developing together with them. Our mission is to "dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world." Guided by this, we aim for "realization of advanced and sustainable patient-centric healthcare" through innovation enabled by our unique strengths. Our external environment is one of dramatic advances in life sciences and digital technology, which are expanding business opportunities. However, governments are implementing increasingly stringent policies to curb medical expenditures. Given the limited resources available, we expect the medical community to converge even faster on value-based healthcare (VBHC), where only those solutions that deliver true value are adopted.

In this environment, we have organized our sources of value creation, namely human resources, technology and intellectual property, collaborations with Roche and external partners, pharmaceutical technology and facilities, environment and energy, and financial and management-related elements, and we will promote the creation of value through the effective utilization of these management resources.

See "Sources of Value Creation" on the Company's website.
https://www.chugai-pharm.co.jp/english/profile/strategy/valuecreation.html#sec03

Material issues are positioned as a guiding principle (key element) for organizing important management issues, including sustainability, and for determining management direction and policies for value creation. We have identified 16 material issues, which are organized along three axes—Challenges, Co-creation, and Commitments—to create a story.

See "Material Issues" on page 22.

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

See "Overview of TOP I 2030" on page 24.

As the output of this strategy, Chugai aims to increase its corporate value through profit growth, increase in capital efficiency, and the pursuit of sustainability. For the value provided to society (impact on society), which is the outcome of our strategy, we aim to resolve healthcare issues in the form of unmet medical needs, as well as unmet social needs. We aim to provide value not only from a therapeutic perspective by offering optimal treatment and improved QoL for each patient, but also from a medical perspective, including reducing the burden on healthcare professionals and caregivers, and a perspective of society at large by helping to realize sustainable health financing and a circular economy.

See "Value Creation Indicators" on page 26 and "Value Creation" on page 6.

Material Issues

Please see our website for details of the process of assessing our material issues and our materiality matrix that maps these issues according to analysis of their importance.

Process to Formulate Material Issues https://www.chugai-pharm.co.jp/english/sustainability/core/materiality.html#sec02

	Material issues[1]	Main positioning in management strategy[2]			Relevant pages	Relevant website
		Growth strategy	Enhancement of foundation for growth	Continuous promotion		
Challenges	Creation of innovative drugs and services, powered by unique strengths in science and technology	○			Page 40 “Key Progress of RED SHIFT (R&D),” page 42 “Progress in Open Innovation,” pages 46–51 “Strategy Implementation 1 Drug Discovery, 2 Development, 3 Pharmaceutical Technology”	Advanced and sustainable patient-centric healthcare, R&D, Products / Development Pipeline / Technology
	Provision of individualized and optimal solutions to patients	○			Page 52 “Strategy Implementation 4 Value Delivery,” page 54 “Strategy Implementation 5 Foundation for Growth”	Advanced and sustainable patient-centric healthcare, R&D
	Access to healthcare	○			Page 52 “Strategy Implementation 4 Value Delivery,” page 54 “Strategy Implementation 5 Foundation for Growth”	Advanced and sustainable patient-centric healthcare, Global Health, Social Contribution
	Quality assurance and stable supply of products and services	○			Page 50 “Strategy Implementation 3 Pharmaceutical Technology”	Advanced and sustainable patient-centric healthcare, Supply Chain Management, Production Technology
	Safety of patients and clinical trial participants		○			Advanced and sustainable patient-centric healthcare, Human Rights
Co-creation	Co-creation of a healthcare ecosystem with society and community		○		Page 54 “Strategy Implementation 5 Foundation for Growth”	Advanced and sustainable patient-centric healthcare, Social Contribution
	Human capital development	○	○		Page 56 “Strategy Implementation 5 Foundation for Growth”	Talent Management, Health and Productivity Management, People & Culture Report
	Diversity, equity and inclusion		○			
	Employee well-being		○	○		
	Privacy protection and responsible use of digital technology	○	○		Page 44 “Progress on DX”	Governance, Digital Transformation
	Respect for human rights			○		Human Rights
Commitments	Corporate governance and stakeholder engagement			○	Page 66 “Corporate Governance,” page 80 “Dialogue with Multiple Stakeholders and External Evaluations”	Governance, Corporate Governance, Investor Relations
	Ethics, compliance and risk management		○	○	Page 73 “Risk Management”	Governance, Ethics and Compliance, Supply Chain Management
	Climate change and energy countermeasures		○	○	Page 59 “Strategy Implementation 5 Foundation for Growth”	Global Environment
	Contribution to circularity and water management		○	○		
	Protection of biodiversity		○	○		

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

Materiality Positioning and Review

Chugai first identified its materiality (material issues) in 2019. Since then, the Company has constantly updated its materiality based on its understanding of external expectations and demands, as well as progress on strategies, and used it as a foundation for its value creation strategy.

In 2024, taking into account future environmental trends surrounding our business activities, we conducted a review of our material issues, consolidating the original 26 issues into 16 issues. We also organized them as a story that is easy to share with internal and external stakeholders.

The first step in the review was to conduct a medium- to long-term environmental outlook and risk analysis, composing a long list of candidate issues through dialogue with outside directors, sustainability experts, investors, and others. Applying the concept of double materiality, we analyzed and assessed the candidates along the axes of “importance to stakeholders (impact materiality)” and “importance to business (financial materiality),” narrowing them down to 16 issues. We also conducted dialogues with 21 groups of stakeholders, including patient groups, medical institutions, business partners, academia, social organizations, and investors, to revise and refine our material issues. In each of these steps, multiple discussions were held by the Sustainability Committee, the Executive Committee, and the Board of Directors. At meetings of the Board of Directors in particular, there was vigorous discussion regarding the utilization and application of material issues, sharing them internally and externally, and their alignment with Chugai’s unique story.

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

Overview of Material Issues

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

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

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

Chugai’s value creation indicators are classified into performance, output, and value provided, with performance being linked to material issues as it is directly connected to business activities. In 2025, we conducted a review of performance indicators based on the three axes of Challenges, Co-creation, and Commitments, organizing them as indicators that represent the value we provide through the Company’s initiatives.

See “Value Creation Indicators” on page 26 for details.

Overview of TOP I 2030

TOP I 2030

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

Global First-Class Drug Discovery

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

Futuristic Business Model

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

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

Key Drivers

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

Business Environment Recognition

Changes in the Market

- Increasing fiscal pressures around the world and acceleration of controls on drug costs
- Emergence of geopolitical risks and inflation

Changes in Science & Technology

- Evolution in life sciences accelerating drug discovery innovation
- Digital technologies becoming an essential requirement for business model evolution and competitive advantage

Changes in Customers

- Growth in expectation for overcoming unmet needs
- Acceleration in shift toward value-based healthcare (VBHC)

Acceleration of Reforms (Refined in 2024)

Recognition of Achievements and Issues

- Steady progress in both business and the Five Reforms
- Development of macrocyclic peptide technologies nearly completed; however, clinical proof of their value is still in the process of being obtained
- Key issues requiring action have been clearly defined for each of the reforms

Direction of Reform

Further acceleration of RED SHIFT and Open Innovation

Drug Discovery	Continuous creation of drug candidates evidencing a high level of completeness
Development	Shortening clinical development time and maximizing project value
Pharmaceutical Technology	Accelerating macrocyclic peptide drug development and reducing cost

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

Three years after the launch of TOP I 2030, in 2024, we reassessed the external environment and the progress of our strategies, and examined the way forward to achieving our targets. The Five Reforms progressed steadily, and R&D output also increased. However, as a gap emerged between our progress and our targets, we refined the Five Reforms to clarify the course to achieving our goals. To further accelerate RED SHIFT and open innovation, we will focus on several issues. In drug discovery, we will focus on continuous creation of drug candidates evidencing a high level of completeness; in development, on shortening clinical development time and maximizing project value; and in pharmaceutical technology, on improving speed and lowering cost in macrocyclic peptide drug development.

For details, see the progress of each strategy from page 46 onward.

In 2024, we set a basic policy for capital allocation. While prioritizing the provision of value to patients, we will also pursue stable returns to shareholders, aiming to achieve optimal capital allocation. Specifically, we will allocate capital to growth investments for the generation of shared value, such as the creation and delivery of innovative medicine and the expansion of our value creation engine. At the same time, in returning profits to shareholders, we aim to continually provide stable dividends with a target dividend payout ratio of 45% on average in comparison with Core EPS, giving consideration to the balance between shareholder returns and internal reserves needed for strategic investments.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

https://www.chugai-pharm.co.jp/english/ir/share/capitalcost.html

Summary of the Five Reforms

1. Drug Discovery

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

2. Development

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

3. Pharmaceutical Technology

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

4. Value Delivery

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

5. Foundation for Growth

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

Value Creation Indicators

Overview of Indicators

To enhance the effectiveness of our value creation model, it is essential that we organize these indicators systematically. We have classified them into three categories based on the structure of our value creation model: performance indicators, output indicators, and value provided.

Performance indicators show the progress and status of our value creation strategies, output indicators represent the contribution to increasing economic corporate value, and value provided represents the impact of our business activities on society.

For performance indicators in particular, the time required for financial impact differs for each indicator. We have therefore organized these into short, medium, and long term to clarify the relationships among the indicators. We have also reorganized our performance indicators based on the material issues reviewed in 2024 and three frameworks: Challenges, Co-creation, and Commitments. In doing so, we streamlined the indicators and established a structure that enables the progress of our strategies and the state of our business to be understood from multiple perspectives and clearly shared with stakeholders. For details on performance indicators, please refer to the next page.

For details on strategies, please refer to the "PROGRESS" section starting on page 32. In particular, we have provided detailed information about the environment and human resources on page 54 under "Strategy Implementation 5."

[Highlighted items indicate performance indicators] Challenges-related indicators Co-creation-related indicators Commitments-related indicators

Indicators by timeline for impact on output indicators (financial impact)

Long term (7+ years) / Medium term (4-6 years) / Short term (1-3 years)

Research foundation
- Academic papers and presentations on research findings at scientific conferences
- Patents acquired

R&D
- **In-house projects that progressed to preclinical phase**
- Global in-house products out-licensed
- **In-house projects that acquired PoC**
- Projects that advanced to Phase III clinical trials
- Applications filed
- **New products launched and new indications**
- **In-house products launched globally**
- Projects from Chugai research

TOP I 2030 targets: Double R&D output and launch global in-house products every year

Investment
- R&D expenses
- Capital investment

Value Delivery
- **Studies that contribute to optimal treatment selection for individual patients (non-clinical and clinical)**
- **Customer satisfaction evaluation**
- **Operating profit per employee (Core)**

Pharmaceutical manufacturing and quality
- **GMP inspections and critical findings**
- **Incidents of limited supply and stockouts**

Human resources
- Job-fill rate for highly specialized human resources
- **Ratio of female managers with subordinates**
- **In-house digital human resources**
- **Employee engagement score**
- Employee enablement score

Open innovation
- **External partnerships**

Environment
- **Scope 1+2 CO_2 emissions**
- Scope 3 CO_2 emissions
- **Water resource conservation (water withdrawal)**

Compliance
- **Serious violations of laws and regulations**

Output indicators
- Total net sales of in-house products (Japan + overseas exports)
- Overseas revenue ratio
- Global sales of in-house products
- Core operating profit
- Ratio of Core operating profit to revenue
- Core EPS CAGR
- Core ROIC
- WACC
- Sustainability index evaluation
- Inclusion in sustainability indices
- Evaluation by expert organizations

Value provided

Creation of new value through business activities toward "realization of advanced and sustainable patient-centric healthcare"

Performance Indicators

Challenges: Maximization of R&D Capabilities and Value Creation

As key indicators of our core R&D capabilities for creating shared value with society, we have set the number of in-house projects that progressed to preclinical phase,[1] the number of in-house projects that acquired PoC, the number of in-house products launched globally, and the number of new products launched and new indications as performance indicators. In 2025, three projects advanced to the preclinical phase, and our in-house project NXT007 achieved PoC. In addition, AVMAPKI[2] was launched in the United States, and the number of new products launched and new indications totaled six in Japan, including the launch of Lunsumio and indication expansions such as the approval of Tecentriq for thymic carcinoma. Operating profit per employee, which indicates the efficiency of value creation across the entire value chain, was ¥79.17 million in 2025, demonstrating our highly efficient organizational management.

Furthermore, to support optimal treatment selection in clinical practice, we are continuously working on evidence generation and advancing 70 non-clinical and clinical studies, including collaborative research through the Japanese Bleeding Disorders Registry. We also continue to steadily deliver value to individual patients, as reflected in our achievement of the No. 1 ranking in customer satisfaction in Japan, which serves as an indicator of how our solutions are evaluated in clinical practice. As part of our efforts to ensure global standards of quality assurance, we successfully completed eight GMP inspections[3] by domestic and overseas authorities, with zero critical findings identified. Additionally, although limited supply occurred for two products in Japan in 2025,[4] our swift response ensured that no stockouts occurred, allowing us to uphold patient trust through a stable supply.

In-House Projects That Progressed to Preclinical Phase

2025	**3**
2024	1
2023	4

In-House Projects That Acquired PoC

2025	**1**
2024	2
2023	0

In-House Products Launched Globally

2025	**1**
2024	2
2023	0

New Products Launched and New Indications

2025	**6**
2024	10
2023	4

GMP Inspections and Critical Findings

		Critical findings
2025	**8 inspections**	**0**
2024	10 inspections	0
2023	10 inspections	0

Incidents of Limited Supply and Stockouts

		Stockouts
2025	**2**	**0**
2024	2	0
2023	1	0

Studies That Contribute to Optimal Treatment Selection for Individual Patients (Non-Clinical and Clinical)

2025	**70**
2024	63
2023	65

Customer Satisfaction Evaluation[5]

2025	**No. 1**
2024	No. 1
2023	No. 1

Operating Profit per Employee (Core)

2025	**¥79.17 million**
2024	¥71.50 million
2023	¥59.27 million

1. Preclinical development phase　2. Licensed out to Verastem Oncology
3. Inspections by domestic and overseas regulatory authorities to ensure compliance with Good Manufacturing Practice (GMP) in terms of manufacturing management and quality management standards for pharmaceuticals
4. In both cases, the products fall under "Limited Supply (due to the impact of other companies' supply issues)" in the "Shipment Response" status category used in the Ministry of Health, Labour and Welfare's "Prescription Drug Supply Status Report," meaning that we are unable to fulfill all orders due to the impact of other companies' supply issues.
5. INTAGE Healthcare "Rep-i August 2023 Survey," "Rep-i August 2024 Survey," and "Rep-i August 2025 Survey" (reprint prohibited); based on survey results for an overall company assessment targeting only physicians according to Chugai's definition

Co-creation: A Foundation for Value Creation Through Human Capital and External Co-Creation

Our focus on human capital as a key source of value creation is demonstrated by three indicators. We are making progress in securing specialists in the digital domain, an area we are actively developing. We now have 812 employees with skills in areas such as AI and data science. As part of our DE&I efforts, the ratio of female managers with subordinates has reached 19.2%, reflecting progress in diversifying our leadership. Given that the employee engagement score is derived from a biennial employee survey, the survey is conducted every other year, with the next survey planned for 2026. Furthermore, the number of external partnerships reached 74, demonstrating progress in building a foundation and advancing related initiatives for co-creation. This metric is key to driving the establishment of a healthcare ecosystem in collaboration with diverse external partners in areas such as drug discovery and digital technology, as well as patient groups and industries. Through a three-way approach—strengthening digital human resources, increasing organizational diversity, and expanding external collaborations—we have made steady progress in establishing a foundation for co-creation that leverages diverse knowledge.

Employee Engagement Score

2025	**Not conducted**
2024	94
2023	Not conducted

Ratio of Female Managers with Subordinates

2025	**19.2%**
2024	17.6%
2023	17.2%

In-House Digital Human Resources

2025	**812[6]**
2024	683[6]
2023	426[7]

External Partnerships

2025	**74**
2024	—
2023	—

6. Number of employees belonging to the functions responsible for Company-wide DX and IT promotion, and employees specified based on Chugai' s skill definitions
7. Number of employees specified based on Chugai's definition of the skills of digital project leaders and data scientists

Commitments: Building a Sustainable Management Foundation

We believe that conserving the global environment is an important foundation that supports all of our business activities. This is shown by two indicators related to climate-change countermeasures and resource recycling. By improving energy efficiency and transitioning to renewable energy, our Scope 1+2 CO_2 emissions totaled 49.9 thousand tonnes (a 55.8% reduction vs. 2019). In addition, through changes to our manufacturing processes and the use of rainwater, our water consumption was 1,871 thousand tonnes (a 28.1% reduction per total floor area vs. 2019). The increases in CO_2 emissions and water consumption in 2024 were due to the expansion of business activities. Sincere corporate activities grounded in transparency and ethics are the unchanging foundation of our operations. We therefore aim to ensure accountability as a company by ascertaining and disclosing serious violations of laws and regulations. In 2025, the number of serious violations of laws and regulations was zero. We continue to build a sustainable management foundation in terms of both environmental conservation and corporate ethics.

Scope 1+2 CO_2 Emissions

2025	**49.9 thousand tonnes**
2024	53.9 thousand tonnes
2023	50.8 thousand tonnes

Water Resource Conservation (Water Withdrawal)

2025	**1,871 thousand tonnes**
2024	1,939 thousand tonnes
2023	1,820 thousand tonnes

Serious Violations of Laws and Regulations

2025	**0**
2024	0
2023	0

Executive Officers (As of April 1, 2026)

Top Executives and Executive Officers in Their Area of Responsibility

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

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

Dr. Hitoshi Iikura
Director, Executive Vice President
Supervisory responsibility for Research, Translational Research, Clinical Development, Corporate Planning, and ASPIRE Transformation
Head of Corporate Planning Dept.
In charge of ASPIRE Transformation Dept.

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

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

Tsukasa Kusano
Executive Vice President
Supervisory responsibility for Project & Lifecycle Management
Head of Project & Lifecycle Management Unit

Dr. Kaori Ouchi
Executive Vice President
Supervisory responsibility for Quality & Regulatory Compliance, Pharmaceutical Technology, and Manufacturing Technology

Norihisa Onozawa
Executive Vice President
Supervisory responsibility for Digital Transformation, Partnering and Special Mission for CVF
In charge of Partnering Dept.

Shoko Kimijima
Executive Vice President
Supervisory responsibility for Legal, Intellectual Property, Risk Management and Compliance
In charge of Legal Dept., Intellectual Property Dept., and Risk & Compliance Dept.

Shinya Takuma
Vice President
Head of Manufacturing Technology Div.

Naoya Fujihara
Vice President
In charge of External Affairs Dept.

Dr. Tomoyuki Igawa
Vice President
Head of Research Div.

Kazuhiko Nishi
Vice President
Head of Medical Affairs Div.

Takao Suzuki
Associate Vice President
Head of Digital Transformation Unit

Junichi Takano
Associate Vice President
Head of Marketing & Sales Div.

Takahiro Mizui
Head of Clinical Development Div.

Tatsuya Kamiuchi
Head of Drug Safety Div.

Hiroyuki Tsunoda
Head of Translational Research Div.

Hidenari Yamada
Head of Pharmaceutical Technology Div.

