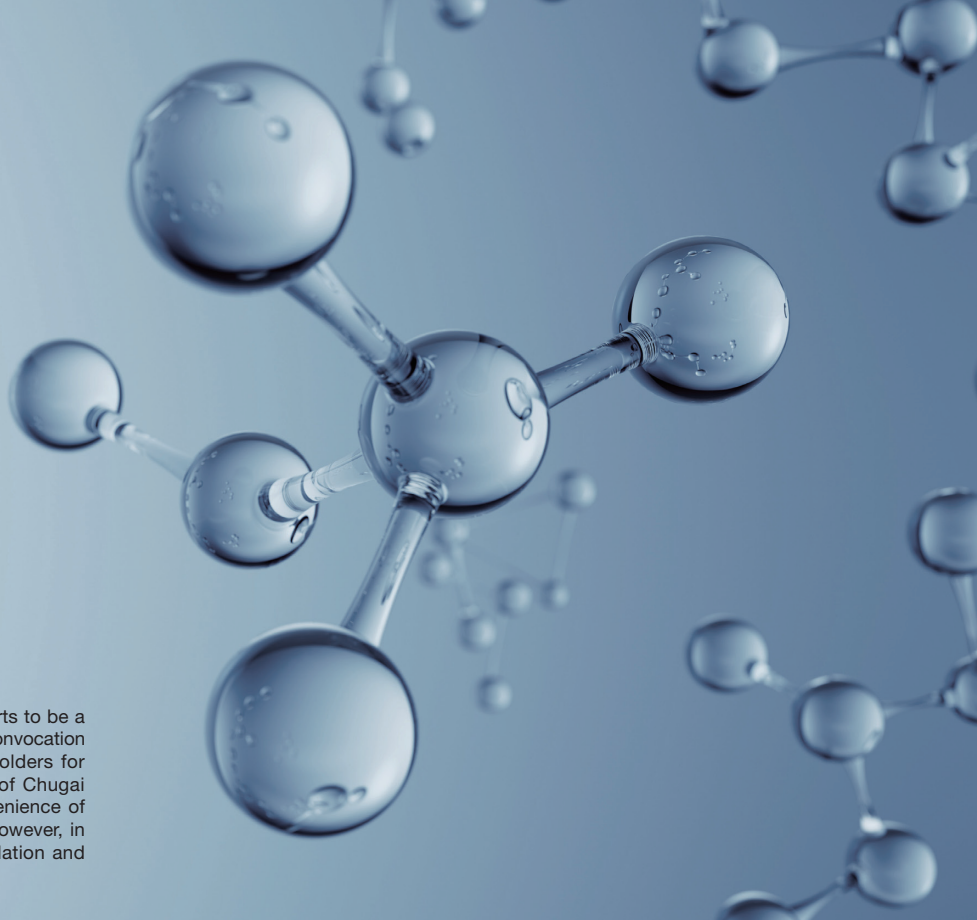




[Translation: Please note that the following purports to be a translation from the Japanese original Notice of Convocation of the 115th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2025 of Chugai Pharmaceutical Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

THE 115th Business Report

Table of Contents

Business Report	P.1
Consolidated Financial Statements	P.27
Non-Consolidated Financial Statements	P.29
Audit Report	P.31

Among the matters subject to electronic provision, the following matters are not provided in the paper based documents delivered to shareholders who have requested the delivery of such documents, in accordance with laws and regulations and the provisions of the Company's Articles of Incorporation.

- Company's Stock Acquisition Rights, etc., Accounting Auditor and Framework to Ensure Operational Adequacy in the Business Report
- Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
- Non-Consolidated Statement of Changes in Shareholders' Equity and Notes to the Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements

CHUGAI PHARMACEUTICAL CO., LTD.

Securities Code: 4519

| Business Report |

January 1, 2025 to December 31, 2025

1 Overview of Consolidated Business Activities

(1) Asset and Income Status, etc. of the Group

a) Asset and Income Status

Item	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues (JPY billion)	999.8	1,259.7	1,111.4	1,170.6	1,257.9
Operating profit (JPY billion)	421.9	533.3	439.2	542.0	598.8
Net income (JPY billion)	303.0	374.4	325.5	387.3	434.0
Net income attributable to Chugai shareholders (JPY billion)	303.0	374.4	325.5	387.3	434.0
Total assets (JPY billion)	1,538.7	1,869.8	1,932.5	2,208.4	2,468.6
Total equity (JPY billion)	1,188.0	1,424.4	1,625.6	1,901.5	2,025.7
Basic earnings per share (JPY)	184.29	227.64	197.83	235.39	263.73
Equity per share attributable to Chugai shareholders (JPY)	722.50	865.88	988.01	1,155.56	1,230.91

(Note) Effective the fiscal year 2023, the Company has changed its method of presentation to exclude income from disposal of product rights from revenues. Accordingly, the figures for the fiscal year 2022 have been reclassified in the same manner.

b) Core Results Status

Item	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues (JPY billion)	999.8	1,167.8	1,111.4	1,170.6	1,257.9
Gross profit (JPY billion)	664.3	692.8	699.4	832.5	906.5
Operating profit (JPY billion)	434.1	451.7	450.7	556.1	623.2
Net income (JPY billion)	311.5	317.7	333.6	397.1	451.0
Net income attributable to Chugai shareholders (JPY billion)	311.5	317.7	333.6	397.1	451.0
Core EPS (JPY)	189.35	193.11	202.71	241.31	274.02
Research and development (JPY billion)	129.8	143.7	162.8	176.9	180.1

(Notes) 1. Effective the fiscal year 2023, the Company has changed its method of presentation to exclude income from disposal of product rights from revenues. Accordingly, the figures for the fiscal year 2022 have been reclassified in the same manner.

2. Core EPS is diluted earnings per share attributable to Chugai shareholders after deduction of non-Core profit or loss items determined by the Company.

c) Other Significant Performance Indicators

Item	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Ratio of equity attributable to Chugai shareholders (%)	77.2	76.2	84.1	86.1	82.1
Ratio of net income to equity attributable to Chugai shareholders (ROE) (%)	28.0	28.7	21.3	22.0	22.1
Price-earnings ratio (times)	20.27	14.80	27.00	29.73	31.26
Dividends per share (JPY)	76.00	78.00	80.00	98.00	272.00
Core dividend payout ratio (%)	40.1	40.4	39.5	40.6	99.3
Total shareholders return (TSR) (%)	69.3	64.0	101.3	133.2	160.8

(Notes) 1. The amount of dividends per share for the fiscal year 2025 is conditional on the approval of the First Proposal (Appropriation of Surplus) proposed at the 115th Annual General Meeting of Shareholders for the Business Term ended December 31, 2025, and the dividend payout ratio has been calculated based on this amount.

2. "Core dividend payout ratio" stated above represents dividend per share against Core EPS.

Reference | Adoption of Core Results

The Company discloses its results on a Core basis from the fiscal year 2013 in conjunction with its transition to IFRS. Core results are the results after adjusting non-recurring items recognized by the Company to IFRS results. The Company's recognition of non-recurring items may differ from that of Roche due to the difference in the scale of operations, the scope of business and other factors. Core results are used by the Company as an internal performance indicator, for explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results such as a return to shareholders.

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

Amortization and impairment of intangible assets (for example, lump-sum and milestone payments pertaining to products under development in-licensed from third parties)

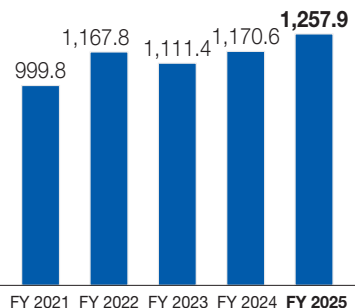
Merger impacts attributable to acquisitions of companies or businesses

Non-recurring items such as expenses for restructuring, environmental measures and litigation, and disasters

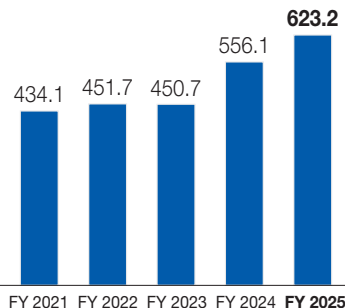
Tax effect for the above items and income attributable to non-controlling interests

Key Performance Indicators (Core Results)

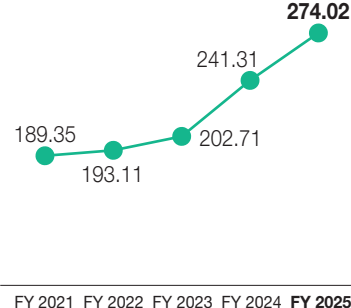
Revenues (JPY billion)



Operating Profit (JPY billion)



Core EPS (JPY)



(2) Developments and Results of Business Activities of the Group

a) Revenues

(Unit: JPY billion)

Item	Actual performance for the fiscal year under review	Actual performance for the previous fiscal year	Year-on-year difference for the same period (%)
Sales	1,077.8	997.9	up 8.0%
Japan	472.4	461.1	up 2.5%
Oncology field	246.5	247.7	down 0.5%
Specialty field	225.8	213.4	up 5.8%
Overseas	605.4	536.8	up 12.8%
Other revenue	180.1	172.7	up 4.3%
Revenues	1,257.9	1,170.6	up 7.5%

Domestic sales

Domestic sales were JPY472.4 billion (an increase of 2.5% year on year) due to the sales growth of new products and mainstay products, despite the effects of the market penetration of generic drugs and the NHI drug price revisions.

Oncology products sales were JPY246.5 billion (a decrease of 0.5% year on year). Sales of the mainstay product Avastin (an anti-VEGF humanized monoclonal antibody, anti-cancer agent) decreased due to the effects of the market penetration of generic drugs and the NHI drug price revisions. In addition, sales of Perjeta (an anti-HER2 humanized monoclonal antibody, anti-cancer agent) decreased significantly, mainly due to the ongoing replacement of Perjeta with the new product Phesgo (antineoplastic agent/anti-HER2 humanized monoclonal antibody/hyaluronan-degradation enzyme combination drug), a subcutaneous combination drug containing Perjeta. Meanwhile, in addition to the significant increase in sales of Phesgo, the market penetration of Lunsumio (an antineoplastic agent/humanized anti-CD20/CD3 bispecific antibody), launched in March 2025, was also favorable, while the mainstay product Polivy (an antimicrotubule binding anti-CD79b monoclonal antibody, anti-cancer agent) performed strongly.

