

11-Year Financial Summary

Third Medium-Term Business Plan

SONG for the Real Growth
Progress toward global growth

Shionogi Growth Strategy 2020

Grow as a drug discovery-based pharmaceutical company
(FY2014-September FY2016)

Grow sustainably as a drug
(October FY2016-FY2019)

JGAAP	2012	2013	2014	2015	2016	2017
For the years ended March 31:						
Net sales	¥ 267,275	¥ 282,903	¥ 289,717	¥ 273,991	¥ 309,973	¥ 338,890
Cost of sales	77,753	78,574	77,993	82,189	74,758	77,777
Selling, general and administrative expenses	142,518	144,764	149,848	141,436	143,808	152,934
Operating income	47,003	59,565	61,875	50,365	91,406	108,178
Ordinary income	46,093	58,922	62,225	77,880	100,869	123,031
Profit before income taxes	41,494	58,306	63,188	82,051	97,452	122,695
Profit attributable to owners of parent	27,101	66,727	40,618	44,060	66,687	83,879
Net cash provided by operating activities	54,724	59,276	79,496	45,604	102,290	111,903
Net cash used in investing activities	(38,290)	(19,959)	(20,040)	(31,696)	(32,894)	(31,643)
Net cash used in financing activities	(27,749)	(37,687)	(53,798)	(46,211)	(18,525)	(57,411)
Research and development expenses	53,599	53,021	53,605	48,870	49,787	59,907
Capital investments	13,233	11,447	8,962	8,163	9,943	9,659
Depreciation and amortization	16,282	11,912	12,912	12,672	12,578	13,362
As of March 31:						
Property, plant and equipment, net	¥ 74,282	¥ 78,473	¥ 78,976	¥ 77,022	¥ 78,673	¥ 78,788
Intangible assets	106,694	70,464	72,824	80,328	71,626	91,125
Total assets	522,161	574,882	580,566	595,067	631,599	661,499
Total long-term liabilities	92,899	53,041	33,721	48,427	45,739	44,692
Total net assets	347,198	423,633	467,836	478,883	513,877	526,211
Per share amounts:						
Profit attributable to owners of parent	¥ 80.93	¥ 199.25	¥ 121.29	¥ 132.67	¥ 204.83	¥ 259.88
Net assets	1,027.83	1,254.44	1,385.11	1,456.70	1,564.73	1,638.46
Dividend	40	42	46	52	62	72
Other:						
Equity ratio	65.9	73.1	79.9	79.7	80.7	79.0
Return on equity [ROE]	8.1	17.5	9.2	9.4	13.6	16.3
Payout ratio	49.4	21.1	37.9	39.2	30.3	27.7

Notes: 1. From the fiscal year ended March 31, 2015, the Company has adopted a new accounting standard for research and development expenses (business research expenses). This change has been reflected in figures for the fiscal year ended March 31, 2014.

2. In the fiscal year ended March 31, 2019, the Company changed the presentation method for tax effect accounting. The change has been reflected in figures for the fiscal year ended March 31, 2015, and subsequent periods.

3. International Financial Reporting Standards (IFRS): Accounting standards defined by the non-government organization International Accounting Standards Board (IASB) headquartered in London.

4. IFRS adopted from the fiscal year ended March 31, 2020.

2018	2019	International Financial Reporting Standards (IFRS)	2019	2020	2021	2022
	(Millions of yen)	For the years ended March 31:				(Millions of yen)
¥ 344,667	¥ 363,721	Revenue	¥ 367,960	¥ 333,371	¥ 297,177	¥ 335,138
73,911	54,880	Cost of sales	(55,591)	(56,782)	(52,523)	(55,415)
155,537	170,303	Selling, general and administrative expenses	(87,668)	(95,094)	(91,902)	(91,771)
115,219	138,537	Research and development expenses	(52,058)	(47,949)	(54,249)	(72,996)
138,692	166,575	Operating profit	145,081	130,628	117,438	110,312
137,378	170,343	—	—	—	—	—
108,866	132,759	Profit before tax	174,043	158,516	143,018	126,268
129,790	145,684	Profit attributable to owners of parent	137,191	122,193	111,858	114,185
(51,238)	(36,349)	Net cash provided by operating activities	165,000	131,940	109,039	102,068
(53,893)	(87,011)	Net cash used in investing activities	(56,256)	(29,144)	(5,261)	(96,204)
59,945	68,325	Net cash used in financing activities	(89,912)	(88,174)	(43,891)	(36,615)
5,678	7,900	Capital investments	7,900	9,954	27,371	27,274
15,972	16,479	Depreciation and amortization	14,431	14,115	14,779	16,351
	(Millions of yen)	As of March 31:				(Millions of yen)
¥ 75,956	¥ 74,653	Property, plant and equipment, net	¥ 70,986	¥ 71,350	¥ 90,883	¥ 108,893
75,060	54,769	Intangible assets	47,804	51,705	76,558	81,223
711,463	778,741	Total assets	938,540	873,695	998,992	1,150,601
34,056	17,203	Total equity	813,087	765,203	864,550	993,285
604,840	672,429	Non-current liabilities	29,303	27,372	34,261	32,920
	(Yen)	Per share amounts:				(Yen)
¥ 342.71	¥ 424.31	Basic earnings per share	¥ 438.47	¥ 395.71	¥ 365.03	¥ 378.75
1,911.36	2,144.33	Equity attributable to owners of parent per share	2,598.16	2,518.74	2,806.67	3,236.21
82	94	Dividend	94	103	108	115
	(%)	Other:				(%)
84.5	85.7	Ratio of equity attributable to owners of parent	86.2	87.6	84.7	84.8
19.4	20.9	Return on equity attributable to owners of parent (ROE)	17.8	15.5	13.9	12.5
23.9	22.2	Payout ratio	21.4	26.0	29.6	30.4

