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Refining our strengths as a drug discovery-based pharmaceutical company and shape a better future for healthcare









+85.2% (YoY)

Our History



Co., Ltd.)

1878 Founded

On March 17, 1878, his 24th birthday, Gisaburo Shiono, Sr., who learned about the drug wholesaling business from his father, Kichibei, strikes out on his own and establishes a drug wholesaling business named Shiono Gisaburo Shoten

Founder

Gisaburo Shiono, Sr.

1909 Registered the corporate emblem FUNDOH

The brand symbol, derived from the "counterweight" used to weigh medicines on a scale, stands as a symbol of accuracy, honesty and trust, and represents SHIONOGI's commitment.



- 1910 Constructed the Shiono Seiyakusho manufacturing plant
- 1919 Shiono Gisaburo Shoten and Shionogi Seiyakusho K.K. merged and reorganized to form Shionogi Shoten Co., Ltd.

History of Products in Each Product Portfolio



1957 SHIONOGI's Company Policy (now SHIONOGI Group Heritage) established A "basic policy" was established to serve as our eternal goal in passing down

SHIONOGI's unique philosophy and commitment cultivated since our founding. As a result, we are able to move forward without losing sight of our basic direction as a pharmaceutical company, which is "to serve people's health."

1983 Construction of the Kanegasaki Plant

The Kanegasaki Plant was built in the town of Kanegasaki, Isawa-gun, Iwate Prefecture where a large factory site was secured as one of our key factories, based on a long-term plan for the future expansion of our pharmaceutical manufacturing facilities



Kanegasaki Plant

1998 Establishment of the SHIONOGI Code of Conduct

The SHIONOGI Code of Conduct was established to complement the SHIONOGI Group Heritage as a criterion for behavior so that the company could flexibly adapt to changes in the operating environment and fulfill needs of society.

Infectious Diseases	1911 The syphilis treatment <i>Salvarsan</i> 	 1959 The sulfonamide drug <i>Sinomin</i> 1961 The antiprotozoal agent <i>Flagyl</i> 1976 The synthetic antibacterial agent <i>BAKTAR</i> 	 1981 The glycopeptide antibiotic <i>Vancomycin</i> 1982 The oxacephem antibiotic <i>Shiomarin</i> 1988 The oxacephem antibiotic <i>Flumarin</i> 1997 The cephem antibiotic <i>Flomox</i>
Psychoneurological Diseases and Pain	1909 • Our first in-house drug, the anti-indigestion <i>Antacidin</i>	 1950 The analgesic Sedes 1957 The neuropsychiatric agent <i>Vegetamin</i> The neuropsychiatric agent <i>Novamin</i> 1965 The antidepressant Surmontil 	 1977 The neuropsychiatric agent Wintermin 1989 The persistent cancer pain treatment MS Contin The sleep aid Rhythmy

Both the world and SHIONOGI have changed significantly over time, but we have not forgotten our founding spirit, and our head office is still located where we were founded, in Osaka's Doshomachi. Here, we describe how SHIONOGI has grown in response to the changes that have taken place over the past century and a half.





• Fetroja (U.S.)/Fetcroja (Europe)

Fetroja/Fetcroja is a treatment against multidrug-resistant Gram-negative bacterial infection launched in 2020. As a drug that can be a life-saving trump card for patients who previously had no treatment options, it contributes to the treatment of patients around the world.

Cabenuva, Apretude

Cabenuva is a long-acting anti-HIV drug launched in 2020 and Apretude is a long-acting HIV prophylactic drug launched in 2021. They help to improve the quality of life of patients because they can treat or prevent HIV with a single injection every two months.

Acute Infectious Diseases

Xocova

Xocova is a domestically produced oral COVID-19 treatment drug launched in 2022 under the emergency approval system. It contributes to the treatment of COVID-19 as the only drug that can be used by patients who are not at risk of severe illness.

