Supplemental material for financial results for the 3rd quarter of fiscal year 2017

February 5, 2018

Shionogi & Co., Ltd.

1. Sales of main merchandise and finished goods

(Billions of yen)

	FY2017 2H forecast	FY2017 forecast	FY2017 3Q actual	FY2016 3Q actual	FY2017 1Q-3Q actual	FY2016 1Q-3Q actual	Progress %vs.FY2017 forecast
Prescription drugs	70.9	144.1	35.2	42.1	108.4	121.2	75.2
change %	*(10.1)*	*(8.8)*	*(16.3)*	*(6.5)*	*(10.6)*	*(1.8)*	
CYMBALTA	14.2	26.0	6.5	5.3	18.2	14.2	70.3
INTUNIV	1.3	2.0	0.5	–	1.2	–	60.2
SYMPROIC	0.4	0.6	0.2	–	0.4	–	62.8
Total of strategic products	16.0	28.6	7.3	5.3	19.8	14.2	69.4
ACTAIR	0.1	0.1	0.0	0.0	0.1	0.1	71.5
MULPLETA	0.1	0.2	0.0	0.0	0.1	0.1	74.0
PIRESPA	2.9	6.0	1.8	1.5	4.9	4.5	82.6
OXYCONTIN Franchise	4.3	8.9	2.4	2.7	7.0	7.7	78.9
RAPIACTA	2.7	2.8	1.2	1.1	1.2	1.2	44.2
BRIGHTPOC Flu	0.8	0.9	0.4	0.5	0.5	0.6	57.4
GLASHVISTA	0.2	0.3	0.0	0.1	0.2	0.5	62.6
Total of new products	27.0	47.7	13.2	11.2	33.9	28.9	71.1
CRESTOR	12.4	34.4	4.3	11.2	26.3	33.1	76.4
IRBETAN Franchise	7.0	14.8	4.1	4.0	11.9	11.8	80.2
Other	24.5	47.2	13.6	15.7	36.3	47.5	76.9
Overseas subsidiaries/Export	13.3	25.5	5.3	7.6	17.5	22.9	68.4
change %	*(4.4)*	*(12.7)*	*(30.9)*	*(4.9)*	*(23.8)*	*0.6*	
Shionogi Inc.	5.2	11.2	2.3	4.8	8.4	13.8	74.7
Osphena	1.9	3.9	1.0	1.3	3.0	3.3	76.3
C&O	4.4	7.8	1.4	1.2	4.8	4.3	61.1
Contract manufacturing	7.0	15.4	3.4	3.4	11.8	8.8	76.4
change %	*3.8*	*27.0*	*(1.4)*	*107.2*	*33.8*	*65.1*	
OTC and quasi-drugs	3.6	7.0	2.3	2.1	5.7	5.5	81.7
change %	*7.7*	*3.1*	*12.1*	*68.1*	*3.7*	*44.6*	
Royalty income	76.5	150.3	44.3	31.0	118.1	81.7	78.5
change %	*17.7*	*30.0*	*42.6*	*0.4*	*44.6*	*19.5*	
HIV Franchise	57.1	103.3	27.8	20.6	74.0	49.3	71.6
CRESTOR	11.1	22.5	5.6	7.8	17.0	25.1	75.4
Others	1.5	2.7	0.8	15.2	2.0	16.4	74.1
change %	*(90.8)*	*(84.4)*	*(95.0)*	–	*(87.9)*	*623.6*	
Total	172.8	345.0	91.2	101.4	263.4	256.5	76.3
change %	*(6.0)*	*1.8*	*(10.1)*	*15.7*	*2.7*	*13.5*	

Note: Change % shows changes from the same period of the previous fiscal year

Sales of each merchandise and finished goods are shown on non-consolidated basis

2 - 1. Quarterly trend for FY2016 and FY2017 (Sales of main merchandise and finished goods)

