

The 158th Business Report

from April 1,2022 to March 31,2023.



SHIONOGI

Current State of the Shionogi Group

2030 Vision and Medium-Term Business Plan “STS2030”

2030 Vision

**Building Innovation Platforms
to Shape the Future of Healthcare**

Strategy to achieve 2030 Vision

STS2030

- **Shionogi Transformation Strategy 2030** -

STS2030

STS Phase1 ('20-'24)

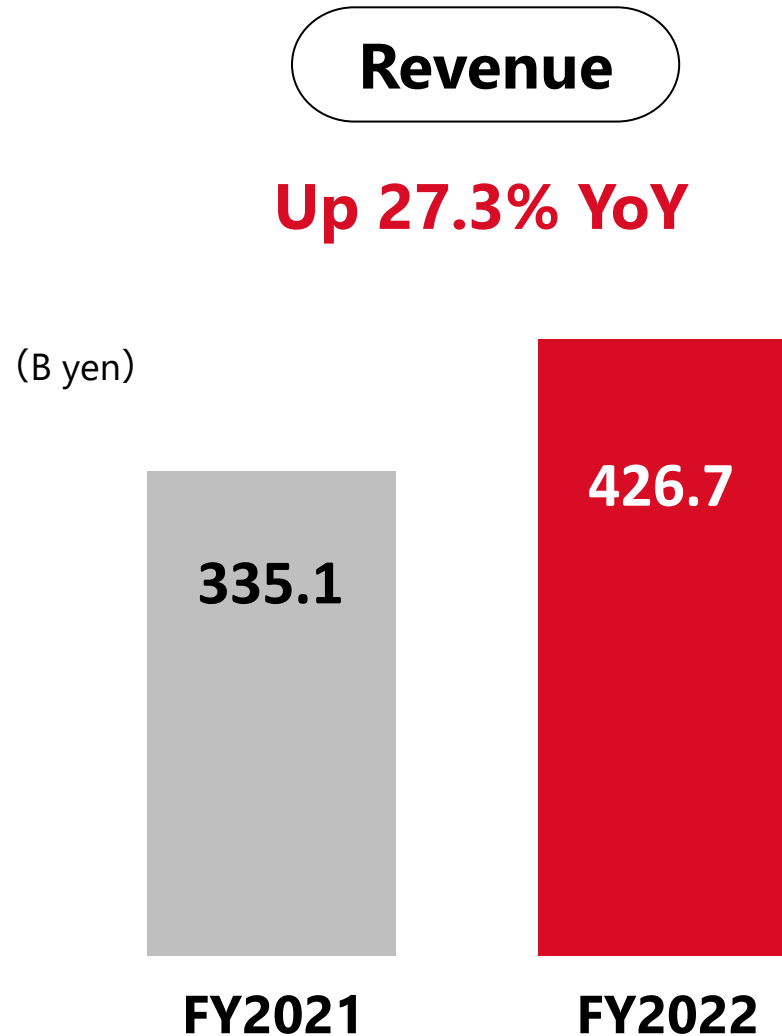
STS Phase2 ('25-)

FY2022 Results for Medium-Term Business Plan STS2030 KPIs

	KPI	FY2019 (Result)	FY2020 (Result)	FY2022 (Target)	FY2022 (Results)	
Growth indications	Revenues	333.4 B yen	297.2 B yen	400.0 B yen	426.7 B yen	Achieved
	Core operating profit*	127.4 B yen	94.0 B yen	120.0 B yen	158.5 B yen	Achieved
	Core operating profit margin	38.2%	31.6%	Over 30%	37.1%	Achieved
	Overseas revenue ratio (excluding RYT)	18.5%	16.2%	Over 25%	16.9%	Unachieved
	Internally-discovered pipeline ratio	67%	71%	Over 60%	61%	Achieved
Shareholder return indications	EPS	395.71yen	365.03yen	Over 370 yen	621.31yen	Achieved
	DOE	4.0%	4.1%	Over 4%	3.9% (planned)	Unachieved
	ROE	15.5%	13.9%	Over 13%	17.8%	Achieved

Business Operations and Results

① Financial Results (Consolidated) - Revenue -



Revenue by segment

(Unit: B yen)

