

## A New Way of Life

### Recognition by External Parties

#### ■ Inclusion in ESG indices

• MSCI Japan Empowering Women Index (WIN)



FTSE Blossom Japan Index

• FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

• FTSE4Good



FTSE4Good

• S&P/JPX Carbon Efficient Index



• MorningStarGenDij



• MSCI Japan Empowering Women Index (WIN)

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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#### ■ External evaluation of sustainability

• CDP



• Somo Sustainability Index



• "White 500" Health & Productivity Management Outstanding Organization



• JPX Nikkei Index 400



• Nikkei Smart Work Management Survey



• Nikkei SDGs Management Survey



• Digital Transformation Certification



• "Kurumin" certification



• "Eruboshi" certification



### Network (As of July 1, 2024)

#### ■ Main Offices

Tokyo Office **Business Offices** Sapporo, Tohoku, Kanetsu, Tokyo, Chiba/Saitama, Yokohama, Nagoya, Kansai, Keiji/Hokuriku, Chushikoku, Kyushu, 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., Nippon Shinyaku Advance Co., Ltd.

#### ■ Overseas Subsidiaries and Office

NS Pharma, Inc., Beijing Nippon Shinyaku Co., Ltd., Tianjin Nippon Shinyaku Co., Ltd., London office

# Why a Global Healthcare Company from Kyoto?

The place where Nippon Shinyaku was founded, Kyoto, was the capital of Japan for 1,300 years, and many innovative industries were born from its unique culture. These have become representative traditional industries of Japan over a long history and are highly regarded around the world. A corporate culture that values original ideas has been fostered at Nippon Shinyaku, inheriting this cultural climate.

Just as Kyoto's traditional culture was born from innovative attempts, Nippon Shinyaku will continue to help people around the world lead healthier and happier lives through the development of innovative new drugs.



A global healthcare company from Kyoto creating various types of new ways of life for each person around the world

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#### POINT

We speak about the desire to deliver new drugs based on patient centricity from Kyoto to the world and help people lead healthier and happier lives, and the vision for Nippon Shinyaku to be supported and trusted by society and patients. Furthermore, we explain Nippon Shinyaku's characteristics and value creation by unraveling its history.

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#### POINT

As a global healthcare company from Kyoto, we talk about what kind of value we will form with stakeholders to create a new way of life for each individual and help people lead healthier and happier lives, and about value creation and strategies aimed at realizing our future vision. The 7th Five-Year Medium-Term Management Plan is based on "Three key themes" including the sustainability strategy and "Strengthening five management foundations."

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#### POINT

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- We explain how we will realize Nippon Shinyaku's future strategy, the corporate governance system led by the Board of Directors, and the risk management and compliance systems that protect the Company from risks.

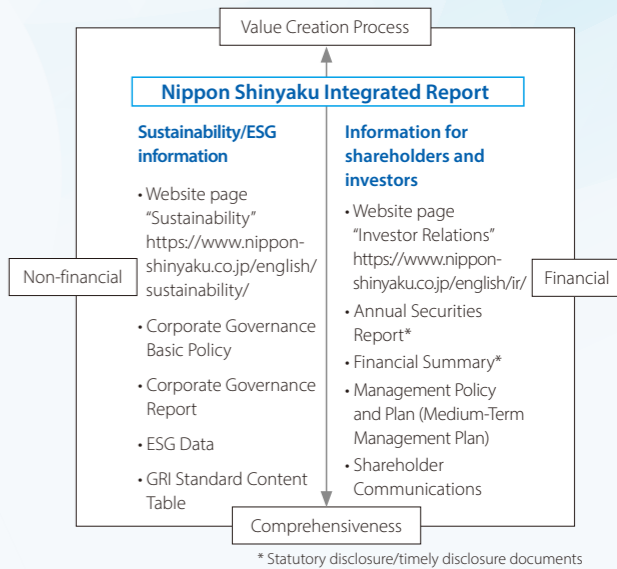
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- We demonstrate the value specifically obtained as a result of financial and non-financial activities with empirical year-on-year data.

## 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 2023 (April 1, 2023 – March 31, 2024)

\* Some sections of the report discuss initiatives from April 2024 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.

## Message from the President



**Toru Nakai**  
Representative Director, President

## Creating various types of new “ways of life” for each person around the world

Nippon Shinyaku aims to contribute to creating healthy and fulfilling lives through two businesses: Pharmaceuticals and Functional Food. To realize our “Vision for 2035,” we will use the 7th Five-Year Medium-Term Management Plan formulated in April 2024 as a new starting point, aiming to increase sustainable corporate value by providing high-quality and distinctive products and services.

### Our long-term “Vision for 2035” that responds to diversifying “ways of life” needs

We anticipate that our business environment will continue to change dramatically due to advancement in research and development, progress in AI and digital technologies, diversification of values, as well as declining birthrate, aging population, and population decrease in Japan, and strengthening of medical cost containment measures. Under these circumstances, we believe it is important to view the world as a growth market, to respond quickly to advancing technologies with the progressive spirit of a Kyoto company, and to seriously address the diversifying needs of “way of life” by providing distinctive products and services. Based on the business environment and our Business Philosophy, we have set our “Vision for 2035” as “a global healthcare company from Kyoto creating various types of new ways of life for each person around the world.” Amidst diversifying ways of thinking and living, we aim to contribute to society based on our Business Philosophy of “Helping People Lead Healthier, Happier Lives.” Through our Pharmaceuticals and Functional Food Businesses that contribute to “ways of life,” we will provide differentiated products and services and create the joy of living and new “ways of life” to patients and their families worldwide.

### Review of FY2023 and the 6th Five-Year Medium-Term Management Plan

In the Pharmaceuticals Business, royalty income from overseas sales of Upravi, a treatment for pulmonary arterial hypertension and chronic thromboembolic pulmonary hypertension, and Viltepso, a treatment for Duchenne muscular dystrophy (DMD), grew, and in the Functional Food Business, sales of supplements and protein formulations increased. As a result, the Group's revenue for FY2023 increased by 2.8% year-on-year to 148,255 million yen. In terms of profit, operating profit increased by 10.8% year-on-year to 33,295 million yen due to increased revenue and lower cost of sales ratio resulting from sales composition, achieving record highs in both sales and profit.

Regarding the launch of new products, we obtained approval for Vyxeos, a treatment for high-risk acute myeloid leukemia, in March 2024 and began domestic sales in May. For Fintepla, a treatment for epileptic seizures associated with Dravet syndrome, our partner UCB obtained additional approval for Lennox-Gastaut syndrome, and we are responsible for providing information in Japan.

The overseas sales ratio for FY2023 was 42.6%, up from 34.1% in FY2022. The pillars of overseas sales are our own sales of Viltepso in the U.S. and royalty income from overseas sales of Upravi by our licensee, which we expect to grow further until the patent expiration of Upravi.

In the 6th Five-Year Medium-Term Management Plan, we aimed to increase our social significance by becoming a

## Message from the President



“company with a meaningful existence in healthcare field” and took on six initiatives. As a result, we achieved outcomes such as launching more than one new product per year on average, starting our own sales of Vilepso in the U.S., obtaining SBTi approval, continuous certification as a “Health & Productivity Management Outstanding Organization (White 500),” and obtaining DX certification, making it a five-year period of significant growth. On the other hand, issues such as the speed and success rate of clinical development, room for improvement in sales capability overseas, and insufficient speed in research and development of new modalities have become apparent. In the “7th Five-Year Medium-Term Management Plan,” we will work to resolve these identified management issues.

### Aims of the 7th Five-Year Medium-Term Management Plan

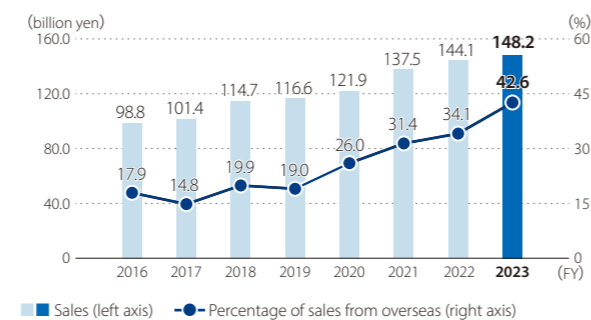
In April 2024, we launched the “7th Five-Year Medium-Term Management Plan ~For Global Growth Beyond the Cliff~.” The 7th Medium-Term Management Plan is a guideline for future growth beyond the patent cliff of Upravi, which has driven our growth, and is formulated as a scenario to further strengthen the foundation for providing Nippon Shinyaku's unique products and services to the world. We also believe it will lead

to resolving the material issues revised in 2023 and serve as immediate efforts to realize our “Vision for 2035.”

Our Company achieved significant growth with our in-house developed product Upravi, but we expect a significant decrease in royalty income due to patent expiration in FY2028. During the 7th Medium-Term Management Plan period (FY2024-2028), although we anticipate a temporary decrease in profit due to prioritizing investments for future growth, we will focus on establishing a revenue base that does not depend on royalty income, overcoming the patent cliff. We expect to launch products that will become global growth drivers in the latter half of the 7th Medium-Term Management Plan period, aiming for revenue of 230 billion yen, operating profit of 30 billion yen, and ROIC of 9% or higher in FY2028. After 2028, by growing overseas sales more than domestic sales, we aim to become a company with revenue of around 300 billion yen, operating profit of around 50 billion yen, and an overseas sales ratio of 50% or higher in FY2030. This is a scenario to achieve two of the three commitments I made when I became president: “overseas sales ratio of 50% or higher” and “doubling both sales and operating profit from FY2020 levels.”

In the 7th Medium-Term Management Plan, we will manage both Pharmaceuticals and Functional Food Businesses with ROIC as an indicator, conscious of capital efficiency exceeding the cost of capital, through “Three key themes” and “Strengthening five management foundations.”

Sales and percentage of sales from overseas



## Toward expanding global development

To deliver necessary medicines to patients worldwide, we will further promote global expansion by considering means such as in-house sales, alliances, and M&A.

In the U.S., we are currently conducting in-house sales of Vilepso through our Group Company NS Pharma, Inc. (NS Pharma). As we plan to launch multiple DMD treatments including cell therapy in the future, we aim to expand sales by preparing an environment for prompt penetration.

Also, to promote business development in China, we established Beijing Nippon Shinyaku Co., Ltd. and Tianjin Nippon Shinyaku Co., Ltd. in 2021. Currently, we are conducting sales activities mainly with our in-house developed gastric mucosal protective agent as the main product while developing our business structure and accumulating business know-how. We are preparing for the future sales of Vilepso by recruiting necessary talent, carrying out marketing, and preparing patient access including pricing strategies in anticipation of public insurance reimbursement. In Europe, we are considering various options including building our own sales structure or strategic partnerships with partners.

## Maximizing individual potential and utilizing digital technology to respond to global expansion

Anticipating an increase in workload due to further promotion of global expansion, we plan to acquire talent capable of global activity and increase locally hired staff at overseas locations. On the other hand, in Japan, we will promote organizational culture reform to maximize individual potential and allow each person's individuality to be expressed.

We will also actively invest in developing digital talent and systems to transform operations and improve productivity through digitalization. At Nippon Shinyaku, we define “transformative talent” as those who can identify issues and create fundamental business reforms or new businesses by utilizing digital technology and business skills. Transformative talent will acquire skills to respond to issues arising in daily

operations such as research and development and promotional activities based on data, realizing efficiency. Furthermore, the management has defined 18 priority “DX (Digital Transformation) themes,” with inside directors serving as project owners to promote them and drive Company-wide transformation. The activities and progress of the “DX themes” are regularly confirmed in the “Digital Transformation Promotion Committee,” where all internal directors serve as members and I serve as the chairman. During the internal digital month in October 2023, project leaders of each theme reported progress to all employees to enhance understanding of DX initiatives across the Company.

## Nippon Shinyaku's values: Patient centricity

To promote patient-centric business activities, Nippon Shinyaku emphasizes thoughts and activities based on patient centricity. Patient centricity means always placing patients at the center of healthcare, focusing on patient-centric responses, and ultimately respecting patients' decisions to the maximum extent.

Nippon Shinyaku is advancing research and development through three approaches: in-house drug discovery, in-licensing, and Product Life Cycle Management (PLCM), based on fundamental technologies such as nucleic acid drugs and small molecule drugs. At the center of this is the patient-centric perspective of what we can do for patients and what patients want us to resolve. In my daily management, I use “Will it benefit patients and their families?” as one of my decision-making criteria. I value this perspective not only in research and development, supply chain, and sales departments but also in administrative departments, aiming to realize a healthy future for patients and those who support them.

From FY2023, we launched a Patient Centricity Project consisting of members from various departments, conducting activities including internal awareness-raising. We will continue to listen to patients' voices through events such as e-sports tournaments for children with disabilities, in-house lectures by patients' families, and public seminars, striving to engage in activities that are as close to patients as possible.

## Message from the President



eSports tournament in action

### The desires to give one's all of each individual are the source of innovation

Our Company respects diversity and provides opportunities for each individual to take on challenges positively and grow. We believe that by fostering an organizational culture where employees with diverse values can work vibrantly and realizing well-being, we can generate innovation and achieve sustainable growth.

Employees' desires to give one's all are the most powerful management resource. Based on these desires, it is necessary for each employee to utilize their individuality and strengths, work together, and for the entire Company to become one team to maximize performance. "NS Mind" specifically expresses this idea, showing the attitudes and awareness that all employees should aim for, targeting "self," "others," and "society." Under "NS Mind," we aim for the further growth of Nippon Shinyaku by having all employees grow more than ever before.

## Dear Stakeholders

To gain further trust from stakeholders and society and lead to increased corporate value, we will work on strengthening information disclosure. From April 2024, we established an IR Promotion Section in the Corporate Planning Department to conduct IR activities exclusively, aiming for more proactive information disclosure than ever before. Also, in June, we introduced a restricted stock compensation system that allocates our common shares according to performance, to provide incentives for directors to sustainably increase corporate value and to further promote value sharing with shareholders.

Nippon Shinyaku aims to realize a society where patients and their families worldwide can spend time with smiles by developing and delivering treatments for areas and fields with unmet treatment needs. Upravi, which we started selling in the U.S. in 2016, is currently sold in more than 70 countries through partner companies and has become a blockbuster drug with annual sales exceeding \$1 billion. For Viltepso, which we started selling in the U.S. in 2020, we built our own sales structure centered on NS Pharma. In this way, we consider partnerships with partner companies or in-house sales for each product and country we expand into, aiming to deliver necessary medicines to patients worldwide in the most optimal way.

While there are many global companies in Kyoto, we aim to join their ranks and be recognized worldwide by 2035. To this end, we will work at full speed toward developing unique products that only Nippon Shinyaku can create and a future that Nippon Shinyaku can create because of who we are. I ask all stakeholders for their continued understanding and support for Nippon Shinyaku.

## Promotion of Global Business

### Activities in the United States

**The Duchenne muscular dystrophy treatment Viltepso is the first product that Nippon Shinyaku has sold in-house in the U.S. To promote our global business, we are strengthening our organizational structure in research and development, supply chain, medical, and sales in cooperation with our Group Company NS Pharma in New Jersey, U.S.**

### R&D and business development activities

We are developing multiple products globally, including Viltepso and subsequent exon-skipping drugs, and NS Pharma plays the role of a global base for clinical development and business development activities. In building our research and development structure, we are actively recruiting talent with experience in rare disease development and FDA regulatory affairs.

We also opened "Innovation Research Partnering (IRP)" in Cambridge, U.S., one of the world's largest innovation hubs, in 2023. By placing a base for exploring drug discovery seeds and technologies here, we aim to increase access to the world's most advanced drug discovery technologies and seeds, accelerate our in-house drug discovery research, and build a diverse research and development portfolio.

### Drug cost reimbursement

In the U.S., each patient is enrolled in private or public insurance, with different out-of-pocket expenses. There is also a certain number of uninsured patients. Given this background, if insurance organizations do not approve reimbursement for medications in the U.S., patients would have to bear the full cost of the drug, making it difficult to reach actual prescription. Therefore, pharmaceutical companies negotiate drug reimbursement with individual insurance organizations, and NS Pharma's Market Access Department is responsible for this role. By negotiating primarily with major private insurance companies and public insurance organizations, we are working to establish favorable reimbursement policies (criteria for recognizing insurance reimbursement) for Viltepso drug cost reimbursement.

### Comprehensive patient support service "NS Support"

In order to receive insurance reimbursement for Viltepso, patients must attend a specialized medical institution for genetic testing and motor function evaluations. Due to the vast size of the U.S., many patients who find it difficult to attend

such medical institutions receive in-home administration of Viltepso. In these cases, making practical arrangements for drugs and coordination with hospitals is essential, but maintaining these arrangements is a major burden for patients. NS Pharma provides a comprehensive patient support service called "NS Support," led by the Patient Support Department, to reduce the burden on healthcare professionals, patients, and their families. This service supports insurance reimbursement procedure guidance and assistance, and arrangements for medication and nurses for home injection treatment.

### Provision program in unapproved countries

Currently, Viltepso is marketed in Japan and the U.S. only. When patients in other countries and regions wish to receive Viltepso, one way to do so is by participating in clinical trials. However, the number of patients who can participate in clinical trials is limited, and there was concern that after the trial ends, there would be no opportunity for administration until Viltepso is approved in that country. Therefore, we launched the "Viltepso Managed Access Program" in 2021 in order to provide the drug on an ongoing basis for patients who have participated in and completed clinical trials, as well as to those who are unable to participate.



NS Pharma

## Special Feature

## Nippon Shinyaku's Global Development and "Vision for 2035"

Young and mid-career employees who will carry the future of Nippon Shinyaku passionately spoke about the current company culture, their own work, and the mindset necessary to realize global expansion.



**Yasuyoshi Ohtani**  
R&D Planning  
Department  
Joined in 2007



**Shimpei Sonohara**  
Business Strategy  
Department  
Joined in 2011  
Experience of transfer  
to NS Pharma



**Takeshi Sakaguchi**  
Business Strategy  
Department  
Joined in 2008



**Eriko Yuno**  
Licensing Department  
Joined in 2017

### Reasons for Joining Nippon Shinyaku

**Ohtani:** I joined as a clinical development professional to work in a position closer to patients. Through the job-hunting process, I really got a sense of Nippon Shinyaku's care for job seekers, and got a feeling that this would be a good company to work for in the long term. These were the big deciding factors for me to join the Company. Currently, I am in charge of formulating product strategies for drug candidate compounds up to their launch and managing various development projects.

**Sakaguchi:** I strongly sympathized with the point that Nippon Shinyaku target rare diseases that major companies do not handle, and this made me want to join the Company. I worked as a medical representative (MR) for 16 years since joining, but in April 2024, I was transferred to a newly established department that creates new businesses, and I am now taking on challenges in a new field.

**Sonohara:** When I studied abroad in the U.S., public health was one of my majors. I wanted to work for a pharmaceutical company thinking I wanted to contribute to people's health, but in the end, the personality of Nippon Shinyaku employees during the interview was attractive, and joined the Company thinking I wanted to work together with them.

**Yuno:** When I went for training at a children's specialized hospital aiming to become a pharmacist, I encountered children with intractable and rare diseases I had never heard of before. From that experience, I wanted to work as a provider of medicine, and I joined Nippon Shinyaku, which conducts drug discovery in areas that other companies do not handle. Now I am in the Licensing Department, realizing what I wanted to do at that time.

### Nippon Shinyaku Employees and Their Vision

**Sakaguchi:** In the new Business Promotion Section where I work, we are taking on new fields to establish a third pillar following the Pharmaceuticals Business and Functional Food Business, and we are also holding an in-house business contest, so I strongly feel that we need the strengths of people from other departments. Even looking from the fact that the new section was established to consider and promote new businesses I feel the Company's

seriousness in aiming for 2035, and I feel joy and a sense of purpose because I was a founding member.

**Sonohara:** I strongly sympathize with the Company's vision of delivering drugs to patients with a patient-centric mindset. On the other hand, while it's important to inherit our tradition of over 100 years, I think the corporate culture also needs to change flexibly as environmental changes become more intense in the future.

**Yuno:** While the Japanese pharmaceutical market is shrinking due to medical cost suppression and population decline, simultaneous global development has become common. I feel that global expansion is a vision we were destined to reach, and the role and responsibility of the Licensing Department in this is very large. In addition, even when I ask other departments for difficult adjustments to promote collaborations with other companies, everyone tries to solve it with positive discussions, which I think is the charm of Nippon Shinyaku, and I think it's an important element in realizing the vision.

**Ohtani:** I agree. My work in strategy formulation and project management is based on the cooperation of many colleagues from other departments. Nippon Shinyaku has a culture where people from related departments naturally gather and start discussions when problems arise, and I'm also very much helped by this. It's a very easy company to work for when taking on difficult challenges.

### Giving One's All About Realizing Global Development

**Sonohara:** To advance the global business, in addition to language skills, skills to understand diversity and accept different ways of thinking and working are required. As a global organization, I think we also need tools to smoothly communicate and share information with stakeholders in each country.

**Yuno:** The Licensing Department supports overseas companies entering the Japanese market, but we may face the same issues when we globalize. Medical systems and needs differ by country and region. How should Nippon Shinyaku consolidate diverse opinions and values, and proceed with development projects? As

Mr. Sonohara said, language skills and dialogue skills are necessary.

**Ohtani:** With global development, the difficulty of the business Nippon Shinyaku is tackling has greatly increased. To continue to deliver results without delay from each department and deliver medicines to the world as quickly as possible, even higher management skills are required of each individual to surely realize our plans.

**Sakaguchi:** Nippon Shinyaku also conducts training to develop global human resources, but the results must lead to human resources that can generate profits.

**Yuno:** Although Nippon Shinyaku is recognized in Japan, there are countless pharmaceutical companies with unique characteristics and technologies overseas. To be competitive there, I feel the need to further strengthen our experience and strengths related to unmet needs that we have cultivated so far.

**Sakaguchi:** In the coming era, I think there is an increased risk of being left behind if we are passive, but our Company may lack the ability to communicate our strengths in all situations. We need to take action ourselves to communicate our strength of creating Japan's first nucleic acid drug to the world.

**Ohtani:** As its business scale expands, Nippon Shinyaku needs to utilize its limited resources effectively. As one means for this, I want to strengthen cross-sectional connections that go beyond the boundaries of teams and departments. The accumulation of know-how across the entire organization will create confidence to take on new challenges, and the accumulation of experience and improvements makes the Company stronger and bigger.

**Sonohara:** I'm currently in charge of global marketing, but we also need to consider how much localization to allow.

**Yuno:** To operate overseas, I think it's important to listen to the voices of local stakeholders without adhering to Nippon Shinyaku's previous ways. To recognize differences in values and ways of thinking and bridge the gaps, I think it's also important to utilize advice from those with overseas experience or predecessors.

**Ohtani:** In seriously aiming to be a global company, there are many things we need to know and be able to do. I want us all to cooperate, accumulate experience and improvements, and

steadily raise the level of work we can handle as a matter of course.

**Sakaguchi:** In the future, major pharmaceutical companies will also enter the rare disease field. For Nippon Shinyaku to compete with that, we need an active mindset such as gaining external experience through secondments and increasing opportunities to create synergies with overseas partners.

### Nippon Shinyaku in 2035

**Sonohara:** There are many things we need to do to become a global company, and entrepreneurial spirit is required to take on challenges speedily without fearing risks. I hope we will have a corporate culture that doesn't prevent but rather encourages outstanding young individuals to develop their individuality. 2035 is only 10 years away. Realizing the "Vision for 2035" is a challenging task and there are no shortcuts. So I want us to aim for it together.

**Ohtani:** I like the idea of delivering "New Ways of Life" to patients. By 2035, I want us to be a company that pursues what only Nippon Shinyaku can do, delivers necessary medicines, and can change patients' lives for the better. I want us to be a company that is recognized as being special, with people saying, "There's an interesting company in Kyoto, isn't there?"

**Sakaguchi:** When I was an MR, I not only provided information on pharmaceuticals but also worked as a bridge connecting medical professionals. By 2035, I want to be in a position to promote the creation of new innovations by connecting our Company with others, and to be someone that can greatly contribute to the Company's growth.

**Yuno:** Globalization cannot be measured by overseas sales ratio alone. I hope for a future where we have won trust globally that Nippon Shinyaku will respond to unmet needs. I myself still don't know much about the outside world, but I want to look outward, absorb information, and play a role like a bridge connecting the organization and the outside.

**Ohtani:** I want us all to act so that when we look back on ourselves in 2035, we will have no regrets. I believe that those actions will lead to creating the future.

## History of Nippon Shinyaku -As a Pharmaceutical Company from Kyoto-

Nippon Shinyaku has continuously created new, distinctive medicines needed in every era as a research and development-oriented new drug manufacturer to help people lead healthier, happier lives. The foundation of the Company is its venture spirit, which is reflected in the words of the founder, "Making Japanese medicines with Japanese hands." Nippon Shinyaku aims to realize a society where people around the world can live healthily, and will provide valuable products and services.



- 1919** Founding
- 1940** Domestic production of Santonin, a vermicide for roundworms
- 1957** Relocation of headquarters to current location (Minami-ku, Kyoto)
- 1961** Start of Functional Foods business
- 1962** Completion of a new research laboratory (now Building No. 3 of Discovery Research Laboratories) in the headquarters area
- 1964** Completion of Odawara plant (now Odawara Central Factory)
- 1967** Completion of new premises at the Tokyo Business Office

- 1970** Completion of a food technology research institute (current Food Development Laboratory)
- 1971** Opening of East Logistics Center
- 1982** Completion of the Main Central Research Lab (now Building No. 1 of Discovery Research Laboratories) in the Head Office area
- 1991** Opening of Tokyo Branch Office
- 1991** Opening of Düsseldorf Office
- 1994** Completion of Building No. 2 of the West Discovery Research Laboratories (now Building No. 2 of Discovery Research Laboratories) at the Head Office
- 1997** Opening of New York Office (transformed into the local subsidiary NS Pharma Inc. in 1999 and then moved to New Jersey in 2002)

- 2000** Establishment of Business Philosophy and Management Policy Start of the 1st Medium-Term Management Plan
- 2002** Establishment of Code of Conduct for Nippon Shinyaku Group
- 2005** Functional Food Division renamed to Functional Food Company
- 2007** Establishment of world's longest RNA synthesis technology
- 2011** Opening of the Beijing Representative Office
- 2012** Relocation of Düsseldorf Office to UK and opening of London Office

- 2016** Completion of clinical trial API manufacturing facility in Head Office area
- 2016** Start of Functional Food Company Supplements business
- 2021** Establishment of Chinese subsidiaries Beijing Nippon Shinyaku Co., Ltd. and Tianjin Nippon Shinyaku Co., Ltd.
- 2023** Establishment of Innovation Research Partnering, a drug discovery center in the U.S.
- 2024** Completion of Odawara Central Factory Nucleic Acid API Purification Plant

### Founding period–1969

In 1940, Nippon Shinyaku succeeded in manufacturing Santonin in Japan, a vermicide for roundworms, which contributed greatly to the reduction of Japan's roundworm infection rate and to the growth of Nippon Shinyaku's business performance. In the 1960s, Nippon Shinyaku diversified its prescription medicines-related activities by creating new drugs through the expansion of its R&D system, including the completion of a new laboratory for discovering new drugs, and by introducing products through alliances with overseas companies. It also started its Functional Food Business at this time. The Company built its business foundation by completing construction of the Odawara Plant and building a network of sales bases.

### 1970–1999

Nippon Shinyaku strengthened its R&D structure by establishing the Main Central Research Lab (now Building No. 1 of Discovery Research Laboratories) and other facilities that comply with GLP standards that ensure the safety and appropriateness of non-clinical studies. In the 1990s, the Company opened offices in Germany and the U.S. and promoted globalization through business expansion in Japan, the U.S., and Europe. It launched unique new products in the fields of gastroenterology, cardiology, urology, and otorhinolaryngology, and concentrated business resources into the cultivation of mainstay drugs. In the Functional Food Business, the Company began providing health food ingredients.

### 2000–2013

In addition to clearly stating its Business Philosophy and Management Policy, Nippon Shinyaku formulated a Medium-Term Management Plan to clarify its corporate vision. It invested business resources in focal areas such as urology and hematology, and invested resources in research on nucleic acid drugs at the Discovery Research Laboratories in Tsukuba. By proactively searching for unmet medical needs, the Company has continuously launched products in areas not often handled by major companies, and some of these products have grown to become business drivers.

### 2014–Present

Under the theme of "pursuit of originality" set forth in the management strategy of the 5th and 6th Five-Year Medium-Term Management Plans, Nippon Shinyaku has worked to build a unique foundation by continuously launching new products. These include a small molecule compound and a nucleic acid drug discovered in-house that have achieved global expansion, and have led to the establishment and development of a new business model for the Company, such as starting its own marketing by the Group Company NS Pharma in the U.S. The 7th Five-Year Medium-Term Management Plan started in FY2024, and we will continue to promote our global business by prioritizing investments for future growth.

### Drug discovery and R&D that continuously pursues patient centricity

**1940**

First domestic production achieved

Roundworm vermicide wonder drug Santonin



**1967**

One of the Company's representative long-selling products

For benign prostatic hypertrophy Eviprostat



**1971**

Long-standing key drug for acute myeloid leukemia

For solid tumor and acute leukemia Cycloide injection



**1979**

First in Japan to obtain indication for frequent urination

For pollakiuria Bladderon



**1989**

In-house discovered product with unique mechanism of action

For gastric ulcers Gaslon N



**2011**

First in Japan to obtain indication for MDS

For Myelodysplastic syndrome (MDS) Vidaza



**2014**

First-in-class drug with new mechanism of action

For urinary disorder caused by benign prostatic hypertrophy Zalutia



**2016**

In-house discovered product for a rare disease eagerly awaited worldwide

For pulmonary arterial hypertension Uptravi



**2020**

First Made-in-Japan nucleic acid drug tackling an intractable disease

For Duchenne muscular dystrophy Viltepso



## Aiming to Be a Business that Improves People's Health and Makes Them Smile -At a Glance-

Nippon Shinyaku's two businesses are Pharmaceuticals and Functional Food.

In the Pharmaceuticals Business, the Company aims to deliver high-quality and highly unique products to as many patients as possible, as quickly as possible.

In the Functional Food Business, it aims to continually provide high-value-added products that meet market needs and realize healthy and happy lives for people.

### Pharmaceuticals

Strengths

In-house drug  
discovery

In-licensing

PLCM

#### Intractable and Rare Diseases

- Viltepso
- Upravi
- Fintepla
- Adcirca

#### Urology

- Zolutia
- Cialis

#### Hematology

- Vyxeos
- Vidaza
- Gazyva
- Defitelio

#### Gynecology

- MonoVer

#### Focus areas and main products

#### B2B Business

- Protein Preparations
- Preservatives
- Health Food Ingredients

#### B2C Business

- Sports Supplements
- WINZONE series

- Aging Care Supplements
- Kiwami Select Collagen

### Functional Food

Strengths

Fundamental  
Research and  
In-house

In-licensing

PLCM

#### Revenue



¥148.255 billion

Increase of 2.8% year on year ↑

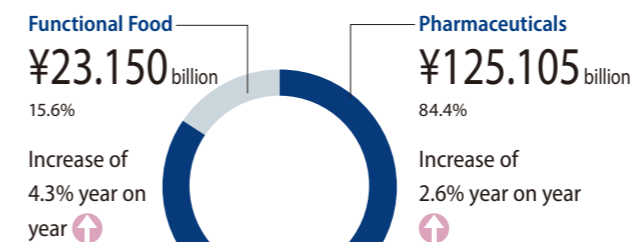
#### Profit attributable to owners of parent



¥25.851 billion

Increase of 13.3% year on year ↑

#### Revenue by segment/Revenue ratio



#### EPS

¥383.82

Increase of 13.3% year on year ↑

#### CO<sub>2</sub> emissions (Scope 1, 2)



7,283 t-CO<sub>2</sub>

Decrease of 20.7 % year on year ↓

#### Uptake rate for childcare leave (male)



70.8%

Increase of 1.5pt year on year ↑

#### Operating profit



¥33.295 billion

Increase of 10.8% year on year ↑

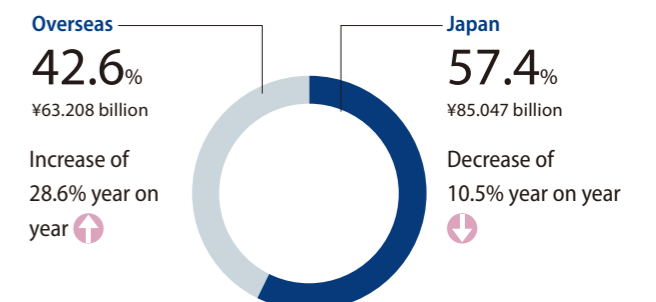
#### Research and development expenses



¥31.676 billion

Increase of 31.2% year on year ↑

#### Breakdown of revenue by region/Revenue composition ratio



#### ROE

12.4%

Increase of 0.3pt year on year ↑

#### Ratio of female managers



13.4%

Increase of 0.1pt year on year ↑

#### Gender pay gap



78.8%

Decrease of 0.8pt year on year ↓

Overview of Management and “Vision for 2035”

**Kyoto** A global healthcare company from Kyoto creating various types of new ways of life for each person around the world

Today, when the environment is changing rapidly and the future is uncertain, what is needed is a discovery for a new form of happiness and a new way of life.

Nippon Shinyaku has a strong belief in creating a world where all people can live happily. Nippon Shinyaku has always been serious about one’s life and has boldly taken on unprecedented and difficult challenges. Nippon Shinyaku inherits the venture spirit of pioneering the future with an enterprising spirit rooted in Kyoto.

That is why Nippon Shinyaku will help create a new world in the future.

In this time when there are various ways of thinking and life, all of our employees think about one’s life together and we will provide values to the world without being bound by existing products and frameworks. By doing this, we aim to contribute to the life of people around the world.



