



Consolidated Financial Results for Fiscal Year 2020 (IFRS)

May 10, 2021

Name of Listed Company: **SHIONOGI & CO., LTD.**

Listed Exchanges: Section I of Tokyo

Code: 4507 URL: <http://www.shionogi.co.jp>

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Scheduled date of Annual General Meeting of Shareholders: June 22, 2021

Scheduled date of dividend payments: June 23, 2021

Scheduled date of annual securities report submission: June 23, 2021

Preparation of supplemental material for financial results: Yes

Holding of presentation for financial results: Yes (for investment analysts)

(Note: All amounts are rounded down to the nearest million yen.)

1. Consolidated results for the period from April 1, 2020 to March 31, 2021

(1) Consolidated operating results

(% shows changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	297,177	(10.9)	117,438	(10.1)	143,018	(9.8)	112,061	(8.3)	111,858	(8.5)	137,509	278.0
Year ended March 31, 2020	333,371	(9.4)	130,628	(10.0)	158,516	(8.9)	122,194	(10.8)	122,193	(10.9)	36,381	(73.5)
			Basic earnings per share		Diluted earnings per share		Return on equity attributable to owners of parent		Ratio of profit before tax to total assets		Ratio of operating profit to revenue	
			Yen		Yen		%		%		%	%
Year ended March 31, 2021			365.03		364.89		13.9		15.3			39.5
Year ended March 31, 2020			395.71		395.28		15.5		17.5			39.2

Reference: Share of profit (loss) of investments accounted for using equity method: Year ended March 31, 2021: — million yen, Year ended March 31, 2020: — million yen

Note: In the consolidated fiscal year ending March 2021, the provisional accounting for business combinations was finalized, and the consolidated financial statements for the fiscal year ending March 2020 have been retroactively adjusted.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	998,992	864,550	846,108	84.7	2,806.67
As of March 31, 2020	873,695	765,203	765,152	87.6	2,518.74

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	109,039	(5,261)	(43,891)	276,173
Year ended March 31, 2020	131,940	(29,144)	(88,174)	208,861

2. Dividends

	Annual dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2020	—	50.00	—	53.00	103.00	31,670	26.0	4.0
Year ended March 31, 2021	—	53.00	—	55.00	108.00	33,023	29.6	4.1
Year ending March 31, 2022 (forecast)	—	55.00	—	55.00	110.00		33.2	

3. Consolidated financial forecast for the year ending March 31, 2022

(% shows changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	135,000	(9.1)	38,500	(33.9)	48,500	(30.9)	49,500	(5.4)	164.20
Year ending March 31, 2022	290,000	(2.4)	90,000	(23.4)	115,000	(19.6)	100,000	(10.6)	331.71

※ Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation): None

(2) Changes in accounting policies, changes/restatements of accounting estimates

- a) Changes in accounting policies required by IFRS: Yes
- b) Changes in accounting policies other than a) above: None
- c) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of March 31, 2021: 311,586,165 shares

As of March 31, 2020: 316,786,165 shares

b) Number of treasury stock

As of March 31, 2021: 10,122,444 shares

As of March 31, 2020: 13,002,082 shares

c) Average number of shares issued during the period

As of March 31, 2021: 306,441,234 shares

As of March 31, 2020: 308,798,662 shares

(Reference) Non-consolidated financial results (Japanese GAAP)

Non-consolidated results for the period from April 1, 2020 to March 31, 2021

(1) Non-consolidated operating results

(% shows changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	260,986	(11.2)	76,192	(34.4)	81,714	(32.6)	32,181	(63.7)
Year ended March 31, 2020	293,865	(10.4)	116,107	(16.1)	121,265	(13.3)	88,640	(11.4)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Year ended March 31, 2021	105.02	104.98
Year ended March 31, 2020	287.05	286.74

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	617,123	536,405	86.9	1,778.50
As of March 31, 2020	580,804	530,482	91.3	1,744.81

Reference: Shareholders' equity: As of March 31, 2021: 536,154 million yen As of March 31, 2020: 530,044 million yen

※ This report of financial results is unaudited.

