



# I

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



### Finances

(FY2022)

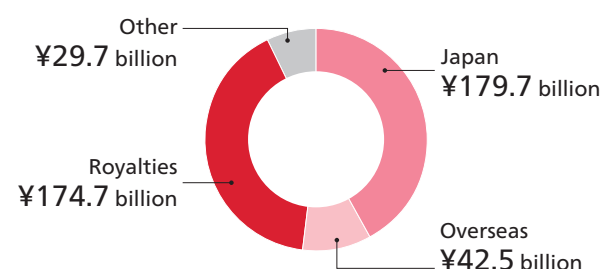


Revenue

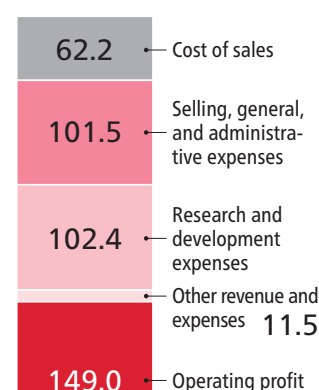
¥426.7 billion

Operating profit margin

34.9%



(Billions of yen)



### Pipeline

(as of March, 2023)

Number of pipeline products

33

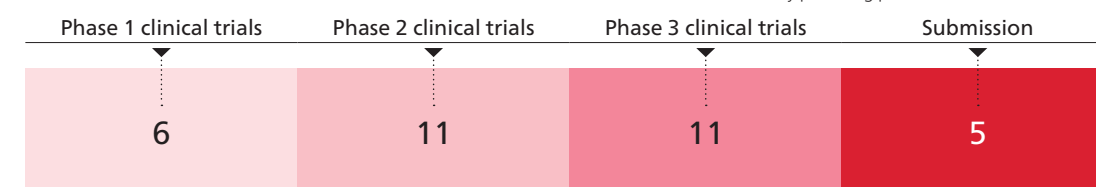
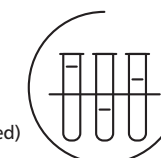
Internally-discovered pipeline ratio

61%

HaaS\*1 business (includes items already being provided)

5

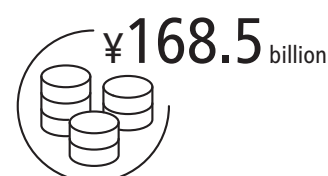
\*1 HaaS: Abbreviation for "Healthcare as a Service." To provide a range of healthcare services in line with customer needs, rather than only providing pharmaceuticals.



### Market and Performance

#### HIV

Royalty revenue from ViiV Healthcare Limited (FY2022)



#### Market information

Number of people infected with HIV (as of 2022)

Approx. 39.00 million

Newly infected people (2022)

1.30 million

Market forecast for long-acting formulations (annual)

By 2030  
Approx. £4.0-£5.0 billion  
(¥640.0-¥800.0 billion\*2)

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Approx. £4.0-£5.0 billion  
(¥640.0-¥800.0 billion\*2)

#### Performance

Sales of long-acting formulations (2022)

Treatment  
£0.34 billion  
(¥54.4 billion\*2)

Prevention  
£0.04 billion  
(¥6.4 billion\*2)

\*2 Assuming exchange rate of ¥160/£1

#### AMR

(Antimicrobial resistance)

Number of countries where cefiderocol can be provided (as of 2022)



#### Market information

If effective AMR measures are not taken by 2050

Estimated annual AMR-related deaths (2050)

Approx. 10.00 million

Estimated economic impact

\$100 trillion (accumulated)

#### Performance

Cefiderocol sales (FY2022)

U.S.  
¥10.0 billion  
+59.5% (YoY)

Europe  
¥6.6 billion  
+85.2% (YoY)



Our History

SHIONOGI's Pharmaceuticals for Infectious Diseases

Acute Infectious Diseases

● *Finibax*

*Finibax* is a carbapenem antibiotic launched in 2005. It is used for the treatment of severe infections as a drug that is highly effective against bacteria that are resistant to many other anti-bacterial drugs.