Shin Yoshida
Head of Quality & Regulatory Compliance Unit

Takuya Nakagawa
Head of PHC Solution Unit

Membership of Committees

Name	Committees (● Chair ○ Participating member)								
	Executive Committee[1]	Enlarged Executive Committee[2]	Corporate Management Committees				RDPM Committees		
			Corporate Communications Committee[3]	Risk Management Committee[4]	Compliance Committee[5]	Sustainability Committee	Portfolio Management Committee[6]	Strategic Marketing Committee[7]	Digital Strategy Committee[8]
Dr. Osamu Okuda	●	●							
Iwaaki Taniguchi	○	○	●			○			
Dr. Hitoshi Iikura	○	○	○	○	○	○	○	○	○
Shinji Hidaka	○	○					○	●	
Yoshiyuki Yano	○	○				●			
Tsukasa Kusano	○	○					●	○	○
Dr. Kaori Ouchi	○	○							
Norihisa Onozawa	○	○							●
Shoko Kimijima	○	○		●	●	○			
Shinya Takuma		○					○	○	○
Naoya Fujihara									
Dr. Tomoyuki Igawa		○					○		○
Kazuhiko Nishi		○					○	○	○
Takao Suzuki		○					○	○	○
Junichi Takano		○						○	○
Takahiro Mizui		○					○	○	○
Tatsuya Kamiuchi		○					○	○	○
Hiroyuki Tsunoda		○					○		○
Hidenari Yamada		○					○	○	○
Shin Yoshida		○		○	○		○	○	○
Takuya Nakagawa		○					○	○	○

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

Areas of Supervisory Responsibility and Areas in Charge of

Name	Areas of supervisory responsibility (●) and areas in charge of (○)										
	Research	Clinical Development / TR	Pharmaceutical / Manufacturing Technology	Marketing & Sales / MA / Drug Safety	Cross-divisional functions						
					Human Resources / ESG	Digital Transformation	Quality & Regulatory Compliance	PLCM[9]	PHC Solution	Partnering	Other Corporate Functions[10]
Dr. Osamu Okuda											●
Iwaaki Taniguchi											●
Dr. Hitoshi Iikura	●	●[11,12]									●
Shinji Hidaka				●[15,16,17,18]					●		
Yoshiyuki Yano					●						
Tsukasa Kusano								●			
Dr. Kaori Ouchi			●[13,14]				●				
Norihisa Onozawa						●				●	●
Shoko Kimijima											●
Shinya Takuma			○[14]								
Naoya Fujihara											○
Dr. Tomoyuki Igawa	○										
Kazuhiko Nishi				○[17]							
Takao Suzuki						○					
Junichi Takano				○[15]							
Takahiro Mizui		○[12]									
Tatsuya Kamiuchi				○[16]							
Hiroyuki Tsunoda		○[11]									
Hidenari Yamada			○[13]								
Shin Yoshida							○				
Takuya Nakagawa									○		

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

PROGRESS

Story of Chugai

Learning Through Play: Cutting-Edge Drug Discovery at EXPO 2025. Chugai Employees Take On the Challenge of "Designing Future Society for Our Lives" at the Osaka-Kansai World Expo
https://www.chugai-pharm.co.jp/english/story/detail/20260507000000_97.html

Executive Summary

Review of Management Policies for 2025

- Significant progress in promising projects for future growth, including confirming PoC for NXT007 and regulatory filing for orforglipron[1]
- Accelerated selection and concentration of our in-house projects through Go/No-Go decisions at an early stage and the collective decision to discontinue in-house development of selected projects
- Delivered strong results in partnering, including the initiation of multiple technology collaborations and the acquisition of sparsentan

(Highlighted sections indicate that there were issues with progress)

Enhance RED functions and creation of value	Maximize value of LCM[2] projects	Strengthen business foundation
• Confirmed PoC for NXT007 • Implemented early value assessment (discontinuation of in-house development of 5 projects, 6 Go/No-Go decisions) • Accelerated open innovation (signed 12 new research and technology collaborations)	• Successful Phase III results and regulatory filing for orforglipron • Strong growth of domestic mainstay and new products • Acquired sparsentan for IgA nephropathy • Launch of Elevidys postponed	• Steady progress in introduction of new HR management system and preparation for ASPIRE[3] • Some challenges remain toward achieving the targets of Mid-Term Environmental Goals 2030 • Announced Chugai AI Strategy to accelerate Company-wide business transformation through AI

Priority Items

Strengthen hemophilia franchise	• Hemlibra: Progressing toward regulatory filing for the auto-injector • NXT007: Confirmed PoC; preparing to initiate Phase III clinical trials
Maximize value of DONQ52	• Confirmed biological PoC[4] • Made steady progress toward initiating Phase II clinical trials
Gene therapy product Elevidys: establish supply system and promote proper use	• Establishing a domestic commercial structure as Chugai's first gene therapy product • Safety measures implemented following fatal cases of acute liver failure in non-ambulatory patients in close collaboration with relevant authorities
Proper operation of new HR management system and strengthen HR functions	• Proactive employee engagement exceeding targets: over 20% of employees applied for internal positions, and the job posting system accounted for over 60% of annual employee transfers

1. Licensed out to Eli Lilly
2. Lifecycle Management
3. A business and digital transformation program to implement cutting-edge global standardization processes and next-generation enterprise resource planning across Chugai
4. Proof that the expected mechanism of action for a drug actually functions within the patient's body

Management Policies for 2026

- Accelerating Company-wide efforts to achieve TOP I 2030

Enhance RED functions and creation of value	Maximize value of LCM projects	Strengthen business foundation
• Building a portfolio to achieve sustainable drug discovery • Advancement of drug discovery projects and developing foundational and pharmaceutical technologies • Development of new technologies with competitive advantages • Early proof of value and value maximization for in-house pre-PoC projects • Further strengthening of the global development structure to accommodate the increasing number of in-house pre-PoC projects • Acceleration of open innovation for new project creation	• Accelerating development of post-PoC projects and steadily executing regulatory application plans • Maximize value of new products and growth drivers • Promotion of in-licensing from third parties to accelerate profit growth • Evolving operational models for efficient and advanced business models	• Go-live of ASPIRE • Strengthening people, organizations, and business foundations that enable continuous innovation • Proactive disclosure of sustainability information and promotion of dialogue with stakeholders • Value creation and business transformation through AI-driven digital utilization

Priority Items

Strengthening the hemophilia franchise	Achieving the highest number of application plans ever	Early market penetration of Lunsumio+Polivy combination therapy	Strengthening digital infrastructure and promoting Company-wide AI utilization

Midpoint Review of TOP I 2030

TOP I 2030—Results of the First Five Years

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

Global First-Class Drug Discovery

- Progress of drug discovery projects in pursuit of technology and quality
  Pages 40, 46
- Started full-scale operations at Chugai Life Science Park Yokohama
  Chugai Life Science Park Yokohama (in Japanese only)
  https://www.chugai-pharm.co.jp/innovation/rd/lsp
- Establishment of elemental technology and production base for macrocyclic peptide pharmaceuticals
  Page 50
- Execution of Go/No-Go decisions and steady project promotion
  Page 48
- Promotion of AI drug discovery and increase in external alliances and investments
  Pages 42, 44

Futuristic Business Model

- Establishment of robust Value Delivery functions
  Page 52
- Enhancement of production equipment and establishment of robust supply structure
  Page 50
- Establishment of Company-wide DX and advance of business transformation
  Page 44
- Introduction of a new HR management system
  Page 56
- Received high external evaluations for sustainability management
  Page 80

TOP I 2030—Key Focus Areas for the Second Five Years

**The first five years progressed steadily, but the targets are ambitious.
Based on the advancement of our strategy and rapidly changing external environment, we have defined our key focus areas to accelerate our initiatives.**

1. Enhancing early-stage development capabilities
2. Strengthening partnering capabilities
3. Strengthening global supply chain
4. Building foundation for CVM business entry
5. Transforming Company-wide business by leveraging AI

In 2025, we finished the first half of our 10-year growth strategy, TOP I 2030. Looking back at this midpoint, we have made steady overall progress toward the goals of doubling R&D output and launching global in-house products every year.

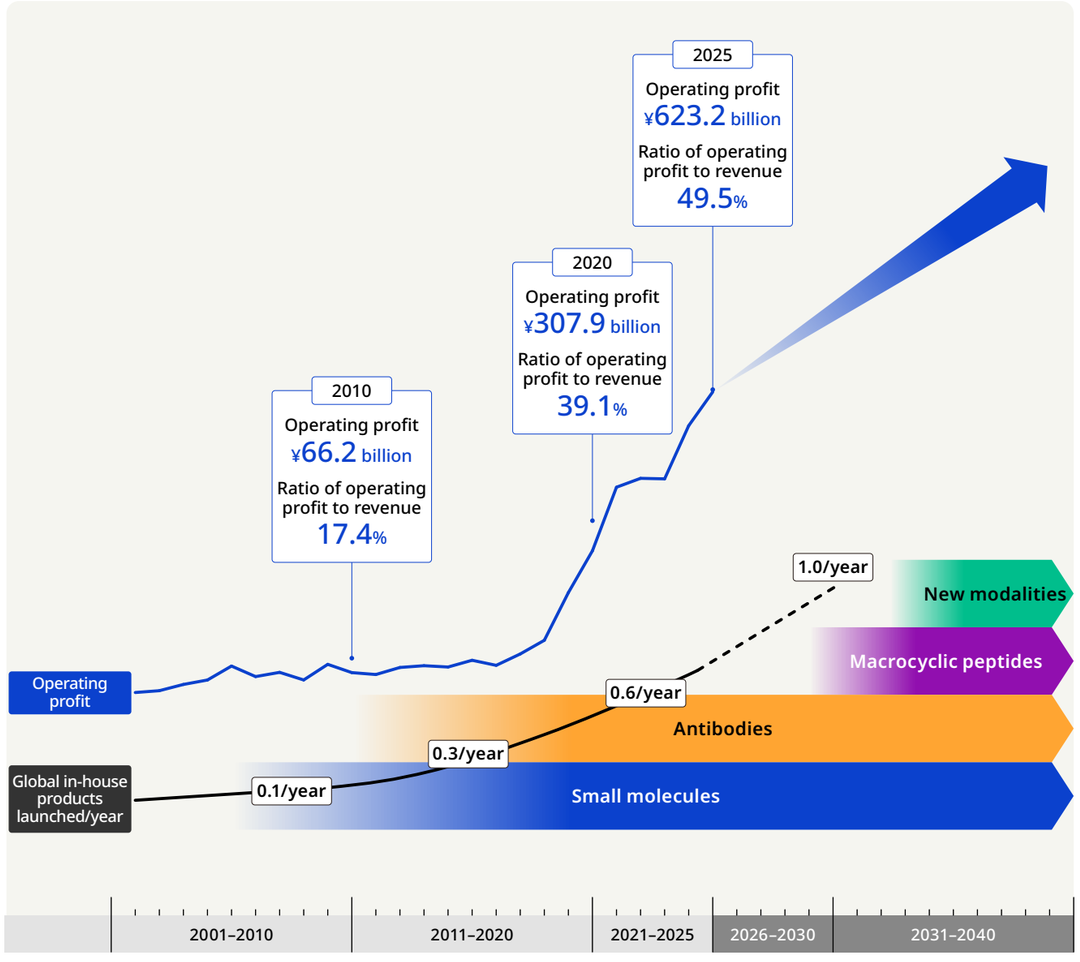
In one of our two strategic pillars, global first-class drug discovery, drug discovery projects have steadily increased, and we are gradually approaching the goal of doubling R&D output. We have been particularly focused on the development of macrocyclic peptides as a new modality, and we have made significant advances in this area with multiple projects progressing to clinical trials. We also accelerated external partnerships and investments aimed at generating further innovation. These included the active expansion of our corporate venture capital fund, Chugai Venture Fund, LLC (CVF), and the in-licensing of the RaniPill technology.* In our other strategic pillar, futuristic business model, we have conducted organizational reforms of our Value Delivery functions with regard to marketing and sales, medical affairs, and drug safety, as well as strengthening our supply structure by enhancing production facilities for biologics and macrocyclic peptides. In addition, we have been working to enhance productivity across the entire value chain by promoting Company-wide DX, introducing a new HR management system to accelerate optimal employee assignments, and strengthening our business foundation.

Looking at the number of launches of global in-house products, it has increased to an average of 0.6 products per year over the past five years since the start of TOP I 2030. This has driven growth in operating profit and profitability. Over the next five years, we will increase our capabilities to a level that will enable us to achieve launches every year (an average of 1.0 product per year). We can now see the way forward to achieving our 2030 goals, but they are extremely ambitious, and the changes in our business environment are expected to become increasingly severe. In light of this situation, we have defined five key focus areas that need to be strengthened in particular or where we should take on new challenges over the next five years, from the perspective of selection and concentration.

With an extremely full portfolio at the drug discovery stage, we will work to enhance our early-stage development capabilities to the highest global levels by concentrating management resources on projects with a high probability of success based on accurate Go/No-Go decisions, and demonstrate value as quickly as possible. To continue innovative drug discovery in a highly competitive environment, we believe that it is essential to achieve multi-level differentiation through the combination of external technologies with our own, and we will therefore strengthen our partnering functions. Our sites in Japan, the United States, Europe, and Singapore will coordinate with our head office R&D functions to focus on exploring and discovering promising technology seeds and innovative technologies. Furthermore, our supply responsibility will increase with the growth of our global in-house products. We will therefore build robust supply chains that can maintain stable supply amid heightened geopolitical risks. In terms of Value Delivery, we are making progress on in-licensing products for development in the CVM domain, which has been designated as a key domain by Roche and is expected to see strong market growth. We will enter this domain and work to increase our presence there. To enhance our business foundation, we will further advance our steady progress on DX and use AI to drive Company-wide business reforms, treating it as a prerequisite rather than an option.

* An innovative oral dosing technology owned by Rani Therapeutics (U.S.), with which we entered into a license agreement in October 2025

Achieving Sustainable Growth Through TOP I 2030



Message from the CFO

Delivering hope to patients suffering from intractable diseases. We will leverage the robust financial base built through the pursuit of this mission into solving the social issues of the future

Iwaaki Taniguchi

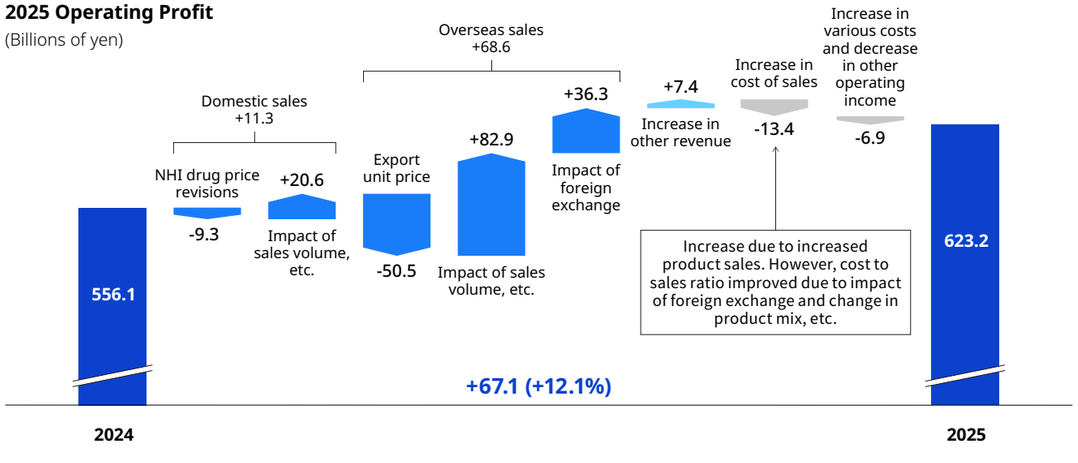
Director, Executive Vice President & CFO
Head of Finance Supervisory Division

Review of Strategic Policies for 2025

In 2025, Chugai delivered record-high revenue and profit on a Core basis, marking the ninth consecutive year of profit growth. Revenue amounted to ¥1,257.9 billion, up 7.5% year on year. This growth was driven by a substantial increase in exports from Chugai and royalty income as Hemlibra, one of our in-house products, continued to deliver strong growth overseas, along with growth in Japan driven by new products such as Phesgo and Vabysmo. We believe our products are highly competitive because they address patients' unmet medical needs in terms of safety and efficacy, while also offering greater convenience in terms of route of administration and dosing frequency. On the cost side, cost of sales rose by 4.0% year on year to ¥351.5 billion, while R&D expenses increased by 1.8% to ¥180.1 billion, mainly due to progress in clinical trials in the development pipeline. SG&A expenses were ¥103.2 billion, up 1.0% year on year, and broadly in line with the previous year. Consequently, operating profit was ¥623.2 billion, up 12.1% year on year, and net income was ¥451.0 billion, up 13.6%.

2025 Operating Profit

(Billions of yen)



Based on these results, we increased the ordinary dividend for 2025 from the initial forecast of ¥100 per share to ¥122 per share. As 2025 marks the milestone of our 100th anniversary, we have set a commemorative dividend of ¥150 per share for the full year, in addition to the ordinary dividend.

In terms of establishing drivers of future growth, 2025 was a year of significant achievements. A New Drug Application was filed in the U.S. for orforglipron, a treatment for obesity out-licensed to Eli Lilly, and a decision was made to advance NXT007, the successor to Hemlibra for the treatment of hemophilia A, to Phase III clinical trials. Additionally, through the acquisition of Renalys Pharma as a wholly owned subsidiary, we acquired the development and sales rights in Japan, South Korea, and Taiwan for sparsentan, a therapeutic agent for IgA nephropathy, which we expect to contribute significantly to sales growth in this region. Above all, as CFO, I take great pride in the fact that these solid financial results are the outcome of the value we have delivered to patients around the world.

2026 Financial Outlook

On a Core basis, we are projecting new record highs in both revenue and profit. Revenue is expected to be ¥1,345.0 billion, up 6.9% year on year, with operating profit of ¥670.0 billion, up 7.5%.

In Japan, sales are expected to increase by ¥25.6 billion, driven by higher sales volume of new product Lunsumio as well as mainstay products, despite the effects of NHI drug price revisions and the market penetration of generic drugs. Overseas, sales are projected to remain mostly flat year on year, largely reflecting a decline in export unit prices and a decrease in exports of Actemra, despite an anticipated increase in exports, particularly of products such as NEMLUVIO and Hemlibra. In other revenue, along with an increase in one-time income, we expect royalty income to significantly surpass levels recorded in the previous year, including income from Roche for Hemlibra and other products, as well as income from business partners other than Roche for orforglipron and NEMLUVIO.

We predict our cost to sales ratio to be 34.9%, an increase of 2.3 percentage points year on year, mainly due to changes in the product mix. R&D expenses are projected to increase by ¥9.9 billion, reflecting steady progress on various projects, while SG&A expenses are expected to remain broadly unchanged from the previous year. Consequently, operating profit is forecast to increase by ¥46.8 billion.

Unique Business Model and Financial Characteristics

I would like to revisit Chugai's mission and value creation model. As highlighted in Chugai's Value Creation Model, announced in November 2024, we position the concept of "creating shared value" as our fundamental mission. In essence, "creating shared value" refers to our aim of creating a cycle of value in which we create and deliver value to society as a whole, including a diverse range of stakeholders, and thereby achieve Chugai's own sustainable growth and development.

Among our diverse stakeholders, patients with unmet needs are of particular importance to us. The "realization of advanced and sustainable patient-centric healthcare" represents the greatest "shared value" that we can provide. Addressing the unmet needs of patients suffering from intractable diseases is linked to resolving a major societal challenge—namely, alleviating or eliminating the burden on their families and healthcare professionals. This is a vitally important mission that society expects us to fulfill. Furthermore, focusing on the creation of innovative pharmaceuticals with a high degree of technical difficulty has always been, and will continue to be, at the core of our business model and management strategy. The key to creating innovative pharmaceuticals lies specifically in RED functions within the value chain. Chugai has intensively allocated management resources to RED functions, and through this focus, has built a unique and highly original technological foundation.

Against this backdrop, the continuous establishment of a technological competitive advantage is a critical management issue for generating innovative pharmaceuticals sustainably into the future. Technological progress in drug discovery is advancing at a remarkable pace. To maintain a competitive advantage over the long term, it is crucial to pursue substantial investment—in terms of quantity and quality—sustained over an extended period of time and underpinned by a stable

financial base. Fortunately, as a result of long-term profit growth and proper financial management, Chugai maintains a high level of financial soundness and investment capacity. Consequently, a critical strategic concern going forward will be to actively leverage this financial strength to enhance our competitiveness in drug discovery.

On this point, strategic investment is designated as a key priority of our capital allocation policy announced in January 2025. While we have already conducted several such investments during 2025, we intend to pursue this even more actively going forward.

		Principal results for 2025
Capital allocation for value creation	**Investing in creation and delivery of innovative medicines**	・Acquired sparsentan, a new treatment for IgA nephropathy, through the acquisition of Renalys Pharma ・Decided to construct UKX, a new research building, to strengthen pharmaceutical process development capabilities ・Completed construction of UTA, a facility dedicated to the manufacturing of sterile injectable biopharmaceuticals for initial commercial use
	Expanding our value creation engine	・Collaborated with partners possessing target discovery technologies or modality technologies complementary to Chugai's own modalities (See page 42) ・Invested via CVF in technologies within Chugai's technological domains, as well as early-stage technologies still far from commercialization[1]
	Other investment opportunities	・Upgraded equipment to achieve Mid-Term Environmental Goals 2030
Shareholder returns		・In addition to an annual dividend of ¥122 per share—representing an increase of ¥24 per share from 2024—there will be a commemorative dividend of ¥150 per share to mark Chugai's 100th anniversary

1. A total of seven companies as of January 29, 2026

Financial and Capital Policy: Achievements and Progress

2025 marked the midpoint of TOP I 2030, first launched in 2021, and represented an important milestone not only in terms of strategic progress but also from a financial perspective. With a ninth consecutive year of profit growth, our financial indicators demonstrate the strength of our performance: a ratio of Core operating profit to revenue of 49.5%, ROIC of 43.9%, and ROE of 22.1%—levels that place Chugai among the top tier of pharmaceutical companies in Japan. Over the past three years, our operating profit has grown at an average annual rate of 11.3%, reflecting sustained value creation. In terms of financial soundness, the steady accumulation of earnings has resulted in an equity ratio of 82.1%, underscoring the solid financial foundation that supports our long-term growth strategy.

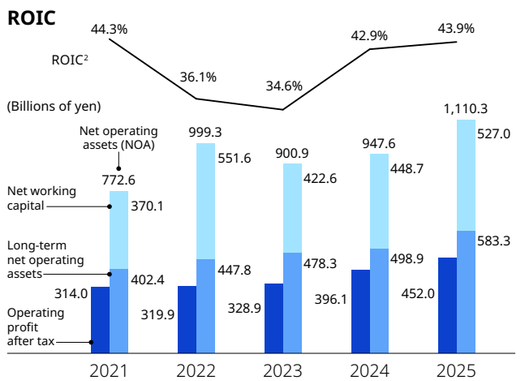
At the same time, although cash and cash equivalents has tended to increase as a result of revenue and earnings growth, we distributed a commemorative dividend of ¥150 per share to mark Chugai's 100th anniversary, while actively undertaking capital expenditures and business investments, including acquisitions and equity investments. As a result, cash and cash equivalents amounted to ¥979.7 billion, down ¥16.6 billion from the end of the previous year, representing no material change in our overall cash position.

As noted earlier, for 2026, we anticipate an increase in both revenue and profits compared to the previous year. Consequently, operating cash flow from business activities is also expected to increase year on year. Conversely, uncertainties surrounding the pharmaceutical business, such as changes in the external environment and intensifying risks, are rising. For these reasons, the level of cash reserves required to ensure stable business operations has also been trending upward. The current circumstances notwithstanding, in order to achieve sustainable growth for the future, we will pursue necessary business investments even more proactively than before.

In line with our capital allocation policy, we will conduct capital allocation while maintaining an appropriate balance between capital allocation aimed at creating shared value and shareholder returns. Regarding shareholder returns, as in the past, we aim to provide stable dividends, targeting an ordinary dividend payout ratio of 45% on average in comparison with Core EPS. For the ordinary dividend in 2026, we project an annual dividend of ¥132 per share, an increase of ¥10 from the ¥122 paid in the previous year.

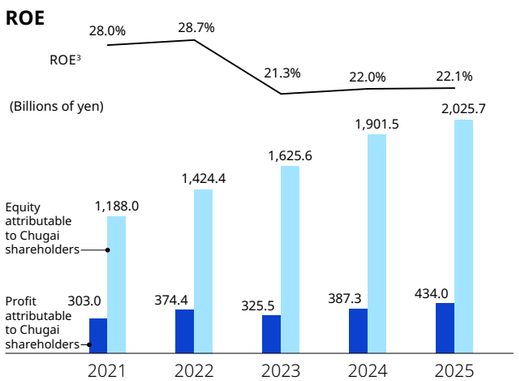
Shareholder Returns
https://www.chugai-pharm.co.jp/english/ir/share/shareholder_return.html

ROIC



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

ROE



3. ROE = Profit attributable to Chugai shareholders / Equity attributable to Chugai shareholders

Future Priorities and Approach to Dialogue

This year marks the beginning of the second phase of TOP I 2030. Accordingly, this year is a critically important year for Chugai to take a significant leap forward as a world-class pharmaceutical company, as we strive to reach our 2030 goal of launching global in-house products every year.

