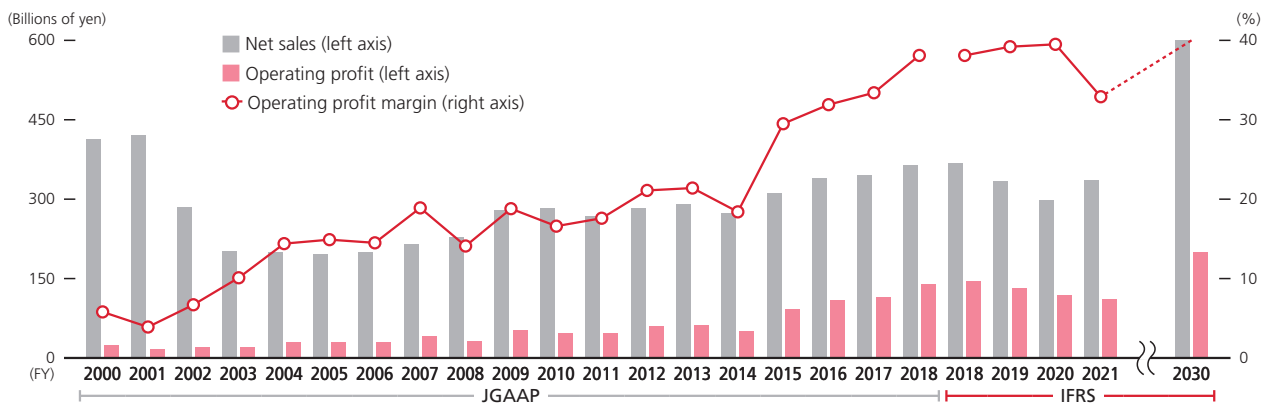


Medium-Term Business Plan

Looking Back at Our Previous Medium-Term Business Plans

In fiscal 2021, the COVID-19 pandemic continued to rage, which had a major impact on the business environment in which SHIONOGI operates. In particular, the infectious disease business, which includes influenza-related products, was dramatically impacted by the massive market contraction due to strict precautions against contagions. On the other hand, there was major progress in the development of the therapeutic drug S-217622 (ensitrelvir) and the COVID-19 vaccine S-268019, making it possible to raise the Company's presence as a leading infectious disease company in Japan.



First Medium-Term Business Plan (FY2000 – FY2004)	Second Medium-Term Business Plan (FY2005 – FY2009)	Third Medium-Term Business Plan (FY2010-FY2013)
Focus on pharmaceutical business —Establishing a foundation	Expansion of R&D and establishment of global structure —Accelerating progress	Toward global growth —SONG for the Real Growth

	First Medium-Term Business Plan (FY2000 – FY2004)	Second Medium-Term Business Plan (FY2005 – FY2009)	Third Medium-Term Business Plan (FY2010-FY2013)
Accomplishments	<p>Establishing a foundation</p> <ul style="list-style-type: none"> Transferred/sold drug wholesaling, agrochemical, clinical laboratory, industrial chemicals, and capsule businesses and focused on prescription drugs <p>R&D</p> <ul style="list-style-type: none"> Established overseas joint venture Shionogi-GlaxoSmithKline Pharmaceuticals, LLC (present-day Shionogi-ViiV Healthcare LLC) and launched joint R&D of anti-HIV agent <p>Overseas business</p> <ul style="list-style-type: none"> Established foundation for global development (established Shionogi Inc.) 	<p>Clarifying target areas</p> <ul style="list-style-type: none"> Strengthened the two areas of metabolic diseases and pain, in addition to infectious diseases, another SHIONOGI strength <p>Establishing strong sales</p> <ul style="list-style-type: none"> Developed <i>Crestor</i> into a key product with domestic sales of ¥23.0 billion <p>Overseas business</p> <ul style="list-style-type: none"> Obtained U.S. sales network through the acquisition of Sciele Pharma, Inc. Conducted joint development of anti-HIV drug with GSK 	<p>Growth centered on new drugs</p> <ul style="list-style-type: none"> Implemented in-house global development (Phase 3 clinical trials) Discovered 12 development products and obtained PoC for at least 50% <p>Japan business</p> <ul style="list-style-type: none"> Grew 8 strategic products and improved the sales ratio <i>Crestor</i> and <i>Cymbalta</i> obtained the number-one market share <p>Overseas business</p> <ul style="list-style-type: none"> Launched <i>Osphena</i> Introduced to Europe and China <p>Earnings structure</p> <ul style="list-style-type: none"> Revised agreements for out-licensed products Strengthened cost-control capabilities
Issues	<ul style="list-style-type: none"> Response to the volatile drug industry Establishing a second and third target area in addition to the infectious disease area 	<ul style="list-style-type: none"> Identifying research seeds and expanding early phase drug discovery programs Improving clinical predicability Quickly formulating strategies and making decisions related to global development Achieving sales targets and adjusting sales expenses Reducing indirect division costs 	<ul style="list-style-type: none"> The speed at which the value of new products is maximized remained an issue The U.S. business was still unprofitable New products (<i>Cymbalta</i>, <i>Mulpleta</i>, <i>Actair</i>, and <i>Osphena</i>) were capturing market share at too slow a pace Stagnant per-employee operating profit (excluding royalties)

Fourth Medium-Term Business Plan (FY2014 – FY2019)

Grow as a drug discovery-based pharmaceutical company —Shionogi Growth Strategy 2020	Update	Grow sustainably as a drug discovery-based pharmaceutical company contributing to a more vigorous society through improved healthcare KPIs —Shionogi Growth Strategy 2020
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Accomplishments	<p>We accomplished the following regarding the 4th Medium-Term Business Plan (SGS2020) and achieved the main KPIs given in SGS2020 (ordinary profit, efficiency KPI, and shareholder return KPIs).</p> <p>Continued creation of in-house products • <i>Xofluza</i>, <i>Mulpleta</i>, <i>Symproic</i>, cefiderocol, cabotegravir</p> <p>Strengthening of business operations • Improvement of cost management • Global development of all in-house products, launches in overseas markets</p>
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Issues	<p>Maximize value of new products • <i>Cymbalta</i> and <i>Intuniv</i> have achieved growth, but targets are unmet</p> <p>• Issues with information provision concerning <i>Xofluza</i> have emerged (insufficient marketing capabilities overall)</p> <p>Grow overseas businesses • US business: Targets not met for strategic products (<i>Osphena</i>, <i>Symproic</i>) • Still in process of establishing business infrastructure for the EU and China</p> <p>Improve per-employee productivity</p>
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Shionogi Transformation Strategy 2030 (STS2030)

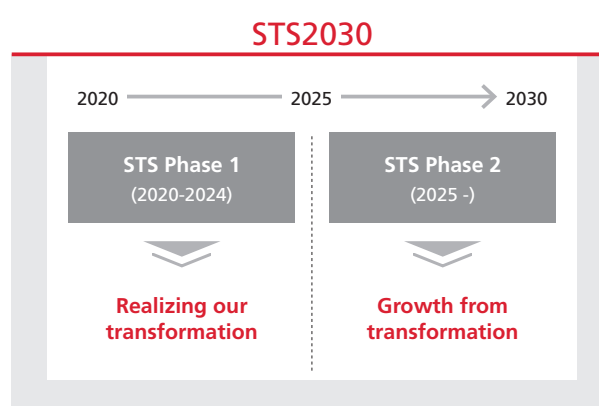
SHIONOGI Group Vision
What SHIONOGI wants to accomplish by 2030

Building Innovation Platforms to Shape the Future of Healthcare

- Continuously creating innovative products/services, with a well-established and rapidly-growing global business
- Continuing to offer solutions to health issues facing society
- Excellent business persons who never take a break from building their expertise and capabilities, leveraging their individual strengths, and creating new value

Strategy to Achieve SHIONOGI Group Vision

In June 2020, SHIONOGI stated the goals it wants to achieve in ten years, by 2030, as SHIONOGI Group Vision and formulated STS2030, a strategy to achieve that vision. It positioned the period through 2024 as Phase 1, and developed concrete plans to undertake the transformation from a traditional pharmaceutical company into a HaaS* company by providing society with innovative solutions required to solve social problems, not only traditional prescription drugs. During phase 2, the period starting in 2025, SHIONOGI will continue to grow as a HaaS company and further raise its corporate value by becoming an entity that can continue to supply this type of innovative solutions.

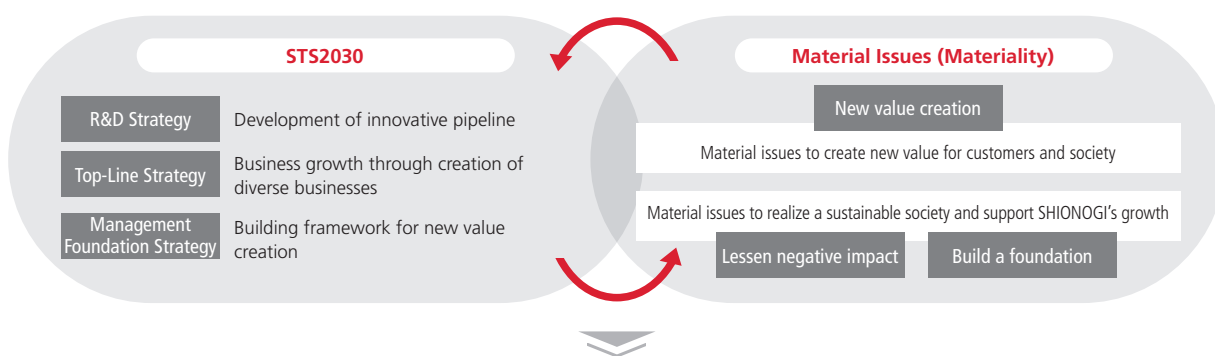


* Healthcare as a Service: Provide a range of healthcare services in line with customer needs, rather than only providing pharmaceuticals

STS2030 and Material Issues (Materiality)

To realize a transformation to new growth as a total healthcare company, the basic policy for STS Phase 1, we have formulated three strategies—R&D strategy, top-line strategy, and management foundation strategy. Furthermore, material issues (materiality) include factors related to achieving the SHIONOGI Group Vision through new value creation and factors to lessen the negative impact related to issues such as human rights and the environment, and maintain medium- to long-term initiatives to build a foundation to achieve that. Factors related to

achieving the SHIONOGI Group Vision are tackled strategically in STS2030, and SHIONOGI has positioned STS2030 and material issues (materiality) as two elements that complement each other. We will achieve sustainable growth as a company by incorporating these two elements into the goals for various business activities, implement business transformation and reduction in negative impact by achieving those goals, and delivering created value to all stakeholders.