	FY2021	FY2022		
	(Results)	(Results)	(YoY)	
Total prescription drugs	89.1	179.7	101.7%	↑
Prescription drugs	89.1	75.0	△15.8%	↓
COVID-19 related products	—	104.7		↑
Overseas subsidiaries /export	34.4	42.5	23.7%	↑
Contract manufacturing	17.4	15.3	△12.0%	↓
OTC and quasi-drug	11.2	13.1	17.7%	↑
Royalty income	181.3	174.7	△3.6%	↓

① Financial Results (Consolidated) - Each profit -

Operating Profit

Up 35.1% YoY

Core operating profit

Up 43.3% YoY

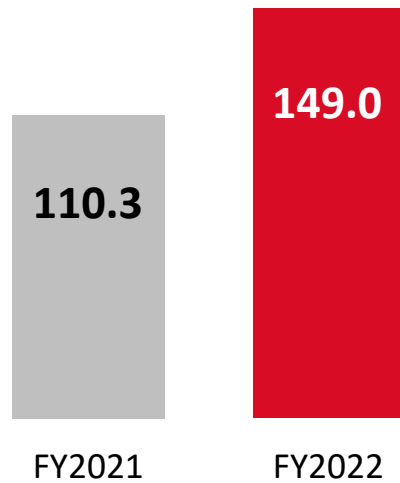
Profit before tax

Up 74.5% YoY

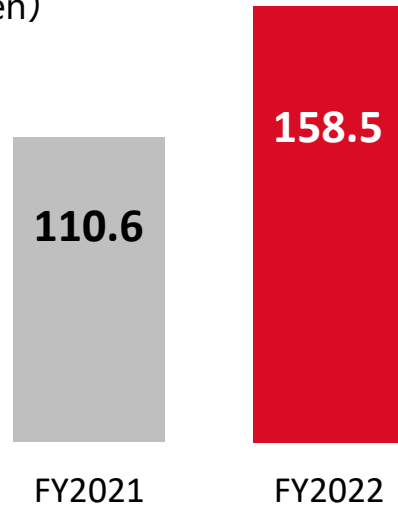
Profit attributable to owners of parent

Up 62.0% YoY

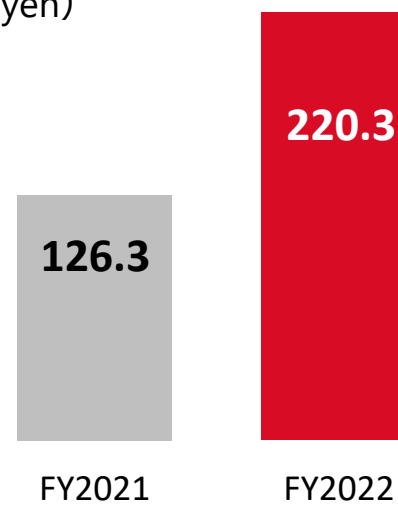
(B yen)



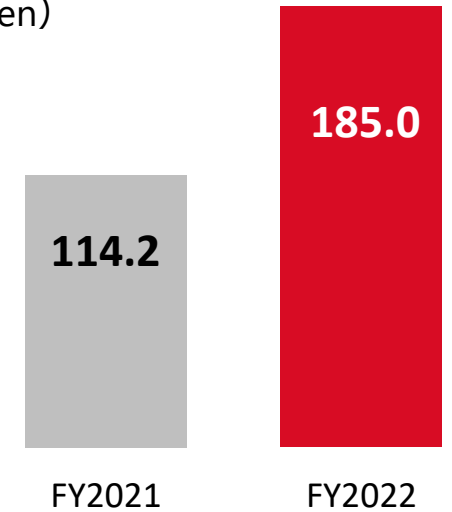
(B yen)



(B yen)



(B yen)



Revenue and all profit categories exceeded record highs

① Financial Results (Consolidated) - Assets, etc. -

- **Maintain a stable financial base**
- **Progress in efforts to improve corporate value over the medium to long term**