Infectious Diseases Requiring a Long Period of Treatment

● *Tivicay*

*Tivicay* is an anti-HIV drug launched in 2014. With excellent efficacy and safety, and because it is less likely to cause drug resistance, it contributes to the treatment and improved quality of life for people living with HIV around the world.

Acute Infectious Diseases

● *Xofluza*

*Xofluza* is an influenza antiviral drug with a different mechanism of action launched in 2018. It has established a strong reputation not only for its therapeutic effect but also for the convenience of its single dose treatment against influenza.

AMR

● *Fetroja* (U.S.)/*Fetroja* (Europe)

*Fetroja/Fetroja* 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.

Infectious Diseases Requiring a Long Period of Treatment

● *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.

Our History

1870—1930

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.

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.**

1940—1990

1943 **Renamed the Company Shionogi Seiyaku K.K. (now Shionogi & Co., Ltd.)**

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.

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.

2000

First Medium-Term Business Plan (FY2000-FY2004)  
—Establishing a foundation—

2001 Establishment of Shionogi USA, Inc. (currently, Shionogi Inc.)

2008 Acquisition of Sciele Pharma, Inc. (currently, Shionogi Inc.) in the United States

Second Medium-Term Business Plan (FY2005-FY2009)  
—Accelerating progress—

Third Medium-Term Business Plan (FY2010-FY2013)  
—SONG for the Real Growth—

2011 Acquisition of C&O Pharmaceutical Technology (Holdings) Ltd. in China

2012 Establishment of Shionogi Ltd. (currently, Shionogi B.V.)

Fourth Medium-Term Business Plan (FY2014-FY2019)  
—Shionogi Growth Strategy 2020 (SGS2020)—

2020

ST52030 (FY2020-FY2030)  
—Shionogi Transformation Strategy 2030 (ST52030)—

2020 Establishment of Ping An-Shionogi Co., Ltd.

2022 Launch of new brand

2023 ST52030 Revision  
ST52030 Phase 2 was launched ahead of the original plan after the path to achieving the Vision became clearer.

History of Products in Each Product Portfolio

Infectious Diseases

1911

● The syphilis treatment *Salvarsan*

1959

● The sulfonamide drug *Sinomin*

1961

● The antiprotozoal agent *Flagyl*

1976

● The synthetic antibacterial agent *BAKTAR*

1981

● The glycopeptide antibiotic *Vancomycin*

1982

● The oxacephem antibiotic *Shiomarin*

1988

● The oxacephem antibiotic *Flumarin*

1997

● The cephem antibiotic *Flomox*

2005

● The carbapenem antibiotic *Finibax*

2010

● The influenza antiviral drug *Rapiacta*

2014

● The anti-HIV drug *Tivicay*

2015

● The anti-HIV drug *Triumeq*

2018

● The influenza antiviral drug *Xofluza*

2020

● A multidrug-resistant Gram-negative bacterial infection treatment *Fetroja* (cefiderocol)  
● The long-acting anti-HIV drug *Cabenuva* (cabotegravir + rilpivirine)  
● The IgG/IgM antibody test kit for COVID-19 (research reagent)  
2022  
● The COVID-19 treatment *Xocova*

Psychoneurological Diseases and Pain

1909

● Our first in-house drug, the anti-indigestion *Antacidin*

1950

● The analgesic *Sedes*

1957

● The neuropsychiatric agent *Vegetamin*  
● The neuropsychiatric agent *Novamin*

1965

● The antidepressant *Surmontil*

1977

● The neuropsychiatric agent *Wintermin*

1989

● The persistent cancer pain treatment *MS Contin*  
● The sleep aid *Rhythmy*

2001

● The pain treatment drug morphine hydrochloride injection solution *Shionogi*

2003

● The cancer pain analgesic *OxyContin*

2007

● The cancer pain treatment powder *Oxinorm*

2010

● The antidepressant drug *Cymbalta*

2012

● The injectable cancer pain analgesic *OxiFast*

2017

● The cancer pain treatment *Methapain*  
● The chronic cancer pain treatment *OxyContin TR tablets*  
● The attention-deficit/hyperactivity disorder (ADHD) treatment *Intuniv*  
● The opioid-induced constipation treatment *Symproic*