※ Explanation Concerning the Appropriate Use of Financial Results Forecasts and Other Special Instructions

(Adoption International Financial Reporting Standards(IFRS))

The Shionogi Group has voluntarily applied the International Financial Reporting Standards (IFRS) for the consolidated financial statements provided in the annual securities report for the fiscal year ended March 31, 2020.

(Cautionary note concerning forward-looking statements)

The forecast of financial results and forward-looking statements contained in this report are based on information currently available to the Company as well as certain assumptions that it judges to be reasonable. Actual results may differ materially due to a variety of factors.

For details of the assumptions used in the forecast of financial results and a cautionary note concerning appropriate use, please refer to "1. Overview of Operating Results and Financial Position (4) Outlook" on page 5 of the accompanying materials.

(Method of Obtaining Financial Results Supplementary Materials and Details of Results Briefing Meeting)

Financial results supplementary materials are posted via TDnet on the date of disclosure. The Company plans to hold a results briefing meeting for analysts on Tuesday, May 11, 2021. Plans are also in place to post audio explanatory details(Transcript) together with financial results explanatory materials distributed to analysts on May 11, 2021 on the Company's website in a timely manner after the results briefing.

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1. Overview of Operating Results and Financial Position

The Shionogi Group has voluntarily applied International Financial Reporting Standards (IFRS) starting from the consolidated financial statements for the previous fiscal year (fiscal year ended March 31, 2020). The consolidated financial statements for the previous fiscal year are also restated in accordance with IFRS.

(1) Operating Results for the Fiscal Year Ended March 31, 2021

1) Revenue and profit

For the year ended March 31, 2021 (April 1, 2020 to March 31, 2021), operating results were as follows.

	<i>Millions of yen</i>			
	Year ended March 31, 2021	Year ended March 31, 2020	Change	Percentage change (%)
Revenue	297,177	333,371	(36,193)	(10.9)
Operating profit	117,438	130,628	(13,190)	(10.1)
Core operating profit *	93,963	127,383	(33,419)	(26.2)
Profit before tax	143,018	158,516	(15,498)	(9.8)
Profit attributable to owners of parent	111,858	122,193	(10,334)	(8.5)

* In conjunction with the change in accounting standard, the Company has established "core operating profit" as a profit indicator to present ordinary profitability. This has been adopted as the Company's proprietary earnings management indicator. Core operating profit is an adjusted profit in which non-recurring items (impairment losses, gain on sale of property, plant, and equipment, etc.) are deducted from operating profit.

Revenue was ¥297.2 billion, a 10.9 percent decrease year on year. Domestic sales of prescription drugs were ¥94.7 billion, a decrease of 10.9 percent, as a result of the sharp contraction of the market for infectious disease drugs due to enforcement of measures to prevent infection of the general public and a decline in doctor visits in response to the COVID-19 pandemic, together with the impact of drug price revisions.

Operating profit was ¥117.4 billion, a 10.1 percent decrease, and included a gain on exchange from redevelopment of the Shionogi Shibuya Building and other non-recurring items. Core operating profit excluding these non-recurring items was ¥94.0 billion, a 26.2 percent decrease.

Profit before tax was ¥143.0 billion, an 9.8 percent decrease. Reflecting the decrease in profit before tax, profit attributable to owners of parent was ¥111.9 billion, a 8.5 percent decrease.

As in FY2019, results in FY2020 fell short of the forecast, and revenue and profit declined year on year. In FY2021, we will address challenges left over from previous years, and redouble our efforts to build Shionogi into a company with more earning power.

