Consolidated Financial Results for the Third Quarter of Fiscal Year 2024 (IFRS)

January 31, 2025

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

Code: 4507 URL: https://www.shionogi.com

Representative: Isao Teshirogi, Representative Director, President and CEO

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Scheduled date of dividend payments: -

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, 2024 to December 31, 2024

(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*	*%*
Nine months ended December 31, 2024	333,600	(1.0)	129,224	(6.9)	155,877	(5.2)	133,336	5.5	133,803	5.2	158,156	(13.8)
Nine months ended December 31, 2023	336,821	(0.5)	138,737	(5.3)	164,487	(17.3)	126,439	(19.9)	127,222	(19.3)	183,439	10.6

	Basic earnings per share	Diluted earnings per share
	Yen	*Yen*
Nine months ended December 31, 2024	157.30	157.25
Nine months ended December 31, 2023	145.30	145.25

Note: 1. Revenue for FY2023 includes Lump-sum income for transfer of ADHD drug

2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Basic earnings per share and diluted earnings per share were calculated under the assumption that the stock split had been conducted at the beginning of the year ended March 31, 2024.

(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 December 31, 2024	1,516,585	1,362,606	1,345,590	88.7
As of March 31, 2024	1,416,918	1,252,562	1,235,325	87.2

2. Dividends

	Dividends per share				
(Date of record)	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	*Yen*	*Yen*	*Yen*	*Yen*
Year ended March 31, 2024	—	75.00	—	85.00	160.00
Year ending March 31, 2025	—	85.00	—		
Year ending March 31, 2025 (forecast)				29.00	—

Note: Revisions of the most recent dividend forecast: None

The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024, and the amount of the year-ended dividend for dividend for FY2024 (forecast) takes this stock split into consideration and the amount of the annual dividend is displayed as "-".

If the stock split is not considered, the year-end dividend per share forecast for the year ending March 31, 2025 is 87 yen, and the annual dividend per share forecast for the year ending March 31, 2025 is 172 yen.

3. Consolidated financial forecast for the year ending March 31, 2025

(% 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, 2025	460,000	5.7	165,000	7.6	206,000	3.9	171,000	5.5	201.03

Note: Revisions of the most recent consolidated financial forecast: No

The amount of basic earnings per share for the financial results forecast for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025) takes into account the stock split noted in "1. Consolidated results for the period from April 1, 2024 to December 31, 2024 (interim), (1) Consolidated operating results."

※ 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 December 31, 2024: 889,632,195 shares
  - As of March 31, 2024: 922,158,495 shares
- b) Number of treasury stock
  - As of December 31, 2024: 38,946,594 shares
  - As of March 31, 2024: 71,683,764 shares
- c) Average number of shares issued during the period
  - Nine months ended December 31, 2024: 850,617,559 shares
  - Nine months ended December 31, 2023: 875,603,095 shares

Note:1. The average number of treasury shares during the period include the Company's shares held by the trust account of Sumitomo Mitsui Trust Bank, Limited. (Second-tier trustee: the trust account of Custody Bank of Japan, Ltd.) related to Shionogi Infectious Disease Research Promotion Foundation. (Q3 ended December 31, 2024 and Year ended March 31, 2024: 9,000,000 shares) The number of treasury shares deducted for calculation of the average number of shares during the period include these treasury shares. (Q3 ended December 31, 2024 and Q3 ended December 31, 2023: 9,000,000 shares)

2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Number of shares issued and outstanding, number of treasury stock and average number of shares outstanding for each period are calculated assuming this stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

※ Review by a certified public accountant or an auditing firm of the attached quarterly consolidated financial statements: None

※ 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 Friday, January 31, 2025. Plans are also in place to post explanatory details (Transcript) together with financial results explanatory materials distributed to analysts on January 31, 2025 on the Company's website in a timely manner after the results briefing.

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1. Overview of Operating Results and Financial Position

(1) Operating Results for the Third Quarter of the Fiscal Year Ending March 31, 2025

For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024), operating results were as follows.