Specialty products sales were JPY225.8 billion (an increase of 5.8% year on year). This was primarily due to the strong sales of the mainstay products Vabysmo (an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody), Enspryng (pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody), and Hemlibra (a blood coagulation factor VIII substitute/anti-coagulation factor IXa/X humanized bispecific monoclonal antibody), as well as the favorable market penetration of the new product PiaSky (a pH-dependent binding humanized anti-complement (C5) monoclonal antibody), despite the effects of the market penetration of generic drugs and the NHI drug price revisions.

Overseas sales

Overseas sales amounted to JPY605.4 billion (an increase of 12.8% year on year). The export of Hemlibra and Actemra (a humanized anti-human IL-6 receptor monoclonal antibody) to Roche grew compared to the previous fiscal year.

b) Financial Results

Consolidated financial highlights (IFRS results)

Revenues for the fiscal year under review were JPY1,257.9 billion (an increase of 7.5% year on year), operating profit for the fiscal year under review was JPY598.8 billion (an increase of 10.5% year on year), and net income for the fiscal year under review was JPY434.0 billion (an increase of 12.1% year on year). These results include non-Core items, which are excluded from the Core results that Chugai adopts to manage recurring business activities, such as amortization of intangible assets of JPY1.4 billion, impairment loss of intangible assets of JPY1.7 billion, business rebuilding expenses of JPY13.3 billion, expenses relating to the management decision to collectively discontinue in-house development projects, etc. of JPY16.4 billion, and restructuring expenses of JPY8.4 billion (revenue) such as the gain on sale of non-current assets in conjunction with the closing of offices.

income related to Hemlibra, despite a decrease in lump-sum income. Furthermore, cost to sales ratio was 32.6%, an improvement of 1.3 percentage points year on year, reflecting the impact of foreign exchange rate fluctuations, a change in the product mix, and other factors. As a result, gross profit amounted to JPY906.5 billion (an increase of 8.9% year on year).

Research and development expenses amounted to JPY180.1 billion (an increase of 1.8% year on year) due to investments into drug discovery/early development and increases associated with the progress of development projects, etc. Selling, general and administration expenses amounted to JPY103.2 billion (an increase of 1.0% year on year) due to an increase in various expenses. Other operating income (expense) was JPY0 billion (JPY2.7 billion of income for the previous fiscal year). As a result, core operating profit was JPY623.2 billion (an increase of 12.1% year on year), and core net income increased for nine consecutive fiscal years to JPY451.0 billion (an increase of 13.6% year on year).

Consolidated financial highlights (Core results)

(Unit: JPY billion)

Item	Actual performance for the fiscal year under review	Actual performance for the previous fiscal year	Year-on-year difference for the same period (%)
Revenues	1,257.9	1,170.6	up 7.5%
Gross profit	906.5	832.5	up 8.9%
Operating profit	623.2	556.1	up 12.1%
Net income	451.0	397.1	up 13.6%

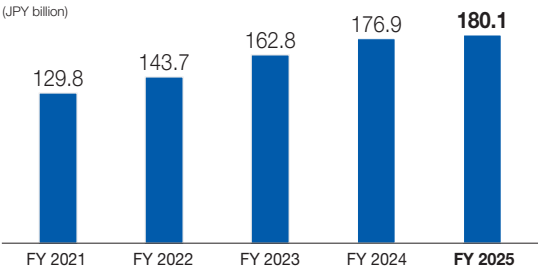
Revenues for the fiscal year under review were JPY1,257.9 billion (an increase of 7.5% year on year), due to an increase in sales.

Of revenues, sales were JPY1,077.8 billion (an increase of 8.0% year on year). Domestic sales increased compared to the previous fiscal year despite the effects of the market penetration of generic drugs and the NHI drug price revisions, because sales grew for the new products Phesgo and PlaSky and the mainstay products Vabysmo, Enspryng, and Hemlibra. Overseas sales increased compared to the previous fiscal year due to the increase in the export of Hemlibra and Actemra to Roche. Other revenue amounted to JPY180.1 billion (an increase of 4.3% year on year) primarily due to an increase in

c) R&D Activities

In Japan and overseas, the Chugai Group (“the Group”) is actively engaged in prescription pharmaceutical R&D activities and is working to develop innovative products with global application. In Japan, Chugai Life Science Park Yokohama is conducting drug discovery research, and Ukima Research Laboratories are conducting industrialization research. Overseas, Chugai Pharma USA, Inc. (United States); Chugai Pharma Europe Ltd. (United Kingdom); Chugai Pharma China Co., Ltd. (China); and Chugai Pharma Taiwan Ltd. (Taiwan) are engaged in clinical development and submission of applications in their respective countries and areas. Chugai Pharmabody Research Pte. Ltd. (Singapore) is engaged in drug discovery research.

Reference | R&D Expenses



Progress made in R&D activities was as follows.

(i) Oncology

- We obtained approval for an antineoplastic agent/humanized anti-PD-L1 monoclonal antibody RG7446 (Product name: Tecentriq) for additional indications for unresectable alveolar soft part sarcoma and relapsed or refractory extranodal natural killer/T-cell lymphoma, nasal type, in February and September 2025, respectively. In addition, we filed for an additional indication for unresectable thymic carcinoma in May 2025, and obtained approval in December 2025. Furthermore, we decided to discontinue the development in Japan for the treatment of prostate cancer (2nd Line) (cabozantinib combination) in consideration of the results of global Phase III study CONTACT-02. In addition, we decided to discontinue the development for the treatment of early breast cancer (perioperative) in consideration of the results of clinical studies conducted to date, and to discontinue the development for the treatment of non-small cell lung cancer (perioperative) in consideration of the results of global Phase III study IMpower030.
- We filed for an antineoplastic agent/ALK inhibitor AF802/RG7853 (Product name: Alecensa) for an additional indication for ALK fusion/rearrangement gene-positive unresectable advanced or recurrent solid tumors in June 2025.
- We filed for an antineoplastic agent/humanized anti-CD20/CD3 bispecific antibody RG7828 (Product name: Lunsumio) for an additional indication for relapsed or refractory aggressive B-cell non-Hodgkin's lymphoma (Polivy combination) in May 2025.
- We filed for an antineoplastic agent/anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody RG435 (Product name: Avastin) for an additional indication for neurofibromatosis type 2 in August 2025. In addition, we decided to discontinue the development for the treatment of small cell lung cancer (1st Line) (Tecentriq combination) in consideration of the results of Phase III study BEAT-SC.
- We started domestic Phase II study for an anti-CD20/CD3 bispecific antibody RG6026 for the treatment of relapsed or refractory diffuse large B-cell lymphoma and relapsed or refractory mantle cell lymphoma in August 2025.
- We started Phase Ib/II study for a KRAS G12C inhibitor RG6330 for the treatment of non-small cell lung cancer (1st Line) in October 2025.
- We started domestic Phase I/II study for a PI3Kα inhibitor RG6114 for the treatment of PIK3CA-mutated breast cancer (in combination with palbociclib and fulvestrant) in July 2025.
- We started Phase I study for MINT91 for the treatment of solid tumors in April 2025.
- We started Phase I study for a pan-KRAS inhibitor AUBE00 for the treatment of solid tumors in June 2025.
- We decided to discontinue the development of an anti-TIGIT human monoclonal antibody RG6058 for non-small cell lung cancer (1st Line), non-small cell lung cancer (stage III), and esophageal cancer (all in combination with Tecentriq), and for hepatocellular carcinoma (1st Line) (in combination with Tecentriq and Avastin), considering the results of global Phase III studies SKYSCRAPER-01, SKYSCRAPER-03, SKYSCRAPER-07, and SKYSCRAPER-14.
- We decided to discontinue the development of an anti-HER2/CD3 bispecific antibody RG6194 for solid tumors for strategic reasons.

- We made a management decision to discontinue the in-house development of a RAS inhibitor LUNA18 based on the data obtained to date and the status of our portfolio.
- We made a management decision to discontinue the in-house development of an anti-CD137 agonistic switch antibody STA551 based on the data obtained to date and the status of our portfolio.
- We made a management decision to discontinue the in-house development of an anti-latent TGF- β 1 monoclonal antibody SOF10 based on the data obtained to date and the status of our portfolio.
- We made a management decision to discontinue the in-house development of an anti-CLDN6/CD3/CD137 trispecific antibody SAIL66 based on the data obtained to date and the status of our portfolio.

(ii) Immunology

- We filed for an immunosuppressant (Product name: CellCept) based on public knowledge in March 2025 for the treatment of refractory nephrotic syndrome (frequently relapsing or steroid-dependent nephrotic syndrome), and obtained approval for an additional indication in September 2025.
- We started global Phase III study for an anti-TL1A antibody RG6631 for the treatment of ulcerative colitis in April 2025 and of Crohn's disease in September 2025.
- Through the complete acquisition of Renalys Pharma, Inc. in November 2025, we obtained exclusive development and commercialization rights in Japan, South Korea, and Taiwan for the endothelin/angiotensin II receptor dual antagonist Sparsentan, which is currently being evaluated in a domestic Phase III study for IgA nephropathy.

(iii) Neuroscience

- The viral vector product RG6356/SRP-9001 (Product name: Elevidys) obtained conditional and time-limited manufacturing and marketing approval in Japan in May 2025 as a regenerative medical product intended for the treatment of Duchenne muscular dystrophy (ambulatory patients aged 3 years or older and under 8 years who have no deletion mutation of part or all of exon 8 and/or exon 9, and who are negative for anti-AAVrh74 antibodies).
- We started global Phase III study for an anti-amyloid beta/TfR1 fusion protein RG6102 for the treatment of Alzheimer's disease in November 2025.
- We started Phase II study for a pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody SA237/RG6168 (Product name: Enspryng) for the treatment of Duchenne muscular dystrophy in April 2025.

(iv) Hematology

- We started global Phase III study for a blood coagulation factor VIII substitute/anticoagulation factor IXa/X humanized bispecific monoclonal antibody ACE910/RG6013 (Product name: Hemlibra) for the treatment of type 3 von Willebrand disease in June 2025.
- We decided to remove a pH-dependent binding humanized anti-complement (C5) monoclonal antibody SKY59/RG6107 (Product name: PiaSky) for the treatment of sickle cell disease from the pipeline following the decision made by Roche to discontinue the development, considering the results of clinical studies conducted overseas.

(v) Ophthalmology

- We obtained approval for an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody RG7716 (Product name: Vabysmo) for an additional indication for angioid streaks associated with choroidal neovascularization in May 2025. We started domestic Phase III study for the treatment of non-proliferative diabetic retinopathy in May 2025.