■ Domestic sales of prescription drugs

Domestic sales of prescription drugs decreased 10.9 percent to ¥94.7 billion as a result of the sharp contraction of the market for infectious disease drugs due to enforcement of measures to prevent infection of the general public and a decline in doctor visits in response to the COVID-19 pandemic. The flu season was very mild, even more so than the previous season, and sales of influenza-related products decreased 89.1 percent to ¥0.3 billion. Sales of infectious disease drugs, which include influenza-related products, totaled ¥9.8 billion, a 39.1 percent decrease. On the other hand, sales of strategic products Cymbalta and Intuniv grew to ¥26.5 billion (a 0.9 percent increase) and ¥13.1 billion (a 22.8 percent increase), respectively.

During the COVID-19 pandemic, restrictions on visits to healthcare facilities by medical representatives (MRs) were strengthened, making it difficult to meet in-person with healthcare professionals. To deliver product information to healthcare professionals even in these circumstances, Shionogi improved its ability to communicate in digital environments, and focused on providing information about appropriate use of products and securing meeting opportunities.

■ Exports/Overseas subsidiary sales

Revenue from overseas subsidiary sales and exports was impacted by the COVID-19 pandemic, decreasing 20.0 percent to ¥24.6 billion. In the United States, revenue from Fetroja expanded to ¥1.7 billion, but overall revenue decreased 26.3 percent to ¥7.5 billion due to the absence of a one-time payment that was received in the previous fiscal year in connection with a co-commercialization agreement for Symproic with BioDelivery Sciences International. In Europe, Fetroja was selected for inclusion in a subscription-type reimbursement model*1 in the United Kingdom and Sweden. Sales of Fetroja also began in Germany. In China, revenue from Rabeprazole in the hospital market declined sharply, and total revenue decreased 23.3 percent year on year to ¥10.1 billion. Shionogi established a joint venture with Ping An Insurance (Group) Company of China Ltd. in 2020.

*1 A subscription-type reimbursement model in which the country can receive antibiotics when needed by paying a fixed remuneration for a developing company irrespective of the amount of antibiotics prescription.

■ Royalty income and dividend income from ViiV

Sales of the HIV franchise out-licensed to UK-based ViiV Healthcare Ltd. (“ViiV”) increased. However, royalty income from ViiV decreased 3.7 percent to ¥123.4 billion due to the effect of exchange rate changes, and dividends from ViiV decreased 11.3 percent to ¥23.4 billion. Royalty income from Switzerland-based Roche decreased 91.8 percent to ¥0.9 billion due to the absence of milestone payments from Roche received in the previous year in connection with the approval of the flu drug Xofluza. Royalty income on Crestor sales from UK-based AstraZeneca decreased 25.7 percent to ¥16.6 billion because the amount received decreased starting in the fourth quarter of fiscal 2020 under the license agreement. While sales of the HIV franchise continued to grow steadily, total royalty, milestone and dividend income decreased 13.1 percent to ¥168.0 billion due to the impact of exchange rate changes and the absence of one-time revenue received in the previous fiscal year.

2) Research and development

During the fiscal year ended March 31, 2021, Shionogi continued to make aggressive investments in research and development, and by dealing appropriately with changes in the environment due to COVID-19, was able to make progress on high-priority projects basically as planned.

■ Research

Shionogi has identified eight high-priority projects that have the potential to change current treatment paradigms, and prioritized them along with COVID-19 projects. S-531011, a cancer-targeting antibody discovered in joint research with Osaka University, is intended to address patient needs that are not met with current cancer therapies. In the fiscal year ended March 31, 2021, preclinical studies progressed toward the goal of beginning clinical development in the fiscal year ending March 31, 2022. S-874713, a compound discovered in-house that has a potential effect on multiple psycho-neurological diseases, including attention deficit hyperactivity disorder (ADHD) and addiction, is in preclinical studies with the goal of beginning clinical development in the fiscal year ending March 31, 2022. S-540956, a nucleic acid adjuvant,*2 is aimed at potential application in the fields of oncology and infectious diseases, such as a functional cure for HIV. In the fiscal year ended March 31, 2021, clinical studies progressed toward the goal of beginning clinical development in the fiscal year ending March 31, 2022. The Shionogi Group has entered the vaccine business by acquiring UMN Pharma and making it a wholly owned subsidiary. In the fiscal year ended March 31, 2021, UMN Pharma worked on creating a COVID-19 vaccine and an influenza vaccine. In addition, Shionogi is working on development of a nasal vaccine that will eliminate the pain associated with injections and is easy to administer, and entered into a license agreement with HanaVax for nasal vaccine manufacturing technology. The two companies are conducting research on a Streptococcus pneumoniae vaccine candidate. Including potential COVID-19 vaccine mentioned above, Shionogi is working toward the creation of treatments that are superior to existing therapies in both efficacy and safety.