Consolidated Financial Statements

Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	¥ 90,883	¥ 108,893
Goodwill	9,357	9,638
Intangible assets	76,558	81,223
Right-of-use assets	4,827	3,524
Investment property	26,759	26,672
Other financial assets	217,437	242,479
Deferred tax assets	11,729	12,907
Other non-current assets	5,200	6,055
Total non-current assets	442,754	491,396
Current assets		
Inventories	38,003	45,892
Trade receivables	78,047	122,965
Other financial assets	142,151	210,757
Income taxes receivable	164	51
Other current assets	21,697	25,117
Cash and cash equivalents	276,173	254,420
Total current assets	556,238	659,205
Total assets	998,992	1,150,601

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Equity and liabilities		
Equity		
Share capital	¥ 21,279	¥ 21,279
Capital surplus	13,733	14,455
Treasury shares	(57,989)	(57,857)
Retained earnings	752,248	832,958
Other components of equity	116,836	164,824
Equity attributable to owners of parent	846,108	975,661
Non-controlling interests	18,442	17,624
Total equity	864,550	993,285
Liabilities		
Non-current liabilities		
Lease liabilities	4,608	3,729
Other financial liabilities	5,242	5,616
Retirement benefit liability	16,318	15,412
Deferred tax liabilities	7,749	7,807
Other non-current liabilities	341	354
Total non-current liabilities	34,261	32,920
Current liabilities		
Lease liabilities	3,379	2,945
Trade payables	9,902	16,372
Other financial liabilities	21,383	22,027
Income taxes payable	28,033	17,973
Other current liabilities	37,481	65,078
Total current liabilities	100,180	124,396
Total liabilities	134,442	157,316
Total equity and liabilities	998,992	1,150,601

Consolidated Financial Statements

Consolidated statement of profit or loss

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Revenue	¥ 297,177	¥ 335,138
Cost of sales	(52,523)	(55,415)
Gross profit	244,654	279,722
Selling, general and administrative expenses	(91,902)	(91,771)
Research and development expenses	(54,249)	(72,996)
Amortization of intangible assets associated with products	(3,209)	(3,476)
Other income	26,403	3,384
Other expenses	(4,257)	(4,551)
Operating profit	117,438	110,312
Finance income	26,522	16,797
Finance costs	(941)	(841)
Profit before tax	143,018	126,268
Income tax expense	(30,956)	(12,829)
Profit	112,061	113,439
Profit attributable to		
Owners of parent	111,858	114,185
Non-controlling interests	203	(746)
Profit	112,061	113,439
Earnings per share		(yen)
Basic earnings per share	365.03	378.75
Diluted earnings per share	364.89	378.63

Consolidated statement of comprehensive income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit	¥ 112,061	¥ 113,439
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(4,677)	17,846
Remeasurements of defined benefit plans	(96)	(333)
Total of items that will not be reclassified to loss	(4,774)	17,513
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	36,049	29,793
Effective portion of cash flow hedges	(5,828)	1,023
Total of items that may be reclassified to profit or loss	30,221	30,817
Total other comprehensive (loss) income, net of tax	25,447	48,330
Comprehensive income	137,509	161,769
Comprehensive income attributable to		
Owners of parent	137,407	161,865
Non-controlling interests	101	(95)
Comprehensive income	137,509	161,769