(vi) Other Diseases

- We started global Phase III study for an RNAi therapeutic targeting angiotensinogen RG6615 for the treatment of hypertension in November 2025.
- We started Phase II study for an anti-latent myostatin sweeping antibody GYM329/RG6237 for the treatment of obesity in May 2025.
- We started Phase I study for an anti-complement C1s recycling antibody RAY121 in March 2025.
- We made a management decision to discontinue the in-house development of an anti-IL-8 recycling antibody AMY109 based on the data obtained to date and the status of our portfolio.
- We decided to discontinue the development of BRY10 for chronic diseases in light of the data obtained to date.

Reference | Status of clinical development (as of January 29, 2026)

■ Oncology field
 ■ Immunology field
 ■ Neuroscience field
 ■ Hematology field
 ■ Ophthalmology field
 ■ Other fields

Development code	Origin	Generic name	Product name	Expected indication <Combination drug>
Approved				
RG7446	Roche	atezolizumab	Tecentriq	Unresectable alveolar soft part sarcoma # Japan
				Relapsed or refractory extranodal natural killer/T-cell lymphoma, nasal type # Japan
				Unresectable thymic carcinoma # Japan
RG6356/ SRP-9001	Sarepta	delandistrogene moxeparvovec	Elevidys	Duchenne muscular dystrophy(DMD) (ambulatory) Japan
RG7716	Roche	faricimab	Vabysmo	Angioid streaks associated with choroidal neovascularization # Japan
—	Roche	mycophenolate mofetil	CellCept	Refractory nephrotic syndrome # Japan
Filed				
AF802/RG7853	in-house	alectinib	Alecensa	ALK fusion / rearrangement gene-positive unresectable advanced or recurrent solid tumors # Japan
RG7446	Roche	atezolizumab	Tecentriq	Adjuvant therapy for MRDpositive bladder cancer # Japan
RG7828	Roche	mosunetuzumab	Lunsumio	Relapsed or refractory aggressive B-cell nonHodgkin's lymphoma # (Polivy) # Japan
RG435	Roche	bevacizumab	Avastin	Neurofibromatosis type 2(NF2) # Japan
Phase III				
AF802/RG7853	in-house	alectinib	Alecensa	Maintenance treatment of NSCLC (stage III) after chemoradiotherapy # Global
RG7446	Roche	atezolizumab	Tecentriq	HCC (intermediate stage) # (Avastin) # Japan
				HCC (2nd Line) # (lenvatinib or sorafenib) Japan
RG6171	Roche	giredestrant	—	Breast cancer (adjuvant) Japan
				Breast cancer (1st Line)(palbociclib) Japan
				Breast cancer (1st Line-3rd Line) (everolimus) Japan
RG7828	Roche	mosunetuzumab	Lunsumio	Follicular lymphoma (2nd Line) # (lenalidomide) Japan
				Previously untreated follicular lymphoma # Japan
RG6026	Roche	glofitamab	—	Previously untreated large Bcell lymphoma (Polivy) Japan
RG6330	Roche	divarasib	—	NSCLC (2nd Line) Japan
				NSCLC (1st Line) Japan
RG7159	GlycArt Biotechnology	obinutuzumab	Gazyva	Lupus nephritis # Japan
				Pediatric nephrotic syndrome # Japan
				Extra renal lupus # Japan

Development code	Origin	Generic name	Product name	Expected indication <Combination drug>
RG6299/ ASO factor B	Ionis Pharmaceuticals	sefaxersen	—	IgA nephropathy Japan
RG6631	Roche	afimkibart	—	Ulcerative colitis Japan Crohn's disease Japan
—	Bristol Myers Squibb	sparsentan	—	IgA nephropathy Japan
SA237/RG6168	in-house	satralizumab	Enspryng	Myelin oligodendrocyte glycoprotein antibody -associated disease (MOGAD) # Global Autoimmune encephalitis (AIE) # Global
RG6102	MorphoSys	trontinemab	—	Alzheimer's disease Japan
RG6356/SRP-9001	Sarepta	delandistrogene moxeparv- ovec	Elevidys	Duchenne muscular dystrophy (DMD) (non-ambula- tory) # Japan*
SKY59/RG6107	in-house	crovalimab	PiaSky	Atypical hemolytic uremic syndrome (aHUS) # Global
ACE910/RG6013	in-house	emicizumab	Hemlibra	Type 3 von Willebrand disease # Global
SA237/RG6168	in-house	satralizumab	Enspryng	Thyroid eye disease (TED) # Global
RG6179	Roche	vamikibart	—	Noninfectious uveitic macular edema (UME) Japan
RG7716	Roche	faricimab	Vabysmo	Non-proliferative diabetic retinopathy (NPDR) # Japan
RG6615	Alnylam Pharmaceuticals	zilebesiran	—	Hypertension Japan

Phase II/III

GYM329/ RG6237	in-house	emugrobart	—	Spinal muscular atrophy (SMA) (Evrysdi) Global
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Phase II

RG6026	Roche	glofitamab	—	Relapsed or refractory diffuse large B-cell lymphoma Japan Relapsed or refractory mantle cell lymphoma Japan
GYM329/RG6237	in-house	emugrobart	—	Facioscapulohumeral muscular dystrophy (FSHD) Global
SA237/RG6168	in-house	satralizumab	Enspryng	Duchenne muscular dystrophy (DMD) # Global
RG6042	Ionis Pharmaceuticals	tominersen	—	Huntington's disease Japan
GYM329/RG6237	in-house	emugrobart	—	Obesity Global

Phase I/II

RG6114	Roche	inavolisib	—	<i>PIK3CA</i> -mutated breast cancer (palbociclib + fulvestrant) Japan
NXT007/RG6512	in-house	—	—	Hemophilia A Global

In principle, completion of first dose is regarded as the start of clinical studies in each phase. * Sarepta manages the global clinical study including Japan.

#: Additional indication

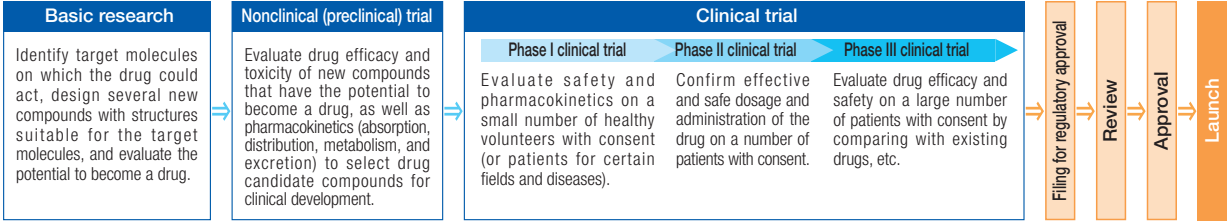
Development code		Origin	Generic name	Product name	Expected indication <Combination drug>
	RG6321	Roche	ranibizumab (Port Delivery Platform with ranibizumab)	—	Neovascular age-related macular degeneration Japan
					Diabetic macular edema Japan
Phase I					
	GC33	in-house	codrituzumab	—	HCC Global
	ALPS12	in-house	clesitamig	—	Solid tumors Global
	ROSE12	in-house	—	—	Solid tumors Global
	MINT91	in-house	—	—	Solid tumors Global
	AUBE00	in-house	—	—	Solid tumors Global
	RG7421	Exelixis	cobimetinib	—	Solid tumors Japan
	RG6160	Roche	cevostamab	—	Relapsed or refractory multiple myeloma Japan
	DONQ52	in-house	—	—	Celiac disease Global
	RAY121	in-house	—	—	Autoimmune disease Global
	RG7935	Prothena	prasinezumab	—	Parkinson's disease Japan
	REVN24	in-house	—	—	Acute diseases Global
	RAY121	in-house	—	—	— Global

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

#: Additional indication

Reference | Process of new drug development

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



(3) Capital Expenditures

The Group continuously undertakes capital investments to improve and streamline its manufacturing facilities, as well as to enhance and strengthen R&D capabilities. Capital expenditures during the fiscal year under review were JPY63.4 billion.

Such expenditures mainly consisted of the construction of a production building for bio APIs (UT3) used for the production of study drugs for middle to later-stage development to early-stage commercial production in Utsunomiya Plant, the construction of a production building for sterile injectables (UTA) for early commercial use, the expansion of the production building for bio APIs (UK3) in Ukima Plant, and the purchase of commercial land in Ukima, Kita-ku.

(4) Financing

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

(5) Transfer of Business, etc.

On November 27, 2025, the Company acquired all of the shares and stock acquisition rights of Renalys Pharma, Inc. and made it a wholly owned subsidiary. Furthermore, on December 30, 2025, the Company merged Renalys Pharma, Inc. through an absorption-type merger and succeeded to all of its assets, liabilities, and other rights and obligations.

(6) Future Tasks

a) Basic management principles

In line with its strategic alliance with the world-leading pharmaceutical company Roche, the Group upholds its mission of “dedicating ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world” and its Envisioned Future of “becoming a top innovator for advanced and sustainable patient-centric healthcare.” The Group promotes its business activities in line with its core values of “Patient Centric,” “Pioneering Spirit” and “Integrity.”

The basic management principles are to create shared value and develop hand in hand with society. Based on these principles, the Group formulated a value-creation model to bring about the realization of advanced and sustainable patient-centric healthcare, and in 2024 comprehensively reviewed its material issues. As a result, the Group identified 16 material issues that should be given priority and evaluated them based on both the impact that the environment and society have on companies (financial materiality) and the impact that companies’ activities have on the environment and society (impact materiality).

In addition to our strategic alliance with Roche, we aim to become a global role model that leads the way in solving social issues represented by ESG and SDGs by leveraging our unique science and technology capabilities and focusing on innovation centered on innovative drug discovery. The Group is convinced that these initiatives will contribute to enhancing the sustainability of society as a whole, while laying a foundation for the long-term development of the Group.

b) Target management indicators

The Group places emphasis on increasing corporate value by generating innovation, and prioritizes the allocation of management resources to the development of innovative new drugs. The Group works to conduct flexible and agile business operations, in order to achieve stable profit growth over the short- to medium-term, while focusing on Core ROIC as an indicator of investment efficiency over the long term. In addition, the Group considers ROE, which measures profitability against equity provided by shareholders, to be an important indicator. While using Core ROIC as its foundation, the Group also emphasizes ROE, thereby pursuing the maximization of both business value and shareholder value. In addition, whenever making investment decisions such as individual development projects, the Group carries out an evaluation of investment value based on capital costs, and makes decisions with emphasis on profitability and efficiency.