*2 Adjuvant: A substance that reinforces the effect of drugs by activating the immune system

■ Development

Regarding the progress of the eight high-priority projects, a global Phase IIb study of sivopixant (S-600918) for refractory chronic cough moved forward and observation of all patients was completed. A Phase IIa study for sleep apnea syndrome is also under way. For redasemtide (S-005151), a peptide with regeneration-inducing effects that was licensed from StemRIM, Shionogi is preparing to submit a filing for approval for the treatment of epidermolysis bullosa. In addition, a Phase II study is under way in Japan for acute ischemic stroke. In the fiscal year ended March 31, 2021, investigator-led clinical studies into indications for knee osteoarthritis and chronic liver disease were also initiated. For zuranolone (S-812217), a candidate for the treatment of depression and depression symptoms that was licensed from Sage Therapeutics of the United States, a Phase II study for major depressive disorder is in progress. For BPN14770, a drug candidate for the treatment of brain disorders associated with cognitive and memory deficits that was licensed from Tetra Therapeutics, a Phase I study for Alzheimer’s disease was completed, and preparations for a Phase II study are under way. In addition, preparations are being made for a Phase III study in the United States for Fragile X Syndrome. For S-637880, a Phase II study for the treatment of neuropathic low back pain is in progress.

Phase I/II studies of S-268019, a COVID-19 prophylactic vaccine, have begun. In addition, Shionogi formed an alliance with BioAge Labs, Inc. to develop a drug candidate (asasiprant: S-555739) to inhibit the aggravation of COVID-19. In April 2021, BioAge Labs initiated a Phase II study in elderly patients with COVID-19.

■ Response to COVID-19

As the Shionogi Group transforms into a Healthcare as a Service (HaaS) company under STS2030, we need to think from the patient’s standpoint more than ever if we are to go beyond simply supplying prescription drugs and start providing healthcare services. From that perspective, we are stepping up our efforts to offer total care, including solutions for the wide range of problems that accompany diseases.

In the fight against COVID-19, we are leveraging our integrated value chain to work on the development of treatments, and are broadening our efforts to include prevention, diagnosis, and control of severity. From the standpoint of prevention, we are also taking steps to identify signs of infection spread through early detection of epidemics and mutations.

With these initiatives, the Shionogi Group will contribute to restoring the peace of mind and safety of society through the early termination of the COVID-19 pandemic. We will also focus diligently on other new and re-emerging infectious diseases, and will remain committed to fulfilling the Shionogi Group's mission to "protect people worldwide from the threat of infectious diseases."

(2) Financial Position for the Fiscal Year Ended March 31, 2021

As of March 31, 2021, total assets were ¥998,992 million, an increase of ¥125,297 million from a year earlier.

Non-current assets increased ¥85,085 million from a year earlier, mainly reflecting an increase in property, plant and equipment due to the construction of vaccine manufacturing facilities, an increase in intangible assets due to the acquisition of shares of Tetra Therapeutics, making it a consolidated subsidiary, and an increase in investment properties due to the redevelopment of the Shionogi Shibuya Building. Current assets increased ¥40,211 million compared to a year earlier, mainly as a result of changes in cash and cash equivalents and in fixed-term deposits of more than three months (included in "Other financial assets" in current assets).

