

Value Creation Process

Business Philosophy Helping People Lead Healthier, Happier Lives

Capital Supporting Nippon Shinyaku

Financial capital

Total consolidated equity ¥195,933 million
(Equity attributable to owners of parent 82.4%)
Total consolidated assets ¥237,451 million

Human capital

- Number of employees
2,186 (consolidated) 1,857 (parent company)
- Total annual hours worked 1,841.69 hours
- Percent holding PhD or Master's degrees 36.2%
- Total investment in human resource development for regular employees ¥140,646 thousand (parent company)
- Investment in human resource development per regular employee ¥83 thousand (parent company)
- Training hours by level
Total 18,296 hours 10.01 hours per person
- Hours of self-development training
Total 18,835 hours 10.32 hours per person

Intellectual capital

- Pharmaceutical technologies (nucleic acid and small molecule)
- R&D investment ¥24,135 million
- Pipeline
- Patents held 974 patents
- Amount of digital content on owned website 153

Social and relationship capital

- Strong partnerships with medical professionals
- Open innovation with academia
- Provision of "Sherpa," a support program for patients with pulmonary hypertension
- Increase of access to medicine
- Implementation of Viltepso Managed Access Program

Manufacturing capital

- Odawara Central Factory
- Clinical trial API manufacturing facility

Environmental capital

- Energy consumption (electricity)
15,881 thousand kWh
- Water consumption (tap water + well water)
155 thousand m³

Nippon Shinyaku (Pharmaceuticals Business) Business Model

* See P.48 for business model of the Functional Food business

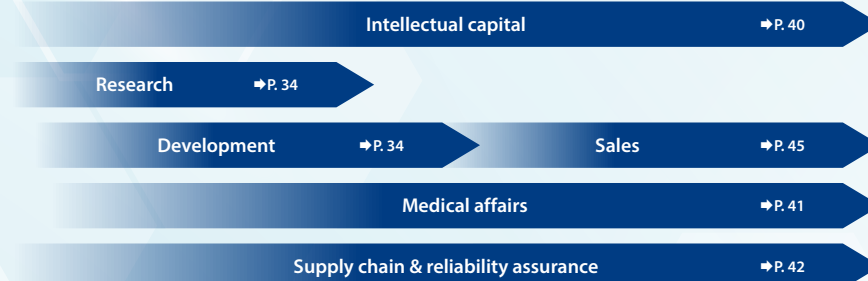
Pursuing originality on a global scale

Providing the world with quality pharmaceuticals to address diseases with unmet treatment needs



Fundamental technologies

Small molecule drugs, nucleic acid drugs, new drug discovery modalities



6th Five-Year Medium-term Management Plan

Aiming for Sustainable Growth ~Pursuit of Further Originality~

Materialities

→ P. 20



Reallocation of value to capital

Outputs

Pharmaceuticals Business → P. 34

Segment revenue

¥121.988 billion

• Urology



Zalutia, for urinary disorder caused by benign prostatic hypertrophy

• Hematology



Defitelio, for sinusoidal obstruction syndrome (hepatic veno-occlusive disease)

• Intractable and rare diseases



Fintepla, for seizures associated with Dravet syndrome



Vidaza, for myelodysplastic syndromes or acute myeloid leukemia

• Gynecology



Viltepso, for Duchenne muscular dystrophy



MonoVer, for iron deficiency anemia

Functional Food Business → P. 48

Segment revenue

¥22.187 billion

Health food ingredients
Preservatives
Protein preparations
Supplements



Outcomes

Shareholders → P. 28

- TSR (for the past 5 years, cumulatively) -11.4%
- TSR (for the past 10 years, cumulatively) 385.4%
- ROE (FY2022) 12.1%

Employees → P. 52

- Human resources that create competitiveness
- Realizing work-life balance
Low turnover: 1.92%
- Improved employee engagement
Recognized as "White 500" firm
- Percentage of male employees taking childcare leave
69.3%
19.3 percentage point increase YoY
- Ratio of female executives 16.8%
0.7 percentage point increase YoY

Society → P. 42, 68

- (local communities, business partners, etc.)
- Increase of trust from local communities
- Strengthening of relationships with local communities and business partners, etc.

Customers → P. 34, 41, 42, 48

(patients, consumers, medical professionals)

- Hosting online seminars about disease awareness 2
- Contributing to the future of medicine
Open recruitment research grants 10
- Upravi sold in about 70 countries
- Opening of Innovation Research Partnering, a drug discovery center in the U.S.
- New expertise in pharmaceutical research
- Expanding the development pipeline through strengthening of licensing activities 2
- Strengthening our global supply system

Environment → P. 60

- Plants preserved approximately 3,000 species
- Greenhouse gas emissions (Scope 1, 2)
5.2% reduction from FY2021
- Reduction of water consumption
6.1% reduction from FY2021

* See P.66 for stakeholder engagement