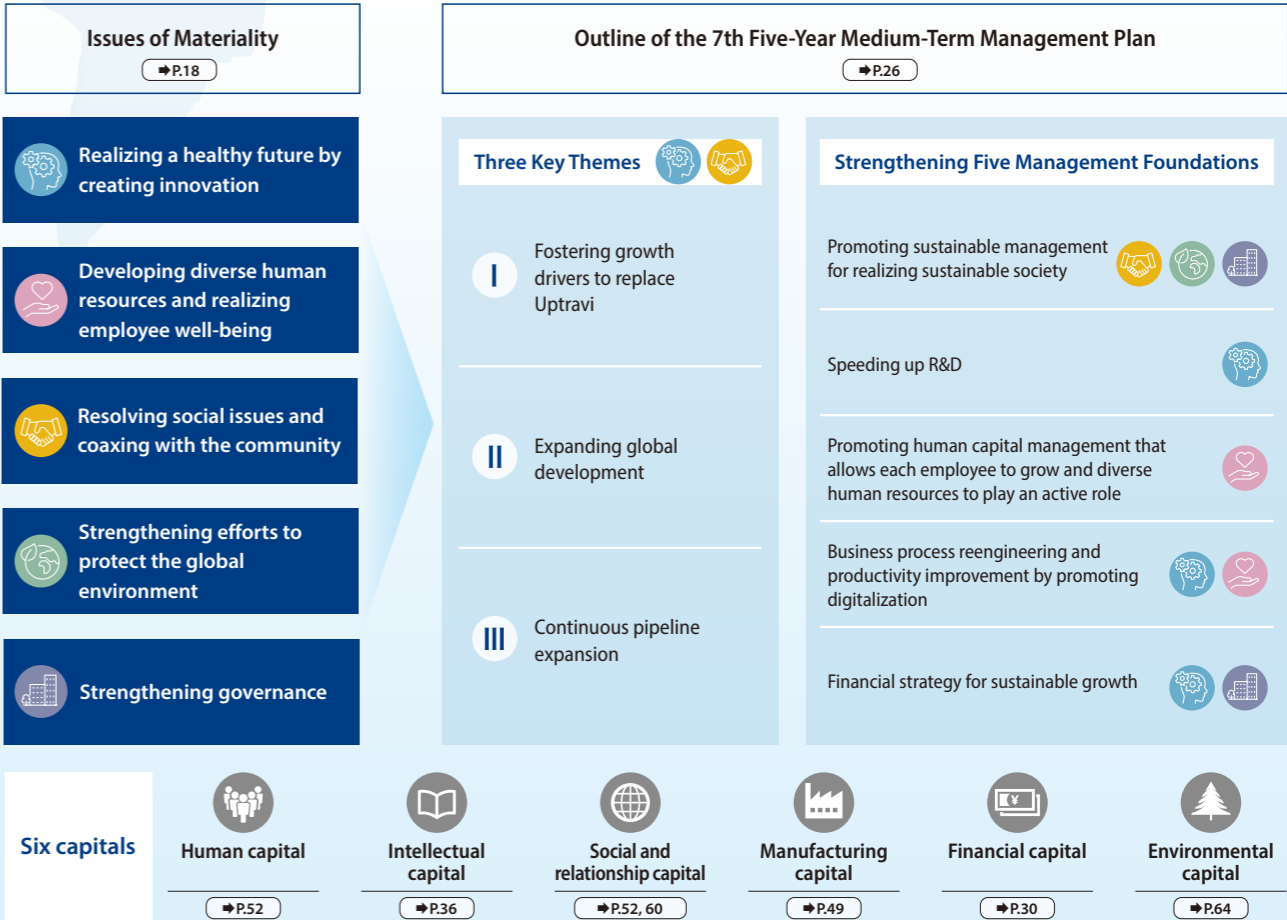
Business Philosophy

Helping People Lead Healthier, Happier Lives



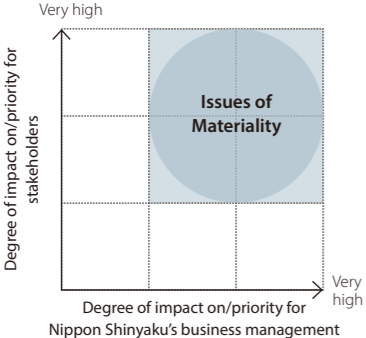
Relationship between issues of materiality and the 7th Five-Year Medium-Term Management Plan

Nippon Shinyaku has formulated the 7th Five-Year Medium-Term Management Plan as a scenario to realize and grow toward the “Vision for 2035.” The Company will provide value to society and increase corporate value in a sustainable manner by linking the five material issues defined as important issues for sustainable growth with society, with “Three key themes” and “Strengthening five management foundations” under the Medium-Term Management Plan.



# Risks and Opportunities, Issues of Materiality








To grow sustainably, the Nippon Shinyaku Group identifies risks and opportunities by analyzing social conditions, the market environment, and our internal condition. Each department will formulate quantitative and qualitative targets and promotion plans to achieve the targets in order to resolve material issues, enhancing effectiveness.

Process for identifying issues of materiality		Major risks	Major opportunities	Actions	Issues of materiality
<p><b>1. Listing issues</b></p> <p>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.</p> <p><b>2. Assessing the importance of issues</b></p> <p>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.</p>  <p><b>3. Formulating promotion plans and execution</b></p> <p>For each of the issues, the relevant department formulates 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 activities.</p>	<p><b>Recognition of external environment surrounding management</b></p> <ul style="list-style-type: none"> <li>■ Advancement of research and development</li> <li>■ Population dynamics and household trends</li> <li>■ Values and lifestyles</li> <li>■ Regional revitalization</li> <li>■ Respect for human rights</li> <li>■ Climate change and biodiversity conservation</li> <li>■ Resource and energy issues</li> <li>■ Trends in globalization</li> <li>■ Political and economic conditions</li> <li>■ Progress of digitalization</li> </ul>	<ul style="list-style-type: none"> <li>• Lower value of existing therapies from emerging treatments/approaches based on new technology</li> <li>• Scaling down Japan-focused business due to Japan's declining population</li> <li>• More intense natural disasters, more diverse business risks</li> <li>• Impact of loss of end-user trust on business activities</li> <li>• Loss of personnel</li> <li>• Reduced motivation due to lack of psychological safety</li> <li>• Loss of business opportunities due to delays in addressing healthcare disparities</li> <li>• Loss of trust, and impact on business due to the occurrence of human rights issues</li> <li>• Climate change-related extreme weather and natural disasters</li> <li>• Reputational risk due to increased waste (improper disposal), increased disposal costs</li> <li>• Erosion of trust and brand value due to activities that lack consideration for animal welfare</li> <li>• Increased international legal compliance. Corruption due to reduced awareness of integrity and compliance</li> <li>• Erosion of trust and brand value from cyberattacks, data leaks or other information security issues</li> <li>• Decrease in credibility among stakeholders due to inappropriate responses</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of novel therapeutic agents using new technologies</li> <li>• Higher demand for health-related products as focus shifts from treatment to prevention</li> <li>• Discovery of unmet needs based on a patient-centric perspective</li> <li>• Maintenance of employee health, diversification of human resources and work styles, and promotion of productivity and innovation by developing human resources</li> <li>• A desirable place where people enjoy working</li> <li>• Creation of new business opportunities by improving medical facilities through support of patients, and research in the medical and pharmaceutical fields</li> <li>• Increased credibility both inside and outside the Company due to consideration of human rights and environmental improvements</li> <li>• Stakeholder trust generated by child-related support initiatives</li> <li>• Reduced CO<sub>2</sub> emissions and facility operating costs due to climate change actions</li> <li>• Greater trust in the Company due to cultivation of compliance mindset and business ethics</li> <li>• Trust generated by appropriate disclosures to stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Contributing to people's health through the creation of products and services with unique characteristics</li> <li>• Maintaining a safe and high-quality supply of products</li> <li>• Strengthening patient support and advocacy activities based on patient centricity</li> <li>• Promoting DX</li> <li>• Creating an environment where each person can grow and play an active role</li> <li>• Promoting diversity, equity and inclusion</li> <li>• Achieving well-being</li> <li>• Contributing to the healthcare field beyond the provision of medicines</li> <li>• Improving medical access</li> <li>• Respecting human rights</li> <li>• Contributing to regions and cultures</li> <li>• Contributing to the future of children</li> <li>• Climate change countermeasures</li> <li>• Promoting resource circulation</li> <li>• Conserving biodiversity</li> <li>• Contributing to food waste reduction</li> <li>• Promoting integrity</li> <li>• Strengthening risk management</li> <li>• Appropriate information disclosure</li> </ul>	<p><b>Realizing a healthy future by creating innovation</b></p> <p><b>Developing diverse human resources and realizing employee well-being</b></p> <p><b>Resolving social issues and coexisting with the community</b></p> <p><b>Strengthening efforts to protect the global environment</b></p> <p><b>Strengthening governance</b></p>

Issues of Materiality and KPIs

In April 2021, we as the Nippon Shinyaku Group determined the mission we should fulfill in service of society and our stakeholders and identified 19 issues of materiality we consider important to resolve social issues and create value. In March 2023, as sustainability was taking on added significance globally, and because the environment

surrounding our businesses had significantly changed, we implemented a review of these issues of materiality. Going forward, in order to respond flexibly to environmental changes, we aim to create sustainable value by continuously reviewing issues of materiality and proceeding with relevant initiatives.

Issues of materiality		Indicators/KPIs for the final year of the 7th Medium-Term Management Plan (FY2028)	FY2023 Activities and KPIs		Achievement level
 <div>Realizing a healthy future by creating innovation</div>	Contributing to people's health through the creation of products and services with unique characteristics	<ul style="list-style-type: none"><li>• Drug launches: 2 or more items/year</li><li>• Drug in-licensed: 1 or more items/year</li><li>• New product launches of sports and aging care supplements: 10 items/5 years</li><li>• Start of sales of Viltespo in countries and regions other than Japan and U.S.</li><li>• Stable supply of nucleic acid medicines</li><li>• Establishment of global PV system</li><li>• Planning of clinical trials based on patient centricity</li><li>• Development of DX promotion human resources: 25% or more of all employees</li></ul>	Promoting drug discovery utilizing nucleic acid drugs, new modalities, and new targets and methods	<ul style="list-style-type: none"><li>• Promoted drug discovery through cross-divisional research system</li><li>• Conducted survey and evaluation of external technologies for new modalities</li></ul>	○
	Maintaining a safe and high-quality supply of products		Promoting drug discovery research and clinical trials based on patient centricity	<ul style="list-style-type: none"><li>• Examined issues in drug discovery research and clinical trials based on patient centricity</li></ul>	○
	Strengthening patient support and advocacy activities based on patient centricity		Providing unique healthcare products and health food ingredients to promote health through food	<ul style="list-style-type: none"><li>• Supplement launches: 7 items</li></ul>	◎
	Promoting DX		Establishing a global sales and supply system to provide pharmaceuticals and functional foods to the world	<ul style="list-style-type: none"><li>• Determined overseas transportation specifications</li><li>• Completed serialization response for China-bound products at Odawara Central Factory and started supply of in-house products</li></ul>	○
 <div>Developing diverse human resources and realizing employee well-being</div>	Creating an environment where each person can grow and play an active role	<ul style="list-style-type: none"><li>• Annual training hours: 100 hours or more per person</li><li>• PRIDE Index: Acquisition of Gold certification</li><li>• Female manager ratio: 17% or more</li><li>• Positive response rate for 3 items related to engagement: 75% or more for each</li></ul>	Promoting treatment, diagnosis, medication guidance, and life improvement through the use of digital technologies	<ul style="list-style-type: none"><li>• Increased content for healthcare professionals: 137 contents</li><li>• Established internal system to deliberate on development direction of healthcare apps, etc.</li></ul>	○
	Promoting diversity, equity and inclusion		Strengthening the stable supply system of products through risk management	<ul style="list-style-type: none"><li>• Revised stable supply checklist, formulated new risk reduction measures based on re-evaluation</li></ul>	○
	Achieving well-being		Establishing a mechanism for supplying safe and high-quality products, including new drugs such as nucleic acid drugs	<ul style="list-style-type: none"><li>• Implemented efforts to build consistent safety management system from development to post-marketing</li><li>• Completed construction of nucleic acid API purification plant at the Odawara Central Factory</li><li>• Completed trial operation of equipment introduced in Nucleic Acid Plant</li></ul>	○
			Providing information to medical institutions and implementing disease awareness-raising activities for patients and their families	<ul style="list-style-type: none"><li>• Improved drug recognition</li><li>• Conducted meetings with multiple patient organizations</li></ul>	○
 <div>Resolving social issues and coexisting with the community</div>	Contributing to the healthcare field beyond the provision of medicines	<ul style="list-style-type: none"><li>• Writing and submitting papers after completion of Defitelio, Upravi post-marketing surveillance</li><li>• Number of researchers receiving grant: 100 people/5 years</li><li>• Human rights policy understanding rate among all employees: 100%</li><li>• Number of books lent by Sparkling Future Mobile Library: 25,000 books/5 years</li></ul>	Promoting social understanding of diseases	<ul style="list-style-type: none"><li>• Held internal lectures by patient organization representatives: 2 times</li><li>• Held public lectures for general citizens: 3 times</li></ul>	○
	Improving medical access		Promoting our digital strategy towards the realization of our Digital Vision	<ul style="list-style-type: none"><li>• Moved multiple DX-related projects to implementation stage</li></ul>	○
	Respecting human rights		Fostering autonomous human resources and global leaders who are motivated to grow	<ul style="list-style-type: none"><li>• Human resource development through HONKI Juku program: 23 people</li><li>• Global mindset training participants: 198 people</li></ul>	○
	Contributing to regions and cultures		Building a flexible and resilient organization that can respond to change	—	—
 <div>Strengthening efforts to protect the global environment</div>	Contributing to the future of children	<ul style="list-style-type: none"><li>• Employment rate of persons with disabilities: 2.5%</li><li>• Female manager ratio: 13.4%</li><li>• Engagement score: 70%</li><li>• Number of LIFO workshop participants: 193 people</li><li>• External side jobs: 33 people</li><li>• Male childcare leave uptake rate: 70.8%</li><li>• Interview implementation rate by industrial physician, health nurse: 80%</li></ul>	Disseminating scientific findings through academic papers and conferences for the development of the scientific field	<ul style="list-style-type: none"><li>• Published basic research papers for products in specialized journals</li><li>• Published paper on actual state of anemia treatment</li><li>• Conducted conference presentations</li></ul>	○
	Climate change countermeasures		Enhancing the public research grant system to support medical and scientific research	<ul style="list-style-type: none"><li>• Grant recipients in FY2024: 20 people</li></ul>	○
	Promoting resource circulation		Implementing an unapproved drug delivery program and expanding the number of approved countries to support patients with intractable and rare diseases	<ul style="list-style-type: none"><li>• Implemented unapproved drug provision program through humanitarian support</li></ul>	○
	Conserving biodiversity		Implementing human rights due diligence to prevent and mitigate adverse impacts associated with business activities	<ul style="list-style-type: none"><li>• Identified human rights issues</li><li>• Conducted guidance sessions with external experts</li></ul>	○
 <div>Strengthening governance</div>	Contributing to food waste reduction	<ul style="list-style-type: none"><li>• Scope 1+2: 7,788t-CO<sub>2</sub> or less (33.6% reduction compared to FY2020)</li><li>• Scope 3 Category 1: 146,912t-CO<sub>2</sub> or less (20% reduction compared to FY2020)</li><li>• Recycling rate of waste plastics: Maintain and improve 65% or more</li><li>• Continuous reduction of water usage per 100 million yen in sales</li><li>• New product launch of preservatives: 1 item/year</li></ul>	Implementing in-house education and awareness-raising activities to promote understanding of human rights	<ul style="list-style-type: none"><li>• Conducted human rights awareness survey for all employees</li></ul>	○
			Implementing social contribution activities rooted in each region, including preserving Kyoto culture	<ul style="list-style-type: none"><li>• Exhibited Paralymp Art</li><li>• SDGs Week participation rate progress: 95%</li><li>• Conducted cleaning volunteer activities</li></ul>	○
			Providing educational and mental well-being support for children through activities such as sports and reading opportunities	<ul style="list-style-type: none"><li>• Conducted visiting baseball clinics</li><li>• Mobile library lending: 5,000 books</li></ul>	○
			Conducting dietary education activities for children in order to foster an interest in food	<ul style="list-style-type: none"><li>• Conducted visiting classes: 8 schools</li><li>• Distributed food education booklets: 550 books</li></ul>	◎
 <div>Strengthening efforts to protect the global environment</div>	Conserving biodiversity	<ul style="list-style-type: none"><li>• Scope 1+2: 7,788t-CO<sub>2</sub> or less (33.6% reduction compared to FY2020)</li><li>• Scope 3 Category 1: 146,912t-CO<sub>2</sub> or less (20% reduction compared to FY2020)</li><li>• Recycling rate of waste plastics: Maintain and improve 65% or more</li><li>• Continuous reduction of water usage per 100 million yen in sales</li><li>• New product launch of preservatives: 1 item/year</li></ul>	Promoting greenhouse gas reductions	<ul style="list-style-type: none"><li>• Implemented switch to renewable energy in Head Office area</li><li>• Greenhouse gas reduction: 1,027t-CO<sub>2</sub> reduced as of February 2024</li></ul>	○
	Contributing to food waste reduction		Promoting recycling of resources (water, waste, etc.)	<ul style="list-style-type: none"><li>• Waste plastic recycling rate: 88.7%</li><li>• Recycling rate: 81.5%</li></ul>	○
			Continuing activities to protect and cultivate endangered species at the Yamashina Botanical Research Institute	<ul style="list-style-type: none"><li>• Futaba Aoi offering: 200 stocks</li><li>• <i>Chrysanthemum seticuspe</i> cultivation: 6 pots</li><li>• Stocks for replanting in natural habitats: 48 pots</li></ul>	○
			Promoting animal welfare-friendly initiatives	<ul style="list-style-type: none"><li>• Conducted continuing education</li><li>• Conducted introductory education for newly assigned personnel</li></ul>	○
 <div>Strengthening governance</div>	Promoting integrity	<ul style="list-style-type: none"><li>• Scope 1+2: 7,788t-CO<sub>2</sub> or less (33.6% reduction compared to FY2020)</li><li>• Scope 3 Category 1: 146,912t-CO<sub>2</sub> or less (20% reduction compared to FY2020)</li><li>• Recycling rate of waste plastics: Maintain and improve 65% or more</li><li>• Continuous reduction of water usage per 100 million yen in sales</li><li>• New product launch of preservatives: 1 item/year</li></ul>	Developing high-quality stable preservatives that do not impair the taste of food, in order to extend shelf life and reduce waste	<ul style="list-style-type: none"><li>• Evaluated characteristics of microorganisms: approx. 100 strains</li></ul>	○
	Strengthening risk management		Strengthening governance, including Group Companies	<ul style="list-style-type: none"><li>• Conducted interviews with Group Company representatives: 4 times</li><li>• Conducted direct training for Group Companies: 1 time</li></ul>	○
	Appropriate information disclosure		Enhancing compliance	<ul style="list-style-type: none"><li>• Conducted departmental compliance training for all employees: 12 times</li></ul>	○
			Promoting fair and transparent business	<ul style="list-style-type: none"><li>• Conducted awareness-raising activities through intranet: 6 times</li><li>• Conducted CSR procurement questionnaire</li></ul>	○

## Value Creation Process










## Business Philosophy

## Helping People Lead Healthier, Happier Lives



## Source of Value Creation

The Nippon Shinyaku Group aims to create sustainable value using the capital we hold in the form of human resources and intellectual property and the capital provided by all outside stakeholders, including medical professionals and suppliers.

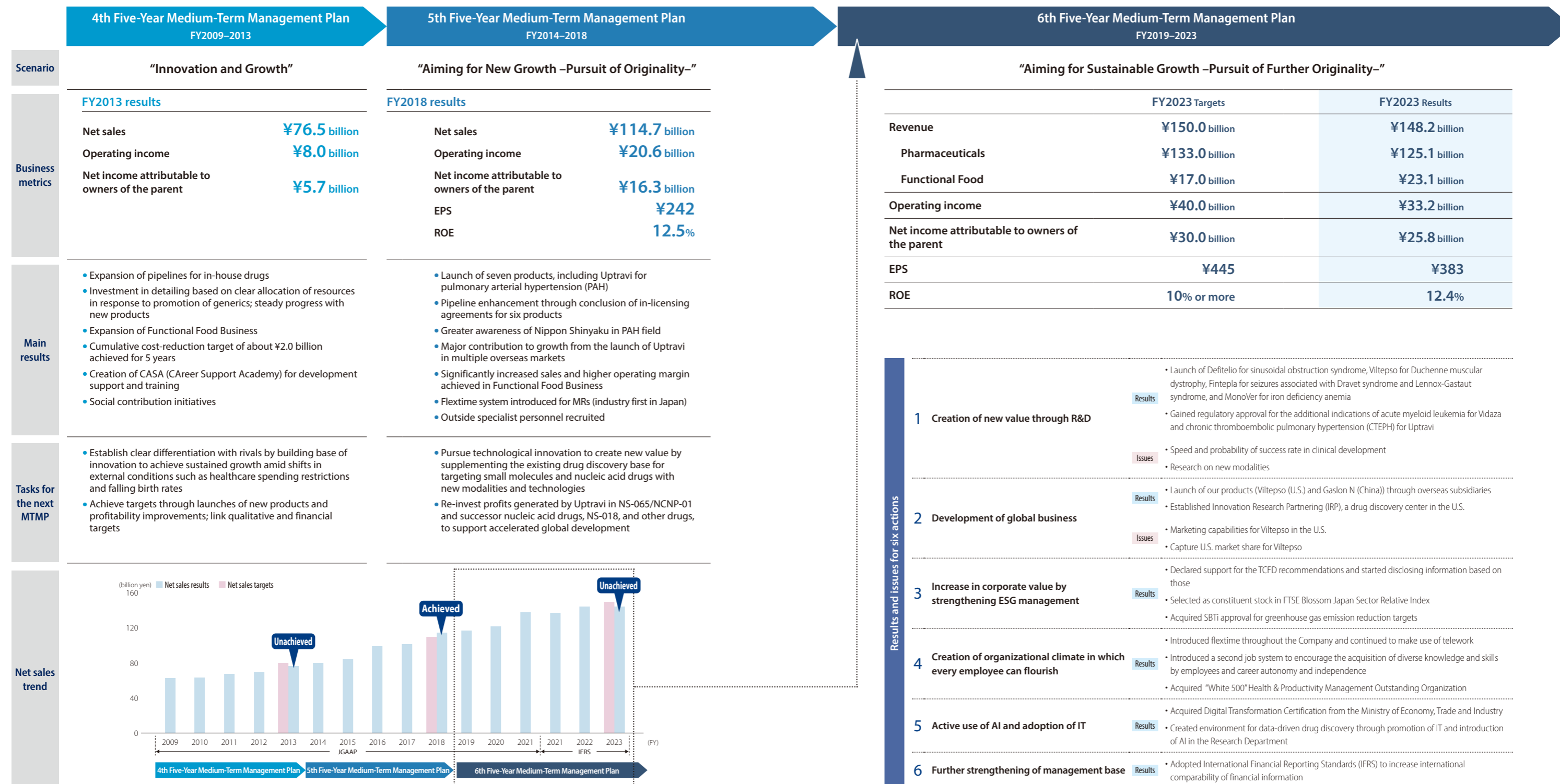
	 Financial capital	 Human capital		 Intellectual and manufacturing capital	 Social and relationship capital
<b>Basic approach</b>	<b>Awareness of and initiatives to optimize capital structure and cost of capital</b>  To provide a stable supply of high-quality pharmaceuticals, we are working to expand our development pipeline by reinforcing the R&D system. We are securing the working capital for this and actively making the necessary investments. In addition to making strategic R&D investments to establish an organization structure adapted to global business expansion and able to survive even fiercer competition and to expand the development pipeline (make it multi-pronged), we pay stakeholders a return while being conscious of our capital structure and cost of capital. Furthermore, we are winning the trust of the market and optimizing the cost of capital by promoting sustainable management from not only a financial but also a non-financial perspective.	<b>Respecting the diversity of our employees and providing opportunities for individuals to proactively take on challenges and grow</b>  To deliver unique products to people globally as quickly as possible, it is necessary not only that we employees achieve even greater growth and work together using our individuality and strengths, but also that the entire Company come together as one team to achieve the greatest performance. As we respect the diversity of our employees, we provide opportunities for individuals to proactively take on challenges and grow. Based on the idea that human resources are the driving force of sustainable growth, we also work to promote human capital management.		<b>Protecting the intellectual property fruits obtained from new modalities and R&amp;D and building a global supply system</b>  To promote R&D, drug discovery, and globalization in fields that other companies have yet to enter, we are reinforcing the advantages that our businesses offer and working to continue to improve corporate value through the protection and use of intellectual property. Therefore, while being aware of the cost of capital, we make both R&D investments and capital investments to achieve various objectives, including expanding and streamlining production facilities and strengthening our R&D capabilities. At the Odawara Central Factory, we launched initiatives to create a connected factory that makes use of IoT for improved quality and preventive maintenance.	<b>Promoting patient-centered business activities</b>  By staying close to patients suffering from disease and their family and listening to their opinions, we provide not only drugs but also support that they truly need. In addition to collaborating with partner companies and various stakeholders, we will respect the human rights of all, strengthen our fair and equitable relationships, and continue to grow and provide value in order to win the trust of society.
<b>Recognized issues</b>	<ul style="list-style-type: none"> <li>Reinforcing of cash flow management</li> <li>Implementing ROIC management</li> <li>Further melding financial value and non-financial value</li> </ul>	<ul style="list-style-type: none"> <li>Shortage of transformation, global, and DX human resources</li> <li>Building an environment and systems for human resources development</li> <li>Career autonomy</li> </ul>		<ul style="list-style-type: none"> <li>Capturing new modalities</li> <li>Building a global supply system</li> <li>Leveraging IoT for improved quality and preventive maintenance</li> <li>Using AI to make highly precise demand forecasts and detect changes in the environment and threats that could impact the stable supply</li> <li>Technology in various sectors to create new services</li> </ul>	<ul style="list-style-type: none"> <li>Ascertaining the needs of patients and customers</li> <li>Quickly expanding the global system</li> <li>Establishing sales channels in different sectors to create new services</li> <li>Expanding the provision of support in peripheral fields</li> </ul>
<b>Growth strategy</b>	<ul style="list-style-type: none"> <li>Aggressively investing in growth fields, including through M&amp;As</li> <li>Setting medium-term targets for efficiency indicators, such as ROIC</li> <li>Transforming the business portfolio through the effective use of assets and business restructuring</li> <li>Incorporating other non-financial factors into ROIC</li> </ul>	<ul style="list-style-type: none"> <li>Achieving the NS Mind</li> <li>Building a diverse human resources portfolio</li> <li>Promoting the active participation of diverse human resources, such as non-Japanese and female employees</li> <li>Improving employee engagement</li> <li>Expanding career measures</li> </ul>		<ul style="list-style-type: none"> <li>Maintaining high-level R&amp;D investments</li> <li>Promoting R&amp;D on small molecules, nucleic acid drugs, and new modalities that leverage open innovation</li> <li>Promoting globalization to supply products and services to countries other than Japan, U.S., and China</li> <li>Offering a stable supply to the world through the nucleic acid API purification plant</li> <li>Promoting R&amp;D based on patient centricity</li> </ul>	<ul style="list-style-type: none"> <li>Activities to determine what patients and customers think and how they behave</li> <li>Collaborating with companies that possess necessary technology, such as academia and startups</li> <li>Collaborating with other sectors to provide support in peripheral fields</li> <li>Expanding disclosure and PR activities (increasing awareness of Nippon Shinyaku)</li> </ul>
<b>Related information</b>	Financial/Capital Strategy 	Developing Diverse Human Resources and Realizing Employee Well-being 		Contributing to People's Health through the Creation of Products and Services with Unique Characteristics  Special Feature: Nippon Shinyaku's Global Development and "Vision for 2035" 	Resolving Social Issues and Coexisting with the Community 

## Review of Medium-Term Management Plans (4th–6th)

In the 6th Five-Year Medium-Term Management Plan “Aiming for Sustainable Growth—Pursuit of Further Originality—,” which started in FY2019, we took on the challenge of “six actions” to become a company with a meaningful existence in the healthcare field. As a result, we were unable to achieve management targets in the 6th Five-Year Medium-Term Management Plan.

However, we established a foundation for global expansion through working on our own marketing in the U.S. and China, and achieved sustainable growth with record high revenue and respective profits in FY2023.

**Nippon Shinyaku's Vision**  
A company with a meaningful  
existence in the healthcare field



Results and issues for six actions

1	Creation of new value through R&D	<b>Results</b> <ul style="list-style-type: none"> <li>Launch of Defitelio for sinusoidal obstruction syndrome, Viltepso for Duchenne muscular dystrophy, Fintepla for seizures associated with Dravet syndrome and Lennox-Gastaut syndrome, and MonoVer for iron deficiency anemia</li> <li>Gained regulatory approval for the additional indications of acute myeloid leukemia for Vidaza and chronic thromboembolic pulmonary hypertension (CTEPH) for Upravi</li> </ul> <b>Issues</b> <ul style="list-style-type: none"> <li>Speed and probability of success rate in clinical development</li> <li>Research on new modalities</li> </ul>
2	Development of global business	<b>Results</b> <ul style="list-style-type: none"> <li>Launch of our products (Viltepso (U.S.) and Gaslon N (China)) through overseas subsidiaries</li> <li>Established Innovation Research Partnering (IRP), a drug discovery center in the U.S.</li> </ul> <b>Issues</b> <ul style="list-style-type: none"> <li>Marketing capabilities for Viltepso in the U.S.</li> <li>Capture U.S. market share for Viltepso</li> </ul>
3	Increase in corporate value by strengthening ESG management	<b>Results</b> <ul style="list-style-type: none"> <li>Declared support for the TCFD recommendations and started disclosing information based on those</li> <li>Selected as constituent stock in FTSE Blossom Japan Sector Relative Index</li> <li>Acquired SBTi approval for greenhouse gas emission reduction targets</li> </ul>
4	Creation of organizational climate in which every employee can flourish	<b>Results</b> <ul style="list-style-type: none"> <li>Introduced flextime throughout the Company and continued to make use of telework</li> <li>Introduced a second job system to encourage the acquisition of diverse knowledge and skills by employees and career autonomy and independence</li> <li>Acquired “White 500” Health &amp; Productivity Management Outstanding Organization</li> </ul>
5	Active use of AI and adoption of IT	<b>Results</b> <ul style="list-style-type: none"> <li>Acquired Digital Transformation Certification from the Ministry of Economy, Trade and Industry</li> <li>Created environment for data-driven drug discovery through promotion of IT and introduction of AI in the Research Department</li> </ul>
6	Further strengthening of management base	<b>Results</b> <ul style="list-style-type: none"> <li>Adopted International Financial Reporting Standards (IFRS) to increase international comparability of financial information</li> </ul>

# 7th Five-Year Medium-Term Management Plan

The 7th Five-Year Medium-Term Management Plan was formulated based on a scenario of generating growth by overcoming the loss of the Upravi patent, which expires in FY2028, and further strengthening our foundation for providing products and services globally with thinking about the life of each patient and customer as we strive to realize our “Vision for 2035.” After resolving the issues that came to light in the 6th Five-Year Medium-Term Management Plan, we will unite to boldly take on the challenge of tackling “Three key themes” and “Strengthening five management foundations.” In FY2028, the final year of the 7th Medium-Term Management Plan, we will achieve our “Vision for 2035,” having completed all the preparations to become a company with revenue of ¥300.0 billion and operating income of ¥50.0 billion in FY2030.

The 7th Five-Year Medium-Term Management Plan

FY2024 - FY2028

Targets in FY2028	Revenue 230.0 billion yen		Operating profit 30.0 billion yen		
	EPS 341 yen		ROE 8% or more	ROIC 9% or more	
Three Key Themes	I Fostering growth drivers to replace Upravi		II Expanding global development	III Continuous pipeline expansion	
	(1) Promoting sustainability management for realizing sustainable society	(2) Speeding up R&D	(3) Promoting human capital management that allows each employee to grow and diverse human resources to play an active role	(4) Business process reengineering and productivity improvement by promoting digitalization	(5) Financial strategy for sustainable growth
Strengthening Five Management Foundations					

## Business Strategy

Pharmaceutical Segment		
Launching an average of two or more new products per year through the three pillars of in-house drug discovery, in-licensing, and PLCM, prioritizing response to the patent cliff.	DMD diseases to market by 2035	<div>Pharmaceutical Business Segment Targets</div> <div>FY2028</div> <div>Revenue</div> <div>¥203.0 billion</div> <div>Operating profit</div> <div>¥28.2 billion</div> <div>ROIC</div> <div>≧9%</div>
<b>In-house Drug Discovery, PLCM</b> Focus on nucleic acid and small molecule drug discovery, concentrate management resources on diseases and areas where we can aim for global expansion In particular, nucleic acids will be focused on DMD and non-DMD diseases, with the aim of bringing products for non-	<b>In-licensing</b> Give priority to items that can be sold globally and capture at least one in-licensed product each year	
	<b>Sales</b> Based on global marketing, consider and promote the best way to proceed with out-licensing, self-sales, etc., in each country to quickly launch products and increase market share in each region	
Functional Food Segment		
Transition to a stable, highly profitable structure by providing high quality, unique materials and final products that offer high value added.	<b>B to C Business</b> Further accelerate growth of sports supplement WINZONE Whey Protein and enhance lineup of anti-aging care supplements by developing new products	<div>Functional Food Business Segment Targets</div> <div>FY2028</div> <div>Revenue</div> <div>¥27.0 billion</div> <div>Operating profit</div> <div>¥1.8 billion</div> <div>ROIC</div> <div>≧9%</div>
<b>B to B Business</b> Focus on preservatives, for which demand is expected to increase as reducing food loss draws greater attention from a sustainability perspective	<b>Overseas Expansion</b> Establish systems for business development in Asian countries and other overseas markets	

## Three Key Themes and Strengthening Five Management Foundations

To overcome Upravi’s patent cliff and achieve sustainable growth, we will engage in “Three key themes” and in “Strengthening five management foundations” supporting them through the promotion of the Pharmaceuticals Business and the Functional Food Business.

### Three Key Themes

#### I. Fostering growth drivers to replace Upravi

We will launch on average two or more items annually as growth drivers during the 7th Medium-Term Management Plan and achieve early market penetration. These items include ones from the DMD products globally (CAP-1002, NS-089/NCNP-02, NS-050/NCNP-03, and NS-051/NCNP-04), new hematologic cancer products in Japan (Vyxeos, Jaypirca, and NS-401), and product life cycle management (PLCM) products (Gazyva for renal disease, Fintepla, and Upravi for pediatric and high-dose formulations). We also aim to introduce on average two or more new products from the group of products that have already started clinical trials, in-licensed products, and PLCM. Furthermore, we will expand the number of items on the market even more by focusing on acquiring new in-licensed products.

As for our domestic sales strategy, we aim for quick market penetration of products by adding forms and indications and introducing new products with a focus on the priority areas of hematology, pulmonary hypertension, and pediatric neurology. At a time of changes in the work styles of physicians, we will deliver products to even more patients by

promoting omni-channel activities that leverage the MR channel and digital channel.

We aim to generate global revenue of ¥130.0 billion or more in the above mentioned three priority areas in FY2028 by undertaking both sales promotion activities in Japan and global marketing of nucleic acid drugs following CAP-1002 and Viletpso.

#### II. Expanding global development

In addition to the already-launched Viletpso, the U.S. subsidiary NS Pharma plans to launch several DMD treatments, including the cell-therapy CAP-1002. With an eye toward quickly launching these products, the Company is focusing on expanding effective, efficient marketing and services that support patients.

In addition to preparing to launch Viletpso through the two Chinese subsidiaries Beijing Nippon Shinyaku Co., Ltd., and Tianjin Nippon Shinyaku Co., Ltd., we are moving forward with building a functional food marketing system.

In order to provide patients around the world, not only the U.S. and China, with our products, we are accelerating our global expansion by examining various methods, including

#### New product launch targets

	FY2024	FY2025	FY2026	FY2027	FY2028
Japan	NS-87 (Vyxeos): high-risk AML		NS-401: BPDN	NS-089/NCNP-02: DMD	NS-050/NCNP-03: DMD
	LY3527727 (Jaypirca): MCL		ZX008 (Fintepla): CDKL5 gene deficiency	GA101 (Gazyva): SLE without nephropathy	NS-051/NCNP-04: DMD
	NS-304 (Upravi): pediatric PAH		GA101 (Gazyva): lupus nephritis		
			GA101 (Gazyva): pediatric nephrosis		
Overseas			CAP-1002 (U.S.): DMD	NS-089/NCNP-02 (U.S.): DMD	NS-050/NCNP-03 (U.S.): DMD
					NS-051/NCNP-04 (U.S.):DMD
					NS-065/NCNP-01 (EU, CN): DMD

AML: acute myeloid leukemia; MCL: mantle cell lymphoma; PAH: pulmonary arterial hypertension; BPDN: blastic plasmacytoid dendritic cell neoplasm; DMD: Duchenne muscular dystrophy; SLE: systemic lupus erythematosus

7th Five-Year Medium-Term Management Plan

in-house sales, alliances, and M&As. When accelerating our global expansion, we promote business that has a global perspective and work to reinforce our global handling of such issues as the reliability assurance system and supply chain. In the U.S. and China, where we are building marketing systems, we promote licensing activities with an eye toward sales of in-licensed products. Through these activities, we will establish a system that makes it possible to provide and sell multiple pharmaceuticals globally.

III. Continuous pipeline expansion

We will continue to expand our pipeline, primarily through in-house drug discovery, in-licensing, and PLCM. As for in-house drug discovery, we are working to strengthen this by combining our strengths with new and outside technology. Leveraging open innovation and AI drug discovery, we are moving forward with nucleic acid drug

discovery (DMD and central nervous system) and small molecule drug discovery (hematology, intractable/rare diseases, urology and gynecology diseases). Although our nucleic acid drug discovery has mainly focused on Duchenne muscular dystrophy, we also undertake drug discovery in the central nervous system area, and aim to enter clinical trials in FY2026. For nucleic acid drug discovery, we believe that the utilization of new drug discovery modalities, especially through open innovation, will become important, and will promote initiatives to broaden the scope of drug discovery, such as joint research with outside entities. For in-licensing, priority is given to items that will lead to global sales, and our goal is to acquire more than one in-licensed item in post-clinical trial phase every year. Turning to PLCM, we will begin working on clinical trials for a second indication quicker than previously to maximize the value of the drug.