Equity was ¥864,550 million, an increase of ¥99,347 million from a year earlier. This was due to the recording of profit, payment of cash dividends, purchase of treasury shares, disposal of treasury shares by third-party allotment, and an increase in non-controlling interests in connection with the establishment of a joint venture with Ping An Group.

Liabilities totaled ¥134,442 million, an increase of ¥25,949 million. Non-current liabilities increased ¥6,889 million due to an increase in deferred tax liabilities and other factors. Current liabilities increased ¥19,060 million due to increases in income taxes payable and derivative liabilities (included in "Other financial liabilities" in current liabilities).

Purchase price allocations have been completed for Tetra Therapeutics and Nagase Medicals, which became consolidated subsidiaries during the fiscal year ended March 31, 2021. The purchase price allocation for UMN Pharma, for which a provisional accounting treatment has been used since the third quarter of the fiscal year ended March 31, 2020, was completed in the fiscal year ended March 31, 2021, and accordingly, the provisional fair value of the assets acquired and liabilities assumed was retroactively adjusted.

(3) Cash Flows for the Fiscal Year Ended March 31, 2021

Net cash provided by operating activities during the fiscal year ended March 31, 2021 was ¥109,039 million, a decrease of ¥22,900 million year on year. Factors included a decrease in profit before tax and a decrease in cash due to a decrease in trade and other receivables.

Net cash used in investing activities was ¥5,261 million, a decrease of ¥23,882 million year on year. Factors included time deposits and acquisition and sale of securities for investment of surplus, and payments for acquisition of property, plant and equipment, including the construction of vaccine manufacturing facilities.

Net cash used in financing activities was ¥43,891 million, a decrease of ¥44,283 million year on year. Factors included dividends paid, purchase of treasury shares, disposal of treasury shares by third-party allotment, and proceeds from issuance of shares related to the establishment of a joint venture with Ping An Group.

As a result, cash and cash equivalents at March 31, 2021 totaled ¥276,173 million, an increase of ¥67,312 million from a year earlier.

Cash flow indicators

	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Ratio of equity attributable to owners of parent to total assets	86.2%	87.6%	84.7%
Ratio of equity attributable to owners of parent to total assets on market value basis	227.3%	184.9%	179.6%
Interest-bearing liabilities/Cash flow ratio	0.1	0.1	0.1
Interest coverage ratio (times)	237.8	378.1	425.6

Notes: *Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent/Total assets*

Ratio of equity attributable to owners of parent to total assets on market value basis: Total market value of stock/Total assets

Interest-bearing liabilities/Cash flow ratio: Interest-bearing liabilities/Net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities/Interest expense

1. All indicators are calculated on a consolidated basis.

2. Total market value of stock is calculated based on the total number of shares outstanding excluding treasury stock.

3. Net cash provided by operating activities is as reported in the consolidated statements of cash flows.

4. Interest-bearing liabilities are liabilities stated on the consolidated balance sheets on which interest is paid.

4) Outlook

The financial forecast for the year ending March 31, 2022 is as follows.

	<i>Millions of yen</i>			
	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Year ending March 31, 2022	290,000	90,000	115,000	100,000

In the next fiscal year, while there are various uncertainties due to the effects of COVID-19, Shionogi will strive to fulfill its social responsibility as a leader in the infectious disease field.

Although there are factors that will reduce revenue, such as the launch of a generic version of Cymbalta and a decrease in Crestor royalties based on the licensing agreement, Shionogi is projecting expansion in sales of the ADHD family of products, over-the-counter products in Japan, and cefiderocol in Europe and the United States, as well as expansion of business in China. Revenue from infectious disease products in Japan is expected to increase with a gradual market recovery, but we will continue to closely watch the effects from fewer doctor visits and enforcement of infection prevention measures. Royalties from HIV-related products are projected to increase due to the contribution from new product Dovato and newly launched long-acting injectable formulations. Overall, Shionogi projects a slight decrease in revenue.