Consolidated statement of changes in equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2020	¥ 21,279	¥ 21,025	¥ (77,292)	¥ 708,291	¥ 91,848	¥ 765,152	¥ 51	¥ 765,203
Profit				111,858		111,858	203	112,061
Total other comprehensive income, net of tax					25,548	25,548	(101)	25,447
Comprehensive income	—	—	—	111,858	25,548	137,407	101	137,509
Purchase of treasury shares			(50,013)			(50,013)		(50,013)
Disposal of treasury shares		(4,705)	38,404			33,698		33,698
Cancellation of treasury shares		(30,912)	30,912			—		—
Dividends				(32,543)		(32,543)		(32,543)
Changes in scope of consolidation						—	10,696	10,696
Changes in ownership interest in subsidiaries		(7,593)				(7,593)	7,593	—
Transfer from other components of equity to retained earnings				71	(71)	—		—
Other		35,919		(35,430)	(488)	(0)		(0)
Balance as of March 31, 2021	21,279	13,733	(57,989)	752,248	116,836	846,108	18,442	864,550
Profit				114,185		114,185	(746)	113,439
Total other comprehensive income, net of tax					47,679	47,679	650	48,330
Comprehensive income	—	—	—	114,185	47,679	161,865	(95)	161,769
Purchase of treasury shares			(14)			(14)		(14)
Disposal of treasury shares		(5)	147			141		141
Dividends				(33,162)		(33,162)		(33,162)
Transfer from other components of equity to retained earnings				(308)	308	—		—
Other		727		(5)		722	(722)	—
Balance as of March 31, 2022	21,279	14,455	(57,857)	832,958	164,824	975,661	17,624	993,285

Consolidated Financial Statements

Consolidated statement of cash flows

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	¥ 143,018	¥ 126,268
Depreciation and amortization	14,779	16,351
Impairment losses	825	141
Finance income and finance costs	(25,836)	(15,597)
Decrease (increase) in trade and other receivables	2,993	(43,417)
Decrease (increase) in inventories	(3,435)	(7,133)
Increase (decrease) in trade and other payables	(2,380)	11,686
Other	(16,524)	15,087
Subtotal	113,438	103,387
Interest and dividends received	28,111	24,807
Interest paid	(256)	(87)
Income taxes paid	(32,254)	(39,324)
Income taxes refund	—	13,286
Net cash provided by operating activities	109,039	102,068
Cash flows from investing activities		
Payments into time deposits	(230,468)	(260,380)
Proceeds from withdrawal of time deposits	269,696	234,685
Purchase of property, plant and equipment	(28,182)	(26,185)
Purchase of intangible assets	(4,762)	(5,379)
Payments for acquisition of subsidiaries	(3,636)	—
Purchase of investments	(120,478)	(139,396)
Proceeds from sale of investments	116,265	99,511
Other	(3,694)	940
Net cash used in investing activities	(5,261)	(96,204)
Cash flows from financing activities		
Repayments of lease liabilities	(3,648)	(3,453)
Purchase of treasury shares	(50,134)	(14)
Proceeds from sale of treasury shares	33,534	—
Dividends paid	(32,529)	(33,146)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(1,575)	—
Capital contribution from non-controlling interests	10,464	—
Other	(0)	—
Net cash used in financing activities	(43,891)	(36,615)
Effect of exchange rate changes on cash and cash equivalents	7,425	8,998
Net increase (decrease) in cash and cash equivalents	67,312	(21,752)
Cash and cash equivalents at beginning of period	208,861	276,173
Cash and cash equivalents at end of period	¥ 276,173	¥ 254,420

