



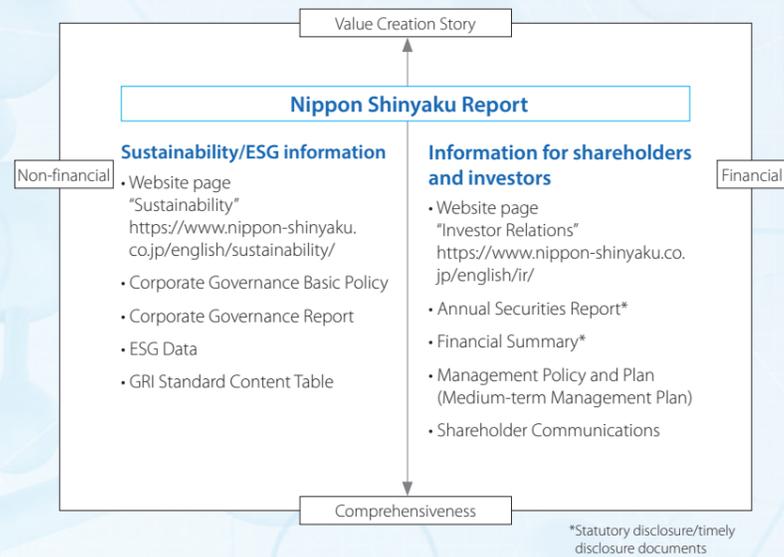
A New Way of Life



Editorial Policy

This report provides comprehensive coverage of non-financial information, including the environment, society, and governance, in addition to financial information so that all of our stakeholders can understand the corporate value of the Nippon Shinyaku Group.

Information Disclosure System



Scope of Reporting

Period covered: Fiscal 2021 (April 1, 2021 – March 31, 2022)

*Some sections of the report discuss initiatives from April 2022 onwards.

Companies covered: Nippon Shinyaku Co., Ltd. and its Japanese and overseas group companies

*However, some sections of the report only cover Nippon Shinyaku Co., Ltd.

Guidelines Referenced

- Integrated Reporting Framework, International Sustainability Standards Board (ISSB)
- GRI Standards
- ISO 26000/JIS Z 26000
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry



Forward-Looking Statements

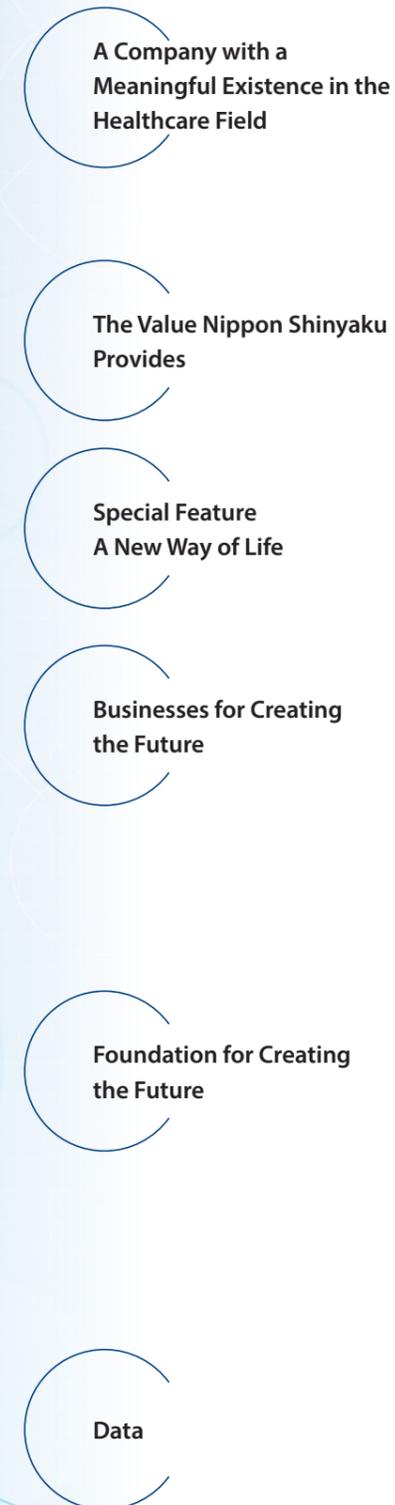
Statements contained in this report concerning plans, predictions, and strategies to improve future performance ("forward-looking statements") are based on information currently available to the Company's management, and inevitably involve a certain element of risk and uncertainty. Actual results may therefore differ from those in the forward-looking statements.

*As figures presented in this report have been rounded, totals may not exactly equal the sum of their composite figures.

*Product names featured in the report are registered trademarks of Nippon Shinyaku or affiliated companies.

*All information in this report, including comments, has been obtained in an appropriate manner.

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Helping People Lead Healthier and Happier Lives



Business Philosophy

Helping People Lead Healthier, Happier Lives

Management Policy

Customers: Supply Unique and High-quality Products

We will develop and supply pharmaceuticals that are safe and highly effective relative to other drugs, and that in some way contribute to a better quality of life in patients, first and foremost for patients who suffer from illnesses. We will develop and supply high-quality functional food that meets the needs of customers.

Society: Earn the Trust of Society

We will achieve regulatory compliance and adherence to internal rules, and always remember our corporate social responsibility and behave according to high ethical standards.

Employees: Develop Each Employee

We will develop each employee through goal-setting and positive challenges in work.

Guidelines for Action

Challenge: Meet Challenges

We will always take a positive approach in pursuing our goals, with a firm belief and sense of responsibility rooted in an ethical approach.

Speed: Speedy Action

We will always take speedy action to make certain to seize opportunities.

Investigation: Spirit of Investigation

We will carefully investigate and analyze information that we have broadly gathered, and carefully plan to achieve our goals, and make certain to implement plan-do-check-action (PDCA) cycles.

Smile: Keep on Smiling

We will always act with a smile to make certain of smooth communication.

Human Resources of Nippon Shinyaku

Delivering distinctive products

What the human resources of Nippon Shinyaku have always inherited is the pride that comes from continuing to take on the challenge of intractable diseases and fulfilling the mission of saving patients while working in Kyoto, a global city that is a cluster of vast knowledge held by universities and laboratories. With the goal of creating a society in which people throughout the world can live healthy lives, each and every employee thinks for themselves and acts, actively takes on challenges, grows, and makes contributions.

Research

Exploratory Research Department,
Department Manager

Hidetaka Fujiwara



Medical Affairs

Medical Affairs Division
Medical Planning Department

Kumpei Yamanishi



Production

Odawara Central Factory
Quality Control Department

Haruka Hirose



Sales and Marketing (Medical)

Kansai Business Office
Kita Osaka Sales Office, Toyono Team

Takeshi Sakaguchi



Sales and Marketing (Food)

Functional Food Division
Sales & Marketing Department

Ruri Imamura



Realizing our aspirations for patients

In exploratory research, it is necessary to keep in mind the future and push forward with work over the medium and long term to create good compounds. Requiring endurance, the work is not easy, and it must be based on a passion to deliver quality medicines to patients and an attitude of enjoying work that at times is a pleasure but other times grief. That is the driving force behind conducting research while racking one's brains in order to make a breakthrough.

As a manager, I let researchers do their work with an open mind while making course corrections when necessary, and get them to tenaciously move forward with research until all avenues are exhausted, which is not an easy decision to make. Furthermore, when I was a researcher, I was permitted to conduct research that I thought was important. Therefore, I think it is important to create an environment and foundation to achieve one's hopes by drawing out the ideas developed by researchers.

What it takes to contribute to advanced healthcare that meets the needs of patients

In the medical affairs field, we aim to "optimize" product value by extracting patient issues and conducting other activities that are centered on creating evidence to fulfill those needs and communicating information to healthcare professionals and patients.

I work on muscular dystrophy, and for this disease, early diagnosis is important since a distinguishing aspect of the disease is that it occurs when patients are children and they

gradually lose the ability to move. Because it is a rare disease, we have held online public seminars as one part of information sharing activities so that people close to someone with the disease can quickly detect it. It is hoped that these activities will lead to successful treatment and improve the QOL of patients. We will continue these activities in order to "contribute to advanced healthcare beneficial for each patient."

A bastion that protects the quality of products delivered to patients

The Quality Control Department primarily conducts acceptance tests of raw materials used for pharmaceuticals produced at the plant, outgoing tests of produced products, and tests to ensure the stability of products after they are shipped. Members of the department are aware that our routine work is "directly related to product quality" and "a bastion to protect the quality of products delivered to patients." I think that it leads to the trust of society.

Of course, equipment used, procedures, and qualification requirements are strictly set for the production of pharmaceuticals but also quality tests. It goes without saying that we have to comply with these rules, but even if there are no problems with operations or test results, I think it is also important to notice things such as, if something is not normal or if something feels wrong.

Delivering the chance of treatment to even one more patient

In Sales and Marketing, there is a team system, and teams of 3-5 members work to provide information. As a team leader, when there is a problem that I cannot solve myself, I work with members of the Product Marketing Department and my superiors to develop a solution. Therefore, it is possible to quickly tackle issues even when providing information to healthcare professionals.

Recently, the key phrase of, "collaboration with hospitals and clinics," has grown in importance. Because Nippon Shinyaku handles treatments for rare diseases, there are cases that are difficult to find treatments for if one looks only at clinics. Sales staff are now responsible for linking healthcare professionals at hospitals and clinics in order to offer treatment opportunities for as many patients as possible.

What it takes to provide high-quality, distinctive products

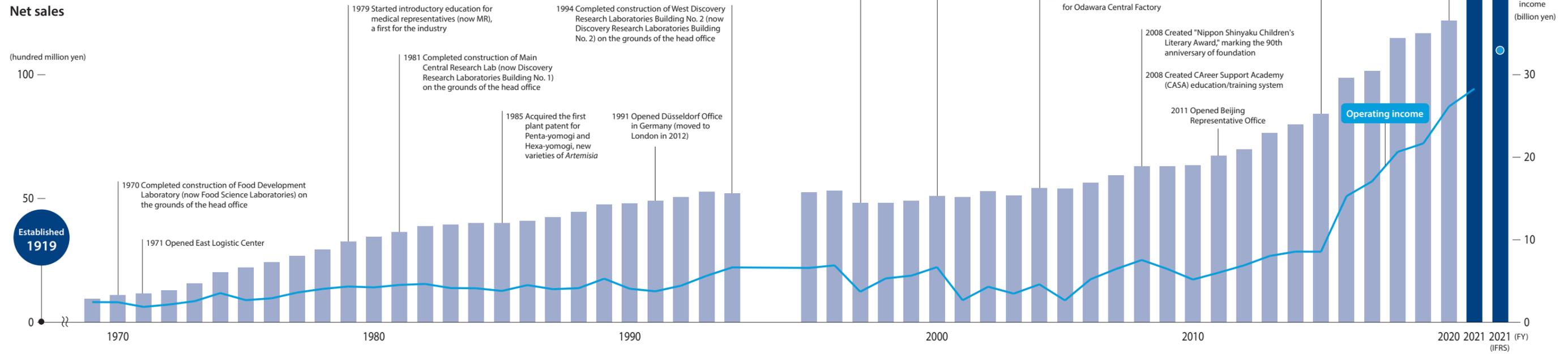
The Functional Food Division has a line-up of products that includes not only preservatives that reduce distinctive acidity and make it possible to use various types of foods and meet a wide range of needs using proprietary technology but also various protein preparations that allow ingredients to be processed for various purposes and uses while retaining their original taste. Preservatives are used to ensure safety and reduce

food loss by inhibiting decomposition and deterioration of food products. Protein preparations are indispensable for developing high-protein products that are becoming more popular. As a sales staff, I interview customers about their needs and requirements, propose the optimal product, and provide various types of support, including data and technical collaboration.

History of Nippon Shinyaku

Nippon Shinyaku has possessed a venture spirit and continually taken on new challenges since its founding in 1919 in Kyoto, which exudes an enterprising atmosphere, and thus Nippon Shinyaku has met needs related to new pharmaceuticals and functional food. Our mission continues to be to deliver products that contribute to the health of people throughout the world suffering from diseases.

FY2021 revenue
¥137.484 billion



1970s–1980s Forging an independent path as business conditions evolved	1990s–2000s Start of global business development and drug discovery	2010s Reinforcement of business foundation to respond to drastic changes in conditions	2020s– Aiming for global respect as a manufacturer in the healthcare field
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In response to demands from society regarding not only effectiveness of pharmaceuticals but also safety, Nippon Shinyaku made its Odawara plant GMP^{*1} compliant while maintaining quality and cutting costs. We also strengthened our R&D system by newly creating the Main Central Research Lab (now Discovery Research Laboratories Building No. 1), which complies with GLP^{*2}, standards that ensure the safety and appropriateness of non-clinical studies. As for training for medical representatives, which Nippon Shinyaku was the first in the industry to introduce, we launched a six-month systematic training program before other companies in order to properly communicate pharmaceutical information.

Turning to the Food Division, we expanded products in the food hygiene field, which was primarily handled by the Food Development Laboratory (now Food Science Laboratories).



Within the volatile environment in which the pharmaceutical industry operates due to developments in the life sciences and globalization, we fully responded to an era of internationalization by opening offices in Germany and the US, launching a three-pillar (Japan, US, and Europe) business expansion. Furthermore, we newly constructed Building No. 2 of the West Discovery Research Laboratories (now Discovery Research Laboratories Building No. 2) and Discovery Research Laboratories in Tsukuba, moved forward with strengthening new drug discovery research and research on nucleic acid medicines, and concentrated business resources into the cultivation of blockbuster drugs. While moving forward with creating a foundation that can respond to new business environments, we formulated a medium-term management plan to implement our business philosophy. For the functional food business, we introduced a division system and built a more specialized R&D system that focuses on meeting customer needs, particularly in the field of health food ingredients.



One element of the management strategy is "pursuit of originality." In terms of R&D, we proactively searched for unmet medical needs. We also aggressively introduced in-licensing products and developments in addition to in house drug discovery and continually brought to market new products, such as the pulmonary arterial hypertension treatment Upravi. Furthermore, we invested in related manufacturing infrastructure to support our business expansion, constructing facilities to handle nucleic acid medicines and highly active pharmaceuticals, which include production facilities for clinical trial APIs on the grounds of the head office and a building for highly active solid formulations within the Odawara Central Factory. In the Functional Food Division, we leveraged our research capabilities as a pharmaceutical company to launch sales of food with functional claims to consumers.



As a result of our many years of research on nucleic acid medicines, in 2020, we obtained approval in Japan and the US to produce Viltipso, the first nucleic acid medicine produced in Japan, as a Duchenne muscular dystrophy treatment. Having built a sales network in the US, we launched commissioned sales of the product through NS Pharma. In China, we also established new bases in Beijing and Tianjin, taking another step toward further promoting the global business. Taking into consideration risks and opportunities offered by changes in society, we have identified items considered important to achieve sustainable growth as materiality (important issues) and launched initiatives to resolve problems in the fields of value creation, environment, society, and governance.



*1 Good Manufacturing Practice (GMP), a set of standards for pharmaceutical production and quality control
 *2 Good Laboratory Practice (GLP), high laboratory norms (standards) to ensure equipment, procedures, and other aspects of test facilities (location) for non-clinical studies are safe and appropriate.

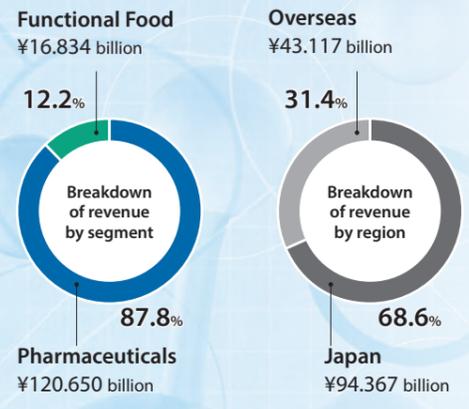
Overview of Nippon Shinyaku

Developing two businesses that supply products of high quality and originality worldwide.

Revenue

¥137.484 billion

Increase of 12.8% year on year ↑



Operating profit

¥32.948 billion

Increase of 21.1% year on year ↑

Profit attributable to owners of parent

¥24.986 billion

Increase of 27.9% year on year ↑

EPS

¥370

Increase of 27.8% year on year ↑

ROE

14.5%

Increase of 1.9pt year on year ↑

Pharmaceuticals

Having decided to also proactively take on challenges in fields that other companies have avoided Nippon Shinyaku is moving forward with research and development of original treatments. Focusing on four therapeutic fields (urology, hematology, intractable and rare diseases, and gynecology), we provide high-quality, distinctive pharmaceuticals that offer new hope for patients suffering from related diseases. We bring to market on average at least one new product a year by not only undertaking in-house drug discovery based on our R&D capabilities built up since the founding of the company in 1919 but also introducing in-license products and undertaking PLCM*. The Sales and Marketing Division aims to deliver medicines required by patients as quickly as possible by sharing high-quality information and building a system to quickly respond to the needs of medical professionals.

* PLCM (product life-cycle management) is a way to increase the value of products through efforts such as pursuing new efficiency and adding new dosage forms for products on the market and drug candidates still in development.

Main Products

1. Urology

- For urinary disorder caused by benign prostatic hypertrophy **Zalutia**
- For erectile dysfunction **Cialis**
- For prostate cancer **Estracyt**
- For pollakiuria **Bladderon**
- For benign prostatic hypertrophy **Eviprostat**



2. Hematology

- For sinusoidal obstruction syndrome (hepatic veno-occlusive disease) **Defitelio**
- For CD20-positive follicular lymphoma **Gazyva**
- For myelodysplastic syndrome or acute myeloid leukemia **Vidaza**
- For relapsed or refractory acute promyelocytic leukemia **Amnolake**
- For relapsed or refractory acute promyelocytic leukemia **Trisenox**
- For relapsed or refractory acute leukemia and malignant lymphoma **Cylocide N**
- For solid tumor and acute leukemia **Cylocide**



3. Intractable and Rare Diseases

- For Duchenne muscular dystrophy **Viltepto**
- For pulmonary arterial hypertension and chronic thromboembolic pulmonary hypertension **Uptravi**
- For pulmonary arterial hypertension **Opsumit**
- For pulmonary arterial hypertension **Adcirca**



4. Gynecology

- For dysmenorrhea **Lunabell ULD**
- For dysmenorrhea **Lunabell LD**



5. Otorhinolaryngology

- Dry powder inhaler for allergic rhinitis **Erizas**
- Gargle liquid containing azulene **Azunol Gargle Liquid**
- For allergic rhinitis and conjunctivitis **Livostin**
- For vertigo **Cephadol**
- For oral osmotic diuresis, Meniere's disease **Isobide**

6. Others

- Controlled-release treatment for cancer-associated pain and chronic pain **Onetram**
- For cancer-associated pain and chronic pain **Tramal**
- Aid for maintaining alcohol abstinence **Regtect**



Functional Food

In the Functional Food business, we seek to leverage our advanced technical expertise as a maker of pharmaceuticals to supply high-value-added products that meet market needs, focusing on supplements in addition to our bulk materials businesses in health food ingredients, preservatives, and protein preparations. We will "help people lead healthier, happier lives," through approaches other than pharmaceuticals, including not only supporting daily diets but also taking on the challenge of dealing with social issues, such as food loss, and contributing to better health through health food ingredients and supplements. We will show meaningful existence and contribute to the extension of healthy life expectancy for people by reinforcing our R&D capabilities and continually bringing to market highly original new products.

Main Products

Bulk Materials Business

1. Health Food Ingredients

- Mangosteen Aqua
- Hyaluronic Acid 3000
- Garcinia Powder J
- Bacopa Extract Powder

2. Preservatives

- Mirai Ace Nu
- Binesh Deli
- Mikaku Fine S
- Mikaku Fine BK
- Mikaku Fine Z

3. Protein Preparations

- Lactocrystal plus
- PROGEL800
- Enlacto HG
- Fitness S

Supplement Business

1. Sports Supplements

- WINZONE series

2. Aging Care Supplements

- Mangostia
- Kioku no Kobaku



Nippon Shinyaku's Strengths

Acquired strengths

Nucleic acid technology

Leveraging our technical superiority



The first nucleic acid medicine discovered in Japan, the results of work over more than twenty years

Nucleic acid medicines, which employ nucleic acids, substances that carry genetic information, DNA and RNA, have drawn attention as next generation drug discovery technology. Nippon Shinyaku launched research in this field from the 1990s. This work, which has continued for more than twenty years, has been primarily carried out at the Discovery Research Laboratories in Tsukuba and resulted in numerous successes, such as RNA synthesis technology.

In 2009, we launched research on nucleic acid medicines with an eye on the gene that causes Duchenne muscular dystrophy (DMD). Developed through joint research with the National Center of Neurology and Psychiatry (NCNP), Viltespo was launched in Japan in May 2020 and in the US in August of the same year. As the first nucleic acid medicine discovered in Japan, it has created hopes among both patients and specialists. We will continue to advance R&D on nucleic acids to create treatments for diseases that distinctive nucleic acid technology can be applied.



Viltespo
The generic name of the treatment is Viltolarsen. This treatment for Duchenne muscular dystrophy is an antisense oligonucleotide consisting of modified nucleic acids called morpholinos. Developed as a treatment for DMD, an intractable progressive disease, Viltespo works on the cause of the disease.

The desire to have Japanese-made medicines that Japanese people take
The name Nippon Shinyaku incorporates this desire of the founder of the Company. As a R&D-led new drug manufacturer, Nippon Shinyaku has worked to create distinctive drugs for over a century. In recent years, we have introduced, on average, at least one new drug a year by focusing on the development of therapies for diseases that have no established effective treatments. This has made it possible for us to continually record growth in income for ten consecutive years (fiscal year ended March 31, 2022).

Rare diseases

Doing one's all for individuals



Promoting original R&D in fields that other companies avoid

Treatments for intractable and rare diseases that have yet to be discovered are a field that other pharmaceutical companies hesitate to work on. Focusing on this field, Nippon Shinyaku is actively undertaking drug discovery that pursues originality. In 2016, we brought to market Upravi, a treatment for pulmonary arterial hypertension (PAH), a rare disease that was designated an intractable disease by the Ministry of Health, Labour and Welfare and that about ten to twenty thousand Japanese suffer from. Providing three medicines for PAH with different mechanisms of action — Upravi, Adcirca, and Opsumit makes a multi-faceted treatment approach possible.

We will continue to promote open innovation with academia (academic research organizations such as universities) to achieve various goals, including drug target research, and will use new technologies, including nucleic acid medicines, to move forward with R&D on diseases for which it is difficult to develop a treatment.



Upravi
The generic name of the treatment is Selexipag. This is a non-prostanoid prostacyclin receptor agonist developed by Nippon Shinyaku. Upravi was developed to lower pulmonary artery blood pressure by expanding lung blood vessels and alleviate the symptoms of pulmonary arterial hypertension (PAH) and chronic thromboembolic pulmonary hypertension.

By each employee honing their expertise though the pursuit of originality and development of distinctive products, Nippon Shinyaku will achieve sustainable growth and contribute to society as "a company with a meaningful existence in the healthcare field."

In-licensing and PLCM

Maximizing product value



Expanding the development pipeline and bringing to market on average at least one new product a year

To deliver new medicines to patients, Nippon Shinyaku not only conducts in-house R&D but also aggressively introduces in-licensed products. We also undertake PLCM, which increases the value of products through efforts such as pursuing new efficiency and adding new dosage forms for current treatments and other drug candidates still in development. Through these efforts, we have expanded the development pipeline in four focus therapeutic areas, urology, hematology, intractable and rare diseases, and gynecology. It is said that it generally takes at least ten years to develop a new drug, but Nippon Shinyaku has brought to market on average at least one product a year over the past ten years.



Vidaza
The generic name of the treatment is azacitidine. Vidaza was introduced through a licensing agreement with Celgene Corporation (now Bristol-Myers Squibb Company). It is a treatment for myelodysplastic syndrome and acute myeloid leukemia, whose main ingredient is a nucleic acid derivative (azacitidine).

Message from the President



Toru Nakai
President & Representative Director

What it takes to be “a company with a meaningful existence in the global healthcare field”

What is needed to realize our business philosophy

It has been a year since I was appointed President, and I still share the commitment expressed by our founder Hisomu Ichinose 103 years ago to produce medicines for Japanese with Japanese hands.

Inheriting this commitment, Nippon Shinyaku practices its business philosophy which is Helping People Lead Healthier, Happier Lives by providing society with high quality, distinctive products. Nippon Shinyaku's identity and reason for existing is to create innovative new drugs and deliver them to patients suffering from disease. In our Pharmaceuticals business and Functional Food business, we provide customers with new value through high added value products that meet market needs. I believe that enhancing our development pipeline is the most important factor in realizing these goals.

Fiscal 2021 results review

In fiscal 2021, the economic outlook was uncertain for various reasons, including higher energy resource and raw material prices due to the strained situation in Ukraine. However, Nippon Shinyaku recorded growth in net sales, operating income, and net income attributable to owners of the parent, resulting in the tenth consecutive year of income growth. With ¥180.8 billion in net assets and an equity ratio of 82.1%, the Company is financially sound and possesses liquidity and a stable financial base.

In addition, we not only were able to pour more management resources into R&D investment on account of revenue from the sale of priority review vouchers issued by the U.S. Food and Drug Administration but also succeeded in concluding an exclusive distribution tie-up agreement for the US related to CAP-1002, a medicine for Duchenne muscular dystrophy (DMD) that US-based Capricor Therapeutics, Inc., is developing. In combination with the in-house developed DMD medicine Viltepso, it is hoped that this will further contribute to treatments for patients suffering from the disease.

Global business expansion with originality as the keyword

The keyword for enhancing our development pipeline is originality. I believe there are two main approaches that are important in Nippon Shinyaku's pursuit of originality. The first approach is to boldly tackle fields and diseases where other companies are not involved. The other approach is to utilize our unique fundamental technologies in providing novel medicines and new value.

In our Pharmaceuticals business, in addition to small molecule compounds, such as Upravi, a therapeutic agent for pulmonary arterial hypertension and chronic thromboembolic pulmonary hypertension, and nucleic acid drugs, including our successful launch of DMD therapeutic agent Viltepso, the first made-in-Japan nucleic acid drug, we are now engaged in gene therapy research. We believe that leveraging our existing fundamental technologies to address the challenge of new modalities will facilitate efficient and rapid development. In the past, we have built up results and experience with a focus on intractable and rare diseases, mainly in the fields of urology, hematology, and gynecology. In the future, we will tackle new disease fields as we promote R&D.

We believe that as a manufacturer of new drugs, we need to turn our attention to overseas markets in addition to the Japanese market, given the challenge of obtaining returns on investments in our business activities, including R&D expenses. We are promoting expansion on a global basis, including the US, Europe, and China, and examine and select the most appropriate business operations for the conditions in each country to expand our business.

In our other core business of Functional Food, in addition to the bulk materials business for health food ingredients, preservatives, and protein preparations, we provide unique products that satisfy the needs around health awareness and disease prevention through the supplements business, which we hope to expand into the overseas market in the future.

P.40 Pharmaceuticals Business R&D

Message from the President



Aiming to be a company that is trusted and needed

Our corporate vision is to be a “company with a meaningful existence in the healthcare field,” and we stated that we are “Aiming for Sustainable Growth – Pursuit of Further Originality – ” under our 6th Five-Year Medium-term Management Plan. To achieve the plan, Nippon Shinyaku has defined the disease areas it will focus on, and we have established a strategy that includes promotion of in-house drug discovery and licensing activities, expansion of global business, and digital transformation (DX) initiatives, and these are the areas in which we are investing management resources.

Moreover, we will not only fulfill our mission for patients and healthcare professionals, we aim to be a company that is trusted by all of our stakeholders and needed all around the world by enhancing our environmental, social, and governance (ESG) initiatives and helping to achieve the Sustainable Development Goals (SDGs). We also emphasize ESG initiatives in our issues of materiality (important issues), and we place particular importance on human resources as an aspect of our social initiatives. We believe that human resources are more important than anything else in supporting the originality nature of Nippon Shinyaku.

P.28 Medium-term Management Plan (MTMP)

P.24 Materiality

A company is a group of people who share the same aspirations

I believe that a company is a group of people who share the same aspirations. The strength of Nippon Shinyaku lies in the fact that we are a group of human resources who share the individual patient-centered approach, whether they be new graduate or mid-career hires. We allocate the appropriate human resources based on each person’s experience, skills, and individual aptitude. However, when there is a lack of experience and know-how in a new field we are entering outside of our existing business, such as global expansion, we focus on the employment of human resources who can step into the job immediately to enable us as an organization to accomplish the task with a sense of speed. Meanwhile, to realize our medium- to long-term corporate vision, we offer an extensive educational program to all employees. In fiscal 2022, we will enhance our recurrent and reskilling training programs, and continue to promote the development of human resources.

Nippon Shinyaku also puts efforts into promoting the health of employees and ensuring workplace safety. In fiscal 2021, with the aim of becoming a company that provides job satisfaction and a sense of purpose in life, we launched the Well-being Promotion Project through which we disseminated a message from the President as well as conducting online training sessions and a well-being survey. We have engaged outside advisors and are continuing to study how to promote well-being at Nippon Shinyaku.

We have also begun the operation of a second job system as a new work style. In the future, in an era when importance is placed on diversity of experience and values, we will likely do things with our individual ways of thinking and working based on one philosophy. We believe that a second job will make it possible to gain knowledge and skills not available within the company and build new external networks, leading to personal growth for individual employees, and better business results by extension.

P.62 Coexistence with the Society

Initiatives to reduce environmental impact

In the area of environmental initiatives, we have defined tackling climate change as one of our issues of materiality. In December 2021, we expressed our endorsement of the TCFD recommendations and have implemented disclosure of information. In terms of concrete initiatives, we are working to reduce CO₂ emissions with the installation of solar power generation facilities at the Discovery Research Laboratories in Tsukuba and the conversion of our fleet of sales vehicles to hybrid vehicles. Other activities such as the protection of rare plants at the Yamashina Botanical Research Institute are also part of our response to global environmental issues to realize our business philosophy.

P.58 Initiatives for the Climate Change

P.61 Conservation of Biodiversity

DX at Nippon Shinyaku

Nippon Shinyaku is using digital technologies and data company-wide to increase productivity and train human resources for digital transformation (DX). In particular, we are working on AI drug discovery and other areas to actively promote DX in R&D.

In conventional drug discovery, producing a drug takes 10 – 15 years and tens of billions of yen, while the probability of success is said to be 1 in 25,000. It is estimated that this period can be shortened by four years and development costs for each product can be reduced by using AI. We believe that we

can increase the probability of success in drug discovery by using big data.

We are also considering the use of DX for obtaining data in clinical trials. For example, being able to accurately verify the condition of patients and the effects of drugs using wearable devices could lead to a reduction in the duration of clinical trials. In addition, rare diseases with very small numbers of patients such as muscular dystrophy encounter the problem that it takes several years from an initial consultation to a confirmed diagnosis. By including the use of AI to analyze movement and identify disease-specific signs, thereby providing early diagnosis and therapeutic intervention, we hope that the application of DX will lead to improved quality of life (QOL) for patients.

In addition to these benefits, we should also be able to realize greater efficiency and speed in business processes, such as the use of evidence obtained from real-world data analysis in our information provision activities and improvements in demand forecasting for better inventory management of pharmaceuticals.

Nippon Shinyaku obtained DX Certification in March 2022 and established a new Digital Transformation Division in April. We will continue to promote DX with the aim of achieving a company-wide transformation rather than simply the individual initiatives of each department.

P.38 DX at Nippon Shinyaku



Ensuring our three commitments

In 2021, I set out our three commitments for realizing the sustainable growth of Nippon Shinyaku by responding to the trends of the times such as diversification of drug discovery modalities, globalizing markets, evolving workstyles, and greater diversity of values.