Strengthening Five Management Foundations

(1) Promoting sustainability management for realizing sustainable society

It will be impossible for us to survive unless we realize a sustainable society. While promoting sustainability management to realize a sustainable society, we actively work to solve five material issues. In addition, we aim to be trusted by society as a global healthcare company from Kyoto creating various types of new ways of life for each person around the world by actively disclosing our initiatives related to environment and social issues, which is primarily the responsibility of an IR-dedicated department established in April 2024.

(2) Speeding up R&D

In drug discovery research, we aim to shorten the time from the conception of a theme to its entry into clinical trials, and to establish a system that enables us to launch one in-house product each year. Therefore, we not only prioritize projects, allocate management resources, and review decision-making meetings but also promote the use of AI. By reducing the time it takes researchers to conduct research and prepare inferences using AI, we are trying to speed up the drug discovery research cycle and link that to the early launch of research activities. As for delays in clinical research, one of the issues that came to light during the 6th Five-Year Medium-Term Management Plan, we are working to speed up the process by strengthening

Environment	<ul style="list-style-type: none"><li>Greenhouse gas emission reduction target (FY2030) Scope 1+2: -42% (compared to FY2020)    Scope 3 Category 1: -25% (compared to FY2020)</li><li>Resource management and resource recycling Percentage of recycle waste plastic: 65% or more Continuous reduction of water consumption per ¥100 million in sales</li></ul>
Society	<ul style="list-style-type: none"><li>Reduce human rights risks by implementing human rights due diligence, etc.</li><li>Continuous contributions to healthcare through public research grant system</li></ul>
Governance	<ul style="list-style-type: none"><li>Strengthening the global governance system</li><li>Strengthening risk management framework</li></ul>

<Speeding up clinical development>

Strengthen project management	<ul style="list-style-type: none"><li>Strict progress check across management</li><li>Improve negotiation skills with overseas authorities by hiring qualified medical doctors</li><li>Building a clinical development system that can respond flexibly and globally</li><li>Use of project management tools</li><li>Review of development step meetings, bringing forward preparation for POC* exams</li></ul>
Pursue the possibility of early approval	<ul style="list-style-type: none"><li>Promote biomarker search from early stage</li><li>Efforts to reach consensus with authorities</li></ul>
Improved probability of success	<ul style="list-style-type: none"><li>Robust clinical study planning</li><li>Prioritization of clinical trial projects</li><li>Thoroughness of timing of study planning</li><li>Establishment of a system to promote health technology assessment (HTA) and clinical development in parallel</li><li>Strengthening of POC exams planning</li><li>Consider partnering after obtaining POC</li></ul>

\* Proof of Concept (POC): Demonstrating the efficacy of a drug under development.

project management, pursuing the possibility of early approval, and improving probability of success.

(3) Promoting human capital management that allows each employee to grow and diverse human resources to play an active role

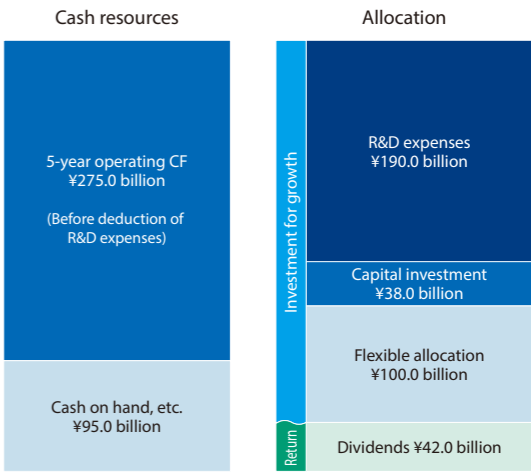
The volume of operations is forecast to increase as we expand globally. Aiming to become a small but unique team, we will draw out the potential of each individual as much as possible and move forward with acquiring and developing human resources to support our global expansion and reforming our organizational culture.

(4) Business process reengineering and productivity improvement by promoting digitalization

Since digital technology is advancing rapidly, we proactively invest in digital systems and human resource development to take advantage of those advances. We work to speed up and improve the efficiency of operations by tackling issues that arise in R&D and sales promotion activities through a data-driven response. In addition, because it is necessary to increase operational efficiency and productivity to continue to generate profit as we expand globally, we are moving forward with company-wide transformation through the promotion of DX topics that the management team are also involved in. Having defined “human resources for business process reengineering (BPR)” as human resources who can fundamentally reform operations and create new businesses by discovering issues through the use of digital technology, knowledge, and business skills, we aim to have 10% of employees human resources for BPR by FY2028.

(5) Financial strategy for sustainable growth

Our basic policy on capital allocation is to actively make investments necessary for sustainable growth while ensuring financial soundness. We plan to spend ¥190.0 billion over five years on R&D investments; ¥38.0 billion on capital investments, which includes constructing a new research building at the Drug Discovery Research Institute to respond to new technologies and generate innovation in drug discovery research; up to ¥100.0 billion for such purposes as investments for growth, including M&As and in-licensing, and acquisition of treasury stock, with the actual allocation flexibly being decided; and ¥42.0 billion on shareholder return. We will move forward with investments for growth while ensuring financial soundness, which includes unwinding cross-shareholdings and borrowing funds when necessary.





## Financial/Capital Strategy

Nippon Shinyaku is prioritizing investment for future growth and establishing a revenue base not dependent on royalty revenues

**Takanori Edamitsu**  
Director,  
Business Management & Sustainability

To overcome the patent cliff of Upravi and achieve growth, the 7th Five-Year Medium-Term Management Plan focuses on actively promoting investment in R&D, in-licensed products, and M&A, etc. We will achieve sustainable growth as we establish a revenue base that does not depend on royalty revenue.

### Review of the 6th Five-Year Medium-Term Management Plan

The 6th Five-Year Medium-Term Management Plan unfortunately did not achieve its quantitative targets. In FY2023, the Plan's final year, revenues of ¥148.2 billion fell slightly short of the revenue target of ¥150 billion, while operating profit was only ¥33.2 billion vs. a target of ¥40.0 billion. Although sales and all profit metrics recorded historic highs and high growth was achieved over the five-year period, these metrics earned a score of only 70 compared with the targets.

In the Pharmaceuticals Business, royalty revenue from Upravi, which is a treatment for pulmonary arterial hypertension and chronic thromboembolic pulmonary hypertension, was above plan, but revenue was below plan, which was affected in Japan by the annual drug price revision and in the U.S., where the expected initial sales growth of a new product did not materialize, by a fall-off in treatment and consultations due to the impact of the COVID-19 pandemic. At the same time, revenues in the Functional Food Business achieved the ¥17.0 billion target, reaching ¥23.1 billion in FY2023. Also, return on equity, at 12.4%, was significantly higher than the 10% target.

We think that we made smooth progress on our six actions in qualitative terms, such as launching an average of at least one product per year, but the development of several products were delayed or terminated, and we realize that some issues remain with regard to the speed and success probability in clinical development. We are starting to use AI drug discovery, and we hope that this will be implemented during the 7th Medium-Term Management Plan and will help to speed up the development process. Also, regarding our

overseas in-house marketing of Viltepso, a treatment for Duchenne muscular dystrophy, which was one of our targets, we launched the drug in the U.S. but not in China, so in terms of developing our global business, we went only halfway. However, in China, we started in-house marketing of Gaslon N, a gastritis and gastric ulcer treatment drug that has been marketed in Japan since 1989, so we are making steady progress in in-house marketing overseas.

### The 7th Five-Year Medium-Term Management Plan for Growth beyond the Patent Cliff

Nippon Shinyaku has achieved significant growth from Upravi, but due to the expiration of the patent, we expect royalty revenue to decline significantly in FY2028. The 7th Five-Year Medium-Term Management Plan, which was launched in April 2024, is placed as a scenario of overcoming this patent cliff and considered as what the Company will do over the next five years to realize future growth after accomplishing this. "Three key themes" have been proposed for achieving the plan. The first is fostering growth drivers to replace Upravi, the second is expanding global development, and the third is continuous pipeline expansion, which is the most important theme for a pharmaceutical manufacturer.

During the 7th Medium-Term Management Plan, the Company will obtain in-licensed products related to R&D and will promote investment in M&A, so that the Company will achieve target revenue of ¥230 billion and operating profit of ¥30 billion in the Plan's final year and revenue on the order of ¥300 billion by FY2030.

Results of the 6th Five-Year Medium-Term Management Plan and Targets for the 7th Five-Year Medium-Term Management Plan (consolidated)

	6th Five-Year Medium-Term Management Plan targets	FY2023 results	7th Five-Year Medium-Term Management Plan targets	FY2024 forecast
Net sales/Revenue	¥150.0 billion	¥148.2 billion	¥230.0 billion	¥154.0 billion
Pharmaceuticals	¥133.0 billion	¥125.1 billion	¥203.0 billion	¥132.5 billion
Functional Food	¥17.0 billion	¥23.1 billion	¥27.0 billion	¥21.5 billion
Operating income / Operating profit	¥40.0 billion	¥33.2 billion	¥30.0 billion	¥32.0 billion
Net income attributable to owners of parent /Profit attributable to owners of parent	¥30.0 billion	¥25.8 billion	—	¥29.0 billion
EPS	¥445	¥383	¥341	¥430.57
ROE	10% or more during term of 6th Plan	12.4%	8% or more	—

### Capital allocation

The figure below shows capital allocation over the five-year period of the 7th Medium-Term Management Plan. In particular, R&D investment is projected to be ¥190 billion, a 50% increase over the 6th Medium-Term Management Plan. In addition to active investment to promote development on a global basis, the plan also includes in-licensing of other companies' products that are at the clinical development stage in order to bolster the pipeline.

In March 2024, we entered into an alliance agreement with Eli Lilly Japan K.K. for pirtobrutinib, reversible, non-covalent inhibitor of the enzyme Bruton's tyrosine kinase (BTK), which was then under development. This treatment was approved in June, and launched in August. By promoting marketing alliances and in-licensing of products in the late stage of clinical development, the Company hopes to achieve results over the medium term rather than the short term. To broaden global expansion further, we aim for its development in Europe, considering alliances with or acquisitions of other companies in order to bolster its marketing network, which is premised on a flexible allocation on

the order of ¥100 billion. This will be financed from operating cash flow and cash on hand for five years as the source, but the Company is thinking strategically in case of a shortfall, whereby it would borrow funds or create cash by divesting some of its securities holdings, including cross-holdings.

### Strategy of growth through prior investment

Royalty revenues from Upravi are earnings from industrial property rights, so they constitute profit. To make up for declines, we try to in-license products that are at the clinical trial stage, but in-licensing costs are trending upward as drug discovery is becoming more difficult and competition with other companies is becoming fiercer. Therefore, although the 7th Medium-Term Management Plan has a goal of growing revenues to ¥230 billion in the final year, at this point, we are targeting operating profit to remain about flat at ¥30 billion, while we prioritize investment during this five-year period. The rationale is that rapid growth in products that will be launched in the latter part of the 7th Medium-Term Management Plan will enable the achievement of revenues of around ¥300 billion and operating profit of around ¥50 billion in 2030.

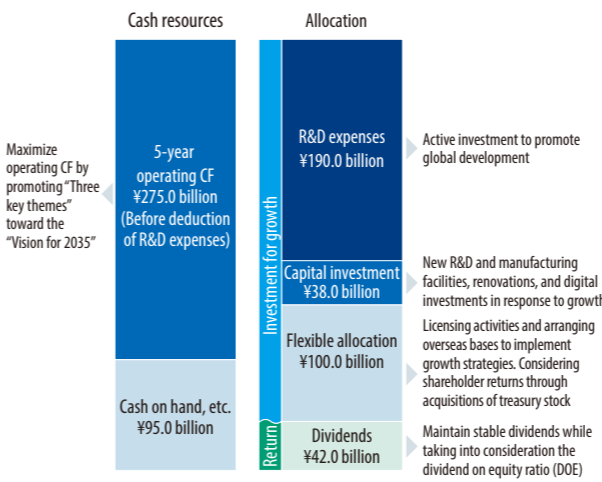
### Practicing management that considers capital costs

The Company recognizes that stable supplies of pharmaceutical products and functional food are critical for all of our stakeholders, including medical professionals, patients, and society, so our policy is to make the necessary investments while making sure that we have working capital.

Regarding capital efficiency, during the 6th Medium-Term Management Plan, we targeted ROE of at least 10%, but for the 7th Medium-Term Management Plan, the target is at least 8%. As stated previously, the policy under the current Management Plan is to hold down profits while prioritizing investment, so the ROE target has been set at a conservative level.

The 7th Medium-Term Management Plan sets business segment return on invested capital (ROIC) targets at 9% or

### Capital Allocation



Financial/Capital Strategy

more for both the Pharmaceuticals and Functional Food Businesses. Each business is to make thorough-going cost reductions and managerial capital allocations based on the priorities set forth in their business strategies, with the aim of ensuring that earnings will exceed capital costs. In addition, since the Company has no interest-bearing liabilities and is being managed to have no debt, it has set its weighted average cost of capital (WACC) as its hurdle rate, based on its own analysis of the yields expected by shareholders.

Investment Policy for Non-financial Capital

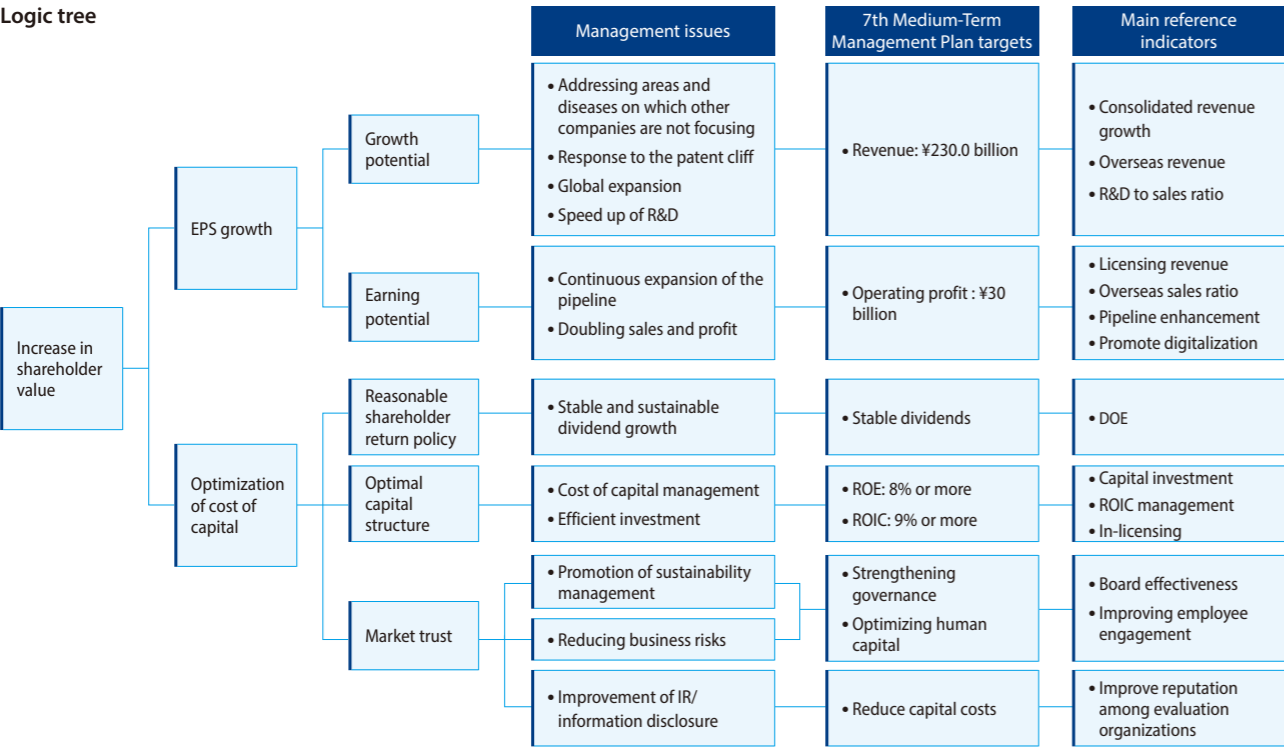
The Company is actively promoting investment in human capital in order to expand its drug discovery work, strengthen its clinical development, and broaden its global reach. In particular, to make up for our lack of knowledge overseas, we consider it critical to acquire human resources with a specialization in R&D. During the clinical trials for Viltepso in the U.S., we actively hired career professionals, and as our expansion continues, we will not have time enough to train our existing human resources to perform such jobs as global trials and negotiations with the Food & Drug Administration (FDA). Also, we need to have global human resources in a number of areas besides clinical development, such as reliability assurance.

The job markets in the U.S. and Japan are different. In Japan,

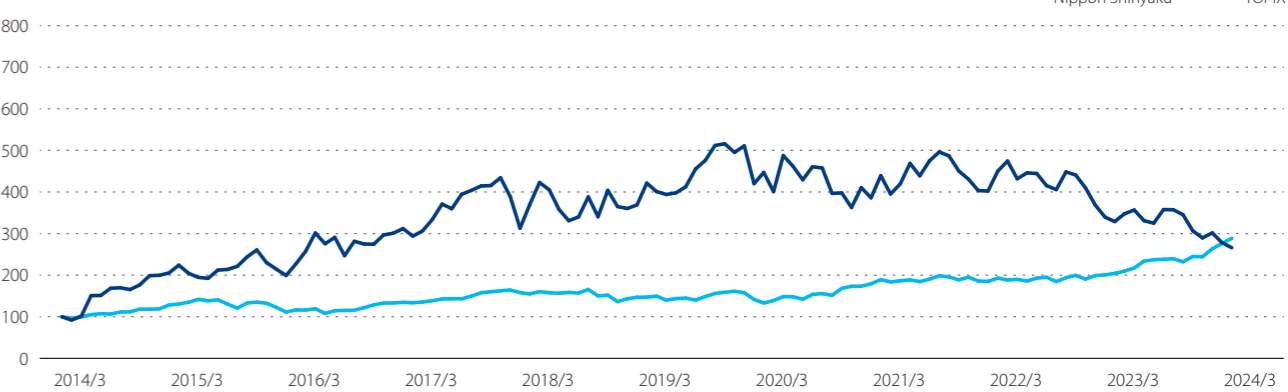
it is customary for employees hired as new graduates to acquire knowledge little by little and receive promotions and pay increases as they go along, but in the U.S., the salaries of sales representatives, researchers, and department heads are determined according to the job description at the time of recruitment. Human resources hired locally in the U.S. have a different pay structure than in Japan, and going forward, we will need to make our pay structure consistent for positions that require global job rotations. Our policy with respect to global expansion is to increase local hires in each region outside Japan, but we are not expecting much of an increase in our domestic workforce, as we plan to increase our efficiency through AI-driven productivity improvements resulting from active investment in digitalization.

To create innovations and respond to new technologies at our Discovery Research Laboratories, we are considering the construction of a new research building in Kyoto near our head office, and we are also seeking new modalities that will combine our strengths in nucleic acid medicines and small molecules. We will also proactively collaborate with academia and business ventures in striving for open innovation. In April 2024, we entered into a research alliance with MiNA Therapeutics of the UK with the aim of creating nucleic acid medicines that are expected to be applied to an intractable and rare disease in the central nervous system field. However, it will take a long time for this effort to bear fruit, as drug discovery is a process that takes decades.

Logic tree



Total Shareholders' Return (TSR)



Stock price performance

	One year	Three years		Five years		Ten years	
		Cumulative	Annualized rate	Cumulative	Annualized rate	Cumulative	Annualized rate
Nippon Shinyaku	-21.2%	-41.5%	-16.3%	-37.9%	-9.1%	+167.0%	+10.3%
TOPIX	+41.3%	+52.5%	+15.1%	+96.2%	+14.4%	+188.6%	+11.2%

• Total shareholders' 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, 2014, is 100, and the TSR-based market value is indexed to that (held through March 31, 2024).  
• The return is the percent change of the initial investment generally used when calculating return on investment.

Shareholder Return Policy

Increasing shareholder value

Nippon Shinyaku has linked its management issues and strategies with related indicators in its efforts to increase shareholder value. The logic tree represents this graphically. From a financial perspective, some of the factors leading to increased shareholder value are growth of dividends and increases in the stock price. These are generally considered to be verifiable using long-term total shareholder return (TSR). Also, the stock price is sometimes calculated as a multiple of EPS, and growth of EPS is considered to be linked directly with growth in the stock price.

In line with its basic policy of maximizing corporate value, Nippon Shinyaku is strengthening its R&D structure and expanding its development pipeline. Furthermore, we will make investments and return profits to shareholders in order to build an organizational structure that can withstand intensifying competition and adapt to global business development, while remaining conscious of our capital structure and cost of capital.

Dividend policy

The 6th Medium-Term Management Plan targeted a consolidated dividend payout ratio of about 35%, with dividends being linked to performance, and in FY2023, we increased the dividend by ¥10, to ¥124, for a dividend payout ratio of 32.3%. We are planning to pay a dividend of ¥124 in FY2024 as well. At the same time, the

investment-focused 7th Medium-Term Management Plan assumes total dividends of ¥42 billion over the five-year period, as our policy is to maintain a stable dividend in view of DOE.

Although our TSR is currently declining due to stock price volatility, we regard the stock price as a leading indicator, and we believe that it will start increasing again in the future as we carry out the future growth initiatives outlined in the 7th Medium-Term Management Plan and if investors are made aware of our efforts through our IR activities.

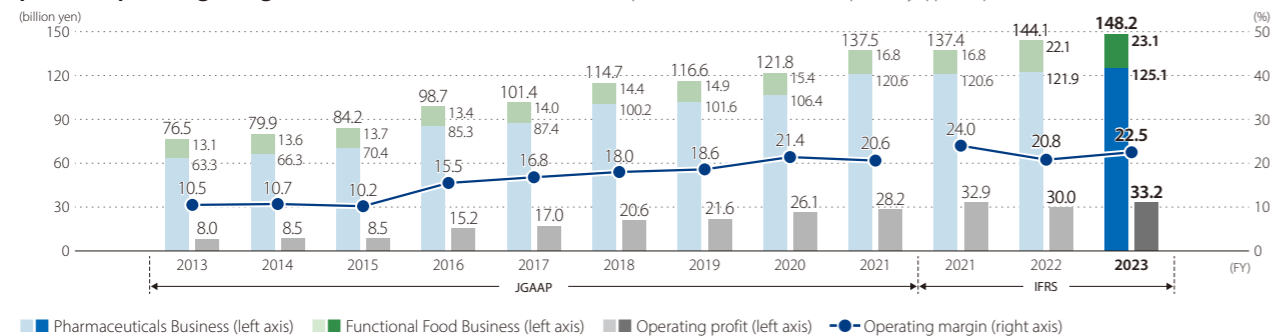
Our growth initiatives are publicized through our information disclosures about sales alliances, M&A, in-licensing, and the progress of our pipeline. To improve our communications with shareholders and all of our other stakeholders, in April 2024, we established an IR Section dedicated to investor relations. In the belief that individual investors will become more important in the future as the Company reduces its cross-holdings, we will improve our disclosure of information to individual investors as we strive to become a company that society trusts more than ever, as this is linked to improvement in how we are regarded externally, e.g., in regard to ESG, and improvement in our corporate value.

Through the 7th Medium-Term Management Plan, the Company will overcome the Upravi patent cliff and establish a foundation for growth. We will also further strengthen the base from which we provide the world with products and services, so that we may become what we want to be. We hope that you will look forward to the future growth of Nippon Shinyaku in our quest to become a global healthcare company.

# Financial and Non-Financial Highlights

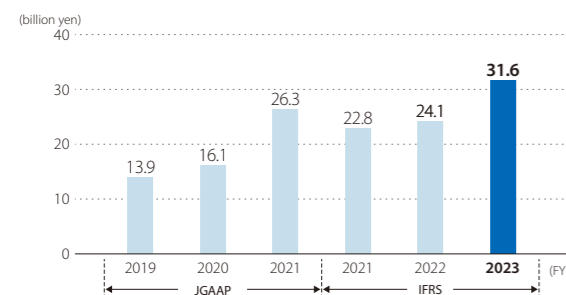
## Financial highlights

### Net sales & Revenue / Operating income & Operating profit / Operating margin



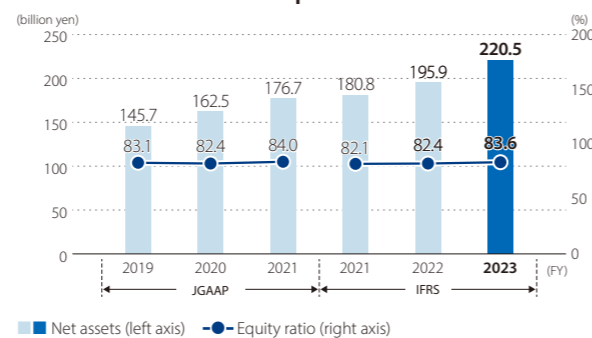
In FY2023, revenue stood at ¥148,255 million (up 2.8% year on year). Operating profit was ¥33,295 million (up 10.8% year on year) due to higher revenue and a lower cost of sales in the composition of sales. The operating profit margin was 22.5%. In the Pharmaceuticals Business, sales of leading products, such as Uptravi and Viletpso, and royalty revenues from overseas sales of Uptravi contributed to the results. In the Functional Food Business, sales of supplements and protein preparations increased.

### R&D expenses



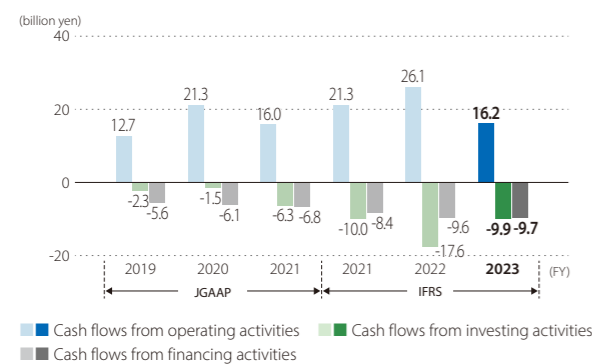
In FY2023, investment expenses rose due to an increase in contract research expenses (for nucleic acid drugs). In line with its global development, Nippon Shinyaku intends to expand the development pipeline in its focus disease areas based on the R&D approaches of in-house drug discovery, in-licensing, and product life cycle management (PLCM), and it aims to launch an average of at least two new products per year.

### Net assets & Total equity / Equity ratio & Ratio of equity attributable to owners of parent to total assets



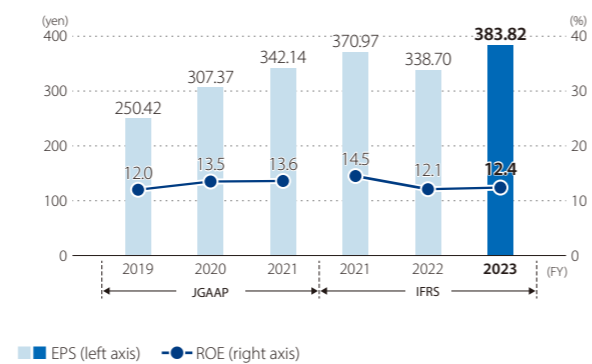
Total equity amounted to ¥220,534 million, an increase of ¥24,600 million year on year. Total assets stood at ¥263,404 million, and equity attributable to owners of parent amounted to 83.6%.

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



Net cash provided by operating activities stood at ¥16,289 million. The main components included profit before tax of ¥33,616 million in cash inflows and income taxes paid of ¥11,744 million in cash outflows. Net cash used by investing activities stood at ¥9,921 million, mainly due to purchases of property, plant, and equipment and intangible assets. Net cash used in financing activities stood at ¥9,719 million, mainly due to dividends paid. As a result, cash and cash equivalents at the end of the period totaled ¥58,094 million.

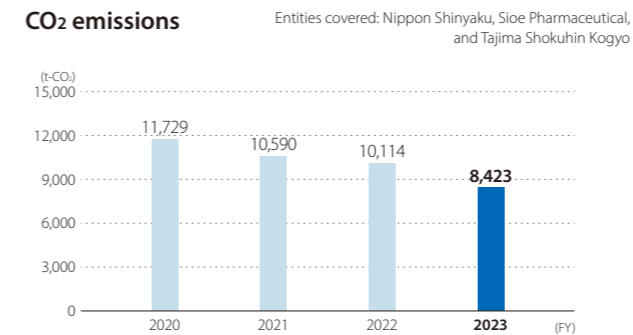
### EPS & Basic earnings per share / ROE & Return on equity attributable to owners of parent



Profit attributable to owners of parent amounted to ¥25,851 million, up 13.3% year on year, with EPS at ¥383.82. ROE stood at 12.4%. The Company had been aiming for ROE of 10% or more throughout the term of the 6th Five-Year Medium-Term Management Plan, and it exceeded this target.

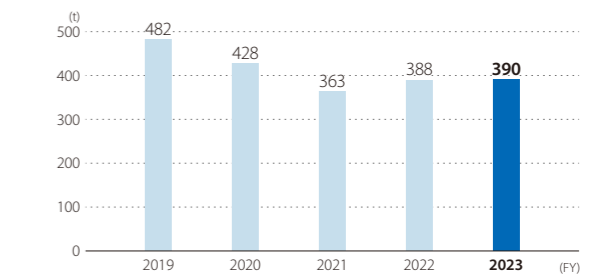
## Non-financial highlights

### CO<sub>2</sub> emissions



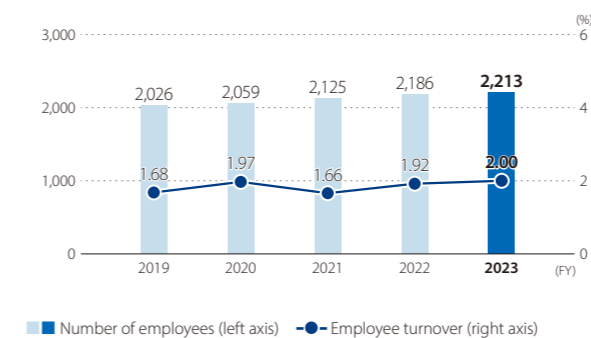
Nippon Shinyaku has been reducing CO<sub>2</sub> emissions by switching to electricity derived from renewable energy sources and introducing hybrid vehicles into its corporate fleet. In FY2024, we are taking Group-wide initiatives in line with the formulation of the Nippon Shinyaku Group's Basic Environmental Policy.

### Waste substances generated



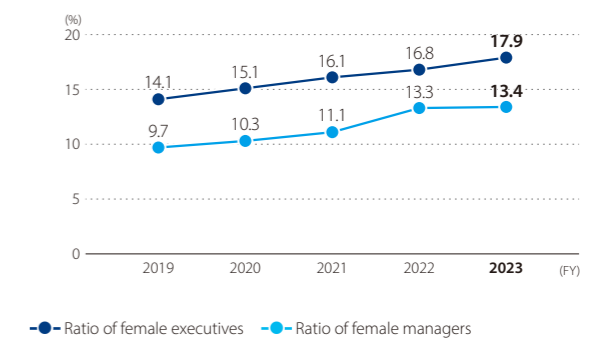
Waste substances generated in 2023 increased by 2 tons year on year, mainly due to the start of full-scale operation of the building for highly active solid formulations within the Odawara Central Factory. Nippon Shinyaku will continue to promote waste reduction efforts by reviewing its waste generation processes while promoting proper disposal of waste.

### Number of employees (consolidated) / Employee turnover



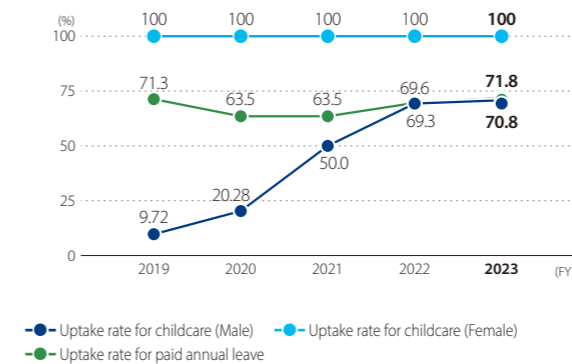
Nippon Shinyaku has kept employee turnover due to personal reasons and early retirement low in the 1% range by ensuring that employees have a deep understanding of its Business Philosophy and of its Code of Conduct established in FY2022, as well as by promoting the establishment of a supportive working environment. Also, in order to expand its business and speed up its operations, the Company aims to maximize the potential of each individual and become an individualistic organization with a high-level cadre while proactively recruiting both new graduates and mid-career professionals.

### Ratio of female executives / Female managers



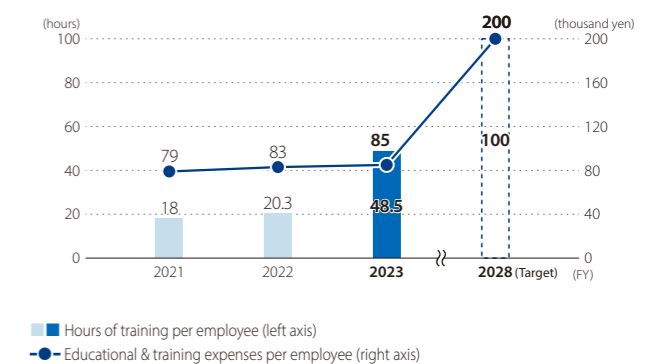
Nippon Shinyaku believes that developing a workplace environment in which people can utilize their diverse individuality is essential so that the Company can achieve sustainable growth and to exhibit our presence to society. In FY2024, the Company will further strengthen its efforts to grow by drawing on the perspectives of a diverse workforce, including women, through such initiatives as formulating a DE&I statement and revising its Code of Conduct in line with the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children.

### Uptake rate for childcare leave / Paid annual leave



The male uptake rate for childcare leave reached 70.8% in FY2023, as a result of creating a workplace environment in which male employees can easily take childcare leave by providing paid leave for a portion of childcare leave (up to 14 days total paid leave when taking childcare leave for five consecutive business days or more). To continue increasing the uptake rate, the Company is taking such measures as promoting employees' understanding of the childcare leave system and sharing the experiences of employees who have taken childcare leave. The Company is also encouraging employees to use their days of annual paid leave.

### Hours of training per employee / Educational & training expenses per employee



Based on the idea that unique products are the product of unique people, Nippon Shinyaku respects diversity and provides opportunities for individuals to take on challenges and grow in a positive manner. The Company has a target of 100 hours of training per employee and 200,000 yen of educational and training expenses per employee by FY2028 and is taking steps to promote human capital management in which each and every employee can grow and diverse human resources can play an active role.

# Contributing to People's Health through the Creation of Products and Services with Unique Characteristics

## Pharmaceuticals Business: R&D

### Material issues and related SDGs

#### Realizing a healthy future by creating innovation



#### Strengthening efforts to protect the global environment



#### Resolving social issues and coexisting with the community



### Three foundations we value

- Pursuit of originality
- Continuously tackling the challenges of new modalities
- Giving our all in thinking about patients



### Quickly delivering new world-class therapeutic agents to the patients who need them

**Kazuchika Takagaki**

Director, Research & Development

By actively engaging in R&D of drugs for intractable and rare diseases for which there have been no effective treatments, Nippon Shinyaku succeeded in developing Uptravi, a pulmonary arterial hypertension (PAH) treatment that has grown into a blockbuster, and Viltepso, a Duchenne muscular dystrophy (DMD) treatment, the first nucleic acid drug in Japan. Behind these successes are three principles that have been important to the R&D Division: 1) pursuit of originality in R&D, 2) Continuously tackling the challenges of new modalities, and 3) Giving our all in thinking about patients. As a result of continuing our R&D based on these three foundations, we believe that we have overcome the high and difficult barrier of developing new therapeutic agents for intractable and rare diseases, which have been considered difficult in the past.