SHIONOGI Group Heritage

SHIONOGI strives constantly to supply the best possible medicine (healthcare solutions) to protect the health and wellbeing of the patients we serve.

Management Strategy/Financial Strategy

In STS2030, SHIONOGI is promoting growth through transformation and pursuing a strategy that sets forth growth through a business make-over.

In the pharmaceutical business, our major business segment, we are working to maximize product value, which had been an issue in our previous medium-term business plan, SGS2020, based on efforts to create innovative products as a drug discovery-based pharmaceutical company. The royalties we obtain from alliances with licensees and external partners will serve to maximize the earnings we need for achieving STS2030, and we will focus on new product introductions at our overseas Group companies and redouble our efforts to strengthen our in-house marketing without involving partners so that we can improve the growth and profitability of each global region.

In addition, in businesses newly proposed in STS2030 that are outside the framework of prescription drugs, we are proactively pursuing the co-creation of new healthcare solutions with various partners, so that we can capitalize on our strengths and

expand our vaccine, OTC drugs and contract development and manufacturing organization (CDMO) businesses. We are tackling the challenge of creating healthcare for the future by developing our Healthcare as a Service (HaaS) business so that we can solve the many problems of society.

Developing a new well-balanced business model that has the pharmaceutical and the HaaS businesses as its major pillars will enable us to break free from a business structure that relies mainly on royalty income and transform us into a total healthcare company that goes beyond the existing pharmaceutical company framework and maintain high profitability as well as a stable management foundation. In addition, SHIONOGI works hand in hand with society to bring about a world with sustainable growth by solving social issues through innovative healthcare solutions.

Strengthening our portfolio with new growth drivers to achieve total care for diseases

The areas that we are working on for achieving STS2030 are providing products and services that provide total care for diseases and accelerating the broadening and strengthening of our product portfolio, which includes tackling diseases where unmet medical needs remain, especially infectious diseases, psychoneurological diseases, and pain.

Fiscal 2021 was a year during which the world continued to be ravaged by the COVID-19 pandemic. Placing our top priority on freeing the world from the pandemic as soon as possible, even if only by a day, we made progress in organizing our products and services so that we can provide total care. These efforts included developing the COVID-19 therapeutic drug S-217622 and vaccine S-268019, providing wastewater-based epidemiology surveillance services through the establishment of AdvanSentinel Inc., developing and supplying COVID-19 diagnostic drugs, and the out-licensing of asapiprant, which suppresses the exacerbation of the disease. We plan to con-

tinue beefing up our development portfolio by launching such initiatives as the discovery of S-217622 follow-up compounds and development of a nasal vaccine as a next-generation vaccine for COVID-19. With the COVID-19 pandemic, society has renewed awareness of the importance of programs for dealing with infectious diseases. As a leading company in the infectious disease area that has adopted the material issue (materiality) of “protecting people worldwide from the threat of infectious diseases,” SHIONOGI is incorporating the lessons of the COVID-19 pandemic and providing solutions from the perspective of total care, vis-à-vis all types of infectious diseases, including antimicrobial resistance (AMR), the three major infectious diseases, and neglected tropical diseases (NTDs).

Besides infectious diseases, STS2030 also addresses psychoneurological diseases and pain as key areas where we are working to maximize the value of our existing products and to accelerate the expansion of our portfolio. For atten-

Financial foundation

	FY2019	FY2020	FY2021
Total assets	¥873.7billion	¥999.0billion	¥1,150.6billion
Equity attributable to owners of parent	¥765.2billion	¥846.1billion	¥975.7billion
Cash and cash equivalents	¥208.9billion	¥276.2billion	¥254.4billion
Ratio of equity attributable to owners of parent to total assets	87.6%	84.7%	84.8%
Payout ratio	26.0%	29.6%	30.4%

Financial KPIs

	FY2021(results)	FY2022	FY2024	
Growth indicators	Revenues	¥335.1billion	¥400.0billion	¥500.0billion
	Core operating profit	¥110.6billion	¥120.0billion	¥150.0billion
	Core operating profit margin	33.0%	Over 30%	Over 30%
	Overseas revenue ratio (excluding royalties)	22.3%	Over 25%	Over 50%
	Internally-discovered pipeline ratio	73%	Over 60%	Over 60%
Shareholder return indicators	EPS	¥378.75	Over ¥370	Over ¥480
	DOE	3.8%	Over 4%	Over 4%
	ROE	12.5%	Over 13%	Over 15%

tion-deficit/hyperactivity disorder (ADHD), we are in the process of developing a digital therapeutic app (SDT-001), as well as two types of treatment drugs that have differing mechanisms of action. Pharmaceutical services with differing modalities not only provide patients with more treatment options, but are also an effective way to deal with the patent cliff problems that are constantly confronting the pharmaceutical business. In fiscal 2021, we also got involved in efforts to provide new solutions for insomnia, thus adding to our portfolio. We entered into a memorandum of understanding with

Investment strategy for value creation

To maintain our global growth while tending to the many problems in the healthcare field, SHIONOGI needs to improve our performance by expanding our portfolio through the creation of growth drivers, to get new businesses up and running as soon as possible, and to develop a greater presence in overseas markets. The financial policy set forth in Phase 1 of STS2030 includes establishing an investment budget of 500 billion yen, in addition to R&D expenses. This investment budget is the financial driver that will increase SHIONOGI's corporate value as we strengthen the competitiveness of our new businesses, beef up our development pipeline, and carry out flexible and speedy social implementation, in other words, undergo a transformation. In Japan, we are seeking out and making investments in products that will contribute to our revenues in the short term and to businesses that can be expected to contribute to our productivity and profitability over the longer term, as well as products in the early stages of development. In the U.S. and Europe, we are taking steps to acquire products that will contribute to our business immediately, and expand sales of cefiderocol, which we are also hoping will provide synergies. In China, we are accelerating our pursuit and execution of investment opportunities to provide innovative new products and services through Ping An-Shionogi

Mochida Pharmaceutical Co., Ltd. regarding a marketing rights license for the insomnia therapeutic drug daridorexant, and we entered into a commercialization agreement with SUSMED, Inc. regarding a digital therapeutic application for insomnia. Also, regarding pain, we entered into a license agreement with Grünenthal GmbH for the pain control medicine resiniferatoxin, adding it to our portfolio. In STS2030, we are putting together a solid portfolio so that we can overcome our patent cliff while maintaining a balance between our pharmaceutical business and our HaaS business.

Co., Ltd., our joint venture with the Ping An Insurance Group.

Along with these investments in new businesses and portfolio acquisitions, we are also making investment to enhance our existing strengths and improve our profitability. Because we proceeded with an aggressive investment in infectious disease projects, particularly for COVID-19-related R&D in fiscal 2021, we spent the highest amount ever, 73 billion yen (up by 18.7 billion from the prior year) on R&D expenses. In the five years of STS2030 Phase 1, we anticipate making R&D investments of an amount equivalent to more 120% of what we spent on R&D over the five-year period from fiscal 2015 through fiscal 2019. The increase in R&D expenses will be an investment in the creation of innovative healthcare solutions for solving the social issues of 2030, and we are planning to invest flexibly to maximize the value of our new product developments.

Also, to strengthen our base of competitiveness, we at SHIONOGI are promoting the use of AI technologies in drug discovery and are in the process of building a data management platform (DMP) for marketing, as well as speeding up investment in building a digital foundation so that we can grow as a HaaS company. Furthermore we are making investments in building a manufacturing and logistics system so that

SHIONOGI Transformation



Takeaki Dohda

Vice President
Investment Strategy
Department

Message from an employee

Taking the same approach as a startup to face unmet medical needs

The Investment Strategy Department's mission is to create new value for SHIONOGI during the post-2030 period after we achieve STS2030. We are adopting a new value system that strives to ascertain unmet medical needs by taking the same flexible and rational approach as would the founder of a startup. We will speed up business by engaging in mutual learning and encouragement with the managements of the firms in which we have invested. We believe that, through these cumulative efforts, SHIONOGI will be able to transform itself into the Company that, with its business partners, is the best in the world at providing healthcare solutions that meet customers' needs. SHIONOGI has already invested in some excellent partners both in Japan and overseas. Going forward, we will proactively work to create businesses with a grander vision so that we will be able to provide customers with the fruits of our endeavors as soon as possible.

Management Strategy/Financial Strategy

we can quickly deliver the solutions that we have designed to the patients who need them. In fiscal 2021, we spent a total of 27.3 billion yen on capital investments in vaccine manufacturing equipment and in manufacturing facilities at our Settsu Plant. In particular, with respect to vaccine manufacturing, we teamed up with Unigen, Inc. and Api Co., Ltd., an alliance that employed about 37.3 billion yen of grant funds from the Ministry of Economy, Trade and Industry and the Ministry of Health, Labour and Welfare to conduct clinical trials in tandem with the construction of manufacturing facilities and the opti-

mization of manufacturing methods for mass production so that we can deliver a vaccine to people as soon as possible.

SHIONOGI is thus actively seeking investment opportunities that will contribute to our revenues in both the short term and longer term as well as investment opportunities that can help strengthen our corporate foundation in order to keep increasing our corporate value. Also, each investment candidate undergoes a balanced assessment of its benefits and risks based on our investment evaluation process so that we can create new value through rapid implementation.

Promoting management that is both aggressive and defensive

Despite the tough business climate in fiscal 2021 due to such factors as the minimal spread of influenza from increased hygiene awareness and global travel restrictions brought on by the COVID-19 pandemic, SHIONOGI's revenues, core operating profit, and profit attributable to owners of parent exceeded our financial forecast. Again, in fiscal 2022, we will have our sights fixed on growth opportunities, and will advance operations considering both aggressive and defensive risks.

Investment in growth drivers

Achieving our SHIONOGI Group Vision absolutely requires that we create innovative products and services that will solve social problems in the field of healthcare. To do this, we must use cutting-edge drug-discovery technologies so that we can come up with innovations that meet the needs of society.