1. Continue to launch at least one unique product each year

I believe we want Nippon Shinyaku to be a company that contributes to society by constantly delivering value in the form of unique new products offering benefits to patients and their families. However, the greatest management risk for a pharmaceutical company is the so-called patent cliff, which refers to the expiry of patents on developed products. This

Message from the President

fiscal year, a generic version of Vidaza, a therapeutic agent for myelodysplastic syndromes and acute myeloid leukemia, was launched. The patent for Upravi, a therapeutic agent for pulmonary hypertension that we have rolled out on a global basis, is approaching the end of its patent period. To overcome these patent cliffs, we recognize the importance of enhancing our development pipeline more than ever before and developing as many products as possible at the earliest possible time. To this end, we are promoting R&D with a sense of speed based on the three core pillars: in-house drug discovery, in-licensing, and product life cycle management (PLCM). Our company-wide commitment to “offer drugs to patients at the earliest possible time” is not only for the benefit of patients and society, but is also essential for the sustainable growth of Nippon Shinyaku.

One of our initiatives for enhancing our development pipeline is the establishment of a venture-like organizational structure in R&D. For example, we have set a goal for all researchers involved in planning new themes to propose one. So far, many themes have been proposed. It will be some time before the drugs based on the themes adopted from among these proposals are successfully developed and launched, but we believe such efforts will enhance our pipeline in the future.

P.28 Medium-term Management Plan (MTMP)

P.42 Pipeline

2. Generate at least 50% of consolidated sales from overseas

Although I mentioned it earlier, returns on investment in business activities, including R&D expenses, pose one of our major challenges. Even in our focal area of intractable and rare diseases where there is a small number of patients, we believe we can obtain a return on our R&D investment by developing our product globally. In addition to establishing local



Beijing Nippon Shinyaku Co., Ltd.

subsidiaries in the U.S. and China to gather information and promote marketing activities, we are using our local subsidiaries as footholds to expedite in-licensing from other companies and enhance our product lineup.

In the future, in case where synergies can be achieved, we will consider external alliances, including M&A, for technologies we do not have.

P.40 Pharmaceuticals Business R&D

3. Target at least more than twice in net sales and operating profit

This might be the result that follows from the achievement of the two commitments I have already described. However, by implementing the measures I have outlined so far, we hope to build the foundation to become a company with net sales of ¥300 billion in the future and from there to ¥500 billion, and we have drawn up a roadmap to achieve this.

Stepping out of our comfort zone

Achieving our three commitments in the midst of significant social and economic change and a transformation in work styles requires the mindset to fearlessly ride the waves of change. I am calling on our employees to step out of their comfort zone and move forward toward growth. There is no failure or stress in the comfortable space they currently inhabit. However, in order to meet new challenges and achieve growth, it is important to increase the opportunities to step outside of this space to put themselves in the learning zone.

At Nippon Shinyaku, we are fostering a corporate culture that allows for failure. With a desire to create an organization that enables the free and open expression of opinions, we also encourage our employees to speak to each other as equals regardless of the other person's position. Straightforward communication allows even minor information to be shared, leading to stronger and more thorough compliance through the early discovery of potential problems, reporting, and action.



Promoting patient-centric business activities

Due to the high level of specialization, the healthcare field is an area with very large disparities between patients and healthcare professionals, particularly doctors, in terms of the volume of information. In the future, with the advancement of a digitized society and the diversification in methods of obtaining information, I believe it will become necessary for companies to provide information directly to patients, rather than to healthcare professionals only.

In Japan, pharmaceutical companies are currently restricted from providing information on prescription medicines to patients. On the other hand, information on a range of pharmaceuticals is already being provided through a variety of media in the U.S. It is not unusual for patients to request doctors to prescribe the medication they want, and there is vigorous communication and collaboration between pharmaceutical companies and patient organizations.

In recent years, the importance of “Patient Centricity,” which puts patients at the center of healthcare, has been recognized. I believe that our challenge for the future will be the question of how to communicate with patients in order to hear their voices directly and incorporate their perspectives into our business activities. At present, our Functional Food Division communicates directly with end users through e-commerce sites in the supplements business, and I believe we can accumulate and apply this know-how to the Pharmaceuticals business in the future.

Message to stakeholders

My duties as President are to consider and implement the things we need to do to realize Nippon Shinyaku's business philosophy and growth, to create and achieve overall optimization of an environment that enables employees to work with motivation, and to realize our growth and development as a company. Drug discovery is the foundation of our business activities. Although drug discovery does not always proceed as expected, I have expressed what I believe it takes to create and maximize the value of innovative new drugs through the easy-to-understand emblematic words and numbers that form our three commitments.

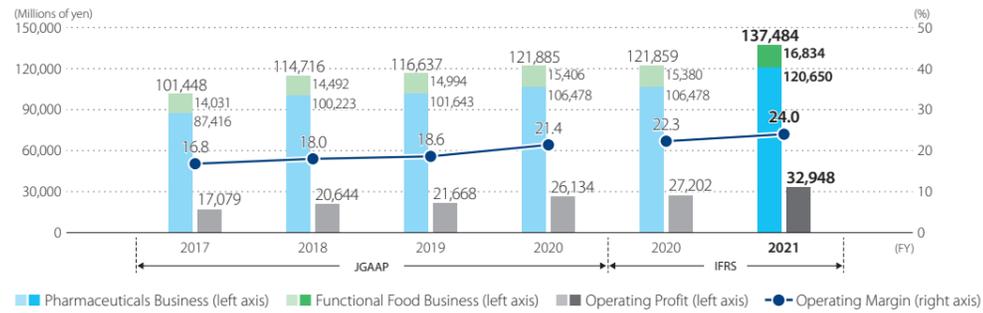
I believe our stakeholders have a high opinion of Nippon Shinyaku as a company with fundamental technologies related to small molecule drugs and nucleic acid drugs, which are our strengths in drug discovery. We will strive to meet stakeholder expectations by engaging in active communication and dialogue about our efforts aimed at the sustainable growth of Nippon Shinyaku and realizing our vision. As we continue to meet the challenge of sustainable growth, I ask all stakeholders for their continued understanding and support for Nippon Shinyaku.

Financial and Non-Financial Highlights

Financial highlights

Nippon Shinyaku adopted International Financial Reporting Standards (IFRS) in the fiscal year ended March 31, 2022 (fiscal 2021). Financial figures up to the fiscal year ended March 31, 2021 (fiscal 2020) are also presented in accordance with the previously applied Japanese GAAP (JGAAP).

Net sales / Operating Profit / Operating Margin



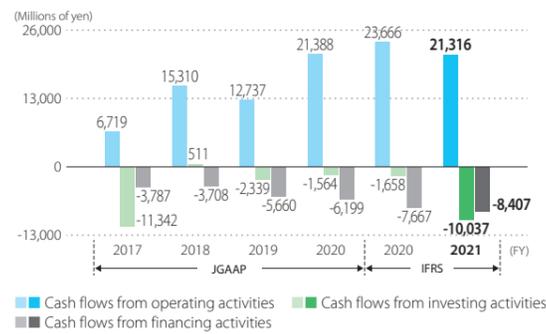
In fiscal 2021, revenue stood at ¥137,484 million, up 12.8% year on year. Operating profit was ¥32,948 million, up 21.1% year on year, mainly due to revenue growth and a decrease in the cost of sales ratio owing to the sales mix, and the operating margin was 24.0%. In the Pharmaceuticals Business, royalty revenue from overseas sales of Upravi, growth of Vidaza and Vilepsio, and gain on sale of a priority review voucher issued by the U.S. Food and Drug Administration (FDA) contributed to results. In the Functional Food Business, sales of protein preparations and preservatives increased.

R&D expenses



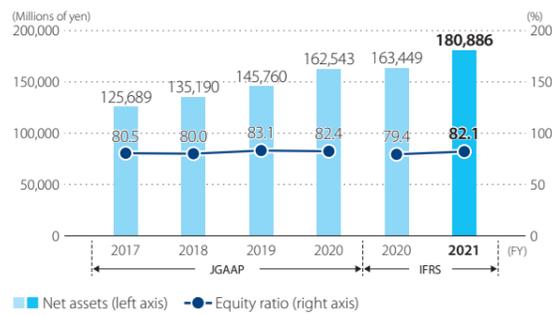
In fiscal 2021, the amount of investment was higher due to increases in expenses for contracted research and expenses for manufacturing nucleic acid drugs. We endeavored to expand the development pipeline in our four focal areas (urology, hematology, intractable and rare diseases, and gynecology) based on the three core pillars of in-house drug discovery, in-licensing, and product life cycle management (PLCM) with the aim of launching new drugs steadily and continuously.

Cash flows from operating activities / Cash flows from investing activities / Cash flows from financing activities



Net cash provided by operating activities stood at ¥21,316 million. The main components included profit before tax of ¥33,301 million in cash inflows and income taxes paid of ¥11,305 million in cash outflows. Net cash used by investing activities stood at ¥10,037 million, mainly due to purchase of securities and purchase of property, plant, and equipment. Net cash used in financing activities stood at ¥8,407 million, mainly due to dividends paid. As a result, cash and cash equivalents at the end of the period totaled ¥60,566 million.

Net assets / Equity ratio



Total equity amounted to ¥180,886 million, an increase of ¥17,437 million year on year. Total assets stood at ¥219,943 million, and equity attributable to owners of parent amounted to 82.1%.

EPS / ROE



Profit attributable to owners of parent amounted to ¥24,986 million, up 27.9% year on year, with EPS of ¥370.97, up 27.9%. Due to an increase in shareholders' equity, ROE stood at 14.5%, up 1.9 percentage points year on year. We are aiming for ROE of 10% or more throughout the term of the 6th Five-Year Medium-term Management Plan, and we exceeded the target again in fiscal 2021.

Non-financial highlights

Environment

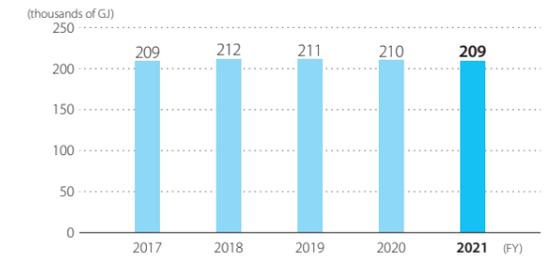
*Main business locations: Head Office area, Odawara Central Factory, Discovery Research Laboratories in Tsukuba

CO₂ emissions (Main business locations*)



Nippon Shinyaku is working to reduce CO₂ emissions throughout the supply chain in order to mitigate and adapt to climate change. We began introducing renewable energy in April 2021 and expect to reduce CO₂ emissions in our Head Office area by approximately 50%. We will continue to implement company-wide initiatives with the goal of achieving net zero emissions in 2050.

Total energy consumption (Main business locations*)



In fiscal 2021, the percentage of hybrid vehicles in our fleet of sales vehicles increased to approximately 80% (excluding areas with heavy snowfall). We are also making company-wide efforts to conserve energy by renewing equipment including updating refrigeration units for air conditioning and total heat exchangers and switching to LED lighting, as well as promoting company-wide power and energy saving efforts based on our guidelines for saving electricity and energy.

Social

Number of employees (consolidated) / Employee turnover



We actively recruit new graduates and experienced mid-career professionals to respond to business expansion, and the number of our employees is increasing year by year. We have kept employee turnover due to personal reasons and early retirement low in the 1% range by ensuring that employees have a deep understanding of our Corporate Philosophy and promoting the establishment of a supportive working environment.

Ratio of female executives / female managers



Nippon Shinyaku has established "promote diversity & inclusion" as one of its issues of materiality, and we are working to develop a workplace environment in which each and every employee can utilize their diverse individuality to thrive and succeed. With our efforts to promote diverse work styles and review the personnel system, the number of female executives reached 92 and the number of female managers reached 38 in fiscal 2021. We will continue to further strengthen our efforts to draw on the perspectives of diverse human resources, including women, for Nippon Shinyaku's sustainable growth.

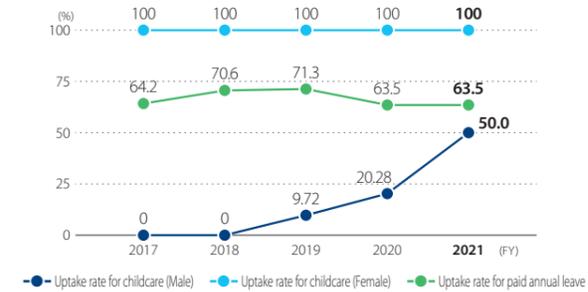
Governance

Number of directors / Ratio of female directors



Nippon Shinyaku has 12 directors (four of whom are external directors), and we are building the optimal management structure in a flexible manner in response to changes in the business environment. The ratio of female directors reached 25% in fiscal 2020 and after. We will continue working to ensure the diversity of our Board of Directors.

Uptake rate for childcare leave / paid annual leave



At Nippon Shinyaku, childcare leave can be extended until the end of the fiscal year when a child turns two. We have been promoting the uptake of childcare leave by male employees, and the male uptake rate reached 50% in fiscal 2021. To continue increasing the uptake rate, we will take such measures as enhancing the childcare leave system and sharing the experiences of employees who have taken childcare leave. We have also established a number of periods during the year when we recommend employees take consecutive days of paid annual leave to encourage uptake of leave.

Value Creation Process

Capitals Supporting Nippon Shinyaku

Financial capital

Total consolidated equity
¥180,886 million
(Equity attributable to owners of parent 82.1%)
Total consolidated assets
¥219,943 million

Human capital

- Number of employees (consolidated) 2,125
- Percent holding PhD or Master's degrees 31.5%
- Total annual hours worked 1,820 hours
- Training hours by level
Total 13,070 hours
- Hours of self-development training
Total 19,381 hours

Intellectual capital

- Nucleic acid drug technologies
- R&D investment ¥26,386 million
- Pipeline
- Patents held 982 patents

Social and relationship capital

- Strong partnerships with medical professionals
- Open innovation with academia
- Number of companies partnered in the past 10 years 10 companies

Manufacturing capital

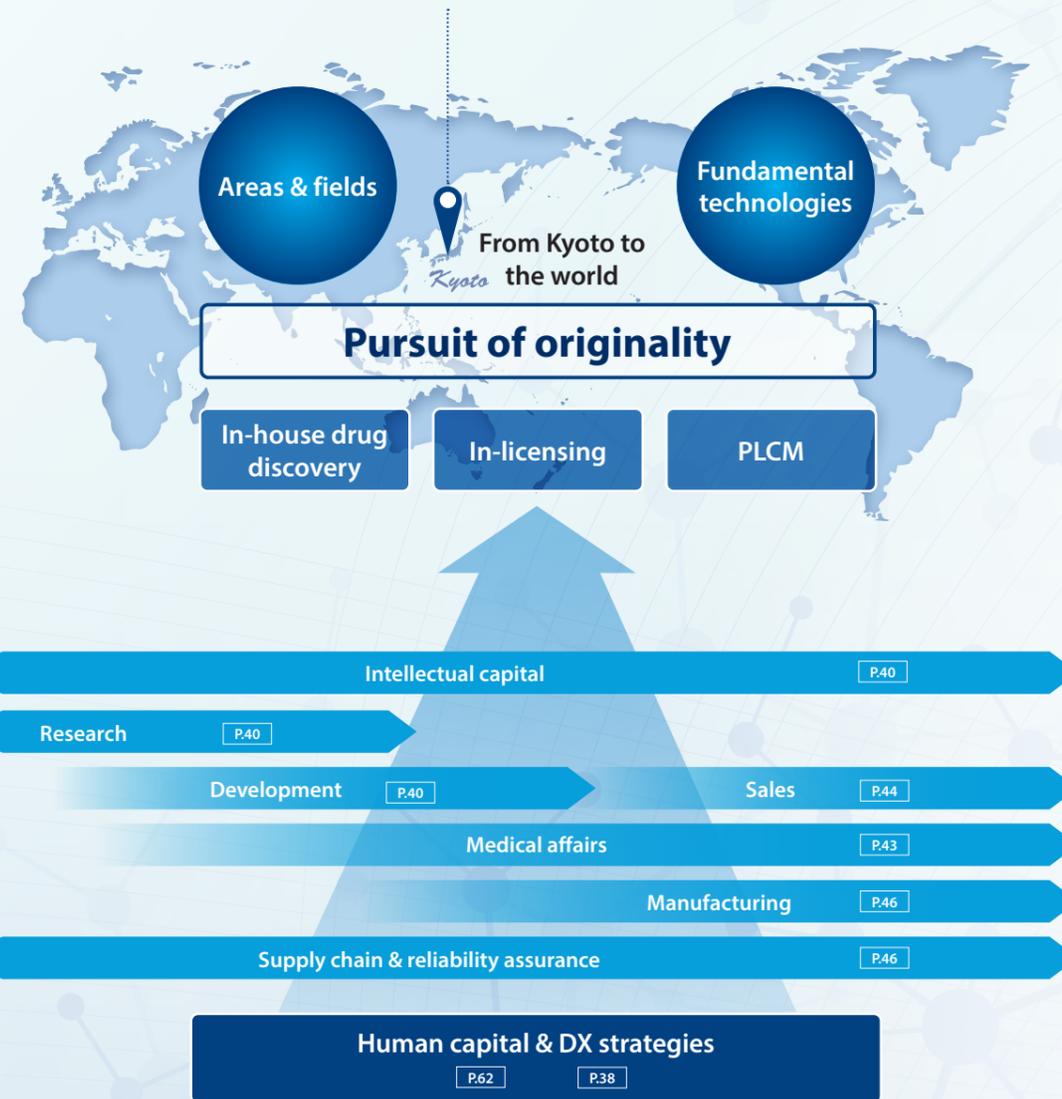
- Odawara Central Factory
- Active Pharmaceutical Ingredient Manufacturing Building

Environmental capital

- Energy consumption (electricity) 15,350 thousand kWh
- Water consumption (tap water + well water) 165 thousand m³

Nippon Shinyaku (Pharmaceuticals Business) Business Model

We will pursue the originality of Nippon Shinyaku by using fundamental technologies such as nucleic acid drugs to address diseases with unmet treatment needs.



* See P.49 for business model of the Functional Food business

6th Five-Year Medium-term Management Plan
Aiming for Sustainable Growth ~Pursuit of Further Originality~

Materiality

Outputs

Pharmaceuticals Business

Segment sales

¥120.6 billion

- **Urology**

Zalutia, for urinary disorder caused by benign prostatic hypertrophy
- **Hematology**

Vidaza, for myelodysplastic syndrome or acute myeloid leukemia
- **Intractable and rare diseases**

Viltepso, for Duchenne muscular dystrophy
- **Gynecology**

Lunabell ULD, for dysmenorrhea
- **Otorhinolaryngology**

Erizas, dry powder inhaler for allergic rhinitis
- **Others**

Onetram, controlled-release treatment for cancer-associated pain and chronic pain
- **Uptravi**, for pulmonary arterial hypertension and chronic thromboembolic pulmonary hypertension (CTEPH)

Functional Food Business

Segment sales

¥16.8 billion

- Health food ingredients
- Preservatives
- Protein preparations
- Supplements

Outcomes

Financial capital

- TSR (for the past 5 years, cumulatively) 54.3%
- ROE 14.5%

Human capital

- Human resources that create competitiveness
- Realizing work-life balance
Low turnover 1.66%
- Improved employee engagement
Recognized as "White 500" firm
- Percentage of male employees taking childcare leave 50.0%
29.7 percentage point increase YoY
- Increased ratio of female executives 16.1%
1.0 percentage point increase YoY

Intellectual capital

- New expertise in pharmaceutical research
- Expanding the development pipeline through strengthening of licensing activities 2

Social and relationship capital

- Hosting online seminars about disease awareness 2
- Contributing to the future of medicine
Open recruitment research grants 10
- Uptravi sold in about 60 countries
- Increasing access to medicine
Launching program to supply Viltepso to countries where it is not yet approved
- Providing support program for pulmonary hypertension patients "Sherpa"

Manufacturing capital

- Improving our manufacturing capacity, labor-saving through robotic process automation (RPA)
- Robotizing our production facilities
- Strengthening our global supply system

Environmental capital

- Number of rare plants conserved (480 species)
- Greenhouse gas emissions (Scope 1, 2) 13.7% reduction from FY2019
- Reduction of water consumption 17,000 m³ reduction from FY2019

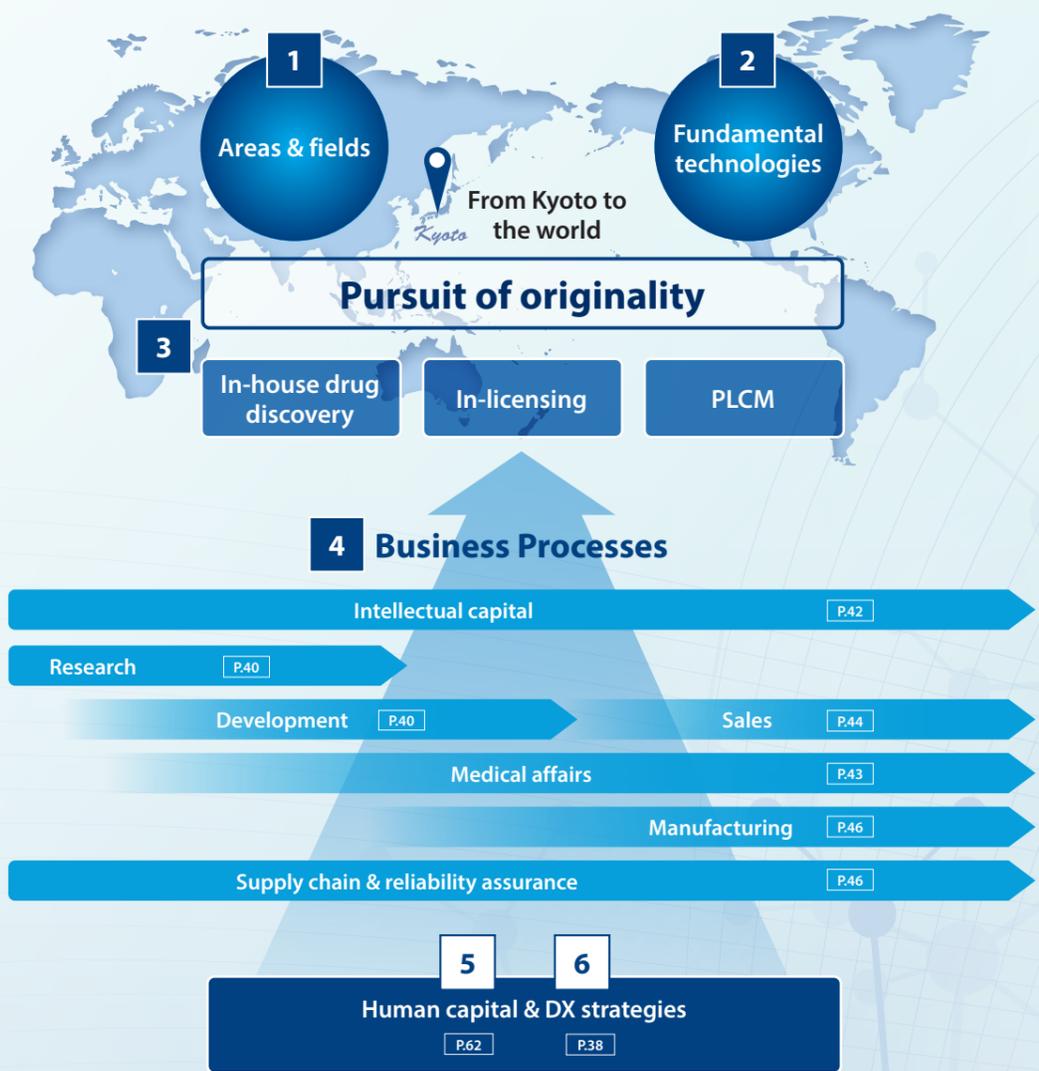
Impacts



Help people lead healthier, happier lives



Business Model Description



1	Areas and Fields with Unmet Therapeutic Needs	We have built up results and experience specializing in intractable and rare diseases with a focus on urology, hematology, and gynecology in order to expand our product lineup and enhance our development pipeline. In these areas and fields, we also proactively take on diseases other companies are not addressing to provide new drugs for patients with unmet therapeutic needs.
2	Nucleic Acid Drugs and Other Fundamental Technologies	For over 20 years, Nippon Shinyaku has been researching nucleic acid drugs, which have been attracting attention as a next-generation drug discovery technology. We are promoting research and development of nucleic acid drugs to follow Viltepso, a treatment for Duchenne Muscular Dystrophy (DMD) which is the first nucleic acid drug made in Japan. We will expand the scope of drug discovery by working on gene therapy and other new modalities in addition to applying AI, iPSCs, and other technologies to the small molecule drug and nucleic acid drug technologies we have developed to date. At the same time as promoting open innovation activities, we will continue to maximize internal and external resources, including development of human resources in order to utilize new modalities and strategic proposal of drug discovery themes.
3	Expanding the Development Pipeline to Create Originality	Expanding the development pipeline is necessary to continue delivering the value of distinctive new products to patients and their families. We promote research and development based on the three core pillars of in-house drug discovery, in-licensing, and product life cycle management (PLCM) to expand the development pipeline and continue providing high-quality and distinctive products. We are continually creating original new drugs and value by launching at least one new product a year on average and developing the therapeutic drugs for intractable and rare diseases that the world needs.
4	Business Processes for the Stable Provision of High-Quality Pharmaceutical Products	We have established a system that provides high-quality pharmaceutical products that pursue originality in a prompt and stable manner. Our business processes integrate; research and development, in search of products with outstanding safety and efficacy; sales and marketing, that delivers appropriate use information to medical professionals; medical affairs, that builds up medical and scientific evidence and disseminates information; and a supply chain and reliability assurance, that aim for stable supply on a global basis. We also strive for the sustainable enhancement of corporate value through the protection and use of intellectual property to take on the challenges of new drug discovery modalities and promote globalization.
5	Human Resources Strategy that Supports Value Creation	Nippon Shinyaku's strengths lie in our human resources who share our individual patient-centered approach and are committed to new challenges and personal growth. With our emphasis on creating new challenges, we have developed a flexible and supportive work environment to realize the optimal life-work balance for each and every one of our increasingly diverse employees. Moreover, under our CAREER Support Academy (CASA) education and training system, rather than every employee participating in the same program, employees are able to select their own program from within a broad curriculum after reflecting upon their own strengths and weaknesses.
6	Digital Transformation (DX) Strategy that Increases Competitive Advantage	Promotion of DX must be systematically accelerated to achieve overall optimization and increase competitive advantage. Therefore, we consider the development of human resources for DX to be one of the most important issues for management and strive to upgrade the DX literacy of every employee. We also provide optional specialist training and education for employees whose skills need to be further upgraded. We continue to engage in flexible reviews of organizational structure and human resource allocation in order to utilize digital technologies for increasing company-wide productivity and fully implementing work style reform.

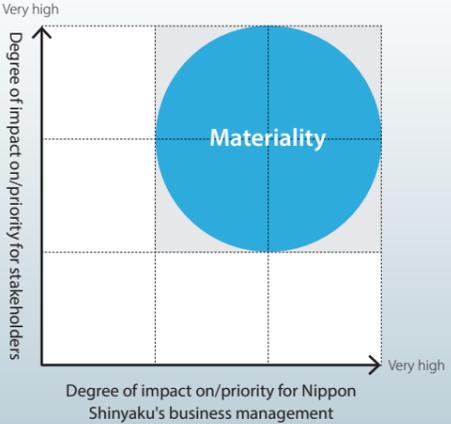
Materiality

Taking into consideration risks and opportunities posed by changes in society, the Nippon Shinyaku Group has identified items considered important for achieving sustainable growth as materiality (important issues). We will work to solve these various issues because we view them as the missions that the Company should achieve in the fields of value creation, environment, social, and governance.



1 Listing issues
We list issues taken from the risks and opportunities identified through an analysis of international guidelines and standards, social conditions, the market environment, and our internal condition.

2 Assessing the importance of issues
The importance of listed issues is evaluated by mapping them on a two-axis graph—one axis is the degree of impact on/priority for stakeholders and the other axis is the degree of impact on/priority for Nippon Shinyaku's business management.



3 Formulating promotion plans and execution
The department is tackling the particular issues that play a central role, and formulating not only quantitative and qualitative targets, but also plans to achieve those targets. The Sustainability Committee regularly verifies progress in implementing the plans, and if necessary, improvements are made to initiatives.