As for profit, in addition to the decrease in revenue, Shionogi expects an increase in cost of sales due to the effect of changes in the product mix, but will work to reduce selling, general and administrative expenses and to improve efficiency of expenses including research and development expenses. On the other hand, operating profit, profit before tax, and profit attributable to owners of parent are each expected to decline due to a decrease in gain on exchange from redevelopment of the Shionogi Shibuya Building that occurred in the fiscal year ended March 31, 2021. In addition, we will receive a refund the amount of paid in the past for the fiscal year ending March 31, 2022., based on a judgment of the Tokyo High Court (April 14, 2021) on a lawsuit filed by our group regarding "a tax reassessment notification and a notification of assessment and determination of additional tax etc." from the Osaka Regional Taxation Bureau.

COVID-19 continues to spread even now, more than a year after the outbreak began, and has had profound impacts on people's lives and economies worldwide. In Japan, public concerns about strains on the healthcare system, the shortage of vaccines, and the spread of variants are increasing, and various discussions are taking place from the viewpoint of national security, including how to support the development and manufacturing of vaccines and treatment, and the need for flexibility in the pharmaceutical regulatory system to enable them to be made available more quickly. In these circumstances, the Shionogi Group will put its resources into accelerating its various initiatives to fight the COVID-19 pandemic in order to contribute to termination of the pandemic and the restoration of social security and safety. However, given the background described above, it is possible that events, such as not realizing business opportunities or an increase in research and development costs, could occur that would affect the Shionogi Group's financial forecast. In that event, Shionogi will timely make an announcement as soon as it estimates the impact on the financial forecast.

2. Accounting Standards

The Shionogi Group will voluntarily adopt International Financial Reporting Standards (IFRS) starting with the consolidated financial statements in the annual Securities Report for the year ended March 31, 2020 to enhance the international comparability of financial statements and to improve business operations by unifying accounting standards within the Group.

3. Consolidated Financial Statements and Notes

(1) Consolidated statement of profit or loss and Consolidated statement of comprehensive income

Consolidated statement of profit or loss

Millions of yen

	Year ended March 31, 2020	Year ended March 31, 2021
Revenue	333,371	297,177
Cost of sales	(56,782)	(52,523)
Gross profit	276,589	244,654
Selling, general and administrative expenses	(95,094)	(91,902)
Research and development expenses	(47,949)	(54,249)
Amortization of intangible assets associated with products	(3,255)	(3,209)
Other income	4,291	26,403
Other expenses	(3,951)	(4,257)
Operating profit	130,628	117,438
Finance income	30,504	26,522
Finance costs	(2,616)	(941)
Profit before tax	158,516	143,018
Income tax expense	(36,322)	(30,956)
Profit	122,194	112,061

Profit (loss) attributable to		
Owners of parent	122,193	111,858
Non-controlling interests	1	203
Profit	122,194	112,061

Earnings per share		
Basic earnings per share	395.71	365.03
Diluted earnings per share	395.28	364.89

Consolidated statement of comprehensive income

Millions of yen

	Year ended March 31, 2020	Year ended March 31, 2021
Profit	122,194	112,061
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	(62,544)	(4,677)
Remeasurements of defined benefit plans	503	(96)
Total of items that will not be reclassified to profit or loss	(62,040)	(4,774)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(26,247)	36,049
Effective portion of cash flow hedges	2,474	(5,828)
Total of items that may be reclassified to profit or loss	(23,772)	30,221
Total other comprehensive income, net of tax	(85,813)	25,447
Comprehensive income	36,381	137,509
Comprehensive income attributable to		
Owners of parent	36,594	137,407
Non-controlling interests	(213)	101
Comprehensive income	36,381	137,509