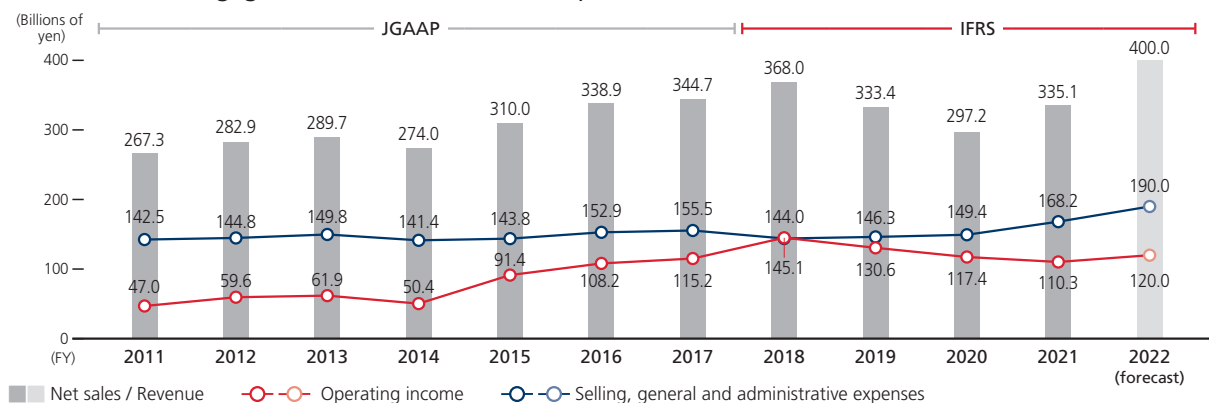
During STS Phase 1, which runs through fiscal 2024, we plan to allocate 500 billion yen into investment that will be new growth drivers. We did not succeed in making any large-scale business investments in fiscal 2021, due to an environment of underlying risk in which the COVID-19 pandemic showed no sign of ending and the global instability increased as a result of the Russian invasion of Ukraine. However, we set up a new Investment Strategy Department in July 2022, which will take a more strategic approach toward future investment opportunities by employing investigation and analysis so that we can make business investments that are aggressive.

Meanwhile, in fiscal 2021, our R&D investments were larger than in any prior year in SHIONOGI's history, so that we could provide society with solutions to COVID-19 as soon as possible. From fiscal 2022 onward, we will allocate earnings from COVID-19 related projects to investments in equipment and the formation of an IT foundation, and we will be pursuing initiatives that will improve our corporate value over the medium and long term.

Securing a solid financial structure

To achieve sustained growth when resources are limited, we will need to procure and allocate funding that will give us both agility and strength while maintaining a stable financial foundation. At SHIONOGI, we are also taking advantage of grants and other external funding, and in fiscal 2021, we were chosen for the Ministry of Health, Labour and Welfare's support project for the practical application of COVID-19 therapeutic drugs. Infectious diseases cause severe shifts in markets, depending on the extent of their spread, and while they involve sustainability risks for our business to survive as a stand-alone company, we are making proactive investments while securing a solid financial foundation by developing a business model that combines our own funds with external grant funding. SHIONOGI currently has a good reputation for the stability of its management, and we have been assigned an AA- rating by Rating and Investment Information, Inc. (as of August 2022).

■ Sales, and Selling, general and administrative expenses



Sharing the joys of growth with our shareholders

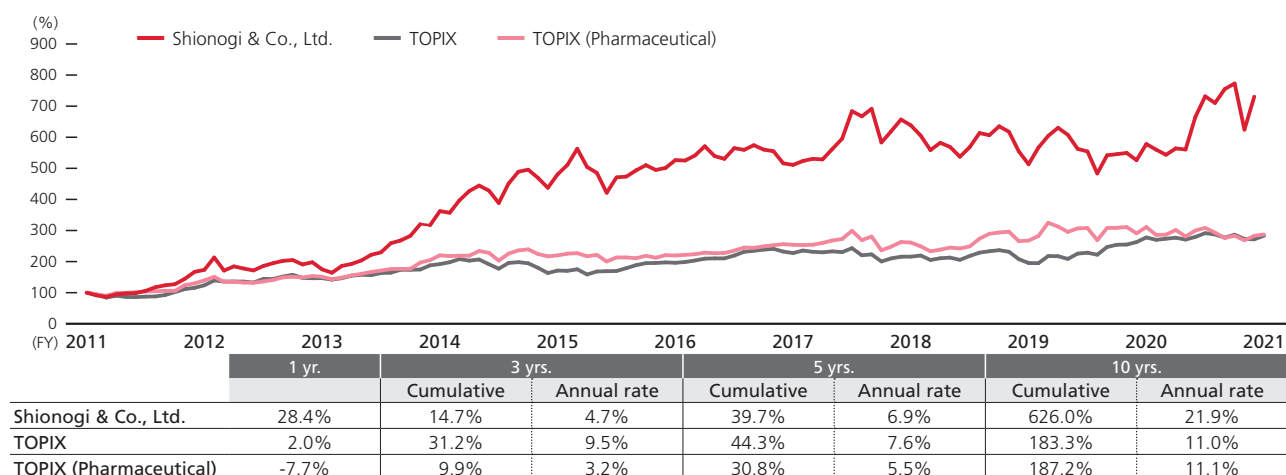
As SHIONOGI strives to increase our profit and maximize our corporate value through investment in new growth drivers and continued strengthening of our business operations, one of our basic principles is to implement a dividend policy that will enable all of our shareholders to actually feel our growth.

In STS2030 Phase 1, a targeted dividend on equity (DOE) attributable to owners of the parent of at least 4% is the shareholder return indicator, as our policy is to increase returns steadily and sustainably over the long term. Other target shareholder return indicators are earnings per share (EPS) of at least 480 yen and return on equity (ROE) attributable to owners of the parent of at least 15%, so we are going to return profits to all of our shareholders by steadily increasing dividends in line with SHIONOGI's growth. Our results for fiscal 2021 were a dividend per share of 55 yen at mid-year and

60 yen at year-end, so our full-year dividend of 115 yen was our tenth consecutive dividend increase. Going forward, we will continue implementing a dividend policy whereby all shareholders will be able to continue sharing in SHIONOGI's growth.

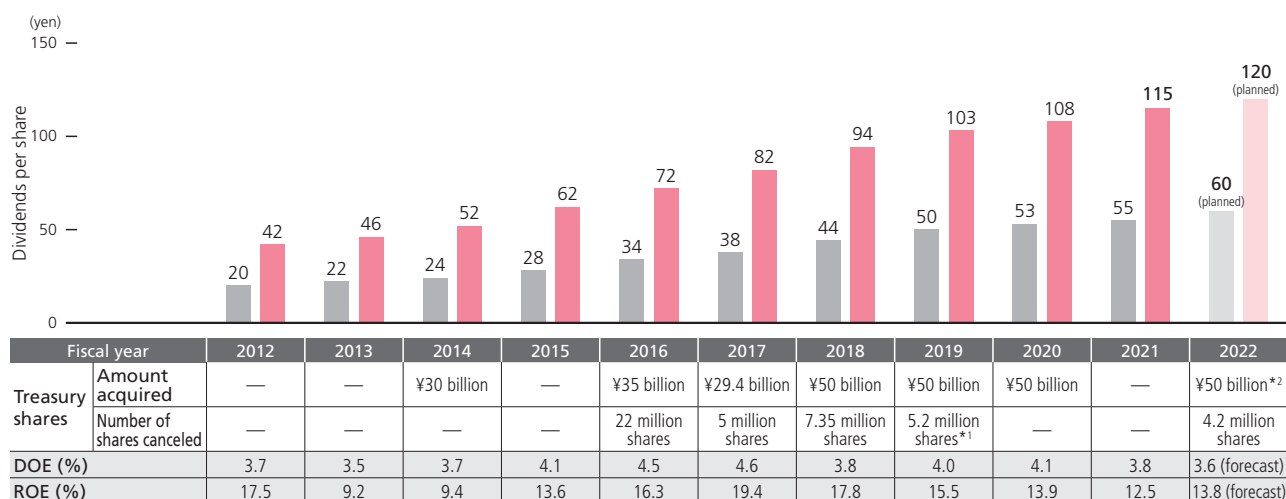
Another shareholder return measure besides dividends is to enhance our capital efficiency through share buybacks, cancellation of treasury shares, and unwinding of cross-shareholdings. In fiscal 2022, we plan to acquire up to 7.2 million (or 50 billion yen) of treasury shares, which is equivalent to 2.39% of our total shares issued and outstanding, and to cancel 4.2 million of treasury shares, and we will increase our shareholder returns, improve our capital efficiency, and implement a flexible capital policy that is responsive to the business environment with a view to further improving our corporate value.

Total shareholder return (TSR)



- Notes: 1. Total shareholder return (TSR): The total return to the shareholder, or the total return on investment, including dividends and capital gains
 2. TSR is calculated as the amount of cumulative dividends plus the change in Shionogi's stock price, while TOPIX is a stock price index that includes dividends (prepared by Shionogi using data from Bloomberg and other sources)
 3. The values in the graph are TSR-indexed market prices, taking the closing price on March 31, 2012, as 100 (with a holding period until March 31, 2022)

Dividends



*1. Resolution passed on March 30, 2020, and treasury shares canceled on April 6

*2. Upper limit of share buybacks planned at 50 billion yen

Note: Values from fiscal 2018 on were calculated based on IFRS.

R&D Strategy

Even as COVID-19 wrought great turmoil across the world, the pandemic created opportunities for transformation. Taking this opportunity to turn vision into reality, SHIONOGI will accelerate the discovery and development of COVID-19 solutions and subsequent drivers of growth.

Our 2030 Vision and Strategy

SHIONOGI has set “Offer solutions to health issues facing society” and “Continuously create innovative products/services” as key elements of our Vision in STS2030. To achieve these key elements, we are applying our R&D capabilities across a range of fields, including those where we have considerable experience, such as infectious diseases, psychoneurological diseases, as well as newer fields for us, such as vaccines and cancer, and even further areas, all driven by the magnitude and urgency of the medical need. By intelligently applying the broader solution space offered by new modalities and technologies to our long-standing strength in small molecule discovery, and through a committed effort to expand our external networks and to advance the capabilities of our human resources, we expect that both our speed, and our likelihood of success, in resolving whatever healthcare challenges we choose to undertake will be increased.

Deploying new modalities and technologies, starting with infectious diseases

SHIONOGI aims to realize total care for disease, going beyond conventional pharmaceutical-based treatment to comprehensively address, and where possible, avoid, the burden created by the disease on patients and society. We will work to offer suites of products that can provide a comprehensive solution to disease challenges, including prevention, diagnosis, and recovery support, as well as the traditional pharmaceutical focus on treatment. One clear preparatory action in this direction was the acquisition of UMN Pharma Inc. in 2019, providing us with a platform for vaccine R&D and thereby for the creation of a new business area.