2019

● The attention-deficit/ hyperactivity disorder (ADHD) treatment *Vyvanse*

Other Diseases

2005

● The hyperlipidemia treatment *Crestor*

2008

● The hypertension treatment *Irbetan*  
● The acne vulgaris treatment *Differin*  
● The idiopathic pulmonary fibrosis treatment *Pirespa*

2012

● The hypertension treatment *Aimix*

2013

● The hypertension treatment *Irtra*

2015

● The allergen immunotherapy *Actair*  
● The thrombocytopenia treatment *Mulpleta*

2016

● The hypercholesterolemia treatment *Crestor OD tablets*

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.

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

Although the needs of customers and the world have continued to change with the times, we still earnestly create and deliver new value by pursuing "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.



Innovation Skills



Infectious Disease Know-how



Alliances and Collaboration



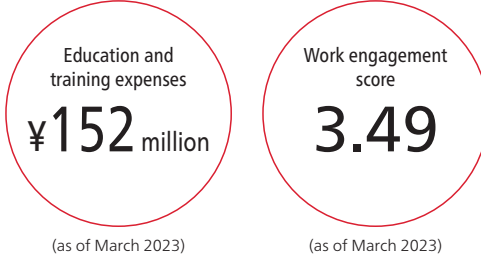
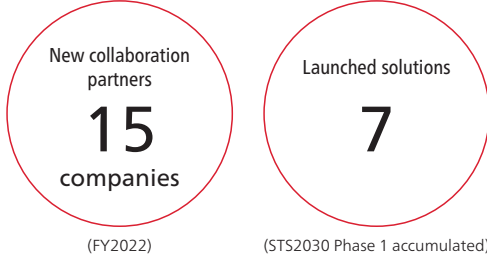
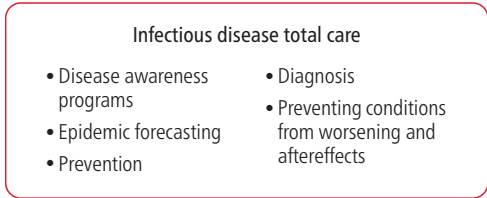
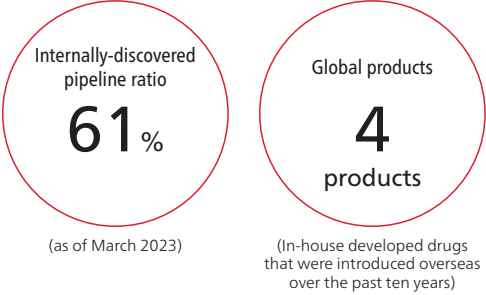
Human Resources

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.

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.

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.

