



The 156th Business Report

from April 1, 2020 to March 31, 2021.



(Reference) Accounting Standard Comparison Table

(The main change is **in the red**)



◆JGAAP

Consolidated Statement of Profit or Loss	
Sales	
Operating income	
Ordinary income	
Profit attributable to owners of parent	

Consolidated Balance Sheets	
Assets	Liabilities
	Net assets

◆IFRS

Consolidated Statement of Profit or Loss	
Revenue	
Operating profit	
Profit before tax	
Profit attributable to owners of parent	

Consolidated Statement of Financial Position	
Assets	Equity
	Liabilities

Current State of the Shionogi Group

Vision 2030

**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-)

Three strategies for STS Phase1

New value creation

i. R&D strategy



Development of innovative pipeline

ii. Top-Line Strategy



Business growth through creation of diverse businesses

iii. Management Foundation Strategy



Building framework for new value creation

Infrastructure building

Business Operations and Results

① Financial Results (Consolidated) – Revenue and Each profit -



- Sales and profits decreased due to shrinking of the pharmaceutical market by COVID-19
- Aggressive investment in R&D and new businesses by redirecting sales activity costs

Summary of consolidated statement of income for FY2020

(B yen)

	FY2019	FY2020	Y on Y Change (%)
Revenue	333.4	297.2	(10.9)
Operating profit	130.6	117.4	(10.1)
Core operating profit*	127.4	94.0	(26.2)
Profit before tax	158.5	143.0	(9.8)
Profit attributable to owners of parent	122.2	111.9	(8.5)

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

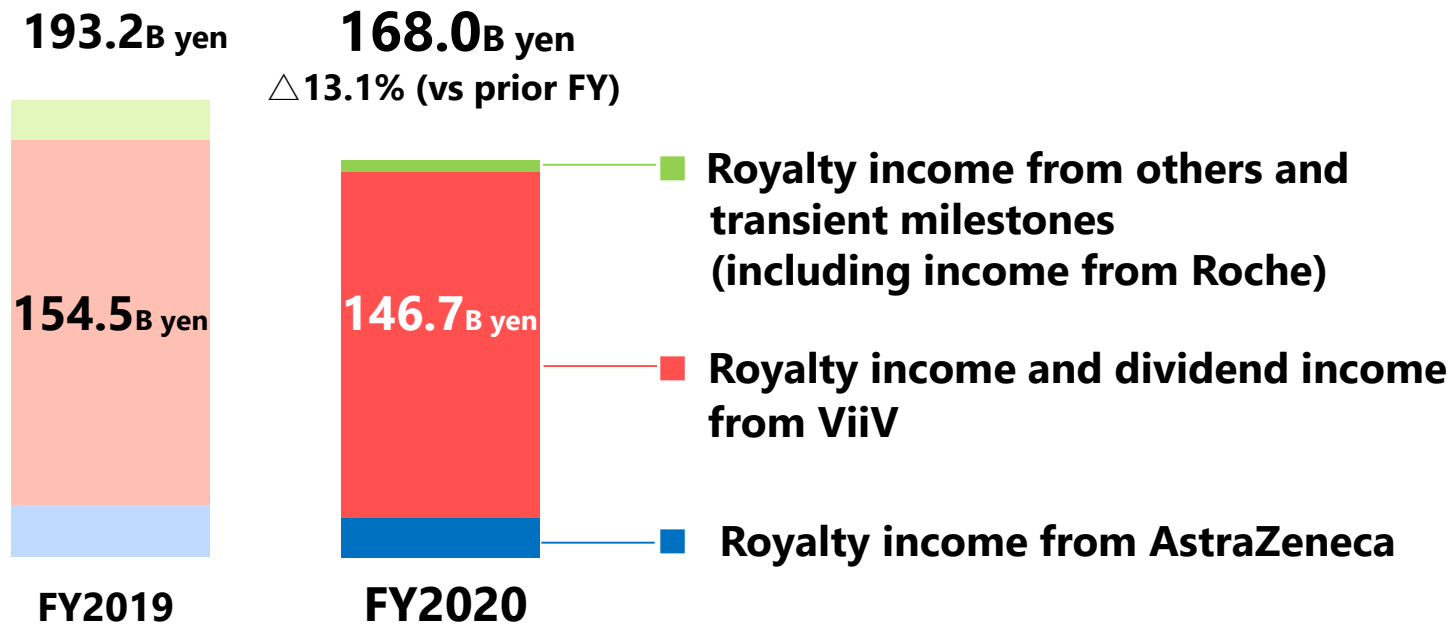
(B yen)