For the COVID-19 pandemic, the establishment of this new platform allowed us to undertake with top-priority the development of a recombinant protein vaccine (S-268019) based on the BEVS* technology. We are further expanding our vaccine platform by development of different forms of vaccine delivery, such as a nasal delivery systems with enhanced convenience and with the aim of effective immunogenicity, and we now have nasal vaccine programs for COVID-19 (S-875670) and influenza (S-872600), using technology from HanaVax, Inc.

* BEVS (Baculovirus Expression Vector System): A protein expression technology that uses insect and other cells.

Advancement of product creation through co-creation with external parties

A long-standing strength of SHIONOGI’s research is our small

molecule drug discovery engine that is capable of efficiently producing innovative drugs. The high level of technical skill in each of our departments and the accumulation of experience in its utilization, with efficient collaboration amongst departments, constitutes a source of competitive strength that we have been able to leverage in our COVID-19 drug discovery. During the pandemic, we were able to establish and demonstrate further evolution in key areas, including rapid and sophisticated decision-making ability. At the same time, we became keenly aware of our limits when proceeding on our own. In an environment with rapidly-changing circumstances, gathering external knowledge and leveraging our collaborative networks have become ever more central to empowering us to deliver the solutions that people want, at the right time. Accordingly, we believe that SHIONOGI must pay careful attention to nurturing and expanding our network of external collaborations. In fiscal 2021, we were able to launch and to advance a number of new businesses through the power of collaboration across companies, and even across industries, as seen in the establishment of AdvanSentinel Inc. This time, in addition to moving the Business Development Department inside the R&D Supervisory Unit, we have formed an Investment Strategy Department that will work alongside the Business Development Department. With these two organizations at the core, we will expand our network with partners that have differing strengths and advance R&D that uses those strengths.

Human resource development to ensure broad, cutting-edge research and development capabilities

As important as it is to establish and leverage our external network, if we are to be truly capable, respected, and an attractive partner to other capable companies, we must continue to nurture and expand our own internal R&D capabilities. We remain committed to maintaining a high internally-discovered pipeline ratio, which stands at 73% as of March 2022. The key to achieving this is having a highly-skilled and highly-capable human resource. Whether working alone, in-house, or in collaboration with external parties, we must continually generate the “seed” ideas that lead to product discovery, as these are the key starting points. In order to make sure we are creating and progressing these seeds in the right, societally productive direction, we must have a deep understanding, shared throughout the R&D organization, of the true healthcare concerns of society. From there, we must take action with energy and focus, and a

Message from the Senior Executive Officer, R&D Supervisory Unit

We will more rapidly create products addressing critical healthcare needs through transformation rooted in our experience from responding to COVID-19.

Following the outbreak of the COVID-19 pandemic in 2020, SHIONOGI has undertaken a bold re-allocation of resources, focusing as never before and concentrating over 70% of our research efforts on COVID-19 drug discovery, to release society from the suffering and constraints resulting from the COVID-19 as quickly as possible. As a result, we were able to advance the therapeutic drug S-217622 and the vaccine S-268019 at unprecedented speed. The capability we established through this experience, enabling us to deploy maximal resources and expertise with agility, which we can now apply to the creation of our next growth drivers.

To achieve this mission, we renewed our R&D framework in July 2022. We launched this new framework as the R&D Supervisory Unit, under which we placed our Development Division, integrating clinical development and regulatory activities, our Research Division, containing our small molecule discovery and CMC capabilities, our Biopharmaceutical Research Division, including our discovery and CMC capabilities for vaccines, biotherapeutics, and new modalities, as well as the Business Development Department and the new Investment Strategy Department, to ensure that our network of external relationships required for the collaborative creation and advancement of innovation, in partnership with industry, venture capital, government, and academia, are all in one organization.

As these divisions and departments all have capabilities and resources that can flexibly and rapidly be applied to a wide range of medical needs and therapeutic areas, this new structure supports the flexible yet intensively focused approach we developed during the course of the pandemic. With this structure and approach, the R&D Supervisory Unit will pioneer the future of healthcare through products built on innovation and will contribute to the continuous growth of SHIONOGI.

John Keller, Ph.D.

R&D Supervisory Unit



R&D Strategy

willingness to always attempt the unprecedented, based on a natural and unbridled curiosity. In matters of great urgency, such as responding to the COVID-19 pandemic, that curiosity must be harnessed through a brute force approach to pushing ahead. But both are required – we cannot produce new growth drivers through brute force alone.

SHIONOGI's independent research and development function is designed to allow broad exploration while maintaining the highest rigor, and to thereby create an environment that nurtures human resources motivated by genuine curiosity. This system is designed to evaluate people based on the innova-

Making SHIONOGI Group Vision a reality

In these initial five years (through fiscal 2024) of STS2030, we have been working to achieve the transformation of the company. In fiscal 2021, in the continued intense period of the pandemic, as in the previous year, we devoted much of our resources to COVID-19 drug discovery. Even in this challenging period, through the dedicated efforts of our employees, we were able to continue to make steady progress toward the realization of SHIONOGI Group Vision.

In COVID-19 drug discovery, progress toward the development of the aforementioned S-217622 and vaccine S-268019, as well as the creation of a successor candidate for S-217622, has been our primary focus. We also embarked on the creation of a new business sector for SHIONOGI, founding a vaccine business that we will continue to strengthen and

Key elements remaining to be achieved

In fiscal 2021, we devoted intensive effort to the infectious disease business, seeking an early end to the COVID-19 pandemic. Unfortunately, we were unable to supply COVID-19 therapeutic drugs and vaccines during the current fiscal year, leaving this last and most important step to be achieved in the following fiscal year. Also in fiscal 2022, in addition to promptly completing ongoing trials, we plan to progress into prophylactic studies and further pediatric studies, and to seek approval in overseas regions, with the goal of maximizing the value of our COVID-19 portfolio to society.

In the Research Division, our creation of new growth drivers outside of the COVID-19 area was affected considerably by our bold shift of resources onto COVID-19 programs. However, even under these difficult circumstances, multiple nonclinical and research projects in the fields of infectious diseases and, psychoneurological diseases were advanced, clearly targeting important unmet medical needs in society and embodying our corporate transformation in terms of our ability to make maximum use of limited resources. By applying the focused resourcing and rapid decision-making approach, we piloted during the COVID-19 pandemic, to other projects, we expect to make considerable advances in our efforts to create next growth drivers.

tion and rational creativity reflected in their attempts rather than their failures, to foster a culture in which researchers are free to take on challenges without fear. Nearly 100 research themes have been proposed under this system, several of which have progressed to project status.

While developing and reinforcing this system, we will solidly nurture the human resources who will be responsible for creating the next generation of SHIONOGI innovation so that we can continually generate valuable products and to realize the benefits from them, in alignment with society.

expand in the medium to long term.

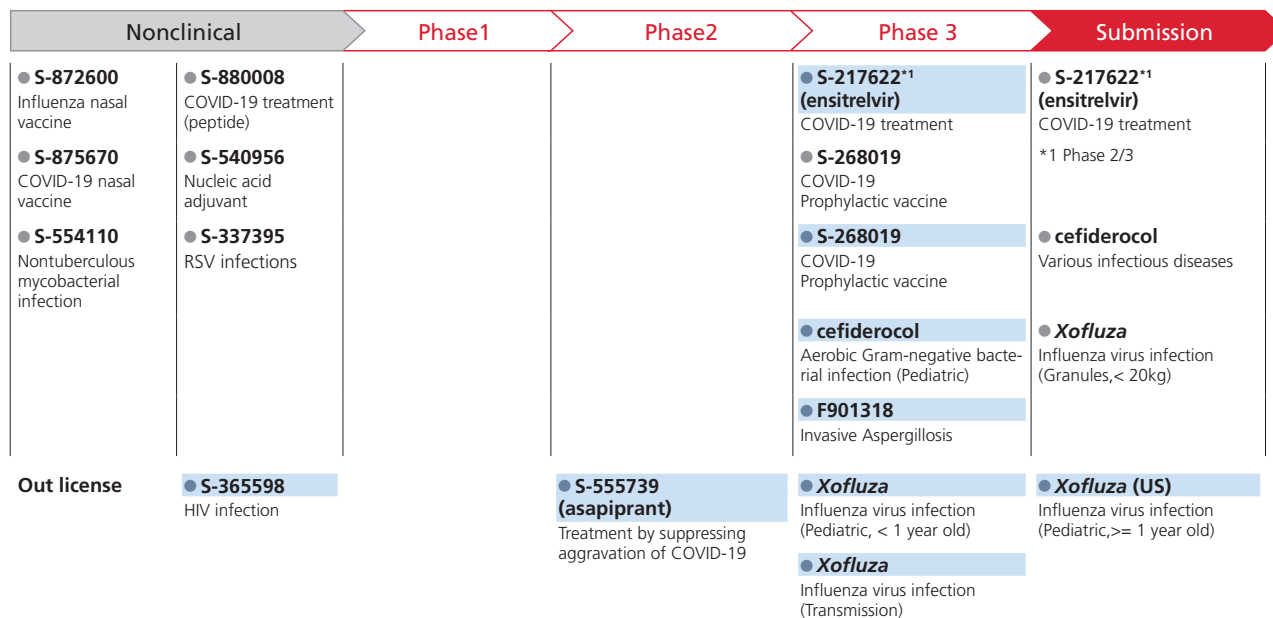
In this area, in addition to signing of a licensing agreement with HanaVax Inc. for the development of nasal vaccines, we established a joint research initiative at Chiba University Hospital, focusing on the research and development of vaccines that induce mucosal immunity. We are also expanding our range of vaccine and adjuvant modalities and tools, both internally generated and accessed through external collaboration. We intend to use this expanded toolkit, along with an increased fundamental understanding of the still-unclear immune induction mechanisms of vaccines, to contribute to global health through the creation and provision of innovative vaccines that are effective in preventing contagion.