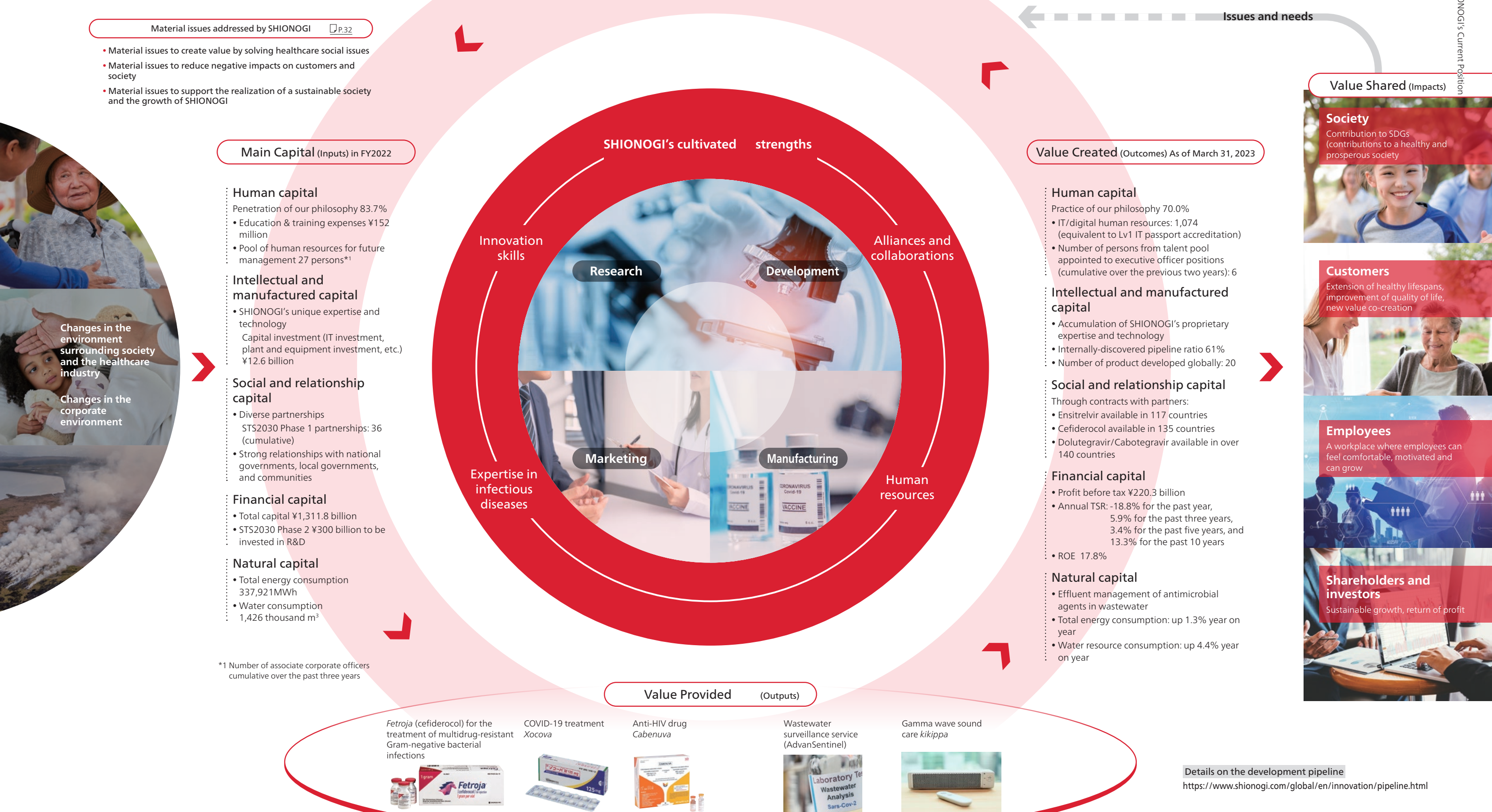
Each and every employee of SHIONOGI is the source of the Company's sustainable growth and new value creation. To appropriately forecast future healthcare needs and create new value, it is necessary to develop not only managers who promote reforms but also independent-minded human resources responsible 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.





## Value Creation Process

SHIONOGI strives constantly to supply the best possible **healthcare solutions** to protect the health and wellbeing of the patients we serve