Risks and Opportunities

- Development of therapeutic agents with new technologies
- Expansion of market due to global population growth
- Increasing interest in preventive medicine
- Concerns of production stoppages due to natural disasters
- Need to respond to rising medical spending
- Lighter environmental impact from waste generation and manufacturing

Category	Major risks	Major opportunities	Materiality
Value creation	Health and life <ul style="list-style-type: none"> Lower value of existing therapies from emerging treatments/ approaches based on new technology NHI pricing system reforms and other measures to promote generics Greater competition due to new entrants from other sectors Lower demand for prescription medicines due to better population health Responses to stricter guidelines 	<ul style="list-style-type: none"> Creation of new technologies to satisfy demand for more advanced medicines to treat intractable diseases, COVID-19, etc. Growth of global market from higher population Higher demand for health-related products as focus shifts from treatment to prevention Higher medical/healthcare demand due to older population 	<p>1 Create innovations to realize a healthy future</p> <p>2 Contribute to the health of people around the world through distinctive products</p> <p>3 Contribute to the healthcare field beyond provision of pharmaceuticals</p>
	Reliability assurance, stable supply <ul style="list-style-type: none"> Pressure on profit margins due to higher raw material costs More intense natural disasters, more diverse business risks Impact of loss of end-user trust on business activities 	<ul style="list-style-type: none"> Higher valuation of safe, high-quality products as consumers place premium on safety and quality Enhanced competitiveness from establishment of traceability 	<p>4 Maintain a supply of safe and high-quality products</p> <p>5 Ensure proper use of products</p>
Environment	Climate change <ul style="list-style-type: none"> Climate change-related extreme weather and natural disasters Impact of supply chain interruptions on production activities Stricter energy efficiency regulations Greater capital investment in energy-efficient equipment and renewable energy 	<ul style="list-style-type: none"> Reduced CO₂ emissions and facility operating costs due to climate change actions Increase in business opportunities Stakeholder trust generated by climate change actions 	6 Tackle climate change
	Recycling oriented society <ul style="list-style-type: none"> Environmental degradation from forest fires, plastic pollution in oceans, etc. Reputational risk from higher waste generation, increased processing costs 	<ul style="list-style-type: none"> Lower costs due to reduced waste and recycling Increase in stakeholder trust 	7 Promote resource recycling
	Chemical substances <ul style="list-style-type: none"> Increased environmental impact due to chemical wastes from business activities Erosion of trust and brand value Stricter chemical usage regulations 	<ul style="list-style-type: none"> Stakeholder trust generated by conducting risk assessments of chemicals 	8 Ensure proper management of chemical substances
Society	Biodiversity <ul style="list-style-type: none"> Biodiversity impacts from business activities Erosion of trust and brand value 	<ul style="list-style-type: none"> Greater trust from stakeholders such as local communities and business partners 	9 Conserve biodiversity
	Job satisfaction <ul style="list-style-type: none"> Lower labor productivity due to occupational incidents Workforce attrition due to workplace conditions not satisfying needs of individuals Loss of personnel Loss of competitiveness from eroded human capital 	<ul style="list-style-type: none"> Higher workforce productivity/motivation from employee health maintenance and more diverse work styles Better personnel retention by Nippon Shinyaku A desirable place where people enjoy working Promotion of diversity as a source of innovation 	<p>10 Improve employee health and ensure workplace safety</p> <p>11 Realize work-life balance / Establish an organization where each member can grow and play an active role</p> <p>12 Promote diversity & inclusion</p>
Governance	Local communities <ul style="list-style-type: none"> Cultural impacts on communities from loss of population Progressively aging demographics in Japan 	<ul style="list-style-type: none"> Better local presence due to corporate citizenship Stakeholder trust generated by child-related support initiatives 	<p>13 Contribute to local regions and culture</p> <p>14 Contribute to the future of children</p>
	Governance <ul style="list-style-type: none"> Stricter international legal compliance Erosion of trust/brand value from cyberattacks, data leaks or other information security issues Corruption caused by erosion of integrity and compliance mindset Erosion of stakeholder trust Loss of business opportunities from delays in introduction of digital technology 	<ul style="list-style-type: none"> Governance improvements from international cooperation in ESG field Greater operational stability Greater trust in company due to cultivation of compliance mindset and business ethics Development of more techno-literate workforce by improving IT literacy across the Group Trust generated by appropriate disclosures to stakeholders Sustained improvements in corporate value 	<p>15 Build a risk-resistant organizational structure</p> <p>16 Ensure compliance and strengthen governance</p> <p>17 Promote integrity</p> <p>18 Promote use of AI and IT</p> <p>19 Ensure appropriate information disclosure and establish communication with stakeholders</p>

Materiality

Category	Materiality	Goals, KPI	FY2021 Actions and FY2022 Strategies	Related SDGs	
Value creation	Health and life	1 Create innovations to realize a healthy future	Creation of therapeutic agents for intractable and rare diseases for which effective treatment methods have not been established [P.34 P.40]	Taking on the challenge of new drug discovery modalities, including gene therapy based on nucleic acid drug discovery technology	
			Creation of products that contribute to realizing health through food [P.49]	Regularly launching highly unique healthcare products, materials and milk protein materials into the market to contribute to disease prevention	
			Enhancement of in-house resources to provide a healthy future [P.62]	Strengthening organizational capacity to respond to changes Strengthening efforts for human resource development in each department	
			Contribution to medical development in the area of intractable and rare diseases [P.43 P.44]	Providing information for medical professionals and familiarizing patients and their families with diseases	
			Contribution to reducing food loss [P.49]	Contributing to waste reduction by extending the expiration dates by developing a quality stabilizer/preservative that will not impair the taste of food	
			Provision of required therapeutic agents for the world [P.36]	Expanding businesses in Japan and overseas Building a global sales system to support business expansion	
	2 Contribute to the health of people around the world through distinctive products	Contribution to the health of people around the world through food [P.49]	Providing highly unique healthcare products and materials for EC malls in Asian countries		
		Contribution to the science field through research on and development of nucleic acid drugs, etc. [P.34 P.40]	Contributing to the development of related science fields by presenting scientific knowledge through academic papers or academic societies		
		Support for individuals' health creation that goes beyond treatment [P.43 P.44 P.49]	Promoting treatment and medication guidance by digital health Raising awareness of new diseases by the Web		
	3 Contribute to the healthcare field beyond provision of pharmaceuticals	Enhancement of patient support and advocacy activities [P.43]	Promoting development and sales of anti-aging care products for the purpose of disease prevention		
		Expanded support for medical and scientific research that contributes to the development of medicine [P.62]	Promoting social understanding of diseases through provision of accurate information on diseases and treatments Further enhancing open recruitment research grant systems		
		Enhanced reliability assurance system	Strengthening a system that can maintain and manage the supply of safe and high-quality products, including new drugs such as nucleic acid drugs		
Reliability assurance, stable supply	4 Maintain a supply of safe and high-quality products [P.46]	Enhancement of stable supply system with the development of information network throughout the supply chain	Visualizing risks for each item to implement preventive measures Enhancing supplier management to ensure stable procurement and supply		
		Provision of accurate information for proper use of products	Collecting safety information and further promoting integrity in the sales department		
	5 Ensure proper use of products [P.44]	Response to counterfeit medicines Enhancement of capacity to respond to inquiries from medical institutions	Operating the Anti-Counterfeit Committee to promote information sharing and implement countermeasures Improving business efficiency and customer satisfaction by promoting digital communication		
Environment	Climate change	6 Tackle climate change [P.58]	2022 target: 6% reduction in greenhouse gas emissions compared to FY2013 2030 target: 25% reduction in greenhouse gas emissions compared to FY2013	Implementing measures to reduce greenhouse gas emissions	7 AFFORDABLE AND CLEAN ENERGY
	Recycling-oriented society	7 Promote resource recycling [P.54]	2022 target: 65% of waste plastic recycled 2022 target: Recycling rate 55% or higher 70% reduction in final disposal amount compared to FY2005 results	Implementing measures to promote waste plastic recycling Promoting resource saving, waste reduction and 3Rs	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Chemical substances	8 Ensure proper management of chemical substances [P.54]	Promotion of proper management of chemical substances	Promoting proper management of chemical substances, including PRTR Law-designated chemicals Continuously reducing emissions to the natural environment	13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND
	Biodiversity	9 Conserve biodiversity [P.61]	Promotion of social contribution activities related to conservation of biodiversity	Continuing activities to protect and grow endangered species at the Yamashina Botanical Research Institute	

Category	Materiality	Goals, KPI	FY2021 Actions and FY2022 Strategies	Related SDGs	
Society	Job satisfaction	10 Improve employee health and ensure workplace safety [P.62]	Raised employee awareness of health and productivity management	Enhancing vitality and productivity by maintaining or improving the health of employees	
			Promotion of health and productivity management based on health data analysis 2022 target: Smokers' rate 0%, gynecological consultation rate 70% 2023 target: Rate of employees in BMI normal weight range 75%	Making effective use of health data to understand the health status of employees (improvement or worsening)	
			Implementation of measures to reduce risk of industrial accidents	Further strengthening activities to ensure workplace safety, such as enhancing the industrial accident risk prediction capacity and implementing zero accident campaigns	
			Promotion of health and productivity management based on health investment administration accounting	Establishing a PDCA cycle of "strategy setting," "implementation," "evaluation," and "improvement" for health and productivity management	
			Improved employee engagement	Supporting diverse work styles tailored to individual employees Reviewing wages, bonuses, evaluations, etc. to improve job satisfaction	
	Local communities	11 Realize work-life balance / Establish an organization where each member can grow and play an active role [P.62]	Promotion of human resource development efforts to foster an organizational culture in which each individual can play an active role	Developing self-independent human resources and global human resources who are motivated to grow	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
			Development of a personnel system to promote Nippon Shinyaku's new working style	Promoting various work styles, such as flextime and teleworking, and reviewing operations using ICT	
			Optimization of work hours by instilling Nippon Shinyaku's new working style	Promoting various work styles, such as flextime and teleworking, and reducing business hours using ICT	
			Promotion and instillation of Nippon Shinyaku's new working style	Revising personnel systems and operation thereof to realize a company that is friendly to and satisfying for workers	
		12 Promote diversity & inclusion [P.62]	Jobs created, secured and maintained (jobs created by local employment at overseas subsidiaries)	Promoting recruitment activities in view of diversity and inclusion	10 DECENT WORK AND ECONOMIC GROWTH 11 AFFORDABLE AND CLEAN ENERGY 17 PARTNERSHIPS FOR THE GOALS
			Promotion of understanding of diversity with the aim of raising awareness of employees	Fostering an organizational culture where "individuals" are respected and their strengths and weaknesses can be frankly pointed out or accepted	
			Greater female participation promoted	Developing a workplace environment where every member can have opportunities to play an active role regardless of gender, and establishing the necessary organizational structure	
Local communities	13 Contribute to local regions and culture [P.62]	Social contribution activities rooted in each region, including the preservation and maintenance of Kyoto culture	Continuously carrying out activities to preserve and maintain Kyoto culture Implementing contribution activities for each region	10 DECENT WORK AND ECONOMIC GROWTH 11 AFFORDABLE AND CLEAN ENERGY 17 PARTNERSHIPS FOR THE GOALS	
		Educational support for children, who will bear the future	Promoting educational support through sports and picture books		
	14 Contribute to the future of children [P.62]	Support for facilities with pediatric patients	Supporting children's mental health through offering picture books, etc.		
		Creation of an environment that is friendly to all workers and establishment of an organizational structure therefor	Developing a work environment where employees can work with peace of mind without worry about personal circumstances, such as childcare leave, nursing care, or illness		
	Governance	15 Build a risk-resistant organizational structure	Enhancement of the risk management system [P.73]		Examining measures appropriate for current risks each year to improve the system Enhancing privacy protection and information security for customers and employees
Establishment of business continuity system, examination of the method for emergency supply chain maintenance [P.46]			Enhancing the system for stable product supply by promoting risk management of plants and suppliers		
16 Ensure compliance and strengthen governance		Enhancement of governance functions [P.67]	Enhancing governance throughout the Company, including subsidiaries		
		Compliance and prevention of corruption ensured [P.72]	Fostering compliance awareness and preventing corruption		
17 Promote integrity [P.72]		Promotion of integrity	Maintaining fair transactions Fostering high ethical standards		
18 Promote use of AI and IT [P.38]		Active utilization of AI and promotion of IT to improve business efficiency	Promoting AI/IT themes throughout the Company Improving company-wide IT literacy, developing IT human resources		
		Enhanced engagement with investors	Enhancing IR activities for investors		
19 Ensure appropriate information disclosure and establish communication with stakeholders [P.83]	Trust gained from stakeholders	Disclosing information to shareholders/investors, employees, business partners, customers (healthcare professionals/patients and their families), and local communities			

Medium-term Management Plan (MTMP)

4th Five-Year Medium-term Management Plan FY2009–2013

5th Five-Year Medium-term Management Plan FY2014–2018

6th Five-Year Medium-term Management Plan FY2019–2023

Scenario

“Innovation and Growth”

“Aiming for New Growth –Pursuit of Originality–”

“Aiming for Sustainable Growth –Pursuit of Further Originality–”

Business metrics

FY2013 results

Net sales	¥76.5 billion
Operating income	¥8.0 billion
Net income attributable to owners of the parent	¥5.8 billion

FY2018 results

Net sales	¥114.7 billion
Operating income	¥20.6 billion
Net income attributable to owners of the parent	¥16.3 billion
EPS	¥242
ROE	12.5%

FY2023 Quantitative Targets

	Targets	CAGR
Net sales	¥150.0 billion	5.5%
Pharmaceuticals	¥133.0 billion	5.8%
Functional Food	¥17.0 billion	3.4%
Operating income	¥40.0 billion	14.2%
Net income attributable to owners of the parent	¥30.0 billion	13.0%
EPS	¥445	13.0%
ROE	10% over the period	

Main results

- Expansion of pipelines for in-house drugs
- Investment in detailing based on clear allocation of resources in response to promotion of generics; steady progress with new products
- Expansion of Functional Food business
- Cumulative cost-reduction target of about ¥2.0 billion achieved for 5 years
- Creation of CASA (CAreer Support Academy) for development support and training
- Social contribution initiatives

- Launch of seven products, including Upravi for pulmonary arterial hypertension (PAH)
- Pipeline enhancement through conclusion of in-licensing agreements for six products
- Greater awareness of Nippon Shinyaku in PAH field
- Major contribution to growth from the launch of Upravi in multiple overseas markets
- Significantly higher operating margin achieved in Functional Food business
- Flextime system introduced for MRs (industry first in Japan)
- Outside specialist personnel recruited

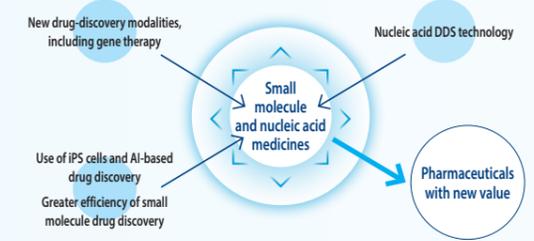
Our goal ▶ a company with a meaningful existence in healthcare

Summary

In the 6th Medium-term Management Plan, Nippon Shinyaku is promoting the following six actions in order to continue to generate sustainable growth based on an awareness of the importance of actions that cannot be taken within the existing framework.

① Creation of new value through R&D

In terms of the pharmaceutical R&D strategy, we will create original value by widening the scope of drug discovery through the addition of new modality technologies to the drug-discovery platform that produced small molecule and nucleic acid medicines. As for the Functional Food R&D strategy, we will bring to market a continuous stream of highly original products by upgrading R&D capabilities.



② Development of global business

To supply distinctive products worldwide, we will build an organization completely geared to the development of global business in all areas from R&D to production, and logistics and sales. We will also accelerate the pace of development in global operations.

③ Increase in corporate value by strengthening ESG management

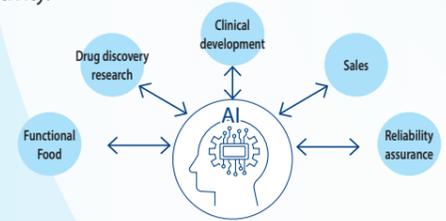
We will boost enterprise value and achieve sustainable coexistence with society by working to reinforce management based on ESG, primarily reflecting development of new treatments for intractable diseases and the supply of medicines to patients, and development of high-value-added consumer supplements.

④ Creation of organizational climate in which every employee can flourish

Based on the concept that “unique products are the product of unique people,” we will maintain respect for employee diversity free from discrimination based on gender, nationality or cultural background, and create an organizational climate where every employee can play a significant role and flourish by providing opportunities for individuals to take on challenges and grow.

⑤ Active use of AI and adoption of IT

We will support sustained creation of new value through aggressive adoption of AI, Robotic Process Automation (RPA), and information technologies to allow faster product development, help streamline operations, and boost productivity.



⑥ Further strengthening of management base

To achieve sustainable growth within a highly unpredictable and fast-changing environment, we will pursue greater profitability, improve management of costs and make effective use of resources while rebuilding management systems.



Tasks for the next MTMP

- Establish clear differentiation with rivals by building base of innovation to achieve sustained growth amid shifts in external conditions such as healthcare spending restrictions and falling birth rates
- Achieve targets through launches of new products and profitability improvements; link qualitative and financial targets

- Pursue technological innovation to create new value by supplementing the existing drug discovery base for targeting small molecules and nucleic acid medicines with new modalities and technologies
- Re-invest profits generated by Upravi in NS-065/NCNP-01 and successor nucleic acid medicines, NS-018, and other drugs, to support accelerated global development

Medium-term Management Plan (MTMP)

Results and challenges up to fiscal 2021

Main results

- Started co-promotional activities for the prostate cancer treatments Erleada and Zytiga with Janssen Japan
- Launched sales of Defitelio, a treatment for sinusoidal obstruction syndrome, and the nucleic acid medicine Viltepso, a Duchenne muscular dystrophy (DMD) treatment
- Gained regulatory approval for an additional indication for the myelodysplastic syndrome treatment Vidaza and pulmonary arterial hypertension treatment Uptravi
- Introduced flextime throughout the Company and continued to make use of telework

Challenges

- Identified materiality to achieve sustainability and formulated and disclosed plan for promoting efforts to achieve those targets
- Automated routine tasks equivalent to about 30,000 hours annually through the introduction of RPA
- Acquired "DX certification" from the Ministry of Economy, Trade and Industry
- Nippon Shinyaku is accelerating R&D of Viltepso and other nucleic acid medicines with an eye toward promoting its global expansion

Fiscal 2021: Progress with six actions

Target ▶ Fiscal 2023 (IFRS)	
Revenue	¥150.0 billion
Operating profit	¥40.0 billion
Profit attributable to owners of parent	¥30.0 billion
EPS	¥445
ROE	10% or more for the period

Results ▶ Fiscal 2021 (IFRS)	
Revenue	¥137.4 billion
Operating profit	¥32.9 billion
Profit attributable to owners of parent	¥24.9 billion
EPS	¥370
ROE	14.5%

1 Creating new value through R&D

- Fiscal 2021 Results** [P.40](#)
- Gained regulatory approval in Japan for the additional indication of chronic thromboembolic pulmonary hypertension for Uptravi in August 2021
 - Obtained manufacturing and marketing approval for NS-22 (iron deficiency anemia treatment) in March 2022
- Fiscal 2022 Initiatives**
- Promote R&D of nucleic acid medicines and move forward with the investigation of new modalities, centered on gene therapy
 - Strengthen global, flexible scouting system to continually create innovative products

2 Development of global business

- Fiscal 2021 Results**
- Established Beijing Nippon Shinyaku Co., Ltd. and Tianjin Nippon Shinyaku Co., Ltd., as bases for the Chinese business [P.36](#)
 - Concluded an exclusive distribution tie-up agreement for the US related to a cellular medicine that US-based Capricor Therapeutics, Inc., is developing for Duchenne muscular dystrophy (code no.: CAP-1002) [P.40](#)
- Fiscal 2022 Initiatives**
- Examine business model for Europe and investigate and implement business expansion in other regions
 - Reinforce initiatives to maximize value of Viltepso in US market

3 Increase in corporate value by strengthening ESG management

- Fiscal 2021 Results**
- Expressed agreement with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) [P.58](#)
 - Formulated and disclosed the Nippon Shinyaku Group Human Rights Policy, Nippon Shinyaku Sustainable Procurement Policy, and Basic Environmental Policy when actively promoting sustainability to solve issues demanded by society [P.46 P.54](#)
- Nippon Shinyaku Sustainable Procurement Policy**
https://www.nippon-shinyaku.co.jp/english/sustainability/esg/social/supply_chain.php
- Basic Environmental Policy**
https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/environment_manage.php
- Nippon Shinyaku Group Human Rights Policy**
<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/social/humanrights.php>
- Fiscal 2022 Initiatives**
- Examine holding an ESG briefing to increase understanding of the Company's efforts related to ESG
 - Work to strengthen handling of business and human rights and build appropriate relationships with suppliers that take into consideration the environment and society in order to establish a more risk-resilient organizational structure

4 Creation of an organizational climate in which each employee can be active

- Fiscal 2021 Results** [P.62](#)
- Launched a Well-being Promotion Project, the goal of which is to create a company that makes work more worthwhile and adds purposefulness to life. Educated employees about well-being through efforts such as releasing a message from the president and offering online courses
- Fiscal 2022 Initiatives**
- Expand efforts such as recurrent education and reskilling training and move forward with assigning the appropriate person to the appropriate position. Increase workstyle freedom, such as introducing a side-work system, and aim to create an environment that employees can passionately work in

5 Active use of AI and adoption of IT

- Fiscal 2021 Results** [P.38](#)
- Automated routine tasks requiring 30,000 hours of work through the use of robotic process automation (RPA)
 - Formulated and announced digital vision (Nippon Shinyaku aims to fill the world with smiles by utilizing digital technology and data and creating highly original products and services in the healthcare sector) and digital strategy
 - Obtained DX certification, a designation by the Ministry of Economy, Trade and Industry that a business is prepared to promote DX
- Fiscal 2022 Initiatives**
- Work to promote DX in order to provide new value to patients, healthcare professionals, and others through various initiatives, including applying evidence obtained from real-world data analysis to sales information provision activities, promoting quicker operation processes by applying AI to demand forecasts used for production management and drug discovery, and making use of digital devices for diagnosing diseases and obtaining clinical data

6 Further strengthening the business foundation

- Fiscal 2021 Results** [P.32](#)
- Promoted the creation of a system to run the organization like a startup that allocates resources to highly strategic new research proposals taking into consideration factors such as achievability and future potential in order to invigorate drug discovery research
- Fiscal 2022 Initiatives**
- Applied international financial reporting standards (IFRS) starting with the consolidated financial statement in the securities report for the fiscal year ended March 31, 2022, to increase international comparability of financial information and worked to undertake timely and proper disclosure

Financial/Capital Strategy



Director Head of Business Management and in charge of sustainability
Takanori Edamitsu

Nippon Shinyaku aims to generate sustainable growth through aggressive investments, particularly in the field of R&D

Financial strategy in the 6th Medium-term Management Plan

In the 6th Five-year Medium-term Management Plan (6th Medium-term Management Plan), we state the goal of increasing net sales 1.3 fold (average annual growth of 5.5%) and operating income, 1.9 fold (average annual growth of 14.2%) compared to the results for fiscal 2018, the last year of the 5th Five-year Medium-term Management Plan. We have also set EPS as an indicator of growth potential and ROE as an indicator of capital efficiency. In fiscal 2022, we will continue to promote sustainable growth through not only investments in R&D but also various other efforts, such as making aggressive investments in licensing activities and tangible and intangible management assets, such as human resources, knowledge, information, experience, and facilities, and aim to achieve the targets for fiscal 2023.

To make financial information more comparable internationally, we have applied the International Financial Reporting Standards (IFRS) instead of traditional Japanese

standards since the fiscal year ended March 31, 2022. This will also make additional investments in licensing activities possible.

R&D investments

As an R&D-led pharmaceutical company, Nippon Shinyaku stresses reinforcing its R&D system and expanding its development pipeline. In addition to investments in small molecule and nucleic acid medicines, we actively make investments in improving R&D capabilities through more advanced drug discovery technology and new drug discovery modalities other than nucleic acid medicines. Because there are situations when the efficacy and safety of drugs depends on a patient's race, it is not necessarily possible to immediately introduce medicines in Japan even if they have been approved in other countries. To introduce products from overseas through in-licensing, it is necessary to conduct development in Japan and obtain approval in Japan. When making decisions regarding individual development investments, we focus not only on the success rate and risks but also financial aspects.

6th Five-Year Medium-term Management Plan numerical targets for FY2023(Consolidated)

	FY2018 results	FY2021 results	FY2023 target
Net sales/Revenue	¥114.7 billion	¥137.4 billion	¥150.0 billion
Pharmaceuticals	¥100.2 billion	¥120.6 billion	¥133.0 billion
Functional Food	¥14.4 billion	¥16.8 billion	¥17.0 billion
Operating income / Operating profit	¥20.6 billion	¥32.9 billion	¥40.0 billion
Net income attributable to owners of parent / Profit attributable to owners of parent	¥16.3 billion	¥24.9 billion	¥30.0 billion
EPS	¥242	¥370	¥445
ROE	12.5%	14.5%	10% or more during term of 6th Plan

* Fiscal 2021 results are based on International Financial Reporting Standards (IFRS) because they were voluntarily adopted for the consolidated financial statements appearing in the Financial Report for the fiscal year ended March 31, 2022.

Capital investment

In 2016, we completed the clinical trial API manufacturing facility, which we invested about ¥2.0 billion in, on the grounds of the head office. For the Odawara Central Factory, we invest ¥5.6 billion in the construction of a nucleic acid medicine API formulation facility, and aim to launch operations in the fall of 2023. We will continue to make investments at the proper time for various purposes, such as increasing productivity, which includes updating equipment.

As for these investments, we have increased internal reserves and have sufficient reserves for the expected amount with equity. When undertaking large M&A deals, we will also examine borrowings.

Shareholders' return policy

As for shareholders' return, we consider increasing the dividend per share through growth in EPS as the best way to do that. Because it is also important to balance R&D investments to generate sustainable growth, our policy is to increase

Total Shareholders' Return (TSR)



shareholders' return by balancing income and investment. In the 6th Five-year Medium-term Management Plan, we state the goal of paying earnings-linked dividends to achieve a consolidated payout ratio of around 35%. The fiscal 2021 dividend per share was ¥110 for the full year. The full-year dividend per share for fiscal 2022 is forecast to be ¥112, an increase of ¥2. Although it is our opinion that the current stock price is appropriate, we will consider a stock buyback if necessary.

As for the Company's strategically held shares, we verify and confirm the logic for holding those shares and the economic rationality using indicators such as TSR. Also, we are gradually working to sell off those shares with little meaning to hold.

When taking up his position in 2021, President Nakai formulated the goals of at least doubling net sales and operating income and having overseas sales account for at least 50% of total sales within ten years. By continuing to move forward with the six actions touted in the 6th Medium-term Management Plan, which include developing the global business and strengthening ESG management, we will generate sustainable growth and strive to pay a return to shareholders and investors. We hope for your continued support.

Dividend per share / Payout ratio



Stock price performance

	One year	Three years		Five years		Ten years	
		Cumulative	Annualized rate	Cumulative	Annualized rate	Cumulative	Annualized rate
Nippon Shinyaku	2.6%	7.0%	2.3%	54.3%	9.1%	770.9%	24.2%
TOPIX	2.0%	31.2%	9.5%	44.3%	7.6%	183.3%	11.0%

• Total shareholder's return (TSR) is the total return on investment that takes into consideration capital gains and dividends.
 • Nippon Shinyaku calculates TSR using cumulative dividends and change in stock price, and for the TOPIX, the dividend-included stock price index is used (calculated by Nippon Shinyaku using Bloomberg data, etc.)
 • Figures in the graph assume the closing price on March 31, 2012, is 100, and the TSR-based market value is indexed to that (held through March 31, 2022).
 • The return is the percent change of the initial investment generally used when calculating return on investment.

To provide distinctive drugs to patients as quickly as possible

Having designated intractable and rare diseases (pulmonary arterial hypertension, muscular dystrophy, etc.) as one of its fields of focus, Nippon Shinyaku is moving forward with research and development on various fronts through in-house drug discovery, in-licensing, and product life-cycle management (PLCM). Based on the business philosophy of “helping people lead healthier, happier lives,” the Company is targeting four fields that it is strong in and aims to provide high quality, distinctive medicines that are new hopes for patients suffering from such diseases.

Materiality ■ Create innovations to realize a healthy future

Initiatives to create treatments for intractable and rare diseases for which there is no effective treatment

There are currently more than 7,000 types of intractable and rare diseases for which there is no established effective treatment, and in fact, it is said that many people suffer from these diseases. Nippon Shinyaku quickly focused on these intractable and rare diseases and took the lead among rivals in conducting related research and development. In 2016, the Company launched a pulmonary arterial hypertension treatment Upravi, a small molecule medicine that was discovered in-house, which became the first blockbuster for the Company. Additionally, in 2020, the Company launched sales of Viltepso for Duchenne muscular dystrophy (DMD) both in Japan and the US. Viltepso was developed in-house and was the first nucleic acid medicine produced in Japan.

Developing nucleic acid medicines

Because nucleic acid medicines directly target the genes that cause a disease, they possess the potential to be effective treatments even for diseases that are difficult to treat with small molecule medicines. On the other hand, because this is a new drug discovery modality, there were hurdles to the drugs practical use, such as stability in the body, side effects due to activation of the natural immune system, and delivery to the target organ. In recent years, however, it has become possible to avoid these problems as technology has advanced. As a result, several nucleic acid medicines, including a DMD treatment based on exon skipping and a spinal muscular atrophy treat-

ment based on exon inclusion, have been approved, mainly overseas.

The foundation of Nippon Shinyaku’s in-house drug discovery was small molecule medicines, but for more than twenty years, the Company has moved forward with basic research on nucleic acid medicines in parallel with small molecule medicines. As a result, Nippon Shinyaku was the first to successfully commercialize a nucleic acid medicine in 2020, and demand for such medicines will probably grow further in the future.

Aiming to expand the nucleic acid medicine pipeline

A mutation in the gene that encodes dystrophin is the cause of DMD, but there are various types of mutations, and it is impossible to treat all DMD patients with only Viltepso, on account of the mechanism. Therefore, Nippon Shinyaku has moved forward with research and development of nucleic acid medicines that target exons 44, 45, 50, 51, and 55 as DMD treatments for patients who are not eligible for Viltepso. If all these treatments are introduced, it will be possible to treat about 40% of DMD patients.

In addition, as a leading company in the field of nucleic acid medicines, day after day Nippon Shinyaku is undertaking research to develop treatments for a wide range of intractable and rare diseases, not only DMD. One example of this is NS-035, a treatment for Fukuyama congenital muscular dystrophy (FCMD) that employs a new mechanism called exon-trapping inhibition, which was reported on by Kobe University Professor Tatsushi Toda (currently University of Tokyo) and others in 2011. Through joint research between Kobe University and Nippon



Special Feature
A New Way of Life



Shinyaku, NS-035 was found to be an antisense oligonucleotide that strongly prevents exon trapping. A physician-led clinical trial, centered on the University of Tokyo Hospital (research physician: Professor Tatsushi Toda), was launched in August 2021. FCMD is a serious disease that progresses quicker than DMD, and the hope is to provide a treatment to patients as soon as possible.

Building a new growth foundation to achieve a healthy future

In recent years, the use of new drug discovery modalities is accelerating. Nippon Shinyaku has its eye on the future of nucleic acid medicines and would like to broaden drug discovery, pursue originality, and build a growth foundation by tackling new modalities, such as gene therapy and regenerative medicine. In order to move forward with these initiatives, the Company will strengthen collaboration with outside parties, such as academia (academic research institutes such as universities). Nippon Shinyaku will select the optimal drug discovery modality for the disease by analyzing the distinctive characteristics and future outlook for various drug discovery modalities. The Company is also moving forward with human resource training to leverage new drug discovery modalities and make strategic proposals on drug discovery topics.

Our Approach

Developing Viltepso, which incorporated open innovation

In recent years, it has come to be recognized that for medicine development, open innovation with academia for various purposes including drug target discovery and clinical development is important. Nippon Shinyaku has promoted research and development by quickly introducing open innovation.

While Nippon Shinyaku has experience with genome drug discovery and nucleic acid synthesis technology, which are based on nucleic acid medicine development that the Company was quick to launch, the National Center of Neurology and Psychiatry has experience related to treatment and research in the field of neurological and muscular disorders and basic research on exon skipping. Since 2009, the two have worked together and moved forward with joint R&D that makes use of each other’s strengths. In 2020, the Company succeeded in launching sales of the DMD treatment Viltepso in Japan and the US. The success of drug discovery based on open innovation has won high praise both in Japan and overseas.



Bringing health beyond borders, to as many patients as possible

The first product developed in Nippon Shinyaku's nucleic acid drug research, Viltepsa, a treatment for Duchenne Muscular Dystrophy (DMD), received conditional accelerated approval from the Japanese Ministry of Health, Labour and Welfare in March 2020 and from the U.S. Food and Drug Administration (FDA) in August of the same year.

Materiality ■ Contribute to the health of people around the world through distinctive products

Viltepsa has received conditional accelerated approval in Japan and the U.S., making it possible to provide the drug to DMD patients who are expected to clinically benefit from skipping exon 53 of the dystrophin gene. Global Phase III clinical trials are currently underway to further validate the efficacy and safety of Viltepsa. Exon-skipping therapies target genes within a patient's muscles to produce dystrophin protein, which plays an important role in motor function. Our R&D technology for exon skipping agents has been carried over not only to Viltepsa, but also to several different agents, including the exon 44 skipping agent NS-089/NCNP-02, which is currently undergoing investigator-initiated clinical trials. By providing more DMD patients with these unique therapeutic agents, we aim to bring them to market as soon as possible so that they can contribute to DMD treatment worldwide.

We are working to increase the number of approved countries and initiated a program in November 2021 to supply Viltepsa to countries where it is not yet approved, so that this treatment can be delivered to all patients worldwide who are in need of it.

Supply System to Countries Where Viltepsa is Not Yet Approved

Currently, Viltepsa cannot be provided for commercial purposes in unapproved countries. Therefore, patients who wish to receive Viltepsa will only have the opportunity to do so by participating in clinical trials being conducted by us and NS Pharma, our Group Company in the U.S. Patients who can participate in clinical trials are limited by whether they can

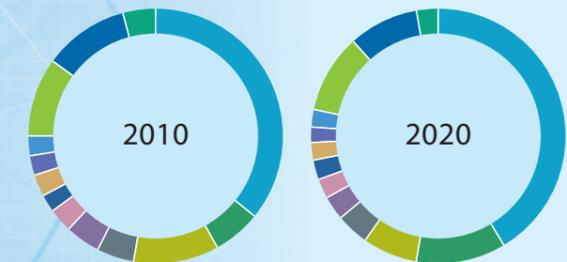
make weekly visits to one of our 39 clinical trial sites worldwide, age restrictions, and other enrollment requirements. In addition, patients will not have the opportunity to receive Viltepsa until the clinical trials are completed and it receives approval in their respective countries. Likewise, patients in countries that are not eligible to participate in clinical trials will also not have the opportunity to receive Viltepsa. Thus, we have decided to launch the "Viltepsa Managed Access Program" for the unapproved countries, in order to provide the drug on an ongoing basis to patients who have participated in and completed the clinical trials, as well as to those who are unable to participate.