	20	000		2010	2020
F	First Medium-Term Business Plan (FY2000-FY2004)	Second Medium-Term Business Plan (FY2005-FY2009)	Third Medium-Term Business Plan (FY2010-FY2013)	Fourth Medium-Term Business Plan (FY2014-FY2019)	STS2030 (FY2020-FY2030)
	—Establishing a foundation—	—Accelerating progress—	—SONG for the Real Growth—	—Shionogi Growth Strategy 2020 (SGS2020)—	—Shionogi Transformation Strategy 2030 (STS2030)—
2001	Establishment of Shio (currently, Shionogi I			&O Pharmaceutical Idings) Ltd. in China	2020 Establishment of Ping An-Shionogi Co., Ltd.
2008 Acquisition of Sciele Pharma, Inc.		2012 Establishment of Shionogi Ltd. (currently, Shionogi B.V.)		2022 Launch of new brand	
	(currently, Shionogi I	nc.) in the United States			2023 STS2030 Revision
					STS2030 Phase 2 was launched ahead of the original plan after the path to achieving the Vision became clearer.

2005 The carbapenem antibiotic <i>Finibax</i>	 2010 The influenza antiviral drug <i>Rapiacta</i> 2014 The anti-HIV drug <i>Tivicay</i> 2015 The anti-HIV drug <i>Triumeq</i> 2018 The influenza antiviral drug <i>Xofluza</i> 	 2020 A multidrug-resistant Gram-negative bacterial infection treatment <i>Fetroja</i> (cefiderocol) The long-acting anti-HIV drug <i>Cabenuva</i> (cabotegravir + rilpivirine) The IgG/IgM antibody test kit for COVID-19 (research reagent) 2022 The COVID-19 treatment <i>Xocova</i>
 2001 The pain treatment drug morphine hydrochloride injection solution <i>Shionogi</i> 2003 The cancer pain analgesic <i>OxyContin</i> 2007 The cancer pain treatment powder <i>Oxinorm</i> 	 2010 The antidepressant drug <i>Cymbalta</i> 2012 The injectable cancer pain analgesic <i>OxiFast</i> 	 2017 The cancer pain treatment <i>Methapain</i> The chronic cancer pain treatment <i>OxyContin TR tablets</i> The attention-deficit/hyperactivity disorder (ADHD) treatment <i>Intuniv</i> The opioid-induced constipation treatment <i>Symproic</i> 2019 The attention-deficit/ hyperactivity disorder (ADHD) treatment <i>Vyvanse</i>
 2005 The hyperlipidemia treatment <i>Crestor</i> 2008 The hypertension treatment <i>Irbetan</i> The acne vulgaris treatment <i>Differin</i> The idiopathic pulmonary fibrosis treatment <i>Pirespa</i> 	 2012 The hypertension treatment <i>Aimix</i> 2013 The hypertension treatment <i>Irtra</i> 2015 The allergen immunotherapy <i>Actair</i> The thrombocytopenia treatment <i>Mulpleta</i> 	2016 • The hypercholesterolemia treatment <i>Crestor OD tablets</i>

SHIONOGI's Current Position SHIONOGI's Commitments

Four strengths supporting SHIONOGI's growth acquired as a discovery-based pharmaceutical company



As a result of our commitment to in-house drug development as a discovery-based pharmaceutical company and focus on R&D activities, we have maintained an internally-discovered pipeline ratio that exceeds 60% (as of March 2023). In addition to evolving the highly efficient small-molecule drug discovery engine, a strength we acquired by taking on the challenge of creating COVID-19 therapeutic drugs and vaccines under a unique system and using the valuable learning gained from that experience, we will take on the challenge of capturing various drug discovery modalities, including vaccines, peptides, nucleic acids, and antibodies. We are also refining our ability to ascertain unmet medical needs developed as we confronted various diseases and expanding the breadth of challenges to resolve a wide range of healthcare problems that cannot resolved with traditional therapeutic drugs.



Infectious Disease Know-how

During our more than sixty years of research and development in the field of infectious disease, we have delivered therapeutic drugs for numerous infectious diseases. While many companies withdraw from the infectious disease field because of low market predictability and profitability, we have obtained knowledge of and technology related to infectious diseases that others cannot match, a world-class bacteria library, and advanced research facilities to manage those by continuing to invest in the field. In addition to further refining these strengths and expanding activities to disease awareness programs, epidemic forecasting, prevention, diagnostics, and ways to prevent conditions from worsening and aftereffects, we will confront the threat of infectious diseases by providing healthcare that is not limited to therapeutic drug.