We will continue to pursue originality, continuously take on the challenge of new modalities, and give our all in thinking about patients as the foundation of our R&D, but it is essential that we speed up R&D in order to deliver innovative new drugs to patients suffering from diseases as soon as possible. With regard to the R&D system and its mechanisms, we will work to optimize resource allocation, rationally prioritize projects, and improve the efficiency of R&D using AI and IT. In this way, we will increase the speed of development and the probability of success, and by actively introducing new and superior technologies from the outside through open innovation, we will realize the early launch of products unique to Nippon Shinyaku.

## Review of the 6th Five-Year Medium-Term Management Plan and Remaining Issues

Under the 6th Five-Year Medium-Term Management Plan, we aim to increase our global significance as a company with a meaningful existence in the healthcare field, and as the R&D Division, we have taken on the challenge of creating new value through R&D.

In FY2023, the final year of the 6th Medium-Term Management Plan, we obtained manufacturing and marketing approval for two drugs. The first is high-risk acute myeloid leukemia treatment Vyxeos (code no.: NS-87), in-licensed from Jazz Pharmaceuticals, underwent Phase I/II study in Japan and we applied for approval in June 2023 and received approval in March 2024. The other is Fintepla (code no.: ZX008), for which we entered into an exclusive distribution agreement with UCB S.A. (formerly Zogenix, Inc.) in Japan. Fintepla received approval for the additional indication of Lennox-Gastaut syndrome by UCB Japan in March 2024. Progress has been made in the development phase of Fintepla, and in July 2023, we started a Phase III study in patients with CDKL5 deficiency. NS-863, which is currently under development for circulatory and metabolic diseases, began Phase I study in August 2023. In October 2023, Gazyva, a humanized anti-CD20 monoclonal antibody (code no.: GA101), began Phase III study in systemic lupus erythematosus without nephropathy.

Over the course of five years, we have launched four products: Viltepso (code no.: NS-065/NCNP-01) for the treatment of DMD, Defitelio (code no.: NS-73) for the treatment of sinusoidal obstruction syndrome, MonoVer (code no.: NS-32) for the treatment of iron deficiency anemia, and Fintepla. In addition, we added the indication for chronic thromboembolic pulmonary hypertension to the PAH treatment Uptravi (code no.: NS-304) and expanded the indication of myelodysplastic syndrome treatment Vidaza to the treatment of acute myeloid leukemia. As a result, we launched a total of six new products, achieving the target of launching more than one new product on average per year. On the other hand, there were termination of development for NS-18, and delays of development concerning NS-089/NCNP-02 for DMD treatment and NS-304's additional indication for ASO. These were intended to be launched during the period of the Medium-Term Management Plan, meaning our speed of clinical development is an issue yet

to be addressed. Additionally, efforts to develop new modalities such as next-generation nucleic acids and gene therapies took longer than expected to develop candidates.

## Strategies and Focus Initiatives to Achieve the 7th Five-Year Medium-Term Management Plan

In the 7th Five-Year Medium-Term Management Plan, we have set “fostering growth drivers to replace Uptravi” and “continuous pipeline expansion” as key themes. As growth drivers during the 7th Medium-Term Management Plan, we will launch four DMD drugs, three hematological malignancy drugs, and an average of two or more new products per year through the expansion of indications for Uptravi, Fintepla, and Gazyva. In addition, we will focus on newly acquired products to further expand the number of our products on the market.

In addition, we will continue to expand our pipeline based on the three pillars of in-house drug discovery, in-licensing, and PLCM. With regard to in-house drug discovery, we will utilize open innovation and AI drug discovery to combine and bolster our strengths with the technologies of other companies. In nucleic acid drugs, we will work on drug discovery in the central nervous system area in addition to DMD, and promote the use of new nucleic acid drug discovery modalities through open innovation. With regard to in-licensing, we will prioritize items that lead to global sales and work to acquire at least one in-licensed product per year. With regard to PLCM, we will start working on secondary indication diseases earlier than in the past, and make efforts to maximize the value of our pharmaceuticals.

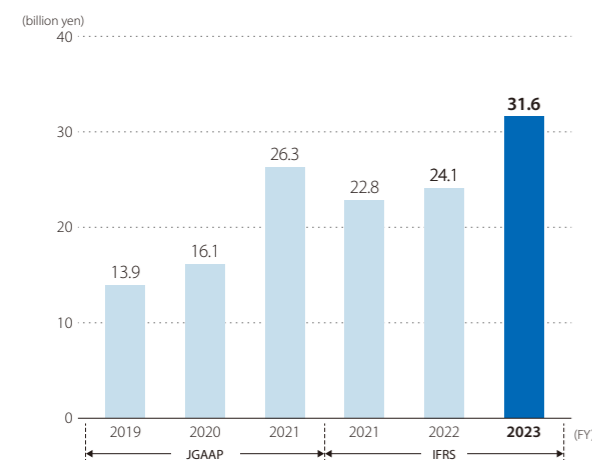
In the 7th Medium-Term Management Plan, we set out to “speeding up R&D” as one of the ways to strengthen our management foundation. In clinical development, multiple clinical studies were delayed during the 6th Medium-Term Management Plan, and in order to solve these issues, we will improve the probability of success and speed up the process by rigorously checking the progress of the entire Company, strengthening compliance with regulatory authorities in each country, bolstering project management, formulating robust trial plans, and pursuing the possibility of accelerated approval. In drug discovery research, we aim to shorten the time from the drafting of a theme to the entry into clinical study, and to

## Contributing to People's Health through the Creation of Products and Services with Unique Characteristics

### Pharmaceuticals Business: R&D

build a system that enables us to launch one product a year. In addition, as part of our financial strategy for sustainable growth set among the management foundations we plan to strengthen, we plan to invest 190 billion yen in R&D over five years and 38 billion yen in capital investment, including the construction of a

#### Research and development expenses



new research building at the Discovery Research Laboratories to respond to new technologies and create innovation.

With the aim of realizing a healthy future by creating innovation, which we identified as one form of our materiality, the R&D Division will work together in accordance with the 7th Medium-Term Management Plan.

#### Accessing seeds of world-leading drug discovery

The area around Cambridge, Massachusetts on the East Coast of the U.S. is home to many world-leading academia and affiliated hospitals such as Harvard University and the Massachusetts Institute of Technology. Many startups and biotech companies are also concentrated, making it a hotspot for innovation. Our establishment of Innovation Research Partnering (IRP) here will increase early access to the world's most advanced drug discovery technology seeds and opportunities for co-creation with world-class scientists. This will enable Nippon Shinyaku to efficiently conduct information gathering and exploration activities that will lead to the introduction of innovative technologies and early products.



Building where IRP is located

and leads to an increase in partnering opportunities.

By partnering with academia and venture companies with distinctive technology seeds, we aim to create new therapeutic technologies not only by layering the pipeline of developed products, but also by combining Nippon Shinyaku's strengths with cutting-edge technologies. Since the development of new therapeutic technologies is one of the important factors in the development of drugs for intractable and rare diseases for which there are no effective treatments yet, and for drug discovery in new disease areas, we believe that the increase in partnering opportunities will bring diversity to our own drug discovery.

#### Consideration of animal welfare

Research using animals is indispensable to verifying the safety and efficacy of pharmaceuticals. Nippon Shinyaku has established internal rules regarding animal research in accordance with relevant laws, regulations and guidelines, and has established the Animal Research Committee. The committee screens all animal research to ensure that they are conducted with appropriate consideration based on the principles of the 3Rs (Replacement, Reduction, Refinement). Our implementation system for animal testing confirms compliance with relevant laws and regulations through periodic self-inspections, and is certified by the Japan Pharmaceutical Information Center (JAPIC), a third-party organization. In addition to optimizing the environment for raising animals and reducing stress, we provide education on animal welfare as part of regular training for those involved in animal testing.

#### Increasing partnering opportunities and diversifying in-house drug discovery

For technologies and compounds under development that are in the preclinical stage or earlier, IRP and the Modality Strategy Team at the head office are responsible for partnering functions, and for developed compounds that are in the clinical stage and have confirmed proof of concept (POC), NS Pharma based in New Jersey, U.S., and the Licensing Department at the head office are responsible for partnering functions. In this manner, dividing work by stage of development and region enables efficient scouting activities

### NIPPON SHINYAKU PEOPLE

#### Bringing drugs to more patients as a team

I had been a project manager for hematological malignancy drugs such as NS-87 (Vyxeos: a treatment for high-risk AML) since April 2021. The main task of a project manager is to promote development and maximize product value with a view to post-launch. In that role, I was always thinking about what we could do to bring drugs to market as soon as possible and to as many patients as possible. I was impressed by the fact that the project team worked together to obtain approval for the manufacture and sale of NS-87 in March 2024, expanded the range of patients the drug could be administered to through consultation with the authorities, and was able to deliver the drug to a broader number of patients, and shortened the development period for another hematological malignancy treatment by more than one year.

**Michiyo Akagi**

Planning and Coordination Section 1, R&D Planning and Administration Department  
(currently, Planning Section 2, Licensing Department)



#### Promotion of patient centricity-based drug discovery research

We have set a long-term goal for 2035 to use drug discovery research themes based on patient centricity to promote R&D activities aimed at bringing drugs to market, and we are now working toward this goal. In FY2023, we aimed to increase opportunities for drug discovery researchers to interact with patients or with people who are close to patients. We would like to introduce two specific initiatives. As the first initiative, we asked patients and their families to create video messages for our Company, which were viewed by all employees of the R&D Division. Employees who watched the videos commented, "It gave me an opportunity to rethink what I can do as an employee of a pharmaceutical company," and "I realized that our work has an impact on the lives and livelihoods of patients and their future." As a second initiative, in October 2023, Mr. Takeshi Shukunobe, President and CEO of PPeCC, gave a talk to employees entitled "The Significance of Listening to the 'Voices' of People with Illness," which was attended by approximately 330 employees. Employees who attended the talk commented, "I thought it would be difficult to hear directly from people with illnesses, but I was able to recognize that it is possible," "I felt that it is important to think together about how to live with hope in the future," and "It is important to incorporate this into the work of each department. I think it would be good if drug discovery researchers had more opportunities to hear directly from people with illness." At Nippon Shinyaku, there have not been many opportunities to hear directly from patients and their families. Through this initiative, we were able to reaffirm the importance of increasing opportunities to talk directly to and getting to know patients.

In order to achieve our vision for 2035, we believe that it is important not only to provide opportunities to interact with patients and those close to patients, but also to aim for drug discovery together, and we will continue working on the development of this system going forward.



Contributing to People’s Health through the Creation of Products and Services with Unique Characteristics

Pharmaceuticals Business: R&D

Pipeline (As of August 7, 2024)

Code no. (generic name)	Domain classification	Indications	Origin	Development	Phase					NDA filing	Launch
					I	I/II In preparation	II In preparation	II	III		
NS-065/NCNP-01 (Viltolarsen)	Intractable and rare diseases	Duchenne muscular dystrophy	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku							
LY3527727 (Pirtobrutinib)	Hematological malignancies	Mantle cell lymphoma*	Alliance: Eli Lilly Japan K.K.	Eli Lilly Japan K.K.							In preparation
NS-304 (Selexipag)	Intractable and rare diseases	Pediatric pulmonary arterial hypertension	Nippon Shinyaku	Co-development: Janssen Pharmaceutical K.K.							
ZX008 (Fenfluramine hydrochloride)	Intractable and rare diseases	CDKL5 deficiency disorder	Distribution partnership UCB S.A. (formerly Zogenix, Inc.)	UCB S.A. (formerly Zogenix, Inc.)							
GA101 (Obinutuzumab)	Intractable and rare diseases	Lupus nephritis	Licensed-in from: Chugai Pharmaceutical Co., Ltd.	Co-development: Chugai Pharmaceutical Co., Ltd.							
GA101 (Obinutuzumab)	Intractable and rare diseases	Pediatric nephrotic syndrome	Licensed-in from: Chugai Pharmaceutical Co., Ltd.	Co-development: Chugai Pharmaceutical Co., Ltd.							
GA101 (Obinutuzumab)	Intractable and rare diseases	Systemic lupus erythematosus without nephropathy	Licensed-in from: Chugai Pharmaceutical Co., Ltd.	Co-development: Chugai Pharmaceutical Co., Ltd.							
LY3527727 (Pirtobrutinib)	Hematological malignancies	Mantle cell lymphoma	Alliance: Eli Lilly Japan K.K.	Eli Lilly Japan K.K.							
LY3527727 (Pirtobrutinib)	Hematological malignancies	Chronic lymphocytic leukemia	Alliance: Eli Lilly Japan K.K.	Eli Lilly Japan K.K.							
NS-304 (Selexipag)	Circulatory and metabolic system	Arteriosclerosis obliterans	Nippon Shinyaku	Nippon Shinyaku							
NS-580	Gynecological diseases	Endometriosis	Nippon Shinyaku	Nippon Shinyaku							
NS-580	Urological diseases	Chronic prostatitis / Chronic pelvic pain syndrome	Nippon Shinyaku	Nippon Shinyaku							
NS-089/NCNP-02 (Brogidirsen)	Intractable and rare diseases	Duchenne muscular dystrophy	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku							
NS-229	Intractable and rare diseases	Eosinophilic granulomatosis with polyangiitis	Nippon Shinyaku	Nippon Shinyaku							
NS-401 (Tagraxofusp)	Hematological malignancies	Blastic plasmacytoid dendritic cell neoplasm	Licensed-in from: The Menarini Group	Nippon Shinyaku							
NS-050/NCNP-03	Intractable and rare diseases	Duchenne muscular dystrophy	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku							
NS-917 (Ragocitabine)	Hematological malignancies	Relapsed/refractory acute myeloid leukemia	Licensed-in from: Delta-Fly Pharma, Inc.	Nippon Shinyaku							
NS-025	Urological diseases	Urological diseases	Nippon Shinyaku	Nippon Shinyaku							
NS-863	Circulatory and metabolic system	Circulatory and metabolic system diseases	Nippon Shinyaku	Nippon Shinyaku							

\* Relapsed or refractory mantle cell lymphoma due to resistance or intolerance to other BTK inhibitors

Overseas

Code no. (generic name)	Domain classification	Indications	Origin	Development	Phase					NDA filing	Launch
					I	I/II In preparation	II In preparation	II	III		
NS-065/NCNP-01 (U.S.) (Viltolarsen)	Intractable and rare diseases	Duchenne muscular dystrophy	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku							
NS-065/NCNP-01 (Global) (Viltolarsen)	Intractable and rare diseases	Duchenne muscular dystrophy	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku							
CAP-1002 (deramiciocel)	Intractable and rare diseases	Duchenne muscular dystrophy	Partnership: Capricor Therapeutics Inc.	Capricor Therapeutics Inc.							
NS-089/NCNP-02 (Brogidirsen)	Intractable and rare diseases	Duchenne muscular dystrophy	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku							
NS-229	Intractable and rare diseases	Eosinophilic granulomatosis with polyangiitis	Nippon Shinyaku	Nippon Shinyaku							
NS-050/NCNP-03	Intractable and rare diseases	Duchenne muscular dystrophy	Co-development: National Center of Neurology and Psychiatry	Nippon Shinyaku							

Intellectual Property

The Nippon Shinyaku Group is committed to tackling the challenge of new modalities in drug discovery and globalization in order to realize our Business Philosophy of “Helping People Lead Healthier, Happier Lives.” 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 corporate value. We also adopt the basic attitude of respecting 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 the R&D Division from the early stages of research. By doing this, we can protect pharmaceuticals and functional foods produced in-house in a long-term, multifaceted and strategic way, using not only substance patents, but also use patents, process 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 and business strategies in

an internal committee consisting of multiple department managers. This includes determining patent application and maintenance policies based on our own R&D and business strategies and those of other companies.

Understanding and analyzing intellectual properties

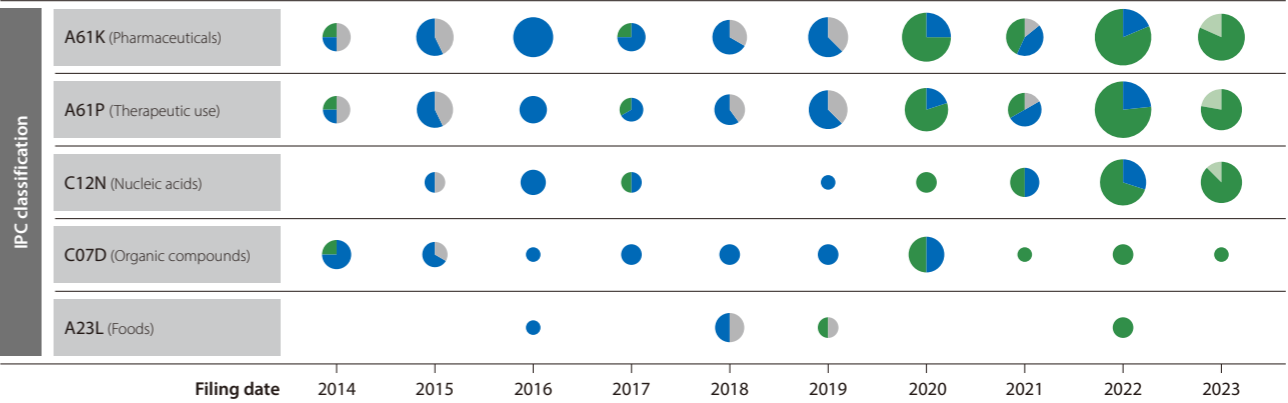
With the basic attitude of respecting third-party IP rights, the Nippon Shinyaku Group regularly conducts ownership investigations regarding its products. We conduct patent trend analysis and IP analysis of competitors in specific technical fields believed to be important for us over the medium to long term. 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.

Furthermore, the Group analyzes IP protecting its products and their surroundings and utilizes these rights, including strategic licensing, to create opportunities for in-house R&D and business expansion.

Building our reputation and brand based on trademarks

We determine 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.

Application trends by International Patent Classification (IPC) (Top 5 classifications)



Invalid: A patent that has already expired or has been abandoned, or an application that has not been granted (e.g., rejected during review, abandoned by the applicant, etc.)  
Valid: A patent that has been registered and the rights have been validly accrued  
Pending review: A patent application that is under review in the patent office of the respective country  
In the PCT international phase: A patent application that has been filed under the Patent Cooperation Treaty (PCT) but has not yet been reviewed by the national patent offices.  
\* Data analysis and compilation was conducted independently by Nippon Shinyaku using PatSnap Analytics.

## Contributing to People's Health through the Creation of Products and Services with Unique Characteristics

## Functional Food Business

## Material issues and related SDGs

## Realizing a healthy future by creating innovation



## Strengthening efforts to protect the global environment



## Strengths

- Competencies in sales and products that have built strong relationships of trust with many food manufacturers since our establishment in 1961
- R&D capabilities and quality control system that make use of advanced technologies and unique know-how cultivated in the Pharmaceuticals Business
- Supply chain management through a strong network of suppliers in Japan and overseas

**We aim to grow in both the B2C and B2B businesses and transform into a highly profitable structure during the period of the 7th Five-Year Medium-Term Management Plan**

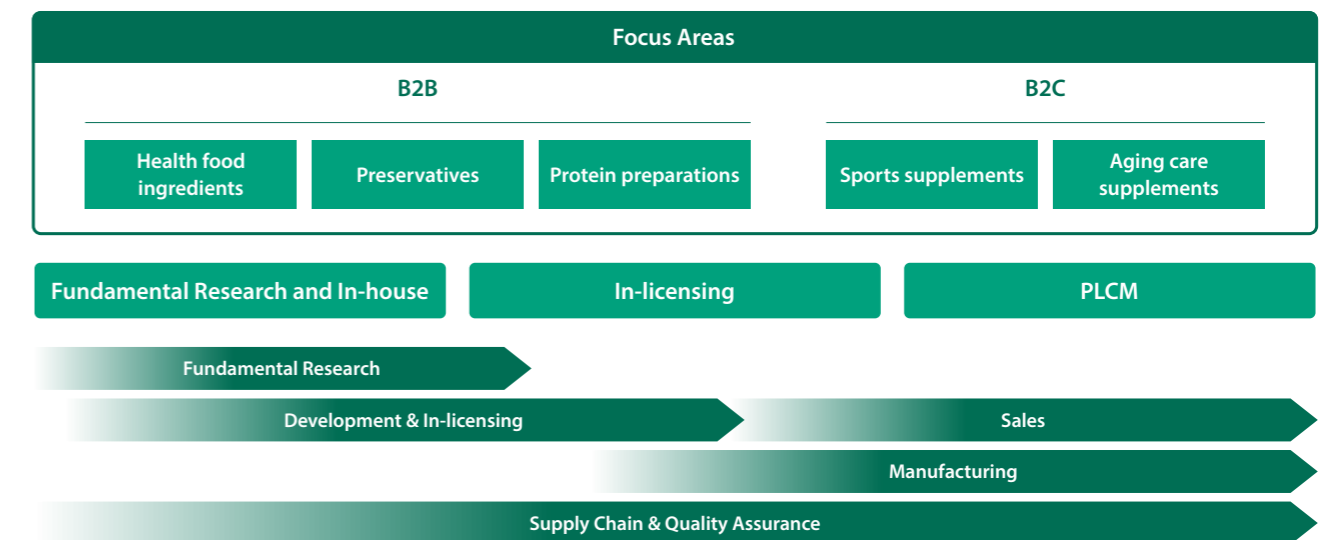
**Hitoshi Ishizawa**  
Director, Functional Food

Nippon Shinyaku's Functional Foods business was launched in 1961 as the second pillar of sales after the Pharmaceuticals Business. The originality of the Functional Foods business is that in addition to B2B businesses such as protein preparations, health food ingredients, and quality stable preservatives, we are also developing B2C businesses for sports supplements and aging care supplements. We are aware that our department plays an important role at Nippon Shinyaku, a prescription medicine manufacturer. With a high level of morale, we engage in our daily work highly aware of product safety and with a strong sense of mission to contribute to people's health and vibrant diets. We intend to utilize the technologies we have cultivated in the pharmaceutical industry for basic research and clinical trials, and will further strengthen our presence in the healthcare field.

In fiscal 2023, the final year of the 6th Five-Year Medium-Term Management Plan, we achieved the targets for revenue and operating profit. Both the B2B and B2C businesses grew significantly, while the B2C business, sports supplements and aging care supplements, in particular, achieved robust results. As a result, we made steady progress toward the 7th Medium-Term Management Plan. However, given that the number of new health food ingredient products launched fell short of the plan, and the profit margin fluctuated greatly due to external factors such as the COVID-19 pandemic and Russia's invasion of Ukraine, we believe that continuous launch of new products and a shift to a stable and highly profitable structure will be issues for the future. During the period of the 7th Medium-Term Management Plan, we will review our business portfolio to improve capital efficiency and make intensive investments in our focus areas.

In addition, in order to realize a fundamental transformation of operations using digital technology, we will build a platform that can efficiently promote the development of new products that balance both taste and shelf life, while striving to improve customer value in the quality stable preservatives business. Nippon Shinyaku's Functional Foods business will continue to provide products that contribute to improving people's health and dietary quality, and will achieve further growth and evolution.

## Functional Food Division Business Model



## Helping to Solve Social Issues Related to Food

As the aging accelerates, the extension of healthy life expectancy has become a social issue, and governments are working to reduce medical costs by promoting self-care. The Functional Food Division is working to improve people's quality of life and resolve social issues by developing and providing products that are easily accessible for all people, not only with higher nutritional value but also in terms of price. These include protein-fortified foods to improve health and extend healthy life expectancy, and products suited for complete and balanced nutrition such as concentrated liquid foods used in medical institutions and care facilities for the elderly.

In addition, in order to contribute to the realization of a sustainable society, such as by reducing food loss by extending the shelf life, we are promoting initiatives for food safety and security. Furthermore, to help resolve social issues related to food for all generations, i.e., the problems of skipping breakfast among young people, frailty and sarcopenia due to undernutrition among the elderly, and skinniness among women, we will continue our activities with the aim of improving access to nutrition through the development of products and the promotion of dietary education in collaboration with local governments and educational institutions.

## Business Model and Business Areas of the Functional Food Division

## Business model

The Functional Food Division has an R&D Division and a Quality Assurance Division, and develops and provides high-quality, original products by leveraging our advanced technological capabilities as a prescription medicine manufacturer. To this end, we are working to expand our business based on the three pillars of promoting basic research and developing our own products, introducing products that meet user needs, and PLCM.

In terms of business development, we are mainly engaged in two businesses: the B2B business, which provides functional food ingredients to processed food manufacturers, and the B2C business, which provides supplements that improve the health and quality of life of consumers. Currently, we serve only Japan, but we will explore expansion into overseas markets with a focus on Asia in the future.

## Contributing to People's Health through the Creation of Products and Services with Unique Characteristics

### Functional Food Business

#### Business areas

In the B2B business, we are developing the following three main product areas.

- (1) Health food ingredients: Products that improve health and quality of life in the healthcare field
- (2) Quality stable preservatives: Products that contribute to food safety and security and food loss reduction in the field of processed foods
- (3) Protein preparations: Products that enhance and stabilize quality in the field of processed foods, and are used as ingredients for sports nutrition and nutritional medical foods.

In the B2C business, we are developing two product areas as supplements made by a prescription medicine manufacturer.

- (1) Sports supplements: Highly unique supplements that improve performance during exercise, from top athletes to sports enthusiasts
- (2) Aging care supplements: Highly unique supplements that are pioneers in aging care by improving health and quality of life

#### R&D

As an R&D-led new drug manufacturer, we deliver products with high originality and functionality to the world, and we have established an R&D base in Kyoto to produce them. Focusing on the three categories of health food ingredients, quality stable preservatives, and protein preparations, we are promoting the development of products and materials, basic research that forms the basis for these products, and the improvement of customer experience using DX. Our aim is to contribute to improving people's health and quality of life in the healthcare field, food safety and security in the processed food field, and food loss reduction.

#### Initiatives to enhance quality

As the Functional Food Business of a prescription medicine manufacturer, we place the highest priority on the safety and security of our products, and we are continuously improving our management system to enhance quality. We are strengthening relationships with suppliers who are manufacturers of raw materials and stepping up cooperation with product manufacturing contractors. Additionally, as part of our efforts to bolster our internal systems, we regularly hold

meetings of internal committees to share information on quality, respond to quality problems and complaints, and formulate measures to prevent recurrence. In addition, we hold monthly training on compliance, risk management, and other issues for all employees of the Functional Food Division to improve their knowledge of relevant laws and regulations related to food advertising and labeling.

### Review of the 6th Five-Year Medium-Term Management Plan and Remaining Issues

As a result of implementing the R&D and sales strategies for functional foods set forth in the 6th Medium-Term Management Plan, both the B2B and B2C businesses of the Functional Foods Division grew significantly. Actual sales were 23.1 billion yen compared to the sales target of 17.0 billion yen in the final year (FY2023), achieving the quantitative target.

Going forward, in order to establish a high-revenue structure, we will further enhance profitability by reviewing our business portfolio and intensively investing in our focus areas, and we will also work to increase capital efficiency by improving cash conversion cycles.

### Strategies and Future Initiatives to Achieve the 7th Five-Year Medium-Term Management Plan

#### Measures to expand our lineup of healthcare products

In the B2C business, we are promoting the development of highly unique sports supplements for the rapidly growing market, i.e., supplements that can be taken according to the situation, such as before, during, and after exercise, with a focus on protein supplement foods, which are growing as mainstay sports supplements. In addition, we are developing aging care supplements adaptable to changes in the market, such as the further progress of an aging society and Femtech. By expanding these products through appropriate promotions, we will contribute to the health of more people.

In the B2B business, we will expand our lineup of functional materials that improve people's health, targeting frailty and lifestyle-related diseases by developing new health food ingredients through basic research and introduction, and

promoting PLCM to maximize the value of existing health food ingredients. In protein preparations, we will continue to develop protein materials suitable for diet, sports, and health products.

#### Providing new solutions to reduce food loss

The development of quality-stable preservatives that achieve both great taste and shelf life will lead to the reduction of food loss and play an important role in the realization of a sustainable society. Nippon Shinyaku has earned the trust of many customers in the field of quality stable preservatives and

has grown to have one of the top market shares in the industry. In addition to providing products, we will also provide solutions that utilize digital technology to dramatically improve the value of the customer experience. The membership website released in June 2023 provides information and materials required by product development personnel at business partners in a timely manner. Looking ahead, we will strongly support product development by building a system that can instantly identify bacteria that cause food spoilage and provide effective shelf life measures. Through these new initiatives, we will earn the trust of our business partners.



Major Supplement Products

### NIPPON SHINYAKU PEOPLE

#### Developing AI that contributes to the product development of processed food manufacturers

In order to contribute to the reduction of food loss, I am developing an AI that analyzes the bacteria that cause food spoilage and formulates measures to prevent it. This AI combines Raman spectroscopy and machine learning, and I have been conducting basic research after having enrolled in graduate school (doctoral program for working professionals) in order to establish the technology. I presented the results at the 12th International Conference on Predictive Modelling in Food, and received many voices of interest and expectation. Furthermore, in order to efficiently acquire Raman spectra, I developed and introduced an instrument in collaboration with an optical equipment manufacturer. With the completion of this AI, we will be able to strongly support the product development of processed food manufacturers in terms of speed and quality, and contribute to the reduction of food loss. In the future, I hope to implement it in society to tackle and resolve all issues related to food spoilage.

**Takashi Yamamoto** Food Science Laboratories, Functional Food Division



# Strengthening Patient Support and Advocacy Activities Based on Patient Centricity

## Pharmaceuticals Business: Sales

### Material issues and related SDGs

#### Realizing a healthy future by creating innovation



### Strengths

- Pursue specialization by focusing on the fields of pulmonary hypertension, pediatric neurology, and hematology and undertake a wide range of information provision activities that straddle fields
- MR's strong problem-solving skills, the result of a team system and in-house certification
- Assign product marketers with field specialization who can propose treatments and raise disease awareness in a manner appropriate for the unique aspects of the area

### Nippon Shinyaku promotes investments in digital technology and human resources and efficiently provides information through MR activities

#### Shouzou Sano

Managing Director, Sales and Marketing

As work style reforms for doctors have moved forward, there have been dramatic changes in how sales staff provide information. Because of the COVID-19 pandemic, MR activities at workplaces were limited, and an omnichannel approach, which integrates digital and face-to-face methods, became the norm. At Nippon Shinyaku, we have introduced Veeva CRM\* for the life science industry. Considering the high open rate of 50%–70% for Approved Email through Veeva, we think it is possible to conduct high-quality MR activities that leverage digital technology.

One of Nippon Shinyaku's strengths is our human resources. In order to make greater use of this strength, MRs continually receive training so that they can provide the best information, and this includes monthly training and role playing that incorporates AI for such scenarios as meetings with doctors. Furthermore, there is a team system for MRs, which makes it possible for the product marketing personnel with specialized knowledge, the Chairman and President at times, and even me to exchange information with doctors and promote strategic activities using our unified capabilities.

Unfortunately, it was not possible to achieve our revenue target included in the 6th Medium-Term Management Plan. Despite steady progress in introducing new products, problems related to managing multiple products, such as provision of information being skewed toward only certain products, have come to light. It is necessary, therefore, not only to strengthen investment in digital technology and human resource development but also construct an efficient information provision system.

In the 7th Medium-Term Management Plan, we are focusing on quickly expanding sales and maximizing the value of new products. We will work closely with the R&D Division in each phase of a product's life cycle, starting before product approval and continuing after launch, and implement initiatives to get product value to take root. Furthermore, we aim to become number one in our fields of specialization, and strengthen relationships with partner companies toward the acquisition of in-licencing products partnerships.

Having learned about patient support programs in the U.S., I launched the support program "Sherpa" for patients with pulmonary arterial hypertension. As physicians have limited time, nurses working only on the program listen to patients' worries regarding treatment and life and provide that information to physicians as feedback. Through these initiatives, the percentage of patients who stop taking Uptravi has fallen to 6% from 30%. Patient centricity-based activities are initiatives tied to solutions to social issues through engagement with patients, doctors, and similar parties and should be valued.

\* CRM (Customer Relationship Management): This is a system for building good relations with customers by collecting and using customer information.

## Overview of and Remaining Issues Related to the 6th Five-Year Medium-Term Management Plan

Channels for exchanging information with medical professionals, which is indispensable for spreading pharmaceuticals in a market, are rapidly growing more diverse. Even at Nippon Shinyaku, there has been a certain level of support for strengthening the provision of information and solutions to issues through digital technology by establishing a new department within the Sales and Marketing Division. On the other hand, diseases that our products target require specialized knowledge, and many physicians want more direct dialogue for treatment proposals tailored to each patient. As for remaining issues, we are working to coordinate and integrate digital technology into MR activities and provide healthcare workplaces with the best information.

## Initiatives Focused on Strategy to Implement the 7th Five-Year Medium-Term Management Plan

### Promoting the provision of information through digital technology

At a time of dramatic changes in the healthcare environment, it is important to make proper use of each information provision channel, which are geared toward a particular work style and preference of medical professionals, in order to continue to

quickly meet healthcare workplace needs. In addition to creating and distributing quality digital content, we will tie this to the timely and prompt provision of information, and one such measure is to assign a digital MR for each product. We will also create a system that ensures the accurate delivery of information that doctors truly want through the timely analysis of satisfaction with our contact with medical professionals and content of our communications. Furthermore, we will raise the quality of our information provision activities via both face-to-face and digital channels even higher by introducing role playing that incorporates generative AI into human resource education, raising the level of specialized knowledge of Sales and Marketing Division members, including MRs, and similar activities.

### Initiatives for disease awareness: providing information through customer journey map

We will move forward with building a system based on a patient centricity-focused approach so that each patient has equal access to information regardless of the stage of their patient journey. We not only support patients moving through the treatment process with such initiatives as creating and expanding websites and material for patients, expanding operation of the patient support program in the pulmonary hypertension field, and examining the introduction of the program into other fields but will also contribute to greater patient knowledge and understanding of their disease by continuing to issue educational material and holding events.

## NIPPON SHINYAKU PEOPLE

### Introducing e-only MRs who support the physician work style reforms

So that we can deliver information indispensable for treating intractable and rare diseases to medical professionals as quickly as possible, I have completed preparations to introduce e-only MRs who make use of digital technology when we obtain approval for a new AML drug. When a person is diagnosed with AML, it is important that they immediately start treatment, and there is a need to quickly deliver information on the proper use of such medicines. In addition, there is a need among medical professionals to create an environment in which desired information can be easily obtained when wanted as work style reforms for doctors were fully launched in April 2024. We are aiming to be a trusted treatment partner by accurately understanding the needs of these medical professionals and quickly delivering required information through all channels, including MRs.

**Keiya Kato**  
Hematology Product Marketing Group, Hematology Product Marketing Department,  
Sales and Marketing Planning Division



## Strengthening Patient Support and Advocacy Activities Based on Patient Centricity

### Pharmaceuticals Business: Medical affairs

#### Material issues and related SDGs

#### Realizing a healthy future by creating innovation



#### Strengths

- Generate medical and scientific evidence related to unmet medical needs and communicate that evidence to medical professionals in order to deliver optimal healthcare to all patients
- Conduct medical and scientific exchanges with key external experts that make use of advanced and latest scientific knowledge, etc.
- Involved in medical affairs from early development stage
- Conduct thorough life cycle management from application to around time of approval

### Overview of and Remaining Issues Related to 6th Five-Year Medium-Term Management Plan

As for medical affairs, we are developing an action plan from a patient centricity-based perspective. Because we consider it important for patients to promote greater understanding of diseases, we held various events. For example, at a metaverse public seminar on muscular dystrophy, we not only gave lectures but also conducted other activities, such as holding recreation activities and hosting an artwork exhibition. In addition, we discussed important points regarding daily life during online public lectures on pulmonary hypertension and discussed “cancer treatment and taste disorders” as daily topics for patients during the AYA week 2024 public lectures. Although the number of participating patients has increased every year, there are still many patients who are not aware of these events. We will therefore work so that even more patients can attend these events.

Furthermore, we are conducting various types of research, including non-clinical research, clinical research, database research, and registry research, in order to generate evidence in disease fields related to our products. As for database research,



Metaverse event

we conducted joint research using real-world data in order to clarify “the percentage of Japanese with anemia, the state of treatment, and medical costs, quality of life (QOL), and productivity loss for anemia patients.” The results of this research were published in an academic journal in FY2023.