Chugai has formulated a growth strategy toward 2030, “TOP I 2030” (described later) in 2021, and is working to achieve the goals of “Double R&D output” and “Launch global in-house products every year.” In promoting “TOP I 2030,” Chugai determined to stop formulating medium-term (three years) management plans, and instead it has set and managed goals (in three to five years) as medium-term milestones so that it can fill the gap between the current state and goals by backcasting from the long-term goals. In this way, Chugai aims to achieve its long-term goals while modifying plans in an agile and flexible manner in accordance with the progress of the plans and changes in the environment. Chugai will disclose the status of progress of its medium- to long-term business activities, by explaining the progress of medium-term milestones and the outlook for R&D pipelines, and indicate the path for achieving these objectives. Chugai also plans to continue disclosing single-year earnings forecasts and providing explanation on the management status at briefing sessions and other meetings, in order to report the progress of the business strategies set forth by Chugai in a timely manner.

c) Management environment and issues to be addressed

The world abounds with diseases that currently have no cure. Moreover, there are growing expectations and needs for pharmaceuticals due to an increase in the world population and progressive demographic graying in each country. In addition, dramatic advances in life sciences, generative AI, and other digital technologies are expanding opportunities to create innovations to solve healthcare issues, including those in other industries. Meanwhile, more and more stringent policies to curb medical expenditures, including drug costs, are being implemented amid the strain on budgets in each country due to an increase in social security costs such as medical expenditures. The realization of sustainable medical care has become a common issue in the world. As such, in order to realize advanced and sustainable medical care with limited resources, the trend toward VBHC (Value Based Healthcare) is steadily gaining momentum, in which only solutions that offer true value are pursued. Additionally, digital companies as well as various other players are now entering the healthcare area, which has given rise to intensification more than ever before of competition beyond the scope of existing industries. Furthermore, with the increasing uncertainty surrounding business operations due to increased geopolitical risks stemming from instability in the international political situation, energy prices, inflation, and other factors, we are faced with a wide range of issues that need to be addressed in operating businesses, including the protection of the earth environment, information security measures, and responses to accelerating technological innovation such as AI (artificial general intelligence).

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



Glossary

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

The Group achieved top-class growth in Japan based on its unique strengths in science and technology and its strategic alliance with Roche. The Group concentrates resources on inhouse drug discovery and continuously generates innovative R&D projects, through the business model that leverages the Roche global platform and achieves a high level of productivity in the late-stage development and sales of its own products, while securing a stable revenue foundation on the Japanese market through Roche’s fully stocked pipeline. As a result, the Group’s drug discovery capabilities have been highly evaluated worldwide, with six drugs (including Actemra, Alecensa, Hemlibra, Enspryng and Nemolizumab) generated by Chugai and nine projects implemented the Company being designated as **Breakthrough Therapy***1 by the U.S. Food and Drug Administration (FDA).

Going forward, the Group will continue to strive to enhance our corporate value and solve social issues through the swift development and delivery of innovative new drugs to patients.

d) Growth strategy for 2030 “TOP I 2030”

With a view toward realizing the Envisioned Future set out in its Mission Statement, the Group has formulated and implemented “TOP I 2030”, a growth strategy to achieve this goal since 2021, while materializing the vision of what it means to be a top innovator by 2030. In July 2024, the Group refined the strategy by reviewing the progress and results that it achieved.

Our envisioned Top Innovator in 2030:

1. “Expectation from patients all over the world”

A company with drug discovery capabilities that meet the world’s highest standards, and which offers hope to patients around the world, that “Chugai will surely create new treatments”

2. “Attracting talent and players from around the world”

A company that attracts passionate talent from all over the world, and inspires players involved in healthcare around the world to think they can create something new by partnering with Chugai

3. “Role model for the world”

A company that puts sustainability at the heart of its business activities and serves as a global role model by playing a leading role in solving social issues

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

By making use of its unique strengths in science and technology, Chugai has successfully created numerous innovative new drugs. The Group will seek to build and strengthen its system for continuously delivering solutions that

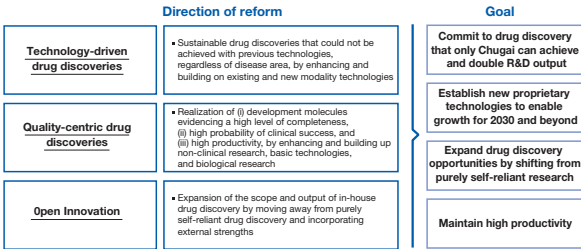
respond to the unmet medical needs of the world, while making substantial improvements to its drug discovery capabilities. Specifically, the Group aims to double its R&D output over the ten-year period through 2030, in order to become a company that is capable of launching innovative in-house developed global products every year.

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

As specific initiatives to achieve the twin pillars of the “TOP I 2030” strategy, the Group has set forth “five reforms” that comprise reforms in each of the value chains of “Drug Discovery,” “Development,” “Pharmaceutical Technology,” and “Value Delivery” as well as in “Foundation for Growth,” which supports those value chains.

(i) Drug Discovery

Growth Strategy “TOP | 2030”
 We will pursue drug discoveries based on the R&D Principles and establish unique technologies and produce output by strengthening open innovation.



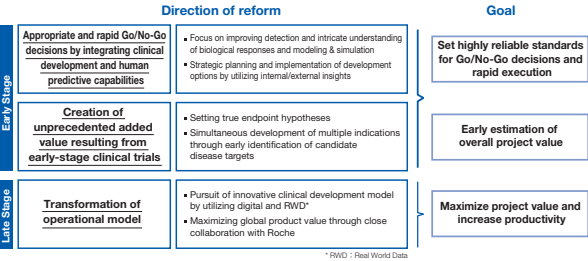
The Group advances drug discovery based on R&D principles, and aims to approach targets that have been considered difficult to reach while also aiming to achieve pharmacological effects that are difficult to realize with current technology by tackling new modalities such as mid-size molecule drugs, in addition to innovating existing technologies such as small molecule drugs and antibodies. The Group will also strive to create high-quality development candidate molecules without

making any compromise in all aspects including efficacy, safety **DMPK**,^{*2} and physical properties, thereby achieving high success rates in clinical development.

The Group has a history of creating a large number of pharmaceuticals by collaborating with academia in Japan, and is now actively engaging in collaborations with academia and startups in and outside of Japan. In January 2024, Chugai Venture Fund, LLC, the Group’s corporate venture fund based in the United States, began operations. The Group will step up efforts to explore external technologies and targets, instead of focusing on its single-handed in-house drug discovery, and will integrate them with its own strengths to expand opportunities for drug discovery. The Group will strive to meet unmet medical needs, pursue innovative drug discovery that leads to treatment, early intervention, and prevention, and continue to contribute to the improvement of patients’ quality of life.

(ii) Development

Growth Strategy “TOP | 2030”
 Especially in early development, we will pursue strengthened Go/No-Go decision-making and early maximization of project value, along with continuous transformation of our operational model.



As the TOP I 2030 initiatives progress, an increasing number of projects will advance to the clinical development phase. The Group will aim to maximize the overall value of its projects as early as possible by making an appropriate and speedy go-or-no-go decision for each project by using a combination of its clinical development capabilities and **human pharmacokinetics prediction**^{*3} capabilities, and by implementing clinical development for multiple indications simultaneously once it is determined that there is a high probability that the compound can be put into practical use as a pharmaceutical. In addition, we will strive to maximize the value delivered to patients by working on the verification

Glossary

*2 DMPK: Drug metabolism and pharmacokinetics, or in-vivo pharmacological behavior

*3 Human pharmacokinetics prediction: Modeling and simulation of pharmacokinetics and biological responses of drugs in the human body

of the **true endpoint**^{*4} at an earlier phase and utilizing the results for late-stage development.

As for late-stage development, the Group is working to create industry-leading new value and further transform its operation model by leveraging digital technology and real world data (RWD), and by reconsidering how clinical trials should be conducted. Furthermore, the Group will make recommendations for development strategies and trial plans through cooperation with Roche to contribute to increasing success rates and maximizing global product value.

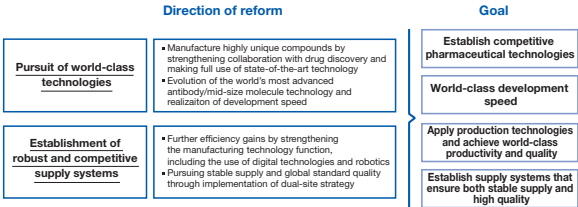
Through these efforts, the Group will seek to maximize project value and increase productivity.

(iii) **Pharmaceutical Technology**

Growth Strategy "TOP | 2030"

③ Pharmaceutical Technology

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



In line with the goal of doubling R&D output, the Group will pursue world-class pharmaceutical technologies to deliver new drug discovery modalities such as mid-size molecules to patients in the form of pharmaceuticals. The Group will enhance its production systems by further strengthening the coordination between functions, spanning from drug discovery and early-stage clinical development to pharmaceutical technology, and by establishing API, production and analysis technologies for highly active compounds that are extremely difficult to turn into drugs. In the field of antibodies, the Group will also strive to shorten the time from the selection of clinical development candidates to clinical trial application and speed up development by further promoting technological development.

In production, the Group is working to increase efficiency by strengthening its production technology capabilities by means of digital and robotics technologies, while also striving to build robust and competitive supply systems in preparation for disasters and geopolitical risks. The Group will aim to ensure stable supply and global-level quality by basically focusing on various initiatives to realize smart factory and its dual-site

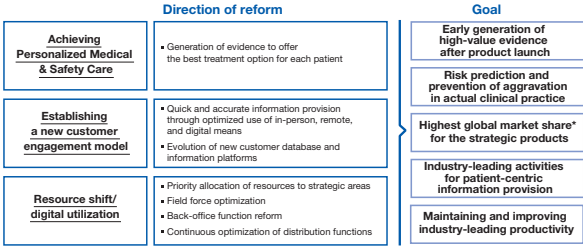
strategy through collaboration with external partners such as **CMOs**^{*5} after market launch, while also actively making necessary capital investments.

(iv) **Value Delivery**

Growth Strategy "TOP | 2030"

④ Value Delivery

We will pursue rapid evidence generation that contributes to optimal patient-centric treatment selection and provide advanced value with high productivity through the establishment of a customer engagement model.