Non-Financial Data

	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Remarks	
Information on the number of employees (Information about only Shionogi & Co., Ltd. unless otherwise stated)	No. of employees						
	Consolidated	5,120 persons	5,233 persons (4,554 persons)	5,222 persons (4,527 persons)	5,485 persons (4,617 persons)	5,693 persons (4,507 persons)	The figures in parentheses are calculated for domestic consolidated companies.
	Shionogi & Co., Ltd.	3,677 persons	3,596 persons	2,667 persons	2,589 persons	2,510 persons	
	Rate of female employees	27.8%	28.1% (32.2%)	24.1% (32.2%)	25.4% (32.7%)	25.8% (33.8%)	The figures in parentheses are calculated for domestic consolidated companies.
	Average age						
	Total	41.4 years old	41.7 years old	41.3 years old	41.2 years old	41.6 years old	Excluding seconded persons
	Male	41.9 years old	42.2 years old	41.9 years old	41.8 years old	42.2 years old	
	Female	40.0 years old	40.4 years old	39.2 years old	39.3 years old	39.7 years old	
	Length of service						
	Total	17.3 years	17.3 years	15.9 years	15.7 years	16.0 years	Excluding seconded persons
	Male	16.9 years	17.1 years	16.1 years	16.0 years	16.3 years	
	Female	17.4 years	17.8 years	15.0 years	15.0 years	15.2 years	
	Average salary	9,193,748 yen	9,042,130 yen	9,431,304 yen	9,028,578 yen	8,574,848 yen	
	No. of new recruits						
	Total	110 persons	101 persons	94 persons	71 persons	63 persons	Recruits who will enter the company on April 1 of the following fiscal year
	Male	71 persons	59 persons	56 persons	37 persons	43 persons	
	Female	39 persons	42 persons	38 persons	34 persons	20 persons	
	Turnover rate of recruits enrolled for three years	6.5%	3.0%	4.5%	6.0%	4.5%	Recruits who entered the company on April 1 three years ago
	Turnover rate of employees	1.9%	1.6%	1.9%	1.9%	3.5%	Excluding retired persons
	No. of labor union members	2,758 persons	3,012 persons	2,806 persons	2,728 persons	2,606 persons	100% participation every year
	Employment rate of people with disabilities	2.2%	2.0% (2.5%)	2.0% (2.6%)	2.0% (2.7%)	1.8% (2.7%)	As of the end of March. The figures in parentheses are calculated for special cases in affiliated companies. Shionogi Smile Heart Co., Ltd. established in April 2018 and certified as a special subsidiary company in July 2018.
	No. of female managers	47 persons	40 persons (63 persons)	39 persons (68 persons)	37 persons (71 persons)	40 persons (74 persons)	As of April 1 of the following fiscal year. The figure in parentheses is calculated for domestic consolidated companies.
	Rate of female managers	8.0%	9.9% (10.0%)	10.7% (11.4%)	10.4% (11.5%)	11.4% (12.4%)	As of April 1 of the following fiscal year. The figures in parentheses are calculated for domestic consolidated companies. Target: 15% (Domestic consolidation at the end of March 2023)
Rate of female heads of organizations	7.7%	8.6%	14.3%	12.7%	12.3%	As of April 1 of the following fiscal year	
Rate of female corporate officers	1/14 7.1%	1/13 7.7%	0/10 0.0%	0/10 0.0%	0/10 0.0%	As of April 1 of the following fiscal year	
Rate of female members of the Board	16.7%	16.7%	16.7%	40.0%	40.0%	As of April 1 of the following fiscal year	
Information on labor management (Shionogi & Co., Ltd.)	Annual regular working hours for employees	1,860 hours	1,852 hours	1,845 hours	1,837 hours	1,762 hours	
	No. of paid holidays	Up to 24 days	Up to 24 days	Up to 21 days	Up to 21 days	Up to 21 days	The number of legal annual holidays based on the Labor Standards Act is up to 20 days.
	Average No. of paid holidays taken by employees	12.0 days	12.5 days	12.6 days	12.6 days	13.0 days	
	Acquisition rate of childcare leave						
	Female	100%	100%	100%	100%	100%	Rate of employees who have taken childcare leave during the year when their baby was born
	Male	21.0%	24.2%	32.8%	41.1%	51.4%	
	No. of employees who have taken nursing care leave						
	Female	4 persons	2 persons	4 persons	1 person	1 person	Total number
	Male	0 person	0 person	1 person	0 person	0 person	
	No. of employees who have worked on short work hours due to child rearing						
	Female	162 persons	119 persons	136 persons	130 persons	146 persons	Total number
	Male	1 person	1 person	1 person	1 person	2 persons	
	Volunteer leave	1 person	0 person	1 person	1 person	1 person	
	Leave for bone marrow transplant donors	0 person	0 person	1 person	1 person	0 person	
	Frequency rate	0.39	0.81	0.19	0.19	0.20	
	Severity rate	0.003	0.018	0.0002	0.0047	0.0049	
	Legal violations with serious fines or other sanctions	0 case	0 case	0 case	0 case	0 case	
Health (Domestic consolidated companies)	Smoking rate	16.4%	15.2%	14.2%	11.0%	7.1%	
	Rate of stress check attendance	94%	96%	95%	94%	94%	
	Participation rate in a healthy walk	42.2%	41.5%	41.5%	40.4%	31.4%	
	Rate of health checkup attendance	100%	100%	100%	100%	100%	
	Rate of employees on leave due to mental disorders	0.4%	0.4%	0.5%	0.6%	0.7%	
Environment (Information about domestic consolidated companies only unless otherwise stated)	GHG emissions (Scope 1 and 2)	90,136 tons-CO ₂	82,711 tons-CO ₂	82,209 tons-CO ₂	79,201 tons-CO ₂	84,164 tons-CO ₂	Note 1
	Total energy consumption	327,441MWh	314,174MWh	299,760MWh	305,339MWh	333,548MWh	Note 2
	Water use (Thousand)	1,389m ³	1,315m ³	1,263m ³	1,217m ³	1,366m ³	
	Amount of waste generated	3,486 tons	3,824 tons	3,062 tons	4,180 tons	5,169 tons	
	Recycling rate	78%	81%	83%	87%	89%	
	Landfill rate	1.0%	0.8%	1.0%	0.6%	0.9%	
	Hazardous waste	1,162 tons	1,830 tons	1,227 tons	1,722 tons	2,177 tons	
	Type 1 chemicals designated under the PRTR ACT						
	Amount handled	251 tons	274 tons	203 tons	257 tons	560 tons	
	Amount released	35 tons	43 tons	34 tons	94 tons	37 tons	
Amount transferred	177 tons	156 tons	131 tons	114 tons	498 tons		
No. of complaints about the environment	2 cases	1 case	0 case	0 case	3 cases		
Compliance (Domestic consolidated companies)	Number of disciplinary dismissals of employees due to violations of laws for the prevention of corruption and bribery*	—	0 case	0 case	0 case	0 case	*FCPA in the U.S., Bribery Act in the UK, Unfair Competition Prevention Act in Japan
	Costs related to fines, punishments, and settlements of violations of laws for the prevention of corruption and bribery*	—	0 yen	0 yen	0 yen	0 yen	
Other (Information about only Shionogi & Co., Ltd. unless otherwise stated)	Market capitalization	¥1,743.8 billion	¥2,170.5 billion	¥1,684.4 billion	¥1,854.6 billion	¥2,346.2 billion	
	Donations	¥1,020 million	¥949 million	¥1,065 million	¥1,069 million	¥817 million	
	Code of Conduct Rate of digital signature	—	—	—	100%	100%	Domestic consolidated companies
	Code of Conduct Rate of training participation	—	—	—	100%	100%	