Our Drug Development and Regulatory Science Division focused on "development at unprecedented speed" for our COVID-19 therapeutic drugs and vaccines as a core theme for fiscal 2021. This focus led to the acquisition of a wide range of know-how and new development techniques, such as the clinical trial in hotels and homes that we worked on for S-217622, and the close communication with regulatory authorities from early on aiming for the early authorization of therapeutic drugs and vaccines for COVID-19. We intend to apply these newly acquired skills to other products to improve the capabilities of the Division overall. Furthermore, as in discovery, we must always ask ourselves whether our efforts are truly aligned to delivering the solutions demanded by patients and society. In order to show that we are truly delivering these solutions, our development packages must not only achieve registration but also show the full value and benefit of the product, not solely efficacy and safety, but also healthcare economic value, impact on overall health and productivity, quality of life, and benefit over existing treatments, as well as global accessibility. With thorough commitment and deep understanding, we will continue to pursue these challenging goals in fiscal 2022 and onward, to drive SHIONOGI's global growth.

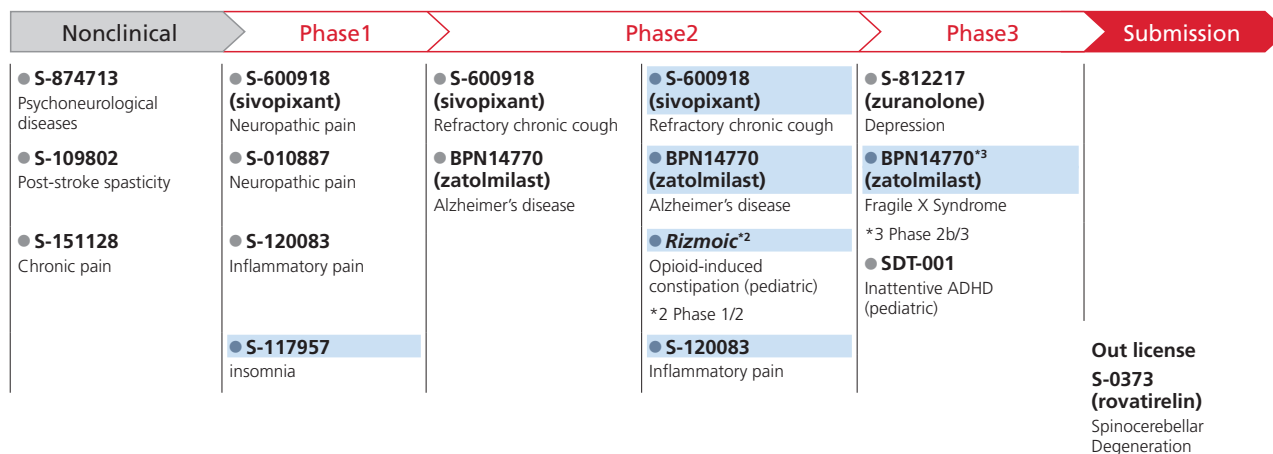
Development Pipeline Status (as of August. 1, 2022)

Global development

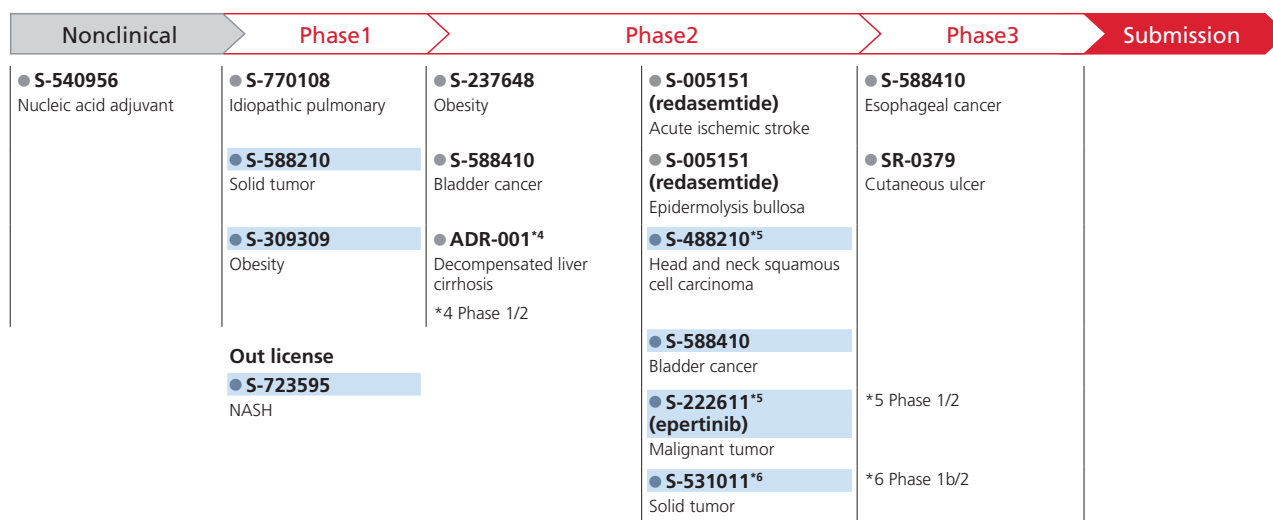
Infectious Disease



Psychoneurological Disease



New Growth Areas



Top-Line Strategy

SHIONOGI will engage in total care for illnesses through a variety of approaches that include prevention, diagnosis, and conventional therapeutic drugs, with a focus on our priority fields of infectious diseases and psychoneurological diseases. In our overseas business, we plan to strengthen our businesses in Europe, the U.S., China, and elsewhere in Asia through expanded sales of our infectious disease drugs, building a stable foundation for earnings.

Japan

Meeting diversifying customer needs and executing on our disease strategy

Earning people's trust in SHIONOGI's products and services is of utmost importance in growing our top line. Toward that end, we must properly communicate information about our products and services so that healthcare professionals can understand their value in aiding patients.

In addition to accurately communicating information on our pharmaceuticals, we are working to strengthen the two-way communication skills of medical representatives (MRs) to enable better understanding of patients' concerns through dialogue with healthcare professionals. Utilizing hospital MRs and the online electronic MRs (e-MRs) that we put into place in fiscal 2021, we will accurately and quickly grasp the real needs and the future needs of opinion leader doctors and medical workplaces, and will connect these not only to the

growth of our current pharmaceutical business but also to the formulation of future disease strategies.

In July 2022, we placed the newly established New Business Promotion Department under the Integrated Disease Care Division, and consolidated this together with the Pharmaceutical Commercial Division, Regulatory Affairs Department, and the newly established Vaccine and Diagnostic Drug Department under the Healthcare Business Supervisory Unit. Through close coordination among these organizations in the Supervisory Unit, we will speedily incorporate understood medical needs into disease strategies and new business planning and will continue to offer solutions that contribute to solving patients' problems, further growing our top line.

Expanding means of providing information to customers through digital technology

Healthcare professionals' means of acquiring information have rapidly diversified under the COVID-19 pandemic, making systems for providing information in a digital environment increasingly important. In fiscal 2021, SHIONOGI engaged in activities to promote the registration and use of our owned sites and of information provision platforms built under SHIONOGI's lead. These activities have significantly increased the number of people who access information digitally. In the current fiscal year, we plan to continue our focus on activities to increase the frequency of use.

Analyzing the activity logs generated through everyday use of the digital platforms will allow us to more quickly grasp changes in the needs and interests of healthcare professionals, and will lead to efficient activities such as prioritizing the presentation of needed information. Through a virtuous cycle of connecting data obtained through the increase in digital communication to more efficient and high-quality information provision, we will engage in information provision activities that align with customers' needs.

SHIONOGI Transformation



Shinichiro Iwamatsu

Digital Marketing Group Manager, New Product Planning Department, Integrated Disease Care Division

Message from an employee

Initiatives to construct a customer-centric information provision system utilizing digital technology

When developing digital tools as a means of providing information, our consideration focuses not on how individual tools are used but rather on development under a clear image of the entire system, integrated and used with maximum effectiveness. We believe that the key to integrating and analyzing the data obtained from digital tools and physical sales activities, and to making use of this data in activities, lies in how we can deliver information that meets the needs of healthcare professionals, with optimal timing. To that end, as we engage in our work we constantly think about the linkage of the digital and the real, in terms of what information will be handled by digital tools and what will be directly communicated from MRs.

Message from the Senior Executive Officer, Healthcare Business Supervisory Unit

We will strengthen our on-site capabilities to grasp the true needs of medical settings

In July 2022, we placed the Pharmaceutical Commercial Division, which is at the front line of our top-line strategy, the Integrated Disease Care Division, the Government Affairs Department, and the newly created Vaccine and Diagnostic Drug Department in the new Healthcare Business Supervisory Unit.

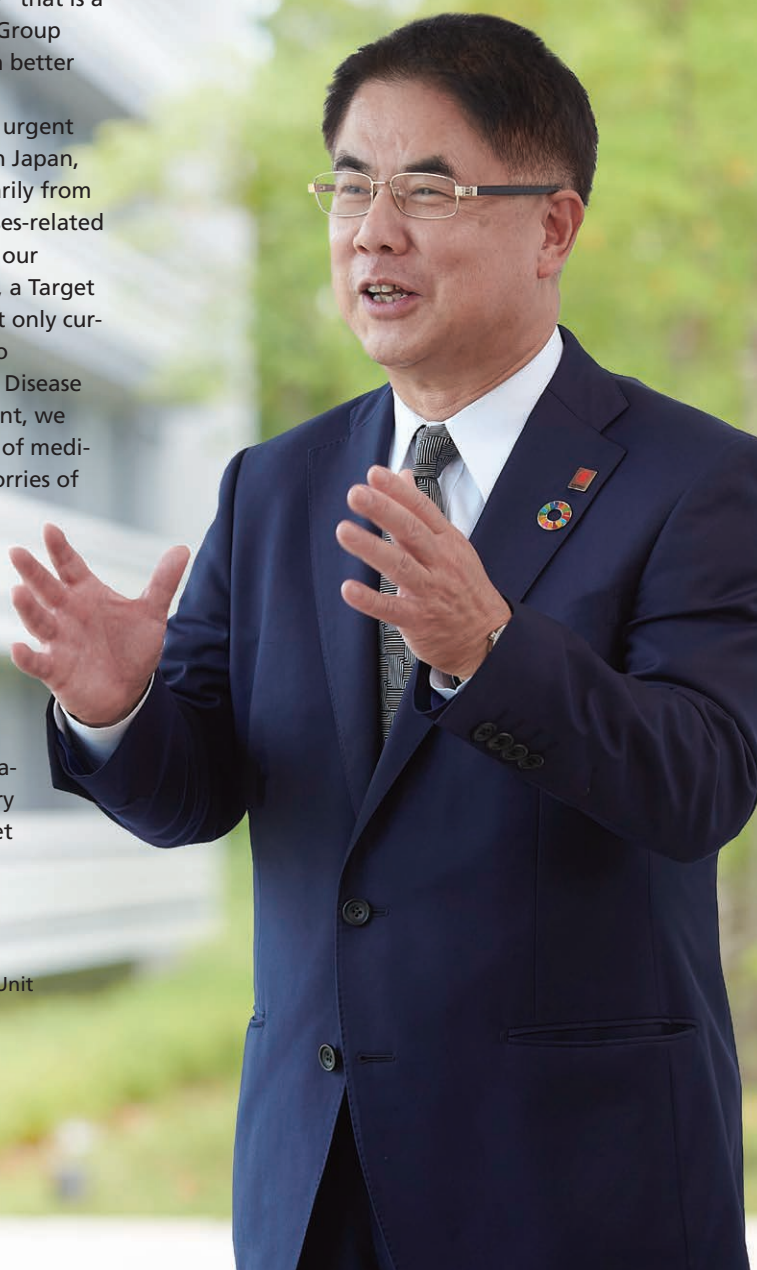
This Supervisory Unit undertakes the “promote” that is a component of the goals stated in the SHIONOGI Group Heritage to research, produce, and promote even better medicines.