	FY2019	FY2020	Y on Y Change (%)
Total assets	873.7	999.0	14.3%
Total equity	765.2	864.6	13.0%
Total liabilities	108.5	134.4	23.9%

② Royalties and Dividend Income From ViiV

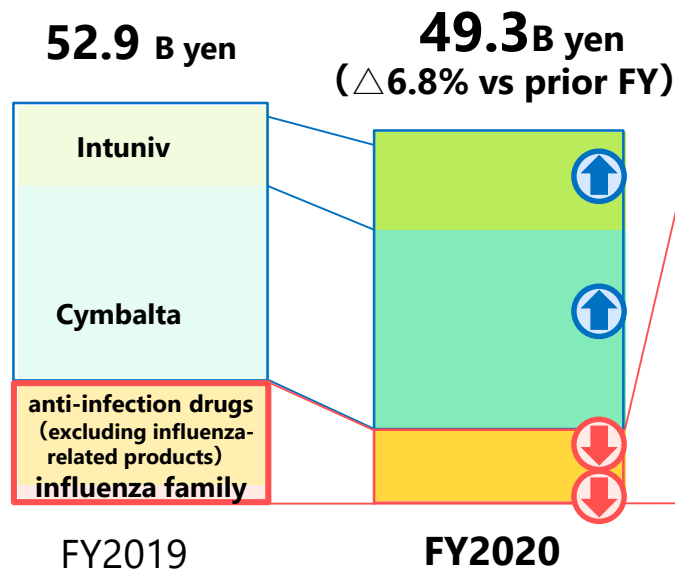


Royalties and dividend income from the HIV franchise stably increased



③ Domestic Business

- Sales of infectious disease drugs including the influenza family decreased due to the impact of the novel coronavirus (Down 39.1% YoY)
- Increase in sales of Cymbalta and Intuniv



◆ Significant shrinkage of the market for community-acquired infectious diseases including influenza due to the encouragement of infection prevention measures in the entire society because of the COVID-19 pandemic

⇒ **Decrease of sales of anti-infection drugs**
(Down 39.1% YoY)

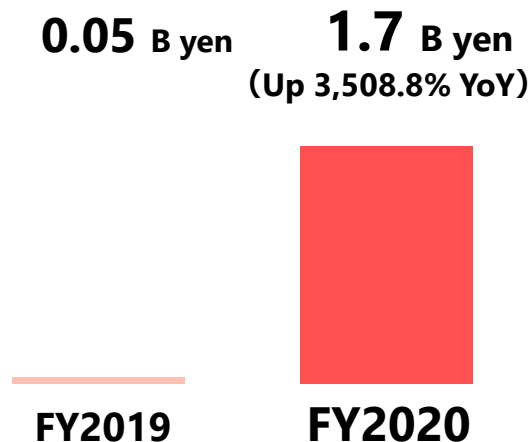
⇒ **Decrease of sales of influenza family**
(Down 89.1% YoY)