Efforts to Obtain Approval in More Countries

As part of our efforts to expedite approval for Viltepsa in more countries around the world, we are considering utilizing the clinical data from trials conducted together with NS Pharma to date, to submit applications for approval in countries where it is possible.

In September and November of 2021, we established Beijing Nippon Shinyaku Co., Ltd. and Tianjin Nippon Shinyaku Co., Ltd. Through these two Chinese group companies, we will establish a system to provide Viltepsa to patients and medical institutions that need it in China. We are currently in discussions with the European Medicines Agency (EMA) to obtain approval in Europe, and will continue to do so in the future. In this way, we will steadily advance our efforts to obtain approval for Viltepsa and provide the product to countries around the world.

Market share of each country in the global pharmaceutical market:



United States, China, Japan, Germany, France, Italy, United Kingdom (U.K.), Brazil, Spain, North America (excl. U.S.), AAA (excl. Japan and China), Europe (excl. Germany, France, Italy, the U.K. and Spain), Latin America (excl. Brazil)

Note: AAA stands for Asia, Africa and Australasia
Source: Copyright© 2022 IQVIA. Prepared by the Office of Pharmaceutical Industry Research based on IQVIA World Review, Data Period - Year 2010-2020 (All rights reserved)

Overseas Sales of Japanese Pharmaceutical Companies, Overseas Sales Ratio



Note: Figures represent the sum of 28 member companies of the Japan Pharmaceutical Manufacturers Association (including holding companies) whose core business is pharmaceuticals. Figures for Otsuka Holdings Co., Ltd. and other companies are supplemented with figures from before they became holding companies.

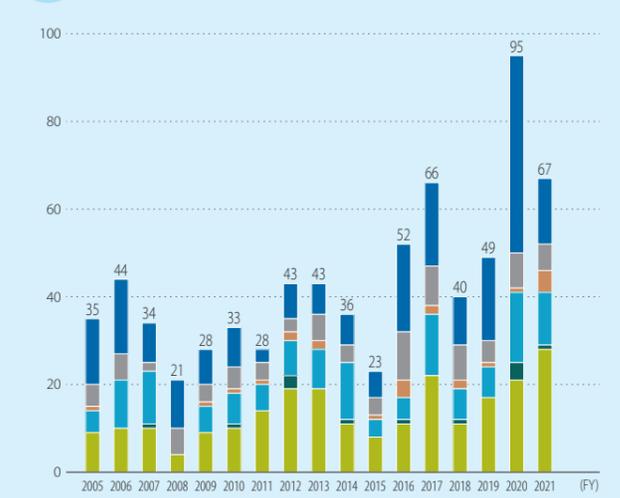
Source: Prepared by the Office of Pharmaceutical Industry Research based on SPEEDA, annual securities reports, and financial data.

Changes in the Pharmaceutical Market in Japan



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Source: based on Pharmaceutical Market Statistics, FY2015-2021 top-line data

Number of patent registrations by region for Nippon Shinyaku



Asia, Africa, America, Oceania, Others, Europe

Working to realize our Digital Vision by further promoting DX

At Nippon Shinyaku, we have established a Digital Vision which is “Digital for Smiles –Let’s Be Digital to Bring Smiles to People around the World,” and we are working toward its realization. We have also formulated three Digital Strategies to realize our Digital Vision. We have promoted specific DX themes in line with each strategy, and we obtained DX Certification in March 2022. We will continue to further promote our DX themes with the aim of bringing smiles people around the world.



Materiality ■ Promote use of AI and IT

Digital Vision

Digital for Smiles

Nippon Shinyaku aims to fill the world with smiles by utilizing digital technology and data and creating highly original products and services in the healthcare sector.

Digital Strategies

Strategy 1

Digital for Innovation

We will provide people around the world with better products and services more quickly.

Strategy 2

Digital for Operation

We will strengthen our management foundation and shift streamlined operational resources to creative areas.

Strategy 3

Digital for Adaptation

We will promote the development of organizations and human assets suitable for the digital age.

Establishing the DX Division to create three departments working together

In fiscal 2020, Nippon Shinyaku established the Digital Planning and Promotion Section within the Information System Department to improve productivity using digital technologies and implement digitally-oriented human resource development. We formed an inter-departmental DX promotion project to formulate our Digital Vision and Digital Strategies as well as gathering data on the themes for promotion of DX in various business units and increasing the momentum for DX. In fiscal 2022, we established the DX Division under the control of the

Director responsible for digital transformation in order to accelerate DX promotion. We also newly established the DX Promotion Department and the Data Intelligence Department in addition to the existing Information Systems Department within the division. The three departments within the DX Division work together to promote DX in an optimal way.



Voice



Takashi Takaya, Director

Director in charge of Personnel, General Affairs, Risk & Compliance, Digital Transformation (DX)

I started clearly stating that I am responsible for Digital Transformation in my job title in fiscal 2022 so that stakeholders will understand management is deeply involved in promoting DX at Nippon Shinyaku. We also newly established the DX Division to strengthen the framework for promotion of DX and utilization of data. At Nippon Shinyaku, the DX Division and I, as the person responsible for digital transformation, are central in supporting and leading the business units that will play the leading roles in DX. The entire company will make concerted efforts to enhance corporate value by providing various values.

Companywide digitally-oriented human resources development centered on two pillars

At Nippon Shinyaku, we consider employees to be a company's greatest asset. We have been focusing on developing digitally-oriented human resources essential for the promotion of DX. Our digitally-oriented human resource development centers around two pillars: initiatives for DX literacy enhancement for all employees and selective DX specialist training. Our initiatives for enhancing the DX literacy of all employees include support for the acquisition of qualifications such as Information Technology Passport Examination and Deep Learning for GENERAL : JDLA Certificate since fiscal 2020, and in-house webinars on DX-related themes by internal and external instructors. In terms of supporting the acquisition of qualifications, a total of more than 400 employees have acquired formal qualifications so far. We have been holding our in-house webinars once or twice a month since fiscal 2020, and a total of more than 2,500 employees have taken part.

Meanwhile, the selective DX specialist training and education we began in fiscal 2021 is divided into three programs for Data science competences, Business competences, and Data engineering competences with approximately ten months of training and education for each program. A total of 15 participants, five in each of the three programs, have acquired skills in program production using programming languages learned in the training programs and in planning new DX businesses using business thinking. The employees who complete the programs will not only utilize the skills they have acquired to increase operational efficiency in their own departments, but will also take part in DX projects and put their skills into practical application while conducting ongoing training. In fiscal 2022, we will continue the development of human resources by implementing DX specialist training and education on the same scale in the second year of the program.

Business units developing their own RPA

With the idea that the introduction of RPA^{*1} will enhance the DX literacy of employees, Nippon Shinyaku has adopted RPA products that employees can develop themselves. The DX Promotion Department regularly organizes RPA Caravans (explanatory sessions) and RPA Labs (development support meetings) for departments that want to introduce RPA to foster awareness and increase development skills in business units.

The RPA Robot Collection (Robo-kore), an annual robot contest, is an initiative by which management evaluates and commends robots developed by business units that have introduced RPA.

In the fiscal 2021 Robo-kore, Selfmade BI Robot from the manufacturing Planning Department won the President's Award. The robot combines RPA with existing Office software to create a self-made BI^{**2} tool that automatically visualizes production, shipping, and inventory information in an easy-to-read format. Using RPA to automate a task that takes more than 150 hours a year when performed manually has increased productivity.

We also established the Employees' Award decided by employee voting, and we held an online event for developers to show their own robots to all employees. The system in which business units develop their own robots which are then evaluated by management and other employees has encouraged the use of RPA and increased motivation throughout the company. In fiscal 2021, more than 150 tasks and 30,000 hours of worktime were automated companywide, including Group companies.

*1 RPA: An acronym for Robotic Process Automation. A software-based robotic tool for automating work using computers, also referred to as "digital labor" or "virtual intelligence worker."

**2 BI: An acronym for Business Intelligence, it is a tool that analyzes and visualizes accumulated data.

Our Approach

Nippon Shinyaku Group Digital Day to foster a corporate culture for promoting DX

Nippon Shinyaku held a companywide online event called Nippon Shinyaku Group Digital Day on Japan Digital Days* on October 11, 2021. On the day, many employees throughout the company teleworked at home or in other locations, confirming they can work from anywhere at any time using digital technology. The online event included presentations of employees own digital know-how and a roundtable discussion between President Toru Nakai and Director Takashi Takaya. President Nakai took part in the online roundtable discussion from home speaking directly to all employees about his thoughts on DX promotion and answering questions from employees about his ideas. Through events like this one, we are working to foster a corporate culture at Nippon Shinyaku in which the entire company is working together to promote DX from the President through to new employees.



* Japan Digital Days was established by Japan's Digital Agency in 2021 as an opportunity for society overall to regularly reflect on, experience, and review digital technology. From 2022 onward, the first Sunday and Monday in October will be Japan Digital Days.

Pharmaceuticals Business

R&D

The R&D Division actively works on in-house drug discovery, research collaboration, and licensing activities to enrich the development pipeline in order to achieve sustainable growth. In Nippon Shinyaku's four focal areas, the division has in place a global research and development structure aimed at the continual launch of new products.

Materiality

- Create innovations to realize a healthy future
- Contribute to the health of people around the world through distinctive products



Enriching the pipeline with PLCM through development of new dosage forms and in-licensing from other companies in addition to in-house drug discovery



Boosting external collaboration and developing human resources to utilize new drug discovery modalities

What It Takes to Deliver Unique Products Around the World

The Nippon Shinyaku Group has excellent R&D capabilities which have produced products such as the small molecule Uptravi and the nucleic acid drug Viltepso. We are also working on gene therapy as a new modality to broaden the possibilities for products based on our drug discovery modalities and continue our relentless pursuit of improvement in our drug discovery capabilities. We are applying these drug discovery capabilities to in-house drug discovery centered on our four focal areas (urology, hematology, intractable and rare diseases, and gynecology). Furthermore, in addition to PLCM to increase product value by adding new indications and developing new dosage forms for existing products and products and compounds under development, we are enriching our pipeline through in-licensing of products and compounds under development from other companies and open innovation activities.

Through these R&D activities, we will continually deliver unique new drugs in disease areas with unmet therapeutic needs, primarily in our four focal areas. To this end, we have developed an organizational structure that is capable of conducting R&D on a global basis.

FY2021 Overview

Enriching the pipeline in focus therapeutic areas

In August 2021, we obtained approval for an additional indication of chronic thromboembolic pulmonary hypertension (CTEPH) for Uptravi (code no.: NS-304, generic name: selexipag), a pulmonary arterial hypertension (PAH) treatment launched in

2016. Uptravi was designated as an orphan drug for CTEPH by the Ministry of Health, Labour and Welfare. In addition, late-stage Phase II clinical trial is underway to add arteriosclerosis obliterans to the indications for Uptravi.

A global Phase III clinical trial is underway for Viltepso (code no.: NS-065/NCNP-01, generic name: viltolarsen), a Duchenne muscular dystrophy (DMD) treatment launched in Japan and the U.S. in 2020.

In March 2022, we obtained manufacturing and distribution approval for MonoVer (code no.: NS-32, generic name: ferric derisomaltose), an iron deficiency anemia treatment in-licensed from Pharmacosmos A/S in 2016.

In March 2022, Chugai Pharmaceutical Co., Ltd. filed an application for approval of an additional indication of chronic lymphocytic leukemia for humanized anti-CD20 monoclonal antibody Gazyva (code no.: GA101, generic name: obinutuzumab).

In December 2021, UCB S.A. (formerly Zogenix, Inc.) filed an application for approval of ZX008 (generic name: fenfluramine hydrochloride) a treatment for epileptic seizures associated with Dravet syndrome. Nippon Shinyaku entered into an exclusive distribution agreement for ZX008 in Japan with UCB S.A. (formerly Zogenix Inc.) in 2019.

Enriching the development pipeline by stepping up licensing activities

In addition to in-house drug discovery, Nippon Shinyaku actively utilizes in-licensed products and development articles to enrich its pipeline.

In the past, we have collaborated with many partner companies in a wide range of fields, and we have been first to meet the challenge of conducting research in areas where other companies are not involved. We believe that

collaboration with companies and academia is essential not only to enrich the pipeline but also to speed up drug discovery. In terms of our fiscal 2021 licensing activities, in January 2022, we entered into an exclusive partnership for the U.S. distribution of CAP-1002 for the expected indication of DMD with Capricor Therapeutics Inc. CAP-1002 is comprised of human allogeneic cardiosphere-derived cells and is expected to be effective in a wide range of DMD patients, regardless of the type of genetic mutation. Capricor Therapeutics Inc. is currently conducting a Phase III clinical trial in the U.S.

FY2022 Initiatives

We will promote the development of our in-house products, including DMD treatments to follow Viltepso (NS-089/NCNP-02, NS-050/NCNP-03), a treatment for myelofibrosis (NS-018), and a treatment for endometriosis (NS-580). We also aim to launch in-licensed products – a treatment for secondary acute myeloid leukemia (NS-87) and a treatment for blastic plasmacytoid dendritic cell neoplasm – onto the market as early as possible. In addition, we will promote PLCM for Uptravi (NS-304) to further enrich the pipeline. We will broaden our possibilities for drug discovery by readily trying new modalities and establish a foundation for growth by further pursuing originality.

Value Creation Initiatives

Selecting optimal modalities for drug discovery
In recent years, in the field of drug discovery research, advances in nucleic acid therapeutics and molecular biology have led to increased use of new drug discovery modalities.

Nippon Shinyaku has focused on the development of both small molecule drugs and nucleic acid drugs, bringing Uptravi and Viltepso to market, and now is also working on gene therapies. To assist in our endeavors, we have strengthened collaboration with academic institutions and other external parties. We analyze the attributes and future potential of various drug discovery modalities and select the modalities we consider optimal for specific diseases and mechanisms. We have also provided employees with education and training in the use of these new drug discovery modalities and conducted strategic planning surrounding drug discovery themes.

Promoting PLCM strategies

Due in part to depletion of drug discovery targets, the cost and duration of new drug development continues to increase, adding to the difficulty of drug discovery each year. The external environment is changing dramatically also, as exemplified by the start of annual revisions to NHI drug prices. Against this backdrop, pharmaceutical companies are finding it ever more important to secure profitability via initiatives to maximize product value. Nippon Shinyaku works to maximize the value of existing products such as Uptravi by proactively adding new indications and dosage forms. We also engage in strategic PLCM planning for drug candidates still in development, based on these compounds' distinguishing features.

Researching and developing in-licensed products

Nippon Shinyaku engages in R&D of in-licensed unique products that complement in-house drug discovery, primarily in our focus therapeutic areas. In the hematology field, we are developing in-licensed products that include NS-87 of liposome formulation, and NS-401, which targets the cell surface protein CD123 to enrich our development pipeline.

Pipeline (As of August 9, 2022)

Japan

Product/compound under development	Origin	Development	Indications	In preparation for development	Phase			NDA filing	Launch
					I	II	III		
NS-065/NCNP-01 (Viltolarsen)	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku	Duchenne muscular dystrophy			Underway			
NS-32 (Ferric derisomaltose)	Licensed-in from: Pharmacosmos A/S	Nippon Shinyaku	Iron deficiency anemia					In preparation	
ZX008 (Fenfluramine hydrochloride)	Licensed-in from: UCB S.A. (formerly Zogenix, Inc.)	UCB S.A. (formerly Zogenix, Inc.)	Dravet syndrome						
	Licensed-in from: UCB S.A. (formerly Zogenix, Inc.)	UCB S.A. (formerly Zogenix, Inc.)	Lennox Gastaut syndrome						
GA101 (Obinutuzumab)	Licensed-in from: Chugai Pharmaceutical Co., Ltd.	Co-development: Chugai Pharmaceutical Co., Ltd.	Lupus nephritis						
NS-304 (Selexipag)	Nippon Shinyaku	Nippon Shinyaku	Arteriosclerosis obliterans						
	Nippon Shinyaku	Co-development: Janssen Pharmaceutical K.K.	Pediatric pulmonary arterial hypertension						
NS-580	Nippon Shinyaku	Nippon Shinyaku	Endometriosis						
NS-87 (daunorubicin/cytarabine)	Licensed-in from: Jazz Pharmaceuticals plc	Nippon Shinyaku	Secondary acute myeloid leukemia						
NS-401 (tagraxofusp)	Licensed-in from: The Menarini Group	Nippon Shinyaku	Blastic plasmacytoid dendritic cell neoplasm						
NS-229	Nippon Shinyaku	Nippon Shinyaku	Inflammatory diseases						
NS-917 (radgocitabine)	Licensed-in from: Delta-Fly Pharma, Inc.	Nippon Shinyaku	Relapsed/refractory acute myeloid leukemia						

Overseas

Product/compound under development	Origin	Development	Indications	In preparation for development	Phase			Launch
					I	II	III	
NS-065/NCNP-01 (Viltolarsen)	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku	Duchenne muscular dystrophy			Underway		
CAP-1002	Partner: Capricor Therapeutics Inc.	Capricor Therapeutics Inc.	Duchenne muscular dystrophy					
NS-018 (ilginatinib)	Nippon Shinyaku	Nippon Shinyaku	Myelofibrosis			In preparation		

Initiatives Related to Intellectual Property

The Nippon Shinyaku Group sets the challenge of new modalities in drug discovery and globalization in order to realize our business philosophy. We recognize that intellectual property (IP) plays an important role in promoting these purposes, and through the protection and utilization of IP, we will strengthen the superiority of our business and continuously improve our corporate value. We also respect third-party IP rights, practicing thorough IP-related risk management including ownership investigations.

R&D activities and intellectual property

The Intellectual Property Department collaborates with other R&D departments from the early stages of research. By doing this, we can protect pharmaceuticals and functional foods produced in-house in a multifaceted and strategic way, using not only substance patents, but also use patents, manufacturing method patents, formulation patents, dosage

and administration patents and so on. In addition, we are considering building and utilizing a patent portfolio to strengthen our global R&D strategy in an internal committee consisting of multiple department managers.

Understanding and analyzing intellectual property

With the basic attitude of respecting third-party IP rights, the Nippon Shinyaku Group regularly conducts ownership investigations regarding its products. We also conduct patent trend analysis in specific technical fields and IP analysis of competitors. As a result, we manage IP risk at an early stage and utilize the obtained analysis results in our R&D strategy and business strategy.

Building our reputation and brand based on trademarks

The Nippon Shinyaku Group determines the appropriate product names according to the medicines and functional foods produced in-house. By protecting them with trademark rights, we build the reputation and brand of our products.

Medical Affairs

Medical Affairs engages in medical and scientific exchanges with key external experts using high-level and latest scientific knowledge in order to deliver patients the optimal medical care. We aim to optimize the medical value of our in-house pharmaceutical products and contribute to improving the benefit for patients.

- Materiality**
- Create innovations to realize a healthy future
 - Contribute to the health of people around the world through distinctive products
 - Contribute to the healthcare field beyond provision of pharmaceuticals

The mission of Medical Affairs is to identify unmet medical needs (UMNs)¹, generate medical and scientific evidence to fulfill them, and disseminate information to healthcare professionals (physicians, etc.) and patients.

The pipeline in Nippon Shinyaku's focal areas has been enriched, and the activities of Medical Affairs in each area have been deepened based on activities that extend from existing products. At present, activities are primarily concentrated on the areas of hematological malignancies and intractable and rare diseases. At Medical Affairs, we gather insights² from the medical practice field by engaging in medical and scientific exchanges with a broad range of healthcare professionals including nurses, clinical laboratory technicians, and physical therapists, in addition to physicians and pharmacists, to identify UMNs.

¹ Unmet medical needs (UMNs): Refers to medical needs that are not adequately satisfied for healthcare professionals and patients

² Insights: In the Medical Affairs Department, insights refer to ideas and observations based on medical and scientific perspectives that lead to UMNs.

FY 2021 Overview

Our evidence generating activities included non-clinical research, clinical research, database research, and registry research. We plan to disseminate information from a number of our research achievements in the form of papers in fiscal 2022. Medical Affairs is also responsible for patient support activities and conducted public webinars on pulmonary hypertension, public webinars and a project to call for pictures and illustrations in the muscular dystrophy area, and the production of a guide for patients' families.

FY 2022 Initiatives

In fiscal 2022, in terms of evidence generating activities, we are preparing new research in the areas of hematological malignancies, pulmonary hypertension, and Duchenne muscular dystrophy. In our patient support activities, we plan to continue with our public lectures on pulmonary hypertension and muscular dystrophy. In medical affairs activities, medical science liaisons (MSLs)* play a important role in gathering information, including insights, from the medical practice field. Starting in fiscal 2022, we are introducing a new system to promote the analysis and utilization of information through integrated management of the information that is gathered.

*Medical Science Liaison (MSL): Refers to employees belonging to an organization which is independent of the Sales and Marketing Division whose main role is to engage in exchanges with key external experts in the fields of medicine and science.

Value Creation Initiatives

The environment around healthcare is changing significantly due to rapid advances in digital technologies. We will also consider making use of these technologies to generate evidence that brings benefits for patients. For example, we would like to set ourselves the challenge of contributing to better healthcare with a focus on digital healthcare using the latest digital technologies, including artificial intelligence (AI), wearable devices, and big data analysis to improve the effectiveness of medical and healthcare.

Sales

The mission of the Sales and Marketing Division is to support patient well-being by supplying medicines as well as providing medical professionals with high-quality information on appropriate disease treatments. Rather than being buffeted by changes in the external environment, we are focused on developing human resources to forge our own path. By clarifying the role of each employee and working together as a team, the Sales and Marketing Division aims to maintain the position of Nippon Shinyaku as a trusted partner for medical professionals.

Materiality

- Contribute to the health of people around the world through distinctive products
- Contribute to the healthcare field beyond provision of pharmaceuticals
- Ensure proper use of products



Strengthening omni-channel information provision activities with a focus on core areas



Introducing a multiple-assignment system for MRs to ensure prompt and accurate responses.

FY2021 Overview

Although the COVID-19 pandemic has brought about new workstyles, Nippon Shinyaku's sales activities remained fundamentally the same. In our Sales and Marketing Division, we operate under a Patient Centricity philosophy, that "all medical care is conceived and performed with the patient at the center." Our mission is to accurately receive patients' information from medical professionals and provide them with information on proper use of our drugs according to patients' individual needs. Afterwards, our mission is to follow up on patients' situations, collect safety information, and report it to the Safety Management Department. To achieve this mission, we need to make efforts to maintain and expand contacts with healthcare professionals from both quantitative and qualitative perspectives without being influenced by changes in the external environment. Therefore, in FY2021, we strengthened our efforts to provide information (mostly online), moreover, digital detailing activities focusing on our core areas in response to the increasingly diversified information preferences of physicians. Omni-channel messaging has dramatically increased our points of contact with physicians and enabled us to deliver information promptly.

In the area of pulmonary hypertension, Upravi, discovered and developed in-house, received a new indication for the treatment of chronic thromboembolic pulmonary hypertension (CTEPH) in August 2021, and is growing to become an essential drug for the treatment of pulmonary hypertension. Nippon Shinyaku is the only company in the world to provide three oral treatments for pulmonary hypertension with different mechanisms of action — Upravi, Opsumit, and Adcirca. As a leading company in this area, we contribute to the improvement of healthcare systems. In the area of pediatric neurology, it has

been almost two years since the launch of Viltepso, a treatment for Duchenne muscular dystrophy (DMD), which is being delivered to a large number of patients. We will continue to detail activities concerning the new treatment so that it will reach patients as soon as possible. In the areas of hematology and urology, our sustained detailing activities have been highly rated by medical professionals, making these areas major pillars of our business performance.

FY2022 Initiatives

For a long time, Nippon Shinyaku has operated under a one-MR-per-facility system, placing emphasis on clarifying the scope of each MR's activities and building a relationship of trust with healthcare professionals. However, the COVID-19 pandemic has brought drastic change to our environment, including major quantitative and qualitative changes to contact points with healthcare professionals which render the one-MR-per-facility system no longer optimal. Therefore, in FY2022 we have introduced a multiple-assignment system in some hospital facilities, in which a maximum of two MRs are assigned to a facility. The main objectives of the multiple-assignment system are to improve the volume of activities and to pass on skills, quality, and sensitivity. Having the right personnel structure will enable prompt and accurate responses, and by fostering opportunities to learn from colleagues, we will accelerate the speed of growth of each individual and raise the level of organizational strength.

In addition, the Area Product Marketing Department, which makes up the core of area marketing, and the Information Provision Support Department, which supports the work of MRs, also introduced a team system, in which employees work closely with each other and exchange knowledge. In both

organizational reforms, success is due to increased employee engagement. We believe that the fastest, easiest way to fulfill our purpose — namely, to provide valuable products to patients as soon as possible — is to enhance 360-degree engagement among employees through cross-gender, cross-generational, and cross-functional activities.

Value Creation Initiatives

Contributing to DMD patients

In the field of pediatric neurology, Viltepso was listed in the NHI drug price list in May 2020 as a treatment for DMD. In addition to MR activities, Nippon Shinyaku is also providing information through digital channels in order to raise awareness of this disease and its treatments, not only among specialists in the field of pediatric neurology, but also among non-specialists engaged in routine pediatric practice. We are also working to strengthen cooperation between specialists and non-specialists so that patients with DMD can be smoothly transferred to the care of a specialist.

Initiatives oriented toward patients and ordinary consumers include disseminating information via "DMD wo Shiru" (Know DMD), a disease awareness website for DMD patients; the "HelC+ Hospital Search - Duchenne Muscular Dystrophy" website providing information on medical institutions; and advertising articles in magazines and other media to promote a deeper understanding of the disease and its treatment.

We are working to educate both patients and medical professionals, with the goal of delivering proper therapies to patients as quickly as possible.

Contributing to pulmonary hypertension patients

We are focusing our efforts the area of pulmonary hypertension, especially on Upravi, a drug discovered and

developed in-house. Nippon Shinyaku utilizes an array of digital content such as company websites dedicated to the subject, e-detailing, and webinars to raise awareness of pulmonary hypertension among non-specialist physicians. To help ensure that patients go on to receive appropriate treatment, we offer lectures around the nation that provide a forum for non-specialist physicians to communicate with those specializing in the pulmonary hypertension field.

Among patient-oriented initiatives, we offer "Sherpa," a support program aimed at helping patients undergoing treatment for pulmonary hypertension in Japan to have a more comfortable experience. Pulmonary hypertension is a rare and progressive disease, and patients suffer from physical discomfort and anxiety due to symptoms as well as side effects of treatment. Moreover, many PH patients yearn to live a bit more like their normal selves again. "Sherpa" provides regular telephone support to patients taking Upravi by nurses specially trained to address questions, concerns, and worries related to the disease, treatment, and daily life. In addition to phone calls from dedicated nurses, the program has a smartphone application that supports patients in managing their symptoms and medications, and a call center where patients can receive guidance about their day-to-day problems. For patients undergoing treatment for pulmonary hypertension, "Sherpa" will prove a great support in achieving a fulfilling life.

In addition, we run two dedicated websites, "Pulmonary Hypertension Treatment Support" and "DoYou Know That Shortness of Breath and PH are Complications of Scleroderma," as a way to afford PH patients peace of mind about their treatments.



"Sherpa", a support program for patients taking Upravi

Resource Procurement, Production & Assurance

Nippon Shinyaku has built a pharmaceutical supply chain in partnership with manufacturing sites and freight carriers in Japan and overseas, including the Odawara Central Factory, our in-house plant. By managing this supply chain properly and effectively, the Resource Procurement, Production & Assurance Division strives for a stable supply of safe, high-quality products.

Materiality

- Maintain a supply of safe and high-quality products
- Improve employee health and ensure workplace safety
- Build a risk-resistant organizational structure



Realizing manufacturing environment and quality control that support globalization



Promoting greater operational efficiency and labor savings by introducing robots at production facilities and using RPA

In building the supply chain, we work with the R&D Division to select appropriate manufacturing sites and ensure that the terms of approvals are properly observed in accordance with the Pharmaceutical and Medical Device Act. In addition to Japan, we are also promoting local in-house sales and marketing in the U.S. market and building pharmaceutical supply chains in overseas markets including China and Europe, as well as promoting a global reliability and quality assurance system and supply system.

At the Odawara Central Factory, we have built a production system that complies with regulations in various countries and strengthened our handling of new modalities, such as nucleic acid drugs, to supply products on a global basis. We are also promoting initiatives to bring about digital transformation (DX) in manufacturing management and quality control utilizing IT.

FY2021 Overview

In fiscal 2021, we promoted strengthening our global supply system to prepare for expansion into the increasingly important overseas market. More specifically, based on the supply and quality assurance systems we built for distribution of Viltespo in the U.S., we strengthened supply systems and prepared quality control procedures and safety information management procedures that can be applied in China, Europe, and other emerging markets as well. We also planned the establishment of a new nucleic acid API purification plant at the Odawara Central Factory as a response to rising demand in conjunction with our global expansion to establish a stable supply system based on in-house manufacturing. At the same time, to respond to the market shift to specialties and the diversification of drug modalities, we actively facilitated the use of the Odawara Central Factory and promoted the

establishment of infrastructure for globalized manufacturing. Specifically, we utilized the manufacturing plant for highly active, solid formulations in product life cycle management (PLCM) for Upravi, established a system for responding to overseas inspections of manufacturing and storage of nucleic acid APIs, and conducted training using mock inspections. We also increased the efficiency of operations and promoted labor savings by introducing robots in production facilities and using RPA. At the same time, we strengthened systems for stable supply and reduced costs by continually implementing risk management and low cost management.

FY2022 Initiatives

In fiscal 2022, we will further promote expansion into overseas markets other than the U.S. based on the global supply system infrastructure we strengthened in fiscal 2021. Specifically, we will move to build a quality assurance system and supply chain for distribution of our in-house products in the Chinese market. Moreover, in response to the rising demand accompanying global expansion, we will construct the nucleic acid API purification plant at the Odawara Central Factory and add



Implementing rigorous quality control

second suppliers for APIs, formulation, and raw materials to further solidify our global supply system.

At the same time, we will continually promote risk management and low cost management, while also contributing to sustainable growth and maximization of product value through measures that go beyond those currently in place, including acceleration and greater efficiency of operations through active utilization of AI and promotion of DX.

Ensuring Reliability from R&D to Manufacturing and Marketing

We file applications for manufacturing and marketing approval using the data gained from the preclinical and clinical studies conducted at the R&D stage. The Production & Assurance Division audits the data at the appropriate stage to ensure the reliability of the data.

In addition, once manufacturing and marketing approval is gained, we ensure full compliance with the terms of approval via close cooperation between the general marketing supervisor, QA manager and safety manager. We seek to fulfill our responsibilities to supply products to the market by

Manufacturing and marketing system

Quality control	Safety management	Maintenance/management of approvals and licenses
Quality control based on GMP ^{*1} /GQP ^{*2}	Safety management based on GVP ^{*3}	Maintenance/management of manufacturing and marketing approvals and licenses

*1 GMP: An abbreviation of Good Manufacturing Practice. A standard for pharmaceutical manufacturing management and quality control

*2 GQP: An abbreviation of Good Quality Practice. One of the standards in the approval of manufacturing and marketing of pharmaceuticals, quasi-drugs, cosmetics, and regenerative medicine products

*3 GVP: An abbreviation of Good Vigilance Practice. One of the standards in the approval of manufacturing and marketing of pharmaceuticals, quasi-drugs, cosmetics, medical devices, in vitro diagnostic products, and regenerative medicine products

ensuring the proper maintenance and management of pharmaceutical manufacturing and marketing licenses to guarantee product quality and safety.