Given these conditions, creating a pipeline and products that will serve as future growth drivers is our foremost management priority, and one that demands steady financial support. While the pharmaceutical sector typically requires a higher level of cash and cash equivalents as safe reserves to ensure stable business operations compared to other industries, we intend to actively utilize our current cash reserves for strategic investments and similar initiatives aimed at generating medium- to long-term value.

This approach is also crucial for maintaining and enhancing capital efficiency. At present, we have secured levels of ROE and ROIC that significantly exceed our cost of capital. At the same time, we anticipate a continued accumulation of retained earnings. To sustain profit growth while maintaining capital efficiency, we intend to continuously strengthen assets that will contribute to future sales expansion. We will also continue to deepen constructive dialogue with shareholders and investors regarding these financial and capital policies, with the aim of enhancing corporate value.

Pick Up

Case Study of Accelerated Strategic Investment: Acquisition of Renalys Pharma

In December 2025, Chugai secured the exclusive development and sales rights in Japan, South Korea, and Taiwan for sparsentan through the conversion of Renalys Pharma into a wholly owned subsidiary. IgA nephropathy is designated as an intractable disease in Japan, and there is a strong desire for new treatment options. This drug has demonstrated favorable results in domestic Phase III clinical trials, and we aim to file for approval in Japan in 2026 as a first-in-class therapeutic agent. This acquisition represents a strategic investment expected not only to strengthen our development pipeline in the renal therapeutic area, including for sefaxersen, but also to contribute to sustained growth in domestic sales. Leveraging the strong presence we have established in the renal field through Mircera and other products, we are committed to delivering innovative new medicines to patients as quickly as possible.

Acquired a New IgA Nephropathy Treatment Through Acquisition of Renalys Pharma

- **Strengthening our presence in the renal field by securing of exclusive development and marketing rights for sparsentan in Japan, South Korea, and Taiwan**
- **Acquisition cost**
  Closing consideration (¥15.0 billion + an amount reflecting price adjustments pursuant to the Share Transfer Agreement), earn-out consideration (milestone payments of up to ¥16.0 billion and payments linked to net sales)
- **Value for patients**
  ・A dual antagonistic mechanism targeting endothelin and angiotensin II receptors, with the potential for superior efficacy compared to RA system inhibitors and for becoming a first-in-class treatment
  ・Contributing to the resolution of Japan's drug lag and drug loss issues

Key Progress of RED SHIFT (R&D)

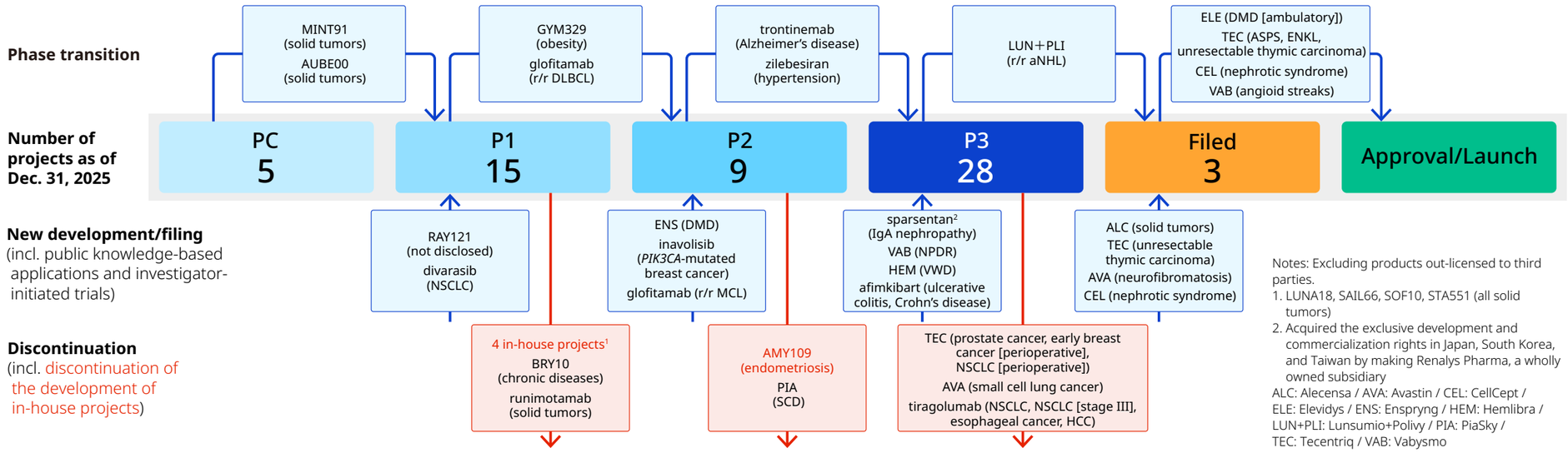
Please see our website for the latest on our development pipeline.

Development Pipeline
https://www.chugai-pharm.co.jp/english/ir/product/pipeline.html

Key Points of Progress in 2025

For the early development of in-house products, we initiated Phase I studies for the AUBE00 macrocyclic peptide project and the MINT91 small molecule project, and began Phase II studies for GYM329 for the treatment of obesity. In late-stage development, progress was made on products expected to drive domestic sales growth, such as the application for approval of a combination therapy of Lunsumio and Polivy and the new addition of sparsentan.

Changes in the Number of R&D Projects (from January 1 to December 31, 2025)



Notes: Excluding products out-licensed to third parties.
1. LUNA18, SAIL66, SOF10, STA551 (all solid tumors)
2. Acquired the exclusive development and commercialization rights in Japan, South Korea, and Taiwan by making Renalys Pharma, a wholly owned subsidiary

ALC: Alecensa / AVA: Avastin / CEL: CellCept / ELE: Elevidys / ENS: Enspryng / HEM: Hemlibra / LUN+PLI: Lunsumio+Polivy / PIA: PiaSky / TEC: Tecentriq / VAB: Vabysmo

In-House Product Portfolio in Each Modality (As of January 29, 2026)

Antibody Drug, Cellular and Gene Therapy Products

Blue text: Joint development with Roche

Drug discovery	Preclinical development	Clinical	Launched
>30 (Of which, new technology adoption projects >16)	● Infectious disease ● Immunity	● DONQ52 ● RAY121 ● GC33 ● ALPS12/clesitamig ● ROSE12	● Enspryng (MOGAD, AIE, TED, DMD) ● PiaSky (aHUS) ● Hemlibra (Type 3 VWD) ● GYM329/emugrobart (Spinal muscular atrophy, FSHD, obesity) ● NXT007 (Hemophilia A)	● Actemra ● Hemlibra ● Enspryng ● PiaSky

Out-licensed to 3rd parties excl. Roche
- NEMLUVIO[3] (Chronic pruritus of unknown origin)
- Mitchga[4] (JPN) NEMLUVIO[3] (US, EU and some additional markets)

Small Molecule Drugs

Drug discovery	Preclinical development	Clinical	Launched
>9 (Chronic diseases, cancer, etc.)	● REVN24 ● MINT91	● Alecensa (Maintenance treatment of NSCLC (stage III) after chemoradiotherapy, *ALK* fusion/rearrangement gene-positive unresectable advanced or recurrent solid tumors[5]) ● orforglipron[7] (T2D, obesity, and others[8]) ● AVMAPKI[9] (mPDAC)	● Alecensa ● Edirol ● Oxarol	● Deberza ● AVMAPKI[9] (LGSOC)

Out-licensed to 3rd parties excl. Roche
- AP306[6] (Hyperphosphatemia)

Macrocyclic Peptide Drugs

Drug discovery	Preclinical development	Clinical	Launched
>25 (Chronic diseases, cancer, etc.)	● Cancer ● Cancer ● Acute diseases	● AUBE00	

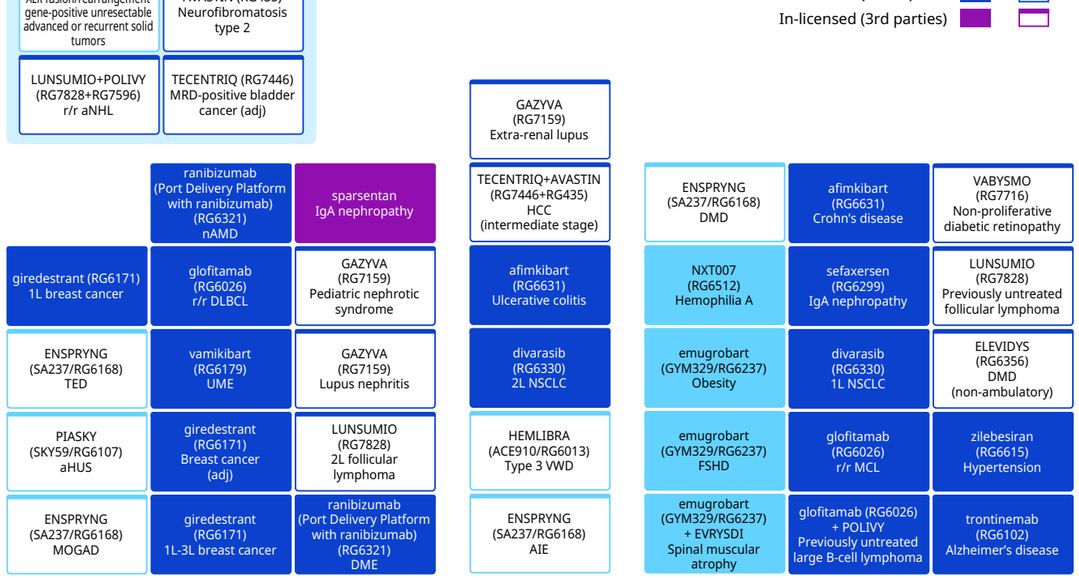
Our Macrocyclic Peptide Drug Discovery Platform Technology named "*SnipeTide*"

"Snipe" Precisely "snipes" intracellular targets via oral administration

"Tide" Represents pep"tide" and a new "tide" (wave) in peptide drug discovery

3. Licensed out to Galderma 4. Licensed out to Maruho 5. Filed in Japan 6. Licensed out to Alebund Pharmaceuticals 7. Licensed out to Eli Lilly
8. Obstructive sleep apnea, hypertension, osteoarthritis, stress urinary incontinence, investigation of the effect of orforglipron on the incidence of major adverse cardiovascular events, peripheral arterial disease
9. Licensed out to Verastem Oncology

Projected Submissions (Phase II & Later Projects and Products) (As of January 29, 2026)



[Abbreviations: Diseases]

aHUS:	atypical hemolytic uremic syndrome
AIE:	autoimmune encephalitis
ASPS:	alveolar soft part sarcoma
DMD:	Duchenne muscular dystrophy
DME:	diabetic macular edema
ENKL:	extranodal natural killer/T-cell lymphoma, nasal type
FSHD:	facioscapulohumeral muscular dystrophy
HCC:	hepatocellular carcinoma
LGSOC:	*KRAS*-mutated recurrent low-grade serous ovarian cancer
MOGAD:	myelin oligodendrocyte glycoprotein antibody–associated disease
mPDAC:	metastatic pancreatic ductal adenocarcinoma
MRD:	molecular residual disease
nAMD:	neovascular age-related macular degeneration
NPDR:	non-proliferative diabetic retinopathy
NSCLC:	non-small cell lung cancer
r/r aNHL:	relapsed or refractory aggressive B-cell non-Hodgkin's lymphoma
r/r DLBCL:	relapsed or refractory diffuse large B-cell lymphoma
r/r MCL:	relapsed or refractory mantle cell lymphoma
SCD:	sickle cell disease
TED:	thyroid eye disease
UME:	uvetic macular edema
VWD:	von Willebrand disease

[Abbreviations: Others]
1L: first-line treatment
2L: second-line treatment
3L: third-line treatment
P1: Phase I
P2: Phase II
P3: Phase III

Progress in Open Innovation

Open Innovation in Drug Discovery

	Targets (academia, research organizations, companies)		Chugai's resources
Partnering	• **Drug discovery technologies that enhance the value of Chugai modalities** • **Novel targets that can generate synergy with Chugai modalities**	×	**Modalities leveraging proprietary technologies**
Investment	• **Technologies and programs that complement Chugai's R&D**	×	**Proprietary modalities/technologies and global presence**

To accelerate Open Innovation, which is one of the Key Drivers of TOP I 2030, we are expanding our scope from antibody-focused collaborations primarily with Japanese academia and companies to a global perspective encompassing all modalities and platform technologies (for progress outside drug discovery, please refer to the table on the following page).

Chugai positions Open Innovation as a key means of realizing its research strategy, which is centered on in-house drug discovery. We place emphasis on researcher-driven initiatives that combine external capabilities with our own drug discovery to expand possibilities. The focus of Open Innovation is defined as targets that can generate synergy with our proprietary modalities and technologies, as well as third-party technologies that enhance their value.

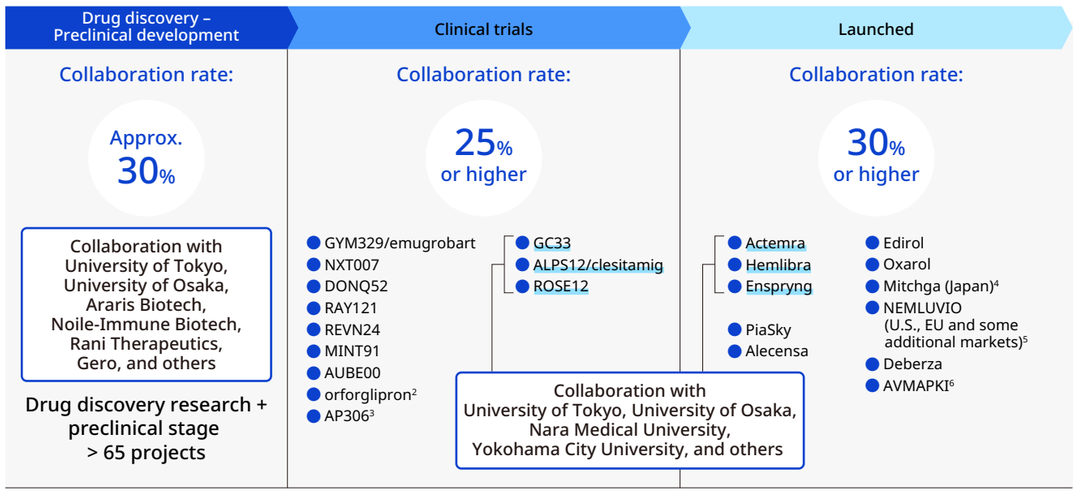
In addition, for technologies that are distant from Chugai's areas of focus, as well as for early-stage technologies, we also secure access through investments via Chugai Venture Fund, which became fully operational in January 2024. The fund manages a total of USD200 million and has completed investments in seven companies[1] to date.

Currently, approximately 30% of our drug discovery research and preclinical development projects are being advanced through Open Innovation. Furthermore, among projects in the clinical trial stage and products already launched, three or more in each stage were created through joint research with academia.

In January 2026, we established the Chugai Partnering US Office to strengthen our global partnership network. Going forward, we will further expand partnerships with players around the world, incorporate new targets and technologies both in Japan and overseas, and pursue improvements in R&D quality and increases in the value of our drug discovery platform.

1. As of January 29, 2026

Status of Collaboration with Third Parties in the Development Pipeline (As of January 29, 2026)



Notes: Highlighted items indicate projects/products that involve collaboration with third parties other than Roche from the non-clinical stage.
2. Licensed out to Eli Lilly
3. Licensed out to Alebund Pharmaceuticals
4. Licensed out to Maruho
5. Licensed out to Galderma
6. Licensed out to Verastem Oncology

Examples of Integration with External Technologies

Targets linked to age-related diseases

Chugai entered into a joint research and license agreement with Gero (Singapore) to develop novel therapies for age-related diseases (July 2025 press release). Through this collaboration, we aim to create first-in-class medicines for age-related diseases by applying Chugai's proprietary antibody engineering technologies to drug discovery targets identified using Gero's platform, which combines physics-based machine learning models with human dataset analysis.

AraLinQ linker conjugation technology

Chugai entered into a license agreement with Araris Biotech (Switzerland) for the creation of novel antibody drug conjugates (ADCs) (February 2026 press release). By combining Araris's proprietary linker conjugation platform, AraLinQ, which enables the attachment of multiple payloads via highly stable linkers while preserving the intrinsic properties of antibodies, with Chugai's proprietary antibody engineering technologies, we aim to generate highly differentiated ADCs with a broader therapeutic window and improved efficacy and tolerability.

Technology for oral delivery of biologics

Chugai entered into a license agreement with Rani Therapeutics (U.S.) for the joint development and commercialization of oral formulations of antibody drug candidate molecules (October 2025 press release). By combining Rani's innovative oral delivery technology, the RaniPill, with Chugai's proprietary technologies that enable low-dose administration and extended dosing intervals, we aim to deliver convenient biologics administered orally on a weekly or monthly basis, with efficacy comparable to intravenous or subcutaneous administration.

Column Partnerships to Maximize the Value of Pharmaceuticals

To maximize the value created through Open Innovation in drug discovery and translate it into solutions to social issues, we strategically build partnerships across a diverse range of supporting areas. Beyond drug discovery and clinical development, we also enhance our overall business foundation through broad collaboration across functions.

Function	Area	Main collaboration partners	Key details
Development	In-licensing	Roche, Travere Therapeutics (acquisition of Renalys Pharma)	Project in-licensing
	Out-licensing	Roche, Eli Lilly, Galderma, Maruho, Verastem Oncology, Alebund Pharmaceuticals	Project out-licensing, allocation of licenses for antibody technologies
	Clinical trials	• SoftBank/SB Intuitions • Biomy • Hitachi	• Development of AI agents • Development of pathology AI programs • Construction of a knowledge base leveraging knowledge graph technology to support development strategy planning
Pharmaceutical Technology	Pharmaceutical technology	JGC Japan Corporation	Development of containment technologies for highly potent active pharmaceutical ingredients
Value Delivery	Data integration and utilization	• National Hemophilia Network of Japan, The Japanese Society on Thrombosis and Hemostasis, Japan Bleeding Disorder Registry Organization • The Japanese Society for Neuroimmunology, General Incorporated Association KIZUNA • Salesforce	• Development and utilization of the Japanese Bleeding Disorders Registry • Development and utilization of a registry for neuroimmunological diseases • Development of a customer engagement model

DX Overview

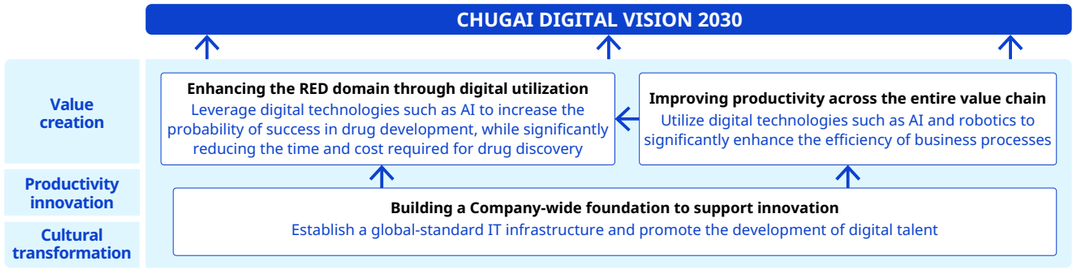
With sights set on 2030 under CHUGAI DIGITAL VISION 2030, Chugai is promoting three basic strategies to realize its vision to "transform our business by using digital technologies to make Chugai a top innovator in the provision of society-changing healthcare solutions."

In promoting these strategies, we believe it is necessary to advance co-creation with each function, shift digital talent and resources to the RED domain, focus not only on outputs but also on creating societal impact, and strengthen competitiveness by enhancing in-house development capabilities. In addition, incorporating and utilizing AI across all business processes has become a highly important theme in DX. While the use of AI has progressed across all departments within the Company, the accumulation of use cases has also brought to light challenges such as partial optimization, fragmentation of knowledge, and governance. To address these, Chugai has rebuilt its approach to AI utilization and its governance framework, and has formulated a basic Company-wide strategy for AI, Chugai AI Strategy, to promote transformation of business processes suited to the AI era and strong transformation toward a lean organizational structure.

Through these initiatives, we will further accelerate DX that creates value for a wide range of stakeholders, including patients and healthcare professionals.

Digital Transformation

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



Results and Progress to Date

Enhancing the RED domain through digital utilization	● Expanded AI-driven molecular design beyond antibodies to macrocyclic peptides ● Improved researcher productivity through expanded use of AI for paper searches and other tasks
Improving productivity across the entire value chain	● Promoted development of LLMs and AI agents in collaboration with SoftBank Corp. and SB Intuitions Corp. to enhance operational efficiency in clinical development ● Improved quality and productivity by embedding AI into various production processes and documentation tasks
Building a Company-wide foundation to support innovation	● Established the Company-wide Chugai AI Platform and expanded its use across the organization (approximately 90% of employees using it, with over 60% active users) ● Accelerated Company-wide co-creation frameworks through the establishment of a business architect organization and the assignment of dedicated talent

Formulation of the Chugai AI Strategy

The rapid advancement of AI technologies has made their utilization no longer a matter of choice, but a fundamental premise of business, and we view it as essential for securing sustainable competitiveness. Accordingly, we have defined our vision for AI utilization as follows: "Chugai positions AI as a partner that unlocks the potential of people and organizations, opening up the future of healthcare and continuing to deliver new hope to society." With this vision as our guiding principle, we are promoting business transformation and strengthening our competitiveness.