③ Overseas Business - Maximize the value of Cefiderocol (Fetroja/Fetcroja)* -

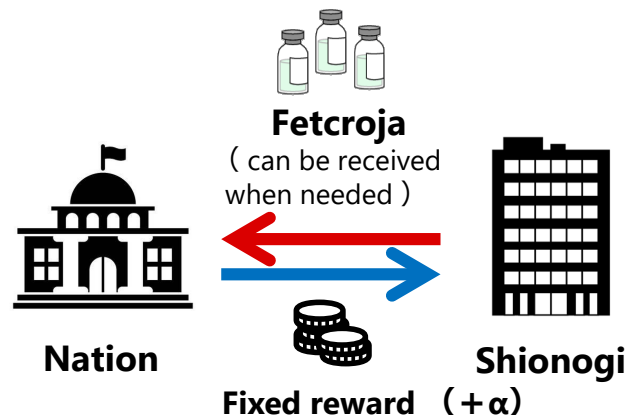


- Increase in sales of Fetroja in US
- Building a new infectious disease business model in EU

◆US : Increase in sales of Fetroja



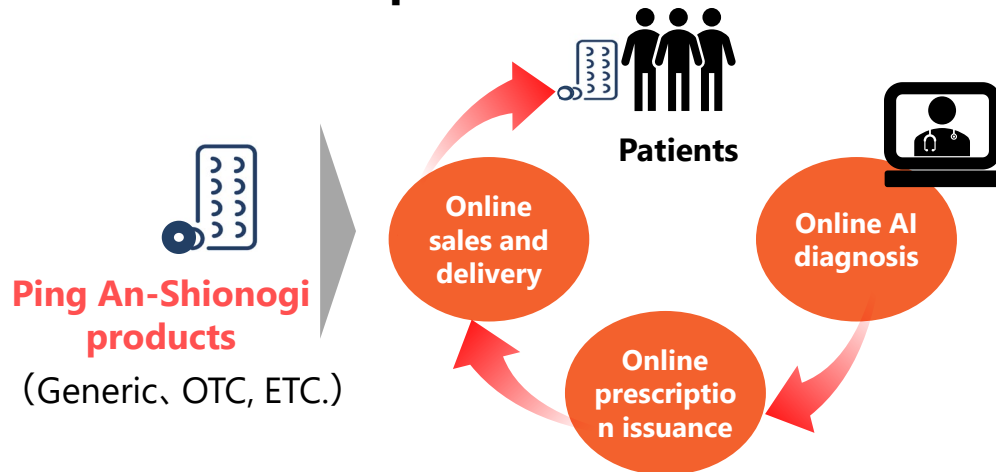
◆EU : selected as part of a subscription reimbursement model



③ Overseas Business – China Business -

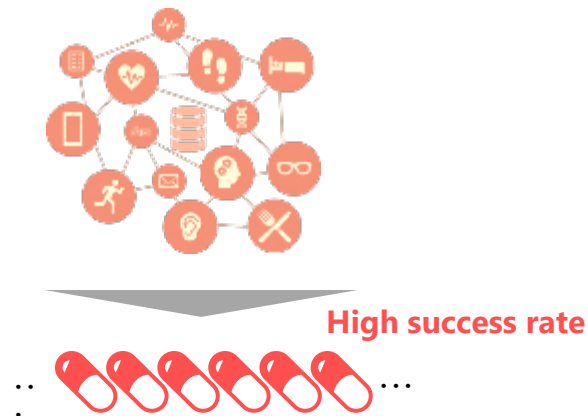
- Good progress towards business transformation by Ping An-Shionogi
- Start selling products via online healthcare platform