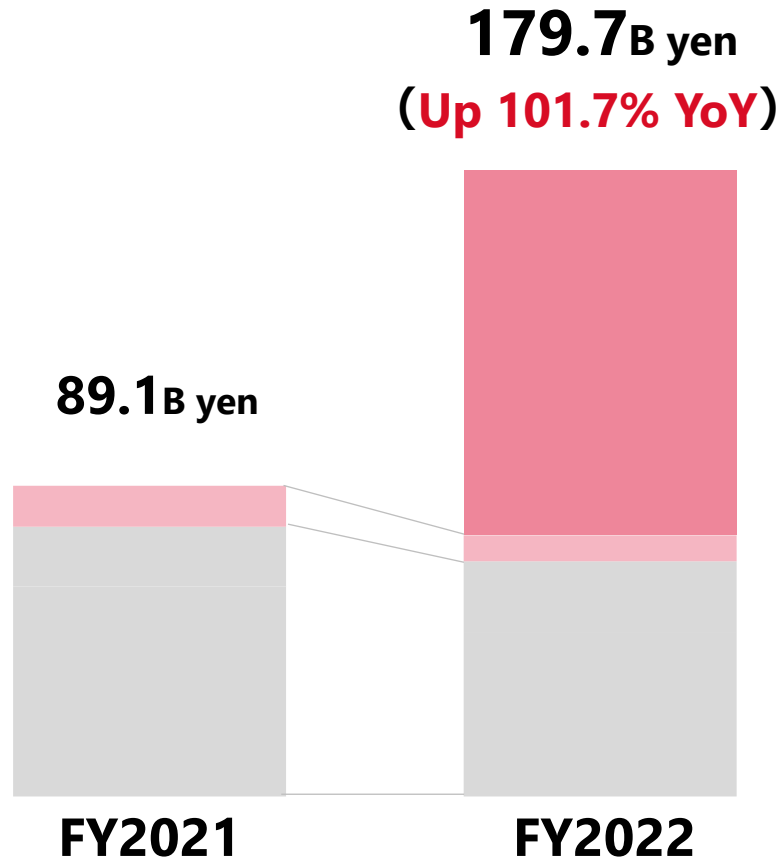
Items of consolidated statement of financial position

(Unit: B yen)

	FY2021	FY2022	YoY Change (%)
Total assets	1,150.6	1,311.8	Up 14.0%
Total equity	993.3	1,121.9	Up 12.9%
Total liabilities	157.3	189.9	Up 20.7%

② Domestic Business

Sales of domestic prescription drugs increased due to the emergency approval of the COVID-19 therapeutic drug Xocova



■ **Sales of the COVID-19 therapeutic drug, Xocova : 104.7 B yen**

- Proceeds from the purchase of Xocova by the Japanese government : 100.0 B yen
- Sales after transition to general distribution : 4.7 B yen

■ **Decrease in sales of anti-infection drug : Down 37.2 % YoY** ⬇️

- Returns of Xofluza and Rapiacta

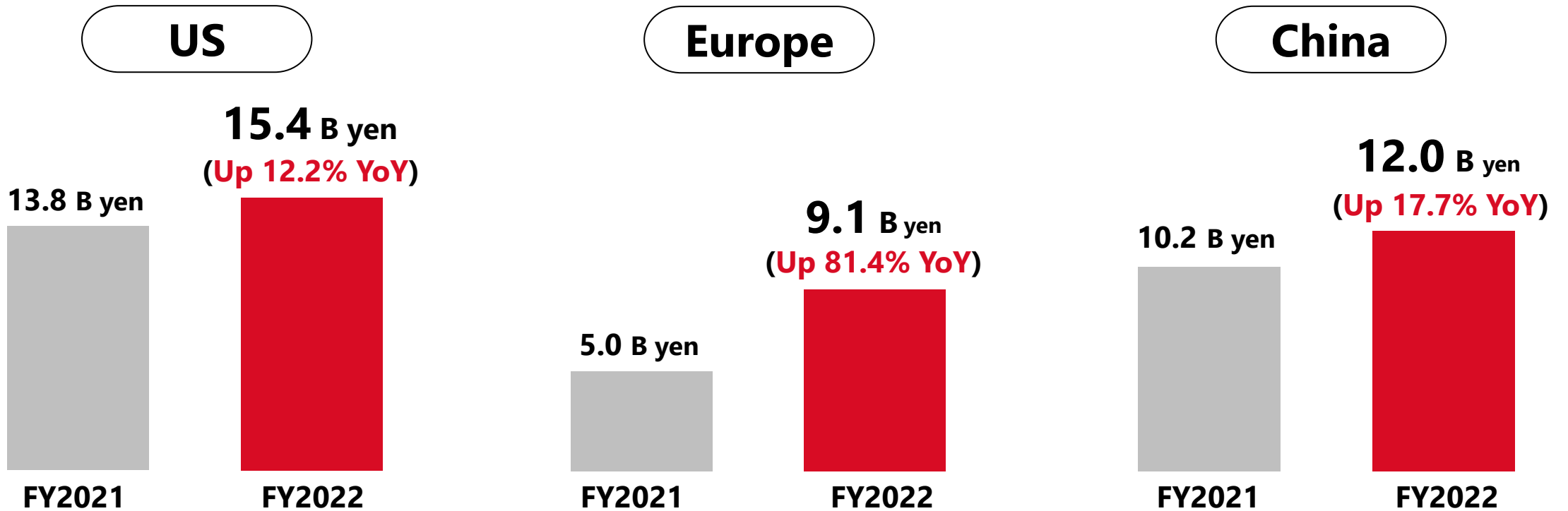
■ **Decrease in sales of other products : Down 12.5% YoY** ⬇️