Note 1: Including Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.). Emissions from UMN Pharma, Inc. and Nagase Medicals Co., Ltd. (currently Shionogi Pharma Co., Ltd., Itami Plant), which constitute the boundary for SBT targets, included as of fiscal 2019.

Note 2: Including Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.). Energy consumption by Nagase Medicals Co., Ltd. (currently Shionogi Pharma Co., Ltd., Itami Plant) included as of fiscal 2021.

Environmental Data

SHIONOGI calculates energy consumption and greenhouse gas (GHG) emissions using calorie conversion factors and CO₂ emission factors for fuels and electricity used each fiscal year.

GHG emissions and energy consumption data in fiscal 2021 marked with were subject to third-party assurance by KPMG AZSA Sustainability Co., Ltd.

Indicators		Unit	2017	2018	2019	2020	2021
Greenhouse gas (GHG)*1	Total of Scope 1, 2 and 3	(Location-based) tons-CO ₂	287,356	209,171	226,883	200,519	221,295
		(Market-based) tons-CO ₂	286,898	204,031	218,614	194,129	217,184
	Total of Scope 1 and 2	(Location-based) tons-CO ₂	90,595	87,850	85,208	81,730	88,275
		(Market-based) tons-CO ₂	90,136	82,711	76,939	75,339	84,164
	Scope 1	tons-CO ₂	43,456	41,349	37,519	37,537	41,264 <input checked="" type="checkbox"/>
		(Intensity per unit of sales*2) tons-CO ₂ /¥1 million	0.1261	0.1124	0.1125	0.1263	0.1231
	Scope 2	(Location-based) tons-CO ₂	47,139	46,501	47,690	44,193	47,011 <input checked="" type="checkbox"/>
		(Intensity per unit of sales*2) tons-CO ₂ /¥1 million	0.1368	0.1264	0.1431	0.1487	0.1403
	Scope 2	(Market-based) tons-CO ₂	46,681	41,362	39,421	37,802	42,900 <input checked="" type="checkbox"/>
		(Intensity per unit of sales*2) tons-CO ₂ /¥1 million	0.1354	0.1124	0.1182	0.1272	0.1280
Total of Scope 3	tons-CO ₂	196,761	121,321	141,675	118,789	133,020	
Category 3	tons-CO ₂	2,876	2,798	5,732	5,710	6,424 <input checked="" type="checkbox"/>	
Other categories	tons-CO ₂	193,885	118,523	135,943	113,079	126,596	
Total energy consumption*3	MWh	327,441	314,174	299,760	305,339	333,548 <input checked="" type="checkbox"/>	
	(Intensity per unit of sales*2) MWh/¥1 million	0.9500	0.8538	0.8992	1.0275	0.9953	
Energy consumption*1	Gasoline	kl	1,749	1,598	1,382	779	798 <input checked="" type="checkbox"/>
	Other fuel oils (kerosene, light oil, heavy oil A)	kl	54	87	49	64	28 <input checked="" type="checkbox"/>
	Liquefied petroleum gas (LPG)	tons	808	830	580	347	301 <input checked="" type="checkbox"/>
	Liquefied natural gas (LNG)	tons	8,067	7,932	7,113	7,876	8,330 <input checked="" type="checkbox"/>
	Town gas	thousand Nm ³	6,860	6,138	5,771	5,786	6,961 <input checked="" type="checkbox"/>
	Electricity	MWh	90,497	89,107	93,245	92,111	102,436 <input checked="" type="checkbox"/>
	Steam*3	MWh	0	0	4,406	8,159	5,314 <input checked="" type="checkbox"/>

*1: Effective from fiscal 2021 results, Nagase Medicals Co., Ltd. (currently Shionogi Pharma Co., Ltd., Itami Plant), which became a consolidated subsidiary in October 2020, has been included in the calculation.

*2: Intensity per unit of sales based on International Financial Reporting Standards (IFRS) is calculated from fiscal 2018 results. (On and before fiscal 2017, the Company calculated the unit of sales based on JGAAP.)

*3: While these were calculated in GJ units until fiscal 2020, they have been calculated in MWh units as of fiscal 2021. Total energy consumption and steam in or before fiscal 2020 have been recalculated retroactively.