We also posted a press release regarding this on the Company's website. In Japan, results from the research have drawn attention because there are insufficient reports on the impact that anemia has on society. We hope that this research provides an opportunity to get anemia recognized as a social issue and to change perceptions of the condition. As for the creation of evidence, we are aware that we still have insufficient experience and results and will steadily acquire experience piece by piece.

### Strategy and Future Initiatives to Achieve 7th Five-Year Medium-Term Management Plan

We will use digital technology to solve medical issues and generate evidence.

For example, we would like to take on the challenge of contributing to better healthcare by focusing on digital health that uses wearable devices, apps, artificial intelligence (AI), and other cutting-edge technology. Furthermore, through our evidence generating activities, we will not only move forward with research on hematological malignancies, pulmonary hypertension, Duchenne muscular dystrophy, and anemia that is already underway but also prepare for new research. We also aim to create from unmet medical needs ascertained by medical science liaisons (MSL)\* and others evidence that is linked to patient benefits and provide that information.

\* Medical Science Liaisons (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.

## Maintaining a Safe and High-quality Supply of Products

### Pharmaceuticals Business: Resource Procurement, Production, and Assurance

#### Material issues and related SDGs

#### Realizing a healthy future by creating innovation



#### Strengths

- Promotes DX and grows to include manufacturing sites that can handle global demand for pharmaceuticals with new modalities, such as nucleic acid
- Unified supply chain-related departments that extend from raw material procurement to postmarketing surveillance and robust, stable supply system that promotes risk management
- Resource Procurement, Production & Assurance Division that is involved from early development stage and contributes to development of pharmaceuticals



**Through strong lateral collaboration as the division responsible for pharmaceutical safety and security, we fulfill the basic mission of a pharmaceutical company**

#### Hitomi Kimura

Director, Resource Procurement, Production & Assurance

In February 2024, we were able to complete construction of the nucleic acid API purification plant at the Odawara Central Factory, which was scheduled to be completed during the period of the 6th Five-Year Medium-Term Management Plan. Through the 7th Five-Year Medium-Term Management Plan, we will steadily work to establish the production process. This is not only the first time we will conduct API purification at the Odawara Central Factory, but also our first attempt at commercial production of middle molecule drugs. We will continue to work together to tackle this issue.

The Resource Procurement, Production & Assurance Division, which I manage, is responsible for our basic mission as a pharmaceutical company—that is, to ensure efficacy and safety and to provide a stable supply of high-quality pharmaceuticals. At the weekly meeting of department managers, there is an exchange of opinions regarding issues and what should be done next, which makes it possible to conduct work with a mutual understanding of others' work. One of the division's strengths is the strong lateral collaboration between departments.

Our division is responsible for raw material procurement and production planning and plays an important role in supporting the Sales and Marketing Division and R&D Division. In the past, production plans were closely linked to the planner because they were based on that person's experience, but we have built a system that automatically proposes highly precise production plans using AI and statistic models, and are moving forward with more appropriate inventory management by adhering to newly set risk-based, safe inventory standards. At the Odawara Central Factory, we are also moving forward with examining the use of AI for the visual inspection of vials, and will work to further increase its accuracy for actual use.

An issue is our lack of experience in overseas markets. If we export our pharmaceuticals for rare diseases, it will be necessary to strengthen our local information gathering capabilities in order to respond to strict regulations of each country and cultural differences between countries. When supplying products overseas, it is also important to collaborate with affiliated companies throughout the whole supply chain and reliability assurance system. Furthermore, I would like to reinforce meetings with related departments and the mutual dispatch of workers and increase experience in order to overcome language and cultural barriers. As the department responsible for pharmaceutical safety and security, we will do all that we can to provide patients worldwide with a stable supply of high-quality, unique pharmaceuticals.

## Maintaining a Safe and High-quality Supply of Products

### Pharmaceuticals Business: Resource Procurement, Production, and Assurance

#### Overview of and Remaining Issues Related to 6th Five-Year Medium-Term Management Plan

##### Spreading our sustainable procurement policy

As one part of our efforts to actively promote sustainable procurement, we reworked our Responsible Procurement Guidelines into a Sustainable Procurement Policy and requested that key business partners know this policy and cooperate with procurement activities based on this policy. In FY2023, we revised this policy to make it consistent with related policies and registered partnership construction statements in order to create coprosperity with suppliers.

We will work to further spread our Sustainable Procurement Policy by introducing this policy throughout the Nippon Shinyaku Group and formulating a supplier code of conduct that reflects this policy and undertaking activities to educate and obtain the consent from business partners.

##### Increasing demand forecast precision using digital technology

Through the 6th Five-Year Medium-Term Management Plan, we not only achieved highly precise demand forecasts using advanced statistical models based on actual past sales data and AI systems but also the automation of production planning operations by combining this with existing ERP system functions. We also set risk-based safe inventory criteria and built an operable system.

We will conduct inventory management that balances stable supply and appropriate inventory volume by verifying the system and quickly reflecting changes in demand in production plans.

##### Construction of the Odawara nucleic acid API purification plant

It was proposed that we construct a nucleic acid API purification plant within the Central Factory in order to provide a stable supply of nucleic acid drugs. After obtaining in-house approval in June 2021, we completed construction in February 2024 as planned after about thirty months of planning and building.

##### Construction of a reliability assurance system

For the Production & Assurance Division, work is progressing smoothly, which has entailed ensuring the maintenance and management of production and marketing approval for our

various products in Japan and establishing a reliability assurance system for sales of Vilepso in the U.S. and Gaslon N tablets 2mg in China. As for post-manufacture and marketing surveys, we started our first database survey and are making progress as planned.

#### Strategy and Future Initiatives to Implement 7th Five-Year Medium-Term Management Plan

##### Develop and strengthen global supply chain

In order to develop and strengthen our global supply chain, we will undertake the following activities related to procurement, production, and logistics in order to establish a competitive supply system while keeping stable supply and cost management in mind.

##### 1. Reinforcing sustainable procurement initiatives and reducing procurement costs

The Sustainable Procurement Policy has been adopted as the group-wide procurement policy and is being introduced throughout the Nippon Shinyaku Group. We will formulate a Supplier Code of Conduct, which reflects this policy, and are moving forward with informing and gaining the approval of key business partners. In addition to coordinating and evaluating various types of surveys, including CSR procurement and stable supply surveys, and examining appropriate feedback methods for business partners, we are investigating ways to efficiently and effectively conduct supplier due diligence and environmental response surveys in partnership with key departments.

Furthermore, we will continue to work to reduce raw material procurement costs for nucleic acid drugs and key products through such activities as changing and adding suppliers and revising unit purchase price.

##### 2. Developing and invigorating Odawara Central Factory's global supply system

To provide a stable supply of a therapy for Duchenne muscular dystrophy, a growth driver for Nippon Shinyaku, we are working to strengthen our global supply system by ensuring the launch of production at our nucleic acid API purification plant.

Furthermore, we are promoting the manufacturing of oral solid doses and aiming to establish a highly reliable supply chain for the whole product lifecycle by accumulating proprietary production technology and accelerating the launch of pharmaceuticals

through the smooth shift to commercial production, in order to contribute to greater value of existing buildings, including the building for highly active solid formulations, and shorter development time for in-house products.

To generate sustainable growth, we are also working to increase productivity through such activities as automating operations that make use of digital technology and leveraging data, and to maximize throughput for the whole plant and create a highly competitive production system.

##### 3. Creating a global supply chain system for new modalities

With an eye toward expanding the regenerative medicine products business internationally, we will build a supply chain system that meets the regulations of each country and region in order to offer a stable supply of our drugs and expand new sales areas beyond Japan, the U.S. and China. Along with this response to new modalities, we will increase the competitiveness of our supply chain by establishing an end-to-end cold chain, which includes low-temperature production and storage, and reinforcing quality and inventory control system.

##### Building a system that can handle regulations in a wide range of countries

The Production & Assurance Division strives to ensure the quality, efficacy, and safety of products by appropriately conducting various operations, including ensuring the reliability of application data, pharmaceutical applications and the maintenance of approvals, ensuring product quality, managing safety information, conducting post-manufacture

and marketing surveys, and handling consultations regarding medicines, at all stages from R&D to product launch and beyond. As for future initiatives, we will deliver safe, high-quality products to patients worldwide in partnership with supply chain members by building a system to handle not only domestic laws and regulations\* but also regulations in the various countries we sell products.

\*Domestic laws and regulations  
Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices: Law related to such issues as ensuring the quality, efficacy, and safety of pharmaceuticals, medical devices, etc.  
GQP ministerial ordinance: Ministerial ordinance related to quality management standards for pharmaceuticals, quasi-drugs, cosmetics and regenerative medicine products  
GVP ministerial ordinance: Ministerial ordinance related to post-manufacture and marketing safety management standards for pharmaceuticals, quasi-drugs, cosmetics, medical devices, in vitro diagnostics, and regenerative medicine products  
GPSP ministerial ordinance: Ministerial ordinance related to conducting post-manufacture and marketing surveys and tests of pharmaceuticals

##### Establishing a reliability assurance system for new modalities, including biopharmaceuticals

To address diseases for which there are no effective traditional small molecule drugs, we are working to develop drugs with new modalities. We will create a system to ensure the reliability for these modalities, too.

##### Using post-marketing safety information

We will develop plans that make more meaningful use of post-manufacture and marketing survey, which are conducted as one of our post-marketing safety measures, and make the results public through academic papers, etc., in a timely manner. This will be used to increase product value and promote proper use.

## NIPPON SHINYAKU PEOPLE

### Partnerships that are growing more complex due to globalization

I am responsible for the packaging process at the Odawara Central Factory's Production Department, and we are promoting factory automation in order to reduce the number of required workers. Recently, we have examined using AI to automate the visual inspection of vials. For vials that contain freeze-dried preparations, we rely on people to conduct visual inspections because there are numerous inspection points and complex decision criteria. It would be best, however, to automate the process because the work takes a lot of time and places a heavy burden on workers. With the idea that it may be possible to automate the inspection process using AI, we started tests using various AI engines and were ultimately able to determine good and defective vials using an AI model that we developed. We are now moving forward with an examination of installing this automated inspection equipment.



**Toru Ichikawa**  
Product Section 1, Production Department, Odawara Central Factory

# Developing Diverse Human Resources and Realizing Employee Well-being

## Nippon Shinyaku's human resource development strategy and initiatives

Nippon Shinyaku considers its human resources the driving force for achieving sustainable growth, and its goal is for employees and society to grow together and co-create a better organization in line with NS Mind, which indicates the behavior, attitude, and awareness that all employees should aim for. We will achieve sustainable improvements in well-being by respecting the individuality of each employee and providing opportunities to grow and flourish.

### Material issues and related SDGs

#### Developing diverse human resources and realizing employee well-being



**To achieve the target of generating at least 50% of consolidated sales from overseas, we are prioritizing capturing and training global human resources.**

#### Takashi Takaya

Director,  
Personnel, General Affairs, Risk Management,  
Compliance & Digital Transformation

A look at the global pharmaceuticals market reveals that the U.S. accounts for about 50% of sales while Japan accounts for only about 5%. We are aiming to generate at least 50% of consolidated sales overseas because strong growth cannot be expected through Japan's market only. To achieve that target, not only local human resources but also Japanese human resources must be able to smoothly interact with overseas parties. One of our targets is to capture or train at least 40 global human resources, employees who possess not only language skills but also cross-cultural understanding and management skills, throughout the Group by 2028. Furthermore, we would like 30% of new recruits in FY2028 to be bilingual.

However, the wage gap between Japanese and overseas employees is a major issue for recruiting global human resources. Global human resources are paid appropriate compensation based on global standards that reflect their skills, roles, and responsibilities. Therefore, per employee labor costs will rise, but we will limit the overall number of employees by substantially improving productivity per employee through extensive use of digital technology.

With an eye toward placing the right person in the right position, we are currently integrating human resource information into the human capital management system Success Factors. In the future, we will create a mechanism to rationally and objectively make assignments using AI and appropriate algorithms. Not only is the number of outstanding young employees increasing, but the number of mid-career hires also recently hit almost 100. Under these conditions, we will fundamentally reform the personnel system, which involves revising evaluations for promotions, in order to transform the Company into one that all workers can energetically work in. At a time of turbulent changes in the environment, several types of human resources, including outstanding ones and ones that can confidently state their opinion, are even more important, and our policy is to evaluate and promote these human resources with an edge.

While valuing defensive aspects that include risk management, compliance, and cybersecurity, which I am in charge of, we will give priority to resolving these human resources-related issues, which is an offensive aspect. During the period of the 7th Five-Year Medium-Term Management Plan, we will steadily implement measures to become a company employees choose and link this to the sustained growth of Nippon Shinyaku.

## Human Resources Development Policy

At Nippon Shinyaku, we strive to “promote human capital management that allows each employee to grow and diverse human resources to play an active role” by respecting diversity and providing opportunities for independent challenges and self-development based on the idea that unique products are the product of unique people.

Aiming to become a company employees choose, we started to tackle the following four issues in FY2023: realizing employee treatment in line with roles, duties, and accomplishments;

realizing self-directed career development and placing of the right employee in the right position; realizing a highly psychologically safe organization; and realizing flexible work styles.

Furthermore, Nippon Shinyaku wants employees to develop themselves. By running through a prescribed cycle — “know current conditions” > “clarify gap with goal” > “create self-development plan to fill the gap” > “implement self-development plan”—and increasing their value, employees will become “employees companies choose.” Becoming a company employees choose and having employees companies choose will drive our growth.

### Measures to develop employees companies choose

#### Implement self-development plan

Employees work to development themselves through OJT and OFF JT. They undertake internal communication and review their plan when necessary.

- Evaluation system
- Career report
- 1-on-1 meetings

#### Know current conditions

Current conditions are ascertained through objective numbers obtained from outside surveys.

- Competency surveys
- Leadership assessments
- Engagement surveys

#### Personnel system

Realizing flexible work styles

- Desired work area (MR)
- Telecommuting
- Flextime
- Staggered working hours
- Support for work-life balance

#### Create self-development plan to fill the gap

Employees formulate a self-development plan necessary to fill the clarified gaps.

- NS Academy
- Challenge CAST and internal open recruiting
- Internal pro bono system
- Second job system

#### Clarify gap with goal

The gap with the current state is clarified by indicating requirements for the role and responsibility.

- Job descriptions
- Expand specializations

### Human resources development policy—Four topics

Realizing employee treatment in line with roles, duties, and accomplishments	Realizing self-directed career development and the placing of the right employee in the right position	Realizing a highly psychologically safe organization	Realizing flexible work styles
<ul style="list-style-type: none"> <li>• Job descriptions</li> <li>• Reforming wage system</li> <li>• Reducing number of years for promotions</li> <li>• Revising evaluation systems</li> </ul>	<ul style="list-style-type: none"> <li>• Competency surveys</li> <li>• NS Academy</li> <li>• Expanding the professional system</li> <li>• Challenge CAST and internal open recruiting</li> <li>• Internal pro bono system</li> <li>• Second job system</li> </ul>	<ul style="list-style-type: none"> <li>• 1-on-1 meetings</li> <li>• Engagement surveys</li> <li>• Internal praise application</li> <li>• Leadership assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Telecommuting</li> <li>• Flextime</li> <li>• Staggered working hours</li> <li>• Supporting work-life balance</li> <li>• Desired work area system (MR)</li> </ul>

## Developing Diverse Human Resources and Realizing Employee Well-being

### Nippon Shinyaku's human resource development strategy and initiatives

#### Building a Flexible, Resilient Organization That Can Adapt to Change

To ascertain the current state of the organization, we measure the state of the organization and individuals using leadership assessments, which we have conducted for years, and external indicators, including our competency survey and engagement survey. We analyze this data from various perspectives, provide it as feedback as quickly as possible, and use that to create a better organization. In addition to clarifying the good points and points to be improved in the organization and individuals through the use of objective indicators while respecting the traditional climate and sensitivities, we will promote the establishment of a cycle of setting more concrete problems and formulating and implementing solutions by making the way forward visible.

#### Working to expand human resource portfolio

Starting in FY2023, we clearly indicated the requirements and skills and experience needed for each position, which involved creating job descriptions that list the requirements for positions, and making these available throughout the Company.

Furthermore, we revised the wage system in order to eliminate personal factors related to salary and provide compensation commensurate with the role and performance demanded of each person's position and stage. We will capture and train human resources with the ability to create new value and provide compensation appropriate for their value regardless of such personal traits as age, sex, or nationality. In order to conduct appropriate evaluations, we divide each employee's work into "assigned operations" and "challenge targets" and place a greater weight on "challenge targets." For both employees and the Company to grow, it is important to foster a culture in which challenges are continually undertaken, and this system stresses what challenge was tackled and the results.

#### Investing in human resources who want to grow and KPI

Through the human resources development program NS Academy, we offer 35 constituent programs, which are primarily voluntary, and in FY2023, a total of 1,466 employees (79.4% of regular employees) took part for a cumulative total of 3,386 employees. To encourage voluntary participation, we introduced open badges, or digital certificates that list training courses completed. So far 2,926

badges have been awarded, which includes badges for independent study, but also for social contribution activities. We will expand the human resource development program related to "Change," "Global," and "Professional," traits necessary for Nippon Shinyaku's continued growth.

#### Fostering future managers

For the HONKI Juku (first-year), which is offered to nurture next-generation management resources, a total of 23 executives, managers, and leaders were nominated and participated in the program. In this program, participants acquired the knowledge, skills, and attitude required of next-generation managers through such activities as participating in self-development courses and taking on the challenge of management issues indicated by the management team. The target is for 115 employees to participate in the program over 5 years.

#### Fostering global human resources

As we broaden our global expansion, we are reinforcing our global human resources development program on three fronts—mindset, language skills, and other skills. New recruits must take global mindset training, which 75 people did in FY2024. We also offer the English speaking test PROGOS, which is based on the concept of practical English, and a total of 850 employees have taken the test. There are also study abroad support systems for overseas universities and research institutes so that employees can gain an understanding of global business and broaden their knowledge. There are several purposes for these programs, including acquiring specialized knowledge, developing personal networks, supporting life in foreign countries and cultures, fostering global human resources, and strengthening the spirit for taking on challenges.

#### Fostering human resources for DX

Nippon Shinyaku is focusing on building an organization suited to the digital era and fostering human resources who will promote DX. This is centered on two pillars, "measures to enhance the IT and DX literacy of all employees" and "open, selective DX specialist training," and in FY2023, 1,811 (90% of all employees) took part in the program. Our "measures to enhance the IT and DX literacy of all employees" include a support program for obtaining qualifications equivalent to D-Lite,\* as well as internal webinars and the introductory IT skill course Manan-DEGITA-ru so that all employees



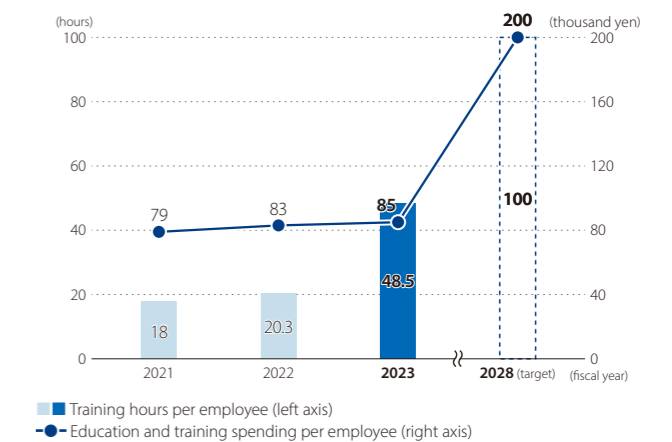
can become core human resources to promote DX. The "open, selective DX specialist training" includes a wide range of programs that employees can take at the level that matches their skill level from basic to applied, in three fields (data science, business, and data engineering), which nurtures human resources for the promotion of DX and for the advancement of transformation.

\* Di-Lite: Digital literacy scope that all businesspersons should possess, as defined by the Digital Literacy Council.

#### Fostering human resources who will produce competitiveness

Nippon Shinyaku provides a system that supports employees in technical and research positions who wish to obtain a PhD with the aim of improving the Company's research and engineering capabilities. We also foster human resources aiming for middle management and executive positions with a support system for obtaining an MBA with the aim of strengthening our

#### Investments in human resource development and long- and medium-term targets



organization as a whole. Nippon Shinyaku has about 40 MBA-holders, and 40.3% of employees have a PhD or master's degree.

In addition, we support diverse work styles within the Company, which has involved expanding specialist programs for evaluating the specialization required for operations, and reinforcing various other programs, including work experience in other departments and the internal open recruiting system, which have promoted the creation of career plans and exchanges between departments. As for activities outside the Company, we support the growth of employees by providing assistance for obtaining knowledge and skills that cannot be obtained in-house through the second job system and fostering diverse backgrounds and autonomy and independence.

### NIPPON SHINYAKU PEOPLE

#### Partnerships that are growing more complex due to globalization

As the business environment in Japan grows harsher, Nippon Shinyaku is working out a system to pursue future revenue sources overseas. For licensing operations, too, there is a greater need for partnerships, which are growing more complex, and because of this, I thought it was important for me to learn about business. Therefore, I made use of an internal system to obtain a Master's of Business Administration (MBA). Along with classmates who will be future managers at companies in a wide range of industries, primarily famous companies connected to Kyoto, I was able to deepen deliberations and exchanges and dramatically broadened my perspective and knowledge over the two years of the program. Having become a manager, I will now share the connections, knowledge, and ways of thinking I acquired through my studies with my team and link this to the sustainable growth of the Company and the implementation of our Business Philosophy.

**Takashi Homan**  
Planning Section 1, Licensing Department, Licensing & Alliance Division



## Developing Diverse Human Resources and Realizing Employee Well-being

### Achieving employee well-being through health and productivity management

#### Well-being Management

##### Well-being Declaration and promotion system

Nippon Shinyaku aims to be a company in which employees can find happiness in their work. Employees being themselves and having a psychologically safe workplace results in a virtuous cycle of greater well-being (a positive state physically, mentally, and socially) and improved performance. We aim to become a company in which each employee can find happiness in their work and that provides comfort, satisfaction and meaning.

The Well-being Declaration, which was first issued in 2021, includes the idea of health and productivity management. In pursuit of well-being for employees and their families, the Health and Productivity Management Working group conducts various activities, including hosting health seminars to improve health literacy and provide opportunities to employees, and implementing anti-smoking measures. Furthermore, we promote well-being management in collaboration with well-being supporters assigned to each office to educate people about and collect opinions regarding health and productivity management.

##### Implementing well-being management

###### Occupational safety and health initiatives

Having formulated the Basic Policy on Occupational Safety and

Health, Nippon Shinyaku efficiently and effectively promotes both basic safety and health initiatives and health and productivity management measures to maintain and enhance the health of employees. We aim to enhance the safety, security, and physical and mental health of all employees, create rewarding work environments, and continuously enhance the well-being of our employees.

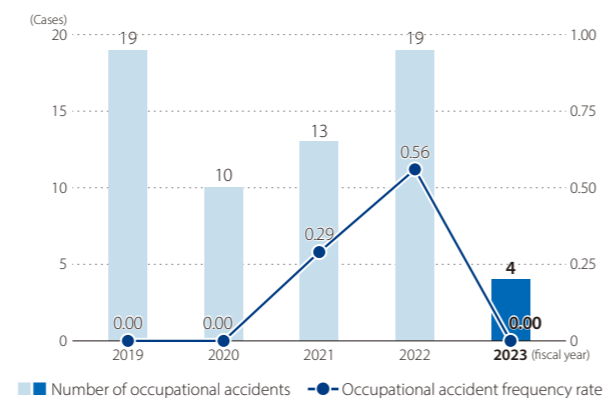
Meeting twice a year, the Company-wide Occupational Health and Safety (OH&S) Committee decides on the policy regarding safety and health of the whole Company for the fiscal year and evaluates and reports on related issues. In line with the Company-wide policy, we work to eliminate occupational accidents and develop an appropriate work environment by holding OH&S Committee meetings at each business location and actively promoting safety and health activities.

In FY2023, there were 4 occupational accidents, which was dramatically less than the number for the previous fiscal year (19 in FY2022), but commute accidents rose year on year to 4 (1 in FY2022).

##### Promoting health and productivity management

In line with the fundamental idea that “employees and their families who support them should enjoy good physical and mental health, creating a workplace that overflows with smiles and vitality,” we are promoting health and productivity management in order to implement our Business Philosophy

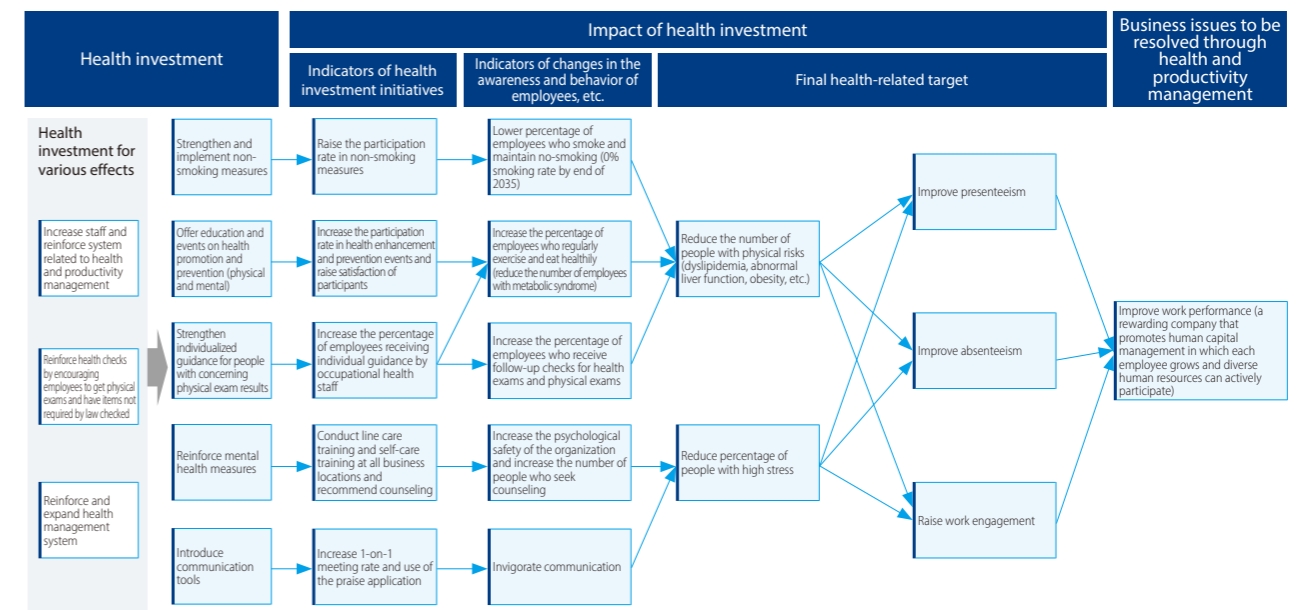
##### Changes in number of occupational accidents and occupational accident frequency rate



\* 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.

##### Health and productivity management strategy map



and management policies by creating pleasant workplace environments.

So that each employee can work with peace of mind and give the greatest performance while maintaining their physical and mental health, we have set presenteeism, absenteeism, and work engagement as KPIs.

##### KPI (presenteeism, absenteeism, and work engagement) and results

	FY 2021	FY 2022	FY 2023	Tentative target (FY2025)
Presenteeism (%)	75	76	74	80%
Absenteeism (people)	2	6	8	5 or less
Work engagement (points)	7.8	7.6	7.5	Cannot be set because of changes in survey since FY2024

\* Presenteeism: Percentage of employees who answered that their performance was “higher than average” on a six-point scale as result of a survey and analysis using the stress check contractor’s original scale (partially modified from the University of Tokyo model)

\* Absenteeism: Number of employees on personal injury or sickness leave of 30 days or more

\* Work engagement: To clarify job satisfaction of employees and in workplaces using commitment theory, a state close to employee engagement is demonstrated through employees’ sense of belonging and sense of contribution, and how the Company and superiors are involved in this is indicated on a scale of 10 as “recognition from the Company.”

##### Well-being management for greater highs

With Professor Yukiko Uchida of Kyoto University, who also serves as the director of the Kyoto University Institute for the Future of Human Society, as an advisor, the Well-being Promotion Project, which was launched in 2021, formulates policies and measures. The Well-being Promotion Section of the Personnel Department is working to co-create well-being with individual employees by implementing concrete promotion activities. In line with the three concepts of deepening understanding of well-being, knowing your own well-being, and knowing the well-being of those around you, we will continue to hold lectures and seminars and implement such measures as “Monthly little happiness diagnosis” and “Looking back at my well-being in photos.”

Through the Well-Being Promotion Project, we will explore what it means to be in a positive state and implement measures to nurture “connections between people” and “spirit of altruism,” which have a significant impact on people’s well-being, through dialogues between employees.

## Developing Diverse Human Resources and Realizing Employee Well-being

### Ensuring diverse work styles and psychological safety

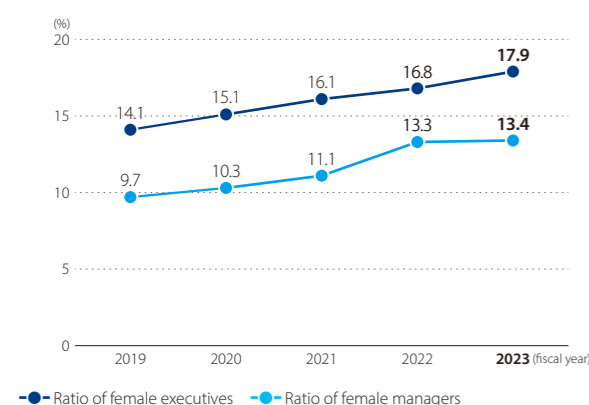
#### Nippon Shinyaku's Diversity, Equity, and Inclusion (DE&I)

Nippon Shinyaku respects diversity in terms of sex, age, nationality, and beliefs, and provides opportunities for individuals to take on challenges and grow in a positive manner. In order to create innovation and achieve sustainable growth, we are working to promote well-being and create an organizational climate in which employees with diverse values can thrive.

#### Supporting participation of diverse human resources and KPI

At Nippon Shinyaku, the percentage of managers who are women reached the target included in the General Employee Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life for FY2019-FY2023 (15% of more) in FY2020, and continues to grow every year. In this plan, which was newly formulated in FY2024, a target for the percentage of managers who are women (section leader or above), which was 15.3% at the beginning of the plan, was set to 17% or more, and 25% in materiality by 2035 (1 percentage point increase annually). Although a wage gap exists between male and female workers, the Company's personnel system does not stipulate one for male and female employees with the same duties and position. An analysis reveals that the gap is primarily because women account for a small percentage of managers. We will create an environment in which diverse human resources, including women, can work to further their careers while maintaining work-life balance.

Ratio of female executives and female managers



As for employing people with disabilities, we introduced a "dual system" in FY2007 and actively recruit people with disabilities and support their active participation and growth in partnership with work-transition support providers, government agencies, and local companies. At Nippon Shinyaku, recruits are initially assigned to the Personnel Department, and after working there for a year or more, they are assigned to a collaborative department at the normal transfer time depending on their aptitudes, which expands their work field.

#### Promoting Diverse Work Styles Appropriate for Each Employee

##### Initiatives to balance work and life

Nippon Shinyaku has introduced flextime, telecommuting, and staggered working hours in order to make flexible work styles possible, increase productivity, and balance work and life. In FY2023, we added most departments at the Odawara Central Factory to departments that offer flextime and broadened eligible employees to part-time and temporary employees. Furthermore, we consider it important for employees to be able to flexibly set the time they spend working, with their families, developing themselves, obtaining diverse experiences through second jobs and other activities, and contributing to the local community, in order to fully demonstrate their desire and capabilities in a physically and mentally healthy manner. We promote the use of annual leave for this reason.

In addition, in FY2022, we started to release an internal message from the president regarding his support for taking childcare leave so that employees who want to take childcare leave can do so with peace of mind. We participated in a childcare leave for men project spearheaded by Sekisui House in FY2023 because of our idea that "childcare for men should be a given in the world." In FY2023, 100% of women eligible for childcare leave took leave while 70.8% of men did so. Over the past five years, the percentage of employees taking childcare leave has trended upward. However, to continue to create an environment in which men can take childcare leave, we set the target of 75% for the average percentage of eligible men taking childcare leave during the period of the action plan (FY2024-2026), which is based on the Act on the Promotion of

Women's Active Engagement in Professional Life and Act on Advancement of Measures to Support Raising Next-Generation Children. We aim to further increase the use rate.

A workplace in which employees who want to take leave can do so with peace of mind because of mutual trust and understanding is a pleasant workplace even for employees with various personal issues, such as nursing or having to regularly go to the hospital. In order to create this type of workplace, we will develop a culture of mutually accepting differences in positions and conditions and helping each other.

#### Realizing a Workplace That Is Comfortable and Rewarding and Where Psychological Safety Is Ensured

At Nippon Shinyaku, we define engagement as "relationship in which both the Company and employees grow and contribute to each other." We introduced an engagement survey in the spring of 2023 in order to clarify the mutual relationship between employees' condition and the Company's condition, solve problems faced by the organization, and achieve well-being for each employee by continually listening to the opinion of employees regarding "pleasantness" and "satisfaction." Nippon Shinyaku's engagement score for FY2023, which is based on the percentage of positive responses to three items concerning engagement, was 70% (response rate of 97%), which is 8 percentage points greater than

the FY2022 average for Japanese companies but 4 percentage points less than the global average for the same year.

For both the Company and employees to continue to grow, it is necessary to depict one's vision through dialogue at the Company and workplace level, understand current conditions, and generate concrete actions that each employee can take, starting with the survey results. Nippon Shinyaku provides Directors and each workplace with the survey results as feedback and holds workplace-level discussions. All employees taking the initiative to think up and implement actions that improve the workplace fundamentally improves the organization and makes it possible to implement our Business Philosophy and realize our long-term vision. We will continue to take steps with an eye toward obtaining an engagement score and a positive response rate of 75% or more for each of the three engagement-related items.

We also conduct leadership assessments, which is provided as feedback, by comprehensively compiling subordinates' anonymous responses to questions regarding their superiors' routine words and deeds. This is done to improve management and reinforce the organization's capabilities, and we encourage changes in behavior gleaned from differences in demonstrated management capabilities and self-evaluations. We work to enliven communication between superiors and subordinates and between employees and to foster a workplace environment that supports well-being and ensures psychological safety by conducting 1-on-1 meetings and encouraging the use of the internal praise application.

### NIPPON SHINYAKU PEOPLE

#### Exchanges with members with diverse positions provide strong stimulation

Every year, the Company expands systems related to career development and learning support, which I think strongly communicates that it supports people who want to grow. Among them, the global business skills program, which I applied for to take on new challenges without excessive stress, offers stimulating exchanges between other highly motivated participants regardless of age, position, and type of work, and what is learned during the program can be applied to routine operations. I would like to maintain this attitude toward learning.

Furthermore, the mentor-mentee system for new managers makes it possible to create an environment in which more senior managers and new managers can easily consult each other whenever necessary, which makes it possible to take up management positions without vague concerns regarding the role.

**Aina Fukudome**  
Licensing Section, Licensing Department, Licensing & Alliance Division



# Resolving Social Issues and Coexisting with the Community

## Human Rights

"Earn the trust of society" is one of the management policies established by the Nippon Shinyaku Group. We will contribute to the development of local communities and the realization of a robust society by fulfilling our social responsibility through our concern for human rights.

### Material issues and related SDGs

#### Resolving social issues and coexisting with the community



## Human Rights Initiatives

The Nippon Shinyaku Group has established the Nippon Shinyaku Group Human Rights Policy to fulfill its corporate respect for human rights based on the Code of Conduct for Nippon Shinyaku Group, which is a practical standard of conduct that all executives and employees should take in their business activities to meet the expectations of society and earn its trust.

