Value Creation Process

Inputs

employee: 10.2 hours

employee: 38.3 hours

Awards: about 20,000

Library: 5,513

facility

¥16,430 million

¥220,534 million

¥263 404 million

17.884 thousand kWh

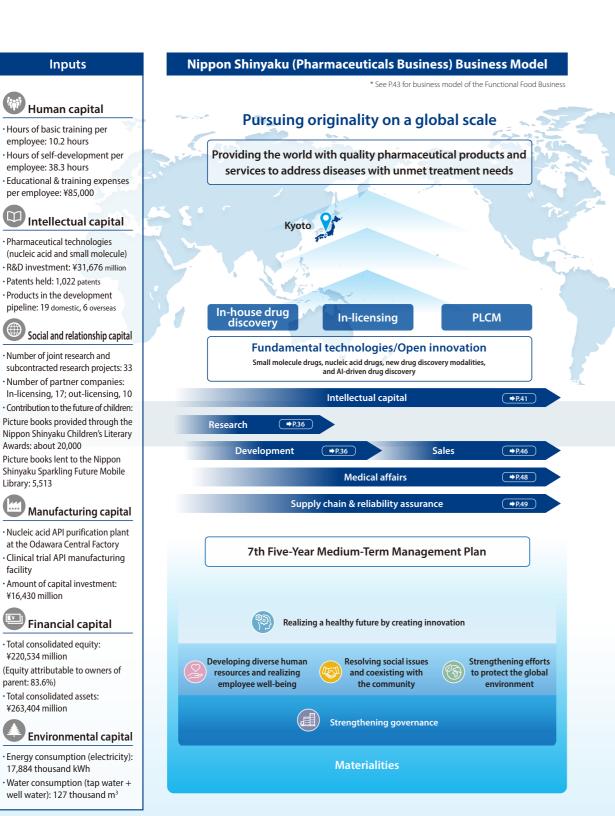
parent: 83.6%)

Business Philosophy Helping People Lead Healthier, Happier Lives

Impact Patient Centricity -Bringing the joy of living to patients and their families

The External **Environment** Surrounding the **Pharmaceutical** Industry

- · R&D advancement
- · Prolonging healthy lives through breakthroughs in medical care
- · Improving access to medical care
- · Diversification of work styles







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
Basic approach	Awareness of and initiatives to optimize capital structure and cost of capital 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.	Respecting the diversity of our employees and providing opportunities for individuals to proactively take on challenges and grow 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.	Protecting the intellectual property fruits obtained from new modalities and R&D and building a global supply system 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.	Promoting patient-centered business activities 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.
Recognized issues	Reinforcing of cash flow management Implementing ROIC management Further melding financial value and nonfinancial value	Shortage of transformation, global, and DX human resources Building an environment and systems for human resources development Career autonomy	 Capturing new modalities Building a global supply system Leveraging IoT for improved quality and preventive maintenance Using AI to make highly precise demand forecasts and detect changes in the environment and threats that could impact the stable supply Technology in various sectors to create new services 	 Ascertaining the needs of patients and customers Quickly expanding the global system Establishing sales channels in different sectors to create new services Expanding the provision of support in peripheral fields
Growth strategy	 Aggressively investing in growth fields, including through M&As Setting medium-term targets for efficiency indicators, such as ROIC Transforming the business portfolio through the effective use of assets and business restructuring Incorporating other non-financial factors into ROIC 	 Achieving the NS Mind Building a diverse human resources portfolio Promoting the active participation of diverse human resources, such as non-Japanese and female employees Improving employee engagement Expanding career measures 	 Maintaining high-level R&D investments Promoting R&D on small molecules, nucleic acid drugs, and new modalities that leverage open innovation Promoting globalization to supply products and services to countries other than Japan, U.S., and China Offering a stable supply to the world through the nucleic acid API purification plant Promoting R&D based on patient centricity 	 Activities to determine what patients and customers think and how they behave Collaborating with companies that possess necessary technology, such as academia and startups Collaborating with other sectors to provide support in peripheral fields Expanding disclosure and PR activities (increasing awareness of Nippon Shinyaku)
Related information	Financial/Capital Strategy →P.30	Developing Diverse Human Resources and Realizing Employee Well-being +P.52	Contributing to People's Health through the Creation of Products and Services with Unique Characteristics P.36 Special Feature: Nippon Shinyaku's Global Development and "Vision for 2035" P.8	Resolving Social Issues and Coexisting with the Community PR60

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