Millions of yen

	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Change	Percentage change (%)
Revenue	333,600	311,812	21,787	7.0
Revenue (including profit from license transfer)	333,600	336,821	(3,221)	(1.0)
Operating profit	129,224	138,737	(9,512)	(6.9)
Core operating profit *1	130,641	146,718	(16,076)	(11.0)
Profit before tax	155,877	164,487	(8,609)	(5.2)
Profit attributable to owners of parent	133,803	127,222	6,580	5.2
EBITDA*2	146,370	160,159	(13,788)	(8.6)

*1 Core operating profit: An adjusted profit in which non-recurring items (impairment, gain on sales of property, plant, and equipment, etc.) are deducted from operating profit.

*2 Earnings Before Interest, Taxes, Depreciation, and Amortization: Core operating profit added depreciation and amortization.

Revenue (including profit from transfer of license) was 333.6 billion yen. In terms of the breakdown of sales revenue, domestic sales of prescription drugs decreased 38.1 percent year on year to 78.9 billion yen mainly due to the impact of a lump-sum payment of 25.0 billion yen associated with the transfer of a license of an ADHD treatment drug, which was recorded in FY2023, and a decrease in sales of infectious disease drugs. Although revenue from sales of Xocova declined due to the slowdown in the COVID-19 pandemic compared to the previous year, Xocova maintained a high market share. The influenza family also maintained a high market share and recorded steady sales due to the spread of influenza this winter. Revenue from overseas subsidiary sales and exports increased 18.8 percent year on year to 43.4 billion yen. In the US and Europe, sales of Cefiderocol (product name in the US: Fetroja, in Europe: Fetcroja) continue to grow, and we are making good progress toward further increasing the countries where it is sold. Royalty income increased 25.3 percent year on year to 186.8 billion yen due to the stable growth of oral two-drug combinations and long-acting formulations (LA formulations) and foreign exchange effects. As a result, overall revenue decreased by 1.0 percent year on year. However, excluding the non-recurring factor of a lump-sum payment associated with the transfer of the license for an ADHD treatment drug, sales increased 7.0 percent year on year.

In terms of profits, other expenses decreased significantly from FY2023 because there was a non-recurring expense for the implementation of a special early retirement program in FY2023. However, operating profit decreased 6.9 percent year on year to 129.2 billion yen due to an increase in research and development expenses resulting from active investments in major development projects and the effect of foreign exchange rates, as well as an increase in cost of sales and a decrease in revenue due to changes in product mix. Profit before tax was 155.9 billion, a 5.2 percent decrease year on year, while profit attributable to owners of parent was 133.8 billion yen, a 5.2 percent increase year on year. Excluding the impact of the non-recurring factor of a lump-sum payment associated with the transfer of the license for an ADHD treatment drug, all profit items, including operating profit and profit before tax, increased year on year.

(2) Financial Position for the Third Quarter of the Fiscal Year Ending March 31, 2025

As of December 31, 2024, total assets were 1,516,585 million yen, an increase of 99,667 million yen from the end of the previous fiscal year.

Non-current assets were 687,898 million yen, an increase of 55,186 million yen from the end of the previous fiscal year due to an increase in other financial assets, intangible assets and right-of-use assets. Current assets were 828,686 million yen, an increase of 44,480 million yen compared to the end of the previous fiscal year, as a result of a decrease in cash and cash equivalents and an increase in trade receivables and fixed-term deposits of more than three months.

Equity was 1,362,606 million yen, an increase of 110,044 million yen from the end of the previous fiscal year, due to recording of interim profits and exchange differences on translation of foreign operations (included in other components of equity) despite a decrease due to payment of cash dividends.

Liabilities totaled 153,978 million yen, a decrease of 10,376 million yen from the end of the previous fiscal year.

Non-current liabilities were 45,460 million yen, an increase of 15,011 million yen from the end of the previous fiscal year.

Current liabilities were 108,518 million yen, a decrease of 25,388 million yen from the end of the previous fiscal year, mainly due to a decrease in other payable (included in other financial liabilities).