◆ Selling products via online healthcare platform



◆ Acceleration of AI drug discovery

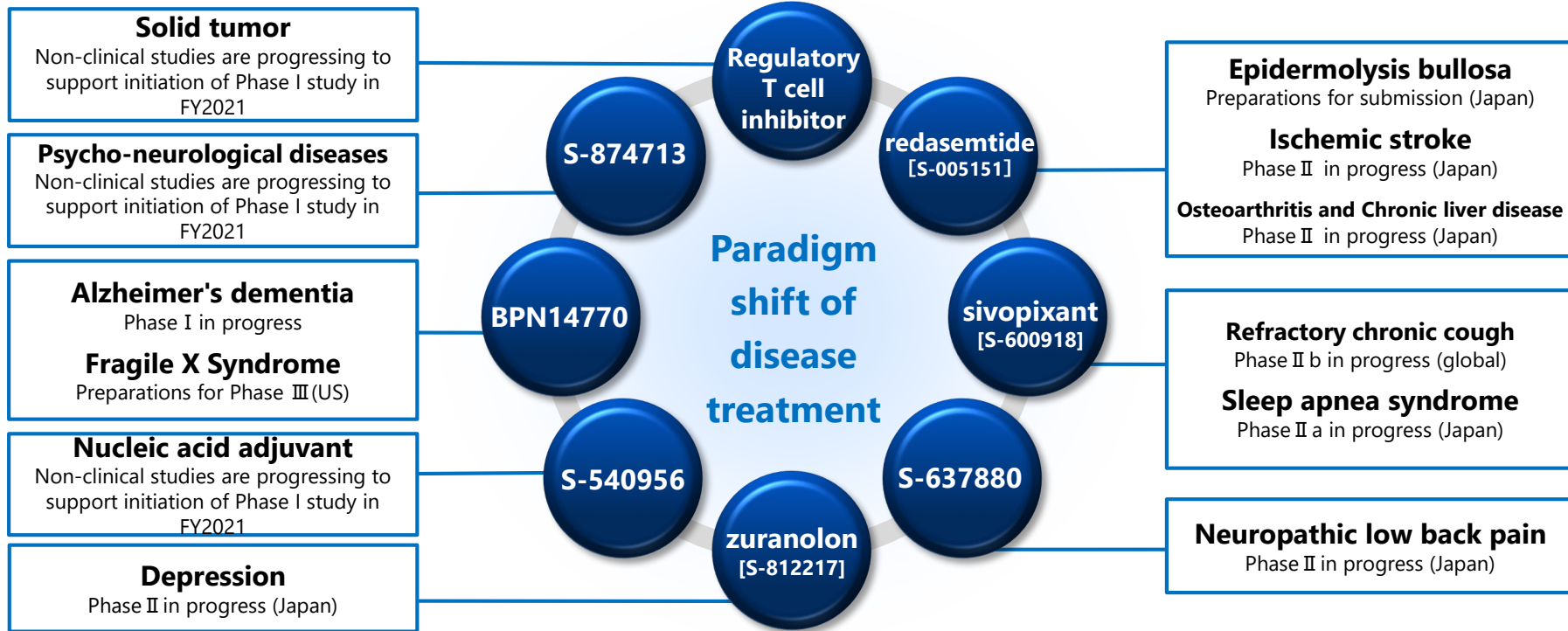
Analyzing a large amount of integrated data at high speed and with high accuracy



④ R&D - core 8 Projects -



Steady progress of core 8 projects



⑤ Manufacture and supply chain

- **Shionogi Pharma : establish a growth foundation as a CDMO***
- **Continue stable supply of medicines without causing shortages even in the pandemic by COVID-19**

* **CDMO** : Contract Development Manufacturing Organization

◆ Evolution of manufacturing by Shionogi Pharma

Make Nagase
Pharmaceutical a wholly
owned subsidiary

Early start-up of
production equipment
for COVID-19 vaccine

manufacturing
Promotion of method
based on the continuous
production method

Evolution of
technological capabilities
through alliances

◆ Responsibility for stable supply of medicines

- **Maintain stable supply of medicines by ensuring proper inventory control and strengthening monitoring of manufacturing status**
- **Ensuring global quality assurance and ensuring quality by improving manufacturing quality**