Operating pharmaceutical QA systems

Based on the ICH^{*4} guideline Q10 on pharmaceutical quality system, we have established and operate pharmaceutical QA systems relating to GQP, GMP, GDP^{*5}, and GMP for investigational medicinal products. To implement QA systems across the entire product lifecycle, we have established the Quality Policy for Pharmaceuticals^{*6}, set quality targets in each department, and engage in activities to achieve the targets. We also use management reviews to continuously verify and improve innovation in our pharmaceutical QA systems, product quality and allocation of resources. To respond to the global development of pharmaceuticals, we are making progress to secure and train human resources to establish pharmaceutical QA systems in line with the regulatory requirements in each country and to build a global QA system.

*4 ICH: International Council on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use

*5 GDP: An abbreviation of Good Distribution Practice. A standard for the proper distribution of pharmaceuticals

*6 Quality Policy for Pharmaceuticals: "For Helping People Lead Healthier, Happier Lives, we will strive to ensure and improve quality in compliance with applicable laws and regulations and supply unique and high-quality products that satisfy customers stably."

Pharmaceutical risk management initiatives

We conduct integrated management of safety information collected from each region across all stages from R&D to post-marketing to evaluate the benefits and risks and plan and institute required safety measures in line with the results of analysis.

Quality Control System Throughout the Supply Chain

In order to build a quality control system throughout the supply chain, we verify GMP compliance at manufacturing sites and compliance with the terms of approvals through audits, while strengthening data integrity measures to ensure the reliability of data on manufacturing management and quality control. Each department involved in the supply chain also engages in mutual collaboration through the transmission of information and the pharmaceutical QA system so that knowledge related to effective management of pharmaceutical manufacturing and quality control can be utilized throughout the product lifecycle. In addition, to prepare for the globalization of the supply chain, we are not only enhancing our compliance with GDP guidelines for pharmaceuticals in Japan, but also strengthening our system to incorporate regulations in other countries.

Through these measures, we will aim to provide a more stable supply of products while maintaining our quality control system.

Using IT for risk management

To embed risk management as a sustainable mechanism, we are introducing systems to eliminate issues such as complexity in management, reliance on individual skills and opaqueness and digitalizing the assessment process.

We have built a comprehensive risk management platform that also is easy for management to understand using visualization of data on risk assessment results and countermeasures. The platform also serves to utilize experience and know-how on risks and countermeasures from the past at an organizational level in the form of knowledge management.

Stable supply of products through risk management of manufacturing sites and suppliers

Nippon Shinyaku places importance on its social responsibility to provide a stable supply of pharmaceuticals, and we are committed to practicing risk management focused on ensuring stable supply all the way through the process up to when our pharmaceuticals reach the patients who need them.

We have established and begun to operate a unique mechanism for a risk-based approach to management. In this approach, we evaluate changes in the external environment and the potential risks in the diverse pharmaceutical supply chain from a variety of angles and then integrate the results with the level of impact on the market and on medical settings.

The most important requirement for the risk assessment framework is "quality" assurance to guarantee the efficacy and safety of pharmaceuticals. Therefore, we make assessments based on the results of audits on compliance with pharmaceutical regulations and GMP in each country and appropriate manufacturing management and quality control. We also conduct surveys of risk management systems at all API and formulation manufacturing sites and suppliers in addition to our own plants to visualize risks and promote initiatives to eliminate uncertainties. In addition, we will implement a robust and sustainable supply chain by conducting comprehensive, quantitative evaluations of potential supply chain risks that vary depending on the product using "transportation and distribution systems," "availability," and "difficulty of forecasting demand" as the framework for the analysis and using this analysis to establish priorities and eliminate vulnerabilities.

Initiatives for sustainable procurement in the supply chain

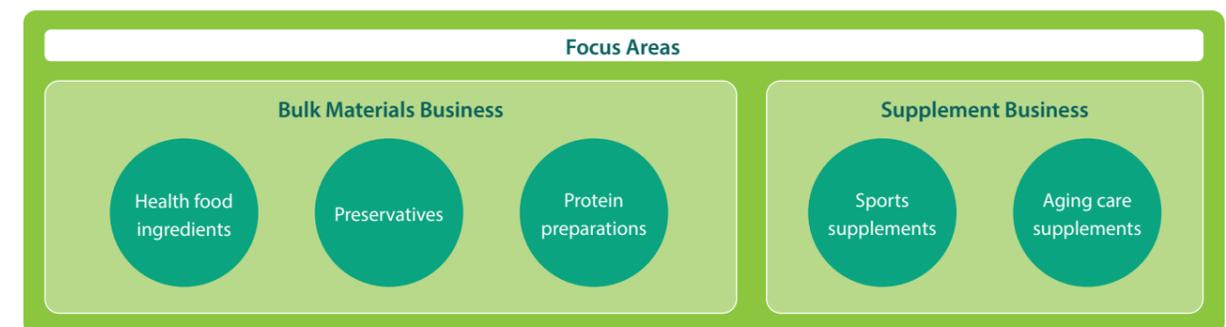
The Resource Procurement, Production & Assurance Division recognizes that various issues that may arise in the supply chain must also be viewed as risks and addressed. In March 2022, we revised the Nippon Shinyaku Sustainable Procurement Policy. We established "equitable business practices," "cooperation based on mutual trust," "compliance with laws, regulations and social norms," "environmental commitment," "respect for human rights," and "animal welfare" as part of the policy with the aim of building trusting relationships and growing together with our business partners.

We also ask our major suppliers to respond to a survey based on the concepts of the United Nations Global Compact to ascertain the actual status of their corporate governance and consideration for the environment and human rights. Based on the results of the survey, we will discuss ways to create a better environment when we visit suppliers and through other opportunities.

We started our Functional Food Division in 1961, armed with the proprietary extraction technology we cultivated as a pharmaceutical company, as a new business venture for the time, producing and selling spice extracts. Since then, we have consistently developed a wide range of businesses with the aim of "helping people lead healthier, happier lives" through food, and have been highly appreciated and trusted in the food industry, particularly the processed food industry.

- Materiality
- Create innovations to realize a healthy future
- Contribute to the health of people around the world through distinctive products
- Contribute to the healthcare field beyond provision of pharmaceuticals

Functional Food Division Business Model



- Fundamental Research and In-house
- In-licensing
- PLCM

With our R&D Division and Production & Assurance Division, we use our high level of technical expertise as a pharmaceutical company to develop and provide high-quality, original products. Therefore, we are working with the following three pillars: promotion of fundamental research and development of in-house products, in-licensing of products that meet user needs, and product life cycle management (PLCM).



Currently, the Functional Food Division's vision is "Operating within a pharmaceutical company, the Functional Food Division proposes solutions to social challenges, including preventing diseases and pre-symptomatic ill health and ensuring food safety and security, thereby contributing to building a sustainable society."

To realize this vision, we are developing and providing new and distinctive products through our BtoB (bulk materials business) and BtoC (supplement business) to solve food-related challenges such as reducing food loss and extending life expectancies, help prevent disease, and support improvements to human health. To further

accelerate these efforts, we have been developing food education initiatives since 2021.

The Functional Food Division, with its Food Science Laboratories as its R&D divisions, engages in fundamental research and develops new commercial foods of high quality and originality by leveraging the safety, quality, and high-level technologies that Nippon Shinyaku has built up as a drug maker. We are developing health food ingredients with an evidence-based approach regarding ingredients traditionally presumed to be healthy, preservatives that prevent microbial contamination, and products for general consumers that lead to greater food education. By doing so, we improve the quality

Functional Food Business



Developing and providing high quality and original products by leveraging our high-level technical expertise as a pharmaceutical company



Providing analytical support for protein preparations in the Protein Business Department



WINZONE Energy Gel, a supplement focusing on energy efficiency of fat and sugar

of life of all people, extend life expectancies, and reduce food loss by extending the shelf life of foods. All of these initiatives and more help solve the longstanding challenge of “food safety and security” for a sustainable society.

In addition, our Quality Assurance Department continuously reviews the management systems of suppliers and raw materials manufacturers, placing our highest priority on the safety and security of our products. We also benefit from our pharmaceutical heritage in the expertise we can bring to managing materials, production, and product quality, to enhance the reliability of our products.

FY2021 Overview

Continuing to achieve sales target as in the previous fiscal year

In FY2021, business activities were severely restricted due to the impact of COVID-19, which continued from FY2020. While conditions remained severe in both the processed food and health food industries, sales increased due to sales growth of preservatives, lacto-protein in protein preparations, and the supplement business. Profits, on the other hand, declined due to lower profitability of lacto-proteins resulting from continued increases in purchase prices and lower sales of health food ingredients due to the impact of the spread of COVID-19.

FY2022 Initiatives

Further expand operations by speeding up business development through a large-scale reorganization and overseas expansion.

With the aim of speeding up the Bulk Materials Business and Supplement Business and enhancing organizational unity, we

have reorganized the organization by business field. The newly established “Protein Business Department” integrates sales promotion activities and R&D functions for protein preparations from the Bulk Business and sports supplements from the Supplement Business. The “Life Science Business Department” was established to handle sales promotion and development of preservatives and health food ingredients from the Bulk Business, and aging care supplements in the Supplement Business, as well as to provide analytical support for health food ingredients. In addition, the R&D Division was reorganized and renamed the “Food Science Laboratories” to focus on material searching, fundamental research, R&D, and frontier technology development (AI-related) for the healthcare field. We also established the “Business Planning Department” to expand our business through overseas business expansion and M&A, and to effectively promote smooth management of the supply chain.

In order to improve the efficiency of sales activities, the Sales Department was integrated into a single department and renamed the “Sales Promotion Department” instead of being broken up by region. Although this is an unprecedented large-scale reorganization, these efforts will enhance the sense of speed and unity in business promotion. It will also drive the further expansion of the Functional Food Division by systematically introducing distinctive new products and implementing sales strategies in each business field.

In order to transform ourselves into a highly profitable structure, we will focus on expanding sales of health food ingredients and preservatives with higher added value than ever before. As for protein preparations, although the situation remains difficult due to the continued increase in the price of lacto-proteins, we will strive to expand sales and secure profits by appropriately adjusting sales prices in response to

fluctuations in foreign exchange rates and market quotations. In addition, we will further expand sales in the Supplement Business.

We began considering food education initiatives in FY2021, which will be pursued in earnest this fiscal year, with the development of new products and educational activities in local communities.

Value Creation Initiatives

In the fall of 2021, we began developing food education activities as part of our efforts to establish a new materiality.

In recent years, the trend toward nuclear families, simplification of meals, “individual eating,” (family members of the same household eating meals separately), and “solitary eating,” (eating alone) have led to an unbalanced nutritional intake and an increasing number of people who do not have the habit of eating breakfast. The problem of not eating breakfast is particularly serious among the current generation of children. This does not only affect children, but also the elderly, who suffer serious consequences of low nutrition such as frailty^{*1} and sarcopenia^{*2}. To address these serious challenges among the younger and older generations, we are working with local governments, educational institutions, and other organizations to develop activities for food education and to develop products that will foster interest in food and healthy eating habits. As a first step, we registered as a “Kyoto Food Education Support Company” in March 2022. As a business, we will actively support and cooperate with the “Kyoto Food Education Network” organized by Kyoto Prefecture to promote food education activities through the collaboration of various parties involved in food education, including local governments, schools, experts, and media organizations. The

main objectives of Kyoto Prefecture’s food education activities for children are the establishment of regular eating habits, well-balanced nutrition, and teaching the traditions of local specialties and food culture. Nippon Shinyaku supports these activities by providing on-site classes, producing and supplying booklets, and assisting with the hosting of events. We are also working to develop consumer products that contribute to food education.

*1 Frailty: A condition in which the body’s ability to maintain a healthy body and to cope with stress deteriorates.

*2 Sarcopenia (muscle atrophy): A condition in which overall body functions deteriorate due to loss of muscle mass and strength.



Promoting food education activities through on-site classes and distribution of booklets



Message from the Chairman



S. Maekawa

Shigenobu Maekawa
Chairman

What it takes to help people lead healthier, happier lives

Society and the economy were dramatically impacted by not only the COVID-19 pandemic but also the recent rapid weakening of the yen, the jump in the price of raw materials and fuel, and the strained situation in Ukraine. The impact of climate change, including greater meteorological disasters, has grown more serious throughout the world, and there are questions about the speed of our response to environmental problems.

Nippon Shinyaku's business activities are based on its management philosophy "help people lead healthier, happier lives." Nippon Shinyaku touts "supplying distinctive products of high quality," "earning the trust of society," and "developing each employee" as elements of its management policy. Under this policy, our role is to generate sustainable growth by developing groundbreaking new drugs and functional foods that provide original value and to contribute to the development of society and local communities as a member of those.

Nippon Shinyaku includes "increasing corporate value by strengthening ESG management" as one of the six actions in its 6th 5-year Medium-term Management Plan, the first year of which was fiscal 2019.

To promote ESG management and realize a sustainable society, it is necessary to be trusted by society and contribute to the solution of various social problems, such as those related to the global environment, health, and human rights. The handling of materiality (important issues) to achieve the sustainable development goals (SDGs) is also an indispensable part of corporate management. These form the foundation of management. We have also established a Sustainability Committee, which formulates plans to promote sustainability and checks progress in examining materiality, related targets, and efforts to achieve those. Key items are also discussed by the Board of Directors.

As for environmental issues, we are working to continually improve our environmental conservation activities based on the Nippon Shinyaku Basic Environmental Policy. We also started to introduce renewable energy in 2021 and installed solar power generators in April 2022. We will continue to examine introducing and expanding renewable energy, including solar power generators. Furthermore, having stated our commitment to the TCFD recommendations, we still consider the environment and our response to climate change as important issues and will work to lessen the environmental impact of our business activities.

Human resource development is another aspect that is indispensable for sustainable growth. One element of our business philosophy is "developing each employee," and each employee thinking for themselves, acting, and proactively taking on challenges leads to growth of not only the individual but also the Company.

For employees to grow, I think it is important to create a working environment that is conducive to work, and we have actively introduced both flextime and telework systems. This has involved enhancing our digital environment, in order to increase productivity by making flexible workstyles possible. Based on the idea that "unique products are the product of unique people," we respect employee diversity free from discrimination based on race, sex, age, nationality, cultural background, or other attribute, and foster an organizational climate in which each employee can play a significant role and flourish by providing opportunities for individuals to take on challenges and grow.

To promote these initiatives, it is indispensable to have a strong governance system so that we can quickly respond to social changes and undertake sound, fair, and highly-transparent management.

We raised the percentage of directors who are women by adding two additional female directors in June 2021. The Board of Directors is now composed of members who possess various backgrounds as directors with corporate management experience. As a result, I think that there are freer and more constructive debates and exchange of opinions, which was invigorate the Board of Directors. In addition, we strengthened the Internal Audit Department through structural reforms in April 2022.

I think that the duty of the Board of Directors and Directors is to share the long-term vision for the Company with employees and indicate in concrete terms the direction the Company should move. I would like to work to further strengthen the Board of Directors so that Nippon Shinyaku can continue to grow as a company with a meaningful existence in the healthcare field.

This report was written as a tool to facilitate communication with all stakeholders. With the aim of contributing to the creation of a sustainable society by further promoting ESG initiatives and solving social issues through business activities, Nippon Shinyaku will work to ensure greater transparency and trust through active disclosure and dialogue with all stakeholders and continue to take on challenges to generate sustainable growth.

We hope that you will extend Nippon Shinyaku your continued support and understanding.

Coexistence with the Environment - Environmental Management -

At Nippon Shinyaku, as our mission is "Helping People Lead Healthier, Happier Lives", we aim to build a sustainable society. For this purpose, we have established a Basic Environmental Policy and Environmental Targets, and always strive to protect, sustain, and improve the environment through eco-considerate business activities.

Nippon Shinyaku Basic Environmental Policy

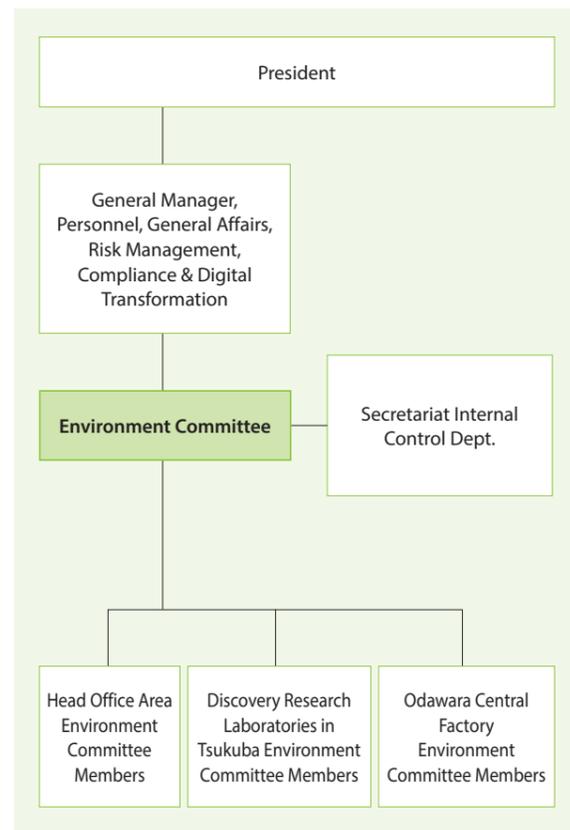
https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/environment_manage.php#policy

- Materiality
 - Tackle climate change
 - Promote resource recycling
 - Ensure proper management of chemical substances

Environmental Management Organization

Nippon Shinyaku formulated the Nippon Shinyaku Basic Environmental Policy as a guideline for our environmental conservation activities. The Environment Committee, chaired by the Director, Head of Administration, was established to put this policy into practice and determines the direction and targets of our environmental preservation activities.

Environmental Management Organizational Structure



The 6th Nippon Shinyaku Environmental Targets Plan (FY2020-2022)

The Environmental Targets Plan sets specific voluntary targets for the company to carry out to comply with its Basic Environmental Policy. Since the establishment of the 1st Nippon Shinyaku Environmental Targets Plan in 2004, we have been working on environmental preservation activities. Every three years, we have evaluated the results of our activities and set new targets.

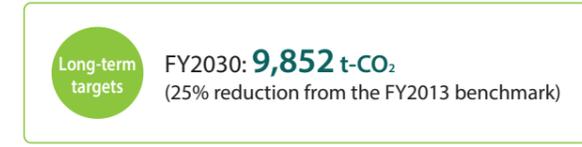
Under the 6th Nippon Shinyaku Environmental Targets Plan (FY2020-2022), we are striving to reduce our environmental footprint in all aspects of our business operation and enhance corporate value through ESG management.

The 6th Nippon Shinyaku Environmental Targets Plan (FY2020-2022)

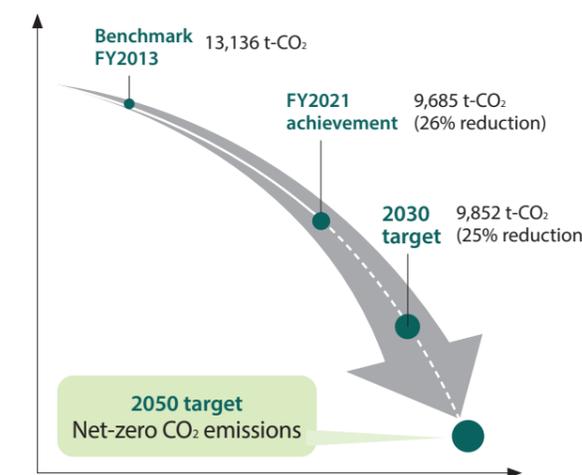
Item	Targets
Climate change alleviation	Reduce GHG emissions by FY2030 by 25% from the 2013 benchmark.
	Reduce GHG emissions by 6% by 2022.
Waste management	Reduce the final amount of landfilled waste by 70% from the FY2005 level by FY2022.
	Set the target waste plastic recycling rate for FY2022 at 65% or above. Set the target waste recycling rate for FY2022 at 55% or above.
Chemical substance management	Promote appropriate management of chemical substances, including those designated under the Pollutant Release and Transfer Register (PRTR) Act, so as to continue reducing their release into the natural environment.
Environmental management	Continue the certification of the environmental management systems (ISO 14001 and KES Step 2) so as to effectively improve environmental performance.
Stakeholders	Actively engage in community service and promote ESG to contribute to the achievement of the SDGs.
	Disclose ESG information appropriately to society.
	Promote community service related to the conservation of biodiversity.

Climate Change Alleviation

Conscious of the impact of climate change caused by global warming, Nippon Shinyaku is committed to reducing CO₂ emissions through various approaches, including reduction of its energy consumption.



Basic Attitude and Targets



except in heavy snowfall areas. In FY2021, hybrid cars already accounted for 80% of the company's fleet of sales vehicles.

3. Reducing energy consumption through equipment improvement

On the occasion of equipment renewal, we renew air-conditioning refrigerators, boilers, and total heat exchangers. We have also been gradually replacing conventional lighting equipment with LED equipment and installing motion detectors on lighting equipment. At the Tokyo Office, ice thermal storage equipment* was introduced to level off consumption peaks

Through these measures, we aim to reduce CO₂ emissions, thereby contributing to climate change alleviation.

* This equipment shifts daytime power consumption for air conditioning to night time, with the use of ice heat stored in the thermal storage tank during the night.

4. Energy and electricity conservation following the guidelines for saving energy

We are making company-wide power and energy-saving efforts, following the guidelines for saving electricity and energy drawn up by an in-house committee specifically established to promote conservation initiatives. Concrete company-wide power-saving measures range from appropriate indoor temperature settings to encouraging personnel to turn off all unnecessary lights and use stairways instead of elevators.

5. In-house awareness-raising education

The importance and necessity of environmental protection are covered in a range of in-house training and educational programs, including e-learning training programs. These programs contribute to raising and maintaining employees' environmental awareness.

Initiatives to Reduce CO₂ Emissions

1. Introducing and operating on renewable energy

In April 2021, we began introducing renewable energy, which is expected to reduce about 50% of CO₂ emissions in the Head Office area. In addition, in April 2022, we installed a solar power generator at the Discovery Research Laboratories in Tsukuba, which is expected to reduce approximately 16% of their total CO₂ emissions. Initiatives involving the introduction and expansion of renewable energy sources, such as solar power generators, will be further examined and implemented.

2. Introducing hybrid vehicles for sales representatives

By introducing hybrid vehicles for our sales activities and also encouraging employees to use public transportation systems while in urban centers, we are promoting measures to better respond to climate change and raising employee awareness. Nippon Shinyaku's sales vehicles will be entirely replaced by hybrid cars over a four-year period starting from FY2020,



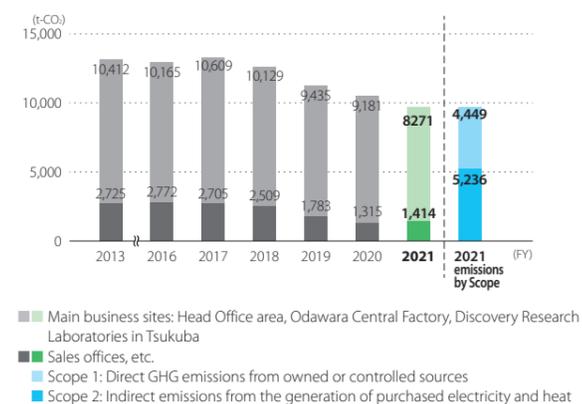
Solar panels installed at the Discovery Research Laboratories in Tsukuba

Coexistence with the Environment - Environmental Management -

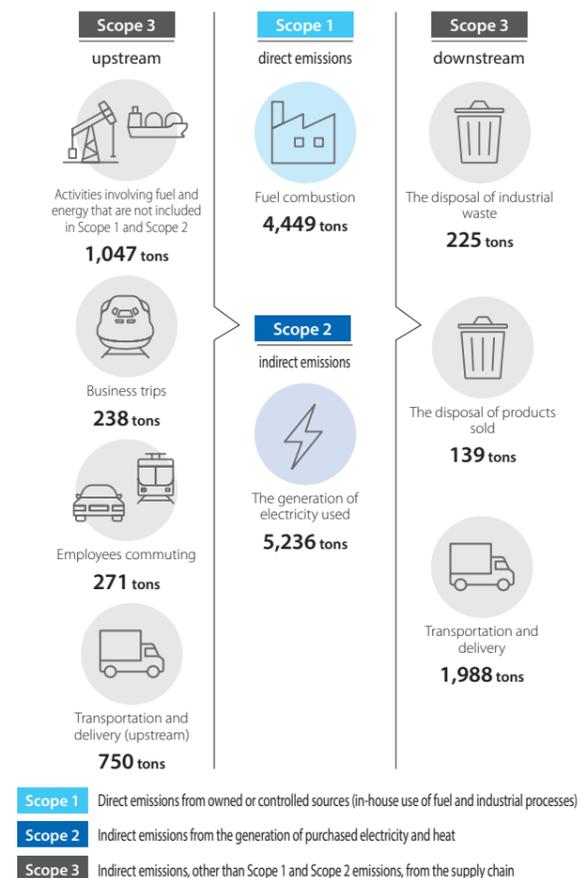
GHG Emissions Reduction (Scope 1, 2, 3)

Nippon Shinyaku is focusing on expanding the range of greenhouse gas (GHG) emissions calculations with a view to mitigating and adapting to climate change throughout the entire supply chain. In addition to the Scope 1 and 2 emissions already calculated, we are expanding the calculation of Scope 3 emissions.

Scope 1 and 2 emissions volume (FY2021 results)



Supply chain emissions (FY2021 results)



Promoting the Recycling of Resources

Basic Attitudes and Targets

Recognizing the limits of resources derived from natural capital, we at Nippon Shinyaku are constantly striving to reduce the amounts of resources we use, adopting various methods, including reuse and common use. We are also focusing our effort on the active use of recycled raw materials to ensure that the waste resulting from our activities is recycled or reused. We are working to reduce the quantities of waste generation and waste disposal in landfills, which are general indicators for the abovementioned efforts. We appropriately manage the quality of used water for discharge, including cooling water used at production sites, in compliance with applicable laws and regulations so that water sources will be safeguarded from pollution.

We have set and promote a long-term target of increasing the percentage of recycled waste plastic to 65% (in conformity with a target set by the Federation of Pharmaceutical Manufacturers' Associations of Japan) by FY2030.

Initiatives for Resource Recycling

1. Appropriate treatment and utilization of waste materials

We appropriately treat and manage waste materials, recycle metals, and collect and sort out plastic waste, all in compliance with the Waste Disposal and Public Cleansing Act¹ and applicable Kyoto City ordinances².

In the Head Office area and at the Discovery Research Laboratories in Tsukuba, we have adopted an integrated waste management service (ASP service) capable of appropriate and continuous support to waste management. This enables us to confirm responsible waste treatment and disposal by our service providers. Furthermore, in the Head Office area, we disclose information regarding waste materials from time to time on the in-house intranet based on the KES³ environmental management system standard.

¹ Law concerning waste disposal and public cleansing
² Kyoto City ordinances on reduction and proper treatment of waste
³ Abbreviation for Kyoto Environmental management system Standard

2. Reduced package waste

By reducing the size of PTP sheets as packaging materials for our pharmaceutical products, we are trying to reduce the amount of waste, that is, burden on the environment, while ensuring that new packaging will not compromise product quality.

3. Reduced use of office paper

As part of our drive to realize paperless offices, we have been digitizing documents and reducing the volume of office paper

purchased. At the same time, we have been continuing the purchase of "green" office paper commensurate with the Act on Promoting Green Purchasing.

4. Plastics Smart campaign

Endorsing its objective of reducing marine plastic litter, Nippon Shinyaku has joined the Plastics Smart campaign launched by the Ministry of the Environment of Japan. In the Blue Smile Project, the plastic waste reduction initiative that Nippon Shinyaku has registered within a Kyoto City-initiated campaign, all employees are provided with their own multiple-use bottles and encouraged to use them in the workplace, while on assignment away from the workplace, and even in their free time. Moreover, the suspension of the sale of drinks in PET bottles from vending machines in the Head Office area resulted in a drop of waste PET bottles from 1.2 tons in FY2019 to zero since FY2020 onwards.

Appreciation by External Parties

Recognition by Kyoto City for Excellence in Industrial Waste Disposal and Promotion of 3Rs

FY2019 marked the first time our Head Office area was commended by Kyoto City as a "Business Recognized for Excellence in Industrial Waste Disposal and Promotion of 3Rs," under a system devised by Kyoto City to evaluate the responsibility of waste generators, and in FY2021 we were recognized for the third year in a row.



Recognized as a "Business with Excellence in Industrial Waste Disposal and Promotion of 3Rs" for three consecutive years

Recognition by Kyoto City as Office with Excellent 2R, Sorting and Recycling Activities

In FY2021, following its certification in FY2020, our Head Office area was again certified by Kyoto City as an Office with Excellent 2R, Sorting and Recycling Activities, mainly in recognition of Nippon Shinyaku's participation in the Plastics Smart campaign and our registered initiative, the Blue Smile Project.



Recognized as an "Office with Excellent 2R, Sorting and Recycling Activities" for two consecutive years

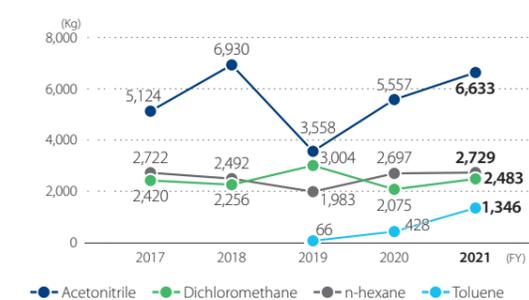
social responsibility. At Nippon Shinyaku, we ensure responsible management of all chemicals, and a dedicated committee, established in compliance with the company's Basic Regulations on the Management of Chemical Substances, clarifies the company's policy in this regard so that chemicals are managed correctly by all departments. Thanks to our IT system that enables a comprehensive and exhaustive inspection of the status of legal and regulatory compliance concerning chemical substances, we maintain a responsible management mechanism concerning all chemicals handled in-house in conformity with the latest applicable laws and regulations. Furthermore, we regularly assess workplace risks, including those related to chemical substances, from the perspective of occupational health and safety to realize the highest level of workplace safety.

PRTR Method-based Management

In the Pollutant Release and Transfer Register (PRTR) method defined under the Act on Specific Chemical Substances*, business operators that handle one ton or more of any designated Type 1 chemical substances per year are required to notify these chemicals and details of their treatment. The corresponding chemicals we handle are acetonitrile, n-hexane, and dichloromethane in the Head Office area. We file all required reports and notices, demonstrating our appropriate management of all designated chemicals.

*The unabridged title of the law is the Act on Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof.

PRTR-designated Type 1 chemicals (quantities handled)*



* Substances with a total company-wide handling volume of 1,000 kg or more are listed.

Management of Highly Active Substances at Odawara Central Factory

The manufacturing plant for highly active solid formulation at the Odawara Central Factory is equipped with the latest triple containment structure. In this structure, highly active chemicals are contained first by equipment, second by air current and chamber pressure, and third by building, thereby preventing leakage into the external environment and taking maximum care for safety, quality, and environmental protection.

Coexistence with the Environment - Climate Initiatives -

Disclosure Based on the TCFD Recommendations

In December 2021, Nippon Shinyaku declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).* In addition to working to address already identified risks from the perspective of risk management, the Company will enhance its information disclosure by collecting and analyzing data for scenario analysis of climate-related risks and opportunities in the framework of the TCFD recommendations and devising specific measures to address identified risks and opportunities.

