



# Consolidated Financial Results for the Second Quarter of Fiscal Year 2021 (IFRS)

November 1, 2021

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

Listed Exchanges: Section I of Tokyo

Code: 4507

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

Representative: Isao Teshirogi, President and CEO

Contact responsibility: Yoshimasa Kyokawa, Vice President, Corporate Communications Department Tel.:(06)6202-2161

Scheduled date of quarterly securities report submission: November 11, 2021

Scheduled date of dividend payments: December 1, 2021

Preparation of supplemental material for the quarterly financial results: Yes

Holding of presentation for the quarterly 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, 2021 to September 30, 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	%
Six months ended September 30, 2021	145,085	(2.3)	42,664	(26.8)	50,832	(27.5)	53,023	1.3	53,131	1.5	51,076	(10.8)
Six months ended September 30, 2020	148,452	(9.3)	58,266	(7.8)	70,147	(0.7)	52,340	(3.8)	52,339	(3.8)	57,235	116.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	176.24	176.18
Six months ended September 30, 2020	170.47	170.40

Note: In the consolidated fiscal year ended March 2021, the provisional accounting for business combinations was finalized, and the consolidated financial statements for the second quarter of fiscal year ended March 2021 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
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2021	1,020,450	898,896	881,125	86.3
As of March 31, 2021	998,992	864,550	846,108	84.7

## 2. Dividends

(Date of record)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	53.00	—	55.00	108.00
Year ending March 31, 2022	—	55.00			
Year ending March 31, 2022 (forecast)			—	55.00	110.00

Note: Revisions of the most recent dividend forecast: None

## 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
Year ending March 31, 2022	294,000	(1.1)	90,000	(23.4)	115,000	(19.6)	100,000	(10.6)	331.71

Note: Revisions of the most recent consolidated financial forecast: Yes

## ※ 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: None
- 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 September 30, 2021:	311,586,165 shares
As of March 31, 2021:	311,586,165 shares

b) Number of treasury stock

As of September 30, 2021:	10,102,277 shares
As of March 31, 2021:	10,122,444 shares

c) Average number of shares issued during the period

Six months ended September 30, 2021:	301,474,540 shares
Six months ended September 30, 2020:	307,037,868 shares

※ This report of financial results is unaudited.

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

*(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 the assumptions used in forecasts and precautionary statements regarding the use of the forecasts, please refer to "1. Overview of Operating Results and Financial Position (4) Outlook" on page 3 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, November 2, 2021. Plans are also in place to post explanatory details (Transcript) together with financial results explanatory materials distributed to analysts on November 2, 2021 on the Company's website in a timely manner after the results briefing.*

## CONTENTS

1. Overview of Operating Results and Financial Position	2
(1) Operating Results for the Second Quarter of the Fiscal Year Ending March 31, 2022	2
(2) Financial Position for the Second Quarter of the Fiscal Year Ending March 31, 2022	2
(3) Cash Flows for the Second Quarter of the Fiscal Year Ending March 31, 2022	3
(4) Outlook	3
2. Consolidated Financial Statements and Notes	4
(1) Consolidated statement of profit or loss and Consolidated statement of comprehensive income	4
(2) Consolidated statement of financial position	6
(3) Consolidated statement of changes in equity	8
(4) Consolidated statement of cash flows	9
(5) Notes	11
Going concern assumption	11
Segment information	11

## 1. Overview of Operating Results and Financial Position

### (1) Operating Results for the Second Quarter of the Fiscal Year Ending March 31, 2022

For the six months ended September 30, 2021 (April 1, 2021 to September 30, 2021), operating results were as follows.

*Millions of yen*

	Six months ended September 30, 2021	Six months ended September 30, 2020	Change	Percentage change (%)
Revenue	145,085	148,452	(3,367)	(2.3)
Operating profit	42,664	58,266	(15,602)	(26.8)
Core operating profit <sup>*1</sup>	43,852	55,804	(11,952)	(21.4)
Profit before tax	50,832	70,147	(19,315)	(27.5)
Profit attributable to owners of parent	53,131	52,339	791	1.5

\*1 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, gain on sales of property, plant, and equipment, etc.) are deducted from operating profit.