- Cymbalta : Down 65.8% YoY
- Symproic : Up 28.1% YoY
- Intuniv : Up 17.0% YoY
- Vyvanse : Up 81.2% YoY ,etc

③ Overseas business

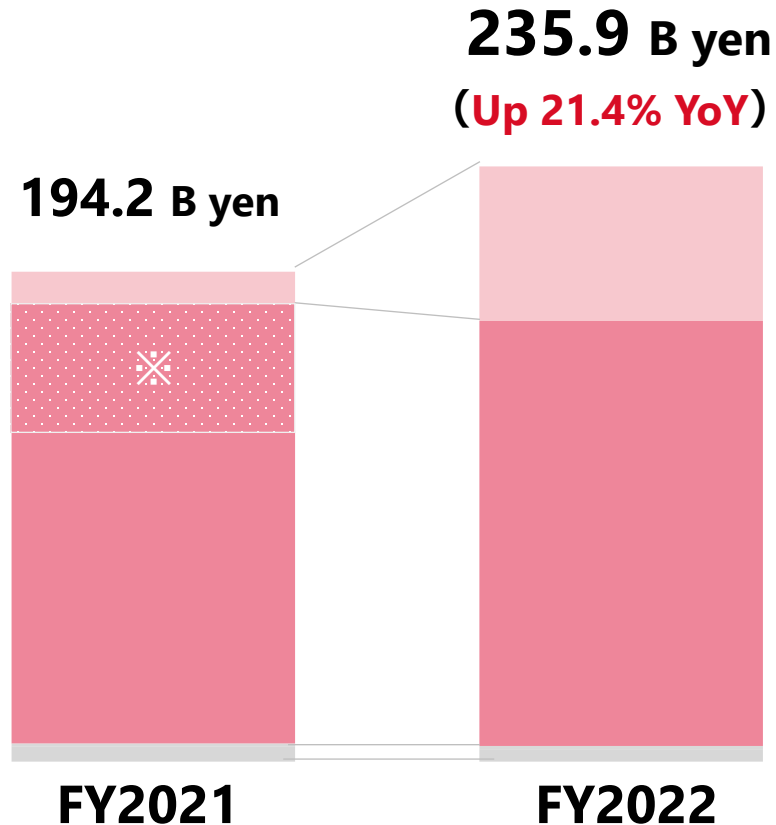
- **US and Europe: Maximize the value of Cefiderocol (Fetroja/Fetroja)***
- **China: Progress toward building a new business model around the Ensitrelvir**

■ Revenue from overseas subsidiaries



④ Royalties and Dividend Income From ViiV

Royalties and dividend income from the HIV franchise stably increased



Royalty incomes and dividend income from ViiV

■ Royalty income (Down 3.2% YoY) 

(※) Royalty income on settlement of the patent infringement litigation with Gilead Sciences (FY2021)

■ Dividend income (Up 370.8% YoY) 