The strategy to realize this vision consists of three pillars. The first, "AI Everyday," enhances the AI skills and literacy of each employee so that AI can be used routinely to improve individual productivity. The second, "AI Everywhere," transforms business processes from human-centered workflows to AI-driven processes, optimizing human involvement and achieving significant acceleration and improvements in productivity and quality through automation and autonomization by AI. The third, "AI Transformation," combines the strengths of people and AI to develop proprietary AI based on our unique data and tacit knowledge, secure competitive advantage, and create new value that contributes to societal transformation through co-creation frameworks with external partners.

Through this strategy, we will contribute to the achievement of TOP I 2030—including doubling R&D output and launching global in-house products every year—and to sustainable growth beyond.

Chugai AI Strategy

https://www.chugai-pharm.co.jp/english/innovation/digital/aistrategy.html

Chugai AI Strategy Initiatives

AI Everyday

By enabling all employees to use AI routinely in their daily work, we will significantly improve individual productivity. We will provide training programs tailored to each employee's skills and motivation to enhance AI skills, while building an infrastructure on which everyone can appropriately use the latest AI. Through a new way of working in which AI Buddy (push-type AI) serves as a partner, we will enhance both the quality and quantity of work output and accelerate value creation and innovation by employees.

Key Success Factors

- Advanced multi-AI models and AI orchestration platform[1]
- Strengthening AI skills as a core competency for all employees
- Introduction of AI Buddy as a partner for individuals
- Promoting human-driven innovation through improved employee experience

1. A system that centrally coordinates and manages multiple AI models and AI agents

AI Everywhere

We will transform all business processes across the value chain into AI-based processes and promote "Fit to AI" by embedding AI, thereby achieving significant improvements in organizational productivity and quality. While placing importance on employee experience, we will build an agentic AI[2] platform that drives transformation toward autonomous business processes.

Key Success Factors

- Rebuilding AI-based business processes
- AI orchestration platform
- Continuous enhancement of in-house development capabilities
- Fostering a culture of continuous transformation leveraging cutting-edge technologies

2. AI that autonomously executes tasks and makes decisions to achieve objectives

AI Transformation

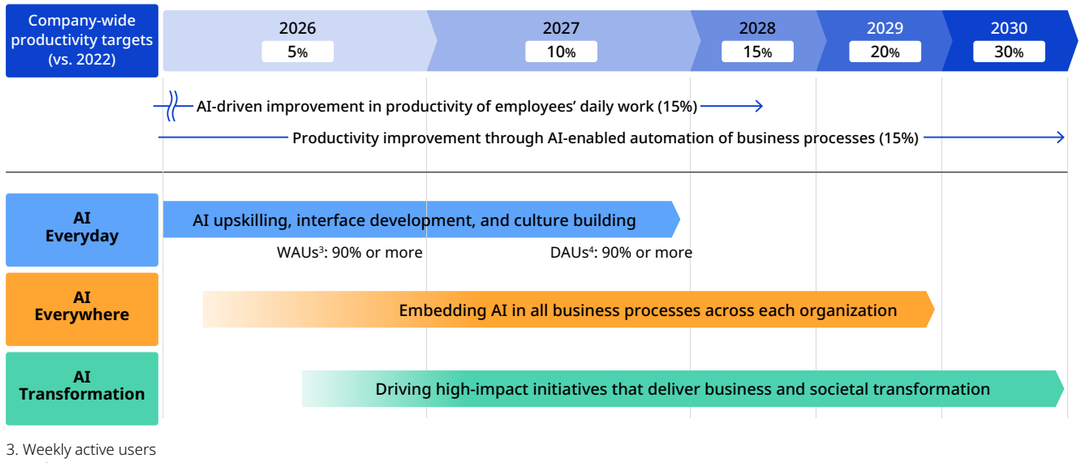
By combining the strengths of AI and our people, we aim to create innovations that cannot be achieved by humans alone and generate significant impact on management and society. We will define themes directly linked to solving medium- to long-term management challenges as top initiatives and drive them forward. By strengthening co-creation frameworks and partnerships with internal and external experts and other companies, we will generate impactful outcomes for management and society.

Key Success Factors

- Co-creation of business value between business and digital functions
- Development of proprietary AI based on internal data and employees' tacit knowledge
- Exploration and application of advanced technologies
- Strengthening co-creation frameworks with partners and promoting open innovation

Goals and Roadmap

We will promote the use of AI to improve the efficiency of daily work for all employees and automate business processes using AI, aiming for a 30% increase in productivity compared with 2022, while increasing investment in the RED domain.



3. Weekly active users
4. Daily active users

Drug Discovery

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

Progress

- Steady progress in building drug discovery technologies for macrocyclic peptides and antibodies
- Smooth progress in utilizing digital and robotics technologies

Challenges

- Continuous creation of high-quality development candidates
  - Refinement of macrocyclic peptide and new antibody engineering technologies
  - Further deepening of non-clinical research and fundamental technologies
  - Further acceleration of open innovation

Direction of Reform

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

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

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

Goal

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

Mid-Term Milestones

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

In drug discovery, based on the R&D Principles, we aim to reform existing technologies, including small molecule and antibody technologies, while also realizing approaches to targets that had traditionally been considered difficult and mechanisms of action that had been unattainable with current technologies by pursuing new modalities such as macrocyclic peptides. In addition, we will ensure a high clinical trial success rate by working to create high-quality development candidate molecules that are uncompromising in every aspect including efficacy, safety, DMPK,[1] and physical properties. With regard to macrocyclic peptide drugs, we are currently conducting a clinical trial of AUBE00, and promoting around 30 projects in total at the preclinical development and drug discovery research stages.[2] Also, we have named our in-house macrocyclic peptide drug discovery technology "SnipeTide." "Snipe" illustrates how macrocyclic peptides enter the body through oral administration and precisely reach intracellular targets. "Tide" alludes to an association with peptide, as well as the expectation that the technology will create a new tide of peptide drug discovery.

Chugai has a strong track record of collaborating primarily with academia in Japan to create numerous commercial products, and is currently focusing on collaborating with academia and start-ups both in Japan and overseas. We are promoting collaboration with a number of companies that have unique technologies capable of generating synergies with our own. For example, in 2025, we entered licensing agreements with Gero, which has target discovery technology for age-related diseases, and Rani Therapeutics, which has technology that enables oral delivery of biologics, and in February 2026, we entered a licensing agreement with Araris Biotech, which has next-generation ADC technology. Chugai Venture Fund, LLC (CVF), our corporate venture capital fund headquartered in Boston, U.S.A., and operating since 2024, has invested in a cumulative total of seven companies.[2] Looking ahead, we will engage not only in standalone drug discovery but also proactively seek outside technology and targets, combining them with our proprietary strengths to expand drug discovery opportunities. We will address unresolved medical needs, pursue innovative drug discoveries that will lead to cures, early intervention, and prevention, and continue to contribute to the improvement of patients' QoL.

1. The process by which a candidate is absorbed, distributed, metabolized and excreted by the body (drug metabolism and pharmacokinetics)
2. As of January 29, 2026

Chugai R&D Principles
https://www.chugai-pharm.co.jp/english/innovation/rd/principles/

Pick Up

AUBE00, the Second Macrocyclic Peptide to Enter Clinical Trials

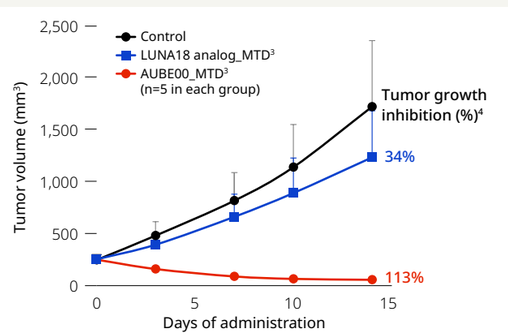
In 2025, we started a clinical trial of AUBE00, the second macrocyclic peptide project to enter clinical development. For the first project, LUNA18, which was discontinued the same year, we carefully evaluated its safety and efficacy, as well as its therapeutic window, and confirmed its oral absorption in humans—an important concept for macrocyclic peptide drugs. Its intracellular penetration was also indicated. However, from a perspective of competitive advantage in RAS inhibitors, we decided to focus on AUBE00.

LUNA18 inhibits all RAS proteins, including NRAS and HRAS, which are needed to maintain normal cell function. By contrast, AUBE00 is designed to selectively inhibit KRAS, which is a well-established oncogenic driver in cancer proliferation, and is expected to demonstrate a wider therapeutic window and strong anti-tumor activity. Moreover, we will accelerate the development of AUBE00 by leveraging knowledge gained with LUNA18 to predict clinical outcomes based on non-clinical models.

We will continue to focus on the discovery of macrocyclic peptide drugs as they enable us to approach targets that have been difficult to address with conventional modalities, and are expected to contribute to the resolution of healthcare issues going forward.

Anti-Tumor Effects in a Xenograft Mouse Model Inoculated with a Human KRAS-Mutated Non-Small Cell Lung Cancer

AUBE00 demonstrated robust tumor regression in a xenograft model that was insensitive to a LUNA18 analog



Source: Internal data

3. Maximal tolerable dose
4. This represents the inhibition effect on tumor growth relative to the control group. 100% indicates tumor growth has completely stopped, while values exceeding 100% indicate tumor shrinkage.

Strategy Implementation 2

Development

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

Progress

- Successful confirmation of oral absorption of macrocyclic peptides in humans
- Increase in development pipeline, and initiation of simultaneous development for multiple diseases
- Progress in transforming the operational model, including the use of real-world data (RWD)

Challenges

- Shortening development periods and maintaining high success rates
  - Early evaluation of project potential and strategic prioritization
  - Advancement of human predictive models
- Utilization of digital technologies and RWD for significant efficiency improvements and refinement of development strategy

Direction of Reform

Early stage

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

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

Late stage

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

Goal

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

1. The true value that contributes to improving patients' QoL

Mid-Term Milestones

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

As we advance TOP I 2030, an increasing number of in-house projects are moving to clinical development. By integrating clinical development capabilities with human predictive capabilities, we make science-driven and swift Go/No-Go decisions. For projects that are deemed to have high potential from the non-clinical stage, we proceed from early-stage clinical testing with simultaneous development for multiple indications to accelerate the maximization of overall project value. In addition, we maximize the value provided to patients by pursuing the true endpoint at an earlier stage, leading to late-stage development. In 2025, we made a decision to simultaneously discontinue in-house development of five projects, including LUNA18. In addition, we accelerated prioritization and focus of our in-house projects through Go/No-Go decisions on six projects. Meanwhile, in new developments, we started Phase I clinical trials for the small molecule project MINT91 and the macrocyclic peptide project AUBE00. We also started the Phase II clinical trial of GYM329 for obesity. In addition, for NXT007, we confirmed PoC—an important milestone—and decided to transition to Phase III.

In late-stage development, we lead the industry in the use of digital technology and RWD, and we are promoting the integration of electronic medical records and EDC[2] and patient registration in clinical trials. Furthermore, through our collaboration with Roche, we contribute to improving success rates by proactively making proposals on global development strategies and study plans, as well as to the generation of evidence for maximizing product value.

In 2025, we obtained results from multiple Phase III clinical trials of our in-house product orforglipron for obesity and type 2 diabetes, achieving the primary endpoints in all of the trials. Upon receiving the positive results, licensee Eli Lilly filed regulatory approval applications for orforglipron for the treatment of obesity in multiple countries including the United States. In addition, Chugai received conditional and time-limited approval for the gene therapy product Elevidys—which is in-licensed from Roche—for treatment of Duchenne muscular dystrophy.

For products in-licensed from third parties other than Roche, sparsentan—acquired by making Renalys Pharma a wholly owned subsidiary—showed positive topline results in a Phase III clinical trial for IgA nephropathy conducted in Japan.

2. Electronic Data Capture: A mechanism or system for collecting clinical data electronically

Pick Up

Evolution of Early-Stage Clinical Development Strategy

Amid an increase in in-house projects advancing to the clinical development stage, it is essential to further accelerate early-stage development by making maximum use of limited management resources to achieve TOP I 2030. As part of our early-stage development strategy, we have introduced earlier-stage Go/No-Go decision criteria in addition to conventional ePoC[3] criteria for all projects, enabling early evaluation of drug potential and strategic resource allocation. Meanwhile, because these decisions are made based on predetermined criteria once the necessary data has been obtained, it takes time for their effects to become evident. In light of this, in July 2025, we made a management decision to simultaneously discontinue the in-house development of five projects after comprehensively assessing the available data and the overall portfolio status. This has enabled more agile resource allocation.

By renewing the development portfolio and accelerating overall early-stage development through Go/No-Go decisions, we aim to achieve the launching of global in-house products every year while maintaining a high success rate for in-house products in late-stage development.

3. In addition to safety, signs of efficacy or pharmacological effect has been confirmed in a limited number of patients.

Enhancement of Go/No-Go Decisions

2015–
Science-based decisions

+

- Clinical development capabilities based on accumulated knowledge
- Human predictive capabilities in non-clinical trials

July 2024–
Both Science and Speed
- Determine the optimal development route from the non-clinical stage
- Add Go/No-Go decisions from an earlier stage to evaluate the potential for drug development as quickly as possible

Expected Results
- Prioritization of resources toward high-potential projects
- Renewal of development portfolio and acceleration of overall early-stage development

Management Decision to Simultaneously Discontinue In-House Development (As of July 2025)

Phase I	Phase II	
LUNA18 SAIL66 SOF10 STA551	AMY109	In-house development discontinued
ALPS12 BRY10[4] DONQ52 GC33 MINT91 RAY121 REVN24 ROSE12 AUBE00	GYM329	Resources prioritized

4. Discontinuation of development due to Go/No-Go decision announced in financial results for the fiscal year ended December 31, 2025.

Strategy Implementation 3

Pharmaceutical Technology

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

Progress

- Success in developing technology for manufacturing high-difficulty macrocyclic peptides and high-potency substances
- Expanded macrocyclic peptide manufacturing facilities and established supply systems for investigational drugs and commercial use
- Advanced expansion of biopharmaceutical manufacturing facilities
- Progress in building digital infrastructure to support the realization of smart factories and improving efficiency

Challenges

- Improving speed in macrocyclic peptide pharmaceutical development
  - Building and enhancing a pharmaceutical technology platform
- Building a robust supply system
  - Building a production and supply system that can handle an increase in global in-house products and respond to geopolitical risks

Direction of Reform

Pursuit of world-class technologies

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

Establishment of robust and competitive supply systems

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

Goal

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

Mid-Term Milestones

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

Based on our goals of doubling R&D output and launching global in-house products every year, we will pursue world-leading pharmaceutical technologies to deliver new drug discovery ideas including macrocyclic peptides as commercial products to our patients. We will strengthen the production framework by further enhancing collaboration among the drug discovery, early development, and pharmaceutical functions and by establishing cutting-edge technologies in active pharmaceutical ingredients (APIs), formulation, and analysis for highly active compounds that are extremely difficult to formulate. By further cultivating our technologies in the antibody field, we will shorten the lead time from selection of molecules for development to application for clinical trials and speed up development.

In production, we will improve efficiency by bolstering our production technology including the utilization of digital and robotics technologies. At the same time, we will prepare for disasters and geopolitical risks as we focus on building a robust and competitive supply system. In addition to various measures for realizing smart factories, our basic policy after market launch is to pursue a dual site strategy through collaboration with external partners such as CMOs,* aiming to realize stable supply and global quality standards by actively working to make the necessary capital investments.

Looking at the current status of our capital investments, at our Fujieda Plant, we have completed the FJ2 building, a facility for ultra-high-potency compounds with world-class containment technologies for manufacturing APIs for small molecules and macrocyclic peptides used in early-stage development. This was followed in 2024 by the completion of the FJ3 building, which handles the stages from late-stage development to initial commercial production.
At the Ukima Plant, to enable the fastest possible start of clinical trials, we have started operations at our UK4 biopharmaceutical drug substances manufacturing building, which is specialized for early-stage development. We will also conduct modifications of the existing UK3 building to enhance its capabilities for late-stage development through to initial commercial production, with the aim of tripling the production capacity and eliminating fluorocarbons. At the Utsunomiya Plant, in November 2025, we completed the new injection building, UTA, which leverages robotics technologies to manufacture sterile injectables. Moreover, in May 2026, we plan to complete construction of the UT3 building, which will be equipped with continuous production functions and undertake biopharmaceutical drug substance manufacturing from middle-stage clinical development to initial commercial production, and we are making steady progress in preparing for the start of operations.
* Contract manufacturing organizations

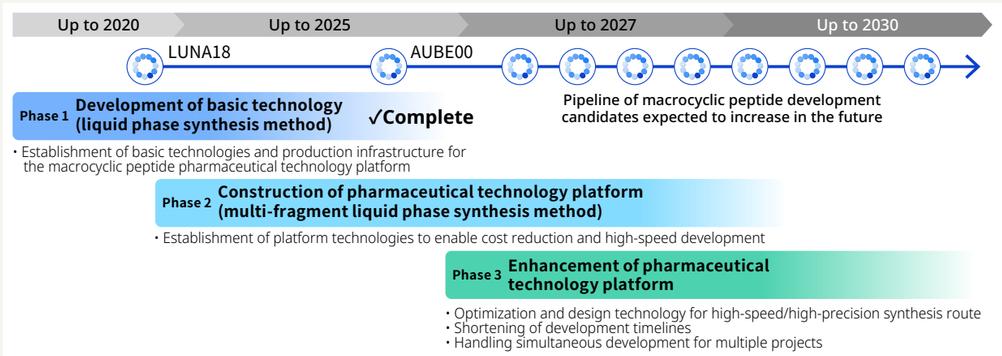
Pick Up

Establishing a Pharmaceutical Technology Platform for Macrocyclic Peptide Drugs

The macrocyclic peptide drugs discovered by Chugai are complex cyclic peptides composed of many unnatural amino acids. They exhibit extremely high pharmacological activity. Therefore, their industrial production posed significant challenges in terms of satisfying needs for cost, development speed, and safety simultaneously. Challenging the long-standing view that peptides should be synthesized using solid phase synthesis, we are leveraging their solubility in organic solvents despite being peptides and our technological expertise in the small-molecule field to develop a new multi-fragment liquid phase synthesis method as a new pharmaceutical technology platform incorporating crystallization. This approach is expected to produce benefits such as dramatically shortening the process, reducing costs, and enabling flexible synthesis route design.

In addition, we have also established a production infrastructure to handle high pharmacological activity, and completed Phase 1 (basic technology development) of our pharmaceutical technology platform for macrocyclic peptide drugs in 2025. Looking ahead, we aim to achieve even further cost reductions and acceleration of development to keep pace with expansion of the development pipeline, and we will work to enhance our platform through internal and external collaboration.

Further Evolution for the Future



Strategy Implementation 4

Value Delivery

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

Progress

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

Challenges

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

Direction of Reform

Achieving personalized medical & safety care
- Generation of evidence to offer the best treatment option for each patient

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

Resource shift / digital utilization
- Priority allocation of resources to strategic areas
- Field force optimization
- Back-office function reform
- Continuous optimization of distribution functions

Goal

- Early generation of high-value evidence after product launch
- Risk prediction and prevention of aggravation in actual clinical practice
- Highest global market share[1] for the strategic products
- Industry-leading activities for patient-centric information provision
- Maintaining and improving industry-leading productivity

1. Within the Roche Group

Mid-Term Milestones

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

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

In our establishment of a new customer engagement model, in an environment where customer interactions are changing dramatically, we made major modifications to our internal customer information system platform. Through collaboration with Salesforce, we built our new system, CHUGAI ONE FORCE, and centralized customer information and activity records that were previously spread across multiple locations. This will enable cross-departmental use of data and accelerate our omni-channel strategy, which aims to optimally integrate in-person, remote, and digital channels. By accelerating a marketing PDCA cycle based on accurate data analysis, we aim to establish a new paradigm for customer engagement that delivers optimal value to individual customers at the optimal timing.

In our efforts to increase productivity and streamline the organization, we outsourced operations that could be outsourced and centralized branch office operations. In addition, we strategically centralized the Safety Experts of the Drug Safety Division and the Medical Science Liaisons of the Medical Affairs Division as part of organizational efficiency measures. Looking ahead, we will achieve further productivity gains by combining an optimized platform with digital solutions, and realize an organization that can respond flexibly and powerfully to the rapidly changing market environment.

Pick Up

Formulation of the Chugai Value Delivery Principles

Chugai lists "patient centric" as one of its Core Values, which are a key element of its Mission Statement. To realize the true essence of "patient centric," we formulated the Chugai Value Delivery Principles based on three perspectives, as explained below: evidence, solutions, and an ecosystem. The principles serve as an action policy for the Value Delivery divisions (Marketing & Sales, Medical Affairs, Safety) to coordinate and go beyond a product-centered approach and work to provide comprehensive healthcare solutions.

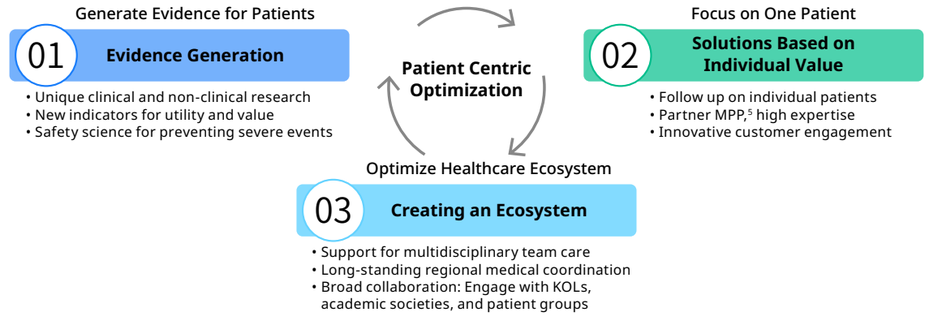
In terms of evidence, we aim to create original evidence that links clinical and non-clinical research, establish new social evidence indicators, such as QoL and economic viability, and generate data that enable predictions and the prevention of aggravation. For our solutions, we focus on patient follow-up, looking ahead to personalized healthcare, and innovative customer engagement that incorporates digital services centered on MRs. With respect to building an ecosystem, we strive to promote optimal treatments through team healthcare, coordinated healthcare services, and cooperation with key opinion leaders (KOLs),[2] academic societies, and patient groups, which we have worked on over the years in multiple disease areas.