To achieve top-line growth, it is important and urgent that we firm up the foundation of our business in Japan, which is the main source of current profits, primarily from infectious diseases and psychoneurological diseases-related business, and at the same time, work to enhance our future pipeline. In enhancing our future pipeline, a Target Product Profile will be important in reflecting not only current, but also future medical needs. In addition to strengthening the involvement of the Integrated Disease Care Division from the early stages of development, we will work to further collect and reflect the voices of medical practitioners as an initiative to capture the worries of healthcare professionals and patients. To adapt to restrictions on hospital and clinic visits under the pandemic, the Pharmaceutical Commercial Division engages in information provision activities incorporating DX, striving to understand true needs by combining data obtained through the use of digital tools with feedback from people in the field.

By strengthening solidarity and the on-site capabilities of the organizations within the Supervisory Unit, we will continue to offer solutions that meet the true needs of customers.

Toshinobu Iwasaki, Ph.D.

Senior Vice President, Healthcare Business Supervisory Unit
and Pharmaceutical Commercial Division



Top-Line Strategy

Overseas

The transformation of our global business to achieve the SHIONOGI Group Vision

Under STS2030, we have positioned the expansion of our global business as a key strategy. In the field of HIV, we are expanding business in partnership with ViiV Healthcare Limited. As partnering with governments and external support organizations will also be vital for cefiderocol, a growth driver in Europe and the U.S., we are further bolstering our bargaining power through specialized human resources. At the same time, for COVID-19-related items, such as the upcoming priority product S-217622, we will push ahead with transformation so that we

can provide these on our own in overseas markets. Toward this end, we will further strengthen collaboration among manufacturing, distribution, and marketing to achieve stable product supply, while undertaking proper inventory controls, cost reductions, and effective facilities investments. SHIONOGI will promote the expansion of its overseas business by developing a global system that enables flexible changes in business models, including in-house sales, partnering, and pull incentives, matched to conditions in specific regions and markets.

Expansion of our Europe and U.S. businesses, centered on cefiderocol

As a leading company in the field of infectious disease, SHIONOGI has identified protecting people worldwide from the threat of infectious diseases as a key material issue (materiality). In our Europe and U.S. businesses, we are advancing efforts aimed at collecting and publishing real world data (RWD) evidence in clinical practice, as well as the improvement of access to healthcare. As a result of such actions, cefiderocol received a high economic value evaluation from the UK National Institute for Health and Care Excellence (NICE), and was approved for the UK’s subscription-style payment model. Moreover, to improve access to drugs for the treatment of antimicrobial resistant infections in low- and

middle-income countries, we entered into partnership agreements with the Global Antibiotic Research and Development Partnership (GARDP) and Clinton Health Access Initiative (CHAI) and successfully created an environment in which cefiderocol can contribute to antimicrobial resistance (AMR) measures in 135 countries.

Establishing a sustainable business model for acute infectious diseases is not easy, as market scale fluctuates greatly in line with epidemics. Our aim is to promote maximization of the value of cefiderocol while flexibly making changes to its business model, to achieve both overseas business expansion and contribution to global health.

Toward expansion of our Chinese and Asian businesses

Major changes in the environment have occurred in China, including the imposition of city lockdowns in response to the spread of COVID-19. We must flexibly respond to these in our business plans under STS2030. Currently, we seek to expand our infectious disease-focused new drug business by coordinating closely with Ping An-Shionogi Co., Ltd., our joint venture with the Ping An Group, through products including

cefiderocol, S-217622, and olorofim. We launched naldemedine in Taiwan in April 2022, and will continue working to aid patients suffering from opioid-induced constipation in Taiwan. We will further expand Shionogi Healthcare’s OTC drugs in Asia as we push ahead to become a world-leading healthcare service provider.

SHIONOGI Transformation



Gareth Morgan

Shionogi Inc.
Senior Vice President
Global Portfolio
Management Manager

Message from an employee

Innovative solutions for providing cefiderocol to low- and middle-income countries

Antimicrobial resistance (AMR), called a “silent pandemic,” is already directly responsible for 1.3 million deaths through AMR infections, the majority of these in low- and middle-income countries. Providing access to new antibiotics such as cefiderocol in low- and middle-income countries has been a difficult challenge, but SHIONOGI has taken a major step toward establishing a new access model that assures responsible manufacturing and proper use. After over a year of discussions and negotiations, we have signed landmark license and collaboration agreements with the non-profit organization GARDP, which is tackling AMR, and the non-profit organization CHAI, which works to resolve access issues in low- and middle-income countries. There is still much to be accomplished, but we are on track to provide patients in 135 low- and middle-income countries with access to cefiderocol. Who knows how many lives we will save!

Message from the Senior Executive Officer, Supply Supervisory Unit

Delivering SHIONOGI Quality to people the world over

The Global Business Division is working to deliver SHIONOGI products and services to markets in Europe, the U.S., China, and elsewhere in Asia. And in July 2022, we launched the Supply Supervisory Unit as a new system, encompassing Group companies responsible for production. In addition to expanding the overseas sales ratio, which we set as a goal for STS2030 Phase 1, we will achieve our mission of delivering SHIONOGI products and services at the right quality, at the right price, and with the right information to people worldwide, and connect it to growing the top line.

To achieve this mission, we will pursue transformation of Creation, Speed, and Quality. Within Creation, we will not only expand the pipeline of products and services that we deliver to patients around the world, but we will also undertake the development of more efficient manufacturing methods and smart factories so that we can meet our necessary and sufficient supply responsibilities. To address markets where the infectious disease or other epidemic situation fluctuates drastically, we will transform our activities to always stay mindful of Speed without adhering to past ways of doing things. By earnestly tackling quality and legal compliance issues in pharmaceutical products, a topic frequently making news in recent years, we will continue our improvement efforts in the pursuit of Quality that does not embarrass the brand of SHIONOGI.

Koji Hanasaki, Ph.D.

Senior Vice President, Supply Supervisory Unit and
Global Business Division



Management Foundation Strategy

To become a HaaS company, we must transform ourselves into a high-productivity organization that can create new value. Therefore, we are building a strong management foundation that can flexibly respond to rapid changes in the environment by changing the “structure,” changing the “processes” that drive the structure, and developing the “human resources” that operate the processes.

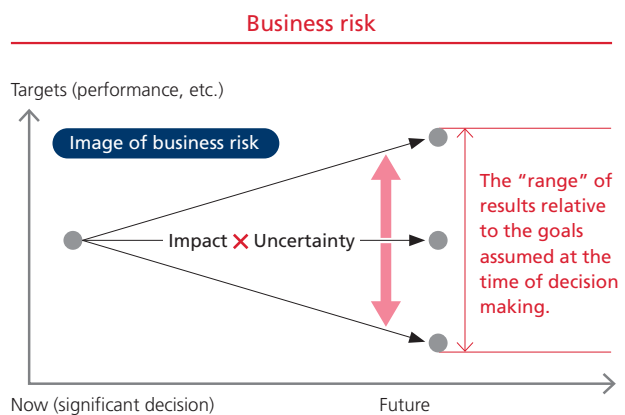
Reinforcing the foundation for achieving STS2030 through organizational restructuring

In order to respond to the rapidly changing business environment and social needs, and to provide comprehensive solutions to the problems faced by patients and society, it is important to continue to change into an organization that is capable of rapid and high-level decision-making and efficient business execution. In July 2022, SHIONOGI revised its organizational structure and shifted to a governance structure in which each major value chain (R&D, healthcare business, supply, and corporate) is its own supervisory unit.

Each supervisory unit oversees related organizations, and by deepening discussions across divisions and by mutually sharing opinions compiled by each division, we will promote the medium-term business plan with a greater sense of unity and make prompt and decisive decisions.

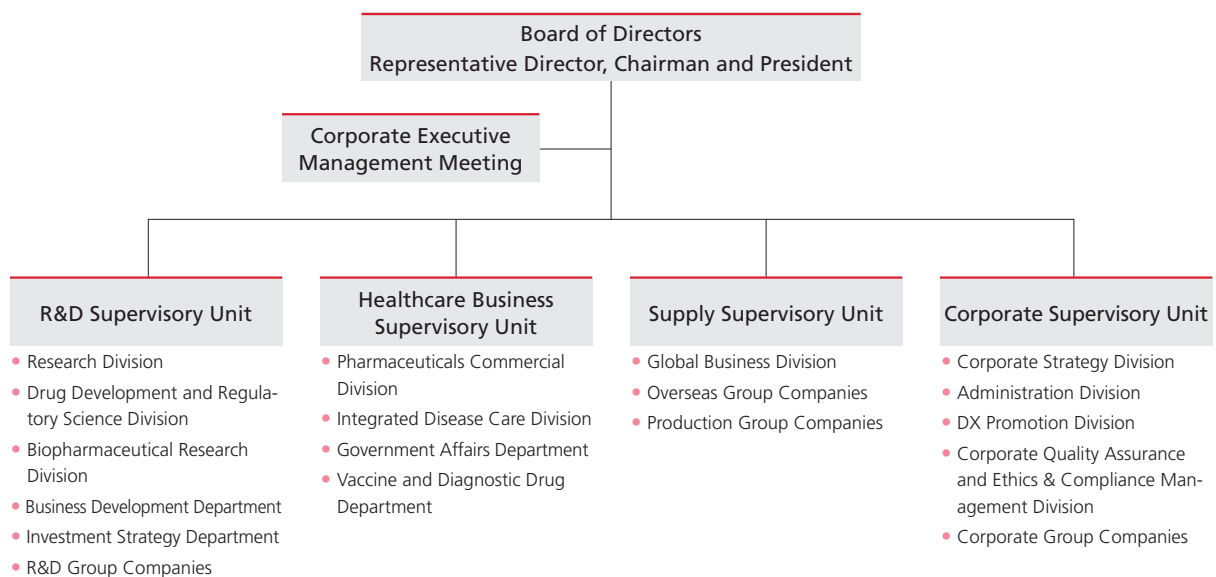
We have been implementing a system to accurately assess business risks, both positive and negative, and make decisions in a timely manner according to the level of business risk. However, by reorganizing the organization into four broad areas of jurisdiction, unlike in the past, we are clarifying where the responsibility for business execution lies and further accelerating decision-making.