■ Royalty income from others 

⑤ R&D

Accelerate the R&D of growth drivers by leveraging the speed gained from the COVID-19 experience

Disease area		Pipeline	Indication	FY2021	FY2022	
Infection		Olorofim	Invasive aspergillosis		Phase 3	●
	★	S-337395	RSV infections	Preclinical	Phase 1	
	★	S-892216	COVID-19	Research	Phase 1	
Psychiatry/ Nervous/Pain		Resiniferatoxin	Pain associated with knee osteoarthritis		Phase 3	
	★	S-151128	Chronic pain	Preclinical	Phase 1	
New growth area	★	S-309309	Obesity	Phase 1	Phase 2	●
		Redasemtide	Dystrophic epidermolysis bullosa	Phase 2	Additional Phase 2	
			Acute cerebral infarction	Phase 2	Phase 2b	●

Action for COVID-19

Therapeutic drug: Xocova (Ensitrelvir)

- **Approved in Japan, under the Emergency Regulatory Approval System**
 - Creating an environment where everyone can receive early diagnosis
 - Accumulating further evidence
- **Efforts toward global expansion**
 - Korea: Submitted an approval application (January 2023)
 - Taiwan: Submitted an approval application (April 2023)
 - China: Preparing to apply
 - US/UK,EU: Global Phase 3 trials progressing smoothly
- **Lifecycle management**
 - Preparing for the trials for pediatric and prophylactic administration

Vaccine: S-268019

- **Cooperation with Japanese regulatory authority for provision in Japan**
 - Domestic manufacturing and marketing approval application
 - Accelerate preparations for the domestic supply of recombinant protein vaccines
- **Lifecycle management**
 - Adolescents, school children, adult booster (4th vaccination)
 - Omicron strains
 - Expression of Interest (EoI) filed with WHO for S-268019 to be placed on the Emergency Use List (EUL)

⑥ Manufacture and supply chain

Build a supply chain to accelerate the production and global expansion of COVID-19 related products

Production of COVID-19 related products

- **COVID-19 therapeutic drug: Xocova**
 - Japan: 10 million people annually
 - Supply 2 million people to the Japanese government
- **COVID-19 vaccine: S-268019**
 - Establishment of a production system for recombinant protein vaccines

Establishment of supply chains to accelerate global expansion

- **Establish a local production system for ensitrelvir**
 - China: 20 million people annually
 - US: Production system under construction
- **Cefiderocol**
 - Establish of a system for stable global supply

Challenges Ahead

Building Innovation Platforms to Shape the Future of Healthcare

SHIONOGI Group Vision (2030 Vision)

- What we want to achieve by 2030 -

Appearance after Vision is realized

- **Continuously creating innovative products/services, with a well-established and rapidly-growing global business**
 - Expansion of business model
 - Maintenance of high profit margins and growth after overcoming the patent cliff
- **Continuing to offer solutions to health issues facing society**
 - Freedom from the threat of infectious diseases, better QOL, extension of healthy lifespans, contribution to sustainable social security, and contribution to achieving SDGs
- **Excellent business persons who never take a break from building their expertise and capabilities, leveraging their individual strengths and creating new value**

Revision of STS2030 and background to revision

Reflections on STS Phase 1:

Main Achievements and Points to Strengthen toward Transformation

STS Phase1: Main Achievements

- **Achievement of major KPIs**
- **Expansion of products discovered internally**
- **Launch of products and services other than**
- **prescription drugs**
- **Governance enhancement**