Going forward, we will develop our unique competitive edge based on these principles into a global role model, provide comprehensive value in terms of therapeutic effects and QoL, and contribute to maximizing benefits for individual patients.

See below for the full text and details of the Chugai Value Delivery Principles.
https://www.chugai-pharm.co.jp/english/sustainability/patient/vd_principles.html

Chugai Value Delivery Principles

We will pursue optimal evidence, solutions, and ecosystems for patients, medical professionals, and communities, and aim to achieve patient-centric optimization[3] that ultimately maximizes benefits[4] for individual patients.



2. Key opinion leaders: Doctors and other experts with wide-ranging influence in the healthcare industry
3. A key concept of Value Delivery, optimizing evidence, solutions, and an ecosystem to maximize benefits for individual patients
4. Comprehensive value covering not only therapeutic effects, but also QoL and satisfaction
5. An MR development program (Medical Partner for the Patients)

Strategy Implementation 5

Foundation for Growth

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

	Progress	Challenges
People and organization	・Made a major shift to a job-based and voluntary application system under the new HR management system, encouraging autonomous career development	・Promotion of further proactive career development, securing of specialized talent, and promotion of diversity through the embedding of the new HR management system
Digital	・Created value through promotion of CHUGAI DIGITAL VISION 2030, formulated Chugai AI Strategy, and received external recognition such as DX Grand Prix and DX Platinum Enterprise	・Development and acquisition of digital human resources ・Promotion of business transformation through Company-wide use of AI
Sustainability / Environment	・Continued selection for the Dow Jones Best-in-Class World Index. Achieved all interim goals up to 2025, and made steady progress on Mid-Term Environmental Goals	・While some challenges remain, drive various initiatives toward the achievement of Mid-Term Environmental Goals
Quality	・Formulated QUALITY VISION 2030, setting more specific quality goals	・Continued permeation of quality culture*
PHC solutions	・Newly established PHC Solution Unit to demonstrate and maximize the value of pharmaceuticals	・Establishing PHC solution promotion system and business development capabilities in and outside Japan

* A culture where each person takes personal ownership of product and information quality and acts autonomously for the sake of patients

Direction of Reform

Drug Discovery | Development | Pharmaceutical Technology | Value Delivery

Foundation for Growth

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

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

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

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

PHC solutions
- Establishment of a global delivery system for PHC solutions to provide advanced proof and maximized value of pharmaceuticals

Please visit these websites for detailed information on sustainability.
Sustainability
https://www.chugai-pharm.co.jp/english/sustainability/
Sustainability Data
https://www.chugai-pharm.co.jp/english/sustainability/data/policy.html

People and Organization

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

Digital

Under CHUGAI DIGITAL VISION 2030, we are working together on co-creation to resolve the most important issues with each organization in order to create innovative new drugs and improve productivity across the entire value chain through the use of digital technologies, centered on AI. Additionally, we will continue to promote the development of digital talent and the enhancement of IT infrastructure that will lead to increased business value, with the aim of building a Company-wide infrastructure that supports driving innovation.

Sustainability / Environment

Global environmental conservation is an important foundation for all of our business activities. We aim to reduce our environmental impact through the achievement of the challenging targets for 2030 stated in Chugai's Mid-Term Environmental Goals 2030. We have achieved all of our interim goals for 2025, including reduction of CO_2 emissions. Challenges remain, such as reducing the use of halogenated hydrocarbons and reducing plastic waste; however, we will promote measures to achieve our goals while also enhancing information disclosure based on evidence.

Quality

By ensuring the quality of products, information, and processes and securing the human resources to realize them, we create a foundation that enables accelerated innovation and sustainable growth. To continue the stable provision of products and services that meet patients' expectations, we will acquire advanced methods to maintain both quality and efficiency, strengthen collaboration with partners, and foster a quality culture in all of our value chains to make our quality management even more effective.

PHC Solutions

As patient needs become increasingly diverse and complex, we will strive to maximize the value of innovative drugs and ensure that each patient can receive the optimal treatment through the precise diagnosis of disease states and the precise measurement of therapeutic effects. We aim to establish a global delivery system to contribute to patients around the world.

Mid-Term Milestones

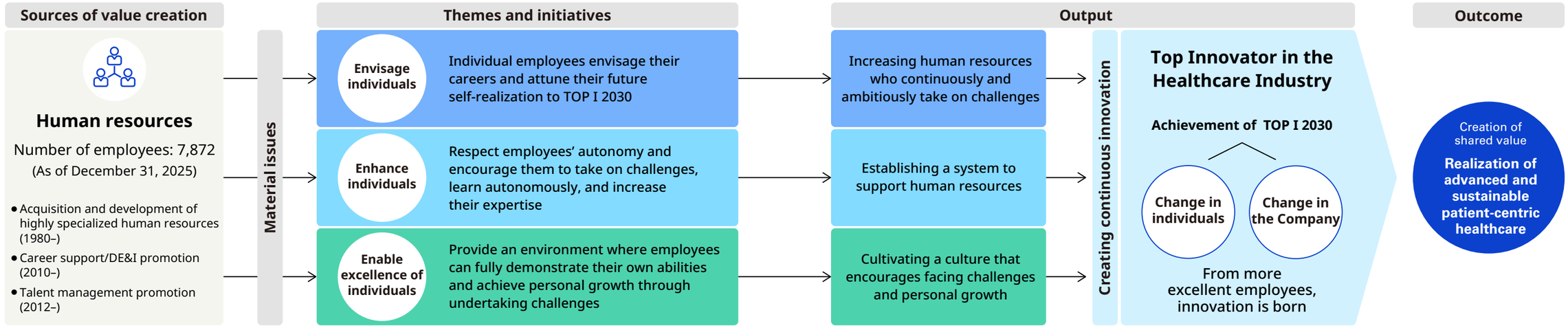
	Milestones	Year
People and organization	**1. Employee enablement and engagement**	
	・Employee enablement score: 71% positive response	2026
	・Employee engagement score: 79% positive response	2026
	2. Acquisition, retention, and development of highly specialized talent	
	・Job-fill rate for highly specialized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

Please see here for indicator details and progress assessments.

People & Culture Report
https://www.chugai-pharm.co.jp/english/sustainability/diversity/people_and_culture_report.html

Main Progress: Human Resources

Value Creation Model from the Perspective of Human Capital



To deliver innovative pharmaceuticals to patients worldwide, Chugai has consistently pursued a human resources strategy coordinated with its management strategy, based on the belief that "innovation is created from diverse values and expertise." Against this backdrop, to achieve the ambitious goals set out in TOP I 2030—doubling R&D output and launching global in-house products every year—we need to further enhance the individual capabilities of our employees, the source of our value creation. The human resources management policy in TOP I 2030 focuses more on individual growth and the willingness to face challenges, and stipulates envisaging, enhancing, and enabling the excellence of individuals ("the three approaches to individuals").

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

Linking individual growth with the Company's transformation generates continuous innovation, increases corporate value, and attracts talented human resources. This virtuous cycle unlocks further innovation and individual growth, resulting in sustainable value creation.

Main Initiatives and Specific Themes

Envisage individuals

Recruitment and development of highly specialized human resources is a key theme for continuous innovation. In particular, for RED positions,[1] we have established professional roles that are essential to executing our strategy, while also developing and managing highly specialized talent and strengthening external recruitment.

- Recruitment and development of highly specialized human resources
- Internal promotion and improvement of a job-oriented human resources system
- Promotion of career autonomy
- Permeation of mission leadership principles

Enhance individuals

To support human resources who take on challenges, learn autonomously, and continue to hone their expertise, we have identified the required skills for each position, and we are focusing on enhancement of the I Learning training management system and the creation of interactive opportunities inside and outside the Company, such as in-house internships and side businesses, as well as human resources exchanges with Roche.

- Strengthening of mutual learning using I Learning and skill sets
- Development of digital human resources through the CHUGAI DIGITAL ACADEMY
- Human resources exchanges with Roche
- Systematic nurturing of next-generation management

Enable excellence of individuals

We are putting an environment in place to achieve an organization that can enable all employees to thrive, and where tangible growth can be felt. Under the new human resources management system introduced in 2025, the scope of job-based careers has been expanded to all employees, and the mandatory retirement age has been abolished. This will encourage employees to take on challenges and grow, regardless of their age or other attributes, aiming higher by aligning their personal goals with those of the organization.

- Promotion of job satisfaction reforms and DE&I
- Implementation of self-supporting management
- "Check-in" sessions to support an awareness of personal growth
- Promotion of health and productivity management

1. Research & Early Development: Specialized research, early clinical development, and pharmaceutical technology functions related to early product development

Monitoring Indicators (Highlighted items indicate performance indicators)

	Theme	Indicators	2024 results	2025 results	2030 target value
Envisage individuals	Diverse and highly specialized human resources	Job-fill rate for highly specialized human resources (Job-fill rate for science specialists/digital specialists/medical doctors)	88% (84%/90%/100%)	67% (63%/70%/83%)	90%
		Job-fill rate for global human resources in key positions	Division head: 17/20= 85%, Department head: 35/77= 45%	Division head: 17/22= 77%, Department head: 33/74= 45%	100%
	Human resources who embody our values	Degree of shared understanding of our Core Values	77%	Awareness survey not conducted	100%
		Patient-centric awareness	86%	Awareness survey not conducted	—
	Human resources who have initiative	Excellent employee ratio[2]	72	Awareness survey not conducted	100
		Employee engagement score	94	Awareness survey not conducted	100
		Number of participants in Career Design Training and Career Fair	822	947	—
Enhance individuals	Human resources development that promotes a sense of growth	Human resources development investment (per person)	¥270 thousand	¥260 thousand	¥300 thousand
		Number of employees participating in the Roche Human Resources Exchange Program	278	293	Approximately 10% of employees
	Creation of external network opportunities	Number of employees sent to external specialist organizations	32	29	100
	Systematic nurturing of next-generation management	Successor preparation rate[3]	289%	336%	300% (3 people/position)
		Number of educational programs for LCL and GPL	11	12	—
Enable excellence of individuals	A culture that praises tackling challenges	Challenge climate index	76%	Awareness survey not conducted	100%
		Application rate for higher positions[4]	22% (Appointment ratio)	63% (Application rate)	50% (Application rate)
	Self-supporting management	Rate of "check-in" (supervisor and subordinate 1-on-1) sessions conducted	81%	88%	100%
	Promoting DE&I that capitalizes on diversity	Employee enablement score	83	Awareness survey not conducted	100
		Percentage of female managers	17.6%	19.2%	Equal to the percentage of female employees (estimate 38%)
		Inclusion put into practice	59%	Awareness survey not conducted	75% or higher

2. When the score of companies with strong global performance is deemed as 100
3. Calculated by dividing the total number of candidates within three years by the number of key positions
4. Percentage of new appointments assigned through the challenge assignment system and internal recruitment system. Measure the percentage of those who applied after adoption of the posting system

Pick Up

Main Initiatives of the New HR Management System

Job Posting System

This system provides information to all employees about internal positions that have opened up, allowing those who are interested to apply and transfer if they pass the screening process. By enabling employees to transfer by their own choice, we are creating an environment where they can develop their careers autonomously and challenge themselves. In 2025, the first year of the system, a total of 1,744 people applied for 776 positions posted, with 711 people successfully transferring. The new system has made a strong start, with 63% of all transfers in 2025 realized through the job posting system, against a target of 50%. The employees who transferred have performed well and have had a positive impact on those around them. Managers, meanwhile, have acquired a mindset of taking responsibility for developing the employees they themselves selected, and they actively promote the appeal of their organizations to attract talent.

5 . Includes cases where a single individual applies for multiple positions during the period
6 . Includes persons promoted within the same department

New Competencies and Beyond Goals

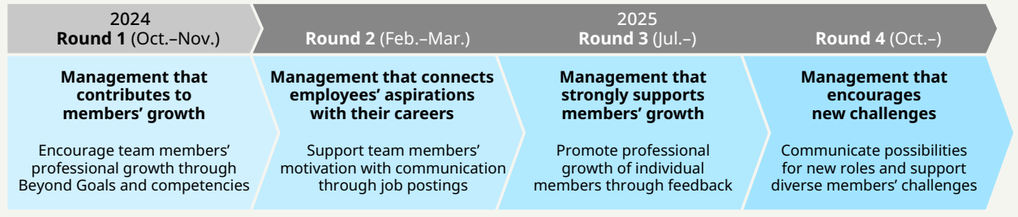
To achieve the goals of TOP I 2030, we have defined new competencies based on the Chugai leadership principles. The new competencies consist of five categories: Envision, Engage, Embrace Challenges, Create Value, and Leverage. All employees are required to set targets at the start of the year based on the definitions for each grade and position, then strive to improve their own level of activity guided by check-in meetings and 360-degree feedback. Their managers provide a performance appraisal based on the targets at the end of the year. The appraisal results are reflected in employees' basic salary to accelerate their growth through the competencies.

We also introduced Beyond Goals, an additive evaluation approach centered on creating value through challenge. Employees articulate the future they want to realize several years from now, and the value they create through activities aimed at achieving this future throughout the year is evaluated using an additive approach. The system aligns each employee's goals with those of the Company and organization to promote the creation of value through engagement in challenges.

Manager Training to Promote the New Human Resources Management System

Managers are the key to the successful embedding of the new human resources management system, and we provide continuous training on designed themes. In 2025, we conducted management training focused on two themes: "management that connects employees' aspirations with their careers," which teaches methods for supporting employees' career development, and "management that strongly supports members' growth," which teaches effective dialogue techniques that promote individual growth through feedback. Around 660 managers voluntarily attended these live training sessions. Hopefully, daily dialogue, recognition, and feedback from managers will lead to behavioral changes, and we aim to firmly establish the new human resources management system in our organization.

Management Training System to Support the Embedding of the New Human Resources Management System (Scheduled to Be Continuously Implemented)



Main Progress: Sustainability / Environment

Mid-Term Environmental Goals 2030

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

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

Viewing environmental conservation as an important underpinning supporting all business activities, Chugai has unveiled its challenging Mid-Term Environmental Goals 2030, developed based on global environmental consensus. We made steady progress on our three material issues, achieving all targets for 2025. From 2025, all Group bases procured electricity from sustainable sources. Our activities on biodiversity protection to date have been highly rated, and in October 2025, Chugai was certified as a "Water Cycle Active-company" by the Cabinet Secretariat. Chugai Life Science Park Yokohama, the Company's research center, also received the Green City Award (Minister of Land, Infrastructure, Transport and Tourism Award). Based on the TNFD[4] recommendations, we started conducting an assessment of our dependence and impact on nature in our business activities, and disclosing this information. As we approach 2030, we face challenges related to halogenated hydrocarbons and plastic waste. Under our management policy of creating shared value for the Company and society, we will promote initiatives to meet these challenges and achieve our targets.

4. The Taskforce on Nature-related Financial Disclosures

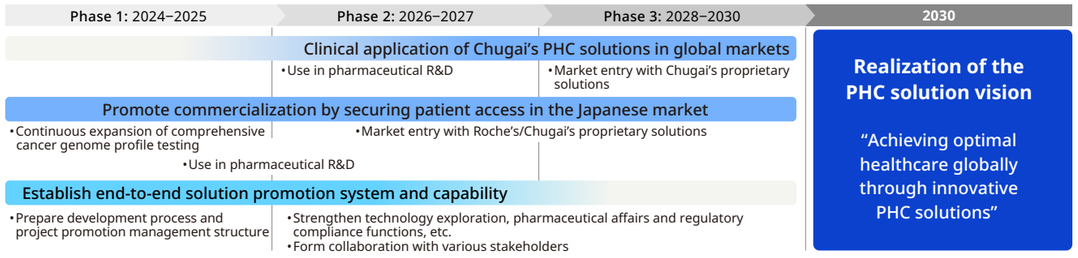
Disclosures based on the TNFD recommendations (July 2025)
https://www.chugai-pharm.co.jp/english/sustainability/environment/biodiversity/docs/TNFD_disclosures_report.pdf

Main Progress: PHC Solutions

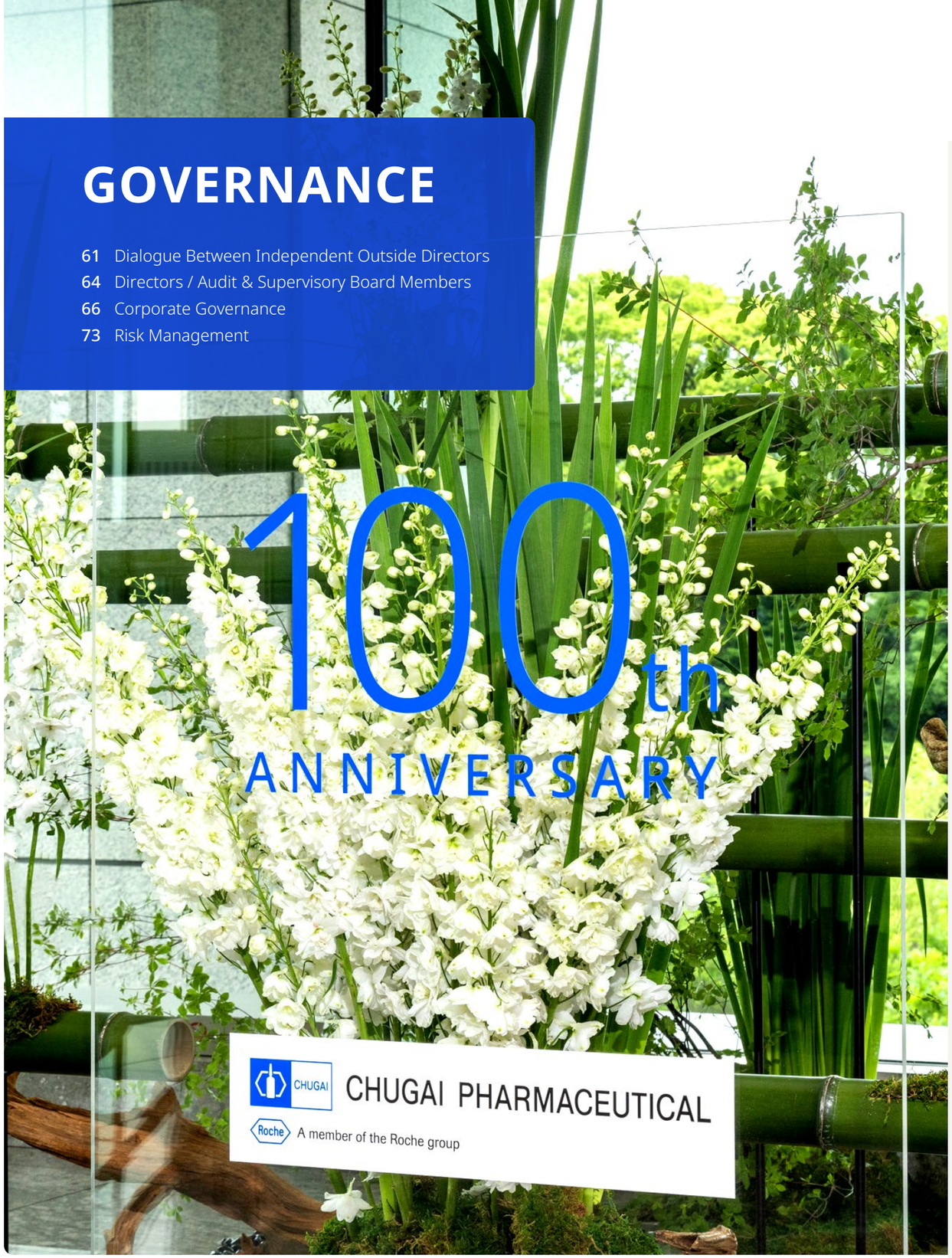
As a pioneer of personalized healthcare, Chugai has focused on providing the optimal healthcare for individual patients. With recent changes in the healthcare environment, patient needs have expanded beyond pharmaceuticals into peripheral treatments. In April 2024, we established a new PHC Solution Unit to drive the next generation of personalized healthcare. The unit aims to develop new indicators for measuring therapeutic effects, optimize patient selection for drug administration through more precise diagnosis, and enable ongoing monitoring of disease status and treatment outcomes. These initiatives are expected to increase the development success rate and value assessment of pharmaceuticals and shorten the time to market. We believe they will contribute to the expansion of pharmaceutical revenue and reduction of development costs. In 2025, we retained a firm grip on the top share of the CGP[5] market, while steadily proceeding with initiatives such as starting co-creation with Biomy, Inc. in November toward the joint development of an AI-based cancer pathology diagnostic support program. In 2026, we will move to Phase 2, promoting market entry with Roche's and Chugai's proprietary solutions and their use in pharmaceutical R&D, as we realize optimal healthcare globally through PHC solutions.