In the function of value delivery, the Group will seek even more eagerly to generate evidence that contributes to the patient-centric choice of optimal treatment solutions and to achieve high-level value delivery by establishing an innovative customer engagement model. Specifically, the Group aims to deliver highly valuable evidence soon after market launch by conducting high-quality clinical research and post marketing surveillance through collaboration with Roche and academia. In addition, the Group is advancing efforts to promote the proper use of drugs, such as efforts to predict the risks of side effects and prevent side effects from becoming serious by use of knowledge in non-clinical and translational research.

In an effort to establish a new customer engagement model, the Group is implementing a multi-channel strategy that combines face-to-face, remote and digital channels, considering the environment in which dramatic changes are taking place in the customer contact points. The Group will work to optimize value delivery by establishing a system that allows it to select an appropriate approach flexibly to meet customer needs, which are expected to become more diverse going forward.

For organizational rationalization, the Group is working to identify high-priority tasks to which resources should be directed while also shifting the focus on the investment of resources to growth and new areas. To achieve this, the Group will continue to consider streamlining efforts such as transferring matured products to third parties. The Group will also advance fundamental transformations without being

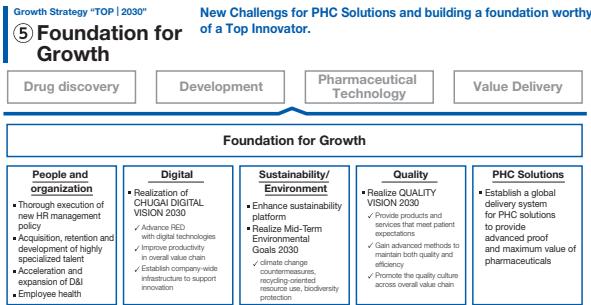
 Glossary

^{*4} True endpoint: True value that contributes to the improvement of patients' quality of life

^{*5} CMO: Contract Manufacturing Organization

bound by conventional practices and processes through the use of digital technology, outsourcing, shared services, and other means.

(v) Foundation for Growth



PHC solution : products/services to be able to provide best treatment options to each patient by diagnosing the disease or measure the treatment results

In parallel with the reforms of each value chain, the Group will continue to work to strengthen its company-wide foundation, which supports the generation of innovation and the realization of its growth strategy, specifically focusing on the following five priority areas.

“People and Organization”: The Group will work to strengthen its human capital by thoroughly implementing its human resource management policy based on business strategies. The Group will thoroughly implement a human resource system that encourages all personnel to take on challenges regardless of age and other attributes, and focus on supporting each employee’s career development as well as autonomous learning and personal growth, and on acquiring and developing highly specialized human resources, who will be the key in implementing business strategies, such as those in the fields of digital technology and science. At the same time, the Group will further step up its efforts to promote diversity, equity and inclusion (DE&I) to foster a culture that creates innovation, as well as efforts to promote the health of all employees.

“Digital”: Under “CHUGAI DIGITAL VISION 2030,” the Group will continue to work to achieve the goal of “transforming our business by using digital technologies to make Chugai a top innovator in the provision of society-changing healthcare solutions.” Specifically, the Group has launched co-creation

initiatives to solve the priority issues of each function as part of its efforts to create innovative new drugs through the use of digital technology, and to increase productivity in all value chains.

In addition, the Group will strive to build a company-wide foundation that supports the creation of innovation by continuing such efforts as the strengthening of IT infrastructure, which contributes to strengthening the development of specialized human resources in the field of digital technology and enhancing business value.

“Sustainability and Environment”: With sustainability at the heart of its business activities, the Group will continue to endeavor to achieve its ambitious Mid-Term Environmental Goals 2030 and thereby strive to reduce environmental impact on society. Specifically, the Group will continue to work on: climate change countermeasures, such as the reduction of CO2 emissions, and energy consumption and fluorocarbon use; use of renewable/ recycled resources through the reduction of waste emissions and water consumption; and protection of biodiversity through the reduction of the emission of harmful waste. In addition to the environment, the Group will also advance the improvement of governance and the enhancement of information disclosure.

“Quality”: The Group will aim to lead the world by leveraging its high-quality products, information and processes and its human resources that achieve them, and promote and raise external awareness of Chugai quality. To achieve this, the Group will make sure to provide products and services that meet patients’ expectations, and work to acquire innovative methods that ensure both quality and efficiency, and advance collaborations with partners. In addition, the Group will work to instill in all value chains a “quality culture” that provides the foundation for all these efforts.

“Personalized healthcare (PHC) solutions”*6: Patients’ needs are becoming more diversified and advanced. In the creation and delivery of innovative drugs, it will become increasingly important to precisely diagnose pathologies and measure therapeutic effects for demonstrating the value of drugs and maximizing their therapeutic effects, thereby making it possible to provide an optimal treatment for individual patients.

For PHC solutions, the Group aims to establish a global supply system to demonstrate the value of drugs in a more sophisticated manner while also maximizing their value, based on knowledge obtained through insight business.

 Glossary

*6 (PHC) solutions: Products and services such as SaMD (Software as a Medical Device) and biomarkers for which precise diagnosis and measurement of pathology and treatment effectiveness have been conducted, thereby enabling optimal treatment for individual patients

(7) Main Businesses (as of December 31, 2025)

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

(8) Principal Sales Offices, Plants and Research Laboratories (as of December 31, 2025)

[Domestic]

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

<Sales branches>

- ③ Kita-Nihon RMO* (Miyagi Pref.)
- ④ Kanto-Kita and Koshinetsu RMO (Saitama Pref.)
- ⑤ Kanto-Minami RMO (Tokyo)
- ⑥ Tokai and Hokuriku RMO (Aichi Pref.)
- ⑦ Kansai RMO (Osaka)
- ⑧ Chugoku and Shikoku RMO (Hiroshima Pref.)
- ⑨ Kyushu RMO (Fukuoka Pref.)

<Research & Development>

- ⑩ Chugai Life Science Park Yokohama (Kanagawa Pref.)
- ⑪ Ukima Research Laboratories (Tokyo)
- ⑫ Chugai Clinical Research Center Co., Ltd. (Tokyo)

<Production> *Bases of Chugai Pharma Manufacturing Co., Ltd.

- ⑬ Utsunomiya Plant (Tochigi Pref.)
- ⑭ Ukima Plant (Tokyo)
- ⑮ Fujieda Plant (Shizuoka Pref.)

* Regional Management Office (RMO)

[Overseas]

<Sales, Research & Development>

- ① Chugai Pharma Europe Ltd. (UK)
- ② Chugai Pharma R&D Taiwan Ltd. (Taiwan)
- ③ Chugai Pharma China Co., Ltd. (China)

<Sales>

- ④ Chugai Pharma U.K. Ltd. (UK)
- ⑤ Chugai Pharma France S.A.S. (France)
- ⑥ Chugai Pharma Germany GmbH (Germany)

<Research & Development>

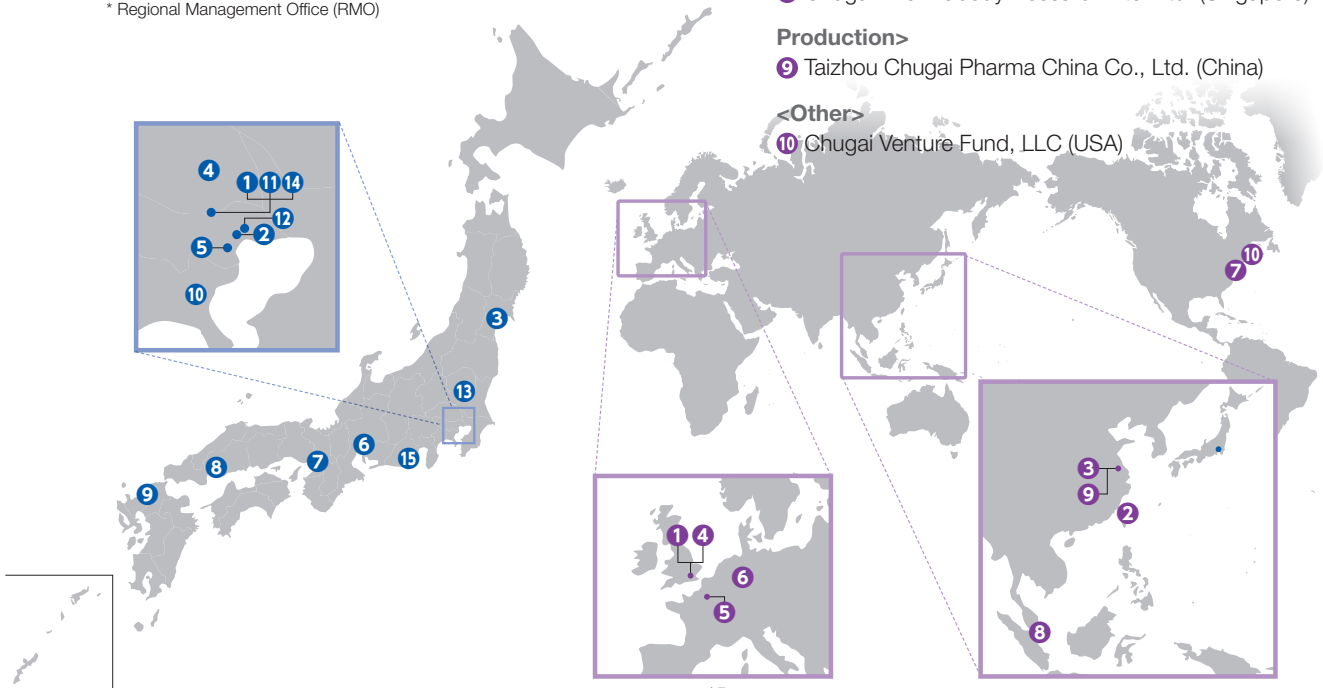
- ⑦ Chugai Pharma USA, Inc. (USA)
- ⑧ Chugai Pharmabody Research Pte. Ltd. (Singapore)

Production

- ⑨ Taizhou Chugai Pharma China Co., Ltd. (China)

<Other>

- ⑩ Chugai Venture Fund, LLC (USA)



(9) Employees (as of December 31, 2025)

Number of employees	Increase/decrease since end of previous fiscal year
7,872 persons	94 persons (Increase)

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

(10) Parent Company and Principal Subsidiaries**a) Parent Company**

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

Based on the Basic Alliance Agreement concluded in December 2001, Roche Holding Ltd. holds 1,005,670,935 shares of Chugai (shareholding percentage against total number of issued shares: 59.89%, or 61.10% when calculated based on the total number of issued shares excluding the number of treasury stock). However, as Chugai and Roche have agreed to cooperate in maintaining the listing of Chugai common stock on the Prime Market of the Tokyo Stock Exchange, it maintains its managerial autonomy and independence as a publicly listed company.