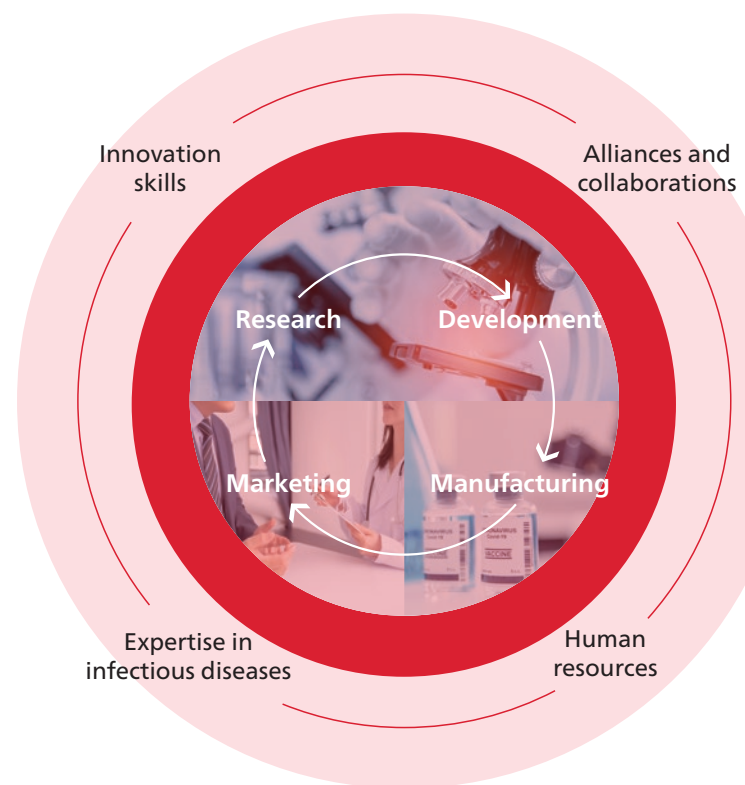




## Growth as a HaaS Company

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

SHIONOGI's Business Model



**Towards  
Becoming a  
HaaS Company**

*Transformation*

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**.

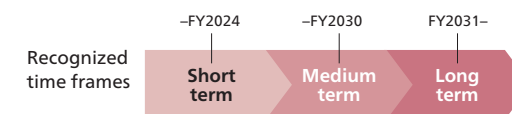




## Risks and Opportunities

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,”

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.



### 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

Perception of the environment surrounding society and the healthcare industry

- Transformation to realize the SHIONOGI Group Vision
- Promotion of workstyle reforms
- Numbers of pipelines, imbalance in R&D progress
- High reliance on royalty business
- Lower patent cliff risks

Perception of the internal environment

### Risks

- Contraction in market for infectious disease drugs as awareness of hygiene increases
- Human rights violations, risks affecting stable supply, business delays, continuity, and deterioration of creditworthiness by the Company and its suppliers due to the following events
  - Deterioration in relations with local communities
  - Human rights, environmental, and compliance/governance issues
- Greater information security risks
- Collapse of existing business models through disruptive innovation
- Lack of human resources to realize transformation
- Loss of business opportunities as nothing is done in emerging countries
- Higher hurdles to drug discovery and lower research efficiency
- Decrease in productivity/outflow of human resources

### Opportunities

- Globalization of infectious diseases due to climate change
- Increased expectations and demand for global infectious disease countermeasures
- Increasing demand for wellbeing and social participation in all generations
- Rising needs for prevention, presymptomatic conditions, self-medication needs, and related market expansion
- Promoting access to medical care
- Creating solutions through technological innovation
- Achieving stable supply, customer satisfaction, and reliability in the company and its suppliers in the following events:
  - Continuous improvement of stable supply and quality assurance
  - Care for human rights and the environment
- Construction of a business that does not rely on patents
- Enhance employee awareness of transformation, to create innovation and enhance their ability to respond to change
- Secure human resources by expanding the environment in which diverse human resources can play active roles

### Material Issues

Material issues to create value by solving healthcare social issues

- Protect people from the threat of infectious diseases  
P.44
- Contributing to a healthy and prosperous life  
P.50
- Contribute to sustainable social security  
Improve access to healthcare  
P.54

Material issues to reduce negative impacts on customers and society

- Supply socially responsible products and services  
P.78
- Respect human rights  
P.79
- Protect the environment  
P.80

Material issues to support the realization of a sustainable society and the growth of SHIONOGI