Materiality ■ Tackle climate change



* The Task Force on Climate-related Financial Disclosures (TCFD): Established in 2015 by the Financial Stability Board (FSB) to develop recommendations for more effective climate-related disclosures to be made by companies to investors, lenders, and insurance underwriters.

Governance

The Director who is the Head of Personnel, General Affairs, Risk Management, Compliance & Digital Transformation serves as Officer in charge of response to climate issues. This Director chairs the Environment Committee, which meets quarterly to ensure the implementation of Nippon Shinyaku's Basic Environmental Policy, which was formulated by the Board of Directors. The committee formulates other environmental policies, promotes environmental preservation and other initiatives, and checks the results of environmental preservation activities, including the annual CO₂ emissions reduction.

Organization



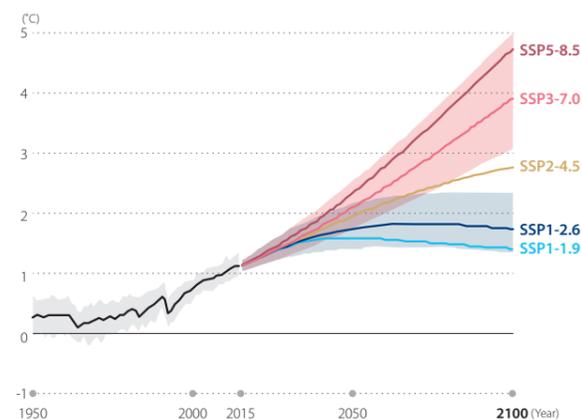
The same Director is also a member of the President-chaired Sustainability Committee, which meets twice a year, so that Group-wide sustainability activities will be further enhanced. The Nippon Shinyaku Group has identified tackling climate change as one of its material environmental issues. The details and progress of the relevant activities are reviewed by the Sustainability Committee every six months. The results of the Environment Committee and Sustainability Committee's investigations are reported at least once a year to the Board of Directors, which reviews them and provides oversight.

Scenario Analysis

Recognizing the enormous impact climate-related risks and opportunities will yield on the company's business strategies, Nippon Shinyaku has identified the risks and opportunities of climate change and evaluated their importance according to the following process.

This analysis and evaluation into climate change-related risks and opportunities was conducted utilizing a 1.5° C warming scenario and a 4° C warming scenario.

Global average temperature changes from 1850-1900 benchmark



First, climate-related risks and opportunities were comprehensively sampled. Next, the sampled climate risks and opportunities were sorted according to their relationship to the company's pharmaceuticals and functional food businesses. Finally, their importance was evaluated based on two criteria: degree of impact on the company, and probability of occurrence.

Selection of climate scenarios

Analysis and evaluation were conducted using a carbon neutral society-focused 1.5° C warming scenario, and a 4° C warming scenario. For the 1.5° C warming scenario, SSP1-1.9¹ was used; for the 4° C warming scenario, SSP5-8.5² was used.

¹ SSP1-1.9: Holds warming to approximately 1.5° C above 1850-1900 in 2100 after slight overshoot and implied net-zero CO₂ emissions around the middle of the century.
² SSP5-8.5: A high reference scenario with no additional climate policy. Emissions as high as SSP5-8.5 are only achieved within the fossil-fueled SSP5 socioeconomic development pathway.

Identified Risk/Opportunities and Measures

Category	Impact on Nippon Shinyaku	Measures	Period		
			Short-term - 2025	Mid-term 2026 - 2030	Long-term 2031 -
Risks	Transition risks	Policies and laws		●	
		Markets		●	
		Evaluation		●	
	Physical risks	Acute risks		●	
		Chronic risks		●	●
		Resilience		●	
Opportunities	Resource efficiency/energy		●		
	Resilience		●		
	Resilience		●		

Coexistence with the Environment - Climate Initiatives -

Strategy

Nippon Shinyaku is continually working to improve its environmental conservation activities (conserving energy and reducing CO₂ emissions) based on its Basic Environmental Policy in order to achieve carbon neutrality by 2050. The company's long-term goal is to realize net-zero CO₂ emissions by FY2050. In addition, Nippon Shinyaku is also monitoring climate-related risks across its entire supply chain.

Nippon Shinyaku views the transition to a low-carbon economy as an opportunity, and recognizes the reduction of costs through energy conservation and recycling, and the development of relevant products as means to increase its competitiveness.

1.5° C warming scenario

In addition to the expectation that costs will increase due to tightening of regulations, including the introduction of carbon taxes; the risk of the price of raw materials and other items increasing is also anticipated. Nippon Shinyaku is propelling initiatives to reduce carbon and has set a CO₂ emissions target of 9,852 t-CO₂ by FY2030 (a 25% reduction from benchmark FY2013).

4° C warming scenario

In order to secure stable supplies of raw materials, Nippon Shinyaku is maintaining a diverse array of suppliers and is enhancing its stockpiling capabilities. In addition, we are also promoting the development of business continuity plans (BCPs), including those for weather-related disasters; and are accelerating investment in disaster prevention and response measures.

Risk Management

The Nippon Shinyaku Group has in place Basic Risk Management Rules, with the Director who is the Head of Personnel, General Affairs, Risk Management, Compliance & Digital Transformation acting as the Risk Management Officer, and a department dedicated to overseeing risk management. We have identified various possible risks, including climate change-related ones. Each department has devised measures to prevent the actualization of those risks and to respond to any realized risk. Further, every year, action plans are formulated to address the risks selected as highly serious for the entire Group or each department and enhance measures to prevent their actualization. The results of these activities are reported to the Risk & Compliance Committee and then to the Board of Directors at the end of each fiscal year so that activities in subsequent years will be improved.

Risk Action Plan

FY2022 activity themes	Risk management goals
Earthquakes, volcanic eruptions, tsunamis, storm and flood damage, lightning strikes	Enhance education and training systems to enable all employees to take practical action with regard to disaster response and fire fighting in line with the Disaster Response Guidelines and Disaster Response Manual.
Product unavailability risks	Enhance stable supply systems for products through risk management for plants and suppliers, and reduce Nippon Shinyaku's product unavailability risks
Flood damage due to typhoons and torrential rains at the Odawara Central Factory	1) Complete flood control measures at Building No. 1 (special facilities request) 2) Replace second emergency generator
Appropriate management of chemical substances	Promote proper management of chemical substances through the reduction of the amount of chemical substances held, the maintenance of a chemical substance management system, and swiftly and appropriately complying with legal reforms.
Stable procurement of raw materials and products	Work with the Sales & Marketing Division and Planning Department to measure demand and supply balance, taking into account in particular stock risks for products which are exclusive and imported from overseas, and implement appropriate inventory management.

Indicators and Targets

Nippon Shinyaku has established a greenhouse gas reduction target of reducing its CO₂ emissions (Scope 1 and 2) in FY2030 25% from benchmark FY2013. As a climate-related opportunity the company has also established the ratio of hybrid vehicles for our sales activities as a key performance indicator. Further, we will be striving to assess our capital outlays and allocation by using as indicators investments in environmentally-conscious facilities and facilities which contribute to reduced greenhouse gas emissions.

Greenhouse gas emissions	25% reduction in CO ₂ emissions in FY2030 (over FY2013)
Climate-related opportunity	Increase ratio of hybrid vehicles for our sales activities

Coexistence with the Environment - Conservation of Biodiversity -

Since the establishment of the Nippon Shinyaku Institute for Botanical Research in 1953, Nippon Shinyaku has amassed a plant collection of approximately 3,000 species, mainly of useful plants, including many endangered species. The Yamashina Botanical Research Institute practices ex situ conservation of these plants and holds events designed to educate about botany. We also participate in local activities for the preservation of rare plants native to Kyoto. For example, we are active in the protection of futaba aoi (*Asarum caulescens*) and kikutani-giku (*Chrysanthemum seticuspe*).

Materiality ■ Conserve biodiversity

Involvement by Yamashina Botanical Research Institute in conservation activity and appreciation by External Parties

Protection of *Welwitschia mirabilis* and other endangered species

The Yamashina Botanical Research Institute conserves and cultivates over 3,000 varieties of plants, including more than 160 species that are the botanical origins of herbal medicines recorded in the Japanese Pharmacopoeia, 480 rare plant species, including 0.7% of the plants regulated by CITES, such as *Welwitschia mirabilis* and aloe, 12% of the plants on the Japanese Red List of the Ministry of the Environment, and 5% of the plants in the Red Data Book of Kyoto Prefecture. Nippon Shinyaku practices ex situ conservation of these rare plants as a materiality issue.

Conducting Botanical Workshops

The Yamashina Botanical Research Institute routinely holds tours by appointment, tours for university students studying pharmacology and pharmacists, indigo dyeing workshops for elementary school students, public holiday tours, and other events designed to raise awareness of conserving the diversity of useful plants. (Some tours were cancelled in FY2021 to prevent the spread of COVID-19).



Touring Yamashina Botanical Research Institute

Cultivation and dedication of futaba aoi (*Asarum caulescens*)

Nippon Shinyaku participates in the "Aoi Project", a campaign launched by a general incorporated association established to preserve futaba aoi (*Asarum caulescens*), which is used in the Aoi Festival, one of the three major traditional festivals of Kyoto. Nippon Shinyaku takes part in the cultivation and ritual dedication of the plant for the festival. The number of futaba aoi growing in Kyoto has been rapidly decreasing in recent years. In April 2021, we dedicated 130 pots of futaba aoi, which we had cultivated from seeds for three years.

Cultivating and returning *Chrysanthemum seticuspe* to its natural habitat

Conservation activities by Nippon Shinyaku include cultivating and propagating Kyoto City's endangered *Chrysanthemum seticuspe* to feature in Kyoto Imperial Palace and Kyoto City's Kikutani Forest of Flowering Chrysanthemums (returning the plant to its natural habitat).

Appreciation by External Parties

1. Recognized as Contributor to Kyoto City's "Kyoto Biological & Cultural Regeneration Project"

In 2019, the Yamashina Botanical Research Institute was officially recognized and registered as a contributor to the Kyoto Biological & Cultural Regeneration Project, run in accordance with the Kyoto City Biodiversity Plan, due to its initiatives to promote preservation of rare plants that have a distinctive place in traditional Kyoto culture. In contributing to this project, the Yamashina Botanical Research Institute promotes the preservation of plants, such as okera (*Atractylodes ovata*), fuji bakama (*Eupatorium japonicum*), and kikyō (*Platycodon grandifloras*), which are inseparable from Kyoto's traditional cultural landscape. In addition, the Research Institute actively promotes the preservation of endangered plants registered in Kyoto Prefecture's Red Book and organizes related educational and awareness-raising activities.

2. Kyoto City's Kagayaki Award and Special Kagayaki Award

In 2019, the Yamashina Botanical Research Institute was nominated for commendation by Kyoto City for local companies that make outstanding achievements in specific categories. The company received the Kagayaki Award and Special Kagayaki Award. The commendation system was instituted based on the Kyoto City Ordinance on the Promotion of Sustainable Development by Local Businesses established in April 2019. The awards are presented to local companies recognized as pursuing their business activities while nurturing deep ties with the local communities through contribution to general safety and security, activities leading to the preservation of cultural assets, natural environmental protection, and so forth.

3. Kyoto Environmental Award (Honorable Mention)

Kyoto City established the Kyoto Environmental Award with the aim of raising interest in the environment and promoting various practical activities that contribute to environmental conservation, such as preventing global warming, creating a recycling-oriented society, and maintaining biodiversity. During the COVID-19 pandemic, the Yamashina Botanical Research Institute held virtual tours in place of face-to-face tours and received an Honorable Mention in the Kyoto Environmental Award for this initiative.

Harmonious coexistence with society

At Nippon Shinyaku, we think that employees thinking for themselves and actively taking on challenges leads to their personal growth and thus the growth of the Company. We are aiming to help employees achieve the optimal life-work balance and subsequent well-being by creating an environment in which diverse human resources can thrive.

Materiality	■ Improve employee health and ensure workplace safety
	■ Realize work-life balance / Establish an organization where each member can grow and play an active role
	■ Promote diversity & inclusion
	■ Contribute to local regions and culture
	■ Contribute to the future of children

Fostering Global Human Resources

Nippon Shinyaku is reinforcing its support and training to foster global human resources as it expands throughout the world. Our support for acquiring language skills consists of both Foreign Language Learning Support courses for all who apply and the Business English Practical Training Program for employees who possess a certain level of English ability so that they can make practical use of their English. Based on the idea of shifting from “learning English” to “using English,” the Business English Practical Training Program offers participants the opportunity to improve their English through activities such as English meetings and discussions. Between December 2016 and December 2021, 310 employees took Foreign Language Learning Support courses and 60 employees took part in the Business English Practical Training Program.

We also offer support for overseas study so that employees, who are responsible for the future of the Company, can study at overseas universities, laboratories, or other entities in order to learn about global business and expand their knowledge. The goal of the support is not only to allow participants to acquire knowledge and build networks in specialized fields but also to help them experience life in other countries and culture as part of the development of a globally capable workforce equipped to meet modern business challenges. The system provides support for two types of study—for the employee-selected type, support is provided for employees studying abroad at research institutions that they choose themselves, and for the Company-selected type, employees who want to study at a research institute selected by the Company apply for the program. Between April 2016 and December 2021, five employees used this system.



Business English Practical Training Program, held online

Promoting Diversity and Inclusion

Creating a workplace environment that is friendly to workers

To make flexible workstyles possible, raise productivity, and help employees establish a life-work balance, Nippon Shinyaku has introduced a flextime system and telework system. We are also promoting efforts to increase the operational efficiency of telework by further reinforcing our digital environment. To ensure psychological safety of employees when they work remotely, we are striving to provide training to promote mutual understanding among team members and invigorating communication between superiors and subordinates through one-on-one meetings. Furthermore, we implement various measures to prevent long working hours and promote understanding of appropriate work time management, and these include offering e learning-based training on the Labor Standards Act, having employees submit advance applications and follow-up reports for both overtime and telework when planning daily activities, and promoting the use of paid leaves.

It is thought that creating a flexible working environment conducive to work results in more efficient operations and provides support for balancing work and time constraints, such as childcare, caregiving, and medical treatments. We will continue to promote Nippon Shinyaku’s new working style.

Support for establishing a life-work balance

In fiscal 2021, we provided all managers with training titled “Creating a Mutually Supportive Organization” following revisions to the “Childcare and Caregiver Leave Act” as an opportunity for them to consider how to think about and whether a response is necessary for workplaces where employees work under workstyle constraints due to childcare, caregiving, medical treatment, etc. During the training, participants not only came to recognize the importance of showing understanding for various perspectives and being cooperative but also examined “creating a mutually supportive organization.” Participants commented that they discovered

various things, including the importance of maintaining routine communication to support each other as a team and understanding the various perspectives of employees. In addition to expanding measures that support efforts to improve the quality of both life and work, we will move forward with creating a corporate culture in which each and every employee can achieve well-being.

Promoting contributions from diverse human resources

Since fiscal 2019, Nippon Shinyaku has touted the goal of having 15% or more of managerial positions held by females as part of its “General Employer Action Plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace.” That goal was met in fiscal 2020, when 15.1% of female employees held management positions. In fiscal 2021, that number rose to 16.1%, indicating that the number of females in managerial and executive positions is growing every year. Having agreed to the Japan Business Federation (Keidanren)’s #Here We Go 203030” initiative—having females account for at least 30% of directors by 2030—we are aiming to create a workplace environment and organization that makes it possible for various types of human resources, including females, to improve their career.

To achieve various objectives, including increasing the motivation and skills of female employees, in fiscal 2021, we accepted applications from female employees who wanted to take part in training provided by an outside entity for females aiming to become future managers. We received various comments from training participants, including “I learned a lot through the training and discussions” and “it was stimulating.” We will continue to promote females to managerial and executive positions and then director positions, promote diversity, and work to create a company in which diverse human resources can thrive.

Employees with Disabilities

As for employing people with disabilities, we actively work to increase employment and expand fields of work under the concept of inclusion. In fiscal 2007, we introduced the Dual System,* which makes it possible for participants to learn while working. Our goal is to promote the growth and active participation of people with disabilities through greater employment and long-term work in collaboration with work-transition support providers and government agencies.

In fiscal 2021, as the COVID-19 pandemic spread, we actively worked to create new job opportunities through various efforts, including holding seminars on employing people with disabilities that experts were invited to teach and offering short-term practical training by multiple departments. In addition, we are focusing on creating a workplace environment that anyone can easily work in by assigning multiple consultants who provide advice on work and living for people with disabilities.

Nippon Shinyaku thinks that understanding other people’s individual traits, accepting differences, and working together results in diversity; and we will also continue to promote the employment and active participation of people with disabilities to generate new innovation.

* A training system that combines education at a special-needs support school and vocational training within a company.

Ratio of employees with disabilities



INTERVIEW

Learning the latest DDS technology through overseas study directly linked to current research



Takahiro Nakamura
Discovery Research
Laboratories in Tsukuba
Chemical researcher

Using Nippon Shinyaku’s support for overseas study, I studied overseas at the lab of a university located in Massachusetts US for one year, from February 2020 through February 2021. The main purpose of the overseas study was to learn the latest overseas technology. A major issue when developing nucleic acid drugs is the difficulty in delivering a stable supply of the drug to the target organ or cell, and it is necessary to develop drugs delivery system (DDS) technology to solve that problem. Therefore, I decided to study overseas to learn the latest DDS technology. After returning to Japan, I have moved forward with applying the latest DDS technology I learned overseas to in-house issues. Learning about this DDS technology has dramatically broadened the development of nucleic acid drugs, such as making it possible to develop treatments for diseases that were difficult to treat because of DDS constraints. Furthermore, in addition to technical aspects, I was able to create a global network. There were researchers from not only the US but countries throughout the world studying at the lab I was at, and that community was a global one. In terms of both technology and my personal life, my study overseas had a major impact, and I would like to continue to make use of that experience in my future work.

Harmonious coexistence with society

Creating a Working Environment

Health and safety management system

Nippon Shinyaku has built a management system appropriate for its organization/structure in order to promote health and safety activities based on the chain of command for operations. A health and safety manager, health and safety staff, and health and safety administrative staff are assigned to each division, and health and safety activities are undertaken by dividing up roles.

Health and safety policy, etc.

To create a comfortable working environment and ensure the health and safety of employees, Nippon Shinyaku has created systems to prevent workplace accidents and promote OH&S. In particular, we consider "achieving zero lethal accidents and workplace accidents requiring four or more days off work" and "reducing the frequency of workplace accidents" as the highest priority issues.

Health and safety policies and priority activity targets for the fiscal year are set by OH&S committees throughout the company, which include district supervisors from throughout Japan, and measures are implemented in line with these.

As for health and safety activities in the head office district, Nippon Shinyaku received an honorable mention at the 2021 Health and Safety Kyoto Labour Bureau Director Awards.

Number of occupational accidents



Workplace accident frequency rate

	Frequency rate*		
	FY2019	FY2020	FY2021
Nippon Shinyaku	0.00	0.00	0.29
Japan all industry average (difference from all industry average)	1.80 (-1.80)	1.95 (-1.95)	2.09 (-1.80)
Japan chemical industry average (difference from chemical industry average)	0.94 (-0.94)	0.93 (-0.93)	1.07 (-0.78)

* Occupational accident frequency rate = Number of fatalities and injuries from occupational accidents / Total number of actual working hours × 1,000,000
(Number of fatalities and injuries from occupational accidents: Number of fatalities and injuries from occupational accidents due to occupational injuries resulting in one or more days of absence from work and partial or total loss of body functions.)

Fiscal 2021 measures to prevent the spread of COVID-19

In addition to continuously providing information related to preventing infections, Nippon Shinyaku has implemented measures such as installing disinfectant dispensers and having employees eat meals silently. Furthermore if employees become infected or have had close contact with an infected person, they are provided with appropriate advice. We also created a flowchart to prevent the spread of in-house infections and employees are thoroughly informed of this.

In addition, Nippon Shinyaku has offered COVID-19 workplace vaccinations three times (July and August 2021 and March 2022), but this was only possible at the head office because of requirements, such as number of people. Each time, about 900 employees of Group companies and subcontractors received vaccinations.

Policy on future initiatives

Nippon Shinyaku will implement health and safety-related measures that will make it possible to flexibly respond to new workstyles, such as working at different times through the use of telework and flextime as greater use is being made of these workstyles to prevent the spread of COVID-19.

Promoting Health Management

In October 2021, Nippon Shinyaku issued its Well-being Declaration, which gives an overall picture of the company's health management.

Even after releasing our 2018 Nippon Shinyaku Health Declaration and 2020 Health Declaration 2020, Nippon Shinyaku has continued to work to increase health literacy and improve health in order to pursue well-being for employees and their families.

Well-being Declaration 2021

<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/social/health.php>

Having positioned health and safety and health management as inseparable issues, we are working to prevent workplace accidents and to secure workplace health and safety in order to ensure the safety and health of all people working in the Nippon Shinyaku Group (including those at subcontractors and related parties) and create comfortable workplace environment.

Health management promotion system

As for measures planned by the Health Management Working Group, which is composed of representatives from the Well-being Promotion Section of the Human Resources Department, health insurance association, and labor unions, Nippon Shinyaku promotes health management in cooperation with "well-being supporters," who are assigned to educate employees in a particular office and collect their opinions.

Mental health measures

To prevent and quickly detect mental health problems, Nippon Shinyaku conducts an annual stress check. Focus is placed on helping employees on leave for psychological reasons return to work, which includes conducting line-care training based on the results of the stress check and assigning mental health professionals. For new recruits who struggle to adapt to changes in the environment, we also take detailed steps to reinforce self-care, such as offering opportunities to try counseling.

Concrete measures

Regarding raising health awareness, Nippon Shinyaku is trying to provide employees with opportunities so that they can notice things themselves. Through various activities, including training, seminars, hands-on events, we are working to raise the health literacy of employees.

External recognition

Having participated in the annual survey on health management practices conducted by the Ministry of Economy, Trade and Industry (METI), Nippon Shinyaku has been designated one of the "White 500" three times. It is growing more difficult to win this designation as the number of applicant companies increases every year, but this designation recognizes the steady efforts being taken by Nippon Shinyaku.

Furthermore, we have twice won designation as a Sports Yell Company by the Sports Agency, which designates companies that promote sports to improve the health of the employees.



Nurturing Diverse Human Resources to Thrive

Strength of human resources that creates competitiveness

At Nippon Shinyaku, we believe that individual employees can achieve personal development while contributing to the company's growth when they think and act proactively, taking up new challenges. A LIFO diagnosis,* which analyzes the behavioral traits of people, revealed that 32% of all Nippon Shinyaku employees possess an adapting/dealing (AD) behavioral style in regular times, but that figure grows to 50% in stress times. This is characteristic of many people skilled at working closely in teams and adapting when facing some sort of change. This trait of our human resources is a strength of Nippon Shinyaku, and a unique aspect of the Company. In addition, 31.5% of all employees hold a doctorate or master's degree, and we are increasing the number of R&D employees through new graduate and mid-career recruits.

* LIFO diagnosis, a self-diagnosis based on the LIFO* survey, is a program to focus on and leverage people's strengths. It deepens people's understanding of themselves and others and promotes changes in the behavior of individuals. The name LIFO comes from "Life Orientations."

CASA education and training system and training of the next-generation of leaders

Nippon Shinyaku has established education and training system called "CAreer Support Academy (CASA)", which structured in three levels: "Basic," "Skill Up," and "Challenge." Rather than having every employee participate in the same program, we encourage employees to reflect upon their own strengths and weaknesses, and select their own subjects accordingly from a broad curriculum. In fiscal 2021, a total of 13,070 hours was spent on this training.

To nurture the next generation of leaders, we run a Next-Generation Leader Development Program, which targets manager-level employees around 40 years of age, and a Next-Generation Leader Challenge Program, geared toward employees around 30 years of age. By creating a venue for employees to learn and gain experience that is difficult to do when conducting routine work, we are fostering leadership to move the organization. Between April 2007 and March 2022, 95 employees took part in the Next-Generation Leader Development Program and 69 employees took part in the Next-Generation Leader Challenge Program.

CASA (CAreer Support Academy)

https://www.nippon-shinyaku.co.jp/english/sustainability/esg/social/human_resources.php

Harmonious coexistence with society

Contributing to Development of Local Communities

Nippon Shinyaku thinks that it has two roles that it should play—the first is providing outstanding drugs to the world as a pharmaceutical company, and the other is contributing to the development of general society and local communities as a member of each.

Public Research Grant Scheme

As part of our centenary celebrations, Nippon Shinyaku initiated a “Public Research Grant Scheme” to contribute to the advancement of science in the fields of medicine and pharmacology. Under the scheme, we aim to support young researchers by offering grants to successful applicants.



Preservation and maintenance of Kyoto culture

For more than half a century, Nippon Shinyaku has created an annual calendar using works of art created with dyes using a traditional Kyoto technique called stencil dyeing, and through this, introduced various aspects of Kyoto, including its scenery and landscapes in the various seasons and historical events. We also publish a quarterly PR magazine titled “Kyo” that showcases the huge appeal of Kyoto—from the city’s many shrines, temples, and other cultural assets to its cuisine, traditional techniques, and local products.



Educational support through sports

Working with municipal governments and baseball associations, the Nippon Shinyaku baseball team offers baseball clinics for elementary and junior high school students in various cities, including Kyoto (head office) and Odawara



Nippon Shinyaku baseball team contributing to improved baseball skills and strength of elementary and junior high school students and others

(factory). These events improve the baseball skills and strength of children while fostering interaction with local communities. In November 2021, the team visited the Makishima Hiragi Nursery School located in the city of Uji-shi and held a sports clinic that covered T-ball and other activities.

Fostering Children, Who will Lead the Future

The Nippon Shinyaku Children’s Literary Awards

The Nippon Shinyaku Children’s Literary Awards were initiated in 2009 with the aim of bringing every child’s dreams and hopes through picture books and helping them grow healthily. With the support of the Japan Juvenile Writers Association, we call for entries in the two categories of stories and artworks, and make 20,000 copies of selected top works in each category. The picture books are donated to medical institutions, such as children’s hospitals, public facilities, and other entities, which makes it possible for many children to read the books. The picture books are also posted on the award’s website.



The Nippon Shinyaku Sparkling Future Mobile Library

We began the Nippon Shinyaku Sparkling Future Mobile Library in 2019 as part of our centenary celebrations to bring exciting library experiences to children. The library van carries around 1,000 picture books, including the Nippon Shinyaku Children’s Literary Award-winning titles, and a range of universal design titles (such as Braille and audio books). Along with employee volunteers, the library visits elementary schools and special needs school.

Going forward, we hope to contribute to both the physical and mental health of children by giving them various opportunities to be touched by the wonder of books.



With about 1,000 books and digital books, the Mobile library brings exciting reading experiences to children.

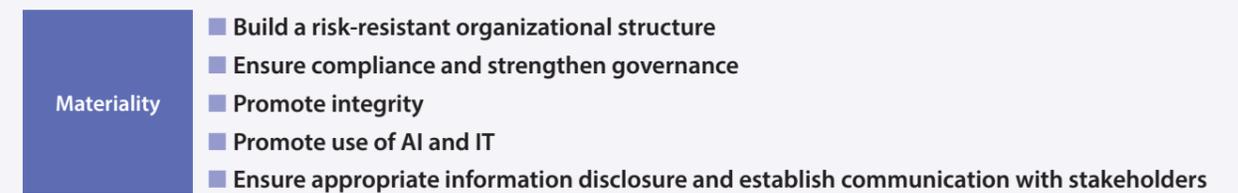
Corporate Governance

At Nippon Shinyaku, we recognize that one of management’s most important tasks is to fulfill accountability to all stakeholders by ensuring management transparency. To that end, we set materiality in line with four basic concepts, implement effective corporate governance through efforts to realize those concepts, generate sustainable growth and increase the value of our public presence and corporate value over the medium and long term.

In addition to having formulated the Corporate Governance Basic Policy, which summarizes the basic concepts and philosophy related to corporate governance, we regularly revise it and continually work to further reinforce corporate governance. See our corporate website for the four basic concepts and basic policy.

Corporate Governance Basic Policy Corporate Governance Report

https://www.nipponshinyaku.co.jp/english/ir/esg_management/governance.php



Corporate Governance System

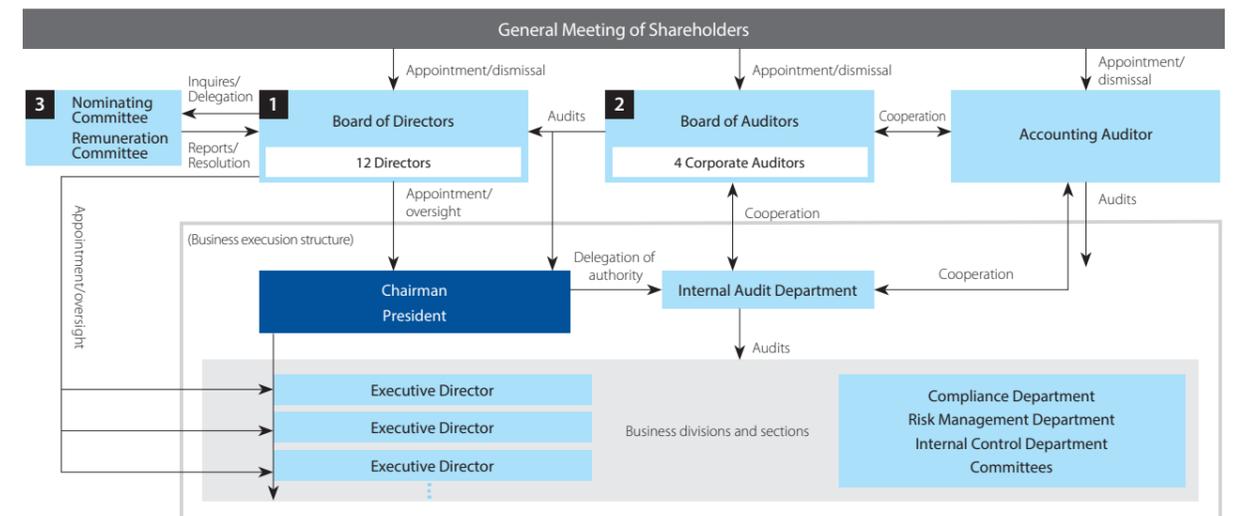
Nippon Shinyaku has elected to structure its corporate governance system with a Board of Auditors. The Board of Directors is composed of twelve directors, four of whom are external directors, and the Board of Auditors is composed of four auditors, two of whom are external auditors.

1 Board of Directors Role

Ensures business fairness and transparency through general management oversight. Makes decisions in the best interests of the Company by (1) setting policies governing the appointment/dismissal of directors and auditors using

II Organization for Corporate Governance

Headed by the company chairman and consisting of 12 members including four external directors, the Board of Directors holds a meeting once a month in principle and resolves and reports on material business matters.



Corporate Governance

procedures that are objective, timely and transparent, based on findings of the Nominating Committee; (2) evaluating the serious risks facing the Company and formulating related countermeasures; and (3) making important business decisions.

Meeting frequency

Monthly; extraordinary sessions if required 13 meetings held in fiscal 2021

Attendees

All directors and auditors

2 Board of Auditors

Role

Provides corporate oversight in coordination with the Board of Directors, supporting the corporate governance system by supervising the actions of the Board as an independent entity accountable to shareholders. Based on its specialized knowledge and vast experience, the Board of Auditors actively expresses opinions to the Board of Directors and management.

Meeting frequency

Monthly; extraordinary sessions if required 15 meetings held in fiscal 2021

Attendees

All auditors

Cooperation with Accounting Auditor

The accounting auditor provides reports on outline audit plans and the implementation status of interim audits at regular

meetings with the Board of Auditors. Mutual efforts are made to improve audit effectiveness and efficiency based on close cooperation, including witnessing of audits.