Fiscal year ended March 31, 2017 *(Billions of yen)*

FY2016	FY2016 1Q actual	Y on Y change%	FY2016 2Q actual	Y on Y change%	FY2016 3Q actual	Y on Y change%	FY2016 4Q actual	Y on Y change%
Prescription drugs	39.9	0.5	39.2	1.4	42.1	(6.5)	36.8	(4.9)
CRESTOR	11.4	7.5	10.5	7.6	11.2	(15.3)	10.0	(1.2)
CYMBALTA	4.4	27.0	4.5	20.7	5.3	22.0	4.9	30.9
IRBETAN Franchise	4.2	3.1	3.6	(15.4)	4.0	7.5	3.5	(4.5)
Total of 3 key products	20.0	10.2	18.6	4.9	20.4	(3.7)	18.4	4.9
OXYCONTIN Franchise	2.6	(0.1)	2.4	(5.0)	2.7	(5.7)	2.0	(3.7)
FINIBAX	0.9	(5.6)	0.8	(26.4)	0.9	(1.4)	0.7	(15.4)
PIRESPA	1.6	3.9	1.4	15.7	1.5	(18.7)	1.3	(3.9)
RAPIACTA	0.1	-	(0.0)	-	1.1	150.0	1.6	2.6
Total of 7 strategic products	25.3	8.5	23.2	2.7	26.6	(2.4)	23.9	2.8
FLOMOX	2.2	(22.9)	1.8	(37.2)	2.6	(17.0)	1.8	(27.3)
RINDERON	2.0	(8.3)	1.9	(12.2)	1.9	(11.1)	1.6	(7.1)
CLARITIN	0.8	5.9	0.6	(25.8)	0.8	(20.9)	1.5	(14.8)
FLUMARIN	0.9	(16.3)	0.9	(30.4)	0.9	(11.4)	0.7	(18.4)
Export/Overseas subsidiaries	6.5	(8.1)	8.7	14.7	7.6	(4.9)	6.3	(9.3)
Shionogi Inc.	3.6	(17.4)	5.5	35.5	4.8	(1.4)	4.0	18.4
Osphena	1.2	(5.4)	0.8	(38.6)	1.3	7.8	1.4	36.5
C&O	1.5	(4.8)	1.6	(9.8)	1.2	(5.9)	1.5	(27.8)
Contract manufacturing	2.6	71.9	2.8	28.7	3.4	107.2	3.3	6.4
OTC and quasi-drugs	1.7	37.0	1.7	29.7	2.1	68.1	1.3	21.0
Royalty income	21.8	60.8	28.9	20.7	31.0	0.4	34.0	1.5
CRESTOR	10.5	(6.2)	6.8	(45.4)	7.8	(35.2)	7.9	(33.6)
HIV Franchise	10.2	637.5	18.4	84.6	20.6	50.9	24.0	55.6
Others	0.6	(15.7)	0.6	(13.0)	15.2	-	0.7	(9.2)
Total	73.2	14.6	81.9	10.1	101.4	15.7	82.4	(2.0)