### Basic approach to human rights

As a signatory to the United Nations Global Compact, we support the ten principles in the four areas of responsibility. We also understand the human rights expressed in the Universal Declaration of Human Rights and the principles related to fundamental rights set forth in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work as minimum standards. In our business activities, we respect the human rights and personalities of individuals in accordance with the Guiding Principles on Business and Human Rights. In terms of pharmaceutical R&D, we will act with high ethical standards in accordance with the Declaration of Helsinki and build a relationship of trust with society.

**WEB ▶** Click here for the full text of our Human Rights Policy  
<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/social/humanrights.php>

### Organizational structure

The Sustainability Committee, chaired by the president, deliberates and reports twice a year on initiatives concerning respect for human rights, and important matters are reported to the Board of Directors. The director in charge of business management & sustainability is responsible for human rights, and the Corporate Sustainability Department promotes initiatives to resolve issues.

## Human Rights Due Diligence

In accordance with the Nippon Shinyaku Group Human Rights Policy, which makes it responsible as a corporation for respecting human rights, we are advancing human rights due diligence initiatives based on the UN Guiding Principles on Business and Human Rights. By identifying and assessing the adverse impact that our business activities may have on human rights, we will take steps toward reducing and preventing such impact, and in order to verify effects of these efforts, we will continuously run them through the PDCA cycle and publicly disclose the results of these initiatives.

### Promotion framework

In order to embark on full-scale human rights due diligence, in 2023, we established a Human Rights Subcommittee under the Sustainability Committee and chaired by one of its members. The subcommittee has its office in the Corporate Sustainability Department, and it is discussing such matters as how to ascertain any human rights issues inside and outside the Company, identify issues, and the advancement of other initiatives.

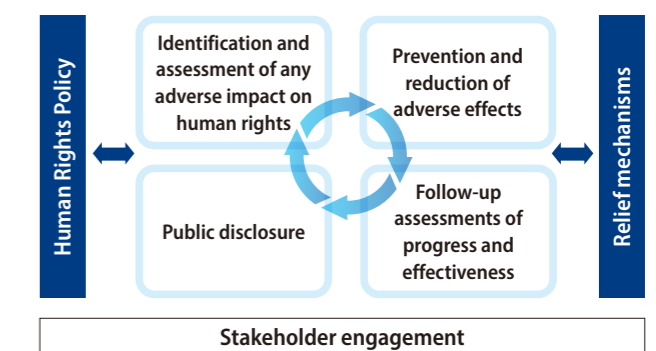
### Identifying human rights issues

The Human Rights Subcommittee has identified the following human rights issues for prioritization by the Company. The Subcommittee identified these after discussing the results of a human rights awareness survey of Group employees and hearing experts' opinions. The Subcommittee plans to reassess these issues in the future after conducting similar surveys and dialogs with stakeholders.

All employees receive human rights training once a year in order to prevent and reduce any adverse impact on human rights. In addition, we try to stay abreast of the status of human rights by periodically administering questionnaire surveys to employees. The key points are shared with the Human Rights Subcommittee, so that steps may be taken to resolve any issues. We are administering CSR procurement surveys to our business partners, and if necessary, we are conducting interviews

regarding the survey questions, so that we can find out whether our business partners have any risk. Going forward, we will continue our efforts to ascertain issues and formulate solutions.

### Human rights due diligence process



### Training and awareness

The Nippon Shinyaku Group provides training on human rights to all employees. In addition to annual training on harassment, training on human rights due diligence was conducted as part of departmental compliance training in 2022. We also inform

our business partners about our human rights policy, seeking their understanding and promoting their efforts.

	FY2022	FY2023
Human rights-related training	Once	Once

## Resolving Social Issues and Coexisting with the Community

### Coexistence with Local Communities

#### Contributing to Medical and Scientific Research and Development of Local Communities

##### Public research grant system

In 2019, Nippon Shinyaku inaugurated a public research grant system as a way of contributing to the development of science in the medical and pharmaceutical fields. This system involves soliciting and fostering research themes in order to support young researchers. In FY2023, we solicited basic research on four fields of diseases (hematological malignancies, muscular dystrophy and other inherited muscular disorders, pulmonary hypertension, and urology), and after rigorous screening, a committee of external reviewers (physicians and academicians) awarded grants to 20 research projects.

##### 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, has introduced various aspects of Kyoto, including its scenery and landscapes in the various seasons and historical events. The Company also publishes a quarterly PR magazine titled "Kyo," also using works of art created with dyes for the cover, 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. The calendars and some of "Kyo" magazine can be viewed in the Kyo Gallery section of the Nippon Shinyaku website.



#### Support for Children

##### Dietary education activities

Recent years have seen increases in nutritional imbalances (unbalanced diets) among children and in families that skip breakfast, and the resultant adverse impact on physical growth has become a social issue. Nippon Shinyaku wants to help solve the problems related to children's dietary habits, so we have partnered with local

governments and educational institutions to develop dietary education awareness campaigns that will develop children's interest and concern about eating so that they will practice healthy dietary habits. In March 2022, we registered as a "Kyoto Food Education Support Company." Members of our Functional Food Division go to elementary schools to teach children about the nutrients that make up our bodies, the importance of eating breakfast, and food loss. Our employees do more than just talk. They also do things to pique the children's interest, like having group conversations, giving quizzes, and conducting experiments on proteins. Also, in FY2023, we created original Food Education Cards, which teach children about the importance of meals, dietary customs, manners, and the like. The reading cards were chosen by employee submission. Employees visit nursery schools and daycare facilities and give children the opportunity to learn about food while having fun playing with the cards. We will continue such food education activities for children.



##### Educational support through sports

The Nippon Shinyaku baseball team, in partnership with municipal governments and baseball associations, holds



baseball clinics for children of all ages from elementary school through high school in Kyoto (where the Company has its head office) and Odawara and other places where the Company has factories. In recent years, the Company has been holding sports clinics with the theme of vigorous growth and development of mental health for preschool children in the vicinity of Kyoto so they can experience the joy of exercise. In FY2023, programs on running, catching, throwing, and hitting were held at Rokuman kindergarten and daycare center and Kamifusa kindergarten in Kyoto. The children were all smiling and having a lot of fun. Going forward, we will continue our community involvement and will contribute to children's healthy growth by improving the techniques and strength of baseball-playing children and having them experience the joy of exercise.

Also, continuing from 2022, we again held the "EyeMoT Sparkling e-Sports Competition in Nippon Shinyaku," which uses eye-controlled software for children who have physical functioning disabilities. Exciting competitions unfolded and spread, including a Picture Painting Competition, in which opponents use eye movements to compete in covering the area of a canvas, and the Sports Meet and Tama-ire, in which players compete in teams.

##### Supporting children by providing opportunities for reading and other activities

The Nippon Shinyaku Children's Literary Awards, with the support of the Japan Juvenile Writers Association, call for

entries in the two categories of stories and artworks, and make copies of selected top works in each category. The produced picture books are donated nationwide to children's hospitals and other medical institutions, as well as public facilities. They can also be viewed on the award's website.

Moreover, the Company started the Nippon Shinyaku Sparkling Future Mobile Library in 2019 as part of its centenary celebrations to bring exciting library experiences to children. The library van carries around 1,000 physical books, including the Nippon Shinyaku Children's Literary Award-winning titles. Along with employee volunteers, the library visits elementary schools, children's centers and local events.

We will continue to provide children with opportunities to come into contact with many books and writings.



### NIPPON SHINYAKU PEOPLE

#### Playing a part in delivering direct value to patients

As a pharmaceutical company, we do more than merely provide medicine. Since 2022, we have been holding the e-Sports Competition for people with physical functioning disabilities as a way to prove value to patients and their families. This competition, in which entrants use eye motion software to operate their PCs with their eyes, is held online with nationwide participation.

Most participants have few opportunities to play and compete in games with children their age, so this competition is impactful as it enables these children to play games and brings joy to these children and their families.

Going forward, in addition to providing medicines, we will continue these programs that deliver and bring direct value to patients and local communities.



**Mari Fukaya**  
Sustainability Section, Corporate Sustainability Department

# Strengthening Efforts to Protect the Global Environment

The Nippon Shinyaku Group has made responding to environmental issues a key issue for management. “Strengthening efforts to protect the global environment” is one of our material issues, and we are pursuing business activities that take the global environment, and especially measures for dealing with climate change, into consideration.

Material issues and related SDGs

Strengthening efforts to protect the global environment

7

12

13

15

## Environmental Management

The Nippon Shinyaku Group is aware that it is responsible for the burden it imposes on the environment and has established a Basic Environmental Policy to reduce its environmental impact in all areas of its business activities. As a company that helps people lead healthier, happier lives, our Basic Environmental Policy aims to realize a sustainable society by striving to protect, sustain, and improve the environment through eco-considerate business activities.

WEB ▶ Basic Environmental Policy

[https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/environment\\_manage.php](https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/environment_manage.php)

### The 7th Nippon Shinyaku Environmental Targets Plan (FY2023-2025)

Item	Targets
Climate change alleviation	Greenhouse gas emissions (Scope 1, 2) by FY2030 by 42% from the FY2020 benchmark Greenhouse gas emissions (Scope 1, 2) by FY2025 by 21% from the FY2020 benchmark
Water resources management	Reduce water use intensity by 10% from the FY2021 level by FY2025
Waste management	Reduce the final amount of landfilled waste by 75% from the FY2005 level by FY2025 Set the target waste plastic recycling rate for FY2025 at 65% or above Set the target waste recycling rate for FY2025 at 60% or above
Chemical substance management	Promote appropriate management of chemical substances, including those designated in the Pollutant Release and Transfer Register (PRTR) system provided for by the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, and constantly reduce releases of such substances in the environment
Environmental management	Continue the certification of the environmental management systems (ISO 14001 and KES Step 2) so as to effectively improve environmental performance
Biodiversity	Promote biodiversity conservation activities

## Environmental Targets Plan

The Environmental Targets Plan sets specific voluntary targets for the Company to achieve compliance with its Basic Environmental Policy.

The impact of climate change on the global environment is increasing, and the Paris Agreement called for a global reduction in greenhouse gases starting in 2020. Also, targets have been set for sustainable development goals (SDGs), including achieving reductions in climate change and environmental burdens by 2030.

We are fully aware that we are in a position where we too must take action, so we established our 7th Environmental Targets (for FY2023-FY2025) so that we can increase our corporate value based on sustainability management and create a sustainable society through practical efforts to achieve SDGs.

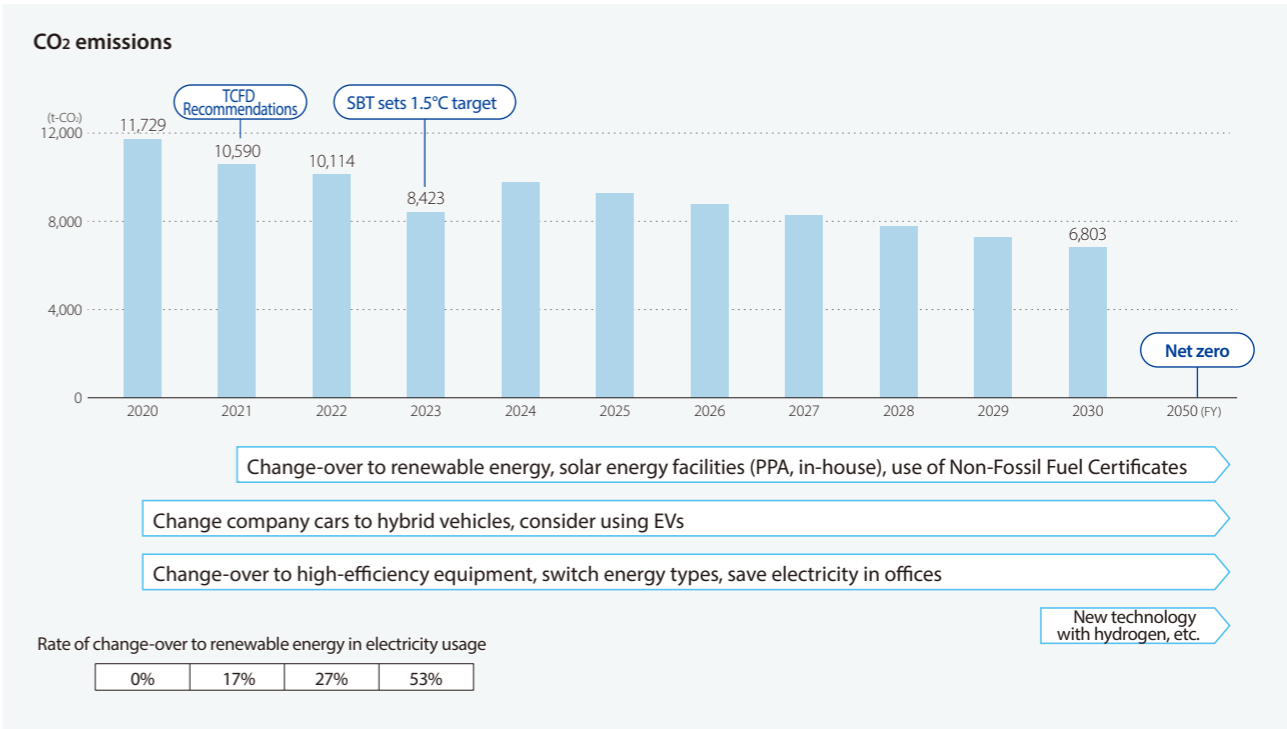
## Initiatives to Reduce CO<sub>2</sub> Emissions

Climate change countermeasures are one of the Nippon Shinyaku Group's 5 material issues. Our targets are to reduce CO<sub>2</sub> emissions to zero by FY2050 and to reduce greenhouse gas emissions by 42% by FY2030 from the FY2020 benchmark (Scopes 1 and 2). We are taking steps to reduce our CO<sub>2</sub> emissions, and in January 2024, our target to reduce greenhouse gas emissions was certified as a science-based target by the Science Based Targets initiative (SBTi).

### Switching to renewable energy

With the aim of achieving zero emissions by FY2050, the Nippon Shinyaku Group has a target of reducing its CO<sub>2</sub> emissions to 6,803t CO<sub>2</sub> by FY2030 (a 42% reduction from the FY2020 benchmark year).

In April 2021, we began to change the electric power



WEB ▶ Responding to climate change <https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/climatechange.php>

consumed by our entire head office complex to electric power generated from renewable energy sources, and this change-over project was completed in FY2023. In November 2022, we started switching over to hydroelectric power at our Odawara Central Factory. We also installed solar power generators at our Discovery Research Laboratories in Tsukuba in April 2022 and at our Odawara Central Factory in November 2023. The change-over at our head office went into effect in April 2024.

Through these initiatives, more than 50% of our electricity consumption in FY2023 came from renewable energy sources.

Moreover, we closed down the cogeneration system at our head office complex in FY2023 and have reduced the CO<sub>2</sub> emissions generated from burning city gas.

### Introducing hybrid company-owned vehicles and other internal initiatives

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 company cars were entirely replaced by hybrid vehicles over a four-year period starting FY2020, except in heavy snowfall areas.

We are reducing energy consumption through equipment improvement, promoting energy conservation following the guidelines for electricity conservation and energy saving, and educating employees on the importance and necessity of environmental preservation through in-house educational programs.

### Supplier engagement

We are partnering with our suppliers to reduce CO<sub>2</sub> emissions in the supply chain.

WEB ▶ CO<sub>2</sub> emissions / Ratio of hybrid company cars

<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/climatechange.php#anchor02>

### Received third-party verification

To improve the reliability of our environmental information, we received a verification opinion from a third party, SOCOTEC Certification Japan Co., Ltd., based on Criteria of Verification (ISO14064- 3:2019 and the SOCOTEC Certification Japan Co., Ltd. verification protocol). The scope of the verification covered Scopes 1 and 2, energy consumption, and Scope 3, Category 1.

WEB ▶ Independent Third-Party Verification Statement

<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/climatechange.php#anchor05>

Strengthening Efforts to Protect the Global Environment

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 has also conducted scenario analysis of climate-related risks and opportunities in the framework of the TCFD recommendations. We will also continue devising specific measures to address identified risks and opportunities and are taking steps to improve our related information disclosures.

\* TCFD: Abbreviation for the Task Force on Climate-related Financial Disclosures. 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

In our efforts to be more proactive in promoting sustainability, the Nippon Shinyaku Group's Sustainability Committee, which meets twice a year and is chaired by our President, is discussing, reviewing, and making decisions regarding the key issues concerning sustainability for the entire Group. The Committee assesses and supervises climate change countermeasures, which have been identified as a material issues. The Sustainability Committee also meets twice a year to review the details and progress of our sustainability-promotion activities.

The Environment Committee, which meets quarterly and is chaired by the Director who serves as the Head of Business Management and Sustainability, is responsible for dealing with climate-related issues. This Committee, which is charged with executing the Group's Basic Environment Policy as determined by the Board of Directors, formulates environmental preservation policies, promotes environmental preservation and other initiatives, and checks on the progress of environmental preservation activities, including our annual reduction in CO<sub>2</sub> emissions. Also, 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.

Risk management

The Nippon Shinyaku Group has put 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 risks related to climate change. Specifically, we divide possible risks in our business activities

into six major categories—governance, strategies and plans, business infrastructure, business operations, supply chain, and disclosure and reporting—and then further divide these categories into subcategories. For example, we have a separate specific risk category for “CSR planning and environmental preservation initiatives (such as for greenhouse gases),” and we use a risk matrix with the two axes of impact on the Company and likelihood of occurrence to rate this risk according to its level of importance—high, medium, or low. Each relevant department has devised measures to prevent the actualization of these risks and has created risk management sheets for each risk in order to be able to respond appropriately to any realized risk.

Furthermore, every year, we formulate action plans for addressing the risks designated as very important 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 in order to fine-tune our efforts in subsequent years.

Indicators and targets

As an indicator for managing the risks and opportunities of climate change, Nippon Shinyaku has established aspirational targets based on the science-based targets (SBTs) for reducing greenhouse gas emissions as proposed in the Paris Agreement. Taking FY2020 as the benchmark year, we are targeting a 42% reduction in our volume of greenhouse gas emissions by FY2030 (Scopes 1 and 2). Also, for greenhouse gas emissions in the supply chain (Scope 3, Category 1), we are targeting a 25% reduction in greenhouse gas emissions by FY2030 from the FY2020 benchmark. Our targets for reducing greenhouse gas emissions were certified as science-based targets by the SBTi in January 2024.

SBT certification Greenhouse gas reduction target

Scopes 1+2	Reduce greenhouse gas emissions by 42% by FY2030 (from the FY2020 benchmark)
Scope 3 (Category 1)	Reduce greenhouse gas emissions by 25% by FY2030 (from the FY2020 benchmark)

Strategy

Scenario analysis

In recognition of the enormous impact that climate-related risks and opportunities will exert on the Company's business strategies, the Nippon Shinyaku Group has identified the risks and opportunities associated with climate change and evaluated their importance. The analysis and evaluation of climate change-related risks and opportunities was conducted utilizing a 1.5°C warming scenario and a 4°C warming scenario.

First, we comprehensively extracted the risks and opportunities associated with climate change, then we sorted the extracted risks and opportunities by their correlation with two of our businesses, pharmaceuticals and functional foods. Finally, we assessed their importance based on the two criteria of degree of impact on the Company and probability of occurrence.

Transition risk

Category	Impact on Nippon Shinyaku	Details of measures of potential risks and opportunities	Indicator	Financial impact	Period		
					Short-term ~2025	Mid-term 2026~2030	Long-term 2031~
Policies and laws	Risk of energy costs and procured goods prices increasing due to carbon taxes and strengthened energy conservation laws	• Introduction of an internal carbon pricing system in order to promote investment in reducing greenhouse gas emissions • Proactive deployment of energy conservation and renewable energy measures • Inter-Group education and momentum-fostering initiatives • Implementation of monitoring of environmental regulation trends by the Environment Committee 222 million yen by FY2030, 450 million yen by 2050 Estimated from the Company's 2022 Scopes 1 + 2 targets assuming \$140/t-CO <sub>2</sub> of carbon taxes in 2030. Estimated from the Company's 2022 Scopes 1 + 2 targets assuming \$250/t-CO <sub>2</sub> of carbon taxes in 2050.	Increase in expenses	Small		○	
Markets	Increases in market prices of procured goods due to increases in demand for raw materials (pharmaceuticals) Risk of decreases in demand due to increases in product prices in accordance with increased market prices of procured goods (functional foods)	• Proactive support for suppliers' carbon neutral activities to deal with risk of increased procurement costs	Decrease in expenses	Small		○	

Physical risks

Acute risks	Increased risk of disruptions to supply chain, including raw material procurement and product shipping logistics, due to increases in regional torrential rains and large-scale typhoons	• Process automation • Maintenance of diverse suppliers • Strengthening cooperation with suppliers • Enhancing plant production and quality control systems and in turn reducing product risks through means such as inspections of manufacturing contractors' plants, organization of all information concerning materials and products, and revising product standards and testing procedures	Decrease in expenses	Medium		○	
	• Increased frequency of damage to facilities and increased repair costs due to abnormal weather and weather-related disasters • Suspension of business activities due to damage to associated facilities, including those of the Company as well as collaboration research companies	• Formulation of concrete guidelines for action in the event of a disaster	Decrease in expenses	Small	○		
Chronic risks	Depletion of water resources and water intake limits due to changes in rainfall patterns (reduction in profits due to reduced production capacity)	• Evaluation of risks regarding existing site water supply security and water shortages as well as abnormal weather					○
	Insufficient raw material procurement due to climate change	• Maintenance of diverse suppliers				○	

Opportunities

Markets	If climate change progresses, food preservation and quality maintenance will increase in importance, and we would expect that demand for our quality and stability preservatives would increase	• Development of quality and stability preservatives that enhance the preservability of foods while keeping their flavor will contribute to the improvement of food quality maintenance and lead to a reduction in food waste.	Increase in sales	Small			○
Resource efficiency/energy	Reduction in production costs through a variety of improvements to resource efficiency, including energy conservation, reduced water utilization, and waste disposal	• Energy-saving production and process development through IoT utilization and the promotion of energy optimization in plants	Decrease in expenses	Small	○		

Large Impact on the relevant segments' operating profit is 30% or more Medium Impact on the relevant segments' operating profit is at least 15% but less than 30% Small Impact on the relevant segments' operating profit is less than 15%

## Strengthening Efforts to Protect the Global Environment

### 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 the goals set in the Voluntary Action Plan on the Environment – Creating a Sound Material-Cycle Society adopted by the Federation of Pharmaceutical Manufacturers' Associations of Japan) by FY2030.

#### Initiatives for resource recycling

##### 1. Appropriate treatment and utilization of waste materials

We recycle metals and collect and sort out plastic waste in compliance with the Waste Disposal and Public Cleansing Act\*<sup>1</sup> and applicable Kyoto City ordinances.\*<sup>2</sup>

In the Head Office area and at the Discovery Research Laboratories in Tsukuba, we have adopted an integrated waste management WEB 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 KES\*<sup>3</sup> environmental management system standard.

\*1 Law concerning waste disposal and public cleansing

\*2 City of Kyoto's ordinances on reduction and proper treatment of waste

\*3 Abbreviation for Kyoto Environmental Management System Standard, enforced by the specified non-profit corporation KES Environmental System since 1999. The number of registered companies exceeds 5,000.

**WEB ▶** Promotion of resource recycling: current status and track record  
[https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/resource\\_circulation.php](https://www.nippon-shinyaku.co.jp/english/sustainability/esg/environment/resource_circulation.php)

##### 2. Reduced use of office paper

As a step in promoting paperless business operations, we are reducing our purchases of paper for printers and copiers as we proceed with the digitization of documents. We are also continuing to purchase more of our paper in accordance with our green purchase policy.

Furthermore, we are using paper more efficiently by installing multifunctional machines that have employee ID card certification

functions as a way of both strengthening security and preventing wasteful printing by limiting printer and copier usage.

##### 3. The Mottainai Project, a company reuse system

The Mottainai Project, which is an internal reuse system, was launched in September 2023. This project gathers unused or surplus equipment and supplies and offers them to departments where they are needed. This Company-wide platform is a proactive attempt to deal with the 3Rs of waste (reduce, reuse, and recycle) generated by offices.

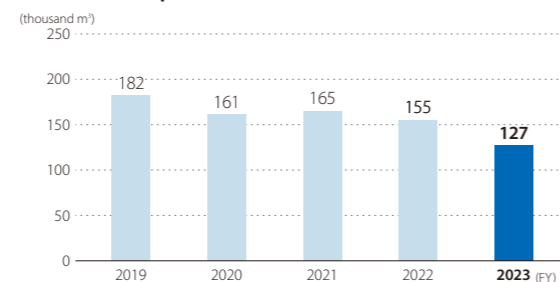
##### 4. Water consumption and risk assessment

Water consumption in FY2023 was 127 thousand m<sup>3</sup> and Nippon Shinyaku was not involved in any cases of finable violations against laws or regulations on drawing or discharging water.

In the assessment of water stress at the three main business locations using WRI AQUEDUCT (3.0), \*<sup>4</sup> the Odawara Central Factory and the Discovery Research Laboratories in Tsukuba fell into a medium water risk area, and no business locations fell into a high water risk area.

\*4 WRI AQUEDUCT (3.0): A set of water risk assessment tools developed and presented by the World Resources Institute (WRI)

##### Water consumption (main business locations\*<sup>5</sup>)



\*5 Main business locations: Head office area, Odawara Central Factory, Discovery Research Laboratories in Tsukuba

##### 5. Other

- We have joined the Plastics Smart campaign launched by Japan's Ministry of the Environment and are encouraging the use of personal bottles.
- We are trying to reduce the environmental burden from drug packaging by reducing waste while preserving product quality.
- Five percent of the pallets at our Odawara Central Factory are recycled pallets, and we plan to gradually expand their use in the future.
- We are reusing the coffee grounds from the coffee machines installed at our head office by having the Yamashina Botanical Research Institute use them as fertilizer.

## Appropriate Management of Chemical Substances

#### Basic attitude and goals

For a pharmaceutical company that handles a variety of chemical

substances, their appropriate management is a vital 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.

Also, we are reporting that we are practicing proper management in filings based on the pollutant release and transfer register (PRTR) system in the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement.

#### Management of Highly Active Substances at Odawara Central Factory

The manufacturing plant for highly active solid formulations 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.

## Conservation of Biodiversity

#### Governance

The Yamashina Botanical Research Institute is conserving about 3,100 plant species in addition to 160 species that are the botanical origins of herbal medicines recorded in the Japanese Pharmacopoeia. This includes about 480 specials of rare plants, such as 0.7% of *Welwitschia*, *Aloe* and other plants protected by the Washington Convention, 12% of plants on the Ministry of the Environment's Red List, and 5% of the plants listed in Kyoto Prefecture's Red Data Book. We have designated this non-local preservation as a material issue.

#### Description of specific programs

##### Botany education activities

The Yamashina Botanical Research Institute conducts awareness activities on preserving the diversity of useful plants and

frequently holds reservation-only tours, seminars for eminent plant experts, tours for pharmacology and agronomy students and pharmacists, and vacation day field trips and vegetable dye experience events for elementary school students. In FY2023, the Institute welcomed a total of 1,651 visitors.



#### Conservation activities for plants that have a place in traditional Kyoto culture

We conserve and propagate plants that have a place in traditional Kyoto culture, such as futaba aoi (*Asarum caulescens*) and kikutanigiku (*Chrysanthemum seticuspe*) and fujibakama (*Eupatorium japonicum*). Through the Aoi Project, a general incorporated foundation, we have dedicated 200 pots of futaba aoi to Kamigamo Shrine and provided seedlings to Kyoto City's Kikutani Forest of Flowering Chrysanthemums. We have also been accredited by the Kyoto Biological & Cultural Regeneration Project.

#### Survey of plants in the mountain and forests around Daigoji Temple, a World Cultural Heritage site

In June 2021, the G7 Nature Compact committed to the "30 by 30" initiative, whereby national governments will designate more than 30% of land and sea areas as protected areas by 2030. As a result, attention is being focused on temple and shrine forests as areas other than protected areas that can contribute to biodiversity conservation. In FY2022, Nippon Shinyaku inaugurated a survey of plants in the Daigoji Temple forest in the southern part of Kyoto City, and the survey was conducted six times in FY2023. So far, these surveys have found a total of 114 genera and 209 species of higher plants (of which 36 genera and 52 species were found in FY2023) and have identified two endangered species.

#### Ex situ conservation of the Japan-designated Natural Monument, ayumodoki

The ayumodoki (*Parabotia curtus*) is a freshwater fish endemic to Japan that has been drastically reduced due to environmental changes in its habitat and is now distributed only in the Kameoka Basin and Okayama Prefecture. Yamashina Botanical Research Institute collaborated with the Ministry of the Environment's conservation and propagation project and succeeded in raising ayumodoki naturally in artificial ponds within its park grounds. We will continue to help conserve valuable wildlife as part of our biodiversity conservation activities.

## Message from the Chairman



**Shigenobu Maekawa**  
Representative Director, Chairman

*S. Maekawa*

### By further promoting sustainability management, we will contribute to the sustainable growth of Nippon Shinyaku and the resolution of social issues.

Since its establishment in 1919, Nippon Shinyaku has brought numerous new drugs to the world, helping people lead healthier, happier lives. Looking ahead to the next 100 years, we will respond flexibly to the demands of an ever-changing society, thereby further promoting global expansion and evolving to a new stage.

In the 7th Five-Year Medium-Term Management Plan, which began in FY2024, one of the key initiatives in “Strengthening five management foundations” is “Promoting Sustainability Management for Realizing a Sustainable Society.” I believe that, above all, having outstanding talent is essential to being a company that achieves a sustainable society. We are committed to creating an environment where each employee can fully develop their talents and grow. We respect diversity and promote the creation of a workplace where all employees can thrive. By improving work-life balance and providing career development support, we aim to be a company where employees can continue to play active roles over the long term.

In response to climate change, under the Nippon Shinyaku Group Basic Environmental Policy, we are promoting the transition to renewable energy and the introduction of hybrid vehicles for our commercial fleet. In January 2024, our greenhouse gas reduction targets were approved by the SBTi. We are also actively continuing our efforts to preserve biodiversity through activities aimed at conserving rare species.

Being accountable to all stakeholders is one of the most important management issues. To achieve highly transparent management, we are working to enhance corporate ethics by establishing an internal control system and ensuring strict compliance. As the Chairman of the Board of Directors, I am committed to achieving sound and sustainable corporate management by strengthening governance, including enhancing the functions of the Board, and improving the risk management system. In 2024, we revised the officers’ remuneration system and introduced a restricted stock compensation plan for Inside Directors. We will use this as an incentive to continuously enhance corporate value while promoting greater value sharing with our shareholders.

Nippon Shinyaku’s sustainable growth and contributions to solving social issues are supported by the trust and cooperation of our stakeholders. We strive to be a company that carefully incorporates the opinions of all stakeholders, including patients, into our corporate activities and continues to meet your expectations.

I sincerely appreciate your continued understanding and support in the future.

# Corporate Governance

## Material issues and related SDGs

### Strengthening governance



## Basic Approach

The Nippon Shinyaku Group recognizes that ensuring management transparency and fulfilling accountability to all stakeholders is one of management's most important tasks in order to raise corporate value through social contributions. The effective functioning of corporate governance is essential for the realization of issues of materiality, which include strengthening governance. Based on the Business Philosophy, Management Policy, and Sustainability Policy, etc., Nippon Shinyaku promotes initiatives to further enhance the corporate governance system, including improving management transparency and fairness and implementing prompt decision-making, with the aim of achieving sustainable growth and enhancement of social value as well as corporate value over the medium to long term.

Furthermore, in 2015, the Company formulated its basic approach and basic policy governing corporate governance as the Corporate Governance Basic Policy, which it has reviewed regularly. In June 2024, we included a "Disclosure Based on the

Principles of the Corporate Governance Code" section in our "Corporate Governance Report." Nippon Shinyaku will continue striving to strengthen corporate governance in order to achieve the sustainable enhancement of corporate value.



Corporate Governance Basic Policy

Corporate Governance Report

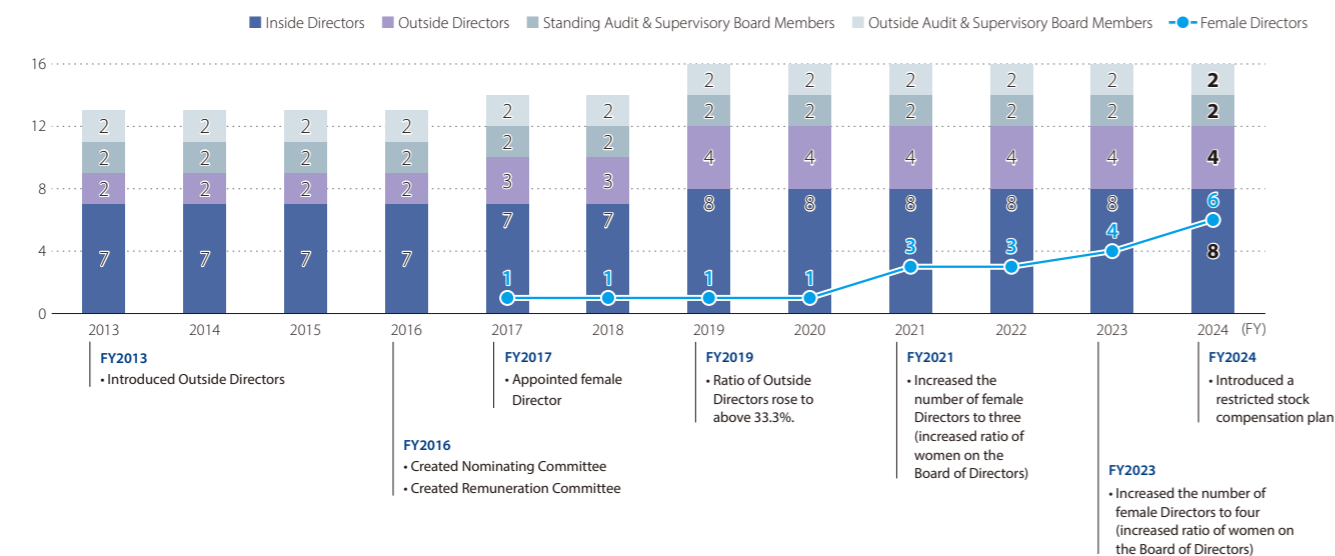
[https://www.nippon-shinyaku.co.jp/english/ir/esg\\_management/governance.php](https://www.nippon-shinyaku.co.jp/english/ir/esg_management/governance.php)

## Initiatives for Strengthening Governance

Nippon Shinyaku takes steps to enhance governance, including at Group companies, by ensuring compliance. Going forward, the Company will constantly examine the status of initiatives and make improvements in light of amendments to laws and regulations, revisions of the Corporate Governance Code, social conditions, and other factors, in order to further increase the effectiveness of corporate governance.

## Steps taken to strengthen corporate governance

(number of officers is as of conclusion of each year's Annual General Meeting of Shareholders)



## Corporate Governance System

Nippon Shinyaku has adopted the structure of a Company with an Audit & Supervisory Board as its corporate governance system. The Board of Directors is composed of twelve Directors, four of whom are Outside Directors, and the Audit & Supervisory Board is composed of four Members, two of whom are Outside Members.