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

Out of the 9 Directors of Chugai, 3 Directors concurrently hold positions at Roche. However, these members comprise less than half of management, and thus Chugai recognizes that its management independence is ensured.

b) Transactions with Parent Company, etc.

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

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

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

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

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

In its business dealings with Roche, the Company conducts fair transactions on an arm's length basis, and the Directors of the Company are of the judgment that it will not harm the interests of the Company and minority shareholders. The Special Committee was established as an advisory board to the Board of Directors in March 2022 and discusses and reports significant transactions and conducts, etc., with Roche (The Committee was held three times during fiscal year 2025 (in March, June, and December)).

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

c) Principal Subsidiaries

Name of Company	Capital	The Company's Shareholding Percentage	Main Business Activities
Chugai Pharma Manufacturing Co., Ltd.	JPY80 million	100%	Manufacturing of pharmaceuticals
Chugai Venture Fund, LP	USD57,520,415	100% [0.10%]	Investment in startups

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

(Note) The figure in brackets [] for the Company's shareholding percentage represents the indirectly held ownership included in the total ownership and is stated after truncating the third decimal place and beyond.

(11) Other Important Matters of the Group

There is no applicable information.

2 Company's Shares (as of December 31, 2025)

- (1) Total Number of Authorized Shares 2,399,415,150 shares
- (2) Total Number of the Issued Shares 1,679,057,667 shares
(Includes 33,344,248 shares of treasury stock)
- (3) Number of Shareholders 58,967 shareholders

(4) Major Shareholders (Top Ten)

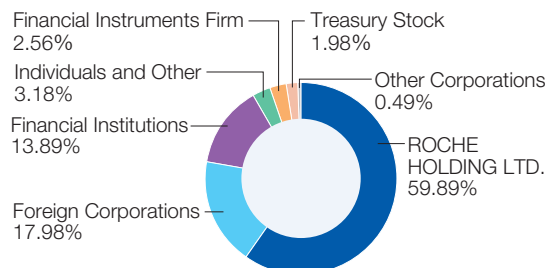
Name of shareholder	Number of shares held (Thousands of shares)	Shareholding percentage (%)
ROCHE HOLDING LTD.	1,005,670	61.10
The Master Trust Bank of Japan, Ltd. (Trust Account)	141,887	8.62
Custody Bank of Japan, Ltd. (Trust Account)	58,185	3.53
STATE STREET BANK AND TRUST COMPANY 505001	22,990	1.39
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

(Notes) 1. The Company is excluded from the top ten major shareholders listed in the table above, although the Company holds 33,344 thousand shares of treasury stock.

2. Shareholding percentage indicated above was calculated based on the total number of the issued shares excluding the number of treasury stock.

3. Names of the shareholders indicated above is based on the General Shareholder Notifications of the Japan Securities Depository Center, Incorporated.

Ownership Profile



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

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

During the fiscal year under review, 39,200 shares were granted to three Executive Directors.

(6) Other Important Matters Concerning Shares

There is no applicable information.

3 Company's Stock Acquisition Rights, etc.

Not included in the paper copy to be sent to shareholders who have requested it in accordance with laws and regulations and the Articles of Incorporation of the Company and posted on the Company's website (<https://www.chugai-pharm.co.jp/english/ir/share/agm.html>) and the website of the Tokyo Stock Exchange (<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>).

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

4 Company's Officers

(1) Directors and Audit & Supervisory Board Members (as of December 31, 2025)

	Name	Position and Responsibility in the Company	Important Concurrent Positions
Executive Directors	Osamu Okuda	Representative Director, President & CEO, In charge of Audit Dept.	
	Iwaaki Taniguchi	Director, Executive Vice President & CFO, Head of Finance Supervisory Div.	
	Hitoshi Ikura	Director, Executive Vice President, Head of Translational Research Div.	
Non-Executive Directors	Mariko Y Momoi	Outside Director	Professor Emeritus of Jichi Medical University Invited Professor of School of Medicine, Shinshu University
	Fumio Tateishi	Outside Director	Honorary Advisor of OMRON Corporation
	Hideo Teramoto	Outside Director	President of Dai-ichi Life Research Institute, Inc. Outside Director of Imperial Hotel, Ltd.
	Thomas Schinecker	Director	Roche Group, CEO
	Teresa A. Graham	Director	CEO of Roche Pharmaceuticals, Member of the Roche Corporate Executive Committee
	Boris L. Zaitra	Director	Roche, Head of Corporate Business Development, Member of the enlarged Corporate Executive Committee
Audit & Supervisory Board Members	Shigehiro Yamada	Full-time Audit & Supervisory Board Member	
	Masayoshi Higuchi	Full-time Audit & Supervisory Board Member	
	Kenichi Masuda	Outside Audit & Supervisory Board Member	Partner of Anderson Mōri & Tomotsune Outside Director of Bridgestone Corporation Outside Director (Audit and Supervisory Committee Member) of Mercuria Holdings Co., Ltd.
	Yumiko Waseda	Outside Audit & Supervisory Board Member	Partner Attorney-at-Law/Partner Patent Attorney, Tokyo Roppongi Law and Patent Office Outside Audit & Supervisory Board Member of IHI Corporation Outside Director (Audit and Supervisory Committee Member) of SCSK Corporation
	Mami Yunoki	Outside Audit & Supervisory Board Member	Representative of Mami Yunoki Certified Public Accountant Office Outside Director of Daiwa Securities Group Inc. Outside Director of ORIX Corporation

(Notes) 1. Directors and Audit & Supervisory Board Members who retired or were newly appointed during the fiscal year under review are as follows:

<Retired>

Director Christoph Franz (retirement due to expiration of term in office on March 27, 2025)

Audit & Supervisory Board Member Yoshiaki Ohashi (retirement due to expiration of term in office on March 27, 2025)

<Newly appointed>

Director Thomas Schinecker (assumed office on March 27, 2025)

Director Boris L. Zaitra (assumed office on March 27, 2025)

Audit & Supervisory Board Member Masayoshi Higuchi (assumed office on March 27, 2025)

2. Directors Thomas Schinecker, Teresa A. Graham and Boris L. Zaitra are members of the executive committee of Roche and are Non-Executive Directors of the Company. The relationship between the Company and Roche is as stated in "1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries."
3. Audit & Supervisory Board Member Mami Yunoki is a Certified Public Accountant and has considerable expertise in finance and accounting.
4. The Company designated Directors Mariko Y Momoi, Fumio Tateishi and Hideo Teramoto and Audit & Supervisory Board Members Kenichi Masuda, Yumiko Waseda and Mami Yunoki as independent officers as stipulated under the Tokyo Stock Exchange guideline, and registered them as such at the exchange.
5. The name of Audit & Supervisory Board Member Mami Yunoki on the family register is Mami Kato.
6. The Company established the Appointment Committee, the Compensation Committee and the Special Committee as advisory boards to the Board of Directors, so as to secure managerial transparency.

Committee Name	Role	Member Structure
Appointment Committee	The Appointment Committee deliberates on the selection of director candidates, succession plan for executive directors, including the CEO, and selection and dismissal of directors, etc.	Chairman: Fumio Tateishi Members: Osamu Okuda, Mariko Y Momoi, Teresa A. Graham
Compensation Committee	The Compensation Committee deliberates on remuneration policy and the remuneration of individual directors.	Chairman: Teresa A. Graham Members: Fumio Tateishi, Hideo Teramoto, Thomas Schinecker
Special Committee	The Special Committee deliberates and reports significant transactions and conducts, etc., that may generate a conflict of interests between Roche and minority shareholders.	Chairman: Hideo Teramoto Members: Fumio Tateishi, Kenichi Masuda

7. As of January 1, 2026, the information for the above "Position and Responsibility in the Company" column changed as follows.
 Director Hitoshi Iikura: Director, Executive Vice President, Head of Corporate Planning Department, in charge of ASPIRE Transformation Department

(2) Overview of Limited Liability Agreement

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

(3) Overview of Indemnity Agreement

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

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

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

a) Scope of Insured Persons

Directors, Audit & Supervisory Board Members and Executive Officers of the Company

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

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

c) Overview of the Insurance Accidents Covered

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

(5) Outside Corporate Officers

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

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

b) Major Activities during the Fiscal Year under Review

	Name	Attendance at Meetings		Major Activities at Meetings of Board of Directors and Audit & Supervisory Board
		Board of Directors	Audit & Supervisory Board	
Outside Directors	Mariko Y Momoi	11 out of 11 meetings (100%)	—	Attended all meetings of the Board of Directors held during the fiscal year under review, made suggestions and advice, etc. on the Company's management as necessary based on her experience in managing organizations such as universities and hospitals, in addition to her extensive experience, knowledge, etc. as a physician and university professor. As a member of the Appointment Committee, she attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.
	Fumio Tateishi	11 out of 11 meetings (100%)	—	Attended all meetings of the Board of Directors held during the fiscal year under review, made suggestions and advice, etc. on the Company's management as necessary based on his experience in corporate management at a global company and his deep insight on sustainability and ESG issues, etc. As the chairman of the Appointment Committee and a member of the Compensation Committee and the Special Committee, he attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.
	Hideo Teramoto	11 out of 11 meetings (100%)	—	Attended all meetings of the Board of Directors held during the fiscal year under review, made suggestions and advice, etc. on the Company's management as necessary based on his extensive experience and knowledge of corporate management as well as his deep insight on finance and financial accounting, etc. As the chairman of the Special Committee and a member of the Compensation Committee, he attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.
Outside Audit & Supervisory Board Members	Kenichi Masuda	11 out of 11 meetings (100%)	11 out of 11 meetings (100%)	Attended all meetings of the Board of Directors and the Audit & Supervisory Board held during the fiscal year under review, made comments, etc. on the Company's management as necessary based on his extensive experience, knowledge, etc. as an expert in corporate legal affairs (attorney at law). As a member of the Special Committee, he attended all committee meetings held during the fiscal year under review and served a supervisory function from an objective and neutral standpoint.
	Yumiko Waseda	11 out of 11 meetings (100%)	11 out of 11 meetings (100%)	Attended all meetings of the Board of Directors and the Audit & Supervisory Board held during the fiscal year under review, made comments, etc. on the Company's management as necessary based on her extensive experience and knowledge as an expert in corporate legal affairs and intellectual property laws specialist (attorney-at-law and patent attorney).
	Mami Yunoki	11 out of 11 meetings (100%)	11 out of 11 meetings (100%)	Attended all meetings of the Board of Directors and the Audit & Supervisory Board held during the fiscal year under review, made comments, etc. on the Company's management as necessary based on her extensive experience and knowledge as an expert in corporate accounting (certified public accountant).