Calculation methods for environmental performance data

Boundary of calculation	Scope 1 and 2:	SHIONOGI Group (excluding overseas Group companies [administrative offices]): SHIONOGI Group companies in Japan and Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.)
	Scope 3	Category 3: SHIONOGI Group companies in Japan (Shionogi & Co., Ltd. in or before fiscal 2018) Other category: SHIONOGI Group companies in Japan (Shionogi & Co., Ltd. in or before fiscal 2018) (For other categories besides Category 3, UMN Pharma, Inc. and Nagase Medicals Co., Ltd. (currently Shionogi Pharma Co., Ltd., Itami Plant) are not included.)
	Energy consumption:	SHIONOGI Group (excluding overseas Group companies [administrative offices]): SHIONOGI Group companies in Japan and Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.)

Calculation methods

Indicators	Calculation methods
Scope 1	CO ₂ emissions resulting from fuel use Calculation methods: Based on the "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 4.8)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan CO ₂ emission factors: Based on the "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 4.8)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
Scope 2	CO ₂ emissions resulting from purchase of electricity and steam Calculation methods: Based on the "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 4.8)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan CO ₂ emission factors: Electricity (Japan) (location-based): National average emission factors from "Emission Factors by Power Suppliers (for the calculation of GHG emissions by specified emitters) (FY2020 results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan (February 17, 2022) Electricity (Japan) (market-based): Adjusted emissions factors from "Emission Factors by Power Suppliers (for the calculation of GHG emissions by specified emitters) (FY 2020 results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan (February 17, 2022) Electricity (overseas) (both location-based and market-based): Emissions Factors (2019) of the International Energy Agency (IEA) Steam (both location-based and market-based): Emissions factors from the "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 4.8)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
Scope 3	Category 3 CO ₂ emissions resulting from procurement of fuels required for the generation of electricity purchased Calculation methods: Based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, calculated using "7. Emission Unit Values per Use of Electricity and Heat" in the "The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.2)" of the Ministry of the Environment of Japan
Other categories	Total of Categories 1, 2, 4, 5, 6, 7 and 12, excluding Categories 8, 9, 10, 11, 13, 14 and 15 that are not included in our own corporate activities or are reported under other categories Calculation methods: Based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver.2.4)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
Total energy consumption	Total calorie-converted values for purchased energy (gasoline, other fuel oils, LPG, LNG, town gas, electricity, steam) Calculation method: Fuel is expressed as the sum of calories calculated using calorie conversion factors under the "Ordinance for Enforcement of the Act on Rationalizing etc. Energy Use" converted into MWh units with a rate of 3.6GJ per MWh. Note that calorie conversion factors disclosed by providers were used for town gas. Electricity is expressed as the sum of purchase volumes (MWh) without conversion to primary energy.
Energy consumption	Gasoline: Amount of gasoline purchased, including fuel for sales force vehicles Other fuel oils: Amount of kerosene, light oil, heavy oil A purchased Liquefied petroleum gas (LPG): Amount of LPG purchased from gas suppliers Liquefied natural gas (LNG): Amount of LNG purchased from gas suppliers Town gas: Amount of town gas purchased from gas suppliers Electricity: Amount of electricity purchased from power suppliers Steam: Amount of steam purchased from steam suppliers

Third-Party Assurance of Environmental Data



Independent Assurance Report

To the Chief Executive Officer of Shionogi & Co., Ltd.

We were engaged by Shionogi & Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with “☑” (the “Indicators”) for the period from April 1, 2021 to March 31, 2022 included in its SHIONOGI INTEGRATED REPORT 2022 (the “Report”) for the fiscal year ended March 31, 2022.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting one of the Company’s offices selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Yukinobu Matsuo