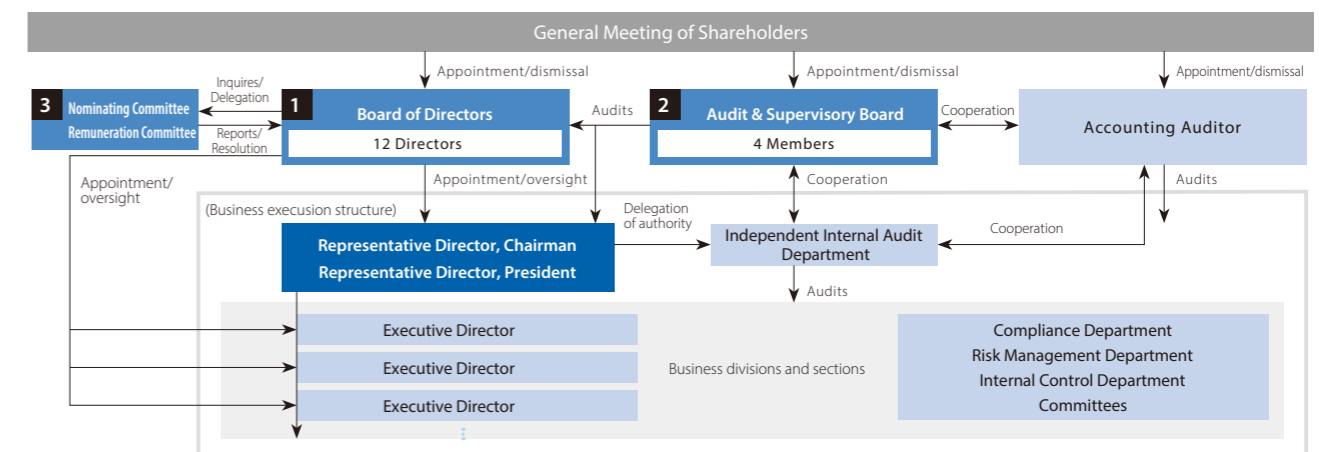
To clarify management responsibility and establish the optimal management system in response to changes in the business environment in a flexible manner, the term of office of the Directors is one year. By having four Outside Directors, the Company further strengthens oversight of the Directors' execution of duties and further enhances the transparency and

objectivity of management. Furthermore, the Audit & Supervisory Board Members attend all Board of Directors' meetings and other important meetings on business to accomplish the management oversight function of the Audit & Supervisory Board.

For meetings of the Board of Directors and the Audit & Supervisory Board, materials on the agenda items and reports to be presented are sent in advance to Outside Directors and Outside Audit & Supervisory Board members, respectively. We are increasing the efficiency of these meetings by scheduling times to explain key agenda items in advance, so that the time spent on such explanations at these meetings can be shortened and instead devoted to discussions.

## Organization for corporate governance (as of June 27, 2024)

Headed by the Company's Chairman and consisting of 12 members including four Outside Directors, the Board of Directors holds a meeting once a month in principle and resolves and reports on material business matters.



	1 Board of Directors	2 Audit & Supervisory Board	3 Nominating Committee and Remuneration Committee
Attendees	All Directors and Audit & Supervisory Board Members	All Audit & Supervisory Board Members	Shigenobu Maekawa (Representative Director, Chairman) Miyuki Sakurai (Outside Director) Yoshinao Wada (Outside Director)
Role	<ul style="list-style-type: none"> <li>Performing the oversight function for management in general and ensuring fairness and transparency of management</li> <li>Determining policies governing the appointment and dismissal of Directors and Audit &amp; Supervisory Board Members</li> <li>Evaluating serious risks and formulating countermeasures</li> <li>Making decisions, such as the execution of important business operations</li> </ul>	<ul style="list-style-type: none"> <li>Playing a role in corporate oversight in coordination with the Board of Directors</li> <li>Supervising the execution of duties by the Board of Directors and working to establish the corporate governance system</li> <li>Actively expressing opinions based on their own specialized knowledge and vast experience</li> </ul>	<p><b>Nominating Committee</b></p> <ul style="list-style-type: none"> <li>Deliberating on matters related to the appointment and dismissal of Directors and Audit &amp; Supervisory Board Members and reporting to the Board of Directors</li> </ul> <p><b>Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>Deliberating on proposals for the General Meeting of Shareholders related to remuneration of Directors and Audit &amp; Supervisory Board Members and basic policies governing remuneration for Directors, and reporting to the Board of Directors</li> <li>Deliberating and making decisions on the details of remuneration for individual Directors based on the responsibility delegated by the Board of Directors</li> </ul>
Meetings held in FY2023	14 (13 regular meetings, 1 extraordinary meeting)	25	2 (Nominating Committee: 1; Remuneration Committee: 1)

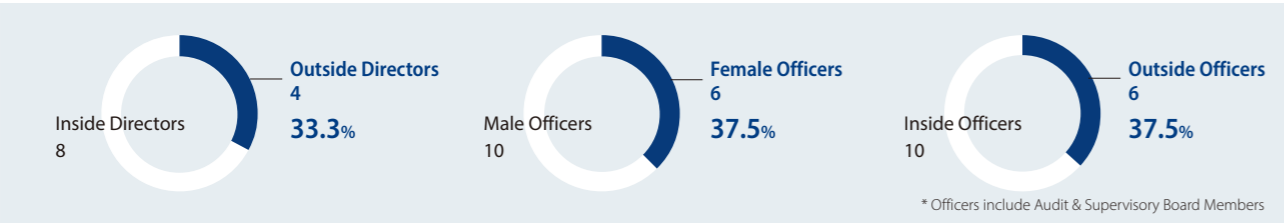
Inside Directors
 Outside Directors
 Standing Audit & Supervisory Board Members
 Outside Audit & Supervisory Board Members
 Chairperson

Corporate Governance

Meetings held in FY2023

Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors
Audit & Supervisory Board	Board of Directors	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Board of Directors	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board
	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board		Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board		Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board
	Audit & Supervisory Board	Remuneration Committee			Audit & Supervisory Board				Audit & Supervisory Board		Nominating Committee
	Audit & Supervisory Board										

Composition of Board of Directors



Status of Operations of the Board of Directors

In addition to the resolutions provided for by laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors, meetings of the Board of Directors also focus on strategic discussions of basic management policies.

In FY2023, the Board of Directors held lively discussions aimed at achieving the sustainable growth of the Company, with a focus on matters relating to important business, matters relating to financial results, and matters relating to organization and personnel. For matters relating to important business, the Board of Directors mainly held discussions on whether to proceed to clinical trials for products developed in-house and in-licensed products and whether to conclude agreements on in-licensed and out-licensed products. For matters relating to financial results, the Board of Directors set aside sufficient time on the agenda for deliberating and discussing the quarterly financial reports, which are important for implementing management strategy, to deepen the overall understanding of

Directors. Regarding the 7th Medium-Term Management Plan, which is starting in FY2024, the Board of Directors agreed at their April 2024 meeting to advance the deliberations by scheduling separate sessions from the Board of Directors meetings during FY2023-2024, with the Executive Directors holding discussions a total of 16 times and discussions that include the Outside Directors taking place 6 times.

Main topics of deliberation

Category	Number of discussions
Matters relating to the General Meeting of Shareholders	2
Matters relating to the directors	10
Matters relating to the Nominating Committee	1
Matters relating to the Remuneration Committee	2
Matters relating to financial results	12
Matters relating to shares	2
Matters relating to corporate governance	3
Matters relating to organizations and personnel	7
Matters relating to important business (research and development, capital investment, management, etc.)	27
Matters relating to subsidiaries	2
Other matters	1

Topics and content of deliberations by the Board of Directors

Topics of deliberation	Content of deliberations
Formulation of the 7th Medium-Term Management Plan	To resolve the material issue of overcoming the Upravi patent cliff and design a plan that can achieve future growth, the Board formulated our 7th Medium-Term Management Plan in FY2024 after discussing an environmental analysis, the issues the Company faces, the future vision of the Company, the business strategy, key initiatives, financial and non-financial targets, and the allocation of managerial resources.
Global expansion	The state of global expansion and progress of global sales were verified monthly, and ways to deal with lagging areas were discussed.
Alliance agreement with Eli Lilly Japan K.K.	With respect to the alliance agreement with Eli Lilly Japan K.K. for the ongoing development of pirtobrutinib for mantle cell lymphoma (MCL) and chronic lymphocytic leukemia (CLL), discussions addressed the drug characteristics, trial data, business value, and contract terms.
Environmental and social initiatives	We received SBTi certification in January 2024, so discussions were held on how to accomplish our initiatives for preservation of the global environment on both an unconsolidated and Group basis, and we revised the Group's Basic Environmental Policy.

Director and Audit & Supervisory Board Member Skills Matrix

Nippon Shinyaku requires the Directors to possess qualities that include experience and knowledge in a wide range of areas, excellent character, high ethical standards, and extensive business-related experience and knowledge suitable for leading management in the global expansion of business. In

addition, based on consistency with the Company's management strategy, Nippon Shinyaku has identified the skills considered necessary for promoting and achieving "Three key themes" under the 7th Medium-Term Management Plan, and "Strengthening five management foundations" supporting these themes which it has set out as disclosure items in the skill matrix.

Correlation between skills and the 7th Medium-Term Management Plan

	Three key themes and strengthening five management foundations	Related skills
Three key themes	Fostering growth drivers to replace Upravi	R&D, Sales/Marketing, Global business
	Expanding global development	Global business, Corporate management/Management strategy, Legal affairs/Risk management, R&D, Sales/Marketing, Production/Quality, Personnel/HR development
	Continuous pipeline expansion	R&D
Strengthening five management foundations	Promoting sustainability management for realizing a sustainable society	ESG/Social contributions, Legal affairs/Risk management
	Speeding up R&D	R&D
	Promoting human capital management that allows each employee to grow and diverse human resources to play an active role	Personnel/HR development
	Business process reengineering and productivity improvement by promoting digitalization	IT/Information management
	Financial strategies for sustainable growth	Corporate management/Management strategy, Finance/Accounting

Skills Matrix of Directors and Audit & Supervisory Board Members

Category	Name	Attendance at meetings of Board of Directors/ Audit & Supervisory Board		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	14/14		●	●	●	●					●	●
	Toru Nakai	14/14		●	●	●			●				
	Shouzou Sano	14/14							●				
	Takashi Takaya	14/14		●			●		●		●	●	●
	Takanori Edamitsu	14/14		●		●	●						
	Kazuchika Takagaki	14/14						●					
	Hitoshi Ishizawa	14/14							●				
	Hitomi Kimura	14/14			●			●		●			
Outside Directors	Miyuki Sakurai	14/14					●						
	Yoshinao Wada	14/14						●			●		
	Yukari Kobayashi	14/14		●	●	●			●		●		●
	Mayumi Nishi	11/11						●					
Standing Audit & Supervisory Board Members	Hirotsugu Ito	11/11	20/20						●				
	Eriko Doi	–	–					●		●			
Outside Audit & Supervisory Board Members	Hiroharu Hara	11/11	20/20			●							
	Mariko Chaki	–	–				●						

\* The above list does not represent all the expertise and experience of the Directors and Audit & Supervisory Board Members

[WEB▶](#) Reasons for Directors' appointments  
[https://www.nippon-shinyaku.co.jp/english/company\\_profile/profile/executive\\_officer/](https://www.nippon-shinyaku.co.jp/english/company_profile/profile/executive_officer/)

## Corporate Governance

### Outside Directors' Activities

#### Nominating Committee

The Nominating Committee consists of two Outside Directors and one Inside Director and is chaired by an Outside Director. Candidates for Directors are selected in accordance with the Corporate Governance Basic Policy, which states, "The Directors of the Company shall have excellent personality, insight, management sense, ability, and abundant experience, and shall maintain good mental and physical health with high ethical standards. The Company shall bear consideration on diversity in the members of the Board of Directors in order that the members can gain a comprehensive understanding of the Company as a whole and make appropriate judgments as a member of the Board of Directors." The Candidates for Directors are approved by the Board of Directors based on the results of the Nominating Committee's deliberations. The Nominating Committee met once in FY2023 to deliberate on matters related to the selection of Directors and Audit and Supervisory Board Members.

#### Remuneration Committee

The Remuneration Committee consists of two Outside Directors and one Inside Director and is chaired by an Outside Director. Directors' remuneration shall be within the limit of the amount of executive remuneration approved by resolution of the General Meeting of Shareholders so that it effectively serves as an incentive for Directors to seek the sustainable enhancement of corporate value, and the details of the remuneration shall be fair and rational enough for us to fulfill our accountability to our stakeholders. Such remuneration shall consist of a basic amount paid monthly, performance-based remuneration (bonuses) determined by Company's performance each fiscal year, and non-financial remuneration (share-based remuneration) that serves as a medium- to long-term incentive. The amount of each individual Director's remuneration is determined by deliberation of the Remuneration Committee as delegated by the Board of Directors. The Remuneration Committee met once in FY2023 to deliberate the remuneration of individual Directors.

#### Composition of each committee

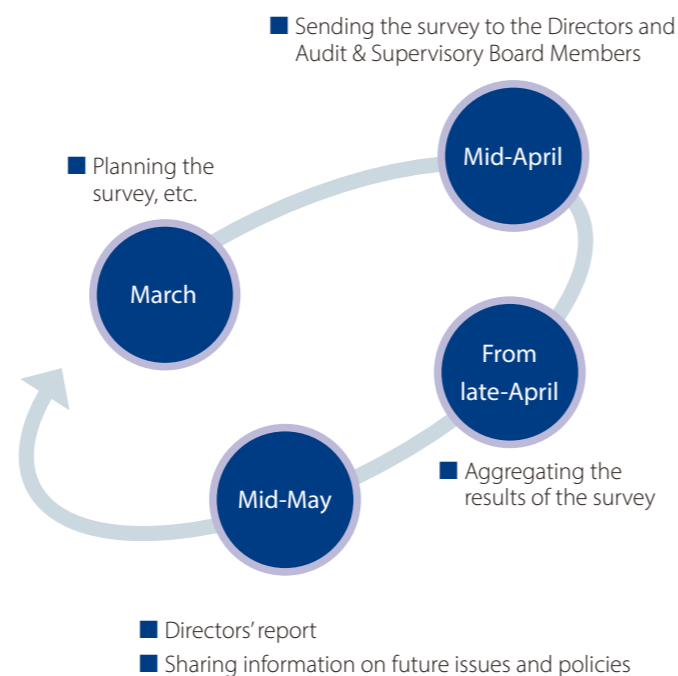
Committee name	No. of members	No. of Inside Directors	No. of Outside Directors	Chairperson
Nominating Committee	3	1	2	Outside Director
Remuneration Committee	3	1	2	Outside Director

### Evaluation of Effectiveness of the Board of Directors

#### Initiatives to enhance effectiveness of the Board of Directors

Once each year, Nippon Shinyaku evaluates 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 FY2023 the Company implemented a self-evaluation survey for all Directors. As a result, it was able to confirm that within the Board of Directors, each executive Director and Outside Director continued to actively make remarks, that open-minded and constructive discussions were pursued from a wide perspective, and that appropriate judgment was being performed by the management, and therefore 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.

#### Analytical and evaluation process



The survey consisted of a self-evaluation based on the following 17 questions in 6 broad categories using a scale of 1 (Not established/Dissatisfied) to 5 (Established/Satisfied). In

FY2023, the overall evaluation was a score of 4.6, which was 0.2 lower than the prior year, but respondents were generally satisfied.

#### Survey items

- |   |  |
|---|--|
| <b>1. Board of Directors composition</b><br>(members, skills matrix, Outside Directors)   | <b>4. Personal evaluation</b><br>(initiative, contributions, prior consideration status)   |
| <b>2. Board of Directors agenda items, etc.</b><br>(agenda items, reports, and their content and scope)   | <b>5. Status of improvement</b><br>(improvement of content of materials, making deliberations and the content of reports more concise) |
| <b>3. Board of Director operations</b><br>(timing of materials distribution, comprehensiveness of necessary data, volume of materials, meeting frequency, length of deliberations, incorporation of Outside Directors' opinions, wide-ranging discussion) | <b>6. Overall evaluation</b>   |

#### Results of Board of Directors evaluation for FY2023

Issues identified in FY2022	<b>Issue 1</b> Further improvement of discussions on medium- and long-term issues	<b>Issue 2</b> Increase in agenda items regarding business execution
Initiatives in FY2023	Agenda items on business execution are increasing, and the following steps were taken to ensure time for deliberating medium- and long-term issues. <ul style="list-style-type: none"> <li>• The scope and criteria for Board of Directors agenda items was revised, particularly items transferring authority to executive directors.</li> <li>• Prior explanations of agenda items were provided when necessary in order to reduce the time spent on explaining proposals during the Board of Directors meeting and ensure enough time for deliberation.</li> </ul>	
Future directions	<ul style="list-style-type: none"> <li>• The scope and criteria of agenda items for Board of Directors meetings are being continuously reviewed so that fuller discussions can take place at the Board of Directors meetings.</li> <li>• We also employ a Management Policy Review Group, which consists of all Directors, to discuss medium- and long-term issues.</li> </ul>	
Issues identified in FY2023	Although we did not identify any new issues in FY2023, we have identified the following issues that require continuous or further improvement. <ul style="list-style-type: none"> <li>• More robust discussion of medium- and long-term issues</li> <li>• Discussions on ongoing revisions of the scope and criteria of agenda items</li> <li>• Improvement of advance distribution of Board meeting materials</li> </ul>	

## Corporate Governance

### Officers' Remuneration System

#### Basic policy

Our basic policy regarding the remuneration of Directors is 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 the Company to fulfill its 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.

#### Structure of remuneration

To date, Directors' remuneration has consisted of (1) monthly remuneration and (2) Directors' bonuses, and in FY2024, we introduced a restricted stock compensation plan to add an incentive for Directors to seek the sustainable enhancement of corporate value and to promote more sharing of value with shareholders.

#### Directors (excluding Outside Directors)

Basic remuneration (fixed remuneration): Determined by evaluating the performance of each Director in addition to the fixed amount corresponding to their position, which 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, etc.

Performance-linked remuneration (bonuses): Cash remuneration reflecting performance indicators paid to raise awareness toward improving business performance for each period. Bonus amounts are determined by considering the performance evaluation for each Director and calculating the amount based on the consolidated operating income for each period.

Non-financial remuneration (shares remuneration): Shares granted are determined from an amount calculated in accordance with

consolidated operating income in each business year, taking also into account each Director's performance evaluation, etc.

#### Remuneration of Outside Directors and Audit & Supervisory Board Members

Remuneration of Outside Directors and Audit & Supervisory Board Members comprises fixed remuneration only.

#### Remuneration-related governance

Remuneration for individual Directors is determined through deliberations by the Remuneration Committee as entrusted by the Board of Directors within the limit of the amount of executive remuneration approved by resolution of the General Meeting of Shareholders.

### Succession Plan

#### Development of leadership candidates

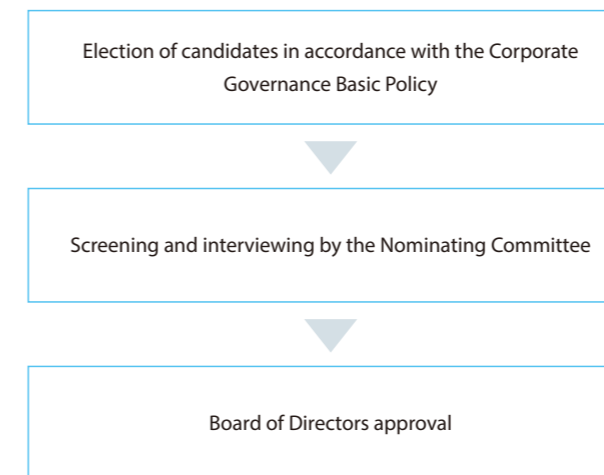
Nippon Shinyaku recognizes that it is important to train successors from various perspectives based on the future vision of the Company. We run HONKI Juku selective training programs which are classified into Leader, Management, and Executive according to the position and number of years at the Company of trainees.

The Leader program targets the younger group aged 25-35 to quickly uncover and pick out leadership candidates. The Management program provides lectures on management basics and middle management for executives aged 36-45 to acquire the perspective of a department manager. The Executive program aims for acquisition of practical management knowledge to train the next generation of management candidates. In FY2023, 23 people participated in the three levels of the HONKI Juku (the first class). The goal is to have 115 people take classes over a five-year period. These efforts enable us to constantly secure motivated and outstanding human resources

as we strive to develop and acquire the human resources that will lead the Company in the future.

#### Succession plan

A candidate for President shall be nominated in accordance with the Corporate Governance Basic Policy, which states, "The Directors of the Company shall have excellent personality, insight, management sense, ability, and abundant experience, and shall maintain good mental and physical health with high ethical standards. The Company shall bear consideration on diversity in the members of the Board of Directors in order that the members can gain a comprehensive understanding of the Company as a whole and make appropriate judgments as members of the Board of Directors." The candidate shall be approved by the Board of Directors after screening by the Nominating Committee, which consists of two Outside Directors and one Inside Director and is chaired by an Outside Director.



#### Training for officers

Nippon Shinyaku holds training and debriefing sessions attended by all Directors, 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. Audit & Supervisory Board Members can also attend these sessions. New Directors and new Audit & Supervisory Board Members receive new officer training offered internally upon their assumption of office. In this manner, Nippon Shinyaku provides the necessary training opportunities for Directors and Audit & Supervisory Board Members, covering any expenses incurred.

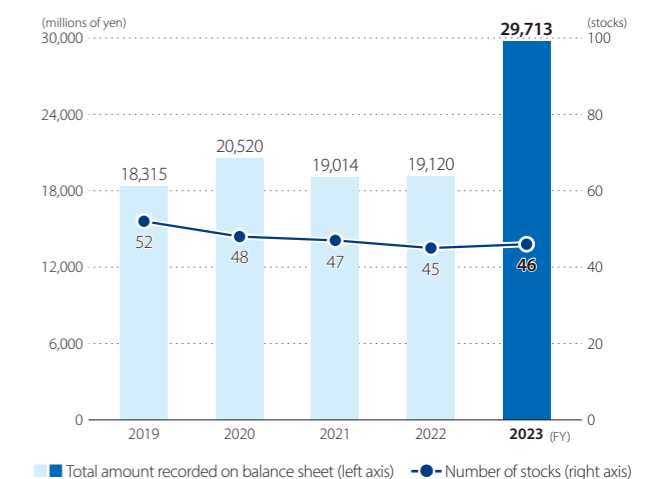
### Internal Control System

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 Chairman, 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 of 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 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. In FY2023, the Company sold a portion of one stock (sales amount: ¥251 million). Also, the Company invested in Capricor Therapeutics, with whom we have a marketing alliance agreement for CAP-1002, to maintain and strengthen the alliance, so the number of stocks increased during FY2023. The balance sheet carrying amount of the stock holdings also increased due to the increase in the stock prices.

#### Status of cross-shareholdings



#### Total remuneration for each officer category

##### Subtotals for each type of remuneration and numbers of recipients

Officers category	Total remuneration (millions of yen)	Subtotals for each type of remuneration (millions of yen)		Number of recipients
		Fixed remuneration	Performance-linked remuneration	
Directors (excluding Outside Directors)	444	217	227	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	34	34	—	3
Outside Officers	60	60	—	8

\*The above figures are based on the results for FY2023 and do not include the restricted shares introduced in FY2024.

# Compliance and Risk Management

## Material issues and related SDGs

### Strengthening governance



## Compliance-related framework and initiatives

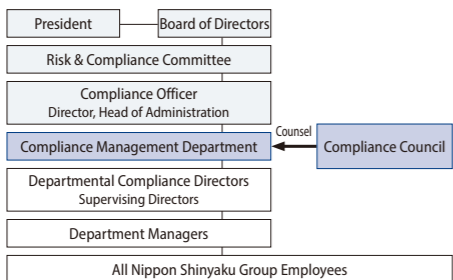
The Nippon Shinyaku Group has Compliance Operating Rules and has established the Compliance Management Department, which manages compliance promotion activities and is headed by the Director in charge of Compliance. In each department, the Director who serves as its head is responsible for promoting compliance, and related activities are carried out by the managers therein.

The Compliance Management Department plans and proposes related initiatives after obtaining advice from the Compliance Council, which is composed of the heads of related departments, in order to spread and raise compliance awareness among all employees. The current state of and plans for promotion and education activities are reported and deliberated on by the Risk & Compliance Committee, which is chaired by the President and comprised of all inside directors, and the committee supervises these activities. Furthermore, a compliance awareness survey of all Group employees is conducted annually, and the results are released within the Group. Efforts are also made to prevent compliance risks from materializing, which includes conducting individual training for divisions with relatively low scores.

Furthermore, the Nippon Shinyaku Group has established and operates the Hotline. In FY2023, the hotline handled 18 reports and consultations.

<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/governance/compliance.php#anchor01>

### Compliance Framework Chart



## Approach to and initiatives related to risks

The Nippon Shinyaku Group has established Basic Risk Management Rules and promotes risk management (RM) based on these rules. Identified risks are grouped based on major, medium, and minor categories, and then rated as either high, medium, or low risk in accordance with their importance using a 2D (impact and probability) risk matrix. Each risk is managed, which is primarily handled by the department responsible for the risk. Based on the details of the particular risk, a risk management sheet is created that gives preventive measures and response. Each year, we also select highly critical risk topics and work to reinforce preventive measures by establishing an action plan for the year. The results of these efforts, along with critical risk topics for the next fiscal year, are reported to and deliberated on by the Risk & Compliance Committee. The Board of Directors supervises related efforts by receiving reports on this and confirming implementation and effectiveness of RM.

In FY2023, all employees completed an RM self-check, and the results were used to identify points that should be kept in mind, which were thoroughly covered during in-house training. RM training is conducted to foster awareness of risks.

<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/governance/compliance.php#anchor02>

### FY2023 Group critical risks: activity themes

- Leaks of confidential information (information mismanagement)
- Breaches of labor laws
- Harassment (sexual harassment, power harassment, etc.)
- Natural disasters (earthquakes, volcanic eruptions, tsunamis, typhoons and storms, lightning strikes, etc.), fires/explosions
- Falsification or leak of electronic data from cyber attacks

# Stakeholder Engagement

## Material issues and related SDGs

### Strengthening governance



## Communication with stakeholders

Nippon Shinyaku's business is supported by a variety of stakeholders. Therefore, the Company believes it is important to listen to and engage in dialogue with stakeholders, including shareholders, employees, society (local communities,

business partners, etc.), customers (patients, consumers, medical professionals), and the environment. By reflecting the requests and opinions obtained through such dialogue in its business activities, Nippon Shinyaku will grow as a company and create and provide new value to society.

### Strengthening relationship with all stakeholders

	Stakeholder relations	Stakeholders' expectations	Dialogue and means, frequency
Shareholders	Nippon Shinyaku will strive to pay a return to shareholders by securing appropriate profit through management that is conscious of cost of capital. We are intent on meeting the expectations of shareholders and investors by promoting constructive communication through fair management that emphasizes timely and honest disclosure of corporate information and proactive dialogue.	<ul style="list-style-type: none"><li>• Shareholder return measures (sustainable growth in dividends)</li><li>• Fair stock price</li><li>• Timely, appropriate disclosure, including information on non-financial activities, and opportunities for dialogue</li><li>• Sustainable enhancement of corporate value</li><li>• ESG initiatives</li></ul>	<ul style="list-style-type: none"><li>• Number of dialogues with institutional investors and analysts: approx. 170</li><li>• Participation in events sponsored by securities corporations: 11</li><li>• Financial results briefings (May, November)</li><li>• Financial results conference calls (August, February)</li><li>• General Meeting of Shareholders (June)</li><li>• ESG briefing (October)</li><li>• R&amp;D briefing (December)</li><li>• Overseas IR events (September)</li></ul>
Employees	Based on the Management Policy "Develop Each Employee," Nippon Shinyaku has established an education and training system in order to develop the kind of human resources it seeks—people who think and act on their own initiative. We believe that each employee thinking, acting, and proactively taking on challenge on their own initiative leads to growth for individuals and the Company.	<ul style="list-style-type: none"><li>• Rewarding company that makes flexible work styles possible</li><li>• Highly physically and psychologically safe workplaces</li><li>• Fair and impartial employee evaluation system</li><li>• Active participation of diverse human resources</li><li>• Provide opportunities for self-growth</li></ul>	<ul style="list-style-type: none"><li>• Training for employees, setting up opportunities for dialogue with directors</li><li>• Employee stress check</li><li>• Engagement score of 70% (response rate of 97%)</li><li>• Internal Compliance Reporting System (whistleblowing hotlines)</li></ul>
Society	As a corporate citizen, Nippon Shinyaku will maintain communication and deepen exchanges with society while actively undertaking initiatives to solve social issues. We will maintain sound and appropriate relationships with business partners and aim to growth with them.	<ul style="list-style-type: none"><li>• Coexistence with local communities</li><li>• Contributions to local community development</li><li>• Lighter environmental impact</li><li>• Environmental conservation and highly-safe business activities</li></ul>	<ul style="list-style-type: none"><li>• On-site classes on food education: 7 schools</li><li>• Yamashina Botanical Research Institute: 167 tours, 1,651 visitors</li><li>• Nippon Shinyaku Sparkling Future Mobile Library: participated in 25 events; lent out 5,513 picture books</li><li>• Conducted surveys of suppliers (CSR, stable supply, sustainability procurement policy)</li><li>• Distributed 20,000 copies of the Nippon Shinyaku Children's Literary Award winning picture book</li></ul>
Customers	In the Pharmaceuticals Business, Nippon Shinyaku places the highest priority on patients who suffer from illnesses and makes efforts to provide information to ensure that patients are properly medicated by medical professionals. In the Functional Food Business, the Company seeks to leverage its advanced technical expertise as a maker of pharmaceuticals to supply high-value-added products that meet customer needs.	<ul style="list-style-type: none"><li>• Stable provision of products and services that boast high quality and safety</li><li>• Initiatives related to unmet medical needs (development of new pharmaceuticals)</li><li>• Timely provision of pharmaceutical information</li><li>• Provision of information on disease</li></ul>	<ul style="list-style-type: none"><li>• Number of inquiries about pharmaceuticals Total 11,433 (9,348 from medical professionals, 1,053 from wholesalers, 890 from general consumers, 142 from others)</li><li>• Disease awareness via the Company's website</li><li>• Online seminars available to the public (pulmonary hypertension, muscular dystrophy)</li><li>• Patient exchange events</li><li>• Booths at marathons in Japan, etc.</li></ul>
Environment	In addition to conducting environment friendly business activities, Nippon Shinyaku works to protect, maintain, and improve the environment and aims to achieve growth in harmony with the environment.	<ul style="list-style-type: none"><li>• Environmental preservation</li><li>• Sustainable business activities</li><li>• Lessen environmental impact</li><li>• Biodiversity protection and conservation</li></ul>	<ul style="list-style-type: none"><li>• Events designed to educate about botany at the Yamashina Botanical Research Institute</li><li>• Preservation activities for plants related to Kyoto's culture</li></ul>

## Discussion with Outside Directors

Four Outside Directors discussed the current issues and the direction for achieving the goals of the 7th Five-Year Medium-Term Management Plan. With the expiration of Uptravi's patent approaching, each Director offered candid opinions on key issues such as accelerating R&D, enhancing global expansion, fostering management staff and strengthening governance.



### Mayumi Nishi Outside Director

Has served as an Assistant Professor at the Graduate School of Medical Science, Kyoto Prefectural University of Medicine and a Professor at Nara Medical University, is currently a Professor Emeritus at Nara Medical University, and has been an Outside Director at Nippon Shinyaku since 2023.

### Yoshinao Wada Outside Director

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 the Graduate School of Osaka University, and has been an Outside Director at Nippon Shinyaku since 2019.

### Miyuki Sakurai Outside Director

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 Outside Director at Nippon Shinyaku since 2017.

### Yukari Kobayashi Outside Director

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

### Hoping the Company will adapt to change while preserving its culture



**Sakurai** Nippon Shinyaku promotes the message "Ready to Give Our All for One?" "NS Mind," which was independently established by employees to reflect the attitude and awareness they strive for to achieve this message, has been incorporated

into the overall framework of management. I think this is a great culture where the engagement of employees can be felt.

**Wada** In the survey of "Top 100 Platinum Companies",\*1 Nippon Shinyaku was ranked 8th. It is important that job satisfaction leads to growth, and that the growth of employees leads to the growth of the Company. I hope that employees will align with the thoughts of management and supervisors, grow individually, and collectively become a powerful force by moving in the same direction.

**Kobayashi** Competition in drug discovery and in-licensing is intensifying, and with the globalization of the business, external factors impacting performance are becoming increasingly diverse. To support growth, the Company provides various opportunities, such as face-to-face training and digital learning. However, it is essential to cultivate and recruit talent who can adapt to change while preserving the current positive culture that provides high employee satisfaction.

**Nishi** In the fields of research and manufacturing, external stimuli lead to the generation of new ideas and innovations. I look forward to the further revitalization of the Company through the integration of a diverse human resources into the organization.

\*1 A Nihon Keizai Shimbun survey of about 2,300 listed companies. "Platinum companies" are companies that have high "ease of working" and "satisfaction of working."

### Planning for follow-up discussions from an external perspective to achieve the Medium-Term Management Plan

**Wada** In the Medium-Term Management Plan, there were not many opportunities for Outside Directors to participate in discussions at the formulation stage. The Board of Directors held intensive discussions on speeding up development, but I believe it would have been even better if these discussions had been aligned with consideration of the Medium-Term Management Plan.

**Kobayashi** As Outside Directors, we would like to be involved in sharing and discussing strategic measures and priorities in management from an early stage. The bottom-up approach to formulating the Medium-Term Management Plan was also part of the development process, but I believe that is why it took time to disclose it to us.



**Nishi** Like everyone else, I wanted to be involved from the stage where the framework was being developed. I want to follow up responsibly to ensure the achievement of the Medium-Term Management Plan.

**Sakurai** I think that Outside Directors should have a deep understanding of the internal discussion process and the Company's thinking. I believe we can contribute from a different perspective than Internal Directors, such as leveraging our expertise as Outside Directors to enhance how the Company presents itself externally. Going forward, I want to closely monitor how this Medium-Term Management Plan is implemented and engage in timely discussions.

### Leveraging Outside Directors' knowledge to accelerate R&D

**Kobayashi** With the patent cliff of Uptravi approaching, we have increasingly engaged in discussions on specific issues such as the speed of R&D and the potential loss of business value.

**Sakurai** Speeding up R&D is one of the key initiatives in "Strengthening five management foundations" of the 7th Medium-Term Management Plan. We plan to ensure rapid information sharing, issue response, and thorough progress management through the decision-making meetings of the collegial system. The Board of Directors is responsible for monitoring the progress of drug discovery, promptly identifying the causes of delays and planning countermeasures, and enhancing the likelihood of achieving sales targets.

**Wada** As a member of that decision-making meeting, I expect the inspections from outside the R&D department to be effective, and I want to fully leverage my experience. When conducting global clinical trials after Phase 1, we believe it is important to incorporate the knowledge of KOLs\*2 and develop plans with a high likelihood of success.

**Nishi** I hope that human resources who are greedy for results and see things through to the end in the R&D will be developed. In addition, an executive course was introduced last year in the "HONKI Juku" program, which trains the next generation of management leaders, providing us with the opportunity to identify future executive candidates.

**Sakurai** Director Wada and I serve on the Nominating Committee and Remuneration Committee, but there are still issues regarding nominations. I believe there is room to strengthen the governance function, particularly in terms of developing the management team.

**Wada** Experienced global R&D professionals conduct their research with a strong belief that if they do things a certain way, they will succeed. I believe that everyone at Nippon Shinyaku has accumulated results, and by leveraging both sides, the Company can expand globally in a way that is uniquely its own.

**Kobayashi** Discussions on a job-oriented employment format for highly specialized employees are advancing in the Company. It is a great challenge for a company with a history and culture of more than 100 years.

**Sakurai** The issue of the hiring side, which tends to hire similar type of human resources, is recognized. A bold change in mindset may be necessary to accept external stimuli and strengthen the necessary talent, including the development of the management team.

**Nishi** In terms of strengthening overseas sales, establishing a system at our research base Innovation Research Partnering or our Group Company NS Pharma is essential. Following the results of the Phase 3 trial of Viletpso, the true value of talent with experience in development of rare disease-related drugs and regulatory affairs with the FDA (Food and Drug Administration) will be critical. In the U.S., patient organizations hold influence such as asking the FDA for early approval of treatments, and we need to strengthen our relationships with these organizations.

\*2 Abbreviation of Key Opinion Leader. An expert such as a doctor who has influence that can promote sales by pharmaceutical companies.

### Harnessing a sense of urgency, hoping to become a leading player in nucleic acid medicine

**Sakurai** I am strongly aware that Nippon Shinyaku is at a critical juncture for future growth, but I am confident that by uniting the strengths of the Company, we will be able to overcome it. As an Outside Director, I have a responsibility to promote greater information sharing and to further strengthen the effectiveness of supervision.