Fiscal year ending March 31, 2018

FY2017	FY2017 1Q actual	Y on Y change%	FY2017 2Q actual	Y on Y change%	FY2017 3Q actual	Y on Y change%
Prescription drugs	37.3	(6.6)	35.9	(8.6)	35.2	(16.3)
CYMBALTA	5.8	30.6	6.0	32.9	6.5	23.8
INTUNIV	0.4	-	0.3	-	0.5	-
SYMPROIC	0.0	-	0.1	-	0.2	-
Total of strategic products	6.2	39.9	6.4	42.8	7.3	37.9
ACTAIR	0.0	131.4	0.0	50.9	0.0	48.7
MULPLETA	0.0	41.4	0.0	33.8	0.0	38.8
PIRESPA	1.4	(11.6)	1.7	20.8	1.8	18.6
OXYCONTIN Franchise	2.4	(8.2)	2.2	(10.5)	2.4	(8.9)
RAPIACTA	0.1	(57.5)	0.0	(417.7)	1.2	2.3
BRIGHTPOC Flu	0.0	3.9	0.1	86.5	0.4	(14.8)
GLASHVISTA	0.1	(40.3)	0.1	(78.3)	0.0	(53.8)
Total of new products	10.2	14.0	10.5	21.1	13.2	17.5
CRESTOR	12.1	5.6	9.9	(5.7)	4.3	(61.3)
IRBETAN Franchise	3.7	(11.8)	4.0	12.6	4.1	3.2
Other	11.3	(26.3)	11.4	(30.7)	13.6	(13.4)
Overseas subsidiaries/Export	6.6	1.2	5.6	(36.1)	5.3	(30.9)
Shionogi Inc.	3.5	(3.9)	2.6	(53.1)	2.3	(51.0)
Osphena	1.1	(5.6)	0.9	6.4	1.0	(24.9)
C&O	1.8	20.3	1.6	(1.7)	1.4	12.4
Contract manufacturing	3.5	35.4	4.9	75.2	3.4	(1.4)
OTC and quasi-drugs	1.6	(7.8)	1.8	4.8	2.3	12.1
Royalty income	25.5	16.9	48.3	67.5	44.3	42.6
HIV Franchise	18.6	82.3	27.6	49.7	27.8	34.9
CRESTOR	5.7	(45.6)	5.6	(17.1)	5.6	(27.8)
Others	0.6	(8.4)	0.7	11.3	0.8	(95.0)
Total	75.0	2.5	97.1	18.6	91.2	(10.1)

Note: Sales of each merchandise and finished goods are shown on non-consolidated basis

2 - 2. Quarterly trend for FY2016 and FY2017 (Consolidated statements of income)

Fiscal year ended March 31, 2017 *(Billions of yen)*

FY2016	FY2016 1Q actual	Y on Y change %	FY2016 2Q actual	Y on Y change %	FY2016 3Q actual	Y on Y change %	FY2016 4Q actual	Y on Y change %
Net sales	73.2	14.6	81.9	10.1	101.4	15.7	82.4	(2.0)
Cost of sales	27.1 19.8	9.8	23.1 18.9	2.7	20.7 20.9	11.9	22.0 18.1	(7.5)
Gross profit	53.3	16.4	63.0	12.6	80.5	16.8	64.2	(0.4)
SG & A expenses	48.3 35.3	6.1	44.9 36.8	6.3	36.5 37.1	(0.9)	53.2 43.8	13.6
Selling & administrative expenses	22.7	0.2	22.8	(2.8)	23.4	(2.3)	24.2	0.7
R & D expenses	12.6	18.7	14.0	25.3	13.7	1.5	19.6	35.2
Operating income	24.7 18.0	43.9	32.0 26.3	22.7	42.8 43.4	37.8	24.8 20.5	(21.2)
Non-operating income & expenses	(1.4)		(0.8)		5.4		11.6	
Ordinary income	22.8 16.7	14.3	31.1 25.5	26.1	48.1 48.8	53.8	38.9 32.1	(6.6)
Extraordinary income & losses	-		-		-		(0.3)	
Income before income taxes	16.7		25.5		48.8		31.7	
Income taxes and etc.	4.1		6.8		12.5		15.4	
Profit attributable to owners of parent	17.1 12.5	29.8	22.8 18.7	59.1	35.8 36.3	79.2	19.8 16.3	(34.7)