(3) Cash Flows for the Third Quarter of the Fiscal Year Ending March 31, 2025

Net cash provided by operating activities during the nine months ended December 31, 2024 was 119,594 million yen, an increase of 52,537 million yen year on year, mainly due to an increase in trade receivables and an decrease in income taxes paid despite a decrease in profit before tax.

Net cash used in investing activities was 125,708 million yen, an increase of 115,552 million yen year on year, mainly due to the acquisition of intangible assets and changes in time deposits.

Net cash used in financing activities was 50,870 million yen, a decrease of 42,766 million yen year on year, due to a decrease in spending for the purchase of treasury shares despite an increase in dividend payment.

As a result, cash and cash equivalents on December 31, 2024 totaled 305,579 million yen, a decrease of 52,511 million yen during the nine-month period ended on December 31, 2024.

(4) Outlook

There are no revisions to the consolidated financial forecast for the year ending March 31, 2025 annouced on October 28, 2024.

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

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Revenue	311,812	333,600
Profit from license transfer	25,008	―
Cost of sales	(42,402)	(46,035)
Gross profit	294,418	287,564
Selling, general and administrative expenses	(71,660)	(73,185)
Research and development expenses	(72,633)	(79,447)
Amortization of intangible assets associated with products	(2,623)	(3,256)
Other income	358	501
Other expenses	(9,122)	(2,952)
Operating profit	138,737	129,224
Finance income	29,750	33,011
Finance costs	(4,000)	(6,358)
Profit before tax	164,487	155,877
Income tax expense	(38,048)	(22,540)
Profit	126,439	133,336

Profit attributable to		
Owners of parent	127,222	133,803
Non-controlling interests	(783)	(466)
Profit	126,439	133,336

Earnings per share		
Basic earnings per share	145.30	157.30
Diluted earnings per share	145.25	157.25

Consolidated statement of comprehensive income

Millions of yen

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	126,439	133,336
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	4,958	2,723
Remeasurements of defined benefit plans	267	(692)
Total of items that will not be reclassified to profit or loss	5,225	2,031
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	51,448	21,830
Effective portion of cash flow hedges	326	717
Share of other comprehensive income of investments accounted for using equity method	—	241
Total of items that may be reclassified to profit or loss	51,775	22,789
Total other comprehensive income, net of tax	57,000	24,820
Comprehensive income	183,439	158,156

Comprehensive income attributable to		
Owners of parent	183,263	158,279
Non-controlling interests	176	(122)
Comprehensive income	183,439	158,156

(2) Consolidated statement of financial position

Millions of yen

	As of March 31, 2024	As of December 31, 2024
Assets		
Non-current assets		
Property, plant and equipment	114,586	110,554
Goodwill	15,287	15,824
Intangible assets	117,621	144,676
Right-of-use assets	9,440	20,486
Investment property	27,768	27,821
Other financial assets	292,321	312,927
Deferred tax assets	13,526	14,132
Other non-current assets	42,158	41,474
Total non-current assets	632,712	687,898
Current assets		
Inventories	64,916	67,940
Trade receivables	122,830	144,006
Other financial assets	215,761	286,003
Other current assets	22,607	25,157
Cash and cash equivalents	358,090	305,579
Total current assets	784,205	828,686
Total assets	1,416,918	1,516,585

Millions of yen

	As of March 31, 2024	As of December 31, 2024
Equity and liabilities		
Equity		
Share capital	21,279	21,279
Capital surplus	14,242	14,238
Treasury shares	(137,889)	(65,854)
Retained earnings	1,065,913	1,078,982
Other components of equity	271,778	296,944
Equity attributable to owners of parent	1,235,325	1,345,590
Non-controlling interests	17,236	17,016
Total equity	1,252,562	1,362,606
Liabilities		
Non-current liabilities		
Lease liabilities	8,753	19,432
Other financial liabilities	7,649	7,839
Retirement benefit liability	7,994	9,154
Deferred tax liabilities	4,360	4,565
Other non-current liabilities	1,691	4,467
Total non-current liabilities	30,448	45,460
Current liabilities		
Lease liabilities	2,867	3,625
Trade payables	14,808	13,126
Other financial liabilities	31,118	15,460
Income taxes payable	20,844	14,812
Other current liabilities	64,267	61,492
Total current liabilities	133,907	108,518
Total liabilities	164,355	153,978
Total equity and liabilities	1,416,918	1,516,585