\*2 In the consolidated fiscal year ended March 2021, the provisional accounting for business combinations about Tetra was finalized, and the consolidated financial statements for the second quarter of fiscal year ended March 2021 have been retroactively adjusted.

Revenue decreased 2.3 percent year on year. In domestic sales of prescription drugs, revenue for Intuniv expanded, but the entry of a generic version of Cymbalta reduced revenue, resulting in a slight year-on-year decrease. In overseas subsidiary sales and exports, Cefiderocol (U.S. brand name: Fetroja, European brand name: Fetcroja), which has shown effectiveness against multidrug-resistant Gram-negative bacteria, performed well in the United States and Europe, and Shionogi received a one-time payment related to the transfer of marketing rights for FORTAMET in the United States. As a result, revenue from overseas subsidiary sales and exports increased 58.2 percent. Revenue from contract manufacturing increased 25.1 percent as a result of the acquisition of Nagase Medicals Co., Ltd., which is engaged in pharmaceutical contract manufacturing, as a consolidated subsidiary in the third quarter of the fiscal year ended March 31, 2021. Regarding royalty income, despite ViiV's continued strong global sales of anti-HIV drugs Tivicay, Triumeq, Juluca and Dovato, the impact of exchange rates resulted in a 4.2 percent decrease in royalty income from ViiV. In addition, although Shionogi received a one-time payment from ViiV related to the out-licensing of S-365598, an HIV integrase inhibitor, the amount of royalty income received from AstraZeneca for Crestor decreased starting from the fourth quarter of the fiscal year ended March 31, 2021 based on the licensing agreement. As a result, total royalty income decreased 15.5 percent. Gross profit decreased 6.0 percent year on year as a result of an increase in cost of sales due to the increase in revenue from sales at overseas subsidiaries, exports and contract manufacturing. Selling, general and administrative expenses and research and development expenses increased because of the increase in selling expenses for Cefiderocol, and because of research and development investments for key projects and priority issues such as treatments and vaccines for COVID-19. As a result, operating profit decreased 26.8 percent year on year. Core operating profit decreased 21.4 percent, basically in line with the decrease in operating profit, as a result of a loss on disposal of property, plant and equipment and adjustment of interest on refund of income taxes. Profit before tax decreased 27.5 percent, reflecting the decrease in operating profit. Profit attributable to owners of parent increased 1.5 percent year on year as a result of a refund received in relation to a favorable judgment of the complaint for the rescission of tax reassessment by the Osaka Regional Taxation Bureau.

### (2) Financial Position for the Second Quarter of the Fiscal Year Ending March 31, 2022

As of September 30, 2021, total assets were ¥1,020,450 million, an increase of ¥21,458 million from the end of the previous fiscal year.

Non-current assets were ¥438,528 million, a decrease of ¥4,226 million from the end of the previous fiscal year, as other financial assets decreased due to a drop in market value and other factors, while in-process R&D assets (included in "Intangible assets") increased. Current assets were ¥581,922 million, an increase of ¥25,684 million, mainly reflecting

increases in cash and cash equivalents and in time deposits and bonds of more than three months (included in “Other financial assets” in current assets).

Equity was ¥898,896 million, an increase of ¥34,345 million from the end of the previous fiscal year, mainly due to recording of profit and cash dividends paid.

Liabilities totaled ¥121,554 million, a decrease of ¥12,887 million from the end of the previous fiscal year.

Non-current liabilities decreased ¥2,568 million. Current liabilities decreased ¥10,318 million, mainly because income taxes payable decreased due to payment of income taxes.

### (3) Cash Flows for the Second Quarter of the Fiscal Year Ending March 31, 2022

Net cash provided by operating activities during the six months ended September 30, 2021 was ¥55,008 million, an increase of ¥8,030 million year on year. Factors included a decrease in profit before tax and an increase in cash due to a refund received in relation to a favorable judgment of the complaint for the rescission of tax reassessment by the Osaka Regional Taxation Bureau.

Net cash used in investing activities was ¥76,183 million, an increase of ¥47,919 million year on year. Factors included increases and decrease of time deposits and acquisition of securities for investment of surplus.

Net cash used in financing activities was ¥18,324 million, a increase of ¥32,386 million year on year, mainly because an increase in cash dividends paid was offset by the absence of cash provided by the disposal of treasury shares by third-party allotment in the second quarter of the fiscal year ended March 31, 2021.