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

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

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

Position	Total Remuneration, etc. (JPY million)	Total Amount by Type of Remuneration, etc. (JPY million)				Number of Eligible Officers
		Regular Remuneration	Bonuses	Restricted Stock Compensation		
				Tenure-based	Performance-based	
Directors (Excluding Outside Directors)	585	201	179	106	99	4
Outside Directors	69	69	—	—	—	3
Total	654	449		205		7
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	78	78	—	—	—	3
Outside Audit & Supervisory Board Members	53	53	—	—	—	3
Total	131	131		—		6

- (Notes) 1. The table above includes one Director and one Audit & Supervisory Board Member who retired during the fiscal year under review.
2. The amounts of bonuses shown in the table above are the amount of provision for reserve for bonuses to directors for the fiscal year under review.
3. The amounts of "restricted stock compensation (tenure-based and performance-based)" shown in the table above are the amounts that were posted as expenses for the fiscal year under review as each respective restricted stock compensation. Issue status of the restricted stock compensation is as outlined in "2. Company's Shares."
4. Apart from the JPY165 million in provision for reserve for bonuses to directors noted in the Business Report for the previous fiscal year as bonuses for directors for the previous fiscal year, JPY31 million was paid to three Executive Directors during the fiscal year under review.

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

The Company has designed the remuneration for Directors and Audit & Supervisory Board Members with the intention of realizing sustainable increase of the Company's corporate value by securing superior human resources and giving appropriate motivation.

The Company, after deliberation at the Compensation Committee, has defined the amount of remuneration, etc. for Directors or details of the policy for determining its calculation method, and the method to determine its amount under the Directors' Remuneration Rules and the Remuneration Standard for Directors established by the resolution of the Board of Directors. Each item is stated as below:

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

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

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

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

<Standard of Remuneration>

The Company aims to materialize a market competitive remuneration standard that enables to secure superior human resources and give appropriate motivation. The remuneration standard is determined for each fiscal year in reference to the remuneration benchmark of a group of companies comprising large corporations and pharmaceutical companies in Japan, based on the results of a survey conducted by an external specialist organization, after deliberation by the Compensation Committee in consideration of roles and duties, etc. of each Director.

<Structure of Remuneration>

For the fiscal year under review, the proportion of performance-based remuneration (bonuses plus restricted stock compensation calculated assuming full payment) for CEO shall be based on a guideline of “basic remuneration at 30%, bonuses at 30% and stock compensation at 40%” and the proportion of each remuneration for other Executive Directors is determined based on the proportion for the CEO, in consideration of their responsibilities, etc.

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

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

<Criteria for Performance-Based Remuneration and the Method to Determine Its Amount>

(i) Bonuses

Bonuses paid as a short-term incentive are determined by multiplying the base amount set according to individual positions, by the evaluation coefficient based on the comprehensive evaluation of company-wide performance and individual performance in the respective fiscal years in comparison to announced forecasts. Evaluation criteria for company-wide performance shall be the degree of achievement of factors including Core operating profit, revenues, R&D performance and company-wide tasks in the respective fiscal years. Evaluation criteria for individual performance shall be based on the achievement status of measures to meet performance targets for in-charge operations and ESG initiatives, etc. The Board determines the payment amount, within the range of 0% to 200% of the base amount, after deliberating at the Compensation Committee. The reason for selecting the evaluation criteria and targets/actuals of main evaluation criteria are as shown in the following table.

(ii) Restricted Stock Compensation

Restricted stock compensation is a long-term incentive granting tenure-based restricted stock and performance-based restricted stock, which are subject to a three- to five-year transfer restriction period, at a ratio of 50:50. The number of shares to be granted shall be calculated by dividing the base amount set according to individual positions, duties, etc., by the closing price of the Company's shares in regular trading on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the date of the resolution by the Board of Directors. The transfer restriction on the granted shares shall be lifted at the expiry of the transfer restriction period, subject to the applicable Director continuously remaining in office during the transfer restriction period. Furthermore, as for the performance-based restricted stock compensation, the number of shares applicable to the lifting of transfer restriction shall be determined within the range of 0% to 100%, based on the comparison results of total shareholders

returns between domestic pharmaceutical companies and the Company (evaluation period: three fiscal years). The release rate of the performance-based restricted stock compensation for the fiscal year under review is set at 100% based on the results that total shareholders return of the Company for the evaluation period between fiscal year 2023 and fiscal year 2025 is +129% and being ranked No. 1 out of 11 domestic pharmaceutical companies.

The reason for selecting the evaluation criteria and targets/actuals of main evaluation criteria are as shown in the following table.

		Criteria	Reason for selection	Targets at the beginning of fiscal year	Actuals
Bonuses		Core operating profit	Linkage with fiscal year plans, sustainable and reliable increase of financial and social values	JPY570.0 billion	JPY623.2 billion
		Revenues		JPY1,190.0 billion	JPY1,257.9 billion
		R&D performance		(i) Achieved Key R&D output targets (Post-PoC) (ii) Achieved Key R&D output targets (Pre-PoC) (iii) Number of projects transitioned to PC	Achieved targets set by the Company
		Measures for achieving performance targets for in-charge operations		Per Director	Per Director
		Achievement status of ESG initiatives, etc.		ESG evaluation (evaluation by professional institutions, etc.)	Achieved targets set by the Company
Restricted stock compensation	Tenure-based	—	Sharing value with shareholders, respecting the linkage between officers' remuneration and the Company's mid- and long-term business performance, and sustainably increasing corporate value	—	—
	Performance-based	Total shareholders return (TSR)		—	100% release rate as the Company was ranked No. 1 among 11 companies

<Overview of Compensation Committee Activities>

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

Main issues deliberated at the Compensation Committee and resolved at the Board of Directors during fiscal year 2025 are as outlined below:

- Individual bonus amount for fiscal year 2024 (paid in March 2025)
- The Company's standard of remuneration, proportion of remuneration, and verification of the appropriateness of the remuneration benchmark of a group of companies for fiscal year 2024
- Individual remuneration amount for fiscal year 2025, release rate of the transfer restriction for performance-based restricted stock compensation based on the comparison results of total shareholders returns

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

	Type of Remuneration	Limit of Remuneration	Date of Resolution at the General Meeting of Shareholders	Number of Officers at the Time of Resolution
Directors	Regular remuneration	No more than JPY750 million per year	The 96th Annual General Meeting of Shareholders held on March 23, 2007	13 Directors (including seven Outside Directors)
	Bonuses			
	Restricted stock compensation	No more than JPY345 million per year	The 106th Annual General Meeting of Shareholders held on March 23, 2017	Four Executive Directors
Audit & Supervisory Board Members	Regular remuneration	No more than JPY180 million per year	The 113th Annual General Meeting of Shareholders held on March 28, 2024	Five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members)

(7) Other Important Matters Concerning Company's Officers

There is no applicable information.

5 Accounting Auditor

Not included in the paper copy to be sent to shareholders who have requested it in accordance with laws and regulations and the Articles of Incorporation of the Company and posted on the Company's website (<https://www.chugai-pharm.co.jp/english/ir/share/agm.html>) and the website of the Tokyo Stock Exchange (<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>).

6 Framework to Ensure Operational Adequacy

Not included in the paper copy to be sent to shareholders who have requested it in accordance with laws and regulations and the Articles of Incorporation of the Company and posted on the Company's website (<https://www.chugai-pharm.co.jp/english/ir/share/agm.html>) and the website of the Tokyo Stock Exchange (<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>).

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

memo

Consolidated Financial Statements

Consolidated balance sheet (IFRS*) (As of December 31, 2025)

Item	FY2025	FY2024(Reference)
Assets		
Non-current assets:		
Property, plant and equipment	456,578	433,129
Right-of-use assets	22,903	8,425
Intangible assets	54,539	17,868
Deferred tax assets	88,304	69,835
Defined benefit plan assets	26,249	13,978
Other non-current assets	79,263	59,094
Total non-current assets	727,837	602,330
Current assets:		
Inventories	276,848	240,067
Accounts receivable	442,876	334,256
Current income tax assets	236	896
Marketable securities	553,094	456,143
Cash and cash equivalents	426,602	540,202
Other current assets	41,104	34,479
Total current assets	1,740,758	1,606,043
Total assets	2,468,595	2,208,373

(JPY million)

Item	FY2025	FY2024(Reference)
Liabilities		
Non-current liabilities:		
Deferred tax liabilities	(4,015)	(5,076)
Defined benefit plan liabilities	(4,245)	(3,935)
Long-term provisions	(4,610)	(2,188)
Other non-current liabilities	(18,914)	(5,319)
Total non-current liabilities	(31,785)	(16,516)
Current liabilities:		
Current income tax liabilities	(91,004)	(108,732)
Short-term provisions	(3,356)	(2,974)
Accounts payable	(127,247)	(65,353)
Other current liabilities	(189,469)	(113,298)
Total current liabilities	(411,077)	(290,357)
Total liabilities	(442,862)	(306,873)
Total net assets	2,025,732	1,901,499
Equity:		
Capital and reserves attributable to Chugai shareholders	2,025,732	1,901,499
Total equity	2,025,732	1,901,499
Total liabilities and equity	2,468,595	2,208,373

*International Financial Reporting Standards

Consolidated income statement (IFRS) (January 1, 2025 to December 31, 2025)

(JPY million)

Item	FY2025	FY2024(Reference)
Revenues	1,257,941	1,170,611
Sales	1,077,803	997,901
Other revenue	180,138	172,710
Cost of sales	(363,690)	(339,409)
Gross profit	894,251	831,201
Research and development	(187,598)	(181,440)
Selling, general and administration	(116,461)	(110,098)
Other operating income (expense)	8,641	2,339
Operating profit	598,833	542,002
Financing costs	(207)	5
Other financial income (expense)	(819)	1,027
Profit before taxes	597,807	543,034
Income taxes	(163,794)	(155,717)
Net income	434,012	387,317
Attributable to:		
Chugai shareholders	434,012	387,317

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Non-Consolidated Financial Statements

