



Revision of the Medium-Term Business Plan STS2030

- Accelerating the transition to global growth to achieve our 2030 Vision -

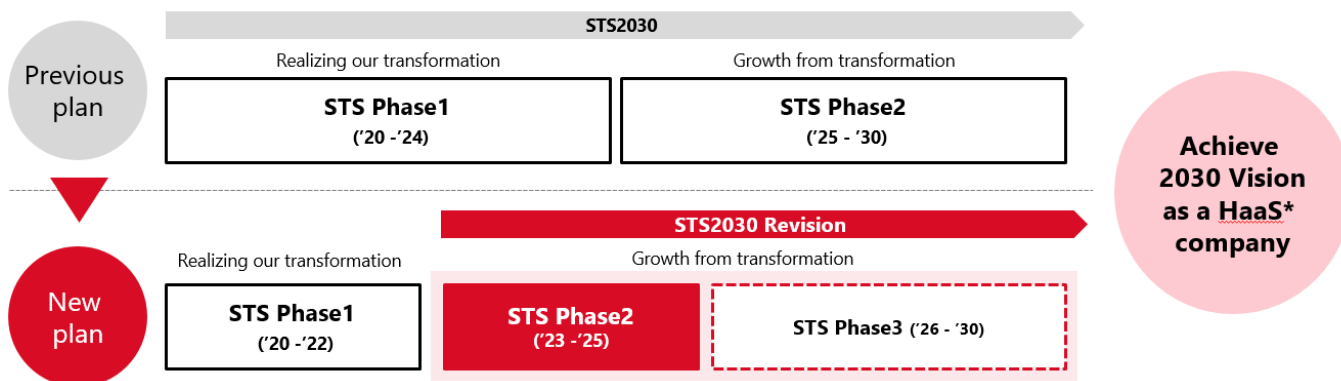
OSAKA, Japan, June 1, 2023 - Shionogi & Co., Ltd. (Head Office: Osaka, Japan; Chief Executive Officer: Isao Teshirogi, Ph.D.; hereafter "SHIONOGI") announced that it has revised the SHIONOGI Transformation Strategy 2030 (STS2030), its Medium-Term Business Plan for the period until FY2030. The original version was a released in June 2020.

1 Revision of STS2030 and background to revision

In June 2020, we unveiled the SHIONOGI Group Vision (2030 Vision), setting out what we would like to accomplish by 2030, and formulated STS2030¹, a strategy to achieve this vision, which we have been implementing since its release

In the three fiscal years since we formulated STS2030, the external environment surrounding the healthcare sector has changed even more rapidly than we expected. The entire world underwent the social and medical turmoil caused by the COVID-19 (SARS-CoV-2) pandemic, struggled to contain the spread of the virus, reconsidered approaches to ensuring citizen safety, and reaffirmed the importance of people's health in maintaining a functional society. Despite this rapidly changing environment, we have moved forward vigorously to reinvent our business and to achieve "*transformation*", evolving our drug discovery capabilities, obtaining emergency approval in Japan for ensitrelvir fumaric acid (product name in Japan: Xocova tablets, hereafter "ensitrelvir") at an unprecedented speed, and achieving significant global growth of our own products, such as cefiderocol. In addition, building upon our foundations as a company, we have been working to expand our range of products and services beyond prescription drugs. For example, we have developed our first vaccine and established a wastewater epidemiological surveillance service. At the same time we have strengthened our governance internally to improve the quality and speed of decision-making. Importantly, we met or exceeded the following numerical targets for fiscal 2022 set forth in the original plan: revenue, core operating profit, core operating profit margin, internally-discovered pipeline ratio, basic earnings per share (EPS), and return on equity attributable to owners of the parent (ROE).

Our direction remains unchanged from when we originally formulated STS2030, but the efforts we have made and the lessons we have learned over the past three fiscal years have made the path toward achieving our 2030 Vision even clearer. We therefore decided to revise STS2030 and to reformulate it into the STS2030 Revision we are now releasing. In the previous STS2030, the five-year period beginning in FY2020 and ending in FY2024 was positioned as STS Phase 1, and the period from FY2024 through FY2030 was positioned as STS Phase 2. In the STS2030 Revision, however, we will accelerate our growth and transformation plan, completing STS Phase 1 ahead of schedule in FY2022 and newly designating the three-year period from FY2023 through FY2025 as STS Phase 2. In addition, we intend to formulate a new plan for the period from FY2026 through FY2030, defining that period as STS Phase 3, taking into account the changes in our environment and the developments in our business required to respond.



* Healthcare as a Service: Provide a range of healthcare services in line with customer needs, rather than only providing pharmaceuticals

2 The three pillars of the STS2030 Revision (revised Medium-Term Business Plan) and corresponding management targets

2.1 Three pillars of the STS2030 Revision (revised Medium-Term Business Plan)

In the STS2030 Revision, we consider the following three points to be the growth pillars for realizing the 2030 Vision.