Points to strengthen toward transformation

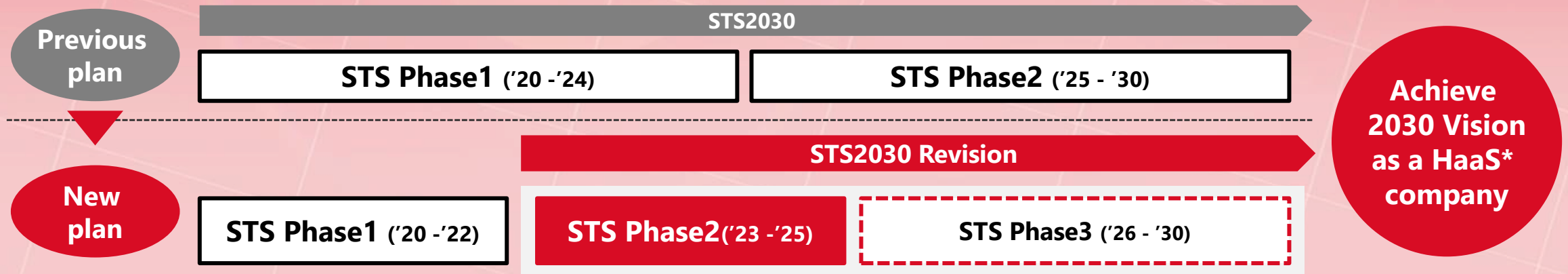
- **Marketing capabilities**
 - Ability to deliver globally
- **Pipeline**
 - Investment in unmet needs
- **Strengthen company platform**
 - Improve business speed; strengthen human resources-

Strategy revised from STS2030 : STS2030 Revision

A new strategy with a clearer path to the realization of the 2030 Vision

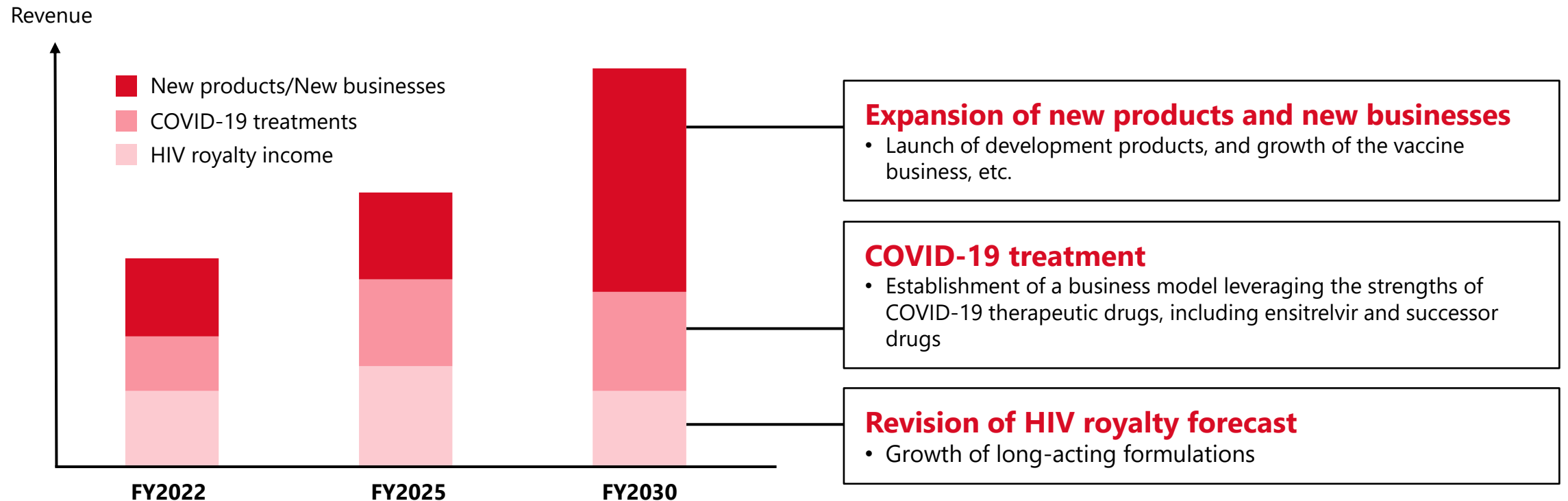
STS2030 Revision

- Shionogi Transformation Strategy 2030 Revision -



The three pillars of the STS2030 Revision

- **Continued growth of HIV franchise**
- **Growth centered around ensitrelvir (STS Phase 2: 2023-25)**
- **Growth toward realizing the 2030 Vision through aggressive investment (R&D, business investments) (-2030)**