(2) Consolidated statement of financial position

Millions of yen

	As of March 31, 2020	As of March 31, 2021
Assets		
Non-current assets		
Property, plant and equipment	71,350	90,883
Goodwill	7,854	9,357
Intangible assets	51,705	76,558
Right-of-use assets	4,657	4,827
Investment property	2,496	26,759
Other financial assets	202,161	217,437
Deferred tax assets	3,048	11,729
Other non-current assets	14,394	5,200
Total non-current assets	357,669	442,754
Current assets		
Inventories	33,818	38,003
Trade receivables	79,804	78,047
Other financial assets	171,157	142,151
Income taxes receivable	192	164
Other current assets	22,191	21,697
Cash and cash equivalents	208,861	276,173
Total current assets	516,026	556,238
Total assets	873,695	998,992

	As of March 31, 2020	As of March 31, 2021
Equity and liabilities		
Equity		
Share capital	21,279	21,279
Capital surplus	21,025	13,733
Treasury shares	(77,292)	(57,989)
Retained earnings	708,291	752,248
Other components of equity	91,848	116,836
Equity attributable to owners of parent	765,152	846,108
Non-controlling interests	51	18,442
Total equity	765,203	864,550
Liabilities		
Non-current liabilities		
Lease liabilities	4,791	4,608
Other financial liabilities	4,179	5,242
Retirement benefit liability	16,089	16,318
Deferred tax liabilities	1,949	7,749
Other non-current liabilities	362	341
Total non-current liabilities	27,372	34,261
Current liabilities		
Lease liabilities	3,361	3,379
Trade payables	10,763	9,902
Other financial liabilities	17,557	21,383
Income taxes payable	21,886	28,033
Other current liabilities	27,551	37,481
Total current liabilities	81,119	100,180
Total liabilities	108,492	134,442
Total equity and liabilities	873,695	998,992

(3) 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, 2019	21,279	21,277	(28,882)	613,483	181,616	808,774	4,313	813,087
Profit				122,193		122,193	1	122,194
Total other comprehensive income, net of tax					(85,598)	(85,598)	(214)	(85,813)
Comprehensive income	-	-	-	122,193	(85,598)	36,594	(213)	36,381
Purchase of treasury shares			(50,012)			(50,012)		(50,012)
Disposal of treasury shares		(509)	1,602			1,092		1,092
Dividends				(31,134)		(31,134)		(31,134)
Increase (decrease) by business combination						-	682	682
Changes in ownership interest in subsidiaries		(162)				(162)	(4,779)	(4,942)
Transfer from other components of equity to retained earnings				4,169	(4,169)	-		-
Other		420		(420)		0	49	49
Balance as of March 31, 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)
Change 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

(4) Consolidated statement of cash flows

Millions of yen

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities		
Profit before tax	158,516	143,018
Depreciation and amortization	14,115	14,779
Impairment losses	100	825
Finance income and finance costs	(29,233)	(25,836)
Decrease (increase) in trade and other receivables	21,371	2,993
Decrease (increase) in inventories	1,158	(3,435)
Increase (decrease) in trade and other payables	(5,747)	(2,380)
Other	(9,202)	(16,524)
Subtotal	151,078	113,438
Interest and dividends received	29,565	28,111
Interest paid	(348)	(256)
Income taxes paid	(48,354)	(32,254)
Net cash provided by (used in) operating activities	131,940	109,039
Cash flows from investing activities		
Payments into time deposits	(200,827)	(230,468)
Proceeds from withdrawal of time deposits	174,672	269,696
Purchase of property, plant and equipment	(8,945)	(28,182)
Proceeds from sale of property, plant and equipment	3,427	45
Purchase of intangible assets	(2,823)	(4,762)
Payments for acquisition of subsidiaries	(4,525)	(3,636)
Purchase of investments in associates	(4,252)	—
Purchase of investments	(99,630)	(120,478)
Proceeds from sale of investments	119,485	116,265
Other	(5,725)	(3,739)
Net cash provided by (used in) investing activities	(29,144)	(5,261)