Partner

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

October 24, 2022

Glossary

Page*	Term	Explanation
1	SHIONOGI Group Heritage	SHIONOGI's corporate philosophy. Our basic policy and the foundation that makes up the core of all of our activities.
1	HaaS	Stands for "Healthcare as a Service." Refers to the Provision of a range of healthcare services in line with customer needs, rather than only the provision of pharmaceuticals.
2	Clinical trials	Trials conducted to verify the effectiveness, safety and other aspects of candidate compounds, medical equipment, etc. as they apply to humans.
4	Wastewater-based epidemiology survey service	Service for investigating the state of spreading of local infectious diseases by detecting pathogens in wastewater.
4	Recombinant protein vaccines	Vaccines whose effective component is recombinant protein created based on the genes of protein that exists in antigens.
4	Antigen tests	Testing methods that detect particular proteins (antigens) on the target using antibodies of the target to be tested.
4	Biomarkers	Indicators used in diagnoses of ailments that are objectively measured and evaluated.
4	PCR tests	Testing method that detects the genes to be tested by amplifying them. PCR stands for "Polymerase Chain Reaction."
5	Total care	Care for ailments overall that includes pre-symptomatic, preventive, diagnostic and recuperative care in addition to treatment.
8	Chronic infectious diseases	Infectious diseases that include those contracted over a period of several years after symptoms appear such as tuberculosis, those for which the period between infection and the onset of symptoms is long such as human immunodeficiency virus (HIV), and those for which it difficult to distinguish the carrier or onset of symptoms such as hepatitis B.
9	Acute infectious diseases	Infectious diseases period between infection and the onset of symptoms is short and whose progress in symptoms is rapid.
9	GE drugs	Stands for "Generic drugs."
9	AMR	Stands for "Antimicrobial Resistance." Indicates the decreasing effectiveness or ineffectiveness of antimicrobial drugs.
9	BARDA	Stands for the "Biomedical Advanced Research and Development Authority," which is based in the U.S.
9	CARB-X	Stands for the "Combating Antibiotic Resistant Bacteria Biopharmaceutical Accelerator." A public-private partnership that emphasizes support for antimicrobial research.
9	GARDP	Stands for the "Global Antibiotic Research and Development Partnership." A Swiss-based NPO that develops new therapeutic drugs for infections caused by antimicrobial-resistant bacteria.
9	CEPI	Stands for "Coalition for Epidemic Preparedness Innovations." An international foundation that contributes funds to pharmaceutical companies and research institutions that engage in vaccine research.
9	CHAI	Stands for "Clinton Health Access Initiative." A global health organization that works towards saving the lives of people in low- to middle-income countries and mitigating the burden of illness.
11	Nonclinical studies	Testing for evaluating the effectiveness, safety, pharmacokinetics and other aspects of candidate compounds for drug discovery, medical equipment, etc. in in-vitro and animal experiments as they apply to non-humans. Synonymous with pre-clinical studies.
11	mRNA vaccines	Vaccines that employ mRNA, which serve as a schematic for target proteins.
15	ADHD	Stands for Attention Deficit/Hyperactivity Disorder.
17	Multi-drug resistant bacteria	Bacteria for which numerous antimicrobial drugs have limited effectiveness or are ineffective.

Page*	Term	Explanation
18	Library of bacterial strains	A stock of bacterial strains from past years that are used in R&D for new antimicrobial drugs and for other applications.
18	Small-molecule drug discovery engine	SHIONOGI's proprietary internal drug discovery system and expertise that enables us to bring forth innovative small-molecule pharmaceuticals with speed and efficiency.
18	Continuous manufacturing	A system through which raw materials or mixtures thereof are continuously fed to the manufacturing process, and homogeneous, high-quality products are manufactured on an ongoing basis through production control and quality control methods that were appropriately configured based on scientific knowledge. This system can be expected to yield shorter development times, higher efficiency through manpower- and space-saving, and advanced quality assurance for pharmaceuticals.
18	Manufacturing facilities for high-potency drugs	Facilities where substances that result in stronger potency with small quantities can be safely manufactured.
18	BEVS	Stands for "Baculovirus Expression Vector System." A protein expression technology that uses insect cells.
22	OTC drugs	General-use pharmaceuticals that can be purchased at a pharmacy, drugstore or other such location without a prescription. OTC stands for "Over The Counter."
24	Patent cliff	Refers to a considerable decline in sales caused by the replacement of pharmaceuticals with their generic counterparts once patents on the former expire.
24	Royalties	Usage fees received by a company in accordance with the nature of the associated contract in return for permitting the use of intellectual property rights held by that company.
24	HIV franchise	A product lineup that contains the anti-HIV drugs dolutegravir and cabotegravir discovered by SHIONOGI as components.
26	ViiV	Refers to ViiV Healthcare Limited. A specialty pharma firm in the HIV infection domain invested in by GSK, Pfizer and SHIONOGI.
32	SBT	Stands for "Science Based Targets." Greenhouse gas emission reduction targets based on scientific proof that conform to the levels required under the Paris Agreement.
36	CDMO	Stands for "Contract Development and Manufacturing Organization." An organization for pharmaceutical development and manufacture on consignment.
36	Three major infectious diseases	Refers to HIV/AIDS, tuberculosis and malaria, which are all global concerns.
36	Neglected tropical diseases	General name given to parasitic diseases and infections caused by bacteria, etc. that are rampant predominantly in tropical regions.
42	Mucosal immunity-inducing vaccines	Vaccines that can be used to efficiently induce mucosal immunity in the nasal cavity, throat, etc. These play a key role in preventing pathogenic infection.
44	MR	Stands for "Medical Representative." Personnel who are in charge of medical information.
53	EHS	Stands for "Environment, Health and Safety."
55	Model List of Essential Medicines	Refers to types of pharmaceuticals believed to be required in order to maintain modern healthcare standards as formulated by the WHO. Contains approx. 300 pharmaceutical articles as sample selections upon gathering important pharmaceuticals.
60	Switch OTC drugs	Pharmaceuticals for medical use that have been diverted to OTC drugs due to their high level of safety and limited side-effects.
70	TCFD	Stands for "Task Force on Climate-related Financial Disclosures."