Cooperation with Internal Audit Department

The close cooperation between the Board of Auditors and the Internal Audit Department based on regular meetings and other means as required involves two-way reporting on audit plans and findings, as well as related discussions and exchanges of opinions. After submitting internal audit reports to the President, the department sends reports to the Board of Auditors and provides auditors with related oral presentations.

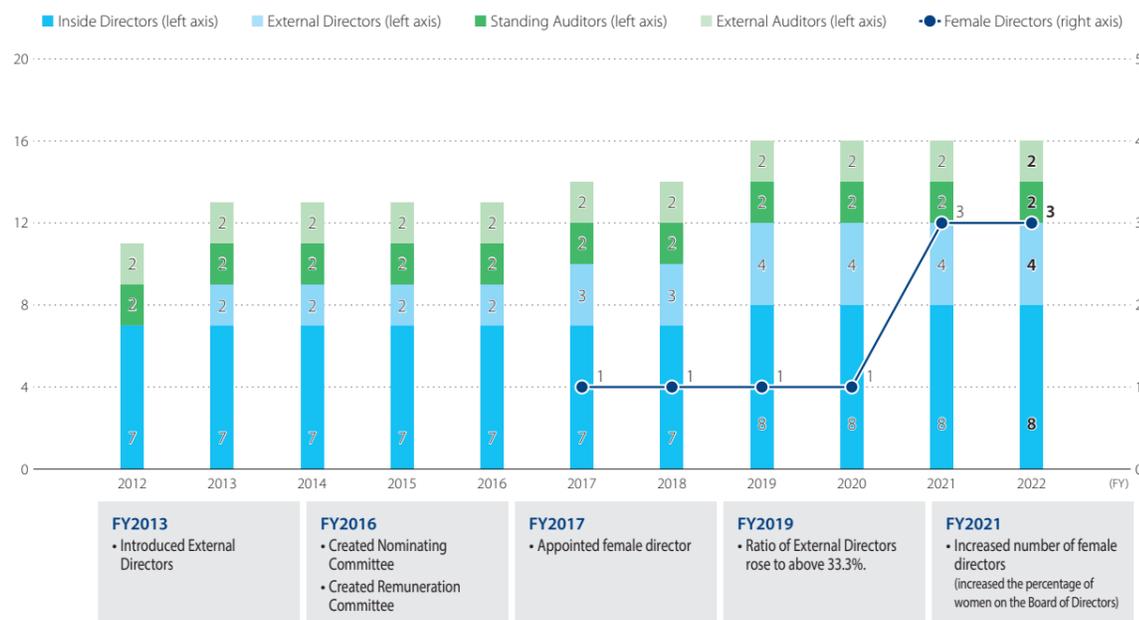
Nominating Committee and Remuneration Committee Composition

Committees are composed of at least three members, including at least two independent external directors, one of whom acts as chair.

Role

Members report to the Board of Directors about deliberations of important matters relating to the appointment and dismissal of directors and auditors (Nominating Committee) and related remuneration issues (Remuneration Committee). In addition, the Remuneration Committee deliberates and makes decisions regarding issues such as remuneration for individual directors as it was delegated that responsibility by the Board of Directors.

Steps Taken to Strengthen Corporate Governance (number of directors is as of conclusion of each year's Annual General Meeting of Shareholders)



Distinguishing features of Nippon Shinyaku's corporate governance system

- To clarify the management responsibility and establish the optimal management system against changes of management circumstances agilely, the Company requires the Directors to serve one-year term.
- To increase the objectivity and transparency of functions and the accountability of the Board of Directors related to the nomination and remuneration of directors and auditors,

- a Nominating Committee and Remuneration Committee, advisory bodies to the Board of Directors, were established.
- The Company adopted an auditor system in which Auditor & Supervisory Board Members shall attend all Board meetings and critical meetings on business. The Company ensures the independence of 2 outside auditors from the Company and the management oversight function by Audit & Supervisory Board.

Director and Auditor Skills Matrix

Category	Name	Skills and Experience									
		Corporate management/ Management strategy	Global business	Finance / Accounting	Legal affairs / Risk management	Research & Development	Sales / Marketing	Production / Quality	Personnel / HR development	ESG / Social contribution	IT / Information management
Inside Directors	Shigenobu Maekawa	●	●	●	●					●	●
	Toru Nakai	●	●	●			●				
	Shouzou Sano						●				
	Takashi Takaya	●			●		●		●	●	●
	Takanori Edamitsu	●		●	●						
	Kazuchika Takagaki					●					
	Hitoshi Ishizawa						●				
External Directors	Hitomi Kimura		●			●		●			
	Yukio Sugiura					●					
	Miyuki Sakurai				●						
	Yoshinao Wada					●			●		
Inside Auditors	Yukari Kobayashi	●	●	●			●		●		●
	Morio Matsuura						●				
External Auditors	Kenji Kuwabara		●			●					
	Tsuyoshi Kondo				●						●
	Sumitaka Maruyama			●					●		

* The above list does not represent all of the expertise and experience Directors and Corporate Auditors have.

Training for Directors and Auditors

Nippon Shinyaku holds training and debriefing sessions attended by all directors (including candidates), in order to convey information that is essential for directors on legal responsibilities, corporate governance, etc., and to share information on the important operations performed by each

division. Auditors also are able to attend these sessions. New directors and new auditors receive new officer training offered internally upon their assumption of office. In this manner, Nippon Shinyaku provides the necessary training opportunities for directors and auditors, covering any expenses incurred.

External Directors and External Auditors: Appointment

External Directors: Appointment Rationale and Main Activities

Name	Reasons for Appointment	Attendance at Board of Directors meetings (Fiscal 2021: meetings attended / meetings held)
Yukio Sugiura	Appointed because he offers advice to management from a practical perspective, based on his expertise and insight from an independent standpoint as a pharmacologist.	13 / 13
Miyuki Sakurai	Appointed because she offers advice to management from a practical perspective, based on her expertise and insight from an independent standpoint as a lawyer.	13 / 13
Yoshinao Wada	Appointed because he offers advice to management from a practical perspective, based on his expertise and insight from an independent standpoint as a physician.	13 / 13
Yukari Kobayashi	Appointed on the premise that she can offer advice to management from a practical perspective and from an independent standpoint, based on her wealth of experience and broad insight gained from engagement in various businesses and corporate management for many years, mainly at foreign IT companies.	11 / 11

* The number of times that Yukari Kobayashi attended Board of Directors' meetings is for meetings held since she took up her position on June 29, 2021.

External Auditors: Appointment Rationale and Main Activities

Name	Reasons for Appointment	Attendance at Board of Directors meetings (Fiscal 2021: meetings attended / meetings held)	Attendance at Board of Auditors meetings (Fiscal 2021: meetings attended / meetings held)
Tsuyoshi Kondo	Appointed because he offers advice that will enhance management soundness and transparency while also improving compliance, based on his expertise and insight from an independent standpoint as a lawyer.	13 / 13	15 / 15
Sumitaka Maruyama	Appointed because he offers advice that will enhance management soundness and transparency while also improving compliance, based on his expertise and insight from an independent standpoint as a licensed tax accountant.	13 / 13	15 / 15

Evaluation of Effectiveness of the Board of Directors

Our policy on the analysis and evaluation of the effectiveness of the Board of Directors is detailed in the "Corporate Governance Basic Policy" (see Article 33).

Once each year, we evaluate the effectiveness of the Board of Directors at a Board of Directors meeting in an effort to bring about improvements that will enhance its effectiveness. In order to analyze and evaluate the overall effectiveness of the Board of Directors, in FY2021 we implemented a self-evaluation survey for all Directors. As a result, we were able to confirm that within the Board of Directors, each Executive Director and External Director continued to actively make remarks, that

open-minded and constructive discussion was pursued from a wide-angle perspective, and that appropriate judgment was being performed by the management, whereby we determined that the overall effectiveness of the Board of Directors was properly maintained.

Based on the results of this analysis and evaluation, the Board of Directors will focus on further invigorating and enhancing the discussions at the meetings of the Board of Directors, and continue to ensure and improve the effectiveness of the Board of Directors moving forward.

Initiatives to Strengthen Governance

Having stipulated ensuring compliance and strengthening governance as materiality, one of the most important issues for management, Nippon Shinyaku is working to reinforce governance, which includes that at Group companies. In addition, we win trust by being accountable to stakeholders and are working to continually raise corporate value.

Taking into the consideration revisions to laws, ordinances, and the Corporate Governance Code, Nippon Shinyaku always examines the state of efforts to achieve more effective corporate governance and works to make related improvements.

Officers' Remuneration System

Policy on determining remuneration amounts and calculation methods

Our basic policy regarding the remuneration of Directors is that it shall be within the limit of the amount of executive remuneration approved by resolution of the General Meeting of Shareholders, that it shall effectively serve as an incentive for Directors to seek the sustainable enhancement of corporate value, that the details surrounding it shall be fair and rational enough for us to fulfill our accountability to shareholders and employees, and that the level of each individual Director's

remuneration shall be adequately determined by taking into account the responsibilities of their positions.

The amount of each individual Director's remuneration, which shall be within the limit of the amount of executive remuneration approved by resolution of the General Meeting of Shareholders, shall be determined through deliberations by the Remuneration Committee as delegated by the Board of Directors. The Remuneration Committee shall consist of a majority of External Directors, one of whom serves as Chairperson of the Committee.

Remuneration of Directors (excl. External Directors)	<ul style="list-style-type: none"> Comprises monthly remuneration and bonuses. Monthly remuneration is determined by evaluating the performance of each Director (excluding External Directors) and adding the amount to a fixed amount corresponding to their position. Such fixed amount corresponding to their position has been pre-determined by taking into account a comprehensive range of information, including survey data from external institutions and levels of remuneration for their counterparts at competitors. As for the bonuses commensurate with business performance for a given period, cash remuneration reflecting performance indicators is paid to raise awareness toward improving business performance for each period. Bonus amounts are determined by taking into account the performance evaluation for each Director (excluding External Directors) and calculating the amount based on the consolidated operating income for each period. Remuneration for individual Directors is determined through deliberations by the Remuneration Committee as delegated by the Board of Directors.
Remuneration of External Directors	<ul style="list-style-type: none"> Comprises fixed remuneration only to ensure that their function to supervise management can best be fulfilled. As for the individual remuneration amount of each External Director, fixed remuneration is determined through deliberations by the Remuneration Committee as delegated by the Board of Directors.
Remuneration of Corporate Auditors	<ul style="list-style-type: none"> Comprises fixed remuneration only to ensure that their function to audit and supervise management can best be fulfilled. As for the individual remuneration amount of each Corporate Auditor, it is determined by deliberation of the Corporate Auditors.

Total remuneration for each officer category with subtotals for each type of remuneration and numbers of recipients

As of March 31, 2022

Officer category	Total remuneration (millions of yen)	Subtotals for each type of remuneration (millions of yen)		Number of recipients
		Fixed basic remuneration	Performance-linked remuneration	
Directors (excl. External Directors)	432	211	221	11
Auditors (excl. External Auditors)	34	34	—	2
External Directors/ Auditors	60	60	—	7

Succession Plan

Nippon Shinyaku recognizes that it is important to train successors from various perspectives based on the future vision of the Company. We conduct screening training for each level and quickly uncover and pick out true leader candidates. In addition, candidates that have been discovered/selected are trained to be management material by singling them out for management positions early on and having them acquire various experience as a leader. We consider all human resources trained through this training program future president candidates, and the Board of Directors properly supervises the training plan so that it progresses smoothly.

of retention is immaterial. Regarding the exercise of voting rights pertaining to cross-shareholdings, we will judge the situation based on whether or not it contributes to improving the corporate value of the Company or the issuing company, and will respond appropriately.

Internal Control System

Pursuant to the Japanese Companies Act, we have resolved a basic policy on the establishment of an internal control system through our Board of Directors, establishing a framework to ensure the proper execution of business by ensuring regulatory compliance and raising business effectiveness and efficiency. Moreover, we comply with the internal control reporting requirements applied from fiscal 2008 under the Financial Instruments and Exchange Act, operate under a framework we have developed for ensuring proper financial reporting, and, through the Internal Audit Department positioned directly under the President, evaluate the state of internal controls for financial reporting.

Cross-shareholding Status

The Board of Directors will inspect and confirm the rationality and economic significance regarding the purpose of holding each individual cross-shareholding, taking into consideration the capital requirements, the market environment, etc., and the Company will in turn proceed to reduce cross-shareholdings in which the significance

Compliance

At the Nippon Shinyaku Group, we define compliance as the adherence to societal norms, such as laws and regulations, corporate ethics, and in-house rules and regulations established within each of the Nippon Shinyaku Group companies. Adopting the Nippon Shinyaku Group Code of Conduct, our Group-wide ethical standards, and securing, reinforcing, and enhancing compliance in actual operations within the Compliance Framework, we strive to contribute to society and win society's trust through our corporate activities.

Materiality

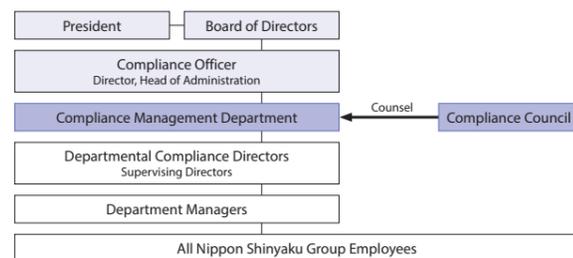
- Ensure compliance and strengthen governance
- Promote integrity

Framework for Compliance

The Nippon Shinyaku Group has Compliance Operating Rules enforced by the Director in charge of compliance, who serves as compliance officer. We also have a dedicated department to oversee compliance initiatives. Our Compliance Council was established to support and provide counsel on enhancing our approach to compliance and is part of our framework for ensuring and improving upon compliance throughout the Group.

In each department, the director who serves as its head is responsible for its compliance initiatives, which are carried out by the managers therein.

Compliance Framework Chart



Compliance Initiatives

The Compliance Management Department plans and formulates group-wide compliance initiatives based on advice from the Compliance Council.

The status of FY2021 efforts to promote and raise awareness of compliance initiatives, and the action plan for the next fiscal year, was reported to and deliberated on by the Risk Compliance Committee, which is chaired by the President. Our main training and awareness-raising initiatives are shown in the chart to the right. In addition, a message from the President is sent out in April and October requesting thorough compliance.

Internal Compliance Reporting System (Whistleblowing Hotlines)

The Nippon Shinyaku Group has established and operates the Hotline, a whistleblower hotline based on the Group Internal Reporting System, for all employees of the Nippon Shinyaku Group, including temporary employees and employees of contractors. The reporting desk is located both inside and outside the company and accepts reports and consultations by dedicated telephone or email, and anonymous reporting and consultations are also possible.

We implement thorough measures to appropriately protect whistleblowers in line with the Whistleblower System Operating Rules, which clearly provide for confidentiality and other necessary measures and the prohibition of treating them disadvantageously.

We also work to better inform everyone about the system and make it easier to use through means that include disseminating information about the system and providing all Group employees with Compliance Cards that provide hotline contact information.

All reports and requests for advice made to hotlines in FY2021 were properly handled.

Main training and awareness-raising activities (FY2021)

Training and awareness-raising activity	Details	Instances Conducted	Participants
Compliance training for managers	Training for management team on themes such as "compliance in corporations"	1	All officers
Departmental compliance training	Departmental training on company-wide and department-specific themes	12	All employees
Compliance bulletins	Transmission of compliance-related timely information via the intranet	6	All officers and employees
E-learning	Provided to all employees as a means to review their learning from the departmental training and intranet communication	2	All employees
Training for new recruits	Training for regular new recruits to educate on the Group's compliance concept and framework, as well as the importance of compliance	1	All regular new recruits
Training for newly appointed managers	Training for newly appointed managers on mental preparation, precautions, and other important matters related to compliance	2	All newly appointed managers

Risk Management

The Nippon Shinyaku Group practices careful risk management, implementing measures to prevent risks with the potential to occur in the course of our business activity from materializing, as well as countermeasures to minimize the impact when they do. Along with strengthening our risk management framework, we aim to achieve solid growth for the Nippon Shinyaku Group and enhance corporate value through our ongoing risk management activities.

Materiality

- Build a risk-resistant organizational structure

Risk Management Framework and Initiatives

The Nippon Shinyaku Group has in place Basic Risk Management Rules for identifying underlying risks and aiding the departments responsible for each risk in formulating preventive policies as well as measures for responding when such situations arise.

Additionally, each year we identify highly critical risks and set risk management goals and action plans for the year. In fiscal 2021, we established "cyberattacks," "information leaks," "disasters," "harassment," and "breaches of labor laws" as major risks for the Group and carried out an action plan. The results of these efforts, along with major risks for the next fiscal year, were reported to and deliberated on by the Risk Compliance Committee, which is chaired by the President.

Furthermore, we interviewed the relevant departments about the importance of risks (their impact and likelihood to occur) associated with changes occurring in the business environment surrounding the Group and the expansion of our overseas business, as well as about the possibility of these risks changing. Through these and other efforts, we confirmed and reviewed the existence and importance of new risks that must be managed.

We also conducted self-checks for all Group employees with a view to gauging everyone's risk awareness, then conducted training on things to keep in mind based on those results.

When an incident does occur, the director in charge of risk management receives a report from the risk management department, and then determines the effect the incident will exert on business operations.

If the effect is considered minor, the supervising department for the specific risk will be directed to respond. If, on the other hand, it is deemed that the incident will have a serious effect on business operations, a temporary crisis management office will be established to prevent the situation from worsening and respond in a timely manner. Once the incident is dealt

with, measures are devised to prevent recurrence and are implemented by the relevant departments.

Initiatives on Information Security

Protecting the security of information assets is a top priority for us since our research attracts global attention. Based on a policy and basic rules that we have established relating to information security, the ISMS¹ Committee has been created to oversee the operation of the Group's information security management system and to promote related improvements.

As information security initiatives, we have an SOC² that conducts 24/7 surveillance of the Group's networks and computer systems, looking for suspicious activity. We also have a dedicated internal set-up (NS-CSIRT³) to respond quickly to any information security incidents resulting from cyberattacks. NS-CSIRT runs regular cyberattack simulations and drills to test and modify each division's response procedures and to improve the way our information security systems operate. We have also implemented a USB device connection control system and secure cloud storage system as means to prevent malware infections and information leaks, boosting operational and data management efficiency.

Given that human error is the ultimate cause of most information security breaches, we are also taking steps to mitigate people-related information security risks. To keep a good awareness and knowledge of information security, we provide information security training to all new recruits and provide online education courses to employees on an ongoing basis.

Going forward, we plan to work with external organizations to further upgrade our information security risk countermeasures for protecting the Group's information assets.

¹ Information Security Management System
² Security Operation Center
³ NS-Computer Security Incident Response Team

External Directors Symposium

With a view to enhancing corporate value over the medium- to long-term, four External Directors shared with us their candid views on topics such as the issues the Company should address going forward, what problems they foresee, and the role that Directors and the Board of Directors should play.

The conversations covered considerable ground due to the External Directors' diverse backgrounds.

Kobayashi: The role of Nippon Shinyaku's Directors, as I see it, is consistently improving the Company's medium to long-term value as a manufacturer of new pharmaceuticals. The Company's External Directors, meanwhile, need to leverage their individual experience and knowledge and carry out open discussions from various viewpoints with the goal of maximizing corporate value.

Wada: Given the nature of Company's business as a manufacturer of new pharmaceuticals, I strive to share my insights as a doctor and medical researcher in view of healthcare providers' needs and global trends. Regarding compliance, in interactions between pharmaceutical companies and medical institutions or healthcare professionals, as well as in activities done through collaboration among industry and academia, I focus on how the Company can consistently grow its business while following the Transparency



Guidelines for the Relation between Corporate Activities and Medical Institutions (Japan Pharmaceutical Manufacturers Association), while maintaining a regard for transparency and fairness.

Sakurai: I focus on checking compliance-related matters as a lawyer, while at the same time checking on matters from the perspective of diversity as the Company's first female External Director. The percentage of female Board members grew in 2021 with the election of Director Kimura and External Director Kobayashi, who has a wealth of experience in management. The great diversity of backgrounds among the External Directors has enabled wide-ranging discussions informed by each individual's different standpoints.

Sugiura: When I took office as External Director in 2013, Directors did not engage all that actively in discussions at Board of Directors meetings. At the time, Chairman Maekawa (then President) told me that, whatever else I did, I should express my views and bring in a new perspective as an outsider. This period marks my ninth year as an External Director. Compared to when I started, the atmosphere of the Board of Directors has changed significantly, with Directors discussing issues more freely.

The uncertain nature of the times in which we live will make further discussion of a long-term vision essential.

Sakurai: Although the Board of Directors has become more active, issues still remain with regard to the topics being discussed. Improving corporate value over the medium- to long-term will require management formulating and discussing strategies from a broad perspective, and a large number of issues being discussed now concern individual projects.

Kobayashi: A failure among all Directors to thoroughly discuss a long-term vision and trajectory for the Company will result in vague decision-making criteria with regard to short-term and medium-term priorities. For example, from a business with the founding principle of "making Japanese medicines with Japanese hands," we have a global company that now contributes to patients with rare conditions not only in Japan but around the world. To further this globalization, I feel there is still room for improvement when it comes to hiring women and mid-career workers, as well as increasing foreign employee numbers and other recruiting targets.



Wada: Nippon Shinyaku's business performance is in excellent shape, with profits continuing to rise for the last 10 years. To see that it lasts, I believe we will need to take a longer-term view that looks beyond the five-year period of the Medium-term Management Plan. This includes thinking about how we will enhance our internationality as a company as we work to bring our overseas sales ratio to at least 50%, which is one of the targets that President Nakai has laid out. We need to focus not only on near-term business targets but also on holding in-depth discussions about long-term, comprehensive growth strategies, which includes human resource development.

Sugiura: The Company has made significant milestones recently: we celebrated our 100th anniversary in 2019 and, at a time of considerable growth for our overseas business, we had a change of presidents for the first time in 14 years. Some of the qualities a president needs in this new era are foresight, leadership, and the ability to welcome diversity. Prior to President Nakai's nomination, the Nominating Committee



External Director
Yukio Sugiura

Became an External Director in 2013 and has served in positions that include director of the Kyoto University Institute for Chemical Research, President of the Pharmaceutical Society of Japan, and emeritus Professor at Kyoto University

External Director
Miyuki Sakurai

Registered as an attorney-at-law in 1992. Has served in positions that include Joint Owner at the Hanamizuki Law Office and auditor at Osaka University, and has been an External Director at Nippon Shinyaku since 2017.

External Director
Yukari Kobayashi

Has served in positions including Corporate Officer at Microsoft Japan Co., Ltd. and Representative Partner at Amanda Life Consulting LLC., and has been an External Director at Nippon Shinyaku since 2021.

External Director
Yoshinao Wada

Has served for many years in diagnosis and treatment as a doctor, has served in positions that include Director of the Research Institute at the Osaka Medical Center for Maternal and Child Health and Guest Professor at Osaka University, and has been an External Director at Nippon Shinyaku since 2019.

evaluated and assessed possible presidential successors based on an examination of these qualities. The conclusion that the Board of Directors came to after much discussion was that, although President Nakai is a young 50 years old, he is the right person to lead us into the future. The business environment is a challenging one for pharmaceutical companies. Hopes are riding on President Nakai to present a long-term vision and demonstrate powerful leadership.



The role the Board of Directors and External Directors should play in continuously enhancing corporate value

Wada: I can still remember when, during a Board of Directors meeting, somebody proposed that we suspend research on a certain drug. All the Directors agreed that the research hadn't been a waste, and that it would provide valuable input for the future. Everyone took a serious and constructive approach to R&D as a matter of course, and that discussion stays in my mind as an example of how the Company's foundation for creating innovation is an undeniable part of our corporate culture.

Sakurai: As a growth-oriented initiative for surviving in a challenging market environment, the Company needs to continuously and swiftly create innovative pharmaceuticals

that only it can create. To this end, we urgently need to put in place an environment where researchers can challenge themselves without fear of failure and where diverse human resources can make a difference.



Kobayashi: Because of the ever-changing nature of the times, every manager needs to take ownership of these changes and communicate the importance of reform to employees whenever they have the chance. The entire organization making a concerted and like-minded effort to address changes is what will enable us to create unique corporate value, and this includes ultimately creating distinctive products and contributing to society.

Sugiura: As I see it, our continued survival as a pharmaceutical company lies in selection and concentration, as well as in overseas business growth. Developing original products and building up a seamless next-generation pipeline will be crucial to achieving continuous growth, and high researcher motivation and dependable, forward-looking strategies will be essential to achieving that. Although expanding business overseas entails significant risks, I don't see how we can continue to develop and grow without the global market. As an External Director, I will work to further enhance our corporate governance and enrich Nippon Shinyaku's corporate value.

Board of Directors, Corporate Officers and Corporate Auditors

(Current as of June 29, 2022)

* For the reasons for the appointment of External Directors, please refer to P.70.

Internal Directors



Shigenobu Maekawa

Chairman

Number of shares of the Company owned
52,900 Shares

Apr. 1976 Joined the Company
Jun. 2005 Director
Jun. 2007 President
Jun. 2021 Chairman (current position)

<Reasons for Appointment>

He has abundant experience and broad insight as a manager, having served as Department Manager of Corporate Planning since 2002, Director in charge of Corporate Planning, Finance & Accounting, and Information System since 2005, Managing Director since 2006, President since 2007, and Chairman (current position) since 2021. He also has the leadership skills to properly manage the Board of Directors, serving as Chairman of the Board as a Representative Director.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Shouzou Sano

General Manager,
Sales and Marketing Div.

Number of shares of the Company owned
6,700 Shares

Apr. 1984 Joined the Company
Jun. 2015 Director
Jun. 2015 General Manager, Sales and Marketing; Head of Sales and Marketing Division (current position)
Jun. 2019 Managing Director (current position)

<Reasons for Appointment>

He has abundant business experience in pharmaceutical sales and deep insight into the relevant fields, having served as the Department Manager of our Saitama Branch Office since 2008, Department Manager of our Osaka Branch Office since 2010, Head of Tokyo Area Division since 2013, Director in charge of Sales and Marketing (current position) since 2015, and Managing Director (current position) since 2019. Director in charge of Personnel, General Affairs, Risk & Compliance, Digital Transformation (DX) (current position)

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Takanori Edamitsu

Director in charge of Business
Management & Sustainability

Number of shares of the Company owned
4,100 Shares

Apr. 1989 Joined the Company
Jun. 2018 Director (current position)
Apr. 2022 Director in charge of Business Management & Sustainability

<Reasons for Appointment>

He has extensive work experience in corporate planning and deep insight into the relevant fields, having served as Section Manager of the Corporate Planning Section of the Corporate Planning Department since 2005, Department Manager of Corporate Planning since 2011, Director in charge of Business Management since 2018, and he has been newly appointed Director in charge of Business Management & Sustainability (current position) in 2022.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Hitoshi Ishizawa

General Manager,
Functional Food Div.

Number of shares of the Company owned
4,500 Shares

Apr. 1985 Joined the Company
Jun. 2021 Director (current position)
Jun. 2021 General Manager, Functional Food Div. (current position)

<Reasons for Appointment>

He has made effective use of his abundant business experience in pharmaceutical sales and deep insight into the relevant fields in the Functional Food Division, serving as Department Manager of the Kita-Kanto Branch since 2013, Department Manager of the Chugoku Branch since 2014, Department Manager of the Tokyo Branch since 2015, Department Manager of the Osaka Branch since 2017, Department Manager of the Kansai Branch since 2021, and finally Director in charge of Functional Food (current position).

<Attendance at Board of Directors meetings (FY2021)>
100% (11 out of 11 meetings)



Toru Nakai

President

Number of shares of the Company owned
10,100 Shares

Apr. 1995 Joined the Company
Jun. 2019 Director
Jun. 2021 President (current position)

<Reasons for Appointment>

He has abundant business experience in overseas business and deep insight into the relevant field, including serving as Department Manager of Business Planning since 2016, being transferred to our U.S. subsidiary NS Pharma, Inc. in 2018 (as Acting General Manager of Corporate Planning), serving as Head, and then Director in charge, of the Global Business Division since 2019, and President (current position) since 2021. He has also sufficiently demonstrated his leadership as a member of our management team.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Takashi Takaya

Director in charge of Personnel,
General Affairs, Risk Management,
Compliance & Digital Transformation

Number of shares of the Company owned
4,600 Shares

Apr. 1984 Joined the Company
Jun. 2018 Director (current position)
Apr. 2022 Personnel, General Affairs, Risk Management, Compliance & Digital Transformation

<Reasons for Appointment>

From 1999, he served as Section Manager of the Business Planning Department of the Management Information Division of our Tokyo Branch Office; from 2001, Section Manager of the Corporate Strategy Department; from 2003, Section Manager of Planning Section, Marketing and Planning Department; from 2005, Department Manager of Marketing; from 2010, Department Manager of the Marketing and Planning Department; from 2011, Head of Sales and Marketing Planning Division; from 2018, Director in charge of CSR and Business Administration; and from 2022 he was newly appointed as Director in charge of Personnel, General Affairs, Risk Management, Compliance & Digital Transformation (current position). As such, he has a wide range of extensive business experience and deep insight into the relevant fields.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Kazuchika Takagaki

General Manager,
Research & Development Div.

Number of shares of the Company owned
3,200 Shares

Apr. 1986 Joined the Company
Jun. 2021 Director (current position)
Jun. 2021 Director, Research and Development;
Head of Research & Development Division (current position)

<Reasons for Appointment>

He has extensive work experience in research & development and deep insight into the relevant fields, having served as Department Manager of Research and Development in Discovery Research Laboratories in Tsukuba since 2014, Department Manager of Discovery Research Labs since 2016, and Director in charge of Research & Development (current position) since 2021.

<Attendance at Board of Directors meetings (FY2021)>
100% (11 out of 11 meetings)



Hitomi Kimura

Director,
General Manager,
Resource Procurement,
Production & Assurance Div.

Number of shares of the Company owned
1,500 Shares

Apr. 1984 Joined the Company
Jun. 2021 Director (current position)
Jun. 2021 General Manager, Resource Procurement, Production & Assurance Div. (current position)

<Reasons for Appointment>

She has extensive experience in resource procurement, production, and assurance and deep insight into the relevant fields, having served as Department Manager of Regulatory Affairs since 2015, Head of Regulatory Affairs, Safety Management and Quality Assurance Division (Marketing Supervisor-General) since 2020, and Director in charge of Resource Procurement, Production & Assurance Division (current position) since 2021.