- Secure human resources to support growth  
P.68
- Strengthen supply chain management  
P.77
- Ensure compliance  
P.98
- Strengthen governance  
P.87

## Medium-Term Business Plan STS2030 Revision

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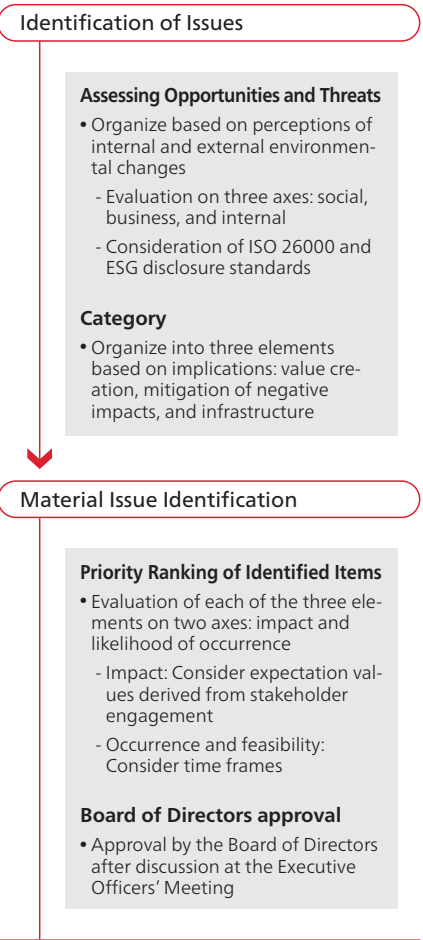
Creating value through solutions to social issues of healthcare