(3) Consolidated statement of changes in equity

Nine months ended December 31, 2023

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, 2023	21,279	15,204	(63,074)	940,606	186,030	1,100,046	21,832	1,121,878
Profit				127,222		127,222	(783)	126,439
Total other comprehensive income, net of tax					56,040	56,040	960	57,000
Comprehensive income	—	—	—	127,222	56,040	183,263	176	183,439
Purchase of treasury shares			(46,801)			(46,801)		(46,801)
Disposal of treasury shares		(3)	198			195		195
Dividends				(44,369)		(44,369)		(44,369)
Transfer from other components of equity to retained earnings				5,620	(5,620)	—		—
Transfer from retained earnings to capital surplus		3		(3)		—		—
Balance as of December 31, 2023	21,279	15,204	(109,676)	1,029,076	236,450	1,192,334	22,008	1,214,343

Nine months ended December 31, 2024

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, 2024	21,279	14,242	(137,889)	1,065,913	271,778	1,235,325	17,236	1,252,562
Profit				133,803		133,803	(466)	133,336
Total other comprehensive income, net of tax					24,476	24,476	343	24,820
Comprehensive income	—	—	—	133,803	24,476	158,279	(122)	158,156
Purchase of treasury shares			(9)			(9)		(9)
Disposal of treasury shares		(44)	494			449		449
Cancellation of treasury shares		(71,550)	71,550			—		—
Dividends				(48,454)		(48,454)	(98)	(48,552)
Transfer from other components of equity to retained earnings				(689)	689	—		—
Transfer from retained earnings to capital surplus		71,590		(71,590)		—		—
Balance as of December 31, 2024	21,279	14,238	(65,854)	1,078,982	296,944	1,345,590	17,016	1,362,606

(4) Consollidated statement of cash flows

Millions of yen

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before tax	164,487	155,877
Depreciation and amortization	13,440	15,728
Impairment losses (reversal of impairment losses)	(17)	254
Finance income and finance costs	(24,956)	(32,497)
Decrease (increase) in trade and other receivables	(44,312)	(20,717)
Decrease (increase) in inventories	(5,749)	(2,772)
Increase (decrease) in trade and other payables	(9,002)	(6,407)
Other	(3,207)	(3,146)
Subtotal	90,682	106,320
Interest and dividends received	39,649	44,942
Interest paid	(114)	(218)
Income taxes refund (paid)	(63,159)	(31,449)
Net cash provided by (used in) operating activities	67,056	119,594
Cash flows from investing activities		
Payments into time deposits	(270,533)	(289,299)
Proceeds from withdrawal of time deposits	317,504	202,473
Purchase of property, plant and equipment	(10,486)	(9,927)
Purchase of intangible assets	(10,790)	(33,279)
Purchase of investments	(66,114)	(37,098)
Proceeds from sale and redemption of investments	58,136	43,593
Payments for acquisition of subsidiaries	(15,942)	(200)
Payments for sale of subsidiaries	(306)	—
Payment for acquisition of shares of equity-method affiliates	(11,121)	(125)
Other	(501)	(1,845)
Net cash provided by (used in) investing activities	(10,155)	(125,708)

Millions of yen

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from financing activities		
Repayments of lease liabilities	(2,379)	(2,294)
Purchase of treasury shares	(46,892)	(9)
Dividends paid	(44,365)	(48,468)
Dividends paid to non-controlling interests	—	(98)
Net cash provided by (used in) financing activities	(93,637)	(50,870)
Effect of exchange rate changes on cash and cash equivalents	12,299	4,473
Net increase (decrease) in cash and cash equivalents	(24,436)	(52,511)
Cash and cash equivalents at beginning of period	309,224	358,090
Cash and cash equivalents at end of period	284,787	305,579

(5) Notes

Going concern assumption

None

Segment information

The SHIONOGI Group has a single business segment related to prescription drugs. We operate 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.