6 KPIs in the Medium-Term Plan STS2030 Revision

	STS Phase1	STS Phase2		STS Phase3	
	FY2022	FY2023	FY2025	FY2030	
Growth indications	Revenue	426.7 B yen	450.0 B yen	550.0 B yen	800.0 B yen
	Overseas sales CAGR* (Excluding royalty income)	—	—	50% Starting from FY2022	15% Starting from FY2025
	EBITDA**	177.9 B yen	167.0 B yen	200.0 B yen	—
Shareholder return indications	EPS	621.31yen	Over 530 yen	Over 600 yen	—
	DOE	3.9% (Planned)	4.0%	4%	—
	ROE	17.8%	Over 13.5%	Over 14%	—

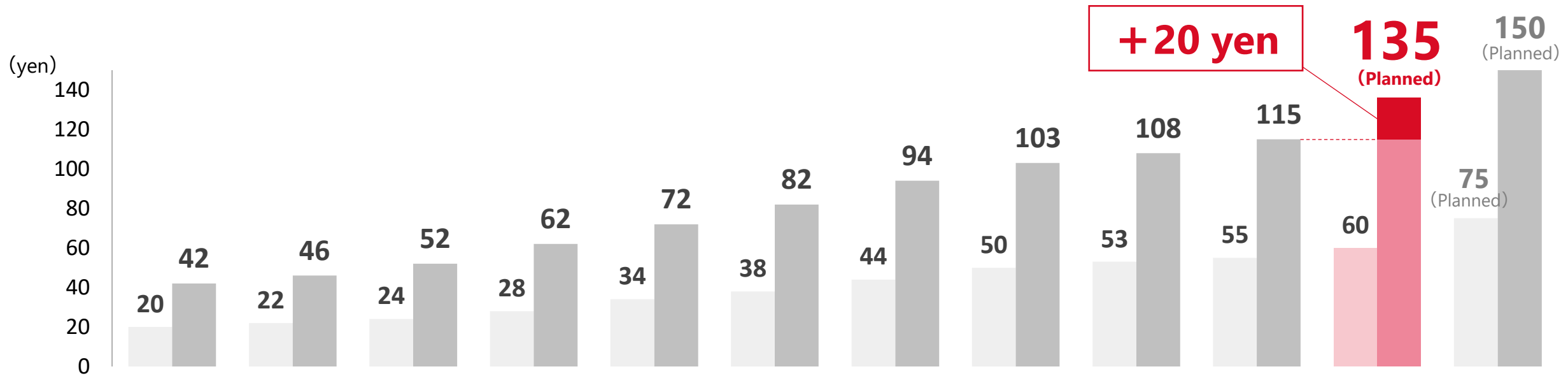
* CAGR (Compound Annual Growth Rate)

** EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

Dividend Policy

Shareholder return policy through which shareholders can feel our growth

FY2022 is the largest annual dividend increase (+20 yen) and plan to increase dividend for the 11th consecutive year



FY		12	13	14	15	16	17	18	19	20	21	22	23
Treasury stocks	Buyback	-	-	30 B yen	-	35 B yen	29.4 B yen	50 B yen	50 B yen	50 B yen	-	49.4 B yen	-
	Cancellation	-	-	-	-	22 M shares	5 M shares	7.35 M shares	5.2 M shares*	-	-	4.2 M shares	-

Forward-Looking Statements

- Forecast or target figures in this material are neither official forecasts of earnings and dividends nor guarantee of target, achievement and forecasts, but present the midterm strategies, goals and visions. Official earnings guidance should be referred to in the disclosure of the annual financial report (*kessan tanshin*) in accordance with the rules set by Tokyo Stock Exchange.
- Materials and information provided during this presentation may contain so-called “forward-looking statements”. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.
- Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations. Risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, technological advances and patents attained by competitors; challenges inherent in new product development, including completion of clinical trials; claims and concerns about product safety and efficacy; regulatory agency’s examination period, obtaining regulatory approvals; domestic and foreign healthcare reforms; trend toward managed care and healthcare cost containment; and governmental laws and regulations affecting domestic and foreign operations.
- For products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited to, inability to build production capacity to meet demand, lack of availability of raw materials, and failure to gain market acceptance.
- Shionogi disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.
- This material is presented to inform stakeholders of the views of Shionogi's management but should not be relied on solely in making investment and other decisions.
- You should rely on your own independent examination of us before investing in any securities issued by our company. Shionogi shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding or changes of target figures or any other use of this material.
- This English presentation was translated from the original Japanese version. In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.