<Attendance at Board of Directors meetings (FY2021)>
100% (11 out of 11 meetings)

External Directors



Yukio Sugiura

External Director

Number of shares of the Company owned
2,000 Shares

Jan. 1988 Professor, Institute for Chemical Research, Kyoto University
Mar. 1998 Guest professor, Pharmaceutical Department, The University of Manchester
Apr. 1998 Director, Institute for Chemical Research, Kyoto University
Apr. 2005 Emeritus professor, Kyoto University (current position)
Apr. 2005 President, The Pharmaceutical Society of Japan
Apr. 2007 Specially appointed professor, Faculty of Pharmaceutical Sciences, Doshisha Women's College of Liberal Arts
Jun. 2013 External Director (current position)

<Significant concurrent positions>

None

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Yoshinao Wada

External Director

Number of shares of the Company owned
100 Shares

Jul. 1975 Joined Osaka University Hospital
Oct. 1989 Obtained M.D. (Osaka University)
Apr. 1995 Guest Professor, Osaka University
Apr. 1998 Director, Research Institute, Osaka Medical Center for Maternal and Child Health
Apr. 2016 Part-time physician, Department of Maternal Medicine, Osaka Medical Center for Maternal and Child Health (current position)
Jun. 2019 External Director (current position)

<Significant concurrent positions>

Part-time physician, Department of Maternal Medicine, Osaka Medical Center for Maternal and Child Health

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Miyuki Sakurai

External Director

Number of shares of the Company owned
400 Shares

Apr. 1992 Registered with Osaka Bar Association
Apr. 1992 Joined Nishimura Law and Accounting Office
May 2003 Joint Owner, Hanamizuki Law Office (current position)
Mar. 2015 Auditor, Nissay Life Foundation (current position)
Apr. 2016 Auditor, Osaka University (current position)
Jun. 2017 External Director (current position)
Jun. 2020 Member of the Board, NIPPON SHOKUBAI CO., LTD.
Jun. 2022 External Auditor, MBS Media Holdings Inc. (current position)

<Significant concurrent positions>

Joint Owner, Hanamizuki Law Office
Member of the Board, NIPPON SHOKUBAI CO., LTD.
External Auditor, MBS Media Holdings Inc.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)



Yukari Kobayashi

External Director

Number of shares of the Company owned
0 Shares

Apr. 1987 Joined IBM Japan, Ltd.
Jan. 2007 Executive Officer, IBM Business Consulting Services KK
Feb. 2018 COO, Mercer Japan Ltd.
Sep. 2018 Joined Microsoft Japan Co., Ltd.
Mar. 2020 Representative Partner, Amanda Life Consulting LLC. (current position)
Jun. 2021 External Director (current position)
Apr. 2022 External Director, Panasonic Connect Co., Ltd. (current position)

<Significant concurrent positions>

Representative, Amanda Life Consulting LLC
External Director, Panasonic Connect Co., Ltd.

<Attendance at Board of Directors meetings (FY2021)>
100% (11 out of 11 meetings)

Auditors



Morio Matsuura

Standing Corporate Auditor

Number of shares of the Company owned
4,200 Shares

Apr. 1983 Joined the Company
Jun. 2019 Standing Corporate Auditor (current position)

<Reasons for Appointment>

Since joining the Company in 1983, he has served as the Department Manager of Keijji/Hokuriku Business Office Manager since 2013, the Department Manager of Osaka Business Office since 2015, and the Department Manager of Kitakanto/Koshin-etsu Business Office since 2017, giving him the experience and abilities appropriate for a corporate auditor of the Company.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)

<Attendance at Board of Auditors meetings (FY2021)>
100% (15 out of 15 meetings)



Tsuyoshi Kondo

Standing Corporate Auditor

Number of shares of the Company owned
800 Shares

Apr. 1993 Qualified as a lawyer
Apr. 2001 President of Kondo Law Office (current position)
Apr. 2010 Specially appointed professor, Graduate School of Law, Kansai University (current position)
Jun. 2016 Company Auditor (current position)
Jan. 2018 Outside Director, Senshu Electric Co., Ltd. (current position)

<Reasons for Appointment>

From an independent standpoint as a lawyer, he provides advice to improve the soundness, transparency and compliance of the Company's corporate management based on his expertise and insight.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)

<Attendance at Board of Auditors meetings (FY2021)>
100% (15 out of 15 meetings)



Kenji Kuwabara

Standing Corporate Auditor

Number of shares of the Company owned
6,800 Shares

Apr. 1983 Joined the Company
Jun. 2020 Standing Corporate Auditor (current position)

<Reasons for Appointment>

Since joining the Company in 1983, he has served as Department Manager of Biological Research at the Discovery Research Labs since 2004, Department Manager of Nucleic Acid Business Promotion since 2008, Department Manager of Discovery Research Laboratories in Tsukuba since 2010, Department Manager of Alliance & Business Planning since 2012, and General Manager of the Beijing Representative Office since 2016, and has the experience and abilities appropriate for a corporate auditor of the Company.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)

<Attendance at Board of Auditors meetings (FY2021)>
100% (15 out of 15 meetings)



Sumitaka Maruyama

Standing Corporate Auditor

Number of shares of the Company owned
100 Shares

Apr. 1974 Assigned to Osaka Regional Taxation Bureau
Jun. 2019 Company Auditor (current position)
Jun. 2019 Outside Auditor, UNITHKA LTD. (current position)

<Reasons for Appointment>

From an independent standpoint as a licensed tax accountant, he provides advice to improve the soundness, transparency and compliance of the Company's corporate management based on his expertise and insight.

<Attendance at Board of Directors meetings (FY2021)>
100% (13 out of 13 meetings)

<Attendance at Board of Auditors meetings (FY2021)>
100% (15 out of 15 meetings)

Corporate Officers

Hirokata Harada

Head of Medical Supervisory Div.

Kazuyuki Yamate

Digital Transformation Div.

Keiichi Kuwano

Department Manager, Discovery Research Labs.

Koji Honma

General Manager, Personnel Dept.

Masafumi Taira

Head of Clinical Development Div.

Katsumi Noda

Department Manager, Kansai Business Office

Hayato Wada

Department Manager, Tokyo Business Office

Mitsuharu Koizumi

Head of Sales and Marketing Planning Div.

Masaya Toda

Head of Licensing & Alliance Div.

Yoshizumi Tanaka

Head of Regulatory Affairs Supervision and Assurance Div.

Eleven-Year Financial Data

Nippon Shinyaku Co., Ltd. and Consolidated Subsidiaries

JGAAP							(Millions of yen)					IFRS		(Millions of yen)	
	(FY)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		(FY)	2021
For the year							For the year								
Net sales		67,304	69,941	76,517	79,991	84,209	98,781	101,448	114,716	116,637	121,885	137,547	Revenue		137,484
Pharmaceuticals		55,746	58,318	63,345	66,340	70,489	85,315	87,416	100,223	101,643	106,478	120,650	Pharmaceuticals		120,650
Functional Food		11,558	11,622	13,172	13,651	13,720	13,466	14,031	14,492	14,994	15,406	16,897	Functional Food		16,834
Cost of sales		32,702	34,776	39,033	41,226	44,016	44,835	46,929	50,952	53,155	49,954	50,657	Cost of sales		50,191
Gross profit		34,601	35,165	37,483	38,764	40,192	53,946	54,519	63,764	63,481	71,931	86,890	Gross profit		87,293
Total selling, general and administrative expenses		28,588	28,263	29,445	30,202	31,643	38,666	37,439	43,119	41,813	45,796	58,591			
Selling, general and administrative expenses		19,174	19,214	19,914	21,233	21,904	23,762	24,217	26,418	27,819	29,692	32,204	Selling, general and administrative expenses		32,173
R&D expenses		9,414	9,049	9,530	8,968	9,739	14,903	13,221	16,701	13,994	16,104	26,386	R&D expenses		22,863
Operating income		6,012	6,901	8,038	8,562	8,549	15,280	17,079	20,644	21,668	26,134	28,299	Operating profit		32,948
Net income attributable to owners of the parent		3,715	4,647	5,750	5,882	6,340	11,749	12,953	16,302	16,866	20,702	23,044	Profit attributable to owners of parent		24,986
Depreciation and amortization		2,948	2,759	2,704	2,665	2,452	2,648	2,773	3,418	3,468	3,550	2,933	Depreciation and amortization		4,588
Capital investment		967	1,332	1,072	1,239	3,554	3,949	2,811	1,242	2,500	2,583	4,264	Capital expenditures (Including investment in intangible assets)		10,744
Cash flows from operating activities		3,658	3,767	6,015	6,113	8,915	18,916	6,719	15,310	12,737	21,388	16,018	Cash flows from operating activities		21,316
Cash flows from investing activities		(759)	(2,026)	(3,357)	(3,718)	(3,978)	(5,750)	(11,342)	511	(2,339)	(1,564)	(6,359)	Cash flows from investing activities		(10,037)
Cash flows from financing activities		(1,341)	(1,413)	(1,606)	(1,773)	(1,907)	(2,193)	(3,787)	(3,708)	(5,660)	(6,199)	(6,801)	Cash flows from financing activities		(8,407)
End of the year							End of the year								
Total assets		106,304	113,730	118,188	129,757	135,370	150,905	155,887	168,763	175,017	197,028	210,052	Total assets		219,943
Interest-bearing debt		75	35	—	—	—	—	—	—	—	—	—	Interest-bearing debt (Including lease liabilities)		1,219
Net assets		84,566	89,529	93,186	101,207	102,762	114,316	125,689	135,190	145,760	162,543	176,767	Total equity		180,886
Financial information per share (yen)							Financial information per share (yen)								
Earnings per share		55.04	68.87	85.25	87.26	94.10	174.42	192.31	242.04	250.42	307.37	342.14	Basic earnings per share		370.97
Net assets per share		1,250.11	1,323.87	1,378.93	1,498.88	1,522.33	1,693.81	1,862.54	2,003.39	2,160.11	2,409.01	2,620.02	Equity attributable to owners of parent per share		2,681.18
Dividend per share		19	21	23	25	28	48	52	70	86	99	110	Dividends		110
Principal financial indicators (%)							Principal financial indicators (%)								
Operating income to net sales		8.9	9.9	10.5	10.7	10.2	15.5	16.8	18.0	18.6	21.4	20.6	Operating profit to revenue		24.0
Equity ratio		79.4	78.5	78.7	77.8	75.8	75.6	80.5	80.0	83.1	82.4	84.0	Ratio of equity attributable to owners of parent to total assets		82.1
Return on assets		5.8	6.3	6.9	7.0	6.5	10.8	11.2	12.7	12.6	14.0	13.9	Profit before tax to total assets		15.7
Return on equity		4.5	5.4	6.3	6.1	6.2	10.8	10.8	12.5	12.0	13.5	13.6	Return on equity attributable to owners of parent		14.5
Payout ratio		34.5	30.5	27.0	28.7	29.8	27.5	27.0	28.9	34.3	32.2	32.2	Payout ratio		29.7

* IFRS adopted from the fiscal year ended March 31, 2022.

Non-Financial Data

For further details, see
https://www.nippon-shinyaku.co.jp/english/sustainability/esg/esg_data.php



Environment

Material Flow Data

INPUT	Classification	FY2019			FY2020			FY2021		
Energy	Materials	Raw materials (t)	267	225	244					
		Packaging materials (t)	272	232	302					
	Electricity (1,000 kWh)	Electricity (1,000 kWh)	14,987	15,251	15,350					
		Heavy oil (kL)	0	0	0					
		Kerosene (kL)	3	4	1					
		City gas (1,000 m ³)	1,629	1,549	1,523					
		LPG (m ³)	374	1	9					
		Gasoline (kL)	600	389	428					
		Diesel (kL)	2	2	3					
		Water consumption	Tap water (1,000 m ³)	59	59	58				
	Well water (1,000 m ³)	123	101	107						
OUTPUT	Products	Shipped products (t)	484	461	483					
		Transported products (10,000 t-km)	16	13	10					
	Gas & Water emissions	CO ₂ emissions ^{*1} (Scope 1,2)(t-CO ₂)	11,218	10,496	9,685					
		Wastewater (1,000 m ³)	182	161	165					
	Waste substances	Amount generated (t)	482	428	363					
		Final amount of landfilled waste (t)	3	4	5 ^{*2}					
	Container and package recycling ^{*3}	Waste containers and packages (Amount contracted out as post-consumer recovered waste) (t)	201	195	170					
	Class I Designated Chemical Substances handled ^{*4}	Acetonitrile (kg)	3,558	5,557	6,633					
		Dichloromethane (kg)	3,004	2,075	2,483					
		N-hexane (kg)	1,983	2,697	2,729					
Toluene (kg)		66	428	1,346						

*1 Although electricity consumption and gasoline consumption increased slightly, CO₂ emissions decreased year on year due to the introduction of renewable energy in part of the Head Office area power grid.
 *2 The figure includes approximately 0.9t of unused equipment and other landfilled waste arising from the dismantling of buildings on the site of Odawara Central Factory in addition to normal business activities.
 *3 Waste containers and packaging (FY2020 entrusted amount for recycling)
 *4 Lists Class I Designated Chemical Substances based on the Pollutant Release and Transfer Register (PRTR) system under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management thereof with a handling amount of 1,000kg or more.

Putting Environmental Management System Certification into Action

Office name	Acquired certifications	Date of certification acquisition	Last 3rd-party review
Odawara Central Factory	ISO14001	August 2004	February 2020 (Review for renewal)
Head Office area business office	KES Step2 ^{*5}	June 2012	June 2021 (Review for verification)

*5 Kyoto Environmental management system Standard (KES): An environmental management system standard operated by NPO KES Environmental Organization since 1999. Over 5,000 businesses have now registered.

Environmental Accounting

Environmental conservation costs ^{*6} (excluding our sales offices)	Costs	FY2020		FY2021	
		Investments	Expenses	Investments	Expenses
	Costs within our business areas (Thousands of yen)	209,596	241,856	222,012	323,720
	• Pollution prevention costs ^{*7} (Thousands of yen)	19,000	53,301	2,156	18,383
	• Global environmental conservation costs ^{*8} (Thousands of yen)	190,596	132,483	219,856	244,715
	• Resource recycling costs ^{*9} (Thousands of yen)	0	56,072	0	60,622
	Upstream & downstream costs ^{*10} (Thousands of yen)	0	4,845	0	6,653
	Management activity costs ^{*11} (Thousands of yen)	0	79,246	1,070	72,911
	R&D costs (Thousands of yen)	0	0	0	0
	Social activity costs ^{*12} (Thousands of yen)	0	1,173	0	809
	Environmental remediation costs (Thousands of yen)	0	164	0	0
	Total (Thousands of yen)	209,596	327,284	223,082	404,093

Environmental conservation benefits	Benefit verification	FY2020		FY2021		Year on year change	Year on year rate
	CO ₂ emissions (t-CO ₂)	10,496	9,685	-812	92%		
	• Electricity usage (1,000 kWh)	15,251	15,350	99	101%		
	• Heavy oil & kerosene usage (kL)	4	1	-3	24%		
	• City gas & LPG usage (1,000 m ³)	1,549	1,532	-17	99%		
	• Gasoline & diesel usage (kL)	391	431	40	110%		
	Water consumption (main business locations) (1,000 m ³)	161	165	4	103%		
	Waste substances generated (main business locations) (t)	428	363	-65	85%		
	Final amount of landfilled waste (main business locations) (t)	4	5	1	121%		

*6 Costs aimed at reducing the environmental impact caused by business activities. We compiled them based on "Environmental Accounting Guidelines 2005" published by the Ministry of the Environment.
 *7 Costs related to environmental damage prevention due to pollution such as water pollution, soil pollution, air pollution, etc.
 *8 Costs related to global warming prevention, energy-saving activities, etc.
 *9 Costs related to proper disposal of waste, recycling etc.
 *10 Consignment fee for recycling of containers and packaging (costs for collection and recycling of packaging containers for pharmaceuticals, etc. in Nippon Shinyaku), etc.
 *11 Costs related to maintenance and operation of EMS (Environmental Management System) and environmental education of employees.
 *12 Costs related to offering classes to elementary schools in Kyoto city, greening in the workplace, regional cleanup activities, etc.

Environment

	FY2017	FY2018	FY2019	FY2020	FY2021
CO₂ emissions (t-CO₂)					
Main business locations ^{*13}	10,609	10,129	9,435	9,181	8,271
Sales offices, etc.	2,705	2,509	1,783	1,315	1,414
Supply chain emissions by scope (t-CO₂)					
Scope 1: Direct greenhouse gas (GHG) emissions from owned or controlled sources	—	—	5,063	4,396	4,449
Scope 2: Indirect emissions that occur through the use of purchased electricity, steam, and heat	—	—	6,155	6,101	5,236
Scope 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2	—	—	1,019	1,037	1,047
Scope 3: Transportation and delivery (upstream)	—	—	—	—	750
Scope 3: Waste generated in operations	—	—	—	222	225
Scope 3: Business travel	—	—	—	235	238
Scope 3: Employee commuting	—	—	—	231	271
Scope 3: Transportation and delivery (downstream)	—	—	—	—	1,988
Scope 3: End-of-life treatment of sold products	—	—	160	159	139
Total energy consumption (Thousands of GJ)					
Main business locations ^{*13}	209	212	211	210	209
Sales offices, etc.	43	40	30	23	24
Electricity (1,000 kWh)					
Main business locations ^{*13}	13,980	14,180	14,109	14,305	14,400
Sales offices, etc.	969	878	878	946	950
City gas (1,000 m³)					
Main business locations ^{*13}	1,619	1,639	1,627	1,546	1,521
Sales offices, etc.	3	2	2	2	2
Water (1,000 m³)					
Main business locations ^{*13}	275	204	182	161	165
Waste substances generated (t)					
Head Office area	229	184.9	177	198	185
Odawara Central Factory	246	315.3	282	213	150
Discovery Research Laboratories in Tsukuba	31.9	21.5	23	18	28

*13 Main business locations: Head Office area, Odawara Central Factory, Discovery Research Laboratories in Tsukuba.

Social

	FY2017	FY2018	FY2019	FY2020	FY2021
Employee Numbers and the Promotion of Women in the Workplace (persons)					
Number of employees (parent company)	1,753	1,761	1,793	1,806	1,827
Number of female employees	488	494	516	529	552
Ratio of female employees (%)	27.8	28.1	28.8	29.3	30.2
Number of executives	566	555	554	555	571
Number of female executives	69	72	78	84	92
Ratio of female executives (%)	12.2	13.0	14.1	15.1	16.1
Number of managers	319	321	329	331	343
Number of female managers	17	25	32	34	38
Ratio of female managers (%)	5.3	7.8	9.7	10.3	11.1
Number of recruits	74	72	79	76	57
Number of female recruits	22	25	28	33	28
Ratio of female recruits (%)	29.7	34.7	35.4	43.4	49.1
Average number of years of service	17.6	17.5	17.8	17.3	17.4
Average number of years of service of female employees (years)	17.4	17.3	18.1	16.7	16.5
Average number of years of service of male employees (years)	17.6	17.5	17.7	17.6	17.8
Number of employees taking parental leave for childcare (Male)	0	0	7	14	30
Rate of uptake of parental leave for childcare (Male %)	0	0	9.72	20.28	50
Number of employees taking parental leave for childcare (Female)	28	18	22	19	19
Rate of uptake of parental leave for childcare (Female %)	100	100	100	100	100
Paid annual leave acquisition rate (%)	64.2	70.6	71.3	63.5	63.5
Total annual working hours (hours)	1806.32	1804.22	1791.6	1821.96	1819.89
Employee turnover (%)	1.40	1.49	1.68	1.97	1.66
Human Resources Development (times)					
Training of new employees	1	1	1	1	1
Training of newly promoted managers	2	2	2	2	2

Governance

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of directors (persons)	10	12	12	12	12
Number of external directors	3	4	4	4	4
Number of female directors	1	1	1	3	3
Ratio of female directors (%)	10	8	8	25	25
Number of auditors (persons)	4	4	4	4	4
Number of external auditors	2	2	2	2	2
Ratio of external auditors (%)	50	50	50	50	50

Glossary of Terms

Healthcare and Medicines	Acute Myeloid Leukemia (AML)	A disorder marked by an abnormal proliferation of immature myeloid cells. Normal hematopoietic function is impaired by uncontrolled proliferation of leukemia cells in the bone marrow, causing a variety of symptoms that include infectious disease and bleeding.
	Chronic Thromboembolic Pulmonary Hypertension (CTEPH)	A disorder whereby organized thrombi cause an occlusion in the artery leading from the heart to the lungs (pulmonary artery), leading to abnormally high blood pressure in the pulmonary artery. Clinical symptoms include shortness of breath during exertion.
	Duchenne Muscular Dystrophy (DMD)	A hereditary muscular disorder whereby dystrophin gene abnormalities cause a loss of dystrophin proteins, which protect muscle cell membranes. It is the most frequently occurring type of muscular dystrophy, occurring in one of every 3,500 newborn boys. It is identified by symptoms such as a tendency to fall and inability to walk quickly in children aged 2 to 5, with muscular atrophy and muscle strength deterioration following. Patients become unable to walk on their own before their early teens, require the use of a wheelchair, and generally die in their 20s or 30s from respiratory failure or heart failure.
	Exon skipping	Restoring the open reading frame of amino acids via medications that use antisense oligonucleotides to remove (skip) certain parts of the mRNA region (exon) that are translated into proteins. This has the effect of generating functional proteins.
	Genomic Drug Discovery	A method of drug discovery that involves locating the components and compounds that compose medicines by using genetic data from plants, animals, and microorganisms, including human genome data.
	Modality	A drug discovery method for therapies such as low-molecular weight compounds, peptide (medium molecule weight) drugs, and nuclear acid drugs.
	Myelodysplastic Syndromes (MDS)	Intractable diseases that carry a poor prognosis and very often lead to leukemia. The main symptoms are general fatigue caused by anemia, an increased susceptibility to infections due to a decrease in white blood cells, and bleeding tendency as a result of a decrease in platelet count.
	Nucleic Acid Drugs	Drugs that consist of nucleic acids, which make up genes, and target genes that cause of disease. These nucleic drugs work by either stopping or regulating the production of proteins from those genes. Referred to by many as next-generation drugs, they show promise for treating diseases that are difficult to treat with traditional low-molecular drugs.
	Pulmonary Arterial Hypertension (PAH)	A life-threatening disorder characterized by abnormally high blood pressure in the artery leading from the heart to the lungs. PAH has a variety of symptoms that begin with minor shortness of breath and fatigue during everyday activity, then restricted physical activities, eventually leading to death due to right ventricular failure.
Other	Drug Price	The price of a pharmaceutical paid to an insurance pharmacy or medical institution providing services covered by health insurance. What category a pharmaceutical can be used for as part of medical care, as well as prices, are determined by the Health, Labor and Welfare Minister.
	Orphan Drugs	Drugs of high medical necessity, for treating intractable diseases and other conditions suffered by small numbers of patients. Pharmaceuticals designated as orphan drugs are eligible for preferential treatment in the form of priority clinical trial consultation, priority reviews, and re-examination period extensions by the Ministry of Health, Labor and Welfare and the Pharmaceuticals and Medical Devices Agency.
	PLCM	An abbreviation of Product Life Cycle Management. With new pharmaceutical development having become increasingly challenging, this is a means of improving the value of existing products by adding additional indications and dosage forms.
	Priority Review Voucher	A voucher issued by the FDA in the U.S. to incentivize new drug development for rare conditions affecting children (including tropical diseases), priority review vouchers grant the right to have a new drug designated for priority review at the time of application approval. These rights can also be traded.
	PRTR System	An abbreviation of Pollutant Release and Transfer Register. A PRTR is a system for tracking, aggregating, and publishing data about the extent to which various toxic chemical substances are released into the environment and are transferred off-site as part of waste, as well as the origin of these substances.
	RPA	An abbreviation of Robotic Process Automation. A software-based robot tool for automating work using computers, also referred to as "digital labor".

IR FAQ

- Q1 Please explain President Nakai's three commitments in detail.**
The three commitments aim to achieve further growth for the company, and are 1. Continue to launch at least one unique product each year on average, 2. Generate at least 50% of consolidated sales from overseas, and 3. Target at least 100% gains in net sales and operating profit.
- Q2 How does the Company plan to generate at least 50% of consolidated sales from overseas?**
Viltepso, a therapy for Duchenne muscular dystrophy, was launched in Japan and the U.S. in FY2020. To bring the drug to more places around the world, we are now taking steps aimed at gaining early approval in China, Europe, and other regions. Going forward, we will develop a pipeline for exon-skipping drugs that follow Viltepso and other globally-developed drugs, and plan to increase sales from overseas operations by at least 50% over the next 10 years or sooner.
- Q3 How do you plan to roll out nucleic acid drugs?**
To provide drugs to as many Duchenne muscular dystrophy patients as possible, we are working to develop nuclear acid drugs beyond Viltolarsen. In addition, we are developing peptide-conjugated nucleic acids, stereocontrolled nucleic acids, and novel sequence nucleic acids as next-generation antisense nucleic acids.
- Q4 What impact has COVID-19 had?**
Pharmaceutical sales have declined as a result of restrictions on patient examinations meant to prevent infection. However, it has not caused any significant R&D delays or other such effects.

- Q5 How is progress in carrying out the 6th Five-Year Medium-term Management Plan?**
Revenues and profits continue to rise, and good progress is being made toward FY2023 quantitative targets.
- Q6 What are the R&D costs laid out in the 6th Five-Year Medium-term Management Plan?**
R&D costs are expected to total ¥120 billion for the five-year period of the 6th Medium-term Management Plan. We will be investing in R&D aggressively to achieve continued growth.
- Q7 How about capital expenditures?**
We expect to make capital investments totaling ¥23 billion during the five-year period of the 6th Five-Year Medium-term Management Plan. The main categories will be ¥6 billion for R&D, ¥9 billion for production, and ¥4 billion for IT expenditures.
- Q8 What are your plans regarding corporate mergers and acquisitions (M&A)?**
We will be constantly gathering and analyzing information about companies and venture firms in Japan and overseas, and will be thinking about possibilities for strategic partnerships (business and capital alliances) and M&A.
- Q9 What steps are you taking with regards to sustainability?**
To further promote sustainability within the Nippon Shinyaku Group, we established "the Sustainability Committee," chaired by the President, in January 2022. The committee meets twice a year, reviews progress made toward establishing sustainability plans and achieving material issue targets, as well as progress made in carrying out initiatives involving material issues, and reports and makes suggestions to the Board of Directors. The Board of Directors deliberates on and makes decisions about important matters.

Declaration of Authenticity

Nippon Shinyaku has released Annual Reports since 2012, with Annual Report 2022 being the 11th release. The Company recently established "Helping People Lead Healthier, Happier Lives" as the foundation of its business, and along the way to achieving sustainable growth, has developed innovative new drugs and functional foods that provide new value.

Annual Report 2022 is the result of extensive discussions about how best to explain our business model and the value creation process that we have built on it. We have strived to articulate the path we have taken to solve problems, which has been achieved by linking our material issues to our business and strategies.

As the Director in charge of overseeing the production of this report, I attest to the legitimacy of the report production process and the accuracy of the information contained herein.

We welcome any feedback you may have upon reading the report, and hope it helps to further your understanding of the Company. We will continue to refine this report and strive to make it a valuable resource for communication with our stakeholders.

September, 2022

Director in charge of Business Management & Sustainability

Takanori Edamitsu

Corporate Data / Investor Information (As of March 31, 2022)

Corporate Data

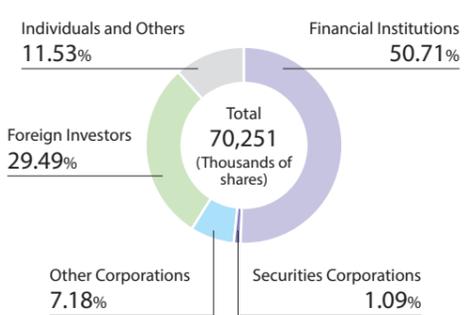
Corporate Name	Nippon Shinyaku Co., Ltd.
Founded	November 20, 1911
Date of Incorporation	October 1, 1919
Head Office	14, Nishinosho-Monguchi-cho, Kisshoin, Minami-ku, Kyoto 601-8550, Japan Phone: +81-75-321-1111 Facsimile: +81-75-321-0678 https://www.nippon-shinyaku.co.jp/english/
Paid-in Capital	¥5.2 billion (Tokyo Stock Exchange Prime Market since April 1, 2022)

Representative Directors	Shigenobu Maekawa, Chairman Toru Nakai, President
Independent and Certified Public Accountants	Deloitte Touche Tohmatsu LLC Shijokarasuma FT Square 20, Naginataboko-cho, Karasuma-higashiiru, Shijo-dori Shimogyo-ku, Kyoto 600-8008, Japan
Issued and Outstanding Number of Shares	70,251,484
Number of Shareholders	5,223
Share Registrar	Mitsubishi UFJ Trust and Banking Corporation 6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-0044, Japan

Major Shareholders

The Master Trust Bank of Japan, Ltd. (Trust account)
Meiji Yasuda Life Insurance Company
Custody Bank of Japan (Trust account)
MUFG Bank, Ltd.
The Bank of Kyoto, Ltd.
STATE STREET BANK AND TRUST COMPANY 505001
Nippon Life Insurance Company
Tokio Marine & Nichido Fire Insurance Co., Ltd.
Mitsubishi UFJ Trust and Banking Corporation
STATE STREET BANK WEST CLIENT - TREATY 505234

Distribution of Shares Issued



Shareholder composition over the past five years



Network (As of April 1, 2022)

Main Offices

Tokyo Office	Business Offices	Sapporo, Tohoku, Kanetsu, Tokyo, Chiba/Saitama, Yokohama, Nagoya, Kansai, Keiji/Hokuriku, Chushikoku, Kyushu
	Business Branches	Asahikawa, Fukushima, Iwate Aomori, Akita, Tochigi, Ibaraki, Niigata, Koshin, Josai, Jonan, Tama, Chiba, Atsugi, Mie, Shizuoka, Kobe, Hanshin, Himeji, Hokuriku, Yamaguchi, Okayama, Tottori Shimane, Kagawa/Tokushima, Ehime/Kochi, Kitakyushu, Nishikyushu, Okinawa, Kumamoto, Minamikyushu, and others

Discovery Research Laboratories, Discovery Research Laboratories in Tsukuba, Food Science Laboratories, Yamashina Botanical Research Institute, Odawara Central Factory, East Logistic Center, West Logistic Center

Domestic Subsidiaries

Sioe Pharmaceutical Co., Ltd., Tajima Shokuhin Kogyo Co., Ltd., NS Shared Service. Co., Ltd.

Overseas Offices and Subsidiary

Beijing Nippon Shinyaku Co., Ltd., Tianjin Nippon Shinyaku Co., Ltd.

Recognition by external parties



JPX Nikkei Index 400
Nippon Shinyaku has been selected as a constituent of the JPX Nikkei Index 400, a stock index jointly managed by the Japan Exchange Group (JPX), Nikkei Inc., and Tokyo Stock Exchange.



MSCI Japan Empowering Women Index (WIN)
Nippon Shinyaku is included in the MSCI Japan Empowering Women Index, one of the ESG indexes selected by the Government Pension Investment Fund (GPIF).

THE INCLUSION OF NIPPON SHINYAKU CO.,LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NIPPON SHINYAKU CO.,LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



All Japanese Listed Companies' Website Ranking of 2021 by Nikko Investor Relations Co., Ltd.

The ranking is created from a survey of all 3,888 listed companies, using an objective evaluation of 162 items from the three perspectives of "ease of understanding," "ease of use," and "quantity of information." The overall ranking for Nippon Shinyaku's website placed it in the "AAA" category.



FTSE Blossom Japan Sector Relative Index

Nippon Shinyaku was selected for the FTSE Blossom Japan Sector Relative Index, which is used as a GPIF benchmark for passive management in the field of ESG investing.

FTSE Russell confirms that NIPPON SHINYAKU CO.,LTD. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.



2021 Internet IR Award by Daiwa Investor Relations Co. Ltd.

Nippon Shinyaku was presented with an excellence award based on an evaluation of the websites of 3,944 companies listed in Japan in terms of 5T&C (timely, transparent, traceable, trustworthy, total, and communication).



Nikkei Smart Work Management Survey

This annual survey has been conducted by Nikkei Inc. since 2017. Nippon Shinyaku received four stars (out of five) in the fifth Nikkei Smart Work Management Survey.



Gomez IR Website Ranking

Nippon Shinyaku was received a silver award based on an evaluation of 3,745 listed companies in Japan that looked at 241 items grouped into the four categories: "ease of website use," "fullness of financial and earnings information," "fullness of corporate and management information," and "proactivity and progressiveness related to disclosure."



Nikkei SDGs Management Survey

Initiated in 2019, this survey conducted by Nikkei Inc. evaluates companies based on the fit between the SDGs and operational management. It uses a five-star rating evaluation based on four factors: "economic value," "social value," "environmental value," and "governance." Nippon Shinyaku received 3.5 stars in the latest survey.