5. CGP: Comprehensive genomic profiling

Roadmap to 2030

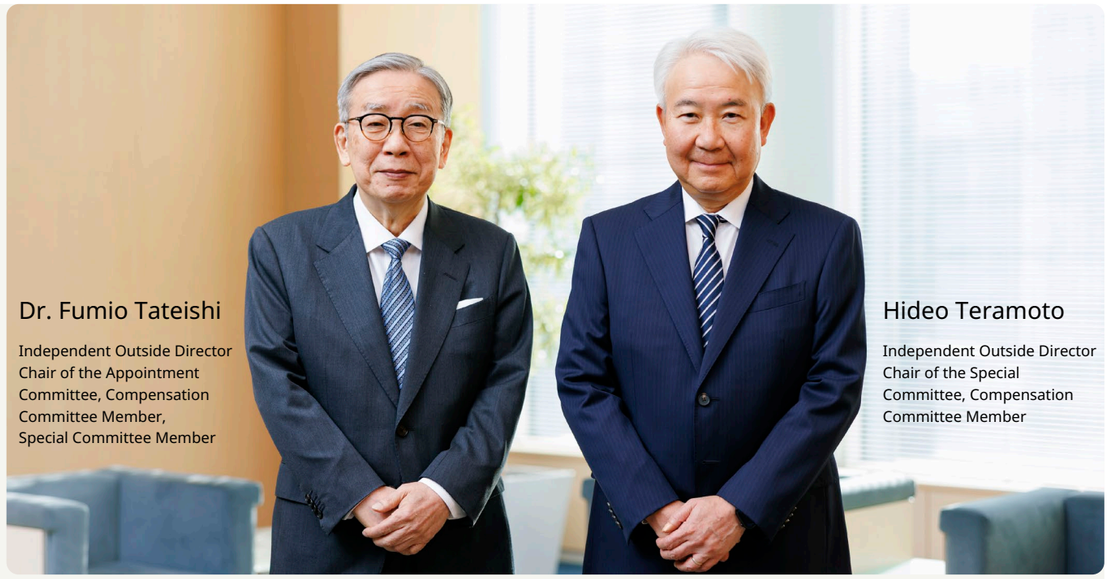


GOVERNANCE



Story of Chugai "Creating Drugs That Benefit the World": A Century of Purpose and the Future Chugai Is Building
https://www.chugai-pharm.co.jp/english/story/detail/20260428000000_94.html

Dialogue Between Independent Outside Directors



Dr. Fumio Tateishi
Independent Outside Director
Chair of the Appointment Committee, Compensation Committee Member, Special Committee Member

Hideo Teramoto
Independent Outside Director
Chair of the Special Committee, Compensation Committee Member

Viewing the 100th anniversary as a fresh start, we will monitor the progress of Chugai's growth strategy—including the strengthening of non-financial aspects—and oversee agile management, even in a highly uncertain environment

How does TOP I 2030 measure up at the midpoint?

Tateishi My assessment is that during the first five years of TOP I 2030, the three key drivers—RED SHIFT, Open Innovation, and DX—have developed with remarkable speed. Additionally, through dialogue with investors, there is a profound sense that expectations for Chugai's drug discovery technology platform are transforming into a foundation of solid trust. So-called "non-financial" corporate value, calculated by deducting net assets from market capitalization, stands at approximately ¥11.8 trillion.[1] The ratio of non-financial value is approximately 85%, placing it at a top-tier level within Japan's domestic pharmaceutical industry.

Teramoto Progress on TOP I 2030, including financial performance, is proceeding very smoothly. In particular, I am truly impressed by how far RED SHIFT has come in terms of both quality and speed. As a result, through the initiatives we undertake during the remaining five years, achieving the 2030 targets, namely doubling R&D output and launching global in-house products every year, have now come within reach. At the same time, though, we cannot overlook the importance of domestic growth driven by both new and mainstay products. It is significant that, amid the challenging domestic market environment, marked by factors such as a declining population and the NHI drug pricing system, we have achieved growth by precisely delivering value to patients.

Tateishi I agree. Chugai has established a value creation model that starts with contributing to patients, with measures that ensure integration across strategy, frontline operations and finance shared throughout the Company. I firmly believe that it is people who drive a company forward. My view is that the results we have seen are a testament to all employees embracing a clear sense of purpose and committing themselves to the transformation of the business model.

Teramoto Exactly. Discussions among management have become more dynamic, and I can feel how open and transparent the atmosphere is, whether I am participating in internal meetings or visiting the Company's research centers and production plants. I think this frank and forward-looking organizational culture, where candid and diverse opinions are freely exchanged, is the source of Chugai's growth and innovation.

We are striving for the further evolution of the Board of Directors and advisory committees as forums for dialogue on creating medium- to long-term value

— Dr. Fumio Tateishi

What areas have the Board of Directors and other bodies been prioritizing for monitoring?

Teramoto 〉I have been focused primarily on monitoring three key areas, but first and foremost research and development. Over the past two years or so, improvements to meeting materials, such as visualization of key progress milestones and the pipeline's strategic potential and promise, along with advance briefings on important projects have significantly deepened our discussions. Next comes capital allocation. Since my background is in the financial industry, this has long been an area of keen interest to me. Consequently, I have engaged in extensive discussions with the management team, especially CFO Iwaaki Taniguchi, regarding the utilization of cash reserves, which currently stand at approximately ¥1 trillion, from perspectives such as shareholder returns, growth investments, and the appropriate level of cash to retain on hand. The third point is human resources and organizational culture. While I recognize that positive changes are underway, including the introduction of a new HR management system, I will continue to closely monitor how these moves are rolled out and addressed going forward, taking into account the diverse range of opinions within the Company regarding its systems.

Tateishi 〉For my part, I am closely watching whether the selection and concentration of management resources are flowing in the direction of maximizing human creativity. To this end, as RED SHIFT gains traction, I have placed particular emphasis on verifying whether the Company's efforts contribute to researcher-driven innovation and medium- to long-term foundation development. I also closely monitor initiatives aimed at strengthening less visible assets, such as intellectual property, quality, and organizational culture.

Teramoto 〉Speaking of selection and concentration, I engaged in extensive discussions regarding the decision to simultaneously discontinue in-house development of five early-stage projects, as well as the establishment of Go/No-Go decision criteria, particularly out of concern for the potential impact on researcher morale. Beyond that, as outsiders to the pharmaceutical industry, we must provide precise explanations to the capital markets as to the points that initially raised questions for us. Specifically, examples include the need for the same rigorous evaluation when investing in external technologies and development candidates as applied to Chugai's own R&D activities, as well as strategic differentiation within the therapeutic area of obesity between orforglipron, out-licensed to Eli Lilly, and emugrobart (GYM329), out-licensed to Roche.

Tateishi 〉In the operation of the Board of Directors, the level of respect the three non-executive directors from Roche show for Chugai's autonomous management is truly commendable. Their advice from a global perspective, aimed at fostering growth, leads to constructive discussions within the board. Through the remarks of each of these three directors, I can genuinely feel the deep trust that Roche places in Chugai.

Teramoto 〉Underpinning the Company's current growth is a unique business model grounded in the strategic alliance with Roche. While due consideration must be given to protecting minority shareholder interests and similar concerns, I believe a crucial aspect of the relationship with Roche is that the very value Chugai has independently discovered and developed is highly recognized and respected by the Roche Group. I view it as a truly rare business model that Chugai can operate with autonomy in both management and business operations, while leveraging Roche's exceptional capabilities, networks and intelligence.

What are the key matters for the remaining five years of TOP I 2030 and for future growth?

Teramoto 〉The final five-year phase of TOP I 2030 is anchored by five specific "targets." I recently took part in a discussion with senior leaders during an internal meeting to discuss and deliberate the initiatives to be undertaken for the second half of the plan. This session not only clarified the leaders' own key areas of focus but also clearly defined specific points for monitoring for us as independent outside directors. Given the smooth progress thus far, agile and flexible management capable of adapting to changes in an increasingly uncertain environment is essential to ensure that this growth momentum does not lose pace.

Tateishi 〉I could not agree more. I am convinced that the key to future growth is maintaining a corporate culture that believes in human potential, no matter how far AI and technology progress. While the development of AI will undoubtedly transform the approach to drug discovery, it is ultimately human beings who make and bear final responsibility for deciding to change patients' futures through specific medications. We look to the executive team to lay out bold engagement initiatives and strategies that unlock the full potential of employees, while also fostering an organization characterized by high psychological safety, where individuals feel empowered to take on challenges without fear of failure.

Teramoto 〉In the short term, risk factors include the next-generation ERP implementation program ASPIRE[2] and cybersecurity. Given the life-critical nature of the pharmaceutical business, the impact of system malfunctions could be massive. For the executive team, along with ensuring operation of these systems, they are also asked to retain the necessary maintenance resources to address a wide range of contingencies. From a medium- to long-term perspective, meanwhile, I believe it is crucial to attune the antenna, as it were, to the emergence of potential "game changers" and to prepare for a diverse array of scenarios.

Tateishi 〉For management, it is essential to maintain a perspective that envisions the society that should take shape 10 or 15 years from now, then backcast from that point. In addition to the Company's long-term vision for 2030, Chugai annually outlines broad performance projections looking ahead to the next 10 years, utilizing these forecasts as materials for future planning. For pharmaceutical companies with long business cycles, regularly reviewing their long-term outlook is extremely important, and I believe doing so enhances both the flexibility and precision of their strategies.

Any thoughts on the future evolution of governance?

Tateishi 〉I believe the evolution of governance is not merely a matter of form, but rather the pursuit of quality decision-making. That is why I am committed to driving the further evolution of Chugai's Board of Directors and other advisory committees, positioning them as forums for dialogue on creating medium- to long-term value. In particular, key agenda items going forward will include succession planning for the next generation of leaders and dialogue with investors, among others.

Teramoto 〉I completely agree. The true meaning of governance lies in continuous efforts to enhance its effectiveness. As I understand it, the "Comply or Explain" principle of the Corporate Governance Code does not simply mandate formal compliance. That is why I believe it is essential that we continue our efforts to provide clear explanations in response to concerns raised regarding Chugai's ratio of independent outside directors. Furthermore, stock prices tend to be impacted by events, often influenced by development progress and other factors. From the standpoint of mitigating volatility, we will engage in dialogue to ensure that capital markets appropriately value the Company's fundamental drug discovery capabilities and business foundations, such as development, production, and Value Delivery—which represent the true capabilities of the pharmaceutical business.

Tateishi 〉Where the operation of the Board of Directors is concerned, for the past two years, in addition to an annual effectiveness evaluation, we have been holding "after reviews" to exchange views following each Board of Directors meeting, and these reviews are helping to accelerate our PDCA cycle. On top of this, we have increased opportunities for information sharing and dialogue outside of the Board of Directors meetings. With these programs as a base, we hope to further deepen the quality of our discussions.

Teramoto 〉You are absolutely right. Through various meetings and site visits, we have also gained valuable insight into the perspectives and mindsets of both management and employees on the ground. Going forward, let's continue to actively visit frontline operations, while comprehending the background of discussions taking place on the executive side, so as to foster a broader understanding and engage in dialogue with greater depth. Dr. Tateishi, thank you very much for your time today.

Tateishi 〉The pleasure was mine. Thank you.

1. As of December 30, 2025
2. A business and digital transformation program to implement cutting-edge, global standardization processes and next-generation enterprise resource planning across Chugai

We are actively engaging in dialogue so that capital markets understand the inherent strengths of pharmaceuticals —the fundamental value Chugai offers

— Hideo Teramoto

Directors / Audit & Supervisory Board Members (As of April 1, 2026)

Executive Directors

Dr. Osamu Okuda
Representative Director, President & CEO

Executive Director

(Shares of the Company owned: 223.3 thousand shares)

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

Iwaaki Taniguchi
Director, Executive Vice President & CFO

Executive Director

(Shares of the Company owned: 10.8 thousand shares)

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

Dr. Hitoshi Iikura
Director, Executive Vice President

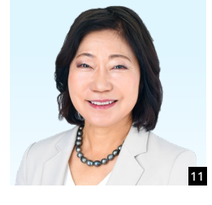
Executive Director

(Shares of the Company owned: 8.8 thousand shares)

2000 Joined the Company
2017 Head of Medicinal Chemistry Research Dept.
2021 Head of Research Div.
2022 Vice President, Head of Research Div.
2024 Vice President, Head of Translational Research Div. Director, Executive Vice President, and Head of Translational Research Div.
2026 Director, Executive Vice President, and Head of Corporate Planning Dept. (to present)

Non-Executive Directors

Audit & Supervisory Board Members



Non-Executive Directors

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

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

2 Hideo Teramoto Outside Independent
Outside Director of Imperial Hotel, Ltd.

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

3 Dr. Kinuko Mitani Outside Independent
Emeritus Professor & Specially Appointed Professor, Department of Medicine, Dokkyo Medical University
Councilor (Part-time), Tokyo Medical University

2000 Chief Professor, Department of Hematology, Dokkyo Medical University
2008 Chief Professor, Department of Hematology and Oncology, Dokkyo Medical University
2024 Emeritus Professor & Specially Appointed Professor, Department of Medicine, Dokkyo Medical University (to present)
2025 Councilor (Part-time), Tokyo Medical University (to present)
2026 Director of the Company (to present)

4 Dr. Thomas Schinecker
Roche Group, CEO

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

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

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

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

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

Audit & Supervisory Board Members

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

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

8 Masayoshi Higuchi (Full-time)
(Shares of the Company owned: 6.7 thousand shares)

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

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

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

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

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

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

1985 Joined Aoyama Audit Corporation
2006 Joined Arata Audit Corporation (currently PricewaterhouseCoopers Japan LLC)
2008 Partner of PricewaterhouseCoopers Arata ("Arata")
2016 Member of the firm management committee and Executive Officer in charge of the manufacturing, distribution, and services division of Arata
2023 Representative of Mami Yunoki Certified Public Accountant Office (to present)
2024 Outside Audit & Supervisory Board Member of the Company (to present)
Outside Director of Daiwa Securities Group Inc. (to present)
2025 Outside Director of ORIX Corporation (to present)

Independent Independent director or Audit & Supervisory Board member pursuant to Article 436-2 of the regulations of Tokyo Stock Exchange, Inc.

Notes: 1. Non-executive directors and outside Audit & Supervisory Board members do not own Company shares.
2. The number of shares of the Company owned by each individual shown on pages 64 and 65 includes shares of stock in the Officers Shareholders' Association of the Company.

Corporate Governance

Basic Policy Regarding Corporate Governance

Chugai's mission is to dedicate itself to adding value by creating and delivering innovative products and services for the medical community and human health around the world. Chugai has stated its aim of becoming a top innovator for advanced and sustainable patient-centric healthcare in its Envisioned Future. Chugai has adopted "creating shared value" as its basic management policy, in line with the philosophy of growing together with its various stakeholders by resolving social issues through business activities.

To create this shared value, under its strategic alliance with Roche, Chugai maintains its managerial autonomy and independence as a publicly listed company while being a member of the Roche Group. Chugai constantly strives to perfect its corporate governance as established in its Basic Corporate Governance Policy, in order to fulfill the mandate of its diverse stakeholders appropriately and fairly.

We have verified our compliance with each principle of the Corporate Governance Code of the Tokyo Stock Exchange, and disclosed this in our Corporate Governance Report.

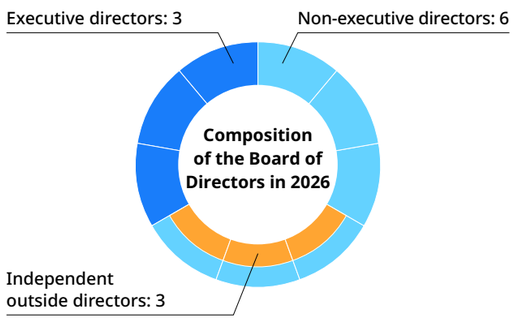
Characteristics of Chugai's Corporate Governance to Increase Its Corporate Value Under a Unique Business Model Based on Its Alliance with Roche

1. **Overall:** Construction of a management structure that can meet diverse shareholders' expectations through sustainable growth and medium- to long-term increase in corporate value
2. **Board of Directors:** Enhancement of monitoring functions by retaining a majority of non-executive directors. Stimulation of discussion toward increasing corporate value from diverse perspectives
3. **Advisory committees for the Board of Directors:** Composed mainly of non-executive directors. Incorporating objectivity, diversity, and global perspectives
4. **Special Committee:** Examination and discussion of transactions with Roche from a conflict-of-interest perspective. Protection of minority shareholders' interests

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

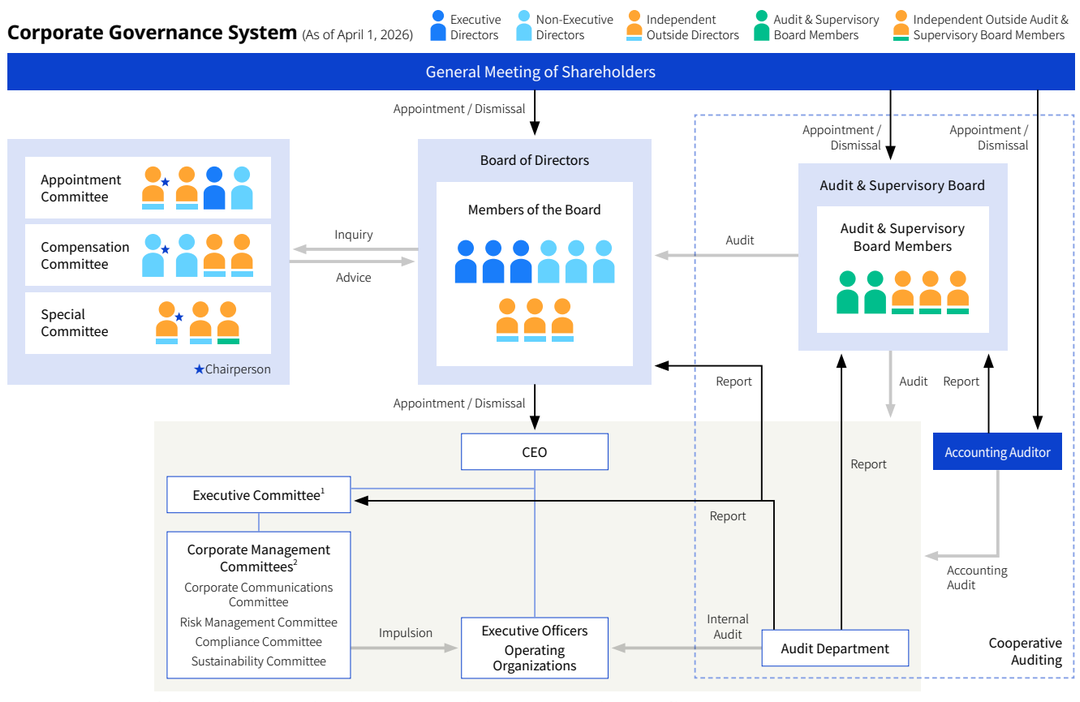
Governance Structure Supporting Chugai's Unique Business Model

While a member of the Roche Group, Chugai ensures the autonomy and independence of its management. To promote the Company's unique business model, the Board of Directors comprises executive directors, independent outside directors, and non-executive directors (excluding independent outside directors), each comprising one-third of the board. In this way, the overall Board of Directors secures appropriate diversity and scale, including the necessary expertise, capabilities, gender, nationality, work experience, and age.



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

Corporate Governance System (As of April 1, 2026)



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

Expertise and Experience Expected of Directors and Audit & Supervisory Board Members (As of April 1, 2026)

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

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

Activities of the Board of Directors and the Advisory Committees in 2025

Major Matters Discussed by the Board of Directors

Theme	Discussion content	
Management strategy and sustainability	• Decision-making on and monitoring of TOP I 2030, management strategy, and management planning (annual plans, drug discovery strategy, in-house product portfolio strategy, etc.) • M&As and investments • Progress and action plans for Mid-Term Environmental Goals 2030 and DE&I targets • Sustainability Committee report	
Governance	• Review of Board of Directors submission criteria • Formulation of measures for evaluating and improving effectiveness of the Board of Directors	• Executive appointments and remuneration • Investor relations activities report • Appointment Committee, Compensation Committee, and Special Committee reports
Risk management, internal control, and compliance	• Geopolitical risk response and management system • Internal control report	• Internal audit report • Risk Management Committee and Compliance Committee reports

Major Matters Discussed by Advisory Committees to the Board of Directors

Appointment Committee	• The proposal of director candidates submitted to the General Meeting of Shareholders for resolution • The proposal of executive director candidates and the proposal of a representative director candidate • The proposal of the appointment of an Honorary Advisor • Criteria for appointment and dismissal and reappointment process for representative director and CEO	• Confirmation of reappointment of representative director and CEO and expression of intent • Report on major executive officers list in 2026 • Report on successor candidates for representative director and CEO
Compensation Committee	• Individual bonus payments for executive directors for 2024 • Proposal for remuneration for representative director and CEO for 2025 • Proposal for remuneration for directors, executive vice presidents for 2025 • Proposal for remuneration for non-executive directors, including outside directors, for 2025	• Report on release rate of the transfer restriction for performance-based restricted stock compensation granted for 2022 based on the comparison results of total shareholder return
Special Committee	• Report on transactions related to Roche for 2025 (conducted in the first half and second half)	

Topics and Content of Remarks by Non-Executive Directors

In 2025, the non-executive directors (independent outside directors and Roche-appointed directors) again raised questions and made remarks based on their individual experience and expertise, in the above-mentioned Board of Directors, advisory committees to the Board of Directors, and other activities. For the main part, they provided supervision and advice, with the independent outside directors drawing on their diverse values, experience, and expertise as representatives of minority shareholders, and the non-executive directors other than independent outside directors speaking from their perspective as top-level global business managers.

The following is a list of some of the topics and details of the remarks made by the directors.

	Topics and content of remarks
Independent outside directors	**Capital allocation policy formulation** • Evaluated organized composition, content, and appropriateness of message • Evaluated the ease of understanding based on the corporate mission • Regarding the method of calculating the risk premium adopted by the Company **New HR management system** • Expectations of adopting the job posting system • Promoting employees' understanding of the system and support structure • Importance of appropriate personnel evaluation under the new system

	Topics and content of remarks
Non-executive directors (excluding independent outside directors)	**Portfolio strategy and value creation** • Approach to prioritizing portfolio • The Roche Group's pharmaceutical business strategy • The Roche Group's partnering strategy • Discussion items and risk recognition to be emphasized in Go/No-Go decisions **Medium- to long-term management incentives and governance** • Approach to remuneration mix for the management team to encourage medium- to long-term corporate value increase • Communication between directors **Response to global management environment and geopolitical risks** • Roche's management policy in light of geopolitical risks, such as the economic standoff between the United States and China • Analysis of impacts on the Roche Group in light of the Trump administration's policies **Strengthening human resources and organizational foundation** • Sharing of Roche's best practices for personnel measures, etc.