As a result, cash and cash equivalents at the end of the second quarter totaled ¥236,059 million, a decrease of ¥40,114 million from the end of the previous fiscal year.

### (4) Outlook

Based on recent performance trends, the Shionogi Group has revised its financial forecast for the fiscal year ending March 31, 2022, released on May 10, 2021, as follows.

#### 1) Revisions of Financial Forecast

Revised forecasts for the year ending March 31, 2022

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Yen</i>
Previous forecast (A)	290,000	90,000	115,000	100,000	331.71
New forecast (B)	294,000	90,000	115,000	100,000	331.71
Change (B-A)	4,000	—	—	—	—
Percentage change (%)	1.4	—	—	—	—
(Reference) For the year ended March 31, 2021	297,177	117,438	143,018	111,858	365.03

#### 2) Reasons for Revision of Financial Forecast

Shionogi expects revenue to exceed the previous forecast given the solid first-half performance. As for profit, despite the increase in the revenue forecast, the previous forecasts for operating profit, profit before tax, and profit attributable to owners of parent are unchanged because although Shionogi is taking extensive measures to control total costs, including cost of sales, it will continue to actively invest in key projects such as treatments and vaccines for COVID-19.

## 2. 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*

	Six months ended September 30, 2020	Six months ended September 30, 2021
Revenue	148,452	145,085
Cost of sales	(22,857)	(26,984)
Gross profit	125,594	118,101
Selling, general and administrative expenses	(43,157)	(44,248)
Research and development expenses	(24,854)	(28,175)
Amortization of intangible assets associated with products	(1,611)	(1,641)
Other income	3,204	1,606
Other expenses	(909)	(2,977)
Operating profit	58,266	42,664
Finance income	12,805	8,338
Finance costs	(925)	(170)
Profit before tax	70,147	50,832
Income tax expense	(17,806)	2,191
Profit	52,340	53,023
Profit attributable to		
Owners of parent	52,339	53,131
Non-controlling interests	1	(107)
Profit	52,340	53,023
Earnings per share		
Basic earnings per share	170.47	176.24
Diluted earnings per share	170.40	176.18

Consolidated statement of comprehensive income

*Millions of yen*

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	52,340	53,023
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	1,907	(5,950)
Remeasurements of defined benefit plans	1,576	623
Total of items that will not be reclassified to profit or loss	3,483	(5,326)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	3,555	1,228
Effective portion of cash flow hedges	(2,144)	2,150
Total of items that may be reclassified to profit or loss	1,410	3,379
Total other comprehensive income, net of tax	4,894	(1,947)
Comprehensive income	57,235	51,076
Comprehensive income attributable to		
Owners of parent	57,233	50,892
Non-controlling interests	1	184
Comprehensive income	57,235	51,076

(2) Consolidated statement of financial position

*Millions of yen*

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	90,883	95,024
Goodwill	9,357	9,460
Intangible assets	76,558	78,231
Right-of-use assets	4,827	4,142
Investment property	26,759	26,528
Other financial assets	217,437	208,559
Deferred tax assets	11,729	10,795
Other non-current assets	5,200	5,786
<b>Total non-current assets</b>	<b>442,754</b>	<b>438,528</b>
Current assets		
Inventories	38,003	40,316
Trade receivables	78,047	79,347
Other financial assets	142,151	206,788
Income taxes receivable	164	94
Other current assets	21,697	19,316
Cash and cash equivalents	276,173	236,059
<b>Total current assets</b>	<b>556,238</b>	<b>581,922</b>
<b>Total assets</b>	<b>998,992</b>	<b>1,020,450</b>



*Millions of yen*

	As of March 31, 2021	As of September 30, 2021
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	21,279	21,279
Capital surplus	13,733	14,588
Treasury shares	(57,989)	(57,851)
Retained earnings	752,248	789,134
Other components of equity	116,836	113,973
<b>Equity attributable to owners of parent</b>	<b>846,108</b>	<b>881,125</b>
Non-controlling interests	18,442	17,770
<b>Total equity</b>	<b>864,550</b>	<b>898,896</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	4,608	4,169
Other financial liabilities	5,242	4,480
Retirement benefit liability	16,318	15,560
Deferred tax liabilities	7,749	7,149
Other non-current liabilities	341	332
<b>Total non-current liabilities</b>	<b>34,261</b>	<b>31,693</b>
<b>Current liabilities</b>		
Lease liabilities	3,379	3,264
Trade payables	9,902	10,264
Other financial liabilities	21,383	18,735
Income taxes payable	28,033	18,153
Other current liabilities	37,481	39,443
<b>Total current liabilities</b>	<b>100,180</b>	<b>89,861</b>
<b>Total liabilities</b>	<b>134,442</b>	<b>121,554</b>
<b>Total equity and liabilities</b>	<b>998,992</b>	<b>1,020,450</b>