**Wada** Pharmaceutical R&D takes time. Nippon Shinyaku focuses on thousands of intractable and rare diseases, and when I look at the products in-licensed, I can see a strong ability to narrow down and identify targets. This is clearly one

of Nippon Shinyaku's strengths. I would like the Company to pay attention to these points and protect long-term growth.

**Kobayashi** I feel that the role of Outside Directors is becoming increasingly important, as I occasionally receive questions from investors about strengthening governance. The diversification of the Board of Directors has led to more vigorous discussions, including a growing focus on investment efficiency, such as investment targets and ROIC. There is a growing awareness that the Directors themselves are managing and overseeing the Company on behalf of the shareholders, with a focus on enhancing long-term corporate value.

**Nishi** The launch of Viletpso, Japan's first nucleic acid drug, is a significant strength for Nippon Shinyaku. The Company is currently focusing on drug discovery using nucleic acids and small molecule complexes as one of the new modalities to drive further growth over the next ten years. I hope that stakeholders will look forward to Nippon Shinyaku becoming a leader in nucleic acid medicine and developing unique pharmaceuticals.



# Management Team

(Current as of June 27, 2024)

## Inside Directors



**Shigenobu Maekawa**  
Representative Director,  
Chairman  
Number of shares of the  
Company held  
53,400 Shares

Apr. 1976 Joined the Company  
Mar. 1992 Transfer to Japan Federation of Employers' Associations  
Apr. 2002 Department Manager, Corporate Planning Department, Corporate Strategy Office  
Apr. 2004 Corporate Officer  
Jun. 2005 Director  
Jun. 2005 Corporate Planning, Finance & Accounting, and Information system, and Department Manager, Corporate Planning Department  
Jun. 2006 Managing Director  
Apr. 2007 General Manager, Corporate Planning, Finance & Accounting, and Information system  
Jun. 2007 Representative Director, President  
Jun. 2021 Representative Director, Chairman (current position)  
Jun. 2022 Chairman of Kyoto Employers' Association (current position)  
Jun. 2023 Outside Director of KYOCERA Corporation (current position)  
<Significant concurrent positions>  
Chairman, Kyoto Employers' Association  
Outside Director, KYOCERA Corporation



**Toru Nakai**  
Representative Director,  
President  
Number of shares of the  
Company held  
11,100 Shares

Apr. 1995 Joined the Company  
Apr. 2016 Department Manager, Business Planning Department  
Apr. 2018 Acting General Manager, Corporate Planning (NS Pharma, Inc.)  
Apr. 2019 General Manager, Global Business Division, Attached to Global Business Division (NS Pharma, Inc.)  
Jun. 2019 Director  
Jun. 2019 General Manager, Global Business; Head of Global Business Division  
Jun. 2021 Representative Director, President (current position)



**Shouzou Sano**  
Managing Director,  
Sales and Marketing  
Number of shares of the  
Company held  
7,200 Shares

Apr. 1984 Joined the Company  
Apr. 2008 Department Manager, Saitama Branch Office, Sales and Marketing  
Apr. 2010 Corporate Officer; Department Manager, Osaka Branch Office, Sales Promotion Division, Sales and Marketing  
Apr. 2013 Corporate Officer; Head of Tokyo Area Division, Sales and Marketing  
Apr. 2015 Corporate Officer; Head of Sales and Marketing Division  
Jun. 2015 Director  
Jun. 2015 General Manager, Sales and Marketing; Head of Sales and Marketing Division (current position)  
Jun. 2019 Managing Director (current position)



**Takashi Takaya**  
Director, Personnel, General Affairs,  
Risk Management, Compliance &  
Digital Transformation  
Number of shares of the  
Company held  
5,300 Shares

Apr. 1984 Joined the Company  
Apr. 2005 Department Manager, Marketing Department, Sales and Marketing  
Apr. 2009 Department Manager, Marketing Department, Sales and Marketing Planning Division, Sales and Marketing  
Apr. 2010 Department Manager, Marketing and Planning Division, Sales and Marketing Planning Division, Sales and Marketing  
Apr. 2011 Head of Sales and Marketing Planning Division, Sales and Marketing  
Apr. 2012 Corporate Officer; Head of Sales and Marketing Planning Division, Sales and Marketing  
Jun. 2018 Director (current position)  
Jun. 2018 General Manager, Administration  
Apr. 2022 General Manager, Personnel, General Affairs, Risk Management, Compliance & Digital Transformation (current position)



**Takanori Edamitsu**  
Director, Business Management  
& Sustainability  
Number of shares of the  
Company held  
4,800 Shares

Apr. 1989 Joined the Company  
Aug. 2011 Department Manager, Corporate Planning Department  
Apr. 2013 Corporate Officer; Department Manager, Corporate Planning Department  
Jun. 2018 Director (current position)  
Jun. 2018 General Manager, Business Management  
Apr. 2022 General Manager, Business Management & Sustainability (current position)



**Kazuchika Takagaki**  
Director, Research &  
Development  
Number of shares of the  
Company held  
3,900 Shares

Apr. 1986 Joined the Company  
Jun. 2014 Department Manager, Discovery Research Laboratories in Tsukuba, Discovery Research Labs, Research & Development  
Jun. 2016 Department Manager, Discovery Research Labs, Research & Development  
Apr. 2017 Corporate Officer; Department Manager, Discovery Research Labs, Research & Development  
Jun. 2021 Director (current position)  
Jun. 2021 General Manager, Research & Development; Head of Research & Development Division (current position)



**Hitoshi Ishizawa**  
Director, Functional Food  
Number of shares of the  
Company held  
5,100 Shares

Apr. 1985 Joined the Company  
Apr. 2013 Department Manager, Kita-Kanto Branch Office, Northern Japan Division, Sales and Marketing  
Apr. 2014 Department Manager, Chugoku Branch Office, Western Japan Division, Sales and Marketing  
Apr. 2015 Department Manager, Tokyo Branch Office, Eastern Japan Division, Sales and Marketing  
Apr. 2017 Department Manager, Osaka Branch Office, Sales and Marketing  
Apr. 2018 Corporate Officer; Department Manager, Osaka Branch Office, Sales and Marketing  
Apr. 2021 Corporate Officer; Department Manager, Kansai Branch Office, Sales and Marketing  
Jun. 2021 Director (current position)  
Jun. 2021 General Manager, Functional Food; Head of Functional Food Division (current position)



**Hitomi Kimura**  
Director, General Manager,  
Resource Procurement,  
Production & Assurance  
Number of shares of the  
Company held  
1,900 Shares

Apr. 1984 Joined the Company  
Apr. 2015 Department Manager, Regulatory Affairs Department, Regulatory Affairs, Safety Management and Quality Assurance Division  
Apr. 2020 Head of Regulatory Affairs, Safety Management and Quality Assurance Division (Marketing Supervisor-General)  
Apr. 2021 Corporate Officer; Head of Regulatory Affairs, Safety Management and Quality Assurance Division (Marketing Supervisor-General)  
Jun. 2021 Director (current position)  
Jun. 2021 General Manager, Resource Procurement, Production & Assurance (current position)

Nippon Shinyaku's DNA

Nippon Shinyaku's  
Strategy for the Future

Strategy for the Future  
in Practice

Governance

Corporate Data

\* For the reasons for the appointment of Directors and Audit & Supervisory Board Members, please visit the following website:

WEB

[https://www.nippon-shinyaku.co.jp/english/company\\_profile/profile/executive\\_officer/index.php](https://www.nippon-shinyaku.co.jp/english/company_profile/profile/executive_officer/index.php)

## Outside Directors



**Miyuki Sakurai**  
Outside Director  
Number of shares of the  
Company held  
800 Shares

Apr. 1992 Completed training program at Legal Training and Research Institute of Japan  
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 Director, the Company (current position)  
Jun. 2020 Member of the Board, NIPPON SHOKUBAI CO., LTD. (current position)  
Jun. 2022 Outside Auditor, MBS MEDIA HOLDINGS, INC.  
<Significant concurrent positions>  
Joint Owner, Hanamizuki Law Office  
Member of the Board, NIPPON SHOKUBAI CO., LTD.  
Outside Auditor, MBS MEDIA HOLDINGS, INC.



**Yoshinao Wada**  
Outside Director  
Number of shares of the  
Company held  
300 Shares

Jul. 1975 Joined Osaka University Hospital  
Nov. 1981 Department of Maternal Medicine, Osaka Medical Center for Maternal and Child Health  
Oct. 1989 Obtained the degree of Doctor of Medicine (Osaka University)  
Apr. 1991 Department Manager, Department of Molecular Medicine, Research Institute, Osaka Medical Center for Maternal and Child Health  
Apr. 1998 Director, Research Institute, Osaka Medical Center for Maternal and Child Health  
Apr. 2011 Department Manager, Department of Maternal Medicine; Director, Research Institute; Osaka Medical Center for Maternal and Child Health  
Apr. 2014 Chief Department Manager, Department of Maternal Medicine; 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  
Apr. 2017 Part-time physician, Department of Maternal Medicine, Osaka Women's and Children's Hospital (current position)  
Apr. 2018 Visiting Professor, Yokohama City University  
Jun. 2019 Director, the Company (current position)  
<Significant concurrent positions>  
Part-time physician, Department of Maternal Medicine, Osaka Women's and Children's Hospital



**Yukari Kobayashi**  
Outside Director  
Number of shares of the  
Company held  
200 Shares

Apr. 1987 Joined IBM Japan, Ltd.  
Jul. 2002 Senior Manager, Overall Management of System Products Marketing, IBM Japan, Ltd.  
Jan. 2007 Director in charge of Public Sector, Global Business Service, IBM Japan, Ltd.  
Jan. 2007 Executive Officer, IBM Business Consulting Services KK  
Mar. 2016 Growth Leader for Mercer Far East Zone; Chief of staff, Mercer Japan Ltd.  
Jan. 2018 Director, Mercer Investment Solutions Ltd.  
Feb. 2018 COO, Mercer Japan Ltd.  
Sep. 2018 Corporate Officer, Corporate Strategy Management Lead, Area Transformation Lead, and Chief of Staff, Microsoft Japan Co., Ltd.  
Mar. 2020 Representative Partner, Amanda Life Consulting LLC. (current position)  
Jun. 2021 Director, the Company (current position)  
Apr. 2022 Outside Director, Panasonic Connect Co., Ltd. (current position)  
Mar. 2023 Outside Director, Bridgestone Corporation (current position)  
Jun. 2023 CEO, JC1 LLC (current position)  
<Significant concurrent positions>  
Representative Partner, Amanda Life Consulting LLC.  
Outside Director, Panasonic Connect Co., Ltd.  
Outside Director, Bridgestone Corporation  
CEO, JC1 LLC



**Mayumi Nishi**  
Outside Director  
Number of shares of the  
Company held  
100 Shares

Apr. 1980 Joined Department of Biology, Aichi Cancer Center Research Institute  
Apr. 1980 Obtained pharmacist license  
Apr. 1991 Joined Department of Anesthesiology, Kyoto Prefectural University of Medicine  
May 1991 Obtained medical license  
Mar. 1997 Obtained the degree of Doctor of Medicine (Kyoto Prefectural University of Medicine)  
Apr. 1997 Teaching Associate, Department of Anatomy I, Kyoto Prefectural University of Medicine  
Jun. 1998 Lecturer, Department of Anatomy I, Kyoto Prefectural University of Medicine  
Apr. 2003 Lecturer, Graduate School of Medical Science, Kyoto Prefectural University of Medicine  
Apr. 2005 Assistant Professor, Department of Anatomy and Neurobiology, Graduate School of Medical Science, Kyoto Prefectural University of Medicine  
Apr. 2007 Associate Professor, Department of Anatomy and Neurobiology, Graduate School of Medical Science, Kyoto Prefectural University of Medicine  
Aug. 2009 Professor, Department of Anatomy and Cell Biology, Nara Medical University  
Apr. 2010 Visiting Professor, Graduate School of Medical Science, Kyoto Prefectural University of Medicine  
Apr. 2023 Professor Emeritus, Nara Medical University (current position)  
Jun. 2023 Director, the Company (current position)  
<Significant concurrent positions>  
None

## Audit & Supervisory Board Members



**Hirotugu Ito**  
Standing Audit & Supervisory  
Board Member  
Number of shares of the  
Company held  
2,300 Shares

Apr. 1986 Joined the Company  
Apr. 2015 Department Manager, Keiji Hokuiku Branch Office, Western Japan Division, Sales and Marketing  
Apr. 2017 Department Manager, Kyushu Branch Office, Sales and Marketing  
Apr. 2019 Department Manager, Chushikoku Branch Office, Sales and Marketing  
Apr. 2021 Department Manager, Nagoya Branch Office, Sales and Marketing  
Apr. 2022 Department Manager, Information Service Supervisory Department  
Jun. 2023 Standing Audit & Supervisory Board Member (current position)



**Eriko Doi**  
Standing Audit & Supervisory  
Board Member  
Number of shares of the  
Company held  
0 Shares

Apr. 1984 Joined the Company  
Apr. 2007 Manager, Planning and Coordination Section, R&D Administration Department, Research & Development Planning Center, Research & Development  
Apr. 2008 Manager, Planning and Coordination Section, R&D Administration Department, Research & Development Planning Division, Research & Development  
Apr. 2016 Department Manager, Safety Management Department, Regulatory Affairs, Safety Management and Quality Assurance Division  
Apr. 2018 Department Manager, Safety Management Department, Regulatory Affairs, Safety Management and Quality Assurance Division (safety manager)  
Jun. 2024 Standing Corporate Auditor (current position)



**Hiroharu Hara**  
Outside Audit & Supervisory  
Board Member  
Number of shares of the  
Company held  
100 Shares

Apr. 1983 Joined Osaka Regional Taxation Bureau  
Jul. 2012 District Director, Shingu Tax Office, Osaka Regional Taxation Bureau  
Jul. 2015 Director, Second International Information Div., First Examination Dept., Osaka Regional Taxation Bureau  
Jul. 2016 District Director, Nishi Tax Office, Osaka Regional Taxation Bureau  
Jul. 2017 Director, Research Management Div., First Examination Dept., Osaka Regional Taxation Bureau  
Jul. 2019 Deputy Assistant Regional Commissioner, Second Examination Dept., Osaka Regional Taxation Bureau  
Jul. 2020 District, Kita Tax Office, Osaka Regional Taxation Bureau  
Jul. 2021 Retired from Kita Tax Office, Osaka Regional Taxation Bureau  
Aug. 2021 Registered as Licensed Tax Accountant  
Aug. 2021 President, Hiroharu Hara Tax Accountant office (current position)  
Jun. 2023 Outside Audit & Supervisory Board Member (current position)  
<Significant concurrent positions>  
President, Hiroharu Hara Tax Accountant office



**Mariko Chaki**  
Outside Audit &  
Supervisory Board  
Member  
Number of shares of the  
Company held  
0 Shares

Sep. 2002 Completed legal apprenticeship at Legal Training and Research Institute  
Oct. 2002 Registered with Kyoto Bar Association  
Oct. 2002 Joined Oike Law Office  
Oct. 2006 Partner, Oike Law Office (current position)  
Jun. 2024 Company Auditor (current position)  
<Significant concurrent positions>  
Partner, Oike Law Office

## Corporate Officers

**Hayato Wada**  
Department Manager, Kansai  
Business Office

**Masaya Toda**  
Head of Licensing & Alliance  
Division

**Kazuyuki Yamate**  
Head of Digital Transformation  
Division

**Mitsuharu Koizumi**  
Head of Sales and Marketing  
Planning Division

**Yoshizumi Tanaka**  
Head of Regulatory Affairs Supervision and  
Assurance Division

**Keiichi Kuwano**  
Department Manager, Discovery  
Research Labs.

**Katsumi Noda**  
Department Manager, Tokyo  
Business Office

**Toru Yamaguchi**  
Department Manager, Odawara  
Central Factory

**Kazuyuki Iwata**  
Department Manager, Nagoya  
Business Office

Eleven-Year Financial Data

Nippon Shinyaku Co., Ltd. and Consolidated Subsidiaries

JGAAP										IFRS				(Millions of yen)
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018		FY2019	FY2020	FY2021		FY2021	FY2022	FY2023
For the year										For the year				
Net sales	76,517	79,991	84,209	98,781	101,448	114,716		116,637	121,885	137,547	Revenue	137,484	144,175	148,255
Pharmaceuticals	63,345	66,340	70,489	85,315	87,416	100,223		101,643	106,478	120,650	Pharmaceuticals	120,650	121,988	125,105
Functional Food	13,172	13,651	13,720	13,466	14,031	14,492		14,994	15,406	16,897	Functional Food	16,834	22,187	23,150
Cost of sales	39,033	41,226	44,016	44,835	46,929	50,952		53,155	49,954	50,657	Cost of sales	50,191	55,980	50,234
Gross profit	37,483	38,764	40,192	53,946	54,519	63,764		63,481	71,931	86,890	Gross profit	87,293	88,195	98,021
Total selling, general and administrative expenses	29,445	30,202	31,643	38,666	37,439	43,119		41,813	45,796	58,591				
Selling, general and administrative expenses	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	34,812	34,959
R&D expenses	9,530	8,968	9,739	14,903	13,221	16,701		13,994	16,104	26,386	R&D expenses	22,863	24,135	31,676
Operating income	8,038	8,562	8,549	15,280	17,079	20,644		21,668	26,134	28,299	Operating profit	32,948	30,049	33,295
Net income attributable to owners of the parent	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	22,812	25,851
Depreciation and amortization	2,704	2,665	2,452	2,648	2,773	3,418		3,468	3,550	2,933	Depreciation and amortization	4,588	5,041	5,023
Capital investment	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	13,034	16,430
Cash flows from operating activities	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	26,170	16,289
Cash flows from investing activities	(3,357)	(3,718)	(3,978)	(5,750)	(11,342)	511		(2,339)	(1,564)	(6,359)	Cash flows from investing activities	(10,037)	(17,631)	(9,921)
Cash flows from financing activities	(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)	(9,605)	(9,719)
End of the year										End of the year				
Total assets	118,188	129,757	135,370	150,905	155,887	168,763		175,017	197,028	210,052	Total assets	219,943	237,451	263,404
Interest-bearing debt	—	—	—	—	—	—		—	—	—	Interest-bearing debt (Including lease liabilities)	2,713	2,665	2,872
Net assets	93,186	101,207	102,762	114,316	125,689	135,190		145,760	162,543	176,767	Total equity	180,886	195,933	220,534
Financial information per share (yen)										Financial information per share (yen)				
Earnings per share (EPS)	85.25	87.26	94.10	174.42	192.31	242.04		250.42	307.37	342.14	Basic earnings per share (EPS)	370.97	338.70	383.82
Net assets per share	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	2,904.49	3,269.72
Dividend per share	23	25	28	48	52	70		86	99	110	Dividends	110	114	124
Major financial indicators regarding profitability and valuation										Major financial indicators regarding profitability and valuation				
Operating income to net sales (%)	10.5	10.7	10.2	15.5	16.8	18.0		18.6	21.4	20.6	Operating profit to revenue (%)	24.0	20.8	22.5
R&D expenses to net sales (%)	12.5	11.2	11.6	15.1	13.0	14.6		12.0	13.2	19.2	R&D expenses to revenue (%)	16.6	16.7	21.4
Equity ratio (%)	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	82.4	83.6
Return on assets (ROA) (%)	6.9	7.0	6.5	10.8	11.2	12.7		12.6	14.0	13.9	Profit before tax to total assets (ROA) (%)	15.7	13.3	13.4
Return on equity (ROE) (%)	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 (ROE) (%)	14.5	12.1	12.4
Price book value ratio (PBR) (times)	1.4	2.9	2.9	3.3	3.8	4.0		3.9	3.4	3.2	Price book value ratio (PBR) (times)	3.1	2.0	1.4
Price earnings ratio (PER) (times)	23.0	50.1	46.8	32.5	37.0	33.3		33.9	26.8	24.4	Price earnings ratio (PER) (times)	22.5	17.2	11.6
Payout ratio (%)	27.0	28.7	29.8	27.5	27.0	28.9		34.3	32.2	32.2	Payout ratio (%)	29.7	33.7	32.3
Number of outstanding shares (shares)	70,251,484	70,251,484	70,251,484	70,251,484	70,251,484	70,251,484		70,251,484	70,251,484	70,251,484	Number of outstanding shares (shares)	70,251,484	70,251,484	70,251,484
Market capitalization (millions of yen)	137,482	307,350	309,107	398,326	500,191	566,227		595,733	578,170	585,195	Market capitalization (millions of yen)	585,195	409,566	314,024

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

# Non-Financial Data

## Environment

### Material Flow Data

INPUT	Classification	FY2021	FY2022	FY2023	
	Materials	Raw materials (t)	244	288	318
		Packaging materials (t)	302	245	475
Energy	Electricity (1,000 kWh)	15,350	15,881	17,884	
	Heavy oil (kL)	0	0	0	
	Kerosene (kL)	1	0	0	
	City gas (1,000 m³)	1,523	1,562	1,471	
	LPG (1,000 m³)	9	6	0	
	Gasoline (kL)	428	398	404	
	Diesel (kL)	3	3	2	
	Water intake*1	Tap water (1,000 m³)	58	54	58
	Well water (1,000 m³)	107	101	69	
OUTPUT	Products	Shipped products (t)	483	479	574
		Transported products (10,000 t-km)	10	13	12
	Gas & Water emissions	CO <sub>2</sub> emissions (Scope1,2) (t-CO <sub>2</sub> )	9,686	9,182	7,283
		Wastewater*1 (1,000 m³)	165	155	127
	Waste substances*1	Amount generated (t)	363	388	390
		Final amount of landfilled waste (t)	4.7 <sup>*2</sup>	2.3	2.0
	Container and package recycling*3	Waste containers and packages (Amount contracted out as post-consumer recovered waste)*3 (t)	170	172	206
	Class I Designated Chemical Substances handled*4	Dichloromethane (kg)	2,483	1,349	968
	n-Hexane (kg)	2,729	2,575	2,286	

\*1 Main business locations: Head Office area, Odawara Central Factory, Discovery Research Laboratories in Tsukuba.  
\*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 2023 (Regular review)
Head Office area business office	KES Step2	June 2012	June 2024 (Review for renewal)

### Environmental Accounting (parent company)

Environmental conservation costs*5 (excluding our sales offices)	Costs	FY2022		FY2023	
		Investments	Expenses	Investments	Expenses
	Costs within our business areas (Thousands of yen)	197,014	304,493	321,779	300,692
	• Pollution prevention costs*6 (Thousands of yen)	130,743	55,918	100,100	65,395
	• Global environmental conservation costs*7 (Thousands of yen)	66,270	198,527	220,350	177,187
	• Resource recycling costs*8 (Thousands of yen)	0	50,047	1,329	58,110
	Upstream & downstream costs*9 (Thousands of yen)	0	5,499	0	7,147
	Management activity costs*10 (Thousands of yen)	0	73,905	56,781	77,056
	R&D costs (Thousands of yen)	0	0	0	0
	Social activity costs*11 (Thousands of yen)	0	34,384	0	11,029
Environmental remediation costs (Thousands of yen)	0	0	0	82	
	Total (Thousands of yen)	197,014	418,281	378,560	396,006

Environmental conservation benefits	Benefit verification	FY2022	FY2023	Year on year change	Year on year rate
	CO2 emissions (t-CO2)	9,182	7,283	-1,899	79.3%
	• Electricity usage (1,000 kWh)	15,881	17,884	2,003	112.6%
	• Heavy oil & kerosene usage (kL)	0	0	0	—
	• City gas & LPG usage (1,000 m³)	1,562	1,471	-91	94.2%
	• Gasoline & diesel usage (kL)	401	406	5	101.2%
	Water consumption (main business locations) (1,000 m³)	155	127	-28	81.9%
	Waste substances generated (main business locations) (t)	389	390	1	100.3%
	Final amount of landfilled waste (main business locations) (t)	2.3	2.0	0	87.0%

\*5 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.  
\*6 Costs related to environmental damage prevention due to pollution such as water pollution, soil pollution, air pollution, etc.  
\*7 Costs related to global warming prevention, energy-saving activities, etc.  
\*8 Costs related to proper disposal of waste, recycling etc.  
\*9 Consignment fee for recycling of containers and packaging (costs for collection and recycling of packaging containers for pharmaceuticals, etc. in Nippon Shinyaku), etc.  
\*10 Costs related to maintenance and operation of EMS (Environmental Management System) and environmental education of employees.  
\*11 Costs related to offering classes to elementary schools in Kyoto city, greening in the workplace, regional cleanup activities, etc.

Environment ☒ The social performance indicators with checkmarks have receive third party guarantees.

	FY2019	FY2020	FY2021	FY2022	FY2023
<b>CO2 emissions</b> (t-CO2)					
Scopes 1 & 2: Nippon Shinyaku Co., Ltd.	—	10,497	9,685	9,182	7,283
Scopes 1 & 2: Sioe Pharmaceutical Co., Ltd. and Tajima Shokuhin Kogyo Co., Ltd.	—	1,232	905	932	1,140
Scope 3: Nippon Shinyaku Co., Ltd.	—	163,905	171,906	188,834	212,430
<b>Supply chain emissions by scope</b> (t-CO2) (Scope 3 categories 2, 3, 4, 5, 6, 7, 9, 12, and 13 are unconsolidated)					
Scope 1: Direct greenhouse gas (GHG) emissions from owned or controlled sources	—	4,964	4,738	4,910	4,366
Scope 2: Indirect emissions that occur through the use of purchased electricity, steam, and heat	—	6,765	5,852	5,204	4,057
Scope 3: 1. Purchased goods and services	—	183,640	189,415	208,157	217,585
Scope 3: 2. Capital goods	—	13,385	14,639	20,043	46,557
Scope 3: 3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	—	1,924	1,938	1,942	1,685
Scope 3: 4. Transportation and delivery (upstream)	—	678	721	658	271
Scope 3: 5. Waste generated in operations	—	223	225	208	207
Scope 3: 6. Business travel	—	233	235	233	243
Scope 3: 7. Employee commuting	—	231	270	287	446
Scope 3: 9. Transportation and delivery (downstream)	—	1,813	1,977	2,345	—*12
Scope 3: 12. End-of-life treatment of sold products	—	99	139	140	390
Scope 3: 13. Leased assets (downstream)	—	99	628	628	625
<b>Total energy consumption</b> (MWh)					
Nippon Shinyaku Co., Ltd.	66,944	63,066	63,451	65,200	69,647
Sioe Pharmaceutical Co., Ltd. and Tajima Shokuhin Kogyo Co., Ltd.	—	6,516	5,975	5,618	5,583
<b>Electricity</b> (1,000 kWh)					
Nippon Shinyaku Co., Ltd.	14,987	15,212	15,350	15,881	17,883
Sioe Pharmaceutical Co., Ltd. and Tajima Shokuhin Kogyo Co., Ltd.	—	1,835	1,704	1,650	1,663
<b>City gas, LP gas</b> (1,000 m³)					
Nippon Shinyaku Co., Ltd.	1,629	1,541	1,523	1,562	1,471
Sioe Pharmaceutical Co., Ltd. and Tajima Shokuhin Kogyo Co., Ltd.	—	113	100	81	75
<b>Water</b> (1,000 m³)					
Nippon Shinyaku Co., Ltd. *13	182	161	165	155	127
Sioe Pharmaceutical Co., Ltd. and Tajima Shokuhin Kogyo Co., Ltd.	—	30	29	24	25

\*12 The calculation of emissions in FY2023 is incomplete as a portion of the data of the relevant pharmaceutical wholesalers is undisclosed at calculation time.  
\*13 Main business locations: Head Office area, Odawara Central Factory, Discovery Research Laboratories in Tsukuba.

## Social

	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Employee Numbers and the Promotion of Women in the Workplace</b> (persons)					
Number of employees (parent company)	1,793	1,806	1,827	1,857	1,865
Number of female employees	516	529	552	565	582
Ratio of female employees (%)	28.8	29.3	30.2	30.4	31.2
Number of executives	554	555	571	596	614
Number of female executives	78	84	92	100	110
Ratio of female executives (%)	14.1	15.1	16.1	16.8	17.9
Number of managers	329	331	343	301	314
Number of female managers	32	34	38	40	42
Ratio of female managers (%)	9.7	10.3	11.1	13.3	13.4
Number of recruits	79	76	57	62	75
Number of female recruits	28	33	28	20	34
Ratio of female recruits (%)	35.4	43.4	49.1	32.3	45.3
Average number of years of service	17.8	17.3	17.4	17.5	17.4
Average number of years of service of female employees (years)	18.1	16.7	16.5	16.6	16.4
Average number of years of service of male employees (years)	17.7	17.6	17.8	17.8	17.9
Number of employees taking parental leave for childcare (male)	7	14	30	61	51
Rate of uptake of parental leave for childcare (male %)	9.7	20.3	50.0	69.3	70.8
Number of employees taking parental leave for childcare (female)	22	19	19	25	29
Rate of uptake of parental leave for childcare (female %)	100	100	100	100	100
Paid annual leave acquisition rate (%)	71.3	63.5	63.5	69.6	71.8
Total annual working hours (hours)	1791.60	1821.96	1819.89	1841.69	1854.32
Employee turnover (%)	1.68	1.97	1.66	1.92	2.0
Employee turnover rate after three years for new graduates joining the Company on Apr. 1 (as of Apr. 1 three years later) (%)	4.7	6.3	1.5	6.0	3.5
Average annual salary (thousands of yen)	7,919	7,958	8,061	8,151	7,835
Wage differential between men and women	—	—	—	79.1	78.8
<b>Human Resources Development</b>					
Hours of basic training per employee (hours)			7.2	10.0	10.2
Hours of voluntary training per employee (hours)			10.7	10.3	38.3
Education and training expenses per employee (Thousands of yen)			79	83	85

## Governance

	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Number of directors</b> (persons)	12	12	12	12	12
Number of outside directors	4	4	4	4	4
Number of female directors	1	1	3	3	4
Ratio of female directors (%)	8	8	25	25	33
<b>Number of audit &amp; supervisory board members</b> (persons)	4	4	4	4	4
Number of outside audit & supervisory board members	2	2	2	2	2
Ratio of outside audit & supervisory board members (%)	50	50	50	50	50

Glossary/IR FAQ

Glossary

Healthcare and Medicines	Acute Myeloid Leukemia (AML)	A disorder marked by an abnormal proliferation of immature myeloid cells. Normal hematopoietic function is impaired by unlimited 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 a 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.
	Dravet Syndrome	A rare, devastating and life-long form of epilepsy that generally begins in infancy or early childhood and is marked by frequent, treatment-resistant seizures, frequent resulting hospitalizations and medical emergencies, significant developmental and motor and behavioral impairments. Dravet Syndrome has been designated as an intractable disease by the Ministry of Health, Labour and Welfare, and there are estimated to be about 3,000 patients living with this disease in Japan.
	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.
	Iron Deficiency Anemia	Anemia caused by iron deficiency and reduction of hemoglobin synthesis associated with excessive menstruation, post-partum hemorrhage in women, gastrointestinal bleeding, and poor absorption of iron through the intestinal tract and other relevant diseases. In addition to symptoms such as palpitations, shortness of breath, and easy fatigue due to anemia and spoon nails due to iron deficiency are also observed.
	Lennox-Gastaut syndrome (LGS)	A type of intractable epilepsy that develops in infancy and childhood, and it is a serious disease that presents treatment-resistant seizures, mental developmental disorders, and movement disorders. Among the types of seizures, an atonic seizure is a dangerous seizure in which muscle tone is momentarily lost, leading to head or other injuries due to falling. LGS has been designated as an intractable disease by the Ministry of Health, Labour and Welfare, and it is estimated that Japan has about 4,300 patients living with this disease.
	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.
Other	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.
	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.
	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.
	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.

IR FAQ

Q1 What progress have you made on the three commitments?

(1) Regarding our commitment to “continue to launch an average of at least one unique product per year,” during our 6th Medium-Term Management Plan we met our goal by launching six products. (2) Regarding our commitment to “generate at least 50% of consolidated sales from overseas,” we built a foundation for global development that will involve corporate sales in the U.S. and China. (3) Regarding “at least doubling our sales and operating profit (vs. FY2020),” in FY2023, the final year of our 6th Medium-Term Management Plan, we achieved record highs in sales and all profit metrics.

Q2 What are the goals of your 7th Five-Year Medium-Term Management Plan?

Our goal is to achieve sales of 230 billion yen and operating profit of 30 billion yen by FY2028, the final year of the plan. We are investing in R&D, in-licensed products, and M&A and are promoting sales of CAP-1002 and nucleic acid drugs, so that by FY2030, our sales will reach at least 300 billion yen and at least 50% of our sales will come from overseas.

Q3 What progress has been made in expanding overseas?

In FY2023, U.S. sales of Viltepso, a drug for treating Duchenne muscular dystrophy (DMD) that was launched in FY2020, rose 28.6% over the prior year. We are taking steps to get early approval of this drug in China, Europe, and other regions.

Q4 What are your thoughts about the Upravi patent cliff?

Upravi has contributed significantly to our growth, but our royalty revenue from this drug is expected to fall dramatically in FY2028, when its patent expires. We are focusing on overcoming the patent cliff and building an earnings base that does not rely on royalty revenue, and our goal is to achieve operating profit of around 50 billion yen by FY2030.

Q5 What is the focus of your pipeline going forward?

We want to commercialize DMD therapeutic drugs (CAP-1002, NS-089/NCNP-02, NS-050/NCNP-03, NS-051/NCNP-04), new hematology products (Jaypirca, NS-401), and product life cycle management (Gazyva kidney disease drugs, Fintepla, Upravi for children).

Q6 Tell us about your thinking regarding R&D investment and capital investment?

The 7th Medium-Term Management Plan calls for total R&D expenses of 190 billion yen, and we think that our capital investment will total 38 billion yen over the period of the plan, which includes construction of a new research building so that we can create more innovations.

Q7 What are your thoughts about M&A?

We are gathering and analyzing data on established companies and startups in both Japan and overseas and are considering alliances (out-licensing, business tie-ups, capital tie-ups) and M&A.

Corporate Data/Investor Information (As of March 31, 2024)

Corporate Data

Corporate Name	Nippon Shinyaku Co., Ltd.	Representative Directors	Shigenobu Maekawa, Chairman Toru Nakai, President
Founded	November 20, 1911	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
Date of Incorporation	October 1, 1919	Issued and Outstanding Number of Shares	70,251,484
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/	Number of Shareholders	10,045
Paid-in Capital	¥5,174 million (Tokyo Stock Exchange Prime Market since April 4, 2022)	Share Registrar	Mitsubishi UFJ Trust and Banking Corporation 6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-0044, Japan

Investor Information

Major shareholders

Shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,603	14.26
Meiji Yasuda Life Insurance Company	6,486	9.63
Custody Bank of Japan (Trust account)	5,113	7.59
The Bank of Kyoto, Ltd.	3,090	4.59
MUFG Bank, Ltd.	2,706	4.02
Nippon Life Insurance Company	1,341	1.99
JPMorgan Securities Japan Co., Ltd.	1,006	1.49
Tokio Marine & Nichido Fire Insurance Co., Ltd.	979	1.45
GOVERNMENT OF NORWAY	874	1.30
STATE STREET BANK AND TRUST COMPANY 505103	715	1.06

\*1 The percentage of shares owned is calculated as the total number of shares issued and outstanding divided by the number of treasury shares (2,989,726 shares).  
\*2 The percentage of shares owned is rounded to the second decimal place.

Shareholder composition over the past five years



On the Issuance of Nippon Shinyaku's Integrated Report 2024



Takanori Edamitsu  
Director, Business Management & Sustainability

Nippon Shinyaku has released integrated reports since 2012, with Integrated Report 2024 being the 13th 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.

Integrated Report 2024 provides a better understanding of the linkage between the Company's financial and nonfinancial value proposition, shows the sources of value creation and explains the value creation process, and describes the current issues and growth strategy with respect to its financial and nonfinancial capital. It also contains the initiatives being taken by each business department as part of our 7th Five-Year Medium-Term Management Plan, which was launched this fiscal year. This is our attempt to give everyone a comprehensible and easily understandable picture of Nippon Shinyaku at present and in the future.

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.

I hope that this Integrated Report 2024 will help you better understand our company. We will continue to refine this report and strive to make it a valuable resource for communication with our stakeholders.