Millions of yen

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from financing activities		
Repayments of lease liabilities	(3,544)	(3,648)
Purchase of treasury shares	(50,159)	(50,134)
Proceeds from sale of treasury shares	—	33,534
Dividends paid	(31,122)	(32,529)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(3,367)	(1,575)
Capital contribution from non-controlling interests	49	10,464
Other	(30)	(0)
Net cash provided by (used in) financing activities	(88,174)	(43,891)
Effect of exchange rate changes on cash and cash equivalents	(1,560)	7,425
Net increase (decrease) in cash and cash equivalents	13,060	67,312
Cash and cash equivalents at beginning of period	195,800	208,861
Cash and cash equivalents at end of period	208,861	276,173

(5) Notes

Going concern assumption

None

Change in accounting policies

Shionogi group has applied the following standards and interpretations from the fiscal year ended March 31, 2021. The adoption does not have a significant impact on the consolidated financial statements.

IFRS		Overview of new standards and revisions
IFRS 3	Business Combinations	Amendments to the definition of a business in Business Combinations

Segment information

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020) and Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Shionogi group has a single business segment related to prescription drugs. The group operates research, development, purchase, manufacturing, and distributing prescription drugs and related businesses. While analysis of each product sales and profits or expenses of each subsidiary are made, decision of business strategy and allocation of the management resources, especially allocation of R&D expenses, are made on a company-wide basis. Therefore disclosure of segment information is omitted.

Earnings per share

The basis for calculating basic earnings per share and diluted earnings per share is as follows.

Item	Year ended March 31, 2020	Year ended March 31, 2021
Basis for calculating basic earnings per share		
Profit attributable to owners of parent	122,193 million yen	111,858 million yen
Profit not attributable to ordinary equity holders of parent	—	—
Profit used for calculating basic earnings per share	122,193 million yen	111,858 million yen
Weighted-average number of ordinary shares outstanding	308,798 thousands of stocks	306,441 thousands of stocks
Basis for calculating diluted earnings per share		
Profit for the year used for calculating basic earnings per share	122,193 million yen	111,858 million yen
Adjustments to profit	(0) million yen	—
Profit for the year used for calculating diluted earnings per share	122,193 million yen	111,858 million yen
Weighted-average number of ordinary shares outstanding	308,798 thousands of stocks	306,441 thousands of stocks
Increase in number of ordinary shares from exercise of stock options	186 thousands of stocks	112 thousands of stocks
Increase in number of ordinary shares from conversion of convertible bonds with share subscription rights	143 thousands of stocks	—
Weighted-average number of dilutive ordinary shares outstanding	309,127 thousands of stocks	306,554 thousands of stocks
Earnings per share		
Basic earnings per share	395.71 yen	365.03 yen
Diluted earnings per share	395.28 yen	364.89 yen

Notes: No financial instruments are excluded from the calculation of diluted earnings per share because they are not dilutive.

Important subsequent events

(Final and binding judgment of a court)

Shionogi & Co., Ltd has filed a complaint with Tokyo High Court for the rescission of tax reassessment notification and a notification of assessment and determination of additional tax etc., on September 12, 2014 with respect to the period from April 1, 2012 to March 31, 2013 from the Osaka Regional Taxation Bureau.

On April 14, 2021, the Tokyo High Court handed down a judgment recognizing the Company's allegations almost entirely, and by the deadline of April 28, 2021, neither the appeal nor the petition for acceptance of the appeal was filed by the government. The content of the judgment has been finalized.

As a result of this judgment, Shionogi will receive a refund of approximately 13.3 billion yen, including the additional back-taxes based on the tax reassessment notice and prior period income taxes, due to the shortage in the loss carried forward for the fiscal year ending March 31, 2014. In addition, the Company will receive additional payments (interest) arising from refunds. These amounts will be recorded for the fiscal year ending March 31, 2022.