Challenges Ahead

Issues to be addressed and a review of the current fiscal year



Challenges to be addressed for sustainable growth

**Progress in R&D
of growth drivers**

**Strengthening domestic
and overseas businesses**

**Creation of business
innovation**

Results for the current period

**Advancement of
core 8 projects**

**Growth of
overseas business**

**Actions for total
care of COVID-19**

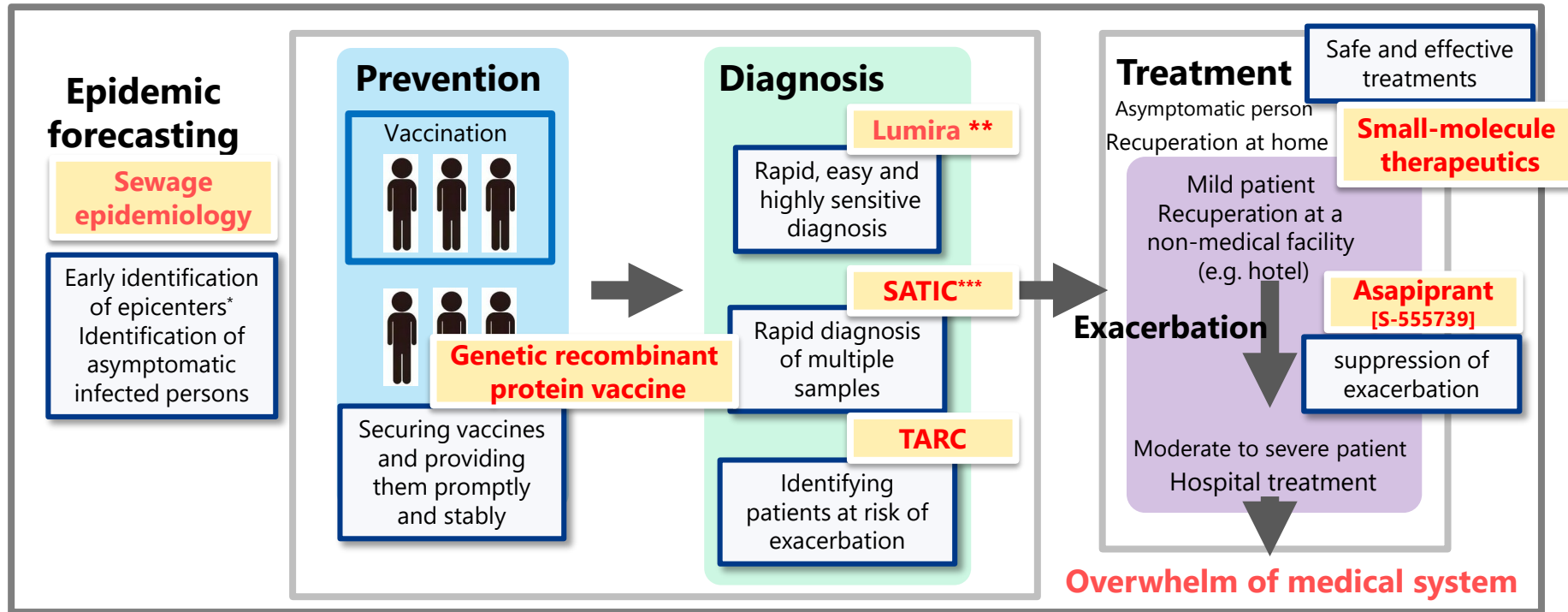
In COVID-19-related R&D, we were unable to respond to the expectations of society as a leading company of infectious diseases

In FY2021, Shionogi will continue its efforts to provide solutions related to COVID-19 and contribute to the restoration of the safety and security of society

Current Issues and What Shionogi Wants to Achieve



Providing solutions for the overwhelmed medical system



R&D of Genetic recombinant protein vaccine

For the introduction of purely domestic vaccines

- **Conducting Ph1/2 trials in Japan**
- Preparing for Ph3 trials to start by end of year
 - ✓ Started discussion on alternative methods to evaluate efficacy and safety
 - ✓ Increasing debate about the flexible operation of the current approval system
- Strengthen production structure to increase production