### (3) Consolidated statement of changes in equity

Six months ended September 30, 2020

*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, 2020	21,279	21,025	(77,292)	708,291	91,848	765,152	51	765,203
Profit				52,339		52,339	1	52,340
Total other comprehensive income, net of tax					4,894	4,894		4,894
Comprehensive income	—	—	—	52,339	4,894	57,233	1	57,235
Purchase of treasury shares			(6)			(6)		(6)
Disposal of treasury shares		(4,705)	38,404			33,698		33,698
Cancellation of treasury shares		(30,912)	30,912			—		—
Dividends				(16,100)		(16,100)		(16,100)
Transfer from other components of equity to retained earnings				1,576	(1,576)	—		—
Other		35,919		(35,430)	(488)	(0)		(0)
Balance as of September 30, 2020	21,279	21,326	(7,982)	710,677	94,676	839,977	52	840,030

Six months ended September 30, 2021

*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, 2021	21,279	13,733	(57,989)	752,248	116,836	846,108	18,442	864,550
Profit				53,131		53,131	(107)	53,023
Total other comprehensive income, net of tax					(2,238)	(2,238)	291	(1,947)
Comprehensive income	—	—	—	53,131	(2,238)	50,892	184	51,076
Purchase of treasury shares			(6)			(6)		(6)
Disposal of treasury shares		(2)	144			141		141
Dividends				(16,580)		(16,580)		(16,580)
Transfer from other components of equity to retained earnings				623	(623)	—		—
Other		858		(288)		569	(855)	(286)
Balance as of September 30, 2021	21,279	14,588	(57,851)	789,134	113,973	881,125	17,770	898,896

(4) Consolidated statement of cash flows

*Millions of yen*

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before tax	70,147	50,832
Depreciation and amortization	7,251	7,848
Impairment Losses	—	125
Finance income and finance costs	(12,208)	(8,140)
Decrease (increase) in trade and other receivables	739	(379)
Decrease (increase) in inventories	(5,306)	(1,900)
Increase (decrease) in trade and other payables	(4,560)	2,524
Other	(8,239)	(2,236)
<b>Subtotal</b>	<b>47,822</b>	<b>48,672</b>
Interest and dividends received	16,358	14,535
Interest paid	(44)	(46)
Income taxes paid	(17,158)	(21,358)
Income taxes refund	—	13,206
<b>Net cash provided by (used in) operating activities</b>	<b>46,978</b>	<b>55,008</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(86,638)	(146,956)
Proceeds from withdrawal of time deposits	73,446	102,520
Purchase of property, plant and equipment	(4,371)	(6,107)
Purchase of intangible assets	(3,234)	(3,272)
Payments for acquisition of subsidiaries	(3,221)	—
Purchase of investments	(62,070)	(64,876)
Proceeds from sale of investments	57,298	42,300
Other	528	209
<b>Net cash provided by (used in) investing activities</b>	<b>(28,264)</b>	<b>(76,183)</b>

*Millions of yen*

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Repayments of lease liabilities	(1,795)	(1,743)
Purchase of treasury shares	(6)	(6)
Proceeds from disposal of treasury shares	33,534	—
Dividends paid	(16,093)	(16,574)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(1,575)	—
Other	(0)	—
Net cash provided by (used in) financing activities	14,062	(18,324)
Effect of exchange rate changes on cash and cash equivalents	(1,200)	(615)
Net increase (decrease) in cash and cash equivalents	31,576	(40,114)
Cash and cash equivalents at beginning of period	208,861	276,173
Cash and cash equivalents at end of period	240,437	236,059

**(5) Notes**

**Going concern assumption**

None

**Segment information**

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.