*Indicates page where the term first appears.

Attestation of Validity



On the issuance of the SHIONOGI Integrated Report 2022

Senior Executive Officer, Senior Vice President
Corporate Supervisory Unit

Noriyuki Kishida

In order to realize the SHIONOGI Group Vision “building innovation platforms to shape the future of healthcare”, we have expanded the definition of “medicine” to include “healthcare solutions”. And in order to deliver the best healthcare solutions to the world, we aim to transform ourselves from a “drug discovery-based pharmaceutical company” to a HaaS company in our medium-term business plan STS2030 (Shionogi Transformation Strategy 2030).

SHIONOGI publishes its integrated reports, based on integrated thinking, to provide our stakeholders with a better understanding of our efforts. “SHIONOGI Integrated Report 2022”, our seventh edition issued, details SHIONOGI’s response as a leading company in infectious diseases toward the end of the COVID-19 pandemic, and reports on the status of development of therapeutic drugs and vaccines. This report also covers SHIONOGI’s efforts to prepare for emerging and re-emerging infectious diseases that may occur in the future, as well as its initiatives in psychoneurological diseases, which is a core disease area along with infectious diseases. In order to communicate the evolution of our value creation framework in an easy-to-understand manner throughout the report, we have enhanced the layout to include descriptions of progress and specific initiatives, and summaries of our strategies for material issues (materiality) that should be given special priority and how SHIONOGI will transform itself into a HaaS company.

This report was produced with the cooperation of relevant organizations of SHIONOGI, with the Sustainability Management Department, Corporate Communications Department, and Corporate Planning Department playing a central role in discussions. As the senior executive officer responsible for the production of the report, I attest that the process of preparing the report is legitimate and that its content is accurate.

SHIONOGI will continue to evolve and grow as a company that pursues innovation, continuously challenges itself to create the future of healthcare, and contributes to solving social issues on a global scale. We hope that this report will help readers to better understand these efforts. We will continue striving to further enhance these reports so they will serve as an aid in dialogues with our stakeholders. Please give us your honest feedback and requests upon reading this report.

Corporate Information/Stock Information

Corporate Data (As of March 31, 2022)

Company Name	Shionogi & Co., Ltd
Established	March 17, 1878
Incorporated	June 5, 1919
Paid-in Capital	¥21,279 million
Number of Employees	5,693 (Consolidated)
Fiscal Year-End	March 31
Website	https://www.shionogi.com/global/en/

Stock Information (As of March 31, 2022)

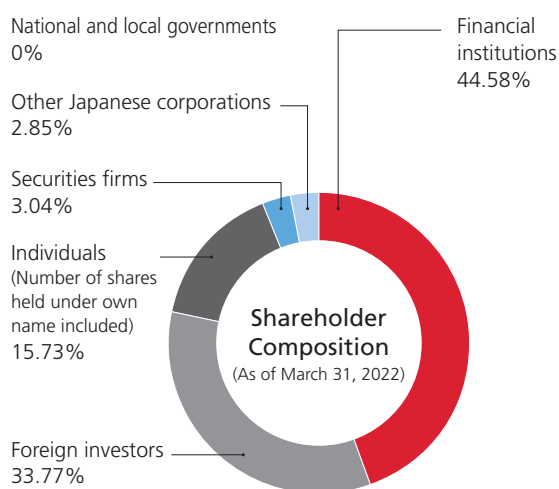
■ Stock (Securities) Listings:

Tokyo (#4507) (Shares listed in 1949)

■ Stock Status:

Common Stock Authorized: 1,000,000,000 shares
 Issued: 311,586,165 shares
 (Including 10,103,385 shares of treasury shares)
 Number of shareholders: 98,031

■ Shareholder Composition



Note: Treasury shares included in Individuals.

■ Major Shareholders

Name	Number of shares (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	63,344	21.01
Custody Bank of Japan, Ltd. (Trust account)	19,271	6.39
Sumitomo Life Insurance Company	18,604	6.17
SMBC Trust Bank Ltd. (as a trustee for retirement benefit of Sumitomo Mitsui Banking Corporation)	9,485	3.14
Nippon Life Insurance Company	8,409	2.78
JP MORGAN CHASE BANK 385632	7,582	2.51
BANK OF CHINA (HONG KONG) LIMITED-PING AN LIFE INSURANCE COMPANY OF CHINA, LIMITED	6,356	2.10
STATE STREET BANK WEST CLIENT - TREATY 505234	4,973	1.64
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	4,931	1.63
Sumitomo Mitsui Banking Corporation	4,595	1.52

Notes:

1. The Company owns 10,103,385 shares of treasury shares but the Company is not included in the major shareholders listed above (top 10).
2. The percentage of total is calculated as the proportion of shares to 301,482,780 shares of total issued stock (excluding 10,103,385 shares of treasury shares).