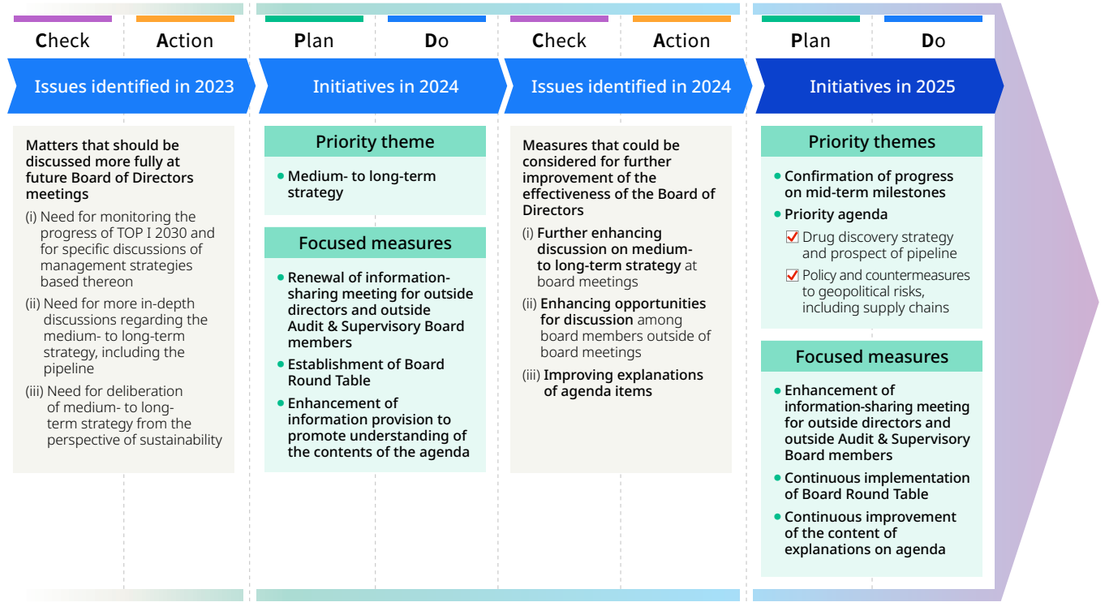
Initiatives for Improving the Effectiveness of the Board of Directors

In order to ensure the effectiveness of the decision-making and oversight in the Board of Directors, Chugai has been conducting evaluations of the effectiveness of the Board of Directors and addressing issues based on the evaluation results since 2016. In addition to a self-evaluation by directors and Audit & Supervisory Board members regarding the status of their activities in each fiscal year, since 2019, we have also conducted a third-party evaluation and analysis by outside experts and disclosed a summary of the results.

In the evaluation of the effectiveness of the Board of Directors for 2024, we looked at all the directors and Audit & Supervisory Board members current as of the end of the year. In a self-evaluation questionnaire, almost all questions regarding the effectiveness of the Board of Directors were answered with "achieved." These responses were confirmed to be in line with the actual status of the Board of Directors and its various initiatives by the results of surveys and interviews conducted by outside experts. The outside experts concluded that the effectiveness of the Company's Board of Directors is ensured in all respects.

Furthermore, in addition to confirming the Board of Directors' effectiveness for the year, we are also working to improve it by setting out priority themes and focused measures for the issues identified in the effectiveness evaluation. In the evaluation for the following fiscal year, the effects of measures taken in the previous year are verified, and the results are used to design new improvement measures, creating a PDCA cycle for continuously improving the effectiveness of the Board of Directors.

PDCA Cycle to Enhance the Effectiveness of the Board of Directors



As a measure to enhance the effectiveness of its Board of Directors, the Company systematically organizes and implements events for helping to acquire and enhance the knowledge necessary to fulfill the expected roles and functions of the Company's directors throughout the year, enhancing understanding of the Company's business, and promoting communication among the directors and Audit & Supervisory Board members. As an initiative for 2025, in May, the Company held a Board Round Table discussion on themes such as the impacts of the Trump administration on innovative drugs, with all the directors and Audit & Supervisory Board members, including those who live abroad and usually have little face-to-face contact, coming together in person. Furthermore, in November, at the Ukima Plant, a Board of Directors meeting was held in conjunction with a tour of a manufacturing building for active pharmaceutical ingredients (APIs) of biopharmaceuticals (UK4) and other areas. The Company will continue to systematically implement measures that help to enhance the effectiveness of the Board of Directors, by also using other opportunities than Board of Directors meetings.

Details of events and programs for the year outside of the Board of Directors can be found here.

Notice of Convocation of the 115th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2025 (page 24)
https://www.chugai-pharm.co.jp/english/ir/share/agm/files/260226eChugai_115thAGM_Convo.pdf#page=25

Relationship with Roche and Securing the Rights and Equality of Shareholders

In accordance with our strategic alliance, Chugai's parent company Roche and Chugai have agreed to cooperate to maintain Chugai's common stock listing on the Prime Market of the Tokyo Stock Exchange (TSE). Chugai conducts autonomous management as an independently listed company. Autonomy and diversity are key to generating innovation, and we believe that maintaining this kind of independent management brings diversity to the Roche Group, and that the pharmaceuticals we create as a result contribute to all stakeholders, including patients and minority shareholders. Chugai recognizes that the various benefits from being listed—such as its solid credit rating, flexible fund procurement, name recognition, and social presence—are supported by the understanding of shareholders other than Roche, i.e., minority shareholders and investors who are potential shareholders. That is why, in its business dealings with Roche, Chugai conducts all transactions fairly using arm's length prices. Furthermore, the Special Committee was established in March 2022 to deliberate and review significant transactions and conduct, etc. that may generate a conflict of interest between Roche and minority shareholders. Chugai is working to gain the latter's trust by ensuring due consideration of their interests. In the three meetings of the Special Committee held in 2025, the committee did not recognize any transactions for harming the interests of minority shareholders.

Relationship with Roche and Securing the Rights and Equality of Shareholders
https://www.chugai-pharm.co.jp/english/ir/governance/concept.html#sec02

Introduction of Outside Perspectives

Having "creation of shared value" as our basic management policy means that we consider it important to reflect a wider range of stakeholder perspectives in our management decisions. In addition to the appointment of outside directors and outside Audit & Supervisory Board members, we also actively promote the introduction of outside perspectives by listening to feedback from patients concerning our overall management and business activities, engaging in dialogue with shareholders and investors and analyzing their expectations and demands, and taking advice from experts in Japan and overseas. The opinions, issues, and other matters that we obtain through these activities are discussed by the Board of Directors, the Executive Committee, and other bodies, to assist in management decision-making. Furthermore, we have established the Chugai International Council (CIC) as an advisory body composed of various industry experts from inside and outside Japan. The purpose of the CIC is to provide advice on business development in light of trends in the global business environment.

Examples of Introducing Outside Perspectives in Management

- PHARMONY[3] activities aimed at fostering mutual understanding by incorporating the opinions of patients across the entire value chain
- Direct dialogue with independent outside directors, shareholders, and investors
- Interviewing shareholders and investors regarding sustainability and measurement of impacts
- Discussion in the CIC regarding the outlook for the global healthcare business

3. A term coined by Chugai combining the words "Patients," "Pharma" and "Harmony"

Column

Dialogue Between Independent Outside Directors and Investors

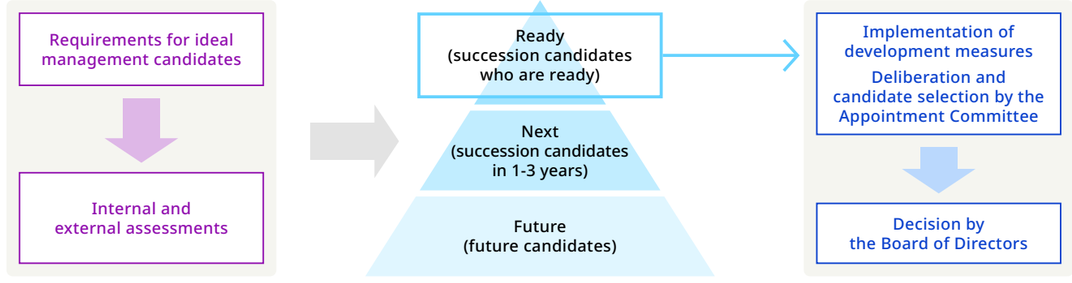
As Roche owns the majority of the Company's shares, we recognize that dialogue with independent outside directors is essential to protecting the interests of minority shareholders. In response to this demand, at the Sustainability Meeting held in November 2025, Independent Outside Director Hideo Teramoto presented his views as a representative of minority shareholders and explained key issues related to governance. During the Q&A session, there was a free and direct exchange of opinions with institutional investors. Such opportunities for dialogue have been provided continuously since 2022, and we will continue striving to build relationships of trust with our shareholders and investors.

Director Hideo Teramoto exchanged opinions with participants at the Sustainability Meeting (November 2025)

Succession Plan

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

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



Framework for Promoting Sustainability

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

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

Sustainability Promotion System
https://www.chugai-pharm.co.jp/english/sustainability/core/system.html

System for Intellectual Property Activities

Chugai's constant pursuit of innovation is centered on its drug discovery capabilities, which are based on unique technology and science. The innovations that we generate are established as intellectual property and leveraged appropriately, forming a foundation that supports sustainable corporate value increase and medium- to long-term growth. This leads in turn to our contribution to patients and society, and to the "realization of advanced and sustainable patient-centric healthcare."

To realize this virtuous cycle, it is essential that we formulate and execute intellectual property strategy with a global perspective. This is an extremely important management priority for Chugai.

Recognizing this, we are building a highly transparent governance system to ensure coordination between our strategies for management and intellectual property. Specifically, matters that have a material impact on our business, such as our intellectual property strategy direction, the status of our portfolio, and important lawsuits or disputes, are reported regularly to the Board of Directors, which provides appropriate oversight to ensure highly effective intellectual property activities.

Intellectual Property
https://www.chugai-pharm.co.jp/english/innovation/rd/intellectual.html

Officer Remuneration Emphasizing Linkage with Performance and Stock Price

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

In order to further clarify the link between remuneration for 2025 and the Company's business performance and shareholder value, and to raise directors' ambition and motivate them to improve performance, executive director remuneration consists of fixed regular compensation, bonuses paid according to performance and other factors in each fiscal year as a short-term incentive, and restricted stock compensation linked to medium- and long-term performance (tenure-based and performance-based) as a long-term incentive. The guidelines for remuneration composition by type are as follows: CEO remuneration consists of 30% regular compensation, 30% bonuses, and 40% restricted stock compensation; remuneration for other executive directors is determined in consideration of duties and other factors.

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

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

Individual remuneration is determined by the following process within the scope of the total amount decided by the General Meeting of Shareholders.

- Executive directors: determined by the Board of Directors after deliberation by the Compensation Committee
- Non-executive directors (including outside directors): decided by the CEO having been designated by the Board of Directors, based on the advice of the Compensation Committee
- Audit & Supervisory Board members: decided through discussion by the Audit & Supervisory Board members

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

At the Board of Directors meeting held in January 2026, it was resolved to abolish the above-mentioned restricted stock compensation system and introduce a trust-based stock compensation system. This change was approved at the Annual General Meeting of Shareholders held in March 2026. The aims of the trust-based stock compensation system are to further enhance the awareness of the Company directors toward contributing to the medium- to long-term improvement of the Company's performance and the enhancement of corporate value, and to achieve more stable and efficient operation of the compensation system than under the previous system.

The 115th Business Report (pages 22-25)
https://www.chugai-pharm.co.jp/english/ir/share/agm/files/260226eChugai_115thAGM_Business_report.pdf#page=23

Officer Remuneration
https://www.chugai-pharm.co.jp/english/ir/governance/remuneration.html

System for Remuneration of Directors and Audit & Supervisory Board Members (2025)

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

Reference Indicators for Performance-Based Remuneration of Executive Directors (2025)

Fixed

Regular compensation (CEO: 30%)

Performance-based

Bonuses (CEO: 30%)

Indicators

- Core operating profit
- Revenue
- R&D performance (Main R&D output (pre/post-PoC), number of projects progressing to preclinical phase)
- Measures to meet performance targets in areas of operational responsibility
- Degree of achievement of ESG objectives (based on evaluation by expert organization, etc.)

Restricted stock compensation (CEO: 40%)

Indicators

[Tenure-based] (50%)
- Continuous service during the transfer restriction period

[Performance-based] (50%)
- Total shareholder return (TSR)
  (Evaluation period: 3 fiscal years)
  (Number of shares applicable to the lifting of transfer restriction shall be determined within the range of 0% to 100%, based on the comparison of total shareholder return with other domestic pharmaceutical companies)

Risk Management

Risk Management / Compliance Promotion System

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

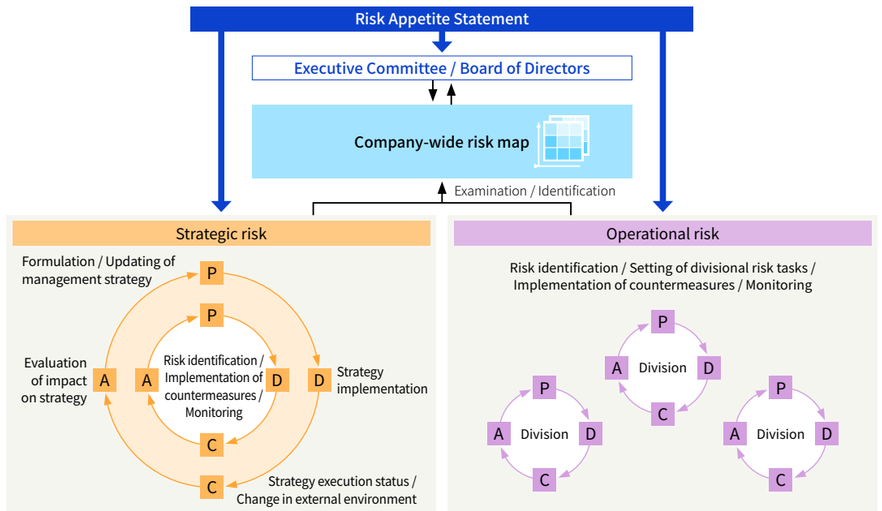
Risk Management

To maximize corporate value, Chugai operates a framework for enterprise risk management (ERM). Based on the Risk Appetite Statement, which is our policy on risk preferences, we aim to conduct effective and efficient risk management by classifying and visualizing risks into strategic risks and operational risks. In tandem with this, we have strengthened our accountability to external stakeholders. In addition, through our proprietary risk management system, we centrally manage each division's risk maps, annual risk response plans, BCP manuals, and incident information, and utilize the PDCA cycle to conduct risk analysis across the entire Group and monitor the status of countermeasures implemented by each division.

Compliance Promotion

Rooted in its belief that corporate ethics take priority over profit, Chugai places paramount importance on respect for life, and strives for fair and transparent corporate activities based on high ethical standards, along with sincere scientific initiatives. In addition to complying with various laws and regulations and industry self-regulatory standards, we view compliance as meeting the expectations of society. We have established the Chugai Group Code of Conduct as a guideline for all members of Chugai to ensure they perform their duties appropriately. In terms of our internal structure, we implement a Three Line Model, in which the second-line functions are responsible for monitoring compliance across the entire Group, as well as supporting the business activities of our first line (business divisions) by formulating Company-wide policies and guidelines, conducting awareness-raising and educational activities, and so forth. In the first line, we are promoting autonomous compliance in each workplace through the compliance manager and a compliance officer appointed in each division and the Division Risk and Compliance Committees established in each division and unit. Moreover, internal and external consultation desks have been established to receive inquiries and reports from all Chugai employees concerning violations of laws, Company rules, the Chugai Group Code of Conduct, and other related matters. We have also established a consultation desk to receive reports from stakeholders outside the Company, and respond in accordance with the Whistleblower Protection Act.

Operational Outline of ERM



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

Major risks			Main countermeasures
Strategic risk	Technology and innovation	Uncertainty of in-house drug discovery or technology development	● Explore the latest science and technologies ● Selection and concentration of management resources
		Challenges in development of macrocyclic peptide drugs	● Strengthen alliances for drug discovery, development, and pharmaceutical technology
		Emergence of innovative products with a strong competitive advantage	● Measures to improve patient value of in-house products ● Pursue a multi-modality strategy
		Emergence of disruptive technologies and solutions	● Advance R&D through the use of digital technologies, including generative AI ● Utilize external collaboration and CVF[1] investment
		Infringement of IP rights (Chugai's or third parties'), data breaches and leaks	● Further strengthen IP strategy ● Conduct ongoing monitoring and analysis of trends in relevant laws, etc. and strengthen information management
	Institutions, regulations, and policies	Changes in healthcare systems, pharmaceutical regulations, and policies	● Create high-value products and solutions ● Ensure alignment between pricing strategies and market development strategies with licensees ● Enhance global intelligence functions
		Further tightening of environmental regulations	● Timely understanding of regulatory trends ● Actively adopt the latest technologies ● Conduct environmental conservation activities and disclosure of information through external collaboration
	Markets and customers	Changes in values of the market and customers	● Continuously create new drugs and diversify product range ● Allocate sales resources appropriately ● Strengthen customer engagement ● Improve efficiency through DX and create a flexible organizational structure
		Restrictions on business due to increase in economic security and geopolitical risk	● Formulate a business continuity plan (BCP) and ensure employee safety ● Analyze impact on R&D activities ● Ensure safety stock and strengthen supply back-up system (establishment of dual sites)
	Platforms	Strategic collaboration with Roche	● Strengthen the collaboration with Roche in global development and marketing planning ● Execute optimal in-licensing and out-licensing strategy linked to Roche's strategy and explore opportunities for in-licensing from third parties
		Delays in recruiting human resources, human resource mismatches, shortages, or surpluses, and obstacles to innovation	● Clarify strategic human resource requirements and perform planned recruitment ● Visualize the talent portfolio and strengthen skills management ● Implement personnel strategies and corporate culture reforms to promote innovation
		Impediment to DX promotion	● Enhance antenna functions for grasping technology trends ● Enhance specialist departments and utilize competent external human resources ● Promote use of generative AI and enhance compliance risk assessment system
Operational risk	Quality and side effects	Occurrence of product quality concerns and emergence of new serious side effects	● Strengthen and ensure quality assurance activities ● Implement ongoing monitoring, evaluation and countermeasures
	IT security and information control	Impact on business continuity and data breaches caused by cyberattacks and other incidents	● Strengthen system resilience and availability ● Strengthen security supervision (SOC[2]) and incident response (CSIRT[3]) systems ● Conduct education and training, and formulate cyber BCPs ● Establish privacy and security governance system
	Large-scale disasters	Damage to business site or supplier from natural disaster, etc.	● Formulate BCPs and implement earthquake countermeasures ● Ensure safety stock
	Human rights	Human rights infringement in business activities, harassment in the workplace, etc.	● Strengthen systems for respecting human rights, identify important human rights issues, and strengthen due diligence ● Improve the workplace environment
	Supply chain	Delay or slowing of delivery from suppliers	● Establish a stable supply system for pharmaceuticals ● Introduce business partner risk assessment system
	Global environmental issues	Impact of unexpected contamination or damage, impact of strengthening of environmental laws and regulations	● Perform analysis based on TCFD[4] and TNFD[5] recommendations ● Disclose highly transparent and reliable environmental information

1. Chugai Venture Fund, LLC, a corporate venture capital fund 2. Security Operation Center 3. Computer Security Incident Response Team
4. The Task Force on Climate-related Financial Disclosures 5. The Taskforce on Nature-related Financial Disclosures

PERFORMANCE DATA

Story of Chugai **Engraving the Memory of Life Science: Monuments at Chugai Life Science Park Yokohama Earn Global Design Honors**
https://www.chugai-pharm.co.jp/english/story/detail/20260511000000_99.html

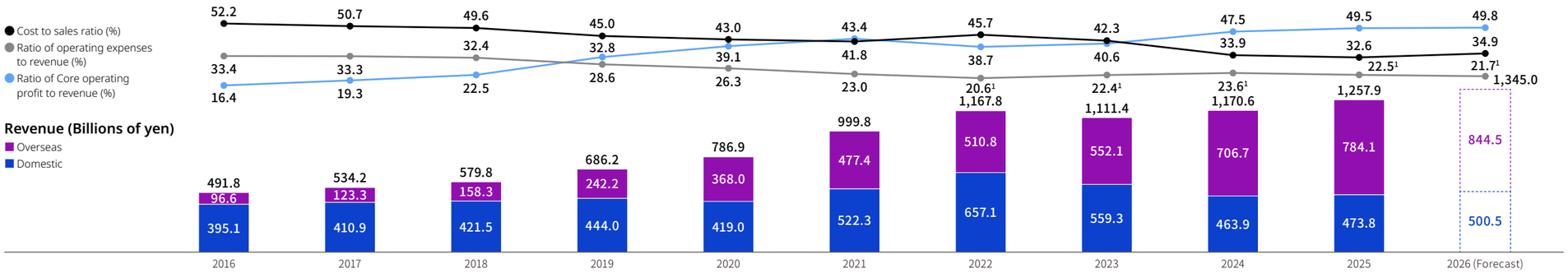
Financial and Pre-Financial Highlights (IFRS)

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

Please refer to the following for consolidated management indicators, etc.

Financial Results and Other Indicators
https://www.chugai-pharm.co.jp/english/ir/finance/finance_other.html

Financial Results (Core Basis)



Launch of in-house products	Hemlibra	Enspryng	Mitchga[2]	NEMLUVIO[3] PiaSky	AVMAPKI[4]	Foundayo[5]

Recent Results and 2025 Results

Since the 2010s, Chugai has continued to launch profitable, global in-house products utilizing its proprietary drug discovery technologies, thereby continuing sustained growth. In 2025, both revenue and operating profit reached record highs, and the Company maintained its highly profitable structure. In Japan, growth in sales of products such as Phesgo and Vabysmo offset the impact of NHI drug price revisions and generic penetration, while overseas, exports of products such as Hemlibra and Actemra to Roche expanded. In 2026, we expect both revenue and profits to reach record highs, driven by domestic growth as well as contributions from third-party royalty income and other sources.

Pre-Financial Indicators

Based on the materiality review conducted in 2024, we have established new performance indicators centered on the 3Cs (Challenges, Co-creation, and Commitments). The performance indicators up to 2025 are summarized below as pre-financial indicators.

See "Value Creation Indicators" on page 26.