Fiscal year ending March 31, 2018

FY2017	FY2017 1Q actual	Y on Y change %	FY2017 2Q actual	Y on Y change %	FY2017 3Q actual	Y on Y change %
Net sales	75.0	2.5	97.1	18.6	91.2	(10.1)
Cost of sales	26.5 19.9	0.5	20.3 19.8	4.6	18.7 17.1	(18.6)
Gross profit	55.1	3.3	77.4	22.8	74.1	(7.9)
SG & A expenses	52.1 39.1	10.8	38.7 37.6	2.3	43.6 39.8	7.3
Selling & administrative expenses	22.1	(2.6)	24.5	7.8	24.3	3.8
R & D expenses	17.0	34.8	13.1	(6.8)	15.5	13.4
Operating income	21.3 16.0	(11.4)	40.9 39.8	51.5	37.7 34.4	(20.9)
Non-operating income & expenses	5.1		4.8		5.5	
Ordinary income	28.1 21.1	26.3	45.8 44.5	74.9	43.7 39.9	(18.3)
Extraordinary income & losses	(0.5)		(0.2)		(0.4)	
Income before income taxes	20.5		44.4		39.5	
Income taxes and etc.	4.5		10.0		10.1	
Profit attributable to owners of parent	21.3 16.0	27.7	35.3 34.3	83.9	32.2 29.4	(19.1)

3. Pipeline (as of February 2018)

Areas	Code No. (Generic name) [Product name]	Category (Administration)	Indication	Stage	Origin	Development
Infectious disease	S-649266 (Cefiderocol Tosilate Sulfate Hydrate)	Cephem antibiotic (injection)	Multidrug-resistant Gram -negative bacterial infections	Global: Phase III USA: NDA submission (in preparation)	In-house	In-house
	S-033188 (baloxavir marboxil)	Anti-influenza virus infection (oral)	Influenza virus infection	Japan: NDA submission (Oct.2017) USA: NDA submission (in preparation) Global: Phase III	In-house	Shionogi/Roche (Switzerland)
	S-033188 (baloxavir marboxil)	Anti-influenza virus infection (oral)	Influenza virus infection (pediatric)	Japan: NDA submission (Oct.2017)	In-house	Shionogi/Roche (Switzerland)
	S-033188 (baloxavir marboxil)	Anti-influenza virus infection (oral, granule)	Influenza virus infection	Japan: Phase III	In-house	Shionogi/Roche (Switzerland)
Pain/CNS	S-297995 (naldemedine tosilate) [Symproic®]	Peripheral opioid receptor antagonist (oral)	Opioid-induced constipation	USA, Japan: Approval (Mar.2017) Europe:MAA submission(Mar.2017)	In-house	In-house
	S-877489 (lisdexamfetamine mesilate)	DA and NE reuptake inhibitor/releaser of DA, NE (oral)	ADHD (pediatric)	Japan: NDA submission (Apr.2017)	Shire (Ireland)	Shionogi/Shire
	S-877503 (guanfacine hydrochloride) [Intuniv®]	Alpha-2A-adrenergic receptor agonist (oral)	ADHD (adult)	Japan: Phase III	Shire (Ireland)	Shionogi/Shire
	S-120083	Analgesic agent for inflammatory pain (oral)	Inflammatory pain	Japan: Phase I USA: Phase II	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
	S-010887	Analgesic agent for neuropathic pain (oral)	Neuropathic pain	Japan: Phase I	In-house	In-house
	S-117957	Agent for insomnia (oral)	Insomnia	USA: Phase I	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
	S-600918	Analgesic agent for neuropathic pain (oral)	Neuropathic pain	Japan: Phase I	In-house	In-house
	LY248686 (duloxetine hydrochloride) [Cymbalta®]	SNRI (Serotonin–norepinephrine reuptake inhibitors) (oral)	Depression (pediatric)	Japan: Phase III	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.
Metabolic disorder	S-237648	Neuropeptide Y Y5 receptor antagonist (oral)	Obesity	Japan: Phase II USA: Phase I	In-house	In-house
	S-707106	Insulin sensitizer (oral)	Type 2 diabetes	USA: Phase IIa	In-house	In-house
Frontier	S-888711 (lusutrombopag) [Japan: Mulpleta®]	Thrombopoetin (TPO) receptor agonist (oral)	Thrombocytopenia associated with chronic liver disease	Japan: Approval (Sep.2015) USA: NDA submission (Dec.2017) Europe:MAA submission(Jan.2018)	In-house	In-house
	S-524101 [Actair®]	Sublingual tablet of house -dust mite allergen extracts for immunotherapy (sublingual)	Pediatric patients with perennial allergic rhinitis caused by HDM	Japan: NDA submission (Mar.2017)	Stallergenes (France)	In-house
	S-588410	Cancer peptide vaccine (injection)	Esophageal cancer	Japan: Phase III	OncoTherapy Science, Inc. (Japan)	In-house
	S-588410	Cancer peptide vaccine (injection)	Bladder cancer	Japan, Europe: Phase II	OncoTherapy Science, Inc. (Japan)	In-house
	S-525606	Sublingual tablet of Japanese cedar allergen extracts for immunotherapy (sublingual)	Allergic rhinitis caused by Japanese cedar allergen	Japan: Phase II	Stallergenes (France)	In-house