(1) Continued growth of HIV franchise

HIV franchise sales by ViiV Healthcare Ltd. (hereafter "ViiV), particularly of oral two-drug regimens such as Dovato, are seeing robust growth, and the sales of long-acting formulations such as Cabenuva are increasing substantially after strong launches. Going forward, the growth of Cabenuva, a long-acting therapeutic drug, will be accompanied by significant progress in market penetration by Apretude, a long-acting pre-exposure prophylaxis (PrEP) drug. We aim to achieve continued growth for this franchise by discovering and developing new therapeutic/preventive drug candidates, including the next-generation integrase inhibitor S-365598. As a result, we anticipate that any decline in revenue due to the expiration of patents for some HIV products will be much smaller than initially expected, and that we will quickly see re-growth of the franchise.

(2) Continuous growth of COVID-19 treatments

Although the COVID-19 pandemic is coming to an end, the virus continues to mutate and affect the health and lives of many people around the world. We expect the disease to linger, evading immunity through repeated mutations, so we think there will continue to be a need for effective and safe therapeutic agents. We will accumulate new evidence for ensitrelvir and disseminate it globally, while continuing to focus on the creation of new treatments that can be used by more people.

(3) Expansion of new products and new businesses

In the area of the prescription drug business, we plan to launch more than 10 new products from our development pipeline globally by fiscal 2030, and we will continue to grow globally through the growth of existing assets and the introduction of new products. In the vaccine business, we aim to expand globally while building up a track record and strengthening our competitiveness.

2.2 New management targets

For the STS2030 Revision, we have defined three growth indicators and three shareholder return indicators as key management indicators. For the growth indicators, we have selected revenues to prioritize top-line growth, overseas sales CAGR to achieve that growth globally, and EBITDA to actively invest in growth and

measure our earning power. We have also selected non-financial items, focusing on the environment, human rights, and human capital.

<Growth indicators>

- Revenues
- Overseas sales CAGR
- EBITDA

KPIs		FY2022 Results	FY2023	FY2025	FY2030
Growth	Revenues	426.7 B yen	4,500 B yen	550.0 B yen	800.0 B yen
	Overseas sales CAGR*	—	—	50 % Starting from FY2022	15 % Starting from FY2025
	EBITDA	178.0 B yen	167.0 B yen	200.0 B yen	—

* Excluding royalty income

<Shareholder return indicators>

- EPS (basic Earnings Per Share)
- DOE (Dividend On Equity attributable to owners of the parent)
- ROE (Return On Equity attributable to owners of the parent)

KPIs		FY2022 Results	FY2023	FY2025	FY2030
Shareholder return	EPS	621.31 yen	Over 530 yen	Over 600 yen	—
	DOE	3.9 % (Planned)	4.0 %	4 %	—
	ROE	17.8 %	Over 13.5 %	Over 14 %	—

3 Medium-Term Business Plan STS Phase 2: basic policy and outline

Our basic policy of the STS Phase 2 is to achieve global top-line growth and establishment of growth drivers through aggressive investment, especially in the infectious disease area, and we will accelerate global expansion and growth investment based on the following six strategies.

<Creating value by solving healthcare social issues>

Through our business activities, we strive to respond to social issues and unmet medical needs, grow as a company that is essential for society, and share our achievements with our stakeholders. To accomplish this objective, we analyzed factors such as changes in the environment surrounding SHIONOGI, risks and opportunities arising from these changes, and the current issues facing SHIONOGI. This led us to redefine the highest priority tasks (material issues). We will work towards the realization of these goals.

- Protect people from the threat of infectious diseases
- Contribute to a healthy and prosperous life
- Improve access to healthcare

<Strengthen the management base and contribute to a sustainable society>

To move into a phase of further growth, we need to transform into a highly productive organization capable of creating new value. In STS Phase 2, the basic policy for strengthening our management foundation will be

to create value by changing the structure, changing the process that drives the structure, and developing the human resources that operate the process, as in Phase1.

- Key Strategic Priorities (Global strategy, investment and financial strategies)
- Transformation actions (Improving speed, globalizing corporate functions, and realizing DX platform)
- Strengthen ESG management and contribute to a sustainable society (human capital management, sustainability)

For more details on the contents of the STS2030 Revision and STS Phase2, please refer to the presentation materials (<https://www.shionogi.com/global/en/investors/ir-library/presentation-materials.html>) and our website (<https://www.shionogi.com/global/en/company/strategy/sts2030.html>).

Forward-Looking Statements

This announcement contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements. Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, lack of availability of raw materials and entry of competitive products. The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

References

1. Notice Regarding a New Medium-Term Business Plan (STS2030) Accessed June 1, 2020. Available at: <https://www.shionogi.com/global/en/news/2020/06/200601-1.html>.

For Further Information, Contact:

SHIONOGI Website Inquiry Form: <https://www.shionogi.com/global/en/contact.html>