		2023 results	2024 results	2025 results
R&D	**TOP I 2030 target: Double R&D output and launch global in-house products every year**			
	In-house projects that progressed to preclinical phase	4	1	3
	In-house projects that acquired PoC	0	2	1
	In-house global products out-licensed	1	0	0
	Projects that advanced to Phase III clinical trials	7	4	7
	Applications filed	9	7	5
	New products launched and new indications	4	10	6
	In-house products launched globally	0	2	1
	Projects from Chugai research	95 and above	94 and above	103 and above
Research foundation	Academic papers and presentations on research findings at scientific conferences	90	133	128
	Patent applications filed (antibody/macrocyclic peptide)	19/12	19/11	24/16
Value Delivery	Customer satisfaction evaluation[6]	No. 1	No. 1	No. 1
	Operating profit per employee (Core)	¥59.27 million	¥71.50 million	¥79.17 million
Human resources	Excellent employee ratio and engagement score[7]	Not conducted	72/94	Not conducted
	Employee enablement score[8]	Not conducted	83	Not conducted
	Job-fill rate for highly specialized human resources	69%	88%	67%
	Ratio of female managers with subordinates	17.2%	17.6%	19.2%
	In-house digital human resources	426[9]	683[10]	812[10]
Environment	Scope 1+2 CO_2 emissions	50.8 thousand tonnes	53.9 thousand tonnes	49.9 thousand tonnes
	Scope 3 CO_2 emissions[11]	1,140.5 thousand tonnes[12]	980.5 thousand tonnes[12]	1,103.8 thousand tonnes
Investment	R&D expenses (Core)	¥162.8 billion	¥176.9 billion	¥180.1 billion
	Capital investment	¥68.3 billion	¥52.8 billion	¥63.4 billion

Output Indicators

Output indicators are indicators of contributing to the increase in economic corporate value. These are classified from the three perspectives of profit growth, increase in capital efficiency and pursuit of sustainability.

		2023 results	2024 results	2025 results
Profit growth	Total net sales of in-house products (Japan + overseas exports)	¥598.5 billion	¥725.2 billion	¥806.4 billion
	Overseas revenue ratio	49.7%	60.4%	62.3%
	Global sales of in-house products	¥1,380.0 billion	¥1,596.0 billion	¥1,706.0 billion
	Core operating profit	¥450.7 billion	¥556.1 billion	¥623.2 billion
	Ratio of Core operating profit to revenue	40.6%	47.5%	49.5%
Increase in capital efficiency	Core EPS CAGR	5.0%	19.0%	13.6%
	Core ROIC[13]	34.6%	42.9%	43.9%
	WACC (next year's estimate)	Approx. 7%	7%	7.5%
Pursuit of sustainability	Sustainability index evaluation	DJSI Pharmaceutical Sector Selected as global No. 2	Selected as global No. 2	DJBIC Pharmaceutical Sector Selected as global No. 5
	Inclusion in sustainability indices	GPIF Japanese Equities Selected for five ESG indices	Selected for six ESG indices	Selected for six ESG indices
	Evaluation by expert organizations	CDP A List	CDP A List[14]	CDP A List[15]

1. Calculated by (R&D expenses + SG&A expenses + Other operating income (expense)) ÷ Revenue
2. Licensed out to Maruho
3. Licensed out to Galderma
4. Licensed out to Verastem Oncology
5. Licensed out to Eli Lilly
6. INTAGE Healthcare "Rep-i August 2023 Survey," "Rep-i August 2024 Survey," and "Rep-i August 2025 Survey" (reprint prohibited); based on survey results for an overall company assessment targeting only physicians according to Chugai's definition
7. Chugai's status where the score of companies with strong global performance is 100 (positive response in the employee awareness survey). The excellent employee ratio is a ratio of human resources who can take initiative and maximize their potential to realize and achieve the Company's vision and targets
8. Chugai's status where the score of companies with strong global performance is 100 (positive response in the employee awareness survey)
9. Number of resources specified based on Chugai's definition of the skills of digital project leaders and data scientists
10. Number of employees belonging to the functions responsible for Company-wide DX and IT promotion, and employees specified based on Chugai's skill definitions
11. Calculated based on the method certified by SBTi
12. Recalculated in 2025 following a revision of the resource recycling criteria
13. Return on invested capital: Indicates how efficiently a company uses capital invested for business activities (invested capital) to generate profit
14. Climate change field
15. Climate change and water security fields

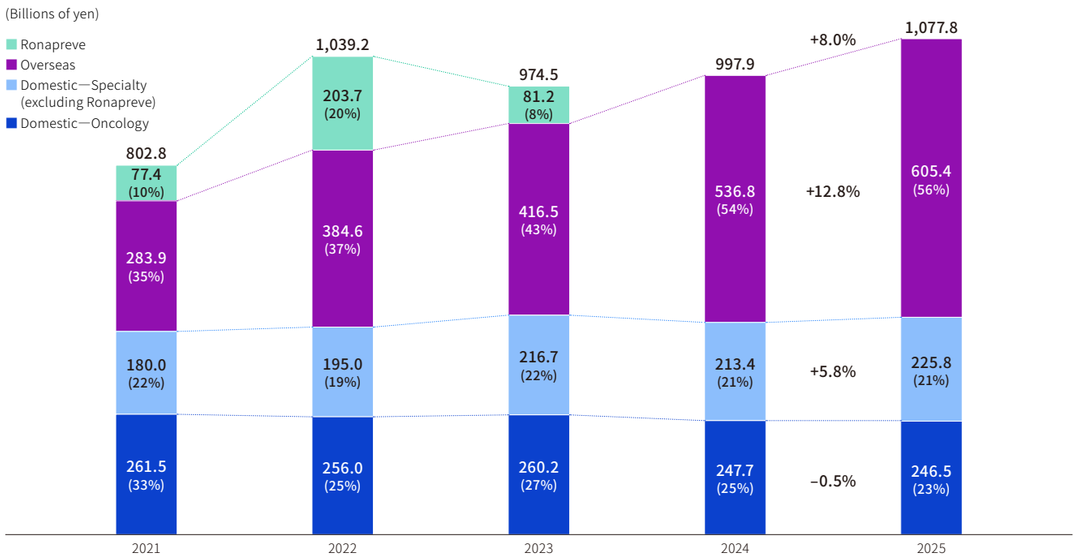
About Core Basis Results

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

Review by Product

Sales

Although sales have been impacted in the domestic market by the market penetration of generics and the NHI drug price revisions, growth across all areas in both new and mainstay products, combined with a solid increase in exports of Chugai products, has resulted in record sales being posted in 2025.



Review by Disease Area

Domestic—Oncology

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

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

Review of 2025 Performance
In the oncology area, sales decreased 0.5% year on year to ¥246.5 billion.
The new product Phesgo has performed well, exceeding the decline in sales of Perjeta, which contains the same active ingredient, and Lunsumio, which launched in March 2025, is also steadily penetrating the market. The mainstay product Polivy also performed steadily. Meanwhile, sales of mainstay products such as Avastin decreased due to the penetration of generics and the impact of NHI drug price revisions.

Domestic—Specialty (excluding Ronapreve)

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

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

Review of 2025 Performance
In the specialty area, sales increased 5.8% year on year to ¥225.8 billion.
Although impacted by the penetration of generics and NHI drug price revisions, sales increased year on year due to strong market penetration of the new product PiaSky, coupled with steady performance of mainstay products Vabysmo, Enspryng and Hemlibra.

Overseas

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

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

Review of 2025 Performance
Overseas sales totaled ¥605.4 billion, a year-on-year increase of 12.8%.
The increase in export volume of Hemlibra due to heightened global demand, combined with the impact of foreign exchange rates, drove growth in overall overseas sales. Despite concerns about penetration of biosimilars, the impact has been delayed longer than anticipated, and Actemra sales increased year on year.

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

Sales of Major Products

★In-house products	Domestic—Oncology / Domestic—Specialty / Overseas (Billions of yen)	
★Hemlibra (Overseas)	2025 344.5 / 2024 307.7	+12.0%
★Actemra (Overseas)	2025 158.2 / 2024 131.9	+19.9%
Tecentriq	2025 62.8 / 2024 65.4	–4.0%
★Hemlibra (Domestic)	2025 62.7 / 2024 59.0	+6.3%
★Alecensa (Overseas)	2025 59.2 / 2024 62.8	–5.7%
★Actemra (Domestic)	2025 50.5 / 2024 48.0	+5.2%
Polivy	2025 37.2 / 2024 34.1	+9.1%
Phesgo	2025 33.9 / 2024 23.5	+44.3%
★Alecensa (Domestic)	2025 33.5 / 2024 31.0	+8.1%
★Enspryng (Domestic)	2025 29.2 / 2024 24.7	+18.2%
Vabysmo	2025 26.2 / 2024 21.5	+21.9%
Avastin	2025 26.1 / 2024 33.8	–22.8%
Kadcyla	2025 16.3 / 2024 16.8	–3.0%
Evrysdi	2025 16.2 / 2024 15.9	+1.9%
Perjeta	2025 12.5 / 2024 20.0	–37.5%
★Enspryng (Overseas)	2025 11.3 / 2024 13.8	–18.1%
★Neutrogin (Overseas)	2025 8.9 / 2024 8.6	+3.5%
★Sigmart (Overseas)	2025 8.5 / 2024 8.0	+6.3%
CellCept	2025 8.0 / 2024 6.8	+17.6%
Foundation Medicine	2025 7.9 / 2024 7.6	+3.9%
★PiaSky (Domestic)	2025 6.9 / 2024 2.6	+165.4%
Mircera	2025 5.1 / 2024 6.5	–21.5%
Lunsumio	2025 3.3 / 2024 —	—
Tamiflu	2025 2.5 / 2024 4.5	–44.4%
Herceptin	2025 1.3 / 2024 2.4	–45.8%

Hemlibra (Overseas)
Local sales increased in all regions, with a particularly notable increase of approximately 40% in regions other than Europe and the U.S. Although export unit prices of Hemlibra decreased, export sales increased by ¥36.8 billion (12.0%) year on year to ¥344.5 billion due to an increase in volume and the positive impact of the weaker yen.

Actemra (Overseas)
Local sales decreased by roughly 10% in Europe and slightly in the U.S. owing to the impact of biosimilars, but sales in regions other than Europe and the U.S. increased by roughly 20%. Although there was a decrease in export unit prices, export sales increased by ¥26.3 billion (19.9%) year on year to ¥158.2 billion due to an increase in volume and increased sales resulting from the weaker yen.

Tecentriq
In addition to the fact that NSCLC adjuvant therapies were affected by the penetration of competing pre- and post-operative therapies, the growth of the hepatocellular carcinoma market has also slowed, and sales decreased by ¥2.6 billion (4.0%) year on year to ¥62.8 billion.

Hemlibra (Domestic)
By leveraging the opportunity to reassess medications following the launch of competing drugs, we strengthened our Hemlibra activities, which led to increased adoption among adult patients, and also established our positioning in acquired hemophilia A, resulting in prescription volumes exceeding our targets. Sales increased by ¥3.7 billion (6.3%) year on year to ¥62.7 billion.

Alecensa (Overseas)
Local sales decreased slightly year on year in Europe due to the penetration of competitor drugs, but sales in the U.S. increased by roughly 10%. Although the weaker yen had a positive impact on sales, export sales decreased by ¥3.6 billion (5.7%) year on year to ¥59.2 billion mainly due to a decrease in the export unit price.

Actemra (Domestic)
Although there has been an increase in the activities of competitor drugs centered on JAK inhibitors, sales of Actemra continued to grow because new prescriptions for rheumatoid arthritis, which accounts for 90% of overall sales, were able to be obtained at a level exceeding the previous year, and penetration in markets for other diseases progressed. Sales increased by ¥2.5 billion (5.2%) year on year to ¥50.5 billion.

Dialogue with Multiple Stakeholders and External Evaluations

Approach to Disclosure and Engagement

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

Activity Performance

In 2025, we held meetings with institutional investors, securities analysts, and journalists to provide information on financial results and new products, and other events including a study session on data from an academic presentation on our in-house project. In addition, to promote understanding of our growth strategy, TOP I 2030, we held a tour of the new synthetic active pharmaceutical ingredient (API) manufacturing building FJ3 at the Fujieda Plant, which handles the production of APIs for small molecule and macrocyclic peptide drugs, as well as a briefing session on our open innovation strategy aimed at expanding our drug discovery engine, for the first time. At the annual Sustainability Meeting, Mr. Teramoto, speaking from his perspective as an independent outside director, explained Chugai's key governance issues, including the role of the Board of Directors, enhancing the Board's effectiveness, and sharing value with the capital markets, and engaged in a lively Q&A session with participating institutional investors and securities analysts.

In addition, for individual investors, we released a video featuring a discussion between a management scholar and our CFO, aimed at explaining Chugai's business model, proprietary technologies, and drug discovery strategy, including an objective perspective.

We believe that patients are not only important stakeholders but also partners in solving issues together. With the aim of "realization of advanced and sustainable patient-centric healthcare," we are promoting communication to enhance mutual understanding throughout the entire company, including top management. In 2025, we held CHUGAI PHARMONY DAY 2025, an event also held the previous year to share and promote PHARMONY[1] initiatives both inside and outside the Company, under the theme of "Further Expansion." In addition to a presentation by a patient group representative on their thoughts regarding collaboration with companies, we shared specific examples from PHARMONY and Roche's global initiatives for patient partnership. Moreover, we invited a healthcare professional to join the annual dialogue between Chugai's CEO and patient groups, which has been held every year since 2020, and engaged in a discussion from diverse perspectives on the theme of "Patient Involvement in Healthcare."

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

Please refer to the following for details.

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

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

Report on CHUGAI PHARMONY DAY 2025 (in Japanese only)
https://www.chugai-pharm.co.jp/sustainability/activity/detail/20260212000000_203.html

CHUGAI PHARMONY DAY 2025 Highlights (YouTube, in Japanese only)
https://youtu.be/rdGxVNS-oqE?si=a7KsrQK9cVrDNW5V

Fujieda Plant FJ3 tour (February)
Showcased the new manufacturing facility for APIs for small molecule and macrocyclic peptide drugs

CHUGAI PHARMONY DAY 2025 (November)
The event was held to share the PHARMONY initiatives with people inside and outside the Company

Main Initiatives and Progress (Last 3 years)

	2023	2024	2025
Number of media and IR information events	31[2]	31[2]	28
Total number of institutional investors and securities analysts attending meetings worldwide (Of which, number interviewed by executive team/executive officers at road shows overseas)	663 (84)	819 (108)	986 (102)
Number of briefings for individual investors and shareholders	3	1	1
Attendance at the Annual General Meeting of Shareholders	119	116	113

2. Recalculated in 2025 upon review of applicable events

External Evaluations

Chugai ascertains expectations and demands from society and objectively examines its own initiatives based on analysis of the results of its selection for sustainability indices and the results of external evaluations of its ESG and IR activities, and uses its findings to improve and develop its own activities. As a result of continuously working through this PDCA cycle matching the rapidly changing external environment, we have continued to obtain high external evaluations for our ESG and IR activities. Especially in ESG, we were selected for the sixth consecutive year for the Dow Jones Best-in-Class World Index (formerly DJSI World), which is composed of the top companies of each industry in the world. In IR activities, we ranked No. 1 for the second year in succession in the pharmaceutical sector for the "Selection of Excellent Companies in Corporate Disclosure by Securities Analysts" conducted by the Securities Analysts Association of Japan (SAAJ), a public interest incorporated association. We were also particularly highly evaluated for efforts in voluntary information disclosure and our management's IR attitude. Furthermore, we were awarded the IR Special Award at the 2025 IR Award organized by the Japan Investor Relations Association.

Selected for the sixth consecutive year in the Dow Jones Best-in-Class World Index (formerly DJSI World)

S&P Global
Chugai Pharmaceutical Co., Ltd.
Pharmaceuticals
Top 10%
Corporate Sustainability Assessment (CSA) 2025 Score
83/100

Selected as a constituent in the FTSE4Good Index Series for the 23rd consecutive year

FTSE4Good

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

FTSE JPX Blossom Japan Index
FTSE JPX Blossom Japan Sector Relative Index
S&P/JPX Carbon Efficient Index
Morningstar Japan ex-REIT Gender Diversity Tilt Index
2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

NADESHIKO BRAND 2026
DIVERSITY MANAGEMENT SELECTION 100 2018
CDP A List 2025 (Climate)
CDP A List 2025 (Water)
プラチナくるみん
2026 健康経営銘柄 KENKO Investment for Health
女性が活躍しています
work with Pride Gold 2025

3. Government Pension Investment Fund

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Chugai Pharmaceutical has been independently assessed according to the criteria for FTSE4Good, FTSE JPX Blossom Japan Index, and FTSE JPX Blossom Japan Sector Relative Index and has satisfied the requirements to become a constituent of these indices. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. These indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.
The inclusion of Chugai Pharmaceutical Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Chugai Pharmaceutical Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Please refer to the following for details.

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

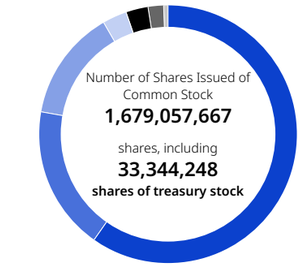
Shareholder Information (As of December 31, 2025)

Top 10 Largest Shareholders

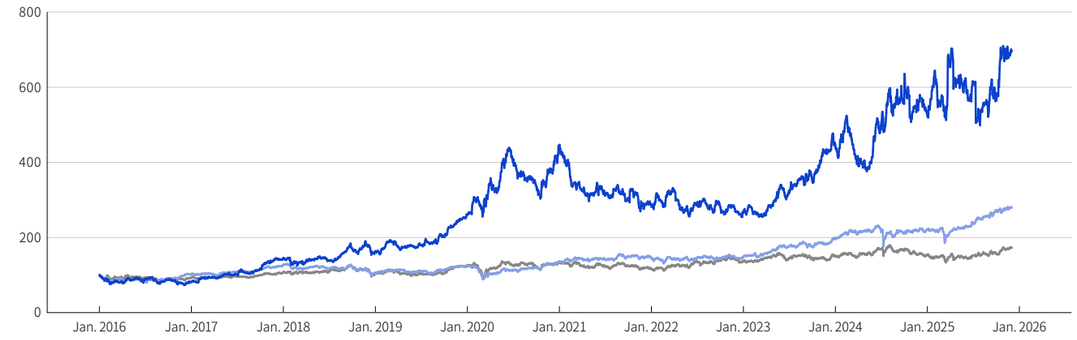
Name	Number of shares held (Thousand)	Percentage of voting rights (%)
Roche Holding Ltd.	1,005,670	61.12
The Master Trust Bank of Japan, Ltd. (Trust Account)	141,887	8.62
Custody Bank of Japan, Ltd. (Trust Account)	58,185	3.53
STATE STREET BANK AND TRUST COMPANY 505001	22,990	1.39
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	21,987	1.33
JP MORGAN CHASE BANK 385864	12,191	0.74
SMBC Nikko Securities Inc.	11,197	0.68
JP MORGAN CHASE BANK 385781	9,479	0.57
SUMITOMO LIFE INSURANCE COMPANY	9,150	0.55
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	7,499	0.45

Note: The Company holds 33,344,248 shares of treasury stock, but is excluded from the 10 major shareholders listed in the table above.

Classification of Shareholders



10-Year Total Shareholder Return (TSR)



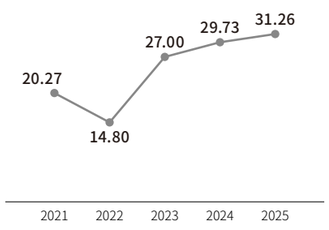
	Last 1 year	Last 3 years		Last 5 years		Last 10 years	
	TSR	TSR	Annualized TSR	TSR	Annualized TSR	TSR	Annualized TSR
Chugai	21.9%	161.5%	37.8%	66.8%	10.8%	594.3%	21.4%
TOPIX	25.5%	93.8%	24.7%	113.1%	16.3%	178.6%	10.8%
TOPIX-17 Pharmaceutical	9.8%	23.8%	7.4%	32.6%	5.8%	71.5%	5.5%

Note: In the above graph and table, Chugai's closing price and benchmark indexes as of Friday, January 1, 2016, are fixed at 100 and the figures for ROI assume re-investment of the dividends. The benchmark indexes used are the Tokyo Stock Price Index (TOPIX) and TOPIX-17 Pharmaceutical.

Share Price Indicators

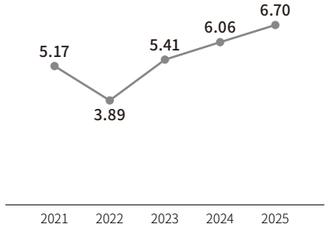
Price / Earnings Ratio

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



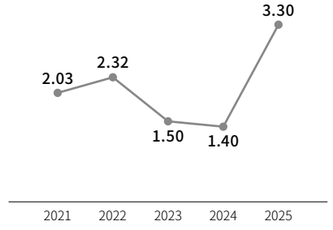
Price / Book Ratio

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



Dividend Yield

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



Corporate Profile (As of December 31, 2025)

Corporate Overview

Company name	Chugai Pharmaceutical Co., Ltd.
Date of foundation	March 10, 1925
Date of establishment	March 8, 1943
Head Office	2-1-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-8324, Japan Tel: +81-(0)3-3281-6611 (Main switchboard)
Stated capital	¥73,202 million
Number of employees	7,872 (Consolidated)
Number of shares issued of common stock	1,679,057,667 shares
Number of shareholders	58,967
Stock listing	Prime Market of Tokyo Stock Exchange
Fiscal year-end	December 31
General Meeting of Shareholders	March
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation

About the Information Shown

Annual Report (Integrated Report)

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

Website

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

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

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

Chugai Group
https://www.chugai-pharm.co.jp/english/profile/about/group/

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

Production Process and Structure for This Report

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

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

CHUGAI PHARMACEUTICAL

A member of the Roche group

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Tel: 03-3281-6611 https://www.chugai-pharm.co.jp/english/

Created: May 2026