Areas	Code No. (Generic name) [Product name]	Category (Administration)	Indication	Stage	Origin	Development
Frontier	S-488210	Cancer peptide vaccine (injection)	Head and neck squamous cell carcinoma	Europe: Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
	S-222611 (epertinib)	HER2/EGFR dual inhibitor (oral)	Malignant tumor	Europe: Phase I/II	In-house	In-house
	S-770108	Anti-fibrosis (inhalation)	Idiopathic pulmonary fibrosis	Japan: Phase I	In-house	In-house

<Out-Licensing Activity>

Code No. (Generic name) [Product name]	Category (Administration)	Indication	Stage	Origin	Development
S/GSK1349572 (dolutegravir)	Integrase inhibitor (oral)	For the treatment of HIV infection	USA: Approved (Nov.2017) Europe:MAA submission (Jun.2017) (DTG/rilpivirine 2-drug fixed dose combination tablet) Global: Phase III (DTG/3TC)	Shionogi-ViiV Healthcare LLC	Viiv Healthcare Ltd. (UK)
S/GSK1265744 LAP* (cabotegravir)	Integrase inhibitor (injection)	For the treatment and prevention for HIV infection	Global: Phase III (treatment) Global: Phase III (prevention)	Shionogi-ViiV Healthcare LLC	ViiV Healthcare Ltd. (UK) for treatment Collaboration among ViiV, HPTN, NIAID and Gilead Sciences, Inc. (USA) for prevention
S-0373	Non-peptide mimetic of TRH (oral)	Spinocerebellar ataxia	Japan: Phase III	In-house	Kissei Pharmaceutical Co., Ltd. (Japan)
Janssen/Shionogi BACE inhibitor	BACE inhibitor (oral)	Alzheimer's disease	Global: Phase II/III	In-house	Janssen Pharmaceuticals, Inc. (USA)
Ospemifene [USA: Osphena®]	Selective estrogen receptor modulator (oral)	Vaginal dryness associated with postmenopausal VVA	USA: Phase III	QuatRx (USA)	Duchesnay(Canada)

*: Long acting parenteral formulation

<Drugs to acquire new indication requested by the Ministry of Health, Labour and Welfare>

Generic name [Product name]	Category (Administration)	Indication	Stage	Origin	Development
Oxycodone hydrochloride hydrate [OxyContin®]	Natural opium alkaloids (oral)	For the treatment of moderate to severe chronic pain	Japan: NDA submission (Nov.2016)	Napp Pharmaceuticals Limited (UK)	In-house

Since October 2017

Change of phase	S-033188: Japan: NDA submission(Oct.2017), Global: Phase III →Japan: NDA submission(Oct.2017), USA: NDA submission(in preparation), Global: Phase III
	S-888711: Japan: Approval(Sep.2015), Global: NDA/MAA submission (in preparation) →Japan: Approval(Sep.2015), USA: NDA submission(Dec.2017), Europe:MAA submission(Jan.2018)
	S/GSK1349572 DTG/rilpivirine 2-drug fixed dose combination tablet: Global: NDA/MAA submission →USA: Approved(Nov.2017), Europe:MAA submission(Jun.2017)
Compound added to the list	S-033188(granule): Japan: Phase III
	S-770108: Japan: Phase I