Non-consolidated balance sheet (JGAAP*) (As of December 31, 2025)

(JPY million)

Item	FY2025	FY2024(Reference)
Assets		
Total current assets:	1,819,251	1,575,628
Cash and deposits	408,912	453,408
Accounts receivable-trade	385,931	322,966
Marketable securities	550,253	455,621
Merchandise and finished goods	88,694	83,958
Raw materials and supplies	79,571	49,289
Prepaid expenses	12,566	10,932
Short-term loans receivable from subsidiaries and affiliates	168,800	150,500
Accounts receivable-other	100,370	30,609
Other	24,154	18,344
Allowance for doubtful accounts	(0)	(0)
Total non-current assets:	465,718	420,115
Total property, plant and equipment:	199,736	200,855
Buildings (net)	118,184	122,352
Structures (net)	7,880	8,459
Machinery and equipment (net)	4,777	6,774
Vehicles (net)	4	11
Tool, furniture and fixtures (net)	12,812	13,758
Land	53,097	47,023
Construction in progress	2,984	2,479
Total intangible assets:	70	275
Software	41	210
Other	29	65
Total investments and other assets:	265,912	218,985
Investment securities	16,282	13,392
Stocks of subsidiaries and affiliates	58,262	58,262
Investments in capital of subsidiaries and affiliates	3,293	3,293
Long-term prepaid expenses	46,261	42,545
Deferred tax assets	117,909	88,458
Other	23,923	13,054
Allowance for doubtful accounts	(18)	(18)
Total assets	2,284,969	1,995,743

Item	FY2025	FY2024(Reference)
Liabilities		
Total current liabilities:	459,033	245,613
Accounts payable-trade	95,073	18,179
Short-term borrowings from subsidiaries and associates	79,984	—
Accounts payable-other	8,915	3,659
Accrued expenses	59,561	57,205
Income taxes payable	94,148	113,292
Deposits received	1,680	1,309
Provision for bonuses to employees	20,936	21,358
Provision for bonuses to directors	179	165
Other	98,556	30,445
Total non-current liabilities:	7,332	4,580
Provision for employees' retirement benefits	3,684	3,114
Asset retirement obligations	1,100	1,092
Other	2,549	374
Total liabilities	466,365	250,194
Net assets		
Total shareholders' equity:	1,851,401	1,748,834
Capital stock	73,202	73,202
Total capital surplus	97,578	96,961
Legal capital surplus	93,050	93,050
Other capital surplus	4,528	3,911
Total retained earnings	1,706,669	1,604,863
Legal retained earnings	6,480	6,480
Other retained earnings	1,700,189	1,598,383
Reserve for advanced depreciation of non-current assets	—	1
General reserve	149,220	149,220
Retained earnings carried forward	1,550,969	1,449,161
Own equity instruments, at cost	(26,048)	(26,192)
Total valuation and translation adjustments:	(32,817)	(3,348)
Net unrealised gain on available-for-sale securities	(377)	(750)
Deferred gains or losses on hedges	(32,439)	(2,598)
Stock acquisition rights	19	63
Total net assets	1,818,604	1,745,549
Total liabilities and net assets	2,284,969	1,995,743

* Generally Accepted Accounting Principles in Japan

Non-consolidated income statement (JGAAP) (January 1, 2025 to December 31, 2025) (JPY million)

Item	FY2025	FY2024(Reference)
Revenues	1,246,078	1,166,276
Cost of sales	351,342	332,855
Gross profit	894,736	833,422
Total selling, general and administrative expenses	351,120	298,998
Operating income	543,616	534,424
Non-operating income:	17,221	13,969
Interest and dividend income	6,326	4,416
Other	10,896	9,553
Non-operating expenses:	13,160	5,893
Interest expenses	737	0
Other	12,424	5,893
Ordinary income	547,677	542,500
Extraordinary gain:	8,712	5
Gain on sales of non-current assets	8,712	5
Extraordinary loss:	1	1,001
Loss on sales of non-current assets	1	7
Other	—	994
Income before income taxes	556,388	541,504
Income taxes - current	171,579	167,358
Income taxes - deferred	(16,506)	(12,397)
Total income taxes	155,074	154,961
Net income	401,314	386,543

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

Audit Report

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

Independent Auditor's Report

January 27, 2026

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

KPMG AZSA LLC
Tokyo Office
Makoto Yamada (seal)
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Yujiro Kitamura (seal)
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Tatsuo Utsugi (seal)
Designated and Engagement Partner with Limited Liability
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Chugai Pharmaceutical Co., Ltd. (the "Company") for the fiscal year from January 1, 2025 through December 31, 2025. In our opinion, the above consolidated financial statements, in accordance with the accounting standards omitting some disclosure items required under the International Financial Reporting Standards as prescribed in the provisions of the latter part of Article 120, Paragraph 1 of the Ordinance of Company Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

Basis for the Opinion

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

Other Information

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

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

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

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

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

Responsibilities of Management as Well as the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting standards omitting some disclosure items required under International Financial Reporting Standards as prescribed in the provisions of the latter part of Article 120, Paragraph 1 of the Ordinance of Company Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible, except when management has an intention to liquidate the Company or discontinue its operations or has no other realistic alternative, for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the accounting standards omitting some disclosure items required under the International Financial Reporting Standards as prescribed in the provisions of the latter part of Article 120, Paragraph 1 of the Ordinance of Company.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

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

Interest

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

Copy of the Accounting Auditors' Report

(TRANSLATION)

Independent Auditor's Report

January 27, 2026

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

KPMG AZSA LLC
Tokyo Office
Makoto Yamada (seal)
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Yujiro Kitamura (seal)
Designated and Engagement Partner with Limited Liability
Certified Public Accountant
Tatsuo Utsugi (seal)
Designated and Engagement Partner with Limited Liability
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated income statement, the non-consolidated statement of changes in shareholders' equity and the notes to the non-consolidated financial statements and the supplementary schedules (collectively, the "non-consolidated financial statements, etc.") of Chugai Pharmaceutical Co., Ltd. (the "Company") for the fiscal year from January 1, 2025 through December 31, 2025.

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

Basis for the Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest

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

Audit Report

We, the Audit & Supervisory Board, hereby present this Audit Report compiled after deliberating on the respective audit reports prepared by the Audit & Supervisory Board Members regarding the execution of duties by Directors for the fiscal year from January 1, 2025 to December 31, 2025:

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

- (1) The Audit & Supervisory Board determined the auditing policies, auditing plans, etc. for the fiscal year under review and received reports on the execution status and results of audits from each Audit & Supervisory Board Member, in addition to receiving reports from Directors, etc. and the Accounting Auditor regarding the execution status of their duties and demanding an explanation from them if necessary.
- (2) Pursuant to the Standards for Audits conducted by Audit & Supervisory Board Members established by the Audit & Supervisory Board, and in accordance with the auditing policies, auditing plans, etc. for the fiscal year under review, each Audit & Supervisory Board Member sought to communicate with Directors, the Audit Department and other employees, etc., endeavored to gather information and make improvements to the auditing environment and conducted audits in the following ways.
 - 1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings; received reports from Directors and employees, etc. regarding the execution status of their duties, and if necessary, demanded an explanation from them; reviewed documents regarding the approval of material matters, etc.; and investigated the status of the business operations and assets of the head office and major offices. In regards to subsidiaries, each Audit & Supervisory Board Member sought to communicate and exchange information with Directors and Audit & Supervisory Board Members of the subsidiaries, and if necessary, received reports on business operations from the subsidiaries.
 - 2) Each Audit & Supervisory Board Member also received reports from Directors and employees, etc. on a regular basis, requested explanation on a necessary basis and represented his/her opinion on: (a) the nature of the Board of Directors' resolutions set forth in the business report to develop (i) a system to ensure that the Directors' duties are executed in compliance with laws, regulations and the Articles of Incorporation of the Company, and (ii) other systems required for ensuring the appropriateness of business operations of a corporate group, comprising its subsidiaries and other companies, as provided in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act; and (b) the status of construction and operation of systems (internal control systems) developed based on such resolutions.
 - 3) Based on the status of deliberations by the Board of Directors and others, each Audit & Supervisory Board Member reviewed the contents of matters that were noted as stipulated in Article 118, Item 5 (a) of the Ordinance for Enforcement of the Companies Act, which are described in the business report, as well as judgment and reasons, which are set forth in (b) of the same item.
 - 4) The Audit & Supervisory Board monitored and verified as to whether the Accounting Auditor conducted audits in an appropriate manner while maintaining an independent positioning, received reports from the Accounting Auditor on the execution status of its duties, and if necessary, demanded an explanation from the Accounting Auditor. We also received a notice from the Accounting Auditor that systems for ensuring the appropriate execution of duties by the accounting auditor set forth in each item of Article 131 of the Corporate Calculation Regulations have been developed in accordance with the Standards on Quality Control for Audits (Business Accounting Council), etc., and if necessary, demanded an explanation from the Accounting Auditor.

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

2. Audit Results

- (1) Results of Audit of Business Report, etc.
 - 1) The business report and its supplementary schedules present fairly the Company's current position in compliance with laws, regulations and the Articles of Incorporation of the Company.
 - 2) With respect to the execution of duties by Directors, there were no instances of misconduct or material matters in violation of the laws, regulations, or the Articles of Incorporation of the Company.
 - 3) The resolutions of the Board of Directors regarding internal control systems are fair and reasonable in content. There are no matters to be pointed out in relation to the contents and Business Report and the execution of duties by Directors regarding the internal control systems.
 - 4) In regards to transactions with the parent company, etc., stated in the business report, there are no matters to be pointed out in relation to the matters that were noted in order to prevent the said transactions from harming the interests of the Company and the judgment of the Board of Directors on said issue as well as the reason for said judgment.
- (2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

The methods and results of audits conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.
- (3) Results of Audit of Consolidated Financial Statements

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

January 28, 2026

Audit & Supervisory Board of Chugai Pharmaceutical Co., Ltd.

Full-time Audit & Supervisory Board Member
Shigehiro Yamada

Full-time Audit & Supervisory Board Member
Masayoshi Higuchi

Audit & Supervisory Board Member
Kenichi Masuda

Audit & Supervisory Board Member
Yumiko Waseda

Audit & Supervisory Board Member
Mami Yunoki

(Note) Audit & Supervisory Board Members Kenichi Masuda, Yumiko Waseda and Mami Yunoki are Outside Audit & Supervisory Board Members stipulated in Article 2, Item 16 and Article 335, Paragraph 3, of the Companies Act.