Infectious disease total care

- Disease awareness
 programs
- Epidemic forecasting
- Prevention
- Preventing conditions from worsening and aftereffects

• Diagnosis

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SHIONOGI's Current Position

Although the needs of customers and the world have continued to change with the times, we still earnestly create and deliver new value by pursing "accuracy," "honesty," and "trust" in response to healthcare needs regardless of the age. Therefore, the efforts of our predecessors have changed over the years into the four strengths that support SHIONOGI. We continue to take on the challenge of refining these strengths and creating a healthcare future.

Alliances and Collaboration

To more broadly and quickly deliver new value, we have formed alliances with the most appropriate partners and accumulated the ability to create win-win relations for generating sustainable growth for both SHIONOGI and our partners at the various stages of the pharmaceutical business, including capturing new modalities, promoting research and development, and maximizing product value. As technology evolves, various companies that possess new ideas and technologies have entered the healthcare field. We will meet more advanced healthcare needs by leveraging as much as possible our ability to build relations that we have acquired and taking on the challenge of partnering in new ways.



Human Resources

Each and every employee of SHIONOGI is the source of the Company's sustainable growth and new value creation. To appropriately forecast future healthcare needs and create new value, it is necessary to develop not only managers who promote reforms but also independent-minded human resources responsible for resolving future problems. At SHIONOGI, we focus on fostering a corporate climate for employees to work hard to tackle challenges by clearly indicating the image of what employees should be and providing opportunities for future growth. In addition, by continuing to implement workstyle reforms and appropriately evaluating employees, we have created an environment in which human resources with diverse values can make the most of their capabilities.



SHIONOGI strives constantly to supply the best possible healthcare

Material issues addressed by SHIONOGI P.32

- Material issues to create value by solving healthcare social issues
- Material issues to reduce negative impacts on customers and society
- Material issues to support the realization of a sustainable society and the growth of SHIONOGI

Main Capital (Inputs) in FY2022

Human capital

Penetration of our philosophy 83.7%

- Education & training expenses ¥152 million
- Pool of human resources for future
- management 27 persons*1 Intellectual and

manufactured capital

- SHIONOGI's unique expertise and technology
- Capital investment (IT investment, plant and equipment investment, etc.) ¥12.6 billion

Social and relationship capital

• Diverse partnerships

- STS2030 Phase 1 partnerships: 36 (cumulative)
- Strong relationships with national governments, local governments, and communities

Financial capital

- Total capital ¥1,311.8 billion
- STS2030 Phase 2 ¥300 billion to be invested in R&D

Natural capital

- Total energy consumption 337,921MWh
- Water consumption 1,426 thousand m³
- *1 Number of associate corporate officers cumulative over the past three years

Value Provided

Fetroja (cefiderocol) for the treatment of multidrug-resistant Xocova Gram-negative bacterial

Fetroi

infections

COVID-19 treatment



SHIONOGI's cultivated

Research

Marketing





Changes in the corporate environment

Changes in the

environment

industry

26 Shionogi & Co., Ltd. Integrated Report 2023 Expertise in infectious diseases

Innovation

skills

solutions to protect the health and wellbeing of the patients we serve

Human capital

capital

140 countries

• ROE 17.8%

Natural capital

agents in wastewater

Financial capital

Profit before tax ¥220.3 billion

• Annual TSR: -18.8% for the past year,

Practice of our philosophy 70.0% • IT/digital human resources: 1,074

Number of persons from talent pool

appointed to executive officer positions

Intellectual and manufactured

Accumulation of SHIONOGI's proprietary

• Internally-discovered pipeline ratio 61% • Number of product developed globally: 20 Social and relationship capital Through contracts with partners: • Ensitrelvir available in 117 countries Cefiderocol available in 135 countries

Dolutegravir/Cabotegravir available in over

5.9% for the past three years, 3.4% for the past five years, and 13.3% for the past 10 years

expertise and technology

(cumulative over the previous two years): 6

Issues and needs

Value Created (Outcomes) As of March 31, 2023

(equivalent to Lv1 IT passport accreditation)