Definition of business risk



- Decision-making in business involves uncertainty to a greater or lesser extent, and the impact can be large or small.
- Understanding the magnitude of decision-making “range” (i.e., business risk) from the perspective of impact and uncertainty and using this information to improve the quality and speed of decision-making.

Organizational Chart



Message from the Senior Executive Officer, Senior Vice President of the Corporate Supervisory Unit

The Corporate Supervisory Unit contributes to maximizing results produced by each value chain and promoting STS2030

As the environment surrounding business and the needs of society change rapidly, companies must continue to update their management strategies and reconsider whether their allocation of management resources (people, goods, money, time, and information) are being used effectively and efficiently. The Corporate Supervisory Unit will assist each department in improving the accuracy of its planning by managing management resources in an integrated manner and proposing allocations that will maximize the results produced by each department in the value chain.

On the other hand, it also serves as a check function on risk management. The impact of COVID-19 has caused various paradigm shifts globally. In order to realize SHIONOGI's transformation and promote STS2030 in the post-COVID era, it is important to discuss both positive and negative risks thoroughly in each department, make proposals that maximize results, and make appropriate, balanced, and high-quality decisions promptly.

Each organization under the Corporate Supervisory Unit will contribute to the realization of STS2030 by providing full support to all departments of SHIONOGI to improve the quality and speed of decision-making and to ensure efficient operations.

Noriyuki Kishida
Corporate Supervisory Unit



Secure Human Resources to Support Growth

With a view to realizing the SHIONOGI Group Vision, we have set forth our vision for human resources that our employees should aspire to as the “Shionogi Way: Be the best that you can be to take on new challenges.” To see to it, that each one of our employees grows into human resources that materialize this Shionogi Way, in addition to facilitating the permeation of the “SHIONOGI Group Values” that are indispensable in the achievement of the SHIONOGI Group Vision through training and other endeavors, we promote the acquisition of “Capability/Knowledge” that constitute the skills that all of our members should outfit themselves with as well as the skills required in their individual roles. Moreover, to stimulate employees to autonomously refine their skills and grow into human resources with exceptional talent, we have enhanced our programs for encouraging self-development and new challenges while simultaneously introducing more flexible work systems that allow for learning outside of work. In these and various other aspects, we are pursuing the development of an environment for our human resources.

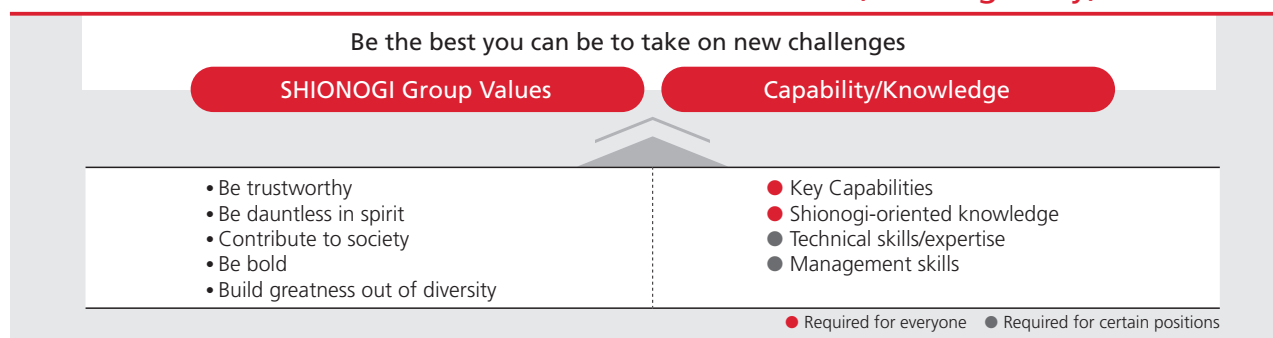
Initiatives	Related indicators	Current progress	Remaining challenges/needs
Secure diverse human resources	<ul style="list-style-type: none"> • Fulfill necessary human resources in each of our organizations • Number of employees who took advantage of internal open recruitment: 34 • Number of mid-career hires: 34 	<ul style="list-style-type: none"> • Consolidate and visualize human resource data that takes full advantage of HR management systems • Promote fluidity in internal human resources • Present basic skill requirements necessitated by each organization 	<ul style="list-style-type: none"> • Reinforce the integration of human resource data and analytical capability with a view to building an optimum human resource portfolio
Develop exceptionally talented human resources	<ul style="list-style-type: none"> • Manager training 100 hours/employee, total cost: ¥55 million • Percentage of users of the self-investment assistance program: 44.6% • Human resource pool that oversees future management (number of Associate Corporate Officers): 20 (cumulative number over last two years) • Number of IT/digital human resources developed: 44 • Number of side work program applicants: 59 	<ul style="list-style-type: none"> • Implementation of all-manager reinforcement program • Establishment of a system for providing education to meet autonomous growth aspirations that are focused on our self-investment assistance program • Development of human resources necessitated through various forms of training 	<ul style="list-style-type: none"> • Evolution of educational programs that allow for the autonomous utilization of Off-JT/OJT for the purpose of securing human resources with exceptional talent
Foster an environment and culture in which everyone can work comfortably	<ul style="list-style-type: none"> • Continually implement programs to improve workstyles • Ratio of female managers: 12.4% • Childcare leave acquisition rate: Women: 100%; Men: 51.4% 	<ul style="list-style-type: none"> • Introduce flextime system and remote work system with no core times to support diverse work styles • Introduce workweek with voluntary three day weekends 	<ul style="list-style-type: none"> • Enhance diverse, flexible work environments to meet the careers and needs of each individual employee
Healthcare and occupational safety and health	<ul style="list-style-type: none"> • Improve health literacy • Health checkup implementation rate: 100% • Ratio of employees who smoke: 7.1% • Severity rate: 0.0049 • Frequency rate: 0.20 	<ul style="list-style-type: none"> • Establish Shionogi Group Health Policy and promote no-smoking • Implement remedial measures as a result of stress checks • Work constantly toward improvement with the goal of 0 workplace accidents 	<ul style="list-style-type: none"> • Promote better health management by beefing up non-smoking initiatives and health promotion policies



Value Created

Development of strong individuals capable of emerging victorious amid global competition and establishment of organizations that leverage the diversity of its human resources through the materialization of the Shionogi Way

Vision for SHIONOGI's Human Resources (Shionogi Way)



The goals of the Human Capital Strategy Office

The roles of the Human Capital Strategy Office, which was established in July 2022, are to maximize our human capital through devising and executing HR strategies aimed at achieving STS2030 and presenting that maximized human capital to our various shareholders.

Our view at SHIONOGI is that “people are the source of competitiveness.” Investment in human capital is indispensable for the purpose of elevating our corporate value over the medium to long term. We have been introducing a myriad of programs and systems in recent years based on that idea. Examples of these are voluntary three day weekends and the easing of side work program standards, which we started applying in fiscal 2022. Even should we experience a temporary shortage of internal resources, we can absorb various forms of knowledge, personal networks, skills and other elements outside of our organization. Our expectation is that ensuring reskilling will end up yielding internal benefits and greater potential for innovation in our organization as a whole. Moreover, we have given employees who seek to temporarily reduce their workload due to life events the ability to take three days off per week. We believe that this flexible workstyle will lead to employee retention and enable us to secure diverse human resources.

Going forward, we will continue to do our utmost to acquire human resources that “be the best that they can be to take on new challenges,” which constitutes our vision for human resources, and present the results of those efforts to our stakeholders.

HR system reforms whose aim is to have diverse human resources play active roles in accelerating the growth of SHIONOGI

As employee awareness and needs surrounding lifestyles and career-building become increasingly diverse, it will be important to put in place an environment that employees find easy to work in and boost their individual sense of satisfaction in order to have them fully manifest the ability that they possess and elevate their productivity to do their part for SHIONOGI's growth.

In fiscal 2021, SHIONOGI introduced a remote work system, abolished core times for flextime workers, and even reduced designated work times by 45 minutes per day. We have preserved compensation for the amount of time reduced in the form of disbursing

it as discretionary pay, enabling employees to efficiently work in shorter amounts of time. Our expectation is that these initiatives, by virtue of allowing diverse human resources to flexibly choose work-styles, will link to the improved awareness of work efficiency and the acquisition of exceptional talent by each individual employee. Employees who were forced to limit their work due to childrearing, nursing care and other life events have in fact are now able to work full-time. Moreover, by using their work time efficiently, other employees are able to create time for learning and to take on the challenge of new job duties. We believe that in this and other ways, the environment that we now offer is easy for many employees to work in and fosters a sense of satisfaction in them.

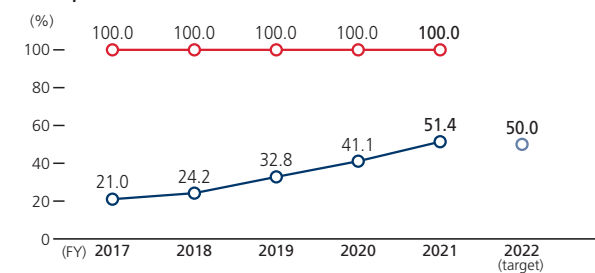
Additionally, in April 2022, we introduced voluntary three day weekends and eased side work program standards. The latter in particular stood out in that we approved applications from roughly 100 employees as of July 2022. Those employees are now building work experience at their new second sites of employment, such as that in consulting, IT, education and learning assistance.