R&D of therapeutic drugs

For development of therapeutic drugs with superior efficacy and safety

- **Accelerate R&D of promising oral compounds from small molecule drug discovery**
- **Preparing for the start of clinical trials during the first half**
 - ✓ Examination of appropriate evaluation indicators
 - ✓ Discussing with regulators and ministries toward the adaptation of a conditional early approval system, etc.
- Promote drug discovery research not only for small molecules but also for peptides, nucleic acids, antibodies, etc.



As a Company Needed by Society



– Shionogi's commitment in FY2021 –

As a leading company in the infectious disease field

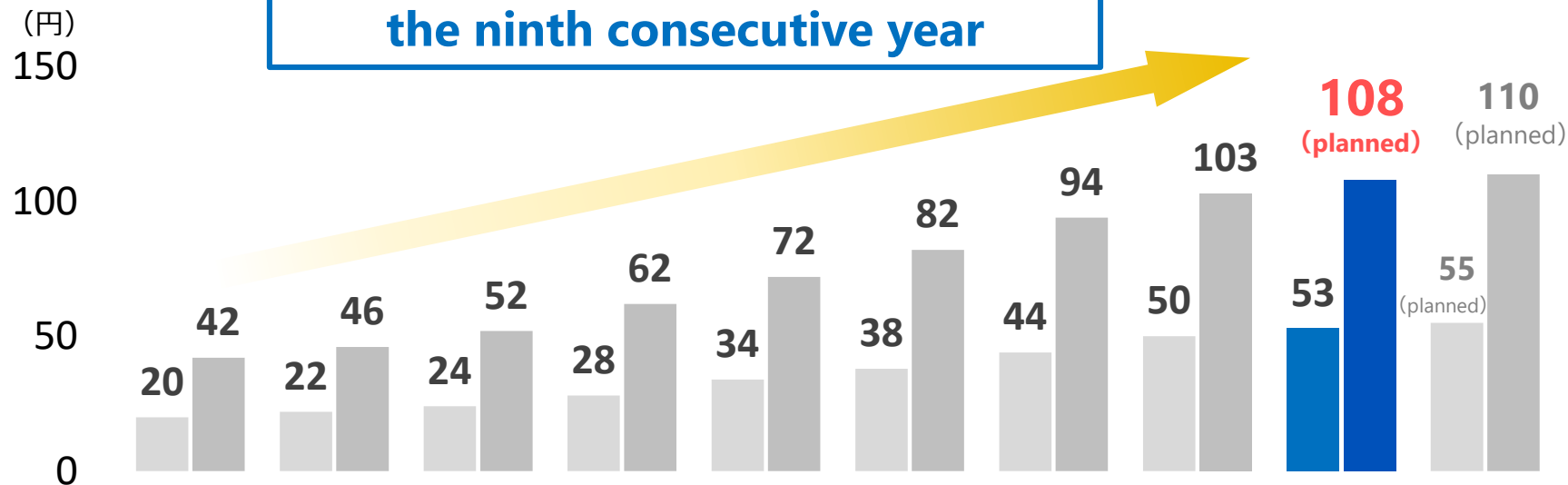
**Shionogi will work intensively to counter the
COVID-19 pandemic as our highest priority**

Dividend Policy

Shareholder return policy through which shareholders can feel our growth



Plan to increase dividend for the ninth consecutive year



FY		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Treasury stocks	Buyback	-	-	30 B yen	-	35 B yen	29.4 B yen	50 B yen	50 B yen	50 B yen	
	Cancellation	-	-	-	-	22 M shares	5 M shares	7.35 M shares	5.2 M shares*	-	

Building Innovation Platforms to Shape the Future of Healthcare

Forward-Looking Statements



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