• Water resource consumption: up 4.4% year on year

Effluent management of antimicrobial



(AdvanSentinel)



Details on the development pipeline https://www.shionogi.com/global/en/innovation/pipeline.html

SHIONOGI Group Vision Building Innovation Platforms to Shape the Future of Healthcare

SHIONOGI's Business Model



Towards Becoming a HaaS Company

While we have an abundance of various information to make use of, the needs in the healthcare field are becoming increasingly sophisticated and diverse. We are on the verge of transforming into a society where people choose their own solutions to protect, promote, and heal their own health. SHIONOGI will thoroughly refine its accumulated strengths to become the partner of choice for a wide variety of companies, breaking through stereotypes to meet the needs of people and society. We are going to transform ourselves into a HaaS company that opens a new era of healthcare as the hub of co-creation.

Presymptomatic care

The hub of co-creation

Solutions that are incorporated into daily life to reduce future disease risks and promote health Wastewater surveillance service
Disease awareness
OTC drugs
Supplements/health foods kikippa
Educational IT services

Prevention

SHIONOGI's

Solutions for adaptation to disease characteristics and pathogenesis risks, and for application full time or on occasion

Preventive vaccines
Disease awareness

Solutions for individually optimized treatments that go beyond drug therapy alone

Solutions for living with

continued health and

peace of mind after

treatment

Prescription drugs
Treatment apps
Sensory stimulation
OTC drugs

Treatment

Recuperation

Max 11(Min 60 Solutions to quickly and accurately detect current diseases and their signs, leading to early treatment and prevention

- Al diagnostic support
- Diagnostic kits
 Diagnostic apps
- Diagnosis using brain waves

Diagnostics

I SHIONOGI's Current Position

Risks and Opportunities

In revising its medium-term business plan STS2030 to STS2030 Revision, SHIONOGI analyzed and assessed its risks and opportunities based on changes in the internal and external environment and its time frame, and reviewed the material issues (materialities) that must be addressed. By classifying materialities into the three categories of "Material issues to create value by solving healthcare social issues," "Material issues to reduce negative impacts on customers and society,"

Environmental Changes/ Social Needs

- The global epidemic of COVID-19 and subsequent lifestyle changes
- Further expansion of the scope of corporate social responsibility
- Aging of developed countries' populations and rise of emerging countries
- Accelerating investment in the children of the future
- Structural changes in the healthcare industry
- Restricted access to medical care
- International instability
- Technical innovation and evolution, including digitalization, and greater use of data
- Growth of the global market for prescription drugs, and contraction of the Japanese market
- Global warming

 Transformation to realize the SHIONOGI Group Vision
 Promotion of workstyle reforms

<u>rcepti</u>on of the internal

society and

- Numbers of pipelines, imbalance in R&D progress
- High reliance on royalty business
- Lower patent cliff risks





and "Material issues to support the realization of a sustainable society and the growth of SHIONOGI," we believe we can clarify our thinking and find more effective specific actions when considering our response policies, leading to more propulsive initiatives. We will continue to assess the impacts SHIONOGI and society have on each other, and reflect such assessment in our initiatives to promote activities aimed at resolving issues.



SHIONOGI's Current Position

SHIONOGI's Material Issues

Through its business activities and in response to healthcare needs and social issues, SHIONOGI is growing as a company that society needs and aims to share outcomes with our stakeholders. SHIONOGI is therefore identifying material issues (materiality) that we will prioritize in the light of our current situation and needs, as well as our business risks and opportunities.