Ensuring diversity through HR and labor administration

In order to develop a workplace environment that its employees find easy to work in and fosters a sense of satisfaction in them, in addition to reforming its HR and work shift systems, SHIONOGI is also promoting the reform of various programs. In recent years, we have implemented a self-investment assistance program with an upper limit of ¥250,000 per annum that utilizes funds resulting from a revision of individualistic allowances and other areas and we have enhanced options for work locations by eliminating the practice of transferring employees without their families following the popularization of remote work. Additionally, for each division, we are verifying the outcomes of enhancing programs with the use of engagement survey results and other data and ascertaining challenges and needs to facilitate further improvements to our workplace environment. Alongside these and other efforts, we are continuously tackling the improvement of our workplace environment and enabling diverse work styles. In turn, our indicators such as the ratio of female managers and the childcare leave acquisition ratio for male employees have also continuously risen.

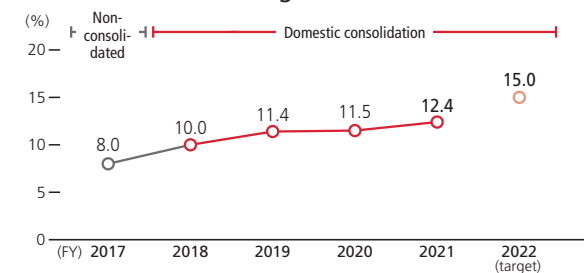
Secure Human Resources to Support Growth

■ Acquisition rate of childcare leave



○ Female ○ Male
 FY2022 target (Male) Acquisition rate of childcare leave/days off for childcare purposes of 50% or more

■ Ratio of female managers



○ Nonconsolidated ○ Domestic consolidation
 FY2022 target (domestic consolidation) Rate of female employees occupying management positions: at least 15%

The goals of the Career Development Office

The mission of the Career Development Office, which we started up in July 2022, is to contribute to the achievement of STS2030 through assisting with the skill development and career-building of the employees who will materialize the “Shionogi Way.”

This fiscal year, based on our approach that “people are the source of competitiveness,” we will further bolster our two-pronged initiative of “further clarifying the human resources and skills that are needed” and “realizing personal growth through autonomous learning.” For the first of those prongs, due to the challenges faced by SHIONOGI becoming increasingly complex and necessary human resources and skills also becoming increasingly diversified as a result of dramatic changes in our business environment and greater society, we seek to further clarify the human resource requirements and skills necessitated by each of our organizations and operations, push forward with the establishment of a framework that allows for the provision of optimal educational programs, and tie those efforts into the development of human resources that fulfill those various requirements. For the second prong of that initiative, we will evolve upon a unified educational framework that aims to realizing the leveling-up our employees, which has yielded a certain degree of results through our efforts in the last several years. Using “autonomy” and “actual practice” as our keywords, we will proceed to facilitate the development of a framework that enables employees to personally identify the skills that are ideal for them to build on and required of them and to autonomously study for the purpose of acquiring those skills.

Acquiring the skills needed to achieve STS2030

To achieve STS2030, it is absolutely necessary that we trigger a discontinuous series of changes in the form of “providing value from the perspective of healthcare services overall,” “improving productivity through technological innovations and data utilization” and “significantly increasing our overseas sales ratio.” Through ample training intended to reinforce managers as well as systems for developing management executive candidates at an early stage, we are bolstering business creation/value maximization, overseas handling and DX management skills. Simultaneously, through handpicking participants from our entire employee pool and conducting open-

recruitment training, we are tackling the devising of a transformation that leverages both IT and digital platforms and endeavoring to utilize data science. In this and other ways, we are carrying out training suited to each employee hierarchy and, in doing so, are working towards developing human resources to drive forward change.

Initiatives aimed at employee career development

At SHIONOGI, we aim to have each employee demonstrate their individual characteristics and strengths and tie their personal growth through their work into the growth of their organization. With a view to the startling environmental shifts both inside and outside our company and the diversification of career challenges, based on the concept of “enabling all employees to autonomously think about their careers and translate that into action when turning points in their individual careers require them to do so,” in fiscal 2021, we revised the career training that we had implemented according to age group (30s/40s/50s) until now and improved it so that any employee can undergo that training regardless of their age.

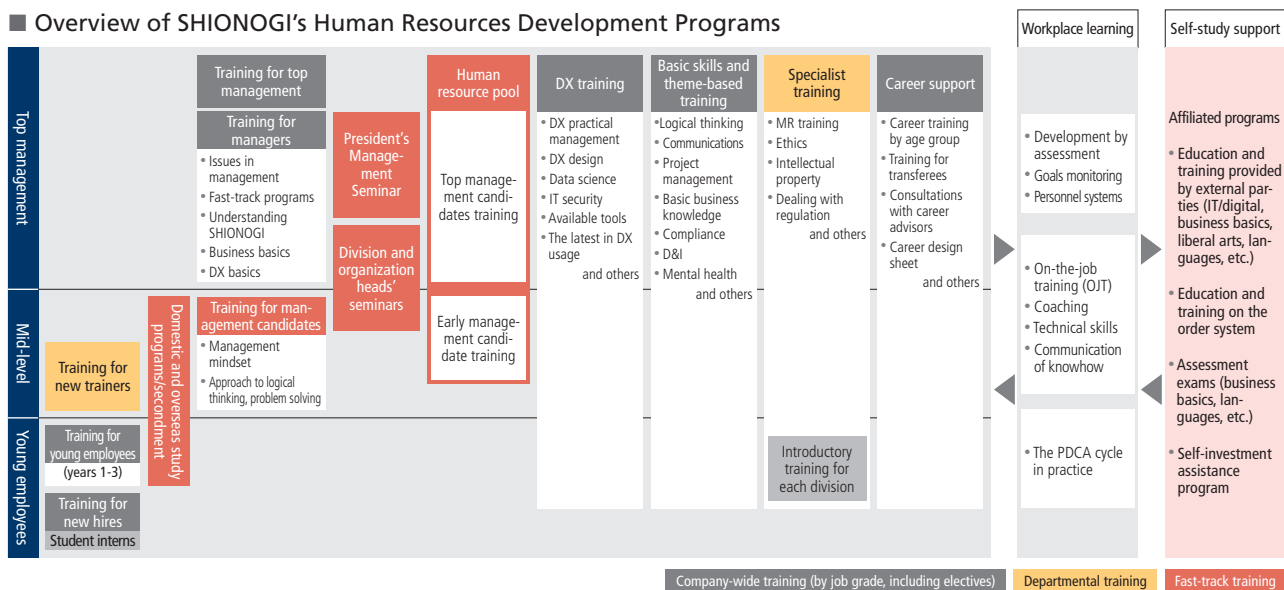
In fiscal 2022 as well, under the leadership of the Career Development Office that was newly established in the Human Resources Department, we will continue to further enhance career development and growth assistance for employees.

Main initiatives	Number of viewers/participants
Constantly providing E-learning videos that enable employees to study fundamental methods of approaching and outlining their careers	42% (2,216 out of 5,329 employees)
Periodically holding workshops for each career challenge	Workshop record in fiscal 2021: 2 themes, 9 workshops, 87 participants Workshop schedule in fiscal 2022: 6 themes, total of 25 workshops scheduled, approx. 600-participant capacity
Offering career interviews by internal career advisors that address individual career challenges	Interview record in 2021: 294 interviewees Interview schedule in 2022: Approx. 250-300 interviewees (approx. half of workshop participants envisioned to undergo interview)

Initiatives for cultivating diverse strengths

In fiscal 2021, we endeavored to enhance self-learning training (Affiliate Program) that assists employees with their self-development

Overview of SHIONOGI's Human Resources Development Programs



so that they autonomously refine their skills and grow into human resources with outstanding talent. To be specific, we have intensified our provision of programs that positively serve the development of the knowledge, skills and mind that link to the materialization of the Shionogi Way and the achievement of STS2030. As a result of pro-

Promoting health management

We at SHIONOGI view health management as part of our corporate strategy. Our aim is to establish a workplace where each individual employee can maintain their physical and mental health and demonstrate their ability to the fullest. With the Senior Executive Officer and Head of the Administration Division as the supervisor in charge of EHS, we continue to carry out health maintenance and promotion measures with the cooperation of health insurance societies. The progress of initiatives is verified at the Corporate Executive Management Meeting, meetings of the "Central EHS Committee" that is in charge of EHS at SHIONOGI, and the "Health Management Project Promoters' Meeting" held by personnel overseeing the promotion of collaborative health, where further initiatives are reviewed. In fiscal 2021, we promoted health management from the following three standpoints stated in the Shionogi Group Basic Health Policy: "improving the health literacy of employees," "supporting the maintenance and improvement of physical and mental condition of employees and their families" and "sustaining and continuously improving a supportive and productive working environment, as well as the employees' home environment."

Improving the health literacy of employees: Implementing E-learning

Based on the impact of the COVID-19 pandemic on work styles and other aspects of modes of living, in fiscal 2021, we implemented E-learning covering the dual themes of "food and sleep" (The participation rate for this E-learning was 82% for "food" and

viding those programs to employees in beneficial forms, including the establishment of SHIONOGI-specific courses and the provision of training that cannot be applied for on an individual basis, approximately 1,000 employees took advantage of self-learning training in fiscal 2021, and continue their efforts to acquire outstanding talent.

83% for "sleep.") After participating, employees are given a verification test to entrench what they learned, one of the ways we are endeavoring to improve the effectiveness of that E-learning.

Supporting the maintenance and improvement of physical and mental condition of employees and their families: Further promoting no-smoking

We are implementing a "Smoke-Free Promotion Project" with the aim of achieving a zero smoking rate among our employees as espoused in the SHIONOGI Group's Smoke-Free Declaration. This project involves the aggressive implementation of activities such as publishing a "no-smoking email magazine" on the 22nd of every month and following up on smoke-free challengers who volunteer themselves for that challenge. As a result, the ratio of employees who smoke at SHIONOGI decreased from 11.0% in fiscal 2020 to 7.1% in fiscal 2021.

Sustaining and continuously improving a supportive and productive working environment, as well as the employees' home environment: Implementing measures based on the results of stress tests

SHIONOGI scores better than the nationwide average in stress tests conducted every year. In order to preserve and improve a more favorable workplace environment, we hold hearings on the situation at organizations with those that scored relatively low and conduct training and other measures for improvement.