Strengthening the company platform and contributing to a sustainable society

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	Major initiatives	Main relevant indicators and evaluation axes (figures in bold are shown on the corresponding page)	SDGs we contribute to particularly	
Material issues to create value by solving healthcare social issues	Protect people from the threat of infectious diseases <a href="#">P.44</a>	Provide products and services for acute infectious diseases	<ul style="list-style-type: none"><li>Number of acute infectious disease-related pipelines</li><li>Number of countries adopting pull-type incentives for severe infectious diseases</li></ul>		
		Providing products and services for infectious diseases requiring a long period of treatment	<ul style="list-style-type: none"><li>Number of HIV-related product pipelines</li><li>Development of anti-malarial drugs, etc.</li><li>Contribution to improvement of QOL with cabotegravir</li></ul>		
		Build a vaccine business	<ul style="list-style-type: none"><li>Provide COVID-19 vaccine</li><li>Development of next-generation vaccines</li></ul>		
	Contributing to a healthy and prosperous life <a href="#">P.50</a>	Discover products and services for disease areas with high unmet medical needs	<ul style="list-style-type: none"><li>Number of psychoneurological diseases-related pipelines</li><li>Number of oncology-related pipelines</li><li>Numbers of products and services for other quality of life diseases with high social impact</li></ul>		
		Raise awareness of the characteristics of the disease and the problems faced by those affected by the disease to promote social understanding	<ul style="list-style-type: none"><li>Number of educational activities conducted using webinars</li><li>Number of support services provided in the area of developmental disorders</li></ul>		
	Contribute to sustainable social security	Providing solutions different from pharmaceuticals	<ul style="list-style-type: none"><li>Numbers of solutions and partners</li></ul>		
		Promote self-medication	<ul style="list-style-type: none"><li>Number and sales results of OTC drugs</li></ul>		
	Improve access to healthcare <a href="#">P.54</a>	Create an environment of improved access	<ul style="list-style-type: none"><li>Number of countries provided with ensitrelvir</li><li>Number of countries that can be provided with cefiderocol through partnerships with GARDP and CHAI</li><li>Listing on WHO Model Lists of Essential Medicines</li><li>Number of countries where ViiV provides dolutegravir and cabotegravir</li></ul>		
		Strengthen health care systems	<ul style="list-style-type: none"><li>Improve the health of pregnant and lactating women and children under 5 years of age</li><li>Operation of independent health services</li></ul>		
	Material issues to reduce negative impacts on customers and society	Supply socially responsible products and services <a href="#">P.78</a>	Stably supply of products and services		<ul style="list-style-type: none"><li>Management of procurement, production, and distribution to prevent shortages by grasping changes in the supply-demand balance</li><li>Conduct regular/non-regular discussions with suppliers to ensure stable procurement</li><li>Support for strengthening relationship with contract manufacturers and maintaining their business continuity plans (BCP)</li></ul>
Strengthening legal compliance and monitoring			<ul style="list-style-type: none"><li>Ensure strict observance of laws, regulations, and guidelines related to the manufacture and sale of pharmaceutical products</li></ul>		
Respect human rights <a href="#">P.79</a>		Address human rights issues	<ul style="list-style-type: none"><li>Statement based on the Modern Slavery Act</li><li>Implementation of human rights impact assessments</li></ul>		
Protect the environment <a href="#">P.80</a>		Climate change: Reduce greenhouse gas (GHG) emissions	<ul style="list-style-type: none"><li>Disclosure under the TCFD</li><li>FY2030: Reduce Scope 1+2 by 46.2% and Scope 3 Category 1 by 20% (relative to FY2019); FY2050: Achieve zero emissions</li></ul>	 	
		AMR: Reduce the impact of antimicrobials manufacturing on the environment	<ul style="list-style-type: none"><li>Have proper control, including of the supply chain, by FY2030 (completion of audit follow-up)</li></ul>		
Secure human resources to support growth <a href="#">P.68</a>		Securing a competitive and diverse workforce	<ul style="list-style-type: none"><li>Clarification of skill requirements</li><li>Competitive compensation system</li><li>Number of employees reassigned through the internal open recruitment system</li><li>Number of mid-career hires</li></ul>		
		Nurture human resources who possess exceptional strengths	<ul style="list-style-type: none"><li>Strengthen monitoring of human development</li><li>Education and training costs</li><li>Percentage of employees using assistance programs for self-investment</li><li>Number of people applying for side work</li></ul>		
		Foster an environment and culture in which everyone can work comfortably	<ul style="list-style-type: none"><li>Continuous implementation of work style reforms and revitalization of employee communication</li><li>The degree of penetration of management philosophy</li><li>Percentage of female managers</li><li>Percentage of employees taking childcare leave</li></ul>		
		Promotion of health management (health management and occupational health and safety)	<ul style="list-style-type: none"><li>Health checkup reception rate</li><li>Stress checks, percentage of highly stressed persons</li><li>Percentage of employees who smoke</li><li>Severity rate</li><li>Frequency rate</li></ul>		
Strengthen supply chain management <a href="#">P.77</a>		Identification of key suppliers and supplier sustainability assessment	<ul style="list-style-type: none"><li>Assessment by FY2022 Questionnaire or EcoVadis</li><li>Number of EcoVadis rated companies</li><li>Percentage of suppliers meeting established criteria</li></ul>		
	Interviews and briefings on sustainability issues	<ul style="list-style-type: none"><li>Percentage of suppliers that agree with the procurement code of conduct</li><li>Number of companies promoting positions through interviews or briefings</li></ul>			
Ensure compliance <a href="#">P.98</a>	Strengthening our compliance system in Japan	<ul style="list-style-type: none"><li>Establishing Supervisory Unit Compliance Committees</li><li>Strengthening collaboration with domestic and overseas compliance promotion organizations</li></ul>			
Strengthen governance <a href="#">P.87</a>	High-performing corporate governance framework	<ul style="list-style-type: none"><li>Efficacy assessment by third-party assessment organization</li><li>Skill matrix reviews</li></ul>			
	Strengthen risk management	<ul style="list-style-type: none"><li>Classifying company-wide risks into strategic risks and execution risks</li></ul>			