The Material Issue Identification Process

Material issues



Material issues		Major initiatives	
alue by issues	Protect people from	Provide products and services for acute infectious diseases	
	the threat of infec- tious diseases	Providing products and services for infectious dis- eases requiring a long period of treatment	
	<u>□ P.44</u>	Build a vaccine business	
reate va social	Contributing to a healthy and prosperous	Discover products and services for disease areas with high unmet medical needs	
Material issues to create value by solving healthcare social issues	life <u>P.50</u>	Raise awareness of the characteristics of the dis- ease and the problems faced by those affected by the disease to promote social understanding	
al is: Ig he		Providing solutions different from pharmaceuticals	
ateri olvir	Contribute to sustain- able social security	Promote self-medication	
Σ s	Improve access to healthcare	Create an environment of improved access	
	<u>P.54</u>	Strengthen health care systems	
regative society	Supply socially responsible products and services	Stably supply of products and services	
uce r s anc		Strengthening legal compliance and monitoring	
Material issues to reduce negative impacts on customers and society	Respect human rights	Address human rights issues	
irial issu acts on c	Protect the environment	Climate change: Reduce greenhouse gas (GHG) emissions	
Mate impa	<u>P.80</u>	AMR: Reduce the impact of antimicrobials manu- facturing on the environment	
-sns		Securing a competitive and diverse workforce	
tion of a sus- SHIONOGI	Secure human resources to support growth <u>P68</u>	Nurture human resources who possess exceptional strengths	
		Foster an environment and culture in which everyone can work comfortably	
he real growth		Promotion of health management (health man- agement and occupational health and safety)	
oport t d the (Strengthen supply chain management	Identification of key suppliers and supplier sustainability assessment	
o sup ty an		Interviews and briefings on sustainability issues	
Material issues to support the realizat tainable society and the growth of	Ensure compliance	Strengthening our compliance system in Japan	
aterial tainabl	Strengthen governance	High-performing corporate governance framework	
Ma	<u>P.87</u>	Strengthen risk management	

Maior initiatives

Officers' Meeting

Main relevant indicators and evaluation axes (figures in bold are shown on the corresponding page)

Number of acute infectious disease-related pipelines
 Number of countries adopting pull-type incentives for severe infectious diseases

Number of HIV-related product pipelines
 Ocontribution to improvement of QOL with cabotegravir
 Development of anti-malarial drugs, etc.

Provide COVID-19 vaccine
 Development of next-generation vaccines

Number of psychoneurological diseases-related pipelines
 Number of pain-related pipelines

Number of oncology-related pipelines

Numbers of products and services for other quality of life diseases with high social impact

Number of support services provided in the area of developmental disorders

Number of educational activities conducted using webinars

Numbers of solutions and partners

Number and sales results of OTC drugs

Number of countries provided with ensitrelvir

Number of countries that can be provided with cefiderocol through partnerships with GARDP and CHAI
 Listing on WHO Model Lists of Essential Medicines
 Number of countries where ViiV provides dolutegravir and cabotegravir

Improve the health of pregnant and lactating women and children under 5 years of age
 Operation of independent health services

• Management of procurement, production, and distribution to prevent shortages by grasping changes in the supply-demand balance

Conduct regular/non-regular discussions with suppliers to ensure stable procurement
 Support for strengthening relationship with contract manufacturers and maintaining their business continuity plans (BCP)

• Ensure strict observance of laws, regulations, and guidelines related to the manufacture and sale of pharmaceutical products

• Statement based on the Modern Slavery Act • Implementation of human rights impact assessments

Disclosure under the TCFD

• FY2030: Reduce Scope 1+2 by 46.2% and Scope 3 Category 1 by 20% (relative to FY2019); FY2050: Achieve zero emissions

• Have proper control, including of the supply chain, by FY2030 (completion of audit follow-up)

 Clarification of skill requirements Competitive compensation system Number of employees reassigned through the internal open recruitment system Number of mid-career hires
 Strengthen monitoring of human development Education and training costs Percentage of employees using assistance programs for self-investment Number of people applying for side work
 Continuous implementation of work style reforms and revitalization of employee communication The degree of penetration of management philosophy Percentage of female managers Percentage of employees taking childcare leave
 Health checkup reception rate Stress checks, percentage of highly stressed persons Percentage of employees who smoke Severity rate Frequency rate
 Assessment by FY2022 Questionnaire or EcoVadis Number of EcoVadis rated companies Percentage of suppliers meeting established criteria
 Percentage of suppliers that agree with the procurement code of conduct Number of companies promoting positions through interviews or briefings
 Establishing Supervisory Unit Compliance Committees Strengthening collaboration with domestic and overseas compliance promotion organizations
Efficacy assessment by third-party assessment organization Skill matrix reviews

• Classifying company-wide risks into strategic risks and execution risks



SDGs we contribute

to particularly







